

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2269

H.P. 1659 House of Representatives, February 16, 1988
Reported by Representative MELENDY from the Committee on
Economic Development. Sent up for concurrence and ordered
printed. Approved by the Legislative Council on June 19, 1987.
Reference to the Committee on Economic Development
suggested and printing ordered under Joint Rule 19.
EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

AN ACT to Make Housing More Affordable to
Maine Citizens.

1
2
3

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

6 Sec. 1. 5 MRS A §1742, sub-§23, ¶D is enacted to
7 read:

8 D. The department shall work closely with the

1 Maine State Housing Authority to develop a
2 procedure by which surplus state-owned land and
3 structures are held in trust for the purpose set
4 forth in this section and Title 30, chapter 239,
5 subchapter II, articles 3-A and 8.

6 **Sec. 2. 30 MRSA §4602, sub-§2, ¶B, as amended**
7 **by PL 1987, c. 403, §5, is further amended to read:**

8 B. The state authority, as authorized by Title 5,
9 section 12004, shall have 7 commissioners, 5 of
10 whom shall be appointed by the Governor, subject
11 to review by the Joint Standing Committee of the
12 State Government joint standing committee of the
13 Legislature having jurisdiction over economic
14 development and to confirmation by the
15 Legislature, and one of whom shall be the
16 Treasurer of State or his a designee, ex
17 officio. The designee of the Treasurer of State
18 shall be the Deputy Treasurer of State. The 7th
19 commissioner shall be the director of the state
20 authority serving ex officio, who shall be
21 chairman of the commissioners. The director of
22 the state authority shall be appointed by the
23 Governor, subject to review by the Joint
24 Standing Committee on State Government joint
25 standing committee of the Legislature having
26 jurisdiction over economic development and to
27 confirmation by the Legislature. ~~Said~~ The 5
28 commissioners shall include, but not be limited
29 to, representatives of bankers and of
30 ~~low-income~~ low-income or elderly people. One
31 commissioner shall be a resident of housing which
32 is subsidized or assisted by programs of the
33 United States Department of Housing and Urban
34 Development or of the Maine State Housing
35 Authority. In making such appointment, the
36 Governor shall give priority consideration to
37 nominations that may be made by tenant
38 associations established in the State.

39 The commissioners shall elect a vice-chairman of
40 the commissioners from among their number. The
41 commissioners of the state authority shall have
42 the power and duty to establish and revise from

- 1 time to time policies of the authority relative to
2 the following particular matters:-
- 3 (1) Standards of issuing, servicing and
4 redeeming bonds;
- 5 (2) Purchase, sale or commitment to purchase
6 mortgages or notes;
- 7 (3) Initiating project construction and
8 accepting properly completed facilities;
- 9 (4) Setting and establishing selection and
10 evaluation standards, criteria and procedures
11 under which it will purchase, sell or agree
12 to purchase loans, notes or obligations,
13 having regard among other things to property
14 values, local economic conditions and
15 expectancy, credit and employment, and to
16 local housing conditions and needs and the
17 availability of credit resources to meet the
18 same relative to similar or competing
19 conditions and needs in other localities in
20 the State;
- 21 (5) Setting and establishing procedures for
22 the servicing of loans, notes and obligations
23 acquired by it, including the allowance of
24 servicing fees to participating lenders to
25 whom the state authority may entrust such
26 servicing;
- 27 (6) Setting and establishing procedures for
28 the collection of moneys money due from
29 persons liable for the payment of the same,
30 as to any loan, note or obligation held by
31 the state authority, by subrogation or
32 otherwise, and to initiate and maintain any
33 action at law or in equity, including
34 foreclosure proceedings, to enforce such
35 payment;
- 36 (7) Setting and establishing procedures for
37 the orderly liquidation and disposition of
38 any property acquired by the state authority

1 through foreclosure or otherwise in full or
2 partial satisfaction of any debt or
3 obligation held by it; and

4 (8) Establishing and maintaining out of
5 income or otherwise such reserves as the
6 state authority from time to time determines
7 to be necessary and prudent in addition to
8 those specifically required.

9 Following reasonable notice to each commissioner,
10 4 commissioners of the state authority shall
11 constitute a quorum for the purpose of conducting
12 its business and exercising its powers and for all
13 other purposes, notwithstanding the existence of
14 any vacancies. Action may be taken by the
15 commissioners upon a vote of a majority of the
16 commissioners present, unless its bylaws shall
17 require a larger number.

18 Sec. 3. 30 MRSA c. 239, sub-c. II, art. 3-A is
19 enacted to read:

20 ARTICLE 3-A. AFFORDABLE HOUSING PROGRAM

21 §4661. Purpose

22 The State is experiencing severe shortages of
23 affordable housing in various parts of the State. The
24 affordable housing shortage is also contributing to an
25 increasing class of working poor people and creating
26 severe hardships for a significant number of the
27 State's citizens. Municipalities feel the impact of
28 the affordable housing shortage and find it difficult
29 to deal with the problem with their inadequate
30 resources. By working together, sharing resources and
31 using more comprehensive measures, the State and its
32 municipalities can more effectively address the
33 shortage of affordable housing and the many other
34 problems stemming from this housing shortage.

35 §4662. Comprehensive plans

36 Any municipality in which housing is constructed
37 with any type of assistance provided by or through the

1 Maine State Housing Authority or housing which is
2 monitored by the Maine State Housing Authority shall
3 develop a comprehensive plan for the development of
4 affordable housing for low-income and middle-income
5 households. A municipality may cooperate with
6 neighboring municipalities to develop a regional
7 comprehensive plan in lieu of a municipal plan. Any
8 comprehensive plan developed under this article shall
9 include the means by which municipalities or regions
10 can effectively reduce the cost of housing or provide
11 for the construction of affordable housing, including
12 zoning measures, use of municipally owned land and
13 other similar measures.

14 1. Provide technical assistance and information.
15 The Maine State Housing Authority and any municipal
16 housing authority shall provide technical assistance
17 and information to municipalities requesting
18 assistance in the development of comprehensive plans
19 and in the formulation of measures to effectively
20 address the shortage of affordable housing for
21 low-income and middle-income households.

22 2. Municipally owned land and structures. Each
23 municipality shall report to the Maine State Housing
24 Authority any municipally owned land or structures
25 suitable for the construction, reconstruction or
26 rehabilitation of affordable housing for low-income
27 and moderate-income households.

28 A. A municipality may include in the report any
29 land or structures within the jurisdiction of any
30 other political subdivision, including school
31 administrative districts, which the municipal
32 officers consider suitable for affordable housing
33 for low-income and moderate-income households.

34 §4663. Coordination of resources and programs

35 Municipal housing authorities and municipalities
36 shall cooperate with the Maine State Housing Authority
37 in the coordination of resources and programs and the
38 development of housing for low-income and
39 moderate-income households.

1 1. Matching of resources. The Maine State
2 Housing Authority may match the resources provided by
3 municipalities according to ratios established by the
4 Maine State Housing Authority by rule in accordance
5 with the Maine Administrative Procedure Act, Title 5,
6 chapter 375.

7 A. Municipal resources may consist of land,
8 buildings, equipment, personnel, zoning
9 provisions, money and any other resources deemed
10 by the Maine State Housing Authority to
11 effectively help to provide affordable housing to
12 low-income and middle-income households.

13 B. Any municipality and the Maine State Housing
14 Authority may use resources provided by the
15 private sector, any private nonprofit organization
16 or any other public sector organization for the
17 purpose established in this article.

18 §4664. Purchase and acquire property; construct
19 housing

20 The Maine State Housing Authority or any municipal
21 housing authority may purchase or acquire property to
22 preserve or provide affordable housing to low-income
23 and moderate-income people and provide for the
24 management and maintenance of this property.

25 1. Construction. The Maine State Housing
26 Authority or any municipal housing authority may
27 construct or reconstruct housing for low-income and
28 moderate-income households.

29 2. Rehabilitation. The Maine State Housing
30 Authority or any municipal housing authority may
31 rehabilitate buildings as a means of providing
32 affordable housing to low-income and middle-income
33 households.

34 3. State-owned property. The authority may use
35 surplus state-owned property pursuant to articles 3-A
36 and 8 and Title 5, section 1742, subsection 23, to
37 achieve the purpose of this article.

1 4. Property. For the purpose of this article,
2 property includes land, buildings, structures and
3 equipment.

4 §4665. Provide financing

5 1. Contractors. The Maine State Housing
6 Authority or any municipal housing authority may
7 provide low-interest or no-interest financing to any
8 person, firm or organization that agrees to construct,
9 reconstruct, rehabilitate or purchase and maintain
10 property for housing for low-income and moderate-
11 income households.

12 2. Housing purchasers. The Maine State Housing
13 Authority or any municipal housing authority may
14 provide financing assistance to any person eligible
15 under this article to purchase housing. The Maine
16 State Housing Authority and any municipal authority
17 may defer down payment costs and may amortize down
18 payment or closing costs over the life of the loans.

19 §4666. Provide property

20 The Maine State Housing Authority may provide
21 surplus state property below market value pursuant to
22 articles 3-A and 8 and Title 5, section 1742,
23 subsection 23, to any person, firm or organization
24 that agrees to construct, reconstruct or rehabilitate
25 affordable housing for low-income and moderate-income
26 households and maintain this property for this purpose
27 in a written contract with the Maine State Housing
28 Authority.

29 §4667. Rules

30 The Maine State Housing Authority shall adopt
31 rules in accordance with the Maine Administrative
32 Procedure Act, Title 5, chapter 375, to implement this
33 article, including eligibility standards for financing
34 under this article.

35 Sec. 4. 30 MRSA §4732, sub-§2, as enacted by PL
36 1981, c. 702, Pt. W, §1, is amended to read:

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

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

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

17 C. To 3rd parties to provide reasonable
18 administrative support and planning funds for the
19 development or specific creation of new housing
20 units or the rehabilitation of dilapidated or
21 substandard existing housing units.

22 If any moneys money in the Housing Opportunities
23 for Maine Fund are is used in conjunction with or
24 as part of the issuance of any mortgage purchase bonds
25 and the proceeds of the bonds are allocated by the
26 authority to assist in the acquisition of housing, the
27 authority ~~shall~~ may require that the purchaser
28 of the housing ~~shall~~ to make a down payment of
29 not less than 5% based on a percentage of the price
30 paid for the housing; except that ~~this any down~~
31 payment requirement shall not apply to mortgage loans
32 insured or guaranteed by the United States Veterans
33 Administration, the Federal Housing Administration or
34 any other agency of the Federal Government that allows
35 for a lesser down payment. The authority may not
36 limit the maximum down payment that may be required.

37 Sec. 5. 30 MRSa §4787, sub-§1, as enacted by PL
38 1973, c. 618, §1, is amended to read:

39 1. Contracts. The Maine State Housing Authority

1 is authorized to establish housing mortgage insurance
2 contracts, to charge and collect premiums, to make
3 appropriate payments and to do all other things
4 necessary and proper to administer a State Housing
5 Mortgage Insurance Program. The Housing Mortgage
6 Insurance Program may be made available to persons who
7 have not financed housing through a program of the
8 Maine State Housing Authority.

9 A. Any revenues in excess of the money required
10 to insure housing mortgages pursuant to this
11 article shall first be used to pay back any loans
12 from the General Fund which shall be amortized
13 over a maximum period of 10 years.

14 B. Following repayment to the General Fund, any
15 surplus money may be allocated to the Housing
16 Opportunities for Maine Program.

17 **Sec. 6. 30 MRSA §4791, sub-§1, as enacted by PL**
18 **1987, c. 407, §4, is amended to read:**

19 1. Study of inventory of state-owned land. The
20 Maine State Housing Authority, following completion of
21 the inventory of state-owned land pursuant to Title 5,
22 section 1742, subsection 23, shall determine sites
23 that will be suitable for the construction of
24 affordable housing to meet the needs of the State,
25 particularly housing for low-income persons and
26 middle-income households.

27 **Sec. 7. 30 MRSA §4792 is enacted to read:**

28 §4792. Surplus land in trust

29 The Maine State Housing Authority and the
30 Department of Finance shall develop a procedure by
31 which state-owned land and structures determined to be
32 surplus and desirable or needed for affordable housing
33 for low-income and moderate-income households shall be
34 held in trust for this purpose and may not be sold or
35 used for other purposes, except with the approval of
36 the Commissioner of Finance and the Board of Directors
37 of the Maine State Housing Authority.

1 4. Authorizes the Maine State Housing Authority
2 to use surplus state property for affordable housing
3 for low-income and moderate-income households pursuant
4 to Public Law 1987, chapter 407, which provides for an
5 inventory of surplus state property. The Maine State
6 Housing Authority may provide this property at below
7 market value to any person, firm or organization
8 which, in contract with the authority, agrees to
9 construct or rehabilitate and maintain affordable
10 housing for low-income and moderate-income households;

11 5. Removes the current mandated 5% down payment
12 for persons in the housing opportunities for the State
13 and allows the Maine State Housing Authority to
14 suspend any down payment requirement;

15 6. Provides that the Housing Mortgage Insurance
16 Program may be used as a financing mechanism for
17 housing; and

18 7. Transfers review of gubernatorial appointments
19 to the Maine State Housing Authority, including the
20 director, to the joint standing committee of the
21 Legislature having jurisdiction over economic
22 development to which housing legislation is referred.

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