

L.D. 2322

(Filing No. H-679)

STATE OF MAINE HOUSE OF REPRESENTATIVES 113TH LEGISLATURE SECOND REGULAR SESSION

7 COMMITTEE AMENDMENT "H" to H.P. 1693, L.D. 2322, 8 Bill, "AN ACT to Preserve Existing Rental Units which 9 have been Constructed with Federal Assistance and Tax 10 Benefits for Moderate-Income and Low-Income People."

11 Amend the bill in section 1 by striking out all of 12 subsection 7 and inserting in its place the following:

13 '7. Federally subsidized low-income rental 14 housing. A financial institution shall not provide 15 any loan to any person, firm, corporation or 16 organization for the purchase of property which 17 contains low-income rental housing which was 18 constructed with federal assistance, except as 19 provided in Title 30, chapter 239, article 9.

20	Α.	For	the	pur	pose	of	this	subse	ction,
21	"low-	incom	e ren	ital	hous	ing"	means	resid	ential
22	housi	ng pr	ojects	in	which	a ma	jority	of the	units
23	are	subj	ect	to	federa	al :	income	eligi	bility
24	restr	ictio	ns and	the	rents	with	in the	projec	ts are
25	contr	olled	by .	a f	ederal	ager	icy pu	rsuant	to a
26	regul	atory	or rer	ntal	assist	ance a	agreeme	ent.'	

27 Further amend the bill by striking out all of 28 section 2 and inserting in its place the following:

29 'Sec. 2. 30 MRSA c. 239, sub-c. II, art. 9 is 30 enacted to read:

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1	ARTICLE 9
2 3 4	PRESERVATION OF MODERATE-INCOME AND LOW-INCOME HOUSING CONSTRUCTED WITH FEDERAL ASSISTANCE
5	§4793. Purpose
6	The State is experiencing severe shortages of
7	The State is experiencing severe shortages of affordable housing in various parts of the State. The
8	affordable housing shortage is contributing to an
ğ	ever-increasing class of working poor people and
10	creating severe hardships for a significant number of
11	Maine citizens.
12	The housing shortage problem may soon be
13	intensified by the conversion of moderate-income and low-income rental housing units into housing for
14	low-income rental housing units into housing for
15	higher-income persons and families. Many moderate-income and low-income rental housing units
16	moderate-income and low-income rental housing units
17	were constructed with rederal assistance nearly 20
18	years ago with an agreement that the mortgagee may pay the mortgage after 20 years and not be subject to any
19	the mortgage after 20 years and not be subject to any
20	of the restrictions in the initial agreement. As the
21	mortgagees pay the mortgages, it is essential for the
22	State to preserve as much of this housing as possible
23	at affordable costs for the citizens of the State.
24	§4793-A. Definition
25	For the purpose of this article, "low-income
26	For the purpose of this article, "low-income rental housing" means residential housing projects in
27	which a majority of the units are subject to federal
28	income eligibility restrictions and the rents within the projects are controlled by a federal agency pursuant to a regulatory or rental assistance
29	the projects are controlled by a federal agency
30	pursuant to a regulatory or rental assistance
31	agreement.
32	§4794. Notification of intent to sell
33	Any person, firm or organization which has a
34	controlling interest in any low-income housing shall
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not sell, transfer title or take other action in regard to the property which would result in the termination of financial assistance designed to make a

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1	rental unit affordable to low-income or moderate-
2	income people, without providing notice, as outlined
3	in subsection 1, to the Maine State Housing Authority
4	and the municipal housing authority, if any, in the
5	region in which the property is located, as provided
6	in this section.
7	1. Notice. The notice shall be made to the Maine
8	State Housing Authority and the local housing
9	authority serving the area, if any, when the owner
10	enters into a contract for the sale or transfer or
11	takes other action in regard to the property. This
12	notice shall include a copy of any contract of sale.
13	2. Right of first refusal. The Maine State
14	Housing Authority has the right of first refusal to
15	purchase the property. The authority shall hold the
16	right of first refusal for a period of not more than
17	30 days from the receipt of the notice required in
18	this article. Failure to respond to the notice of
19	first refusal in 30 days shall constitute waiver of
20	that right of first refusal by the authority. By
21	stating in writing its intention to pursue its right
22	of first refusal during the 30-day period, the
23	authority shall have an additional 60 days, commencing
24	upon the date of the termination of the first refusal
25	period, to buy or to produce a buyer for the
26	property. This additional 60-day period may be
27	extended by mutual agreement between the authority and
28	the owner of the property.
29	A. Nothing in this section may preclude an owner
30	of the property from withdrawing the property from
31	the market and revoking the notice as provided by
32	subsection 1 at any time before the expiration of
33	the 90-day period or until the authority provides
34	its notice of taking by eminent domain. The
35	withdrawal or revocation shall extinguish any
36	right of first refusal held by the Maine State
37	Housing Authority.
38	3. Exception. The Maine State Housing Authority
39	shall not possess any right of first refusal when a
40	bona fide buyer, by contract, agrees as a condition of
41	ownership to maintain the property as low-income

42 housing.

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1 §4795. Purchase property; construct housing

2	The Maine State Housing Authority or any municipal
3	housing authority may purchase or acquire property to
4	preserve or provide affordable housing to
5	moderate-income and low-income people and provide for
6	the management and maintenance of this property.
7	1. Construction. The Maine State Housing
8	Authority or any municipal housing authority may
ġ	Authority or any municipal housing authority may construct or reconstruct housing for moderate-income
10	and low-income households.
11	2. Rehabilitation. The Maine State Housing
12	2. Rehabilitation. The Maine State Housing Authority or any municipal housing authority may rehabilitate buildings as a means of providing
13	rehabilitate buildings as a means of providing
14	affordable housing to moderate-income and low-income
15	households.
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16	§4796. Provide financing
10	34790. Flovide Effancing
17	The Maine State Housing Authority or any municipal
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19	
	interest financing to any person, firm or organization that agrees to construct, reconstruct, rehabilitate or
20	that agrees to construct, reconstruct, renabilitate or
21	purchase property to provide housing for
22	moderate-income and low-income households.
23	<u>§4796-A.</u> Conversion of property
24	Any owner of low-income rental housing who prepays
25	the mortgage and any person who purchases low-income housing as defined in this article and who intends to
26	housing as defined in this article and who intends to
27	convert the facility from low-income housing to any
28	other use including other residential uses shall allow the current tenants to remain in the units for 6
29	the current tenants to remain in the units for 6
30	months from the date of prepayment or transfer of
31	title, at the rents charged to the tenants prior to
32	title, at the rents charged to the tenants prior to mortgage prepayment or transfer of title or at the
33	rents provided under the assistance program to which
34	the housing is subject if such assistance is not
35	terminated, or the owner may relocate the tenants to
36	comparable units with comparable rents in accordance
37	with the procedure established by rules of the Maine
38	State Housing Authority.
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38 State Housing Authority.

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2	A. The Maine State Housing Authority, pursuant to
2	the Maine Administrative Procedure Act, Title 5,
3	chapter 375, shall adopt rules with respect to
4	relocation standards to be applied pursuant to
5	this section. These standards shall include, but
6	not be limited to, assistance with moving expenses
7	and rental assistance payments pecesary to
8	and rental assistance payments necessary to maintain comparable rents for the displaced
9	tenants.
2	tenants.
10	<u>\$4797.</u> Rules
11	The Maine State Housing Authority may adopt rules
12	in accordance with the Maine Administrative Procedure
13	Act, Title 5, chapter 375, to implement this article.
13	Act, fitte 5, chapter 575, to implement this afticle.
14	§4798. Penalty
15	Any person, firm or organization that fails to
16	Any person, firm or organization that fails to give notice as provided in this article shall be
17	deemed to have committed a civil violation for which a
18	penalty of not less than \$2,500 may be adjudged.
τŬ	penaity of not less than \$2,500 may be aujudged.
19	Sec. 3. Sunset. The provisions of this article
20	
20	shall terminate on August 1, 1989.'
21	STATEMENT OF FACT
22	This smondmont provides the Maine State Veucing
22	This amendment provides the Maine State Housing
23	Authority and a municipal housing authority with a
23 24	Authority and a municipal housing authority with a 30-day right of first refusal with respect to sales of
23 24 25	Authority and a municipal housing authority with a 30-day right of first refusal with respect to sales of low-income housing financed with federal assistance.
23 24 25 26	Authority and a municipal housing authority with a 30-day right of first refusal with respect to sales of low-income housing financed with federal assistance. The housing authorities are required to respond in
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23 24 25 26 27 28 29 30 31 32 33 34	Authority and a municipal housing authority with a 30-day right of first refusal with respect to sales of low-income housing financed with federal assistance. The housing authorities are required to respond in writing to the seller in 30 days if the authorities are interested in purchasing the property. If the housing authorities do respond within the 30 days, these entities have an additional 60 days to put a financing package together. If the Maine State Housing Authority and the seller of the low-income housing cannot agree to the purchase price, the authority may take the property by
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another use, the owner is required to provide relocation assistance to the displaced tenants or, at 1 2 the option of the owner, the tenants may remain in their apartments for 6 months from the date of 3 4 prepayment of the mortgage or transfer of title to the 5 6 property, at rents which they had been paying prior to mortgage prepayment or the sale of the property or at 7 8 the rents provided under the assistance program to which the housing is subject if the assistance is not 9 terminated. 10

11 The provisions of the bill will sunset on August 12 1, 1989.

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Reported by the Majority of the Committee on Economic Development Reproduced and distributed under the direction of the Clerk of the House

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