

# MAINE STATE LEGISLATURE

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L.D. 2322

(Filing No. H- 679 )

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

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

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

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

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A. For the purpose of this subsection,  
"low-income rental housing" means residential  
housing projects in which a majority of the units  
are subject to federal income eligibility  
restrictions and the rents within the projects are  
controlled by a federal agency pursuant to a  
regulatory or rental assistance agreement.'

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

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

ARTICLE 9

PRESERVATION OF MODERATE-INCOME AND LOW-INCOME HOUSING CONSTRUCTED WITH FEDERAL ASSISTANCE

§4793. Purpose

The State is experiencing severe shortages of affordable housing in various parts of the State. The affordable housing shortage is contributing to an ever-increasing class of working poor people and creating severe hardships for a significant number of Maine citizens.

The housing shortage problem may soon be intensified by the conversion of moderate-income and low-income rental housing units into housing for higher-income persons and families. Many moderate-income and low-income rental housing units were constructed with federal assistance nearly 20 years ago with an agreement that the mortgagee may pay the mortgage after 20 years and not be subject to any of the restrictions in the initial agreement. As the mortgagees pay the mortgages, it is essential for the State to preserve as much of this housing as possible at affordable costs for the citizens of the State.

§4793-A. Definition

For the purpose of this article, "low-income rental housing" means residential housing projects in which a majority of the units are subject to federal income eligibility restrictions and the rents within the projects are controlled by a federal agency pursuant to a regulatory or rental assistance agreement.

§4794. Notification of intent to sell

Any person, firm or organization which has a controlling interest in any low-income housing shall 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  
9 construct or reconstruct housing for moderate-income  
10 and low-income households.

11 2. Rehabilitation. The Maine State Housing  
12 Authority or any municipal housing authority may  
13 rehabilitate buildings as a means of providing  
14 affordable housing to moderate-income and low-income  
15 households.

16 §4796. Provide financing

17 The Maine State Housing Authority or any municipal  
18 housing authority may provide low interest or no  
19 interest financing to any person, firm or organization  
20 that agrees to construct, reconstruct, rehabilitate or  
21 purchase property to provide housing for  
22 moderate-income and low-income households.

23 §4796-A. Conversion of property

24 Any owner of low-income rental housing who prepays  
25 the mortgage and any person who purchases low-income  
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  
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 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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1 another use, the owner is required to provide  
2 relocation assistance to the displaced tenants or, at  
3 the option of the owner, the tenants may remain in  
4 their apartments for 6 months from the date of  
5 prepayment of the mortgage or transfer of title to the  
6 property, at rents which they had been paying prior to  
7 mortgage prepayment or the sale of the property or at  
8 the rents provided under the assistance program to  
9 which the housing is subject if the assistance is not  
10 terminated.

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  
4/12/88