

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 451

H.P. 332

House of Representatives, February 27, 1989

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative HOGLUND of Portland.

Cosponsored by Representative NADEAU of Lewiston, Representative MELENDY of Rockland and Representative FOSTER of Ellsworth.

STATE OF MAINE

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

An Act to Create an Educational Bonus for Affordable Housing.



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

3 **Sec. 1. 30-A MRSA c. 202 is enacted to read:**

5 **CHAPTER 202**

7 **EDUCATIONAL BONUS FOR AFFORDABLE HOUSING**

9 **§5001. Definitions**

11 As used in this chapter, unless the context otherwise
13 indicates, the following terms have the following meanings.

15 1. **Appropriation percentage.** "Appropriation percentage"
17 means the number derived by dividing the amount payable to all
19 municipalities in a county, as calculated pursuant to section
21 5005, subsection 1, by the total appropriation for grants under
23 this chapter for the fiscal year.

25 2. **Department.** "Department" means the Department of
27 Economic and Community Development.

29 3. **Monthly mortgage payment.** "Monthly mortgage payment"
31 means the amount of interest and principal payable each month on
33 a loan secured by a mortgage on a unit of housing.

35 4. **Pupil enrollment percentage.** "Pupil enrollment
37 percentage" means the number derived by dividing the resident
39 pupil enrollment in public schools grades kindergarten to 12 in
41 all municipalities in a county on April 1st, by the state total
43 pupil enrollment in public schools, grades kindergarten to 12, on
45 April 1st.

47 5. **Unit.** "Unit" means an apartment, condominium or
49 single-family house.

51 6. **Unit of affordable housing.** "Unit of affordable
53 housing" means an adequate, decent, safe and sanitary unit that,
55 given the cost of rental or purchase, persons of low or moderate
57 income can afford to occupy and which meets the requirements of
59 section 5003.

61 **§5002. Grant**

63 Each municipality in the State shall receive a grant of
65 \$2,000 for each unit of affordable housing created in the
67 municipality, to be used to fund public education.

69 **§5003. Eligibility for grant**

71 1. **Creation of unit.** A unit shall be considered to be
73 created if the unit is:

1 A. Newly constructed; or

3 B. A renovation of a unit which was previously:

5 (1) Not habitable; or

7 (2) Not available for rental or purchase for the cost
9 set forth in subsection 2.

11 A unit shall not be considered to be created before the date on
13 which an occupancy permit is issued for the unit.

15 2. Affordability. A unit of housing shall be considered
17 affordable if the monthly rent or mortgage payment on the unit
19 does not exceed 30% of the gross monthly income of the purchaser
21 or renter and the income of the purchaser or renter meets the
23 department's criteria for being low or moderate income. The
25 department's criteria shall be a uniform percentage of the median
27 income in each county of the State.

29 3. Continuing affordability. A unit is not a unit of
31 affordable housing unless the deed for the house, condominium or
33 apartment building contains a covenant preserving the unit as a
35 unit of affordable housing for at least 10 years after the year
37 in which the municipality receives the grant. The department
39 shall adopt rules to set forth the required terms of a covenant,
41 and may, by rule, establish methods other than a deed covenant,
43 to preserve the affordability of the units for which grants are
45 awarded.

47 4. Quality of unit. Each municipality shall determine when
49 a unit is considered adequate, decent, safe and sanitary, and
51 shall monitor the quality of the units for which grants are
 awarded. If a tenant in any rental unit believes that the unit
 does not meet local codes of building safety and sanitation at
 any time during the 10 years following the year the municipality
 received the grant, the tenant may submit a complaint to the
 department. The department shall, in cooperation with the
 municipality, investigate each complaint, and take such action as
 is necessary to assure that the unit meets standards of safety
 and sanitation. The department shall establish rules and fees
 for these complaints.

45 §5004. Application; evaluation

47 1. Application. Prior to August 31st each year, each
49 municipality shall report to the department the number of units
51 of housing which it believes to be units of affordable housing
 created in the municipality in the prior fiscal year. The
 municipality shall provide supporting information as required by
 the department.

1
2. Evaluation. Prior to October 31st each year, the
3 department shall evaluate reports from the municipalities to
4 determine whether units reported are units of affordable housing,
5 as provided by this chapter and by any rules adopted by the
6 department under the terms of this chapter.

7
8 3. Space and assistance. The department shall make
9 available reasonable office space, clerical assistance and other
10 support to insure that the purposes of this chapter are carried
11 out.

12
13 **§5005. Payment to municipality**

14
15 1. Initial calculation. Each October 31st, the department
16 shall determine the number of units of affordable housing in each
17 municipality which qualify to receive grants under this chapter.
18 The department shall initially calculate the amount payable to
19 each municipality by multiplying \$2,000 times the number of units
20 of affordable housing created in the municipality. The
21 department shall then calculate the total payable to all
22 municipalities in each county. In making the calculation under
23 this subsection, the department shall not, in any event, allocate
24 less than \$2,000 to each unit of affordable housing.

25
26 2. Allotment per county. If the appropriation percentage
27 for any county exceeds the pupil enrollment percentage for that
28 county, the amount payable to each municipality in the county
29 shall be reduced ratably, based on the pupil enrollment of each
30 municipality until the appropriation percentage of the county
31 does not exceed the pupil enrollment percentage. The amount so
32 reduced shall be available for payment to counties in which the
33 appropriation percentage does not exceed the pupil enrollment
34 percentage.

35
36 3. Remaining funds. If funds remain after the allocation
37 described in subsection 2, the department shall equitably
38 apportion the remaining funds among municipalities in which the
39 lack of affordable housing is most severe, as determined by the
40 department, regardless of the percentage limitations described in
41 subsection 2.

42
43 4. Time of payment. Prior to November 15th of the year in
44 which a municipality has made application for a grant, the
45 department shall pay the approved grants to each municipality.

46
47 **§5006. Use of funds; report to department**

48
49 1. Use. The grants provided by this chapter shall be used
50 only to provide public education.

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39
41

STATEMENT OF FACT

The purpose of the bill is to provide grants to municipalities that create units of affordable housing. The grant must be used for education programs. By providing these grants, the State will alleviate concerns that municipalities have that new housing units burden the local school systems, and that the municipality is not reimbursed for the increased costs under the school funding formula for 2 years after the increase has occurred. The grant will help them pay the extra cost until the increased enrollment shows up in the school formula.

Municipalities are responsible for setting standards to assure that units are decent, safe and sanitary, and for enforcing the standards. The bill also permits tenants in rental units to report unsafe or unsanitary units to the Department of Economic and Community Development and requires the department and the municipality to investigate and act on the complaints. The department is also responsible for setting standards to determine what level of income is necessary to classify persons as low and moderate income. The standard must be based on a uniform percentage of median income in each county. To qualify for a grant, the municipality must apply to the Department of Economic and Community Development for determination of whether a unit meets the standards set by law, and must report the use of the funds to the Department of Economic and Community Development and to the Department of Educational and Cultural Services.

The method of payment to the municipalities is designed to assure that all counties will share equitably in distribution of the grants, in the event that the appropriation is not sufficient to fully fund grants for all units. Initially, each county will be limited to receiving a portion of the appropriation which is no greater than the county's portion of the state pupil enrollment in grades K through 12. If funds remain after that limitation, the Department is authorized to distribute the funds to municipalities which have the greatest need for affordable housing.