

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

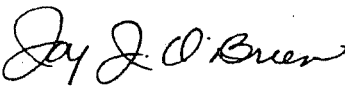
Legislative Document

No. 820

S.P. 315

In Senate, March 20, 1989

Reference to the Committee on Housing and Economic Development suggested and ordered printed.


JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ANDREWS of Cumberland.

Cosponsored by Representative NADEAU of Lewiston, Representative MILLS of Bethel and Senator DUTREMBLE of York.

STATE OF MAINE

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

An Act to Establish an Affordable Housing Demonstration Program.



1 §4863. Duties

3 The authority shall undertake the tasks necessary to
5 accomplish the goal and objectives defined in section 4862.

7 1. Specific duties. At a minimum, the authority shall
9 undertake the following specific duties. The authority shall:

11 A. Select at least 3 and no more than 5 municipalities in
13 different geographical areas of the State to implement the
15 Affordable Housing Demonstration Program. The selection of
17 the municipalities shall be based on:

19 (1) A proven need for affordable housing in each
21 location;

23 (2) Geographical differences among the municipalities;

25 (3) Population differences;

27 (4) Income differences; and

29 (5) Housing cost differences;

31 B. Inventory the affordable housing resources in the
33 regions of the municipalities that could be applied to the
35 affordable housing problem in each municipality;

37 C. Develop a model for each selected municipality by which
39 the available resources of the region can be coordinated and
41 matched, to the greatest extent possible, with the resources
43 of the Maine State Housing Authority and other state
45 agencies to effectively address the problem of need for
47 affordable housing. In developing each model, the authority
49 shall consider:

51 (1) Zoning ordinances and the need for any changes in
 zoning ordinances, including increased population
 density;

(2) The use of any land or buildings that may be made
 available by the State, municipality or other political
 subdivision, private sector organization or other
 entity at no cost or below market value for the
 affordable housing project;

(3) Various types of housing, including manufactured
 housing;

(4) Various financing mechanisms; and

1 (5) Any other factors that the authority considers
2 important; and

3 D. Determine the feasibility and the process of tenants'
4 purchases of rental housing projects.

5 2. Implementation. The authority, in conjunction with
6 other agencies, organizations, programs and political
7 subdivisions that have resources including in-kind resources to
8 apply to the problem, shall implement the Affordable Housing
9 Demonstration Program in the selected municipalities. The
10 authority may use money from the fund, defined in section 4864 to:

11 A. Purchase land and buildings;

12 B. Repair or rehabilitate structures;

13 C. Construct or raise buildings; and

14 D. Undertake any other activities necessary to achieve the
15 goal and objectives of this subchapter, subject to any
16 conditions or agreements with respect to the use of the
17 money.

18 Nothing in this subsection may be construed to require the
19 amendment, repeal, or enactment of any municipal ordinance.

20 3. Report. The authority shall report its findings and
21 recommendations concerning the Affordable Housing Demonstration
22 Program to the Governor and to the joint standing committee of
23 the Legislature having jurisdiction over housing. This report
24 shall contain a comprehensive description of:

25 A. The implementation of the program;

26 B. The results of the program; and

27 C. The models developed by the authority under this
28 subchapter.

29 §4864. Affordable Housing Demonstration Fund

30 The Affordable Housing Demonstration Fund is established
31 under the jurisdiction of the Maine State Housing Authority.

32 1. Sources of fund. There shall be paid into the fund the
33 following:

34 A. All money appropriated for inclusion in the fund;

1 B. Subject to any pledge, contract or other obligation, all
3 interest, dividends or other pecuniary gains from investment
 of money of the fund;

5 C. Any other money available to the authority and directed
7 by the authority to be paid into the fund; and

9 D. All bond proceeds authorized by this Act.

11 2. Application of fund. The authority may apply money in
13 the fund for purposes authorized by this subchapter and in
15 accordance with any contract or agreement with conditions
17 governing the use of the money. Money in the fund not needed
 currently for purposes of this subchapter may be deposited with
 the authority to the credit of the fund or may be invested in any
 manner provided by law.

19 3. Accounts within fund. The authority may divide the
21 funds into such separate accounts as it determines necessary or
 convenient for carrying out this subchapter.

23 §4865. Advisory committees

25 In addressing the affordable housing problem in the selected
27 municipalities, the authority shall create in each selected
29 municipality an advisory committee composed of public and private
31 sector members from the municipality or region. The members must
33 represent a wide range of interests and organizations involved in
 or interested in affordable housing. The advisory committee
 shall advise the authority with respect to the affordable housing
 model and proposals developed for that particular municipality
 and the implementation of the program in that municipality.

35 **Sec. 2. Issue of bonds to establish the Affordable Housing**
37 **Demonstration Fund.** The Treasurer of State is authorized, under
39 the direction of the Governor, to issue from time to time
41 registered bonds in the name and behalf of the State to an amount
43 not exceeding \$6,000,000 in the aggregate for the purpose of
45 raising funds to fund the Affordable Housing Demonstration Fund
 authorized by section 1. The bonds shall be deemed a pledge of
 the faith and credit of the State. The bonds shall not run for a
 longer period than 10 years from the date of the original issue.
 Any issuance of bonds may contain a call feature at the
 discretion of the Treasurer of State with approval of the
 Governor.

47 **Sec. 3. Records of bonds issued to be kept by State Auditor**
49 **and Treasurer of State.** The State Auditor shall keep an account
51 of the bonds, showing the number and amount of each, the date
 when payable and the date of delivery of the bonds to the
 Treasurer of State who shall keep an account of each bond showing
 the number of the bond, the name of the successful bidder to whom

1 sold, the amount received for the same and the date of sale and
the date when payable.

3

5 **Sec. 4. Sale; how negotiated; proceeds appropriated.** The
Treasurer of State may negotiate the sale of the bonds by
7 direction of the Governor, but no bond may be loaned, pledged or
hypothecated on behalf of the State. The proceeds of the sale of
9 the bonds, which shall be held by the Treasurer of State and paid
by the Treasurer of State upon warrants drawn by the State
11 Controller, are appropriated to be used solely for the purposes
set forth in this Act.

13 **Sec. 5. Taxable bond option.** The Treasurer of State, at
the direction of the Governor, shall covenant and consent that
15 the interest on the bonds shall be includable, under the United
States Internal Revenue Code, in the gross income of the holders
17 of the bonds to the same extent and in the same manner that the
interest on bills, bonds, notes or other obligations of the
19 United States is includable in the gross income of the holders
under the United States Internal Revenue Code or any subsequent
21 law. The powers conferred by this section are not subject to any
law which may limit the power to so covenant and consent.

23

25 **Sec. 6. Interest and debt retirement.** Interest due or
accruing upon any bonds issued under this Act and all sums coming
27 due for payment of bonds at maturity shall be paid by the
Treasurer of State.

29 **Sec. 7. Disbursement of bond proceeds.** The proceeds of the
bonds shall be expended under the direction and supervision of
31 the Maine State Housing Authority.

33 **Sec. 8. Appropriation balances at year end.** At the end of
each fiscal year, all unencumbered appropriation balances
35 representing state money shall carry forward from year to year.
Bond proceeds which have not been expended within 10 years after
37 the date of the sale of the bonds shall lapse to General Fund
debt service.

39

41 **Sec. 9. Bonds authorized but not issued.** Any bonds
authorized but not issued, or for which bond anticipation notes
43 have not been issued within 5 years of the ratification of this
Act, shall be deauthorized and may not be issued, provided that
45 the Legislature may, within 2 years after the expiration of the
5-year period, extend the period for issuing any remaining
unissued bonds or bond anticipation notes for an additional
47 amount of time not to exceed 5 years.

49 **Sec. 10. Contingent upon ratification of bond issue.**
Sections 1 to 9 shall not become effective until the people of
51 the State have ratified the issuance of bonds as set forth in
this Act.

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Sec. 11. Statutory referendum procedure; submission at statewide election; form of question; effective date. This Act shall be submitted to the legal voters of the State of Maine at a statewide election to be held on the Tuesday following the first Monday of November following passage of this Act. The city aldermen, town selectmen and plantation assessors of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

"Shall the State create the Affordable Housing Demonstration Program to be funded with a \$6,000,000 bond issue?"

The legal voters of each city, town and plantation shall vote by ballot on this question, and shall designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if it appears that a majority of the legal voters are in favor of the Act, the Governor shall proclaim that fact without delay, and the Act shall become effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purpose of this referendum.

STATEMENT OF FACT

This bill establishes the Affordable Housing Demonstration Program to be funded, in part, with a \$6,000,000 bond issue. The Affordable Housing Demonstration Program is a program that maximizes the use of available resources and targets these resources to the development of affordable housing.

The bill provides that the Maine State Housing Authority will:

- 1. Select no less than 3 and no more than 5 municipalities based on standards established in the law to be used as demonstration projects;
- 2. Develop models of affordable housing development for each municipality selected;

- 1 3. Coordinate the resources in the region of each
3 municipality that may be applied to the affordable
 housing problem in each municipality;
- 5 4. Match resources of the State with the maximum available
7 resources from other sources to address the housing
 problem in each municipality;
- 9 5. Develop an education program to assist municipalities
11 to address the affordable housing problem in their
 area; and
- 13 6. Have the authority and resources to purchase land and
15 buildings, construct and rehabilitate buildings and
 undertake activities necessary to effectively address
17 the problem.

19 In implementing the provisions of this bill, the Maine State
21 Housing Authority will consider all the factors necessary to
23 address the affordable housing problem on the local level. The
25 authority will consider zoning ordinances, including population
 density provisions, the use of available land and buildings,
 various types of housing, including manufactured housing, various
 financing mechanisms and any other factors deemed important by
 the authority.

27 The authority will create an advisory committee in each
29 municipality selected by the authority for the Affordable Housing
31 Demonstration Program. The authority will select members from
33 both the public and private sectors. The advisory committee will
 advise the authority with respect to the development of the model
 and implementation of the program in that municipality.

35 The intent of the bill is to:

- 37 1. Coordinate and make the best use of all available
 resources for affordable housing; and
- 39 2. Determine the best methods and policies to address the
41 affordable housing problem in municipalities throughout the
 State, each of which have different resources, conditions
 and problems with respect to affordable housing.