

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. 992

H.P. 723

House of Representatives, March 30, 1989

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

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative OLIVER of Portland.

Cosponsored by Senator ANDREWS of Cumberland, Representative HEESCHEN of Wilton and Senator BRANNIGAN of Cumberland.

STATE OF MAINE

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

An Act to Encourage and Support the Development of Affordable
Housing Opportunities by Nonprofit Developers.



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

3 Sec. 1. 30-A MRSA chapter 201, subchapter XII is enacted to
5 read:

7 SUBCHAPTER XII

9 DIVISION OF NONPROFIT HOUSING DEVELOPMENT

11 ARTICLE I

13 AFFORDABLE HOUSING PROGRAM

15 §4961. Definitions

17 As used in this subchapter, unless the context otherwise
19 indicates, the following terms have the following meanings.

21 1. Authority. "Authority" means the Maine State Housing
Authority.

23 2. Director. "Director" means the director of the Division
of Nonprofit Housing Development.

25 3. Division. "Division" means the Division of Nonprofit
27 Housing Development.

29 4. Nonprofit Housing Corporation. "Nonprofit Housing
31 Corporation" means a nonprofit corporation organized in this
33 State under Title 13-B which qualifies for this designation under
United States Code, Title 26, Section 501(C), and which has
established the development of affordable housing as a purpose of
35 incorporation.

37 §4962. Affordable Housing Program for Nonprofit Housing
Corporations

39 The Affordable Housing Program for Nonprofit Housing
41 Corporations is established to be implemented by the Maine State
43 Housing Authority in cooperation with nonprofit housing
45 corporations. The affordable housing program is established to
provide affordable housing for persons in low-income households
in the geographical areas served by these corporations. In
developing and implementing this program, the authority shall:

47 1. Focus efforts on low-income households. Focus its
49 efforts on low-income households as defined in section 4973,
subsection 3, paragraph C;

51 A. The affordable housing program includes home ownership
and rental housing;

1
3 B. Affordable housing rules shall address the problem of
5 down payment requirements that persons in low-income
 households, who may be able to afford monthly mortgage
 payments, cannot afford;

7 2. Consider the supply of decent housing. Consider the
9 problem of an inadequate supply of decent, safe and sanitary
 rental housing for low-income households.

11 A. The authority shall examine the problem of the
13 conversion of low-income rental housing units to other uses,
 including housing for middle and upper-income households;

15 B. The authority shall determine whether better building
17 standards are necessary for residential units and the need
 for better enforcement of building codes for rental units;

19 3. Use applicable funds. Use any applicable funds
21 available to the authority to finance this program;

23 4. Provide for funding of nonprofit corporations. Provide
25 for the funding of nonprofit community development corporations
 to develop or implement affordable housing programs in areas
 served by these corporations;

27 Funds provided to nonprofit community development corporations
 may be used for:

29 A. Administrative and development costs, including staff
31 salaries, consultants' fees, overhead and other similar
33 costs, associated with low-income housing development;

35 B. Purchase of land and buildings;

37 C. Construction, reconstruction, rehabilitation or
 renovation of facilities;

39 D. Purchase of equipment and supplies;

41 E. Rental subsidies; and

43 F. Payment of service fees of professionals such as
45 attorneys, geologists, architects, engineers and others for
 agreements and professional services necessary to develop
 affordable housing;

47 5. Coordinate with other programs. Seek to coordinate
49 assistance to nonprofit community development corporations with
 assistance from other available sources including public and
51 private sector assistance; and

1 6. Matching funds. Adopt rules in accordance with the
2 Maine Administrative Procedure Act, Title 5, chapter 375, that
3 establish requirements for matching of funds from other sources
4 with funds provided by the authority.

5 §4963. Division established

6 The Division of Nonprofit Housing Development is established
7 within the Maine State Housing Authority to assist and encourage
8 nonprofit community development corporations to address the
9 affordable housing problem in this State.

10 §4964. Director; appointment

11 The director of the Maine State Housing Authority shall
12 appoint the director of the division. The division director
13 shall serve at the will of the director of the Maine State
14 Housing Authority.

15 §4965. Powers

16 The division may:

17 1. Propose projects for funding. Propose to the authority,
18 projects of nonprofit community development corporations for
19 funding which the division has determined to effectively address
20 the affordable housing problems in the areas served by the
21 corporation;

22 2. Provide planning assistance. Assist nonprofit community
23 development corporations in planning projects and developing
24 proposals to meet the affordable housing needs of the areas
25 served by these corporations. In assisting these corporations,
26 the division shall:

27 A. Seek to leverage funds from various sources in the
28 public and private sectors, including in-kind assistance, to
29 be matched with funds provided by the authority to these
30 corporations; and

31 B. Seek to coordinate assistance provided by the authority
32 with assistance that may be available from other public and
33 private sector agencies and organizations;

34 3. Propose incentives. Propose to the authority incentives
35 for nonprofit community development corporations to develop or
36 promote affordable housing;

37 A. In implementing this subsection the division shall
38 propose incentives to be made available to political
39 subdivisions of the State to provide land and buildings

1
3 B. Subject to any pledge, contract or other obligation, any
money which the authority receives in repayment of advances
from the fund;

5
7 C. Subject to any pledge, contract or other obligation, all
interest, dividends or other pecuniary gains from investment
of money of the fund;

9
11 D. All proceeds of bonds sold to implement this article; and

13 E. Any other money available to the authority and directed
by the authority to be paid into the fund.

15 3. Application of fund. The authority may apply money in
the fund for purposes authorized by this subchapter and chapter
202. 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.

21 4. Accounts within fund. The authority may divide the
funds into any separate accounts that it determines necessary or
convenient for carrying out this subchapter.

25 5. Revolving fund. The fund is a nonlapsing revolving
fund. All money in the fund shall be continuously applied by the
authority to carry out this subchapter.

29 6. Commitment and administrative fees. The authority may
fix commitment fees in an amount not to exceed 10% of the initial
principal amount of a loan made or insured under this
subchapter. These fees may, at the discretion of the authority,
be deposited into the fund created under this section or into a
mortgage insurance fund.

35 §4972. Eligibility requirements

37
39 To be eligible to use money from the Affordable Housing
Fund, a nonprofit housing corporation must:

41 1. Develop a plan. Develop a plan with long-term and
short-term goals for developing and providing low-income housing
in the region that the nonprofit corporation serves;

45 2. Inventory programs and resources. Inventory housing
programs and agencies in the area served by the nonprofit
corporation;

49 3. Prepare plan of coordination. Prepare for each project
funding request, a plan for the coordination of housing programs,
services and resources in the area served by the nonprofit
corporation for that specific project; and

1
3 4. Prepare information. Prepare for each project funding request, information concerning:

5 A. The number of households to be served;

7 B. The cost of each unit to the buyer or renter;

9 C. The size of each housing unit and the number of children that may reside in each unit;

11 D. The availability and cost of existing housing in the area;

15 E. Household income in the area served by the proposed project;

17 F. The level of general assistance and federal assistance in the area; and

19 G. Any other questions posed by the authority concerning the need for low-income housing in an area to be served by a nonprofit housing corporation.

25 §4973. Fund available to nonprofit housing corporations

27 Except as provided in subsection 2, paragraph C, money from the Affordable Housing Fund shall be provided as loans only to nonprofit housing corporations to assist these corporations in developing or providing housing for low-income households.

31 1. Establish priorities for funding projects. The Maine State Housing Authority shall establish priorities by rule in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, with respect to funding projects proposed by nonprofit housing corporations. In establishing these priorities, the authority shall consider:

39 A. The availability of affordable housing and the extent of the demand for affordable housing in the areas to be served;

41 B. Participation of other area organizations in the project;

43 C. Coordination of area resources to be applied;

45 D. The extent to which a proposed project addresses the affordable housing problem in the area; and

47 E. The degree to which the plan prepared by the nonprofit housing corporation addresses the affordable housing problem.

51

1 2. Use of money. Money loaned to nonprofit housing
2 corporations from the Affordable Housing Fund shall be used in
3 accordance with rules adopted by the authority in accordance with
4 the Maine Administrative Procedure Act, Title 5, chapter 375,
5 with respect to the use of money from the Affordable Housing Fund.

7 A. The authority shall adopt a rule that a nonprofit
8 housing corporation may use no more than 10% of the money
9 that it receives for a particular project for administrative
10 purposes.

11 B. The authority shall adopt a rule defining low-income
12 households as households with an income of less than 75% of
13 the median income of the county in which a housing project
14 is proposed.

15 C. The authority shall adopt a rule reserving \$250,000 in
16 the fund to be used as grants to nonprofit housing
17 corporations. These grants shall be awarded on a
18 competitive basis to no more than 10 nonprofit housing
19 corporations. The grants may be expended as the nonprofit
20 housing corporations find necessary to become viable
21 developers of housing for low-income households.

22 3. Powers. The authority may:

23 A. Deny funding of a housing development project for
24 failure to comply with this subchapter and chapter 202;

25 B. Amend or alter a proposal for funding under this
26 subchapter in order to make the project consistent with this
27 subchapter and chapter 202;

28 C. Investigate projects, including books and records, to
29 determine whether the nonprofit corporation or the project
30 is complying with this subchapter and chapter 202; and

31 D. Seek all legal remedies available to enforce the
32 contract with a nonprofit housing corporation. The
33 authority may seek an injunction for any act or failure to
34 act that violates this law or a contract entered into under
35 this State.

36 §4974. Duties of the authority

37 The authority shall:

38 1. Identify nonprofit housing corporations. Identify the
39 nonprofit housing corporations in this State that may be eligible
40 to participate in the program and the areas and populations
41 served by these corporations;
42

1 2. Review proposals. Review proposals of nonprofit housing
3 corporations under this chapter;

5 3. Prepare training and education programs. Prepare
7 training and education programs, including workshops, for
9 nonprofit housing corporations with respect to affordable housing;

11 4. Contract with nonprofit housing corporations. Enter
13 into a contract with a nonprofit housing corporation for each
15 project funded in whole or in part with money from the Affordable
17 Housing Fund. Section 4983 shall be included in the contract; and

19 5. Provide for repayment of loans from the Affordable
21 Housing Fund. Adopt rules under the Maine Administrative
23 Procedure Act, Title 5, chapter 375, that govern repayment of
25 loans to nonprofit housing corporations from the Affordable
27 Housing Fund. Each nonprofit housing corporation is responsible
29 for repayment of loans only to the extent of the money borrowed
31 by each corporation from the fund, and shall not be required to
33 pay any additional charges for these loans, including interest,
35 administrative fees and other similar charges.

37 §4975. Propose projects for funding

39 The Maine State Housing Authority may propose to a nonprofit
41 housing corporation projects for funding which the authority has
43 found to effectively address the affordable housing problems in
45 the areas served by the corporation.

47 Sec. 2. 30-A MRSA c. 202 is enacted to read:

49 CHAPTER 202

51 NONPROFIT HOUSING CORPORATIONS

53 §4981. Definitions

55 As used in this subchapter, unless the context otherwise
57 indicates, the following terms have the following meanings.

59 1. Affordable Housing Fund. "Affordable Housing Fund"
61 means the Affordable Housing Fund as defined in section 4971.

63 2. Authority. "Authority" means the Maine State Housing
65 Authority.

67 3. Nonprofit housing corporation. "Nonprofit housing
69 corporation" means a nonprofit corporation organized in this
71 State under Title 13-B which qualifies as a nonprofit corporation
73 under the United States Code, Title 26, Section 501(C)(3) and

1 which has established the development of affordable housing for
2 low-income households as a purpose of incorporation.

3 **§4982. Powers of nonprofit housing corporations**

4 A nonprofit housing corporation may:

5 1. Sue or be sued. Sue or be sued on its written contracts:

6 2. Enter into contracts. Enter into contracts or
7 agreements necessary or convenient to the exercise of its powers
8 and duties. This power includes, but is not limited to:

9 A. Contracts or agreements for services;

10 B. Contracts with subcontractors; and

11 C. Leasing contracts;

12 3. Own or operate housing projects. Own, operate, maintain
13 or manage housing projects;

14 A. A nonprofit housing corporation may perform any of these
15 functions singly or in combination with other functions;

16 B. A nonprofit housing corporation may perform any of these
17 functions in combination with other private persons,
18 corporations or government entities;

19 4. Construct or improve housing projects. Design,
20 construct, reconstruct, improve, extend or repair any housing
21 project or any part of a housing project;

22 5. Purchase or acquire land and buildings. Hold, purchase
23 or acquire land, buildings and structures in order to develop
24 affordable housing under this chapter;

25 6. Lease dwellings, lands and buildings. Lease or rent any
26 dwellings, accommodations, lands, buildings, structures or
27 facilities embraced in any housing project and, subject to this
28 chapter, establish and revise the rents or charges for those
29 rentals;

30 7. Sell, exchange, transfer real or personal property.
31 Sell, exchange, transfer, assign, pledge or dispose of any real
32 or personal property or any interest in real or personal property;

33 8. Insure real or personal property. Insure or provide for
34 the insurance of any real or personal property or operations of
35 the corporation against any risks or hazards;

1 9. Invest funds. Invest any funds held in reserves or
3 sinking funds or any funds not required for immediate
5 disbursement in property or securities in which savings banks may
7 legally invest funds subject to their control;

9 10. Slum clearance. Within its area of operation:

11 A. Determine where blighted areas as defined in section
13 5101, subsection 2, exist or where there is a shortage of
15 safe and sanitary dwelling accommodations for persons of low
17 income.

19 B. Make studies and recommendations relating to the problem
21 of clearing, replanning and reconstruction of slum areas and
23 the problem of providing dwelling accommodations for persons
25 of low income; and

27 C. Cooperate with the municipality, the county, the State
29 or any political subdivision of the State in action taken in
31 connection with these problems;

33 11. Issue revenue bonds. Issue tax-exempt or taxable
35 mortgage revenue bonds to provide affordable housing to
37 low-income households; and

39 12. Accept and expend money. Accept and expend money from
41 any source, including governmental entities, in order to provide
43 or develop affordable housing under this chapter.

45 §4983. Duties of nonprofit housing corporations

47 A nonprofit housing corporation shall:

49 1. Be subject to the authority of the Maine Municipal Bond
51 Bank. Be subject to the authority of the Maine Municipal Bond
53 Bank, and Title 30-A, chapter 225, with respect to the issue and
55 use of taxable or tax-exempt mortgage revenue bonds;

57 A. A nonprofit housing corporation shall issue taxable or
59 tax-exempt mortgage revenue bonds only through the Maine
61 Municipal Bond Bank;

63 B. A nonprofit housing corporation shall comply with Title
65 30-A, chapter 225, and the rules of the Maine Municipal Bond
67 Bank with respect to:

69 (1) The issue of these bonds;

71 (2) The use of revenue bond proceeds;

73 (3) Reserve funds for revenue bonds;

- 1 (4) Accounting and record-keeping procedures;
- 3 (5) Reporting requirements of the Maine Municipal Bond
4 Bank;
- 5 (6) Investments of bond proceeds;
- 7 (7) Surety bonds; and
- 9 (8) Any other requirements that the Maine Municipal
11 Bond Bank considers necessary for nonprofit housing
13 corporations with respect to mortgage revenue bonds;

15 2. Report to Maine State Housing Authority. Report
17 annually to the authority with respect to the activities,
19 accomplishments and problems of each corporation. A nonprofit
21 housing corporation shall also provide a copy of its annual
23 report to the authority;

25 3. Comply with rules of Maine State Housing Authority.
27 Comply with the rules of the authority with respect to the use of
29 any money provided by the authority to nonprofit housing
31 corporations and with respect to record keeping and accounting
33 requirements, reporting requirements, reserve fund requirements
35 and other requirements that the authority considers necessary to
37 preserve the integrity of the Affordable Housing Fund;

39 4. Publish annual report. Publish a detailed annual report
41 of its activities including income and expenditures for the most
43 recent fiscal year completed. The annual report is a public
45 record;

47 5. Contract for independent annual audit. Contract for an
49 independent annual audit of its books and records. The results
51 of this audit are a public record; and

53 6. Prepare plans. Prepare long-range and short-range plans
55 for the creation of affordable housing or making affordable
57 housing available to low-income households in the area served by
59 the nonprofit housing corporation. These plans, which shall be
61 updated every 2 years, shall include:

63 A. An estimate of the demand in the area for low-income
65 housing in the short term and in the long term;

67 B. An inventory of the organizations and resources in the
69 area that are available to assist in developing housing for
71 low-income households; and

73 C. The means by which the organizations and resources in
75 the area including the resources of the nonprofit housing

1 corporation may be coordinated to address the problem of
2 low-income housing.

3
4 **§4984. Leasing of housing**

5 Each nonprofit housing corporation shall manage and operate
6 its housing projects in an efficient manner to enable it to fix
7 the rentals or payments for dwelling accommodations at low rates
8 consistent with its providing decent, safe and sanitary dwelling
9 accommodations for persons of low income. A nonprofit housing
10 corporation shall not construct or operate any housing project
11 for profit. To this end, a nonprofit housing corporation shall
12 fix the rentals or payments for dwellings in its projects at no
13 higher rates than it finds necessary to produce revenues which,
14 together with all other available money, revenues, income and
15 receipts of the authority from whatever sources derived, will be
16 sufficient:

17
18 1. Bond principal and interest. To pay, as the sums become
19 due, the principal and interest on the bonds of the nonprofit
20 housing corporation and the bonds issued to create the Affordable
21 Housing Fund;

22
23 2. Reserves. To create and maintain any reserve funds
24 required to ensure the payment of principal and interest as it
25 becomes due on its bonds and the bonds issued to create the
26 Affordable Housing Fund; and

27
28 3. Cost and operating projects. To meet the cost of and to
29 provide for maintaining and operating the projects, including
30 necessary reserves for that purpose and the cost of any
31 insurance, and the administrative expenses of the nonprofit
32 housing corporation.

33
34 **§4985. Low-income units**

35
36 Any housing development financed in whole or in part by
37 bonds issued by a nonprofit housing corporation, by funds from
38 the Maine State Housing Authority or by money from any state
39 government entity shall have a minimum of 40% of the units set
40 aside for households earning less than 60% of the median income
41 of the county in which the development is located.

42
43 **Sec. 3. Issue of bonds to establish the Affordable Housing Program for**
44 **Nonprofit Community Development Corporations.** The Treasurer of
45 State may, under the direction of the Governor, issue from time
46 to time registered bonds in the name and behalf of the State up
47 to an amount not exceeding \$5,000,000 in the aggregate for the
48 purpose of raising funds to fund the Affordable Housing Program
49 for Nonprofit Community Development Corporations. The proceeds
50 from the bonds shall be deposited in accounts established for the
51 Housing

1 Opportunities for Maine Program as established by the Maine
2 Revised Statutes, Title 30-A, chapter 201, subchapter VII. The
3 bonds shall be deemed a pledge of the faith and credit of the
4 State. The bonds shall not run for a longer period than 10 years
5 from the date of the original issue. Any issuance of bonds may
6 contain a call feature at the discretion of the Treasurer of
7 State with approval of the Governor.

9 **Sec. 4. Records of bonds issued to be kept by State Auditor and**
10 **Treasurer of State.** The State Auditor shall keep an account of the
11 bonds, showing the number and amount of each, the date when
12 payable and the date of delivery to the Treasurer of State who
13 shall keep an account of each bond showing the number of the
14 bond, the name or names of the successful bidders to whom sold,
15 the amount received, the date of sale and the date when payable.

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

25 **Sec. 6. Taxable bond option.** The Treasurer of State, at the
26 direction of the Governor, shall covenant and consent that the
27 interest on the bonds shall be includable, under the United
28 States Internal Revenue Code, in the gross income of the holders
29 of the bonds to the same extent and in the same manner that the
30 interest on bills, bonds, notes or other obligations of the
31 United States are includable in the gross income of the holders
32 under the United States Internal Revenue Code or any subsequent
33 law. The powers conferred by this section shall not be subject
34 to any limitations or restrictions of any law which may limit the
35 power to so covenant and consent.

37 **Sec. 7. Interest and debt retirement.** Interest due or accruing
38 upon any bonds issued under this Act and all sums coming due for
39 payment of bonds at maturity shall be paid by the Treasurer of
40 State.

41 **Sec. 8. Disbursement of bond proceeds.** The proceeds of the
42 bonds shall be expended under the direction and supervision of
43 the Maine State Housing Authority.

45 **Sec. 9. Appropriation balances at year end.** At the end of each
46 fiscal year, all unencumbered appropriation balances representing
47 state money shall carry forward from year to year. Bond proceeds
48 which have not been expended within 10 years after the date of
49 the sale of the bonds shall lapse to General Fund debt service.

1
3
5
7
9

Sec. 10. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes have not been issued within 5 years of the ratification of this Act, shall be deauthorized and may not be issued, provided that 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 amount of time not to exceed 5 years.

11
13
15
17
19

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:

21
23

"Shall the State fund the Affordable Housing Fund for nonprofit housing corporations with a \$5,000,000 bond issue?"

25
27
29
31
33
35

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 section 3 of this Act shall become effective 30 days after the date of the proclamation.

37
39

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.

41
43

STATEMENT OF FACT

45
47
49
51

The purpose of this bill is to promote the development of safe, decent and sanitary housing for low-income households. To accomplish this end, this bill gives resources to nonprofit housing corporations to develop, operate and maintain low-income housing, particularly low-income rental housing. Since most housing developers in the private sector do not find low-income housing to be a profitable venture, they have withdrawn from this sector of the housing market. Private nonprofit housing

1 corporations, on the other hand, are willing and able to serve
2 the low-income sector. Their major needs include administrative
3 and development funds. Once the housing facilities are
4 completed, the revenues from rents, etc., will enable the
5 nonprofit corporations to pay the loans and bondholders and to
6 operate low-income housing facilities.
7

8 This bill proposes to establish the Division of Nonprofit
9 Housing Development within the Maine State Housing Authority for
10 the purpose of implementing the Affordable Housing Program for
11 Nonprofit Housing Corporations. A nonprofit housing corporation
12 is defined as one which is in compliance with the United States
13 Code, Title 26, Section 501C(3) and which has established the
14 development of affordable housing as one of its goals.
15

16 The Maine State Housing Authority is empowered to provide
17 assistance to nonprofit housing corporations to develop
18 affordable housing. In providing this assistance, the Maine
19 State Housing Authority will coordinate its assistance with
20 assistance from other sources, including private sector
21 assistance. The authority will also seek to generate funds from
22 these other sources to be matched with funds provided by the
23 authority.
24

25 The Division of Nonprofit Housing Development will propose
26 guidelines to the authority to assist the authority in selecting
27 projects for funding. The division will also propose incentives
28 that would encourage these nonprofit corporations to develop
29 affordable housing. The division will also prepare training and
30 education programs in regard to affordable housing.
31

32 An Affordable Housing Fund of \$5,000,000 is established with
33 an initial issue of General Fund obligation bonds. Proceeds from
34 the fund will be loaned to nonprofit housing corporations except
35 for an initial \$250,000. A total of \$250,000 will be awarded as
36 grants to no more than 10 nonprofit housing corporations to be
37 used for administrative and start-up costs. The remainder of the
38 fund will be used as loans to be repaid from housing revenues.
39 Thus the Affordable Housing Fund will be a revolving fund.
40

41 Nonprofit housing corporations are empowered to purchase and
42 acquire land and buildings; construct, reconstruct, improve and
43 renovate buildings for low-income housing; lease housing units;
44 and to operate and maintain housing units. These corporations,
45 however, cannot operate facilities for profit. At least 40% of
46 the rental units of a project must be reserved for low-income
47 households. The remainder may be leased at market rates.
48

49 Nonprofit housing corporations are required to develop
50 long-range plans, inventory housing organizations and resources,
51 coordinate their efforts with these organizations and resources
and report their activities and finances to the Maine State

1 Housing Authority. The nonprofit housing corporations may issue
mortgage revenue bonds, but only through the Maine Municipal Bond
3 Bank. The nonprofit housing corporations are subject to all the
policies, procedures, rules and requirements of the Maine
5 Municipal Bond Bank.