

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## FIRST REGULAR SESSION - 1989

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Legislative Document

No. 1267

S.P. 470

In Senate, April 20, 1989

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator GAUVREAU of Androscoggin.

Cosponsored by Senator ANDREWS of Cumberland, Representative OLIVER of Portland and Senator GILL of Cumberland.

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STATE OF MAINE

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

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An Act to Provide Local Educational Subsidies to Encourage the Development of Affordable Housing.

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

3 20-A MRSA c. 608 is enacted to read:

5 CHAPTER 608

7 EDUCATIONAL SUBSIDIES FOR AFFORDABLE HOUSING

9 §15801. Definitions

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

15 1. Affordable housing unit. "Affordable housing unit"  
17 means a single-family home or condominium affordable in the  
municipality at 80% or less of the median income for that  
community.

19 §15802. Educational subsidy

21 1. Annual allocation to municipality. Each municipality  
23 shall receive an annual subsidy to its school administrative  
25 district budget based on the number of affordable housing units  
created in the community in the year prior to the year of  
allocation.

27 2. Computation. The commissioner shall compute the amount  
29 of subsidy in consultation with the State Tax Assessor, the Maine  
State Housing Authority and municipal building inspectors.

31 A. The local building inspector or other appropriate  
33 municipal officer shall provide the State Tax Assessor with  
a copy of each residential building permit issued.

35 B. The State Tax Assessor shall match these permits with  
37 the applicable Maine real estate transfer tax form, and  
compare the sales price of the new home with figures  
39 provided by the Maine State Housing Authority listing what  
sales price would be affordable for people earning 80%, 70%,  
41 60% and 50% of the median income for that municipality.

43 C. The commissioner shall compute the educational subsidy  
for each municipality by:

45 (1) Multiplying the school budget by:

47 (a) .02% for each new housing unit affordable at  
49 70%-80% of the median income;

51 (b) .03% for each new housing unit affordable at  
60%-70% of the median income;

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(c) .04% for each new housing unit affordable at 50%-60% of the median income; and

(d) .05% for each new housing unit affordable at less than 50% of the median income; and

(2) Totaling these figures.

**STATEMENT OF FACT**

Towns need to revise their planning and zoning regulations to encourage the construction of affordable housing. This law provides an incentive to municipalities to accomplish this goal by augmenting their educational budgets through a subsidy that increases according to the number and comparative affordability of new affordable housing units constructed the preceding year. This subsidy will help offset any increased education costs from students residing in the newly constructed affordable housing, and will therefore help slow the increase in property taxes attributable to the local school budget.