

# 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. 1316

H.P. 948

House of Representatives, April 24, 1989

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

*Ed Pert*

EDWIN H. PERT, Clerk

Presented by Representative MILLS of Bethel.

Cosponsored by Representative GWADOSKY of Fairfield.

---

STATE OF MAINE

---

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

---

An Act for the Preservation of Affordable Rental Housing in Maine.

---



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

3 30-A MRSA c. 201, sub-c. XII is enacted to read:

5 SUBCHAPTER XII

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

11 §4971. Purpose

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

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

43 §4972. Definition

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

§4973. Notification of intent to sell

Any person who has a controlling interest in any low-income  
housing may 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 rental unit affordable to  
low-income or moderate-income people, without providing notice,  
as outlined in subsection 1, to the Maine State Housing Authority  
and the municipal housing authority, if any, in the region where  
the property is located, as provided in this section.

1. Notice. The notice shall be made to the Maine State  
Housing Authority and the local housing authority serving the  
area, if any, when the owner enters into a contract for the sale

1 or transfer or takes other action in regard to the property.  
2 This notice shall include a copy of any contract of sale.

3  
4 2. Right of first refusal. The Maine State Housing  
5 Authority has the right of first refusal to purchase the  
6 property. The authority shall hold the right of first refusal  
7 for not more than 30 days from receipt of the notice required by  
8 this section. Failure to respond to the notice of first refusal  
9 in 30 days constitutes a waiver of that right of first refusal by  
10 the authority. By stating in writing its intention to pursue its  
11 right of first refusal during the 30-day period, the authority  
12 has an additional 60 days, beginning on the date of the  
13 termination of the first refusal period, to buy or to produce a  
14 buyer for the property. This additional 60-day period may be  
15 extended by mutual agreement between the authority and the owner  
16 of the property.

17  
18 A. Nothing in this section prevents an owner of the  
19 property from withdrawing the property from the market and  
20 revoking the notice required by subsection 1 at any time  
21 before the 90-day period expires or until the authority  
22 provides its notice of taking by eminent domain. The  
23 withdrawal or revocation extinguishes any right of first  
24 refusal held by the Maine State Housing Authority.

25  
26 3. Exceptions. The Maine State Housing Authority shall not  
27 possess any right of first refusal when a bona fide buyer, by  
28 contract with the seller, agrees to maintain the property as  
29 low-income housing. The notice provisions of this section apply  
30 to this subsection.

31 **§4974. Purchase property; construct housing**

32  
33 The Maine State Housing Authority or any municipal housing  
34 authority may purchase or acquire property to preserve or provide  
35 affordable housing to moderate-income and low-income people and  
36 provide for the management and maintenance of this property.

37  
38 1. Construction. The Maine State Housing Authority or any  
39 municipal housing authority may construct or reconstruct housing  
40 for moderate-income and low-income households.

41  
42 2. Rehabilitation. The Maine State Housing Authority or  
43 any municipal housing authority may rehabilitate buildings to  
44 provide affordable housing to moderate-income and low-income  
45 households.

46  
47 **§4975. Provide financing**

48  
49 The Maine State Housing Authority or any municipal housing  
50 authority may provide low-interest or no-interest financing to  
51 any person who agrees to construct, reconstruct, rehabilitate or

1 purchase property to provide housing for moderate-income and  
2 low-income households.

3  
4 **§4976. Conversion of property**

5  
6 Any owner of low-income rental housing who prepays the  
7 mortgage and any person who purchases low-income rental housing  
8 and who intends to convert the facility from low-income rental  
9 housing to any other use, including other residential uses, shall  
10 allow the current tenants to remain in the units for 6 months  
11 from the date of prepayment or transfer of title, at the rents  
12 charged to the tenants before mortgage prepayment or transfer of  
13 title or at the rents provided under the assistance program to  
14 which the housing is subject if such assistance is not  
15 terminated, or the owner may relocate the tenants to comparable  
16 units with comparable rents in accordance with the procedure  
17 established by rules of the Maine State Housing Authority.

18  
19 1. Rules. The Maine State Housing Authority, pursuant to  
20 the Maine Administrative Procedure Act, Title 5, chapter 375,  
21 shall adopt rules with respect to relocation standards to be  
22 applied under this section. These standards shall include, but  
23 are not limited to, assistance with moving expenses and rental  
24 assistance payments necessary to maintain comparable rents for  
25 the displaced tenants.

26  
27 **§4977. Rules**

28  
29 The Maine State Housing Authority may adopt rules in  
30 accordance with the Maine Administrative Procedure Act, Title 5,  
31 chapter 375, to implement this subchapter.

32  
33 **§4978. Penalty**

34  
35 Any person who fails to give notice as provided in this  
36 subchapter commits a civil violation for which a penalty of not  
37 less than \$2,500 may be adjudged.

38  
39  
40 **STATEMENT OF FACT**

41  
42  
43 This bill reestablishes the notice and right of first  
44 refusal requirements which must be satisfied before the owner of  
45 a federally subsidized low-income housing project can transfer  
46 and convert the project to market rate units. The original  
47 provisions were enacted in 1988 and are scheduled to sunset on  
48 August 1, 1989.