

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1765

H.P. 1269

House of Representatives, June 19, 1989

Reported by Representative NADEAU from the Committee on Housing and Economic Development pursuant to H.P. 1216 and printed under Joint Rule 2.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

STATE OF MAINE

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

An Act Establishing the Affordable Housing Partnership Act of 1989.

(EMERGENCY)



1 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
3 as emergencies; and

5 Whereas, it is essential that the Department of Economic
and Community Development and the Maine State Housing Authority
7 jointly begin to develop a plan for the development of affordable
housing for lower and moderate income households; and

9 Whereas, a plan must be developed with rules for
11 implementation before money can be provided to municipalities and
nonprofit housing corporations to address the affordable housing
13 crisis; and

15 Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
17 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
19 safety; now, therefore,

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

23 **Sec. 1. 5 MRSA c. 383, sub-c. VII is enacted to read:**

25 **SUBCHAPTER VII**

27 **MAINE AFFORDABLE HOUSING ALLIANCE**

29 **§13116. Maine Affordable Housing Alliance established**

31 There is established within the department the Maine
33 Affordable Housing Alliance, known in this subchapter as "the
housing alliance." The housing alliance shall assist
35 municipalities in developing affordable housing under Title 30-A,
chapter 202.

37 The commissioner shall appoint a director of the Maine
39 Affordable Housing Alliance and provide staff for the housing
alliance.

41 **§13117. Coordination**

43 The housing alliance, in implementing Title 30-A, chapter
45 202, shall consult with the Maine State Housing Authority and the
Interagency Task Force on Homelessness and Housing Opportunities,
47 as established in chapter 202, in order to make the best use of
resources and to create the greatest impact on the affordable
49 housing crisis.

1 §13118. Advisory committee created

3 The Affordable Housing Alliance Advisory Committee shall
5 serve as an advisory group to the commissioner with respect to
5 the implementation of Title 30-A, chapter 202.

7 1. Membership. The Affordable Housing Alliance Advisory
9 Committee shall have broad geographic representation and consist
9 of 15 members representing both the public and private sectors,
11 including housing developers, bankers, real estate professionals
11 and elected or appointed municipal officials to be appointed as
13 follows.

15 A. Nine members shall be appointed by the Governor to serve
17 3-year terms, except that 3 of the initial appointees shall
19 be appointed for terms of 2 years, and 3 shall be appointed
21 for terms of one year. All members shall serve until their
21 successors are appointed and qualified. Vacancies occurring
21 in positions appointed by the Governor shall be filled by
21 appointment by the Governor for the remainder of the term.

23 B. Five members shall be appointed jointly by the President
25 of the Senate and the Speaker of the House of
27 Representatives to serve 3-year terms, except that 2 of the
29 initial appointees shall be appointed for terms of 2 years
31 or less as determined by the appointed authorities. Members
31 appointed by the presiding officers of the Legislature may
31 be reappointed. All members shall serve until their
31 successors are appointed by the presiding officers.
31 Vacancies shall be filled by the appointing authorities for
31 the remainder of the terms.

33 C. The Director of the Maine State Housing Authority, or
35 the director's designee, shall serve on the committee.

37 2. Compensation. Public members shall be compensated in
37 accordance with the provisions of chapter 379.

39 3. Chair. The advisory committee shall elect a chair from
41 among its members to serve a term of 2 years.

43 4. Duties. The advisory committee shall advise the
45 commissioner and the director of the housing alliance with
47 respect to the implementation of Title 30-A, chapter 202 and the
49 overall development of affordable housing in Maine. The advisory
51 committee shall:

49 A. Assist the housing alliance with respect to the
51 development of the affordable housing plan under Title 30-A,
51 chapter 202, subchapter I;

1 B. Make recommendations to the commissioner and the
3 director of the housing alliance with respect to policies,
 programs and funding under Title 30-A, chapter 202; and

5 C. Review and examine the plan, program, policies, funding
7 and implementation of the housing alliance program to
 determine its effectiveness.

9 **Sec. 2. 5 MRSA §12004-I, sub-§6-A** is enacted to read:

11	<u>6-A. Economic</u>	<u>Affordable Housing</u>	<u>Expenses Only</u>	<u>5 MRSA</u>
	<u>Development</u>	<u>Alliance Advisory</u>	<u>for Public</u>	<u>§13118</u>
13		<u>Committee</u>	<u>Members</u>	

15 **Sec. 3. 5 MRSA §12004-L, sub-§5** is enacted to read:

17	<u>5. Interagency Task Force</u>	<u>Expenses Only for</u>	<u>30-A MRSA</u>
	<u>on Homelessness and Housing</u>	<u>Members Appointed by</u>	<u>§5041</u>
19	<u>Opportunities</u>	<u>the Presiding Officers</u>	
		<u>of the Legislature</u>	

21 **Sec. 4. 9-A MRSA §2-302, sub-§1**, as amended by PL 1983, c.
23 720, §6, is further amended to read:

25 1. The administrator shall receive and act on all
27 applications for licenses to make supervised loans under this
 Act. Applications shall be filed in the manner prescribed by the
29 administrator and shall contain the information the administrator
 requires by rule to make an evaluation of the financial
31 responsibility, character and fitness of the applicant. Initial
 applications for a license shall be accompanied by a \$500 fee.
33 Renewal applications shall include a \$200 fee. Licenses shall be
 granted for a 2-year period and shall expire on September 30th.
35 Initial and renewal applications by nonprofit organizations
37 exempt from taxation under the United States Internal Revenue
 Code, Section 501(c)(3), and engaged in the financing of housing
 for low-income people under a program designed specifically for
39 that purpose shall include a fee of \$20.

41 **Sec. 5. 9-A MRSA §2-302, sub-§2, ¶D** is enacted to read:

43 D. In determining the financial responsibility of a
 nonprofit organization engaged in the financing of housing
45 for low-income people under a program specifically designed
 for that purpose, the administrator may waive the
47 requirement of a bond and availability of \$25,000 of net
 assets, if the applicant submits appropriate additional
49 evidence of financial responsibility.

51 **Sec. 6. 30-A MRSA §4301, sub-§1**, as enacted by PL 1989, c.
 104, Pt. A, §45, and Pt. C. §10, is repealed and the following
 enacted in its place:

1
3 1. Affordable housing. "Affordable housing" has the same
5 meaning as set out in chapter 202, section 5002, subsection 2.

5 **Sec. 7. 30-A MRSA §4722, sub-§1, ¶¶S and T,** as enacted by PL
7 1987, c. 737, Pt. A, §2 and Pt. C, §106; and as amended by PL
9 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, are further
11 amended to read:

11 S. Purchase, sell, service, pledge, invest in, hold, trade,
13 accept as collateral, administer or otherwise deal in,
15 acquire or transfer, contract for benefits to recipients on
17 behalf of the Federal Government or otherwise and do those
things necessary to issue or cause to be issued federal
mortgage credit certificates as authorized and created by
the Federal Tax Reform Act of 1984, Public Law 98-369,
Section 612(a); and

19 T. Approve or disapprove, in accordance with rules adopted
21 under the Maine Administrative Procedure Act, Title 5,
23 chapter 375, a project which is multi-family or
single-family residential property, when authorized or
required by Title 10, chapter 110, subchapter IV,; and

25 **Sec. 8. 30-A MRSA §4722, sub-§1, ¶U** is enacted to read:

27 U. Consult with the Maine Affordable Housing Alliance,
29 established in Title 5, chapter 383, subchapter VII, and the
31 Interagency Task Force on Homelessness and Housing
33 Opportunities, as defined in chapter 202, section 5002,
subsection 9, with respect to the implementation of housing
programs to make the best use of resources and make the
greatest impact on the affordable housing crisis.

35 **Sec. 9. 30-A MRSA §4753, sub-§1, ¶C** is enacted to read:

37 C. Municipalities and municipal housing authorities may
39 require reasonable reservations or set-asides of units
41 created in projects to which they have contributed
significant resources to serve the residents or members of
the work force of their particular municipalities.

43 **Sec. 10. 30-A MRSA §4832, sub-§1,** as amended by PL 1989, c.
45 48, §§4 and 31, is further amended to read:

47 1. Participation requirements. Except as provided in
49 paragraph A, the Maine State Housing Authority may not
51 participate in the making of construction loans unless a
53 financial institution in the State agrees to participate in the
loan at least to the extent of ~~15% of the principal amount of the~~
loan acting as escrow agent. Notwithstanding any other
provisions of law, financial institutions in the State may act as
required by this subchapter.

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A. The Maine State Housing Authority may make construction loans to state public bodies or other public instrumentalities and private nonprofit corporations without the participation of a financial institution.

Sec. 11. 30-A MRS §4852, sub-§2, ¶A-1 is enacted to read:

A-1. In addition to the uses provided in paragraph A, no more than 3% of the money in the fund, other than amounts derived from the dedication of the tax on real estate transfers established in Title 36, chapter 711-A may be used to pay the administrative costs of the authority's programs.

Sec. 12. 30-A MRS §4933, sub-§2, as enacted by PL 1987, c. 737, Pt. A, §2 and Pt. C, §106; and as amended by PL 1989, c. 6; and c. 9, §§8 and 10, is further amended to read:

2. Housing Mortgage Insurance Fund. "Housing Mortgage Insurance Fund" means any the fund established under section 4934-A by the Maine State Housing Authority for the purpose of providing insurance for the payment of mortgage loans for housing in the State.

Sec. 13. 30-A MRS §4933, sub-§2-A is enacted to read:

2-A. Housing Mortgage Insurance Program. "Housing Mortgage Insurance Program" means any program of providing insurance for the payment of mortgage loans for housing in the State established by the Maine State Housing Authority.

Sec. 14. 30-A MRS §4934, sub-§3, as enacted by PL 1987, c. 737, Pt. A, §2, and Pt. C, §106; and as amended by PL 1989, c. 6; and c. 9, §§8 and 10, is further amended to read:

3. Limitation. Notwithstanding this section, the Maine State Housing Authority shall not make any contract or commitment of mortgage insurance on housing on the Indian reservations without the approval of a majority of the Indian Housing Mortgage Insurance Committee.

Sec. 15. 30-A MRS §4934, sub-§§5 and 6 are enacted to read:

5. Pledging of assets. Any obligations incurred under the Housing Mortgage Insurance Program shall be payable only from the Housing Mortgage Insurance Fund and shall create no lien or claim on behalf of any beneficiary nor on behalf of the fund against any other fund or funds of the Maine State Housing Authority.

6. Exemption. Any mortgage insurance program operated under this subchapter is exempt from all requirements imposed under the Maine Insurance Code.

1 Sec. 16. 30-A MRSA §4934-A is enacted to read:

3 §4934-A. Housing Mortgage Insurance Fund

5 1. Fund created. There is established under the
7 jurisdiction of the Maine State Housing Authority, or any
9 nonprofit corporate subsidiary it may create for this purpose
11 pursuant to section 4722, subsection 1, paragraph P, an insurance
 reserve fund called the Housing Mortgage Insurance Fund. As used
 in this section, the term "fund" means the Housing Mortgage
 Insurance Fund.

13 2. Sources of fund. There shall be paid into the fund:

15 A. All money appropriated by the State for inclusion in the
17 fund;

19 B. All proceeds from the issuance of bonds on behalf of the
 State for inclusion in the fund;

21 C. All premiums collected under the Housing Mortgage
23 Insurance Program;

25 D. All interest, dividends and pecuniary gains from
 investment of money of the fund; and

27 E. Any other money available to the Maine State Housing
29 Authority which it determines to use for this purpose.

31 3. Application of fund. All money held in the fund shall
33 be used only to make payments pursuant to housing mortgage
35 insurance contracts, to pay any or all expenses of administration
37 and operation of the Housing Mortgage Insurance Program and to
39 maintain the fund at an amount equal to the minimum insurance
 reserve. The minimum insurance reserve shall be an amount equal
 to 10% of the aggregate outstanding housing mortgage insurance
 liability secured by the fund. Any money in the fund in excess
 of that needed to maintain the minimum insurance reserve may be
 allocated to the Housing Opportunities for Maine Program.

41 A. Money in the fund shall not be used as collateral,
43 payment or in any other way to assist any insurance of
 mortgages on housing on the Indian reservations.

45 4. Maintenance of fund. To ensure the maintenance of the
47 fund at an amount equal to the required minimum insurance
49 reserve, there shall be annually appropriated and paid for
51 deposit in the fund the sum, if any, that is certified by the
 Director of the Maine State Housing Authority, or the director's
 designee, to the Governor as necessary to restore any such fund
 to an amount equal to its required minimum insurance reserve.
 The director, or the director's designee, shall annually, by

1 December 1st, make and deliver to the Governor a certificate
2 stating the sum, if any, required to restore the fund to an
3 amount equal to its required minimum insurance reserve, and the
4 sum so certified shall be appropriated and paid during the
5 current state fiscal year.

7 A. For purposes of valuation of the fund, securities
8 acquired as an investment for the fund shall be valued at
9 par or actual cost, whichever value is less.

11 5. Limitation on insurance. The maximum aggregate housing
12 mortgage insurance liability secured by the fund which may be
13 outstanding at any time is \$25,000,000. In computing the
14 aggregate outstanding housing mortgage insurance liability
15 secured by the fund for purposes of this subsection, any housing
16 mortgage insurance liability on which reinsurance has been
17 obtained shall be excluded.

19 Sec. 17. 30-A MRSA §4936-A is enacted to read:

21 §4936-A. General obligation bonds to secure housing mortgage
22 insurance for Maine citizens

23
24 The Maine State Housing Authority may request the Treasurer
25 of State to issue up to \$25,000,000 in state general obligation
26 bonds for the purpose of providing funds to pay any necessary and
27 proper costs or charges arising for any reason, including the
28 default of any policy issued under section 4934-A and incurred as
29 a result of its insuring or undertaking to insure the payment of
30 mortgages of Maine citizens. Upon this request from the
31 authority, the Treasurer of State shall issue the bonds as
32 promptly as possible, but no later than the next regularly
33 scheduled bond issue of the State, unless, before the bonds are
34 issued, the amount requested is provided to the Maine State
35 Housing Authority by appropriation of the Legislature or by
36 transfer from the Contingency Account or other account.

37
38 1. Use of proceeds. Proceeds of the bond issue may be used
39 only to assist insurance of mortgages as provided in section
40 4934, subsection 1-A and may not be used for any other purpose
41 including costs and charges arising from the insurance of Indian
42 housing on Indian reservations.

43
44 2. Accounting of proceeds. Proceeds from the bond issuance
45 shall be accounted for separately from the general assets of any
46 other housing insurance fund and separately from any other funds
47 operated at any time by the Maine State Housing Authority, its
48 successors, assigns or trustees. This separate accounting shall
49 be maintained even if funds are commingled for investment
50 purposes by the authority or by a trustee of any fund operated by
51 or for the authority.

1 Sec. 18. 30-A MRSA c. 201, sub-c. X-A is enacted to read:

3 SUBCHAPTER X-A

5 ELDERLY HOMEOWNER EQUITY LOAN PROGRAM

7 §4941. Program established

9 The Elderly Homeowner Equity Loan Program is established to
11 address the need of low-income elderly homeowners for additional
income and to enable the elderly to remain in their homes.

13 §4942. Elderly Homeowner Equity Loan Guarantee Fund

15 1. Creation. The Elderly Homeowner Equity Loan Guarantee
17 Fund is established under the jurisdiction of the Maine State
Housing Authority. As used in this section, the term "fund"
19 means the Elderly Homeowner Equity Loan Guarantee Fund.

21 2. Sources of fund. Sources of the fund shall include:

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

25 B. Subject to any pledge, contract or other obligation, any
money that the Maine State Housing Authority receives in
27 repayment of advances from the fund;

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

33 D. Any other money available to the state authority and
directed by the Maine State Housing Authority to be paid
35 into the fund.

37 3. Application of fund. Funds may be applied in the
following manner.

39 A. Money in the fund may be used by the Maine State Housing
41 Authority to insure, guarantee, purchase or make
disbursements on reverse annuity mortgage loans, home equity
43 loans or other similar types of loans made to low-income
elderly residents of the State either directly through the
45 Maine State Housing Authority or a financial institution or
indirectly through property or other tax deferral granted to
47 a low-income elderly homeowner by a state, county,
municipality or other taxing authority. Loans shall be
49 secured by a mortgage on the residence, subject to any
encumbrances, including, without limitation, prior mortgage
51 loans, that are acceptable to the Maine State Housing
Authority or any other security as determined by the Maine
State Housing Authority.

1
3 B. Money in the fund may be pledged or transferred and
5 deposited as security for and applied in payment of
7 principal of, interest on or redemption premiums on bonds of
9 the Maine State Housing Authority issued to carry out the
11 purposes of this section.

13 C. Interest, dividends and pecuniary gains from investment
15 of money of the fund may be used by the Maine State Housing
17 Authority to pay for the administrative expenses of the fund
19 and its operation.

21 4. Accounts within the fund. The Maine State Housing
23 Authority may divide the fund into separate accounts determined
25 necessary or convenient to accomplish the purposes of this
27 section.

29 5. Revolving fund. The fund shall be a nonlapsing,
31 revolving fund. The Maine State Housing Authority shall
33 continuously apply all money in the fund to carry out this
35 section.

37 §4943. Limitations

39 The following limitations apply to the Elderly Homeowner
41 Equity Loan Program and the Elderly Homeowner Equity Loan
43 Guarantee Fund under this subchapter.

45 1. Priority. Priority shall be given to low-income elderly
47 households.

49 2. Participation. Participation is limited to applicants
51 who are 70 years of age or older.

3. Equity. The Maine State Housing Authority shall not
insure, guarantee, purchase or make disbursements on loans for
which the loan-to-value ratio exceeds 80%.

4. Use of funds. Loans provided to eligible recipients
shall be used only for urgent matters as determined by the Maine
State Housing Authority, including payment of property taxes,
property maintenance, home care and similar matters.

53 §4944. Adoption of rules

55 Subject to the Maine Administrative Procedure Act, Title 5,
57 chapter 375, subchapter II, the Maine State Housing Authority may
59 adopt rules necessary to implement the Elderly Homeowner Equity
61 Loan Program.

1. Asset limitations. The Maine State Housing Authority
may adopt rules with respect to asset limitations. At a minimum,

1 the Maine State Housing Authority shall adopt rules restricting
3 real property assets to the principal residence of the
5 applicant. Nothing in this section may preclude from eligibility
7 the permanent residence and land contiguous to that residence,
9 such as a family farm or similar situation.

11 2. Counseling of applicants. The Maine State Housing
13 Authority shall, by rule, provide for the counseling of
15 applicants to ensure that the applicants are aware of the
17 advantages, disadvantages, potential risks and other aspects of
19 the program.

21 3. Purpose; minimize risk. In adopting rules, the Maine
23 State Housing Authority shall seek to protect the interests of
25 all parties and to minimize their risks.

27 4. Federal projects. The Maine State Housing Authority, by
29 rule, may allow for federal pilot projects which may have
31 criteria inconsistent with the criteria in the Elderly Homeowner
33 Equity Loan Program.

35 **Sec. 19. 30-A MRSA c. 202 is enacted to read:**

37 **CHAPTER 202**

39 **AFFORDABLE HOUSING PARTNERSHIP**

41 **§5001. Title**

43 This chapter shall be known and may be cited as the
45 "Affordable Housing Partnership Act of 1989."

47 **SUBCHAPTER I**

49 **ADMINISTRATION AND IMPLEMENTATION**

51 **§5002. Definitions**

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

1. Advisory committee. "Advisory committee" means the
Affordable Housing Alliance Advisory Committee as defined in
Title 5, section 13118.

2. Affordable housing. "Affordable housing" means decent,
safe and sanitary dwellings, apartments or other living
accommodations for low-income and moderate-income households.
The Department of Economic and Community Development in
consultation with the Maine State Housing Authority shall define
"affordable housing" by rule. Affordable housing includes, but
is not limited to:

1 A. Government-assisted housing;

3 B. Housing for low-income and moderate-income families;

5 C. Manufactured housing;

7 D. Multifamily housing; and

9 E. Group and foster care facilities.

11 3. Authority or state authority. "Authority" or "state
13 authority" means the Maine State Housing Authority.

15 4. Commissioner. "Commissioner" means the Commissioner of
17 Economic and Community Development.

19 5. Department. "Department" means the Department of
19 Economic and Community Development.

21 6. Homeless. "Homeless" means:

23 A. A person or family that lacks, or is in imminent danger
25 of losing legal access to, a fixed, regular and adequate
25 nighttime residence; or

27 B. A person or family that has a primary nighttime
29 residence that is:

31 (1) A supervised publicly or privately operated
33 shelter designed to provide temporary living
33 accommodations, including, but not limited to, welfare
35 hotels, congregate shelters and transitional housing
35 for persons with mental illness or substance abuse
35 problems;

37 (2) An institution that provides a temporary residence
39 for individuals intended to be institutionalized; or

41 (3) A public or private place not designed for, or
43 ordinarily used as, a regular sleeping accommodation
43 for human beings.

45 7. Homestead land trust. "Homestead land trust" means a
47 nonprofit housing corporation that is organized to hold in trust
47 land and interests in land for affordable housing and leases land
49 or interests in land to lower income households for affordable
49 housing.

51 8. Housing alliance or alliance. "Housing alliance" or
51 "alliance" means the Maine Affordable Housing Alliance within the
51 department.

1
3 9. Interagency task force. "Interagency task force" means
the Interagency Task Force on Homelessness and Housing
Opportunities.

5
7 10. Land trust. "Land trust" means land or interests in
land, the title of which is held by a nonprofit housing
corporation or a municipality to provide affordable housing for
9 Maine citizens.

11 11. Lower income households. "Lower income households"
means low-income and very low-income households as defined by the
13 United States Department of Housing and Urban Development under
the United States Housing Act of 1937, Public Law 412, 50 Stat.
15 888, Section 8, as amended.

17 12. Moderate income households. "Moderate income
households" means households in which gross income does not
19 exceed 150% of the median income of the county or metropolitan
statistical area in which the household is located.

21 13. Nonprofit housing corporation. "Nonprofit housing
23 corporation" means a nonprofit corporation organized in this
State under Title 13-B which qualifies for this tax exemption
25 under the United States Code, Title 26, Section 501(c). In
addition, for the purposes of this chapter, the nonprofit
27 corporation must have as one of its purposes the construction,
rehabilitation, ownership or operation of housing.

29 §5003. Findings and purpose

31
33 There is a substantial deficiency of decent, sanitary and
safe housing available at affordable costs to lower income and
35 moderate-income households in Maine which has a detrimental
impact upon the State and all Maine citizens. As a result of
37 significant increases in land costs, the substantial reduction in
the role of the Federal Government in housing and a significant
39 increase in the working poor population of Maine, the lack of
affordable housing for lower income and moderate-income
41 households threatens the health, safety and welfare of Maine
citizens.

43 Affordable housing solutions are possible when there is
concerted action among state agencies which is coordinated with
45 local and federal resources. Municipalities, which may make a
positive or a negative impact on the cost and production of
47 housing through local policies and regulations, need to be
included in the solutions to the affordable housing crisis.

49
51 Nonprofit housing developers are a key resource in meeting
affordable housing production needs. Homestead land trusts are a

1 key resource in keeping land affordable and available for
2 affordable housing.

3
4 The Maine State Housing Authority is best able to provide
5 resources, technical assistance and support to both profit and
6 nonprofit housing producers. The department is best able to
7 provide resources, technical assistance and support to Maine's
8 municipalities, especially in areas such as planning, zoning,
9 infrastructure development and similar activities necessary for
10 the development of affordable housing.

11 §5004. Administration and implementation

12
13 With respect to the administration and implementation of
14 this chapter, the state authority and the housing alliance shall
15 consult on a regular basis to make the best use of the resources
16 available, to avoid unnecessary duplication of services and
17 activities, to target resources in a manner that will produce the
18 most impact and to leverage the most additional resources
19 possible to address the affordable housing crisis. The state
20 authority shall consult with the interagency task force, and the
21 housing alliance shall consult with the advisory committee on a
22 regular basis for the purposes set forth in this chapter.

23
24 1. Plan. The department and the housing authority, jointly
25 and in consultation with the interagency task force and the
26 advisory committee, shall develop a plan for the development of
27 affordable housing for lower and moderate-income households in
28 Maine. This plan shall include, but is not limited to:

29
30 A. Long-term and short-term goals and objectives for
31 developing affordable housing in Maine;

32
33 B. Provisions defining the process by which the efforts and
34 resources of state agencies will be coordinated with the
35 efforts and resources of municipalities and the private
36 sector to address the affordable housing crisis;

37
38 C. The criteria essential for the awarding of grants,
39 making loans and providing technical and other forms of
40 assistance and support to municipalities, nonprofit housing
41 corporations and for-profit housing developers under this
42 chapter; and

43
44 D. Proposed rules to be adopted by each agency to implement
45 this chapter.

46
47 2. Integrated housing. In developing, rehabilitating or
48 reconstructing affordable housing under this chapter, state
49 agencies, municipalities and nonprofit housing corporations shall
50 strive to establish neighborhoods and housing projects comprised
51 of households with different levels of income. The creation of

1 housing exclusively for households of one income level is to be
2 avoided, except that housing exclusively for one income level may
3 be developed if funding sources permit only one income level.

5 3. Permitted activity. Nothing in this chapter may be
6 construed to prohibit the development of affordable housing which
7 includes commercial development as a component of the affordable
8 housing plan or project.

9
10 §5005. Report to the Governor and Legislature

11
12 At least 45 days before adopting rules and implementing the
13 plan under this chapter, the housing alliance and the state
14 authority shall submit a copy of the plan and proposed rules of
15 each agency for the implementation of the plan and this chapter
16 to the Governor and the joint standing committee of the
17 Legislature having jurisdiction over housing and economic
18 development matters for review and comment.

19
20 §5006. Coordination and cooperation

21
22 All state agencies and independent state agencies shall
23 cooperate with the authority and the department with respect to
24 the implementation of this chapter. Whenever possible, all state
25 agencies and independent state agencies shall coordinate their
26 resources and activities with those of the department and the
27 state authority to address the affordable housing crisis.

28

29 SUBCHAPTER II

30

31 ASSISTANCE TO MUNICIPALITIES

32

33 §5011. Administration and implementation

34

35
36 The housing alliance shall be responsible for providing
37 assistance to municipalities. In administering assistance to
38 municipalities, the housing alliance shall consult with the state
39 authority in order that the resources of both agencies may be
40 coordinated to produce the maximum benefits.

41

42 §5012. Powers

43

44 The housing alliance may:

45

46 1. Award grants and loans. Award grants and loans to
47 municipalities for the development of affordable housing;

48 2. Approve or disapprove funding requests. Approve or
49 disapprove any request for funding under this subchapter and
50 subchapter IV;
51

1 3. Amend or alter proposal. Amend or alter a proposal for
2 funding under this subchapter to make the project consistent with
3 this chapter;

5 4. Investigate projects. Investigate projects, including
6 books and records, to determine whether the municipality or the
7 project is complying with this chapter; and

9 5. Seek legal remedies. Seek all legal remedies available
10 to enforce the contract with a municipality. The housing
11 alliance may seek an injunction for any act or failure to act
12 that violates this chapter or a contract entered into under this
13 chapter.

15 §5013. Duties

17 In implementing this subchapter, the housing alliance shall:

19 1. Adopt rules. Adopt rules in accordance with the Maine
20 Administrative Procedure Act, Title 5, chapter 375 specifying, at
21 a minimum, how money and other resources provided to
22 municipalities by the alliance may be used;

23 2. Prepare guidelines. Prepare guidelines for determining
24 the eligibility of projects proposed by municipalities for
25 funding under this subchapter and subchapter IV;

27 3. Review proposals. Review proposals of municipalities
28 for funding under this subchapter and subchapter IV;

31 4. Require municipal strategy. Require the municipality to
32 develop a strategy or plan designed to use other resources
33 available in the municipality, including private sector resources;

35 5. Require formation of local housing alliances. Require
36 municipalities to create municipal housing alliances to implement
37 affordable housing programs;

39 6. Identify resources and gaps in delivery services.
40 Identify resources and gaps in delivery services with respect to
41 Maine's homeless;

43 7. Provide technical assistance. Within the resources of
44 the department, provide technical assistance and information to
45 municipalities with respect to the development of affordable
46 housing;

47 8. Coordinate housing activities with comprehensive land
48 use planning. Coordinate municipal housing proposals under this
49 subchapter with comprehensive land use planning provisions of
50 chapter 187;

1 9. Require matching resources. Require municipalities to
2 provide matching resources that the alliance finds feasible; and

3 10. Strive to create integrated neighborhoods. Strive to
4 create integrated neighborhoods comprised of persons with
5 different levels of income.

6 § 5014. Nonlapsing revolving loan fund

7 In providing loans under this subchapter, the housing
8 alliance shall establish a nonlapsing revolving loan fund to
9 which payment of principal and interest and any other money
10 available to the fund shall be deposited.

11 SUBCHAPTER III

12 NONPROFIT HOUSING CORPORATIONS AND AFFORDABLE HOUSING

13 §5021. Program administration

14 The authority shall administer a program to be implemented
15 through nonprofit housing corporations to develop affordable
16 housing. In administering this program, the authority shall
17 consult with the housing alliance to coordinate the resources
18 provided by the authority with resources that may be available
19 through a municipality or the department.

20 The affordable housing program under this subchapter is
21 established to provide affordable rental and purchased housing to
22 lower and moderate-income households, to provide transitional
23 housing for homeless people and persons with special needs, to
24 provide shelters for the homeless and to provide homestead land
25 trusts for lower income households.

26 §5022. Office of Nonprofit Housing

27 The state authority shall establish the Office of Nonprofit
28 Housing within the authority. The executive director shall
29 appoint a director and provide staff for the office.

30 The office shall monitor and assist nonprofit housing
31 corporations under this subchapter and any other programs
32 involving nonprofit corporations under the state authority. The
33 office shall oversee the activities of the nonprofit housing
34 corporations as provided in this subchapter.

35 §5023. Powers

36 In developing and implementing this program, the state
37 authority may:

1 1. Propose projects for funding. Propose to nonprofit
3 housing corporations projects for funding which the authority has
5 determined to effectively address the affordable housing problems
7 in the area served by the corporation;

9 2. Provide planning assistance. Assist nonprofit housing
11 corporations in planning projects and developing proposals to
13 meet the affordable housing needs of the areas served by these
15 corporations. In assisting these corporations, the authority
17 shall:

19 A. Seek to leverage funds from various sources in the
21 public and private sectors, including in-kind assistance
23 which may be matched with funds provided by the authority to
25 these corporations; and

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

33 3. Prepare training and education programs. Prepare
35 training and education programs, including workshops, for
37 nonprofit community development corporations with respect to
39 affordable housing;

41 4. Use applicable funds. Use any applicable funds
43 available to the authority to finance programs;

45 5. Provide for funding of nonprofit corporations. Provide
47 for the funding of nonprofit housing corporations to develop
49 rental and purchased housing for the homeless and for lower and
51 moderate-income households.

Funds provided to nonprofit housing corporations may be used for,
 but are not limited to:

A. Administrative and development costs, including
 consultants' fees, overhead and other similar costs
 associated with the development, construction, acquisition,
 or ownership of affordable housing under to section 4852,
 subsection 2;

B. Purchase of land and buildings;

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

D. Purchase of equipment and supplies;

E. Rental subsidies;

1 F. The development, operation and maintenance of shelters
2 for the homeless;

3 G. The development, operation and maintenance of
4 transitional housing for the homeless and for persons with
5 special needs;

6 H. Payment of service fees of professionals such as
7 attorneys, geologists, architects, engineers and others for
8 agreements and professional services necessary to develop
9 affordable housing; and

10 I. Other uses considered necessary to carry out the
11 purposes of this chapter;

12 6. Approve and disapprove funding requests. Approve or
13 disapprove any application or request for funding under this
14 subchapter;

15 7. Amend or alter proposals. Amend or alter a proposal for
16 funding under this subchapter to make the project consistent with
17 this chapter;

18 8. Investigate projects. Investigate projects, including
19 books and records, to determine whether the nonprofit corporation
20 or the project is complying with this chapter;

21 9. Seek legal remedies. Seek all legal remedies available
22 to enforce a contract with a nonprofit housing corporation; and

23 10. Consult with the housing alliance and interagency task
24 force. Consult with the housing alliance and the interagency
25 task force with respect to the implementation of this subchapter
26 and the projects to be funded under this subchapter.

27 **§5024. Duties**

28 In providing money and other resources to nonprofit housing
29 corporations, the state authority shall:

30 1. Identify locations of corporations. Identify the
31 locations of nonprofit housing corporations in this State and the
32 areas and populations served by these corporations;

33 2. Prepare guidelines. Prepare guidelines for determining
34 the eligibility of projects proposed by nonprofit housing
35 corporations for funding;

36 3. Review proposals. Review proposals of nonprofit housing
37 corporations under this chapter; and

38

1 4. Adopt rules. Adopt rules in accordance with the Maine
2 Administrative Procedure Act, Title 5, chapter 375 to implement
3 this subchapter. At a minimum, the rules shall specify how money
4 and other resources provided to nonprofit housing corporations
5 may be used.

7 §5025. Eligibility requirements

9 To be eligible to use money made available by the state
10 authority to a nonprofit corporation for the purpose of this
11 chapter, a nonprofit housing corporation must:

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

17 2. Inventory programs and resources. Inventory housing
18 programs and agencies in the area served by the nonprofit
19 corporation, including resources for the homeless;

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

25 4. Prepare information. Prepare information for each
26 project funding request as requested by the authority. At a
27 minimum, a nonprofit housing corporation, before receiving any
28 money to develop affordable housing, shall provide the authority
29 with the following:

31 A. The number and development costs of units to be
32 developed;

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

37 C. The size of each housing unit;

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

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

45 5. Report to the authority. Report annually to the
46 authority with respect to the activities, accomplishments and
47 problems of each corporation. A nonprofit housing corporation
48 shall also provide a copy of its annual report to the authority;

49 6. Comply with rules of the authority. Comply with the
50 rules of the authority with respect to the use of any money
51 provided by the authority to nonprofit housing corporations with

1 respect to record-keeping and accounting, reporting, reserve fund
2 and other requirements that the authority considers necessary;

3
4 7. Publish annual report. Publish a detailed annual report
5 of its activities including income and expenditures for the most
6 recent fiscal year completed. The annual report is a public
7 record; and

8
9 8. Contract for independent annual audit. Contract for an
10 independent annual audit of its books and records as required by
11 the authority.

12
13 SUBCHAPTER IV

14
15 LAND ACQUISITION PROGRAM

16
17 §5031. Administration and implementation

18
19 The state authority and the housing alliance may provide
20 money and other resources to municipalities and nonprofit housing
21 corporations to acquire or preserve land for affordable housing.
22 The housing alliance shall administer this subchapter with
23 respect to municipalities and the state authority shall
24 administer this subchapter with respect to nonprofit housing
25 corporations and for-profit developers.

26
27 1. Coordination and consultation. The housing alliance and
28 the state authority shall consult in administering this
29 subchapter in order to make the best use of resources and
30 maximize their impact. The housing alliance and the state
31 authority shall consult with the interagency task force with
32 respect to the implementation of this subchapter.

33
34 §5032. Use of money

35
36
37 Money provided to municipalities under this subchapter shall
38 be in the form of low-interest loans. Money provided to
39 nonprofit housing corporations may be in the form of grants,
40 low-interest loans or no-interest loans. Funds available under
41 this subchapter shall be used to acquire or preserve land for
42 affordable housing for the homeless and lower and moderate-income
43 households. Funds may be used to make minor capital improvements
44 to land acquired under this chapter to facilitate its use for
45 housing.

46
47 §5033. Awards of grants and loans

48
49 1. Criteria. In providing grants, loans and other
50 resources to municipalities and nonprofit housing corporations
51 under this section, the state authority and the housing alliance
shall consult and develop criteria for the award of grants, loans

1 and other resources. In developing the criteria, the authority
2 and the alliance shall consider:

3
4 A. The extent of the affordable housing crisis in the
5 municipality or area in which land will be acquired or
6 preserved for affordable housing;

7
8 B. The degree of impact that the grant or loan will have on
9 the affordable housing problem;

10
11 C. The size of the lower income population in the area to
12 be served;

13
14 D. The demonstrated interest and the ability of the
15 municipality or nonprofit housing corporation to address the
16 affordable housing crisis;

17
18 E. The degree to which the grant or loan will serve very
19 low-income households;

20
21 F. The degree to which the grant or loan will increase the
22 economic activity of the eventual residents of the housing;

23
24 G. The degree to which the nonprofit housing corporation
25 provides for significant representation on its board of
26 directors for both residents and community residents;

27
28 H. The degree to which the project will have significant
29 self-help or volunteer labor in the development of the
30 housing;

31
32 I. The degree to which the grants and loans will assure the
33 long-term affordability of the housing by use of the
34 homestead land trust or other techniques; and

35
36 J. Any other criteria that the authority and the alliance
37 consider necessary.

38
39 2. Selection process. In selecting municipalities to
40 receive funds from the Municipal Land Acquisition Revolving Fund,
41 the alliance shall include in the selection process, one or more
42 representatives from the staff of the authority. The director of
43 the alliance, in consultation with the commissioner, shall select
44 the municipalities to receive grants or loans from the fund. In
45 selecting nonprofit housing corporations to receive funds from
46 the Maine Affordable Housing Land Trust Fund, the executive
47 director of the authority shall include one or more
48 representatives from the housing alliance in the selection
49 process.

50
51 3. Priorities. In selecting municipalities and nonprofit
52 housing corporations to receive funds under this section, the

1 selections shall be based on priorities developed by the housing
2 alliance and the state authority. In developing these
3 priorities, the alliance and the authority shall consider:

5 A. The degree of activity of housing alliances in each
6 municipality or region in addressing the affordable housing
7 crisis;

9 B. The availability of other resources in the municipality
10 or region that can be coordinated with funds and resources
11 provided by the housing alliance or the state authority; and

13 C. Any other priorities considered important by the housing
14 alliance or the state authority.

15 **§5034. Preservation of land for affordable housing**

17 In regard to the acquisition and preservation of land under
18 this subchapter, the state authority, the housing alliance,
19 municipalities and nonprofit housing corporations may use deed
20 restrictions, trust agreements and any other type of agreement
21 designed to maintain land for affordable housing.

23 **§5035. Maine Affordable Housing Land Trust Fund**

25 1. Creation of fund. There is created and established
26 under the jurisdiction and control of the state authority the
27 Maine Affordable Housing Land Trust Fund. As used in this
28 section, the term "fund" means the Maine Affordable Housing Land
29 Trust Fund.

31 2. Sources of fund. There shall be paid into the fund:

33 A. All money appropriated from the General Fund for
34 inclusion in the fund;

37 B. All proceeds from the issuance of bonds on behalf of the
38 State for inclusion in the fund;

39 C. All interest, dividends and pecuniary gains from
40 investment of money of the fund;

43 D. All proceeds from the sale of land purchased with money
44 from the fund; and

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

49 3. Application of fund. The state authority shall apply
50 money in the fund to finance the acquisition of land or interests
51 in land in accordance with this chapter and chapter 201.

1 subchapters III-A and XI, and to finance minor capital
2 improvements on acquired lands.

3
4 4. Accounts within fund. The state authority may divide
5 the fund into any separate accounts as it determines necessary to
6 accomplish the purposes of this section.

7
8 5. Revolving fund. The fund shall be a revolving fund.
9 All money in the fund shall be continuously applied by the state
10 authority to carry out this section.

11 **§5036. Municipal Land Acquisition Revolving Fund**

12
13 The Municipal Land Acquisition Revolving Fund is established
14 as a nonlapsing revolving fund to provide low-interest loans to
15 municipalities for the acquisition or development of land for
16 affordable housing. The fund shall be administered by the
17 housing alliance. The alliance shall deposit in this fund all
18 payments of principal and interest on loans made from the fund.

19
20 **SUBCHAPTER V**

21
22 **INTERAGENCY TASK FORCE ON HOMELESSNESS**
23 **AND HOUSING OPPORTUNITIES**

24
25 **§5041. Task force created**

26
27 The Interagency Task Force on Homelessness and Housing
28 Opportunities, established in accordance with Title 5, chapter
29 379, shall serve as an advisory committee with respect to the
30 administration and implementation of this chapter to the state
31 authority, the department, the Governor and the Legislature.

32
33 **§5042. Membership; appointment; terms of office; compensation**

34
35 1. Membership. The Interagency Task Force on Homelessness
36 and Housing Opportunities shall consist of 13 people appointed as
37 follows:

38
39 A. The commissioners or their designees of:

40
41 (1) The Department of Human Services;

42
43 (2) The Department of Labor;

44
45 (3) The Department of Corrections;

46
47 (4) The Department of Educational and Cultural
48 Services;

49
50 (5) The Department of Economic and Community
51 Development; and

1
3 (6) The Department of Mental Health and Mental Retardation;

5 B. The Directors of:

- 7 (1) The Maine State Housing Authority; and
9 (2) The Division of Community Services;

11 C. Five persons appointed jointly by the President of the Senate and the Speaker of the House of Representatives as follows:

- 15 (1) One member to represent a community action agency;
17 (2) One member to represent a nonprofit agency providing shelter to the homeless;
19 (3) One member to represent a nonprofit housing development corporation;
21 (4) One member to represent municipalities; and
23 (5) One member to represent low-income people.

27 2. Term of office. Members appointed jointly by the President of the Senate and the Speaker of the House of Representatives shall serve 3-year terms, except that 3 of the initial appointees shall be appointed for terms of 2 years or less as determined by the appointing authorities. Members appointed by the presiding officers of the Legislature may be
31 reappointed.

35 A. Members shall serve until their successors are appointed and qualified.

37 B. Vacancies occurring in positions appointed by the presiding officers of the Legislature shall be filled by the appointing authorities for the remainder of the term.

41 3. Compensation. Members appointed by the presiding officers of the Legislature shall be compensated in accordance with the provisions of Title 5, chapter 379, upon application to the Executive Director of the Legislative Council.

43 4. Staff. The authority and the department shall provide staff support to the interagency task force. State agencies represented on the task force shall also provide assistance when
47 requested.

51

1 §5043. Chair

3 The interagency task force shall elect a chair from among
5 its members to serve a term of 2 years.

7 §5044. Duties

9 The interagency task force shall advise the housing alliance
11 and the state authority with respect to the implementation of
13 this chapter and the development of affordable housing. The task
15 force shall:

17 1. Assist in the development of affordable housing plan.
19 Assist the housing alliance and the state authority with the
21 development of the affordable housing plan under subchapter I;

23 2. Make recommendations. Make recommendations to the
25 housing alliance, the state authority, the Governor and the
27 Legislature with respect to policies, programs and funding under
29 this chapter;

31 3. Review programs and policies. Review and examine the
33 plan, programs, policies and funding to determine their
35 effectiveness. The task force shall provide the findings of its
37 review to the persons and organizations set forth in subsection 2;

39 4. Serve as coordinator of information. Serve as a
41 coordinator of information and communication among state agencies
43 and among the state, municipal and private sectors with respect
45 to this chapter; and

47 5. Assistance to homeless. In cooperation with the housing
49 alliance and the state authority, identify the resources
51 available to the homeless and persons with special needs,
 identify the gaps in delivery services to this population and
 make recommendations concerning the policies and programs serving
 this population.

SUBCHAPTER VI

HOUSING OPPORTUNITY ZONES

§5051. Administration and implementation

The commissioner, in consultation with the executive
 director of the state authority and the interagency task force,
 shall administer this subchapter. The department and the state
 authority shall coordinate the resources available to each agency
 to address residential deteriorating areas and to restore these
 areas to decent, sanitary and safe residential neighborhoods.

1 §5052. Designation of urban housing zones

3 The commissioner, in consultation with the state authority
5 and the interagency task force, may establish 4 demonstration
7 housing opportunity zones, each comprised of a different
9 municipality or portion of a municipality. These demonstration
zones shall serve as a means of determining the effectiveness of
zones as a tool stimulating residential revitalization in
deteriorating neighborhoods.

11 1. Standards for zones. The commissioner, in consultation
13 with the state authority, by rules adopted in accordance with the
15 Maine Administrative Procedure Act, Title 5, chapter 375, shall
17 establish standards for the selection of areas to be designated
as zones and the provision of assistance to those zones. At a
minimum, the commissioner shall apply the following standards.

19 A. The zones must be located in urban areas experiencing
significant deterioration in residential neighborhoods.

21 B. All areas wishing to be designated as zones must
23 demonstrate actual or potential local capacity for
25 residential revitalization and the willingness to cooperate
with the department.

27 C. The level of general assistance by the State and the
29 municipality, as well as the level of federal assistance to
persons in these areas, shall be considered.

31 D. All municipalities requesting zone designation for areas
33 within the municipality must have a local housing alliance
35 which shall help develop a plan of action to revitalize
37 deteriorating residential dwellings and neighborhoods. The
plan shall address the major problems of these deteriorating
areas, including a law enforcement component to
significantly reduce crime in these areas.

39 In applying these standards, the commissioner shall also consider
the problem of crime in these areas.

41 §5053. Powers

43 The commissioner, in consultation with the state authority
45 and the interagency task force, may:

47 1. Approve or deny applications. Approve or deny
applications for assistance;

49 2. Alter or amend comprehensive plans. Alter or amend any
51 comprehensive plan to be applied to revitalization of housing
opportunity zones;

1 3. Withhold or refuse payment of money. Withhold or refuse
3 payment of money for any activity not authorized by the plan, the
 commissioner or the municipality.

5 §5054. Duties of commissioner

7 In implementing this subchapter, the commissioner shall:

9 1. Work with interagency task force. Work with the
11 interagency task force and the Commissioner of Public Safety to
 coordinate the resources of state agencies to be applied to the
 zones including, but are not limited to:

13 A. Job training programs;

15 B. Educational and vocational training;

17 C. Child care assistance; and

19 D. Crime prevention programs;

21 2. Coordinate with state authority and municipality.
23 Coordinate the resources of the department with the resources of
25 the state authority and the municipality to address residential
 housing deterioration;

27 3. Prepare information and notify municipalities. Prepare
29 information about the program, including applications for
 designations as zones, and notify municipalities;

31 4. Provide technical assistance. Provide technical
33 assistance to municipalities in developing plans to address
35 residential and neighborhood deterioration. Technical assistance
 provided under this subsection shall include technical assistance
 provided by state agencies represented on the interagency task
 force;

37 5. Analyze problems and causes of problems that create
39 residential blight. In implementing this subsection, the
41 commissioner, the interagency task force and the state authority
43 shall monitor the 4 demonstration zones and develop findings and
 recommendations concerning neighborhood deterioration and
 revitalization; and

45 6. Establish priorities for direct financial assistance.
47 Establish priorities for direct financial assistance which may
 include, but are not limited to:

49 A. Financial assistance to owner-occupied rental and
 single-family homes for the restoration of dwelling units;

51 B. Financial assistance to shelters for the homeless;

1 C. Financial assistance for the removal of structures
3 beyond rehabilitation; and

5 D. Financial assistance for the creation of recreational
7 and park areas.

9 §5055. Models for urban housing revitalization; evaluation

11 The commissioner, the state authority and the interagency
13 task force shall develop models for the revitalization of
15 deteriorating residential areas in urban areas based on the
17 results of the study and monitoring of the demonstration zones as
19 provided in section 5052. The commissioner, the state authority
 and the interagency task force shall review and evaluate the
 plans and programs applied to the demonstration zones and report
 their findings and recommendations to the Governor and the joint
 standing committee of the Legislature having jurisdiction over
 housing matters by December 30, 1992. This report shall include:

21 1. Strategy. The strategy applied in each zone to
23 revitalize housing and neighborhoods;

25 2. Number of buildings and units. The number of buildings
27 and units of affordable housing developed, or rehabilitated in
 each zone;

29 3. Causes of blight and deterioration. The major causes of
31 urban and blight and deterioration in each zone and the programs
 applied to these causes; and

33 4. Effectiveness of assistance and programs. The
35 effectiveness of the assistance and programs provided in each
 zone, including, but not limited to, job training and educational
 programs, and law enforcement and crime prevention programs.

37 §5056. Integrated housing

39 In revitalizing urban housing zones, state agencies,
41 municipalities and nonprofit housing corporations shall strive to
43 establish integrated neighborhoods comprised of households of
 different income levels.

45 Sec. 20. 36 MRSA §1760, sub-§66 is enacted to read:

47 66. Nonprofit housing development organization. Sales to
49 nonprofit organizations for the development of housing for
 low-income people.

51 Sec. 21. Study of obstacles to housing. The Joint Standing
 Committee on Housing and Economic Development shall study the
 obstacles to the development of affordable housing.

1
2
3 1. Issues to be considered. The committee shall consider factors including, but not limited to, the following:

5 A. The impact of land costs on the development of affordable housing;

7
8 B. The impact of regulation on the development of affordable housing including rehabilitation and new construction;

11
12 C. The availability and cost of financing affordable housing;

15 D. The cost and the rate of return on the development of affordable housing;

17
18 E. The rate of return on rental units available to lower and moderate-income households; and

21 F. Any other criteria the committee considers to have significant impact.

23
24 2. Use of subcommittee. An 8-member subcommittee of the Joint Standing Committee on Housing and Economic Development shall conduct the study and present its findings and recommendations to the full committee. The 8-member subcommittee shall be selected jointly by the committee chairs.

29
30 3. Meetings. The subcommittee shall be authorized compensation for 5 meetings and the full committee shall be authorized compensation for one meeting.

33
34 4. Compensation. The committee shall be compensated in accordance with Title 3, section 2 upon application to the Executive Director of the Legislative Council.

37
38 5. Staff. The Legislative Council shall provide staff for the study.

41
42 6. Report. The committee shall report its findings and recommendations, together with any necessary implementing legislation, to the Second Regular Session of the 114th Legislature no later than January 15, 1990.

45
46 Sec. 22. Effective date. Section 17 of this Act shall take effect following ratification by the voters at referendum of a question to authorize the issuance of general obligation bonds to pay mortgage insurance costs or charges.

1 **Sec. 23. Appropriation.** The following funds are appropriated
 3 from the General Fund to carry out the purposes of this Act.

	1989-90	1990-91
ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF		
Housing Alliance		
11	(4.5)	(4.5)
	Personal Services	\$456,000
13	100,250	100,250
	All Other	
15	20,000	
	Capital Expenditures	
17	\$513,750	\$556,250
19	Provides funds to administer	
21	the Maine Revised Statutes,	
23	Title 30-A, chapter 202,	
25	subchapter II, and to	
27	administer bond proceeds made	
	available to municipalities	
	for infrastructure facilities	
	which are part of an	
	affordable housing plan.	
29	Housing Opportunity Zones Program	
31	\$250,000	\$250,000
33	Provides funds to be used to	
35	rehabilitate housing, create	
37	park and recreational areas	
39	and fund crime prevention and	
41	control programs and	
43	undertake other activities to	
45	reverse deterioration of	
47	neighborhoods under the Maine	
49	Revised Statutes, Title 30-A,	
51	chapter 202, subchapter VI.	
	DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	
	\$763,750	\$806,250
	TOTAL	
	HUMAN SERVICES, DEPARTMENT OF	
	Bureau of Maine's Elderly	
	Congregate Housing	

1			
3	All Other	\$500,000	\$500,000
5	Provides money to fund		
7	congregate services of		
9	existing federally subsidized		
11	housing projects for the		
13	elderly and new congregate		
15	services for the elderly in		
17	federally subsidized housing		
19	projects which have no or		
	very few congregate services		
	available to the residents.		
	Money from this appropriation		
	shall be used to leverage		
	federal and other funds for		
	the creation of new elderly		
	housing with congregate		
	services.		
21	DEPARTMENT OF HUMAN SERVICES		
23	TOTAL	<u>\$500,000</u>	<u>\$500,000</u>
25	MAINE STATE HOUSING AUTHORITY		
27	Housing Opportunities for		
29	Maine Fund		
31	All Other	\$3,700,000	\$3,700,000
33	Of this total amount, for		
35	fiscal year 1989-90 and for		
37	fiscal year 1990-91,		
39	\$1,000,000 shall be allocated		
41	for nonprofit housing		
43	corporations to acquire,		
45	construct and rehabilitate		
47	affordable housing, and for		
49	purposes set forth in the		
51	Maine Revised Statutes, Title		
	30-A, chapter 202, subchapter		
	III; \$1,200,000 will be used		
	for rental assistance for		
	rental units that lose		
	federal rental assistance;		
	\$1,000,000 will be used to		
	buy down interest rates,		
	defer second mortgages and to		
	provide financing for the		
	development of new affordable		
	rental units; and \$2,600,000		
	shall be allocated to		

1 maintain, develop and operate
 3 shelters for the homeless and
 transitional housing for
 5 persons with special needs.
 In addition, money may be
 7 allocated for temporary
 assistance of last resort to
 9 people in danger of
 foreclosure or eviction. A
 total of \$1,600,000 shall be
 11 used to assist persons in
 manufactured housing for
 13 relocation costs and to help
 finance expansions or
 15 development of manufactured
 housing parks.

17 **Housing Mortgage Insurance Fund**

19 All Other \$500,000 \$500,000

21 Provides funds for the
 23 Housing Mortgage Insurance
 Fund which shall be deemed a
 25 loan to the fund. Any
 revenues in excess of the
 27 money required to insure
 housing mortgages shall be
 29 used to pay back the loan
 from the General Fund which
 31 shall be amortized over a
 maximum period of 10 years.
 33 Following repayment to the
 General Fund, any surplus
 35 shall be allocated to the
 Housing Mortgage Insurance
 37 Fund.

39 **MAINE STATE HOUSING AUTHORITY**
 41 **TOTAL** \$4,200,000 \$4,200,000

43 **LEGISLATURE**

45 **Study Commissions - Funding**

47 Personal Services \$2,915
 All Other 4,950
 49 **TOTAL** \$7,865

51

1 Provides funds for an
3 8-member subcommittee of the
4 Joint Standing Committee on
5 Housing and Economic
6 Development to study
7 obstacles to the development
8 of affordable housing. Also
9 includes funds for one
10 meeting of the full committee
11 to review the findings and
12 recommendations of the
13 subcommittee.

15 **TOTAL APPROPRIATIONS** \$5,451,615 \$5,506,250

17 **Emergency clause.** In view of the emergency cited in the
18 preamble, this Act shall take effect when approved.
19

21 **FISCAL NOTE**

23 The General Fund appropriations in this Act will generate an
24 increase in economic activity which could result in additional
25 General Fund revenues. The amount and timing of the additional
26 revenues can not be determined at this time.
27

29 The General Fund appropriations to the Maine State Housing
30 Authority for the Housing Mortgage Insurance Fund are designated
31 as a loan and will be repaid to the General Fund within 10 years.

33 **STATEMENT OF FACT**

35 This bill creates the Affordable Housing Partnership Act of
36 1989 to coordinate and target the resources of state agencies,
37 municipalities and nonprofit housing corporations to address the
38 affordable housing crisis. To achieve this purpose, this bill:

41 1. Establishes the Maine Affordable Housing Alliance within
42 the Department of Economic and Community Development to assist
43 municipalities in the development of affordable housing,
44 including rental and home owner housing, for lower and
45 moderate-income households.

47 A. The housing alliance will provide technical assistance,
48 grants and loans to municipalities which develop affordable
49 housing plans. Low-interest loans will be available to
50 municipalities for land acquisition to preserve land for
51 affordable housing;

1 2. Provides that the Maine State Housing Authority will
3 assist nonprofit housing corporations in the development of
5 affordable housing, both rental and homeowners, for lower and
moderate-income households, the homeless and persons with special
needs.

7 A. The Maine State Housing Authority will provide technical
9 assistance grants and loans to nonprofit housing
11 corporations for development of affordable housing. Nonprofit corporations are required to develop plans to be
13 approved by the authority for funding and assistance. Grants and loans will also be available for land trusts to
15 preserve land for the development of housing for the
homeless and lower income households.

17 B. The Affordable Housing Alliance Advisory Committee,
19 composed of 15 members and having broad geographic
21 representation, will be comprised of elected and appointed
23 municipal officials, bankers, real estate professionals and
25 5 people appointed jointly by the President of the Senate
and the Speaker of the House of Representatives. The
advisory committee will advise the alliance with respect to
development of the affordable housing plan, municipal
projects and alliance responsibilities;

27 3. Creates a 13-member Interagency Task Force on
29 Homelessness and Housing Opportunities to advise state agencies,
the Legislature and the Governor, with respect to the development
31 of homestead land trusts, the development of housing for the
homeless and persons with special needs and the implementation of
housing opportunity zones.

33 A. The interagency task force is composed of 8 members from
35 State agencies, and 5 members representing municipalities,
nonprofit housing corporations, nonprofit corporations
providing shelter to the homeless and low-income people;

37 4. Creates the housing opportunity zones program to be
39 administered by the Department of Economic and Community
41 Development in consultation with the Maine State Housing
43 Authority. The Commissioner of Economic and Community
45 Development, after reviewing applications from municipalities,
will create 4 demonstration housing opportunity zones for the
purpose of revitalizing deteriorating neighborhoods and
residential housing.

47 A. This program will coordinate state resources and, along
49 with municipal resources, target these resources to address
residential blight in the zones. Provision is made for a
51 strong law enforcement component in plans of municipalities
which contain blighted residential areas with serious crime
problems;

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5. Establishes a land acquisition program, including homestead land trusts, by which land, the most expensive component in housing development, can be preserved and kept affordable. This land will be used to develop housing for the homeless and affordable housing for the lower and moderate-income groups;

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6. Requires coordination and cooperation among state agencies most concerned with housing. The Department of Economic and Community Development and the Maine State Housing Authority will consult on a regular basis and coordinate their activities.

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A. Both agencies are required to jointly develop a state plan for the development of affordable housing. This plan must contain long-term and short-term goals. In addition, the plan must contain a procedure by which these agencies will coordinate their resources and activities; and

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23

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7. Provides that an 8-member subcommittee of the Joint Standing Committee on Housing and Economic Development conduct a study of the obstacles to the development of affordable housing. The subcommittee will report to the full committee which will report its findings and recommendations to the Second Regular Session of the 114th Legislature.