

MAINE STATE LEGISLATURE

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No. 1773

H.P. 1240

House of Representatives, March 28, 2007

An Act To Encourage Availability of Genuinely Affordable Housing in High-cost Markets

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative HINCK of Portland.
Cosponsored by Senator SCHNEIDER of Penobscot and
Representatives: BRAUTIGAM of Falmouth, EMERY of Cutler, FAIRCLOTH of Bangor,
PERRY of Calais, TUTTLE of Sanford, Senators: BOWMAN of York, RAYE of Washington,
STRIMLING of Cumberland.

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

2 **Sec. 1. 30-A MRSA §4301, sub-§6-D** is enacted to read:

3 **6-D. Housing affordability index.** "Housing affordability index" means the ratio
4 calculated by the Maine State Housing Authority under section 4408 of a price of a home
5 that is affordable for a household with a labor market's median income to the median
6 home price for the labor market.

7 **Sec. 2. 30-A MRSA §4408** is enacted to read:

8 **§4408. Affordable units**

9 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
10 following terms have the following meanings.

11 **A.** "Affordable unit" means a housing unit of at least 2 bedrooms for which the
12 monthly base rental or monthly payment for a 30-year, fixed mortgage is no more
13 than 2.85% of the median household income for that labor market as determined by
14 the Maine State Housing Authority.

15 **2. Affordable units.** If a subdivision of more than 5 housing units or lots is proposed
16 in a labor market that has a housing affordability index of less than 0.88, the developer of
17 the subdivision shall dedicate as an affordable unit at least 10% of the units or lots, but
18 not less than 1, of the subdivision.

19 **3. Maine State Housing Authority to calculate housing affordability index.** The
20 Maine State Housing Authority section for each labor market in the State shall calculate
21 and publish annually the housing affordability index.

22 **4. Enforcement.** The Attorney General shall enforce the provisions of this section.
23 A person who violates this section commits a civil violation for which a fine of twice the
24 difference between the sale price of a housing unit and the sale price of the housing unit if
25 the unit had been built as an affordable unit. If the person in violation owns the
26 subdivision as rental property, the court shall order the subdivision to conform to this
27 section. A person found liable under this subsection shall pay the reasonable costs and
28 attorney's fees for enforcement of this section.

29 **SUMMARY**

30 This bill creates the definition of "housing affordability index," which is the ratio of a
31 price of a home that is affordable for a household with a labor market's median income to
32 the median home price for the labor market, calculated by the Maine State Housing
33 Authority. This bill requires a developer of a subdivision of more than 5 housing units in
34 a labor market that has an affordability index of less than 0.88 to dedicate at least 10% or
35 one of the units as affordable units. This bill requires the Attorney General to enforce the
36 provisions of this bill, with a person in violation committing a civil violation for which a
37 fine of twice the profit the person made by not making the units affordable if the person

- 1 sells the units or allowing the court to order the property to conform to the provisions of
- 2 this bill if the units are rental units still in the possession of the person.