

MAINE STATE LEGISLATURE

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LAWS

OF THE

STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND FOURTEENTH LEGISLATURE

FIRST REGULAR SESSION

December 7, 1988 to July 1, 1989

THE GENERAL EFFECTIVE DATE FOR
NON-EMERGENCY LAWS IS
SEPTEMBER 30, 1989

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Company
Augusta, Maine
1989

PUBLIC LAWS

OF THE

STATE OF MAINE

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E. The methods employed to achieve coordination of the workers' compensation rehabilitation system with job training programs conducted by the Department of Labor and the effects of that coordination; and

F. Any other information that the chair considers appropriate.

Sec. 20. 39 MRSA §100-A, sub-§1, as enacted by PL 1985, c. 372, Pt. A, §39, is amended to read:

1. Restoration of benefits. That suspension shall cease and weekly compensation shall be restored in the amount being paid prior to the commencement of the trial work period immediately upon:

A. Termination of employment during the first trial work period; or

B. With the second or subsequent trial work period, the filing of a petition by the employee stating that ~~he~~ the employee has attempted a trial work period and was unable to adequately perform during the period.

The provisions on restoration also apply to a trial work period under section 83. A trial work period ordered under section 85, subsection 2-A, paragraph F, is deemed to be a first trial work period for the purposes of this subsection.

Sec. 21. Application. This Act applies to all employees injured on or after November 20, 1987, who have not had a rehabilitation plan developed under the Maine Revised Statutes, Title 39, section 83, subsection 3, as of the effective date of this Act.

Sec. 22. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1989-90	1990-91
WORKERS' COMPENSATION COMMISSION		
Office of Employment Rehabilitation		
Positions	(3)	(3)
Personal Services	\$42,044	\$65,623
All Other	3,375	4,500
Capital Expenditures	5,512	
Provides funds for an Accountant I, Account Clerk II and a Clerk Typist II and related expenses to perform the auditing, payment, record keeping and accounting functions associated with rehabilitation bills.		
WORKERS' COMPENSATION COMMISSION TOTAL	\$50,931	\$70,123

See title page for effective date.

CHAPTER 581

H.P. 1269 - L.D. 1765

An Act Establishing the Affordable Housing Partnership Act of 1989

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

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

SUBCHAPTER VII

MAINE AFFORDABLE HOUSING ALLIANCE

§13116. Maine Affordable Housing Alliance established

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

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

§13117. Coordination

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

§13118. Advisory committee created

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

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

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

B. Five members shall be appointed jointly by the President of the Senate and the Speaker of the House

of Representatives to serve 3-year terms, except that 2 of the initial appointees shall be appointed for terms of 2 years or less as determined by the appointed authorities. Members appointed by the presiding officers of the Legislature may be reappointed. All members shall serve until their successors are appointed by the presiding officers. Vacancies shall be filled by the appointing authorities for the remainder of the terms.

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

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

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

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

A. Assist the housing alliance with respect to the development of the affordable housing plan under Title 30-A, chapter 202, subchapter 1;

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

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

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

<u>6-A. Economic Development</u>	<u>Affordable Housing Alliance Advisory Committee</u>	<u>Expenses Only for Public Members</u>	<u>5 MRSA §13118</u>
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Sec. 3. 5 MRSA §12004-L, sub-§5 is enacted to read:

<u>5. Interagency Task Force on Homelessness and Housing Opportunities</u>	<u>Expenses Only for Members Appointed by the Presiding Officers of the Legislature</u>	<u>30-A MRSA §5041</u>
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Sec. 4. 9-A MRSA §2-302, sub-§1, as amended by PL 1983, c. 720, §6, is further amended to read:

1. The administrator shall receive and act on all applications for licenses to make supervised loans under this Act. Applications shall be filed in the manner prescribed by the administrator and shall contain the information the administrator requires by rule to make an evaluation of the financial responsibility, character and fitness of the applicant. Initial applications for a license shall be accompanied

by a \$500 fee. Renewal applications shall include a \$200 fee. Licenses shall be granted for a 2-year period and shall expire on September 30th. Initial and renewal applications by nonprofit organizations 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 that purpose shall include a fee of \$20.

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

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

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

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

S. Purchase, sell, service, pledge, invest in, hold, trade, accept as collateral, administer or otherwise deal in, acquire or transfer, contract for benefits to recipients on 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~~

T. Approve or disapprove, in accordance with rules adopted under the Maine Administrative Procedure Act, Title 5, 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

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

U. Consult with the Maine Affordable Housing Alliance, established in Title 5, chapter 383, subchapter VII, and the Interagency Task Force on Homelessness and Housing 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.

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

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

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

1. Participation requirements. Except as provided in paragraph A, the Maine State Housing Authority may not participate in the making of construction loans unless a 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.

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 MRSA §4852, sub-§2, ¶A-1 is enacted to read:

A-1. In addition to the uses provided in paragraph A, the following may be used to pay the administrative costs of the authority's programs:

(1) 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;

(2) Any earnings from the fund; and

(3) Any recoveries to the fund, including, but not limited to, repayments, recaptures of principal and recaptures of interest owed.

Sec. 12. 30-A MRSA §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 MRSA §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 MRSA §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 MRSA §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.

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

§4934-A. Housing Mortgage Insurance Fund

1. Fund created. There is established under the jurisdiction of the Maine State Housing Authority, or any nonprofit corporate subsidiary it may create for this purpose 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.

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

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

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

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

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

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

3. Application of fund. All money held in the fund shall be used only to make payments pursuant to housing mortgage insurance contracts, to pay any or all expenses of administration and operation of the Housing Mortgage Insurance Program and to 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.

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

4. Maintenance of fund. To ensure the maintenance of the fund at an amount equal to the required minimum insurance reserve, there shall be annually appropriated and paid for 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 December 1st, make and deliver to the Governor a certificate stating the sum, if any, required to restore the fund to an amount equal to its required minimum insurance reserve, and the sum so certified shall be appropriated and paid during the current state fiscal year.

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

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

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

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

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

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

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

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

SUBCHAPTER X-A

**ELDERLY HOMEOWNER EQUITY
LOAN PROGRAM**

§4941. Program established

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

§4942. Elderly Homeowner Equity Loan Guarantee Fund

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

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

A. All money appropriated for inclusion in the fund;

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

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

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

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

A. Money in the fund may be used by the Maine State Housing Authority to insure, guarantee, purchase or make disbursements on reverse annuity mortgage loans, home equity loans or other similar types of loans made to low-income elderly residents of the State either directly through the Maine State Housing Authority or a financial institution or indirectly through property or other tax deferral granted to a low-income elderly homeowner by a state, county, municipality or other taxing authority. Loans

shall be secured by a mortgage on the residence, subject to any encumbrances, including, without limitation, prior mortgage loans, that are acceptable to the Maine State Housing Authority or any other security as determined by the Maine State Housing Authority.

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

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

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

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

§4943. Limitations

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

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

2. Participation. Participation is limited to applicants 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.

§4944. Adoption of rules

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

1. Asset limitations. The Maine State Housing Authority may adopt rules with respect to asset limitations. At a minimum, the Maine State Housing Authority shall adopt rules restricting real property assets to the principal residence of the applicant. Nothing in this section may preclude from eligibility the permanent residence and land

contiguous to that residence, such as a family farm or similar situation.

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

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

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

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

CHAPTER 202

AFFORDABLE HOUSING PARTNERSHIP

§5001. Title

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

SUBCHAPTER I

ADMINISTRATION AND IMPLEMENTATION

§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:

A. Government-assisted housing;

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

C. Manufactured housing;

D. Multifamily housing; and

E. Group and foster care facilities.

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

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

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

6. Homeless. "Homeless" means:

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

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

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

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

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

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

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

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

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 Maine citizens.

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

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

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

§5003. Findings and purpose

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

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

Nonprofit housing developers are a key resource in meeting affordable housing production needs. Homestead land trusts are a key resource in keeping land affordable and available for affordable housing.

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

§5004. Administration and implementation

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

1. Plan. The department and the housing authority, jointly and in consultation with the interagency task force and the advisory committee, shall develop a plan for the development of affordable housing for lower and moderate-

income households in Maine. This plan shall include, but is not limited to:

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

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

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

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

2. Integrated housing. In developing, rehabilitating or reconstructing affordable housing under this chapter, state agencies, municipalities and nonprofit housing corporations shall strive to establish neighborhoods and housing projects comprised of households with different levels of income. The creation of housing exclusively for households of one income level is to be avoided, except that housing exclusively for one income level may be developed if funding sources permit only one income level.

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

§5005. Report to the Governor and Legislature

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

§5006. Coordination and cooperation

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

SUBCHAPTER II

ASSISTANCE TO MUNICIPALITIES

§5011. Administration and implementation

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

§5012. Powers

The housing alliance may:

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

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

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

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

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

§5013. Duties

In implementing this subchapter, the housing alliance shall:

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

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

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

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

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

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

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

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

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

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

§5014. Nontlapsing revolving loan fund

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

SUBCHAPTER III

NONPROFIT HOUSING CORPORATIONS AND AFFORDABLE HOUSING

§5021. Program administration

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

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

§5022. Office of Nonprofit Housing

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

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

§5023. Powers

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

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

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

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

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

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

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

5. Provide for funding of nonprofit corporations. Provide for the funding of nonprofit housing corporations to develop rental and purchased housing for the homeless and for lower and 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;

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

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

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

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

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

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

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

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

10. Consult with the housing alliance and inter-agency task force. Consult with the housing alliance and the interagency task force with respect to the implementation of this subchapter and the projects to be funded under this subchapter.

§5024. Duties

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

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

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

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

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

§5025. Eligibility requirements

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

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;

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

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;

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

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

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

C. The size of each housing unit;

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

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

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

6. Comply with rules of the authority. Comply with the rules of the authority with respect to the use of any money provided by the authority to nonprofit housing corporations with respect to record-keeping and accounting, reporting, reserve fund and other requirements that the authority considers necessary;

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

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

SUBCHAPTER IV

LAND ACQUISITION PROGRAM

§5031. Administration and implementation

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

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

§5032. Use of money

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

§5033. Awards of grants and loans

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

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

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

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

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

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

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

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

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

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

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

2. Selection process. In selecting municipalities to receive funds from the Municipal Land Acquisition Revolving Fund, the alliance shall include in the selection process, one or more representatives from the staff of the authority. The director of the alliance, in consultation with the commissioner, shall select the municipalities to receive grants or loans from the fund. In selecting nonprofit housing corporations to receive funds from the Maine Affordable Housing Land Trust Fund, the executive director of the authority shall include one or more representatives from the housing alliance in the selection process.

3. Priorities. In selecting municipalities and nonprofit housing corporations to receive funds under this section, the selections shall be based on priorities developed by the housing alliance and the state authority. In developing these priorities, the alliance and the authority shall consider:

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

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

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

§5034. Preservation of land for affordable housing

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

§5035. Maine Affordable Housing Land Trust Fund

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

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

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

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

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

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

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

3. Application of fund. The state authority shall apply money in the fund to finance the acquisition of land or interests in land in accordance with this chapter and chapter 201, subchapters III-A and XI, and to finance minor capital improvements on acquired lands.

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

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

§5036. Municipal Land Acquisition Revolving Fund

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

SUBCHAPTER V

INTERAGENCY TASK FORCE ON HOMELESSNESS AND HOUSING OPPORTUNITIES

§5041. Task force created

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

§5042. Membership; appointment; terms of office; compensation

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

A. The commissioners or their designees of:

- (1) The Department of Human Services;
- (2) The Department of Labor;
- (3) The Department of Corrections;
- (4) The Department of Educational and Cultural Services;
- (5) The Department of Economic and Community Development; and

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

B. The Directors of:

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

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

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

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 reappointed.

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

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.

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.

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 requested.

§5043. Chair

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

§5044. Duties

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

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

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

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

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

5. Assistance to homeless. In cooperation with the housing alliance and the state authority, identify the resources 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.

§5052. Designation of urban housing zones

The commissioner, in consultation with the state authority and the interagency task force, may establish 4 demonstration housing opportunity zones, each comprised of a different 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.

1. Standards for zones. The commissioner, in consultation with the state authority, by rules adopted in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, shall establish standards for the selec-

tion 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.

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

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

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

D. All municipalities requesting zone designation for areas within the municipality must have a local housing alliance which shall help develop a plan of action to revitalize 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.

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

§5053. Powers

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

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

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

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

§5054. Duties of commissioner

In implementing this subchapter, the commissioner shall:

1. Work with interagency task force. Work with the 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:

A. Job training programs;

B. Educational and vocational training;

C. Child care assistance; and

D. Crime prevention programs;

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

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

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

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

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

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

B. Financial assistance to shelters for the homeless;

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

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

§5055. Models for urban housing revitalization; evaluation

The commissioner, the state authority and the interagency task force shall develop models for the revitalization of deteriorating residential areas in urban areas based on the results of the study and monitoring of the demonstration zones as 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:

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

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

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

4. Effectiveness of assistance and programs. The 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.

§5056. Integrated housing

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

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

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

Sec. 21. Legislative intent. It is the intent of the Legislature that the responsibilities imposed upon the Maine State Housing Authority by this Act shall be carried out to the extent that appropriations are made available for those purposes.

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.

See title page for effective date, unless otherwise indicated.

CHAPTER 582

H.P. 896 - L.D. 1253

An Act to Prevent, Punish and Remedy Violations of Constitutional Rights

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

5 MRSA c. 337-B is enacted to read:

CHAPTER 337-B

CIVIL RIGHTS ACT

§4681. Violations of constitutional rights; civil action by Attorney General

Whenever any person, whether or not acting under color of law, intentionally interferes by threat, intimidation or coercion or attempts to intentionally interfere by threat, intimidation or coercion, with the exercise or enjoyment by any other person of rights secured by the United States Constitution or the laws of the United States or of rights secured by the Constitution of Maine or laws of the State, the Attorney General may bring a civil action for injunctive or other appropriate equitable relief in order to protect the peaceable exercise or enjoyment of the rights secured. The