

MAINE STATE LEGISLATURE

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STATE OF MAINE

ONE HUNDRED AND SIXTH LEGISLATURE

COMMITTEE ON STATE GOVERNMENT

December 18, 1974

Representative Larry E. Simpson; Chairman
Legislative Council
State House
Augusta, Maine 04330

Dear Representative Simpson:

Pursuant to joint study order S.P. 687, the Committee on State Government was directed to study the Maine State Housing Authority. I enclose the final report of the Committee on this study.

Very truly yours,


JERROLD B. SPEERS, Chairman
Committee on State Government

REPORT OF THE COMMITTEE
ON STATE GOVERNMENT ON ITS STUDY OF
THE MAINE STATE HOUSING AUTHORITY

December, 1974

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INDEX

		Page
I.	Study Order	1
II.	Procedure	1
III.	General Findings	2
IV.	Background to Committee Findings	3
V.	Mobile Homes	7
VI.	Conclusions	8

Study Order S.P. 687

I. Study Order

In July, 1973, the Legislative Council assigned to the Committee on State Government joint study order S. P. 687, as introduced in the Regular Session of the 106th Legislature. The study order directed the Committee to study the Maine State Housing Authority to determine what improvements could be made in the law to enable the authority to fulfill its task of assisting in providing housing for the people of the State of Maine. In April, 1974, the Legislative Council further directed the Committee to include a review of the Authority's role in relation to mobile homes in Maine.

II. Procedure:

The Committee's study has involved an extensive review of materials relating to the State Housing Authority, including minutes of the meetings of the Commissioners of the Authority, Authority staff reports, audits, budget reports and projections, and various presentations made by the Authority to the Governor and the Legislative Council. The Committee has held several meetings with various Authority staff members in addition to the hearings held on legislation relating to the State Housing Authority during both the regular and special sessions of the 106th Legislature.

The Committee has reviewed the criticisms of the management and operation of the Maine State Housing Authority presented to the Committee by Representative Larry E. Simpson on January 16, 1974.

III. General Findings:

As a result of its study, the Committee has reached the following conclusions:

1. that the Maine State Housing Authority was not adequately funded when it was established in 1969, and as a consequence was unable to develop within its budget a staff sufficient to carry out its expanding responsibilities.
2. that James Mitchell, upon becoming the Director of the Housing Authority in January 1973, was faced with the tasks of:
 - a. becoming familiar with the authority and operations of the Maine State Housing Authority and with Maine's housing needs;
 - b. responding to program and management problems then existing;
 - c. re-organizing the Authority and developing an appropriate staff;

3. that the State Housing Authority has now completed its reorganization and is becoming a sophisticated agency with the financial and staff resources to operate in a stable, responsible and effective manner.

IV. Background to Committee Findings

The Committee's confidence in the State Housing Authority is based on its review of action taken by the Authority and the Legislature since January of 1973. While the Authority has faced significant problems, it has demonstrated an ability to deal with its problems effectively, to correct its errors and to reorient itself when necessary. Among the Authority's actions, the Committee would note:

1. the recruitment and development of a highly professional staff including a treasurer, a controller, a manager of the industrialized housing and inspection division, a manager for the management and tenant services division, and a research and information officer. An assistant director is responsible for supervising the ongoing activities of these divisions, and the activities of the more recently hired project development officer. The Authority has a staff attorney, as well as utilizing the services of the

Attorney General's office and private counsel. These staff members, supported by some fourteen other personnel, are the necessary nucleus for providing the Authority with competent management and program development. This compares with a staff of approximately five in December of 1972.

2. the development of operating procedures Procurement and contract procedures have been standardized, job descriptions developed, and there has been a significant attempt to provide careful documentation of the Authority's policies and actions. The minutes of the Commissioners' meetings are quite thorough, with a clear record of actions taken by the Commissioners.

3. improved financial management and control The treasurer's concern with the optimal investment of the Authority's funds has led to significantly higher yields. The Authority's "investment team" can now deal more effectively with the financial institutions involved in the mortgage purchase program. The controller insures that the varied components of the Authority work within their program budgets, and reviews revenue and expense projections regularly.

The Committee also notes the care and restraint which the Authority has at times exhibited in its activities.

For example, when faced with budget restraints, some staff positions were left unfilled and other positions were eliminated.

Action by the 106th Legislature has also been significant in improving the stability of the Authority and enabling it to carry out its responsibilities:

1. Chapter 295 of the Public Laws of 1973 raised the Authority's bonding limit from \$20,000,000 to \$60,000,000, and Chapter 736 of the Public Laws of 1974 again raised the bonding limit to \$100,000,000. Approximately \$50,000,000 of bonds have been issued to date; a portion of the revenue from the investment of these bond proceeds is used to cover certain expense of the Authority.
2. Chapter 649 of the Public Laws of 1974 guides the management and growth of the Authority. The law requires that the Authority submit to the Budget Bureau an annual budget for the mortgage purchase program and stipulates that expenses for the program shall not exceed the funds available. The law also provides that no amount from the proceeds of the sale of bonds or income derived from bond

proceeds in excess of 1/2 of 1% of the bond value outstanding each year may be used to pay for the administration of the mortgage purchase program nor may such funds be used for other programs of the Authority. It should be noted that, within the scope of its investigation, the Committee found no irregularities in the administration of the mortgage purchase program.

3. Chapter 446 of the Public Laws of 1973 and Chapter 751 of the Public Laws of 1974 clarify the Industrialized Housing Law. Chapter 751 revises the procedure for implementing the law and provides that approved evaluation and inspection agencies and the United States Department of Housing and Urban Development as well as the State Housing Authority may approve industrialized housing. This provision allows the Industrialized Housing Law to be implemented without requiring the Housing Authority to employ a large number of personnel.
4. Chapter 221 of the Private and Special Laws of 1974 provided a \$100,000 loan to the Authority to be repaid to the State within five years. \$25,000 has been returned to the Contingency Fund of the Executive Council, repaying prior assistance to the Authority, and \$75,000 was made available for the

general operations of the Authority. These funds assisted the Authority in meeting a short term cash flow problem.

V. Mobile Homes

At this time, the Authority's involvement with mobile homes is primarily through the Industrialized Housing Program. This program requires that mobile homes and modular housing must be approved and certified by the State Housing Authority or other approved agencies before they may be sold in the State. The approval process provides assurance that such industrialized housing meets reasonable requirements of health, safety and welfare. The certification of mobile homes became mandatory in September, 1974, and the program is in full operation. The certification of other industrialized housing becomes mandatory on February 1, 1975, though that program is already operating with the voluntary compliance of some manufacturers.

Appropriately, the Authority's first involvement with mobile homes has been to regulate the quality of their construction. The Authority also provides technical assistance to municipalities, regional planning commissions and other agencies which may be developing mobile home ordinances. The Authority is continuing its efforts to determine the most appropriate role it might play in financing mobile homes.

VI. Summary

The Committee on State Government finds that the Maine State Housing Authority in the past two years has improved significantly in the quality of its management and in its ability to assist the citizens of the State in meeting their housing needs. The Committee is not submitting any recommended legislation with this report. The Committee does recognize the complex needs and programs related to housing which may require further legislation by the 107th Legislature.

The attention focused on housing matters during the last session of the Legislature crystalized concern in an area which needed attention. As a result, the Committee on State Government has increased its knowledge of the problems of the State Housing Authority and communication between the Authority and the Legislature has greatly improved.

STATE OF MAINE

In Senate June 21, 1973

~~WHEREAS~~

WHEREAS, the Maine Housing Authority has no clear sense of overall goals; and

WHEREAS, the Authority has not linked its planning, if any, with the needs of the entire state; and

WHEREAS, such actions and inactions of the Authority are in need of review for possible statutory revision; now, therefore, be it

ORDERED, that the Legislative Research Committee be authorized and directed to study the Maine Housing Authority as established and constituted under chapter 470 of the public laws of 1969 and later amendments thereof to determine what improvements can be made in the law that will enable the Maine Housing Authority to fulfill the task it was designed to do; and be it further

ORDERED, the House concurring, that said Authority be respectfully directed to assist the committee in carrying out the purpose of this Order to the maximum extent possible; and be it further

ORDERED, that the committee shall make a written report of its findings and recommendations, together with such legislation as it deems appropriate; and subject to its discretion, submit the same at the next special or regular legislative session; and be it further

ORDERED, that upon passage in concurrence, a copy of this Joint Order be transmitted forthwith to said Authority as notice of this objective.

Name: (Speers)

County: Kennebec