

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
113TH LEGISLATURE  
SECOND REGULAR SESSION



BILL SUMMARY  
JOINT STANDING COMMITTEE  
ON  
ECONOMIC DEVELOPMENT

MAY 1988

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Staff: Ted Potter, Legislative Analyst

Office of Policy & Legal Analysis  
Room 101, State House Sta. 13  
Augusta, ME 04333  
(207) 289-1670

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STATE OF MAINE  
**OFFICE OF POLICY AND LEGAL ANALYSIS**

ROOM 101/107/135  
STATE HOUSE STATION 13  
AUGUSTA, MAINE 04333  
TEL.: (207) 289-1670

**ONE HUNDRED AND THIRTEENTH LEGISLATURE  
FIRST & SECOND SPECIAL SESSIONS  
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES  
MAY 1988**

*This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.*

*All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are indicated as follows::*

<b>OTP</b>	<b>Ought to Pass</b>
<b>OTP-ND</b>	<b>Ought to Pass in New Draft</b>
<b>OTP-ND-NT</b>	<b>Ought to Pass in New Draft, New Title</b>
<b>OTP-A</b>	<b>Ought to Pass as Amended</b>
<b>ONTP</b>	<b>Ought Not to Pass</b>
<b>LVWD</b>	<b>Leave to Withdraw</b>
<b>INDEF PP</b>	<b>Indefinitely Postponed</b>

*Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Secretaries: Charlene Brann, Janet Jean, Earl Knox, Valarie Parlin; Research Assistant Hartley Palleschi. Finally, Secretary Lorette Knox, Legal Assistant Carolyn Chick, and Research Assistant Robert Dunn had special responsibilities in the preparation of the overall document.*

*Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.*

the Department of Economic and Community Development be required to develop a municipal or regional economic development strategy. This strategy would include provisions to promote and facilitate the development of affordable housing for low-income and middle-income households, as well as policies to prudently manage growth. The purpose of the bill was to more effectively target limited resources on both the local and state levels to encourage and manage growth.

LD 2171 was withdrawn but another committee bill, LD 2269, which proposed a comprehensive approach to the affordable housing problem in Maine.

**LD 2186** An Act Providing for the 1988 Amendments to the Maine Housing Authorities Act **PUBLIC 761**

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
CLARK N BLACK ERWIN P STEVENS A	OTP-AM	S-399

SUMMARY

LD 2186 proposed to amend Maine State Housing Authority (MSHA) law to make the following changes:

1. The bill proposed to allow the MSHA to make direct loans, grants, etc. to public entities and private nonprofit corporations without going through a financial institution;
2. The bill proposed to remove the 5% down-payment requirement in the Housing Opportunities for Maine Program and allows the Authority to set a minimum requirement for each loan, but a minimum down payment is not required; and
3. The bill proposed to allow the MSHA to pay the administrative costs of state public bodies, other public entities, and private not-for-profit corporations directly associated with housing projects.

The purpose of the bill was to facilitate and promote affordable housing in Maine. Since several private nonprofit corporations and public entities have developed and continue to be interested in developing affordable housing for low income households, the bill would enable these organizations to pursue this interest. By lowering the cost of capital and significantly reducing the length of time required to obtain a loan, MSHA direct lending to these entities could facilitate the construction of affordable housing.

A related problem addressed by the bill is the administrative costs incurred by private nonprofit organizations and public entities which undertake housing projects. The MSHA has the ability to charge a percentage for administrative costs, and the MSHA would assist the private nonprofit and public entities with these costs.

A third problem addressed by the bill is the replacement of the currently mandated 5% down payment requirement with an optional down payment requirement

