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H.P. 670

House of Representatives, March 14, 2025

An Act to Preserve Affordability in Publicly Assisted Housing Developments

Received by the Clerk of the House on March 12, 2025. Referred to the Committee on Housing and Economic Development pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative LOOKNER of Portland.
Cosponsored by Senator DUSON of Cumberland and
Representatives: CAMPBELL of Orrington, DHALAC of South Portland, EDER of
Waterboro, GATTINE of Westbrook, GOLEK of Harpswell, MALON of Biddeford,
MASTRACCIO of Sanford, RANA of Bangor.

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

2 **Sec. 1. 30-A MRS §4972**, as repealed and replaced by PL 2023, c. 218, §3, is
3 repealed and the following enacted in its place:

4 **§4972. Definitions**

5 As used in this subchapter, unless the context otherwise indicates, the following terms
6 have the following meanings.

7 **1. Affordability restriction.** “Affordability restriction” means a limit on the rent
8 amount an owner may charge for occupancy of a dwelling unit in publicly assisted rental
9 housing or a limit on the income of a person or family to qualify for admission to publicly
10 assisted rental housing.

11 **2. Financial assistance.** “Financial assistance” means funding in the form of grants,
12 tax credits or tax incentives provided by a federal, state or local government entity for
13 which receipt is contingent upon constructing or maintaining dwelling units available to
14 rent at an affordable amount based on the income of the person or family compared to the
15 area median income and on market rates for rental units in that geographic area.

16 **3. Holder.** “Holder” means the Maine State Housing Authority or a municipal housing
17 authority that holds the option to purchase a low-income rental housing project.

18 **4. Low-income rental housing.** “Low-income rental housing” means rental housing
19 with 5 or more dwelling units in which any of the dwelling units are:

20 A. Subject to federal or state income eligibility restrictions;

21 B. Subject to rents that are controlled, regulated or assisted by a federal or state agency
22 pursuant to a regulatory agreement, rental assistance agreement, restrictive covenant,
23 mortgage or other documentation; or

24 C. Subject to requirements contingent upon financial assistance as defined in this
25 section.

26 **Sec. 2. 30-A MRS §4973, first ¶**, as amended by PL 2023, c. 218, §4, is further
27 amended to read:

28 Any person, firm or organization that owns or has a controlling interest in any low-
29 income rental housing may not sell, transfer title, prepay a mortgage or take other action in
30 regard to the property that would result in the termination of any ~~income eligibility~~
31 ~~restrictions, rent affordability~~ restrictions or financial assistance ~~designed to make a rental~~
32 ~~unit affordable to low-income or moderate-income people~~ without providing notice, as
33 outlined in subsection 1, to the tenants of that property, ~~a tenant organization for that~~
34 ~~property, if any,~~ the Maine State Housing Authority and, if the property is located in the
35 area of operation of a municipal housing authority, the municipal housing authority, as
36 provided in this section.

37 **Sec. 3. 30-A MRS §4973, sub-§1**, as amended by PL 2023, c. 218, §4, is repealed
38 and the following enacted in its place:

39 **1. Notice.** The notice required by this section must be provided as follows.

40 A. The notice must include:

41 (1) The address of the low-income rental housing;

- 1 (2) The name and address of the owner of the low-income rental housing;
2 (3) Notification of the date on which the affordability restriction or financial
3 assistance will terminate; and
4 (4) Any other information as required by the Maine State Housing Authority by
5 rule.

6 B. If the remaining term of financial assistance is more than 2 years, the notice must
7 be given at least 2 years before the termination of the financial assistance.

8 C. If the remaining term of financial assistance is less than 2 years as of the effective
9 date of this Act, the notice must be provided by November 30, 2025.

10 D. If the owner intends to sell, transfer title, prepay a mortgage or take other action in
11 regard to the property that would result in the termination of any affordability
12 restrictions or financial assistance, the notice must be provided at least 90 days prior to
13 the owner entering into a contract or other agreement or taking any action that would
14 result in termination of any affordability restrictions or financial assistance.

15 E. Any notice required by this section shall be provided by delivery in person or by
16 certified mail, return receipt requested, to the party to whom notice is required, or with
17 respect to tenants, the notice is sent by first-class mail and a copy is left in or under the
18 door of the tenant's dwelling unit.

19 Failure to provide notice as required by this subsection does not reduce the 90-day period
20 within which the Maine State Housing Authority or the municipal housing authority, if any,
21 may submit, in writing, the intention to pursue the option described in subsection 2.

22 **Sec. 4. 30-A MRSA §4973, sub-§2**, as amended by PL 2023, c. 218, §4, is further
23 amended to read:

24 **2. Option.** The Maine State Housing Authority or the municipal housing authority, if
25 any, has the option to purchase the property subject to the notice requirements of this
26 section at its current appraised value, as determined by appraisers for the owner of the
27 property and the holder that has stated the intention to exercise the option to purchase
28 within 90 days of receiving the notice required by subsection 1. The municipal housing
29 authority must have opportunity to exercise the option to purchase. The holder has the
30 option throughout the 90-day period. Failure to exercise the option to purchase within 90
31 days constitutes a waiver of that option by the holder. By stating in writing its intention to
32 pursue its option during the 90-day period, the holder has an additional 90 days, beginning
33 on the date the appraised value is determined by the appraisers for the owner and the holder,
34 to buy or to produce a buyer for the property. This additional 90-day period may be
35 extended by mutual agreement between the holder and the owner of the property. The 90-
36 day period and any agreed upon extension beginning on the date the appraised value is
37 determined is automatically extended for any additional time required to obtain
38 governmental approvals of any sale or transfer transaction and an additional 60 days after
39 receipt of approval. The holder has the right to assign its option to a nonprofit corporation
40 upon such terms as the holder may determine, including, but not limited to, requiring the
41 assignee to agree to additional income eligibility restrictions and rental restrictions for a
42 duration as determined by the holder.

43 A. ~~Nothing in this~~ This section prevents ~~may not prevent~~ an owner of the property
44 from deciding not to sell, transfer or take other action described in this section. The

1 withdrawal or revocation, or failure to close on a sale pursuant to the option within the
2 time provided in this subsection, extinguishes any option held by the holder or an
3 assignee.

4 **Sec. 5. 30-A MRSA §4973, sub-§3**, as amended by PL 2023, c. 218, §4, is further
5 amended to read:

6 **3. Exceptions.** The holder may not possess any option when a bona fide buyer, by
7 contract with the seller, agrees to maintain the property as low-income housing without any
8 termination or other modification to the ~~income eligibility restrictions or rental affordability~~
9 ~~restrictions or financial assistance applicable to the property. The notice provisions of this~~
10 ~~section apply to this subchapter.~~

11 **Sec. 6. 30-A MRSA §4973**, as amended by PL 2023, c. 218, §4, is further amended
12 by enacting at the end a new paragraph to read:

13 The notice provisions of this section apply to this subchapter.

14 **Sec. 7. 30-A MRSA §4976, first ¶**, as amended by PL 1993, c. 175, §12, is further
15 amended to read:

16 Any owner or purchaser of low-income rental housing who sells, transfers title or takes
17 other action in regard to that property that would result in the termination of financial
18 assistance ~~designed to make a rental unit affordable to low-income or moderate-income~~
19 ~~people~~ shall allow the current tenants to remain in the dwelling units for 6 months from the
20 date of sale, transfer of title or other action in regard to the property, at the same rents or
21 portion of the total rents charged to the tenants before that sale, transfer of title or other
22 action in regard to the property, or the owner may relocate the tenants to comparable units
23 with comparable rents in accordance with the procedure established by rules of the Maine
24 State Housing Authority.

25 SUMMARY

26 This bill amends the notice an owner of an affordable rental housing property is
27 required to provide when the limitation of the rent amount an owner may charge or the
28 income a person or family needs to qualify to rent in an affordable housing development is
29 likely to end, whether due to sale or transfer of the property, termination of state or federal
30 financial assistance or other action taken by the owner. The notice requirements for the
31 end of the limitation due to the termination of federal and state financial assistance is set at
32 2 years prior to the end of the financial assistance, or November 30, 2025 if the financial
33 assistance will end in less than 2 years from the effective date of this legislation. The notice
34 requirement for any other termination of the limitation remains at 90 days. The bill makes
35 other changes to the Maine Revised Statutes, Title 30-A, subchapter 12 to adjust for the
36 amended language.