

## **131st MAINE LEGISLATURE**

## FIRST SPECIAL SESSION-2023

Legislative Document

No. 1867

H.P. 1197

House of Representatives, May 2, 2023

An Act to Establish the Community Housing and Rural Development Authority

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

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative LOOKNER of Portland. Cosponsored by Senator VITELLI of Sagadahoc and Representatives: BELL of Yarmouth, GATTINE of Westbrook, GOLEK of Harpswell, JAUCH of Topsham, KESSLER of South Portland, MILLETT of Cape Elizabeth, RANA of Bangor, SACHS of Freeport.

1	Be it enacted by the People of the State of Maine as	follows:
2 3	Sec. 1. 1 MRSA §1008, sub-§5, as enacted b read:	y IB 1995, c. 1, §6, is amended to
4 5 6	<b>5. Maine Clean Election Act and Maine Clean</b> ensure the effective implementation of the Maine Clean Election Fund according to Title 21-A, chapter 14; and	n Election Act and the Maine Clean
7 8	Sec. 2. 1 MRSA §1008, sub-§6, as amended amended to read:	by PL 2005, c. 301, §1, is further
9 10 11	<b>6.</b> Enhanced monitoring. To provide for enhanced election practices and the electronic submission of reproduction election and lobbying information under the	ports and computerized tracking of
12	Sec. 3. 1 MRSA §1008, sub-§7 is enacted to re	ead:
13 14 15 16 17 18	7. Community Housing and Rural Developmet economic interest statements provided by board member Housing and Rural Development Authority established and to submit comments on the economic interest statement shall adopt rules to implement this subsection. Rules are routine technical rules as defined in Title 5, chapter	ers or employees of the Community d under Title 30-A, chapter 204-A nents to the board. The commission adopted pursuant to this subsection
19	Sec. 4. 5 MRSA §1524 is enacted to read:	
20	§1524. Private use of state-owned real property; c	ommunity housing development;
21	legislative approval required	
22 23 24 25 26 27 28	The sale or transfer of state-owned real property for of the Legislature. When the State considers sellin property for private use, it shall conduct a feasibility str needs in the State, to consider whether the property s <u>Community Housing and Rural Development Author</u> chapter 204-A. The State shall submit the feasibility str of the Legislature having jurisdiction over housing mat	g or transferring state-owned real ady, including studying the housing hould be sold or transferred to the rity established under Title 30-A, udy to the joint standing committee
29	Sec. 5. 5 MRSA §12004-G, sub-§14-K is ena	cted to read:
30	<u>14-K.</u>	
31 32 33 34 35	HousingCommunity Housing and Rural Development Authority board	Compensation determined under30-A MRSA c. 204-A30-A MRSA §5180 and ExpensesExpenses
36	Sec. 6. 30-A MRSA c. 204-A is enacted to read	1:
37	<u>CHAPTER 204-A</u>	
38	COMMUNITY HOUSING AND RURAL DEV	<b>ΓΙ ΟΡΜΕΝΤ ΔΗΤΗΟΡΙΤΥ</b>
50	<b>COMMUNITI I HOUSING AND KUKAL DE V</b>	

1	SUBCHAPTER 1
2	<b>AUTHORITY ESTABLISHED</b>
3	§5171. Definitions
4 5	As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.
6 7 8 9	<b>1. Area median income.</b> "Area median income" means income adjusted for family size that is determined using the federal standards generally accepted on October 15, 2023 and comparable to standards of the United States Department of Housing and Urban Development in existence on October 15, 2023.
10 11	<b>2.</b> Authority. "Authority" means the Community Housing and Rural Development Authority established in section 5172.
12 13	<b>3. Board.</b> "Board" means the board that governs the authority pursuant to section <u>5173.</u>
14 15 16	<b><u>4. Community housing development.</u></b> "Community housing development" means a building that is used by the authority for mixed-income, permanently affordable public residential housing.
17 18	<b>5.</b> Constituency. "Constituency" means the Constituency of the Community Housing and Rural Development Authority established in section 5191.
19 20	<b><u>6. Extremely low income.</u></b> "Extremely low income" means income that is less than 30% of the area median income.
21 22	7. Fund. "Fund" means the Revolving Community Housing Fund established in section 5195.
23 24	<b>8.</b> Low income. "Low income" means income that is between 50% and 80% of the area median income.
25 26	<b>9.</b> Moderate income. "Moderate income" means income that is between 80% and 120% of the area median income.
27 28	<b>10.</b> Very low income. "Very low income" means income that is between 30% and 50% of the area median income.
29	§5172. Establishment; purposes
30 31 32 33	<u>The Community Housing and Rural Development Authority is established within the</u> <u>Maine Redevelopment Land Bank Authority, as established in Title 5, section 12004-G,</u> <u>subsection 7-G, for the purposes of developing, owning, leasing and maintaining</u> <u>community housing developments in this State.</u>
34	§5173. Governance; board
35 36	The authority is created as a body corporate and politic and a public instrumentality of the State and is governed by the board in accordance with this subchapter.
37	<u>§5174. Board members; appointment</u>

1 2	<b><u>1. Appointments.</u></b> The board consists of members appointed in accordance with this subsection.
3 4	A. The Governor shall appoint 3 members with expertise in public housing finance, urban planning and nonprofit housing development.
5	B. The Maine State Housing Authority shall appoint:
6	(1) One member who has experienced housing insecurity;
7 8	(2) One member who has experienced forcible entry and detainer on financial grounds;
9	(3) One member who is a member of a tenant's union;
10	(4) One member with extremely low income;
11	(5) Two members with very low income;
12	(6) Two members with low income;
13	(7) Two members with moderate income; and
14 15	(8) One member who is a leader from a community organization that provides housing to marginalized communities.
16	This paragraph is repealed July 1, 2027.
17 18	C. The constituency shall appoint 7 members who are tenants of a community housing development.
19	This paragraph takes effect July 2, 2027.
20	D. The board shall appoint one member following a public call for self-nominations.
21	This paragraph takes effect July 2, 2027.
22 23	E. The Maine Labor Relations Board, as established in Title 5, section 12004-B, subsection 2, shall appoint one member of a labor union.
24 25 26	<u>F. The Efficiency Maine Trust Board, as established in Title 5, section 12004-G, subsection 10-C, shall appoint one member with expertise in energy-efficient housing development.</u>
27	<u>§5175. Terms; vacancies; removal</u>
28 29 30 31 32 33 34	Board members serve 4-year terms. Board members serve until their successors are appointed and take office. Vacancies must be filled in the same manner as the original appointments, except that any person appointed to fill a vacancy serves for the remainder of the unexpired term of the vacancy. Board members may not serve for more than 8 consecutive years on the board. The Governor may remove a board member upon a showing that the board member had unexcused absences from 3 or more consecutive meetings or 2/3 of the scheduled meetings in a 6-month period.
35	§5176. Chairs; officers
36 37 38	The board shall elect a chair, a vice-chair, a secretary and a treasurer from among the board members. Each officer serves a one-year term in that office and is eligible for reelection.
39	§5177. Meetings; quorum

1 2 3 4 5 6	The board shall meet at least once per month and at other times at the call of the chair. The board shall review balance sheets and monthly statements of income and expenses that compare budgeted expenditures to actual expenditures. A majority of the board constitutes a quorum. Meetings of the board are public proceedings as provided by Title 1, chapter 13, subchapter 1. §5178. Election of subcommittees
0 7	
8	<u>The board may elect subcommittees of no fewer than 3 members and no more than 6</u> members, which, between meetings of the board, may transact business of the board as the
9	board authorizes.
10	<u>§5179. Bylaws</u>
11 12	The board shall adopt bylaws for the governance of its affairs consistent with this chapter.
13	§5180. Compensation
14	The authority shall pay board members representing tenants, community organizations
15 16	and union interests for the members' time conducting board business. The board may decide to pay other board members for their time.
17	<u>§5181. Powers and duties; restrictions</u>
18	1. Powers and duties. The authority shall:
19 20	<u>A. Except as provided in subsection 2, possess all of the powers a corporation has under</u> <u>Title 13;</u>
21 22	B. Develop, own, lease and maintain community housing developments, in accordance with the requirements of section 5182, that serve a mix of household income ranges,
23 24	including households with extremely low income, very low income, low income and moderate income, and a mix of household sizes;
25 26	C. Manage any source of funds, including local, state, federal or private funds, or real property;
27 28	D. Request of the State that any real property that is unused, underused or surplus be made available to the authority for a community housing development;
29	E. Propose amendments to the laws governing the authority to the Legislature;
30 31	F. Report no later than January 1st annually to the joint standing committee of the Legislature having jurisdiction over housing matters on the activities of the authority;
32	G. Explore unit ownership options for tenants;
33	H. Hire employees;
34	I. Issue bonds and capitalize the fund; and
35	J. Perform other functions necessary or useful for carrying out any of its powers or
36	duties.
37	2. Restrictions. Notwithstanding any provision of this chapter to the contrary, the
38	authority may not:
39	A. Issue shares of stock or pay dividends;

1	B. Make loans;
2	<u>C. Merge with another entity; or</u>
3	D. Transfer a community housing development to another entity unless the
4	development continues to be subject to the requirements in section 5182.
5	§5182. Requirements for community housing developments
6	This section governs the requirements for a community housing development.
7	1. Ownership requirements. A community housing development:
8	A. Must be owned by a majority ownership interest by the authority;
9 10	B. Must be protected from being sold or transferred to a private entity or a public- private partnership; and
11 12 13 14 15	C. May be purchased by the tenants of the community housing development on a cooperative basis when the community housing development is paid off and there is unanimous agreement between the authority and the governance council of the development formed pursuant to section 5192. For purposes of this paragraph, "cooperative basis" has the same meaning as in Title 13, section 1501, subsection 2.
16 17 18	<b>2.</b> Community housing development requirements. The authority shall require that a community housing development meet the energy efficiency and labor standards for projects funded by the Maine State Housing Authority.
19	<u>§5183. Audit</u>
20 21 22 23 24 25	The authority shall submit to an audit by the State Auditor at any time the State Auditor determines is necessary to ensure that the purposes of the authority are reasonably accomplished and to correct a deficiency. The authority shall make available for examination by the State Auditor all of its financial records. The State Auditor may not supervise the daily operations of the authority. The board may engage an independent auditor as it determines necessary.
26	§5184. Dissolution
27	The authority shall adopt rules regarding its dissolution.
28	§5185. Liability
29 30 31 32 33	<b>1. Insurance.</b> The authority shall maintain liability insurance in an amount sufficient to cover potential claims for bodily injuries, death, disabilities or property damage related to its projects and activities. The authority shall maintain liability insurance in an amount determined by the board to be adequate to protect board members and employees of the authority.
34 35 36 37 38	<b>2. Bond.</b> All members of the board and any employees of the authority with the responsibility of handling finances of the authority must be bonded in an amount determined by the board to be adequate. The authority shall pay for the premiums for the bond. The authority shall identify these members or employees and the amounts of their bonds in its annual report required pursuant to section 5181, subsection 1, paragraph F.
39 40 41	3. Limitation. A person does not have any right of action against the State relating to the activities of the authority. All liabilities must be satisfied from the assets and properties of the authority.

1 2 3 4 5 6 7 8	4. Notice required. The authority shall post the following notice in a prominent place where the public may see it in the authority's offices and include in contracts, bonds and other documents regarding debt or liability by the authority: "All liabilities incurred by the Community Housing and Rural Development Authority must be satisfied exclusively from the assets and properties of the Community Housing and Rural Development Authority, and a person does not have a right of action against the State relating to the activities of the Community Housing and Rural Development Authority."
9	<u>§5186. Conflict of interest</u>
10 11 12 13 14 15	A board member is deemed to be an executive employee for the purposes of Title 5, sections 18, 18-A and 19. A board member or employee of the authority or a spouse or dependent child of any of those individuals may not receive any direct personal benefit from the activities of the authority. Annually by April 15th, a board member or employee shall file statements of economic interest with the Commission on Governmental Ethics and Election Practices in accordance with Title 1, section 1008, subsection 7.
16	§5187. Freedom of access
17 18	The records of the authority are subject to the freedom of access laws under Title 1, chapter 13, subchapter 1.
19	§5188. Rulemaking
20 21 22 23 24 25	The authority shall adopt rules to implement this chapter. The rules must establish an equitable, minimal-barrier application process, state residency requirements for tenants of a community housing development, means of maintaining existing tenants if the authority takes ownership of an occupied building and meaningful tenant input and representation requirements for authority decision making and conflict resolution. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.
26	SUBCHAPTER 2
27	TENANTS OF COMMUNITY HOUSING DEVELOPMENTS
28	<u>§5191. Constituency established</u>
29 30 31	<b>1. Establishment.</b> The Constituency of the Community Housing and Rural Development Authority is established and must consist of tenants of community housing developments.
32	2. Majority required. A majority of the constituency is required for the authority to:
33 34	A. Propose amendments to the laws governing the authority in accordance with section 5181, subsection 1, paragraph E;
35	B. Adopt rules in accordance with section 5188;
36	C. Set compensation of board members in accordance with section 5180; and
37	D. Select an independent auditor in accordance with section 5183.

1 2	<b>3. Governance structure.</b> The authority shall adopt rules regarding the constituency, including, but not limited to, membership, notice, quorum and meeting frequency.
3 4 5 6	<b>4. Board appointments.</b> The constituency shall appoint 7 members to the board in accordance with section 5174, subsection 1, paragraph C. If a candidate for a member does not receive a majority affirmative vote, a run-off election between the top 2 candidates must be held no later than one month following the first election.
7	This subsection takes effect July 2, 2027.
8	§5192. Governance councils
9 10	Each community housing development shall form a governance council consisting of <u>7 members.</u>
11	1. Duties. A governance council shall:
12	A. Host regular meetings to gather feedback from tenants;
13	B. Provide feedback from tenants to property management;
14	C. Represent the interests of the tenants in meetings with the board;
15 16	D. Provide input on the use of any budget disbursed for common room amenities or social events;
17	E. Participate in discussions about renovation projects; and
18	F. Fulfill other responsibilities as determined by the authority by rule.
19 20 21	<b>2.</b> Structure. The authority shall adopt rules regarding governance councils, including, but not limited to, the size of a governance council based on the size of the community housing developments it represents.
22	3. Consultation. A governance council may consult with a nonprofit corporation with
22 23 24	experience establishing managerial policies and practices that align with the requirements for a community housing development and providing suitable tenant protections.
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23 24 25 26	experience establishing managerial policies and practices that align with the requirements for a community housing development and providing suitable tenant protections. SUBCHAPTER 3 REVOLVING COMMUNITY HOUSING FUND

**Sec. 8. Initial meeting; bylaws.** No later than 90 days following the effective date of this Act, the Governor or the Governor's designee shall call the first meeting of the board of the Community Housing and Rural Development Authority under the Maine Revised Statutes, Title 30-A, chapter 204-A and preside over the selection of a chair. The Governor or the Governor's designee shall provide board members with at least 7 days' notice of the meeting. In accordance with Title 30-A, section 5179, the board shall adopt bylaws. The board shall adopt bylaws within 90 days of the initial meeting of the board.

8 Sec. 9. Startup support. The State shall provide the Community Housing and 9 Rural Development Authority under the Maine Revised Statutes, Title 30-A, section 5172 with assistance as necessary during the first 18 months following the effective date of this 10 Act. For purposes of this section, "assistance" includes office space, staff, supplies, 11 insurance and bonding, legal services and the hiring of the authority's chief executive 12 officer and chief financial officer. Assistance provided pursuant to this section may not 13 14 derive from funding appropriated or allocated for housing and may not reduce any state funding for housing projects. 15

SUMMARY
 This bill establishes the Community Housing and Rural Development Authority within
 the Maine Redevelopment Land Bank Authority to develop, own, lease and maintain
 mixed-income, permanently affordable public residential housing in this State.