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Date: (Filing No. S-)

HOUSING

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**STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 282, L.D. 724, “An Act to Expand Workforce Housing in Rural Maine by Funding the Maine State Housing Authority’s Rural Affordable Rental Housing Program”

Amend the bill by striking out the title and substituting the following:

'An Act to Increase Opportunities for the Development or Preservation of Low-income Housing'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 30-A MRSA §4349-A, sub-§1, ¶C, as amended by PL 2017, c. 407, Pt. A, §120, is further amended by amending subparagraph (6) to read:

(6) A housing project serving the following: individuals with mental illness, developmental disabilities, physical disabilities, brain injuries, substance use disorder or a human immunodeficiency virus; homeless individuals; victims of domestic violence; foster children; or children or adults in the custody of the State; or individuals with a household income of no more than 80% of the area median income if the project has 18 or fewer units and receives funding through a program administered by the Maine State Housing Authority. A nursing home is not considered a housing project under this paragraph.

Sec. 2. 30-A MRSA §4833, 2nd ¶, as enacted by PL 1987, c. 737, Pt. A, §2 and Pt. C, §106 and amended by PL 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, is repealed.

Sec. 3. 30-A MRSA §4972, as amended by PL 1993, c. 175, §10, is repealed and the following enacted in its place:

§4972. Definitions

For the purposes of this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

COMMITTEE AMENDMENT

1 **1. Low-income rental housing.** "Low-income rental housing" means rental housing
2 with 5 or more residential units in which any of the units are:

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

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

7 C. The subject of financial assistance given under a federal or state program designed
8 to provide affordable housing to low-income or moderate-income people.

9 **2. Holder.** "Holder" means either the Maine State Housing Authority or a municipal
10 housing authority that holds the option to purchase a low-income rental housing project.

11 **Sec. 4. 30-A MRSA §4973**, as amended by PL 2017, c. 234, §36, is further amended
12 to read:

13 **§4973. Notification of intent to sell**

14 Any person, firm or organization that owns or has a controlling interest in any low-
15 income rental housing may not sell, transfer title, prepay a mortgage or take other action in
16 regard to the property that would result in the termination of any income eligibility
17 restrictions, rent restrictions or financial assistance designed to make a rental unit
18 affordable to low-income or moderate-income people without providing notice, as outlined
19 in subsection 1, to the tenants of that property, the Maine State Housing Authority and ~~the,~~
20 if the property is located in the area of operation of a municipal housing authority, if any,
21 for the municipality in which the property is located the municipal housing authority, as
22 provided in this section.

23 **1. Notice.** The notice must be made to the tenants, the Maine State Housing Authority
24 and the municipal housing authority, if any, at least 90 days prior to the owner entering into
25 a contract for the sale or transfer or taking ~~other~~ any action in regard to the property ~~that~~
26 ~~will result in the termination of financial assistance designed to make the rental units~~
27 ~~affordable to low-income or moderate-income people described in this section.~~ Failure to
28 provide notice as required by this subsection does not reduce the 90-day period within
29 which the Maine State Housing Authority or the municipal housing authority, if any, may
30 submit, in writing, the intention to pursue the option described in subsection 2.

31 **2. Right of first refusal Option.** The Maine State Housing Authority or the municipal
32 housing authority, if any, has the right of first refusal option to purchase the property at its
33 current appraised value, as determined by appraisers for the owner and the authority holder
34 that has stated the intention to exercise the option to purchase. The municipal housing
35 authority must have opportunity to exercise the option to purchase. The authority holds the
36 right of first refusal holder has the option throughout the 90-day period. Failure to respond
37 to the notice of first refusal exercise the option to purchase within 90 days constitutes a
38 waiver of that right of first refusal option by the authority holder. By stating in writing its
39 intention to pursue its right of first refusal option during the 90-day period, the authority
40 holder has an additional 90 days, beginning on the date the appraised value is determined
41 by the appraisers for the owner and the authority holder, to buy or to produce a buyer for
42 the property. This additional 90-day period may be extended by mutual agreement between
43 the authority holder and the owner of the property. The 90-day period and any agreed upon
44 extension beginning on the date the appraised value is determined is automatically

1 extended for any additional time required to obtain governmental approvals of any sale or
2 transfer transaction and an additional 60 days after receipt of approval. The holder has the
3 right to assign its option to a nonprofit corporation upon such terms as the holder may
4 determine, including, but not limited to, requiring the assignee to agree to additional income
5 eligibility restrictions and rental restrictions for a duration as determined by the holder.

6 A. Nothing in this section prevents an owner of the property from deciding not to sell,
7 transfer or take other action ~~that would result in termination of the financial assistance~~
8 ~~and revoking the notice required by subsection 1 at any time before its expiration~~
9 described in this section. The withdrawal or revocation, or failure to close on a sale
10 pursuant to the option within the time provided in this subsection, extinguishes any
11 right of first refusal option held by the Maine State Housing Authority holder or an
12 assignee.

13 **3. Exceptions.** ~~The Maine State Housing Authority holder~~ may not possess any ~~right~~
14 ~~of first refusal option~~ when a bona fide buyer, by contract with the seller, agrees to maintain
15 the property as low-income housing without any termination or other modification to the
16 income eligibility restrictions or rental restrictions or financial assistance applicable to the
17 property. The notice provisions of this section apply to this subchapter.'

18 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
19 number to read consecutively.

20 SUMMARY

21 This amendment replaces the bill and changes the title. The amendment makes changes
22 to the law related to low-income housing and programs administered by the Maine State
23 Housing Authority. Under current law, the Maine State Housing Authority has the right of
24 first refusal to purchase low-income rental housing unless a bona fide buyer, by contract
25 with the seller, agrees to maintain the property as low-income housing. The amendment
26 removes reference to right of first refusal and provides that either the Maine State Housing
27 Authority or a municipal housing authority has an option to purchase a low-income rental
28 property with the municipal housing authority having the first option. The amendment
29 clarifies that a failure by an owner to provide required notice of an intent to sell the property
30 or take an action that would result in termination of income eligibility restrictions or rental
31 restrictions does not reduce the time period within which the Maine State Housing
32 Authority or a municipal housing authority has to provide in writing an intent to exercise
33 the option to purchase the property. The amendment also authorizes the assignment of the
34 purchase option to a nonprofit corporation. The amendment also extends the option period,
35 after the appraised value is agreed upon, to allow for the application for any necessary
36 government approvals.

37 The amendment repeals the cap on the amount of outstanding principal on construction
38 loan bonds held by the Maine State Housing Authority.

39 The amendment also amends the law that governs state growth-related capital
40 investments by permitting investment in a low-income housing project of 18 or fewer units
41 for individuals with a household income of no more than 80% of the area median income.