

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-FIVE

H.P. 670 - L.D. 1041

An Act to Preserve Affordability in Publicly Assisted Housing Developments

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

Sec. 1. 30-A MRSA §4972, as repealed and replaced by PL 2023, c. 218, §3, is repealed.

Sec. 2. 30-A MRSA §4972-A is enacted to read:

§4972-A. Definitions

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

1. Affordability restriction. "Affordability restriction" means, for rental housing:

A. A limitation on the rent amount that is based on the income of the person or family renting the unit compared to the area median income or to market rates for rental units in that geographic area; or

B. A limitation on the income of the person or family renting the dwelling unit.

2. Financial assistance. "Financial assistance" means funding in the form of grants, loans, rental assistance, subsidies, tax credits or other tax incentives provided by a federal, state or local government entity for which receipt is contingent upon constructing or maintaining dwelling units subject to an affordability restriction.

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

4. Low-income rental housing. "Low-income rental housing" means rental housing with 5 or more dwelling units in which any of the dwelling units are:

A. Subject to affordability restrictions;

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

C. Subject to requirements as a condition of receiving financial assistance.

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

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

Sec. 4. 30-A MRSA §4973, sub-§1, as amended by PL 2023, c. 218, §4, is further amended to read:

1. Notice. The notice required by section 4973-A must be made to the tenants, a tenants' organization for the property, if any, the Maine State Housing Authority and the municipal housing authority, if any, at least 90 days prior to the owner entering into a contract for the sale or transfer or taking any action in regard to the property described in this section. Failure to provide notice as required by this subsection does not reduce the 90-day period within which the Maine State Housing Authority or the municipal housing authority, if any, may submit, in writing, the intention to pursue the option described in subsection 2.

Sec. 5. 30-A MRSA §4973, sub-§2, as amended by PL 2023, c. 218, §4, is further amended to read:

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

~~A. Nothing in this~~ This section prevents is not intended to prevent an owner of the property from deciding not to sell, transfer or take other action described in this section. The withdrawal or revocation, or failure to close on a sale pursuant to the option within

the time provided in this subsection, extinguishes any option held by the holder or an assignee.

Sec. 6. 30-A MRSA §4973, sub-§3, as amended by PL 2023, c. 218, §4, is further amended to read:

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

Sec. 7. 30-A MRSA §4973-A is enacted to read:

§4973-A. Notification of expiration

Any person, firm or organization that owns or has a controlling interest in any low-income rental housing shall provide notice of the expiration of any affordability restrictions or financial assistance to the tenants of that property, a tenants' organization for that property, if any, the Maine State Housing Authority and, if the property is located in the area of operation of a municipal housing authority, the municipal housing authority.

1. Notice contents. The notice required by this section must include:

- A. The address of the low-income rental housing;
- B. The name and address of the owner of the low-income rental housing;
- C. Notification of the date on which the affordability restriction or financial assistance will terminate; and
- D. Any other information as required by the Maine State Housing Authority by rule.

2. Notice timing. If the affordability restriction or financial assistance is scheduled to terminate in 2 or more years after the effective date of this section, the notice must be mailed at least 2 years before the scheduled termination. If the affordability restriction or financial assistance is scheduled to terminate less than 2 years after the effective date of this section, the notice must be mailed by November 30, 2025.

3. Notice delivery. Notice provided to the Maine State Housing Authority, a municipal housing authority, a tenant and a tenants' organization must be sent by first-class mail, return receipt requested. Notice to a tenant must also be left in or under the door of the tenant's dwelling unit.

Sec. 8. 30-A MRSA §4976, first ¶, as amended by PL 1993, c. 175, §12, is further amended to read:

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