

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-THREE

S.P. 282 - L.D. 724

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

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

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 C, §§8 and 10, is repealed.

Sec. 3. 30-A MRSA §4972, as amended by PL 1993, c. 175, §10, is repealed and the following enacted in its place: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

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

A. Subject to federal or state income eligibility 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. The subject of financial assistance given under a federal or state program designed to provide affordable housing to low-income or moderate-income people.

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

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

§4973. Notification of intent to sell

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 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, the Maine State Housing Authority and the, if the property is located in the area of operation of a municipal housing authority, if any, for the municipality in which the property is located the municipal housing authority, as provided in this section.

1. Notice. The notice must be made to the tenants, 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 other any action in regard to the property that will result in the termination of financial assistance designed to make the rental units affordable to low-income or moderate-income people 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.

2. Right of first refusal Option. The Maine State Housing Authority or the municipal housing authority, if any, has the right of first refusal option to purchase the property at its current appraised value, as determined by appraisers for the owner and the authority holder that has stated the intention to exercise the option to purchase. The municipal housing authority must have opportunity to exercise the option to purchase. The authority holds the right of first refusal holder has the option throughout the 90-day period. Failure to respond to the notice of first refusal exercise the option to purchase within 90 days constitutes a waiver of that right of first refusal option by the authority holder. By stating in writing its intention to pursue its right of first refusal option during the 90-day period, the authority holder has an additional 90 days, beginning on the date the appraised value is determined by the appraisers for the owner and the authority holder, to buy or to produce a buyer for the property. This additional 90-day period may be extended by mutual agreement between the authority 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 section prevents an owner of the property from deciding not to sell, transfer or take other action that would result in termination of the financial assistance

~~and revoking the notice required by subsection 1 at any time before its expiration 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 right of first refusal option held by the Maine State Housing Authority holder or an assignee.~~

3. Exceptions. The Maine State Housing Authority holder may not possess any ~~right of first refusal 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 restrictions or financial assistance applicable to the property. The notice provisions of this section apply to this subchapter.