



MAINE AFFORDABLE HOUSING COALITION

LD 1485 AND THE GREEN AFFORDABLE HOUSING BOND

Background:

On June 12th, 2009, Governor Baldacci signed into law LD 1485, An Act Regarding Maine's Energy Future. The new law covers a range of energy issues, a summary of which may be found online at this address: [http://www.env-ne.org/public/resources/pdf/ENE_Summary_MaineEnergyFuture_Act\(June_15_2009\).pdf](http://www.env-ne.org/public/resources/pdf/ENE_Summary_MaineEnergyFuture_Act(June_15_2009).pdf). The following is meant to provide a more detailed summary of Section E of LD 1485, which focuses on affordable housing.

Overview of affordable housing bond and source of funding:

Section E of LD 1485 authorizes the issuance of revenue bonds for the construction and rehabilitation of highly efficient, affordable housing. \$30 million in bonds will be issued in the next two years, with up to \$200 million authorized overall.

The law specifies that the first \$30 million in bonds may be issued no earlier than July 1, 2010 by MaineHousing, which will also be responsible for developing and implementing the specific programs through which bond proceeds will be utilized. Annual debt service on the first \$30 million in bonds will begin no earlier than July 1, 2011 and has been estimated at \$3 million.

The new law creates the Maine Energy, Housing and Economic Recovery Fund to pay the debt service on the bonds. The Fund will be capitalized from a portion of the General Fund's share of real estate transfer tax proceeds (debt service payments of \$3 million in FY 2012 would only require approximately 18% of the \$16.7 million in real estate transfer tax proceeds projected to go to the General Fund in that year). The HOME Fund share of the real estate transfer tax is not affected by this legislation.

Specific allowable uses of bond proceeds:

- (1) Support (through loans, grants or other reasonable means) for the construction or substantial rehabilitation of multifamily affordable rental housing units; and
- (2) replacement of manufactured housing units that do not meet current federal housing codes.

Targeting of resources:

The law suggests targets for, but does not mandate, the distribution of funds to particular program areas. Those targets are as follows:

- (1) at least 30% to units serving seniors;
- (2) at least 30% to units serving persons of any age;
- (3) at least 10% to units serving populations with special needs; and
- (4) at least 10% to the replacement of manufactured housing units that do not meet federal housing codes.

No income targeting is specified; the law calls for flexibility in income targeting and project size so as to meet the needs of rural communities.

The Maine Affordable Housing Coalition will provide ongoing informational updates to our members and partners regarding this initiative, including opportunities to make program development recommendations to MaineHousing. To be included on these updates or for any additional information, please contact Greg Payne, Coordinator, at 553-7777 or gpayne@avestahousing.org.