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No. 1505

H.P. 960

House of Representatives, April 5, 2023

An Act to Amend the Maine Cooperative Affordable Housing Ownership Act

Reference to the Joint Select Committee on Housing suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative CLOUTIER of Lewiston.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: ABDI of Lewiston, BRENNAN of Portland, GERE of Kennebunkport, LEE
of Auburn, LOOKNER of Portland, SUPICA of Bangor, Senators: ROTUNDO of
Androscoggin, VITELLI of Sagadahoc.

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

2 **Sec. 1. 13 MRSA §1742, sub-§4-A** is enacted to read:

3 **4-A. Group equity cooperative.** "Group equity cooperative" means a cooperative
4 affordable housing corporation organized in accordance with section 1763.

5 **Sec. 2. 13 MRSA §1742, sub-§4-B** is enacted to read:

6 **4-B. Housing assistance program.** "Housing assistance program" means any
7 program that offers financial assistance to individuals or organizations for housing costs,
8 residential utilities or the development, acquisition, repair, weatherization, remediation,
9 renovation or operation of residential housing.

10 **Sec. 3. 13 MRSA §1742, sub-§4-C** is enacted to read:

11 **4-C. Housing cooperative.** "Housing cooperative" includes any type of cooperative
12 affordable housing corporation.

13 **Sec. 4. 13 MRSA §1754, sub-§2,** as enacted by PL 1993, c. 300, §1, is amended to
14 read:

15 **2. Maintenance of affordability.** A limited equity formula, once established by a
16 cooperative affordable housing corporation in its articles of incorporation, may be amended
17 only if that amendment does not make the cooperative membership unaffordable for classes
18 of low-income or moderate-income households for which the cooperative affordable
19 housing corporation was originally incorporated. A cooperative affordable housing
20 corporation once organized under this section may not reorganize as other than a limited
21 equity cooperative or group equity cooperative without first dissolving.

22 **Sec. 5. 13 MRSA §1760, sub-§1, ¶B,** as enacted by PL 1993, c. 300, §1, is
23 amended to read:

24 B. As a dividend not to exceed 6% per annum on invested capital, except that a group
25 equity cooperative may not apportion a dividend.

26 **Sec. 6. 13 MRSA §1763** is enacted to read:

27 **§1763. Group equity cooperative**

28 A cooperative affordable housing corporation may organize as a group equity
29 cooperative for the purpose of providing and preserving housing for classes of low-income
30 or moderate-income households at the time that the person or household purchases a
31 membership. A group equity cooperative must meet the following requirements.

32 **1. Interest does not accrue equity.** The articles of incorporation must require that
33 cooperative interests may not be sold for more than the original par value. The original par
34 value may not exceed \$100.

35 **2. Maintenance of affordability.** A cooperative affordable housing corporation, once
36 organized under this section, may not reorganize as other than a group equity cooperative
37 without first dissolving.

38 **3. Uphold public purpose.** A group equity cooperative may not sell all or substantially
39 all of its assets if the sale is intended to circumvent the purpose of this section.

1 **4. Right to repurchase.** The articles of incorporation must require that the cooperative
2 affordable housing corporation has the first right to repurchase a member's cooperative
3 interest.

4 **5. No capital distribution.** The articles of incorporation must require that there is no
5 distribution of capital to a member in the form of dividends or any additional interest in the
6 cooperative affordable housing corporation.

7 **6. Distribution upon dissolution.** The articles of incorporation must require that upon
8 dissolution of the cooperative affordable housing corporation any assets remaining after
9 retirement of corporate debts and distribution to members must be distributed to a
10 charitable organization described in the United States Internal Revenue Code of 1986,
11 Section 501(c)(3), as amended, a public agency or another limited equity cooperative
12 whose formula for determining transfer value is no less restrictive than that of the
13 cooperative affordable housing corporation being dissolved.

14 **7. Sublease limitations.** The articles of incorporation must require that a sublease of a
15 unit may not require monthly payments by the sublessee in excess of 100% of the monthly
16 payments for the unit required in the proprietary lease.

17 **8. Minimum occupancy requirement.** At least 80% of the occupied units of a group
18 equity cooperative must be occupied by members.

19 **9. Residents only.** Voting authority may not be assigned to nonresidents.

20 **Sec. 7. 13 MRSA §1764** is enacted to read:

21 **§1764. Housing assistance programs**

22 **1. Program inclusion.** All state and municipal housing assistance programs, including
23 publicly funded programs administered by private agencies, must be made reasonably
24 available to residents of housing cooperatives, notwithstanding federal and state rules,
25 regulations and laws to the contrary.

26 **2. Classification of housing cooperatives.** Housing assistance programs may develop
27 specific policies that govern the treatment of program applicants who belong to or reside
28 in housing cooperatives. For those programs that do not have specific policies regarding
29 housing cooperatives, program applicants belonging to the housing cooperative must be
30 treated as owners with a housing classification type of homeownership, except for the
31 following:

32 A. A program applicant belonging to a group equity housing cooperative must have the
33 program applicant's housing type classified as rental property, and all residents must
34 be categorized as a renter or tenant and the group equity housing cooperative must be
35 categorized as the owner or landlord and carrying charges as rent; and

36 B. A program applicant who is a resident of a housing cooperative and leases the
37 program applicant's unit from the housing cooperative but is not a member of the
38 housing cooperative, does not own a share of stock and does not hold any other
39 ownership interest in the housing cooperative or residential property must be
40 categorized as a renter or tenant and the respective cooperative affordable housing
41 corporation must be categorized as owner or landlord.

42 **3. Cooperative affordable housing corporation participation in housing assistance**
43 **programs.** If a cooperative affordable housing corporation is classified as the owner, the

1 cooperative affordable housing corporation has the right to apply for multifamily owner
2 benefit programs in accordance with the guidelines of the housing assistance programs.

3

SUMMARY

4 This bill amends the Maine Cooperative Affordable Housing Ownership Act to include
5 group equity cooperatives. It also provides that a housing assistance program must be made
6 reasonably available to residents of housing cooperatives.