



January 18, 2022

Senate Chair Nate Libby
House Chair Genevieve McDonald
Joint Standing Committee on Government Oversight

Dear Senator Libby and Representative McDonald

The Maine Downtown Center, a program of Maine Development Foundation, serves as a statewide resource for downtown revitalization and serves as the Statewide Coordinator for Maine's National Main Street Program. We have 10 nationally accredited Main Streets and 14 Downtown Affiliate programs here in the state. These are organizations dedicated to preserving their downtowns through the 40-year-old National Main Street Program that is an historic preservation based economic development program.

I am writing you today to affirm to the committee the value of Maine's Historic Rehabilitation Tax Credit (HRTC) to Maine's downtowns and Maine's sense of place as outlined in the OPEGA report. The HRTC does not require a property to be located in a downtown, but given Maine's historic and land use patterns, this tool is often used in downtowns from Dover-Foxcroft to Lewiston and Biddeford. This tool combined with the federal preservation tax credit is critical to rehabilitating many commercial buildings in Maine's historic downtowns. Maine has one of the oldest buildings stocks in the country and many historic downtowns that serve as places people want to live, work, and play. They are vibrant and unique places to visit. The buildings are often expensive to rehabilitate due to the materials and design elements. The HRTC's help meet funding gaps to get the projects done and without the credits these projects might not get done. A few projects that are currently using HRTC's include the Norway Opera House in Norway, Johnson Hall in Gardiner, and Bigelow Brewing-7 Island Avenue, in Skowhegan. I have attached to this letter two letters from my colleagues in Biddeford which I think you will find interesting.

HRTC's contribute to protecting Maine's downtowns, drive economic development, and create both short and long-term jobs. Our work to preserve Maine's downtowns is a long way from being done, but HRTC's are a critical tool to continue to preserve these amazing places.

Thank you for your consideration.

Sincerely yours,

A handwritten signature in cursive script that reads "Anne G. Ball".

Anne G. Ball
Senior Program Director



Senate Chair Nate Libby
House Chair Genevieve McDonald
Members, Joint Standing Committee on Government Oversight
Maine State House
210 State Street
Augusta, Maine 04330

January 19, 2022

Dear Honorable Members of the Government Oversight Committee:

As the Executive Director of Heart of Biddeford, one of Maine's 10 nationally designated Main Street programs, I submit this letter in support of the numerous strengths of Maine's historic rehabilitation tax credit program as outlined in the recent OPEGA report.

In Biddeford, we see the tangible results of Maine's HRTC program: redevelopment and full occupancy of the River Dam Mill, 17 Alfred Street, 5 Washington Street, Lincoln Mill, 27 Washington Street, and more in the pipeline as I write. Without the tax credits, these projects would not have happened. And while these projects have changed the visual landscape in Biddeford from blight to beauty and from vacancy to vibrancy, what I tend to notice is how the preservation of Biddeford's community character is drawing people back to Biddeford.

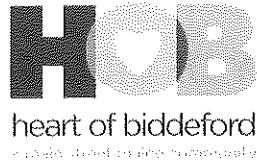
Business impact

Danielle and Ali are two young women who dreamed of opening a provisions and sandwich shop in their hometown. When they saw 17 Alfred Street under rehabilitation, they met the owner Seth and began putting their dreams into reality. This business changed the course of Alfred Street which now has two more buildings under construction and several new businesses in operation.

Today I met a brother and sister, Drew and Stephanie who graduated from Biddeford High School about a decade ago. They were thrilled to have recently opened a media business on

Mission Statement:

The Heart of Biddeford in partnership with the City of Biddeford, the business community, property owners, and residents, fosters economic development and improves the downtown and quality of life within its boundaries by supporting existing businesses, attracting new businesses, promoting the downtown through events and working to beautify the urban core.



Main Street. What drew them back to Biddeford? The vibrant new businesses in the newly rehabilitated buildings in the downtown.

Residential impact:

I recently met Sierra who works at the sandwich counter at a new downtown business. Mom to nine year old Adriene, she and her husband Zack moved back to Maine from New Orleans. They love working downtown and they have a two-bedroom apartment in the newly rehabilitated Lincoln mill. I know of many grandparents who live in the mills, welcoming their grandchildren to town for weeks in the summer. They love to take their grandchildren to parks, art classes and the beach.

Biddeford is a special place. The preservation of these buildings is surely connected to economic growth, but just as significantly it is connected to preservation of what is loved about this place. Biddeford continues to inspire ingenuity. We draw entrepreneurs, and young families and retirees. We invest in people locally and we bring people together to push for solutions to tough problems like homelessness, hunger, and division.

In my role at Heart of Biddeford for eleven years, I have witnessed a major transformation. What I see drawing people to Biddeford is the positive, visible signs of change that demonstrate Biddeford is investing in itself. This investment sometimes requires encouragement in the form of tax credits.

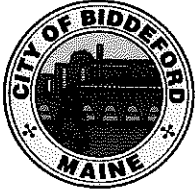
Sincerely,

A handwritten signature in black ink, appearing to read 'Delilah Poupore'.

Delilah Poupore,
Executive Director

Mission Statement:

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CITY OF BIDDEFORD

Planning and Development

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Director, Planning and Development
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January 18, 2022

Senate Chair Nate Libby
House Chair Genevieve McDonald
Members, Joint Standing Committee on Government Oversight
Maine State House
210 State Street
Augusta, Maine 04330

Dear Legislators:

This letter is for the support and continuation of the Maine Historic Rehabilitation Tax Credit, as outlined in the recent OPEGA report. Much of what we refer to as the “Biddaissance” would not have been possible without the tax credit. In most cases, irrespective of the size of the developer or project, the preservation and redevelopment of the building would not have been possible. While close to a dozen projects have or will make use of the tax credit, three stand out as exemplary:

- Saco Lowell Building. Originally, a machine manufacturing structure, this local community eye sore would have remained vacant without the additional equity afforded through the tax credit.
- Riverdam Building. Riverdam had structural and contamination issues that could have led to demolition if not for the combination of TIF funding, brownfield and historic tax credit equity. Now completed, this project has spurred further development in the area.
- Lincoln Mill Building. This expansive 250,000 s.f. had severe structural and brownfield issues that made the financing of this project very difficult. It took the addition of a second equity partner, historic tax credit equity, brownfield and TIF funding, all amassed over a four year period, for this project to move forward.

I would be glad to provide further information on the city's use of the historic tax credit program.

Sincerely,

A handwritten signature in black ink, appearing to read "Mathew H. Eddy". The signature is fluid and cursive, with a large loop at the end.

Mathew H. Eddy

Cc
Anne Ball, Maine Development Foundation
Mayor Alan Casavant



Maine Preservation
P.O. Box 488
Yarmouth, ME 04096

www.maine Preservation.org

Testimony to the Government Oversight Committee Regarding the Office of Program Evaluation & Government Accountability (OPEGA) Report on Evaluation of the Maine Historic Rehabilitation Tax Credit (HRTC)

Founded in 1972, Maine Preservation is a statewide non-profit organization dedicated to promoting and preserving historic places, buildings, downtowns and neighborhoods to strengthen the cultural and economic vitality of Maine communities.

In partnership with the Maine Historic Tax Credit Coalition, we commissioned have commissioned several reports on the economic impact of the Maine HRTC. In 2020, we found that from 2009 to 2019, approved projects generated \$525 million of construction investment; rehabilitated 3.6 million square feet of commercial and residential space; created or preserved 1,911 housing units, of which nearly 1,300 were affordable; and generated between 200-700 full-time-equivalent jobs annually through construction spending alone. In addition, nearly 700 new full-time, year-round jobs have been created through building maintenance and occupancy, resulting in \$13 million of income per year for families living in these communities.

OPEGA released its evaluation of the Maine HRTC, confirming what our coalition already knew to be true. The tax credit's structure and administration are sound and efficient, the credit follows best practices, and program data is robust. The evaluation also found that the Maine HRTC incentivizes historic preservation and community revitalization, promoting affordable housing, job creation, and economic growth well beyond the intended goals of the program.

Armed with the information provided in OPEGA's report, we hope that the legislature will not just prolong the sunset of the existing credit, but eliminate the provision altogether. In addition, this opportunity should be extended to more Mainers through new legislation and increased funding for the Maine Historic Preservation Commission.

The OPEGA evaluation notes the limitations of the credit to income-producing properties, leaving Maine's historic homeowners without the ability to benefit from this valuable resource. Like commercial property owners, homeowners need support to repair and upgrade their historic homes, barns, stables, dairies, granaries, and agricultural buildings. They need the resources to restore these buildings, whether to age in place or make them ready for the next generation of families in Maine.

Programs of this type have been successful in other states around the country, including Alabama, Colorado, Delaware, Indiana, Kentucky, Michigan, Missouri, New York, Virginia, West Virginia, and Wisconsin. For example, the New York State Historic Homeownership Rehabilitation Tax Credit is targeted to economically distressed localities. More than 3,000 projects have been completed statewide since 2008, with more than \$65M of investment in these underserved communities. Existing energy efficiency tax incentives could be paired with historic homeowner tax credits to ease cost burdens, establishing Maine as a leader in reducing energy consumption while retaining historic fabric and ultimately spurring economic vitality where it is needed most.

Please affirm OPEGA's report, thereby supporting this important policy, and potentially opening the door to more benefits for more Mainers.



January 20, 2022

Senator Nate Libby, Senate Chair
Representative, Genevieve McDonald, House Chair
Joint Standing Committee on Government Oversight

Re: CEI Comment on OPEGA Evaluation of the Credit for Rehabilitation of Historic Properties

Dear Senator Libby, Representative McDonald, and Members of the Government Oversight Committee:

Coastal Enterprises, Inc. (CEI) is a nonprofit community development financial institution (CDFI) with a mission to grow good jobs, environmentally sustainable enterprises and shared prosperity by integrating financing, business and industry expertise, and policy solutions to realize its vision of a world in which communities are economically and environmentally healthy, enabling all people, especially those with low incomes, to reach their full potential. Since 1977, the CEI family of organizations has provided \$1.49 billion in loans, equity and tax credit financing for 3,109 businesses and projects. That includes over \$48 million in equity investments, leveraging an additional \$190 million, in 52 historic rehabilitation projects across eight counties from Biddeford-Saco to Dover-Foxcroft, helping to create or preserve 786 jobs.

It is from our perspective as community economic development practitioners and a small business lender, investor, and advisor that we submit this comment to affirm the value and amplify the findings of OPEGA's 2021 evaluation of Maine's Historic Rehabilitation Tax Credit (HRCT). OPEGA's work confirms the credit's alignment with program statutory goals (i.e., Historic Preservation, Community Revitalization, Economic Activity & Jobs, and Affordable Housing). The credit serves its intent and purpose to *incentivize historic preservation, facilitate community revitalization, promote affordable housing and spur economic activity.*

As OPEGA's report illustrates, preservation-based development is an established approach that aligns with the goals of Maine's climate action plan and 10-year economic development strategy. It is true that the availability of the state Historic Rehabilitation Tax Credit (HRTC) is key to whether successful rehabilitation of historic properties will happen or not. But that's not all. The preservation and reuse of historical buildings revitalizes historic downtowns and enhances Maine's unique quality of place, preventing and redressing decades of disinvestment in formerly thriving neighborhoods, and providing desirable, energy-efficient space for local enterprise and housing. The state's HRTC program has been key to reviving and stimulating investment in Maine's downtowns.

Small businesses make up the backbone of Maine's economy. Historic preservation projects not only attract and retain new and existing businesses, they also spur an economic ripple effect by creating and preserving jobs, vendor relationships, consumer activity and commerce. Additional spending on landscaping, furnishings, parking and other activities not eligible for historic tax credits adds value to adjacent properties and increases consumer spending and heritage tourism. Housing shortages in Maine are actively addressed by the rehabilitation of historic building stock, creating and sustaining affordable and workforce housing. Further, historic rehabilitation limits carbon emissions associated with new construction and integrates green building practices as required by our building codes.

The report reflects the CEI experience that this tax credit serves as a catalyst for projects that are consistent with the vision that communities have for their future. In places like Bangor, Dover-Foxcroft,



Waterville and Lewiston, local partnerships are paving the way for buildings to be brought back into multifaceted use by individuals and families needing economic opportunity and access to child care, affordable housing, health care, food options, business and meeting space, high speed internet and more.

Thank you for considering CEI's comment on the OPEGA Evaluation of the Credit for Rehabilitation of Historic Properties. Please don't hesitate to contact me if you have questions or require additional information regarding the program, its role in financing, economic impact, and related benefit. We are available for the upcoming work session if that is helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Winston".

Amy Winston, State Policy Director

January 20, 2022

Senate Chair Libby, House Chair McDonald, and Members of the Government Oversight Committee:

My name is Sarah Hansen and I am the Executive Director of Greater Portland Landmarks. Founded in 1964, Greater Portland Landmarks' mission is to preserve and revitalize greater Portland's remarkable legacy of historic buildings, neighborhoods, landscapes and parks. Our goal is to save greater Portland's historic places through preservation and adaptive reuse while promoting creative new architecture that enhances historic neighborhoods.

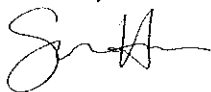
Established in 2008 and reauthorized in 2011, Maine's state historic tax credit for income-producing properties stimulates economic activity and jobs, creates a net revenue gain to state and local governments, and fosters resilient, authentic, and dynamic communities. **Since its inception, more than 100 projects have been completed with total construction costs of more than \$550 million, and an increase in municipal assessment value of more than \$160 million.** The economic and fiscal impact of Maine's historic tax credit program has been widespread and includes small projects like storefront restorations to the rehabilitation of large textile mills. Maine's cities and small towns have benefitted by additional income from increased assessment values of the restored properties and from the construction industry jobs these projects have supported.

We were thrilled to see OPEGA's evaluation of Maine's Rehabilitation Tax Credit noted the strong economic impact of the credit while also noting the credit's less quantifiable roll in preserving Maine's unique quality of place. Additionally, the evaluation noted that the tax credit compliments many goals of the Maine Climate Council, as the rehabilitation and weatherization of existing structures leverages embodied energy, keeping durable materials in place rather than in landfills, driving investment in jobs rather than materials.

The OPEGA evaluation also notes the credit is currently limited to income-producing properties, making this incredible resource unavailable to Maine's historic. Maine's housing stock is some of the oldest in the country and, like commercial property owners, homeowners need financial incentives to help weatherize, repair and upgrade their historic homes. The development of a historic homeowner tax credit would be an incredible resource, establishing Maine as a key leader in both the preservation of historic resources and the reduction of energy consumption. The Maine Historic Preservation Commission can successfully manage a program of this type with additional staffing and funding support.

We urge you to affirm OPEGA's report, supporting this critically important economic tool and paving the way for the development of additional resources that will benefit all Mainers.

Cordially,



Sarah Hansen, Executive Director

Genesis

COMMUNITY LOAN FUND

January 20, 2022

Senate Chair Nate Libby
House Chair Genevieve McDonald, and
Members of the Joint Standing Committee on Government Oversight

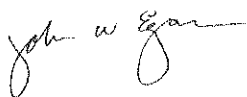
Dear Senator Libby and Representative McDonald:

The Genesis Fund is a community development financial institution based in Brunswick and operating across Maine. As a CDFI focused on creating and supporting positive, healthy economic and social outcomes for low/moderate income residents and their communities we strongly support and celebrate the extremely successful work accomplished by the State historic rehabilitation tax credit – SHTC.

Genesis joins the constituents, users, advocates and champions of the credit to strongly endorse the findings of the OPEGA report on this tax expenditure. The report provides analytical results that prove the effectiveness, the efficiency and the tangible dramatic impact the resultant projects have on their communities – rural and urban. I have been directly involved in numerous projects providing financing and technical assistance to the projects, the lenders and the communities to better understand how the credit really does what it was designed to do – spur investment in Maine’s downtowns and preserve the cultural assets of 200 years of architecture that happen to be right where people and business want to be. The OPEGA report validates this and more.

As heralded in the OPEGA report, the SHTC is a very effective tool to leverage economic stability in small towns struggling to keep their vibrancy. It stimulates adjacent construction and building conversions wherever the projects occur to add extremely valuable assets like affordable housing, essential services, art and cultural spaces, while preserving and building upon the legacy structures we hold so dear. These new assets pay taxes, and fuel much needed activity in many downtowns. And they significantly reduce environmental impacts by re-using all the inherent latent energy in the structure, which aligns well with Maine’s Climate Action plan. Quite an accomplishment for a single tax credit. We are pleased that our legislative body now has the clear evidence of what many residents and communities already know: The SHTC works.

Sincerely,



John W. Egan
Chief Lending and Program Officer

1/21/2022



**Testimony in Support of OPEGA's Full Tax Expenditure Review Report on the
Maine Historic Property Rehabilitation Tax Credit**

Chairman Libby, Chairman McDonald, and members of the Government Oversight Committee;

My name is Elizabeth Frazier and I am an attorney at Pierce Atwood. On behalf of our client, the Maine Real Estate & Development Association, as well as the MHRTC working group of the Maine Alliance for Smart Growth – Greater Portland Landmarks, GrowSmart Maine, Maine Preservation, CEI, Maine Downtown Center, and the Genesis Fund – we applaud OPEGA for their work on the full tax expenditure evaluation of the Credit for the Rehabilitation of Historic Properties, also known as the Maine Historic Property Rehabilitation Tax Credit (MHRTC).

We believe the OPEGA report accurately and thoroughly outlines the efficacy of the MHRTC and reinforces its role as an economic driver in Maine. Specifically, we believe the OPEGA report methodology was sound and the outcomes represent the reality on the ground for beneficiaries of the credit.

As the report highlights, the MHRTC is built on best practices, builds upon a federal historic preservation tax credit and project approval process, and prioritizes affordable housing. The MHRTC also meets or exceeds expectations with respect to the specific parameters reviewed in this report:

- Program Structure and Administration
- Best Practices
- Availability of Program Data for Oversight Purposes
- Program Alignment with Goals and Program Performance in following areas:
 - o Contribution to Historic Preservation;
 - o Contribution to Community Revitalization;
 - o Contribution to Affordable Housing; and
 - o Contributions to Job Creation and Economic Growth

The OPEGA report is built upon significant economic impact data and information gathered from over a decade of successful projects completed, tax credits applied, and tax revenue dollars earned. We hope the Government Oversight Committee will endorse this OPEGA report as an accurate and well-researched review of this important tax credit program.

We appreciate having had this opportunity to work with OPEGA and the Committee, and we are available for any questions you may have!

Thank you for your consideration of these comments.

Elizabeth M. Frazier
On behalf of MEREDA
efrazier@pierceatwood.com
207-838-2257