

Dear Chair Rotondo, Chair Sachs and Members of the Appropriations and Financial Affairs Committee, Chair Pierce, Chair Gere and Members of the Joint Select Committee in Housing:

Maine has a systematic workforce housing problem. Working families find too little housing and what does exist is expensive, outdated and inadequate. Yet the economic conditions for the construction of new quality housing consistent with crucial related development policy initiatives like Maine Won't Wait, the Village Partnership Initiative, the Maine Land Bank Redevelopment Authority and LD 2003 are enormously challenging.

Everything is prohibitively expensive — labor, construction materials, interest rates. Flexible, targeted financing programs like MaineHousing's Rural Affordable Rental Housing Program are crucial in addressing these enormous economic challenges and systematic problems.

I testify today on behalf of 55 Weston Avenue, a development team consisting of myself, Sam Hight and Kara Wilbur. We partnered with the Town of Madison to redevelop a town-owned, village center parcel where the Weston Avenue Elementary School stood until its demolition in 2014. Since then, the Town of Madison has worked hard to redevelop 55 Weston Avenue culminating in a 2021 Housing Assessment.

This Assessment found that Madison has "virtually no rental vacancy and an extremely low inventory of for-sale units" with "just 100 new units built in the past decade." These seemingly contradictory conditions exist because attainable market rents and sale prices fail to meet the market cost of new construction.

The Assessment also identified the site at 55 Weston Avenue as ideal for new housing. Madison needs new housing because GoLab has given new life to its downtown mill, which had sat idle since 2016. GoLab is manufacturing its TimberHP advanced wood fiber insulation products in the reinvested mill with initial plans to create 120 jobs.

These workers face a housing market with little inventory. The sparse inventory that does exist is often outdated and inadequate. A twenty-something Madison resident who wants to live at 55 Weston is working two jobs and paying around \$1,000 in monthly rent for a one-bedroom apartment with a heating system that often fails to exceed 50 degrees in the winter.

Against this challenging backdrop, the Town of Madison approached us with the 2021 Assessment hoping that we could redevelop 55 Weston Avenue. We were taken by this beautiful village center parcel in a delightful walkable neighborhood. We were inspired by the tight housing market and the arrival of GoLab. Consistent with the development policies supported by Maine Won't Wait, the Village Partnership Initiative, the Maine Land Bank Redevelopment Authority and LD 2003, we were thrilled by the prospect of offering GoLab employees and others a stable opportunity to live in newly built, energy-efficient homes close to where they work and play. As community-oriented developers, we desperately wanted to help. But we could not make the numbers pencil out under market-rate assumptions.

Then MaineHousing introduced the Rural Affordable Rental Housing Program. We were delighted. After evaluating the program, we quickly developed a feasible plan to create 18 new,

high-performance homes (the maximum allowed under the program). Furthermore, our previous financial models had assumed local financial support in the form of tax increment financing. The program enabled us to create a plan without tax-increment financing, improving projected local property tax revenues. Pending approval by MaineHousing we are on track to build those homes this year.

The Rural Affordable Rental Housing Program was a godsend for 55 Weston Avenue. But for the program, we simply could not proceed, and the Town of Madison would have lost both desperately needed workforce housing and a source of new tax revenue.

55 Weston Avenue is a wonderful story, but it is only a great start. As things stand, we will be delivering these 18 homes into a market with near-zero inventory and tremendous unmet demand, even before considering the 120 new jobs in GoLab's initial phase. We have enough land at 55 Weston Avenue to create an identical second phase with 18 more desperately needed homes. But without additional funding into the Rural Affordable Rental Housing Program, we do not have a path forward.

Besides 55 Weston Avenue, Kara, Sam and I control properties in 22 other communities in 11 of Maine's counties. We already have a Rural Affordable Rental Housing Program application in for 18 homes in Rumford and pre-application plans for 23 homes in Skowhegan that require additional funds from the Rural Affordable Rental Housing Program. 55 Weston Avenue Phase II, Rumford and our Skowhegan sites alone could use most, if not all, of the \$15 million contemplated by this bill for the Rural Affordable Rental Housing Program.

Like Madison, Skowhegan has received exciting news of local job creation. New Balance has plans for 200 new jobs at an expansion of its Skowhegan factory. We would like to build new, energy-efficient homes for those workers and others to live close to where they work and play consistent with the development policies supported by Maine Won't Wait, the Village Partnership Initiative, the Maine Land Bank Redevelopment Authority and LD 2003. Like Madison, Skowhegan also commissioned a 2021 Housing Assessment which found a need for over 650 new studio, one-bedroom and two-bedroom homes — a conclusion reached before New Balance announced its 200 new jobs. But without additional funding into the Rural Affordable Rental Housing Program, we do not have a path forward.

Kara, Sam and I are just one team among many throughout Maine that stand ready, willing and able to attack the workforce housing crisis. And our examples cover only 3 of the 22 communities and 2 of the 11 counties in which we operate. The workforce housing crisis hurts the economies of all of these communities and all of the others throughout our great state.

So we implore you to appropriate this funding as a crucial first step in addressing the economic development crisis caused by Maine's enormous shortage of attainable workforce housing.

Thank you.

Brian Eng, Sam Hight and Kara Wilbur
55 Weston Avenue, LLC

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55 Weston Avenue, LLC
LD 258

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