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May 9, 2023

Re: LD 1810, An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit

Senator Grohoski, Representative Perry, and members of the Taxation Committee, my name is Cullen Ryan, my name is Cullen Ryan, and I am the Executive Director of Community Housing of Maine (CHOM). CHOM houses Maine's most vulnerable people and advocates on their behalf to see that everyone is included as part of the community.

I am testifying in support of LD 1810, An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit.

This bill amends the tax credit for historic properties by:

- 1. Increasing the tax credit from 25% to 30% of the certified qualified rehabilitation expenditures of a taxpayer for a certified historic structure;*
- 2. Increasing the allowable certified qualified rehabilitation expenditures of a taxpayer from a maximum of \$250,000 to a maximum of \$1,000,000 for a certified historic;*
- 3. Increasing the increased tax credit for a certified affordable housing project from 30% to 35% of certified qualified rehabilitation expenditures; and*
- 4. Increasing the increased tax credit for a certified affordable housing project from 30% to 45% of certified qualified rehabilitation expenditures.*

The bill establishes a credit for rehabilitation and weatherization of historic homes equal to 25% of the qualified exterior rehabilitation expenditures of a taxpayer who incurs at least \$5,000 in expenditures for a certified historic home. It also provides for an increased credit of 30% of expenditures up to \$75,000 under certain circumstances.

LD 1810 would expand, enhance, and improve the Maine Historic Rehabilitation Tax Credit by updating the program reporting requirements, improving the small credit to make it more user-friendly and accessible for income-producing property owners, and create a new program to ensure homeowners have the same opportunity. And this bill crucially responds to the 2021 analysis of the Maine Historic Rehabilitation Tax Credit by the Office of Program Evaluation & Government Accountability (OPEGA). That report stated that the program's structure and administration are sound and efficient, and that the positive outcomes exceed the stated historic preservation goals while promoting affordable housing, job creation and economic growth.

As the Committee knows, there is an overall shortage of affordable housing for all populations in Maine. Increasing the tax credits for certified qualified rehabilitation expenditures and for certified affordable housing projects as outlined in LD 1810 would significantly increase the number of affordable housing units funded through the program.

There is an extraordinary unmet demand for affordable, quality housing for all populations. In the past few years, resources have only allowed for about 180-220 affordable housing units a year to come online, Despite MaineHousing and the Legislature increasing resources toward this, the need for affordable housing far exceeds the supply, especially for people with the lowest incomes. LD 1810 would not only assist in increasing the supply of affordable housing in Maine, it also: Supports heritage tourism; generates construction investment; creates well paid jobs; revitalizes communities; and incentivizes weatherization efforts.

Additionally, a potential proposed amendment which would increase the major rehab tax credit from \$5 million to \$7 million would be advantageous. The original \$5 million tax credit was established in 2013. Since that time Maine has seen costs increase dramatically due to inflation. It is an ideal time to see this increased to the proposed \$7 million.

Please pass LD 1810 to provide Maine with an injection of resources to rehabilitate historic properties and at a scale that is commensurate with need. We will all be far better for doing so. The time to invest in now.

Thank you for the opportunity to comment.