



May 9, 2023

Dear members of the Committee on Taxation,

I am writing to testify in support of LD 1739: An Act to Extend Development District Tax Increment Financing Districts. Avesta is the largest nonprofit affordable housing provider in northern New England. We house approximately 4,000 Mainers every day.

Affordable housing tax increment financing districts (AHTIF) and the Department of Economic Development (DECD) TIFs are crucial financing tools in the development of affordable housing. Avesta has experience with both classifications of TIF districts and their associated Credit Enhancement Agreements (CEA). In fact, of our projects currently under construction or in predevelopment, approximately 70% have a TIF in place or will be pursuing a TIF in the near term. TIFs and CEAs allow for the reimbursement of affordable housing property taxes, provided the terms of the CEA are met. The reimbursement of property taxes reduces our project operating budget and allows the property to assume a higher mortgage from MaineHousing. This additional mortgage becomes a crucial source in the construction of the housing. Without the partnership of the municipality and the creation of the TIF district and CEA, many projects would not be able to move forward.

We believe that any extensions of the current TIF statute, to allow for longer term tax relief, will help preserve the supply of affordable housing. Under current limitations, TIF districts are established for a maximum of 30 years. In a 30-year period, an affordable property will undergo at least two refinancing events. The expiration of a TIF district during this period can prove problematic and could undermine the project's affordability if it is unable to assume the full tax liability. The extension of DECD TIF terms by 30 years gives municipalities and developers another tool to maintain their affordable housing stock.

Sincerely,

Rebecca Hatfield  
President & CEO