



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
181 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0181

MEMORANDUM

TO: Joint Select Committee on Housing
FROM: Governor's Office of Policy Innovation and the Future (GOPIF)
DATE: Friday, May 19, 2023
RE: Information for L.D. 1867 – An Act to Establish the Community Housing and Rural Development Authority

For your deliberations on L.D. 1867, An Act to Establish the Community Housing and Rural Development Authority, GOPIF would like to offer this letter. L.D. 1867 seeks to establish a publicly developed and owned model for housing. Furthermore, the proposal tasks the appointed board with property management. As previously mentioned during the committee's work, current federal policy favors tax credits and partnerships with the private sector to construct low-to-moderate income housing in the United States.¹ As part of the Tax Reform Act of 1986, the U.S. Congress created the Low Income Housing Tax Credit (LIHTC) which is the single largest investment in the construction of affordable housing in the country.² LIHTC, as you know, is a partnership with private developers for the purpose of constructing affordable housing. Housing construction being intertwined with the private sector dates back many decades. As a result, state housing policy, for the most part, reflects the available federal resources to maximize the state's investment.

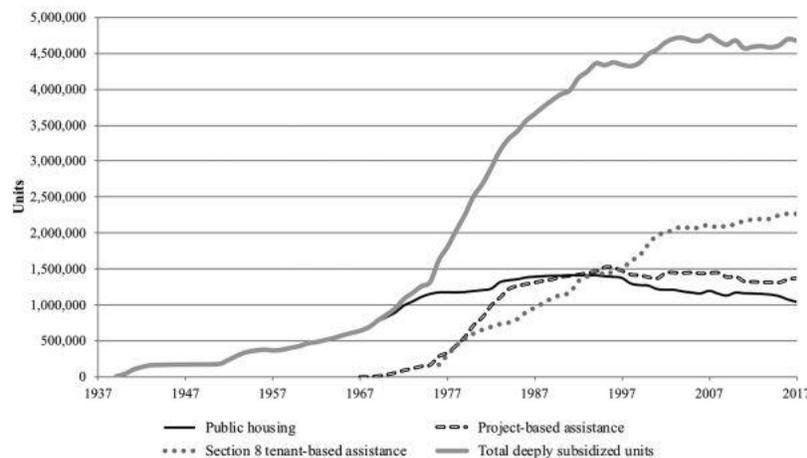


Figure 14.1 Trends in Deep Subsidies for Federally Assisted Rental Housing. Overall, these subsidies expanded significantly over several decades, but have slowed dramatically during most of the last 25 years, in tandem with a decreasing reliance on the conventional public housing program.

Source: authors, based on Bratt (1989); Olsen (2003); U.S. Department of Housing and Urban Development (2002, 2005, 2008, 2010, 2011a, 2012, 2016b, 2018a).

¹ <https://yonahfreemark.com/wp-content/uploads/2019/08/Chapter-14.pdf>

² <https://www.huduser.gov/portal/datasets/lihtc.html>

While state programs typically seek to maximize federal resources, it is difficult to meet the requisite affordability for families earning 30% of AMI or below and that is a critical need in Maine. L.D. 1867 contemplates a potential model for helping house such families, who are earning what the bill describes as “very low incomes”. We appreciate the opportunity to consider this completely new approach to creating housing but believe that the concept could benefit from more robust discussion during committee meetings to take place between this session and the next one. Montgomery County, Maryland has been mentioned during previous committee discussions. Perhaps, it would be prudent to invite officials from their Housing Opportunities Commission (HOC) which is charged with carrying out a similar mission to the one described by L.D. 1867. There might be additional examples across the country. In addition, it’s important to consider how the mission described in L.D. 1867 overlaps and differs from the work being undertaken by public housing agencies in cities and towns like Portland, Augusta, and Bangor.

Finally, it would be important to consider the costs associated with creating this new entity. L.D. 1867 does not allocate any financial resources to the Community Housing and Rural Development Authority. For this proposal to be successful, there would need to be professional staff overseeing day-to-day operations, legal professionals, and either in-house or contracted services for property managements such as maintenance and general upkeep. These costs should be weighed against our existing programs with proven track records and the opportunities these programs provide to draw down federal resources. Being able to maximize the state’s investment by correlating programs to federal funds results in more housing for Mainers.

Should you have any questions, Greg Payne, Senior Advisor on Housing Policy, would be happy to answer them. Thank you for your consideration of this letter.