

131<sup>st</sup> Maine Legislature Second Regular Session  
Testimony of Erik C. Jorgensen, MaineHousing  
In support of

**LD 2106: An Act to Accelerate the Production of Affordable Housing and  
Strengthen the Historic Property Rehabilitation Tax Credit**

**January 24, 2024**

Senator Grohoski, Representative Perry, and members of the Committee on Taxation, good afternoon. My name is Erik Jorgensen, I serve as the Senior Director of Government Relations and Communications at MaineHousing, and I am here today to testify in favor of LD 2106.

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are authorized to issue bonds to finance single family mortgages for first-time homebuyers and for affordable multi-family housing.

We are also authorized to administer a number of state and federal programs including rental subsidies, weatherization, fuel assistance, two housing block grants, the low-income housing tax credit program, and homeless grant programs. We receive state general fund revenue for homeless programs and receive a dedicated portion of the real estate transfer tax for the Housing Opportunities for Maine (HOME) Fund.

The Historic Preservation Tax Credit has been a critical tool in preserving downtowns, restoring local landmarks and, in addition to other uses, producing new and improved housing for Maine people. This bill modernizes this tax credit to better reflect the realities of the current construction and financing environment by increasing the maximum tax credit allowed from \$5million to \$10million. MaineHousing does not administer or allocate this tax credit, but many of the projects that we underwrite have included it as an important component in their financing.

A typical affordable housing development requires a number of funding sources to succeed. It's a matter finding a workable mix of loans and subsidy, and generally includes various tax credits. Without question, the Historic Tax Credit is a tool that helps make these projects happen. But, as distinct from other funding mechanisms, the benefits of this credit go far further. By bringing historic structures up to modern standards, while still maintaining their historic integrity, these projects become community assets that strengthen quality of place wherever they are. We can

point to projects around the state where landmark structures, from former mills to old schools, to a convent, and even a former women's prison, have been converted into modern, sustainable and affordable housing.

Restorations like this also bring environmental benefits, with modern building systems, tighter envelopes and more efficient heating and cooling. As many have noted, the greenest buildings are the ones that don't need to be built from scratch.

My other comment is in regard to Section 2 of the bill, which allows nonprofit development organizations to claim the Preservation and State Low Income Housing credits in the calendar year –rather than the fiscal year- in which they were allocated. This is a potential solution to what has become a serious problem, and while we understand that Maine Revenue Service has some concerns about how this particular part of the bill might be administered, we do think it's an issue that needs to be addressed, either through this mechanism or something similar. E would be happy to work with MRS on finding a solution that meets their needs while still solving this problem.

Finally, it's important to point out that this is not just a Portland or southern Maine story. Successes under this program can be found statewide, and include the former American Woolen Mill in Dover-Foxcroft, the Bates Mill in Lewiston, and buildings on the Former Bangor Theological seminary campus, just to name a few.

We hope you will, among the many competing priorities facing the legislature, consider this bill favorably.