

131st Maine Legislature – 2nd Regular Session

Testimony of

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Before

The Joint Select Committee on Housing

Neither For Nor Against

LD 2169: An Act to Support the Development of Workforce Housing to Promote Economic Development in Maine

Senator Pierce, Representative Gere, and members of the Joint Select Committee on Housing, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony in support of LD 2169, “An Act to Support the Development of Workforce Housing to Promote Economic Development in Maine”

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority (not a state agency) 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.

We applaud the sponsor for raising the issue of creating more middle income (60-120% AMI) rental housing units in the state. Most of the financial resources MaineHousing currently has available for the creation of affordable rental housing are federally restricted to serving those below 60% AMI, so this would, in fact, meet a need that is not currently possible with our programs. At the same time, we feel it would be important not to incentivize construction for higher-income households at the expense of poorer ones.

Thanks to the Governor and Legislature, we recently began serving renters at 80% AMI and below through the Rural Affordable Rental Housing program, which has been a huge success, with over \$45

million in requests from 16 small-scale developers around the state seeking funding from the first \$17.5 million (of \$35 million total awarded by the Legislature) that has become available.

We are NFNA primarily due to the fact this bill, as currently written, does not provide adequate detail for us to understand the overall idea being proposed. The Committee should seek answers to the following questions:

- Who will be responsible for ensuring that the affordability restrictions are established, properly documented and maintained over time?
- To what construction and energy efficiency standards will the projects will be held to, and who will oversee that design and construction to ensure those standards are met?
- How much funding is being proposed? Affordable housing funding from the state is much sought after by our developer partners, so we have a strong interest learning more about the proposed source and level of funding. There would be a precedent set in using state subsidy to serve a significantly higher income level than our current programs serve: we attach here an income chart from the Well Water Abatement program, which reaches that level, just to provide some illustration.
- Finally, we would respectfully request a different name than “workforce housing” with this bill. The use of that term geared only towards the 60-120% AMI income band might be interpreted by some to suggest that those in Maine earning less than 60% AMI are not in our workforce, which we know is not the case. We would suggest the term “moderate” or “middle” income as a more appropriate descriptor.

MaineHousing understands the need to address the housing needs of persons earning at income levels higher than those we are able to currently serve.

We do have concerns as to whether using state funds to loan to community banks at 0% is the highest and best use of funds to achieve the intended purpose. Perhaps consideration should be given to exploring low-cost financing from the state’s Community Development Financial Institutions (CDFI’s) or the Federal Home Loan Bank of Boston, natural sources of capital for community banks. Maybe this goal could be reached by adjusting income limits within MaineHousing’s existing state-funded programs to the extent that is feasible.

As always we will be happy to work with the sponsor on ways to achieve this goal.

Income Limits - 120% Median Income Limits by Family Size

(Effective May 18, 2023)

Maine State Housing Authority Well Water Abatement Program

Any household whose income is less than or equal to 120% of the local median income is eligible for consideration in the program.
Limits vary by location and household size.

County	Household Size							
	1	2	3	4	5	6	7	8
(Androscoggin) Lewiston-Auburn MSA								
Auburn, Durham, Greene, Leeds, Lewiston, Lisbon, Livermore, Livermore Falls, Mechanic Falls, Minot, Poland, Sabattus, Turner, Wales	\$70,812	\$80,928	\$91,044	\$101,160	\$109,253	\$117,346	\$125,438	\$133,531
(Cumberland) Portland HMFA								
Buxton, Cape Elizabeth, Casco, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Hollis, Limington, Long Island, North Yarmouth, Old Orchard Beach, Portland, Raymond, Scarborough, South Portland, Standish, Westbrook, Windham, Yarmouth	\$99,372	\$113,568	\$127,764	\$141,960	\$153,317	\$164,674	\$176,030	\$187,387
(Penobscot) Bangor HMFA								
Bangor, Brewer, Eddington, Glenburn, Hampden, Hermon, Holden, Kenduskeag, Milford, Old Town, Orono, Orrington, Penobscot Indian Island Reservation, Veazie	\$72,324	\$82,656	\$92,988	\$103,320	\$111,586	\$119,851	\$128,117	\$136,382
York/Kittery/So. Berwick HMFA								
Berwick, Eliot, Kittery, South Berwick, York	\$102,312	\$116,928	\$131,544	\$146,160	\$157,853	\$169,546	\$181,238	\$192,931
Other Areas								
Aroostook	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Cumberland (excluding HMFA)	\$78,036	\$89,184	\$100,332	\$111,480	\$120,398	\$129,317	\$138,235	\$147,154
Franklin	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Hancock	\$71,400	\$81,600	\$91,800	\$102,000	\$110,160	\$118,320	\$126,480	\$134,640
Kennebec	\$68,208	\$77,952	\$87,696	\$97,440	\$105,235	\$113,030	\$120,826	\$128,621
Knox	\$69,972	\$79,968	\$89,964	\$99,960	\$107,957	\$115,954	\$123,950	\$131,947
Lincoln	\$71,568	\$81,792	\$92,016	\$102,240	\$110,419	\$118,598	\$126,778	\$134,957
Oxford	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Penobscot (excluding HMFA)	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Piscataquis	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Sagadahoc	\$77,700	\$88,800	\$99,900	\$111,000	\$119,880	\$128,760	\$137,640	\$146,520
Somerset	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
Waldo	\$64,092	\$73,248	\$82,404	\$91,560	\$98,885	\$106,210	\$113,534	\$120,859
Washington	\$63,672	\$72,768	\$81,864	\$90,960	\$98,237	\$105,514	\$112,790	\$120,067
York (excluding HMFA)	\$81,060	\$92,640	\$104,220	\$115,800	\$125,064	\$134,328	\$143,592	\$152,856