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TESTIMONY OF THE MAINE ASSOCIATION OF PLANNERS TO THE TAXATION COMMITTEE

WRITTEN TESTIMONY PROVIDED IN FAVOR OF LD #146 "An Act to Increase the Maximum Amount of the Historic Property Rehabilitation Tax Credit That May be Taken in a Year"

DATE OF HEARING: Wednesday, February 5, 2025

**Honorable Senator Nicole Grohoski, Honorable Representative Kristen Cloutier,
Distinguished Members of the Taxation Committee:**

The Legislative Policy Committee of the Maine Association of Planners unanimously supports LD 146 "An Act to Increase the Maximum Amount of the Historic Property Rehabilitation Tax Credit That May be Taken in a Year." We have seen the value that Historic Property Rehabilitation Tax Credits (HPRTC) brings to our communities and believe that this program should be expanded.

According to Maine Preservation's 2020 Economic Impact Report, in the first 10 years of the program, 106 projects throughout the state utilized the HPRTC. Combined, these approved projects:

- Generated \$525 million in construction investment;
- Rehabilitated 3.6 million square feet of commercial and residential space;
- Created or preserved 1,911 housing units, of which nearly 1,300 were affordable;
- Generated 200-700 full-time-equivalent (FTE) jobs through construction spending annually; and
- Created nearly 700 new full-time, year-round jobs in local businesses.

Furthermore, since the program's inception, HPRTC projects have added over \$166 million to local property tax rolls in communities across our state.

The maximum allowable credit has not been revised since 2013. Maine construction costs have more than doubled in that time, meaning that the allowable \$5 million goes less than half as far as it did in 2013 to offset costs associated with construction. This is a major problem in Maine at a time when

creating more housing units is a bipartisan priority, given that the state needs more than 80,000 new housing units by the year 2030.

As planners, we have witnessed first hand the impact of the HPRTC in kick-starting redevelopment of historic structures in our communities. Many new housing units and new business spaces have been added or are currently being constructed in historic mill buildings in Lewiston, Biddeford, Sanford, Dover-Foxcroft, Freedom, North Berwick, Saco, Westbrook, Skowhegan, and Orono – all using the HPRTC. In Bangor, a number of historic bank buildings within downtown Bangor have been rehabilitated using the HPRTC, resulting in more than 50 new housing units and the creation of storefronts and offices between 2014 and 2023. In Augusta, a number of projects have preserved and reused historic buildings in the downtown for mixed use projects, maintaining and enhancing the historic fabric of what makes Augusta uniquely Augusta.

In addition, the HPRTC supports economic development in rural downtowns and has been used to rehabilitate the Gerald Hotel in Fairfield (now 28 senior housing units) and the Music Hall Theater in Farmington (which hosts a Reny's store on the first floor), among many others.

Many of the projects mentioned above combine the HPRTC with the Affordable Housing Rehabilitation Credit Increase and other affordable housing incentives. The HPRTC is an important funding source when the margins for these projects are quite slim. In Augusta, the rehabilitation of the historic Cony Flatiron Building at Cony Roundabout into 48 income-restricted senior housing units was made possible in part via the HPRTC.

We feel that this is a straightforward bill that will allow projects to access a total of a \$10 million tax credit over two years, accelerating the production of new housing units and commercial spaces throughout all regions of the state.

Sincerely,



Isabelle Oechsle, Member

On behalf of the Maine Association of Planners Legislative Policy Committee