



February 3, 2025

Dear Senator Grohoski and Representative Cloutier, Co-Chairs, Taxation Committee:

My name is Kevin Bunker and I am the founder of Developers Collaborative, Maine's leading community oriented real estate development company. Over the past 18 years, we have been a state leader in affordable housing and historic preservation, with 18 historic tax credit (HTC) projects across the state, in communities such as Livermore Falls, Lewiston, Westbrook, Biddeford, Portland, Augusta, and many others. As of 2021, we had produced 15% of all projects using the state HTC since its inception. We have also produced over 1,000 housing units.

I am writing to you today to urge you to support LD 146, the updates to the Maine HTC statute. As you are no doubt familiar with the text of the bill, I will not recount its provisions here nor the benefits of the HTC generally, which are well established and popular on a bipartisan basis. Suffice to say that as a developer who cares very much about smart growth and the resilience of Maine's communities, the state HTC has been a huge tool in my career for directing significant investment into buildings that already have infrastructure in place, are often by nature already in walkable locations, and which are critical to Maine's quality of place given the fantastic old brick architecture which we just can't reproduce today.

The fixes to LD 146 seem eminently reasonable to me in that they will not have a big cost to the state. On the other hand, they help the community immensely as a given project can be placed in service more quickly, which is salutary for everything from the cost of construction, the housing crisis, and the municipal tax rolls.

I do think it is an important point to note that when the credit was first passed in 2008 \$5 million was the per project cap. It still is today but the cost of construction is over double what it was in 2008. A building that we built for \$120-\$130 per square foot in 2008 costs about \$310 per square foot for the same exact building today. Like everything else, construction is more expensive, but actually the inflation in construction outpaces most other sectors of the economy, which is a leading cause of the housing crisis among other issues.

Thus, increasing the cap to \$10 million is really an indexing for inflation that will allow practitioners to keep producing housing, which is the primary end use for HTC projects generally and for nearly all of the ones that I have done.

Finally, I will note that we have two HTC projects underway but both are small enough so they will fit under the current cap; at this point I do not expect to benefit personally from this change. However, I think it sound public policy without a downside and therefore you should give it serious consideration.

Thank you for your time and for your service; I am continually in awe of the time you all put in on our behalf.

Truly yours,

Kevin Bunker
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