

April 3, 2025



Dear Senator Grohoski, Representative Cloutier, and Esteemed Members of the Committee on Taxation,

I am writing to express my strong support for **LD 1082, "An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax."** Westbrook Development Corporation (WDC) is a mission driven non-profit and one of the leading affordable housing developers in Maine. This legislation proposes increasing the real estate transfer tax rate for properties valued at \$1 million or more—a necessary step in addressing Maine's ongoing housing crisis and aligning our tax structure more closely with other states.

Maine is currently facing a severe shortage of affordable housing, leaving many families and individuals without access to suitable homes. The proposed adjustment to the real estate transfer tax would generate additional revenue dedicated to the development of affordable housing, directly addressing this urgent issue.

During the COVID-19 pandemic, federal stimulus funding significantly boosted affordable housing production in Maine, more than doubling previous levels. This surge demonstrated that with adequate and consistent funding, developers are both willing and able to take the risks necessary to build more affordable housing. However, with federal pandemic funds now exhausted, it is critical to establish a reliable and sustainable funding source to maintain this progress.

Development thrives on predictability. A reliable funding stream allows developers to plan and invest in future projects while mitigating the inherent risks of real estate development. Developers often spend hundreds of thousands of dollars upfront—long before funding is awarded—making additional projects highly risky without stable financial support. By increasing the real estate transfer tax on high-value properties, Maine can create a dependable funding source, ensuring continued investment in affordable housing initiatives.

It is also important to note that **Maine's current real estate transfer tax rate of \$2.20 per \$500 of property value (0.44%) is among the lowest in the nation.** By comparison, neighboring **New Hampshire has a transfer tax rate of \$7.50 per \$500 (1.5%)—3.4 times higher than Maine—while Vermont's rate reaches up to \$7.25 per \$500 (1.45%).** Even with this proposed increase, Maine's rate would remain significantly lower than that of its closest neighbors, ensuring we remain competitive while generating much-needed resources for affordable housing.

Furthermore, this proposal is **structured to affect only high-value property transactions, minimizing any impact on the average homebuyer.** This progressive approach ensures that those most capable of contributing bear the responsibility, aligning with principles of equity and fairness.

In conclusion, **LD 1082 offers a strategic opportunity to address Maine's housing crisis by creating a dedicated and sustainable funding source for affordable housing development.** This measure will provide the consistency developers need to confidently invest in future projects—ultimately benefiting Maine's families and workforce. I urge the Committee to support this legislation and take a significant step toward resolving our state's housing challenges.

Thank you for your time and consideration.

Sincerely,



Tyler Norod
Development Director
Westbrook Development Corporation