

Joint Standing Committee on Taxation
Testimony of Collin van der Veen, Gurnet Real Estate Group
in favor of LD1082 - An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax, Sponsored by Speaker Ryan Fecteau

Hello, Senator Grohoski, Representative Cloutier, and Members of the Joint Standing Committee on Taxation.

My name is **Collin van der Veen**. I am the Managing Principal of Gurnet Real Estate Group, a workforce and affordable multifamily operator in Maine.

We support LD1082 because it meets the identified need and recommendation in the State's HR&A Housing Roadmap report to provide financial tools for housing development.

Building housing that is affordable for Maine people requires incentives and funding. Right now, the market is broken for building anything but luxury housing without this funding. The cost of materials and land, and the difficult and long regulatory process to permit housing has made housing out of reach for the majority of Maine people. This small change creates a longterm funding source to incentivize building new housing.

While the State has made historic investments in housing over the last several years, these were one time investments and these funds have already been distributed to projects. Several housing programs are going to end without more funding. The Rural Rental and Affordable Home Ownership programs have projects in small towns across Maine that are shovel ready, but not funding to move them forward. Housing is the SOLUTION for Maine's economy and health, and we need to find long-term, sustainable sources of funding to invest in the housing solution.

As a housing developer focused on delivering high-quality, affordable housing across Maine, consistent and reliable funding is essential to our ability to plan and execute projects. Without predictable funding streams, it becomes extremely difficult to commit to land acquisitions, engage design teams, or assemble capital stacks—all of which are critical to advancing a project from concept to construction.

Funding for the Rural Rental Housing Program, as well as other state-funded programs, is critical because of the scarcity of capital available for these types of programs. There are countless examples of projects that have been unable to move forward simply because state-level programs become so oversubscribed – validation that these types of programs are needed to get projects capitalized. These programs tend to support well-located projects in rural and underserved parts of Maine—exactly the types of communities that typically fall outside the reach of traditional Low-Income Housing Tax Credit (LIHTC) financing. In these areas, the market rents are often too low to support conventional financing, and the project size is often too small to attract LIHTC equity. Programs like the Rural Rental Program are therefore essential to filling that gap and delivering affordable housing where it's most needed.

Without a consistent and sustainable source of funding, these types of projects remain stalled. We can't justify continuing to spend time and money on predevelopment efforts when there's no clear path to closing the funding gap. LD1082 would help provide the long-term financial tools developers need to bring these critical rural housing projects to life.

Thank you for your consideration in support of LD1082.

This bill aims to:

- Increase the Real Estate Transfer Tax from \$2.20 to \$5 per \$500 for the portion of real estate sale over \$1M.
- New revenue is required to increase the resources the state commits to the construction of affordable housing.
- The new revenue will be used as follows:
- Bond obligations to the *Maine Energy, Housing and Economic Recovery Program*
- The *Housing First Fund*, which aims to end chronic homelessness
- The *Housing Opportunities for Maine (HOME) Fund* at MaineHousing, which helps to finance home repairs and modifications, rental assistance and shelter operations.
- A new Housing Production Fund, which will support the construction of new multifamily and single family homes
- Eliminate the Real Estate Transfer Tax for first-time or low income homebuyers who use MaineHousing's Advantage Program or MaineHousing's First Generation Program. This will apply to both the buyer and seller's transfer tax commitment and should make firsttime home buyer loans more competitive.

Background context:

- **According to the *State of Maine Housing Production Needs Study* released in October of 2023:** Maine needs to create roughly **84,000 additional homes by 2030** - which means doubling the annual rate of housing production.
- Maine's housing shortage impacts the quality of life of all Mainers.
- **An income of >\$100k is required to afford** the average priced home in Maine. Maine's housing shortage restricts statewide economic growth. With a 2% vacancy rate, **both people who live in Maine and those looking to move here are struggling to find homes they can afford.**
- **According to the *MaineHousing Housing Outlook Report* released in January of 2025:** From 2020 to 2024, the **median home price** in Maine **grew by more than 50%** while the wages and salaries of Maine workers grew by less than 33.3%.
- **High costs continue to be a barrier for first-time home buyers.**
- A record 1,100 homes sold for more than \$1M in 2024. 21 sold for over \$5M in 2024, including a \$12M home that sold in 90 minutes after being listed in Kennebunkport.