



Testimony in Opposition to LD 690:

“An Act to Authorize a General Fund Bond Issue to Provide Funding for Affordable and Low-income Housing Programs”

Senator Rotundo, Representative Gattine, and the distinguished members of the Committee on Appropriations and Financial Affairs, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in opposition to LD 690.

LD 690 proposes a \$100 million bond to fund a range of programs administered by the Maine State Housing Authority, including rural affordable rentals, the Low-Income Housing Tax Credit (LIHTC), homeownership programs, and home repair initiatives. While well-intentioned, this proposal risks exacerbating the housing problems it seeks to solve by further distorting market incentives and entrenching government-driven development at the expense of private-sector solutions.

Market Distortion and Unintended Consequences

As detailed in Maine Policy Institute’s recent housing report, *Under Construction: Fixing Maine’s Self-Imposed Housing Crisis*, Maine’s housing crisis stems not from a lack of government spending but from excessive regulatory barriers that inhibit the market from responding to demand at the local level. Rather than improving affordability, significant public investments like those proposed in LD 690 often result in inflated construction costs, political favoritism, and a reliance on public subsidies to deliver housing.

Programs such as the LIHTC have a documented history of inefficiencies. Nationally, these projects often cost far more per unit than market-rate developments, due to bureaucratic requirements, prevailing wage mandates, and a lack of cost discipline. Maine cannot afford to follow a path that leads to costly, taxpayer-funded projects that underdeliver on both affordability and availability.

A Better Way Forward: Deregulation and Market Freedom

Instead of issuing more debt and tax-backed subsidies, lawmakers should focus on removing the structural barriers restricting supply. These include:

- **Exploring incentive-based YIMBY-ism policies at the state level** instead of statewide zoning mandates and land use controls.



- **Encouraging market growth** rather than treating developers and landlords as the enemy.
- **Reducing the upfront costs and red tape** related to energy efficiency, taxes, and low transparency land use restrictions.

Empirical evidence from across the country and in Maine shows that the best way to improve housing affordability and availability is to unburden the housing market rather than further intervening in housing production.

Fiscal Responsibility

With Maine already facing significant long-term liabilities in pensions, education, and infrastructure, issuing a \$100 million bond for housing programs with questionable efficacy is fiscally imprudent. Bonds are not free money—they are future taxes. Policymakers should be cautious about burdening future generations with debt to fund programs that risk becoming permanent fixtures of government dependency.

Conclusion

Maine's housing challenges will not be solved by throwing more money at politically favored programs. The path forward lies in removing regulatory obstacles, embracing private enterprise, and encouraging municipalities to adopt zoning and permitting practices that promote organic, sustainable growth.

Maine Policy Institute's full report, *Under Construction: Fixing Maine's Self-Imposed Housing Crisis*, which focuses on Maine's housing crisis and how to fix it at the state and local levels, is attached below. For these reasons, we respectfully urge the committee to reject LD 690. Thank you for your time and consideration.