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LD 1082

My name is Christopher McKinnon, and I live in Augusta, Maine.

I submit this testimony in support of LD 1082 - An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax.

We need to commit additional revenue to increase the availability of affordable housing. Market forces alone will not correct the ongoing imbalance. We need to generate additional revenue.

A modest increase in the Real Estate Transfer Tax for the portion of real estate over \$1,000,000.00 is a reasonable way to raise the required funding to provide affordable housing for all the people.

Currently, residents in Maine experience challenges due to low wages and inflated prices. The cost of housing is a significant issue.

I have been thinking about the impact of housing costs on low-income residents of my hometown: Augusta, Maine.

According to a 2023 Harvard University study, there were 6,564 cost burdened renters in Maine's capital city, with more than 26% being severely cost burdened, paying more than 50% of their income for housing. This is at a time when the annual median renter household income stands at \$38,223.00 (2020).

Home values and rents are up.

The average monthly rent for all property types in Augusta is now \$1,550.00.

Incomes have not kept pace. While the average home value in Augusta is \$265,941.00.

If we posit a first-time or low-income buyer locating a home with a value 25% below the Augusta average price, or \$199,455.00, their mortgage payment would be \$1,649.00 monthly or \$19,789.44 annually. Buyers earning the median renter household income of \$38,223 would need to spend 51% of their annual pre-tax income on monthly mortgage payments.

A worker earning the current Maine minimum wage would need to work 81 hours weekly to afford the average rent of \$1,550.00, or 87 hours weekly to afford the estimated monthly mortgage payment of \$1,649.12, while keeping their income-to-rent ratio at 30%.

For far too many people in my Maine hometown, the rent and the mortgage is simply too high. And attaining decent and affordable housing is a daunting task, sadly out of reach for family, friends, and neighbors.

Please support LD 1082 and in these times of uncertainty, provide support to all Maine's people who are seeking safe and secure homes for themselves and their families.

Thank you for the opportunity to submit this testimony.

Sincerely,
Chris