



Testimony of Dana Totman

On Behalf of Avesta Housing

Before the Joint Standing Committee on Taxation

In Support of LD 1645: An Act to Create Affordable Workforce and Senior Housing and Preserve Affordable Rural Housing

May 6, 2019

Senator Chipman, Representative Tipping, and members of the Joint Standing Committee on Taxation, my name is Dana Totman. I am the President of Avesta Housing, a non-profit organization with headquarters in Portland. Avesta owns or manages more than 2,700 homes in Maine and New Hampshire. Our mission is to “improve lives and strengthens communities by promoting and providing quality affordable homes for people in need”.

These 2700 Avesta homes are located in 100 different developments. Some serve seniors, some serve families and three serve formerly chronically homeless individuals in housing first developments. A little over half, or 52, of these developments have been financed by housing tax credits during the past 25 years.

There are two types of housing tax credits currently available to Maine Housing to assist with the creation of new rental housing. These two types are illustrated on the last page of my testimony and I hope you will look at that page as I explain these two approaches. One is referred to as a 9% tax credit. The 9% tax credits pay for roughly  $\frac{3}{4}$  of the costs for a new affordable housing development. The 9% tax credit program is well established and works perfectly fine. The problem with the 9% tax credit program is that Maine receives a very limited allocation of 9% credits and thus is only able to fund five to seven new developments each year with these 9% credits.

The other type of affordable housing tax credit is the 4% tax credit. Maine Housing has the ability to secure nearly an unlimited supply of these federal 4% tax credit resources. They also always have the ability to provide significant debt for our developments. The problem with the 4% tax credits is that, when used, there usually remains a pretty big gap in the layers of financing. On the handout this gap is in green and is referred to as “other subsidy”. This proposed state housing tax credit would be a large part of that “other subsidy” and it essentially fills in that green gap.

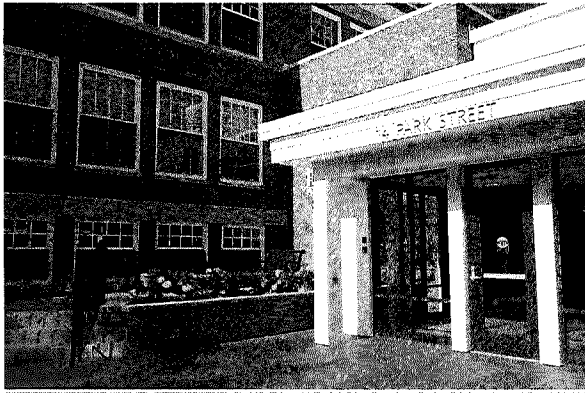


Looked at another way, this proposal would put to use or would leverage about \$80,000,000 in federal 4% tax credits which are currently not being used at all and it would also leverage nearly \$35,000,000 in Maine Housing debt which again is currently not being issued.

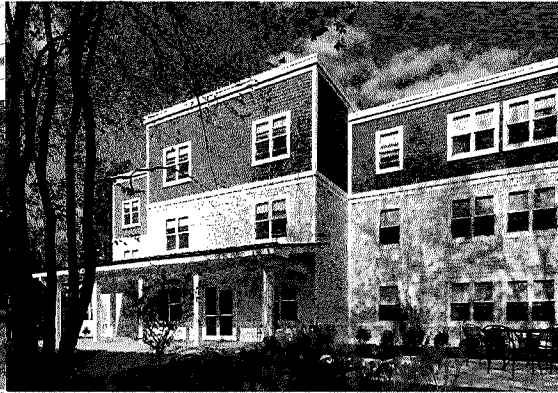
As I stand before you, I know that our phone is ringing off the hook and our waiting room is filling up with seniors, hipsters, store clerks, new Mainers, medical workers and people with no home at all simply looking for a safe affordable home. LD 1645 would provide the help they seek. I hope that you pass this incredibly important piece of legislation.

Thank you for your time and I'd be happy to answer any questions you may have.

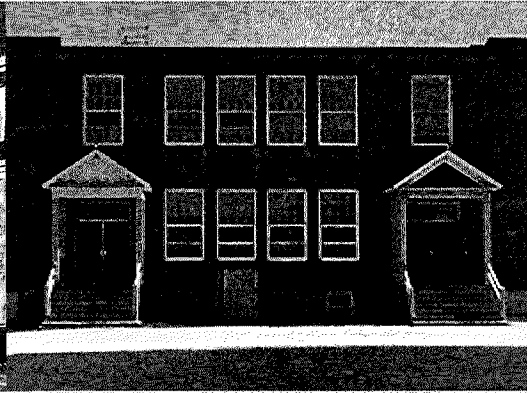
# Tax Credit Housing



**Park Street School**  
*Kennebunk – seniors*  
*30 homes*



**Young Street**  
*South Berwick – seniors*  
*28 homes*



**Fox School**  
*Paris – seniors*  
*12 homes*



**409 Cumberland**  
*Portland*  
*57 homes*



**Bartlett Woods**  
*Yarmouth – seniors*  
*28 homes*



**Hyacinth Place**  
*Westbrook*  
*37 homes*

# Tax Credits

9% LIHTC

4% LIHTC

