



129<sup>th</sup> Maine Legislature  
First Regular Session  
Joint Standing Committee on Taxation

*LD 1645 – An Act To Create Affordable Workforce and Senior Housing and  
Preserve Affordable Rural Housing*

May 1, 2019

Senator Chipman, Representative Tipping, members of the Joint Standing Committee on Taxation, I am Peter Merrill, Deputy Director of the Maine State Housing Authority (MaineHousing).

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. MaineHousing is an independent state authority created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are now a \$1.8 billion financial institution with a staff of over 160 people. On an annual basis we assist more than 90,000 Maine households and invest more than \$300 million in the Maine economy.

We are authorized to issue bonds to finance single family and multi-family housing for Maine's low and moderate income citizens. We are also authorized to administer several state and federal programs, including rental subsidies, weatherization, fuel assistance, two housing block grants, the low income housing tax credit program, and homeless grant programs. We receive state general fund revenue for homeless programs and receive a dedicated portion of the real estate transfer tax for the Housing Opportunities for Maine (HOME) Fund.

We support *LD 1645 – An Act To Create Affordable Workforce and Senior Housing and Preserve Affordable Rural Housing*.

We think this is a very important bill. So much so that our Director had planned to deliver our testimony. We want to thank Rep. Fecteau for sponsoring it, Sen Pouliot for co-sponsoring it, Rep. Bickford, the Speaker, the President, Rep. Stewart, and others for co-sponsoring it. The wide range of politics, geography, and leadership positions represented speak to the importance and need for this program.

The proposed state low-income housing tax credit is designed to complement the successful federal low-income housing tax credit. It is the only federal program that creates new affordable housing units. By building on the existing program, it will fit in quickly and seamlessly.

There is a clear need for additional affordable housing units in Maine. We have discussed this need on other bills with you. The list of people waiting for housing assistance is over 17,000. The wait is up to five years or more. Every year MaineHousing issues an affordability index for rental housing. This year the gap between what a unit costs to rent and what the median income renter can afford is the worst it has been in fourteen years.

This proposal has been carefully thought out and designed. The advocates have consulted with us and with Maine Revenue Services to make sure that everyone understands the technical aspects of it. The advocates made changes based on those visits to make sure it will work smoothly.

The proposal would reduce the state's tax income by \$80,000,000 over four years. On the other hand, it will leverage \$80,000,000 in federal tax credits. That is \$80,000,000 of private investment in Maine that would not occur without this incentive.

Here is another way to look at the \$80,000,000 cost. We recently submitted a report to you on the HOME Fund. I will be sending it to you electronically to follow up and including information we have gathered at the request of the Appropriations Committee. The HOME Fund was created in 1982 to provide a dedicated source of funds for affordable housing by doubling the real estate transfer tax. The Fund has been remarkably successful. However, many Governors have proposed diverting money from the HOME Fund to the General Fund. Since 2004 over \$88,000,000 has been taken from affordable housing and used for other purposes. And now those diversions have caught up with us.

We would like to offer a minor amendment regarding the rulemaking requirement that we didn't get in fast enough. The bill puts our rulemaking authority under Title 36. It should be under Title 30-A. The following changes accomplish that:

In Sec. 2, which is in Title 30-A, add "and in accordance with rules adopted under the Maine Administrative Procedure Act" as follows:

GG. In accordance with the credit for affordable housing established in Title 36, section 5219-VV and in accordance with rules adopted under the Maine Administrative Procedure Act,

- (1) Allocate the credit;
- (2) Administer and enforce the requirements of the credit; and
- (3) Perform other functions and duties necessary for the proper administration of the credit.

Rules adopted under this Section are routine technical rules.

And then in Sec 5, delete paragraph 9. Rules.

We can draft that in the proper format for you.

Thank you for your consideration.