

**TESTIMONY
OF HEATHER JOHNSON, COMMISSIONER
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

Before the Joint Standing Committee on Appropriations and Financial Affairs,
and the Joint Select Committee on Housing

Hearing Date: February 9, 2023
Hearing Time: 1:00 p.m.

**“An Act Making Unified Appropriations and Allocations from the General Fund
and Other Funds for the Expenditures of State Government and Changing
Certain Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2023, June 30, 2024
and June 30, 2025.”**

Good afternoon, Senator Rotundo, Representative Sachs and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Pierce and Representative Gere and members of the Joint Select Committee on Housing. My name is Heather Johnson, and I am the Commissioner of the Department of Economic and Community Development. I am here today to testify in support of LD258, the Biennial Budget.

This budget advances the Governor’s guiding belief that to build a stronger, more prosperous state where opportunity is available to all, then we must invest in the infrastructure that supports the people of Maine, our greatest asset.

For the Department of Economic and Community Development (DECD), the biennial budget presented to you today, does not request any additional funding.

HOUSING OPPORTUNITY PROGRAM Z336

What the Budget purchases:

Public Law 2022, Chapter 672 authorized funding for the support and development of additional housing units in Maine, including units that are affordable to low and moderate income people and housing units targeted to community workforce housing needs.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2021-22	2022-23	2023-24	2024-25
Program Summary - GENERAL FUND				
Personal Services		243,874	254,810	
All Other		2,756,126	2,656,126	2,656,126
Total	0	3,000,000	2,910,936	2,656,126

			2023-24	2024-25
Initiative: NONE				

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2021-22	2022-23	2023-24	2024-25
Revised Program Summary - GENERAL FUND				
Personal Services		243,874	254,810	
All Other		2,756,126	2,656,126	2,656,126
Total	0	3,000,000	2,910,936	2,656,126

HOUSING OPPORTUNITY PROGRAM

The Housing Opportunity Program was established in DECD in 2022 through Public Law 2021, chapter 672 which provided program guidance and chapter 635 which provided funding for two limited period positions as well as operating funds and grant funds to meet program requirements. The grant funds became part of the baseline budget.

Public Law 2021, chapter 672 required the Housing Opportunity Program to go through rulemaking to create the grant fund and to clarify the zoning regulations. The rules were officially released yesterday. Once the rulemaking process is complete, we will begin the grant programming to financially support service providers and municipalities with zoning ordinance implementation, to support increased housing development. We anticipate that to start in the May 2023 timeframe.

In addition, we are working collaboratively with the Maine State Housing Authority to establish statewide housing inventory report and to develop production goals based in part on that data.

The **request** for the Housing Opportunity Program may be found on **page A-201**.

The General Fund baseline request of \$2,656,126 in FY24 and FY25 in All Other represents funding to administer two competitive grant programs. The first competitive grant totals \$1,000,000 and provides funding to regional service providers to support town housing ordinance development, planning board and public processes in each participating municipality; the second grant totals \$1,450,000 and provides funding for community housing implementation grants to individual towns to support community housing priorities, the remaining all other of \$206,126 is for program administration. Personal Services costs of \$254,810 covers the costs of two limited period staff members in FY24. Pursuant to statute, a report will be provided by January 15, 2024, to the Joint

Standing Committee on Labor and Housing relating to the development of additional housing units in Maine, including housing units that are affordable to low- and moderate-income people and housing units targeted to community workforce housing needs.
There are no new initiatives for this program.

This concludes my testimony for the Department of Economic and Community Development.