



## Support for Affordable Housing in Biennial Budget

February 9, 2023

Senator Rotundo, Representative Sachs, and Honorable Members of the Appropriations and Financial Affairs Committee;

On behalf of the Maine Real Estate and Development Association (MEREDA), I am pleased to submit this testimony in support of affordable housing funding in LD 258, the biennial budget. As proposed by Governor Mills, the biennial budget would provide \$30 million for producing affordable housing with \$15 million for the Rural Affordable Rental Housing Program and \$15 million for the Low-Income Tax Credit program. We support these programs and encourage the legislature to invest heavily in housing for Mainers this session. We believe this is a good first step.

Maine has a housing crisis, the root cause of which is lack of supply. That lack of supply is driving up prices and driving Mainers out of their communities. For this reason, MEREDA fully supports efforts to invest in affordable housing and rental assistance. These investments are critical to shoring up foundational affordable housing in Maine. These programs help get Mainers into homes when they need it most and serve as critical steppingstone properties in the housing cycle.

However, while we believe these investments represent a good first step toward continuing to address Maine's critical housing needs, we would encourage this committee to think bigger about what can be done to help produce more housing in Maine. The supply gap is approximately 20,000 units of housing at all income levels – from low-income affordable to middle income and even high income.

Given the challenges of local control, soft costs (such as in-lieu and other fees), the cost of construction, the supply chain challenges, and the significant lack of workforce in the trades, the **average cost of per-unit construction is approximately \$300,000 for a 600 sq. ft. one-bedroom.** You didn't read that wrong. **To fill Maine's housing gap, it will cost somewhere in the neighborhood of \$6 billion.**

We encourage the AFA Committee to consider working with the Joint Select Committee on Housing to invest significantly more money in housing assistance programs, to provide municipalities with the help they need to accommodate the increase in housing creation in their communities, and to make a measurable difference in the lives of Mainers. We stand ready to help in any way that we can and appreciate this Committee's hard work in determining the best way to allocate our state's resources.

Sincerely,

Elizabeth M. Frazier

On behalf of the Maine Real Estate & Development Association

