



Testimony of
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Before
The Joint Select Committee on Housing

In Support of
LD 226: An Act to Address Maine's Affordable Housing Crisis

Senator Pierce, Representative Gere, and members of the Joint Select Committee on Housing, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony in support of *An Act to Address Maine's Affordable Housing Crisis*.

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority (not a state agency) created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are authorized to issue bonds to finance single family mortgages for first time homebuyers and for affordable multi-family housing.

We are also authorized to administer a number of 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.

This is a one sentence bill that features a very large number as a proposed appropriation for increasing affordable housing stock. We do not know if the sponsor intends this solely to provide construction subsidy, but we applaud its simplicity and appreciate the fact that it provides maximum flexibility that would allow MaineHousing to allocate any funds in the most efficient and effective way possible.

We have to see this bill in the context of the housing proposal from the Governor in the state budget, and the very exciting unanimous vote of this committee to more than double that proposal to \$40,000,000 per year for the biennium. As you know, this is the first time in memory that a general fund appropriation has been proposed for affordable housing production.

In the context of those budget discussions, we did talk with you about our production capacity, and we suggested that we could accommodate \$40,000,000 per year for the biennium. The most important issues for us are predictability and flexibility. And if that \$40,000,000 could become an ongoing stream of funding in a form that was predictable to the development community, we could be sure that there would be a steady pipeline of projects in various stages of underwriting. If we are granted flexibility to allocate funds as needed in programs, we can move resources around between development programs to assure that funding availability and needs were aligned. We need more affordable apartments; we need more affordable single family housing; we need more rural housing. And all of that, in today's market, requires subsidy. We also need to remain flexible to meet needs and opportunities currently unknown.

If, on the other hand, it looks that we will get funding in one budget cycle and not beyond, then the value of a larger allocation that could be stretched is very clear to us -- and this bill could provide an answer. There is no doubt that we could use \$200,000,000 for housing production, but we would not likely be able to do that over the course of a single biennium. We are grateful to Representative Millett for her willingness to make such a bold proposal -- something that would, in fact, make a difference.

I know you are going to be sorting through many proposals over the coming days and weeks and the proposals before you will total far more than the funding that is available. I also know that there is welcome determination on this committee to move the needle on the housing shortage in Maine. What we applaud about this bill, and offer thanks again to Representative Millet for, is the fact that it can support existing and proven programs, and that means that we could start allocating funds as soon as the ink on the budget is dry.