



Testimony of
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Before
The Joint Standing Committee on Appropriations

In Support of
LD 1074: An Act to Authorize a General Fund Bond Issue to Fund New Affordable Housing for
Low-income Households

Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs, 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 LD 1074 *An Act to Authorize a General Fund Bond Issue to Fund New Affordable Housing for Low-income Households*.

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 multifamily 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 bill proposes a \$100,000,000 bond issue for funding to create new affordable housing for low-income households, through both new construction and adaptive re-use. We applaud its simplicity and appreciate the fact that it would provide maximum flexibility to allow MaineHousing to allocate any funds authorized in the most efficient and effective way possible, layering them with other sources to assure the greatest impact and reach.

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 Housing Committee to more than double that proposal to \$40,000,000 per year for the biennium through the change package. As you know better than anyone else in this building, this is the first time in memory that a general fund appropriation of

any size has been proposed for affordable housing production. We also see this proposal in the context of Representative Millett's bill to provide \$200,000,000 for the same purpose, along with other bills that propose to support specific housing programs. We support any and all proposals to increase the availability of housing subsidy, though recognize that you'll be making tough decisions around allocations of resources around housing and a large number of other very pressing issues.

The most important issues for MaineHousing are predictability and flexibility. And if the funding in the budget 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. Maine needs 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 adding additional non-lapsing funding that could be stretched is very clear to us - and this bill could provide an answer. There is no doubt that we could use all of the \$100,000,000 proposed here for housing production. But the beauty of bond proposals is that the funds can be stretched across several years, as they were for the successful senior housing bond that the legislature authorized and the voters approved a few years ago.

I know you are going to be sorting through innumerable proposals over the coming days and weeks and that those will total far more than the funding that is available. I also know that there is welcome determination from this committee, from the Governor's office and from the Housing Committee, to move the needle on the housing shortage in Maine. What we applaud about this bill is the fact that it can support existing and proven programs, and that means that we could start allocating funds as soon the bonds were issued.

Thank you.