



Connecting Communities to Capital

Testimony of John Egan, on behalf of the Genesis Community Loan Fund, before the Committee on Taxation, in support of LD 2106, "An Act to Accelerate the Production of Affordable Housing and Strengthen the Historic Property Rehabilitation Tax Credit." January 24, 2024

Good afternoon, Senator Grohoski, Senator Perry, and honorable members of the Taxation Committee. My name is John Egan, and I am the Senior Program Officer for Strategic Initiatives at the Genesis Community Loan Fund, which has been a community development lender for over 30 years.

Today, I am here to express strong support for LD 2106, to increase Maine's state historic tax credit from \$5 million to \$10 million. This increase is crucial to increasing the supply of affordable housing in our communities.

The Genesis Fund supports the development of affordable housing by making loans directly and otherwise connecting communities to resources. Often starting when potential projects are in their early idea stage, we bring project-planning expertise that helps guide communities, usually at no cost to them. We are deeply committed to solving Maine's housing crisis, and we see that our work with developers and other community partners helps them build momentum that attracts additional support and community participation.

In the 15 years since the Maine Legislature enacted Maine's Historic Rehabilitation Tax Credit in 2008, Genesis has seen this groundbreaking initiative become a critical resource in supporting the development of new affordable housing.

In fact, the credit is a catalyst that motivates developers to undertake projects to renovate properties and create much-needed affordable housing units. Use of the tax credit has helped turn abandoned downtown buildings into homes, repurpose

historic school buildings for senior housing, and revitalize former mills for housing and other uses. It's a tool to help us breathe new life into communities.

In 2021, when the state's Office of Program Evaluation and Government Accountability (OPEGA) assessed the Historic Rehabilitation Tax Credit, it found that its benefits surpassed the initially outlined historic preservation goals as it advanced affordable housing and helped create jobs. At that time, and the numbers are somewhat higher today, the 106 projects that had used the Historic Rehabilitation Tax Credit to create income-producing properties, had thereby created or preserved 1,911 housing units, of which nearly 1,300 were affordable.

The OPEGA analysis also revealed that the program's design and management are streamlined and efficient.

Boosting efficiency is what increasing the tax-credit cap could do for Maine developers, by helping them control costs and timelines.

LD 2106 will increase project efficiency, decrease some project costs, and help Maine more quickly address the housing crisis that demands we develop thousands of units—units that we needed ready to go by yesterday.

In my role at Genesis, I have seen firsthand that when developers need to navigate around the current \$5 million cap, that results in unnecessary complexities and makes processes more cumbersome. It very unfortunately can increase project costs and extend project timelines.

One example is the significant project that is turning Portland's former Mercy Hospital into one of the largest workforce housing projects in the city's recent history. Spearheaded by NewHeight Redfern, local developers with a track record of strong community engagement in their developments, the Nightingale project is an impressive model of a large, institutional historic property transformed into housing.

Yet the work to complete and lease its apartment units could have been far more efficient and faster, with less expense, if the developers had been able to take advantage of a historic tax-credit with an up to \$10 million cap.

In 2024, when we need developers working hard to create affordable housing and other critical community facilities, it's essential to update the tax credit, so that it can be an extraordinarily successful development tool.

Essentially, LD 2106 is a bill about Maine's economy and the potential of our downtown areas across the state. It's about creating apartments for workers, young families, and older residents. It's about the vitality of our communities.

Raising the cap can help streamline processes, reduce complexities, and ensure creative projects move to completion efficiently. I urge you to consider the profound impact that LD 2106 can have for the future of affordable housing development in Maine. This bill is a critical step forward.