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Testimony by Mariah Monks Before the Joint Standing Committee on Taxation on LD 2106, “An Act to Accelerate the Production of Affordable Housing and Strengthen the Historic Property Rehabilitation Tax Credit.”

January 24, 2024

Thank you for permitting me to provide this testimony. My name is Mariah Monks and I am here in support of LD 2106.

I work for North River Company, a real estate development firm, headquartered in both Maine and New York. In the past few years, we have used Historic Tax Credits to redevelop Merrill’s Wharf on Commercial Street in Portland and the Lockwood Mills in Waterville.

Historic Tax Credits were critical to financing both of these projects. North River Company purchased Lockwood Mills in 2019 and we closed on the financing in November 2023. We commenced the construction of 65 affordable housing units. It took our team four years to get the project launched because our construction costs increased by approximately 80% in those four years, and the Tax Credits caps have not kept pace with the vast increase in the cost to build.

To maximize the amount of Historic Tax Credits, we are planning to deliver the project over three years, constructing just enough every year to meet the \$5 Million cap. We will build and hopefully lease up roughly one-third of the units in 2024, one-third in 2025, and one-third in 2026. This is a highly inefficient process and hugely complicated our construction and overall timeline.

Before beginning construction, the Lockwood Mill sat empty and dilapidated at the entrance of Main Street in Waterville. It had a blighting effect on both the surrounding neighborhood and the larger Waterville community. Every market study we looked at, and many residents we spoke to, informed us of the shortage of quality housing in this area. It was apparent to our team that new housing was desperately needed to attract and keep working professionals in Waterville and the surrounding areas.

The Historic Tax Credit is one of the most valuable resources for creating housing in the State however, without LD 2106 funding projects like Lockwood will become prohibitively complicated and inhibit future development.

Thank you for your time today. I would be happy to answer any questions.