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Testimony of

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Before

The Joint Standing Committee on Criminal Justice and Public Safety

Neither For Nor Against

LD 2204: An Act to Combat Racketeering in Scheduled Drugs by Certain Organizations

Senator Beebe-Center Representative Salisbury and honorable members of the Criminal Justice Committee, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony neither for nor against **LD 2204 “An Act to Combat Racketeering in Scheduled Drugs by Certain Organizations”**

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.

LD 2204 is a novel bill that seeks to address what anyone reading the newspaper can understand is a serious and real problem in Maine: the purchase and repurposing of houses in the state by criminals who convert them to sites where activities, including illegal cannabis production, are taking place. We applaud the sponsors for seeking a solution to this issue, which reduces available housing stock and damages communities.

MaineHousing is unqualified to offer an opinion on the criminal justice elements of the bill, though we would like to provide some opinions on the provisions of Section 1136, regarding disposition of forfeiture proceeds. This section provides for any properties that have been forfeited, and which are suitable for residential use, to be transferred to the Maine State Housing Authority.

We do not know the potential number of properties that would be affected by such a statute, or the realistic number of such properties that would be in a condition to be inhabited. Our understanding of grow facilities is that these operations tend to compromise these structures, with hazards including mold, other contamination, and water damage.

MaineHousing is primarily a bank. We do not own or manage any housing. Occasionally, we briefly acquire homes through foreclosure, but these tend to be normal homes that have been used for residential purposes. These we resell as quickly as possible. We do not have the staffing or the expertise to accommodate or handle a large number of potentially distressed and contaminated properties around the state.

With that in mind, we have a suggestion for the committee to consider. This would be to transfer forfeited properties to the local municipalities in which they occur. The proceeds from sales could then help to offset the costs incurred by those communities arising from having these illegal operations in the first place, and the disposition of these properties could be handled locally. With this approach, the affordable housing goal could still be realized, but the specific handling of each case could be managed to best meet local needs.

Another option might be to refer this issue of what to do with these properties to the new Maine Redevelopment Land Bank Authority, established by the 130th Legislature. That entity is not yet operating, but it does have a functioning board working on setting up the agency. Its purpose is to “assist municipalities and other entities in this State in the redevelopment of properties in order to return those properties to productive use.”

We are grateful to Representative Andrews and the co-sponsors for proposing legislation to solve this emerging problem, and would be happy to provide support if the committee has additional thoughts on refining the property disposition process.