

Support for Proposed Amendments to 36 MRSA §5219-BB – Increasing the Maximum Tax Credit for Certified Historic Structure Rehabilitation Projects

Senator Grohoski, Representative Cloutier and Honorable Members of the Joint Standing Committee on Taxation,

I am testifying to express my support for the proposed legislation amending 36 MRSA §5219-BB. This bill, which raises the maximum allowable tax credit for certified historic structure rehabilitation projects to \$10 million during the first two years of credit eligibility, represents a critical opportunity to further preserve Maine's historic legacy while addressing the pressing need for economic growth in vital downtown areas such as the Augusta Downtown District, specifically.

In 2019, I redeveloped 4 Historic Structures in the Downtown District, 257-271 Water Street into 23 apartments which are now fully leased to new residents of the Downtown District. I now live at the property with my wife and son and count myself as one of the new residents to the Downtown District, where we go get breakfast at the Downtown Diner on the weekends, get Coffee at Wrapped Up before work on the weekdays, and walk the Rail Trail with our 2-year-old when he's not causing havoc.

This project could not have been completed without the Maine's Historic Tax Credit Program. The Vickery project totaled \$7mm in costs, and I received approximately \$1.2mm in State Historic Tax Credits.

I am currently developing the Old Federal Building at 295 Water Street in the Augusta Downtown District, just down the street from the Vickery development. We are planning to convert this landmark historic property into a luxury boutique hotel and spa that would contain 40 rooms, a restaurant, bar, roof top deck, and have many other public amenities to bring the property back to its civic nature. With that said, the total cost to complete this project is approximately \$25 Million Dollars- and is just about the same square footage as the Vickery Project that cost just \$7mm 5 years ago. Some of the cost difference can be attributed to the nature of a Luxury Hotel being more expensive to create than a condo building. However, most of the increased costs are due to the expensive nature of performing this type of renovation to a 200 year old building in order to bring the property up to modern code compliance. At this time, we are expecting to utilize the Maine HTC program, but are at the \$5mm limit. Should this bill be passed, the project would benefit from approximately \$1mm more in State Tax Credits, which is integral to funding the gap in cost increases that are present in the current day construction economy.

This project will have a transformative effect on Augusta's historic downtown, and will have a direct benefit from the proposed increase to the existing historic tax credit program. The OFB Project in particular will revitalize an underutilized and deteriorating structures, breathe new life into our community, and create over 50 local jobs well paying jobs with benefit structures. However, with rising construction costs present significant financial challenges, to this project and current credit limits are no longer sufficient to ensure the successful completion of future of this project and other larger projects like it throughout Maine.

The proposed increase in the tax credit limit will:

- Enable more projects to move forward by addressing the growing gap between escalating construction costs and available funding, ensuring continued investment in Maine's historic downtowns and beyond.
- Create more new job opportunities, which are urgently needed to support our workforce and attract new talent to fuel Maine's economy.
- Support larger-scale, impactful rehabilitation projects that generate jobs, enhance property values, and foster local economic growth.
- Preserve Maine's unique historic structures, reducing environmental impact by prioritizing adaptive reuse over new construction.

Historic tax credits have proven to be one of the most effective tools for addressing the dual goals of preservation and development. Projects supported by these credits provide tangible benefits, including job creation, increased property tax revenues, and the revitalization of communities. I can speak from direct experience, as I currently live in historic structures that were empty in 2018 and with the help of the HTC program now contains 23 homes with residents that all work and spend their money in the local economy of the Augusta Downtown District.

Expanding the credit cap to \$10 million in the first two years will ensure that ambitious projects can proceed despite economic pressures, creating more housing opportunities and helping Maine remain competitive and attractive for residents and businesses alike.

I urge you to support this important legislation. By strengthening this program, the Legislature will not only preserve our past but also build a stronger future for Maine's communities and economy.

Thank you for considering this critical measure.

Sincerely,
Andrew LeBlanc
Local Resident of the Augusta Downtown District