



Testimony of
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Before
The Joint Standing Committee on Taxation (132nd) neither for nor against

LD 435: An Act to Expand the Historic Property Rehabilitation Tax Credit

Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation, 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 435: An Act to Expand the Historic Property Rehabilitation Tax Credit.**

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 435 is a bill that modernizes aspects of the historic property rehabilitation tax credit. In current statute, this credit makes a distinction between larger and small projects. The larger project component includes provisions that support the development of affordable housing, while the smaller project component is more associated with general historic preservation projects. This bill seeks to integrate these components, by introducing elements of affordable housing to the small project aspect of the credit.

Many affordable housing projects across Maine have taken advantage of this credit since it was first established. A typical affordable housing development requires a number of funding sources to succeed. It's a matter finding a workable mix of loans and subsidy and generally includes various tax credits. Without question, the Historic Tax Credit is a tool that helps make these projects happen. But, as distinct from other funding mechanisms, the benefits of this credit go far further. By bringing historic structures up to modern standards, while still maintaining their historic integrity, these projects become community assets that strengthen quality of place wherever they are.

We agree that increasing the scope of the historic credit for creation of new affordable units will have value. Changes to the project size caps better reflects market conditions and the actual cost of doing restoration work. That said, MaineHousing does not administer or allocate this credit (that is done by Maine Historic Preservation Commission), and we do have some concerns about practical aspects of this bill as proposed, particularly as it relates to the small project provision, and the new provision regarding owners of historic homes. MaineHousing is not currently involved in either of those areas.

Under the current preservation tax credit statute, when we certify a project as affordable, that is a technical determination based on how the project is financed. Because our agency doesn't finance small or single family historic projects, we do not know how such certifications would work in this case.

We will be listening to testimony from the sponsor and advocates, and are eager to learn more. We are still trying to understand the details of this legislation in terms of its relationship to affordable housing and would welcome the opportunity to work with sponsors or legislative staff on finding ways to make these aspects workable.