



**LEGAL SERVICES
FOR MAINE ELDERS**

**LD 554 – An Act to Encourage Resident-owned Communities and Cooperatives and
Preserve Affordable Housing Through Tax Credits**

**Testimony of John Brautigam, Esq. for Legal Services for Maine Elders
Joint Standing Committee on Taxation**

March 5, 2025

Good afternoon, Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation.

My name is John Brautigam, and I am here today on behalf of Legal Services for Maine Elders. LSE provides free legal help for Mainers aged 60 and older when their basic human needs are at stake.

I appreciate the opportunity to testify on this proposal which supports both the cooperative form of ownership and the state's affordable housing goals.

LD 554 would exclude the first \$750,000 of capital gain from taxation provided that the sale meets certain conditions.

Housing cooperatives offer a proven model for stable, resident-controlled affordable housing. By allowing members to collectively own and manage their living spaces, cooperatives help prevent displacement, build long-term affordability, and foster strong community ties.

However, one of the biggest barriers to cooperative housing development is access to suitable property at an affordable price. This proposal could help address that challenge by giving landowners a meaningful financial incentive to sell to cooperative entities rather than to speculative or high-cost buyers.

For such tax incentives, it is important that the impact is sustainable and that it be directed at the right targets. The incentive should be structured to ensure that the cooperatives benefiting from it are truly committed to long-term affordability and democratic governance. Properties should be required to remain under cooperative ownership for a minimum period or adopt resale restrictions to prevent future conversions into market-rate housing.

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Such transactions also raise equity considerations. While the tax incentive could encourage more landowners to sell to cooperatives, lower-income communities must have the financial and technical resources to take advantage of this opportunity. Complementary policies, such as funding for cooperative formation, technical assistance, and access to financing, would help ensure that those most in need of affordable housing can benefit.

We note that the bill includes provisions to weigh the cost and anticipated public benefit of such projects as they are developed in the future, and we appreciate this consideration.

LD 554 could be a valuable tool in expanding cooperative housing and advancing affordable housing policy more broadly. We hope this will receive serious consideration and benefit from the input of a wide variety of stakeholders to help maximize its effectiveness while maintaining fiscal responsibility.

Thank you for your time and consideration. I welcome any questions.