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Before

The Joint Standing Committee on Housing and Economic Development (132nd)

LD 901: Resolve, Directing the Maine State Housing Authority to Negotiate for the Purchase of or Acquire by Eminent Domain the Land and Buildings Commonly Known as the Bangor Mall

Senator Curry, Representative Gere, and members of the Joint Standing Committee on Housing and Economic Development, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony in respectful opposition to *LD 901: Resolve, Directing the Maine State Housing Authority to Negotiate for the Purchase of or Acquire by Eminent Domain the Land and Buildings Commonly Known as the Bangor Mall*.

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.

This resolve, which comes with a proposed General Fund fiscal note of \$25,000,000, requires MaineHousing to enter into negotiations with the owners of the Bangor Mall, with a goal of acquiring the property. This would be accomplished either through purchase outright, or by exercising eminent domain if the owner does not wish to sell it. The resolve then requires us to plan for how the property might be converted into affordable housing. It goes on to propose the creation of a new housing authority whose purview would be limited to the site of the Bangor Mall.

MaineHousing does not own or manage any housing properties. We are neither housing developers nor land-use planners, and this sort of project would be outside of the scope of our expertise as a housing finance agency. We don't know this property and cannot say whether this would or would not be a good site for housing. We do know that retail sites are often difficult to retrofit for most other purposes. And while MaineHousing apparently does have eminent domain authority, we have never exercised that, and do not think that is generally a good way to do business.

I would suggest that this bill approaches this problem backwards - Typically, for a project of this magnitude, it is best to start local and build community support from the ground up, with input from local planners, developers and housing experts. This way a community can create a concept,

develop some local momentum, and work up a solid proposal before seeking financing to realize that plan. Providing funds to purchase a distressed mall, possibly over the objections of its owner, before having a detailed plan in place seems like the reverse order. Senator Baldacci does note that Bangor Housing has discussed this project in a very general sense, and I would applaud that sort of an exploration as a critical first step in determining the feasibility of such a project.

We appreciate Senator Baldacci's faith in MaineHousing, but seeking to have us act as a developer for a project would be sort of like asking DHHS to perform surgery— they definitely understand how medical systems work, but you probably would not want them actually in the operating room working on a patient. The Bangor Mall is a patient with complex needs – and I think in this case, it's best to call in a specialist.

Thank you.