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April 3, 2025

Re: LD 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee, my name is Cullen Ryan, and I am the Executive Director of Community Housing of Maine (CHOM). CHOM's small staff works collaboratively to create housing enriched with services to help people overcome challenges and achieve stability in the community.

I am testifying in strong support of LD 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax. *This bill exempts from the real estate transfer tax home buyers who use the Maine State Housing Authority's first-time home-buyer mortgage loan programs. It also increases the real estate transfer tax from \$2.20 to \$5 per \$500 for real estate sales over \$1,000,000. The bill directs the distribution of revenue derived from the tax collected on the transfer of property by deed, which is part of the real estate transfer tax, as follows:*

- 1. The amount necessary and sufficient to meet bond obligations under the Maine Energy, Housing and Economic Recovery Program, distributed to the program;*
- 2. Seventeen percent of that remaining balance, distributed to the Housing First Fund;*
- 3. Fifteen percent of that remaining balance, distributed to the Housing Opportunities for Maine Fund;*
- 4. Sixty percent of that remaining balance, distributed to the State's affordable housing income tax credit program and the Maine State Housing Authority's rural affordable rental program and affordable homeownership program; and*
- 5. The remaining balance distributed to the General Fund.*

*This bill also removes, beginning in fiscal year 2026-27, the requirement that 25% of Housing Opportunities for Maine Fund funds be used for housing production.*

By increasing funding for affordable housing production, this bill would help address the state's most pressing issue – a severe lack of housing. The small changes included in LD 1082 would create a long-term funding source to incentivize building new affordable housing. Passing this bill would be enormously helpful for Maine.

Maine's vacancy rate in the last quarter of 2024 was 2.9%. This is 57.4% below the national average, and lower than the previous quarter.\* In 2024, Maine had the 16<sup>th</sup> highest average rent in the nation.\*\* It is a very tight housing market for all types of housing – but especially for affordable housing.

Despite MaineHousing and the Legislature increasing resources toward housing production, the need for affordable and supportive housing far exceeds the supply, particularly for homeless and special needs populations. Maine is facing a gap of 84,000 affordable homes over the next decade. Without creating solutions on a more significant scale, we will leave out many people with low incomes or experiencing homelessness.

This bill includes specific instructions for the distribution of revenue derived from the tax collected, directing 60% of these funds to be moved to a dedicated fund for state tax credits and Rural Rental programs at MaineHousing with the remainder going to the Housing Opportunities for Maine Fund and the Housing First Fund. As much as I support funding for Housing First, Rural Rental, and Affordable Home Ownership, I think placing all of the funding in the HOME Fund would allow funding for Housing First, Rural Housing, Home Ownership, and more. Having resources in the HOME Fund would allow distribution to be optimized to meet needs on an annual basis, adapting to needs that emerge without tying the hands of people who can determine where best those are on a given year. The HOME Fund will allow those funds to leverage some 10 times the revenue generated. This would maximize the effects of these resources.

In order to have successful communities where everyone can live and thrive, we need sufficient supplies of all types of housing in Maine, including affordable and supportive housing. Please pass



LD 1082 to provide Maine with an injection of resources to create much needed affordable and supportive housing.

Thank you for the opportunity to comment.

\* <https://ipropertymanagement.com/research/rental-vacancy-rate?u=%2Fresearch%2Frental-vacancy-rate#maine>

\*\* <https://rentalrealestate.com/data/rent/maine/>