



Good afternoon Chairs Curry and Gere and distinguished members of the Housing and Economic Development Committee. My name is Amy Smith. I am a Lewiston resident and Executive Director of Healthy Homeworks, a non-profit dedicated to creating pathways to home ownership and generational financial stability.

I fully support LD 1167 Resolve, to Create a Pilot Program to Assist Nonprofit Housing Developers in Rehabilitating Existing Aging Housing Stock for First-time Home Buyers.

Rehabbing existing properties that have “good bones” is the fastest, most cost-effective way to create starter homes, as long as you have the expertise and resources to do the job right. Buying “fixer-uppers” and turning them into beautiful homes has been romanticized on reality TV, but the truth is that these types of projects are complex and risky, especially with older housing stock, and can be financially ruinous to first-time buyers and renovators.

LD 1167 gives qualified nonprofit developers the appropriate resources to take on difficult projects, apply their significant expertise to perform a high quality rehab, and offer first time buyers a solid, low risk, “good as new”, attainable product.

We are confident that this approach will work, because we proved it with a pilot project in downtown Lewiston where we converted an aging multi-family property into 4 attainable starter home condominiums.

When we started the pilot we knew it would cost more to rehab the units than we would be able to sell them for, and we researched dozens of local, state, and federal programs to find money to cover the gap. But the programs were designed for developers who were creating rental units, or for lower-income homeowners who planned to rehab their own homes after purchasing them. Nothing was available for developers rehabbing properties to then sell to first-time buyers.

We turned to our lending partners and generous donors, and together assumed all of the financial risk and responsibility to perform a 100% rehab on a 1905 triple-decker and adjoining single-family house. We set the bar high to meet or exceed standards for life safety, energy efficiency, and modern convenience - both to ensure that the homes were solid and desirable, and to ensure that banks and insurance companies would issue loans and policies to first-time buyers.

In our pilot project, we:

- Replaced 39 older windows with new, energy-efficient vinyl windows
- Replaced 15 5-panel wooden doors with new fire-rated, self-closing doors
- Replaced all of the electrical systems in both buildings to remove all knob and tube wiring and add smoke and CO2 detectors
- Removed the cracked, brittle copper and lead piping and replaced it with pex and PVC
- Replaced the 1965 boiler with heat pumps and heat pump hot water heaters
- Fully insulated the basements and attics
- Removed a failing chimney and installed a new roof
- Tore down an unsafe 3-story deck and 1 porch and fully replaced them according to new engineering specifications and code standards
- Upgraded all 4 kitchens and bathrooms, and did full cosmetic updates such as refinishing hardwood floors and painting all ceilings, walls, and trim - and dozens of other finishing touches.

We completed the rehab at 51-53 Howard Street in December of 2023, and sold 3 units to first-time homebuyers for \$150K per unit. Independent appraisals supported this market value, banks provided conventional mortgages, and insurance companies issued standard Association and individual policies.

However, the cost to create these units is around \$200K. This \$50K gap per unit is unavoidable, and has only widened since we completed the project in 2023. Philanthropy closed the gap for our pilot, but relying on philanthropy to bring the model to scale is not feasible.

Instead, we encourage Maine to support LD 1167, a pragmatic, efficient program that covers most of the big-ticket, necessary repairs and upgrades that every project *should* tackle in order to create safe, energy efficient, and durable homes, but that many projects *simply can't afford*.

It's critical to note that this program does not subsidize individual buyers - buyers pay the market rate for the completed home. Instead it empowers qualified professionals to perform responsible, thorough rescues of aging properties and keep the price attainable for our hard-working, first-time buyers.

Respectfully submitted on 4/15/2025.