



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

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

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

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 1167 grew out of the fact that the Affordable Homeownership Program, which has been funded by the Legislature, has provided only for new construction, and not the renovation of existing structures. The bill proposes \$1,200,000 to develop a pilot program to create low-cost units for purchase, made from repurposing aging and even distressed housing stock, with a goal of providing homeownership opportunities that are less expensive to purchase than new construction would be. This is a concept that has shown itself to work impressively based on conversions of triple decker properties into three unit condominiums in Lewiston.

MaineHousing supports this idea, but we have several suggestions that we feel might strengthen it:

1. While the program could be operated, as the bill suggests, as a standalone pilot, we think that there would be more efficiency gained if this were to be included as a *component* of the

Affordable Homeownership program if that program were to be provided with additional state funding in the future.

2. We would suggest that some of the specificity in the bill be reduced. For example, the bill specifies a grant to nonprofit developers of up to \$80,000 per unit. We think this is a reasonable subsidy, but would prefer that a specific amount not be in statute. This is because inflation or other unexpected changes in the economy between the time the bill is passed and when the work begins might affect the optimal grant size. We would suggest that MaineHousing be permitted to set a maximum in the program design process.
3. We would recommend that language be included to assure that the list of possible upgrades, repairs or replacements specified section 2 not be exhaustive – there may be other types of work that are needed that are not listed, including acquisition of the property. We would hope that the funding could be as flexible as possible.

In general, we would encourage this program to be as consistent as possible with the terms outlined in the existing affordable homeownership program at MaineHousing, particularly to assure that the owner occupies the premises, and that the property is not rented out or used as an investment property.