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May 13, 2025

Testimony of Rep. Julie McCabe in support of
LD 1912, An Act to Authorize a General Fund Bond Issue to
Address Maine's Housing Shortage
Before the Joint Standing Committee on Appropriations and Financial Affairs

Good afternoon Senator Rotundo, Representative Gattine and distinguished members of the Appropriations and Financial Affairs Committee. My name is Julie McCabe and I am honored to represent District 93, which is a part of Lewiston.

I am pleased to co-sponsor and testify on behalf of LD 1912, An Act to Authorize a General Fund Bond Issue to Address Maine's Housing Shortage and I thank Senator Bennett for bringing this important legislation forward.

This bond measure has the ability to revitalize a sorely needed modular housing industry, which would enable homes to come to market in a fast and efficient manner. On top of that, it would enable Mainers to come off MaineHousing's existing waitlist for urgent home repairs and thirdly, it would enable Mainers to fortify their homes by taking advantage of weatherization resources. Finally, this bill would allow more Mainers to become homeowners by rehabilitating our aging and oft-neglected housing stock. I will focus the majority of my testimony on the home rehabilitation pilot program, found in Part D of the bill's text.

The pilot program detailed in Part D would provide grants to nonprofits to renovate Maine's aging housing stock and make these newly rehabilitated homes available for purchase to first-time homebuyers. It is not a direct subsidy to homeowners but instead, through the oversight of MaineHousing, grants funds to nonprofit developers who acquire and renovate neglected housing units to resell to first-time homeowners.

As you know, Maine has among the oldest housing stock in the country. The farmhouses that adorn Maine's rural areas and the triple-deckers that populate Maine's mill cities are beacons of our heritage, but they are also falling apart. The city of Lewiston alone estimates that it razes 2-4 homes each year due to neglect. This pilot program seeks to give new life to these under-resourced properties which, given thoughtful investment, can be saved from demolition and become a first home for a Maine family.

Due to lack of money, expertise or loan constraints, many first time homeowners are unable to purchase properties that require serious renovations. This bill takes the hard work of being a general contractor out of the equation and circumvents the roadblock of being denied a loan because the property may be in too dire of a state. It directs funds to nonprofits, who are willing and qualified to shoulder the substantial risk of rehabbing aging housing.

Critically, this pilot program includes an equity-sharing provision that new homebuyers have gradual access, over a three-year period, to the equity that accrues from market appreciation. This graduated ownership model will deter those seeking a house flipping opportunity. In addition, the program is targeted in scope such that homes would only be available to individuals earning 120% of the area median income.

This program presents a creative solution to our state's housing inventory crisis and unlike most pilots, it is a proven model which Lewiston resident, Amy Smith, has already brought to life through her Healthy Homeworks organization. Amy will be testifying shortly to share more details of her work promoting homeownership with you.

Attached to my testimony you will also find my amendment language for Part D which was granted approval by the Housing and Economic Development Committee on May 1st, 2025 when they approved Part D as a standalone bill.

I implore you to vote to "ought to pass" in support of LD 1912 and continue to support Mainer's in their pursuit of homeownership. I thank you for your time and am happy to answer any questions.

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

Sec. 1. Maine State Housing Authority to create pilot program. Resolved: That the Maine State Housing Authority shall create a pilot program, referred to in this resolve as "the program," to issue grants to nonprofit housing developers to rehabilitate existing aging housing stock in the State and to provide relocation services to tenants who must vacate a unit being rehabilitated under the program. ~~The program must rehabilitate 15 units, and a grant issued by the program may be in an amount up to \$80,000 per unit.~~ The Maine State Housing Authority shall establish the maximum and minimum grant amounts with the goal to rehabilitate 15 housing units.

Sec. 2. Program grant uses. Resolved: That a grant from the program may be used to rehabilitate an existing single-family or multifamily structure, including, but not limited to, lead paint mitigation, energy efficiency improvement or upgrading, repairing or replacing the unit's:

1. Well;
2. Heating system;
3. Electrical system;
4. Roof;
5. Chimney;
6. Structure;
7. Windows;
8. Doors;
9. Siding; or
10. Accessibility for persons with disabilities or persons who experience physical barriers in living in the unit.

A tenant who has to vacate a unit during the unit's rehabilitation under the program, shall have the right of first refusal to purchase the vacated unit upon project completion.

Sec. 3. Home buyer eligibility. Resolved: That a unit renovated by the program must be available for purchase by a first-time home buyer who will occupy the unit and has an income that does not exceed 120% of the area median income and who agrees that:

1. If the home buyer sells the unit within the first 12 months of ownership, the home buyer retains 25% of any profit gained from the sale and 75% of the profit is returned to the nonprofit housing developer;
2. If the home buyer sells the unit within the first 13 to 24 months of ownership, the home buyer retains 50% of any profit gained from the sale and 50% of the profit is returned to the nonprofit housing developer;

3. If the home buyer sells the unit within the first 25 to 36 months of ownership, the home buyer retains 75% of any profit gained from the sale and 25% of the profit is returned to the nonprofit housing developer; and

4. If the home buyer sells the unit after 36 months of ownership, the home buyer retains 100% of any profit gained from the sale.

Sec. 4. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

HOUSING AUTHORITY, MAINE STATE

Existing Housing Stock Rehabilitation Program N510

Initiative: Provides one-time funds for a pilot program that provides grants to nonprofit housing developers to rehabilitate existing aging housing stock for purchase by qualified first-time home buyers.

GENERAL FUND	2025-26	2026-27
All Other	\$1,200,000	\$0
GENERAL FUND TOTAL	\$1,200,000	\$0

SUMMARY