



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

In support of
LD 2057: An Act to Support Rehabilitation and Development of Affordable Manufactured Housing Communities

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 2057: An Act to Support Rehabilitation and Development of Affordable Manufactured Housing Communities**.

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 several 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.

This bill amends MaineHousing's existing construction lending activity in two ways: first, it will allow us to conform with improvements in the federal Low Income Housing Tax Credit laws made possible as part of the President's 2025 reconciliation bill ("One Big Beautiful Bill Act"); and second, it allows us to provide financing options to manufactured housing community owners if they wish to add residences or expand their communities. That reflects a recommendation that came from the LD 1765 work group, to support infill and expansion of mobile home parks. That recommendation was included in the report that you received from GOPIF last week.

Historically, MaineHousing has operated with statutory restrictions on our ability to make construction loans. Currently, we are only allowed to do construction lending at the level needed to activate the 4% Low Income Housing Tax Credit. To generate that credit, a project must be financed by a specific amount of tax-exempt Private Activity Bonds. Prior to the 2025 reconciliation bill, 50% of the project's land and building costs were paid for using these bonds in the form of a construction loan. The new federal law lowers this threshold from 50% to 25%. This allows us to stretch our limited private activity bond cap to support more projects. But if we want to lend on these projects as we currently do, while keeping the cost of the construction loans as low as possible, it requires a statutory adjustment.

The current statute allows us to provide construction loans in 4% LIHTC projects when our participation provides at least 60% of that construction loan. That 60% limit worked adequately under the old tax credit threshold, but with the new 25% threshold, participation in the financing would likely need to be split between MaineHousing and commercial banks, adding to the cost of capital. This bill simply changes the statute to allow MaineHousing to continue to make the full construction loan on 4% LIHTC transactions. This will ensure the lowest cost of funds for these projects and the most efficient use of subsidy.

The other part of this bill, Section C, reflects a need identified in the recent study pursuant to LD 1765 around improvements to mobile home communities. Our understanding, based on that report and on testimony by manufactured housing community owners, is that the cost of private financing for infrastructure improvements – these are things like adding more pads, extending utilities from other parts of a park or developing new roads within the park, is very high when compared to a regular commercial construction loan. As these loans are only collateralized by the land, and the future manufactured home is not installed until after the infrastructure is complete, there is often limited value in the collateral, which makes this sort of lending more expensive. This bill would simply give MaineHousing the authority to lend at lower cost for this purpose, which is something we are currently prohibited from doing.

I will conclude by noting that MaineHousing is the only housing finance agency in New England that has any restrictions on its construction lending activity. These two bill elements will provide tremendous public purpose and not adversely harm others who provide construction lending under different programs. We rely on commercial banks as critical partners in our work and we do not expect that relationship to change because of this bill.