



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
181 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0181

Testimony In Support of

L.D. 2127, An Act to Increase the Cap on Bonds Issued by the Maine State Housing Authority to Reflect Current Housing Production Needs in the State

January 20, 2026

Senator Curry, Representative Gere, and distinguished members of the Joint Standing Committee on Housing and Economic Development, my name is Greg Payne and I serve as the Senior Advisor on Housing Policy in the Governor's Office of Policy Innovation and the Future. I am here today to offer testimony in support of **L.D. 2127, An Act to Increase the Cap on Bonds Issued by the Maine State Housing Authority to Reflect Current Housing Production Needs in the State.**

MaineHousing issues tax-exempt bonds to provide single-family mortgages for first-time homebuyers and to finance multifamily affordable housing. Those bonds are paid back solely by the mortgage holders, not the state or the taxpayers. The amount of such bond debt that the agency is permitted to have outstanding at any given time is capped by statute at \$3 billion. Interest rates, the cost of housing, and the state's increased housing production investments have materially impacted MaineHousing's ability to keep working within that statutory limit.

The reason this cap exists is that MaineHousing's tax-exempt bonds (much like those issued by FAME, the Maine Municipal Bond Bank, and the Maine Health and Higher Educational Facilities Authority) carry the State's moral obligation, which means the State has a "moral" obligation (although not a legal one), to stand behind MaineHousing if they were ever unable to pay the entirety of their annual debt service. MaineHousing has never in its history had to seek such help from the State, and their conservative bonding operations are designed to ensure that they never will. Raising this cap does not have a budgetary impact for the State, but if it is not increased this legislative session, MaineHousing approval of any additional production activity would come to a halt. Given the urgency of the flow of new affordable homes through MaineHousing's pipeline, we support this proposal to raise the cap from \$3 billion to \$4 billion.

Thank you for your consideration of our testimony. I would be happy to answer any questions.