



Testimony of
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Before
The Joint Standing Committee on Taxation (132nd)

In support of
LD 2116 An Act to Make Permanent the Affordable Housing Income Tax Credit

Senator Grohoski, Representative Sayre, and distinguished members of the Joint Standing Committee on Taxation, 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 2116, An Act to Make Permanent the Affordable Housing Income Tax Credit**

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.

The state Credit for Affordable Housing has been a game changer for affordable housing in Maine since it was first established in the 129th legislature. This program, which provides \$80 million in tax credits at a level of up to \$10,000,000 per year, has significantly improved our ability to produce affordable multifamily apartment buildings in Maine

This tax credit provides a state-level financing instrument that can be paired with the federal 4% low income housing tax credit. Combining the 4% federal credit with this state credit provides a financing option that can pay for nearly 60% of the cost of constructing a multifamily housing project. In this way, the state credit almost doubles the amount of tax credit subsidy that MaineHousing can make available to certain projects in a given year. Credits not allocated in any year are carried over to subsequent years, with a maximum of \$15,000,000 that can be allocated in any one year.

Additionally, 10% of the total credit available (\$1,000,000 per year) is set-aside for preservation of USDA Rural Development (RD) projects that are too small to take advantage of the federal credit. This set-aside may also be carried over for RD projects in subsequent years. The Genesis Fund is working with existing RD project owners and non-profit organizations to utilize this set-aside. And while MaineHousing ultimately allocates those credits, that part of the program is managed by Genesis.

The State Credit for Affordable Housing (we generally call it SLIHTC) is a one-time credit that is allocated at the end of a project's construction. This contrasts with federal LIHTC credits, which are spread out over 10 years.

We think that the results of this tax credit speak for themselves: 954P units to date, outlined on the attached list of projects. For the parts of the program that go along with federal LIHTC, we estimate that the state credit has created around two more major projects per year than would otherwise have been possible. When you consider that a large project in Maine can cost between \$30 and \$50 million to develop, this represents an extremely effective way for MaineHousing to stretch its subsidy dollars.

Making this program permanent would add predictability for developers of affordable housing, and would ensure that we can continue as a state to generate maximum leverage for the federal tax credits we receive.

We do have some suggestions for the work session around how technical aspects of the program could be improved, mostly around timing and carryovers. We would be happy to share those with the analyst or the committee. That said, we have nothing but strong support for this important program.

Maine State Housing Authority
STATE CREDIT FOR AFFORDABLE HOUSING - SUMMARY 1/20/2026

Project Name	Developer	Town	Total Units	SLIHTC Amount	Total Development Cost
<u>Credits Allocated</u>					
<u>2023</u>					
Porter Station	Avesta	Portland	60	\$ 5,001,590	\$ 22,012,518
Phoenix Flats	CHOM	Portland	45	\$ 2,994,521	\$ 16,154,093
<u>2024</u>					
Mary Street	KVCAP /LB Dev	Skowhegan	40	\$ 4,475,663	\$ 15,520,086
Winter Landing	CHOM	Portland	52	\$ 3,399,730	\$ 20,292,708
Equinox	CHOM	Portland	43	\$ 2,873,938	\$ 19,308,831
Snow School	Avesta	Fryeburg	28	\$ 791,192	\$ 9,735,936
Hartland Senior Apts. II	KVCAP /LB Dev	Hartland	30	\$ 2,257,504	\$ 9,708,572
<u>2025</u>					
Peasley Park	Developers Collaborative	Rockland	49	\$ 5,657,672	\$ 17,367,256
Wedgewood	Lewiston Housing /Avesta	Lewiston	82	\$ 3,445,749	\$ 49,098,745
<u>Credits Reserved - Under Construction</u>					
Equality Community Housing	Equality Community Center /DC	Portland	54	\$ 4,467,613	\$ 22,672,137
DeWitt	Lewiston Housing /Avesta	Lewiston	104	\$ 8,703,704	\$ 45,033,401
<u>Credits Reserved - In Underwriting</u>					
COMB Block Phase I	Portland Housing	Portland	55	\$ 1,909,868	\$ 26,279,683
Youth and Family Outreach	Youth & Family Outreach /DC	Portland	60	\$ 2,712,598	\$ 30,256,549
Cumberland Housing	Portland Housing	Portland	50	\$ 3,827,573	\$ 18,821,510
Soleil Apts. 2	Lewiston Housing /Avesta	Lewiston	28	\$ 3,962,300	\$ 11,567,165
<u>Application Under Review</u>					
Soleil I	Lewiston Housing /Avesta	Lewiston	44	\$ 5,073,214	\$ 18,014,790
<u>TOTAL LIHTC</u>			824	\$ 61,554,429	\$ 351,843,980
<u>RD projects - Processed by The Genesis Fund</u>					
<u>Credits Reserved - Under Construction</u>					
3-9 Pine Street		Thomaston	16	\$ 500,000	\$ 1,813,118
63 Water Street		Thomaston	12	\$ 454,000	\$ 1,611,705
Living Easy Apartments		Mapleton	12	\$ 274,500	\$ 578,222
Main View Apartments		Orono	24	\$ 500,000	\$ 2,750,633
<u>Credits Reserved - In Underwriting</u>					
Coles Hill Apartments		Waldoboro	24	\$ 500,000	\$ 1,563,578
Salmon Brook Meadows		Washburn	20	\$ 500,000	\$ 1,574,834
<u>Application Under Review</u>					
Follis Place Apartments		Eastport	22	\$ 500,000	tbd
<u>TOTAL RD</u>			130	\$ 3,228,500	\$ 9,892,090
<u>TOTALS</u>			954	\$ 64,782,929	\$ 361,736,070
<u>TOTAL SLIHTC ALLOCATED</u>			429	\$ 30,897,559	\$ 179,198,745
<u>TOTAL REMAINING IN PIPELINE</u>			525	\$ 33,885,370	\$ 182,537,325
<u>BALANCE LEFT TO COMMIT</u>				\$ 15,217,071	

Figures in Italics represent projects under construction: final numbers might change slightly as projects are completed.