



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

In support of
LD 2156: Provide for 2026 and 2027 Allocations of Private Activity Bonds

January 22, 2026

Senator Curry, Representative Gere, members of the Joint Standing Committee on Housing and Economic Development, my name is Erik Jorgensen, and I serve as Senior Director for Government Relations and Communications at the Maine State Housing Authority (MaineHousing).

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority 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.

We support LD 2156 and urge its passage.

Just as you saw with LD 678 last year, this is a bill that comes before this committee on an annual basis, and is needed in order for MaineHousing, FAME and other agencies to issue private activity bonds. During the first year of a biennium, we make initial allocations and during the second year, those allocations are adjusted based on how much bond cap was actually used in the first year as well as the particular plans and needs of the other issuers. These are federally authorized tax-exempt bonds, so-called because the federal government determined many years ago that there are certain private activities that have a public purpose. In our case, these activities include homeownership and affordable housing construction. As we discussed earlier this week, these bonds, issued by MaineHousing, are moral, rather than general, obligations. They do not affect the state's bond rating,

they do not appear on the state's balance sheet and they don't incur any direct fiscal liability for the state.

MaineHousing uses these bonds for two specific purposes: to provide capital to purchase mortgages for first-time homebuyers, and to provide loans to developers for the construction of affordable apartments. These bonds are repaid by the mortgagees, not state government funds.

States are allowed to issue a limited number of these private activity bonds up to a ceiling set by the Federal Government. For most states, the amount of private activity bonds that can be sold is determined by a per-capita calculation; for smaller states such as Maine, there is a small state minimum that is now indexed annually.

With an overheated real estate market in Maine these financing tools are now more important than ever. We are currently in a moment where affordable housing construction, which has been a legislative priority for years, is coming online at an increasing rate. Our agency currently has the largest construction pipeline in its history. This rising trend is not a coincidence, but a reflection of various policies made available to us by both the legislature and the Federal government.

When we say that we use private methods for public purposes, this is what we are talking about. When we thank you at ribbon cuttings for providing us with the tools that allow us help Maine people solve their housing problems, private activity bonding is one of the most important of those tools

Thank you for your consideration and I would be happy to answer any questions you might have.