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May 13, 2021

***Testimony of Representative Melanie Sachs, sponsor of LD 1694, “An Act to Create the Maine Redevelopment Land Bank Authority” before the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business***

Senator Curry, Representative Roberts, and esteemed members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business:

My name is Melanie Sachs, and I am honored to represent House District 48, which includes Freeport and part of Pownal. I am proud to come before you today as the sponsor of LD 1694 “An Act to Create the Maine Redevelopment Land Bank Authority”. I also have the honor of serving on the Buildings, Infrastructure and Housing Working Group of the Maine Climate Council.

This is a comprehensive piece of legislation before you this morning, so I thought it might be helpful to break it down to the “Who, What, Why, When, Where, and How” components of this important bill.

**Let’s start with the “Who”:**

Eighteen months ago, a statewide working group of municipal officials from Sanford to Rumford to Caribou, along with regional planning organizations from the Androscoggin, Kennebec Valley, and Greater Portland Councils of Government, as well as subject matter experts from Build Maine and the Department of Environmental Protection, came together to find a solution to a statewide problem: how to help communities deal with compromised and abandoned properties. These properties, due to title, tax, or lien complications, environmental issues, functional obsolescence, or other factors, are prohibitive to private investment or municipal redevelopment. We have all seen them- eyesores that continue to deteriorate before our eyes over the years, becoming more hazardous as time goes on.

## That brings us to the “What and Why”:

This stakeholder group has been meeting regularly over the past eighteen months to find a viable solution to this problem. They carefully researched available resources and nationwide programs. They found that Land Banks, along with resources to help communities prioritize and plan projects, were extremely successful tools in targeting and redeveloping these properties. The group consulted extensively with officials in Michigan, who have had a successful Land Bank for two decades; you will hear from them later. The result of this extensive work is LD 1694.

LD 1694 seeks to establish the Maine Redevelopment Authority. This Authority has two very distinct functions:

- ***It authorizes the establishment of municipal and regional land bank organizations, and establishes a state Community Redevelopment Land Bank Authority.*** Land Banks at every level are focused on the conversion of vacant, abandoned, and tax delinquent properties into productive use using a variety of tools to clear titles, abate environmental hazards, and target resources to redevelop properties. Land banks are established in 18 states, and are a proven model to redevelop properties that cannot be resolved by other means. They:
  - Provide support for neighborhoods in need of revitalization and redevelopment by focusing resources on the most difficult properties.
  - Address financial liabilities impacting the State and municipalities and increase long-term tax revenues.
  - Provide maximum flexibility for municipalities - they can establish their own land bank, join a regional organization, or enter into an intergovernmental agreement with the State Land Bank Authority. Local control in the process is a key element to this model.
  - Allow Maine's state government to rehabilitate state-owned properties more cost-efficiently. Michigan found that they were selling distressed state properties at a reduced rate, but then developers were turning back to the state for incentives. By utilizing a pro-active approach with their Land Bank, they were able to see a better return on their property investment.

One might wonder why this legislation proposes a stand-alone entity, as opposed to integrating its functions into an existing department or organization. A process and financial gap exists between the end-stage of property decline and start-stage of property redevelopment. Government tools and resources (if they exist) are structured to address both sides of the gap, but not bridge across the gap. Land banks are structured to deal with the task complexities and extraordinary cost elements needed to bridge the gap. They are created in other states as a stand-alone entity, given the nature of the work they do and the tools needed (including clearing title, bonding authority, and contracting.)

- ***It additionally establishes the Development Ready Communities Program.*** This is a separate program that prioritizes funding for local projects with a strong financial return and that meet shared state and local economic, housing, environmental, transportation, and quality of life goals.
  - The program will align and coordinate state agency funding, policies, and procedures around locally identified projects and provide a path for municipalities and unorganized territories to prioritize investments and for the State to direct funding and resources into the hands of communities.
  - All municipalities and territories are eligible to become development ready communities and the program will be accessible to communities of all sizes and levels of capacity. This levels the playing field for communities that simply do not have access these resources or capacity to even begin.

### **When and Where is this legislation needed?**

This legislation is not for a someday solution. It establishes tools to help our local communities solve the problems of identifying redevelopment goals now, and actively helps them plan for and redevelop those properties. It is an issue faced by our smallest towns and our most urban centers. Benefits of this legislation include supporting local quality of life, resiliency (both financially & environmentally), and utilizing existing infrastructure. It strongly aligns with our current Economic Development and Climate Change Goals.

One can find examples of these properties in almost every community in Maine. One clear example is in the town of St. Francis in Aroostook County, which has a population of approximately 445 residents. A developer was interested in redeveloping an empty local school building into an assisted living facility. The bones of the building are excellent, but there is a problem with asbestos. The clean-up costs were prohibitive for the private developer, and the town was unsuccessful getting USDA, brownfields, and CDBG funding to assist due to little staff capacity and resources.

Land Banks are often utilized for exactly this kind of project, as they have the staffing, access to federal resources, and knowledge that can leveraged by even our smallest communities, to bring projects such as desperately needed senior housing to Aroostook County.

### **Which brings us to the How, which in the legislature means “How do you propose to pay for it” ?**

- LD 1694 Leverages Federal Resources
  - As noted, eighteen states currently have Land Bank structures, and Maine is leaving significant federal funding on the table as a result. There are currently two pieces of federal legislation – one for \$5 billion, and one that can access up

- to \$60 million, that include funds for both the establishment and operational support for Land Banks. There is currently no local match provision in this federal legislation.
- LD 1694 proposes a \$3/ton fee on for the disposal of construction and demolition debris and residue from the processing of construction and demolition debris.
    - The stakeholder group included a staff member from DEP who was part of this discussion from the beginning. The DEP currently collects a fee for disposal, so the operationalization of this new check-off could be absorbed within current administrative functions.
    - While other revenue sources were considered, the tipping fee was selected after significant discussion. The intent was to avoid making a request for general funds and tying the funding to the industry that most directly benefits from the redevelopment. We anticipate \$1-1.5 million in funding to come from fees (estimate from DEP), which will go back into funding the work of site clean-up, clearing title, financing, and the other work necessary to prepare property and buildings for redevelopment.
    - [US EPA data](#) indicates that “Through fiscal year 2020, on average, \$20.13 was leveraged for each EPA Brownfields dollar and 10.3 jobs were leveraged per \$100,000 of EPA brownfields funds expended on assessment, cleanup, and revolving loan fund cooperative agreements.” For those not familiar with the term “brownfields” [EPA defines a brownfield](#) as “a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant” – exactly the type of property targeted by this legislation. Every dollar spent by a Land Bank generated by this fee thus has a 20 to 1 return on investment.
    - One might ask why levy this fee on all construction debris and waste in the state, even if not directly the result of a Land Bank activity? Because solving this problem- putting abandoned and hazardous buildings back into productive use, revitalizing all communities, and cleaning up environmentally hazardous sites- are goals that benefit all of us in the state of Maine.
  - Other sources of funding for Land Banks may include the proceeds from the sale of land bank properties; funding from CDBG and EPA brownfields; and other tools which are not proposed in this legislation but can be used by individual municipalities, such as TIFs.

There you have it. The Who, What, When, Where, Why and How of the Maine Redevelopment Land Bank Authority. You only need to look at our bipartisan co-sponsors, which includes several members of leadership on both sides of the Chamber, and a diverse representation of legislators from municipalities big and small, rural, and urban, to know that this legislation is win for our state. I am grateful to them, and would like to sincerely thank the stakeholder working group, the Legislators testifying today, and the coalition of groups speaking on behalf of this bill, who represent an incredibly diverse array of organizations and interests. I would also like to thank the IDEA Committee for your time and consideration of LD 1694, and urge your

unanimous support. I welcome your questions at this time, and will be at the work session as well.