

130th Maine Legislature
Joint Standing Committee on Labor and Housing

Testimony of Erik C. Jorgensen, MaineHousing, in opposition to

LD 1246 Resolve, To Study Best Practices and Different Area Needs for Development of Affordable Homes and Expanding Home Ownership in Maine Communities

16 April 2021

Senator Hickman, Representative Sylvester, members of the Joint Standing Committee on labor and Housing, my name is Erik Jorgensen, Director of Government Relations at the Maine State Housing Authority (MaineHousing).

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. MaineHousing is 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.

I am testifying today in opposition to LD 1246. In this case, while there is no question of the laudable intent of this bill, we believe that what this commission would seek to learn is, for the most part, already known and available. Based on the fact that MaineHousing has already been included in at least seven study bills this session, we feel we have to be discerning about how many studies and commissions we can realistically support, and which ones are most likely to provide the state with the most value.

This commission would have a four-part charge, as outlined in section 5. Topics concern the extent of the need for affordable housing, variations in housing markets, best practices in local efforts, and state funding strategies.

The critical extent of need is well-documented by almost any proxy, whether it is the 25,000 person waiting list for Section 8, skyrocketing rents, bidding wars on houses that would normally

attract first-time homebuyers, or the large number of people experiencing or at risk of homelessness. We know the need.

With regard to affordability, MaineHousing has a policy research office that follows a wide range of housing trends and publishes a variety of policy documents each year. One of its flagship products is the annual Housing Affordability Index, which provides detailed information on the relative affordability (or lack of affordability) in both houses and rental units, by town, by region and statewide, in a longitudinal format that provides comparisons going back for the past 18 years. I would encourage everyone here to have a look at that.

<https://mainehousing.org/policy-research/housing-data/housing-affordability-indexes>.

As for the issue of housing supply, I am pleased to say that we currently have the largest pipeline of affordable units under construction in our agency's history. Over 1300 units are in various stages of construction as we speak. This is thanks in large part to the legislature who, over the past three years, brought affordable housing out of a period of serious underfunding. Your actions included the senior bond issue that was finally released, last year's passage of the State Low Income Housing Tax Credit, the highest-ever balance in the HOME fund, combined with the new federal floor on the 4% affordable housing tax credit.

If the legislature wants to have a lasting and permanent impact on the production side of housing, I would say focus on the pipeline. You might consider making the SLIHTC permanent, pass some housing bonds, or allocate more for subsidy. In addition there are vast amounts of still unspecified Federal money being discussed as part of the proposed infrastructure plan that could also have a significant impact on housing of all forms. All this is to say that we understand the financing tools available to us.

Would a study like this uncover some things we don't know? I am absolutely sure it would. And I am sure that there would be value to that. That said, given the many other housing-related studies that are being proposed, we simply feel that we might learn more from some of the other ones under consideration.

Thank you.