



MAINE AFFORDABLE HOUSING COALITION

Testimony of Greg Payne

On behalf of the Maine Affordable Housing Coalition

Before the Joint Standing Committee on Labor & Housing

Neither For Nor Against LD 1656: *An Act To Promote Energy-efficient Affordable Housing*

May 10, 2021

Senator Hickman, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing, my name is Greg Payne. I am the Director of the Maine Affordable Housing Coalition (MAHC).

MAHC is a diverse coalition of more than 135 private and public sector organizations including developers, architects, engineers, builders, investors, community action programs, public housing authorities, housing and service providers, advocates, and others working to advance solutions that create and preserve affordable housing in Maine.

MAHC strongly supports efforts to expand the supply of highly efficient, affordable homes for Maine people. That is the heart of our work and our advocacy. Our members include nearly all of the organizations and companies in Maine which develop, design, build, and manage affordable housing. While we would normally speak in favor of a bill that proposes a \$100 million investment in affordable housing, we are testifying today neither for nor against LD 1656 because we do not believe the bill articulates a feasible approach to housing development and therefore any appropriated funds would largely go unused.

We specifically call out the following for your consideration:

- Section 1.7 restricts housing ownership to only certain types of entities, none of which would allow for the use of state or federal housing tax credits. Given the role of tax credits in playing a primary financing role in nearly all affordable housing development in Maine and throughout the U.S., LD 1656 does not allow for a path to financial feasibility. Where tax credits are generally utilized to pay for anywhere from 30-75% of overall project costs, housing developed pursuant to this bill would face the nearly impossible task of finding alternative financing that would still allow rent levels to remain affordable.

Additionally, it is our experience that municipalities are wary of granting approvals to residential properties that do not pay real estate taxes. While projects financed with tax credits always contribute full real estate taxes, LD 1656 presents an approach that does not contemplate any real estate tax payments at all. We believe that this would create viability problems and unnecessary tension with municipal governments that may otherwise want to support the addition of new, affordable homes.

MEMBERS

AARP Maine
 ABC Consulting, Gray
 AlliedCook Construction, Portland
 Andy Jackson, Consultant, Peaks Island
 Anew Development LLC, Portland
 Apartments for People LLC, Belfast
 Archetype Architects, Portland
 Associated General Contractors of Maine
 Auburn Housing Authority
 Augusta Housing Authority
 Avesta Housing, Portland
 Bangor Area Homeless Shelter
 Bangor Housing
 Bangor Savings Bank
 Bank of New Hampshire, Falmouth
 Bath Housing
 Bath Savings Institution
 Benchmark Construction, Westbrook
 Boston Capital
 Boston Financial Investment Management
 Bowman Constructors, Newport
 Brunswick Housing Authority
 Camden National Bank
 CEI, Brunswick
 CHA Architecture, Portland
 City of Portland Department of Housing
 Clancy Company, Kennebunkport
 Clark Insurance, Portland
 CohnReznick LLP, New York, NY
 Community Concepts, Lewiston
 Community Housing of Maine, Portland
 Cooperative Development Institute, South Freeport
 Cranberry Isles Realty Trust
 Credere Associates, Westbrook
 Cumberland County
 Curtis Thaxter, Portland
 CWS Architects, Portland
 Developers Collaborative, Portland
 Development Services of New England, Freeport
 Downeast Community Partners, Ellsworth
 DrummondWoodsum, Portland
 Eaton Peabody Consulting Group, Augusta
 Fort Fairfield Residential Development Corp.
 Four Directions Development Corporation, Orono
 Freeport Community Services
 Freeport Housing Trust
 Gamemston Construction, Augusta
 Gowron Turgen Architects, Scarborough
 Genesis Community Loan Fund, Brunswick
 Gorham Savings Bank
 Gorham Falls Construction, Gorham
 Grammes Pulaski Consulting LLC, Portland
 GrowSmart Maine
 Habitat for Humanity of Greater Portland
 Hancock Lumber, Casco
 Healthly Androsogoin, Lewiston
 Home Start, Peaks Island
 Homeless Voices for Justice, Portland
 Housing Foundation, Orono
 Housing Initiatives of New England, Portland
 Housing Partnership, Portsmouth, NH
 Hunt Capital Partners LLC, El Paso, TX
 Island Institute, Rockland
 Islesboro Affordable Property
 Jensen Baird Gardner & Henry, Portland
 John Anton, Consultant, Portland
 Kaplan Thompson Architects, Portland
 Kennebec Savings Bank, Augusta
 Kennebec Valley Community Action, Waterville
 KeyBank
 Landry/French Construction, Scarborough
 LaRoche Consulting, LLC, Augusta
 Lassel Architects, South Berwick
 LeadingAge Maine & New Hampshire
 Lewiston Housing Authority
 Machos Savings Bank
 Maine Bureau of Veterans' Services
 Maine Community Action Association
 Maine Community Bank
 Maine Department of Health & Human Services
 Maine Equal Justice
 Maine Immigrants' Rights Coalition
 Maine Real Estate Managers Association
 Maine Workforce Housing LLC, Portland
 Mano en Mano, Millbridge
 Manz Development LLC, Yarmouth
 NBT Bank, Portland
 Neighborhood Housing League, Lewiston
 Nickerson E. O'Day, Inc., Bangor
 North Haven Sustainable Housing
 Northeast Rental Housing
 Northern NE Housing Investment Fund, Portland
 Norway Savings Bank
 Old Town Housing Authority
 Opportunity Alliance, South Portland
 Otis Atwell CPAs, South Portland
 Penobscot Nation, Indian Island
 Penquis, Bangor
 People's United Bank
 Portland Builders
 Portland Housing Authority
 Preble Street, Portland
 Preservation Management, South Portland
 Preti Flaherty, Portland
 Raise-Up Housing Cooperative, Lewiston
 Sanford Housing Authority
 Scott Simons Architects, Portland
 Sea Coast Management Company, Topsham
 Shalom House, Portland
 Silver Street Development Corporation, Portland
 South Portland Housing Authority
 Sparhawk Group, Yarmouth
 Sunrise Opportunities, Machos
 S.W. Cole Engineering, Gray
 TD Bank
 Tedford Housing, Brunswick
 The Caleb Group, Saco
 The Eagle Point Companies, South Portland
 The Park Juniors, Portland
 Thornton Tomasetti, Portland
 Through These Doors, Portland
 Total Construction Management, Winterport
 TPD Construction Co., Sanford
 United Way of Greater Portland
 Veterans Inc., Lewiston
 Volunteers of America of Northern NE
 Westbrook Housing Authority
 Western Maine Community Action, E. Wilton
 Wishamper Companies, Portland
 Wright-Ryan Construction, Portland
 Yarmouth Senior Housing
 Year-Round Housing Corp., Long Island
 York County Community Action, Sanford
 York County Shelter Programs, Alfred
 York Housing
 Zachau Construction, Freeport

- Section 1.3 requires that residents of “set-rate” apartments pay no more than 25% of their income on rent and utilities combined. This provision would make Section 8 voucher holders – who by program design pay at least 30% of their income towards housing – ineligible unless the developer is able to secure some additional source of subsidy to the pay the difference. It is unclear what sources would be feasible for such an ongoing monthly expense.
- Section 1.1 requires that a project labor agreement must apply to all workers who build housing through the project, including those employed by the general contractor and all subcontractors. We do not have an opinion on the merits of project labor agreements in the abstract, but as practitioners in the field who must find a contractor partner who is willing to build the housing that we finance and design, we believe that this provision is simply not feasible. I reached out to four of the most prominent affordable housing contractors in the state for their feedback on this element of the bill, and each of them told me the same thing: they simply would not bid on projects subject to such a requirement. They do not see such a project labor agreement requirement as remotely feasible or practical in Maine, and also point out the impossibility of utilizing such an approach while still falling within the affordable housing cost caps required by MaineHousing.

As a supporter of and participant in the work of the Maine Climate Council, we strongly endorse efforts to make future housing investments compatible with its recommendations and best practices. Since residential buildings are responsible for such a large share of our state’s carbon emissions, our new construction activities must be undertaken with climate impact in mind. For this reason we support Section 5 of the bill.

We do not oppose the passage of LD 1656 and the appropriation of \$100 million from the General Fund, because it would not in any way harm the work being done by housing practitioners across the state to build the highly efficient, affordable homes that Maine people need. However, we cannot support the bill because we do not believe that the money would be usable on any kind of scale, and is therefore simply not relevant to addressing our state’s affordable housing challenges.

Thank you for your consideration, and please do not hesitate to contact me with any questions.