

## MAINE LOW INCOME HOUSING TAX CREDIT CALENDAR YEAR 2024.

*Annual Report to Maine Revenue Services, OPEGA, and the Joint Standing Committee on Taxation*

**36 M.R.S. §5219-WW(9)** requires Maine State Housing Authority to provide a report annually to Maine Revenue Service, to the Office of Program Evaluation and Government Accountability, and to the joint standing committee of the Legislature having jurisdiction over taxation matters on the status of the credit if there has been new activity since the previous report.

“The report must include, but is not limited to, the amount of the credits allocated under this section, the location and cost of projects receiving credits, the number and type of residential units created or improved by each project, the number and type of units allocated credits in qualified rural development preservation projects and senior housing projects and the amount of other investment leveraged by each project, including federal low-income housing tax credits.”

### About the Program:

The Maine State Low Income Housing Tax Credit (SLIHTC) was enacted by the 129<sup>th</sup> Maine Legislature in 2019. The program provides \$80,000,000 in affordable housing tax credits, available for allocation in the amount of \$10,000,000 per year over eight years. The first awards under the program were made in 2021 and we have structured this report to provide a complete accounting of each year since. We also include information on several projects, currently in underwriting, which we expect to finance using the state tax credit.

### Implementation:

The intent of this tax credit is to provide a state-level financing instrument that can be paired with the federal 4% low income housing tax credit which is used in the production of affordable housing. 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 housing development 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.

The SLIHTC is a one-time credit that is used at the end of a project's construction. This contrasts with federal LIHTC credits, which are spread out over 10 years. As enacted, the SLIHTC was designed to provide state credit equal to the federal credit, but results in the first year suggested that the most efficient method of allocation is to provide SLIHTC in an amount *not to exceed* the federal credit. A legislative amendment was passed in 2021 as part of that year's tax conformity legislation to make this change. This allows MaineHousing to maximize the use of the federal credit, which is effectively unlimited, and to more efficiently use the fixed amount of SLIHTC that is available to allocate each year.

State credits were allocated to five projects in 2024. Credits are not actually allocated until the project is completed and an independent cost certification has been prepared. [Note: MaineHousing is not involved with when the recipients claim the credits with Maine Revenue] Multifamily apartment projects can take between two and three years to create, so there is a lag between time of award and time of payment. Credits allocated in 2024 totaled \$13,798,027.

### Tax Credit Awards

MaineHousing has awarded credits to seven projects (3 LIHTC and 4 RD) in 2023-2024 that are under construction and total \$16,442,206 in credit. These projects should be completed in 2025-2026. Eight more (3 LIHTC and 5 RD) in the pipeline and have either been awarded or anticipate using this credit total \$15,326,572. These projects should begin construction in 2025 and 2026. Workforce, cost and even COVID 19 continue to cause construction delays, and we believe it is possible that the construction timeline might push some of these projects over into or through 2027.

The accompanying table provides specific details on all the projects that were allocated credit in 2024, as well as all the projects, including Rural Development projects, that are in our pipeline.

The table shows prior credit allocations: \$7,996,111; allocations from 2024: \$13,798,027; and projected future allocations for 2025 and 2026 within various programs: \$31,768,778. We expect that one or more of these projects will carry into 2027, so anticipate remaining within the allowable allocation limit of \$15,000,000 per year.

Project Name	Location	Building Type	Tenant Type	Total Units	Low Income Units	Total Development Cost	Amount of State Credits	Other Investment
<b>Prior Year's Cumulative Allocation</b>								
				<b>105</b>	<b>93</b>		<b>7,996,111</b>	
<b>2024 Allocations</b>								
Mary Street Apartments	Skowhegan	Adaptive Reuse/NC	Family	40	40	15,520,086	4,475,663	11,083,983
Winter Landing	Portland	New Construction	Older Adults	52	52	20,331,403	3,399,730	17,067,663
Equinox	Portland	New Construction	Family	43	43	19,562,563	2,873,938	16,803,583
Snow School	Fryeburg	New Construction	Older Adults	28	28	9,704,288	791,192	8,944,744
Hartland Senior Apts. II	Hartland	New Construction	Older Adults	30	30	9,756,583	2,257,504	7,581,549
<b>Total Credit Allocated in 2024</b>							<b>13,798,027</b>	
<b>Combined Total to Date</b>				298	286		<b>21,794,138</b>	
<b>LIHTC Projects under construction</b>								
Wedgewood	Lewiston	New Construction	Family	82	60	TBD	5,000,000	TBD
Peasley Park	Rockland	New Construction	Older Adults	49	49	TBD	5,246,093	TBD
Equality Housing	Portland	New Construction	Older Adults	54	54	TBD	4,467,613	TBD
<b>Total Credit Reserved</b>							<b>14,713,706</b>	
<b>LIHTC Projects in preliminary development</b>								
DeWitt	Lewiston	New Construction	Older Adults	104	83	TBD	8,703,704	TBD
COMB Block	Portland	New Construction	Family	55	50	TBD	1,909,868	TBD
Youth & Family Outreach	Portland	New Construction	Family	60	48	TBD	2,413,000	TBD
<b>Total Credit Estimated</b>							<b>13,026,572</b>	
<b>Combined LIHTC Pipeline Total to Date</b>							<b>27,740,278</b>	

Project Name	Location	Building Type	Tenant Type	Total Units	Low Income Units	Total Development Cost	Amount of State Credits	Other Investment
<b>RD Projects under construction</b>								
3 & 9 Pine Street	Thomaston	Acquisition/Rehab	Family	16	16	TBD	500,000	TBD
63 Water Street	Thomaston	Acquisition/Rehab	Family	12	12	TBD	454,000	TBD
12 Pulcifer Road	Mapleton	Acquisition/Rehab	Older Adults	12	12	TBD	274,500	TBD
Main View Apts	Orono	Acquisition/Rehab	Older Adults	24	24	TBD	500,000	TBD
<b>Total Credit Reserved</b>							<b>1,728,500</b>	
<b>RD Projects in preliminary development</b>								
Cole Hill Apts	Waldoboro	Acquisition/Rehab	Family	24	24	TBD	500,000	TBD
Salmon Brook Meadows	Washburn	Acquisition/Rehab	Older Adults	24	24	TBD	500,000	TBD
Westside	Howland	Acquisition/Rehab	Older Adults	4	4	TBD	300,000	TBD
Follis Place	Eastport	Acquisition/Rehab	Family	22	22	TBD	500,000	TBD
Beechcliff	SW Harbor	Acquisition/Rehab	Family	24	24	TBD	500,000	TBD
<b>Total Credit Estimated</b>							<b>2,300,000</b>	
<b>Combined RD Pipeline Total to Date</b>							<b>4,028,500</b>	

**Total Pipeline to be allocated in 2025-2026**

**31,768,778**

Credits Reserved  
but not allocated