



LEGISLATIVE BULLETIN

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Hope for Public Safety Resurrected

Late Tuesday evening, the Appropriations and Financial Affairs Committee made a few unexpected and much welcomed votes in support of public safety on a statewide basis. After an extremely long day, the committee continued deliberations late into the evening attempting to reach consensus on budget initiatives presented by both the Governor and the departments charged with carrying out some of the heaviest lifts and most thankless tasks across the state.

Speaking to a long-held belief that investing in the people of Maine as their greatest asset is both vital and necessary, the frequent preamble of every commissioner that comes before the committee, Rep. Dan Ankeles of Brunswick pointed to the previous allocation of \$4 million to reclass positions in the Maine State Police (MSP) linking that initiative to a current Department of Public Safety request for 32 additional positions. With that said, Rep. Ankeles moved to amend the request down to 16 positions, which is the first addition to the MSP patrol staff in over 30 years to successfully make it into the budget.

While the number falls well short of need, the increase is still something to be celebrated.

As the last order of business at 10:00 p.m., the committee also voted to pull LD 1857, *Resolve, to Establish a Public Safety Health and Wellness Grant Pilot Program*, sponsored by Rep. Lynn Copeland of Saco, off the special appropriations table. The bill, with its \$2 million appropriation, was moved into the budget. This decision came a week after the Maine Fire Chiefs held their annual conference, highlighting a renewed need to invest in the health and welfare of firefighters to maintain the current ranks of professionals who are facing growing pressures, and intense demand for overdose and mental health co-responses that are changing the very nature of public safety.

Holding up a bullet proof vest, one speaker highlighted that the gear once thought to only be needed by law enforcement was now becoming standard equipment necessary to protect other first responders such as fire and EMS professionals who attend the same scenes in tandem with their security trained colleagues. The need for increased training, and increased

attention to caring for employees dominated the conversations with hope for LD 1857's passage, which is central to the wish list of the first responders present.

In a commendable and unanticipated move, the committee sent a clear message to their public safety professionals and municipal officials from Fort Kent to Kittery – “We hear you. We see you. We support you.” – by supporting the inclusion of LD 1857 into the budget by a vote of 12-1.

If the initiative is successful, dispatchers, firefighters, law enforcement officers, EMS, corrections officers, and their embedded civilian colleagues, regardless of their employment status or agency, will be able to benefit from opportunities to have cardiac, cancer, metabolic, and behavioral health services unique to their exposure to repeated

(continued on page 5)

GA Coming at Ya, Like a Dark Unicorn

On Friday, March 29, Governor Mills released her change package, which was presented to the Appropriations and Financial Affairs (AFA) Committee by Commissioner Kirsten Figueroa of the Department of Administration and Financial Services (DAFS). The package outlined several amendments and additions to the governor's supplemental budget, including two items related to General Assistance (GA).

Part OO of the supplemental budget would transfer \$5 million in unappropriated General Fund surplus revenue to the Department of Health and Human Services (HHS) to reimburse municipalities for the direct aid provided under the GA program. The change package increased this transfer to \$10 million. It was encouraging to hear the DAFS commissioner admit that the increased need for, and increased cost of administering, the GA program, “cannot be supported with the current baseline budget.” However, it's important to remember that this \$10 million figure is included in the supplemental to make up for the insufficiency in baseline budget funding for the current statutorily required municipal

(continued on page 2)

GA Coming at Ya cont'd

reimbursement and is not an increase in the GA baseline budget.

The language initiatives in the supplemental budget included Part II, which would prohibit a municipality from exceeding the maximum levels of assistance under the GA program for more than 30 days in a 12-month period. During the initial budget presentation, HHS Deputy Commissioner Benjamin Mann confirmed that the intent of this language was to stop the use of hotels as short-term housing he claimed was the culprit for the approximately \$30 million state share of GA in 2023. Advocates strongly opposed this language as too restrictive, potentially resulting in an increase in the population of unhoused individuals when the un-exceeded maximum funding levels become less than what is necessary to assist those individuals.

While DHHS was poised to solve this problem by including \$16 million in emergency housing funding through the Maine State Housing Authority, the HHS committee proposed their own solution. In their budget report-back to AFA, the committee recommended, along party lines, removing the proposed language altogether and increasing the \$5 million transfer described above, to \$25 million.

The change package amendment to Part II made it abundantly clear that the administration is intent on ending the use

of any kind of short-term lodging for GA housing, which is illustrated by the new proposed language. Now, Part II reads, “A municipality shall not exceed maximum levels of assistance ... for more than 30-days in a 12-month period when assistance is granted for a hotel, motel, inn or other lodging place...” While some community advocates noted in their testimony that this amended language removes the previous limitations to all other GA services, as well as housing for those who may be placed in an apartment or shelter, MMA testified in continued opposition to the language. Not only will this language prevent a GA administrator from utilizing the flexible tools sometimes required to address the changing needs of clients, but it also creates an administrative burden of tracking which clients have utilized their 30-day allowance, and when.

Late Monday night, April 1, at approximately 10:30 p.m., the AFA committee voted “in” the supplemental budget lines for General Assistance, both measures approved along party lines. While the majority approved both items, as amended by the change package, the minority members offered support for the original appropriation of only \$5 million for municipal reimbursement, not the amended \$10 million proposal. Of little consolation, the minority members did not support the amended language.

The unicorn shaped elephant in the room is the fact that while everyone may agree the GA program needs reform, those reforms will never happen until the administration, the appropriators, or both, agree that the necessary reforms are worth funding. Alternatively, those policymakers could, indeed, decide to return GA to the “program of last resort” as it was originally intended. However, to do so would require cooperation, collaboration, and agreement on what replacement programs could most effectively address the needs of those requiring the services. Holding one’s breath is not recommended for either situation.

So, once again, the GA unicorn slipped through our fingers, disappearing into a partisan forest of division. Perhaps more importantly, it occurred against the recommendations of the HHS committee following months of stakeholder work between community organizations and municipal leaders, and under the cover of darkness.



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Land Rich, Housing Poor; Aroostook Housing Conference Takeaways

Currently, housing is dominating discussions, internationally, nationally, and in the Legislature, as well as in town and city halls across Maine. As Governor Mills' change package, seeking to advance several amendments to her original supplemental FY 2024 – FY 2025 General Fund budget, dropped last Friday afternoon, housing discussions dominated the Northeastland Hotel in Presque Isle. In a location where the area median income still meets the average home price, housing pressures are no less acute, particularly where the housing stock is some of the oldest in the state.

Additional pressure on rents in the Presque Isle region is being applied as significantly large projects under development in the region needing a specialized workforce is resulting in companies paying the asking price for available units to house staff, which in turn often pushes rents to levels that are out of reach for longer term residents. The number of short-term rentals is also increasing with 198 rentals available in the city limits alone, 57 of those full house rentals.

But municipalities can regulate transient rentals, create licensing requirements, and enforce compliance so there isn't a problem, right? The municipal experience is that when one community regulates, the market spreads to adjacent communities immediately increasing the pressure regardless of an adjacent community's ability to respond with regulatory measures. Perhaps more importantly, if the properties could be carved out from residential assessments based on their transient use, intense regulation may not be needed.

From MaineHousing's own AirDNA report to the Legislature, the vast majority of Maine's vacant housing stock is comprised of seasonal, recreational, or occasional use properties. However, there is not a taxation category to carve out transient rental properties from property tax assessments by use. A four-bedroom cape that is purchased to rent out in a residential neighborhood is assessed at the same rate and based on the same pressures as the four-bedroom cape that provides year-round residence next door. However, both are impacted by the purchase price of the four-bedroom cape that is used as investment income, which often sells at a far higher price than local residential sales would tolerate.

Maine residents who sell their homes at the inflated market demand are competing with the purchasing power of those buyers moving to Maine from adjacent states for their next home. Buyers who dispose of real estate in Massachusetts have \$200,000 more in purchasing power for a Maine home and those from New York, have nearly the ability to buy two homes in Maine with their average sale price sitting at \$732,594.

Only when applying for a mortgage does a borrower need to indicate if the property will be used as a primary residence, second home, or investment property. However, voluntary disclosure to the IRS provides a host of different bonuses. Investment homes can realize a bank of tax deductions that residential properties cannot. From mortgage interest to property taxes, insurance, maintenance, and losses due to damage including depreciation, the use of housing as an investment opportunity is lucrative with human habitation not central to the incentives.

Bottom line, Maine is an attractive second home and investment destination.

Aroostook County is no different than the rest of Maine in terms of the increased cost of housing, limited stock available for purchase, and limited construction staff to renovate some of the oldest housing in the nation. What is different is the average house price in The County is far cheaper than the rest of the state while the cost to build a new home is on par with the rest of the state. This makes it challenging for individuals who would like to downsize to either purchase a smaller home or have one constructed without consuming all their sale proceeds. The presenters participating in the Aroostook Housing Conference earlier this month highlighted one important reason why; developers need significant personal capital to build on speculation or access to project financing through a lender and are opting instead to pursue the complex but lower risk affordable housing projects that often have very little or no capital outlay once the tax incentives are engaged.

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Maine Municipal Association

60 Community Drive, Augusta, ME 04330

207-623-8428 Website: www.memun.org

Editorial Staff: Kate Dufour, Rebecca Graham, Rebecca Lambert, Amanda Campbell and Laura Ellis of Advocacy & Communications.

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Hence the legislative push for growing the revenue pot for investment in the Low-income Housing Tax (LIHTC), Rural Affordable Rental Housing, and the Affordable Homeownership programs, the latter two often catering to smaller projects not able to realize the LIHTC tax credits. Contrary to the frequent narrative heard in the halls of the State House, and the Housing Committee specifically, municipal permitting is not the barrier, as more of these projects are permitted than have realized funding or have a shovel in the ground.

Similarly, attendees at the Aroostook Housing Conference heard of the workforce woes, which include contractors visiting other projects and offering construction professionals \$10 more an hour to walk off their current jobsite and work on another project instead. The lack of construction professionals was seen as a barrier uniformly by municipal officials and development professionals alike.

On Tuesday of last week, the Appropriations and Financial Affairs Committee moved several housing initiatives into the budget that would enhance existing programs with greater incentives. Those initiatives include \$16 million for the Emergency Housing Relief Fund, with \$2.5 million earmarked for low barrier shelters, \$5 million for assisting mobile home park residents purchase the land under their homes, \$10 million for the Affordable Homeownership Program, \$10 million for the Rural Affordable Rental Housing Program and \$10 million for LIHTC.

What remains on the table is a powerful tool for municipalities to leverage their own retained value resulting from tax increment financing (TIF) for economic development to protect and naturally grow affordable housing in creative ways that is informed and approved by the community's residents. The fiscal note for the bill is the cost of a single position in the Department of Economic and Community Development to approve the proposed zone within municipalities, \$75,000 in 2024 and \$100,000 annually thereafter.

LD 1493, *An Act to Increase Affordable Housing by Expanding Tax Increment Financing*, sponsored by Rep. Raegan LaRochelle of Augusta, seeks to amend existing law authoring the use of retained value from a TIF district for the investment or bonding of projects that fall outside the district, but are necessary to sustain the district, such as enhanced sewer and water infrastructure to service a district. As proposed, the bill would allow a community to designate an "Evergreen Zone" around areas where naturally affordable housing could be targeted for development that displaces available workforce. Additionally, the power to use those greater value economic TIF funds to support a small developer or landlord could provide opportunities to improve, construct, or even demolish older housing in exchange for replacing, expanding, or maintaining units at

current naturally affordable rentals levels.

During the Aroostook Housing Conference, attendees learned that while several older residents qualify for federal low-income heating energy assistance programs for improving energy efficiency, their homes are often too large and have too many needs to qualify. Residents often ask if they could just improve the energy efficiency of a limited portion of the home because they only needed a couple of rooms for their living needs. Unfortunately, the program does not allow for such improvements, and only considers the efficiency of the entire building. Under the Evergreen Zone proposed in LD 1493, retained value could be used to assist that owner with the creation of a smaller unit to not only keep them in their cherished home, but also to build additional units in the space to house other residents and increase efficiency in exchange for an instrument to keep the asset in the attainable housing range without the owner losing their equity.

The power of LD 1493 is not only locally grown and directed via home rule, but it also disrupts the dreaded "not in my back yard" NIMBYism lens applied to large scale projects often seeking to maximize units to make the financing math work for the developer. Because the use of TIF retained value is community approved, and the Evergreen Zones are also community designated, the tool can also be used to find the right developer for a community's identified and desired development, thereby circumventing the market driven approach. LD 1493 may be the only tool in the current list of legislative initiatives that has the power to not only disrupt NIMBYism but also to grow small scale developers, with a human centered approach, while also serving to strengthen partnership opportunities between municipalities and centers for learning to grow construction professionals.

All for a cost of a single state employee and increased flexibility for municipalities to use their own retained value to advance their own housing needs. Still, this single tool, with the smallest of appropriations and the greatest power to increase the mix of housing in Maine sits quietly awaiting Appropriations and Financial Affairs Committee approval.

Municipal officials who want the flexibility to use their economic TIF funds to grow housing to support their TIF districts, and keep a workforce nearby, are encouraged to reach out to members of the committee and ask them to pull LD 1493 off the special appropriations table and fund the initiative. See the Action Alert sidebar published in this edition of the bulletin for information on how to contact the members of the AFA Committee to urge their support for LD 1493.

traumatic events delivered through this two-year pilot program. While already nationally recognized as saving lives of first responders, the pilot program will produce extensive data to show the need for ongoing investment in these programs. This human centered approach has already uncovered significant health threats in local first responders that have undergone the screenings to save them from early death and provide intervention at its least expensive point before the symptoms occur.

The growth in suicides linked to responder trauma exposure has hit Maine's small public safety workforce hard and increased the necessity for culturally informed service providers to build faith in professions that use mental health screenings to determine an individual's fitness for employment or return to work. Such providers also understand the need to include the family in resiliency conversations who are often affected by the burdens carried by their responder partners and parents. Insurance coverage products frequently are not designed to understand or link the importance of family unit care to first responders.

The initiative proposed under LD 1857 is truly leading the nation and carrying the Maine "Dirigo" motto from the table to community. Several states have enacted a portion of these programs for first responders either by providing free cancer screenings or enhanced cardiac screenings or first responder focused mental health and resiliency programs, but no state has developed a program to deliver all three and for all first responders who answer the call. While the bill still needs to make it through the rest of the budget process and off the governor's desk successfully, the action to move the initiative and its fiscal note into the budget is a clear signal of intent to make it happen.

MMA staff, first responders, and municipal officials who made this effort central to their legislative platform, thank the members of the Appropriations Committee for their thoughtful approach, opportunities to listen to first responders and most importantly, hearing the concerns raised by public safety officials. We also deeply appreciate the continued efforts of the bill's sponsor, Rep. Copeland, who has tirelessly lobbied her colleagues and the administration on behalf of her first responders. Most importantly, staff thank the first responders willing to share their personal stories and challenges so candidly with their limited time to all who would listen.

You were heard.

ACTION ALERT

Connect with the Appropriations & Financial Affairs Committee Today

As you will read throughout the pages of this edition of the Legislative Bulletin, all eyes and ears are on the work of the Appropriations & Financial Affairs (AFA) Committee, which is currently putting its final touches on the supplemental FY 2024 - FY 2025 General Fund budget. It is one of several important public policy initiatives that needs to be decided before the Legislature can adjourn on April 17.

Included in the committee's budget proposal is an initiative advanced on behalf of MMA's Legislative Policy Committee, LD 1857, *Resolve, to Establish a Public Safety Health and Wellness Grant Pilot Program*, sponsored by Rep. Lyn Copeland of Saco. The bill seeks to pilot a program designed to deliver culturally appropriate physical and mental healthcare services to first responders.

However, two additional initiatives, advanced by municipal leaders across the state, continue to wait on the Appropriations Table for funding.

LD 1664, *An Act to Increase Reimbursement Under the General Assistance Program*, sponsored by Sen. Marriane Moore of Washington County, seeks to increase from 70% to 90% state reimbursement for the direct aid provided by municipalities under the General Assistance Program.

Additionally, LD 1493, *An Act to Increase Affordable Housing by Expanding Tax Increment Financing*, sponsored by Rep. Raegan LaRochelle of Augusta, which seeks to provide municipal leaders and residents with a new tool for expanding access to affordable housing, is also waiting for state funding. In the case of LD 1493, the cost of advancing this initiative is funding for a single position in the Department of Economic and Community Development.

With the impending adjournment date looming, it is now time for municipal officials to reach out to members of the AFA Committee and to thank them for their support of LD 1857 and ask that they also move LD 1664 and LD 1493 into the budget proposal.

Contact information for AFA members is available here: <https://legislature.maine.gov/committee/#Committees/AFA>.

Thank you for your ongoing support.