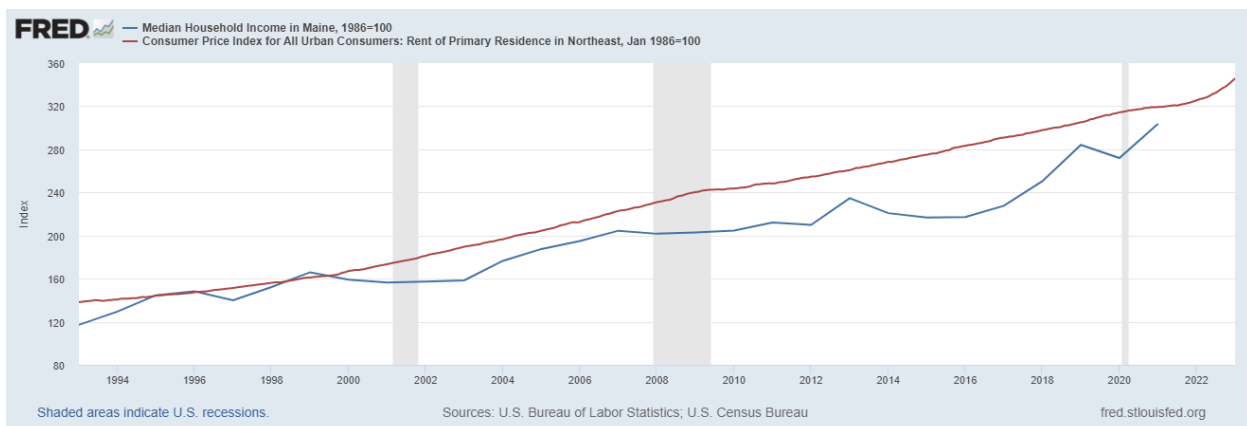
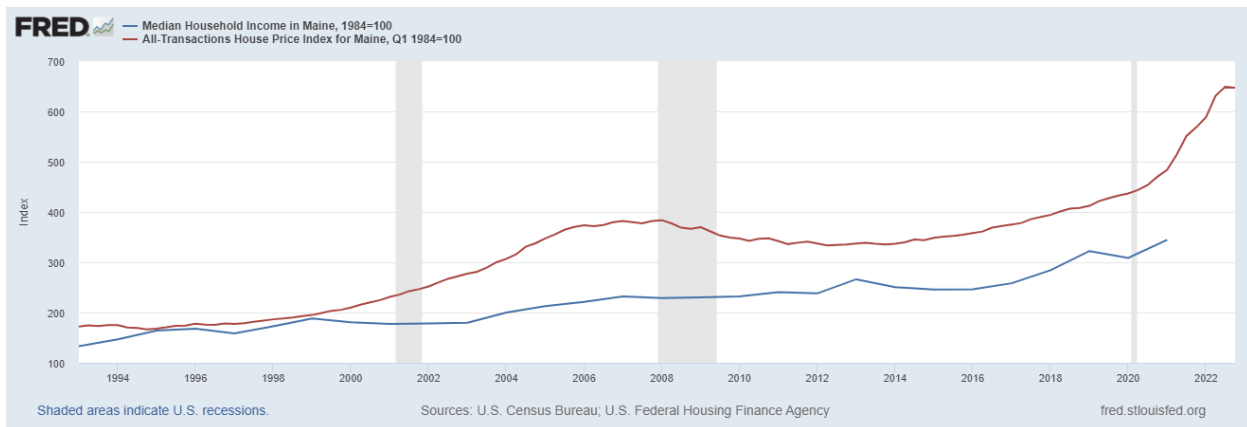


Testimony in support of LD 1074, “An Act to Authorize a General Fund Bond Issue to Fund New Affordable Housing for Low-income Households.”

Josie Phillips, Policy Fellow
 4/25/2023

Good afternoon, chairpersons Rotundo and Sachs, and all members of the Appropriations and Financial Affairs committee. My name is Josie Phillips, and I am representing Maine Center for Economic Policy. I am testifying in favor of LD 1074 because large-scale investment is needed to address Maine’s affordable housing crisis.

Over the past 20 years, the costs of homeownership in Maine and renting in the Northeast region have grown more quickly than Mainer’s median household income.ⁱⁱⁱ This indicates that, for a majority of Mainers who rent or are looking for a new home, keeping a roof over their head has consistently become more challenging over time.



Across the state, the lack of affordable housing is hurting the economy. The state economist has acknowledged it as one of the most significant challenges facing Maine’s economy,

Board of Directors

Lee Webb, Ph.D., Chair
Barbara Burt, Vice-chair
Pamela Cox, Treasurer
Ben Chin, Secretary

Sandra Butler
 Maulian Dana
 Marcus Hutchins
 Jessica Maurer

Stacy Mitchell
 Matt Schlobohm
 Lucy Van Hook

particularly in relation to the difficulty it adds to attracting working age adults into the state.ⁱⁱⁱ Even when solely considering the residents already in Maine, however, a lack of affordable housing can be a serious impediment to the wellbeing of families' personal finances and the prosperity of Maine's state economy.

For instance, we know that experiencing housing insecurity can jeopardize people's physical and mental health^{iv} and make them significantly more likely to lose a job.^v We also know that being in good physical and mental health is foundational to people's ability to be productive at their jobs and provide for themselves and their families. Depression alone costs the U.S. economy more than \$200 billion per year,^{vi} and experiencing a bout of clinical depression leads people to earn 24 percent lower annual wages on average, even decades after the initial depressive episode.^{vii} Similarly, absences and lost productivity due to chronic illnesses and injuries cost employers across the country an estimated \$530 billion per year,^{viii} and poor physical health can also cause severe reductions in personal lifetime earnings.^{ix} By increasing the stock of affordable housing across the state, LD 1074 would improve the health of Mainers, which would in turn improve the productivity of the state economy.

While the investment laid out in LD 1074 is necessary and long overdue, it is important that Maine provide ongoing support for urban and rural affordable housing development, prioritizing housing as an investment included in future baseline budgets. The affordable housing crisis has been decades in the making, and it will likely take many years of sustained public and private investment to resolve. Once the state has met its housing production goals, ongoing funding will help ensure that the previous decades of underinvestment are not repeated, landing us right back where we are today.

Mainers' needs for housing are not going away anytime soon, and the state government's investment in housing should reflect this reality. Until these needs are sustainably met, they will present as a significant threat to the health and stability of Maine's families and economy at large. The funding included in LD 1074 is a critical first step in undoing the damage of the past two decades, and I urge this committee to vote yes on this bill. I also encourage members to consider ways in which we can provide ongoing investment to this crucial component of Maine's economic wellbeing.

ⁱ Federal Reserve Economic Data, "Median Household Income in Maine" and "All-Transactions House Price Index for Maine." <https://fred.stlouisfed.org/graph/?g=12h7w>

ⁱⁱ Federal Reserve Economic Data, "Median Household Income in Maine" and "Consumer Price Index for All Urban Consumers: Rent of Primary Residence in Northeast." <https://fred.stlouisfed.org/graph/?g=12h88>

ⁱⁱⁱ The Courier-Gazette, "State Economist sees challenges from inflation, housing crisis, work force shortage." https://knox.villagesoup.com/news/state-economist-sees-challenges-from-inflation-housing-crisis-work-force-shortage/article_794367c9-2155-591c-b393-7d23a191e4ae.html

^{iv} Health Affairs, "Housing and Health: An Overview of the Literature." <https://www.healthaffairs.org/doi/10.1377/hpb20180313.396577/>

^v National Low Income Housing Coalition, "Housing Instability Increases Likelihood of Job Loss." <https://nlihc.org/resource/housing-instability-increases-likelihood-job-loss>

^{vi} American Psychiatric Association, "The Economic Cost of Depression is Increasing; Direct Costs are Only a Small Part." <https://www.psychiatry.org/News-room/APA-Blogs/The-Economic-Cost-of-Depression-is-Increasing>

^{vii} Brookings Institute, "Lasting scars: The impact of depression in early adulthood on subsequent labor market outcomes." <https://www.brookings.edu/research/lasting-scars-the-impact-of-depression-in-early-adulthood-on-subsequent-labor-market-outcomes/>

^{viii} John Hopkins Medicine, "The Cost of Employees' Poor Health." <https://www.johnshopkinssolutions.com/the-cost-of-employees-poor-health/>

^{ix} National Bureau of Economic Research, “The Lifetime Costs of Bad Health.”
https://www.nber.org/system/files/working_papers/w23963/w23963.pdf