



Maine People's Alliance

Hello, Senator Grohoski, Representative Cloutier, and Members of the Joint Standing Committee on Taxation. My name is Cate Blackford and I am the Public Policy Director of the Maine People's Alliance. MPA is Maine's largest community action organization, with over 32,000 members across the state.

Thank you for the opportunity to express our support for LD 1028, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax.

Maine's real estate transfer tax is a modest tax. It is comparable to and less than similar taxes by our neighboring states and has been shown not to affect the purchase of a home. By adding a second tier to this tax to target the most expensive real estate in Maine, the state will be able to raise critically needed additional revenue and use the proceeds to help ensure *all* Mainers have a safe, decent place to call home.

Maine People's Alliance supports the creation of a graduated real estate transfer tax as well as the use of the funding to support Housing First, the rural affordable rental program, and the Housing Opportunity for Maine fund.

Housing First is a proven model for addressing the needs of the chronically homeless, providing housing to them as a right, along with supportive services, that not only greatly improve their lives but also significantly reduce their need to use the few systems available to people without homes: hospitals, prisons, and the like.

The HOME fund is used to support an array of housing needs, from emergency rental assistance to home repairs and weatherization that help keep people in their homes. There is significant demand for additional funding for each of its uses.

The rural affordable rental program has been a much needed resource for Maine's smaller communities, which are often unable to access other affordable housing funding because of the smaller scale of projects they tend to need and undertake.

The data is clear that stable housing, and its protections against the stress and uncertainty of frequent moves or the fear of losing one's home, has lifelong benefits. Children who experience housing instability are more likely to experience negative outcomes, such as poor academic performance and behavioral issues. When we invest in rental assistance, new housing, and housing first, we are doing so to ease the financial burden on families, helping reduce parents' stress and providing much needed stability for Maine families and our communities.

According to the Urban Institute, younger siblings who spent more years living in subsidized housing had higher annual earnings by their mid-twenties compared with their older siblings who spent fewer years with housing assistance.¹

It is critical Maine make these investments and seek out that kind of dramatic, life-long impact. We see a rising share of renters who pay more than 30% of their gross income on housing - nearly 80% of households who earn less than \$20k/year, 75% of households earning \$20-35k/year, 55% of households earning \$35k-50k/ year and nearly 30% of households earning \$50-75k/year.² According to the last Kids Count, on January 25, 2022, there were 808 children living in shelters or hotels with their families who were homeless. During the school year, there were 2,142 students in Maine who were homeless or doubled up in overcrowded housing at least one day.³ Each of these families' stories are a reason to pass this modest tax proposal and increase our capacity to invest in the housing we desperately need.

I thank you all for the serious, thoughtful approach you are bringing to the complexity of our tax system and how it intersects with our housing crisis. The real estate transfer tax is a modest tax and adding a second tier on homes over \$1Million will provide much-needed resources to address our housing crisis. I urge you to support this bill.

Thank you,

Cate Blackford

¹ (Urban Institute, 2021). Source:

<https://housingmatters.urban.org/articles/how-housing-affects-childrens-outcomes>

²<https://www.mainehousing.org/docs/default-source/policy-research/research-reports/outlook-reports/2025-housing-outlook-report.pdf>

³ <https://www.aecf.org/interactive/databook?d=ec&l=23>