

MAINE AFFORDABLE HOUSING COALITION

Testimony of Greg Payne

On behalf of the Maine Affordable Housing Coalition

Before the Joint Standing Committee on Taxation

In Support of LD 1645: An Act to Create Affordable Workforce and Senior Housing and
Preserve Affordable Rural Housing

May 6, 2019

Senator Chipman, Representative Tipping and members of the Joint Standing Committee on Taxation, my name is Greg Payne and 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 is committed to the fundamental principle that everyone deserves a safe and affordable place to call home, and we strongly support LD 1645 as a means by which to address the severe lack of affordable housing in communities across our state.

Maine is experiencing a fundamental mismatch between the housing it has and the housing it needs, and that mismatch is creating enormous problems for both our families and our state's economic well-being. At its root is a growing gap between the incomes of Maine households with low and moderate incomes, and the cost of safe, decent homes across the state.

The results of this mismatch are overwhelming and unacceptable: the aggregate waiting list for affordable housing managed by members of the state's largest apartment association has risen to more than 32,000 households; over 18,100 Maine households are on waiting lists for federal rental assistance, often for 5-10 or more years; and over 4,000 households applied for an affordable home at the state's largest nonprofit housing agency in 2018, but only 373 received help. More than 35,000 renter households, spread throughout all areas of Maine, are severely rent burdened – that is, paying more than half of their incomes for rent and utilities. Please see the attached for more detail on this data.

At the same time that Maine is experiencing this widespread, unmet need for affordable homes, the annual rate of production of new affordable housing units is only about 250 statewide.

To increase the rate of production of affordable homes and reduce the number of Maine households on housing wait lists, we support the adoption of a state low income housing tax credit. This credit would leverage federal resources currently inaccessible to Maine and double the state's annual production of affordable housing. Over a dozen other states (including Vermont, Massachusetts and Connecticut) have utilized a similar approach, to great success.

We have worked hard to help make this proposal as efficient and effective as possible, and look forward to working with you to make forward progress on addressing Maine's affordable housing crisis.

Thank you for your time and attention.



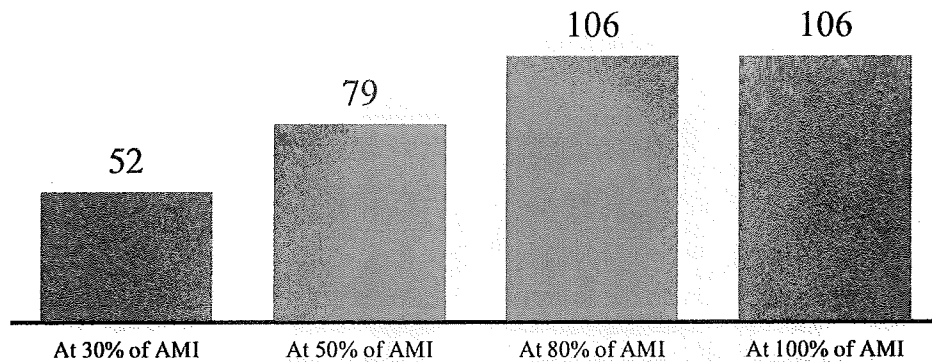
MAINE AFFORDABLE HOUSING COALITION

THE GAP BETWEEN RENTER INCOMES AND RENTAL COSTS IN MAINE: New data reflects extraordinary statewide challenges

Maine is experiencing a fundamental mismatch between its housing stock and its housing needs, creating enormous problems for our families and our state’s economic well-being. For tens of thousands of Mainers, the price, quality, size and location of the homes available to them are simply out of sync with their needs and resources.

The below graphic illustrates the lack of affordable rental homes available to Mainers at various income levels:

**Affordable and Available Rental Homes
Per 100 Renter Households in Maine**

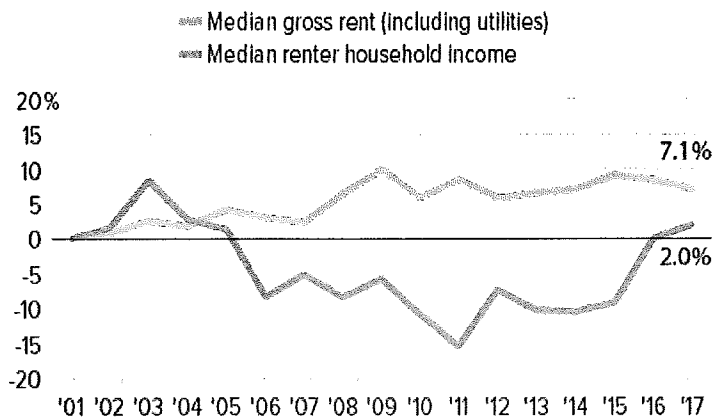


Source: NLIHC tabulations of 2017 ACS PUMS data. AMI = Area Median Income

At the root of this mismatch is the persistent gap between what renters earn and what rental housing costs:

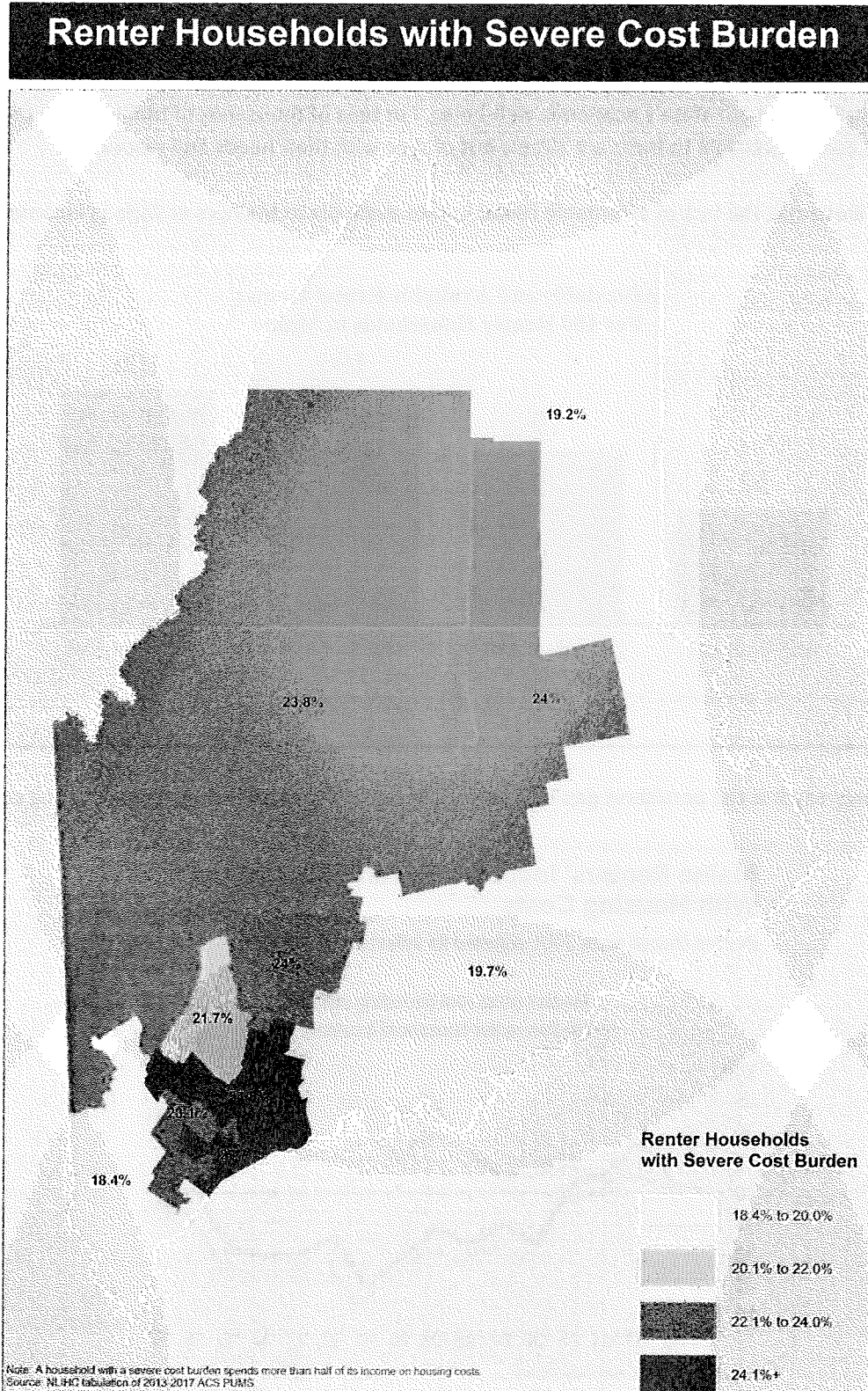
Maine Renters’ Incomes Haven’t Caught Up With Housing Costs

Percent change since 2001, adjusted for inflation



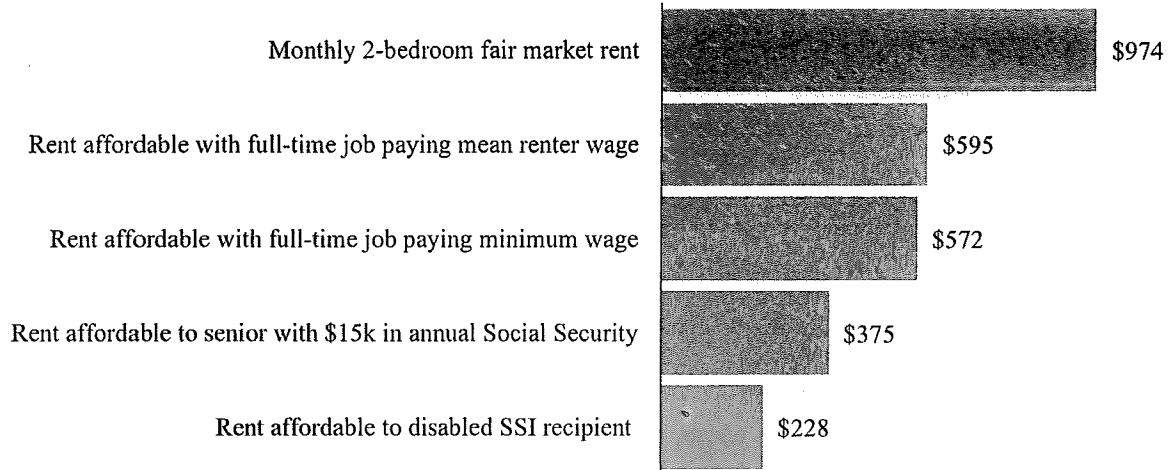
Source: American Community Survey

The result of this housing mismatch is that more than 35,000 renter households in Maine are severely rent burdened, paying more than half of their incomes for rent and utilities. These households live in urban, suburban and rural areas alike. The following map shows the percentage of renter households in each Maine county who pay more than 50% of their incomes toward their housing costs:



There is not a single county in Maine where a full-time worker earning the mean renter wage or the minimum wage can afford the typical 2-bedroom apartment (see table below, which uses the federally accepted standard of affordability as housing that consumes 30 percent or less of a household's income). Many Mainers living on fixed incomes, particularly seniors and those with disabilities, are finding fair market rents (FMR) – that is, the cost of decent, modest rental housing in the local market - to be even further out of reach:

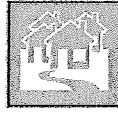
Rents are Out of Reach for Many Renters in Maine



Source: National Low Income Housing Coalition, *Out of Reach 2018*

Area	# Renter households	2 Bedroom fair market rent (FMR)	Rent affordable at mean renter wage	Rent affordable at minimum wage	Rent affordable with \$15k annual Social Security	Rent affordable to disabled SSI recipient
Maine	153,731	\$974	\$595	\$572	\$375	\$228
<i>Metro Areas</i>						
Bangor	14,483	\$938	\$569	\$572	\$375	\$228
Cumberland Cty (part)		\$983	\$703	\$572	\$375	\$228
Lewiston-Auburn	16,305	\$847	\$576	\$572	\$375	\$228
Penobscot Cty (part)		\$825	\$569	\$572	\$375	\$228
Portland	35,867	\$1,348	\$696	\$572	\$375	\$228
Sagadahoc Cty		\$906	\$674	\$572	\$375	\$228
York Cty (part)		\$974	\$589	\$572	\$375	\$228
York-Kittery-South Berwick	4,145	\$1,256	\$589	\$572	\$375	\$228
<i>Counties</i>						
Aroostook County	8,330	\$697	\$451	\$572	\$375	\$228
Franklin County	2,352	\$697	\$420	\$572	\$375	\$228
Hancock County	6,181	\$854	\$490	\$572	\$375	\$228
Kennebec County	15,177	\$784	\$528	\$572	\$375	\$228
Knox County	4,025	\$886	\$562	\$572	\$375	\$228
Lincoln County	3,322	\$883	\$500	\$572	\$375	\$228
Oxford County	4,125	\$763	\$417	\$572	\$375	\$228
Piscataquis County	1,946	\$697	\$459	\$572	\$375	\$228
Somerset County	5,025	\$781	\$536	\$572	\$375	\$228
Waldo County	3,781	\$790	\$576	\$572	\$375	\$228
Washington County	3,372	\$764	\$503	\$572	\$375	\$228

Source: National Low Income Housing Coalition, *Out of Reach 2018*



MAINE AFFORDABLE HOUSING COALITION

MAINE'S UNMET HOUSING NEEDS:

New data reflects extraordinary challenges statewide

Three members of the Maine Affordable Housing Coalition have recently released data on the unmet need they are confronting in their work throughout the state. This data sheds new light on the scale of Maine's growing housing affordability challenges and demonstrates the urgency of a comprehensive response.

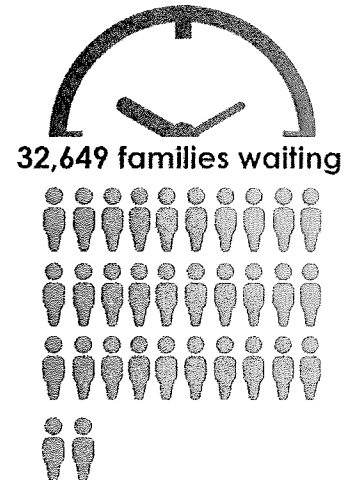


The **Maine Real Estate Managers Association (MREMA)** has a member base of 90+ property management organizations and companies in Maine. It is the largest apartment association in the state.

In the fall of 2018, MREMA surveyed its members about their affordable apartments and waiting lists to better understand the demand for affordable housing.

Respondents to the survey managed a total of 13,824 affordable apartments, more than 95% of which are occupied. **The survey also revealed an aggregate of 32,649 households waiting for one of an affordable home.**

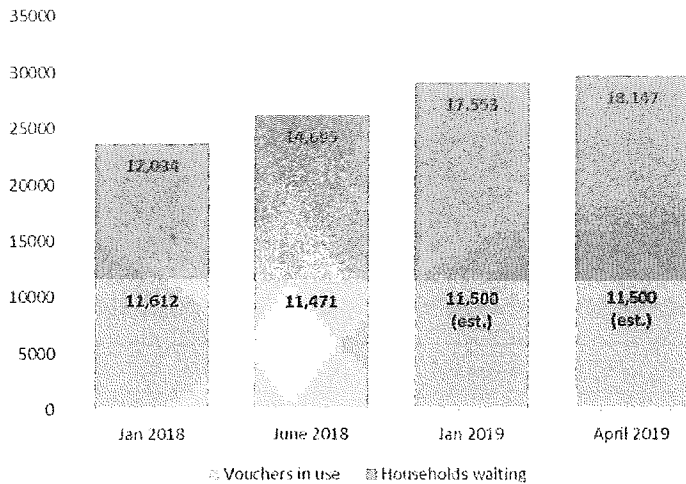
In other words, for every household living in an affordable unit, more than two households were waiting for a vacancy. While there may be some duplication on these waiting lists (each organization manages their own lists), the survey data reflects the overwhelming unmet need for affordable housing that practitioners are attempting to address statewide.



The **Maine Association of Public Housing Directors** represents the 21 public housing authorities in Maine. These housing agencies work to address the housing needs of people with low and moderate incomes in their geographic footprint. A critical function of housing authorities is the administration of the federal Section 8/Housing Choice Voucher program. Statewide, Maine has approximately 11,500 of these federal vouchers to provide to eligible households.

To ease the application process for families and improve administrative efficiencies, Maine's housing authorities recently created a centralized voucher waiting list. This upgrade created the first-ever unduplicated list of households waiting for Housing Choice Vouchers in Maine and revealed startling new data about our state's unmet housing needs.

Housing Choice Voucher Demand in Maine



The unduplicated count of Maine families waiting for a Housing Choice Voucher has climbed 50% in the past 15 months, with over 6,000 more households waiting for Housing Choice Vouchers in April 2019 than in January 2018. **As of April 2019, an estimated 11,500 Housing Choice Vouchers were in use by Maine families, while more than 18,100 additional households were waiting for assistance.**

Of those households on waiting lists, 81% are either elderly or disabled. The remaining are mostly families with dependent children. For seniors, people with disabilities, and people with young children, waiting up to 10 years or more to receive rental assistance is simply not a solution.

Source: CBPP, Maine Association of Public Housing Directors

The 18,147 households on Housing Choice Voucher waiting lists hail from every county in Maine:

County	Households
Androscoggin	2027
Aroostook	603
Cumberland	4701
Franklin	253
Hancock	499
Kennebec	1736
Knox	325
Lincoln	201
Oxford	599
Penobscot	1838
Piscataquis	79
Sagadahoc	457
Somerset	734
Waldo	301
Washington	208
York	2303



Avesta Housing is the largest nonprofit affordable housing provider in Northern New England. The agency owns and/or manages more than 2,500 affordable apartments in southern Maine and New Hampshire. Avesta manages a waitlist for each property.

In 2018, a total of 4,046 households applied for one of Avesta's affordable apartments, but only 373 received help. The limited stock of affordable housing means that most affordable units have low turnover, and the limited resources for developing new affordable housing means that it is impossible to build enough units for everyone who qualifies. **Applications for Avesta's housing units increased 32% between 2014 – 2018.** As of January 2019, 2,020 households were on its property waiting lists.

Over the past five years, the gap between the number of households that have sought an affordable home from Avesta and the number it has been able to newly house has grown significantly.

