



126 Sewall Street
Augusta, ME 04330-6822
TTY/Voice: (207) 626-7058
Fax: (207) 621-8148
www.maineequaljustice.org

Maine Equal Justice

People Policy Solutions

Andrea Steward
Policy Advocate
(207) 626-7058 x236
asteward@mejp.org

Testimony on behalf of Maine Equal Justice in *Support* of the Housing Sections of LD 258, "An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025"

February 9, 2023

Good morning, Senator Rotundo, Senator Pierce, Representative Sachs, Representative Gere, distinguished members of the Committee on Appropriations and Financial Affairs and the Special Committee on Housing. My name is Andrea Steward, I use she/her pronouns, and I am a policy advocate at Maine Equal Justice. We are a civil legal services organization, and we work with and for people with low incomes seeking solutions to poverty through policy, education, and legal representation to increase economic security, opportunity, and equity for people in Maine. Thank you for the opportunity to offer testimony in support of LD 258.

Maine Equal Justice is testifying in support of the allocation of funds set forth in line 0442 in the amount of \$30M to provide one-time funding to Maine State Housing for the Rural Affordable Rental Housing Program and the Low-income Housing Tax Credit Program.

WHY MAINE EQUAL JUSTICE SUPPORTS THE FUNDING PROPOSAL SET FORTH AT LINE 0442

This Funding is One of the Needed Steps Required to Address Maine's Affordable Housing Gap Lack of Affordable Housing Units

Home is where opportunity begins; to learn, work, and build a life. No matter our race, gender, or income we all want to need a roof over our heads. According to MaineHousing's 2020 annual report, Maine needs about 25,000 more affordable housing units to respond effectively to this lack.¹ Maine has the oldest housing stock in the country and new development has not kept up

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<https://bangordailynews.com/2021/07/26/news/the-pandemic-made-maines-affordable-housing-problem-worse/#:~:text=Maine%20needs%20about%2025%2C000%20more,to%20MaineHousing's%202020%20annual%20report.>

with the demand. The funding set forth in line 0442 is necessary to begin building homes so every person in Maine has a safe and affordable home.

Other Housing Needs

While Maine Equal Justice is in support of the allocation of these funds, we would be remiss if we did not mention that those most in need still cannot afford a Low-Income Tax Credit (LIHTC) or Rural Affordable Rental Housing Program unit if it is not subsidized. Even if the housing supply outpaces the demand, this will never drive down rental prices enough to be affordable for many of our low-income neighbors. This is not due to an unwillingness of landlords. It is because of the fixed rates they are beholden to in their mortgages, and that wages have not kept up with the increasing rents. To get to the root of the complex housing problems before us we must address all aspects of the challenge with a multi prong approach, including availability, affordability, eviction prevention, discrimination and enforcement, and support services.

Affordability

Even before the pandemic, Maine's rental housing market was among the least affordable in the nation, and our state has not done enough to protect people who are being priced out of their homes. Nearly 60% of extremely low-income households pay more than 50% of their monthly income towards rent, a threshold which HUD deems *severely* rent burdened. The end of federal emergency rental assistance has left many Mainers without help or affordable options. These families continuously face the threat of eviction for non-payment. Finding affordable housing has become so difficult, many Mainers become homeless because they simply cannot find an apartment that meets their budget. Once they become unhoused, Mainers' lives become immensely more challenging and the impacts to their economic security are often long-lasting. In addition to the creation of more housing it is necessary to create a rental assistance program to make the housing actually affordable to Maine's most vulnerable residents.

Discrimination

The lack of affordable housing is a racial equity issue as well. In Maine as in the rest of the country, people of color are disproportionately harmed due to the lack of affordable housing. According to Pine Tree Legal Assistance, between 2017 and 2019, 12% of households they represented in eviction court were non-white, though less than 6% of Maine's population is non-white. Significantly, according to a study conducted by the Maine State Housing Authority in 2022, 34% of Maine's homeless population is Black or African American even though they make up less than 2% of Maine's population.²

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https://www.mainehousing.org/docs/default-source/housing-reports/2022-point-in-time-survey---statewide.pdf?sfvrsn=1aa68615_7#:~:text=Note%3A%20The%20PIT%20reported%203%2C455,110%20in%20domestic%20violence

In Maine, the joint Section 8 waiting list which covers most of the state has over 15,000 households on it. These families will wait years for needed assistance. But even when these families do get vouchers, many will still struggle to find safe, affordable housing. Too often, tenants face the unfair stigma that comes with participation in rental assistance programs. Maine must enact protections to prohibit discrimination based on low-income tenants' participation in rental assistance programs.

Tenant Protections

Rising evictions are devastating families' finances, uprooting kids, causing job loss and stress, and increasing hunger and homelessness. Many of these evictions are for "no cause." It is deeply unfair that these families and individuals should lose their home and risk becoming homeless if they have not done anything wrong. Finding affordable housing in Maine has become so difficult that many Mainers become homeless simply because they cannot find an apartment that meets their budget.

When a tenant gets a 30 day no-cause eviction notice, they are put in the impossible position of finding a new apartment and moving with only 30 days' notice, or risk going to eviction court and being forcibly removed from their home.

Eviction—or the forcible removal of a family from their home—is often a traumatic and highly consequential event, especially for low-income families. The Eviction Lab at Princeton University, a leading team of researchers working to highlight the prevalence, causes, and consequences of evictions nationwide, describes the fallout of eviction this way:

Eviction causes a family to lose their home. They often are also expelled from their community and their children have to switch schools. Families regularly lose their possessions, too, which are piled on the sidewalk or placed in storage, only to be reclaimed after paying a fee. A legal eviction comes with a court record, which can prevent families from relocating to decent housing in a safe neighborhood, because many landlords screen for recent evictions. Studies also show that eviction causes job loss, as the stressful and drawn-out process of being forcibly expelled from a home causes people to make mistakes at work and lose their job. Eviction also has been shown to affect people's mental health: one study found that mothers who experienced eviction reported higher rates of depression two years after their move. The evidence strongly indicates that eviction is not just a condition of poverty, it is a cause of it.

Clearly, eviction causes financial losses to families who often lose their possessions and lose their jobs when they're forced from their homes and communities.³ It also causes enormous personal trauma with significant repercussions to economic and personal well-being. Research in the wake of the foreclosure crisis has tracked how housing instability negatively influences adult and children's physical and mental well-being including increasing the risk of depression in mothers.⁴ Eviction also increases suicide and anxiety.⁵ For children, it results in emotional and educational decline.⁶

People who have been evicted go on to be shadowed by an eviction judgment on their record and damaged credit that prevents them from moving forward and rebuilding their finances. Evidence shows that many housing providers screen prospective tenants out of the application process based on the existence of an eviction filing in a tenant's name, regardless of the basis or the legal outcome.⁷ As a result, families who have been evicted are often forced into poorer neighborhoods and substandard housing.

No tenant in Maine should have to suffer these consequences. But it is especially unfair to tenants whose landlords evict them with 30 days' notice without cause. Though these tenants have done nothing wrong except fail the impossible task of finding a new home and moving within 30 days, they can suffer devastating financial and health fallout from eviction and be barred from future housing opportunities.

All the evidence shows that Mainers' health and well-being starts with having a stable home and the opportunities that come with it. Maine should prevent all unnecessary evictions to ensure housing stability for Mainers.

Maine Must Take Steps to Address Changes in Maine's Real Estate Market Resulting from the Pandemic

The pandemic has pushed Maine's housing affordability problems to a tipping point.

While Maine's low-income tenants have been suffering in the recession and the pandemic, business has been booming in Maine's real estate market. Throughout the pandemic, property values have increased in every county across the State. The Maine Association of Realtors reported a 22% increase in median sales price between Fall 2019 and Fall 2020, with a 27%

³ Matthew Desmond & Carl Gershenson, Housing and Employment Insecurity Among the Working Poor, 63 Soc. Prob. 46, 46 (2016).

⁴ Matthew Desmond et al., Eviction's Fallout: Housing, Hardship, and Health, 94 Social Forces 295, 300-301 (2015).

⁵ Yerko Rojas & Sten-Åke Stenberg, Evictions and Suicide: A Follow-Up Study Of Almost 22,000 Swedish Households In The Wake Of The Global Financial Crisis, 70 J. of Epidemiology & Comm. Health 409 (2016).

⁶ See Matthew Desmond, Unaffordable America: Poverty, Housing, and Eviction, U. Of Wis.: Inst. For Res. On Poverty (Mar. 2015), <https://www.irp.wisc.edu/publications/fastfocus/pdfs/FF22-2015.pdf>.

⁷ Matthew Desmond & Monica Bell, Housing, Poverty, and the Law, 11 Ann. Rev. L. & Soc. Sci. 15 (2015); Paula A. Franzese, A Place to Call Home: Tenant Blacklisting and the Denial of Opportunity, 45 Fordham Urb. L.J. 661 (2018).

increase in the number of units sold.⁸ Gains are expected to continue, fueled in part by out-of-state buyers moving to Maine.⁹

Despite the prospering real estate market, many of our community members are struggling to stay in their homes and we must consider strategies to fund needed housing programs. While MEJ testified on tax provisions in the budget yesterday, we wanted to include a suggestion today that directly ties to housing. **Even a modest rate increase in the Real Estate Transfer Tax (“RETT”) will go a long way to fund programs to aid low-income renters, and it will do so without harming Maine’s real estate market and without requiring the use of general revenue funds.** Increasing the RETT rates to raise revenue for a rental assistance program can capture some of this growth without harming the real estate market. And it is an equitable way to ensure our State is not leaving anyone behind. To have the biggest impact for Maine renters, the increased revenue should be designated for rental assistance.

While so many people are buying new Maine homes, many Mainers are struggling to stay in theirs. Increasing property values are linked to gentrification. Gentrification is a process which displaces low-income community members, usually renters, when more affluent people move in. Gentrification is spurred by speculation in the real estate market which incentivizes landlords to raise rents and/or evict tenants to pursue higher-end development. This is occurring not only in Maine’s cities, but also in rural parts of the State.¹⁰

CONCLUSION

As I have mentioned, there are other crucial steps needed to address our housing crisis, and we will be talking more with your committees about critical legislation, including LR 833, “An Act to Enact the Housing Opportunity for Maine Act (The HOME Act). The proposed funding contained in the biennial budget is also a key step to providing Maine’s most vulnerable residents with a chance to have a warm and safe place to call home.

While this bill is not the answer to everything, it is one of the critical first steps in ensuring at least a fraction of housing security for our State’s most vulnerable residents.

⁸ See Glenn Jordan, *Maine Home Sales Continue to Break Records Despite Pandemic*, Portland Press Herald (Dec. 22, 2020), <https://www.pressherald.com/2020/12/22/maine-home-sales-continue-to-break-records-despite-pandemic/>; Maine Association of Realtors, *State of Maine Single Family Home Sales*, <https://www.mainerealtors.com/wp-content/uploads/2021/02/StateofMaine20Data.pdf> (last updated Dec. 31, 2020).

⁹ *Id.*

¹⁰ See University of Maine School of Marine Sciences, *Fishing Communities Need to Prepare For Gentrification Challenges* (Aug. 23, 2016), <https://umaine.edu/marine/2016/08/23/fishing-communities-need-prepare-gentrification-challenges-say-umaine-researchers-2/>; Megan Mayhew Bergman, ‘We Have No Market But Lots of Lobsters’: A Maine Lobsterwoman Fights For Her Livelihood, *The Guardian* (July 23, 2020), <https://www.theguardian.com/environment/2020/jul/23/maine-lobsterwoman-coronavirus-climate-change>.