



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
181 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0181

Testimony in Support of

LD 2, An Act to Address Maine's Housing Crisis

April 4, 2023

Senator Pierce, Representative Gere, and honorable members of the Joint Select Committee on Housing, my name is Greg Payne and I serve as the Senior Advisor on Housing Policy in the Governor's Office of Policy Innovation and the Future.

I offer this testimony in support of LD 2, An Act to Address Maine's Housing Crisis, which would create a much-needed, dedicated funding mechanism for the on-site, 24-hour services that are so critical to the success of Housing First properties serving those experiencing chronic homelessness. The lack of funding for such services has been the single largest reason that, despite 20 years of effort, housing practitioners have only been able to create three such properties in Maine with a total of 85 apartments.

The Administration strongly supports site-based Housing First because it has proven to be highly effective in addressing chronic homelessness. We have reviewed data from the three existing Housing First properties in our state, including tenant stabilization rates and the documented cost savings in the health care and public safety sectors that have occurred after people moved in. We have heard from community members who have witnessed the impact that this approach has had locally, and we have heard directly from people who have themselves secured one of the 85 site-based Housing First apartments that currently exist in Maine. All of this information we have reviewed points to a model that has been an unbridled success, and given the increase in chronic homelessness that our state is now struggling with, we believe that the best way to scale up our response to this problem is to scale up the approach that has worked. That's what this bill does.

It is important to note that LD 2 is not focused on addressing the housing needs of all people experiencing homelessness, but rather a specific subgroup of people who are experiencing a particularly brutal and traumatic kind of chronic homelessness, one that makes accessing services and maintaining housing even more of a challenge. Most often, such individuals are battling multiple challenges at once: severe mental health issues, substance use disorder and acute physical health problems. This is a group of people who tend to have less success in a typical apartment setting, where their challenges too often lead to clashes with neighbors and eviction – ultimately making long-term permanent housing solutions all the more elusive. In the site-based Housing First setting, however, with staff available as needed 24 hours per day, the same behavior that might otherwise lead to police involvement and eviction proceedings can

instead be successfully addressed by a compassionate service provider who knows the tenants and who knows how best to de-escalate or help resolve such situations. These same staff work with tenants on a proactive basis to provide the supports and assistance they need to reclaim their lives, regain stability and restore their sense of hope.

We believe that focusing on this subpopulation of people experiencing chronic homelessness makes a great deal of sense because their impact on our health care and emergency response systems is outsized, their impact on communities and neighborhoods is outsized, and the pain and trauma they are experiencing as our neighbors is outsized. We also believe that this bill, if enacted, could bring outsized relief and stability to people, systems, communities and budgets across our state.

The passage of this bill would create in Maine a historic pathway to achieving something that no state in our country has yet been able to accomplish: the end of chronic homelessness. We are grateful to Speaker Talbot-Ross, Representative Gattine and others inside and outside of the Legislature who join us in making this legislation a priority, and look forward to working with you in the days ahead to secure its passage.

Finally, please see the attached overview of the impact of using real estate transfer tax (RETT) funding to provide long-term funding for these Housing First services. At this moment, we do not have a funding source for the coming biennium and any reduction in revenue (such as the reduction in real estate transfer tax revenue flowing to the General Fund) impacts our ability to cover existing General Fund obligations in the coming biennium.

Thank you for your time and consideration. I would be happy to answer any questions.

REAL ESTATE TRANSFER TAX (RETT) FUNDING OF "HOUSING FIRST" GENERAL FUND IMPACT

General Fund - Historical Average RETT Receipts vs Proposed Change

