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*Testimony of Rep. Cheryl Golek introducing*

**LD 1710, An Act to Establish the Maine Rental Assistance and Guarantee Program and Amend the Laws Regarding Tenants and the Municipal General Assistance Program**

*Before the Joint Select Committee on Housing*

Senator Pierce, Representative Gere, and distinguished members of the Joint Select Committee on Housing, my name is Cheryl Golek, and I represent House District 99, which consists of the Town of Harpswell and part of Brunswick. I am excited to be here today to introduce you to the Home Act, LD 1710.

This bill was born before I was elected to the legislature. A diverse group of tenants and housing advocates identified the most pressing housing problems and developed policies to address them. These ideas came from a community process involving over 50 people with lived experience. While it was a collaborative process, LD 1710 strongly aligns with my personal experiences.

The presentations and the site visits we've had on this committee in recent months have given us a clear but complex picture of housing problems in Maine. At this point, I think we can all agree that we have one of the most critical jobs in this legislative session as a committee: to take accurate and swift action to address the housing needs of our neighbors.

We have already started this vital work by addressing housing first, funding affordable housing construction, and more. These are all essential pieces needed to address our housing crisis, but much more needs to be done. LD 1710, An Act to Establish the Maine Rental Assistance and Guarantee Program and Amend the Laws Regarding Tenants, which I will refer to from here on out as "The Home Act," is another piece of the puzzle needed to create long-term solutions towards fixing the housing crisis in our state.

The Home Act has several parts, each designed to respond to a different problem that renters themselves experience in Maine's housing system. There is a lot in this bill so I will talk a bit about each section.

1. Section 17 establishes a rental assistance program

2. Sections 1 through 4 prohibit landlords from discriminating against tenants who have rental assistance, such as a Section 8 voucher
3. Section 19-27 dedicated funds from a graduated Tax (RETT) to help pay for the rental assistance program
4. Sections 5 and 18 provide consumer protections to tenants who are unable to pay an unaffordable rent

**Section 17 establishes the Rental Assistance and Guarantee Program.**

This bill requires the Maine State Housing Authority to establish and administer the Maine Rental Assistance Program.

The Maine Rental Assistance Program can do something that our state has not been able to do until now. It will end our state's wait list of approximately 15,000 people by creating a state-run housing choice voucher program to relieve the lowest-income renters. This would provide a voucher for all those on the waiting list for Section 8, meaning thousands of Mainers would only pay 30% of their income on rent instead of 50-70%.

There is no other plan to provide rental assistance to people with a total gross annual household income equal to 30 percent or less of the area median household income.

Extremely low-income households are most vulnerable to housing instability. 52% pay more than 1/2 of their monthly income towards rent, a threshold HUD deems severely rent burdened. This program will allow those on the waiting list to secure stable housing. It prevents eviction for those currently housed in unaffordable housing. It provides a voucher for those waiting in shelters today while they continue to wait for their federal housing vouchers.<sup>1</sup>

By creating a rent relief program, we will help those who are the most vulnerable to housing instability and have fallen through the cracks in our current system. We voted in favor of LD 2 in this committee, which will do important work helping 600 people using a housing-first model. LD 1540, another essential bill, is a pilot program that will provide \$300 rent relief for two years for those making roughly \$52,000. I know this committee will work hard to ensure these two bills become law. Still, the HOME Act is the only bill we've considered that fully addresses the housing needs of 44,256 Maine renters at 30% of the Area Median Income, that's \$24,047 a year for a household of 3.<sup>2</sup> That means that a family of three is stretching just over \$20,000 a year for three people on food, housing, utilities, clothing, medicine, gas, car insurance, and repair, not to mention emergencies. Statistically, most of this group is paying over half their income on rent.

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<sup>1</sup> National Low Income Housing Coalition, Maine Housing Profile (2023). <https://nlihc.org/oor/state/me>

<sup>2</sup> Maine Housing.(n.d). MaineHousing - Rent Restricted Programs. Retrieved from [2022-income-eligibility-max-rent-levels-with-home-and-htf.pdf](#)

The Home Act will provide relief to this group of low-wage workers, people with disabilities, women-headed households, and families with children. This is a group who is finding themselves in apartments where the rent is going up, and they can no longer afford to live there; they're facing eviction and homelessness at alarming rates and entering a cycle that lands them in shelters every couple of years. We need long-term housing solutions for this population to improve housing for low-income renters in Maine. There is no doubt that we need more housing all across the state. People of all income levels are struggling to find affordable places to live. But it's not enough to say, "the market will provide" because the market will never drive down costs enough to be affordable for extremely low-income Mainers. Passing the HOME Act would play a significant role in preventing eviction and homelessness and stabilizing housing for thousands of Mainers.

**Sections 1 through 4 prohibit landlords from discriminating against tenants with rental assistance, such as a Section 8 voucher.**

It should go without saying that Housing discrimination *is* discrimination.

Mainers with a Housing Choice Voucher, Social Security Insurance, or veteran's benefits often face income discrimination when trying to find housing. Discrimination based on someone's source of income to pay rent should be illegal in Maine. This discrimination against voucher holders hurts people of color, families, and people with disabilities.

Section 8 housing is a federally run program. People wait four or more years to get a Section 8 housing voucher. On top of that wait, they are given 30-90 days to secure housing or lose their voucher. There are currently anywhere from 600-800 unhoused voucher holders in Maine because tenants cannot find a landlord who accepts them.

The lack of acceptance of these vouchers has severe life and death consequence. Russell Williams from Brunswick was a childhood friend of mine's relative. He was a veteran and served in the Navy. His life had fallen on hard times over the years he became homeless. According to his family, he was working hard to change his life situation. He had recently received a housing voucher, but he was only given 60 days to find housing. Time ran out, and he could not find a place in that time frame, so he lost access to that voucher. Russel, 64, was found dead in his sleeping bag on an unusually cold November in 2019 when temps dropped to the low teens. I share this story with you because, for me, it hit close to home, and I knew that I must do whatever I could from then on out to change this broken discriminatory system. Sadly "Russell's story is not singular to him," but just one example of many.

Voucher holders are forced to search for housing further and further from their jobs, families, and homes due to discrimination in our housing system. I personally know these things to be true. As a single parent, section 8 housing was lifesaving to my children and me, but finding housing was very difficult even though, at that time, section 8 paid more than most of the rents I looked at. I was often told bluntly: "Sorry, we don't rent to you, people." I would like to say that

this doesn't happen anymore since that was 30 years ago, but it is still happening. I dealt with the same thing with my disabled brother and another family member. I share a snapshot of this personal story to show that the discrimination in our housing voucher system is real and has existed pretty much since it was created around 40 years ago.

Considerable research shows that housing instability often unjustly affects renters from low-income or disadvantaged communities. Discrimination against voucher holders hurts people of color, families, and people with disabilities.<sup>3</sup> According to Pine Tree Legal Assistance, between 2017 and 2019, 12% of households they represented in eviction court were non-white, though only 6% of Maine's population is non-white.

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.<sup>4</sup>

The Home Act will address this issue by amending the Maine Human Rights Act to strengthen protections designed to prevent discrimination against a tenant because of their source of income. It will make this form of discrimination, which affects the most marginalized tenants in Maine, a prohibited act when the tenant participates in a federal, state, or local tenant-based rental assistance program.

We know it is possible to do this as Dozens of states and municipalities have already filled in the gaps in the federal fair housing law and established their own protections for voucher holders. **According to the Poverty & Race Research Action Council**, 17 states, 21 counties, and 85 cities have banned source-of-income discrimination as of September 2022.<sup>5</sup> Source-of-income laws gained immense momentum over the past four years: California, Colorado, Illinois, Maryland, New York, Rhode Island, and Virginia all enacted statewide protections for voucher holders between 2019 and 2022. Now, more than 57% of households that use Housing Choice Vouchers live in communities that have banned source-of-income discrimination, compared to just over one-third of voucher holders in 2018. Source of income laws prevent the concentration of poverty, increase rental assistance acceptance and create greater freedom for families to choose where they live.

To promote housing stability and opportunity, Maine must protect participants in rental assistance programs from unfair stigma and discrimination. We as a state can only create fair

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<sup>3</sup> Emily Badger. (2015) *How Section 8 became a 'racial slur'*. Washington Post. Retrieved from <https://www.washingtonpost.com/news/wonk/wp/2015/06/15/how-section-8-became-a-racial-slur/>

<sup>4</sup> Maine Housing. *2022 Point in Time Count*. Retrieved from [https://www.mainehousing.org/docs/default-source/housing-reports/2022-point-in-time-survey---statewide.pdf?sfvrsn=1aa68615\\_7](https://www.mainehousing.org/docs/default-source/housing-reports/2022-point-in-time-survey---statewide.pdf?sfvrsn=1aa68615_7)

<sup>5</sup> Brian Knudsen.(n.d) *Expanded protections for families with Housing Choice Voucher*. Retrieved from <http://www.prrac.org/pdf/AppendixB.pdf>

housing once we take steps to remove the discrimination within our housing opportunities. The Home Act will end the discrimination in our housing choice voucher program that has been happening since its creation.

We have heard from some landlords who accept vouchers and see Section 8 as the great program it is. The sad reality is that many more landlords have policies that refuse rentals to voucher holders. These policies work against Fair Housing Laws regardless of a landlord's intent; refusing to rent to voucher holders disparately impacts non-white tenants, people with disabilities, single women heads of household, and families with children. Such policies can shift low-income tenants into substandard housing in poor neighborhoods and perpetuate segregation, which works against our national fair housing laws that envision communities with truly integrated and balanced living patterns.

Over half of the people receiving federal rental assistance are in families with children, and 1/3 have a disability.<sup>6</sup> Studies show that people of color are disproportionately impacted by landlord policies denying voucher holders. Nationally, at least 48% of Section 8 Voucher holders are Black, and at least 18% are Hispanic.<sup>7</sup>

The Home Act requires that an owner of more than ten units of rental property must ensure that 10% of the units are affordable. This will help prevent discrimination against voucher holders and increase the number of affordable housing units.

We have heard many people talk about the fact that Section 8 housing vouchers do not pay enough, so to address that issue, any owner who participates in this program will be entitled to a tax credit for the loss of income experienced as a result of complying with the requirements of the Home Act. There are currently around 12,000 vouchers being used in our state. This benefit will also help landlords already accepting the Section 8 housing voucher programs.

### **Sections 19-24 propose changes to the Real Estate Transfer Tax (RETT) to help pay for the rental assistance program**

The Home Act will amend the laws governing the real estate transfer tax by creating a graduated tax based on the sales price of the real estate and dedicating those funds to assist in funding the Maine Rental Assistance and Guarantee Program.

The Maine Real Estate Transfer tax hasn't been raised since 1993. That is 30 years since it was last adjusted.

Raising the real estate transfer tax is a practical and sustainable way to fund rent relief to protect Maine's most vulnerable population from a volatile housing market.

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<sup>6</sup> Center on Budget and Policy Priorities (January 19, 2022). *Federal Rental Assistance Fact Sheets*. Retrieved from <https://www.cbpp.org/research/housing/federal-rental-assistance-fact-sheets#ME>

<sup>7</sup> Abby Vesoulis (February 20, 2020). 'A Mask for Racial Discrimination.' How Housing Voucher Programs Can Hurt the Low-Income Families They're Designed to Help. Time Magazine. Retrieved from <https://time.com/5783945/housing-vouchers-discrimination/>

While Maine’s low-income tenants have been suffering in the recession and the pandemic, Maine’s real estate market has been booming.

Property values have increased during the pandemic in every county across the State. The median home price in Maine was \$225,000 in 2019, \$255,000 in 2020, and \$295,000 in 2021. Representing a 16% increase over 2020 and a 31% increase since 2019.<sup>8</sup> This bill raises this tax for only the most expensive home sales to help low-income people most harmed by the rise in housing costs pay their rent. Even a modest rate increase in the Real Estate Transfer Tax (“RETT”) will go a long way to fund programs and aid low-income renters, and it will do so without harming Maine’s real estate market and requiring the use of general revenue funds.

This modest increase would not raise the RETT for anyone selling their home at or below the median home sales price in their county. This would be based on the yearly data compiled by Maine State Housing Authority.

Maine only taxes real estate transfers at 0.44% of the total price. Our neighboring New England states have higher property transfer tax rates than Maine. With New Hampshire and Vermont being nearly three times higher. To put it in perspective with inflation, the \$2.20/\$500 rate in 1993 would be equal to \$4.04 in 2021 dollars.

A graduated tax rate is the equitable way to do this. We know it is fairer to spread the cost so those who are wealthy, buying million-dollar homes, pay a little more. Several other states and Washington D.C. have recognized this and increased their tax rates at the high end of the real estate market. In Maine, the increase proposed by this bill will raise over \$9 million to help fund rent relief.<sup>9</sup>

Passing the HOME Act will also save the State and Municipalities money. Fewer families will be displaced from eviction and find themselves couch surfing, in overcrowded shelters, or on the streets. We have heard from people in this very room about studies that show evictions disrupt family stability and have high costs to the municipalities, including increases in emergency shelter costs, hospital costs (emergency room and inpatient), mental health costs, administrative burden costs for courts, and they deteriorate communities when members are forced to move away from their support systems.<sup>10</sup> And these are only the monetary costs to society and not the human costs that are devastating and leave lasting impacts. These costs are even more significant during housing shortages when low-income tenants can’t find replacement housing. You will hear more about this in other testimonies today.

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<sup>8</sup> Glenn Jordan (December 22, 2020). *Maine home sales continue to break records despite pandemic*. Portland Press Herald. Retrieved from <https://www.pressherald.com/2020/12/22/maine-home-sales-continue-to-break-records-despite-pandemic/#:~:text=Cole%20said%20Maine%20remains%20on,shy%20of%20last%20year's%20total>.

<sup>9</sup> State of New Jersey Division of Taxation (n.d). *Buying, Selling, or Transferring Real Property in New Jersey*. Retrieved from <https://www.state.nj.us/treasury/taxation/realtytransfees.shtml>

<sup>10</sup> Stout.com (n.d). *Cost-Benefit Analysis for Philadelphia Right to Counsel for Low Income Tenants Facing Eviction*. Retrieved from <https://www.stout.com/en/experience/cost-benefit-analysis-for-philadelphia-right-to-counsel>

Maine has had a waitlist for many years that have ranged up to about 26,000 people at times. Low-income Maine tenants have already been waiting for years. Mainers need housing stability. The policies in the Home Act are sound investments given the extreme costs of housing instability, eviction, and homelessness to our society.

**Sections 5 and 18 provide consumer protections to tenants who cannot pay an unaffordable rent.**

Finally, Section 5 of the bill prohibits reporting a tenant's unpaid rent to a credit reporting agency in cases where the rent is unaffordable (over 30% of the tenant's gross income). Section 18 of the bill provides protections offered by the Maine Fair Debt Collections Practices Act to tenants who are being sued for not being able to pay unaffordable rent. This part of the bill would bar landlords from reporting tenants' non-payment of rent to the credit bureau, and it would provide additional protections under the Fair Deb Collection Act.

In Maine, there are over 20,000 households whose income is below 30% of the Annual Median Income who pay over ½ of their income in rent. These at-risk households are also disproportionately Black and Latinx. These tenants who live at or below the poverty level will inevitably be placed in a situation in which they will be unable to pay their rent. Many things could cause a tenant to fall behind on rent, and if they are already paying more than 50% of their income towards rent falling behind can be as simple as having to miss a day of work because of a sick child.

The Home Act will end Credit Reporting of missed rent. Rent reporting carries enormous risks for renters, especially the most vulnerable families already struggling with housing costs. While rent reporting can help some better-off tenants secure housing, it can make other renters homeless.

### **Summary**

Maine is facing several crises at once, and many are interconnected. Housing is at the top of the list because it is the foundation needed to fix the other issues. Maine people deserve safe, affordable housing, and our economy needs safe, affordable housing to grow. The HOME Act will save lives and cost the state less to create a permanent solution that will provide people with stable housing and end discrimination in our housing choice voucher program.

I will end now with a quote from— **Matthew Desmond** “It is hard to argue that housing is not a fundamental human need. Decent, affordable housing should be a basic right for everybody in this country. The reason is simple: without stable shelter, everything else falls apart.”

Thank you all for your time, and I ask that you join me in supporting LD 1710, The Home Act.

I am happy to take any questions.