

Testimony in support of 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.”Josie Phillips, Policy Fellow
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Good morning, chairpersons Gere and Pierce, and all members of the Housing committee. My name is Josie Phillips, and I am representing Maine Center for Economic Policy. I am testifying in favor of LD 1710 because it would increase the stock of affordable housing, equitably raise revenue that will let the state respond to the affordable housing crisis, and create much-needed stability for renters, who are disproportionately struggling to stay stably housed. By pursuing policies that increase Mainers’ ability to find and remain in housing, this bill would shore up a foundational element of Maine’s economy.

LD 1710 would provide stability to renters by making it easier to find housing and, once housing has been found, providing the resources they may need to remain housed, preventing homelessness which can be devastatingly costly to both the person experiencing homelessness as well as to state and local budgets. By requiring that landlords owning more than 10 properties retain at least 10 percent of these units affordable to families earning up to 80 percent of the Area Median Income, LD 1710 would increase the array of affordable housing options across Maine, relieving some of the scarcity of housing that is currently plaguing all areas of the state.

LD 1710 also makes it easier for renters with low incomes to find housing by barring landlords from discriminating against renters who receive rental assistance or Housing Choice Vouchers. Maine already has other laws barring landlords from discriminating against renters receiving public assistance, so this measure would add consistency to Maine’s laws and effectively increase the number of rental units that are available to Mainers with low income. Currently, too many vouchers are going unused because landlords refuse to accept them, and many rental listings will often indicate up front that they do not consider applicants using public vouchers. LD 1710 would make state and federal rental assistance more effective by increasing the options available to tenants receiving this assistance.

The rental assistance aspect of LD 1710 would then help keep Mainers with low income in their homes. This is important from a perspective of fairness, as the affordable housing crisis is a result of factors far beyond the influence of most Mainers, particularly those with low income. If households in need of rental assistance are unable to receive this support, they would likely have significant difficulty finding new housing, as there are more renters earning at or below 80 percent of their Area Median Income than there are units of housing affordable to these renters.ⁱ Increasing access to rental assistance also makes sense from an economic perspective. When people are healthier, they are more productive, and our entire economy benefits as a result. Losing housing represents a significant threat to people’s mental and physical health, but receiving rental assistance can help avoid these outcomes. Housing subsidies have been shown to improve mental health outcomes and access to health care.ⁱⁱ The pandemic Emergency Rental Assistance Program specifically was found to have improved food security and mental health.ⁱⁱⁱ Providing people with the support they need to remain in their homes has

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been shown to be an effective safeguard for the health of Maine communities and, by extension, the prosperity of Maine's economy.

Finally, LD 1710 puts Maine in a stronger position to address the affordable housing crisis by equitably raising revenue which can then be used to increase the stock of housing in Maine and provide relief to Mainers struggling to stay housed. The federal Emergency Rental Assistance Program alone was spending approximately \$500,000 per day in Maine,^{iv} and development of affordable housing costs hundreds of thousands of dollars per unit.^v Given the persistently high demand for rental assistance and the pressing need for significant investment in affordable housing, Maine will need to field as many resources as possible to address the immediate impacts of the affordable housing crisis as well as to pursue long-term solutions. This need makes the revenue raising element of LD 1710 critically important.

The tax adjustments in this bill would have minimal impact to Mainers with low and moderate income who are trying to sell or purchase a home. This is because the proposed changes to the Real Estate Transfer Tax only apply to houses sold above the median sale price, meaning that half of all homes sold would be exempt from the tax increase. Even homes selling above the median sale price would be minimally affected. For instance, if someone was purchasing a home for \$100,000 over the median sale price of \$334,000,^{vi} the buyers and sellers would only pay an additional \$477 relative to the current tax structure, representing a 0.11% increase to the cost of buying or selling the home. Increasing revenue from the Real Estate Transfer Tax would also flow into the HOME Fund, one of the purposes of which is to assist first-time homebuyers. Given this, the tax adjustment included in LD 1710 would likely provide enough assistance to first-time homebuyers to more than offset the minor increase in tax for those purchasing homes above the median sale price.

LD 1710 addresses Maine's affordable housing crisis from multiple angles. It increases housing options for Mainers with low income, funds rental assistance that will keep Mainers in their home, and equitably raises revenue that will allow Maine to better meet its residents' housing needs. Housing is the bedrock of Mainers' personal wellbeing and the state's economic prosperity. Because this bill fortifies Mainers' ability to remain stably housed, I encourage this committee to vote yes on LD 1710.

ⁱ National Low Income Housing Coalition, "Housing needs by state: Maine." <https://nlihc.org/housing-needs-by-state/maine>

ⁱⁱ Health Affairs, "HUD Housing Assistance Associated With Lower Uninsurance Rates And Unmet Medical Need." <https://www.healthaffairs.org/doi/10.1377/hlthaff.2016.1152>

ⁱⁱⁱ Joint Center for Housing Studies of Harvard University, "Short-term benefits of emergency rental assistance extend beyond housing." <https://www.jchs.harvard.edu/blog/short-term-benefits-emergency-rental-assistance-extend-beyond-housing>

^{iv} Maine Public, "Municipalities warn of impending crisis for 8,500 Maine households, with rent relief nearing an end." <https://www.mainepublic.org/maine/2022-10-31/municipalities-warn-of-impending-crisis-for-8-500-maine-households-with-rent-relief-nearing-an-end>

^v Maine Housing, "Development Cost Trends in Affordable Housing." https://mainehousing.org/docs/default-source/housing-reports/2017-development-cost-trends-in-affordable-housing.pdf?sfvrsn=4014a115_4

^{vi} MaineHousing, "MaineHousing Outlook 2023." <https://mainehousing.org/docs/default-source/policy-research/research-reports/outlook-reports/2023-mainehousing-outlook-report.pdf>