



Testimony of
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Before
The Joint Select Committee on Housing

Neither For Nor Against
LD 1721 "An Act to Create Transitional Housing Communities for Homeless Populations in the State".

Senator Pierce, Representative Gere, and members of the Joint Select Committee on Housing, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony neither for nor against LD 1721 "An Act to Create Transitional Housing Communities for Homeless Populations in the State".

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority (not a state agency) created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are authorized to issue bonds to finance single family mortgages for first time homebuyers and for affordable multi-family housing.

We are also authorized to administer a number of state and federal programs, including rental subsidies, weatherization, fuel assistance, two housing block grants, the low-income housing tax credit program, and homeless grant programs. We receive state general fund revenue for homeless programs and receive a dedicated portion of the real estate transfer tax for the Housing Opportunities for Maine (HOME) Fund.

Senator Duson's bill is a sweeping proposal that seeks to create and operate at least 900 units of new transitional housing, specifying at least one project in each of Maine's homeless service hubs. The bill would call for MaineHousing to finance the projects, and the Department of Health and Human Services to provide cultural and other support services needed by the residents. The construction parts of the bill are proposed to be funded through general fund appropriations totaling \$90 million over two years.

The bill specifies that each of the projects must have at least 25 units, split between family and individual accommodations. As written it therefore calls for a minimum of 18 construction projects statewide. Some of these projects might be new construction, others might involve the acquisition and rehabilitation of existing structures. To carry this out, MaineHousing would develop rules for the program and make it available to developers. We would want to work with the committee and the

sponsor to assure that the results could be achieved within the available resources and using available financing tools.

Another thing to consider is that transitional housing can be more complicated than traditional multifamily development, simply because its tenants often have little or no income during their time as residents. Therefore these communities would require, in addition to construction funding and cultural and support services, some sort of ongoing operating support to cover maintenance, utilities, taxes and other expenses that would typically be covered or offset by rent.

Finally, we would urge the committee to consider a less prescriptive approach than to mandate having at least one transitional housing community in each of the homeless service hubs. The need for transitional housing is certainly one that is statewide, but to mandate that these projects be distributed to *each* service hub and serve *every* county may not reflect the most efficient use of these funds. There are likely some areas that have a greater need for this form of housing, while others have less demand or thinner infrastructure. Perhaps a better way to distribute these projects would be to encourage geographical diversity through project scoring or some other means of allowing some latitude.

MaineHousing believes that this concept – creating transitional housing communities – has real potential to help Maine meet some of the specific housing challenges that we currently face. We realize that the need for a solution is immediate, and that the challenges continue to grow more acute each month. That said, we have some concerns about jumping all in with so many simultaneous projects – buildings that are not just housing, but social service and community hubs as well. These projects will need to be long term multi-agency partnerships if they are to operate as proposed, and perhaps a phased approach or a pilot program to assure their feasibility would be the wisest way to prove the concept.

We stand by to work with the sponsor and the committee to refine the proposal as needed.