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Maine Equal Justice

People Policy Solutions

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Testimony on behalf of Maine Equal Justice in *Support* of the Housing Sections of the Change Package for 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"

May 18, 2023

Good afternoon, Senator Rotundo, Representative Sachs, and members of the Committee on Appropriations and Financial Affairs. My name is Kathy Kilrain del Rio, I use she/her pronouns, and I am the Advocacy & Programs Director for 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 the housing sections of the change package for LD 258. I also want to name a gap in addressing the housing crisis that is not included in the change package, but we urge you to include in the final bill: rental assistance.

Maine Equal Justice is testifying in support of the allocation of funds set forth in line 0442 in the amount of \$80M to provide one-time funding to Maine State Housing for the Rural Affordable Rental Housing Program, the Low-income Housing Tax Credit Program (LIHTC), and the Innovation Fund for Attainable Housing.

The money outlined in the change package is dedicated to building more affordable housing which will help relieve pressure on the market and allow some tenants to find a more affordable option for them and their families. Unfortunately, this affordable housing is not affordable to the most low income Mainers. Currently, extremely low income tenants have insufficient income to pay the rent charged by affordable housing units. The Low-Income Tax Credit Program (LITC) and Rural Affordable Rental Housing Program (RTC) are the major sources of financing to create affordable housing in Maine. The LITC program is designed to create rental housing that is affordable to households whose income is between 50% and 60% of AMI. The RTC program is designed to create rental housing that is affordable to households at 80% annual median income (AMI). 50% of the AMI for a household of 4 in Maine was \$39,300 in 2021. 80% of the AMI for a household of 4 in Maine was \$62,880 in 2021. The extent of this gap is highlighted by the fact that there are currently 44,256 renter households in Maine whose income

is at or below 30% of AMI (\$23,580). Over 23,000 of these households pay over one-half of their income in rent.¹ New rental units created by these programs will not be affordable to households whose income is below this amount without some rent relief to help bridge the gap. Rent relief that helps address the affordability gap for these renters is necessary so that Maine's most vulnerable tenants can afford to live in affordable housing. Building is one of the needed long term solutions and one that we will not see the effects of for years. While we build more construction, people wait for federal rental assistance, or while people strive towards jobs that pay a living wage, we must ensure those who are most likely to fall into homelessness have stability. If we don't the economic costs to society, borne largely by municipalities, will be far greater.

While Housing First as envisioned by LD 2 will serve approximately 600 individuals who have experienced chronic homelessness in Maine, over 6,000 more will fall into the cycle of homelessness without a form of rental assistance. Eviction and potential homelessness is an inevitable outcome for many of the 22,158 extremely low income households paying over half of their monthly income towards rent²; a threshold that is unsustainable for most people. 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, which is demonstrated by the data on evictions over the last few years. Approximately 53% of evictions in 2022 were for non-payment of rent which was a nearly 10 percent increase since 2021. Meanwhile, 20 percent of people are evicted for no cause, a tactic often used to remove a tenant in order to increase rent without restrictions. As of January 25, 2022, 808 children were living in shelters or hotels with their families³. All the evidence shows that Mainers' health and well-being starts with having a stable home and the opportunities that come with it. Rent relief for cost burdened individuals and families will allow those who are unstably housed to become and remain stably housed.

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. The lack of safe, affordable, and stable housing has extremely detrimental effects at the very center of a person's being that ripple into every aspect of their life, including exacerbation of existing medical challenges. Unless we put a system in place to prevent people from becoming homeless in the first place, the number of people in need of the housing first services proposed in LD 2 will continue to grow. Rent relief is an essential element that makes the rest of the Governor's change package attainable. Investing in rental assistance will keep more of the 6,000 people who experienced homelessness last year stably housed, and does not need to create any new housing to do it. A rental assistance program could help maintain housing for a household for \$7,500 a year. We can keep people in the communities they already call home by bridging the gap between what is affordable and what rents actually are.

RENTAL ASSISTANCE PROGRAMS WORK

The pandemic afforded us a prime opportunity to collect and learn from data on the connection between housing stability for low income families and direct cash programs such as rental assistance and

¹ National Low Income Housing Coalition, 2023 Maine Housing Profile, (Apr. 2023), https://nlihc.org/sites/default/files/SHP_ME.pdf

² Id,

³ Maine Children's Alliance, 2023 Maine Kids Count, (May 2023), https://www.mekids.org/site/assets/files/2031/2023_kidscount_databook_interactive.pdf

the expanded child tax credit. One state saw a 63% drop in daily eviction filings from before the moratorium on evictions and after the moratorium on evictions was lifted.⁴ In Maine, we have seen how cash assistance programs single handedly cut child poverty by over 40%. The effectiveness of these programs looks like child poverty hitting historic lows in 2020; however, you can already see child poverty rates rising since the expanded child tax credit and emergency rental assistance programs have ended.⁵

Rental assistance programs have not only been found to reduce poverty, homelessness, and housing instability, but are also associated with improving adult and child health and providing people the ability to move to low poverty areas.⁶ Rental Assistance has been identified as a more effective intervention that substantially reduces the number of individuals and families experiencing housing instability.⁷ The CBPP study illustrates the impacts rental assistance can have on a families entire well being. Rental assistance reduced the number of families living in their cars, on the streets, and in shelters by ¾ and reduced families couch surfing or living in otherwise overcrowded conditions by half.

Finally, rental assistance helps preserve families and keeps more children in their homes,⁸ which directly aligns with strategies three and four of DHHS' recently released Maine Child Safety and Family Well-Being Plan. Strategy three is "to improve the economic security of parents and caregivers to provide safety and stability for their children" and strategy four is "to provide services and resources to help parents and caregivers ensure the safety, health, and nurturing care of their children" Children whose families receive rental assistance thrive at school and home showing fewer sleep disruptions and behavioral problems and closing the academic achievement gap by half. Higher college attendance rates, increased annual earnings of 30%, and overall higher success later in life including lower incarceration rates has been linked to children whose families had the opportunity to move to lower poverty areas.⁹

When families don't have to stretch their budgets to meet unaffordable housing costs they can afford other necessities for their families or be able to put some into savings. Individuals and families with more disposable income have more money to put back into our local economies.

CONCLUSION

The change package includes a plan to build more workforce housing through the creation of LIHTC and the Rural Affordable Rental Housing Program. We have a plan to provide support those who have experienced chronic homelessness through Housing First. There is currently no plan or solution in LD 258 or the change package for the 22,158 Maine residents living at and below 30% AMI - many of whom are working in essential industries for our economy - who pay over one-half of their income for rent. This

⁴ HUD, FY 2022 Impact Evaluation of the Emergency Rental Assistance (ERA) Program, (2022), https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo/fundingopps/fy22_impacteval

⁵ Maine Children's Alliance, (n5)

⁶ CBPP, (n18)

⁷ Id.

⁸ Id.

⁹ Id.

gap in our housing solutions will mean that many of these households will inevitably experience eviction and homelessness. Including money for rent relief in the budget ensures stability for Maine renters, increases the supply of affordable housing, and ends discrimination for section 8 voucher participants. This would increase the efficacy of the federal program and relieve some of the housing burden from the state.

For these reasons, MEJ strongly urges the committee to include funding for rent relief while also passing the other housing proposals in the change package.