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*Testimony of*

Erik C. Jorgensen

Senior Director of Government Relations & Communications  
Maine State Housing Authority

*Before*

The Joint Select Committee on Housing

In Support of LD 2136

***An Act to Provide Financial Support for Shelters for Unhoused Individuals***

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 in support of LD 2136, “***An Act to Provide Financial Support for Shelters for Unhoused Individuals***”

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.

We support the additional homeless shelter funding proposed in LD 2136.

MaineHousing currently funds homeless shelters from three different pots of money: \$2,500,000 from the General Fund as the Shelter Operating Subsidy, \$1,289,000 from HUD’s Emergency Solutions Grant program, and \$3,500,000 from the HOME Fund). We combine these resources together to create the Emergency Shelter and Housing Assistance Program, which is governed by the Homeless Solutions Rule (attached). This bill proposes to add to the Shelter Operating Subsidy line, so we wanted to tell you a bit about how shelter funds are currently allocated.

There are three components to the funding formula:

- 1) Shelter Operations. Forty five percent of the funds go to the shelters based on their capacity, which is to say the number of beds they have available. The five low-barrier shelters (which

serve 41% of the state's homeless population) receive a 25% boost in the formula because the population they serve is more challenging, and requires more staff and services.

2) Housing Stabilization. The second 45% of the funding pays for staff to provide Housing First, rapid re-housing, and housing stabilization services to the clients. These services are not limited to persons staying in the shelter.

3) Performance. The final 10% of the funding is an incentive for shelters to consistently improve the data they collect and enter into the Homeless Management Information System (HMIS), which is the data clearinghouse for information regarding the homeless population across the state. Most shelters are able to qualify for this bonus. A key reason for including this component was the state's goal of reaching quality data on homelessness statewide through the Built for Zero initiative.

We adopted the stabilization formula in 2015 and it was last revised in 2022, with input from the field. While shelters are not run by the state, the state has for some time now committed to providing some ongoing operating funding, and this currently covers anywhere from below 10% to a high of about 40% of operating budgets for some of the smaller shelters (this does not take into account other state funding, which can in some cases include General Assistance and MaineCare for the low-barrier shelters). This \$10mm is similar in scope to the ARPA funding of \$10M two years ago. Like that, it could clear deficits and get these organizations through the year. If this funding were to be made ongoing as the bill recommends, it would have a transformative effect.

Our experience has shown that every shelter in the state is struggling financially – but as you have heard repeatedly, the low barrier shelters are struggling the most. The ending of COVID assistance, a decrease in private donations (at least during the pandemic), a need for salary increases to attract and retain staff, and an increase in the complex needs of the people being served (e.g., mental and physical health needs, older adults seeking shelter) are some of the precipitating factors. We would certainly support additional funding for all of the shelters, but would urge you to provide special consideration for the low-barrier shelters, where the need is more acute than ever.

MaineHousing could quickly disburse whatever funds were made available, and would be happy to work with this committee to think about how best to structure this support at whatever level it is ultimately funded.

Thank you for your consideration.