

Testimony neither for nor against LD 2214, “An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2024 and June 30, 2025.”

**Josie Phillips, Policy Fellow
February 23rd, 2024**

Good afternoon, chairpersons Rotundo and Sachs, and all members of the Appropriations and Financial Affairs committee. My name is Josie Phillips, and I am representing Maine Center for Economic Policy testifying neither for nor against the housing-related sections of LD 2214. The continued investment in housing production and emergency housing relief are welcome and necessary additions to the supplemental budget. However, the current proposal misses a critical opportunity, in the form of rent relief, to provide cost-effective assistance to families and lessen the risk of falling into homelessness.

The \$16 million in emergency shelter funding included in part GG is sorely needed. Homelessness has been increasing since the end of the pandemic,ⁱ and shelters have testified before the Housing committee that they are struggling to stay open amidst rising operating costs and high demand.ⁱⁱ Maine has already taken a bold step to address chronic homelessness by investing in a Housing First model. However, this measure will take years to fully implement,ⁱⁱⁱ and the Emergency Housing Relief Fund provides stability to the increasing number of people who are struggling to remain safely sheltered in the interim.

The \$10 million in housing production funds, included in part HH, will help Maine catch up from the decades it has been underproducing housing. Maine needs 80,000 new units by 2030 to meet the needs of its residents and economy, which will require nearly doubling the rate at which we are producing housing. Ultimately, this \$10 million on its own won't get us to that 80,000 units, and ongoing funding will be necessary to further ensure more Mainers can access safe, quality housing that they can afford. However, the allocation included in the budget reflects a welcome commitment to addressing the affordable housing crisis which is a serious threat to Mainers' health and economic stability.

The funding for emergency shelter and housing production are indispensable tools to address the affordable housing crisis. Another critical tool, not included in the current budget proposal, is rent relief. Rent relief for families with low income can be an effective, efficient way to stem the rising tides of evictions and homelessness.^{iv} While there is already a federal housing assistance program, in the form of Section 8 Housing Choice Vouchers, the program has severe limitations. Nationally, only about one in four families eligible for assistance receives it due to a lack of funding.^v Within Maine, the voucher waitlist is up to seven years long in some parts of the state, and nearly one in three families who receive vouchers are unable to find housing that will accept them.^{vi} Despite these significant limitations to the federal program, research has shown that rental assistance is a cost effective way of preventing homelessness, costing half as much as transitional housing and a fourth as much as emergency shelter.^{vii}

In the absence of a fully functional federal rental assistance program, Maine can fill this vacuum at the state level. LD 1540, as currently amended, would create an eviction prevention pilot program, providing families currently unserved by federal rental assistance with \$300 per month

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for up to 24 months. If included in the budget, this program would take pressure off Maine's already strained emergency housing system, and shelter families from the long-term harms of homelessness.

By providing ongoing support for housing production, stabilizing providers of emergency supports for people experiencing homelessness, and creating a rental assistance program to prevent homelessness before it happens, Maine can comprehensively tackle the affordable housing crisis. I encourage this committee to maintain the critical investments included in the governor's proposed budget and build upon them to provide even more efficient support to Mainers struggling to stay safely housed.

ⁱ MaineHousing, "2023 Point in Time Count." https://www.mainehousing.org/docs/default-source/housing-reports/2023-point-in-time.pdf?sfvrsn=e1c28015_5

ⁱⁱ Portland Press Herald, "Maine homeless shelters warn of financial crisis." December, 2023. <https://www.pressherald.com/2023/12/05/homeless-shelters-in-maine-face-dire-funding-challenges/>

ⁱⁱⁱ Maine Morning Star, "What to know about housing first and what it will look like in Maine." January, 2024. <https://mainemorningstar.com/2024/01/16/what-to-know-about-housing-first-and-what-it-will-look-like-in-maine/>

^{iv} Center on Budget and Policy Priorities, "Research Shows Rental Assistance Reduces Hardship and Provides Platform to Expand Opportunity for Low-Income Families." December, 2019. <https://www.cbpp.org/research/housing/research-shows-rental-assistance-reduces-hardship-and-provides-platform-to-expand>

^v Urban Institute, "How Much Could Full Funding and Use of Housing Choice Vouchers Reduce Poverty?" August, 2023. <https://www.urban.org/research/publication/how-much-could-full-funding-and-use-housing-choice-vouchers-reduce-poverty>

^{vi} Bangor Daily News, "Mainers are waiting years for federal housing aid, then losing it." January, 2024. <https://www.bangordailynews.com/2024/01/29/state/mainers-are-waiting-years-for-federal-housing-aid-joam40zk0w/>

^{vii} Center on Budget and Policy Priorities, "Commentary: We Need Rental Assistance and Services, Not Punitive Policies, to End Homelessness." January, 2020. <https://www.cbpp.org/research/housing/commentary-we-need-rental-assistance-and-services-not-punitive-policies-to-end>