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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 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"

February 23, 2024

Good afternoon, Senator Rotundo, Senator Pierce, Representative Sachs, Representative Gere, distinguished members of the Committee on Appropriations and Financial Affairs and the Special Committee on Housing. My name is Andrea Steward, I use she/her pronouns, and I am a policy advocate at 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 LD 2214. I also want to name a gap in addressing the housing crisis that is not included, but we urge you to include in the final bill: rental assistance.

Maine Equal Justice is testifying in support of the \$10 million in part GG to invest in the Affordable Home Ownership Program. We also support the investment of \$16 million in part HH for the Emergency Housing Relief Fund. However, we also urge you to consider fully funding LD 2136 to provide \$12.5 million for both the 42 emergency shelters in Maine and for low-barrier shelters. These are a vital part of our housing infrastructure, which has been burdened more and more as the housing crisis worsens, and we are unclear from reading the budget how much of the funding in Part HH would address these ongoing funding needs.

The Missing Piece

Housing is a social determinant of health. It is crucial to being healthy. Emergency shelter is critical to ensure that people have a safe place to lay their heads. Home ownership is part of a healthy housing market and should be accessible for all of those who choose to do so. These investments and the construction of more affordable housing units, places where the Governor and Legislature have made significant investments, are all important scaffolding to vibrant and healthy communities, but so too must be keeping people afloat while they wait for the fruits of those investments. This could be done through a rent relief program targeted at those who need it the most, who are not being helped by other federal or state programs, and can quickly reduce evictions while more homes are built. The reality is it

will be years before the housing investments in construction are felt widely¹, but many Mainers across the state need help to stay housed now.

Rent relief is an essential element that makes the other investments in the Governor's supplemental budget such as education, healthcare, and substance use treatment attainable. Last year nearly 3,000 households experienced an eviction for non-payment of rent. Investing in rental assistance would slow evictions by keeping people stably housed and does not need to create any new housing to do it. This alleviates the growing pressure on our emergency shelter system and municipal general assistance programs. While these services are essential to fund, they are already overburdened, and rent relief for the Mainers with the lowest incomes would take pressure off of these programs. We can keep people in the communities they already call home by bridging the gap between what is affordable and what rents actually are. Additionally, improving equity for renters would help close racial gaps in income, education, and health we see widening in Maine.

The Affordability Gap for Affordable Housing

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. Affordable housing is not affordable to the most low income Mainers without a form of rent relief, which was recently highlighted in a Harvard Analysis, "...the Low-Income Housing Tax Credit helped build several million subsidized apartments, but most are not affordable to the neediest renters without additional aid." With "nearly two-thirds of renters in the bottom income quintile face severe cost burdens...meaning spending more than half their income for shelter"² The same affordability issue is faced by Maine's Rural Affordable Rental Housing Program (RTC). These two programs make up the major sources of financing to create affordable housing in Maine. Even as more housing is built, there is a limit to how much prices can fall. When you factor in the price of materials and other fixed costs such as a mortgage, operations, and building upkeep, these fixed costs will keep rental prices too high to be affordable for many of our low-income neighbors.

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.

Maine must match building efforts with a rent relief program, because the gap between rent and income across Maine has become unsustainably large. The extent of this gap is highlighted by the 44,256 renter households in Maine whose income is at or below 30% of AMI (earning \$28,073 a year). Over 23,000 of these households pay over one-half of their income in rent.³ Maine's rent relief program would help households who do not have federal Section 8 vouchers, reducing the years-long 15,000+ person waitlist and providing stable homes for those at or below 30% AMI. Without rent relief, 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 rent⁴; a threshold that is unsustainable for most people.

¹ Maine Center for Economic Policy, Rent relief is needed for Maine to endure its housing crisis (Feb 2024), <https://www.mecp.org/blog/rent-relief-is-needed-for-maine-to-endure-its-housing-crisis/>

² NYT, Aid is needed even with LIHTC (Dec 2023), <https://www.nytimes.com/2023/12/19/us/politics/housing-aid-rent-costs.html?smid=nytcore-ios-share&referringSource=articleShare&login=email&auth=login-email>

³ National Low Income Housing Coalition, 2023 Maine Housing Profile, (Apr. 2023), https://nlihc.org/sites/default/files/SHP_ME.pdf

⁴ Id,

Demonstrated by the nearly 3,000 evictions last year for non-payment of rent, a 16% increase⁵ from 2022.

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.

Housing affordability affects businesses' hiring and retention, too. According to a Maine Center for Economic Policy analysis, nearly one in three Maine workers who rent a home or apartment pays more than one-third of their income toward housing. When people cannot maintain housing because they can't afford the rent, they are more likely to lose their job as stress from housing instability can lead to health problems, missed days of work, and mistakes on the job⁶.

Rental Assistance Programs Work

The pandemic afforded us an opportunity to collect and learn from data on the connection between housing stability for low income families and programs such as emergency rental assistance and 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.⁷ 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.⁸

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.⁹ Rental Assistance has been identified as a more effective intervention that substantially reduces the number of individuals and families experiencing housing instability.¹⁰ 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,¹¹ 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

⁵ BDN, Eviction filings increased 16% in Maine last year (Jan 2024), <https://www.bangordailynews.com/2024/01/19/state/state-housing/maine-eviction-filings-rise-2023/>

⁶ Matthew Desmond & Carl Gershenson, Housing and Employment Insecurity Among the Working Poor, 63 Soc. Prob. 46, 46 (2016).

⁷ 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

⁸ Maine Children's Alliance, (n5)

⁹ CBPP, (n18)

¹⁰ Id.

¹¹ Id.

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.¹²

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

Budget investments are how we build a future together. Which is why at Maine Equal Justice we strongly encourage an investment in those currently left out of the budget, Maine residents living at and below 30%AMI - many of whom are working in essential industries for our economy such as ed techs, child care workers, home health workers, bus drivers, and includes older Mainers on fixed incomes, people with disabilities, veterans, and students- all who pay over one-half of their income for rent. The biennial budget included money for new construction and the supplemental budget includes important investments in emergency shelters, but let's not pass this supplemental budget without rent relief, which can prevent the vicious cycle of poverty before it starts. Including money for rent relief in the budget ensures stability for Maine renters, increases the supply of affordable housing, and alleviates the growing pressure on municipal budgets, who cannot deal with high housing costs on their own.

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

¹² Id.