

*131<sup>st</sup> Legislature*  
*Joint Standing Committee on Appropriations and Financial Affairs and the Joint Select Committee on Housing*  
*Testimony of Peter Malia, Housing Development Operations Manager, Penquis CAP, February 23, 2024*  
*in favor of the Supplemental Budget LD2214*

Good afternoon, Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs; and Senator Pierce, Representative Gere, and members of the Joint Select Committee on Housing. My name is Peter Malia and I am from Penquis.

Penquis is a nonprofit organization incorporated in 1967 to alleviate and eliminate the causes and conditions of poverty. Through its programs and subsidiaries, Penquis impacts all of Maine's sixteen counties, but primarily serves low- and moderate-income individuals in Penobscot, Piscataquis, and Knox Counties. Over the past 25 years, Penquis has developed and preserved several hundred units of affordable housing primarily in Central Maine.

Thank you for this opportunity to speak to you in support of the Supplemental Budget lines Part GG that allocates \$10,000,000 to MaineHousing for Affordable Homeownership, and Part HH that allocates \$16,000,000 to MaineHousing for the Emergency Housing Relief Fund. Penquis is in the process of using \$2,000,000 from the Emergency Housing Relief Fund to build 41 Housing First units in Bangor. This funding will enable members of our community who are experiencing homelessness to receive access to permanently affordable housing along with supportive services to assist the newly housed tenants in seeking healthcare, education, and employment opportunities, with the goal of maintaining their housing and decreasing their level of need for general assistance.

The Maine State Legislature deserves high praise for the historic investment in housing made over the last four years. However, as pointed out in last year's State of Maine Housing Production Needs Study, between historic underproduction and anticipated future needs, our state needs to produce 80,000 housing units by the end of the current decade to resolve our housing shortage. The results of this shortage cannot be overstated. Due to the lack of supply, high-income households become dependent on the housing that would traditionally be available for middle-income households, and middle-income households then become dependent on the housing that would traditionally be available for low-income households. In the process, across our state's communities, the income threshold that yields housing instability continuously shifts higher.

The Housing Production Needs Study emphasized the need for more housing dedicated to moderate- and low-income households because of the limited housing options households in those income ranges have. Meanwhile, the challenges faced by affordable housing developers in creating moderate- and low-income housing have seemingly never been higher. Development costs are nearly double what they were just five years ago while the federal low-income housing tax credit, the most valuable tool in developing affordable housing, has continuously decreased in value as a mechanism to fund development. As affordable housing developers are struggling to make development budgets work, moderate- and low-income households are struggling to make their personal budgets work. In addition to rising housing costs, they are encumbered with rising food and energy costs, pushing many towards housing insecurity or homelessness.

It is for these reasons that I am asking the legislature to allocate an additional \$20,000,000 in housing funding split between MaineHousing's Low Income Housing Tax Credit Program and the Rural Affordable Rental Housing Program and an additional \$15,000,000 for rental relief. This would come from the \$100,000,000 unallocated portion of the Supplemental Budget.

The impact of this investment would allow affordable housing developers to better meet our state's need while assisting households who are burdened with unaffordable housing costs because of the current housing shortage.

Sincerely,  
Peter Malia  
Operations Manager – Housing Development  
Penquis