



*Testimony of*  
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*Before*  
The Joint Standing Committee on Housing and Economic Development (132<sup>nd</sup>)  
Supporting

### **LD 698 : An Act to Sustain Emergency Homeless Shelters in Maine**

Senator Curry, Representative Gere, and members of the Joint Standing Committee on Housing and Economic Development, 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 698 : An Act to Sustain Emergency Homeless Shelters in Maine**.

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 would like to thank Representative Talbot Ross and the others who have brought this much needed bill forward. Last spring, as part of the change package supplemental budget, the legislature provided extra funds to the state's low-barrier shelters. That group of five shelters made a powerful case, both for the urgent need for their particular services, and for the fact that low barrier shelters require more staffing than the typical homeless shelter, and because of this, all of the low barrier shelters across Maine were in danger of closing, in part due to the fact that the level of support coming from Maine's shelter operating subsidy has not increased for nearly a decade.

The low barrier shelters were, in fact, in trouble, but the rest of the shelter community has been in trouble too, and that's what this bill seeks to address. One has only to look at all costs since the arrival of COVID to understand why this is the case. Maine's mainstream shelters are also in danger of closing, given that they too have been the victims of static funding, at a time when all costs have risen dramatically. You've heard from many shelter providers about the details of this situation, and

their testimony is stronger than mine about what years of underfunding has done to these organizations. I will just say that the need is real and these organizations are, as a group, hanging on by a thread. Average shelter stays are increasing in length

The Emergency Shelter and Housing Assistance program (ESHAP) at MaineHousing supports Maine's 40 emergency shelters (general, domestic violence and low-barrier). Shelters that receive funds through this program are subject to the Homeless Solutions Rule. This rule specifies standards around applicant eligibility, physical and life safety for the building, what services shelters must offer their guests, and information providing transparency around how agencies are selected to be in the program. The rule also outlines accountability standards around how this support should be spent.

ESHAP provides funds not just for base operations but also for stability services to get people out of shelters into stable housing. It includes an incentive program that rewards shelters that are focusing on data and outcomes. Not only does this help the shelters themselves, but it helps release more money from HUD for this purpose.

Shelters are monitored for compliance with this rule through both compliance visits and through MaineHousing desk audits. These happen at each shelter based on risk, and at least once every 3 years. MaineHousing monitors both fiscal compliance and program operations. Shelters are required to keep detailed records that will satisfy HUD and MaineHousing; they are required to show documentation of all expenses of the funding received and to prove that they are not spending money outside of the specific allowable activities. They are also subject to physical inspections of property by MaineHousing to make sure they meet HUD standards and MaineHousing's asset management standards. Finally, they are required to disclose conflicts of interest

This funding would make a significant difference. The program currently includes 2.5 million of general fund for the Shelter Operating Subsidy – the rest of the ESHAP program is paid for using Federal funds, plus support from the HOME fund, for a total of \$7.3 million per year. This bill proposes to add an additional \$5 Million annually, which would be added to the shelter operating subsidy and distributed by a formula based on the number of beds. This would bring the average subsidy up to \$19 per bed night on a cost of around \$102 per bed night for shelters statewide.

We at MaineHousing have been advocating for very few spending proposals outside of the state budget, but this is one we believe is both overdue and essential.

Thank you!