



Testimony of
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Before
The Joint Standing Committee on Housing and Economic Development (132nd)

In support of

LD 2124: An Act to Support Emergency Shelter Funding Using Revenue from the Real Estate Transfer Tax

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 2124 An Act to Support Emergency Shelter Funding Using Revenue from the Real Estate Transfer Tax**

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 at MaineHousing are enthusiastic about LD 2124 because it will provide a new and predictable stream of funding to support shelters. Even better, this funding stream will come without reducing what the counties currently receive from the RETT. This seems appropriate because most shelters play a regional role, even though the town where the shelter is located is usually where most of the funding comes from.

Last year, this committee received a shelter cost study prepared by MaineHousing that showed that state support for shelters has lagged as costs have increased. We've seen shelters close, we've seen shelters in crisis. The need for additional and predictable funding has been exhaustively documented. And though last year there was a one-time bump in shelter funding, that is temporary and these

critical entities continue to be in desperate need of predictable and ongoing funding, that comes closer to meeting their demonstrated need for operating support. Rep Gattine's innovative bill moves the needle in the right direction.

The bill's funding mechanism is based on last year's adjustments to the Real Estate Transfer Tax, when a new bracket on the portion of real estate sales above \$1MM was instituted. The counties have always retained 10% of the RETT proceeds as payment for their fiscal work relating to this tax. The idea behind this bill is to hold the county share at the same level as it presently is – the sponsors of the bill are not intending to have counties lose anything.

This bill is funded out of a portion of new revenue that would otherwise go to counties. It's also worth noting that this is not a funding freeze or anything like that - as the RETT takes in more funds in coming years, the County share will adjust up – but future increases will be based on what they currently receive.

It's also worth noting that 100% of the new resources, approximately \$1.2 million per year, will go through the Emergency Shelter and Housing Assistance Program formula focusing on shelter operations. As this committee knows, MaineHousing does not take administrative fees or overhead from state funding, so in the case of this program, we will simply pass along 100% of what we receive directly to the shelters for their operations.

\$1.2 Million is not going to solve the problem, but it's a strong step in the right direction, and we hope that the Committee will support this modest effort to improve the shelter system.