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Testimony Neither for Nor Against LD 2 (“An Act to End Chronic Homelessness by Creating the House First Fund”)

J. Andrew Cashman on behalf of the Maine Association of REALTORS®

April 4, 2023

Senator Pierce, Representative Gere and members of the Joint Standing Committee on Housing, my name is Andy Cashman. I am the Founder of Resolve Government Relations. We represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® grow Maine’s economy and build Maine communities. Our members represent buyers and sellers involved in both residential and commercial real estate transactions. Our membership also includes industry affiliates, such as lenders, closing agents, title agents, appraisers, building inspectors, surveyors, etc. The Maine Association is chartered by the National Association of REALTORS® (NAR), the largest trade association in the country.

The Maine Association of REALTORS® is neither for nor against LD 2 as amended by the Speaker’s sponsor amendment to the concept draft. The amended bill would establish the Housing First Fund “to facilitate the delivery of support and stabilization services to residents of properties established or developed to provide permanent housing to end chronic homelessness in the State.” (Sec. 1) A portion of the fund in excess of the expenses associated with supporting those services may be used for “[d]eveloping affordable housing...*to the extent development is not covered by other resources.*” (emphasis added) (Sec. 1). The Housing First Fund, starting in FY 2024-25 and thereafter, would be funded by sweeping 50% of what would have gone to the Housing Opportunities for Maine Fund (HOME Fund). (Sec. 3) Moreover, the bill specifies that Maine State Housing Authority “shall use 25% of funds transferred [to the HOME Fund] to support the creation of new housing units, through new construction or adaptive reuse, that are affordable to low-income households.” (Sec. 3)

We support the intent behind this bill: the low supply of affordable housing has, among other things, contributed to the chronic homelessness problem throughout our state and bold ideas to address this problem are needed. The types of programs supported by the bill have proven to be one effective tool to address the issue. Ultimately programs like this are essential to addressing homelessness and should be well-funded.

However, we have long taken the position that the lack of affordable housing can only be solved through the creation of additional housing supply. We simply must build more housing. It would be ideal for the HOME fund to be used exclusively to build housing – but historically



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that is not the case. Currently it supports many other programs at Maine State Housing Authority (MSHA), and it is often swept by the legislature to balance the budget.

This proposal would reallocate funding from building housing supply, to providing support services. However, it would also continue designating 25% of those funds for MSHA to use in accordance with building affordable housing.

With the recent attention and priority on the need for housing supply and services in Maine, federal and state resources have been allocated across a wide spectrum of household needs. The HOME Fund serves as a source of funding to leverage these other funding sources. The Maine State Housing Authority should have maximum flexibility with the HOME Fund to address Maine's housing needs.

We also urge you to consider adding protective measures against future sweeping of the HOME Fund and the Housing First Fund, if passed. Previously, sweeping of the HOME Fund has resulted in the loss millions of dollars from affordable housing and contributing to the crisis we have today. These programs are essential and they should be protected.

For these reasons, we are neither for nor against LD 2 in its current form and respectfully urge consideration of the appropriate balance and protection for these policy priorities. Thank you for your time and consideration.