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Testimony by State Senator Matthea Daughtry

Senate District #24

Brunswick, Freeport, Harpswell, North Yarmouth, and Pownal

Introducing LD 1709, “An Act To Promote Home Ownership by Minimizing Education Debt”

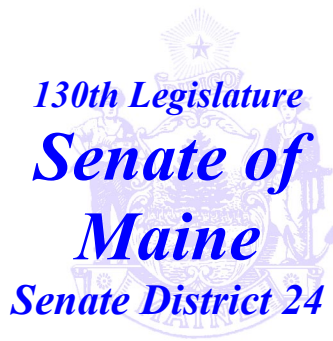
Joint Standing Committee on Innovation, Development, Economic Advancement and Business
May 11, 2021

Senator Curry, Representative Roberts and distinguished members of the Committee on Innovation, Development, Economic Advancement, and Business. I am Senator Daughtry and I represent Senate District 24 which is Bailey Island, Brunswick, Freeport, Harpswell, North Yarmouth, Orr's Island, Pownal South Freeport, and South Harpswell. I am here today to as a co-sponsor to speak in support of LD 1709, “An Act To Promote Home Ownership by Minimizing Education Debt.”

No one should have to choose between an education and a home. But unfortunately, this is the reality facing far too many young Mainers today. Maine has the 8th highest student debt burden in the nation; two-thirds of Maine’s college graduates leave school with loan debt, with the average amount between \$32,000 and \$36,000. This is deeply concerning. At the same time, Maine’s residential housing market saw record sales in 2020, up nearly 10 percent since 2019, and values rose almost 14 percent for median sales price, up to \$256,000. For many young Mainers, the dream of homeownership must remain a dream for years until they have paid off their debt. Even with a well-paying job, they cannot save for a down payment or qualify for a mortgage when they have thousands in student debt. The math just does not work! That is why I am a proud sponsor of LD 1709, An Act To Promote Home Ownership by Minimizing Education Debt. This bill will create a program through the Finance Authority of Maine to target financing to Mainers by helping to alleviate student debt and to promote home ownership.

Student debt is particularly distressing for Mainers who attend some or most of college but are unable to complete their degree. Facing thousands in debt, they simply cannot afford basic needs including homeownership. LD 1709 will create a program to help Mainers re-finance their educational debt burden by rolling it into a home loan at a lower rate. Owning a home provides long-term financial stability. Homeownership is a pathway towards middle-class financial security and wealth-building opportunities. Fewer than 35 percent of individuals under 35 own their own homes in the United States, a statistic that is expected to last if student debt continues to rise.

This is something I experienced firsthand. When I decided to purchase my first home, I was faced with a plethora of obstacles—including an intense market where houses went under contract in a matter of hours rather than days. The obstacle that frustrated me the most was how my student debt factored into the process. I had worked three jobs at a time and saved, saved, and saved, until I had put away enough for a



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sizable down payment. I was careful with my credit and went into the process with an excellent credit score. Still, none of that mattered with my student debt mixed into the ratio. I was lucky enough to find a solution but that isn't the case for all Mainers. Since I purchased my home over five years ago, the housing market in my community has only become more intense with skyrocketing prices and little availability. Then to make matters worse the levels of student debt have also risen too. If we want to attract young families to our state—and enable young Mainers to stay in their home state—we need to find ways to address these two issues.

Owning a home is a joy. Not only does it provide long-term financial stability and an asset to pass along to future generations; but it provides a freedom and independence renting does not. Furthermore, owning a house allows people, notably working families, to have a consistent community and a place to call home. Wanting a college degree should not be the barrier that keeps people away from financial stability and homeownership; especially when close to 66 percent of jobs in the US economy require a postsecondary degree. We need to do what we can to support our graduates and keep them here in Maine.

Homeownership is a desirable goal here, and it is important to create a program that allows Mainers to be able to afford homeownership. We should be supporting the middle class and fighting student debt.