

130th Maine Legislature, Second Session
Joint Standing Committee on Labor and Housing

**LD 211 – An Act To Support Emergency Shelter Access for
Persons Experiencing Homelessness in Maine**

February 17, 2021

Senator Rafferty, Representative Sylvester, members of the Joint Standing Committee on Labor and Housing, my name is Erik Jorgensen, Director of Government Relations at the Maine State Housing Authority (MaineHousing).

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. MaineHousing is an independent state authority 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 support the additional homeless shelter funding proposed in LD 1909 and urge its passage. We also support Representative Cloutier's proposal to amend this bill to apply it to all our state's shelters, not just the low-barrier ones. What we are less enthusiastic about is the proposal that funding be provided outside of our homeless solutions rule.

MaineHousing currently funds homeless shelters from three different pots of money: \$2,500,000 from the General Fund, \$1,350,000 from HUD's Emergency Solutions Grant program, and \$3,000,000 from the HOME Fund (up from \$2,400,000). We combine these funds together to create the Emergency Shelter and Housing Assistance Program. The program is governed by the Homeless Solutions Rule (attached).

There are three components to the funding formula:

- 1) Shelter Operations. Forty five percent of the funds go to the shelters based on their capacity, which is to say the number of beds they have available. The five low-barrier shelters (which serve 41% of the state's homeless population) receive a 25% boost in the formula because the population they serve is more challenging.

- 2) Housing Stabilization. The second 45% of the funding pays for staff to provide Housing First, rapid re-housing, and housing stabilization services to the clients. These services are not limited to persons staying in the shelter.
- 3) Performance. The final 10% of the funding is an incentive for shelters to help the clients avoid returning to homelessness. For the first six months of 2019, all 36 shelters qualified for the bonus. A key reason for including this component was HUD's adoption of housing stabilization as a performance metric, which means it becomes a factor in how much federal money we get.

We adopted the stabilization formula with input from the field in 2015 to embrace national best practices which are based on a housing first philosophy. Experience has shown that it is easier for a person to address their challenges if they have a safe, warm home from which to work on them.

This bill would provide another \$3,000,000 of shelter funding, which would raise the total to \$9,850,000 per year, with \$5,500,000 coming from the General Fund. If the general fund appropriation were to stay at the \$5,500,000 level proposed here, funding the overall program at almost a third more, then it would make sense to revisit the proportions of the funding formula, and we would certainly be open to that.

Should you determine that these additional funds should only be used for operations and not for housing stabilization, then we would ask you to give us the administrative flexibility to determine the best approach to achieve that end.

Thank you for your consideration.