



Testimony of
Erik C. Jorgensen, Director of Government Relations
MaineHousing
Before The Joint Standing Committee on Taxation

In Support of
LD 473: An Act to Create the Maine Rental Assistance and Voucher Guarantee Program

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

LD 473 is a program designed to get at one of the most pernicious issues facing the people of Maine right now, and that is our state's shortage of affordable housing. This shortage is, as has been noted, a public health issue as much as a social one.

Rep. Morales' bill proposes a general-fund-based program of rental assistance vouchers, combined with wraparound services including landlord guarantees, housing navigators, and other resources all aimed at providing the best chance of tenant success. This program is aimed at individuals and families at high risk of homelessness, and would be run under the auspices of the Maine State Housing Authority. We are happy to offer our support for this proposal. There is no question that these vouchers and services would make a meaningful difference in reducing the backlog of Mainers awaiting housing.

While there is no doubt about the urgency of need, we do have some observations that we would like to relate. Our primary concern is one that we have made before this committee before, and that is the problem of using a fixed source of funding for a long-term need. Rents, like most other costs, increase on an annual basis. So as rents go up year over year, each rental voucher will either have less purchasing power, or the number of participants in the program will need to be reduced over time to meet the budget.

The other issue we see --in the same vein-- is that this bill is financed using a General Fund appropriation. As you all know, General Fund appropriations are for two-year periods and so there is no guarantee that a future legislature will choose to continue this funding, which will not be in the baseline. It's unsettling to think of people relying on a program that has multi-year implications yet is funded with one-time money.

For purposes of comparison, our Federally-funded Section 8 housing voucher program currently provides around \$29,500,000 annually, which covers 3,765 vouchers, plus about 3MM to cover administrative costs. The federal government can adjust costs and balance the program across states, which is something that this program would not be able to do. That we see is the most significant potential issue with LD 473. We have, however, discussed this with the sponsor, and believe this problem could be solved if the program were designed to focus on populations with shorter-term housing needs, as opposed to the users of more traditional long-term vouchers.

Were this to be funded, MaineHousing, which is charged with setting up eligibility criteria and fleshing out the program, would work with landlords and housing advocates to design to these specifications, all of which represent tested best practices. The specifics of how various components would be implemented are still to be determined, and we reiterate our concern about using short-term money for long-term needs, but these seem to be manageable issues in comparison to the undeniable good that would be accomplished by this substantial increase in resources aimed at reducing Maine's housing backlog.

Thank you.