

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

Testimony in Opposition to:

LD 1322: Resolve Directing the Maine State Housing Authority to Allow Rental Housing Owners to Apply for Emergency Rental Relief Assistance

26 April 2021

Senator Hickman, 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 the COVID rental relief program, which is the subject of Representative Drinkwater's bill, LD 1322. This \$200 million Federal program is aimed at making landlords and tenants whole, by repaying rental arrearages that have arisen from the effects of COVID 19. It will pay a landlord for back rent owed for up to 12 months looking back, and up to three months prospectively.

There is a requirement, however, that both tenants and landlords apply for the program in cooperation. The theory behind this is that having them apply together forces both parties to agree on the amount owed, and helps reduce the likelihood of fraud. In cases where a landlord refuses to participate, a tenant may apply on their own, but there is no way for a landlord to apply without a tenant's signature. The law is clear on this.¹

¹ Section 501(f)(2) of the Consolidated Appropriations Act of 2021 (highlighted below) requires the tenant's signature when the landlord applies for emergency rental assistance.

(2) REQUIREMENTS FOR APPLICATIONS SUBMITTED ON BEHALF OF TENANTS.—If a landlord or owner of a residential dwelling submits an application for assistance from a payment made under this section on behalf of a renter of such dwelling—

(A) the landlord must obtain the signature of the tenant on such application, which may be documented electronically;

(B) documentation of such application shall be provided to the tenant by the landlord; and

(C) any payments received by the landlord from a payment made under this section shall be used to satisfy the tenant's rental obligations to the owner.

We support the aims of this bill, and we know that there have been cases where tenants have refused to participate in this program, leaving landlords without access to this support. But as the administrator of these Federal Funds, Maine State Housing Authority is bound to follow the guidance we have been given from the US Treasury, which is clear on this issue.

While there have not been too many documented instances of tenants refusing to participate in the program, we know it has happened, and we understand the problem. We realize that in the world of rental housing, landlords are every bit as important as tenants. We should also point out that landlords continue to have remedies, starting with eviction, which remains an option, despite the federal eviction moratorium, in cases where a tenant is not paying rent *and* not taking advantage of available federal rent relief.

It is our hope that landlords in this situation will appeal to tenants' self-interest, as under the rent relief program every tenant who has lost income from COVID has a chance to have their rent paid in full -- and to avoid being evicted. Evictions have disastrous long-term implications for both a tenant's credit and their ability to find future housing. It also can have disastrous financial implications for landlords. This program offers the best chance for both parties to avoid that disaster and be made whole.
