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STATE OF MAINE  
 ONE HUNDRED AND THIRTY-FIRST LEGISLATURE  
 JOINT SELECT COMMITTEE ON HOUSING

TO: Senator Margaret Rotundo, Senate Chair  
 Representative Melanie Sachs, House Chair  
 Joint Standing Committee on Appropriations and Financial Affairs

FROM: Senator Teresa Pierce, Senate Chair  
 Representative Traci Gere, House Chair  
 Joint Select Committee on Housing

DATE: March 6, 2024

RE: **Supplemental Budget Report**

Due to historic underproduction, Maine is 38,500 homes short of what is necessary to meet current housing demands and we will need an additional 45,800 homes by 2030 to meet our future housing needs.<sup>[1]</sup>

These are the staggering numbers behind what we have all come to recognize as a housing crisis touching every region of our state. Addressing this crisis must be a top priority of this Legislature, not only for the health, safety, and well-being of Maine people today, but to ensure we have an opportunity to prosper as a State in the future. Meeting our current and future needs will require a long-term commitment and ongoing investments. We must focus on keeping Mainers housed and continue to build inventory. **In order to continue growing our affordable housing supply and our development pipeline through programs that are working, we must dedicate on-going sources of funding in this supplemental budget.**

The committee met on Tuesday March 5<sup>th</sup> to take votes on our recommendations. (Present: Senators Pierce and Pouliot and Representatives Gere, Gattine, Golek, Lookner, Rana, Campbell and Blier. Sen Vitelli noted her position after the meeting.)

Please accept this memorandum as our report to you on the Governor's Supplemental Budget.

**KEEPING MAINERS HOUSED**

**Emergency housing relief (initiative #307)**

We agree with the Governor's proposal to provide funding for emergency housing relief. Emergency shelters, which are critical in serving people who find themselves totally vulnerable are in danger of closing – some as soon as 6 months from now. In fact, our committee has been working on ways to respond to the imminent threat of emergency shelters closing and have sent letters to the Maine Recovery Council and the Office of the Attorney General requesting *each* provide funding (\$1.5 million for 3 years)

from opioid settlement funds to support emergency shelters. Additionally, we chosen to address this need and by voting to support **LD 2136 An Act to Provide Financial Support for Shelters for Unhoused Individuals (as amended)**. The appropriations and allocations section of this bill would provide \$10 million in ongoing funds for emergency shelter services with an additional \$2.5 million targeted towards low-barrier emergency shelters.

- We are unanimous in our support for this \$2.5 million in funding for low-barrier emergency shelters.

A majority of the committee recommend that \$2.5 million of the \$16 million proposed in the Governor's budget be dedicated to support emergency shelters in the same way as the amendment to LD 2136, which is ongoing. In terms of the remaining \$13.5 million in that initiative, we ask that those funds support the other purposes cited in the initiative (emergency shelters, warming shelters and wraparound settlement supports). It is important that the Low Barrier shelters have their own language and fund, they provide a very different service to our homeless population.

- Supported by Sens. Pierce and Vitelli, Reps Gere, Gattine, Golek, Rana and Lookner.

A majority of the committee has agreed upon the following priorities for bills on (or expected to be placed on) the Special Appropriations Table that address the need to keep Mainers housed:

- Supported by Sens. Pierce and Vitelli, Reps Gere, Gattine, Golek, Rana and Lookner.

1. **LD 1540 Resolve, to Establish an Eviction Prevention Pilot Program.**

We propose an amendment to this bill which increases the amount of assistance available per person under this pilot from \$300 to up to \$800 person per month. Funding this program with \$15 million could help between 1,700 and 4,200 low-income Maine households maintain their housing and work to improve their situations.

2. **LD 1422 An Act to End Homelessness and Assist Students Who Are Homeless by Establishing a Rental Subsidy Program.**

We recommend one-time funding of \$1.5 million.

3. **LD 602 An Act to Provide Regional Support to Deliver State and Federal Programs to 13 Municipalities in the State.**

This bill has recently been reported out of our committee with majority support. It enhances the role of Regional Councils in the State (Councils of Government and Regional Planning Organizations), directing them to assist communities in securing state and federal funding/grants for housing and economic development and determining regional suitability for housing developments and by establishing mapping systems to support these efforts. The requested \$2 million to fund the Regional Councils will support their work with communities to meet the State's housing goals.

**CONTINUE TO BUILD INVENTORY AT ALL LEVELS**

**Affordable Home ownership Program (initiative #305)**

As a committee, we are **unanimously** in support of the \$10M proposal for the Affordable Home Ownership proposal. Ongoing funding of home ownership programs supports the building of wealth which breaks the cycle of housing instability and its downstream effects. If we invest in homeownership programs, this will create lasting positive impacts but will also free up affordable rental housing units for Mainers with lower incomes.

To meet our housing production needs, we support finding **an ongoing funding source** for the very successful programs administered by the Maine State Housing Authority, Home Ownership Programs, LITEC and RAHRP.

- \$10 million per year in ongoing funding to homeownership programs (**unanimous**)

- \$10 million per year in ongoing funding for Rural Affordable Rental Housing Program
- \$10 million per year in ongoing funding for Low-income Housing Tax Credit Program

Creating opportunity for the development of **mixed-income housing** is another investment which will realize long-term benefits. Not only does it create opportunity for home ownership for some who can't secure it in a traditional way, it also ensures that we are not limiting affordable housing to one area and middle-income housing to another.

- \$10 million per year in ongoing funding community housing production (as proposed by LD 1867 An Act to Establish the Community Housing Production Program which is currently on the Special Appropriations Table)

The Governor's budget leaves more than \$100 million in unappropriated surplus, in addition to the new Revenue outlined in the Revenue report of February 28, 2024. A majority of the committee recommends that the critical programs and measures outlined here be funded using a portion of that surplus. Putting the unappropriated surplus to work building housing for Maine people and keeping roofs over the heads of people who are currently unhoused or at risk of becoming unhoused are vital investments in Maine's future and essential to solving our structural housing shortage.

- Unless noted as unanimous, the above proposals are supported by Sens. Pierce and Vitelli, Reps. Gere, Gattine, Golek, Lookner and Rana.

#### ADDITIONAL ITEMS IN THE SUPPLEMENTAL BUDGET

In this report back, the Housing committee additionally expresses its support for two elements of the supplemental budget which were not assigned to the Joint Select Committee on Housing.

The first is language, **Part DD establishing the Maine Office of Community Affairs** (SLG portion of budget). A majority of the committee supports the Governor's proposal to establish this office, particularly because it will allow for better coordination of policy areas that impact housing – especially comprehensive planning which is evolving as our housing and infrastructure needs are receiving intense focus.

Second, we are **unanimous** in our concerns about systems that hinder our ability to build, specifically the understaffing of the **elevator inspection program** within the Department of Professional and Financial Regulation (IDEA portion of budget). We've been working with developers, the elevator industry, and the department to uncover efficiencies with the program as it exists now, but additional inspectors are crucial to keep pace with the development of the multi-unit affordable housing that we are investing state resources to create. To attract new inspectors, these positions must offer a more competitive salary. We will continue our work to address this issue, including consideration of raising statutory caps on fees charged to fund the program which may include restructuring how some fees are charged. We look forward to sending you a supplemental report when our work is completed within the next weeks.

#### AREAS OF CONCERN RELATED TO HOUSING

Additionally, we are unanimous in our concern about the **workforce needs in the construction industry**. Without the workforce to actually build new housing, our production will continue to fall short. The committee has heard that in the near future we can expect 15,000 to exit the trades through retirement and general attrition. We continue to look at ways to reduce barriers for those wishing to work in the industry and to encourage more Mainers to enter the field by funding outreach and making training programs attractive and accessible. There is tremendous opportunity for growth and potential efficiencies to be

gained in off-site construction of homes. This growth is currently limited because of the lack of trained set-crews who can receive the component parts of a home constructed in a facility.

- Sen. Pouliot, Rep. Campbell and Rep. Blier support dedicating the remaining \$13.5 million from initiative #307 (after \$2.5 for low-barrier emergency shelters) to housing production generally and also to programs which would accomplish this goal of not only mitigating the loss of workers in the construction trades but also adding to it through outreach and education.

Finally, we are receiving reports of an impending crisis for hundreds of Mainers who reside in **mobile home parks**. With land values so high, and many mobile home parks situated in desirable locations, the pressure to sell the parks and repurpose the land is creating the potential to displace some of the most vulnerable among us. Many will have nowhere to go. We are continuing to gather information and implore your assistance in our effort to be prepared to react to this potential catastrophe by setting aside \$10 million for an emergency response fund.

Thank you for your time and consideration of our report. We welcome the opportunity to work with you as you process the supplemental budget.

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<sup>[1]</sup> State of Maine Housing Production Needs Study  
[https://mainehousing.org/docs/default-source/default-document-library/state-of-maine-housing-production-needs-study\\_full\\_final-v2.pdf?sfvrsn=b10a8015\\_13](https://mainehousing.org/docs/default-source/default-document-library/state-of-maine-housing-production-needs-study_full_final-v2.pdf?sfvrsn=b10a8015_13)

Sec. A-15. Appropriations and allocations.

The following appropriations and allocations are made.

**HOUSING AUTHORITY, MAINE STATE**

**Emergency Housing Relief Fund Program Z340**

Initiative: Provides one-time funding to supplement or establish programs addressing the needs of people experiencing homelessness or facing other immediate housing needs, and support other uses that address housing emergencies in the State, such as through privately-operated low barrier shelter, winter warming shelters, legal services, and other wraparound settlement supports intended to help individuals integrate into Maine's workforce and communities.

Ref. #: 307                    One Time                    Committee Vote: OTP-A / OTP-A                    AFA Vote: \_\_\_\_\_  
7                    3

OTHER SPECIAL REVENUE FUNDS	2022-23	2023-24	2024-25
All Other	\$0	\$0	\$16,000,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$0	\$16,000,000

**Notes:**

See Part HH

**Justification:**

This initiative provides one-time funding to supplement or establish programs addressing the needs of people experiencing homelessness or facing other immediate housing needs, and support other uses that address housing emergencies in the State, such as through privately-operated low barrier shelter, winter warming shelters, legal services, and other wraparound settlement supports intended to help individuals integrate into Maine's workforce and communities.

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**Housing Authority - State 0442**

Initiative: Adjusts funding to bring allocations in line with projected available resources for fiscal year 2023-24 and fiscal year 2024-25.

Ref. #: 304                    One Time                    Committee Vote: IN 10-0                    AFA Vote: \_\_\_\_\_

OTHER SPECIAL REVENUE FUNDS	2022-23	2023-24	2024-25
All Other	\$0	(\$880,414)	(\$330,820)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	(\$880,414)	(\$330,820)

**Notes:**

See Part GG

**Justification:**

This initiative aligns funding with revenue as recommended in the December 1, 2023 forecast of the Revenue Forecasting Committee.

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**Housing Authority - State 0442**

Initiative: Provides one-time funding for new housing units through the Affordable Homeownership Program to expand affordable, energy-efficient housing options that are affordable to workers and support state workforce needs.

Ref. #: 305

Committee Vote: 1N

AFA Vote: \_\_\_\_\_

*10-0*

**OTHER SPECIAL REVENUE FUNDS**

All Other

	2022-23	2023-24	2024-25
All Other	\$0	\$0	\$10,000,000
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000,000</b>

**Justification:**

This initiative provides funding for new housing units through the Affordable Homeownership Program, to expand affordable, energy-efficient housing options that are affordable to workers and support state workforce needs.

**HOUSING AUTHORITY, MAINE STATE**

**DEPARTMENT TOTALS**

**OTHER SPECIAL REVENUE FUNDS**

**DEPARTMENT TOTAL - ALL FUNDS**

	2022-23	2023-24	2024-25
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$0</b>	<b>(\$880,414)</b>	<b>\$25,669,180</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>(\$880,414)</b>	<b>\$25,669,180</b>

## PART GG

**Sec. GG-1. Transfer from General Fund unappropriated surplus; Housing Authority-State.** Notwithstanding any provision of law to the contrary, on or before June 30, 2025, the State Controller shall transfer \$10,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Housing Authority - State, Other Special Revenue Funds account for new housing units through the Affordable Homeownership Program, to expand affordable, energy-efficient housing options that are affordable to workers and support state workforce needs.

## PART GG SUMMARY

This Part requires the transfer of \$10,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Housing Authority - State, Other Special Revenue account to provide funds for new housing units through the Affordable Homeownership Program, to expand affordable, energy-efficient housing options that are affordable to workers and support state workforce needs.

## PART HH

*- Proposed amendments (majority & minority)*

**Sec. HH-1. Transfer from General Fund unappropriated surplus; Emergency Housing Relief Fund.** Notwithstanding any provision of law to the contrary, on or before June 30, 2025, the State Controller shall transfer \$16,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Emergency Housing Relief Fund Program, Other Special Revenue Funds account to supplement or establish programs addressing the needs of people experiencing homelessness or facing other immediate housing needs, and support other uses that address housing emergencies in the State, such as through privately-operated low barrier shelter, winter warming shelters, legal services, and other wraparound settlement supports intended to help individuals integrate into Maine's workforce and communities. Before June 30, 2025, unobligated amounts remaining from this transfer must be transferred to the unappropriated surplus of the General Fund.

## PART HH SUMMARY

This Part requires the transfer of \$16,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Emergency Housing Relief Fund program, Other Special Revenue account to supplement or establish programs addressing the needs of people experiencing homelessness or facing other immediate housing needs, and support other uses that address housing emergencies in the State, such as through privately-operated low barrier shelter, winter warming shelters, legal services, and other wraparound settlement supports intended to help individuals integrate into Maine's workforce and communities.

## MOBILE HOME PARKS CURRENTLY FOR SALE/RESIDENTS POSSIBLY AT RISK

(notices received by residents and MaineHousing pursuant to LD 1931)

### 1) Brunswick/Linnhaven

- 275 homes
- Notice received 1/16/24; confusion around need for another notice now that a P&S is in place
- \$27m asking price
- CDI has had one meeting with residents thus far and are planning another one. There is strong interest in making an offer.

### 2) OOB/Old Orchard Village

- 377 homes (residents mostly seniors/disabled, living on fixed incomes)
- Notice received 2/8/24
- Seller has received an offer of \$40m
- Strong interest among residents to organize a cooperative and make an offer; extremely high price makes that challenging.

### 3) Berwick/Sunrise Hill

- 40 homes for households 55+ (residents mostly retired/disabled, living on fixed incomes)
- Seller has received an offer of \$3.2m, notice received 12/11/23
- CDI has worked with the residents to form an interim board, but owner is demanding terms that residents cannot responsibly comply with (including no inspections of infrastructure). Residents now seeking support from Town of Berwick to prevent displacement.

### 4) Lewiston/Country Hill Estates

- About 346 units between two communities being offered as one package
- Notice received 1/29/24
- Seller has received offer of \$21m
- CDI working with residents; unclear if they will attempt to make an offer

**Total = 1,038 homes**