



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
181 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0181

MEMO

TO: Maine Recovery Council
FROM: Greg Payne, Senior Advisor on Housing Policy
RE: Financial Viability of Low-Barrier Shelters in Maine
DATE: March 14, 2024

There are about 40 shelters throughout the State that participate in the Emergency Shelter and Housing Assistance Program (ESHAP) at MaineHousing. Within that group are five privately-operated low-barrier shelters with an aggregate total of 234 beds, which generally serve those with the greatest challenges, including substance use disorder, acute mental illness, and serious physical health problems. These shelters are deemed to be “low barrier” because they do not require any of the following to provide assistance to those in need: (1) criminal background checks, (2) credit checks or income verification, (3) previous program participation, (4) sobriety, or (5) identification.

Beyond providing a safe place to be, the low-barrier shelters provide a broad range of supports for those they serve, including harm reduction, overdose reversals on a regular basis, connections to medicated-assisted treatment, hand-offs to recovery services, connections to medical and mental health providers, and housing navigation. They also provide the stability and community that is so often needed to allow individuals to successfully access ongoing treatment and substance use counseling. Low-barrier shelters reduce the intense, daily stress of living unsheltered, putting their clients in a position to begin exploring pathways to recovery from substance use disorder and other challenges.

The low-barrier shelters tend to struggle the most to meet their annual budgets for a few reasons: (1) they don't have access to any particularized funding sources, such as is the case with domestic violence shelters, that target their clientele; (2) the cost per night of providing shelter to such a challenged population is typically higher than it is for others, given the need for additional services and case management; and (3) private fundraising is more difficult for them than it is for shelters serving other populations such as families with children.

These challenges have led to an aggregate \$3.9m structural funding gap for these five low-barrier shelters, which now threatens their continued viability and risks a significant increase in unsheltered homelessness in several Maine communities. The board of directors of Hope House in Bangor, currently providing 56 desperately needed shelter beds, has already voted to close the shelter this fall unless another organization steps in before then to take over its operations. Obviously, such a takeover is highly unlikely to happen without a clear path to fiscal sustainability. Mid-Maine Homeless Shelter in Waterville expects by this summer to run out of the funds necessary to sustain the 62 shelter beds it now provides to those in need. The other low-barrier shelters have made clear that they are not far behind.

The individuals utilizing low-barrier shelters tend to experience homelessness for longer periods of time, and Housing First initiatives, with significant support services in place, are often their most promising permanent housing solution. However, funding for the state's new Housing First program does not start until July of next year, and it will take some time before new Housing First properties are built in various parts of the state. Until then, there is likely to continue to be a great need for the key supports that low-barrier emergency shelters provide.

My office has been closely engaged on this issue since last fall because we are committed to ensuring that all those experiencing homelessness in Maine have a safe place to be, as well as a means by which to connect to the services they need to gain stability. Likewise, the Legislature's Joint Select Committee on Housing has been focused on this issue for many months and has unanimously – across party lines - joined the Governor in calling for \$2.5m in new investments to ensure that Maine's low-barrier shelters remain open and fiscally sound. Those recommendations are now being considered by the Appropriations Committee as part of their negotiations on the supplemental budget.

We have also been in conversations with the Attorney General about the use of opioid settlement funds being administered by his office to address this problem. He is very much aware of the close nexus between the approved uses of those settlement funds and the lifesaving, front-line work of Maine's low-barrier shelters, and is actively evaluating the available funds he may have remaining to help solve this problem.

Additionally, the low-barrier shelters themselves have reached out to their local municipal and county jurisdictions, which are also administering opioid settlement funds, and are requesting their participation in the effort to keep the shelters open for those struggling through the nightmare of homelessness, addiction and mental illness.

We need the Maine Recovery Council to be part of this team. No one level of government should be expected to solve this problem by itself, nor can we realistically expect the private sector to do so on its own. But working together: the Governor, Legislature, Attorney General, local and county governments, private donors, and the Maine Recovery Council, we can and must ensure the viability of Maine's low-barrier shelter network. We know from painful experience that if this resource ceases to exist, too many of those in need will live unsheltered outside, their conditions will deteriorate, and the results will be highly detrimental to both the individuals themselves and the communities in which they live.

We are aware that the Council is not currently accepting applications for funding, as you are establishing a process by which to receive such requests. We respect that process and are not asking for a disbursement of settlement funds at this time. Rather, we want to make you aware of this serious problem that directly relates to your work in addressing Maine's opioid crisis, and seek your partnership in solving it. We also want you to be aware that if the Council does ultimately decide to be a part of this effort, MaineHousing can, and is willing to, perform all of the administrative work required to deliver any allocated settlement funds to the low-barrier shelters as well as provide the necessary oversight over their expenditure.

Detailed information about the revenues, expenses and net operating losses at the five privately operated low-barrier shelters is attached for your review.

Thank you for your consideration and for your hard work in supporting Maine people struggling through the extraordinary pain of opioid use disorder. We look forward to working with you in the weeks and months ahead.

Elena's Way (40 shelter beds in Portland)

Revenue:

MaineHousing/ESHAP	\$191,836
General Assistance/MaineCare	\$220,000
Private Fundraising & Grants	<u>\$100,000</u>
Total Revenue	\$511,836
Total Expenses:	<u>\$1,930,664</u>
Net Operating Surplus (Loss):	(\$1,418,828)

Hope House (56 shelter beds in Bangor)

Revenue:

MaineHousing/ESHAP	\$438,429
Maine OSA Shelter Contract	\$507,031
FEMA Mass Shelter Funding	\$10,000
General Assistance	\$60,000
Private Fundraising & Grants	<u>\$60,000</u>
Total Revenue	\$1,075,460
Total Expenses:	<u>\$1,966,603</u>
Net Operating Surplus (Loss):	(\$891,143)

Mid-Maine Homeless Shelter (62 shelter beds in Waterville)

Revenue:

MaineHousing/ESHAP	\$483,869
Private Fundraising & Grants	\$38,621
Other	<u>\$12,000</u>
Total Revenue	\$534,490
Total Expenses:	<u>\$1,074,666</u>
Net Operating Surplus (Loss):	(\$540,176)

Florence House (40 shelter beds in Portland)

Revenue:

MaineHousing/ESHAP	\$185,836
General Assistance/MaineCare	\$119,200
DHHS	\$937,928
CDBG	\$30,000
Private Fundraising & Grants	<u>\$100,000</u>
Total Revenue	\$1,372,964
Total Expenses:	<u>\$2,117,466</u>
Net Operating Surplus (Loss):	(\$744,502)

Milestone Shelter (36 shelter beds in Portland)

Revenue:

MaineHousing/ESHAP	\$244,018
City of Portland	\$200,000
Private Fundraising & Grants	<u>\$10,000</u>
Total Revenue	\$454,018
Total Expenses:	<u>\$767,149</u>
Net Operating Surplus (Loss):	(\$313,131)

AGGREGATE OPERATING SURPLUS (LOSS): **(\$3,907,780)**