Date: January 14, 2015
Time: 5:30-7:30 p.m.
Location: Room 209, Second Floor Portland City Hall

1. Agenda January 14

   Documents: 01 AGENDA JANUARY 14.PDF
2. Minutes Of 12-10-14 For Committee Approval

   Documents: 02 MINUTES OF 12-10-14 - FOR CMTE APRVL.PDF
3. Memo On Housing Study

   Documents: 03 MEMORANDUM ON HOUSING STUDY.PDF
4. Revisions To Lead Safe Housing Program

   Documents: 04 REVISIONS TO LEAD SAFE HOUSING PROGRAM GUIDELINES.PDF
5. Rosa True Transfer

   Documents: 05 ROSA TRUE TRANSFER 01.14.15.PDF
6. Communication Bid For Broker For Property Sales

   Documents: 06 COMMUNICATION ITEM - BID FOR BROKER FOR PROPERTY SALES.PDF
7. 2015 Work Plan

   Documents: 08 HCDC 2015 WORK PLAN FOR 01.14.15 V. 2.PDF

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: **January 14, 2015 (Wednesday)**
TIME: **5:30-7:30 p.m.**
LOCATION: **Room 209, Second Floor**
Portland City Hall

A G E N D A

1. Review and accept Minutes of previous meeting held on December 10, 2014.

2. **Presentation of Affordable Housing Demand Report –** See enclosed Memorandum from Jeff Levine.

3. **Review and Approval of Revisions to the Guidelines for the Lead Safe Housing Program –** See enclosed Memorandum from Mary Davis

4. **Update, Review and Approval of Proposed Rosa True School Housing Transaction –** See enclosed Memorandum from Mary Davis.

   a. Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations on this real estate disposition and provide direction to staff.

5. **Communication: Spring Street Garage/Bid for Broker for leasing Retail/Office Space; Portland Technology Park/RFP for Brokers –** See enclosed Memorandum from Greg Mitchell.

6. **Executive Session: Possible Disposition of City-Owned Property at 157 Brackett Street and 176 Clark Street -** Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 131 19-A, the Committee will go into executive session to discuss negotiations on this real estate disposition and provide direction to staff – See enclosed Memorandum from Mary Davis.

7. **2015 HCDC Work Plan for Review and Discussion –** See enclosed Memorandum from Jeff Levine, Greg Mitchell and Mary Davis.

Public Comment will be accepted on action items. **Councilor Kevin Donoghue, Chair**

Next Meeting Date: January 28, 2015

Housing & Community Development Committee

Minutes of December 10, 2014 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, December 10, 2014 at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and members Councilors David Brenerman, and Nicholas Mavodones. Committee member Councilor David Marshall joined the meeting as noted in these Minutes. City staff present included Housing & Community Development Division Director Mary Davis, Acting City Manager Sheila Hill-Christian, Planning and Urban Development Director Jeff Levine, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item 1: Review and accept Minutes from previous meeting held on November 12, 2014.

On motion made and seconded, the Committee voted unanimously (3-0) to accept the minutes as published.

Item 2: Review and Discussion related to draft Request for Proposals (RFP) for the possible sale of City-owned property located at:

a. **65 Hanover/52 Alder Street**
b. **71 Hanover Street**

Note: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide guidance to staff in this possible real estate disposition.

Mr. Levine said the 65 Hanover/52 Alder Street property is currently being used by the City's Trades Division, and the City anticipates this use being moved to Canco Road later in 2015. It is located in a B-2 zone with a parking requirement of 1 space per unit.

A consultant was retained to look at options for workforce housing for the property, and the draft report is in the backup information. (Councilor Marshall joined the meeting at this time.) The draft RFP in the packet is based on the draft consultant report for affordable housing development and is modeled from the 65 Munjoy Street RFP. The RFP provides details on area median income limits with regard to proposals for rental housing and home ownership.

Mr. Levine then described the various development options contained in the consultant report, noting that further research is needed for retail and financial alternatives.

Councilor Mavodones said he recently talked about scaling back the CIP because of financial issues. If the City moves forward with both RFPs, what is the impact or restrictions on the CIP.

Ms. Hill-Christian said that the CIP has $3 Million for the purchase of property at Canco Road but has not issued debt for that yet. At the Finance Committee's next meeting, it will need to decide if the City wants that debt.

Councilor Mavodones asked about the housing/retail mix and if there are any other options than housing. Mr. Levine said that the study focused on housing but would follow council policy direction, and Councilor Mavodones said that he may be suggesting a more comprehensive plan for Public Services property in its entirety, asking if this was being considered. It was indicated that it was not at this time.

Councilor Brenerman asked if the $3 Million CIP for the Canco Road property includes moving and renovation to the building. Mr. Mitchell said that it includes $150,000 to support relocation costs. The City has a lease/purchase option in place for the Canco Road property, which option to purchase has a deadline of March 2017. Presently, the Fire Department is a tenant at Canco Road in the rear of the property.

Councilor Brenerman asked if all Public Services operations were going to move to Canco Road. Mr. Mitchell said that at this time, just the Trades Division at 65 Hanover/52 Alder Streets is the portion of Public Services that is targeted to move to Canco Road. For the 71 Hanover Street property, and finding a new location to house the sand/salt operations, City staff is looking at other alternatives for its relocation.

Mr. Mitchell continued saying that at a previous Committee meeting, the Committee requested staff to look at putting both properties out to RFP. They could be advertised separately or together. The difference between the two is that the 71 Hanover Street property would be advertised for a commercial use, with perhaps a minimum purchase price. A Phase I Environmental Assessment was done over 10 years ago on this property. Any site cleanup requirements could be placed as requirements that the successful purchaser would be responsible for. The goal would be to see this property developed within one year of sale.

Chair Donoghue said that multi-family use is better for 65 Hanover/52 Alder Street, and Mr. Levine said that a full assessment is not yet done, but agreed that, as compared to the 71 Hanover Street site, this one is more appropriate for housing.

Discussion centered around 71 Hanover Street and its not being dependent on Canco Road or CIP; there would be costs for a new site and relocation. Staff has been researching potential sites, both private and City-owned and suggested holding off advertising for its sale until an alternative location has been found. Price could be factored into relocation costs. Uses at this site are many based on zoning, but it is not big enough to support large retail uses.

Councilor Mavodones said that it would be difficult to sell 71 Hanover if the City does not know relocation costs and does not have site for that use.

Ms. Hill-Christian said that staff is looking at options/costs, as well as having the Finance Committee look at the CIP and re-prioritize items.

Councilor Brenerman asked about environmental clean-up costs, and Mr. Mitchell said that the cost is an unknown and an environmental study would need to be done. This could be part of a purchase and sale agreement where the buyer would be responsible.

Chair Donoghue opened the meeting for public comment.

Chris O'Neil, consultant for the Portland Chamber, said that this is a good opportunity for redevelopment of both properties, pending their moves, to enhance housing stock and commercial uses. The Bayside Vision and zoning provides the guide for its redevelopment and supported moving forward.

Sean Kerwin/18 Parris Street said that he likes the direction in advertising these properties for sale. Bayside needs invested owners in the area, and retail is also welcomed. He also noted that developers would want some clarity on the City plans for the remainder of the Public Services' properties and a master plan creation would put the pieces of the puzzle together.

Justin Alfond, 143 Vaughn Street, said that he supports redevelopment of both properties, in the fashion as to the two RFPs have been drafted. Bayside is ripe for additional investment, and 71 Hanover Street is good for a commercial use. He supports the issuance of the RFPs.

Tony Donovan said that Portland needs to attract high wage jobs, and high tech companies are looking for urban environments/housing for their employees, so this is headed in the right direction for 65 Hanover/52 Alder Street. For the sand/salt relocation, he suggested that City take a look at its Portland Technology Park as a potential site.

Ron Spinella/277 Cumberland Avenue supports housing on 65 Hanover/52 Alder Street for workforce and artist live/work space, and also agreed that creation of a master plan would be beneficial for such an important/growing area of Portland. For 71 Hanover Street, an addition for Bayside Bowl would be a good match.

Steve Hirshon/18 Hanover Street, said that he is generally in favor of both RFPs, while also noting that a planning process for the remainder of the property is also important. Bayside needs families for the two elementary schools on peninsula, and noted that the Federated Midtown project also represents reinvestment in the neighborhood.

Dana Totman of Avesta Housing, which owns 3 properties adjacent to 65 Hanover/ 52 Alder, said that more housing for this area is needed. Avesta's housing development at the former Adam Schools, a home ownership development at 120% AMI, was difficult financially and successful because of Federal stimulus funding for that project; those funds do not exist anymore. A homeownership development will be difficult for the site. Also, not knowing what is on the other side of Hanover Street may discourage a prospective developer from submitting a proposal. A master plan would make it clearer, which may also provide for a better proposal.

Barrett Takesian of Portland Community Squash described the past two years' effort to build a squash facility in Portland – see attached handout describing programs to be offered. He said that the Bayside neighborhood area is a target location for the program, and supported the RFPs.

Greg Born, also with Portland Community Squash, echoed Mr. Takesian's comments, adding that this location is perfect for those adult players who want to walk and bike to the courts.

John Harrigal/40 Hanover Street supported the issuance of the RFPs. A lot of retail and live work space is important, which would encourage younger people to come in.

Charlie Mitchell, Managing Partner at Bayside Bowl, said that Bayside Bowl now has 22+ employees with health care and vacation benefits. Originally, Bayside Bowl wanted to create a 16-lane facility, but due to the size of the lot put in 12 instead. It is now needs expansion room, noting that it holds non-profits nights and also hosted a PBA with ESPN. It is the only alley around, and he supports the issuance of the RFPs.

Tom Blackburn, 14 Hanover Street, supports the housing RFP. Economic Development is important and encouraged creating a master plan for the entire Public Services property, noting that the Bayside Vision needs to be re-examined from its issuance in April 2000.

Chair Donoghue, noting no further public comment, closed the public comment session.

Councilor Mavodones asked about the construction season and the timing of issuing RFPs. Mr. Mitchell said that the RFP(s) could be issued in January, with HCDC review in February, and City Council approval in March.

On motion then made and seconded, the Committee voted unanimously at approximately 6:55 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to provide guidance to staff in these possible real estate dispositions. At approximately 7:40, the Committee came out of executive session.

A motion was made and seconded to authorize staff to advertise through the RFP process disposition of 71 Hanover Street.

Councilor Mavodones asked about minimum price established for its sale, and Mr. Mitchell that the market value for an acre of commercial land in this area is $1 Million; 71

Hanover is a third of an acre. He also noted a condition that any environmental clean up would be borne by the buyer.

Councilor Mavodones made a motion to amend the main motion that the RFP have a condition that the property be sold as is, and a minimum purchase price be $340,000. Councilor Brenerman seconded this motion and it passed unanimously 4-0.

Chair Donoghue then asked for a vote on the motion, and it passed unanimously 4-0.

Councilor Marshall said that, based on public comment, there is a need for clarity of use for the 71 Hanover Street prior to residential development proposals being requested for 65 Hanover Street/51 Alder, also noting the consultant report was not yet final for this property.

Councilor Mavodones agreed, noting that 65 Hanover/52 Alder should be tabled until the study work is done.

Chair Donoghue concurred, noting other questions regarding CIP and Canco Road.

A motion was then made and seconded to postpone this item for issuance of an RFP for 65 Hanover/52 Alder, with the Committee to take this up again at the January 28 HCDC meeting. A vote was taken on the motion and it passed unanimously.

Item #3: Review and Approval of Revisions to the Guidelines for the Lead Safe Housing Program.

On motion made and seconded, the Committee voted unanimously, 4-0, to table this to the January 14 Committee meeting.

Item #4: FYE2014 Annual City-wide TIF District Activity Report for review, discussion, and vote to forward to the City Council as a communication.

On motion made and seconded, the Committee voted unanimously, 4-0, to forward this item to the City Council as a communication.

Item #5: 2014 Calendar Year HCDC Accomplishments Report for review, acceptance, and vote to forward to the City Council as a communication.

On motion made and seconded, the Committee voted unanimously, 4-0, to forward this item to the City Council as a communication.

Item #6: Proposed 2015 HCDC Work Plan for Review and Discussion

Ms. Hill-Christian said that the City Council will be having a goal setting session on January 26th and, therefore, items may get added, amended, or deleted regarding Council Committees' workplans.

Chair Donoghue agreed, noting that this is a live document. The Committee discussed other items that could considered, such as potential sale of Angelo's Acre, and other City property; R-6 zoning; and bed and breakfast establishments.

Regarding Reed School and the Task Force, Councilor Brenerman noted that he should be on the Task Force as it is in his district; the Committee agreed he should be appointed co-chair.

There being no further discussion/business, the meeting was then adjourned at 8:00 p.m.

Respectfully,

Lori Paulette

Portland, Maine — Yes. Life's good here.

Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Housing and Community Development Committee

From: Jeff Levine, Director

Date: January 9, 2015

Re: Workforce Housing Study

Attached is the housing study the City commissioned from the Greater Portland Council of Governments. This study was developed to help answer the following questions:

- What is the state of the housing market in Portland?
- What kind of housing is being developed in the City today?
- What is the existing housing stock like?
- How does the housing being produced compare to the City's policies with respect to housing?
- What are some policy options the City has to address any differences between what the market is producing and what the City's needs and policies require?

Also attached is an excerpt from the housing portion of the City's Comprehensive Plan, *"Housing: Sustaining Portland's Future."* This section of the Comprehensive Plan was adopted by the City Council in 2002 and still serves as our policy guide for housing policy. That document calls for several housing policies which were part of the input for this study.

Caroline Paras, who authored the report, will present it in greater detail. However, I wanted to highlight some basic findings from the study:

- Our current housing production is not producing enough units for those making below median income
- Our existing housing rental stock appears to generally be reasonably affordable, but in part because the renters may be "sizing down" to a unit they can afford.
- Family sized rentals appear to be less affordable
- Our existing owner-occupied units appear to be primarily affordable to those making above the median income.
- There is a gap between the City's housing policy goals and what is being produced by the market.

- Every unit of high end housing that is produced in the City brings with it the need for housing for those with lower incomes – for example, to provide services for those high end housing residents

Based on this study, it seems that some public policy response to these findings would be warranted. Some policy options include:

- *No new actions.* The HCDC could determine that the City should continue to subsidize lower-income housing as we currently do, and try to find opportunities for workforce housing through providing land, but not make any regulatory changes beyond what we already have. The City's ordinances currently include some regulatory incentives for affordable housing. For example, we allow for flexibility in terms of parking requirements. The City also provides for some density bonuses for provision of affordable housing. While some affordable housing developers have taken advantage of the parking relief, the density bonuses have not been used, and likely are not enough of an incentive to produce any additional affordable housing. This approach is the current status, and based on the findings in this study, does not appear to be fully addressing the City's housing policy goals.
- *Additional Density Bonuses.* As outlined in the housing study, the City could look towards providing stronger density bonuses for affordable housing production. The current bonuses do not appear to be adequate to produce many affordable or workforce housing units. Staff recommends that we explore providing a strong density bonus in our ordinances. However, we feel we need to be careful not to create a situation where neighborhoods feel that they are being asked to allow for dense developments "in the name of affordability." We think there are ways to provide additional bonuses without causing this stress. For example, we can look at ways to allow additional units within an existing floorplan by allowing more efficient use of building space within a similar shell. Under this model, units may be somewhat smaller but have a similar external appearance and feel as fewer market-rate units.
- *Inclusionary Zoning.* As outlined in the housing study, this is a very common approach to producing workforce or affordable units by leveraging market rate production. To quote the study: "This tool requires that a certain percentage of units in a new development be set aside as affordable, with or without an increase in density. Inclusionary zoning is widely used by cities throughout the states of California, Massachusetts, New Jersey, Virginia, and Maryland. In Burlington, Vermont, the mandatory set-aside ranges from 15%-25%, depending on the market price of the rest of the units. The Town of Cape Elizabeth, Maine requires that 10% of the units in a subdivision be set aside for moderate income households, or 5% for low income." This is an approach that was examined as part of the India Street Sustainable Neighborhood Plan but was determined to best be implemented on a City-wide, or at least Peninsula-wide level. Staff believes this approach has much merit, especially in that it can be easily

customized to address the specific gaps in Portland's housing market. For example, we might focus our requirements on production of "workforce housing" at 80-120% of area median income, and choose a percentage requirement and minimum threshold that are appropriate to our market.

- *Additional Parking Incentives:* The housing study raises the issue of using parking relief as an incentive for producing more affordable housing. The current system appears to provide as much of an incentive for affordable housing through parking relief as possible. Staff can look at our parking incentive system for additional changes but we are unlikely to find that additional changes would address policy goals.
- *Rent or Price Control.* This approach would involve creating a system by which a board would regulate sales or rental prices city-wide. This is a model that is used in some large cities, such as New York. Rent control was in effect in some cities in Massachusetts for many years until a statewide referendum abolished it in 1994. This is a somewhat extreme approach and is not recommended.

Portland

2030 Workforce Housing Demand

GPCOG

Greater Portland Council of Governments

970 Baxter Boulevard, Suite 201

Portland, Maine 04103

ACKNOWLEDGEMENTS

This report was produced under a fee-for-service contract with the City of Portland. The substance and findings of the work are dedicated to the public. The publisher is solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the City.

GPCOG

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City of Portland

Jeff Levine, Director of Planning and Urban Development
Mary Davis, Housing and Community Development Director

EXECUTIVE SUMMARY

Purpose

In 2002, the City of Portland adopted a Housing Plan with a policy goal to ensure an adequate supply of housing to meet the needs, preferences, and financial capabilities of all Portland households. In order to reach this goal, the City established a target of maintaining Portland's current proportion of subsidized units at 20% of the housing stock. Since the plan's adoption, over 2,000 housing units have been permitted in the city for the construction of apartments, condominiums, and single-family homes. This study examines recent trends in the Portland housing market in order to help policymakers determine what gaps, if any, may exist between what is curently being provided in the market and the city's housing needs.

Methodology

In August of 2014, the City of Portland contacted the Greater Portland Council of Governments to discuss the design of a study to assess progress in meeting the city's housing production goals. Staff conducted a literature review of studies used in other states and presented these approaches to the city for consideration.

- *Massachusetts Approach:* This method, so named for its prevalence amongst cities and towns in the Commonwealth, is based on the goals articulated in a municipality's comprehensive plan. In the future, Portland will capture a certain percentage of the region's population growth. People form households, whose demand can be projected by the current distribution of housing units by tenure and affordability.

- *California Approach*: This technique has been piloted in cities throughout California by the consulting firm of Keyser Marston Associates, Inc. The underlying philosophy is that the construction of market-rate units attracts high income households. Through the purchase of goods and services, these households support low-paid service jobs, which in turn support lesser income households whose needs might best be met by living near where they work.

For purposes of this analysis, "affordable" and "workforce" are used interchangably to refer to housing units that a household earning 100% of the county's median income can afford, assuming they spend no more than 30% of their income for housing. The term "subsidized," which is also confused with "affordable," generally refers to public investment to make housing affordable to households earning up to 80% of the county's median income.

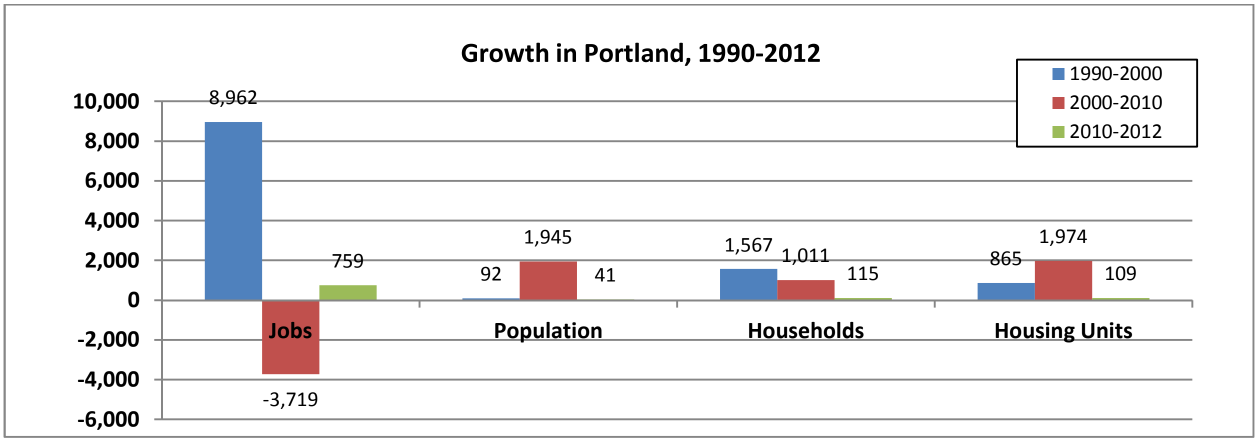
Findings

Sixty-two percent of Portland households earn less than the county's median income, including 38% of homeowners and 81% of renters. Over the last decade, the number of households earning less than median income has increased 10%. While rising incomes have narrowed the affordability of existing homes and apartments, new construction is well beyond the means of the middle class. From 2010 to 2014, 1,130 housing units were permitted and/or built in Portland, including apartments, condominiums and single-family homes. Just 29% were offered at a rent or sales price affordable to a household earning the median income. If robust growth continues, Portland will continue to lose the affordability of its housing stock.

Two approaches were deployed to help policymakers determine what percentage of new construction should be made affordable by policy to increase diversity in the city's housing stock.

- Under the Massachusetts approach, the gap between future demand for workforce housing units and potential supply is 33%.
- Under the California approach, the gap between future demand for workforce housing units and potential supply is 24%.

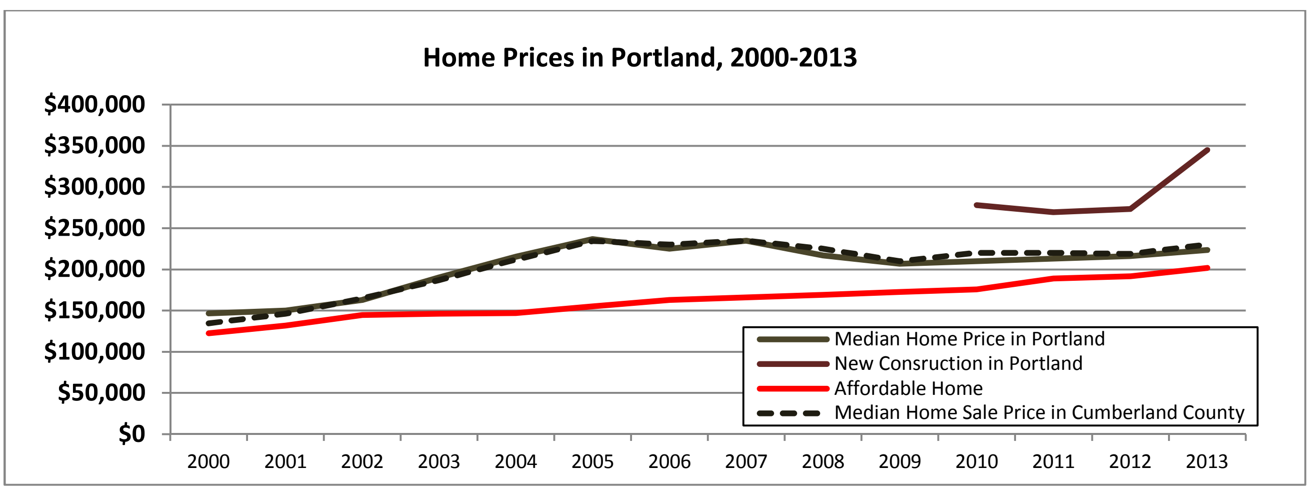
HOUSING MARKET TRENDS



Source: Maine Deparment of Labor, American Community Survey

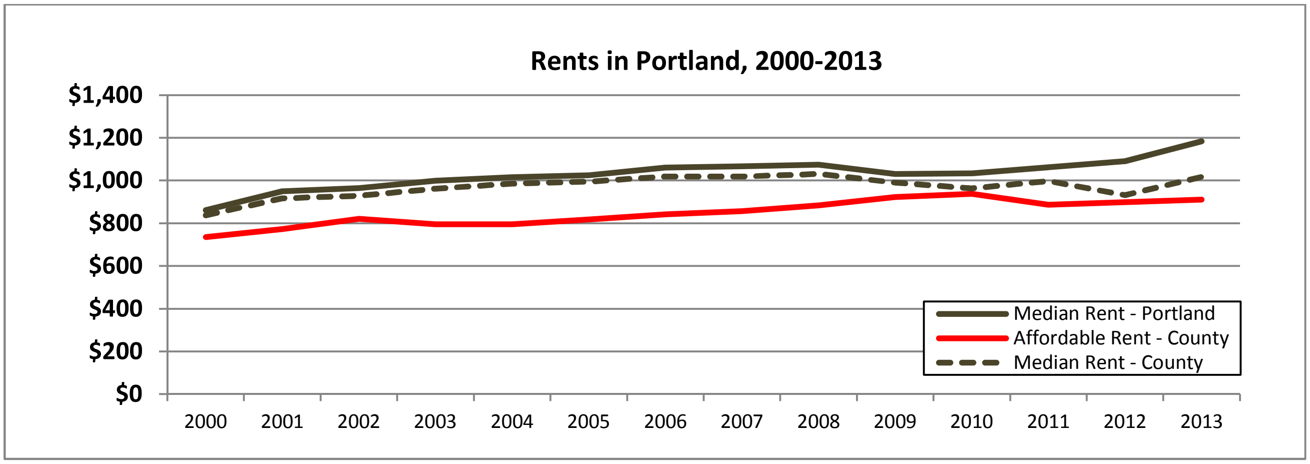
The economic recession of 1991 ushered in an era of slow growth throughout the nation. In just twelve months, the unemployment rate in Cumberland County soared from 3.7% to a decade high of 7.4%. The sluggish economy led to a lag in home construction. Driven by the dramatic increase in single people living alone, the formation of new households in Portland outstripped the construction of housing units by almost a 2:1 margin. By the late 1990's, the economy rebounded with the "dot com" revolution. Job growth and rising incomes created a pent-up demand for housing that set the stage for the boom of the 2000's.

In 2000, the "dot com" bubble burst, triggering another economic downturn. With its relatively small technology sector, Greater Portland weathered the recession better than the rest of New England and the nation. Fueled by the lowest interest rates in 40 years, real estate proved to be a lucrative investment. In Portland, new housing construction outpaced the formation of new households by almost a 2:1 margin. Without real job growth, however, the boom could not be sustained. In 2008, the collapse of the credit market ushered in the greatest economic recession since the Great Depression.



Source: Maine Housing, Portland Assessing Office

Home prices in the region peaked at $235,000 before dropping 12% in 2009. Since then, rising incomes and low interest rates have improved affordability. In 2013, a household in Cumberland County earning the median income of $58,500 could afford a home price of $202,000, while the median home was $223,500. In 2005, the gap between the median and affordable home price was $68,985. By 2013, the gap had narrowed to $21,500. New construction, however, remains out of reach for all but the wealthiest households. From 2000 to 2014, 282 new condominiums and single-family homes were sold in Portland posting a median price of $313,000, 55% over the affordable price. For example, in 2013, 85 condominiums at the Bay House in Portland's India Street neighborhood sold for a median of $366,350, 64% above the median home price and 81% above the affordable home price.



Source: Maine Housing, Portland Assessing Office

Rents in Portland continue to outpace incomes. In 2013, a household earning the median renter income of $36,438 could afford a rent of $911. The median rent in Portland, however, is $1,183, 30% more than what is affordable. Market rents associated with new construction are even higher. West End Place, a new 39-unit apartment complex at the corner of Brackett and Pine streets, is courting rents at $1,300 to $2,500, 43% to 170% higher than what is affordable.

MASSACHUSETTS APPROACH

Portland's Housing Plan established as a goal to maintain the city's 25% share of the county's population. In order to create enough affordable housing for the future, this share can be applied to the county's future growth projections. The following is a breakdown of the methodology.

1. Establish a long range population forecast at the county level

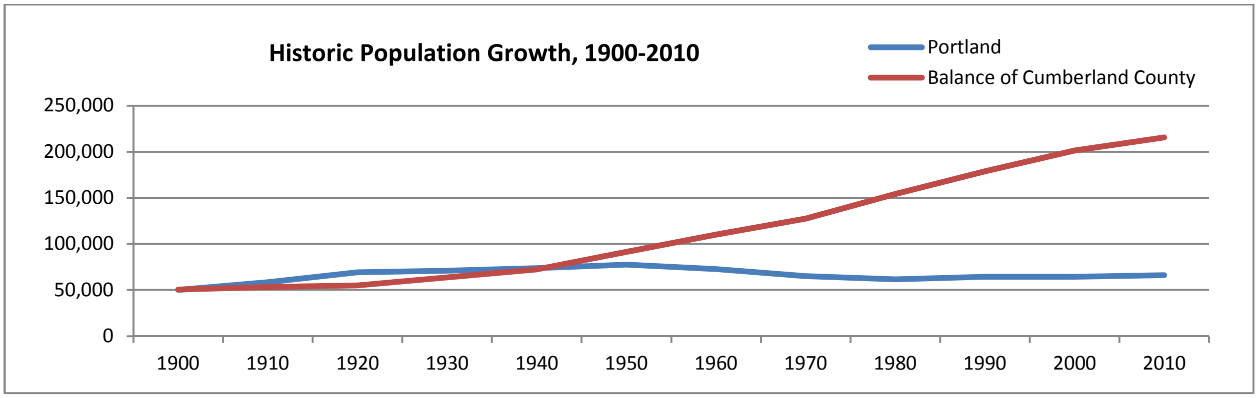
In Maine, there are two sources for population projections at the county level:

State Office of Policy and Management: In 2013, Maine's Economist released the State's 2030 Forecast. These projections assume that fertility of the current population is the primary driver of growth. Future growth is expected to be much slower than the past because Maine has a higher proportion of Baby Boomers, who are past their child-bearing years, along with a high proportion of non-Hispanic Whites, who have the lowest birth rates of any racial or ethnic group. From 2010 to 2030, the State projects that Cumberland County will grow by just 8,427 people, an increase of 1.5% per decade. This data comprises the "Low Growth" forecast.

Center for Business and Economic Research: In 2009, the University of Southern Maine's Muskie School of Public Service prepared a 2035 forecast for the Portland Area Comprehensive Transportation System (PACTS), the Metropolitan Planning Organization for the Portland, Maine Urbanized Area. This forecast, generated through Regional Economic Models, Inc. (REMI), assumes that the economy will drive population growth. From 2010 to 2030, Muskie projects that Cumberland County will grow by 79,924 people, an increase of 14% per decade. This data comprises the "High Growth" forecast.

The "Medium Growth" forecast is the average of the Low and High forecasts. Under this scenario, Cumberland County would grow by 44,176, people, an increase of 8% per decade.

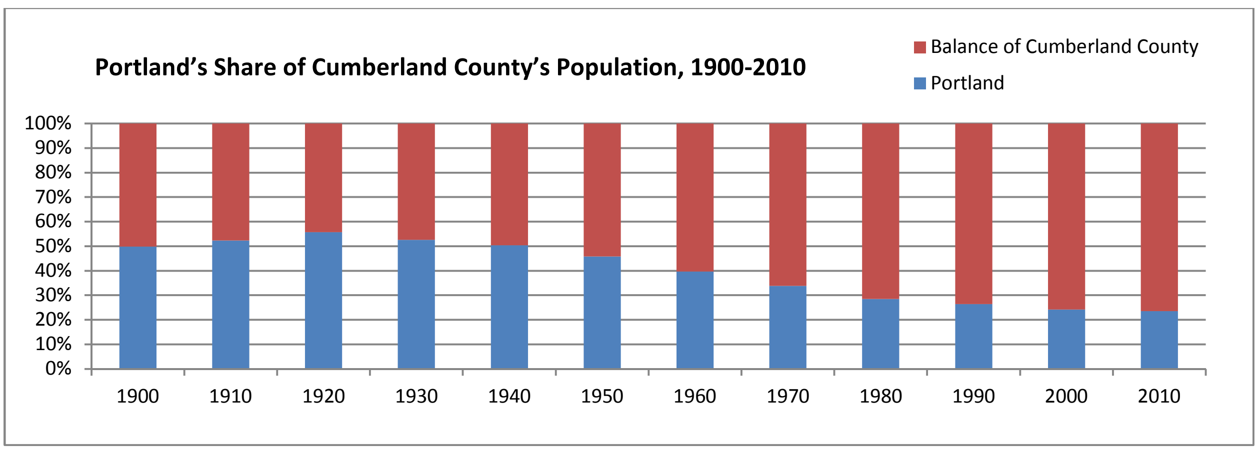
Over the last century, the county's decennial growth rate has ranged from a high of 16% during the 1940's to a low of 5% during the 1960's. Therefore, the Low forecast, at 3% growth, represents a rate lower than in any decade of the last century, while the High forecast, at 14%, is only slightly higher than the pattern of the 1990's. At 8%, the Medium forecast reflects the average growth rate per decade of the past century.



Source: U.S. Census Bureau

2. Assign Portland a 25% share of the county's 2030 population growth

Portland's goal of maintaining a 25% share of the county's population is paramount to its vitality and its influence over state and regional politics. As the largest city in one of the nation's smallest states, Portland exerts an extraordinary influence over Maine's economy out of proportion with its actual size. Indeed, the number of jobs in the city now outstrips population, making Portland the engine of the largest labor market in Northern New England. Over the last century, Portland's share of the county's population has declined from a peak of 56% in 1920 to 24% in 2010. While this share is on a definite downward trajectory, Portland did not yield any ground during the 2000's.



Source: U.S. Census Bureau

Low Growth: To claim a 25% share of the county's population, Portland would need to grow by 6,331 people, or 317 people per year, a growth rate of 4.8% per decade. In order to reach this 25% share, which in 2010 slipped to 24%, Portland would need to claim 75% of the county's future growth. Although this would represent a reversal of the sprawling choices made by residents during the 1970's, 80's and 90's, this trend has already begun in the 2000's. In order to accommodate new residents, Portland would need to build 4,188 housing units, or 210 units per year over a 20-year period. This modest housing growth is in line with the development patterns of the 2000's, which resulted in the construction of approximately 1,974 units, or 198 units per year.

Medium Growth: To claim a 25% share of the county's population, Portland would need to grow by 15,268 people, or 764 people per year, a growth rate of 11.5% per decade.. This would bring Portland's population to 81,462 people, just past its 1950 peak. In order to reach this 25% share, Portland would need to claim 35% of the county's future growth. In order to accommodate new residents, Portland would need to build 8,636 housing units, or 432 units per year over a 20-year period. This robust growth would be double that witnessed in the 2000's and five times the growth of the 1990's.

High Growth: To claim a 25% share of the county's population, Portland would need to grow by 24,206 people, or 1,211 people per year, a growth rate of 18.3% per decade. In order to reach this 25% share, Portland would need to claim 30% of the county's future growth. In order to accommodate new residents, Portland would need to build 13,084 housing units, or 654 units per year over a 20-year period. In terms of new construction, this represents three times the growth of the 2000's and eight times the growth of the 1990's.

2030 Housing Forecast for Portland

	2010		2030					
			Low Growth		Medium Growth		High Growth	
	Total	Change	Total	Change	Total	Change	Total	Change
Population of Cumberland County	**281,674**	**24%**	**290,101**	**8,427**	**325,850**	**44,176**	**361,598**	**79,924**
Population of Portland	**66,194**	**100.0%**	**72,525**	**6,331**	**81,462**	**15,268**	**90,400**	**24,206**
Population in ownership units	30,317	45.8%	33,217	45.8%	37,310	45.8%	41,403	45.8%
Population in rental units	33,264	50.3%	36,446	50.3%	40,937	50.3%	45,428	50.3%
Population in group quarters	2,613	3.9%	2,863	3.9%	3,216	3.9%	3,569	3.9%
Households	**30,725**		**34,945**	**4,220**	**39,252**	**8,527**	**43,558**	**12,833**
Population in households	63,581	96.1%	69,662	96.1%	78,247	96.1%	86,831	96.1%
Average household size	2.07		1.99		1.99		1.99	
Ownership	2.31		2.23		2.23		2.23	
Rental	1.89		1.82		1.82		1.82	
Housing Units	**31,908**		**36,096**	**4,188**	**40,544**	**8,636**	**44,992**	**13,084**
Ownership	13,321	41.7%	15,077	1,756	16,935	3,614	18,792	5,472
Occupied	13,124	98.5%	14,927	99.0%	16,767	99.0%	18,606	99.0%
Vacant	197	1.5%	149	1.0%	168	1.0%	186	1.0%

Source: Prepared by the Greater Portland Council of Governments based on the 2010 Census and County Population Forecasts from the State Office of Policy and Management and the Center for Business and Economic Research

3. Breakout Portland Forecast by Household Income and Tenure

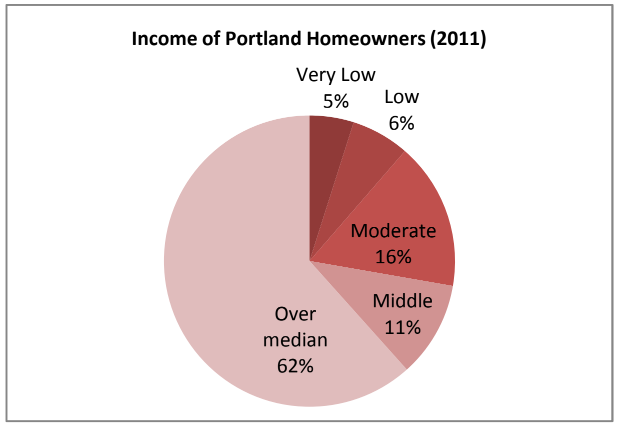
Owners: As of 2011, 38% of Portland's 13,845 homeowners earned less than the county's median income. This is unchanged from the 2000 Census. Approximately 28% of homeowners are considered to be of low to moderate income because they earn 80% or less of the county's median income. This is slightly lower than in 2000. The U.S. Department of Housing and Urban Development classifies households earning less than 80% as follows:

- Less than 30%: *Very low income*
- 30%-50%: *Low income*
- 50%-80%: *Moderate income*

For this analysis, middle income refers to those households earning from 80%-100% of median income. From 2000-2011, the greatest change was in the number of these middle income households, which increased by 52%.

Income of Owners in Portland, 2000-2011						
	2000		2011			
	Households	%	Households	%	Net	%
Very Low	605	5%	680	5%	75	12%
Low	1,020	8%	895	6%	-125	-12%
Moderate	2,240	18%	2,265	16%	25	1%
Middle	970	8%	1,470	11%	500	52%
Over Median	7,865	62%	8,535	62%	670	9%
Total	12,605	100%	13,845	100%	1,240	10%
Low to Moderate	3,865	31%	3,840	28%	-25	-1%
Under Median	4,835	38%	5,310	38%	475	10%

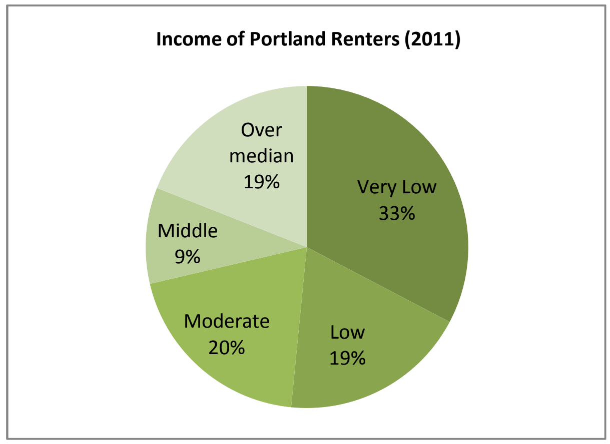
Source: Special tabulation by the U.S. Department of Housing and Urban Development based on the 2007-2011 American Community Survey



Renters: As of 2011, 81% of Portland's 17,260 renters earned less than the county's median income. Approximately 71% of renters are considered to be of low to moderate income. From 2000-2011, the greatest change was in the number of very low income households, which increased by 30%.

Income of Renters in Portland, 2000-2011						
	2000		2011			
	Households	%	Households	%	Net	%
Very Low	4,330	26%	5,630	33%	1,300	30%
Low	2,755	17%	3,260	19%	505	18%
Moderate	4,165	25%	3,415	20%	-750	-18%
Middle	1,415	9%	1,665	10%	250	18%
Over Median	3,700	23%	3,290	19%	-410	-11%
Total	16,365	100%	17,260	100%	895	5%
Low to Moderate	11,250	69%	12,305	71%	1,055	9%
Under Median	12,665	77%	13,970	81%	1,305	10%

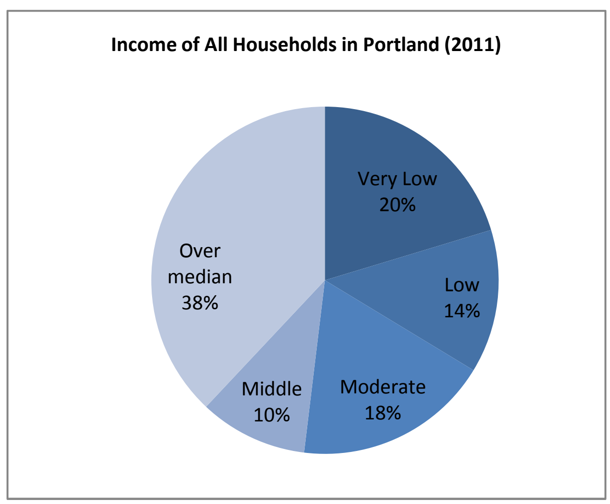
Source: Special tabulation by the U.S. Department of Housing and Urban Development based on the 2007-2011 American Community Survey



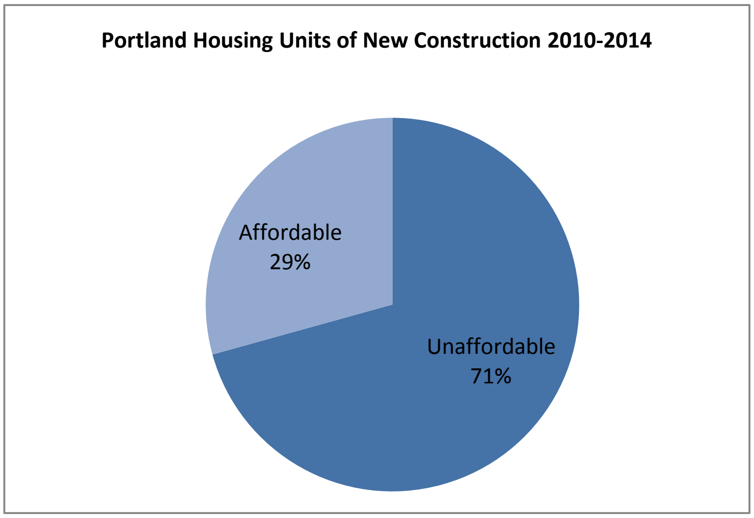
All households. As of 2011, 62% of Portland's 31,105 households earned less than the county's median income. Approximately 52% of all households are considered to be of low to moderate income. From 2000-2011, the greatest change was in the number of very low income households, which increased by 28%.

Income of All Households in Portland, 2000-2011						
	2000		2011			
	Households	%	Households	%	Net	%
Very Low	4,935	17%	6,310	20%	1,375	28%
Low	3,775	13%	4,155	13%	380	10%
Moderate	6,405	22%	5,680	18%	-725	-11%
Middle	2,385	8%	3,135	10%	750	31%
Over Medium	11,565	40%	11,825	38%	260	2%
Total	29,065	100%	31,105	100%	2,040	7%
Low to Moderate	15,115	52%	16,145	52%	1,030	7%
Under median	17,500	60%	19,280	62%	1,780	10%

Source: Special tabulation by the U.S. Department of Housing and Urban Development based on the 2007-2011 American Community Survey



4. Calculate Gap between Current Production Trends and Future Demand



While the median price of new construction is beyond the reach of the middle class, some proportion of new homes is affordable. From 2010-2014, 384 new condominiums and single-family homes were permitted in Portland. The percentage of units sold or marketed for sale at an affordable price was 7%. During the same period, 746 new rental units were permitted. The percentage of units marketed for rent at an affordable price was 41%. Overall, 29% of new housing units permitted from 2010-2014 were offered to the market at a price affordable to a household earning 100% of median income.

Approximately 62% of Portland households earn less than the county's median income. If recent construction trends hold, the market, without compulsion, will build affordable units to meet 29% of demand. This leaves a gap between supply and demand of 33%.

Supply and Demand for Housing Affordable to Households at 100% of Median Income

		Low Growth	Medium Growth	High Growth
Housing Units	**Percent of Market**	**4,188**	**8,636**	**13,084**
Projected 2030 Demand	62%	2,597	5,354	8,112
Projected 2030 Supply	29%	1,215	2,504	3,794
Gap	**33%**	**1,382**	**2,850**	**4,318**

CALIFORNIA APPROACH

This method is based on the underlying theory that the construction of market-rate units attracts high income households. Through the purchase of goods and services, these households support low-paid service jobs, which in turn support lesser income households whose needs might best be met by living near where they work. The following is a breakdown of the methodology.

1. Calculate the income of market-rate households

A household must earn approximately $90,000 to afford the market price of a newly constructed home ($313,000) or rental unit ($2,500 per month), presuming it spends no more than 30% of its income for housing. This percentage is consistent with mortgage underwriting practice, traditional credit analysis, and housing policy.

2. Quantify the collective purchasing power of market-rate households

The National Consumer Expenditure Survey was used to calculate the disposable income of market rate households. A typical household in the Northeast spends the largest chunk of its income, 28%, on housing, including mortgage, insurance, and property taxes as well as home maintenance and furnishings. At 17%, the second largest category is transportation, including vehicle payments, registration, maintenance, and fuel. The third largest expenditure, 14%, is food, which includes meals eaten at restaurants as well as produce, meat, dairy, and other products purchased at supermarkets and eaten at home. Other categories include insurance, utilities, health care, entertainment, education, and apparel. Once taxes and housing costs are eliminated, the market-rate household has $45,900 in disposable income accounting for 51% of gross household income. One hundred market-rate households would have a collective purchasing power of $4,590,000.

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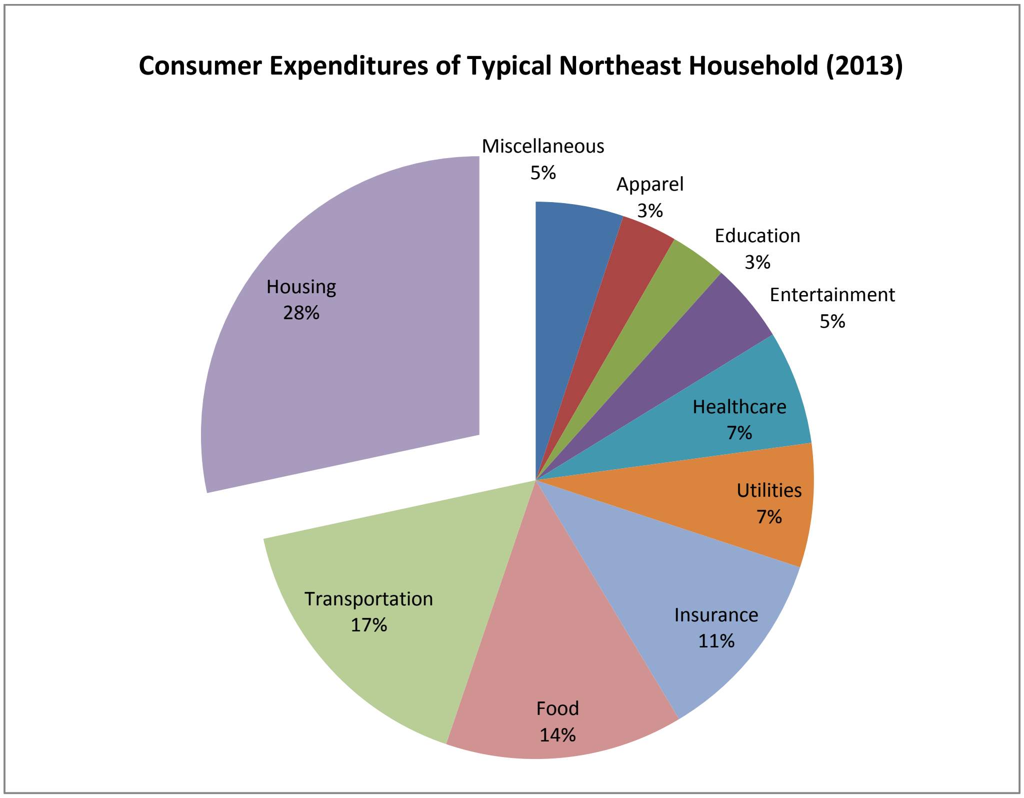
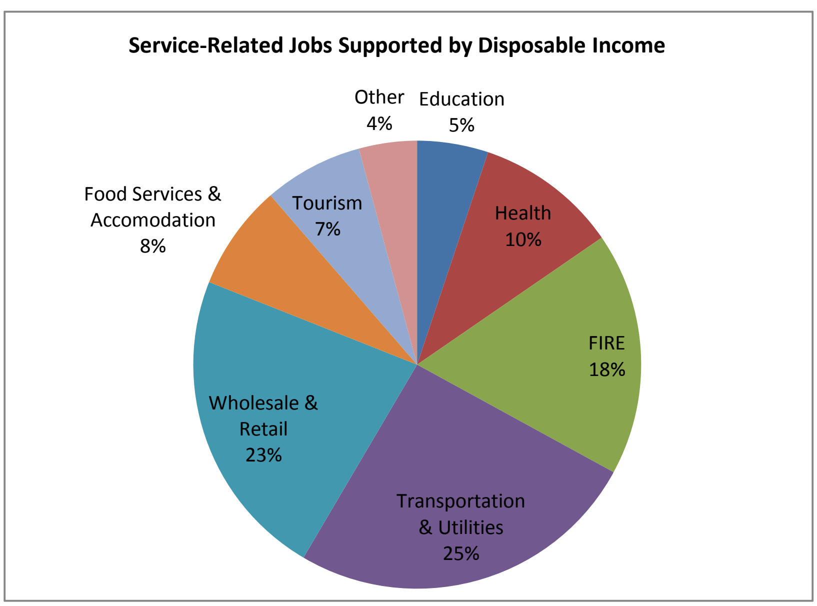


3. Translate collecting purchasing power to jobs



Estimates were made to correlate household spending by category with service jobs by industry sector. Jobs generated by mortgage and rent payments were excluded from analysis. The goods-producing sector, which includes jobs in agriculture, fisheries, forestry, mining, construction, and manufacturing, was also excluded. Thus, while food purchased at the supermarket may be grown in the field and processed in a factory, only the retail jobs supported by household spending are counted. Food eaten at home, for example, was assigned to the Wholesale and Retail sector, while meals eaten away from home were assigned to the Accommodation and Food Services sector. Similarly, income paid to utilities was assigned to Transportation and Utilities.

4. Calculate the economic impact of job creation

The disposable income of 100 households purchasing market-rate homes in Portland would generate an economic impact of 121 jobs, $4.8 million wages, $13.4 million in GDP, and $20.9 million in total output, which is broken down on the following chart. Each job has an average income of $40,020.

Economic Impact of 100 Households Purchasing Market Rate Ownership Units

	Employment	Earnings	GDP	Output
Direct	80	$3,336,816	$9,984,358	$15,617,667
Indirect + Induced	41	$1,505,576	$3,382,239	$5,309,542
Total	**121**	**$4,842,392**	**$13,366,597**	**$20,927,209**

Outputs were generated from the 2011 version of the *Connect Northern New England Economic Scenario Model* developed by Vital Economy and FairPoint Communications. Outputs were adjusted for inflation to 2014 dollars. The model is designed to provide order of magnitude estimates of economic impact resulting from the gain or loss of jobs, including the following:

- **Direct Employment**: Employment attributed to a particular business, activity or industry.
- **Indirect Employment**: Employment in down-stream industries that supply or provide services to the direct business, activity or industry.
- **Induced Employment**: Employment generated because of expenditures made by individuals employed directly or indirectly by the particular business, activity or industry.
- **Earnings**: Sum of wage and salary disbursements, supplements, and proprietors' income.
- **GDP**: Total market value of all final goods and services produced in the region.
- **Output**: Total economic output of a firm, industry, or economy without deducting intermediate inputs such as goods and services consumed by industries in the production of other final goods and services.

The Economic Scenario Model derives its data from the U.S. Bureau of Economic Analysis (BEA), which produces detailed data on economic activity by region and state. In order to calculate the indirect and induced effects on employment, earnings, output, and GDP, the Model uses BEA RIMS II multipliers, which are based on estimates of local area personal income and on the national input-output accounts.

5. Calculate the number of median households supported by new jobs

Cumberland County's labor force is comprised of 167,365 workers age 16 and over. In the 2010 Census, 117,339 households were recorded in the county. Thus, there are 1.43 households for every job in the region. The disposable income from 100 new market rate households generates 121 jobs in the local economy, which can support 85 workforce households. The number of workforce households is multiplied by 62%, which is the percentage of Portland households earning less than the county's median income. The result, 53%, is the percentage of workforce housing demand generated by these 100 market-rate units. If the market, in keeping with current production patterns, supplies 29 affordable units for every 100 built, there would still be an unmet gap for 24 affordable units.

Median Housing Demand Generated by Market Rate Households

Jobs per Household	1.43
Median income households in Portland	62%
Total jobs generated by 100 market-rate households	121
Households supported by jobs	85
Affordable housing demand generated per job	53%
Potential market supply of affordable units	29%
Gap	**24%**

AFFORDABILITY OF CURRENT HOUSING STOCK

Rental Units

While recent trends demonstrate that new construction is increasingly unaffordable, there are still thousands of existing housing units in Portland that are affordable due to condition, size, turnover and other factors. Thanks to a special Census tabulation prepared by HUD, the chart below outlines the income of households who were living in these affordable units in 2011. In 2011, the HUD Area Median Family Income (HAMFI) for the Portland area was $72,300. HUD's basic affordability assumption is that rent should consume no more than 30% of a household's gross income.

There are several important issues left answered by the data. Because respondents to the households are the renters themselves and not the landlords, it is impossible to determine the following: 1) which units are located in a housing project where rents are subsidized; 2) whether the rent reported is the actual rent charged to the tenant or the rent paid by a tenant minus a Section 8 voucher; and 3) what the rent would be if the unit were available to the marketplace. For example, certain housing units might be rented by family members of the landlord, who would charge a higher rent to the general public. Also, many landlords purposefully keep rents low for longtime tenants in order to avoid turnover. Turnover often commands higher rents, particularly if renovations occur during the vacancy.

Of the city's 17,585 rental units, 90%, or 15,800, are offered at rents affordable to households earning up to 80% of the region's median income. At first glance, these numbers seem to indicate that there is no affordable housing problem in the rental market. The reality, however, is that there is a mismatch between income and availability because renters do not seek to maximize their incomes on rent. While many households seek to buy "more house" than they need, renters tend to seek out the best bargain for their preferred location and/or the smallest unit that they can squeeze into. Some renters want to spend as little as possible so that they can save money for a home. Other renters may not compete well for housing in the private market against higher income renters with more stable jobs, incomes, and credit ratings. Another problem is size. Virtually half of the city's affordable rental units are studios, efficiencies, and one-bedroom apartments. Families are hard pressed to find large units at rents they can afford.

Rent Affordable to Very Low Income Households Earning <= 30% of Median Income - These are units with a gross rent affordable to households at or below 30% HAMFI. Of the 3,390 rental units offered at this rent level, 92% are occupied by households earning up to 100% HAMFI. Judging by the vacancy rate, competition is stiffest for units with three or more bedrooms.

Rent Affordable to Low Income Households Earning >30 to <=50% of Median Income - These are units with a gross rent affordable to households earning 30% to 50% of HAMFI. Of the 2,490 rental units offered at this level, 86% are occupied by households earning up to 100% HAMFI. Judging by the vacancy rate of 0%, competition is stiffest for units with three or more bedrooms.

Rent Affordable to Moderate Income Households Earning >50 to <=80% of Median Income - These are units with a gross rent affordable to households earning 50% to 80% of HAMFI. Of the 9,145 rental units offered at this price range, 74% are occupied by households earning up to 100% of HAMFI. Vacancy is tightest in this price range.

Rent Affordable to Households Earning >80% of Median Income - These are units with a gross rent affordable to households with incomes above 80% of HAMFI. Of the 1,790 units offered at this rent level, 47% are occupied by households earning up to 100% of HAMFI. At 12.1%, the vacancy rate is highest amongst 3-bedroom units.

Name of Jurisdiction: Portland, Maine	Source of Data: 2007-2011 CHAS databook			
	Rental Units by # of bedrooms			
Rental Units by Affordability	**0-1**	**2**	**3+**	**Total**
Units with gross rent affordable to a household earning 30% HAMFI				
Household income 30% or less	1,320	480	425	2,225
Household income 30.1%-50%	365	100	205	670
Household income 50.1%-80%	80	65	60	205
Household income 80.1%-100%	15	0	0	15
Household income over 100%	10	10	95	110
Total occupied units	1,790	655	785	3,225
Vacant for Rent	80	60	25	165
Vacancy Rate	4.3%	8.4%	3.1%	4.9%
Units with gross rent affordable to 50% HAMFI				
Household income 30% or less	470	155	75	700
Household income 30.1%-50%	350	385	150	885
Household income 50.1%-80%	300	305	80	680
Household income 80.1%-100%	165	55	0	225
Household income over 100%	85	170	45	295
Total occupied units	1,370	1,070	350	2,790
Vacant for Rent	90	25	0	115
Vacancy Rate	6.2%	2.3%	0.0%	4.0%
Units with gross rent affordable to 80% HAMFI				
Household income 30% or less	1,270	695	410	2,375
Household income 30.1%-50%	660	600	115	1,375
Household income 50.1%-80%	915	945	310	2,165
Household income 80.1%-100%	530	405	220	1,155
Household income over 100%	720	920	435	2,075
Total occupied units	4,095	3,565	1,490	9,145
Vacant for Rent	170	135	55	360
Vacancy Rate	4.0%	3.6%	3.6%	3.8%
Units with gross rent affordable to household earning over 80% HAMFI				
Household income 30% or less	85	120	25	230
Household income 30.1%-50%	50	45	70	170
Household income 50.1%-80%	75	140	50	265
Household income 80.1%-100%	80	70	35	185
Household income over 100%	190	280	330	800
Total occupied units	480	655	510	1,650
Vacant for Rent	25	50	70	140
Vacancy Rate	5.0%	7.1%	12.1%	7.8%
Total Occupied	**7,735**	**5,945**	**3,135**	**16,805**
Number vacant for rent	**365**	**270**	**150**	**780**
Vacancy Rate	**4.5%**	**4.3%**	**4.6%**	**4.4%**
Units affordable to households earning up to 80% of AMI	**7,595**	**5,510**	**2,705**	**15,800**
Percent of housing stock that is affordable	**94%**	**89%**	**82%**	**90%**

Home Ownership Units

In 2011, 66% of existing homes, or 6,895 units, were affordable to households earning 100% of the region's median household income. Thanks to a special tabulation of the American Community Survey, the chart on the next page illustrates the income of households who were living in these affordable units in 2011.

The data should be used with caution. Unlike rents which can rise and fall with the economy, most homeowners lock themselves into a 30-year mortgage with a fixed interest rate. Except for fluctuations in taxes and insurance, they make the same monthly mortgage for the life of the loan. The Census asks homeowners to estimate what they think their home is worth. Some homeowners may consult their tax bill while others find out the selling prices earned by neighbors. Still others simply make a guess. Because this value does not necessarily align with the price the home would sell for if it was listed on the market, it is substantially different from the market data used earlier in this report, which was provided by Maine Housing and the City Assessor based on actual sales of new and existing homes. While it may be unreliable, particularly in light of the boom and bust of the housing market, it is the best source of data for determining who lives in the region's affordable ownership stock, including condominiums, ranches, capes and bungalows. Mobile homes, boats, and recreational vehicles are not included in the data.

Another caution is that the data is not indicative of cost burden. For example, in 2011, there were 555 homes with a value affordable to households earning over 100% of median income that were occupied by households earning 50% or less of median income. This does not mean that the home is unaffordable to them. Certainly a large percentage of homeowners have owned their homes for a very long time: while initially the mortgage payment may have been more than 30% of their income, as wages rise, mortgage payments gradually decline as a percentage of household income. Some low income owners, such as senior citizens, have paid off their mortgage completely, leaving them "house-rich" but "cash-poor."

To determine the maximum home value affordable to households by income, HUD utilized a series of assumptions: a 31% monthly payment standard, a 4.5% down payment, a 5.5% interest rate, a 1.75% upfront insurance premium, a .55% annual insurance premium, and 2% for annual taxes and insurance. Based on these assumptions, HUD's estimated value to income ratio for an affordable home is 3.36, i.e., a household can afford a home costing no more than 3.36 times its income. In 2011, the HUD Area Median Family Income (HAMFI) for the Portland area was $72,300. A household earning this median income could afford a home price up to $242,928, which is 22% than Maine Housing's estimate for the same base year. The reason for this discrepancy is a different definition of median income. HAMFI, the reference point for the HUD data, is scaled to a family of four. Maine Housing's estimate, however, encompasses for all households, including single people living alone. Thus, while the HAMFI for the Portland area was $72,300, Maine Housing's estimate for the same year was $54,944, and for the American Community Survey, it was $57,267.

Value Affordable to Low Income Households Earning 50% of Median Income – The value of these homes are less than or equal to the maximum amount that would be affordable to a household earning 50% of median family income, or $36,150. Under HUD's financing assumptions, such a family could afford a home of no more than $122,000. There were 540 occupied units with a value in this range: 75% were occupied by households earning 100% or less of median income. There were 100 vacant homes at this value accounting for a vacancy rate of 15.6%. Such a high rate is indicative of foreclosure and/or deferred maintenance.

Value Affordable to Moderate Income Households 80% of Median Income - A household earning 50.1-80% HAMFI, or $36,151-$57,840, could afford a home of $122,000-$194,000. There were 3,080 occupied units with a value in this range: 54% were occupied by households earning up to 100% HAMFI. While homes in this price range might be small, suffer from deferred maintenance, and/or be located in high traffic areas, the tight vacancy rate of 0.5% indicates they are in high demand.

Value Affordable to Households Earning 100% of Median Income - A household earning 80.1%-100% of median income, or $57,841-$72,300, could afford a home of $194,000-$243,000. There were 3,125 occupied units with a value in this range: 39% were occupied by households earning up to 100% HAMFI. These homes might in good condition and in desirable neighborhoods, but lack high value amenities, such as a water view, two-car garage, and/or historic character. Vacancy is lowest among homes with 0-2 bedrooms.

Value Affordable to Households Earning over 100% of Median Income – These homes, worth over $243,000, exceed affordability for a household earning 100% of HAMFI, or $72,300. There are 7,005 occupied units with a value in this range: 28% are occupied by households earning up to 100% HAMFI. At 3.9%, the vacancy rate is highest among homes with 0-1 bedrooms, which are probably condominiums.

Name of Jurisdiction: Portland, Maine			Source of Data: 2007-2011 CHAS databook						
	With a mortgage				Without a mortgage				
Homes by Affordability	Homes by # of bedrooms				Homes by # of bedrooms				
Occupancy by Income	0-1	2	3+	Total	0-1	2	3+	Total	Total
Units with a value less than $122,000 (affordable to a household earning 50% area median family income)									
Household income 30% or less	0	15	4	20	0	10	40	55	75
Household income 30.1%-50%	0	0	35	35	0	20	20	40	75
Household income 50.1%-80%	0	10	55	65	0	25	50	75	140
Household income 80.1%-100%	0	10	90	100	0	0	15	15	115
Household income over 100%	0	0	80	80	0	0	50	50	130
Total occupied units	0	35	264	305	0	55	175	235	540
Vacant for Sale	25	45	25	100					
Vacancy Rate	100.0%	33.3%	5.4%	15.6%					
Units worth $122,000-$194,000 (affordable to a household earning 50.1-80% of area median family income)									
Household income 30% or less	0	95	25	120	0	0	55	55	175
Household income 30.1%-50%	0	50	115	165	10	100	50	160	325
Household income 50.1%-80%	20	105	245	370	0	115	190	300	670
Household income 80.1%-100%	0	175	235	405	0	40	65	110	515
Household income over 100%	40	250	810	1,100	0	65	225	290	1,390
Total occupied units	60	675	1,430	2,165	10	320	585	915	3,080
Vacant for Sale	0	15	0	15					
Vacancy Rate	0.0%	1.5%	0.0%	0.5%					
Units worth $194,000-$243,000 (affordable to a household earning 80.1-100% of area median family income)									
Household income 30% or less	0	10	105	115	10	10	50	70	185
Household income 30.1%-50%	25	0	75	100	0	0	70	70	170
Household income 50.1%-80%	0	125	320	440	0	4	75	80	520
Household income 80.1%-100%	0	40	135	175	0	65	110	170	345
Household income over 100%	45	250	1,390	1,685	0	35	180	215	1,900
Total occupied units	70	425	2,025	2,520	10	114	485	605	3,125
Vacant for Sale	0	0	35	35					
Vacancy Rate	0.0%	0.0%	1.4%	1.1%					
Units worth over $243,000 (affordable to a household earning over 100% of area median family income)									
Household income 30% or less	30	70	25	130	30	60	25	115	245
Household income 30.1%-50%	60	20	75	155	0	70	85	155	310
Household income 50.1%-80%	115	295	215	620	15	90	170	280	900
Household income 80.1%-100%	30	125	190	350	0	50	90	140	490
Household income over 100%	125	1,100	2,730	3,960	85	335	680	1,100	5,060
Total occupied units	360	1,610	3,235	5,215	130	605	1,050	1,790	7,005
Vacant for Sale	20	0	35	55					
Vacancy Rate	3.9%	0.0%	0.8%	0.8%					
Total Occupied	**490**	**2,745**	**6,954**	**10,200**	**150**	**1,094**	**2,295**	**3,545**	**13,745**
Number vacant for sale	**45**	**60**	**95**	**205**					
Vacancy Rate	**6.6%**	**1.5%**	**1.0%**	**1.5%**					
Units affordable to households up to 100% of AMI	**175**	**1,684**	**5,024**	**6,895**					
Percent of housing stock that is affordable	**33%**	**60%**	**71%**	**66%**					

TOOLS TO INCREASE HOUSING AFFORDABILITY

The Great Recession of 2008 ushered in a market correction that has increased the affordability of Portland's existing housing stock. At the same time, however, the recovery, has generated a certain bullishness to create new housing at the high end of the market. Without incentive or control, new construction remains out of reach of the middle class. The following tools may inform the development of policy to balance access to the newest housing boom.

Density Bonus: This tool grants an increase in the number of units allowed by right in order to provide an incentive for the construction of affordable housing. While the incentive can work as a stand alone tool, it is typically incorporated into a contract zone, overlay district, or cluster subdivision. A model ordinance developed by the American Planning Association posits 20% as a reasonable target for affordable housing. The Town of Brunswick, Maine has incorporated a density bonus into their zoning ordinance, complemented by a provision for the reduction of fees, including building permits, stormwater, solid waste, recreation and traffic impacts.

https://www.planning.org/research/smartgrowth/pdf/section44.pdf
http://www.brunswickme.org/wp-content/uploads/2012/04/Web.Version.Zoning.Ordinance.pdf

Inclusionary Zoning: This tool requires that a certain percentage of units in a new development be set aside as affordable, with or without an increase in density. Inclusionary zoning is widely used by cities throughout the states of California, Massachusetts, New Jersey, Virginia, and Maryland. In Burlington, Vermont, the mandatory set-aside ranges from 15%-25%, depending on the market price of the rest of the units. The Town of Cape Elizabeth, Maine requires that 10% of the units in a subdivision be set aside for moderate income households, or 5% for low income.

http://www.nhc.org/media/documents/IZ_lessons_in_MA.pdf
http://www.burlingtonvt.gov/CEDO/Inclusionary-Zoning
http://www.capeelizabeth.com/government/rules_regs/ordinances/zoning/zoning.pdf

Reduction in Parking: This tool reduces the number of parking spaces that must be constructed to support each housing unit. Eliminating the typical suburban requirement of two spaces per unit can not only slash housing construction costs by 25%, but free up land that can be used to increase density. Concentrating homes, jobs, services, and stores increases the likelihood that people will walk, bike or take the bus to get from one place to another. On the Portland peninsula for example, 77% of households own just 0-1 vehicles, compared with 43% in the U.S. as a whole. The City of Portland, Oregon has reduced or eliminated parking requirements for new development based on the proximity of transit services.

http://www.vtpi.org/park-hou.pdf
http://www.portlandonline.com/shared/cfm/image.cfm?id=53320

Rent control: This tool establishes a ceiling on rent increases permitted in the public and private rental market. Los Angeles, San Francisco, New York City, and Cambridge, Massachusetts have previously adopted rent control policies. While rent control can act as a temporary "breather" from soaring prices, it has the potential to create housing shortages in the long run by discouraging new construction.

http://www.nycrgb.org/html/resources/faq/rentcontrol.html

Do Nothing: At first glance, the construction of luxury housing in any downtown would be considered a boon, not a burden. In the long run, however, neighboring property owners will follow suit, running up sales prices and rents unsustained by real growth in wages, incomes, jobs, or property improvements. For workers, the consequence is longer commutes from suburbs and rural areas. Others will establish themselves in less expensive urban markets, such as Biddeford, Lewiston, Gardiner, and Bath. Absent a correction by regulation or the market, these forces could take shape, first as a collection of individual choices which then swell into an undeniable movement. And they did happen during the 2000's.

CONCLUSION

Portland's vitality depends on the availability of a diverse array of housing options, particularly apartments, which are often the first and only choice for working professionals, immigrants, and families. Over the last five years, a number of trends have solidified:

- 62% of Portland households earn less than the county's median income, including 38% of homeowners and 81% of renters. Over the last decade, the number of households earning less than median income has increased 10%.

- The Great Recession of 2008 was a market correction that increased the affordability of existing housing – by giving wages a chance to catch up while stalling home sales and rents.

- Current housing production is not meeting the needs of households earning 80%-100% of median income. If recent trends continue, there will be a gap between supply and demand of workforce housing units ranging from 24%-33%.

- While the Portland housing market contains units in a variety of price ranges, the reality is that those with higher incomes, stable jobs, and good credit ratings are in a better position to compete for affordable units that are subsidized and unsubsidized. This creates a glut of affordable units at the low end of the range that may be in rough condition, with deferred maintenance issues.

- The rental market is extremely tight for 3-bedroom units that can accommodate working families.

- Based on the vacancy rate, the inventory of one-bedroom condos targeting households earning over the median income is reaching a point of saturation.

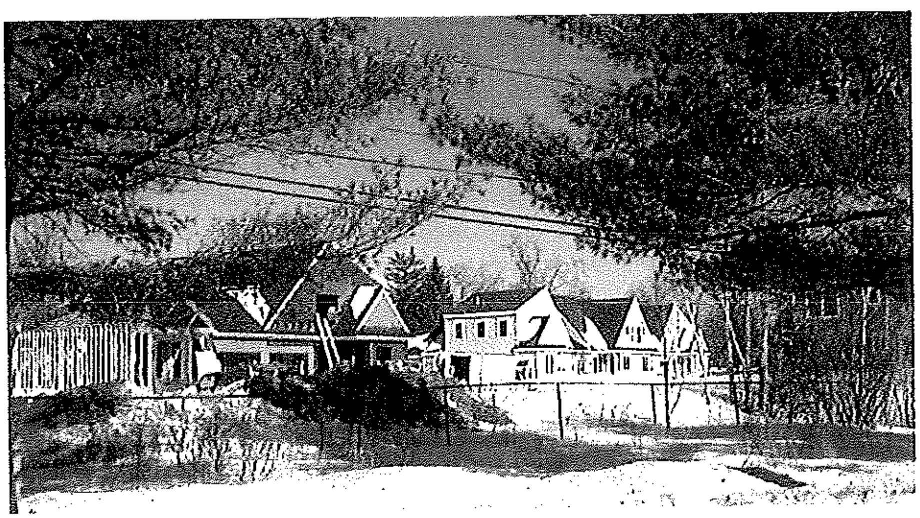
Well into the recovery, the region is on the pathway to another boom marked by a rise in new construction, low vacancy rates, and increasing rents and home prices. But the recovery also represents an opportunity for balance. By increasing the diversity of housing through incentive and regulation, the region can forestall the possibility of another crash due to soaring prices unsustained by real job growth. Trend or choice? It is up to us.

Housing:
Sustaining Portland's Future

Executive Summary

of

Housing Policies



Planned Residential Unit Development off Allen Avenue

Ensure an Adequate and Diverse Supply of Housing for All

Policy #1: Ensure that an adequate supply of housing is available to meet the needs, preferences, and financial capabilities of all Portland households, now and in the future.

Ensure the construction of a diverse mix of housing types that offers a continuum of options across all income levels, which are both renter and owner-occupied.

Zoning: Encourage all types of high quality and compatible housing to enhance neighborhoods.

Building Code: Flexible provisions to encourage a variety of quality housing types.

Incentives: Develop financial incentives, partnerships, and zoning incentives to increase the diversity of housing.

Neighborhood Plans: Encourage neighborhood plans to address a diverse mix of housing and city needs.

A variety of housing choices should be available such that no one should have to spend more than 30% of their income for housing.

20% Target for Subsidized Housing: Maintain Portland's current proportion of subsidized units. Establish a target of at least 20% of the total number of new housing units will be subsidized for households earning 80% or less of the region's median income.

Portland Housing Authority: Encourage and support PHA to become active in development of more housing.

Creative collaborations: Seek incentives and partnerships to increase affordable housing options for moderate-income households.

Legislation: Support state and federal legislation for new incentives to develop housing, such as tax increment financing, employer assisted housing and housing trust funds.

Financial Incentives: Employ a range of financial incentives to create housing.

Annual HUD Funding: Significantly increase share of City's annual HUD funding used for affordable housing. Support programs that assist with land acquisition, construction, mortgages, infrastructure, and conversion of non-residential buildings to housing.

Non-profit Developers: Use a portion of HUD funding to build capacity of non-profit developers to build and manage housing.

PILOT: Establish a policy on paying taxes or a PILOT (Payment in Lieu of Taxes) Program for non-profit housing developers.

Encourage higher density housing located near services, such as schools, businesses, institutions, employers, and public transportation.

Higher Density Housing: Encourage higher density multi-family developments and mixed-use projects with housing, along major public transportation routes, near service areas, and in redevelopment or infill areas.

Small Lot Subdivisions: Support development of higher density subdivisions with smaller lots and a variety of housing types.

Housing Downtown: Encourage varied housing options downtown by updating zoning.

Parking: Encourage innovative approaches to address residential parking needs.

Housing in Business zones: Combine housing and economic development strategies to create high-density housing and mixed-use developments in business zones.

Increase Portland's rental housing stock to maintain a reasonable balance between supply and demand yielding consumer choice, affordable rents, and reasonable return to landlords.

Implement Bayside Plan: Create 300 units within 5 years and 500 additional units in 25 years, a significant portion of which will be rental units.

Rental & Accessory Units: Remove zoning barriers to rental housing and accessory units in single-family homes & accessory structures, where compatible with existing neighborhood character.

Large Units: Encourage construction of 3 or more bedroom units for large families.

Fair Market Rents: Monitor FMR's and seek exception rents from HUD when needed.

Senior Citizen Rental Options: Support a variety of affordable rental options for senior citizens.

Increase home ownership opportunities for all types of households and all income levels.

Implement Bayside Plan: Create 300 units within 5 years and 500 additional units in 25 years, a significant portion of which will be owner-occupied units.

200 Home Ownership Units: Facilitate development of 200 affordable owner-occupied units in Portland, with an emphasis on starter homes for families with children.

Move-up Market: Encourage the development of units for those moving up in the real estate market, so Portland can remain competitive with suburban communities.

Affordable Home Ownership: Strengthen and expand opportunities for home ownership assistance through City programs, such as New Neighbors and Homeport.

Senior Citizen Housing: Support affordable home ownership options for senior citizens.

Ensure that a continuum of housing is available for people with special needs and circumstances ranging from emergency shelters and transitional housing to permanent housing (rental and homeownership), which offer appropriate supportive services.

Supportive Housing: Increase quantity of supportive housing for persons with special needs who desire and need to live in an urban area where services are available.

10% Handicapped Accessible: Ensure in total, at least ten percent (10%) of all new housing will be designed as handicapped accessible units. Encourage universal design standards for handicapped accessibility in new housing.

Beds for the Homeless: Create enough beds to ensure that no one is forced to sleep outside due to a lack of beds in emergency shelters.

Supportive Housing: Support funding proposals for new supportive housing facilities.

Senior Citizen Options: Promote creation of assisted and congregate living facilities for low-income senior citizens.

Transitional Housing: Ensure an adequate supply of transitional housing facilities.

Transition to Permanent Housing: Encourage proposals to transition homeless families and individuals out of emergency shelters and transitional facilities into permanent housing, including single room occupancy (SRO) units.

Identify vacant land and redevelopment opportunities throughout the City to facilitate the construction of new housing.

Real Estate Inventory: Coordinate with Land Bank Commission to create a real estate inventory where housing can be developed in each neighborhood.

Property Disposition: Develop disposition policy for City-owned and tax-acquired property that is in keeping with the City's adopted housing plan.

Pilot Projects: Develop a pilot housing project with a neighborhood, a developer and the City as partners, which utilizes City property and other incentives (i.e. Unity Village).

Promote Portland as a Pro-Housing Community.

One Stop Housing Office: Create a "one stop housing office" to assist developers.

- Integrate neighborhood based planning and neighborhood interaction
- Information about City's development review rules and procedures
- Financial Resources, Land Inventory, and Demographic Data

Workforce Housing: Assist new or expanding businesses to create or locate housing for new employees.

Public Relations: Develop a campaign to promote the benefits of living in Portland for the public and real estate industry.

Public Education: Develop an educational campaign to inform the public of housing needs and de-stigmatize perceptions about affordable housing.

Preserve a Quality Housing Stock

Policy #2: Maintain, rehabilitate, and restore the existing housing stock as a safe and important physical, economic and architectural resource for the community.

Assist with the restoration and rehabilitation of architecturally significant residential properties within and outside Portland's historic districts.

Building Codes: Update local codes to allow historically accurate and sensitive rehabilitation/maintenance of residential properties. Create a balance in codes between accurate restoration and the need for compatible but affordable preservation alternatives.

Financial Incentives: Provide incentives to rehabilitate and restore historic and architecturally significant homes without using resources designated for creation of new low and moderate-income housing.

Historic Districts: Evaluate where historic districts should be expanded or created.

Public Education: Develop brochures to answer frequently asked questions regarding minor repairs and the options to sensitively restore and rehabilitate older homes.

Tax Credits: Evaluate option of a local tax credit for historic preservation properties.

Foster safe and high quality housing through appropriate building codes and financial assistance.

Safe Codes: Update housing codes to adequately protect the health and safety of residents in existing buildings.

Enforcement: Ensure adequate staffing to aggressively enforce local code inspections of multi-family housing at least once every five years for safe housing and consider incentives and disincentives to improve compliance.

Code Education: Increase public education efforts to improve overall code compliance.

Rehabilitation: Use HUD funds for rehabilitation of all types of housing units, including energy conservation:

Collaborations: Create partnerships for joint rehabilitation projects.

Remain in Homes: Assist elderly and disabled homeowners to stay in their homes with HUD funds for rehabilitation and handicapped accessibility improvements.

Public Education: Provide educational programs on topics such as:

- Landlord and Tenant Education, Homebuyer Training, and Condominium and Homeowner Association Information

Target vacant buildings for maintenance, rehabilitation and reuse.

Inventory: Inventory vacant and underutilized buildings suitable for more housing.

Inspect Vacant Buildings: Inspect all vacant residential buildings at least annually.

Maintenance: Require owners to repair vacant residential buildings with structural problems.

Reuse: Seek creative and architecturally compatible reuse of buildings for housing or mixed-use projects with housing using financial incentives and partnerships.

Improve the safety of Portland's housing stock by eliminating public health hazards from single and multi-family residential properties.

Lead Paint: Use HUD funds to help eliminate lead paint from housing, with a priority for households with young children.

Education: Offer preventive actions and outreach to protect against health hazards found in housing through public health programs.

Establish a standard of "no net loss of housing" for all proposed development.

Replacement Housing: Amend zoning to encourage or require a one for one replacement of any housing units lost as part of a development proposal.

Housing Linkage Fund: Evaluate creating a housing linkage fund, so developers can contribute funding for housing, rather than replace demolished units on their own.

Preserve Housing: Find alternatives to the proposed demolition of housing.

Neighborhood Stability and Integrity

Policy #3: Maintain and enhance the livability of Portland's neighborhoods as the city grows and evolves through careful land use regulation, design and public participation that respects neighborhood integrity.

While accommodating needed services and facilities, protect the stability of Portland's residential neighborhoods from excessive encroachment by inappropriately scaled and obtrusive commercial, institutional, governmental, and other non-residential uses.

Housing Along Arterials: Maintain residential zoning along arterials and encourage increased residential densities and mixed uses within business zones.

Demolition: Discourage demolition or conversion of residential properties for non-residential uses.

Compatible Development: Encourage well-planned developments and uses to enhance compatibility between residential and non-residential uses.

Student Housing: Encourage construction of affordable student housing to meet current and future needs.

Support Portland's livable neighborhoods by encouraging a mix of uses that provide needed goods and services, within walking distance of most residents.

Neighborhood Livability: Promote through City policies a mix of housing types, retail and service businesses, community services, and open space/recreation opportunities of appropriate size, scale and type within neighborhoods.

Uphold Zoning: Enforce approved density regulations in the Zoning Ordinance.

Encourage innovative new housing development, which is designed to be compatible with the scale, character, and traditional development patterns of the City's residential neighborhoods.

Municipal Regulations: Update codes to encourage new residential development that:

- Offers diverse and quality living options.
- Encourages traditional neighborhood elements.
- Promotes a walkable city.
- Are compatible with Portland's existing neighborhoods.

Design Guidelines: Adopt design guidelines for new housing and rehabilitation that are compatible with the character and patterns of development in each neighborhood.

Encourage new housing development in proximity to neighborhood assets such as open space, schools, community services and public transportation.

Assets: Inventory neighborhood assets, such as open space, recreation facilities, schools, services and public transportation.

Suitable Housing Sites: Use asset inventories and agreed upon neighborhood priorities to select potential housing sites as part of the Neighborhood Based Planning Process.

Walkable neighborhoods: Give preference to projects that are located within a walkable distance to neighborhood assets, particularly when seeking City funds.

Ensure the integrity and economic value of Portland's neighborhoods.

Enforcement: Aggressively enforce codes that require owners to maintain properties.

Maintain Property: Ensure all properties are kept clear of debris and derelict vehicles.

Redevelopment: Work to find productive uses for vacant and underutilized lots.

Public Improvements: Ensure neighborhood improvements are safe, attractive and well maintained.

Public Safety: The Portland Police Department will continue to work with neighborhoods on community policing, crime watch and other public safety programs to ensure neighborhoods remain safe for residents and visitors.

Traffic: Work with neighborhoods to address traffic issues and enforce traffic laws.

Public Parks: Preserve public amenities, such as trails, athletic fields, and parks.

Open Space: Work with neighborhoods to update, "Green Spaces/Blue Edges".

Encourage Portland's neighborhoods to address the City's housing issues through the Neighborhood Based Planning Process.

Housing Solutions: Involve each neighborhood in creating housing solutions.

Public Education: Support outreach efforts to discuss the benefits, issues, and potential design solutions for increased densities in residential neighborhoods.

Encourage neighborhood populations that are economically, socially, culturally and ethnically diverse.

Mix of Housing: Encourage a mix of housing types for all ages, household sizes, and incomes, so neighborhoods are socially, culturally, ethnically, and economically diverse.

Displacement: Discourage displacement through enforcement of municipal ordinances, and adoption of long-term affordability restrictions on City assisted housing.

Housing Programs: Obtain resources and implement programs to enable residents to remain in their neighborhoods, such as rental housing vouchers.

Retain Assisted Housing: Preserve Portland's existing affordable housing units as assisted developments.

Higher Density: Increase density where appropriate to achieve neighborhood diversity.

Housing is a Regional Issue

Policy #4: Seek opportunities for economic and social integration throughout the Greater Portland region by encouraging the development of a range of housing options that are available and affordable to all income levels in the region.

Educate the public, neighboring municipalities, the State legislature, and our Congressional delegation on the need for affordable housing throughout the Greater Portland area.

Public Education: Work with regional organizations to develop a public education campaign on the need for affordable housing throughout the region.

Leadership: Portland will be a leader within the region and State to change policies that limit an adequate supply of affordable housing.

Initiate the development of a regional housing plan.

Regional Housing Plan: Initiate and lead efforts with municipalities and regional organizations to develop a regional housing strategy that will strive to create a wide range of affordable housing options in each municipality.

Seek innovative solutions and collaborations with municipalities, regional organizations, housing authorities and developers to implement the regional housing plan.

Regional Housing Administration: Create regional cooperation agreements for the planning and administration of housing development programs.

Regional Funding Consortium: Investigate establishing a consortium of municipalities to apply for and administer state and federal funding for affordable housing development.

Regional Cooperation: Support developer and municipal proposals to obtain resources and develop affordable housing throughout Greater Portland.

Housing and Transportation: With efforts to develop more affordable housing, create viable public transportation options.

Sustainable Development

Policy #5: **Portland's Comprehensive Plan encourages a manageable level of growth that will sustain the city as a healthy urban center in which to live and work and to achieve our shared vision for Portland. Portland should encourage sustainable development patterns and opportunities within the city by promoting efficient land use, conservation of natural resources, and easy access to public transportation, services, and public amenities.**

Encourage growth in Portland that strives for a dynamic balance of the essential elements of the city, such as excellent schools, diverse housing choices, proximity to services and employment, increased public transit usage, expanded economic base, high quality services, and an affordable tax rate.

Target to grow: Achieve and maintain a 25% share of Cumberland County's population.

Public relations: Analyze and promote the public benefits of growth.

Incentives: Integrate housing and economic development incentives to encourage growth and take advantage of the City's capacity to accommodate more people.

Monitor: Assess the impacts of growth on infrastructure and adjust policies accordingly.

Maximize development where public infrastructure and amenities, such as schools, parks, public/alternative transportation, sewer lines, and roads, exist or may be expanded at minimal costs.

Transit Oriented Development: Locate new housing along or within walking distance of major transportation corridors to increase use of METRO and encourage alternative modes of transportation.

Infill Development: Encourage development on vacant lots along accepted city streets.

Proximity to Services: Encourage housing near schools, parks and athletic facilities.

Denser Development: Encourage higher density housing along arterial and in or near downtown, particularly the redevelopment of Bayside according to the Bayside Plan.

Create new housing to support Portland as an employment center and to achieve an improved balance between jobs and housing.

Work Force Housing: Encourage major institutions and employers to invest in housing in proximity to work places.

Incentives for Mixed-Use: Combine housing and economic development initiatives for mixed-use developments near employment centers.

Build Streets: Explore building streets to encourage infill housing near existing infrastructure and neighborhood centers.

Encourage neighborhood business centers throughout the city to reduce dependence on the car and to make neighborhood life without a car more practical.

Neighborhood Centers: Build neighborhood centers with small-scale retail and service businesses at appropriate locations within neighborhoods.

Pedestrian Links: Encourage pedestrian links between residential and business areas.

Innovative Development: Encourage higher density development, which incorporates housing above businesses through flexible reviews and shared parking options.

Redevelopment: Encourage redevelopment of underutilized land, such as surface parking lots, to more efficiently use available land.

Locate and design housing to reduce impacts on environmentally sensitive areas.

Open Space: Support Land Bank Commission's work to preserve sensitive natural areas.

Environmentally Sensitive Development: Encourage development that minimizes environmental impacts and encourages stormwater

management through natural means.
Environmentally Sensitive Zoning: Explore zoning and regulatory tools for environmentally friendly development.

Design housing to use new technologies and materials that reduce costs and increase energy efficiency.

Public Education: Collaborate with construction industry and environmental organizations to develop educational outreach efforts to encourage the design, construction, and rehabilitation of energy efficient homes.

Energy Efficient: Encourage energy efficient rehabilitation & construction for City assisted housing.

Update Codes: Periodically review codes to minimize conflicts for emerging or new cost efficient technology.

Freedom of Choice

Policy #6: Strive to ensure freedom of choice in housing type, tenure, and neighborhood for all, regardless of race, color, age, gender, familial status, sexual orientation, religion, national origin, source of income or disability.

Increase and ensure equal access to housing opportunities for minorities, low-income people and persons with disabilities and special needs.

Development: Create programs and resources to increase housing opportunities for minorities, low-income people and persons with disabilities and special needs.

Financial: Encourage equitable lending.

Homeownership: Foster partnerships and programs with financial institutions that enable low and moderate-income households to become homeowners.

Work to prohibit discrimination in selling and renting of all types of housing.

Lending practices: Monitor mortgage lending practices to ensure equal opportunity.

Education: Educate public on housing discrimination and process for filing a complaint.

Fair Housing Report: Update the HUD report "Analysis of Impediments to Fair Housing".

Ensure that an adequate supply of new and existing housing is accessible to persons with physical disabilities.

Accessible Design: Develop designs, rules and procedures for the construction of accessible housing.

Building Codes: Ensure local codes are consistent with federal laws governing handicapped accessible construction.

Remain home: Develop strategies to enable people with physical limitations and disabilities to remain and/or age in place.

Work to educate the public about housing laws and opportunities.

Homebuyer Education: Create and maintain homebuyer education programs.

Landlord Education: Encourage landlord education classes on fair housing laws and practices for managing rental property.

Tenant Services: Evaluate the need for a tenant services office to assist in mediating and resolving conflicts between landlords and tenants.

Public Education: Develop brochures and public service announcements on their rights and obligations under local, state and federal fair housing laws

Portland, Maine Yes. Life's good here.
Mary Davis
Division Director, Housing & Community Development Division

AGENDA ITEM

TO: Councilor Donoghue, Chair
Members of the Housing and Community Development Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: January 6, 2015

SUBJECT: Revisions to Lead Safe Housing Program Guidelines

I. SUMMARY OF ISSUE

The Housing and Community Development Office has been considering ways to interest multi-family residential property owners to participate in our financing programs to renovate and repair rental housing units.

The City of Portland was a past recipient of four, three-year Healthy Homes/Lead Safe Housing grants from the U.S. Department of Housing and Urban Development. Our last grant was awarded in 2007. We currently have approximately $340,000 in program income from these previous grants which must be used to create lead-safe housing units.

In the past, the Lead Safe Housing Program has offered a variety of financing mechanisms, from payable loans to forgivable loans. The most common complaint from previous program participants was that our financing terms are more stringent than other Lead Safe Housing Programs throughout the state. During the last three-year grant (2007-2010), we offered 10 year forgivable loans, the same terms offered through our housing rehab program while both the Maine State Housing Authority and the City of Lewiston offer five year forgivable loans.

II. REASON FOR SUBMISSION

Staff is seeking HCDC approval of revisions in program financing guidelines.

III. INTENDED RESULT

Make funding available to Portland and Cumberland County single and multi-family property owners to create lead-safe housing.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors.

V. FINANCIAL IMPACT

Currently the Lead Safe Housing Program has approximately $340,000 available from the repayment of previous loans and grants. Federal regulations require that these funds must be used to create lead-safe housing.

VI. STAFF ANALYSIS AND RECOMMENDATION

Staff is requesting HCDC approval to revise terms of financing in the Lead Safe Housing Program from a 10-year forgivable loan to a 5-year forgivable loan.

10-Year Forgiveness Schedule

Year 1 and 2	100% repayment
Year 3 and 4	90% repayment
Year 5	75% repayment
Year 6	60% repayment
Year 7	45% repayment
Year 8	30% repayment
Year 9 and 10	15% repayment
Year 10 anniversary	0% repayment

5-Year Forgiveness Schedule

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Years 4	40% repayment
Year 5 anniversary	0% repayment

Staff believes that these changes will make the program more competitive and provide the opportunity to create additional lead-safe housing units.

Lead Safe Housing
Program Description

The Portland Lead Safe Housing Program has adopted the following policies for the administration of its Lead-Based Paint Hazard Reduction Program funded by the U.S. Department of Housing and Urban Development (HUD). The goals of the program are:

- Increase public awareness of lead-based paint hazards.
- Implement a coordinated program for lead hazard reduction in target neighborhoods.
- Create additional lead safe dwellings in the City of Portland. The program has created 434 lead safe units from (1998- 2013).

All program activities will be closely coordinated and monitored by the Portland Lead Safe Housing Program. Program activities will be conducted in conformance with the protocols and regulations issued by HUD, EPA, OSHA, and the Maine Departments of Health and Human Services and Environmental Protection. All units and participants selected for the program shall meet eligibility requirements established by HUD.

IMPORTANT: As a condition of receiving lead hazard control funds, property owners must:

(1) rent units to low-income families for a period of 3 years;
(2) correct outstanding code violations;
(3) be current on all payments due to the City of Portland
(real estate taxes, water and sewer charges, rehab loan, etc.).

Selection of units will be based on the following descending order of priorities:

- Units occupied by a child with a blood lead level of 20 micrograms/deciliter (ug/dl) or greater
- Units occupied by a child with an elevated blood lead level of five ug/dl or greater
- Units occupied by children less than six years of age
- All other units with two or more bedrooms and located in target neighborhoods.

Target neighborhoods include sections of the East End (Munjoy Hill), Bayside, Parkside, sections of the West End, and Valley Street. Properties located in other areas of Portland may be considered depending on available funds and program capacity. Program staff will determine eligibility. Applicants dissatisfied with eligibility determinations, priority selection, or other decisions made by program staff may appeal to the Director of Housing and Community Development.

Eligible units selected for the program will receive the following services at no cost to the owner:

- XRF testing of the unit(s) to determine the extent of lead-based paint hazards
- Development of abatement specifications by a consultant and the Lead Safe Housing Program
- Blood screening of children, resident education, and if necessary, relocation services
- Inspection and testing after completion of lead hazard control to ensure satisfactory work

The above services will be paid by the Program if performed in accordance with eligibility criteria, HUD Guidelines, and are conducted by a licensed, qualified, properly insured inspection/lead consultant. The city has such a consultant available to perform this work. Owner may choose their own consultant but the consultant must be a licensed, qualified, properly insured inspection/lead consultant. If the owner does not choose a licensed, qualified consultant, the Lead Safe Housing Program will be under no obligation to fund the services.

Grants will be provided dependent upon owner income and other selection criteria. A mortgage deed will be placed on the property to ensure payment and that HUD low-income tenant requirements are maintained for three years.

The owner will contract directly with the lead hazard control contractor for the performance of required services. The Portland Lead Safe Housing Program will developed contracts and specifications for use by the owner. The Portland Lead Safe Housing Program must ensure that all services performed in this program meet all applicable HUD, EPA, OSHA, and Maine regulations and guidelines and that all consultants and contractors are licensed, qualified, and properly insured to perform the work.

The following loan/eligibility criteria have been established for the Portland Lead Safe Housing Program. Selection priorities previously identified will be in effect when applying these criteria.

Single Family Homes (see attached excerpt from Title X)

- Owner occupant household income cannot exceed 80% of the median income for the Greater Portland area as established by HUD.
- At the time of application a child under the age of six (72 months) must reside in the home.
- The lead hazard control grant cap is $25,000 per single-family homeowner. A waiver of this loan cap may be provided contingent upon homeowner's financial circumstances and risk to children in the household.

Deferred grant terms are as follows:

1) All qualified applicants for single family home lead based paint hazard reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #2. During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Owner Occupied Two Family and Multifamily Apartment Buildings (see attached excerpt from Title X)

- Owner occupant household income cannot exceed 80% of the median income for the Greater Portland area as established by HUD.
- At the time of application, a child under the age of six (72 months) must reside in the owner's unit.
- (Note: If the owner's unit is not occupied by a child under the age of six (72 months) and or if owner income exceeds 80% of median, the unit cannot qualify, however, the other units in the building may qualify)
- Maximum lead hazard control grant is $10,000 per unit or $100,000, whichever is less. Units qualifying for lead hazard reduction funds will be consistent with the Residential Lead-Based Paint Hazard Reduction Act of 1992 commonly referred to as Title X (Section 1011 a) of which excerpts are attached. A waiver of this grant cap may be provided contingent upon owner's financial circumstances and risk to children in the building.

Deferred Grant terms are as follows;

1) All qualified applicants for owner occupied two-family or multi-family apartment lead based paint hazard

reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #3.

During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) The City will monitor tenant incomes in the building for the required three-year period to ensure compliance with HUD regulations. Violations of this requirement may result in a call for immediate payment of the loan amount.

3) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Investor Owned Apartment Buildings (see attached excerpt from Title X)

- Investor owners shall be limited to $10,000 per unit or $100,000, whichever is less. Units qualifying for lead hazard reduction funds will be consistent with the Residential Lead-Based Paint Hazard Reduction Act of 1992 commonly referred to as Title X (Section 1011 a) of which excerpts are attached. A waiver to exceed the grant cap may be provided contingent upon an analysis of the owner's financial circumstances, analysis of the cash flow of the rental building, and risk to children living in the building.

- Enrolled units must be leased to low-income tenants for at least three years following completion of the lead hazard reduction project.

Deferred Grant terms are as follows:

1) All qualified applicants for owner occupied two-family or multi-family apartment lead based paint hazard reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #3.

During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) The City will monitor tenant incomes in the building for the required three-year period to ensure compliance with HUD regulations. Violations of this requirement may result in a call for immediate payment of the loan amount.

3) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Nonprofit Owners/Housing Organizations (See attached excerpt from Title X)

- Nonprofit owners or housing organizations shall be limited to $10,000 per unit but may enter as many income eligible units as they wish, contingent upon available funds. A waiver to exceed the loan cap may be provided contingent upon an analysis of the owner's financial circumstances, analysis of the cash flow of the rental building, and risk to children living in the building. The Director of Housing and Community Development must approve a waiver of the loan cap.

Grant Terms

1) Qualified nonprofit owners are eligible for grants with no recapture so long as they commit to rent units to low-income tenants for three years.

Owner has read the above-described policies and agrees to abide by them as a condition of participating in the Portland Lead Safe Housing Program. Failure to abide by these policies may result in nonpayment of lead hazard control funds to the owner.

____ ____________________
Owner Signature Date

____ ____________________
Co-Owner Signature Date

Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X) Section 1011 (a) states, in part:

1) for grants made to assist rental housing, at least 50 percent of the units must be occupied by or made available to families with incomes at or below 50 percent of the area median income level and the remaining units shall be occupied or made available to families with incomes at or below 80 percent of the area median income level, and in all cases the landlord shall give priority in renting units assisted under this section, for not less than 3 years following the completion of lead abatement activities, to families with a child under the age of six years, except that buildings with five or more units may have 20 percent of the units occupied by families with incomes above 80 percent of area median income level;

2) for grants made to assist housing owned by owner-occupants, all units assisted with grants under this section shall be the principal residence of families with income at or below 80 percent of the area median income level, and not less than 90 percent of the units assisted with grants under this section shall be occupied by a child under the age of six years or shall be units where a child under the age of six years spends a significant amount of time visiting;

FY 2014 HUD Income Limits Effective May 1, 2014

Communities of:
Cape Elizabeth, Casco, Cumberland, Falmouth, Freeport, Gorham, Gray, Long Island, North Yarmouth, Portland, Raymond, Scarborough, South Portland, Standish, Westbrook, Windham, Yarmouth

Family Size:	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of median	$16,250	$18,600	$20,900	$23,200	$25,100	$26,950	$28,800	$30,650
50% of median	$27,100	$30,950	$34,800	$38,650	$41,750	$44,850	$47,950	$51,050
60% of median	$32,520	$37,140	$41,760	$46,,380	$50,100	$53,820	$57,540	$61,260
80% of median	$43,300	$49,500	$55,700	$61,850	$66,800	$71,750	$76,700	$81,650

Communities of:
Baldwin, Bridgton, Brunswick, Harpswell, Harrison, Naples, New Gloucester, Pownal, Sebago

Family Size:	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of median	$14,350	$16,400	$18,450	$20,500	$22,150	$23,800	$25,450	$27,100
50% of median	$23,950	$27,400	$30,800	$34,200	$36,950	$39,700	$42,450	$45,150
60% of median	$28,740	$32,880	$36,960	$41,040	$44,340	$47,640	$50,940	$54,180
80% of median	$38,300	$43,800	$49,250	$54,700	$59,100	$63,500	$67,850	$72,250

Mary Davis
Division Director, Housing & Community Development Division

TO: Councilor Donoghue, Chair
Members of the Housing and Community Development Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: January 9, 2015

SUBJECT: Rosa True School – 140 Park Street

I. SUMMARY OF ISSUE

The Housing and Community Development Office received a request to (1) approve the acquisition of the leasehold interest of the Rosa True School Limited Partnership from LearningWorks to Developers Collaborative, (2) allow Developers Collaborative to assume LearningWorks existing debt with the City and (3) approve the allocation of new funding to Developers Collaborative.

II. REASON FOR SUBMISSION

Since changing their name from Portland West to Learning Works, the organization has been shifting the focus of their mission to education based programming. They are in the process of divesting the organization of their affordable housing portfolio. The Rosa True School property is one of the assets they are interested in selling.

This is a unique property. The Rosa True School located at 140 Park Street is owned by the City of Portland. The building was originally constructed in 1844 for use as the Park Street School. In 1972, when it was converted to house community programs, it held the distinction of being the oldest continuously used school in the country. The property is part of the Spring Street Historic District. In 1988 the City agreed to allow Portland West Neighborhood Planning Council to redevelop the site into affordable rental housing. The City retained fee simple ownership of the property and entered into a leasehold agreement with the Rosa True School Partnership. Currently the building consists of eight (8) units of affordable housing. The city is the fee simple owner of the property. Learning Works as the general partner of the Rosa True School Partnership has a 67 year leasehold interest in the property. The lease terminates on March 24, 2059.

Staff is seeking direction from the Committee on three issues: (1) acquisition of the leasehold interest of the Rosa True School Limited Partnership by Developers Collaborative, (2) assumption of the existing debt and (3) allocation of new funding to Developers Collaborative.

Mary Davis
Division Director, Housing & Community Development Division

III. INTENDED RESULT

Provide staff with direction and authorization to negotiate terms related to the property lease, debt assumption and allocation of new funding.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors.

V. FINANCIAL IMPACT

The Project pro-forma budget provided by the developer indicates a request for approximately $103,500 in HOME funding for this project in the form of a 0% interest loan, deferred for 30 years or until sale or transfer. This new investment will assist in creating two new units (approximately $51,750 per new unit). A review of affordable housing developments receiving HOME assistance reveals that on average, the City has invested $76,472 per HOME unit.

The developer is also requesting permission to assume LearningWork's existing debt to the City. LearningWorks has a leasehold mortgage on the property (dated January 1994; original principal $83,000; 30 year term; 2% interest; monthly payment $306.78). Loan payments are current as of December, 2014, with a balance remaining of $32,069.

VI. STAFF ANALYSIS AND RECOMMENDATION

The Rosa True School Partnership is experiencing financial difficulties. The acquisition of this project by Developers Collaborative will improve the condition of the building and ensure that unit affordability is maintained.

If approved, a new HOME loan will be funded through a portion of the FY 2014-2015 Affordable Housing Development Budget leaving a balance of $288,709 for future projects.

Staff analysis:

1. Currently, the Rosa True School project is not performing well financially which places the property in danger of failing.

Mary Davis
Division Director, Housing & Community Development Division

2. The transaction will ensure that 8 units of affordable housing remain on the market and necessary repairs are completed.
3. Reaffirms the security of the city's interest in this property.
4. Allocation of new funding will assist in the creation of two new affordable units.

At this time, staff is requesting Committee input and direction regarding the:

1. Transfer of the leasehold interest from LearningWorks to Developers Collaborative
2. Assumption of the remaining debt owed by LearningWorks ($32,069)
3. Allocation of HOME funds to Developers Collaborative in the amount of approximately $103,500.

Attachments
Proposed Pro-Forma
Tax Information

ROSA TRUE FAMILY HOUSING
140 PARK ST., PORTLAND

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	Permanent	Construction Period	Terms/Comments Rate	Term	Paymnt
Amortizing Debt					
MSHA RLP	616,956		5.50%	30	$33,933
FHLBB Debt	-		6.00%	30	$0
Subtotal Amortizing Debt	616,956				$33,933
Soft Debt					
City FedHome	134,500	134,500	-	NPV	
MSHA RLP	60,000	60,000	0.0%	30	$0
CEI @ O%	17,927	17,927			
		-			
Subtotal Soft Debt	212,427	212,427			
Construction Loan		1,248,895			
Total Debt Financing	829,383	1,461,322			
Deferred Fee	-	-			
LIHTC Syndication Proceeds	405,839	81,168			
Federal Historic Credit Proceeds	207,931	41,586		Total Fed	613,770
State Historic Credit Proceeds	285,229	54,193	231,035	Total Hist	493,159
TOTAL SOURCES	1,728,381	1,638,269			

USES OF FUNDS	Total	Construction Period
Acquisition/Demo	482,767	482,767
Construction	798,402	798,402
Soft Costs	157,000	157,000
Financing Fees	37,600	37,600
Other Soft Costs	47,500	47,500
Development Fee	115,000	115,000
Reserves	90,112	-
TOTAL USES	1,728,381	1,638,269
DEVELOPMENT CONTINGENCY (GAI	**(0)**	**-**

		21,243	Subsidy per unit
TDC	172,838	53%	of maximum amount pe
		4%	of maximum gross amc

ROSA TRUE FAMILY HOUSING

140 PARK ST., PORTLAND

DEVELOPMENT BUDGET AND LOW INCOME HOUSING TAX CREDITS

Development Budget	Total	Acq Basis	Rehab Basis	Office % 0.000% Historic	
ACQUISITION/DEMOLITION		-			
Land	161,767				
Buildings	321,000	321,000	-		
Existing Replacement Reserves	-	-	-		
Subtotal Acquisition/Demo	482,767	321,000			
CONSTRUCTION					Construction
Site Work	28,464		28,464		GMP
					725,820
Structures	697,356		697,356	697,356	
				-	Abatement
Construction Contingency	72,582		72,582	72,582	GMP
	-	-		-	-
				-	
FFE					
Subtotal Construction	798,402	-	798,402	769,938	
SOFT COSTS					
Permits & fees	10,000		10,000	10,000	
Engineer/Survey	5,000		5,000	5,000	
Architect	25,000		25,000	25,000	
Real Estate Attorney	45,000	15,000	30,000	45,000	
Title Insurance & Recording	12,000	3,000	9,000	12,000	
Accounting/ Cost Certification	10,000		10,000	10,000	
Soft Cost Contingency	15,000	5,000	10,000	15,000	
TIF Consultant	-	-		-	
Const. Taxes & Insurance	35,000		35,000	35,000	
Subtotal Soft Costs	157,000	23,000	134,000	157,000	
FINANCING EXPENSES					
Constr. Loan Orig. Fee	17,600	5,280	12,320	17,600	
Construction Legal & Inspection	-	-		-	
Construction Interest	20,000		20,000	20,000	
Other Financing Expenses	-	-		-	
Perm. Loan Orig. Fee			-		
Subotal Financing	37,600	5,280	32,320	37,600	
OTHER SOFT COSTS					
Market Study	-	-		-	
Property Appraisals	6,000		6,000	6,000	
Environmental Report & Testing	5,000		5,000	5,000	
Historic Consultant	15,000		15,000	15,000	
Tax Credit Fees	13,500	-			
Organizational Legal	8,000	-			
Subtotal Other	47,500	-	26,000	26,000	
DEVELOPER'S FEES					
Developer's Ovhd. & Profit	115,000	20,000	95,000	115,000	
Consultant		-	-		
Subtotal development fees	115,000	20,000	95,000	115,000	
PROJECT RESERVES					
Rent Up & Marketing Reserve	-	-	-		
Operating Reserve	60,095	-	-		
Replacement Reserve	10,184	-	-		
Prepaid Taxes & Insurance	13,833	-	-		
Prepaid Monitoring	6,000	-			
Subtotal Reserves	90,112	-	-		
TOTAL PROJECT COST	1,728,381	369,280	1,085,722		
ELIGIBLE BASIS		369,280	1,085,722		
LESS FEDHOME			-	Fed Historic	State Historic
LIHTC ELIGIBLE BASIS		369,280	1,085,722	1,105,538	1,105,538
APPLICABLE FRACTION	100.00%		less fed HTC	20%	30%
QUALIFIED BASIS		369,280	864,614	221,108	331,661
QUALIFIED CT ADJUSTMENT		100%	130%		
CREDIT PERCENTAGE		3.23%	3.23%		
ANNUAL LIHTC ELIGIBLE		11,928	36,305	95.00%	86.00%
				210,052	285,229
ANNUAL LIHTC ALLOCATED					
NET PROCEEDS	85.00%	98.99%	405,839	207,931	285,229
					493,159
TPC/unit	172,838	1,616,769	Agg Basis & Land		
		889,222.95	55%		
credit/unit	1,491				

ROSA TRUE FAMILY HOUSING

Affordability Analysis & Rent Schedule

Affordable Rents

Unit Type	**HHLD Size**	**Fed Home**	**LIHTC Rent**	**UA**	**Max. Net Rent**
2 BR @ 60%			1,044	51	$993
3 BR @ 60%			1,206	64	$1,142

Rent Schedule

Unit Type	**# Units**	**Net Rent**	**Utility Allow.**	**Gross Rent**	**Afford. @ % Med. Inc.**
n/a	0	$0	0	$0	
2 BR @ 50%	2	$993	0	$1,053	
3 BR @ 60%	8	$1,142	0	$1,217	
n/a	0	$0	0	$0	
n/a	0	$0	0	$0	
			0		
TOTAL	10				
Bedroom Mix	0 BR	1 BR	2 BR	3 BR	Total
			2	8	10
Income Mix	30%AMI	40%AMI	50%AMI	60%AMI	Sec8
Number	0	0	0	10	0
Percent	0.0%	0.0%	0.0%	100.0%	0.0%

ROSA TRUE FAMILY HOUSING

Operating Income & Expense

Effective Gross Income		**Monthly**	**Annual**	
Gross Potential Rental Income		11,122	133,464	
Less Vacancy & Collection Loss	5.0%	(556)	(6,673)	
Laundry Revenue		90	900	
TIF				
Effective Gross Income		10,656	127,691	
Annual Expenses		**Per Unit**	**Total**	**Percent of Budget**
ADMINISTRATIVE EXPENSES				
Management Fee		1,051	8,408	
Legal		54	1,500	
Audit		196	5,000	
Marketing		50	500	
Site Manager		214	2,140	
Resident Services		336	5,460	
Broadband Service		-	-	
Other		200	2,000	
Subtotal Administrative		2,101	25,008	29%
OPERATING EXPENSES				
Water/Sewer		350	7,000	
Electric		480	4,800	
Heat/HW		2,000	12,000	
Subtotal Operating		2,830	23,800	29.0%
MAINTENANCE				
Building Maintenance		700	7,000	
Janitorial		220	2,200	
Supplies/Exterminating		140	1,400	
Painting/Decorating		75	750	
Grounds		75	750	
Snow Removal		220	2,200	
Trash Removal		165	1,650	
Subtotal Maintenance		1,595	15,950	27.6%
GENERAL EXPENSES				
Property taxes		1,125	9,000	
Insurance		800	8,000	
Management Broadband		-	-	
Subtotal General		1,925	17,000	18.5%
REPLACEMENT RESERVE				
Housing		450	4,500	
TOTAL RESERVES		450	4,500	
TOTAL EXPENSES PLUS RESERVES		8,626	86,258	
Net Income Calculation			**Annual**	
Net Operating Income			41,433	
Debt Service			$33,933	
Cash Flow			7,500	5.2%
Debt Service Coverage			1.22	
Cash Flow as % of Expenses			8.7%	80.3%
Cash Flow PUPA			750	

Income/Expenses ratio
1.48

ROSA TRUE FAMILY HOUSING

15-YEAR PROFORMA OPERATING INCOME AND EXPENSE STATEMENT

	Trend Rate	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
INCOME	2.00%																	
Gross Rental Income	2.25%	66,732	133,464	136,133	138,856	141,633	144,466	147,355	150,671	154,061	157,527	161,071	164,695	168,401	172,190	176,064	180,026	
Office	2.00%																	
Vacancy & Collection Loss	5.00%	(3,337)	(6,673)	(6,807)	(6,943)	(7,082)	(7,223)	(7,368)	(7,534)	(7,703)	(7,876)	(8,054)	(8,235)	(8,420)	(8,610)	(8,803)	(9,001)	
TIF Income	2.00%	-	900	918	936	955	974	994	1,014	1,034	1,054	1,076	1,097	1,119	1,141	1,164	1,188	
EFFECTIVE INCOME		63,395	127,691	130,245	132,850	135,506	138,217	140,981	144,151	147,391	150,705	154,093	157,558	161,100	164,722	168,425	172,212	
EXPENSES																		
Administrative	3.00%	17,506	25,008	25,758	26,531	27,327	28,147	28,991	29,861	30,757	31,680	32,630	33,609	34,617	35,656	36,725	37,827	
Operating	3.00%	16,660	23,800	24,514	25,249	26,007	26,787	27,591	28,418	29,271	30,149	31,054	31,985	32,945	33,933	34,951	36,000	
Maintenance	3.00%	11,165	15,950	16,429	16,921	17,429	17,952	18,490	19,045	19,616	20,205	20,811	21,435	22,079	22,741	23,423	24,126	
General	3.00%	11,900	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181	22,847	23,532	24,238	24,965	25,714	
Replacement reserve	3.00%	3,150	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871	6,048	6,229	6,416	6,608	6,807	
TOTAL EXPENSES		60,381	86,258	88,846	91,511	94,257	97,084	99,997	102,997	106,087	109,269	112,547	115,924	119,402	122,984	126,673	130,473	
NET OPERATING INCOME		3,015	41,433	41,399	41,338	41,250	41,132	40,984	41,154	41,305	41,436	41,546	41,634	41,699	41,738	41,752	41,739	
DEBT SERVICE		16,966	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	33,933	
CASH FLOW		(13,952)	7,500	7,466	7,406	7,317	7,200	7,051	7,221	7,372	7,503	7,613	7,701	7,766	7,806	7,820	7,806	98,597
			750	747	741	732	720	705	722	737	750	761	770	777	781	782	781	

Portland, Maine — Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

To: HCDC Chair Kevin Donoghue and City Councilors
From: Greg Mitchell, Economic Development
Nelle Hanig, Business Programs Manager
Date: January 9, 2015
RE: Communication on Real Estate Broker Services for Sale and Lease of City Properties, For Review and Direction

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Summary

Economic Development staff is working on Requests for Proposals (RFP) for real estate brokerage services, one for leasing and the other for selling properties, all owned by the City. Despite staff experience in marketing properties and handling real estate transactions, given present workload priorities, its recommendation is to establish brokerage arrangements through RFPs for two projects. This is being presented for HCDC review and direction.

Spring Street Garage Lease
There is vacant retail space on the Free Street side of the Spring Street Garage, specifically 84 Free St. (1,172 sf on ground floor and 1,772 sf in basement). Given the small scale of this project, an RFP for real estate broker services will be emailed to local brokerage companies with experience in downtown retail/office leasing.

Portland Technology Park
Two out of three sites remain available in the Phase One portion of the Portland Technology Park. As you know, the first site, known as Unit 1, is under contract, having been approved by the City Council on January 5th. To date, the Park sites have not been listed with a real estate broker, though a broker brought the proposed buyer of Unit 1 to the City and will be receiving a 7% brokerage fee. Listing Units 2 and 3 with a broker, who would then be actively seeking buyers, is likely to more quickly facilitate the sale of these sites. Given the larger scale of this project (versus leasing the garage space), a more formal RFP process is required, per the City's Purchasing Office. Economic Development staff will work with Purchasing to draft and issue an RFP for broker services.

Approval Process for Brokerage Services

Once proposals are received, staff will provide the HCDC with recommendations for broker service arrangements for its consideration and approval. We look forward to discussing this with you to receive your direction at the January 14th HCDC meeting.

DRAFT 2015 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING CALENDAR

Meetings: 2nd & 4th Wednesday of each month

As of January 8, 2015

January	**January 14** Review and Approval of Revisions to Guidelines for Lead Safe Housing Program Housing Study Report Update, Review and Approval of Proposed Rosa True School Housing Transaction Communication: Spring Street Garage/Bid for Broker for leasing Retail/Office Space; Portland Technology Park/RFP for Brokers Executive Session: Possible Disposition of City-Owned Property at 157 Brackett and 176 Clark Streets
	January 28 Review and vote to recommend to City Council on award of bid and purchase and sale agreement for Cliff Island tax-acquire parcel. Review, Discussion and Possible Approval of RFP for 157 Brackett and 176 Clark Street Responses to Munjoy Street RFP Review of 65 Hanover/52 Alder Street Feasibility Report and possible recommendation on RFP/Deed Options Housing Study Policy Response- Direction from HCDC Reed School Project Update Housing First Pre-Development RFP - Update
February	Ocean Cluster House Tenant Lease at POT vote and recommendation to City Council. Ready Seafood Company Lease Amendment vote and recommendation to City Council. Shucks Maine Lobster Lease Amendment vote and recommendation to City Council. Review of 71 Hanover RFP Proposals Update of Tax Acquired Properties for Development Opportunities/Coordinate with Trust for Public Land
	February 11
	February 25 Housing Program Budget Recommendation to City Council. Housing Trust Fund Annual Plan Recommendation to City Council.
March	Update on City-owned lot at 98 High Street. Area-wide Affordable Housing TIF District discussion.
	March 11 CDBG Allocation Committee Funding Recommendations. Review and Approval of FY15-16 Affordable Housing Application Process.
	March 25

April	Short Term Rentals - Air bnb. India Street lot. Police Parking lot. Waterfront TIF District geography amendment discussions, including consideration of Portland Company as TOD TIF. Riverwalk TIF District Reduction Amendment – vote and recommendation to City Council.
	April 8 Review of HUD 5-Year (2015-2020) Consolidated Plan and FY 15-16 HUD Annual Action Plan.
	April 22
May	Wilmot Street Matter Resolution. Review and Comment/Recommendation to City Council if necessary: Improvement to CDBG process.
	May 13
	May 27
June	Begin discussion related to Riverside Street area wide needed public infrastructure status and improvements.
	June 10
	June 24
July	
	July 8
	July 22
August	
	August 12
	August 26
September	
	September 9
	September 23
October	
	October 14
	October 28
November	Note: November 11 is Veteran's Day and November 25 is the day before Thanksgiving
	November 11?
	November 25?
December	FYE 2015 Annual City-Wide TIF District Activity Report 2015 Calendar Year HCDC Accomplishments Report Proposed 2016 HCDC Work Plan
	December 9
	December 23