

HOUSING COMMITTEE

DATE: October 26, 2017 (THURSDAY)

TIME: 5:30 pm – 7:30 pm

LOCATION: Room 24, Basement, City Hall

1. Housing Committee Agenda

Documents:

[HC AGENDA - 10.26.17.PDF](#)

2. Review And Accept Minutes Of Previous Meeting Held On September 26, 2017

Documents:

[DRAFT - MINUTES HOUSING COMMITTEE 09.26.2017.PDF](#)

3. Review And Discussion Of 2017 Housing Report

Documents:

[2017 HOUSING REPORT.PDF](#)

3.I. Committee Feedback Form

Documents:

[PROPOSED HOUSING POLICY INITIATIVES 10-26-17 MEMO.PDF](#)

3.II. Public Feedback Form

Documents:

[PUBLIC FEEDBACK ON PROPOSEDHOUSING POLICY INITIATIVES 10-26-17.PDF](#)

4. Committee Discussion Re: 2017 And 2018 Work Plan

Documents:

[DRAFT 2017 HC WORKPLAN 10.20.2017.PDF](#)

Councilor Jill Duson, Chair

Next Meeting Date: November 8, 2017



HOUSING COMMITTEE

DATE: THURSDAY, October 26, 2017 **
TIME: 5:30 p.m. – 7:30 p.m.
LOCATION: City Hall – Basement – Room 24 **

**** MEETING WILL BE HELD - THURSDAY NIGHT IN ROOM 24**

A G E N D A

1. Review and accept Minutes of previous meeting held on September 26, 2017
2. Review and Discussion of 2017 Housing Report. See enclosed memorandum from Mary Davis HCD Division Director and Victoria Volent, Housing Program Manager.
3. Committee Discussion re: 2017 and 2018 Work Plan

Councilor Jill Duson, Chair

Next Meeting Date: November 8, 2017

Housing Committee

Minutes of September 26, 2017 Meeting

A meeting of the Portland City Council's Housing Committee (HC) was held on Tuesday, September 26, 2017 at 5:30 P.M. in Room 209 of Portland's City Hall. Councilors present at the meeting included Committee members Councilor David Brenerman, Councilor Brian Batson, and Councilor Jill Duson, Chair of the Committee. City staff present included Mary Davis, Division Director Housing and Community Development; Jeff Levine, Director of the Planning and Urban Development Department and Victoria Volent, Housing Program Manager.

. Item 1: Review and accept Minutes of previous meeting held on July 12, 2017

Councilor Batson motioned and Councilor Brenerman seconded to accept the minutes from the July 12, 2017 Housing Committee meeting. Minutes were unanimously approved 3-0.

Item 2: Communication Item - Review of the FY 17 HUD Consolidated Annual Performance Report (CAPER)

Mary Davis gave a brief overview of the report explaining that it is an annual report to HUD on the accomplishments of the CDBG, HOME and ESG Programs. A copy of the report is posted on the Housing and Community Development page on the City's website.

Item 3: Review and discussion on Housing Policy Proposals.

Councilor Duson provided opening comments reminding the Committee of the 2016 community process and the "bucket list" of policy ideas that resulted.

Jeff Levine introduced the memo to the committee beginning with an overview of current initiatives, funding resources, zoning amendments along with policy recommendations for the committee to consider.

Homeownership:

A.1. Develop a strategic homebuyer assistance program:

Councilor Batson asked what type of eligibility criteria would be used; Mr. Levine indicated income and asset testing would be used in an effort to make a determination that the household is qualified to be a homeowner;

Councilor Duson asked if possible applicants would be made aware of the program by the lender or the city; Mr. Levine indicated that partner banks would advertise but city would also let people know.

Councilor Brenerman asked if HOME funds could be used. Mr. Levine responded that a combination of HOME and local funds is anticipated.

Councilor Brenerman indicated that he liked the idea provided the city could work out how the program would be administered.

Councilor Duson was in favor of finding ways to assist with homeownership.

A.2. Foreclosure prevention program that will provide emergency grants to those low-income homeowners in risk of foreclosure.

Councilor Duson asked if the program would only be available in certain circumstances; Mr. Levine indicated that parameters would be developed to determine when the assistance would be available; Councilor Duson recommended that staff look at emergency home loan program and indicated that should would support a stop-gap program like this.

Councilor Batson indicated that he liked all the ideas outlined in the memo and was in favor of a foreclosure prevention program depending on the criteria put in place.

Rental Housing:

B.1. Secure Tenant Based Rental Assistance at \$250,000 a year minimum, using a combination of City funds and federal funds (roughly 50/50).

Councilor Duson asked if funding level for this program is sustainable; Mr. Levine responded that the City cannot rely primarily on HOME funds but funding levels could be increased with other funding sources. Councilor Brenerman and Councilor Batson agreed that this proposal should be explored further.

B.2. Increase the condominium conversion fee significantly to fund TBRA and/or the Housing Trust Fund.

Councilor Duson asked if staff had information on policies in other communities. Mr. Levine indicated that more research would need to be done but he believed that Portland's fee is low.

Councilor Duson asked if the City had the ability to prohibit condo conversions. Mr. Levine indicated that staff would need to discuss the possibility with Corporation Counsel's office. sure

B.3 Review the current ordinance to assess whether the tenant notice and relocation assistance requirements are being followed.

Councilor Duson requested an audit of the current ordinance.

B.4. Create a "hotel linkage fee" to fund City housing programs.

Councilor Duson questioned if the City has the ability to implement this type of fee. She also asked whether the fee could be charged to just one segment of the community and if it would be seen as a tax on hotels that city is not able to charge; Mr. Levine indicated that this would be a one-time assessment, not an ongoing fee and that more research would be needed. He indicated that the local hotel market is solid and the department continues to get applications for new hotels.

Councilor Brenerman asked how this would be different from impact fees. Mr. Levine said it is related and the City would need to do an economic impact study to determine an appropriate fee.

Councilor Brenerman would prefer a development impact fee that would apply to everyone rather than to have a separate linkage fee for hotels.

Councilor Batson indicated that he is concerned about the impact on different types of businesses – restaurant v. hotels but is very supportive of continuing to look at this concept.

Councilor Duson indicated that she preferred a broader development impact fee.

C.1. Explore the creation of a Community Land Trust.

Councilor Brenerman requests information from other communities with land trusts; Mr. Levine referred to the Burlington model and indicated that staff would provide additional research.

C.2. Revisit existing rehab programs; establish an emergency repair program.

Committee indicated their support for a review of the programs.

C.3. Create a Housing Advisory Board

Councilor Duson indicated that she is in support of taking a pause in establishing a rental housing advisory committee and work on amendments/recommendations to council. Councilor Duson asks staff to put together a communication to the council regarding the committee's recommendation.

Item 4: Review and Recommendation on Requests for HOME and TIF Project Funding – (1) 58 Boyd Street and (2) Deering Place.

Jay Waterman from Portland Housing Development Corporation (PHDC) and Matt Peters from Avesta Housing provided the committee with a brief overview of their projects.

58 Boyd Street Apartments: Mr. Waterman described the project as a mixed income development for families and individuals to be built on an under-utilized ½ acre lot near the Bayside Anchor project. The project would create 55 new rental housing units. The PHDC secured \$3.7m in funding through the Federal Home Loan Bank, Bangor Savings Bank, and PHDC investment. City HOME funds would provide a critical financing gap and helps to make their development proposal more competitive in the Low Income Housing Tax Credit (LIHTC) application process. A TIF at 50% over 20 years reduces operating costs by about \$55k per year. TIF helps keep rents low while allowing the project to pay amortized debt and it also helps with scoring in the LIHTC application. Mr. Waterman believes the project will help to fill the market demand for two and three bedroom units. There is a regional waiting list of 24,000 households for Section 8 vouchers with 4,000 households in Portland. There is also a public housing waiting list of 1600 families.

Councilor Brenerman remembered that the committee approved HOME funds for this project last year. Mr. Waterman indicated that the project did not receive tax credits in the 2017 funding cycle and was not able to move forward. The project is better established to be successful in the 2018 tax credit funding

cycle especially with the changes to Division 30; anticipate site plan approval in December.

Councilor Duson inquired about the community involvement process. Mr. Waterman outlines the public meeting process that will happen in the coming weeks and also mentioned a public meeting that occurred in mid-August that was not required by the Planning Board. Notices were sent to abutters within 500 feet and public housing residents; about 30 people attended.

Mayor Strimling asked if the project will meet the passive house standard, similar to Bayside Anchor. Mr. Waterman indicated that they would like the project to meet the standard and they are committed to developing the most energy efficient and green building as possible.

The Committee had a discussion regarding whether the Housing Committee or Economic Development Committee should evaluate housing TIFs; the consensus was the Economic Development Committee should review as the subject matter experts.

Deering Place - Matt Peters from Avesta Housing presented an overview of the development proposal and reminded the committee that they had presented a smaller project to the committee earlier in the year. This project would create 67 new units and renovate 13 existing units for a total of 80 units in the project. The current development budget is estimated at \$15 million. Avesta will submit an application for 2018 tax credits. Mr. Peters indicated that they have started the Planning Board process already. They are requesting HOME funding and an AHTIF. The TIF would allow the project to borrow more funds which allows them to build more apartments and underwrite the market rents.

Councilor Brennerman asked if Portland has ever received more than one tax credit project in one year. Mr. Levine believes that has happened but was not sure of the specific year.

Councilor Duson indicated that she has heard concerns from the community regarding building height and neighborhood integration.

Public Comment:

George Rheault, resident of West Bayside referred to the Frontline report on the tax credit program. Indicated his disappointment with both projects lack of ambition; both sites should be able to create a lot more housing. Mr. Rheault urged the Committee to protect the resources of the city.

On motion made and seconded, the Committee voted 3-0 to recommend the allocation of HOME funds and TIF financing up to the maximum allowable levels under the city's TIF policy to the 58 Boyd Street project subject to positive underwriting analysis and other staff due diligence that needs to be done.

On motion made and seconded, the Committee voted 3-0 to recommend the allocation of HOME funds and TIF financing up to the maximum allowable levels under the city's TIF policy to the Deering Place project subject to positive underwriting analysis and other staff due diligence that needs to be done.

Item 5: Committee discussion re: 2017 Work Plan

Committee had a brief discussion of the work plan. Staff will poll the committee to establish a date for the October meeting.

The meeting was adjourned at 7:50 pm.

Respectfully submitted,

Mary Davis



To: Councilor Duson, Chair Housing Committee
Members of the Housing Committee

From: Victoria Volent, Housing Program Manager
Housing & Community Development Division

Date: October 20, 2017

Subject: Annual Housing Report

A priority of the 2017 Housing Committee was to create a current situation report on housing policy, availability and affordability. In response, the Housing and Community Development Division prepared the 2017 Housing Report.

The report is designed to give an overview of the current housing market and report out on the many policies and initiatives the City has adopted to address the issues of housing availability and affordability.

Housing policy continues to evolve, and though there is no silver bullet to solve Portland's housing issues, the city is utilizing a number of national best practices in an effort to take a long term comprehensive approach to affordable housing.

The Housing Report is broken into four sections. The first section is a compilation of data on current conditions and topics that interact with Portland's housing market. The second section provides an overview of current city initiatives and tools utilized to address the unique challenges of a growing city and its specific housing needs. The third section reviews the collection of available funding sources (local and federal), which the City leverages to achieve its community-based and housing related goals. The last section outlines a set of potential policy proposals for committee discussion. These proposals were taken, in part, from the "bucket list" of ideas created through the public process undertaken by the Housing Committee in 2016.

Annual Housing Report



OCTOBER 2017
Planning & Urban
Development,
Housing & Community
Development Division

CITY OF PORTLAND, MAINE





City of Portland Housing Committee

JILL DUSON, CHAIR

DAVID BRENERMAN, VICE CHAIR

BRIAN BATSON

Planning and Urban Development Department

Jeffrey R. Levine, AICP, Director

James Dealaman, Administrative Officer

Housing and Community Development Division

Mary Davis, Division Director

Victoria Volent, Housing Program Manager

Assessor's Office

Joe Montefusco, Tax Assessment Analyst

City Manager's Office

Jessica Grondin, Communications Director

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- Establish an Emergency Repair Program
- Review of the Housing Rehabilitation Program
- Administer the Portland Water District (PWD) water efficiency and repair service
- Creation of a Housing Advisory Board

Executive Summary

CITY OF PORTLAND HOUSING REPORT 2017

"THERE IS NO SILVER BULLET TO SOLVE PORTLAND'S HOUSING ISSUES. THE CITY IS UTILIZING A NUMBER OF NATIONAL BEST PRACTICES IN AN EFFORT TO TAKE A LONG TERM COMPREHENSIVE APPROACH TO AFFORDABLE HOUSING."

The Annual Housing Report has been prepared by the Housing and Community Development Division, Planning and Urban Development Department. In recent years, Portland has been experiencing rising housing costs as the City becomes increasingly attractive for a diverse range of households. Given market limitations, the development of new housing affordable to current Portland residents has been limited. This report is designed to give an overview of the current housing market and report out on the many policies and initiatives that the City has adopted to address the issues of housing availability and affordability.

CURRENT HOUSING MARKET

Age of Housing Stock: Maine has the eighth oldest housing stock in the country. In Portland, almost fifty percent of the housing units were built before 1939; seventy-two percent were built before 1970.

Rehabilitating older housing can be cost prohibitive in a housing market that is already struggling with affordability.

Tenure of Housing Stock: Forty-three percent of families own their home while fifty-seven percent of families are renters. The homeowner vacancy rate is slightly more than one percent and the rental vacancy rate is three and half percent.

Housing Affordability: As referred to throughout this report, housing is affordable when rent or monthly mortgage payment is less than 30% of a household's gross monthly income. Thirty-three percent of all Portland owner-occupied households pay 30% or more of their income on monthly housing costs (considered unaffordable) and almost fifty percent of renter households pay 30% or more of their income on monthly housing costs. Seventy-one percent of renters and fifty-three percent of homeowners are identified as low-income. Forty-three percent of renters and twenty-nine percent of homeowners are considered to be living in poverty. Median renter income is \$29,755 and median income for owner-occupied housing was \$75,837.

Median monthly housing cost for owners is \$1,458 and \$946 for renters. The largest share of owner households with an income level of less than \$75,000 pay more than 30 percent of their income towards monthly housing costs. Renters making less than \$35,000 represent the highest share of renter occupied housing units with monthly housing costs above 30% of their income. Seventy-four percent of households are unable to afford the median home price in the city. Sixty-two percent of renter households cannot afford the average two bedroom apartment.

Executive Summary

Population: While the largest portion of Portland's population is between the ages of 25 to 29, the segment with the most dramatic growth rate since 2010 is between the ages of 70-74, which grew by twenty-four percent.

POLICIES AND INITIATIVES

There is no silver bullet to solve Portland's housing issues. The city is utilizing a number of national best practices in an effort to take a long term comprehensive approach to affordable housing.

Investment in Housing Development: Portland has invested almost \$14 million dollars in federal and local resources that leveraged the creation of 24 units of homeownership housing and 927 units of rental housing. 798 of the rental units are affordable to households at or below 60% of the area median income.

Housing Safety: To assure safer rental housing across the city through a regular, ongoing program of fire and building safety inspections, Portland's Housing Safety Office administers the rental housing registration and inspection program. All property owners are required to annually register rented apartment units, rented houses, rented rooms, rented beds or short term rentals with the Housing Safety Office.

18,390*(a number of unnecessary registrations were refunded) units were registered in 2016 and 15,675 units were registered as of May 2017.

The Housing Safety Office completed 972 two-family and 238 one-family dwellings as well as 87 condominiums, and 86 dwellings categorized as "other" for a total of 1,383 properties have been inspected from May 2016 through May 2017.

The Fire Department completed 1,871 inspections in 2015 (beginning May 2015), 3,060 in 2016 and 1,422 through July 2017. These inspections included residential apartments (3+ units), schools, fire permits, complaints, hazmat and public education.

Zoning:

Inclusionary Zoning: Since the adoption of Inclusionary Zoning, eleven qualifying projects have been approved by the Planning Board as of October, 2017. From those eleven projects, 14 units of workforce housing units are proposed. Five projects chose to pay the fee in-lieu into the City's Housing Trust Fund for a total of \$1,266,250.

R-3 and R-5 - Accessory Dwelling Unit Amendment (ADU): Five homeowners have entered into an Affordable Housing Agreement with the City establishing five low-income rental units. These units may not be sold as condominium units, and must remain affordable to eligible households for the life of the unit. A sixth ADU was approved on October 5 of this year.

Executive Summary

Amendments to Zoning for Greater Density: Approximately 65 units of new housing have been permitted or built in the B-1 and B-1 zones, 25 units of new housing in the B-2 zone, and 120 units of new housing in the R-6 zone.

R-6A: Approximately 150 units of new senior housing have been permitted or built in the R-6A zone.

Amendments to the R-7 Zone: These changes allowed 45 units of new housing as part of the Bayside Anchor Project. 36 units are designated as very-low and low-income affordable for households earning less than 60% AMI.

Amendments to the Downtown Height Overlay District: One project created a total of 139 new market rate units.

India Street Form Based Code: Approximately 100 units of new housing has been created since rezoning India Street.

B-1, B-1B, B-2, B-2B, B-3, B-3B, B-3C, B-4, B-5, R-7, R-P Zone Amendments: Changes to the B-2 zone to allow additional housing density has resulted in 25 units of new housing.

Reduced Parking Requirements & Fee-in-Lieu Option: Nine projects, including six devoted to the creation of low-income housing have been permitted under the reduced parking requirements. One project, also aimed at low-income housing chose to pay a fee-in-lieu.

Amendments to the Housing Replacement Ordinance: Of the \$1,056,830 deposited into the Housing Trust Fund (HTF), \$630,585 has been expended to leverage the creation of 37 units of low-income housing, 8 workforce housing units, and 34 Housing First units.

Reduced Fees for Developing Affordable Housing: 5 development projects creating a total of 129 very-low and low-income housing units were permitted with reduced development fees.

Transportation Improvements to Allow for Greater Density: Examples include the work to redesign Franklin Street and the Forest Avenue corridor to allow for additional development and multi-modal transportation.

The following list of terms are provided for reference, and were compiled from municipal and U.S. Department of Housing and Urban Development definitions and interpretations.

Definition of Terms

CITY OF PORTLAND
HOUSING REPORT 2017

AFFORDABLE HOUSING. The term “affordable housing” means that the percentage of income a household is charged in rent and other housing expenses, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household’s gross income, or other amount established in city regulations that does not vary significantly from this amount.

AREA MEDIAN INCOME (AMI). Area median income for the Portland Metropolitan Statistical Area as defined by HUD as adjusted for inflation and published periodically.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG). Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low and moderate-income residents.

CONDOMINIUM. A form of ownership in which the separate owners of the individual units jointly own the development’s common areas and facilities.

CONTEXT SENSITIVE. The interrelated compatibility of a building with its immediate neighbors and against the backdrop of the city as a whole in terms of visual impact determined by good quality design standards with an emphasis on “human scale”. Compatibility includes massing and proportion; articulation and composition; building materials; color; building entries; heights; roof lines; landscaping; parking; and housing density levels that are sensitive to existing neighborhoods.

CDBG. See above - Community Development Block Grant

DWELLING. A building or portion thereof used exclusively for residential occupancy, including single-family, two-family and multifamily dwellings, but not including hotels, lodging houses, sheltered care group homes or tourist homes.

DWELLING UNIT. One (1) or more rooms with private bath and kitchen facilities comprising an independent self-contained dwelling unit.

Definition of Terms

ENSURING WORKFORCE HOUSING.

Development projects that create ten or more new dwelling units for rent or for sale are required to ensure at least 10% of the units in the project meet the definition of workforce housing unit for sale or for rent.

EXTREMELY LOW-INCOME. Extremely low-income individuals, households or tenants are those with a gross household income less than 30% of the Area Median Income as determined by HUD.

FAIR MARKET RENTS. Gross rent estimates as calculated by the U. S. Department of Housing and Urban Development annually.

FAMILY. A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

HOME. The HOME Investment Partnerships Program provides formula grants to states and localities that communities use- often in partnership with local nonprofit groups- to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or to provide direct rental assistance to low-income people.

HOUSING STOCK. The total number of single –family and multi-family housing units.

HOUSEHOLD. A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live with any other persons in the structure and there is direct access from the outside or through a common hall. A household includes the related family members and all the unrelated people, if any, and typically defined by being either a family or nonfamily household.

HOUSEHOLDER. The householder refers to the person (or one of the people) in whose name the housing unit is owned or rented (maintained) or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. If the house is owned or rented jointly by a married couple, the householder may be either the husband or the wife. The person designated as the householder is the "reference person" to whom the relationship of all other household members, if any, is recorded.

The number of householders is equal to the number of households. Also, the number of family householders is equal to the number of families.

HUD. The United States Department of Housing & Urban Development

INCLUSIONARY ZONING. See Ensuring Workforce Housing

Definition of Terms

INCOME LIMIT. Determines the eligibility of applicants for HUD's assisted housing programs. The major active assisted housing programs are the Public Housing program, the Section 8 Housing Choice Voucher Program, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities.

LOW INCOME. Low-Income individuals, households or tenants are those with a gross household income at or below 80% of the area median income as determined by HUD.

LOW INCOME HOUSING UNIT FOR RENT. The rent is affordable to a household earning at or below 80% of the Area Median Income (AMI) as determined by HUD.

LOW INCOME HOUSING UNIT FOR SALE. The sale price is affordable to a household earning at or below 80% of the Area Median Income (AMI) as determined by HUD.

MEDIAN INCOME. Median is the income level in the middle. Half of all incomes are above the middle, and half of all incomes are below the middle.

MODERATE INCOME. Moderate-income individuals, households or tenants are those with a gross household income at or below 120% of the Area Median Income as determined by HUD.

MULTI-FAMILY UNIT. Includes rental and ownership units in multifamily buildings.

NONFAMILY HOUSEHOLD. A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

POVERTY LEVEL (INCOME TO POVERTY RATIOS). Income-to-poverty ratios represent the ratio of family or unrelated individual income to their appropriate poverty threshold. Ratios below 1.00 indicate that the income for the respective family or unrelated individual is below the official definition of poverty, while a ratio of 1.00 or greater indicates income above the poverty level. A ratio of 1.25, for example, indicates that income was 125 percent above the appropriate poverty threshold.

REHABILITATION. The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

SINGLE-FAMILY UNIT. Rental and ownership units, including single-family homes, duplexes, townhomes, row homes and mobile homes.

Definition of Terms

TAX INCREMENT FINANCING (TIF). A flexible financing tool authorized under state law. The TIF program allows municipalities to provide financial assistance to local economic development or affordable housing development projects by using new property tax revenue generated as a result of the new development. TIF revenue can be used to pay for public or private projects.

TENANT BASED RENTAL ASSISTANCE (TBRA). This HUD HOME program provides assistance in the form of security deposits, first month's rent or utility deposits for individuals and families residing in homeless shelters or in danger of becoming homeless that earn less than 30% of the AMI (extremely low-income). The program is operated by Portland's Social Services Division as part of a rapid rehousing strategy targeting chronic homelessness with a particular focus on reducing recidivism.

TRANSITIONAL HOUSING. A project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

VERY LOW-INCOME. Very low-income individuals, households or tenants are those with a gross household income at or below 50% of the Area Median Income as determined by HUD.

WORKFORCE HOUSING UNIT FOR RENT. Means a dwelling unit is affordable to a household earning at or below 100% of the Area Median Income as determined by HUD.

WORKFORCE HOUSING UNIT FOR SALE. Means a dwelling unit for which the purchase price is affordable to a household earning at or below 120% of the Area Median Income as determined by HUD.



Introduction

CITY OF PORTLAND - HOUSING REPORT 2017 - WWW.PORTLANDMAINE.GOV/HOUSING

Portland is experiencing a housing boom, with several hundred housing units permitted over the past two years. However, challenges, such as the lack of sufficient housing stock and the affordability of housing, still remain.

The City is utilizing many tools towards this effort, such as recent updates to the zoning code to allow for more residential density, the creation of affordable accessory dwelling units, and a mandate for inclusionary zoning which requires new housing developments to keep a fraction of the units priced right for the middle-class working families.



In 2016, the Housing Committee heard from Dr. Christopher Herbert, Director of the Joint Center for Housing Studies at Harvard University. Dr. Herbert pointed out that while Portland is facing many of the same housing challenges as other urban communities across the country, it is already employing many of the best practices available. Dr. Herbert urged the city to remember that there is no silver bullet to solve Portland's housing issues and the city should take a long term comprehensive approach to affordable housing. He noted that the city is utilizing a number of national best practices, such as creating a Housing Trust, adopting Inclusionary Zoning, and offering city parcels for housing development.

The following report is broken up into four succinct sections. First, staff have compiled data on the current conditions and topics that interact with Portland's housing market, drawing on a variety of sources, but primarily using the most accurate U.S. Census Bureau estimates available (i.e. 2011-15 ACS 5-Year Estimates). Second, an overview is provided of current city initiatives and tools utilized to address the unique challenges of a growing city and its specific housing needs. Third, a collection of funding sources, both Federal and Local, which are leveraged by the city to achieve its community-based and housing related goals. Lastly, staff have compiled a brief set of potential policy proposals for committee discussion. These proposals were taken, in part, from the "bucket list" of ideas created through the public process undertaken by the Housing Committee in 2016.

I. State of the Housing Market

CITY OF PORTLAND - HOUSING REPORT 2017 - WWW.PORTLANDMAINE.GOV/HOUSING

a. Population and Demographics

Population and Household Size

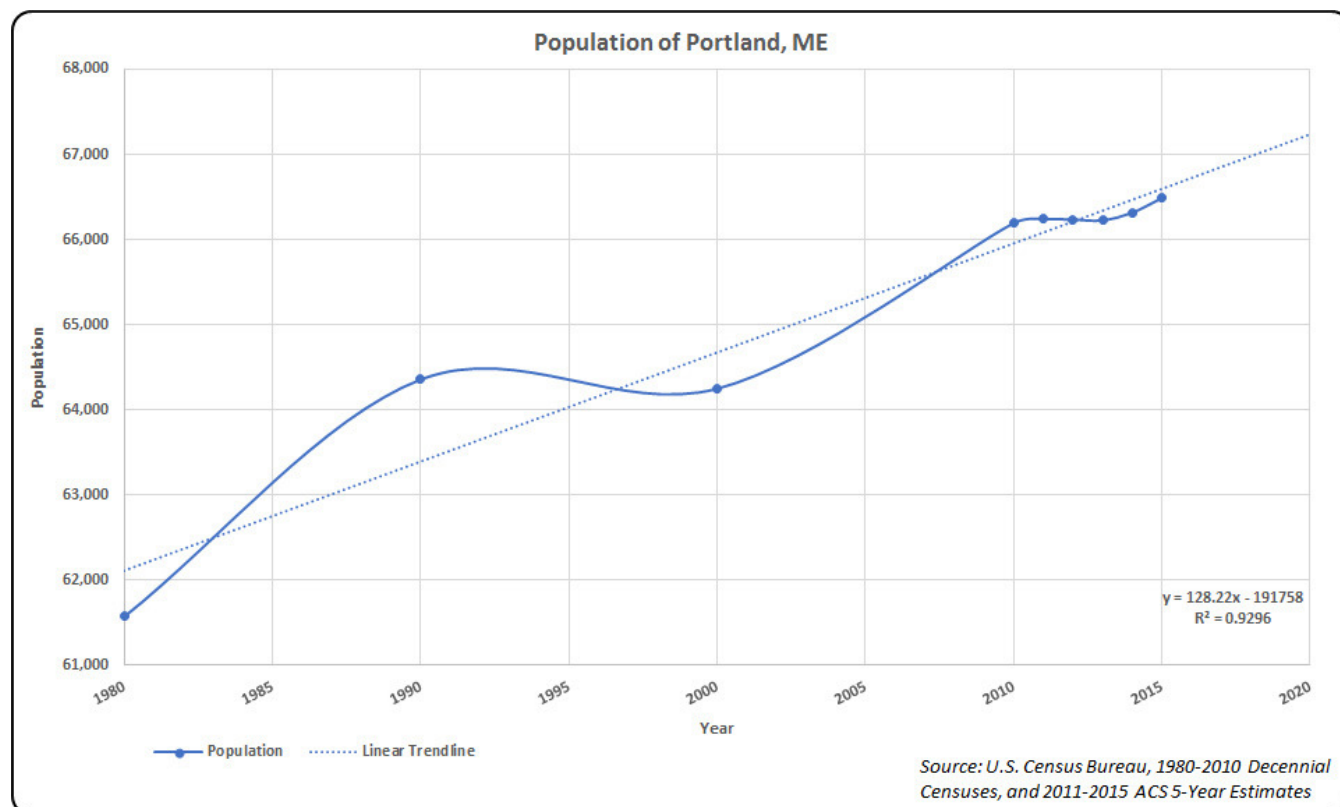
Portland is the largest city in Maine, with a 2010 population of 66,194 and a 2015 estimate by the US Census Bureau of 66,490. Portland observed an unchanged average household size in 2015 (2.14) from the previous year's estimate.

Based on census data estimates after 2010, between 2011-2015 Portland experienced an average increase of 59.2 new residents a year, or roughly a demand of 28 units needed each year based upon the current average household size.

Portland Population over the Years			
Year	Population	Change	Change %
1980	61,572	-	-
1990	64,358	2,786	4.5%
2000	64,249	(109)	-0.2%
2010	66,194	1,945	3.0%
2011*	66,240	46	< 0%
2012*	66,235	(5)	< 0%
2013*	66,227	(8)	< 0%
2014*	66,317	90	0.1%
2015*	66,490	173	0.3%
Snapshots			
Change in Population 1980-2015		4,918	8%
Change in Population 2000-2015		2,241	3.5%
Change in Population 2010-2015		296	0.4%

*Denotes an estimate based on a 5-year ACS Survey

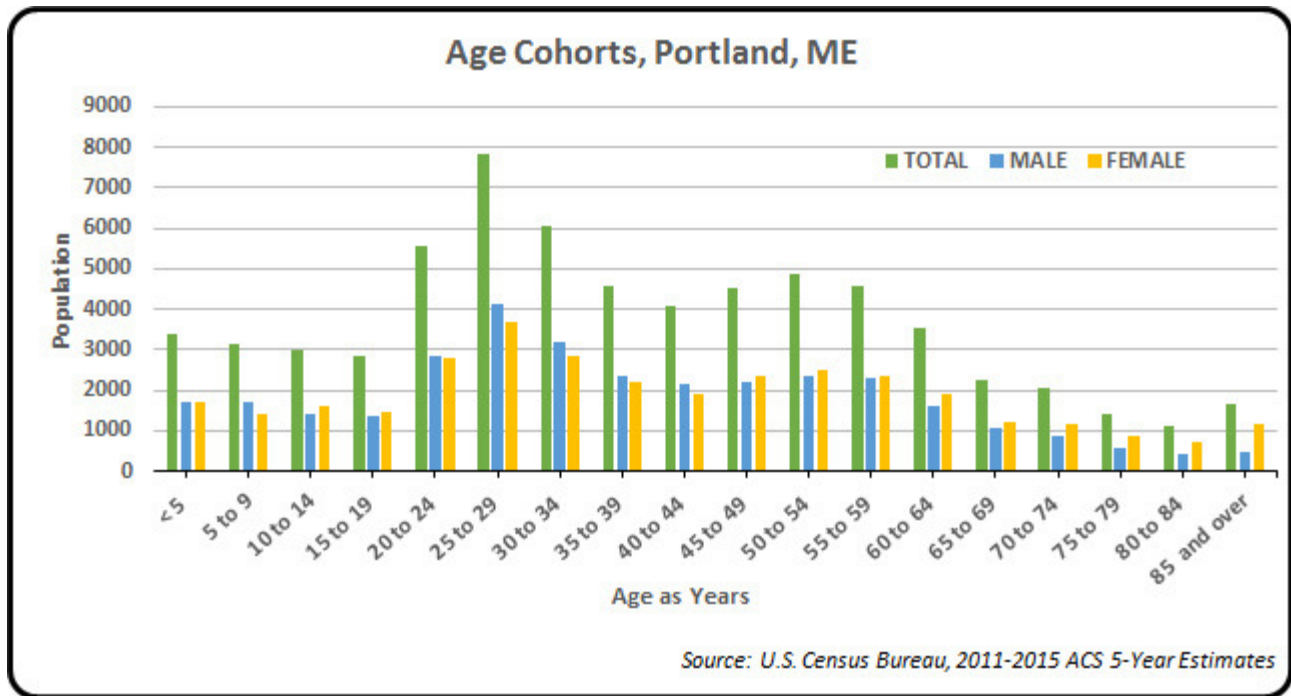
Source: U.S. Census Bureau



I. State of the Housing Market

Age of Population

The largest share of Portland's population is found between ages of 25 to 29, representing 11.8 percent of the population, or 7,846 residents. While generally there are more females than males in Portland, 33,824 to 32,666, respectively, the bulk of the population (between ages 20-59) account for 63 percent of the population and is disproportionately greater with 895 more males than females. Since 2010, U.S. Census estimates show the overall share of people between the ages of 70-74 showed the most dramatic growth of nearly 24 percent, followed by ages between 25-29 with an almost 11 percent increase.



Demographic Highlights (Based on U.S. Census 2011-15 ACS 5 Year Survey Data):

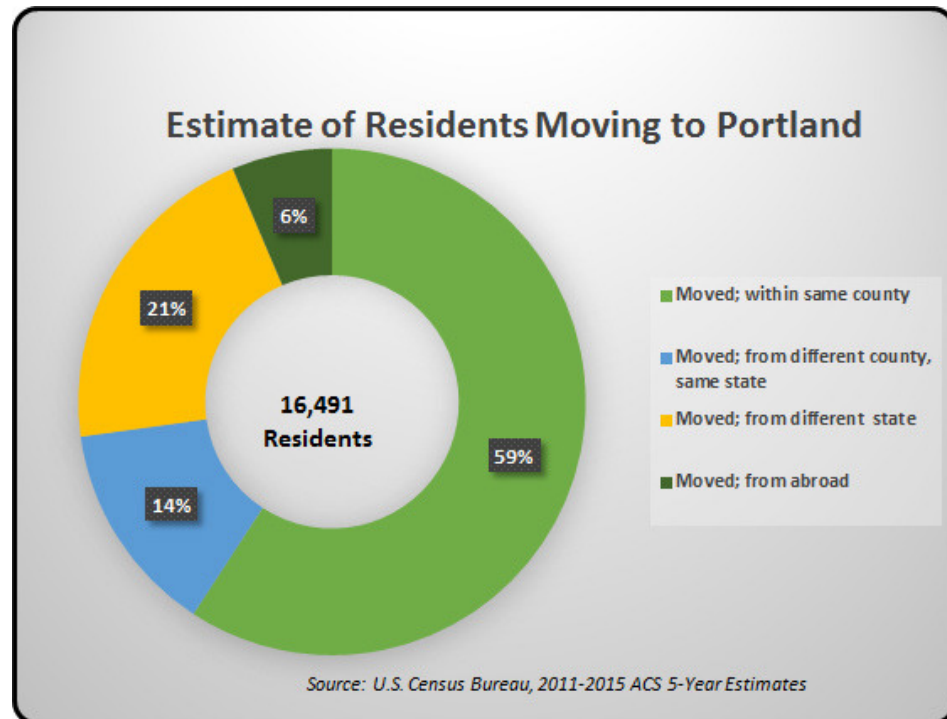
- **Workforce:** According to 2015 estimates, of the 36,318 Portland residents that are 16 years and over who are employed, 60.8 percent work in Portland (with 5.7% of all residents working from home) and 39.2 percent commute outside of Portland.
- In 2015, the Civilian labor force in Portland was roughly 39,309 strong with 6.7 (2,646) unemployed.
- **Poverty:** Based on 2015 Census data, estimates place 19.7 percent (12,807) of Portland's population as being below poverty level.
- Approximately 25.7 percent (2,771) related children of householder under 18 years are below poverty level.
- 12.5 percent (1,016) of seniors over the age of 65 are below the poverty level.
- Roughly 14 percent of family households (1,974) had income below the poverty level.
- **Families:** Of the 30,119 Portland households, about 46 percent are made up of families (13,794) with an average family size of 2.89.
- There are 16,325 nonfamily Portland households with an average household size of 1.43
- There are 5,737 households with a total of 10,544 children
- There are 3,774 children under 6 years of age, and 6,770 between ages 6-17, showing a slight increase in the youngest generation in Portland

I. State of the Housing Market

Geographic Mobility

According to U.S. Census estimates from 2015, roughly 9,736 (14.8%) people moved to Portland from within Cumberland County; 2,237 (3.4%) moved from a different Maine county; 3,421 (5.2%) moved from a different state; and 1,053 (1.6%) moved from abroad [See Table]. This depicts Portland as having an estimated static population of 49,296 people and 16,491 residents moving into Portland in 2015.

- The segment with the greatest number of new residents moving to Portland (36%) was the ages between 25-34, followed by the 18-24 age bracket at 21 percent.
- In 2015, the estimated total of Portland's foreign born population was almost 13 percent, with an almost proportional share (14%) of foreign born residents moving to Portland in 2015.



BEDROOMS	ESTIMATE	PERCENT
Total housing units	33,465	33,465
No bedroom	1,683	5.0%
1 bedroom	7,897	23.6%
2 bedrooms	10,710	32.0%
3 bedrooms	8,771	26.2%
4 bedrooms	3,376	10.1%
5 or more bedrooms	1,028	3.1%

Source: U.S. Census Bureau, 2011-15 ACS 5-Year Estimates

Households

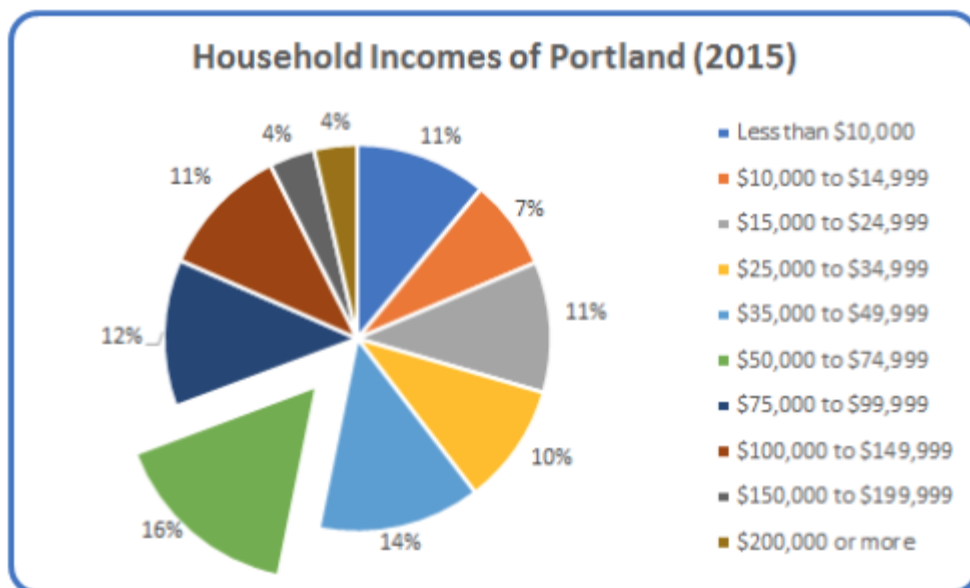
- 43.4 percent of families own their homes and 56.6 percent of families live as renters.
- 27.9 percent of nonfamily households own their homes, and 72.1 percent rent.
- Roughly 82 percent of household that moved to Portland in 2015 rented their housing unit versus 18 percent that lived in owner-occupied housing.
- Based on 2015 U.S. Census estimates, roughly 10 percent of all housing units are in flux, resulting in a 1.1 percent homeowner vacancy rate, and 3.5 percent rental vacancy rate.
- Of the total housing units, 2 or 3 bedrooms are the most common.
- Typically the average household size remains somewhat larger for owner-occupied units (2.35) versus the household size for renters (1.98).

I. State of the Housing Market

b. Existing Conditions and Trends

Income

Based on the U.S. Census estimates, and using 2015 inflation adjusted dollars the median household income of Portland residents in 2015 was \$46,280. Just over half (53%) of Portland households in 2015 were estimated to have incomes between \$35,000 to \$149,999 each year. Around 7.4 percent of households earn more than \$149,000, and 39.6 percent of households are earning \$34,999 or less. Among all households, those earning between \$50,000 to \$74,999 represent the largest share of income levels with just over 16 percent of all income earners, approximately 4,849 residents [See Chart above].



Median Household Income Comparison

As noted in Portland's Comprehensive Plan, "Portland's median household income is considerably less than that of Cumberland County and on par with the State – though slightly less by a few thousand dollars in both 2010 and 2015. Portland's lower household income reflects its status as an urban employment and housing center, home to a range of population groups from the highly affluent to those just starting out in the workforce."

Location	2010	2015	% Change
Portland	\$44,422	\$46,280	4.2%
Cumberland County	\$55,658	\$60,051	7.9%
Maine	\$46,933	\$49,331	5.1%

Sources: (2011-2015 ACS 5 year estimate), (2006-2010 ACS 5 year estimate), Portland's Plan 2030

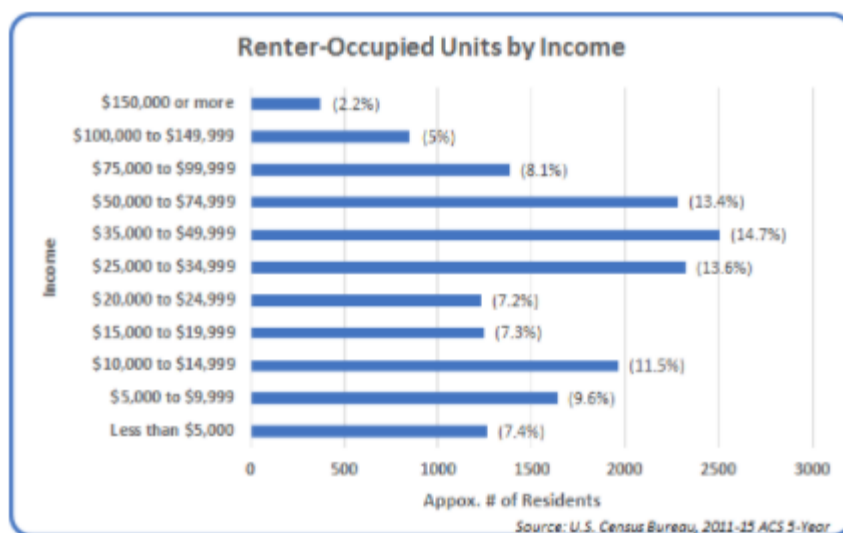
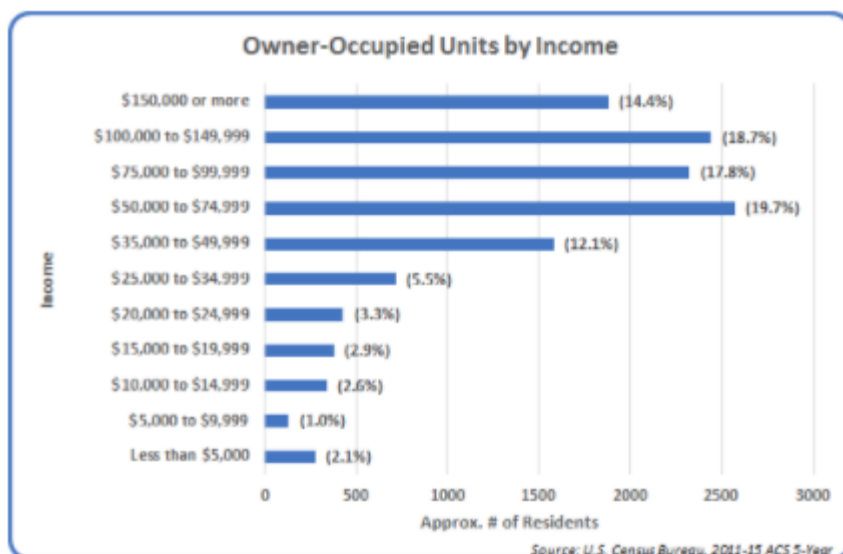
I. State of the Housing Market

Incomes by Housing Type

Based on type of housing unit, the median income of renter-occupied housing was \$29,755, and the median income for owner-occupied housing was \$75,837.

Owner-occupied households earning an income of \$35,000 to \$49,999 are twice as likely to own their housing units than those earning an income of \$25,000 to \$34,000 a year. This comparison generally suggests the feasibility for households to purchase a housing unit will improve once their income reaches around \$35,000. Those that make \$75,000 or more per year, which make up 30 percent of all households, own around 51 percent of the owner-occupied units, and 15 percent of renter occupied units.

Conversely, those that make less than \$25,000 per year, which also make up about 30 percent of all households, own about 12 percent of all owner occupied units, and 43 percent of renter-occupied units.



Interpreting Income Levels

The U.S. Department of Housing and Urban Development (HUD) computes income limits for Portland based on local Area Median Income (AMI). At least 11 HUD programs and 14 other federal programs use some variation of HUD's income limits.

I. State of the Housing Market

2017 INCOME LIMITS- PORTLAND HUD METRO FMR AREA

Household Size	1	2	3	4	5
AMI					
30% (Extremely Low Income)	\$17,300	\$19,750	\$22,200	\$24,650	\$28,780
50% (Very Low Income)	\$28,750	\$32,850	\$36,950	\$41,050	\$44,350
60%	\$34,500	\$39,420	\$44,340	\$49,260	\$53,220
80% (Low Income)	\$46,000	\$52,600	\$59,150	\$65,700	\$71,000
100%	\$58,380	\$66,720	\$75,060	\$83,400	\$90,072
120% (Moderate Income)	\$68,950	\$78,800	\$88,650	\$98,500	\$106,400

Source: U.S. Department of Housing and Urban Development, 2017 Fair Market Rent areas

Household Income Levels

In 2015, Portland had more rental housing units (17,050) than owner-occupied housing units (13,069). Within two person households, 71.3 percent of renters and 53.1 percent of homeowners are identified as low income households. Approximately 43 percent of renters and 29 percent of homeowners are considered to be living in poverty. Portland describes workforce households as those earning less than 100% of the local Area Median Income (AMI) for renter households (\$66,720 for a two person household) and less than 120% AMI (\$78,800 for a two person household) for homeowner households.

Poverty Guidelines 2017-2018

Household Size	Poverty Level
1 person	\$18,090
2 person	\$24,360
3 person	\$30,630
4 person	\$36,900

Source: U.S. Census Bureau (poverty thresholds do not vary geographically. The official definition of income before taxes does not include noncash benefits such as public housing, Medicaid, and food stamps)

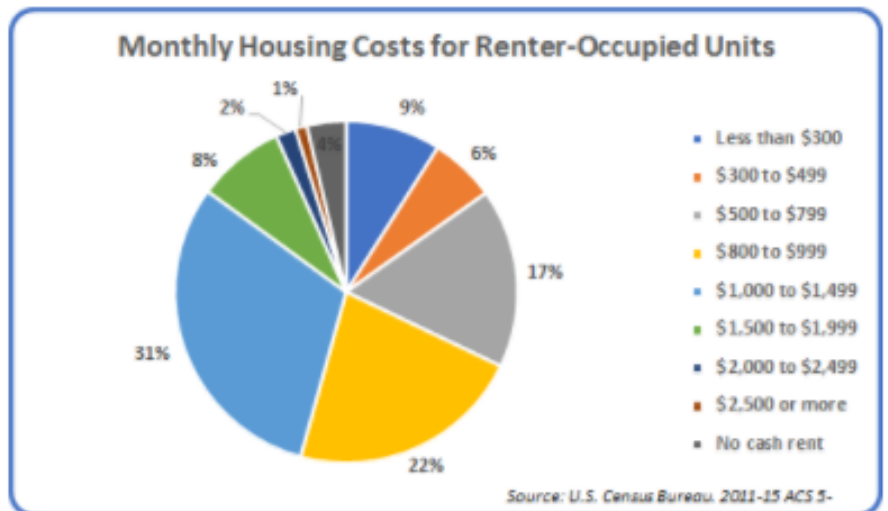
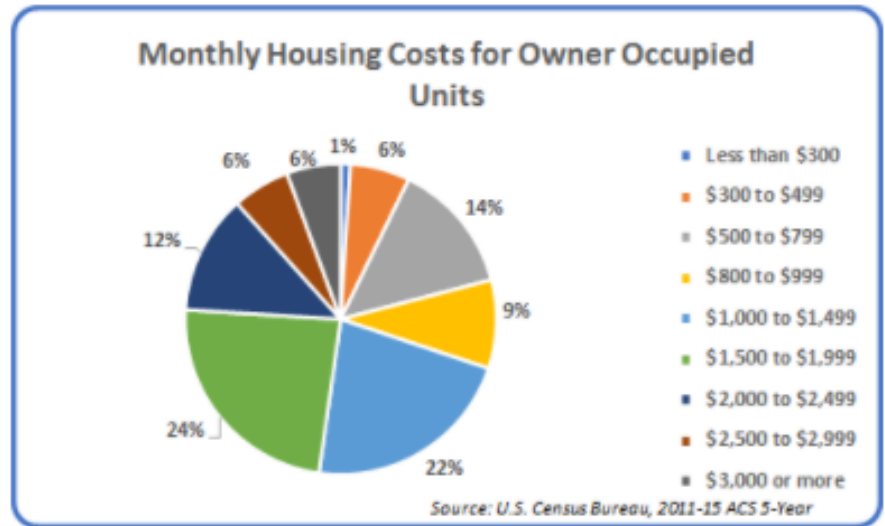
I. State of the Housing Market

Monthly Housing Costs

The median monthly housing cost for households living in owner-occupied units is around \$1,458 and for renter-occupied households the median is \$946 dollars.

Almost half (46%) of all households living in owner-occupied units pay between \$1,000 to \$1,999 dollars a month on monthly housing costs, while more than half (53%) of renters pay between \$800 to \$1,499 on monthly housing costs.

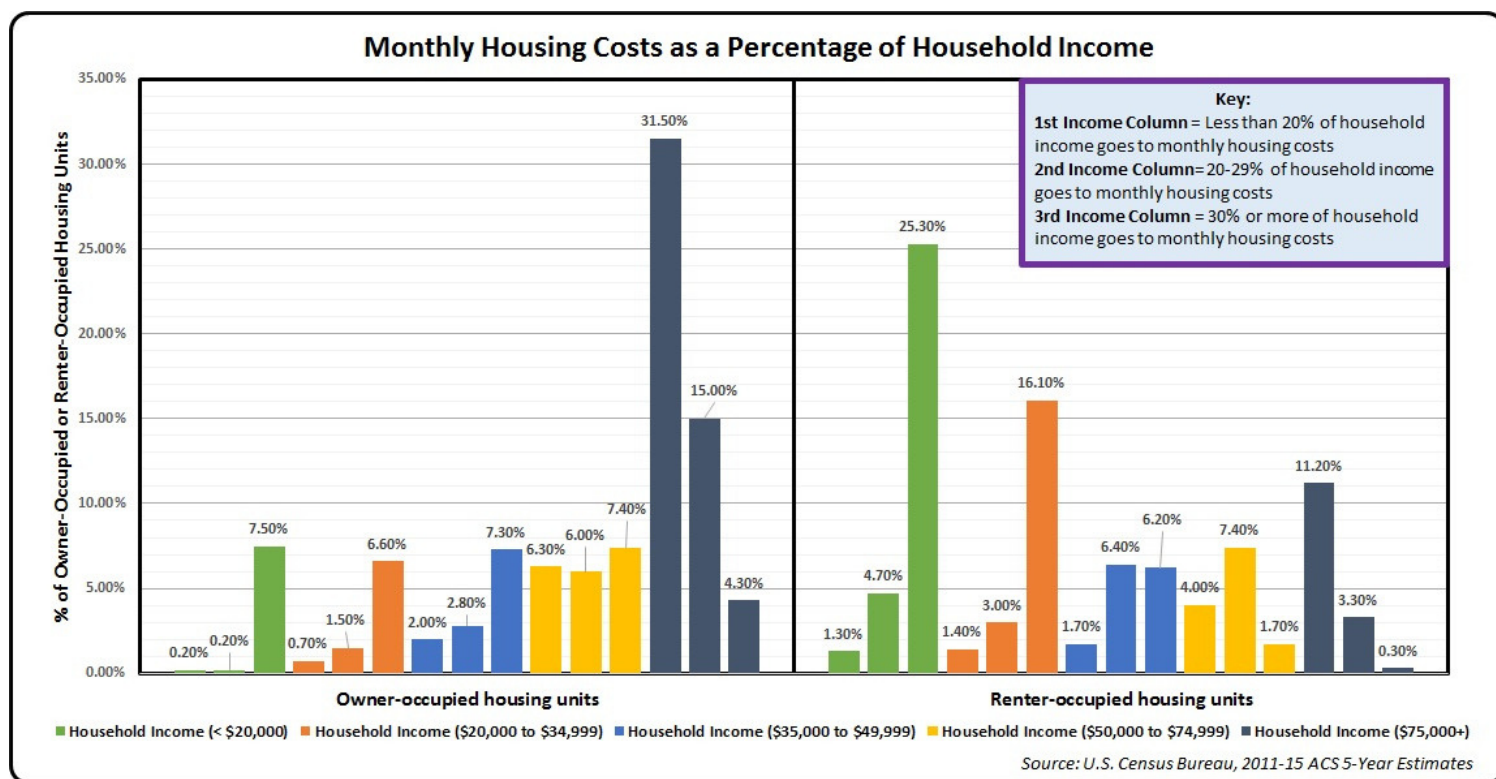
The most commonly found monthly cost for a renter-occupied unit is between \$1,000 to \$1,499, with about 31 percent of households. Households paying less than \$1,000 per month on housing costs for a rented housing unit represent 58 percent of all rental occupied units.



Housing Affordability

Housing affordability means different things to different people depending upon income levels. To be considered affordable, the rent and utilities in an apartment or the monthly mortgage payment (including insurance and taxes) for a homeowner should be less than 30% of a household's gross monthly income, and "a household that pays 30 percent or more of their income on housing costs is considered burdened." The Census Bureau offers data on monthly housing costs as a percentage of income as a lens to show "affordability."

I. State of the Housing Market



- For both owner-occupied and renter-occupied households, as might be expected, higher income earners spend disproportionately less of their income on monthly housing costs than lower income earners.
- The largest share of owner households with an income level of less than \$75,000 pay more than 30 percent of their income towards monthly housing costs.
- Renters making less than \$35,000 make up around 52 percent of all renter occupied units, and represent 41.4 percent of all renter-occupied housing units with monthly housing costs above 30 percent of their income.
- 33.1 percent of all Portland owner-occupied households pay 30 percent or more of their income on monthly housing costs (considered unaffordable) and 49.6 percent of households residing in rental units pay 30 percent or more of their income on monthly housing costs.

Affordability Index

According to MaineHousing, the 2016 median household income in Portland was \$42,829 which means a house, to be considered affordable would need to cost no more than \$143,479. However, the median home price in Portland last year was \$262,250 which would require an annual income of \$80,110 to afford.

- Portland's wage gap means 74% of local households are unable to afford the median home price in the city.
- Of the 976 homes sold in Portland in 2016, only 34 were considered affordable.
- 942 homes were unattainable to buyers making \$42,829 or less. This is an unattainable rate of 96.5%.

For those who desire to rent, MaineHousing reports the average two bedroom apartment (with utilities) in Portland is \$1,052 a month. The income needed to afford the average two bedroom unit is \$42,075. With Portland's median renter household earning \$31,028 a year, the rent affordable to the median household renter is \$776 a month. Portland has 18,070 total renter households. Almost sixty-two percent (11,190) of renter-households cannot afford the average two bedroom apartment for rent in Portland.

I. State of the Housing Market

Housing Stock

Age of Housing Stock

According to the 2015 U.S. Census 5-year ACS estimates, Portland has 33,465 housing units. Almost fifty percent (16,517) of those units were built before 1939; seventy-two percent (24,135) were built before 1970.

Year Structure Built	Number of Housing Units (33,465)	Percentage of Total Units
2010-2014 or later	283	0.85%
2000-2009	1,741	5.20%
1990-1999	1,611	4.80%
1980-1989	3,010	9.00%
1970-1979	2,685	8.00%
1960-1969	2,382	7.10%
1950-1959	3,083	9.20%
1940-1949	2,153	6.40%
1939 or earlier	16,517	49.40%

Source 2011-2015 ACS Survey 5-Year Estimates, Selected Housing Characteristics

Overview of Portland Land Uses

The City of Portland is made up of a wide range of land-use types. The following will provide a snapshot of primarily residential land-uses. The chart below was based off FY17 Assessor's Office data and provides some noteworthy measures such as square footage, and number of living units to offer context on current residential housing stock.

The snapshot will not always take into account unique arrangements such as occupied number of living units, or the number of living units existing within commercial properties, which were excluded to provide a more exact inventory of primarily residential land-uses and units. One of the goals of the 2018 Annual Housing Report is to report on living units being used for housing purposes that exist within commercial properties. Overall, the total of primarily residential square footage represents almost 42 percent of Portland's total square footage at large.

I. State of the Housing Market

Types of Housing Units

As previously outlined, the 2015 U.S. Census 5-year ACS estimates place Portland as having approximately 33,465 housing units. The Assessor's data noted above provides some validation to that estimate. The Assessor's data indicates at least 31,335 housing units exist within primarily residential properties. (Again, this number does not include units found in properties identified as mixed-use or commercial use.)

- Single-family homes represent almost 36 percent of all primarily residential units.
- Two-Family homes and Commercial Condos each represent 11 percent of all primarily residential units.
- Units located in Five to Ten Family buildings represent almost 9 percent of all primarily residential units.
- Units located in 21+ family buildings represent nearly 15 percent of all primarily residential units.

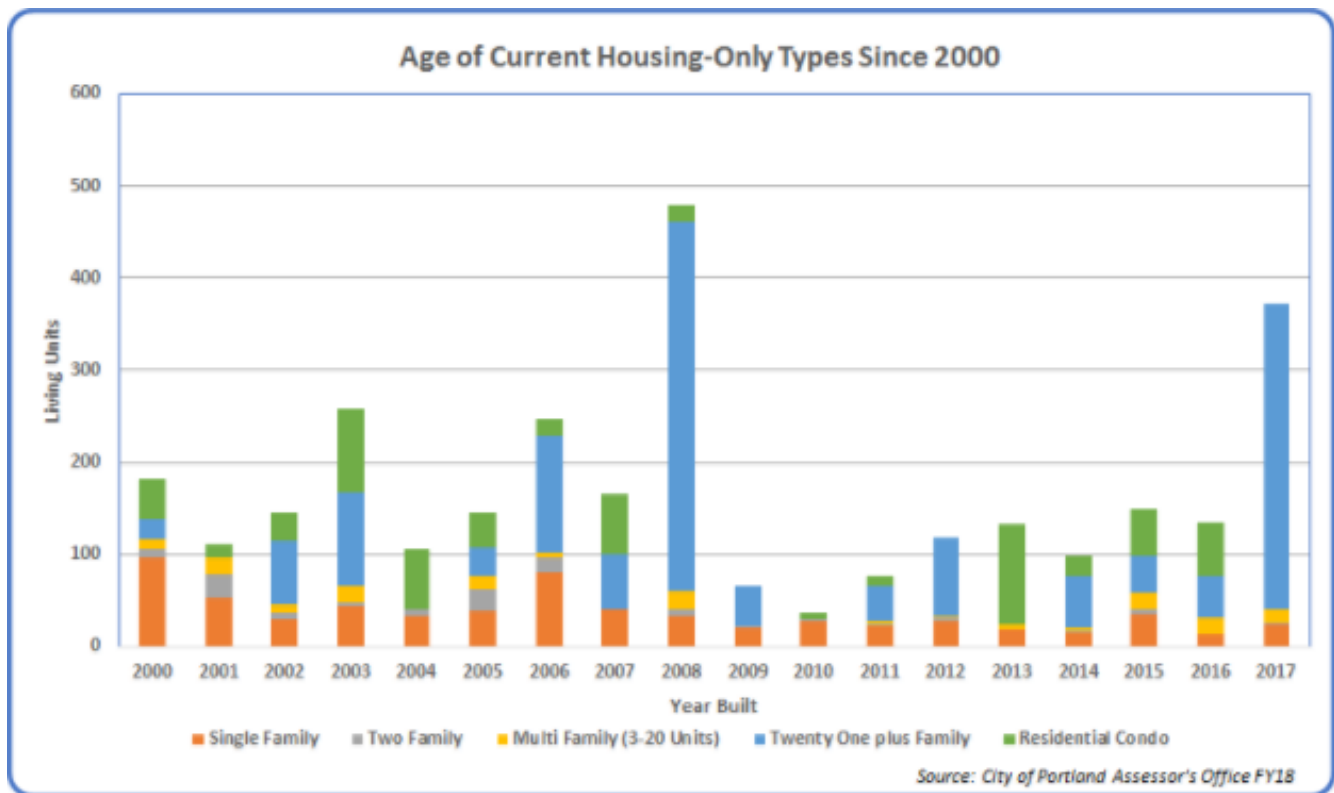
Primarily Residential Land Uses			
LAND USE TYPE	Square Footage	# of Living Units	% of Primarily Residential
Primarily Residential Housing			
Seasonal	728,097	590	1.88%
Single family	18,210,573	11,268	35.96%
Two Family	4,434,638	3,474	11.09%
Rooming Houses	14,420	151	0.48%
Four Family	982,176	1,128	3.60%
Three Family	3,002,958	2,730	8.71%
Residential Condo	4,197,548	3,533	11.27%
Multi use Residential	24,481	27	0.09%
Five to Ten Family	2,886,778	2,678	8.55%
Eleven to Twenty Family	929,219	1,086	3.47%
Twenty One plus Family	2,926,302	4,627	14.77%
Apartment & rooms	19,947	43	0.14%
Primarily Residential Total:	31,594,891	31,335	100.00%

Source: City of Portland Assessor's Office FY17

Trends in Housing Construction

FY17 data from the Assessor's office produced a snapshot of existing housing-only stock (simplified to include the largest primarily residential land-uses: Single Family, Two Family, Multi Family (3-20 Units), Twenty One Plus Family (21 or More Units), and Residential Condos) to show the age, types and shares of Portland's recent housing stock. This data is based on the calendar year each property was built. While this data is not directly tied to building permits issued, the snapshot includes nearly all of residential units built since 2000 and should provide an accurate overview regarding the predominant types of housing built during the past 17 years. The below chart represents roughly 10 percent of these housing types with 3,073 units, revealing that 90 percent (27,602 units) were built prior than 2000.

I. State of the Housing Market



On average, since 2000, 36 single-family homes and just under 36 residential condominium units have been built each year. The most noticeable jump in number of units occurred in large scale projects with over 20 units.

In 2008, the construction of 132 Marginal Way produced 400 units of the 480 total units built that year. In 2017, 333 units were produced through larger scale development such as the senior housing project at 802 Ocean Ave which created 150 units, and 101 York Street which created 63 units.

The number of units produced in 2017 as a result of larger housing developments (21 or More Unit Projects) is more than double the number of all units built in 2016. Overall, based on the age of current housing stock, larger housing developments represent almost half of all units produced since 2000.

Vacancy Rate

In 2015, the U.S. Census ACS survey estimated that there were 33,465 total housing units in Portland, with 30,119 occupied and 3,346 as vacant. This equates to a home owner vacancy rate of 1.1 percent and slightly higher renter vacancy rate of 3.5 percent.

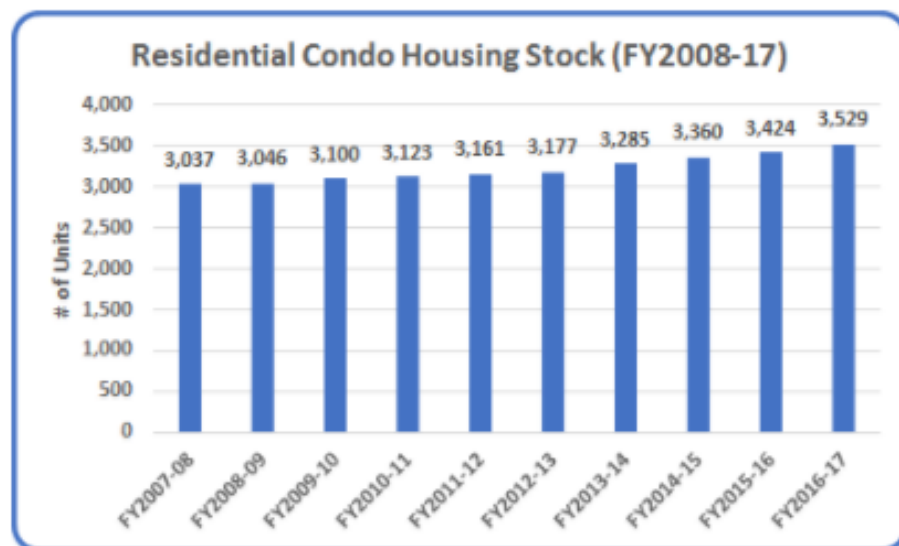
I. State of the Housing Market

Condominiums in Portland

Based on the City of Portland Assessor's Office data there are currently 3,533 living units listed as a residential condominium. Similar to apartments, residential condominium units can either be located at residential condominium properties or also found in commercial buildings which make up a broad range of structure types that are not traditionally realized as possessing "condos" (i.e. condos can be located over or beside an office or retail space). In addition, buildings listed as commercial condominiums may possess units capable of becoming residential, but may not have any residential units present. Again, a goal of the 2018 report is to research further into the extent of Portland's mixed-use/commercial housing stock, and presence of residential units in commercial buildings. This section reports on all known condo units that are registered for a residential purpose.

When observing condominium median sales price since 2013, only sale price data that directly corresponded to single living unit condominium properties was considered to avoid averaging sale price of multi-unit condominium properties. The results were as follows:

- Based on sales data through the Assessor's Office, about 1,511 single unit residential condos sold between 2013 to present day, with a median sale price of: \$249,000



Comparing the median sale price (between 2013-2017) of a residential single unit condo (\$249,000) and the most recent measure from the Census Bureau's 2015 5-Year Estimates (\$239,400), there is approximately \$10,000 dollar difference in the valuation of a residential condo unit than an estimated median price of a single-family home.

Trends in Condominium Housing Stock

Between FY 2008 to FY 2017 Portland observed a 16 percent (492 units) increase in residential condominiums.

Among those, 43 new residential units (9%) were a result of condominium conversion from another residential land use. The steady increase in residential condominiums shows an average increase of about 55 new units brought to the market each year, with around 4 of those units being converted from another residential property.

I. State of the Housing Market

Multi-Family Rentals in Portland

The annual Southern Maine Multi-Family Report by the Vitalius Real Estate Group provides monthly rental costs and predictions on the sale of commercial multi-family unit within Portland.

According to their 2016 report “new rental units (are forecasted to) be absorbed (into the market) but at a modest pace. As the new rental units attract the top tier tenants, “average” Portland units (may) feel a flattening in rents (even a decrease?) and a slight drop in tenant” income levels.

Residential Condo Stock and Shares of Converted Units (FY2008-2017)

Fiscal Year (FY)	(# of Condo Units Converted)	Share of Converted Units	# of All Residential Condo Units	# Change	% Change
2008	3	-	3037	-	-
2009	8	88.89%	3046	9	0.3%
2010	3	5.56%	3100	54	1.8%
2011	4	17.39%	3123	23	0.7%
2012	3	7.89%	3161	38	1.2%
2013	4	25.00%	3177	16	0.5%
2014	6	5.56%	3285	108	3.4%
2015	0	0.00%	3360	75	2.3%
2016	4	6.25%	3424	64	1.9%
2017	8	7.62%	3529	105	3.1%
10 Year Change	43	8.74%	-	492	16.2%

Source: City of Portland, Assessor's Office

Average Monthly Rent for mid-grade, heated units in Portland

	2015	2016
Studio	\$850	\$850
1 Bd	\$1,100	\$950 - \$1,100
2 Bd	\$1,300	\$1,250 - \$1,300
3 Bd	\$1,550	\$1,500 - \$1,700

Source: Multi-Family Forecast for Southern Maine. 2017 MEREDA Real Estate Forecast by Vitalius Real Estate Group. (the MEREDA data is market rate rents for units available to lease).

I. State of the Housing Market

Monthly Median Rent by Neighborhood

Zillow Real Estate Network produces housing data and research on the median (midpoint) rent of a consistent stock of inventory (as opposed to tracking only available units for rent at any particular time) to create a database broken down by neighborhood for large metropolitan areas.

In July of this year, Zillow's year over year tracking for Portland of the percentage change in monthly rental costs found the greatest percent increase in the neighborhoods of East Bayside (+22.5%), East End (+15.2%) and, Oakdale (13.2%).

The Downtown neighborhood showed an annual decrease in rental costs of -4.2%.

Neighborhood	Rents	Annual change
East End	\$2,234	15.20%
Stroudwater	\$2,226	1.00%
East Bayside	\$2,187	22.50%
West End	\$2,011	8.20%
West Bayside	\$2,007	8.30%
Oakdale	\$2,002	13.20%
Rosemont	\$1,967	5.00%
Deering Center	\$1,957	7.40%
North Deering	\$1,892	4.90%
Libbytown	\$1,854	7.90%
Downtown	\$1,853	-4.20%
Ocean Avenue	\$1,829	3.00%
East Deering	\$1,816	6.60%
Valley Street	\$1,808	7.90%
Nasons Corner	\$1,798	5.90%
Riverton	\$1,742	8.10%
Parkside	\$1,619	1.40%

Source: Zillow Market Overview: Rentals, Portland Metro July 2017

I. State of the Housing Market

Fair Market Rents

Fair Market Rents (FMR) are established by HUD to determined standard amounts for their voucher and housing assistance programs, and to serve as a rent ceiling in the HOME Program.

HUD's 2017 Fair Market Rent for the Portland metropolitan statistical FMR area are gross rent estimates based on the results of a local rent survey. The estimates include rent, all tenant-paid utilities (excluding telephone, cable, and internet services) and heat. According to their webpage, HUD sets FMRs "to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible."

FY 2017 Fair Market Rents by Bedroom Size for Portland

Efficiency	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom
\$911	\$1,028	\$1,301	\$1,755	\$1,906

Source: U.S. Department of Housing and Urban Development

Median Sales Price for a Single-Family Home in Portland

According to Maine Home Connection's Portland Maine Market Report Home Sales Statistics & Results - 2017:

"Portland is the largest real estate market in Maine, for both single family homes and condos. The overall market has been strong for several years and in 2016 a record 629 single family homes were sold. This represented a 5.5% increase over 2015.

The median selling price of \$262,000 increased 4.9%, consistent with the results for all of Maine and represented the highest price ever recorded in in Portland. 2016 was also the sixth consecutive year of increasing median selling prices."

The median sale price for 2017 is currently a record high \$289,450 from the sale of 114 units through August.

I. State of the Housing Market

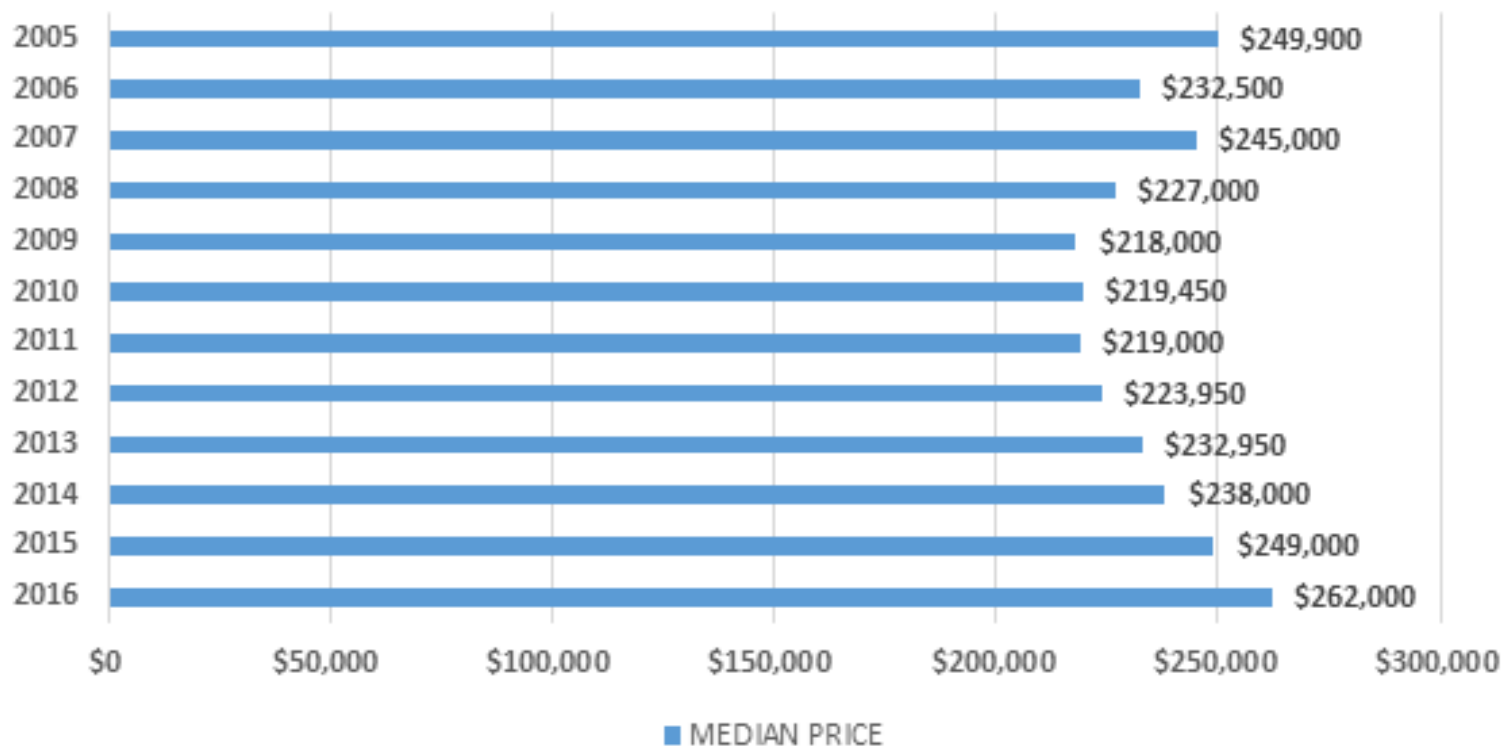
Median Sales Price for a Single-Family Home in Portland

According to the U.S. Census Bureau's 2011 - 2015 ACS 5 year estimates, the median value of an owner occupied unit (single-family home) was \$239,400.

Almost 72 percent of Portland homeowners living in their residence have a mortgage, and the median monthly cost is roughly \$1,722 dollars.

The median monthly costs for owner-occupied units without a mortgage is around \$681 dollars

MEDIAN SALE PRICE OF SINGLE FAMILY HOMES FOR SALE



Source: www.mainehomeconnection.com Maine Real Estate Information System (MREIS)

II. Portland's Housing Initiatives

CITY OF PORTLAND - HOUSING REPORT 2017 - WWW.PORTLANDMAINE.GOV/HOUSING

a. Housing Development

Since the adoption of the 2002 Housing Plan, the City has shown an ongoing commitment to housing production, using several programs and sources. The recently adopted Comprehensive Plan endorses these approaches and recommends keeping them, along with looking at some additional ones.

To meet the City's commitment, Portland has invested almost \$14 million dollars that leveraged the creation of 24 units of homeownership housing and 927 units of rental housing. 798 of the rental units are affordable to households at or below 60% of the area median income.

Subsidized Housing Development in Portland Since 2000								
No.	Owner/Project	Units	HOME (\$)	HDF (\$)	CDBG (\$)	HTF (\$)	TIF (\$)	NSP (\$)
1	Motherhouse	88	627,223	-	-	-	-	-
2	Adams School*	16	-	-	-	-	-	1,710,000
3	Rosa True School	10	118,500	-	-	-	-	-
4	53 Danforth	43	325,000	-	-	-	-	-
5	Bayside Anchor	45	500,000	-	-	-	-	-
6	134 Washington Ave	18	522,448	-	-	-	207,116	-
7	17 Carleton	37	-	-	-	-	726,000	-
8	409 Cumberland	57	500,000	-	-	-	759,392	-
9	65 Munjoy*	8	-	-	-	175,000	-	-
10	Florence House	25	240,000	-	-	-	-	-
11	Fore River	20	388,474	-	-	-	-	-
12	IRIS Park Apartments	31	-	250,000	-	-	-	-
13	Logan Place	30	435,000	-	-	-	-	-
14	Oak Street	37	-	-	-	380,585	-	-
15	Pearl Place - Phase I	60	427,000	-	-	-	615,502	-
16	Pearl Place - Phase II	54	400,000	-	-	-	-	-
17	Unity Village	33	86,500	-	363,863	-	-	-
18	Bayside East	20	250,000	-	-	-	-	-
19	Elm Terrace	38	403,795	-	-	-	-	-
20	Shalom House	10	93,000	-	-	-	-	-
21	Island View Apartments	70	71,015	192,639	136,346	-	-	-
22	Peaks Island Senior Housing	12	150,000	-	-	-	-	-
23	Peninsula Community II LP	16	307,700	-	-	-	-	-
24	Peninsula Community III LP	10	200,000	-	-	-	-	-
25	Peninsula Community LP	12	300,000	-	-	-	-	-
26	St. Doms Family Housing	12	-	436,500	-	-	-	-
27	Valley Street	24	320,000	-	-	-	-	-
28	Walker Terrace	40	382,000	220,000	-	-	-	-
29	Wellesley Estates	45	-	256,000	-	-	-	-
30	Yale Court	30	150,000	200,000	-	-	-	-
		Units	HOME	HDF	CDBG	HTF	TIF	NSF
	Total	951	7,197,655	1,555,139	500,209	555,585	2,308,010	1,710,000
	Total City Investment	13,826,598		As of 9-19-2017				
	Avg. City Contribution/Unit	14,539.01		* = Homeownership				

Source: Portland Housing & Community Development Division, last updated 9-19-2017

b. Initiatives and Implementation Tools

In 2002, Portland adopted Housing: Sustaining Portland's Future, which established policy goals to ensure an adequate supply of housing to meet the needs, preferences, and financial capabilities of all Portland households. It remains a valuable policy document, but since its adoption Portland has actively undertaken additional initiatives to address the City's changing housing needs, including the 2015 Portland 2030 Workforce Housing Demand study, and the current policy deliberations of the Council's Housing Committee. Though being responsive to housing needs is a continual process, the city has a suite of current policies and tools focused on housing affordability, as well as policies broadly intended to increase overall supply and diversity of the housing stock.

Portland's comprehensive plan, Portland 2030, summarized recent and ongoing initiatives in the Housing Snapshot section. The following information is from that report supplemented with charts, graphs, and additional narrative.

II. Portland's Housing Initiatives

Inclusionary Zoning - Ensuring Workforce Housing

In October 2015, the City Council approved amendments to the City's zoning ordinance to mandate inclusionary zoning within all residential development projects of ten or more units. Qualifying projects are required to make available a minimum of 10% of their units as workforce housing to eligible households.

Developers also have the option of building the units off-site within the same census block or paying a fee-in lieu towards the City's Housing Trust Fund. As HUD only funds the creation of low-income housing, and although funding has decreased significantly, mission driven developers continue to propose new low-income housing units within Portland.

Funding aimed exclusively towards the creation of workforce housing does not exist. The introduction of Inclusionary Zoning however ensures critically needed workforce housing is built or funded for development at a later date.

Outcome:

Since the adoption of Inclusionary Zoning, 11 qualifying residential or mixed-use projects proposed by private developers have been approved by the Planning Board as of October, 2017.

From those eleven projects, 14 units of workforce housing are proposed. Five out of eleven developers chose to pay the fee in-lieu into the City's Housing Trust Fund for a total of \$1,266,250 (the actual funds will be deposited when the certificate of occupancy is requested).

Looking forward, the development project at 58 Fore Street proposes 630 units of residential development.

Ten percent or sixty-three units may be designated workforce housing, a fee-in-lieu of approximately \$6,457,500 may go into the Housing Trust Fund, or a mix of workforce units and a fee-in-lieu may be paid depending upon how the developer wishes to comply with Portland's Inclusionary Zoning Ordinance.

Eight new projects are currently under site plan review or are expected to file an application with the City's Planning Division.

II. Portland's Housing Initiatives



169 Newbury Street



62 India Street



443 Congress Street

Inclusionary Zoning Development Projects: December 2015 - September 2017

Address	Status	# of Units	Type	Workforce Units	Fee-in-lieu
169 Newbury St	Under Construction	26	Condo	2	\$0
62 India Street	Under Construction	29	Condo	0	\$290,000
443 Congress St	Under Construction	28	Apt	4	\$0
70 Anderson St	Approved (2016)	10	Town House	1	\$0
75 Chestnut St	Approved (2016)	54	Apt	5	\$0
20 Thames St	Approved (2017)	28	Condo	0	\$280,000
161 York St	Approved (2017)	11	Condo	0	\$110,000
221 Congress St	Approved (2017)	17	Condo	0	\$170,000
153-165 Sheridan St	Approved (2017)	19	Condo	1	\$0
1 Joy Place	Approved (2017)	12	Condo	1	\$0
218-220 Washington	Approved (2017)	45	Condo	0	\$416,250
22 Hope Ave Subdivision	Under Review	16	SF Home	1	\$0
383 Commercial St	Under Review	82	Condo	9	TBD
1700 Westbrook St	Under Review	123	Mix	12	\$0
58 Fore St	Expected Application	630	Mix	TBD	TBD
21 Quebec St	Expected Application	20	TBD	TBD	TBD
56 Hampshire St	Expected Application	28	Condo	TBD	TBD
208 Fore St	Expected Application	36	Condo	TBD	TBD
34 W Presumpscot St	Expected Application	100	Apt	TBD	TBD

Source: Portland Planning Division (October 2017)

II. Portland's Housing Initiatives

R-3 and R-5 - Accessory Dwelling Unit Amendment (ADU)

In April of 2014, the City Council passed an order allowing existing structures within the R-3 and R-5 zones to be converted to ADUs without meeting front, side, or rear yard setbacks. The intent of the order was to allow for the creation of additional housing in a context sensitive manner by limiting the development of ADUs to within existing structures.

Outcome:

Five homeowners have entered into an Affordable Housing Agreement with the City establishing five low-income rental units. These units may not be sold as condominium units, and must remain affordable to eligible households for the life of the unit.

IR-1 and IR-2 Accessory Dwelling Unit Amendments (ADU) for Peaks Island

On September 29, 2015, the Planning Board approved amendments to the IR-1 and IR-2 zones allowing for revisions to the language regulating accessory dwelling units (ADUs) on Peaks Island. The revisions called for allowing ADUs on undersized lots within or as additions to existing dwellings provided certain conditions are met. These units would only be allowed if they are rented year round to households earning no more than 100% AMI. The intent was to provide affordable year round housing to Peak Island residents who face pressure from seasonal rental markets.

Amendments to Zoning for Greater Density

Since 2014, Portland has made revisions to its zoning ordinance to allow for greater residential densities in numerous zones to encourage the development of additional low income and workforce housing units. The city amended the B-1, B-2, B-6 and R-6 zones, expanded the applicability of an existing 25% density bonus, and increased allowable heights in some sections of downtown. These zones are areas best aligned to access transit along and adjacent to primary transit routes.

Outcome:

Since the zones were amended, approximately 65 units of new housing have been permitted or built in the B-1 and B-1 zones, 25 units of new housing in the B-2 zone, and 120 units of new housing in the R-6 zone.

R-6A

The City Council passed an order in October of 2014 creating a new R-6A zone. The purpose of the zone is to encourage neighborhood livability with higher density multi-family housing on large parcels located off the peninsula.

Outcome:

Approximately 150 units of new senior housing have been permitted or built in the R-6A zone.

II. Portland's Housing Initiatives

Amendments to the R-7 Zone

In May of 2014, the City Council passed an order amending the zoning map in the vicinity of Boyd, Oxford, and Mayo Streets in East Bayside from R-6 to R-7 to allow for greater density to allow for future housing development.

Outcome:

These changes allowed 45 units of new housing as part of the Bayside Anchor Project. 36 units are designated as very-low and low-income affordable for households earning less than 60% AMI.

Amendments to the Downtown Height Overlay District

The City recently adopted map amendments in portions of the Downtown Height Overlay District that expanded the maximum allowable height from 45' to 65' for residential development. The amendment focused on underutilized land between Danforth, York, and High Streets.

Outcome:

One project created a total of 139 new market rate units.

India Street Form Based Code

The rezoning of India Street to a form-based code is intended to regulate development through emphasizing the relationship between buildings, streets, open space, walkability, and urban uses. By implementing this new zoning method the city hopes to create a more predictable development environment for the private sector and the public alike.

Outcome:

Approximately 100 units of new housing has been created since rezoning India Street.

B-1, B-1B, B-2, B-2B, B-3, B-3B, B-3C, B-4, B-5, R-7, R-P Zone Amendments

On September 6 of this year, the City Council passed an order amending the zoning ordinance to encourage the creation of low and workforce-income units in designated growth areas through the use of density bonuses, building height increases, and setback reductions. At the same time, density bonuses in most residential zones were scaled back to address the idea that new growth should focus on key corridors and nodes.

Outcome:

Changes to the B-2 zone to allow additional housing density has resulted in 25 units of new housing.

II. Portland's Housing Initiatives

Planned Residential Unit Developments (PRUD) in the R-3 and R-5 Zones

For Planned Residential Unit Developments in the R-3 and R-5 zone, the City Council, on September 6 of this year, passed an order allowing a density bonus of 2 times the base density, and decreased setback for housing development in which more than 50% of the units in the Planned Residential Unit Development are designated as low-income or workforce housing units for rent or for sale.

Reduced Parking Requirements & Fee-in-Lieu Option

The cost of providing parking in new residential development projects can often be substantial (approximately \$25,000 per space for structured parking) and encourages inefficient land use patterns. The city has reduced some parking requirements to help decrease parking-related costs and incentivize residential development. Developers in some zones have the option of paying a fee-in-lieu to meet their project's parking requirements. Fee-in-lieu payments go to the Sustainable Transportation Fund.

Outcome:

Nine projects, including six devoted to the creation of low-income housing have been permitted under the reduced parking requirements. One project, also aimed at low-income housing chose to pay a fee-in-lieu.

Amendments to the Housing Replacement Ordinance

The city's land use ordinance contains a housing replacement requirement intended to limit the loss of housing stock and, in cases where housing is lost, promote and facilitate the development of new housing supply. The ordinance requires the payment of a fee per unit for any net loss of housing as a result of demolition of an existing residential property or conversion of residential space to another use. The fees received by the City are contributed to the Housing Trust Fund.

Outcome:

Of the \$1,056,830 deposited into the Housing Trust Fund (HTF), \$630,585 has been expended to leverage the creation of 37 units of low-income housing, 8 workforce housing units, and 34 Housing First units.

Reduced Fees for Developing Affordable Housing

The city recently adopted amendments to the land use code to reduce fees associated with the development of eligible affordable residential real estate projects by 5 to 25%.

Outcome:

5 development projects creating a total of 129 very-low and low-income housing units were permitted with reduced development fees.

II. Portland's Housing Initiatives

Priority Review

To the extent possible, the Planning Division offers expedited reviews for projects including low-income or workforce housing units. The Planning Board makes its best effort to hear, review, conditionally approve or deny within one workshop and one public hearing any proposed plans or applications for eligible housing projects containing some low-income or workforce units.

Transportation Improvements to Allow for Greater Density

The Planning and Urban Development Department, in cooperation with the Department of Public Works, has been working on improvements to the city's transportation infrastructure both on- and off peninsula in part to better accommodate greater housing density.

Examples include the work to redesign Franklin Street and the Forest Avenue corridor to allow for additional development and multi-modal transportation.

Short Term Rental Amendments

Portland approved an ordinance in April 2017 that requires Short Term Rental (STR) units to be registered with the city effective January 1, 2018, and placed a rental cap of 300 non-owner occupied units on the mainland. The purpose of the Ordinance is to protect Portland's long-term rental units from leaving the local market to host short-term guests, and to ensure the safety of each unit. The City adopted a registration fee to pay the cost of inspections. Funds not spent towards program administration will be deposited into the Housing Trust Fund for the creation of affordable housing. Portland began the registration process for short term rentals on October 16. Registration will be open for 45 days.

Rental Housing Registration

The Housing Safety Office administers a rental housing registration and inspection program for residential rental properties in the City of Portland. All property owners are required to register residential rented apartment units, rented houses, rented rooms, or rented beds with the City's Housing Safety Office beginning January 1, 2016 or within thirty (30) days of renting a property. The annual registration fee of \$35.00 per dwelling unit/room/bed less any discounts is due at the time of registration and on January 1 of each year. The registration fee pays for the cost of a citywide rental inspection program. Owners occupying a unit on their own property are not required to register the unit they occupy, but must register the units that are rented.

Outcome: 18,390*(a number of unnecessary registrations were refunded) units were registered in 2016 and 15,675 units were registered as of May 2017.

II. Portland's Housing Initiatives

Housing Safety

To assure safer rental housing across the city through a regular, ongoing program of fire and building safety inspections, Portland's Housing Safety Office administers the rental housing registration and inspection program. All property owners are required to annually register rented apartment units, rented houses, rented rooms, or rented beds with the Housing Safety Office.

In 2015, Portland established a task force to review its fire inspections programs. The traditional focus had been on three-unit and above structures (as well as schools, fire permits, and commercial buildings), but following the tragic Noyes Street fire, the focus of residential inspections is now one and two-unit properties.

Eventually, with the introduction of the Short Term Rental program, these dwelling units will also require on-site inspections. Registration and renewal fee discounts encourage property owners to add sprinkler systems; centrally-monitored fire alarms; and prohibit smoking. The enforcement of the Short Term Rental ordinance becomes effective January 1, 2018.

Outcome:

- (1) The Housing Safety Office completed 972 two-family and 238 one-family dwellings as well as 87 condominiums, and 86 dwellings categorized as "other" for a total of 1,383 properties have been inspected from May 2016 through May 2017.
- (2) The Fire Department completed 1,871 inspections in 2015 (beginning May 2015), 3,060 in 2016 and 1,422 through July 2017. These inspections included residential apartments(3+ units), schools, fire permits, complaints, hazmat and public education.

III. Resources

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To expand economically, a community requires quality housing for its workforce.

Given extremely low vacancies and escalating rental rates, the development of new housing in Portland has proven essential.

In 2000 the City of Portland began expanding the use of its HUD HOME and CDBG resources to finance the development of new affordable rental housing.



Pearl Place's 2017 Annual Summer BBQ festivities ~ City of Portland Staff Photo

a. Federal Resources

The U.S. Department of Housing and Urban Development's (HUD) mission is to "create strong, sustainable, inclusive communities and quality affordable homes for all."

To fund this mission, HUD allocates money directly to states and local governments for community planning and development projects through:

- HOME Investment Partnerships Program (HOME)
- Community Development Block Grants (CDBG)
- Emergency Solutions Grants Program (ESG)
- Housing Development Fund (HDF)
- Neighborhood Stabilization Program - no longer available
- Lead Hazard Control Grant
- Brownfield Economic Development Initiative

III. Resources

HOME Investment Partnerships Program (HOME)

HOME funds are used to assist with building, buying, and/or rehabilitating housing for rent or homeownership as well as providing direct short-term rental assistance and security deposits to low income families through the Tenant Based Rental Assistance Voucher Program (TBRA).

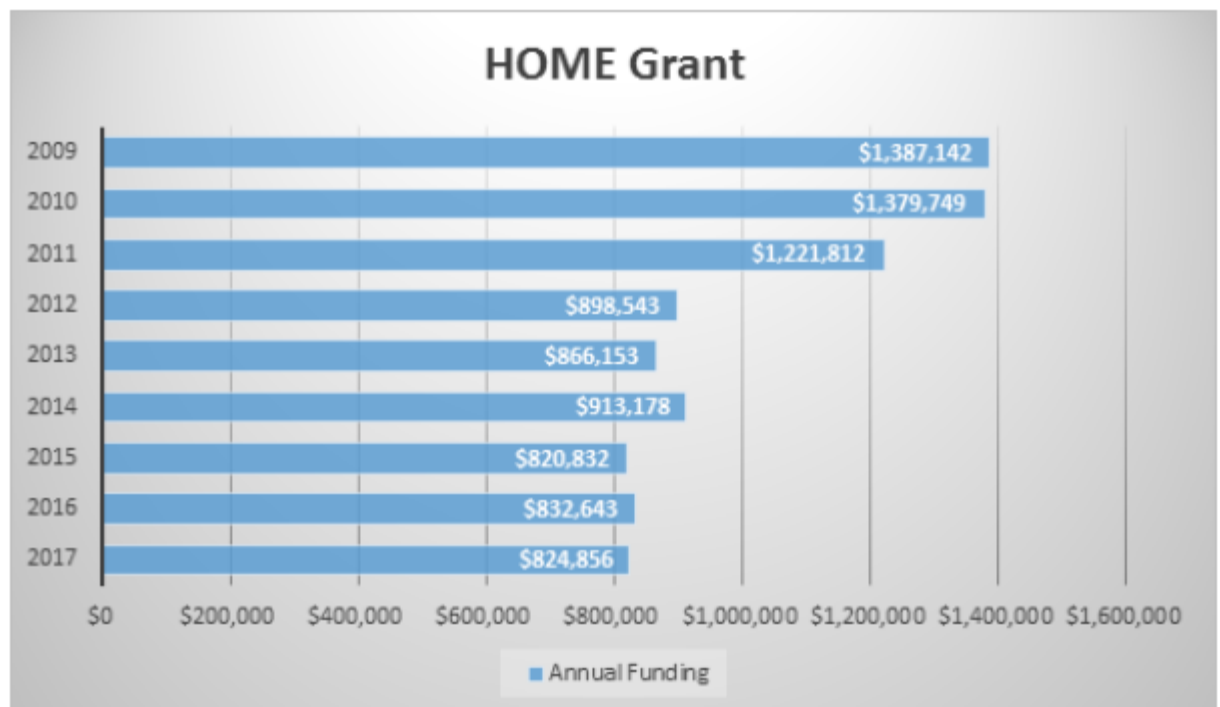
HOME provides rental assistance to low-income households at or below 60% AMI, and homeownership assistance to low-income households at or below 80% AMI.

HOME has been the largest funding source for the City helping to develop approximately 813 units of low-income housing through the allocation of approximately \$7.1 million in funds since 2000.

Federal funding from HUD for the HOME program varies year to year, but the overall trend from 2009 to 2017 has been a decline in assistance of \$562,286.

Portland received \$824,856 in HOME funding for fiscal year 2017 – 2018, a decline of \$7,787 from the previous year.

- As of July 2017, \$618,937 in funding from HOME grants has assisted 595 households as part of the TBRA program since fiscal year 2014.
- 84 housing units utilizing \$1,476,491 in HOME funding were rehabilitated from fiscal year 2009 to July 2017.



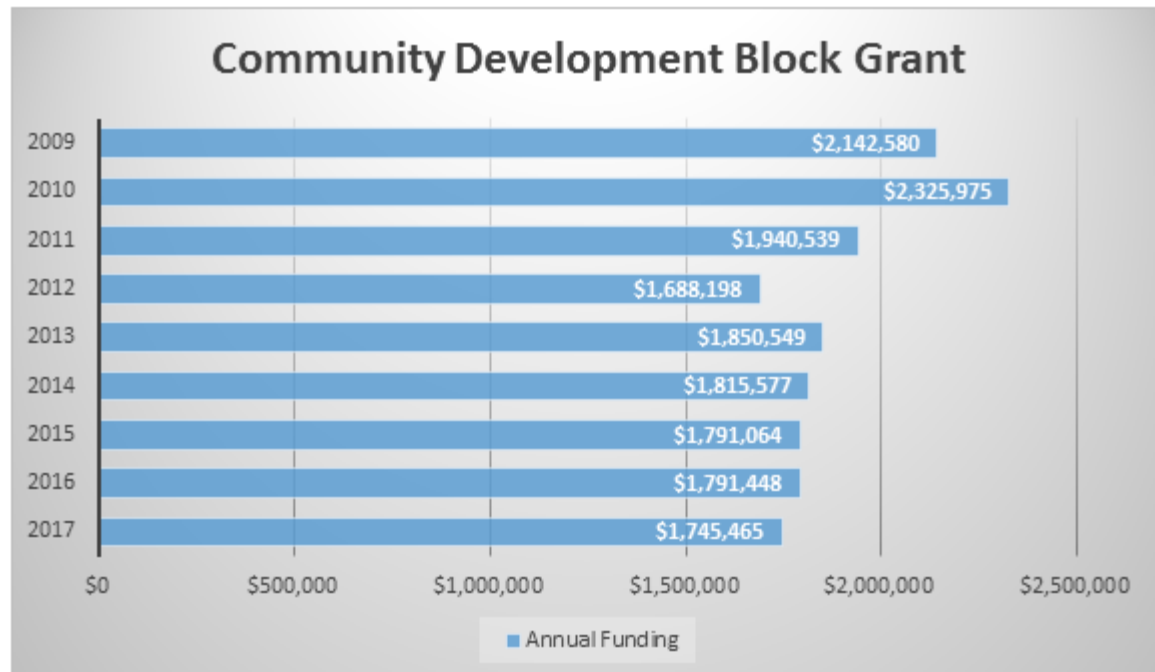
Source: HUD Exchange, HUD Awards and Allocations (2009 - 2017)

III. Resources

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) program distributes annual grants to provide communities with resources to develop and expand housing and economic opportunities for low-income households at or below 80% AMI.

- CDBG funding of \$500,209 has funded development of approximately 103 housing units (in conjunction with HUD's HOME and HDF subsidies) since 2000.
- Federal funding from HUD for the CDBG program fluctuates annually, but the overall trend from 2009 to 2017 has been a decline in assistance of \$397,115.



Source: HUD Exchange, HUD Awards and Allocations (2009 - 2017)

- Portland received \$1,745,465 in CDBG funding for fiscal year 2017-2018- a decline of \$45,983 from the previous year.

Emergency Solutions Grants Program (ESG)

HUD provides funding for the ESG program to operate, provide essential services, and improve the number and quality of emergency shelters for homeless individuals and families as well as to prevent families/individuals from becoming homeless. Portland's Health and Human Services Department operates both the Oxford Street Shelter, which is the largest emergency shelter in Maine, and the Family Shelter which is the largest shelter for families in Maine, and the Community Overflow Shelter(s) with ESG funding. The City's shelter programs provide a safe haven on a temporary basis for Portland's homeless population, as well as efficient and effective support services to promote rapid re-stabilization and the achievement of permanent housing. The Family Shelter also serves as a Welcome House for new Mainers or refugees/immigrants.

Since 2011, Portland has received \$978,894 in ESG funding.

Funding has remained fairly steady but has declined 4% or \$6,677 since 2011.

Portland's 2017 funding award was \$161,280.

Portland has seven homeless shelters.

III. Resources

Housing Development Fund (HDF)

The Housing Development Fund is comprised of loan repayments from CDBG's Multi-family rehabilitation program, and proceeds from the sale of HUD Urban Development Action Grants (UDAG) properties in Portland. The money that comes into this fund from these programs is repurposed, this time towards subsidizing housing development in Portland.

Outcome:

- HDF resources have subsidized the creation of approximately 228 housing units utilizing approximately \$1.4 million since 2000.
- Loan repayments totalling \$145,921 from the rehabilitation of 26 multi-family dwellings since fiscal year 2013 were redirected into the Housing Development Fund.

Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program, provided emergency assistance to communities to purchase and redevelop foreclosed and abandoned properties to house workforce and low-income households. This program is no longer available.

Outcome:

Portland utilized approximately \$1.7 million in NSP funds to help redevelop the Adams School site on Munjoy Hill into 16 moderate-income homeownership units.

Lead Safe Housing

The Lead Safe Program is funded by a competitive grant program available through HUD's Office of Lead Hazard Control and Health Homes. The program is designed to raise awareness about lead poisoning and to help fund the renovation of lead safe housing in Portland. Portland received its sixth three year Lead Hazard Control Grant in 2016. The 2016 grant includes a Healthy Homes allocation which will be used in tandem with the County and City HOME Rehab program in order to improve the overall safety and quality of Cumberland County's low to moderate income housing stock.

SINCE 2009, HUD HAS DECREASED FUNDING BY 41% TO PORTLAND'S HOME PROGRAM AND BY 19% TO THE CDBG PROGRAM. HUD FUNDING TO THE ESG PROGRAM HAS DECREASED BY 4% SINCE 2011. THESE FEDERAL CUTS HAVE RESULTED IN A TOTAL LOSS IN FUNDING OF \$966,167, CONSIDERABLY IMPACTING THE NUMBER OF PROGRAM AND PROJECTS THAT ARE ABLE TO BE FUNDED LOCALLY.



III. Resources

There has been a marked increase in abatement orders in Portland and Westbrook due to a recent change in the State of Maine's childhood lead poisoning standard (down to 5 micrograms per deciliter). The State of Maine began implementation of the stricter law in September of 2016. The law increased the Maine Center for Disease Control's (CDC) ability to enforce the law through increased staff and the authority to fine property owners who do not comply with lead abatement orders. The Lead Safe Program is working closely with the Maine CDC to target high priority cases.

Another component of the program is to increasing the capacity of the construction sector to perform lead safe work practices through providing Renovate, Right and Paint EPA-certified training. The program will coordinate more training for workers and contractors in order to have an adequate pool of licensed abatement contractors.

Outcome:

Since 1998, the program has helped to fund over 430 renovations protecting local citizens and their children from the hazards associated with prolonged exposure to lead in their homes.

Brownfield Economic Development Initiative (BEDI)

HUD provides grants to assist cities with the redevelopment of abandoned industrial lots that are considered environmentally contaminated.

Outcome:

Portland's Midtown Development received \$1.2 million from HUD's Brownfield Economic Development Initiative (BEDI) towards the clean-up of the 3.5 acre site in Bayside that will eventually become 440 residential units in four buildings.

b. Local Resources

To date, over \$2.8 million from Portland's Housing Trust Fund (HTF) and Affordable Housing Tax Increment Financing districts have supported the production of housing affordable to low and moderate (workforce) income households. The following is a list of City resources targeted towards affordable housing initiatives.

Housing Trust Fund (HTF)

The Housing Trust Fund is a valuable tool that assists the City in meeting the goal of promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups. While the City has other resources such as the HUD HOME and CDBG programs, those funds are limited in amount and scope. City Ordinance allows the Housing Trust Fund to assist workforce households (that are not eligible for HUD funding) earning at or below 120% AMI

III. Resources

Housing Trust Fund (HTF)

Revenue generated mainly from fees associated with the City's Housing Preservation and Replacement Ordinance are the current source of funding in the Housing Trust Fund. The Housing Trust Fund has a current balance of \$468,551. To date, \$1,056,830 has been deposited into the fund from which \$630,585 has been used to assist with 1 low-income, 1 workforce housing and 2 Housing First developments. Through the Inclusionary Zoning Ordinance fee-in-lieu option, there is an additional \$850,000 expected to be deposited into the Housing Trust Fund.

Outcome:

The Housing Trust Fund has created 37 low-income rental units, 8 workforce homeownership units and 34 Housing First units.

Outcome:

As a result of the Inclusionary Zoning Ordinance fee-in-lieu option, \$850,000 will be directed into the Housing Trust Fund from 4 approved residential development projects. The actual funds are not deposited until the developer requests a certificate of occupancy on each unit.

Affordable Housing Tax Increment Financing (TIF)

Affordable Housing Tax Increment Finance is a tool used by municipalities in Maine to assist in the development of affordable housing projects. A TIF works by capturing tax growth above the existing tax revenue from a project or district. These funds are then targeted to support a specific project or district. To qualify for subsidy funding (subject to City Council approval) through an Affordable Housing TIF, one key requirement is at least thirty-three percent (33%) of the units in a development must be designated as workforce units.

The Affordable Housing TIF revenue can be used to help make the housing affordable and to pay for related infrastructure and facilities (including local schools). Community benefits include avoiding decreases in state revenue sharing and increases in county taxes that might occur as a result of increased property values. MaineHousing administers this program.

Outcome:

Existing Affordable Housing TIF developments:

- 409 Cumberland Avenue- 46 Low income (60% AMI) units
- Pearl Place I – 54 apartments at a target rent of \$685 - \$1,291
- 17 Carleton Street - 37 Workforce Housing rental units
- 134 Washington Avenue – 18 affordable rental units

III. Resources

Selling City Owned Land below Market Value

The City passed a provision governing tax acquired property wherein any profits from subsequent sales are allocated to the City's Housing Trust Fund. The city may also provide city-owned land for housing development and may offer the land below market prices to encourage housing development or support greater affordability. Selling city-owned land provides the city with unique control over the timing, location, and affordability of housing development in Portland. It also has the added benefit of turning land with no tax liability into an income generating property for the city's tax rolls.

Outcome:

Proceeds from the sale of vacant land were utilized towards the development of 8 workforce units at 65 Munjoy Street.

Affordable Housing Revolving Loan and Investment Fund

Portland recently established an Affordable Housing Revolving Loan and Investment Fund to be utilized by developers interested in creating permanent affordable rental and homeownership housing throughout the city. The fund was established through Affordable Housing Tax Increment Financing revenue. All loans made from this fund are repaid to the City and deposited into the investment fund to be used for additional loans for the development of permanent affordable housing.

Outcome:

The current (September, 2017) balance of this fund is \$67,081.

IV. Analysis and Policy Proposals

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a. Analysis of Housing Market

In recent years, Portland has been experiencing rising housing costs as the City becomes increasingly attractive for a diverse range of households. This phenomenon is not unique to Portland. Cities across the nation have been experiencing renewed investment and shifting demographics as demand for living in close proximity to urban centers continues to grow. Given market limitations, the development of new housing affordable to current Portland residents has been limited.



Increasingly, stories of displacement and household instability are becoming more common as residents struggle to find decent, safe, and affordable housing.

The City must continue to create innovative policies and initiatives to address the issues of housing availability and affordability. Examples of innovative policies and initiatives include Portland's Inclusionary Zoning ordinance which is creating affordable workforce housing and directing revenue into the Housing Trust Fund to further support the creation of affordable housing. Prior to the introduction of Inclusionary Zoning, only non-profit and mission driven organizations produced deed restricted affordable housing.

Local resources, such as the Housing Trust Fund, are increasingly becoming a vital resource in the City's effort to create new housing. As a HUD Entitlement Jurisdiction, Portland has relied on federal resources, such as CDBG and HOME, to provide funding for housing development.

However, since 2009, the City has seen HOME Program funding decreased by forty-one percent and CDBG funding has decreased nineteen percent. These federal cuts have had a considerable impact on the City's ability to subsidize the creation of new affordable housing.

New land use amendments and changes to existing amendments approved by the City Council have created multiple units of low-income and workforce housing rental and homeownership units without the outlay of scarce municipal or federal revenue.

IV. Analysis and Policy Proposals

Maine has the eighth oldest housing stock in the country. In Portland, almost fifty percent of the housing units were built before 1939; seventy-two percent were built before 1970. It is vital that the existing housing stock be maintained to ensure safer rental housing across the city. However, rehabilitating older housing can be cost prohibitive and can exacerbate a housing market that is already struggling with affordability.

b. Housing Policy Proposals

1. The following amendments are proposed by staff and were introduced to the Housing Committee at their September 26, 2017 meeting.

1.a. Amend the Inclusionary Zoning Ordinance to include a fractional fee-in-lieu payment when units are provided on-site.

A developer would pay a fee-in-lieu for a fractional unit as per the size of the project when affordable units are provided on-site. For example in a 19-unit development, if 1 unit were provided on-site, the developer would also pay \$90,250 into the Housing Trust for the .9 unit that was not developed.

1.b. Amend the Inclusionary Zoning Ordinance to remove the sunset clause.

Section 14-487 (Ensuring Workforce Housing) is to be reviewed prior to its sixth year following its passage to determine the overall effectiveness of this section and the expiration date shall be deleted or the entire section shall be removed from the Code of Ordinance. The City Planning staff recommends the expiration date should be deleted.

1.c. Develop a strategic homebuyer assistance program.

The City would provide assistance with the cost of Private Mortgage Insurance (PMI) to lower the borrower's monthly mortgage payment. PMI is a type of mortgage insurance meant to reimburse the lender if the borrower stops making payments on their home loan. Lenders require PMI if the borrower makes a downpayment of less than 20% of the loan amount. PMI potentially adds hundreds of dollars to the monthly mortgage payment for at least two, but up to five years.

If the City were to provide assistance with the cost of Private Mortgage Insurance, an upfront single payment premium program would be the most cost-effective way to assist home buyers who could not afford a 20% down payment. Reducing mortgage payments by paying the PMI results in a reduced and more affordable mortgage payment for homeowners.

IV. Analysis and Policy Proposals

1.d. Develop a foreclosure prevention program to provide emergency grants to low-income homeowners in risk of foreclosure.

The program would be designed to assist Portland homeowners who are struggling to pay their mortgage payments because of a temporary financial hardship, for example job loss or health care issue. Assistance would be provided in the form of a 0% interest loan to be paid back when the temporary financial hardship has been resolved. These grants would be limited to \$5,000 per household.

1.e. Secure Tenant Based Rental Assistance (TBRA) funding at \$250,000 a year minimum, using a combination of City funds and federal funds (roughly 50/50).

The current Tenant Based Rental Assistance Program is funded through HUD's HOME funding program. TBRA provides security deposits, rental and utility allowances on a short term basis for low-income (below 60% AMI) individuals and families who are homeless or in danger of becoming homeless. Changing the program to include local or city funds would enable the City to provide assistance to workforce (80% to 100% AMI) households that do not qualify for HOME funding.

1.f. Increase the condominium conversion fee significantly to fund TBRA and/or the Housing Trust Fund.

The condo conversion fee could be molded on the fee structure in the Housing Replacement Ordinance. The fee would be set based on staff analysis and Council approval. A portion of the fee could be placed in the Housing Trust Fund and a portion used to fund the TBRA program.

1.g. Review the current Condominium Conversion ordinance to assess whether the tenant notice and relocation assistance requirements are being followed.

Proposed changes to the Condominium Conversion ordinance would extend notice requirements; require notification of current tenant contact information to the City; and increase penalties for non-compliance with this ordinance. For long-term tenants, a year long notice period is proposed.

1.h. Create a Hotel linkage fee to fund City housing programs.

Require hotels to pay an impact fee that accounts for offsetting the increased housing demand generated by their need for low-income employees.

IV. Analysis and Policy Proposals

1.i. Have the City take the lead in exploring creation of a Portland Community Land Trust (CLT) that would receive consideration at below-market rate for surplus city property for housing development.

A community land trust is a non-profit, community based organization designed to ensure local stewardship of land. It is primarily used to ensure long-term housing affordability without relying on deed restrictions or sale of land to developers below cost. The land trust acquires and maintains permanent ownership of land. The land trust enters into long-term leases with prospective homeowners who earn a portion of the increased property value when they sell the property.

1.j. Establish an Emergency Repair Program for low-income households.

This program would assist eligible households with repairs that are determined necessity due to the immediate danger to the health or safety of the occupants of the household. Funding would be provided from HUD's Community Block Development Grant program in the form of a maximum loan of up to \$7,500 in either a forgivable or payable loan (determined by the household's financial situation).

1.k. Offer Housing Rehabilitation Funding in Conjunction with the Lead Safe Housing Program.

Local funding of a Housing Rehabilitation/Lead Safe Housing Program would allow more flexibility with assisting households that earn up to 120% AMI (workforce housing). These households do not qualify for federally funded housing rehabilitation or lead safety programs

1.l. Administer the Portland Water District (PWD) water efficiency and repair services.

Portland Water District would provide \$20,000 - \$30,000 per year for for water efficiency and repair services to households served by PWD. The City would coordinate the application process and contractor work for a 15% administrative fee per project.

1.m. Consider creating a Housing Advisory Board primarily consisting of housing professionals with some tenant and landlord representation to help City staff and Councilors make informed policy decisions.

A Housing Advisory Board has the advantage of bringing in housing professionals to provide considerable free consulting assistance to staff.

IV. Analysis and Policy Proposals

2. At the July 24, 2017 City Council meeting, Mayor Ethan Strimling introduced several proposed amendments to the Inclusionary Zoning Ordinance. The City Council voted 6-3 to refer the proposed amendments to the Housing Committee for review. The following are Mayor Strimling's proposed amendments to the Inclusionary Zoning Ordinance.

2.a. Amend the Inclusionary Zoning Ordinance to increase the percentage of mandatory affordable units.

Currently development projects creating ten or more dwelling units for rent or sale are required to set aside at least ten percent of the units as workforce units for sale or rent. The proposed amendment would require developers to set aside at least twenty percent of the development units as affordable.

2.b. Amend the Inclusionary Zoning Ordinance to lower the affordability income level.

The focus of Inclusionary Zoning is currently on the creation of workforce units for rent or sale. The City would instead prioritize the development of low-income rental or homeownership units in eligible development projects.



To: Councilor Duson, Chair Housing Committee
Members of the Housing Committee

From: Victoria Volent, Housing Program Manager
Housing & Community Development Division

Date: October 20, 2017

Subject: Proposed Housing Policy Initiatives

Eleven housing policy initiatives were presented by staff and introduced to the Housing Committee at the September 26 meeting. Several of these initiatives are a continuation of the 2016 "bucket list" of policy ideas. The proposed initiatives are also described in Section IV b (Analysis and Policy Proposals- Housing Policy Proposals) of the Housing Report (pp. 46-49).

To assist staff with identifying the policy initiatives the Housing Committee would like to focus on during the remainder of 2017 and into 2018, staff prepared a form to collect feedback from the Committee on up to five of these initiatives to focus on first. Public feedback will be solicited as well.

Please identify up to five topics which you would like the Committee to focus on to start 2018.

Proposed Housing Policy	
1. Develop a strategic homebuyer assistance program ("HomePort 2") Comments:	
2. Develop a foreclosure prevention program that will provide emergency grants to low-income homeowners in risk of foreclosure Comments:	
3. Secure Tenant Based Rental Assistance (TBRA) at \$250,000 a year minimum, using a combination of City Funds and federal funds (roughly 50/50) Comments:	
4. Increase the condominium conversion fee significantly to fund TBRA and/or the Housing Trust. Comments:	
5. Review the current ordinance to assess whether the tenant notice and relocation assistance requirements are being followed. Comments:	
6. Create a "hotel linkage fee" to fund City housing programs. Comments:	
7. Have the City take the lead in exploring creation of a Portland Community Land Trust (CLT) that would receive consideration at below-market rate for surplus city property for housing development. Comments:	
8. Utilize CDBG funding to establish an emergency rehabilitation repair program. Comments:	
9. Offer rehabilitation funding in conjunction with the Lead Safe Housing Program. Comments:	

10. Agree to administer Portland Water District's water efficiency and repair services program. Comments:	
11. Consider creating a Housing Advisory Board, primarily consisting of housing professionals with some tenant and landlord representations, to assist City staff and Councilors make informed policy decisions. Comments:	

Additional Comments:

Please identify up to five topics which you would like the Committee to focus on in 2018.

Proposed Housing Policy Initiatives	
1. Develop a strategic homebuyer assistance program ("HomePort 2") Comments:	
2. Develop a foreclosure prevention program that will provide emergency grants to low-income homeowners in risk of foreclosure Comments:	
3. Secure Tenant Based Rental Assistance (TBRA) at \$250,000 a year minimum, using a combination of City Funds and federal funds (roughly 50/50) Comments:	
4. Increase the condominium conversion fee significantly to fund TBRA and/or the Housing Trust. Comments:	
5. Review the current ordinance to assess whether the tenant notice and relocation assistance requirements are being followed. Comments:	
6. Create a "hotel linkage fee" to fund City housing programs. Comments:	
7. Have the City take the lead in exploring creation of a Portland Community Land Trust (CLT) that would receive consideration at below-market rate for surplus city property for housing development. Comments:	
8. Utilize CDBG funding to establish an emergency rehabilitation repair program. Comments:	

9. Offer rehabilitation funding in conjunction with the Lead Safe Housing Program. Comments:	
10. Agree to administer Portland Water District's water efficiency and repair services program. Comments:	
11. Consider creating a Housing Advisory Board, primarily consisting of housing professionals with some tenant and landlord representations, to assist City staff and Councilors make informed policy decisions. Comments:	

Name:

Additional Comments:

If you would like to be notified of items to be discussed by the Housing Committee, please visit the City's website at www.portlandmaine.gov and sign up through the Notify Me tab to be notified when Housing Committee meetings are scheduled and when meeting agendas have been posted.

2017 Housing Committee Work Plan

October 20, 2017

May 10, 2017

- 1) Overview of the Disorderly House Ordinance
- 2) Update and Overview of Housing Safety Office
- 3) Review of Proposed Changes to the Housing Code re: Habitation of Recreational Shelters
- 4) Review request(s) received through the Supplemental HOME Funds Application
- 5) Renewal of the City's participation in the Cumberland County HOME Consortium
- 6) 2017 Work Plan Discussion

June 14, 2017

1. Proposed revisions to the Disorderly House Ordinance/Short Term Rental Registration Ordinances
2. Review of Short Term Rental Implementation Guidelines
3. Update on the implementation of the 2016 Landlord/Tenants policies including review of Tenant Housing Rights brochure
4. Supplemental HOME Funds Update
5. 2017 Work Plan Discussion

July 12, 2017

- 1) Proposed revisions to the Disorderly House Ordinance/Short Term Rental Registration Ordinances
- 2) Update on Fire Department Inspection Program
- 3) Update on HUD 2017 HUD Funding Allocations for CDBG, HOME and ESG
- 4) 2017 Work Plan Discussion

August 9, 2017 – Committee will not meet in August.

September 26, 2017

1. Review of FY17 HUD Consolidated Annual Performance Report
2. Begin discussion on Policies to Capitalize the Housing Fund, opportunities to demonstrate engagement of the city in partnership (policy, expertise, funding, zoning, public land, etc) to leverage housing development, and other housing policy proposals.
3. Review of funding requests received from the Affordable Housing Development HOME application.
4. 2017 and 2018 Work Plan Discussion

October 26, 2017

1. Annual Housing Report - a current situation report on housing policy, availability and affordability, including an update on the implementation of policies e.g. inclusionary zoning, recent revisions to the R-6 Zone, accessory dwelling unit.
2. 2017 and 2018 Work Plan Discussion

November 8, 2017

1. Discussion of housing policy proposals included in the 2017 Housing Report; discussion topics will include revisions to the Inclusionary Zoning Ordinance.
2. Review of Annual Committee Report
3. 2017 and 2018 Work Plan Discussion

December 13, 2017 (First day of Hanukkah)

DRAFT
2018 Housing Committee Work Plan
October 20, 2017

January

1.

February

2.