ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, June 21, 2022
TIME: 5:30 PM
LOCATION:VIA Zoom

The Housing & Economic Development Committee will conduct this meeting remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Portland City Council. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live either in person or via Zoom, a recording will be available in the Agenda Center following the meeting.

For public comment via Zoom, you will need to use the "raise your hand" feature. To raise your hand via the telephone, please hit *9. You will be unmuted by the host when it is time for public comment.

Please click the link below to join the webinar:
https://portlandmaine-gov.zoom.us/j/82356283380?pwd=UmNvTEVPbFdDY0IvZGhPckptTC8ydz09
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Public Comment:
To submit written public comment on an agenda item, email edda@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Housing & Economic Development meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

1. Review and accept draft meeting Minutes of June 7, 2022, Committee meeting.

a. See attached draft meeting Minutes for approval.

2. Panel discussion regarding Minimum Wage.

a. See attached Memorandum and backup.

b. See 7/25/2022 Follow-Up Document Attached from ME Center for Economic Policy

3. Presentation of Part II of the 2021 Housing Report, including an interim review of the Green New Deal impacts on housing production.

a. See attached Report.

4. Communication: 2022 Workplan and Schedule - No Vote or Public Hearing Required.

a. See attached 2022 Workplan and Schedule.

Next Meeting Date: July 19, 2022

Minutes

Remote Housing and Economic Development Committee

June 7, 2022

NOTE: This meeting was held via Zoom and can be viewed at this link: http://www.portlandmaine.gov/1695/Economic-Development-Committee These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, June 7, 2022, at 5:30 p.m. via Zoom. Present from the Committee were Chair Pious Ali, and member Councilors Tae Chong, Roberto Rodriguez, and Andrew Zarro. Present from the City staff were Acting Housing and Economic Development Department Director Mary Davis, Director of Permitting and Inspections Jessica Hanscombe, and Housing Program Manager Victoria Volent.

Item #1: Zoom Meeting Information – no Committee action required.

Item #2: Review and vote on May 17, 2022, draft meeting Minutes.

On motion made by Councilor Zarro and seconded by Councilor Rodriguez, the Committee voted (4-0) to accept the Minutes.

Item #3: Presentation, Annual Overview and Report from Permitting and Inspections regarding Short-Term and Long-Term Housing Safety and Inspections Program.

Jessica Hanscombe, Director of the Permitting and Inspections Department provided highlights and figures from the department for 2022 broken down by; long term rental registrations; short term rental registrations; inspections (year to date); Rent Board; joint Housing Safety and Fire Prevention staff meetings; and other municipal and housing safety items. The memo prepared for this meeting and enclosed in the packet of material details the work undertaken by the department and includes tables itemizing that work.

The Committee thanked Jessica for her presentation and asked clarifying questions. In regards to the low percentage of on-line long term rental registration renewals, Jessica Hanscombe noted the City is discussing how to promote the on-line service, and how to improve the process to make it more user friendly. As regards short term rentals, staff was asked; if it could determine where Portland ranks per capita with AirBnb; if units shifting from long-term rental to short-term rental can be flagged (to identify possible trends); if the 41 units that shifted from LTR to STR could be mapped out for the Committee; and if the 400 non-owner occupied STR units could be broken down. The Committee discussed the impact of the Green New Deal, rent control caps and short-term rentals (pros/cons, owner-occupied/nonowner-occupied).

In response to comments about the need for more housing projects, Mary Davis noted the Planning Department will join the Committee during their June 21 meeting to present Part 2 of the *2021 Housing Report.* Jessica Hanscombe wrapped up her presentation by noting a team of City staff members are discussing issues and concerns regarding rent control, and lack of housing.

Item #4 Communications: 2022 Work Plan and Schedule, and Memorandum from Mary Davis regarding the Final FY2023 HUD Allocations

The Committee discussed their schedule for July and August and agreed to meet once in July but not during the month of August. The Committee asked when the tourism improvement district agreement would be finalized and ready for a public hearing, review and recommendation by the Committee. Mary Davis noted it is scheduled for the September 6 meeting pending a priority review of the agreement by Corporation Counsel and the Finance Department. If the agreement can be brought forward sooner than September, then staff will do so. Mary Davis highlighted the changes to the HCD Budget as noted in the Final FY2023 HUD Allocations memo.

On motion made by Councilor Zarro, seconded by Councilor Rodriguez, the Committee voted 4-0 to adjourn the meeting at 6:41p.m.

Respectively submitted, Victoria Volent

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

TO:	**Councilor Ali, Chair** **Members of the Housing and Economic Development Committee**
FROM:	**Mary P. Davis, Interim Director** **Housing and Economic Development Department**
DATE:	**June 16, 2022**
SUBJECT:	**Minimum Wage Data Collection**

As the committee begins it's discussion of the minimum wage in Portland, staff has gathered some preliminary information that is shared in the following attachments.

Attachment 1: Maine Center for Economic Policy – Minimum Wage and Hazard Pay Options in Portland

Attachment 2: U.S. Department of Labor, Wage and Hour Division, State Minimum Wage Laws

Attachment 3: The Economic Policy Institute Minimum Wage Tracker

Attachment 4: National Low Income Housing Coalition – Out of Reach 2021 Report

Attachment 5: Maine Department of Labor – History of Maine's Minimum Wage Rate

Attachment 6: Massachusetts Institute of Technology Living Wage Calculation for Maine, Cumberland County and Portland-South Portland Metropolitan Statistical Area

Attachment 7: City of Portland Minimum Wage Ordinance

Maine Center for Economic Policy

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To: Pious Ali, Portland City Council
From: James Myall, Maine Center for Economic Policy
Subject: Minimum wage and hazard pay options in Portland

Councilor Ali – I'm happy to provide the following information in answer to your questions regarding Portland's minimum wage. Please feel free to follow up with any questions or if you need more information.

Consideration of an appropriate minimum wage for Portland

Scholarship of the impact of state-level minimum wage increases in the United States suggest that there are little to no employment effects of minimum wage increases up to 60% of the median hourly wage for full-time, year-round wage workers. Based on pre-pandemic data with adjustments for inflation, I estimate the median hourly wage for full-time, year-round workers in Portland is currently $24.45 per hour.[1] On this basis, Portland could support a minimum wage of $14.67 per hour in 2021, and likely at least $15 per hour in 2022.

Some of the most recent minimum wage increases have pushed this threshold further, without apparent negative effects.[2] These have included minimum wages as high as 80% of the median hourly wage for full-time, year-round workers.[3] Under this methodology, Portland could sustain a minimum wage of up to $19 per hour.

Another point of consideration should be a livable wage in Portland. The MIT living wage calculator estimates that in Cumberland County, a living wage for a single childless adult is $17.11 per hour. For a family of two working parents with two children, it's $23.58 per hour.[4]

Finally, any minimum wage increase should consider the increments in which the wage level is increased. Typically, minimum wage increases are introduced gradually over time (for example at the rate of an additional $1 per hour each year). While I have not read studies on the impact of rapid increases in the minimum wage, it's reasonable to assume that a very large immediate increase in the minimum wage would cause a bigger shock to businesses and the economy.

Business size composition in Portland

There is no comprehensive public data source which gives a complete overview of business sizes in Portland. The following is based on data for Cumberland County.[5] Note that it is important to distinguish between the number of employees at a business *establishment* or *site* compared to the number of employees at a *firm* or *company*. For example, a McDonald's restaurant might show up as a small business based on the number of people at the work site, despite being part of a global corporation with hundreds of thousands of employees nationwide. The best policy is to apply any size threshold based on firm or company size. The data below is based on firm/company size.

Note that the data is based on payroll employment in the second quarter of 2021. While the number of businesses has remained consistent, employment before the pandemic was significantly higher (65,800 in all sectors and 7,100 in the food and accommodation sectors). It's unclear how quickly employment will return to 2019 levels, and whether it will occur at different rates for different-sized businesses.

Employment by company size in Portland

	Total employment	Food and accommodation
Under 10 employees	5,600	900
10 to 24 employees	7,500	1,400
25 to 99 employees	5,600	400
100 to 499 employees	10,100	600
500 to 999 employees	6,200	500
Over 1000 employees	25,700	1,400
Total	61,800	5,100

Source: Maine Department of Labor Estimates based on US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Q2 2021 and US Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2019-21 data. Totals do not sum due to rounding.

Minimum wage levels by business size or type

While some jurisdictions have considered or adopted different minimum wage rates by size of business, it is relatively uncommon. The problem with such a policy is that it unfairly compensates workers less if they work at a smaller business, even if they are conducting the same work. It is generally better policy to have a universal minimum wage regardless of employer type or size.

New York City distinguished between small and large businesses when it phased in its $15 minimum wage. While all workers eventually received a $15 minimum wage, small businesses had an extra year to adjust to the change.[6]

Another example from New York state may be of interest. They recently implemented a $15 statewide minimum wage for fast food workers (the regular minimum wage in upstate New York is currently just over $13 per hour).[7] This provision applies only to chain restaurants with limited service.

American Rescue Plan funds

It is worth considering whether the impact of hazard pay or a higher city minimum wage could be partially subsidized by city government. Local funding through the American Rescue Plan Act can be used to administer hazard pay to essential workers.[8] Portland could adopt a temporary hazard pay only for individuals covered by ARPA funds – or it could create a broader wage increase, and use ARPA funding to subsidize the extra cost for some essential businesses. This would allow for higher wages during the pandemic while mitigating the cost to some businesses, especially those like home care agencies with restricted sources of revenue.

Notes

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[1] Calculation based on US Census Bureau, American Community Survey data for Portland in 2018. In 2018, the median hourly wage for FT, YR workers was $22.62 per hour. Adjusting for inflation using the Consumer Price Index, this is the equivalent of $24.45 per hour in 2021.
[2] Arindrajit Dube and Attila Lindner, "CITY LIMITS: WHAT DO LOCAL-AREA MINIMUM WAGES DO?" *National Bureau of Economic Research: Working Paper 27928*.
https://www.nber.org/system/files/working_papers/w27928/w27928.pdf
[3] Anna Godøy and Michael Reich, "Minimum Wage Effects in Low-Wage Areas," *Institute for Research and Labor Employment*, July 2019 https://irle.berkeley.edu/files/2019/07/Godoy-Reich.pdf
[4] MIT Living Wage Calculator: Cumberland County https://livingwage.mit.edu/counties/23005
[5] The Maine Department of Labor publishes estimated payroll employment for cities in Maine. According to these estimates, the average employment size per establishment in Portland is very similar to that of Cumberland County as a whole.
[6] See https://www.ny.gov/new-york-states-minimum-wage/new-york-states-minimum-wage
[7] https://dol.ny.gov/minimum-wage-fast-food-workers-frequently-asked-questions
[8] https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds

U.S. DEPARTMENT OF LABOR

ATTACHMENT 2

Wage and Hour Division

State Minimum Wage Laws

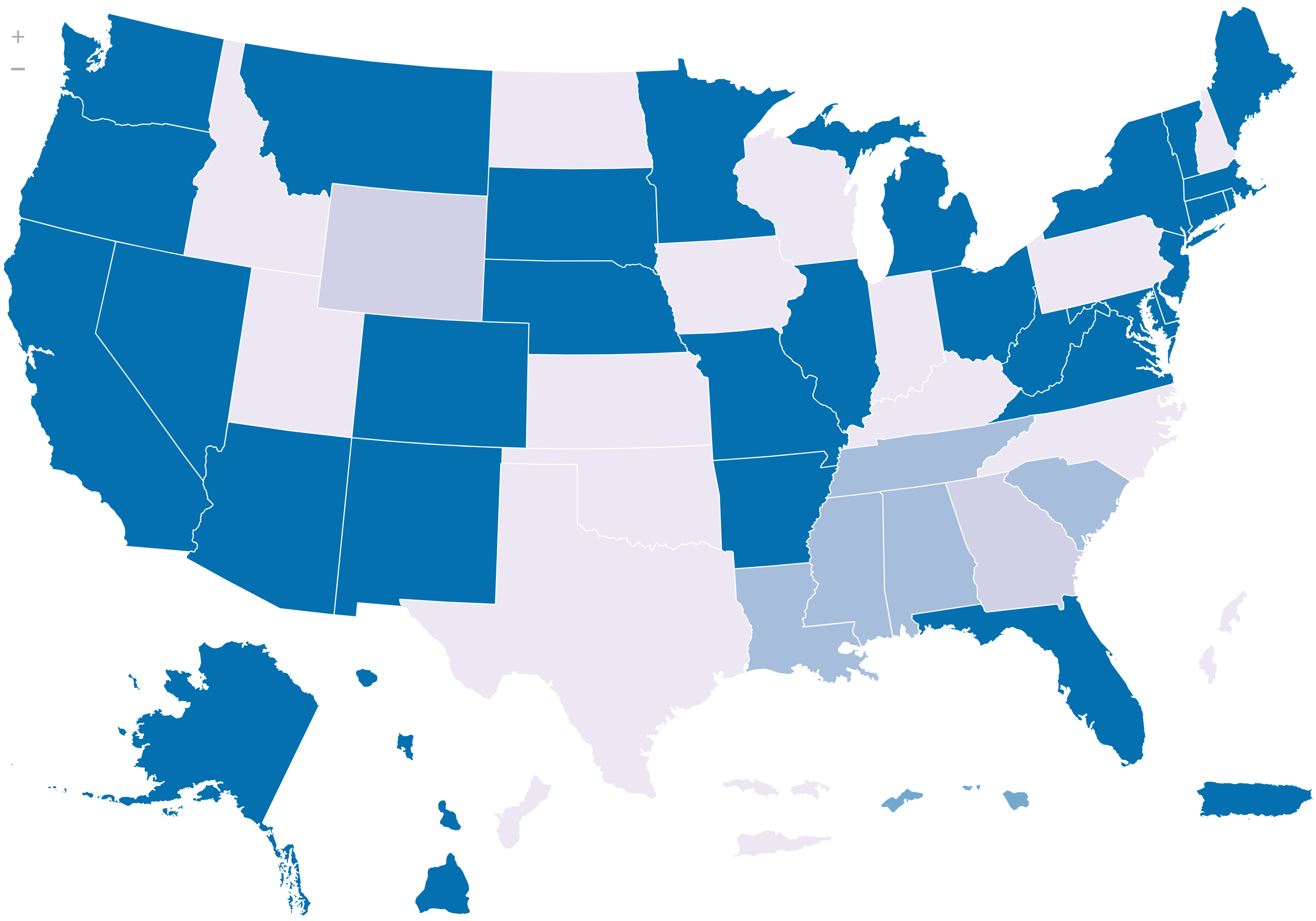
- Table of minimum wage by state
- Historical Table

Use the legend on the left to highlight different minimum wage categories, and click on any state to learn about applicable minimum wage laws.

Updated January 1, 2022

Select A State:

-- Select a State --



Legend

- [ ] States with Higher Minimum Wage than Federal
- [ ] States with the same Minimum Wage as Federal
- [ ] States with lower Minimum Wage rates - Federal Applies
- [ ] States with no Minimum Wage rates - Federal Applies
- [ ] States with special Minimum Wage

Alabama

No state minimum wage law.

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

Alaska

Basic Minimum Rate (per hour): $10.34

Premium Pay After Designated Hours [1]: Daily - 8, Weekly - 40

Under a voluntary flexible work hour plan approved by the Alaska Department of Labor, a 10 hour day, 40 hour workweek may be instituted with premium pay after 10 hours a day.

The premium overtime pay requirement on either a daily or weekly basis is not applicable to employers of fewer than 4 employees.

The minimum wage is adjusted annually based on a set formula.

Arizona

Basic Minimum Rate (per hour): $12.80

Arkansas

Applicable to employers of 4 or more employees

Basic Minimum Rate (per hour): $11.00

Premium Pay After Designated Hours [1]: Weekly - 40

Starting in 2019, the minimum wage will undergo a series of scheduled increases until it reaches $11.00 in 2021.

California

Applicable to employers with 25 employees or less

Basic Minimum Rate (per hour): $14.00

Applicable to employers with 26 employees or more

Basic Minimum Rate (per hour): $15.00

Any work in excess of eight hours in one workday, in excess of 40 hours in one workweek, or in the first eight hours worked on the seventh day of work in any one workweek shall be at the rate of one and one-half times the regular rate of pay. Any work in excess of 12 hours in one day or in excess of eight hours on any seventh day of a workweek shall be paid no less than twice the regular rate of pay. California Labor Code section 510. Exceptions apply to an employee working pursuant to an alternative workweek adopted pursuant to applicable Labor Code sections and for time spent commuting. (See Labor Code section 510 for exceptions).

From 2017 through 2023, the minimum wage will increase annually to $15.00/hour on a set schedule and will be adjusted annually thereafter based upon a set formula and the number of employees.

Premium Pay After Designated Hours [1]: Daily - 8 Over 12 (double time), Weekly - 40; on 7th day: First 8 hours (time and half) Over 8 hours on 7th day (double time)

Colorado

Basic Minimum Rate (per hour): $12.56

Premium Pay After Designated Hours [1]: Daily - 12, Weekly - 40

Minimum wage rate and overtime provisions applicable to retail and service, commercial support service, food and beverage, and health and medical industries.

Connecticut

Basic Minimum Rate (per hour): $13.00

Premium Pay After Designated Hours [1]: Weekly - 40

In restaurants and hotel restaurants, for the 7th consecutive day of work, premium pay is required at time and one half the minimum rate.

The Connecticut minimum wage rate automatically increases to 0.5 percent above the rate set in the Fair Labor Standards Act if the federal minimum wage rate equals or becomes higher than the State minimum.

Delaware

Basic Minimum Rate (per hour): $10.50

The State adopts the federal minimum wage rate by reference if the federal rate is greater than the State rate.

Florida

Basic Minimum Rate (per hour): $10.00

The minimum wage is adjusted annually based on a set formula.

Georgia

Applicable to employers of 6 or more employees

Basic Minimum Rate (per hour): $5.15

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act when the federal rate is greater than the State rate.

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

Hawaii

Basic Minimum Rate (per hour): $10.10

Premium Pay After Designated Hours [1]: Weekly - 40

An employee earning a guaranteed monthly compensation of $2,000 or more is exempt from the State minimum wage and overtime law.

Domestic service workers are subject to Hawaii's minimum wage and overtime requirements. Act 248, Regular Session 2013.

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act unless the State wage rate is higher than the federal rate.

Idaho

Basic Minimum Rate (per hour): $7.25

Illinois

Applicable to employers of 4 or more employees, excluding family members

Basic Minimum Rate (per hour): $12.00

Premium Pay After Designated Hours [1]: Weekly - 40

Indiana

Applicable to employers of 2 or more employees

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

Iowa

Basic Minimum Rate (per hour): $7.25

The Iowa minimum wage equals the federal minimum wage rate if it is set below the federal rate.

Kansas

Basic Minimum Rate (per hour): $7.25

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act.

Kentucky

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40, 7th day

The 7th day overtime law, which is separate from the minimum wage law, requires employers who permit covered employees to work seven days in any one workweek to pay the employee at a rate of time and one-half for hours worked on the seventh day when employees work all seven days of the workweek. The 7th day overtime law does not apply when the employee is not permitted to work over 40 hours total in the workweek.

The state adopts the federal minimum wage rate by reference if the federal rate is greater than the State rate.

Compensating time in lieu of overtime is allowed upon written request by an employee of any county, charter county, consolidated local government, or urban-county government, including an employee of a county-elected official.

Louisiana

No state minimum wage law.

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

Maine

Basic Minimum Rate (per hour): $12.75

Premium Pay After Designated Hours [1]: Weekly - 40

If the highest federal minimum wage is increased in excess of the State minimum wage in effect, then the State minimum wage will increase to the same amount, effective on the same date as the increase in the federal minimum wage.

From 2017 through 2020, the minimum wage will increase annually on a set schedule and will be adjusted annually thereafter based on a set formula.

Maryland

Basic Minimum Rate (per hour): $12.50

Premium Pay After Designated Hours [1]: Weekly - 40

The Maryland minimum wage equals the federal minimum wage when set below the federal rate.

Employees under 18 years may be paid 85% of the minimum hourly wage rate.

Massachusetts

Basic Minimum Rate (per hour): $14.25

Premium Pay After Designated Hours [1]: Weekly - 40

In no case shall the Massachusetts minimum wage rate be less than $0.50 higher than the effective federal minimum rate.

Michigan

Applicable to employers of 2 or more employees

Basic Minimum Rate (per hour): $9.87

Premium Pay After Designated Hours [1]: Weekly - 40

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act unless the State wage rate is higher than the federal rate.

From 2019 through 2030, the minimum wage will increase annually on a set schedule, provided the unemployment rate in the preceding year does not exceed 8.5%.

Employees 16-17 years of age may be paid 85% of the minimum hourly wage rate.

Minnesota

Large employer (enterprise with annual revenues of $500,000 or more)

Basic Minimum Rate (per hour): $10.33

Premium Pay After Designated Hours [1]: Weekly - 48

Small employer (enterprise with annual revenues of less than $500,000)

Basic Minimum Rate (per hour): $8.42

Premium Pay After Designated Hours [1]: Weekly - 48

The minimum wage is adjusted annually based on a set formula.

Employees under 18 years may be paid $8.42 per hour

Missouri

Basic Minimum Rate (per hour): $11.15

Premium Pay After Designated Hours [2]: Weekly - 40

In addition to the exemption for federally covered employment, the law exempts, among others, employees of a retail or service business with gross annual sales or business done of less than $500,000.

Premium pay required after 52 hours in seasonal amusement or recreation businesses.

The minimum wage is adjusted annually based on a set formula.

Continuing on from 2019 to 2023, the minimum wage will increase 85 cents per hour each year before reaching $12.00.

Mississippi

No state minimum wage law.

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

Montana

Business with gross annual sales of more than $110,000

Basic Minimum Rate (per hour): $9.20

Premium Pay After Designated Hours [1]: Weekly - 40

Business not covered by the Fair Labor Standards Act with gross annual sales of $110,000 or less

Basic Minimum Rate (per hour): $4.00

Premium Pay After Designated Hours [1]: Weekly - 40

A business not covered by the federal Fair Labor Standards Act whose gross annual sales are $110,000 or less may pay $4.00 per hour. However, if an individual employee is producing or moving goods between states or otherwise covered by the federal Fair Labor Standards Act, that employee must be paid the greater of either the federal minimum wage or Montana's minimum wage.

The minimum wage is adjusted annually based on a set formula.

North Carolina

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

Premium pay is required after 45 hours a week in seasonal amusements or recreational establishments.

North Dakota

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

Nebraska

Applicable to employers of 4 or more employees

Basic Minimum Rate (per hour): $9.00

New Hampshire

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

The New Hampshire minimum wage equals the federal minimum wage when set below the federal rate.

New Jersey

Basic Minimum Rate (per hour): $13.00

Premium Pay After Designated Hours [1]: Weekly - 40

The minimum wage is adjusted annually based on a set formula.

There is a minimum wage of $11.90 per hour for seasonal and small employers who employee fewer than 6 people.

New Mexico

Basic Minimum Rate (per hour): $11.50

Premium Pay After Designated Hours [1]: Weekly - 40

Nevada

With no health ins. benefits provided by employer

Basic Minimum Rate (per hour): $9.75

With health ins. benefits provided by employer and received by employee

Basic Minimum Rate (per hour): $8.75

The minimum wage is adjusted annually based on a set formula.

New York

Basic Minimum Rate (per hour): $13.20; $15.00 (Long Island, Westchester, & NYC)

Premium Pay After Designated Hours [1]: Weekly - 40

These rates are in effect from December 31, 2021 through December 30, 2022. View minimum wage rates through 2022.

The New York minimum wage equals the federal minimum wage when set below the federal rate.

Under the new hospitality regulations, residential workers ("live-in workers") are now entitled to overtime for hours worked over 40 in a payroll week, instead of the prior 44 hour requirement. Therefore, overtime hours for all non-exempt workers are now any hours worked over 40 in a payroll week.

Employers operating a factory, mercantile establishment, hotel, restaurant, freight/passenger elevator, or theater; or a building employing security guards, janitors, superintendents, managers, engineers, or firemen must provide 24 hours of consecutive rest each week. Domestic workers are entitled to 24 hours of consecutive rest each week, and receive premium pay if they work during such period.

Employees receive 1 hour of pay at minimum wage rate in addition to owed wages when spread of hours exceeds 10 hours, there is a split shift, or both.

Ohio

Employers with annual gross receipts of $342,000 or more

Basic Minimum Rate (per hour): $9.30

Premium Pay After Designated Hours [1]: Weekly - 40

Employers with annual gross receipts under $342,000

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

The minimum wage is adjusted annually based on a set formula

Oklahoma

Employers of ten or more full time employees at any one location and employers with annual gross sales over $100,000 irrespective of number of full time employees

Basic Minimum Rate (per hour): $7.25

All other employers

Basic Minimum Rate (per hour): $2.00

The Oklahoma state minimum wage law does not contain current dollar minimums. Instead the state adopts the federal minimum wage rate by reference.

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act.

Oregon

Basic Minimum Rate (per hour): $12.75

Premium Pay After Designated Hours [1]: Weekly - 40

Premium pay required after 10 hours a day in nonfarm canneries, driers, or packing plants and in mills, factories or manufacturing establishments (excluding sawmills, planning mills, shingle mills, and logging camps).

From 2016 through 2022, the minimum wage will increase annually on a set schedule and will be adjusted annually thereafter based on a set formula.

Pennsylvania

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

Rhode Island

Basic Minimum Rate (per hour): $12.25

Premium Pay After Designated Hours [1]: Weekly - 40

Time and one-half premium pay for work on Sundays and holidays in retail and certain other businesses is required under two laws that are separate from the minimum wage law.

South Carolina

No state minimum wage law.

Employers subject to the Fair Labor Standards Act must pay the current federal minimum wage of $7.25 per hour.

South Dakota

Basic Minimum Rate (per hour): $9.95

The minimum wage is adjusted annually based on a set formula.

Tennessee

No state minimum wage law.

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

Texas

Basic Minimum Rate (per hour): $7.25

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act.

The Texas State minimum wage law does not contain current dollar minimums. Instead the State adopts the federal minimum wage rate by reference.

Utah

Basic Minimum Rate (per hour): $7.25

The Utah state minimum wage law does not contain current dollar minimums. Instead the state law authorizes the adoption of the federal minimum wage rate via administrative action.

The State law excludes from coverage any employment that is subject to the federal Fair Labor Standards Act.

Virginia

Applicable to employers of 4 or more employees

Basic Minimum Rate (per hour): $11.00

Vermont

Applicable to employers of two or more employees

Basic Minimum Rate (per hour): $12.55

Premium Pay After Designated Hours [1]: Weekly - 40

The Vermont minimum wage is automatically replaced with the federal minimum wage rate if it is higher than the State minimum.

Washington

Basic Minimum Rate (per hour): $14.49

Premium Pay After Designated Hours [1]: Weekly - 40

Premium pay not applicable to employees who request compensating time off in lieu of premium pay.

From 2017 through 2020, the minimum wage will increase annually on a set schedule and will be adjusted annually thereafter based on a set formula.

Wisconsin

Basic Minimum Rate (per hour): $7.25

Premium Pay After Designated Hours [1]: Weekly - 40

West Virginia

Applicable to employers of 6 or more employees at one location

Basic Minimum Rate (per hour): $8.75

Premium Pay After Designated Hours [1]: Weekly - 40

Wyoming

Basic Minimum Rate (per hour): $5.15

Employers subject to the Fair Labor Standards Act must pay the current Federal minimum wage of $7.25 per hour.

District of Columbia

Basic Minimum Rate (per hour): $15.20

Premium Pay After Designated Hours [1]: Weekly - 40

From 2017 through 2020, the minimum wage will increase annually on a set schedule and will be adjusted annually thereafter based on a set formula.

Commonwealth of the Northern Mariana Islands

Basic Minimum Rate (per hour): $7.25

The Commonwealth of the Northern Mariana Islands has special minimum wage rates .

Puerto Rico

Employees covered by the FLSA

Basic Minimum Rate (per hour): $8.50

Premium Pay After Designated Hours [1]: Daily - 8, And on statutory rest day (double time), Weekly - 40 (double time)

Employees not covered by the FLSA

Basic Minimum Rate (per hour): $5.08

Premium Pay After Designated Hours [1]: Daily - 8, And on statutory rest day (double time), Weekly - 40 (double time)

Employers covered by the federal Fair Labor Standards Act (FLSA) are subject only to the federal minimum wage and all applicable regulations. Employers not covered by the FLSA will be subject to a minimum wage that is at least 70 percent of the federal minimum wage or the applicable mandatory decree rate, whichever is higher. The Secretary of Labor and Human Resources may authorize a rate based on a lower percentage for any employer who can show that implementation of the 70 percent rate would substantially curtail employment in that business.

American Samoa

American Samoa has special minimum wage rates .

Virgin Islands

State law

Basic Minimum Rate (per hour): $10.50

Guam

Basic Minimum Rate (per hour): $8.75

Premium Pay After Designated Hours [1]: Weekly - 40

Footnote

[1] The overtime premium rate is one and one-half times the employee's regular rate, unless otherwise specified.

Topics Worker Rights For Employers Resources Interpretive Guidance State Laws News

Wage and Hour Division

An agency within the U.S. Department of Labor

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U.S. DEPARTMENT OF LABOR

Wage and Hour Division

Consolidated Minimum Wage Table

Applicable to Nonsupervisory NONFARM Private Sector Employment Under State and Federal Laws[1]

Consolidated State Minimum Wage Update Table
(Effective Date: 01/01/2022)

Greater than federal MW	Equals federal MW of $7.25	No MW Required
AK $10.34	CNMI	AL
AR $11.00	GA	LA
AZ $12.80	IA	MS
CA $14.00	ID	SC
CO $12.56	IN	TN
CT $13.00	KS	
DC $15.20	KY	
DE $10.50	NC	
FL $10.00	ND	
HI $10.10	NH	
IL $12.00	OK	
MA $14.25	PA	
MD $12.50	TX	
ME $12.75	UT	
MI $9.87	WI	
MN $10.33	WY	
MO $11.15	PR	
MT $9.20		
NE $9.00		
NJ $13.00		
30 States + DC, GU, & VI	**15 States + PR, CNMI**	**5 States**

Greater than federal MW	Equals federal MW of $7.25	No MW Required
NM $11.50		
NV $9.75/8.75		
NY $13.20		
OH $9.30		
OR $12.75		
RI $12.25		
SD $9.95		
VA $11.00		
VT $12.55		
WA $14.49		
WV $8.75		
VI $10.50		
GU $8.75		
30 States + DC, GU, & VI	**15 States + PR, CNMI**	**5 States**

[1]Like the federal wage and hour law, State law often exempts particular occupations or industries from the minimum labor standard generally applied to covered employment. Some states also set subminimum rates for minors and/or students or exempt them from coverage, or have a training wage for new hires. Additionally, some local governments set minimum wage rates higher than their respective state minimum wage. Such differential provisions are not identified in this table. Users are encouraged to consult the laws of particular States in determining whether the State's minimum wage applies to a particular employment. This information often may be found at the websites maintained by State labor departments. Links to these websites are available at www.dol.gov/agencies/whd/state/contacts.

Additional Minimum Wage Information

- The state minimum wage rate requirements, or lack thereof, are generally controlled by legislative activities within the individual states.
- Federal minimum wage law supersedes state minimum wage laws where the federal minimum wage is greater than the state minimum wage. In those states where the state minimum wage is greater than the federal minimum wage, the state minimum wage prevails.
- CNMI has a minimum wage set lower than the federal minimum wage. There are 29 states plus the District of Columbia, Guam, and the Virgin Islands with minimum wage rates set higher than the federal minimum wage. There are 16 states plus Puerto Rico that has a minimum wage requirement that is the same as the federal minimum wage requirement. The remaining 5 states do not have an established minimum wage requirement.
- The District of Columbia has the highest minimum wage at $15.20/hour. Note: There are 18 states (AK, AZ, CA, CO, DC, FL, ME, MN, MO, MT, NV, NJ, NV, NY, OH, OR, SD, and WA) that currently have scheduled annual adjustments for their minimum wages based on varying formulas. Most of these increases occur around January 1st. Individuals should consult the relevant state labor offices for information on the particular formula used to adjust the state minimum wage.

This document was last revised on January 1, 2022.

The Wage and Hour Division tries to ensure that the information on this page is accurate but individuals should consult the relevant state labor office for official information.

Wage and Hour Division

An agency within the U.S. Department of Labor

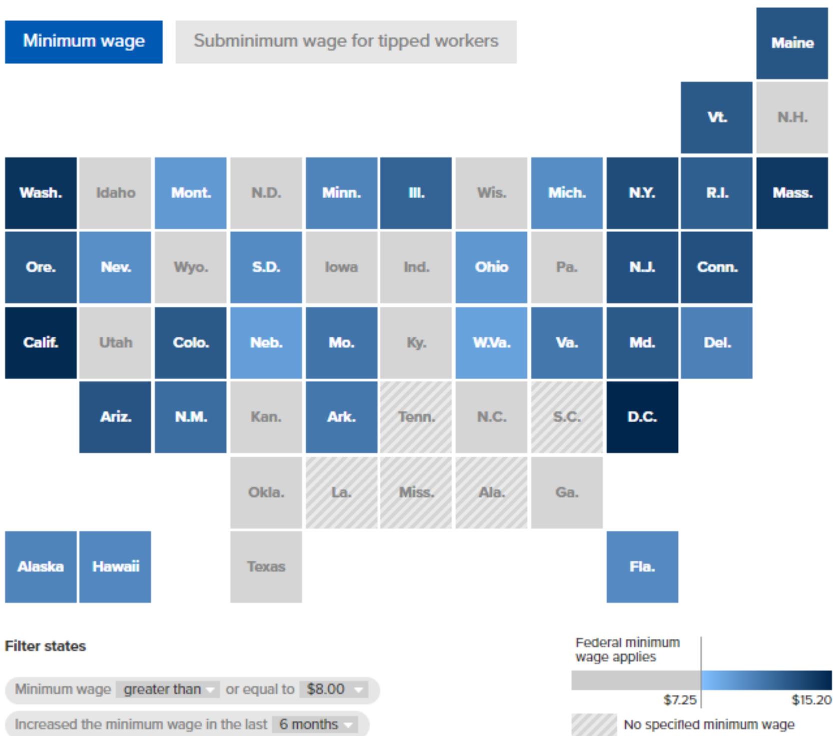
200 Constitution Ave NW
Washington, DC 20210
1-866-4-US-WAGE
1-866-487-9243
www.dol.gov

The Economic Policy Institute

Minimum Wage Tracker

The federal minimum wage has not been raised since 2009. In the absence of action at the national level, many states and localities have raised their own minimum wages. Explore the map to see how these rapidly changing laws differ across the country, and read EPI's recent research explaining the benefits of raising the minimum wage and eliminating the subminimum wage for tipped workers. *Values as of January 1, 2022*

Fact sheet: **Why the U.S. needs a $15 minimum wage**



Federal

Minimum wage	Tipped wage
$7.25	$2.13

Most recent increase
$6.55 to $7.25, effective July 24, 2009

Most recent major change to minimum wage law
2007

Upcoming increases
n/a

Indexing
n/a

Notes
The Fair Labor Standards Act excludes any business with gross annual revenue less than $500,000 whose employees do not engage in "interstate commerce." It also contains a variety of smaller occupational exclusions, such as those for telephone switchboard operators, private investigators, and babysitters.

Filter states

- Minimum wage greater than or equal to $8.00
- Increased the minimum wage in the last 6 months
- Updated minimum-wage laws in the last 1 calendar year
- Have upcoming minimum-wage increases
- Use automatic increases (indexing)
- Contain areas with different minimum wages

There are 28 states and D.C. that have changed their minimum-wage law since January 2014.

Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, Washington D.C., and West Virginia

The effective minimum wage has increased in 30 states and D.C. since January 2014.

Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, Washington D.C., and West Virginia

40 localities have adopted minimum wages above their state minimum wage.

Belmont, California; Berkeley, California; Birmingham, Alabama; Chicago, Illinois; Cook County, Illinois; Cupertino, California; Denver, Colorado; East Palo Alto, California; El Cerrito, California; Emeryville, California; Flagstaff, Arizona; Fremont, California; Hayward, California; Los Altos, California; Milpitas, California; Minneapolis, Minnesota; Montgomery County, Maryland; Mountain View, California; Nassau, Suffolk, and Westchester Counties, New York; New York City, New York; Novato, California; Oakland, California; Palo Alto, California; Petaluma, California; Portland Urban Growth Boundary, Oregon; Portland, Maine; Redwood City, California; Richmond, California; San Francisco, California; San Jose, California; San Mateo, California; Santa Clara, California; Santa Fe City, New Mexico; Santa Fe County, New Mexico; Santa Rosa, California; SeaTac, Washington; Seattle, Washington; Sonoma, California; St. Paul, Minnesota; and Sunnyvale, California

There are 30 states and D.C. that have a minimum wage higher than the federal minimum wage.

Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, Washington D.C., and West Virginia

The minimum wage is indexed for inflation in 18 states and D.C., meaning it is automatically adjusted each year for increases in prices.

Alaska, Arizona, Colorado, Connecticut, Florida, Maine, Minnesota, Missouri, Montana, Nevada, New Jersey, New York, Ohio, Oregon, South Dakota, Vermont, Virginia, Washington, and Washington D.C.

There are 7 states that have no minimum-wage law or a minimum wage below the federal minimum wage. The federal minimum wage applies in all of these states.

Alabama, Georgia, Louisiana, Mississippi, South Carolina, Tennessee, and Wyoming

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Notes

In states with no minimum-wage law (Alabama, Louisiana, Mississippi, South Carolina, and Tennessee) or minimum wages below the federal minimum wage (Georgia and Wyoming), the federal minimum wage of $7.25 applies.

Many states exclude very small businesses, such as those with fewer than five employees or those with gross annual revenue below a specified threshold. Many also contain a variety of smaller occupational exclusions and in some cases, exclusions for seasonal and part-time youth workers. The exclusions listed here are not exhaustive; they only highlight the more significant or noteworthy exclusions to minimum-wage laws.

"CPI" refers to the Consumer Price Index, as calculated by the Bureau of Labor Statistics.

"CPI-U" refers to the Consumer Price Index for all Urban Consumers, as calculated by the Bureau of Labor Statistics.

"CPI-W" refers to the Consumer Price Index for all Urban Wage Earners and Clerical Workers, as calculated by the Bureau of Labor Statistics.

MAINE #24*

In **Maine**, the Fair Market Rent (FMR) for a two-bedroom apartment is **$1,112**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **$3,707** monthly or **$44,488** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

$21.39
PER HOUR
STATE HOUSING WAGE

FACTS ABOUT MAINE:

STATE FACTS	
Minimum Wage	$12.15
Average Renter Wage	$12.90
2-Bedroom Housing Wage	$21.39
Number of Renter Households	155,126
Percent Renters	28%

MOST EXPENSIVE AREAS	HOUSING WAGE
Portland HMFA	$30.62
York-Kittery-South Berwick HMFA	$28.33
Cumberland County (part) HMFA	$23.27
York County (part) HMFA	$22.60
Sagadahoc County HMFA	$20.88

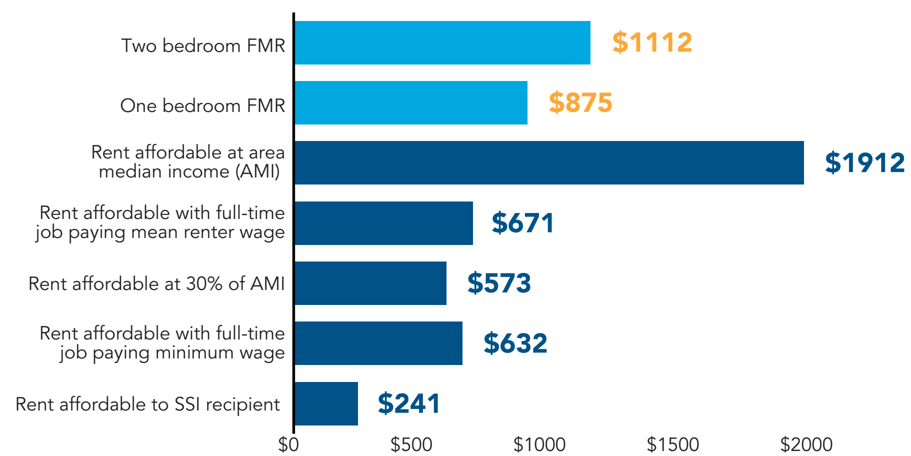
MSA = Metropolitan Statistical Area: HMFA = HUD Metro FMR Area.
* Ranked from Highest to Lowest 2-Bedroom Housing Wage. Includes District of Columbia and Puerto Rico.

70
Work Hours Per Week At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

55
Work Hours Per Week At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)

1.8
Number of Full-Time Jobs At **Minimum Wage** To Afford a **2-Bedroom Rental Home** (at FMR)

1.4
Number of Full-Time Jobs At **Minimum Wage** To Afford a **1-Bedroom Rental Home** (at FMR)



TOWNS WITHIN MAINE FMR AREAS

BANGOR, ME HMFA

PENOBSCOT COUNTY

Bangor city, Brewer city, Eddington town, Glenburn town, Hampden town, Hermon town, Holden town, Kenduskeag town, Milford town, Old Town city, Orono town, Orrington town, Penobscot Indian Island Reservation, Veazie town

CUMBERLAND COUNTY, ME (PART) HMFA

CUMBERLAND COUNTY

Baldwin town, Bridgton town, Brunswick town, Harpswell town, Harrison town, Naples town, New Gloucester town, Pownal town, Sebago town

LEWISTON-AUBURN, ME MSA

ANDROSCOGGIN COUNTY

Auburn city, Durham town, Greene town, Leeds town, Lewiston city, Lisbon town, Livermore Falls town, Livermore town, Mechanic Falls town, Minot town, Poland town, Sabattus town, Turner town, Wales town

PENOBSCOT COUNTY, ME (PART) HMFA

PENOBSCOT COUNTY

Alton town, Argyle UT, Bradford town, Bradley town, Burlington town, Carmel town, Carroll plantation, Charleston town, Chester town, Clifton town, Corinna town, Corinth town, Dexter town, Dixmont town, Drew plantation, East Central Penobscot UT, East Millinocket town, Edinburg town, Enfield town, Etna town, Exeter town, Garland town, Greenbush town, Howland town, Hudson town, Kingman UT, Lagrange town, Lakeville town, Lee town, Levant town, Lincoln town, Lowell town, Mattawamkeag town, Maxfield town, Medway town, Millinocket town, Mount Chase town, Newburgh town, Newport town, North Penobscot UT, Passadumkeag town, Patten town, Plymouth town, Prentiss UT, Seboeis plantation, Springfield town, Stacyville town, Stetson town, Twombly UT, Webster plantation, Whitney UT, Winn town, Woodville town

PORTLAND, ME HMFA

CUMBERLAND COUNTY

Cape Elizabeth town, Casco town, Chebeague Island town, Cumberland town, Falmouth town, Freeport town, Frye Island town, Gorham town, Gray town, Long Island town, North Yarmouth town, Portland city, Raymond town, Scarborough town, South Portland city, Standish town, Westbrook city, Windham town, Yarmouth town

YORK COUNTY

Buxton town, Hollis town, Limington town, Old Orchard Beach town

SAGADAHOC COUNTY, ME HMFA

SAGADAHOC COUNTY

Arrowsic town, Bath city, Bowdoin town, Bowdoinham town, Georgetown town, Perkins UT, Phippsburg town, Richmond town, Topsham town, West Bath town, Woolwich town

YORK COUNTY, ME (PART) HMFA

YORK COUNTY

Acton town, Alfred town, Arundel town, Biddeford city, Cornish town, Dayton town, Kennebunk town, Kennebunkport town, Lebanon town, Limerick town, Lyman town, Newfield town, North Berwick town, Ogunquit town, Parsonsfield town, Saco city, Sanford city, Shapleigh town, Waterboro town, Wells town

YORK-KITTERY-SOUTH BERWICK, ME HMFA

YORK COUNTY

Berwick town, Eliot town, Kittery town, South Berwick town, York town

MAINE

	FY21 HOUSING WAGE	HOUSING COSTS			AREA MEDIAN INCOME (AMI)				RENTERS				
	Hourly wage necessary to afford 2 BR[1] FMR[2]	2 BR FMR	Annual income needed to afford 2 BMR FMR	Full-time jobs at minimum wage to afford 2BR FMR[3]	Annual AMI[4]	Monthly rent affordable at AMI[5]	30% of AMI	Montly rent affordable at 30% of AMI	Renter households (2015-2019)	% of total households (2015-2019)	Estimated hourly mean renter wage (2021)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
Maine	$21.39	$1,112	$44,488	1.8	$76,460	$1,912	$22,938	$573	155,126	28%	$12.90	$671	1.7
Combined Nonmetro Areas	$16.32	$849	$33,947	1.3	$64,050	$1,601	$19,215	$480	56,433	25%	$10.57	$550	1.5
Metropolitan Areas													
Bangor HMFA	$20.33	$1,057	$42,280	1.7	$72,700	$1,818	$21,810	$545	14,019	37%	$12.13	$631	1.7
Cumberland County (part) HMFA	$23.27	$1,210	$48,400	1.9	$78,500	$1,963	$23,550	$589	4,703	23%	$15.61	$812	1.5
Lewiston-Auburn MSA	$18.21	$947	$37,880	1.5	$71,200	$1,780	$21,360	$534	16,271	36%	$13.19	$686	1.4
Penobscot County (part) HMFA	$16.67	$867	$34,680	1.4	$59,200	$1,480	$17,760	$444	5,014	20%	$12.13	$631	1.4
Portland HMFA	$30.62	$1,592	$63,680	2.5	$99,900	$2,498	$29,970	$749	34,948	31%	$15.43	$802	2.0
Sagadahoc County HMFA	$20.88	$1,086	$43,440	1.7	$78,300	$1,958	$23,490	$587	4,071	25%	$13.68	$711	1.5
York County (part) HMFA	$22.60	$1,175	$47,000	1.9	$84,200	$2,105	$25,260	$632	15,614	28%	$12.16	$632	1.9
York-Kittery-South Berwick HMFA	$28.33	$1,473	$58,920	2.3	$105,300	$2,633	$31,590	$790	4,053	21%	$12.16	$632	2.3
Counties													
Aroostook County	$14.12	$734	$29,360	1.2	$54,900	$1,373	$16,470	$412	8,270	28%	$9.56	$497	1.5
Franklin County	$14.48	$753	$30,120	1.2	$62,500	$1,563	$18,750	$469	2,438	21%	$9.20	$478	1.6
Hancock County	$17.69	$920	$36,800	1.5	$71,800	$1,795	$21,540	$539	5,605	24%	$10.86	$565	1.6
Kennebec County	$16.19	$842	$33,680	1.3	$68,700	$1,718	$20,610	$515	15,353	29%	$10.95	$570	1.5
Knox County	$18.60	$967	$38,680	1.5	$70,400	$1,760	$21,120	$528	3,874	23%	$11.70	$609	1.6
Lincoln County	$19.63	$1,021	$40,840	1.6	$72,000	$1,800	$21,600	$540	3,188	21%	$9.75	$507	2.0
Oxford County	$16.12	$838	$33,520	1.3	$60,400	$1,510	$18,120	$453	4,096	19%	$9.83	$511	1.6
Piscataquis County	$14.12	$734	$29,360	1.2	$53,900	$1,348	$16,170	$404	1,693	24%	$9.14	$475	1.5
Somerset County	$15.35	$798	$31,920	1.3	$57,200	$1,430	$17,160	$429	5,091	24%	$10.73	$558	1.4
Waldo County	$19.25	$1,001	$40,040	1.6	$66,000	$1,650	$19,800	$495	3,587	21%	$12.50	$650	1.5
Washington County	$15.29	$795	$31,800	1.3	$56,400	$1,410	$16,920	$423	3,238	23%	$10.03	$522	1.5

1: BR = Bedroom
2: FMR = Fiscal Year 2021 Fair Market Rent.
3: This calculation uses the higher of the county, state, or federal minimum wage, where applicable.
4: AMI = Fiscal Year 2021 Area Median Income
5: Affordable rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.

Maine Department of Labor (https://www.maine.gov/labor/index.shtml)

Home (../index.shtml) → Labor Laws (index.html) → Wage and Hour Division (http://www.maine.gov/labor/labor_laws/wagehour.html) → History of Maine's Minimum Wage Rate

Bureau of Labor Standards

History of Maine's Minimum Wage Rate

Minimum Wage:

Maine's minimum wage history dates back to 1937 when P.L. Ch. 289 was passed. The law pertained to women and minors in the fish packing business; the law established that upon a petition of fifty signatures the commissioner should investigate wages being paid and that if these wages were determined to be oppressive or unreasonable then a wage board would be appointed to report on protections necessary. Such steps were established and a minimum rate of 33 cents per hour was set. The commissioner at the time, Jesse Taylor, then brought legal action against Calvin Stinson for allegedly not adhering to this rate. The Superior Court ordered Mr. Stinson to comply but he appealed to the Law Court. Stinson V. Taylor was decided on January 28, 1941: nullification due to lack of jurisdiction. The commissioner brought further action on March 4, 1941 to enforce the wage rates and the Justice of the Superior Court decided in favor of the Commissioner. Again, however, the defendant appealed and won because the case was dismissed on want of jurisdiction.[1] (#_ftn1)

The state of Maine's first uniform minimum wage, barring a few exempted occupations, was effective October 15, /1959 at the rate of $1/hour. At the time of the last history, in 1974, the minimum wage was $2.00/hour. Since 1974, however, Maine has increased its minimum wage twenty-two times- both independently and to remain in accordance with the federal minimum wage. There are a few significant trends to note. Firstly, from 1965-1981 the minimum wage was raised every year- and twice in 1975- except for 1970; over this time it went from $1.15/hour to $3.35/hour. This was in accordance with the raises set by the federal government over the same period. Second, from 1985-1991 the minimum wage was raised every year except for 1988; in 1985 it rose to $3.45/hour and by 1991 it was $4.25/hour. The Federal minimum wage had been set at $3.35/hour in 1981 and was not raised until 1990. In 1991 the Federal Minimum Wage rate was raised to the $4.25/hour mark that the state complied with. But from 1985-1990, the state of Maine's minimum wage was higher than the Federal. In 1997 the Federal minimum wage was raised to $5.15/hour. The state of Maine then raised its minimum wage every year from 2003-2006, it raised it to $5.75/hour-$6.75/hour. Then, in 2007, L.D. 1697 "An Act To Ensure Fair Wages," established that the minimum wage rate would rise in 2007, 2008, and 2009 to $7.00/hour, $7.25/hour, and $7.50/hour, respectively. The federal minimum wage rate at this time was raised to $5.85/hour, $6.55/hour, and $7.25/hour, respectively. Thus the state of Maine currently enjoys a minimum wage higher than the federal wage.

Conversely, this also means that for stretches of time there was no increase in the minimum wage. These stretches included: 1960-1964, 1992-1995, 1998-2001, and 2009-2014 (the present). It is interesting to note that our current stretch of five years in which the minimum wage has not risen is the longest stretch of time without an increase in the state of Maine since the original minimum wage was enacted. Furthermore, although the state's minimum wage is higher than the Federal minimum wage, Maine's minimum wage rate is slightly behind most of the rest of New England- Vermont has a minimum wage of $8.73/hour; Massachusetts has a minimum wage of $8.00/hour; Connecticut has a minimum wage of $8.70/hour; and Rhode Island has a minimum wage rate of $8.00/hour. New Hampshire, which currently adheres to the Federal minimum wage rate, is the only state in New England with a lower minimum wage than Maine. Despite this, though, Maine still enjoys a higher minimum wage than the Federal Government demands and, subsequently, has a higher minimum wage than 29 states and equal to that of two other states.[2] (#_ftn2) It is also important to note the clear and obvious distinctions between states such as Maine and states such as Massachusetts, Rhode Island, and Connecticut. The latter states all enjoy far greater population density, industry, economic opportunity, and commercial flow. The differences between the many states and the Federal government certainly have a few reasons. Of course, varying costs of living would lead some states to raise their minimum wage while other states, with lower costs of living, may not need to do so.

There have, throughout Maine's legislative history but particularly in more recent legislatures, been attempts to tie the minimum wage to the cost of living; these have all failed to pass. Despite the decisions not to tie the minimum wage to the Consumer Price Index (CPI) or inflation, in 2005 the 122nd legislature passed LD 1236 which established a study commission to report to the legislature in regards to a livable wage. The bill stated the duties of the commission to:

> Define what level of compensation constitutes a livable wage; identify ways to ensure that all Maine adults earn a liveable wage; Examine the efficacy of a state earned income tax credit that would enable working families to meet their basic needs; examine how increased access to education and training and access to child care increases the likelihood of earning a liveable wage and identify means of increasing such access; identify the number of people in Maine who earn less than a liveable wage; and examine how state policies and payments, including MaineCare and other state health care related payments, contribute to the number of Mainers who earn less than a liveable wage.

In 2007 the issue of a livable wage was returned to. LD 1445 defined a livable wage as, "the statewide average livable wage for a single-parent, one-child household as reported by the Department of Labor in the most recent annual report required."[3] (#_ftn3) It further directed the Department of Labor on how to calculate a livable wage, and directed it to both measure the "Statewide difference between the total livable wages for those workers paid less than a livable wage… and the total actual wages paid those same workers for that year," as well as to produce "a report that quantifies and summarizes data gathered and analyzed from all federal, state and local social service agencies and offices regarding the costs of providing direct services to all workers in the State paid less than a livable wage." In 2009 LD 64 amended this process so that the annual report became a biennial report. Then, in 2011, LD 1786 terminated the requirement that the Department of Labor calculate and then report the livable wage.

The minimum wage has also increased overtime to incorporate more professions and thus more workers. It has also changed in regards to service employees and how tips are treated. In 2007 the minimum wage in Maine was extended via LD 224 to domestic workers employed by for-profit, third-party employers. LD 685 in 2009 clarified what a "Summer Camp" was for the purpose of exclusion from the minimum wage. Also enacted in 2009, LD 849 added, "Public schools to the definition of "public works" in the Maine Revised Statutes, Title 26, chapter 15, which deals with preference to Maine works and contractors."

In 2007, LD 1543 established the fact that, "The tips received by a service employee become the property of the employee and may not be shared with the employer," and it further stipulated that tip pooling must be voluntary. In 2011, LD 207 defined "tip" and clarified that a sum presented by a customer in recognition of service performed was to be considered a tip for the service employee even if it is automatically included in the customer's bill or charged to a credit card. It also stated that a service charge included in a bill in a banquet or private club setting is not a tip and that the customer must be notified of this, that all employees in the banquet or private club setting must be compensated in accordance with the State's minimum wage and overtime laws and that the service charge can be used to meet these obligations. The amendment further clarified that tip pooling is a valid practice as described by federal laws and regulations.

Maine's Minimum Wage Compared to the Federal Minimum Wage

Date of Change	**Minimum Wage in ME[4]** (#_ftn4)	**Federal Wage[5]** (#_ftn5)
10-15-59	$1.00 (Maine's first min. wage)	$1.00 (Enacted 1956)
10-15-65	$1.15	$1.25
10-15-66	$1.25	$1.25
10-15-67	$1.40	$1.40
10-15-68	$1.50	$1.60
10-15-69	$1.60	$1.60
09-23-71	$1.80	$1.60
10-03-73	$1.90	$1.60
05-01-74	$2.00	$2.00
01-01-75	$2.10	$2.10
10-01-75	$2.30	$2.30
01-01-78	$2.65	$2.65
01-01-79	$2.90	$2.90
01-01-80	$3.10	$3.10
01-01-81	$3.35	$3.35
01-01-85	$3.45	$3.35
01-01-86	$3.55	$3.35
01-01-87	$3.65	$3.35
01-01-89	$3.75	$3.35
01-01-90	$3.85	$3.80
04-01-91	$4.25	$4.25
10-01-96	$4.75	$4.75
09-01-97	$5.15	$5.15
01-01-02	$5.75	$5.15
01-01-03	$6.25	$5.15
10-01-04	$6.35	$5.15
10-01-05	$6.50	$5.15
10-01-06	$6.75	$5.15
10-01-07	$7.00	$5.85

Date of Change	Minimum Wage in ME[4] (#_ftn4)	Federal Wage[5] (#_ftn5)
10-01-08	$7.25	$6.55
10-01-09	$7.50	$7.25
01-01-17	$9.00	$7.25
01-01-18	$10.00	$7.25
01-01-19	$11.00	$7.25
01-01-20	$12.00	$7.25
01-01-21	$12.15	$7.25
01-01-22	$12.75	$7.25

Footnotes

- [1] (#_ftnref1) Maine Department of Manpower Affairs and Smith, C Wilder, "History of the Bureau of Labor and Industry, 1974" (1974). Labor Standards Documents. Paper 77; 49.
- [2] (#_ftnref2) http://www.dol.gov/whd/minwage/america.htm (http://www.dol.gov/whd/minwage/america.htm)
- [3] (#_ftnref3) http://www.mainelegislature.org/legis/bills/search_ps.asp (http://www.mainelegislature.org/legis/bills/search_ps.asp)
- [4] (#_ftnref4) http://www.maine.gov/labor/labor_laws/minwagehistory.html
- [5] (#_ftnref5) http://www.dol.gov/whd/minwage/chart.htm (http://www.dol.gov/whd/minwage/chart.htm)

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Credits

(http://www.maine.gov/labor/index.shtml)

Living Wage Calculation (Glasmeier, Amy K. Living Wage Calculator. 2020. Massachusetts Institute of Technology. livingwage.mit.edu)

	1 Adult				2 Adults (1 Working)				2 Adults (Both Working)			
	0 Children	1 child	2 Children	3 Children	0 Children	1 child	2 Children	3 Children	0 Children	1 child	2 Children	3 Children
Portland-So Portland Metropolitan Statistical Area Livable Wage	$18.86	$37.07	$46.37	$61.42	$28.28	$34.59	$40.61	$44.28	$13.82	$20.28	$26.27	$31.09
Portland Minimum Wage	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Cumberland County Livable Wage	$19.75	$38.84	$48.33	$64.19	$29.43	$36.18	$42.19	$46.46	$14.71	$21.17	$27.25	$32.47
State of Maine Livable Wage	$17.88	$34.80	$43.38	$57.23	$27.14	$33.05	$39.06	$42.25	$13.57	$19.15	$24.78	$28.99
State Minimum Wage	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75	$12.75

Chapter 33 MINIMUM WAGE

ARTICLE I. PURPOSE

Sec. 33.1. Purpose.

WHEREAS, the City of Portland is a home-rule unit of government under the Maine Constitution and 30-A M.R.S. §3001 and, as such, may exercise any power and perform any function in order to protect health, safety and welfare of the citizens of the City; and

WHEREAS, promoting the welfare of the City's citizens, its most important asset, and those who work within the City's borders is an endeavor that plainly meets this criterion; and

WHEREAS, after years of inaction by the United States Congress, it is time for municipalities and states to lift families out of poverty and stimulate the economy by raising the minimum wage; and

WHEREAS, Mayor Michael Brennan created a working group, which included community, labor and business leaders, and tasked them with reviewing the minimum wage issue within the City of Portland; and

WHEREAS, the cost of living in Portland has increased making life here cost, as a percentage of income, as much as is paid by residents of Chicago, Illinois, Sacramento, California and other major United States cities where the minimum wage is much higher; and

WHEREAS, an estimated 20,000 workers in the State of Maine work for minimum wage, and a substantial number of them are among the City of Portland’s more than 65,000 wage and salary earners; and

WHEREAS, The Massachusetts Institute of Technology has calculated that, for a single adult to support him- or herself in Portland at the current minimum wage, he or she would need to work over 50 hours a week; and

WHEREAS, more than 50 percent of Portland public school students are eligible for free lunch, meaning their families have incomes at between 100 percent and 185 percent of the Federal poverty level, which is higher than what a single parent with one child in school would earn with a full-time minimum wage job; and

WHEREAS, rising housing costs, including an increase in the median home price from $125,200 in 2000 to $238,400 in 2012, are pushing low wage workers out of the City; and

WHEREAS, the Fair Market Rent in the Portland Area for a two-bedroom apartment is $1,012, and a full-time worker job would have to earn at least $19.46 per hour to afford that rent;

WHEREAS, phasing in the wage increase over time will allow businesses to adjust and result in reasonable annual increases in expenses;

WHEREAS, based on the work of the working group (the materials and report of which are incorporated herein by reference) and the aforementioned facts, Mayor Brennan proposed that the minimum wage be increased within the City of Portland;

NOW THEREFORE, to promote the health, safety and welfare of its citizens and pursuant to and consistent with 26 M.R.S. §664, the City Council of the City of Portland, Maine hereby establishes the following minimum wage ordinance applicable to all Employers and Employees within the City of Portland:
(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

ARTICLE II. DEFINITIONS

Sec. 33.2. Definitions.

Unless the context otherwise indicates, the following words shall have the following meanings.

City: City of Portland.

City limits: the physical boundaries of the City.

Consumer Price Index – All Urban Consumers ("CPI-U") means the national, annual average of the Consumer Price Index for all urban consumers as reported by the United States Bureau of Labor Statistics, with the Series identification number of CUUR0000SA0.

Employer: Any individual, group of individuals, partnership, association, corporation, business trust, or any other entity or group of persons or entities who employs or exercises control over the wages, hours, or working conditions of any Employee and who has a place of business within the City limits. "Employer" shall include but not be limited to the City of Portland.

Employee: Any person who performs work for an Employer for monetary compensation within the municipal limits of the City. Employee shall include persons who perform work for an employer on a full-time, part-time, seasonal or temporary basis. Employee shall not include any person who is exempted from the definition of Employee under 26 M.R.S. §663(3) of Chapter 7, Employment Practices.

Minimum wage: The minimum hourly rate of monetary compensation that an Employer shall legally pay an Employee for work within the City.

State Minimum Wage: The minimum hourly wage established by 26 M.R.S. § 664.

Service Employee: Service employee shall have the same meaning as defined in 26 M.R.S. Sec. 663(8), as amended.

Tip: A sum presented by a customer in recognition of services performed by one or more Service Employees, including a charge automatically included in the customer's bill. "Tip" does not include a service charge added to a customer's bill in a banquet or private club setting by agreement between the customer and the Employer.

(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016; Ord. No. 105-16/17, 12-19-2016; Order 109-21/22, 12-20-2021)

Sec. 33.5 – 33-6 Reserved.

ARTICLE III. MINIMUM WAGE

Section 33.7. Minimum Wage.

(a) *Minimum wage payment required:* Except as provided herein, Employers shall pay all Employees no less than the Minimum Wage established by this ordinance for each hour worked within the City Limits.

(b) *Minimum Wage rate:*

(i) Beginning on January 1, 2022, the regular Minimum Wage for all Employees, including, but not limited to, Service Employees, shall be raised to $13.00 per hour;

(ii) Beginning on January 1, 2023, the regular Minimum Wage for all Employees, including, but not limited to, Service Employees, shall be raised to $14.00 per hour; and

(iii) Beginning on January 1, 2024, the regular Minimum Wage for all Employees, including, but not limited to, Service Employees, shall be raised to $15.00 per hour; and

(iv) On January 1, 2025 and each January 1st thereafter, the minimum hourly wage then in effect must be increased by the increase, if any, in the cost of living. The increase in the cost of living must be measured by the percentage increase, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index for All Urban Consumers, CPI-U, for the Northeast Region, or its successor index, as published by the United States Department of Labor, Bureau of Labor Statistics or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of 5¢. If the state minimum wage established by 26 M.R.S. § 664 is increased in excess of the minimum wage in effect under this ordinance, the minimum wage under this ordinance is increased to the same amount, effective on the same date as the increase in the state minimum wage, and must be increased in accordance with this ordinance thereafter.

(c) *Tip Credit:*

(i) An Employer may consider tips as part of the wages of a Service Employee toward satisfaction of the Minimum Wage established by this ordinance, in accordance with 26 M.R.S. §664(2) and until such time as the tip credit is eliminated under state law. Such a tip credit shall be no greater than half the Minimum Wage rate established by this ordinance.

(ii) An Employer who elects to use the tip credit, until it is eliminated under state law, must inform the affected employee in advance and must be able to show that the employee receives at least the Minimum Wage established by this ordinance when direct wages and the tip credit are combined. Upon a satisfactory showing by the employee or the employee's representative that the actual tips received were less than the tip credit, the employer shall increase the direct wages by the difference.

(iii) The tips received by a Service Employee become the property of the employee and may not be shared with the employer. Tips that are automatically included in the customer's bill or that are charged to a credit card must be treated like tips given to the Service Employee. A tip that is charged to a credit card must be paid by the employer to the employee by the next regular payday and may not be held while the employer is awaiting reimbursement from a credit card company.

(iv) This section may not be construed to prohibit an employer from establishing a valid tip pooling arrangement among service employees that is consistent with the federal Fair Labor Standards Act and regulations made pursuant to that Act.

(v) The meaning of the language used in this section shall be interpreted consistently with the interpretation of the language of 26 M.R.S. §663 and 26 M.R.S. §664.

(d) Overtime.

(i) The Minimum Wage set out in this ordinance is subject to the overtime compensation provisions in 26 M.R.S. §664(3).

(e) Collective Bargaining Agreements.

(i) Nothing in this ordinance shall be deemed to interfere with, impede, or in any way diminish the right of all Employees including, but not limited to, Service Employees to bargain collectively with their Employers in order to establish wages or other conditions of work in excess of the applicable minimum standards of this ordinance.

(f) Retaliation Prohibited.

(i) It shall be unlawful for any Employer to discriminate in any manner or take any adverse action against any Employee including, but not limited to a Service Employee in retaliation for exercising any right under this ordinance.

(g) *Effect of Emergency Proclamation.* For work performed during a declared emergency, the effective Minimum Wage rate established by this ordinance shall be calculated as 1.5 times the regular minimum wage rate under subsection (b) above. A declared emergency under this ordinance shall include the period of time during which:

(i) A proclamation issued pursuant to Chapter 2, Sec. 2-406, of this code declares an emergency to exist, if such emergency proclamation is geographically applicable to the Employee's workplace; or

(ii) A proclamation issued pursuant to 37-B M.R.S. § 742 declares an emergency to exist, if such emergency proclamation is geographically applicable to the Employee's workplace.

A declared emergency under this ordinance shall not apply to work performed under a teleworking arrangement, as defined under 5. U.S.C. § 6501, allowing the Employee to work from home.

(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016; Ord. No. 105-16/17, 12-19-2016; By Referendum, 11-3-2020)

ARTICLE IV. NOTICE, POSTING AND RECORDS

Sec. 33.8. Notice, Posting and Records.

(a) Notice to Employees. Every employer shall post in a conspicuous place at any workplace or job site where any Employee works, a notice informing Employees of the City's current Minimum Wage rates, as well as a copy of this ordinance.

(b) Records. Employers shall maintain payroll records showing hours worked daily by and the wages paid to all Employees, including, but not limited to, Service Employees. Employers shall retain such payroll records pertaining to all Employees for a period of at least three (3) years after an Employee has left employment.

(c) Access. The City shall have access to any and all Employer payroll records subject to this ordinance during business hours to investigate whether or not an Employer has violated any of the provisions of this chapter.

(d) Paycheck Notice. Every Employer shall provide with the first paycheck issued to an Employee, including a Service Employee, a notice advising the Employee of the current Minimum Wage under this ordinance and of the Employee's rights under this ordinance.

(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

ARTICLE V. ENFORCEMENT AND VIOLATIONS

Sec. 33.9. Enforcement and Violations.

(a) Enforcement.

(i) The City Manager or his/her designee shall enforce the provisions of this ordinance.

(ii) The City Manager is authorized to adopt rules and regulations for the proper administration and enforcement of this ordinance.

(b) Complaint Process.

(i) Any Employee, including, but not limited to, a Service Employee, receiving less than the Minimum Wage he or she is required to receive under this ordinance may file a written complaint with the City Manager's office.

(ii) The City Manager or his or her designee may investigate and issue a response to the complaint within fifteen (15) work days following the receipt of a complaint. The City Manager's or his or her designee's response to the complaint shall be final.

(iii) If the City Manager finds that a violation of this chapter has occurred, he or she may order any and all appropriate relief including, but not limited to, the payment of any back wages withheld and/or the payment of not less than $100.00 as a penalty for each day that a violation of this chapter has occurred. A violation of this Ordinance may also be considered a civil violation subject to the general penalty provisions of section 1-15 of this Code.

(c) Private Cause of Action.

(i) Any Employee, including, but not limited to, a Service Employee, the City or any person aggrieved by a violation of this ordinance may bring an action in a Court of competent jurisdiction against the Employer for any and all violations of this ordinance, including, but not limited to, wages owed under this ordinance. Upon a judgment being rendered in favor of any employee(s), in any action brought pursuant to this ordinance, such judgment shall include, in addition to the wages adjudged to be due and any penalties assessed, any and all costs of suit including, but not limited to, reasonable attorney's fees.

(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

ARTICLE VI. RELATIONSHIP TO OTHER REQUIREMENTS

Sec. 33.10. Relationship To Other Requirements.

This ordinance provides for payment of Minimum Wage rates within the City and shall not be construed to preempt or otherwise limit or affect the applicability of any other law, regulation, requirement or policy, including any that provides for payment of higher wages and/or benefits. Nothing contained in this ordinance prohibits an employer from paying more than the Minimum Wage rates established herein.

(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

ARTICLE VII. SEVERABILITY CLAUSE

Sec. 33.11. Severability Clause.

If any section, paragraph, sentence, word or phrase of this ordinance is for any reason held to be invalid or

unenforceable by any court, such decision shall not affect the validity of the remaining provisions of this ordinance.
(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

ARTICLE VIII. EFFECTIVE DATE

Sec. 33.12. Effective Date.

This ordinance shall take effect on January 1, 2016.
(Ord. 297-14/15, 9-9-2015, Effective 1-1-2016)

PORTLAND Regional Chamber of Commerce
A Partnership of Community Chambers

MINIMUM WAGE IN PORTLAND

Presentation to the Portland City Council, Housing and Economic Development Committee

June 21, 2022

GENERALLY:

- Research indicates that minimum wage increases wages and earnings for less-educated workers.
- Research is less clear on the impacts of higher minimum wages in reduced wage inequality, as well as impacts on job losses.

BUT…

- There is comparatively little research on local minimum wages. Of 52 research reports on the employment impacts of the minimum wage since 1992, just 8 assessed impacts related to local laws.
- There is little research on wages that increased more than a "modest" amount of <$1. Increases beyond that have not been studied extensively at either the state or local level, and thus a move in that direction would invite uncertainty to Portland.

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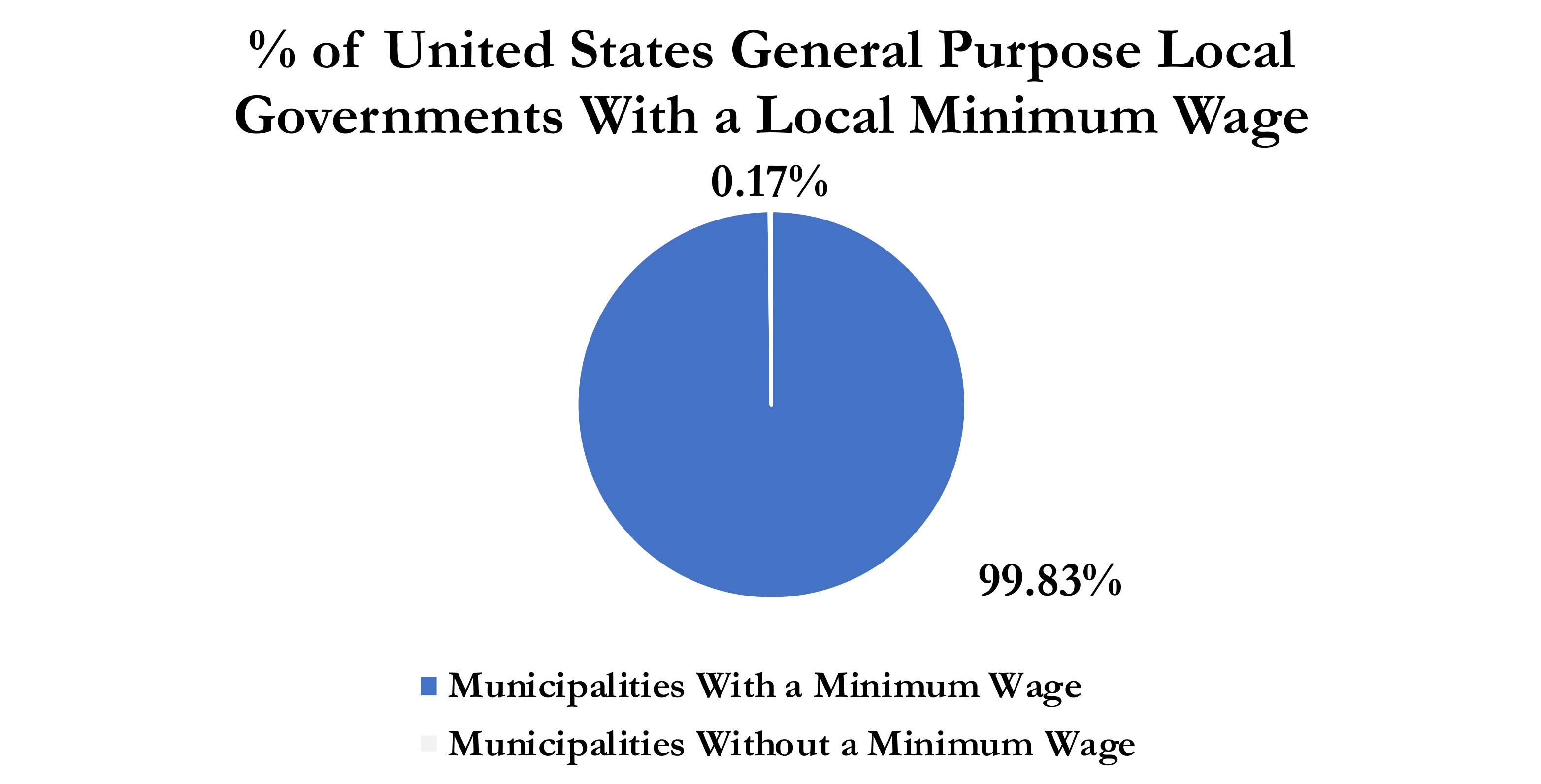
IT IS INCREDIBLY RARE FOR MUNICIPALITIES TO HAVE THEIR OWN MINIMUM WAGES:



Source: UC Berkeley

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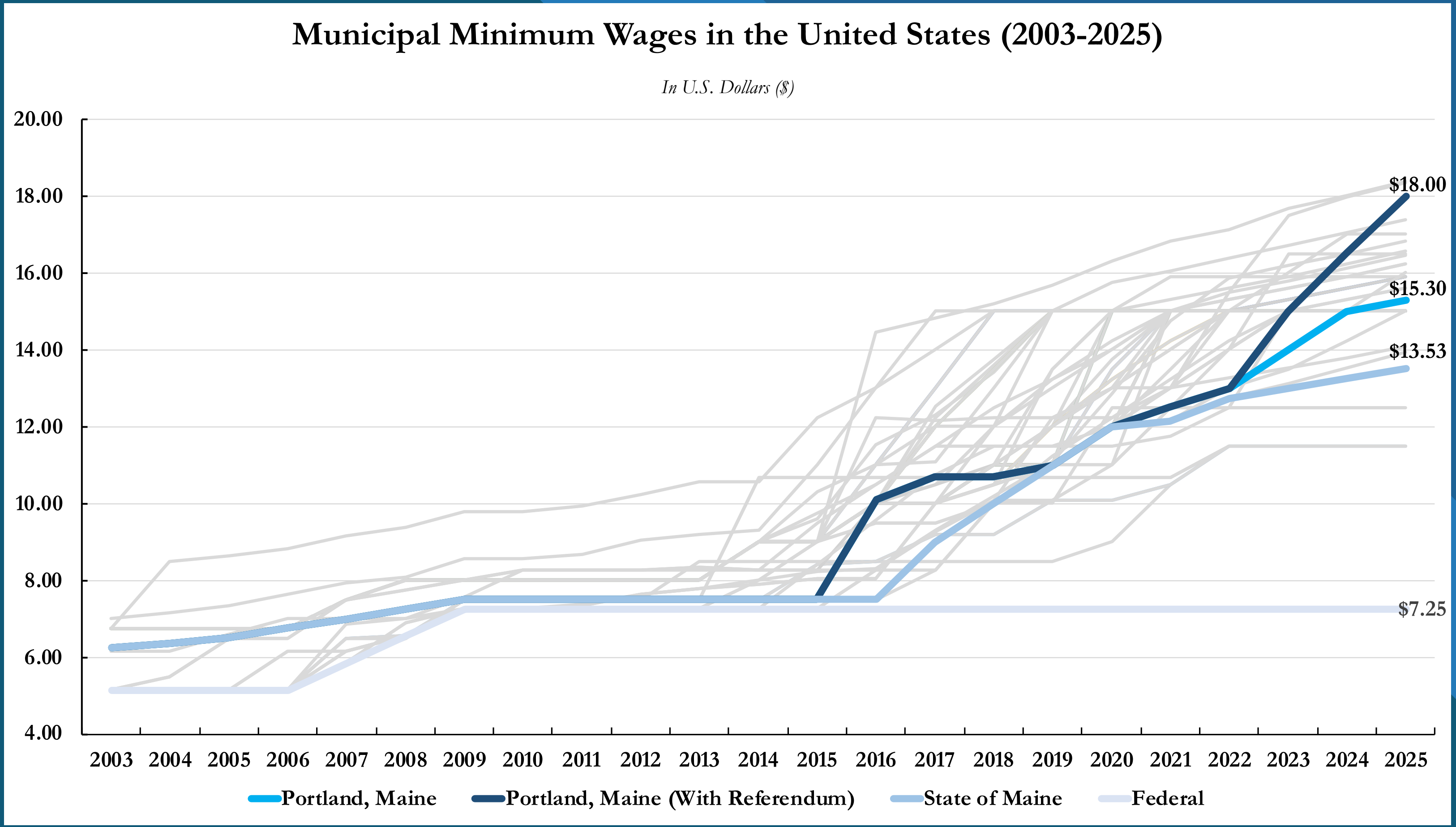
PORTLAND IS ON THE PATH TO OUTLIER STATUS:



Source: UC Berkeley

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KEY METRICS: CITIES W/ MIN. WAGE >$16/HR COMPARISON

Under the current proposal to increase Portland's minimum wage to $18/hr, Portland would have the second highest minimum wage in the country. This is despite the fact that we have median incomes, rents, and home prices well below all other municipalities with a minimum wage over $16/hr in 2025.

Municipality	2025 Minimum Wage ($)	2020 Median Income ($)	2022 Median Rent ($)	2022 Median House ($)
Santa Rosa, CA	*Est.* $16.24	$37,559	$2,087	$749,000
Washington, DC	*Est.* $16.24	$52,328	$2,261	$600,000
Flagstaff, AZ	*Est.* $16.45	$22,381	$1,901	$725,000
Foster City, CA	$16.50	$80,978	$3,261	$1,400,000
Redwood City, CA	*Est.* $16.56	$51,901	$3,255	$1,700,000
Denver, CO	*Est.* $16.84	$40,997	$1,879	$575,000
Sonoma, CA	$17.00	$44,698	$2,563	$1,300,000
Seattle, WA	*Est.* $17.39	$52,142	$2,190	$829,000
Portland, ME	$18.00	$35,408	$1,607	$475,000
West Hollywood, CA	*Est.* $18.35	$50,175	$3,354	$1,300,000
Emeryville, CA	*Est.* $18.39	$70,000	$2,676	$549,000

Sources: UC Berkeley, United States Census Bureau, Yardie Metrix, National Association of Realtors
**Estimates used for CPI guided minimum wages, using 2% annual inflation*

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PROFIT MARGINS IN KEY PORTLAND INDUSTRIES ARE INCREDIBLY SMALL:

Industry	Average Margin
Education	7.7%
Construction	1.8%
Entertainment	3.9%
Food Processing	8.4%
Hospitals and Health Care Facilities	7.2%
Recreation	4.8%
Retail (General)	2.7%
Retail (Grocery & Food)	1.1%

Source: NYU Stern

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IN FOCUS: HEALTHCARE/SOCIAL SERVICES CONCERNS

- Conversations with healthcare and social service providers in Portland have noted that payments for wages from governmental payors has decreased or held stagnant in recent years.
- One behavioral health provider noted that governmental payors represented 80% of their client base in recent years, and that they were already on track to lose significant amounts in FY22.
- One major healthcare provider noted that they had completed 18,000 home health visits in the last year, and that they lost over 22% on each visit.
- All healthcare and social service providers we spoke with felt strongly that at a time of record numbers of patients being discharged from hospitals without a safe disposition, it has never been more important to ensure that services like community health and nursing care at home continue to remain available and viable for patients.

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TOTAL COMPENSATION IS AN IMPORTANT CONSIDERATION:

Components of Total Compensation in Private Industry (50th Wage Percentile)	
Wages and Salaries:	$20.12
Paid Leave:	$1.78
Supplemental Pay:	$0.93
Insurance:	$2.71
Retirement:	$0.67
Legally Req. Benefits:	$2.40
Total Benefits:	$8.48
Total Compensation:	**$28.60**

Source: U.S. Bureau of Labor Statistics

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POINTS OF CAUTION

Unintended Consequences

- Portland becoming an outlier amongst the outliers is unnecessarily risky.
- Disparate impacts on small and medium sized enterprises vs. large, out-of-state, chain business.
- Increased costs passed onto consumers, most acutely in key industries like grocery stores, childcare, and essential retail businesses.
- Threats to the continued viability of social service providers in the community.
- Lack of research on both local minimum wage increases and rapid implementation of wage increases at all levels.

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Maine Center for Economic Policy

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To: Portland City Council, Housing and Economic Development Committee
From: James Myall, Maine Center for Economic Policy
July 25, 2022

This memo provides additional information on city-level-minimum wages and some answers to questions posed by the committee at the June 21 meeting. If I can be of assistance with any further information, please don't hesitate to contact me at jmyall@mecep.org

Determining an Appropriate Minimum Wage

The most comprehensive research on local minimum wages in the United States is a 2021 study by Dube and Linder which examined the impact of 42 local wage ordinances on wage inequality, employment and business location.[1] While the authors admit that the literature on this topic is relatively small, their calculations show similar results to the much-larger set of research on state-level increases. Local minimum wage ordinances increase wages for the lowest-paid workers without having a noticeable impact on employment. This ultimately reduces inequality. The tradeoff is a small increase in consumer prices which is mostly paid by middle and upper-income earners.

In this study, the authors looked at the ratio of the mandatory minimum wage to the median wage for full-time, year-round workers in the city. This calculation is known as the Kaitz index and is commonly used by economists to judge the appropriate level of a minimum wage for a locality. In general, economic studies find minimal to no negative impacts of a minimum wage at or below 60 percent of the median wage.

One limitation economists have in studying this is that relatively few states have adopted policies where the Kaitz index is higher than 60 percent. So while there's some consensus that levels below this are not harmful, it's not clear what the upper limit is. Dube and Linder's study included some cities where the Kaitz index was significantly higher. This tentatively suggests that cities could adopt minimum wages higher than 60 percent of the median wage without negative effects.

Measuring the median hourly wage for full-time year-round workers in Portland requires some estimation since public datasets do not provide this figure. I used data from the US Census Bureau's American Community Survey to calculate the median wage for Mainers working in the greater Portland area (which includes Portland, South Portland and Westbrook) in 2019. From there, I estimated the median wage in 2022 by increasing the 2019 wage by 17.8 percent – the estimated rate of inflation between 2019 and 2022. I then followed Congressional Budget Office projections of inflation through 2025.

Table 1 shows the estimated full-time median wage, the current projected city minimum wage, and a minimum wage at a Kaitz index of 60 percent.

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Table 1: Kaitz index levels for Portland

	2022	2023	2024	2025
Full-time, year-round median hourly wage	$27.83	$29.14	$29.92	$30.61
Current minimum wage	$13.00	$14.00	$15.00	$15.35
Minimum wage at 60% median wage	$16.70	$17.48	$17.95	$18.37

Notes: Median hourly wage based on 2019 data for Mainers working in Portland, South Portland or Westbrook. Adjusted to 2022 dollars using an inflation rate of 17.8 percent over 3 years. Projected inflation for 2023 is 4.7%; 2.7% for 2024; and 2.3% for 2025, following Congressional Budget Office projections.[2]

A Livable Wage in Portland

Another consideration should be the amount of a "livable wage" for those working in Portland. Determining a livable wage is complicated by the fact that household expenses and earning potential vary greatly depending on the composition of a household. The livable wage for a single mother with two children is very different for that of a married couple without children. The availability of safety net programs (e.g. Medicaid or Medicare coverage) also makes a significant difference for low-income workers.

However, some organizations provide calculations to give an approximate answer. The Economic Policy Institute's "Family Budget Calculator" offers the following for Cumberland County in 2020 (the calculator does not estimate costs at the city level but they are likely to be somewhat higher for Portland residents).[3] Note that these statistics were calculated with 2020 prices and are likely even higher now.

Table 2: Living wage estimates for families in Cumberland County, 2020

	Single adult, no children	Single parent, 1 child	Two working parents, 2 children
Housing	$1,080	$1,569	$1,569
Food	$354	$522	$1,024
Child Care	$0	$798	$1,346
Transportation	$856	$934	$1,180
Health Care	$384	$578	$1,156
Other Necessities	$520	$758	$940
Taxes	$641	$871	$1,046
Total (monthly)	$3,836	$6,029	$8,261
Hourly full-time wage	**$22.17**	**$34.85**	**$23.88**

MECEP analysis of data from the Economic Policy Institute. Figures are in 2020 dollars. Monthly hourly wage assumes all adults working an average of 173 hours per month (equivalent to 40 hours a week for 52 weeks each year).

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Varying minimum wage by business size

MECEP does not recommend changing the minimum wage based on the number of employees a business has. This creates arbitrary distinctions between businesses, and pays workers less for a variable that is ultimately outside their control.

Varying minimum wage by business type

Historically, varying minimum wage by business type by either exempting certain industries or allowing them to pay workers less than the prevailing minimum wage has had a disproportionate negative impact on women and workers of color. MECEP does not recommend this approach for a city-level minimum wage.

It is worth considering the case of social services and other industries which rely on fixed reimbursement rates from state government. While the State of Maine recently enacted legislation to increase Medicaid reimbursement rates for “essential support workers” in line with the state’s minimum wage, this statute only applies to the state’s minimum wage, and would not account for a higher Portland minimum wage.[4] Without a change in state reimbursement rates, there is certainly a possibility that direct care agencies would struggle to operate in Portland with an $18 minimum wage.

Portland officials should lobby the state legislature to change the rate structure to take into account local as well as statewide minimum wages. In the meantime, the city could pay the wage differential for these agencies. This would preserve the benefit of increased wages for workers without the increased cost for agencies.

Consideration of other benefits or compensation

The committee heard concerns that an increase in the minimum wage could squeeze out other benefits for low-wage workers, as companies cut back on items like health insurance to afford higher base wages.

The city of Seattle attempts to address this concern by allowing small employers to pay a lower minimum wage if they contribute to an employee’s health care plan. In 2022, the standard minimum wage in Seattle is $17.27 per hour. However, an employer with fewer than 500 employees may pay a wage of $15.75 per hour as long as they contribute at least $1.52 per hour towards an employee’s health care plan.[5]

However, it may be worth noting that this is a relatively rare problem, since many low-wage workers do not receive health benefits to begin with. Furthermore, the Affordable Care Act provides a robust fallback option for low-wage workers who don’t receive an offer of insurance from their employer.

For example, in 2020, only one in three low-wage private-sector employees in Maine was eligible for an employer-sponsored plan.[6] Around one third of those eligible for coverage opted not to take it, meaning that only around 1 in 5 low-wage workers have employer-sponsored insurance currently. Even among

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those with employer-sponsored insurance, the cost is often high. Even with employer contributions, the average low-wage worker pays over $1,800 a year in premiums for an individual plan. For a family plan, the average premium paid by the employee is almost $5,800 per year.

To see how a change might impact workers, consider the following example:

> A 45 year-old currently working full-time $15 per hour. He pays into an employer-sponsored health care plan and pays $1,800 per year in premiums.
>
> If the minimum wage increased to $18 per hour, he would earn an additional $6,240 each year. If his employer stopped providing health insurance, this individual would be able to purchase subsidized insurance through the Affordable Care Act's marketplace. For 2022, this person would pay $176 per month ($2,112 per year) for a mid-level plan through the exchange.[7] Their health insurance premium would increase by $300 for the year, but would be more than offset by $6,240 in additional wages.

A note on the Seattle study

The committee heard testimony which referred to a well-known 2018 study by researchers at the University of Washington which examined the impact of a minimum wage increase in the city of Seattle.[8] This study found that the benefits of increased wages were largely offset by workers being offered fewer hours to work. However, it's important to note that this study has been disputed by some economists, because it only examined a subset of Seattle's low-wage workforce, and lacked a suitable comparison population. The study is also a clear outlier in the minimum wage literature.[9]

The tipped minimum wage system

Portland will soon consider a citizen initiative which would phase out the current tipped minimum wage system. Under current law, workers who receive tips can be paid half the city's minimum wage as a base rate, as long as they receive enough tips to make up the difference. For example, a restaurant server can currently be paid $6.50 an hour by their employer, as long as they receive enough customer tips over the course of their pay period to earn a total wage equivalent to $13 per hour.

Under the initiative, the base wage paid by the employer would increase in stages until it equals the full minimum wage in 2025.

Research on the tipped minimum wage system shows that it is generally harmful to the workers covered by it. Although the law requires that employers make up any difference between the base wage and the full minimum wage which is not covered by tips, there's plenty of evidence that this does not always happen, and plenty of tipped workers receive less than the statutory minimum wage after accounting for tips.[10] The tipped minimum wage system makes many tipped workers reliant on their tips to make ends meet, which means that customers have an unhealthy amount of power of these workers. Research shows that the size of tips received is often dependent on a worker's gender,[11] race,[12] and

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perceived physical attractiveness.[13] Paying people based on these qualities would be illegal for an employer, but is permissible and pervasive for customers leaving tips. What's more, tipped workers find themselves vulnerable to physical and verbal abuse, and even sexual assault and unable to report it for fear of losing income or their jobs.[14]

It's important to note that ending the tipped minimum wage system will not mean the end of tipping by customers. Data from wireless payment systems shows that customers in states without a tipped minimum wage still leave tips at similar frequencies and amounts to those in other states.[15] As a result, workers earning the full minimum wage plus tips are better off than those earning a lower minimum wage plus tips.

While the end of the tipped minimum wage system would likely be beneficial to workers, there is some uncertainty about the short-term effects due to phasing the credit out the rapid timeline proposed in the upcoming initiative.

Seven states currently do not have a separate tipped minimum wage. However, no state or city has recently eliminated the tipped minimum wage to provide recent data on the potential impact.

The timing of the phase-out in the initiative is significantly more aggressive than most minimum wage initiatives seen in the United States. The base hourly wage for tipped workers will increase from $6.50 in 2022 to $18.00 in 2025. This would create a considerable new cost for employers with a short period of time in which to adjust. Employers will certainly be able to take steps to offset this increased cost (for example increasing prices), but will have to undertake these changes quickly.

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Notes

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[2] Congressional Budget Office, "The Budget and Economic Outlook: 2022 to 2032." https://www.cbo.gov/publication/58147

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[5] Seattle Office of Labor Standards, "Minimum Wage," https://www.seattle.gov/laborstandards/ordinances/minimum-wage

[6] US Department of Health and Human Services, Medical Expenditure Panel Survey data, 2020. Among the employers with the bottom quartile of average wages, 60% of employees worked for a company with a health insurance plan, and only half of those qualified for the plan.

[7] Information via www.coverme.gov. This is the monthly premium for the second-cheapest silver tier plan, which is used as the "benchmark plan" under the ACA.

[8] Ekaterina Jardim et al., "Minimum Wage Increases and Individual Employment Trajectories," National Bureau of Economic Research, Oct 2018. https://www.nber.org/papers/w25182

[9] Ben Zipperer and John Schmitt, "The "high road" Seattle labor market and the effects of the minimum wage increase," *Economic Policy Institute*, June 26, 2017. https://www.epi.org/publication/the-high-road-seattle-labor-market-and-the-effects-of-the-minimum-wage-increase-data-limitations-and-methodological-problems-bias-new-analysis-of-seattles-minimum-wage-incr/

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[12] Michael Lynn et al., "Consumer Racial Discrimination in Tipping: A Replication and Extension," 2008. https://www.wagehourlitigation.com/wp-content/uploads/sites/215/2015/10/cornell.pdf

[13] Tom Jacobs, "Attractive Servers Get Bigger Tips," *Pacific Standard*, Jun 14, 2017. https://psmag.com/economics/attractive-servers-get-bigger-tips

[14] Restaurant Opportunities Center United, "Take Us Off the Menu: The Impact of Sexual Harassment in the Restaurant Industry," May 2018. https://rocunited.org/wp-content/uploads/sites/7/2020/02/TakeUsOffTheMenuReport.pdf and Becky Sullivan, "Tips And 'Service With A Smile' Rules Fuel Sex Harassment In Restaurants, Study Says," *National Pulbic Radio*, July 22, 2021. https://www.npr.org/2021/07/22/1019017172/tips-and-service-with-a-smile-drive-sexual-harassment-in-restaurants-study-find

[15]James Myall, "A Higher Minimum Wage is Good for Tipped Workers," *Maine Center for Economic Policy*, Apr 4, 2017. https://www.mecep.org/blog/a-higher-minimum-wage-is-good-for-tipped-workers/

Memorandum
Planning and Urban Development Department

To:	Housing & Economic Development Committee
From:	Christine Grimando, Director, Planning & Urban Development
	Nell Donaldson, Director of Special Projects, Planning & Urban Development
Date:	June 16, 2022
Re:	2021 Housing Report – Part II
Meeting Date:	June 21, 2022

I. INTRODUCTION

For the better part of a decade, the City of Portland has been implementing policies to address the need for more housing, and housing that is diverse in its size, location, and type so that there are affordable and accessible options open to all residents. As a result, between 2017 and today, nearly 3,000 dwelling units have been approved by the city's Planning Board, and over 1,400 have been constructed and occupied. Approximately 27% of those completed have been deed-restricted affordable housing units.

Portland's housing policy toolkit is robust, progressive, and multi-faceted, and the city continues to exhibit innovation and leadership in this arena. However, housing trends in Portland, in Maine, and in cities across the country have continued toward acutely rising demand, insufficient supply, and widening affordability gaps, particularly over the last two years. Many factors outside of local regulations influence housing markets - from demographic trends to workforce needs to costs of materials to interest rates - but the city's larger slate of housing strategies, including programs summarized in Part I of this Housing Report and the regulatory tools and initiatives described here in Part II, seek to balance these factors by supporting residential growth in the city for years to come.

II. EXISTING HOUSING SNAPSHOT

According to estimates from the American Community Survey (ACS), the City of Portland contained just over 34,000 housing units in 2020, up 2% from five years prior. Per the ACS, the vacancy rate in the city was consistently low over the same period, significantly lower than that for the state or the metro area. In 2020 the majority of the city's units (54.8%) were renter-occupied *(Figure 1)*. In terms of unit size, the city's units trend small; most units in the city (54.8%) contained 1-2 bedrooms in 2020, and another 27.4% contained 3 bedrooms. The largest percentage of units (36.6%) were categorized as single-family detached; there were also large percentages of units within mid-sized buildings of 3-4-units (15.5%) and 5-9 units (11.2%) and large buildings of 20 units or more (15.8%).

ACS data shows that a significant proportion of Portland renters (45.7%) were either moderately or severely cost burdened in 2020, meaning that they paid more than 30% (in cases of moderate cost burden) or 50% (in cases of severe cost burden) of their household income toward gross rent *(Figure 2)*. While the cumulative share of moderately and severely cost-burdened renters in the city declined from 2015 to 2020, the combined ratio remained higher than that for the metro region in 2020. The same is true for cost-burdened households that own, which accounted for 24.2% of Portland's owner households in 2020 *(Figure 3)*. It is important to note that this cost-burden data does not account for changes in incomes and housing costs experienced during the COVID pandemic.

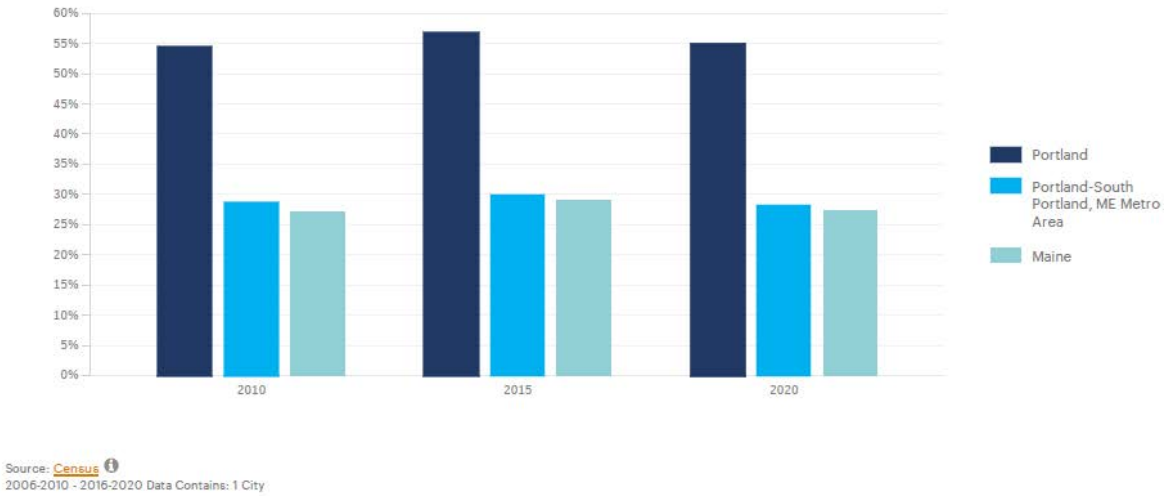

Figure 1: Share of households who rent (2010-2020)

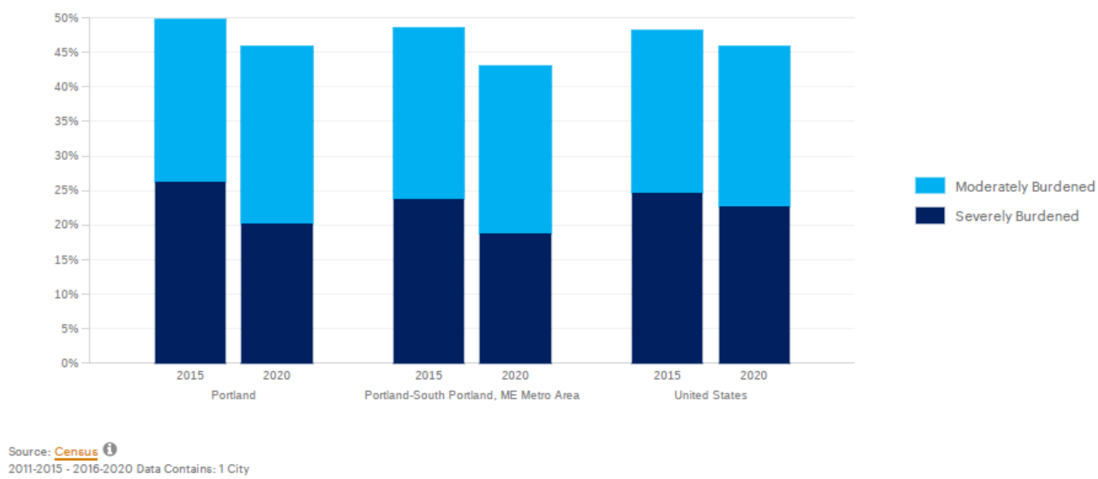

Figure 2: Share of renter households moderately or severely cost burdened (2015-2020)

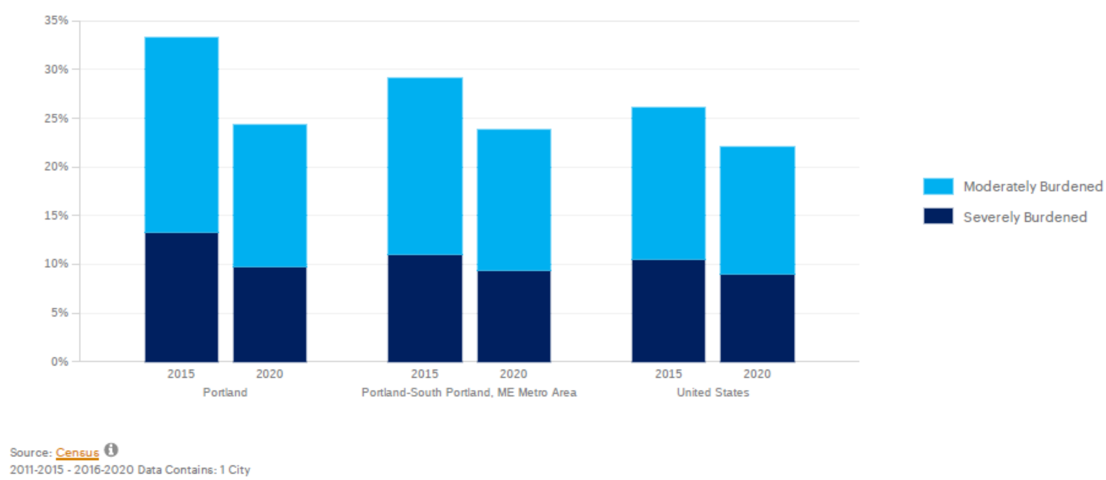

Figure 3: Share of owner households moderately or severely cost burdened (2015-2020)

Reflecting this housing profile, the city's guiding policy documents place a strong value on housing creation, diversity, and affordability within the community. These concepts are a centerpiece of *Portland's Plan,* the city's comprehensive plan, and have been Council priorities for many years. The housing component of *Portland's Plan* acknowledges needs around growing the housing supply, diversifying the housing stock, and targeting housing affordability; the plan states "[w]hile Portland has welcomed much needed new housing construction in recent years, both the lack of sufficient housing supply and the affordability of that housing for a healthy socio-economic cross-section of the population remain urgent challenges." It goes on to assert that the city must "recognize that [its] vitality rests on the availability of diverse, secure housing options for existing residents, new arrivals, and all stages of life" (p. 47).

III. EXISTING HOUSING POLICY

In keeping with *Portland's Plan,* Portland's existing land use code includes a number of provisions designed to support the production of housing of a wide range of types and sizes, as well as the creation of legally binding affordable and workforce housing targeted specifically for residents of low or moderate incomes.

A. Policies to encourage housing supply and 'naturally-occurring' affordable housing

1. *Housing replacement ordinance.* The city's land use code has included provisions since the early 2000s that require any development proposals that remove existing housing to replace those units, either within the same geographic area or by contributing to the city's Housing Trust Fund. These provisions help to counter any potential net losses in housing supply associated with development.
2. *Base zoning adjustments to encourage housing creation.* In the past decade, the city has adjusted base zoning in several districts to support greater housing creation, modifying dimensional standards to allow for higher densities and smaller lots. These provisions have generally been targeted towards higher density residential zones and mixed-use zones well-served by transit, including the B-1, B-2, and R-6, on the grounds that they create opportunities for housing development in areas of the city that are particularly well-prepared for them.
3. *Accessory Dwelling Units (ADUs).* Under ReCode Phase I, the city revised Accessory Dwelling Unit (ADU) standards in the interest of eliminating barriers to ADU creation. The 2020 revisions streamlined ADU regulations, eliminated restrictive dimensional and parking requirements, removed procedural hurdles, and increased the number of ADUs permitted per lot (up to two ADUs), making it not only significantly easier to build an ADU in the city, but significantly easier to build significantly more ADUs. These revised regulations pave the way for smaller, naturally affordable units across the city.
4. *Parking exemptions.* Off-street parking requirements are often cited as a barrier to housing production, forcing housing developers to devote valuable lot area to vehicles, rather than housing units. The city's land use code has long included a great deal of flexibility for developers when it comes to parking, including exemptions in certain zones, shared parking provisions, and off-site parking allowances. As of December 2020, the city's land use code includes lower residential parking requirements and offers an off-street parking exemption to any use within a ¼ mile of a transit route, essentially freeing much of the city from parking requirements altogether.

B. Policies to support affordable and workforce housing

1. *Affordable housing bonuses.* As of the mid-2000s and as refined in the late 2010s, the city's land use code has included dimensional bonuses for affordable and workforce housing in many of the city's mixed-use zones and for PRUDs in residential zones, scaled to the level of affordability provided. These bonuses allow increased height, increased density, and reduced setbacks for affordable housing projects.

2. *Expedited permitting for affordable housing.* In addition, affordable housing applications have been eligible for a reduction in fees and priority review since the mid-2000s. With the passage of the impact fee ordinance, the affordable housing fee reductions were extended to include these fees.
3. *Inclusionary zoning.* As of 2015, the city adopted inclusionary zoning, which requires that projects of 10 or more dwelling units provide a share of workforce housing either on-site or as a contribution to the city's Housing Trust Fund. A second inclusionary zoning policy was adopted in 2019 for hotels. These policies are intended to ensure that affordable housing is constructed in tandem with market rate housing, and to support the creation of this housing in a mixed-income setting. The inclusionary zoning policy was modified by referendum in 2020 to increase the affordable housing share and to target lower median incomes. Additional analysis on inclusionary zoning and the changes brought about by the referendum is included below.

IV. HOUSING TRENDS TODAY

While the city's land use code includes a number of provisions that were implemented in recent years to support an increase in housing production, it is also clear that these provisions have not sufficiently counter-balanced trends, shared by many cities across the country and many communities across the state, towards rising housing costs and continued affordability gaps. Recent building permit data shows that while the city is on track to reach the housing production goal of *Portland's Plan (Figure 4)*, demand for housing consistently outpaces supply. In any consideration of the overall housing context, the affordability of market rate units is critical, as is the creation of categorically, deed restricted affordable units. Of the newly created housing supply, just over 27% of those new multi-family units developed in the last five years are categorically affordable units, with rents or purchase prices limited to households earning below 120% of the area median income. Significantly more of the units produced in the last four years have been rental units than owner-occupied units, and those rental units are more likely to be affordable than their owner-occupied counterparts. With regard to new multi-family developments, there are disproportionate numbers of smaller studio and one-bedroom units, which constitute more than 70% of all new multi-family units created in the past five years *(Figure 5)*. New housing is more common in on-peninsula neighborhoods, and affordable housing is not equitably distributed across the city, with certain neighborhoods seeing significant levels of new affordable housing development and other neighborhoods virtually none at all *(Figure 6)*.

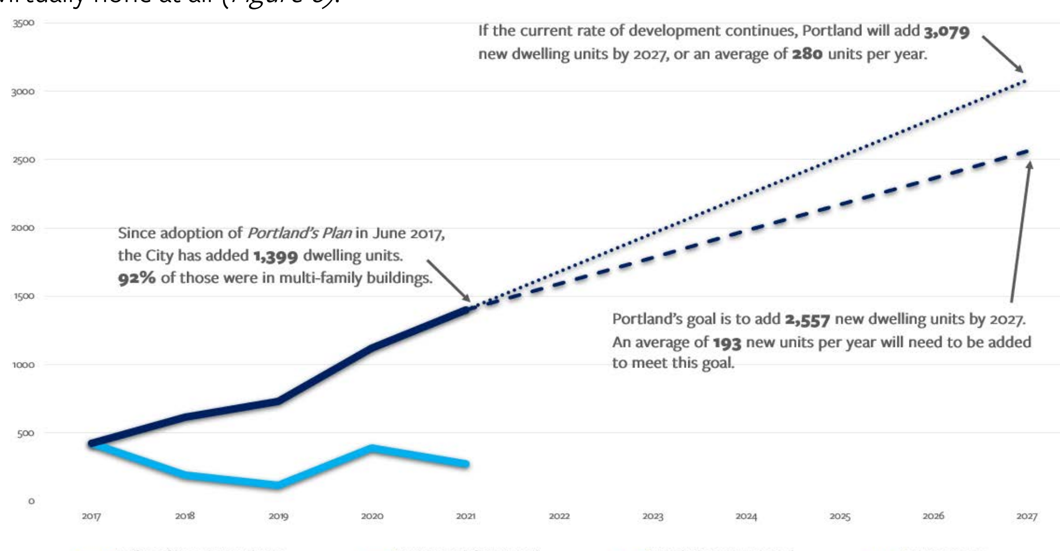

Figure 4: Housing production (in units) (2017-2021) (Source: Permitting & Inspections CO data)

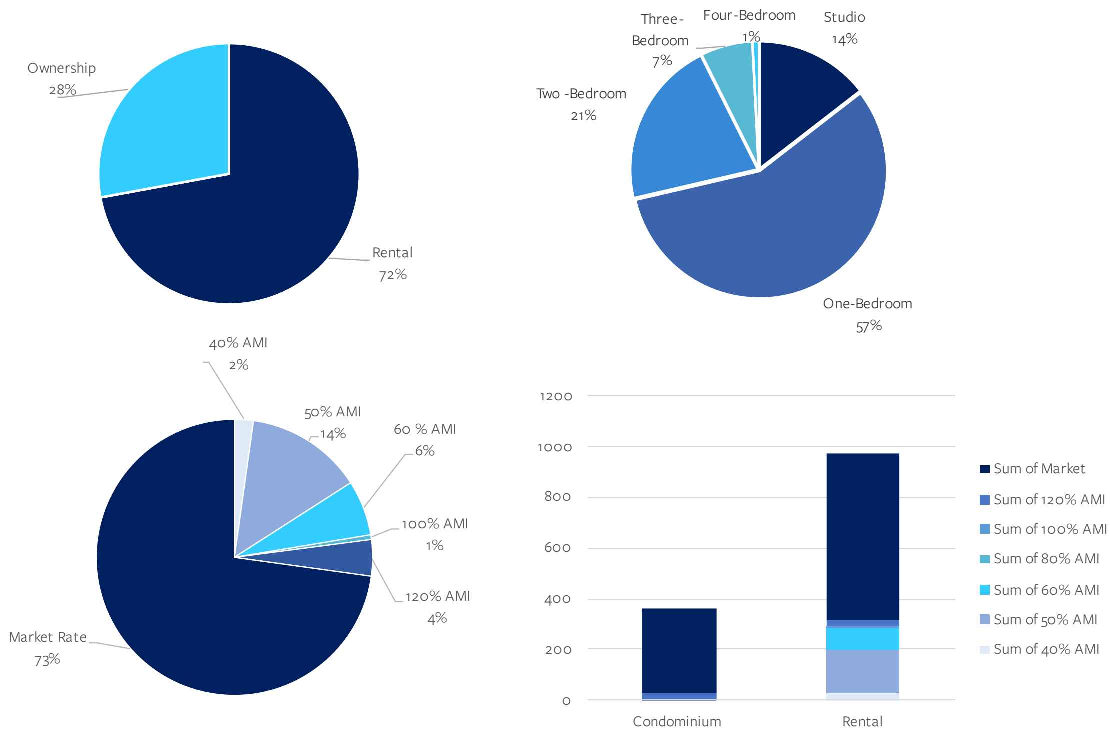

Figure 5: Multi-family housing production characteristics (2017-2021) (Source: Permitting & Inspections CO data)

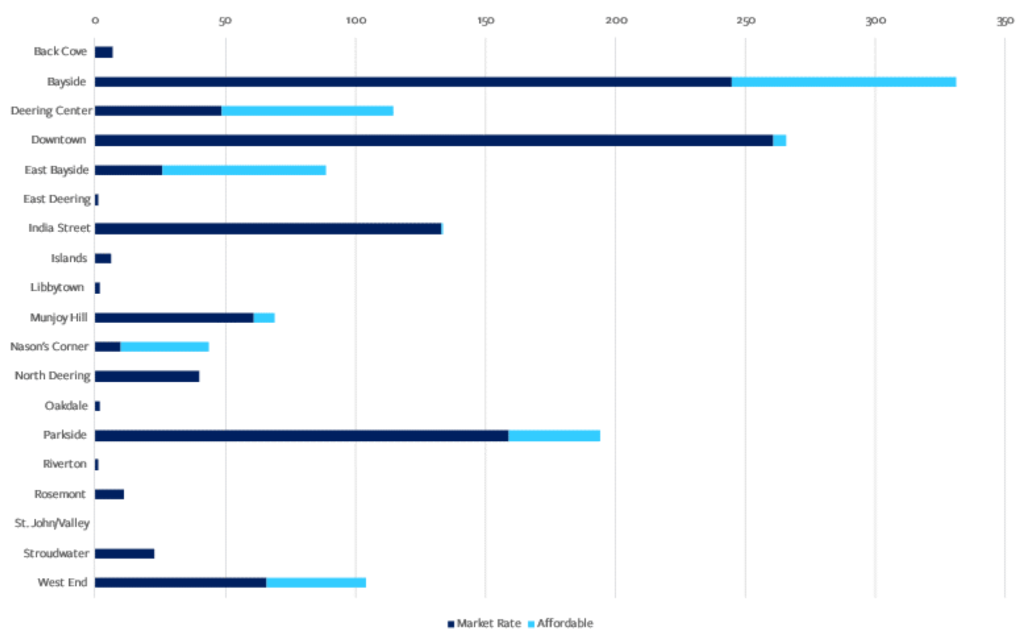

Figure 6: Housing production by neighborhood (in units) (2017-2021) (Source: Permitting & Inspections CO data)

V. CURRENT HOUSING POLICY WORK

Given our broader housing planning context and these trends, we know that additional work must be done around housing creation, diversity, and affordability city-wide. At present, this work, which spans multiple city departments, is progressing along multiple parallel, coordinated tracks.

A. NYU Housing Solutions Lab Peer Cities Network

In March, the City of Portland was selected as a member of the 2022-2023 Peer Cities Network of the Housing Solutions Lab at NYU. The network is a group of small and mid-size cities with housing strategies in various stages of development. The group is led by an interdisciplinary team from NYU's Furman Center, who will provide the city with housing data, technical assistance, professional development, and facilitated reflection throughout the coming year. Staff from the city's Departments of Housing and Economic Development and Planning are involved, as is the Assistant City Manager. The goal of the city's participation in the network is to provide opportunities for staff across departments to reflect on the city's existing housing policy and programs, consider best practices in housing policy and programs that address the city's current needs around supply, diversity, and affordability, and coordinate on a broad plan for housing moving forward. Importantly, this work is dovetailing directly with ReCode Phase II.

B. ReCode Phase II

As part of ReCode, the city's multi-year initiative to rewrite its land use code, staff has been working with a consultant, Camiros, to evaluate the existing code for ways to more effectively address the goals of *Portland's Plan,* with housing as a central subject of the initiative. The housing-related portions of this code evaluation, released in December of 2021, reflect a number of core principles:

1. Encouraging housing creation and housing diversity (in terms of size, affordability, rental v. ownership, etc.) as an essential means of ensuring the overall health and accessibility of our housing supply.
2. Supporting new housing city-wide that reflects the city's wide variety of neighborhoods, scales, and infrastructure contexts, while providing opportunities for new housing creation in all neighborhoods.
3. Focusing opportunities for large increments of housing in transit- and resource-rich areas of the city as a means of furthering Portland's equity and climate goals. Consistent with the land use policy direction of *Portland's Plan 2030*, residential neighborhoods are being considered for more moderate changes to density and form, and major nodes and corridors are being considered to accommodate a different scale of potential growth.
4. Recognizing that affordable housing development is not keeping pace with demand and is geographically uneven, considering additional tools to encourage more equitable distribution across the city.
5. Recognizing that both requirements and incentives are central to a balanced housing strategy.

Building from these principles, the code evaluation suggests a number of specific policy concepts for integration into the ReCode effort.

1. *Potential land use strategies to encourage housing supply and 'naturally-occurring' affordable housing*
    - *Modifying minimum lot sizes (and corresponding densities) in residential zones to more accurately reflect the existing parcel pattern and open opportunities for additional housing creation.* Analysis shows that, in several of the city's residential zones, minimum lot size regulations result in a significant number of non-conforming lots (meaning lots that are

undersized given existing regulations). While the existing code provides fairly generous allowances for legally non-conforming lots, revising minimum lot area standards, particularly where there are opportunities for lot divisions, could create new opportunities for housing.

- *Creating new categories of housing types, particularly in the "missing middle" mid-density range (e.g. three- and four-units), and permitting these housing types as of right in appropriate residential zones, with corresponding changes to density requirements.* The existing land use code includes a fairly narrow range of traditional housing types, permitting single-family dwellings, two-family dwellings, and multi-family dwellings (defined as three or more units). On the one hand, many of Portland's mixed-use B zones permit quite high densities (the B-3 has no upper limit, for instance), while the R zones range from quite low density and limited in what housing types may occur to comparatively more encouraging of multi-family development (the R-6 zone allows relatively high densities for a residential zone, which still well below the maximum residential densities permitted in the city's B zones). On balance, existing residential zones are permissive about where single-family occurs, but are much more restrictive when it comes to multi-family dwellings *(Figure 7)*. Broadening the range of housing types to differentiate between small, mid-density housing (e.g. three-family and four-family) and larger-scaled housing could provide opportunities to allow more of these middle-sized housing types across the residential zoning spectrum.
- *Modifying setback, lot coverage, and other dimensional requirements in residential zones to more accurately reflect the existing built form, support more opportunities for ADU creation, as well as add flexibility for additions and redevelopment.* There is evidence to suggest that space and bulk regulations, including required setbacks, diverge from the existing built form in some of the city's most successful walkable neighborhoods. Modifying setbacks to reflect the existing building pattern could help to open up opportunities for additional square footage on residential lots in a way that encourages contextual development. Furthermore, reviewing setbacks for accessory structures, particularly accessory dwelling units, could pave the way for more ADU creation.

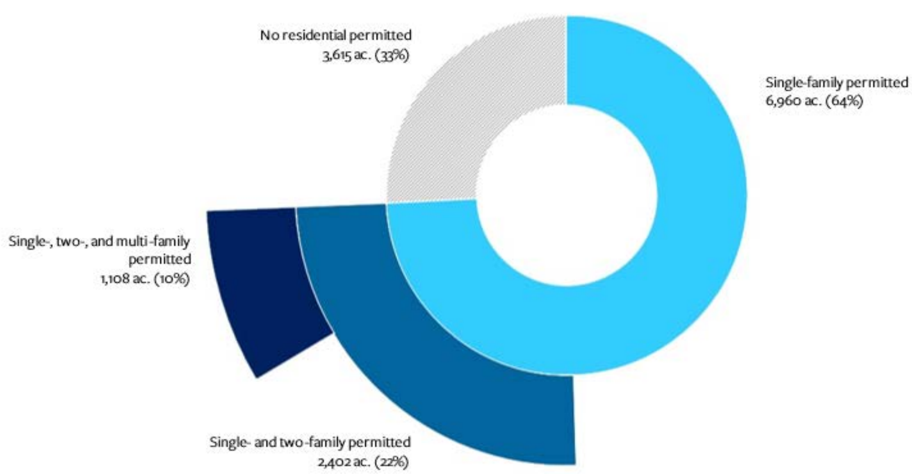

Figure 7: City land area by type of housing allowed as permitted use (Source: City of Portland Assessor parcel data) (Note: Represents permitted uses only. Does not reflect areas where multi-family may be permitted as a conditional use.)

- *Expanding more 'productive' residential zoning geographically where the existing form supports it.* Data from the last five years shows that particular zones of the city have supported more housing production than others *(Figure 8)*. Not surprisingly, these zones tend to be higher density residential or mixed-use. Given this data, there is an opportunity to expand more 'productive' zones geographically to potentially stimulate additional housing production. Any consideration of this strategy would have to take into account existing built pattern and form as well as the city's long-term goals. For instance, there are off-peninsula areas of the city that were developed prior to zoning according to similar conventions around height, scale, and building placement, but are currently zoned inconsistently; there may be opportunities to rezone some of these areas to more closely align the zoning with the existing built form. This could take the form of changes to existing zone boundaries, modification to existing zone standards, or consolidation of zones.
- *Modifying densities and height in existing zones along transit corridors and in transit nodes to support additional transit-oriented housing opportunities.* Portland has recently adopted one of the basic elements of a transit-oriented development approach through a categorical exception that exempts uses within ¼ mile of a fixed-route transit service from parking requirements. To further develop this approach, the City could consider adjusting allowed densities within the existing zoning along transit corridors and in transit nodes. This change, coupled with changes in height regulations, could help the city advance both housing and transportation goals with more transit-supportive zoning.
- *Adjusting the boundaries of mixed-use zoning around transit nodes where appropriate, or developing and applying transit-oriented overlay.* While most of the city's transit corridors include at least some transit-supportive zoning, such as the B-3 or the B-2, there are areas where a map amendment to expand the use of this zoning (potentially as modified above) could help to create new opportunities for transit-supportive housing across the city. As an alternative, a new transit-oriented overlay could be used to achieve the same ends.

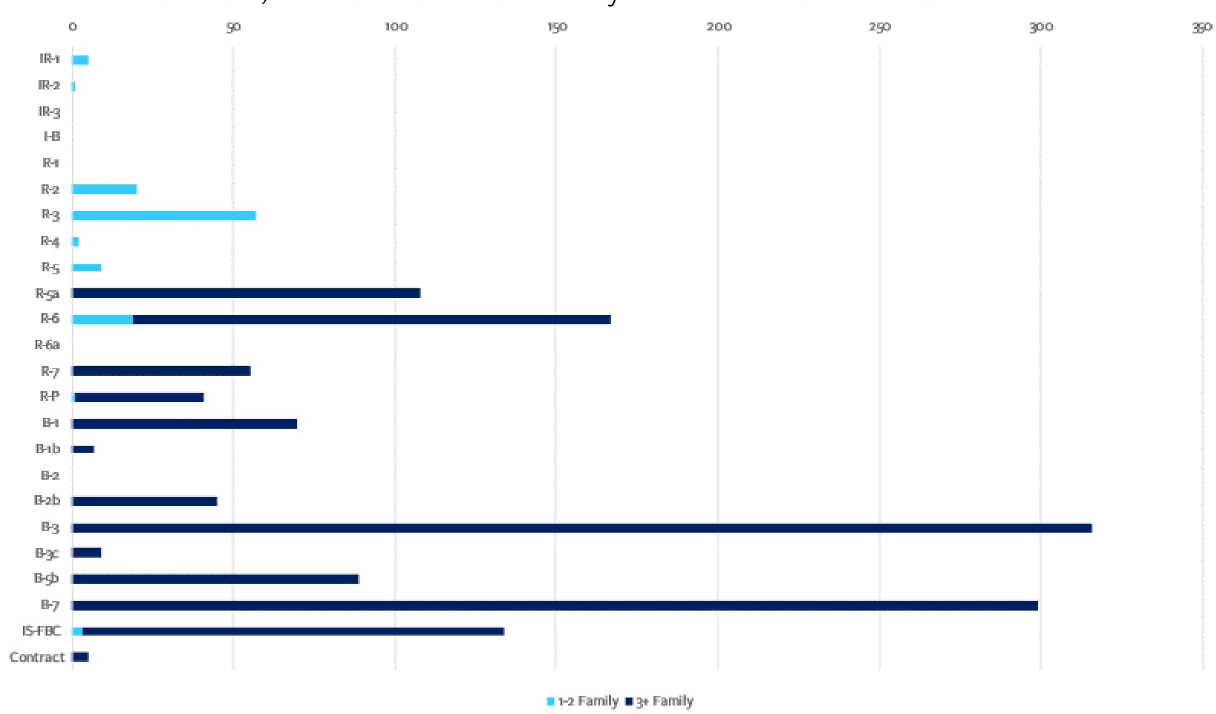

Figure 8: Housing production by zone (in units) (2017-2021) (Source: Permitting & Inspections CO data)

- *Permitting housing in mixed-use zones across the board.* Last, all but one of the city's existing mixed-use zones include housing as a permitted use. This zone, the B-4, which is clustered predominantly along Warren Avenue and Riverside Street, has a decidedly more industrial, large-lot character than many of the city's other mixed-use zones. However, the zone is also proximate to public school and park facilities, one of the city's higher education institutions, and major development sites in Westbrook. Allowing housing as a permitted use would unlock a significant opportunity for housing development.

2. *Potential land use strategies to promote affordable housing*
   - *Expanding dimensional bonuses for affordable housing to additional zones.* As described above, the City's existing land use code includes provisions designed to give affordable housing projects advantages in the form of density, height, and setback bonuses. This increase in affordable housing potential in the land use code is contextual in that these bonuses are restricted to certain, mostly mixed-use zones, and largely consistent with the nodes and corridors identified as suitable for more intensive growth in *Portland's Plan 2030*. In order to further incentivize affordable housing, these bonuses could be expanded, for instance to all zones in which multi-family is permitted. Any consideration of this policy change should take a graduated approach to the intensity and scale of residential neighborhoods; there may be areas where a density bonus is appropriate, for example, but not height increases or setback reductions.

These policy concepts were tested through public engagement in the winter of 2022. Engagement opportunities included a web-based code evaluation comment portal, public forums, a survey, and Planning Board and Council workshops. Generally, the findings from this engagement showed widespread agreement on many of the housing-related policy concepts. There was significant support for the concept of aligning housing opportunities with transit investments through transit-oriented zoning and for changing use permissions and dimensional standards within mixed-use zones to promote housing in general. There was also significant support for adjusting permitted uses and dimensional standards within residential zoning in the interest of encouraging more housing creation.

Drawing from the public engagement around the land use code evaluation, the ReCode consultant will be focusing on translating these policy concepts into draft land use code map and text amendments over the coming months. This process, which is expected to continue through the summer and fall, will include internal review across multiple city departments. Once this internal review is complete, draft amendments will be broadly shared with the public through another round of public engagement prior to advancing to the Planning Board and the City Council for a formal review process.

C. Affirmatively Furthering Fair Housing Analysis

In 2021, the City of Portland and Cumberland County began a joint assessment of fair housing, which will also help inform housing policy and programs moving forward. The first steps of the process were to conduct an analysis of local zoning and land use, a survey, and several focus groups to identify barriers to fair housing. The initial results of this analysis were presented to the Housing and Economic Development Committee at a meeting in April.

VI. INCLUSIONARY ZONING

In November 2015, Portland adopted its inclusionary zoning (IZ) ordinance (currently sec. 18.2.3 in Portland's land use code). The inclusionary zoning standards required that new residential projects of 10 or more dwelling units restrict at least 10% of the units on-site as affordable to households making up to 100% of the area median income (AMI) in the case of housing for rent, or 120% of AMI in the case of housing for sale. It also included an option to make a fee-in-lieu contribution to the city's Housing Trust Fund (now called the Jill C. Duson Housing Trust Fund) rather than construct the units (the housing trust in turn providing a valuable funding source for affordable housing proposals). The city created the policy in response to escalating housing costs and concerns about affordability, with the objective of ensuring that a reasonable percentage of housing built in Portland remain affordable to those making near, at, or below AMI. The policy was developed specifically as a tool to leverage market rate housing development to diversify the housing stock.

A. Background

A couple of key initiatives preceded the creation of the inclusionary zoning ordinance and ultimately informed the adopted regulation. In 2014, the City Council set a goal to "promote housing availability and provide increased availability in all segments of the housing market while ensuring that there is a suitable balance of housing opportunities among those sectors." The City Council's Housing and Community Development Committee (HCDC) put this goal in its workplan for calendar year 2014 and asked staff to look at proactive ways of addressing it.

One outcome of this Council goal was that the Planning & Urban Development Department commissioned the Greater Portland Council of Governments (GPCOG) to conduct a housing study, *2030 Workforce Housing Demand (Attachment 1)*, to explore housing trends in Portland. The study analyzed the gap between affordable housing creation and demand, and found that from 2010-2014, 29% of housing produced was affordable to low-, moderate-, or average-income families. Further, the study found that housing production was not meeting the needs of households earning 80%-100% of the median income, predicting a gap in supply and demand of workforce housing units of 24-33%. The study identified inclusionary zoning as one possible tool for the city to explore as a means of closing this gap.

Prior to proposing inclusionary zoning, city staff conducted a review of policies and approaches used in other states. Staff's research also explored the respective economic conditions in those communities, such as development costs and housing affordability trends, to provide some context. The study found that a total of 500 municipalities had some form of inclusionary zoning at the time. It was particularly prevalent in California, where over 30 cities had some type of ordinance, and Massachusetts, where over 20 did. Inclusionary zoning ordinances also existed in Vermont, Rhode Island, the District of Columbia, Colorado, Maryland, and New Mexico, as well as here in Maine (though the tool was not prevalent or frequently applied here). State-wide programs requiring affordable housing goals existed in New Jersey, Rhode Island, and Massachusetts.

The study found variations in the percentage of housing required and the income levels targeted. For instance, Washington D.C. required 8-10% of new developments be affordable, Cambridge, MA 15%, and Boulder, CO 20%. The type of "affordable" units also varied, with some places focusing on production of very low-income housing, some on workforce housing, and some incorporating a mixture of affordability levels. In general, the research found that inclusionary zoning ordinances can be an effective part of an affordable housing program if tailored to the specific needs and policies of the community, and efforts are made to ensure, to the extent possible, that the inclusionary requirements have a minimal impact on housing production and costs.

Ultimately, Portland implemented an inclusionary zoning ordinance that the Council felt reasonably comfortable did not exceed the economic resilience of the housing market at the time and would serve as a new tool for producing mixed-income housing developments, as well as provide much needed contributions to the Housing Trust Fund. As adopted, Portland's ordinance specified AMI thresholds of 100% - 120%, to target workforce income levels rather than the deeper affordability being proposed in the developments of organizations such as Avesta and Portland Housing Authority. These workforce housing levels were intended to promote a range of affordability in new housing, thus ensuring a diversity of available residential options within the community. In offering options for constructing new affordable units as well as the ability to meet the requirement through fee-in-lieu payments, the policy was intentionally flexible, and a means of sensitively implementing a new, untested set of regulations. Much of the public deliberation during the review of the new regulations reflected concern that a more aggressive ordinance could adversely impact housing production at a time when the city was seeing unprecedented, and needed, housing development.

Table 1: Inclusionary Zoning Ordinance Case Studies (2015)

City	*Population*	*% Affordable Units Required*	*Min. # of Units*	*Affordability Level*
Boulder, CO	103,000	20%	None	60% AMI
Cambridge, MA	107,000	15%	10 units	65% AMI
Petaluma, CA	60,000	15%	5 units	Extremely Low - Moderate
Arlington, MA	43,000	15%	6 units	60% - 80% AMI
Santa Fe, NM	70,000	15%	25 units	Up to 120% AMI
Portland, ME	67,000	10%	10 units	100% - 120% AMI

B. IZ Changes Under the Green New Deal

After the Green New Deal citizen referendum passed in 2020, changes were made to inclusionary zoning provisions in the city, including to the definitions of workforce housing, minimum AMI levels, fee-in-lieu contributions, and the minimum percentage of affordable units required. The minimum percentage of affordable units required increased from 10% to 25%, an increase of 15%. The referendum also resulted in deeper levels of affordability for IZ units, increasing affordability levels for rentals from 100% AMI to 80% AMI and affordability levels for sales from 120% to 80%. This marked an abrupt and significant change to the city's requirements.

Table 2: 2020 Green New Deal Inclusionary Zoning Changes

	% Affordable Units Required	*Fee-in-Lieu (adjusted annually)*	*Affordability Level (Rentals)*	*Affordability Level (Homeownership)*
2015 Inclusionary Zoning	10%	$100,000	100% of AMI	120% of AMI
2020 Citizen Referendum	25%	$150,000	80% of AMI	80% of AMI

While it is too soon to draw definitive conclusions regarding the impacts of the Green New Deal, it is possible to explore recent trends. The Green New Deal passed in late 2020, and 2021 saw more housing approvals (925 units, not including single- and two-family approvals) than any other year in the past five. However, the majority of 2021 approval numbers represent submissions that arrived prior to the GND, and preparation on the part of applicants would have preceded the changes in the regulations. Three of the applications in 2021 were submitted after the Green New Deal went into effect (three of 11 residential applications to the Planning Board, or 133 out of 925 dwellings), which doesn't provide conclusive information or yet indicate a trend line about the Green New Deal's impacts. The prior year had fifteen major residential applications to the Planning Board, the year before that 14. In short, 2021 was a year of slightly fewer applications than in previous years, but they trended to larger, complex applications with more dwelling units. A complete picture for 2022 has not yet emerged, but so far ten major residential projects have been approved, including 311 dwelling units (148 of which were not subject to the Green New Deal changes). These residential developments have generally been smaller, less than ten units, except for two larger projects, including one on land disposed of by the city.

Whether total residential units or numbers of applications will decline or hold steady in the coming years still remains to be seen. A study such as a market analysis could perhaps provide valuable insight into the specific impacts of the inclusionary zoning changes, controlling for the many other economic factors that influence investment and development decisions. Short of a focused study, simply because of the lag between conception to review and approval, data trends alone won't reveal full, likely impacts of policy changes for at least another year.

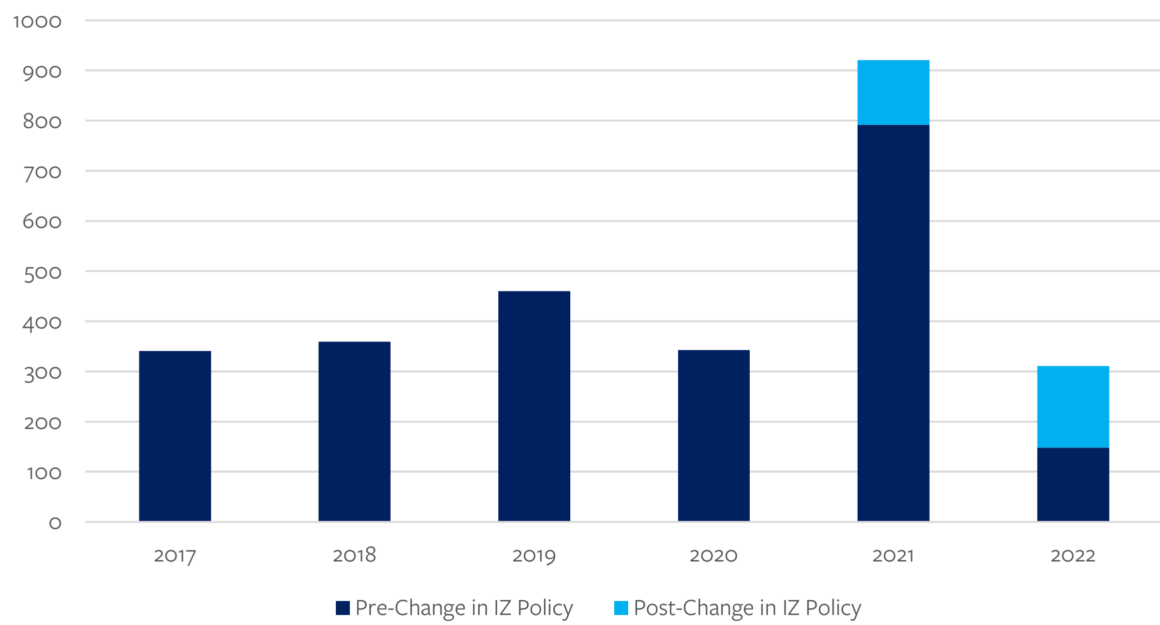

Figure 9: Planning Board-approved housing units pre- and post-change in IZ policy (Note: the total number of approved units for 2022 accounts for the period from January 1, 2022 to June 15, 2022.)

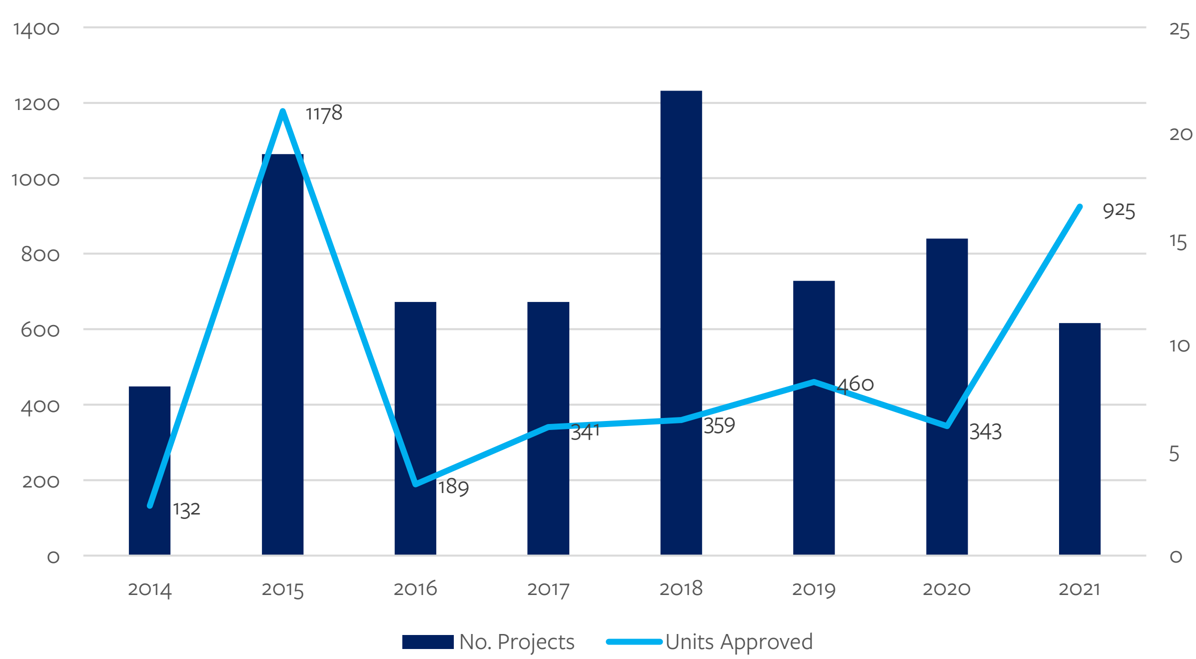

Figure 10: Planning Board-approved residential projects and units

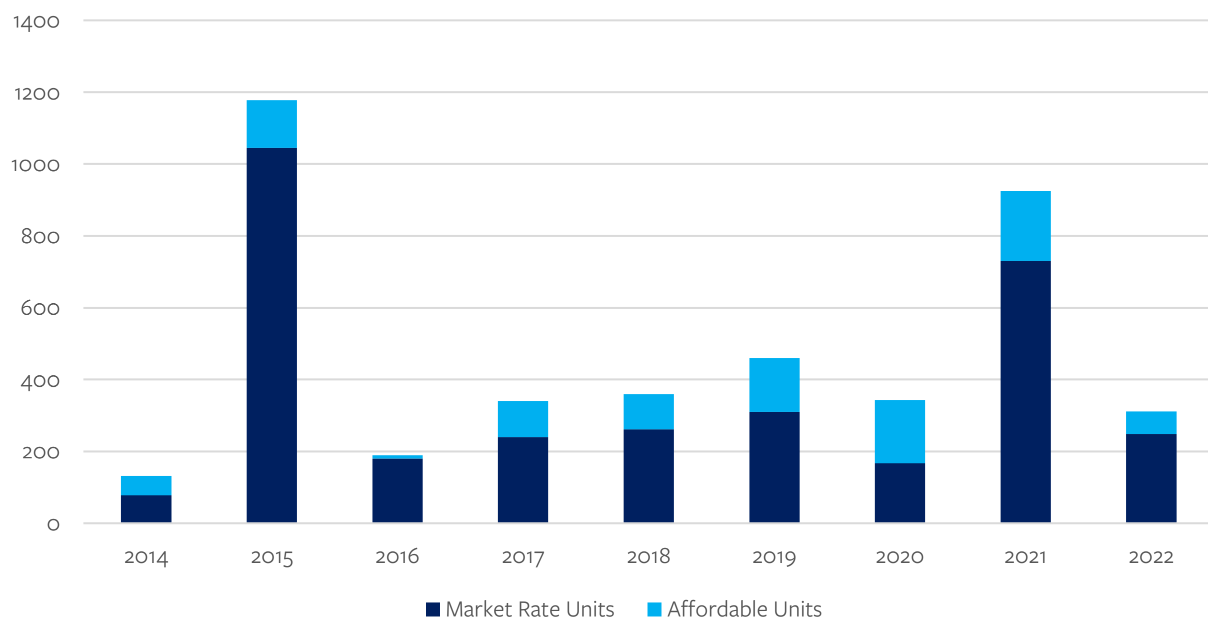

Figure 11: Planning Board-approved housing units by type (Note: the total number of approved units for 2022 accounts for the period from January 1, 2022 to June 15, 2022.)

VII. STATE POLICY CHANGES

In June 2021 Governor Mills approved a resolve, L.D. 609, *To Establish a Commission To Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions* *(*http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0445&item=6&snum=130). The Maine State Legislature has deliberated housing policy in recent years, on topics such as Accessory Dwelling Units (ADUs) and tiny homes, for instance. L.D. 609, however, was not focused on a single proposal, but on an evaluation of the broader policy framework that influences housing creation in Maine. The commission was charged to:

1. Review data on housing shortages in the State for low-income and middle-income households;
2. Review state laws that affect the local regulation of housing;
3. Review efforts in other states and municipalities to address housing shortages through changes to zoning and land use restrictions;
4. Consider measures that would encourage increased housing options in the State, including but not limited to municipal incentives, state mandates, eliminating or limiting single-family-only zones and allowing greater housing density near transit, jobs, schools or neighborhood centers; and
5. Review and consider the historical role of race and racism in zoning policies and the best measures to ensure that state and municipal zoning laws do not serve as barriers to racial equality.

The resulting recommendations were forwarded to the Joint Standing Committee on Labor and Housing and centered on a mixture of mandates, incentives, and financial and technical assistance to municipalities. A key outcome of that process was that Governor Mills signed L.D. 2003 in April 2022. L.D. 2003 includes a directive for the creation of state housing production goals to increase the availability and affordability of all types of housing in all parts of the State, and critically, new requirements for local governments. The legislation requires that:

1. Density bonuses for affordable housing developments be permitted at 2.5x base densities where multi-family dwellings are allowed;

2. Parking requirements not exceed 2 parking spaces for every 3 multifamily housing units;
3. A minimum of two dwelling units be permitted on empty lots, and four units on lots with existing residential units;
4. An Accessory Dwelling Unit (ADU) be permitted on lots where there are single family homes.

L.D. 2003 also includes provisions that will mediate the final outcomes of these new requirements, such as language to ensure compliance with subdivision law, growth v. rural designated areas, shoreland zoning, and wastewater requirements, as well as including defined affordability levels and long-term affordability terms of at least 30 years (for projects to qualify for density increases). These changes go into effect in April 2023, and communities have until July 2023 to implement necessary changes such that local regulations are consistent.

In regard to how these changes impact Portland's current housing policies, some of the new requirements are already met or exceeded by Portland policies. Residential parking requirements are already lower than that outlined in L.D. 2003, Portland's ADU ordinance exceeds the minimum standard outlined (the city currently permits up to two ADUs on any lots with residential uses), and in many areas of the city, maximum densities will be unaffected and will far exceed state minimums. Portland has had residential density bonuses for affordable housing projects for a number of years, though the land use code structures these bonuses differently, with more nuance than L.D. 2003; the land use code contains tiered bonuses for density as well as height, depending on the overall percentage of affordability and depth of affordability, while the state rules are silent on mixed-income developments.

The city's housing tools exceed the reach of the state changes in many respects due to years of actively working on zoning and housing tools to foster new housing creation, and new affordable housing in particular. Where there are gaps between local regulations and new state law, in approach or in details, staff will continue to evaluate the code for consistency with these changes as ReCode proceeds.

VIII. NEXT STEPS

2022 is poised to reveal valuable information on housing trends in Portland, and those trends will be in part shaped by Portland's local housing policies and programs. It will also see the introduction of new tools to augment the city's current regulatory framework in ways that promise to positively alter Portland's housing landscape for years to come. City staff will continue to monitor and interpret housing patterns in Portland, though conclusively isolating the impact of one policy, or one factor, on residential construction will continue to be challenging with the information available. The recent changes to inclusionary zoning, for instance, have certainly altered or deferred some housing proposals that may have been submitted otherwise, while some applicants are strategizing ways to meet the requirements; an overall depression in housing creation would be a negative consequence of the changes to inclusionary zoning for the health of Portland's housing supply city-wide, but it is too early in the often long process from conception to approval to construction to know where the balance will fall.

However, the city does know enough to take action: despite the significant amount of housing creation in recent years, our housing supply, diversity, and affordability levels are not sufficiently fulfilling the city's needs. We also know that removing obstacles to housing creation will be an important part of the response. As with all new development, ensuring that the scale, location, and type of housing allowed is meeting city goals is key, and will be part of the exciting and exacting work of ReCode in the coming year.

Ultimately, advancing paths for new housing creation, more than is currently possible to build, in ways that support well-established objectives around affordability, walkability, transit access, complete neighborhoods, and a diversity of housing and neighborhood types, can help to counterbalance many of our most pressing housing challenges.

ATTACHMENTS

1. GPCOG, *Portland: 2030 Workforce Housing Demand*

Portland

2030 Workforce Housing Demand

Greater Portland Council of Governments

970 Baxter Boulevard, Suite 201

Portland, Maine 04103

ACKNOWLEDGEMENTS

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

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EXECUTIVE SUMMARY

Purpose

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

Methodology

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

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

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

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

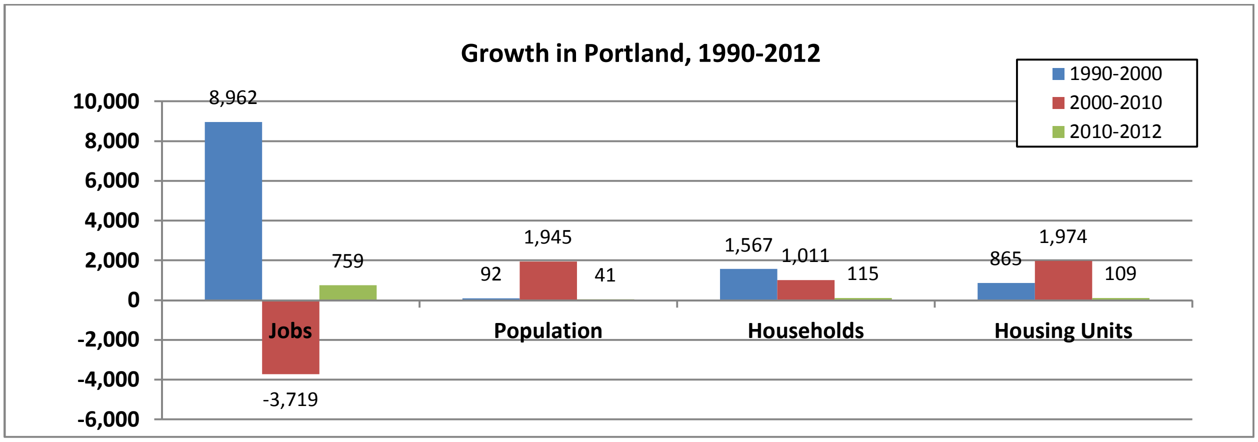
Findings

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

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

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

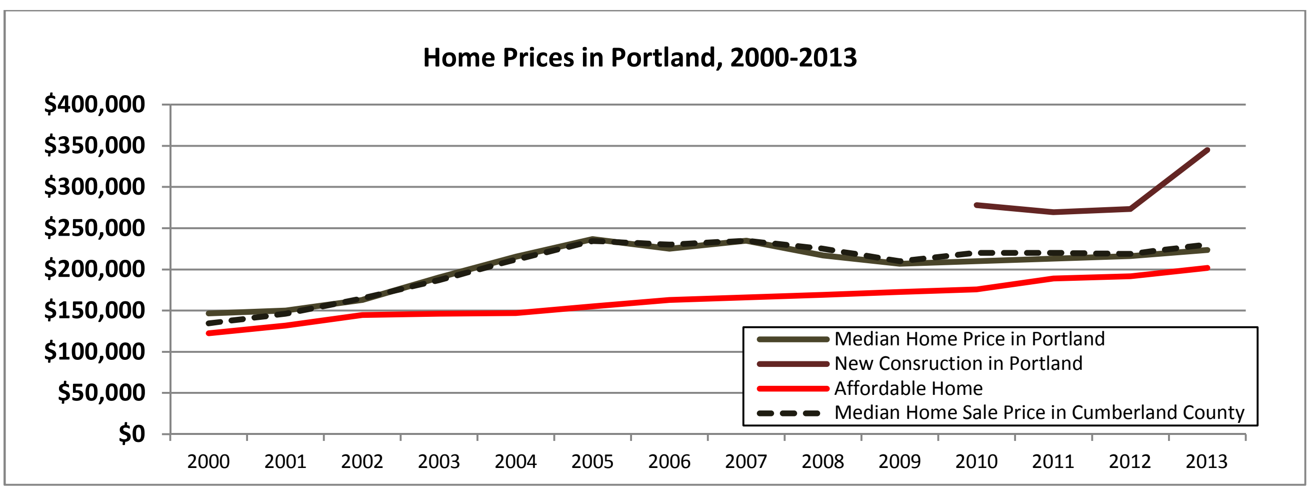
HOUSING MARKET TRENDS



Source: Maine Deparment of Labor, American Community Survey

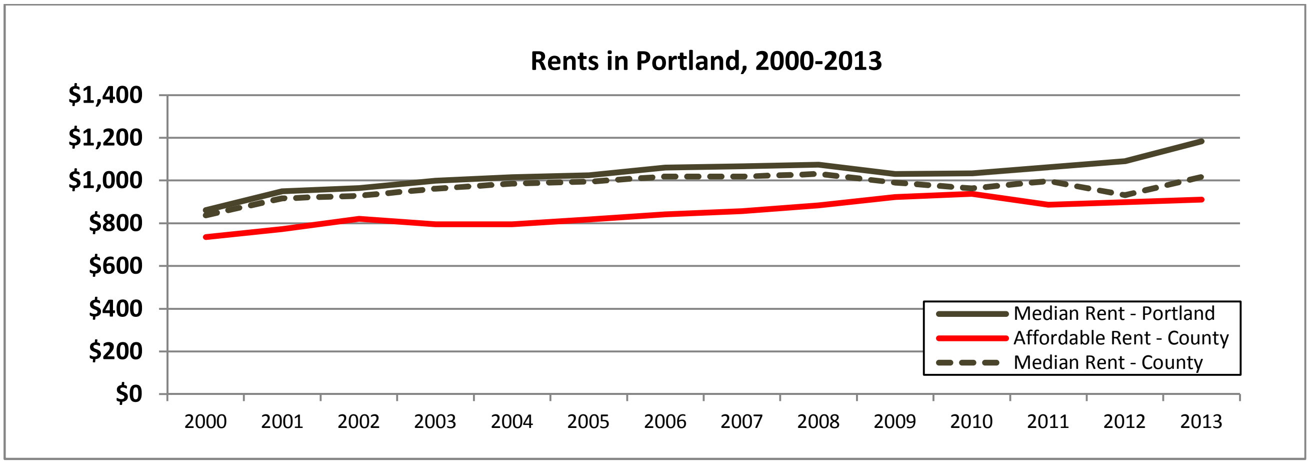
The economic recession of 1991 ushered in an era of slow growth throughout the nation. In just twelve months, the unemployment rate in Cumberland County soared from 3.7% to a decade high of 7.4%. The sluggish economy led to a lag in home construction. Driven by the dramatic increase in single people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

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



Source: Maine Housing, Portland Assessing Office

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



Source: Maine Housing, Portland Assessing Office

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

MASSACHUSETTS APPROACH

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

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

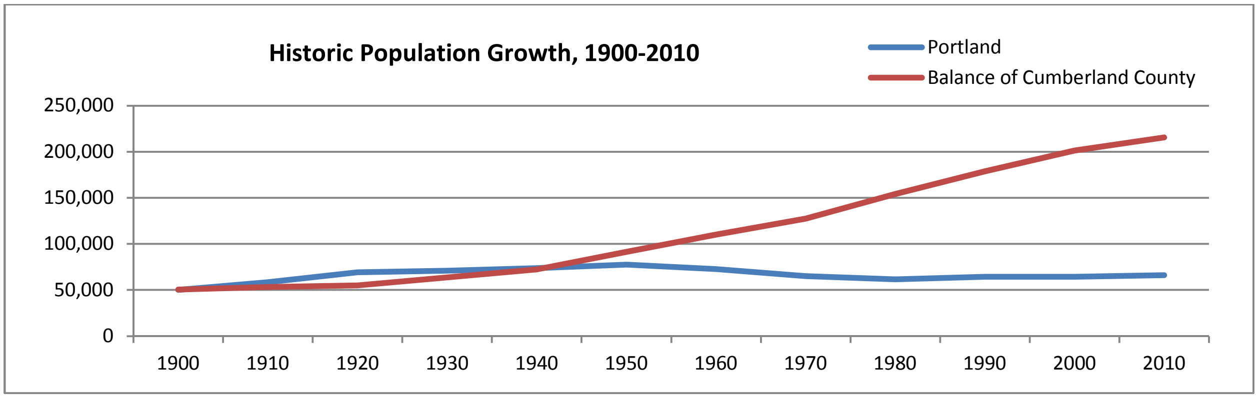
In Maine, there are two sources for population projections at the county level:

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

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

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

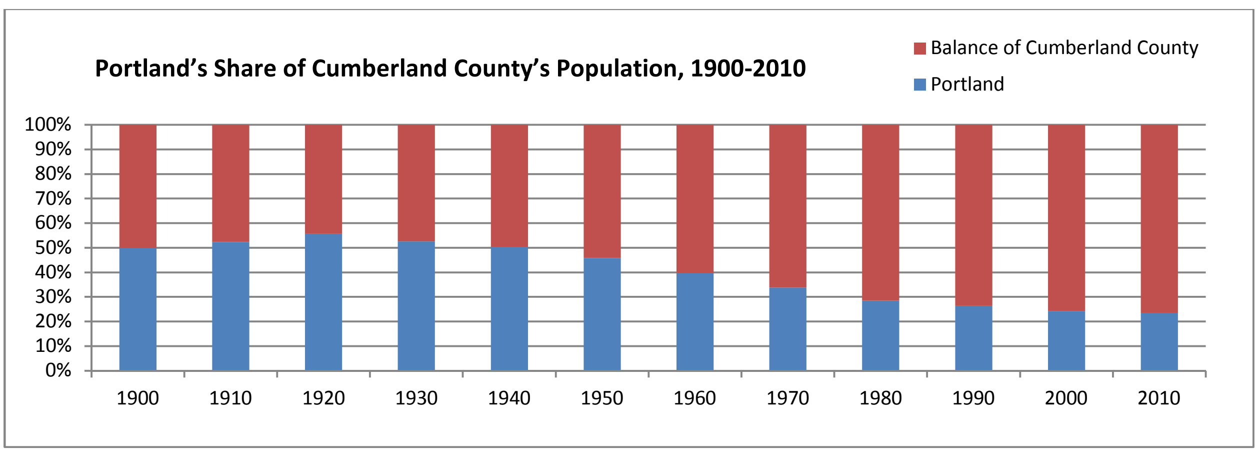
Over the last century, the county's decennial growth rate has ranged from a high of 16% during the 1940's to a low of 5% during the 1960's. Therefore, the Low forecast, at 3% growth, represents a rate lower than in any decade of the last century, while the High forecast, at 14%, is only slightly higher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



Source: U.S. Census Bureau

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

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



Source: U.S. Census Bureau

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

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

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

2030 Housing Forecast for Portland

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

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

3. Breakout Portland Forecast by Household Income and Tenure

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

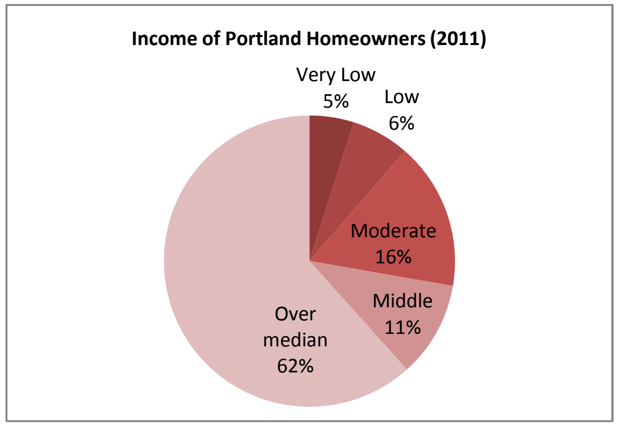
- Less than 30%: *Very low income*
- 30%-50%: *Low income*
- 50%-80%: *Moderate income*

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

Income of Owners in Portland, 2000-2011

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

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

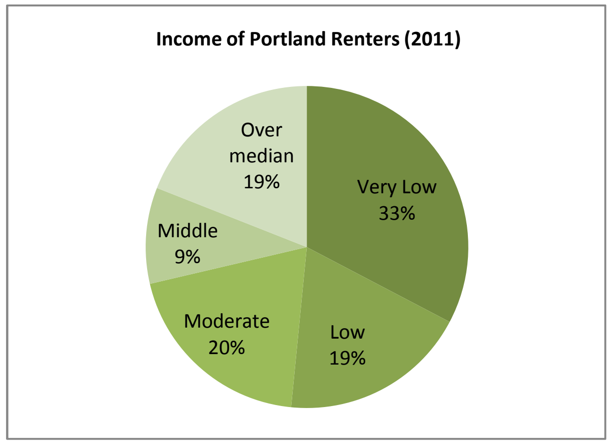


Renters: As of 2011, 81% of Portland's 17,260 renters earned less than the county's median income. Approximately 71% of renters are considered to be of low to moderate income. From 2000-2011, the greatest change was in the number of very low income households, which increased by 30%.

Income of Renters in Portland, 2000-2011

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

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

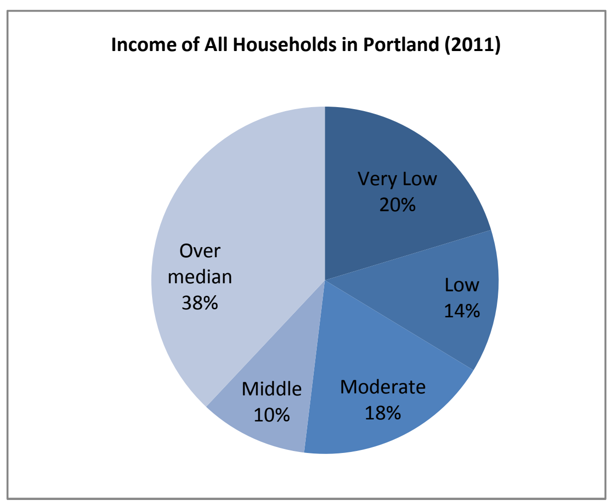


All households. As of 2011, 62% of Portland's 31,105 households earned less than the county's median income. Approximately 52% of all households are considered to be of low to moderate income. From 2000-2011, the greatest change was in the number of very low income households, which increased by 28%.

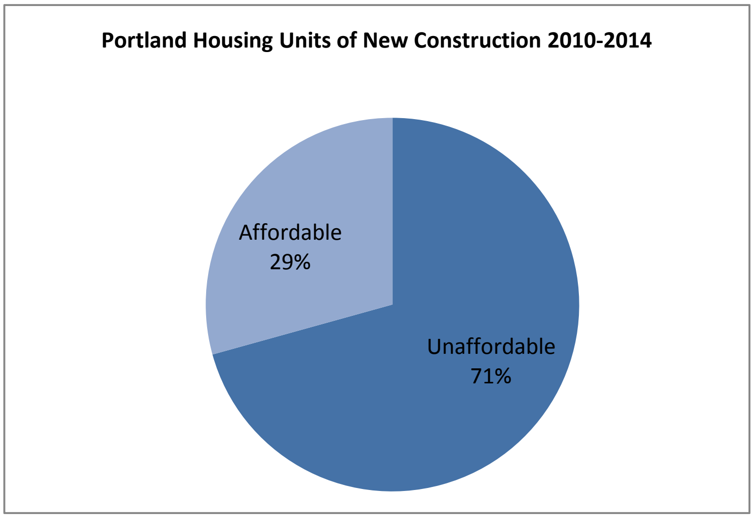
Income of All Households in Portland, 2000-2011

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

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



4. Calculate Gap between Current Production Trends and Future Demand



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

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

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

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

CALIFORNIA APPROACH

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

1. Calculate the income of market-rate households

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

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

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

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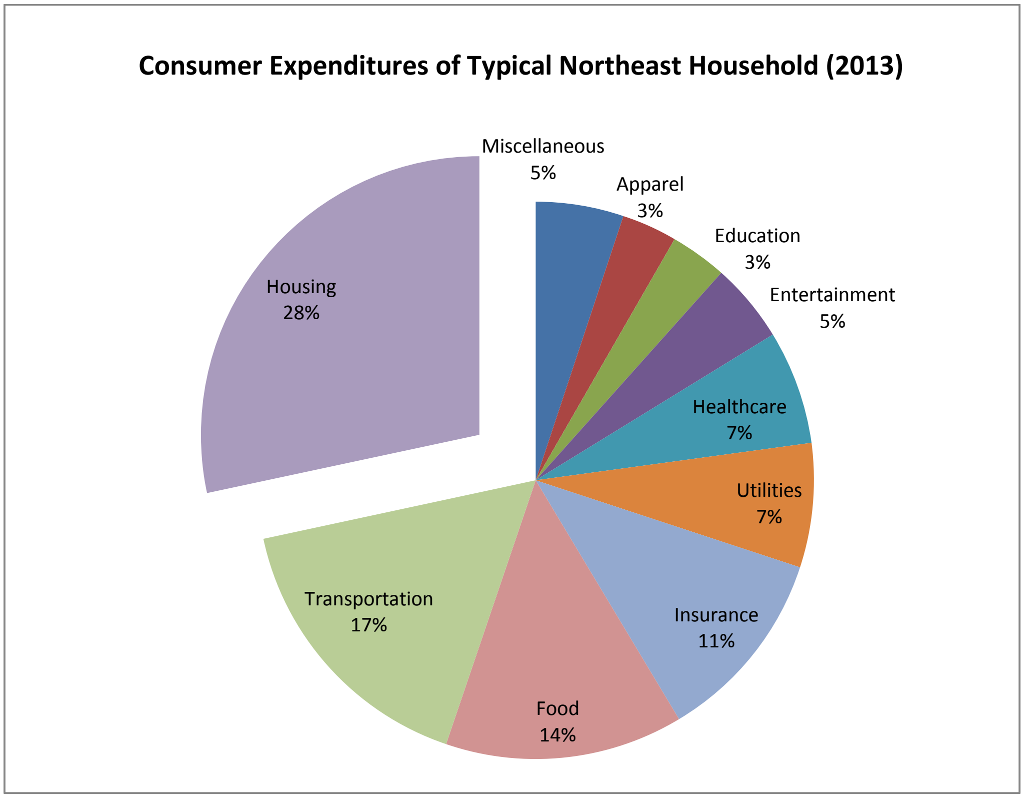
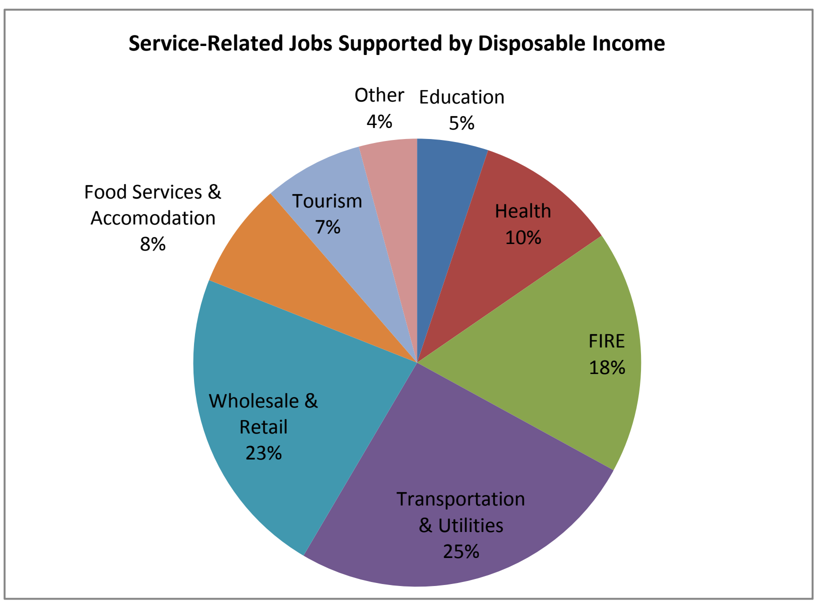


3. Translate collecting purchasing power to jobs



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

4. Calculate the economic impact of job creation

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

Economic Impact of 100 Households Purchasing Market Rate Ownership Units

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

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

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

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

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

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

Median Housing Demand Generated by Market Rate Households

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

AFFORDABILITY OF CURRENT HOUSING STOCK

Rental Units

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

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

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

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

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

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

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

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

Home Ownership Units

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

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

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

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

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

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

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

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

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

TOOLS TO INCREASE HOUSING AFFORDABILITY

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

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

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

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

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

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

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

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

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

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

CONCLUSION

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

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

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

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

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

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

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

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

DRAFT
Housing & Economic Development Committee
2022 Work Plan Schedule
as of June 16, 2022

June 21, 2022
1. Panel Discussion re: Minimum Wage
2. Presentation of Part II of the 2021 Housing Report, including an interim review of the Green New Deal impacts on housing production.

July 5, 2022 (canceled)

July 19, 2022
1. (Public Hearing) Review and Vote to recommend to the City Council a Purchase and Sale Agreement for a portion of City-owned property on Thames Street. **NOTE: Executive Session -** Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide staff direction on negotiations.
2. (Public Hearing) Review and Vote to Approve Affordable Housing TIF CEA Applications and Funding Requests Received from the Affordable Housing Development Fund Applications for City Housing Trust and HOME Funds (tentative?)
3. USL Soccer League Discussion

August 2, 2022 (canceled)
August 16, 2022 (canceled)

September 6, 2022
1. (Public Hearing) Review and Recommend Approval to the City Council of a Tourism Improvement District

September 20, 2022
1.

October 4,2022
1.

October 18, 2022
1.

November 1, 2022
1. Review of 2022 Committee Accomplishments Annual Report – Issue to the City Council as a communication
2. City Annual TIF District Activity Report – Issue to the City Council as a communication

November 15, 2022

December – No Committee meeting

COMPLETED WORK

January 4, 2022

1. Discussion of Committee priorities for 2022, including housing policy/investment strategies.

January 18, 2022

1. Finalizing Committee priorities for 2022, including housing policy/investment strategies.
2. (Public Hearing) Review, Vote to Recommend Approval to the City Council of the HUD Citizen Participation Plan
3. Executive Session: Discussion of Possible Disposition of City-owned property on Great Diamond Island.

February 1, 2022

1. (Public Hearing) Review and Vote to Recommend to the City Council – FY23 Housing Program Budget
2. (Public Hearing) Review and Vote to Recommend to the City Council – 2022 Jill C. Duson Housing Trust Fund Annual Plan
3. (Public Hearing) Review and Vote to Approve to Issue - Affordable Housing TIF CEA and Affordable Housing Development Fund Application for City Housing Trust and HOME Funds

February 15, 2022

1. Presentation of Part I of the 2021 Housing Report
2. Update from the Portland Harbor Common Working Group
3. Harbor Dredge Project Status and Funding - Applications due 4/14/2022 for RAISE
4. Executive Session re: Fort Mckinley Property Sale Opportunity

March 1, 2022

1. Presentation of Age-Friendly Portland and the Portland Age-Friendly Business Program
2. Update and Discussion on use of TIF funds to invest in workforce training (including a possible collaboration between Portland Adult Ed and PATHS).
3. Communication Item re: Minimum Wage Ordinance; are amendments permitted after 2020 referendum

March 22, 2022

1. (Public Hearing) Review and Vote to Recommend Approval to the City Council of the Draft 5-Year HUD Consolidated Plan and FY23 HUD Annual Allocation Plan
2. Presentation and Committee Direction to Staff re: Food Truck Plan for the Eastern Prom
3. Update, Review, Committee Direction to Staff re: Tourism Improvement District
4. (Public Hearing) Review and approval of a Purchase and Sale Agreement for City-owned property at 622 Auburn Street and 0 Gray Road, Falmouth and amendments to the 165 Lambert Street Purchase and Sale Agreement

April 5, 2022

1. Review and Approval to Issue RFP for the Sale and Redevelopment of City-Owned Property - Diamond Cove Former Fort McKinley Hospital Property
2. Communication Item: Community Development Week – April 11-15/Fair Housing Month
3. Communication Item re: Additional Guidance from Corporation Counsel regarding the City’s Minimum Wage Ordinance
4. Communication Item: Housing Safety Office and Rent Board - Overview of Roles and Responsibilities

April 19, 2022

1. Presentation and Committee Discussion regarding preliminary findings of the Analysis of Impediments to Fair Housing.
2. Overview of the Outdoor Dining Permitting and Licensing Program

May 3, 2022

1. Portland Downtown Annual Budget, Work Plan and City Agreement
2. Presentation by Waterstone Properties re: Future Development Plans for Rock Row
3. Review of Affordable Housing TIF CEA and Housing Development Fund Requests

May 17, 2022

1. Execute Session regarding negotiations of Seadogs Lease and Purchase and Sale Agreement for the sale of a portion of City-owned Thames Street Property
2. Outdoor Dining Follow-Up
3. Review of Public Restroom Plan for Downtown Portland

4. (Public Hearing) Review and Vote to recommend to the City Council a Purchase and Sale Agreement for Land Bank Commission's purchase of Redlon Woods property.

June 7, 2022

1. Presentation, Annual Overview and Report from Permitting and Inspections Department re: Short-term and Long-term Rental Housing Safety & Inspection Program
2. Communication Item: Update on Final HUD Allocations for FY 2023

2022 Housing and Economic Development Committee Work Plan June 13, 2022

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
ECONOMIC DEVELOPMENT POLICY				
a. City/School-wide approach to procurement focusing on locally owned businesses (Phoenix AZ as example) (carried over from the 2021 work plan) b. Explore and expand relationship with Portland Buy Local			AZ	
Explore Neighborhood Identity/Branding (carried over from the 2021 work plan)			TC	
Review Tax Increment Financing (TIF) investment in workforce training for FY2023 funding.		X		✔
Explore TIF investment options to increase annual TIF support to Creative Portland (CP) (raise the funding floor from $155k to $200k) and to support performing art centers and the arts eco-system, which makes Portland unique as a destination for visitors and local residents.		X	TC	✔
Explore designation of a Tourism Improvement District		X	TC	
Research and present options for public-private partnerships to support parking garage and possible new affordable housing - City-owned Bayside Lot 6, (corner of Somerset & Chestnut St) acquired by the City Council through eminent domain		X		
Update on Harbor Dredge Status and Funding		X		✔
Review Outdoor Dining Permitting & Licensing Program			PA/AZ	✔
Explore the possibility of creating a workforce training program between Portland Adult Ed and Portland Technology High School .			PA	✔
Increase to minimum wage (discuss if permitted under 2020 citizen referendum?)			AZ	

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
AFFORDABLE HOUSING POLICY AND BUDGETS				
Policy Discussion re: (1) Impacts of 2020 Referendum (Green New Deal) on housing development, (2) Guidelines and Priorities for the allocation of city resources for housing development		X	TC	(2)✔
Encourage developers seeking assistance through the City's Affordable Housing Development and/or TIF Programs to participate in the Section 8 Family Self Sufficiency Program.			TC	✔
Encourage housing development that supports the Comprehensive Plan goal for development along major thoroughfares off peninsula.		X	TC	✔
Review of FY 2023 Housing Program Budget (February)	X			✔
Review of 2022 Jill C. Duson Housing Trust Fund Annual Plan and the 2022 Affordable Housing Development Application (February)	X			✔
Host a Housing Summit (similar to one held in 2016)			PA	
Review of Short Term Rental Registration Program			PA	✔

AFFORDABLE HOUSING PUBLIC-PRIVATE PARTNERSHIPS				
Review and Vote to Approve Funding Requests Received from (1) the Affordable Housing Development Applications for City Housing Trust and HOME funds and (2) Affordable Housing TIF CEA Requests. (May)	X			
Review City surplus property to sell/lease to support affordable housing		X	PA	

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
REAL ESTATE TRANSACTIONS				
622 Auburn Street and 0 Gray Road P&S Agreement		X		✔
Purchase and Sale Agreement for the sale of a portion of City-owned Thames Street Property		X		
Kennebec Street Realignment (from Brattle to Forest)		X		

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
ANNUAL REPORTS AND ACTIONS				
Presentation of 2021 Housing Report (February) Part I and Part II	X			Part I ✔
5-Year HUD Consolidated Plan and FY223 Annual Allocation Plan (Jan-April) (1) Analysis of Impediments to Fair Housing & (2) Amendments to the HUD Citizens Participation Plan		X		Con Plan✔ (2)✔
Presentation, Annual Overview and Integrated Report from Permitting & Inspections and Fire Department re: Short-term and Long-term Rental Housing Safety & Inspection Program - Implementation and Financial Report (April)	X		Process established under prior Housing Committee	✔
Fair Housing Month (April) Community Development Week Activities (April 11-15, 2022)	X	X		✔
Portland Downtown Annual Budget, Work Plan and City Agreement (May)	X			✔
City TIF District Annual Activity Report (November)	X			
Committee Annual Accomplishment Report (November)	X			