Minutes

Remote Housing and Economic Development Committee

June 21, 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 21, 2022, at 5:30 p.m. via Zoom. Present from the Committee were Chair Pious Ali, and member Councilors Roberto Rodriguez, and Andrew Zarro. Present from the City staff were Acting Housing and Economic Development Department Director Mary Davis, Associate Corporation Counsel Michael Goldman, Director of Planning and Urban Development Christine Grimando, Director of Special Projects Nell Donaldson, and Housing Program Manager Victoria Volent.

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

Item #2: Review and vote on June 7, 2022, draft meeting Minutes.

On motion made by Councilor Rodriguez and seconded by Councilor Zarro, the Committee voted (3-0) to accept the Minutes.

Item #3: Panel discussion regarding minimum wage.

Eamonn Dundon, Director of advocacy at the Portland Regional Chamber of Commerce and James Myall, economic policy analysis at the Maine Center for Economic Policy presented this item. James Myall provided an overview from the memo presented to the Committee regarding minimum wage and hazard pay options in Portland. Per scholastic research of the impact of statelevel minimum wage increases, 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 the estimated median hourly wage for full-time, year-round workers in Portland of $24.45 per hour, Portland could support a minimum wage of $14.67 per hour in 2021, and at least $15 per hour in 2022. If the minimum wage was as high as 80% of the median hourly wage for full-time, year-round workers, Portland could sustain a minimum wage of up to $19 per hour. The estimated livable wage in Portland is $17.11 per hour. For a family of two working parents with two children, the estimated livable wage is $23.58 per hour. 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. When the minimum wage is increased, employees who earn a little bit above the minimum wage also see an increase in wages. Raising the minimum wage positively impacts; younger workers; workers under age 25; employees around retirement age; parents of children; people without a college degree; women; and people of color. During 2016 and 2019, as the minimum wage increased, the number of people working and the hours worked increased. There was also a decline in poverty levels of children and people of color.

In response to Councilor Zarro's request for information regarding the subminimum wage, Mr. Myall noted tip workers (twice as many tend to be women than men, and a disproportion number of people of color) are not covered by the minimum wage statue, and should tip wages be phased out, it would not be detrimental as customers would continue to tip. Additional information on this topic as well as information that could determine a ceiling on the minimum wage will be forwarded to the Committee

Eamonn Dundon provided a slide show on the minimum wage in Portland which concurred that increases in the minimum wage impacts less-educated workers, but research is less clear on the impacts on job losses and the impact on one-time increases of greater than $1. Only .17% (approximately 60) of all municipalities (approximately 35,000) have a local minimum wage outside of their state's minimum wage. Under the current proposal to increase Portland's minimum wage to $18 per hour, Portland would have the third highest minimum wage in the country. Certain industries, such as retail (grocery and food), retail (general), and construction have very small profit margin and are susceptible to wage cost increases that eventually would need to be passed on to consumers. Healthcare and social service providers in Portland are currently struggling to be paid for services incurred from governmental payers. Unintended consequences include; Portland becoming an outlier; disparate impact on small and medium sized enterprises versus large, out of state, chain businesses; increased costs past onto customers; and threats to continued viability of social service providers.

The Committee asked clarifying question noting the public interest in this topic as there is a citizen referendum regarding the minimum and subminimum wage requesting to be on the ballot for November.

Item #4: Presentation of Part II of the 2021 Housing Report, including interim review of the Green New Deal impacts on housing production.

Christine Grimando, Director of Planning and Urban Development and Nell Donaldson, Director of Special Projects provided an overview of the memorandum to the Committee regarding the regulatory tools and initiatives to address the need for more housing; housing that is diverse in its size, location, and type necessary to provide options open to all residents. Ms. Grimando started with a snapshot of existing housing (with an emphasis on rental housing and cost burdened households), then transitioned into existing housing policies (broken down by policies to encourage housing supply and "naturally-occurring" affordable housing, and policies to support affordable and workforce housing), followed by housing trends, and current housing policy work (i.e. NYU Housing Solutions Lab Peer Cities Network; ReCode Phase II; furthering Fair Housing analysis), then discussed the history of Inclusionary Zoning including an analysis of changes brought about under the Green New Deal, and the background and requirements signed into law by Governor mills from LD 2003, wrapping up with a next steps discussion.

The Committee asked follow-up questions regarding Inclusionary Zoning and were told impacts and trends on housing development, including IZ, cost of labor and supplies, should present itself by year's end. The Committee requested a study comparing residential housing construction among Portland and its peer communities surveying if it takes longer to bring projects to completion in Portland, and if developers are looking to build outside of Portland and why. Hiring a consultant for this job was noted as well as the work undertaken by ReCode to draw the development community together to discuss what is getting in the way of housing construction in Portland. Mary Davis indicated it is not uncommon for low-income housing development projects to ebb and flow based on the developer's work load and staffing levels as well as the limited availability of tax credit funding allocations. More recently, developers are looking to build affordable housing state-wide rather than focusing on Portland. The Committee discussed construction goals with a focus on the missing middle. The goals of the Comprehensive Plan are being met, however the goals are just a benchmark to chart progress. Demand is growing so there remains a need for more housing at all affordability levels.

Item #5 Communications: 2022 Work Plan and Schedule.

Councilor Ali led a discussion on the topic of the minimum wage asking Committee member if anyone had a strong opinion on which direction to proceed. The Committee discussed looking for additional information from tonight's presenters as well as the procedure for placing an item on the ballot for November including timing, and required Council meetings. Michael Goldman indicated he would research the Committee's questions to provide a response.

On motion made by Councilor Zarro and seconded by Councilor Rodriguez the Committee voted 3-0 to adjourn the meeting at 7:36 p.m.

Respectively submitted, Victoria Volent