

Minutes

Remote Housing and Economic Development Committee

July 2, 2024

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, July 2, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members Regina Phillips, Roberto Rodriguez, and Kate Sykes. Present from the City staff were Housing and Economic Development Department Director Greg Watson, **Housing and Community Development Division Director** Mary Davis, Corporation Counsel Michael Goldman, Director of Permitting and Inspections Jessica Hanscombe, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on June 25, 2024

On motion made by Councilor Rodriguez, seconded by Councilor Phillips, the Committee voted 4-0 to accept the Minutes.

Item #2: Review and Recommendation to the Finance Director and Finance Committee regarding FY2025 TIF Funding for Portland Adult Education's continuation of workforce training programs.

Greg Watson introduced this item by noting the import workforce training provided by Portland Adult Education (PAE) to 135 unique students representing 28 distinct countries of origin with 96% identified as BIPOC. To continue the Workforce Development Program, PAE

is requesting \$200,000 in funding from the Downtown TIF District. Staff recommends the HEDC vote to support continued level of funding for FY2025.

Abbie Yamamoto, the Executive Director of PAE was invited to present the outcomes of the FY 2024 Workforce Development Program. Highlights included; ESL instruction (there are over 1,000 people on the waitlist); focus on resume building and interview skills; commercial driver preparation class (very popular class necessary to obtain industry recognized credentials such as Class A and Class B license); and Education Academy (this program provides training for underrepresented groups – multilingual individuals, people with disabilities, and people of color to increase representation among Maine's educator workforce). Past and future training helps develop a workforce that supports the City and regional economy. PAE is requesting the Committee's continued level of funding for FY2025.

The Committee had clarifying questions regarding the offered programs, how funding is used, if PAE partners with area labor unions, the number of class and students assisted with the funding, and space and equipment. The Committee expressed their support of the work undertaken by PAE.

Councilor Ali opened the meeting to public comment. Seeing no one, public comment was closed.

On motion made by Councilor Sykes, seconded by Councilor Phillips, the Committee voted 4-0 to recommend the FY2025 TIF Funding for Portland Adult Education's continuation of workforce training programs.

Item #3: Review and vote on a recommendation to the City Council on proposed amendments to the Short Term Rental Ordinance

Councilor Sykes introduced this item with a summary of revised proposed changes to the

Short Term Rental Ordinance meant to achieve goals outlined in her memo to the Committee.

The Committee held a discussion regarding the proposed changes, the impact of the “five-year rule”, adding language to allow the ability to propose amendments by noting the “five-year rule does not apply”, enforcement of the ordinance, how complaints are addressed, requiring proof of Homestead Exemption when registering, requiring the City to publicly identify the address of all short term rentals, the registration fee, limiting the number of non-owner occupied mainland short term rentals to no more than 2% of the total number of registered long term rental units on the mainland.

Councilor Ali opened the meeting to public comment.

Raphael Vezina-Audette (784 Ocean Ave) - Concerned regarding the registration requirement of proof of a Homestead Exemption. What happens in the scenario when the timing of receiving a Homestead Exemption does not line up with the STR registration deadline with the City?

Winston Lumpkins- Supports the review of the STR Ordinance by the Council. The prior Council allowed too many STRs and lax enforcement. Supports hosted STR but would like to see all unhosted STRs eliminated.

Erik Mygrant (10 Deering Street) - Asked about the terms of grandfathering. Does not support additional regulations. Can only afford to live in Portland because he rents out a unit for 90 days a year.

Chris Korzen- (28 Hampshire Street) - STR host for several years and owns small business in Portland. Noted the positive impact STRs have on the local economy and provided data from the Maine Office of Tourism. Encouraged the Committee to invite Steve Lyons of the Maine Office of Tourism for his perspective. Supports the review being conducted as STRs are

important to the economy, but at the same time does not want to see neighborhoods become Airbnb hotels or illegal operators run amok.

Glen Stoller (64 Clark Street)- Has been a landlord for four years. Hosts two STRs to allow a lower rent for the LTR, and it allows him to stay at home with his children. It is important to balance long term housing with short term rentals. Supports the amendments brought forward. Hopeful for the enhanced monitoring of unregistered units. Does not want to hurt any current license holders and would like to see language included in the amendments to allow anyone with a current license to maintain their license.

Betty Caton- (14 Holly Street)- Has been a STR host since 2018. Thanked Councilor Sykes for her work. Feels the proposals are a very balanced. Noted the extra money generated from her STR supports necessary building maintenance. Imperative grandfathering for all categories. Does not agree with a public listing of all STRs as it could make her unit a target for theft. Current licensees should be protected. Glad to see the Council review policy amendments instead of policy by referendum.

David Finley (52 Fessenden Street)- Owns a three unit property in which two of the units are STRs. Unclear if he would be grandfathered under the proposed amendments. Losing one of the STR units would be a financial burden. Has a question regarding LLC ownership. The money from the STRs is put back into the property and the neighborhood. The people who rent his units are mostly from Maine and Southern Maine.

Adam Steinman (10 Pine Street, 52 Pine Street, and 65 Pine Street) - Supplementing his income with his STRs. Concerned about the impact of the proposed Homestead requirements, as one of his buildings is an LLC. The threat to long term housing is the many hotels buying up land.

Karen Snyder- noted Police don't want to deal with the noise and parties from STRs. People abutting STRs gave up contacting Hanscomb's department and the Police because they knew nothing was going to go on because they knew there are other things going on. The Citizen Self Service portal does not tell how many STR units are registered. Neighbors are concerned with the number of short term renters intruding onto their private property. People who are concerned with maintenance cost also include LTR owners. Would like non-owner occupied STRs removed from the proposal. The original ordinance, which allowed for 300 non-owner occupied STRs, was increased to 400.

Alyssa Giacobbe- (33 Smith Street) - Owns and lives in a triple decker with two STR units. Also has license for LTR for those units as she can't rely on one or the other as there have been times when she could not rent out the LTR unit. Found the Housing Safety office is super helpful. As a sole owner, she could not maintain the building without offering STRs. Something should be done about the housing shortage, but if she could not STR, she does not think she could offer housing to those who need it the most (due to the cost of maintaining the building). Supports regulations.

Michael Webster- (175 Congress Street)- Feels big hotels and local short term rental owners are the ones arguing with each other. Anything the Council can do to support locals is encouraged.

Nick Zaccaro- (64 Whitney Avenue) - Owner of a triple decker with three long term rental units. The rent is below market and he has never hosted a STR. He strongly urges the Committee to eliminate unhosted STR units on the mainland with a sunset provision. Does not support the idea of evicting tenants to replace their housing with STR, but as the waitlist foretells, this is what some landlords are planning to do.

Hunter Letendre (59 Highland Avenue)- Lives in New Hampshire but owns a single family home on Peaks Island which she currently short term rents with the plan to eventually move to Peaks Island. The ability to STR is the only way she can afford to own the property. Peaks Island has existed largely thanks to its tourism. As a real estate professional she feels that, if the few homes removed from the market and made into STR were available for ownership, the expectation they would be filled with families and year round owners is wrong. What is going to happen is Peaks would end up with a lot more empty homes owned by highly wealthy individuals that can afford to have a vacation home which they then use for only one or two weeks a year. Now that they own their property on Peaks Island, they short term rent throughout the summer (which is good for the economy) and are able to visit in the winter. Asked the Council to remember Peaks Island is very different from the mainland.

Woodruff Halsey (90 Prince Avenue and 134 Reed Avenue)- Owns property on Peaks Island and agrees with Hunter that Peaks has a very different economy and very different concerns. Allowing STR is how families can keep cottages in the family for generations as it is a means to pay the property taxes. STR do not deprive people of year round housing. Has two cottages he rents as STR. STRs are good for the economy. Concerned with the proposed limit on the number of STRs allowed on Peaks Island.

Paul Waring (527 Brighton Avenue)- Increase enforcement is key. Important to protect currently law abiding rental hosts. Concerned about the 50% rule. Bought an empty foreclosed triplex which he poured \$250,000 into, and it still needs more upkeep. It is only through hosting STRs that he can afford to purchase and maintain the building. Hosting STRs has enabled him to climb out of living paycheck to paycheck. We should welcome all people into the city including

tourist who want to spend money. STR users spend lots of money and help support the economy.

Chris – Pleased to see the Council take this up instead of making policy through referendum. Has been a landlord for 25 years and operates four STRs in Portland. STRs help pay for his two son's higher education, and has been used to help subsidize the lower rent he has to charge due to rent control. STR units, if forced to become LTR units, would not add workforce housing units to the market because the market rent would be too high for the typical worker.

Councilor Ali closed the public comment period.

Councilor Rodriguez clarified that even though the Council would be reviewing and discussing the proposed amendments, ultimately any proposed changes would be on the ballot for a citizens' vote. The process is different as it is collaborative, but it is still a referendum vote.

The Committee held a discussing covering topics such as; what percentage (1%/1.5%/2%) of registered long-term rental units on the mainland to recommend to the full Council as a limit to the number of non-owner occupied STR; how often to review the percentage limit on non-owner occupied STRs; public notification of amendments to the STR Ordinance; Section 9-46 of the City Code which prohibits any amendments or repeals to a voter approved referendum unless explicitly stated in the voter-approved ordinance for five years after adoption; Island Short Term Rentals; limitations on the number of Short Term Rentals an individual or entity may register; grandfathering; increasing the registration fees; and violations.

Peter McLaughlin, co-chair of the Short Term Rental Committee for Peaks Island was invited to speak. Prior to the meeting, he had submitted an email to members of the Committee regarding short term rentals on Peaks Island. During the HEDC meeting he provided current

STR registration information, noted that because there are no restrictions on owner versus non-owner occupied STRs, that level of detail is not available, and indicated there is no need to regulate cottages that are not insulated as they could not become long term housing without the proper upgrades (which represents roughly half of all STRs on Peaks Island).

On motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted 3-1 (Rodriguez) to recommend to the City Council the proposed amendments to the Short Term Rental Ordinance.

On motion made by Councilor Rodriguez, seconded by Councilor Sykes, the Committee voted 4-0 to recommend adding language to the proposed amendments that the “five-year rule does not apply”.

On motion made by Councilor Phillips, seconded by Councilor Sykes, the Committee voted 3-1 (Rodriguez no) to recommend limiting the number of non-owner occupied mainland short term rentals to no more than 1.5% of the total number of registered long term rental units on the mainland.

Item #4: Executive Session: Pursuant to 1 M.R.S.A. 405(6) (C) and 5 M.R.S.A. 13119-A, the Committee will go into Executive Session to discuss negotiations and timeline update for the Lambert Woods South project (165 Lambert Street)

Councilor Ali asked if members if they would like to enter into Executive Session.

On motion made by Councilor Sykes, seconded by Councilor Phillips, the Committee voted 4-0 to recommend entering into Executive Session.

Councilor Ali opened the meeting to public comment- seeing none, Councilor Ali closed public comment.

The Committee entered into executive session at approximately 8:08 p.m.

The Committee voted to adjourn at approximately 8:23 p.m.

Next meeting is July 16, 2024

Respectively submitted, Victoria Volent