HOUSING COMMITTEE

DATE: Wednesday, November 14, 2018
TIME: 5:30 PM
LOCATION:City Hall Room 209

AGENDA

1. Review and accept Minutes of previous meetings

    a. Draft minutes for October 11, 2018

    b. Draft minutes for October 24, 2018

2. Public Comment

    a. Public Comment
    b. Testimony for Portland, Maine from Airbnb

3. Presentation and Discussion of Community Land Trust Model

    a. Community Land Trust Memo from February 28, 2018

    b. Greater Portland Community Land Trust

    c. Waterville Community Land Trust

    d. Covenant Community Land Trust - No attachments included in packet

4. Portland Housing Authority presentation on the Rental Assistance Demonstration (RAD) program

    a. Portland Housing Authority Housing Committee Presentation RAD Memo

5. Presentation of 2018 Interim Housing Report
   (public comment may be taken)

    a. Presentation of 2018 Interim Housing Report

6. Update on Inclusionary Zoning Units for Sale and Potential Committee Action
This is an actionable item and public comment may be taken

a. Update on Inclusionary Zoning units for sale and potential committee action

7. 2018 Work Plan Discussion

a. 2018 Work Plan Discussion

<u>Next Meeting Date:</u> **November 28, 2018 City Hall Room 209**

City of Portland Commissions are not required to take public comment under FOAA and our Ordinance is silent regarding the duties of the Commission. The Commission has the discretion to not allow or allow public comment during its meetings, including the authority to limit the duration of comments. Since the Commission makes recommendations to the City Council, public comment is available at that level.

Housing Committee
Minutes of October 11, 2018 Meeting

NOTE: The Housing Committee meetings are now live-streamed, which can be viewed at this link: http://townhallstreams.com/stream.php?location_id=42&id=16398 These minutes provide a record of those in attendance, general discussions taking place, and motions made.

A meeting of the Portland City Council's Housing Committee (HC) was held on Thursday, October 11, 2018 at 5:30 P.M. in Council Chambers at Portland's City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, and Councilor Jill Duson, Chair of the Committee. City Council members present were Mayor Ethan Strimling, Councilor Belinda Ray and Councilor Spencer Thibodeau. City staff present included Mary Davis Housing and Community Development, Victoria Volent Housing Programs, Michael Sauschuck Assistant City Manager, Fire Chief Keith Gautreau, Michael Russell Permitting and Inspections Department Director, Jessica Hanscombe Licensing and Registration Coordinator, Jonathan Rioux Inspections Director, and Anne Torregrossa Associate Corporation Counsel.

Item 1: Review and accept Minutes of previous meetings held on September 24, 2018

Motion by Councilor Cook to accept the minutes. Motion was seconded by Councilor Duson and minutes approved 2-0.

Item 2: Presentation, Overview and Integrated Report from Permitting and Inspections and Fire Department re: Short term and Long-term Safety Inspections, and Program Budgets (Public Comment)

Chief Keith Gautreau introduce the item to the Committee. He highlighted his memo recapping the bullet points, and changes since 2017. For approximately one year, the Fire Department (FD) has been working jointly with the Permitting and Inspections Department. The FD is now using new software (as is the Permitting and Inspections Department). The Fire Department assists the Permitting and Inspections Department. After the Noyes Street fire, inspections uncovered numerous violations. Working with landlords, the number of violations has come down. Chief Gautreau provided an overview of each chart, highlighting significant items.

Councilor Duson noted the activity of Assistant City Manager Sauschuck to meet with landlord stakeholders as well as tenant associations. Chief Gautreau was asked to confirm that the data from the Fire Department and Permitting and Inspections Department is entered into the same software to assist the public with locating public information. Councilor Duson confirmed that the Life Safety Educational information with the Fire Department and Permitting and Inspections is similar.

Councilor Duson opened the meeting to public comment. Seeing none, the public comment period was closed.

Item 3: Review, Discussion and Possible recommendation regarding Proposed Policy Changes to Chapter 6, Article VI, Residential Rental Unit Registration Requirements, as it applies to Short-term Rental Units. *This is an actionable item and public comment will be taken.*

Councilor Duson announced that due to the absence of Councilor Ali, the Committee would hold off on an actual vote.

Councilor Duson began the meeting by introducing the memo prepared by Jessica Hanscombe. Mike Sauschuck explained the process of communication and collaboration during the past week and the development of the communication matrix.

Mayor Strimling would like to include the idea of a study, possibly completed by GPCOG, regarding the impact of STR on the housing market. Mike Sauschuck agreed to look into how that could be accomplished. Councilor Duson would like to make a recommendation on moving forward with the study on the agenda for the October 24 meeting to make a motion for the City Council to commission the study.

Jessica Hanscombe presented her memo to the Committee. Her research concluded that the city has 165 non-owner occupied mainland units registered for 2018. This is 135 units below the cap of 300. However, if the non-owner occupied units in an owner-occupied building (125) and the total "unknown" (30) units are added to the current cap total, then the updated total is 310 with 20 units being over the cap.

Councilor Cook asked for the memo to be clarified to read "165 non-owner occupied mainland units in non-owner occupied buildings".

Mayor Strimling asked for an update to the number of STR chart (from the previous meeting). Councilor Duson would like this as a communication item for the next meeting. Mayor Strimling would like to know multi-room counts.

Councilor Duson asked if a moratorium is necessary to stop taking applications that may add to the count of non-owner occupied buildings. Councilor Ray would like to know if a moratorium or passage of updates could be made retroactive. Anne Torregrossa responded that land-use case law allows for retroactive if the applicant has not spend a significant among of money to apply the ordinance. Councilor Cook asked if the Council could pass a resolution to clarify definitions rather than pass a moratorium. She would like to see a means of ensuring the city does not accept applications that would possibly bring the number of non-occupied units over the 300 cap.

Councilor Duson requested a moratorium be brought the City Council's Monday meeting (October 15) from Corporation Council to discontinue accepting applications for non-owner occupied STR buildings until February 4, 2019. Per Anne Torregrossa, this could be effective Monday.
A motion was made by Councilor Cook for a moratorium on accepting new short term rental applications on non-owner occupied mainland in non-owner occupied buildings effective October 15 through February 4, 2019. Councilor Duson seconded the motion. The motion was approved 2-0.

Councilor Duson requested a discussion of the matrix of information. Councilor Cook noted there are areas within the matrix that she is in agreement with "staff" recommendations. Anne Torregrossa presented the matrix. Councilor Duson requested a matrix of changes be presented to the Committee at the October 24 meeting.

Councilor Duson opened the meeting for public comment.

Arthur Fink (Peaks Island) - sees advantages and disadvantages of STR. Peaks Island has a separate issue from the Mainland. Does not believe renting a room takes a unit off the long-term rental market. Hopes the Committee is trying to define STR as within an owner-occupied unit as opposed to a non-owner occupied building.

Gabriel Zappia Local Landlord- The STR market keeps money in the local market rather than money spent on a hotel. Feels the issue is neighborhood related. If an owner would like multiple units, than the process should include site plan review by the Planning Board.

Marsha Campbell (108 Salem Street/AirBnb host). Has a room in her home she short-term rents. Supports owner-occupied STRs.

Ed Pontius (14 Cleeves Street/ STR host.). Asked Committee not to disrupt the positive side effects that the income from AirBnb and flexibility that STR availability provides. The income from STR stimulates the local economy

Scott Lindsay (111 and 136 Commercial St/ host of 4 non-owner occupied units). This meeting is moving the goal post. Feels this is a zoning ordinance item that can work. It is awful that owners like him have complied with everything but now it is back on the table. He supports grandfathering, or tweaking based on data. Is looking for consistency to help with long term planning.

Mark (Landlord in Portland) Council and Mayor do not understand what is going on. Is aware of property owners offering STR that are not registered. Regulating somebody's housing already is not adding any more units.

Chris Aceto (Landlord in Portland) Agrees with Scott that is feels like we are being scapegoated. Does not believe 4% of the rental market is causing the other 96% to increase rents. The desirability of Portland is why rents are going up. See the positive effect on buildings along Parkside because of the prevalence of STR.

Daniel Steele (52 Center Street/STR owner) Feels "the train has left the station" on stopping STR. We should not described STR as AirBnbs. Cannot plan long term with annual changes.

Erna Koch (79 Vesper Street/STR owner) - would like a more participatory process to discuss STR. Owners have much to offer to the Committee regarding ideas to work together.

Gil Helmick (39 Cumberland/STR owner) - Would like to deliver a nine page letter to the Committee. Problems are in fact are not generated by the host community. Slum-lords have been bought out and replaced with STR owners who are fixing up these buildings and bring them up to code and making them safe. These investment need to be financed. Low wages are also to blame for the lack of housing affordable to workers. Supports higher fees.

Dan Mawhinney (12 Walker/STR owner) - Is renovating and living in the building they recently purchased. Respects goal of committee to address the issue of the failure of building owners to property identify themselves so they can be accountable to city officials. Supports comments concerning the perception that STR are going to eliminate long-term rental units. Just the opposite may happen if owners can capitalize on the income from STR to fix buildings for their long-term rental tenants. Does not want to convert rentals to condos. Short sided for the Committee to divide up owner and non-owner definition. Would like a hybrid. In the building and allow STR within the building. Would support workshops for a solution for the city and STR owners.

Katherine Palmer (62 Monument St and 70 Waterville/ STR owner)- feels strongly not to turn rental buildings or single family houses into condos. Supports being an entrepreneur and fixing up properties. Concerned with the point of withdrawing registration with two complaints. How will due process be protected?

Karen Snyder- (72 Waterville/ owns long term rentals) - recent city housing policy have not created workforce housing. Owner occupied units are acceptable. Washington DC, South Portland, Toronto and Montreal are all changing their STR ordinances to support owner-occupied units. Non-owner occupied units do not conserve residential housing and neighborhoods.

Ralph Baldwin (Commercial Street/ STR host in rental units) - long term participant in the STR process . The STR revisions seem premature on an ordinance that has only been in effect for ten months. The effect on LTR by STR is still unknown. The Strimling-Cook amendments violate rights to privacy of owners and guests. Concerned if the public record was altered; cannot find the STR presented by the Mayor. Would like the page returned to the public records.

Mike Webster (155 Sherwood St/STR owner) - Buildings as a whole were originally determined as owner-occupied. Does not support a moratorium. Requested additional data and consideration prior to overhaul.

Aaiyn Foster (10 New Island Avenue Peaks Island) - Supports the work of the Housing Committee. Airbnb works and is a great community. The guest reviews work to keep successful and unsuccessful STR works. Would like to give time to allow the original ordinance to play out. Limits and caps work and should allow to remain in place and give it due time to work.

Ken Thomas (Danforth Street and Share Portland)- changing the ordinance now would be a shame as no significant concerns have come to light to justify changes. The changes recommends a dramatic shift in the ordinance. Would like to "hit the pause button" on moving forward. Neighborhoods have not been destroyed and rents have not been negatively effective. There is a need for consistency.

Richard Noyes (40 Woodmont/ STR owner). Enjoys being an AirBnb host. The income from hosting is turned back into the upkeep of the building. Supports regulations.

Councilor Duson closed the public comment period.

A lengthy discussion regarding proposed amendments to Chapter 6, Article VI, Residential Rental Unit Registration Requirements as it applies to short-term rentals units ensued. The results of the discussion will be presented to the Committee at the October 24 meeting.

Anne Torregrossa noted Corporation Counsel will provide language for a moratorium vote for the City Council on Monday or later, that is retroactive.

<u>Item 4: Committee Discussion re: 2018 Work Plan</u>

On a motion made by Council Cook and seconded by Councilor Duson (approved 2-0) the meeting was adjourned at 10:29 pm.

Respectfully submitted,

Victoria Volent

Housing Committee
Minutes of October 24, 2018 Meeting

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Item 1: Review and accept Minutes of previous meetings held on October 11, 2018

The Committee postponed action on approving the minutes until the next meeting of the Housing Committee scheduled for November 14.

Item 2:Reivew, Discussion and Possible Recommendation regarding Proposed Policy Changes to Chapter 6, Article VI, Residential Rental Unit Registration Requirements, as it applies to short-term rental units)

Anne Torregrossa recapped the discussion from the October 11 meeting. Items the Committee were in agreement with during the October 11 meeting were presented to the Committee in a "consent" memo. Items for further discussion by the Committe were presented in a "short-term rental decision points" memo. Mike Sauschuck introduced the short-term rental registration update (as of 10-24-18) memo from Permitting and Inspections. Anne Torregrossa reviewed in a line-by-line context items in the "consent" memo. The Committee reviewed and discussed, in a similar line-by-line manner, proposals from the "decisions points" memo. Anne Torregrossa asked direction from the Committee with putting together amendments for the November 5 Council meeting.

Mike Russell discussed the memo "Financial Impact of Short-term Rental Fees Schedule Ordinance Amendment". The Committee discussed the short-term rental fee schedule.

Items discussed by the Committee are summarized in the attached spreadsheet "Proposals to Amend Chapter 6 RE: Short Term Rental Registration".

Councilor Duson would like a study by GPCOG that incorporates the data collected by staff. The Mayor would like to ensure GPCOG looks beyond the data collected by the city. Councilor Duson foresees the 2019 Committee working on the study.

The recommendations made by the Committee will go to the full Council. Separate amendments by Councilor Duson, and Councilor Duson and staff will also be forwarded to the full Council as alternate amendments. Councilor Thibodeau's amendment will be forwarded to the Council for consideration without comment from the Committee.

Councilor Cook motioned to approve; Councilor Ali seconded. The Committee voted 3-0 to forward the proposed amendments to chapter 6 regarding short term rental registration to the Council for approval.

Item 3: Presentation of 2018 Interim Housing Report

The Committee did not take up this item. The Committee will take public comment at the next scheduled meeting on this item.

Item 4: Committee Discussion re: 2018 Work Plan

Councilor Duson would like to know more about the IZ item for the Nov 14 meeting before it is placed on the agenda.

On a motion made by Council Cook and seconded by Councilor Ali (approved 3-0) the meeting was adjourned at 9:13 pm.

Respectfully submitted,

Victoria Volent

Portland Maine Yes. Google's good here.

PUBLIC COMMENT

Victoria Volent <vvolent@portlandmaine.gov>

Constituent communication re: Short Term Rentals

1 message

Jill Duson <jduson@portlandmaine.gov> Thu, Nov 1, 2018 at 4:39 PM
To: Pa Ag <pagopian1@yahoo.com>
Cc: Mary Davis <mpd@portlandmaine.gov>, Victoria Volent <vvolent@portlandmaine.gov>

Thank you for your note. I have forwarded this to staff to be included with committee documents

On Wed, Oct 31, 2018, 12:55 PM Pa Ag <pagopian1@yahoo.com wrote:

I was in attendance for the last painfully long Housing Comm. meeting on October 24th.
I noticed that my last communication sent to the committee was not included in the packet so I will re-send.
At that meeting much discussion revolved around grandfathering the current STR's currently on record from any new guidelines. There was also much discussion regarding the limiting of one unit in any building for STR use.
I support limiting one unit per building for STR use, however I DO NOT support grandfathering all existing registered units from any new rules.
1) Supporting one unit per building only while NOT grandfathering the existing registered units would as Mayor Strimling pointed out would reclaim a substantial amount of long term rental units back into the housing stock. It would also add a level of loss protection.
2) Everyone should be submitted to the same rules. Whatever changes STR adopted should apply to ALL. Level playing field!
Furthermore I am most supportive of "Owner Occupied Only" (OOO) buildings, eliminating non-owner occupied altogether for many different reasons.
1) Protection of the social fabric of residential neighborhood's.
2) Direct responsibility, control and management of a building thus eliminating most if not ALL management issues.
3) Strengthening the integrity of residential neighborhood's and the LTR supply.
4) Adhering to zoning laws in residential communities.
If you DO NOT live in a building it is primarily a money making investment, a business. Much different from an owner occupied building used primarily as a place to live. Both are investments but a non owner occupied building operates like a business.
Personally I think this issue should be put to the people and NOT decided by the Council since for the most part they are NOT personally affected. The people Ned to speak and be heard!
Respectfully,
Paula Guillemette Agopian
Property Owner, Landlord, Long Time Resident & Voter

Sent from my iPhone

airbnb

Testimony of Josh Meltzer, Public Policy, Airbnb
Before the City Council of the City of Portland, Maine

Airbnb continues to appreciate the opportunity to be included and speak on behalf of our incredible host community.

As you know, the host community-- nearly 70% of whom are women-- welcomes thousands of travelers each year to Portland, with the typical host earning nearly $10,000 in supplemental income by renting out their home for about four nights a month. The vast majority of these hosts are individuals and families who engage in STR to pay for their mortgage, medicine, and student loans, or save money for retirement or a rainy day.

Airbnb is uniquely beneficial for these hard working residents of Maine because 97 percent of the host's price goes directly to their pocketbooks, further powering the Maine economy.

In addition, thanks to a voluntary collection agreement (VCA) instituted in April 2017, Airbnb has been collecting and remitting taxes on behalf of our community to ensure we are contributing our fair share, and that the benefits of home sharing don't end with the host and guest community. This agreement generated more than $5 million in additional tax dollars for the state of Maine in its first year alone. We appreciate the recent effort by the State to ensure that all platforms are responsible for collecting these taxes and look forward to another record year of tourism and tax collection here in the Pine Tree State.

Here in Portland, our hope is that any amendments to the current ordinance will further the economic promise of short-term rentals and the long tradition of vacation rentals in Portland and across the state.

Simply put, we believe that there is clear value in continuing to foster STR activity among non-primary residences and that there is no evidence suggesting that short-term rental activity is a primary driver of rent increases in the City of Portland.

As the host community currently stands, 84% of entire home hosts have just one listing, indicating that many Portland hosts share either their primary home when they are out of town or their secondary home in the offseason. An additional 9 percent of hosts share just two entire spaces, and likely are leveraging the platform to make use of secondary vacation homes in the area.

Moreover, while Airbnb has continued to grow in Portland, it remains a tiny fraction of the overall housing stock. Last year, there were 1,000 listings in the City with at least one booking. This number-- which is less than 3.0% of the total housing stock-- includes spare rooms shared for a handful of nights and primary residences that are rented to travelers when the residents are out of town.[1] In the year ending October 1, 2018, 1,200 listings had been rented at least once, an increase of just 0.5% of the total housing stock, with many of those units being shared for a handful of nights a month.

In addition, Census Bureau data shows that the number of vacant housing units in Portland that are categorized as “For seasonal, recreational, or occasional use” has barely budged in the last five years, with the 5-year estimate in the 2011 American Community Survey at 1,317 units and the 5-year estimate in the 2016 American Community Survey at 1,349.[2]

With this in mind, we would like to note the approach taken by several cities of creating “tiered” approaches for short term rental activity. For instance, Philadelphia-- another city facing an affordable housing challenge-- allows individuals to rent their own home for up to 90 days without registration, but requires registration for STR hosts renting for more than 90 days a year, and requires non-primary home STR hosts to obtain a special permit for “Visitor Accommodation” use.[3] We fully support allowing for such nuances in regulatory structures and commend the committee for including elements of tiering throughout your regulatory discussions.

We also support excluding the occasional host from being required to register with the city, sparing infrequent home sharers from going through a potentially cumbersome registration process while still allowing them to leverage home sharing when it is appropriate. However, we suggest increasing the number of nights permitted without registration to 90 nights a year, as this would accommodate the vast majority of casual hosts while allowing Portland to focus registration solely on those engaging at a level that may require monitoring.

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[1] U.S. Census Bureau, American Community Survey (2017), B25001; the most recent estimate of the number of housing units in Portland is 35,010.
[2] U.S. Census Bureau, American Community Survey (2011, 2016), B25004; 5-year estimates are not yet available for the 2017 ACS. During this period, the median gross rent in Portland rose an average of 2% per year, from $873 to $969; *Id.* at B25064.
[3] http://www.phila.gov/li/PDF/Limited%20Lodging%20Information%20Flyer.pdf.

We commend the Council for recognizing the continued value of exempting the Portland's islands from burdensome restrictions on STR. However, while Airbnb does support the "grandfathering" of existing registrants with more than one unit available for short term stays, we encourage the Council to recognize the benefits of allowing new hosts to also list secondary homes moving forward. We suggest Portland follow the example of other housing sensitive cities with a history of tourism such as Seattle, by permitting the registration of a primary residence with one additional unit.

Airbnb also recognizes that respecting neighbors and neighborhoods is crucial in ensuring home sharing is working for all members of the community where it operates. In fact, one of the reasons for the success of Airbnb has been our investments in innovative tools to protect hosts, guests, and neighbors. Among these are the following:

- **Neighbor's Tool:** We recognize that being a good neighbor is important and community members should be heard. Anyone can go to airbnb.com/neighbors to share specific concerns they might have about a listing in their community. Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal.

- **Risk Scoring:** To help prevent bad actors from ever accessing our platform in the first place, each and every Airbnb reservation is scored ahead of time for risk. We have a real-time detection system that uses machine learning and predictive analytics to instantly evaluate hundreds of signals to flag and then stop any suspicious activity. When we detect potentially concerning behavior, our team takes a range of actions, including removing a user from the platform entirely.

- **Background Checks and Watch Lists:** While no background check system is infallible, we screen all hosts and guests globally against regulatory, terrorist, and sanctions watch lists. For United States residents, we also run background checks looking for prior felony convictions, sex offender registrations, and significant misdemeanors. We are working with additional governments around the world to identify where we can do more background checks.

- **Reviews:** Our review system enables you to see what other community members have said about a potential guest, host, or home. Guests and hosts publicly review each other and can only do so after the reservation is complete, so you know the feedback is based on actual experiences.

- **Host Guarantee:** Hosts are protected by our Million Dollar Host Guarantee, which covers listings for up to $1,000,000 USD in damage -- and it's free for all hosts and every single booking.

    - There have been over 400 million guest arrivals in Airbnb listings to date. In 2017, there were more than 49 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over $1,000) was reported to us only 0.004% of the time. At that rate, you could host a new reservation every single day for over 63 years without expecting to file a significant property damage claim under our Host Guarantee.

- **Insurance:** Our Host Protection Insurance provides home sharing hosts with additional protection against third party claims of property damage or bodily injury up to $1,000,000 USD.

We look forward to continuing to work alongside the Council to ensure home sharing remains valuable tool for Portlanders, and to work towards reasonable regulations that will protect and empower all stakeholders.

Thank you for your time.

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATE: February 23, 2018

RE: Community Land Trust

<u>Introduction</u>

Portland is experiencing rising housing costs as the City becomes increasingly attractive for a diverse range of households. Increasingly, stories of displacement and household instability are becoming more common as residents struggle to find decent, safe, and affordable housing. The City must continue to create innovative policies and initiatives to address these issues. In January, 2008, the Housing and Community Development Division, began looking at the idea of removing the cost of land from the cost of constructing low income housing through the use of a community land trust. Utilizing a technical assistance grant from the U.S. Department of Housing and Urban Development, the City hired a consultant to help determine if a community land trust was an appropriate tool for Portland and what issues would need to be addressed to move forward. At the time, the City was involved in other initiatives that were prioritized ahead of the community land trust proposal. However, the concept is still relevant and could be an effective land use tool towards providing affordable housing.

<u>Purpose and Structure</u>

A Community Land Trust (CLT) is a flexible community development tool that accommodates a variety of land uses, property tenures and building types according to John Emmeus Davis from 2007, *Starting a Community Land Trust: Organizational and Operational Choices*.

> CLTS around the country manage housing of many kinds: single-family homes, duplexes, condos, co-ops, and multi-unit apartment buildings. CLTs create facilities for neighborhood businesses, nonprofit organizations, and social service agencies, and can also provide sites for community gardens and pocket parks. Land is the common ingredient linking all CLTs.

The local government works with the community land trust (CLT) to develop and manage resale-restricted owner occupied homes on leased land to create and sustain perpetually affordable housing. The CLT acquires and retains parcels of land on which building are located or created then sold to individuals, cooperative housing corporations, non-profit organizations, or other buyers the CLT decides to work with in this model. CLTs are committed to an active acquisition and development program aimed at expanding the CLT's holdings of land and increasing the supply of affordable housing under their stewardship.

Community Land Trust Examples

According to the National Community Land Trust Network program directory, three hundred and thirty land trusts are found in forty-five states and the District of Columbia. Maine has six CLTs including the Islesboro Affordable Property; Waterville Community Land Trust; Greater Portland Community Land Trust; and Land In Common. Burlington, Vermont, the birth place of the first community land trust, operates the Champlain Housing Trust. Vermont is also home to nine CLT, New Hampshire has 4 CLTs, Massachusetts 21 CLTs, Connecticut 4 CLTs, and Rhode Island has 3 CLTs. Another source of information is Grounded Solutions Network This organization works nationally connecting local experts with the networks, knowledge and support needed to build inclusive communities. A common focus of these organizations is the acquisition of property held in shared trust for perpetuity, ensuring affordable housing for low to mid-income households.

Links for further information on the examples mentioned above can be found at the bottom of this memo.

Summary

The community land trust model could be another valuable tool towards the creation and protection of affordable housing for the city. The original undertakings from 2008 are still relevant and useful. Attached are documents from 2008 for review. With direction from the Housing Committee, staff would build upon these earlier endeavors to continue the necessary research for the Housing Committee's consideration.

Links:

National Community Land Trust Network (http://cltnetwork.org/directory/)
Waterville Community Land Trust (https://watervilleclt.org/faqs/);
Greater Portland Community Land Trust (http://gpclt.org/);
Land In Common (http://landincommonmaine.org/).
Champlain Housing Trust (http://www.getahome.org/)
Valley Community Land Trust (http://vclt.org/)
Litchfield Housing Trust (http://litchfieldhousingtrust.org/)
Church Community Housing (http://www.cchcnewport.org/)
Grounded Solutions Network (https://groundedsolutions.org/).

The Community Land Trust
A Solution to the Crisis of Housing Affordability

We are all familiar with the hard line economic and social realities we face in our 21st Century American society today. Housing costs have spiraled beyond the reach of an overwhelming number of working families and other households with limited incomes. Neighborhoods long victim to disinvestments and absentee ownership are now appealing to households with the means and desire to avoid long hours spent commuting and the soaring price of gasoline. Many communities are facing a rapidly dwindling supply of build-able land, forcing the price of remaining, available lots ever higher. And, given the cutbacks in federal support for affordable housing and the limited supply of charitable dollars available from the private sector, subsidy funds are always in drastically short supply. Our neighborhoods and communities are caught in the squeeze.

Into this complex and troubling scenario a new set of questions is arising. What are the legitimate interests of ownership? How do we balance the rights of the individual with the collective rights of the neighborhood and community? Ought we be focusing our efforts to create a stock of *permanently* affordable housing? Does it make sense to use limited public and private subsidies to create a home that is initially affordable but becomes unaffordable the first time the ownership is transferred? Does it not make more sense to preserve these precious subsidies by locking the subsidy into the unit to keep the unit affordable *forever*?

Against this background, the community land trust has emerged. Community land trusts offer a practical means of preserving permanent housing affordability at the same time that they provide a new conceptualization of property and ownership.

Community land trusts (CLTs) typically acquire and hold land and sell off any residential or commercial buildings that are on the land. Title to the land is held in perpetuity by the CLT, governed by a community-based Board of Directors. Exclusive, possessory use of the land is conveyed to individual homeowners by means of a long-term (99-year) ground lease that is assignable to the heirs of the leaseholder and renewable at the end of the 99-year term. In this way, the cost of land in the purchase price of the home is minimized or eliminated, making the housing more affordable – while assuring long-term stability and security for the CLT homeowner.

Additionally, CLTs place equity limitations into the ground lease agreement that restrict the resale price of the housing in order to maintain its long-term affordability – in an attempt to balance the seemingly competing goals of providing a fair return on the initial owner's housing investment, on the one hand, with assuring that the housing unit is kept affordable for the next buyer, on the other. People who buy homes through a CLT are, in substance, selling their right for unlimited market-driven appreciation in exchange for significant upfront subsidy that allows them to own a home they otherwise would have been unable to afford. Careful crafting of CLT ground lease resale formulas assures that CLT homeowners are able to realize a fair (albeit limited) equity return on their housing investment, while preserving the affordability of the home for subsequent limited-income homebuyer households – without requiring the infusion of additional subsidy at the time the property changes hands. In so doing, the benefit of the investment of public and private dollars needed to *create* affordability is *preserved* for generations to come.

At the same time, CLT homeowners are able to experience the true benefits and obligations of homeownership. CLT homeownership qualifies for homestead classification in the assessment of real estate taxes – and the CLT homeowner is responsible for payment of all property taxes on their home and the land on which it sits. CLT homeowners are able to deduct the mortgage interest paid when they file their tax returns. And all CLT homeowners enjoy the same tangible benefits that homeownership provides to anyone fortunate enough to own their own home –

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security, stability, the opportunity to live in a community of their choice, proximate to work and school and family and friends.

And all of this is situated within a community-based, nonprofit organization governed by a board of directors that is broadly diverse and representative of the interests of the community that is served. CLT boards of directors are typically structured in three-part fashion, to balance community interests in the governance of the organization: 1/3 of the board seats are reserved for those who lease land from the CLT (lessees), 1/3 of the seats are reserved for community representatives (i.e., the neighbors of the CLT lessees) and 1/3 for public representatives. As community-based organizations, CLTs take a long-term, comprehensive approach to their responsibility to their homeowners and the communities they serve. CLTs typically provide substantial post-purchase support to their lessees, providing essential "backstopping" support and maintaining on-going relationships with homeowners, in an effort to promote and assist their self-sufficiency and success. As an example, CLTs reserve the right – and are prepared to step in – to cure a default on the mortgage of any lessee/homeowner.

CLTs have effectively negotiated mortgage financing commitments for CLT homebuyers from a variety of established lending institutions. Many banks provide "affordable mortgage" products through their community lending departments, offering mortgages the bank will hold in its lending portfolio. Fannie Mae has also embraced the community land trust model – and banks can originate loans that can be sold on the secondary market to Fannie Mae. Additionally, USDA Rural Development has been willing to participate in mortgage financing for CLT homebuyers. And many state housing agencies have made arrangements to provide gap funding and mortgage financing products to qualified community land trusts within their jurisdiction.

CLTs develop affordable for-sale and rental housing, commercial space, and parks while promoting homeownership, housing stability, historic preservation, neighborhood revitalization and – importantly – local control.

CLTs are currently operating in 33 states and the District of Columbia. In the past 20 years, their numbers have grown from fewer than 30 to some 180 today, with some 30-40 more CLTs in the preliminary stages of their development. While much of the initial interest and growth in CLTs was stirred by the socially progressive nature of the model, the past several years have witnessed a remarkable spike in interest, fueled by municipal governments, funding organizations and housing developers who recognize the wisdom of locking limited and precious public and private subsidies into housing that is kept permanently affordable.

This growth in interest in community land trusts – as well as their practical and successful applications – is happening in a broad array of community settings: core city neighborhoods, suburbs, small communities and rural areas. It is increasingly being recognized as a creative and effective tool to be used in local neighborhood revitalization efforts as well as in new community development initiatives.

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COMMUNITY LAND TRUST

Common Reasons for Starting and Supporting a Community Land Trust

- "When established in an inner-city neighborhood or an inner-ring suburb, the CLT can serve as a bulwark against rising prices and displacement pressures that often mount when anti-sprawl measures redirect investment toward the urban core instead of the suburban periphery."
- Developing communities without displacing people. Provides for revitalization of disinvested or transitional neighborhoods. Enables communities to attract new investment without displacing long time residents of modest means.
- Perpetuating the affordability of privately owned housing. Protects public and private investment in ownership housing by keeping in affordable perpetually.
- Retaining the public's investment in affordable housing. Retains subsidies in place with the home or unit through resale.
- Protecting the occupancy, use, condition and design of affordable housing. Provides effective and enforceable means to preserve affordability of housing along with occupancy, use condition and design.
- Assembling land for a diversity of development. The CLT assembles land through purchase or donation and makes the land available to a wide range of developers for numerous uses.
- Enabling the mobility of low income people. Provides choices to those of modest means for live or remain in communities of their choice, and increases diversity.
- Backstopping the security of first-time homeowners. Helps those of modest means obtain and retain home ownership and assists them through times of trouble to avoid foreclosure.

The TEN key features found in the "Classic" Community Land Trust model

1) Non-profit, Tax Exempt Corporation. Typically the CLT is an independent, not-for profit corporation, often with target activities such as: proving housing for low-income people, combating community deterioration, etc. However, it can also be part of local government that develops and manages resale-restricted owner-occupied homes on leased land, programs that resemble the CLT model.
2) Dual Ownership. The CLT acquires and retains parcels of land throughout their targeted geographic area. Buildings located or to be built on the land is sold to individuals, cooperative housing corporations, non-profit organizations or other buyers the CLT decides to work with in this model.
3) Leased Land. CLTs goal is to retain ownership of the land perpetually, while providing exclusive use of the land to the owners of the buildings located there. Parcels of land are conveyed to individual owners through inheritable ground leases that typically run for between the landowner (the CLT) and a building's owner protects the building owner's

*Please note all information provided in this document is quoted or summarized from the following source: John Emmeus Davis. 2007. *Starting a Community Land Trust: Organizational and Operational Choices*. Burlington, VT: Burlington Associates in Community Development.

interests in security, privacy, legacy, and equity, while enforcing the CLT's interests in preserving the appropriate use, structural integrity, and continuing affordability of any buildings located on the land.

4) Perpetual Affordability. The CLT retains an option to repurchase any structures located upon its land, whenever the owners of these buildings decide to sell. The resale price is set by a formula contained in the ground lease that is designed to give present homeowners a fair return on investment, while giving future homebuyers fair access to housing at an affordable price. By design and by intent the CLT is committed to preserving the affordability of housing.

5) Perpetual Responsibility. The CLT remains and interested party in the property and what happens to these structures- and to the people who occupy them. The ground lease requires owner-occupancy and responsible use of the premises. If the building falls into disrepair, the CLT retains the right to enforce repairs. Likewise, if the property owners default on their mortgages, the ground lease gives the CLT the right to step in and cure the default, forestalling foreclosure. The CLT remains a party to the deal, safeguarding the structural integrity of the building and the residential securing of the occupants.

6) Open, Place-Based Membership. The CLT operates within the physical, geographic boundaries of a targeted locale. It is guided by- and accountable to- the people who call this locality their home. The locality can be a single urban neighborhood, multiple neighborhoods, an entire city, or an entire county, or sometimes several counties.

7) Community Control. Two-thirds of a CLT's board of directors are nominated by, elected by, and composed of people who live on the CLT's land or people who reside within the CLT's targeted "community."

8) Tripartite Governance. The board of directors of the "classic" CLT is composed of three parts, each containing an equal number of seats. One third of the board represents the interests of people who lease the land from the CLT. One third represents the interests of residents from the surrounding "community" who do not lease CLT land or live in CLT housing. One third is comprised of public officials, local funders, nonprofit providers of housing or social services, and other individuals presumed to speak for the public interest. Control of the CLT's board is diffused and balanced to ensure that all interests are heard but that no interest is predominant.

9) Expansionist Acquisition. CLTs are committed to an active acquisition and development program, aimed at expanding the CLT's holdings of land and increasing the supply of affordable housing under their stewardship. A CLT's holdings are seldom concentrated in one corner of its service area, but tent to be scattered throughout their targeted community so they are indistinguishable from other housing within the same community.

10) Flexible Development. The CLT is a community development tool of uncommon flexibility, accommodating a variety of land uses, property tenures and building types. CLTS around the country manage housing of many kinds: single-family homes, duplexes, condos, co-ops, SROs, multi-unit apartment buildings, and mobile home parks. CLTs create facilities for neighborhood businesses, nonprofit organizations, and social service agencies, and can also provide sites for community gardens and pocket parks. Land is the common ingredient linking all CLTs.

Sponsorship
"Nearly every CLT that has built a record of longevity and success has found support among 1) individuals and institutions at the grassroots level, 2) governmental officials at the local, regional or state level, 3) other nonprofit organizations operating within the CLT's service area, and 4) local businesses and banks. It is rare, however, for all these constituencies to be involved in actually starting the CLT."

Advantages of Government Sponsorship

- Financial Commitments. Government sponsorship often comes with commitment of access to housing and community development funds (federal and local).
- Staff Support. Municipal staff, where city government played a leading role of starting the CLT, often serves as the de-facto staff for the new CLT, speeding the process of developing the organization and first projects.
- Regulatory Perks. The CLT can be made the beneficiary of municipal ordinances like inclusionary zoning, density bonuses, or other regulatory measures that extract affordable units from private developers. In exchange the CLT serves as the long-term steward for affordability, eligibility, and occupancy controls required by the municipality.
- Organizational Niche. Because a municipal sponsor is probably providing support for all of the city's nonprofit housing organizations, it will not create a CLT that competes with the existing network. The new CLT will be assigned a role the complements the efforts of other components of the municipalities affordable housing infrastructure.

Disadvantages of Governmental Sponsorship

- If government says it's good, it must be bad. It will be unpopular with those who are suspicious of government in general.
- Partisan Taint. A CLT that is started with sponsorship of one municipal administration can fall quickly out of favor when another administration comes into office.
- Top-Down Development. Municipal officials may be too far removed from the realities of residential neighborhoods to know how best to tailor projects and programs of the new CLT to fit needs and priorities of the local neighborhoods.
- Members Need Not Apply. Although most municipalities sponsoring the development of a CLT embraced the model's tripartite board and other "classic" elements, many have resisted including a community membership that elects a majority of the CLT's governing board. They are more concerned about the CLT remaining accountable to the municipality that created it than to a community-based constituency.

Examples of Government Sponsorship

There are a number of cases where municipalities play the leading role in introducing the concept of the CLT, including:

- The *Time of Jubilee Land Trust* in Syracuse, New York, was created by neighborhood governance but with initial staffing by the city.
- The *Champlain Housing Trust*, formally the *Burlington Community Land Trust*, was initiated by mayor Bernie Sanders, who wanted to protect the city's vulnerable populations and preserve existing stock of existing housing and produce more affordable housing. Due to scarcity of public funds prompted the city to support a model that ensured perpetual affordability of any units produced by "recycling" subsidies.
- City officials in Highland Park Illinois led the creation of the *Highland Park Community Land Trust as* a recipient of public funds from the city's lousing trust fund as a steward for affordable units being created through the city's inclusionary zoning ordinance.
- The *Irvine Community Land Trust* in Irvine California, the *Chicago Community Land Trust* in Chicago, Illinois and the *Community Housing Trust of Sarasota County* in Sarasota, Florida were initiated, funded, and originally staffed by municipal officials. In all three cases the CLT was used to monitor and enforce affordability, occupancy, and eligibility controls for housing located on leased land, and on occasion on deed-restricted condos on non-leased land.

Beneficiaries

Who will the CLT Serve?

The people who live on CLT land are not the only beneficiaries; the benefits ripple outward affecting a widening circle of individuals and institutions in a neighborhood, city or region. However, the beneficiaries who matter most are those whom will eventually leases its land and sell its houses. Questions to consider are:

- What type and tenure of housing will the CLT develop?
- What is the amount of subsidy that will be provided?
- What type of funds will be used to maintain and expand the CLT?
- What will the design be for the resale formula?
- What will the marketing plan be?
- What are the selection criteria?
- What is the organizing strategy?

Options and Issues in Choosing the CLT's Beneficiaries

- Going Low vs. Going High on the Income Ladder
- Maintaining Affordability vs. Increasing Affordability with resale
- Prioritizing Characteristics Other than Income

Service Area

Selecting a Service Area

- Urban CLTs with a Neighborhood Service Area
- Urban CLTs with a City-wide Service Area
- Urban CLTs with a Metropolitan Service Area

Education and Organizing

Organizing a CLT: Key Constituencies

- Community, Who? Tenants, homeowners, churches, businesses, etc.
- Nonprofits, Who? Community development corporations, neighborhood housing services, housing counseling centers, other nonprofit organizations engaged in developing, managing or providing affordable housing.
- Governmental Agencies
- Private Lenders and Donors
- Housing Professionals

Building the Base for a New CLT: Three Organizing Strategies

- Community Organizing. Interested individuals within the city, neighborhood or region intended to be the service area conduct a campaign of popular education. An organizing committee for the CLT is recruited; they convene open meetings of the entire community to discuss structure of the CLT.
- Core Group Organizing. CLT advocates approach influential individuals and institutions and ask them to support creation of a community land trust. Popular education does not begin until the details of the local CLT are worked out and perhaps not until an actual project is underway.
- Resource Organizing. Advocates for a proposed CLT secure a commitment of funds from public or private sources to seed the CLT. Staff is hired to spread the word, build the base, and plan for the use of these committed resources, either through community organizing or through core group organizing.

What are the strategic questions which need to be addressed early in CLT development?

1. **Target region** (easier to add more territory later than remove)
    a. Neighborhood(s)
    b. Main land City
    c. Main land City + island(s)
    d. Main land City + island(s) + County

    Discussion: The “classic” CLT focused exclusively on one neighborhood or region of a city. Over the last 20 years, more CLT’s have developed w/city wide or regional focus. The advantages are:
    - greater opportunities over broader area,
    - ability to serve wider region,
    - more commonality of housing problems (high cost) across the City than different dynamics between neighborhoods, and
    - more choices for prospective residents.

    Recommendation: Urban Ventures recommends the CLT initially focus on Portland City, both mainland and Peaks Island. Additional areas (additional islands, the County) may be included later as CLT capacity grows and a successful track record is established.

2. **Target income level**
    a. Restrict to below 80% of median income
    b. Up to 120% of median income
    c. Broad language to allow flexibility

    Discussion: Most CLT’s include language in their organizing documents which reference their focus on housing development affordable to low or low and moderate income households. It is important to keep in mind the criteria of the IRS for 501c3 status, though there are multiple routes to meeting the IRS criteria.

    Recommendation: Urban Ventures recommends that the bylaws and articles of incorporation be written to give the CLT flexibility to respond to changing opportunities and circumstances. “Low and moderate income households and households unable to afford conventional homeownership,” will clarify the principle intent of the organization without tying its hands.

3. **Structure of organization**
    a. New 501c3
    b. Morph existing organization/organizational hybrid

c. Retain in Portland City government
d. Transition from City to independent

Discussion: Most CLT's are begun as separate 501c3 non-profits. However, it makes sense to consider alternatives in order to avoid unnecessary administrative burdens. Retaining the CLT in the City government is not an attractive option because the CLT will be perceived as a City program, not be perceived a community based endeavor. It does not seem likely that there is an existing organization in Portland which will be interested in becoming a CLT. There is not a super-abundance of housing development non-profits serving Portland, so it makes sense to form a new entity.

Recommendation: Urban Ventures recommends a deliberate strategy of "Nurture and Spin Off." A new 501c3 should be created, which will initially be staffed by City staff, working with City administrative support. The initial Board may be composed of people appointed by the City, so long as there is a clear plan to increase community representation over a several year transition period.

4. **Board composition**
   a. Prospective residents
   b. Representatives of neighborhoods
   c. Public sector (government)
   d. Non-profits
   e. Community organizations (like churches, foundations)
   f. Technical expertise (finance, real estate, law)
   g. Other major players like major employers
   h. Transition period from "start up" board?

Discussion: CLT Board's are structured to maintain a balance of private individual interests of homeowners with community/public interest. The "classic" CLT model reserves 1/3 of the CLT board for residents of the CLT, 1/3 of the board for representatives of the CLT neighborhood/region, and 1/3 for public supporters (government, organizations) and technical support. Obviously, in the early years, there are no or few residents – "resident" seats should be filled with prospective residents.

Recommendation: Urban Ventures recommends a short term (say, 3 year) transitional Board structure, followed by a classic structure of resident, neighborhood, & public/technical representation.

5. **Staffing** (and early operating support)
   a. Need 3 years of stable support during organizing period
   b. City staff & administrative support (space, computer, phone)

c. Other "big sister" organization to provide support

Discussion: A reliable source of staffing and administrative support (desk, computer, phones) for the start up period is one key to a smooth and productive start up. A start-up which must rely exclusively on volunteers will have a very difficult time meeting its goals and may find itself 4 years into the development process, having worked very hard but without creating any affordable housing.

Recommendation: Urban Ventures recommends the City make a 3 year commitment to provide a half time staff person (and necessary physical supports) to launch the CLT. Urban Ventures further recommends that this commitment be made with the explicit intent to "spin off" the new organization at the end of 3 years (or sooner, if that is feasible), and that the City understand that some (but not exclusive) on-going operating support will probably be necessary beyond the 3 year period.

6. **Outreach process** (who will be involved in early organizing?)
   a. Balance need for decisions & "results" w/getting community on board

Discussion: There is a difficult balance to maintain at the start of a CLT. Organizers need to provide sufficient time to educate the community and build organizational structures. Organizers also need to deliver some concrete "results" preferably within a couple years of initiating the effort. While producing affordable housing is of course the primary goal of the CLT, it is important to take the time to "get it right" – both in organizational documents and in community education and outreach. Fortunately, there are plentiful resources to support the organizational development process, including model CLT documents which can be tailored to Portland's specific needs. "CLT-in-a-box" is tempting, but a recipe for disaster.

Recommendation: Urban Ventures recommends City staff reach out to existing non-profit housing developers, neighborhood & community leaders, and community members with technical skills, to pull together a CLT Organizing Committee. This Committee should be actively involved in educating the community about the CLT model, as well as gathering feedback about the strategic questions and ultimately deciding on many of the strategic questions listed above.

7. **Technical issues** (term of affordability, groundlease development, equity sharing formula)

Discussion: while these technical issues are part of what distinguishes a CLT from other forms of ownership, it is important not to get bogged down in these discussions at the early stage.

Recommendation: Urban Ventures recommends the City focus on explaining the **concepts** unique to the CLT model, while holding off on in depth discussions and decisions of these issues until later in the development process.

Community Land Trusts

A “Good Fit” for Portland?

What are the City's goals?

- Create perpetually affordable housing
- Stabilize neighborhoods (avoid gentrification) and minimize the downside of market volatility
- Retain public subsidy in affordable housing – good value for public subsidy funds
- Retain young families w/children -- create housing affordable and attractive to families in Portland

What is the purpose of a CLT?

- create & sustain perpetually affordable housing, especially homeownership (single family or multifamily)
- own and control land use for public benefit (meet needs of particular neighborhood or area for housing, green space, commercial)
- other, specific to circumstances
  - prevent displacement of long term community
  - revitalize disinvested community
  - create housing resource targeted towards “community support professionals” (ie teachers, fire fighters)

What is the structure of a CLT?

- non-profit 501c3
- membership organization open to interested individuals
- Board membership balances representation of:
  - CLT residents
  - Area residents (not yet CLT residents)
  - Public interests
  - Technical advisors
- serves a defined geographic area (neighborhood, City, or region)

What are the tools for a CLT?

- own land in perpetuity
- ground lease to govern relationship with owners of improvements
- equity sharing formula to clarify return to improvement owner, if/when improvements are sold
- use restrictions
  - no sublease
  - maintain residential use
  - Property maintenance
  - Illegal activity

What options does a CLT have?

- CLT's may or may not choose to play the following roles, based on the needs of the community and what is already available within the community:
  - develop housing
  - be free standing entity created solely for the purpose
  - also own rental housing
  - offer comprehensive package of pre & post homeownership services

Advantages to a CLT

- proven effective at retaining subsidy/enhancing affordability (long term return for public subsidy)
- creates “steward” organization with enduring focus on affordability
- offers stability of homeownership to residents who couldn’t otherwise access homeownership, w/possibility of “graduating” households to market rate ownership
- increases the percentage of homeowners, stabilizing neighborhoods

Advantages to a CLT

- reduces gentrification/displacement pressures
- affordability of units can (depending on equity sharing formula) INCREASE over time
- CLT balances private interest of homeowner and public interests of community, government through structures of shared control (Board composition) & shared equity (resale formulas)

Disadvantages to a CLT

- typically involves creating a new organization – w/need for organizational staffing, overhead, administration (This is especially problematic in areas with an abundance of small, neighborhood housing non-profits, a situation which doesn't seem to apply to Portland.)
- structure and ownership model require explanation to:
  - potential purchasers
  - community residents (additional complexity to NIMBY)
  - funders (foundations, public sources)
  - project financing sources (banks)

Disadvantages to a CLT

- can be viewed as stigmatizing or marginalizing: “second class homeownership for the poor”
- still requires subsidy funding – no magic pool of funds just for CLT’s
- for small multi-family, co-op or condo ownership may further complicate legal structures

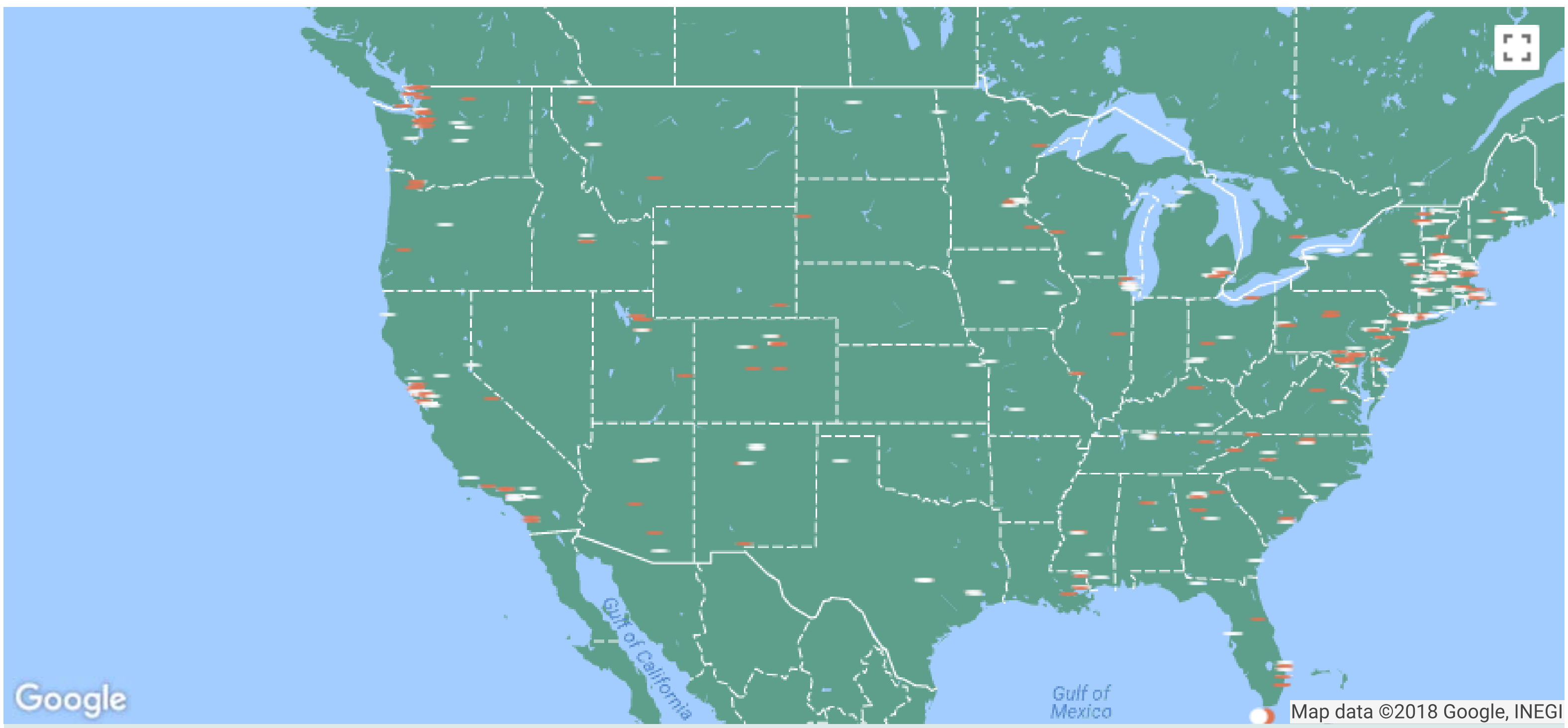
Is a CLT a Good Fit?

Is the model a “Good Fit” for the City’s goals and circumstances? We thing, YES, because:

- CLT’s are uniquely effective at providing long term affordable housing
- CLT’s are an effective tool to address gentrification and market volatility,
- CLT’s retain the subsidy in the housing, providing long term (and potentially increasing) return on City housing investment
- CLT homeownership lends itself to family friendly single family development

Program Directory

Total: 330



Select a State from the menu below. View All States

= Member = Non Member

Alabama 3 CLTS

Alaska 3 CLTS

Arizona 6 CLTS

California 34 CLTS

Colorado 9 CLTS

Connecticut 4 CLTS

Delaware 2 CLTS

District of Columbia 3 CLTS

Florida 13 CLTS

Georgia 10 CLTS

Hawaii 3 CLTS

Idaho 2 CLTS

Illinois 6 CLTS

Iowa 2 CLTS

Kansas 1 CLT

Kentucky 2 CLTS

Louisiana 6 CLTS

Maine 6 CLTS

Maryland 9 CLTS

Massachusetts 21 CLTS

Michigan 9 CLTS

Minnesota 8 CLTS

Mississippi 5 CLTS

Missouri 4 CLTS

Montana 6 CLTS

New Hampshire 4 CLTS

New Jersey 4 CLTS

New Mexico 6 CLTS

New York 24 CLTS

North Carolina 9 CLTS

North Dakota 2 CLTS

Ohio 5 CLTS

Oklahoma 1 CLT

Oregon 6 CLTS

Pennsylvania 11 CLTS

Rhode Island 3 CLTS

South Carolina 3 CLTS

South Dakota 1 CLT

Tennessee 5 CLTS

Texas 10 CLTS

Utah 7 CLTS

Vermont 10 CLTS

Virginia 4 CLTS

Washington 22 CLTS

Wisconsin 2 CLTS

Wyoming 2 CLTS

Total: 330

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Affordable Forever

By Ed Finkel

As the so-called housing "bubble" continues to inflate and the number of subsidized units continues to shrink, many cities are turning to community land trusts to narrow the gap.

Established as 501(c)(3) nonprofit organizations, community land trusts either rehabilitate existing housing or build new units. As the term suggests, the trust retains ownership of the land while selling the house itself, typically to a moderate-income, first-time buyer, who could not otherwise afford to purchase a home.

Renters become buyers, buyers gain equity (although at a slower rate than usual), and the community gains a home that will always be affordable. A 99-year, renewable ground lease is typical.

Land trusts offer a second advantage over most subsidized housing: They help to bring diverse groups together to collaborate in decision making. A board composed of land trust residents, other homeowners from the surrounding community, and stakeholders such as government or foundation officials allows concerns to be aired and creates a lasting community bond.

Although the community land trust concept dates back to the 1960s, the pace of construction and rehab has picked up considerably during the last decade with the run-up in housing prices nationwide, particularly on the coasts, proponents say. While the exact number of land trusts nationwide is hard to pin down, estimates generally place the figure between 125 and 175.They range from as few as eight units in Highland Park, Illinois, north of Chicago, to more than 800 units in Burlington, Vermont.

"The defining characteristics are the separation of ownership of land and housing, and that the homeowners have representation on the board," says Julie Orvis, former network events coordinator for the Springfield, Massachusetts-based Institute for Community Economics, which developed the concept. "There's more interest from cities today because of the need for housing and limited dollars for making that happen."

City planning departments like the notion of creating diverse communities while recycling subsidy dollars, since no new money is needed to repurchase the land when a second owner buys the house, says Bob Reeder, a planning consultant with J.R. Reeder & Associates, who formerly worked for the institute.

"That's the piece that has been the most intriguing," he says. "It allows us to go across the aisle, if you will, to embrace the fiscal conservatives as well as the social progressives. You don't have to put any more money in that unit even as house prices in your community rise. Ten years from now, when the next low-income or middle-income family needs to access that housing, they can do so, and you don't have to re-up with another $100,000 or $200,000 from shrinking resources."

A house that first sold for, say, $100,000 might be worth $180,000 when it sells again 10 years later, but the second buyer might pay only $105,000, says Brenda Torpy, executive director of the Burlington Community Land Trust in Vermont.

The membership base adds another dimension to the benefits, Reeder says. Both the families living in land trust housing and their neighbors have a voice in housing decisions that affect their daily lives. "They won't feel left out," he says.

Recycling subsidies

In 1984, that ability to recapture subsidies convinced Burlington (pop. 39,000 — the largest city in the state), to create a land trust. The trust has built 850 housing units, mostly in the city but also spread across three counties, says Michael Monte, director of community and economic development.

"Some people are homeless and need shelters. Some people want to own a house outright," he says. "Between those, there's a range of options and choices, and the land trust is one option for people who want to own their home but might not otherwise be able to afford one."

Mayor Peter Clavelle, who formerly held Monte's position, adds the following: "Many of the federal investments in housing served the community for a period, but the primary beneficiaries were the developers, landlords, and first-time homeowners. We were looking for a model that would deliver longer-lasting benefits and that would leverage the limited public monies that were available to invest in housing."

A typical single-family house built by the Burlington land trust this year has 1,300 square feet and sells for $190,000 minus a $25,000- to- $35,000 subsidy, Torpy says. The typical buyer has a family household income of $38,000. In contrast, the median price of a market-rate, single-family house in Burlington was $218,000 in 2004, according to figures from the nonprofit group Housing Vermont. Torpy estimates that new market-rate homes now sell for between $230,000 and $240,000.

With a staff of 31 and an annual budget of $2 million, the Burlington land trust is quite possibly the largest in the U.S., Torpy says. The trust gets money for land purchases and housing construction from federal, state, and city government as well as foundation and corporate donors. It sold 52 homes to members of its homeownership classes last year, she says.

Near the opposite end of the size scale — but with plans to grow — is Albuquerque's Sawmill Community Land Trust, founded in 1997 to redevelop a 27-acre site near downtown that sits directly in the path of gentrification. The trust has built 26 units to date, which typically sell for $80,000 to $90,000.

The Sawmill trust provides an ongoing community resource in a way that most developers would not, says Ken Balizer, the trust's executive director. "The idea of permanent affordability is an important issue for us," he says. "The other thing that goes along with that, but is often missed, is the idea of creating social capital in neighborhoods."

Land trusts also provide resources for first-time homeowners, says Mike Barros, director of housing and community development for Durham, North Carolina (pop. 187,000). The Durham Community Land Trust, founded in 1987 in the West End neighborhood, has completed more than 100 units of housing.

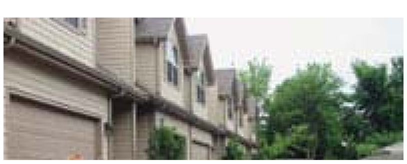
"They're very good about conducting homeownership classes," he says of the Durham CLT. "It's not simply a matter of locking the land in. You're committing yourself to a certain income of clientele that most likely has not had homeownership experience before."

The trust's executive director, Selina Mack, says Durham CLT sells its three-bedroom, two-bathroom units for $93,000 — recently increased from $75,000 but still lower than the neighborhood's market-rate price of $125,000 for a comparable property.

The nationwide jump in housing prices has begun to make affordability difficult even for middle-income households, particularly in suburban and vacation-home areas. Among those moving into the Highland Park (Illinois) Community Land Trust, adopted in 2001, were a school nurse, a teacher's aide, and a city worker, says Mary Ellen Tamasy, the trust's executive director. "They were all people who were already living here in the community and providing essential services," she says.

In Highland Park (pop. 31,500), where the median home price was $380,000 in the year 2000, the eight land trust housing units sold in the range of $110,000 to $190,000.

Getting started



Those wishing to begin land trusts face challenges common to all affordable housing developments, ranging from finding the ingredients for the proverbial layer cake of financing to gaining government and neighborhood support. They must also explain the concept to residential mortgage suppliers and to would-be residents, who may balk at the limited equity they will gain — unless the trust is their only path to homeownership.

Reeder says extensive community outreach is needed upfront. "CLTs don't work unless the community piece is there, unless you have buy-in from stakeholders all the way up the food chain," he says.

The most common gripe about land trusts is that they limit homeowners' equity, often by means of a formula, Reeder says. His answer: "Some equity is better than no equity, and [regular homeownership] is not an option for everybody. Many of the people community land trusts reach are not reached by these other affordable housing programs."

Keith Hamre, manager of community development and housing for Duluth, Minnesota, where the Northern Communities Land Trust recently celebrated its 100th home sale, figures that if the overall housing market gains 10 to 12 percent per year, land trust homeowners might see a three- to four-percent appreciation in their properties. "I don't see that as a drawback," he says. "It's someone who's getting into homeownership for the first time. They're receiving that opportunity probably many years before they would otherwise."

Others see pluses and minuses to the model. "It's a mixed blessing," says Marti Luick, community development manager in Albuquerque, reflecting on the merits of the Sawmill trust. "It doesn't fit the conventional, you-use-your-house-as-an-equity-building-tool." But, she adds, "the property values in that [downtown] area are escalating tremendously. It's wonderful to have [affordable] homes a half-block away from condos selling for a half-million dollars."

Neighborhood residents sometimes need convincing. In Burlington, Monte recalls that a NIMBY group called Homeowners Against the Land Trust, fearful of affordable or low-income housing, did spring up in the early days, but the community involvement in the board helped quell concerns. "That group doesn't exist anymore," he says. "That was a short-term misunderstanding."

Neighborhood opposition in Durham caused the Durham Community Land Trust to withdraw one proposal for a group home for troubled teenagers, Mack recalls: "Their attitude was, 'Why are we creating an instrument to invite more troubled teens into our neighborhood when we already have enough troubled teens?' They had a valid point."

Lenders are tough sells, too, Tamasy says. "Our ground lease is recorded first when we transfer a property. That lease gets recorded against the title. And mortgage lenders don't like that, or don't understand that, a lot of times," she says.

She also had to work with the township assessor to ensure that taxes would reflect the limited resale value of the homes. "That assessment's going to go up every year," she says, "but it's going to be based on our resale formula, so it won't jump the way other taxes do."

Clavelle adds that the loss in municipal tax revenue shouldn't be a significant problem. "To the extent that there are restrictions on value, that should be reflected in the appraisal of the property," he says. "But the benefits far outweigh the loss of tax revenue."

They're cousins

Land trusts may vary from place to place in their initial motivation for starting up, breadth of service area, and mix of properties. Those properties may include rental housing and commercial development as well as for-sale housing.

Orvis says Durham and Duluth wanted to build infill housing in disinvested areas, whereas the trust in Jackson Hole, Wyoming, aimed to keep vacation areas affordable. And in Highland Park, Illinois, support grew as teardowns and "McMansions" began to change neighborhoods. "One of the beauties of the model is that there's flexibility," she says. "People are using it in a lot of different ways."

The Burlington trust, which began with the goal of redeveloping the city's then-abandoned, industrial waterfront while retaining low-income residents, now counts rental properties as the majority of its 850 housing units, Torpy says. Land trusts become involved in rental housing to keep units affordable beyond the usual 10- to 20-year windows available for rental units, she notes.

Albuquerque's Sawmill trust includes 26 housing units and a three-quarter-acre park and plaza. The next project is a 60-unit, live-work, rental loft apartment building targeted exclusively toward artists and craftsmen, Balizer says. "We see this project as a housing project but also an economic development project, bringing 60 businesses into the district along with providing residences."

Balizer estimates the construction costs of the one- to three-bedroom units, which will rent for $353 to $774 per month, at $7 million. The Sawmill trust is using primarily federal low-income housing tax credit money. Construction began June 15 and is expected to be finished next May, he says.

Measuring true worth

To assess the true value of land trusts, it's important to account for longevity, the experts say. These units simply stay affordable longer.

"I don't feel by numbers alone we've made a huge dent," Torpy says of the Burlington land trust. "Where we've made a huge dent is with people who might not be creditworthy. When they come up for resale, our homes are way more affordable than anything on the market."

An analysis of the trust's first 100 resold homes shows that without any additional subsidy, the homes sold to lower-income families than the first time around, dropping from 62 percent of the area median income to 57 percent, she says. "It's far more than a drop in the bucket," adds Mayor Clavelle. "What's really important is that the contribution will last forever."

Cynthia Borrego, division manager for the Metropolitan Development Agency in Albuquerque, notes that land trusts can help communities in other ways. The Sawmill Land Trust has "helped the community organize and become a stronger neighborhood," she says, and it has helped address environmental issues.

Duluth's Northern Communities Land Trust is a pioneer — the first builder in three revitalizing neighborhoods, says Jeff Corey, the trust's director. Corey notes that the trust has tried to "turn the tide in those neighborhoods."

Part of the work has been done with the help of the Duluth office of Local Initiatives Support Corporation, which has provided training, technical assistance, and short-term financing. Pam Kramer, LISC's local senior program director, figures that the trust builds about 10 new housing units per year, or about one-third of the city's new single-family affordable housing stock. Without the trust, Hawk Ridge Estates would otherwise have nothing but high-end, custom-built housing, she says.

The Durham trust, which is about 60 percent ownership and 40 percent rental, has tried to build or rehab its housing in clusters of five to 10 properties to make a visible impact, Mack says.

The Institute for Community Economics plans to explore opportunities to create land trusts in hurricane-ravaged towns and cities along the Gulf Coast, particularly in flooded New Orleans, to ensure that new affordable housing is locked in place before private developers snap up all the available land, says Gus Newport, executive director of the institute.

"We are planning to get a group of us down there to engage people," he says. "The land trust won't be the only strategy. We'll look at a variety of strategies based on what plans come out. Certainly I think land trusts could play a major role." Newport adds that he does not know of any land trusts adversely affected by Hurricane Katrina.

Part of the mix

Planners in cities with active land trusts say the trusts are an essential part of a larger affordable housing strategy that is specified in comprehensive plans and codified in zoning ordinances. Burlington's consolidated plan calls for 25 percent of the city's housing stock to be "social housing," Monte says. "The land trust is a key player, owning a quarter to 30 percent of that."

Clavelle says the land trust touches on all four points of the city's affordable housing strategy: Preserve the existing stock; produce more of it; protect the vulnerable such as the elderly or people with disabilities; and promote homeownership. "It's certainly not the sole strategy," he says. "We have a very active public housing authority, we partner with other nonprofits, and the city itself has some programs. But the land trust is certainly a critical and essential partner."

In Highland Park, the trust is one of three prongs noted in the city's 2001 plan. Also included are a new tax on residential demolitions and an inclusionary zoning ordinance, which requires that 20 percent of all units in new developments of five or more units be affordable, says Betsy Lassar, the city's housing planner.

Likewise, Durham views the land trust as one tool in the toolbox. "You probably wouldn't want a preponderance of land locked into a land trust in a certain geographic area," Barros says. "But you'd certainly want sprinkles."

Ed Finkel is a writer based in Evanston, Illinois.

Images: Top — Since 1984, a land trust in Burlington, Vermont, has built 850 housing units, including the Waterfront Apartments. Photo by Gary Hall. Middle — Mary Ellen Yamasy, executive director of the Highland Park, Illinois, Community Land Trust, which built these eight units. Photo by Ed Finkel. Bottom — "If it weren't for the SCLT, I would never have been able to afford a home in the North Valley," said this exuberant homeowner in Albuquerque's Arbolera de Vida. Photo by Dory Wegrzyn.

Anatomy of a Resale

Land trusts calculate the homeowner's share of an increase in equity over time. While the formula varies from locale to locale, the three-step process used by the Burlington Community Land Trust provides a typical snapshot.

The trust starts by awarding the seller 100 percent of the principal that has been paid down with each month's mortgage payment. Sellers also receive 100 percent of the appraised value of any capital improvements, and 25 percent of the property's appreciation based on a comparison of appraisals at the time of purchase and sale.

Such formulas produce a win-win-win scenario, says Brenda Torpy, executive director of the Burlington trust. The seller reaps some benefit, the new buyer often pays close to the same price as the seller originally did, and the trust ends up with a considerably larger subsidy than it had the first time around.

Consider a homeowner whose house cost $100,000 but who received a subsidy of $20,000, and who decides to sell 10 years later. If the house is appraised at $180,000, the seller receives $105,000: the original $80,000 mortgage, another $20,000 for the 25 percent of the $80,000 increase in value, plus about $5,000 for the principal pay-down over the 10 years.

The trust can then sell to a new buyer for the same $105,000, effectively gaining a built-in subsidy of $75,000, based on the home's increase in open-market value to $180,000.

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Permanently Affordable Homeownership

Does the Community Land Trust Deliver on Its Promises?

Quietly thriving amid the more familiar forms of affordable housing promoted by governmental agencies or by for-profit investors in the United States, a robust ”third sector“ of private, nonmarket housing has grown to maturity during the past thirty years. Contained within this sector are many types and tenures of housing, including nonprofit rentals, mutual housing associations, limited equity (and zero equity) cooperatives, limited equity condominiums, community land trusts, and deed-restricted single-family houses.[1] Most of these models, with the exception of those focused on rental housing, bestow the benefits of homeownership on their occupants, who hold many of the same rights any other homeowner would expect to possess when gaining title to residential property. The owner-occupants of third sector housing, however, may not sell their homes to whomever they want or for whatever the market will bear. In order to perpetuate the affordability of their homes, limits are placed on the equity these homeowners may pocket and on the price they may charge when their property changes hands.

This commitment to the continuing affordability of owner-occupied housing, while common to many third sector models, is preeminent in the community land trust (CLT). In the pronouncements of the grassroots activists who promote the model, in the rationale of the public funders and private donors who support it, and in the day-to-day practice of dozens of CLTs around the country, permanent affordability is the guiding star toward which every CLT is pointed. All of the homes within the resale-restricted domain of a CLT are designed to remain affordable for low and moderate-income households one resale after another, one generation after another, far into the future. Hopefully, forever.

News from the field has tended to confirm that the CLT does, indeed, deliver on its stated promise of lasting affordability. Local CLTs have reported for years that the owner-occupied homes within their portfolios resell for prices that are affordable for households at the same level of income as the households who initially purchased these homes. CLTs have claimed they continuously serve the same targeted group of low or moderate-income homebuyers, without the need for additional subsidies, regardless of the number of times a home is resold.

Beyond a mountain of anecdotal evidence, however, there has been no systematic, data-based evaluation of the model’s effectiveness, mainly because most of the nation’s CLTs are still too new and too small to have had a significant number of resales. Without many cases to draw from, over a span of many years, it has been difficult to gauge whether the model performs as promised.

The community land trust in Burlington, Vermont is an exception to this pattern of too new and too small. Incorporated in 1984, the Burlington Community Land Trust (BCLT) has assembled a sizable portfolio of resale-restricted single-family houses and condominiums. The first resale of a

BCLT home occurred in 1988. Over the next fourteen years, ninety-seven (97) owner-occupied houses and condominiums were resold through the BCLT, all of them subject to durable controls designed to maintain their long-term availability and affordability for low-income households.

The record of these resales offered a rare opportunity to test whether the CLT actually secures the social benefits that are claimed for it. Does the model deliver on its promise of lasting affordability? Does it preserve the community's investment in affordable housing, retaining those subsidies needed to bring homeownership within the financial reach of low-income households? Does it protect homeownership gains over time? There was also an opportunity to evaluate the benefits said to inure to the individuals who own and occupy CLT housing. Is the CLT successful in expanding access to homeownership for persons who could not otherwise afford a home? Does the model allow a fair return and an easy departure for CLT homeowners who later sell their homes? Why do they sell? Where do they go? What kind of housing do they obtain after leaving the CLT?

These are the kinds of questions our study was intended to answer. We have used the performance of a particular CLT in a particular housing market to evaluate claims that are common to nearly all CLTs. While acknowledging that variations exist among the hundred or so organizations calling themselves a community land trust and that differences exist from one housing market to another, we believe the BCLT's experience with limited equity homeownership to be fairly representative of the experience of many other CLTs — and, for that matter, of many nonprofit housing organizations that are not CLTs — in many other communities. To the extent that is true, the success (or failure) of the BCLT may be seen as a crucial test of the model itself, with implications that extend beyond a single CLT in a single city.

The Burlington Community Land Trust

The Burlington Community Land Trust was created in 1984 at the instigation of city government and with the broad support of neighborhood activists throughout the city. A $200,000 grant, awarded out of municipal revenues by Burlington's city council, was used to seed this new organization. The founding purposes of the BCLT were:

- to increase the number of affordable homeownership opportunities for families of modest means;
- to provide access to land and decent housing for low and moderate-income persons; and
- to promote neighborhood preservation and improvement through the responsible use and management of land.

The organization's form and function followed the basic blueprint for a community land trust (CLT). This unusual model of housing and community development had been created nearly two decades before by the Institute for Community Economics (ICE), a national intermediary based in the neighboring state of Massachusetts. ICE had been hired by Burlington's Community and Economic Development Office to assist in crafting a city-wide CLT soon after the start-up money was appropriated by the city council. It was no accident, therefore, that the new organization closely resembled the "classic" CLT, as that model had been described by ICE since the 1960s and as it was later defined in federal statute.[2] Its key features — and their particular expression in the BCLT — are as follows:

Nonprofit, Tax-exempt Corporation. The "classic" CLT is an independent, not-for-profit corporation that is legally chartered in the state in which it is located. Most CLTs, including the Burlington CLT, are 501(c)(3) organizations, a federal tax exemption for which they are eligible because their activities and resources are targeted toward charitable activities like providing housing for low-income people and redeveloping blighted neighborhoods. In the BCLT's case, all of its housing is priced to serve households earning no more than 80% of Area Median Income. The majority of the BCLT's homeowners and renters earn much less.[3] Neighborhood improvement is also part of the BCLT's mission. This activity, unlike the multi-county scope of the BCLT's housing work, is concentrated in Burlington's most impoverished neighborhood, the Old North End.[4]

Community Base. CLTs operate within the physical boundaries of a targeted locale. They are guided by — and accountable to — the people who call that locality their home. Any adult who resides within the geographic area deemed by the CLT to be its "community" and who supports the CLT's goals can become a voting member of the CLT. This membership elects a majority of the CLT's board of directors. The BCLT originally defined its "community" as the entire city of Burlington. This service area was expanded in 1987 to include all of Chittenden County and was expanded again in 2001 to add the northern counties of Franklin and Grand Isle. By the end of 2002, the BCLT had 1,800 voting members. Members have the power to nominate candidates for two-thirds of the seats on the BCLT's board of directors and to elect the entire board.[5]

Balanced Governance. The 12-person board of the BCLT conforms to the three-part structure of the classic CLT. One third of the board represents the interests of people who lease land or apartments from the BCLT.[6] One third represents the interests of people who live in the surrounding "community" who do not reside on the BCLT's land. One third is made up of public officials, local funders, nonprofit providers of housing or social services, and other individuals presumed to speak for the public interest. Control of the BCLT's board is diffused and balanced to ensure that all interests are heard but no interest is predominant.

Dual Ownership. The CLT acquires multiple parcels of land throughout its targeted geographic area with the intention of retaining ownership of these parcels forever. Any building already located on the land or later constructed on the land is sold off to an individual homeowner or, in some cases, to a cooperative housing corporation, a nonprofit developer of rental housing, or another nonprofit, governmental, or for-profit entity. In the BCLT's case, every single-family house, duplex unit, or condominium located on land acquired by the BCLT has been sold off to an individual homeowner, with the BCLT retaining ownership of the underlying land. Dual ownership is a feature of all of the BCLT's cooperative housing and most of its rental housing, as well. The BCLT holds title to the land and another corporate entity holds title to the buildings. There are a few sites within the Old North End, however, where the BCLT has retained ownership of both the land and the buildings. These exceptions have occurred for some of the BCLT's rental housing and for most of the nonresidential buildings developed by the BCLT for other nonprofit organizations.[7] Other exceptions are condominiums located on lands that were never owned by the BCLT. Most of these condominiums are scattered among market-rate units in larger residential projects originally constructed by for-profit developers.

Leased Land. Although CLTs intend never to resell their land, they provide for the exclusive use of particular parcels of land by the owners of any buildings located thereon. Parcels of land are conveyed to individual homeowners (or to the owners of other types of residential or commercial structures) through long-term ground leases. This two-party contract between the landowner (the CLT) and the homeowner protects the latter's interests in security, privacy, legacy, and equity, while enforcing the CLT's interests in preserving the appropriate use, the structural integrity, and the continuing affordability of any buildings located on its land. The BCLT's ground lease has a duration of twenty years, but is renewable "at the sole discretion of the Lessee for as long as the grass grows and the water runs." A new lease is executed and recorded each time ownership of a building located on the BCLT's land changes hands. Lessees pay a fee of $25 per month for use of the land.[8] All of the BCLT's single-family houses and duplexes are located on leased land. The BCLT's first condominiums were located on leased land, as well, but because later condominiums came into the BCLT's hands through inclusionary zoning or other arrangements with private developers, where acquisition of the land by the BCLT was never part of the deal, ground leasing proved impractical. The occupancy, condition, and affordability of these units are protected, instead, through state-sanctioned affordability covenants, attached to each condominium's deed.

Perpetual Affordability. The CLT retains a preemptive option to repurchase any residential (or commercial) structures located on its land and any condominium units for which it holds a covenant, should their owners ever choose to sell. The resale price, set by a formula contained in the ground lease or the covenant, is designed to give present homeowners a fair return on their investment, while giving future homebuyers fair access to housing at an affordable price. The resale formula used by the BCLT allows homeowners to recoup their original downpayment, any equity earned by paying off their mortgage, and the value of any pre-approved capital improvements made by homeowners. In addition, if homes appreciate in value between the time of purchase and the time of resale, their owners are granted 25% of that appreciation.[9] The BCLT may choose not to exercise its option to repurchase homes that are put up for resale, if no income-eligible households are ready and willing to buy them.[10] In every one of the 97 resales covered by the present study, however, the BCLT did in fact repurchase the home at the below-market price set by the BCLT's resale formula. These homes were immediately resold to other homebuyers of modest means.

Perpetual Responsibility. As owner and lessor of the underlying land — and as the future buyer of houses and condominiums for which it holds a preemptive option — the BCLT has an abiding interest in what happens to these homes. For those units that are owner-occupied, the BCLT's primary interest, beyond maintaining their affordability, is maintaining occupancy by the same persons who own them. Absentee ownership is prohibited. Subletting is strictly regulated. The BCLT's leases and covenants also allow the BCLT to intervene in cases where homeowners have failed to maintain their homes or to make necessary payments on mortgages, utilities, etc. Should a homeowner default on his or her mortgage, the BCLT has the right to step in and cure the default, forestalling foreclosure. Should a cure not be warranted (or practical) and a foreclosure occurs, the BCLT has the right to repurchase the property from the mortgagee. In short, the BCLT remains a party to the deal, safeguarding the condition of the housing and the continuity of the homeownership opportunity it has worked so hard to create.

Political and economic conditions favored the BCLT's growth. Throughout the 1980s, 1990s, and beyond, the organization enjoyed the steady support of an activist municipal government whose housing policy was founded on the twin pillars of encouraging the non-profit production of affordable housing and ensuring the perpetual affordability of any housing produced using subsidies provided by the public.[11] A similar policy guided public spending for affordable housing by the State of Vermont. Organizations like the BCLT were given a special boost in 1987 by the state's creation of the Vermont Housing and Conservation Board (VHCB). The enabling legislation that established this quasi-public entity contained a statutory priority for investing in projects that "prevent the loss of subsidized housing and will be of perpetual duration."[12] VHCB became a major source of project grants and operating support for the BCLT and for other housing and conservation land trusts throughout the state, all of whom share a common commitment to the long-term stewardship of property purchased with public dollars.

The rising cost of land and housing in Burlington's real estate market did not make it easy for the BCLT to deliver a homeownership product that low-income households could afford. Nevertheless, using grants provided by the City of Burlington, grants provided by VHCB, and units acquired at below-market prices through inclusionary zoning and other municipal requirements imposed on private developers, the BCLT managed to offer 259 modestly-priced houses and condominiums for sale between 1984 and 2002, all of them selling for less than comparable units available through the open market. Falling rates for residential mortgages and favorable financing from the Vermont Housing Finance Agency (and local banks) helped to ensure that low-income households could actually afford the lower-priced units that the BCLT offered for sale. The demand for BCLT homes — both on initial sale and on resale — has remained strong, except for a period in the mid-1990s when the BCLT had the same trouble selling condominiums as every other condo developer in a soft market.

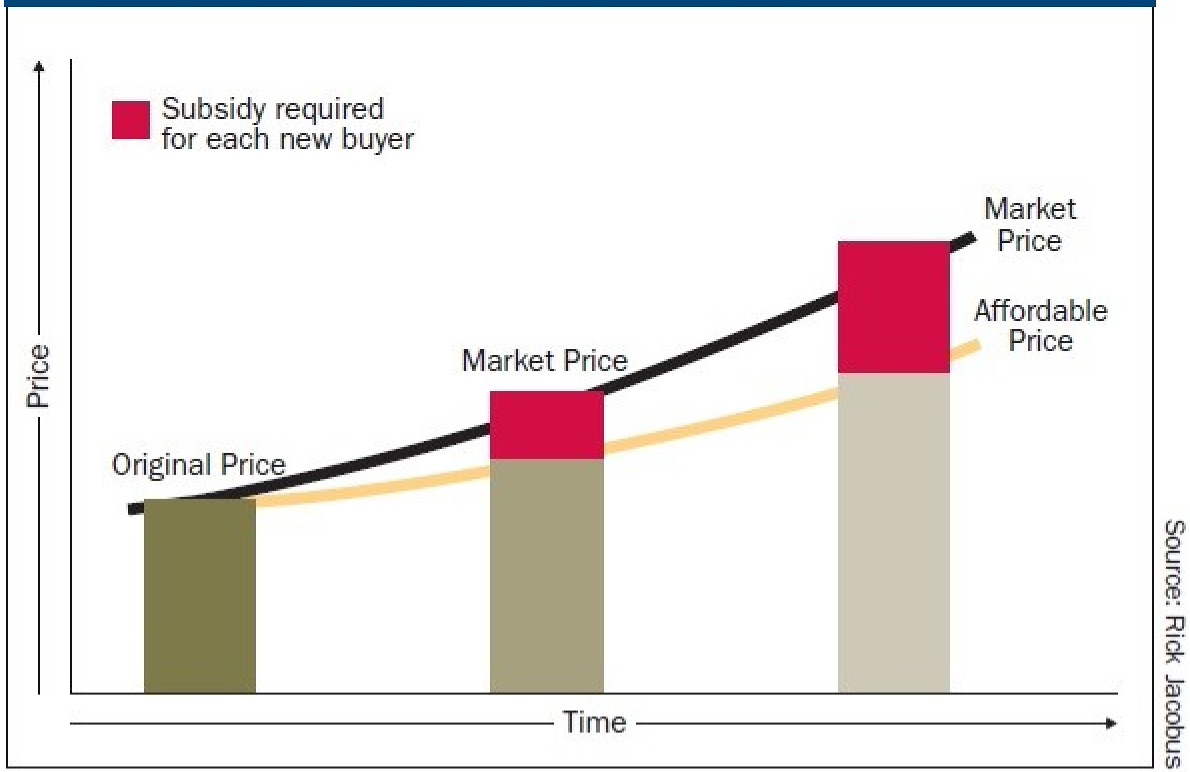
By the end of 2002, the BCLT was managing a diverse portfolio of over 500 price-restricted residential units, including single-family houses, duplexes, condominiums, cooperatives, rentals, transitional housing, and several residential facilities for persons with special needs. It had total assets of $22 million, a staff of 28, and an annual operating budget of $1.5 million.

Design & Scope of the Study

The BCLT study was designed to evaluate the community land trust model on its own terms. Since CLTs draw a distinction in their theory and practice between the legitimate interests of individuals and the legitimate interests of community, so did we. Our point of departure was a description of the model contained in The Community Land Trust Handbook, published the year before the effort to establish a CLT began in Burlington. The introductory chapter had this to say about the CLT's commitment to "balancing individual and community interests":

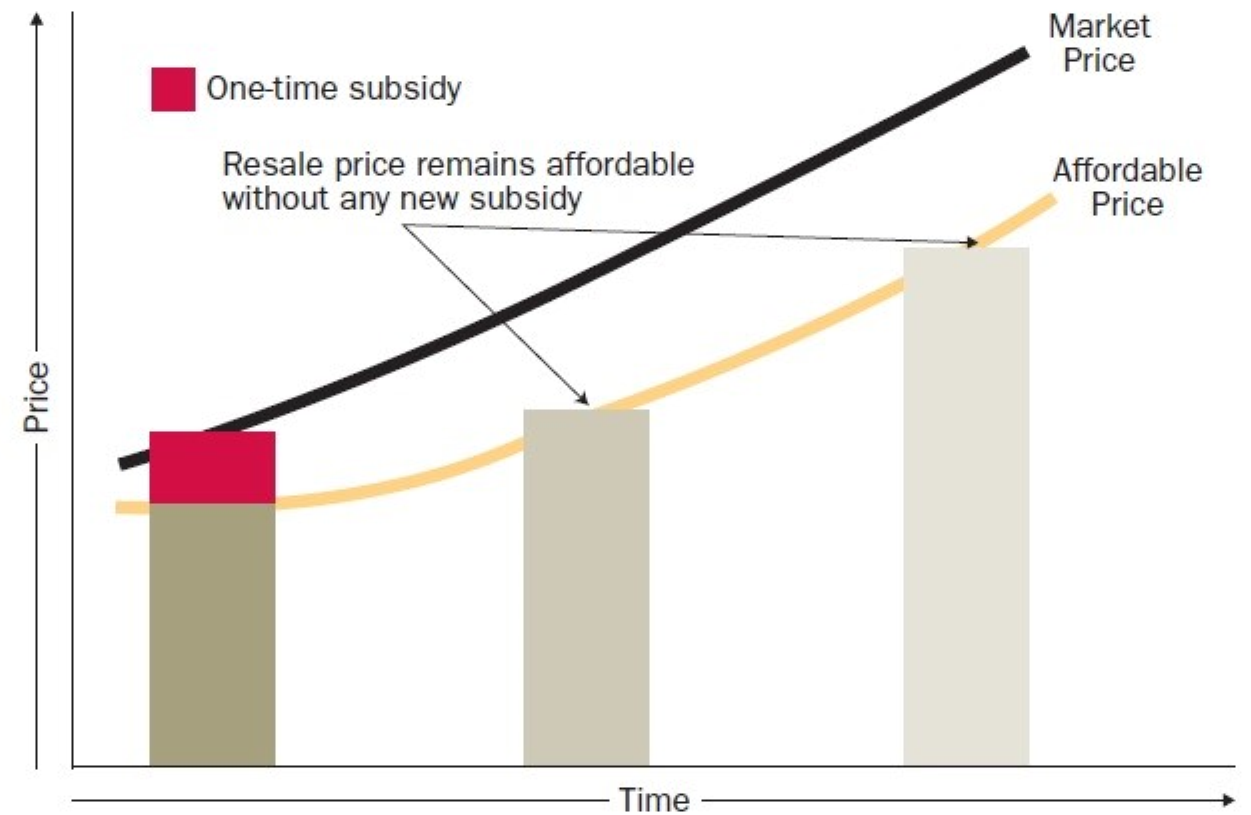
> "What one individual does to secure his or her interests may interfere with the interests of other individuals or the community. And what the community does to secure its interests may interfere with the interests of individuals. A satisfactory property arrangement must not advance the interests of one individual or group at the expense of another. Any effectively balanced arrangement requires that there be agreement not only on what the legitimate interests are but on how they are limited by each other."[13]

In Markets Where Home Prices Outpace Incomes, the Affordability Gap Continues to Grow . . .



If housing prices rise faster than household incomes, the affordability gap widens. As a result, it takes an ever-larger subsidy to keep a home affordable. Programs providing loans or grants to homebuyers must constantly increase the level of subsidy to keep pace with the growing gap between market and affordable prices.

The CLT Model Limits the Rate of Increase in Resale Prices, Keeping Homes Affordable Over Time



A one-time subsidy in a CLT home lowers its initial sale price to an affordable level and then limits the rate at which the price can rise over time. This strategy helps to increase the stock of permanently affordable housing.

Why a Community Land Trust for the Portland Area?

People who desire to live in the Portland area face ever-increasing costs for housing. Since it's becoming harder and harder for people who are essential in making the city run such as teachers, fire fighters, police and hospitality workers to live where they work in the Portland area, the GPCLT joins forces with the community to enable home ownership and control of the places in which people reside.

Benefits of a Community Land Trust

- Innovative way to address housing need
- Affordable housing ownership for residents with limited incomes
- Strengthened neighborhoods through increased residential participation
- Eliminate need for additional subsidies each time a house resells
- Affordability is built into the land lease for perpetuity
- Long-term control of neighborhood resources

How Can You Become Involved with the Greater Portland Community Land Trust (GPCLT) ?

Become a member. The GPCLT is a membership organization that supports long term control of neighborhood resources. Members include residents of GPCLT housing, as well as individuals, businesses, associations and families who support our mission. Members elect a Board of Directors to guide the organization's mission and implement policies by encouraging input and participation. One third of elected Board members represent GPCLT home owners, ensuring home owners have a voice in the organization's programs and decisions.
The Greater Portland Community Land Trust needs the talent, expertise and energy of members to fulfill its mission to work on the following:

Reaching Out to the Community

Developing Property

Developing Resources

Managing the Organization

Providing Orientation to New Members

Greater Portland Community Land Trust

Greater Portland
Community Land Trust
PO Box 8223
Portland, ME 04104

Greater Portland Community Land Trust Membership Application

Name -

____

Address-

____

____

Phone -

____

Email

____

- o Dues- I am paying my annual dues of $10.00 and donating an additional $________ to support the GPCLT mission

I have skills in the following categories which can be helpful in running the organization:

- o Accounting
- o Legal
- o Real Estate
- o Fund raising
- o Project management
- o Membership and Community organizing
- o Education/Marketing

For More Information Contact:

Greater Portland Community Land Trust
www.gpclt.org
GPCLT@gmail.com

Mission Statement

Our Mission is to create housing in the greater Portland area on land permanently preserved by the Community Land Trust that enables people of moderate means to reside in our community.

We are a non-profit, membership-based organization which democratically elects our leadership to represent home owners, the neighborhoods in which our properties are located and interested residents from the community

We seek to collaborate with neighborhoods, municipal governments, businesses, community organizations and individuals to address the need for affordable housing by putting land into a trust so that people with limited incomes can live in the Greater Portland Area

We believe that by increasing opportunities for people to procure the housing they need, we will make the Portland area a more economically and culturally diverse and vibrant place to live.

What is a Community Land Trust?

A community land trust (CLT) is non-profit organization whose members are homeowners, neighbors and expert stakeholders who work to create affordable housing. The land trust owns the land, and the residents own the houses that sit on the land. There are over 200 CLTs around the country managing thousands of properties ranging from individual home ownership, cooperative ownership, rental units and businesses.
The CLT model keeps houses affordable forever by owning the underlying land and assuring that when sold in the future, the price of the house upon that land is affordable to people with modest incomes. The CLT maintains affordability by having the home owner sign a resale agreement that allows the resident to recover their initial investment and a modest percent of the appreciated value of the home. This re-sale formula is what keeps the home affordable to future buyers.

Links to Information About CLTs

- https://en.wikipedia.org/wiki/Community_land_trust
- https://community-wealth.org/strategies/panel/clts/index.html

GREATER PORTLAND COMMUNITY LAND TRUST

Presentation to City of Portland Housing Committee

November 14, 2018

Image 1

My name is Scott Vonnegut, I am a resident of Portland and am on the Board of the Greater Portland Community Land Trust. I would like to thank Housing Committee Chairman Duson and Committee Members Cook and Ali for giving us the opportunity to present. I would also like to thank Mary Davis and Victoria Volent with Housing and Community Development for helping set up this meeting and our presentations. I am here with some other members of the GPCLT and we look forward to answering your questions after the presentations.

What is a Community Land Trust (CLT)?

Community Land Trusts, or CLTs are nonprofit, neighborhood-based organizations designed to ensure stewardship of land. Community land trusts can be used for many types of residential development, including home ownership, condominiums, co-ops and apartment buildings and are used to ensure long-term housing affordability. This presentation will focus on home ownership. While there are numerous variations of the CLT model they all have the following in common; the CLT will acquire and own land, rehabbing and/or building new homes and selling them at an affordable price. The CLT retains ownership of the land and builds a house upon it. The trust then sells the residence and enters into a long-term, ground lease with the buyer for the land upon which the house is built. The homeowner purchases the home from the CLT with a resale agreement that limits the price of the house when resold.

Image 2

The ground lease and resale agreement are fundamental in keeping the property affordable to future buyers. The ground lease, which typically lasts 99 years spells out the rights and responsibilities of the home owner and the Community Land Trust. Among the home owner's rights are the rights of privacy, the exclusive use of the property and the right to bequeath the land and house. The CLT has the right to purchase the house when the owner wants to sell. The ground lease includes a resale formula intended to balance the interests of present home owners with the long-term goals of the Community Land Trust. The resale agreement typically allows the seller to recoup all of the equity and capital improvements they have put into the property plus a portion of the appreciated value of the home.

By separating the ownership of land and housing, a Community Land Trust prevents market factors from causing prices to rise significantly, and hence guarantees that housing will remain affordable for future generations.

Image 3, Image 4

The benefits of a Community Land Trust

Housing on Community Land Trust land is made permanently affordable by maintaining long term leases that limits price increases of the housing units when resold. Contrasting with other forms of affordable housing which loses the subsidy when a home is sold, Community Land Trusts provide an initial subsidy when the house is first sold. And then, because of the land lease and resale formula, subsequent sales of the house do not require subsidies from the CLT to keep it affordable. This means that new municipal or philanthropic funding to CLTs can be used more productively to increase the quantity of affordable housing.

CLTs provide low- and moderate-income people with the opportunity to build equity through homeownership. This helps create stable and sustainable neighborhoods.

Land trust housing also protects owners if they become financially overextended because the CLT will work with them to keep them in their house. As a result, foreclosure rates for land trusts have been as much as 90 percent less than conventional home mortgages.

Homeowners in Community Land Trusts are responsible for managing their property. Typically, membership in the CLT organization is divided into three parts with one-third of a land trust's board composed of homeowners in CLT properties, another third are residents in the adjoining neighborhood, allowing for the possibility of direct, grassroots participation in decision-making and community control of local assets, and a third of the Board are citizens who support affordable housing.

To summarize the benefits of Community Land Trusts over other ways to create affordable housing:

- Permanence of affordability
- Preventing subsidies from being lost on the resale of a house
- Resilience to economic downturns
- Neighborhood and Community participation

Image 5

Examples of Community Land Trusts

There are over 300 active community land trusts operating in the United States today. They include:

> Champlain Housing Trust in Chittenden County Vermont is one of the nation's largest CLT. Formed in 2006 from the merger of two large CLTs, the Champlain Housing Trust has over 2,000 household members, housed in rental apartments, co-ops and shared-appreciation single-family homes and condominiums. Champlain Housing manages 2,200 apartments and stewards 565 owner-occupied homes.

CLTS in Maine include:

- Covenant Community Land Trust based in Orland is represented by Carol Roberts at this meeting.
- Island Housing Trust in Mount Desert Island
- And the Waterville Community Land Trust which Nancy Williams will talk about in her presentation.

Image 6

<u>Why have a Community Land Trust in Portland?</u>

Because there is a lack of affordable housing in Portland, especially for those with moderate incomes who want to purchase a house

The following sentences from the Portland 2017 Housing Report summarize the lack of affordable housing in Portland:

"According to MaineHousing, the 2016 median household income in Portland was $43,000 which means a house, to be considered affordable would need to cost no more than $143,500. However, the median home price in Portland last year was $262,000 which would require an annual income of $80,000 to afford."

"Portland's gap between its Area Median Income and the cost of housing means 74% of local households are unable to afford the median home price in the city. Of the 976 homes sold in Portland in 2016, only 34 were considered affordable. 942 homes were unattainable to [moderate income] buyers."

<u>What does "Affordable" mean- Definitions of terms</u>

The term "affordable housing" means that the percentage of income a household is charged in rent and or must pay in monthly mortgage payments and other housing expenses, such taxes, utilities and insurance, does not exceed 30% of a household's gross income. A household that pays 30 percent or more of their income on housing costs is considered burdened. The Census Bureau offers data on monthly housing costs as a percentage of income as a lens to show "affordability."

<u>There are few resources available in Portland to make home ownership affordable for those with income levels below certain income levels- Greater Portland Community Land Trust is working to help lower this threshold of affordability</u>

Image 7

The Greater Portland Community Land Trust- Who we are

Our Mission is to create housing in the greater Portland area on land permanently preserved by the Community Land Trust that enables people of moderate means to reside in our community.

We are a 501 (c) (3) non-profit, membership-based organization which democratically elects our leadership to represent home owners, the neighborhoods in which our properties are located and interested residents from the community

We seek to collaborate with neighborhoods, municipal governments, businesses, community organizations and individuals to address the need for affordable housing by putting land into a trust so that more people with limited incomes can live in the Greater Portland Area

We believe that by increasing opportunities for people to procure the housing they need, we will make the Portland area a more economically and culturally diverse and vibrant place to live

Image 8

Ways to make a community land trust work in the Portland area to create affordable housing for those with moderate incomes

Projects and activities, we are engaging in to create affordable housing for families include:

- Meeting with neighborhood organizations to introduce our organization and to invite them to become members.
- Finding existing buildings to renovate to create affordable units
- Looking for land on which to build new housing
- Partner with other affordable housing developers to create affordable housing

Image 9

How the City of Portland can partner with the Greater Portland Community Land Trust to create affordable housing

Over the past decade, a growing number of cities and counties have chosen not only to support existing CLTs, but also to start new ones, actively guiding urban development and sponsoring affordable housing initiatives.

Two key policy needs are driving increased interest in CLTs, particularly in jurisdictions that put a social priority on promoting affordable housing and a fiscal priority on protecting the public's investment in affordable housing.

- Long-term preservation of housing subsidies. With local governments now assuming greater responsibility for creating affordable housing, policy makers must find ways to ensure that their investments have a sustained impact. CLT ownership of the land, along with durable affordability controls over the resale of any housing built on that land, ensures that municipally subsidized homes remain available for lower-income homebuyers for generations to come.
- Long-term stewardship of housing. CLTs are well positioned to play this stewardship role by administering limited equity home ownership, while also "backstopping" lower-income owners to protect subsidized homes against loss through deferred maintenance or mortgage foreclosure.

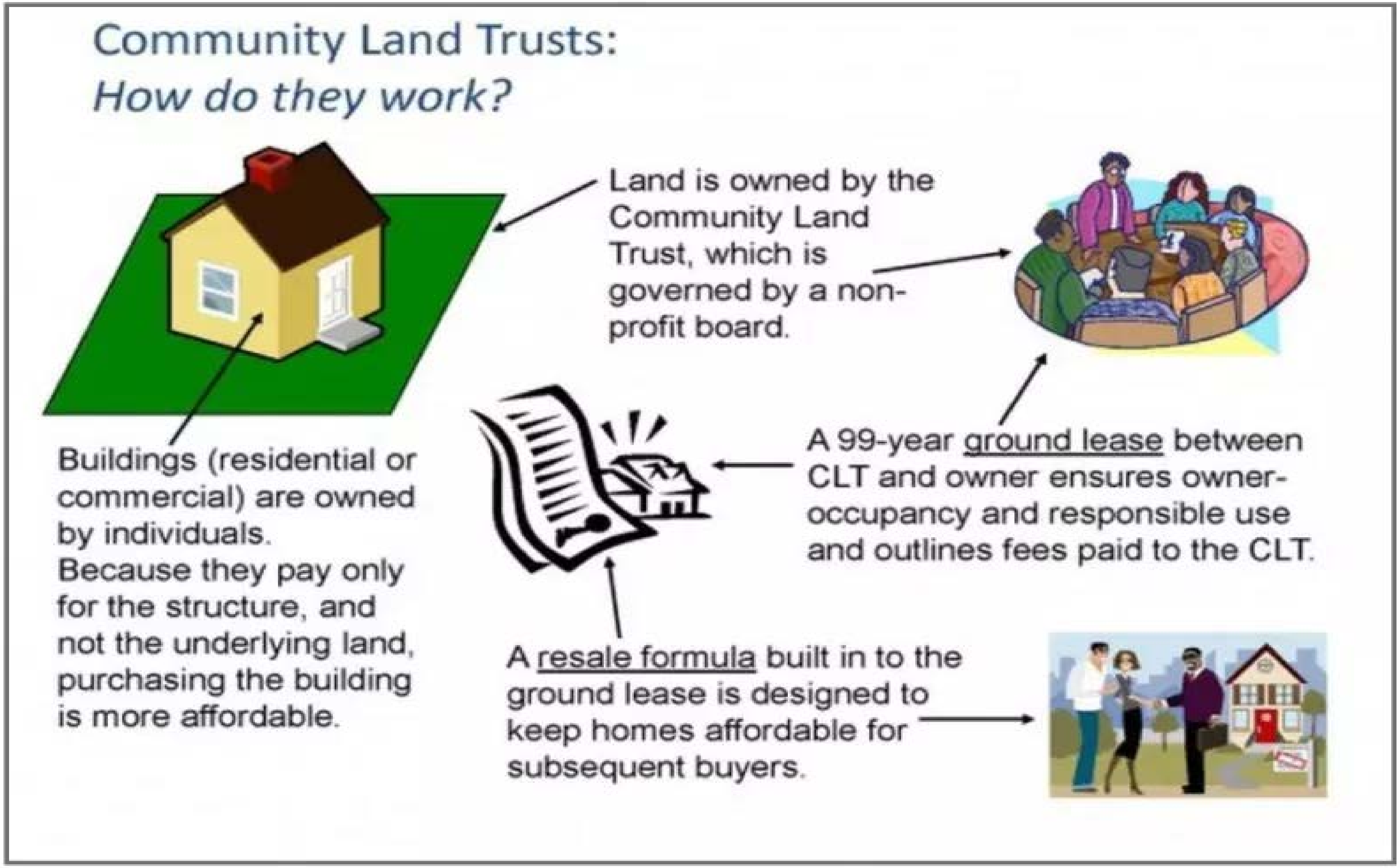
Municipal support comes in a variety of forms, depending on how well established the CLT is. For example, local governments may offer administrative or financial support during the planning and startup phase, followed by donations of city-owned land and grants or low-interest loans for developing and financing projects. They may help a CLT acquire and preserve housing provided by private developers to comply with inclusionary zoning, density bonuses, and other mandates or concessions. As the CLT builds its portfolio, municipalities may provide capacity grants to help support its operations. Finally, local jurisdictions may assist CLTs by revising their tax assessment practices to ensure fair treatment of resale-restricted homes built on their lands.

<u>The Greater Portland Community Land Trust looks forward to working with the City of Portland to create housing that is affordable to residents of moderate means and to engage with citizens to create vibrant, culturally diverse and sustainable neighborhoods</u>

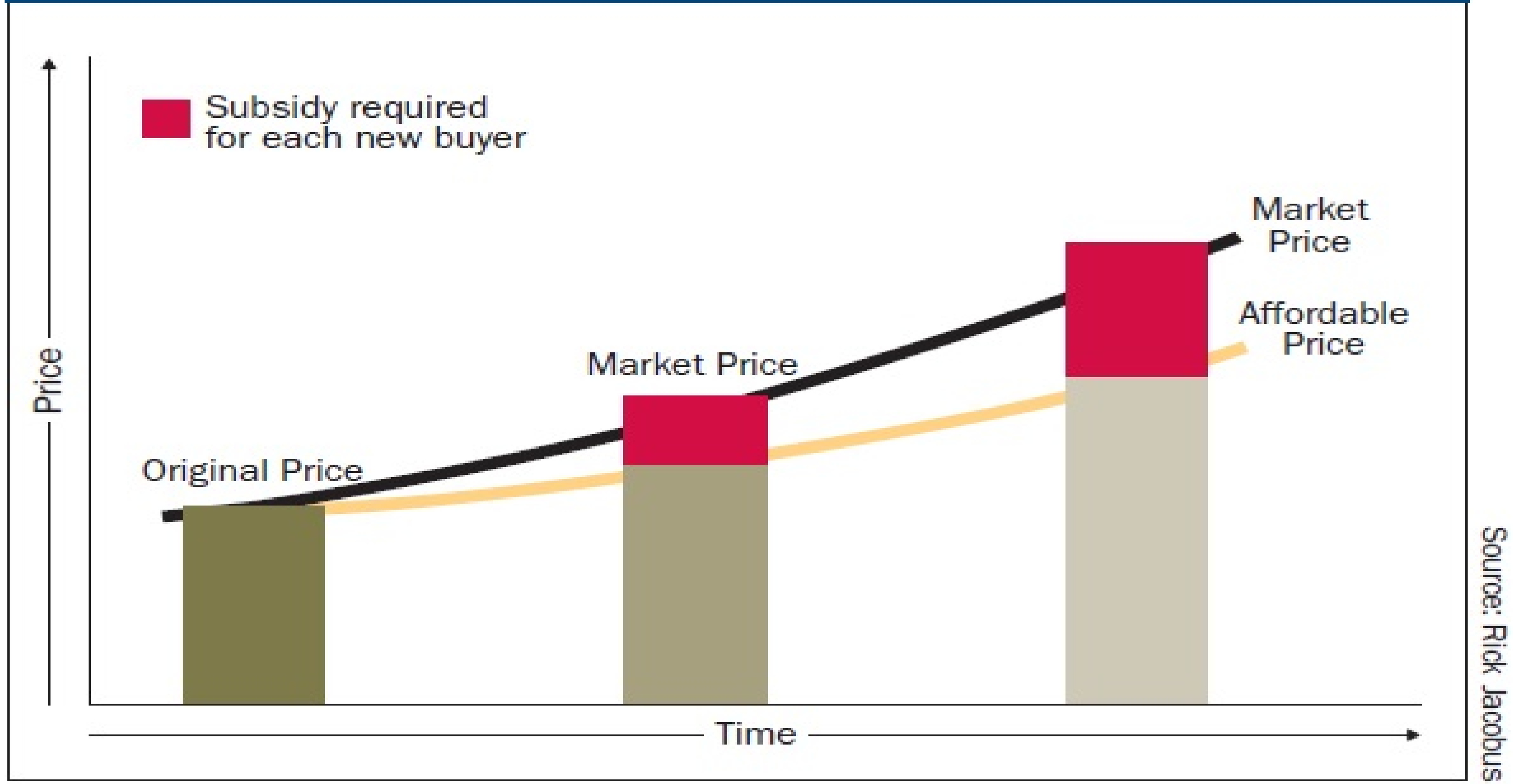
Thank you for your time

Community Land Trusts

A way to create homes that are affordable to families of moderate means while working to create stable and sustainable neighborhoods

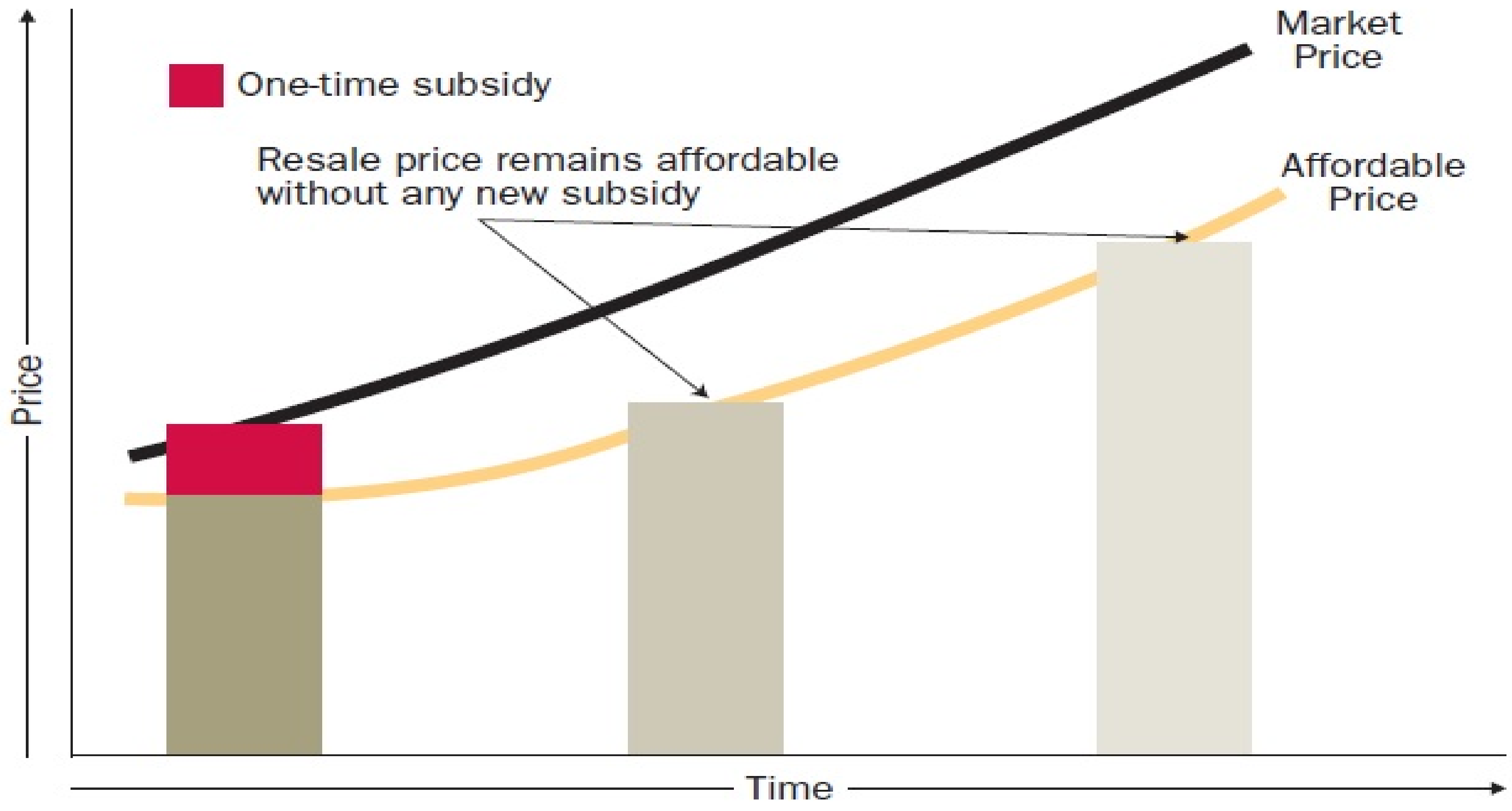

Community Land Trusts:
How do they work?
Land is owned by the Community Land Trust, which is governed by a non-profit board.
Buildings (residential or commercial) are owned by individuals.
Because they pay only for the structure, and not the underlying land, purchasing the building is more affordable.
A 99-year ground lease between CLT and owner ensures owner-occupancy and responsible use and outlines fees paid to the CLT.
A resale formula built in to the ground lease is designed to keep homes affordable for subsequent buyers.

In Markets Where Home Prices Outpace Incomes, the Affordability Gap Continues to Grow . . .



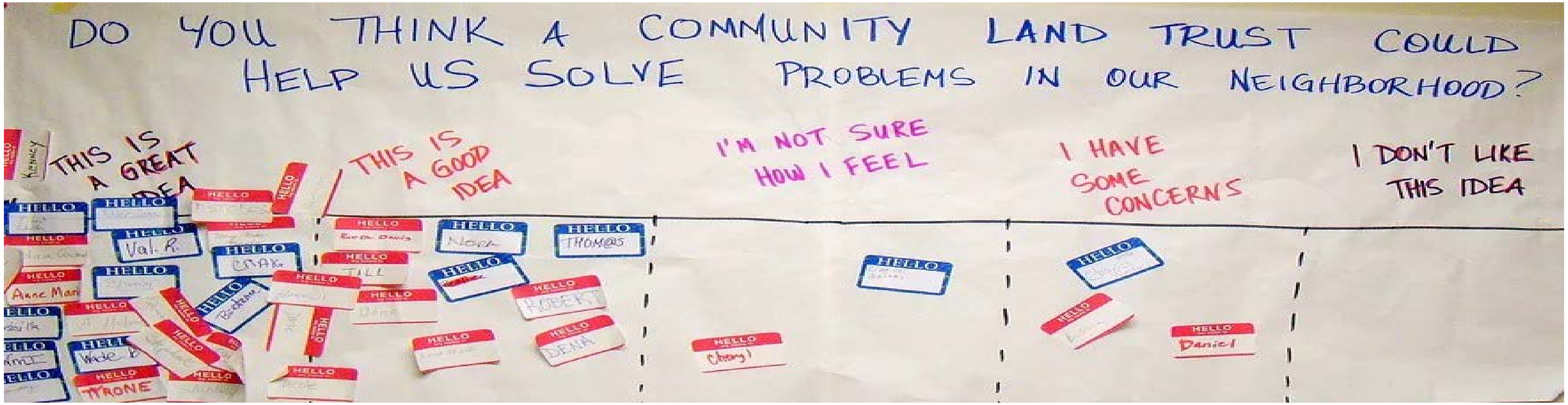
If housing prices rise faster than household incomes, the affordability gap widens. As a result, it takes an ever-larger subsidy to keep a home affordable. Programs providing loans or grants to homebuyers must constantly increase the level of subsidy to keep pace with the growing gap between market and affordable prices.

The CLT Model Limits the Rate of Increase in Resale Prices, Keeping Homes Affordable Over Time



A one-time subsidy in a CLT home lowers its initial sale price to an affordable level and then limits the rate at which the price can rise over time. This strategy helps to increase the stock of permanently affordable housing.


Community Land Trusts
in the United States
Alaska
Hawaii
CLT location -


DO YOU THINK A COMMUNITY LAND TRUST COULD HELP US SOLVE PROBLEMS IN OUR NEIGHBORHOOD?
THIS IS A GREAT IDEA
THIS IS A GOOD IDEA
I'M NOT SURE HOW I FEEL
I HAVE SOME CONCERNS
I DON'T LIKE THIS IDEA

Portland Press Herald

Portland's housing crisis is something that can be turned around

- pressherald.com/2017/07/21/maine-voices-portlands-housing-crisis-is-something-that-can-be-turned-around/
- Portland is facing a housing crisis. A 2015 report commissioned by the city and carried out by the Greater Portland Council of Governments indicated that middle-class families are being priced out of the city. This same report says that by 2025, Portland will face at least a 28 percent gap between the demand for and supply of workforce housing: housing that is affordable to someone making the median income for a particular area.
- Maine Housing's 2016 Housing Facts and Affordability Index for Cumberland County lists the median home price for the city of Portland as $262,000. According to housing affordability guidelines, being able to comfortably buy a house in that range requires an annual income of $80,110 – nearly twice the median Portland income of $43,839.

Greater Portland Community Land Trust

The City-CLT Partnership
Municipal Support for Community Land Trusts
901

WATERFEST PARTICIPENTS
Pete's Pig
Advance 1 Cleaning Services
Fred's Coffee
Children's Museum
Center Point Church
Waterville Parks and Recreation
Waterville Public Library
Waterville Police
Waterville Fire Department
Camden National Bank
Kennebec Messalonskee Trails
Girl and Boy Scouts
Colby College
Bernier-Boyd Family

DOOR PRIZES FOR PARTICIPENTS
Are you Ready to Party?
Flagship Cinemas
Boys & Girls Clubs and YMCA of Greater Waterville at the Alfond Youth Center
Waterville Parks and Recreation
Bernier-Boyd Family

VOLUNTEERS AT 181 AND 226
Colby students
National Honor Society
Boy Scouts

For 232 WATER STREET
South End Neighborhood Association
City of Waterville

For GREAT SERVICE
SBS/Carbon Copy

For MEETING SPACE
Saint Marks

DONERS
Amundsen, Ole & Mina
Anderman, Alice & David
Aucoin, Steve
Beverage, Ann & Parker
Boghossian, Paul
Boyd, Greg & Meg B. Boyd
Burns, Allen
Cote, Susan & Tim
Coughlin, Mike & Sherrie
Derosby, Judith
Devine, Kay and J.P.
Elangwe, Churchill
Gallie, Beth
Garella, Carrie
Hallee, Dave & Kim & Boy Locksmith
Labbe, Michelle & Mark
Longstaff, Tom
McNeil, Tom
Morrione, Tom
Pullen, Ashley
Raymond, Paula & Gary
Sanzenbacher, Joan
Saul, Allan & Paula
Treiber, HC (Craig and Lora)
Williams, Nancy

Waterville Community Land Trust
PO Box 1824
Waterville, ME 04903

Waterville Community Land Trust

Summer—Fall 2018 NEWSLETTER

MOVING ON UP


Ashley Pullen, President WCLT (left), and Anna Holdener, new homeowner (right)

On July 27th, WCLT sold our home at 181 Water Street and Waterville's South End gained a new homeowner! Just as exciting is that the new owner is Anna Holdener, Youth Specialist at the South End Teen Center.

Ashley Pullen, President of WCLT, passed the keys to Anna that same afternoon. Scott McAdoo, WCLT Secretary, presented Anna with a handwritten sign that had advertised prices for bait that once was sold by a previous homeowner from the home's basement.

The house has the same 'good bones' found in many homes built in the late nineteenth century throughout the South End. Now fully restored and renovated by WCLT and KVCAP, it exemplifies the high value of all similarly constructed homes in Waterville.

WCLT celebrates this first affordable home which was renovated from roof to basement with the generous contributions of many people and organizations. We particularly thank KVCAP, All-Around Fence Company and our supporters.

WELCOME HOME: *WCLT'S Welcome Home Program*

Anna Holdener and her new tools for home!

Neighbors make a community! Businesses and friends are helping our families move from rentals to their own homes by participating in our ***Welcome Home Program***. Our program is like a housewarming party where area businesses and friends help with useful items.

Just imagine the excitement of moving into your own home, an accomplishment you didn't previously think was possible. There are so many things you will need for a home that were not needed when you rented. For a first time homeowner, the list of needed items could seen endless.

The Land Trust and our new homeowner, Anna Holdener, thank **Ware-Butler Inc.** for two very handy items in Maine: a rake and a shovel. **Hannaford Supermarkets** provided a set of Waterville's purple trash bags.

We acknowledged them for their generosity.

We all hope the snow shovel gets minimal use.

PRESIDENT'S CORNER

Ashley Pullen Fall 2018

"Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has."
- Margaret Mead

This Margaret Mead quotation has always been a favorite of mine. From the beginning, Waterville Community Land Trust has been the small group Mead describes: a handful of concerned community members looking to revitalize our city. We are all ages and come from all walks of life; we each have our own individual motivation for coming back to the table every month but our common mission unites us. It has been five years since our visionaries first floated the idea of a community land trust, and our progress in the face of barriers has been remarkable.

For those who are unfamiliar with the process of establishing a new organization, there are countless legal and logistical hoops to jump through. But a task equally as daunting stood before us, and that was to secure the funds to purchase and renovate our first house. We were fortunate to receive funding from a number of sources and could not have done it without the generous local support we have found in our neighbors like you. Fast forward to this summer and we couldn't be prouder to hand over the keys to 181 Water Street to our first WCLT homeowner, Anna Holdener.

We believe that by clustering our work in one area, it will deliver the greatest immediate impact and then as our work progresses we can grow outward. Whenever a hurdle arises, our board turns to our "figure it out" mentality and for this I am truly grateful.

Thank you again for your support of our humble organization. To grow from a mere vision to an established nonprofit and now, with a part-time executive director and assets in the community, we are on an amazing journey together.

NEXT PROJECTS: NEW HOME, NATURE PRESERVE & PARK

WCLT owns over 2 acres on the Kennebec River at 226-228 Water Street. Our plan is to build a new home and develop a nature preserve on these 2 acres. We also own a parcel at 232 Water Street, adjacent to 228, where a small park will be built that will overlook the river.

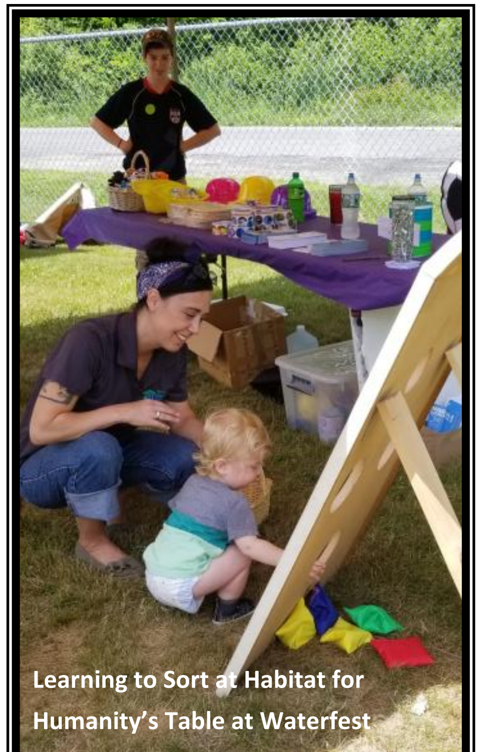
The land is a natural wildlife preserve as there are very few parcels along the Kennebec River which are natural and that attract the population of birds so obvious at this site. We are in the design phase for the nature preserve and consulting with experts on how to encourage native plants and wildlife habitats. We are cognizant of the neighborhood's need for safety and will design the preserve to provide minimal opportunities for illegal activities.

The new home will be architecturally compatible with the existing homes in the South End. Below is an example of a small home that is similar to others in the neighborhood. (NOTE: There's time for you to provide your ideas!)) We expect that the house will be less than 1000 SF, built comfortably for one or two adults and a second bedroom or loft for a guest or child. Because there will be a great view of the Kennebec River we plan on including a porch or deck on the back of the house for outdoor living.

Home Designed by Eric Moser; similar plans can be found on Houseplans.com

Suggested designs for the park include seating for those who wish to enjoy the water view and a flower bed where plants are provided by those who wish to take part in making this park an asset to the neighborhood. Down-lighting for safety will be considered. We also hope to include a brick patio with names inscribed of all who contribute to build the park.

WATERFEST= NEIGHBORHOOD FUN & CELEBRATION OF THE KENNEBEC RIVER



Learning to Sort at Habitat for Humanity's Table at Waterfest

Over 100 neighbors and volunteers gathered at the inaugural Waterfest on June 24th at Couture Field.

Activities included face painting, puppet shows, interactive displays, bike decorating, free concessions and summertime approved door prizes. The festive atmosphere included music by local DJ, David Lee.

WCLT and Kennebec Messalonskee Trails offered a well-attended tour of the new and proposed trails in the area. Area neighbors took the opportunity to express their thoughts and ideas for the development of WCLT's properties at 226-232 Water Street. Some initial thoughts include adding plants to attract bees, butterflies and birds, or maybe a spot for fly fishing.

Special thanks to area friends dedicated to launching Waterfest: Advance 1 Cleaning Services, Fred's Coffee, Pete's Pig, Children's Museum, Camden National Bank, Are You Ready to Party, Flagship Cinemas, the Boys and Girls Club, Messalonskee Trails, Center Point Community Church, South End Neighborhood Association, Habitat for Humanity, Waterville Public Library, Waterville Parks and Recreation, Colby College and the Waterville Police Department.

THANKS TO OUR SUPPORTING FOUNDATIONS

- Kay E. Dopp Fund of the Maine Community Foundation
- Elmina Sewall Foundation
- Anonymous

WCLT WISH LIST

- Donations for the Welcome Home Program
- An office!
- A rider mower that works
- Office supplies

Board of Directors

Ashley Pullen	President
Nancy Williams	VP
Ann Beverage	Treasurer
Scott McAdoo	Secretary
Ricia Hyde	Director
Betty Palmer	Director
Allan Saul	Director
Paula Saul	Director
Bob Vear	Director
Ben Shapiro	Director

Staff

Meg Bernier Boyd Executive Director

Thanks to Jackie Dupont and Winnifred Tate for their service on the WCLT board during 2017-2018.

Picture (right): Face painting at Waterfest

HOW TO FIND WCLT

Mail: watervilleclt@gmail.com
Webpage: https://watervilleclt.org
Facebook: Waterville Community Land Trust

Waterville Community Land Trust

Nancy Williams
11/13/2018
Portland Housing Committee

Community Land Trusts

Affordable Homes

New Homeowners

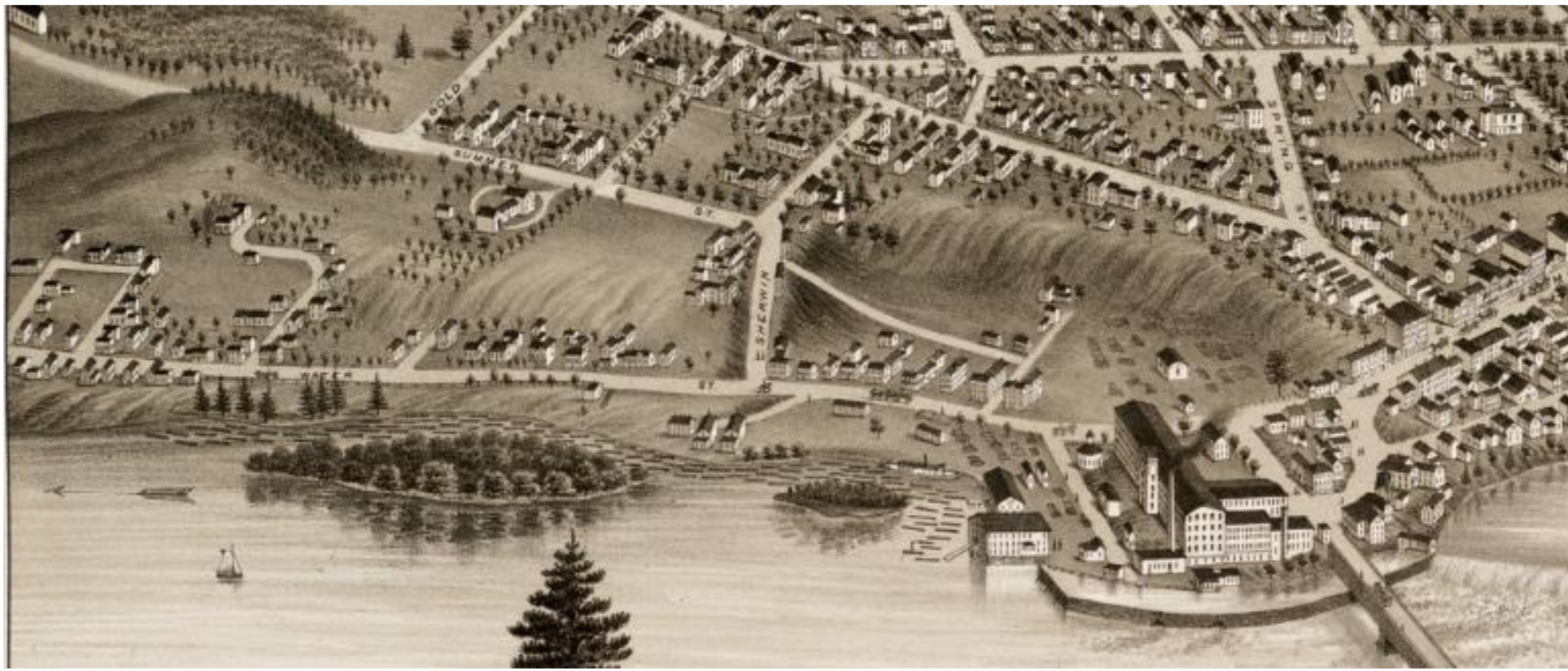
But also….

Neighbors Meeting Neighbors

Gardens

Waterville Community Land Trust

1876



https://collections.leventhalmap.org/search/commonwealth:cj82m093p

FOCUS: The South End

"The Franco-Americans always had the professional class as well as the middle and working class." Rhea Cote Robbins, M.A.


NO PARKING
THIS SIDE
OF STREET

Figure 1. Occupancy status of residential properties in Waterville's South End.

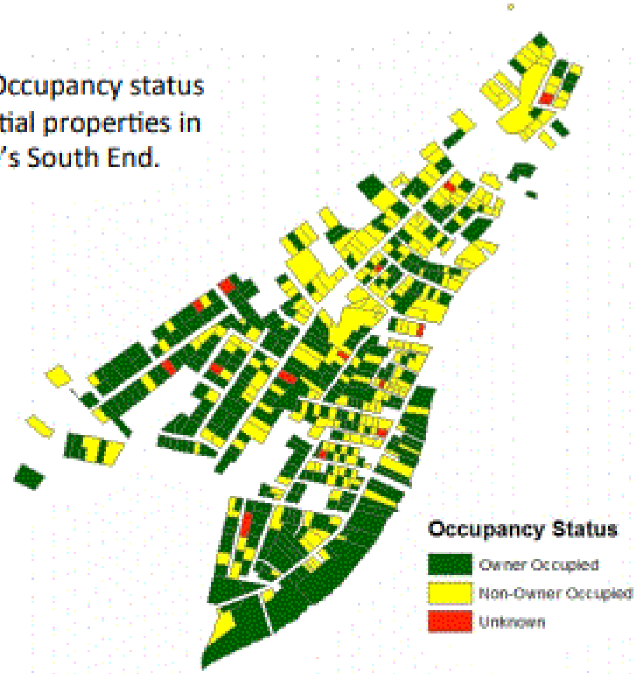
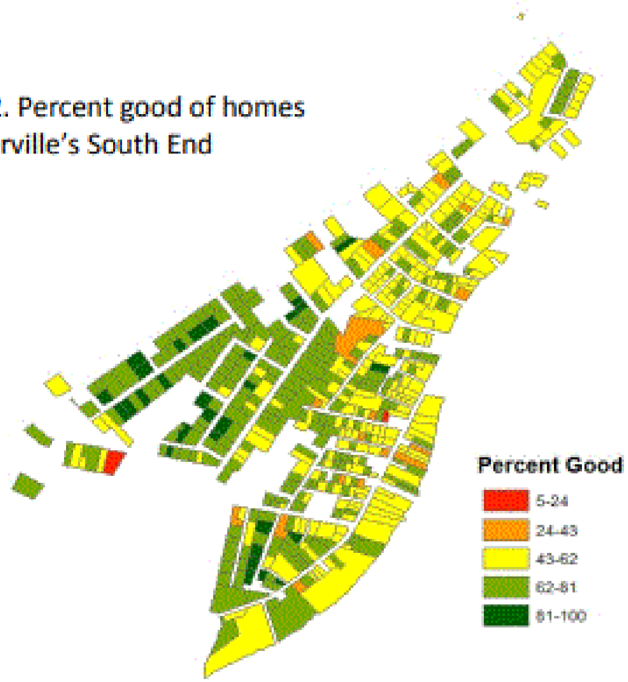


Figure 2. Percent good of homes in Waterville's South End



Colby College Study on Impact of Non-Owner Occupied Properties on Adjacent Properties

Conclusion: Owner-occupied homes impact the condition of other homes around them for a positive improvement to the neighborhoods.

WCLT's Goals:

- Provide perpetually affordable homes
- Increase homeownership
- Improve neighborhoods and inspire pride of place and community spirit
- Retain the historic fabric of the community

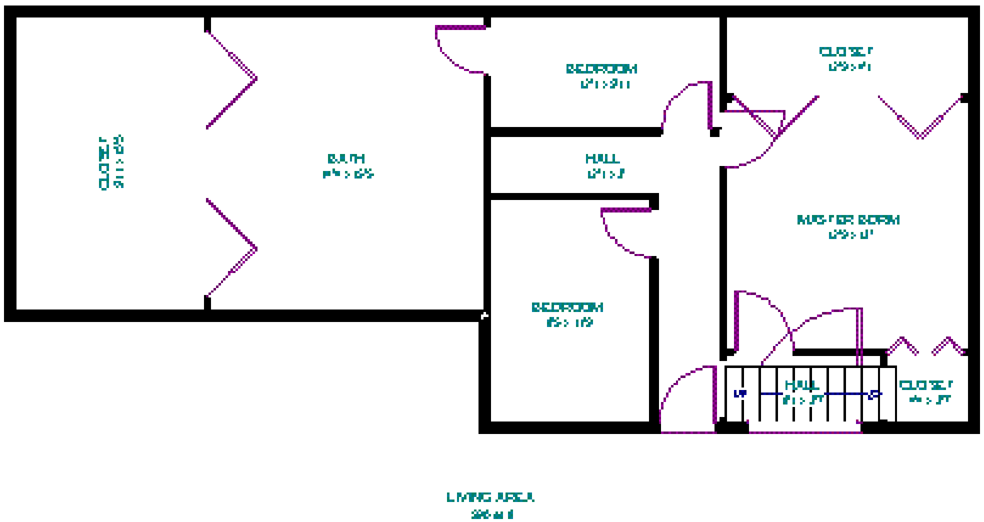
Best of All…

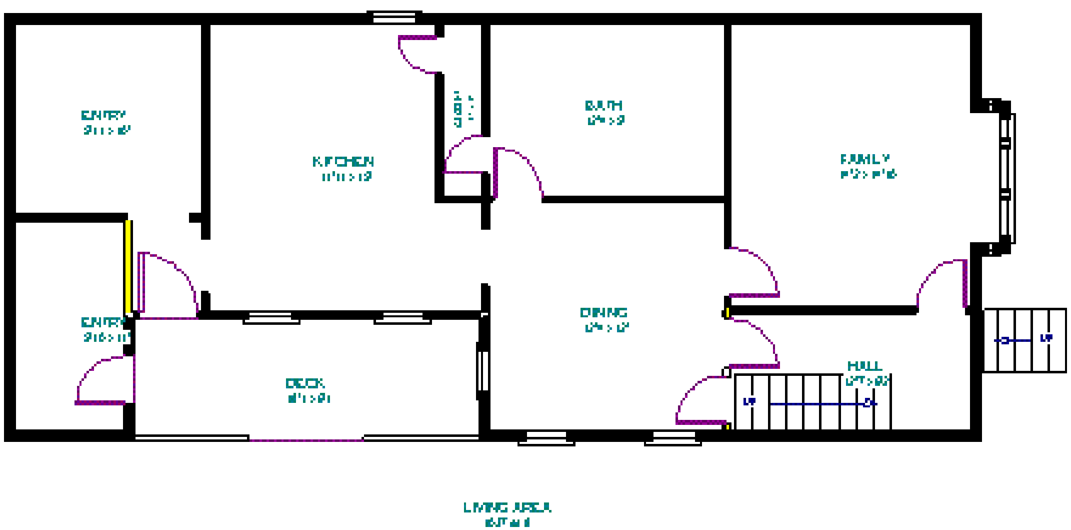
- Local citizens are well equipped to find solutions to problems

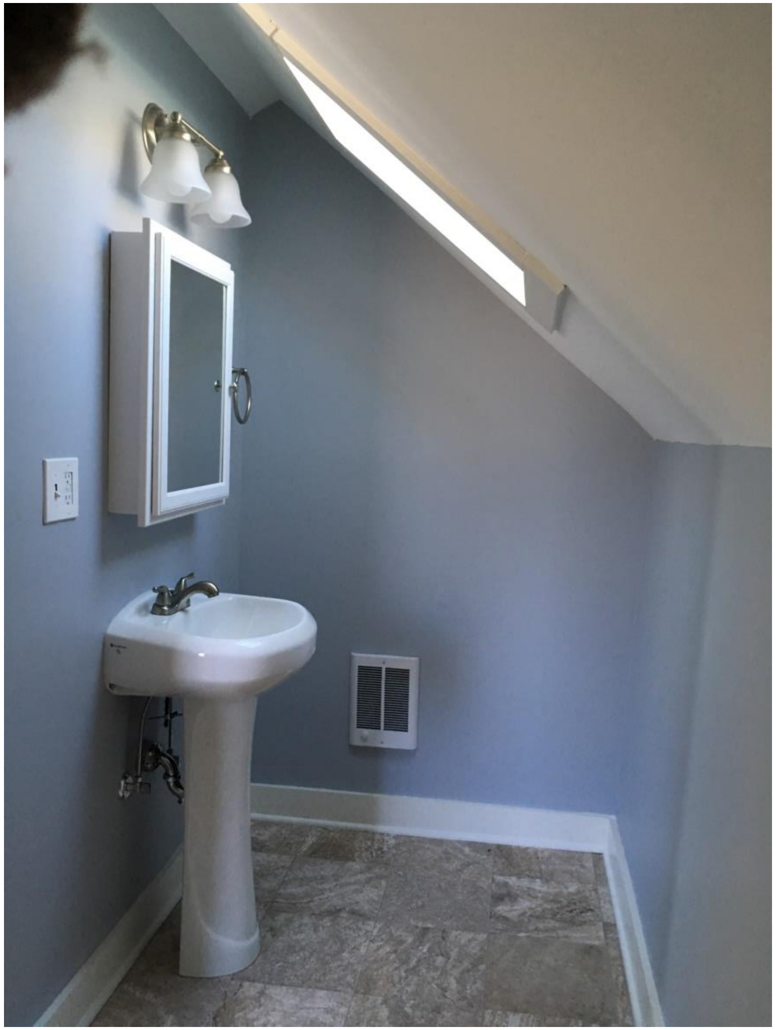
First Project


Signal


SHINERS — 1.40 PER DOZ
FAT HEAD SHINERS-1.25 DOZ
TOMMY-CODS-1.00 DOZ
BAIT-PAILS-2.75 EACH.
SMALL NETS - .25 EACH
PAIL LINERS-.85 EA.
This House Makes Us Sm
Thank you to the Own
From the
Waterville Community Land
www.watervillecl t.org

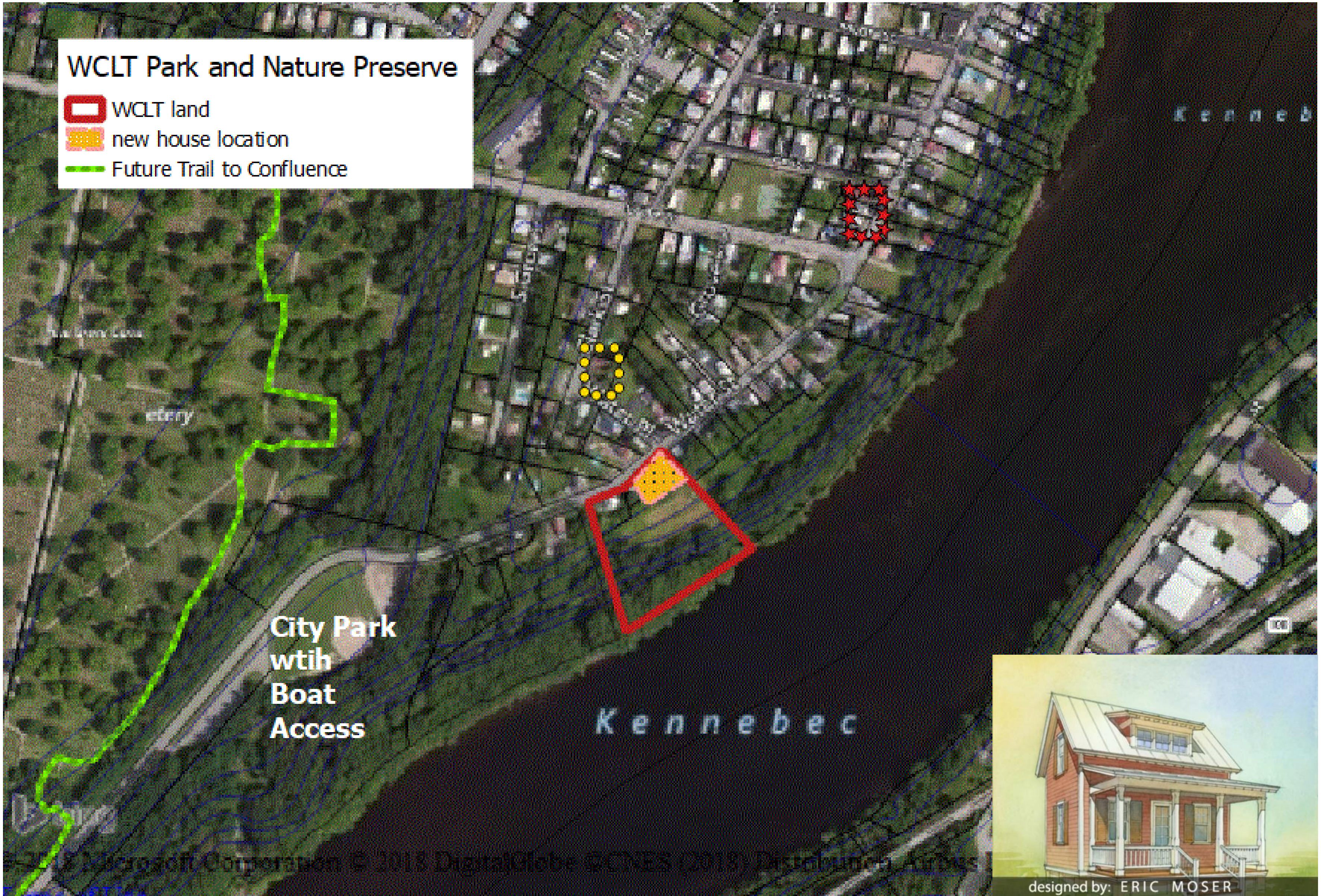

CLOSET
BATH
BEDROOM
HALL
CLOSET
MASTER BDRM
BEDROOM
HALL
CLOSET
LIVING AREA


ENTRY
KITCHEN
BATH
FAMILY
ENTRY
DINING
HALL
DECK
LIVING AREA



Second Project

Next: New House, Trails and Park



Other Maine CLTs?


Covenant Community Land Trust

RAISE·Op

Housing Cooperative

Challenges…CLTs relatively unknown in Maine

For Waterville…

- Emphasis on affordable rental, rather than affordable homeownership
- Poorly maintained housing stock = inexpensive housing but high renovation $s
- Finding credit-ready applicants
- Acceptance and learning curve required by banks & MaineHousing
- Need to be able to access HOME and CDBG funds and tax-takings (States such as NY and VT provide funding and loans to CLTs)
- General organizational liability insurance hard to find
- With an expanding inventory, must retain active board and will require staff
    - Complicated and expensive assets—land leases and development
    - Must remain aware of and connected with leaseholders
    - Negotiations with banks to protect against a foreclosure

Benefit for Waterville is Neighborhood Revitalization, Citizen Participation, and Perpetually Affordable Housing

To: Portland City Council Housing Committee, Councilor Jill Duson, Chair
From: Mark B. Adelson, Executive Director
Subject: HUD Rental Assistance Demonstration Program (RAD)
Date: November 8, 2018

The Portland Housing Authority is in the process of applying to HUD to convert its inventory of Public Housing units to the Section 8 Project-Based platform of subsidized housing under the Rental Assistance Demonstration Program (RAD). On August 2, 2018, the PHA Board of Commissioners approved the submission of the RAD preliminary application. The application proposes a complete portfolio conversion to RAD in four phases over several years.

The purpose of our presentation to the Housing Committee is to inform the City and the public of the direction we've taken and what it means for the City, our tenants and PHA.

What is RAD?

The Rental Assistance Demonstration Program (RAD) allows public housing authorities and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to long-term project-based Section 8 contracts. The primary benefit of RAD is that properties that convert under this process are no longer restricted from securing private sources of capital financing, and the owners are therefore able to address deferred maintenance issues that have caused Public Housing and other HUD rental stock to deteriorate nationwide.

RAD was originally authorized by Congress under the FY2012 HUD appropriations act to convert 60,000 units of Public Housing and other HUD programs. Subsequent legislation raised the conversion limits to 185,000 in 2015, 250,000 in 2017, and 455,000 in 2018.

HUD's Position:

RAD is a central part of HUD's rental housing preservation strategy, which is designed to:
Safeguard long-term rental housing assistance for both current tenants and future generations;

- Improve and Modernize HUD-assisted multifamily properties; and
- Stabilize these properties by placing them on solid financial footing.
- The RAD program is cost-neutral and does not increase HUD's budget. This program simply shifts units and funding from the Public Housing program to the Section 8 program so that providers may leverage the private capital markets to make capital improvements.
- The Public Housing Program in its current form is not sustainable. HUD is encouraging housing authorities to convert to the Section 8 platform, either under RAD or other programs, such as HUD Section 18 Demolition/Disposition. HUD continues to create new tools and incentives to make the conversion easier for housing authorities.

Benefits for Public Housing Authorities (PHA):

RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. This is critical to address backlog of public housing capital improvements.

- In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain permanently affordable to low-income households.

- PHAs can borrow against the Section 8 HAP income stream and/or leverage 4% or 9% LIHTC equity investments against it.

- More secure funding stream. While also subject to annual appropriations, project-based Section 8 contracts have not been subject to the same “proration” issues of the public housing Operating Fund Program or the large swings in the Capital Fund Program.

- Fee potential. Similar to other affordable housing programs, under RAD, PHAs can earn development, property management, asset management and/or guarantee fees depending upon the financial structure of a transaction.

- Additional income potential. Depending upon the financial structure, PHAs may also be able to generate additional income or receipts from RAD transactions via project cash flow, debt-service on PHA-supplied financing and seller take-back notes, and ground-lease payments.

- Long-term preservation. Unlike traditional public housing, the contract rents will support an annual contribution for replacement reserves so that the project has funds to address the timely replacement of systems of components. Preservation is a key factor in meeting local affordable housing needs.

- Operational stability. Contract rents will be adjusted annually by an operating cost adjustment factor, which should facilitate long-term project planning. Further, the potential sources of PHA income in a RAD transaction constitute unrestricted, non-Federal funds.

- The non-financial benefits include regulatory relief. The Section 8 programs are viewed, from a regulatory perspective, as less burdensome than the public housing program. These programs are also considered more stable due to the infrequency of regulatory changes.

Benefits for Residents:

- Residents continue to be fully subsidized and pay 30% of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.
- Residents may be temporarily relocated during renovation. Relocation is planned and managed by the housing authority as an important part of the renovation process.
- A fully renovated, safe, energy efficient home.
- Choice Mobility: Under HUD’s Section 8 project-based voucher programs residents that have lived in that unit for at least one year have the option to request a tenant-based voucher to move anywhere they would like.

Why is Portland Housing Authority considering conversion under RAD?

- Strategic Vision Plan: Redevelopment and renovation of our Public Housing inventory to ensure its viability for the long-term has been a priority focus of PHA for several years. December 2015, PHA published its Strategic Vision Plan that identifies the opportunities and priorities for redevelopment in all our properties. The redevelopment process began with Bayside Anchor and continues with 58 Boyd Street and Front Street. RAD may be a very important tool needed to continue this process well into the future.

- Portland's Public Housing stock is at the end of its useful life; 98% of apartments are over 45 years old, 20% are 75 years old, such as Sagamore Village. We need the tools and resources to ensure redevelopment is completed, and our housing can last another 75 years. A 2012 Physical Needs Assessment of PHA properties identified over $55 million in capital needs. This figure has increased as additional needs are discovered and construction costs continue to rise.

- Portland continues to have a severe shortage of affordable housing. PHA needs to be part of the solution and find ways to build more housing. Public Housing land is a resource that can be used to add more units to the inventory. Redevelopment projects under RAD can facilitate the development of additional units on PHA land. Projects completed or underway that add housing, include; Bayside Anchor, 58 Boyd Street, Front Street Redevelopment.

Other Features of Conversion to RAD:

- Under RAD the Portland Housing Authority will undergo fundamental internal changes, and function more as a non-profit real estate development company than a traditional local housing authority.

- Each RAD project is a separate entity, with a separate owner, budget, capital reserves, waiting list, and management function. This differs from Public Housing where our projects fall under one operating budget and management entity.

- The intent is for each ownership entity to contract with the Portland Housing Authority for management and administrative services.

- RAD projects are not exempt from payment of local property taxes. RAD projects require private equity generated from the use Low Income Housing Tax Credits and/or Historic Tax Credits. This makes these projects privately owned and fully taxable. However, PHA may request a TIF from the City in order to make the conversion and renovation financially feasible.

- Resident involvement plays an important role in the RAD planning process. Prior to the submission of the preliminary application two resident meetings were held in each development to insure residents understand the changes that are being proposed and to obtain input in regard to the capital needs within the building.

RAD Application and Next Steps Review Process:

- PHA submitted a preliminary application on September 4th, that is currently under review.
    - Phase I: Renovations projects, four properties, 367 units
    - Phase II: Renovation/redevelopment projects with potential for Historic Tax Credits, 2 properties, 398 units
    - Phase III: Renovation projects, four properties, 12 units
      Phase IV: Extensive renovation and redevelopment projects, 3 properties, 168 units

- HUD will send PHA a Commitment to Enter into a Housing Assistant Payment Contract (CHAP), anticipated by the end of November. The CHAP informs us of the rent levels to be used in our financial scenarios for redevelopment. Also, the CHAP begins the six-month timeframe when formal Financing Plans for the first phase of projects are due to HUD. These plans determine if revenue from RAD rents will be adequate to cover operations and if enough resources can be leveraged to cover the total redevelopment costs.

- Physical needs assessments (PNA) must be completed during the Financing Plan process to update and document the capital needs within the property being converted.

- Following submission and approval of the Phase I Finance plan, HUD will issue PHA a RAD Conversion Commitment (RCC) and expects projects to close and begin construction within one year.

- In theory, with four phases, this would be an ongoing overlapping process from 2018 to 2021. In reality, it will take longer than one year for any one project to secure the resources and obtain the local approval needed. We anticipate it will take several sub-phases and many years to plan, finance and close on these projects, once we determine RAD works for us. HUD is flexible on the schedule and allows more time as long as you are showing progress and moving toward a closing.

RAD in Maine:

To date, there are two successful RAD projects in Maine.

- Loring House: 100 units of elderly/disabled housing converted from the HUD Section 8 Moderate Rehabilitation Program to RAD, renovation completed in 2017.
- Westbrook Housing Authority: 83 units of elderly/disabled housing in 2 buildings, converted from HUD Public Housing to RAD, renovation currently underway.
- Most local housing authorities in Maine are looking closely at RAD.

RAD

Rental Assistance Demonstration

Office of Multifamily Housing Programs

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

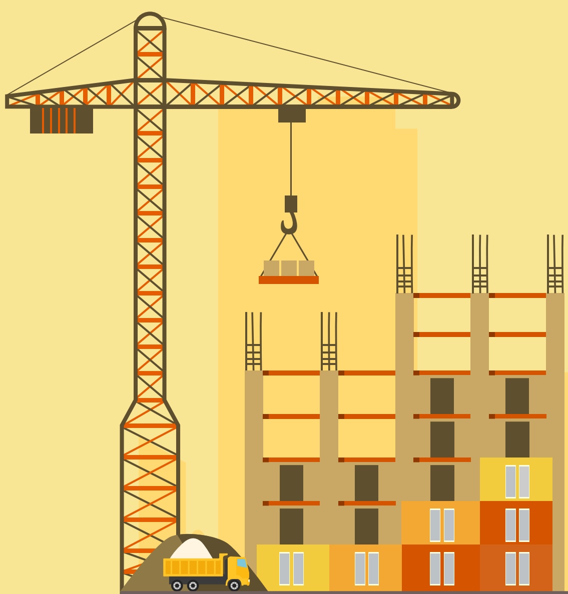
100,000

HOMES PRESERVED

RAD HAS REACHED ANOTHER MILESTONE

Public Housing Agencies (PHAs) have effectively used RAD to stabilize, rehabilitate, or replace public housing properties from the ground up through new construction, all without additional expense to HUD's budget. This month, just five years since the first public housing property converted under RAD, PHAs and their partners have cleared another major milestone—converting 100,000 public housing homes through RAD and securing approximately $5.75 billion for construction investment. This document offers a glimpse of what this milestone means for these homes, their residents, and RAD's ongoing success.

RAD IS MORE THAN BRICKS AND STICKS



Not only are homes getting an average of **$57,000 per unit in improvements,** through RAD, PHAs have:

- Made homes and common areas more accessible, **increasing the number of homes designed for residents with disabilities**
- Addressed lead and other environmental hazards to ensure residents live in **healthy homes**
- Generated over 108,000 jobs, often **employing low-income residents** through Section 3 hiring initiatives
- Installed **energy efficient systems and appliances** to reduce costs

To make sure residents benefit from conversion in RAD, HUD has established the strictest set of resident rights, including:

- Required resident notices, **consultation**, and discussion in the PHA plan
- A **right-to-return** to the property following any temporary relocation and prohibition against any rescreening
- **Relocation assistance** and benefits in accordance with the Uniform Relocation Act (URA)
- **Grievance** and termination procedures
- Resident **organizing rights** and resident organization funding
- A right to request a tenant-based voucher after a period of residency at the converted property ("**choice-mobility**")

HEAR WHAT THE RESIDENTS HAVE TO SAY

"We hear things from residents like, 'Oh, I didn't know my child could live like this!' And that is wonderful."

Ella Broadway
Baltimore, Maryland

"When it was all done; when I walked into the space with everything, I just thought: this is incredible; this is amazing; and this is my home."

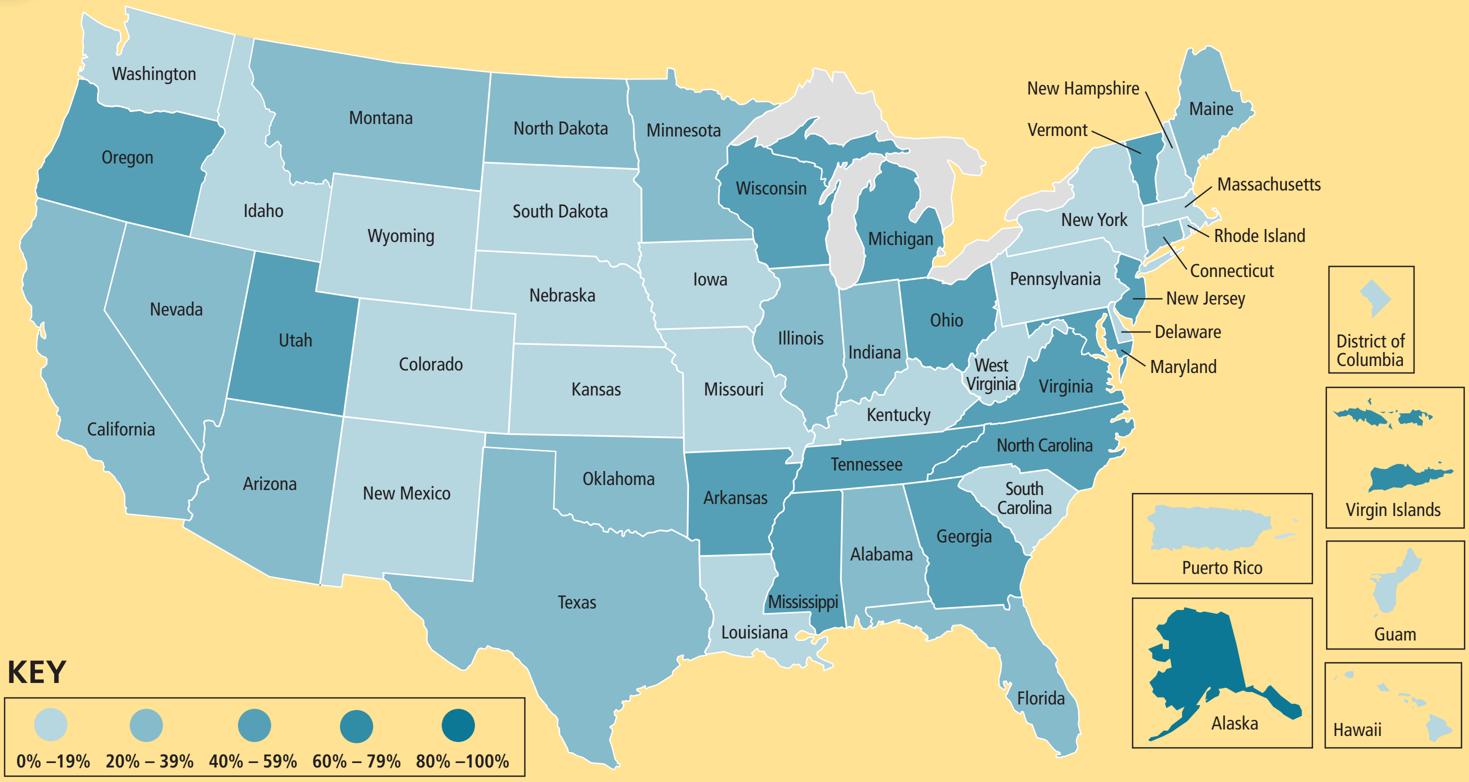
Tracy Botsio-Boakye
Cleveland, Ohio

"It changed me—my life—dramatically, because you come into a brand-new unit."

Raul Torres
El Paso, Texas

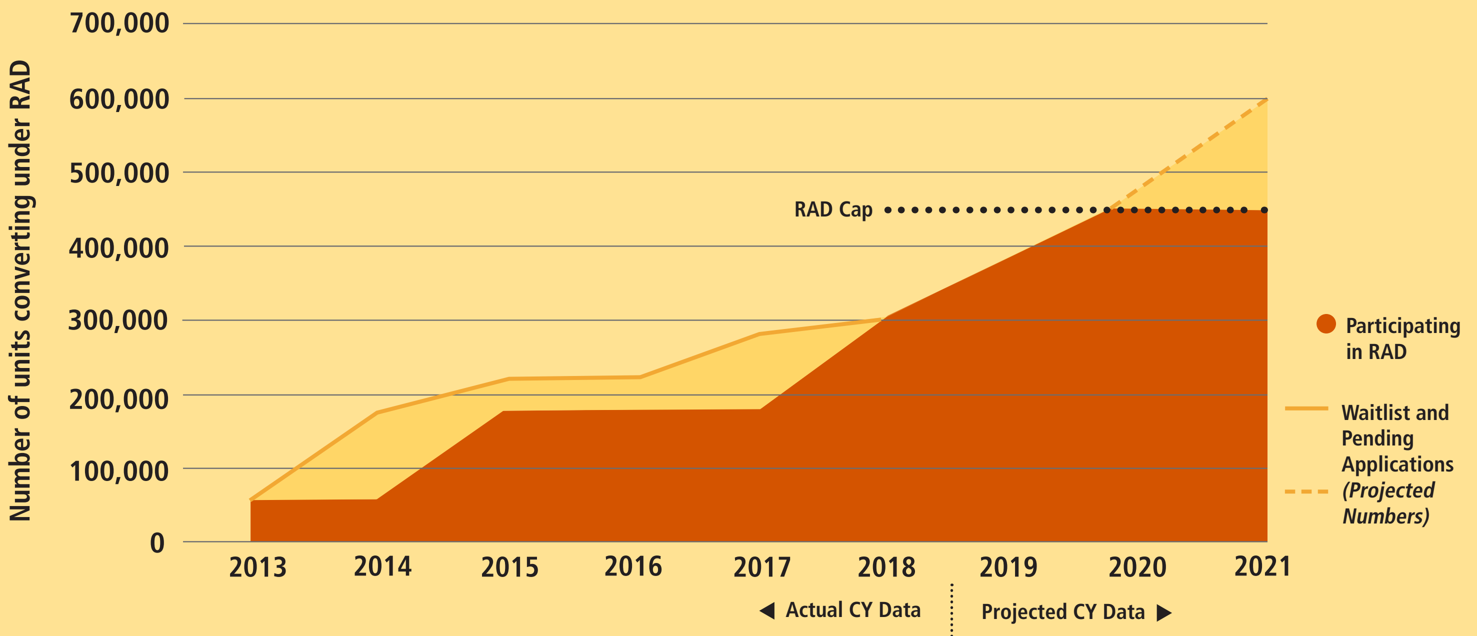
To see more photo essays documenting the resident experience in RAD, please visit https://www.hud.gov/RAD/news/photoessays.

RAD ACROSS AMERICA



PHAs have preserved 100,000 homes through RAD and are actively developing plans to preserve or redevelop another 250,000 homes across the country, securing 30% of the nation's public housing portfolio for the long term. See above what percent of your state's 2012 Public Housing portfolio has to this date planned to convert under RAD.

RAD TRENDS 2013 – 2021



Note: This graph is for illustrative purposes only

To address growing demand, Congress has increased the cap on the public housing units that can convert three times, most recently to 455,000 units in March 2018. Between completed conversions and those anticipating conversion, over 350,000 units are already reserved. Meanwhile, HUD continues to see very active interest from new PHAs wishing to participate. At the rate of interest over the past five years, we expect to reach the RAD cap within the next 10-18 months.

Portland Housing Authority

HUD Rental Assistance Demonstration

Focusing On The Future

What is RAD?

- Rental Assistance Demonstration Program (RAD) was originally authorized by Congress under the FY2012 HUD Appropriations Act;
- Most recent legislation limits conversion to 455,000 units nationally;
- Allows owners to convert units from their original sources of HUD financing to long-term project-based Section 8 contracts;
- Primary benefit: properties no longer restricted from securing private sources of capital financing;
- Owners able to address capital needs and deferred maintenance issues.

HUD's Position:

RAD is a central part of HUD's rental housing preservation strategy;

- Safeguard long-term rental housing assistance for current & future residents;
- Improve and modernize HUD-assisted multifamily properties;
- Stabilize properties on solid financial footing;
- Cost-neutral to HUD Budget, shifts units and funding to the Section 8 program;
- HUD is encouraging housing authorities to convert to the Section 8 platform;
- HUD creating new tools/incentives to make conversion easier.
- 2 types of Section 8 Vouchers Offered,
  - Project Based Vouchers (PBV)
  - Project Based Rental Assistance (PBRA)

Numbers:

Nationally:

- 1.2 million units in the Public Housing program have a documented repair backlog of nearly $26 billion.

- An average of 10,000 assisted units annually are LOST to demolitions and dispositions.

- Another 38,000 units assisted under HUD's legacy programs are eligible for RAD conversion.

Portland:

- HUD Public Housing Units:
  - Current Total: 995
    - Elderly/Disabled Units: 440 (4 properties)
    - Family Units: 555 (9 properties)
  - Available for RAD Conversion: 945 (Front St. being converted under HUD Sec.18)

Benefits for Public Housing Authorities (PHA):

- Allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock;
- Units move to a Section 8 platform with a long-term contract that, by law, must be renewed;
- PHAs can borrow against the Section 8 HAP income stream and/or leverage 4% or 9% LIHTC equity investments against it;
- Section 8 is a more secure funding stream for annual HUD appropriations;
- Fee potential; PHAs can earn development, property management, asset management fees depending upon the financial structure of a transaction.

More Benefits:

- Additional income potential; PHAs may generate additional income via project cash flow, debt-service on PHA-supplied financing and ground-lease payments.
- Long-term preservation; contract rents support project replacement reserves so funds are available to address timely replacement of systems.
- Operational stability; contract rents will be adjusted annually by an operating cost inflation adjustment factor.
- Regulatory relief; Section 8 program rules less burdensome and have less frequent regulatory changes.

Benefits for Residents:

- Residents continue to be fully subsidized and pay 30% of their income towards the rent;
- They maintain the same basic rights as public housing program;
- Residents may be temporarily relocated during renovation, relocation is planned and managed by the housing authority;
- Return to a fully renovated, safe, energy efficient home;
- Choice Mobility: Residents that have lived in the unit for one year have the option to request a tenant-based voucher to move anywhere they would like.

Why is PHA Considering RAD?

- Strategic Vision Plan: PHA is focused on the future. December 2015, PHA published its Strategic Vision Plan, identifies opportunities and priorities for redevelopment in all our properties.

- Public Housing stock is at the end of its useful life; 98% of apartments are over 45 years old, 20% are 75 years old. Tools and resources are needed to ensure our housing can last another 75 years.

- A 2012 Physical Needs Assessment of PHA properties identified over $55 million in capital needs, that figure is rising.

- Portland continues to have a severe shortage of affordable housing. Public Housing land is a resource to add more units to the inventory. RAD can facilitate the development of additional units on PHA land.

Strategic Vision Plan of Major Properties for the Portland Housing Authority

PORTLAND HOUSING AUTHORITY
MAINE

December 2015

Other Features of Conversion to RAD:

- PHA will undergo fundamental operational changes, function more as a non-profit real estate development company than a traditional local housing authority.
- Each RAD conversion is a separate development project, with a separate ownership entity.
- Each ownership entity will contract with PHA for management and administrative services.
- RAD projects are not exempt from payment of local property taxes. Leveraging private equity with LIHTC makes projects privately owned and fully taxable. However, TIF's may be requested if needed.
- Resident involvement plays an important role in the RAD planning process.

RAD Application and Next Steps Review Process:

- PHA submitted a preliminary application, currently under review, includes:

  - Phase I: Renovations projects, four properties, 367 units
    - Harbor Terrace, Washington Gardens, Riverton Park, 155 Anderson St.
  - Phase II: Renovation/redevelopment projects with potential for Historic Tax Credits, two properties, 398 units
    - Franklin Towers, Sagamore Village
  - Phase III: Renovation projects, four properties, 12 units
    - Scattered Sites: Salem Street, Hammond Street, Dermot Ct., Illsley St.
  - Phase IV: Extensive renovation and redevelopment projects, three properties, 167 units
    - Kennedy Park, Bayside East, Bayside Terrace

Next Steps:

- HUD Issues CHAP: Commitment to Enter into a Housing Assistant Payment Contract, anticipated by the end of November 2018.
  - Indicates rent levels for financial scenarios;
  - Begins the six-month timeframe when formal Financing Plans for the Phase I projects are due;
  - Determination of financial feasibility.

- Physical needs assessments (PNA) to be completed to document the capital needs within the property being converted.

- HUD Issues RCC: RAD Conversion Commitment, all financing and approvals obtained, HUD expects projects to close and begin construction within one year.

RAD Timeframe and Phases:

- Four phases, ongoing, overlapping, multiyear process, approximately 10 years;
- Although HUD would like to see projects close in one year, it's unlikely;
- Experience tells us each project takes longer than one year to secure financing and obtain the approvals needed;
- HUD is flexible on the schedule as long as you are showing progress and moving toward a closing.

RAD in Maine:

To date, there are two successful RAD projects in Maine:

- Loring House: 100 units of elderly/disabled housing converted from the HUD Section 8 Moderate Rehabilitation Program to RAD, renovation completed in 2017.

- Westbrook Housing Authority: 83 units of elderly/disabled housing in 2 buildings, converted from HUD Public Housing to RAD, renovation currently underway.

- Most local housing authorities in Maine are looking closely at RAD

Conclusion:

- Preliminary application submitted…. However;
- PHA is testing the waters, evaluating the potential of RAD;
- Is it the tool and resource needed for our redevelopment goals;
- Will it help all or just some our properties;
- Will the rents and revenue support the needed debt and ongoing operations;
- Next steps, financial feasibility will be critical.

Thank You - Q&A

2018 Interim Update of Housing Data and Policy Implementations

November 2018

Housing and Community Development

2018 Interim Update of Housing Data and Policy Implementations

Portland's Housing Market

a. **Existing Conditions and Trends**
   - **Rental Market Survey**
   - **MEREDA**
   - **Multi-family forecast for Southern Maine**

   2018 Income Limits and FMR for Portland HUD Metro Area

   2018 Maximum Monthly Rent

   Monthly Median Rent by Neighborhood from 2018 Rental Housing Survey

Portland's Housing Initiatives

a. **Subsidized Housing Development**

b. **Initiatives and Implementation Tools**
   - **Inclusionary Zoning**
   - **Accessory Dwelling Units**
   - **Low-income rental housing units in R-5 zone**
   - **Rental Housing Advisory Committee**
   - **Disorderly House Ordinance**
   - **Munjoy Hill Conservation Overlay District**
   - **Additions to Existing Buildings**
   - **Amendment to B-1 and B-1b Neighborhood Business Zone**
   - **Portland Water District Water Efficiency and Repair Services Program**
   - **Short Term Rental Registration Program**
   - **Long Term Rental Registration and Inspection Program**

Resources

a. **Federal Resources**
   - **HOME**
   - **Community Development Block Grant (CDBG)**
   - **Lead Hazard Control Grant**

b. **Local Resources**
   - **Housing Trust Fund**
   - **Affordable Housing Tax Increment Financing**

c. **2018 Subsidized Affordable Housing Projects**

d. **City-owned Property**

Policy Proposals

a. **Federal Resources**

State of the Housing Market

EXISTING CONDITONS AND TRENDS

RENTAL MARKET SURVEY

In January 2018, the City of Portland conducted a comprehensive survey of local rental property owners. The primary objective of the survey was to estimate the rent levels across the city and by neighborhood. Information was gathered from two primary sources; property owners of residential rental units registered with the city, and the rent rolls of approximately twenty landlords and property managers who owned or managed a large number of buildings and units in the city.

Through the City's rental housing registration, 3,771 properties representing 12,425 units were identified as residential rental units appropriate for the study.

Results from the survey indicate that the most common rental units in Portland are one- and two-bedroom units, together representing almost three-quarters of all rental properties. Studio apartments and three-bedroom units are less common, at 14% and 13%, respectively, and very few of the City's rental units contain four bedrooms (2%).

The survey includes both high-end properties and income-regulated units. In this way, the results reflect the full spectrum of Portland's rental market. The survey asked respondents to list the rent for the "most recent unit you rented of each size".

The high response rate and representative distribution of properties allowed for a number of robust estimates of the Portland rental market, including estimates of current rent levels, the change in rents levels from a year ago, the average number of occupants living in a rental unit, and the prevalence of including utilities in the rent.

The median monthly rent for all rental units in Portland, regardless of size, is $1,200, and the average rent is $1,225. This includes both units with landlord-paid utilities and tenant-paid utilities. Compared to last year, rents are flat, with a median price change of $0 across all unit sizes, and an average change of +$26. In general, rents increase as the number of bedrooms increase, ranging from a median rent of $850 for a studio apartment to a median rent of $1,980 for a four-bedroom unit.

Studio apartments make up a little more than 10% of rental units in Portland. The median rent for a studio is $850, with the middle 50% of rents falling between $730 and $925. The median price per square foot is $2.30, and the median change in rent compared to last year is $0. The average number of occupants is 1.1.

Roughly, one-third of Portland rental units have one-bedroom. The median rent for a one-bedroom unit is $1,050, with the middle 50% of rents falling between $850 and $1,200. The median price per square foot is $1.80, and the median change in rent compared to last year is $0. The average number of occupants is 1.5

Two-bedroom units, representing about 40% of the City's rental units, have a median rent of $1,380 and an average rent of $1,360, with the middle 50% of rents between $1,200 and $1,465.

Roughly, 17% of units have three bedrooms. The median rent for a three-bedroom is $1,500, with the middle 50% of rents falling between $1,220 and $1,800. The median price per square foot is $1.20, and the median change in rent compared to last year is $0. The average number of occupants is 3.0.

Very few rental units in Portland are four-bedrooms (2%). The median rent for a four-bedroom is $1,980, with the middle 50% of rents falling between $1,600 and $2,000. The median price per square foot is $1.10, and the median change in rent compared to last year is $0. The average number of occupants is 3.7.

For two-bedroom units, the East End and West End neighborhoods have the highest average rents. Rents in the Oakdale, Parkside, and Bayside neighborhoods are about average, although that masks considerable variation within the neighborhood. North Deering, Downtown, Deering Center, East Deering, Riverton, and Valley Street had rents below the citywide average.

Please visit the Rental Market Survey, Portland, Maine 2018 to read the full report.

MEREDA

The Maine Real Estate & Development Association (MEREDA) is an organization whose mission is to promote an environment for responsible development and ownership of real estate throughout the state. Through their website (www.mereda.org) MEREDA provides, among other services, residential market analysis, forecasts, and the MEREDA Index. The MEREDA Index is a measure of real estate activity designed to track changes in Maine's real estate markets. The Index is a composite of nine seasonally adjusted measures reflecting both new development and transactions involving existing properties.

From the *MEREDA Index Spring Edition, 2018*, MEREDA anticipates there is likely to be growth for many months to come, perhaps slowed only slightly by rising interest rates, land prices, and construction costs. Low inventory due to so little construction from 2007 to 2014 continues to fuel demand as does Maine's older housing stock and aging populations.

According to MEREDA, overall the residential market is robust. The element that continues to influence price is inventory. The median home price in Southern Maine rose 6.9% over the past two quarters and approximately 10% over the past year. During this time the volume of transactions declined by 5%. The rise in median price is a direct result of buyers chasing limited amount of homes for sale. Portland's peninsula and Deering Center continue to be a hot market. Condominium projects appeal to empty nesters, and young urban buyers seeking vibrant, mixed use, pedestrian and bike friendly communities. New home starts are up although construction materials remain high with a shortage of labor. If these two factors remain tight, most new construction homes will be sold above median price.

Pleases visit the *Spring 2018 MEREDA Index* to read the full report.

MULTI-FAMILY FORECAST FOR SOUTHERN MAINE

Brit Vitalius, the President of the Southern Maine Landlord Association, prepares an annual real estate forecast for Southern Maine. Before providing predictions, the report assesses current market conditions regarding inventory (Greater Portland has a record low inventory of 0 to 1.5 months), pricing (Portland rents are leveling off), affordability (affordability has improved with subsidized rents catching up with and passing market rents), and change in median sale price of single-family housing (Portland's median sale price increased from 2016 to 2017 by 13%). The forecast for 2018 noted sales would stay strong in Portland due to high demand and low inventory, and rents were anticipated to remain flat due to regional development.

Please visit the Multi-Family Forecast for Southern Maine to read the full report.

2018 INCOME LIMIT- PORTLAND HUD METRO AREA

The U.S. Department of Housing and Urban Development (HUD) computes income limits for Portland based on local Area Median Income (AMI). At least 11 HUD programs and 14 other federal programs use some variation of HUD's income limits. Portland applies HUD's income limits to determine and monitor household eligibility with the City's Inclusionary Zoning and Low-Income Housing programs, and for residential housing federally funded through HOME and Community Development Block Grants (CDBG).

The chart below depicts the maximum income level for various household sizes using HUD's AMI designations. HUD describes households in the 30% AMI bracket as extremely low-income. 50% AMI is also known as very-low income households. 80% AMI households are low-income earners, and 100% to 120% AMI are commonly known as workforce housing households.

Household Size

AMI	1	2	3	4	5	6	7	8
30%	**$18,950**	**$21,650**	**$24,350**	**$27,050**	**$29,250**	**$31,400**	**$33,550**	**$35,750**
50%	**$31,550**	**$36,050**	**$40,550**	**$45,050**	**$48,700**	**$52,300**	**$55,900**	**$59,500**
60%	**$37,860**	**$43,260**	**$48,660**	**$54,060**	**$58,440**	**$62,760**	**$67,080**	**$71,400**
80%	**$50,350**	**$57,550**	**$64,750**	**$71,900**	**$77,700**	**$83,450**	**$89,200**	**$94,950**
100%	**$63,070**	**$72,080**	**$81,090**	**$90,100**	**$97,308**	**$104,516**	**$111,724**	**$118,932**
110%	**$69,400**	**$79,300**	**$89,200**	**$99,100**	**$107,050**	**$115,000**	**$122,900**	**$130,850**
120%	**$75,700**	**$86,500**	**$97,300**	**$108,100**	**$116,750**	**$125,400**	**$134,050**	**$142,700**

Source: HUD, 2018 Income limits – Portland HUD Metro FMR Area

MAXIMUM MONTHLY RENT

Affordable housing means different things to different people depending upon income level. To be considerable affordable, rent and utilities in an apartment or the monthly mortgage payment and housing expenses for a homeowner should be less than 30% of a household's gross monthly income.

The chart below presents the maximum affordable housing expenses (rent plus utilities) broken down by household size and income levels. For example, a low-income household (80% AMI) of three people is a household that earns less than $64,750 but more than $48,660. At an income level of $64,750, the household is able to afford a maximum rent of $1,168 per month. A household, based on size and income, which pays more than 30% of their income on housing expenses is considered rent burdened.

Household Size

AMI	1	2	3	4	5	6
30%	**$474**	**$541**	**$609**	**$676**	**$731**	**$785**
50%	**$788**	**$845**	**$1,171**	**$1,307**	**$1,442**	**$1,576**
60%	**$947**	**$1,082**	**$1,217**	**$1,352**	**$1,461**	**$1,569**
80%	**$1,259**	**$1,439**	**$1,168**	**$1,798**	**$1,943**	**$2,086**
100%	**$1,577**	**$1,802**	**$2,027**	**$2,253**	**$2,433**	**$2,613**
120%	**$1,893**	**$2,162**	**$2,433**	**$2,703**	**$2,919**	**$3,135**

Source: HUD

PORTLAND RENTS

From the 2018 Rental Market Survey conducted on behalf of the City, the following chart provides information for units by bedroom count. For example, a two-bedroom unit, the most common rental unit in Portland and the usual proxy for the overall rental market, has a median rent of $1,380 and an average rent of $1,360. The middle 50% of rents for two-bedroom units fall between $1,200 and $1,465, and the median price per square foot for a two-bedroom unit is $1.50. The median rent for the highest-quality two-bedroom units is $1,800 (7% of two-bedroom units) while the median rent for the remaining 93% of units is $1,375.

Summary of Rents

	Studio	1BD	2BD	3BD	4BD	All
Median Rent	$850	$1,050	$1,380	$1,500	$1,980	$1,200
Average Rent	$865	$1,050	$1,360	$1,565	$1,875	$1,225
25th Percentile	$730	$850	$1,200	$1,220	$1,600	$935
75th Percentile	$925	$1,200	$1,465	$1,800	$2,000	$1,400
Square Feet (median)	365	600	906	1,200	1,450	749
$/Square Foot (median)	$2.30	$1.80	$1.50	$1.20	$1.10	$1.64
Median Y/Y Change	$0	$0	$0	$0	$0	$0
Average Y/Y Change	$27	$19	$24	$37	$15	$26
# of Occupants (average)	1.1	1.5	2.3	3.0	3.7	2.1
Median Rent for Class A[viii]	$1,150	$1,550	$1,800	$2,700	n/a	$1,600
Median Rent for Non-Class A	$836	$1,025	$1,375	$1,500	$1,980	$1,158

Source: Stepwide Data Research, Rental Market Survey, Portland Maine 2018

MONTHLY MEDIAN RENT BY NEIGHBORHOOD

Also from the 2018 *Rental Market Survey* is the following chart that shows the median and average rents for two-bedroom units in each of twelve Portland neighborhoods. The chart compares the neighborhood's average rent (or adjusted rent) to the city average. For the samples of five neighborhoods, one large building heavily influenced the average rents for the neighborhood. Because this is the first time the survey was done, it is not possible to know whether this building is representative of the neighborhood. To be conservative, each neighborhood's sample was adjusted so that no single building exerted an influence greater than 33% on the neighborhood's average rent (as measured by the contribution of the weighted average of each building to the total average). This resulted in adjusted average rents for five neighborhoods, as shown in the table.

For two-bedroom units, the East End and West End neighborhoods have the highest average rents. Rents in the Oakdale, Parkside, and Bayside neighborhoods are about average, although that masks considerable variation within the neighborhood. North Deering, Downtown, Deering Center, East Deering, Riverton, and Valley Street had rents below the overall average.

Neighborhood	Bldngs	Units	25th %	Median	75th %	Average	Adjusted Average
Bayside	47	234	$963	$1,350	$1,800	$1,423	$1,346
Deering Center/Back Cove	84	143	$1,100	$1,225	$1,350	$1,242	$1,242
Downtown	24	103	$995	$1,135	$1,500	$1,257	$1,273
East Deering	48	139	$1,200	$1,225	$1,350	$1,252	$1,252
East End	95	249	$1,185	$1,400	$1,640	$1,482	$1,482
North Deering	33	150	$1,390	$1,465	$1,465	$1,397	$1,285
Oakdale	58	257	$1,395	$1,400	$1,400	$1,359	$1,327
Parkside	64	167	$1,165	$1,325	$1,500	$1,374	$1,374
Riverton	12	138	$1,400	$1,400	$1,450	$1,406	$1,285
Valley Street	35	138	$1,150	$1,200	$1,300	$1,240	$1,240
West End	104	355	$1,250	$1,378	$1,406	$1,408	$1,408
Other / Combined	57	99	$1,100	$1,200	$1,400	$1,238	$1,238
TOTAL	661	2,172	$1,200	$1,380	$1,465	$1,360	

The "Other/Combined" neighborhood includes Rosemont, Stroudwater, Libbytown, and Nason's Corner
Source: Stepwide Data Research, Rental Market Survey, Portland Maine 2018

PORTLAND HOUSING INITIATIVES

Subsidized Housing Development

The U.S. Department of Housing and Urban Development's (HUD) mission is to "create strong sustainable, inclusive communities and quality affordable homes for all". To fund this mission, HUD allocates money directly to states and local governments for community planning and development projects through HOME Investment Partnership Programs, and Community Development Block Grants (CDBG). Under the umbrella of HUD is the Neighborhood Stabilization Program (NSP) was a program established under the 2008 stimulus-funding packet approved by the U.S. Congress. Congress appropriated three rounds of funding; Portland was not a direct grantee, funding was provided through Maine Department of Economic and Community Development. The NSP program was established to assist communities with high rates of foreclosed and abandoned properties. The Housing Development Fund (HDF) is comprised of loan repayment from the housing rehabilitation program funded through the CDBG Program, and proceeds from the sale of properties assisted through HUD Urban Development Action Grant Program (UDAG) in Portland. The money that comes into this fund from these programs is repurposed towards housing rehabilitation and development. Locally, Portland's Housing Trust Fund (HTF) and Affordable Housing Tax Increment Financing (TIF) support the production of housing for very low-income households and workforce housing households.

Subsidized Housing Development in Portland Since 2000

No.	Owner/Project	Units	HOME	HDF	CDBG	HTF	TIF	NSP
1	Adams School	16	$ -	$ -	$ -	$ -	$ -	$ 1,710,000
2	Bayside Anchor	45	$500,000	$ -	$ -	$ -	$ -	$ -
3	Bayside East	20	$250,000	$ -	$ -	$ -	$ -	$ -
4	58 Boyd Street	55	$200,000		$ 30,000		$ 2,144,566	
5	977 Brighton Avenue	40	$ -	$ -	$ -	$300,000	$ 1,954,486	$ -
6	17 Carleton	37	$ -	$ -	$ -	$ -	$ 726,000	$ -
7	409 Cumberland	57	$500,000	$ -	$ -	$ -	$ 759,392	$ -
8	53 Danforth	43	$325,000	$ -	$ -	$ -	$ -	$ -
9	Deering Place	80	$200,000	$ -	$ -	$ -	$ 4,185,757	$ -
10	Elm Terrace	38	$403,795	$ -	$ -	$ -	$ -	$ -
11	Florence House	25	$240,000	$ -	$ -	$ -	$ -	$ -
12	Fore River	20	$388,474	$ -	$ -	$ -	$ -	$ -
13	37 Front Street	111	$ 510,174	$ -	$250,000	$925,000	$ -	$ -
14	IRIS Park Apartments	31	$ -	$250,000	$ -	$ -	$ -	$ -
15	Island View Apartments	70	$ 71,015	$ 192,639	$ 136,346	$ -	$ -	$ -
16	178 Kennebec Street	46	$370,000	$ -	$ -	$ -	$ 2,889,164	$ -
17	Logan Place	30	$435,000	$ -	$ -	$ -	$ -	$ -
18	Motherhouse	88	$627,223	$ -	$ -	$ -	$ -	$ -
19	65 Munjoy	8	$ -	$ -	$ -	$ 175,000	$ -	$ -
20	Oak Street	37	$ -	$ -	$ -	$380,585	$ -	$ -
21	Pearl Place - Phase I	60	$427,000	$ -	$ -	$ -	$ 615,502	$ -
22	Pearl Place - Phase II	54	$400,000	$ -	$ -	$ -	$ -	$ -
23	Rosa True School	10	$ 118,500	$ -	$ -	$ -	$ -	$ -
24	Shalom House	10	$ 93,000	$ -	$ -	$ -	$ -	$ -
25	Peaks Senior Housing	12	$ 150,000	$ -	$ -	$ -	$ -	$ -
26	Peninsula Community II LI	16	$307,700	$ -	$ -	$ -	$ -	$ -
27	Peninsula Community III L	10	$200,000	$ -	$ -	$ -	$ -	$ -
28	Peninsula Community LP	12	$300,000	$ -	$ -	$ -	$ -	$ -
29	St. Doms Family Housing	12	$ -	$436,500	$ -	$ -	$ -	$ -
30	Unity Village	33	$ 86,500	$ -	$363,863	$ -	$ -	$ -
31	Valley Street	24	$320,000	$ -	$ -	$ -	$ -	$ -
32	Walker Terrace	40	$382,000	$220,000	$ -	$ -	$ -	$ -
33	134 Washington Ave	18	$522,448	$ -	$ -	$ -	$ 207,116	$ -
34	Wellesley Estates	45	$ -	$256,000	$ -	$ -	$ -	$ -
35	Yale Court	30	$ 150,000	$200,000	$ -	$ -	$ -	$ -
		Units	HOME	HDF	CDBG	HTF	TIF	NSF
	Total	1283	$8,477,829	$1,555,139	$780,209	$1,780,585	$13,481,983	$1,710,000

Total City Investment	$27,785,745
Avg. City Contribution/Un	**$21,656.86**

Last Updated 10-2-18

By leveraging federal and local funding, the City has invested almost $28 million in the creation of 1,283 units of affordable housing since the adoption of the 2002 Housing Plan.

INITIATIVES AND IMPLEMENTATION TOOLS

Inclusionary Zoning

A development of ten or more units of housing in the City requires the project to provide either on-site or off-site workforce housing units, or make a payment to the City's Housing Trust Fund. Since passage of the Ensure Workforce Housing Ordinance in 2015, there have been several projects reviewed under the Inclusionary Zoning requirements. The projects have chosen a number of creative approaches towards meeting the Ordinance, which is designed to provide flexibility in how to produce workforce housing.

The following is a chart of inclusionary zoning development projects from December 2015 to September 2018. These projects do not include housing developed with any tax credits or city subsidies.

Address	Status	# of Units	Type	Workforce Units	On-site Units	Off-site Units	Fee-in-lieu
169 Newbury	Completed	26	Condo	2	0	2	$0
62 India	Completed	29	Condo	0	0	0	$276,500**
443 Congress	Completed	28	Rental	0	0	0	$280,000*
20 Thames	Under Construction	28	Condo	0	0	0	$280,000
1 Joy Place	Under Construction	12	Condo	1	1	0	$0
70 Anderson	Under Construction	10	Rental	1	1	0	$0
1700 Westbrook	Under Construction	123	S/F	12	12	0	$0
60 Parris	Under Construction	23	Condo	2	2	0	$0
75 Chestnut	Approved (2016)	54	Rental	5	5	0	$0
161 York	Approved (2017)	11	Condo	0	0	0	$110,000
221 Congress	Approved (2017)	17	Condo	0	0	0	$170,000
153-165 Sheridan	Approved (2017)	19	Condo	1	1	0	$0
218 Washington	Approved (2017)	45	Condo	0	0	0	$416,250
22 Hope Ave	Approved (2018)	16	SF	1	1	0	$0
383 Commercial	Approved (2018)	82	Condo	8	0	8	$0
56 Hampshire	Approved (2018)	30	Rental	3	0	1	$209,398
86 Newbury	Approved (2018)	10	Rental	1	1	0	$0
300 Allen	Approved (2018)	12	Condo	1	1	0	$0
subtotals		575		38	25	11	$1,185,648
Pending Projects							
1844 Forest	Under Review	16	Rental	TBD	TBD	TBD	TBD
140 Congress	Under Review	13	Rental	1	1	0	$0
208 Fore	Under Review	34	Rental	0	0	0	$355,977

*Fee-in-lieu collected on 12-19-2017. ** Fee-in-lieu collected on 7-3-2018.

During a review of the Inclusionary Zoning Ordinance on June 18, the City Council amended the code to redefine the term low-income household from "80%" AMI to "100%" AMI, add "single-family" and "subdivisions consisting of a group of dwellings" to the term eligible project, removed the sunset clause, and amend the number of required units in a project from 10% "rounded down" to 10% with the "option of paying a partial fee-in-lieu as per (e) 4 below for any fractional value or providing an additional unit on site." The latter changes addressed concerns that the on-site fee-in-lieu requirement, while listed at 10%, can be as low as 5.25% when the calculation of a project's inclusionary obligation results in a fractional unit that is rounded down.

The Planning Board amended the *Guidelines for Developers of Inclusionary Workforce Units* (on June 12, 2018) to change the calculation of the maximum sale price of a workforce unit from 30% of 120% AMI to 30% of 110% AMI. A well-calculated sale price allows for a range of buyers rather than the rare buyer that can afford the maximum sale price calculated at 30% of 120% AMI and income qualify as earning at or below 120% AMI. Applying a target AMI that is 10 percentage points less than the target AMI of 120% broadens the market of income-qualified households eligible to purchase the maximum priced workforce housing unit. Prior to this amendment, the Planning Board approved three workforce condominium units at the higher maximum sale price calculation.

The Planning Board will also review for amendment a change to language related to a "restrictive period". Found in the *Workforce Housing Agreement* (signed by the Developer and the City) the term "restrictive period" is a period "at least 180 days following the City's Notice of Determination". The Notice of Determination is the date the City communicates to the developer the maximum allowable sale price of the workforce home ownership unit. During those 180 days, workforce units are not necessarily listed for sale or even identified as Workforce Housing in advertising material. Staff is finding that 180 days from commencement of marketing is not sufficient time to allow for sale of deed-restricted units. In fact, in speaking to others who market similar units nationally, staff has learned that it is difficult to successfully market them prior to construction being largely complete. In order to provide the necessary time to publically notify and properly market the units, staff is going to recommend revisions to this language at a future Planning Board meeting..

To assist with the sale of the three condominium units approved before passage of the amendments, and to help workforce households find affordable rental and home ownership units, the City recently launched a marketing page on its web site. The *Workforce Units for Rent and Sale in Portland* site lists units created through the City's Inclusionary Zoning ordinance. The web page provides a listing of currently available units, contact information, eligibility requirements, and charts to assist with determining income eligibility based on household size and income. Along with searching current listings, browsers can also sign-up to be notified of future housing opportunities. The link to the City's Workforce Housing Units in Portland for Sale and Rent marketing page is: http://www.portlandmaine.gov/2367/Workforce-Housing-Units A News Flash from October 18 regarding the condominium units has also generated buyer interest.

In the event that these extended marketing efforts are not successful by themselves, staff will be suggesting contingency plans to ensure that these three units are sold to households that meet the workforce standards. Staff suggestions and proposals that may require Council action will be proposed at a future Housing Committee meeting.

Parris Terraces 1 Joy Place

Accessory Dwelling Units

A 2018 Housing Committee goal is to increase access to rental and ownership housing that is safe and affordable for working and low-income families. As part of achieving that goal, the Committee prioritized the objective of identifying and recommending policies to remove barriers to Accessory Dwelling Units (ADU) in residential zones.

An ADU is an additional living quarter that is independent of and wholly contained within a principal building or attached/detached accessory structure (such as a garage) on property where a single-family dwelling-unit or multi-family dwelling-unit is the principal use. ADU's have the potential to increase the city's supply of affordable housing (both for rental and home ownership), augment the diversity of housing options available to Portland's residents, provide flexibility for property owners, address shifting demographic trends towards smaller households, allow more possibilities for aging in place, and allow for the more efficient use of existing housing stock and infrastructure.

The ReCode Portland initiative is an opportunity to review ADU regulations. While the first phase of the ReCode work is primarily focused on organizational issues such as formatting and readability, there are some substantive policy issues that will be taken up in that phase. The current disjointed approach to ADU's is one of those policy issues that will be tackled in the first phase.

Most of Portland's residential zoning districts permit some form of an accessory dwelling unit. ReCode Portland will explore establishing a more uniform definition and set of requirements across Portland's various zoning districts to broaden opportunities for implementation, reduce unwanted regulatory constraints and employ consistent terminology. It will also look at streamlining the process for ADU permitting to encourage ADU's as a method of increasing the quantity and diversity of Portland's housing stock. Current thinking is that ADU rules will be made consistent across the mainland, with a slightly different set of rules for the islands based on a review of recommendations from Peaks Island's non-profit community-based committee called Homestart.

Low-Income Rental Housing Units

The city of Portland allows for the use of additional dwelling units within the R-5 zone when the owner agrees to certain restrictions based on income and rental limits that comply with Section 14-118 (a) 5. The homeowner is to rent the accessory dwelling unit only to eligible individuals or families that earn at or below 80% of the Area Median Income. The size of the household and the number of bedrooms determines the maximum rent amount.

Low-Income Rental Housing Agreement properties as of October 2018

Address	No. of Bedrooms	Unit(s)	Approval Date with ZBA	Effective Date of Agreement
14 Alba Street	two/one	1st floor & 2nd floor	01/07/2015	10/06/2016
593 Washington	one	3rd floor (attic)	06/16/2016	08/25/2017
77 William Street	one	3rd floor (attic)	01/19/2017	08/25/2017
75 Douglas Street	one	above garage	06/01/2017	11/15/2017
79 Clinton Street	one	third floor	09/21/2017	pending
240 Brighton Ave	two	third floor	11/2/2017	pending
613 Washington	studio	third floor (attic)	11/15/2017	pending
11 Galvin Street	one	third floor (attic)	02/01/2018	pending
27 Brentwood	studio	detached garage	06/21/2018	pending
170 Veranda St	2 one-bdrm	1st floor & 2nd floor	08/16/2018	pending

Source: Housing and Community Development

Rental Housing Advisory Committee

Section 6-225 of the Tenant Housing Rights Ordinance creates a Rental Housing Advisory Committee. At the August 13, 2018 City Council meeting, the Council approved changes to the composition of the Rental Housing Advisory Committee, and their recommended duties. The recommended changes to the structure and duties of the Rental Housing Advisory Committee is in keeping with the 2018 Portland City Council Committee on Housing goal to develop and recommend a Housing Advisory Board consistent with the language approved by the Council as part of the 2016 Housing security package.

The number of members belonging to the Rental Housing Advisory Committee increased from seven members to nine members. Seven committee members will continue to be comprised of three landlords, three tenants and one at-large member who is neither a landlord nor a tenant. One additional member will have experience in legal rights/interests of tenants nominated by Pine Tree Legal Assistance. The other additional member will have experience in legal rights/interests of landlords nominated by the Southern Maine Landlord Association.

The duties of the Rental Housing Advisory Committee will include providing the Housing Committee with recommendations or proposals for improvements, modifications, or changes to the City's housing ordinance or policies. The Rental Housing Advisory Committee will also identify educational opportunities, seminars, and materials that would be useful to landlords and tenants.

The City Clerk will advertise openings to the Rental Housing Advisory Committee during the week of November 19. Interviews with the City Council's Nominating Committee will occur in February 2019 for a start date of April, 2019.

Disorderly House Ordinance

The Police Department requested amendments to the disorderly house ordinance (City Code of Ordinances, Section 6-202) to provide notice to tenants when the enforcement of the disorderly house ordinance against the landlord may impact the interests of the tenants. Providing notice is important to protect the rights of all tenants, especially those tenants that may not have contributed to the incidents that gave rise to the designation of the property as a disorderly house but may be impacted by the relief granted by the Court.

The first amendment to the disorderly house ordinance requires the City to provide notice to tenants once a formal complaint (e.g. typically a Rule 80(k) action) is filed in court against the landlord/owner for enforcement of the ordinance. The tenants would receive notice of the complaint by posting at the premises or regular mail. Following receipt of the notice, tenants would be allowed to join in the matter as interested parties. The second amendment requires the City to provide all tenants of the building with "reasonable written notice of said condemnation or posting against occupancy." If the City is required to move forward with condemnation of the property involving an immediate threat to the health and safety of the tenants, the proposed amendment will allow tenants adequate time to seek alternate housing or retain counsel if additional relief is required. The City Council approved these amendments during their July 18, 2018 meeting.

Munjoy Hill Conservation Overlay District

On December 18, 2017 the City Council voted to approve a six-month moratorium on demolition and new construction in the R-6 district on Munjoy Hill. This action was taken in response to concentration of demotion of existing structures in the area, and accompanying concerns about the appropriateness of the design and scale of some of the new construction taking place. The moratorium included a requirement for the implementation of interim zoning to govern development in the R-6 zone for the duration of the moratorium to be implemented within 65 days of December 4, 2017. Following six months of stakeholder meetings, including two public listening sessions, the Planning Board recommended creation of a new overlay district to regulate development in the R-6 zone on Munjoy Hill. During their June 4 meeting, the Council added a new section 14-140.5, Munjoy Hill Conservation Overlay District, to the code. These amendments created additional dimensional standards for redevelopment; added requirements regulating design of items such as roof lines and parking locations; and added a demolition review process that would temporarily stay removal of buildings that meet standards for being "preferably preserved". These ordinance changes were deigned to ensure that new development and redevelopment on Munjoy Hill is compatible with the existing built form in the area.

In conjunction with passage of a new Munjoy Hill Conservation Overlay District, the Council approved an amendment to the zoning map to depict the new Overlay Zone.

Additions to Existing Buildings

From discussions during the Munjoy Hill outreach process, the Planning Board recommended amendments to simplify and modernized the requirements for additions to non-conforming structures in the City in order to better accommodate owners' desire to put limited additions on these structures. A non-conforming structure would be allowed to add a one-time, one-story addition onto a non-conforming section, provided that any addition does not otherwise increase the non-conformity of the building. The change is intended to allow for appropriate additions to existing buildings than the current language, which limits extensions more significantly and in a manner that is unlikely to be cost-effective for a homeowner. The amendment took effect on June 5 to replace the Interim Planning Overlay (IPOD) and moratorium on demolition for Munjoy Hill.

Amendment to B-1 and B-1b Neighborhood Business Zone

The B-1 and B-1b Neighborhood Business zones are intended to foster mixed-use development in its traditional form, with residential uses located over ground floor commercial spaces. However, this design standard is somewhat incompatible with fair housing laws that require residential projects of four or more units provide ADA accessible ground-floor units where no elevator exists, or make all units and common space accessible in a building where an elevator does exist. Installation of an elevator for universal building access in small-scale mixed-use projects is oftentimes challenging if not cost prohibitive, thus requiring a ground-floor residential unit. The City Council approved (on March 5, 2018) amendment of the city code to allow live/work units or straight residential units (determined by depth of street frontage) to remove the regulatory barrier on ground-floor units in off-peninsula locations.

Portland Water District Efficiency and Repair Services Program

This program provides financial assistance to low-income residential customers of the Portland Water District (PWD) for the repairs and improvements that reduce water consumption through the installation of plumbing fixtures and water saving devices including the repair of leaking or broken water pipes, toilets, hot water tanks, faucets, showerheads, toilet dams, and low-flow devices. The City of Portland administers the program on behalf of the PWD. A qualified residential customer is one who owns and occupies a year round residence within the PWD service area and whose household income is at or below 80% of the area median income. The PWD has initially set aside $10,000 for this program.

Short-term Rental Registration Program

Portland approved an ordinance in April 2017 requiring Short-term rental (STR) owners to register with the city effective January 1, 2018 and placed a cap of 300 non-owner occupied units on the mainland. The purpose of the Ordinance is to protect Portland's long-term rental units from leaving the local market to host short-term guests, and to ensure the safety of each unit. The City adopted a registration fee to pay the cost of inspections. Funds not spend towards program administration are deposited into the Housing Trust Fund for the creation of affordable housing.

A recent review of the nascent program determined short-term rental registration fees exceeded initial estimates. Registration revenue of $124,921 surpassed the budget estimates by 108.2% or $64,921. $33,318.80 from the registration revenue was deposited into the Housing Trust Fund at the end of FY18. The greatest challenge facing the program is landlords who are unresponsive to registration and inspection requests. Concentrated outreach efforts during the first half of the calendar year have greatly reduced delinquent rental registrations.

The Housing Committee is reviewing data and proposed amendments to Chapter 6, Article VI, Residential Rental Unit Registration Requirements as it applies to short-term rentals units. Per the request of the Housing Committee, Permitting and Inspections provided two tables for discussion during their October 24 meeting. The first table charts the number of owner-occupied short-term rental applications and the potential of non-owner occupied units in owner-occupied buildings based on the assumption that each owner-occupied applicant is registering their own unit as the primary residence. The second table charts owner-occupied short-term rental applicants and the potential number of non-owner occupied units in owner-occupied buildings on the assumptions that each owner-occupied applicant is not registering their own unit as the primary residence.

Table 1. Owner-occupied Short Term Rental Applicants and the Potential Number of Non-Owner Occupied Units in Owner-Occupied Buildings (Scenario 1) 2017-2018

Number of Units Registered	Number of Owner-Occupied Applicants	Potential Number of Owner-Occupied Primary Units	Potential Number of Non-Owner Occupied Mainland Units in Owner-Occupied Buildings	Total Number of Units
5	2	2	8	10
4	3	3	9	12
3	13	13	26	39
2	49	49	49	98
1	309	309	0	309
Total	**376**	**376**	**92**	**468**

Source: Energov software, City of Portland, September 18, 2018.

Table 2. Owner Occupied Short Term Rental Applicants and the Potential Number of Non-Owner Occupied Units in Owner Occupied Buildings (Scenario 2) 2017-2018

Number of Units Registered	Number of Owner Occupied Applicants	Potential Number of Owner Occupied Primary Units	Potential Number of Non Owner Occupied Mainland Units in Owner Occupied Buildings	Total Number of Units
5	2	0	10	10
4	3	0	12	12
3	13	0	39	39
2	49	0	98	98
1	309	0	309	309
Total	**376**	**0**	**468**	**468**

Source: Energov software, City of Portland, September 18, 2018.

Tables 1 and 2 provide data of owner occupied applicants registering their own unit and the potential number of non-owner occupied units within owner-occupied buildings based on the number of units registered. The true value for the number of owner occupied applicants registering their primary unit is between 0-376. The true value for the number of non-owner occupied units within owner occupied buildings is between 92-468. Per Permitting and Inspections, it is challenging to provide a more exact estimate during the inaugural year because the rental registration form did not ask which is the owner's unit. This question will be added to the rental application and will capture this data for the next registration cycle and beyond.

The Housing Committee has begun an overview of the short-term rental ordinance. To assist with their review, the Housing Committee recommends the City Council commission a study to analyze the impact of short-term rental units on the long-term rental housing market.

Long Term Rental Registration and Inspection Program

Michael Russell, Director of the City's Permitting and Inspections Department, presented a review of the Rental Registration and Inspection Program over the course of three Housing Committee meetings (July 31, September 26 and October 11).

The Fire Department collaborates with the Permitting and Inspections Department's Housing Safety Office on proactive inspections, scheduling, on-going training, education, re-inspections and answering complaints regarding long-term rental units. The four major themes of focus are life safety, consistency, being reasonable, and communication.

Rental Registration by Total Number of Applicants and Units, 2017-18

	Long term	Short term
Applicants	4,376	643
Units	17,796	781

Note: As of September 18, 2018.

Rental Registration Follow-up Effort by the Number of Landlords, 2017-18

Type of Follow-up	Total	Long term	Short Term
Letter or Notice of Violation	2,215	1,700	515
Summons	56	56	0

Note: As of September 18, 2018.

FY18 Rental Inspections by Number and Type

	Total
Housing Safety	3,802
Infestation/Insects	68
Legalization of Unit	37
Total	3,907

Note: Permitting and Inspections Department data only.
Source: All data is from Energov software (Tyler Technology), City of Portland, 2018.

During the October 11 meeting of the Housing Committee, Fire Chief Keith Gautreau presented a recap and history of the Fire Department's Inspection Program from May 2015 to date.

New Inspection Program / Process since May 2015

- March 2015 NFPA (National Fire Protection Assoc.) Training
- Training on our software and how to maximize its potential
- New Enforcement Procedures in place (Summons & Consent Agreements)
- Court appearances / pursuing legal action for extreme cases
- Focus on Residential Housing
- Focus on Quality not Quantity (take time and follow through)
- Recurring Department wide training twice in 2016 & 2017
- Started Joint Inspections with HSO November 2018
- Switched over to new Energov (Tyler) software April 2018

Fire Prevention Activities: Includes Residential Apartments (> 3 units), Schools, Fire Permits, Complaints, Hazmat and Public Education

Year	Jan – March	April – June	July - Sept	Oct - Dec	Total
2016	519	966	790	788	3,063
2017	483	930	802	759	2,974
2018	651	181	203	0	1,035*

*November 2017, the Fire Department began joint inspections with the Housing Safety Office

Percentage of follow-up inspections

Year	Total	Reinspections	Percentage	Public Education
2016	3,063	284	9%	138
2017	2,974	552	19%	122
2018	1,035	205	20%	33*

*33 number impacted due to vacant Captain's position

The educational component of the process includes brochure information regarding the State Fire Marshall's egress window policy, fire escape-planning, and fire alarm safety tips.

Please visit the Update on Fire Department Inspections Program to read the full report.

RESOURCES

FEDERAL SOURCES

The U. S. Department of Housing and Urban Development's (HUD) mission is to "create strong, sustainable, inclusive communities and quality affordable homes for all." To fund this mission, HUD allocates money directly to state and local governments for community planning and development projects through:

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

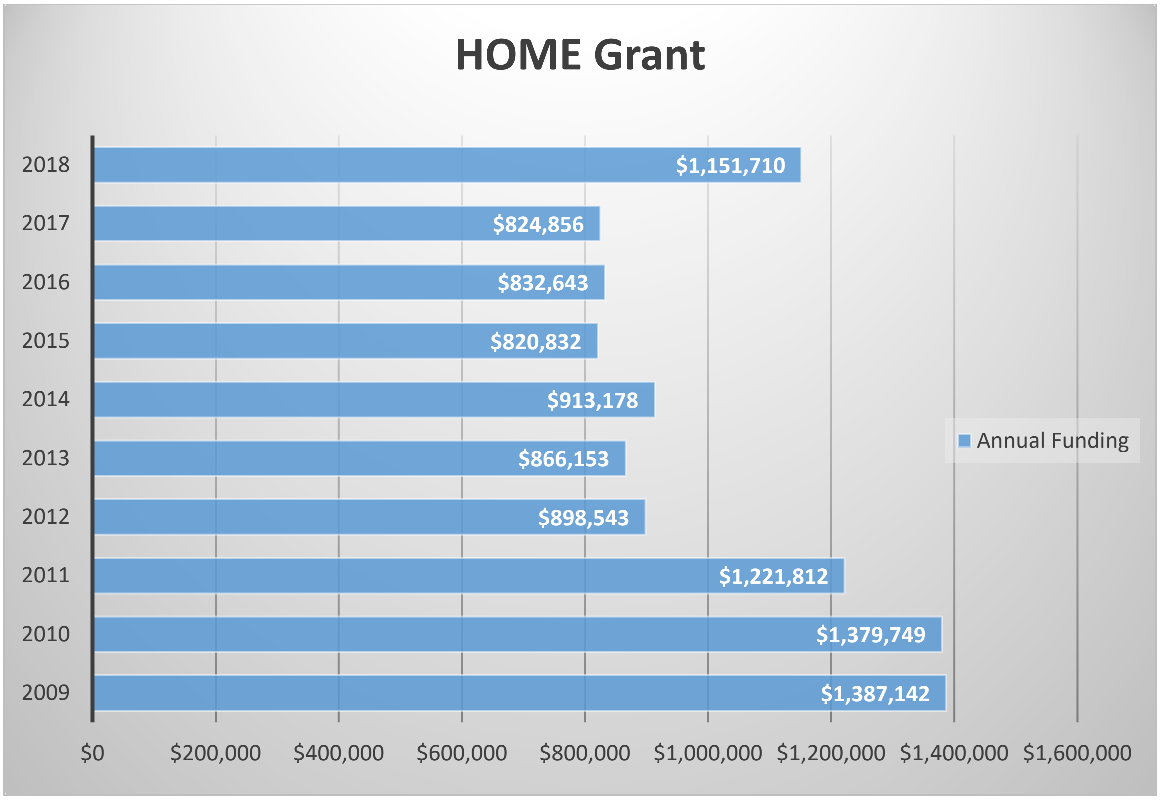
HOME Investment Partnership Program (HOME)

HOME funds can assist with building, buying, and/or rehabilitating housing for rent or homeownership as well as providing direct short-term rental assistance and security deposits to low-income families through Tenant Based Rental Assistance Voucher Program (TBRA). The City's HOME Program provides assistance through housing rehabilitation, tenant based rental assistance and the Affordable Housing Development Program which focuses on the development of new affordable rental housing.

HOME funding invested in rental housing assists households at or below 60% area median income. HOME funding invested in housing rehabilitation assists households at or below 80% area median income.

HOME has been the largest funding source for the City helping to develop (in conjunction with other local and federal programs) 1,057 units of low-income housing through the allocation of approximately a little more than $8.4 million in funds since 2000.

Portland received $1,151,710 in HOME funding for fiscal year 2018-2019, an increase of $326,854 from the previous year. FY19 funding allocations will help to create: 75 housing units at 510 Cumberland/Deering Place ($200,000 in addition to $300,000 provided in FY18); 111 housing units at 37 Front Street ($510,174); and 51 housing units at 178 Kennebec Street ($370,000).

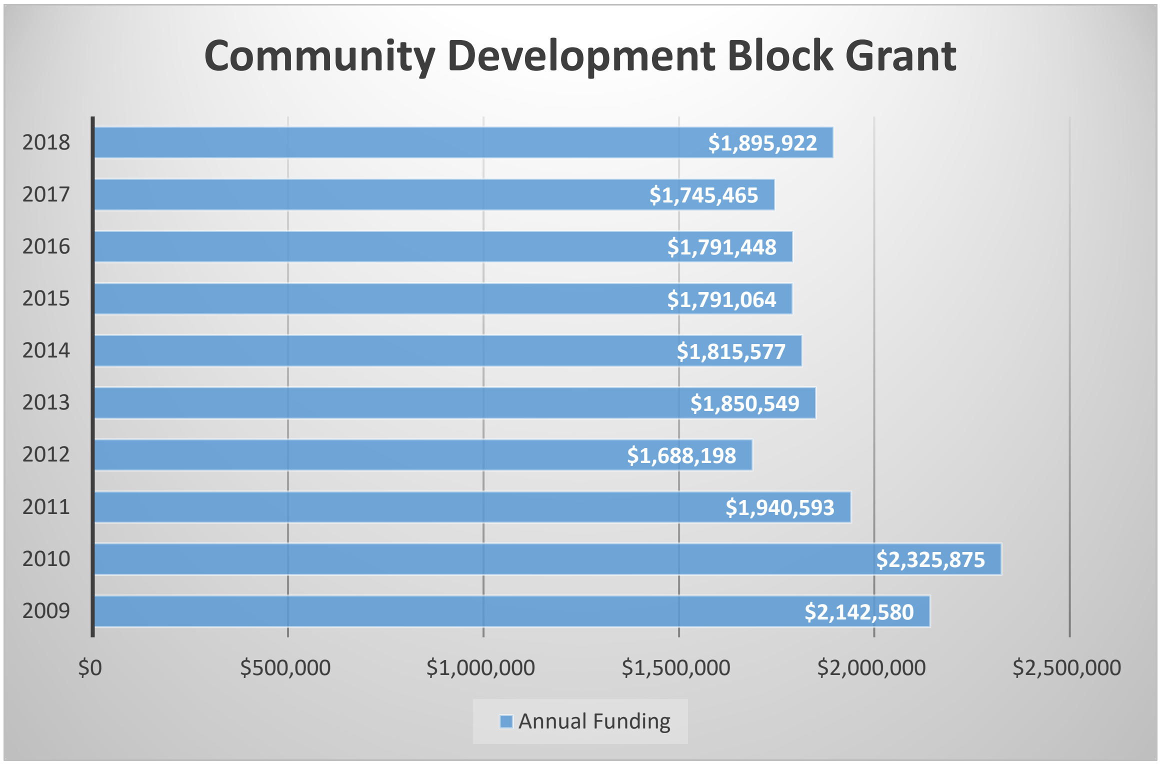


Source: HUD Exchange, HUD Awards and Allocations (2009 – 2018)

Community Development Block Grants (CDBG)

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

Portland received $1,895,922 in CDBG funding for fiscal year 2018-2019- an increase of $150,457 from the previous year. Funding allocations from the CDBG fund will assist in the creation of: 55 housing units at 58 Boyd Street (FY18 $30,000); and 111 housing units at 37 Front Street (FY19 $250,000).



Source: HUD Exchange, HUD Awards and Allocations (2009 – 2018)

Lead Safe Housing

The City of Portland has been committed to eliminating lead poisoning in children since 1995 when it received its first HUD Lead Hazard Control Grant. The control and elimination of lead-based paint remains a critical focus of the City of Portland in the housing rehabilitation program and over the years, 450 units have been made lead-safe in Portland. Within the Lead Hazard Control grant program, Portland has effectively and successfully addressed lead hazards that are prevalent in the City's older housing stock. These efforts will continue through the housing rehabilitation program.

The 2016-2019 Lead Hazard Control grant from HUD will complete lead hazard control work in 88 units. To date, lead hazard remediation work has been completed in 43 units. A Healthy Homes inspection is also performed on all qualifying units and, in conjunction with HOME and CDBG funds, the program is able to address code violations, and health and safety issues.

LOCAL RESOURCES

Housing Trust Fund

The Housing Trust fund was established to promote, retain; and create an adequate supply of housing, particularly affordable housing, for very-low, low, and median-income households, and to limit the net loss of housing units in the City. During 2018, deposits into the fund were contributed from the City's Inclusionary Zoning fee-in-lieu option ($556,500), a transfer from the short-term rental registration program ($33,318.80) and the appropriation of $1,000,000 from the sale of city-owned property at 0 Hancock Street (aka the WEX project). Expenditures for 2018 included $300,000 to leverage the creation by Avesta of 40 units of senior housing at 977 Brighton Avenue, and $925,000 towards 111 units of housing for Portland Housing Authority's 37 Front Street project. The Housing Trust Fund has a balance of $998,321 as of October 24, 2018.

Developments evaluated for funding must promote the efficient use of land in locations in proximity to shopping, work places, and community facilities. Projects are also encouraged to incorporate high standards of design, energy efficiency, "green" design, and social sustainability.

Sources and Uses of Housing Trust Funds

DEPOSITS		**EXPENDITURES**	
Maine Medical Center HRO 2002-2003	$ 315,580.00	Avesta Oak Street Lofts 2011	$ (380,585)
Sportsman's Grill HRO 2002	$ 40,000.00	Housing First Pre-Development RFP 2014	$ (75,000)
Berlin City Auto HRO 2009	$ 116,000.00	65 Hanover & 62 Alder Sts Feasibility Study 2015	$ (9,250)
Stop n Shop HRO 2010	$ 289,250.00	65 Munjoy Street 2017	$ (175,000)
Rockbridge/Eastland Park HRO 2012	$ 42,500.00	37 Front Street 2018	$ (925,000)
Riverwalk/Ocean Gateway HRO 2012	$ 250,000.00	977 Brighton Avenue 2018	$ (300,000)
118 Congress LLC HRO 2014	$ 3,500.00	**Total Expenditures**	**$ (1,864,835)**
Sale of Tax Acquired Property 91 & 97 Belfort Street 2017	$ 86,424.00		
Sale of Tax Acquired Property 116 Upper A Street 2017	$ 78,527.00		
443 Congress Street IZ 2017	$ 280,000.00		
62 India Street IZ 2018	$ 276,500.00		
Short Term Rental Fee transfer 2018	$ 33,318.80		
Previous INTEREST EARNED	$ 51,556.00		
0 Thames Street (WEX) sale 2018	$ 1,000,000.00		
Total Deposits	**$2,863,155.80**	**BALANCE**	**$998,320.80**
HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu			

as of 10-24-2018

977 Brighton Avenue 37 Front Street

Affordable Housing Tax Increment Financing (TIF)

Affordable Housing Tax Increment Financing (AHTIF) is a tool used by municipalities in Maine to provide financial assistance in the development of affordable housing projects governed by the Maine State Housing Authority. A TIF works by capturing new tax growth above existing tax revenue resulting from a property or district's increase in property value. These funds are then targeted to support a specific project or district that increase the amount of market rate and affordable housing or improves the health, welfare or safety of residents. To qualify for subsidy funding (subject to City Council approval), thirty-three percent of the units in the development must be designated as affordable units.

Affordable Housing TIF districts approved during the 2018- 2019 fiscal year:

- 977 Brighton Avenue – 40 age restricted housing units
- 178 Kennebec Street – 51 age restricted housing units

Affordable Housing TIF districts approved during the 2017- 2018 fiscal year:

- 58 Boyd Street - 55 housing units
- 510 Cumberland (Deering Place) - 75 housing units


510 Cumberland Avenue (Deering Place)


178 Kennebec Street

SUBSIDIZED AFFORDABLE HOUSING PROJECTS

Housing development projects created approved in 2018 with the assistance of funding appropriated through the City's Housing and Community Development Division are summarized below.

<u>510 Cumberland (Deering Place)</u>

- HOME Funds: $200,000 (in addition to $300,000 allocated in FY18) to Avesta Housing
- Affordable Housing TIF: 4,185,757 over 30 years

Avesta Housing Development Corporation (AHDC) is proposing to renovate and construct a mixed-income rental housing development on a site they own located at 61 Deering Street and 510 Cumberland Avenue.

The project will consist of 75 units of rental housing including 15 efficiency units, 38 one-bedroom units, 9 two-bedroom units and 13 three-bedroom units. Thirteen units will be affordable to households earning 40% area median income, thirty-two units will be affordable to households earning 50% area median income, and thirty units will be at market rates. .

<u>37 Front Street Re-Development</u>

- HOME Funds: $510,174 to Portland Housing Authority
- Housing Trust Funds: $925,000 to PHA
- CDBG Funds: $250,000

Portland Housing Authority is proposing the demolition of 50 units of public housing and the new construction of up to 111 units of mixed-income family housing in Portland's East Deering neighborhood.

The site will be redeveloped in two phases, and will consist of six buildings with 111 residential units, a modern community center, comprehensive redesign of the pedestrian network, community amenities including a playground and several passive use green spaces, and 102 off-street parking spaces.

Six new two to three-story buildings will replace the nineteen (19) existing buildings, and will contain 111 residential apartments, with a mixture of one through five-bedroom units.

In terms of unit affordability, 77% (or 85) of units affordable to households at or below 50% of the Area Median Income (AMI) (which is $40,550 for a family of three), 3 units will be affordable at or below 60% of the Area Median Income (AMI) and 23 of the units would be market rate. The market rate units will feature rents 5-10% below market rate.

178 Kennebec Street

- HOME Funds: $370,000 to Maine Workforce Housing
- Affordable Housing TIF: $2,889,164 over 30 years

Maine Workforce Housing, LLC intends to construct a 7-story mixed use building including 51-apartments for 55+ residents consisting of five studio and forty-six one-bedroom units at 178 Kennebec Street in Portland's Bayside neighborhood.

The ground level will be an artist studio and five efficiency units. The second through seventh floors will feature 46 one-bedroom units.

Sixteen units will be affordable to households at or below 50% AMI (which is $31,550 for a one-person household). Twenty-four units are targeted towards households earning 60% AMI. Eleven units will be market rate.

977 Brighton Avenue

- Housing Trust Funds: $300,000 to Avesta Housing on 9-5-18
- Affordable Housing TIF of $1,954,486 over 30 years on 7-16-18

The 0.73-acre site currently contains a single-family home and a garage, both of which will be demolished and cleared prior to construction. The project consists of one 4-story building, placed at the front of the property so as to create maximum active street frontage. There will also be a parking lot of 32 cars and an external gathering area or patio for residents.

The development involves the new construction of 40 one-bedroom rental apartments for seniors (55+ years of age), in one four-story building. 34 of the apartments will be affordable and 6 will be market rate. 24 units will be affordable to households at or below 50% area median income and 10 will be affordable to households at or below 60% area median income.

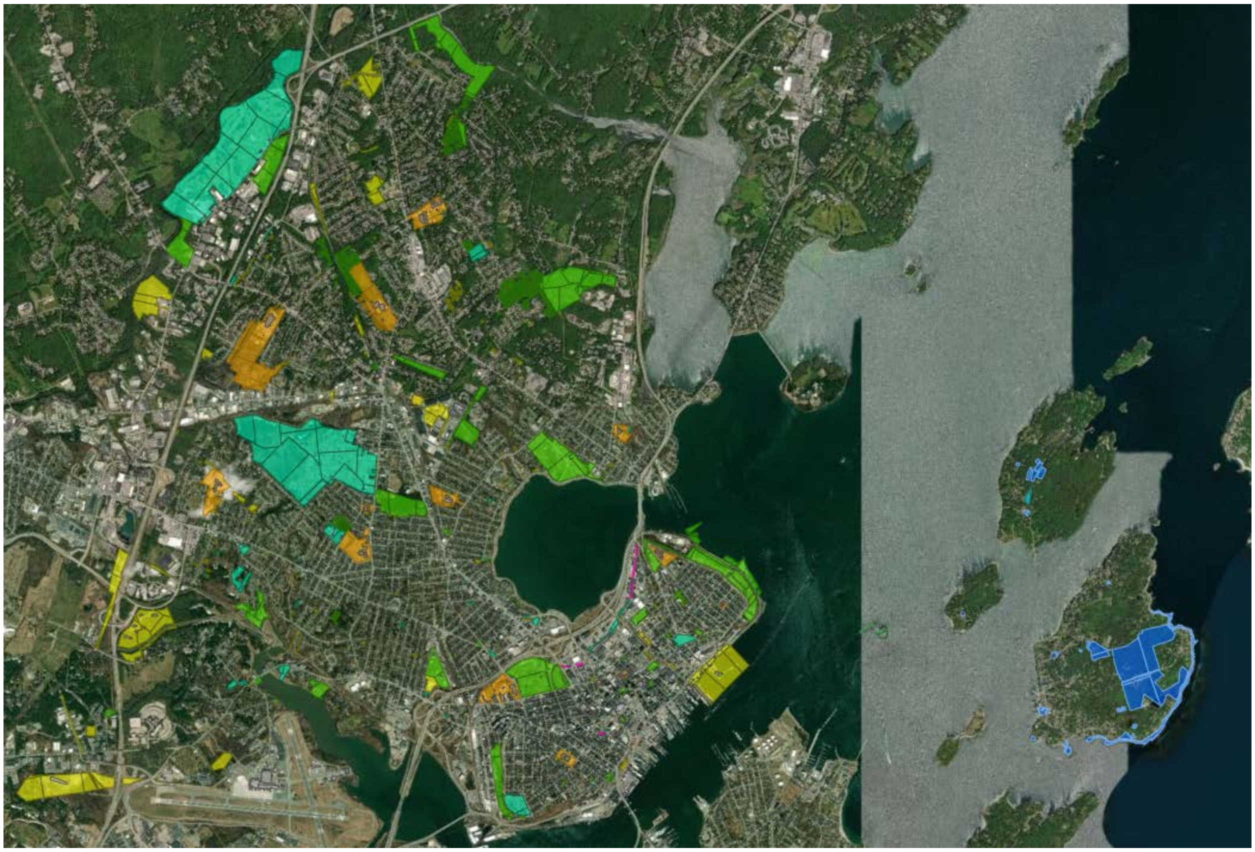
CITY-OWNED PROPERTY

Within the City Council's on-going goals and objectives is a recommendation from the Housing Committee to increase access to rental and ownership housing that is safe and affordable for working and low-income families. To attain this goal, the Housing Committee proposed investigating the use of City-owned property for housing development.

In accordance with Section 2-313 of the City Code, the City may provide city-owned land for housing development and offer the land below market price to encourage housing development or support greater affordability. Selling city-owned land provides the City with unique control over the timing, location, and affordability of housing development in Portland. Is also has the added benefit of turning land with no tax liability into an income generating property for the City's tax rolls.

In November 2017, Portland's Assessing Department identified more than 550 city-owned parcels. During 2018, staff reviewed each parcel with assistance from staff in Economic Development, Assessor, Parks, Recreation & Facilities, and Public Works with the goal of identifying the current use or site conditions. Some select parcels were presented to the Housing Committee for a greater analysis. 21 Randall Street is a .32 acre or 13,956 square foot parcel in the R-5 zone abutting the Front Street redevelopment project. This lot would allow for one multiplex building of six units of housing. 0 Westbrook Street is situated across from the future Stroudwater Preserve site, and is the entrance to the Fore River Sanctuary. The site features several streams/drainage channels, wet areas that drain to the Fore River, and the remnants of a portion of the historic Cumberland Oxford Canal. A natural gas pipeline that serves the Portland Tech Park is within the site. There are also numerous Portland Water District, drainage, and other easements on the site. An initial review of the parcel suggests the possibility of developing six single-family lots. However, given the many challenges associated with the site, the development would be very expensive. Staff did not recommend pursuing this parcel as an option for housing development. 2 Boyd Street (aka "Franklin Reserve") is a 1.4 acres parcel within the 130-acre land area of East Bayside. During the March 28, 2018 meeting of the Housing Committee, Christina Egan, the Executive Director of GPCOG presented an overview of GPCOG's *East Bayside Brownfield Area-Wide Plan* report. The report recommends "the City (to) consider whether or not an exploration of possible reuse options for this site is desired". Staff recommended identifying a preferred use or reuse option that aligns with the needs of the community. 622 Auburn Street is a 4.8-acre parcel that abuts a 13-acre parcel of city-owned property in Falmouth. The 622 Auburn Street parcel has wetlands identified by the National Wetland Inventory and a consulting wetland soil scientist using aerial photography. A citywide staff review of the property in Falmouth may determine it is a more promising location for potential housing development.

From the research into the current use and site conditions of each city-owned parcel, staff prepared, at the Housing Committee's direction, an annotated interactive map of city-owned property. The map provide both an overview of all city-owned properties as well as a breakdown by parcel categories such as; Land Bank/Parkland; Schools; Services & Industry; Deed-Restricted; Islands; and Other Parcels. Due to the nature of parcel activity (i.e. purchases, sales, land-bank designations, etc.), continued up-dates to the browser will be necessary to ensure future accuracy. The city-owned property map will be an accessible tool to assist with the comprehensive and focused comparison and understanding of constraints and opportunities of city-owned land.



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

Planning & Urban Development Department

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATED: October 29, 2018

SUBJECT: Update on Inclusionary Zoning units for sale

Introduction

The first Inclusionary Zoning on-site workforce units should be completed and ready for occupancy in the spring of 2019. Three condominium units on the peninsula and (later in the year) four single-family homes in Stroudwater Preserve follow the earlier dedication of two off-site rental units from the Luminato development. These on-site units will be the first home-ownership units created under the Inclusionary Zoning ordinance. Creation of the units however does not mean conclusion of the project – the units need to be sold to qualified buyers. The selling process has highlighted sections within the Code and supporting documents that merit a closer look. The Planning Board has already approved one change and will be reviewing additional amendments to ensure the three condominium units are sold to households that meet the workforce standards.

Amendments

During their June 12 meeting, the Planning Board approved the request to amend the Inclusionary Zoning Ordinance to change the calculation of the maximum sale price of a workforce unit from 30% of 120 % Area Median Income to 30% of 110% of Area Median Income. This change lowers the maximum sale price, which addresses the concern the former method of calculation did not provide a broad range of qualified buyers.

The Planning Board will review additional changes including a change to the definition of "restricted period". Found in the Workforce Housing Agreement (signed by the Developer and the City) the term "restricted period" is a period of time "at least 180 days following the City's Notice of Determination". The Notice of Determination is the date the City communicates to the developer the maximum allowable sale price of the workforce home ownership unit.

Within the Workforce Housing Agreement, the developer is given the option to market the workforce unit(s) to non-qualified buyers (i.e. sell at market rate) if they are unable to find a qualified buyer at least 180 days following the City's Notice of Determination. During those 180 days, workforce units are not necessarily listed for sale or even identified as workforce housing in advertising material. Staff is finding 180 days from the beginning of the Restricted Period is not sufficient time to allow for the sale of deed-restricted units. In fact, in speaking to others who market similar units nationally, staff has learned that it is difficult to successfully market them prior to construction being largely complete. In order to provide the necessary time for public notification and to properly market units to qualified buyers, staff will recommend the Planning Board amend the definition of restricted period, and the associated 180 day period to effectively lengthen the marketing period.

In the meantime, to assist with the marketing of the three condominium units (and to market all future inclusionary zoning units), staff created a marketing webpage. The webpage provides information about each workforce unit including price, size, and a link to the real estate broker. Additionally a News Flash was released to City employees on October 18 regarding the workforce units. Should these additional marketing efforts not prove effective by themselves, staff suggests a contingency plan to ensure the three condominium units are sold to households that meet the workforce standards rather than allowing the developer to exercise the option to market the workforce unit to non-qualified buyers.

Current Units for Sale

The workforce condominium units currently for sale are; unit 1A at 1 Joy Place; and units 102 and 103 at 60 Parris Terraces. 1 Joy Place is listed for sale at 120% AMI, and the units at 60 Parris Terraces are priced around 115% AMI. As noted earlier, the Planning Board lowered the maximum sale price to 110% AMI. However, these condominium units were approved by the Planning Board prior to that amendment and are subsequently selling at a price that contains fewer income-qualified households. Although each developer is working with the City to ensure units are eventually sold to workforce households, the higher sale price is a barrier towards finding qualified households.

In addition, the marketing periods for these units are shorter than we will be providing for future for-sale units. The current marketing requirement is for "at least 180 days" from approval of the marketing plan. Since approving that language, staff has learned that, in other cities, the marketing is usually based on a longer period and that sales offers are far more likely to come in when the units are complete, rather than under construction. As mentioned above, we will be proposing changes to these policies going forward.

We expect the developers to wait until all their other units have sold before we would consider the restricted period to have lapsed. However, the relatively high sales price and the relatively short marketing period combine to create a challenge for these first three for-sale units. Should the units be unable to be sold as restricted, the restrictions would be lifted and the City's Housing Trust would receive the difference between the restricted sales price and the market sales price. That will most likely be less than $30,000 a unit, or far less than the current fee-in-lieu of about $105,000.

Staff recommendation

There are currently three alternative approaches to address the challenges facing these units:

- Alternative A: Should the units not sell within the "restricted period," lift the affordability restriction and recapture the difference in sales price from the market rate sale and the restricted price. This would allow recapture of approximately $20,000 per unit to the Housing Trust but the loss of the affordability restrictions on these units.
- Alternative B: Should the units not sell within the "restricted period," invoke the right to purchase the unsold units on behalf of the City, and either contract with a housing provider to rent them as affordable units, and/or resell them at appropriate prices. This approach would keep the units affordable but would involve administrative and logistical complications and a short-term cost to the Housing Trust of about $200,000 per unit (which would be mostly recaptured upon resale if that were the preferred approach.)
- Alternative C: Provide additional subsidy for the units in the form of soft second mortgages to lower the effective sales prices of these units. These additional funds would allow the sales prices to be lowered a reasonable amount by offering a soft second mortgage to buyers that will help fund their sale. That soft second mortgage would be forgivable upon resale to a qualified buyer, but could be recaptured should the units go into foreclosure or otherwise lose their affordability restrictions.

Alternative	Housing Trust Impact	Advantages	Disadvantages
A (release the units if they do not sell)	+$20,000/unit (approx.)	Simple	Up to 3 affordable units lost
B (acquire the units if they do not sell)	-$200,000/unit (approx.)*	Safest approach	Cost and administration
C (soft second mortgages to lower cost to buyer)	-$20,000/unit (approx.)	Cost effective and quick	Not guaranteed to work

* *Much of this cost may be recaptured through rental revenue and/or resales over time*

Weighing the three approaches, staff recommends that the Housing Committee authorize *Approach C* at this time. If the Housing Committee agrees with this approach, the Committee would move a recommendation to the full Council that up to $75,000 of Housing Trust funds be offered as soft second mortgages to potential buyer of these units to enable their sale as permanently affordable units. These funds would be offered to lower the effective sales prices of these units through deferred mortgages forgivable upon affordable resale.

As described above, staff is implementing changes to the for-sale requirements to prevent a similar situation in the future. As a learning organization, we are adjusting the details of our policy objectives all the time, and this is no exception.

DRAFT

2018 Housing Committee Work Plan

November 8, 2018

November 14, 2018

1. Presentation and Discussion of Community Land Trust model
    a. Greater Portland Community Land Trust
    b. Waterville Community Land Trust
    c. Covenant Community Land Trust
2. Portland Housing Authority presentation on the Rental Assistance Demonstration (RAD) program
3. Presentation of 2018 Interim Housing Report
4. Update on Inclusionary Zoning Units for Sale and Potential Committee Action
5. 2018 Work Plan Discussion

November 28, 2018

1. Review of 2018 Annual Committee Report
2. 2018 and 2019 Work Plan Discussion (new and/or updated recommendations to forward to the 2019 Housing Committee)

December 26, 2018 – canceled

COMPLETED WORK

January 24, 2018

1. Review 2017 Housing Policy Proposals.
2. Review 2017 Housing Committee Report; Goals, Work Plan, and Accomplishments.
3. Review Summary of Feedback of Housing Policy Proposals.
4. First Review of Developer Feedback on the Inclusionary Zoning Ordinance.
5. Update on 2018 Short Term Rental registration process.
6. 2018 Work Plan Discussion

February 12, 2018

1. Review Housing Policy Proposals
2. Review Public Feedback on Housing Policy Proposals
3. 2018 Work Plan Discussion

February 28, 2018

1. Housing Program Budget - Review and Recommendation to the City Council
2. Overview of the Housing and Community Development Division
3. Overview of the Housing Trust Fund
4. Communication Items: Community Land Trust Information; City-owned property information; Text Analysis of Housing Report Survey
5. 2018 Work Plan Discussion

March 28, 2018

1. 14-403
2. HomeStart
3. Affordable Housing Development HOME Fund Application - Review and Approval to Issue by the Committee
4. Franklin Reserve Massing Study/GPCOG overview of Brownfields Planning Grant
5. 2018 Work Plan Discussion – including a discussion of the Council's goal setting session

April 25, 2018

1. Rental Market Survey results presentation
2. Review and Vote to Recommend to the City Council Amendments to Chapter 6 re: Disorderly House Ordinance.
3. Housing Trust Fund Annual Plan

4. Tax Acquired and City-Owned Property – Westbrook Street
5. 2018 Work Plan Discussion

Communication Items:

Portland Water District water efficiency and repair services program

Inclusionary Zoning Workflow Update

May 23, 2018

1. Review Funding Requests Received from the Affordable Housing Development HOME Fund Application
2. (Action Item) Review and Recommendation to the City Council of the 2018 Housing Trust Fund Annual Plan
3. Review of Amendments to Ordinance: Section 6-225 of the Tenant Housing Rights Ordinance. (Housing Advisory Board) (Pubic Comment)
4. Communication Item: HUD FY18/19 Funding Update
5. 2018 Work Plan Discussion

June 5, 2018

1. (Action Item) 5:30 pm to 6:30 pm - Joint meeting with the Economic Development Committee to Review and Recommend to the City Council Affordable Housing TIF Requests
2. (Action Item) Review and Recommendation to the City Council – Funding Requests Received from the Affordable Housing Development HOME Fund Application
3. (Action Item) Review and Recommendation to City Council of Amendments to Ordinance: Section 6-225 of the Tenant Housing Rights Ordinance. (Housing Advisory Board)
4. Hotel Linkage Fee Discussion
5. 2018 Work Plan Discussion

June 27, 2018

1. Presentation of City-Owned Property Map - housing development potential
2. (Action Item) Review and Recommendation to the City Council – HOME Affordable Housing Development Funding Requests Received from the Affordable Housing Development HOME Fund Application
3. (Action Item) Review and Recommendation to the Planning Board - Hotel Linkage Fee
4. 2018 Amended Housing Committee Schedule
5. Communication Item: FY19 HUD Annual Allocation Plan
6. Communication Item: Accessory Dwelling Units – site page review
7. 2018 Work Plan Discussion

July 31, 2018

1. Rental Housing Safety & Inspection Program - Implementation and Financial Report
2. Short Term Rental Registration Program – Implementation, Financial Report and possible Ordinance revisions
3. Initial Discussion of Order 225-17/18 Referring an Increase in Short Term Rental Registration Fees to the Housing Committee
4. (Action Item) Reconsideration of the Committee's HOME Funding Recommendation
5. (Action Item) Review and Recommendation to the City Council Housing Trust Fund Allocation(s)
6. Public Comment Received since the last meeting: topics include allowing housing in "Franklin Reserve" and the City's short term rental policy
7. Communication Item: Accessory Dwelling Units
8. Communication Item: Site Walk 622 Auburn Street
9. Communication Item: Map of City Owned Property
10. 2018 Work Plan Discussion

August 22, 2018 – canceled

September 6, 2018

1. Overview of Legal Framework for Municipal Fees, Land Use Controls, and Exactions
2. (Action Item) Review and Recommendation to the Housing Committee re: Order 225-17/18 Referring an Increase in Short Term Rental Registration Fees to the Housing Committee
3. Review and Discussion of possible changes to the Condominium Conversion Ordinance Section 14-565 to 14-571.

4. Review and discussion of a proposed ordinance addressing new hotel developments and affordable housing demand
5. Communication Item: Review of Map of City-Owned Property
6. Communication Item: Accessory Dwelling Units
7. 2018 Work Plan Discussion

September 26, 2018

1. Review and Discussion of Permitting and Inspections' response to questions from the July 31 meeting regarding rental housing safety and inspections program, and short and long term rental registration program
2. Review and Discussion of Proposed Policy Changes to Chapter 6, Article VI, Residential Rental Unit Registration Requirements, as it applies to short-term rental units.
3. Communication Item: FY18 HUD Consolidated Annual Performance Report
4. 2018 Work Plan Discussion

October 11, 2018

1. Presentation, Overview and Integrated Report from Permitting and Inspections and Fire Department re: Short-term and Long-term Safety Inspections, and Program Budgets (Public Comment)
2. (Action Item) Review, Discussion and Possible Recommendation regarding Proposed Policy Changes to Chapter 6, Article VI, Residential Rental Unit Registration Requirements, as it applies to short-term rental units. (Public Comment)
3. 2018 Work Plan Discussion

October 24, 2018

1. (Action item) Review, Discussion and Possible Recommendation regarding Proposed Policy Changes to Chapter 6, Article VI, Residential Rental Unit Registration Requirements, as it applies to short-term rental units. (Public Comment)
2. Presentation of 2018 Interim Housing Report
3. 2018 Work Plan Discussion