

HOUSING COMMITTEE

DATE: February 28, 2018 (Wednesday)

TIME: 5:30 pm – 8:00 pm

LOCATION: City Hall Basement Room 24

1. Agenda - Housing Committee - February 28, 2018

Documents:

00 AGENDA HC MEETING 02.28.2018.PDF

2. 01 Review And Accept Minutes Of Previous Meetings Held On January 24, 2018 And February 12, 2018

Documents:

DRAFT - MINUTES HOUSING COMMITTEE 1-24-18.PDF

DRAFT - MINUTES HOUSING COMMITTEE 2-12-18.PDF

3. 02 Review And Recommendation To The City Council - 2018-2019 Housing Program Budget

Documents:

HOUSING PROGRAM BUDGET MEMO 02.22.2018.PDF

4. 03 Overview Of The Housing And Community Development Division

Documents:

03 HCD DIVISION MEMO 02.23.2018.PDF

5. 04 Review Of The Housing Trust Fund

Documents:

04 HOUSING TRUST FUND MEMO 02.28.2018.PDF

6. 05 Communication Item: Community Land Trust Information

Documents:

05 COMMUNITY LAND TRUST MEMO 02.28.2018.PDF

7. 06 Communication Item: City-Owned Property

Documents:

06 CITY OWNED PROPERTY MEMO 02.28.2018.PDF

8. 07 Text Analysis Of Housing Report Survey

Documents:

TEXT ANALYSIS OF HOUSING REPORT SURVEY 02.23.2018.PDF

9. 08 Committee Discussion Re: 2018 Work Plan

Documents:

DRAFT 2018 HC WORKPLAN 02.22.2018.PDF

Councilor Jill Duson, Chair

Next Meeting Date: March 28, 2018



Planning & Urban Development Department

HOUSING COMMITTEE

DATE: Wednesday, February 28, 2018
TIME: 5:30 p.m. – 8:00 p.m.
LOCATION: City Hall – Basement Room 24

AGENDA

1. Review and accept Minutes of previous meetings held on January 24, 2018 and February 12, 2018
2. Review and Recommendation to the City Council – 2018-2019 Housing Program Budget; see attached memo from Mary Davis, Housing and Community Development Division Director. *This is an actionable item and public comment may be taken.*
3. Overview of the Housing and Community Development Division – see attached memo from Mary Davis, Housing and Community Development Division Director.
4. Review of the Housing Trust Fund; see attached memo from Victoria Volent, Housing Program Manager
5. Communication Item: Community Land Trust Information; see attached memo from Victoria Volent, Housing Program Manager
6. Communication Item: City-Owned Property; see attached memo from Victoria Volent, Housing Program Manager
7. Community Item: Text Analysis of Housing Report Survey; see attached memo from Mary Davis, Housing and Community Development Division Director.
8. Committee Discussion re: 2018 Work Plan

Next Meeting Date: March 28, 2018

Councilor Jill C. Duson, Chair

Housing Committee Minutes of January 24, 2018 Meeting

A meeting of the Portland City Council's Housing Committee (HC) was held on Wednesday, January 24, 2018 at 5:30 P.M. in room 209 of Portland's City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, Councilor Pious Ali, Councilor Jill Duson, Chair of the Committee and Mayor Ethan Strimling. City staff present included Mary Davis, Housing and Community Development Division Director, and Victoria Volent, Housing Program Manager.

Item 1: Review and accept Minutes of previous meeting held on November 29, 2017

Councilor Duson motioned and Councilor Ali seconded to accept the minutes from the November 29, 2017 Housing Committee meeting. Minutes were unanimously approved 3-0.

Item 2: Review 2017 Housing Policy Proposals

Item 3: Review 2017 Housing Committee Report, Goals, Work Plan, and Accomplishments

Item 4: Review Summary of Feedback of Housing Policy Proposals

Committee discussion was broad based and included the three agenda items referenced above.

Committee agreed to hold an additional meeting in February to discuss the Housing Policy Proposals in more detail. Early February meeting giving the public two weeks to provide feedback. Remind people we are going through process; link to "bucket list" and survey. Copy outreach to committee and councilors and mayor and include links to bucket list and survey.

Councilor Cook: highest priority should be adding housing to the market. Several possible policy proposals for the committee work plan: (1) ways to remove barriers to accessory dwelling units in all residential zones; (2) make it easier to add-on, remodel, improve existing homes (set-back requirements, etc), assess how to improve zoning and permitting issues, provide clarity of rules and requirements; (3) assess premium fee on high end condominium or housing developments with additional funds going to the Housing Trust Fund or to assist staff in streamlining permitting process, adjust planning and permitting fees for higher end development; (4) would like to hear from developers regarding strategies, issues with development (in Portland vs. other communities) of starter homes, basic family, workforce and low income housing, including an update on the Portland Housing Authority's strategic planning process; (5) is there a way to use rental registration data to verify condo conversions?

Councilor Duson: interested in taking further look at the TBRA program, community land trust; would like further information on housing rehab program/lead safe housing program, Portland Water District Program; considers Housing Advisory Board as a priority item.

Councilor Ali would like more information on community land trust model.

Item 5: First Review of Developer Feedback on the Inclusionary Zoning Ordinance

The Mayor requested that the feedback be forwarded to the Planning Board in advance of their work on the revisions to the ordinance. Staff would like an opportunity to respond to the feedback at a future meetings.

Item 6: Update on 2018 Short Term Rental Registration Process

Committee requested clarification on numbers presented in the chart on the second page of the memo. Committee would like information for future evaluation of the process: do the fees cover the costs of the program, monitoring, etc? Violations should be addressed and fees should be assessed without exceptions. Committee would like an update in the fall, after the summer/tourist season, to include audit of fees collected and how they were used (administrative costs, Housing Trust Fund amount, etc.) and a program review/audit – how did registration process work, review of number and type of registrations, etc. Committee questioned whether the city can hold provider companies responsible for those not registered.

Item 7: Committee Discussion re: 2018 Work Plan

Discussion included under Items 2, 3 and 4 above.

Item 8: 2018 Housing Committee Schedule and Community Process Discussion

Councilor Duson reviewed committee process and procedure issues.

Councilor Cook made a motion to adjourn with a second from Councilor Ali. Motioned approved 3-0. The meeting was adjourned at 8:27 p.m.

Respectfully submitted, Mary Davis

Housing Committee Minutes of February 12, 2018 Meeting

A meeting of the Portland City Council's Housing Committee (HC) was held on Monday, February 12, 2018 at 5:30 P.M. in Council Chambers of Portland's City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, Councilor Pious Ali, and Councilor Jill Duson, Chair of the Committee. City staff present included Jeff Levine, Planning and Urban Development Department Director, Mary Davis, Housing and Community Development Division Director, and Victoria Volent, Housing Program Manager.

Item 1: Review Housing Policy Proposals

Jeff Levine gives an overview of the policy proposals. Councilor Duson opens to public comment.

Dana Totman: The City has few and limited financial resources to tackle affordable housing challenges; resources are outweighed by the need; critical that funds are used strategically and thoughtfully as possible; every program provides some level of help for some people; gaping hole in policies – to create more affordable units; refers to letter from developers dated June 8, 2016, still feel expansion of housing inventory should be priority; more important than any of the other proposals the committee should support proposals that create more funds for development of new housing; thinks TBRA is the least cost effective, most expensive, in terms of addressing the need; programs with narrow purposes are administratively expensive and inefficient; projects that receive enough local money can leverage money from MSHA; See attached memo from Avesta.

Scott Vonnegut: support community land trust (CLT); committee should strive for a time table to establish a CLT for late this year or early next year; a CLT would have a profound direct and long lasting impact; City should create a GIS system that would identify all city owned land that is accessible to the public and would enable research of property suitable for housing development.

Wendy Cherubini: City focus should be on supply, using resources wisely is critical, such as effective use of city staff; urge council to look at data that gives a comprehensive view on both the city and the county; think about how to target any new revenue to help set goals and report out every year.

Jay Waterman: Excited about the code re-write, in favor of potential changes; focus should be on production; scarce resources, so much need; 2,000 sect 8 vouchers; since 2015 issued 211 vouchers, only 79 able to lease units, the rest not able to find units to rent; Bayside Anchor savings differential between actual rents and market \$171,000/year, \$15.5 m over 90 years; average subsidy for affordable unit is \$15,000, average \$180,000-\$200,000 total development cost per unit; this subsidy is extremely important and leverages 10x in other funding.

Tom Watson, Port Property Management – A for-profit developer; the City should subsidize for profit development; no new for profit projects in the pipeline; cost of development increasing, cost of construction up 15%, interest rates going up. City needs to be willing to cut deals to get people to invest in developing affordable housing (city land at no cost, tax increment financing, etc.)

Sara Ewing-Merrill – Executive Director of Greater Portland Family Promise (GFPF) which works to help with overflow from the City’s family shelter; GFPF has been open since July, 2017 and has served 12 families; we’ve placed 5 families outside of the greater Portland area. Creating more affordable housing in the city and surrounding area is extremely important; hope the committee will make decisions that support creating more affordable housing.

George Rheault: Skeptical that housing solutions will be found; council has to make a decision on what the next 10 year focus will be; last 10-20 years focus has been to depopulate Portland; need to upzone to allow more 3-4 story buildings, taller buildings done right can grow Portland don’t feed stereotypes that this type of building is bad.

Cynthia Cochran: Reminds everyone that Division 30 text amendments need to be applicable on a broader base; can’t build more housing without more density and the increase in density should be spread across various zones throughout city not just on the peninsula; low income housing should not be concentrated in one place (PHA example in East Bayside).

Councilor Duson opens to committee discussion.

Councilor Duson: global concern is to come away with actionable proposals that will impact housing in the city; focus in on a couple of longer term proposals; as well as identify a few on a faster time frame; long term, middle, short term items.

Councilor Cook: may only need one goal with multiple strategies; need to focus limited resources on supply, doing what we can do to impact production of housing units; focus on low income, workforce and the missing middle (starter homes, ownership opportunities for teachers, police officers). Best practice is 80% affordable 20% market rate (workforce demographic); would like city staff to identify city owned property that may be appropriate to use for mix of housing types; use Housing Trust Fund (HTF) to build properties to leverage other funding;

Councilor Ali: CLT, what information do we already have?

Councilor Duson: CLT also priority; asks staff to talk about resources currently available and how those tools are used; Mr. Levine explains that HTF is flexible but will not by itself solve the problem, theme of producing new units is in new comprehensive plan, challenge is producing something that works;

Councilor Cook: because recode is moving forward, some ideas mentioned are already in progress; would like to move forward with haste but is sensitive to work plan for the recode; Mr. Levine explains the recode work plan, phased efforts, Phase I – format, structure, making it readable, policy decisions will need to be made for example definitions are not always the same, definitions of housing types are antiquated; Phase I in 2018;

Councilor Ali: mentioned private developers, any record of private/public collaboration in Portland; 65 Munjoy Street is mentioned as an example;

Councilor Ali: look at city owned land – is this being done and is it accessible to public; Mr. Levine mentions that this is done on an on-going basis; staff will bring some information forward for committee discussion;

Councilor Duson: “A” level proposals - CLT seems to be something the committee agrees on; TBRA - program prepared to respond in emergency situations; Mr. Levine indicates that other resources would have to be involved to increase the current TBRA funding level but increase should not be in federal resources; other resources/local resources would need to be identified;

Councilor Ali: identifies TBRA and housing rehab as priorities;

Councilor Duson: asks staff to do an overview of work done by the Housing and Community Development Division; “B” level proposals – PWD program, condo conversion ordinance analysis; asks whether recode work would be reviewed by the committee, full council? Staff recommendation would be to have council workshop in not too distant future; funds from WEX sale, Councilor Duson hopes that the committee members would advocate for portion of those funds to go to HTF;

Councilor Cook: CLT not familiar with how other cities have done a land trust; support identifying city owned property and what it could be used for; stay flexible in approach in gathering information on property we have to develop housing; would like this added to the work plan; any money made with selling property should be put into HTF;

Councilor Duson: use city owned land to leverage different types of housing, CLT might be one of strategies;

Councilor Cook: how to increase funding to HTF, hotel linkage/impact fee; Mr. Levine explained that commercial linkage fee is used in other communities, would recommend a customized to approach in Portland and focus on hotels, onetime fee when built, not a room tax, could be rolled into impact fee work department is researching;

Councilor Duson: Economic Development Committee is working on the impact fee topic, will they also look at this hotel linkage fee; Mr. Levine explains that this is slightly different, more of an

indirect impact, would need to do a nexus study; this more of a Housing Committee item than the rest of impact fee work;

Councilor Duson: sounds like this is something that should be on the list and staff will provide information on what other communities do with commercial linkage fees.

Committee agrees that they want more information on Housing Advisory Board item. Councilor Duson mentions that we have to do this under the new Tenant Housing Rights Ordinance; would like a reminder of what was passed and suggestions/recommendations to move forward; wants any changes to be done in a very transparent manner.

Councilor Cook: Accessory Dwelling Units (ADU) is that something worth including in work plan, acknowledging that staff is working on this with rezone; an analysis of what has happened with recent changes and how it might work in other zones; staff will provide an update in relation to work with rezone;

Committee wants to hear more about PWD program;

Councilor Duson: strong interest in continuing to be responsive to low income households and tenants; housing first is important to many councilors, moving people out of homelessness into stable housing.

Councilor Ali: asks for infographics on survey feedback;

Item 2: Review Summary of Feedback on Housing Policy Proposals

Discussion included with Item 1 above.

Item 3: Committee Discussion re: 2018 Work Plan

Discussion included with Item 1 above.

Councilor Duson motion to adjourn and Councilor Cook seconded the motion. Motioned approved 3-0. The meeting was adjourned at 8:00 p.m.

Respectfully submitted, Mary Davis



In consideration of recent proposals related to tenant based rental assistance, Avesta has reflected on investments made by the City in affordable housing developments and the ultimate long term financial impact to Portland renters. The City of Portland invested a total of \$1,403,033 into three Avesta projects: Oak Street Lofts (2011), 409 Cumberland (2013) and Thomas Heights (2015). The City's investment bridged a financial gap present in each project's capital stack, thereby facilitating the construction of 112 new residential rental units, of which 101 are affordable.

Each of the three projects utilized Low Income Tax Credits (LIHTC) which required a long-term affordability agreement, 90 years for Oak Street Lofts and 409 Cumberland and 45 years for Thomas Heights. To quantify the impact of the City's funds Avesta calculated the difference between the area market rent, as determined by a third-party appraisal or market study, and the actual rent charged to tenants. The Year One Impact illustrated below is the total savings between market rent and actual rent charged in the first year of each property's operations. Since these properties will remain at below market rents for the life of the affordability restrictions Avesta then calculated the total savings over the life of those restrictions. The City's one-time investment of \$1,403,033 ultimately results in rental expense savings of \$26,033,400, or \$257,756 per unit constructed.

Summary of Impact

Total Monies Invested by City of Portland	\$1,403,033
Total Number of Units Constructed	101
Investment per Unit	\$13,891

Year One Impact

Oak Street Lofts	148,836
409 Cumberland	120,360
Thomas Heights	40,128
Total Year One Impact	309,324

Impact Over Life of Affordability Restrictions

Oak Street Lofts	90 years	13,395,240
409 Cumberland	90 years	10,832,400
Thomas Heights	45 years	1,805,760
Total Impact		26,033,400
Per Unit		257,756

The City's investment nets a far greater financial benefit when leveraged with other funding sources to generate rental units with long-term affordability covenants. The one-time allocation of precious resources will net an 18-fold return while simultaneously avoiding the risk of annual budget shortfalls, inflation, and increased administrative costs.



Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: February 23, 2018

SUBJECT: 2018-2019 Housing Program Budget

SUMMARY OF ISSUE – Review and recommendation to the City Council of the 2018-2019 Housing Program Budget.

REASON FOR SUBMISSION - The Housing Committee recommends the Housing Program Budget to the City Council for final approval.

HOME Program: The Home Investments Partnerships Program (HOME) was established by Congress in 1992. Since 1992, the City of Portland and the Cumberland County HOME Consortium have received over \$19.7 million dollars in HOME funding. In 2009 the City became the lead entity in the Cumberland County HOME Consortium (CCHC). The Consortium is a partnership of the communities in Cumberland County that administers HOME Program funds in Cumberland County. The creation of the consortium expanded the financial resources for affordable housing activities in the region. The City retains independent operation of its HOME program. Because the City serves as the “Lead Entity” and City staff administers the County portion of the funding, all administrative funds are retained by the City. The County’s Municipal Oversight Committee controls the allocation of the County’s portion of the HOME funds.

When the Consortium was formed in 2009, it included a “hold harmless” clause to ensure that the City, as an existing HOME grantee, would continue to receive funding equal to its allocation prior to the formation of the consortium. The “hold harmless” formula was based on a comparison ratio to the HOME funding for the Lewiston/Auburn (L/A) Consortium. The formula identified Portland’s “hold harmless” amount at 118% of the HOME allocation for the L/A Consortium. The Cumberland County HOME Agreement did allow for adjustments to be made if the current level of funding to the L/A HOME Consortium varied from historic levels. Over the years the L/A allocation has decreased which has resulted in the Portland “hold harmless” amount to decrease. As a result, by agreement with the other members of the CCHC, the annual allocation is divided with 57% of allocation, after the administrative set-aside, to the City and 43% of the funding to the County.



Mary Davis

Division Director, Housing & Community Development Division

As a point of reference, if the City were a stand-alone grantee, the estimated HOME allocation for Portland (using a HUD HOME Allocation estimated calculation) would be approximately \$429,000. Of that amount 10% would be set aside for administrative costs (\$42,900) leaving \$386,100 for program funding. Under the current consortium agreement, the city receives the administrative set-aside along with approximately \$427,000 in program funds. Participation in the HOME consortium benefits Portland as well as the county as a whole.

HUD has not announced the allocation amount for FY 2018-2019. As we have done in the past, we are estimating the HUD HOME allocation at the same level as the previous year which is \$824,856. \$319,219 of this amount is reserved for County projects. The budget proposal was developed after a historical review of HOME funding allocations, previous year's budget allocations, program expenditures and program income (loan repayments) received. Currently, the City's HOME Program is divided into four funding categories:

1. Administration
2. Housing Rehabilitation (single family and multi-family housing)
3. Tenant Based Rental Assistance (TBRA)
4. Affordable Housing Development [including the required Community Housing Development Organization (CHDO) set-aside mandated by HUD]

HOME Program Budget	FY 2017-2018 Budgeted (entitlement + program income)	FY 2018-2019 Budget proposal (entitlement + program income)
Administration	\$98,151	\$94,486
Housing Rehabilitation	\$141,639	\$100,000
Tenant Based Rental Assistance	\$130,000	\$137,000
Affordable Housing Development includes CHDO requirement	\$324,651	\$325,064

CDBG/HOUSING DEVELOPMENT FUND: Housing and Community Development Division did not request funding in the FY 18/19 CDBG process. Staff and housing program costs normally funded through CDBG, are being funded through the Housing Development Fund (HDF). HDF is the program income account funded by CDBG housing loan repayments. These funds can only be used for CDBG eligible housing activities. Currently, the HDF fund is divided into two funding categories, administration and housing rehabilitation.



Mary Davis

Division Director, Housing & Community Development Division

Housing Development Fund (HDF) Budget	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
Administration	\$50,348	\$51,826
Housing Rehabilitation	\$311,765	\$172,270

LEAD SAFE HOUSING (Program Income): Lead Safe Housing Program Income is generated through repayment of loans given under prior Lead Safe Housing Grants. These funds can only be used for lead safe housing eligible activities.

Lead Safe Housing Program Income	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
	\$170,866	\$256,185

HOUSING TRUST FUND: Revenue for the Housing Trust Fund is generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, and fee-in-lieu contributions from the Inclusionary Zoning Ordinance. Including the current balance of the Housing Trust Fund in the Housing Program Budget gives budget authority for the use of the funds. There are no projects or activities currently identified for these funds.

Housing Trust Fund (HTF) Budget	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
	\$468,551	\$913,502

STAFF ANALYSIS AND RECOMMENDATION – The proposed Housing Program Budget can be adjusted if necessary when HUD announces the fiscal year allocation for the HOME Program. This budget, as may be amended by the Housing Committee, will be forwarded to the full City Council for two Public Hearings, as part of the overall HCD budget. The final budget allocations and Annual Action Plan are submitted to HUD on March 19 and April 18 for the fiscal year beginning July 1, 2018.

At this time staff is requesting Committee approval and recommendation to the City Council of the FY 18/19 Housing Program Budget as outlined above and summarized in the attached spreadsheet. If the HUD allocation amount is different from the estimate used in this budget, program budgets will be adjusted proportionately.

FY 18/19 Housing Program Budget - Attached

2018-2019 HOUSING PROGRAM BUDGET HUD Final Allocation Date:

Total HUD HOME Entitlement Allocation	824,856
Portland Program Portion	423,151
Portland Admin Portion	82,486
County Program Portion	319,219

Recommended by HC (x-x) February XX, 2018
Approved by Council April XX, 2018
HUD Allocation XXXXXXXX, 2018
Adjusted for Final HUD Allocation xx.xx.18

REVENUES- Housing Programs

	HOME	CDBG	HDF**	LEAD Safe Housing Program Income***	Housing Trust Fund***	TOTAL BUDGET
2018-19 HOME Consortium Admin (10% of allocation)	82,486					82,486
2018-19 HOME Consortium Programming	423,151					423,151
2017-18 HOME Program Income	120,000					120,000
2017-18 HOME Program Income Recaptured Funds	31,247					31,247
2017-18 HOME Program Income Deduction for County	-334					-334
Re-Allocated HOME Funds (funding from previous years)						0
2018-19 CDBG Administration						0
2018-19 CDBG Programming						0
2017-2018 Housing Trust Fund					913,502	913,502
2017-18 HDF Program Income			224,096			224,096
2017-18 Lead Safe Housing Program Income				170,866		170,866
REVENUE TOTALS (Portland)	656,550	0	224,096	170,866	913,502	1,965,014

2018-19 HOUSING Budget by Activity (Portland)

	HOME	CDBG	HDF**	LEAD Safe Housing Program Income***	Housing Trust Fund***	TOTAL BUDGET
Administration PL1801/QS1801	94,486		51,826			146,312
Housing Rehabilitation (18 Units @ \$15,000/unit) QM1800/QB1800	100,000		172,270			272,270
Homeownership Assistance QJ1800	0					0
Tenant-Based Rental Assistance QT1801	137,000					137,000
Affordable Housing Development QK1800/IN1114	254,539				913,502	1,168,041
CHDO QL1800	70,525					70,525
Lead Safe Housing PLL036	0			170,866		170,866
	656,550	0	224,096	170,866	913,502	1,965,014

** Balance of Previously Budgeted Amounts + New Revenue

*** Balance of Previously Budgeted Amount

2018-19 HOME Consortium COUNTY - approved by MOC on xx.xx.2018

County HOME Program budget provided for reference only; **adjusted for final HUD Allocation xx.xx.18**

Allocation of County funds is done by the County's Municipal Oversight Committee

REVENUES- Housing Programs

2018-19 HOME Consortium Non-Portland Programming	319,219
2017-18 HOME County Program Income	334
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	319,553

2018-19 HOUSING Budget by Activity

Housing Rehabilitation (8 projects @ \$15,000/project) QP1800	100,000
Home Ownership QQ1800	0
Affordable Housing Development QD1800	166,350
CHDO QR1800	53,203
	<hr/>
	319,553



Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: February 23, 2018

SUBJECT: Overview of the Housing and Community Development Division

The Division of Housing and Community Development (HCD) is part of the Planning and Urban Development Department. HCD manages and administers community development and housing programs with both local funds and funds provided by the U.S. Department of Housing and Urban Development (HUD). HCD is responsible for planning and expending funds received under four HUD programs: Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and the Lead Hazard Control Grant (LHC). HUD funds are utilized to benefit low and moderate-income Portland residents and city neighborhoods where a majority of the residents earn low and moderate incomes. HCD supports a wide variety of projects and programs including social and neighborhood services, public facilities and infrastructure in eligible neighborhoods and housing rehabilitation and housing development. The Division works in partnership with residents, non-profit agencies and City departments to benefit low and moderate-income residents and improve the neighborhoods in which they live.

In addition to managing HUD funded programs, the Division manages the monitoring of Inclusionary Zoning and Accessory Dwelling Units, administers the Housing Trust Fund, and staffs the Housing Committee.

Community Development Block Grant Program

The goal of the CDBG Program is to develop strong communities by ensuring decent affordable housing, providing services to the most vulnerable, and expanding economic opportunities for low and moderate income persons.

CDBG funds are allocated through a competitive application process. CDBG applications are typically made available in October and are due by the end of November. The CDBG Allocation Committee meets from December through February to review, evaluate and score the applications. The Allocation Committee makes recommendations to the City Manager. The City Manager reviews the Allocation Committee's recommendations and



Mary Davis

Division Director, Housing & Community Development Division

makes his recommendations to the City Council. Typically, the City Council reviews the CDBG funding recommendations along with the other HUD program budgets (such as the HOME Program) at two public hearings held in March or April. At the second public hearing the Council takes action on the allocations.

Emergency Solutions Grant (ESG)

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

Housing Assistance Programs: Resources

HOME Investment Partnership Program: The Home Investments Partnerships Program (HOME) was established by Congress in 1992. Since 1992, the City of Portland and the Cumberland County HOME Consortium have received over \$19.7 million dollars in HOME funding. In 2009 the City became the lead entity in the Cumberland County HOME Consortium (CCHC). The Consortium is a partnership of the communities in Cumberland County that administers HOME Program funds in Cumberland County. The creation of the consortium expanded the financial resources for affordable housing activities in the region. The City retains independent operation of its HOME program. Because the City serves as the "Lead Entity" and City staff administers the County portion of the funding, all administrative funds are retained by the City. The County's Municipal Oversight Committee controls the allocation of the County's portion of the HOME funds.

Housing Trust Fund: The Housing Trust fund is established by Section 14-489 of the City's Code of Ordinances. The purpose of the Housing Trust Fund is the "...promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City." and "To serve as a vehicle for addressing very low, low and median income housing needs...". Housing Trust Fund revenue is generated from fees triggered by the Housing Preservation and Replacement Ordinance and fee-in-lieu contributions from the Inclusionary Zoning Ordinance, along with other funding resources under Council consideration. Affordability restrictions are required. In the case of rental or cooperative



Mary Davis

Division Director, Housing & Community Development Division

units, the units must remain affordable for the life of the housing unit which is presumed to be a minimum of thirty (30) years. Homeownership units must include resale restrictions that maintain an “equitable balance” between the interests of the owner and the City. These restrictions must be documented and recorded in the Cumberland County Registry of Deeds.

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope.

Lead-Safe Housing Grant: The City of Portland was awarded funding through a competitive grant program offered by HUD’s Office of Lead Hazard Control and Healthy Homes. In 2016 the City received its sixth lead hazard control grant. As with our HOME Consortium, the program is administered by the City on a county-wide basis.

Housing Assistance Programs: Uses

Housing Rehabilitation: The Housing Rehabilitation Program assists Portland property owners with repairs to their property. Typical repairs include health and safety issues, energy conservation/weatherization improvements, roof replacement, and heating system replacement. The program allows for different funding options depending on whether the property is owner-occupied or rental property. Owner-occupied properties can qualify for a 0% interest, forgivable loan or low interest payable loan. Owners of rental property can qualify for low interest loans. Income eligibility is required for owner-occupants. Rent and tenant income restrictions are required for rental property.

The housing programs are funded by both CDBG and HOME funds. The City is the lead entity in the Cumberland County HOME Consortium; HOME program funds are administered on a county-wide basis. The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home owner assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income.

Tenant Based Rental Assistance (TBRA): The TBRA Program is funded with HOME funds and is administered by the City’s Social Service Division. The program provides security deposits, short term rental assistance and utility deposits for individuals and families residing in the City’s homeless shelters or in danger of being evicted. Eligible applicants must meet the standards for homelessness or be facing eviction and have an annual income of less than 30% of the area median income.

Portland, Maine



Yes. Life's good here.

Mary Davis

Division Director, Housing & Community Development Division

Lead-Safe Housing Program: The program is designed to reduce lead paint hazards in the City of Portland and throughout Cumberland County. Forgivable loans are available for properties, both rental and owner occupied, where low to moderate income families reside. Program assistance is restricted to households at or below 60% of the area median income for rental housing and 80% of the area median income for owner occupied housing. Assistance for rental housing units includes a three year affordability restriction.

Affordable Housing Development: Since the adoption of the 2002 Housing Plan, the City has been committed to the production of housing, using several sources of funds. HOME, CDBG, Housing Trust Fund, Tax Increment Financing have all been used to leverage the creation of affordable housing. Since that time, the City has invested almost \$14 million dollars in 30 projects which created 951 units of housing. As mentioned above, the HOME program restricts rental housing assistance to households at or below 60% of the area median income and home owner assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income. Housing Trust Fund can assist households at or below 120% of area median income.



TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATED: February 23, 2018

SUBJECT: Overview of the Housing Trust Fund

Background

The City of Portland's Housing Trust Fund is established by Section 14-489 of the City's Code of Ordinances. The supports the promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City. Grants or loans are made to fund the acquisition, construction, and substantial rehabilitation of rental, cooperative, and home ownership housing that is restricted to ensure long-term affordability. The Housing Trust Fund is a much more flexible financial tool than other sources of funding available to the City. While the city has resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. Revenue for the Housing Trust Fund is generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, and fee-in-lieu contributions from the Inclusionary Zoning Ordinance. Each fiscal year, the City Council adopts the Housing Trust Fund annual plan which describes proposed programs, funding levels, and benefitted households. The Housing Committee conducts a public hearing on the use of the funds and refers recommendations to the City Council for action. The 2017 Housing Trust Fund Annual Plan is attached for reference purposes.

Housing Trust Fund Priorities

Priorities for the expenditure of Housing Trust funds collected pursuant to the Housing Replacement Ordinance are given to the creation of new housing stock. Priorities for the expenditure of funds collected pursuant to the Inclusionary Zoning Ordinance are not specified in Section 14-489 (Housing Trust Fund). Some communities that prioritize funding requests adopt a ranking system based on a pre-established set of criteria. The Center for Community Change; the Housing Trust Fund Project issued a report titled *Opening Doors to Homes for All. The 2016 Housing Trust Fund Survey Report* (HTFSR) which noted surveyed cities that prioritize via ranking gave more points for the following projects (from highest priority to lowest priority):

lowest incomes; leverage funds; homeless; disabled persons; specific neighborhood preservation/rehab; elderly; distressed communities; developed by nonprofits; energy efficiency; weatherization/upgrades; renewable energy; water efficiency upgrades. Other communities do not prioritize but instead set aside a portion of the trust fund revenue for specific activities. Set aside of funds were given to projects targeting: 50% AMI; 30% AMI; 80% AMI; 60% AMI; 100% AMI, and projects for: homeless services and housing; permanent supportive housing; first time homebuyers; preservation of rental housing rental assistance; persons with disabilities; and energy efficiency upgrades. A third method is the “first come, first serve” in which projects are considered for funding in the order in which they are received.

Eligible Activities

Activities eligible for funding from the Housing Trust Fund are those that promote, retain, and create an adequate supply of housing, particularly affordable housing for all economic groups, and to limit the net loss of housing units in the city. This broad language allows a fluid interpretation of the ordinance to support a full variety of housing proposals that satisfy the appropriate conditions.

Some communities have retained this degree of flexibility in their ordinance while also providing a list of eligible activities. For example, listed eligible activities may include: new construction of affordable housing; preservation/rehabilitation of existing multi-family housing; housing for elderly; or permanent homeless housing. Other communities provide a list of preferred projects such as: Housing First; Rapid Rehousing; projects that leverage additional resources; or gap financing.

As currently written, Portland’s Housing Trust Fund Ordinance provides the flexibility necessary to adapt to opportunities where other sources do not work or are not effective.

Eligible Applicants

The Housing Trust Fund Ordinance does not describe eligible applicants but does identify ineligible applicants. The option is available to define the term “eligible applicants”. If inclined, a definition may include for-profit businesses, local government entities, housing authorities, nonprofit agencies, community action agencies, nonprofit corporations, and private individuals or corporations.

Financing

Form of Awards

Housing trust funds provide funding in a variety of forms including no-interest loans, below-market loans, forgivable loans, and grants. Some housing trust funds restrict financing to nonprofit developers. Others provide loans to private developers while making grants available to nonprofit developers. And others only offer grants to help reduce homelessness. Portland’s

Housing Trust Fund Ordinance disburses funds “as grants or loans” (without further interpretation).

Maximum Award Amount

The level of funding from housing trust funds is usually the minimum amount necessary to achieve the desired degree of affordability, on a case-by-case basis, and subject to funding availability. Portland’s Housing Trust Fund allows distributions in an amount “as the city council in its discretion has approved in the housing trust fund annual plan” (section 14-489 (f) 2). The lack of a steady stream of dedicated revenue into the City’s Housing Trust Fund begets prudent decisions to preserve limited funds that fluctuate year to year.

Funding awards may be limited by specific dollar amounts per project or per affordable unit. Portland has subsidized thirty housing development projects since 2000. The total City investment of \$13,826,598 created 951 units of affordable housing at an average city contribution per unit of \$14,539.01.

Current Balance

The balance of the Housing Trust Fund is \$913,501.54. The chart on the next page breaks down deposit and expenditure activity to date.

DEPOSITS		EXPENDITURES	
Maine Medical Center 2002-2003	\$315,580	Avesta Oak Street Lofts 2011	(\$380,585)
Sportsman’s Grill 2002	\$40,000	Housing First Pre-Development Grants	(\$75,000)
Berlin City Auto 2009	\$116,000	65 Munjoy Street 2017	(\$175,000)
Stop n Shop 2010	\$289,250	65 Hanover & 62 Alder Streets Feasibility Study	(\$9,250)
Rockbridge/Eastland Park 2012	\$42,500	Total Expenditures	(\$639,835)
Riverwalk/Eastland Park 2012	\$250,000		
118 Congress LLC 2014	\$3,500		
Interest earned	\$51,555.81		
91 & 97 Belfort St sale 2017	\$86,423.99		
116 Upper A St., Peaks Island sale 2017	\$78,526.74		
443 Congress St. fee-in-lieu (IZ) 2017	\$280,000		
Total Deposits	\$1,553,336.54	Balance	\$913,501.54

As noted in the above chart, projects funded with Housing Trust Funds include the Avesta Oak Street Loft project which produced 37 efficiency units of rental housing affordable at 60% of the area median income (AMI) and below (including four units at 40% of AMI); 65 Munjoy Street which produced eight condominium units available for sale to households earning at or below

120% of AMI; Avesta's Huston Commons which produced 30 efficiency Housing First units; and Community Housing of Maine purchased a property on St. John Street which produced four Housing First units.

Summary

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing affordable housing for all economic groups. The benefit and advantage of the Housing Trust Fund is the local control of the funding process structured to address particular opportunities and priority housing needs. The program as designed allows for spending discretion, flexibility, and adaptive uses. The program does not restrict funding awards, determine grant or award eligibility, or provide detailed preferences or priorities. The Housing Trust Fund also does not provide a stable and steady source of funding for affordable housing due to the lack of a dedicated funding source. The absence of a dependable source of funding raises genuine concerns of uncertainty when addressing an issue that affects the entire community.

Prior to establishing the 2018 Housing Trust Fund Annual Plan, staff recommends incorporating the City Council's 2018 Goals when established, along with a review of the Housing Trust Fund administration, program parameters, and revenue source in order to design a plan that will ensure the promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City. The topics introduced in this memo, priorities, eligible activities, eligible applicants, types of financing, maximum award amounts are introduced as a starting point for future Committee consideration.

Attachment:

Housing Trust Fund Ordinance

Copy of the 2017 Housing Trust Fund Annual Plan

Order 191-16/17
Passage: 9-0 on 4/5/2017

Effective 4/15/2017

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

ORDER ACCEPTING AND ADOPTING
THE 2017 HOUSING TRUST FUND ANNUAL PLAN

ORDERED, that the 2017 Housing Trust Fund Annual Plan, attached hereto, is hereby accepted and adopted.

HOUSING TRUST FUND 2017 ANNUAL PLAN

The Housing Trust fund is established by Section 14-489 of the City’s Code of Ordinances. Section 14-489 (e) states that “the city council shall adopt a housing trust fund annual plan” and that the “housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action.”

The Annual Plan will establish the priorities in which the current balance of the Housing Trust Fund will be allocated. The plan is in line with City Council Goals from 2014: Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors and from 2016, Plan for five new “Housing First” projects.

This budget is based on the current balance in the Housing Trust Fund which is primarily a result of fees generated by the Housing Replacement Ordinance. The balance of the Housing Trust Fund is \$468,551. While staff anticipates increases in revenue in the Housing Trust Fund as a result of the Inclusionary Zoning Ordinance and other sources being considered by the City Council, those anticipated resources are not included in the 2017 Annual Plan.

Sources and Uses of Housing Trust Fund:

DEPOSITS		EXPENDITURES	
Maine Medical Center 2002-2003	\$ 315,580	Avesta Oak Street Lofts 2011	\$ (380,585)
Sportsman's Grill 2002	\$ 40,000	Housing First Pre-Development RFP	\$ (75,000)
Berlin City Auto 2009	\$ 116,000	65 Hanover St	\$ (9,250)
Stop n Shop 2010	\$ 289,250	65 Munjoy ST	\$ (175,000)
Rockbridge/Eastland Park 2012	\$ 42,500		
Riverwalk/Ocean Gateway 2012	\$ 250,000		
118 Congress LLC April 2014	\$ 3,500		
Interest earned	\$ 51,556	Balance	\$ 468,551

City Ordinance requires that the Housing Trust Fund Annual Plan include a description of the programs to be funded, a budget for each program and identify how the funds will be distributed among very-low (at or below 50% of the area median income), low (at or below 80% of the area median income) and moderate income (at or below 120% of the area median income) households.

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. The proposed Housing Program budget for FY 2017-2018 includes \$327,145 in HOME funding for affordable housing development, \$150,000 for housing rehabilitation and \$362,113 in CDBG housing program income for housing rehabilitation. The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home ownership assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income. City Ordinance allows the Housing Trust Fund to assist households at or below 120% of area median income.

The purpose of the Housing Trust Fund is the “...promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City.” and “To serve as a vehicle for addressing very low, low and median income housing needs...”. Currently, the Housing Trust Fund revenue is generated by the Housing Preservation and Replacement Ordinance. However, the recently approved Inclusionary Zoning Ordinance, along with other funding resources under Council consideration, will provide additional revenue for the Housing Trust Fund.

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit which is presumed to be a minimum of thirty (30) years. Homeownership units must include resale restrictions that maintain an “equitable balance” between the interests of the owner and the City. These restrictions must be documented and recorded in the Cumberland County Registry of Deeds.

Housing Trust Fund resources should be focused on opportunities where other funding sources do not work or are not effective. Housing Trust Fund investment should be focused on projects designed to create workforce housing targeted to households earning 80% to 120% of the area median income and rental housing projects targeted to very-low income households (at or below 50% of the area median income). As always, the City should act prudently when deciding to invest these funds. Developments or projects requesting financing assistance from the Housing Trust Fund will be brought to the City Council for funding approval.

The Housing Trust Fund resources are also intended to promote the retention of affordable housing. Staff recommends that Housing Trust Fund resources be made available, if necessary, to exercise the City’s right of first refusal it may have in connection with potential foreclosure issues with affordable homeownership units. This is unlikely to occur in the near future but may come up as more workforce homeownership units are created through Portland’s new inclusionary zoning ordinance. Similarly, Housing Trust Funds resources should also be considered for aiding households that own affordable units to pay special assessments from their condominium or homeowners association in order to help maintain the unit’s affordability and reduce any risk of foreclosure. It is important to allow for the consideration of using funds in these manners as foreclosure of a unit can jeopardize any affordability restrictions associated with the property.

Staff is requesting City Council approval of the proposed 2017-2018 Housing Trust Fund Annual Plan for the balance of \$468,551 currently existing in the Housing Trust Fund. Any revenue generated above and beyond the existing balance will not be allocated without an amendment to the Annual Plan.

any bonus received pursuant to this subsection, may not exceed the maximum height recommended for the location of the project pursuant to a height study that has been adopted as part of the city's comprehensive plan.

(Ord. No. 98-06/07, 12-4-06; Ord No. 240-09/10, 6-21-10)

DIVISION 31. HOUSING TRUST FUND

Sec. 14-489. Housing trust fund.

(a) *Purpose.* The purpose of enacting this section is:

1. To establish a City of Portland housing trust fund for the promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City.
2. To serve as a vehicle for addressing very low, low, and median income housing needs through a combination of funds as set out in section 14-483 of this chapter.

(b) *Definitions.*

Very low income household. A household having an income not exceeding fifty (50%) percent of median income for area of residence as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to 42 U.S.C. section 1437 et seq.

Low income household. A household having an income not exceeding eighty (80%) percent of median income for area of residence as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to 42 U.S.C. sections 1437 et seq.

Moderate income household. A household having an income not exceeding one hundred twenty (120%) percent of median income for area of residence as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to 42 U.S.C. sections 1437 et seq.

(c) *Establishment of the housing trust fund.* The city council shall establish a special revenue account under the name

"City of Portland Housing Trust Fund." Deposits into the fund shall include:

1. Contributions from the city's housing replacement ordinance under 14-483(i);
2. Funds appropriated to be deposited into the fund by vote of the city council;
3. Voluntary contributions of money or other liquid assets to the fund;
4. Any federal, state or private grant or loan funds provided to the fund;
5. Interest from fund deposits and investments; and
6. Repayments of loans made from the fund.

(d) *Management of the trust fund.* The city manager, or his or her designee, shall serve as the manager of the housing trust fund. The responsibilities of the manager, subject to the orders of the city council, shall include:

1. Maintaining the financial and other records of the housing trust fund;
2. Disbursing and collecting housing trust fund monies in accordance with the housing trust fund annual plan; and
3. Monitoring the use of monies distributed to successful applicants for housing trust fund support to assure on-going compliance with the purposes of the fund and the conditions under which these monies were granted or loaned.

(e) *Housing trust fund annual plan.* Each fiscal year, the city council shall adopt a housing trust fund annual plan. The city manager shall submit to the city council a recommended housing trust fund annual plan, utilizing the revenues of the housing trust fund as well as any other funds the manager may propose as appropriate. The housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action.

The housing trust fund annual plan shall include:

1. A description of all programs to be funded in part or in full by the housing trust fund;
2. A description of how funds from the housing trust fund will be distributed among very-low-income, low-income and moderate income households; and
3. The amount of funds budgeted for programs funded in part or in full from the housing trust fund.

Priority for the expenditure of funds collected pursuant to the housing replacement ordinance (see Sec. 14-483) shall be given to the creation of new housing stock, through either new construction or conversion of non-residential buildings to residential use.

(f) *Distribution and use of the housing trust fund's assets.*

1. All distribution of principal, interest or other assets of the housing trust fund shall be made in furtherance of the public purposes set out in section 14-483.
2. During each year, the housing trust fund shall disburse as grants or loans so much of the housing trust fund's assets as the city council in its discretion has approved in the housing trust fund annual plan.
3. Funds shall not be used for city administrative expenses.
4. Funds shall not be used for property operating expenses or supporting services.
5. No grants or loans shall be awarded by the housing trust fund to corporations, partnerships or individuals who are delinquent, at the time of application in the payment of property taxes or other fees to the city of Portland, who have been convicted of arson, who have been convicted of discrimination in the sale or lease

of housing under the fair housing laws of the State of Maine, or who have pending violations of current city electrical, plumbing building or housing codes or zoning ordinances.

(g) *Term of affordability.*

1. Whenever funds from the housing trust fund are used for the acquisition, construction or substantial rehabilitation of an affordable rental or cooperative unit, the City of Portland shall impose enforceable requirements on the owner of the housing unit that the unit remain affordable for the remaining life of the housing unit, assuming good faith efforts by the owner to maintain the housing unit and rehabilitate it as necessary. The remaining life of the housing unit shall be presumed to be a minimum of thirty (30) years.
2. Whenever funds from the housing trust fund are used for the acquisition, construction or substantial rehabilitation of ownership housing, the city of Portland shall impose enforceable resale restrictions on the owner to keep the housing unit affordable for the longest feasible time, while maintaining and equitable balance between the interests of the owner and the interests of the city of Portland.
3. The affordability restriction requirements described in this section shall run with the land and the city of Portland shall develop appropriate procedures and documentation to enforce these requirements and shall record such documentation in the Cumberland County Registry of Deeds.

(Ord. No. 281-09/10, 7-19-10)

Sec. 14-490. Reserved.

ARTICLE IV. SUBDIVISIONS*

*Cross reference(s)--Ordinances dedicating or accepting any plat or subdivision in the city saved from repeal, § 1-4(h).

State law reference(s)--Land subdivisions, 30-A M.R.S.A. § 4403.



TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATE: February 23, 2018

RE: Community Land Trust

Introduction

Portland has been 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.

Purpose and Structure

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 buildings 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.

Portland, Maine



Yes. Life's good here.

Planning & Urban Development Department

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 –

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.

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

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 an 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 tend 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 that 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 housing 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 501 c3
- 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 think, 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

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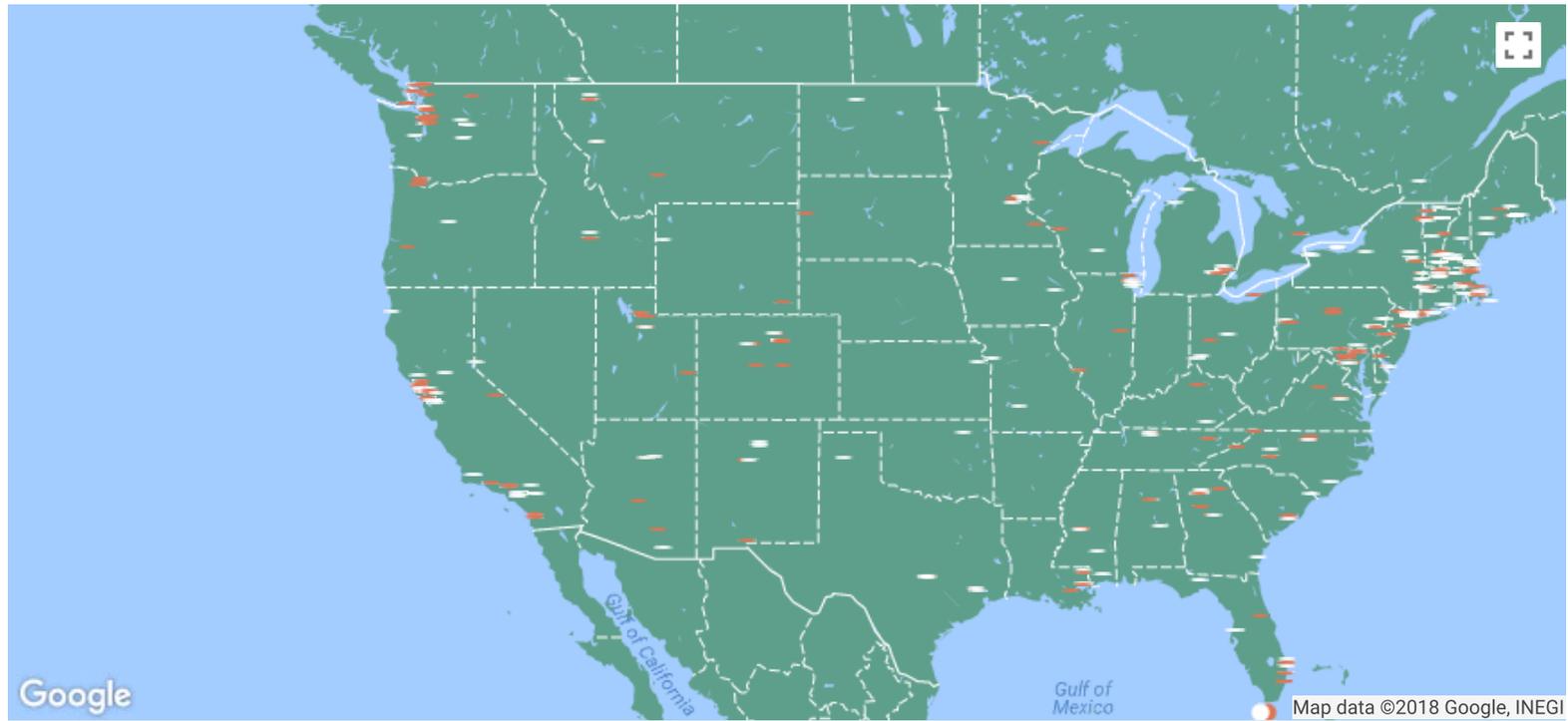
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Program Directory

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Planning & Urban Development Department

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Victoria Volent, Housing Program Manager

DATE: February 23, 2018

RE: City Owned Property

Introduction

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. It also has the added benefit of turning land with no tax liability into an income generating property for the city's tax rolls.

Inventory of City Owned Property

In 2013, Portland's Assessing Department identified more than 400 city-owned land parcels which included parks, cemeteries, and other properties designated as recreation/open space, resource protection zones, or in the land bank. Eliminating parcels such as schools, and land likely slated for other uses or purposes (for example trail expansion) from the original list resulted in a revised list of 253 properties. From that list, eight lots were identified for further review and discussion as possible affordable housing locations. Subsequently the vacant lot at the site of the former Adams Elementary School was utilized towards the development of eight workforce units at 65 Munjoy Street. Six parcels of city-owned land in the Bayside neighborhood used by Portland's Department of Public Works were sold in April of 2017 under the stipulation that roughly 100 units of mixed use housing be built.

In August 2015, the United States EPA awarded \$200,000 to the Greater Portland Council of Governments to work closely with the City of Portland to develop a Brownfield Area Wide Plan for the East Bayside neighborhood. The 130 acre land area of East Bayside has the potential for the development of retail, wholesale, greenspace, and affordable housing. A site referred to as the Franklin Reserve is a 1.88-acre parcel that was reportedly reserved for the four-lane highway known as Franklin Arterial, but was never utilized for this purpose. Currently, the Franklin Reserve includes community focused urban farms occupied by Cultivating Community (central and northern portions of 2 Boyd Street), and undeveloped land (eastern portion of 2 Boyd Street). The 2018 Housing Committee work plan proposes the presentation of the Franklin Reserve Massing Study at the March 28 meeting for the committee's review.



Planning & Urban Development Department

Another possible site is located on outer Westbrook Street. This site is a seven acre city-owned lot that abuts the Turnpike, Fore River Sanctuary, and Tech Park. Though not part of any on-going discussion to sell this parcel, the lot would allow 16 units of single family housing. Additional research is necessary to evaluate the appropriateness of this site for housing development.

City-Owned and Tax-Acquired Property Committee

In April of 2016, the City Council adopted order 190 – 15/16 amending the rules for the disposition of city-owned and tax-acquired property. The, City-Owned and Tax-Acquired Property Committee (COTAPC) was tasked with: eliminating neighborhood blight; assisting with neighborhood preservation and revitalization efforts; improving the City's housing stock; and putting properties back on the tax roll. The responsibilities of COTAPC include the selection of properties for sale using pre-established criteria. The committee is comprised of staff members representing departments involved in the disposition of tax-acquired and other City-owned property.

Land Evaluation

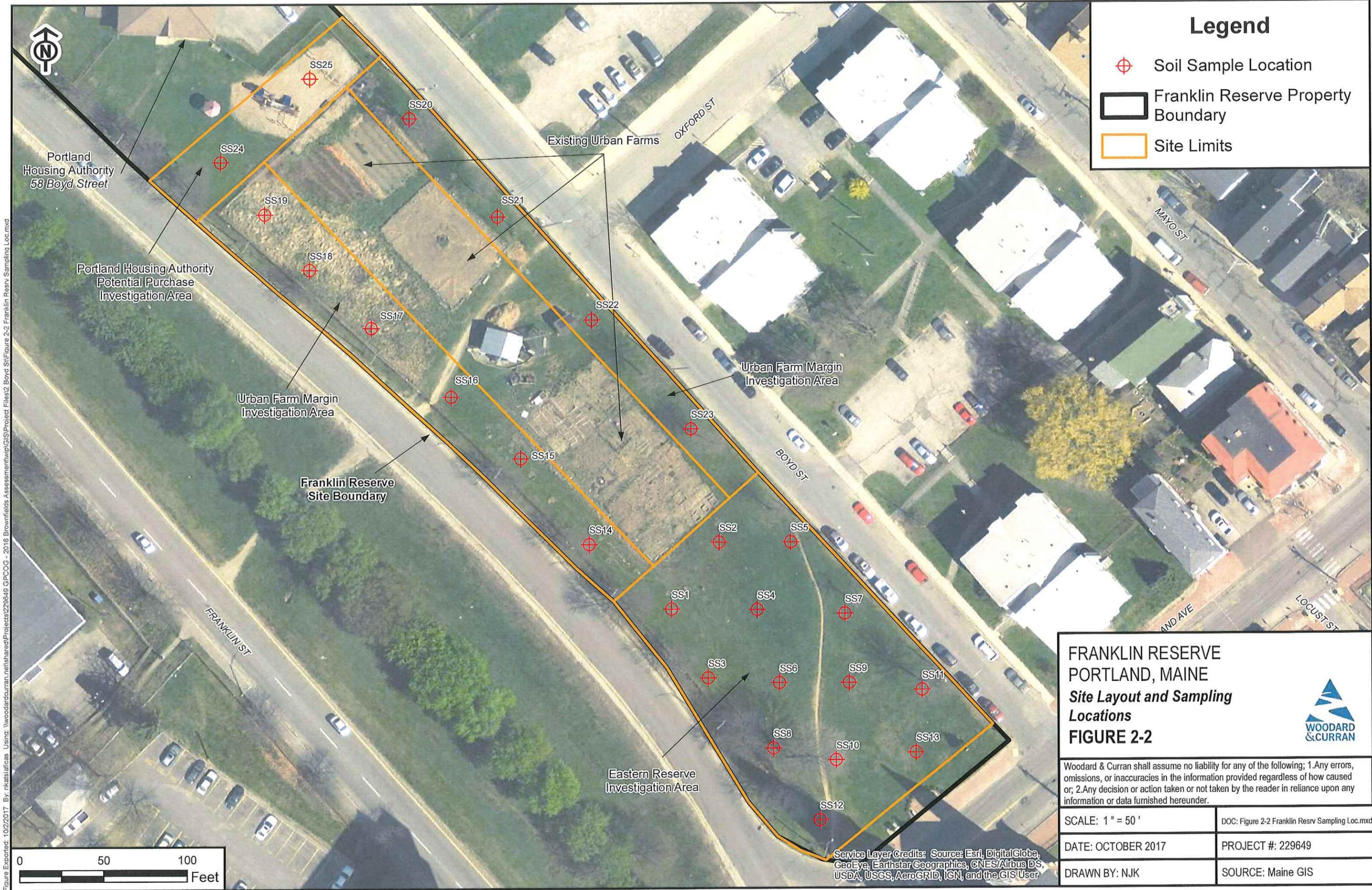
Though the City owns hundreds of parcels, the majority pose significant obstacles for developing affordable housing due to topography (extensive amount of ledge or significant wetland), infrastructure costs (a number of paper streets would require construction of connected roadways, and sewer and storm water expansion), and zoning (industrial locations; density limits). Some lots lack depth; they are long and thin (similar to a strip of spaghetti), or they are the location of playgrounds or community gardens, or are used for drainage. The City conducts on-going evaluations of properties for housing options.

Summary

Two main themes from Portland's new comprehensive plan were housing insecurity and lack of sufficient and suitable housing. The City recognizes that its vitality rests on the availability of diverse, secure housing options for existing residents, new arrivals, and all stages of life. Staff will continue to provide the committee with information regarding other potential housing parcels.

Attachments

Franklin Reserve site layout and sampling locations
Outer Westbrook Street parcel map



Legend

- Soil Sample Location
- Franklin Reserve Property Boundary
- Site Limits

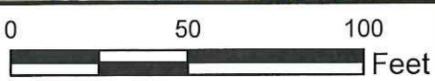
FRANKLIN RESERVE
PORTLAND, MAINE
Site Layout and Sampling
Locations
FIGURE 2-2



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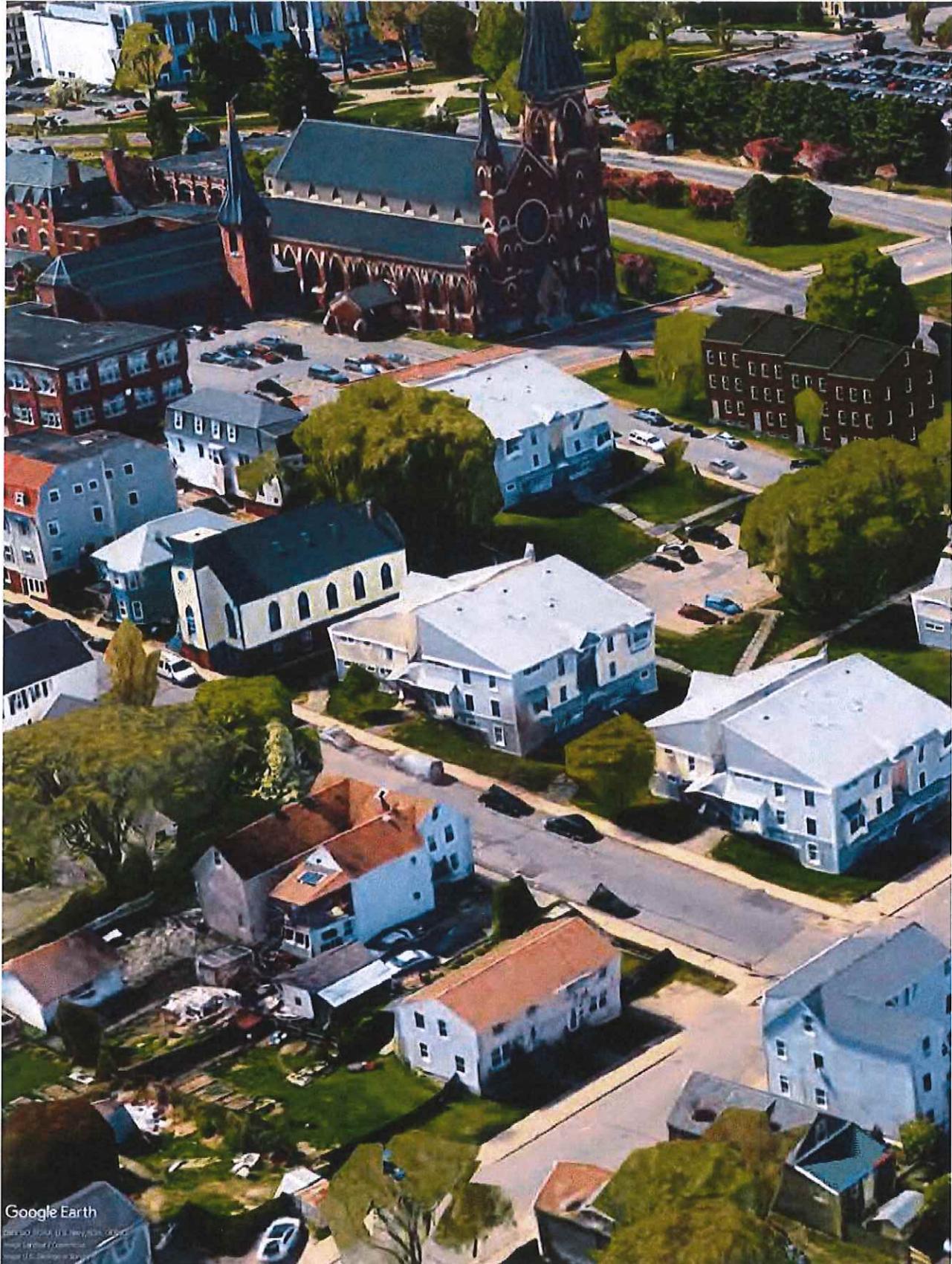
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Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: February 23, 2018

SUBJECT: Text Analysis of Housing Report Survey

During the February 12, 2018 Housing Committee meeting, Councilor Ali asked if staff could put together infographics from the results of the Housing Report Feedback Survey.

The Planning Department has a tool that is used to produce qualitative analysis results such as attached infographic. As we do further analysis, we will post the results online and on other city social media accounts.

DRAFT
2018 Housing Committee Work Plan
February 22, 2018

Items to refer to the 2018 Housing Committee

- Items from the 2018 Council Goal Setting Process
- Housing First Incentives;
- Capitalizing Housing Trust Fund;
- Possible revisions to and the implementation of Section 6-225 (Rental Housing Advisory Committee) of the Tenant Housing Rights Ordinance. (see June Agenda)
- City-led affordable housing development

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. HomeStart
2. Franklin Reserve Massing Study
3. Affordable Housing Development HOME Fund Application - Review and Approval to Issue by the Committee
4. 2018 Work Plan Discussion

April 25, 2018

1. Review of FY19 HUD Annual Allocation Plan
2. TENTATIVE - Review of Rental Housing Survey results
3. 2018 Work Plan Discussion

May 23, 2018

1. Review and Recommendation to the City Council – Funding Requests Received from the Affordable Housing Development HOME Fund Application
2. TENTATIVE – Review of Rental Housing Survey results
3. Hotel Linkage Fee Discussion
4. 2018 Work Plan Discussion

June 27, 2018

1. Presentation of Community Land Trust model
2. Review of City-Owned Property re: housing development potential
3. Discussion regarding creation of a Housing Advisory Board; including possible revisions to and the implementation of Section 6-225 (Rental Housing Advisory Committee) of the Tenant Housing Rights Ordinance.
4. 2018 Work Plan Discussion

July 25, 2018

1. 2018 Work Plan Discussion

August 22, 2018

1. Review of and possible changes to the Condo Conversion Ordinance
2. 2018 Work Plan Discussion

September 26, 2018

1. Review of FY18 HUD Consolidated Annual Performance Report
2. 2018 Work Plan Discussion

October 24, 2018

1. Presentation of Annual Housing Report
2. Review of Year 1 of the Short Term Rental Program
3. 2018 Work Plan Discussion

November 28, 2018

1. Review of 2018 Annual Committee Report
2. 2018 and 2019 Work Plan Discussion

December 26, 2018 (day after Christmas)