

Housing Report

DECEMBER 2019
Planning & Urban
Development,
Housing & Community
Development Division



CITY OF PORTLAND, MAINE





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Executive Summary (p.3-5)

Definition of Terms (p.6-7)

I. Housing Demographics (p. 8-14)

- a. Population
- b. Household Tenure
- c. Household Age Distribution
- d. Employment, Wages, and Income
- e. Income by Housing Type
- f. Poverty

II. Housing Affordability (p.15-19)

- a. Affordability Index & Affordability Gap
- b. Interpreting Income Levels
- c. Household Income Distribution
- d. Wages and the Cost of Rental Housing
- e. Household Income Distribution
- f. Housing-Cost Burdened

III. Housing Supply (p.20-28)

- a. Residential Property Characters
- b. Age of Housing Stock
- c. Vacancy Rates
- d. Housing Availability
- e. Planning Board Approval Activity
- f. Housing Supply: Certificate of Occupancy
- g. Place of Development
- h. Short Term Rentals
- i. Home Sales
- j. Development Costs
- k. Labor Shortage

IV. Housing Demand (p.29-34)

- a. Federal Resources
- b. Condominiums
- c. Multi-Family Rentals
- d. Single-Family Houses
- e. Low-Income Housing/Homelessness
- f. Student Housing
- g. Desirability

Table of Contents

V. Housing Resources (p.35-41)

- a. Federal Resources
 - HOME Investment Partnership Program
 - Community Development Block Grant (CDBG)
 - Emergency Solutions Grants Program (ESG)
 - Neighborhood Stabilization Program (NSP)
 - Lead Safe Housing
 - Brownfield Economic Development Initiative (BEDI)
- b. Local Resources
 - Housing Trust Fund (HTF)
 - Affordable Housing Tax Increment Financing (AHTIF)
 - Housing Development Fund (HDF)
 - Selling/Leasing City-Owned and Tax Acquired Property

VI. Housing Toolbox (p.41-53)

- a. Inclusionary Zoning
- b. Hotel Inclusionary Zoning
- c. Housing Replacement Ordinance regarding the Housing Trust Fund
- d. Reduced Fees for Developing Affordable Housing
- e. Downtown Height Overlay District Amendment
- f. B-1, B-1b Amendment
- g. Allowing Accessory Structure in R-3 and R-5 Zones to be converted to dwelling units
- h. R-6 Zone in the vicinity of Boyd, Oxford, and Mayo Street Rezoned to R-7
- i. Multi-Family Density Standard Amendment
- j. R-6A Zone
- k. R-6A Zone
- l. Rezoning 89 Anderson Street
- m. R-5A Zone Amendment
- n. IR-1 and IR-2 Accessory Dwelling Unit (ADU) Amendment for Peaks Island
- o. Reduced Parking Requirements & Fee-in-lieu Option
- p. Priority Review
- q. India Street Form Based Code (IS-FBC)
- r. Amendment to Zoning Ordinance for Greater Density and Height
- s. B-1 and B-1b Neighborhood Business Zone
- t. Munjoy Hill Neighborhood Conservation Overlay District
- u. Nonconforming Use and Nonconforming Buildings
- v. Transportation Improvements to Allow for Greater Density
- w. Short Term Rentals
- x. Portland Water District Efficiency and Repair Services Program
- y. Healthy Neighborhoods Program
- z. Rental Housing Advisory Committee
- aa. Housing Safety
 - Rental Housing Registration/Inspections
 - Fire Department Inspection Program

VII. Attachment A Income (p.53-55)

Executive Summary

CITY OF PORTLAND HOUSING REPORT 2019

The biennial Housing Report has been prepared by the Housing and Community Development Division, Planning and Urban Development Department at the request of the City Council's Housing Committee. This report is designed to give an overview of the current housing market and report out on the many policies and initiatives the City has adopted to address the issues of housing availability and affordability.

Housing Stability

Housing stability promotes economic prosperity and the well-being of communities. Economic health in turn is a driving force behind housing demand and a link to housing costs. Attracting and retaining a diversified workforce relies on a healthy housing market as much as employment opportunities. The lack of affordable housing impedes the City's goals for future growth.

The Comprehensive Plan Goal

This goal is for 75% of employees in Portland to be able to live in the City. This contemplates a production goal of 2,557 housing units over the next ten years, or 256 units per year. The Workforce Housing Study from 2015 found that, of all the housing produced, currently 29% is affordable at the area median income. Based on City residents' income, that number should be between 53% and 62%. Therefore, of the goal of 256 units produced a year, 136 to 159 should be affordable at the median income. The current Affordable Housing Fund application sets a goal of 65 to 90 units affordable at or below the area median income, based on available funding.

Despite market obstacles (cost of materials and a labor shortage) and geographical limitations, Portland continues to create housing for all age and income groups. That said, there are a number of housing challenges and issues that have been identified in this report.

Some of the challenges are listed below:

- Portland's median household income in 2018 of \$51,799, places the city towards the bottom of the Portland – South Portland Metropolitan Area Housing Market.
- The three largest job sectors (office administration, sales, and food preparation and service) within the Portland- South Portland labor market are some of the lowest paying jobs.
- Per MaineHousing, to purchase the median priced home in Portland of \$316,000, a household would need an income of \$102,173, which is almost double the actual Portland median household income of \$51,799.
- Portland's largest household group, at 20% of the population, is low-income households.
- 47% of renter-occupied households and 29% of owner-occupied households pay 30% or more of their income towards housing costs.
- 54% of Portland's housing stock was built pre-1950, which is the riskiest housing for lead hazards.
- Increased demand and limited home-building activities have contributed to a significant decline in available housing inventory.

Executive Summary

Within this backdrop, Portland is utilizing a wide variety of programs, planning, and deregulatory policies towards the creation and preservation of housing.

At the recommendation of the Housing Committee, the City Council approved subsidies during 2018 and 2019 in the amount of \$2,073,439 in HOME funds, \$280,000 in CDBG funding, \$1,961,734 in Housing Trust Funds, and \$13,846,142 in Affordable Housing Tax Increment Financing to create or rehabilitate 418 affordable and market rate housing units and a 40 room women’s lodging house. Eight of the 418 units are single-family houses.

Recent updates to the city code supports increasing residential density and height, providing incentives for creating affordable housing, backing the implementation of form-based codes, encouraging the creation of affordable accessory dwelling units, mandating inclusionary zoning, reducing lot size, expediting affordable housing administrative review, facilitating infill development, reducing development fees for the creation of affordable housing, and reducing parking minimums.

Portland’s Planning Board approved 2,300 units of residential housing from 2014 to August of 2019. This equates to approximately 383 units per year, which is greater than the Comprehensive Plan goal of 256 units per year. Inclusionary Zoning was adopted by Portland on October 19, 2015. Since then, 59 inclusionary zoning units have been approved by the Planning Board and \$826,500 has been collected as a fee-in-lieu. These fees are deposited into the City’s Housing Trust fund and have been allocated to subsidize the creation of 492 units of affordable housing. Additionally, Portland is protecting against the loss of long-term rental units from leaving the local market to host short-term guests through its short-term rental ordinance.

Portland's Planning Board approved 2,300 units of residential housing from 2014 to August of 2019.

Executive Summary

The Maine Medical Center Healthy Neighborhoods Program will fund and execute housing and community improvement programs in the surrounding St. John Valley and other neighborhoods.

Improvements to the city's transportation infrastructure both on- and off-peninsula will in part better accommodate greater housing density.

The new Portland Rental Housing Advisory Committee will provide the Housing Committee with recommendations or proposals for improvements, modifications, or changes regarding landlord and tenant policy issues, and identify educational opportunities, seminars, and materials that would be useful to landlords and tenants.

The Housing Safety Office administers a rental housing registration and inspection program for residential rental properties. The focus of residential inspections is now on one and two-unit properties and short-term rental units.

Finally, Portland is proud to embrace the Metro Regional Coalition Council Resolution regarding the housing affordability crisis in the Greater Portland region by affirming we will continue to focus local and federal resources on the creation of new housing that is affordable at all income levels with the goal of producing 2,577 housing units (256 units per year) by 2027. Portland recognizes the need to ensure a supply of safe, inclusive, affordable housing that strengthens our community, bolsters our economy, contributes to the quality of life of our residents, and population diversity.



Definition of Terms

The following list of terms are provided for reference, and were compiled from municipal and U.S. Department of Housing and Urban Development definitions and interpretations.

AFFORDABLE HOUSING. The term “affordable housing” means that the percentage of income a household is charged in rent and utilities, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household’s gross income.

AMERICAN COMMUNITY SURVEY (ACS). Conducted by the U. S. Census Bureau, the survey is sent to a small percentage of the population on a rotating basis through the decade. The ACS is an ongoing survey that provides vital information on a yearly basis about the nation and its people. Area Median Income is derived from the data collected in the American Community Survey 5-Year Estimates.

AREA MEDIAN INCOME (AMI). See INCOME definition

COMMUNITY DEVELOPMENT BLOCKGRANT PROGRAM (CDBG). Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low and moderate-income residents.

EXTREMELY LOW-INCOME. See INCOME definition.

FAIR MARKET RENT (FMR). Payment determined and reported by HUD for the metro fair market rent area.

HOME. The HOME Investment Partnerships Program provides formula grants to states and localities that community’s use- often in partnership with local nonprofit groups- to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent of home ownership.

HOUSEHOLD. Includes all persons occupying a housing unit and they do not need to be related. One person occupying a housing unit is a household as is one or more persons who occupy a housing unit.

HUD. The United States Department of Housing & Urban Development. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.

INCLUSIONARY ZONING. Development projects that create ten or more new dwelling units for rent or for sale and are required to ensure at least 10% of the units in the project meet the definition of workforce housing unit for sale or for rent.

INCOME. The U.S. Department of Housing and Urban Development (HUD) annually computes income levels for Portland. The Maine State Housing Authority (MSHA) also annually computes income levels for Portland. The data sets used by HUD and MSHA are similar but not the same. Please see Attachment A for a detailed discussion of Income, Area Median Income, and Income levels.

LOW INCOME. See INCOME definition.

LOW INCOME HOUSING UNIT FOR RENT. The rent affordable to a household earning at or below 80% of the Area Median Income (AMI) as determined by HUD.

LOW INCOME HOUSING UNIT FOR SALE. The sale price affordable to a household earning at or below 80% of the Area Median Income (AMI) as determined by HUD.

MAINE STATE HOUSING AUTHORITY. Maine Housing is the leading provider of affordable housing resources in Maine, helping Maine people to obtain and maintain quality affordable housing.

MEDIAN INCOME. See INCOME definition.

MODERATE INCOME. See INCOME definition.

Definition of Terms

NATIONAL ASSOCIATION OF HOME BUILDERS. NAHB

produces in-depth economic analyses of the home building industry based on private and government data. Builders, home buyers, and renters are surveyed to gain insight into the issues and trends driving the industry.

NATIONAL LOW INCOME HOUSING COALITION. NLIHC is dedicated solely to achieving socially just public policy that ensures people with the lowest incomes in the United States have affordable and decent homes.

PORTLAND, ME HUD METRO FAIR MARKET RENT AREA (HMFA).

Comprised of 19 towns and cities within Cumberland County and 4 towns in York County as determined and reported by HUD. This custom geographic definition area is used in the calculation of income limit program parameters, such as the CDBG and HOME programs. HMFA is a subsection of the larger Metropolitan Statistical Area (MSA).

PORTLAND-SOUTH PORTLAND HOUSING MARKET AREA (HMA).

Comprised of 68 towns and cities within Cumberland, Sagadahoc, and York Counties as determined and reported by HUD.

PORTLAND-SOUTH PORTLAND, ME METROPOLITAN STATISTICAL AREA (MSA).

Comprised of 68 towns and cities within Cumberland, Sagadahoc, and York Counties as determined and reported by HUD (coterminous with the HMA).

TAX INCREMENT FINANCING (TIF). A flexible financing tool authorized under state law. The TIF program allows municipalities to provide financial assistance to local economic development or affordable housing development projects by using new property tax revenue generated as a result of the new development. TIF revenue can be used to pay for public or private projects.

VERY LOW-INCOME. See INCOME definition.

WORKFORCE HOUSING UNIT FOR RENT. Means a dwelling unit is affordable to a household earning at or below 100% of the Area Median Income as determined by HUD.

WORKFORCE HOUSING UNIT FOR SALE. Means a dwelling unit for which the purchase price is affordable to a household earning at or below 120% of the Area Median Income as determined by HUD.

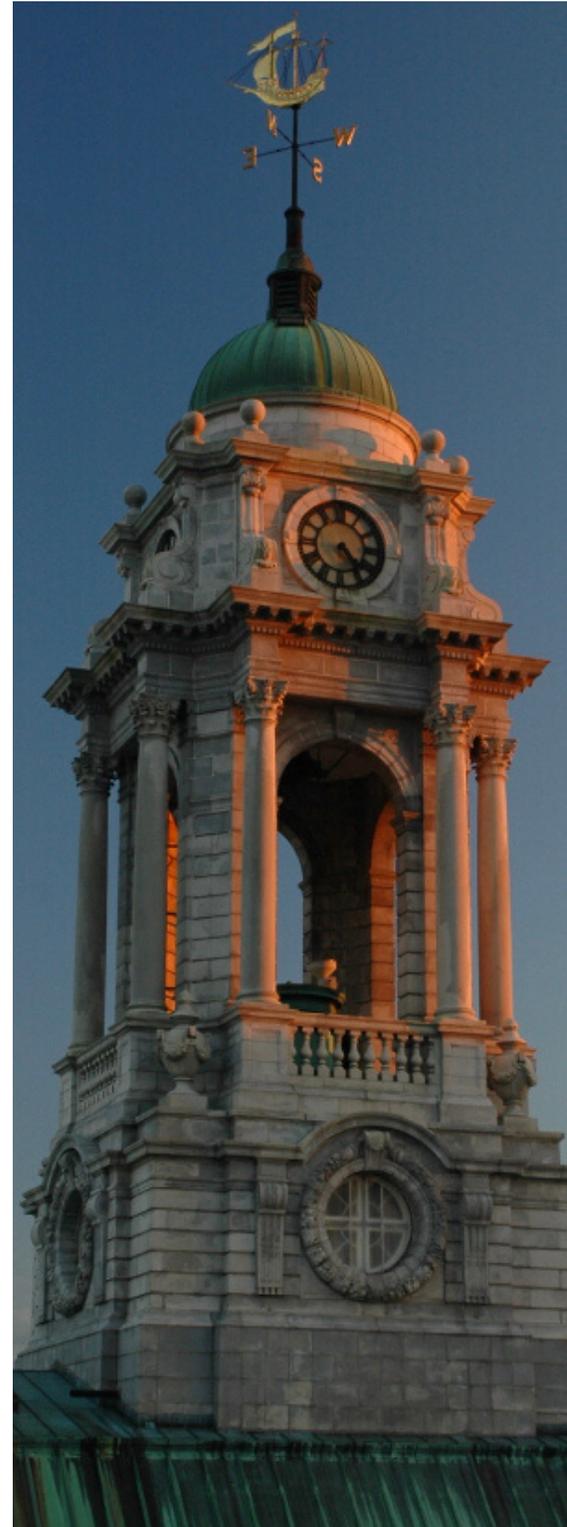


Photo courtesy of Jeff Swanson

DEMOGRAPHICS

Underlying demographic shifts—in particular, changing income and age structure of the population—shape the type, quantity, quality, and location of housing.

Population

- ▶ Portland's population grew by an estimated 223 people from 2010 to 2018
- ▶ Lewiston's population grew by an estimated 648 people from 2010 to 2018
- ▶ Bangor's population grew by an estimated 1,042 people from 2010 to 2018

A municipality's population size is an indicator of the needs of the residents; larger communities tend to have a larger percent of people requiring additional services from their community.

Portland is the largest city in Maine with an estimated 2018 population of 66,417 people. Based on U.S. Census data, Portland grew by 223 people from 2010 to 2018. In comparison, the second largest city in Maine in 2018 is Lewiston with 36,592 people. Lewiston gained 648 people from 2010 to 2018. Bangor, with a 2018 population of 33,039 is the third largest Maine city. Bangor grew by 1,042 people during that same period

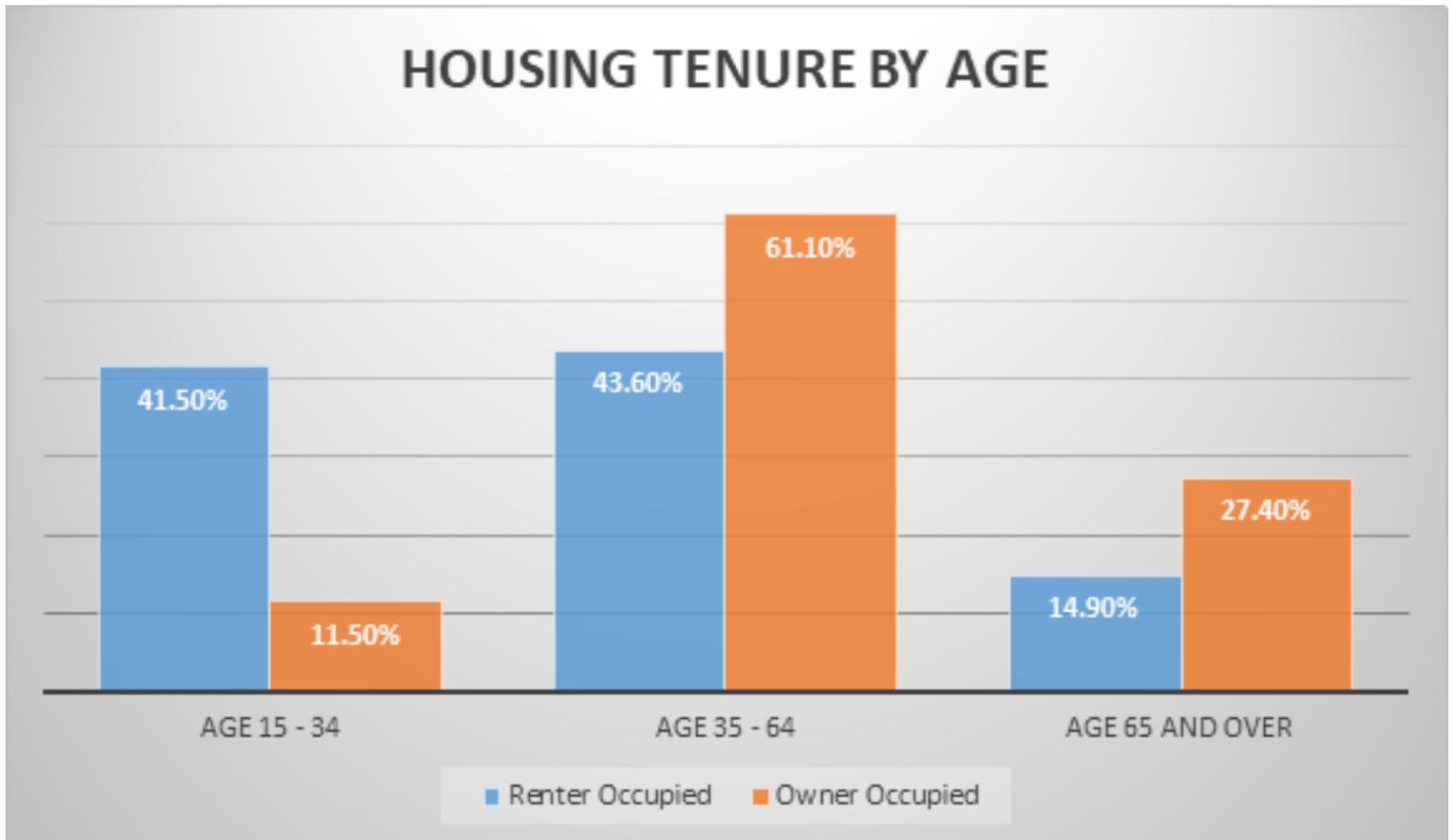


DEMOGRAPHICS

Household Tenure

- ▶ 56% of Portland households are renter occupied
- ▶ 44% of Portland households are owner occupied
- ▶ Renter occupied households has increased by 2% since 2010

Per the 2017 American Community Survey (ACS) 5-year estimates, Portland had 30,167 total households. Of those households, 56% were renter occupied and 44% were owner occupied. This is a slight change of +2% and -2% respectively from 2010 when Portland had 30,686 total households with 54% renter occupied and 46% owner occupied.



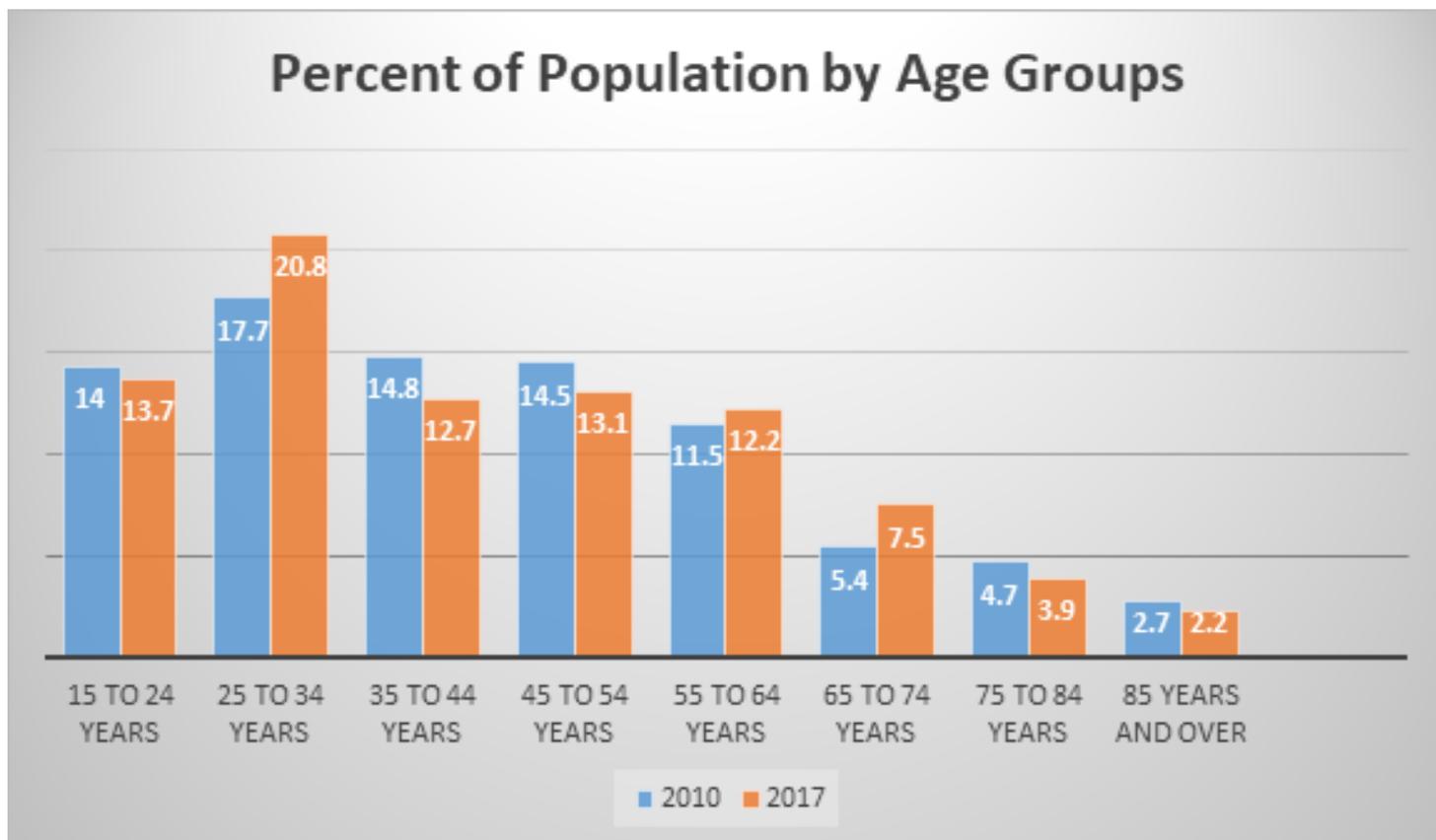
Source: U.S. Census Bureau 2013-2017 American Community Survey 5-year Estimates

DEMOGRAPHICS

Household Age Distribution

- The median age in Portland in 2018 was 36 which is less than the U.S. median of 37.8
- People aged 25 to 34 year olds make up the largest percentage of Portland residents
- People aged 25 to 34 years old (this age group includes the millennial population (aged 23 to 38) grew by slightly more than 3% from 2010
- People aged 65 to 74 years old (this age group includes the older baby boomer population (currently aged 63 to 73) grew by about 2% from 2010

Maine continues to hold the distinction of being the nation's oldest state population. While the median age in the United State in 2018 was 37.8 and 44.3 statewide, Portland's median age is 36. People aged 25 to 34 year olds make up the largest percentage of residents in Portland. This age group has grown from 17.7% of the population in 2010 to 20.8% of the population in 2017. The percent of residents aged 55 to 64 year olds has also grown from 11.5% to 12.2% of the population in 2017. This is in contrast to residents aged 35 to 44 and 45 to 54 who have decreased by 2.1% and 1.4% of the population respectively. This downward trend reverses itself with those aged 55 to 74 years and over. This population grew by 2.8% from 2010 to 2017. People who are 23 to 38 years old in 2019 are also known as Millennials while Generation X is comprised of people aged 39 to 54. Baby Boomers are currently 55 to 72 years old.



Source: U.S.Census Bureau 2006-2010 and 2013-2017 American Community Survey 5-year Estimates

DEMOGRAPHICS

Employment, Wages and Income

- The three largest job sectors within the Portland- South Portland labor market are some of the lowest paying jobs.
- Portland's median household income ranks towards the bottom (38 out of 43) within the Portland-South Metropolitan Area as reported by MaineHousing.
- Portland's median household income in 2018 was \$51,799 as reported by MaineHousing.
- Employees in many of the largest local job sectors cannot afford to rent or purchase a home in Portland.

The term "median income" is used to describe the amount that divides income distribution into two equal groups, half having income above that amount, and half having income below that amount. The United States Department of Housing and Urban Development (HUD) provides housing data for the larger Portland-South Portland, Maine Metropolitan Statistical Area (MSA) comprised of 68 towns and cities within Cumberland, Sagadahoc, and York Counties. HUD also reports housing and income data for the smaller Portland, Maine HUD Metropolitan Fair Market Area (MFA) comprised of 19 towns and cities within Cumberland County and four towns in York County. It is common for this amount to be reported interchangeably as the "median income", the "Portland median income", the "Portland, ME HUD Metro FMR Area", the "HMFA" or the "MFA". If the area median income is qualified in some way generally as a percentage of AMI (e.g. 100% AMI), then this is a reference to HUD's income limits. The 2019 100% AMI for Portland MFA for a household of four is \$93,000. Maine State Housing Authority (MaineHousing) also provides housing facts and an affordability index on 43 towns and cities in the Portland-South Portland Metropolitan Area Housing Market. The source of data for the reported median household income is not HUD but rather Claritas, LLC. The 2018 Portland median household income per MaineHousing was \$51,799.

As a point of reference, the income data referenced in this report is derived from the two sources noted in the paragraph above, specifically the U.S. Department of Housing and Urban Development and the Maine State Housing Authority. It is acknowledged that there are many other sources that collect and report income data and these sources may not analyze the data in the same way. For instance, the United States Census Bureau's American Community Survey (ACS) reports data in 1-year, 3-year (only available for 2011-2013 and earlier) and 5-year estimates. Information reported in the 1-year estimate would not be the same as what is report in the 5-year estimate. For example, the 2017 ACS 1-Year median household income is \$56,326, while the 2017 ACS 5-Year median household income is \$51,430.

Within the Portland- South Portland labor market, the three largest job sectors are Office and Administrative Support (15% of all jobs); Sales (10%); and Food Preparation and Services (9%). Hourly wages in these occupational groups are some of the lowest paying jobs in major job sector categories. As will be discussed in further detail later in this report, MaineHousing reports the income necessary to purchase the median priced home in Portland in 2018 was \$102,173. Approximately 79 percent of Portland residents cannot afford to purchase the median priced home. The median rent for a two-bedroom unit was \$1,380 in 2018 according to the Portland Rental Market Survey, which may or may not include heat and other utilities. The income necessary to afford the median rent for a two- bedroom unit is \$55,000, while the income necessary to afford the median one-bedroom rent of \$1,050 is \$42,000. Employees in many of the largest local job sectors cannot afford to rent or purchase a home in Portland.

DEMOGRAPHICS

US. Department of Labor Bureau of Labor Statistics, May 2018 Portland-South Portland, ME Wage Estimates

Occupation Title	Employment	Employment per 1,000 jobs	Median Hourly Wage	Annual Mean Wage	Percentage
All Occupations	208,520	1,000	\$19.07	\$52,260	
Office and Administrative Support	31,170	149.495	\$17.60	\$38,530	15%
Sales and Related	21,250	101.929	\$14.33	\$41,460	10%
Food Prep and Service	20,530	98.56	\$11.97	\$28,800	9%
Management	14,180	67.990	\$46.24	\$109,170	7%
Healthcare Practitioners	13,350	64.034	\$32.86	\$88,220	6.4%
Education, Training, and Library	12,370	59.344	\$23.91	\$52,480	5.9%
Transportation	11,710	56.172	\$16.36	\$36,600	5.6%
Business and Financial	11,160	53.539	\$30.59	\$71,060	5.4%
Production	9,830	47.152	\$17.39	\$38,850	4.7%
Installation, Maintenance, & Repair	7,470	35.837	\$22.06	\$48,340	3.6
Construction	7,260	34.804	\$19.66	\$43,600	3.5%
Community and Social Service	3,400	33.245	\$21.09	\$47,050	3.3%
Protective Services	4,150	19.923	\$18.41	\$41,870	2%
Cashiers	3,870	18.559	\$11.10	\$24,500	2%
Legal	1,840	8.808	\$30.53	\$88,370	0.8%
Landscaping and Groundskeeping	1,740	8.355	\$15.61	\$34,400	0.8%
Maids and Housekeeping	1,520	7.268	\$11.98	\$25,680	0.7%

Employment, Wages and Income

Portland’s median income in 2018 of \$51,799 (as reported by MaineHousing), places the city towards the bottom of forty-three communities within the Portland – South Portland Metropolitan Area, as defined by MaineHousing. Based on the data from this report, Portland’s median income is ranked 38 out of 43 cities and towns with 43 being the lowest median income. South Portland, Biddeford, and Westbrook had estimated median incomes in 2018 of \$65,195, \$56,079, and \$51,076 respectively. As noted in the 2030 Comprehensive Plan, “Portland’s lower household income reflects its status as an urban employment and housing center, home to a range of populations groups from the highly affluent to those just starting out in the workforce.”

2018 HOUSING FACTS AND AFFORDABILITY INDEX FOR PORTLAND – SOUTH PORTLAND METRO AREA HOUSING MARKET

COMMUNITY	MEDIAN INCOME	RANKING
PORTER	\$45,294	1
NEWFIELD	\$47,075	2
HIRAM	\$47,292	3
PARSONSFIELD	\$47,517	4
CORNISH	\$49,919	5
WESTBROOK	\$51,076	6
PORTLAND	\$51,799	7
SEBAGO	\$55,739	8
OLD ORCHARD BEACH	\$53,848	9
BIDDEFORD	\$56,079	10
STATE OF MAINE	\$56,987	11

Source: [MaineHousing](#) 2018 Portland-South Portland MA Housing Market/Housing Facts & Affordability Index

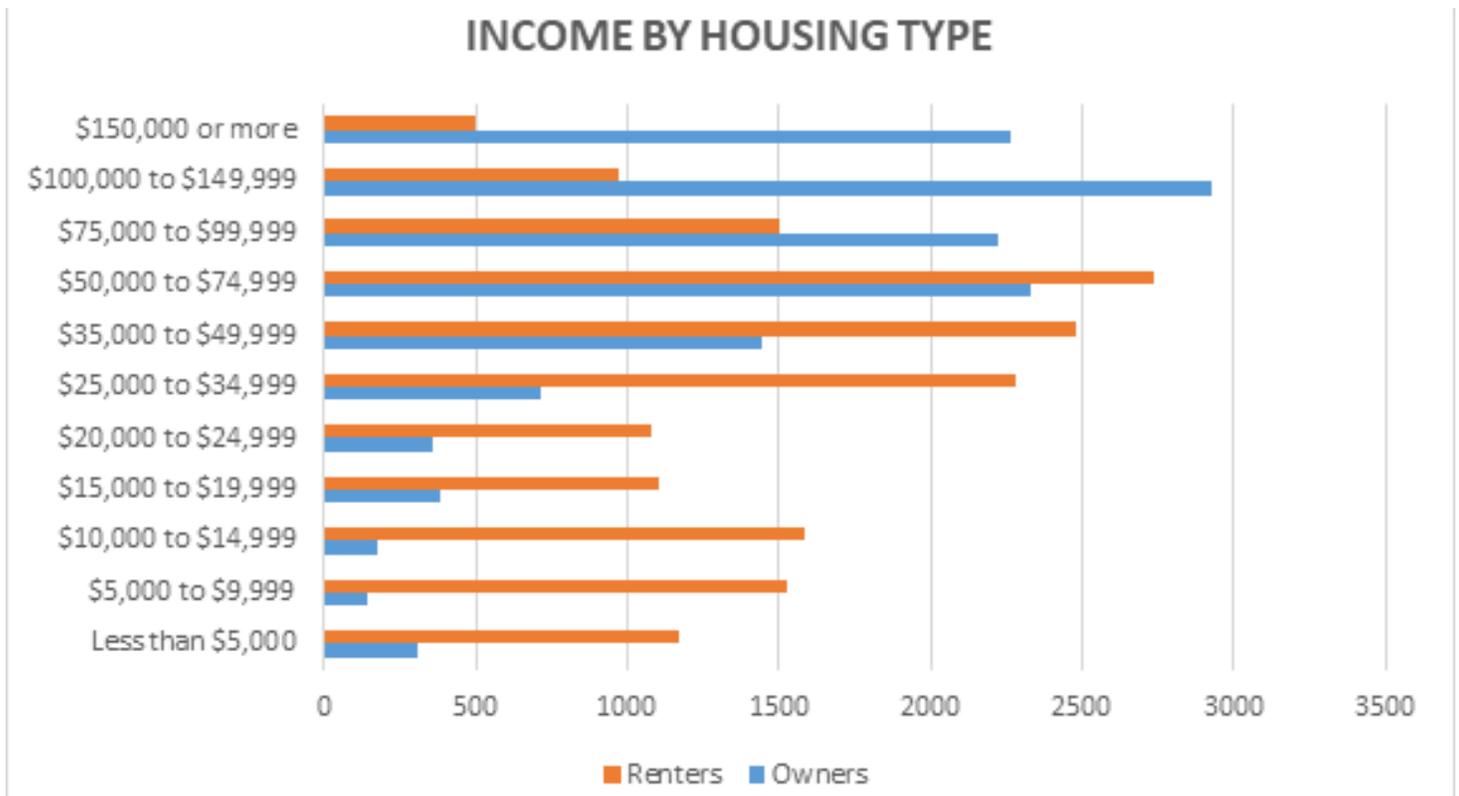
DEMOGRAPHICS

Income by Housing Type

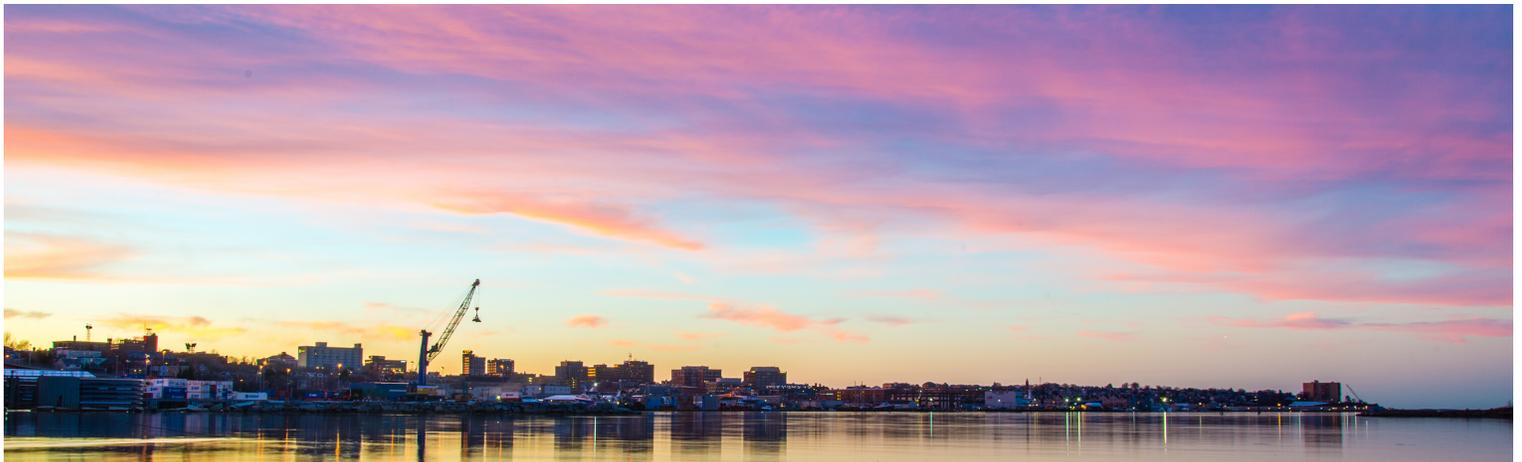
➤ Median homeowner income in 2017 was \$83,380

➤ Median renter income in 2017 was \$33,654

Portland's American Community Survey median household income increased by \$6,277 between 2011 and 2017. The median income levels for renters and homeowners in Portland has grown since 2011. The median renter income is \$33,654 per year. Median homeowner incomes were \$83,380 in 2017, exceeding the 2011 median by approximately \$8,200. While median renter incomes increased slightly, they have consistently lagged behind homeowner incomes. Renters with special needs and seniors are more likely than other renters to have extremely low incomes.



Source: U.S. Census 2013-2017 American Community Survey 5-Year Estimates



DEMOGRAPHICS

Poverty

 18% or 12,000 Portland residents live in poverty

Individuals are considered living in poverty if the resources they share with others in the household are not enough to meet basic needs. An estimated 12,000 Portland residents (or 18%) live in poverty. Roughly, 22% are children and 12% are aged 65 or older.

2019 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in Family/Household	Poverty Guideline
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170

Source: U.S Department of Health & Human Services, 2019

	PORTLAND	CUMBERLAND COUNTY	MAINE
TOTAL POPULATION	65,407	281,447	1,294,998
POPULATION IN POVERTY	11,983	29,984	166,904
PERCENT IN POVERTY	18.3%	10.7%	12.8%
Under 18 years	4%	2.6%	3.2%
18-64 years	12%	6.7%	8%
65 years and over	2.3%	1.4%	1.6%

Source: 2013-2017 American Community Survey 5-year Estimates

HOUSING AFFORDABILITY

Affordability Index & Affordability Gap

- Portland has an affordability gap of \$155,796.
- Of 43 cities and towns in the MaineHousing Portland- South Portland Metropolitan Area Housing Market, Portland ranks 2nd in unaffordability.

MaineHousing provides an annual Homeownership Affordability Index that provides median income levels by cities and towns, and the income needed to afford the median home price. The Index measures the degree to which a typical homebuyer can afford the mortgage payments on the median-priced home. An index measurement of 1 indicates the median income of the household is just high enough to qualify for the median-priced ownership unit. An index measurement of less than 1 means the area is generally unaffordable- i.e., a household earning the area median income could not cover the payment on a median price home (30 year mortgage, taxes, and insurance) using no more than 28% of gross income.

In 2018, to purchase the median priced home in Portland of \$316,000, a household would need an income of \$102,173, which is almost double the actual median income in Portland of \$51,799. Based on the actual median income, Portland residents can only afford a home price of \$160,204. Portland has a housing affordability gap of \$155,796 (\$316,000 - \$160,204). Of the forty-three cities and towns that are included in the Portland-South Portland Metropolitan Area Housing Market, only Kennebunkport is less affordable when residents are looking for homes to purchase within their community. With an index of .51, only slightly more than half of Portland residents can afford to qualify for a mortgage to purchase the median priced home.

Community	Index	Median Home Price	Median Income	Income Needed to Afford Median Home Price	Home Price Affordable to Median Income
Kennebunkport	.47	\$675,125	\$87,500	\$186,509	\$316,733
Portland	.51	\$316,000	\$51,799	\$102,173	\$160,204
Old Orchard Beach	.62	\$285,000	\$53,843	\$86,250	\$177,934
Yarmouth	.63	\$465,000	\$90,681	\$143,041	\$294,787
Westbrook	.65	\$250,942	\$51,076	\$78,758	\$162,741
Cape Elizabeth	.66	\$543,000	\$111,398	\$167,966	\$360,127

Source: MaineHousing 2018 Portland-South Portland MA Housing Market/Housing Facts & Affordability Index

HOUSING AFFORDABILITY

Interpreting Income Levels

➤ The median income for a family of four in the Portland HUD Metro FMR Area is \$93,000.

The U.S. Department of Housing and Urban Development (HUD) computes income limits for Portland based on local Area Median Income (AMI). At least 11 HUD programs and 14 other Federal programs use some variation of HUD's income limits. For a household to income qualify for workforce housing for sale under the City's Inclusionary Zoning Ordinance, the household may earn no more than 120% AMI, while workforce housing for rent is set at 100% or less AMI.

2019 INCOME LIMITS – PORTLAND HUD METRO FMR AREA

Household Size	1	2	3	4	5	6
Area Median Income (AMI)						
30% (Extremely Low Income)	\$19,550	\$22,350	\$25,150	\$27,900	\$30,170	\$34,590
50% (Very Low Income)	\$32,550	\$37,200	\$41,850	\$46,500	\$50,250	\$53,950
60%	\$39,060	\$44,640	\$50,220	\$55,800	\$60,264	\$64,720
80% (Low Income)	\$52,100	\$59,550	\$67,000	\$74,400	\$80,400	\$86,350
100%	\$65,100	\$74,400	\$83,700	\$93,000	\$100,400	\$107,880
120% (Moderate Income)	\$78,120	\$89,280	\$100,440	\$111,600	\$120,528	\$129,456

Source: U.S. Department of Housing and Urban Development, 2019 Fair Market Area

Household Income Distribution

Of the estimated 13,269 owner-occupied housing units and 16,898 renter-occupied housing units in Portland, 51.4% of renter households earn less than \$35,000 per year compared to 15.7% of owner households. Conversely, 39.2% of owner households earn \$100,000 or more compared to 8.7% of renter households.

Income Range	Owner, Estimate	Owner, Percent	Renter, Estimate	Renter, Percent	Total Estimate	Total Percent
\$0 to \$19,999	1,011	7.6%	5,392	31.8%	6,402	21.1%
\$20,000 to \$24,999	360	2.7%	1,082	6.4%	1,442	4.8%
\$25,000 to \$34,999	713	5.4%	2,227	13.2%	2,940	9.7%
\$35,000 to \$49,999	1,443	10.9%	2,483	14.7%	3,926	13%
\$50,000 to \$74,999	2,329	17.6%	2,738	16.2%	5,067	16.8%
\$75,000 to \$99,999	2,219	16.7%	1,502	8.9%	3,721	12.3%
\$100,000 to \$149,000	2,928	22.1%	971	5.7%	3,899	12.9%
\$150,000 or more	2,266	17.1%	503	3%	2,769	9.2%

Source: U.S. Census 2013-2017 American Community Survey, 5-year Estimates

HOUSING AFFORDABILITY

Wages and the Cost of Rental Housing

- ▶ Portland's minimum wage as of July 1, 2019 is \$11.11 per hour.
- ▶ The rent affordable at the State minimum wage is \$572.
- ▶ The hourly wage a household must earn to afford a two-bedroom rental unit, without paying more than 30% of their income towards housing, is \$26.67 or \$55,474 per year.
- ▶ Maine ranks 7th in the nation with largest shortfall between average rent wage and two bedroom housing wage.

In the National Low Income Housing Coalition's 2019 annual report, *Out of Reach*, Maine ranked 7th overall in states with the largest shortfall between average renter wage and two bedroom housing wage. Last year Maine ranked 9th overall meaning the shortfall in wages to housing cost in Maine is growing. However, in "no state, metropolitan area, or county can a worker earning the federal minimum wage or prevailing state minimum wage afford a two-bedroom rental home at fair market rent by working a standard 40-hour week."

Effective January 1, 2019, the State of Maine minimum wage was \$11.00 per hour. On July 1, 2019, Portland's minimum wage increased to \$11.11 per hour. Per the NLIHC, the hourly wage that a household must earn in order to afford the Fair Market Rent in Portland for a two-bedroom rental apartment, without paying more than 30% of their income towards housing costs, is \$26.67 or \$55,480 per year.

The rent affordable at the State minimum wage is \$572/month. The NLIHC estimates the renter median income in Portland is \$954/month, and estimates the rent affordable at 30% of the area median income is \$698/month leaving \$256 per month for food, clothing, transportation, and medical care.



Source: National Low Income Housing Coalition, 2019 (based on Maine's minimum wage of \$11.00 per hour)

HOUSING AFFORDABILITY

Household Income Distribution

- ◊ 35% of Portland renter households are considered extremely low-income during 2016.
- ◊ 56% of Portland residents were considered low-income households during 2016.
- ◊ 73% of Rental households were considered low-income households during 2016.
- ◊ 9% of Rental households fall within the low-income to workforce housing range during 2016.

In August of this year, HUD released its Consolidated Planning/Comprehensive Housing Affordability Strategy data for 2012-2016. This data, known as the “CHAS” data, demonstrates the extent of housing problems and housing needs, particularly for low -income households. Per CHAS, Portland had an estimated extremely low-income population ($\leq 30\%$ AMI) of 7,055 or 23% of its residents. The next largest household group at 20% of the population is households earning between 50% to 80% Area Median Income (AMI), also known as low-income households.

Income Distribution	Owner		Renter		Total	
	Est.	%	Est.	%	Est.	%
Household Income $\leq 30\%$ AMI	1,005	7.7%	6,050	35%	7,055	23%
Household Income $>30\%$ to $\leq 50\%$ AMI	935	7.2%	2,945	17%	3,880	13%
Household Income $>50\%$ to $\leq 80\%$ AMI	2,315	17.7%	3,650	21%	5,965	20%
Household Income $>80\%$ to 100%% AMI	1,475	11.4%	1,505	9%	2,980	10%
Household Income $> 100\%$ AMI	7,265	55.5%	3,070	18%	10,335	34%
Total	12,990	100%	17,220	100%	30,210	100%

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) data for 2012-2016



HOUSING AFFORDABILITY

Housing-Cost Burdened

- 47% of renter-occupied households are housing-cost burdened.
- Almost 8,000 rental and 4,000 homeowner households are cost-burdened.

Housing affordability is calculated based on median income relative to the income needed to purchase a median-priced house. As seen above, Portland is unaffordable to the median income household. Another means of measuring affordability, as defined by the Federal government, concludes housing costs should be at or below 30% of a household's income to be affordable. Housing is unaffordable to moderate-income homebuyers/renters and existing moderate-income homeowners/renters if they have to spend more than 30% of their gross monthly income on housing costs. By definition, they are housing-cost burdened. The 2013-2017 American Community Survey asked participating residents to indicate if their monthly housing costs as a percentage of household income is; less than 20%; 20 to 29%; or 30% or more (i.e. unaffordable). Approximately 29% of owner-occupied households -across multiple income ranges-indicated they are paying more than 30% of their income towards housing (including mortgage payments, insurance, property taxes and condo fees). Renter households fare far worse with 47% reporting they are paying more than 30% of their income towards rent and utilities.

Income Range	Less than \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more	Total or %
Total Owner Housing Units	5,610	4,269	3,888	5,015	10,314	29,096
Owner Households paying 30% or more for Housing Costs	790	816	799	864	683	3,952
Percent of Owner Households paying 30% or more for Housing Costs	6%	6.1%	6%	6.5%	5.1%	29.7%
Total Rental Housing Units	4,721	3,196	2,445	2,686	2,901	15,949
Rental Households paying 30% or more for Housing Costs	3,826	2,431	1,212	436	89	7,994
Percent of Rental Households paying 30% or more for Housing Costs	22.6%	14.4%	7.2%	2.6%	.5%	47.3%

Source: 2013-2017 American Community Survey 5-year estimates

HOUSING SUPPLY

Residential Property Characters

- ◊ 35.82% of all residential housing is single-family homes.
- ◊ Approximately 50% of all residential housing is in multi-family buildings.
- ◊ 14.77% of all residential housing is in buildings of 21 or more units.
- ◊ Condominiums and two-family dwellings are the next largest percentage of residential housing at 11.14% and 11.01% respectively.
- ◊ One-bedroom units are the most popularly proposed bedroom unit during 2014-2019.

The majority of Portland residents live in duplex and apartment buildings. Almost 40% of Portland's residential housing stock is comprised of three-family or more buildings. Single-family houses and condominiums account for about 36% and 11% respectively of the housing stock.

LAND USE	# LIVING UNITS	% OF PRIMARY RESIDENTIAL
Seasonal	603	1.91%
Rooming Houses	198	.63%
Single Family	11,318	35.82%
Two Family	3,480	11.01%
Three Family	2,829	8.95%
Four Family	1,144	3.62%
Five to Ten Family	2,682	8.49%
Eleven to Twenty Family	1,085	3.43%
Twenty-one Plus Family	4,668	14.77%
Condominium	3,520	11.14%
Multi-Use Residential	26	.08%
Apartment & Rooms	43	.14%
Exempt Apartments	2,588	1.%

Source: City of Portland Assessor's Office FY19

HOUSING SUPPLY

Residential Property Characters

From 2014 to September of 2019, the Planning Board has approved over 2,200 units of new and renovated rental and single-family houses. One-bedroom projects, followed by two-bedroom and efficiency units are the most popular projects proposed for approval. Larger (4 and 5) bedroom projects are associated with construction projects proposed by non-profit developers.

	Bedroom Count						
	Efficiency	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	
Units approved	443	1,044	485	224	36	2	
Units under Construction	31	118	83	56	0	0	
Units Completed	303	534	214	65	0	0	

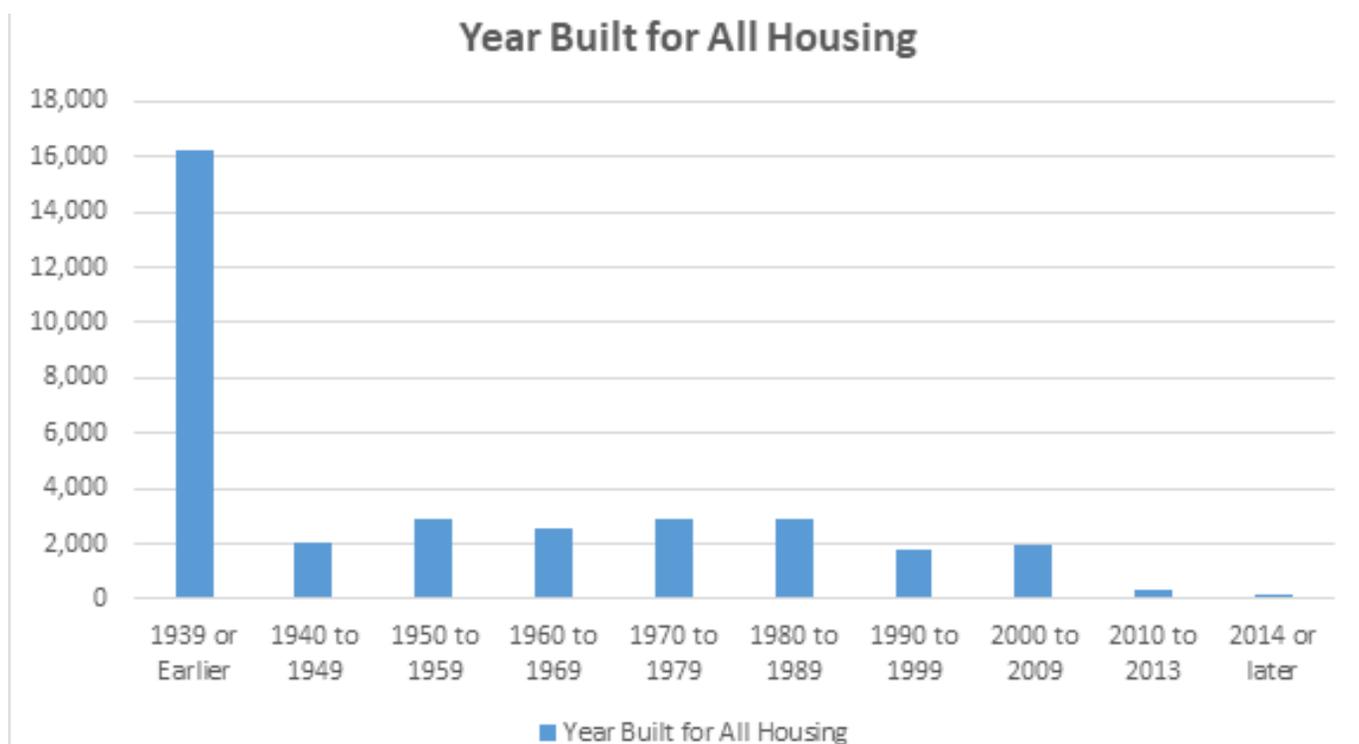
Source: Planning Department: 2014 – September 2019

Age of Housing Stock

➤ 50% of Portland housing stock is 80 years old.

➤ 54% of Portland’s housing stock was built pre 1950- which is the riskiest housing for lead hazards.

Portland has approximately 33,785 housing units (rental and homeownership). Almost 50% (16,260) of those units were built before 1939, 70% (23,761) were built before 1970. Older homes can be more expensive to maintain and heat while fire and lead hazard safety are additional concerns.



Source: 2017 U.S. Census American Community Survey 5-Year Estimates

HOUSING SUPPLY

Age of Housing Stock

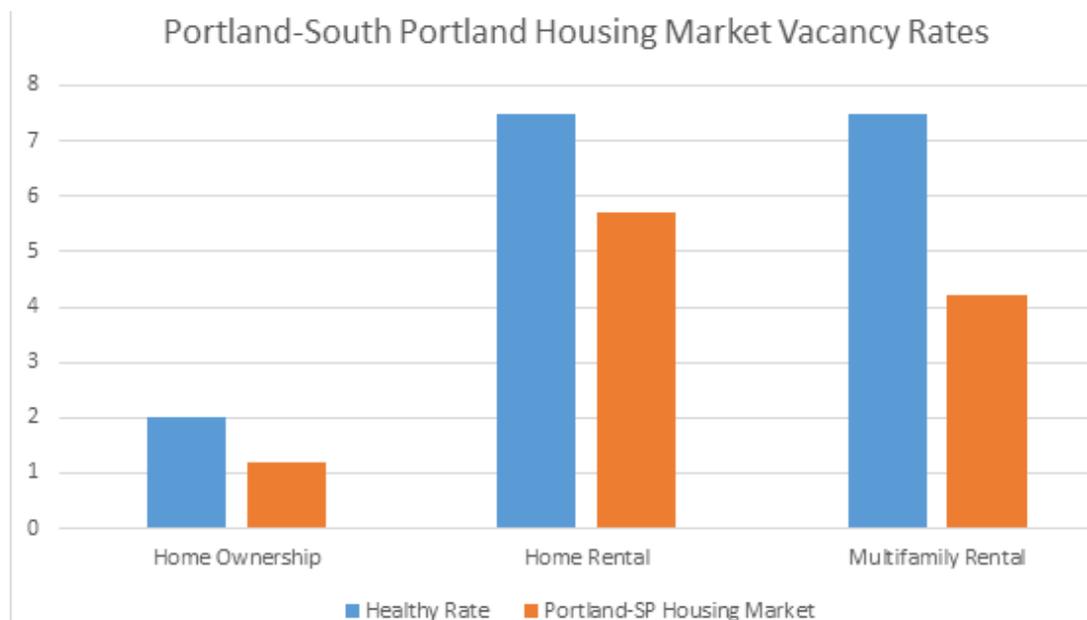
YEAR STRUCTURE BUILT			
Total housing units	33,785	+/-490	33,785
Built 2014 or later	124	+/-49	0.4%
Built 2010 to 2013	330	+/-147	1.0%
Built 2000 to 2009	1,995	+/-286	5.9%
Built 1990 to 1999	1,774	+/-284	5.3%
Built 1980 to 1989	2,877	+/-329	8.5%
Built 1970 to 1979	2,924	+/-305	8.7%
Built 1960 to 1969	2,536	+/-308	7.5%
Built 1950 to 1959	2,884	+/-305	8.5%
Built 1940 to 1949	2,081	+/-252	6.2%
Built 1939 or earlier	16,260	+/-554	48.1%

Source: 2017 U.S. Census American Community Survey 5-Year Estimates

Vacancy Rates

- ◊ Rental apartment vacancy rate was 4.2% in June, 2018.
- ◊ Homeownership vacancy rate was 1.2% in June, 2018.
- ◊ Healthy market rate is 7-8% for rental housing and 2% for homeownership.

The vacancy rate measures the state of the housing market. Vacant units represent the supply of homes that exceeds demand, which is related to economic trends. A low vacancy rate can result in pressure on housing prices. A 2% or below vacancy rate for ownership and 7 – 8 % for rental units is considered natural vacancy rates in a healthy market. As of June 2018, the rental housing market in the Portland-South Portland Housing Market was 5.7% while the rental apartment market was 4.2% (which is a decrease from 6.6% one year earlier). The vacancy rate for homeownership units is at 1.2%, down from 1.4% in September of 2015. Increased demand and limited homebuilding activities have contributed to a significant decline in available inventory.



Source: HUD Office of Policy Development and Research, June 1, 2018

Housing Availability

- Deficit of affordable and available units, at or below 50% AMI, is 17,904 units in Maine
- Of every 100 extremely low-income renter household, only 59 occupy or have access to affordable and available units leaving a shortage of 41 rental homes per low-income renter household

Each year the National Low Income Housing Coalitional (NLIHC) measures the availability of rental housing affordable to extremely low income (ELI) households and other income groups. Rental homes are both affordable and available at a particular level of income if they are affordable to households with income below the defined income level and are currently vacant, or are not occupied by households in a higher income range. Nationally and locally, ELI households face the largest shortage of affordable and available rental housing. In 2018, Maine had 59 affordable and available homes for every 100 extremely low income renter households. As household earning increased, the availability of housing units also increased. 105 and 108 affordable and available rental homes exist for every 100 renter households earning at or below 80% of AMI and 100% of AMI respectively.

Deficit of Affordable and Available Units at or below 50% AMI	Affordable and Available Units per 100 Households at or below Threshold			Percent within Each Category with Severe Housing Cost Burden		
	50% AMI	80% AMI	100% AMI	50% AMI	80% AMI	100% AMI
-17,904	75	105	108	73%	3%	0%

Source: NLIHC Tabulations of 2016 ACS PUMS data

According to the NLIHC, “the lack of new affordable rental construction in the private market, and insufficient housing assistance forces extremely low-income renters to rely on private-market housing that filters down in relative price as it becomes older. The filtering theory suggest that new market-rate development for higher-income households results in a chain of household moves that helps lower-income households: higher-income households move into new, more expensive homes, leaving behind their older and presumably less expensive housing, which is then occupied by other households who leave even older housing behind, and so on. The filtering process, however, fails to produce a sufficient supply of rental homes inexpensive enough for the lowest-income renters to afford.”

HOUSING SUPPLY

Planning Board Approval Activity

- 142 rental units were approved by the Planning Board during 2018.
- 429 rental units were approved by the Planning Board during 2019.
- 199 condominium units were approved by the Planning Board during 2018.
- 16 condominium units were approved by the Planning Board during 2019.

Between 2014 and August of 2019, the Planning Board approved almost 2,300 units of residential housing during Level III reviews (Level III site plan review is conducted for new building construction or additions of 10,000 square feet or more, subdivisions, multiple family development, and change of use over 20,000 square feet). Approval types and quantity have fluctuated year to year based on the type of projects requesting approval. During the last five years, rental unit approvals (1,326 units) have outpaced all other approval types while two single-family subdivision approvals during 2017 (Knights Farm and Stroudwater) account for 76% of all single-family units approved through subdivision review. Condominium projects brought forward for review have steadily increased, but 2019 may see a sharp downturn as eight rental projects and one lodging house have sought and received Planning Board approval compared to one condominium project.

Level III Unit-Approvals	2014	2015	2016	2017	2018	As of 8/19	Total Units
Single-Family	0	0	0	104	23	9	136
Rental (mkt rate)	18	346	96	10	51	313	834
Rental (subsidized)	54	103	0	130	91	116	494
Condominium	60	141	95	175	199	16	686
Congregate Care Facility	0	150	0	0	0	0	150
Total Units Approved	132	740	191	419	364	454	2,300

Source: Portland Planning & Urban Development 8/19/19



HOUSING SUPPLY

Housing Supply: Certificate of Occupancy

- During 2017, 419 units of residential housing were approved, but only 67 units have received a certificate of occupancy.
- Of the 22 residential development projects approved by the Planning Board during 2018, only four projects are completed.

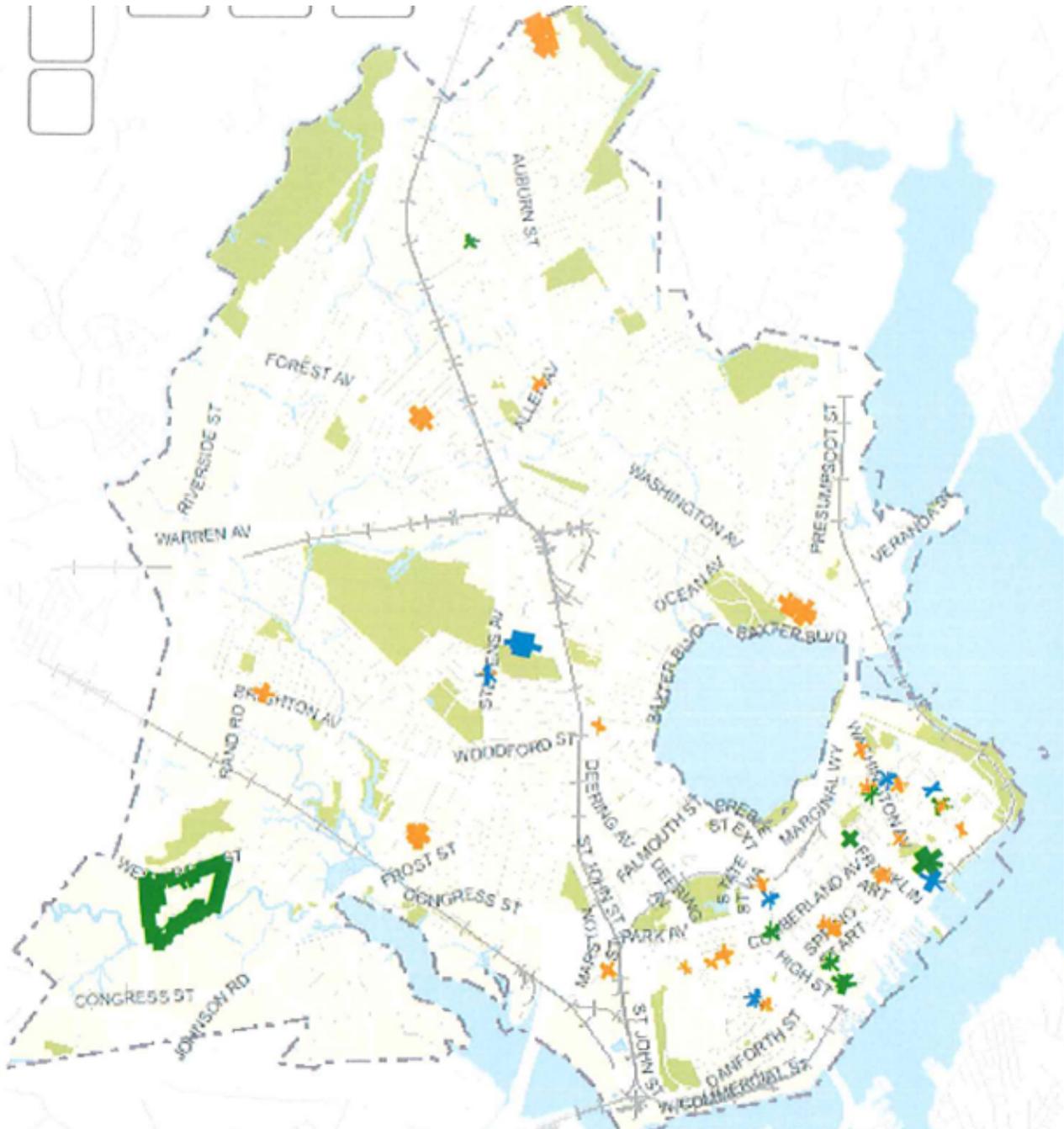
A Certificate of Occupancy permit is issued after a building is deemed complete – which can be years after Planning Board approval. For example, 62 India Street (29 condo units) was approved in May 2016 but was not ready for occupancy until July of 2018- 26 months later. 25 High (63 condo units) was approved and completed over 29 months. Hobson’s Landing (383 Commercial Street; 85 condo units) received Planning Board approval during June of 2018 and anticipates occupancy during the fall of 2020. Other approved projects have not advanced beyond the planning stage, such as; 75 Chestnut Street (53 rental units approved in 2016); 218-220 Washington Street (45 condominiums approved in 2017); and 155 Sheridan (19 condominiums approved in 2017). As noted, large development projects require years to complete, and based on past history, Planning Board approval does not always equate to the eventual creation of much needed and anticipated residential housing.

Level III Unit-Approvals	2014	2015	2016	2017	2018	As of 8/19	Total Units
Single-Family	0	0	0	104	23	9	136
Rental (mkt rate)	18	346	96	10	51	313	834
Rental (subsidized)	54	103	0	130	91	116	494
Condo	60	141	95	175	199	16	686
Congregate Care Facility	0	150	0	0	0	0	150
Total Units Approved	132	740	191	419	364	454	2,300
Total Units under Construction	0	0	0	173	207	0	380
Total Units approved but not under construction	0	0	58	179	112	454	803
Total Units Completed	132	740	133	67	45	0	1,117

Source: Planning Board approvals, 2014 to August 2019

HOUSING SUPPLY

Place of Development



Code:

Orange: Approved by Planning Board

Green: Under Construction

Blue: Completed

HOUSING SUPPLY

Short Term Rentals

- ◊ Cap of 400 non-owner occupied STR was attained on May 15 of this year.
- ◊ STR remove much needed housing from the supply of long-term housing.

As of May 15 of this year, 400 non-owner occupied residential units were registered as Short Term Rentals (STR). The rise of STR removes apartments and homes from the market, limiting the supply of long term housing for local residents, and drives up prices of the available housing stock. Traditional buyers may find themselves in competition with individuals or companies who assume revenue benefits with STR over long-term rentals. Most of the units offered as STR are on the Peninsula, which may have a disproportionate impact on those neighborhoods. Considering the Peninsula's extremely low vacancy rate, any significant reduction in available housing stock is a concern.

Type	Total Amount	Island	Non Owner Occupied	Owner Occupied	Tenant Occupied
Property	732	128	288	287	29
Units	872	131	400	312	29

Source: Permitting and Inspections Department 8/29/19

Home Sales

- ◊ Home sales declined in 2017 and 2018, but sale prices increased.
- ◊ Low inventory of homes for sales impacted both sale numbers and prices.

Portland is the largest market in Maine for both single-family and condominium units. During 2017 and 2018, Portland experienced a decline in home sales; 2017 was the first decline since 2012, however, sale prices remain robust. According to the June 2018 HUD Comprehensive Housing Market Analysis "part of the increase in new home sales and prices since 2011 is attributed to increased development of relatively expensive condominiums because older households downsized from larger, single-family homes". Per a local real estate agency, the median home sale price in 2018 of \$316,250 was 10.4% greater than in 2017 and the median condominium sale price of \$330,000 in 2018 increased 11% from the previous year's median price of \$297,500. During the first six months of 2019, the number of single-family sales transactions are approximately 2% below the comparable time-period for 2018 due mostly to low inventory levels.

Housing Type	Median Price 2017	Median Price 2018	Median Price as of May 2019
Single-Family Homes	\$286,000	\$316,250	\$327,000
Condominiums	\$297,500	\$330,000	\$340,000

Source: Maine Home Connection from Maine Real Estate Information System, 2019

HOUSING SUPPLY

Development Costs

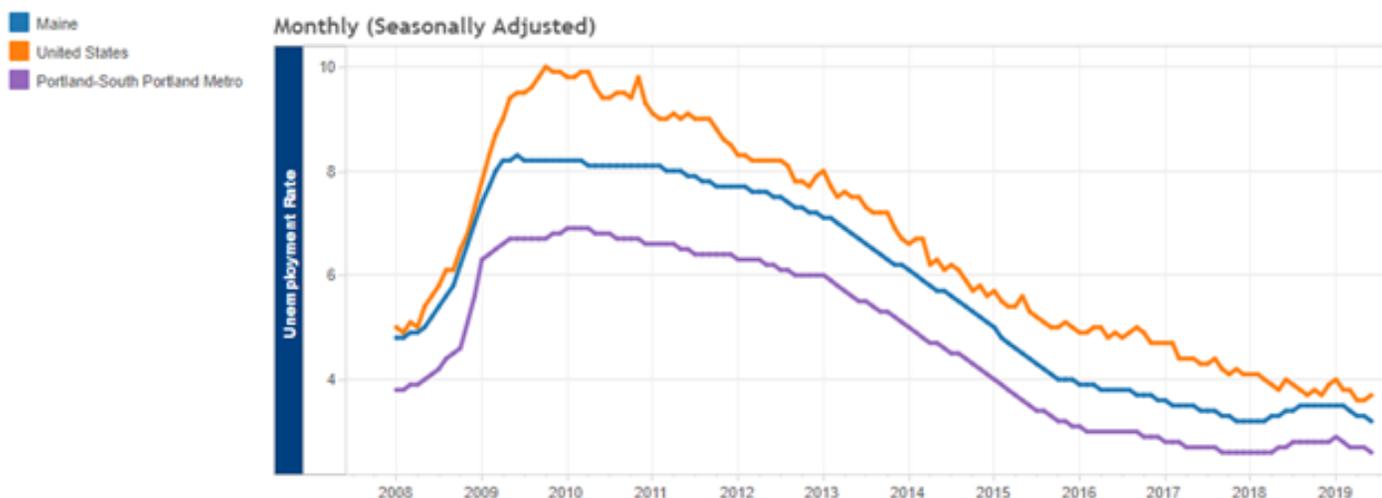
- ◊ Cost of materials and labor shortage is the largest contributor to construction costs.

From the 2017 Maine State Housing Authority report, Development Cost Trends in Affordable Housing, “the largest contributor to construction cost was primarily comprised of material and labor costs. Subsidized development costs are similar to market-rate units and projects in metro areas generally cost less than projects in rural area likely due to economies of scale from increased density. Development costs have generally risen as a result of increased materials and land prices, and continued shortage of labor. Fast-forward to June of this year, the National Association of Home Builders reported tariffs on \$10 billion worth of building materials, along with the shortage of construction workers, and concerns over housing finance continue to impact housing affordability.” Also, increased prices and construction delays notably impede the creation of subsidized rental housing as rent limits are determined and set for the year by HUD which does not allow developers to increase rents to cover higher costs.

Labor Shortage

- ◊ Unemployment rate of 2.6% in June is below the healthy rate of 4.5 to 5%.
- ◊ Shortage of skilled laborers leads to higher labor cost and increases development costs.

The cost/availability of labor was builders’ top concern in 2017 cited by 82% in a December National Association of Home Builders Survey. The unemployment rate of 2.6% in the Portland-South Portland Metropolitan area is below the statewide average of 3.2% as of June 2019. The Federal Reserve estimates a healthy economy will experience 4.5 to 5 percent unemployment. Associated General Contractors, a nation trade group, notes employers are paying more for overtime, recruitment and training and new technology to compensate for a lack of skilled workers. The shortage of skilled laborers leads to higher labor costs, which increases total development costs.



Location	Unemployment Rate 6/19
Portland – South Portland Metro	2.6%
Maine	3.2%
United States	3.7%

Source: Maine Department of Labor, Center for Workforce Research and Information

HOUSING DEMAND

Portland is a service center providing jobs, health services, and educational opportunities. Demand for housing by employees and students is a natural consequence growing out of this role. Two newly headquartered business, WEX and Covetrus, alone are expected to bring 1,500 to 2,000 new jobs to Portland. Portland is also nationally recognized and promoted as the "Most Livable City" (by *Forbes*), the "Best Town in the East" (by *Outside Magazine*), the "Best Healthy Place to Retire" (by AARP), the "Best City for Mid-Level Professionals" (by Kiplinger's), the "Best Cities for Young Professionals" (by *Forbes*), and a food destination (by the *New York Times*). Positive publicity, changes in the city demographics and the limited amount of housing created over the past decade all contribute towards the shortage and demand for housing.

Housing Demand

- Demand for housing within the Portland-South Portland Housing Market will require an additional 7,200 housing units by 2021.
- Buyers 36 years and younger are the largest share of homebuyers (34%).

To achieve a balanced market of demand and supply within the Portland- South Portland Housing Market Area, HUD estimates a demand for 5,525 units of ownership housing and 1,675 rental units to be created by 2021.

Buyers 37 years and younger (Millennials/Gen Z) are the largest share of homebuyers at 34 percent of the market, and the largest share of first-time homebuyers (86% of Gen Z and 52% of Millennials) according to a 2019 National Association of Realtors report. Gen X consists of 24% of recent homebuyers. This group is the most likely to be married and have children under the age of 18 in their home. They are at the peak of their earning years and tend to buy the largest homes located within top performing school districts and near their place of work. Buyers 55 to 64 (Younger Baby Boomers) purchase multi-generational homes as their households consist of children both over and under age 18, and aging parents that need caretakers. Older Baby Boomers, aged 65 to 73, often purchase due to retirement, the desire to be closer to friends and family, and to downsize. Buyers 74 to 93 (the Silent Generation) purchase homes to also be closer to friends and family and for the desire to own a smaller home. Twenty-nine percent purchased senior-related housing and they tend to purchase the newest homes.

Positive publicity, changes in the city demographics, and the limited amount of housing created over the past decade all contribute towards the shortage and demand for housing.

HOUSING DEMAND

Condominiums

- ◉ 169 Newbury Street (Luminato), 26 units (\$345,000 one-bdrm., \$500,000 two-bdrm., \$900,000 three-bdrm). Sold-out six months before the development was completed.
- ◉ 25 High Street, 63 units while under construction were converted to condos. This building is sold out.
- ◉ 20 Thames, 28 units priced between \$500,00 to more than \$2 million, five units unsold.
- ◉ 383 Commercial (Hobson’s Landing), 85 units (\$395,000 one-bdrm., \$525,000 two-bdrm., \$850,000 three-bdrm). Expected completion date is fall 2020; 50% under contract.

During 2018, condominium units in Portland sold faster and at higher prices than in previous years. According to a report by Elise Loschiavo of the Vitalius Real Estate Group, the average condo price rose around 6% after several years on the rise (including a 20% increase in 2017). The average sale price for a condo on the Portland peninsula was \$434,410 in 2018, while the average price off-peninsula was \$247,933. The median days for a condo listing dropped from 20 days in 2017 to 13 days in 2018. Demand by suburban retirees desiring to downsize in an urban setting, millennials who prefer walkable and vibrant locations, and out-of-staters is fueling demand.

Multi-Family Rentals

- ◉ During the next three years, demand is expected for 1,675 new market-rate units in the Portland-South Portland housing market area (HUD 6/19).
- ◉ Construction of new multi-family rental units in Portland include; 443 Congress Street, 28 multi-family rental units; Hiawatha, 139 unit multi-family rental units; and 58 Boyd Street, 55 multi-family rental units.

Per HUD, the demand for rental housing has “exceeded supply as relatively high home sales prices have prevented many renter households from pursuing homeownership”. Fewer young adults are buying homes, and the growing retiree population has also affected the demand for rental housing for both market and subsidized units. HUD defines the current apartment market conditions as slightly tight.

2018 Estimated Demand for New Market-Rate Rental Housing in the Portland- South Portland HMA

Zero Bedrooms		One Bedroom		Two Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
1,150 to 1349	150	1,300 to 1,499	460	1,450 to 1,649	250
1,350 to 1549	65	1,500 to 1,699	190	1,650 to 1,849	100
1,550 or more	40	1,700 to 1,899	190	1,850 to 2,049	50
		1,900 or more	95	2,050 to 2,249	50
				2,250 or more	50
Total	250	Total	930	Total	510

Source: HUD Portland-South Portland, Maine Comprehensive Housing Market Analysis June 1, 2018

HOUSING DEMAND

Single-Family Houses

- 1700 Westbrook Street (Stroudwater Preserve): 123 Single Family & Townhouses (under construction).

“Sales of single-family existing homes in Maine remain stable and positive” according to the August report from the Maine Association of Realtors, and demand should remain stable based on an increase in inventory and lower mortgage interest rates. Demand remains stable as buyers wait for affordable housing to come onto the market. A Harvard University Housing Study in 2018 reported that homeownership rates among young adults today are lower than in the 80s as soaring housing costs, higher rates of college and graduate school attendance and lower rates of marriage and childbearing are to blame, however, the sheer number of young adults will eventually lift housing demand.

Senior Housing

- The Motherhouse at Baxter Woods, 88 55+ rental units at affordable and market rate.
- Stevens Square at Baxter Woods, 21 55+ market rate condominium units; broke-ground 8-26-19, anticipated occupancy is early 2021.
- 178 Kennebec Street, 40 55+ units of low-income rental housing (proposed).
- 83 Middle Street, 44 55+ units of low-income rental housing (proposed).
- 200 Valley Street, 60 55+ units of low-income rental housing (proposed).

A growing retiree population has increased the demand for housing. An estimated 13.7% of Portland households are headed by a person age 65 or older during 2017 (per the US Census Bureau) compared to 12.8% during 2010. Seniors age 75 or older need accessible buildings and apartments as well as supportive care due to the prevalence of increasing disability with age. Seniors hoping to age in place are downsizing into homes that require less upkeep, and offer a walkable community. Some seniors are seeking amenities such as fitness studios, recreation rooms, high-end fixtures and finish options. Stevens Square at Baxter Woods, a 21 unit condominium development for seniors broke ground on August 26. Prices range from \$372,165 to \$612,057- only eight units remain unsold. Demand is also strong for affordable housing. According to Avesta Housing, “income qualified demand in Portland currently exceeds 500 households (age 55+) and is projected to remain above 500 through 2023. In addition, across Cumberland County, there are currently 5,000 income qualified households.”

Households Age 65 or Older by Tenure		
	2010 ACS 5-Yr Sample	2017 ACS 5-Yr Sample
Homeowners	3,309	3,629
Renters	2,471	2,524
Total	5,780	6,153

Source: US Census 2006-2010 American Community Survey 5-Year Estimates

Source: US Census 2013-2017 American Community Survey 5-Year Estimates

HOUSING DEMAND

Low-Income Housing/Homelessness

- Very high demand for Very-low and Extremely-Low Income housing.
- Over 3,600 Portland residents or employee are applicants on the Maine Centralized Waitlist.

An example of demand far exceeding supply is the 2017 report by Avesta that 1,600 households applied for an affordable apartment in Portland; however, they were only able to place 119 of those households. The Maine Centralized Waitlist contains 14,000 to 16,000 households waiting for affordable housing within the state. The Waitlist of applicants who live or work in Portland is 3,600+. Portland Housing Authority is providing housing through 1,754 Section 8 vouchers; 88 Veteran Vouchers; 28 HUD Mainstream Vouchers; 100 Loring House Vouchers; and 25 Foster Youth to Independence Initiatives. Of the 3,600+ waitlist applicants, 1,252 qualify for one of the previously mentioned voucher programs. Portland Housing Authority’s “internal data, market research and professional management experience point to high demand for affordable rental homes in Portland. Of over 1,000 affordable rental apartments, the occupancy rates (> 98%) and fast lease-up rates are the norm. In particular, there is very high housing demand for Very-Low Income and Extremely-Low Income housing”. The average total number of individuals residing in Portland homeless shelters had a slight decrease from August of 2018 to August of 2019. The average number of adolescents dropped from 19 individual to 16; average families decreased from 206 individuals to 189 individuals (or 64 average families to 59 average families); and average adults declined from 507 individuals to 457 individuals (these numbers do not include the Expo). The Oxford Street Shelter provided housing for forty individuals from other cities and towns in Maine during the month of August, as well as thirty out-of-state and four out-of-country shelter seekers.

Oxford Street Shelter: Intakes by Residency							August 2019
Maine Town	Total	Maine Town	Total		Total		Total
Auburn	1	Norway	1	Out-of-State	30	Out-of-Country	4
Augusta	1	Portland	26				
Bangor	1	Rumford	1				
Biddeford	5	Saco	1				
Brewer	1	Sanford	2				
Charleston	1	Scarborough	1				
Falmouth	1	S. Portland	4				
Freeport	1	Standish	1				
Lewiston	5	Waterville	1				
Machias	1	Wells	1				
Milo	1	Westbrook	4				
North Berwick	1	Windham	3				

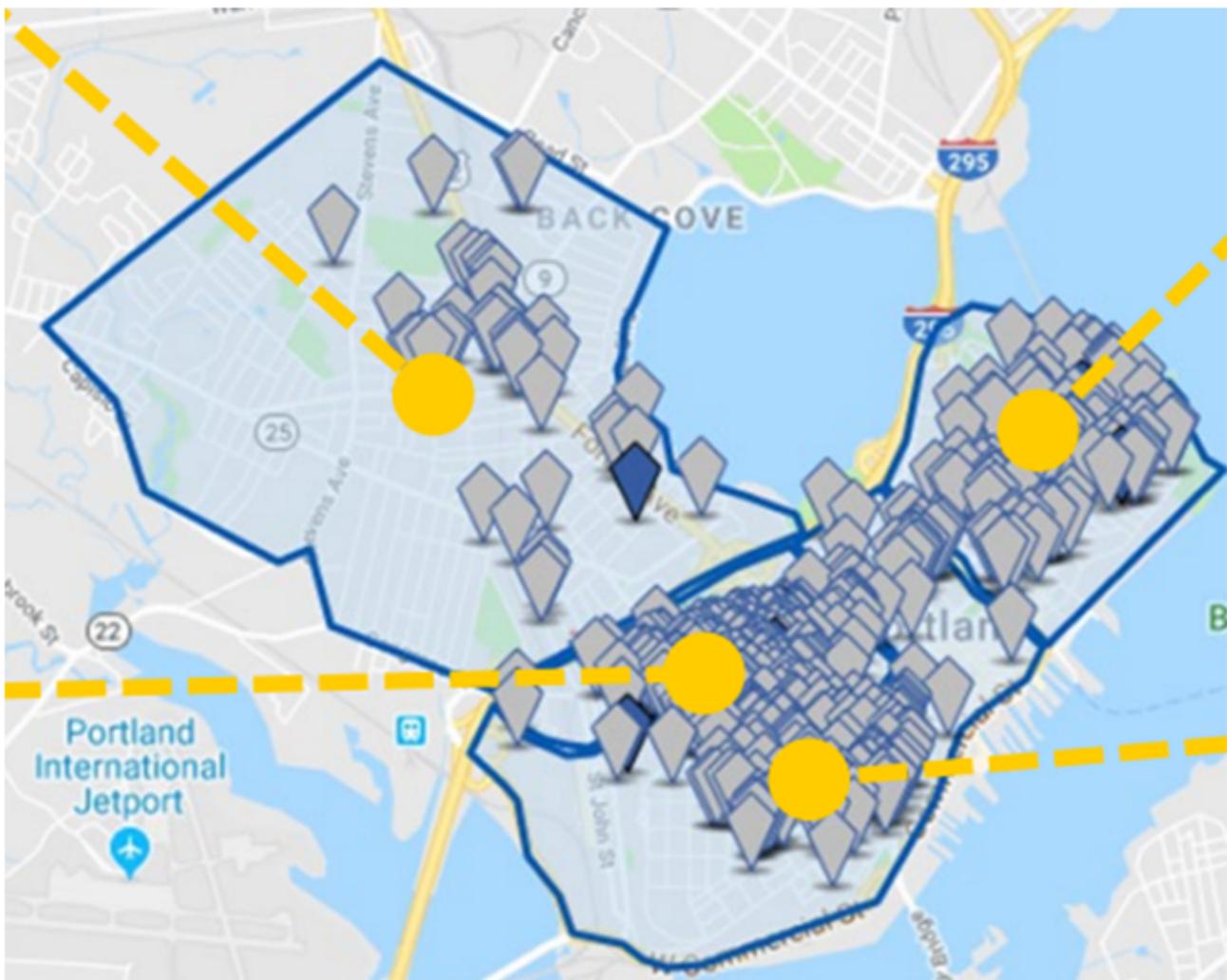
Source: City of Portland Health & Human Services Department, Social Services Division, 9/19

HOUSING DEMAND

Student Housing

- ◊ Approximately 2,500 USM students rent off campus in Portland.
- ◊ About 76% of off campus students rent apartments in Portland.

According to HUD's 2018 *Comprehensive Housing Market Analysis*, "the rental market in the Housing Market Area is notably impacted by enrollment at the University of Southern Maine and the University of New England. Of the 16,100 students enrolled at the two universities, approximately 2,700 are housed in on-campus dormitories. The remaining 13,400 students who live off campus occupy an estimated 4,375 rental units. Students account for approximately 6 percent of the rental market." During the fall of 2018, student housing at the University of Southern Maine, on the Gorham campus, was over-occupied by 112% (or 140 students). In USM's 2019 report, *Portland Campus Student Housing Project Definition*, total residence hall capacity is 1,180 students. An additional 2,575 students live off-campus in Portland. Of those students, 6% rented in Parkside, 25% rented in the East End, 18% rented in the West End/Downtown, 40% rented North of 295, and approximately 12% rented in other neighborhoods. Approximately 76% of students renting off-campus live in apartments, 5% live in houses, and 20% rent a bedroom. The University of Southern Maine is aware of the demand for student housing and is working towards a solution.



Source: Brailsford & Dunlavey/ USM: Portland Campus Student Housing Project Definition, June 2019

HOUSING DEMAND

Desirability

- Portland is the sixth most viewed city by out of state housing shoppers, out of 100 large metro areas across the US.
- About 38% of all views are from residents of Boston.

According to Realtor.com, Portland is number six for the share of views from out-of-state shoppers. Every quarter, Realtor.com conducts a cross market demand of which housing market received the most non-local views. The 100 largest metro areas across the county are ranked based on the number of out-of-state views. The metro centers on the top ten list are described as desirable destinations for retirees, vacation destinations, second-home markets, and booming employment centers. The Portland-South Portland area market is viewed most often by residents of Boston (37.1% of the time), New York City (12.8%), and Worcester, MA (3.3%).

Rank	Metro	2019 Share of Views from Out of State
1	Charleston- North Charleston, SC	59.8%
2	Boise City, ID	59.6%
3	Urban Honolulu, HI	56.0%
4	Columbia, SC	52.8%
5	Cape Coral- Fort Meyers, FL	52.1%
6	Portland-South Portland, ME	51.9%
7	North Port-Sarasota-Bradenton, FL	49.5%
8	Greenville-Anderson-Mauldin, SC	48.7%
9	Tucson, AZ	48.0%

Source: Realtor.com Q2 2019 Cross Market Demand Report



HOUSING RESOURCES

According to Enterprise Community Partners, “new rental construction over the past decade has been largely geared toward the high end of the rental market, due to increasingly high development costs.” Public subsidies are needed to subsidize the production and operation of affordable homes for the reason that the private market provides too few homes affordable to the lowest-income households.

A. Federal Resources

The U.S. Department of Housing and Urban Development’s (HUD) mission is to “create strong, sustainable, inclusive communities and quality affordable housing for all.”

To fund this mission, HUD allocates money directly to states and local governments for community planning and development projects through:

- HOME Investment Partnerships Program (HOME)
- Community Development Block Grants (CDBG)
- Emergency Solutions Grants Program (ESG)
- Neighborhood Stabilization Program – no longer available
- Lead Hazard Control Grant
- Brownfield Economic Development Initiative (U.S. EPA funded)

“Public subsidies are needed to subsidize the production and operation of affordable homes...”

HOME Investment Partnerships Program

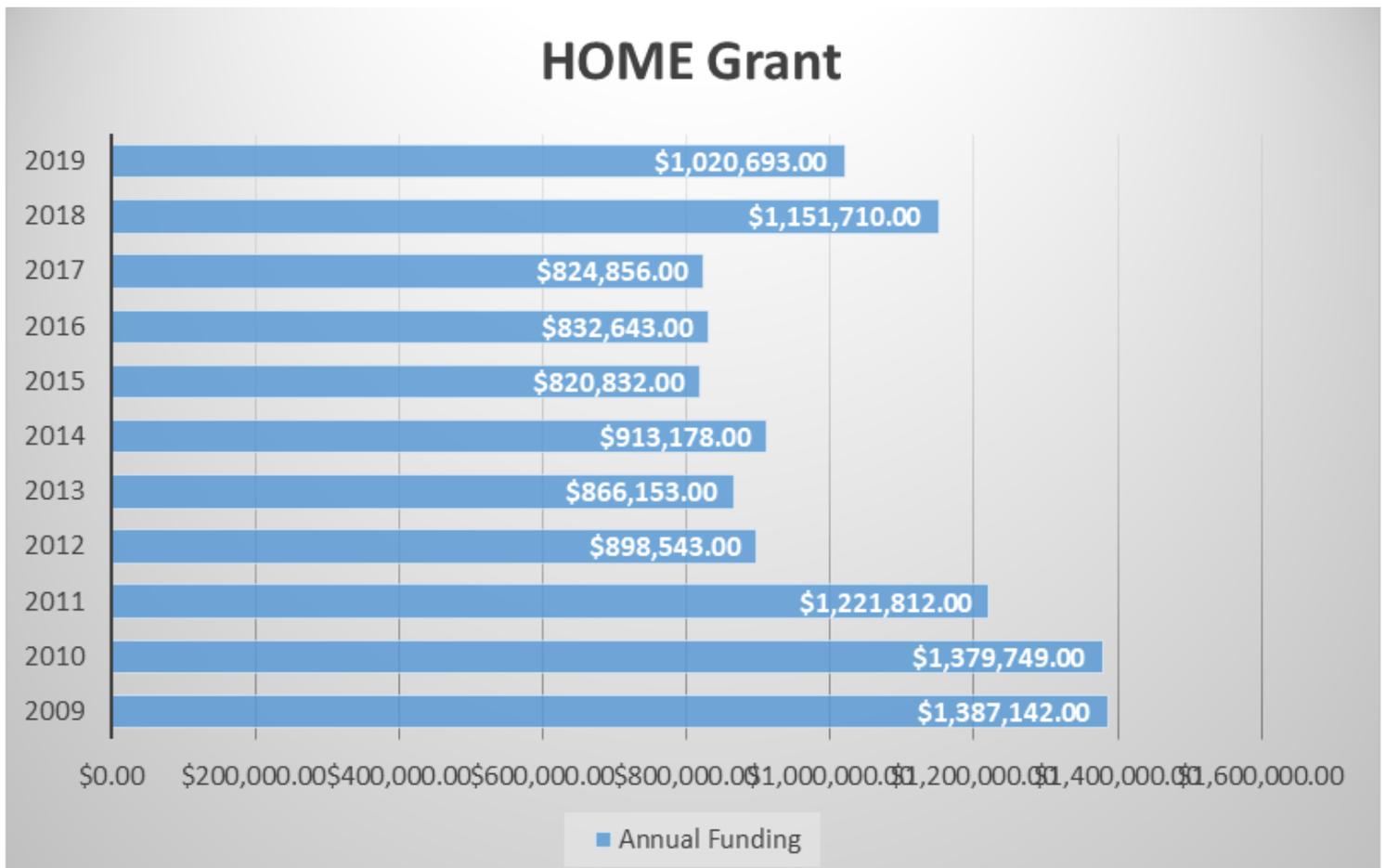
- FY 2019 HOME Award totaled \$1,020,693, slightly less than FY 2018 total of \$1,151,710.
- \$1,573,439 was committed towards the renovation and creation of 366 units of low income housing during 2018 and 2019.
- Recent HOME funded projects; 37 Front Street (111 units); 178 Kennebec Street (51 units); Deering Place (75 units); 66 State Street (30 units); 83 Middle Street (44 units).

HOUSING RESOURCES

HOME Investment Partnerships Program

HOME funds are awarded annually as formula grants to participating jurisdictions. HOME funds are used to assist with building, buying, and/or rehabilitating affordable housing for rent or homeownership as well as providing direct short-term rental assistance and security deposits to low-income families through the Tenant Based Rental Assistance Voucher Program (TBRA). During FY 18, Portland provided \$118,529 in TBRA to 87 households.

During 2018 and 2019, \$1,080,174 and \$493,265 were committed respectively towards the creation of affordable housing. HOME has been the largest funding source for the City helping to develop approximately 1,143 units of low-income housing through the allocation of approximately \$9.3 million in funds since 2000.



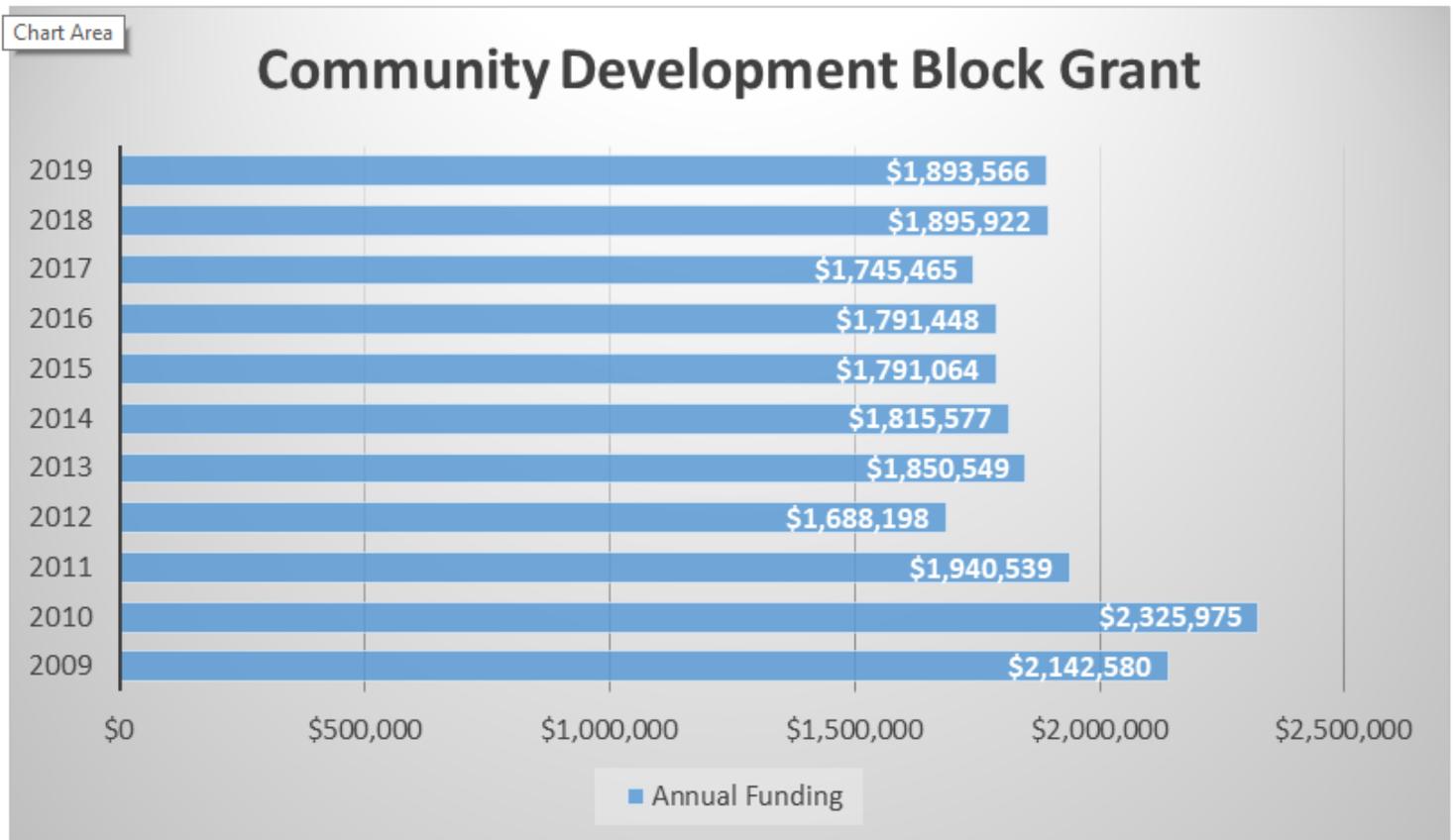
Source: HUD Exchange, HUD Awards and Allocations (2009-2019)

HOUSING RESOURCES

Community Development Block Grant (CDBG)

- ◊ FY 2019 CDBG award totaled \$1,893,566, slightly less than FY 2018 total of \$1,895,922.
- ◊ \$260,000 of CDBG funds was committed towards 166 units of low-income housing during 2018 and 2019.
- ◊ 58 Boyd Street (55 units); and 37 Front Street (111 units).

The Community Development Block Grant (CDBG) program distributes annual grants to provide communities with resources to develop and expand housing and economic opportunities for low-income households at or below 80% AMI. Approximately \$3.7 million has been award during 2018 and 2019 of which \$260,000 was committed towards 166 units of low-income housing.



Source: HUD Exchange, HUD Awards and Allocations (2009-2019)

HOUSING RESOURCES

Emergency Solutions Grants Program (ESG)

- ▶ Portland's ESG funding award in 2018 was \$157,131, and \$160,873 in 2019.
- ▶ Portland has seven homeless shelters.

HUD provides funding for the Emergency Solutions Grants Programs (ESG) 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 Service Department operates both the Oxford Street Shelter, which is the largest emergency shelter in Maine, 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 program provides efficient and effective support services to promote rapid re-stabilization and the achievement of permanent housing. The Family Shelter also serves as a Welcome House for new Mainer's or refugees/immigrants.

Neighborhood Stabilization Program (NSP)

- ▶ Approximately \$1.7 million in NSP funds helped develop the Adam Schools site into 16 moderate-income homeownership units.

The Neighborhood Stabilization Program provided emergency assistance to communities to purchase and redevelop foreclosed and abandoned properties to house workforce and low-income households. This program is no longer available.

Lead Safe Housing

- ▶ Since 1998, the Lead Safe Program has funded lead abatement work in 430 housing units, protecting local citizens and children from lead hazards in their homes.

The Lead Safe Program is funded by a competitive grant program available through HUD's Office of Lead Hazard Control and Healthy Homes. The program is designed to raise awareness about the risks of childhood lead poisoning and to cover the costs of lead abatement of housing units in Portland that contain identified lead hazards. Portland received its sixth Lead Hazard Control Grant in 2016 that was for a three-year period. The 2016 grant included a Healthy Homes allocation, which was used in tandem with the Cumberland County and City HOME Rehab program in order to improve the overall health and safety of Cumberland County's low to moderate income housing stock. HUD recently approved a total of \$2,541,696 for the City of Portland for another round of three-year funding to continue assisting in the critical financing of the high cost of lead abatement work.

In the summer of 2019, LD 1116 was signed into law mandating all children in Maine, regardless of income, be tested for lead at the ages of 1- and 2- years old. This new law, along with the lowering of Maine's childhood lead poisoning standard in 2016, is expected to create a spike in the number of children identified with lead poisoning. The Lead Safe Housing Program works closely with the Maine CDC to address high priority cases with program funding when applicable.

HOUSING RESOURCES

Brownfield Economic Development Initiative (BEDI)

Through grants received from the U.S. Environmental Protecting Agency, Portland is able to cover the cost of site assessments and provide financial assistance in the form of low interest loans and grants to assist Portland and other cities with the redevelopment of abandoned industrial lots that are considered environmentally contaminated. Cleaning up and reinvesting in brownfields properties yield many benefits to a community. These range from increasing the local tax base, property redevelopment, and job growth to taking development pressure off of open land, and protecting the environment and people's health.

A. Local Resources

Portland has valuable local funding tools to assist the City in financing affordable housing. The Housing Trust Funds (HTF) and Affordable Housing Tax Incremental Financing Districts (AHTIF) support the production of housing affordable to low and moderate-income households.

Housing Trust Fund (HTF)

- 137 units of affordable and workforce housing funded during 2018 and 2019.
- \$3,340,996.80 has been deposited into the fund from which \$663,835 has been spent and \$1,786,734 is committed towards future housing projects.
- The balance of the Housing Trust Fund is \$890,427.80 (10-9-19).

The Housing Trust Fund is a more flexible source of gap financing for projects that are not eligible for HUD funding. Projects creating housing for the missing-middle (less than 120% AMI) may be funded through the Housing Trust Fund. During 2018, two projects creating or renovating 151 units of housing, and during 2019, two projects creating or renovating 56 units of housing were approved at a cost of \$1,225,000 and \$561,734 respectively.

Revenue is generated mainly from fees associated with the City's Housing Preservation and Replacement Ordinance, Inclusionary Zoning fee-in-lieu, and Inclusionary Zoning for Hotel Projects fee-in-lieu. The Housing Trust Fund has a balance of \$890,427.80. To date, \$3,340,996.80 has been deposited into the fund from which \$663,835 has been spent and \$1,786,734 is committed towards future housing projects such as; 37 Front Street; 977 Brighton Avenue; 83 Middle Street; and 47 Boyd Street. The new Inclusionary Zoning for Hotels fee-in-lieu is expected to add \$593,736 to the HTF (fees are deposited upon completion of the project). Expected fee-in-lieu deposits from Inclusionary Zoning total \$1,393,325 (fees are also deposited upon completion of the project). Since 2011, the Housing Trust Fund assisted in creating 208 low income, 12 workforce homeownership units and nine market rate units within six development projects.

HOUSING RESOURCES

Housing Development Fund (HDF)

- Housing Development Funds have subsidized the creation of 218 housing units utilizing more than \$1.5 million since 2000.

The Housing Development Fund is comprised of loan repayments from CDBG's Multi-family rehabilitation program, and proceeds from the sale of HUD Urban Development Action Grants (UDAG) properties in Portland. The money that comes into this fund from these programs is repurposed, at this time towards subsidized housing development in Portland. HDF resources have subsidized the creation of 228 housing units utilizing \$1,555,139 since 2000.

Subsidized Housing Development in Portland Since 2000

No.	Owner/Project	Appropriation		Units	HOME	HDF	CDBG	HTF	TIF	NSP
		Date								
1	Unity Village	2000		33	\$ 86,500	\$ -	\$ 363,863	\$ -	\$ -	\$ -
2	Island View Apartments	2013		70	\$ 71,015	\$ 192,639	\$ 136,346	\$ -	\$ -	\$ -
3	St. Dominic's Family Housing	2002		12	\$ -	\$ 436,500	\$ -	\$ -	\$ -	\$ -
4	Brannigan House	2002		10	\$ 93,000	\$ -	\$ -	\$ -	\$ -	\$ -
5	Wellesley Estates	2002		45	\$ -	\$ 256,000	\$ -	\$ -	\$ -	\$ -
6	Yale Court	2002		30	\$ 150,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -
7	Fay Garman Senior Housing	2003		12	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
8	Logan Place	2003		30	\$ 435,000	\$ -	\$ -	\$ -	\$ -	\$ -
9	Peninsula Community I	2003		12	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
10	Peninsula Community II	2004		16	\$ 307,700	\$ -	\$ -	\$ -	\$ -	\$ -
11	Peninsula Community III	2004		10	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
12	IRIS Park Apartments	2004		31	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
13	Walker Terrace	2004		40	\$ 382,000	\$ 220,000	\$ -	\$ -	\$ -	\$ -
14	Fore River	2005		20	\$ 388,474	\$ -	\$ -	\$ -	\$ -	\$ -
15	Valley Apts. (Shalom House)	2005		24	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -
16	Pearl Place Apt	2005		60	\$ 427,000	\$ -	\$ -	\$ -	\$ 615,502	\$ -
17	Bayside East	2006		20	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
18	53 Danforth Street	2008		43	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -
19	Florence House	2008		25	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -
20	Oak Street Lofts	2011		37	\$ -	\$ -	\$ -	\$ 380,585	\$ -	\$ -
21	Pearl Place II	2011		54	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -
22	Elm Terrace	2011		38	\$ 403,795	\$ -	\$ -	\$ -	\$ -	\$ -
23	409 Cumberland	2012/2013		57	\$ 500,000	\$ -	\$ -	\$ -	\$ 759,392	\$ -
24	Adams School	2013		16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,710,000
25	Bayside Anchor	2013		45	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
26	Thomas Heights	2013/2014		18	\$ 522,448	\$ -	\$ -	\$ -	\$ 207,116	\$ -
27	17 Carleton Street Apt	2015		37	\$ -	\$ -	\$ -	\$ -	\$ 726,000	\$ -
28	Rosa True School	2015		10	\$ 149,500	\$ -	\$ -	\$ -	\$ -	\$ -
29	Motherhouse	2017		88	\$ 627,223	\$ -	\$ -	\$ -	\$ -	\$ -
30	65 Munjoy	2017		8	\$ -	\$ -	\$ -	\$ 175,000	\$ -	\$ -
31	58 Boyd Street	2018		55	\$ 200,000	\$ -	\$ 30,000	\$ -	\$ 2,144,566	\$ -
32	977 Brighton Avenue	2018		40	\$ -	\$ -	\$ -	\$ 300,000	\$ 1,954,486	\$ -
33	Deering Place	2018		75	\$ 500,000	\$ -	\$ -	\$ -	\$ 4,185,757	\$ -
34	37 Front Street	2018		111	\$ 510,174	\$ -	\$ 250,000	\$ 925,000	\$ 6,056,916	\$ -
35	178 Kennebec Street	2018		51	\$ 370,000	\$ -	\$ -	\$ -	\$ 2,889,164	\$ -
36	83 Middle Street	2019		44	\$ 193,266	\$ -	\$ -	\$ 136,734	\$ -	\$ -
37	47 Boyd Street	2019		12	\$ -	\$ -	\$ -	\$ 425,000	\$ -	\$ -
38	66 State Street	2019		30	\$ 299,999	\$ -	\$ -	\$ -	\$ 2,672,169	\$ -
				Units	HOME	HDF	CDBG	HTF	TIF	NSP
	Total			1369	\$9,302,094	\$1,555,139	\$780,209	\$2,342,319	\$22,211,068	\$1,710,000
	Total City Investment			\$37,900,829			Last Updated 9-18-2019			
	Avg. City Contribution/Unit			\$27,685.05						

Source: Housing and Community Development

HOUSING RESOURCES

Selling/Leasing City-Owned and Tax Acquired Property

- ◊ Sales proceeds are targeted for the Housing Trust Fund.
- ◊ 60 Parris Terrace: 23 condominium units (2 deed restricted workforce units).
- ◊ 178 Kennebec Street: 51 rental units for households age 55+.
- ◊ 83 Middle Street: 44 rental units for households age 55+.

The City passed a provision governing tax acquired property wherein any profits from subsequent sales are allocated to the City's Housing Trust Fund. The City may also provide city-owned land for housing development and may 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. The City is currently reviewing excess land with the intent of creating future housing. Previous transfers, such as 60 Parris Street from the City to a private developer, created 23 condominium units- two of which are deed restricted as Inclusionary Zoning units, and twenty-one that were sold at or below 120% AMI (i.e. workforce affordable). Similarly, the transfer of 178 Kennebec Street will result in 51 units of age 55+ housing; forty units will be leased at or below 60% AMI, and 11 units will be market rate. More recently, the City Council approved the option to lease land at 83 Middle Street to Community Housing of Maine for the proposed creation of 44 units of affordable housing for households aged 55+.



HOUSING TOOLBOX

Zoning is a local tool used to regulate the use of land in order to avoid nuisance conditions and to protect the health, safety and welfare of its citizens. Housing policy experts however cite the importance of reducing regularity barriers that limit the construction of housing through outdated, exclusionary, and unnecessary zoning regulations. There is a general agreement that barriers consist of regulations that were adopted to protect or maximize the value of the investment homeowners made in their residence against unwarranted fears. Those regulations have unnecessarily raised housing cost and negatively affected socioeconomic diversity.

Inclusionary Zoning (Order 82-15/16, effective 11-18-15)

- ◊ 40 Free Street; 5 workforce rental units approved in 2019.
- ◊ 132 Marginal Way; 20 workforce rental units approved in 2019.
- ◊ Total of \$826,500 collected as fee-in-lieu.
- ◊ Provides 25% density bonus in certain zones and development fee reductions.

In October 2015, the City Council approved an amendment to the City's zoning ordinance to mandate inclusionary zoning within all residential development projects of ten or more units. Qualifying projects are required to make available a minimum of 10% of their units as workforce housing to eligible households earning 100 to 120% of the area median income. Projects subject to Inclusionary Zoning are eligible for a 25% increase in total permitted units. Effective July 18, 2018 the term housing expense was amended (Order 247-18/19) to include condominium/HOA fees, mortgage insurance, and real estate taxes, and the sunset provision was deleted.

The introduction of Inclusionary Zoning ensures critically needed workforce housing is built or through the fee-in-lieu option, funded for development at a later date. Four units of rental and condominium housing have been created on-site and two units of rental housing have been created off-site; eight single-family homes are planned or under construction; and thirty-five units of rental and condominium housing have been approved but are pending construction. \$826,500 of fee-in-lieu payments have been deposited into the Housing Trust fund and allocated towards increasing the creation and affordability of rental housing. An additional \$1,393,325 will be collected upon completion of nine approved housing projects.



HOUSING TOOLBOX

Inclusionary Zoning Development Projects: December 2015 – October 2019 with all projects receiving any tax credit or city subsidies removed.

Address	Status	# of Units	Type	Workforce Units	On-Site	Off-Site	Fee-in-lieu
169 Newbury St (Luminato)	Completed	26	Condo	2	0	2	\$0
62 India Street (Mason Block)	Completed	29	Condo	0	0	0	\$276,500**
443 Congress St	Completed	28	Rental	0	0	0	\$280,000 *
20 Thames St (Twenty Thames)	Completed	27	Condo	0	0	0	\$270,000***
1 Joy Place (Onejoy)	Completed	12	Condo	1	1	0	\$0
60 Parris St (Parris Terraces)	Completed	23	Condo	2	2	0	\$0
70 Anderson St	Completed	10	Rental	1	1	0	\$0
1700 Westbrook St (Stroudwater)	Phase 1 UC 50 SF	123	SF/Townhouse	12	12	0	\$0
383 Commercial (Hobson's Landing)	Under Construction	89	Condo	8	0	8	\$0
75 Chestnut St (Lofts 75)	Approved (2016)	54	Rental	5	5	0	\$0
161 York St	Approved (2017)	11	Condo	0	0	0	\$110,000
221 Congress St	Approved (2017)	17	Condo	0	0	0	\$170,000
153-165 Sheridan St (Sumner Hghts)	Approved (2017)	19	Condo	1	1	0	\$0
218-220 Washington St	Approved (2017)	45	Condo	0	0	0	\$416,250
22 Hope Ave Subdivision (Brandy Ln)	Approved (2018)	16	SF Home	1	1	0	\$0
56 Hampshire St (Verdante)	Approved (2018)	30	Rental	1	0	1	\$219,868
86 Newbury Street (Shipyards)	Approved (2018)	10	Rental	1	1	0	\$0
300 Allen Avenue	Approved (2018)	12	Condo	1	1	0	\$0
50 Monument Square	Approved (2018)	21	Rental	0	0	0	\$222,789
10 Hammond Street	Approved (2019)	16	Condo	0	0	0	\$169,744
40-46 Free Street	Approved (2019)	51	Rental	5	5	0	\$10,609
57 St. Lawrence Street	Approved (2019)	15/1	Rental/SF	2	2	0	\$63,456
132 Marginal Way	Approved (2019)	192	Rental	23	23	0	\$0
130 Morning Street (MHNCDO)	Approved (2019)	9	Condo	1	1	0	\$0
Pending Projects- 2019							
1844 Forest Ave	Under Review	16	Rental	TBD	TBD	TBD	TBD
33-37 Montreal Street (MHNCDO)	Under Review	9	Condo	1	1	0	\$ -
5-7 India Street	Under Review	24	Rental	TBD	TBD	TBD	TBD
3 Portland Square	Under Review	24	TBD	TBD	TBD	TBD	TBD
208 Fore Street	Under Review	34	Condo	0	0	0	\$355,977
Munjoy Hill Neighborhood Conservation Development Overlay							
* Fee-in-lieu collected on 12-19-2017							
** Fee-in-lieu collected on 7-3-2018							
*** Fee-in-lieu collected on 2-25-2019							

Source: Housing and Community Development

HOUSING TOOLBOX

Hotel Inclusionary Zoning (Order 134-18/19 effective 2-22-19)

- ◊ 121 Middle Street, pending fee-in-lieu of \$79,926
- ◊ 1 Center Street, pending fee-in-lieu of \$513,810

In 2019, Portland amended Chapter 14 of the Land Use Code to require new hotel projects with 10 or more hotel rooms within any 5-year period, to provide low-income housing for rent on-site, or pay a fee-in-lieu to support affordable housing in the City. Based on City analysis, most specifically the analysis documented in the Greater Portland Council of Government study “Proposed Hotel Linkage Fee: Supportable Range” finds that new hospitality development creates a need for new affordable housing. This need is the result of the fact that hospitality developments necessarily create a number of jobs that do not pay employees at a rate sufficient to allow those employees to afford market-rate housing in the City.

Housing Replacement Ordinance (Order 280-09/10 effective 8-19-10)

- ◊ Of the \$1,056,830 deposited into the Housing Trust Fund (HTF), \$630,585 has been expended to leverage the creation of 37 units of low-income housing, eight workforce housing units, and 34 Housing First units.

The city's land use ordinance contains a housing replacement requirement intended to limit the loss of housing stock but in cases where housing is lost, promote and facilitate the development of new housing supply. The ordinance requires the payment of a fee per unit for any net loss of housing as a result of demolition of an existing residential property or conversion of residential space to another use. The fees received by the City are contributed to the Housing Trust Fund. The last deposit into the Housing Trust Fund from the Housing Replacement Ordinance was for \$250,000 during 2012.



HOUSING TOOLBOX

Reduced Fees for Developing Affordable Housing (Order 98-06/07 effective 12-4-06)

- ◊ 72 Bishop Street- 30 affordable units
- ◊ 17 Carleton Street- 37 affordable units
- ◊ 134 Washington Street- 18 affordable units
- ◊ 81 East Oxford Street – 36 affordable units
- ◊ 58 Boyd Street – 44 affordable units
- ◊ 510 Cumberland Avenue – 45 affordable units

Portland adopted amendments to the land use code to reduce the development fees associated with the development of eligible affordable residential real estate projects by 5 to 25%. The cost of work (i.e. Building Permit) fees are also reduced based on the percentage of new units that are low income or workforce units.



Downtown Height Overlay District Amendment (Order 91-13/14 effective 12-17-13)

- ◊ 667 Congress St (Hiawatha- Longfellow Apartments) - 139 market-rate rental units.

The Downtown Height Overlay District Map was amended to rezone parcels between Danforth and York Street to B-3 and increase the allowed height to sixty-five feet. Two years later the City adopted a second map amendment (Order 81 15/16 effective 11-18-15) to further expand the Downtown Height Overlay District on additional underutilized land between Danforth, York and High Streets to increase the allowable height from 45” to 65” for residential development.

B-1, B-1b Amendment (Order 118 13/14 effective 1-15-14)

- ◉ 118 Congress Street- 12 units

An amendment to the B-1 and B-1b zone was adopted to encourage traditional small-scale commercial and mixed-use forms in existing neighborhood retail nodes. Buildings in the B-1 zone along Congress Street with commercial first floor and residential upper floors are allowed to be 50 feet in height rather than 45 feet.

Allowing Accessory Structures in R-3 and R-5 Zones to be converted to dwelling units (Order 202-13/14 effective 5-28-14)

- ◉ 14 low-income units have been approved by the Zoning Board of Appeals in the R-5 zone.

Any detached or accessory structure in the R-3 and R-5 zones, which were in existence on January 1, 1940, may be converted to dwelling units without meeting front, side or rear yard setbacks. Converted units within the R-5 zone must be affordable to households earning up to 80% of the area median income and are subject to income verification. Units may not be sold as condominium units.

R-6 Zone in the Vicinity of Boyd, Oxford, and Mayo Street Rezoned to R-7 (Order 244-13/14 effective 6-18-14)

- ◉ 81 East Oxford (Bayside Anchor) - 45 units (36 rental units for low-income households).
- ◉ 58 Boyd Street- 55 units (44 rental units for low-income households).

In May of 2014, the City Council passed an amendment to the zoning map in the vicinity of Boyd, Oxford, and Mayo Streets in East Bayside from R-6 to R-7 to allow for greater density for future housing development.

Multi-Family Density Standard Amendment (Order 263 13/14 effective 7-16-14)

- ◉ 101-121 Newbury Street- 35 units
- ◉ 72 Bishop Street- 30 affordable units
- ◉ 3 Pleasant Avenue- 25 units

The Commercial Business Zone (B-2, B-2b, B-2c) was amended to offer the opportunity for larger scale commercial and residential development along the city's major arterials and shopping centers. This amendment permitted multi-family dwellings without boundary and commercial use restrictions, increased the permitted housing density, clarified the setback requirements, and provided for lively, urban ground floor uses.

R-6A Zone (Order 73 14/15, effective 11-19-14)

In October of 2014, the City Council passed an order creating a new R-6a zone to encourage higher density multi-family housing on large parcels located off the peninsula. The zone was designated appropriate for areas that are along major transportation routes, near service areas, and in redevelopment (underutilized) or infill areas. The R-6a zone encompasses the majority of Munjoy Hill. Prior to the text amendment, the minimum lot size of 4,500 sf rendered 71% of the existing parcels as non-conforming. After lowering the minimum lot size to 2,000 sf, 86% of the existing R-6a lots were considered conforming.

R-6A Zone (Order 74 14/15 effective 11-19-14)

- ◉ 777 Stevens Avenue (the Park Danforth) - 59 units of age restricted housing.

Following the creation of the R-6a zone, the City Council amended the zoning map to include 777 Stevens and 880 Forest Avenue in the R-6a zone. This amendment allowed for the construction of a new building with fifty-four (59) senior independent living units attached to the existing building with a one-story connector. The new building is four stories along Arbor Street and Forest Avenue, with a fifth story corner projection.

Rezoning 89 Anderson Street (Order 102-14/15 effective 1-14-15)

- ◉ 89 Anderson Street (East Bayside Lofts)- 53 market rate apartments

The zoning map was amended to rezone 89 Anderson Street from Residential R-6 to Neighborhood Business B-1b to support greater residential development above a ground floor commercial use to serve the local market.

R-5A Zone Amendment

(Order 276 14/15, effective 7-15-15)

- 605 Stevens Avenue (Motherhouse) – 88 units of which 66 are affordable
- 802 Ocean Avenue (Portland Retirement Residence)

The R-5a zone was amended by the City Council allowing the creation of multifamily dwelling units as a permitted use. Multifamily development of four or more dwelling units qualify for height bonuses while three-family dwellings have dimensional requirements similar to those of lesser density.

IR-1 and IR-2 Accessory Dwelling Unit (ADU)

Amendment for Peaks Island

(Ordern 82-15/16 effective 11-18-15)

On October 19, 2015, the City Council approved amendments to the IR-1 and IR-2 zones allowing for revisions to the language regulating accessory dwelling units on Peaks Island. The revisions called for allowing ADUs on undersized lots within or as additions to existing dwellings provided certain conditions are met. These units would only be allowed if they are rented year round to households earning no more than 100% of the area median income. The intent is to provide affordable year round housing to Peaks Island residents who face pressure from seasonal rental markets.

Reduced Parking Requirements & Fee-in-Lieu Option

(Order 240-09/10 effective 6-21-10 and Order 83-15/16 effective 11-2-15)

- Nine projects, including six devoted to the creation of low-income housing have been permitted under the reduced parking requirements. One project, also aimed at low-income housing chose to pay a fee-in-lieu.

The cost of providing parking in new residential development projects can often be substantial and encourages inefficient land use patterns. The city has reduced some parking requirement on the peninsula to help decrease parking-related costs and incentivize residential development. Developers in the non-residential or the IS-FBC zones have the option of paying a fee-in-lieu to meet their project's parking requirements. Fee-in-lieu payments go to the Sustainable Transportation Fund. For each low-income or workforce housing unit for rent or sale within an eligible project under the Affordable Housing Ordinance, no more than one parking space is required. Additionally, the planning board may establish a parking requirement for affordable housing units for rent or sale within an eligible project that is less than one parking space per affordable housing unit, regardless of the size of the structure.

HOUSING TOOLBOX

Priority Review (Order 82-15/16 effective 11-18-15)

To the extent possible, the Planning Division offers expedited reviews for projects including low-income or workforce housing units. The Planning Board make its best effort to hear, review, conditionally approve or deny within one workshop and one public hearing any proposed plans or applications for eligible housing projects containing some low-income or workforce units.

India Street Form Based Code (IS FBC) (Order 83-15/16 effective 12-2-15)

- ◉ 169 Newbury Street (Luminato) 26 condo (2 off-site IZ units)
- ◉ 62 India Street 29 condo units \$276,500 to the Housing Trust Fund (collected)
- ◉ 20 Thames Street 28 condo units \$280,000 to the Housing Trust Fund (collected)
- ◉ 56 Hampshire Street 30 rental units (1 off-site IZ unit, and \$209,398 to Housing Trust Fund) (under construction)
- ◉ 86 Newbury Street (Shipyard) 10 rental units (1 IZ unit on site)

The rezoning of India Street to a form-based code is intended to regulate development through emphasizing the relationship between buildings, streets, open space, walkability, and urban uses. By implementing this new zoning method, the city hopes to create a more predictable development environment for the private sector and the public alike. Also, one additional story of up to 12 feet in height is allowed for residential developments where 20% of the units are workforce units for sale or low-income housing units for rent.

Amendments to Zoning Ordinance for Greater Density and Height (Order 31-17/18 effective 10-6-17)

In 2017, the city amended Division 30 (Affordable Housing) to offer incentives for affordable housing in the B-1, B-1b, B-2, B-2b, B-2c, B-3, B-3b, B-5, R-7, and R-P zones to allow the maximum number of units that would otherwise be allowed to increase, along with a height bonus and a reduction in setback for Inclusionary Zoning projects that create a greater percentage of low-income or workforce units for sale or rent. These zones are best aligned to access transit along and adjacent to primary transit routes.

Order 31-17/18 also provided dimensional bonuses to promote orderly development of low and moderate income developments as Planned Residential Unit Developments (PRUDs). When any PRUD provides 50% or more workforce or low income housing, the area per dwelling unit would be reduced by 50%; the maximum number of units and maximum length of building do not apply but may be set through site plan review; minimum building setbacks may be reduced; and the minimum recreation space is reduced to 200 square feet per unit. The amendment also allows land on both sides of a street to count toward the minimum lot size requirement for the PRUD. The R-3, R-5 and R5A zones benefited from the PRUD changes to Division 30.

B-1 and B-1b Neighborhood Business Zone (Order 170-17/18, effective 3-5-18)

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

Munjoy Hill Neighborhood Conservation Overlay District (Order 221-17/18 effective 6-4-18)

- ◉ 130 Morning Street (9 units, 1 affordable unit)
- ◉ 33 Montreal Street (9 units, 1 affordable unit)
- ◉ 128 North Street (6 units, 1 affordable unit) (under Planning Board review)

The Munjoy Hill Neighborhood Conservation Overlay District was added to Chapter 14 of the Land Use Ordinance to address the negative impacts of development pressures within Munjoy Hill and to create a positive framework for investment in the area. Alternative dimension and design standards and demolition review were created for the District. In addition, developments of three or more units that elect to maximize the height bonus of 45' must include at least one workforce housing unit for rent or for sale.

Nonconforming Use and Nonconforming Buildings (Order 222 17/18 effective 6-4-18)

In 2018, the City amended section 14-381 through 14-437 to simplify and modernize the requirements for additions to non-conforming structures in order to better accommodate owner's desire to put limited additions on these structures. The amendment addresses concerns the existing language made it difficult to add on to existing homes and, therefore, encourage demolition over renovation.

Transportation Improvements to Allow for Greater Density

- Redesign Franklin Street and the Forest Avenue corridor to allow for additional development and multi-modal transportation.

The Planning and Urban Development Department, in cooperation with the Department of Public Works, has been working on improvements to the city's transportation infrastructure both on- and off peninsula in part to better accommodate greater housing density.

Short Term Rentals (Order 179-16/17 effective 4-26-17)

- 732 properties are registered as short-term rentals - 128 are on Peaks Island; 288 are non-owner occupied; 287 are owner-occupied, and 29 are tenant occupied.
- 872 units are registered as short-term rentals- 131 are on Peaks Island; 400 are non-owner occupied; 312 are owner-occupied; and 29 are tenant occupied.
- Total of \$209,436.80 transferred into the Housing Trust Fund from funds not spent toward program administration.

Portland approve an ordinance in April 2017 that requires Short Term Rental (STR) units to be registered with the city effective January 1, 2018 and placed a rental cap of 300 non-owner occupied units on the mainland. During 2019, changes in how STR units were defined and a new rental cap of 400 non-owner occupied units on the mainland went into effect. The purposed of the Ordinance is to protect Portland's long-term rental units from leaving the local market to host short-term guests, and to ensure the safety of each unit. The City adopted a registration fee to pay the cost of inspections. Funds not spend towards program administration are deposited into the Housing Trust Fund for the creation of affordable housing.

Portland Water District Efficiency and Repair Services Program

- A total of 10 projects were funded by the Portland Water District.

The Portland Water District Efficiency and Repair Services Program provides financial assistance to low income residential customers of the Portland Water District (PWD) for the repairs and improvements that reduce water consumption through the installation of plumbing fixtures and water saving devices including the repair of leaking or broken water pipes, toilets, hot water tanks, faucets, showerheads, toilet dams, and low-flow devices. The City of Portland administers the program on behalf of the PWD. A qualified residential customer is one who owns and occupies a year round residence within the PWD service area and whose household income is at or below 80% of the area median income. The PWD has initially set aside \$10,000 for this program but has funded a total of \$15,700.

Healthy Neighborhoods Program (Order 112-17/18 effective 12-20-17)

The City Council approved an amendment to Chapter 14 of the City Code requiring Maine Medical Center to initiate and adopt a memorandum of understanding between MMC and the City of Portland towards a Healthy Neighborhoods Program within the Maine Medical Center Institutional Overlay Zone. The Program shall be designed to fund and execute housing and community improvement programs in the surrounding St. John Valley and other neighborhoods.

Rental Housing Advisory Committee (Order 32-18/19 effective 9-12-18)

Portland's Rental Housing Advisory Committee provides the Housing Committee with recommendations or proposals for improvements, modifications, or changes regarding landlord and tenant policy issues, and identifies educational opportunities, seminars, and materials that would be useful to landlords and tenants. The Committee held their first meeting on September 24 to create a work plan of topics for future discussion.

Housing Safety

Rental Housing Registration/Inspections

- ◆ 18,076 units registered in 2019; up from 15,675 units registered as of May 2017.
- ◆ 25 illegal unit inspections (8-26-19).
- ◆ 936 long and short-term housing safety inspections (8-26-19).

The Housing Safety Office administers a rental housing registration and inspection program for residential rental properties in the City of Portland. All property owners are required to register residential rented apartment units, rented houses, rented rooms, or rented beds with the City's Housing Safety Office beginning January 1, 2016 or within thirty (30) days of renting a property. The annual registration fee pays for the cost of a citywide rental inspection program. Owners occupying a unit on their own property are not required to register the unit they occupy, but must register the units that are rented. Over 2,500 inspections of short-term and long-term units have been conducted as of August 26, 2019.

Fire Department Inspection Program

➤ 724 fire prevention inspections completed from January to September 4, 2019

In 2015, Portland established a task force to review its fire inspections programs. The traditional focus had been on three-unit and above structures (as well as schools, fire permits, and commercial buildings), but following the tragic Noyes Street fire, the focus of residential inspections is now one and two-unit properties, and with the introduction of the short-term rental program, these dwelling units also require on-site inspections.

ATTACHMENT A

INCOME

(1) AREA MEDIAN INCOME (AMI)

The household income for the median or middle household in the region. It is the midpoint of household incomes for the HUD Metro Fair Market Rent Area (HMFA) as defined determined and reported by the U.S. Department of Housing and Urban Development (HUD) based on data provided by the American Community Survey 5-Year Estimates. If the AMI is qualified in some way- generally as a percentage of AMI, then this is reference to HUD's income limits.

HUD Income Limits

- ◉ Low Income: Households with a gross household income at or below 80% of the Area Median Income.
- ◉ Very Low-Income: Households with a gross household income at or below 50% of the Area Median Income.
- ◉ Extremely Low-Income: Households with a gross household income at or below 30% of the Area Median Income.

(2) PORTLAND-SOUTH PORTLAND, ME METROPOLITAN STATISTICAL AREA (MSA)

Comprised of 68 towns and cities within Cumberland, Sagadahoc, and York Counties as determined and reported by HUD (coterminous with the PORTLAND-SOUTH PORTLAND HOUSING MARKET AREA).

◉ Cumberland County (28 cities and towns)

Baldwin, Bridgton, Brunswick, Cape Elizabeth, Casco, Chebeague Island, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Harpswell, Harrison, Long Island, Naples, New Gloucester, North Yarmouth, Portland, Pownal, Raymond, Scarborough, Sebago, South Portland, Standish, Westbrook, Windham, Yarmouth.

◉ Sagadahoc County (11 towns/cities)

Arrowsic, Bath, Bowdoin, Bowdoinham, Georgetown, Perkins, Phippsburg, Richmond, Topsham, West Bath, Woolwich.

◉ York County (29 towns/cities)

Acton, Alfred, Arundel, Berwick, Biddeford, Buxton, Cornish, Dayton, Eliot, Hollis, Kennebunk, Kennebunkport, Kittery, Lebanon, Limerick, Limington, Lyman, Newfield, North Berwick, Ogunquit, Old Orchard Beach, Parsonsfield, Saco, Sanford, Shapleigh, South Berwick, Waterboro, Wells, York.

ATTACHMENT A

INCOME

(3) PORTLAND, ME HUD METRO FAIR MARKET RENT AREA (Portland HMFA)

Custom geographic definition area used in the calculation of income limit program parameters, such as the CDBG and HOME programs. A HUD Metro Fair Market Rent Area (HMFA) is a subsection of the larger Metropolitan Statistical Area (MSA). Portland's HMFA is comprised of 19 towns or cities in Cumberland County, and four towns in York County.

 **Cumberland County: (19 towns/cities)**

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

 **York County: (4 towns)**

Buxton, Hollis, Limington, Old Orchard Beach

(4) PORTLAND-SOUTH PORTLAND HOUSING MARKET AREA (HMA)

Comprised of 68 towns and cities within Cumberland, Sagadahoc, and York Counties as determined and reported by HUD (coterminous with the PORTLAND-SOUTH PORTLAND, ME METROPOLITAN STATISTICAL AREA)

(5) MAINEHOUSING PORTLAND-SOUTH PORTLAND METROPOLITAN AREA HOUSING MARKET

A similar but not identical list of geographic areas used in the calculation of income limit parameters by MaineHousing for MaineHousing programs. MaineHousing's Portland-South Portland Metropolitan Area Housing Market is comprised of 22 towns or cities in Cumberland County, 18 towns in York County, one town in Androscoggin County, and two towns in Oxford County.

 **Cumberland County:**

Baldwin, Cape Elizabeth, Casco, Cumberland, Falmouth, Freeport, Frye Island, Gorham, Gray, Naples, New Gloucester, North Yarmouth, Portland, Pownal, Raymond, Scarborough, Sebago, South Portland, Standish, Westbrook, Windham, Yarmouth.

 **York County:**

Alfred, Arundel, Biddeford, Buxton, Cornish, Dayton, Hollis, Kennebunk, Kennebunkport, Limerick, Limington, Lyman, Newfield, Old Orchard Beach, Parsonsfield, Saco, Waterboro, Wells.

 **Androscoggin County**

Durham

 **Oxford County**

Hiram, Porter