



CITY OF SOUTH PORTLAND

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James H. Gailey
City Manager

MINUTES

Affordable Housing Committee

Wednesday, April 28, 2016

7:00 PM

City Hall - Council Chambers

Attendees:

Isaac Misiuk
Adrian Dowling
Mike Hulsey
Richard Berman

Chris Kessler
Mike Duvernay
Kathy Bouchard
Kim Coit

Joshua Reny, Asst. City Manager
Tex Haeuser, Planning Director
Mary Jo Elliot, Research Analyst

Absent: Tiffanie Bentley

1. Committee Chair Isaac Misiuk called the meeting to order at 7:03 p.m.
2. Pledge of Allegiance
3. Motion by Elliot second by Kessler to approve the minutes of the April 13th meeting. All in favor.
4. Tex gave a presentation on affordable housing strategies related to land use and zoning. He explained that the City's Comprehensive Plan contemplates the need for more affordable housing and emphasizes the City should support the efforts of the South Portland Housing Authority and other developers to create affordable housing where there is clear need. The plan suggests incentives more than inclusionary requirements. He explained that the City of Portland has a workforce housing inclusionary requirement that reserves 10% of units in new developments of 10 units or more for households earning at or below 100% of median income.

The Comprehensive Plan also speaks about removing impediments to "small apartment units", and amending the parking standards to treat small apartments as fractional units for density purposes. The Comprehensive Plan Implementation Committee (CPIC) is currently working on zoning amendments for the Mill Creek area which accomplishes this, but it may be applicable City-wide. The Comp Plan also talks

about promoting energy efficiency and energy and water use benchmarking is also included with the Mill Creek zoning amendments.

Tex also provided handouts, one showing the Transit-Oriented Development TIF District, and the other showing a map of neighborhood centers and commercial hubs as designated in the 2012 Comprehensive Plan. The development of new multi family affordable housing may be best suited along established transit routes to provide another transportation option for lower income people. This may also allow for a reduction in the off street parking standards.

Josh arrived at the meeting around 7:25 p.m.

Other ideas relating to increased density were discussed. One idea is small lot infill development. This will actually be discussed at an upcoming Council workshop on May 23rd. Another idea is to revise minimum lot size and setbacks in single family residential neighborhoods to reflect established patterns of development in the respective neighborhood. The Comp Plan suggests requiring site plan and design review for new homes, and substantial enlargements, on lots less than 10,000 sq. ft. Another recommendation of the plan would allow lots to be utilized without density limits in multifamily neighborhoods, as long as the building is constructed in a manner compatible with the neighborhood pattern of development. Richard would like to see density bonuses tied to a public benefit such as affordable housing rather than across the board. Chris suggested that some historical development patterns may not fit with the City's vision for future development and therefore perhaps some new development should be incompatible with old development as certain areas transition.

The final idea discussed is to do master plans for designated neighborhood activity centers, commercial hubs, and downtown areas. Thornton Heights and Mill Creek are the two that have been done so far. The Westbrook Street Corridor in the West End Neighborhood is the next candidate for a master plan. The plan is to do the Mall area in the near future. These master plans would guide zoning updates and include graphics to show the community what could be. People are more comfortable with change if they can see the type of development that could result from those changes.

5. The group continued the discussion on various opportunities and challenges. The advent of AirBnB, for example, has likely contributed to the removal of some units from the rental housing market. There are questions about how short term rentals may impact the character of a neighborhood and whether it is appropriate from a regulatory standpoint. On the other hand, the new economy is creating many opportunities for people to supplement their household income through the use of the internet and AirBnB is just one example of that.

Isaac suggested zoning could allow more accessory dwelling units (ADUs) along fixed transit routes or within the neighborhood activity centers. Chris would like the City to move more quickly to fully implement the recommendations in the Comprehensive Plan. Richard suggested the City should consider doing away with off street parking requirements in certain areas of the City.

6. The Committee welcomed guest speaker Tom MacDonald, Vice President of Acquisitions at Northern New England Housing Investment Fund. NNEHIF has raised close to half a billion dollars in the past 20 years to create more than 5,200 units of housing in Maine and New Hampshire. It is currently raising about \$50 million per year and its investors commit to projects with a certain yield on their investment.

Tom explained that local community support is absolutely necessary for affordable housing projects to be successful. The primary vehicle for new affordable housing development is the Low Income Housing Tax Credit (LIHTC) program administered by the Maine State Housing Authority (MSHA). It is actually an IRS program that supplanted all the former HUD programs in 1986. MSHA develops criteria for the program and funds about five projects each year from around 15 project applications. Each application is scored on a points system and more points are awarded for projects that receive local financial support, e.g. Affordable Housing TIF (AH-TIF) or tax abatement. Additional points are awarded for other criteria. For example, if the project is within ½ mile of a downtown district, or within walking distance of three “areas of destination”, or within a declared “revitalization area”, or near a fixed route bus service, or adjacent to upgrade pedestrian facilities, etc. So when a project is proposed that is lacking a certain scoring criteria, the municipality could step in to make a public improvement that would increase the strength of that project application, e.g. build a wide paved sidewalk or install a bus shelter. Cities throughout the state are categorized by their need for affordable housing, and South Portland is already in the highest category, those towns and cities with highest level of need. Applications are accepted on an annual basis, typically in the fall, and all permitting and the appeals period must be completed at least 30 days before the application deadline. The City might consider formalizing a policy to support these projects with all the tools at its disposal, i.e. collaborate to maximize points, create AH-TIF, assist with acquisition costs, etc. It could go one step further and work with SPHA or other developers to ensure there is at least one project application from South Portland each year.

Tom explained that the tax credit program does an excellent job helping people in the 50-60% AMI band. Poorer households still cannot afford these units, and higher income households are ineligible. Helping households with AMI greater than 60% is best accomplished through a market-based strategy. Richard agreed and stated that there needs to be separate strategies for the various income strata. Mike H. explained SPHA tries to do projects for those below 50% AMI but it takes a lot more resources. People

below 50% AMI are often served with housing vouchers and some of those people are placed in tax credit housing. Some people with vouchers are struggling to find housing in the current market because it's so tight. Tom explained that modernizing land use and zoning regulations helps developers across the board, whereas financial incentives and tax credit programs are targeted toward specific populations. Increasing housing supply generally, even market rate, does have a positive impact for households utilizing housing vouchers. Tex suggested the Committee consider as one of its recommendations the creation of a formal City Council-adopted Policy that articulates the City's goals, strategies, and resources that can be used to increase the strength of tax credit project applications. Tom suggested that such a policy spell out what the City would like to see and the various levels of support that a developer may request from the City, e.g. AH-TIF, public improvements, etc.

The Committee thanked Tom for his presentation and he departed around 9:00 p.m.

7. Richard circulated a handout to the Committee for review and future discussion. The handout includes calculations that demonstrate the level of financial incentives necessary for new construction to produce a certain number of affordable housing units. It also includes a list of strategies and policies the Committee may consider.
8. Josh informed the group that he and Tex will hold a focus group with Affordable Housing Developers on Monday morning to get feedback on some of the ideas and strategies that the Committee is considering, and gauge which strategies are likely to have the greatest impact. Isaac volunteered to sit in that meeting as well.
9. The next meeting will be on May 11th at 7:00pm in City Council Chambers. Chris will confirm that Pine Tree Legal will be the guest speaker. The meeting will focus on tenant law and consumer protection policies. Chris will also reach out to Opportunity Alliance to see if they have interest in being an additional guest speaker. The Committee discussed other potential guest speakers at future meetings.
10. Following a motion and second the meeting adjourned at 9:18 p.m.