IN CITY COUNCIL
AMENDED
ORDINANCE #03-19/20

THE COUNCIL of the City of South Portland hereby ordains that Chapter 2, “ADMINISTRATION AND LEGISLATION” and Chapter 12, “HOUSING” of the "Code of Ordinances of the City of South Portland, Maine" be and hereby are amended as follows (additions are underlined; deletions are struck-out); and

CHAPTER 2
ADMINISTRATION AND LEGISLATION

ARTICLE III. BOARDS AND COMMISSIONS

DIVISION 10. AFFORDABLE HOUSING COMMITTEE

Sec. 2-146. Establishment and purpose.

An Affordable Housing Committee (the “Committee”) is hereby established. The purpose of the Committee is to review key issues affecting the quantity, accessibility, and affordability of housing in the City. The Committee may work jointly with other South Portland boards and committees to maintain and encourage the growth of a balanced and diverse supply of affordable housing throughout the City. The purpose of the Committee is to craft thoughtful City-wide policy recommendations that promote a balanced long-term supply of housing options affordable to each demographic, spanning all incomes and age groups.

Sec. 2-147. Definitions.

For purposes of this Division 10, the following term shall have the following meaning:
**Affordable Housing.** Dwelling units for which the percentage of income a household is charged in rent and other housing expenses, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household's income.

**Sec. 2-148. Composition; appointment; qualifications; and quorum.**

(a) The Committee shall consist of seven (7) members, all of whom shall be residents of the City. Committee membership shall include a diversity of perspective and expertise, with representation from the following categories, whenever practical:

1. At least two (2) members representing a residential property renter, and/or an owner of a home classified as affordable housing
2. A member representing a landlords' association or a South Portland landlord;
3. A member representing the South Portland Housing Authority;
4. A member representing a private-sector housing developer; and
5. A member representing the Planning Board.

However, at any given time, there shall be no more than one (1) Committee member from any one of the categories 2-5 listed above.

(b) Appointment to the Committee shall be made by the City Council. It shall serve as an advisory body to the City Council and the Planning Board.

(c) All members of the Committee shall be selected upon the basis of their expertise or interest in affordable housing and their familiarity with the City.

(d) The City Council should strive to include members representative of South Portland’s diverse community.

(e) A quorum shall consist of four (4) members.

**Sec. 2-149. Terms of office.**

The terms of office of the members of the Committee shall be three (3) years, except that initial appointments after the date of this amendment shall be such that the terms of office of no more than three (3) members shall expire in any single year.

**Sec. 2-150. Duties generally.**

Duties of the Committee include, but are not limited to, the following:

(a) Provide an annual report to the City Council on housing trends and projects from the previous year;

(b) Develop recommendations and proposed policies to encourage and support a balanced distribution of housing throughout the City:
(c) Review applications for funding requests to use the Affordable Housing Trust Fund and make recommendation to the City Council;
(d) Review eligible Low-Income Housing Tax Credit (LIHTC) projects and make recommendation to the City Council;
(e) Provide education and outreach regarding affordable housing programs throughout the City and encourage community input;
(f) Review and provide recommendations to the Planning Board regarding any multi-family housing related developments in South Portland requiring Planning Board approval;
(g) Work with and gain insight from like committees in neighboring municipalities in recognition of the fact that housing affordability is a regional issue; and
(h) Carry out such other duties as may be required or established by the City Manager and/or City Council.

Sec. 2-151. Officers, meetings, and records.

(a) The members shall annually elect a Chairperson from their membership. If not provided to the Committee by the City Manager, the members shall also annually elect a Secretary for the purpose of taking minutes and related duties.
(b) All meetings of the Committee shall be open to the public. Notice of each meeting shall comply with the City’s notice policies and Maine’s Freedom of Access Act.
(c) Minutes shall be kept of all meetings with a copy filed with the City Clerk. An annual report of the Committee’s activities shall be submitted to the City Council in January of each year.

ARTICLE IV. FISCAL CONTROLS

DIVISION 1. GENERALLY

Sec. 2-14652. Work programs.

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Sec. 2-14753. Classifications of proposed expenditures.

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Sec. 2-14854. Budget detail.

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Secs. 2-149–2-154. Reserved.

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CHAPTER 12
HOUSING
ARTICLE I. IN GENERAL

Sec. 12-1. Definitions.

As used in this chapter, the following words and phrases shall have the meanings ascribed to them in this section.

Affordable housing: Dwelling units for which the percentage of income a household is charged in rent and other housing expenses, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household’s income.

Neighborhood activity centers. Relatively small areas where local residents can easily walk to gather, shop, dine, or purchase services. They are characterized by a mix of residential and such non-residential uses as office, retail, commercial, entertainment, and personal services, and are distinct from business hubs that draw from larger market areas.

ARTICLE IX. HOUSING SECURITY

Secs. 12-230--12-23950. Reserved.

ARTICLE X. HOUSING AFFORDABILITY

Sec. 12-240. Purpose.

The purpose of this Article is to address the production, preservation, and rehabilitation of affordable housing for rental and home ownership in the City through various policies and financial incentives. The City recognizes that access to safe, quality, and affordable housing is a fundamental human right contributing to the overall health, safety, and well-being of its residents. The City desires to have a mix of housing that meets the needs of all its residents, achieved through incremental growth and development that conforms to the community’s vision and long-term development goals. The City recognizes that when the local housing market is out of equilibrium, it disproportionately affects individuals making less than the area
median income. The City also recognizes that local government plays an important role in both planning for and investing in the City’s future, to include housing.

Sec. 12-241. Establishment of Affordable Housing Trust Fund.

The City hereby establishes the Affordable Housing Trust Fund ("AHTF"). Guidelines for use of the AHTF shall be outlined in an Affordable Housing Trust Fund Operations Manual ("Manual") to be approved by City Council Order, as may be amended from time to time. No funds may be appropriated from the AHTF until the Manual has been approved by the City Council. The City Council, after receipt of a recommendation from the Affordable Housing Committee, may expend funds from the AHTF for the following:

(a) Issuance of loans to support the production, preservation, and rehabilitation of safe, quality, and affordable housing, to include:
   (1) Gap financing;
   (2) Construction costs;
   (3) Pre-development costs;
   (4) Acquisition costs; or
   (5) Rehabilitation of existing housing;

(b) Award of grants through a competitive Request for Proposals (RFP) process developed by the Affordable Housing Committee in conjunction with, and the approval of, the City Council, based on the most recent housing needs assessment in the Manual.

(c) Purchase and acquire fee simple interests and any lesser interests, including deed restrictions, development rights or easements, in any real property situated within the territorial limits of the City, including any improvements on that real property, provided that all purchases or acquisitions are consistent with the purposes of this Article and will ultimately be conveyed, transferred, or sold to an affordable housing agency or developer.

Any proposed acquisition or sale of any real property interest(s) and any proposed use of land pursuant to this Article shall be referred to the Affordable Housing Committee for its review and recommendation(s).

Sec. 12-242. Management of Affordable Housing Trust Fund.

The Affordable Housing Committee shall serve as an advisory body for the management of the AHTF and its programs. Deposits into the AHTF shall include:

(a) Any funds appropriated to be deposited into the AHTF by vote of the City Council;

(b) Voluntary contributions of money or other liquid assets and all the net proceeds from disposal of real property donated to the City specifically for the benefit of the AHTF and accepted by vote of the City Council;

(c) Interest from deposits and investments of the AHTF;
(d) Thirty percent (30%) of the net proceeds from the sale of improved real property owned by the City but not donated specifically for the benefit of the AHTF, unless this net sale proceeds requirement is waived by the City Council for good cause shown;

(e) Any federal, State or other grant and/or loan funds received for the benefit of the AHTF and the programs it supports; and

(f) Any authorized transfer of revenues generated in accordance with an approved Affordable Housing Tax Increment Financing (AH-TIF) Development Program.

All expenses lawfully incurred in carrying out this Article must be evidenced by proper vouchers and accounting practices. The City shall prudently invest available assets of the AHTF and all income from any investment shall accrue to the AHTF.

The City Manager or his/her designee shall keep a full and accurate account of AHTF activity, including a record as to when, from or to whom and on what account money has been paid or received relative to this Article, and as to when, from or to whom and for what consideration real property interests have been acquired, improved or disposed of. The City Manager or his/her designee shall report annually all revenues and distributions, including grants, loans, acquisitions and dispositions of real property interests, and other related expenses, which document shall be included in the City’s annual report.

Sec. 12-243. City willingness to partner with LIHTC program applicants.

The City affirms its intent to identify and partner with a Low-Income Housing Tax Credit (LIHTC) Program applicant each application cycle, if a proposed project exists that meets the following criteria:

(a) The proposed housing or mixed-use development is located in a targeted growth area, neighborhood activity center, or is in a neighborhood identified by the City as having limited access to affordable housing relative to other neighborhoods in the City;

(b) The proposed housing or mixed-use development is consistent with the City’s Comprehensive Plan and neighborhood master plan (if applicable), whether or not a zoning ordinance amendment is required;

(c) The proposed housing or mixed-use development will address the community’s identified needs related to affordable housing, e.g., demographic, unit type and number of bedrooms, safe distance to community facilities, schools, public services, and access to public transit; and

(d) The developer or agency proposing the project has demonstrated qualifications and experience with creating safe, quality, and affordable housing, and in the judgment of the City Council there is a high probability of project success if LIHTC funding is approved by the Maine State Housing Authority.

Sec. 12-244. City support for affordable housing projects.
The City desires to provide a variety of support to promote the production, preservation, and rehabilitation of affordable housing in the community. The following are examples of support the City may provide to affordable housing projects or programs:

(a) Grants and/or low-interest loans to offset the cost of property acquisition, development, construction or rehabilitation, or other associated improvements, financed through the AHTF and/or the Community Development Block Grant (CDBG) program;

(b) Credit Enhancement Agreements (CEAs) through the creation of AH-TIF Development Programs, with terms for those CEAs structured to increase the points awarded through the LIHTC application process established by the Maine State Housing Authority Qualified Allocation Plan (QAP);

(c) Conditional or contract zoning, where appropriate and consistent with the City’s Comprehensive Plan, that would enable the creation of affordable housing in areas where it would otherwise not be feasible or too cost-prohibitive based on then-current zoning regulations.

Secs. 12-245--12-250. Reserved.

Fiscal Note: Less than $1,000.00

Dated: July 2, 2019