



CITY OF SOUTH PORTLAND

P. O. Box 9422
25 Cottage Road
South Portland, ME 04116-9422

James H. Gailey
City Manager

MINUTES

Affordable Housing Committee

Wednesday, May 11, 2016
7:00 PM
City Hall - Council Chambers

Attendees:

Tiffanie Bentley
Richard Berman
Kathy Bouchard
Adrian Dowling

Mike Duvernay
Mike Hulsey
Chris Kessler

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

Absent: Kim Coit, Isaac Misiuk

1. Committee Chair Isaac Misiuk was unable to attend the meeting due to a family emergency. An Interim Chair was not elected and Tex Haeuser volunteered to facilitate the meeting. He called the meeting to order at 7:00 p.m.
2. Pledge of Allegiance
3. Motion by Elliot second by Kessler to approve the minutes of the April 28th meeting. All in favor.
4. Tex welcomed guest speakers.

Katie McGovern from Pine Tree Legal (PTL) spoke about tenant law and some of the issues that her office has worked on in South Portland. PTL was created in 1967 to provide free legal services to low-income people. In 2015 there were 7,550 cases handled and approximately half of those were tenant-landlord issues. The Portland area office handled 1,396 housing issues in 2015. PTL routinely testifies before Maine legislature on housing issues, and occasionally before municipal legislative bodies. Rents in South Portland have increased significantly during past few years and there is concern about the gentrification of neighborhoods and the displacement of low-to-moderate income households.

Ms. McGovern spoke about the experiences of some of her clients, including one who had lived in an apartment for 18 years was evicted when a new owner bought the property to improve and charge higher rents. Another client recently learned that their building had gone to foreclosure and would result in eviction. She recommended the committee look closely at evictions, as they are closely tied to sustained poverty. Furthermore, the hot housing market is creating situations where multiple people may be competing for apartments and landlords may charge various non-reimbursable application fees. There is concern about data mining companies that sell landlords reports that list evictions and court filings, which could result in housing denials. The problems become compounded.

PTL is recommending a three-pronged approach; 1. Help tenants stay in their existing rental units, 2. Ensure the safety and quality of existing housing, and 3. Increase the supply of affordable housing units in South Portland. Policies to help tenants stay in their rental units may include; 1. Prohibiting no cause evictions, 2. Protecting tenants in buildings that are foreclosed, 3. Adopt rent control ordinance, 4. Amend GA Ordinance to increase maximum funding and notice to quite constitutes an emergency. Policies to ensure safety and quality of existing housing may include; 1. Rental unit inspection program for health, safety, and code violations, 2. Adopt ordinance making the building owner and party bringing a foreclosure complaint jointly liable for property maintenance. Policies to increase the supply of affordable housing may include; 1. Prohibit landlords from denying Section 8 vouchers, 2. Create an affordable housing fund to prevent evictions and create new affordable housing, 3. Adopt inclusionary zoning requiring 20% of new units be affordable to low-income residents or developer may elect to pay into affordable housing fund, 4. Prohibit denial of housing due to poor credit history in housing developments that have been financially assisted by the city so long as tenant demonstrates sufficient income.

Chris Gorman from Opportunity Alliance spoke about some of the problems he is witnessing due to the hot real estate market, including unit turnover and people being displaced from their homes and neighborhoods. There is a lot of concern in the region about rent inflation and macro effect it is having on whole neighborhoods as units turn over and people are forced to move to other neighborhoods. Long term tenants are being evicted as new owners seek to redevelop properties and look for higher rents to return those investments. Short of new housing units popping up in the market, Mr. Gorman not sure what clear solution is. People who have been evicted are searching out affordable housing, but the low bar for rent has been lifted everywhere; least expensive rent is now commonly \$1200-1300, and those units commonly have deficiencies. Part of the problem is the value of Housing Choice Vouchers is not keeping up with rent inflation. Not only are Section 8 recipients finding it hard to find housing, but the waiting list for Section 8 is huge. Housing availability is severely

limited and addressing supply needs to be a core part of any solution for affordable housing.

It is important for the committee to understand that the housing problem is directly tied to other problems such as food insecurity. If people are forced to pay 50% of their income for housing, then there is greater chance someone is going hungry. One idea that may be worth researching is Housing Co-ops, such as a recent project in Lewiston called Raise Op. There are more units coming available in Biddeford, but there is an issue with moving people across county lines to a new region. They would essentially be starting a whole new life. Even if the Committee were not able to solve the problem completely, but could move the rent dial slightly downward, even if just a couple hundred dollars a month, that in itself would provide tremendous relief for many families.

5. The committee agreed to take public comments out of order and asked the audience to approach the microphone to speak. Four people from the audience spoke, including three renters concerned about the high cost of rent and no cause evictions, and one landlord concerned about the impact rent control would have on small-time local landlords. One of the gentlemen who spoke expressed concern about the cost of living in South Portland, as either a renter or homeowner, and the change that has taken place from one or two generations ago.
6. The Committee discussed the challenge of addressing some of these problems when there are significant differences in the size and ownership of rental properties. Tex explained the currently proposed energy benchmarking ordinance and that it will be required only of residential properties that have ten units or more. Perhaps there is a scalable approach with some of these issues. Richard reiterated his belief that rent control should be accomplished through incentives. Mike D. explained that the biggest issue is the City needs more rental units, and how will rent control promote development of new units? The landlords association promotes proper land lording, a culture of responsible management. There are essentially two separate issues here; the treatment of tenants and the supply of housing. The whole problem with high rents is a supply issue. Chris stated that the City has a role to play in preventing mass dislocation and protecting its residents. Mike D. said that he has seen at least three boom and bust housing cycles in this market and it will inevitably correct. Richard suggested the Committee think about it from two perspectives; as a business issue (money exchanged for housing) and as a humanity issue (people's homes and lives), and the Committee needs to think about where these two meet and craft some recommendations that bridge those two perspectives. Chris acknowledged that a lot of the concerns expressed by some Committee members are legitimate, but he believes there is a compromise to be had that can sufficiently address all concerns. Tex expressed his concern that some people with Housing Choice Vouchers cannot find

housing because some landlords do not accept them. Richard spoke about some of the areas he believes there is some consensus, areas where the Committee can focus. He proposed future discussion on Registration of Housing Units and an Anti-Discrimination Policy for people with Housing Vouchers. Should the group take a look at no cause evictions? Chris reiterated his believe that the group can find a compromise on this issue. Mike D. brought up summer and seasonal rentals, and stated that the group needs to be mindful of unintended consequences of the policies it might recommend.

Tex asked the Committee to go around the room so that each member could express their opinion on rent control and any other proposed ideas. Tex led off and expressed opposition to rent control and forming a rent control board. Mike H. doesn't support rent control. Also, if a \$35 per year registration fee were to apply to the Housing Authority it would cost that organization approximately \$25,000 per year. He could support a local policy prohibiting no cause evictions for a certain time after the property had been sold to new owner. Tiffanie doesn't support rent control, but believes there needs to be a policy that provides some relief. Kathleen said that she had changed her position and cannot support rent control. She is concerned about unintended consequences that could work against tenant interests. She would like the committee to include recommendations that may contribute to higher wages and income. She appreciates the differences between small local landlords and out-of-state corporate investment funds. Chris believes there can be policies well crafted to help people who happen to have bad landlords, and not affect the many positive tenant/landlord relationships. There has to be a sweet spot. If people were displaced by fire or natural disaster, the City would be helping those people. This is an issue that also should be treated like an emergency. Adrian stated he is very interested in discussing an ordinance that prohibits housing discrimination against people with vouchers. Richard explained that tax credit housing is a form of rent control; because through an incentive the landlord is required to keep rent a certain level. This is an issue that must be addressed through incentives. Registration of units could be done, and perhaps the fees are waived or discounted for affordable units. Mary Jo expressed no opinion, one way or another, on rental control at this time. She believes that housing supply is the solution to most problems the Committee has discussed. Josh stated his belief that all of these issues are essentially related to housing supply. He would prefer to policy recommendations that focus on incentives and not restrictions, some of which may require significant resources. Mike D. doesn't support rent control. He explained that demand is booming with baby boomers. It is because South Portland is a great city, a great location. This heightened demand, and many of the issues coming with it, can only be addressed by boosting housing supply.

7. The committee discussed next steps, and whether to invite additional guest speakers. Ms. McGovern mentioned that Portland's housing meetings often conflict with this

committee, but they have completed a master list of policy ideas that the Committee could reference. It was proposed to create two action teams that will dive a little deeper into some of the policy ideas embraced by most committee members and prepare for an in depth discussion at the next two meetings. The next meeting will focus on land use regulations, zoning, and other financial incentives the City could provide. The meeting after that will focus on consumer protection and tenant issues.

8. The next meeting will be on May 25th at 7:00pm in City Council Chambers.
9. Following a motion and second the meeting adjourned at 9:48 p.m.



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7:00 PM

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Attendees:

Tiffanie Bentley
Kim Coit
Adrian Dowling
Isaac Misiuk

Mike Duvernay
Mike Hulsey
Chris Kessler

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

Absent: Richard Berman, Kathy Bouchard

1. Committee Chair Isaac Misiuk called the meeting to order at 7:15 p.m.
2. Pledge of Allegiance
3. Motion by Duvernay second by Hulsey to approve the minutes of the May 11th meeting. Kessler moved to amend the minutes to clarify that the fourth member of the public to speak during public comments was a renter, not homeowner. All in favor.
4. Isaac opened up discussion on the committee's progress to date.

Chris informed the group that the action team focusing on tenant issues and consumer protection has had some conversation and shared Google documents. Issues to discuss include amending GA guidelines to increase assistance for homeless, an anti-discrimination policy for Section 8 recipients, registration of rental units, addressing no-cause evictions. Mike D. reiterated reservations regarding extending notice period for no cause evictions, which are essentially 30 day month to month lease agreements. He has not added comments to the documents online and prefers that the action team meet in person to discuss these issues. Mary Jo also would prefer a face-to-face meeting. Mike also expressed concern regarding an anti-discrimination policy for Section 8 and referred the committee to case law *Dussault v. RRE Coach Lantern Holdings, LLC*. Chris pointed out that Pine Tree Legal believes municipalities could regulate this, and suggested that the sub-committee's recommendations be

reviewed by an attorney. Mike H. offered to have the Housing Authority's counsel attend a meeting and provide some advice on these issues.

Josh offered a framework for the next couple meetings and arriving at a final list of recommendations. The final report of this committee will not be completed and actionable items, but rather a general description of the actions that are being recommended. The City Council will decide which strategies it supports, and then we will transition to implementation of these strategies and policies, which may take several months. It should be done in priority order as decided by City Council. If the final written report is not ready by July, then perhaps the committee will give a check in and presentation, and the final report would follow when complete. The committee agreed this was a good approach.

Tex proposed the committee discuss and consider the concept of a Housing Co-Op model. This is being done in Lewiston by an organization called Raise-Op, which owns a couple properties. With this model, the property is managed by a governing board of tenants as a non-profit. Chris noted that the model is a challenge because it requires resources and support, and there is a cost in setting up the legal structure, etc. In Lewiston's case, there is a champion of the effort who has been a strong advocate, and there was also quite a bit of grant money involved. Josh offered that the model might work better if there were economies of scale, with a larger housing project, with a budget that would support professional property management.

The conversation transitioned to the merits of rent control. Isaac asked whether this is a valuable use of time considering there is little support for it on the Committee. Chris would like the sub-committee to discuss it and believes there is a compromise that can be reached that garners the support of a majority of committee members. Josh offered an alternate idea, mandating a minimum notice, perhaps 90 days, before rent can be increased. This wouldn't regulate rent, but would provide tenants extended notice to search for new housing if they choose not to pay the higher rent. Adrian expressed interest in that type of policy. Kim urged the group to include the topic of rent control in the final report, even if the majority opposes it, because the City Council should know that it was discussed and the position of the committee, for or against.

5. The small team that has been reviewing strategies related to zoning and land use, tax credits and financial incentives, walked the committee through the handout that was distributed. The items were separated into 15 strategies to increase the supply of affordable housing and 7 strategies to increase the supply of housing in general.

Potential strategies for affordable housing include creation of a Housing Trust Fund (HTF), working closely with South Portland Housing Authority (SPHA) and other developers to generate more projects in the city for low and moderate income

residents, develop policies and incentives to grow the stock of affordable housing, create a density bonus and reduce parking requirements for affordable housing in targeted areas (close to transit corridors, etc.), and create a neighborhood land trust to provide more affordable ownership opportunities. Kim recommended the strategies be organized as demand-focused recommendations, and supply-focused recommendations. Isaac would like to see a recommendation to formalize a Community Revitalization Plan, which provides additional points for LIHTC applicants. Tex agreed we should get some clarity on what that means; perhaps we start with the Comprehensive Plan and the designated growth areas. It may be as simple as creating a map and summary and having the City Council adopt a resolution. Isaac would also like to see in the Affordable Housing Policy a map with certain distances of downtown/neighborhood centers, amenities, etc. All of the areas that would maximize the points received in a LIHTC application. This could be the basis for looking at certain zoning amendments.

Tex provided overview of potential strategies to increase the supply of housing including implementation of recommendations in the Comprehensive Plan (update parking standards, focus on transit oriented development, increase density, conversion of large older homes to multi-family, and neighborhood master planning), creating more accessory dwelling units (ADUs), allow creation of additional multi-family housing in areas where they already exist, zoning regulations based on transit corridors and design standards, create a project development fund to facilitate redevelopment of certain properties in mixed use commercial centers, create a housing replacement policy, and expedite certain housing project applications when they are time-sensitive.

The committee members offered several recommendations and changes to the list, including: Items 1 and 2 relating to Housing Trust Fund should be combined. Item 12 relating to anti-discrimination of Section 8 should go to the other action team for review. Item 16(d) relating to conversion of larger older homes is specific to the G zone. Item 22 relating to expedited permitting should only be done for LIHTC applicants.

6. The Chair asked the committee to eliminate item 6 roundtable from the agenda. All in favor.
7. Public Comments: None
8. The next meeting will be on June 9th at 7:00pm in City Council Chambers. The agenda will focus on tenant issues and consumer protection.
9. Following a motion and second the meeting adjourned at 9:48 p.m.