

City of Biddeford
Mayor's Affordable Housing Task Force
April 26, 2022 5:30 PM Biddeford Council Chambers & Zoom
Apr 26, 2022 5:30 PM Eastern Time

Please click the link below to join the webinar:

<https://biddeford.zoom.us/j/92714904570?pwd=WmhncURUcmpqNWFkRkF1QWJZOWxwQT09>

Passcode: 408875

Or One tap mobile :

US: +13017158592,,92714904570# or +13126266799,,92714904570#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or +1 253 215 8782 or +1
346 248 7799 or +1 669 900 9128

Webinar ID: 927 1490 4570

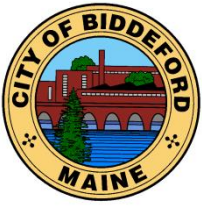
International numbers available: <https://biddeford.zoom.us/j/92714904570?pwd=WmhncURUcmpqNWFkRkF1QWJZOWxwQT09>

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Consent Agenda**
 - 3.1. Approval of Minutes from 3.29.2022 Meeting
[Minutes from March 29 2022 Meeting.pdf](#)
4. **Presentation**
 - 4.1. Guy Gagnon, Biddeford Housing Authority Presentation
[BHA.Development.Criteria.doc](#)
[payment.standard.2022.BHA.xlsx](#)
[PROJ.PROP.SUMMARY.2021.pdf](#)
[Understanding the U.S. Housing Crisis in an Era of Inflation. Bloomberg.pdf](#)
5. **Discussion**
 - 5.1. Council Housing Goals
[Memo for 4.26.22 Affordable Housing Task Force Meeting.pdf](#)
[Housing goals-Q1 2022.docx](#)
[Oct.27.2020 Workshop Brief Affordable Housing and TIF.pdf](#)
[Oct.27.2020 Workshop Analysis of TIF Funds Projections Revenue.pdf](#)
[Oct.27.2020 Copy of High Level TIF Overview Memo Oct.13.20 Workshop.pdf](#)
[Oct.27.2020 Workshop Brief Housing_Goal_Concepts.pdf](#)
[Oct.27.2020 Workshop Housing Data Existing Conditions Part_2.pdf](#)
[Oct.27.2020 Draft 5-Year Housing_Goals.pdf](#)
 - 5.2. Affordable Housing TIF
 - 5.3. Outreach Program

5.4. Request Extensions

5.5. Next Steps

6. Adjourn



CITY OF BIDDEFORD

Planning and Development Department

Mayor's Affordable Housing Task Force Meeting Minutes

DRAFT

Date: March 29, 2022
Time: 5:30 PM
Location: Hybrid Meeting: City Council Chambers & Remote Access Meeting (1MRSA § 403-B permits public proceedings through remote access during the declaration of state of emergency due to COVID-19).

Committee Members in Attendance:

Doris Ortiz (Chair), Martin Grohman, Daniel P. Boucher, Reverend Shirley Bowen, Ciel Caldwell, Dominic J. Deschambault (via Zoom), Seth Harkness, Jessica Johnson (via zoom) & Ian Garcia-Grant

Staff Present: James Bennett, Alan Casavant (via zoom), Brad Favreau & Nan Whitten

1. Chair Ortiz welcomed everyone and brought the meeting to order at 5:30 PM.
2. There were no adjustments to the agenda.
3. Unanimous Approval of Meeting Minutes from 2-22-22.
4. Presentation by Maine House Speaker Ryan Fecteau as follows:
 - Maine needs to create 1,000 units each year to meet the demand of subsidized housing, and the state is behind in these efforts.
 - There are over 25,000 people in Maine on the list waiting for affordable housing to become available.
 - The amount of money going to help with affordable housing:
 - \$50 million in ARPA money
 - \$32 million from a refinanced bond
 - \$22 million from the Governor
 - \$80 million in the next 8 years (10 million each year)
 - The housing crisis is supply and demand.
 - The 9 recommendations of the State Housing Commission have been submitted, 4 of which are going forwarded with modifications, 2 are going forward intact, and the final 3 were eliminated.
 - Changes are necessary in community zoning, using Mayor Levesque as an example who changed his City from 32 to 8 zones.
 - Tiny homes are different from ADUs; tiny homes are on a frame and much smaller than an ADU.
 - Affordable housing is being lost to Air B&Bs
5. Presentation of Demographic Data by Economic Development Coordinator, Brad Favreau

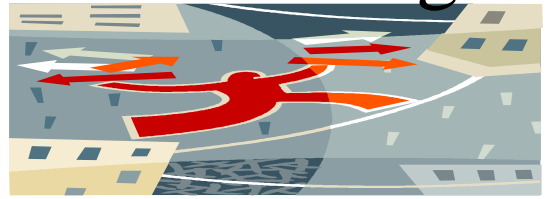
- Due to the rapidly changing data, Brad will be updating the numbers presented when the census numbers come out.
 - He will be providing the Commission with a breakdown of the unoccupied structures and a copy of his power point presentation.
6. Questions/Comments from the public:
- Brian Eng-working on the MERC Site
 - Jane Harrell-local landlord
 - Open discussion among the Task Force ensued about several topics:
 - Movement of the community
 - The eviction rates of Biddeford
 - Subcommittees being created
 - Timeline and short turnaround of report to the Council by June and finish in August
 - How housing vouchers for Biddeford, Kennebunk & OOB work, the fact that there are a set number of vouchers and to get more for this area means less for the other areas.
 - Setting priorities such as section 8, more units and landlords
 - The need for more second stage homes.
 - Growing issue of homelessness
 - The upcoming economic cliff (April 30) and how it will affect the public, and those with student loans.
 - Doris to meet with Jim to address concerns, subcommittees and future structured agendas.
7. Adjourn:
- Dan Boucher: Motion to adjourn
 - Ciel Caldwell second
 - Motion carried with unanimous vote

Task Force Chair

Date

These minutes are summary and are not intended to be verbatim. Archived meetings are viewable on the City's website: www.biddefordmaine.org.

Biddeford Housing (BHA) – Southern Maine Affordable Housing (SMAH)



New Development Criteria

1. Pursue developments that further the mission of Biddeford Housing/SMAH.
2. Develop decent, safe and affordable housing for individuals, working families, seniors, disabled and others at or below 80% of median income for rentals.
3. For special needs or homeless populations, creating housing that includes adequate services and support to ensure success and limit the impact on the community.
4. Develop within the Biddeford-Saco market area.
5. Provide energy efficient, durable, attractive housing while maintaining affordability.
6. Give priority to developments that promote environmentally sustainable principles through the implementation of green building techniques and smart growth practices whenever feasible.
7. Pursue economies of scale by creating an adequate number of units of housing per development that is financial feasibility and operationally sustainable.
8. Recruit the best development team members and subcontractors available including service providers, if needed.
9. Give priority to developments that fill a need not presently being met by the market.
10. Encourages owners and renters to become involved in their communities once completed.

11. Establishes a goal of revenue and development fees that are consistent with those attained by for-profit developers.

Page 2 of 3

Acquisition Criteria

1. Acquire developments that further the mission of Biddeford Housing/SMAH.
2. Acquire existing affordable projects in order to preserve long term affordability, while earning developer fees and expanding the property management portfolio.
3. Acquire market rate housing with a goal of converting a minimum of 20% of the units to affordable housing units.
4. Acquire within the Biddeford-Saco market area.
5. Financial feasibility and operationally sustainable.
6. Recruit the best development team members and subcontractors available including service providers, if needed.
7. Take advantage of lower real estate prices in this down market

Consulting Criteria

1. Concentrate on the greater Biddeford-Saco market area but consider opportunities throughout southern Maine, particularly northern York County.
2. Considers the financial benefit while also weighing the physical strain placed on staff if consulting takes place beyond the greater Biddeford area.
3. Establishes a defined scope of services, fees and time line.

BHA/SMAH Board Review Process



1. **Sketch Plan Review** to approve future discussion and due diligence of proposed development (1st BHA/SMAH meeting)
2. **Preliminary Review** and official resolution supporting or rejecting a proposed project (2nd BHA/SMAH meeting or special meeting).
3. **Financial Review** (conducted by lenders, financial backers, agencies, etc...) to obtain final financing endorsements, guarantees and other financial support to construct or acquire a development.
4. **Final Review** to restate the prior approval and review the final development details and financial review results (within 90 days of Preliminary Review at a regularly scheduled BHA/SMAH meeting)

Biddeford Housing:
Biddeford-Saco area

avg of 104.7% over FMR	
BHA payment Standard	
	950
	1050
	1300
	1600
	1900

Bedr	2021 FMR	2022 FMR
eff	924	961
1	936	967
2	1175	1216
3	1468	1561
4	1724	1790

Development Properties Summary - BHA/SM AH

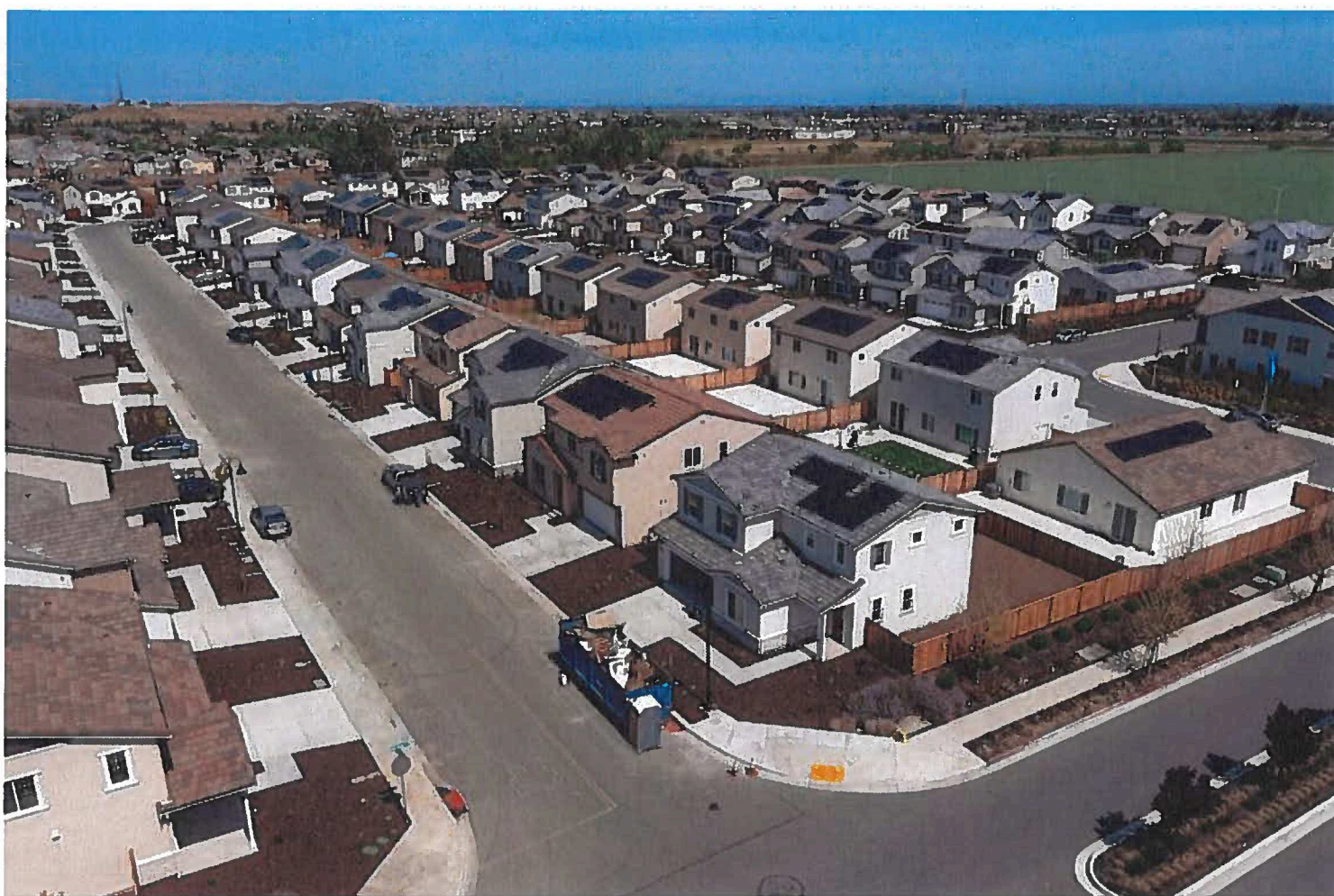
AS OF 12/31/2021

																					
# units	<i>BHA office</i>	CDBG						CDBG	CDBG							130	CDBG		CDBG		
	2	4	15	2	35	4	48	3	4	6	5	2								2	
Property	<i>22 South</i>	73 Bacon	41 Sullivan	75 Bacon	<i>39 Sullivan</i>	<i>36 Emery St.</i>	41 Birch St.	46 Sullivan	70 South	26 South St.	<i>25 Green St</i>	<i>66 South</i>	<i>69 Adams</i>	<i>90 Temple</i>			7 Williams Ct.	39 Newtown	49 Green St.	37 Newtown	
			\$2mil const budget		\$920k rehab				\$535k rehab												
Summary	<i>Main Office</i>	Rectory renovations into community center and 3 residential units above	converted into 15 senior units. MSHA, LIHTC & Historic credits	Church re-use Boys & Girls club; recreation, museum, etc...	35 units senior. MSHA & LIHTC	MH & DECD NSP funding	Market Rate existing	2 apartments and a community center	MSHA financed redevelopment beginning Nov 2014	4 residential units; 3 offices for non-profits. Renovating with BHA funds	MSHA funding, 970k 5 unit for homeless families	2 unit rehab. Private funding thru local bank	vacant parcel for future LIHTC project. Approved 39 units	vacant historic home acquired thru RFP process			Rehab of 1-fam using NSP funds	Sold to 1st time home buyer after renovation	back on market	resale for future development capital	
Income limits	n/a	max 80% median	50%;60% median	n/a	40%;50%;60% median	30% median	80% median by BHA	80% median	30% median	80% median	30% median	80% median	60% median	80% median			80% median	115% median	115% median		
Current		purchase 7/30/14	purchase 7/30/14	purchase 7/30/14	Dec-14		Purchase 3/5/2013		Was vacant and abandoned			Purchase 12/5/2019	Purchase 12/1/2020	acquired 6/17/2021			Sold in 2012	Sold house w/2 ac. 7ac remaining sold Aug 201!			
Value of Asset	\$300,000	\$650,000	\$1,950,000	\$200,000	\$3,000,000	\$600,000	\$4,250,000	\$325,000	\$600,000	\$475,000	\$950,000	\$140,000	\$550,000	\$95,000	13,990,000		\$100,000	\$170,000	\$160,000	\$125,000	
Loan Balance	0	200,000	1,148,000	0	1,400,000	0	2,850,000	0	592,500	195,000	230,000	0	0	0	-6,615,500		100,000	0	113,000	0	
(Soft debt Included)		CDBG						CDBG	CDBG(partial)								CDBG		CDBG(partial)		
Unreimbursed funds		25000		130000					0			85000	350000	7000	-590,000			0	32,000	60,000	
Net Asset	\$300,000	\$425,000	\$802,000	\$200,000	\$1,600,000	\$600,000	\$1,400,000	\$325,000	\$7,500	\$280,000	\$720,000	\$55,000	\$200,000	\$88,000	7,002,500		\$0	\$125,000	\$15,000	\$65,000	
																				value of 7 ac parcel remaining	cash

CityLab
+ Green

Understanding the U.S. Housing Crisis in an Era of Inflation

Economist Jenny Schuetz offers a practical guide to one of the biggest challenges facing renters and homebuyers: the skyrocketing cost of housing.



New homes in a housing development in Antioch, California, in March. *Photographer: David Paul Morris/Bloomberg*

By Kriston Capps

April 13, 2022, 10:59 AM EDT

By this point, the severity of the U.S. housing crisis is not in question: It's a five-alarm fire marked by record home prices, spiking rents, proliferating homelessness – and more recently, ominous inflation. Yet what's less obvious is how overlapping policies enacted by governments at the local, state and federal level produced this emergency, or what governments can do now to stop it.

It's also a problem that intersects just about every form of inequality that persists in the U.S. today. Disparities in health, education, transportation, wealth and other social factors are all deeply threaded to place; segregation by race, class and income entrenches inequality over generations. And now a warming and unstable climate threatens to add another, even more cataclysmic element to this mix.

In *Fixer-Upper: How to Repair America's Broken Housing Systems*, urban economist Jenny Schuetz tries to untangle the contradictory incentives at the root of the crisis. A senior fellow at the Metropolitan Policy Program at the Brookings Institution, Schuetz weighs the various solutions and adds up the costs of taking steps to right the ship. She spoke with Bloomberg CityLab about what people really need to know about one of the country's biggest challenges. Our interview has been edited and condensed.

More from

**CityLab +
Green**

How New York City Plans to Soak Up the Rain

Look to West Africa for the Future of Green Architecture

Can Liberia's Capital Keep the Sea Out Without Hurting the Coastal Economy?

Surge in Car-Crash Deaths Could Be Magnified by New Breed of EVs

Something remarkable happened during the run-up to the 2020 election: Presidential candidates started putting housing on the national agenda, in a serious way, really for the first time. What did that mean to you?

We're finally getting broader awareness of this as a problem. People who live in the big expensive coastal cities – Boston, New York, cities in California – have been talking about this for at least 20 years. But it's really only been maybe the last maybe five years that it's risen to something like a national level of debate.

The downside is that it's become more salient politically because affordability has gotten a whole lot worse in a lot of places and for people further up the income scale. Maybe a silver lining is that we're

actually having more conversations about what policies need to change in order for this not to be a chronic problem.

How did housing wind up on the radar for candidates running for national office?

A lot of this really is constituents flagging the issue for their elected officials. Politicians listen to people who call up and who write them emails and letters and complaints.



Prospective renters line up to enter an apartment unit during an open house in the Williamsburg neighborhood in Brooklyn in February. *Photographer: Bess Adler/Bloomberg*

One of the big divides on housing well-being is generational. Older households are more likely to own their own homes and to have bought them before it became so expensive relative to income. For older homeowners, this is not yet a politically salient issue. But for households under maybe age 40 or so, the fact that they're paying a lot of money in rent – and that many Millennials don't see homeownership as an attainable goal – is really starting to hit home. More politically active and engaged Millennials are calling up their representatives and saying, 'Hey, this is a problem. I can't buy a home. I can't save for retirement.'

On the other hand, for local officials, housing is always foregrounded as an issue, but as you write in your book, candidates for mayor or county executive often run on promises that are

vague at best. Local solutions for homelessness are often divorced from housing issues, for example. Is the higher national awareness of the housing crisis changing the issue locally?

Definitely. It's encouraging that people are talking about the underlying problems. You can talk about homelessness in lots of different framings. As long as the frame is that people are homeless because they have mental illness or addiction, that doesn't address the systemic problem that we're not building enough homes. Fundamentally we don't have enough homes in places where people want to live – that's still a fairly new topic of conversation. And I find it encouraging that there are more concrete kinds of proposals about what we do to fix that.

Not all of the proposals are equally likely to solve the problem. The focus on accessory dwelling units and duplexes, it's politically low-hanging fruit, but by themselves, that's not going to fix it. It may well be that it's a political strategy: Start with something that's not that scary to suburban homeowners. Be able to pass it, put it in place. Those policies can help chip away at the problem around the edges. Maybe it reassures people – look, we legalized duplexes and ADUs and the world didn't come to an end, housing prices didn't plummet, neighborhoods didn't suddenly turn into slums overnight. Maybe it's easier to come back the next year and say, alright, now we need to go for something slightly more.

You write in your book, too, that changing zoning alone isn't going to do all the work that the country needs in terms of producing more housing. Do you think that zoning is over-discussed or under-discussed as a problem?

We use zoning as a shorthand for a larger set of issues – which is fine as long as we know that's what we are doing.

There's no one zoning rule that is the problem. There's been a lot of conversation about single-family exclusive zoning as an issue. And it is: We have an awful lot of land in very expensive places that is currently built out as single-family detached homes, and under the current zoning, you literally can't add a single home to capacity. That is something that we fundamentally do need to address.

“If you legalize apartment buildings but you can only build two stories, we're not actually going to build an apartment building.”

But focusing on what is it that we need to be legalizing rather what is it we are trying to abolish is a more helpful framing. There are lots of rules in addition to single-family exclusive zoning that make it hard to build housing: large minimum lot sizes, caps on apartment buildings. If you legalize apartment buildings but you can only build two stories, we're not actually going to build an apartment building, because it's financially not feasible.

The biggest problem to adding housing in a lot of affluent, low-density neighborhoods is that existing residents have enormous political power to stop development they don't like, through all sorts of mechanisms, [such as] the community planning process where they get to show up and yell at their council members about proposals. There are lots of opportunities for existing homeowners to file a lawsuit to block development. Until we address that as a procedural hurdle, we're not likely to see large-scale housing or infill production in these neighborhoods.

You also dive into the limits of localism. Local government plays a strong role in the American system, but local governments are prone to all these problems that make building housing difficult. State governments can see the regional picture and preempt local government, and in California, there's been real movement on these issues. Is state government the solution?

To me, that is really one of the most interesting issues here. We take for granted that local governments know their own market and they know the right kind of development and they're in a better position to assess what sort of housing and development is needed while protecting their citizens from the downside of too much congestion. But it's really clear that at the local level, economic and political interests may not align very well with a larger region, whether that's a metro area or a state.

I can think of at least three areas where the state is more likely to have a larger view. One is the impact on the overall economy when local governments don't allow enough housing in high-demand areas with lots of productive jobs. It holds back the state economy – firms have a harder time hiring and retaining workers, and companies may pick up and move to a cheaper place. The second area is climate impacts: Lots of local governments would really prefer that we build a lot of the housing farther out on the urban fringes, but that contributes to climate change and all sorts of negative impacts. Third is access to economic opportunity for lower-income households. Almost every local government prefers that somebody else house low-income families, particularly low-income families with kids who need to be provided with education. For the state, it would be great if poor kids could go to public schools that are already high performing so that they get the skills they need.

This assumes that state governments have the well-being of a broad cross-section of citizens at heart and that they will make decisions in the interest of lots of people being better off. We do see some instances, especially with Covid-19, where state governments are doing things that seem to put their people at higher risk, which is disturbing. A state government that doesn't care about the well-being of

its people is going to do bad things to them in lots of policy areas, including housing. But there is more potential for state governments to care about a broad cross-section of people, while local governments are in some sense pandering to a small subset of constituents.

Continuing on this same theme, something I learned in your book is that nearly half of all states place limits around local authority over property taxes. California is once again the example that comes to mind, but this is a broader issue affecting affordability in more places than I realized. Do you think it's worthwhile to try to change state policies or to change how cities rely on property taxes?

We could do either. The overriding goal should be that somehow we come up with enough funding to pay for decent public services everywhere. And as long as we rely on property taxes, you're going to have enormous disparities between rich places and poor places. Rich places can afford good schools and parks and poor places can't. That creates either a vicious or virtuous cycle depending on what side of that you're in. So there are some inherent limitations to relying on property taxes that are controlled by local governments.

One option is to still use property taxes, but with more revenue sharing. Either it goes to the state and gets reallocated – which happens quite a lot in California – or you have some sort of just regional revenue-sharing arrangements so that rich places are helping to subsidize poor places that are their neighbors.

The thing that worries me about states putting limits on local governments' ability to raise taxes, whether through property taxes or sales taxes or anything else, is that local governments wind up getting pushed into raising revenues in ways that are even more distortionary for housing markets. California doesn't let local governments raise enough revenue through property taxes, so they dump it all on impact fees, which is purely a tax on new development and doesn't affect existing homeowners. That makes new development really, really expensive, deters some development from happening and worsens the housing shortage.

Your book argues for a more robust social safety net and role for public welfare than some of your fellow travelers who support lifting regulations might endorse. If the U.S. eventually does ramp up housing production in a way that makes housing more affordable, what is the role of the safety net then?

The fundamental idea is that housing is like basic health care and food. It's a necessity for everybody, and we should provide minimum quality housing for everybody, including people who don't earn enough income to pay for it themselves on the free market. That's not a controversial idea in lots of other rich countries, to provide some sort of universal housing assistance, so if you're poor, you get a top-up from the state to afford to pay for market-rate rent or they provide you with a publicly owned apartment.



Tents sit on a sidewalk near a highway in Los Angeles in 2020. *Photographer: Kyle Grillot/Bloomberg*

The U.S. just doesn't. So there are lots of poor people who get no financial support at all. As an economist, I'd like to just give poor people money, and then they can decide whether they want to spend it on rent or on food. If they want to live someplace that's a little bit cheaper, that's farther out, they should have the flexibility to do that. Give poor people money and let them make their own budget decisions.

But in the places where we just fundamentally don't have enough apartments to go around, giving poor people more money isn't going to solve the problem. So these are these are problems that need to be solved simultaneously: Build more apartments so that everybody can find a place to live, and then supplement the incomes of poor households so that they can afford to live someplace decent without spending 60% of their income on housing or having 10 roommates.

You also write about homeownership, arguing that lawmakers need to revise federal policy for targeting first-time home buyers. What changes would you like to see?

The mortgage interest deduction as it currently exists is basically a subsidy to rich people to buy expensive homes. This has actually gotten even worse after the Tax Cuts and Jobs Act of 2017. Our big subsidy built into the federal tax code, the mortgage interest deduction, almost exclusively now goes

to really high-income households who have very expensive homes with large mortgages. This is both regressive and incredibly ineffective at encouraging homeownership.

The easiest answer is, let's just get rid of the mortgage interest deduction altogether and start from scratch with a new policy, which would be a targeted tax credit for first-time homebuyers and would probably be capped at income. So maybe for families earning under \$150,000, the first time you buy your home, you would get a refundable tax credit, which helps you pay the down payment and closing costs. But you don't get a tax benefit every year that you live in the house and pay the mortgage. For the amount of money we're spending currently on things like the mortgage interest deduction, capital gains exclusion, we could subsidize first-time home ownership for a whole lot of non-rich households. That would make a lot more sense.

The other piece that is really important is that we ought to be encouraging people to have some kind of liquid savings that they can access for short-term needs that's not tied up in their house. Homeowners who need to pay for a major maintenance expenditure can't necessarily take out a home equity loan to pay for it. Everybody needs a pile of cash around for a rainy day. Renters need that too, and we have essentially nothing built into the federal tax code that encourages that.

The Biden administration's proposal for a first-time homebuyer credit focused on social equity. The policy targeted down payment assistance for buyers who would be the first generation in their family to purchase a home. This would be a way to provide assistance at the time of purchase, not after, and it would elevate mostly minority buyers who don't have family wealth to help out with the down payment. Do you think that's the right idea?

It's not a bad approach, if you're trying to help people who don't have family wealth. On policy grounds, we want to provide some subsidy to people whose families can't subsidize their home purchase. But because we have terrible data on wealth, it's really hard to do this. In principle, if it were well designed, then that's a reasonable thing to do. I would rather that we just give people money rather than require it to be spent on homeownership. It's in part to have some flexibility. There are families who don't have a lot of wealth, and maybe they want to use the money to pay for college tuition or to start a small business rather than buying a home. They should have the flexibility to do that.

When we encourage low- and moderate-income households to buy homes, they're more likely to buy either in places where the home won't appreciate that much, or they buy an old house that has maintenance issues, which then becomes really expensive to own. I am not convinced that all low- and moderate-income renter households need to become homeowners right now.

Hundreds of millions of dollars in spending on housing introduced as part of Build Back Better Act legislation has languished. Are those goals still alive?

It could change tomorrow. I think there is still an interest in increasing the number of housing vouchers, which to me would be the best thing we could do with federal money, because it's one of the most effective policies that we have. The latest housing budget does include an increase in the number of vouchers. There's still discussion about first-time homebuyer subsidies, although I don't know in what form at this point. And I believe there's also still conversation about more money for the national affordable Housing Trust Fund.

To the extent that federal money goes to state and local governments, I think it needs to come with more guidelines and support on how to spend it effectively, because state and local governments are struggling to come up with a plan and then execute it within the time they have to spend the money.

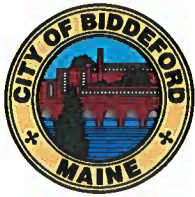
Housing inflation has reached tremendous highs over the last two years and the period of low mortgage interest may be done for now. Yet it doesn't look like builders can dramatically ramp up supply any time soon. Does this outlook change any of the recommendations in your book?

First, zoning reforms and other policy changes needed to increase housing supply in high-demand locations are not a quick fix to housing costs – even under better rules, it'll take time for supply to catch up. That was true even before the pandemic snarled construction material supply chains. But the longer states and localities wait before implementing reforms, the longer it'll take for the supply shortage to ease.

Second, the more urgent question is what to do for low-income households in the short- to medium-term, and unfortunately there isn't an easy answer. Some combination of more cash assistance – vouchers, reinstate the Child Tax Credit – plus creative, flexible ways to repurpose existing buildings and land. California's Homekey scaled up? Mass production of factory-built ADUs with tax incentives for homeowners to install them? Legalize RVs on parking lots and vacant land? It'll probably take different strategies in different places and much more willingness to experiment than the housing policy world is comfortable with.

This is a really big, really important problem, and lots of the policy and philanthropy establishment doesn't really want to talk about it, because nobody has a good answer to it. And the business-as-usual alternative is pretty awful.

City of Biddeford, Maine



The Office of
City Manager

James A. Bennett

Email: jbennett@biddefordmaine.org

MEMORANDUM

TO:	Affordable Housing Task Force
FROM:	James A. Bennett, City Manager
DATE:	April 22, 2022
RE:	April 26, 2022 Meeting

Please find the following information regarding your upcoming meeting on Tuesday.

- Guy Gagnon, Executive Director for Biddeford Housing Authority will join you. He has provided some advance information that has been up-loaded onto the City website and Granicus. The plan is for Guy to make a brief presentation and follow up with questions/discussions from the committee.

1. *Council housing goals:* In the fall of 2020, the City Council focused on housing. After a series of meetings on the subject, the Council adopted a set of five-year goals. Included within your agenda package is the most critical of the information that was provided to the Council. In addition, the current 'scorecard' of the progress towards those goals is included.

We should all remind ourselves the affordability of housing within the community factors that existed in the summer of 2020 has now changed. While staff have not yet done any comprehensive analysis to update the data, it is accepted that the affordability has become more challenging since that time.

It is suggested that the committee give some thought to the following questions in preparation for your meeting on Tuesday.

- *Are the adopted goals of the community from November of 2020 still relevant? If not, how should they be changed?*
 - *Are there housing issues that the goals did not address that the committee feels should be addressed? For example, the goals do not address those unhoused.*
2. *Affordable Housing TIF:* The City took the lead in developing the concept and seeking state law change in order to allow tax incremental housing finance (TIF) policy to be more effective in dealing with affordable housing. Councilor Ortiz asked me to outline how the law was changed and staff's intention on how to use that tool in Biddeford. This will be a verbal update.
 3. *Outreach program:* Seeking input from citizens and stakeholders for the committee prior to making a formal recommendation is desired. On Tuesday, we are asking that you come to the meeting with thoughts about what kind of information you would like to gather and from whom you would like to gather that information from. This information will be provided to Danica Lamontagne, our lead on outreach efforts. She will put together the plan to obtain the

205 Main Street

Biddeford, ME 04005

Phone: 207.284.9313

Fax 207.571.0678

The City of Biddeford is an equal opportunity provider. To file a complaint, write to

Diana Depaolo, Human Resource Director, 205 Main Street Biddeford, ME 04005, or call (207) 286-0593.

information from the committee. Simply stated, please focus on the results you would like instead of the how you would go about getting the information.

4. *Request extension:* In my discussion with Councilor Ortiz, the staff turnover issues has had an adverse impact on the ability of staff to provide the level of service envisioned. A request to the Council to extend the task force work three or four months would seem reasonable.
5. *Next Steps:* This item will be used to recap the work of the evening and set a plan for the next meeting(s).

City Council 5-Year Housing Goals & Strategies: 2021-2025

Year II (2022) Implementation Progress, Q1

March 2022
Page 1 of 2

Housing Goals & Strategies	Activities	Status														
<p>1. Increase Homeownership from 48% to 51%</p> <p>A. Create <u>200</u> 1st time Homeownerships for Families at 80-120% AMI</p>	<p>I. Recommend for Council review & Planning Board approval: (a) Zoning ordinance changes that support housing creation in Growth Area; and (b) Proposals for targeted mixed commercial/residential development in Growth Area</p>	<p>Council approved JDA agreement with Harington at Diamond Match; condos included Saco Lowell, second phase of Gooch, condos included Brady project, 3 Lincoln, 77 condos proposed</p>														
	<p>II. Market CDBG program to help local families rehab & owner-occupy 2/4-unit downtown properties</p>	<table border="0"> <tr> <td>Unit Inquiries</td> <td>36</td> </tr> <tr> <td>Applications</td> <td>20</td> </tr> <tr> <td>Denied for LMI%</td> <td>4</td> </tr> <tr> <td>Withdrawn</td> <td>3 timing</td> </tr> <tr> <td>Approved</td> <td>6 4 under construction</td> </tr> <tr> <td>In Review</td> <td>7 2 inspected</td> </tr> <tr> <td>Units Complete</td> <td>0</td> </tr> </table>	Unit Inquiries	36	Applications	20	Denied for LMI%	4	Withdrawn	3 timing	Approved	6 4 under construction	In Review	7 2 inspected	Units Complete	0
	Unit Inquiries	36														
	Applications	20														
	Denied for LMI%	4														
	Withdrawn	3 timing														
Approved	6 4 under construction															
In Review	7 2 inspected															
Units Complete	0															
<p>III. Explore Cooperative Housing & similar homeownership models for Council & Planning Board review</p>	<p>No proposals, conversations ongoing with developers with interest</p>															
<p>IV. Promote existing community programs that help local families build capacity for homeownership</p>	<p>Biddeford Housing claims no new HUD funding for this initiative</p>															
<p>V. Prioritize use of appropriate City-owned property for affordable homeownership</p>	<p>No activity</p>															
<p>VI. Recommend for Council review & approval a plan to establish a Housing Development Trust Fund to support first-time homeownerships</p>	<p>Topic of discussion at Mayor's Affordable Housing Task Force</p>															
<p>B. Create <u>200</u> 'Next Homes' for Growing Families</p>	<p>I. Recommend for Council review & Planning Board approval targeted zoning ordinance changes that allow 'Next Homes' creation on existing lots</p>	<p>Council approved EON JDA agreement for property for future next homes and attainable homes</p>														
	<p>II. Promote the Accessory Dwelling Unit ordinance to create additional housing units on existing lots</p>	<p><i>Approved by Council</i></p>														
	<p>III. In the FY 2022 Budget, recommend for Council review & approval real estate tax considerations that help attain the Council's 5-year housing goals</p>	<p>No activity</p>														

City Council 5-Year Housing Goals & Strategies: 2021-2025

Year II (2022) Implementation Progress, Q1

March 2022
Page 2 of 2

Housing Goals & Strategies	Activities	Due	Status																				
2. Create and/or Preserve 90 affordable Rental Units/Year for 5 Years A. Create/preserve 45 units/year for households with incomes at 40%-80% AMI	I. Recommend for Council review & Planning Board approval zoning ordinance changes in Growth Area to create affordable rental units		Density bonus, expanding duplex provisions, and creating additional density in growth zones implemented; 50 units +/-; Riverdam 10% of units affordable																				
	II. Partner with Biddeford Housing Authority to help preserve units on South St & Mission Hill		Council approved Adams Street (33 units)																				
	III. Apply to Affordable Housing Program (or similar) to support unit creation/preservation		Affordable Housing Legislation approved, need to develop vehicle and fund; awaiting private development activity to proceed (Diamond Match).																				
	IV. Launch CDBG 2/4-Unit Homeowner with Rentals rehab program to preserve affordable units		<table border="0"> <tr> <td>Unit Inquiries</td> <td>36</td> <td></td> </tr> <tr> <td>Applications</td> <td>20</td> <td></td> </tr> <tr> <td>Denied for LMI%</td> <td>4</td> <td></td> </tr> <tr> <td>Withdrawn</td> <td>3</td> <td>timing</td> </tr> <tr> <td>Approved</td> <td>6</td> <td>4 under construction</td> </tr> <tr> <td>In Review</td> <td>7</td> <td>2 inspected</td> </tr> <tr> <td>Units Complete</td> <td>0</td> <td></td> </tr> </table>	Unit Inquiries	36		Applications	20		Denied for LMI%	4		Withdrawn	3	timing	Approved	6	4 under construction	In Review	7	2 inspected	Units Complete	0
Unit Inquiries	36																						
Applications	20																						
Denied for LMI%	4																						
Withdrawn	3	timing																					
Approved	6	4 under construction																					
In Review	7	2 inspected																					
Units Complete	0																						
2. B. Create 45 units/year from New Construction	I. Recommend for Council review & Planning Board approval private developers' proposals that create subsidized units via credit enhancement incentives		Adams Street; Council approved EON JDA, calls for Subsidized Senior Housing (45-150 units; await planning)																				
	II. Recommend for Council review the sale or lease of appropriate City properties for the creation of affordable rental units		No activity																				
3. Rehab at least 65 rentals units per year for the next three years so housing is Healthy and Lead Safe	I. Leverage HUD Lead & Healthy Homes Grants to rehab 45 units/year		82 units moving through one level of approval or another, 29 units cleared																				
	II. Leverage MaineHousing Community Solutions Grant to rehab 10 units /year		Rehab funds committed for 5 units to date																				
	III. Leverage CDBG funds to rehab 10 units/year		4 units in construction, 7 unit applications in process																				

City of Biddeford, Maine




The Office of
City Manager

James A. Bennett

Email: jbennett@biddefordmaine.org

MEMORANDUM

TO:	Honorable Mayor Casavant Honorable City Council
FROM:	James A. Bennett, City Manager 
DATE:	October 23, 2020
RE:	October 27, 2020 Workshop

Housing affordability is often spoke of but seldom expressed in a finite, objective manner. The ongoing successful revitalization of the downtown and other market forces have combined to accelerate housing costs in the community over the last three years. As a result, the community is experiencing a change in community demographics. Some have expressed concerns the changes may be irreversible. Regardless of one's opinion, the deliberative conversation that the Council is having on these issues is both timely and important.

Tuesday night's workshop is the next step in that process. The expressed objective is to assist the Council in achieving two of their more recent emerging priorities; namely to develop specific housing goals and consider how to use the additional revenues being generated by the exceptional performance of the downtown TIF. Included within the package are support items to assist the Council during their deliberations, these include:

- October 9, 2020 memo 'High Level TIF Overview'
- Summary of Revised TIF Forecast (Spreadsheet)
- Copy of Housing PowerPoint
- Mathew Eddy's Housing Memo

Sense of Space vs Sense of Place

Like many urban blue-collar New England communities, Biddeford was a place of vast demographic diversity. At the core, the community was a great place; an affordable community where the citizenry were engaged and deeply connected to each other. The massive mill structures was home to the great employers. Each neighborhood was a 'micro-village', often centered by the various houses of worship that existed.

The collapse of manufacturing hit Biddeford hard. As America developed a liking to malls and big box shopping, their love affair with downtown diminished. Over time, the sense of place that residents embraced slowly changed. Compared to other communities, housing costs declined. While some of the core residents remain, as vacancies occurred the community saw a silent transition. Residents migrating to Biddeford were more likely to be attracted to the community because of cost than because it was a great place. Instead of being attracted to Biddeford because of a sense of place, selection was made based on cheap housing.

Biddeford was not alone. No manufacturing urban center was able to prevent the forces from altering universal community pride. However, the presence of the trash incinerator in the community

205 Main Street

Biddeford, ME 04005

Phone: 207.284.9313

Fax 207.571.0678

*The City of Biddeford is an equal opportunity provider. To file a complaint, write to
Diana Depaolo, Human Resource Director, 205 Main Street Biddeford, ME 04005, or call (207) 286-0593.*

made the slide deeper and longer lasting. When the new centennial arrived, many outsiders saw Biddeford as an alternative to Greater Portland Area's housing cost crises.

The decision by community leaders to focus on downtown revitalization was a game changer. Recognition of MERC's adverse impact was insightful. Eliminating the impact was critical. All statistical data since the removal of MERC is indisputable. Combined with the downtown infrastructure investment and policies to support revitalization, Biddeford is once again seen as a special place.

Objectives of Downtown Focus

Ask those that were involved with making the case to change the downtown why they thought it was important and you will hear mostly alignment in the vision. They wanted downtown to return to community importance and instill a source of pride that existed before the decline of manufacturing. Often trips down memory lane were used to remind people of that which was lost. This process was highly effective in gaining support.

Included within the vision was embedded assumptions. Key among those assumptions was that Biddeford would become a community that people chose for reasons other than just cost of living. It would be a place where working families could find neighborhoods they could be proud to call home.

Biddeford's Future Affordability

Affordability is a function of a person's means. Biddeford today is fast losing affordability to many of those that came to the community when MERC still existed. For those that chose Biddeford simply because it was cheap space, the increased rents of the last three years in particular has outpaced their means.

Some of the premiere downtown rents are now exceeding \$2,000 per month. These units are not affordable for a traditional so-called blue-collared resident. The inclusion of such units in the downtown mix is an important part of a healthy downtown. An overabundance of such units changes the downtown and the community.

In three short years, all costs in the downtown have gone up rapidly. As demonstrated within the workshop materials, the current trajectory could challenge the affordability of many in the working class.

Sale of Rental Units

A review of the selling prices of apartments is a good measure of the market rents in a community. Since 2012, just over 800 multifamily buildings have sold in the community. We have done some analysis of the selling prices, which is included within the package. Selling price, more specifically, the price paid per unit is an indication of what is going on in the rental market. Accepting there are those that disagree, ownership of multi-family buildings¹ are primarily business ventures. The value of a building is directly determined by the rents that would be generated by the units.

Beginning in 2013, converting sales to an average cost per rental unit, the price paid per apartment unit was about \$50,000 through 2017. Over the next three-year period, the price paid per unit rapidly accelerated. In 2020, a unit is now selling for just under \$95,000 per unit. Correspondingly, tenants are paying more in rent today than in 2017. There are no indications of any slowdown in desirability (or the increasing price).

¹ For the purpose of this discussion, multi-family includes 4 or more units



Housing Goals

In the accompanying information, staff has provided statistical data to assist the Council in defining what affordability will mean in Biddeford. This data will assist the Council in determining the desired mixture of housing for the future. Acknowledging the immediate pressures, a five-year horizon is suggested. Staff will help facilitate the discussion on Tuesday evening by providing context to the data. In preparation for the workshop, you should begin to think about housing in terms of the whole. You may find answering the following questions helpful.

- As a percentage, what should be the percentage of owner occupied housing structures?
- How many units of housing should be available in the community for:
 - Workforce housing
 - So-called starter homes
 - So-called next homes; homes to raise families that replace starter homes or upscale apartment living (\$300,000 to \$650,000)

As you ponder the questions staff suggests you frame your responses by returning to the differences between a community that is made up of so-called ‘micro-villages’ with unique sense of place versus a community that is primarily a sense of space.

Available TIF Funds

In preparation for the workshop Tuesday, you should also revisit the October 9, 2020 memo ‘*High Level TIF Overview*’ that is included in the package. We have also included a copy of a spreadsheet used for that memo. A working copy of that spreadsheet is also provided to the Council directly for those that desire to utilize it.

The suggested uses of the additional funds should be reviewed so members can provide direction on projects that are considered the highest priority. Finally, you will be asked if you agree that extending the Downtown TIF for an additional 10 years should be pursued.

Ultimate Outcome of Council Desired Goals

Once the Council reaches clarity on the desired goals, staff will prepare a Council order to place the goals into formal action. Once adopted, staff will provide strategies the community could use to obtain the goals. For the purpose of TIF, the formal process of amending the TIF would begin.

If clarity is obtained on Tuesday evening, the formal action would appear on the first Council meeting in November.

TOTAL CITY TIF REVENUE FOR ALL PARCELS IN THE ORIGINAL RTE 111/MILL TIF DISTRICT - As Amended						Cumulative Gain/Loss	Original TIF Revenue Proj	Gain/Loss Actual v. Original	Cumulative Gain/Loss Actual v. Original
Tax Year	Rte 111/Mill TIF	North Dam CEA	Lincoln Mills CEA	Riverdam TIF	Total City TIF Revenue				
4/1/2021	\$1,046,412	\$185,590	228,472	\$0	\$1,460,474	\$1,460,474	\$1,023,533	\$436,941	\$436,941
4/1/2022	\$1,068,940	\$189,668	236,492	\$0	\$1,495,100	\$2,955,574	\$1,052,366	\$442,734	\$879,675
4/1/2023	\$1,091,919	\$193,827	244,672	\$0	\$1,530,418	\$4,485,992	\$1,149,437	\$380,981	\$1,260,656
4/1/2024	\$1,115,357	\$198,070	253,016	\$0	\$1,566,443	\$6,052,435	\$1,341,275	\$225,168	\$1,485,824
4/1/2025	\$1,139,264	\$404,794	261,527	\$3,228	\$1,808,814	\$7,861,249	\$1,536,883	\$271,931	\$1,757,755
4/1/2026	\$1,163,649	\$413,623	420,208	\$7,142	\$2,004,622	\$9,865,871	\$1,584,708	\$419,914	\$2,177,669
4/1/2027	\$1,188,522	\$422,627	429,063	\$11,134	\$2,051,346	\$11,917,217	\$1,634,854	\$416,492	\$2,594,161
4/1/2028	\$1,213,892	\$431,812	438,095	\$15,206	\$2,099,005	\$14,016,222	\$1,687,424	\$411,581	\$3,005,742
4/1/2029	\$1,239,770	\$441,180	447,307	\$19,359	\$2,147,616	\$16,163,838	\$1,747,531	\$400,085	\$3,405,827
4/1/2030	\$1,266,165	\$450,736	456,704	\$23,595	\$2,197,200	\$18,361,038	\$1,810,521	\$386,679	\$3,792,506
4/1/2031	\$1,293,088	\$460,483	466,289	\$27,916	\$2,247,776	\$20,608,814	\$2,049,005	\$198,771	\$3,991,277
4/1/2032	\$1,320,550	\$470,425	476,065	\$205,050	\$2,472,090	\$23,080,904	\$1,293,909	\$1,178,181	\$5,169,458
4/1/2033	\$1,348,561	\$480,566	486,037	\$209,546	\$2,524,709	\$25,605,613	\$606,225	\$1,918,484	\$7,087,942

City of Biddeford, Maine



The Office of
City Manager

James A. Bennett

Email: jbennett@biddefordmaine.org

MEMORANDUM

TO:	Honorable Mayor Casavant Honorable City Council
FROM:	James A. Bennett, City Manager
DATE:	October 9, 2020
RE:	High Level TIF Overview for October 13, 2020 Workshop

One component of the Tuesday night's workshop is to visit the Downtown/Rt.111 TIF performance. As staff has shared recently, the performance of the TIF (tax incremental financing) account has significantly exceeded original expectations (cash that it is generating). This creates unique opportunity for the Council to decide how it would like to apply those additional resources. In addition, as part of the overview, staff is suggested further changes that would be beneficial for Biddeford residents.

Background

I would argue TIF's are possibly the most misunderstood municipal program. Certainly part of that misunderstanding is because TIF's are often mischaracterized by those that disagree with their use. For purposes of clarity for this memo and the discussions on Tuesday, the following background is offered on TIF's generally prior to the specifics for Tuesday evening.

The use of TIF is based on one key assumption: without a project(s) increased valuation, there exist no 'incremental' increase in taxes. The increase in valuation generates new tax revenues that did not exist prior to the project. Further, there be no new property taxes without the new project(s).

Increased value occurs primarily because of new investment; construction of new buildings or the significant rehab of existing structures. Increased valuation can also occur when deliberative changes in a general area make that area more valuable. The value in the target area accelerates at a pace that is greater than it would have if the changes were not made.

State tax policy has disincentives for community growth. The three specific policies are county tax, state aid to education and municipal revenue sharing. As the value increases, a community has to pay a larger share of County taxes. In addition, the two largest state resources for local property taxpayers are based a community's valuation. State aid to education and state revenue sharing formulas change annually based on every communities state valuation. If a community's state valuation grows at a pace faster than the rest of the state, that community's share of these funds decreases. Each community's exact impact is different. For Biddeford, the accepted method had determined that each new dollar is adversely impacted by a 48% loss.

The state TIF law allows a community to 'tax shelter' new growth. Any property placed into a district, the new growth (or percentage thereof) does not exist for calculation of state valuation. This prevents the loss of taxes from the new growth because of the three policies above. It should be noted that new proceeds (new tax revenues) cannot be used however the local municipal officials desire. All

205 Main Street

Biddeford, ME 04005

Phone: 207.284.9313

Fax 207.571.0678

*The City of Biddeford is an equal opportunity provider. To file a complaint, write to
Diana Depaolo, Human Resource Director, 205 Main Street Biddeford, ME 04005, or call (207) 286-0593.*

uses must meet state law and be specifically approved by the state. The implications are simple; whenever the City can TIF new revenues and find a legitimate way to use those proceeds for city expenses that normally would have been paid for by the general fund, it has effectively saved 50%.

One use of TIF proceeds are to give some of the new taxes generated by a project back to the owner (developer) of the project. Technically called 'credit enhancements', this use is often the source of political disagreement. At the core of the disagreement is whether a project actually needs the CE (credit enhancement). If one believes that the new project would have happened without the CE, the view is that money should have been retained for the benefit of the taxpayers. On the other end of the spectrum, if the project would not have occurred without the funding, then the taxpayers only get some new benefit because of the CE. As a side note (because of loss without a TIF from state tax policy), the rule of thumb in Biddeford is a 50% CE is considered break even for the taxpayers.

Finally, as is current City practice, for the balance of this paper, whenever TIF is used, it refers to the shelter funds being used by the City for some purpose. Whenever CE is used, it refers to sheltered revenues being paid back to the developer.

Exceeding Expectations

TIF applications are by their nature conservative. At least they should be. It is a common place for TIF's to generate additional proceeds than originally forecasted. In the case of Biddeford's downtown/rt. 111 TIF, the City is currently seeing exceptional performance. Both sources of increase (actual investment and increased market valuation) has occurred.

This TIF has been amended nine times. It currently expires in 2033. Our current forecasts are showing that it will generate \$7,000,000 of *additional revenues* over our most recent expectations.

Opportunities

The City can extend the current time on this TIF by upwards of another ten years. This extension is currently forecast to return another \$14,000,000 over that ten year period that would be available for expenses during those years. Staff believes that this should be seriously considered.

Uses of funds

There are several areas of uses that staff believes should be considered for possible uses. These are listed in no particular order.

- *Green space at 3 Lincoln:* a premiere green space has always been contemplated at the end of Lincoln Street along the river. This space would be the focal point of the river walk system. Currently going through an active citizen engagement and visioning process, a reasonable range of \$300,000 to \$400,000 may be needed.
- *Public safety radios:* staff believes there is a strong argument that can be made that some TIF proceeds should be allowed for payment of the radio upgrade. As the Council is aware, there are dead spots within the mill buildings. If approved by the state that around 33% would be allowed, it would use \$1,500,000 of proceeds.
- *Support for new public spaces maintenance:* until recently, the mill district was not really open and accessible for the general public. It has a long history of a closed campus. With the new public spaces being created, there comes a requirement to maintain that public space. TIF proceeds should be used to support this new expectation. Our current estimate is that between \$100,000 and \$125,000 annually should be allocated for this purpose.
- *Additional pedestrian improvements:* there is expectations to continue to expand pedestrian improvements in the area, including another river crossing. The range for these improvements could be from \$1,250,000 to \$2,500,000.

- *Transit improvements/upgrades:* staff is currently reviewing the advantages of using a transit orientation TIF designation. It currently appears that upwards of \$130,000 annually might be possible. More work will need to be done on this.
- *Affordable housing:* affordable housing TIF's should be thought of as a 'niche' type of TIF. This is the most recent significant change to the TIF. Consideration for a new housing TIF for a future development in the downtown not currently in a shelter area or possibility during an amendment could be considered.
- *Parking:* the downtown continues to have a shortage of parking to meet demand.

Workshop Expectations

The TIF discussion is not the focus of the workshop. The discussion about the downtown strategy and housing is. The TIF discussion is primarily to share a global review of performance, present the opportunities as well as staff current thoughts regarding potential uses.

It does appear there is some desire by the Council to attempt to modify the TIF to pay for a portion of the public safety radios. This would require a formal amendment. As such, it is appropriate to consider other possible amendment opportunities.

Any brief reactions from the Council would be helpful. Continued deliberation is expected to occur over the next month or so. During that process, the Council will have the opportunity to weigh in on these issues.



Biddeford City Council

Meeting Date: October 27
Meeting Time: 6:00
Agenda Item No: Workshop
Item Description: Housing Goal Concepts
Submitted by: Mathew Eddy

Supporting Information/Documentation:

- Housing Data October 2020-Part 2
- Five-Year Housing goal Possibilities
- Materials from October 13 meeting
(<https://d3n9y02raazwpg.cloudfront.net/biddeford/1030525b-0826-11eb-80dd-0050569183fa-4a59ae56-2c51-4bac-8981-a64e9c0fbac0-1602188375.pdf>)

Key Terms:

- 30% threshold: in generally accepted, whether renter or owner, that no more than 30% of household income should be used for housing. While different housing programs vary, that is a general rule of thumb.
- Housing Continuum: The path that describes the ability to afford a home, potentially beginning with homelessness, proceeding through affordable, subsidized housing rents, traditional rents, first-time homeownership, second-time homeownership (upsizing) and then the decline associated with housing downsizing and shifting from ownership, to rental, to varieties of long-term care and housing assistance. The ability to move through the continuum is dependent on household income.
- Income, in terms of Housing, are generally (the limits vary among agencies) defined as:
 - Moderate income: 81-120% of median income
 - Low Income: 51%-80% of median income
 - Very low income: 31%-79% of median income
 - Extremely low income: less than 30% of median income
- Section 8 Vouchers: rental housing assistance to private landlords on behalf of low-income households, provided here by the Biddeford Housing Authority.

Executive Summary:

The council asked staff to provide information related to housing goals. Staff put together information that elaborated on previous data, as we focused on appropriate five-year housing goals that the City Council might wish to consider. We

provided some concept goals, with some background as to how we arrived at those goals. Below, we have also provided a brief discussion on the tools that are available to us in meeting affordable housing goals and the income groups they might serve.

Detailed Review:

Staff identified five basic goal areas to consider and provided a starting point:

- Ownership rates. The City shall increase the rate of homeownership from 48% to 51%.
- Affordable Rents. The City shall preserve or create 90 affordable rental units per year.
- Healthy Homes. To make all housing units appropriate for families and receiving subsidized assistance to be lead safe by 2026.
- First-time Homebuyers. Of the 120 owner units, 40% could serve first time homebuyers.
- Housing Options. Biddeford will continue to provide a broad choice of housing options.

Each goal statement comes with the data used to drive the statement. That data is describe more fully in the attached presentation: Housing in Biddeford – Existing Conditions, Demand and Supply-Part 2, October 2020. With the data, staff dug deeper into the housing analysis to identify ways in which the Council could influence housing development in the community. In the presentation:

- Median income from neighboring communities are contrasted;
- Income by Households and by type of housing are reviewed;
- Housing type and tenure across several like communities are shared (revealing a strong correlation between the type (structure) of housing and the percentage of rental units; i.e. more multi-family equals more renter occupied units);
- Housing Values and the percent of mortgages above or below 30% of a household's median income
- A path to increasing housing ownership from 48% to 51%.
- The increasing, similar trends in rental cost and sales in terms of cost per unit for multifamily structures; correlating very strongly with demolition of MERC; and,
- The cost of rent as a percent of household income and the number of housing units or vouchers available to subsidize those paying in excess of 30% of their income in housing.

The 30% rule, the (in)ability of families to save, and the market play a critical role in what types of homes Biddeford residents, both new and old, can afford. Biddeford's market was long driven by older, high-density housing structures that, with MERC, lagged historically (in value and condition) behind its coastal neighbors. As a result, Biddeford was viewed (Biddeford Pool aside) as very affordable, with very little subsidy necessary to support low and moderate-income households. With that came a transient population.

With the demise of MERC, the market changed dramatically; rents and housing values are trending upwards. Whether through the redevelopment of units in the mills, or through purchase and rehabilitation of existing apartment structures spread through our neighborhoods, the cost of renting a home is increasing. An existing structure will now fetch \$118,380 per rental unit, up from just \$88,856 in 2017.

These trends affect Biddeford's housing continuum. At the lower end, very low-income renters are having difficulties keeping or finding rents. At median income, renters ready to buy cannot find affordable units or the lack the necessary down payment, forcing them to seek housing outside the community (in less expensive, rural areas). Similarly, existing owners, needing more space as families grow, are having difficulty finding such housing stock locally. Seniors, ready to downsize (making their housing available to owners or renters) cannot find alternative options (rent or own) locally.

In contrast, people arriving from outside the Biddeford market find the existing market rates very reasonable, when compared to the Portland, Portsmouth, or Boston market. Whether buying or renting, they are able to utilize their assets to find something comparably less expensive in Biddeford. Their demand has the effect of driving up value.

One final discussion relates to how resources can be used to serve various income groups. As you move down the continuum, more "subsidy" or "scarce" resources are needed to meet housing needs. Most programs work within the 31%-80% of median income range. Resources are hard to come by:

- Low Income Housing Tax Credits (LIHTC) are extremely competitive, so much that a local Residential TIF is a requirement;
- The Biddeford Housing Authority manages the region's Section 8 Vouchers. They have 153 vouchers of their own, 290 have "ported" in. Most vouchers are now portable—they can go with the household;
- We competed for Maine Housing funds to supplement our 2-4 unit owner occupied rehabilitation program, we were one of only a handful of communities to receive funding.

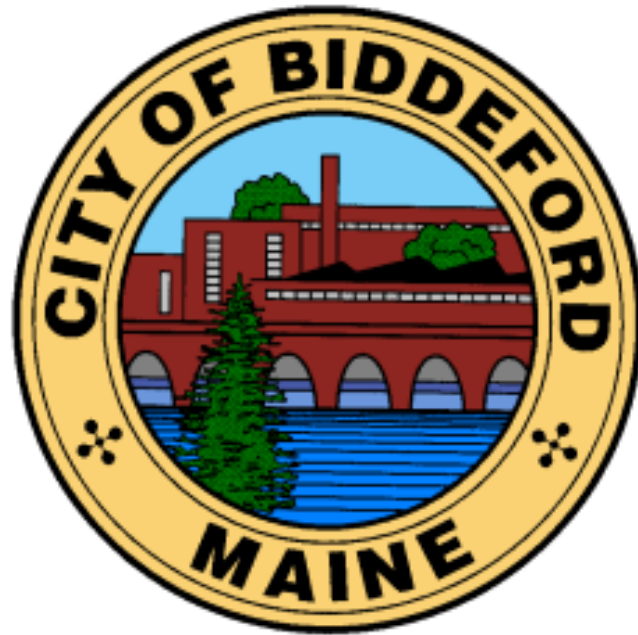
The following list of resources is by no means inclusive, but can give you a sense of how partnerships and access to resources are necessary to reach different population groups. It can give you a sense of what strategies might evolve to meet your housing goals.

Income Group	Percent of Median Income	Programs
Extremely Low Income	<30%	Emergency Shelter Grants Funds; Section 8 Vouchers
Very Low and Low Income	31-80%	Section 8 Vouchers, LIHTC, TIFs, CDBG, Affordable Housing Program (Federal Home Bank), Maine Housing, Foundations, Zoning Incentives
Moderate Income	81-125%	MH First-Time Homebuyer, FHA/VHA, Private bank incentives, Zoning Incentives

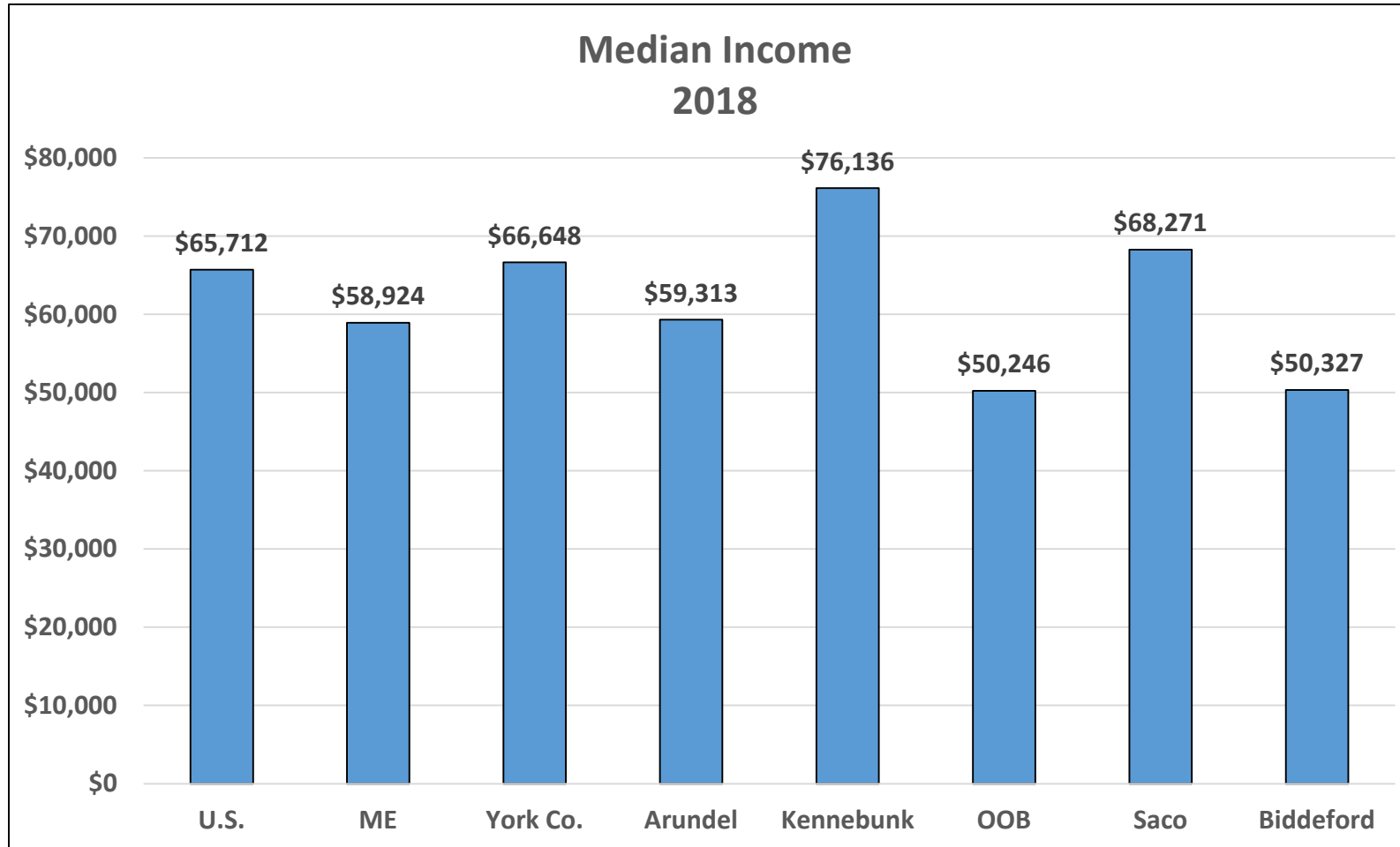
Funding Source: Varies

Staff Recommendation: N/A

Housing in Biddeford – Existing Conditions, Demand and Supply-Part 2 October, 2020



Median Income – Select Towns and Cities



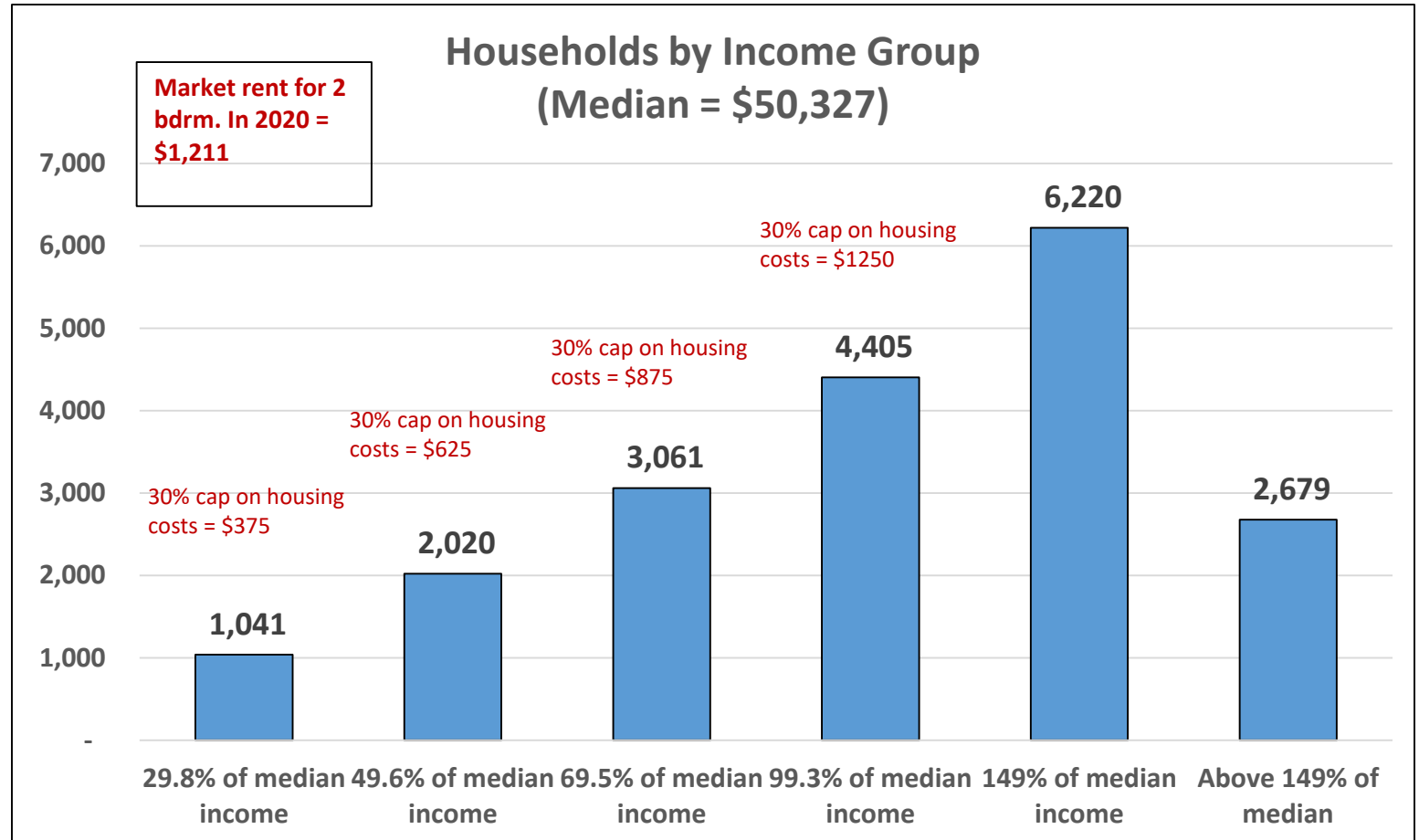
Income by Group

29.8% of median (less than \$15,000):
1,041 households or **11.7%** of all households. **Market rent would absorb 97% of gross monthly income.**

49.6% of median (less than \$25,000):
2,020 households or **22.7%** of all households. **Market rent would absorb 58% of gross monthly income.**

69.5% of median (less than \$35,000):
3,061 households or **34.4%** of all households. **Market rent would absorb 42% of gross monthly income.**

99.3% of median (less than \$50,000):
4,405 households or **49.5%** of all households. **Market rent would absorb 29% of gross monthly income.**

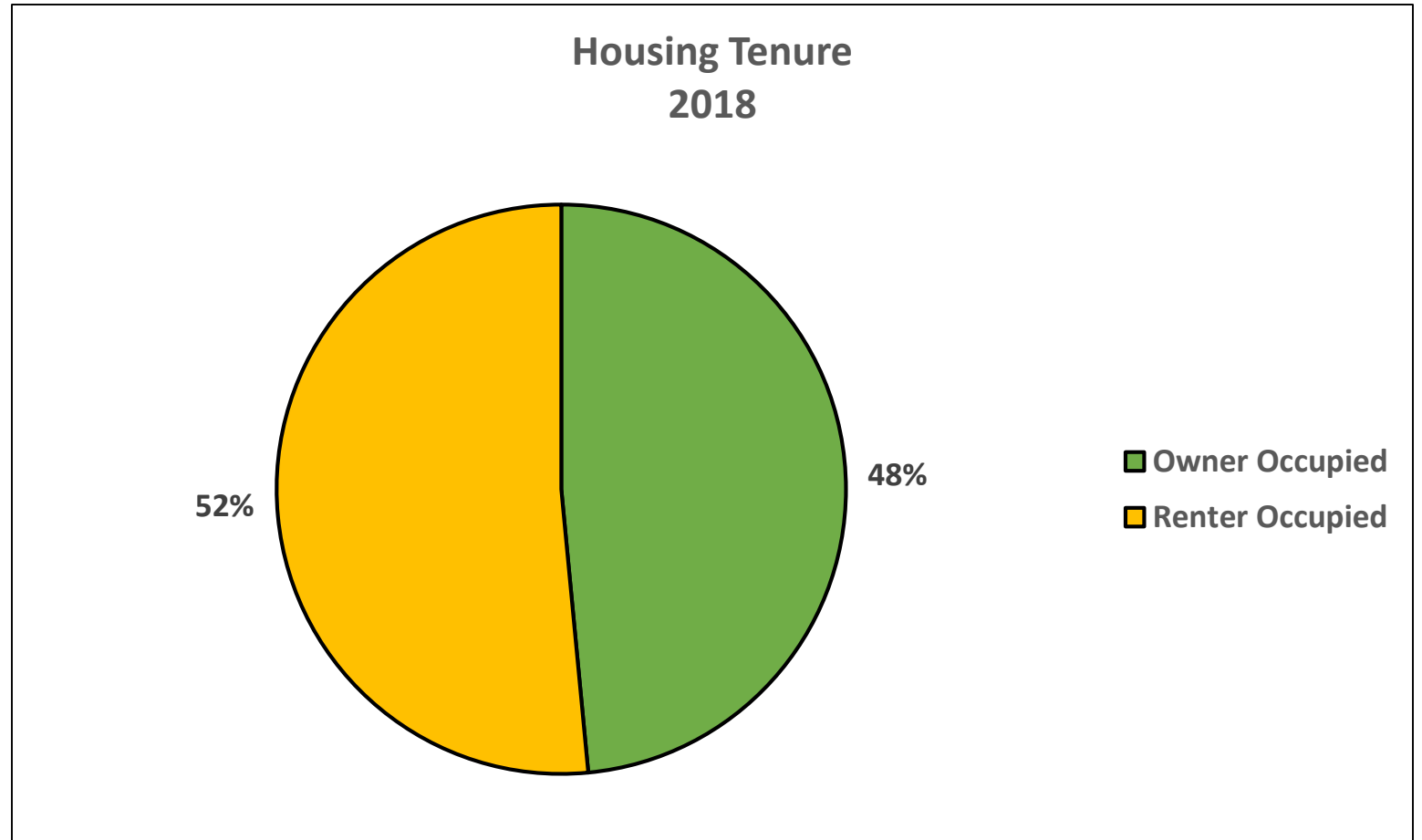


Tenure and Housing Type – A Comparison

Households in Biddeford: **8,899**
Owner Occupied: **4,315**
Median Household Income: **\$74,674**

Renter-Occupied: **4,584**
Median Household Income: **\$36,121**

Median income for renter-occupied housing units is less than half that of owner occupied units



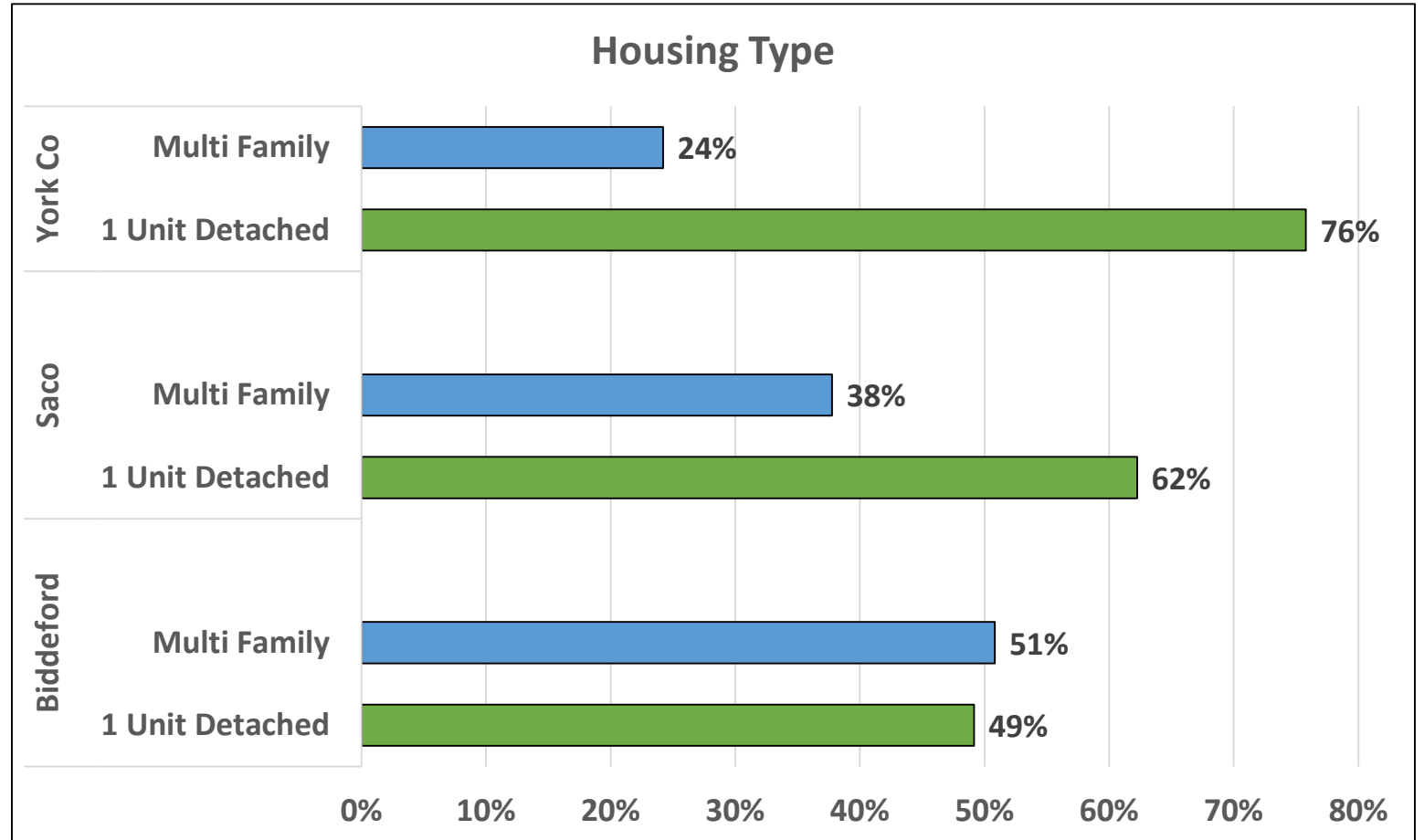
Housing Type

**Total Housing Units:
10,071**

**1 unit detached
(incl. mobile homes):
4,952**

**Multi-unit:
5,119**

**More than half of the housing
units in Biddeford are multi-family
units.**



Tenure and Housing Type – A Comparison

Tenure - Biddeford



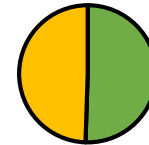
Owner Occupied Renter Occupied

Housing Type - Biddeford



1 Unit Detached Multi Family

Tenure - Lewiston



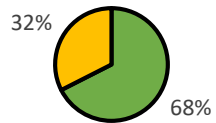
Owner Occupied Renter Occupied

Housing Type - Lewiston



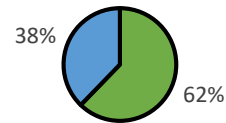
1 Unit Detached Multi Family

Tenure - Saco



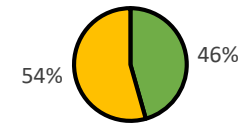
Owner Occupied Renter Occupied

Housing Type - Saco



1 Unit Detached Multi Family

Tenure - Waterville



Owner Occupied Renter Occupied

Housing Type - Waterville



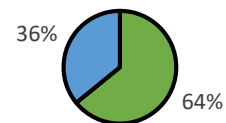
1 Unit Detached Multi Family

Tenure - Sanford



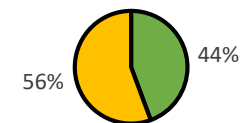
Owner Occupied Renter Occupied

Housing Type - Sanford



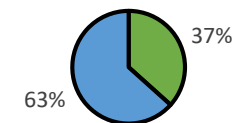
1 Unit Detached Multi Family

Tenure - Portland



Owner Occupied Renter Occupied

Housing Type - Portland

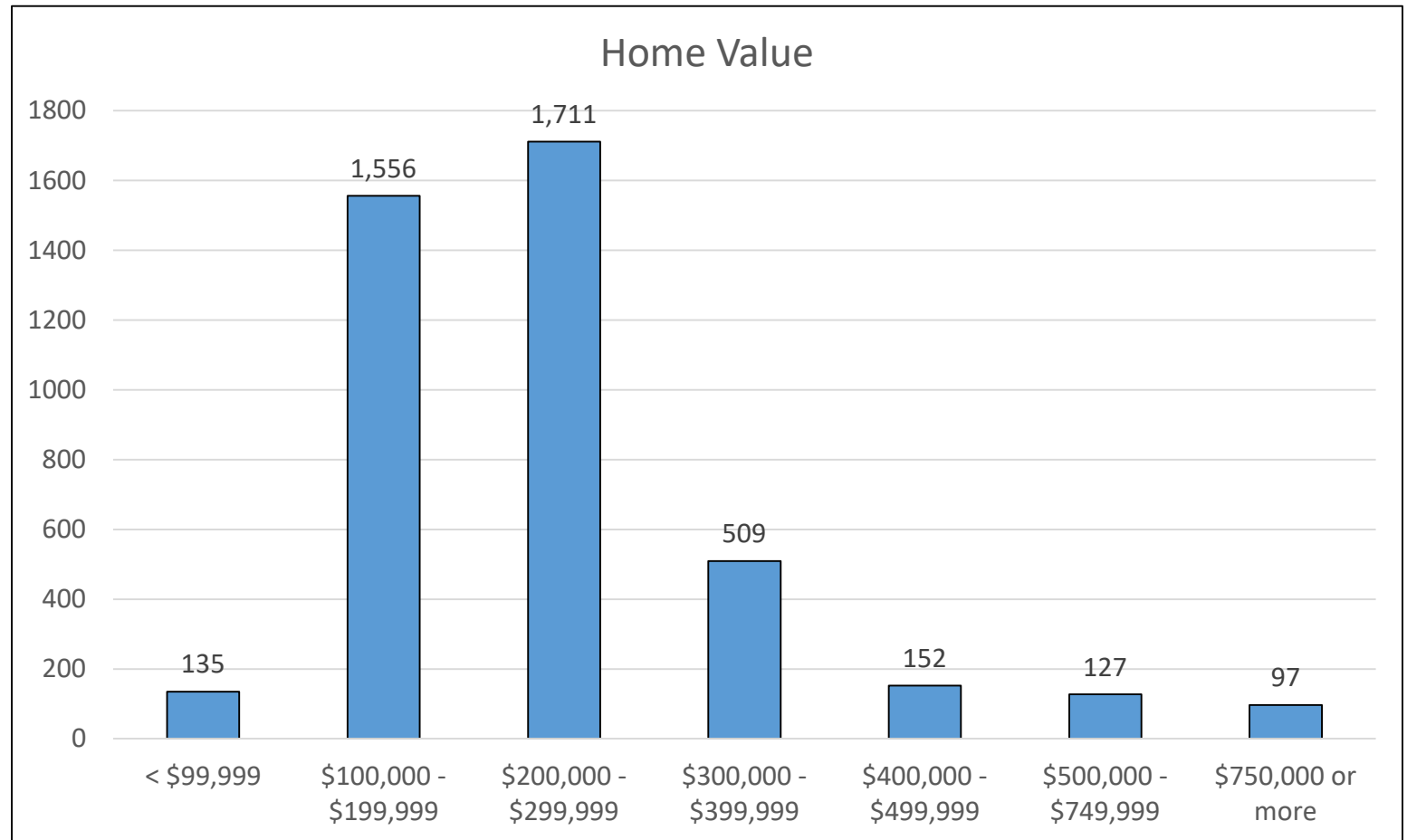


1 Unit Detached Multi Family

Home Values in Biddeford by Household

78% of single family homes in Biddeford are priced below \$300,000.

Median Value in Biddeford is \$230,000.

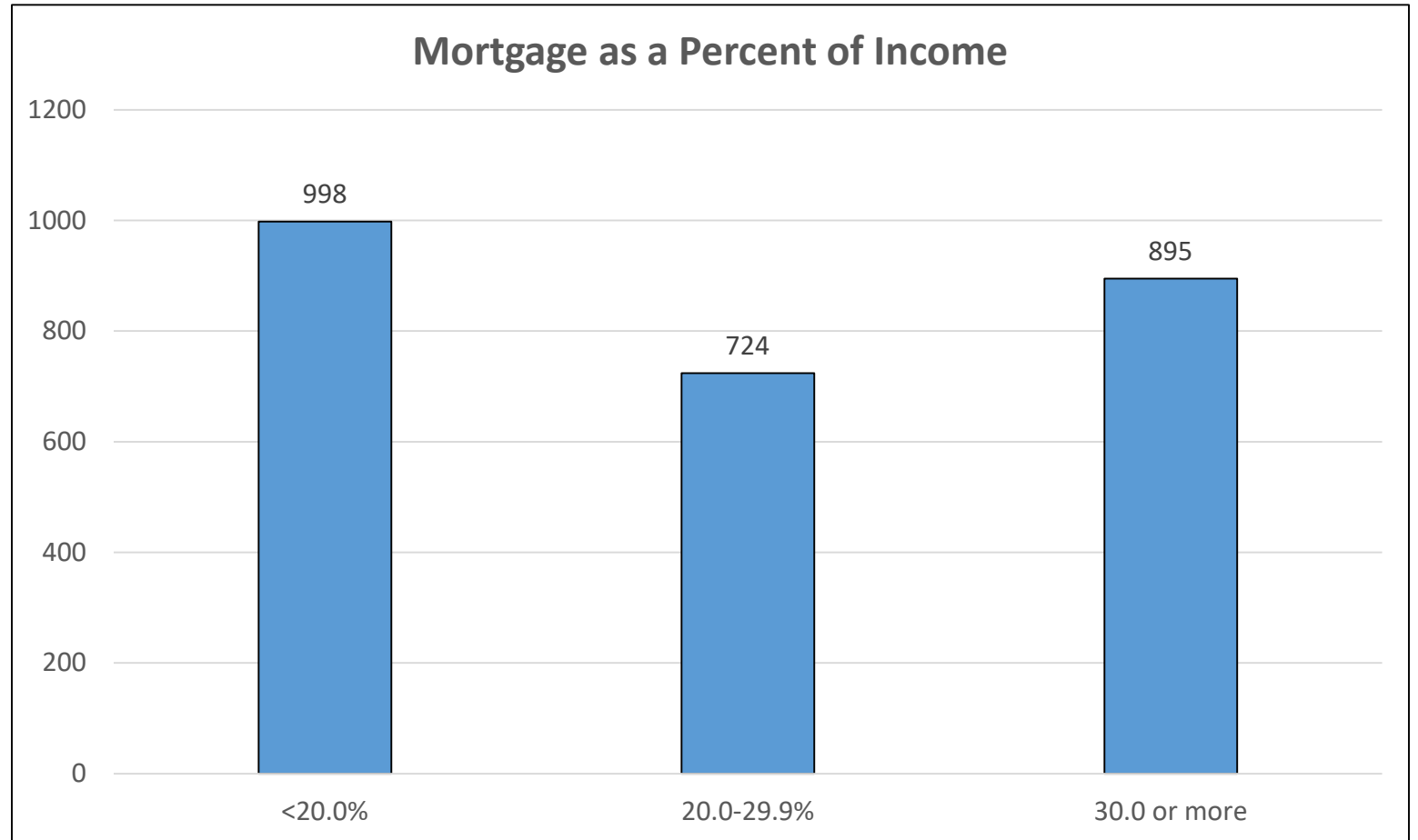


Mortgage as Percent of Income

78% of single family homes in Biddeford are priced below \$300,000.

Median Value in Biddeford is \$230,000.

Little housing inventory exists for middle income earners to move to to.



Moving Toward Greater Ownership

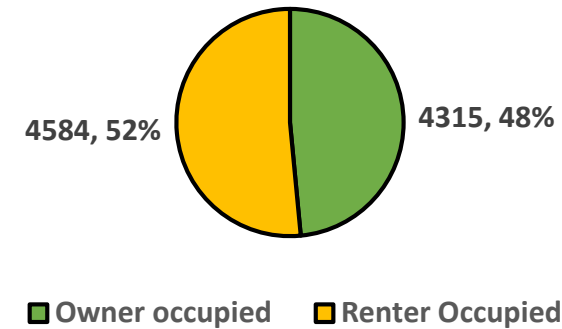
Current Tenure: 51% Renter Occupied
49% Owner Occupied

Target: Increase Owner-Occupied units by 3% points
in order to reverse the tenure mix

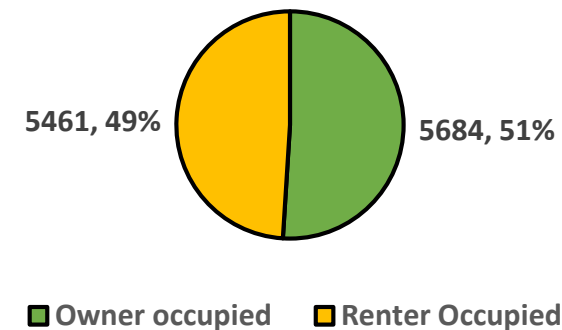
New Units thru 2030:
Rental: 877
Owner Occupied: 1,369

Tenure by 2030: 49% Renter Occupied
51% Owner Occupied

Existing Housing Tenure



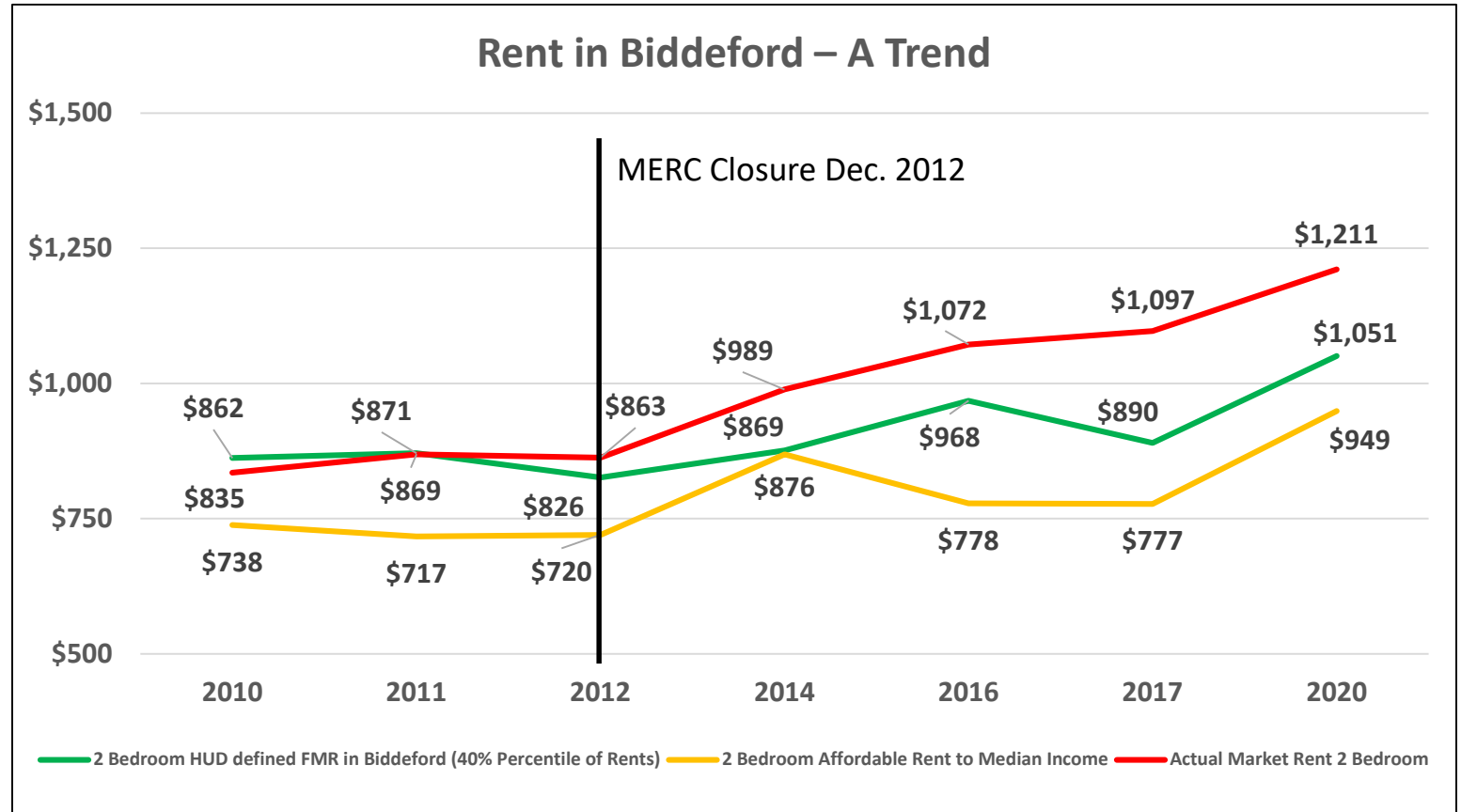
Target Housing Tenure - 2030



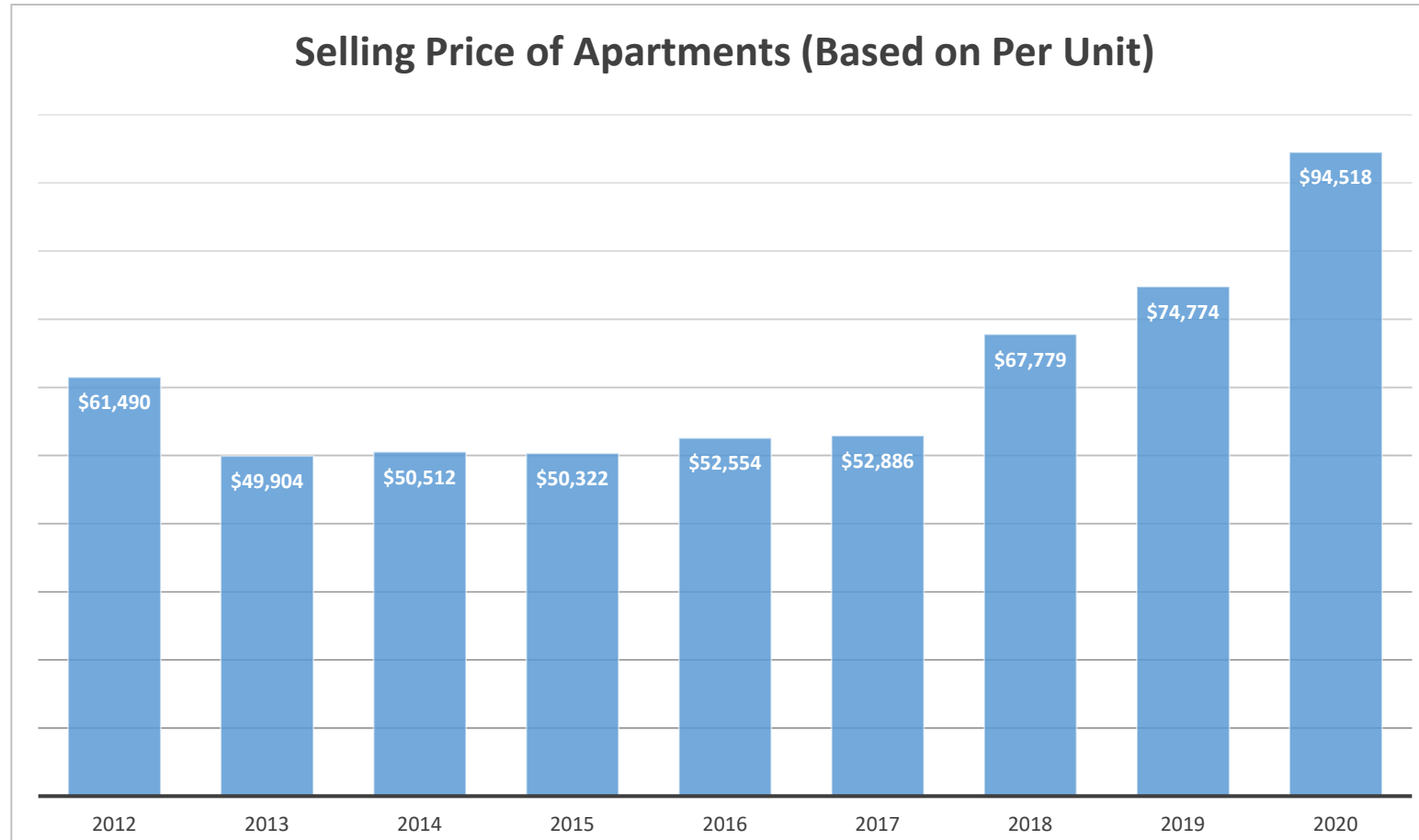
Rent – A Trend

Market rents in Biddeford have increased faster than HUD Fair Market Rent (FMR) or the ability of renters to pay, based on median income.

The rate of increase of Market Rent has risen more steeply since MERC closure in 2012.



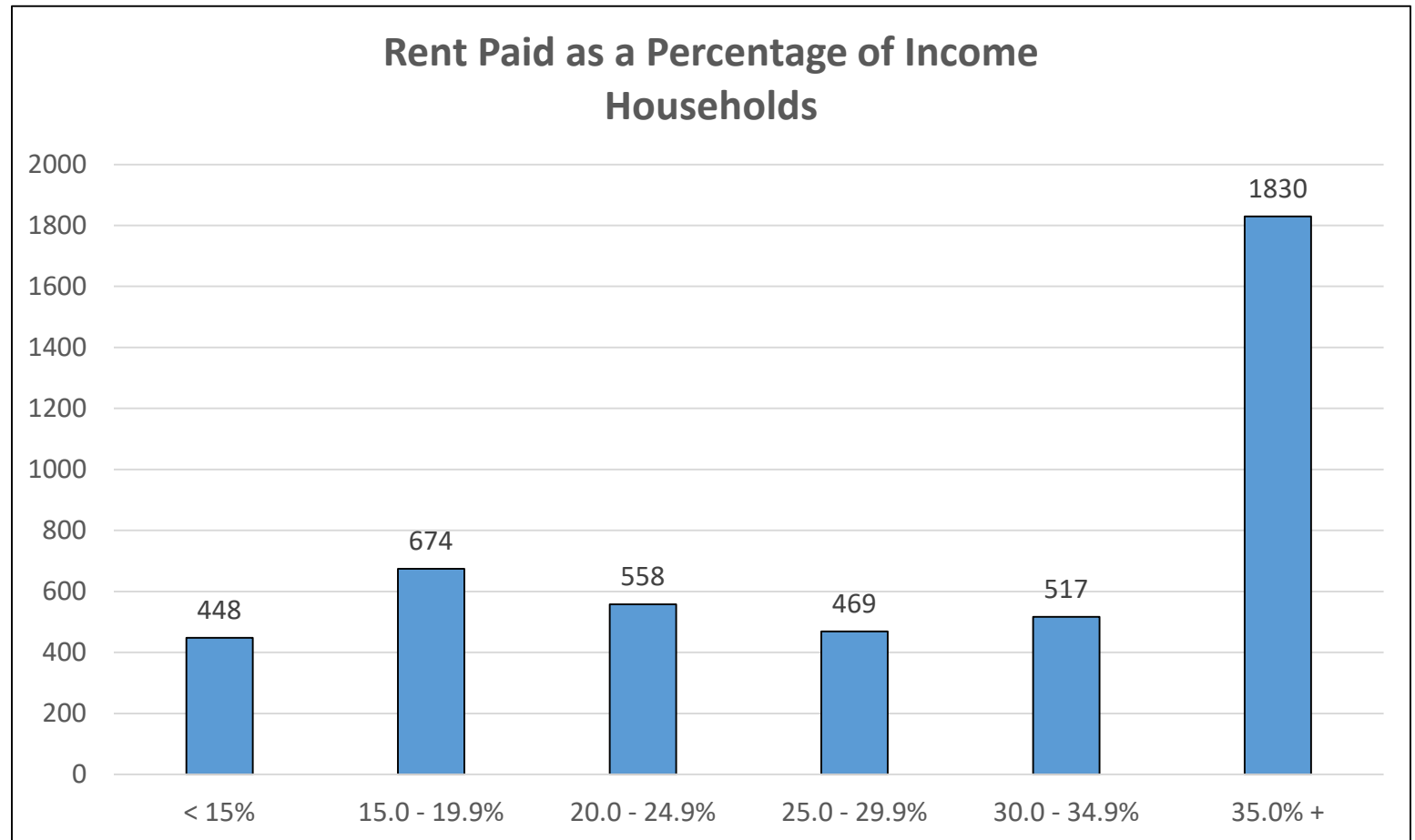
Average Sales Price Per Unit: 2012 - 2020



Rent as Percent of Income

40% of renter households in Biddeford pay 35% or more of their income in rent.

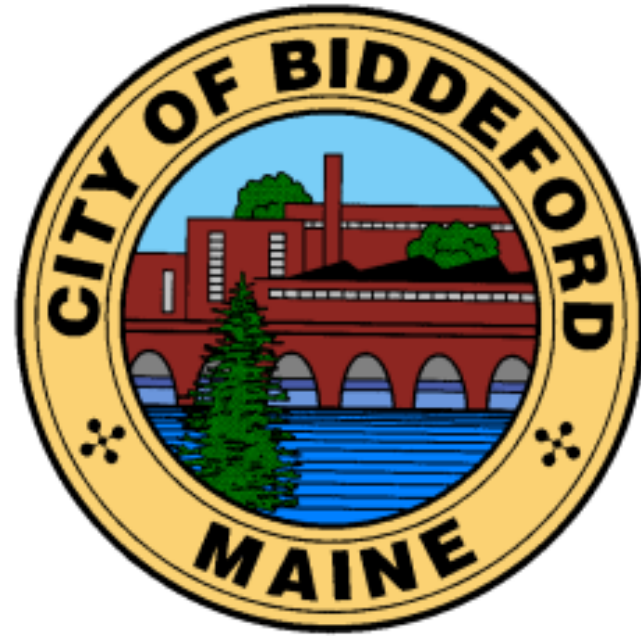
To compound affordability, the Biddeford Housing Authority reports that vacancy rates for affordable units are at 2%; functionally, there is no supply



Supply of Affordable Rental Units – Aug. 2020

Housing Complex	Population	Management	No. of Units	Wait list Aug 2020
Avignon Apts.	Families	York County Shelters	8 subsidized	n/a
Emery School Apts.	Elderly (55 or older)	Avesta Housing	24 subsidized	25
Five Graham Street	Elderly (62 or older)	Avesta Housing	35 subsidized Rent based on 30% of household adjusted income	20
Forest Green Apts.	Families	Phoenix Management	40 subsidized	48
Hill Street Terrace	Families	Avesta Housing	12 subsidized Rent based on 30% of household adjusted income	39
Ledgewood Apts.	Elderly (62 and over) & disabled	Christopher Cimino	60 Subsidized	55
Pierson Lane	Families	Phoenix Management	68 subsidized	39
Presidential Apts.	Elderly & disabled	Phoenix Management	45 subsidized	31
Prospect Manor	Elderly & disabled	Mack Brothers	50 subsidized	68
Riverbed Apts.	Families	Realty Resources	28 Subsidized	23
St. Andre's Apts.	Elderly & disabled	Biddeford housing Authority	35 subsidized	n/a
Summer Block	Elderly, disabled; families	Phoenix Management	32 subsidized	54
The Mill at Saco Falls	Families	Saco Falls Management	40 Rent based on 30% of household adjusted income	129
Total			477 Affordable Units	531 Waiting

As of December, 2019 Biddeford Housing Authority Counted 443 vouchers for the Biddeford, Saco and Old Orchard area



Five-Year Housing Goal Possibilities:

- The City shall increase the rate of homeownership from 48% to 51%.
 - In the last three years, there were 91 single family/owner permits, or 30 per year
 - Based on growth in rental units, the city will need to add or convert up to 120 owner occupied units per year to shift ownership above 50%
- The City shall preserve or create 90 affordable rental units per year.
 - There are 835 subsidized units¹ in Biddeford, representing 18% of all rental units in the community. There are 1,830 rental households paying more than 35% of their income in housing per year. The difference is 995 units.
 - The city added 282 multiple family units by permit in the last three years; only 7 were workforce housing units. However, the Falls at Saco Way (80 units) came on board the previous year.
 - There are proposals (without a building permit; real or conceptual) for another 500 units.
 - There are, conceptually, another 150 ownership units being considered in the Mill District area.
- To make all housing units appropriate for families and receiving subsidized assistance to be lead safe by 2026. There are a total of:
 - 392 Affordable Family Units
 - 443 vouchers (Saco, Biddeford, Old orchard)
 - Assume 132 in Biddeford
 - 524—would be 52 per year.
- Of the 120 owner units, 40% could serve first time homebuyers.
 - There are approximately 1,000 households at between 80 and 100% of median income in Biddeford. Roughly 500 households may be renters and capable of becoming homeowners if there are affordable units available. Still more could be older homeowners who are seeking a housing alternative (downsize, rental) in which options need to be created. Hence, the supply of first time homebuyer units could come from existing units created through lifestyle change, from new construction, or through the conversion of rental units into owner occupied units².
- Biddeford will continue to provide a broad choice of housing options.

¹ Vouchers are also used in existing subsidized buildings to support households that are at less than 50% of median income; however, they are portable, so we count them individually for goal purposes.

² Of note, the Density Bonus program enacted by the City Council in 2018 has proven popular in the creation of new rental units. An affordability clause (considered at the time) could be added to that program as we expand it to other zoning districts. That same program also created the opportunity for conversion to condominium units; that has not occurred.

Still need a graph explaining subsidies by income group for renters