

*City of Biddeford*  
**Mayor's Affordable Housing Task Force**  
**January 03, 2023 5:30 PM Biddeford Council Chambers & Zoom**

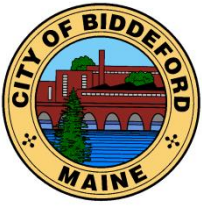
**Zoom Link:**

**<https://biddeford.zoom.us/j/97019930127?pwd=d1NQbitvZlRQVGZFdEh5dIE1UVB4UT09>**

**Webinar ID# 970-1993-0127 Passcode# 102772**

**Status: Affordable Housing Task Force January 3, 2023, 5:30-7:00 PM-Council Chambers & Zoom**

- 1. Call to Order**
- 2. Consideration of Meeting Minutes**
  - 2.1. Approval of Minutes from October 25, 2022  
[102522-Draft.pdf](#)
- 3. Discussion**
  - 3.1. Discussion of Draft Final Report & Recommendations  
[Task Force Report Draft.pdf](#)  
[Affordable Housing Task Force Report.pdf](#)
  - 3.2. Vote to Recommend Final Report to City Council
- 4. Adjourn-Final Task Force Meeting**



# CITY OF BIDDEFORD

## Planning and Development Department

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### Mayor's Affordable Housing Task Force Meeting Minutes

**Date:** October 25, 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, Reverend Shirley Bowen, Ian Garcia-Grant, Dominic Deschambault, Ciel Caldwell (via zoom), Marty Grohman & Seth Harkness  
Staff Present: Jim Bennett, Greg Mitchell, Gail Wilkerson & Nan Whitten

1. Chair Ortiz brought the meeting to order at 5:30
2. Acceptance of minutes from 9-27-22

#### MOTIONS:

Minutes were accepted by a unanimous vote

3. 3.1 Greg Mitchell went over the Inclusionary Zoning (IZ) options recommended by the City staff.
  - Mitchell talked about the fact that the developer chooses which option or can opt out with a fee to the Affordable Housing Fund.
  - These options are designed to match local market conditions.
  - The committee discussed the different point of the program giving their perspective. Some are concerned the options are too burdensome; others think it is too low of a threshold.
  - The goal of the program is to create units not cash.
  - This program will apply to every program in the community.
  - The next steps are to speak to different developers for feedback, then on to City Council.
- 3.2 Non-monetary Tools for Affordable Housing
  - Non-monetary tools can be pursued in addition to IZ.
  - There will be specific recommendations by spring 2023
  - Parking requirements must be discussed.
  - The committee will get a list of City owned property for the next meeting.
  - The committee wants language to ensure that the funding from the Affordable Housing Trust Fund will be structured fairly through all levels.
  - Councilor Grohman feels parking has been an issue for a long time so that needs to move on the fast track.

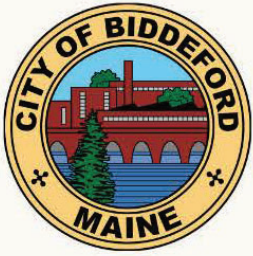
- There will be an outline of what the committee will say to Council at the next meeting.
- The next meeting will be the 29<sup>th</sup> instead of the 22<sup>nd</sup>.
- The Affordable Housing final report will be presented to the Council in January 2023.

4 Adjourn: 6:59 PM

\_\_\_\_\_  
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](http://www.biddefordmaine.org).

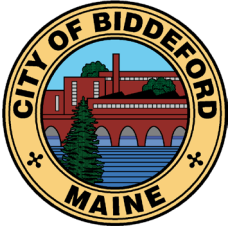


# MAYOR'S AFFORDABLE HOUSING TASK FORCE

FINAL REPORT  
AND RECOMMENDATIONS

DECEMBER 2022





# City of Biddeford, Maine

December 27, 2022

Greetings,

As the Chair of the Mayor's Affordable Housing Task Force, I am pleased to share our final report. The Task Force was formed to tackle the daunting issues created by an affordable housing crisis. This crisis is not unique to our community, but is one which exists in many communities both in Maine and across the nation. Some of these issues are very specific to Biddeford and others, like the unhoused population, have both local and regional impacts. We have seen so many positive changes as our city has undergone an amazing transformation over the past five to ten years. Despite these changes we continue to face a housing crisis but you may rest assured that the Mayor and your City Council remain committed to taking action.

This report will outline the history of housing in Biddeford, the identified needs, outreach efforts, and finally the recommendations of the task force. The report will walk you through some of Biddeford's unique characteristics and the impacts of those characteristics on our housing stock and affordability. It will review the identified areas of focus that the task force and the City Council chose to make a priority. It will outline the community outreach that has been done to assist the task force in understanding the needs of both long term residents and those of newer community members. Finally, the report will lay out the final recommendations of the task force and the action steps necessary to accomplish the goals that have been approved by the City Council.

I am proud of the collaborative work that has taken place over the past year to get us to the point of having final recommendations. I look forward to working with my colleagues on the City Council, the Mayor and the City Manager to implement the recommendations of the task force. I'd like to thank the team of city staff, the members of the Affordable Housing Task Force and the volunteers who spent countless hours working to try to find solutions to problems that could at times feel overwhelming.

This crisis evolved over time and it will take time to implement the recommendations, however, we have a better grasp of the contributing factors and we have a plan to work to address the many different housing needs of the community. We have already seen some positive movement towards our goals and we look forward to continuing the momentum.

Sincerely,

A handwritten signature in blue ink that reads "Doris Ortiz".

**Doris Ortiz**  
City Councilor At-Large  
Chair, Mayor's Affordable Housing Task Force

205 Main Street, Biddeford, ME 04005 P: 207.284.9313 F: 207.571.0678 [www.biddefordmaine.org](http://www.biddefordmaine.org)

*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.*

## **Executive Summary**

Over the past decade Biddeford's downtown has undergone a renaissance that has been recognized across the nation. This success had led to increased desirability and changes in the city's demographics. As a result, the cost of housing in Biddeford has increased significantly due to increased demand. Like many communities, increased housing costs and limited stock has made it difficult for both first-time home buyers and renters alike. Given the current market, it is anticipated that housing costs will continue to rise.

In 2020 the City Council recognized the impacts of both the city's resurgence and the impacts of the market on housing affordability. The Council took immediate action and adopted a set of goals to address the affordable housing crisis in Biddeford. In 2021, it became apparent that COVID was also contributing to an increase in housing costs throughout the country. This major shift made the previously adopted 2020 goals less effective. The Mayor and City Council had the foresight to recognize that their goals were in need of revision and created the Affordable Housing Task Force to re-examine the issues. Members of the Task Force can be found in Appendix 1.

The Mayor's Affordable Housing Task Force has met continuously over the past year to both re-examine the 2020 goals and to compile a new set of goals to address the current housing crisis in the city. Over the summer of 2022, the Task Force conducted a community affordability survey to assist them in developing their goals. The results of the survey can be found in Appendix 2. The findings of the Task Force show that long-term Biddeford residents are struggling to continue to afford a home in our city. The Task Force's recommendations outline clear goals and strategies to manage increasing housing prices while also maintaining the relevant goals that were adopted in 2020.

### **Affordable Housing Goals adopted by the Council on November 10, 2020**

- Increase homeownership within the community from 48% to 51% by January 1, 2026;
- Create at least two hundred (200) 'next home' opportunities by January 1, 2026 (a 'next home' refers to a home that provides for more space to serve a growing family);
- Create at least 200 first time homeownership opportunities, meaning that they are affordable to households between 80% to 120% of median income;
- Create or preserve ninety (90) units of affordable rental units per year for five years, with half of the units targeted to serve the 40% to 80% median income community and a desired goal of having at least half the units being created by new construction;
- Rehabilitate at least sixty-five (65) rental units per year for the next three years so that the units are healthy homes and lead free;

These goals shall remain in effect until the Biddeford City Council replaces them through the adoption of a revised Comprehensive Plan, or repeals or otherwise amends the goals.

## **The Charge of the Mayor’s Affordable Housing Task Force:**

- Reviewing historical housing data;
- Report on the actual change in affordability within the community over the last five years;
- Make recommendations on the definition of ‘affordable’ should mean for Biddeford;
- Provide a housing inventory within Biddeford;
- Identify the housing shortages within the community;
- Provide a forecast of the likely changes in affordable housing over the next five years without any intervention;
- Identify the current and projected impact on homelessness within the community;
- Review the current Housing Goals adopted by the City Council and make any recommendations on changes, if appropriate; and
- Make any recommendation(s) the task force deems appropriate to address the challenges that are identified through the work of the Task Force.

## **The Mayors Affordable Housing Task Force updated Recommendations:**

The Task Force specifically addressed the City goal of creating (and/or preserving) 450 affordable units over the next five years. Adopted in 2020, this goal translates into having only 9% of the rental units in Biddeford as affordable units.

- The Task Force supports doubling the 2020 goal to create and or preserve 900 affordable units from 2023 to 2028
- The Task Force recommends an overall community percentage goal with a new benchmark seeking 12.5% of all rental units be affordable by 2028.
- The Task Force supports maintaining all of the additional goals adopted in 2020.
- The Task Force also adopted recommendations on the issue of the creation of an Affordable Housing Fund, Rent Control, Inclusionary Zoning, Targeted Affordable Housing Definitions, as outlined in the following report.
- The Task Force recommends targeting affordable housing work to address the needs of those who make 80% of the annual median income.
- The Task Force will not recommend any form of rent control as a desired solution to address affordable housing units within the community.

## **Background**

The coronavirus pandemic is identified as the turning point when housing costs (for both renters and homebuyers) accelerated to a point where nearly every community publicly recognized the affordable housing challenge. As prices surged and the supply plummeted, the faces of those being impacted within communities were changing.

Biddeford's recognition of the changing demographics in the community directly related to housing costs was occurring prior to impacts of COVID. Early in 2020, the Mayor and City Council were already recognizing that the downtown revitalizations efforts, the renewed desirability of the community and other market forces were increasing rents within the community. By the end of the year, first ever specific housing goals were adopted.

### ***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 were 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 of malls and big box shopping, their love affair with the 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 to live. Instead of being attracted to Biddeford because of a sense of place, selection was made based on cheap housing.

Biddeford was not alone. Manufacturing urban centers throughout the country were also impacted by the same forces. All were unable to prevent the forces from altering universal community pride. However, the presence of the trash incinerator in the community made the slide in Biddeford 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 most are in alignment in their vision. They wanted downtown to return to community importance and to 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 were 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 for 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 \$2,500 per month. These units are not affordable for a traditional so-called blue-collar 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, the current trajectory could challenge the affordability of many in the working class.

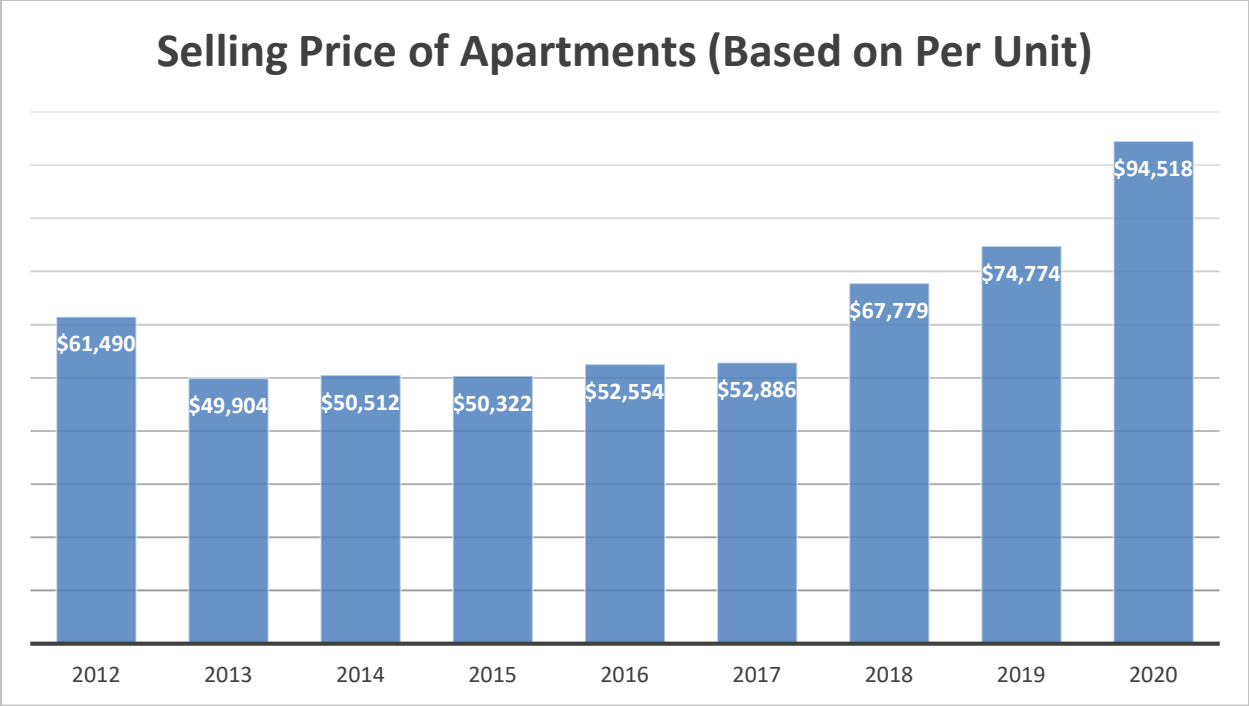
### ***Sale of Rental Units***

A 2020 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. 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 buildings<sup>1</sup> 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).

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



***Recognizing 2020 Efforts Falling Short***

By the end of 2021, the adverse impact of COVID across the country on affordability was being widely reported and recognized. In Biddeford, the COVID impacts were acting as an accelerant to an already heated local housing market. The aggressive goals and work of the community in 2020 was not slowing Biddeford’s market.

The adopted 2020 housing goals were outdated in one year. The market continued to change at such a rapid pace, the community would need to revisit the issue. Recognizing this reality, the City Council endorsed the Mayor’s recommendation to create a special Task Force to do a deeper dive into the complexities of Affordable Housing.

Created by City Council order on December 21, 2021, the Task Force first met on February 22, 2022. The Task Force was charged with the following:

**Purpose:** To create a short term Task Force to review and make recommendations on the housing issues facing the community. The work of the Task Force shall include:

- a. reviewing the historical housing data;
- b. report on the actual change in affordability within the community over the last five years;
- c. make recommendations on the definition of ‘affordable’ should mean for Biddeford;
- d. provide an housing inventory within Biddeford;
- e. identify the housing shortages within the community;

- f. provide a forecast of the likely changes in affordable housing over the next five years without any intervention;
- g. identify the current and projected impact on homelessness within the community;
- h. review the current Housing Goals adopted by the City Council and make any recommendations on changes, if appropriate; and
- i. make any recommendation(s) the task force deems appropriate to address the challenges that are identified through the work of the Task Force.

## Affordability Defined and Targeted Relief

It is not unusual to hear a person ask ‘*what is the definition of affordability*’ during the discussion about affordable housing policy deliberation. This exact discussion took place among the Task Force.

The federal government established in 1981 that housing is affordable when no more 30% of a person’s monthly income is used for rent or mortgage payments plus utilities. Since that time, affordability has been measured as a percentage of the Average Median Income (AMI) for a community (region). Elaborating further, the following chart has been developed to provide descriptors for affordability levels:

	<b>EXTREMELY LOW</b>	<b>VERY LOW TO LOW</b>	<b>MODERATE</b>
	< 30%	31% to 80%	81% to 125%

The three categories of affordable housing needs have traditionally been serviced by very specific government programs. These are as follows:

- Extremely low: Emergency shelters, grants for transitional housing, section 8 vouchers
- Very low to low: Section 8 vouchers, low income housing tax credits, affordable housing credit enhancement TIF’s, CDBG affordable housing programs, Maine State Housing programs, foundations and other private grants, and zoning incentives
- Moderate: Maine housing first time home buyer, federal housing authority and Veteran housing authority programs, private bank incentives and zoning incentives.

The federal government, through the HUD office, has created a new Rental Affordability Index. The index evaluates various municipalities’ affordable rents in comparison to other communities. Stated simply, the index would be 100 if the median income of the renter households is just high enough to qualify for the median priced rental unit. These measurements are based on the 30% guideline above.

An interesting phenomenon confronted the Task Force as it considered what it would recommend the Council use as the affordability standard. The income of those that rented in the community had risen 51.8% in just three years (\$31,048 in 2017 compared to \$47,140 in 2020). Even though the median rent rose significantly during the same period, using

HUD’s Rental Affordably Index, the City appeared to become more affordable for renters on the macro level. The 2020 affordability index improved by 36.6% (from 0.97 in 2020 to 0.71 in 2017). As side note, the median income for renters was \$28,817 in 2012.

This discovery led to the Task Force to consider the micro experience behind the macro conclusion: what was going on with individual renters within the community. The general conclusion is that the longer a person has rented within the community, the less likely their income has grown at the same rate as the change in the community as a whole. For long term residents, their personal experience demonstrated that they are more likely to pay a greater percentage of their monthly income today than they did when they started renting five or ten years ago.

Using the 2020 rental median income of \$47,140, the AMI chart from above is elaborated as shown below:

	<b>EXTREMELY LOW</b>	<b>VERY LOW TO LOW</b>	<b>MODERATE</b>
	< 30%	31% to 80%	81% to 125%
<b>LOWEST LEVEL</b>	\$0.00	\$14,143	\$37,713
<b>HIGHEST LEVEL</b>	\$14,142	\$37,712	\$58,925

The Task Force has several recommendations for affordability. They are as follows:

1. The members are recommending that 80% AMI should be the target for the majority of the affordable housing implementation strategy. When considering all available resources, between 55% to 65% of those resources should be used to support the Very Low to Low category.
2. The Task Force found the very low category is the most challenging of the categories to make recommendations on because of the complexity of the issues and the time constraints of the Task Force. The Task Force broadly recommended that, between 15% to 25% of the available funds should be allocated to address this issue, given there was a comprehensive strategy for the challenges.

The Task Force also voted to:

- a. Take some immediate action to change the cities current unwritten policy of doing the state minimum required through the general assistance program. Since the vote, the Council has allocated \$235,503 in ARPA funds to a group working on the challenges for unhoused members in the community.
- b. Recommend that the Council adopt a comprehensive unhoused policy for the community by the Spring of 2023 that includes complete services for those impacted in order to break the unhoused cycle.

- c. Seek any additional technical services that it might need to meet the recommendations above.
3. Broadly stated, the Task Force members felt that 12.5% to 20% of the available funds should be considered for use to address those in the moderate category.

The Task Force also evaluated the current housing goals adopted by the Council in 2020. The Task Force specifically addressed the current City goal of creating (and/or preserving) 450 affordable units over the next five years. Adopted in 2020, the goal translates into having 9% of the rental units in Biddeford be affordable. The TF members supported doubling the goal to 900 units. Assuming no new units, the stated goal would be to have 18% of the rental units affordable. Of course, new units are being created.

The Task Forces is also recommending that this goal be restated in two parts. Besides the creation/retention five year goal, an overall community percentage goal is also be appropriate. The new benchmark should be:

- Create and/or preserve 900 affordable rental units from 2023 to 2028
- Seek that 12.5% of all rental units will be affordable by 2028.

The nuance of including the second benchmark is likely to be lost on the casual observer. Simply preserving current inventory of affordable units during a time of increasing inventory of market units, decreases the affordability of the community. It further changes the historical 'working blue collar' roots of the community.

### **Adopt an Inclusionary Zoning (IZ) Ordinance**

The Task Force strongly recommends that the Biddeford City Council adopt an Inclusionary Zoning Ordinance (also known as IZ). Inclusionary zoning is sometimes known as inclusionary housing, a reference to the desired outcome of the zoning. Simply stated, IZ requires that all new construction of housing units, most especially rentals, must participate in the creation of affordable housing units. Usually, IZ is designed to target community members that are considered to have very low to moderately low incomes.

Inclusionary zoning creates a mixture of housing units throughout a community via mandated zoning. Left to market forces exclusively, most new construction creates projects that are 'exclusionary'; projects that only serve market rate renters. Generally applauded by city planners, sociologists and housing advocates as an effective tool, there are those that articulate that IZ benefits are overstated. There are those that articulate that IZ has a negative impact. It actually reduces the aggregate amount of affordable housing within the community.

During the deliberation, the Task Force members noted that enacting IZ by itself would not create the magic solution to the affordable housing challenges of the community. The other recommendations within the report are considered vital components for a successful

community strategy. While IZ has been a tool used by many communities across the county, it is a relatively new tool employed by Maine communities. The City of Portland is the only community that has any sustained history with the tool. Their use of the tool is explored in more detailed later in this section.

The mechanics of IZ can be simplified for the purposes of the report. For any new housing project within the community, a certain percentage (a typical range being 10% to 25%) of the units are reserved to be used by residents that meet the affordable housing goals. The most common is to cap the total rent that can be charged to a percentage of the median household income of the community. In some cases, developments can opt out of the creation criteria by paying a one-time fee to the municipality. That fee is then put to use by the community to create an equal or greater amount of units elsewhere within the community. While there are variations to IZ implementation, the vast majority are consistent with this approach.

A community’s successful outcome with IZ can best be captured by the community’s understanding of the local housing market. Again, simplified, if the IZ requirements are too high, projects will queue out of the community and invest in neighboring communities, when all other things are equal. Housing markets, especially rentals, can change rapidly. One needs to look no further than the work of the Federal Reserve System, also known as “the Fed” or Federal Reserve Bank. The rapid increase in the fed interest rate has changed the developers’ costs for projects. At a minimum, any IZ regulations should be evaluated at least annually to determine the effectiveness in creating new affordable units.

The Task Force has recommended a tier approach for the IZ ordinance for Biddeford. The following chart summarizes the recommendation:

<i>Number of Units</i>	<i>Affordability Level (Rental)</i>	<i>Affordably Level (Ownership)</i>	<i>% of Required Affordable Units</i>	<i>Term</i>
<i>10 or more</i>	80% of AMI	120% of AMI	7.5%	10
	100% of AMI	120% of AMI	10%	15
	120% of AMI	120% of AMI	12.5%	20

In addition, a developer under certain circumstances could seek a waiver to the above requirement. However, that waiver would require payment of \$100,000 per unit, using 10% of the total units created. Those funds would be placed in the Affordable Housing Trust Fund, as outlined in recommendation #3 of this report.

The recommendation also includes a provision which would require any development between 5 and 9 units to pay a fixed fee of \$7,500 per unit created. These funds would also be placed in the Affordable Housing Trust Fund. To further clarify the chart above, each developer would choose which level of participation it would desire. The lower the income level (lower income and more affordable), the required term would be shorter. As a developer choses a higher level of income (making the unit less affordable), the longer the required term that the developer would be required for the units to then meet the affordability standard.

The effectiveness of IZ ordinances appears to be directly related to the number of impacted units as well as the impact on the units. The City of Portland had in place an existing IZ ordinance. At the time of the initial adoption of the ordinance, few projects were queuing out of constructing new units within the City. When those requirements were increased significantly via a citizens referendum process, there was limited, if any, new projects that came forward. The developers moved to neighboring communities, including Biddeford. Most of the new projects were constructed to be small enough to qualify under the size exemption. Essentially, while the higher IZ requirements provided a populist appearance of doing more for the affordable housing challenge, in practical terms, it made the situation worse (by constructing only market rents).

In developing the recommendations that the Task Force considered from August to October, the Task Force made the conscious decision to err on the side of the market, in order to ensure that new units would be constructed. Any IZ Ordinance adopted by the City should allow adjustments to rental rates based upon market conditions and AMI. If the recommendation to move forward on the IZ Ordinance for Biddeford is seriously considered, another review of the market should be made to determine if the above recommendations still are viable.

## **Creation of an Affordable Housing Fund**

The task force has recommended the City establish an Affordable Housing Fund. This fund would be a flexible tool that could be used to implement many potential recommendations of the committee. The fund would be a separate designated fund to be used exclusively for affordable housing purposes and all funds designated for affordable housing goals would be credited to this account. Expenditures to support affordable housing goals would be charged to this account.

Some specific ways an Affordable Housing Fund could be used include funding for the unhoused, or for support of creating new or conversions of affordable housing. The task force generally committed to support those who fall into the category of extremely low income which include those at the 15% to 27.5% AMI range. This groups consists of both unhoused and housed. The issue of serving the unhoused population is complex. It also is one that needs regional, state and federal support.

The fund could also be used to support new affordable units or conversions to affordable housing options. The task force has recommended that annually, the City would submit a request for proposal to create affordable housing projects within the community. Because access to City funding is a major factor in the success of these projects, the timing would be set up to mirror Maine State Housing Authority (MSHA) annual allocation of affordable housing tax credits. MSHA currently requires each community to participate via a Credit Enhancement Agreement (TIF where the funds are returned to the developer/project) before a project is eligible for the tax credits. Beyond the CEA, a project could also request funding from the City Affordable Housing Fund.

Currently, the City is expected to receive \$500,000 from the proposed Devine project located on Rt 111. The City has also worked to change the current TIF laws to allow a more flexible approach to keeping TIF funds for affordable housing purposes. While not formally approved, the previous Council indicated their desire to tax shelter some of the proposed Harrington Diamond Match project for affordable housing purposes. If enacted, any funds generated by an inclusionary zoning ordinance would be directed to the fund. Any additional grants, city appropriation or other funds could also be placed in this account. The Affordable Housing Trust Fund, once established by the City Council, would require all expenditures to be approved by the City Council. All proceeds to support the affordable housing efforts of the City would be deposited into this account unless otherwise directed.

There are several anticipated sources of revenue for the fund. The first example is the new affordable housing TIF state law. The City took the lead in 2020 to advocate for the state law to be changed. The change allows a municipality to create a tax incremental finance (TIF) zone for the exclusive benefit of affordable housing. The major change to the law was to lift the previous restriction that a TIF district could only be located on the land that the affordable housing benefit actually was housed on. Under the new law, new tax revenues from a non-affordable housing project could be tax sheltered and then used to support affordable housing initiatives in other parts of the municipality. It is the City's intent to use this vehicle to generate affordable housing funds. Proceeds from the TIF would logically be placed into the Affordable Housing Trust Fund.

There are other funds that would logically be placed in the new fund. As outlined in the Inclusionary Zoning Ordinance recommendation, any opt out payments should be deposited into the fund. Also any other funds, such as the \$500,000 payment by the proposed Divine project should be placed in the fund.

The primary planned use of the fund would be to support new affordable housing developments within the community. As an example, the municipality could generate annually a request for proposals to access funding for new affordable housing projects. Prior to issuing the call for proposals, the City would identify any priority affordable housing goals as their preference. The timing of soliciting and awarding funding would be such to compliment any similar process that Maine State Housing Authority and/or state/federal agencies that award grants, tax credits or other financial support for affordable housing project.

## **Assessing Rent Control as a Tool**

Rent control is a tool that has been used for several decades in various parts of the country. There is an extensive amount of research that has been done on the effectiveness of rent control to address housing affordability. There is a very, very limited use of rent control in Maine communities. With the exception of the City of Portland, there are no communities in Maine that have a community wide rent control ordinance. The City of Portland's ordinance was initiated by a citizen's petition and passed in November of 2020. It became effective in

2021. The ability to determine the short-term and long-term impact in Portland has not been studied because of the short amount of time that it has been in effect.

There are some communities that have used a form of rent control in situations where mobile home owners are subject to lot rents in mobile home parks. These often take shape less as rent control but more like a PUC process, where a majority of the tenants could challenge the justification.

In August, the Task Force members reviewed the Rent Control White Paper. A copy of that document is included in Appendix 3. The Task Force concluded that a Rent Control ordinance for Biddeford would not be an effective tool to address the affordable housing challenges in the community. The closing thoughts, found on page 5 and 6 of the white paper were given significant weight by the Task Force.

In making this recommendation, the Task Force concluded that the other recommendations made within the report, taken as a whole package, would be the most effective way to address the unique challenges of affordability within Biddeford. In other words, the recommendation to not move forward with implementing rent control was not one made in isolation. It is made with the strong recommendation that all the other recommendations within the report be implemented.

## **Other Non-Monetary Recommendations**

The Task Force is recommending the City continue to explore with a goal of implementation a number of other recommendations that could be easily classified as non-monetary in nature. The following is a list of those recommendations, in no particular order.

### *Using City Owned Property for Affordable Housing Development:*

The Task Force had anticipated being able to review a list of City owned properties with the desire of suggesting possible parcels that might be appropriate to support affordable housing goals. Unfortunately, being able to obtain a list of city owned land with City staff clarification took much longer than anticipated. The list is attached to this report in Appendix 4. It is the recommendation of the Task Force that the City Council evaluate the report to determine if there are parcels that could be used. Any parcel that could be donated to an affordable housing initiative would allow the project to reduce the rents/selling prices accordingly.

### *Affordable Housing Density Bonus:*

The Task Force endorses the development of density bonuses within the community for the development of affordable housing units. The City is currently using this tool. While it has not been on the books for a long period, the initial review is encouraging. There are a number of different variations that could be implemented. Included in Appendix 5 is an example of how this tool could work.

*Relaxation of Parking Requirements:*

One of the more interesting insights that the Task Force members learned during their work was regarding parking requirements. Until recent history, off street parking requirements within zoning requirements were often copied from other communities. Some research has shown that there was little to no science to the regulations. The Task Force is recommending that the City consider reducing the off street parking regulations in exchange for additional affordable housing units. Reducing the number of off-street parking spaces developers currently need to provide for each living unit in a project will help lower overall development costs as well as per-unit costs. The savings also can be invested in the creation of affordable units. Byproducts of fewer parking spaces per housing project include potential increased use of mass transit and an overall lower carbon footprint for Biddeford.

*Streamlining the City Development Regulatory Process and Prioritizing Affordable Housing Projects:*

As elsewhere, time is money in the housing development world. Assuring housing developers spend an appropriate amount of time and resources in regulatory review--without overburdening the process or causing excessive delays--is the balance the Task Force wants to achieve. Time and dollars saved from streamlining municipal review can instead be invested in the creation of affordable housing units. In addition, the City may want to consider giving projects that meet certain affordable housing standards a priority within the queue for approval process.

*Encouraging co-operative ownership:*

Co-op housing models allow lower-income residents to co-own their housing development. As part-owners, the residents of a co-op are able to enjoy homeownership for less than it would cost on their own, participate democratically in the management of their housing, and benefit from long-term stability. This tool could be prioritized for investment by the City's Affordable Housing Trust Fund. The Task Force is recommending that the City explore this option.

*Establish a Community Land Trust to support affordable housing investment:*

A community land trust is a structure that allows land to be held "in trust" for community needs, beyond the influence of market pressures. It is usually an independent community-controlled entity that owns land and takes care of it, assuring it is used in ways that support the community. The land can be used for many things, including rental housing, cooperative housing, and homeownership. Land trusts today are best known for providing permanently affordable housing. This tool could be prioritized for investment by the City's Affordable Housing Trust Fund. The Task Force recommends that City explore this option to determine if it would be an effective tool.

*Explore tiny house villages:*

Villages of tiny homes, which on average range between 100 and 400 square feet, are an appealing choice for residents who want to own, but cannot afford a traditional home or mortgage. In addition to their affordability (median price of @ \$60,000), tiny homes are

known for being environmentally friendly and popular among millennials. A village of tiny homes enables a sense of community for its residents while requiring far less acreage than a traditional housing development. The Task Force recommends exploration of this land use change, primarily as an additional tool to meet affordable housing goals.

## **Conclusion**

The work of the Task Force brought many issues to light that had previously gone unrecognized. The Task Force has worked diligently to create new recommended goals, and if adopted, City leadership will need to remain vigilant to ensure that they are implemented and that resources are dedicated to maximize their effectiveness. The housing market can be volatile and the goals created may need to be revisited again in the future as contributing factors to affordability shift.

Appendix 1: List of Committee Members

Appendix 2: Result of Community Survey

Appendix 3: City Owned Properties

Appendix 4: White Paper on Rent Control

Appendix 5: Density Bonus Tool

This tool allows developers of projects where more than half of all units are affordable to renters (i.e., those earning up to 80% of AMI) or owners (i.e., those earning up to 120% of AMI) to generate additional housing units (i.e., density) within a given footprint than they would otherwise be permitted. A new affordable housing law in Maine (aka LD 2003), effective July 1, 2023, spells out a density bonus of *2.5 times* for developments meeting the 51% unit-affordability threshold. This means an approved 6-unit project would be eligible to build a total of 15 units (6 units x 2.5 = 15), provided that 8 of the units (more than half) were affordable rental or ownership units. City staff expects changes to this law via upcoming rulemaking but will be prepared by Spring 2023 to present options to the Planning Board and City Council for establishing a tool like this to promote affordable housing development in the city

# Appendix A

## *Committee Members*

**Doris Ortiz**

*Chair; Councilor-at-Large*

**Martin Grohman**

*Councilor Ward 3*

**Daniel Boucher**

**Rev. Shirley Bowen**

**Ciel Caldwell**

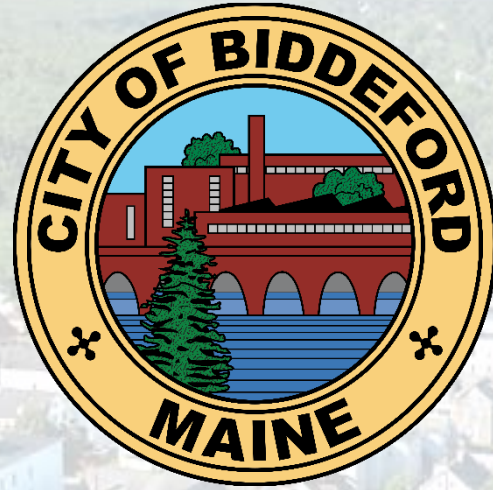
**Dominic Deschambault**

**Ian Garcia-Grant**

**Seth Harkness**

**Jessica Johnson**





# **Housing Survey Results**

## **Mayor's Affordable Housing Task Force**

### **July 26, 2022**

# Three Sets of Results

- General Survey – Live in Biddeford
- General Survey – Don't live in Biddeford but would like to
- Developer Survey

# General Survey Distribution

- Facebook targeted advertisement
- Biddeford Beat
- Website
- Press Release
- Non-sponsored social media posts
- McArthur Library
- Seeds of Hope
- BSOOB Transit (on buses and at Transportation Center)

# Live in Biddeford

General Survey

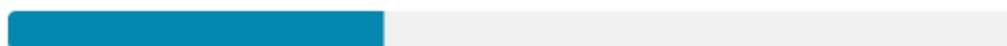
✓ 7 Which of the following applies to you?

561 out of 630 people answered this question

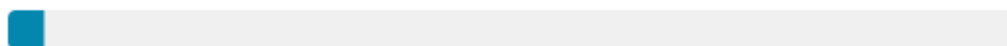
I rent my home 331 resp. 59%



I own my home 210 resp. 37.4%



I am unhoused 20 resp. 3.6%



✓ 8 If you rent, would you like to own?

331 out of 630 people answered this question

Yes, I would like to own. 252 resp. 76.1%



No, I would not like to own. 79 resp. 23.9%



# What do you consider to be an affordable housing cost?

- **Studio**

- Mean: \$845.24
- Median: \$800

- **1 Bedroom**

- Mean: \$986
- Median: \$1,000

- **2 Bedroom**

- Mean: \$1,236.35
- Median: \$1,200

- **3 Bedroom**

- Mean: \$1,478.48
- Median: \$1,500

- **4 Bedroom**

- Mean: \$1,732.64
- Median: \$1,700

## Responses vs. FMR

### Survey Responses: What do you consider to be an affordable housing cost?

- **Studio**
  - Mean: \$845.24
  - Median: \$800
- **1 Bedroom**
  - Mean: \$986
  - Median: \$1,000
- **2 Bedroom**
  - Mean: \$1,236.35
  - Median: \$1,200
- **3 Bedroom**
  - Mean: \$1,478.48
  - Median: \$1,500
- **4 Bedroom**
  - Mean: \$1,732.64
  - Median: \$1,700

### Fair Market Rents for Biddeford (HUD)

- **Studio**
  - \$961
- **1 Bedroom**
  - \$967
- **2 Bedroom**
  - \$1,216
- **3 Bedroom**
  - \$1,561
- **4 Bedroom**
  - \$1,790

# Survey Responses vs. Pricing Today

- **1 Bedroom**

- Median: \$1,000

- **2 Bedroom**

- Median: \$1,200

- **3 Bedroom**

- Median: \$1,500

- **1 Bedroom**

- 1,175 - 1,400 - 2,200

- **2 Bedroom**

- 1,500 - 1,550- 1,625- 1,775- 1800- 1850- 2,000

- **3 Bedroom**

- 2,100

# Mill District Pricing



### RATES

Apartments rates range in prices based on square footage, views, and finishes. Current rates are as follows:

- Standard Studio Starting at \$1300
- Standard One Bedroom Starting at \$1500
- Standard Two Bedroom Starting at \$1800
- Luxury One Bedroom Starting at \$1900
- Luxury Two Bedroom Starting at \$2500

## Residential Lofts

### Studio, 1 Bath

486 - 772 sq. ft

\$1,350 - \$1,595 | No Availability.

### 1 Bedroom, 1 Bath

581 - 872 sq. ft

\$1,595 - \$1,795 | No Availability.

### 2 Bedroom, 1 Bath

720 - 1,093 sq. ft

\$1,850 - \$2,195 | No Availability.

### 2 Bedroom, 2 Bath

966 - 1,143 sq. ft

\$2,495 - \$2,695 | No Availability.

21 Have you lost your housing within the past year or do you expect to lose your existing housing within the next year?

559 out of 630 people answered this question



23 Do you know anyone who needed to leave their housing in Biddeford within the past year due to affordability?

559 out of 630 people answered this question



- Those who responded “yes” to having lost their housing were asked to elaborate:
  - General increases in rent
  - Rents were increased after sale of their building
  - Building was sold and they were forced to move

If the City were able to help you achieve better housing affordability, how important would the following be to you on a scale of 1 to 5, with 1 being not at all helpful and 5 being very helpful:

510 out of 630 people answered this question

	1	2	3	4	5
Down payment assistance to buy a home	19.2%	8%	15.7%	13.9%	43.1%
Rental assistance to help me afford my current housing	20%	9.5%	21.8%	17.7%	31%
More housing developments where homes are affordable	9.1%	5.1%	15.2%	16.6%	54%
More housing developments where rentals are affordable	8.9%	4.2%	12.7%	17.4%	56.8%
Improving the condition of my current rental unit/building	24.2%	14.7%	21.9%	14.7%	24.6%
Rehabilitation assistance to help me improve the condition/energy efficiency of my home	23.4%	11.6%	23.2%	15.1%	26.6%

### Should the City encourage "alternative housing" options in Biddeford?

558 out of 629 answered

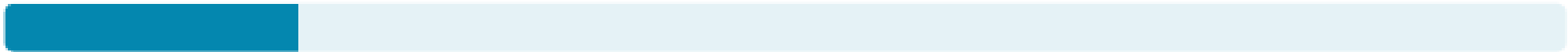
Yes

453 resp. 81.2%



No

105 resp. 18.8%



# Comments

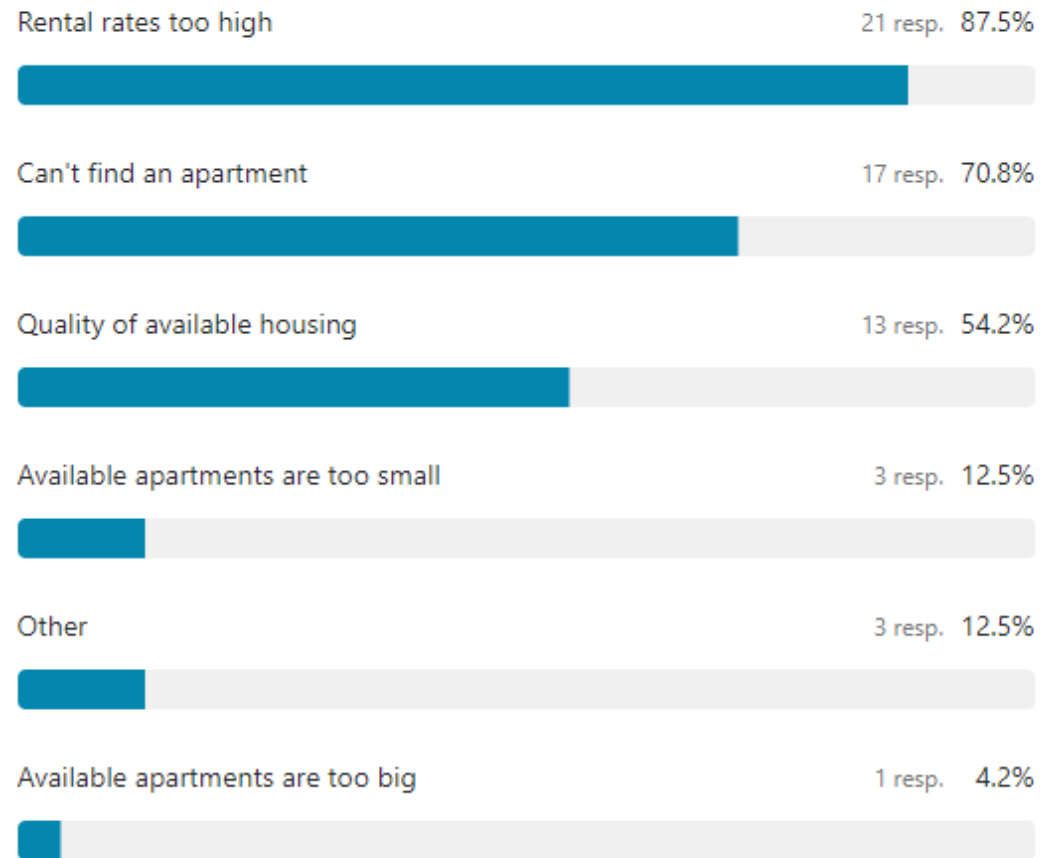
- Hard to summarize such a range of thoughts
- Concerns about investors (specifically from out of state) purchasing properties in Biddeford; desire for local buyers first access
  - Adding more supply, specifically affordable
    - Support for zoning changes to allow more supply
  - General sense of fear from respondents about not being able to stay in their homes
  - Concerns about short-term rentals
  - Rental caps
  - Quality of buildings
  - Concerns about affordability for single people
  - Down payments

Don't live in Biddeford, but  
would like to

General Survey

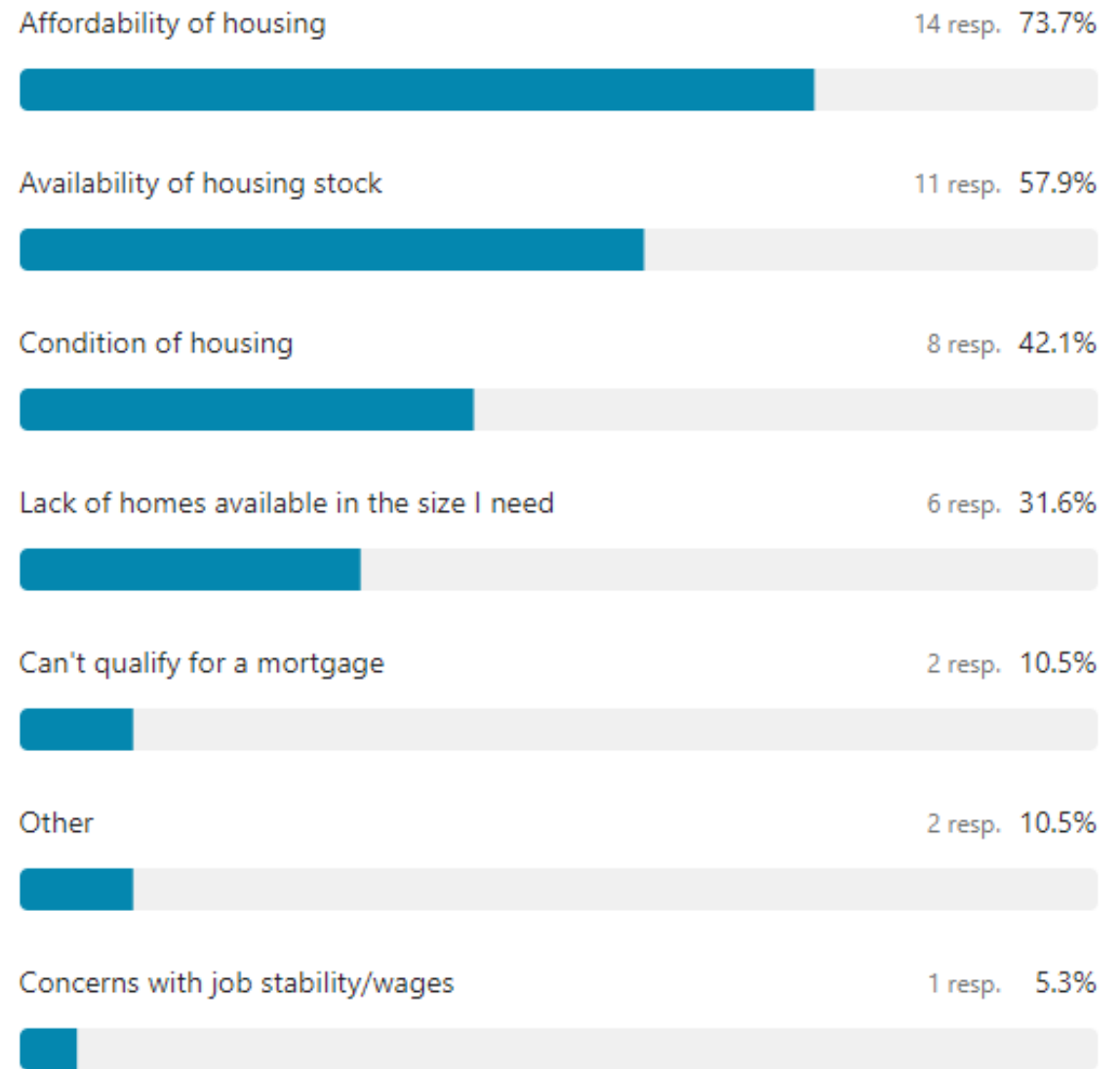
#### ✓ 4 What factors keep you from renting in Biddeford?

24 out of 630 people answered this question (with multiple choice)



#### ✓ 5 What factors keep you from purchasing a home in Biddeford?

19 out of 630 people answered this question (with multiple choice)



# Developer Survey Results

# Distribution

- Contacts from Code Enforcement for multi-family owners
  - Many owners did not have an email address on file
- Contacts from our housing rehabilitation and lead remediation programs
- Developer contacts from the Economic Development Department
  - Biddeford developers
  - Known affordable housing developers from around the state
- Total contacts: 80
- Total responses: 27



2

Of the following barriers to developing affordable housing that are outside the City of Biddeford's control, please rate how much each factor affects you on a scale of 1 to 5, with 1 being no effect and 5 being a major effect.

23 out of 27 people answered this question

	1	2	3	4	5
Cost of Labor	0%	0%	13%	34.8%	52.2%
Cost of Land	4.3%	8.7%	30.4%	26.1%	30.4%
Cost of Private Financing	17.4%	8.7%	26.1%	8.7%	39.1%
Cost of Materials	0%	0%	8.7%	43.5%	47.8%
Availability of State/Feder...	13.6%	13.6%	13.6%	22.7%	36.4%
Community Opposition	9.5%	23.8%	38.1%	19%	9.5%



3

Of the following barriers to developing affordable housing that are within the City of Biddeford's control, please rate how much each factor affects you on a scale of 1 to 5, with 1 being no effect and 5 being a major effect.

23 out of 27 people answered this question

	1	2	3	4	5
Plan Review/Approval Process	9.1%	9.1%	36.4%	13.6%	31.8%
Impact Fees	0%	13.6%	36.4%	36.4%	13.6%
Codes/Ordinances/Land Use Restrictions	0%	13%	30.4%	17.4%	39.1%
Availability of financial assistance from the City	0%	13.6%	31.8%	18.2%	36.4%
Site Availability	4.3%	30.4%	21.7%	17.4%	26.1%

# Other barriers not on the list

- “Zoning preventing the addition of units to or existing multi family buildings”
- “Allowing higher densities in growth areas with water and sewer”
- “High taxes and fees for the building. It’s hard to do any affordable housing if I have to pay so much just to keep the building running”
- “Affordable housing is not being built because cost of construction and now interest rates are such that the developer can’t make the deal pencil (no profit or even under water). Financial assistance via TIF, state and fed tax credits and any other assistance to fill the financing gap is needed to build affordable housing.”



5

How much would each of the following factors help assure your ability to develop affordable housing in Biddeford on a scale of 1 to 5, with 1 being not at all helpful and 5 being extremely helpful?

23 out of 27 people answered this question

	1	2	3	4	5
Availability of a skilled local construction...	0%	4.3%	30.4%	34.8%	30.4%
Access to low-cost private financing	9.1%	4.5%	4.5%	22.7%	59.1%
Availability of affordable housing tax increment...	4.3%	0%	13%	17.4%	65.2%
Site availability	0%	4.3%	34.8%	39.1%	21.7%
Less restrictive codes/ordinances/lar use	4.3%	8.7%	30.4%	17.4%	39.1%
Streamlined plan review/approval process	8.7%	0%	26.1%	30.4%	34.8%

# Other factors not on this list

- Multiple comments about allowing additional units on existing properties
- “Continuous and dynamic community engagement is an important factor that often gets overlooked. This requires a planning mentality at the City level.”
- “Allow federal funding opportunities to be passed down without unrealistic or overly controlling conditions.”
- “Available surveyor”

# People who HAVE done business in Biddeford

**11** Compared to other communities that you have done work in, how would you rate the following aspects of doing business with the City of Biddeford?

9 out of 27 people answered this question

	1	2	3	4	5
Knowledgeable of regulations	0%	0%	22.2%	77.8%	0%
Good relationship with the State	0%	11.1%	44.4%	44.4%	0%
Explains which Codes are relevant to your project	0%	11.1%	22.2%	55.6%	11.1%
Explains steps that needs to be taken to get a building permit	0%	0%	22.2%	55.6%	22.2%
Understands the zoning code and addresses concerns about project feasibility	0%	11.1%	33.3%	44.4%	11.1%
Understands State's new zoning regulations	11.1%	11.1%	33.3%	33.3%	11.1%

# Perception of people who HAVE NOT done business in Biddeford

**9** In your perception, how would you rate the following aspects of doing business with the City of Biddeford in comparison to other communities?

9 out of 27 people answered this question

	1	2	3	4	5
Knowledgeable of regulations	0%	22.2%	66.7%	11.1%	0%
Good relationship with the State	11.1%	0%	88.9%	0%	0%
Explains which Codes are relevant to your project	11.1%	22.2%	44.4%	22.2%	0%
Explains steps that needs to be taken to get a building permit	12.5%	0%	62.5%	25%	0%
Understands the zoning code and addresses concerns about project feasibility	22.2%	22.2%	44.4%	11.1%	0%
Understands State's new zoning regulations	0%	37.5%	50%	12.5%	0%



14

Rank the following types of written materials that would you like the City to provide to help you complete projects efficiently.

18 out of 27 people answered this question

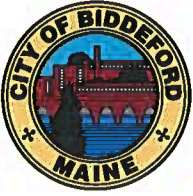
- |    |  |               |
|----|--|---------------|
| #1 | Checklists to outline what steps will need to be taken to complete your project successfully                           | #2.11 average |
| #2 | Easy to find and clear to read zoning regulations  | #2.22 average |
| #3 | Lists of City resources that may be available to you to create affordable housing opportunities                        | #3.17 average |
| #4 | Information about current events regarding potential changes in zoning and other policies that may impact your project | #3.56 average |
| #5 | A guide to explain which department to engage with for each step of the development process                            | #3.94 average |

▼ View details

# Final Thoughts

- Allow the addition of units to existing multi family properties
- Someone to meet with to let me know what is available for help with this
- Pursue pattern zoning and pre-approved building types, provide micro-TIFs to help cover gap for projects that provide rents at 80%-120% ami, remove layers of regulation and fees for in-town projects.
- It would be great to develop some pre-approved housing types. It would also be great to identify City-owned land and make it shovel-ready for these pre-approved types.
- Treat small landlords and owner occupied with similar freedoms as the developers are treated instead of artificially creating extremely life-limiting conditions in order to access funding to assist with projects.
- I feel that the codes department is not on board with finding ways to increase density unless it fits into current zoning requirement which is too restrictive generally.
- Making sure any fees are defined, easy to calculate, and predictable.

# City of Biddeford, Maine



The Office of  
City Manager

**James A. Bennett**

Email: [jbennett@biddefordmaine.org](mailto:jbennett@biddefordmaine.org)

## MEMORANDUM

<b>TO:</b>	<b>Honorable Mayor Casavant</b> <b>Honorable City Council</b>
<b>FROM:</b>	James A. Bennett, City Manager
<b>DATE:</b>	December 28, 2022
<b>RE:</b>	City Owned Properties

### I. BACKGROUND:

As part of the ongoing work of the Affordable Housing Task Force, city staff has undertaken an inventory of 129 municipally-owned parcels within the City of Biddeford as a first step in identifying possible locations where new affordable housing development may be practical or encouraged. This inventory categorizes all municipally owned parcels into three categories based upon staff's assessment of their overall development potential. This categorization accounts for zoning, parcel size, existing uses and environmental constraints.

### II. CITY OWNED LAND CATEGORIZATION

The City of Biddeford owns a total of 129 parcels ranging in size from less than 1 acre to 300 or more acres. The majority of this land either has active municipal use or is undevelopable due to physical or environmental constraints. This inventory categorizes each parcel into the following three COLORED categories based on a range of factors:

#### **RED**

These are parcels which have an active municipal uses including:

- Schools,
- Public safety facilities,
- Utilities and
- Parks and recreation facilities.

Parcels highlighted in red also may have significant environmental or physical encumbrances which significantly limit development potential. This category also includes all parcels less than ¼ of an acre in size.

## **ORANGE**

Parcels highlighted in orange have active municipal uses including:

- Publicly owned surface parking lots and
- Municipal vehicle parking.

While these parcels have active municipal uses, their nature and location may create potential for future reuse of these parcels.

These parcels also may be located in areas or zones which make development challenging including:

- Coastal Residential Zone,
- Rural Farm Zone and
- Resource Protection and Stream Protection Overlays.

## **GREEN**

Properties highlighted in green have been identified by staff as having potential for new development or reuse. Although these parcels may have practical constraints, such as zoning or shoreland setbacks, they may still present an opportunity for affordable housing development in the future. Parcels noted by staff include:

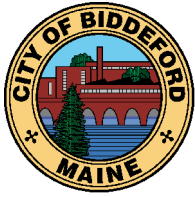
- 432 / 442 Main St (Tax Map 37, Lots 15/16): These parcels are located on either side of the existing Saco industrial rail line and are located within the B1 and R1B zones. Any future development on these parcels would require approval from the Saco River Corridor Commission due to their proximity to the Saco River.
- 516 / 512 Elm St (Tax Map 14, Lot 14-1, 2.3): These three parcels are located off of Elm Street directly across from the New York County Consolidated Courthouse and are located within the B1 and I1 zones. Two of these parcels are landlocked and have notable wetland features. Any development of these parcels may require rezoning.
- Barra Rd / Healthcare Drive (Tax Map 2, Lots 42-4,8): These City-Owned parcels are located within the I3 zone in the Robert Dodge Business Park and are committed to attract commercial or industrial development. It is noted that this Business Park has deed covenants which would likely need to be amended to allow residential uses in addition to a rezoning.

## CITY OWNED PROPERTIES

Map	Block	Lot	Location	Owner's Name:	Model Desc	Land Acres	Description	Zoning	Notes
1	19		587 SOUTH ST	CITY OF BIDDEFORD	Vacant	25.65		RF, RP-1	
1	55		80 ANDREWS RD	CITY OF BIDDEFORD	Vacant	70.00	Landfill Area		
1	57		85 ANDREWS RD	CITY OF BIDDEFORD	Vacant	17.34	Abuts Landfill	LRF	
1	57	1	55 ANDREWS RD	CITY OF BIDDEFORD	Vacant	1.31		LRF	
1	59		119 ANDREWS RD	CITY OF BIDDEFORD	Vacant	44.50	Landfill Area		
1	66		120 ANDREWS RD	CITY OF BIDDEFORD	Vacant	26.00	Landfill Area		
2	1		50 ANDREWS RD	CITY OF BIDDEFORD	Vacant	71.00		RF	
2	5	4	15 ANDREWS RD	CITY OF BIDDEFORD	Vacant	1.07		RF	
2	14	1	ALFRED ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.17	Land Locked	RF	
2	39		ALFRED ST (OFF OF)	CITY OF BIDDEFORD	Vacant	18.27	Abuts Highway	RF, SP	
2	42		37 BARRA RD	CITY OF BIDDEFORD	Vacant	3.65		I3	Noted by staff. Would require rezoning
2	42	4	10 HEALTHCARE DR	CITY OF BIDDEFORD	Vacant	5.94		I3, SP	Noted by staff. Would require rezoning
2	42	8	SPRINGBROOK DR	CITY OF BIDDEFORD	Vacant	3.88		I3, SP	Noted by staff. Would require rezoning
2	72		OLD ALFRED RD	CITY OF BIDDEFORD	Vacant	0.43			
2	81	3	14 POMERLEAU ST	CITY OF BIDDEFORD	Industrial	3.90	Biddeford Ice Arena		
3	40	5	WEST ST (OFF OF)	CITY OF BIDDEFORD	Vacant	8.02	Land Locked		
3	52		GRANITE ST (OFF OF)	CITY OF BIDDEFORD	Vacant	7.10	Land Locked		
3	57		GRANITE ST (OFF OF)	CITY OF BIDDEFORD	Vacant	36.98	land Locked	I 1	
3	58		87-88 LANDRY ST	CITY OF BIDDEFORD	Industrial	310.10	Airport		
3	64		25 TIGER DR	CITY OF BIDDEFORD	Commercial	21.43	School		
3	65		335 HILL ST	CITY OF BIDDEFORD	Commercial	25.50	School		
3	66		371 HILL ST	CITY OF BIDDEFORD	Industrial	14.62	Public Works		
3	69		363 HILL ST	CITY OF BIDDEFORD	Vacant	3.32	Land Locked	I2	
3	71		331 HILL ST	CITY OF BIDDEFORD	Vacant	7.00	Abuts School	R1A	
4	22	5	NEWTOWN RD	CITY OF BIDDEFORD	Vacant	9.92	Land Locked	RF	
5	19		772 POOL ST	CITY OF BIDDEFORD	Vacant	30.12			
6	14	2	223 RIVER RD	CITY OF BIDDEFORD	Vacant	0.35	Vacant	RF	
8	1		POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	53.82	Abuts Clifford Park		
8	3	1	188 POOL ST	CITY OF BIDDEFORD	Vacant	60.60	Abuts Clifford Park		
9	17		86 NEWTOWN RD	CITY OF BIDDEFORD	Vacant	0.23		RF	
9	28	2	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	9.00	Land Locked	RF, MHP	
9	30	3	516 POOL ST	CITY OF BIDDEFORD	Vacant	0.96		SR1	
9	52	1	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	15.00	Land Locked	RF, SP	
9	53	3	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	3.10	Land Locked	RF	
10	28		1 GOOSEBERRY ISLAND	CITY OF BIDDEFORD & UNKNOWN	Vacant	1.00	Island Parcel		
13	45		122 PRECOURT ST	CITY OF BIDDEFORD	Vacant	5.54		I 1	
14	11	1	522 ELM ST	CITY OF BIDDEFORD	Vacant	12.11	Land Locked	B2	
14	11	2	0 ELM ST	CITY OF BIDDEFORD	Vacant	0.62		B2	
14	14	1	522 ELM ST	CITY OF BIDDEFORD	Vacant	8.65		B2	
14	14	2	522 ELM ST	CITY OF BIDDEFORD	Vacant	1.55	Land Locked	B2, I1	Noted by staff. In Shoreland Zone
14	14	3	516 ELM ST	CITY OF BIDDEFORD	Vacant	0.30		B2	Noted by staff. In Shoreland Zone
15	4		COMMERCIAL ST	CITY OF BIDDEFORD	Vacant	11.30		I 1 , RP	
15	13		0 ELM ST	CITY OF BIDDEFORD	Vacant	7.00	Land Locked		

20	36		32 ROBERTS ST	CITY OF BIDDEFORD	Vacant	0.04		
21	55		0 WESTLAND AVE	CITY OF BIDDEFORD	Vacant	0.04		
21	60		0 WESTLAND AVE	CITY OF BIDDEFORD	Vacant	0.04		
21	78		399 ELM ST	CITY OF BIDDEFORD	Vacant	18.37	Cemetery	
22	26		64 WEST ST	CITY OF BIDDEFORD	Commercial	11.67	School	
26	36	1	0 EVANTHIA DR	CITY OF BIDDEFORD	Vacant	0.04	Land Locked	
27	34		130 MAY ST	CITY OF BIDDEFORD	Industrial	7.50	Baseball Field	
28	270		284 HILL ST	CITY OF BIDDEFORD	Industrial	9.60	Baseball Field	
30	101		80 HAROLD AVE	CITY OF BIDDEFORD	Vacant	0.16	Land Locked	R1A, RP
32	2		550 MAIN ST	CITY OF BIDDEFORD	Commercial	73.89	Rotary Park	
32	4		314 SOUTH ST	CITY OF BIDDEFORD	Vacant	8.31	Baseball Field	
32	11		SOUTH ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.12		R1B, RP
32	33		5 DEARBORN AVE	CITY OF BIDDEFORD	Vacant	0.90		R1B
33	7		10-20 MAPLEWOOD AVE	CITY OF BIDDEFORD	Industrial	8.47	High School	
33	69		MAY ST	CITY OF BIDDEFORD	Vacant	0.24		R1B
34	158		152 ALFRED ST	CITY OF BIDDEFORD	Industrial	2.87	Fire Station	
34	228		189 ALFRED ST	CITY OF BIDDEFORD	Commercial	1.75	Community Center	
36	16		MAIN ST	CITY OF BIDDEFORD	Vacant	0.14		R1B, RP
37	15		442 MAIN ST	CITY OF BIDDEFORD	Vacant	1.75		R1B, GD2 B1, GD2
37	16		432 MAIN ST	CITY OF BIDDEFORD	Vacant	1.60		Noted by staff Noted by staff
37	16	1	20 HERRIGAN CT	CITY OF BIDDEFORD	Vacant	0.07		
37	168		11 MAPLEWOOD AVE	CITY OF BIDDEFORD	Vacant	8.00	Athletic Field	
38	14		2 BRADBURY ST	CITY OF BIDDEFORD	Vacant	0.07		
38	22		34 ST MARYS ST	CITY OF BIDDEFORD	Vacant	0.12		MSRD2
38	132		58 LINCOLN ST	CITY OF BIDDEFORD	Vacant	0.12	Park	
38	133		205 MAIN ST	CITY OF BIDDEFORD MUNICIPAL BUILDING	Commercial	0.77	City Hall	
38	144		315 MAIN ST	CITY OF BIDDEFORD	Vacant	0.09		
38	151		42 CENTER ST	CITY OF BIDDEFORD	Commercial	0.07		MSRD2 Noted by Staff and CAC - Undevelopable Due to Utility Easements
38	168		49 CENTER ST	CITY OF BIDDEFORD	Vacant	0.02		MSRD2 Noted by Staff and CAC - Undevelopable Due to Utility Easements
38	169	1	15 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.13		
38	182		10 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.06	Williams Court Park	
38	183		8 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.09	Williams Court Park	
38	186		58 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.18	Williams Court Park	
38	186	1	56 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.12		
38	200		17 GREEN ST	CITY OF BIDDEFORD	Vacant	0.05		
38	201		59 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.01		
38	202		207 ELM ST	CITY OF BIDDEFORD	Vacant	0.34		MSRD2
38	312		75 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.36	Parking Lot	MSRD1 Noted by Staff.
38	312	1	75 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.02		MSRD1 Noted by Staff.
38	353	1	FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.17	Parking Lot	MSRD1 Noted by Staff.
38	354		39 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.11		MSRD1 Noted by Staff.
38	355		45 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.26	Parking Lot	MSRD1 Noted by Staff.
38	360		28 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.42	Parking Lot	MSRD1 Noted by Staff.
38	372		149 MAIN ST	CITY OF BIDDEFORD	Vacant	0.08	Park	
38	389		17 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.14		MSRD1

38	390		25 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.12		MSRD1	
38	404		39 ALFRED ST	CITY OF BIDDEFORD	Commercial	0.96	Police Station		
38	419		2 POOL ST	CITY OF BIDDEFORD	Vacant	0.36	Veterans Memorial Park		
38	475		24 BIRCH ST	CITY OF BIDDEFORD	Vacant	0.35	Parking Lot	MSRD2	
39	1		136 HILL ST	CITY OF BIDDEFORD	Vacant	0.15		MSRD2	
39	39		106 HILL ST	CITY OF BIDDEFORD	Vacant	0.18	Emery School Yard		
39	80		5 FOSS ST	CITY OF BIDDEFORD	Vacant	0.21	Parking Lot	MSRD1	Noted by Staff
39	84		15 FOSS ST	CITY OF BIDDEFORD	Vacant	0.20	Parking Lot	MSRD1	Noted by Staff
39	116		40 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.12	Playground		
39	117		38 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.09			
39	129		65 BACON ST	CITY OF BIDDEFORD	Vacant	0.11	Small Park		
39	137		2 FOAV CT	CITY OF BIDDEFORD	Vacant	0.22		MSRD2	
39	334		130 POOL ST	CITY OF BIDDEFORD	Vacant	25.20	Clifford Park		
40	25	2	MAIN ST (OFF OF)	CITY OF BIDDEFORD	Vacant	9.80	Diamond Match Site	MSRD3, B1	Private devlopment underway
41	1		3 MAIN ST	CITY OF BIDDEFORD	Vacant	1.38	Mechanic Park		
41	16		45 WATER ST	CITY OF BIDDEFORD	Vacant	0.68	Parking Lot		
41	18		51-57 WATER ST	CITY OF BIDDEFORD	Industrial	2.37	Sewage Treatment Plant		
41	97		78 WATER ST	CITY OF BIDDEFORD	Vacant	0.26	Parking Lot	R2	
41	125		14 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.10		MSRD2	
42	112		1 COLUMBUS WAY	CITY OF BIDDEFORD	Commercial	4.00	Skating Rink		
42	112	1	15 COLUMBUS WAY	CITY OF BIDDEFORD	Commercial	0.38	Public Access Bldg		
42	121	1	POOL ST	CITY OF BIDDEFORD	Vacant	0.50	Land Locked	R1A	
51	19		POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	1.02	Land Locked	CR	Coastal area
54	7	1	15 SEABREEZE AVE	CITY OF BIDDEFORD	Vacant	2.11		CR, RP	Coastal area
55	51		194 HILLS BEACH RD	CITY OF BIDDEFORD	Vacant	0.19	Park		
59	55	1	12 STONE CLIFF RD	CITY OF BIDDEFORD	Industrial	0.12	Bidd Pool Treatment Plant		
59	107		BEACH HOUSE LN	CITY OF BIDDEFORD	Vacant	5.40		CR, RP	Coastal area
59	117		0 LESTER B ORCUTT BLVD	CITY OF BIDDEFORD	Vacant	0.12		CR, RP	Coastal area
61	20		71 MILE STRETCH RD	CITY OF BIDDEFORD	Vacant	0.84		CR, RP	Coastal area
61	32		4 GILBERT PL	CITY OF BIDDEFORD	Vacant	1.10		CR,RP	Coastal area
62	40		LEIGHTON POINT LN	CITY OF BIDDEFORD	Vacant	1.00		CR, RP	Coastal area
62	41		MILE STRETCH RD	CITY OF BIDDEFORD	Vacant	0.33		CR, RP	Coastal area
63	46		4 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.20		CR, RP	Coastal area
64	1	1	0 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.32	Parking Area		
65	19	2	0 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.15			
71	2		LINCOLN ST	CITY OF BIDDEFORD	Commercial	8.40	Parking Garage		
71	8		LACONIA ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.37	Riverwalk		
74	5	1	420 HILL ST	CITY OF BIDDEFORD	Vacant	0.82		I2, RP	
74	6	1	398 HILL ST	CITY OF BIDDEFORD	Vacant	0.29		R1A, SP	
74	15		HILL ST	CITY OF BIDDEFORD	Vacant	0.12		I2, RP	
82	32		320 HILL ST	CITY OF BIDDEFORD	Commercial	16.00	School		
<b>Count:</b>	<b>129</b>								



# City of Biddeford, Maine

## RENT CONTROL WHITE PAPER

Prepared by James Bennett, City Manager

August 17, 2022

Rent control, government regulation(s) that places a limit on the amount that a landlord can charge for leasing or renting a place to live, has been around for a long time. Some reports suggest that it has been around since the Roman era. Most certainly, rent control in its present form was shaped in the United States between the two World Wars. Originated because of an increased demand in housing and lack of production, the simple Adam Smith economic theory of supply and demand increased the market rates for rents. The vast majority of rent control regulations are initiated at the local level.

In some ways, rent is one of the purest forms of supply and demand economics. As demand increases for housing in a certain area without a corresponding increase in the supply, the price increases. Lacking viable options, the renter is left to either pay the market rate or chose a different location. Rental prices will only go down because of market forces. Either the demand needs to decrease or supply needs to increase at a rate equal to or beyond the current increase in demand. A combination of the two accelerates the reduction in rents.

Rent control by itself does not address the underlying issues that it is designed to mitigate. It does impact the current market place. The impacts are mixed. They have both positive and negative impacts. For some of those impacts, the short term and long term impacts are not consistent. Rent control does little to anything to change the underlying market forces that generate the impetus to implement. As an artificial limitation on the marketplace, rent control shifts costs and burdens from one group to others.

Given the increased demand for housing and lack of affordable housing alternatives, there are many recent publications regarding rent control. Like many other subjects, one can find a supportive publication to match an opinion that is being sought. Staff has done research and applied our collective experience in order to prepare this paper. We believe it fairly represents the most applicable aspects for Biddeford.

The clear beneficiaries are renters that live in a unit subject to municipal intervention. There are some studies that suggest that the benefit has diminishing returns over time. Other literature argues that the benefit is relatively short-lived and actually becomes a negative. The Brookings Institute, in an October 18, 2018 report, stated:

“While rent control appears to help current tenants in the short run, in the long run it decreases affordability, fuels gentrification, and creates negative spillovers on the surrounding neighborhood.”<sup>1</sup>

The research is almost universal in the conclusion that the benefits are almost exclusively limited to those tenants that live in rent control units. Almost as equally accepted among the research is the conclusion that the local community in the aggregate pays a high price when rent control becomes public law.

## Two Studies

Two significant studies have been conducted that are considered objective. In 2014, Autor, Palmer, and Pathak (APP) studied the impact of the City of Cambridge, MA’s sudden exodus from rent control. Cambridge adopted an ordinance that required all rental units built prior to 1969 to be heavily regulated. From 1970 to 1994, these rental units had strict caps on rent increases. It further created significant restrictions on the removal of units from the rental market. In November of 1994, Massachusetts voters preempted a local community’s ability to create rent control via a referendum vote. Immediately, over 30% of the total rental stock was no longer under rent control.<sup>2</sup> APP studied the changes in the community from 1988 to 2005 to determine the impact of rent control within Cambridge.

Several key observations from APP’s extensive work should be considered by Biddeford. While 30% of citywide rental units were governed by rent control prior to 1994, there were many neighborhoods that had much higher percentages. In the older neighborhoods, the percentage was 60%.<sup>3</sup> APP’s study documented that rent control not only reduced the property value of the apartments with rent control, but also reduced the values of all other properties within reasonable proximity to the apartments. It also showed that the amount of the depreciation of the non-rent controlled properties grew larger as the density of the rental control apartments grew in the neighborhoods.

Intuitively, one might think that the greatest increase in values of property would have been the collective properties subject to rent control requirements. However, based on the analysis from 1994 (when the rent control was significantly eliminated) to 2004, only \$300 million of increased value occurred. For the balance of the community, \$1.7 billion in increased value occurred. Recognizing the rent control units were a much smaller portion of the overall community valuation (and therefore did have a greater percentage increase per building), the

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<sup>1</sup> Rebecca Diamond, *What does economic evidence tell us about the effects of rent control?* Brookings Institute, October 18, 2018 [What does economic evidence tell us about the effects of rent control? \(brookings.edu\)](https://www.brookings.edu/blog/urban-affairs/2018/10/18/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/)

<sup>2</sup> A legislative compromise did allow disabled, elderly and low-income renters to retain their current units for up to two years.

<sup>3</sup> David Autor, Christopher Palmer, Parag Pathak, *Housing Market Spillovers: Evidence From the End of Rent Control in Cambridge Massachusetts*, National Bureau of Economic Research, June 2014 [2012227 661..727 \(mit.edu\)](https://www.nber.org/papers/w2012227661.727)

impact on the rest of the community valuation was significant especially in comparison to the benefit received by those renting.

The other significant study is Diamond, McQuade and Qian's (DMQ) 2018 examination of San Francisco's 1994 elimination of certain exemptions of the City's 1979 rent control regulations. The initial adoption exempted any new construction as well as any smaller apartment buildings (5 or less). Once these restrictions were removed, DMQ was able to determine what effect the regulations had on both the tenants and the owners of those classes of properties. There are several key findings from the DMQ study. The study concluded that the medium- to long-term benefit of rent control was that individuals in a rent control unit were 10% to 20% more likely to stay in the rental unit than those that did not.

A second significant finding was the marketplace response to rent control. As a direct result of rent control, 15% of the available rent controlled units were converted to condos (private ownership). In addition, there was a decrease of 25% in the number of renters living in units protected by rent control. <sup>4</sup>

DMQ's conclusion states:

"....rent control contributed to the gentrification of San Francisco, contrary to the stated policy goal. Rent control appears to have increased income inequality in the city by both limiting displacement of minorities and attracting higher income residents."

DMQ further concludes that if it is the desire of society "to provide social insurance against rent increases, it may be less distortionary to offer this subsidy in the form of government subsidies or tax credits."

### Summary of Other Impacts

Reviewing many different sources, the following is the collective advantages and disadvantages that have been offered in mainstream media and generally accepted credible sources. You will note that some of the impacts that are listed are contrary to others. This should be expected, since the sources that were used included both advocates and opponents.

From the perspective of the tenants, the following have been identified as advantages:

- Housing becomes more affordable
- Don't have to move as much or be at risk of being forced to move
  - Improves health, social and education outcomes for children
- Neighborhood stability – strong community ties, investment in safety and prosperity of where they live, kids can stay in the same school, proximity to job, network of neighbors

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<sup>4</sup> Rebecca Diamond, Time McQuade, and Franklin Qian, The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco, American Economic Review, 2019 [The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco \(aeweb.org\)](https://aeweb.org)

- Some studies show that rent control can increase the supply of housing by incentivizing landlords to subdivide larger rental units

The disadvantages for the renters have been identified as:

- People can get “stuck” in apartments that aren’t the size they need (too big for empty nesters, too small for families with new young children) because they feel locked in to their existing apartments
- Landlords don’t have an incentive to invest in renovations since the returns are too low to justify the costs – housing stock deteriorates
- Less Housing Supply - Fewer homes for rent on the market in the long run since property prices will be too high to be attractive for investors compared to the rent they can achieve
  - Apartments can be converted into condos, pushing out renters in favor of homeowners
  - Condo owners also tend to be a higher-income group than renters – increases gentrification
- Property owners are incentivized to increase rents by the maximum allowable amount each year knowing that they would be limited in their increase for the following year if they don’t. This can lead to extra rent increases that otherwise wouldn’t have gone into effect.
- Property owners will raise their rents as much as they legally can right before rent control is enacted in anticipation of the new policy
- Wealthier, long-term tenants also get the incentive of cheaper rent than market value and may stay in properties longer, further limiting availability for lower-income residents

From the perspective of the landlord, the following advantages have been identified:

- Tenants may take better care of their properties because they expect to be able to afford living in the same place for the long term
- Less turnover of tenants and higher occupancy rate/lower tenant turnover costs

The disadvantages for the landlord have been identified as:

- Bad tenants also stay longer
- May not be profitable to build new homes
- Property values decrease
- Makes it harder to sell your home

### **What about the Rest of the Community?**

The property tax rate in the community is determined by taking the total value of all taxable properties and dividing it by the total tax commitment (total property taxes to be raised). As one segment of the community becomes less valuable compared to the rest of the community, the balance of the community will have to pay more of the property tax burden. Simply stated, rent control will shift a greater property tax burden on all other property taxpayers in the

community. Single family homes have the greatest potential to be the most adversely impacted by adoption of a traditional rent control policy.

Rent control suppresses housing construction and maintenance. That suppression will have an impact on other economic activity and job creation. Most especially, this is true in the construction and rehabilitation trades.

As we are hearing anecdotally from the Portland changes, investors will seek other investment opportunities outside of the community.

Businesses that are not considered high-paying employers may benefit from having a potential employee pool closer because of the rent control units.

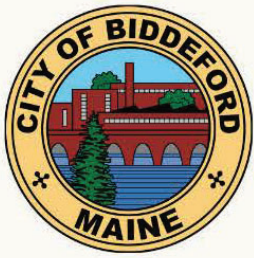
### **Closing Thoughts**

The opinions about rent control regulations are as widespread as nearly every other public policy that has made its way to the national agenda. I believe the most significant conclusions that should be considered are:

- Rent control does not change the underlying market forces that cause the reasons people advocate for rent control.
- Supply and demand are the main forces that establish the rental rates in communities.
- Rent control has not been shown as an effective means to increase affordable housing, as a solution for poverty, inequity or other social justice goals.
- Rent control will have immediate positive impacts on all renters that are living in units that are subject to the regulations. The duration of those benefits are often debated. There are many that argue the long term implications actually become negative.
- Studies have supported that rent control actually has the adverse impact than intended. The tendency to increase rents to the maximum allowed annually even when not needed, decreasing the amount of rentals available, and the dampening of new investment are just some of the factors cited.
- Rent control will reduce the property value of the buildings that are regulated. There is significant evidence to conclude widespread rent control also decreases other property values of other properties, including other residential properties within the neighborhoods.
- The significant dependence in Maine on the property tax as the major source of taxation, when combined with the decreasing property valuation caused by rent control, will result in the shifting of the property tax burden to other properties. It is likely that the single family homes will be disproportionately burdened from the shift.
- Targeting resources based on a means testing for individuals is considered by many to be a more effective long-term solution. In addition, using resources to address the market forces directly impacting housing affordability is also recommended as the better long-term viable solution.

## Selected Readings and Resources

- ✓ [What does economic evidence tell us about the effects of rent control? \(brookings.edu\)](https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/)
- ✓ [Rent Control Does Not Make Housing More Affordable | Manhattan Institute \(manhattan-institute.org\)](https://www.manhattaninstitute.org/manhattan-essay/rent-control-does-not-make-housing-more-affordable)
- ✓ [The history of rent control & how it applies to today's renters \(policygenius.com\)](https://www.policygenius.com/blog/rent-control-history/)
- ✓ [Rent Control Around the World: Pros and Cons - NuWireInvestor](https://www.nuwireinvestor.com/rent-control-around-the-world-pros-and-cons/)
- ✓ [w24181.pdf \(nber.org\)](https://www.nber.org/papers/w24181)
- ✓ [America's Rental Housing 2022 \(harvard.edu\)](https://www.harvard.edu/news/2022/05/americas-rental-housing-2022)
- ✓ [Rent Control Effects On The Economy And Housing Quality \(linkedin.com\)](https://www.linkedin.com/company/linkedin/pulse/rent-control-effects-on-the-economy-and-housing-quality)
- ✓ [The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco \(aeaweb.org\)](https://www.aeaweb.org/articles?id=10.1257/aep.54.1.1)
- ✓ [Ending Rent Control Reduced Crime in Cambridge \(aeaweb.org\)](https://www.aeaweb.org/articles?id=10.1257/aep.54.1.1)



# MAYOR'S AFFORDABLE HOUSING TASK FORCE

FINAL REPORT  
AND RECOMMENDATIONS

DECEMBER 2022



# From the Task Force Chair

Greetings,

As the Chair of the Mayor's Affordable Housing Task Force, I am pleased to share our final report. The Task Force was formed to tackle the daunting issues created by an affordable housing crisis. This crisis is not unique to our community, but is one which exists in many communities both in Maine and across the nation. Some of these issues are very specific to Biddeford and others, like the unhoused population, have both local and regional impacts. We have seen so many positive changes as our city has undergone an amazing transformation over the past five to ten years. Despite these changes we continue to face a housing crisis but you may rest assured that the Mayor and your City Council remain committed to taking action.

**This report will outline the history of housing in Biddeford, the identified needs, outreach efforts, and finally the recommendations of the task force.** The report will walk you through some of Biddeford's unique characteristics and the impacts of those characteristics on our housing stock and affordability. It will review the identified areas of focus that the task force and the City Council chose to make a priority. It will outline the community outreach that has been done to assist the task force in understanding the needs of both long term residents and those of newer community members. Finally, the report will lay out the final recommendations of the task force and the action steps necessary to accomplish the goals that have been approved by the City Council.

I am proud of the collaborative work that has taken place over the past year to get us to the point of having final recommendations. I look forward to working with my colleagues on the City Council, the Mayor and the City Manager to implement the recommendations of the task force. I'd like to thank the team of city staff, the members of the Affordable Housing Task Force and the volunteers who spent countless hours working to try to find solutions to problems that could at times feel overwhelming.

This crisis evolved over time and it will take time to implement the recommendations; however, we have a better grasp of the contributing factors and we have a plan to work to address the many different housing needs of the community. We have already seen some positive movement towards our goals and we look forward to continuing the momentum.

Sincerely,



**Doris Ortiz**  
City Councilor At-Large  
Chair, Mayor's Affordable Housing Task Force

# Executive Summary

## The Overview

Over the past decade Biddeford's downtown has undergone a renaissance that has been recognized across the nation. This success had led to increased desirability and changes in the city's demographics. As a result, the cost of housing in Biddeford has increased significantly due to increased demand. Like many communities, increased housing costs and limited stock has made it difficult for both first-time home buyers and renters alike. Given the current market, it is anticipated that housing costs will continue to rise.

In 2020 the City Council recognized the impacts of both the city's resurgence and the impacts of the market on housing affordability. The Council took immediate action and adopted a set of goals to address the affordable housing crisis in Biddeford. In 2021, it became apparent that COVID was also contributing to an increase in housing costs throughout the country. This major shift made the previously adopted 2020 goals less effective. The Mayor and City Council had the foresight to recognize that their goals were in need of revision and created the Affordable Housing Task Force to re-examine the issues. Members of the Task Force can be found in Appendix 1.

The Mayor's Affordable Housing Task Force has met continuously over the past year to both re-examine the 2020 goals and to compile a new set of goals to address the current housing crisis in the city. Over the summer of 2022, the Task Force conducted a community affordability survey to assist them in developing their goals. The results of the survey can be found in Appendix 2. The findings of the Task Force show that long-term Biddeford residents are struggling to continue to afford a home in our city. The Task Force's recommendations outline clear goals and strategies to manage increasing housing prices while also maintaining the relevant goals that were adopted in 2020.

## Affordable Housing Goals adopted by the Council on November 10, 2020

- Increase homeownership within the community from 48% to 51% by January 1, 2026;
- Create at least two hundred (200) ‘next home’ opportunities by January 1, 2026 (a ‘next home’ refers to a home that provides for more space to serve a growing family);
- Create at least 200 first time homeownership opportunities, meaning that they are affordable to households between 80% to 120% of median income;
- Create or preserve ninety (90) units of affordable rental units per year for five years, with half of the units targeted to serve the 40% to 80% median income community and a desired goal of having at least half the units being created by new construction;
- Rehabilitate at least sixty-five (65) rental units per year for the next three years so that the units are healthy homes and lead free;

These goals shall remain in effect until the Biddeford City Council replaces them through the adoption of a revised Comprehensive Plan, or repeals or otherwise amends the goals.



## The Charge of the Mayor’s Affordable Housing Task Force

This short-term Task Force was created to review and make recommendations on the housing issues facing the community. The work of the Task Force included:

- Reviewing historical housing data;
- Report on the actual change in affordability within the community over the last five years;
- Make recommendations on the definition of ‘affordable’ should mean for Biddeford;
- Provide a housing inventory within Biddeford;
- Identify the housing shortages within the community;
- Provide a forecast of the likely changes in affordable housing over the next five years without any intervention;
- Identify the current and projected impact on homelessness within the community;
- Review the current Housing Goals adopted by the City Council and make any recommendations on changes, if appropriate; and
- Make any recommendation(s) the task force deems appropriate to address the challenges that are identified through the work of the Task Force.

## The Mayor's Affordable Housing Task Force Updated Recommendations

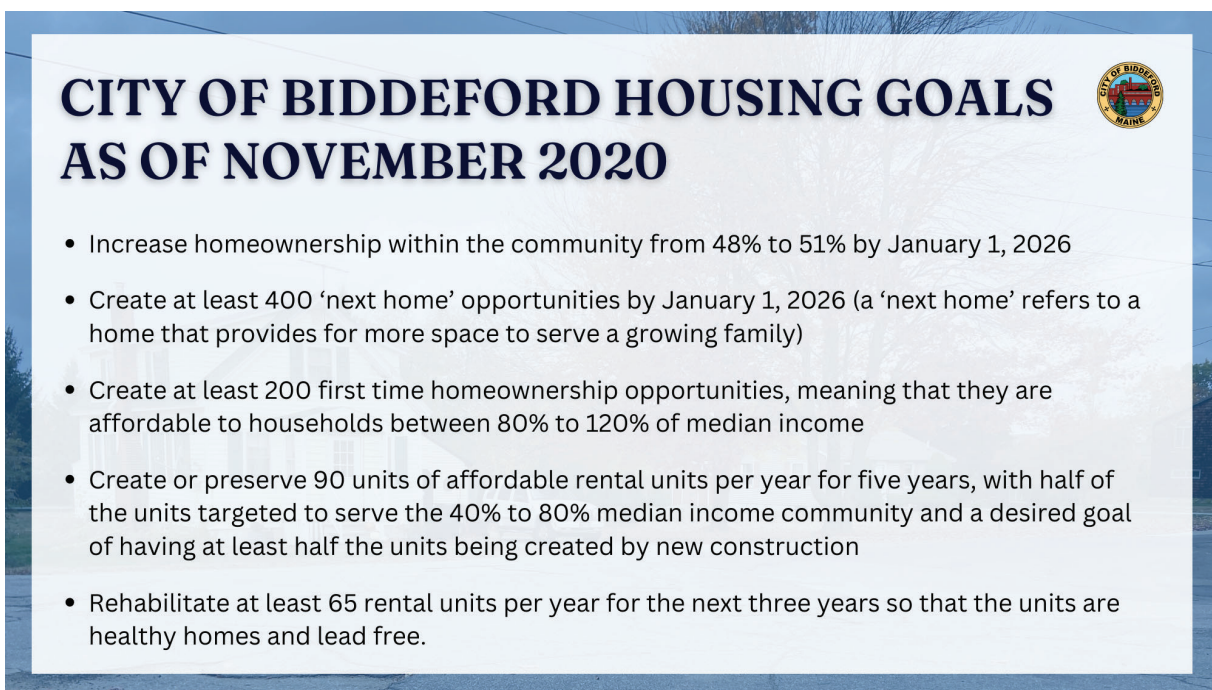
The Task Force specifically addressed the City goal of creating (and/or preserving) 450 affordable units over the next five years. Adopted in 2020, this goal translates into having only 9% of the rental units in Biddeford as affordable units.

- The Task Force supports doubling the 2020 goal to create and or preserve 900 affordable units from 2023 to 2028.
- The Task Force recommends an overall community percentage goal with a new benchmark seeking 12.5% of all rental units be affordable by 2028.
- The Task Force supports maintaining all of the additional goals adopted in 2020.
- The Task Force also adopted recommendations on the issue of the creation of an Affordable Housing Fund, Rent Control, Inclusionary Zoning, Targeted Affordable Housing Definitions, as outlined in the following report.
- The Task Force recommends targeting affordable housing work to address the needs of those who make 80% of the annual median income.
- The Task Force will not recommend any form of rent control as a desired solution to address affordable housing units within the community.

# Background

The coronavirus pandemic is identified as the turning point when housing costs (for both renters and homebuyers) accelerated to a point where nearly every community publicly recognized the challenge of housing affordability. As prices surged and the supply plummeted, the faces of those being impacted within communities were changing.

Biddeford's recognition of the changing demographics in the community directly related to housing costs was occurring prior to impacts of COVID. Early in 2020, the Mayor and City Council were already recognizing that the downtown revitalization efforts, the renewed desirability of the community and other market forces were increasing rents within the community. By the end of the year, the first ever specific housing goals were adopted.



**CITY OF BIDDEFORD HOUSING GOALS  
AS OF NOVEMBER 2020**

- Increase homeownership within the community from 48% to 51% by January 1, 2026
- Create at least 400 'next home' opportunities by January 1, 2026 (a 'next home' refers to a home that provides for more space to serve a growing family)
- Create at least 200 first time homeownership opportunities, meaning that they are affordable to households between 80% to 120% of median income
- Create or preserve 90 units of affordable rental units per year for five years, with half of the units targeted to serve the 40% to 80% median income community and a desired goal of having at least half the units being created by new construction
- Rehabilitate at least 65 rental units per year for the next three years so that the units are healthy homes and lead free.

## Sense of Space vs Sense of Place

Like many urban blue-collar New England communities, the Biddeford of the past 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 were 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, the community saw a silent transition as vacancies occurred. 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. Manufacturing urban centers throughout the country were also impacted by the same forces. All were unable to prevent the forces from altering universal community pride. However, the presence of the trash incinerator in the community made Biddeford's slide deeper and longer lasting. When the new century arrived, many outsiders saw Biddeford as an alternative to the greater Portland area's housing cost crises.

The decision by community leaders to focus on downtown revitalization was a game changer. Recognizing 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 were 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 \$2,500 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 increased rapidly. The current trajectory could challenge the affordability of many in the working class.

### Sale of Rental Units - 2020 Review

A 2020 review of the selling prices of apartments, which was conducted as a part of the City Council's previous housing affordability work, is a good measure of the market rents in the community. Between 2012 and 2020, just over 800 multifamily buildings sold in the community. 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 multifamily buildings are primarily business ventures. *For the purposes of this discussion, multifamily includes four or more units.* 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.

By 2020, the sale price per unit was just under \$95,000 on average. Correspondingly, tenants are paying more in rent today than in 2017. There are no indications of any slowdown in desirability (or the increasing price).



## Recognizing 2020 Efforts Falling Short

By the end of 2021, the adverse impact of COVID on affordability was being widely reported and recognized across the country. In Biddeford, the COVID impacts were acting as an accelerant to an already heated local housing market. The aggressive goals and work of the community in 2020 was not slowing Biddeford's market.

The adopted 2020 housing goals had become outdated in just one year. The market continued to change at such a rapid pace that the community would need to revisit the issue. Recognizing this reality, the City Council endorsed the Mayor's recommendation to create a special Task Force to do a deeper dive into the complexities of Affordable Housing.

Created by City Council order on December 21, 2021, the Task Force first met on February 22, 2022. The Task Force was charged with the following.

# Mayor's Affordable Housing Task Force

**Purpose:** To create a short term Task Force to review and make recommendations on the housing issues facing the community. The work of the Task Force shall include:

- reviewing the historical housing data;
- report on the actual change in affordability within the community over the last five years;
- make recommendations on the definition of 'affordable' should mean for Biddeford;
- provide an housing inventory within Biddeford;
- identify the housing shortages within the community;
- provide a forecast of the likely changes in affordable housing over the next five years without any intervention;
- identify the current and projected impact on homelessness within the community;
- review the current Housing Goals adopted by the City Council and make any recommendations on changes, if appropriate; and
- make any recommendation(s) the task force deems appropriate to address the challenges that are identified through the work of the Task Force.

# Definitions of Affordability and Targeted Relief

## What is the Definition of Affordability?

It is not unusual to hear a person ask ‘what is the definition of affordability’ during the discussion about affordable housing policy deliberation. This exact discussion took place among the Task Force.

The federal government established in 1981 that housing is affordable when no more 30% of a person’s monthly income is used for rent or mortgage payments plus utilities. Since that time, affordability has been measured as a percentage of the Average Median Income (AMI) for a community (region). Elaborating further, the following chart has been developed to provide descriptors for affordability levels:

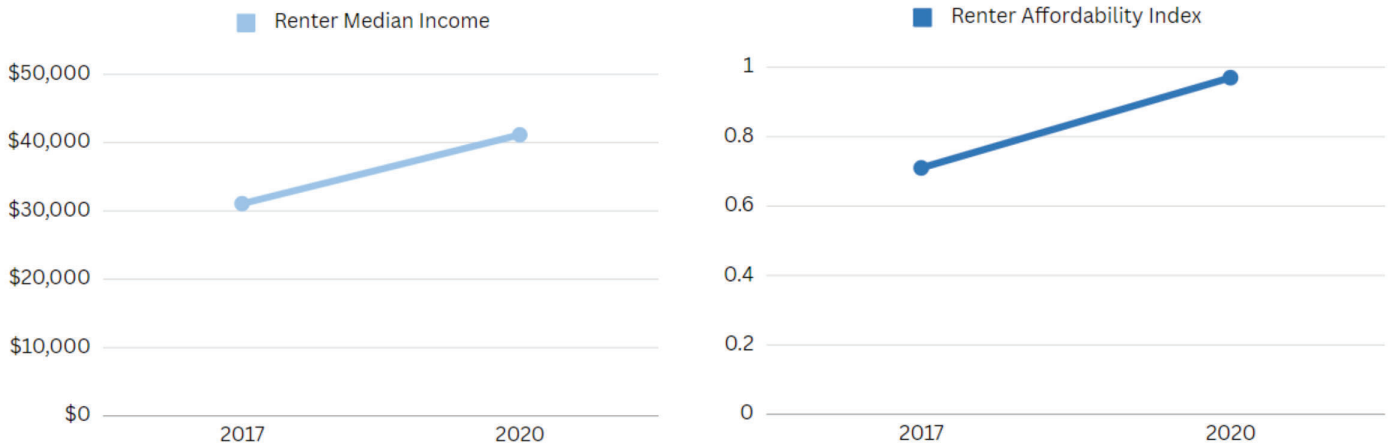
<i>EXTREMELY LOW</i>	<i>VERY LOW TO LOW</i>	<i>MODERATE</i>
< 30%	31% to 80%	81% to 125%

The three categories of affordable housing needs have traditionally been serviced by very specific government programs. These are as follows:

- **Extremely low:** Emergency shelters, grants for transitional housing, section 8 vouchers
- **Very low to low:** Section 8 vouchers, low income housing tax credits, affordable housing credit enhancement TIF’s, CDBG affordable housing programs, Maine State Housing programs, foundations and other private grants, and zoning incentives
- **Moderate:** Maine Housing first time home buyer, Federal Housing Authority and Veteran Housing Authority programs, private bank incentives and zoning incentives.

The federal government, through the HUD office, has created a new Rental Affordability Index. The index evaluates various municipalities’ affordable rents in comparison to other communities. Stated simply, the index would be 100 if the median income of the renter households is just high enough to qualify for the median priced rental unit. These measurements are based on the 30% guideline above.

An interesting phenomenon confronted the Task Force as it considered what it would recommend the Council use as the affordability standard. The income of those that rented in the community had risen 51.8% in just three years (\$31,048 in 2017 compared to \$47,140 in 2020). Even though the median rent rose significantly during the same period, using HUD’s Rental Affordability Index, the City became more affordable. The 2020 affordability index improved by 36.6% (from 0.97 in 2020 to 0.71 in 2017). On the macro level, the cost of affordable housing for renters improved. *As a side note, the median income for renters was \$28,817 in 2012.*



This discovery led to the Task Force to consider the micro experience behind the macro conclusion: what was going on with individual renters within the community. The general conclusion is that the longer a person has rented within the community, the less likely their income has grown at the same rate as the change in the community as a whole. For long-term residents, their personal experience demonstrated that they are more likely to pay a greater percentage of their monthly income today than they did when they started renting five or ten years ago.

Using the 2020 rental median income of \$47,140, the AMI chart from above is elaborated as shown below:

	<i>EXTREMELY LOW</i>	<i>VERY LOW TO LOW</i>	<i>MODERATE</i>
	< 30%	31% to 80%	81% to 125%
<i>LOWEST LEVEL</i>	\$0	\$14,143	\$37,713
<i>HIGHEST LEVEL</i>	\$14,142	\$37,712	\$58,925

## Recommendations for Affordability

The Task Force has several recommendations for affordability. They are as follows:

1. The members are recommending that 80% AMI should be the target for the majority of the affordable housing implementation strategy. When considering all available resources, between 55% to 65% of those resources should be used to support the Very Low to Low category.
2. The Task Force found the very low category is the most challenging of the categories to make recommendations on because of the complexity of the issues and the time constraints of the Task Force. The Task Force broadly recommended that between 15% to 25% of the available funds should be allocated to address this issue, given there was a comprehensive strategy for the challenges. The Council also voted to:
  - a. Take some immediate action to change the cities current unwritten policy of doing the state minimum required through the General Assistance program. Since the vote, the Council has allocated \$xxx in ARPA funds to a group working on the challenges for unhoused members in the community.
  - b. Recommend that the Council adopt a comprehensive unhoused policy for the community by the Spring of 2023 that includes complete services for those impacted in order to break the unhoused cycle.
  - c. Seek any additional technical services that it might need to meet the recommendations above.
3. Broadly stated, the Task Force members felt that 12.5% to 20% of the available funds should be considered for use to address those in the moderate category.

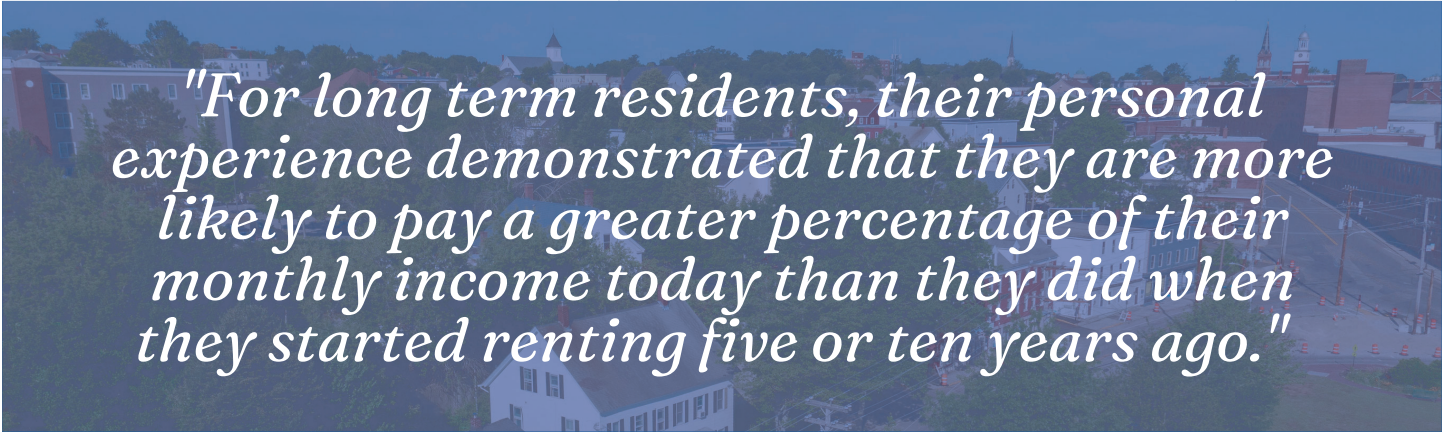
The Task Force also evaluated the current housing goals adopted by the Council in 2020. The Task Force specifically addressed the current City goal of creating (and/or preserving) 450 affordable units over the next five years. Adopted in 2020, the goal translates into having 9% of the rental units in Biddeford be affordable. The TF members supported doubling the goal to 900 units. Assuming no new units, the stated goal would be to have 18% of the rental units affordable. Of course, new units are being created.

The Task Forces also recommends that this goal be restated in two parts. Besides the creation/retention five year goal, an overall community percentage goal is also appropriate. The new benchmark should be:

- **Create and/or preserve 900 affordable rental units from 2023 to 2028**
- **Seek that 12.5% of all rental units will be affordable by 2028.**

The nuance of including the second benchmark is likely to be lost on the casual observer. Simply preserving current inventory of affordable units during a time of increasing inventory of

market units decreases the affordability of the community. It further changes the historical 'working blue collar' roots of the community.

An aerial photograph of a city, likely Boston, showing residential buildings and a church steeple. The image is overlaid with a semi-transparent blue filter. Centered on the image is a quote in white, italicized text.

*"For long term residents, their personal experience demonstrated that they are more likely to pay a greater percentage of their monthly income today than they did when they started renting five or ten years ago."*

# Adopt an Inclusionary Zoning Ordinance

## Inclusionary Zoning (IZ) Ordinances

The Task Force strongly recommends that the Biddeford City Council adopt an Inclusionary Zoning Ordinance (also known as IZ). Inclusionary zoning is sometimes known as inclusionary housing, a reference to the desired outcome of the zoning. Simply stated, IZ requires that all new construction of housing units, most especially rentals, must participate in the creation of affordable housing units. Usually, IZ is designed to target community members that are considered to have very low to moderately low incomes.

### What does Inclusionary Zoning do?

Inclusionary zoning creates a mixture of housing units throughout a community via mandated zoning. Left to market forces exclusively, most new construction creates projects that are ‘exclusionary’; projects that only serve market rate renters.

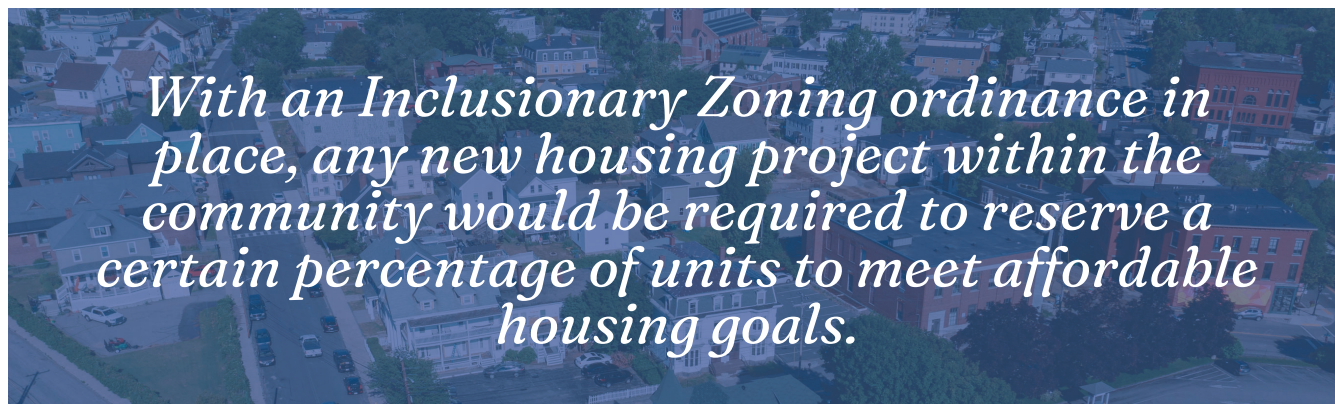
Generally applauded by city planners, sociologists and housing advocates as an effective tool, there are those that articulate that IZ benefits are overstated. There are those that articulate that IZ has a negative impact and actually reduces the aggregate amount of affordable housing within the community.

During the deliberation, the Task Force members noted that enacting IZ by itself would not create the magic solution to the affordable housing challenges of the community. The other recommendations within the report are considered vital components for a successful community strategy.

While IZ has been a tool used by many communities across the county, it is a relatively new tool employed by Maine communities. The City of Portland is the only community that has any sustained history with the tool. Their use of the tool is explored in more detail later in this section.

The mechanics of IZ can be simplified for the purposes of the report. For any new housing project within the community, a certain percentage (a typical range being 10% to 25%) of the units are reserved to be used by residents that meet the affordable housing goals. The most

common is to cap the total rent that can be charged to a percentage of the median household income of the community. In some cases, developments can opt out of the creation criteria by paying a one-time fee to the municipality. That fee is then put to use by the community to create an equal or greater amount of units elsewhere within the community. While there are variations to IZ implementation, the vast majority are consistent with this approach.



A community’s successful outcome with IZ can best be captured by the community’s understanding of the local housing market. Again, simplified, if the IZ requirements are too high, projects will queue out of the community and invest in neighboring communities, when all other things are equal.

Housing markets, especially rentals, can change rapidly. One needs to look no further than the work of the Federal Reserve System, also known as "The Fed" or Federal Reserve Bank.

The rapid increase in the Fed interest rate has changed the developers’ costs for projects. At a minimum, any IZ regulations should be evaluated at least annually to determine the effectiveness in creating new affordable units.

### Recommendations for Biddeford

The Task Force has recommended a tier approach for the IZ ordinance for Biddeford. The following chart summarizes the recommendation:

<i>NUMBER OF UNITS</i>	<i>AFFORDABILITY LEVEL (RENTAL)</i>	<i>AFFORDABILITY LEVEL (OWNERSHIP)</i>	<i>% OF REQUIRED AFFORDABLE UNITS</i>	<i>TERM</i>
<i>10 or More</i>	80% of AMI	120% of AMI	7.5%	10
	100% of AMI	120% of AMI	10%	15
	\$246.80	\$246.80	100%	20

In addition, a developer under certain circumstances could seek a waiver to the above requirement. However, that waiver would require payment of \$100,000 per unit, using 10% of the total units created. Those funds would be placed in the Affordable Housing Trust Fund, as outlined in recommendation #3 of this report.

The recommendation also includes a provision which would require any development between 5 and 9 units to pay a fixed fee of \$7,500 per unit created. These funds would also be placed in the Affordable Housing Trust Fund.

To further clarify the chart above, each developer would choose which level of participation it would desire. The lower the income level (lower income and more affordable), the required term would be shorter. As a developer chooses a higher level of income (making the unit less affordable), the longer the required term that the developer would be required for the units to then meet the affordability standard.

The effectiveness of IZ ordinances appears to be directly related to the number of impacted units as well as the impact on the units. The City of Portland had in place an existing IZ ordinance. At the time of the initial adoption of the ordinance, few projects were queuing out of constructing new units within the City. When those requirements were increased significantly via a citizens referendum process, there was limited, if any, new projects that came forward. The developers moved to neighboring communities, including Biddeford. Most of the new projects were constructed to be small enough to qualify under the size exemption. Essentially, while the higher IZ requirements provided a populist appearance of doing more for the affordable housing challenge, in practical terms, it made the situation worse (by constructing only market rents).

In developing the recommendations that the Task Force considered from August to October, the Task Force made the conscious decision to err on the side of the market, in order to ensure that new units would be constructed. Any IZ Ordinance adopted by the City should allow adjustments to rental rates based upon market conditions and AMI. If the recommendation to move forward on the IZ Ordinance for Biddeford is seriously considered, another review of the market should be made to determine if the above recommendations still are viable.

# Creation of an Affordable Housing Fund

## Creation of an Affordable Housing Fund

The Task Force has recommended that the City establish an Affordable Housing Fund. This fund would be a flexible tool that could be used to implement many potential recommendations of the committee. The fund would be a separate designated fund to be used exclusively for affordable housing purposes and all funds designated for affordable housing goals would be credited to this account. Expenditures to support affordable housing goals would be charged to this account.

Some specific ways an Affordable Housing Fund could be used include funding for the unhoused, or for support of creating new or conversions of affordable housing. The Task Force generally committed to support those who fall into the category of extremely low income, which include those at the 15% to 27.5% AMI range. This group consists of both unhoused and housed individuals. The issue of serving the unhoused population is complex. It also is one that needs regional, state and federal support.

The fund could also be used to support new affordable units or conversions to affordable housing options. The Task Force has recommended that annually, the City would submit a request for proposals to create affordable housing projects within the community. Because access to City funding is a major factor in the success of these projects, the timing would be set up to mirror Maine State Housing Authority (MSHA) annual allocation of affordable housing tax credits. MSHA currently requires each community to participate via a Credit Enhancement Agreement (TIF where the funds are returned to the developer/project) before a project is eligible for the tax credits. Beyond the CEA, a project could also request funding from the City Affordable Housing Fund.

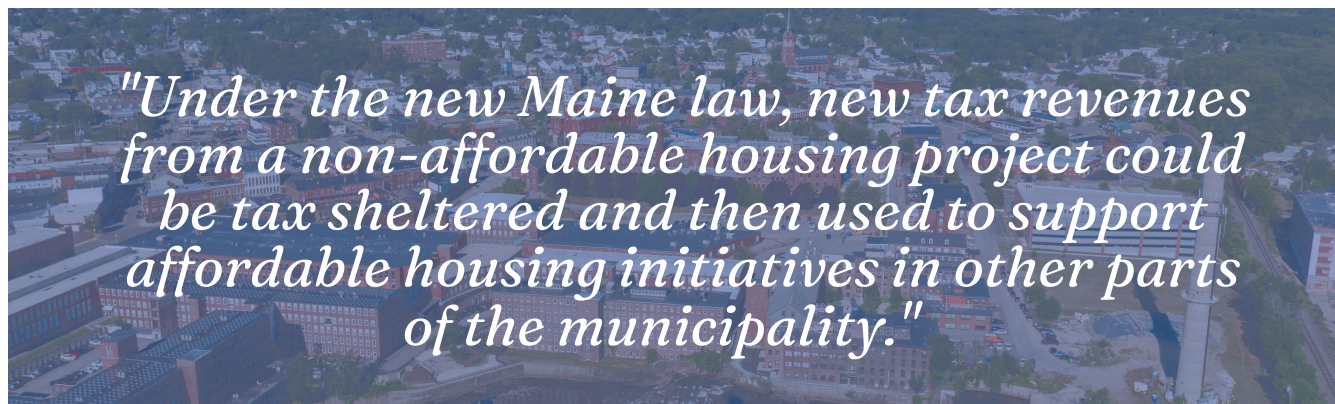
Currently, the City is expected to receive \$500,000 from the proposed Devine project located on Rte. 111. The City has also worked to change the current TIF laws to allow a more flexible approach to keeping TIF funds for affordable housing purposes. While not formally approved, the previous Council indicated their desire to tax shelter some of the proposed Harrington Diamond Match project for affordable housing purposes. If enacted, any funds generated by an

inclusionary zoning ordinance would be directed to the fund. Any additional grants, City appropriation or other funds could also be placed in this account.

The Affordable Housing Trust Fund, once established by the City Council, would require all expenditures to be approved by the City Council. All proceeds to support the affordable housing efforts of the City would be deposited into this account unless otherwise directed.

There are several anticipated sources of revenue for the fund. The first example is the new affordable housing TIF state law. The City took the lead in 2020 to advocate for the state law to be changed. The change allows a municipality to create a tax incremental finance (TIF) zone for the exclusive benefit of affordable housing.

The major change to the law was to lift the previous restriction that a TIF district could only be located on the land that the affordable housing benefit actually was housed on. Under the new law, new tax revenues from a non-affordable housing project could be tax sheltered and then used to support affordable housing initiatives in other parts of the municipality. It is the City's intent to use this vehicle to generate affordable housing funds. Proceeds from the TIF would logically be placed into the Affordable Housing Trust Fund.



There are other funds that would logically be placed in the new fund. As outlined in the Inclusionary Zoning Ordinance recommendation, any opt-out payments should be deposited into the fund. Also, any other funds, such as the \$500,000 payment by the proposed Divine project, should be placed in the fund.

The primary planned use of the fund would be to support new affordable housing developments within the community. As an example, the municipality could annually generate a request for proposals to access funding for new affordable housing projects. Prior to issuing the call for proposals, the City would identify any priority affordable housing goals as their preference. The timing of soliciting and awarding funding would be such to compliment any similar process that Maine State Housing Authority and/or state/federal agencies that award grants, tax credits or other financial support for affordable housing project.

# Assessing Rent Control as a Tool

Rent control is a tool that has been used for several decades in various parts of the country. There is an extensive amount of research that has been done on the effectiveness of rent control to address housing affordability. There is a very, very limited use of rent control in Maine communities. With the exception of the City of Portland, there are no communities in Maine that have a community wide rent control ordinance. The City of Portland's ordinance was initiated by a citizen's petition and passed in November of 2020. It became effective in 2021. The ability to determine the short-term and long-term impact in Portland has not been studied because of the short amount of time that it has been in effect.

There are some communities that have used a form of rent control in situations where mobile home owners are subject to lot rents in mobile home parks. These often take shape less as rent control but more like a PUC process, where a majority of the tenants could challenge the justification.

In August, the Task Force members reviewed a Rent Control White Paper that was prepared by the City Manager. A copy of that document is included in Appendix #2. The Task Force concluded that a Rent Control ordinance for Biddeford would not be an effective tool to address the affordable housing challenges in the community. The closing thoughts, found on page 5 and 6 of the white paper, were given significant weight by the Task Force.

In making this recommendation, the Task Force concluded that the other recommendations made within the report, taken as a whole package, would be the most effective way to address the unique challenges of affordability within Biddeford. In other words, the recommendation to not move forward with implementing rent control was not one made in isolation. It is made with the strong recommendation that all the other recommendations within the report be implemented.



*"While rent control appears to help current tenants in the short run, in the long run it decreases affordability, fuels gentrification, and creates negative spillovers on the surrounding neighborhood."*

-The Brookings Institute, October 2018

# Other Non-Monetary Recommendations

The Task Force is recommending the City continue to explore, with a goal of implementation, a number of other recommendations that could be easily classified as non-monetary in nature. The following is a list of those recommendations, in no particular order.

## Using City-owned Property for Affordable Housing Development

The Task Force had anticipated being able to review a list of City-owned properties with the desire of suggesting possible parcels that might be appropriate to support affordable housing goals. Unfortunately, being able to obtain a list of City-owned land with City staff clarification took much longer than anticipated. The list is attached to this report in Appendix 4.

It is the recommendation of the Task Force that the City Council evaluate the report to determine if there are parcels that could be used. Any parcel that could be donated to an affordable housing initiative would allow the project to reduce the rents/selling prices accordingly.

## Affordable Housing Density Bonus

The Task Force endorses the use of density bonuses within the community for the development of affordable housing units. The City is currently using this tool. While it has not been on the books for a long period, the initial review is encouraging. There are a number of different variations that could be implemented. Included in Appendix 5 is an example of how this tool could work.

## Relaxation of Parking Requirements

One of the more interesting insights that the Task Force members learned during their work was regarding parking requirements. Until recently, off-street parking requirements within zoning

requirements were often copied from other communities. Some research has shown that there was little to no science to the regulations. The Task Force is recommending that the City consider reducing off-street parking regulations in exchange for additional affordable housing units. Reducing the number of off-street parking spaces developers currently need to provide for each living unit in a project will help lower overall development costs as well as per-unit costs. The savings also can be invested in the creation of affordable units. Byproducts of fewer parking spaces per housing project include potential increased use of mass transit and an overall lower carbon footprint for Biddeford.

## **Streamlining the City Development Regulatory Process and Prioritizing Affordable Housing Projects**

As elsewhere, time is money in the housing development world. Assuring that housing developers spend an appropriate amount of time and resources in regulatory review - without overburdening the process or causing excessive delays - is the balance the Task Force wants to achieve. Time and dollars saved from streamlining municipal review can instead be invested in the creation of affordable housing units. In addition, the City may want to consider giving projects that meet certain affordable housing standards a priority within the queue for approval process.

## **Encouraging Co-operative Ownership**

Co-op housing models allow lower-income residents to co-own their housing development. As part-owners, the residents of a co-op are able to enjoy homeownership for less than it would cost on their own, participate democratically in the management of their housing, and benefit from long-term stability. This tool could be prioritized for investment by the City's Affordable Housing Trust Fund. The Task Force is recommending that the City explore this option.

## **Establish a Community Land Trust to Support Affordable Housing Investment**

A community land trust is a structure that allows land to be held "in trust" for community needs, beyond the influence of market pressures. It is usually an independent community-controlled entity that owns land and takes care of it, assuring it is used in ways that support the community. The land can be used for many things, including rental housing, cooperative housing, and homeownership. Land trusts today are best known for providing permanently affordable housing. This tool could be prioritized for investment by the City's Affordable Housing Trust Fund. The Task Force recommends that City explore this option to determine if it would be an effective tool.

## Explore Tiny House Villages

Villages of tiny homes, which on average range between 100 and 400 square feet, are an appealing choice for residents who want to own but cannot afford a traditional home or mortgage. In addition to their affordability (median price of \$60,000), tiny homes are known for being environmentally friendly and popular among millennials. A village of tiny homes enables a sense of community for its residents while requiring far less acreage than a traditional housing development. The Task Force recommends exploration of this land use change, primarily as an additional tool to meet affordable housing goals.

# Conclusion

The work of the Task Force brought many issues to light that had previously gone unrecognized. The Task Force has worked diligently to create new recommended goals, and if adopted, City leadership will need to remain vigilant to ensure that they are implemented and that resources are dedicated to maximize their effectiveness. The housing market can be volatile and the goals created may need to be revisited again in the future as contributing factors to affordability shift.



# Appendix 1

## *Committee Members*

The Task Force consisted of nine members. The membership included a cross section of the City, including representatives of the City Council, a citizen that rents within the community, and a person that owns rental property within the community.

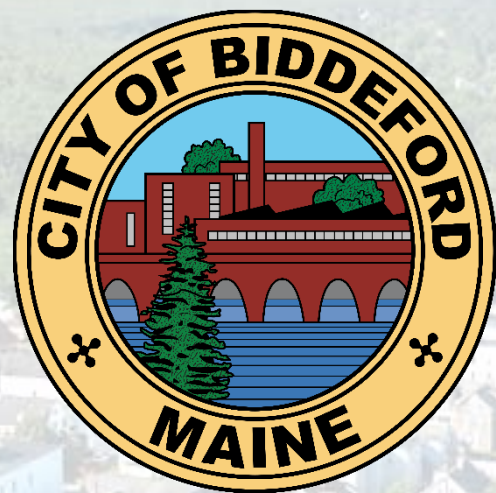
<b>Doris Ortiz</b> <i>Chair; Councilor-at-Large</i>	<b>Martin Grohman</b> <i>Councilor Ward 3</i>
<b>Daniel Boucher</b>	<b>Rev. Shirley Bowen</b>
<b>Ciel Caldwell</b>	<b>Dominic Deschambault</b>
<b>Ian Garcia-Grant</b>	<b>Seth Harkness</b>
<b>Jessica Johnson</b>	

# Appendix 2

## *Community Survey Results*

In June and July 2022, the Mayor's Affordable Housing Task Force issued a survey to gather information about housing in Biddeford. The survey was distributed on Our Biddeford, the City's community engagement platform.

The following overview of the survey results was presented to the Mayor's Affordable Housing Task Force at their July 26, 2022 meeting. To view additional survey results, please visit <https://our.biddefordmaine.org/en/projects/affordable-housing-survey-1>.



# **Housing Survey Results**

## **Mayor's Affordable Housing Task Force**

### **July 26, 2022**

# Three Sets of Results

- General Survey – Live in Biddeford
- General Survey – Don't live in Biddeford but would like to
- Developer Survey

# General Survey Distribution

- Facebook targeted advertisement
- Biddeford Beat
- Website
- Press Release
- Non-sponsored social media posts
- McArthur Library
- Seeds of Hope
- BSOOB Transit (on buses and at Transportation Center)

# Live in Biddeford

General Survey

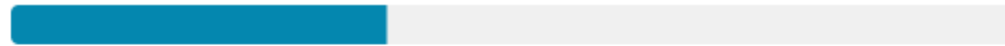
✓ 7 Which of the following applies to you?

561 out of 630 people answered this question

I rent my home 331 resp. 59%



I own my home 210 resp. 37.4%



I am unhoused 20 resp. 3.6%



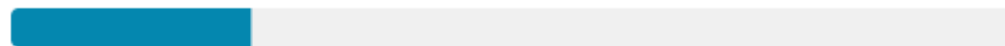
✓ 8 If you rent, would you like to own?

331 out of 630 people answered this question

Yes, I would like to own. 252 resp. 76.1%



No, I would not like to own. 79 resp. 23.9%



# What do you consider to be an affordable housing cost?

- **Studio**

- Mean: \$845.24
- Median: \$800

- **1 Bedroom**

- Mean: \$986
- Median: \$1,000

- **2 Bedroom**

- Mean: \$1,236.35
- Median: \$1,200

- **3 Bedroom**

- Mean: \$1,478.48
- Median: \$1,500

- **4 Bedroom**

- Mean: \$1,732.64
- Median: \$1,700

## Responses vs. FMR

### Survey Responses: What do you consider to be an affordable housing cost?

- **Studio**
  - Mean: \$845.24
  - Median: \$800
- **1 Bedroom**
  - Mean: \$986
  - Median: \$1,000
- **2 Bedroom**
  - Mean: \$1,236.35
  - Median: \$1,200
- **3 Bedroom**
  - Mean: \$1,478.48
  - Median: \$1,500
- **4 Bedroom**
  - Mean: \$1,732.64
  - Median: \$1,700

### Fair Market Rents for Biddeford (HUD)

- **Studio**
  - \$961
- **1 Bedroom**
  - \$967
- **2 Bedroom**
  - \$1,216
- **3 Bedroom**
  - \$1,561
- **4 Bedroom**
  - \$1,790

# Survey Responses vs. Pricing Today

- **1 Bedroom**

- Median: \$1,000

- **2 Bedroom**

- Median: \$1,200

- **3 Bedroom**

- Median: \$1,500

- **1 Bedroom**

- 1,175 - 1,400 - 2,200

- **2 Bedroom**

- 1,500 - 1,550- 1,625- 1,775- 1800- 1850- 2,000

- **3 Bedroom**

- 2,100

# Mill District Pricing



### RATES

Apartments rates range in prices based on square footage, views, and finishes. Current rates are as follows:

- Standard Studio Starting at \$1300
- Standard One Bedroom Starting at \$1500
- Standard Two Bedroom Starting at \$1800
- Luxury One Bedroom Starting at \$1900
- Luxury Two Bedroom Starting at \$2500

## Residential Lofts

### Studio, 1 Bath

486 - 772 sq. ft

\$1,350 - \$1,595 | No Availability.

### 1 Bedroom, 1 Bath

581 - 872 sq. ft

\$1,595 - \$1,795 | No Availability.

### 2 Bedroom, 1 Bath

720 - 1,093 sq. ft

\$1,850 - \$2,195 | No Availability.

### 2 Bedroom, 2 Bath

966 - 1,143 sq. ft

\$2,495 - \$2,695 | No Availability.

21 Have you lost your housing within the past year or do you expect to lose your existing housing within the next year?

559 out of 630 people answered this question



23 Do you know anyone who needed to leave their housing in Biddeford within the past year due to affordability?

559 out of 630 people answered this question



- Those who responded “yes” to having lost their housing were asked to elaborate:
  - General increases in rent
  - Rents were increased after sale of their building
  - Building was sold and they were forced to move

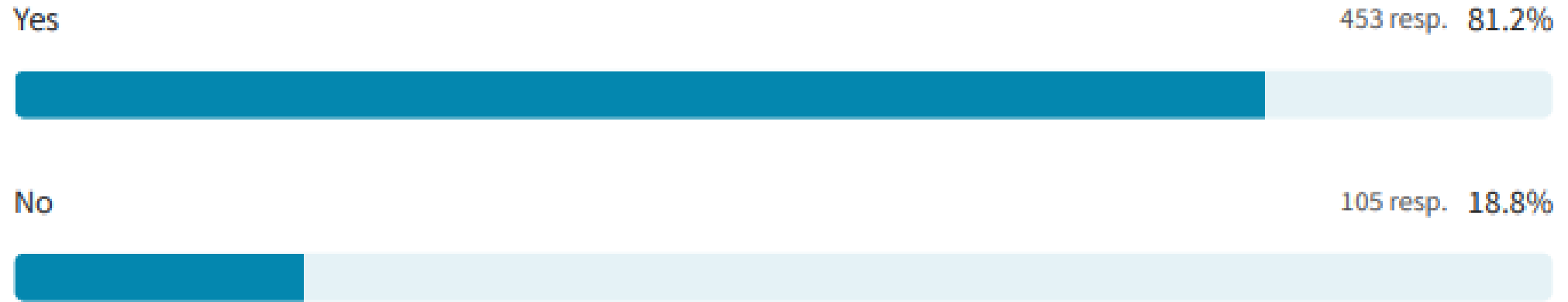
If the City were able to help you achieve better housing affordability, how important would the following be to you on a scale of 1 to 5, with 1 being not at all helpful and 5 being very helpful:

510 out of 630 people answered this question

	1	2	3	4	5
Down payment assistance to buy a home	19.2%	8%	15.7%	13.9%	43.1%
Rental assistance to help me afford my current housing	20%	9.5%	21.8%	17.7%	31%
More housing developments where homes are affordable	9.1%	5.1%	15.2%	16.6%	54%
More housing developments where rentals are affordable	8.9%	4.2%	12.7%	17.4%	56.8%
Improving the condition of my current rental unit/building	24.2%	14.7%	21.9%	14.7%	24.6%
Rehabilitation assistance to help me improve the condition/energy efficiency of my home	23.4%	11.6%	23.2%	15.1%	26.6%

Should the City encourage "alternative housing" options in Biddeford?

558 out of 629 answered



# Comments

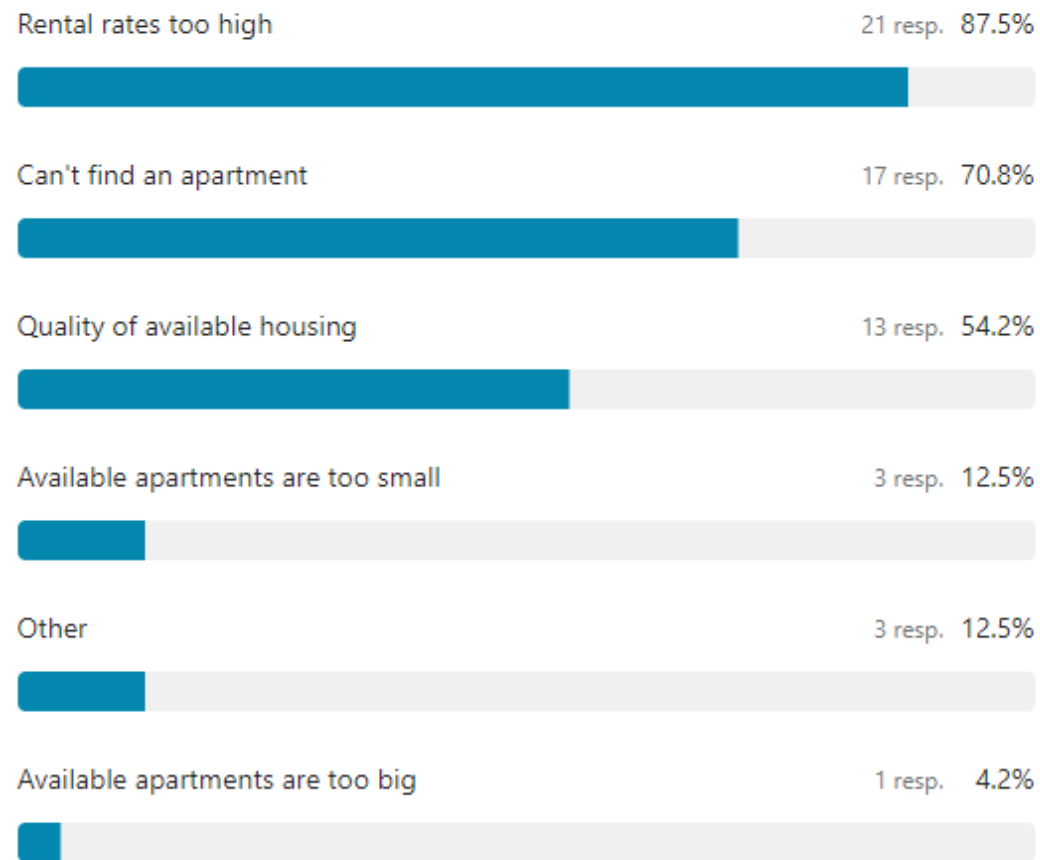
- Hard to summarize such a range of thoughts
- Concerns about investors (specifically from out of state) purchasing properties in Biddeford; desire for local buyers first access
  - Adding more supply, specifically affordable
    - Support for zoning changes to allow more supply
  - General sense of fear from respondents about not being able to stay in their homes
  - Concerns about short-term rentals
  - Rental caps
  - Quality of buildings
  - Concerns about affordability for single people
  - Down payments

Don't live in Biddeford, but  
would like to

General Survey

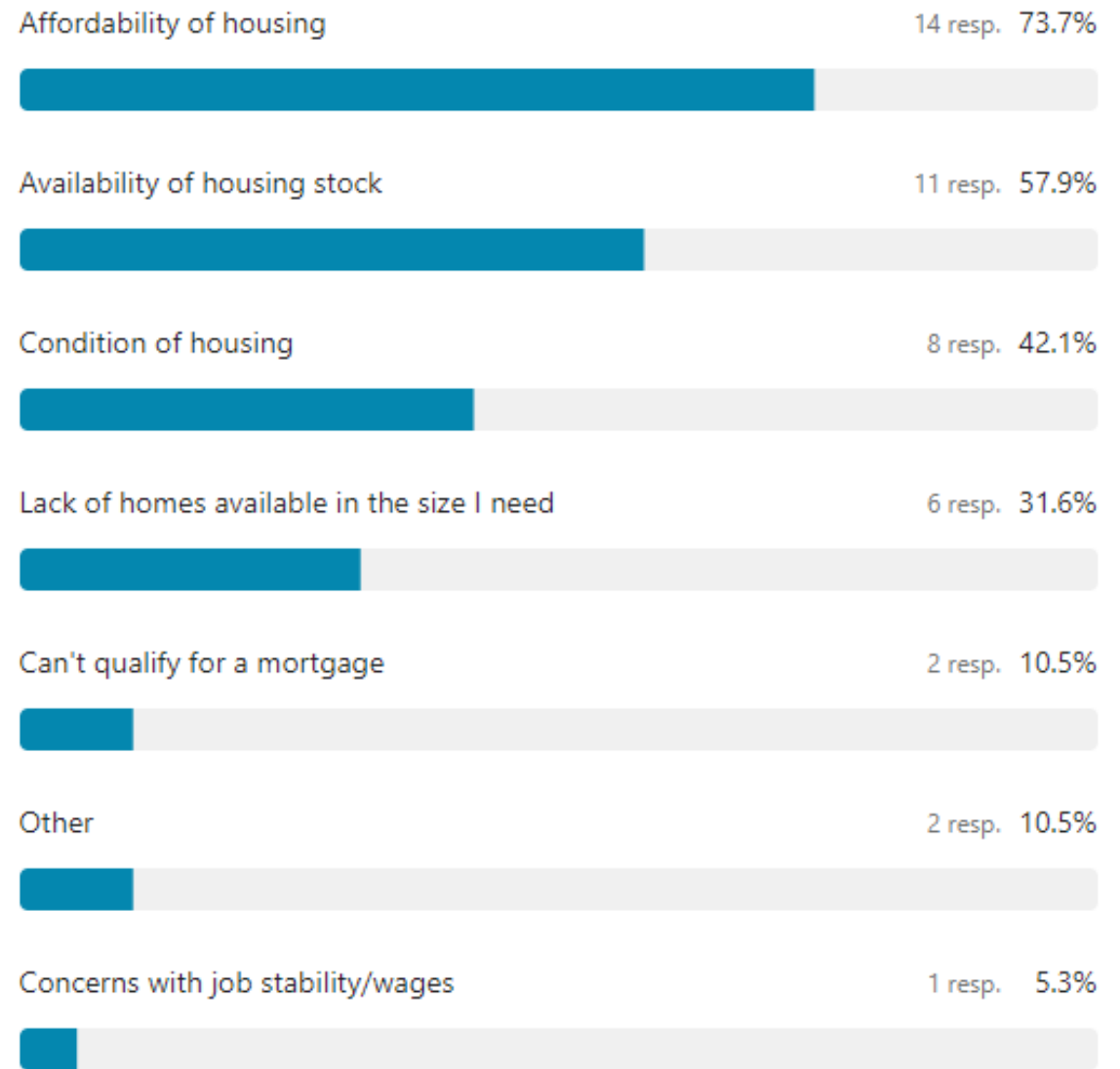
✓ 4 What factors keep you from renting in Biddeford?

24 out of 630 people answered this question (with multiple choice)



✓ 5 What factors keep you from purchasing a home in Biddeford?

19 out of 630 people answered this question (with multiple choice)



# Developer Survey Results

# Distribution

- Contacts from Code Enforcement for multi-family owners
  - Many owners did not have an email address on file
- Contacts from our housing rehabilitation and lead remediation programs
- Developer contacts from the Economic Development Department
  - Biddeford developers
  - Known affordable housing developers from around the state
- Total contacts: 80
- Total responses: 27



2

Of the following barriers to developing affordable housing that are outside the City of Biddeford's control, please rate how much each factor affects you on a scale of 1 to 5, with 1 being no effect and 5 being a major effect.

23 out of 27 people answered this question

	1	2	3	4	5
Cost of Labor	0%	0%	13%	34.8%	52.2%
Cost of Land	4.3%	8.7%	30.4%	26.1%	30.4%
Cost of Private Financing	17.4%	8.7%	26.1%	8.7%	39.1%
Cost of Materials	0%	0%	8.7%	43.5%	47.8%
Availability of State/Feder...	13.6%	13.6%	13.6%	22.7%	36.4%
Community Opposition	9.5%	23.8%	38.1%	19%	9.5%

3

Of the following barriers to developing affordable housing that are within the City of Biddeford's control, please rate how much each factor affects you on a scale of 1 to 5, with 1 being no effect and 5 being a major effect.

23 out of 27 people answered this question

	1	2	3	4	5
Plan Review/Approval Process	9.1%	9.1%	36.4%	13.6%	31.8%
Impact Fees	0%	13.6%	36.4%	36.4%	13.6%
Codes/Ordinances/Land Use Restrictions	0%	13%	30.4%	17.4%	39.1%
Availability of financial assistance from the City	0%	13.6%	31.8%	18.2%	36.4%
Site Availability	4.3%	30.4%	21.7%	17.4%	26.1%

# Other barriers not on the list

- “Zoning preventing the addition of units to or existing multi family buildings”
- “Allowing higher densities in growth areas with water and sewer”
- “High taxes and fees for the building. It’s hard to do any affordable housing if I have to pay so much just to keep the building running”
- “Affordable housing is not being built because cost of construction and now interest rates are such that the developer can’t make the deal pencil (no profit or even under water). Financial assistance via TIF, state and fed tax credits and any other assistance to fill the financing gap is needed to build affordable housing.”



5

How much would each of the following factors help assure your ability to develop affordable housing in Biddeford on a scale of 1 to 5, with 1 being not at all helpful and 5 being extremely helpful?

23 out of 27 people answered this question

	1	2	3	4	5
Availability of a skilled local construction...	0%	4.3%	30.4%	34.8%	30.4%
Access to low-cost private financing	9.1%	4.5%	4.5%	22.7%	59.1%
Availability of affordable housing tax increment...	4.3%	0%	13%	17.4%	65.2%
Site availability	0%	4.3%	34.8%	39.1%	21.7%
Less restrictive codes/ordinances/lar use	4.3%	8.7%	30.4%	17.4%	39.1%
Streamlined plan review/approval process	8.7%	0%	26.1%	30.4%	34.8%

# Other factors not on this list

- Multiple comments about allowing additional units on existing properties
- “Continuous and dynamic community engagement is an important factor that often gets overlooked. This requires a planning mentality at the City level.”
- “Allow federal funding opportunities to be passed down without unrealistic or overly controlling conditions.”
- “Available surveyor”

# People who HAVE done business in Biddeford

**11** Compared to other communities that you have done work in, how would you rate the following aspects of doing business with the City of Biddeford?

9 out of 27 people answered this question

	1	2	3	4	5
Knowledgeable of regulations	0%	0%	22.2%	77.8%	0%
Good relationship with the State	0%	11.1%	44.4%	44.4%	0%
Explains which Codes are relevant to your project	0%	11.1%	22.2%	55.6%	11.1%
Explains steps that needs to be taken to get a building permit	0%	0%	22.2%	55.6%	22.2%
Understands the zoning code and addresses concerns about project feasibility	0%	11.1%	33.3%	44.4%	11.1%
Understands State's new zoning regulations	11.1%	11.1%	33.3%	33.3%	11.1%

# Perception of people who HAVE NOT done business in Biddeford

**9** In your perception, how would you rate the following aspects of doing business with the City of Biddeford in comparison to other communities?

9 out of 27 people answered this question

	1	2	3	4	5
Knowledgeable of regulations	0%	22.2%	66.7%	11.1%	0%
Good relationship with the State	11.1%	0%	88.9%	0%	0%
Explains which Codes are relevant to your project	11.1%	22.2%	44.4%	22.2%	0%
Explains steps that needs to be taken to get a building permit	12.5%	0%	62.5%	25%	0%
Understands the zoning code and addresses concerns about project feasibility	22.2%	22.2%	44.4%	11.1%	0%
Understands State's new zoning regulations	0%	37.5%	50%	12.5%	0%



14

Rank the following types of written materials that would you like the City to provide to help you complete projects efficiently.

18 out of 27 people answered this question

- |    |  |               |
|----|--|---------------|
| #1 | Checklists to outline what steps will need to be taken to complete your project successfully                           | #2.11 average |
| #2 | Easy to find and clear to read zoning regulations  | #2.22 average |
| #3 | Lists of City resources that may be available to you to create affordable housing opportunities                        | #3.17 average |
| #4 | Information about current events regarding potential changes in zoning and other policies that may impact your project | #3.56 average |
| #5 | A guide to explain which department to engage with for each step of the development process                            | #3.94 average |

▼ View details

# Final Thoughts

- Allow the addition of units to existing multi family properties
- Someone to meet with to let me know what is available for help with this
- Pursue pattern zoning and pre-approved building types, provide micro-TIFs to help cover gap for projects that provide rents at 80%-120% ami, remove layers of regulation and fees for in-town projects.
- It would be great to develop some pre-approved housing types. It would also be great to identify City-owned land and make it shovel-ready for these pre-approved types.
- Treat small landlords and owner occupied with similar freedoms as the developers are treated instead of artificially creating extremely life-limiting conditions in order to access funding to assist with projects.
- I feel that the codes department is not on board with finding ways to increase density unless it fits into current zoning requirement which is too restrictive generally.
- Making sure any fees are defined, easy to calculate, and predictable.

# Appendix 3

## *City-owned Properties*

### Background

As part of the ongoing work of the Mayor's Affordable Housing Task Force, city staff has undertaken an inventory of 129 municipally-owned parcels within the City of Biddeford as a first step in identifying possible locations where new affordable housing development may be practical or encouraged. This inventory categorizes all municipally-owned parcels into three categories based upon staff's assessment of their overall development potential. This categorization accounts for zoning, parcel size, existing uses and environmental constraints.

### City-Owned Land Categorization

The City of Biddeford owns a total of 129 parcels ranging in size from less than 1 acre to 300 or more acres. The majority of this land either has active municipal use or is undevelopable due to physical or environmental constraints. This inventory categorizes each parcel into the following three COLORED categories based on a range of factors:

#### RED

These are parcels which have an active municipal uses including:

- Schools
- Public safety facilities
- Utilities
- Parks and recreation facilities

Parcels highlighted in red also may have significant environmental or physical encumbrances which significantly limit development potential. This category also includes all parcels less than  $\frac{1}{4}$  of an acre in size.

## ORANGE

Parcels highlighted in orange have active municipal uses including:

- Publicly owned surface parking lots
- Municipal vehicle parking

While these parcels have active municipal uses, their nature and location may create potential for future reuse of these parcels.

These parcels also may be located in areas or zones which make development challenging including:

- Coastal Residential Zone
- Rural Farm Zone
- Resource Protection and Stream Protection Overlays

## GREEN

Properties highlighted in green have been identified by staff as having potential for new development or reuse. Although these parcels may have practical constraints, such as zoning or shoreland setbacks, they may still present an opportunity for affordable housing development in the future. Parcels noted by staff include:

- **432 / 442 Main St (Tax Map 37, Lots 15/16):** These parcels are located on either side of the existing Saco industrial rail line and are located within the B1 and R1B zones. Any future development on these parcels would require approval from the Saco River Corridor Commission due to their proximity to the Saco River.
- **516 / 512 Elm St (Tax Map 14, Lot 14-1, 2.3):** These three parcels are located off of Elm Street directly across from the New York County Consolidated Courthouse and are located within the B1 and I1 zones. Two of these parcels are landlocked and have notable wetland features. Any development of these parcels may require rezoning.
- **Barra Rd / Healthcare Drive (Tax Map 2, Lots 42-4,8):** These City-owned parcels are located within the I3 zone in the Robert Dodge Business Park and are committed to attract commercial or industrial development. It is noted that this Business Park has deed covenants which would likely need to be amended to allow residential uses in addition to a rezoning.

## CITY OWNED PROPERTIES

Map	Block	Lot	Location	Owner's Name:	Model Desc	Land Acres	Description	Zoning	Notes
1	19		587 SOUTH ST	CITY OF BIDDEFORD	Vacant	25.65		RF, RP-1	
1	55		80 ANDREWS RD	CITY OF BIDDEFORD	Vacant	70.00	Landfill Area		
1	57		85 ANDREWS RD	CITY OF BIDDEFORD	Vacant	17.34	Abuts Landfill	LRF	
1	57	1	55 ANDREWS RD	CITY OF BIDDEFORD	Vacant	1.31		LRF	
1	59		119 ANDREWS RD	CITY OF BIDDEFORD	Vacant	44.50	Landfill Area		
1	66		120 ANDREWS RD	CITY OF BIDDEFORD	Vacant	26.00	Landfill Area		
2	1		50 ANDREWS RD	CITY OF BIDDEFORD	Vacant	71.00		RF	
2	5	4	15 ANDREWS RD	CITY OF BIDDEFORD	Vacant	1.07		RF	
2	14	1	ALFRED ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.17	Land Locked	RF	
2	39		ALFRED ST (OFF OF)	CITY OF BIDDEFORD	Vacant	18.27	Abuts Highway	RF, SP	
2	42		37 BARRA RD	CITY OF BIDDEFORD	Vacant	3.65		I3	Noted by staff. Would require rezoning
2	42	4	10 HEALTHCARE DR	CITY OF BIDDEFORD	Vacant	5.94		I3, SP	Noted by staff. Would require rezoning
2	42	8	SPRINGBROOK DR	CITY OF BIDDEFORD	Vacant	3.88		I3, SP	Noted by staff. Would require rezoning
2	72		OLD ALFRED RD	CITY OF BIDDEFORD	Vacant	0.43			
2	81	3	14 POMERLEAU ST	CITY OF BIDDEFORD	Industrial	3.90	Biddeford Ice Arena		
3	40	5	WEST ST (OFF OF)	CITY OF BIDDEFORD	Vacant	8.02	Land Locked		
3	52		GRANITE ST (OFF OF)	CITY OF BIDDEFORD	Vacant	7.10	Land Locked		
3	57		GRANITE ST (OFF OF)	CITY OF BIDDEFORD	Vacant	36.98	land Locked	I 1	
3	58		87-88 LANDRY ST	CITY OF BIDDEFORD	Industrial	310.10	Airport		
3	64		25 TIGER DR	CITY OF BIDDEFORD	Commercial	21.43	School		
3	65		335 HILL ST	CITY OF BIDDEFORD	Commercial	25.50	School		
3	66		371 HILL ST	CITY OF BIDDEFORD	Industrial	14.62	Public Works		
3	69		363 HILL ST	CITY OF BIDDEFORD	Vacant	3.32	Land Locked	I2	
3	71		331 HILL ST	CITY OF BIDDEFORD	Vacant	7.00	Abuts School	R1A	
4	22	5	NEWTOWN RD	CITY OF BIDDEFORD	Vacant	9.92	Land Locked	RF	
5	19		772 POOL ST	CITY OF BIDDEFORD	Vacant	30.12			
6	14	2	223 RIVER RD	CITY OF BIDDEFORD	Vacant	0.35	Vacant	RF	
8	1		POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	53.82	Abuts Clifford Park		
8	3	1	188 POOL ST	CITY OF BIDDEFORD	Vacant	60.60	Abuts Clifford Park		
9	17		86 NEWTOWN RD	CITY OF BIDDEFORD	Vacant	0.23		RF	
9	28	2	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	9.00	Land Locked	RF, MHP	
9	30	3	516 POOL ST	CITY OF BIDDEFORD	Vacant	0.96		SR1	
9	52	1	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	15.00	Land Locked	RF, SP	
9	53	3	POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	3.10	Land Locked	RF	
10	28		1 GOOSEBERRY ISLAND	CITY OF BIDDEFORD & UNKNOWN	Vacant	1.00	Island Parcel		
13	45		122 PRECOURT ST	CITY OF BIDDEFORD	Vacant	5.54		I 1	
14	11	1	522 ELM ST	CITY OF BIDDEFORD	Vacant	12.11	Land Locked	B2	
14	11	2	0 ELM ST	CITY OF BIDDEFORD	Vacant	0.62		B2	
14	14	1	522 ELM ST	CITY OF BIDDEFORD	Vacant	8.65		B2	
14	14	2	522 ELM ST	CITY OF BIDDEFORD	Vacant	1.55	Land Locked	B2, I1	Noted by staff. In Shoreland Zone
14	14	3	516 ELM ST	CITY OF BIDDEFORD	Vacant	0.30		B2	Noted by staff. In Shoreland Zone
15	4		COMMERCIAL ST	CITY OF BIDDEFORD	Vacant	11.30		I 1 , RP	
15	13		0 ELM ST	CITY OF BIDDEFORD	Vacant	7.00	Land Locked		

20	36		32 ROBERTS ST	CITY OF BIDDEFORD	Vacant	0.04		
21	55		0 WESTLAND AVE	CITY OF BIDDEFORD	Vacant	0.04		
21	60		0 WESTLAND AVE	CITY OF BIDDEFORD	Vacant	0.04		
21	78		399 ELM ST	CITY OF BIDDEFORD	Vacant	18.37	Cemetery	
22	26		64 WEST ST	CITY OF BIDDEFORD	Commercial	11.67	School	
26	36	1	0 EVANTHIA DR	CITY OF BIDDEFORD	Vacant	0.04	Land Locked	
27	34		130 MAY ST	CITY OF BIDDEFORD	Industrial	7.50	Baseball Field	
28	270		284 HILL ST	CITY OF BIDDEFORD	Industrial	9.60	Baseball Field	
30	101		80 HAROLD AVE	CITY OF BIDDEFORD	Vacant	0.16	Land Locked	R1A, RP
32	2		550 MAIN ST	CITY OF BIDDEFORD	Commercial	73.89	Rotary Park	
32	4		314 SOUTH ST	CITY OF BIDDEFORD	Vacant	8.31	Baseball Field	
32	11		SOUTH ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.12		R1B, RP
32	33		5 DEARBORN AVE	CITY OF BIDDEFORD	Vacant	0.90		R1B
33	7		10-20 MAPLEWOOD AVE	CITY OF BIDDEFORD	Industrial	8.47	High School	
33	69		MAY ST	CITY OF BIDDEFORD	Vacant	0.24		R1B
34	158		152 ALFRED ST	CITY OF BIDDEFORD	Industrial	2.87	Fire Station	
34	228		189 ALFRED ST	CITY OF BIDDEFORD	Commercial	1.75	Community Center	
36	16		MAIN ST	CITY OF BIDDEFORD	Vacant	0.14		R1B, RP
37	15		442 MAIN ST	CITY OF BIDDEFORD	Vacant	1.75		R1B, GD2 Noted by staff
37	16		432 MAIN ST	CITY OF BIDDEFORD	Vacant	1.60		B1, GD2 Noted by staff
37	16	1	20 HERRIGAN CT	CITY OF BIDDEFORD	Vacant	0.07		
37	168		11 MAPLEWOOD AVE	CITY OF BIDDEFORD	Vacant	8.00	Athletic Field	
38	14		2 BRADBURY ST	CITY OF BIDDEFORD	Vacant	0.07		
38	22		34 ST MARYS ST	CITY OF BIDDEFORD	Vacant	0.12		MSRD2
38	132		58 LINCOLN ST	CITY OF BIDDEFORD	Vacant	0.12	Park	
38	133		205 MAIN ST	CITY OF BIDDEFORD MUNICIPAL BUILDING	Commercial	0.77	City Hall	
38	144		315 MAIN ST	CITY OF BIDDEFORD	Vacant	0.09		
38	151		42 CENTER ST	CITY OF BIDDEFORD	Commercial	0.07		MSRD2 Noted by Staff and CAC - Undevelopable Due to Utility Easements
38	168		49 CENTER ST	CITY OF BIDDEFORD	Vacant	0.02		MSRD2 Noted by Staff and CAC - Undevelopable Due to Utility Easements
38	169	1	15 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.13		
38	182		10 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.06	Williams Court Park	
38	183		8 WILLIAMS CT	CITY OF BIDDEFORD	Vacant	0.09	Williams Court Park	
38	186		58 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.18	Williams Court Park	
38	186	1	56 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.12		
38	200		17 GREEN ST	CITY OF BIDDEFORD	Vacant	0.05		
38	201		59 SOUTH ST	CITY OF BIDDEFORD	Vacant	0.01		
38	202		207 ELM ST	CITY OF BIDDEFORD	Vacant	0.34		MSRD2
38	312		75 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.36	Parking Lot	MSRD1 Noted by Staff.
38	312	1	75 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.02		MSRD1 Noted by Staff.
38	353	1	FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.17	Parking Lot	MSRD1 Noted by Staff.
38	354		39 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.11		MSRD1 Noted by Staff.
38	355		45 WASHINGTON ST	CITY OF BIDDEFORD	Vacant	0.26	Parking Lot	MSRD1 Noted by Staff.
38	360		28 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.42	Parking Lot	MSRD1 Noted by Staff.
38	372		149 MAIN ST	CITY OF BIDDEFORD	Vacant	0.08	Park	
38	389		17 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.14		MSRD1

38	390		25 FRANKLIN ST	CITY OF BIDDEFORD	Vacant	0.12		MSRD1	
38	404		39 ALFRED ST	CITY OF BIDDEFORD	Commercial	0.96	Police Station		
38	419		2 POOL ST	CITY OF BIDDEFORD	Vacant	0.36	Veterans Memorial Park		
38	475		24 BIRCH ST	CITY OF BIDDEFORD	Vacant	0.35	Parking Lot	MSRD2	
39	1		136 HILL ST	CITY OF BIDDEFORD	Vacant	0.15		MSRD2	
39	39		106 HILL ST	CITY OF BIDDEFORD	Vacant	0.18	Emery School Yard		
39	80		5 FOSS ST	CITY OF BIDDEFORD	Vacant	0.21	Parking Lot	MSRD1	Noted by Staff
39	84		15 FOSS ST	CITY OF BIDDEFORD	Vacant	0.20	Parking Lot	MSRD1	Noted by Staff
39	116		40 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.12	Playground		
39	117		38 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.09			
39	129		65 BACON ST	CITY OF BIDDEFORD	Vacant	0.11	Small Park		
39	137		2 FOAV CT	CITY OF BIDDEFORD	Vacant	0.22		MSRD2	
39	334		130 POOL ST	CITY OF BIDDEFORD	Vacant	25.20	Clifford Park		
40	25	2	MAIN ST (OFF OF)	CITY OF BIDDEFORD	Vacant	9.80	Diamond Match Site	MSRD3, B1	Private devlopment underway
41	1		3 MAIN ST	CITY OF BIDDEFORD	Vacant	1.38	Mechanic Park		
41	16		45 WATER ST	CITY OF BIDDEFORD	Vacant	0.68	Parking Lot		
41	18		51-57 WATER ST	CITY OF BIDDEFORD	Industrial	2.37	Sewage Treatment Plant		
41	97		78 WATER ST	CITY OF BIDDEFORD	Vacant	0.26	Parking Lot	R2	
41	125		14 PIERSONS LN	CITY OF BIDDEFORD	Vacant	0.10		MSRD2	
42	112		1 COLUMBUS WAY	CITY OF BIDDEFORD	Commercial	4.00	Skating Rink		
42	112	1	15 COLUMBUS WAY	CITY OF BIDDEFORD	Commercial	0.38	Public Access Bldg		
42	121	1	POOL ST	CITY OF BIDDEFORD	Vacant	0.50	Land Locked	R1A	
51	19		POOL ST (OFF OF)	CITY OF BIDDEFORD	Vacant	1.02	Land Locked	CR	Coastal area
54	7	1	15 SEABREEZE AVE	CITY OF BIDDEFORD	Vacant	2.11		CR, RP	Coastal area
55	51		194 HILLS BEACH RD	CITY OF BIDDEFORD	Vacant	0.19	Park		
59	55	1	12 STONE CLIFF RD	CITY OF BIDDEFORD	Industrial	0.12	Bidd Pool Treatment Plant		
59	107		BEACH HOUSE LN	CITY OF BIDDEFORD	Vacant	5.40		CR, RP	Coastal area
59	117		0 LESTER B ORCUTT BLVD	CITY OF BIDDEFORD	Vacant	0.12		CR, RP	Coastal area
61	20		71 MILE STRETCH RD	CITY OF BIDDEFORD	Vacant	0.84		CR, RP	Coastal area
61	32		4 GILBERT PL	CITY OF BIDDEFORD	Vacant	1.10		CR,RP	Coastal area
62	40		LEIGHTON POINT LN	CITY OF BIDDEFORD	Vacant	1.00		CR, RP	Coastal area
62	41		MILE STRETCH RD	CITY OF BIDDEFORD	Vacant	0.33		CR, RP	Coastal area
63	46		4 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.20		CR, RP	Coastal area
64	1	1	0 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.32	Parking Area		
65	19	2	0 FORTUNES ROCKS RD	CITY OF BIDDEFORD	Vacant	0.15			
71	2		LINCOLN ST	CITY OF BIDDEFORD	Commercial	8.40	Parking Garage		
71	8		LACONIA ST (OFF OF)	CITY OF BIDDEFORD	Vacant	0.37	Riverwalk		
74	5	1	420 HILL ST	CITY OF BIDDEFORD	Vacant	0.82		I2, RP	
74	6	1	398 HILL ST	CITY OF BIDDEFORD	Vacant	0.29		R1A, SP	
74	15		HILL ST	CITY OF BIDDEFORD	Vacant	0.12		I2, RP	
82	32		320 HILL ST	CITY OF BIDDEFORD	Commercial	16.00	School		
<b>Count:</b>	<b>129</b>								

# Appendix 4

## *Rent Control White Paper*

Prepared by James Bennett, City Manager

August 17, 2022

Rent control, government regulation(s) that places a limit on the amount that a landlord can charge for leasing or renting a place to live, has been around for a long time. Some reports suggest that it has been around since the Roman era. Most certainly, rent control in its present form was shaped in the United States between the two World Wars. Originated because of an increased demand in housing and lack of production, the simple Adam Smith economic theory of supply and demand increased the market rates for rents. The vast majority of rent control regulations are initiated at the local level.

In some ways, rent is one of the purest forms of supply and demand economics. As demand increases for housing in a certain area without a corresponding increase in the supply, the price increases. Lacking viable options, the renter is left to either pay the market rate or chose a different location. Rental prices will only go down because of market forces. Either the demand needs to decrease or supply needs to increase at a rate equal to or beyond the current increase in demand. A combination of the two accelerates the reduction in rents.

Rent control by itself does not address the underlying issues that it is designed to mitigate. It does impact the current market place. The impacts are mixed. They have both positive and negative impacts. For some of those impacts, the short term and long term impacts are not consistent. Rent control does little to anything to change the underlying market forces that generate the impetus to implement. As an artificial limitation on the marketplace, rent control shifts costs and burdens from one group to others.

Given the increased demand for housing and lack of affordable housing alternatives, there are many recent publications regarding rent control. Like many other subjects, one can find a supportive publication to match an opinion that is being sought. Staff has done research and applied our collective experience in order to prepare this paper. We believe it fairly represents the most applicable aspects for Biddeford.

The clear beneficiaries are renters that live in a unit subject to municipal intervention. There are some studies that suggest that the benefit has diminishing returns over time. Other literature argues that the benefit is relatively short-lived and actually becomes a negative. The Brookings Institute, in an October 18, 2018 report, stated:

“While rent control appears to help current tenants in the short run, in the long run it decreases affordability, fuels gentrification, and creates negative spillovers on the surrounding neighborhood.”<sup>1</sup>

The research is almost universal in the conclusion that the benefits are almost exclusively limited to those tenants that live in rent control units. Almost as equally accepted among the research is the conclusion that the local community in the aggregate pays a high price when rent control becomes public law.

## Two Studies

Two significant studies have been conducted that are considered objective. In 2014, Autor, Palmer, and Pathak (APP) studied the impact of the City of Cambridge, MA’s sudden exodus from rent control. Cambridge adopted an ordinance that required all rental units built prior to 1969 to be heavily regulated. From 1970 to 1994, these rental units had strict caps on rent increases. It further created significant restrictions on the removal of units from the rental market. In November of 1994, Massachusetts voters preempted a local community’s ability to create rent control via a referendum vote. Immediately, over 30% of the total rental stock was no longer under rent control.<sup>2</sup> APP studied the changes in the community from 1988 to 2005 to determine the impact of rent control within Cambridge.

Several key observations from APP’s extensive work should be considered by Biddeford. While 30% of citywide rental units were governed by rent control prior to 1994, there were many neighborhoods that had much higher percentages. In the older neighborhoods, the percentage was 60%.<sup>3</sup> APP’s study documented that rent control not only reduced the property value of the apartments with rent control, but also reduced the values of all other properties within reasonable proximity to the apartments. It also showed that the amount of the depreciation of the non-rent controlled properties grew larger as the density of the rental control apartments grew in the neighborhoods.

Intuitively, one might think that the greatest increase in values of property would have been the collective properties subject to rent control requirements. However, based on the analysis from 1994 (when the rent control was significantly eliminated) to 2004, only \$300 million of increased value occurred. For the balance of the community, \$1.7 billion in increased value occurred. Recognizing the rent control units were a much smaller portion of the overall community valuation (and therefore did have a greater percentage increase per building), the

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<sup>1</sup> Rebecca Diamond, *What does economic evidence tell us about the effects of rent control?* Brookings Institute, October 18, 2018 [What does economic evidence tell us about the effects of rent control? \(brookings.edu\)](https://www.brookings.edu/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/)

<sup>2</sup> A legislative compromise did allow disabled, elderly and low-income renters to retain their current units for up to two years.

<sup>3</sup> David Autor, Christopher Palmer, Parag Pathak, *Housing Market Spillovers: Evidence From the End of Rent Control in Cambridge Massachusetts*, National Bureau of Economic Research, June 2014 [2012227 661..727 \(mit.edu\)](https://www.nber.org/papers/w2012227661.727)

impact on the rest of the community valuation was significant especially in comparison to the benefit received by those renting.

The other significant study is Diamond, McQuade and Qian's (DMQ) 2018 examination of San Francisco's 1994 elimination of certain exemptions of the City's 1979 rent control regulations. The initial adoption exempted any new construction as well as any smaller apartment buildings (5 or less). Once these restrictions were removed, DMQ was able to determine what effect the regulations had on both the tenants and the owners of those classes of properties. There are several key findings from the DMQ study. The study concluded that the medium- to long-term benefit of rent control was that individuals in a rent control unit were 10% to 20% more likely to stay in the rental unit than those that did not.

A second significant finding was the marketplace response to rent control. As a direct result of rent control, 15% of the available rent controlled units were converted to condos (private ownership). In addition, there was a decrease of 25% in the number of renters living in units protected by rent control. <sup>4</sup>

DMQ's conclusion states:

"....rent control contributed to the gentrification of San Francisco, contrary to the stated policy goal. Rent control appears to have increased income inequality in the city by both limiting displacement of minorities and attracting higher income residents."

DMQ further concludes that if it is the desire of society "to provide social insurance against rent increases, it may be less distortionary to offer this subsidy in the form of government subsidies or tax credits."

### Summary of Other Impacts

Reviewing many different sources, the following is the collective advantages and disadvantages that have been offered in mainstream media and generally accepted credible sources. You will note that some of the impacts that are listed are contrary to others. This should be expected, since the sources that were used included both advocates and opponents.

From the perspective of the tenants, the following have been identified as advantages:

- Housing becomes more affordable
- Don't have to move as much or be at risk of being forced to move
  - Improves health, social and education outcomes for children
- Neighborhood stability – strong community ties, investment in safety and prosperity of where they live, kids can stay in the same school, proximity to job, network of neighbors

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<sup>4</sup> Rebecca Diamond, Time McQuade, and Franklin Qian, The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco, American Economic Review, 2019 [The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco \(aeweb.org\)](https://aeweb.org)

- Some studies show that rent control can increase the supply of housing by incentivizing landlords to subdivide larger rental units

The disadvantages for the renters have been identified as:

- People can get “stuck” in apartments that aren’t the size they need (too big for empty nesters, too small for families with new young children) because they feel locked in to their existing apartments
- Landlords don’t have an incentive to invest in renovations since the returns are too low to justify the costs – housing stock deteriorates
- Less Housing Supply - Fewer homes for rent on the market in the long run since property prices will be too high to be attractive for investors compared to the rent they can achieve
  - Apartments can be converted into condos, pushing out renters in favor of homeowners
  - Condo owners also tend to be a higher-income group than renters – increases gentrification
- Property owners are incentivized to increase rents by the maximum allowable amount each year knowing that they would be limited in their increase for the following year if they don’t. This can lead to extra rent increases that otherwise wouldn’t have gone into effect.
- Property owners will raise their rents as much as they legally can right before rent control is enacted in anticipation of the new policy
- Wealthier, long-term tenants also get the incentive of cheaper rent than market value and may stay in properties longer, further limiting availability for lower-income residents

From the perspective of the landlord, the following advantages have been identified:

- Tenants may take better care of their properties because they expect to be able to afford living in the same place for the long term
- Less turnover of tenants and higher occupancy rate/lower tenant turnover costs

The disadvantages for the landlord have been identified as:

- Bad tenants also stay longer
- May not be profitable to build new homes
- Property values decrease
- Makes it harder to sell your home

### **What about the Rest of the Community?**

The property tax rate in the community is determined by taking the total value of all taxable properties and dividing it by the total tax commitment (total property taxes to be raised). As one segment of the community becomes less valuable compared to the rest of the community, the balance of the community will have to pay more of the property tax burden. Simply stated, rent control will shift a greater property tax burden on all other property taxpayers in the

community. Single family homes have the greatest potential to be the most adversely impacted by adoption of a traditional rent control policy.

Rent control suppresses housing construction and maintenance. That suppression will have an impact on other economic activity and job creation. Most especially, this is true in the construction and rehabilitation trades.

As we are hearing anecdotally from the Portland changes, investors will seek other investment opportunities outside of the community.

Businesses that are not considered high-paying employers may benefit from having a potential employee pool closer because of the rent control units.

### **Closing Thoughts**

The opinions about rent control regulations are as widespread as nearly every other public policy that has made its way to the national agenda. I believe the most significant conclusions that should be considered are:

- Rent control does not change the underlying market forces that cause the reasons people advocate for rent control.
- Supply and demand are the main forces that establish the rental rates in communities.
- Rent control has not been shown as an effective means to increase affordable housing, as a solution for poverty, inequity or other social justice goals.
- Rent control will have immediate positive impacts on all renters that are living in units that are subject to the regulations. The duration of those benefits are often debated. There are many that argue the long term implications actually become negative.
- Studies have supported that rent control actually has the adverse impact than intended. The tendency to increase rents to the maximum allowed annually even when not needed, decreasing the amount of rentals available, and the dampening of new investment are just some of the factors cited.
- Rent control will reduce the property value of the buildings that are regulated. There is significant evidence to conclude widespread rent control also decreases other property values of other properties, including other residential properties within the neighborhoods.
- The significant dependence in Maine on the property tax as the major source of taxation, when combined with the decreasing property valuation caused by rent control, will result in the shifting of the property tax burden to other properties. It is likely that the single family homes will be disproportionately burdened from the shift.
- Targeting resources based on a means testing for individuals is considered by many to be a more effective long-term solution. In addition, using resources to address the market forces directly impacting housing affordability is also recommended as the better long-term viable solution.

## Selected Readings and Resources

- ✓ [What does economic evidence tell us about the effects of rent control? \(brookings.edu\)](https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/)
- ✓ [Rent Control Does Not Make Housing More Affordable | Manhattan Institute \(manhattan-institute.org\)](https://www.manhattaninstitute.org/manhattan-essay/rent-control-does-not-make-housing-more-affordable)
- ✓ [The history of rent control & how it applies to today's renters \(policygenius.com\)](https://www.policygenius.com/blog/rent-control-history/)
- ✓ [Rent Control Around the World: Pros and Cons - NuWireInvestor](https://www.nuwireinvestor.com/rent-control-around-the-world-pros-and-cons/)
- ✓ [w24181.pdf \(nber.org\)](https://www.nber.org/papers/w24181)
- ✓ [America's Rental Housing 2022 \(harvard.edu\)](https://www.harvard.edu/news/2022/05/americas-rental-housing-2022)
- ✓ [Rent Control Effects On The Economy And Housing Quality \(linkedin.com\)](https://www.linkedin.com/pulse/rent-control-effects-economy-housing-quality-linkedin-com/)
- ✓ [The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco \(aeaweb.org\)](https://www.aeaweb.org/articles?id=10.1257/aep.54.1.1)
- ✓ [Ending Rent Control Reduced Crime in Cambridge \(aeaweb.org\)](https://www.aeaweb.org/articles?id=10.1257/aep.54.1.1)

# Appendix 5

## *Density Bonus Tool*

This tool allows developers of projects where more than half of all units are affordable to renters (i.e., those earning up to 80% of AMI) or owners (i.e., those earning up to 120% of AMI) to generate additional housing units (i.e., density) within a given footprint than they would otherwise be permitted. A new affordable housing law in Maine (aka LD 2003), effective July 1, 2023, spells out a density bonus of 2.5 times for developments meeting the 51% unit-affordability threshold. This means an approved 6-unit project would be eligible to build a total of 15 units ( $6 \text{ units} \times 2.5 = 15$ ), provided that 8 of the units (more than half) were affordable rental or ownership units. City staff expects changes to this law via upcoming rulemaking but will be prepared by Spring 2023 to present options to the Planning Board and City Council for establishing a tool like this to promote affordable housing development in the city.