

Affordable Housing: Barriers and Solutions for Maine

**A Report of the Affordable Housing Subcommittee
Of the Community Preservation Advisory Committee**

**Co-chairs:
Mary Ann Gleason
Senator Tom Sawyer**

December, 2003

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A. Background

In many regions in Maine, housing affordable to a diversity of households – i.e., new families; long-time residents (sons, daughters and grandchildren); elders and disabled persons on fixed incomes; recent graduates and other young workers; those who serve and protect our communities, such as nurses, police, and teachers; people with special needs; and even professionals – has become very difficult to find. This is true both for households eager to become homeowners and those needing/desiring to rent. These households represent a broad diversity of economic conditions – from those whose only source of income is Social Security, minimum wage or part-time employment, to professionals earning \$55,000 – 60,000 annually.¹ While the specific consequences vary for the broad spectrum of impacted households – some leave the state, some are dislocated, some live a long time with parents, some become homeless – the issue is a concern for all Mainers. It is something Maine must address for the stability and well-being of our residents, and as a fundamental component of our future economic strength and attractiveness.

Recognizing the need to address the serious lack of affordable housing, and wanting to seek information and input from a variety of informants, the Legislature passed a study order (L.D. 472, Chapter 73 of the Resolves of the Regular First Session of the 121st Legislature). That order (contained in Appendix A) asked the Community Preservation Advisory Committee to “consult with stakeholders” and conduct “a comprehensive study to identify regulatory or other barriers to the creation of affordable housing in the state” and to provide “recommendations on ways to reduce that barrier and to provide incentives for the creation of affordable housing.”

The Community Preservation Advisory Committee (also known as CPAC) formed a subcommittee composed of the various stakeholder groups (Appendix B) to study the issue in detail . The subcommittee met five times between September and December of 2003. This is our report.

Note on recommendations

In most cases the recommendations in this report represent consensus positions. In some cases, individual stakeholders on the committee did not agree with the majority position. Where there is not consensus, it is noted in the text.

¹ Report from The Jackson Laboratory Housing Committee

B. Importance of housing for Maine's future

Housing has always been an important issue for the quality of life of Maine people. In recent years the issue has taken on additional importance. First, the shortage of affordable housing has become an obstacle to economic development and job creation; solving the housing crisis is now part and parcel of our economic development strategy. Secondly, the provision of affordable housing in Maine's built-up areas and service centers is essential to the environmental goal of preserving rural countryside and habitats.

Housing relates to economic development in multiple ways. Housing is needed for young people who want to stay in Maine after they finish school. Maine is last in the nation in building apartments.² The shortage of apartments is directly related to the inability of young people to find a place to stay.

Housing is needed for workers in growing areas. Greater Portland had an increase of 23,000 jobs during the 1990s, and only 3,000 new apartments. This is unsustainable. Hospitals along the coast will not be able to find nurses. Teachers and policemen and firemen won't be able to afford to live in the communities where they work. Maine won't be able to continue to grow jobs unless it starts to grow its housing stock.

Affordable housing is also directly related to the environmental problem of sprawl. The reason many Maine people move to the countryside is that they cannot find affordable land or housing near their place of work.³ By moving to the countryside households increase their driving, increase air pollution, and disrupt rural habitat. This is why the challenge of finding affordable in-town housing is an environmental as well as an economic issue.

The overall challenge is great. The Maine State Housing Authority estimates that there are 14,000 low-income Maine families who cannot afford their housing, and nearly 1,000 low-income elderly in the same situation (see Appendix C).

This is the statewide reality. At the local level, however, the dynamic can be different. People can see housing as a cost, as a burden, and not as an economic asset to the area. People can also see no-growth policies that limit in-town housing as good environmental practice. Bridging the gap between statewide economic and environmental reality, and local perception, is one of the major goals of this report.

² Houses, Jobs, and Maine People: 2001, Maine State Housing Authority –see <http://www.mainehousing.org/reports.html> for this and other reports on housing needs.

³ Why Households Move, Maine State Planning Office, 1999 – for this and other reports on sprawl see <http://www.state.me.us/spo/landuse/pubs/>

C. Barriers

As instructed by L.D. 472, the subcommittee spent several meetings identifying barriers. The complete list is attached in Appendix D. Here are the key thematic areas:

a) lack of funds and simple programs for affordable housing

- Federal government has withdrawn funds
- State HOME fund sometimes is funded, sometimes is not
- Complexity of “mix and match” funding system scares away developers

b) local attitudes towards housing development

- Don’t just dislike affordable housing – but dislike all family housing
- Fear of property tax increases (especially from new children in the schools)
- Dislike of traffic, loss of open space
- Ignorance of benefits of housing
- Attitudes are reflected in restrictive ordinances (see below)

c) restrictive local regulatory practices that increase housing costs

- Large lot sizes
- Long road frontages
- Parking requirements
- Impact fees
- Growth caps
- Prohibitions on accessory housing
- High fees for permits
- Added requirements for landscaping, trees
- Rehabilitation and historic code requirements
- Referendums to overturn Planning Board decisions
- Moratoria
- Unpredictable and lengthy review processes

d) expensive land and infrastructure in high-growth areas

e) lack of key state support for affordable housing

- No capacity-building funds for nonprofits
- No statewide building code
- No enforcement of Comprehensive Planning law
- No model ordinances for affordable housing
- No promotion of regional housing efforts

f) High cost of security deposits to tenants

g) Difficulty of developing assisted living housing for Maine veterans at Togus

D. Recommendations

Principles for shaping solutions:

In creating recommendations, the work of the Subcommittee was based on the following principles:

1. Prefer incentive-based approach whenever possible
2. Will attach benchmarks to incentives, and if affordable housing goals are not met within identified timelines, will adopt stronger state action
3. Prefer strengthening existing laws and programs, such as the housing component of the comprehensive plan, rather than creating new ones
4. Coordinate use of incentives with geographic areas of highest need for both new construction and rehabilitation

Recommendations:

1) Secure and grow the HOME fund by committing future revenues from the Real Estate Transfer Tax.

As the federal government reduces its role in housing – and as housing is increasingly important to Maine’s economic future – state government’s responsibility must correspondingly increase.

The HOME fund is the central resource for the State to achieve its affordable housing goals. The HOME fund has been supported in the past by Real Estate Transfer Tax receipts. This makes total sense. The Real Estate Transfer Tax is like a user tax. It has the same relationship to housing affordability needs as the gas tax has to highway needs. When real estate activity is high, housing prices go up, and affordability problems worsen. That is also the time when Transfer Tax revenues go up in support of affordability programs. It is like the gas tax, in which revenues go up when there is more driving, and therefore more wear on the roads.

The problem with the current Real Estate Transfer Tax is twofold:

- It isn’t enough; only 45% of revenues in a normal year support housing programs, and this is not enough to keep up with demand; and
- It is erratic; when the state budget gets tight – as happened last year – these funds are withdrawn and used for other purposes.

The alternatives to the Real Estate Transfer Tax are neither as cost-effective for the tax-payer nor as reliable. Maine could create a state tax credit program (as New Hampshire has done), but this would cost the Maine taxpayer much more per unit over time. Alternative taxes could be considered, such as Real Estate Transfer Tax surcharge on second homes, but these would be new taxes at a time when the Governor has pledged to hold the line.

Therefore, we recommend the following:

- That the Legislature re-commit itself to steady funding of the HOME fund from the Real Estate Transfer Tax;
- That the level of funding commitment be the equivalent of 90% of Real Estate Transfer Tax revenues (with 10% remaining with counties);
- That the new approach be phased in over the next two biennia. In 2005-6, the HOME fund should receive 45% of Real Estate Transfer Tax revenues; and in 2007-8, 90% of the Real Estate Transfer Tax revenues.
- That if the 90% figure is not achieved from 2007-8 forward, that the Legislature makes up the difference with bond appropriations;
- That – in support of recommendations below – if the 90% revenue figure is reached, then up to 10% of state HOME funds may be provided to municipalities for infrastructure and other public costs incurred in providing affordable housing - attach to specific housing projects.

2) Reward municipalities that promote affordable housing.

The production of new affordable housing meets pressing state goals for economic development and quality of life. Therefore, it is only logical that state government should use its resources to reward communities that cooperate in the creation of such housing.

How could this be done? By:

- a) Increasing Municipal Revenue Sharing payments to high-need communities that provide affordable housing (the exact structure for doing so will take expertise to create, but the general idea would be for this to be a bonus funded out of increased Revenue Sharing funds – and not something that would reduce the existing funds going to communities);
- b) Providing bonus points to such communities on competitive applications for Community Development Block Grants, water and sewer grants, discretionary transportation grants, Land for Maine’s Future grants, and Municipal Investment Trust Fund grants.

For a definition of “affordable” housing that would be used for these purposes, see Appendix E.

3) Monitor and publicize performance in the creation of affordable housing

How is Maine doing in providing affordable housing? If new programs are adopted, how will we know whether they work or not?

Currently, (a) the Maine State Housing Authority and Maine State Planning Office publish data on housing need and demand on a regular basis; (b) the Maine Economic Growth Council monitors an annual benchmark on overall housing costs in Maine (see Appendix F).

However, these measures are not brought together, analyzed, and integrated into a coherent series of performance indicators that show whether we are resolving the unmet need for affordable housing in Maine. Such indicators must be sensitive to what is going on in different

regions and markets of the state, and for different populations by age and income, and by different types of housing needs.

To promote this end, we recommend:

- That the Maine State Housing Authority send a letter to every municipality every year providing current information on local housing needs; the mailing of this letter should be accompanied by a press conference summarizing statewide needs;
- That CPAC work with the Maine State Housing Authority and the Maine State Planning Office to assist the Maine Economic Growth Council in creating a more meaningful series of benchmarks for performance on affordable housing, including rental housing;
- That Regional Planning Commissions and Councils of Governments be asked by the State Planning Office to develop benchmarks for affordable housing performance for housing market areas within their jurisdictions, and work with municipalities to develop cooperative plans to address those identified housing needs.

4) Strengthen the effectiveness of existing planning laws

a) Tighten comprehensive planning laws. The current state comprehensive planning law has fine goals. One is “to encourage and promote affordable, decent housing opportunities for all Maine citizens.” The Maine State Planning Office rule for reviewing how municipal plans achieve the goal sets forth a sound objective as well. It calls for the city or town to “seek to achieve that 10%, or whatever greater percentage the inventory and analysis identifies as necessary, for the new housing units constructed in the municipality in the 5 years after plan adoption will be affordable housing.”

However, our subcommittee has heard that the comprehensive planning law is not taken seriously by municipalities. The law has no teeth.

Identifying specific solutions to this problem is beyond the mandate, resources, and available time of our subcommittee. We do believe, however, that any solution must have two essential elements:

- Promoting regional solutions. Housing – and for that matter transportation and economic development and sprawl as well – are all issues that require municipal cooperation within a region to address. One community may be reluctant to provide affordable housing if it feels that neighboring communities are not doing their fair share. The current comprehensive planning law concentrates too much on planning at the municipal level, and does not give enough attention to creating regional solutions.
- Putting teeth in the current law. Here are some suggestions:
 - The Maine State Planning Office rules on affordable housing should be strengthened to read “assure that” instead of “seek to achieve”;

- Affordable housing should be made exempt from any local growth cap ordinances (16 York County communities have such caps; they are of questionable effectiveness for general planning purposes, and present a positive obstacle to creating new affordable housing);
- The law governing the municipal use of impact fees (Chapter 30-A, section 4354) should be extended to apply to utility districts as well – in order to prevent utility districts from charging fees for plans that are already built;
- The State Planning Office review for CPAC of the comprehensive planning law should aggressively identify ways to make such plans more meaningful, effective, and accountable. Allowed more time, our Sub-committee would work on improving the housing component.

(b) Impact Fees: When reasonable, and implemented in accordance with current state law, impact fees have only a limited negative effect on the production of affordable housing, and serve the positive end of assisting towns in financing infrastructure improvements. However, if the first recommendation listed above is implemented [allowing 10% of state HOME funds to be awarded to municipalities to fund infrastructure and other public costs], it may eliminate the need for impact fees on affordable housing projects, or the statute allowing this 10% may prohibit any municipalities receiving these funds from charging impact fees.

(note: a minority opinion – some committee members believe affordable housing projects should be exempt from impact fees)

(c) Moratoria: While moratoria on the issuance of permits was once a problem in Maine, at this time moratoria are rarely used. Committee members knew of no moratoria currently, or recently, being imposed.

5) Link land conservation and affordable housing

Habitat for Maine's people is as important as habitat for Maine's wildlife. In fact, the two are connected. Unless we provide affordable housing for people within existing job center and built-up areas, they will be forced to move out into the countryside in search of inexpensive land. These are two prongs of the same issue.

To make the connection stronger, we recommend that:

- Mechanisms are created that make transfer of development rights (TDR) programs effective in Maine. Transfer of development rights (TDR) is potentially an important technique for addressing rural conservation and in-town affordable housing. The transfer consists of a financial transaction in which an in-town developer buys the rights to develop a rural parcel of land – and applies these rights to developing the in-town parcel in a more intense manner. This approach allows rural land to be conserved, in-town land to be developed to its maximum value, while at the same time fairly compensating both rural and urban land-owners. This avoids the problems of simply zoning for dense in-town development and rural preservation – which, when done in the absence of any compensating mechanisms, takes property value away from rural owners and gives a windfall to in-town landowners.

This tool has been on the books for years in Maine, but it has never (or rarely) been used. The problem is that there is not enough volume of activity within a given Maine town to create a market for TDR credits to be bought and sold. The Maine State Planning Office is studying the issue, and will make recommendations soon. We want to go on record supporting the effective use of TDRs, but only in circumstances where doing so does not simply serve as a license for the sender community to avert creating and sustaining affordable housing in their town.

- Money for land conservation – be it Land and Water Conservation Funds (Lawcon), Maine Outdoor Heritage funds, or Land for Maine’s Future funds – should not be provided to a municipality that is not developing, rehabilitating or sustaining needed affordable housing. Exceptions could be made for situations of special and immediate need, but the general rule should be clear.
- In response to proposed collaborative land conservation and affordable housing projects, continue/expand the use of Land for Maine’s Future’s resources to include purchasing land for publicly accessible in-town or regional parks and open/green space in support of such projects. To insure this, language in the Land for Maine’s Future bond bill under consideration during the second session of the 121st Legislature should allow for disbursement of bond proceeds for acquisitions of land for local and regional purposes, to be made directly to cooperating entities, as defined in Title 5, Chapter 353. A related concern is that Land for Maine’s Future Requests for Proposals only occur once a year and funding for these purposes would need a more flexible cycle and process.

6) **Additional Recommendations:**

The subcommittee also recommends that:

- a) The Legislature implement the recommendations of the Building Code Working Group (<http://www.state.me.us/mpuc/2004legislation/Codes-BCWG%20final%20report.htm>) to create a state building code, and then state rehabilitation code.

This will simplify regulations for developers working in several towns. The code should incorporate best practices for energy-efficiencies in housing development and rehabilitation.

- b) The Legislature pass “sense of the state” resolve urging veterans’ organizations to create a nonprofit housing corporation to develop assisted living housing for veterans at Togus campus and other locations around Maine.

There are 150,000 veterans in Maine, many getting older, and in need of assisted living arrangements. The Togus hospital campus is an ideal place for such housing, and there are other possible locations around the state as well. However, there are special federal regulations governing the use and leasing of federal land, and the developer of such housing must be conversant with such rules. That is why a special corporation is needed.

The Legislature should pass a “sense of the state” resolution to stimulate veterans groups to take this step.

- c) The Legislature pass a law stating that county, municipal and school district buildings and land that are effectively abandoned and are not in use, and are within high-growth areas, should be offered for bid to developers to create affordable housing.

This recommendation needs work to refine the technical details, but the general direction is clear – abandoned schools and jails should not sit empty and unused for years while there is a shortage of housing and buildable land in the area.

- d) The State Planning Office create a pool of funds available to regional councils through a competitive grant process for the purpose of developing regional, inclusionary land use regulations and approaches that support the construction of affordable housing .

Participation by municipalities would qualify them for extra bonus points for competitive applications for various state resources [i.e., LMF, Municipal Investment Trust Fund, etc]

- e) The Legislature recast L.D. 2099 in a format like Shoreland Zoning – and allow towns in high-growth areas a given period of time to identify “affordable housing overlay” zones within the community.

L.D. 2099 would have created a state board with the authority to approve an affordable housing development for a community at a density and street frontage lower than the community might have in its local ordinance. This level of state action proved to be unpalatable. However L.D. 2099 could be re-cast without the state board. The revised law would give towns in high-demand areas 2 years to create “affordable housing overlay districts” with lot density and road frontage standards similar to that in the original L.D. 2099. If they fail to identify suitable areas within the given period, then the State Planning Office would be given the power to impose appropriate districts (similar to the Shoreland Zoning or mobile homes laws). This also is an idea that needs further work to develop the details.

- f) State government adopt as a general policy that whenever state or federal action causes affordable housing units to be demolished in an area of high housing demand, that the state or federal program replace the lost units on a one-to-one basis.

For example, if the construction of a bridge causes 20 units to be torn down in a high housing demand/cost community, then the Maine Department of Transportation would build into its budget for the bridge project, funds to replace those 20 units. The replacement activity could be accomplished through a joint endeavor of MSHA or DECD and DOT, or through DOT seeking grants from other sources. Currently, the only federal requirement is relocation of the low-income tenants occupying those units, not replacement of the units themselves, which simply serves to further stress the lack of affordable housing available in high housing demand communities.

- g) Prohibit the use of municipal referendums from overturning local planning board decisions that are consistent with local ordinances.

In fairness to both the process and the outcomes for the expansion of affordable housing in Maine, decisions made after affordable housing developers have invested time and money in plans that meet local land use requirements and are approved by the local planning board should not be susceptible to being reversed at a later date through the referendum process.

- h) Consider legislating a regional option tax dedicated to the development of affordable housing that is created through a regional planning process.

Consistent with the subcommittee's urging of regional solutions for the development of affordable housing, we are recommending that the Legislature consider a regional option tax that could be imposed by communities within a designated region to help fund the planning and development of affordable housing in their region.

- i) CPAC extend the Affordable Housing Subcommittee's life for the coming year in order to refine, advance, expand solutions for the problems identified in this report.

These recommendations represent just the tip of the iceberg with regard to the critical issue of affordable housing in Maine. Our subcommittee feels there is much more work to do in order to help advance these recommendations, set benchmarks, create regional planning/structures/permitting authorities for affordable housing production, balance the demand for workforce and other affordable housing, reduce/reverse NIMBYism, and move forward on other fronts referenced herein and in our discussions.

Appendix A

CHAPTER 73 H.P. 364 - L.D. 472

Resolve, Directing the Community Preservation Advisory Committee To Study Issues Pertaining to Barriers to Affordable Housing in the State

Sec. 1. Community Preservation Advisory Committee to study issues pertaining to affordable housing. Resolved: That the Community Preservation Advisory Committee, as established in the Maine Revised Statutes, Title 30-A, section 4350, referred to in this resolve as "the committee," shall undertake a comprehensive study to identify regulatory or other barriers to the creation of affordable housing in the State. For each barrier identified, the committee shall make recommendations on ways to reduce that barrier and to provide incentives for the creation of affordable housing. The committee's study must include, but is not limited to, a review of and recommendations on methods to remove or reduce barriers to the creation or availability of affordable housing created by:

1. State rules or local regulations that inhibit the construction of new affordable housing units or the renovation of existing buildings for the purpose of creating affordable housing units. The committee's recommendations in this area must be consistent with the legitimate concerns of the State and the local communities for healthy neighborhoods, sound environmental practices, sustainable affordability and inclusive communities;
2. Zoning or zoning practices that create barriers to affordable housing;
3. Laws pertaining to municipal impact fees, as allowed under Title 30-A, section 4354, to the extent those laws create barriers to the creation of affordable housing. In reviewing this issue, the committee shall consider and make recommendations on exempting affordable housing units from such impact fees and applying that exemption only to affordable housing located within a locally designated growth area identified in the municipality's comprehensive land use plan. If the committee recommends such an exemption, its recommendations must include specific recommendations on how an exemption would be calculated and applied and what impact that exemption would have on the ability of a municipality to adequately fund infrastructure improvements necessitated by the construction of those units;
4. Laws pertaining to municipal moratoria on development permits, as allowed under Title 30-A, section 4356, to the extent those laws create barriers to the creation of affordable housing. In reviewing this issue, the committee shall consider and make recommendations on exempting affordable housing units from such moratoria and applying that exemption only to affordable housing located within a locally designated growth area identified in the municipality's comprehensive land use plan;
5. Laws pertaining to municipal rate of growth ordinances, as allowed under Title 30-A, section 4314, to the extent those laws create barriers to the creation of affordable housing units.

In reviewing this issue, the committee shall consider and make recommendations on exempting affordable housing units from such laws pertaining to municipal rate of growth ordinances;

6. Barriers to the creation of affordable rental housing, including the unavailability of deposit assistance, in areas of the State where rental housing is unaffordable;

7. Barriers to the construction or availability of affordable housing for veterans, seniors, retirees, persons with disabilities and homeless persons; and

8. Other barriers to the construction or availability of affordable housing identified by the committee or by stakeholders; and be it further

Sec. 2. Consultation with stakeholders. Resolved: That the committee shall consult with stakeholders during this study and in the development of its recommendations. Those stakeholders include, but are not limited to, the following:

1. The Commissioner of Economic and Community Development;
2. The Director of the Maine State Housing Authority;
3. The Executive Director of the State Planning Office within the Executive Department;
4. The President of the Maine State Chamber of Commerce;
5. The Executive Director of the Maine Municipal Association;
6. The President of the Maine Association of Planners;
7. A representative from a neighborhood association;
8. A representative from a city council;
9. A municipal officer;
10. A representative from a town planning board;
11. A representative from a nonprofit housing developer;
12. A representative from a for-profit housing developer;
13. A representative from a land trust;
14. A representative from a manufactured housing manufacturer;
15. A representative from a financial institution;

16. A representative from the business community;
17. A representative of the York County Initiative to End Homelessness;
18. A representative of the Genesis Community Loan Fund;
19. A representative from an organization in the Lewiston-Auburn area that is active in matters pertaining to affordable housing;
20. A representative of the Maine Affordable Housing Network; and
21. A person representing the AFL-CIO; and be it further

Sec. 3. Staff assistance. Resolved: That the Executive Department, State Planning Office shall, within its existing budgeted resources, provide staffing assistance to the committee in conducting this study; and be it further

Sec. 4. Drafting assistance. Resolved: That the Office of Policy and Legal Analysis shall draft any legislation recommended by the committee to implement its recommendations; and be it further

Sec. 5. Report. Resolved: That the committee shall incorporate its findings and recommendations, including suggested legislation, into the annual report required under the Maine Revised Statutes, Title 30-A, section 4350, subsection 9, paragraph A and provide a copy of the report to the Joint Standing Committee on Business, Research and Economic Development no later than December 1, 2003; and be it further

Sec. 6. Legislation. Resolved: That the Joint Standing Committee on Business, Research and Economic Development may report out a bill during the Second Regular Session of the 121st Legislature on issues pertaining to barriers to affordable housing.

Effective September 13, 2003, unless otherwise indicated.

Appendix B Subcommittee members

Co-chairs

Mary Ann Gleason	York County Initiative to End Homelessness
Senator Tom Sawyer	Maine Senate, Bangor

Members

John Anton	Northern New England Housing Investment Trust
Holly Baldwin	Maine Affordable Housing Network
Peter Crockett	AFL-CIO
Richard Cromwell	Modular Homebuilders of Maine
John DelVecchio	Maine State Planning Office
Mike Finnegan	Maine State Housing Authority
Linda Gifford	Maine Association of Realtors
Dana Connors/Peter Gore	Maine State Chamber of Commerce
Jim Hatch	Freeport Housing Trust
Arthur Lerman	Neighborhood Association and Maine House of Representatives, Augusta
Jon Lockman	Maine Association of Planners/ Southern Maine Regional Planning Commission
Andrea Cianchette Maker	Southern Maine Affordable Rental Housing Coalition
Mike McGovern	Maine Municipal Association Representative/ Cape Elizabeth Town Manager
Beth McPherson	Genesis Community Loan Fund
Peter Merrill	Maine State Housing Authority
Jim Nimon	Department of Economic and Community Development
Lillian O'Brien	Maine House of Representatives, Lewiston
Joyce Peterson	Jackson Laboratory
Dana Totman	Avesta Housing
Elly Udeh	Hannaford Brothers

Facilitator/writer

Frank O'Hara	Planning Decisions
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Note: Jim Friedlander of Brunswick also attended every meeting as an advocate for veterans' issues.

Appendix C: Unmet Need for Affordable Housing Units in 2002 by Labor Markets and Subpopulations [all 50% AMI or <]												
All Other Households							Seniors 65 or older					
Labor Market Area and annual income at 50% of Area Median Income	# of Affordable Units	# of Households in Need	Unmet Need	% Unmet Need	# Section 8 vouchers	Project Based Units	# Affordable Units for Seniors	# of Seniors in Need	Unmet Need	% Unmet Need	# Section 8 vouchers	Project Based Units
Augusta [\$20,060.]	1498	2372	874	36.9%	699	799	673	992	319	32.2%	88	585
Bangor [\$18,835.]	2567	3353	786	23.4%	915	1652	1250	1298	48	3.7%	246	1004
Bath/Brunswick [\$22,305]	1146	2005	859	42.8%	521	625	765	926	161	17.4%	227	538
Belfast [\$15,190]	252	558	306	54.9%	64	188	162	223	61	27.4%	16	146
Biddeford [\$22,010.]	999	2278	1279	56.1%	371	628	692	1084	392	36.2%	99	593
Boothbay Harbor \$19,405.]	125	298	173	58.1%	39	86	101	154	53	34.6%	8	93
Bucksport [\$20,680.]	218	224	6	2.6%	70	148	42	98	56	57.2%	17	25
Calais [\$15,205.]	81	270	189	70.0%	36	45	206	164	-42	0.0%	3	203
Dexter/Pittsfield [\$15,184]	232	428	196	45.8%	63	169	258	220	-38	0.0%	8	250
Dover-Foxcroft [\$14,165.]	182	261	79	30.3%	36	146	221	136	-85	0.0%	6	215
Ellsworth/Bar Harbor \$18,385.]	315	890	575	64.6%	167	148	573	461	-112	0.0%	115	458
Farmington [\$16,090.]	423	929	506	54.5%	162	261	445	379	-66	0.0%	14	431
Fort Kent [\$12,400.]	167	156	-11	0.0%	66	101	179	117	-62	0.0%	15	164
Greenville [\$13,415.]	22	54	32	59.4%	2	20	69	38	-31	0.0%	1	68
Houlton [\$13,855.]	196	259	63	24.4%	140	56	291	191	-100	0.0%	28	263
Jonesport/Milbridge [\$12,505.]	60	138	78	56.4%	30	30	150	61	-89	0.0%	0	150
Kittery/York [\$24,610.]	237	859	622	72.4%	101	136	230	401	171	42.6%	13	217
Lewiston/Auburn [\$18,400.]	2556	3454	898	26.0%	1078	1478	1530	1814	284	15.7%	348	1182
Lincoln/Howland [\$15,320.]	95	211	116	54.9%	39	56	147	106	-41	0.0%	4	143
Machias/Eastport \$13,050.]	195	327	132	40.4%	36	159	307	171	-136	0.0%	5	302
Madawaska [\$14,430.]	49	189	140	74.1%	37	12	196	125	-71	0.0%	12	184
Millinocket/East Millinocket [\$18,690.]	80	227	147	64.7%	38	42	208	148	-60	0.0%	3	205
Norway/Paris [\$17,490.]	321	471	150	31.9%	125	196	356	251	-105	0.0%	9	347
Outer Bangor [\$20,065.]	29	265	236	89.1%	29	0	101	63	-38	0.0%	1	100
Patten/Island Falls \$15,100.]	15	70	55	78.4%	12	3	76	39	-37	0.0%	3	73
Portland [\$26,847.]	5935	9503	3568	37.5%	2322	3613	3444	3579	135	3.8%	339	3105
Presque Isle/Caribou [\$14,175.]	886	856	-30	0.0%	400	486	784	572	-212	0.0%	92	692
Rockland [\$18,645.]	581	1088	507	46.6%	127	454	495	502	7	1.4%	16	479
Rumford [\$14,984.]	411	523	112	21.5%	248	163	278	323	45	13.8%	24	254
Sanford [\$19,695.]	780	1078	298	27.6%	451	329	380	481	101	21.0%	66	314
Sebago Lakes Region [\$19,660.]	176	518	342	66.0%	74	102	195	199	4	2.2%	9	186
Skowhegan [\$13,650.]	398	668	270	40.4%	184	214	212	332	120	36.1%	50	162
Stonington [\$18,710.]	36	215	179	83.3%	19	17	106	100	-6	0.0%	4	102
Van Buren [\$10,066.]	157	79	-78	0.0%	51	106	107	57	-50	0.0%	41	66
Waterville [\$15,995.]	888	1441	553	38.4%	593	295	521	767	246	32.1%	149	372
TOTALS			14207						823			

Source: Maine State Housing Authority

N.B. Total ME households in 2002: 530,417. 323,608 [61%] cannot afford medium home cost (\$133,500); 150,294 are renters, 56% of whom (84,229) cannot afford the average 2 bedroom unit.

Appendix D

Comprehensive List of Barriers to Affordable Housing

Barriers identified in LD 472:

[Note: several bills before the Legislature were folded into LD 472, so some of these barriers may be repetitive.]

1. State rules that inhibit the construction of new affordable housing units, or the renovation of existing buildings.
2. Local regulations that inhibit the construction of new affordable housing units, or the renovation of existing buildings. [Please see specific list below.]
3. Zoning or zoning practices that create barriers.
4. Laws pertaining to municipal impact fees, as allowed under Title 30-A, section 4354.
5. Laws pertaining to municipal moratoria on development permits, as allowed under Title 30-A, section 4356.
6. Laws pertaining to municipal rate of growth ordinances, as allowed under Title 30-A, section 4314.
7. Barriers to the creation of affordable rental housing, including the unavailability of deposit assistance, in areas of the State where rental housing is unaffordable;
8. Barriers to the construction or availability of affordable housing for:
 - a. Veterans
 - b. Seniors
 - c. Retirees
 - d. Persons with disabilities
 - e. Homeless persons

B. Other barriers (identified by the CPAC Subcommittee):

1. Land use regulations, i.e., minimum lot size, minimum setbacks, designated growth areas, requirements for off-street parking, open space, and with rehab, change of use, mixed use, etc.
2. Infrastructure costs – access to water, sewer, roads
3. Cost and limitation of buildable land, especially in high demand areas
4. Development costs/fees – legal, layered financing, engineering, environmental studies, architectural drawings, impact fees
5. Limitations on accessory dwellings
6. Density limitations
7. Permanent affordability issues
8. Desire for status quo at the community level
9. Limited capacity to review development plans
10. Requirements/costs regarding rehab of historic buildings (*Note: ADA regulations are only a barrier regarding 2nd floors, including in downtowns*)

11. Conflicting regulations – i.e., between building and fire codes
12. Zoning ordinances that are decades old and have only undergone piecemeal revisions (*Note: Some feel that zoning regulations are a barrier by their nature*)
13. Lack of access to services for special needs populations
14. Local requirements such as planting trees per number of units developed [or contributing equal amount to 'tree fund'], or building parks and trails for the neighborhood
15. Issues related to creating housing for veterans: (a) Land on VA properties can only be leased, not purchased, and cannot be leased for long enough periods of time – both of which are disincentives to developers; (b) MSHA can't lend/grant for veterans-only projects [or any other single subpopulation per both federal & state regs]; (c) private developers cannot directly lease property owned by the VA.
16. Rural towns and attitudes resist change in land use regulations – some think the issue is the elected officials; others the larger populace in the towns
17. Some experience untimely communication and other difficulties with the Maine State Housing Authority which result in delayed production or rehabilitation of affordable housing, and/or increased costs to the approved project.
18. Lack of capacity building funds being provided upfront – should be money granted to help develop the project, not given after it has been built
19. Need municipality-dictated design standards targeted to affordable housing
20. Need new language useful to framing the issue
21. New developers hard to attract because the learning curve is so steep regarding federal, state, local financing/building programs and regulations
22. Rent and security deposit collections of up to 2 months
23. Cost and lack of availability of buildable land is HUGE barrier – prohibits reasonable development costs.

Areas in which there were differences of opinion about whether they are a barrier or not:

- How prohibitive municipal impact fees are: not a major barrier if used in a manner consistent with state law and if proposed projects are fairly assessed; is a major barrier, i.e., for a project in Scarborough, impact fee was \$3,000.
- Tenant Rights Laws – many believe the bias is in the direction of the landlords, so this is not a barrier; some see them as a disincentive for investment in housing because it's hard to remove problem tenants

Appendix E Definition of Affordable Housing

07 EXECUTIVE DEPARTMENT

105 STATE PLANNING OFFICE

CHAPTER 100: AFFORDABLE HOUSING DEFINITION RULE

Summary: This chapter defines the term "affordable housing" as required by §5002, sub-§2 of the Affordable Housing Partnership Act of 1989 (30-A MRSA §5001 et seq.). The Maine Affordable Housing Alliance and the Office of Comprehensive Planning (within the Department of Economic and Community Development), as well as the Maine State Housing Authority, uses this definition of affordable housing in their programs to promote planning for, and the development of, lower income and moderate income housing under the Affordable Housing Partnership Act of 1989 and the Comprehensive Planning and Land Use Regulation Act (30-A MRSA §4311 et seq.).

Section 1. Purpose.

The purpose of this rule is to clarify and further develop the statutory definition of "affordable housing" contained in §5002, sub-§2 of Title 30-A, Chapter 202 (Affordable Housing Partnership) and referenced in §4301 of Title 30-A, Chapter 187 (Planning and Land Use Regulation). Specifically, this rule is intended to establish a single definition of affordable housing that can be used by the Maine Affordable Housing Alliance and the Maine State Housing Authority in their administration of programs established by the Affordable Housing Partnership Act of 1989, and by the Office of Comprehensive Planning in its administration of programs established by the Comprehensive Planning and Land Use Regulation Act.

Section 2. Definition.

"Affordable housing" means decent, safe, and sanitary living accommodations that are affordable to lower income households and moderate income households, in accord with the following provisions.

- A. An owner-occupied housing unit is "Affordable" to a household if the unit's expected sales price is reasonably anticipated to result in monthly housing costs (including mortgage principal and interest payments, mortgage insurance costs, homeowners' insurance

costs, real estate taxes, and basic utility and energy costs) that do not exceed 28% to 33% of the household's gross monthly income. Determination of mortgage amounts and payments are to be based on downpayment rates and interest rates generally available to lower and moderate income households.

- B. A renter-occupied housing unit is "affordable" to a household if the unit's monthly housing costs (including rent and basic utility and energy costs) do not exceed 28% to 33% of the household's gross monthly income.
- C. A "lower income household" is a household with a gross income less than or equal to 80% of the applicable MSA/County median income. Lower income households include both very low income households and low income household. A "very low income household" is a household with a gross income less than or equal to 50% of the applicable MSA/County median income. A "low income household" is a household with a gross income over 50%, but less than or equal to 80%, of the applicable MSA/County median income.
- D. A "Moderate income household" is a household with a gross income over 80%, but less than or equal to 150%, of the applicable MSA/County median income.
- E. The "applicable MSA/County median income" is the median family income most recently published by the U.S. Department of Housing and Urban Development for the federally-designated Metropolitan Statistical Area (MSA) or County (non-MSA part) in which the housing unit is located. Where appropriate to use of this definition, median family income may be adjusted for family size.
- F. A household's "gross income" includes the income of all household members from all sources.

AUTHORITY: 30-A MRSA §5002 sub-§2

EFFECTIVE DATE: July 7, 1990

EFFECTIVE DATE (ELECTRONIC CONVERSION): May 22, 1996

Appendix F Maine Economic Growth Council 2003 Housing Benchmark

34. Affordable Housing

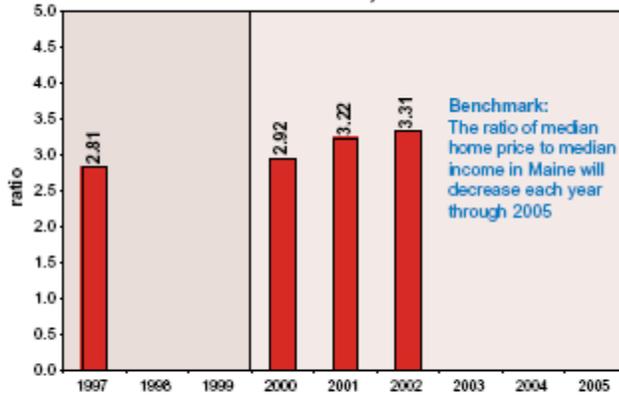
Benchmark: The ratio of median home price to median household income in Maine, 2.92 in 2000, will decrease each year through 2005.

Home Prices in Maine Increasing

Relative to Income From 1997 to 2002, Maine has experienced an 18 percent increase in the ratio of the median household home price to median household income in the state. A ratio of 3.31 means that, on average, house prices are three times more than annual household incomes. Because of the significance of this issue, the Growth Council this year has given this performance measure a Red Flag. This is a rough measure of the affordability of homes in Maine. The larger the number, the less affordable the homes. The ratio provides a rough estimate of the affordability of housing in Maine but does not consider all costs of purchasing a home such as taxes, interest and insurance rates, down payment, and length of mortgage.

Also, because this measure addresses housing affordability for the entire state of Maine, it masks regional differences. According to recent analysis by the Maine State Housing Authority, homes are generally less affordable in coastal and southern areas of the state, and more affordable elsewhere. In many places, high housing costs are forcing people to commute long distances because they can't afford to live in the same communities in which they work. The Washington-based Corporation for Enterprise Development (CFED) recently gave Maine an A grade for what they call "asset outcomes," and ranked Maine 4th in the nation on this index. The index measures the wealth of each state's residents and how wealth is distributed, the extent to which residents can access opportunities to save money, and how well assets are protected. The index is comprised of 30 socioeconomic measures. One of the reasons Maine ranks so high on this index is because Maine has one of the highest home ownership rates in the country. The Growth Council intends to consider CFED's State Asset Development Report Card for future performance measures after the index has been published a second time and some trends are established.

Ratio of Median Home Price to Median Income, 1997-2002



Data Source: Maine State Housing Authority, 1997-2001. Median household income data from the US Census Current Population Survey.