

Portland councilors approve \$14 million in low-income housing incentives

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August 4, 2020

The Portland City Council on Monday night approved \$14 million in tax and other financial incentives to create 270 units of housing, almost exclusively for low-income households on four different properties.

The approvals, which have been in the pipeline for months, come as people camping in the plaza at City Hall demand more permanent affordable housing for low-income and homeless people. The incentives will support 17 units of housing that will be set aside for people who have experienced homelessness.

The estimated \$11.7 million in tax incentives approved by the council are known as tax increment financing, which allows developers to retain a percentage of the increased property taxes generated by their development. The affordable housing TIFs are typically used to help developers, many of them nonprofits such as the Community Housing of Maine, Avesta Housing and Portland Housing Authority, secure additional state and federal funding, allowing them to offer rents at below-market rates.

Most of the units will be restricted to households making less than 60 percent of area median income. In the Portland region, that ranges from \$42,375 for a single person to \$60,540 for a family of four.

In general, the rents in these projects would run from \$843 for a studio apartment to \$1,882 for a three-bedroom apartment.

The city, in turn, is able to increase its stock of affordable housing, without losing state education aid or income tax revenues from the state, which decrease as a city's property values increase. That benefit is known as sheltering.

The projects approved for funding:

Community Housing of Maine: The \$10.7 million project would create 50 units of rental housing at 83 Middle St. The tax benefit is estimated to return \$52,000 a year over 30 years, or a total of \$1.6 million, to Community Housing.

Avesta Housing: The \$14 million project would create 60 apartments at 200 Valley St. Avesta would get back 75 percent of the taxes generated from the new value over 30 years, estimated at \$136,500 a year, for a total of \$4.1 million.

Portland Housing Authority: The \$13.6 million project would create 60 units at 337 Cumberland Ave. The housing authority would receive 75 percent of the taxes from the new value, estimated at \$110,000 a year, or \$3.3 million over 30 years.

Portland Housing Authority: The authority's second project, costing \$14.7 million, would create 100 units of low-income housing in 15 two-story buildings at 577 Washington Ave. The housing authority would receive 75 percent of the taxes from the new value over 30 years – \$190,500 a year, for a total of \$5.7 million.

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