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Portland clears way for 270 affordable housing units



PHOTO / RENEE CORDES

Portland City Council this week approved financing incentives for 270 housing units in the city, many for low and moderate-income households, as well as removed barriers for renters to apply for apartments, as protests surrounding homelessness and housing in the city continue in front of City Hall.

By Maureen Milliken

The Portland City Council took a step toward easing affordable housing challenges this week by approving financial incentives for four projects that include apartments for low-income households. Renters in the city also got immediate help with approval of a rental application fee ordinance.

The council gave final approval for affordable housing tax increment financing districts for four housing projects that will result in 270 apartments, most of them set aside for low- to moderate-income households. A handful of the units will also go to homeless families. The approval came as protests continued outside City Hall about the lack of affordable housing in Portland and the increase in homelessness.

The AHTIFs, which reinvest some of the money that would otherwise be paid in property taxes back into the district for infrastructure and other improvements, are expected to generate \$11.7 million in the coming years. All of the projects have been in the works since last year, and Monday's action was the final step for the city's financial role.

The council also removed a barrier in the way of housing for low-income renters by approving an ordinance that sets rules for rental application fees. The ordinance was approved Monday and went into effect Tuesday – until it was passed, application fees weren't regulated by either the city or state, spurring price gouging and misrepresentation by some landlords in the city.

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Complaints ranged from landlords taking application fees for apartments that weren't available to charging for background checks that were never done.

Adding 270 affordable apartments

The city is in the midst of a plan to add 2,257 housing units by 2027, which includes not only adding new apartments, but rehabilitating and reconfiguring older ones, Cheryl Sessions, executive director of the Portland Housing Authority has told MaineBiz. Two of the four projects that the council approved financial incentives for Monday are Portland Housing developments.

The projects are:

200 Valley St., by Avesta Housing, a 60-apartment building that will include 11 studios, 25 one-bedroom, 14 two-bedroom and 10 three-bedroom apartments. The income division – required if low-income housing tax credits will be used – is 36 units for households earning 50% of the area median income, 12 for households earning 60% and 12 market rate. The project, besides being in an AHTIF district that will return an estimated \$136,500 a year over 30 years, and low-income housing tax credits, will also use a credit enhancement agreement.

337 Cumberland Ave., by the Portland Housing Development Corp., a six-story, 60-apartment mixed use building on a site currently owned by Youth and Family Outreach, which will lease the site for 90 years to 337 Cumberland Avenue LP, the development owner. The project will include 20 studios, 15 one-bedroom, 15 two-bedroom and 10 three-bedroom apartments; 36 of the units will be for households earning 50% of the area median income; 12 for 60% and 12 market rate. In addition, six of the units will be set aside for families residing in a Portland

shelter, and will also have affordability restrictions. The project will use low-income credits, the AHTIF, which will return an estimated \$110,000 a year over 30 years, and a credit enhancement agreement.

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577 Washington Ave., by Portland Housing Development Corp., rehabilitation of 100 units of public housing serving seniors and persons with disabilities. The development district includes 100 units of low income housing in 15 two-story residential buildings. There are currently 60 studio, 36 one-bedroom and four two-bedroom units. The income breakdown will be 60 units for households earning 50% of the area median income and 40 units for 60% of the area median income. The project will use \$400,000 from the Affordable Housing Development Program, \$184,150 received through the Community Development Block Grant program and the AHTIF, which is estimated at \$190,500 a year over 30 years.

83 Middle St., by Community Housing of Maine, a five-story, 50 unit building for residents age 55 and over, that will include 23 studios, 23 one-bedroom and four two-bedroom apartments. Income breakdown is 20 units for households earning 50% of the area median income and 30 for those earning 60%. The development will also include an 11-unit preference for people experiencing homelessness, with affordability restrictions through the AHTIF program. The project is using the AHTIF, as well as a credit enhancement agreement, and has also received \$330,000 through the Affordable Housing Development Program, \$200,000 in CDBG funds and an option to lease agreement for city-owned property. The AHTIF is estimated at \$52,000 a year over 30 years.

New rules for rental application fees

The rental application fee change was recommended by the city's Rental Housing Advisory Committee, which in September said that rental application fees are a "significant barrier" for some residents, and that fee fraud and abuse is an issue.

The new ordinance, which was enacted as an emergency measure that went into effect Tuesday:

- Prohibits landlords from advertising, accepting applications and collecting application fees for a rental unit unless that unit is available or will become available in a reasonable timeframe. The landlord and applicant can mutually agree to put the applicant on a waiting list.
- When advertising rental units and accepting applications, landlords must disclose the criteria that will be used to screen applications and the cost of the background screening. Application fees, including those for screening, can't be more than \$30, or the actual costs of screening, whichever is less. Landlords may only include "hard" costs in the calculation.

- Landlords who require application fees must provide a receipt to the applicant detailing how the application fee was used, and any unused application fee must be returned to the applicant. Applicants must also be given a copy of any screening or correspondence that results from the background screening.

Before the new ordinance, there was no state or city ordinance that guided application fees. The rental advisory board said there were issues with landlords collecting fees when they had no intention of renting to the applicant; fees collected from multiple applicants; fees collected for background checks that were never done; landlords who don't supply copies of reports to applicants who are not selected as tenants.

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The committee also said that tenants are generally not in a position to know whether they have been considered for an apartment for which they have paid an application fee.



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