



**CUMBERLAND
COUNTY
JOINT
HOUSING
COMMITTEE
REPORT**

FEBRUARY 1986

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CUMBERLAND COUNTY JOINT HOUSING COMMITTEE
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BACKGROUND

The Cumberland County Joint Housing Committee is co-sponsored by the Council of Governments, the Cumberland County Commissioners and the United Way. The eighteen-member committee is composed of government, human services officials, housing developers, social service professionals and business people.

The following Statement of Purpose characterizes the breadth of the report:

1. To characterize and determine the scope of the problem of low- and moderate-income housing in Cumberland County.
2. To propose strategies for ameliorating housing problems and to issue a report which will serve as a catalyst for further regional, local and state initiatives.
3. To identify available resources and, if appropriate, generate new resources for addressing the problem.
4. To monitor, coordinate, encourage and support diverse approaches to the problem.

The committee was formed in response to Recommendation #1 of the Emergency Shelter Task Force Report released in December 1983. (The Emergency Shelter Task Force, a joint committee of Portland United Way Social Planning Committee and the City of Portland Department of Health and Human Services, analyzed the city's emergency shelter capacity and needs and proposed six recommendations.) Having determined that "there is a direct link between demand for emergency shelter and the availability of affordable rental housing," the task force suggested:

Recommendation #1 - Given the increasing pressure on the demand for emergency shelter created by the low- and moderate-income rental housing picture, a long-term strategy be developed for the City of Portland and surrounding communities to address the lack of an adequate number of available units of permanent low- and moderate-income rental housing.

The Cumberland County Joint Housing Committee began meeting monthly in October 1984 to hear presentations by committee members and experts in the fields of housing assistance programs on the federal, state and regional levels, housing problems and trends in Cumberland County's suburban communities, lakes region and urban core, low-income family housing, social service housing needs for special populations, market demands and financing, community-based housing development, manufactured housing, zoning and land use regulations. These presentations included an identification of the problem, facts and assumptions bearing on the problem, analysis of facts and assumptions, conclusions, recommendations, new strategies and solutions. Coupled with statistical information on housing availability, housing trends, demographic information and projections of the financial climate, these presentations are the basis of the findings, recommendations and strategies in this report.

CUMBERLAND COUNTY JOINT HOUSING COMMITTEE

MEMBER LIST

CO-CHAIRPERSONS:

Linda Abromson	Greater Portland Council of Governments
Nathan Smith	United Way Social Planning Committee
Joe Mazziotti	Cumberland County Commissioners

MEMBERS:

Jon McNulty	Regional Director, Diocesan Human Relations Services, Inc.
Joe Gray	Director of Planning and Urban Development, City of Portland
Laurence Connolly, Jr.	State Representative
Pam Gleichman	President, Housing State of the Art
William Dalke	Associate Minister, Woodfords Congregational Church
Peter Merrill	President, Munjoy Hill Housing Association
Diana Huot	Executive Director of York/Cumberland County Housing Development Corp.
Jack Thornton	Director of Real Estate, Shaws Supermarkets
Peter Howe	Executive Director, Portland Housing Authority
Joseph Kreisler	Chairman, Social Welfare Department, University of Southern Maine
Sigurd Knudsen	Executive Director, People's Regional Opportunity Program
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Mark Stimson	Stimson Realty
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PREFACE

Affordable decent housing is a basic human need. Lack of affordable housing means that individuals or families will either pay more than they can afford for housing, or they will live in overcrowded or substandard conditions, or they will find emergency shelter or they will live on the street. Those who pay more than they can afford for housing or who live in overcrowded or substandard conditions will spend less money for food, heat, clothes and basic medical care.

The long-term consequences of lack of affordable housing for families are interrelated with increased incidences of malnutrition, poor health, child abuse, domestic violence and divorce. Special populations (e.g., teen single-parent families and de-institutionalized mentally ill) where the need for stable, affordable housing is even greater are even more vulnerable.

The basic premise of this report is that decent affordable housing is a basic human need and that the means for meeting that need are often beyond the ability of an individual or family. The lack of an adequate supply of decent and affordable low-income housing is a county-wide problem, and it is both practically necessary and equitable that each community within the county share in the cooperative effort that is essential to meeting this need. This cooperative effort is not only a vital first step for developing and drawing upon local resources but also is critical to demonstrate both the need for and the ability to effectively utilize and complement both state and federal assistance.

SUMMARY OF FINDINGS

Cumberland County is facing a crisis in low-income housing. The City of Portland, a traditional magnet for the homeless, is experiencing a continuing high demand for emergency shelter, with many of the persons seeking such shelter coming from outlying communities in Cumberland County. The demand for emergency shelter is, however, only the tip of the iceberg. The shortage is a chronic and growing problem. Without a major cooperative effort by the private sector, community organizations and municipal governments throughout the county together with help from the state and federal governments, the problem will become more severe.

The crisis has resulted in part from a steady increase in demand for low-income housing created by general population growth, in-migration, de-institutionalization and increasing numbers of elderly persons living alone, all contributing to a sharp increase in the number of households in the county. The increased demand for rental housing has generated a construction boom in the urban areas of the county, but ironically the new units will be too expensive for low-income persons. Over the past decade, rental costs have increased faster than wages. Along with the increased demand and the "decline" in incomes relative to rental costs, the 1980's have witnessed a sharp decrease in low-income housing production (primarily because of massive cuts in federal housing programs and high interest rates) which merely compounds a long standing shortage. Moreover, in the urban areas the rapid turnover and upgrading of apartment units and condominium conversions have decreased the supply of available low-income housing units.

Between 1970 and 1980 the population in Cumberland County increased by 12 percent, while the number of households increased by 30 percent. The disproportionate increase in households is attributable to increases in the elderly living alone, divorce rate increases, de-institutionalization and more single persons living alone (i.e., with the "baby boom" generation reaching their 20's and looking for new apartments and houses). In Cumberland County, the elderly population is steadily increasing at approximately twice the rate of the overall population.

To meet the increased demand, private development and federally assisted development significantly expanded the construction of housing units in the county throughout the 1970's, although the oil crisis, skyrocketing interest rates and inflation in the middle to late 1970's increased costs and slowed production. The net result was that as of 1980, the new supply of housing fell short of new demand by 3 percent. Nonetheless, during this period the Federal Government played a crucial role in the provision of low-income housing in the urban parts of the county.

Since 1980, however, the Federal Government has begun to relinquish this role, and there have been massive cuts in federal programs. In 1981, the nationwide budget for low-income housing programs was \$30 billion. It was reduced to \$10 billion for the 1985 fiscal year. Programs affected by past or proposed budget cuts include Rental Rehabilitation, Farmers Home Administration 515 and 502 Programs, Community Development Block Grants, Section 8 Certificate Programs, weatherization programs and Section 202 Programs. The Section 8 Substantial Rehabilitation Program has been entirely eliminated as have other "deep" subsidy programs, including the

FmHA rental assistance program. Budget cuts have also stymied the production of new public housing units.

While the reasons may vary, the lack of affordable housing is a problem which cuts across the urban, suburban and rural communities in Cumberland County.

The Federally Assisted Housing production in Cumberland County did not effectively reach the rural communities of Baldwin, Bridgton, Casco, Harpswell, Harrison, Naples, New Gloucester, North Yarmouth, Pownal, Raymond and Sebago and only partially helped the suburban communities of Cape Elizabeth, Cumberland, Falmouth, Freeport, Gorham, Gray, Scarborough, Standish, Windham and Yarmouth. In particular, low-income rental housing has not been built in rural communities because of restrictive zoning, site development costs, lack of technical assistance, inability to meet eligibility requirements and lack of local awareness or interest in obtaining federal or state housing funds. In 1979 the Maine State Housing Authority reported a need for 3,812 units of low-income rental housing in suburban and rural towns in Cumberland County. From 1979 to July 1, 1984, only 1,499 units had been constructed (approximately 40 percent) and 96 percent of the new units were located in suburban towns.

In the Urban Core, the City of Portland is experiencing the largest housing construction boom since the 1950's, while South Portland and Westbrook are experiencing the largest boom since the early 1970's. The dark underside of this prosperity is the increasing distress in the low-income housing market. A surge of new investors in existing rental housing, rehabilitation, gentrification, condominium conversions and high interest rates are effectively pricing low-income renters out of all but subsidized housing. Individuals and families who have sought emergency shelter in the City of Portland are spending more time in those shelters because of the increasing difficulty in finding affordable housing.

Efforts by the City of Portland to improve the existing low-income housing stock through the City/Bank Housing Rehabilitation Loan Program, to increase the supply of private market rental housing available to low-income tenants through the Capital Rental Rehabilitation Program coupled with the Section 8 Program and to keep rents affordable for low-income tenants via the HUD Section 312 Rehab Loan Program have all had a positive but limited effect. For example, under the 312 Program, rehabilitation money at low interest rates is available to owners of five or more unit apartment houses, provided owners agree to rent to low-income tenants for the succeeding four years. At the end of that four years, however, there are no restrictions.

The Portland Housing Authority, which administers over 2,500 units of publicly assisted housing in the City of Portland, did not accept any new application for housing from 1981 until April of 1985. Approximately 183 families remained on the waiting list for the entire period.

It has become evident that public housing, originally conceived of as temporary housing, has now become permanent housing. Real estate market trends indicating rapidly escalating land and existing structure costs, coupled with high labor and material costs and high interest rates, have made the traditional American goal of owning a home little more than a dream for

the vast majority of low-income tenants. Even if low-income tenants had sufficient income to meet debt service on a conventional mortgage for a private home, the likelihood of their being able to pay current rent, meet other basic necessities and save money for down payments is extremely small.

Further compounding the problem has been a growing shortage in the availability of houses in the \$50,000 or less range. Families and individuals who would have ordinarily moved into private houses are renting longer, increasing the demand for rental housing and paying higher rents.

It is wishful thinking to assume that the current housing boom will increase supply to the point of deflating rental costs and thereby solving the low-income rental housing problem. High acquisition, construction or rehabilitation and debt service costs, coupled with continuing population pressure and high levels of household formation, all militate against such a likelihood.

The number of de-institutionalized persons needing housing has dramatically increased in recent years. The number, which had been increasing annually for the last 20 years because of state and federally mandated policies of out-patient treatment for the mentally ill, jumped sharply in the early 1980's because of drastic changes in federal funding policies.

As awareness of the low-income housing problem has grown, communities have complemented federal and state efforts with a variety of approaches. Community-based non-profit organizations have undertaken projects no longer profitable for the private sector by patching together funding from diverse sources, including state, federal, private foundation, city, United Way, tax-incentive and local housing authorities. They have also been able to obtain donations of labor, materials and technical and professional assistance. These organizations have met with neighborhood resistance and reluctance on the part of the state agencies and conventional lenders to work with them because of lack of money and experience. Nonetheless, these organizations, despite extremely limited resources, have been a significant creative and innovative force in the low-income housing area.

The federal government's commitment to assist communities with low-income housing has spanned several decades. This commitment indicated a recognition that housing, like education and the public highway system, requires resources beyond those available in local communities or even state-wide.

It is vital that these programs continue. Any further shrinkage of federal funds will threaten the existing low-income housing stock (i.e., without rehabilitation funds, units will deteriorate to the point of being condemned -- a common occurrence in other cities). Along with recommending a continuation of the existing Federal Section 8, 312, FmHA 515 and Rehabilitation Programs, this report recommends that the potentially devastating effects for low-income housing of radical tax reform be recognized and that any such reform be conditional upon the passage of alternative housing programs to accomplish the same ends.

At the state level, the Maine State Housing Authority (MSHA) has in recent years been playing an increasingly important role in the housing market. While this report recommends continued support for the Maine State Housing Authority "HOME" program which primarily assists moderate-income persons,

the report also urges MSHA to develop or expand programs of direct benefit to low-income persons, such as the Rental Loan Program.

Vital, however, to federal and state support is local initiative and participation by both municipalities and the private sector. The recommendations in this report for local communities include reducing traditional land use and zoning barriers to manufactured, cluster and multi-family housing and exploring the possible options of "inclusionary zoning" and conversion ordinances and studying methods to control increasing rents.

In rural and suburban communities, more education about available federal and state programs is needed. Moreover, efforts to obtain Community Development Block Grant Funds should be further coordinated and continued.

The general problem of reducing housing costs is common to all communities. Recommendations in this area include the utilization of publicly owned and/or tax acquired property, the exploration of tax increment financing, both at the state and local level and the development of new funding schemes with both local banks, the Maine State Housing Authority and private foundations.

Assuring an adequate availability of decent, affordable housing is a long-term, expensive and complex challenge to any community. This report is one attempt to discern those resources which are available within Cumberland County and to effectively use those resources to provide adequate housing. This report further envisions an expanded role for the Maine State Housing Authority in the low-income housing area. In addition, an inescapable conclusion of this report is that the preservation of the existing stock of low-income housing and the production of new housing to meet need require federal participation. It is especially critical that public housing be preserved. Clearly, federal personal and corporate income taxes are a substantial drain on the resources of any community. It is appropriate that some of those resources be redirected to vital community needs, particularly if that community is making a substantial independent contribution to meeting those needs.

I. RESOURCE ANALYSIS OF FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS

Massive cuts in federally assisted housing programs threaten the ability of Cumberland County to meet its low- and moderate-income housing needs. Congressional changes in eligibility requirements for low- and moderate-income housing are creating a new working poor, in need of but ineligible for low-income housing. The net effect of these changes has been a growing demand for low-income housing, higher rent-income ratios for those in existing housing and increasing numbers of homeless persons. State attempts to respond to the loss of federal funds through the Maine State Housing Authority have focused primarily on moderate-income housing needs.

Private developers alone, because of increased land costs, construction costs, and interest rates will not continue to construct or rehabilitate low- and moderate-income housing in the absence of federal, state or local assistance.

Summary of Presentation.

A. Federal Programs.

The Department of Housing and Urban Development (HUD) Substantial Rehabilitation Section 8 program, which provided for the reconstruction of deteriorating buildings and/or the conversion of sound structures from other uses to low-income housing, has been eliminated entirely.

The Farmers Home Administration Section 515 multi-family housing program, which provided approximately \$32 million in funds for the State of Maine for the fiscal year 1985, may be substantially reduced in 1986.

Housing problems for low-income persons have been compounded by the Congressional mandate to subsidize only families whose gross income is at or below 50 percent of the median income for the area. The people in the 50-80 percent of median range will spend more than 50 percent of take-home pay for housing and do not qualify for any subsidy programs, (e.g., housing assistance, food stamps, child care).

Because the elderly population is increasing by 12 percent annually and life expectancy is increasing, there is an increased demand for the services offered in congregate housing complexes.

It is highly improbable that families presently in subsidized housing which are at or below the 80 percent of median income level will ever be able to own homes. The cost of a rental apartment and related expenses (e.g., utilities and heat) is at least 35 percent of gross earnings or 50 percent of take-home pay, thus rendering savings for a down payment practically impossible.

Proposed federal budget cuts in Rental Rehabilitation, Section 8 Leased and Public Housing, Section 202, HODAG and Section 8 Moderate Rehabilitation would virtually eliminate these programs, thus bringing new construction and rehabilitation of low-income units to a halt and cutting off the flow of rent subsidies.

B. State Programs.

The State of Maine has attempted to respond to the loss of federal funds by implementing the Housing Opportunities for Maine Program (H.O.M.E.) through the Maine State Housing Authority. (The H.O.M.E. Program provides reduced interest rates for first-time home buyers and for rental rehabilitation projects.) However, this program primarily benefits moderate-income people.

Similarly, the H.O.M.E. Program lower-cost improvement and energy conservation loans are available only to homeowners in the upper low-income and moderate-income ranges.

Both federal reductions in housing programs for the poor and new restrictions placed on tax-exempt housing bonds meant that MSHA had to seek legislative support for housing programs that previously had been self-sustaining.

In response to the termination of federal new construction programs, MSHA developed in 1984 the Rental Housing Loan Program, which provides below market rate financing for construction or rehabilitation funds for apartments as long as at least 20 percent of the units are reserved for low-income occupancy.

The ability of state agencies such as the Maine State Housing Authority to offset the effects of federal cutbacks is limited by federal restrictions on tax-exempt bond financing and the availability of funds from the State of Maine.

Policy Recommendations.

1. Every effort should be made to preserve the existing federal New Construction, Moderate Rehabilitation, Public Housing and Section 8 Existing and Section 8 Rental Rehabilitation and FmHA 515 programs. Especially important are the Moderate Rehabilitation programs which are essential to preserve the existing stock of federal housing in Cumberland County.
2. Members of Congress should be fully informed of the negative impact that massive cuts in federal housing programs, coupled with proposed major tax changes, will have on the availability of decent and affordable low and moderate-income housing.
3. The federal government should be discouraged from simultaneously reducing funds for low- and moderate-income housing programs and eliminating tax-exempt bond financing, thus taking away states' ability to deal with housing problems.
4. Scarce resources should be directed to those programs which can be demonstrated to be the most cost-effective.
5. Priority in federal housing assistance--whether provided directly or through provisions in the tax code--should be given to meeting the housing needs of people who could not otherwise obtain decent, affordable housing. The balance between monies devoted to

low-income housing assistance and the homeownership provisions of the tax code should be reviewed. (See Appendix 0.)

6. Until effective alternative housing supply and financing mechanisms are put in place, the present tax incentives for the production, rehabilitation and maintenance of low-income housing should be retained. (See Appendix 0.)
7. The MSHA H.O.M.E. Program should be continued, and ways should be explored to make more funds available to low-income homeowners.
8. The MSHA Rental Loan Program should be continued and expanded.
9. The MSHA should help establish a regional coordination capability and provide technical assistance to municipalities and community-based housing projects.

Strategies and Actions.

- A. Review AFDC and general assistance payments to reflect the real cost of housing in the computation of benefits.
- B. Increase dollars allocated by United Way, churches, County Commissioners, municipalities and other funding organizations to study and address housing problems.
- C. Conduct actual cost analyses of various programs to identify the most cost-effective approaches to the problem.
- D. Keep members of Maine's Congressional delegation abreast of housing issues.
- E. Maintain contact with national organizations which are working on housing issues by establishing a permanent local contact person.

II. HOUSING PROBLEMS AND TRENDS IN THE COUNTY'S SUBURBAN COMMUNITIES AND LAKES REGION

The Lakes Region and suburban areas of Cumberland County have not escaped from the housing problems faced by the urban core. Low cost housing for families is scarce, and the reduction of federal housing programs has hampered rehabilitation efforts. Many towns are reluctant to authorize construction of low-income housing. The rural areas are behind the urban core in the utilization of existing resources, although there are signs of increased interest in FmHA Rural Rental Housing projects.

Summary of Presentation

A 1979 study by the Maine State Housing Authority cited the need for 3,812 units of low-income rental housing, 1,271 units of family housing and 2,541 units of elderly housing in suburban and rural towns.

From 1979 to July 1, 1984, 386 units of family housing and 1,113 units of elderly housing have been constructed.

Ninety-six percent of these units have been built in suburban towns.

Ninety-five percent of the elderly housing and 100 percent of the family housing built during this period have been located in suburban towns.

There are 312 Sec. 8 certificates in place for elderly renters and 452 certificates for family renters. The majority of the certificates are in the suburban communities.

Low-income rental housing has not been built in rural communities because of unfavorable zoning, limited staffing, limited eligibility for federal funds, high site development costs and, at times, the reluctance of local officials to seek those federal and state housing funds which are available.

Policy Recommendations

1. Educate town officials about the need for low- and moderate-income rental housing in their communities.
2. Foster a recognition by County Commissioners, the urban core, suburban communities and Lakes Region that the housing problem is a county-wide problem.
3. Zoning ordinances should be reviewed and changed so they are less restrictive in regard to acreage requirements and review procedures.
4. Develop a mechanism to assist developers in lowering costs of acquisition and site development for low-income housing.
5. Reconvene the Council of Governments' Housing Committee.
6. A regional housing proposal be prepared for Community Development Block Grant (CDBG) funding.

NOTE: Suburban towns include Cape Elizabeth, Cumberland, Falmouth, Freeport, Gorham, Gray, Scarborough, Standish, Windham and Yarmouth. Lakes Region towns include Baldwin, Bridgton, Casco, Harpswell, Harrison, Naples, New Gloucester, North Yarmouth, Pownal, Raymond and Sebago.

Strategies and Actions

- A. Conduct a public policy forum for town officials about housing issues, and encourage County Commissioners to work with towns and municipalities.
- B. Work with Lakes Region communities on the submission of a Community Development Block Grant (CDBG) application for housing rehabilitation funds.
- C. Use CDBG funds to lower construction costs.
- D. Establish a task force to examine zoning ordinances.
- E. Have Council of Governments, People's Regional Opportunity Program and York/Cumberland Housing Development Corporation prepare and submit a CDBG housing proposal.
- F. Have Council of Governments provide additional technical expertise and staffing to help towns in dealing with low-income housing.
- G. Increase the use of FmHA Section 515 rural rental housing funds.

III. HOUSING PROBLEMS AND TRENDS IN THE COUNTY'S URBAN CORE

The urban core of Portland, South Portland and Westbrook has seen significant changes in recent years. There are growing signs of distress in meeting housing needs of low- and moderate-income families and individuals. The urban core continues to be a magnet for those most in need of services and housing assistance, placing extreme demands on the existing housing stock. Problems of both supply and affordability are evident. Demographic changes have put new pressures on the housing supply.

Summary of Representations

The housing market is very tight for low- and moderate-income people.

Rental rates in the urban core are escalating rapidly.

Some factors driving up rents are:

- Increased costs of construction and borrowing money over the last 5-10 years.
- Unusually high turnover of residential properties in urban core for investment and tax purposes.
- Influx of middle- and upper-income groups into previously low-income areas.
- Conversion of low-income units to more expensive rental units or condominiums.

- Increased number of households, even during a period of population decline.
- Leveling off of population decline; planners agree there has been a slight increase since 1980.
- Loss of housing units in urban core because of renewal efforts during late 1960's and 1970's.
- Greater difficulty in achieving home ownership keeps more people in the rental market.

The City of Portland is seeing the biggest housing boom since the 1950's, with Westbrook and South Portland seeing the biggest boom since the early 1970's.

Smaller family units are creating increased demand for smaller housing units.

New types of housing are being developed to meet market changes, including cluster housing, condominiums, congregate housing and "granny flats."

Lacking new construction funds for low-income housing, the three urban communities are emphasizing rehabilitation.

Twenty-three percent of rental housing in Portland is subsidized. Compared to other urban center cities in Maine that percentage is slightly higher; compared with the rest of the county it is much higher.

There is a shift in financing from government subsidy to conventional financing, thus costs increase.

Except for Section 8 Leased Housing and Public Housing, there is not a housing subsidy for the lowest-income persons.

Policy Recommendations

1. Institute policies and programs which stimulate the creation of lower-cost housing units for home buyers and renters.
2. Protect existing rental housing stock by establishing housing conversion policies and vigorously implementing code enforcement programs.
3. Examine ways to control rental costs.

Strategies and Actions

- A. Promote the use of innovative and less costly building construction techniques (e.g., modular and prefab units, etc).
- B. Promote the establishment of privately funded housing loan programs, such as Mark Stimson Realty's program, to write down the cost of construction or rental costs.

- C. Create a task force to study local and State tax policy to determine if incentives for building low-income housing units might be incorporated in the tax laws (e.g., tax increment financing, etc.).
- D. Create a task force to explore ways to control rental costs and to study municipal land use policies and building codes in order to make recommendations for amending the policies where it is believed that these policies are an impediment to the goal of creating less costly housing units.
- E. Encourage the rehabilitation and/or conversion of vacant and under-utilized space for housing.
- F. The City of Portland Department of Human Services should develop a plan of new ways to redirect dollars spent on temporary shelters and hotels to permanent housing solutions.
- G. Develop policies which discourage the conversion of the low-income housing stock to other uses.
- H. Conversions should be monitored to determine their impact on the rental market and policies should be established to ensure that rental units are not being removed from the market and to ensure that rental units are created.
- I. Code enforcement efforts and rehabilitation programs should be maintained and improved.

IV. COMMUNITY BASED HOUSING DEVELOPMENT

In the past several years, more community-based organizations have become involved in housing rehabilitation and construction projects. Projects undertaken by such organizations as the Munjoy Hill Housing Association, York/Cumberland Housing Development Corp., Portland West End Neighborhood Planning Council, the South Portland Neighborhood Housing Service, Inc. and Habitat for Humanity have primarily been aimed at assisting low- and moderate-income people. Generally, these organizations have limited financial resources and are involved with projects which are no longer profitable for the private sector to develop. Also, the projects meet a community's need to preserve older structures and maintain neighborhood identity. With the loss of federal funds, housing projects developed by community based organizations have become a more important source of low- and moderate-income housing.

Summary of Presentation

Community members play a key role in developing the projects.

The projects employ a variety of innovative funding sources, including state, federal, United Way, Portland Housing Authority, City of Portland and private foundations.

Projects often take longer to complete because of the number of different people involved in the decision-making process and the reluctance of lenders and state agencies to work with groups that have neither experience nor money.

Even though the projects are small-scale and at scattered sites, there are segments of the community who oppose housing projects for low-income people.

Housing can sometimes be developed at lower costs because materials, labor and technical and professional assistance are donated or more often provided at a reduced cost.

Housing projects developed by community-based organizations have maintained the integrity of certain neighborhoods by preserving existing structures and assuring an income mix.

Projects can be plagued by management and financing problems.

The use of cooperatives and other unique development techniques may become one of the few avenues for low- and moderate-income people to become homeowners.

These projects are often viable only for those in the 50-80 percent of median income bracket.

Policy Recommendations

1. Innovative housing strategies from across the country be examined and adapted for the region.
2. A region-wide housing coordination capability be established to oversee housing activities and provide technical assistance to municipalities and community-based housing projects.
3. Cities and towns in Cumberland County review and strengthen their condominium conversion ordinances.
4. Publicly-owned land be utilized for low-income housing projects.
5. More financial resources be made available to community-based organizations to cover development, construction and maintenance.

Strategies/Action

- A. A housing conference be held in Cumberland County at which innovative housing strategies developed in other parts of the County will be discussed.
- B. The Council of Governments, United Way, County Commissioners, municipal officials, representatives from MSHA and housing developers should meet to discuss how to fund and develop a county-wide housing coordination capability.

- C. Council of Governments planning staff meet with community based organizations, Greater Portland Landmarks, realtors, Pine Tree Legal and related organizations to review ways of strengthening condominium conversion ordinances.
- D. Cities and towns should establish policies giving community-based organizations first priority to develop publicly owned lots.
- E. Establish a housing development trust fund. (See Financing and Market Demands.)

V. MANUFACTURED HOUSING, ZONING AND LAND USE REGULATIONS

The rising cost of housing has left an increasing proportion of the population unable to afford a home. Recent legal decisions have resulted in closer scrutiny of local land use and zoning programs. Nationally, a number of recent court decisions have required communities to accept their fair share of low- and moderate-income households as part of their land-use regulation system. A number of land-use techniques are being developed in response to this legislation. The Maine Legislature has passed legislation which allows manufactured housing in all communities in the state.

Summary of Presentation

A. Manufactured Housing.

The manufactured housing industry is still trying to live down the trailer image established in the 1950's and 1960's of marginal quality temporary housing with a poor fire safety record.

The results of government action have required changes in construction and design to increase the quality of manufactured housing.

Restrictions on manufactured housing are lessening due to education of municipal officials.

The Maine State Legislature recently passed legislation requiring that all municipalities allow manufactured housing on individual lots in a number of locations within the community.

Price range (1984) for lower cost manufactured housing is approximately \$19,000 to \$35,000, including all major appliances.

The new state zoning law permits municipalities to require certain design standards for mobile and modular homes (e.g., pitched roofs, traditional appearing siding, permanent foundations and so forth).

Manufactured homes represent a significant portion of all new home sales in Maine.

B. Zoning and Land Use Issues.

The Greater Portland area is a growing region with significant development pressure.

As demand and real estate values increase, there are corresponding increases in demands placed upon municipal governments for sewer, roads, utility systems, education and the whole range of community services.

As a result of growing development pressures, a number of pieces of marginal land now being developed or considered for development have higher development costs.

Policy Recommendations

1. Communities should examine their land-use regulatory systems to ensure a balance between community needs, public safety and housing costs.
2. Communities should examine innovative forms of housing, such as town housing, zero lot line housing and other land-use regulations (e.g., inclusionary zoning) as a means of providing greater housing opportunities for people of all incomes.
3. Communities should include a housing study addressing the needs of low- and moderate-income people as part of their comprehensive planning program.

Strategies and Actions

- A. Amend the Comprehensive Plan enabling legislation to include a requirement that Comprehensive Plans must include a housing element. The Maine statutes recognize that the Comprehensive Plan is the basis for zoning and by including this amendment would encourage communities to examine housing needs and their impact upon land use plans and zoning regulations.
- B. Develop a model set of development regulations to help guide municipal decisions in order to ensure reasonable development costs.
- C. Develop regional housing data to help communities, developers and human service agencies assess the needs and demands for housing in the region.
- D. Develop a slide show and program on innovative and alternative housing to help educate municipal officials on alternative forms of housing.

VI. HOUSING NEEDS FOR SPECIAL POPULATIONS

Because of fewer permanent housing opportunities, growing numbers of low-income families, youth and de-institutionalized persons are unable to establish stable living arrangements. This has resulted in an increased

demand for emergency shelter. In many instances these populations require specialized services to accompany their housing.

Summary of Presentation

Between March 1984 and January 1985, 80 to 130 persons and/or families a month contacted the Preble Street Resource Housing Center in Portland seeking permanent housing.

Ninety-nine percent of the people contacting the Center live at or below the poverty level.

In Portland it is very difficult to find low or moderate-priced rental units, particularly for families.

Young people who are no longer cared for by state agencies are often victims of the "shelter shuffles."

While the emergency shelter programs provide for overnight housing, it is difficult to locate decent, permanent living situations for homeless people.

People seeking housing often spend a good part of their days in fruitless shuffling among agencies that are unable to assist them.

The stress of being poor and without adequate housing may cause family dissolution and may lead to other symptoms of family breakdown such as child abuse.

In rural parts of the county there exist serious housing deficiencies: health and safety hazards, incomplete tar paper additions and lack of maintenance and repairs.

Policy Recommendations

1. A central Housing Assistance Center be established in Cumberland County to provide both housing assistance and case management social services where appropriate to special needs populations seeking housing.
2. The State Department of Human Services and State Department of Mental Health take responsibility for ensuring the provision of adequate housing, including appropriate support services for de-institutionalized people and street youth.
3. Neighborhood advocacy groups and organizations assisting special need populations be supported.
4. The social service system in the County be reviewed to determine its ability to respond to the housing needs of special populations.
5. More half-way houses and semi-independent living organizations be established for special populations.

Strategies and Actions

- A. A study of social service agencies responsiveness and service to these populations, with particular reference to case management responsibilities, be conducted.
- B. Organizations concerned about housing and social service agencies join together to plan for the establishment of a Housing Assistance Center.
- C. Administrative legislative remedies to provide adequate housing for de-institutionalized persons be explored.
- D. Funding for half-way houses and semi-independent living programs be secured.

VII. MARKET DEMANDS AND FINANCING

The American dream of owning one's own home is becoming less and less a possibility for low-income people as the cost of housing escalates faster than their ability to pay for the homes. Under the present tax laws investors have seized upon the opportunity to purchase single-family housing inventories to sublease as a single unit or subdivide into smaller units. Banks and other lending institutions have generally assessed new real estate ventures as having more risk because investors and owners will depend upon renters for income and consequently demand higher returns. Innovative schemes for ensuring that private investors continue to provide the capital to meet the rental housing demand are required to help eliminate the housing problems of the low- and middle-income family group.

Summary of Presentation

There is a strong demand for rental housing units in the \$400 - \$700 per month range. The purchase of multi-family homes costing \$50,000 and up is made possible because of the extra income provided by the second rental unit to help pay off the mortgage debt, even though prices continue to climb. There is evidence to suggest that the cost of these rentals are higher than they would normally be had interest rates and other closing costs been less.

In recent years the cost of paying off the debt and the requirements of substantial down payments for a typical single family home have forced families in the middle- and upper middle-income categories to seek rental housing.

A limited supply of rental housing units has caused monthly rental costs to escalate forcing low- and moderate-income families out of their presently occupied housing. The trickle-down demand for housing has put increased pressure on public housing authorities to provide housing and housing assistance.

Demand for rental housing has provided developers and investors with new incentives to upgrade area housing. General upgrading inspired by this demand dislocates families and changes the character of neighborhoods. Additionally, more municipal services are demanded by owners

and renters, including improved police protection, upgraded fire protection and better schools and school services.

Banks and other lending institutions which are more focused on profitability are unlikely sources of large-scale housing subsidies in the future.

Newly proposed federal and State legislation regarding capital formation, tax shelters and housing development could have a dramatic impact on currently available housing. It is anticipated that the change in the length of depreciation from 18 to 63 years would require a \$250 per month increase in all rents.

The demand for rental units has upgraded the County's deteriorating housing stock.

Banks and other lending institutions generally assess investor-owned properties as having more risk, and this is reflected in the cost of financing.

Appreciation on property values has increased by 10 percent in Greater Portland and coastal areas during the last year.

Policy Recommendations

1. Provide technical assistance to low-income families who are seeking to buy or rehabilitate a home.
2. Establish a program to assist low- and moderate-income renters to secure down payments for the purchase of houses.
3. Encourage the Maine State Housing Authority to direct more efforts toward assisting low-income families and special need populations.
4. Establish a county-wide financing mechanism to support housing development projects for low-income people, including bonding issuance by the cities, counties and housing authorities.

Strategies/Actions

- A. Banks and social service organizations fund a program which helps low-income people package financial resources to buy or rehabilitate a house.
- B. Survey public housing authorities in the county to determine how many people currently living in public housing could afford monthly mortgage payments but do not have a down payment. A revolving loan fund could give zero-interest or no-interest loans for down payments.
- C. A housing trust fund be established to support housing development efforts, particularly by community-based organizations. The fund would be a public/private partnership financed through inclusionary zoning contributions from residential and commercial

development, hotel occupancy surcharge, property tax, Urban Development Action Grants and Community Development Block Grant Loan repayments, Section 8 administrative funds, banks, foundations, sale of land owned by cities and towns and revolving loan repayments.

CONCLUSION

The Cumberland County Joint Housing Committee was given the charge by the three co-sponsoring organizations of analyzing the current housing problems in the region and developing policy recommendations and strategies to address those problems. This report discharges that responsibility; however, this is only a first step.

In order to address the housing problems in Cumberland County, there must be a strong partnership between the public and private sectors. No one individual, business, state agency or municipality is responsible or capable of solving the housing problem. Cooperative ventures in housing projects have been successful in the past, and it will be even more crucial to foster similar efforts in the future. The following is an index of housing issues and the organizations best able to address these issues.

<u>ISSUE</u>	<u>ORGANIZATION</u>
Support federally funded housing programs and tax incentives.	Congressional delegation
Review AFDC and general assistance payment levels	Department of Human Services, municipalities
Increase local dollars for housing problems	Churches, banks, United Way, County Commissioners, municipalities, local businesses and individuals
Seek Community Development Block Grant funds	Council of Governments, municipalities, People's Regional Opportunity Program
Establish a task force to study local and state tax policies	Municipalities, Maine State Housing Authority, local businesses
Create a task force to study municipal land-use policies and zoning ordinances	Municipal Officials, Council of Governments, housing developers
Develop a county-wide housing coordination capability	Council of Governments, banks United Way, County Commissioners, municipalities, Maine State Housing Authority, housing developers
Establish policies giving community-based organizations first priority to develop publicly-owned lots	Municipalities

Establish a housing development trust fund	Banks, municipalities, United Way, local businesses and developers
Amend the Comprehensive Plan enabling legislation to include housing	State Legislature
Develop regional housing data and development regulations	Council of Governments, Maine State Housing Authority
Conduct a study of social service agencies to determine case management responsibilities for special needs population	United Way
Ensure that state agencies take appropriate responsibility for providing housing and support services	United Way, Department of Human Services, Department of Mental Health and Mental Retardation
Establish a permanent county-wide Housing Assistance Center	United Way, County Commissioners, Housing Authorities
Develop a program to help low-income people utilize housing rehabilitation programs	Banks, Maine State Housing Authority, People's Regional Opportunity Program
Provide down payments to public housing residents who wish to become homeowners	Maine State Housing Authority, local housing authorities, churches, foundations and local businesses

It is the intention of the committee that the recommendations made in this report be appropriately implemented. Thus, the committee unanimously recommends that the Council of Governments, Cumberland County Commissioners and United Way convene a meeting no later than March 1986 for the purpose of:

1. establishing a committee to implement the report's recommendations, and
2. developing a plan to ensure funding for the Implementation Committee's activities.

Lastly, the joint committee strongly believes that this report should be updated every two years.