



Town of Brunswick, Maine

COMPREHENSIVE PLAN UPDATE STEERING COMMITTEE

85 UNION STREET, BRUNSWICK, ME 04011

COMPREHENSIVE PLAN UPDATE STEERING COMMITTEE

AGENDA BRUNSWICK TOWN HALL

85 UNION STREET

COUNCIL

CHAMBERS

MONDAY, APRIL 26, 2021

SUBCOMMITTEE A: 6:30 PM – 7:30 PM / SUBCOMMITTEE B: 7:30 PM – 8:30 PM

MEETING VIA ELECTRONIC DEVICES

THIS MEETING IS BEING CONDUCTED VIA ELECTRONIC DEVICES WITH THE COMPREHENSIVE PLAN UPDATE STEERING COMMITTEE PARTICIPATING FROM REMOTE LOCATIONS

THERE IS A LIMITED OPPORTUNITY FOR THE PUBLIC TO ATTEND THIS MEETING IN PERSON. ON-SITE ATTENDANCE WILL BE LIMITED TO 20 PUBLIC PARTICIPANTS, WHO WILL BE REQUIRED TO WEAR MASKS AND MAINTAIN SOCIAL DISTANCING BY USING THE SEATING PROVIDED. WE STRONGLY ENCOURAGE PARTICIPANTS TO VIEW THE MEETING VIA TV3, LIVESTREAM, OR THE ZOOM PLATFORM.

THE PUBLIC CAN VIEW OR LISTEN TO THE MEETING ON TV3 (Channel 3 on Comcast) or streaming at <http://tv3hd.brunswickme.org/CablecastPublicSite/watch/1?channel=1>

Or by Zoom

THE PUBLIC CAN VIEW OR LISTEN TO THE MEETING BY JOINING THE ZOOM MEETING

Join from a PC, Mac, iPad, iPhone, or Android device: Please click this URL to join.

<https://us02web.zoom.us/j/83527747964?pwd=UmtQdVRQdjV6SWhCRmhISnVBWVJOQT09>

Passcode: be10sr

Public Comments must be submitted through the Zoom Platform by “Raising your hand” and being acknowledged by the host or by entering questions in the Q&A chat.

Or by Phone

Alternatively, members of the public who do not have the ability to connect via an electronic device can participate by dialing **+1 646 876 9923** and entering the Meeting ID number **835 2774 7964** and the passcode **200642** when prompted. Please be advised message and data rates may apply. The Meeting Host will make an announcement when it is time for public comment.

Press *9 to Raise your hand and **Press *6** to unmute your phone when called upon.

All Votes to be Taken Via Roll Call

1. Roll Call of Members
2. Public Comment

3. Subcommittee A Discussion (6:30 – 7:30 PM)

- a. Natural Resources

4. Subcommittee #2 Discussion (7:30 – 8:30 PM)

- a. Housing

5. Future Meeting Dates

- a. June 1, 2021
- b. Second June Meeting?

6. Other Business

7. Adjourn

- **Growth Management**

Charlie Frizzle, Evan Ricker,

- **Natural Resources**

Dan Deveraux, Tom Ferrel, Dennis Wilson, Steve Walker
Brunswick Sewer/Water,

Marine Resources committee rep, maybe a coastal rivers and water commission member

Possib. Nature Conservancy

- **Conservation/Preservation/Open Space**

BTLT/CREA (Angela Twitchell, Lee Cataldo, etc)

Nature Conservancy

Tom Farrel (Parks and Rec)

Town Commons Committee

- **Climate Change**

- Bowdoin Env. Studies program faculty

- Jay Astle of Pub Works, School rep regarding facilities, busses, etc?

- **Economic Development:**

- Sally Costello. Town
- Steve Levesque or Kristine Logan, MRRRA
- BDC member
- BDA and Southern Midcoast Chamber: Gov. Liaison Committee?
- MPIC member
- CEI

• Maybe Kate Foye could add perspective as well or someone from the state – policy changes as a result of pandemic?

- **Housing:**

Mike Lyne, Developers Collaborative

Maine Association of Realtors: Jane Millet (former Mid Coast Housing Alliance)

Midcoast Habitat for Humanity (Rockland project)

- Tedford Housing director (Rota Knott)
 - Developer and/or realtor (not sure if there is local representation at MEREDA)
- John Hodge, Brunswick and Topsham Housing Authority for his Topsham Project
 - Kevin Bunker, Developers Collaborative, for his Topsham River Landing Senior Housing
 - Szanton Co. of Portland who built 50 units of Affordable Housing in Bath
 - Rebecca Hatfield from Avesta for their Bartlett Woods Yarmouth Development Project

- Transportation and Infrastructure:

Town Engineer: Ryan Barnes

Western Maine Transp. Services (Bruns Explorer): Craig Zurhorst

- MetroBreez/Explorer/Downeaster (not sure these would need to be separate but might be nice to know what their long-term planning looks like)
- Jay Astle/Ryan Barnes – condition of roads, routes (I would look to them to be able to connect the dots to MDOT but someone from MDOT is another option if we want to understand what's on the plan for the region)
- Bike/Ped committee chair or member (eg. Peggy Brown, staff Jared Woolston)

- Public Facilities and Services:

- Jay Astle: Pub Works
- Tom Farrell: Parks and Rec
- Rec commission chair or member (Mike Lyne?)
- Bike/Ped committee chair or member (I also have this under transportation)
- school facilities person or superintendent (Scott Smith, SBoard Facility Committee?)
- fire and police (Ken Brilliant, Scott Stewart)

- Cultural, Historic, and Social Resources:

Pejepscot History Center

Fred Koerber?

Bowdoin: McKeen Center? Outreach/Planning? Faculty Prof Sarah McMahon?

- Curtis Library director and/or board member
- Pejepscot – Larissa and/or board member
- Village Review Board chair/member

- Midcoast Hunger Prevention/Oasis/Gathering Place/ Genesis Fund
- People Plus/Family Focus
- United Way/Maine Share (not sure we really need these because I think the other organizations listed above cover similar services but they are on a list I have)
- MSMT/Bowdoin International Music Festival (Curt Dale Clark, Dan Nitsch or Grace Bell)

From: [Frederick Koerber](#)
To: [Jacqueline Sartoris](#); [Sara Coughlin](#); [Kathy E. Wilson](#); [Anthony Sachs](#)
Cc: [Christopher Watkinson](#); [Matt Panfil](#)
Subject: Subcommittee 1
Date: Friday, May 21, 2021 8:28:03 AM

Hi all,

Have not heard from others so I'm initiating a proposal for Monday evening's discussion. Jackie had suggested that we start with Natural Resources. To my knowledge that was not confirmed. Can we agree with we will be discussing **Natural Resources** when we convene?

Just to understand the material we will be referencing, here is the list of relevant resources that I have:

Reports from Matt's office:

Topography, Soils, and Water
Agriculture, Forests, and Open Space
Natural Resources
Marine Resources

References of summaries from:

11/5 Launch Party Data
Community Survey Results

Website reports, plans, assessments that may be of relevance:

BNAS Master Use Plan
Mare Brook Watershed Assessment
Parks, Recreations, and Open Space Report
Recreation Trails and Open Space Management Plan
Rural Brunswick Smart Growth Plan

Are there others?

Sara, if you need access to any of these items please let Chris Watkinson or me know.

Best,

Fred

PART THREE: BEST PRACTICES

There are a number of strategies that have been tried in communities across the U.S. to address gaps between housing supply and demand. Some of these tools are fairly broad, and seek to create more housing stock of all types and price points. A second set are more focused on below-market housing production. A third set of tools focus on the existing housing stock, to ensure that units that are meeting local demand are not lost to the market through conversion, expiration of deed restrictions, or simply becoming unsafe. A fourth set relates to direct assistance. Then there are the impacts of the current pandemic or other emergencies on households' ability to pay for housing.

While not all these best practices are appropriate for all markets, it's helpful to outline them as a universe of tested tools for consideration. They can then be compared to the vision outlined above and a subset of tools chosen for potential implementation.

“NIMBY” AND “YIMBY”

Many people involved in land use issues are familiar with the term “Not in My Backyard.” That term, usually shortened to the acronym “NIMBY,” refers to local opposition to new development.

Some of the concerns raised are legitimate. Will there be traffic problems? Will the stormwater from the new development flow into my yard?

On the other hand, NIMBY opposition to a project can sometimes be based on less legitimate motivations. People will often oppose a project that they fear will have negative impacts on their homes - even if that fear is not rational. Often, new housing - especially below-market affordable housing - causes NIMBY opposition.

More recently, there has been a rise in a different movement. This movement supports new housing development as a way of addressing the well-documented housing shortages in Maine and elsewhere. Known as “YIMBY” - for “Yes, in my backyard!” - this movement is increasing in popularity in larger cities.

There may be other practices that are so far untested, and could work well in Bath. This outline of best practices is not intended to rule out new, creative, ideas, but to set a stage of what has already been tried.

Categories of Best Practices

The tools described generally fall into four categories:

- 1. Encouraging General Housing Production:** These tools generally look to provide incentives – or reduce disincentives – to creation of new housing by changing zoning, offering direct or indirect support, or otherwise changing the rules to developing housing in a community;
- 2. Encouraging Below-Market Affordable Housing Production:** This category is similar to the one listed above, but focuses impact on housing that is affordable to lower-income residents. Tools may include affordable housing overlays, offering land at below-market prices, or providing direct funding for below-market affordable housing;
- 3. Preserving Existing Below-Market Affordable Housing:** This category consists of tools that try to head off threats to the existing supply in a community, through making sure they remain safe and stay up to code, are not converted to other uses, and remain affordable at certain income levels;
- 4. Direct Assistance to Households:** This category consists of tools that directly assist efforts to retain existing households or provide financial assistance for housing costs.

While there is some overlap between these categories, they help group the concepts and match them more closely with intended results.

Encouraging General Housing Production

There are a number of tools that focus on reducing impediments to housing development. These tools work best when the market is strong, and existing land use codes are one of the primary limiting factors in housing production.

The goal of these tools is to increase supply without a

ACCESSORY DWELLING UNITS

Accessory Dwelling Units - or ADUs - are often seen as a way of addressing housing needs with a softer touch than building new buildings.

ADU's are sometimes called "in-law apartments" or "granny flats." They are additional, smaller, housing units that are incorporated into a single- or two-family home in a way that generally makes them less perceptible from the street. The door is often on the side or back of the building. In many cases, they are built in an existing basement, attic or garage, so the feel of the house from the street doesn't change.

ADU's are permitted in many places in Maine. However, often the requirements to permit one make it hard to build one. Requiring extra parking, or extensive design review, for example, will sometime limit the ability to produce new housing through ADU's.

New Hampshire has a statewide law requiring that all municipalities allow ADU's with limited restrictions.

focus on particular sectors or affordability to certain income levels. Advocates for this approach argue that more supply is needed, and that economic reality will reduce overall housing costs as supply goes up. Others argue that land use controls are unnecessarily limiting, and that allowing homeowners to, for example, add another housing unit on their lot will make their housing costs more affordable.

This approach has become more popular as the "YIMBY" ("Yes in My Backyard") movement has gained popularity. YIMBY activists argue for a supply-side solution to housing issues, and work to counter the "NIMBY" ("Not in My Backyard") efforts to fight new development that have dominated many municipal land use debates.

- **Allowing Accessory Dwelling Units By-Right:** Accessory Dwelling Units (ADU's) are additional housing units that are generally smaller and less visible. Often built on the side or back of a house, or located in the

basement or attic, they are also sometimes built in a garage or other small second building. While many communities allow for ADU's – sometimes called "in-law apartments" or "granny flats" because traditionally they were built for relatives – there are often a number of limitations that make that allowance hard to take advantage of. For example, many communities require that those who live in the unit are related to the property owner. Often, the property owner is required to live in the house. There are also often maximum unit sizes for an ADU, and limits on where they can be located. There can be an extensive public review process that discourages some property owners from pursuing development of an ADU. Finally, some communities cap the income levels of those who can live in an ADU. While any allowance for ADU's is welcome from a housing production perspective, the highest impact appears to be when there are fewer restrictions on their development. In particular, the best practice appears to be to not put residency or income restrictions on the unit or the main house; to not require additional off-street parking; and to allow for a streamlined review process.

- **Reducing Setback, Lot Size, and Parking Requirements:** Many communities have requirements for new homes that are far more stringent than those in the existing built pattern. Over the late 20th century and into the 21st century, residents often pushed for these changes in their neighborhoods as a way to slow or stop new housing from being developed nearby. In reality, such requirements have negative impacts on both housing production and affordability, as they increase the development costs and limit the sites on which new homes can be built. They also can result in less certainty, not more, because land owners may petition a municipality for a contract zone or other change that allows them to develop despite these restrictions. Best practices for these zoning requirements are to allow them to match the existing built form.

- **Allowing Multifamily Housing in More Areas:** There is often a great deal of unwarranted concern about multifamily housing. Residents fear it will change the character of their neighborhood. City leaders worry about increased costs for schools and public services.

In reality, well-designed multi-family housing often results in reduced public service costs, by placing new development where services and infrastructure already exists. In addition, there is no reason a two-unit building has to be any less consistent with neighborhood character than a single-family building. Best practices suggest that communities should look

closely at where they allow multi-family housing and allow that option in as many places as possible. Tying a design review process or a clear form-based code to this change will help ensure that the character of an area is respected.

OVERHAULING LAND USE CODE- THE CASE OF SOMERVILLE, MA

It's a lot of work to rewrite your land use code entirely, so that effort is often avoided. That can lead to a disconnect with policy, especially after creating a new Comprehensive Plan that doesn't mesh well with the existing code. Often, communities make do with tweaks to their zoning and site plan ordinances, avoiding making significant overhauls. If you trace back the history of land use codes in most cities, you may find the existing language is based on wording from fifty years ago- or even longer!

A few communities have taken the plunge and started a new code. Portland recently approved a new land use code. In that case, though, the code was still based on the original "Chapter 14" and not an entire rewrite.

The City of Somerville, Massachusetts, recently approved an entirely new zoning ordinance. The previous code was based on an outdated of "dedensification," or limiting new housing production. The City passed a new Comprehensive Plan that called for the development of more housing to address a shortage of safe, affordable units.

The effort took some time. There were a few iterations of the code that the City Council examined and sent back to staff for further analysis and exploration. Finally, in 2019, the Council approved a new code that was consistent with the City's Comprehensive Plan as well as the Council's priorities. This new zoning ordinance sets clear rules for how new housing can be built without extensive review processes and uncertainty.

Encouraging Below-Market Affordable Housing Production

- **Density Bonuses:** Similar to broader changes to land use codes described above, some communities have opted to provide for additional development rights for projects that meet certain below-market affordability requirements. Generally, it takes a higher number of units on the same lot to make the finances of a below-market affordable housing project viable. Developers of such projects often achieve that higher density by asking for an amendment to the zoning for such a parcel, after they achieve site control. Such a request creates a great deal of risk and uncertainty for the developer, who is faced with the need to offer the highest price for a parcel before knowing if it will be useful for their plans. By allowing a higher density and other relief for such projects up front, the developer of such a project is able to compete with commercial and market-rate developers with the confidence that they can move forward with a project without regulatory risk.

- **Inclusionary Zoning:** Inclusionary zoning is a regulatory tool that is based on the finding that producing market rate housing creates pressure on the below-market housing market. For this reason, inclusionary zoning ordinances require that a certain percentage of new housing developments be affordable to low-income or median-income residents. For example, a typical inclusionary zoning ordinance might require that ten percent of the units in all new developments of ten units or more be affordable to households making 80% or less of area median income. These below-market units are funded through an internal subsidy from the market-rate units. For this reason, it is important that the details of an inclusionary zoning ordinance be carefully developed to ensure that the requirements don't make new housing development infeasible. At the same time, the requirements must be consistent with the actual needs of the community.

DENSITY BONUSES

If a total code rewrite isn't feasible, it's worth thinking strategically about a few tools that can help address housing needs. One tool that can open up some new opportunities is to provide density bonuses for below-market housing.

Density bonuses can be applied in the entire community, or focused on certain areas such as key commercial corridors. Simply put, they allow development of more housing units than would normally be permitted, provided that some of the units are offered at affordable prices to low-income households. For example, a density bonus may allow a development to include 25% more units than would otherwise be permitted, if half of the units are affordable at 80% of Area Median Income.

Allowing more units is key to making below-market developments economically feasible. Passing such a tool will also make such developments more competitive for other sources of funding.

- **Creation of a Housing Trust:** Many cities have set up a Housing Trust as a dedicated account to fund development of below-market housing. These Housing Trusts are funded by a variety of sources: impact fees on development; unencumbered fund balance at the end of the fiscal year; grants and donations; and, most often, from fees in lieu of providing below-market units as part of an inclusionary zoning ordinance. Often there is an advisory board that recommends how the funds should be expended, with the final decision left to the City Council. Such a Trust serves as a holding account that allows a city to leverage other resources and guide housing development. Trust expenditures can consist of gap financing for tax credit projects; soft second loans for developers as part of a capital stack; pre-development expenses to identify housing sites; and other housing-related expenses. Trust Funds are not generally used to fund staff, although each community can determine the best use of its own Fund.

- **Affordable Housing Tax Increment Financing:**

Maine's Tax Increment Finance (TIF) laws allow for the use of this tool for affordable housing under 30-A M.R.S.A. §§5245-5250-G. A district can consist of one or several parcels, as long as at least 25% of the district is suitable for residential development, the district is predominately residential, and at least 33% of the units in the district are for households making no more than 120% of Area Median Income. Most often, Affordable Housing TIF districts consist of a parcel for a specific development. The funds can be used to offset development or operating expenses for the below-market development, or other allowed uses. This tool, while one of the most flexible in this list, also is essentially a direct municipal subsidy of the development, as the municipality will still have to fund the services that would normally be paid for out of the foregone tax revenue.

INCLUSIONARY ZONING

Inclusionary zoning is a tool that requires that a percentage of housing units in new developments be affordable at certain income levels. This tool is based on studies that show that the production of market-rate housing results in a need for more below-market affordable housing.

For example, the City of Burlington, Vermont, requires at least 15% of the units in any new development of five units or more be affordable. Conversion of existing buildings to housing are also regulated starting at ten units. While some communities allow a fee-in-lieu option, Burlington does not.

Studies from national think tanks such as the Urban Land Institute and the Lincoln Institute of Land Policy suggest that inclusionary zoning, if set at rates appropriate for a specific market, will not significantly impact market-rate housing development. At the same time, it will produce much-needed below-market units.

AFFORDABLE HOUSING TRUSTS

An affordable housing trust can provide a dedicated source of funding to leverage other investments in housing production. One of the oldest municipal housing trusts in the country is in Brookline, Massachusetts, where a housing trust has been in existence since 1998.

Brookline's housing trust is funded from a variety of sources. It is governed by a Housing Advisory Board, which consists of housing professionals and residents of below-market units. The trust allows the Town to invest in housing that may not be eligible for other sources, as well as to allow for additional community amenities that may not be eligible for other funds.

The Brookline Affordable Housing Trust has collected over \$12 million since its inception, and spent about \$9 million on developments. It has contributed to local control over new below-market developments, and contributed to developing 538 units in a very expensive community. Most housing trusts are far more modest, but still address a local need to leverage and influence housing production.

- **Use of Federal Resources:** Projects in Bath are eligible to utilize federal resources such as the HOME Investment Partnership program (HOME) and the Community Development Block Grant program (CDBG.) The State of Maine receives over \$4 million a year in HOME funds and over \$11 million a year in CDBG funds. HOME funds can be used for development of below-market affordable housing. CDBG funds are more limited and cannot be used for new construction. However, they can be used for site acquisition and preparation, as well as for rehabilitation of housing units. From 1983 to 2019, Bath projects received a total of \$11.47 million in CDBG funds, to fund 64 projects, of which at least six were housing developments. The HOME program has funded at least 17 projects in Bath since its creation. HOME and CDBG funds are both competitive and allocated annually. In addition to HOME and CDBG funds, MaineHousing administers the state's allocation of federal Low-Income Housing Tax Credits (LIHTC.) The LIHTC program is one of the primary sources of funding for below-market housing

in the U.S. However, the 9 percent credits, which are the most useful, are extremely competitive. The 4 percent credits, which are easier to obtain, work best when layered with other sources of public subsidy. There is also a National Housing Trust Fund that can fund extremely low-income affordable housing.

- **Use of Public Land or Buildings:** Municipalities and other public agencies that have surplus land or buildings sometimes offer it for use for below-market

AFFORDABLE HOUSING TAX INCREMENT FINANCING

Affordable Housing Tax Increment Financing (AHTIF) is often the subject of some confusion. It is sometimes seen as a way that a community gives existing tax revenue to housing developments, when those tax revenues might otherwise help pay for schools or public services. This results is possible if AHTIF is not used thoughtfully. However, in most cases, AHTIF can be a win-win, where a community collects more tax revenue than it might otherwise collect, and a development gains much-needed operating expenses.

Land in Tax Increment Finance districts is also generally "sheltered" from state calculations related to municipal and school aid. In other words, the valuation in districts is often not counted in those calculations. Since these state aid programs are often based inversely on overall land valuation, that means that creating Tax Increment Finance districts can result in increased state funding for the community.

AHTIF is best used when a project would not be feasible without it. In that case, the community is not giving up existing, or even potential, tax revenue. The tax revenue captured would not exist without the use of the tool, because the project would not go forward. Even in that case, the community often keeps some percentage of the new revenue.

Use of the AHTIF tool also gives projects a leg up in seeking Low Income Housing Tax Credits (see below) by providing "points" for local funding of a project.

housing development. The land can be offered at a discount or, often, for free or a token price. This strategy requires confidence that the property in question is truly not needed any longer, and also that the reduced price will make a project financially feasible. Often additional subsidies are also needed.

- **Site Preparation:** Similar to providing public property, municipalities can provide resources towards site preparation. These efforts can include environmental assessment and/or cleaning – potentially through a federal brownfields program – or simply removing buildings and regrading the site. These efforts can be done through contractors or, time and other factors permitting, with municipal labor.

Preserving Existing Below-Market Affordable Housing

- **Land Trusts:** A Land Trust is a not-for-profit owner of land that generally holds it in order to develop below-market housing. The Trust will enter into a partnership to develop housing on the land – or renovate existing housing on the land. Through owning the underlying land, the Trust is able to require that the housing be affordable at certain income levels. Land Trust ownership of land is an alternative to recording a deed restriction on the property, which is sometimes vulnerable to being ignored or eliminated by another party with interest in the property. A Land Trust is not to be confused with a Housing Trust, described above.

65 MUNJOY STREET: AN EXAMPLE OF PROACTIVE LOCAL HOUSING POLICY

Using a variety of tools, the City of Portland was able to work successfully with a local private developer to create eight deed-restricted condominium units on a formerly contaminated parking lot in the Munjoy Hill neighborhood. This project took a 10,000 square foot parcel used primarily for snow emergency parking, and used it to provide home ownership opportunities.

First off, the City offered the parcel for sale for \$1 through a competitive process, provided a developer would produce deed-restricted housing. The selected developer and the City jointly funded site cleanup through federal Brownfields funding and private equity. The City then provided \$175,000 in local Housing Trust funds to close a financing gap in the project.

The completed units were required to be sold to households earning below 120% of Area Median Income. Generally, they sold for 30 to 40% below what they would sell for on the open market. The units are deed-restricted, so when they are sold again, future buyers will also have to meet the same income limits. The \$2.3 million project took 4 years start to finish. While there were lessons learned on all sides as part of this development process, it has provided much-needed below-market housing on Portland's Peninsula.



- **Addressing Expiring Use Properties:** Many below-market affordable housing units were developed in the second half of the 20th century by private developers using federal financing programs. Those programs required affordability restrictions for a set period of time, often 30 to 50 years. Unfortunately, many of those restrictions have expired in the past 20 years, and more are slated to expire in the next ten. These so-called “expiring use” properties also often require renovations as they suffer from deferred maintenance. Rather than losing these below-market

units to the free market, many cities provide funding or other incentives to extend the terms of affordability and, at the same time, improve the properties. Sometimes the funding will also allow for additional market-rate and/or below-market units to be built on the site to help reduce the public subsidy required to address the expiring use.

- **Housing Preservation Ordinances:** A Housing Preservation Ordinance is a regulatory tool that limits conversion of existing housing to non-residential use or demolition. In general, these ordinances require that units that are removed from the market be replaced in kind, or, alternatively, funding for a replacement unit be provided to a Housing Trust to allow for development of additional housing.

LOW INCOME HOUSING TAX CREDITS

The “Low Income Housing Tax Credit (LIHTC)” program provides each state with an allocation of tax credits that fund below-market affordable housing. Each state issues a “Qualified Allocation Plan” that sets forth how developers can apply for credits through a process of allocating points for various factors. Factors include the per-unit cost of the development and whether the project is receiving local support.

These tax credits are sold by the developer to corporations or other taxpayers who are seeking to reduce their federal tax bills. Each \$1 of credit generally sells for less than \$1, saving that taxpayer money. The revenue from sale of the tax credits helps fund the development.

There are actually two kinds of tax credits. The so-called “9 percent” credits are more limited but provide more funding for a development. The so-called “4 percent” credits are easier to receive but provide less funding. In addition, the funding from a 4 percent tax credit may be limited to certain kinds of projects.

Created in 1986, LIHTC is a complex program, but it has been politically durable. As a result, many developers count on LIHTC as a source of funding. They also count on local governments to help their efforts to receive tax credits by taking actions such as providing a Affordable Housing Tax Increment Finance district, or approving a project in a timely fashion.

Direct Assistance to Households

- **Tenant Protections:** Local governments can pass some tenant protections that go beyond state and federal protections. For example, they can require longer notice periods when leases are renewed. They can also set rules for what happens when a unit is converted to a condominium. Such protections can help prevent displacement. However, they also need to be considered in the context of the rights of other tenants in the building, and the property owner. If a resident in a building is causing significant hardships for other tenants, for example, limiting the ability to require that tenant to move may be unfair to other residents of the building. Similarly, a tenant that is intentionally damaging a unit may not be one that should be able to take advantage of extended tenant protections. Good policy must balance a number of needs.

- **Homebuyer Assistance Programs:** Many cities have also used HOME funds or other sources to fund programs to help households buy their own homes. These programs are often run as a second mortgage program, with reduced qualification requirements and/or lower interest rates. In effect, the city acts as a lender, subordinate to the primary mortgage holder, to allow a buyer to qualify to buy a home. These loans require an infrastructure to service them, as they require regular payments and monitoring of balanc-

es due. They also have the risk of overleveraging a household, requiring that their housing payments exceed what they can afford in the long run. Cities are reluctant to foreclose on defaulted mortgages. Sometimes these mortgages are forgiven after the household lives in the house for a certain period of time. However, if the city does not collect payments, such a program will require influxes of capital if they are to endure. Alternatively, some municipalities simply help fund a down payment through a one-time grant or a loan that becomes due upon resale. That approach is simpler and can be helpful in some markets.

- **Property Tax Relief Programs:** Some communities allow for property tax relief for low-income or senior households. These programs are not common, but allow households to defer or simply reduce their tax burdens if they are below certain income levels.

- **Tenant Based Rental Assistance (TBRA):** Some cities use housing funds – such as HOME funds or Housing Trust funding – to provide rental assistance for low-income households. The challenge with this strategy is that it will be very easy to commit to spending more resources than are available. Careful development of – and enforcement of – policies with respect to this assistance is required to ensure that the funds are used strategically. For example, some TBRA programs provide for a security deposit and last rent payment for a household one time. Another common strategy is to allow for an emergency payment for a household with a documented hardship, but not an ongoing direct funding of that household’s rent. This tool rarely is used and primarily works when a municipality receives HOME funds directly from the federal government.

- **Housing Rehabilitation Programs:** Many communities, particularly “entitlement” communities that receive CDBG and/or HOME funds directly, operate rehabilitation programs that allow low-income households to qualify for loans or grants. These funds allow these households to make needed repairs or upgrades to maintain and improve the quality of their housing. One challenge with this approach is determining how long a household must remain in that housing unit after improving it, as it is inefficient

to use limited public funds only to have a household relocate and have a higher-income household benefit from the improvements. While housing rehabilitation programs have declined in popularity over the past 20 years, there has also been some interest in programs focused on energy efficiency, as those improvements will have public benefits beyond the current tenants’ time in the unit.

- **Lead Abatement Programs:** Many communities receive grants from the federal government to operate lead abatement programs for low-income households. These programs, often funded for two years at a time, create funding and administration of lead abatement efforts in a community. Challenges associated with such a program include finding licensed lead abatement contractors willing to work within federal requirements, as well as finding households willing to go through the considerable inconvenience of having their unit vacated for abatement.

- **Rent Stabilization:** Rent Stabilization can take a number of forms. At its simplest, it can limit rent increases to tenants to be below a cap, say 10 percent a year. There can be exceptions to these limits, in cases of property improvement or retenanting of a unit. However, those exceptions need to be designed to avoid unforeseen consequences, such as providing an incentive to move a tenant out so the rent can be reset at a higher level. At a more aggressive scale, rent stabilization becomes rent control, where rent increases are strictly limited to cost-of-living increases and are not reset when a new tenant moves in. Rent stabilization – particularly in its more aggressive form as rent control – is generally seen as a very crude tool that has a number of negative effects. For example, it may result in conversion of units to condominiums. It also is seen as contributing to neglect of rental properties by landlords, who may feel they can’t afford to make improvements. Finally, there is some evidence that those who benefit from rent stabilization may not be those who most need rent relief.

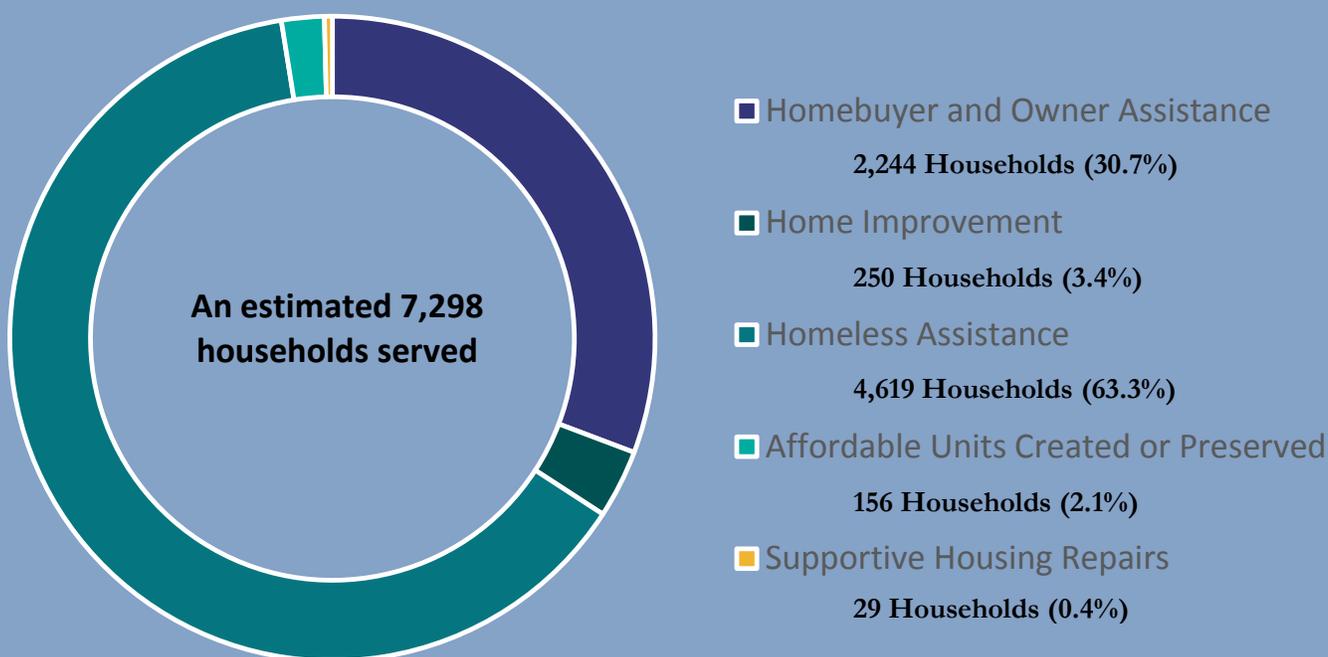
Maine's HOME Fund

Maine's HOME fund is a state revolving fund to fund housing initiatives. It is primarily funded by a portion of the real estate transfer tax. Created in 1982, it was tied to the real estate transfer tax in 1986 and gained a dedicated, somewhat predictable funding source.

Money in the Housing Opportunities for Maine Fund may be applied to:

- (1) Reduce the rate of interest on or the principal amount of such mortgage loans as the Maine State Housing Authority determines;
- (2) Reduce payments by persons of low-income for the rental of single-family or multi-unit residential housing;
- (3) Make mortgage loans and such other types of loans or grants as the Maine State Housing Authority determines;
- (4) Fund reserve funds for, pay capitalized interest on, pay costs of issuance of or otherwise secure and facilitate the sale of the Maine State Housing Authority's bonds issued under this subchapter;
- (5) Pay the administrative costs of state public bodies or other public instrumentalities and private, nonprofit corporations directly associated with housing projects; and
- (6) Otherwise make the costs of single-family or multi-unit residential housing affordable by persons of low-income.

In 2017 and 2018, MaineHousing invested \$25,302,726 of HOME Funds to serve low and moderate income homeowners, homebuyers, and renters across Maine. The HOME program, like a local Housing Trust, has been a flexible source for funding housing needs in the state of Maine. By focusing on a variety of tools, including homebuyer assistance and homeless services, it takes a holistic approach to the issue.



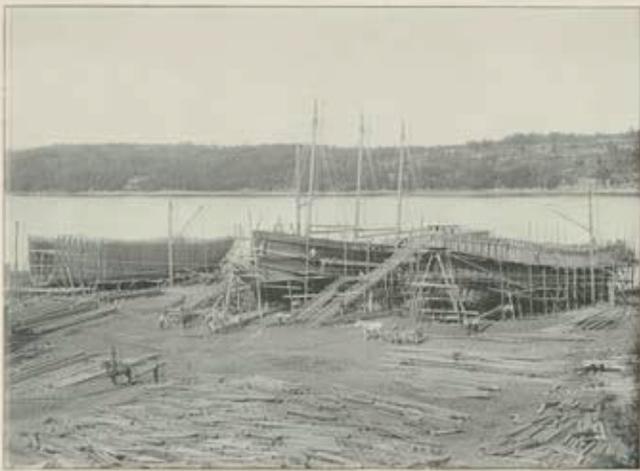
Responding to Emergencies

- **Pandemic Relief:** The COVID-19 pandemic has resulted in an enormous challenge for renters, home owners and landlords alike. Loss of income has resulted in the inability of many households to make housing payments. Landlords, who sometimes have borrowed or made investments in a property in anticipation of receiving rent payments, are also sometimes at risk of losing their property to a lender if they do not collect expected income.

Fortunately, there have been some programs as part of COVID-19 relief to prevent evictions related to the pandemic. Similarly, some lenders have made accommodations for challenges that property owners have had in making their usual payments. However, as the pandemic passes and such programs and accommodations end, there may be a sudden increase in such challenges in the housing market.

Such relief programs are likely beyond the financial resources of local governments. It is possible, however, that longer-term programs to respond to this challenge are approved at the federal or state levels. These efforts are worth tracking, and monitoring for a potential role for cities, towns and regional agencies.

- **Other Household Crises:** Sometimes an individual household will have a financial challenge that is not related to COVID-19 or other external factors. Someone may lose their job, or there may be a sudden, expensive failure of a major system in the house. Some communities use some portion of their federal funding to provide emergency assistance to households to prevent homelessness. Most of these programs relate to physical problems, such as a failed sewer line or boiler. Limited funding may be provided in a crisis situation, provided a household income qualifies and remains in the home for a certain period of time.



SHIP BUILDING AT BATH, N.H.

RECOMMENDATIONS FOR BATH & THE REGION

Based on the vision set forth above, there is a clear subset of the national best practices that should be considered for adoption in Bath. That subset is best on the explicit and suggested priorities in the vision. While not all of these programs and policies may ultimately be adopted, they are all worth taking to the next step as the City and Bath Housing work on housing issues.

Provide additional new housing, respecting the character of neighborhoods and environmental constraints without allowing those issues to supersede the need to develop a range of housing types in many parts of the city.

- Consider allowing accessory dwelling units by right, without requirements that would limit their ability to add to the housing stock for residents of diverse backgrounds, ages, family types, races, and incomes
- Look closely at setback, lot size, and related requirements to allow for appropriate infill development.
- Explore the extension of some multi-family housing into existing single-family zones in order to add to the housing stock for residents of diverse backgrounds, ages, family types, races, and incomes
- Consider adoption of inclusionary zoning policies based on the current market, with an initial target of requiring that ten percent of units in developments of ten units or more be affordable to households at 80% of Area Median Income. A fee-in-lieu provision should be considered to fund a Housing Trust.
- Continue use of and support for the Affordable Housing TIF program.
- Proactively survey public land and buildings for future utilization and offer public property that will not have a foreseeable future use for housing development.

Avoid displacement of existing Bath residents

- Consider a housing preservation and replacement ordinance as outlined above, to prevent loss of housing supply. Such an ordinance could include elements related to the impacts of Short Term Rentals on the long-term housing supply.
- Work to monitor expiring deed restrictions and reach out to owners of those properties several years in advance of any expiration to explore ways to extend the restrictions.
- Explore property tax relief programs to determine if such a tool is a feasible way to help households remain in their homes.

Improve and modify Bath's housing stock to bring it up to code, increase livability, enhance energy efficiency, and reduce operating costs for low- and moderate-income households.

- Explore a comprehensive housing rehabilitation program for low-income households, with a focus on energy efficiency programs and lead remediation.
- Promote and support the Comfortably Home program that funds people who age 55+ or with a disability to make needed home repairs or modifications.

Develop a local funding source to leverage existing sources in building housing affordable at a variety of income levels.

- Create a Housing Trust and fund it with a variety of methods, including consideration of a policy whereby a percentage of unencumbered fund balances go into the Trust every year.

Think regionally

- Consider what tools might apply in other communities near Bath. Many of the recommended tools outlined for Bath are also worth considering in other communities in the region, or as part of a joint regional effort. In particular, the following tools may be applicable regionally:
 1. Looking at allowing accessory dwelling units;
 2. Extending some multi-family housing allowances;
 3. Looking at Affordable Housing TIF districts;
 4. Exploring use of public land and buildings;
 5. Exploring property tax relief programs; and
 6. Looking at creation of a Housing Trust.