

HOUSING MARKET SUMMARY, VISION & BEST PRACTICES

RECOMMENDATIONS FOR POLICY DEVELOPMENT

CITY OF AUGUSTA, MAINE

DECEMBER 2020





INTRODUCTION

The Augusta Housing Authority (AHA) is working to produce and preserve housing that serves the needs of Augusta residents and workers. As part of that work, the AHA wanted to better understand the housing market in the city at this time. This report includes four parts:

- 1. A summary of the current state of housing supply and demand in Augusta and the region;
- 2. A housing vision for the City;
- 3. A summary of best practices in housing policy and planning; and
- 4. A set of recommended actions for the Augusta region that applies appropriate best practices to the specific housing issues and vision laid out.

In developing this document, all available data sources were analyzed. Much of the necessary data was available at the City of Augusta Assessor's Office, as well as via the U.S. Census. Some additional data collection was done, but was limited to key areas where additional information was important to the story being told in this report, such as measuring the number of households moving to Augusta from out-of-state.



Unless otherwise indicated, data in this report is from the American Community Survey of the U.S. Census Bureau, using 2019 5-year estimates. These survey sets agglomerate survey data from five years to determine figures with the smallest margin of error. However, as with many smaller cities, there is some margin of error in the data that was considered when producing this report.

This report would not have been possible without the assistance of staff from both the Augusta Housing Authority and the City of Augusta. However, any errors herein are the responsibility of the report authors.

PART ONE: HOUSING MARKET SUMMARY



OVERVIEW

This section provides the data to inform policy development. The data is shown in charts and graphs, and briefly described to help put the numbers into context.

This section is organized into the following areas:

- Local, Regional, and State Comparisons: Information about the overall makeup of the state, the region, and the city is compared. For some data, time series changes are shown. The housing stock of the city and the region are described, including available data on housing age and size.
- City of Augusta Housing Data: This part digs deeper into the characteristics of Augusta's housing stock. Using a wider variety of data sources available on the local level, city housing is examined through a number of lenses.
- 3. City of Augusta Housing Market: This part looks at data from the City Assessor's office as well as real-tor-provided data to look at the financial aspects of the housing market. It also uses data from the Kennebec County Registry of Deeds to estimate how many housing units are being purchased by out-of-state residents. Finally, it looks at housing vacancies and the effect of the seasonal market on Augusta.
- 4. Augusta Neighborhoods: The housing and demographic characteristics of neighborhoods of Augusta (as defined by the five U.S. Census Tracts) are explored to determine variations in the market by geography.

 Expiring Uses: Finally, the last part takes a quick look at the existing below-market housing that may be vulnerable to losing their affordability restrictions in the next decade.

Each of these parts complement the others and, taken together, they provide an overview of the housing market in Augusta. That overview points to market gaps and opportunities that will be outlined in the following three sections.

The data in this report is from the U.S. Decennial Census and the American Community Survey (ACS) unless otherwise identified. ACS numbers are five-year estimates when available.

1. DEMOGRAPHICS

Augusta's Population

Like many mid-sized cities in Maine, Augusta has seen a relatively stable population over the past decade. While the state as a whole gains population slowly, and many smaller communities lose population, Augusta's population has followed the pattern of other cities in the state, following the statewide trend of a small increase.

However, due to the method of population projection used by the state, the official state projection for future population in Augusta is for a decline of over ten percent from 2016 to 2036. This trend does not match what planners in Augusta have seen on the ground. Based on more recent trends in the City, a population increase of just under five percent is projected by a City consultant. Under that projection, the 2016 population of 18,574 will increase to approximately 19,500 by 2026 (see below.)

Much of this population growth is driven by in-migra-

City of Augusta Population Projections

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	2016	2019	2020	2021	2026	2031	2036
	actual	actual	estimated	projected	projected	projected	projected
State projection	18,574			18,021	17,578	17,100	16,602
Series A (2016-9 rate)	18,574	18,697	18,738	18,779	18,987	19,197	19,410
Series B (plus 0.5%)	18,574	18,697	18,832	18,873	19,082	19,293	19,507

Source: Memo to Matt Nazar, City of Augusta, from Frank O'Hara, dated December 1, 2020

tion to Augusta. Both New Mainers and residents of other parts of the state and the country have moved to Augusta. In terms of numbers, the larger part of that in-migration has been New Mainers from a variety of countries, primarily Middle Eastern and African countries. According to the Capital Area New Mainers Project (CANMP,) the largest influx was between 2014 and 2016, when many Iraqi migrants arrived in Augusta.

Overall, CANMP estimates that in the past five to seven years, Augusta has become home to approximately 60 Iraqi families (300 people); 20 Syrian families (125 people); and about 20 families from other countries such as Afghanistan, Morocco, Rwanda, and Mexico (100 people.) CANMP expects five to seven new families each year going forward.

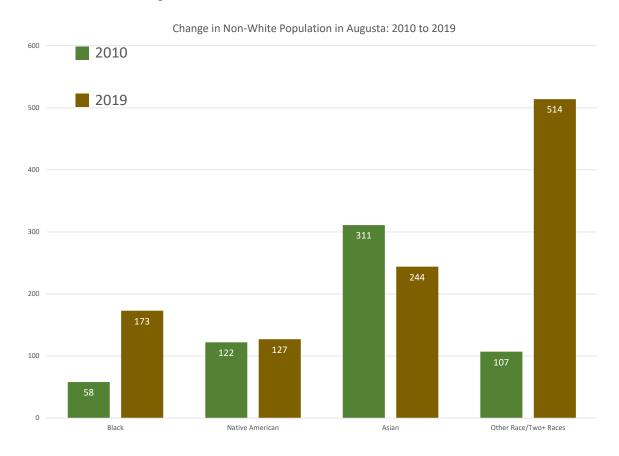
The size of migrant families can be much larger than those of existing households. Family sizes of seven to nine are not uncommon among immigrants from Syria. So these estimated immigrants will add 40 to 50

new Augusta residents every year, more than compensating for any out-migration.

While the data has a high margin of error, it appears that migrants are primarily moving into Census Tracts 103 and 105. These tracts, shown in the map a few pages below, roughly correspond to the southern parts of Augusta.

As of 2015, 6,085 of 8,551 workers who lived in Augusta worked in Augusta. However, a total of 25,265 people worked in Augusta. This ratio of approximately 2.9 jobs per worker, or 1.3 jobs per resident, indicate Augusta's status as a regional employment center. It also may indicate a lack of housing options in Augusta for people who work in the City.

Other communities where a significant number of Augusta workers lived included Winthrop (991,) Sidney (904,) Gardiner (855,) Vassalboro (829,) and Waterville (811.)



State and Regional Comparisons

Augusta and the nearby communities are largely white, though the racial diversity appears to be increasing. While Augusta is slightly more diverse than the county, its demographics are similar to the state as a whole (see below.)

However, this similarity is relatively recent. Looking back at 2010 figures, Augusta was more white than both the state and the county. While it had a slightly higher Asian population, it also had a smaller population identifying as "two or more races." The immigration trends described above appear to have increased the diversity of the city to more closely match state figures.

In terms of household income, Augusta clearly has more low-income households than the Augusta-Waterville micropolitan area - a regional area that consists of the same geography as Kennebec County. This difference is particularly notable when households with incomes below \$20,000 are examined.

Similarly as seen below, household sizes in Augusta are more diverse than those in the region generally. In

particular, there are more single-person households in Augusta than regionally. This suggests the need for more- and smaller- units, at the same time as the larger families of households moving into Augusta require larger units.

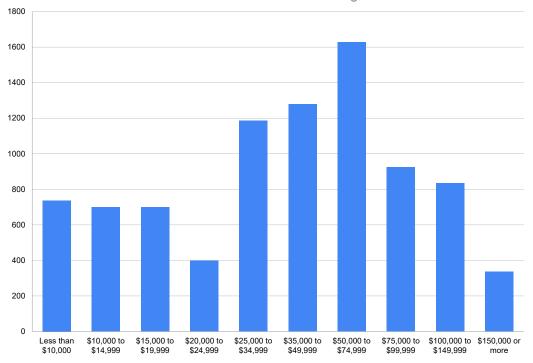
However, the size of housing units in Augusta is somewhat similar to that of the region as a whole. As seen below, in both cases the dominant housing type is two- and three-bedroom units. Augusta has slightly more one-bedroom and four-bedroom units, though fewer than might be suggested by the household sizes.

Augusta's housing stock is also older than that in the region as a whole. While a similar amount of housing appears to have been built locally and regionally prior to 1980, a great deal of additional housing was constructed regionally after that date. At the same time, far less new housing was constructed in Augusta. As a result, the city has a much older overall housing stock than the region. On the other hand, as shown below, much of what was built after 1980 in Augusta is rent-er-occupied.

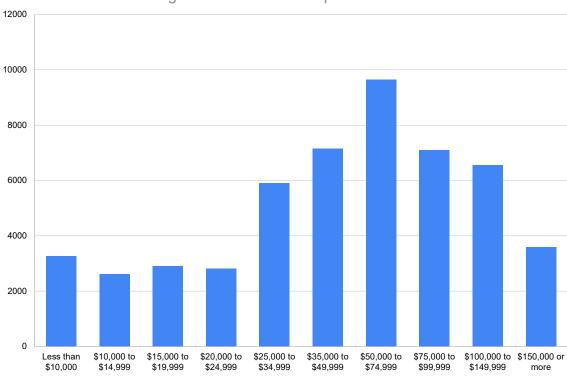
Racial Composition: 2019	Maine		Kennebec County		Augusta	
Total:	1,335,492	100.00%	121,753	100.00%	18,605	100.00%
White alone	1,259,522	94.31%	116,530	95.71%	17,547	94.31%
Black or African American alone	18,468	1.38%	1,039	0.85%	173	0.93%
American Indian and Alaska Native alone	8,660	0.65%	661	0.54%	127	0.68%
Asian alone	15,109	1.13%	1,108	0.91%	244	1.31%
Native Hawaiian and Other Pacific Islander alone	396	0.03%	85	0.07%	5	0.03%
Some other race alone	3,541	0.27%	224	0.18%	77	0.41%
Two or more races	29,796	2.23%	2,106	1.73%	432	2.32%

Racial Composition: 2010	Maine		Kennebec County		Augusta	
Total:	1,327,665	100.00%	121,925	100.00%	19,150	100.00%
White alone	1,268,805	95.57%	117,896	96.70%	18,552	96.88%
Black or African American alone	13,903	1.05%	844	0.69%	58	0.30%
American Indian and Alaska Native alone	7,002	0.53%	474	0.39%	122	0.64%
Asian alone	13,432	1.01%	924	0.76%	311	1.62%
Native Hawaiian and Other Pacific Islander alone	438	0.03%	97	0.08%	0	0.00%
Some other race alone	4,132	0.31%	219	0.18%	0	0.00%
Two or more races	19,953	1.50%	1,471	1.21%	107	0.56%

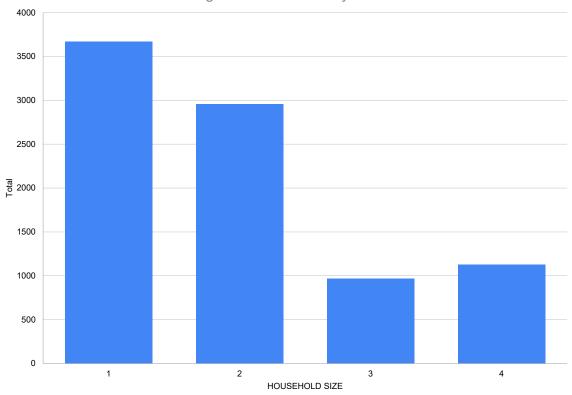
Household Income Distribution Augusta



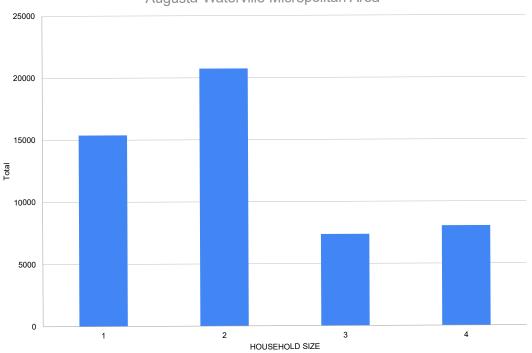
Household Income Distribution Augusta-Waterville Micropolitan Area



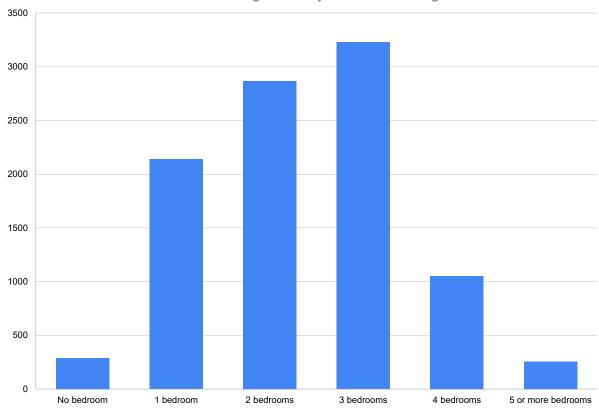
Augusta Households by Size



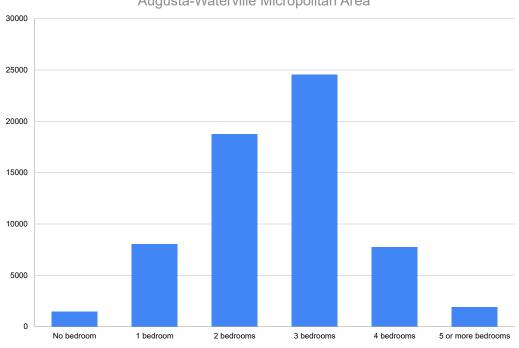
Household Sizes Augusta-Waterville Micropolitan Area

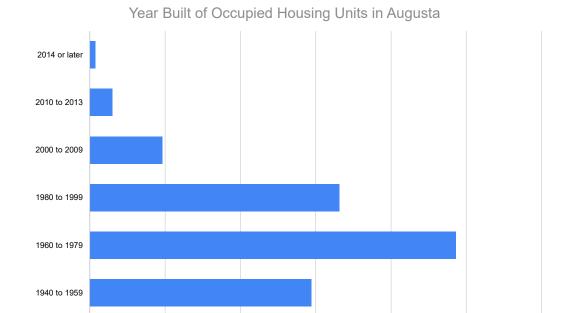


Number of Housing Units by Bedroom - Augusta









1,500

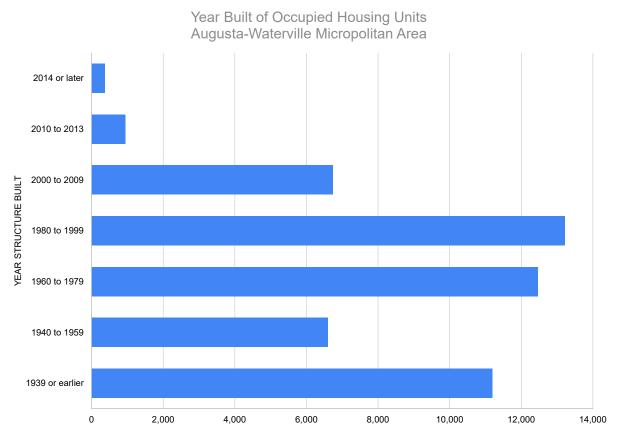
2,000

2,500

3,000

1,000

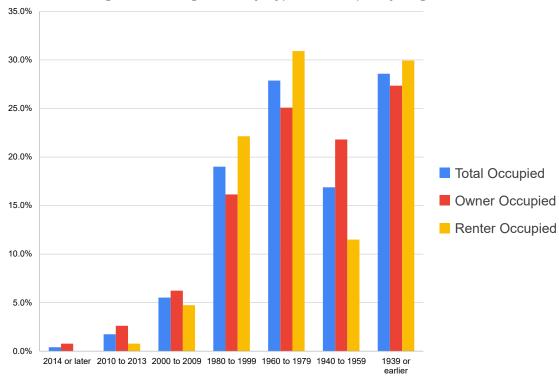
500



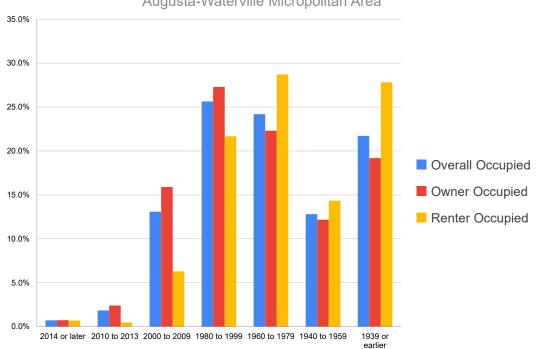
1939 or earlier

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2. CITY OF AUGUSTA HOUSING DATA

Focusing on just the City of Augusta allows us to look at a wider range of data sources. In particular, the City Assessor's database is a rich source of material on housing stock. However, it is important to understand that this data is collected for the purposes of collecting property taxes, and therefore may be missing some details not relevant to that purpose. On the other hand, it's the only reliable record of every property in the city.

Assessing data is a good source of building condition, as that condition directly affects property assessments. As shown below, single-family homes in Augusta run the range from below average conditions to very good condition. Condominiums tend to be in better shape, likely because they tend to be newer.

Larger buildings similarly have a range of conditions, but generally tend to be in worse condition. However, there is no overwhelming evidence that multifamily buildings are categorically neglected compared to single-family homes. It is hard to make definitive statements due to the fact that each assessor's office uses slightly different criteria to evaluate housing stock. However, it appears that the overall condition of housing units in Augusta is not correlated with size.

Housing Buildings by Type				
Single Family	4623			
2-family	449			
3-family	174			
4-family	118			
5-8 family	128			
9+ family	75			
Condominiums	171			
Source: Augusta Assessor's Database				

As shown above, the city housing stock is primarily single-family homes, with a significant number of two-family buildings. While there are some traditional triple-deckers and even larger buildings, they are not dominant housing types.

The Assessor's database also allows us to look at the bedroom count in different housing types. Below is the distribution of sizes for single-family homes. The modal size is a three-bedroom home, but there are a fair number of two- and four-bedroom units. However, comparing that to Census data suggests that the goeneral size of units in single family homes is larger than those for units in multifamily buildings.

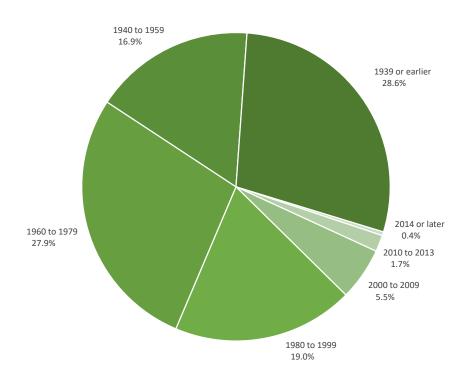
Condition of Buildings by Size				
	Below Average	Average	Above Average	No Data
Single Family	493	3272	804	54
2-family	49	369	31	0
3-family	24	141	9	0
4-family	12	89	17	0
5-8 family	14	104	10	0
9+ family	6	57	12	0
Condominiums	0	72	99	0

[&]quot;Above Average" includes Average+10, Average+20, Good, Good+10 and Good +20

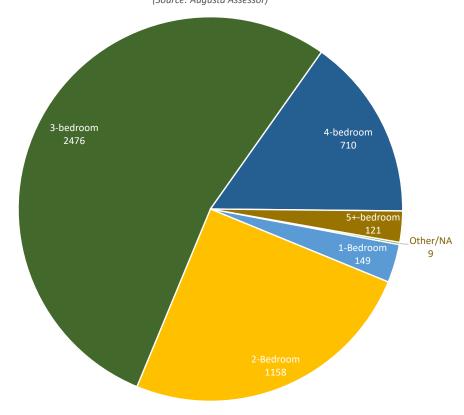
Source: Augusta Assessor's Database

[&]quot;Below Average" includes Minimal and Below Average

Age of Housing Units



Bedroom Count: Single Family Homes (Source: Augusta Assessor)



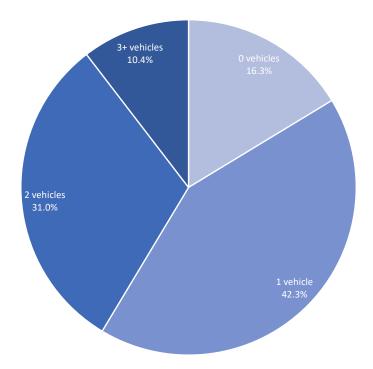
As mentioned above, there is an imbalance between the number of jobs in the city and the number of workers. In addition, as mentioned, only 3/4 of the workers who live in Augusta actually work in the city. Given the professional nature of many of the jobs, it seems likely that many of the lower-income residents of the city have to drive to other communities for employment. In addition, as with most cities in Maine, the locations of goods and services in Augusta often requires access to a vehicle.

Citywide, many households do have access to a vehicle. However, there are over 15 percent of households who do not. Those households will depend on ride shares, transit, bicycling, and delivery services to access basic services and employment. There appears to be some need for housing in locations near services and employment centers in order to accommodate those households. Locating housing strategically will also reduce financial burdens on the city and state, as those units will be likely to access existing utility infrastructure.

In addition to the ways that vehicle ownership drive housing location decisions, an important factor in thinking about housing affordibility is the cost of automobile ownership. Owning a car can be a major household expense. While the exact costs depend on the vehicle and how much it is used, there is a significant cost for car payments, fuel use, and maintenance. Buying a newer car will save on maintenance and repairs, but will increase financing costs. Buying an older car will save on financing costs but likely cost more in repairs.

In general, owning and operating a car can cost a household several thousand dollars a year, or more. Lower vehicle ownership can mean a higher ability to pay for decent housing. For this reason, locating housing in places where lower vehicle ownership is feasible can be a good housing policy to reduce housing costs.

Vehicles Available to Households Citywide



3. CITY OF AUGUSTA HOUSING MARKET

The previous sections provided an overview of the types of housing available as well as some information about the households who live in them. This section describes the cost of housing, both owner-occupied and rental, as well as information on the seasonal housing market. This section also provides some data on how much the market is being impacted by households relocating to Augusta from elsewhere in the country.

Most of the data in this section was provided courtesy of Vitalius Real Estate Group. The remainder of the data is from the American Community Survey as well as the Kennebec County Registry of Deeds.

Transactions

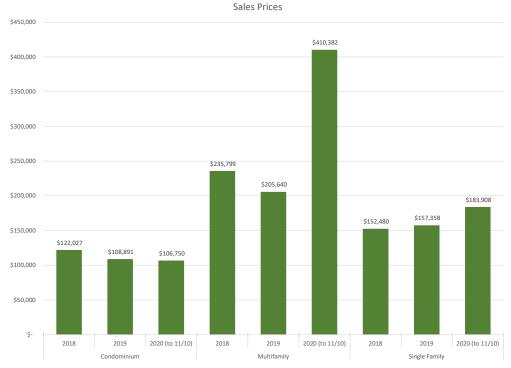
As seen below, arms-length sales prices in Augusta have been strong over the past three years. Despite the pandemic, single-family and multi-family prices have been up. In the case of multi-family buildings, prices have been up significantly. However, given that the listings include any building with two or more units, it is difficult to determine if this one year jump is due to one or more large buildings being sold, or a longer trend. Regardless, the increase year-over-year in single family homes seems to be significant - a one year sales price increase from 2019 to 2020 (up to 11/10) of 16.9% and a two year average increase from 2018 to 2020 of 10.3%.

On the other hand, the condominium market has seen the opposite trend, showing a sales price decrease from 2019 to 2020 of 2.0% and a two year average annual decline from 2018 to 2020 of 6.3%. Given the relatively low number of condominiums in the city, though, this data should be tracked for a longer period of time to determine if this is a long term trend or not.

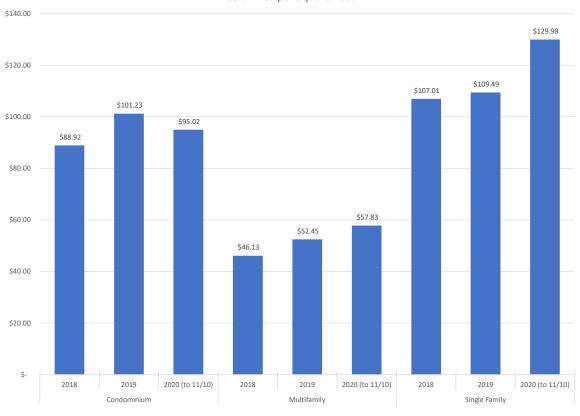
The per-square-foot data on the next page helps control for a number of these variables. That chart shows increases in all three sectors over the past two years, with the highest increase in single-family homes.

In addition to this value data, it is important to look at how long it takes to sell housing in the city. The "Days on Market" chart below shows the average number of days each type of housing stayed on the market over the past two years. This data is similar to the sales price data, with single-family homes selling the most quickly. Multi-family buildings have been selling more quickly over the past two years, and condominiums are taking a little longer to sell.

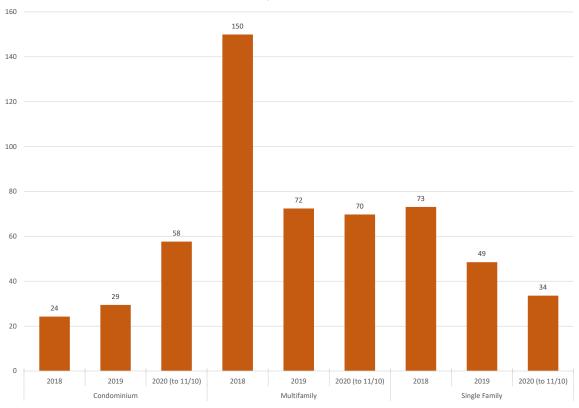
However, none of this data indicates any overall weakness in the market. In general, the market in Augusta seems to be solid, if not red-hot. This market strength is good for individual property owners, and for tax revenue, but indicates challenges for those seeking to enter the market without sufficient income or wealth.



Sold Price per Square Foot







Domestic In-migration

There has been some speculation that the housing market in Augusta is significantly affected by households relocating to the city from elsewhere in the United States. Examining the listed addresses of the buyers of housing is one way to measure the impact such domestic inmigration on the overall market. While this method does not look at rental properties, it is one accessible way to establish a baseline.

As shown below, of 43 recorded sales in 2019, 25 of the sales listed buyers' previous residences as outside Augusta, but in Maine. Only two of the 43 listed addresses outside of Maine.

Looking at the 2020 sales available as of November 10th, there was an increase in out-of-state purchasers from two to eight. However, there was an even larger increase of current Augusta residents from 16 to 28. Households moving from within Maine, but outside Augusta, declined from 25 to 20.

In short, while there may be some increasing pressure from out-of-state buyers on the Augusta market, it does not yet seem to be having a measurable impact on the for-sale market, though we don't have good data on the rental market. If the trend toward working remotely increases, this number may continue to increase to a point where it does have an impact.

Listed Buyers' Previous Residence 2019 Recorded Sales		
In-State, not Augusta	25	
Out-of-State	2	
Augusta	16	
TOTAL	43	

Listed Buyers' Previous Residence 2020 Recorded Sales		
In-State, not Augusta	20	
Out-of-State	8	
Augusta	28	
TOTAL	56	

Source: Kennebec County Registry of Deeds

Seasonal Units

A related question is that of seasonal or second homes. In some parts of Maine, the housing market is significantly affected by units that are not primary residences. Some of these housing units are winter or summer homes; others are simply second residences occupied when someone is in town.

In general, seasonal or vacation homes do not seem to be a driving force in Augusta itself. Approximately 2.5% of the overall housing stock in the city is identified as seasonal, recreational, or for occasional uses. However, that number is over ten percent for the regional generally, so the impact on the greater Augusta region is larger.

Short Term Rentals

Short Term Rentals (STR's,) such as units offered via AirBnB or VRBO, also sometimes impact a housing market. Though not vacant, they are not generally available to permanent residents of a community. If they had previously been offered via long-term rental, their use as STR's can therefore have the effect of reducing housing stock by essentially turning a housing unit into a hospitality unit.

In some markets in Maine, the effect of STR's to reduce effective supply can result in increased rents or sales prices. In Portland, the City Council voted to cap the number of short-term rentals offered in order to limit their impact on the housing market. In that case, it appeared that as many as two or three percent of the units in the city were being offered for short-term use, though it was unclear how many of those listing were active. In other cities in Maine, such as South Portland, concerns over short term rentals have resulted in strict limits, such as limiting them to use for renting a room in a primary residence, or for the entire house when the owner is away.

According to AirDNA, a clearinghouse for short term rental data, there are only 15 active short-term rental listings in the 04330 zip code. Of these, 12 are complete homes and the other three are private rooms in

a house. Average daily rates are just under \$100, and occupancy is high.

In short, though there does seem to be a market for short-term rentals in Augusta, they do not appear to be a large enough portion of the overall housing market to be having a cost impact. Short-term rentals may have some positive effects at their current levles, offering an option for existing owners to raise funds to improve units. However, this issue should be tracked over time. If the popularity increases and other vacancies decline, some public action may be warranted to mitigate any negatie effects on the housing market.

Rents and Income

There were over 4,300 rental housing units in Augusta in 2019. The median rent of \$721, which was inclusive of all types of units from studios to entire homes, required an income of \$32,840 to be affordable without excessive housing burden.

By itself, that fact does not indicate an overall challenge related to housing affordability in the city. However, like many gross figures, it oversimplifies the complexity of the market. As shown on the charts here, many of the units in the city require significantly higher incomes to be affordable. The less expensive ones are often substandard, small, or occupied in the long term by the same household. As a result, like many markets, that creates a situation of "haves" and "have nots." Some households are able to secure affordable, safe and adequately sized housing for the long term. Others struggle.

In addition, there are 3500 households in Augusta below that income level. That means that 40% of the households in the city are likely to struggle to find housing that is affordable at their income levels.

Looking at the region, there is a similar distribution of rents. The median rent is somewhat higher (\$786 versus \$721) but the rent distribution is not significantly different than the rents asked in Augusta. Given that those living in other parts of the county may

Range of Contract Rents in Augusta (2019)

Rent	Estimated Units	Inco	ome Needed
\$100 to \$149	46	\$	9,000
\$150 to \$199	8	\$	11,000
\$200 to \$249	176	\$	13,000
\$250 to \$299	135	\$	15,000
\$300 to \$349	82	\$	17,000
\$350 to \$399	101	\$	19,000
\$400 to \$449	94	\$	21,000
\$450 to \$499	116	\$	23,000
\$500 to \$549	181	\$	25,000
\$550 to \$599	313	\$	27,000
\$600 to \$649	318	\$	29,000
\$650 to \$699	333	\$	31,000
\$700 to \$749	414	\$	33,000
\$750 to \$799	429	\$	35,000
\$800 to \$899	657	\$	38,000
\$900 to \$999	173	\$	42,000
\$1,000 to \$1,249	359	\$	49,000
\$1,250 to \$1,499	111	\$	59,000
\$1,500 or greater	113	\$	65,000
No cash rent	153	\$	-
Total	4312		
Median Rent	\$721	\$	32,840



Range of Contract Rents in Kennebec County (2019)

Rent	Estimated Units	Inco	ome Needed
Less than \$200	819	\$	11,000
\$200 to \$299	1,071	\$	13,000
\$300 to \$499	1,792	\$	17,000
\$500 to \$749	5,633	\$	25,000
\$750 to \$999	5,170	\$	35,000
\$1,000 or more	1,031	\$	45,000
No cash rent	1,496	\$	5,000
Total	17,012		
Median Rent	\$786	\$	35,440

have higher transportation costs, Augusta is generally a slightly less expensive place to rent than elsewhere in Kennebec County.

Emergency Housing

For individuals and families experiencing a loss of housing, there are some existing services that can assist with temporary housing solutions. The City of Augusta, through its General Assistance program, places people experiencing homelessness in apartments, hotels and lodging rooms. In 2020, that office found housing for 380 individuals. In 2019, that number was 336, and in 2018 it was 207. That trend suggests that the need for emergency housing is significantly increasing in the City, and not all of that increase can be attributed to the COVID-19 pandemic in 2020.

There are also two other organizations providing housing for homeless persons in Augusta. The Family Violence Center Family Violence Project provides temporary emergency housing for people fleeing domestic abuse, or who are homeless because of an abusive domestic partner. In total, they have 34 beds in Kennebec and Somerset counties.

The Bread of Life Ministry recently completed expansion of its shelters for families and homeless veterans. In total, it provides 40 beds for families and offers six bedrooms for veterans, each of which can house multiple individuals. They report that the number of shelter beds is still exceeded at times by the demand, in particular for family shelter space.





NEIGHBORHOOD DIFFERENCES

The data presented so far looks at the state, region, and entire city. Breaking this data down as much as possible by different parts of the city provides additional insight into the housing market in Augusta.

The most accessible data that breaks the city into smaller areas relies on census tracts. There are five tracts in the city, oriented around downtown. Starting in the northeast part of the city, east of the Kennebec River and north of Belfast Avenue, the tracts are numbered from 101 to 105 going counterclockwise. While they do not correspond exactly to different neighborhoods, they provide a rich source of data and can proxy for neighborhood-specific data in most cases. Below is a map of the tracts with key dividing lines labeled.

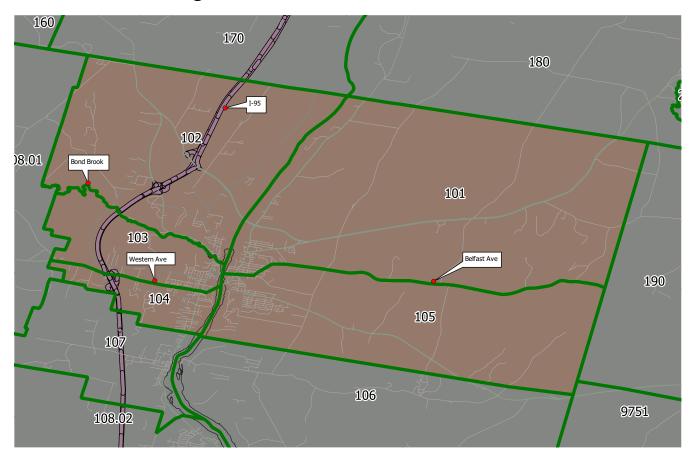
While tracts are generally supposed to have the same number of residences, this equivalency is ap-

proximate. They often balance equal levels of population and backwards compatibility with past census tracts. As shown on the next page, the number of households in tracts in Augusta as of 2019 ranged from a low of 1,179 in tract 104 (south of Western Avenue and west of the Kennebec River) to a high of 2,238 in tract 101 (north of Belfast Avenue and east of the Kennebec River.)

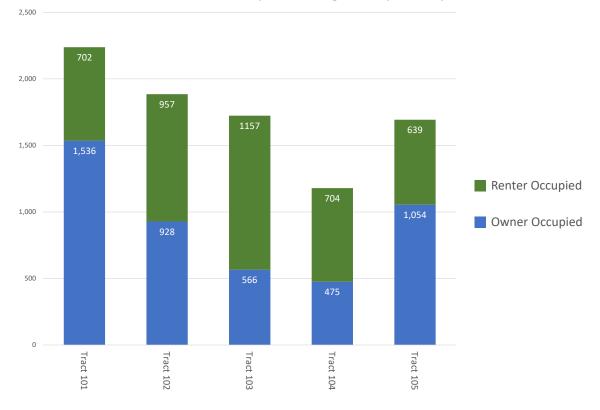
Tenancy

Some tracts contain many more renters than others. In general, renting is more common west of the Kennebec River - tracts 102, 103 and 104 - and owning is more common elsewhere. However, Augusta remains a city with many renters, as compared to many communities in Maine. That is likely due to its role as a service center, as well as a community with more low-income residents who cannot afford to purchase.

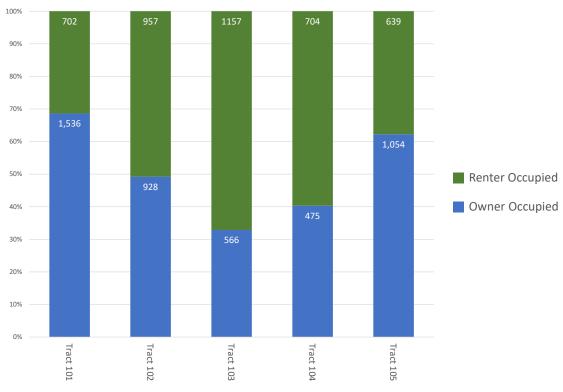
Census Tracts in Augusta

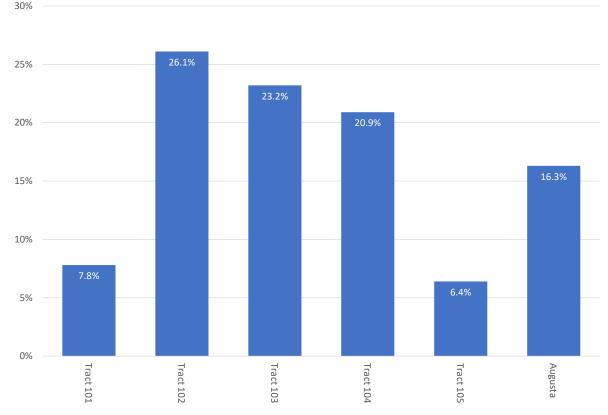


Number of Occupied Housing Units by Tenancy



Percentage of Occupied Housing Units by Tenancy





Vehicle Access

Tracts with high levels of renters also correlate with tracts with lower vehicle ownership levels. As mentioned above, approximately one in six households in the city do not have access to a vehicle. That number increases to one in four households in tracks 102 and 103 and one in five in tract 104. It drops to one in 12 in the tracts east of the Kennebec. This is likely a combination of lower incomes west of the river and slightly less need for a vehicle as households live closer to downtown services.

Housing Stock Age

This east-west change along the river does not apply for the age of housing units. The oldest housing in the city is located on both sides of the river, in tracts 101, 103 and 105. Likely the oldest units are located near downtown, in sites near current services as well as industrial employment centers along the river that are no longer extant. The older units on the west side of the river are more likely to be rentals, though in

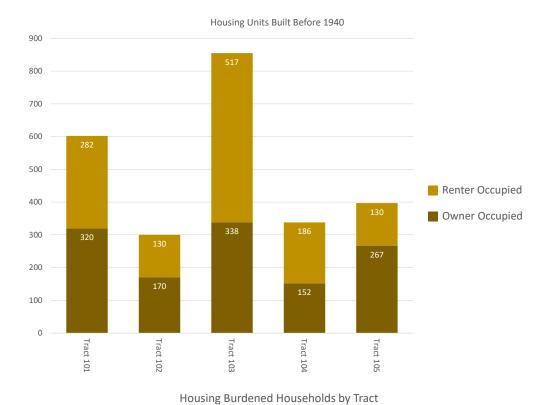
general older units are more likely to be rental units regardless of the location.

Housing Burden

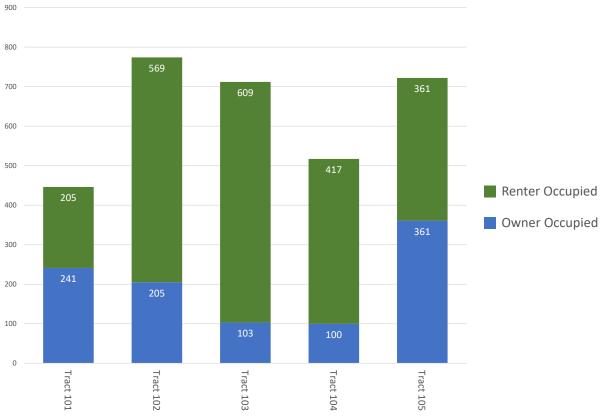
"Affordable housing" is often confused with low-income housing, because it is often used as a shorthand way of saying "housing that is affordable to low-income households." In fact, what is considered affordable depends on a household's income.

In general, housing is considered affordable to a particular household if its overall cost of housing is at or below 30% of its overall income. Households that spend more than that amount are considered "housing burdened."

If the unit is owner-occupied, that would mean that the household's mortgage, insurance, taxes, utilities, and other housing-related expenses. It does not generally include the mortgage interest deduction available to many home owners.







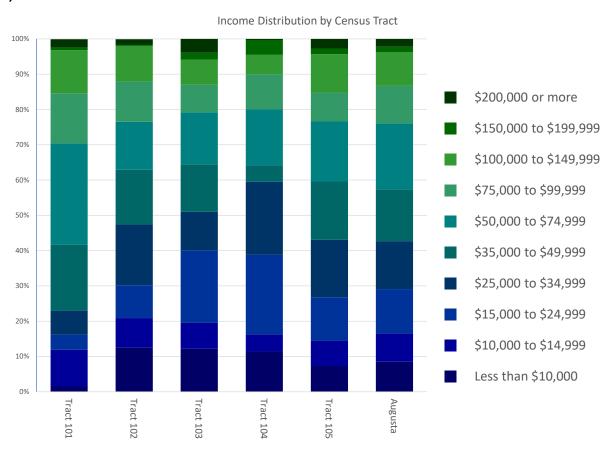
If the unit is a rental, that would mean that the household's rent, utilities and other housing-related expenses are at that level. For condominiums, the association's fees and special assessments would be included in this amount.

The table above shows the number of households in each tract that are considered housing burdened. Those figures are broken up by tenancy type. Some key findings of this analysis are:

- Approximately 36% of all households in Augusta are housing burdened. This figure is over 40% in tracts 102, 103 and 104;
- Most housing-burdened households (68%) are renters but 20% of owners are housing burdened;
- In tracts 103 and 104, over 80% of housing-burdened households are renters. In tract 102, this figure is 74% but it is below 50% in tracts 101 and 105;

- Tract 101 is an outlier in general, with significantly lower levels of housing burden than the rest of the city; and
- Tract 105 has a significantly higher number of owners who are housing burdened (34% vs. 22% in the rest of the city.)

When compared with the income distributions in the city, some of this data is put into context. While Augusta is not generally a wealthy city, tracts 103 and 104 have more lower-income residents than the rest of the city, particularly tract 101. On the chart below, population segments in blue are generally at income levels where they are more likely to be housing burdened. Segments in green are generally less likely to have housing affordability challenges, unless they are overburdened due to choices or changing circumstances.



5. EXPIRING USES

Augusta has a number of deed-restricted units that require that they are affordable to low- or moderate-income residents. These units are funded from a variety of sources, including several federal programs. Some of those programs are still active, such as the Low Income Housing Tax Credit.

Some of these programs required that units be affordable for a fixed period of time, after which the owner was free to increase rents and rent to people at higher income levels. As a result, sometimes housing that is affordable to low-income residents is repositioned as market-rate housing. These "expiring use" developments have been a challenge in a number of communities in the past 20 years, as programs from the 1960's and 1970's reach their expiration dates.

Currently, there appear to be five developments in Augusta which may find their affordability restrictions expiring in the next decade. These developments, listed below, consist of a total of 48 units. None of their use restrictions expire until 2023. However, if there is a desire for these units to remain affordable, it is prudent to begin conversations with the owners several years ahead of time. Sometimes communities will be able to find incentives - financial or regulatory- to convince owner to extend these limits. For example, communities may offer funding to renovate units in need of repairs. Alternatively, they may offer to allow the owner to develop market rate housing on the same site as a financial incentive to maintain the affordability restrictions.



However, it is also important to keep these expiring uses in context. On the following page are all the deed-restricted properties in the city. As you can see, most of these are not in danger of expiring in the next decade.

Having said that, given the difficulty of creating new below-market affordable units, it is important to at least consider options to retain expiring use properties as part of a comprehensive housing policy.

Property Name	Property Address	Total Units	Latest End Date
WESTMAN VILLAGE	Littlefield Street	2	10/03/2027
CAPITAL VILLAGE	96 Leighton Road	30	05/07/2027
17 CROSBY STREET	17 Crosby Street	4	05/19/2026
BREAD OF LIFE MINISTRIES INC	271 State Street	4	03/10/2025
ELM STREET GROUP HOME	14 Elm Street	8	02/28/2023

Source: National Housing Preservation Database (https://preservationdatabase.org/)

Property Name and Address	Housing Type			its	Type of Assistance ¹		
		Elderly			ъ	b	
	55 and older	62 and older	With Disabilities	Family/All	Accessible Units	Income Based Rent	Rent Restricted Unit
Arch Beta 3 Gray Birch Drive		•	•			•	
Capital Village Leighton Road				•	2-2 br 1-3 br		•
Chateau Cushnoc 36 Townsend Street		•	•		6-1 br	•	
Cony Flatiron 110 Cony Street	•		•		6		•
Elm Street Group Home 14 Elm Street		•	•		2-1 br	•	
Glenridge Gardens 82 Glenridge Drive				•	4-3 br	•	•
Greentree Apts. New England Road		•	•	•	2-1 br 2-2 br	•	
Hodgkins School Apartment 17 Malta Street	•		•		3		•
Inn at City Hall 1 Cony Street		•	•		3-1br		•
John Marvin Tower 38 Townsend Street		•			2-1 br	•	
Kennebec Plaza Willow Street		•	•		7-2 br	•	
Margaret Chase Smith House 7 Ridge Road		•			3-1br	•	
Orchard Hill 25 Ridge Road				•	1-4 br	•	
Pine View Estates 301 Capitol Street Extension				•			•
Roncalli Apts. 144 State Street		•			5-1 br	•	
Water Street Apts.98 Water Street				•	2-1 br 1-2 br		•

Income Based Rent means tenants generally pay about 1/3 of their household income on rent.
 Rent Restricted means rents are typically based on a specified percentage of the median income for the area. Income limits are restricted.

Source: MaineHousing

PART TWO: HOUSING NEEDS & VISION









The Augusta Housing Authority aims to work with regional partners to provide safe, affordable, accessible housing for all the communities it serves. It is clear that a significant gap remains between what is offered in the market and what is needed to meet this goal. Some specific issues causing this gap include the following:

- Over 3,000 households in the City of Augusta alone have struggled to pay for housing in 2019;
- Insufficient housing inventory exists for small (studio and one-bedroom) and large (four or more bedrooms) sized units to house individuals living alone and larger families migrating to the region and city;
- The region's housing stock is sited in a way that required access to multiple vehicles per household, limiting household ability to pay for housing;
- Housing stock is older and in need of investment to ensure that unit are safe, energy efficient, and up to current code;
- Some below-market affordable units are at risk of being lost as use restrictions expire in the next ten years;
- The pandemic and structural racism are creating additional obstacles to both New Mainers and long time residents alike; and
- There is a jobs-housing imbalance in Augusta, limiting the ability for some people who work in the city to live in the city, and limiting the ability of some people who live in the city to work in the city.

Augusta and the region should be inclusive and provide housing choices and alternatives for all residents and people who work here. Local, regional, and state policies should therefore encourage housing production consistent with these goals. Specifically, these policies should be focused to address the issues raised in this vision. The Augusta Housing Authority will utilize national best practices to advance such policies, and encourage its regional partners to do the same.



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. 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. There may be other practices that are so far untested, and could work well in Augusta. 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.

"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 "NIM-BY," 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.

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 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

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.

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 "YIM-BY" ("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 "inlaw apartments" or "granny flats" because traditionally they were built for relatives – there are often a

number of limitations that make that allowance hard to utilize. 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, and sought to update its code to implement those new policies.

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.
- 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

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.

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.

• Use of Federal Resources: Projects in Augusta 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

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.

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, Augusta projects received a total of almost \$10 million in CDBG funds, to fund 43 projects. In 2013 the city was awarded \$500,000 in Housing Assistance funding through the CDBG program for the Cony Flatiron senior living facility and Cony Village veterans housing projects. In 2015 the city was awarded \$550,000 for rental housing rehabilitation, but was unable to disburse it due to a lack of contractors willing to bid on the project. The HOME program has funded 18 projects in Augusta since its creation, assisting 90 units, though nothing recently. 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-In-

come 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 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.

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 result is possible if AHTIF is not used thoughtfully. However, in most cases, AHTIF can be a winwin, where a community collects more tax revenue than it might otherwise collect, and a development gains much-needed operating expenses.

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.

• 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.

• 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,

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, the City offered the parcel for sale 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 four years from 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.



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.

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, LITHC 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.

• 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.

Direct Assistance to Households

- **Tenant Protections:** Local governments can pass 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 stakeholder 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 balances 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

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. Such programs must be developed in complicance with, or through modification of, state laws governing property tax rates and collection.
- 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 unit. However, those exceptions need to be designed 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 as rent control – is often seen as a very crude tool 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

endure. Alternatively, some municipalities simply help 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 limited time periods, 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 re-tenanting of a 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 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 always be those who most need rent relief.



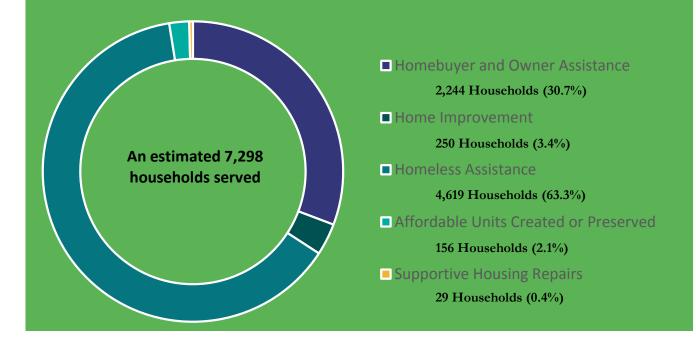
Maine's HOME Fund

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 multiunit 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.





PART FOUR: RECOMMENDED ACTIONS







Based on the vision outlined, there is a subset of national best practices that should be considered for adoption in Augusta and the region. While not all of these programs and policies may ultimately be adopted, they are all worth taking to the next step as the Augusta Housing Authority and other regional partners work on housing issues.

Specifically, the Augusta Housing Authority, the City, and regional partners should advance policy actions in the following categories:

Land Use Regulations

- 1. Advance land use policies to encourage mixed-income housing with limited regulatory barriers in places where additional housing development is warranted, such as within walking distances of downtown Augusta and major regional employment centers. In particular, the City and other communities in the Housing Authority service area should look at allowed densities, required lot sizes, parking requirements, and other limitations on housing production.
- Encourage development of smaller and larger units to meet identified needs. The housing market lacks sufficient small (studio and one-bedroom) and large (four or more bedroom) units. Such units could be encouraged by providing density bonuses, parking relief, and other incentives for development of such units.
- 3. Explore the possibility of an inclusionary zoning ordinance that would provide that a reasonable percentage of the units in multifamily developments be priced at levels that are affordable to low- and/or moderate-income households. Such a potential ordinance should be developed through a deliberative process that ensures that it will be effective.
- 4. Encourage adaptive reuse of existing buildings for housing production.





Housing Finance

- 1. Establish a Housing Trust in the City of Augusta or regionally. Such a trust should be created by City orginance, or, if regional, in municipal code in each member community. The Trust should be funded with a variety of methods, including unencumbered end-of-year municipal fund balances, sales of municipal properties, fee-in-lieu payments from an incl-sionary zoning ordinance, and federal funds.
- 2. Explore additional federal sources for funding local housing production, such as the HOME program or additional use of Community Development Block Grant funding.
- 3. Leverage the Affordable Housing TIF program to use as a financing layer with the Housing Trust, federal funds, Low Income Housing Tax Credits, and other sources. The Affordable Housing TIF program is particularly valuable to offset operating expenses for below-market affordable housing development.

Capacity

- 1. Increase staffing capacity focused on housing issues in the City of Augusta and/or the Augusta Housing Authority. Two new positions might be needed one with the City to create, implement and monitor new housing policies, and a second with the Housing Authority to provide housing and supportive services in a seamless and comprehensive way.
- 2. 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.

Site Identification

- Proactively survey public and institutional land and buildings for future utilization and offer public property that will not have a foreseeable future use for housing development. In particular, there are underutilized Catholic church properties that could provide housing or emergency shelter opportunities.
- 2. Explore options to convert additional commercial buildings downtown to housing, balancing those opportunities with the need for space for economic activity.

Housing Quality and Safety

1. Develop a methodology for identifying housing safety deficiencies and funding sources for rehabilitation of units that maintain below-market rent levels through vouchers, deed restrictions, or other sources.

This set of tools will help achieve the vision outlined in this report, by utilizing best practices tailored to the needs identified in the City of Augusta and the region.



