

# Housing Supply Bootcamp

Portland, ME

January 27, 2023

## Background

On January 27, 2023, 14 external stakeholders and numerous city officials convened for an intensive six-hour Housing Supply Bootcamp focused on identifying barriers and solutions to expand Portland's housing stock. Facilitated by Jeffrey Lubell and Stephen Whitlow from Abt Associates and Vicki Been and Jess Wunsch from the Housing Solutions Lab at the NYU Furman Center, the session aimed to build knowledge and brainstorm new ideas for helping the City increase the production of diverse housing types.

This report briefly summarizes the main ideas that emerged from the session. It is organized into three main sections: (A) Top Priorities; (B) Barriers; and (C) Solutions. The summary doesn't represent recommendations from the consultant team, but is provided as stakeholder feedback for the City of Portland to consider in its own decision making process. See the Appendix for the agenda and list of attendees.

## A. Top Priorities

Participants identified various barriers and solutions for increasing the City's housing supply. When asked to identify their highest priorities, participants most commonly selected one or more of the following three solutions:

1. **Increase the allowable height and density and eliminate required setbacks** on the Portland Peninsula and along major streets off-p Peninsula. This increase in building envelope would improve the financial feasibility of residential development in those areas.
2. **Increase staffing for the permitting and planning departments.** Lengthy permitting and approval processes increase costs, causing some developers to shift development away from Portland to nearby communities where permitting timelines are perceived as faster. Adding staff to these departments, perhaps in the form of an interdisciplinary innovation team to shepherd certain categories of projects through the process, could help expedite these processes. Associated permitting revenue could help offset the staff costs.
3. **Generate revenue for affordable and workforce housing through general obligation bonds.** A growing number of cities are using general obligation bonds as a way to generate revenue that can be used to help make desired development feasible. These funds would give Portland greater ability to support development types that are difficult to finance.

## B. Barriers

The following are the principal barriers that external stakeholders identified to the increased production and diversity of the City's housing supply:

### *Construction Cost Increases*

- Sharp increases in **materials costs**.
- **Increased labor costs** related to shortages of skilled labor.
- **Higher interest rates** have reduced the amount of debt that can be borrowed against a set rent or home purchase price.
- One result of the construction cost increases is a shift from non-luxury multifamily rentals to **luxury rentals, condos, and hotels**, which can better absorb higher construction costs.

### *Regulatory Barriers*

- **Expanded inclusionary zoning (IZ) requirements under recent referenda** have increased the share of affordable units required from 10% to 25% and deepened the level of required affordability from 100% of AMI to 80% of AMI. These new requirements, especially when combined with construction cost increases, have made it virtually impossible to build new housing of 10 units or more without public subsidy.
- **Height limits, density limits, setbacks, and setbacks** impede the development of larger projects that can better take advantage of economies of scale.
- **Insufficient land zoned for multi-family** limits potential for housing development.
- **Limitations on the availability of density bonuses**, which are available in certain districts but not others, inhibit their usefulness.
- **Building code requirements and stringent application of the standards** result in increased construction costs and a longer permitting process.

### *Approvals Processes*

- The approvals process for new development can be **lengthy**, adding time and cost to projects.
- Review processes can be **duplicative**, with projects going through multiple layers of City and public review. Projects that need subsidy also go through duplicative review processes. There can also be duplicative inspection processes.
- **Development review technology is cumbersome**, making status tracking difficult. The development review interface may be particularly challenging for small developers. .

- **Insufficient staff in permitting and planning departments** to process applications expeditiously.
- **Challenges getting approval for adaptive reuse and renovation projects.** The City requires rehabs to obtain a permit before beginning construction, but with adaptive reuse projects, an applicant can't always know the location of the building's pipes and wiring without opening up the walls. Also, the City now requires renovation projects to document the existing building in its entirety, which adds complexity and costs.
- **Public comment requirements are not flexible enough** to allow a meaningful exchange of ideas and can be duplicative.

#### *Opposition*

- Opposition to new development is perceived to be particularly challenging in **lower-density locations off-peninsula.**
- Housing development can face **public opposition**, which can come from some historic preservation advocates, open space and land conservation advocates, people concerned about traffic congestion, and wary neighbors.

#### *Challenges to Accessory Dwelling Units (ADUs)*

- **Lack of awareness of ADUs** and the process for getting one approved.
- Hard to know **where to start**, how to find a builder, how to go through permitting, etc.
- **Financing** for ADU construction.

#### *Public Understanding*

- There seems to be a **lack of understanding** among members of the public, and possibly elected officials, **about the realities of the development process** and the effects of things like the new IZ policy on the City's ability to achieve its equity and inclusion goals. If developers cannot make the numbers work under the new IZ policy, they won't build at all or will shift to build luxury rentals, condos, and hotels, which can better support the higher costs.
- Some members of the public still seem to hold a view of Portland as a **sleepy city where things shouldn't change much.** This contributes to support for goals like historic preservation or open space conservation without necessarily a full accounting of the equity and inclusion risks related to housing underproduction.

#### *Other Barriers*

- **Referendum** process makes it too easy to adopt new policies that sound good on paper but may be counterproductive. It's challenging to communicate the downsides of proposed referenda, as the public is generally not very sympathetic to developers.

- **Lack of transportation options** limits the ability to build at higher densities. Portland needs more bike lanes and regional transportation solutions that allow people to get where they want to go without a car.

### C. Potential Solutions

The following are potential solutions that external stakeholders identified to help increase the production and diversity of the City’s housing supply:

#### *Height and Density Increases*

- Increase the permissible **height** of buildings and **eliminate setback** requirements on the Portland Peninsula and along major arterials (e.g., Brighton, Forest, Congress, and Washington Avenues, and anything with four lanes could support 12 stories).

#### *Inclusionary Zoning*

- **Identify “offsets” that would make it easier for developers to meet the heightened IZ requirements.** For example, one idea is to make the **affordable housing density bonus** available citywide rather than just in a limited number of zones.
- **Conduct an analysis** to determine whether (and if so, how) the new inclusionary zoning requirements are affecting Portland’s housing supply. If the analysis suggests that the policy is suppressing needed development, **consider revisions to the IZ requirements** and/or new offsets to make more developments financially feasible.
- **Make pro forma financial statements or other data available** to help members of the public better understand the **effects of heightened inclusionary zoning requirements** on the supply of housing and the impacts that a reduced housing supply has on affordability and equity.

#### *Development Opportunities*

- Engage **employers that own land** as partners to make land available for development. (See Mercy Hospital as an example.)
- Prepare an inventory of **parking lots** owned by individual retailers and other businesses to identify whether some could be developed as housing.
- Strengthen partnerships between the **Portland Housing Authority (PHA)** and the City and State to expedite and expand efforts to develop additional affordable homes on land owned by the PHA.
- Study the potential to **repurpose some office space** as housing.

- Consider additional ways to **make publicly owned land available** to develop affordable homes, including land owned by entities like the MaineDOT or Portland Water District.
- Provide regulatory tools to **discourage vacant land and vacant buildings**, including the potential for financial penalties, thereby encouraging development and redevelopment.
- Evaluate the possibility of allowing residential uses in **industrial areas**.

#### *Planning Process Modifications*

- **Establish a “concierge” service** to help shepherd larger or more complicated housing projects through the permitting process and other necessary approvals.
- **Fast-track** the approvals processes for projects that provide housing, including missing middle housing.
- **Improve the permitting tracking system** so that developers can better understand where their application stands and what needs to happen next.
- Facilitate **alignment and collaboration between the planning and permitting departments** to identify opportunities for streamlining and expediting both processes.
- **Eliminate redundant reviews and building inspections**, such as the duplication that happens when a project uses historic tax credits or other housing subsidies. Use remote inspections.
- Develop new processes to facilitate **adaptive reuse** (such as not requiring that contractors know where utilities are located before they can file for a permit). Examine whether requirements for updating older building systems during rehabilitation can be streamlined.
- Develop **pre-approved designs** for standard housing types (such as ADUs and triple-deckers) to provide greater certainty to developers and expedite the approvals process.
- **Increase the frequency of planning board meetings and/or reduce the number of projects that require planning board approval** to expedite the approvals process.

#### *Public Participation Process*

- **Streamline public participation** requirements to increase flexibility and reduce duplication. (For example, public consultation needs to happen within a certain number of days of Planning Board, so if the public participation occurs earlier, it would need to be repeated.). Flexibility in required neighborhood meeting timing and format, as well as which meetings were required to allow public comment were specifically mentioned.
- **Educate city residents about the public participation process** so they can engage meaningfully and have realistic expectations.

### *Staffing Changes*

- **Add staff to the planning and permitting departments** in a targeted way to expedite planning/permitting/inspections.

### *Fundraising Ideas*

- **Streamline the process of establishing tax-increment financing districts** to generate more revenue that can support affordable housing.
- Consider the use of **general obligation bonds** for affordable housing.

### *Coalition Building*

- Contact individuals or groups involved in supporting **recent referendums** on inclusionary zoning etc., to facilitate a conversation about the practical effects of these changes on the City's ability to develop housing affordable to moderate-income households.
- Build a coalition to support **education and advocacy** efforts to reduce barriers to new development, similar to a builder's association, Urban Land Institute (ULI) chapter, or YIMBY (short for "Yes in My Backyard") group.

### *Other*

- Identify ways to **more comprehensively support the development of ADUs**. This could include, among other things, pre-approved designs, help with financing, scoping, identifying contractors, and permitting.
- **Conduct trainings for new developers** to help them learn about the building industry and how to navigate the planning and other approval processes.
- **Expand training for building contractors** to help meet the labor shortage.

## AGENDA

- **Setting the stage**
- **What did the facilitation team learn from stakeholders about barriers to increased supply?**
- **Identifying the barriers to an increased supply of housing**
- **Lunch**
- **What possible solutions did stakeholders share?**
- **Identifying possible solutions**
- **Prioritizing solutions: Identify the top 3-5 actionable items and the next steps for each**
- **Wrap up and next steps**

## ATTENDEES

### Stakeholders

Kevin Bunker, Developers Collaborative  
Evan Carroll, Bild Architecture  
Erin Cooperrider, New Height Group  
Catherine Culley, Redfern Properties  
Sean Dundon, Former Planning Board Member

Tom Landry, Benchmark Real Estate  
Michael Martone, Hayrunner/MEREDA  
Christian Milneil, PHA Board Member/Reporter (off-duty)  
Mara Pennell, Bath Savings Bank  
Cordelia Pitman, Wright-Ryan Construction  
Maggie Stanley, Westbrook Development Corporation and Planning Board Member  
Nathan Szanton, Szanton Company  
Jesse Thompson, Kaplan Thompson  
Jay Waterman, Portland Housing Authority

### City Staff

Mary Davis, Interim Director, Housing and Economic Development Dept.  
Nell Donaldson, Director of Special Projects, Planning and Urban Development Dept.  
Christine Grimando, Director of Planning, Planning and Urban Development Dept.  
Matthew Grooms (Development Review Services Manager, Planning and Urban Development Dept.)  
Chris Jennette, Recode Consultant, Camiros  
Kevin Kraft, Deputy Director of Planning, Planning and Urban Development Dept.  
Christina Stacey, Permitting Manager, Permitting and Inspections Dept.

### Elected Officials

City Council Member Pious Ali  
City Council Member Roberto Rodriguez



## Housing Solutions Lab

The Housing Solutions Lab at the NYU Furman Center works with cities across the country to design, monitor, and evaluate promising local housing policies. With funding support from the Robert Wood Johnson Foundation, the Lab seeks to help cities advance evidence-based local housing policies that promote racial equity; increase access to opportunity; and support resident health and well-being. The Lab serves cities of all sizes, with a focus on small and midsize cities (those with populations of 50,000 to 500,000).



Abt is a mission-driven consulting organization with expertise in research and technical assistance across a range of policy domains, including housing and community development, financial capability, health, education, workforce development, food security, climate resilience, and the environment. Abt is pleased to partner with the NYU Furman Center on Local Housing Solutions.



<b>HOUSING SUPPLY BOOT CAMP IDEAS</b>	
<b>Idea</b>	<b>Type</b>
Increase permissible height of buildings and eliminate setback requirements on the peninsula and along major arterials	Code change
Create 'offsets' that make it easier for developers to meet heightened IZ requirements (e.g. expand affordable housing density bonus)	Code change
Analyze the impact of the new IZ requirements on housing production and revise policy as necessary	Study (and potential code change)
Make developer pro formas accessible to generate understanding of the financial impacts of heightened IZ requirements	Education
Make other data available to generate understanding of housing production, affordability, and equity	Education
Engage employers that own land as housing partners (e.g. through disposition of property or development)	Program
Inventory surface parking lots to identify housing opportunities	Study
Strengthen partnerships with PHA and the state to expedite and expand efforts to add units at PHA properties	Program
Study the potential to repurpose office space as housing	Study
Consider additional ways to make publicly-owned or quasi-publicly-owned land held by others (e.g. PWD, MaineDOT) available for housing development	Study
Create tools to discourage vacant land and buildings (e.g. financial penalties) and thereby encourage redevelopment	Code change
Evaluate possibility of allowing residential uses in industrial areas	Study
Establish a concierge service to shepherd larger housing projects through permitting	Process
Fast-track housing project approvals	Process
Improve permitting tracking system	Process
Identify opportunities to streamline and expedite planning & permitting review	Process
Eliminate redundant reviews and building inspections (e.g. reviews for housing subsidies & city permit review)	Process
Develop new processes to facilitate adaptive reuse	Process
Develop pre-approved designs for standard housing types	Process
Increase the frequency of Planning Board meetings and/or reduce the number of projects that require Planning Board approval	Process/Code change
Streamline public participation requirement to increase flexibility and reduce duplication	Process/Code change
Educate residents about the public participation process to ensure realistic expectations	Process
Add staff to the planning and permitting departments	Process
Streamline the process of establishing TIF districts to generate more affordable housing revenue	Process
Consider the use of GO bonds for affordable housing	Study
Open communication channels with advocacy groups supporting recent referenda to facilitate a conversation about the practical effects of these changes	Education
Build a coalition to support education and advocacy around housing production	Education
Comprehensively support the development of ADUs (e.g. help with financing, scoping, identifying contractors, permitting, pre-approved designs)	Program
Train new developers on the building industry and review and approval process	Program
Expand training for building contractors to help meet the labor shortage	Program