

At a recent PSA event, housing developers Richard Berman and Jonathan Culley and attendees discussed the dynamics of the housing market in Portland. The following “Housing Chat Glossary” was developed by PSA as a guide for use during the discussion.

HOUSING CHAT GLOSSARY

The measure used in discussions about the cost and availability of housing in a community is Annual Median Household Income (AMI) – (half the population earns more than the median/half earns less). Different AMI’s may be used depending on the source and household size.

Portland’s AMI (2013 Census) – \$44,458

Maine State Housing Authority’s AMI for Portland – \$ 54,944

Cumberland County AMI (2013 Census) – \$57,461

HUD uses Area Median Family Income (AMFI) – \$72,300

These figures are further broken down by Household Size, Family of Two, Family of Four, etc.

Workforce Housing: Housing that is within the reach of the people needed to provide basic services in a city (teachers, municipal workers) who are defined as being from 80% – 120% of AMI. The recent GPCOG Portland housing analysis uses ‘workforce housing’ and ‘affordable housing’ synonymously and ties it to 100% of the HUD AMI. That report defines ‘middle income’ housing at 80%-120% of AMI; and moderate income as 50-80% of AMI.

Low Income Housing – Housing for those earning less than 50% AMI. The number of households with less than 30% of AMI in Portland increased by 28% between 2000 & 2011.

HOUSING PROGRAMS

There are a variety of programs used to provide housing for people of limited means often referred to as ‘Affordable’ or ‘Subsidized’. Eligibility rules differ with variations on AMI and family size. The conduit for those funds is the **Maine State Housing Authority (pronounced “Misha”)**.

Section 8 – tenants at or below 50% of AMI receive a rent voucher to find housing in the private market – example: family of 3 can earn no more than \$32,800.

Public Housing – 995 units owned and operated by the Portland Housing Authority; rent cannot exceed 30% of income – tenants are at or below 80% AMI; waiting list of 1406 households.

Low Income Housing Tax Credit – Avesta is the primary developer and operator of nonprofit housing in Cumberland & York County (1900 units). This housing is funded through Low Income Housing Tax Credits and is often sponsored by local non-profit service providers.

Inclusionary Zoning – A regulation under consideration in Portland, that would require a certain percent of newly developed housing to set aside for households.

GOALS & MARKET & RULES OF THUMB

Income to Housing Cost Ratio – Even though many people pay more than 30% of their gross income on housing, 30% is the standard used in the policy and banking world for determining the maximum people should be paying for housing (rental or purchased).

Purchase Cost Ratio – The standard ratio of annual income to total purchase cost is 3.36. The median household (Maine State Housing AMI) could afford a \$184,612 condo or house.

Current Portland Housing Affordability

Family of Four / 2 BR – 3 BR Apartment

50% AMI: Rent @ \$1,000/ month, Buy @ \$150,000/

80% AMI: Rent @ \$1,800 / month, Buy @ \$250,000/194,000

100% AMI: Rent @ \$2,000 /1800 month, Buy @ \$300,000/243,000

Current Portland Housing Production

\$225,000 Median House Cost

\$200,000 ‘Affordability’ Threshold Cost

\$350,000 Median New Construction Cost

Portland Population – (2013) 66,318

The City’s goal is to house 25% of Cumberland County’s population. To achieve that by 2030 (using moderate county growth projections), Portland’s population would increase by 15,268 people; this would require 432 housing units per year for 20 years.

Between 2010 and 2014, 1,130 new housing units were permitted in Portland (average 282 / year). 995 of those were on the Peninsula (inside 295). If current trends continue there will be an estimated gap of 24-33% between housing supply and housing needs for those earning 80-100% of AAMI.

If Portland were to maintain its goal of having 20% of all housing units ‘subsidized’, 86 of each year’s 432 units would be for people of limited means.