TOWN OF GRAY

GRAY TOWN COUNCIL

AGENDA • DECEMBER 20, 2022

Gray Town Council Workshop	**Town Council Chambers** **24 Main Street, Gray, ME 04039** **https://us06web.zoom.us/j/89137479283** **Phone 646-558-8656 / Meeting ID: 89137479283**	**6:00 PM**

CALL to ORDER

Roll Call

WORKSHOP 6:00 PM - 6:55 PM

- Discuss possible rent cap
- Discuss Pop-up Commercial business options
- RFP for (1) auditing services (2) engineering services
- Northbrook TIF expiration

** The Town of Gray is an equal opportunity employer and complies with all applicable equal access to public accommodations law. If you are planning to attend a Town Council or Town committee or board meeting and need assistance with a physical disability, please contact the Town Manager's office at least 48 hours in advance of the meeting to have the Town assist you. 657-3339. TTY 657-3931.*

MEMORANDUM

Date: 12/14/2022

To: Members of the Council

From: Pamela Edson, General Assistance Program Administrator

Re: General Assistance Rental Information

The housing and rental crisis that all Municipalities are currently facing will impact the General Assistance budget within the Town of Gray this fiscal year. The challenge of housing new Mainers is also a contributing factor in nearly every Municipality within the State of Maine.

The Town has a family paying $3000 per month in rent, which does not include heat or utilities. The Town has another family paying $4000 per month in rent, which does include heat and utilities. Both tenants are living in, what the State of Maine Warranty of Habitability Law would consider “minimum standards”.

I have had phone conversations with the General Assistance Administrators in Windham, Yarmouth, Gorham, and South Portland, none of which have rent control ordinances. Portland is the only Municipality that we are aware of in Maine that currently has a rent control ordinance.

South Portland’s City Council *has* created rent control on General Assistant monies paid to hotels. Simply explained, when a client is a first-time applicant without housing, the City will put them in a hotel at the hotels cheapest rate per night for the first 30 days. When the client applies for additional rent funds at the end of the first thirty days, they are considered a repeat applicant. This is where South Portland changed their payment policy. They have elected to pay the fee mandated by the State of Maine for monthly housing at a rate of $1248 going forward (this is the amount allowed in the GA Maximums for a studio apartment, including heat, which is what a hotel room is considered). This amount provides the applicant, including family members, about 10 days at the hotel’s regular rate and South Portland does not pay beyond that amount for repeat applicants per month.

Since I have been GA Administrator, I have not placed anyone in a hotel, nor does the Town of Gray have a hotel. As this housing crisis continues, it is highly likely to be the only option due to the rental shortage within the State. It is prudent that the Town of Gray prepares for this scenario.

The following is a table demonstrating the sharp increase in the need for assistance:

FY Year	Total Rent Paid
2020	$5507.00
2021	$4934.00
2022	$16007.69
2023	$14224.00 (as of Nov.)

The volume of phone calls and applications for assistance have increased significantly. I anticipate as the winter season progresses that the emergency fuel phone calls during off hours will increase as well.

As the Administrator of the General Assistance program for the Town of Gray, I work hard to be fair and work within the provided guidelines to assist clients. I have a clear understanding that I am accountable to the Town, as well the State of Maine for the decisions I make. With that said, I am cautious in my approach in administering this program as well as sensitive to the applicants' needs.

I am concerned that the Town will need to provide additional funding above the current budget for General Assistance for this fiscal year, based on the current trends I am seeing. I am asking the Council to examine this issue and prepare for unfunded demands this year and in the future.

Respectfully Submitted,

Pamela Edson-GA Program Administrator

CITY OF PORTLAND
Permitting and Inspections Department

RENT CONTROL ORDINANCE – LANDLORD FAQs

This is not a comprehensive summary of all the requirements of City Code, please refer to the Code of Ordinances and consult with an attorney to ensure compliance with all Federal, State, and municipal regulations

1. **Does the Rent Control Ordinance apply to all rental units in Portland?**

   The ordinance applies to all rental units in Portland, including short-term rentals, unless otherwise exempt. The following types of units are exempt from the limits placed on rent increases:

   - Units in a landlord-occupied building containing either 2, 3, or 4 dwelling units;
   - Units where rent is publicly controlled or subsidized (such as Section 8, GA, etc.);
   - Accessory dwelling units;
   - Units owned, operated, or managed by governmental housing authorities (such as Portland Housing Authority);
   - Accommodations in a hospital, convent, church, religious facility, or extended care facility; and
   - Dormitories owned and operated by an institution of higher education or by Portland Public Schools

2. **What is the Base Rent for my units?**

   The Base Rent is the rent charged for the unit as of June 1, 2020.

3. **How much can I increase rents?**

   There are multiple allowable increases outlined in the ordinance. Some increases may only be enacted starting in 2022. A landlord may only increase rent once within a *Rental Year* by no more than 10% of base rent. Allowable increases over 10% may be "banked" for subsequent years. (Examples of allowable increases are included at the end of this document)

   i) Annual Increase Percentage: equal to the change in the Consumer Price Index for the Greater Boston Metro Area, the rate will be published by the City of Portland's Housing Safety Office. Rent may not be raised using the annual increase percentage until January 1, 2022 at the earliest.

ii) Tax Rate Rent Adjustment: if Portland's property mil rate changes, a landlord may increase rent equal to the actual increase in property taxes attributable to the individual covered unit. Rent may not be raised using the tax rate rent adjustment until January 1, 2022.

iii) New Tenancy: A landlord may increase the rent by 5% of their base rent when a new tenant occupies a unit. This may only be used once per year.

iv) Banked Rent: If a landlord could have increased rent in previous years but did not, they may increase rent by this amount at a later date. Landlords will not have banked rent available until 2022.

v) Additional Rent Board Approved Increases: A landlord may seek approval from the Rent Board by applying for a hearing to increase rent for:
   (a) Capital improvement costs, such as renovations;
   (b) Uninsured repair costs;
   (c) Increased Housing Service costs; and
   (d) Any additional increase to allow for a "fair rate of return".

4. What kind of notice must I give tenants for a rental increase?

Before increasing the rent of a Covered Unit, you must give tenants notice of any rent increase at least 75 days in advance. The notice must be in writing and must include the date you started renting the unit, the date the increase will take effect, and the reasons for the increase in rent (as described in question 3 of this FAQ).

5. How much notice must I give tenants before evictions?

Regardless of the arrangement, a landlord can evict a tenant with 7 days' notice "for cause", such as if the tenant destroys property or violates certain terms of the agreement. Otherwise, the amount of notice required depends on the type of arrangement that you have with your tenant:

- If you have a tenant-at-will (you never had a lease), then you must provide a tenant with 90 days' notice, unless you reimburse the tenant for the

inconvenience of terminating their tenancy on 60 days' notice ($500) or 30 days' notice ($1,000).

- If you have a lease, or have a holdover tenancy (meaning that you had a lease that has ended, but you have allowed a tenant to stay month to month), then the City's Rent Control Ordinance does not apply and you must comply with State laws on evictions.

6. What other requirements should I be aware of under this new ordinance?

This is not a comprehensive list of all the requirements of City Code, please refer to the Ordinance and consult with an attorney to ensure compliance with all Federal, State, and municipal regulations.

- Landlords must provide tenants with the City's Rental Housing Rights Document at the start of a unit's rental and any time the document is updated. This document can be found on the City of Portland Housing Safety webpage. https://www.portlandmaine.gov/DocumentCenter/View/15192/Rental-Housing-Rights-Document;
- Keep a signed acknowledgement of the receipt of the City's Rental Housing Rights Document on file for three years;
- Landlords may not discriminate against tenants on the basis of their source of income or participation in various types of subsidized housing programs, such as Section 8, General Assistance, and others.
- No provision of the ordinance may be waived by a tenant, by agreement or otherwise.
- Landlords may not attempt to coerce tenants into waiving their rights, such as by threatening to evict the tenant if they do not agree to an illegal rent increase.

EXAMPLES OF ALLOWABLE RENT INCREASES

These are examples only, please consult with an attorney with questions about your specific situation

1. **Annual Increase Percentage Example:** The allowable increase percentage shall be determined on September 1 of each year beginning on September 1, 2021, and shall be equal to the change in the Consumer Price Index for Greater Boston Metro Area.
   Base Rent x CPI% = Allowable Annual Increase Percentage
   - *Example:* Assume Base Rent is $1,000/month and CPI for Greater Boston Metro Area is 3%.
     $1,000 x 3% = $30 increase in rent per month

2. **Tax Rate Rent Adjustment Example:** The tax rate rental adjustment is equal to the actual increase in property taxes attributable to the individual Covered Unit if the City mil rate changes. Note: the City mil rate changed in 2021, so a tax rate rent adjustment is available for landlords who saw an increase in their taxes from 2020-2021.
   - *Example 1:* Assume 3-unit building; Base Rent = $1000/month per unit; 2021 property taxes = $12,000; 2022 property taxes = $14,880
     First, figure out the actual increase in property taxes:
     (Actual taxes due in 2022) – (Actual taxes paid in 2021) = actual tax increase
     $14,880 - $12,000 = $2,880
     Then attribute that amount among the covered units.
     $2,880 / 3 units = $960 per unit for the year
     $960 / 12 months = $80 (new rent = $1080)
     Ensure that the rent increase does not exceed 10% of Base Rent
     $80 increase / $1,000 Base Rent = .08 (8% increase)

   If not all units are equal in a building, the landlord should attribute the tax increase between units in a reasonable manner, depending on the circumstances. This could be apportioned based on relative value, square footage, rent amount, etc.
   - *Example 2*: Assume Base Rents for three units were $1,250, $1,000, and $750, using the same above tax valuation. Landlord chooses to apportion allowable tax rate rental increase based on relative rental rates of the units.
     First figure out the total rents for the property:
     $1,250 + 1,000 + 750 = $3,000/month

$3,000 x 12 = $36,000/year

Then divide the actual tax increase by the yearly total rent:

$2,880 / $36,000 = .08

Each rent could be raised by 8%. Monthly rent increases for each apartment are:

.08 x $1,250 = $100 (new rent = $1350)

.08 x $1,000 = $80 (new rent = $1080)

.08 x $750 = $60 (new rent = $810)

3. **Banked Rent Example:** If a landlord could have increased rent in previous years but did not, they may increase rent by this amount at a later date. A landlord may not raise rent more than 10% in a rental year.
   - *Example 1:* Landlord is eligible for a 3% Annual Increase Percentage increase in 2022 but does not raise rents at all that year.
     Landlord can "bank" that 3% for 2023 or beyond.

   - *Example 2:* Landlord is eligible for a 3% Annual Increase Percentage increase, an 8% Tax Rate Rent Adjustment increase, and a 5% new tenant increase for a total of 16% in 2022.
     Landlord could increase rents 10% of Base Rent in 2022 and "bank" 6% for 2023 or beyond.
     Landlord could increase rents 8% of Base Rent in 2022 and "bank" 8% for 2023 or beyond.

TOWN OF GRAY
Henry Pennell Municipal Complex
24 Main St, Gray Maine 04039
www.graymaine.org

OFFICE OF THE ASSESSOR
Lauren Asselin, Assessor
lasselin@graymaine.org
(207) 657-3339 ex. 112

To: Town Council
From: Lauren Asselin
Date: December 14, 2022
Subject: Northbrook TIF

The Northbrook TIF will expire on March 30, 2027. The combined assessed value of Real Estate and Personal Property located in this TIF District for the 2023 tax commitment was $21,496,000. If this TIF had expired on March 30, 2022, the $21,496,000 would have been included in the total assessed value figure for the 2023 tax commitment. Taking into consideration the Business Equipment Tax Exemption program and using the current mil rate of 13.95, the increase in tax revenue would have been $235,127.

The Revenue Sharing figure for the 2023 Tax Commitment was $1,121,606.26. The State Treasurer uses the following information to determine the annual Revenue Sharing amount:

Source of Funds: 5.0% of the State Government's monthly sales, corporate and personal income tax revenues are set aside to fund the municipal revenue sharing pool.

The following three items are used to calculate the distribution percentage for each municipality:

1. State Valuation (provided by the State Tax Assessor).
2. Tax Assessment (provided by the Property Tax Division of Maine Revenue Services) and
3. Estimated or Actual Population (provided by the DHHS Office of Vital Records).

There are two separate formulas used to calculate the Revenue Sharing figure:

Revenue Sharing I - Municipal Revenue Sharing is based on the Revenue Sharing I (REV-I) formula, (see 30-A M.R.S.A. s. 5681). The REV-I calculations work as follows:

1. (population x assessment)/state valuation = computed number
2. computed number/sum of all computed numbers = proportional share of REV-I distributions

REV-II Distributions: The REV-II calculation works as follows:

1. assessment/state valuation = mil rate
2. (mil rate - 0.01) x population = computed number
3. computed number/sum of all computed numbers = proportional share of REV-II distributions

The impact of the expiration of the Northbrook TIF on the Town's Revenue Sharing will be available when the State Treasurer uses the Town of Gray's updated figures in their calculations after the Northbrook TIF's expiration date of March 30, 2027.

There is currently $474,295.56 available in the Northbrook TIF for approved projects.