



**CANDIDATE NAME: Justin Costa**

- What actions should the City Council take to support local businesses amid the coronavirus crisis? How would you ensure the council pursues these actions?

The difficulty (as we both described to the PBS News Hour) is that the biggest problem is the lack of continuing federal support, which makes everything more difficult.

Absent that support, the City needs to do what it can to create additional financial support and additional flexibility for everyone. So, more concretely, we need to continue to do what we can to ensure direct support to small and local businesses through the Portland Development Corporation programs that have been created this year. We also need to continue to work with businesses and affected property owners on things like street closures, parklets and the like to give dining and retail establishments additional options as they try to remain viable. In tandem with that effort, we've just recently pushed \$100k into support for businesses to deal with pandemic-related costs like winterization, outdoor heaters, and similar costs.

- Outside of the immediate needs of the pandemic, what three things would you work on that would help local businesses in Portland? How would this work alleviate the challenges local businesses currently face?

I think it's really impossible to talk about needs that are truly unrelated to the pandemic but the biggest three items are probably workforce development, affordable housing and transportation. The last two are incredibly important to Portland's ability to provide a stable workforce, and are huge topics in their own right, and I can't really do them justice here.

Workforce development has become a major area of focus during my time as chair of the Economic Development Committee. We've used Portland's recent growth to capture new property tax revenues and funnel some of those dollars towards expanded job training programs through Portland Adult Ed and a newly created City program that awards funds based on competitive grant applications. This past fiscal year was the first time these programs were implemented, and while the pandemic complicated everyone's ability to deliver, I think the structures and financing are in place to support the growth of these programs going forward. At the same time, I think that there will be opportunities to partner with industry groups and/ or private businesses to leverage private funds towards these types of job training programs. There is certainly interest from the hospitality sector, the banking and healthcare sectors, breweries, and others.

- What are your thoughts on the minimum wage referendum that would raise the minimum wage in Portland to \$15/hour?

I support minimum wage as a policy overall (and was the sponsor of Portland's increase a few years ago), but the proposal on the ballot now is poorly drafted and dangerous. The hazard pay provisions, in particular, pose major risks to Portland's small business community. The minimum wage is effectively going to jump to \$18/ hour in a matter of weeks if this passes. In the middle of a pandemic, that has the potential to wipe



out whole industries in Portland, but particularly our restaurants. That makes no sense, and could easily lead to significant layoffs in the industry, harming the very people the proposal is ostensibly designed to help.

Finally, what makes the proposal dangerous is that if these negative effects occur there's nothing that the Council can do because the ordinance can't be modified for 5 years. Proponents will say that it can go back to referendum, but that's hardly the same thing. Scheduling and noticing an election takes months, and any attempt to do so wouldn't begin in earnest until the problems were already impacting businesses. If restaurants or other businesses start to close because they can't absorb a 50% increase in the minimum wage at the same time that winter arrives during a pandemic, it's not a viable solution to say "don't worry, in a few months we can have another referendum and maybe the voters will change course."

- How do local, independent businesses contribute to the vitality and strength of Maine's communities? Do franchises and chains offer the same value to Maine's communities?

I think pretty much everyone agrees that local businesses are integral parts of the community. Having an economy with lots of local businesses ensures that more money stays in the local community and also dramatically changes the culture and character of the community. We're really fortunate to have such a strong culture of local business ownership and support for local businesses.

- The City Manager is pursuing spending cuts and layoffs due to the budget shortfall caused by the pandemic. Which departments or programs do you think are most acceptable to be the focus of spending cuts? What is one department or program for which you would be unwilling to approve spending cuts?

At this point the Council has passed the FY21 budget, so everything is final. Having said that, I think it's important to note that the revenue projections underlying the budget have never been more uncertain than they are during this pandemic. That means that we're going to continue to revisit the budget frequently. As a general rule, I don't think it's smart or realistic to say that any department or program can be ruled out of bounds at a time when some 700 City employees have gone through some type of furlough. In the earliest month of the pandemic we were more than \$ 6 million in the red. Given that federal unemployment has run out, other federal assistance has run out, and winter is coming, it's possible we could be in a similar situation again, so acting like we can exempt certain parts of the budget from tough discussions about cuts isn't an honest statement, in my view.

What does make the most sense when evaluating potential cuts, and what we did, is looking at programs that are both affected by the pandemic and revenue-generating. So, the department that was most severely impacted was Parks and Rec. That's not because we value that department less, but simply because many of the usual programs cannot be offered right now due to the pandemic, so we couldn't justify continuing to employ people who couldn't do their work. If the public health situation changes there'll be an opportunity to revisit those cuts because if those



programs can be run they will also generate revenue through program fees, meaning there wouldn't be a huge hole in the budget if people were re-hired. None of this would be easy, of course, but that's the best option we've got right now.

- Rising real estate prices have impacted both commercial and residential rents.
  - a) As commercial rents have increased, local businesses are being pushed out of Portland, and chains are moving in. What policies would you pursue that could help alleviate this problem?
  - b) Availability of affordable middle-market housing is critical to support a robust small-business community - for both owners and employees. How do you plan to address the critical shortage of affordable market-rate housing for the "missing middle" in the City?

There's no simple answer to this problem and, frankly, on the commercial side of things I'm not sure that anyone has a great handle on the situation after 7+ months of the pandemic. There certainly seems to be an increase in vacancies in commercial properties. Obviously, that's both concerning and is likely to bring down rents over the medium to long term. In terms of policy, the City is pretty limited in what it can do, especially in regards to existing leases.

On the residential side of things, housing affordability is obviously one of the most important issues we face. At a high level, I'd say that addressing it has 3 major components. First, we can't gloss over the health of our economy. Our average wages are below national averages, which makes housing less affordable to more people. Second, we really need to reexamine how we are using our Housing Trust Fund dollars. There have been many smart changes over the past several years, which have helped the City to seriously capitalize our Housing Trust Fund for the first time. We've used those funds to support the development of many new units of affordable housing and make non-profit developers more competitive in the pursuit of state tax credits. That's good, but everything is still based on the model of subsidizing construction of new units. I think we need to examine whether there are other things we could use the Housing Trust Fund to do. Finally, the re-code process is going to be incredibly important, particularly for middle-income housing. We need to thoroughly examine all of the detailed elements of residential zoning to ensure that the cumulative impact of setbacks, lot coverage requirements, parking requirements, and everything else make the development of middle income housing viable.