

HOUSING COMMITTEE MEETING MINUTES

Wednesday January 9, 2008
5:30- 7:30pm City Hall Room 24

(Tour of St. Joseph's Convent Mother House 605 Stevens Ave 4:30-5:10)

A meeting of the Portland City Council's Housing Committee was held on Wednesday January 9, 2008 at 5:30 pm in City Hall Room 24. Attendance: Chair Councilor Jill Duson and member Councilor Kevin Donoghue. City Staff: TJ Martzial, HNS Division Director; Amy Olfene, Community Health Promotion Specialist; Alex Jaegerman, Planning Division Director; and Amy Grommes Pulaski, HCD Program Manager (notetaker).

Councilor Duson opens the meeting and informs attendees that Councilor Mavadones will not be able to attend because he is serving as an alternate on the Community Development Committee.

1. Meeting Minutes of August 7, 2007

Councilor Donoghue moves to accept minutes. Councilor Duson seconds, passes unanimously.

2. Sale of Tax Acquired Property

TJ opens the discussion stating there were two properties for sale. Details are provided in the packet.

Councilor Duson opens and closes public comment, no comments.

Councilor Donoghue questions where the money goes from sale of tax acquired properties? TJ Martzial states that it goes toward the general fund. Councilor Donoghue states that as a matter of principle he thinks that sale of a real asset to balance of the budget is poor practice. He believes sale of property should go to acquiring other permanent assets, like land. Councilor Duson states that had these properties been current they would have been putting money into the general fund, and were likely put in the City's budget projections.

Councilor Donoghue agrees and believes that they are both right and moves to pass the sale. Councilor Duson seconds, passes unanimously.

3. Smoke Free Housing Policy

TJ introduces Smoke Free Housing's advocate Amy Olfene. She has brought new language for the committee to review for adoption.

Amy Olfene states they have drafted a policy that provides an incentive for new construction of multi-family residences. It models Maine Housing's policy. They are asking that the City adopt this policy as well.

Councilor Duson opens public comment.

Dana Totman, Avesta Housing, states AVESTA fully supports this endeavor and all their housing is smoke free. He does want to state that this restriction might inhibit individuals from living in certain low barrier projects, such as Florence House and Logan Place etc. AVESTA has excluded these low barrier housing from the smoke free policy and hopes the city to do the same.

Councilors and TJ discuss this idea, whether to take the exception or to adjust per case.

Rose Straut, a tenant at Logan Place, states the smoking policy is that you can smoke in your apartment, so it hasn't been a problem. Many people smoke outside.

Heather Blancard, a Portland resident states that many people are trying to overcome addictions and to tell them they have to overcome smoking to get housing she thinks is a little excessive.

Councilor Duson closes the public comment period.

Councilor Donoghue states that this does not prohibit smoking, but it does prohibit smoking from interior units and common spaces. People can smoke outside. She continues to say that if there are projects in the future that are similar to Logan Place, the committee can remove this incentive from the RFP. It is an incentive and not a mandate.

*Councilor Donoghue moves to accept the italicized words as stated with the 5% incentive.
Councilor Duson seconds, passes unanimously.*

4. Housing Program Loan Subordination Policy

TJ introduces the Housing Program Loan Subordination Policy. Loan officer, Mary Davis, has received a number of requests for subordinations. Several have already been done based on a verbal policy, but no policy has been written until now. This is an attempt to make it standardized. In the past year 15 subordination requests, 14 were approved. The one that was not approved was as he describes the result of "predatory lending practice." The policy is designed to protect the lender and the City.

Councilor Donoghue comments, that this program offers securities to someone who has borrowed money, but questions what the risks are to the City? TJ replies that if the subordination was not approved, then the person would try to re-finance and the City's loan to the individual would be rolled into this new loan and they would pay us back- which would be program income, which we don't get much of. However, these re-finances are not always in the best interest to the buyer. This policy is designed to protect both the City's and the borrower's interests.

Councilor Donoghue questions whether this program income goes to be reused for other similar programs. TJ responds yes it goes to fund this and other CDBG funded programs.

Councilor Donoghue questions the demand, TJ states that there is not an over demand for this use.

Councilor Duson opens and closes public comment, there are no comments.

Councilor Donoghue moves to accept the Housing Program Loan Subordination Policy, Councilor Duson seconds.

Councilor Donoghue states that this passage creates policy and does not change it. TJ concurs.

Councilor Duson states that this helps lower income home owners take advantage of the equity in their homes and helps homeowners utilize lower interest rates. She likes it.

Councilors vote and approve the policy unanimously.

5. Housing Replacement Fund RFP Update

TJ explains in late September the Housing Replacement Fund RFP went out with a due date of December. One applicant responded, AVESTA Housing, who met all the RFP requirements. The only caution is that there is a long lead time, likely 2-3 years. If the committee is comfortable with this then staff recommends acceptance of the proposal.

Councilor Duson states the idea was to wait until the Housing Replacement Fund has enough funding to issue and RFP. The purpose of this RFP was to initiate a new project, which normally does require a long lead time. She opens the floor to the applicant.

Dana Totman, from AVESTA, states that this application is responsive to the RFP that was issued and they will work to improve their response. In a development project two years is fairly fast, because developing housing is a very slow process. He believes this project will move quickly. He believes this project will score well with the State's tax credit program, and with other funding sources. Their goal is to complete construction in 2010. A second thing to mention is the term "in the pipe line" which he believes as projects that have been planned but not started construction. By reopening the RFP and allowing for these types of projects, the RFP would not create new units. However this project is fairly straightforward, simple development, and he thinks it can go forward quickly.

Rose Straut, Tenant at Logan Place, says that the Y was a place to stay for the working class. But over the years, it became more difficult to get a place there because there were so many homeless. She has a letter from a woman who lived at the YWCA named Nicole. (The letter is paraphrased.) Nicole is an individual who lived at the Y. She is currently living at the Women's Shelter because she can't afford an apartment. She is working at Econolodge. When she stayed at the Y she always had a bed and a place to get a good night sleep. However now that she lives at the women's shelter she may not get a bed or a decent night sleep.

Heather Blanchard, representing Homeless Voices for Homeless, supports the application from AVESTA. Homeless Voices have been talking with people from the Women's Shelter who

work hard but have trouble living in the shelter. These are not women who have addictions but hardworking individuals. Homeless Voices were there when the Housing Replacement Fund was created and the original intent of the fund was to assist with the replacement of housing, specifically low income, affordable housing. Shouldn't the funds from the Y go directly to help build this type of housing? When it was destroyed the Y advertised 68 units, but when the city calculated it only totaled 34. Should the use of these funds not be to used to create more affordable housing?

Councilor Donoghue questions how long it took to reach the \$380,585. TJ states that it was about 3 years, but it is unpredictable when money will be added to the fund.

Councilor Donoghue questions the difference between the proposed units and the Y? Dana responds that the individual units will have bathrooms and kitchens, it's efficiency units. The Y had many more amenities, open spaces and the pool. Also AVESTA's project will have leases and rent due each month, unlike the Y.

Councilor Donoghue questions how they arrived at 24 units. Dana responds there were several reasons that 24 became the number of units- the MaineHousing will give subsidy per a certain number of units, size of the lot- smaller lots are easier to find, plus fewer units wouldn't be financially feasible.

Councilor Donoghue questions why there is a 99 year affordability covenant, why not permanent? Dana responds that it's the tax credit requirement.

Councilor Donohue would be willing to help identify sites in his district if needed.

Councilor Donoghue says he's sensitive to the negative comments about the Housing Replacement Fund and would like to discuss the Fund and the Ordinance further at a future committee meeting.

Councilor Duson loved the project. She wanted to thank AVESTA for being here for the whole process, from the abandonment of the YWCA, to developing the RFP, to responding to the RFP. She also wants to thank the advocates for being here and keeping to keep us honest. The Councilors do hear what you are saying.

Councilor Duson wants to put a time period for expending the funds, but a realistic time line. Councilor Donoghue suggests 3 yrs.

Councilor Donoghue makes a motion to accept the bid to the Housing Replacement Fund with the amendment that the project is under construction in 3 years. Councilor Duson seconds, passes unanimously.

6. St. Joseph's Convent Redevelopment Proposal

Matt Teare presents the project through slideshow presentation. He describes the pluses and minuses and the challenges of the project. The Mother House is historic and unique, but would

require a complete update in all electrical, HVAC, and other systems and utilities. The building is expensive to renovate and it is difficult to fit market rate units within the mother house due to the layout and the vast amount of common space. The proposal includes an addition and three separate 12 unit town homes. He further explains the benefits to the community, specifically that senior communities are great economic generators for the city. The project is asking for an 80% TIF. They are also asking for zoning exceptions.

Councilor Duson says that she has some reservations to their request. She thinks it is out of sequence. They are asking for the Housing Committee to endorse a project that has not gone to other committees. Additionally this committee is primarily interested in affordable housing, of which this has none.

TJ explains the normal proposal for an economic TIF would go to either the Finance Committee or the Community Development Committee. If the Housing Committee likes the proposed project and reuse they can recommend conditional zoning. Staff could continue to work with the developer.

Councilor Donoghue is supportive of the project. Traditionally he is not in favor of contract zones, but it would be necessary here since the project is located in an R5 zone. He would be in favor of developing the surface parking. However, he is not in favor of a TIF and he doesn't see a residence as a market driver deserving of a TIF.

John Wasileski, representing Sea Coast Management the developer, states that they could have gone about this as a non-for-profit development, but they didn't. This property has never paid taxes and if it were developed as a not-for-profit it would never pay taxes. But this would offer the City an opportunity to receive some tax revenue.

Councilor Duson states that Councilor Donoghue reached a quick answer to her same opinion. Getting a TIF would be difficult to have a majority of councilors pass.

Sr. Mary, representing the Sisters of Mercy, says she has two comments. 1) Before she sent out the RFP they had conversations with affordable housing projects, and they would not touch it. 2) If this does not work, what is our next step? She has a major concern that if this does not move forward it will fall into disrepair.

Another representative from Sea Coast Management: When they were first advised by Lee Urban and Planning Staff, the composition of the CDC and Housing Committee were identical. However that has changed. Would this committee be able to endorse the zoning change and endorse the project and allow the developer to continue to work with staff to come up with a TIF that would work?

Councilor Duson does not think it will fly. But she encourages them to go to the CDC to keep shopping. She is happy to propose that the Housing Committee recognize the building is unique and it would be a benefit to the city to see an appropriate reuse. She is not comfortable endorsing a contract zone, because that is negotiated with planning. She thinks the developer

should work with the staff to go through the city processes. However she will stop short of endorsing the project.

Councilor Donoghue is very supportive on zoning. He is wary of committing staff to constructing a TIF that will likely not be approved. It side-tracks limited staff resources from other pressing issues.

Councilor Duson has decided that they will describe what they like about the project. She continues to reiterate it's a private development.

Councilor Duson opens to public comment.

Ethan Boxer-Macomber of AVESTA Housing, states that he was skeptical about a TIF for a for-profit company. But, he likes the plan, the re-development and re-use. As a developer, the budget does look fairly lean. It's a tight budget. It seems like a real pro-forma and a real financing gap. He also lives in the neighborhood, and runs by it quite a bit and it would be a shame for it to go to waste or offices. This seems like a good use, little tax on City services, all the while bringing income to taxes. While it is a TIF, it's an 80% TIF which means that there would be some income coming from the project, of which there is none now. He hopes they do have further analysis.

John Wasileski questions if it is a fundamental opposition, and both councilors agree.

Amy suggests that if you frame this project as an economic investment and income generator rather than a high end residential housing TIF, then it might be more palatable for Councilors to digest.

Councilors continue to discuss the economics vs. the residential aspect of the project.

John Wasileski says if there is a small open door, then they will go back and regroup. He asks Councilors if they could support this?

Councilor Donoghue states that zoning yes, financing- slightly more than minutes ago. He would like to see how much the site would accommodate. He'd like to see denser, even if you have to go closer to the road and redevelopment of the surface parking lot. You could build above the lot to utilize more space.

Councilor Duson thinks it's a unique building, and a unique site, and can it be appropriately reused. She is concerned with the public investment and lacks confidence to find other councilors to support tax incentives for this project. She thinks if it is further developed, it would be the developers' time, not staff. She would like some company. She suggests shop the other councilors.

Sister Mary says one of the pieces is keeping the development on the mother house side of the lot. Because it's a private school, there is no bus service. She also can't see how putting a building on top of the parking lot would be accepted by the neighbors.

John says that they will look at redeveloping the parking lot.

Sister Mary explains the situation of the Sisters, their fundraising practices, and their current situation.

The Sea Coast Development Team agrees to try to present their proposal to the Community Development Committee.

8a. 2009 Work Plan

Councilor Duson reviews the email from Councilor Donoghue, stated below:

1) Tightening up the housing replacement ordinance to eliminate administrative loopholes.
Councilor Duson comments, maybe.

2) Increasing the condo conversion fee significantly to pay into housing replacement fund.
Councilor Duson comments, maybe.

3) Expanding the charge of the land bank to likewise seek out purchase of sites for housing.
Councilor Duson comments, no she doesn't want to expand the role of the Landbank. She would be in support of acquiring land for residential development. Councilor Donoghue suggests the idea of creating a community land bank for housing, separate from the land bank.

4) Considering making the R6 more like the R7, to be more pro-housing and less pro-parking.

Councilor Duson comments she would like to finish Zone 5 first, before looking at other zoning.

5) Strengthening the inclusionary zoning ordinance, more attractive, or more, um, mandatory.

Councilor Duson does not comment.

Councilors also review the leftover items from last year.

- 1) Inclusionary Zoning
- 2) Promote Family Housing, multi units w/ 3+ bedrooms, include home ownership
- 3) Promote residential growth through zoning
- 4) Redeveloping grey fields

Councilor Duson would like to do something meaty then finish up a few items. She would like to see consensus from Councilors Donoghue and Mavodones.

Councilor Duson would be reviewing items 1 and 3 left over from the previous year. She is supportive of starter family housing which could complement starting a community land trust for housing. Councilor Donoghue suggests multi family development- incentives for family housing.

Councilor Donoghue is supportive item 3 from last year, re-zoning. He would like to support more Walker Terrace projects along the major corridors. Forest has B2B, B2, zoning. Brighton is already residential. Councilor Duson likes this as well. Councilor Donoghue likes that because it would create a better look or image along major corridors, combined with denser development, less parking and improve public transit. Both councilors are supportive. Kevin

says if housing committee makes this a priority it would complement the peninsula transit study and the METRO board is revamping their routes and service.

Potential Priority 1- Promote residential development in the B2 by revamping B2 zone, with look at R6 and B3. The emphasis would begin on Forest Ave or St. John Valley area through zoning and supportive transit.

Kevin states that other B2's include Congress Street where Walker Terrace already exists.

Potential Priority 2: Creating a community housing land trust.

This will need to be reviewed by Nick. He should have read these and talked to Jill prior to the next meeting.

8b. Committee Discussion and Public Comment

Councilor Donoghue states that many of these issues would also complement the transportation. He would like to slash parking requirements in R6, B3 and now attack B2.

Alex Jaegerman thinks the parking could go to transportation. There is not consensus on parking requirements. However it is primarily a housing topic. He wouldn't want to go to two committees throughout the process, he prefers one.

Councilor Donoghue says that he has support from Councilor Skolnick and Councilor Marshall. He'd like to look at the Forest Ave project which would combine reform with transportation committee. He also proposes some cross-committee work. Councilor Duson will read the minutes, and Councilor Donoghue will attend both meetings.

February Meeting: The agenda for next month, Alex could digest the Wilber Report and provide some direction. Amy and TJ could research a bit about the Community Land Trust to begin the conversation.

March Meeting: Review of tying up loose ends. TJ can recommend setting up old items or updating old items to complete smaller items. One item may be Inclusionary Zoning.

Councilor Duson opens for public comment.

Ethan Boxer-Macomber questions whether when you look at the RFP replacement ordinance-will you decide a future use of the funds? Or letting the funds build and allow the current housing committee decide how to use the funds?

Councilor Donoghue was uncomfortable with how staff made the agreement with the YWCA. They agree to look at this.

Councilor Donoghue moves to adjourn the meeting. Councilor Duson seconds, passes unanimously.