

Housing Committee Meeting Minutes  
Tuesday June 2, 2009  
5:00 p.m. City Hall – Room 209

Attendance: Councilor David Marshall, Chair, and Housing Committee Member Councilor Kevin Donoghue, TJ Martzial, HNS Division Director, Amy Grommes Pulaski, HCD Program Manager, Alex Jaegerman, Planning, Ann Freeman, Associate Corporation Counsel, Peter Hodgkin, HNS Office Assistant (note taker)

1.) Approve Minutes of May 5, 2009

Councilor Chair Marshall called the meeting to order, noting that Councilor Coyne would not be attending tonight. Councilor Donoghue motioned to approve the Housing Committee minutes from 05/05/09, Chair Marshall seconded the motion. The motion passed unanimously. TJ Martzial noted that he had inadvertently omitted minutes from the special meeting of May 18, but would provide them at the next meeting.

2.) Tax Acquired Properties

Ann Freeman, Associate Corporation Counsel said some questions have been asked since the discussion at the last meeting:

- a. Selling for appraised value vs. selling expediently. She said it depends on the specific property. Buyers have a title search done so they are aware of any potential problems.
- b. What to do with the proceeds of the sale of Tax Acquired Property. It could be deposited in a housing fund or affordable housing fund. The City Council could approve it with whatever restrictions they choose.
- c. Could the City Council pre-approve a sale price? Then they could sell the property at auction or through a bid process.
- d. What about ensuring that tax acquired properties sold by the City remain as affordable housing? The requirement could be added to the purchase and sales agreement or the deed. Compliance can be difficult to track, however. A reverter clause can be incorporated in the deed. If the affordable housing requirement is not being met, the property reverts to the original owner (the City). The owner will have the right to “cure”, or correct the situation.

Councilor Donoghue asked if the permanent affordability stipulation would carry on the next purchaser of the property. Ann responded that it cannot be insured in the long term. She thinks requiring affordability would be preferable in the deed rather than the sales agreement. Councilor Donoghue asked if the City has the capacity to monitor affordability compliance. TJ Martzial said yes; the affordability

component is required in all HOME funded projects and some CDBG funded projects. Recapture clauses are monitored, which trigger how much to pay back.

e. Ann said there were questions about legal notices and bid procedures. Staff preference is for using a broker for sales, but other methods could be by bid, RFP, auction, etc.

f. There are currently five residential properties in the City whose owners have received a 60 day letter. After automatic foreclosure, the City is required to send a letter to the owner advising them they have sixty (60) days to either pay back taxes or set up a payment plan, or the City will pursue “quiet title” action or sell the property. The State does not require the notice, but this is the City’s procedure.

g. Ann said there are some staffing issues that have prevented active Tax Acquired Property disposition. She also said that after a letter is sent to the property owner, 60 days pass before a survey is distributed to City department heads and the Councilor for the relevant district. This gives a chance for the department heads to voice their opinions on how the property should be used.

Public Comment, (unidentified representative from Homeless For Justice): Portland Housing Authority has approximately 7,000 people on a waiting list for housing. What is the definition of affordable, and how is the plan for disposition of these properties decided? Chair Marshall said they are working on the definition of affordable for these properties.

- 3.) Condominium Fee Structure: Chair Marshall asked Ann Freeman about the proposed fee structure for condominium conversion. Ann said that she had not had time to look into it. She said there is nothing that would preclude charging a higher fee for condo conversions of owner occupied units and those that are not part of the rental market due to restrictions. Councilor Donoghue suggested perhaps a higher fee of one percent of the purchase price. He wants an action item to debate the issue. TJ said there were some questions and complications about how it might work. He will call the City of Burlington because they have a similar policy in place.
- 4.) Draft HOME RFP: Chair Marshall introduced a discussion of the RFP Draft for the parking lot at the corner of Spring and High Streets. TJ said he had consulted with Marge Schmuckal regarding the zoning. The area is zoned B3, which allows multi-family housing. There are height restrictions. Rick Blackburn said the assessed value of the property is \$315,430. John Peverada of the City’s Parking Division is not in favor of losing the parking spaces. Alex Jaegerman said it is a good spot for housing; it is convenient to public transportation. The property is in a Historic District. The height restriction for that area is 85 feet. He would prefer to any building on this site be no higher than 65 feet or four stories. He also said the property was the site of a Greyhound station at one time. Historic Preservation would have to research to see if there are any restrictions on the property, such as using it for transportation purposes only.

Alex also said that when the surrounding structures in a historic district are smaller than the proposed building, the way to go would be to develop a smaller structure than is allowed. Historic Preservation can impose more height restrictions if the scale is challenged.

Councilor Donoghue said he would prefer to see City-owned properties used for housing. HOME construction subsidies are available. Couldn't those be used at this time? Councilor Donoghue said he does not want to use the money for gap financing. He would like to see preconceived rather than new projects. TJ said he has a request from Avesta for HOME funds for the redevelopment of the Adams School. They are seeking a conditional commitment. In July the Committee will be taking a closer look at Avesta's Beckett Green proposal for Adams School and available subsidies.

#### Public Comment:

Mary Terry, representing Homestart of Peaks Island said that Homestart had received approval for the application process from the Peaks Island Council. A 4 unit condo building will be turned into 6 affordable rental units. All that is required is to block a hallway and shift a doorway. On Luther Street, there is a 16,000 square foot residential lot that will have two single family homes that will be affordable in perpetuity. Habitat for Humanity will be doing much of the work. They had applied for conditional rezoning. They are seeking HOME funds to convert condos to affordable rental housing. Councilor Donoghue asked if such a project would be HOME eligible. TJ answered that rehab or new construction would be eligible, as would affordable units. Ellen Mahoney said they were looking at 60%-80% of median income for the rental units and 120% for the single family homes. TJ said that the homes would have to be at 80% to be eligible for HOME funds. The Homeport program is available for first time home buyers. TJ was asked about the pool of available funds for next year. Rehab: approx. \$350K, Homeport approx. \$360K and New construction approx. \$448K. Councilor Donoghue asked about the timing of awarding the contract and the funds. TJ said there would be no deadline to apply for rehab funds.

Amy Reagan of Homeless Voices For Justice spoke of the location of the parking lot at Spring and High Streets. She reminded the Committee of the proximity to the (now demolished) YWCA, shelter for many homeless women. She said the City is bound to use funds for "maximum benefit" to low income persons. The Housing Replacement Fund has been spent and women are lined up for shelter. She asked that people be mindful of what was there and the resulting housing gap.

Chair Marshall asked if an RFP could be non-site specific. TJ said yes, it could be tweaked. Councilor Donoghue said that before giving a commitment to Avesta, the City should see other RFPs that are not site specific. TJ said it would not be fair to Avesta to respond to an RFP when others already know their plan. Amy Grommes

Pulaski said compiling a response to an RFP involves a lot of work. It would not be fair to ask others to send one if there is no chance they would be selected.

TJ said the majority of HOME fund gap financing funds have been combined with MaineHousing funds. Current economic conditions mean 65 cents equity on \$1.00 to investors, leaving big gaps. As an example, 53 Danforth Street, one of Nathan Szanton's projects, gave investors around 95 cents equity. Councilor Donoghue said that TJ's comments made it sound as if non-site specific RFPs were futile. TJ responded that if the City were not considering Beckett Green and the High and Spring Street project, he would be expecting proposals more projects that would require larger gap financing. Amy said perhaps applicants can apply based on criteria rather than by responding to an RFP.

Chair Marshall said maybe we could require that a project be at a certain stage before developers could ask for funds. Councilor Donoghue asked how you define that certain stage in the project where you could ask for funding, especially if the City is your development partner. TJ said it would not be too difficult to define a threshold. They would look for site control (straight ownership or P&S agreement), sources and uses financing statement, operating pro forma, description of project, have they consulted with zoning, etc. Amy said there are stages of drawings. Schematics are very detailed and would appear further along in the plans. Chair Marshall asked that TJ develop a draft around determining a threshold, consulting with developers. Councilor Donoghue said he prefers the RFP process that has a specific due date and where thresholds are not subject to interpretation. He does not like the idea that a developer can walk into the office and get all of the available funds. The process needs to be more transparent. Chair Marshall assigned the staff to draft a threshold definition. TJ said that seeking the input of developers was a good idea.

- 5.) Neighborhood Stabilization Program: TJ said there is really no update at this time. There were three locations mentioned for the funding. 35 Mayo Street is pretty much off the radar. Pine and Brackett Street is still a viable project. There has been discussion with the owner that TJ has not been a part of. Beckett Green (Adams School) is the third potential location. NSP funding for this project will be a part of a possible joint meeting with the CDC regarding Beckett Green. Councilor Donoghue asked if Rehab funds can be pre-committed (from a policy standpoint). TJ said that customers give staff a ballpark figure with their application, and that amount is set aside in a spreadsheet until the exact amount can be determined through the bidding process. If it looks like the project is not moving forward, the money is re-added to the available funds.

Meeting adjourned.

Next scheduled meeting is July 7, 2009