

Housing Committee Meeting Minutes
Tuesday August 4, 2009
5:00 p.m. City Hall – Room 209

Attending: Councilor David Marshall, Chair, Councilor Kevin Donoghue, Councilor John Coyne, TJ Martzial, HNS Division Director, Amy Grommes Pulaski, HCD Program Manager, Alex Jaegerman, Planning, Janet Paul, HNS Office Assistant

Item 1. Approve Minutes of June 2, 2009 and Minutes of Special Meeting May 18, 2009

Chair Marshall called the meeting to order. Councilor Donoghue motioned to approve the Housing Committee minutes, Chair Marshall seconded; the motion passed unanimously.

Item 2. Portland Housing Authority and Westbrook Housing; development collaboration

TJ Martzial said that Bruce Loring, Executive Director of Portland Housing Authority, John Gallagher, Executive Director of Westbrook Housing Authority, Joe Gray and himself had met to discuss collaborative housing in Portland. Mr. Loring said he wanted to give this information as an FYI to the Portland Housing Committee. He said that PHA is now focused on Preble Street transitional housing for the homeless and offering 2nd mortgages for housing at the former St. Patrick's School. He also mentioned that they are interested in a parcel of land off Auburn Street. Two thirds of it is owned by Portland and one third is owned by Falmouth, who has expressed an interest in affordable housing. He said they are feeling out interest in the City, and they need input. He is considering affordable home ownership for the site. TJ noted that this was Councilor Coyne's district.

Alex Jaegerman said they had a plan for mixed use development that was done about ten years ago. There was strong neighborhood opposition. The City originally bought the land for transportation improvements because of its proximity to Exit 10. The Land Trust had expressed interest in the land as a recreation area. The City's Recreation Department had expressed interest in an athletic facility but it was very expensive. There is also a possible pending lawsuit regarding a property owner's access and whether they have the right to build a driveway on the land.

Chair Marshall said they will come back to it. They will need a map and Councilor Coyne's input. (Councilor Coyne arrived late to the meeting.) He also wants to ask neighbors for their feedback and get their ideas for land use. He asked City Housing staff to get the value of the land, the purchase price and a memo from the City with the history of the parcel. He also asked them to get information on any lawsuits pending. Councilor Donoghue asked for enrollment projections at Lyseth School.

Item 3. Update on Proposed B-2 Zoning Text and Parking Amendments

Alex Jaegerman said the Planning Board is recommending the parking component. They were brought a series of amendments, and the parking issue was almost a tag-a-long. The thrust of the amendment was to incorporate R-7 density in business zones on the Peninsula. The Planning Board spoke in favor of the parking changes because the current zoning was inhibiting some restaurant activity. The provision for a separate parking requirement for B2/B2b office uses that exceed the normal parking requirements of 1 space per 400 sq. feet will be eliminated. One parking space per dwelling unit is proposed for the B2/B-

2b/B-2c zones, which matches the existing parking requirement for on-peninsula residential development. All B-2 zones are on Metro bus lines. An amendment to exempt a change of use (B-2b) of a building and eliminate parking requirements is the third amendment. Alex said that by identifying high density areas now, this will avoid people from having to ask for a variance in the future. There will be one more workshop and then a public hearing before it is sent to the Council. Councilor Donoghue said it would be very helpful for Planning staff to create a table showing what contract zones have been approved, as a matter of exception rather than rule.

Item 4. Update on Tax-Acquired Residential Properties

TJ says the Tax-Acquired Committee has started meeting again, and the process seems to be back on track. Sixty day notices were sent out to owners of vacant properties and all were returned. The next step is to have the Economic Development office contact department heads and the councilor from the appropriate property. TJ says they want them to remain as residential stock. He will flag them to be discussed at the next Housing Committee meeting. Councilor Donoghue said he is pleased that the head of Planning and Development has appointed the Housing Division Director to be a member of the Tax-Acquired Property Committee. He said Tax-Acquired property can be used as a tool toward affordable housing. He wants to formalize a review of the Tax-Acquired property process. Chair Marshall said they should look at the ordinance itself.

Item 5. Update Condominium Conversion Fee Structure

Ann Freeman, Associate Corporation Counsel, researched the Burlington, Vermont Condo Conversion Fee policy, and looked at how Portland might be able to incorporate some of these changes in their own policy. TJ is waiting for some direction from the Housing Committee about how they want to proceed in drafting Portland's ordinance. Councilor Donoghue says it would be worthwhile to have a drafted order to debate and vote upon; he is interested in linking condo conversion fees to the purchase price of the property, and having language so we doesn't charge the same fee for a condo that stays on the rental market.

TJ said the Burlington ordinance had accomplished what Councilor Donoghue suggested so it is do-able. Chair Marshall wants feedback from Burlington as to how effective this has been, has it slowed down condo conversion, has it let to an increase in rentals as an investment. Councilor Donoghue asked where the proceeds of the Burlington fee go. TJ was not sure. Councilor Donoghue asked what they were able to achieve with this funding.

Chair Marshall asked what prices were in the last 4 or 5 years of condo conversions and how much would we have been able to collect in fees based on purchase price. The number of conversions times the average price of a unit would give a ballpark figure.

Item 4. Request for Commitment of Neighborhood Stabilization Program (NSP) funds for Beckett Green (Adams School) Avesta Housing

Dana Totman gave the first presentation of the proposed development to the Housing Committee. Avesta had met many times with the Planning Department, the CDC and City staff concerning the project. He noted that since that time, the economy has gotten worse. Ethan Boxer-Macomber said that

Beckett Green was lifestyle housing, mimicking other housing on Munjoy Hill, and that is what neighborhood residents indicated they wanted. In order to offer sales without subsidy, the three bedroom units would have to sell for \$365k and the one bedroom units would have to sell for \$185k. With the current economy, the market will not support those prices. So, of the forty units offered, 26 will be for people with 80% AMI or less and 14 will be for people with up to 120% AMI. A homebuyer could purchase both the upper and lower units of a building; as long as one half is owner occupied, the other could be for rental purposes. Area residents wanted a free market rental, so there would be no rental income restrictions. There would, however, be deed restrictions for affordability. The project will cost an estimated \$11,000,000. Anticipated sales are \$7,350,000. Avesta is requesting \$1,250,000 in NSP gap funding, and will apply for the remainder from other sources.

NSP financing was suggested because Beckett green would be located within an eligible census tract and the property meets the definition of blighted. There are very limited uses for NSP money but this project seems like a good fit. The advantages are that the City gets \$600,000 from the sale of the property and Avesta is responsible for removal of the school and doing any environmental remediation.

Ethan said LEED certifications will be sought for the buildings and the site. They are extremely focused on energy; it is part of the affordability piece. Councilor Donoghue asked what percentage of construction costs are for demo, site prep and hazmat activities; how far would the funds go to make improvements regardless of whether a purchase and sale agreement with Avesta was ever signed. Ethan said by the time they take down the structure, he estimates it will have cost \$125,000. This is the site of a former trolley maintenance facility and a lead paint purifying factory. The City is contracting to core down samples of the area. That will tell more about how much it will cost. It could be \$200k-\$250k. Councilor Donoghue asked how much money was earmarked for public-mandated infrastructure improvements: \$325k to \$350k for sidewalks, \$150k for a park, for a total of half a million. Re-establishment of the Beckett/O'Brion right of way is woven in to the cost. NSP funds cannot be allocated to Avesta to purchase land. TJ said the City could use NSP funds to demo the building and do site work and remediation, as well as some capital improvements, then earmark \$750,000 for Avesta to purchase the land and do the rest of the improvements. He also they are looking for a commitment of NSP funds so that Avesta can go to the CDC with a TIF request. The City could effectively start site prep immediately after an environmental review. Amy Grommes Pulaski said that once NSP funds are used on a site, the site has to be used for housing for people at 120% or less AMI. Funds have to be committed to a site by September 2010 and spent by September 2013. Portland's NSP allocation is \$1,324,136. After Avesta's request, there would be a balance of \$74,000, which would cover administrative costs.

Councilor Coyne asked if there were any other significant funds the NSP funds could be targeted for. TJ said Brackett and Pine Sts., Congress and Washington, or some development at Joy Place. Originally Avesta was considering using HOME funds but in this economic climate, they are not. We could use those HOME fund for other projects.

Matt Thayer, 62 Munjoy St.: Are the NSP program standards consistent with the desires of the neighborhood as articulated at the Adams School Reuse Committee meetings? They had stated a desire for market rate housing with some affordable elements. TJ said one way NSP funds can be used is to demolish blighted vacant property and reuse that space for housing. They have to go together. City staff has more and more complaints from the neighborhood. If this project does not take off, there are no

other projects lined up so the property could become more blighted over time. Avesta has addressed all of the items that were in the RFP. Using HOME funds for this project would make it more restrictive: 80% of AMI vs. 120% of AMI. Neighbors did not want very low income or high-end development on the property. Ethan said people who are at 120% of AMI have been priced out of the market and do not qualify for low income purchases. The neighborhood feels disconnected from the project; they need to be kept involved. There is an interested parties list that receives emails. Dana Totman says there has been a good turnout at CDC meetings. There was a 2 year design process. Why is this property considered blighted? TJ said the State of Maine says the building meets the definition of blight; it has to impose a blighting influence on the neighborhood, in a qualifying census tract. He is in favor of separating the process as suggested by TJ. (City demolishing the building with NSP funds and then giving funds to Avesta).

Ed Democracy, 24 Kellogg Street: Is this meeting being filmed? How much will Avesta net from the soft costs? Ethan said the soft costs are typical; the biggest piece goes to architects, brokers and design fees, and also debt service. Avesta has written in a fee of \$600,000 which is less than 5% of the project. Investors require a contingency buffer for overruns. What kind of public process will there be to ask the public what other projects could be done with NSP funds? There were other high scoring suggestions for this property: day care, a farmer's market, small business space, non profit space. These uses would be better for economic development.

Jay Waterman, Fore-Solutions: What are the assumptions of interest rates when these homes will hit the market? Dana Totman says they are assuming 30 year loans at 5.25%. They are working with Bangor Savings Bank on a portfolio loan which might offer a lower rate to those who finance there. They also provide financial counseling. Who will own the park, the City or Avesta? Perhaps the Trust for Public land may get involved but there may be some restrictions attached). Dana says the City will own the park and it will be open to all residents.

Betsey Kaufman, 56 Wilson Street: Condo residents across the street are in favor of whatever will happen at the site. Right now the area attracts vagrants, midnight basketball games and skateboarders. The biggest advantage is the playground. Will the equipment stay? No, but the park will be set up with natural creative play spaces. Avesta is open to community input and would consider equipment.

The requirement is now one parking space per unit. Councilor Donoghue asked if there was a higher demand for parking, and a building would have to be eliminated from the plan, how would this affect the project? Dana said it would increase the cost of the other buildings by about \$30k each, adding \$300,000 to the cost.

Chair Marshall said they would have a motion to have \$250,000 be designed for demo and remediation, and then sent to the Council for authorization. \$500,000 would be set aside for the park and sidewalks. Avesta said they will score better with other funding sources if they can demonstrate they have leveraged funds. Ethan said he saw no benefit to splitting the funds. Dana said all of the contractual stipulations need to be spelled out in the purchase and sale agreement. If the site is not ready by a certain day, the rest of the deal is null and void.

Chair Marshall suggested a motion to request \$250,000 in NSP funds to the City Council for demo and remediation. TJ recommended asking for \$300,000 to provide a cushion, and \$1,000,000 for

development of the project. This will be the set up for the TIF request. The whole package would then go to the Council. Dana said there is an element of risk; TJ said if the TIF fails, Avesta may have to pack up. The project is also subject to an environmental review.

Councilor Marshall made a motion to amend the NSP amount to \$950,000, to go to Avesta Housing to construct housing on the Adams School site in compliance with NSP regulations. Seconded by Councilor Donoghue, all voted in favor. The recommendation will go to the CDC for consideration of the TIF request. (Amended on October 6, 2009)

Matt Thayer asked if the City should be that specific about a developer. Chair Marshall said that if the project doesn't work out, the City retains the right to use the money, but only at this particular site. Amy Grommes Pulaski said before September 2010, the funds can be used elsewhere, but after September 2010, they must be used for housing at the site of the Adams School.

Meeting adjourned.

Next meeting scheduled for Tuesday, September 1, 2009 at 5:00pm.

Meeting adjourned.

Next scheduled meeting is September 1, 2009