

Housing Committee Meeting
Tuesday January 6, 2009
5:00 p.m. – 7:00 p.m. City Hall – Room 209

Attendance: Councilor David Marshall, Chair, and Housing Committee Members Councilor Kevin Donoghue and Councilor John Coyne, TJ Martzial, HNS Division Director, Alex Jaegerman, Planning and Development Division Director, Amy Grommes Pulaski, HCD Program Manager, Peter Hodgkin, HNS Office Assistant (note taker).

- 1.) Meeting Minutes of October 7, 2008 were unanimously approved by The Councilors.

Councilor Marshall called the meeting to order and the first item was to determine that the Housing Committee would continue to convene on the first Tuesday of each month at 5 p.m. in room 209 of City Hall pending the room's availability.

Next Councilor Marshall did a brief overview of the housing program and went on to outline his work plan as to how he sees the Committee tackling the priority issues as they move forward this coming year.

- 2.) 2009 Housing Committee Work Plan 1 – 10

- 1.) Amend B2b to encourage housing mixed use development
 - a.) Make Washington Ave. B1 into B2b
 - b.) Make D1 and D2 B2 zones into B2b
- 2.) Create R7 Zones in Bayside and Gorham's Corner
- 3.) RFP standards for HOME Funds
- 4.) Encourage housing development by using parking garages
- 5.) Considering lowering parking requirements in certain urban zones or as a bonus
- 6.) Consider making IZ mandatory in some or all circumstances
- 7.) Oversee Neighborhood Stabilization Program
- 8.) Identify incentives for Housing Development
- 9.) Inventory of all City-owned properties such as parking lots

Councilor Chair Marshall opens public comment.

Anne Pringle, representing the Western Promenade Neighborhood Association, formed in 1973, is a group focused on protecting the neighborhood from an institutional approach to commercial encroachment on the West End as, due to its historic nature, is the only R-4 zone in the city. The association wants to see a boundary in place that restrains the Waynfleet School from future encroachment and to also look at the current zoning and make adjustments as necessary.

Alex Jaegerman concurred that another review was needed as large institutions sometimes increase incrementally, resulting in significant encroachment over large periods of time spilling into adjoining neighborhoods. During the last energy crisis, for example, when many of the large homes were shuttered and/or sold due to high maintenance costs it resulted in an incompatible “institutional creep” at odds with their neighborhood style.

Anne Pringle continues. The two major institutions at either end of the immediate West End area are the Maine Medical Center and the Waynfleet School and the Association is concerned about contract zoning after seeing how the University of Southern Maine and Chevrus High School have manipulated contract zoning in their own respective neighborhoods. The Association would like to prevent future encroachment in the Western Prom area and also to avoid any similar conflicts going forward. The association has approached the school administration several times since 1997 and would like to continue to improve dialogue and to address common interest issues with them such as parking and traffic. The Association is concerned with overlay zoning and would like to see the Housing Committee have a discussion regarding that issue on its March agenda to discuss how best to integrate it into the cities comprehensive plan with regards to R-4 zoning. The Association hopes to come to an agreement with Waynfleet regarding this issue and believes March would be a good time frame to begin the process as incremental encroachment has steadily increased over the past twenty years and the Association would like to see this issue resolved as it believes an agreement would benefit both themselves as well as the two institutions while also providing predictability for everyone in the area.

Councilor Chair Marshall believes that the Committee should take a look at how institutional creep affects all neighborhoods city wide over long periods of time and suggested the Housing Committee take a look at the Waynfleet issue and report its findings to the Planning Board. Councilor Donoghue agreed with that approach and that the role of arbitrator in these quality of life issues in neighborhoods is important.

Ethan Boxer - Macomber representing Avesta Housing brought the committee’s attention to the B2B amendments listed that many of the contract zones issued for this purpose were necessitated by the barriers this zone Presented. Avesta feels it lends more control to the B2B site which made it possible to do more appropriate design and building and is pleased to see them now in place. Councilor Chair Marshall asked if he had any thoughts on the RFP standards for HOME funds and Ethan said he thought traditionally, or in recent years, there’s been a lot more money available but resources are much more scarce at this time and housing developers are looking for funds to complete projects such as the Florence

House which has a funding gap. Ethan agrees it's a good time to get some policies in place that are clear and transparent to all RFP applicants.

Carlton Winslow spoke and asked TJ if there was any role for private landlords to participate in the Neighborhood Stabilization Program and if the city can make some allowances under the program to bring private landlords into it. TJ said there are ways for private for-profit entities to participate in the program pretty much the same as non-profits, however, without going into too many of the details he thought one of the problems was the program income component because it was designed to make it very difficult for someone to turn a profit, unlike CDBG money that allows a reasonable return on an investment for a for-profit entity. TJ suggested Carlton come in and talk to him about it so they could go over some of the details but he cautioned Carlton that profits from any cash flow, above expenditures and expenses, needing to be returned back to HUD. Carlton's response was that there didn't appear to be much incentive at all to participate and TJ agreed there wasn't much, however, one of the things to investigate would be their definition of cash flow and also what constituted expenses in their regulations and define what proforma would be for a project. Its still unclear how HUD will define expenses and cash flow.

Councilor Chair Marshall welcomed Councilor Coyne to the Housing Committee and went over what had been discussed in the meeting so far during the evening.

Councilor Chair Marshall invites Committee comment.

Alex Jaegerman addressed Councilor Chair Marshall's work plan and asked if his priorities which had been numbered 1 -10 were in any specific order of priority and Councilor Chair Marshall said no but rather a list of tasks that he would like to see addressed going forward. Councilor Chair Marshall would like to begin focusing on the Work Plan steps one and two and the Waynfleet issue. Alex addressed turning the area near Tukey's Bridge into a higher density housing area R-7 zone rather than the R-6 zone currently referred to. TJ and Amy concurred that priorities such as the area near Tukey's Bridge needed to be addressed in the coming year. Alex went on to say that recently the area around the Rite Aid on Congress Street was changed to an inclusionary zone to allow subsidized housing which gives public assistance folks access to affordable housing. Another area near St. Patrick's on Congress Street is three units short of what they want for the affordable housing bonus so that needs to be revisited for rezoning. Alex believes this is a worthy project and something they've been working on along the sidelines and would like to see completed. Alex would also like to have conversations about R-6 and R-7 zones in Bayside and Gorham's Corner which are candidates for R-7 map change and being fairly substantial projects they have momentum behind them.

On the topic of HOME Funds TJ said that traditionally March was the month that the Committee reviewed the proposed annual HOME budget. Those funds can be used for new construction, tenant based rental assistance, rehab and first time home buyers assistance. This year there have been some complications with getting the first time home buyers funds and discussion needs to happen about perhaps moving some of those funds over to new construction. Also, this year we'll be part of a Cumberland County HOME

Consortium that will combine funds with the county in order to access more HOME dollars to deliver affordable housing. The city of Portland will be the lead entity which will double the amount of funds administered and this will include an extra infusion of funds for Portland. HUD has not notified the City yet what our annual allocation will be for the HOME consortium so before we sit down and discuss the funds to allocate to certain housing activities we first need to have that number. The allocations should have been announced in November of '08 but the Federal government is behind, however, the numbers are expected soon and then we'll know what monies will be available July the 1st of this year. In the meantime we can discuss some of the RFP parameters in February's meeting and how to fund for affordable housing, new construction and home ownership. Regarding Ethan Boxer-Macomber from Avesta's question about affordable housing TIF's, TJ said they've been used with Avesta's Pearl Place project, however, affordable housing TIF's are looked at by the City as a last resort tool for developers to use.

Councilor Chair Marshall spoke about the cities tax acquired properties coming into city ownership and how the process doesn't seem to be policy driven and in his own District Two he knows of several properties being acquired via that route and would like make this situation as affirmative as possible for all parties involved with the process.

Councilor Donoghue is most interested in promoting affordable housing that will serve the most people city wide, including Peaks Island, and concurred with Councilor Chair Marshall's wanting to address steps 4, 5 & 6 in his Committees work plan as a priority this coming year. Councilor Donoghue would like to meet with the Peaks Island Council to discuss affordable housing development as early as possible.

The Councilors conclude the following items in order of importance will be the focus of their 2009 Work Plan;

For the Planning Division:

- 1) Amend the B2B zone
- 2) Review the R7 zone
- 3) Zoning around institutions, like Waynflete

For the Housing & Neighborhood Services Division:

- 1) Oversee the Neighborhood Stabilization Program
- 2) Create an RFP process and criteria for the HOME program
- 3) Create an inventory of City-owned property including tax acquired

Councilor Donoghue asked how the Housing Committee can assist the process of the Neighborhood Stabilization Program.

Councilor Chair Marshall moved for TJ to do an overview of the Neighborhood Stabilization Program. Councilor Donoghue would like to know the overall scheme of the Program and what actions the committee needs to take to assist with the program. TJ spoke about a couple of memo's that were done last fall and how it's a new program of HUD's that was crafted very quickly and therefore has some very challenging implementation

issues. It's a result of the Housing and Economic Recovery Act that Congress passed in the summer of 2008 and is allocating funds with regulations similar to the CDBG program of approximately \$3.2 billion dollars. The intent is to use Federal funds to address the foreclosure crisis by subsidizing and purchasing housing that's impacting American cities and neighborhoods with abandoned and foreclosed properties and revitalizing those areas. In communities like Providence, Rhode Island there are over 400 abandoned single family homes that no one in the private or public sector wants and there are another 400 in Worcester, Massachusetts while the city of Boston has 600 in similar circumstances, but Portland does not have this problem in such a magnitude. Arguably Portland's housing market may have cooled but continues to be relatively robust. When a Portland property is foreclosed on and becomes vacant the private market is quick to respond, but there are a handful of properties identified that meet this criterion. Under the Neighborhood Stabilization Program there are activities that can be done such as using a financing mechanism to create the purchasing and redeveloping of property or you can do the purchase and rehab yourself or you can purchase land and demolish condemned properties and rebuild them. Councilor's Donoghue and Anton have been identifying eligible properties throughout the city and forwarding their finds to TJ who has reviewed these locations and investigated applicability of the NSP.

The funds from NSP go to each state with every state receiving a minimum of \$19.6 million dollars and states having a more significant problems and issues receiving far above the minimum. The state of Maine Department of Community and Economic Development did the required research and came up with allocations for the entitlement for Maine cities with Portland's allocation being just over \$1.3 million dollars. The city has 18 months from the time the state accepts the monies to commit their entire fund allocations so we do need to act on this ASAP as HUD will accept the state's plan in March or April at the latest.

Next the Office of Community Development at the State level will mail out application packages to all the identified entitlements and then a work plan needs to be developed and submitted to them, similar to our own CDBG process, but the work plan can be easily changed and amended as sites are identified and the work actually proceeds. Also, similar to the CDBG program, once a work plan is developed a public hearing, which can be a Housing Committee meeting needs to be held. Therefore, it may be necessary to schedule more Housing Committee meeting than on the current schedule.

Also, as part of the process full Council approval is needed for the work plan too. TJ explained that the department has until 2013 to use any program income earned. For example, if a property was acquired by the City and an RFP was issued for someone to rehab the building into a community center and/or residential center and purchased the property for say \$200,00 in NSP funds then the responders to the RFP could make offers and the NSP fund would be depleted by whatever amount was accepted but the program would keep the sale price for other NSP eligible properties in order to recycle the money.

TJ also pointed out that if you mix NSP funds with either CDBG or HOME funds then you are further restricted to following the more stringent guidelines of whichever funding

source you are using. TJ further explained we not at the point of suggesting specific properties but a slide show was presented to identify some examples that staff has determined meet the criterion of eligibility. First, recommended by Councilor Donoghue and well known to Councilor Coyne, is a foreclosed property at 35 Mayo Street on the corner of Oxford Street that has been sitting vacant for the past 18 months due to fire damage. Another building was 189 Brackett Street, also currently in the tax foreclosure rolls, that is adjacent to a parking lot on the corner which is not being foreclosed on and could be annexed using NSP funds and on the other side of the property is a building attached to Portland West and combining these properties make for a good sized site. The 189 house has some historic interest so it may need to be relocated but the site has several projections with regard to how the Committee might want to proceed.

Carlton Winslow says he is concerned about taking any property off the tax rolls until there is a definite plan. For example, if you are committed to using NSP funds to build a community center a specific plan need to be in place before acquiring the property and if a community center is in the offering like it to become self sustainable to at least pay its own taxes and utilities rather than be approaching the Housing Committed for funds every year.

TJ explained that the department has been trying to keep pace with the ever moving NSP regulations, along with the budget, and these are just two of the projects we are expecting to be working with over the next couple of years and they can be expected to show up on the Housing Committee monthly agendas over that time in one form or another. Other sites can be identified and added. He has also heard rumors that the President Elect's stimulus package could be funneled thru the CDBG program which would amount to a very large CDBG increase.

Councilor Chair Marshall asked if there were any further comments from the Committee.

Councilor Coyne said he would like to see some sort of draft of the properties being considered for the NSP funds and would like to have it ready for the next Housing Committee meeting. TJ said the NSP work plan may be ready by that next meeting and in the meantime is expecting the application from the State and the department will begin working on it as soon as it arrives.

Councilor Chair Marshall thanked everyone for their efforts and would like to continue with the same NSP format at the next meeting and TJ said he thought it would be a recurring item for quite awhile.

Councilor Donoghue moved to adjourn the meeting. Councilor Chair Marshall seconds, passes unanimously.