

Housing Committee Meeting
Tuesday February 3, 2009
5:00 p.m. – 6:00 p.m. City Hall – Council Chambers

Attendance: Councilor David Marshall, Chair, and Housing Committee Member Councilor Kevin Donoghue , TJ Martzial, HNS Division Director, Amy Grommes Pulaski, HCD Program Manager, Mary Davis, Loan Officer, Peter Hodgkin, HNS Office Assistant (note taker).

1. Housing Committee Minutes of February 3, 2009

Councilor Donoghue took some time to review the minutes from 01/06 and afterwards he and Councilor Chair Marshall concurred not to adopt the minutes due to some confusion with the reporting. Item #2 needed to be rewritten and Councilor Donoghue wanted the notes to reflect that the Committee had captured a prioritized list regarding Councilor Chair Marshall's work plan. TJ said he would bring the corrected notes to the next meeting scheduled for 03/03/09. Councilor Donoghue moved to postpone the adopting of these minutes to the next meeting and Councilor Chair Marshall seconded the motion.

2. Update on Neighborhood Stabilization Program (NSP)

TJ explained how the state DECD had sent their work plan to HUD and it was approved (verbally) in late January, so technically with that step done the 18 month clock has begun ticking which is the time frame we have to commit our funds, not to spend them, but to commit them to a project. Next DECD will mail out documents throughout the state to NSP recipients to confirm their allocations. Attached is a copy of the one page "work plan" with the packet tonight. What needs to be made clear is that due to the nature of the NSP this work plan is easily amendable because a property proposed for activity within the 18 month time limit can be absorbed by the private market, or something we'd planned on doing can fall apart or something altogether new can pop up. What we've done for purposes of budget estimating is take the 3 properties that we are currently looking at; 35 Mayo Street, 189 Brackett Street and Adams School and went through an exercise of the cost for acquisition, demolition and redevelopment, along with program administration, and combined those properties to come up with these numbers.

With regards to the Adams School we still need to see if it fits the definition of a blighted property. If it does, then NSP funds could be used for demolition of the building.

TJ states that at this point we need to bring this estimated work plan budget to council and assume it won't change substantially between now and when Council accepts the funds. We will still need to do an environmental review of the proposed activities, and receive environmental clearance on each project as it progresses. TJ asked if there were any questions or comments. Councilor Donoghue asked if the numbers were very flexible and TJ said yes they were and would be adjusted as needed over the course of the next 18 months as we may or may not be able to accomplish the proposed plans for the three properties currently identified, and other eligible properties will certainly become available. Councilor Chair Marshall wondered if the Mayo Street location would be a good location to build condo's in order to support a community center. Councilor Chair

Marshall asked about the total number of 48 units in the work plan and TJ said the 40 is for the Adams School site and the 8 is for what we understand will be permitted at the Brackett Street site which for now could be just the house or include the parking lot, the estimate of 48 units is conservative. Councilor Chair Marshall asked about the number of units projected for Mayo Street and TJ said the number was two but the plan was flexible and included the concept of acquiring the property in order to issue an RFP for its redevelopment. Councilor Chair Marshall likes the idea of instead of creating rental units of selling them as condos to families of slightly higher income and using the money from the sale to fund operations for a community center downstairs while at the same time putting two families in the neighborhood of slightly higher income into homeownership.

Councilor Donoghue said that most people choose not to rent in the area of 35 Mayo Street, however, he believes that people would choose to own and invest in the neighborhood based on being 50% under the AMI. Councilor Donoghue also doesn't feel the flavor of the East Bayside neighborhood can be changed by creating more rental units and questioned how you could fund the community center or how that business model would work but irrespective of that is very much interested in encouraging ownership in East Bayside.

TJ said for example, the community center concept suggested by Councilor Chair Marshall could work if \$330,000 was set aside for redevelopment of that site and the dollars from the sale of the condos would free up about the same amount in NSP funds. Councilor Donoghue agreed that whether it be in the 35 Mayo Street structure or not there would be a return of NSP funds for reuse. Amy interjected that if you don't use 100% of NSP funds you still have to comply with the 120% cap which is higher than CDBG's.

Councilor Donoghue said that other programs with lower income thresholds demand a very deep affordability for rental.

Councilor Chair Marshall said the property on 189 Brackett Street also falls within that criteria for providing housing for mixed income, and is a prime spot for family housing with the Reiche School nearby and the availability of 2 or 3 bedroom units could reduce the need for more parking spaces too. Councilor Chair Marshall said if we were able to include the former parking lot in the redevelopment it could work in a number of different ways as it would lend more potential for a developer to expand a project with more than just with the land at 189 and he said this is a good starting point for all this to take shape.

Councilor Chair Marshall asked if we ever found out whether or not we could give money to AVESTA to buy the Adams School site. TJ said he'd asked that question of our State representative Deb Johnson and she was going to ask HUD. TJ said he and Amy and are going to an all day meeting on the Feb 4th in Augusta to learn more about the program and how to best make and work and next week Deb Johnson is coming to Portland to discuss some of our plans. We will have additional updates at the Match meeting.

Councilor Donoghue asked what TJ's assumptions at this time were of the mix of housing to be at Adams School and if the funding to underwrite is specific to any particular aspect of whether it is rentals units, ownership or otherwise. TJ said this NSP funding is targeted to pay for the public improvements portion of the development for

now . TJ said that the thing he is concerned with in regards to the funding of the public improvements is that 18 month time frame.

Councilor Donoghue commended TJ for going forward and doing so well with the projects without guidance from the committee. Councilor Chair Marshall asked what other properties are being looked at and TJ said a four unit at 92 Pine Street on the corner of Emery Street has been identified as eligible. Councilor Chair Marshall asked if we could purchase, rehab it and resell it and TJ said right now there's currently no room in the NSP budget for that but if something else fell through he would take it under consideration. This is an example of how properties eligible for NSP funds will require flexibility in the work plan.

Councilor Donoghue asked if we had identified any tax foreclosed residential properties of general of interest to the committee and said he knew of four individual buildings on the East End, but needs guidance with how to propose rehabilitation of these properties.

TJ also said he would be remiss not to mention that the department is expecting additional funds for CDBG, HOME and NSP through the economic stimulus package being debated by Congress. The House of Representatives stimulus package has funding for all of those programs, however, the Senate version is a less costlier version and the debate is ongoing but we've been receiving emails from our contacts in Washington, D.C tracking it. Either way the voting goes, we're going to see additional funds for CDBG, HOME and NSP over the next year but the amount is yet unknown.

3. Budget Adjustments, Re-allocation of CDBG & HOME Funds to Rehab Program

TJ explains that numerous applications for the Housing Rehabilitation Program have drained nearly all of the funds budgeted for this activity for the remaining fiscal year. The new emphasis on energy audits and energy efficiency and advertising the program has caused a doubling of applicants although very recently the applications have slowed again. With regards to how the economy can impact the department TJ said when the price of oil goes up people want to conserve and apply for assistance, and when it goes back down they stop thinking about it, however, Councilor Chair Marshall believes there's still a movement of people who are way more conscious about conserving energy and that the general population realizes that this issue isn't going away although one bright spot in the economy is the current oil prices. Councilor chair Marshal & TJ agreed on a need to revisit these issues as spring is approaching which is a time when people begin looking around at how the winter weather has affected their properties and/or what other repairs need to be made which typically creates an influx of activity and applications come flooding in.

Councilor Donoghue said that reallocation of the current funding when given the uncertain amount we get could be greater than anticipated when we are setting priorities next month. TJ points out that any rehab funds not used between now and July 1 will just be carried over into the program year.

TJ said the way the process is timed he is hoping to find out next month how much we can expect to get in the HOME Consortium allocations, but until we know the amount designated for the Consortium we'll have to proceed with our typical HOME allocations as the budget needs to get in and decisions made on where and how we're going to use

the funds in order to get the actual approval of the budget. HOME budget allocations for housing activities are included in the same process for the HCD budget that goes to the City Council at the end of March.

Councilor Donoghue said he is fine with the recommendation for the existing budget but he feels at the moment somewhat unprepared for the next meeting, trying to figure out what's in flux, and what's the amount of total HOME allocations that will be coming in during the coming year which may or may not have bearing on what we yield to as priorities. TJ said his plan between now and next month is, like last year, to send out information on the HOME program as to how it works, the history of the program, what the allocations to certain lines items have been in the past, some of the options we have with those funds and a kind of primer on how HOME works before we have the discussion next month on as to how we want to allocate and where. Our annual allocation with HOME is about \$650,000 right now, plus our program income.

Councilor Donoghue asked, if the Chair didn't mind holding this conversation now, what or if the alternative to RFP was, and hoped its not the first come first serve process because using that method needs to stop.

TJ said he thinks the RFP process in general, with its complications and parameters built into the process, is a little loose, and we need to find a strategic focus. Whether it be the geography in the city, a focus on two or three bedroom units or a focus on people below 60% of area median income, or other demographics, there are various directions we can follow.

Amy asked if we could set the criteria and still have it as a first come first serve basis with your having to meet the criterion as opposed to having an RFP where you have to correspond with the state. TJ said that is a viable option.

Councilor Donoghue's concern is being the gap financier rather than the developer of a project. If we're a gap financier then we'd just be doing the projects that developers wanted which would make him less interested in gap financing and more interested in being the driver of a project.

TJ said he understood Councilor Donoghue's point but that Amy's approach would be, for example; if a developer proposes a project we could say that we need the focus of new construction on the peninsula to be on creating a family sized 3 bedroom units and make that a policy and then leave it at a first come first serve basis. Therefore, if someone comes in and they have a project on the peninsula that requires gap financing for studio apartments they would find out we're not funding that type of development.

Councilor Donoghue would like to see a competitive process with regards to building housing, so is interested in moving in the RFP direction, and any affordable housing RFP timing should be able to link up with other available funding. TJ explains that MSHA's Low Income Housing Tax Credit program is often used in conjunction with these types of projects and that annual cycle is every November.

Councilor Chair Marshall said he is interested in what all options are and if we could develop a list of these options and if can we find some models in order to make this competitive whether it's the RFP process or another sort of process.

TJ said our current system is always one available option, and it has successfully produced significant numbers of affordable rental housing in the last 10 years, but may not be what we want and we also need to consider that no one may respond to the RFP or we might only get a few that don't meet the requirements or they may lack the funds to make it go – its a complicated process – and, ultimately, if we get a limited response than the method we're using now may actually work best.

Councilor Donoghue said he could envision a situation like Adams School where we asked for the ideal project and only one firm was up to submitting a proposal but when there's competition the responses become competitive so at least starting from that position and trying to drive the nature of a project perhaps offering the subsidy at the front end is something he looks forward to as he believes that a competitive bid RFP is a good way to initiate a project and to that end is a way to get money out the door and units produced. He says at least starting from that position and attempting to drive the nature of a project and trying to offer the subsidy at the front end is something he is looking towards.

Councilor Chair Marshall asked TJ if he could bring maps to the next meeting in an attempt to identify City owned parcels that may be appropriate for residential development.

Councilor Donoghue said maps would be a good idea as he's looking for this Committee to lead and identify city owned parking lots and to poll residents to try and find out if they believe each site is being used to the best of its potential. Also, leadership is needed with finding how many parking lots the city owns and if we need to divest ourselves of them to increase tax revenues. Councilor Donoghue says he is looking to drive residential development and combine these properties with the HOME funds to put us in a position to realize a project when we start with site control and capitalization in order for these things to happen in tandem.

Councilor Donoghue is also interested in knowing if our HOME funds can be directly managed to our tax foreclosed homes to keep them cared for and occupied. He is also interested in how HOME funds can be used to create affordable housing for very low income and homeless persons.

Amy said her understanding is that HOME wasn't necessarily developed to directly address homelessness as there is another Federal program HUD administers called the Emergency Shelter Grant. Although HOME can be used in homeless projects like we have done recently with the Florence House project.

Councilor Donoghue asked if that program speaks to homelessness and provides people with homes and Amy said yes, that's the shelter component of it. Councilor Donoghue said he is interested in giving people homes as an overall goal as it lends more mobility to more people but realizes there are challenges with programming money with services and wants to be prepared to have a conversation with these issues and needs to be well informed in order to make good decisions.

TJ asked Councilor Donoghue if that's what he was thinking about when he mentioned using HOME funds for tax foreclosed properties and Kevin said he didn't know exactly but was rather fleshing out an idea to see if they could become part of our permanently affordable housing stock. Perhaps looking at the possibility of being able to leverage that

resource as soon as the city comes into ownership of the property, whether it has a house on it or not, as he thinks it would be a shame to toss it to the market and take it away from the people who need it most . TJ said he doesn't think there's any benefit to that but thinks we need to look into it and try to drill down deeper into the data we have on the city owned tax-acquired parcels as to whether or not those parcels have a building on them and whether there's somebody living in that house. TJ said he really hasn't looked that deep into the available data.

Kevin said he knows that he's asking for a lot of different kinds of program information regarding tax acquired residential properties that are city owned and underused but he does need to ask to collect this base line information to make informed decisions. Perhaps our new Economic Development Director could be a resource to tap into or other staff for help with this task and TJ said yes we have plenty of people on staff, connected to those types of housing issues, that we can invite to help us. Perhaps tax acquired property can be a future agenda item.

Councilor Chair Marshall asked, can we do this all on Google maps and color code properties that are city owned parcels and properties that are somewhere in the tax foreclosure assessment and than they'll all be in one document easily read. Councilor Donoghue agreed this would be a good way to learn more about these issues. Councilor Chair Marshall asked for the information to include the stats of the tax foreclosed homes, who's living in them whether they be the owners or somebody else. Amy said we could get maps showing the city owned property like the parks or tax acquired property that is already city owned but we'll need to check to get more clarity on who, if anyone, is actually living there and TJ said perhaps we may need to ask for help from Corporate Counsel and the Assessors Office with this.

Councilor Chair Marshall said he'd been writing up some ideas for the March 3rd Housing Committee meeting.

1. To see a Google map, color coded, showing the city owned parcels and tax foreclosed properties in the easiest format to view through a projector.
2. To talk over how we should communicate with tenants in any crisis situation involving a landlord.
3. To see a range of models for using HOME funds distribution.
4. To get a Neighborhood Stabilization Program update including two zoning maps (showing business zones) one peninsula zoning and the other city zoning encompassing Woodfords Corner and invite Alex to attend the meeting as well.

Councilor Donoghue moves to adjourn and Councilor Chair Marshall seconded.