

HOUSING COMMITTEE MEETING MINUTES

Tuesday March 4, 2008
5:30 – 7:30 pm City Hall Room 209

A meeting of the Portland City Council's Housing Committee was held on Tuesday March 4, 2008 at 5:30pm in City Hall Room 209. Attendance: Chair Councilor Jill Duson and members Councilor Kevin Donoghue and Councilor Nick Mavodones. City Staff: T.J. Martzial, HNS Division Director, Alex Jaegerman, Planning Division Director, Mary Davis, HOME Loan Officer, and Amy Grommes Pulaski, HCD Program Manager (note-taker).

Councilor Duson calls the meeting to order.

1. Meeting Minutes of February 5, 2008 (5:35pm)

Councilor Donoghue moves to discuss the minutes. Councilor Mavodones seconds, conversation ensues.

Councilor Donoghue would like all of the instances where it states "Councilor Donoghue questions..." to "Councilor Donoghue asks...."

Councilor Duson goes to public comment.

Brooke Brewer of the Island Institute would like the minutes amended to say Home Start is starting a Community Land Trust, not Brooke Brewer.

Councilor Donoghue moves to accept minutes as amended. Councilor Mavodones seconds, passes unanimously.

2. Affordable Housing Proposal Danforth & Maple St – The Szanton Co. (5:38pm)

T.J. introduces both Nathan Szanton and architect David Lloyd. Maine Workforce Housing is presenting this project as a response to the agreement that was made with the City of Portland and MaineHousing, as a result of the closing of the YWCA. MaineHousing is holding \$900,000 in escrow for Maine Workforce Housing to be used within three years for affordable housing development in the City of Portland. They have also gone to the planning board for rezoning from R6 to a conditional R7.

Alex Jaegerman discusses the process for the zone change. Maine Workforce Housing is requesting a map amendment from R6 to R7, along with several associated text amendments to the R7 zone and to the inclusionary zoning ordinance. The Planning Board recommended conditional rezoning rather than a text amendment. Some councilors would like to look at the text amendment at "arms length" as was recommended by the planning board, separated from a specific project. Alex is committed to carrying on with the text amendment, separate from the project. Alex states that this is an informational presentation, comments and input from the Housing Committee to the planning board would be welcomed.

Councilor Duson welcomes Nathan Szanton and David Lloyd.

Nathan says there are two reasons for presenting this information, 1) FYI and 2) they will be returning next month requesting HOME funds for the proposed project.

The project would be located at 53 Danforth Street, at the corner of Maple and Danforth Street. Currently located at this space is a small one story auto repair shop and surface parking lot. The project would be mixed income, 70% affordable, 30% market rate. It is a high density project, located within walking distance to downtown and many other amenities, perfect for workforce housing. His high percentage of affordable units is reflective of the closing of the YWCA. The proposal is 43 units: 30 affordable, 13 market rate; 35 will be one bedroom units, 8 will be two bedroom units, and 40 parking spaces, along with an incentive for not using the space.

The surrounding space is commercial, rather than residential, and he is not expecting a large amount of neighbor opposition to the density or affordability part of the project. He has also been working with the neighbors who will be affected by the project.

Nathan would like to move forward quickly, whether the best avenue is a contract zone or zoning amendment. Even if a contract zone for this project is awarded for this project, he is committed to working toward an appropriate text amendment.

Nathan introduces David Lloyd to discuss the design of the project. David uses the maps to describe the layout of the building on the site and several of the design features of the project. It's a longer "L" shaped corridor with one and two bedroom units on either side. David utilized residential scales to make it feel more comfortable in the neighborhood, plus all cars will be hidden by the pedestrian views.

Councilor Duson thanks Nathan and David for their presentation and overview. She appreciates this being an example to follow for zone changes. She opens the discussion for public comment.

Public Comment.

A member of Homeless Voices for Justice distributes letters to each of the councilors.

Rose Strout, Homeless Voices for Justice (HVJ) and tenant of Logan Place, says HVJ commends Nathan Szanton's efforts for building units for low income individuals. However HVJ believes that this project does not meet the commitment agreed to with MaineHousing and the City for the closure of the YWCA. This project assumes that women who lived at the Y could possibly move into this housing project. HVJ requests that Nathan Szanton and the City designate 25 units of housing for this project to women who are moving out of homelessness.

Laura Kirkland, from HVJ, a resident of Portland, and currently staying at the Preble Street Women's Shelter, presents a petition signed at the shelter yesterday. There are five women here tonight who used to stay at the YWCA, Rose Strout, Heather Blanchard, Carol LeMay, Amy Regan and Laura Kirkland. It wasn't a homeless shelter; it was a place where people could go, to feel safe. There were counselors there to talk to and you could use workout equipment. It was easier to step up out of your situation. It's difficult to transition out of your situation at the women's shelter now, because it is more chaotic. She reads the petition. In summary, the proposed project does not uphold the agreement between MaineHousing, the City, and Maine Workforce Housing to replace the units that were lost by the YWCA. She thanks everyone who is working towards affordable housing and states that more is needed.

Rose Stout asks how Nathan Szanton defines affordable.

Nathan states that 30 of the units will be affordable to individuals and families earning 60% of area median income a year. This translates into around \$28,000 a year for a single person household, for a 2 person household it would be about \$32,000.

Councilor Duson closes public comment and turns to the committee for discussion.

Councilor Mavodones is familiar with the area and is pleased Nathan has worked with the neighbors. He has no questions and is comfortable with the proposal and Nathan's expertise.

Councilor Donoghue has supported Nathan's last two projects. He was aware of and involved in the neighbors opposition in the past few projects with contract zones. He is aware that Nathan is before us for two things. One is about the use of HOME funds. He is concerned that there is no stipulations or regulations as to how we regulate and distribute HOME funds, rather than "we got some, come and get it."

The other reason Nathan is before us is concerning contract zoning. Councilor Donoghue would like to do more than make exceptions to the rules. Everyone who comes before the City asks for an exception to the rules. Councilor Donoghue has voted for two exceptions in the past – High and Danforth project and Florence house, both exceptional projects. This is a normal project and should be able to be built according to zoning. He discusses how R6 and R7 do not address the current development needs.

Councilor Duson appreciates Nathan moving quickly to meet the deadlines. She would also like to see wide sweeping zoning changes. Moving that forward has been challenging, and appreciates that the planning board is now working on this as well.

Nathan asks for an opportunity to talk to the representatives from HVJ. Councilor Duson nods.

Nathan says that he is not trying to replace the YWCA. He has never presented this project as a way to replace the units, it was never intended to be that way and he apologizes if it was interpreted this way. However he is replacing these units according to the Housing Replacement Ordinance, which does not specify that you have to replace the same type of units that were demolished.

Councilor Duson closes the discussion and thanks everyone who is here for this project.

3. FY09 CDBG & HOME Housing Programs Budget (6:10pm)

T.J. introduces the CDBG & HOME budget. He introduces Mary Davis, HOME loan officer. He explains that the CDBG numbers have been through the CMPAC process and the City Manager's recommendations. Today we would like you to look at the HOME funds. The housing rehab program has been advertised and expanded, plus an energy audit program was added. However the program is not widely used. The home ownership program has also slowed for a number of reasons. One being HUD's home cost limits, at \$256,000, and income limits which combined with other underwriting elements, prevents otherwise eligible individuals from using this program.

T.J. presents the HOME Housing budget. He refers to the excel sheet attached. The housing rehab budget totals \$513,000 (from last year's projects, this year's HOME budget and the CDBG allocation). He explains that this amount is excessive considering the current level of applicants

for the rehab program. He points out that these budget lines can be adjusted during the year, should any housing market forces create an unexpected demand on the resources. He suggests splitting the \$189,000 and moving \$94,000 to home ownership and \$94,000 to new construction. The home ownership program is currently the HOMEport program, but we are looking to use this money also for the Community Land Trust we are creating.

Councilor Duson questions where on this budget the Community Land Trust will be noted. She would like a connection between the narrative and the budget. She would like transparency as to how the funds are transferred and used.

TJ answers that HUD is looking for the line item, home ownership. We can call it Home Ownership/CLT for our local purposes.

Councilor Duson opens the discussion to the committee.

Councilor Mavodones moves to discuss, seconded by Councilor Donoghue.

Councilor Donoghue appreciates that the housing staff has been researching the Community Land Trust. He would like to comment that Nathan Szanton's project is not in an entitlement zone.

Councilor Mavodones moves to accept the budget as presented and amended.

Ellen Mahoney from Peaks Island, board member from Home Start, begins to describe their efforts in starting a Community Land Trust. They have three residential lots and have been approached by an abutter who has five additional residential lots, and is willing to sell. They have three houses on nine lots, and with Avesta's help they hope to have permanently affordable rental and ownership opportunities. The board is a diverse group of Peaks Islanders, and the group does have 501(c)3 status. Home Start has received assistance from Island Institute as well in the forms of grants and fellows. They are looking for project funding for the construction of four units, two duplexes. These projects do not follow the R2 zone. She thinks the village resembles an inner-city neighborhood and should be allowed denser development. They have met opposition, some from abutters, and will keep the committee posted of their progress.

Councilor Donoghue asks if they have presented it to the Peaks Island Council.

Ellen responds that they have submitted to be on the agenda. They are starting to engage the PI Council, and some PI councilors have expressed support. She hopes all councilors will be supportive.

TJ adds that he, Mary and Amy will be meeting with Brooke on Thursday. He continues to add that HUD approved the city for technical assistance for creating a community land trust. A visitor from HUD will be visiting with the City this month.

Councilor Duson says there is a motion on the table.

The Councilors vote unanimously to approve the budget with the recommended amendments.

4. Pearl Place Affordable Housing Annual TIF Report (6:30pm)

T.J. presents the annual report for tax year April 1, 2007-March 31, 2008. This year MaineHousing is requiring that this report be approved by the governing body.

Councilor Duson opens for public comment.

Steve Hirshon, questions that the \$22,000 that will be given to Avesta each year that is turn given to the bank. Therefore the city is not financing improvements to the area and neither is Avesta. No projects are being done in the area.

TJ says that nothing is happening now, but it will. There has not been sufficient funding available to do infrastructure improvements to the area because the property has only recently been completed and generating property tax revenue. Some of that funding will be available starting July 2008. The city has begun discussions of possible improvements and will engage the BNA. Also MaineHousing has a stipulation that the improvements have to be directly benefiting the Pearl Place project.

Steve Hirshon questions whether you could expand the Stone Street Playground. T.J. says that would be an eligible project, although questions if there is room to expand. Most people agree no. Steve comments that there are better projects than credit enhancements and should be used to improve the community at large.

Councilor Duson closes public comment.

Councilor Donoghue says he looks forward to the TIF money to use in the area. He also mentions that the City does not have impact fees.

Councilor Duson moves to send this item to the Council as consent item. Vote unanimous.

5. Housing Replacement Ordinance (6:40-6:45ish)

TJ introduces the memo of the Housing Replacement Ordinance. Councilor Donoghue suggests charging a square footage fee instead of charging a unit fee, as the definition of units have been challenging. T.J. explains that staff has discussed that approach but came up with potential problems.

TJ asks Amy to explain the example they discussed earlier. She explains that for the fee associated with square foot would be fine. However if the ordinance considered square foot replacement, then one could actually replace the same square footage and have less units. For example three 800sf units could be replaced by two units of 1200sf.

Councilor Mavodones asks how this would be beneficial. What is the committee looking for from staff; draft a change to the ordinance for others to review.

Councilor Donoghue states there are two ways to comply with the Housing Replacement Ordinance: build more units or pay into the fund. Replacing of square footage could be used to assess a fee, but may not be used for replacement. He then suggests that maybe you don't have the opportunity to replace the units, but only pay the fee. That way the Council can use these funds to replace the units that were removed. The councilors discuss this idea.

Councilor Mavodones would like to have more thought into this discussion and he would like staff provide more analysis. 1) Should we change this item and 2) what would that change look like.

T.J. says staff can look into this item and identify pros and cons to the square foot idea. How does it work? Does it require a major re-write? It may address the confusion over “what is the dwelling unit.”

Councilor Duson thanks Councilor Donoghue for bringing up this idea. She’d like to look at the policy view, what are the approach and the options. She would like know what the policy question is that this answers. She does not think that it has been demonstrated that the ordinance is broken, and therefore in need of a fix.

Alex Jaegerman asks that if you change the ordinance from dwelling unit to square foot what does it solve? Opening the ordinance for any reason opens it up for scrutiny for other considerations and debate. It’s been on the books for over three years, it has inhibited some units from being removed from the housing stock, and we have gained funding from this ordinance. He questions, is it strong enough to stand up to the scrutiny.

Councilor Mavodones thinks the city should first decide if the ordinance is broken before we try to fix it. In order to do that there should be a discussion with stakeholders as well.

Councilor Donoghue states that the housing replacement ordinance is not the only way to replace housing. He’s also a big fan of condo conversion fees.

Councilor Duson states she is unsure whether the purpose of the housing replacement ordinance was to pay into the fund, or simply stop the reduction of units. She does not see this topic as an urgent need at this time.

Councilor Donoghue states that in order to create housing we need to create dedicated revenue to house people, possibly through fees.

Councilor Mavodones states that if we pursue changing this ordinance than the financial areas will impact other committees.

Councilors continue discussion. No action is being taken, and they end the discussion. This topic may be re-opened at a later date.

6. Inclusionary Zoning (IZ) Ordinance (7:00-7:10ish)

T.J. introduces revisions to the IZ. Based on a discussion with Councilor Donoghue they reviewed whether the voluntary inclusionary zoning ordinance had created any new housing, which it has not. The discussion also discussed the definition of an “eligible project” as defined by the ordinance.

The ordinance defines an eligible projects as a project that: “(c) Which has not and will not receive any public funding, reduced-interest loans or other subsidies or incentives other than those described in this division; and...” This language was included in the ordinance because former city councilor Karen Gerehty thought it would inhibit “double dipping.”

Alex states Nathan Szanton's project would not have needed to have a contract zone if this paragraph was eliminated in the ordinance.

Councilor Mavodones requests that when these items come forward for staff to provide more information. If we are going to have thirty minute discussion he would like more background in order to give direction to staff.

Councilor Duson responds that she instructed staff to include this on the agenda in order to spark discussion.

Councilor Donoghue states that he would like to make one of two changes to the inclusionary zoning ordinance, 1) making inclusionary zoning mandatory, or 2) getting rid of the prohibition of public financing as stated above. Councilor Donoghue states the mandatory inclusionary zoning has been part of the ordinance in Burlington VT. He believes density is a way to promote affordable housing. If this was not possible, then he would like to eliminate the paragraph stated previously that prohibits public financing for IZ projects.

Councilors continue to discuss these comments.

Councilor Duson questions what topics the committee declared as part of their workplan. Amy states the committee prioritized the exploring the idea of the 1) Community Land Trust and 2) Changes to the B2 Zone and Forest Avenue Corridor Study.

The committee discusses their priorities.

Alex comments that the inclusionary zoning issue was presented to the planning board as a series of text amendments as a result of Nathan Szanton's project. That is one way we can move this forward, the other is to review the entire ordinance.

Councilor Duson opens up public comment.

Ellen Mahoney states the inclusionary zoning did not include Peaks Island but should. The market value of the projects they are working on with HomeStart cost \$800,000 for the market value for the land. This can't happen without subsidy.

Brooke Brewer says there are really good examples around the country to combine inclusionary zoning and community land trusts. Both Brooke and Ellen offer to help serve on committees or be researchers.

Councilor Donoghue says the original inclusionary zoning only focused on multi-family. This leaves out a number of other types of units. By re-examining inclusionary zoning the committee could consider different zoning, single family residences, duplexes, starter homes etc. The islands could be a case study to apply the IZ ordinance in lower density zones.

Councilor Mavodones would like to know what that would that look like for staff. Is that an overburdened agenda? He'd like to see a scope of work.

Councilors continue to discuss.

Councilor Duson would like a scope of work of what it would look like to make the inclusionary zoning more usable for developers?

Councilor Duson would like staff to draft a memo proposal describing the scope of work to adjust the inclusionary zoning.

7. Public Comment

See above.

8. Committee Discussion

Councilor Duson states that next month we have an overview of B2 zoning and a presentation by Bruce Hyman. She would like it to be an actionable item. If we can get help from Growsmart, please determine this before the next meeting. If this capacity is not available, let us know before the next meeting. Come with choices to move forward.

9. Next Regularly Scheduled Meeting Tuesday April 1, 5:30 Room 209

Councilor Donoghue moves to adjourn, seconded by Councilor Duson.