

HOUSING COMMITTEE MEETING MINUTES

Tuesday April 1, 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 Housing Committee members Councilor Kevin Donoghue and Councilor Nick Mavodones, and Councilor John Anton. City Staff: T.J. Martzial, HNS Division Director, Alex Jaegerman, Planning Director, and Amy Grommes Pulaski, HCD Program Manager (notetaker).

Councilor Duson calls the meeting to order.

1) Meeting Minutes of March 4, 2008 (Approximately 5:40)

Councilor Mavodones moves to approve the minutes, seconded by Councilor Donoghue, unanimously approved.

2) Public Hearing: Affordable Housing Proposal Danforth and Maple Street, request for HOME funds, The Szanton Co/ Maine Workforce Housing (Approximately 5:45)

T.J. introduces Nathan Szanton of Maine Workforce Housing, who is proposing to build 43 units of housing, including 33 affordable units, on the corner of Danforth and Maple. Nathan is before us requesting \$325,000 from the HOME program.

Councilor Anton discloses that his business has done work with Maine Workforce Housing in the past. He believes that he can be impartial and it does not represent a conflict of interest.

Nathan Szanton states that this is an \$8.7 million project. He discusses the various funding sources: an approximately \$3 million loan from MSHA, \$1.6 million in MSHA deferred debt. \$900,000 is from MSHA based on the Portland Art Museum subsidy. Maine Housing is requesting \$325,000 from the City of Portland's HOME Program to cover the gap.

Nathan reviews the details of the project. There are two kinds of units, 30 affordable and 13 market rate. These are primarily one bedroom (35) units, with a few two bedroom units (8). They worked very hard to find a site in a qualified census tract; this is located within an eligible census tract.

Councilor Anton asks whether the rents are realistic. He thinks that there are less expensive units out there that are comparable to the subsidized units. Nathan responds that there are several amenities that are included in these units. So the subsidized unit prices are based upon the market rate units that are in this project.

Nathan continues his presentation and passes out a table that lists the subsidies per units for Casco Terrace, Walker Terrace and 53 Danforth. It lists the contributions per project by MaineHousing and the City Contribution.

After the presentation, Councilor Duson opens the floor for public comment.

Rose Straught used to be a client of YWCA. She states that the YWCA provided housing for the working poor. She explains that some people do not have a place to go home to, and others complain about people who do not work, but by approving this project the city is removing the incentives to work. It's difficult to work when you are staying at the overcrowded shelter at Preble Street. The definition given to us as affordable does not help these women. \$730/month is not affordable for many of our women or the people who stayed at the YWCA. Because the SRO units in the YWCA were destroyed, the replacement fund should be for similar units that were lost.

Dee Clark represents Homeless Voices for Justice, an organization of formerly homeless individuals. She did not live at the Y but she lives at 1 Walker Terrace, another of Maine Workforce Housing Project. She likes it and pays 40% of her income on Section 8. Units "affordable" at \$730/month are not affordable for many people. She explains that a project to replace the YWCA does not replace the units that were lost. She reads a letter, attached. The listed rents are not affordable to the people who used to live at the Y. This is unacceptable. She states that the \$900,000 that was given for this project is still the City's money. They can still recall this and put it toward a project that truly replaces the units that were lost at the Y. The project does not address the types of units lost, only the number. She thanks the Committee and asks them to reconsider the project.

Ethan Boxer-Macomber is a development officer at Avesta, and former HNS staff. The Housing Committee has the opportunity to make the decision whether to use federal HOME funds to pay for this project. There are several projects that could come forward that may also need this funding. One project is Florence House; it does not look like there will be a gap in funding but that could happen going forward. There is also the Adams School project; the community is looking forward to a RFP.

Councilor Anton discloses that his employer, Northern New England Housing Investment Trust Fund is likely the syndicator for the Florence House Project.

Councilor Donoghue describes his past living situations, including a one bedroom for \$700/month with heat included, a two bedroom in poor condition for \$800/month and his current 3-bedroom apartment at \$1200/month. He pays for natural gas. These units are slightly more affordable than the market, but not by much. He thinks these funds could be better used to create a deeper subsidy. These affordable units would add quality units but not much better than what is out there now. Councilor Donoghue asks how it has traditionally been determined how to spend the funds.

Councilor Mavodones is new to this committee. He asks when this request came forward and how the process staff goes through for reviewing the application and presenting it to the Housing Committee. T.J. responds the request is 3 months old and staff collects project information, proforma, budget and history. He notes that there is a gap in this project. T.J. responds to Councilor Donoghue's comment, it is first come first serve as to where the federal HOME funds go. There are no geographic or other preferences. This project is fairly typical tax credit development, not especially high rents. Councilor Mavodones states that these rents seem

typical and consistent with his own knowledge of the market. He asks Nathan where he would go to get the difference if it isn't found here. Nathan responds that the funding he is requesting from the City is money he can not get it from a bank, because it is money that would be 0% or forgiven. The only place he can get the money is MSHA or the Federal HomeLoan Bank of Boston. Their criteria is skewed against these types of projects, and prefers projects that serve special needs, non-profit developers, rural development and others. If this funding isn't found then he would have to go back and do serious rework and design. Councilor Mavodones asks what type of feedback he received from staff. Nathan responds that T.J. was fairly encouraging. The amount of the request seemed reasonable. T.J. also advised a two part presentation, 1st on the design and project and the 2nd meeting to be a focus on the funding. Councilor Mavodones comments that without this funding it would threaten the viability of the project. Nathan states that \$325,000 is a lot of money from construction.

Councilor Mavodones asks T.J. if other developers have been in to talk about projects. TJ states no, there are no concrete proposals; some things may come forward but he has not received any other formal requests. Councilor Mavodones asks about the conflict from Nathan's statement and summary of their conversation and the memo. T.J. states that with the subsidy that came forward from the Museum of Arts subsidy it is a confusing that the budget cannot be met. Councilor Mavodones continues that he is concerned that we are a bit late in this game and that the viability of the project is in peril. He would appreciate hearing a month ago when it was presented last month that there was a funding issue.

Councilor Donoghue states that when the project came forward in the past. He questions why Maine Housing subsidies have decreased. Nathan responds that MSHA is in a declining resource situation. They had much more money for Casco Terrace than Walker Terrace, and even less now. (MSHA is also looking at the Museum of Art money as an offset from their funding. But the city is also looking at the Museum of Art money as an offset to their funding. He thinks the funding subsidy should be shared. It was a combination of the City's Housing Replacement Ordinance and the covenant from Maine Housing.

Councilor Anton says that what Nathan states is accurate. MSHA does not have a shortage of funding. They are telling all the developers that the resources are tight, but they are allowing the state legislature to fund other programs from the Housing funds. His observation is that MaineHousing should be held more accountable.

Councilor Donoghue states he was not pleased that this deal was made. It did not specify the type of housing to be replaced. It was agreed upon by MSHA, the Museum of Art, and the City to make a deal. Why would the city agree to be a party of this deal if it was to be an offset from the MaineHousing program? MSHA is shortchanging affordable housing in Portland. He is not in favor of the City contributing more to this project when MSHA should be contributing more.

Councilor Duson states that the City made a deal and knew what they are getting into. Nathan Szanton has worked hard to respond to the deal that was made. In the spreadsheet he has attributed all of the money from the Museum/ YWCA to the City and the staff memo recommends that staff and Workforce housing meet with MSHA .

Councilor Donoghue thinks that the city is making a considerable contribution in adjusting the zoning with setbacks, parking, etc. He also thinks that affordability of these projects is not significant enough. He would like to create a policy on how to distribute HOME funds.

Councilor Duson says the decision before us is whether we should approve the request for HOME funds.

Councilor Mavodones is willing to make a motion. He appreciates Councilor Donoghue's thoughts. On this project he doesn't think this project can go forward when the funding is not in place. Nathan cannot continue to apply for the contract zone and continue the development without funding. The discussion as to how much bang for the buck the city is getting for their HOME funds is another discussion.

Councilor Mavodones puts forth a motion to fund the project that is before us. This is seconded by Councilor Duson.

Councilor Anton states that it may be a tight vote if this goes to full council. He thinks the City should be harder negotiators. The past is not the present. We should work hard and we should be willing to push back further; the opportunity is before us. The affordability isn't deep, but it's what we have been giving. He thinks we should delay this decision.

Councilor Donoghue states that if we support \$325,000 without asking MaineHousing to share the funding burden than we have already lost. He thinks we should share the benefit of the \$900,000 before we decide to contribute additional federal home funds.

Councilors discuss this topic.

Councilor Mavodones would like before the next meeting, or an emergency meeting, that there be a discussion with MaineHousing. He is willing to retract his motion.

Councilor Mavodones retracts his motion and Councilor Duson retract her second

Councilor Duson would like there to be a motion that there be discussion with Workforce Housing and MaineHousing to see how they can better close the financing gap.

Councilor Donoghue moves to accept staff recommendation and to return to the Committee in two or more weeks. The motion is seconded by Councilor Mavodones.

Councilor Duson states that it was the chicken and the egg as to whether staff should have gone to negotiate this with MSHA and Workhousing before they go to the Committee. The Committee continues to discuss how staff can negotiate with the developers.

Councilor Donoghue is comfortable how this is going forward.

Councilor Duson moves to have staff work with MSHA to encourage them to offer more funding and return to the Housing Committee to discuss. This motion is unanimously approved.

3) Changes to the B2 Zone, and Forest Avenue Corridor Study (approximately 7:00pm)

Alex Jaegerman presents the Forest Avenue study in partnership with GrowSmart Maine. Due to staffing limitations, GSM might be able to address needs that staff cannot.

Bruce Hyman of GrowSmart Maine is introduced and provides background information. This study was originally created for PACTS regional transportation plan. He questions, how can we look at the regional context of Forest Avenue with transportation goals and quality of life in the whole picture? He presents his study.

Possible Action Items

Short Term

- Locate New Bus Shelters & Bus Stops
- Bike Stripping and Signing
- Increase Residential Densities
- Enhance Pedestrian Crossing
- Intersection Timing Studies

Mid-Term

- Holistic Corridor Design Study
 - EPA Technical Assistance Program due in May
 - PACTS Funding available in July 2009
- Design Guidelines/ Standards
 - Architecture/signs/landscaping
- Fund & Install New Shelters

Alex states that he thinks there is a lot of opportunity to work with GrowSmart, beginning with a visioning exercise. The goal will be to get all the right people in the room and come out with some options, and identify the tools. Councilor Duson would like action items and is not interested in simply another visioning document. Councilor Mavodones is concerned with having the appropriate councilors on this, and Councilor Donoghue states that they are all on the transportation committee- District 1, 3, & 5. This presentation has already been to the Transportation Committee. Councilor Leeman has some different visions than Councilors Donoghue and Skolnik. This is appropriate for the Housing Committee because increased housing means increased growth. Councilor Mavodones questions whether this is a project staff can handle. Alex responds that he has to find out more; he will know more by Friday. Alex states there are several other priorities. He spoke with Bruce and discussed how much Grow Smart can contribute. There wouldn't be out of pocket expenses but it would take staff time.

Councilor Mavodones questions how this arrangement would be made. Bruce states that it depends on the agreement. Councilor Mavodones states that Friday we release the budget. The city would prefer GrowSmart to provide more assistance than less. Either the City or GrowSmart can apply for technical assistance. Alex is hesitant to over-commit but is excited about this project and so is Bruce. They continue to discuss who should be the lead applicant and the benefit to Grow Smart and the city. Councilor Donoghue likes looking at the B2 because there are several applications for this is the West End and St. John Street.

4) Inclusionary Zoning Ordinance

TJ introduces the Inclusionary Zoning Ordinance memo. Alex, TJ and Shukria Weir reviewed 15-16 projects to see if the phrase

(c) Which has not and will not receive any public funding, reduced-interest loans or other subsidies or incentive other than those described in this division...

Excluding this line would not make these projects eligible to comply with the IZ. The parking was an issue and would be a benefit.

Councilor Duson states that the IZ is an incentive for private non-subsidized development to build affordable units. She thinks about a few projects one is near Morrill's Corner. She thinks this would be a good application and opportunity for the IZ. Councilor Donoghue thinks of the Ocean Gateway project. Both projects could have given an incentive for less parking and more density would be granted at the cost of affordable housing units. She doesn't want it to be another lot for affordable housing developers to use.

Alex comments that he doesn't think the bonuses are enough. No one has used it and it depends on the market, which is lagging at the time. However it has only been on the books a short amount of time.

Councilor Donoghue thinks if there are more things permitted than more of them will meet their proformas and need fewer contract zones. Councilor Donoghue doesn't think it's sound policy to prohibit affordable housing developers from using the IZ. It wouldn't hurt us to remove this clause. He recommends removing this clause.

Councilor Duson states that she understands, but is not convinced. She would like this to be a benefit for non-affordable housing projects. Alex states that there were a few close calls; he states that about half went for R7. Councilor Donoghue argues that IZ is by right, while R7 is by discretion of the councilors. Conversations ensue.

Councilor Donoghue moves we delete the passage prohibiting public financing from the IZ ordinance, (c) Which has not and will not receive any public funding, reduced-interest loans or other subsidies or incentive other than those described in this division...

This is seconded by Councilor Duson. Unanimously voted and approved.

This will go to City Council for approval. Alex asks if they want Planning Board approval. This is recommended by Councilor Duson. Alex will write a memo to the Planning Board and submit this recommendation.

Councilors and Alex discuss how, if passed, this amendment will affect Nathan's project.

5) Public Comment and 6) Committee Discussion

See previous notes.

7) Next Meeting Tuesday May 6, 2008, 5:30 Room 209