

Housing Committee Meeting Minutes
Tuesday April 07, 2009
6:00 p.m. – 8:00 p.m. City Hall – Council Chambers

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.) Approve Minutes of March 3, 2009

Councilor Chair Marshall called the meeting to order and motioned to approve the Housing Committee minutes from 03/03, Councilor Donoghue seconded the motion and was supported by Councilor Coyne. Passed unanimously.

2.) Portland Housing Authority Update

Bruce Loring, Executive Director of the Portland Housing Authority (PHA), gave an update of the past two years and an overview of the PHA's future plans. The Authority has been in existence for 30+ years. HUD built Harbor Terrace, Franklin Towers, Sagamore Village, Riverton, and Kennedy Park.

In the past Housing Authorities were first in line for the biggest HUD cuts, beginning about 10 years ago. Public Housing is funded from two "pots" of money, one is for administrative operations that pays salaries, housing officers etc. and that amount is calculated by a formula. Public Housing Authority residents pay 30% of their income for rent, however, the rent collected averages about \$250 per month per unit which doesn't pay to maintain and operate the housing, so they receive a subsidy from HUD each year which is our second "pot" of money. This is another fairly complicated formula that involves basically crunching the numbers to come out with a bottom line amount of what each Public Housing Authority receives to operate and maintain their housing.

When it was conceived this formula allowed only the minimum amount to operate the Housing Authority and what has happened in the last 10 years is Congress has not approved appropriations to meet that amount, so for several years Public Housing Authorities were funded at 90 to 98 percent of their operating needs, and last year they were funded at 87% which represented a \$600,000 shortfall for PHA. This year Public Housing Authorities are looking at between 85% & 87% funding or about \$700,000 shortfall for PHA.

The other way Public Housing Authorities get money is through the capital improvement program for major capital repairs. The way it works is the operating funds they receive are clearly not enough to run the operation so there's never enough to do the normal routine maintenance so they fund that amount through their annual capital improvement grant program and then distribute those monies for all repairs, maintenance, landscaping, paving etc. throughout PHA facilities. This amount has also declined over the last decade and is never enough to meet all of their major needs appropriately. PHA employs painters, roofers, siders

etc. and Public Housing Authorities are required by regulations to do a rolling five year plan for all their capital needs.

With regard to the stimulus programs, additional money from HUD will be given to PHA for the capital improvement grant. PHA consolidates information from engineers, architects, our own experience, and resident's comments and prioritizes the work needed done, and allocates the funds. PHA will receive \$2,245,000 in capital improvement Stimulus funds, which is quite a bit more than their usual capital fund allocation; there are two things unique about this.

The first is how fast its happening as HUD is typically rather slow to act and this money was allocated within 10 days of the money being approved by Congress, and HUD gave Public Housing Authorities roughly two weeks to give them a budget, get a Board vote and submit it for approval and release of funds. This is where PHA's five year capital improvement plan was useful. PHA moved some scheduled projects ahead and some ongoing projects were expanded. PHA will use the funds for things like roofing, siding, new appliances, a new truck, snow blower etc. The budget has been submitted and approved by HUD.

The other unique thing was that HUD limited the Housing Authorities from taking percentages of it for administrative expenses as with the standard capital fund. With the standard capital fund you can take 10% for administration. For the Stimulus funds, only \$75,000 is allowed for administration expenses.

Also Mr. Loring points out that PHA had their routine section 504 Fair Housing compliance review that HUD does every ten years or so and they received high marks with very minor corrections required.

PHA would now want to take a more active role in development so they have been discussing working with John Gallagher of the Westbrook Housing Authority about working on possible partnering for housing development in Portland. Westbrook Housing Authority has a lot of experience in this field, they are currently active in the redevelopment of the St. Patrick's School in Portland.

PHA's development experience is limited and they are talking with Westbrook about creating some home ownership projects. PHA has suggested they can assist Westbrook Housing Authority with their IT work as they have a strong IT department. PHA is already providing IT assistance to the Sanford Housing Authority. Maine Public Housing Authorities are consolidated programs like this to create efficiencies.

Councilor Chair Marshall thanked Bruce Loring for his presentation and asked if there were any questions.

Councilor Donoghue asked if they were looking at consolidating or coordinating at this time with Westbrook or South Portland, for example, or if HUD or any other Federal agency had suggested their merging services at this time.

Mr. Loring responded that no one was directing that they do this and they were breaking new ground, however, he felt sure other Public Housing Authorities across the country were already doing it and that HUD approves of this consolidation. The other thing they're doing is pooling

their waiting lists so the potential client doesn't need to register at different localities. Massachusetts is doing this state wide and they're negotiating to acquire the same software at no cost and although the discussions around this issue are complex they will continue ongoing.

Councilor Coyne brought up the stimulus and programs that are ready to go and the five year plan and asked if this money can jump start some projects to get something done with regards to maintenance and upgrades and will these funds make it easier to budget in the future.

Mr. Loring concurred it will help and that the five year plan is updated yearly as part of the agency plan required. This money helped in that projects can be moved forward that might have been put off for a year or two. The PHA is identified by HUD as a "high performer" and their management is reviewed every year by twelve different points that are fairly comprehensive.

Councilor Chair Marshall asked if he had an energy plan and Mr. Loring replied nothing specific as a lot of the work they do is the replacement of equipment, they have no formal plan currently but it is a project he's been given by his Board of Directors to look at what's feasible and to research available funding sources rather than use capital funds. Councilor Chair Marshall asked if there was a time line and Bruce said he prepares a monthly report but for now there are no set goals yet. For now the two key items he's looking at are energy conservation and guidelines to assist the Board with their decision making and helping them prioritize where the monies would best need to be allocated.

Councilor Chair Marshall asked how their sites were heated and Mr. Loring replied they were heated with natural gas purchased in bulk which provides savings and that HUD requires an energy audit every five years of all the Housing Authorities buildings with the next one is due in about 18 months.

Councilor Chair Marshall asked if the Housing Authority was using the Energy Disclosure Form and Bruce replied that the Authority pays all the heat costs so there is no disclosure. Councilor Chair Marshall said he thought the form needed to be used irrespective of that and Councilor Coyne concurred that Councilor Chair Marshall was correct and it should be used as an educational component for tenants. Mr. Loring said they will begin using the form effective immediately.

3.) Gorham's Corner, Encouraging Housing Developments

Councilor Chair Marshall called on Alex Jaegerman and proposed that the best use of time would be for Alex to speak now on agenda item number four and than return to item number two regarding Energy Disclosure Forms.

Councilor Donoghue thanked Councilor Chair Marshall for putting this on the agenda and although he hadn't prepared anything for this item he had continued interest in these two core areas of the Peninsula which are zoned R6 and wants to pursue how they could accommodate a city that more reflects a contract zone. He is interested in these two areas, West Bayside and Gorham's Corner, and what kind of ways do we have to encourage growth and maybe by

reviewing an R7 map is the best way to go as perhaps the B2b zone can offer us some options on how we can encourage residential development in density permitted by a contract zone.

Alex said he also hadn't had an opportunity to do any work on this as it's on his B list and while it's not low priority it's not something they're currently working on. Alex believes the R7 is probably the way to go, as changing to a business zone has more implications than changing to a higher density residential zone. There may be some locations that stand out or have characteristics that could go mixed use but generally you will run into neighborhood concern and worries regarding non residential uses. However, he thinks we have enough information to think about the increased density without having to also introduce a wider range of uses. We haven't done any extensive mapping but do have the zoning map. He is anxious to get to this as quickly as possible once we're ready to do the analysis or research.

Councilor Donoghue said he appreciated this and had just one question for now and that is does R7 lend itself to being a couple of blocks from the existing R6 and would it work in practice?

Alex said his expectations are that there's a good chance that it will but they need to do the sort of map massage of existing conditions and analysis and density and other patterns which will show the impact it would have. Perhaps the real question is how the existing community feels about it and it would be perceived when you probe in that direction and the kind of conversation you'll have to develop an approach.

Councilor Donoghue said he welcomed that opportunity but his criticism, not of anybody or anything, but choosing the same thing piece meal rather than contract zone to affirmatively change their neighborhood. He is not looking to push this issue now but asks Alex what's on his A list.

Alex said it's pretty much the identification of the business zones on peninsula, the B2 which went before the Planning Board that's pretty much the A list. As soon as they finish the B zones on the peninsula and a couple other B projects we can plunge right into this which he thinks is a worthy exercise that will promote some positive conversations.

Councilor Donoghue asked Alex for an update on where this item is with the Planning Board. Alex said he had sat down today with his staff working on it and shared his text amendments with Corporation Council, staff offered suggestions and they came up with a draft, reworked that draft, and it's scheduled for an evening workshop on Tuesday the 14th at 7 p.m.

4.) Energy Disclosure Forms

Councilor Chair Marshall opened the discussion by asking if there were ways of enforcing its usage without creating more paper work or staff time usage.

TJ said following the memo from Ann Freeman her conclusion is that the City might not want to get involved with this issue of enforcement of the Energy Disclosure Form but instead move towards education. Although we don't do a whole lot of multifamily rehab projects now, we are anticipating doing more of those as we get into more systematic inspections in East Bayside and

we could offer various incentives to landlords who are proactive with this procedure. TJ points out that Carlton Winslow was in his office recently and he is very directly involved with the Energy Disclosure law through the legislature so he's got a lot of history of how it works and he is a good resource, Mr. Winslow is in the audience. Also, TJ points out we had a meeting with the Inspections Division recently and they are not real familiar with the Disclosure forms either so it seems we could use a little internal education as well.

Councilor Chair Marshall asked if there were any questions.

Carlton Winslow said he used the energy form and reinforced the idea that the Housing Authority should be using them as well and went on to say The Greater Portland Landlord's Association and the State Landlord's Association have encouraged the use of these forms and uses their newsletter to remind people of the forms existence.

TJ reminded everyone that Public Housing Authorities administer the Section 8 program with private landlords in town, and that they should be required to use the Disclosure and this is another way to do outreach on this.

Councilor Chair Marshall said it seemed there was now a plan was to raise awareness and educate people around the usage of the Energy Disclosure Form.

5.) Inventory of City-owned Parcels as Potential Residential Development Sites

TJ said due to a conversation he had with Councilor Chair Marshall and Councilor Donoghue he has brought maps of parcels owned by the City that are not parks or playgrounds but rather areas that just may have the potential for residential development and he has a printout of these parcels available too.

This exercise is to find how many of these parcels look like they might be suitable for residential development and how many of them may actually not require a zone change and maybe identify a few parcels and research them internally with the staff and see what the pro's & con's of some of these parcels might be for potential residential development. For example on the corner of High & Spring Streets is a city owned metered parking lot that may be suitable for development.

Councilor Donoghue asked if there had been any pre identification of any unencumbered lots.

TJ replied no but he does have a list that includes lot size, zone, land and buildings value.

Councilor Donoghue asked if we've identified any sites that need to be investigated and how would we, as the Housing Committee, go about disposing of land and leveraging our resources.

TJ said the HOME funds could be used for residential development but we would need to defer to Corporation Council to explain the process of disposition of City owned parcels. Councilor Donoghue said there are certain locations that happen to be service lots and there are specific locations that catch his eye.

Viewing the maps was difficult in the Council Chamber setting, Committee decides to revisit this discussion at a future meeting in Room 209.

6.) HOME Funds RFP

TJ laid out some of the pros and cons of the current way we use our HOME funds for affordable housing development. Although the "walk-in" basis has been successful over the past 15 years since we've had HOME funds available, it may not be the most strategic method of allocating funding to achieve the City's Housing goals defined in the Consolidated Plan and the Comprehensive Plan.

One of the main reasons for the success of the walk-in method is we've had a lot of program income billed through our HOME program and our CDBG program and we've been able to accommodate nearly all developers with these additional funds. Over the last several years we have committed most of that program income resource. Now the funds we have are much more limited so he thinks it might be better now to be a little more strategic about our HOME funds and how we target the use of those funds. At this point, need more of a policy direction from the committee.

Do we want to stick with the walk ins, with a first come first serve policy basis, or do we want to move to an RFP process? If the committee wants to stick with the current process than we'll just keep on as we were but if they want to come up with an RFP process this year or next just point us in that direction and we'll take the ball and run with it.

We had a pretty successful RFP process last year with the Housing Committee and the Housing Replacement Fund, which are funds the City receives through its Housing Replacement Ordinance. We had developers and citizens come in and speak to the Committee, and the staff provided background data. The committee concluded that what we needed were efficiency units for low-income persons living on the Peninsula and we received a good proposal from Avesta. We had a successful RFP process and we are confident we can do that again.

Councilor Donoghue asked if we did an RFP, having a specific site materialize could take awhile but agrees that it would work well if the Committee made some policy suggestions and the developer met the challenge, and thinks it could work even better if the process was simplified.

Historically developers have decided when they're ready to ask for city subsidy and some people push harder than others, and sometimes when that's happened the city hasn't offered any direction with what kind of project they want. He thinks there's a way to say we do have some money to offer and indicate some direction as to what sort of project will get a chance at this funding. He suggests before we're able to identify developments like the parking lots discussed in the previous item, we may want to offer a more general RFP with some criteria for what sort of development projects we want to promote.

Councilor Coyne said he too supports the RFP concept where we've more directly involved with the development.

Councilor Chair Marshall said he agrees and we should encourage developers to seek funds from the other programs in addition to City funds.

TJ said the vast majority of the new construction of affordable housing, not just in Portland, but in Maine and nationwide uses the Low Income Housing Tax Credit Program (LIHTC). In Maine this is administered by MaineHousing (MSHA). LIHTC is often coupled with other Federal and State subsidy and bank loans. For example, Florence House is an example of a very multi-layered public and private subsidy project. One of the difficulties or complexities of working with that is very often is various other subsidies have different requirements and rules and balancing those is challenging. We are fortunate to have some very capable affordable housing developers in Portland that have worked through a lot of that stuff and have been really successful with it. These projects can take two years of financial planning before they break ground.

Councilor Donoghue said he thought one of the most important pieces we have to offer staff is to define whether we are talking about affordable rental housing or are we talking about ownership housing.

Amy said what might be of assistance this year is when we're trying to develop our next five year Consolidated Plan for HUD (due May 15, 2010), is that we will probably do a City-wide housing analysis that will provide the Committee and staff with valuable and up to date housing data. This was last done back in 2002.

TJ said we do expect to do that study this year, and we have budgeted to hire a consultant to do this extensive research.

Councilor Chair Marshall said he also thinks we need to just state a situation in which what happens if nobody comes in, do we then revert to the walk-in method?

Councilor Chair Marshall asked if there was any public comment?

Carlton Winslow asked if HOME funds can be used city wide or CDBG only areas.

TJ explained that CDBG funds could be used city wide as well and although CDBG funds can't be used for actual construction costs of new housing, they can be used for site preparation and infrastructure improvements.

The Committee decides it would be helpful if they could look at a model of an RFP and then identify sections of the document that they could provide staff with policy direction to begin drafting an RFP responsive to current needs.

7.) Update on Neighborhood Stabilization Program (NSP)

TJ said he had a couple things. As you know on Monday night (04/06/09) the City Council accepted the NSP funds. As a result of Congressional action with the Stimulus funds, now the NSP has been divided by HUD into NSP1 and NSP2. NSP1 is what was accepted by the Council on Monday. These funds came to the City by formula, NSP will be a national competitive

process. We expect now that the Council has accepted the funds we will get our paperwork into the Maine Department of Community and Economic Development this week and in maybe a couple of weeks they will do a release of funds and we'll be able to start doing exciting things.

NSP2 is going to be competitive and one of the things we've been looking at is using NSP2 funds possibly for the redevelopment of the Adams School site. Avesta has requested NSP1 funds for that project, but there is still a significant funding gap. The NSP2 rules haven't been published yet. We're not quite sure how well Beckett/Green may fit into a competitive round but we're going to the Community Development Committee tomorrow night (04/08/09) to discuss this. One of the major funding sources in the Avesta proposal has been lost. The Federal Home Loan Bank had \$780,000 projected for this project but the bank will not have those funds available this year due to the economic recession. That pulls a significant amount of capital out of that project so that's kind of pushing them a little more towards trying to get extra NSP funds to make that project work. We don't know how well this will fit into the NSP2 competition until we get the NSP2 rules, but we're just cautiously optimistic that those funds will be available for the Beckett/Green project. If we are successful at getting NSP2 funds, the TIF may not be necessary for this project

So that's the brief update of the NSP fund. We found out about a week ago that 35 Mayo Street is now under contract by a private developer and we don't know who that is but perhaps they'll come in to us for funding or perhaps the sale may not go through.

Councilor Donoghue asked if the Cumberland Avenue site is a current developable site eligible for NSP1 funds.

TJ said that property was recently brought to his attention by our Inspections Division that it is possibly currently in foreclosure abandoned and vacant.

Councilor Donoghue. What's the potential action?

TJ said we could acquire these properties, redevelop them and offer them for sale up to low/mod for purchase. NSP eligibility criteria is very specific and requires individual assessments of each property.

Councilor Donoghue. Can we get our Inspections folks to see if people are living in these homes? And if there are maybe there's enough money to help these people in those homes by selling it back to them. My concern is we're sitting on some tax foreclosed homes.

TJ explained that researching these foreclosed property is time consuming and requires spending quite a bit of time at the registry of deeds looking up several documents. The Maine Department of Economic and Community Development has contracted with an agency to do this research quarterly and they provide the data to us. The most recent monthly list of properties has 15 properties in the city that were bank foreclosures and between November and February virtually all but two or three of those 15 – 17 properties were gone. We expect a new list any day now.

Councilor Donoghue says he is getting the sense that bank foreclosed homes have a way of moving quickly due to the auction process and private development, while his sense of the

properties that are tax foreclosed haven't been investigated and we really don't know what's up with them. He thinks that we could possibly help these occupants repurchase these homes in a way to keep them affordable and have a list of options available to them, and not just ignore the fact that they exist.

Carlton Winslow says he would love to see the city take some of its properties and put them back on the market but again but you have the issue of what do you do with the occupants. He states that these tax foreclosures burn the rest of us frankly. He buys bank foreclosures and gets them back into service again. And there are other people like him that think its would be good for the city to be more proactive with their tax foreclosed properties.

Councilor Chair Marshall says he thinks it would be a good first step to get the list of tax acquired properties and than find out which are and are not occupied.

Councilor Donoghue states that even for those that are occupied he thinks the city can be very sensitive to this reality and offer affirmative help and lending hand, maybe some financial counseling. He states he would like to develop a way of dealing with this issue. He would like to find out how much of a task this is and have a sense of what we are talking about and see how we can help both the residents and the state of the housing stock because if taxes aren't being paid that doesn't serve the city well either.

Councilor Chair Marshall. Beginning with the vacant properties I think that we need to identify the properties and have inspections visit these sites.

In closing Amy states that April is fair housing month and along with Pine Tree Legal Association we're going to be setting up a public forum and Fair Housing Seminar to talk about fair housing on the 28th. We will do some outreach to the landlords association, the tenants associations and neighborhood organizations and we'd like to have the Housing Committee join us as well.

Councilor Chair Marshall moved to adjourn the meeting. Councilor Donoghue seconds, passing unanimously. Next meeting to be held Tuesday May 5th at 5 p.m. in room 209