

Housing Committee Minutes of June 5, 2018 Meeting

NOTE: The Housing Committee meetings are now live-streamed, which can be viewed at this link: http://townhallstreams.com/stream.php?location_id=42&id=16398 These minutes provide a record of those in attendance, general discussions taking place, and motions made.

A joint meeting of the Portland City Council's Housing Committee (HC) and Economic Development Committee (EDC) was held on Tuesday, June 5, 2018 at 5:30 P.M. in room 209 of Portland City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, Councilor Pious Ali, Councilor Jill Duson, Chair of the Housing Committee, Councilor Nick Mavodones, Councilor Spencer Thibodeau, Councilor Justin Costa, Chair of the Economic Development Committee, and Mayor Ethan Strimling. City staff present included Jon Jennings, City Manager, Mona Bector, Assistant City Manager, Greg Mitchell, Economic Development Director, Mary Davis, Housing and Community Development Division Director, and Victoria Volent, Housing Program Manager.

Item 1: Joint Meeting with the Economic Development Committee to review and recommend to the City Council Affordable Housing TIF Requests

Councilor Costa opened the meeting by asking Council members and staff to introduce themselves. Councilor Costa noted that after the joint meeting, the Economic Development Committee will take up contractual elements of the credit enhancement agreement based on the outcome of the joint meeting. There was a discussion on how the joint committee process works. Mary Davis began with an overview of the housing development and funding requests timing process. TIF applications must be received by Maine Housing forty-five days prior to the due date of the LIHTC application. Based on these deadlines and the desire to assist affordable housing developers with the competitive scoring process at Maine Housing, staff created a timeline on which to bring forward requests to Committees and the Council. Any positive recommendations on the TIF districts by the Committee this evening will be brought forward to the Council for a first reading at their June 18 meeting, and a second reading at their July 16 meeting.

Mary Davis presented an overview of the TIF applications of 977 Brighton Avenue and 178 Kennebec Street (PHA Front Street will be coming forward with a TIF application but they are pursuing 4% tax credits and are working on a different timeline). Mary noted the applicant's financial data is preliminary and based on estimates because applicants may not have all of their financing in place today. Discussions and negotiations will continue as other financial pieces are secured which may impact the final TIF application requests. HOME funding requests approval or disapproval will not impact TIF requests and vice versa.

Councilor Thibodeau asked if the change from 65% to 75% on the credit enhancement revenue will increase the amount of AHTIF requests by developers. Mary confirmed this and Greg Mitchell noted the increase was made specific in order for developer applications to be more competitive by meeting the maximum point allocation mark of 75% and the term of 30 years as set by Maine Housing. There was a discussion on how the TIF was calculated for 178 Kennebec Street, and which part of the structure does the credit enhancement apply towards. Greg confirmed the affordable housing credit enhancement only applies to the residential portion of the project; Mary will confirm with the tax assessor that the valuation calculations were done on the residential portion only.

There was a discussion on the calculation and impact of the loss of state aid for education calculation. There was a discussion of the application of a “but-for” test for judging applications versus the inherent acumen and judgement by members of municipal bodies. Councilor Thibodeau indicated that before staff include “but/for” legal tests in written correspondence, Corporation Counsel should provide guidance to avoid unintentional consequences. Councilor Duson cautioned staff against incorporating unnecessary “but/for” language through-out written correspondence, and requested a copy of the HOME funding application containing the selection and scoring criteria for the next meeting of the Housing Committee. Councilor Costa opened the hearing for public comment. George Rheault of West Bayside expressed a main objective to 977 Brighton Avenue due to the fact the project is not creating housing for families though, for example, it is located near Hall Elementary School. Mr Rheault also indicated that he would rather see 178 Kennebec Street not limit housing to ages 55 and older.

The motion to recommend the TIF application for 178 Kennebec Street to the City Council by the Housing Committee was made by Council Cook and seconded by Councilor Ali (approved 3-0). The motion to recommend the TIF application for 977 Brighton Avenue to the City Council by the Housing Committee was made by Councilor Cook and seconded by Councilor Ali (approved 3-0). The motion to recommend the TIF application for 178 Kennebec Street to the City Council by the Economic Development Committee was made by Councilor Mavodones and seconded by Councilor Thibodeau (approved 3-0). The motion to recommend the TIF application for 977 Brighton Avenue to the City Council by the Economic Development Committee was made by Councilor Mavodones and seconded by Councilor Thibodeau (approved 3-0).

The joint meeting was adjourned and a meeting of the Portland City Council’s Housing Committee (HC) was convened on Tuesday, June 5, 2018 at 6:30 P.M. in Room 24 at Portland’s City Hall. Councilors present at the meeting included Committee members Councilor Kimberly Cook, Councilor Pious Ali, Councilor Jill Duson, Chair of the Committee and Mayor Ethan Strimling. City staff present

included Jeff Levine, Planning and Urban Development Department Director, Mary Davis, Housing and Community Development Director and Victoria Volent, Housing Program Manager.

Item 2: Review and accept Minutes of previous meetings held on May 23, 2018.

Motion by Councilor Cook to accept the minutes. Motion was seconded by Councilor Ali and the amended minutes unanimously approved 3-0.

Item 3: Review and Recommendation to the City Council- HOME Affordable Housing Development Funding Requests.

Mary Davis presented an overview of the HOME funding requests. She noted the underwriting report became available today; a paper copy of the report has been provide to each Committee member and posted online for public review. Aside from the Deering Place application, the other applications are in the beginning of their process meaning recommendations and financial analysis are based on project number estimates. Subsequently there will be fluctuations in the final applications. There is not enough HOME funding to meet the request of each of the four applications. Reviews were based on selection criteria found in the HOME application. The underwriting report was based on the applicant's request.

Nathan Szanton and Amy Cullen of the Szanton Company provided an overview of the 178 Kennebec Street project. Jay Waterman of Portland Housing Authority provided an overview of the Front Street project. Committee members had questions and comments regarding the presentations. There was a discussion regarding the HOME funding requests. Greg Payne of Avesta Housing provided an overview of the 977 Brighton Avenue project. There was further discussion regarding the HOME funding requests, underwriting, and timing of recommendations. Patrick Hess of Avesta Housing provided an overview of the Deering Place project. There was further discussion of the HOME funding requests, the ranking/scoring of projects, the funding allocation process, a review of reading a per forma sheet, the Housing Trust fund, and the timing of recommendations. Final recommendations should be brought to the Council with the caveat "with loan terms to be further negotiated before final Council action". Councilor Cook suggested a willingness to provide a recommendation of the Deering Place project but withhold a final recommendation of the other projects until the next meeting of the Housing Committee on June 27 pending further underwriting information, and the amendment of the Purchase and Sales Agreement with 178 Kennebec Street. The motion to recommend the HOME Affordable Housing Development Funding Request for Deering Place project to the City Council was made by Councilor Cook and seconded by Councilor Ali (approved 3-0).

Item 4: Review and Recommendation to the City Council of Amendments to Ordinance: Section 6-225 of the Tenant Housing Rights Ordinance.

Victoria Volent provided an overview of the Amendments to Section 6-225 of the Tenant Housing Rights Ordinance since the last Housing Committee meeting. Councilor Duson opened the meeting to public comment. Carleton Winslow of 251 Auburn Street asked how will members of the Rental Housing Advisory Committee be nominated. The Southern Maine Landlord Association will submit one candidate name with experience in legal rights/interests of landlords, Pine Tree Legal Assistance will submit one candidate name with experience in legal rights/interests of tenants, and the other seven members will be self-selected. Councilor Duson requested the draft ordinance be changed to reflect the Southern Maine Landlord Association and Pine Tree Legal Assistance will only submit one name for consideration. The motion to recommend to the City Council amendments to the Ordinance, Section 6-225, Tenant Housing Rights, was made by Councilor Cook and seconded by Councilor Ali (approved 3-0).

Item 5: Review of Hotel Linkage Fee.

Jeff Levine introduced and provided an overview of the hotel linkage fee study commissioned by the Greater Portland Council of Governments that analyzed the need for affordable housing produced by a new hotel development. The GPCOG draft study determined a one-time fee of \$3,977 per room or \$5.93 per square foot could be charged to mitigate the impact of new commercial development on the demand and availability of affordable housing. There was a discussion on the potential revenue generation, if linkage fees can be assessed annually (answer is no), could a linkage fee be broadly assessed in other commercial developments, how to determine the final fee amount, and what were the determining factors for GPCOG to study only hotels? Per the direction of the Committee, staff will bring forward a draft ordinance for Committee review and recommendation.

Item 6: Committee Discussion re: 2018 Work Plan

Councilor Duson requested a review and recommendation of the Hotel Linkage fee be added to the June 27 meeting of the Committee.

On a motion made by Council Cook and seconded by Councilor Ali (approved 3-0) the meeting was adjourned at 10:00 pm.

Respectfully submitted, Victoria Volent