HOUSING & COMMUNITY DEVELOPMENT COMMITTEE
DATE: September 9, 2015
TIME: 5:30 pm – 7:00 pm
LOCATION: Room 209, 2nd Floor, City Hall

1. Agenda September 9, 2015

   Documents: 09.09.2015 AGENDA.PDF

2. Review And Accept Minutes Of Previous Meeting Held On July 8, 2015

   Documents: HCDC MEETING MINUTES 7.8.2015.PDF

3. Review And Accept Minutes Of Previous Meeting Held On July 22, 2015

   Documents: HCDC MINUTES FROM 7-22-15 MEETING.PDF

4. Review Of Draft Scope Of Land Use Study Of DPS Site In Bayside

   Documents: HCDC_DPS_SCOPE_2015_9_4.PDF

5. Review And Update On The Proposal For The Sale Of The 65 Hanover/52 Alder Street Site (DPS Facility) To Avesta Housing

   Documents: HANOVER-ALDER STREET MEMO - HCDC 9.9.2015.PDF

6. 2015 HCDC Work Plan For Review And Discussion

   Documents: HCDC 2015 WORK PLAN FOR 09.09.15.PDF

Public Comment will be accepted on action items.
Councilor Kevin Donoghue, Chair
Next Meeting Date: September 30, 2015

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: **September 9, 2015 (Wednesday)**
TIME: **5:30 p.m. – 7:00 p.m.**
LOCATION: **Room 209, Second Floor**
Portland City Hall

AGENDA

1. Review and accept Minutes of previous meetings held on July 8, 2015 and July 22, 2015.

2. Review of Draft Scope of Land Use Study of DPS site in Bayside – See enclosed memorandum from Christine Grimando.

3. Review and Update on the Proposal for the sale of the 65 Hanover/52 Alder Street site (DPS facility) to Avesta Housing – See enclosed memorandum from Tyler Norod.

4. 2015 HCDC Work Plan for Review and Discussion – See enclosed Work Plan from Jeff Levine, Greg Mitchell and Mary Davis.

Public Comment will be accepted on action items.

Councilor Kevin Donoghue, Chair

Next Meeting Date: September 30, 2015

Housing & Community Development Committee
Minutes of July 8, 2015 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, July 8, 2015 at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and members Councilors David Brenerman, David Marshall, and Nick Mavodones. City staff present included Housing & Community Development Division Director Mary Davis, Planning and Urban Development Director Jeff Levine; Michael Goldman, Legal Department, Michael Bobinsky, Director of the Department of Public Services, and Economic Development Director Greg Mitchell.

Item 1: Review and accept Minutes from previous meeting held on June 10, 2015.

On motion made and seconded, the Committee voted 3-0 to accept the minutes as published. Councilor David Marshall was absent for the vote.

Item 2: Review and Recommendation to City Council to execute Land Swap Agreement for City tax-acquired property in exchange for portion of J.B. Brown property at Canco/Quarry Road to support the relocation of a portion of Public Services out of Bayside – See enclosed Memorandum from Greg Mitchell.
a. Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations on this real estate disposition and provide direction to staff.

Director Mitchell introduced the item for a vote to authorize the land exchange agreement between the City and JB Brown. Director Mitchell used a board showing the area of interest along Canco RD to relocate DPS from Bayside. Mitchell reminded the Committee of other parcels that have already been authorized and will receive a final reading and vote by the Council on July 20th. Tonight we are just talking about the land swap properties. The combination of all of this real estate will total approximately 13 acres. The reason we are concentrating on these properties is due to this area being zoned industrial which would allow for the concentration of DPS uses in a neighborhood context consistent with DPS uses. Vehicle and truck access will be granted to JB Brown as part of the land swap. There is no money as part of this proposal as the parcels are of approximate equal land. Therefore, there will be no need to go to the finance committee for additional approvals. If approved, it is anticipated that this item will be included in the package for the July 20th Council meeting.

Councilor Donoghue asked for comments from council comments but seeing non he opened the floor for public comments. Seeing none, Councilor Donoghue closed public comments.

On a motion made and seconded, the Committee voted 3-0 to approve the item. Councilor Marshall was not present for the vote.

Item 3: Review and Recommendation to City Council to Amend Purchase and Sale Agreement with Patrons Oxford Insurance for land sale at Portland Technology Park – See enclosed Memorandum from Greg Mitchell.

a) **Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations on this real estate disposition and provide direction to staff.**

Director Mitchell introduced the item to the Committee for a vote for recommendation to the City Council. Director Mitchell reminded the committee that HCDC and council already authorized a P&S agreement with Patrons Oxford Insurance Company ("Patrons") to be the first tenant in Technology Park (the "Park"). The reason staff is back in front of HCDC is due to a recommendation for a change in the location of Parsons' site. After doing due diligence Patrons has identified another site within the Park that it would prefer. The new parcel would allow for Patrons to build a 20,000 square foot office building with the potential to expand another 20,000 square feet at a later date. This would mean a relocation from Lot 1 to Lot 4. The issue with selling this lot is street access. An analysis was undertaken to see how best to provide street access. There is a need to extend road and public infrastructure 100’ to make Lot 4 work. The City established a sale price of $365,000 or $250,000 per acre, which is a strong price in this market. Staff would like Patrons to do the road and utility extension work when they do their building construction. The road and utility public infrastructure would cost $215,000. The proposal is provide Patrons a toad and utility credit of $215,000 against the Lot 4 sale price of $365,000 plus $30,000 for the broker commission for a total net City Lot 4 sale price of $120,000. Also, it was noted staff will present a recommendation to the Finance Committee on July 9, 2015 to authorize the appropriation of funds from the sale of Lot 4 for the purposes of installing natural gas lines to the Park, extend electricity down Technology Park Drive from Rand Road, revise the Subdivision Plat and modify Park permits and to pay legal fees.

Councilor Brenerman asked if the City would have final approval of road. Director Mitchell confirmed that the City would control the road making sure it is within city regulations for design and construction. The road currently has lighting, utilities, sidewalks, etc. The 100’ extension proposed would continue that. Councilor Brenerman asked about who would be responsible for plowing the street. Director Mitchell acknowledged that the City is responsible until all of the lots are sold. A condominium association will be established with the sale of Lot 4 and each Lot owner is responsible for its share.

Councilor Donoghue asked how the proposed design might impact nearby wetlands and maximization of the site so that other sites could accommodate wetlands. Director Mitchell said that all Park development sites were designed to maximize developable land taking into consideration wetlands. There is no evident way to accommodate 20,000 square feet on any other parcel with road and utility access. All other parcels accommodate 10,000 square foot building sites.

Seeing no further Committee comment, Councilor Donoghue opened the discussion for public comment. Seeing none, public comment was closed.

Councilor Brenerman asked if a broker was involved. Director Mitchell said this opportunity was presented by a commercial broker and mentioned that the Dunham Group has an exclusive broker agreement with the city to market and sell Lots 1, 2 and 3.

Councilor Donoghue asked why the cost of infrastructure has been structured as a reduction in sale price. Director Mitchell said that staff believes that it would be more efficient to transfer the responsibility of the public infrastructure improvements to the company. Councilor Donoghue followed up asking if there was already approval to extend the road. Director Mitchell said that Planning Board approvals are in place for all Park development sites including the entire road.

On a motion made and seconded, the Committee voted 3-0. Councilor Marshall was absent for the vote.

Item 4: Review and Recommendation to City Council of Reed School Re-Use Task Force Recommendations – See enclosed Memorandum from Christine Grimando.

Councilor Brenerman, who served on the Reed School task force introduced the item and the task force's findings. The Councilor said that the City has an opportunity to develop housing and other limited uses to blend the school into what is a predominately single family neighborhood and reposition an existing city asset. The school has been closed for more than a year. There has been lots of public comments throughout the process and community members were able to vote on the direction of the recommendation. Recommendations are unanimous to support housing development but flexible enough to allow certain institutional or educational uses. Green open space should be preserved. It was also recommended to zone the site R-3 or R-5 to make development more feasible. This would allow multifamily development in the school. Any development will need to consider the existing characteristic of the neighborhood and peoples use of the open space. Also, there is a historic preservation piece that we would like the City and any developer to pursue. The report is in the form of a request for proposals and qualifications.

Senior Planner Christine Grimando and Director Jeff Levine further introduced the item. Staff recommends the zone change to R-5 from R-3 which would allow for multifamily development and would be more flexible for other uses identified by the task force. It is very important to preserve open space and historic preservation of the building. Staff recommends that the original structure be designated as historic with the potential to include the 1950 portion of the school. The package tonight includes a draft RFQ that could be distributed soon pending HCDC and council approval. Staff thanks the task force and community who came out again and again.

Councilor Donoghue opens the item up to HCDC members to discuss. Seeing none, Councilor Donoghue opened the item to public comment.

Former Councilor Coyne noted that the public was very involved in this process and it was a big success from that perspective. The former Councilor described Ms. Grimando as a great asset to the task force and the City. The task force process went very well. Originally there was some support to demolish the building and add single family homes to match the surrounding neighborhood but through the process public sentiment has come around to this current proposal for multifamily housing and he thinks it’s a great plan.

Lisa Gala of 100 Lexington Ave was next to speak. She also lauded Ms. Grimando for her great work. Ms. Gala lives in one of roughly 30 single family homes that abut school. The building has long been in need of repair so the community is looking forward to these improvements. The neighbors will continue to be involved and want to stay informed as process continues. A lot of older neighbors can't attend tonight but want to be involved and know what's happening in their neighborhood.

Mark Johnson of 50 Wall Street. Mr. Johnson was on the task force. Mr. Johnson had compliments for both the task force and city staff. He fully supports this action. Mr. Johnson believes that this is a great opportunity for reuse of building with a great history.

John Kelly of Farragaut St asked if the property were zoned at R-5 how many units could be allowed and who manages the property now?

Seeing no further comment Councilor Donoghue closes the item to public comment.

Councilor Donoghue inquired about what the shift in zoning would mean and who currently oversees the building? Ms. Grimando responded that Public Facilities for the City is currently responsible for the parcel. Future management will depend on future ownership.
Mr. Kelly added that there are current concerns of broken glass and trash being left around the site and it needs to be addressed. Ms. Grimando went on to note that the difference between R-3 to R-5 zones in terms of total units is that R-5 allows for higher density with some limited non-residential uses as part of the base zone. Things that could limit what could happen. If original structure is preserved and we restrict open space being removed. We are trying to keep the existing structure which would dictate what would happen. It's an approximately two acre site. At R-3, the max you could build would be approximately16 units. If the site were zoned R-5 the maximum would be approximately 36 units. This does not include other things like parking and

other uses that might limit the number of units allowable. Director Levine added that since the City controls the land we would have control over what we would allow in addition to any restrictions of the zoning.

Councilor Brenerman reminded HCDC that the task force recommended this rezoning because the school could not be converted under the existing zoning. The alternative would be to knock down the historic structure.

On a motion made and seconded, the Committee voted 4-0 to accept the task force's recommendations. Another motion was then made and seconded with the Committee voting 4-0 to issue the RFQ.

Item 5: Review and Recommendation to City Council award of bid and terms of Purchase and Sale Agreement for 65 Munjoy Street – See enclosed Memorandum from Mary Davis.
a. **Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide direction to staff.**

Division Director Mary Davis introduced the item. The committee reviewed the proposal back in February. Since that time, staff has reviewed the proposal and negotiated with the developer. As proposed the project would create 8 units of affordable home ownership at 100-120% AMI with deed restrictions for 90 years. Terms include condo docs and docs with city to prevent AirBnB style short term rentals. The developer has agreed to add a preference for first time homebuyers for initial sale. The differences since February revolve around financing. Originally, the proponent requested $300,000 from the housing trust fund. Due to limited funds we offered a reduced amount of $175,000. The proponent was able to obtain additional financial resources from GPCOG to help pay for the anticipated brownfield remediation. For this type of funding the City is not eligible nor are private developers. Only non-profits can qualify. Staff's solution is to see if Portland Development Corporation would take interim control of the site and receive grant from GPCOG to clean up the site. The proponent would enter into an agreement to oversee remediation activities. Then the property would transfer back to the proponent. There is a conditional grant award for $200,000 to remediate the site.

Councilor Donoghue asked for further clarification on why the proponent's financial request went up from $300,000 to $375,000. Director Davis acknowledged that the subsidy now higher but there have been some additional costs.

Councilor Donoghue asked for more information regarding the preference for first time homebuyers. Director Davis responded that staff wanted to address concerns raised by the community related to the Adams School project where there was a perception that some of the buyers had significant assets. This provision is targeted to young individuals and families who can stay and contribute to the neighborhood. This preference will help avoid some of these perceived issues. This can be an effective tool as most first time homebuyers are typically younger with less assets.

Councilor Donoghue opened the item to public comment. Seeing none Councilor Donoghue closed the item for public comment.

Councilor Brennerman noted that the plan calls for only six spaces for eight units. How do you decide who gets which spaces? Ethan Boxer-Macomber of the development team responded that the site could offer eight spaces but only six would be covered. Four units are one beds so that will factor into the use of parking spaces. If there ends up being no demand for eight spaces we could create additional green space for the residents. Director Levine noted that parking came up when the RFP was first discussed. This is a good chance to test the market. Councilor Brenerman followed up asking if a unit would be less money without parking. Mr. Boxer-Macomber agreed that is one way the project could approach it. The project has flexibility for households who choose less cars.

Councilor Donoghue asked Mr. Boxer-Macomber why the extra $75,000 in funding was needed. Mr. Boxer-Macomber said that some of the costs are attributable to having to now phase the project to clean up site. It will then take more time to build the project, requiring more contractors, legal fees, etc. It also delays construction to 2016. These units require less subsidy than is typical for other subsidized affordable projects.

Councilor Donoghue asked how you might be able to keep someone with $1 million in assets from purchasing one of the affordable units. Mr. Boxer-Macomber asserted that they are reluctant to limit sales with an asset test to meet 120% AMI because they need to go get construction lending and added risk by having these restrictions. They are committed to first time homebuyers and already have a list of 3 people who are interested. Councilor Donoghue added that during the initial sale he would like to restrict four of the eight units to first time homebuyers. Mr. Boxer-Macomber asked if there could there be a time limit on this restriction in case there is difficulty finding qualified first time buyers in the time period necessary to make the project viable. Mr. Boxer-Macomber noted that the development team is under a tight timeline to start the site's remediation and are eager to go to the Councilor for authorization of the Purchase and Sale Agreement. They would be willing to accept first time homebuyer preferences for four units assuming they could be released from this requirement if they have difficulty finding qualified first time homebuyers within a certain time frame. Director Levine added that staff are happy to assist Ethan to find qualified buyers and help get the word out.

On a motion made and seconded, the Committee voted 4-0 to approve this item.

Item 6: Review of proposals from Developers Collaborative re: the Motherhouse at 605 Stevens Avenue and Portland Housing Authority re: 58 Boyd Street requesting HOME funding and a Recommendation to City Council of Appropriation of HOME funds — See enclosed Memorandum from Tyler Norod.

b. **Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide direction to staff.**

Housing Planner Tyler Norod introduced the item discussing the HOME Fund applications received in support of the Motherhouse redevelopment and the 58 Boyd Street development projects. The Motherhouse project located at Mr. Norod recalled that at the HCDC meeting on March 6, 2015 a RFP for housing development was approved by the committee. The RFP went out to the public on May 15th. On July 12th, two proposals were received. Mary Davis, Housing and Community Development Division Director and Mr. Norod met on June 24th to review and score the proposals. The proposals were reviewed according to the selection criteria stated in the RFP. Both applications scored well. The Motherhouse received a score of 99 points and 58 Boyd Street received 91 points. The Motherhouse fared better due to its proposed location in a relatively affluent part of town that lacked in similar housing stock as well as being perceived as more ready to fully utilize the requested funding.

The Motherhouse project applicant, the Developers Collaborative, submitted a request for HOME funds to help support the redevelopment of the historic Motherhouse building as part of a larger multi phased development project. The Motherhouse will consist of 88 rental units for households 55 years or older with 66 of these units to be reserved as affordable to low-income seniors earning 50% - 60% AMI. The remaining 22 units will be market rate at approximately $1,200 per month. The applicant also committed to offering a preference to homeless seniors and will be working with Opportunity Alliance to provide services.

The Portland Housing Authority is proposing to construct approximately 48 units of mixed-income rental housing at 58 Boyd Street. The project will offer 4 efficiency units, 24 one-bedroom units, 8 two-bedroom units, and 12 three-bedroom units. 45% of the units will be available to households earning at or below 50% of the area median income, 40% of the units will be available to households earning at or below 60% of the area median income, and 15% of the units will be market rate. The owner/developer is the Portland Housing Development Corporation (PHDC), a subsidiary of the Portland Housing Authority (PHA).

The review committee s was supportive of the positive impact this development will have on the surrounding neighborhood. The project has the potential to be part of a larger multi-phased project that could include up to approximately 90 units of housing. The viability of this larger project will likely depend on the realignment of Franklin Street and its effect on the size of the land immediately adjacent to 58 Boyd Street. The project has been designed in a way to allow for future development should the realignment of Franklin make such a project feasible.

Mr. Norod went on to note that the City has been allocated a total of $563,223 as part of the HOME program. Of these funds $136,961 must be reserved for the use of Community Housing Development Organizations (CHDO). Because it scored better and needed its entire requested amount in order to proceed with its plans, the Motherhouse project received its requested amount of $426,262. Although not currently registered as a CHDO, it is believed that the proponent of 58 Boyd Street, the Portland Housing Authority, is eligible to become one. Staff recommended that the reserved CHDO funds be awarded to the 58 Boyd Street project with the provision that the Portland Housing Authority become CHDO certified within 12 months.

Councilor Donoghue opened the item to public comments. Seeing none he closed public comment and opened the item for HCDC members to discuss. The Councilors seemed to support the recommendations made by staff.

On motion made and seconded, the Committee voted 4-0 award the recommended HOME funds to the Motherhouse and 58 Boyd Street projects.

Item 7: Review and Recommendation to City Council award of bid re: 65 Hanover/52 Alder Street – See enclosed Memorandum from Tyler Norod.

a) **Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations on this real estate disposition and**

provide direction to staff.

Director Levine provided an introduction to item 7 regarding the potential redevelopment of the City owned 65 Hanover/52 Alder Street site in Bayside. At the HCDC meeting on February 11, 2015 a RFP for housing development was approved by the committee. The RFP went out to the public on March 23, 2015. On May 7, 2015, one proposal from Avesta Housing Inc. was received. A review committee of city staff met on June 2, 2015 to review the proposal. The committee consisted of: Jeff Levine, Planning and Urban Development Department Director; ; Mary Davis, Housing and Community Development Division Director; Katherine Earley, Public Services Engineering Services Manager; Tyler Norod, Housing Planner, and Rick Knowland, Senior Planner. The review committee's recommendations were presented to HCDC on June 10, 2015. HCDC chose to delay its vote requesting that staff work with Avesta to address the Committee's concerns related to phasing and homeownership. Since that time staff has been working with Avesta and has come up with a reverter clause that would allow the City to regain control of a portion of the site including a penalty fee if certain benchmarks were not met.

Councilor Donoghue asked for clarification of the reverter clause fee. Mr. Norod replied that if the proposed homeownership portion of the project did not meet certain timeline related benchmarks that the land would revert back to the City and Avesta would be responsible for a $50,000 penalty fee. Councilor Donoghue asked if there were any concerns related to fair housing issues of creating more low income units in neighborhoods that are already home to a proportion of low income residents. Mr. Norod noted that dense urban locations like the Hanover/Alder Street site often offer a number of valuable resources well suited for affordable housing projects such as access to jobs, public transportation, services, schools, parks and retail needs. Councilor Donoghue opened the item for public comment.

Rob Spinella, of Cumberland Avenue, spoke first noting that he was pleased with more conversations and more work being done to help this section of the City. Mr. Spinella believes that middle class housing is important for the City and good for the neighborhood. He believes that other development interest in the area is encouraging but believes that a larger public process should be happening.

Dan, an owner of a local multi-family building, is pleased to see this type of investment in the area. The neighborhood is currently struggling with crime, drugs, homelessness, and other public safety issues. This would be an opportunity to bring in families and other active residents to help improve the neighborhood.

Drew Wing of Avesta spoke next. Mr. Wing reminded the Council members that the project would include the environmental remediation of contaminated site and help revitalize this portion of the neighborhood. Mr. Wing believes that the proposal submitted in response to the RFP is close to what was envisioned by the City. Mr. Wing asserted that Avesta was excited about this project and ready to proceed quickly to see this project become a reality.

Seeing no further public comment Councilor Donoghue ended public comment and opened the item to Council members for discussion.

Councilor Donoghue asked if there would be income restrictions or 1st time homebuyer restrictions for the homeownership portion of the project. Seth Parker from Avesta responded that it would be hard for first time homebuyers to get financing especially with income restrictions at this location. However, by removing income restrictions it could make it easier to facilitate first time homebuyer restrictions for the units. Councilor Donoghue responded by questioning whether or not this site would be right for income restricted home ownership units.

Councilor Marshall said he appreciates the desire for neighborhood process but the City went through an extensive process for this neighborhood about 15 years ago. By redoing those efforts it would just delay development and improvements in the neighborhood. Councilor Donoghue sees this proposal as a great opportunity to help improve the neighborhood. He believes that rental housing is more viable in the current market but that a condominium project as proposed for first time homebuyers without income restrictions would be great to see happen coinciding the rental portion of the project. Councilor Donoghue weighed in to echo the sentiments of Councilor Marshall.

Councilor Mavodones expressed some interest in doing a limited planning process for the City owned parcels. He would also not be opposed to reissuing the RFP to try and encourage home ownership.

Councilor Brenerman asked why the development team was requesting the land for free. Mr. Parker responded that this was necessary because of the uncertain environmental contamination cleanup costs. In addition, if the goal of selling the land is to create workforce housing than increasing the cost of the land will directly affect the cost of sale for each unit.

Councilor Brenerman offered a compromise for those who wanted a study and those who wanted to proceed with this proposal. Councilor Donoghue offered that the cost of cleanup could be considered when structuring the sale of the land. Councilor Donoghue continued by proposing that staff return to HCDC in September with a possible scope for a limited planning study. In the meantime, staff should continue negotiations with Avesta to share in the upside if cleanup costs are less than anticipated in order to potentially recapture the value of the land.

Councilor Marshall said that he would be willing to entertain this idea but that he wants to see something done with the land and that the initial building will likely need some form of subsidy which he could support. He would prefer to proceed with Avesta's proposal but is willing to wait to have staff provide a scope for a potential limited planning study if it would help other HCDC members feel more comfortable about next steps.

Councilor Donoghue agreed with Councilor Marshall in that he preferred to move forward with Avesta's proposal and would be willing to reconsider income restrictions on the condominiums if it would improve the odds of that phase moving occur sooner.

Councilor Mavodones believes that there may be value in a potential new study depending on the scope of the study. He has concerns about moving forward with Avesta's project when the land would be given away for free.

Councilor Donoghue made an effort to find common ground between HCDC members and suggested that staff work with Avesta related to the potential sale cost of the land while simultaneously examining the scope of a potential limited planning study for DPS land. Staff would be asked to present their findings to HCDC in September.

On motion made and seconded, the Committee voted 4-0 to delay their decision to allow staff to determine a scope for a potential planning study and to negotiate further with Avesta.

Item 8: Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee will go into executive session to provide guidance to staff regarding: a) Possible Tax Increment Financing District for Maine Wharf

On motion made and seconded, the Committee voted 4-0 to enter executive session.

Item 9: 2015 HCDC Work Plan for Review and Discussion.

Councilor Donoghue clarified that the next Committee meeting will be held on September 9, 2015. On a motion made and seconded the Committee voted 4-0 to adjourn. The meeting was adjourned at 8:34 PM.

Respectfully,

Tyler Norod

Housing & Community Development Committee

Minutes of July 22, 2015 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, July 22, 2015 at 5:30 p.m. in Council Chambers on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and members Councilors David Brenerman, David Marshall, and Nick Mavodones. City staff present included Housing & Community Development Division Director Mary Davis and Planning and Urban Development Director Jeff Levine.

<u>Item 1: Review and recommendation to City Council award of bid and amended terms of sale for the redevelopment of 65 Munjoy Street.</u>

Councilor Donoghue opened the meeting. Jeff Levine introduced the agenda item and updated the Committee on the developer's concerns with the first time homebuyer requirement approved by the Committee on July 8th. Mr. Levine outlined the developer's concerns regarding the impact of this requirement on construction financing. He explained that staff has been working with the developer and is now endorsing a pro-active marketing effort as an alternative to the first time homebuyer requirement. Mr. Levine reviewed a draft Memorandum of Understanding which outlines the marketing effort. Mr. Levine referred to efforts of staff to reach out to area lenders, including Maine State Housing Authority that will support the proposed marketing effort. Mary Davis talked about her discussions with area lenders who have agreed to work with the developer and the City to offer financing to potential purchasers.

Councilor Donoghue asked staff if they felt a unit trigger or a date trigger would yield the most units sold to first time homebuyers. Mr. Levine reiterated the concerns with a unit trigger and the ability of the developer to obtain construction financing, which was reiterated by the developer, Ethan Boxer-Macomber. He believes the compromise proposed is a great solution to achieve the goals of the Committee.

Councilor Donoghue asked about the ability of the City to encourage first time home buyers in future City development efforts. Mr. Levine talked about creating a list of interested first time home buyers. He indicated that staff has a better understanding of the constraints with construction financing/lending issues and can work with the development and lending communities regarding these issues.

Councilor Donoghue asked if the Housing Trust Fund (HTF) could be used as a resource for down payment assistance. Mr. Levine stated that the City would need to come up with a way to better capitalize the fund first but that it is an allowable use of the HTF.

Councilor Marshall indicated his appreciation to staff and the developer for the work done to come up with this compromise. Councilors Mavodones, Brenerman and Donoghue agreed, indicated their appreciation for the effort made to bring forth this compromise.

On motion made and seconded, the Committee voted 4-0 to endorse the amendment and recommend approval by the City Council. Councilor Donoghue clarified that the Committee will not be meeting again until September. The Committees proposed schedule for the remainder of 2015 includes two meetings in September and two meetings in October. Staff was asked to send out an updated work plan to the Committee.

On a motion made and seconded the Committee voted 4-0 to adjourn the meeting at approximately 6:00 PM.

Respectfully,

Mary Davis

Portland, Maine Yes. Life's good here.

Planning & Urban Development Department

MEMORANDUM

TO: Kevin J. Donoghue, Chair and Members of the Housing & Community Development Committee

FROM: Christine Grimando, Senior Planner

DATE: September 3, 2015

SUBJECT: Proposed Scope for DPS Bayside Campus

Introduction

Following HCDC's July meeting, as an extension of the ongoing review of the proposal for the sale and reuse of 65 Hanover St. and 52 Alder St., Planning staff was asked to assist in the evaluation of the Department of Public Service's Bayside properties' potential for reuse. What follows is a scope of the proposed evaluation, for consideration by the Committee.

Study Area

The Bayside DPS property consists of approximately four acres on five parcels bordering Hanover Street, Parris Street, Alder Street, Portland Street and Lancaster Street. Two parcels, 71 & 82 Hanover Street, are in the B-7 zone, comprising a little over an acre of land. The remaining parcels are in the B-2b zone.

Zoning Context

The study area is bisected by two zones: B-2b, Community Business Zone and B-7, Mixed Development District (Figure 1). A detailed summary of the zones will include examples of current development patterns in each, the purposes of each zone, permitted uses, dimensional requirements, parking standards, design standards, and any other pertinent land use standards that might impact future development. Characteristics of the surrounding neighborhood will also be discussed.

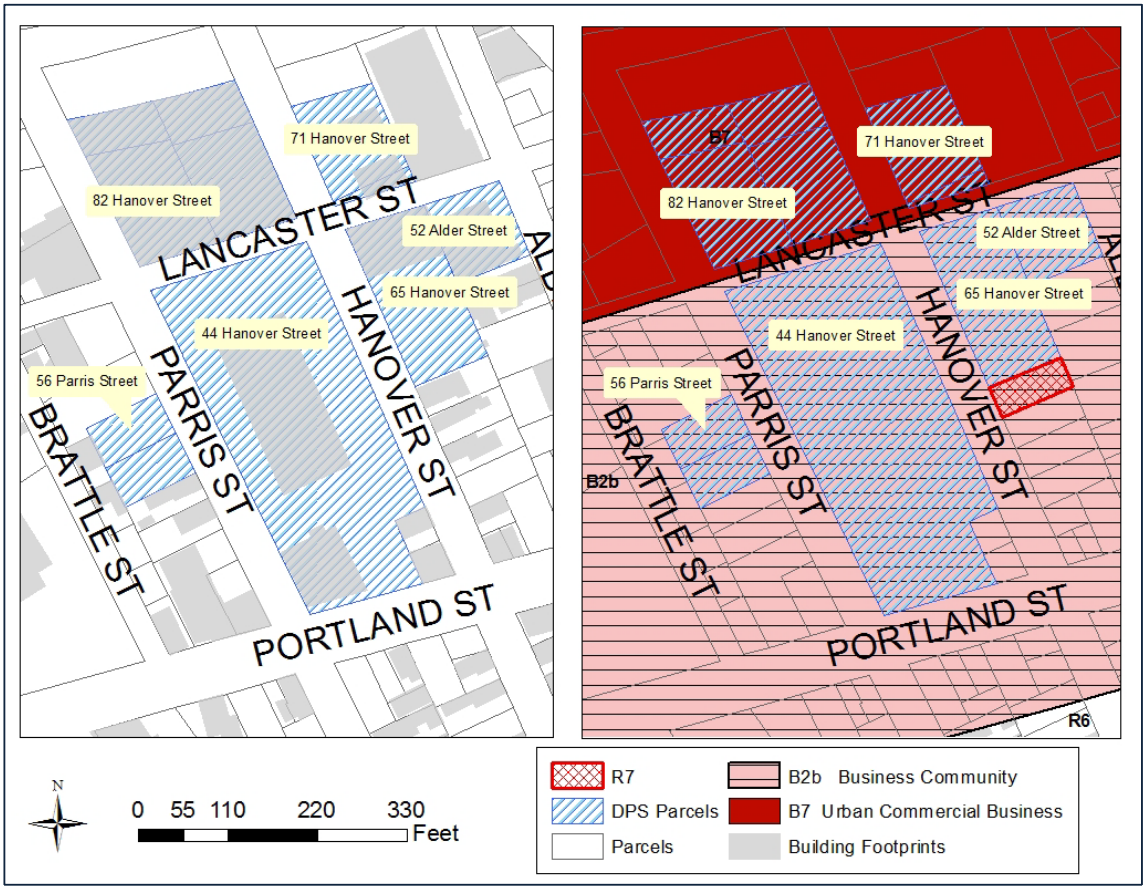

Figure 1, Parcel and Zoning Map

Background Materials

There is a considerable amount of existing background information for the area and for these specific properties that can assist in contextualizing the site. This includes existing policy documents, as well as studies containing environmental data, investigations of financial feasibility, development scenarios, analysis of market demand, and city-wide housing needs. This information will help to frame existing policy direction, as well as clarify what information is already available. The following documents will be included in an assessment of background materials:

- Comprehensive Plan Documents
    - Comprehensive Plan Volumes 1 & 2
    - A New Vision for Bayside Books 1 & 2
    - Housing: Sustaining Portland's Future
    - 2003 Cost/Benefit Analysis of the Department of Public Works Site – ERA/DeLuca Hoffman Associates, Inc. /MRLD (2003)

- Recent Studies
  - 65 Hanover Street & 52 Alder Street/DPW Site Affordable Workforce Housing Feasibility Study - Bluestone Planning Group (2015)
  - Portland 2030 Workforce Housing Demand

Parcel Buildout

Below are photos for each parcel in the study area, including indication of lot area, building area, current use, applicable zoning district and maximum residential density for each. A thorough analysis of potential redevelopment would include consideration of permitted uses, full dimensional requirements, parking requirements, design standards, and other pertinent land use regulations. Individual site characteristics, opportunities and constraints will also be considered.

Address:	44 Hanover Street
Zone:	B-2b
Parcel Area, Square Feet:	83, 997
Parcel Area, Acres:	1.93
Current Use:	Offices, Garage
Building Year:	1982/1984
Maximum Residential Density:	193

44 Hanover Street

Address:	65 Hanover St./52 Alder St.
Zone:	B-2b
Parcel Area, Square Feet:	20273
Parcel Area, Acres:	.465
Current Use:	Garage & Parking
Building Year:	1951
Maximum Residential Density:	46

65 Hanover/52 Alder

Address:	71 Hanover Street
Zone:	B-7
Parcel Area, Square Feet:	15,102
Parcel Area, Acres:	.347
Current Use:	Quonset Storage & Parking
Building Year:	2001
Maximum Residential Density:	N/A

71 Hanover Street

Address:	82 Hanover Street
Zone:	B-7
Parcel Area, Square Feet:	36725
Parcel Area, Acres:	.843
Current Use:	Service & Office
Building Year:	1946
Maximum Residential Density:	N/A

82 Hanover Street

Address:	56 Parris Street
Zone:	B-2b
Parcel Area, Square Feet:	10,2115
Parcel Area, Acres:	.236
Current Use:	Parking
Building Year:	N/A
Maximum Residential Density:	23

56 Parris Street

Reuse Potential

Based on the zoning, parcel characteristics, real estate market, and other data collected in this study, an initial assessment of the reuse potential for each parcel will be outlined. In some cases, a specific reuse may be the clear option; in other cases, there may be more than one viable option.

MEMORANDUM

TO: Councilor Donoghue, Chair
Members of the Housing and Community Development Committee

FROM: Tyler Norod, Housing Planner, Housing & Community Development

DATE: September 4, 2015

SUBJECT: Review and Update on the Proposal for the sale of the 65 Hanover/52 Alder Street site (DPS facility) to Avesta Housing.

Background:

At the HCDC meeting held on February 11, 2015, a RFP for housing development was approved by the committee. The RFP went out to the public on March 23, 2015. On May 7, 2015, one proposal was received. A review committee of city staff met on June 2, 2015 to review the proposal. The committee consisted of: Jeff Levine, Planning and Urban Development Department Director; Mary Davis, Housing and Community Development Division Director; Katherine Earley, Public Services Engineering Services Manager; Tyler Norod, Housing Planner, and Rick Knowland, Senior Planner. The review committee's recommendations were presented to HCDC on June 10, 2015. HCDC chose to delay its vote requesting that staff work with Avesta to address the Committee's concerns related to phasing and homeownership. Staff worked with Avesta to further address the HCDC's concerns and returned to present their work on July 8, 2015. At this meeting the Committee requested more information related to overall future of the surrounding area and greater refinement of the potential sale of City owned land to Avesta.

Avesta Housing's Original Proposal:

Avesta Housing (Avesta) submitted the only response to the RFP for the 65 Hanover / 52 Alder Street site. The site is owned by the City of Portland and currently in use as part of the Department of Public Services (DPS) Bayside campus. Avesta's proposal consisted of a two phase project in which the land would be transferred at no cost to help support the project's level of affordability. Phase I would consist of approximately 40 units of affordable rental housing anticipated to serve mostly residents earning up to 50% to 60% of the area mean income (AMI). Phase I would also have the potential for up to 13 market rate rental units. The market rate units would provide diversification and additional stabilization for the project. The proposal includes the possible use of

Affordable Housing TIF funds to enable the financial feasibility of the inclusion of the market rate units. Staff is still considering this proposal and has not come to a decision at this time whether or not to recommend the use of a TIF. By providing a significant portion of the development at a lower AMI the project will be eligible to pursue Low Income Housing Tax Credit (LIHTC) funding to help cover the costs associated with the demolition of the existing buildings and remediation of the contamination on site. The cleanup of the environmental contamination is estimated to cost approximately $147,000. A breakdown of the original program for both phases is outlined in the charts below:

Phase I

Unit Type	50-60% AMI	Market Rate
Rental - LIHTC	40 Units	13 Units

Phase II

Unit Type	100% AMI	Market Rate
Homeownership – Workforce	20 Units	0 Units

Phase II would consist of approximately 20 two- and three-bedroom condominiums priced from $235,000 - $278,000 that will be targeted to buyers at 100% of AMI and below. Avesta believes that a market gap currently exists for high quality, energy-efficient homes in this price range which will allow the project to attract significant interest from future homeowners. Avesta suggests that the development of a high quality mixed-income rental property in Phase I will help stabilize the area for future housing development and be better positioned to attract homeowners interested in contributing to the areas growth.

Avesta may use multiple below-market resources as needed to fill potential gaps between the true cost of the home and the debt service ratio that buyers can afford. Affordability covenants and deed restrictions will be utilized to ensure compliance with the City of Portland's 90 year affordability requirement and other potential restrictions imposed by various funding services such as LIHTC and the Federal Home Loan Bank (FHLB).

The project will utilize car sharing, a fee-in-lieu-of-parking for 14 spaces, and also request an allowable reduction in parking that is typical of other affordable development projects controlled by Avesta. Phase I will provide 10 parking spaces and one car share to serve the building's residents. Based on Avesta's experience the project will require a parking ratio of 0.70 and would like to pay $91,000 into the Peninsula's Fee-in-lieu-of-parking Fund for the remaining 14 spaces. At full build out the project will have 31 total parking spaces devoted to both Phase I and II.

The developer may seek an Affordable Housing TIF for this project and has requested that the site be transferred at no cost to assist in the creation of affordable units.

Avesta's First Revised Proposal:

As recommended by HCDC, staff met with Avesta to ascertain how their proposal may better respond to concerns and questions raised by the Committee. In response, Avesta identified four topics that addressed HCDC's concerns as they related to land value, timing, site considerations, and workforce housing and homeownership.

After reviewing the available data and preliminary discussions with their environmental consultants, Avesta asserted that the environmental cost associated with the clean-up of the sight and HCDC's clearly expressed goal of creating work force housing do not afford the project the ability to purchase the land. Perceived additional costs to the developer have the potential to increase the cost of housing to the end consumer and are therefore incongruent with the larger goal of providing workforce housing.

Avesta stated that it is prepared to move forward aggressively with its environmental due diligence immediately following the execution of a purchase and sale agreement. Subsequent to that work they would submit an application for LIHTC funding in October of 2015. Avesta believes the term of any potential Agreement should be long enough to allow Avesta to apply for low income housing tax credits in 2015 and 2016, if they are unsuccessful in obtaining tax credits during the first funding round.

Avesta also proposed an increase in the number of market rate rental units from 13 to 15 in an effort to meet the Committee's goal of providing a diverse range of housing types. In addition, Avesta is willing to broaden the income requirement for homeownership to include households at 120% of AMI. Charts noting the updated program for Phases I and II are shown below:

Original Phase I

Unit Type	**50-60% AMI**	**Market Rate**
Rental - LIHTC	40 Units	13 Units

Revised Phase I

Unit Type	**50-60% AMI**	**Market Rate**
Rental - LIHTC	38 Units	15 Units

Original Phase II

Unit Type	100% AMI	Market Rate
Homeownership – Workforce	20 Units	0 Units

Revised Phase II

Unit Type	120% AMI	Market Rate
Homeownership – Workforce	20 Units	0 Units

Avesta understands the Committee's concern related to the timing of the homeownership phase. To that end, Avesta will begin marketing the homeownership simultaneously with the start of construction of the rental units. Construction of the homeownership units would then commence upon obtaining the required pre-sales for financing.

Furthermore, Avesta is willing to consider the recording of a reverter clause that would allow the ownership portion of the site to be deeded back to the City if Avesta hasn't developed an ownership project after an agreed upon period of time. In addition to the reverter clause and contingent upon the completion of the rental portion of the project, Avesta would pay the City a sum to be negotiated if the homeownership phase is not commenced after the agreed upon period of time.

Avesta's Most Recent Proposal

Staff met with Avesta in an effort to address concerns raised by the Committee on July 8, 2015 regarding the transfer of City-owned land at no cost to the proponent. The discussions with Avesta were guided by the assumption presented by the Committee that the homeownership portion of the project may not be required to have income restrictions and the understanding that it is difficult to clearly define environmental cleanup costs at this time. It was believed that current market restrictions in the immediate area might not support restricted homeownership units at workforce rates which could significantly delay the completion of Phase II. Instead, it may be preferable to remove income restrictions for Phase II to encourage the creation of homeownership opportunities in the near term. With this in mind, staff worked with Avesta on a revised proposal that would help promote homeownership and further revitalize the Bayside neighborhood. While no new revisions were made to Phase I of Avesta's proposal the following program changes were made to Phase II:

Current Phase I

Unit Type	50-60% AMI	Market Rate
Rental - LIHTC	38 Units	15 Units

Previously Revised Phase II

Unit Type	120% AMI	Market Rate
Homeownership – Workforce	20 Units	0 Units

Latest Phase II

Unit Type	120% AMI	Market Rate
Homeownership – Workforce	0 Units	20 Units

The latest proposal maintains the reverter clause discussed at the previous HCDC meeting. Avesta has since agreed to pay $400,000 for the subject parcels less the cost of demolition and environmental remediation. In addition, Avesta will pay the City a sliding scale based on the initial sale price of units as outlined below:

- 1.0% for homes $300,000 and below;
- 1.5% for homes between $300,001 - $325,000;
- 1.75% for homes between $325,001 - $350,000;
- 2.0% for homes between $350,001 – Up.

The latest revisions allow the City to pursue its housing and neighborhood rejuvenation goals while simultaneously sharing in any unforeseen upside if the cost of remediating the site or the market differ from what is currently anticipated. It should also be noted that the transfer of City-owned land for development will take tax exempt properties and generate new revenue for the City.

To be clear, no TIF is being requested as part of the financial structure of Phase II. It is likely that Avesta may request a TIF in connection with Phase I. As mentioned above, staff is still considering this proposal and has not come to a decision at this time whether or not to recommend the use of a TIF to the Committee.

With Avesta's initial proposal requesting a TIF and the land for free resulted in an investment of City resources noted below:

City Investment/unit $22,532 City Investment/sq ft $22

However, the ultimate investment by the City is difficult to accurately predict at this point in the process. The potential financial impact of the sliding scale per initial sale and the $400,000 payment less demolition and remediation costs could significantly reduce the City's previously calculated per unit investment.

STAFF RECOMMENDATION

Tonight's presentation is for staff to provide a review and update on Avesta's proposal for the 65 Hanover/52 Alder Street property. This is not an action item. Following Committee feedback, if necessary, staff will continue to work with Avesta to reach a proposal acceptable to the Committee that will be ready for a vote to bring the item before the full Council.

DRAFT 2015 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING CALENDAR

Meetings: 2nd & 4th Wednesday of each month

As of September 3, 2015

September	**September 9** Proposal for Scope of Planning Study of DPS site in Bayside Review and Update on the Proposal for the sale of the 65 Hanover/52 Alder Street DPS site to Avesta Housing
	September 30 HUD 5-Year Consolidated Plan – CDBG Goals and Priorities Short Term Rentals - Air bnb. Housing Zoning Definitions Lodging house as an alternative to emergency shelter Housing Replacement Ordinance Clarifications Tentative: Vote and recommendation to the City Council on the Assignment of the Riverwalk TIF District. Communication: Portland Economic Development Plan Implementation Update FYE2015 Annual TIF District Report
October	**October 14** Vote and recommendation to the City Council on Amendments to Tax Acquired Property Rules. Review and Recommendation to City Council award of bid and Purchase and Sale Agreement for 157 Brackett Street Tentative Executive Session for New England Cluster House Project at the Maine State Pier. Tentative Executive Session for possible TIF District for city owned Riverside Street site. Tentative Executive session for Wilmot Street matter resolution.
	October 28 Short Term Rentals - Air bnb. Housing Zoning Definitions Lodging house as an alternative to emergency shelter Housing Replacement Ordinance Clarifications 2015 Calendar Year HCDC Accomplishments Report Proposed 2016 HCDC Work Plan Waterfront TIF District geography amendment discussions, including consideration of Portland Company as TOD TIF Discussion.
November	Note: November 11 is Veteran's Day and November 25 is the day before Thanksgiving
	November 11 – Canceled
	November 25 - Canceled
December	**December 9 – Canceled**
	December 23 - Canceled
Items for 2016 Work Plan	Update on City-owned lot at 98 High Street. - 2016 Police Parking lot (corner of Middle and Franklin). – 2016 Additional publicly owned land for housing development – 2016 Linking housing subsidies to other public goals