FINAL

Minutes

Remote Housing and Economic Development Committee

August 20, 2024

NOTE: This meeting was held via Zoom and can be viewed at this link: http://www.portlandmaine.gov/1695/Economic-Development-Committee These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, August 20, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members, Roberto Rodriguez, and Kate Sykes. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Corporation Counsel Michael Goldman, Associate Corporation Counsel Avery Dandreta, Assistant City Manager Dena Libner, Business Programs Manager Nancy Martin, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on July 16, 2024

On motion made by Councilor Rodriguez, seconded by Councilor Sykes, the Committee voted 3-0 to accept the Minutes.

Item #2: Review and Recommendation to the City Council regarding Affordable Housing Project for Youth and Family Outreach at 331-337 Cumberland Avenue (Public Comment will be taken)

Greg Watson provided an overview of the proposed development and funding request from Youth and Family Outreach for 331-337 Cumberland Avenue. The proposal has been in the works for a number of years and ran into a number of issues during COVID. Cost overruns necessitated putting the project on hold. YFO is now ready to move the proposal forward and is requesting a subsidy funding loan in the amount of $1,080,000 to construct a new 60 unit rental housing development and child care facility within one building.

Mary Davis indicated the previously approved Affordable Housing Tax Increment Financing (AHTIF) District and Credit Enhancement Agreement would need to be amended with MaineHousing to reflect the new plans by Youth and Family Outreach to construct a 60 unit rental housing development with a space for a childcare center. The project would include 60-units, 29 of which would be affordable to households at or below 50% of the area median income ($51,000 for a two-person household), 19 of which would be affordable to households at or below 60% of the area median income ($61,200 for a two-person household) and 12 market rate units (including 4 studios, 24 one bedrooms, 22 two-bedrooms and 10 three-bedrooms).

The current approved development district includes a slightly different unit mix (36 units at or below 50% of the area median income, 12 units at or below 60% of the area median income and 12 units at market rate) and would need to be amended to reflect the proposed new development program. Also to be updated is the name of the development entity. The new developer is YFO Resource HUB LP. YFO is partnering with Developers Collaborative who will act as the development guide but will not have ownership in the project.

The underwriting recommendation includes a loan in the amount of up to $1,080,000, at zero interest, over a 30- year term, with repayment of 10% of cashflow above MaineHousing's required $500/unit cash flow balance (as confirmed by MaineHousing underwriting), in the first

5 years of operations, followed by 30% of cashflow until the loan is fully retired. The underwriting memo also notes that the TIF continues to be necessary to keep the debt service coverage ratio within acceptable limits. Staff recommends approval of a loan from the Jill C. Duson Housing Trust Fund conditioned on the satisfactory review of the items outlined in the underwriting memo based on the terms provided in the same memo.

The Committee asked clarifying questions regarding parking (parking was addressed during the public hearing conducted by the Planning Board); and the historical status of the on-site chapel building (the Preble Street Chapel is not located within a historic district, and is not a locally designated historic landmark, and is therefore not protected from demolition). Members indicated their support for this revitalizing project and the need for early childhood care.

Councilor Ali opened the meeting to public comment.

George Rheault (28 Hanover Street)- stated it's pretty clear the council has not done any actual work on this; there has been a tremendous amount of misinformation tonight. He further indicated there was no need to take action this evening and that there will certainly be litigation. He is against demolition of the chapel. Also, Bayside is not a nice place to live. The idea this is a nice place to create community is sad. He is disappointed the Committee has not done its work.

Councilor Ali closed the public comment period.

On motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted 3-0 to recommend to the City Council approval of an amendment to the 337 Cumberland Avenue Affordable Housing Development and Tax Increment Financing District and the Municipal Development Program for the District, regarding changes to the unit affordability and revenue generated as noted in the staff presentation.

On motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted 3-0 to recommend to the City Council approval of an amendment to 337 Cumberland Avenue Affordable Housing Credit Enhancement Agreement to reflect the current development entity of YFO Resource HUB LP.

Councilor Ali opened the meeting to public comment.

George Rheault (28 Hanover Street)- inquired into; how the development would comply with the Green New Deal; relocation costs; $500,000 mortgage from the purchase of the Maria's Restaurant; and the historic concerns.

Councilor Ali closed the public comment period.

In response to Committee request, staff noted a condition of receiving funding from the city is compliance with Chapter 6, Section 6-167 thru 168. Per their submission, the developer intends to comply with the Green Building Ordinance.

On motion made by Councilor Rodriguez, seconded by Councilor Sykes, the Committee voted 3-0 to recommend to the City Council approval of an amendment to CEA.

Item #3: Verbal update regarding Purchase and Sale Agreement with The Hemlock House for its purchase of the former Fort McKinley Hospital Property, a tax-acquired property.

Mr. Watson noted this is just an update and no executive session is needed. Staff is engaged with the potential purchaser, The Hemlock House, and negotiating to arrive at a Purchase and Sale Agreement for this Committee's review and recommendation to the City Council, targeting the September 3rd meeting.

Item #4: Discussion of proposed vacancy ordinance for the Downtown/Arts District area.

Mr. Watson said that this is an initial conversation for direction from the Committee. Staff have met with the Congress Street/Arts District Solutions Group ("Group"), comprised of a number of stakeholders in this area of the downtown. This Group is concerned with the overall condition and appearance of Congress Street and Portland Arts District. Staff, with support from this Committee, would move forward to address these challenges using the "carrots and sticks" formula, i.e., carrots being City support through incentives, and sticks being an ordinance to address vacant storefronts. He then noted that Nancy Martin, Business Programs Manager, will go through some slides to define the problem and possible paths forward.

Ms. Martin noted, as she went through her slide deck, that there are creative ways to work with property owners, such as artwork in empty storefronts, signage, planters, wayfinding, loans and grants to encourage exterior building improvements, and commercial vacancy policies. She also noted that the national downtown vacancy rate in 2020 was 5% to 7%. Ms. Martin also noted that she conducted her own unscientific research and walked Congress Street from Monument Square to High Street and counted 10 empty storefronts out of 50, meaning a 20% vacancy rate. These vacancies and their domino effects have caught the attention of the Group, and staff proposes a pilot project for this area.

Seeing no further questions/comments, on motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted 3-0 to adjourn at 6:30 p.m.

Next meeting is September 3, 2024

Respectively submitted,

Lori Paulette and Victoria Volent