

Minutes

Remote Housing and Economic Development Committee

June 1, 2021

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, June 1, 2021, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Spencer Thibodeau and members Councilors Pious Ali, Tae Chong, and Andrew Zarro. Also present from the City Council was Mayor Kate Snyder and Councilor April Fournier. Present from the City staff were Public Buildings Manager Kathy Alves, Housing and Community Development Division Director Mary Davis, Health and Human Services Director Kristen Dow, Associate Corporation Counsel Michael Goldman, City Manager Jon Jennings (arriving as noted herein), Housing and Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Zoom Meeting Information – no Committee action required.

Item #2: Review and vote on May 18, 2021, draft meeting Minutes.

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to accept the Minutes as published.

Before moving onto the Agenda items, Chair Thibodeau, noting that this would be Mr. Mitchell's last HEDC Committee meeting due his impending last date of employment with the City being June 7th, expressed his thanks to Mr. Mitchell for serving the City, evolving from a recession to a pandemic. His focus and enthusiasm to take on issues has been much appreciated.

The City Council and staff owe Mr. Mitchell a debt of gratitude for his exemplary service and huge impact on Portland. Councilor Thibodeau said that he will truly miss working with Mr. Mitchell and wished him all the best in his retirement and hoped to see him again soon.

Councilor Chong echoed Councilor Thibodeau's comments, noting that it has been a pleasure and an honor to work with Mr. Mitchell with his wealth of knowledge and professionalism. Councilor Chong thanked him for his outstanding service to the City of Portland.

Mr. Mitchell thanked the Committee, adding that it has been a pleasure to serve. This Committee has also been a pleasure to work with and appreciated the respect and trust it has for staff. The work can get overwhelming and time consuming but with the strong leadership of the Council and City Manager it can get done. He thanked the Committee again.

Item #3: Public Hearing and Vote to Recommend to City Council First Letter Agreement with Developers Collaborative for the Homeless Service Center Project – Greg Mitchell

Chair Thibodeau noted for the public that this Committee reviewed, at its last meeting, the three proposals for design and construction of a Homeless Service Center (HSC) at 654 Riverside Street. After review, the Committee directed staff to move forward with negotiations with Developers Collaborative (DC) for the HSC. This is a companion item to that.

Mr. Mitchell said that staff is recommending the Committee vote to forward this First Letter Agreement to the City Council for approval to get the project moving forward. This will allow for the start of the design and public engagement process at no cost to the City and at the Developer's risk for 60 days, working with City staff and community partners. A Second Letter of Agreement would be drafted outlining the terms for compensation and soft costs. Lastly, a Ground

Lease/Master Lease between the parties is proposed to include the final terms of the partnership and budget.

Councilor Thibodeau opened the meeting for public comment.

George Rheault of Bayside noted that he could not join this Committee's May 18 meeting when it reviewed the proposals, but noted that the public needs to have more robust participation. It is a tricky site, and questioned DC's experience in this kind of site and development. He also noted that the HSC needs to have medical and meal services provided and did not see that detailed.

Jason Lambert noted that people are much better treated in their home town surroundings and questioned the HSC also serving other towns and municipalities. Is this best practice? It is a big step and investment for the City. The City of Portland could help people from different cities and towns but help them to gain access to services in their own communities.

Ken Capron said that he would like to see a list of problems and risks and how to deal with them, noting environmental issues with soils and chemicals. He would also like to see policy and procedures for the HSC. Mr. Capron also noted that other cities are not involved in homeless issues and questioned why Portland was.

Amy Johnson of North Deering noted that Riverside is a great site and has no concerns but asked the City to reconsider the size and scale of the HSC.

Seeing no further public comment, Chair Thibodeau closed the public comment session.

Councilor Zarro made a motion to forward this First Letter Agreement to the City Council for approval; Councilor Chong seconded the motion.

Chair Thibodeau said that the City Council has had a number of public process meetings for the HSC and its scope reviews. This was then followed by the RFP, then selection of the DC

proposal, and now the deal negotiation for the work to be done. There is a lot of due diligence that needs to be done and with this First Letter Agreement it can move forward.

Councilor Ali asked about the referendum petition circulating for signatures for limiting the size of emergency shelters in Portland, particularly if it gets enough signatures, and is passed by the voters.

Mr. Goldman referred to the May 28, 2021 memorandum from the Corporation Counsel's office that is included with the agenda backup materials. Regarding if the Planning Board conditional use approval is appealed, he would need to discuss this further with colleagues.

Chair Thibodeau noted the analysis would be forthcoming should the referendum obtain the signatures needed.

(City Manager Jon Jennings joined the meeting.)

Chair Thibodeau noted with regard to the First Letter Agreement, he would like the word "actual" costs to be inserted, so that the City will reimburse for actual costs.

Chair Thibodeau then asked for a vote on the motion and it passed 4-0.

Item #4: Committee Review, Discussion and Direction related to Affordable

Housing Developer Selection related to city owned 622 Auburn Street and 0 Gray Road Property.

NOTE: Executive Session: Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A the Committee may go into executive session to provide staff direction on negotiations.

Chair Thibodeau noted this item comes to the Committee from the initial request from the Housing Committee for a public/private partnership to create affordable housing on City owned property.

Mary Davis presented a high level overview of the history of the public/private partnership for affordable housing on City-owned property. Abutters within 500' of 622 Auburn

Street and 0 Gray Road were notified of this evening's meeting. Mary Davis provided a synopsis of the three RFP respondents which included; type and number of housing units, project lay-out, affordability levels, financing, subsidy requests, construction timeline, and Review Committee comments. Based upon the outcome of the Review Committee's scoring, Habitat for Humanity of Greater Portland had the highest scoring proposal. Additionally, there is interest from a Falmouth business owner to acquire a small portion of the 0 Gray Road City site.

The Committee discussed the proposals and staff's recommendation. Any vote on a recommendation would occur during a future meeting.

Chair Thibodeau opened the meeting for comment by the RFP developers.

Brian Eng of Maine Cooperative Development Partners indicated the 622 Auburn Street project would complement the 165 Lambert Street project by creating efficiencies of scale.

Liz Trice of Maine Cooperative Development Partners noted their proposal provides permanent affordability and would create a neighborhood center in both the Auburn and Lambert Street sites.

Julie Smith of Great Falls Construction highlighted their proposal to maximize the site to create workforce housing. During construction they would train the next generation of essential construction industry workers.

Jon Shumadine Interim Executive Director of Habitat for Humanity noted, based on other projects, the average area median income of homeowners would be 60%. Habitat does not place restrictions on the re-sale of any home, however Habitat has several restrictions in place to prevent a quick re-sale. Additionally, the combination of the first and second mortgage means there is very little equity in the home during the initial years, thus removing any incentive for a homeowner to flip a house.

Chair Thibodeau closed the comment period.

The Committee provided thoughts and questions in response to developer comments.

Chair Thibodeau tabled this item and noted public comment would be taken at the next scheduled meeting of this item.

Item #5: Committee Discussion and Direction to staff regarding Housing Policy

Options for Missing Middle Housing

NOTE: Executive Session: Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A the Committee may go into executive session to provide staff direction on negotiations.

Mary Davis provided an overview of City financial assistance programs (including HOME, Housing Trust Fund, and Affordable Housing Tax Increment Financing), and the impact of the Green New Deal on the City's Inclusionary Zoning Ordinance. She also discussed proposed changes to the City's Tax Increment Financing Policy, including a tiered approach to the maximum percentage of captured revenue returned through a credit enhancement agreement, the required percentage of affordable units and the use of HUD area median income versus a Portland median income as the income metric for AHTIF credit enhancement agreements.

Councilor Zarro asked how workforce housing units, required under the Inclusionary Zoning Ordinance, are counted within the 33% AHTIF low-income unit requirement.

Mary Davis noted the IZ workforce housing units are currently being included within the 33% requirement.

Committee and non-Committee members discussed the application and impact of using a Portland area median income within the Low Income Housing Tax Credit (LIHTC) program. Mary Davis noted the use of the Portland HUD Metro FMR area Income and Rent limits provides consistency and avoids confusion with HUD program limits. Changing the AMI metric would complicate an already complicated process and would add a layer of complexity for developers during the leasing up process.

Chair Thibodeau noted he would not favor changes that would make Portland less competitive in the LIHTC scoring process.

The Committee requested input from stakeholders regarding the impact of proposed changes, as well as a case study to compare the significance of proposed changes to the credit enhancement agreement.

Item #6: Executive Session: Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A the Committee may go into executive session to provide staff direction on negotiations related to the 45 Brown Street Affordable Housing TIF CEA request.

On motion made by Councilor Chong, seconded by Councilor Ali, the Committee voted unanimously (4-0) to enter into executive session at approximately 6:30 p.m.

Chair Thibodeau opened the meeting to public comment regarding entering into executive session. Seeing no one, the public comment period was closed.

Chair Thibodeau noted the next meeting of the Housing and Economic Development Committee is scheduled for June 15.

On a motion was made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to adjourn the meeting at approximately 7:30 p.m.

Respectively submitted, Lori Paulette and Victoria Volent