Minutes
Remote Economic Development Committee
July 21, 2020

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 Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, July 21 2020, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Tae Chong, Nicholas Mavodones, and Spencer Thibodeau. Councilor Jill Duson joined the meeting as noted herein. Present from the City staff were Housing and Community Development Division Director Mary Davis, Associate Corporation Michael Goldman, Acting Director of Permitting/Inspections Jessica Hanscombe, Assistant to the City Manager for Constituent Services Dena Libner, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and vote on May 27, 2020, and June 16, 2020, draft meeting Minutes.

On motion made by Councilor Mavodones, seconded by Councilor Chong, the Committee voted unanimously to accept the Minutes as published.

Item #2: Update of Portland street closures to support restaurant and retail activity for Committee information.

Ms. Hanscombe noted that since the May 18 City Council action, her office has issued 141 Temporary Permits as of July 15, and now 145. She described social distancing and that wearing of masks is being enforced, while also noting that this has enabled many businesses to stay open.

(Councilor Jill Duson joined the meeting.)

Councilor Thibodeau thanked Ms. Hanscombe and staff for all their hard work, and then asked about the expiration of these Temporary Permits.

Ms. Hanscombe said that the Temporary Permits expire November 1st. If the Council wanted this to continue, it would have to extend the Council Order.

Mr. Jennings added that the November 1st date was set because of snow removal and plowing in the streets, while also noting that perhaps the use of sidewalks could be extended.

In response to Councilor Thibodeau, Ms. Hanscombe said that if the City Council wanted to continue this next year, it would need another emergency Order.

Councilor Mavodones expressed appreciation as to how much has been accomplished in a short amount of time. He then noted there has been email traffic of late about Cove Street permit issues and asked about mitigation.

Ms. Libner said that there was a lot of research in determining downtown streets that could be closed, looking at traffic and safety hazards. Since then, the City has received other applications for street closures including Cove Street. After evaluation, it was determined that there would not be any significant impacts to neighboring businesses with closing Cove Street, which meant businesses would be able to survive. City staff barricaded a section of Cove Street, and then heard some pushback from area businesses. A compromise solution was removal of the concrete barricade and replacing it with a wood barricade so that businesses can remove as needed, noting that with the barricade there is a natural flow to get to the other end of Cove Street.

Councilor Thibodeau asked about signage, and Ms. Libner noted that there is a large sign noting the Cove Street businesses are open, but that the City could also augment signage if needed.

Mr. Jennings said that none of this has been perfect but City staff have done a fantastic job so far, noting that there will always be impacts and the goal is to help businesses remain in the business community. There will be a period of evaluation of the project and a report to the City Council later this year.

Chair Costa thanked all staff for turning this around so quickly and would look forward to seeing that evaluation and determine additional steps, if needed, to be responsive to business concerns.

Item #3: Public hearing and vote on a recommendation to the City Council on proposed amendments to the 44/52 Hanover Street Purchase and Sale Agreement to allow a change of use from Maker Space to Mixed-Use project to include residential apartments, ground level parking, and commercial space.

Mr. Mitchell said that this proposed Amendment to the Purchase and Sale Agreement (PSA) would be for a change of development from maker space to upwards of 171 rental apartments, with 8,000 sq. ft. of commercial space, and surface parking. He noted there remains $50,000 in escrow to move forward with performance of the development program. With this proposed change, there is no financial ask to the City and it will be fully taxable. This was first introduced to the Committee at its June 16, 2020, meeting. The Housing Committee reviewed this at its July 18, 2020, meeting and indicated support provided that, per the Inclusionary Zoning Ordinance, the units are built and not pay a fee to the City instead. The proposed timeframe for performance with this Amendment is for the developer to have a site plan filed by February 28, 2021.

Chair Costa opened the meeting for public comment. See none, the public comment session was then closed.

Councilor Mavodones made a motion to forward this to the City Council with a recommendation for approval; Councilor Thibodeau seconded the motion.

Councilor Thibodeau thanked Mr. Mitchell and the City team on this project, as well as the developer. Housing is a definite need with workforce units being built. He asked if the City has an opportunity to buy back the property, and Mr. Mitchell indicated in the negative, noting the escrow being held of $50,000 and being released when the developer has applied for site plan approval.

Chair Costa agreed that housing is very much needed and would support the project. He then asked for a vote on the motion and it passed unanimously.

Item #4: Public Hearing and vote on selection of developer proposals to construct affordable housing projects on the following City-owned properties:

a) **21 Randall Street**
b) **165 Lambert Street**
c) **Douglass Street**

Councilor Thibodeau noted a conflict with the 21 Randall Street property in that he worked with one of the Request for Proposal (RFP) respondents. He requested that it be taken up first and would return to the meeting when that discussion/vote was finished. Committee consensus agreed, and Councilor Thibodeau left the meeting.

Ms. Davis summarized the process leading up to the issuance of the three RFPs which had deadlines of June 16, 2020. Notices to property owners within a 500-foot radius of the three properties were sent out regarding this meeting. The Housing Committee also reviewed all the proposals at its July 8th meeting, held a public hearing, made no formal vote, indicated a preference for the alternative housing models, and would defer to this Committee to make a recommendation to the City Council with an economic point of view. She then noted that each proposer would provide a summary of their project.

21 Randall Street

Patrick Ducas of Ducas Construction noted his proposal is to construct a 12-unit apartment building on 3 floors, with the first floor being ADA accessible. There would be 1-, 2-, and 3-bedroom units with parking provided over the Portland Water District easement area in the back. It will also have a pocket park and the proposed design fits in well with neighborhood. A non-profit will manage the property and apartments once built. The apartments would be would be reserved for families whose income is 60% AMI. The project would apply for LIHTC, as well as HOME funds if available. A rezoning would also be requested.

Greater Portland Community Land Trust (GPCLT): Lado Lodoka summarized GPCLT's proposal as being 13 homes, at 80-120% AMI. In developing the proposal, GPCLT approached school and hospital employees who noted they are priced out of owning in Portland; this model would allow them ownership in Portland.

Tim Wells explained this home-ownership model, noting that homeowners would enter into a long-term ground lease with GPCLT, who would retain ownership of the land. The ground lease contains a deed restriction limiting the price of the unit when resold to preserve affordability in perpetuity. Construction would exceed the City's Green Building Code providing energy efficient units.

Ms. Davis said that the City staff committee scoring the proposals gave 80.8 points to Ducas and 76.4 to GPCLT, noting that both were good proposals. She then described the scoring process.

Mr. Mitchell added that both proposals would require a zone change.

Councilor Mavodones said that these are quality proposals, and thanked Ms. Davis for the scoring process summary. He asked if there was a financial analysis done for the proposals.

Ms. Davis said that there was not an independent financial analysis done on any of the property proposals. City staff looked at financial commitments and experience.

Councilor Chong said that both are interesting proposals. He asked Mr. Ducas if he considered partnering with Portland Housing Authority, and Mr. Ducas said that they have not reached out to PHA. They have a relationship with Avesta, who has expressed an interest in managing the property once built.

Councilor Chong, noting the GPCLT proposal with 8, 3-bedroom units, asked Ms. Davis if she had information on how many 3-bedroom units have been created in the past couple of years. Ms. Davis said that the majority are small, but can get that information to him.

In response to Councilor Chong, Mr. Wells described the home ownership structure and selling when a tenant moves out and keeping the units affordable home ownership.

Chair Costa then opened the meeting for public comment on the 21 Randall Street property.

Nancy Williams said that she is very pleased with the strong proposal from GPCLT.

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

Councilor Duson said that the general preference of the Housing Committee were models that focused on ownership for middle income residents, as well as using unusual models, noting that the GPCLT models stands out for her with its long-term affordability.

Councilor Chong agreed, noting the passive housing and savings for people.

Councilor Mavodones said that he is struggling a bit with two good proposals, and asked if it was clear in the RFP that the City was looking for alternative proposals, like GPCLT.

Ms. Davis said that it was clear in the City goals section with alternative ownership models.

In response to Chair Costa, Ms. Davis described funding streams for the proposals.

Chair Costa said that he is in similar place as Councilor Mavodones, noting a variety of policy goals.

Councilor Mavodones said that with TIF proposals, a detailed financial picture is highlighted to review. He then asked about a timeline for the project.

Ms. Davis said that there is no immediacy in the Committee voting today. The Ducas proposal includes applying for LIHTC, and the next application period is next August or September of 2021. She also noted that with Affordable Housing TIF proposals, the City does ask for special detail on budgets, long-term pro-forma, audits, and financial structure.

Councilor Mavodones noted that he is not ready to vote and needs more of a financial picture to do so.

Mr. Mitchell noted that a vote today, or at a future meeting, would be to select a developer to begin negotiations for a PSA, which would then be brought to this Committee for a recommendation to the City Council.

Councilor Mavodones asked if both GPCLT and Ducas would be paying taxes on the building, and Mr. Mitchell answered in the affirmative. Councilor Mavodones suggested an analysis on the tax benefit over 20 years might assist him in making a decision.

Councilor Chong said that revenue is also generated by families staying in Portland.

Chair Costa said it would help to have a clearer funding model for the GPCLT project, as it may not be the last project with the funding model type. He also noted Committee consensus to not take action at this meeting pending further information.

165 Lambert Street

Councilor Thibodeau rejoined the meeting.

Ms. Davis said that the City received one proposal, that being from Maine Cooperative Development Partners (MCDP). Ms. Davis noted that the MCDP proposal has a Phase I, on the City property, and a Phase II on private property.

Mr. Eng thanked the Committee noting the focus for this project is on families, with the units all being 3-bedroom, 2 bath. Pricing would be for the middle income. The proposal does call for a zone change. The project structure would be a limited-equity housing cooperative (Co-Op) under the Maine Cooperative Affordable Housing Act, designed to create permanent affordable housing. Homes would be owned by all members of the Co-Op. A partner in the project has worked on such models in Maine, noting it is unconventional financing, but the MCDP has the experience to make it a success. The homes will be highly energy efficient and will be great for Portland.

Councilor Chong said that he was a former Board member of the Cooperative Development Institute, but sees no conflict of interest.

Councilor Chong asked about operational costs and managing equity for the homeowners.

Mr. Eng noted the monthly cost for home ownership includes utilities, taxes, snow plowing, maintenance, and debt service, noting the desire to be comparable to renting and then described selling the unit after owning it.

Chair Costa then oped the meeting for public comment.

Zack Barrowitz spoke in support of this project, and the similar one for the next property at Douglass Street. He knows of these models and people tend to stay in them for long periods of time.

Mr. Eng noted his interest/participation in this and the Douglass Street model, with the projects generally having a full-time social worker on premises.

Arthur expressed support for this home ownership model.

Tim Wells also supported this project, particularly for families.

Appollo Karara also supported the project, noting it allows for integration, community building, and sharing values.

See no further comments, Chair Costa closed the public comment session.

Councilor Thibodeau asked about any downsides/problems to co-op housing.

Mr. Eng said that homeowners have to cooperate with their neighbors; noting some personalities may not want this kind of lifestyle.

In response to Chair Costa, Mr. Mitchell said that should the Committee authorize staff to negotiate a PSA with MCDP, once executed it could provide site control to move forward with the rezoning process. A PSA would come back to this Committee for a recommendation to the City Council.

Chair Costa noted that this is still a preliminary step. He then noted the Committee received emails concerning a past invitation to tour this property from neighbors. Chair Costa said that he could not find that email; if it was U.S. Mailed it may not have been received due to COVID-19. This tour could still be done prior to consummating any sale, noting that authorizing staff to negotiate a PSA is a preliminary step.

Councilor Mavodones agreed and indicated he intended to support the project.

Councilor Duson expressed appreciation to have these creative proposals moved forward.

Councilor Mavodones made a motion to authorize staff to proceed with the negotiations for a Purchase and Sale Agreement with MCDP to be brought back to the EDC for its recommendation to the City Council. Chair Costa seconded the motion and it then passed unanimously (4-0).

<u>Douglass Street</u>

Ms. Davis noted that the City received two responses to the RFP; each will provide a summary for the Committee

Douglass Yards – Jack Soley, Hebert Development and Avesta Housing.

Rebecca Hatfield of Avesta described the development of 90 homes, which includes rental housing, condos, single-family homes, and accessory dwelling units. Ms. Hatfield further detailed the mix of 1-, 2-, and 3-bedroom units, with forty rental units to be affordable to low- and very low-income households, and over 50% being 2- and 3-bedrooms. The condo building with have 30 1-bedroom units, with 24 priced to be affordable at 120% AMI, and there will be 10 single-family homes. Ms. Hatfield closed by noting the services it will provide.

Mr. Soley then described the design with energy efficiency, gardens, patio for all, boardwalk, and landscaping/screening. The project is a great tax revenue for the City, is shovel-ready once rezoned and permitted, and the design fits well with the neighborhood.

Nate Howes then described financial return to the City is greater than the competing proposal, including the purchase price of $575,000 versus $475,000.

Douglass Commons – Szanton Company and Maine Cooperative Development Partners (MDCP).

Mr. Szanton displayed site plan and described parking, rain gardens, and cooperative housing in 7 buildings, with 2-3-4 stories, and a food forest. There will be mix of just over 100 housing units for diversity, including 32, 3-bedroom units, at 50% AMI to 100% AMI – so affordable for low to middle-income households. He then noted that the Libby Town Neighborhood Association supports the proposal.

Councilor Maovodones said that these are both great projects, and would request additional information the same as for 21 Randall Street.

Ms. Davis noted that the City review team scored these closely but favored the Douglass Yards proposal.

Chair Costa opened the meeting for public comment.

George Makoko supports affordable housing, and new Mainers desparately need that housing. The Douglass Yards project would assist with that.

Ali Malone, Libby Town Neighbor, noted that the Douglass Commons team is a great time. It has experience and will get it done in a timely manner. She appreciated the multi-income diversity of the units.

Claude Rwaganje supported the Douglass Yards project, noting it would help new Mainers with affordability.

Zack Barrowitz noted that the Libby Town Neighborhood Association supported both projects, and he does as well; no push back in zone change.

Val Todd supported Douglass Commons home ownership for lower income than Douglass Yards.

Ulian Rowand also supported the Douglass Commons project. The Cooperative provides community engagement and long-term housing security, stability, and affordability.

Charles O'Rourke supported the Douglass Commons, noting the homeownership and community building.

Tim Hebert, partner in the Douglass Yards project, noted that the team has the experience to get this done and it would bring a diverse community to the project.

Jonah Fertig supports the cooperative housing design, and respected Douglass Yard project but supports the Douglass Commons project. He applauded the City wanting creative proposals for affordable housing. The co-op model provides permanent affordability and homeownership.

Jonathan Culley noted the two high quality proposals, but the financial considerations were not close, and Avesta would be a lower risk. He applauded the co-op at Lambert Street but not here.

Appollo Karaka noted the proposals have ownership, community building, and integration.

See no further comments, Chair Costa closed the public comment session.

Councilor Mavodones, as noted previously, is interested in more financial information to compare apples to apples and would recommend not taking action at this meeting.

Councilor Chong said that both are amazing proposals with the best teams in Portland.

Councilor Thibodeau said that he has no objection to postpone for more information, although he could vote now.

Chair Costa noted his preference to have this come back to Committee as soon as possible.

Councilor Chong it would be interesting to know the economic impact on low-income ownership and more children enrolled in the school.

Chair Costa, noting consensus to not take action, said that he would work with Mr. Mitchell to get this back to Committee for either August 4 of August 18.

Item #5: Update on PDC COVID-19 Business Assistance Programs for Committee Information.

Mr. Mitchell noted that both Councilor Chong and City Manager Jennings are on the PDC Board of Directors. To date there have been two rounds of requests for applications for the PDC COVID-19 Loan and Grant programs, resulting in a total of 57 applications received from a diverse group of businesses. Based on approvals to date, there remain funding for the programs.

Chair Costa thanked Mr. Mitchell for the update.

On motion made by Councilor Chong, seconded by Councilor Mavodones, the Committee voted unanimously to adjourn at 9:40 p.m.

Respectfully, Lori Paulette