Minutes
Remote Economic Development Committee
August 18, 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, August 18, 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 Pious Ali also joined the meeting. Present from the City staff were Housing and Community Development Division Director Mary Davis, Associate Corporation Michael Goldman, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and vote on July 21, 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: Public Hearing and vote on a recommendation to the City Council on the annual documentation for Portland Downtown (PD) special assessment for Fiscal Year 2021, including Master Agreement, Fiscal Year Work Plan, and Budget.

Mr. Mitchell noted that this is an annual requirement for the City Council to authorize the mil rate for PD, as well as associated Master Agreement and Work Plan.

Cary Tyson, Executive Director of PD, thanked the Committee for their time and looked forward to working with the City in his new position as Executive Director. He then noted that the mil rate for FY2021 is being reduced from FY2020 of 1.09 to 1.05. Mr. Tyson then highlighted seasonal activities, particularly creative ones for the downtown Winter shoulder season, and noted a conservative budget for FY2021.

Casey Gilbert, consultant for PD and its former Executive Director, thanked the City Council for their support of PD over the past 30 years, and looked forward to consulting for PD.

Chair Costa opened the meeting for public comment; seeing none, the public comment session was closed.

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

Councilor Thibodeau suggested that PD reconsider having the Old Port Festival as a way to try to get people downtown.

Chair Costa thanked PD for their efforts and always being a tremendous partner. The proposed mil rate going down will be appreciated by its members. Chair Costa then asked about timing to bring this to the City Council, and Mr. Jennings noted that it would done with the City operations budget process.

Chair Costa then asked for a vote on the motion and it passed unanimously (4-0).

Item #3: Public Hearing and vote on a recommendation to the City Council to acquired 204 Rand Road vacant property to be placed in the Land Bank.

Pat Bailey, Chair of the Land Bank Commission (LBC), thanked the Committee for taking up this item today, noting that it has been on the LBC's high priority list for a while with its 28 acres of largely wooded area, steep terrain, and an extensive trail system by Portland Trails, as well as the old Cumberland/Oxford Canal. Owned by Avangrid, LBC has negotiated a bargain price for the property at $50,000. A City-wide Department survey was conducted, which resulted in positive interest in placing it in the Land Bank.

Mr. Mitchell noted that the packet included a profile on the real estate and a proposed Purchase and Sale Agreement. The property has sat idle for a number of years, noting that it is a very challenging property. The LBC has the funds to purchase this property.

Chair Costa opened the meeting for public comment; seeing none, the public comment session was closed.

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

Councilor Thibodeau questioned buying the property versus leaving it be. He also noted that a conceptual site plan from 2006 showed approximately 7 acres for possible development. Would this be an option if all 28 acres were placed in the Land Bank.

Ms. Bailey said that it has been on the market for 2-3 years, asking $250,000. The LBC had talked with the owner, noting if it sold the 7 acres, the LBC would like to purchase the remainder at a bargain price. The property with its limitations is now being offered in total at $50,000. Ms. Baily further noted that if in the future the City wanted to develop that 7 acres, it would take a Council super-majority vote to take that 7 acres out of the Land Bank.

Mr. Mitchell noted that at the Council meeting, there would be two actions: authorizing the Purchase and Sale Agreement, and placing the property into the Land Bank.

Councilor Chong said that he lives in this area, and more people use that part of Portland Trails, which is near Rowe School, so it could also be used for educational field trips.

Ms. Bailey concurred, noting there has been much more use of the trail system due to the current pandemic, noting interesting wildlife and more signage in the future.

Chair Costa said that he has been on the LBC as a Council appointee a couple of times and knows the analysis that is done to prioritize areas. He thanked staff and LBC for bringing this forward. He then asked for a vote on the motion and it passed unanimously (4-0).

Ms. Bailey thanked the Committee, and also thanked the Mayor, City Council, City Manager and all City staff for their efforts during the pandemic, noting how their jobs changed tremendously and applauded all.

Item #4: Second Public Hearing and vote on selection of Developer Proposals to construct affordable housing projects on the following City-owned properties in order to proceed with real estate purchase and sale agreement negotiations:

a) **21 Randall Street**

b) **Douglass Street**

NOTE: Public comment will be taken only from those who did not comment at the July 21, 2020, public hearings for these two properties.

The Committee may go into executive session per 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A to provide staff direction on negotiations.

Councilor Thibodeau recused himself from the 21 Randall Street property discussion and vote due to his employer having a relationship with one of the respondents to the RFP; he then left the meeting.

Chair Costa noted that the Committee previously heard presentations on the development projects and received public comment at the July 21 meeting. This meeting is to review additional information requested at that meeting and to move forward with a recommendation to staff on which proposals to begin negotiations with for a Purchase and Sale Agreement (PSA).

Ms. Davis provided an overview, noting this would be followed by 5-minute presentations from each developer. Most questions from the last meeting centered around additional financial information of each, and the cover Memo details this information, and thanked Victoria Volent in her office for her assistance. The memo includes information on rent schedules by bedroom count and AMI levels, estimated sale price for homeownership units, as well estimates working with the City Assessor for annual taxes from each development. She also noted that per the RFP, affordable means rentals/home ownership that do not to exceed 30% of income. Ms. Davis added that Mr. Mitchell did an analysis on education impacts. Ms. Davis also made note that the Housing Committee met on August 12 and requested City staff explore sole sourcing 622 Auburn Street with Maine Cooperative Development Partners, which the City is currently negotiating a PSA with for the 165 Lambert Street property.

Councilor Chong asked about a breakdown of 3-bedroom units in the past two years, and the economic impact of low-income housing renters who became homeowners.

Ms. Davis noted p. 4 of the backup shows projects from 2016 forward and the number of bedroom units for each for a total of 157 3-bedroom units. Regarding the low-income renters who become homeowners, she indicated that she does not have that data.

In response to Councilor Mavodones, Mr. Mitchell referred to his Memo and summarized the estimated educational impact on the projects, using maximum occupant size from the Inclusionary Zoning Ordinance for both the Randall Street and Douglass Street projects.

Councilor Mavodones asked about TIF sheltering savings, and Mr. Mitchell noted the 30-year average TIF sheltering savings for the Douglass Yards project is estimated at $25,935 on the 40-unit rental project. For the Douglass Commons 56-units of rental housing it is estimated at $36,688 average; and, for the Cooperative Housing project it is estimated at $63,256 annual savings.

Councilor Mavodones requested a review of property taxes for each project, and Ms. Davis provided that review for the Committee referring to her memo.

Chair Costa then asked for up to 5-minutes summaries from the developers for the 21 Randall Street project.

<u>21 Randall Street</u>

Patrick Ducas thanked the Committee for their time in reviewing the proposals. His proposal is for 12 units with a mix of bedrooms and parking for all, for those at or below 60% AMI, and offering $7,500 for the land. His project includes applying for LIHTC and $175,000 from the Housing Trust Fund, standard debt, and $150,000 equity. He would have liked to applied for the September 2020 round of LIHTC, but that is now unlikely so project would be delayed a year.

Chair Costa asked if Committee members had any questions. There being none, he asked for Greater Portland Community Land Trust (GPCLT) update.

Mr. Wells noted that the proposal is for 13 homes all with 1- and 3-bedrooms designed for workforce home ownership. He described the financing sources, including $400,000 from the Housing Trust Fund which would be paid back. He then described the GPCLT model, with GPCLT owning the land, and noting that when a homeowner sells, it gets back some equity.

Councilor Mavodones asked about any interested parties in this model, and Mr. Wells noted that he had 20 interested parties, with the majority employed by the public school system.

Councilor Chong asked if it had any match programs for seller's equity, and Mr. Wells noted that as the project builds, this can be looked into but it is much better than renting, and you would also get the down-payment back.

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

Dale Belanger of 61 Randall Street noted that home ownership is needed and supported the GPCLT model.

Nick Zaccaro, long term resident of Portland, supported GPCLT model.

Michelle Amato, 93 Ashland Street, supported the GPCLT model and its diversity. Being a teacher in Portland, salaries do not provide enough for homeownership in Portland. This model will help.

Edward Laboko noted support for GPCLT project.

Ginny Sheriden supported GPCLT for its home ownership in perpetuity.

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

Councilor Chong made a motion to have staff move forward with PSA negotiations for the GPCLT proposal; Councilor Mavodones seconded the motion.

Councilor Chong favored the GPCLT home-ownership model for families, for increased students in the school system, and preserving the family neighborhood.

Councilor Mavodones noted these were two very good proposals. With the EDC's financial lens, there would be more economic benefit to Portland with the GPCLT model.

Chair Costa agreed. He noted that this property is in his District and this is a good project to get to affordable home ownership. He thanked both proposers.

A vote was then take on the motion and it passed unanimously (3-0).

Douglass Street

(Councilor Thibodeau rejoined the meeting.)

Ms. Davis summarized the estimated taxes for each project.

Douglass Commons Project

Mr. Szanton thanked the Committee and introduced the team. He noted that the issue is what does the City want for a product. The City wanted units at 60% to 120% AMI, with his proposal having 108 units, and the other 90. He then described the differences between the two proposals, particularly the deed restrictions for units to remain affordable. Mr. Szanton said that it is a unique property and a great family project, which is why they prioritized 2- and 3-bedroom units, particularly for workforce housing.

Douglass Yard Project

Rebecca Hatfield of Avesta Housing thanked the Committee for their time. She noted that this project scored highest between the two proposals. This project has the highest tax revenue return to the City and does not need HOME or Housing Trust Fund funds. This project team is very sensitive to Portland's housing challenges, and, with financing in place, is ready to move forward.

Councilor Thibodeau questioned the AHTIF for the Co-Op model, particularly at the end of the 30-year TIF would costs go up for the homeowners.

Mr. Eng said that there are a variety of costs. As the TIF gets to the end of the 30-years, the Cooperative would evaluate it to remain affordable for the homeowners. A Cooperative is also limited by statute for it to remain affordable at 100% AMI or less.

Ms. Trice added that a refinancing would most likely occur at the end of the 30-year TIF period.

Councilor Thibodeau questioned the Douglass Yards project having 40 rental units, while the Commons had more.

Ms. Hatfield said that the Yards proposal looked at the entire layout and it made sense for 40 rental units, 30 condos, and 10 single-family homes each with accessory dwelling unit (ADU).

Councilor Thibodeau asked if the 10 single-homes with ADU are proposed or would be they built, and Jack Soley indicated that they would be built with the ADUs as an integral part of the campus. Their plan would allow family living at all income levels, with the 10 single-family homes built as passive homes.

Councilor Chong asked about the equity in the Co-Op models and can members obtain a collateral loan from that equity.

Mr. Eng explained that members will always build equity. They tap into it when they move out and sell their share. Regarding collateral loans, this can be further looked into.

In response to Councilor Ali, Mr. Eng indicated that there are many successful models in New York City, DC, and across the country. They are a small percentage of overall housing but successful.

Chair Costa then opened the meeting for public comment.

Eric Anderson who lives on Douglass Street supported the Douglass Commons project with more family homes and permanent affordability, a very important element. He liked the Co-Op model and lived in one which helped him to save money for the down-payment on the house he owns now.

Craig Saddlemire, manager of a Lewiston Co-op, sent in his letter of support for the Douglass Commons proposal, noting such developments promote community engagement.

Rachel Alcoff of Maine Peoples Alliance supported the Douglass Commons proposal, noting it provides diversity in mixed income, community building, and offering help if needed.

Data Totman of Avesta Housing provided some background noting the development team will get this project done. Jack Soley got the first development done in Bayside when the

City sold its Public Works Bayside properties. This proposal will get the 90 units developed and ready for occupation. Financing is in place and it is not using the HUD 213 Program.

Charles O'Rouke of 79 Douglass Street supported the Douglass Commons project, noting that it would promote affordable housing and community engagement.

Andrea Levisky also supported the Douglass Commons proposal. She is a Portland school employee and cannot afford to buy in Portland. This concept may provide her an opportunity to live in a 2-generational community.

Hugh Jeffers supported Douglass Commons. He noted that he has been involved in cooperative lending for 25 years, working extensively with Co-Ops and the HUD 213 Program is successful in creating such developments.

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

Councilor Chong asked Ms. Davis if both proposals were shovel ready, financing in place, and zoning all set.

Ms. Davis noted that both proposals are going to need a re-zone and site plan approval with the Planning Board. The timing for that is 4 months for rezoning, and then 3 months for the site plan approval.

Regarding funding in place, Ms. Davis indicated that the Douglass Commons had requested HTF Funds and noted that at a recent City Council meeting it authorized the use of HTF funds for AHTIF projects at 83 Middle Street, 377 Cumberland Avenue, and 200 Valley Street. This would leave a balance of $698,000 in the Fund, and staff prefers to reserve $500,000 in case of emergencies. Financing is in place for the Douglass Yards project.

Ms. Trice indicated that the Douglass Commons project can work without the HTF; it is not necessary to the project.

Councilor Ali noted that when the Housing Committee reviewed these two proposals, he and Councilor Cook supported the Douglass Commons project.

Councilor Mavodones asked for clarification on the use of HTF funds.

Ms. Davis said that initially Douglass Commons did include use of HTF funds. However, knowing what was going to the City Council as just noted, she asked about the possibility of HTF not being available. Ms. Trice had indicated to her that the project could continue.

Chair Costa asked Ms. Davis about the HUD 213 program, and Ms. Davis said that it is not a program she is familiar with. With limited research she found that it is a HUD program that provides mortgage insurance on loans that facilitate building Co-ops and HUD data shows it has been used mostly in the west.

Councilor Mavodones made a motion to authorize staff to move forward with negotiations for a PSA with the Douglass Yards project; Councilor Chong seconded the motion.

Councilor Mavodones said both offer great opportunities for Portland and the development teams are known, high quality affordable housing developers. The funding sources and revenues tip the scale for him, as does the diversity in the Douglass Yards proposal. He thanked both development teams.

Councilor Thibodeau said he is in a similar boat as Councilor Mavodones, and appreciated both proposals. After weighing options, the Douglass Yards is more compelling because of the need for diverse housing in this area, noting he wished Portland could have both development projects. At the end of the day, Councilor Thibodeau said that it was an extremely close decision but is leaning toward Douglass Yards.

Councilor Chong agreed that both were good proposals and the best affordable housing developers, but he will support the Douglass Commons proposal. The number of children attending school at the Douglass Commons project is approximately 200, almost double of Douglass Yards. Permanent families would be created at the Commons at a price point they can afford. Low-income residents can be there and build equity. Public benefit piece is better at Commons to own and begin a life-long housing ownership. Losing school enrollment is a big factor for Portland. Commons provides housing security for families with permanent ownership.

Chair Costa also agreed that the City received two outstanding proposals and cannot go wrong with either, noting that he has a slight preference for Douglass Yards as it is easier for him to see this project coming to fruition, particularly because of the financing in place. These proposals may need a full Council discussion.

Councilor Chong agreed with the funding, but the City should try new models. This population is one we want to help – the low income. If Maine gets 213 HUD funding, it could bring other financing pieces in as well.

Councilor Thibodeau said that the City is clear in that it wants to assist in creating more affordable housing by using its City-owned property, and not to fund high end housing. Both are good projects, suggesting that the one not chosen could put in a proposal for another piece of City-owned property that the Housing Committee is working on.

Councilor Chong noted at 60% AMI, you could own at the Commons.

Seeing no further discussion, a vote was then taken on the motion and it passed 3-1 (Chong).

Councilor Thibodeau noted that the EDC may be taking up in September a discussion of proposed disposition of City-owned property at 157 Brackett Street and 176 Clark Street, which had been discussed previously in 2014/2015. It would be interesting to have a summary of those meetings.

On motion made by Councilor Chong, seconded by Councilor Mavodones, the Committee voted unanimously (4-0) to adjourn at approximately at 8:47 p.m.

Respectfully, Lori Paulette