# Joint Meeting of the Economic Development Committee and Housing Committee

## Minutes of May 21, 2019 Meeting

**NOTE: The Joint Meeting of the Economic Development and Housing Committee was live-streamed, which can be viewed at this link: [http://townhallstreams.com/stream.php?location_id=42&id=16398](http://townhallstreams.com/stream.php?location_id=42&id=16398) These minutes provide a record of those in attendance, general discussions taking place, and motions made.**

A joint meeting of the Portland City Council's Economic Development Committee and Housing Committee was held on Tuesday, May 21, 2019 at 5:30 P.M. in room 209 of Portland's City Hall. Councilors present at the meeting included Economic Development Committee members Councilor Justin Costa, Chair of the Economic Development Committee, Councilor Nicholas Mavodones, and Councilor Pious Ali, and Housing Committee members Councilor Kim Cook, and Councilor Jill Duson, Chair of the Housing Committee. City staff present included, Greg Mitchell, Economic Development Director, Lori Paulette, Senior Executive Assistant, Jeff Levine, Director of Planning and Urban Development, Mary Davis, Division Director Housing and Community Development, Victoria Volent Housing Program Manager, and Kristen Dow, Interim Director Health and Human Services Department.

**<u>Item 1: Public Hearing and Vote to Recommend to the City Council Proposed Affordable Housing TIF District at 66 State Street</u>**

Mary Davis presented the request from Developers Collaborative for an Affordable Housing Tax Increment Financing District for their project located at 66 State Street. The development district will include two buildings. The existing building at 66 State Street will be converted into a women's housing community with 40 rooming units affordable to individuals with income not exceeding 50% of the area median income. Support services will be provided by Amistad and their community partners. The second, adjacent building will be a new construction of 30-unit rental housing with 14 studio units and 16 one-bedroom units. The units will be affordable to individuals, as described above, with income not exceeding 60% of the area median income.

The developer intends to request $600,000 in funding through the 2019 Affordable Housing Development Application. The application was released on April 24 with a due date of May 31st. If approved, the AHTIF will be provided through a Credit Enhancement Agreement at 75% of the increased taxable value, currently estimated at a 30-year annual average of $89,072. When completed, this project's new assessed value is estimated at $3.75 million, which will yield the same amount in increased annual assessed property value as the property currently has a zero net taxable value.

Total development costs are estimated at a combined $11.7 million ($6 million for the new rental unit building and $5.7 million for the lodging house). At full build out, the development district is projected to pay an annual average of $118,763 in projected new taxes of which $89,072 will be returned to the developer and $29,691 will be non-captured general fund revenue. In addition, with the tax sheltering benefits of TIF Districts, overall savings to the City, during the term of the district, averages an estimated annual amount of $23,942, or $718,246 over the life of the district.

In reviewing this TIF request, staff notes the public benefit associated with the TIF District of 40 rooming units and 30 units of rental housing, all of which will be affordable to households at or below sixty percent (60%) of the area median income. Additionally, the TIF will create tax sheltering benefits estimated at an average $23,942 annually.

Staff is requesting the Housing Committee and the Economic Development Committee approve and recommend to the City Council support of this Affordable Housing TIF proposal which meets the City's policy goal of increasing access to safe, location-efficient housing that is affordable for working and low-income families.

Councilor Duson opened the meeting to public comment; seeing no one coming forward, the public comment period was closed.

Motion by Councilor Cook to recommend to the City Council proposed affordable housing TIF District at 66 Sate Street seconded by Councilor Duson (approved 2-0). Motion by Councilor Mavodones to recommend to the City Council proposed affordable housing TIF District at 66 State Street seconded by Councilor Ali (approved 3-0)

**Item 2: Public Hearing and Vote to Recommend to the City Council Proposed Affordable Housing TIF District on Front Street**

Mary Davis presented the item from Portland Housing Authority for an Affordable Housing Tax Increment Financing District for their project located at 37 and 63 Front Street. The Portland Housing Authority (PHA), through its development entity, Portland Housing Development Corporation, is proposing to re-develop the Front Street public housing. Currently the property is a 50-unit public housing community built in 1971 to relocate residents of the Bayside neighborhood as part of Portland's Urban Renewal effort and the construction of Franklin Arterial. The property has been identified in PHA's Strategic Vision Plan as a priority for re-development. The current PHA proposal includes a two phase approach for the demolition of the existing 50 units and new construction of construct 105 units of rental housing along with 8 units of homeownership housing. The 8 homeownership units are not included in the Affordable Housing Tax Increment Financing (AHTIF) district.

In 2018, the PHA received funding allocations from the City of Portland of $925,000 in Housing Trust Funds, $510,174 in HOME funding and $250,000 in CDBG funding. The project has been amended since approval last year; the total unit count has dropped from 111 units to 105 units.

Councilor Costa asked for a high-level overview from Jay Waterman, the Director of Real Estate Development for PHA, regarding the public process in the context of the amended plan. Per Mr. Waterman, the Portland Housing Authority has held five neighborhood meetings to keep residents and neighbors up to date on changes. The most recent meeting was approximately 30 days ago. A workshop with the Planning Board is anticipated for late June with a public hearing before the Planning Board in mid-August. The two-phase approach is a better process for the families as is lessens the relocation impact. Tenants have a one-hundred percent right of return. The new housing will not be considered Public Housing; instead, tenants will use Section 8 project based vouchers. This last change is in keeping with HUD's Section 18 Demolition Disposition Program.

Councilor Duson opened the meeting to public comment. Seeing no one coming forward, the public comment period was closed.

Councilor Cook moved to establish the affordable housing tax increment financing district for 37 and 63 Front Street and approve the credit enhancement agreement. Councilor Duson seconded the motion. The motion passed 2-0. Councilor Mavodones moved to establish the affordable housing tax increment financing district for 37 and 63 Front Street and approve the credit enhancement agreement. Councilor Ali seconded the motion. The motion passed 3-0.

**Item 3: Presentation and Discussion on the Following Two Possible Public-Private Partnerships to Support Affordable Housing Projects on City-owned Properties:**

Kristen Dow provided an overview of this discussion item. This item will come back before the Housing Committee for a vote at a later date. The first public-private partnership proposal is with Avesta Housing. Avesta is proposing the development of the vacant land on the back portion of the Barron Center Campus with three programs that would serve homeless persons who are age 55 or older. The plan consists of an assisted living facility, a Housing First development, and an assessment center.

The thirty-six unit assisted living facility (ALF) would be a traditional ALF where residents receive assistance with Activities of Daily Living (ADL's). Assisted Living, sometimes referred to as Residential Care, is a Maine DHHS licensing designation and in simple terms is a level of care less than Long-Term Care/Nursing Homes and greater than home health service provided to independent living residents. It is assumed the older homeless population that would live in the proposed facility would be low income and thereby financially eligible for MaineCare (Maine's Medicaid Program).

The thirty-unit Housing First Development would be similar to Avesta's three other Housing First Developments: Houston Commons, Florence House, and Logan Place. Each of these developments has housed chronically homeless individuals.

The fifteen-bed Assessment Center would be a temporary (up to 14 days) residential program. Individuals would enter this program and then be assessed for appropriate placement. It is assumed that some would be referred to Long-Term Care/Nursing Home level of care; some would be referred to Assisted Living programs (Avesta's or others); some would be referred to the Housing First development; and some would be referred to other community options.

The second public-private partnership proposal is with Community Housing of Maine (CHOM) for low-income housing with about thirty-seven to forty-one units at 83 Middle Street. A portion of those units will be dedicated to referrals from Portland's long-term stayers program. This would be a ground-lease agreement.

Dana Totman of Avesta Housing noted that individuals over 55 years old and homeless tend to present more health and disability issues. Providing housing for the older and chronically homeless population provides safe, secure and supportive housing as they conclude their lives. The location is beneficial as the Barron Center has a memory impaired and health facilities. Avesta has met two or three times with leaders of the Neighborhood Association and with Councilor Batson in on-going discussions to share ideas. This would not be a drop in shelter; it would be by appointment only. Referrals would come from the City service center to relieve pressure from other city shelters. The site needs to be rezoned, and tax credits need to be secured prior to construction. 2021 is likely the soonest construction could begin. The completion of the project is expected to take ten to eleven month.

Councilor Mavodones left the meeting at 7:45

Councilor Costa encourages taking a proactive approach towards involving the State in partnership opportunities (legislative; financing; etc.).

Brian Kilgallen, the Development Officer of CHOM noted the chronically homeless population in Portland has increased while all other segments of the homeless population have decreased. The 83 Middle Street project will be similar to CHOM's twenty-unit senior citizen project at the corner of Danforth and High. This forty-one unit building will have eleven long-term stayers units amongst the other LIHTC eligible households. CHOM reviewed the City-owned parcel list of potential shelter sites and noted the 83 Middle Street met the criteria of being on the peninsula and downtown, and it also would provide much needed affordable housing along India Street. The chronically homeless population integrates back into housing better with an age 55 and older population.

Kristen Dow noted her department is working with other for-profit and not-for-profit developers to take a closer look at city-owned parcels and their potential for affordable housing.

Councilor Costa recommends close communication with the Council (due to neighborhood concerns). Councilor Duson requested the Committee be updated as projects move forward.

Councilor Cook introduced an off-agenda item looking for guidance as to the proper process towards addressing the short-term rental registration issue brought to the City Council's attention. As of February 1, 2019, the City had 280 non-owner occupied units registered. The cap of 400 non-owner occupied short-term rental units was reached on May 15. On May 5, our short-term rental compliance vendor, Host Compliance, sent out one hundred forty-four (144) notices of violation on the City's behalf. These letters were sent to any property owner advertising a unit for rent on a short-term basis, where that unit was not registered with the City. Once the 400 cap was reached, owners were placed on a waiting list. Wait-list owners contacted City staff and/or Council members with their concerns.

Councilor Cook inquired into the option of discussing the issue at a future meeting, or following an administrative path. Councilor Duson would like to discuss the issue at a meeting of the Housing Committee. She directed staff to poll Committee members as to availability to meet prior to the regularly scheduled June 12 meeting. Staff was further directed to notify members of the City Council as to the date of the meeting. Any recommendation of the Housing Committee will be forwarded to the Council for further discussion.

Motion by Councilor Ali to adjourn, seconded by Councilor Costa (approved 4-0) the meeting adjourned at 7:09 P.M.

Respectfully submitted,

Victoria Volent