

Order 83-08/09

Given 1st reading: 10/6/08 Postponed on 10/20/08

Passed: 11/17/08 7-1 (Marshall opposed, Anton abstaining)

EDWARD J. SUSLOVIC (MAYOR)

KEVIN J. DONOGHUE (1)

DAVID A. MARSHALL (2)

DANIEL S. SKOLNIK (3)

CHERYL A. LEEMAN (4)

CITY OF PORTLAND

IN THE CITY COUNCIL

JAMES I. COHEN (5)

JOHN M. ANTON (A/L)

JILL C. DUSON (A/L)

NICHOLAS M. MAVODONES (A/L)

ORDER APPROVING HOME PROGRAM FUNDS AND COMMUNITY HOUSING DEVELOPMENT FUNDS RE: AVESTA HOUSING FOR FLORENCE HOUSE

ORDERED, that up to \$240,000 is hereby appropriated for disbursement to Avesta Housing as gap financing for Florence House, subject to the terms outlined in the Memorandum dated September 23, 2008 from the Housing and Neighborhood Services Director to the City Manager's Office, attached.



Memorandum

Housing and Neighborhood Services Division
Planning and Urban Development Department

To: Sonia Bean, Executive Assistant, City Manager's Office

From: T.J. Martzial; Director, Housing & Neighborhood Services Division

CC: Penny St. Louis Littell, Director of Planning & Urban Development
Elizabeth Boynton, Corporate Counsel

Date: September 23, 2008

Subject: Florence House; HOME Funds

Council Meeting at which action is requested: October 6, 2008

Can action be taken at a later date? No

If not, why? This project has been delayed by legal issues, and must be completed by December 2009 in order to access tax credit subsidy funding. The estimated construction period is 14 months. Prompt action is critical to construction timing.

1. Summary of Issue

Avesta Housing has requested up to \$240,000 in subsidy to fill a funding gap necessary to complete their projected \$7,572,240 project on Valley Street. The loan would be made at 0% interest with payment in full due in 30 years. The Housing Committee unanimously endorsed the request at their September 2, 2008 meeting.

Florence House received conditional rezoning approval for the project on September 17, 2007, and site plan approval on October 23, 2007. Florence House will serve chronically homeless women through three critical components; a supported Safe Haven environment that will provide semi-private living space for up to 15 women who are not yet ready to maintain their own space; efficiency apartments that will serve 25 women ready to manage independently; and a limited number of emergency beds to provide immediate, short-term housing for temporarily homeless women.

2. Reason for Submission

The City Council approves allocations for housing projects requesting HUD funding.

3. Intended Result

The project will lead to the development of emergency transitional, and permanent housing for homeless women in a “housing first” model similar to the very successful and multiple award winning Logan Place. On any night in Portland, there are several dozen women sleeping at the temporary Preble Street women’s shelter or on the streets. Many of these women have been homeless for years and have mental health and/or substance abuse issues that make them especially vulnerable. Often victimized, these women frequently exhibit delusional symptoms, paranoia, and other psychotic symptoms that have made engagement in services and attempts at providing permanent housing fail. All of these women can be served better by providing them housing that is safe and supported, and that was developed with their needs in mind. For this reason, the Portland Continuum of Care, the Emergency Shelter Assessment Committee (ESAC), and all key shelter providers have consistently listed housing targeting women living in shelters as an extremely high priority need.

4. Financial Impact

The \$240,000 provided to the development are entirely HUD HOME program funds. No City funds are involved with the project. The property will pay full property tax.

5. Special Issue – Contingent Commitment

The developer, Avesta Housing, is a Community Housing Development Organization (CHDO) as defined by HUD, and they have received CHDO in the past (Pearl Place). HUD HOME regulations require the City to set-aside 15% of each year’s HOME allocation for use by CHDOs. HUD HOME funds for New Construction Rental Housing in this current year are fully committed, (excluding excess/surplus funds), but \$98,250 in CHDO funds are available.

New Construction Rental Housing program funds have been allocated to Maine Workforce Housing’s 53 Danforth St. development, which is expected to break ground in late September 2008. Funds for the Florence House project would be derived from the current FY08 CHDO appropriation of \$98,250, plus next year’s FY09 CHDO funds estimated to be a similar amount, and any identified excess/surplus funds as may be re-allocated by the City Council, or New Construction Rental Housing, or program income to allocate up to \$240,000.

There are several budgetary options to fund the balance of up to \$240,000 after the CHDO funding availability is determined. Avesta has indicated that the City's funds will not be required until permanent loan closing in December 2009.

Commitment of HUD HOME CHDO program funds to the Florence House project by the Council will be contingent upon these conditions approved by the Housing Committee:

- 1.) The commitment will be subject to the standard compliance with HOME regulations including but not limited to cost allocation and designation of "HOME Assisted Units", and rent limits.
- 2.) The commitment should be stated as "an amount up to \$240,000 based on maximization of LIHTC equity raise". This will ensure that the City's contribution is leveraged to the maximum extent possible.
- 3.) The commitment should be subject to the projections and assumptions in the 08/27/08 budget and the City reserves the right to reconsider and adjust their commitment if any significant alterations occur in the budget. A final commitment will be subject to a final budget.
- 4.) Confirmation that the borrower will be a certified Community Housing Development Organization (CHDO) consistent with HUD HOME Program regulations.
- 5.) The commitment amount over \$98,500 will be subject to the City's FY09 HOME Program award from HUD and/or available HOME program income.

6. Staff Analysis and Recommendation

Staff recommends the allocation of HUD HOME Program funds for the project.

- The project is financially feasible and requires a relatively small subsidy of HOME funds to bridge a financing gap.
- The project is consistent with the City's HUD Consolidated Plan and the City's Housing Plan.
- The development provides much needed housing
- Avesta is an experienced and capable developer and housing provider with a successful record of using Portland's HOME Program funds in the past.
- The Avesta - Preble Street partnership has been very successful at Logan Place.

- Avesta and other housing providers have identified both a current and steadily growing need for homeless emergency, transitional, and permanent affordable housing.

Attachments

1. Housing Committee Memo 8/28/08