

# **LEWISTON CITY COUNCIL WORKSHOP AGENDA**

**Tuesday, April 8, 2014**

**City Council Chambers**

**6:00 pm Workshop**

Pledge of Allegiance to the Flag.  
Moment of Silence.

## **WORK SESSION**

**Pierce Place Reconstruction Proposal - 60 minutes**

## **BUDGET WORK SESSION**

<b>Parking, General Government Property</b>	<b>pgs. 68-84</b>
<b>Public Works</b>	<b>pgs. 125-163</b>
<b>Utility Funds</b>	<b>pgs. 211-249</b>

LEWISTON CITY COUNCIL  
WORKSHOP AGENDA  
TUESDAY, April 8, 2014  
6:00 P.M.

1. Pierce Place Reconstruction Proposal – 60 minutes

Phyllis St. Laurent is the owner of a 62 unit scattered site Substantial Rehabilitation Housing Assistance Program project that she redeveloped in 1984. During last spring's fires, St. Laurent had 29 of those units destroyed by arson. The housing project was known as Pierce Place. The units were located in 3 buildings at 149 Bartlett Street, and 110 and 114 Pierce Street. Parking for the project was located on 145 Bartlett. She is working to reconstruct the lost units and has requested certain assistance from the City. Please see the attached memorandum from Linc Jeffers.

2. Budget Workshop

Parking, General Government Property (Budget Book pgs. 68-84), Public Works (pgs. 125-163), & Utility Funds (pgs. 211-249)



## City of Lewiston Executive Department

EDWARD A. BARRETT  
City Administrator

PHIL NADEAU  
Deputy City Administrator



---

April 3, 2014

To: Honorable Mayor and Members of the City Council  
Fr: Edward A. Barrett  
Su: Multi-Family Housing – Follow Up to April 1<sup>st</sup> Landlord Workshop

Over the last several months, Councilors Cayer and Libby with various City staff have been meeting with landlords to attempt to develop policies/programs that might effectively address issues of substandard housing and struggling landlords, especially in downtown. The results of this work were presented to the City Council on April 1<sup>st</sup> and appeared to be well received. The following summarizes the items discussed on April 1<sup>st</sup>.

Among these programs are:

- Our existing 1-4 unit rehabilitation program which provides 0 to 3% interest rehabilitation loans of up to \$25,000 per unit to properties in the downtown area;
- A new Energy Conservation/Gas Conversion program that is in development that is designed to assisted multi-family owners in improving the energy efficiency of their buildings, lowering their costs and assisting in moving these properties toward sustainability;
- Strengthened Code Enforcement efforts including an additional Code position;
- The City's on-going demolition efforts that are designed to address the over-supply of units in the area and which have removed 211 units since 2010 with an additional 43 in process;
- A disorderly property program designed to address problem tenants that negatively affect not only those who rent in the same building but those in surrounding buildings and who perpetuate the negative perceptions of areas of our downtown. While the landlords have expressed concerns over formalizing this program as a municipal ordinance, I would suggest that, at a minimum, the Police Department initiate this program on a voluntary basis allowing us to track complaints and ask landlords or their designees to meet with the department to discuss issues and actions that could be taken. This would allow us to calibrate the program and gauge landlord reaction without the imposition of fines and penalties. In effect, this provides us with a way to try the program out and hopefully overcome some of the landlord concerns.
- A proposed landlord training program that the City could coordinate but with content provided by others with appropriate expertise. This would be designed to provide less experienced landlords with the tools that they need to become successful, including such items as landlord/tenant relations, lease provisions, requirements of state law, financial planning, etc. A potential incentive for participation for at least some landlords would be for the City to waive any interest due on amounts owed to us upon completion of the program and subject to payment or an approved repayment plan.
- A vacant, abandoned, and distressed rental property program that would provide grants to individuals who purchase and bring such properties up to code. As an example, qualifying properties could receive grants in the \$250 to \$500 per unit per year range for up to three

years as an incentive for taking on such significant rehabilitation projects. This would assist in saving certain properties which are structurally sound and allow the City to focus its demolition funding on those buildings that are beyond salvage.

- Capitalizing Landlord Assistance Projects through Designating a portion of taxes received by the City from subsidized properties. Under this proposal, the City would use 50% of any taxes it receives from future subsidized housing projects to help capitalize the various assistance programs outlined above.

While some of this remains a work in progress, we believe it is timely to review this effort with you especially in light of upcoming discussions regarding the potential replacement of the St. Laurent section 8 units lost in last spring's fires and the concerns expressed by existing landlords that the City needs to establish programs that address their situation as well.

Based on the feedback received from the Council and those landlords that were present at the April 1<sup>st</sup> workshop, there appears to be significant interest in and support for these projects. As a result, staff will continue to refine and develop them and bring them forward to the Council for further consideration and potential adoption.

Should you have any questions or need any additional information, please let me know.

Existing 1-4 Unit Rehabilitation Loan Program:

# 1 - 4 Unit Need Work?

## LOW COST REHABILITATION LOANS 0% TO 3% for up to 20 year terms

-Loans of up to \$25,000 per unit depending upon work to be done

-Loan proceeds can be used for:

- Insulation, boiler, energy improvements
- Paint, siding, windows, interior partitions
- Lead, asbestos or other hazardous material abatement
- Handicap accessibility improvements

-10% cash match required

-Property must be in Target Area

-If owner occupied, owner household income must be at or below 80% of Area Median Family Income. If rental property, at least 51% of units must be rented to tenants at or below 80% Median Family Income for a period of 1 year.

-Area Median Family Income varies by household size, please call for details.

### FOR MORE INFORMATION CONTACT:

JAYNE JOCHEM

COMMUNITY DEVELOPMENT PROGRAM COORDINATOR

207.513.3000 EXT. 3233

JJOICHEM@LEWISTONMAINE.GOV

DEPT. OF ECONOMIC AND COMMUNITY DEVELOPMENT

3RD FLOOR OF CITY HALL

TDD/TTY 207.513.3007

Lewiston City Hall, 27 Pine Street, Lewiston, ME [www.lewistonmaine.gov](http://www.lewistonmaine.gov)

# Multifamily Energy Efficiency Loan Program (ENERGY)

## **Program Overview**

The City's Multifamily Energy Efficiency Loan Program (ENERGY) is a key strategy to bring energy improvements and financial stability in the downtown rental housing properties. Eligible multifamily property owners will be required to participate in Efficiency Maine's "Custom Path" energy program which requires that an Efficiency Maine Multifamily Partner (Energy auditor approved by Efficiency Maine) will develop an Energy Reduction Plan that will reduce energy consumption by 20% and generate a 10% internal rate of return.

The City's program is being funded through the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program and administered by the City's Economic and Community Development Department. Funding will be concentrated in downtown Census Tracts 201, 202, 203, and 204, which has the largest concentration of multifamily rental housing units. (See Appendix 1: Map of the Target Area).

The benefits to the property owner through the "Custom Path" program through Efficiency Maine, will be a guarantee that each property will have a full energy audit, a written Energy Reduction Plan with direct/meaningful recommendations and scope of work needed to qualify for a 50% rebate in total project costs from Efficiency Maine. This strategy will maximize the amount of funding available for the property owner with the guarantee of a return on investment.

## **Program Criteria**

**Property Eligibility:** To be eligible, the property must be a rental property, located in the target area; may be owner occupied or investor owned property; in "good standing" with Code Enforcement, and building must be structurally sound. Mixed use commercial properties with rental units may qualify under this program, but needs to meet the parameters of the Efficiency Maine program.

**Applicant Eligibility:** The applicant must have proof of ownership of the building; must be current on all City assessments for the property itself and any other buildings owned in the City of Lewiston; and may not be an elected or appointed City Official. At least 51% of the rental units in the property must be occupied by low-moderate income residents. (See Appendix 3: Median Family Income Guidelines). As part of the application, the owner must provide Tenant Income Verification Forms filled out and signed by the tenant. (See Appendix 4: Tenant Income Verification Form). Owner must provide releases to the City for all energy consumption for the past year, and must provide a rental proforma, with a rent roll, for the term of the loan to determine financial viability.

**Affordability Requirements:** At least 51% of the units must be rented to low-moderate income residents for a period of one year. (See Appendix 2: Fair Market Rents). See Boilerplate for detailed description.

**City Assessments:** Applicants may not be delinquent on property taxes, personal property taxes, trash, water or sewer bills, or have any outstanding or delinquent accounts on any property of which they are a principal owner within the City of Lewiston. Applicants **must demonstrate a record of compliance with the City of Lewiston's codes, ordinances and policies** and any other local, state, or federal rules and regulations that apply. Isolated violations will not be considered as a failure if addressed in a cooperative manner.

**Eligible Expenses:** Allowable improvements are identified in the energy audit and delineated in the Custom Path Energy Reduction Plan that has been customized by a Multifamily Partner. The most common improvements may include: replacement of furnace, conversion of oil to gas, water heaters, insulation, basement rim joists, low flow aerators, etc. Other improvements affecting the efficiency of the property may be required and can be included under the total project costs with the Efficiency Maine program. These are: repair replacement of a roof before insulation is blown into the attic or replacement of knob and tube wiring before insulating the walls; etc. PLEASE NOTE: while these type of repairs are required for the owner to meet the efficiency qualifications of a 20% energy reduction, the owner may be responsible for paying more than the required owners match, if the total project costs exceed the amount financed in the projects. This will be explained under the financing details in a later section.

**Process:** The rental property owner will apply to the City of Lewiston Economic and Community Development Department for the City's ENERGY program. The City will complete due diligence to ensure that the property and the owner qualifies for the City's loan programs. Once pre-qualified, the owner will choose a Multifamily Partner from the Efficiency Maine website. The Multifamily Partner will complete the audit for the building and design the Energy Reduction Plan and complete the specifications and scope of work. Once completed, the owner will utilize the City's Construction Manager (CCI) to bid the scope of work to qualified contractors. The contractors will be required to obtain the proper permits from the Code Enforcement Department. There will be no self-help allowed by the owner even if they are a contractor, only qualified contractors that have been properly vetted by the Construction Manager will complete the work (City requirement not Efficiency Maine). Once the qualified bids are in and the owner chooses to move forward, the Loan Qualification Committee (LQC) will review the loan.

**Financing Structure:** Once approved by the LQC, the Total Cost of the Project (rebates are based on the total project cost) known, a 20% cash, not equity, match by the owner will be deposited in a construction escrow account and managed by the City. The maximum rebate for a 1- 4 unit property is \$3,000. The maximum per unit rebate for a 5+ unit property is \$1,600. Efficiency Maine offers a 50% incentive program based upon the total project cost.

**For example:**

**1) Small rental 1-4 unit properties**

<b>4 unit property</b> – cost of improvements:	\$10,000
Owner contribution (20%)	\$ 2,000
Efficiency Maine rebates maximum	\$3,000
City of Lewiston loan after rebates are received	\$5,000

**2) Multi-family 5+ Rental property:**

<b>10 unit building</b> - cost of improvements	\$32,000
Owner contribution (20%)	\$ 6,400
Efficiency Maine (\$1,600/unit)	\$16,000
City of Lewiston loan after rebates received	\$ 9,600

**After construction is completed, it takes 4-6 weeks for Efficiency Maine to pay out the rebates.** City of Lewiston as “Agent for owner” receives rebate directly from Efficiency Maine, after an independent Engineering Company determines that the program thresholds have been met and the energy improvements have met the threshold requirements of 20% in energy savings and 10% internal rate of return.

**Financing Terms:** Terms will be tiered as follows:

- Principal residence of owner inside Lewiston or Auburn, 2% up to 20 years as determined by LQC
- Principal residence outside Lewiston-Auburn, 3% up to 20 years as determined by LQC

**Funding Agreement:** Applicants must agree to the terms and conditions of the program. All loans will be secured by a Mortgage and require a Personal Guaranty of all owners and partners.

**Federal, State and Local Requirements May Apply:** Most of the funding available to the City for grants and loans comes from federal or state sources, which means there are some restrictions or requirements that must be met. Additionally local ordinances may apply. Restrictions governing these funds are described in a later section of these guidelines.

**Funding Source:** Community Development Block Grant (CDBG). Other federal, state, or local funding may also be used based on availability and at the City’s discretion.

What follows is a draft of a disorderly property ordinance. The landlord community has expressed concerns over this ordinance and its potentially punitive nature. It could be adopted as a new ordinance. However, it could also serve as the guidance document for introducing this program on a voluntary basis without fines. Following the definitions and guidelines outlined below, the Police Department would contact landlords or their representatives to arrange a meeting to discuss the issues at a particular property and work to develop a plan to address those issues. Such an approach would complement the Department’s project hot spots effort.

## **Lewiston Disorderly Property Ordinance.**

### **I. Purpose; Findings.**

The purpose of this Disorderly Property Ordinance is to protect the health, safety, and welfare of the residents of the City of Lewiston by reducing the recurrence of disorderly conduct in dwellings, which disturbs the peace and tranquility of others. The City has a substantial and compelling interest in protecting neighborhoods affected by conduct that unreasonably disturbs the peace and/or constitutes a nuisance, because such conduct adversely affects the health, safety, and welfare of citizens, and diminishes the quality of life in neighborhoods where it occurs. Such disorderly conduct, and its impact, should be abated. This Disorderly Property Ordinance is required because other prohibitions and penalties under state law and the City's code of ordinances have not adequately eliminated or controlled chronic disorderly or nuisance activity in the City. The enactment of this ordinance and its occasional amendment is intended to alleviate the deleterious impact of chronic disorderly or nuisance activity in dwelling places and neighborhoods by authorizing early and constructive intervention by the Lewiston Police Department.

### **II. Definitions.**

"Disorderly Conduct" is any conduct that would have a tendency to unreasonably disturb the health, safety, or peaceful enjoyment of the community, the neighborhood, or an ordinary individual in the vicinity of a Dwelling where the Disorderly Conduct is occurring. Such conduct includes, but is not limited to: loud music; boisterous parties; sounds emanating from within the Dwelling that are annoying outside the Dwelling; loud noise or fights within the Dwelling or in its vicinity involving owners, occupants, or invitees (excluding incidents involving domestic violence); owners, occupants, or invitees being intoxicated in shared areas within the Dwelling such as hallways, stairways, or on public ways in the vicinity of the Dwelling; the arrest of owners, occupants, or invitees for activities that constitute either a crime or civil infraction under either state or local law; other similar activities in the Dwelling or in areas outside of but in the vicinity of the Dwelling itself; or other conduct proscribed pursuant to 17-A M.R.S. § 501-A.

A "Disorderly Property" is any property on which there is located a Dwelling Unit at which the police have found to have occurred, on five (5) or more occasions in any thirty (30) day period, or fifteen (15) or more occasions in the preceding year, that the owner, an occupant, invitee, or any combination thereof have engaged in Disorderly Conduct.

A "Disorderly Property Agreement" is a written agreement entered into between an owner of a Disorderly Property and the City, under which the owner agrees to take effective measures to abate and eliminate the concerns that led to the property being declared a Disorderly Property.

A "Disorderly Property Meeting" is a meeting between the owner of a Disorderly Property and the Police Chief and/or his or her designees to identify ways in which the owner will abate and eliminate the concerns that led to the property being declared a Disorderly Property and to enter into a Disorderly Property Agreement.

"Dwelling" is any building that houses one or more dwelling units, or any bed and breakfast establishment, hotel, motel, lodging or rooming house, or other structure that provides residential accommodations, including any lot, plot, or parcel of land on which such a structure is located.

“Dwelling Unit” is an individual and separate living space within a Dwelling such as an apartment, hotel or motel room, or single family residence.

“Owner” shall mean any person, including any legal entity, having the right of legal title to or a beneficial interest in a Dwelling or any portion thereof, as that interest is recorded in the tax records of the City of Lewiston or the Androscoggin County Registry of Deeds. Owner shall also include any entity or individual responsible for maintaining, controlling or managing a Dwelling other than the owner of record.

### **III. Violations**

1. It shall be a violation of this ordinance for any person to own, maintain, control, or manage a Disorderly Property.
2. It shall be a violation of this ordinance for any person who owns, maintains, controls, or manages a Disorderly Property to refuse to engage in a Disorderly Property Meeting within the stated deadlines.
3. It shall be a violation of this ordinance for any person who owns, maintains, controls, or manages a Disorderly Property to fail to enter into a Disorderly Property Agreement at or before the conclusion of the Disorderly Property Meeting.
4. It shall be a violation of this ordinance for any person who owns, maintains, controls, or manages a Disorderly Property to fail to comply with a Disorderly Property Agreement.

### **IV. Administration; Notice.**

1. The Police Department shall document and monitor the recurrence of Disorderly Conduct at Dwelling Units in the City. Each occurrence of Disorderly Conduct will be documented by general property address, as well as specific Dwelling Unit.
2. Whenever there have been five (5) or more occurrences of Disorderly Conduct at a Dwelling Unit in any thirty (30) day period, or fifteen (15) or more occurrences of disorderly conduct within the preceding year, the Police Chief, or his or her designee, may declare the property to be a Disorderly Property.
3. For the purpose of this ordinance, the Police Chief, or his or her designee, shall have sole discretion in determining whether conduct is disorderly, and whether a property constitutes a Disorderly Property.
4. Whenever the Police Chief or his or her designee has declared a property to be a Disorderly Property, the City shall notify the owner of such declaration, and of each occurrence of Disorderly Conduct, and the identity(ies) of its perpetrators, if known, that form the basis for that declaration.

The notice shall require the owner to provide the information required in subsection 5 below,

and to engage in a Disorderly Property Meeting within five (5) business days from the date of the notification.

5. At the time of the Disorderly Property Meeting, the owner shall provide to the City the following documentation:
  - A. The names of all occupants and other persons authorized to occupy the Dwelling Unit, and the units they occupy; and
  - B. Contracts with any property manager or other person responsible for the orderly operation of the property.
6. At the Disorderly Property Meeting, the owner shall have an opportunity to present evidence as to why the property is not a Disorderly Property.
7. If, based on the information presented at the meeting, the Police Chief does not reverse his declaration that the property is a Disorderly Property, the owner and the City shall enter into a Disorderly Property Agreement. The owner shall implement the measures set forth in the Disorderly Property Agreement within one (1) week of the Disorderly Property Meeting, unless another date is agreed upon by the City in writing.
8. If the same Dwelling Unit serves the basis for a subsequent declaration that a property is a Disorderly Property, the City is under no obligation to meet with the owner but may proceed as outlined in the "Enforcement" section of this ordinance.

#### **V. Enforcement.**

Each day that a violation is permitted to continue shall constitute a separate offense.

The first violation of this ordinance will result in a \$100 fine being imposed against the owner. The second and all subsequent violations will result in a fine of up to \$500 per occurrence. The imposition of a fine shall not excuse the violation or permit it to continue. Any fine may be appealed to the City Administrator or his or her designee.

In the event of any violation, except for the first declaration that a property is a Disorderly Property, the City may file a legal action against the Owner seeking any and all compensatory and equitable relief to which it is entitled under state and local laws. The City shall be entitled to recover all of its fees and costs, including attorneys' fees, incurred in enforcing this ordinance.

# Economic and Community Development

Lincoln Jeffers

Director



**To:** Honorable Mayor and Members of the City Council  
**From:** Lincoln Jeffers  
**RE:** Pierce Place Reconstruction Proposal.  
**Date:** April 4, 2014

Phyllis St. Laurent is the owner of a 62 unit scattered site Substantial Rehabilitation Housing Assistance Program project that she redeveloped in 1984. During last spring's fires, St. Laurent had 29 of those units destroyed by arson. The housing project was known as Pierce Place. The units were located in 3 buildings at 149 Bartlett Street, and 110 and 114 Pierce Street. Parking for the project was located on 145 Bartlett.

Since the fire, St. Laurent has explored several options to rebuild the units. Most recently she has been working with Jim Hatch, a Maine based consultant and housing developer, to assist her in structuring the financing and development program to rebuild. They have approached the city requesting assistance. This memo will provide background on the units that were lost, the program under which they were developed and maintained, a summary of past redevelopment efforts, and the support being requested.

## **Background**

The federal program under which St. Laurent developed the 62 units of workforce housing provided Project Based Rental Assistance. Project Based Rental Assistance functions like Section 8 Vouchers – tenants pay 30% of their household income toward the Fair Market Rent on the property and the federal government pays that portion not covered by the tenant. The federal government annually sets the Fair Market Rents for each community in which they provide housing rental assistance. The distinction between the two programs is that Section 8 vouchers travel with tenants, the project based assistance stays with the real estate. Both programs are funded and administered by the U.S. Department of Housing and Urban Development. To be eligible for the vouchers, property owners must maintain a housing quality standard established and monitored by HUD. Maintaining the standard requires ongoing investment in the properties.

Project Based Rental Assistance and Section 8 Vouchers are two of the federal government's primary programs to assist communities and low to moderate income residents to have affordable housing. Over the last 30 years HUD has

moved from primarily providing project based assistance to tenant based Section 8. Today, project based assistance is a relatively uncommon and valuable form of assistance. It provides property owners with a predictable income stream that results in well maintained housing.

In the aftermath of last year's fires, HUD agreed to allow St. Laurent to retain the project based rental assistance for Pierce Place so long as it was rebuilt within a reasonable time frame. During the period between the fires and the units being rebuilt, HUD agreed to temporarily convert the project based assistance into tenant based Section 8 certificates for those tenants who lost their homes to the fire. Eighteen of the families that were burned out accepted the Section 8 Vouchers with the understanding that it was a temporary measure. If Pierce Place is rebuilt, the rental assistance will come back to Pierce Place as project based assistance. If they want to continue to receive this housing assistance, the tenants would need to return to Pierce Place. If Pierce Place is not rebuilt, the assistance that was converted to Section 8 Vouchers will remain as vouchers only so long as the tenants are income eligible and want them. When they are no longer eligible or want the vouchers, the rental assistance will stop and the vouchers will disappear from our community. HUD has also maintained their commitment to fund project based rental assistance for the 11 units whose tenants did not convert to Section 8 vouchers; but if progress and commitment for replacing the housing is not made within the next year, those 11 vouchers will be gone from the area.

### **Efforts to Rebuild**

Over the last 30 years, the zoning around Pierce Place has changed. Pierce Place consisted of three buildings on four lots totaling 20,000 square feet in size. Current zoning requires a minimum of 1,250 s.f. of lot per housing unit, which adds up to a need for 36,250 s.f. of land to build 29 units. With lots in that area measuring 50' x 100', a minimum of eight lots is required to meet the zoning standard.

Last summer, the Volunteers of America developed a proposal to rebuild Pierce Place. They sought city support for the project including:

1. Donation by the city of four parcels of land upon which the City was owed back taxes and special tax liens for demolition.
2. A 15 year 50% TIF
3. Waiver of development review and building permit fees
4. Reduced parking ratio to 1 space per unit.

In exchange, VOA was to purchase the 33 undamaged units in the scattered site project and invest \$6 million building a 30 unit affordable housing project (1 unit would be for an on-site manager). All 62 units would have Project Based Rental Assistance. VOA was to apply for Low Income Housing Tax Credits (LIHTC) to help fund the project. The City Council approved a joint development agreement with VOA with the support outlined above; ultimately, VOA and St. Laurent were not able to come to terms and the project did not move forward.

At the public hearing when the Joint Development Agreement for the VOA project was approved, there was significant opposition voiced by local landlords. That opposition sparked a series of meetings between landlord representatives, Councilor Cayer, Councilor Libby, and a variety of city staff looking to develop programs and policies that will help support local landlords. The results of those efforts are outlined in Ed Barrett's attached memo.

### **Current Proposal**

Over the last several months, St. Laurent and Hatch have been working with HUD, MaineHousing, the Lewiston Housing Authority, and city staff to develop a proposal to rebuild Pierce Place at an approximate cost of \$5 million. The physical project has not yet been designed so an exact count of the number of one, two, three, and four bedroom units is not available, but it is expected that the majority of the units will be 3 bedrooms or larger.

HUD would like to see the 29 units rebuilt. So long as there is progress in moving the project through development review, securing the financing, and construction, they will retain this commitment to project based assistance for the project. However, if this project does not go forward, HUD's requirement that the project get rebuilt within a reasonable time frame will not be met and the project based assistance for the 29 units will be lost.

MaineHousing staff has expressed a desire and willingness to take an unprecedented action in the award of LIHTC. These credits are usually awarded through a competitive process in which developers submit applications for projects that are scored against a set of criteria and desired elements for affordable housing established by MaineHousing in an annually updated Qualified Allocation Plan (QAP). As part of this year's QAP, MaineHousing is proposing a set aside of LIHTC for reconstruction of Pierce Place. The project will not have to compete against other proposed projects for credits. The QAP has not yet been finalized and approved by their Board, but if Lewiston is supportive of the redevelopment of Pierce Place under the terms outlined in this memo, MaineHousing is recommending the set aside be included in the QAP in recognition of the magnitude of the fires and their impact on the community. They recognize the value of the project based rental assistance and want to assist in keeping that support in Lewiston.

The Lewiston Housing Authority (LHA) has expressed a willingness to participate in the redevelopment of Pierce Place if its participation is needed or desired, either as the developer or owner. Discussions are ongoing between St. Laurent and LHA, but no decision has yet been made on what, if any, role LHA will play.

Regardless of who the owner/developer will be, the level of support needed from the City will not change. The architect of the development proposal is Hatch, serving as a consultant. The city has experience with Hatch – he played a similar role with the Developer's Collaborative on the development of the Birch Hill and Healey Terrace senior housing projects.

### ***City Assistance Requested***

If MaineHousing approves the LIHTC set aside, Pierce Place will not have to compete for the credits. However, the project must work to abide by many of the goals of the QAP, especially keeping the cost of creating new housing within MaineHousing's target limits.

The plan is to rebuild Pierce Place at a total cost of approximately \$5 million, utilizing LIHTC among other funding sources. Because the project does not need the points associated with a TIF in the QAP scoring process, and because all of the units will have Project Based Rental Assistance, TIF support is not needed.

The following City assistance has been requested:

1. **Acquisition and transfer of 116 and 122 Pierce Street and 155 Bartlett Street.** The City acquired this real estate by forgiveness of past due real estate taxes and special assessment taxes for demolition of structures on the properties. The buildings on 116 and 122 Pierce Street had been abandoned, were derelict, and had been condemned by the City prior to the VOA proposal. The property at 155 Bartlett was damaged in the same fire that burned Pierce Place. The city negotiated with the owner of 155 Bartlett and an agreement was reached that transferred the property to the city in exchange for forgiveness of past due real estate taxes and demolition costs. The city's total cost in release of real estate taxes and utility liens on these properties is \$11,320. The city spent a total of \$84,494 on demolition of these properties. As part of other agreements, the city receives an annual credit from ReEnergy for the disposal of up to 3,000 tons of clean demolition debris. A portion of the credit was used for disposal of 271 tons of demolition debris from 155 Bartlett, which would have cost \$22,477 but for the credit.

It should be noted that because of the condition of the Pierce Street properties and the status of the owners, the city had a very low expectation of collecting on past due taxes, fees, and demolition costs. Forgiveness of those fees simply accelerated the process by which the city gained site control.

2. **Acquisition of 141 Bartlett Street and relocation of tenants.** The city will use HOME funds for these actions. They are estimated to cost up to \$200,000. The developer will pay demolition costs.

HOME is a federal program administered by HUD. The funds can only be used to support or create affordable housing. In recent years, Lewiston has used these funds to support the creation of affordable housing, including investments made in The Lofts at Bates Mill, Healey Terrace, Birch Hill, and Bates Street Senior Housing.

Given that the project is not requesting a TIF, it will pay full property taxes. As was discussed in the recent workshop on downtown housing and landlord assistance programs, we would recommend that 50% of the taxes from the project be designated for use in such programs.

## **Discussion and Recommendation**

The block in which this project is proposed has been hard hit by fires, demolitions, abandoned buildings, and blight. Real estate values have been on a long decline. No new investment in housing of any scale has been made since Pierce Place was first developed in 1984. Reconstruction of Pierce Place will serve as bulwark against that decline. It would be the first step toward stabilizing the neighborhood and setting it on the path to recovery, making it more attractive for future investment. It will provide safe, decent and affordable workforce housing.

Redevelopment of Pierce Place will retain project based federal support for the entire project. This provides a reliable income stream coupled with a requirement that the property be well managed and maintained. Both St. Laurent and LHA are long time Lewiston property owners with a proven track record of caring for their properties and tenants.

With the project not yet designed, a precise estimate of future Assessed Value has not yet been made. However, estimates of the minimum future assessed value based on the project's financial proformas indicate the Assessed Value would increase from today's \$283,670 to \$1,206,500. At today's mil rate of .02644, the annual taxes generated from the real estate would increase from \$7,500 to \$31,900. The structure of LIHTC require that the real estate financed be taxable, regardless of whether it is owned/managed by a for profit or nonprofit entity. The attached spreadsheet provides more detail.

Unlike the VOA project, no TIF is being requested. All of those increased taxes will stay in Lewiston and, as mentioned above, we would recommend that half of the increment be devoted to downtown housing assistance programs. The project will pay development review and building permit fees.

The City's level of direct participation in helping finance this project is limited to the foregone taxes and demolition costs associated with 116 and 122 Pierce Street and 155 Bartlett Street, amounts which the City has already effectively foregone. The rest of the support is funded with federal tax dollars specifically earmarked for developing and supporting the creation and maintenance of affordable housing.

This is an opportunity to improve the quality of Lewiston's housing stock, replace quality affordable housing that was lost to arson, maintain federal support for workforce housing within the city which otherwise will eventually be lost, and to take a significant step toward turning one of Lewiston's most challenged neighborhoods around. No additional new city investment will be required.

Approval of the project is recommended.

## Pierce Place

Address	Value in 2014			Value in 2016		
	<i>Land</i>	<i>Bldg.</i>	<i>Total</i>	<i>Land</i>	<i>Bldg.</i>	<i>Total</i>
141 Bartlett	\$ 17,040	\$ 150,780	\$ 167,820	\$ 17,040		
145 Bartlett	\$ 16,330	\$ -	\$ 16,330	\$ 16,330	\$ -	\$ 16,330
149 Bartlett	\$ 17,040	\$ -	\$ 17,040	\$ 17,040	\$ -	\$ 17,040
155 Bartlett	\$ 17,040		\$ 17,040	\$ 17,040	\$ 1,090,650	\$ 1,107,690
110 Pierce	\$ 17,040	\$ -	\$ 17,040	\$ 17,040	\$ -	\$ 17,040
114 Pierce	\$ 17,040	\$ -	\$ 17,040	\$ 17,040	\$ -	\$ 17,040
116 Pierce	\$ 17,040	\$ -	\$ 17,040	\$ 17,040	\$ -	\$ 17,040
122 Pierce	\$ 14,320	\$ -	\$ 14,320	\$ 14,320	\$ -	\$ 14,320
<b>TOTAL</b>	<b>\$ 132,890</b>		<b>\$ 283,670</b>	<b>\$ 132,890</b>		<b>\$ 1,206,500</b>
		<b>Taxes \$ 7,500</b>			<b>Taxes \$ 31,900</b>	

**Difference    \$    24,400**

3/25/2014