

## **6. Description of Project**

### **Overview of Development Proposal**

Portland Housing Development Corporation is initiating its next phase of redevelopment in the East Deering neighborhood to continue one of its strategic planning goals of increasing the supply of affordable housing in the City of Portland. For the front Street Redevelopment Project the PHDC is proposing to replace the existing 50 family apartments at Front Street with a new multi-family apartment project containing a total of 99 new apartments in six (6) buildings for families with the following tentative unit mix:

- 1 bedroom – 45 units;
  - 2 bedroom – 15 units;
  - 3 bedroom – 20 units;
  - 4 bedroom - 11 units;
  - 5 bedroom - 8 units
- TOTAL - 99 dwelling units

The Goal of the project is to replace the aging existing housing, but also increasing the number of dwelling units on the property to better reflect the development potential of the property. Key to this project's success will be its compatibility with the existing neighborhood, and a tremendous effort has been made to understand the neighborhood issues and provide design solutions that benefit the residents and neighbors.

The site is located in an existing residential neighborhood with a mix of owner-occupied and rental housing. Multifamily rental is appropriate for and compatible with the site. Front Street Apartments' design is consistent with the style and type of construction historically found in East Deering Neighborhood and other residential neighborhoods in the area. The building organization relates to the local context with 2-3 story buildings relating to the street and off street parking pulled back to reinforce the building edges. The proposed site plan reinforces strong pedestrian connections through the project and along its perimeters, provides traffic calming measures along the public streets, appropriate off-street parking for the residents, reinforces the street edge of the neighborhood by placing all buildings oriented on a 'street" and adding front "porches" to encourage neighborhood interaction, and provides significant open space and other community facilities that help integrate the development with the existing neighborhood.

The project provides significant recreational open space for the residents and neighborhood. Passive recreation open space includes perimeter sidewalks, benches and other site amenities, common lawn areas and shaded sitting areas, pathway connections between Front and Illsley Streets, and an improved pedestrian connection into Payson Park and the nearby Community Gardens. Active recreation improvements include multiple open play areas, a central lawn, and multi-functional space at the Community Room.

Units are designed to serve the needs of residents. The existing Front Street project is very much family oriented, and contains a number of large (4-5 BR) apartments. The proposed redevelopment maintains this unit mix assuring that these large families can return to the neighborhood once the project is complete. Amenities include interior and exterior community facilities, common laundry rooms and community meeting space. The Front Street Apartments' design will meet and significantly exceed the City's Green Building Code. Front Street Apartments employs the *Passive House* principles to dramatically reduce energy demand and simplify overly complex and expensive multifamily mechanical systems.

The project will provide a mix of affordable and market-rate apartments with the goal of integrating the residents into the existing neighborhood. A total of 70 apartments (80%) will be maintained as affordable units, allowing residents meeting the following criteria:

- 65% of the units will be for households making at or below 50% of the Area Median Income (about \$41,500 for a family of 4).
- Of the 65%, half of the units (28) will have Project Based Rental Assistance.
- 15% of the units would be for households earning up to 60% AMI.
- 10% of the units will have a set-aside for homeless households
- Another 10% of the units will have a preference for homeless or disabled households

The program includes 20 market rate units (20%) in a census tract that had 54% of its residents living below the poverty line as of the 2010 Census. We have also discounted our market rate rents by 5%-10% below what a recent market study showed for market-rate rents. By doing this, we are trying to reach the "workforce housing" households that the City is targeting in their recent housing needs study. Remaining units are targeted to households earning below 50% and 60% of area median income allowing for additional income diversity.

To minimize relocation impacts on the residents the project is intended to be constructed in two distinct phases. Phase One will be on the block east of West Presumpscot Street and will consist of 60 units in four buildings. This Phase also includes construction of a Community Space and outdoor amenities for the entire development. Phase Two will likely occur immediately following completion of Phase One and will add another 39 apartments and associated site improvements.

The financial projections for the Project have been developed directly with our architectural design team and looking at current development and operating budgets of active projects. Hard and soft costs of development are based on both the specifics of the design as well as analyzing comparable developments in Portland. Operating expenses are consistent with area developer experience and using data from partners on the Bayside Anchor project. Rents are projected to be 11% to 64% below market ensuring a strong competitive position within the market. Finally, the financial projections - including prefunded replacement and operating reserves - conform to MSHA underwriting standards and the project characteristics should yield an extremely competitive application in the upcoming LIHTC round at MSHA.

The development team assembled for Front Street Development Apartments features many of the most experienced and capable players in affordable housing in Portland and Maine.

Owner/Developer **PHDC** is the development subsidiary of Portland Housing Authority (PHA). PHA is the largest landlord in Portland and also manages the largest Section 8 program in Maine. **Jay Waterman**, PHDC's Director of Development, brings 6 years of experience as Avesta Housing's Director of Development and another 6 years as a leader in green building construction. Jay recently completed the Bayside Anchor project for the Housing Authority.

The project's Management Agent, **Hallkeen Management Corporation** manages properties and reviews operating budgets for over 2,400 units in New England including over a hundred in Portland, including our 100 State Street senior housing development. PHDC will work closely with Hallkeen to ensure a financially viable project for the long-term.

**Utile Architects** has been retained to provide overall Architectural Design for the Project. Sub-consultants to Utile include **Carroll Associates Landscape Architects, Gorrill Palmer Consulting Engineers, and Ransom Consulting**.

Front Street Apartments is well positioned to move from planning and design into production upon receipt of City and LIHTC funding. Site Plan and Subdivision Approval is critical to being awarded funding from MaineHousing and it is anticipated this will be completed by mid-December, 2017. The team is submitting a site plan application to MaineHousing for LIHTC Funding in early February, 2018 and, pending approval of MaineHousing tax credits, the first Phase of the Project (60 DU) will be ready for construction in the Fall of 2018.