

# MEMORANDUM

**To:** Town Council

**From:** Nathan Poore, Town Manager

**Date:** May 20, 2009

**Re:** Workforce Housing – City of Portland property, Blackstrap/Gray Road (U48-027)

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Staff was asked to gather available information on the parcel of land owned by the City of Portland in Falmouth, located between Blackstrap and Gray Roads. The information below was obtained from Workforce Housing Commissioner Willie Audet (who obtained it from the City of Portland), Town of Falmouth GIS records, and Google.

## Summary

Size:	13 acres
Owner:	City of Portland (since 1976)
Assessed value:	\$52,600
FY 08-09 taxes paid:	\$649.61
Zoning District:	Mixed Use Commercial (MUC)
Overlay District:	Route 100 Overlay District (1000 feet zone from Gray Road)

## Site History

A larger parcel of land, including this 13-acre parcel, was subdivided in the 1930's. This larger parcel (approx. 40 +/- acres) straddled the municipal boundary and was located partially in Portland and partially in Falmouth. Only some of the subdivided lots located along its perimeter were developed.

In the 1960's the Turnpike Connector was built, bisecting this subdivision. Some adjustment of the original subdivision was made (that plan is known as the "Ray Viles Subdivision"), however the remainder of the property stayed undeveloped and most of the proposed streets remained as "paper" streets.

In 1976 the City of Portland purchased the undeveloped remainder (about 34 acres) in order to build Washington Avenue Extension, connecting Washington Avenue with Auburn Street/Gray Road. This work was completed.

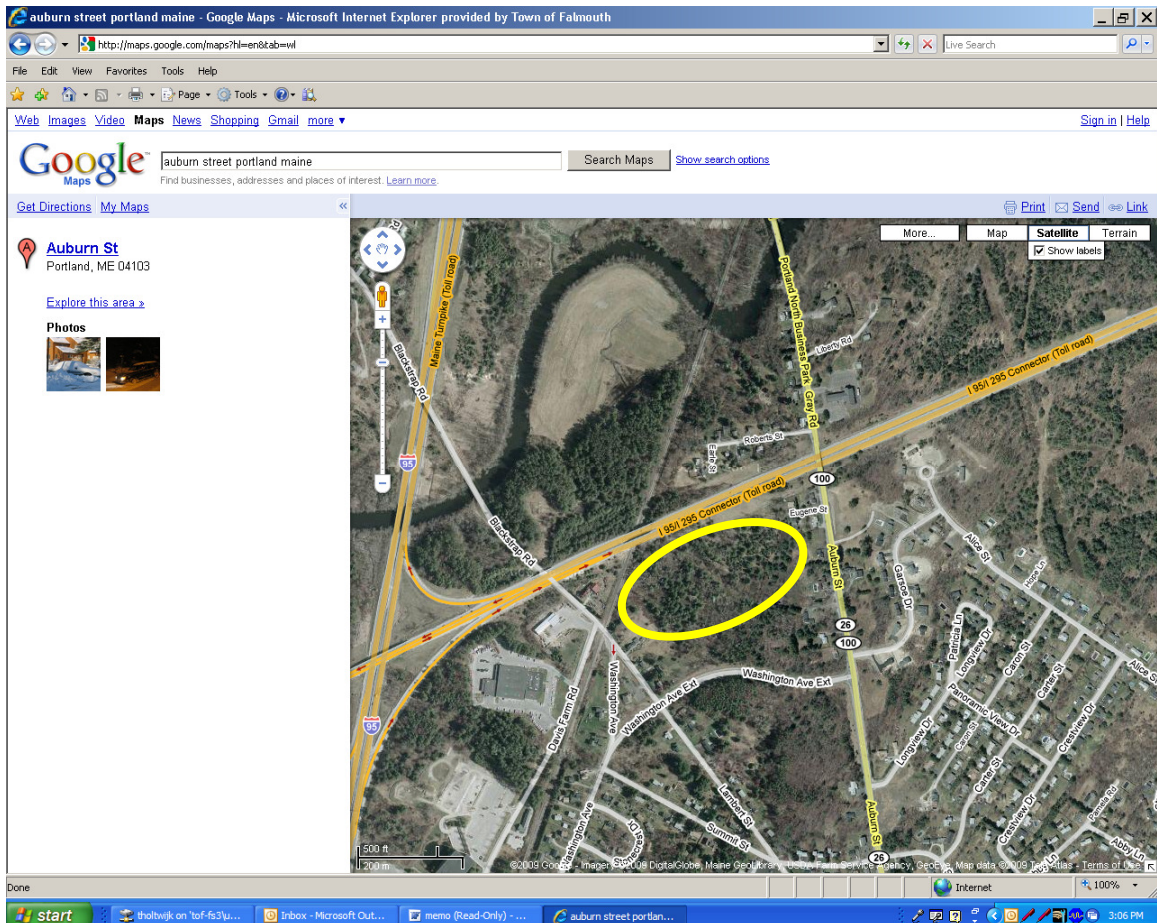
In 1990 the City of Portland prepared a concept site plan for a 62-unit affordable housing project with access from Washington Street Extension. This plan also included potential athletic field development. This plan was not carried out.

## Recent Communications

The Town Manager has had some exchange about this property with Portland City Manager Gray and Assistant City Manager Pat Finnigan. Wille Audet's communications were with T.J. Martzial, Director of Housing and Neighborhood Services. Theo Holtwijk had some communication about this property with Penny St. Louis Littell, Director of Planning and Urban Development.

If the Council wishes to pursue this site further, at a minimum the following questions will need to be addressed:

- Will the City of Portland make the Falmouth portion of this property available to the Town of Falmouth?
- What disposition process will the City use, and under what terms might the property be made available?
- What is the City of Portland's current interest in developing, all or a portion of, this property?
- Are other entities potentially interested in developing this property?
- What is the suitability for development of this property? (Some wetlands are known to exist on this site.)
- What other development-related issues exist?
- What are the site infrastructure costs and potential development program?



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http://gis.cdm.com/FalmouthMaineGIS/map.htm

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PORTLAND CITY OF  
GRAY RD  
U48-027  
PROPERTY DETAILS

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May 19, 2009

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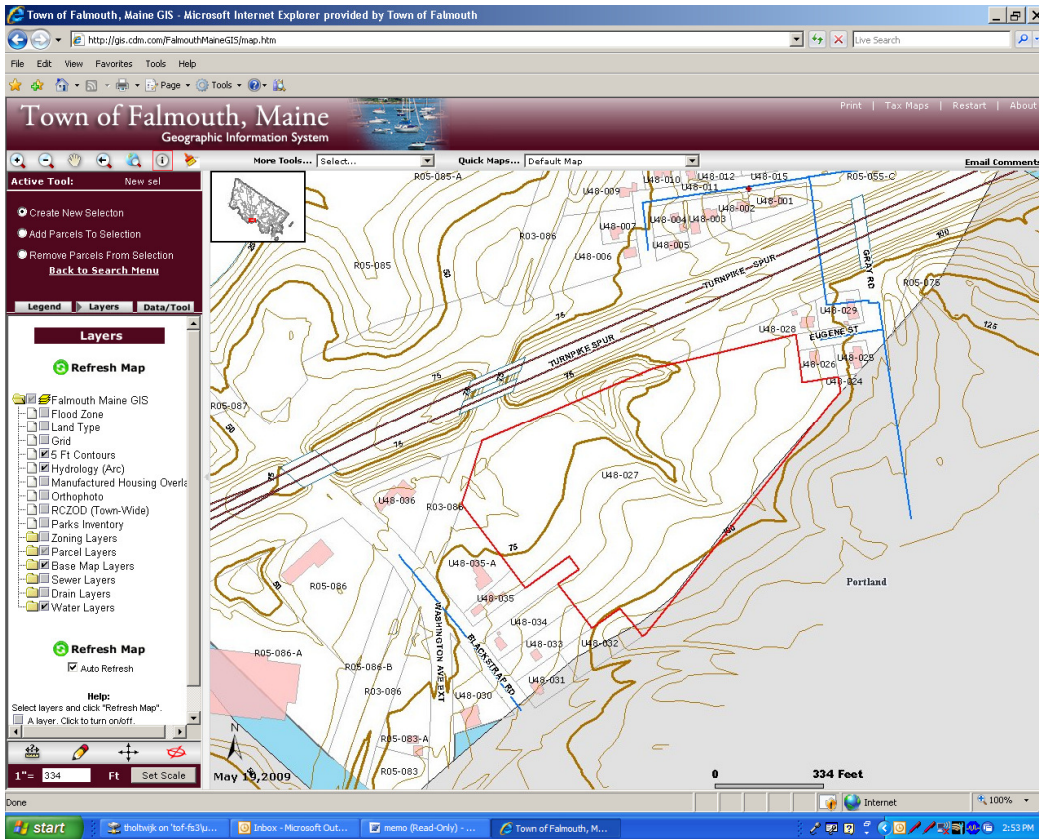
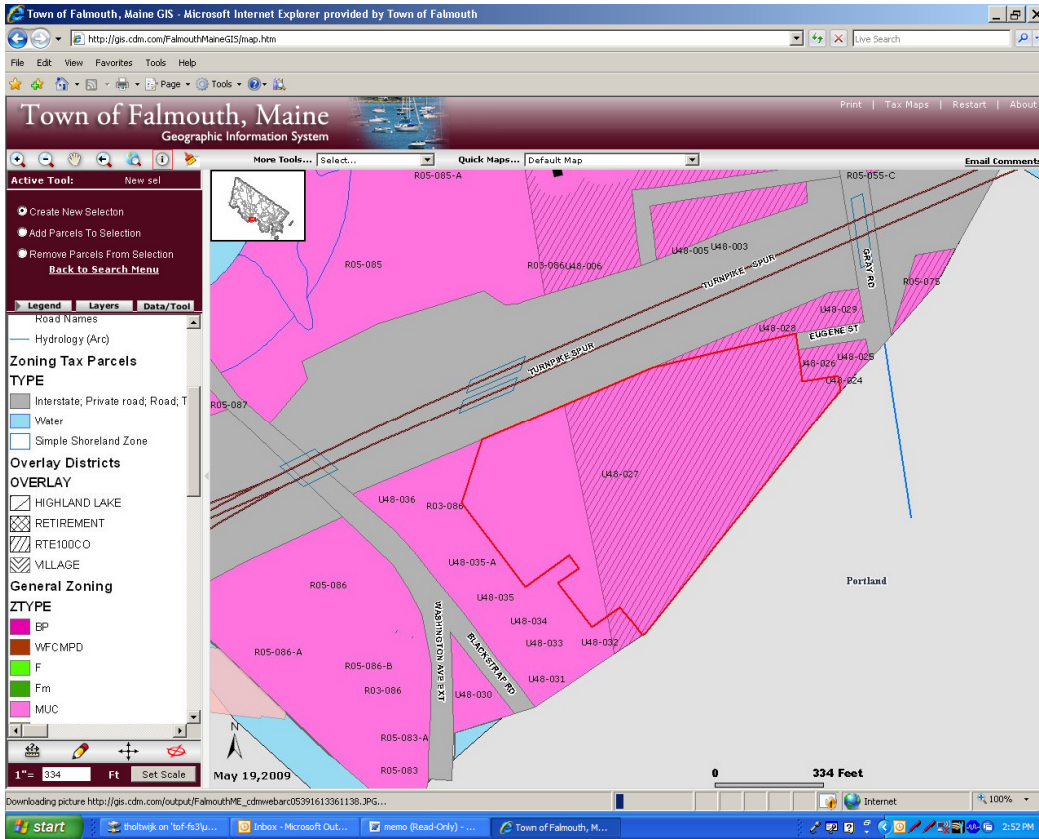
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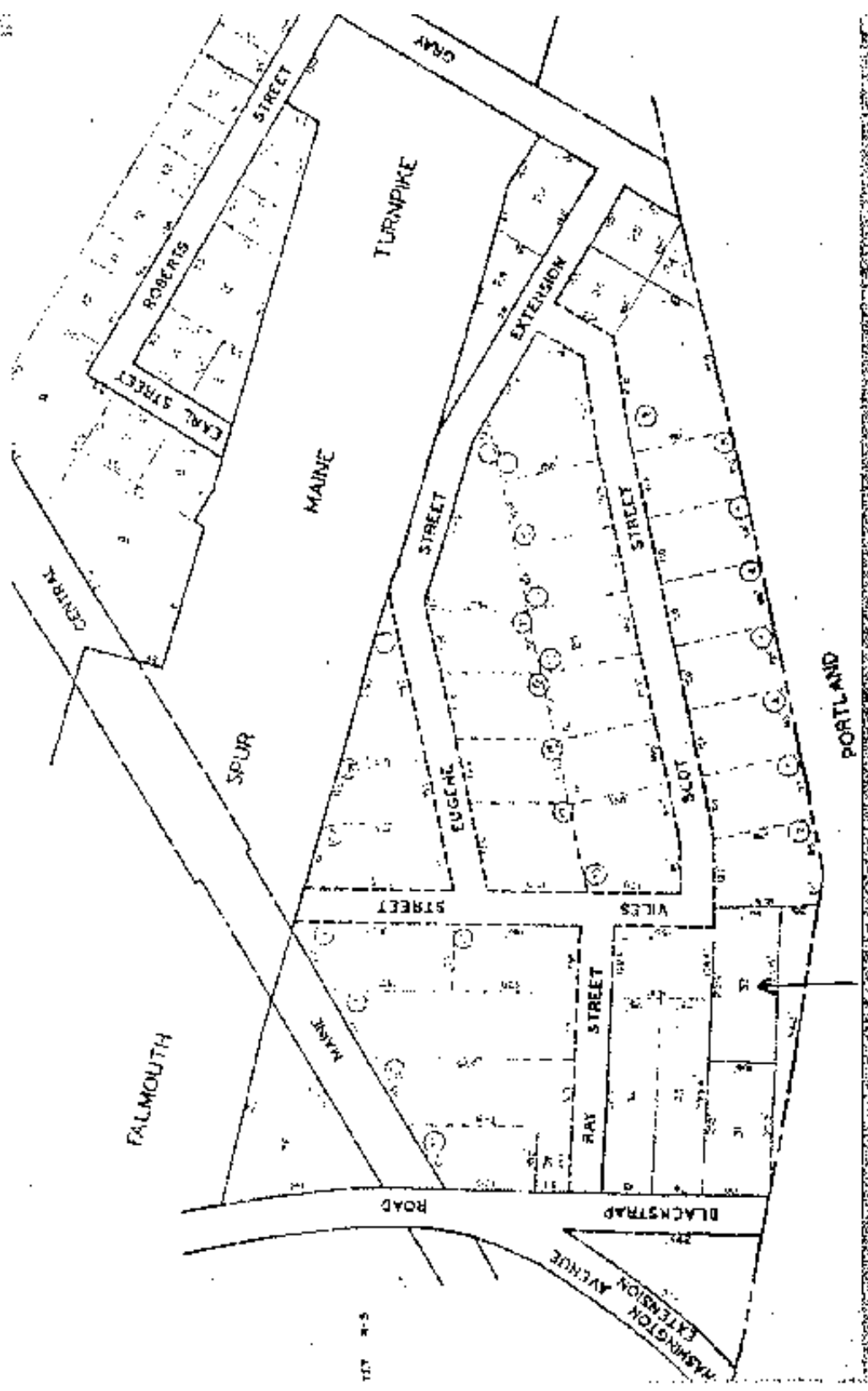
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# Affordable housing plan being developed

## City may sell N. Deering land for 62-unit project

By EDWARD D. MURPHY  
Staff Writer

The city of Portland hopes to have "affordable" housing built on 34 acres it owns in North Deering, but several hurdles must be cleared before the first new homeowner moves in.

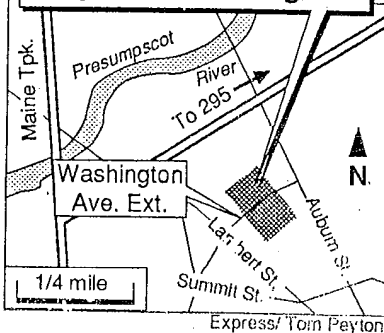
The housing, to be priced between \$62,400 and \$94,500, faces potential opposition from neighbors. Also, the city must find a developer willing to undertake the project and able to get financing — a difficult task with many banks reporting large losses on real estate loans.

But with the city offering the land for sale and promoting the plan, it might be an easier sell, says Mark Adelson, Portland's community development administrator.

"We see a need out there and we have this piece of property as a resource. Because we own it, it's like money in the bank for a subsidy," Adelson says, explaining that the sale price of the land could be cut to help keep home prices down.

"Affordable housing is very difficult to develop and it has to be subsidized in some way," he says. "The cost of land is very expensive."

Proposed housing site



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# Housing

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The plan, which would have to be approved by the City Council, calls for 62 units of clustered housing on the property, which straddles Washington Avenue Extension at the northern tip of the city. About a third of the 34 acres is in Falmouth.

The city originally bought the land when it extended Washington Avenue to give trucks easy access to Auburn Street (Route 100) and Exit 10 of the Maine Turnpike.

Half the units, which probably would be two- or three-bedroom homes in clustered groupings, would be set aside as affordable housing and the rest would be sold at market rates.

Adelson says the city considers housing affordable if it can be bought by families earning 80 to 120 percent of the area's median income — meaning a range of \$28,160 to \$42,420, according to latest earnings information.

The houses, then, would have to be priced between \$62,400 and \$94,500.

The market-priced units would probably be offered for about \$110,000, and it's expected they would have a few more amenities, such as garages or larger floor plans, although that ultimately would be up to the developer, he adds.

The city likely will ask that the lower-priced housing have at least two bedrooms with a possibility of converting another room into a third bedroom, he says.

Falmouth's zoning for the area allows clustered housing — in which several units are joined together — but Portland's calls for homes on individual 10,000-square-foot lots, meaning a zone

change would be needed, Adelson says.

Clustered housing makes the project less expensive, mainly because fewer roads are required and installation of utilities is more economical, he says. It also means more open space can be conserved, including a block of about seven acres of woods and fields on the Falmouth section.

## Restrictions on resale

The city isn't planning to get into the mortgage business and isn't expected to help buyers finance the homes, Adelson says.

"We want to be able to leave this up to the private market as much as possible," he says.

However, the city will probably try to work up some restrictions on resale of the units to make sure they remain affordable. One approach, Adelson says, would be to allow owners to sell their units for the original purchase price, plus the average appreciation of similar homes and the cost of any improvements that are made.

Adelson is currently writing a "request for proposals," outlining what the city wants to see so developers can make offers to build the project.

The hope is that construction could start a year from now, after a developer is picked, plans are approved and rezoning is completed, but Adelson admits that schedule is optimistic.

Developers likely will have trouble nailing down financing, since banks holding millions in bad real estate loans are going to be wary of any new projects, he says.

Anne Gass, executive director of the Cumberland County Afford-

able Housing Venture, a local clearinghouse for affordable housing information and advice, says uncertainty over financing may prompt the city to choose a well-established developer.

"Banks are going to be a lot more cautious about what they lend money for," she says, and may require many of the units to be sold before construction as a guarantee that the project will work.

Gass admits that homes priced from \$62,400 to \$94,500 are still expensive for most people, but says the plan could help make housing of all types at least slightly more affordable.

"It takes pressure off all along the line," she says. "What happens is that people who can't buy housing get stuck in rental housing and they don't free up rental units" so rents stay high.

"There's obviously a need (for low-cost housing) all along the income spectrum," she adds. "This will help the moderate-income first-time homebuyers who people say are not getting enough attention."

## Neighbors have concerns

Gass praises Portland for trying to tackle the problem.

"Affordable housing isn't easy for any town or city to do, particularly in this day and age with so many other pressing issues to consider," she says.

But the city isn't winning many raves from the Portlanders who live near the site.

"Affordable housing is a good idea, but some of the people got the impression that this project has been decided — that it's going to be carried off, it's going to be done, that whatever happens, it would be

steamrolled through," says Edmund Szalajeski, president of the North Deering Neighborhood Association.

Szalajeski says his organization hasn't taken a formal stand on the proposal, but the reaction during a recent briefing by city officials wasn't too positive.

"My gut feeling would be that some of the members are opposed to the plan as it is presented to them," he says.

Concerns include the impact on property values of clustered housing in a neighborhood of single-family homes; increased traffic on already heavily traveled roads; and the wisdom of having a subdivision on two tracts of land separated by a truck route.

Perhaps the biggest worry, however, is the impact of putting more children in local schools.

Szalajeski points out that Lyman Moore Middle School already is overcrowded and four classrooms are located in portable

units.

And the city's argument that building the project would put more property on the tax rolls doesn't take into account figures showing that the cost of educating a child exceeds property tax revenues from a typical single-family house.

"Nobody seems too concerned about that," he says. "You'll be costing the city even more to educate some of the children in the area."

Szalajeski says he's sympathetic to the plight of those hunting for affordable housing, but suggests that maybe Portland isn't the best place to try to accommodate the first-time homebuyer.

"If I had to buy a house in this neighborhood now I don't think I could afford it," he says. "I have a son about to go out on his own. There's no way he could afford a house in our neighborhood. The answer, I guess, is to not live in the city of Portland."

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