Strategic Vision Plan of Major Properties for the Portland Housing Authority

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The Portland Housing Authority is currently at a critical moment. The agency effectively provides over 1,000 units of affordable housing and is in good shape financially. The PHA does face a significant need to increase its amount of dwelling units and address the fact that the majority of the units currently in their portfolio are reaching the end of their useful life. This Strategic Vision Plan has been developed to respond to this need to structure the growth of the PHA. This document illustrates conceptual design and financial strategies that will allow the PHA to be creative in meeting the need for more affordable housing in southern Maine.
This plan centers on the PHA’s most valuable assets - the nine major developments spread across the city. The plan considers how these sites can best preserve and strengthen the supply of quality affordable housing in Portland. Further, considering these developments is an opportunity to revisit unintended consequences of previous design efforts. Proper planning can improve the integration of the developments into their surrounding neighborhood fabrics which can encourage connectivity with surrounding communities and thwart stigmatization.

Synthesis of previous efforts and mapping citywide patterns has led to The Bayside Properties and Front Street emerging as high priority developments. This is based on considering the degree of need based on the property’s condition, and the degree of opportunity given market conditions and other contextual forces.

Financial analysis is an integral part of this process that shows which properties to prioritize and how development efforts work with existing public financing mechanisms. For example, obligations from existing Energy Performance Contracts at certain properties influence their consideration for wholesale change. Further, HUD’s Rental Assistance Demonstration program (RAD) can be considered to give PHA greater flexibility. Through RAD, public housing would convert to long term project based subsidy which would allow the PHA to leverage debt and equity to better meet long term capital needs of their portfolio. Finally, when considering wholesale redevelopments, the financial analysis focuses on how to mobilize these efforts in light of the constraints of existing funding mechanisms.

The conceptual designs developed as part of this plan illustrate possible futures for several significant properties. While they shouldn’t be construed as a definitive final plan, they do show how existing assets can rise to meet the needs of the PHA for more units, and creating healthier, better connected communities. Redevelopment of only the two priority sites noted above could yield over 700 additional units to the PHA portfolio. It’s important to note that design efforts are mindful of existing zoning and strives to respect the character of surroundings. These design efforts will prepare the PHA to take advantage of public and private resources to mobilize development opportunities.

Ultimately in a climate of finite public resources, the PHA must find ways to remain a vital and thriving organization. Existing developments are the PHAs most viable asset in meeting their future needs. As many of these properties reach the end of their useful lives, revisiting their design positions PHA to better meet their goals.
Portland Housing Authority - Mission and Long Term Goals

PHA Mission
Together with its community partners, the PHA provides and expands affordable housing and services that improve quality of life, build community, enhance safety and promote personal success for the people we serve and the neighborhoods in which they reside.

As an agency, the PHA is guided by the following goals:
» Maintain the PHA’s status as a high-performing, financially stable agency and a rewarding workplace for its employees.
» Take a more entrepreneurial approach to managing our existing public housing and Section 8 voucher programs, in order to maintain or improve existing services in the context of declining federal support, and insure the long term viability of the inventory.
» Develop new housing on infill sites to serve more families and begin to replace older, higher-cost public housing assets.
» Continue to reduce energy, transportation and other utility costs borne by the PHA and its residents.
» Continue to provide services and programming to PHA residents to improve their quality of life and empower them to succeed.

The PHA is undertaking this visioning process because:
» Housing stock is at the end of its useful life; the planning process is the first step to ensure the long term viability of inventory.
» The land area where housing is located is a resource that can be used to add more units and help alleviate the affordable housing crisis in Portland.
» Planning will improve the integration of public housing developments into the surrounding city neighborhoods. The benefits include marketability, quality of life and mitigating the stigmatization of public housing.
» Planning deliverables will prepare PHA to take advantage of federal, state and private resources to mobilize development opportunities.
» PHA must find ways to remain a vital and thriving organization in order to maintain its role as a leading provider of affordable housing in southern Maine. Diversifying its programs and revenues with new development and management opportunities is an important part of this plan.

Objectives of the Vision Plan are:
» Identify development opportunities on existing PHA property. In particular, sites where increased density may allow creation of additional housing units.
» Establish priorities for undertaking development opportunities.
» Consider the impact of non-PHA plans and projects.
» Build upon relevant baseline data, previous studies and other background data.
» Establish better connections to neighborhoods and breaking down physical and social isolation.
» Maintain the long term affordability to extreme low income (ELI) residents.
» Strengthen the long-term operating health of the agency.
» Develop design concepts and feasibility analyses for priority developments.
Purpose of the Plan

The PHA faces a need to increase its amount of dwelling units and address the fact that the majority of the units currently in its portfolio are reaching the end of their useful life. This Vision Plan is a part of the goals stated in the PHA 5 year agency plan.

The Vision is a resource for future discussions at particular properties. As a springboard to the redevelopment discussions, The Vision can be shared with neighborhood groups, city, state and federal groups as well as other stakeholders as a catalyst for more informed discussions as part of an inclusive redevelopment process.

The Vision is NOT a masterplan or a fully finalized development proposal. It is a tool that gives the PHA an informed understanding of what reasonable capacities could look like to meet their development goals.
Existing Conditions

Taking stock of PHA’s portfolio of major developments is the first step in considering their long-term positioning. While some developments are in need of more immediate investment, many others are in stable shape and can be maintained for the foreseeable future. The recommendations for each property are based on the analysis of the consultant team, meetings with PHA staff, and previous planning efforts. In particular, the Asset Position Review prepared by BC Stewart and Associates in January 2012 was an important report to reference for this work.

Relative to other housing authorities, PHA’s units are in good condition and provide adequate housing for their residents. As noted in the Asset Position Review, collectively, the PHA units scored 92 out of 100 in the most recent HUD/REAC physical inspection completed in January 2010. That said, the vast majority of PHAs units were constructed over 40 years ago and show signs of their age. While the PHA has focused on keeping its properties running well by updating building systems and doing renovation work as necessary, some properties are in need of a more comprehensive repositioning. Further, market forces and development and planning activity citywide influence how particular developments should be positioned to best meet the goals of the PHA.
The major developments of the PHA are divided into four Asset Management Projects (AMPs) that are spread across the city. The PHA’s portfolio can also be divided into two groups - family style developments and those that cater to elderly and disabled residents. Regarding unit size, the PHA has units ranging from studios all the way to five and six bedroom units. There is a population of multi generational families that are served by these larger units.

Beyond the major developments, the PHA also manages five buildings containing 17 additional units. While these scattered sites were not considered in this analysis, they are certainly an asset of the PHA.
In the West End neighborhood of Portland, the Harbor Terrace development provides 120 units of senior and disabled housing all in one six story building. The property is one of the more stable developments in the PHA’s portfolio. As part of energy performance contracts, significant improvements are planned to the building envelope. Beyond the exterior, the units could use modernization but otherwise, the development could be maintained for the foreseeable future.

Among the three elderly developments in the PHA portfolio this is considered the most likely option to introduce additional housing units due to the existing parcel of land on Salem Street. Development here could make better use of otherwise underutilized open space. While there may be permitting obstacles, the neighborhood is feeling development pressure. Ultimately, it represents one of the more straightforward opportunities for the PHA to add units to its portfolio.
Adjacent to the Franklin Street Arterial, a gateway into the Peninsula, lie the Bayside Properties. This includes Franklin Towers, the 200 unit development for seniors and disabled residents as well as Bayside Terrace, Bayside East, and Kennedy Park, the three family developments with a total of 167 units.

The tallest building in Maine, Franklin Towers, is in a position to provide quality housing for seniors and disabled residents for the foreseeable future. The building has recently had an energy retrofit and its community rooms were also recently renovated. Its population is increasingly made up of young disabled residents which can create lifestyle conflicts with established elderly residents.

<table>
<thead>
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<th>Bayside Terrace</th>
<th>1965</th>
<th>24 units in 5 townhouse style buildings</th>
<th>Family</th>
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<tr>
<td>Bayside East</td>
<td>1972</td>
<td>98 units in 16 townhouse style buildings</td>
<td>Family</td>
</tr>
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<td>Kennedy Park</td>
<td>1965</td>
<td>45 units in 10 townhouse style buildings</td>
<td>Family</td>
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<td>Franklin Towers</td>
<td>1969</td>
<td>200</td>
<td>Senior/Disabled</td>
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The family developments, Bayside East, Bayside Terrace and Kennedy Park, are in good shape and should be maintained in the short to medium term. Given their prime location, these developments should be looked at holistically as a redevelopment opportunity. Some of this thinking is already underway with the Bayside Anchor development at the corner of Boyd and Oxford streets. This has already catalyzed the 58 Boyd Street property as the next logical development opportunity.

The Bayside properties are an area of focus for the city in general due to its prime location near two major arterial roads and close to downtown and the waterfront. Currently, the area features a significant amount of public and private planning and development efforts. Given these efforts as well as its proximity to shopping and open space amenities, the Bayside area is a key opportunity area for expanded development. Recent zoning changes coupled with the potential future realignment of Franklin Street set the table for reimagining Franklin Street and its surrounds as a denser, more defined place.
The Front Street development consists of 50 units in 18 townhouse style buildings in the East Deering neighborhood. It’s in a great location close to the Cove but lacks for a literal connection to this amenity. The development, buried in a neighborhood of triple deckers and one and two family dwellings, sticks out from its surroundings. Indeed, the form and arrangement of the buildings are incongruous from the neighborhood.

The buildings were built as prefabricated units that were assembled on site and initially conceived to be temporary housing but have been in constant use for over forty years. Underlying unstable soil conditions have resulted in settlement and structural cracking and in some cases uneven floors.

Given its pressing near term needs, Front Street is an ideal candidate for comprehensive replacement. The area is varied enough to support additional density that better integrates with the neighborhood.
As opposed to nearby Front Street, Washington Gardens is a relatively stable, thriving development featuring 100 units in 15 buildings. Its low rise nature is appealing to residents as a contrast to the other elderly developments Franklin Towers and Harbor Terrace.

The project has received some recent capital improvements including a new roof and some accessibility improvements.

Given its success, Washington Gardens should be modernized and maintained as funds allow for the foreseeable future. While not a priority, strategic property acquisitions of adjacent properties could allow for the expansion of the development.
Sagamore Village

Built in 1941 as war housing for shipbuilders, Sagamore Village is the PHA’s oldest property. It features 198 units in 90 duplex and townhouse style buildings. It’s a well-established community well served by nearby schools and shopping but challenged by buildings long past their intended lifespan. Given its age, poor infrastructure, and low density, it is one of the more expensive properties for the PHA to maintain.

The abundant open space, though unused, is perceived as an asset of the property.

While there have been some recent improvements the project lacks a clear long term strategy.

Given its needs, Sagamore Village is a candidate for major transformative development. However, considering its historical significance, such development would have to be mindful of its existing character; particularly if historic tax credits are considered as a funding source. New Transit Oriented Development could potentially occur off Brighton Avenue to work as a gateway to the development.
Riverton Park

Farthest from downtown, Riverton Park consists of 141 units in 25 buildings in a suburban style site plan on a former wetlands site. While there have been recent developments in the area, Riverton Park can be characterized by its remoteness. Within the development there is only one entry point and there is limited pedestrian activity. In particular, it has been noted that children can feel somewhat isolated as there are minimal activities, limited openspace for recreational activities, and not much to access without a car. The buildings show signs of their age and are in need of modernization.

Others have recommended that this property be considered for major, transformative development in the long term. While such development could address the quality of the buildings, it wouldn’t address the remoteness of its site and its inherent single point of access. With that in mind, it may need to follow behind more immediate needs and opportunities at other sites.
Citywide analysis allows the developments to be understood in context with larger market trends and development activity. This supplements an analysis of the needs of particular properties by considering how a property can leverage other trends and activities in its neighborhood.

A baseline criteria worth mapping is which areas of the city can be characterized as a Qualified Census Tract (QCT) by HUD. QCTs are census tracts where at least 50% of households have an income less than 60% of the Area Median Gross Income. This includes much of downtown, Bayside, and East Bayside.

Looking at census data, in particular household income data spatializes where areas of wealth are in the city. The West End, Back Cove and Stroudwater neighborhoods stand out as wealthier areas of the city. This is supplemented by looking at real-time data of rent prices across the city as posted on craigslist. This map highlights which areas of the city are costlier than others for renters and it’s worth noting that it is not completely in lockstep with the income map. As opposed to the income map, rental prices point to East Bayside and the East End as featuring some of the higher rental prices in the city.

Taking stock of development activity reinforces the peninsula, and downtown in particular, as the prime location for development activity in the city. Data from the city of Portland listing forthcoming major developments reflects this pattern.

These maps point to the Peninsula as a relatively expensive, thriving market for owners and renters. It’s proving to be a center of activity in greater Portland and the PHA’s properties in the area - Franklin Towers, Harbor Terrace, Bayside East, Bayside Terrace, and Kennedy Park - should be positioned to best leverage the market trends of the area.
Existing Conditions

Portland Housing Authority

Median household income (2009-2013 ACS)

Median household rent (2009-2013 ACS)
Citywide Mapping
Recent Planning and development Activity

1. 118 Congress Street
   12 Units, 1,800 SF Commercial

2. 667 Congress St
   139 Units, Ground floor commercial

3. 85 York Street
   63 Units, 1,700 SF Commercial

4. 777 Stevens Avenue
   58 Elderly housing

5. 101-121 Newbury Street
   39 Units

6. 46 Market Street and Milk
   63 Units, 1,700 SF Commercial
2030 Workforce Housing Demand

The Portland 2030 Workforce Housing Demand study undertaken by the Greater Portland Council of Government was published in January 2015. It looks at the current housing market trends and studies two approaches for the city of Portland to ensure adequate supply of housing, namely the Massachusetts approach and the California approach. It concludes that if the recent trends continue there will be a deficit of 24% - 33% between the demand and supply of workforce housing units. The study also analyses affordability of current housing stock and infers the pressing need for 3-bedroom rental units to accommodate working families.

Further it lists tools like density bonus, inclusionary zoning, reduction in parking and rent control as measures to increase affordability and balance access to housing. The conclusions and tools stated in this study help to understand the major concerns and implications of different approaches to cope with the housing demand of the city of Portland.

East Bayside Neighborhood study

This report is a compilation of the background study and various community outreach programs undertaken by the Planning Workshop 2009, Community Planning and development program, Muskie School of Public Service along with the East Bayside Neighborhood Organization (EBNO). It looks at the evolution of the neighborhood and the business districts of Lower East Bayside district and Washington/Congress commercial district.

The major concerns raised through the community process include Mayo street traffic and safety concerns, sidewalks and crossings and general pedestrian access along Franklin street, lack of lighting and pedestrian improvements and a diversified program for Fox Field, and extended connection to Bayside trail through Boyd street and Diamond street.

The East Bayside study recommends reconnecting the historic street grid and undertaking of a long term vision plan by the PHA, City of Portland and EBNO.
Financial Strategies and Prioritization

Given the level of revitalization needed at the priority sites and the limited and declining level of federal public housing resources, PHA and the Utile team have identified resources necessary beyond the traditional public housing capital grant program. As with most mixed-finance and affordable housing transactions for public housing revitalization, the PHA priority sites analysis and resource identification include a combination of federal, state and/or local funds, including low income housing tax credits (LIHTC) and historic tax credits, as well as private resources such as Federal Home Loan Bank funds, foundation grants, and debt financing. Many of these resources are allocated through competitive processes that will require the preparation of funding applications (often multiple times). Queuing the priority projects into a rational pipeline is necessary to maximize the revitalization effort at PHA without overwhelming the state and local resources.
Financing Summary

HUD tools.

HUD’s current system of evaluating property-level expenses and then arbitrarily pro-rating them as much as 15% below actual expenses has left the portfolio with chronic underfunding of the operating budget. Similarly, HUD’s capital grant program is inadequate to the documented needs of the developments as the PHA portfolio Physical Needs Assessments (PNAs) demonstrate.

PHA has already effectively leveraged Energy Performance Contracts (EPC) and Qualified Energy Conservation Bonds (QECB) to make eligible improvements to key sites. Our study has paid careful attention to the amount and financing structure of the EPC debt as it will have an impact on future ability to leverage debt and thus be an important component of the future financing. EPC investment in existing projects must be either repaid or assumed as part of the new financing package and will impact the amount of loans that can be leveraged. Where properties have had significant energy investment or whose savings are a large part of the EPC funding calculations, this has been factored that into our analysis.

The analysis has also examined how HUD’s Rental Assistance Demonstration (RAD) program can leverage outside funding and bring longer term stability to the portfolio and the operating budget. A new RAD Section 8-like project-based contract system puts PHAs and public housing in the mainstream of real estate industry financing and asset management practices. Many RAD projects utilize 4% LITHC, debt financing, soft subsidy from City and State as well as PHA resources such as reserves, Replacement Housing Factor funds (RHF) and project-basing of Section 8’s. Because of the need to leverage RAD with other resources in order to raise sufficient capital to adequately address the capital needs backlog, it is imperative to include RAD resource phasing into the analysis.

PHA has limited funding for the intensely competitive Choice Neighborhood Initiative (CNI) grants. CNI is a scarce resource, but when awarded provides a robust resource for revitalization and social services. Projects must meet threshold requirements in order to apply. As a threshold requirement, the housing site itself must score in terms of distress—low REAC scores or other evidence of physical distress as evidenced by a PNA. Preliminary investigations have indicated that these criteria don’t look promising for CNI, (for example, Bayside, an otherwise logical CNI choice, is too well kept up!)

Other threshold criteria include neighborhood indicators of distress like high poverty rate, high crime and high vacancy rates. In addition, low performing schools are included as a factor or neighborhood distress.

Once the thresholds have been met, the choice of the site and the definition of ‘neighborhood’ make a difference in the competitive scoring. The CNI strategy is to identify distressed public housing sites in areas of high poverty and vacancy while still including important social service anchor institutions and other neighborhood assets in the geographic area. Careful mapping of neighborhood boundaries and analysis of census data has been important in identifying if any PHA priority sites would meet CNI threshold or competitive criteria.

Unfortunately, evaluating the priority sites against the current CNI criteria has indicated that given the high threshold of CNI in terms of crime, vacancy, and distress, it will be hard for PHA sites to be competitive as the CNI program is currently structured.

However, PHA should not only continue to monitor CNI criteria as they may change slightly from NOFA to NOFA, but also to lobby as appropriate for more inclusive criteria that do not penalize authorities who have struggled to keep properties from failing to the level where they would meet CNI thresholds. If threshold criteria did not unfairly penalize well performing authorities who have maintained sites well despite age and low capital budgets, PHA would stand a better chance competing on
other, more relevant criteria.

In future NOFAs, PHA would likely meet key competitive criteria, like applicant capacity, the quality of the plan and leverage of resources. Likelihood of competitive selection will depend on factors in each neighborhood in terms of complementary revitalization activity and partnerships in development, education, social services, and other aspects of comprehensive community revitalization in a particular neighborhood. Portland seems to have a proactive and collaborative style in government that bodes well for the collaborations necessary for CNI applications.

And finally among HUD tools, a Section 18 disposition through the Special Applications Center (SAC) will need to be considered for those sites whose rehabilitation needs are not cost effective compared to new development. (Generally HUD considers it not cost effective if rehab needs exceed about 57.14% of the HUD approved total development cost (TDC) calculation of non-elevator structures.) Front Street is likely to easily meet this criteria. The importance of Section 18 approval lies in the linked award to Tenant Protection Vouchers (TBVs). This is a critical asset for relocation as well as to provide a safety net for residents of the demo-dispo site. A redevelopment scenario that uses a portion of the TBVs as Project based vouchers (PBVs) helps to leverage debt and provides an important component of the redevelopment financing.

Given the need in Portland for preservation and affordable housing, and in line with the Redevelopment Principles of the Authority, PHA would want to replace any units lost.
Priority Sites and Portfolio Restructure

Priority sites

The priority sites initially identified, Front St., Bayside, and Sagamore, will require a range of resources to fund the extensive renovation or complete rebuilding of the sites. The gap between the costs of extensive redevelopment and leveraged financing made possible through the use of tax exempt financing and 4% and/or 9% low income housing tax credits (LIHTC) will need to be filled with State and City resources. PHA resources from reserves or from deferred developer fees may considered as gap fillers as well.

Through an analysis of the costs, type of revitalization necessary and an examination of the resource environment, we have sized a range of resources necessary to achieve the revitalization of the priority sites. Queuing up one or two sites for 9% LIHTC should be considered especially if we phase the requests over a reasonable period of time. 4% LIHTC is a less competitive resource but requires gap filler of additional soft subsidy from the City and State. Finally, state and federal historic tax credits should be considered for the Sagamore site, though the level of deterioration and site conditions may make it difficult to preserve the buildings.

A phasing analysis is included in the report and will need to remain fluid and site needs evolve and the resource environment is explored more fully.

Portfolio restructure.

As compelling as the priority sites are for major investment, the balance of the portfolio will also require a thoughtful capital program to preserve them as a valuable affordable housing resource. Raising money for the capital program, beyond the HUD capital grants, is necessary. Examination of existing operations and funding and projections about the future of public housing operating and capital funding, require PHA to undergo a rigorous examination of possibility of transfer to a Rental Assistance Demonstration (RAD) platform. The portfolio requires a pragmatic look at what is possible to stabilize operations and what improvements will help sustainability of operations and habitability over the long term. Upgrades and stabilization through conversion to a RAD platform may enable capital improvements and a predictable operating budget with replacement reserves built in. Generally, RAD with 4% LIHTC credits can raise between $40,000-$70,000 per unit in rehab depending on the census tract. The lower end of the projection relies primarily on 4% LIHTC. The higher end of the range also relies on 4% LIHTC but benefits from a ‘boost in basis’ of 130% that is only available to projects in census tracts that meet the criteria for Qualified Census Tract (QCT). It appears that Franklin is in a basis boost tract while Harbor Terrace is not.

MaineHousing has a program for RAD conversions of senior projects, that allocates both 4% LIHTC and soft subsidy to finance RAD conversions for senior sites. While the rehab level may be more modest than desired, the RAD conversion could stabilize operations and insure a more dependable cash flow over time. If more substantial rehabilitation is desired, additional resources from the City, additional debt leveraged from efficiencies in operations or PHA resources could be deployed.
### Annual Operating Costs

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<td>198</td>
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<td>RAD rents 2014 (consolidated AMP)</td>
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<td>$718</td>
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### Family Developments

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<th>Bayside East</th>
<th>Bayside Terrace</th>
<th>Kennedy Park</th>
<th>Front Street</th>
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<td><strong>TOTAL DEVELOPMENT COSTS</strong></td>
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### ELDERLY DEVELOPMENTS

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<th>Franklin Towers</th>
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### Consolidated TDC Bayside

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<td>Seller Note</td>
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<td>Total Sources Bayside</td>
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<td>Subsidy Required (GAP)</td>
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### Assumptions for RAD analysis

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<td>Used to increase basis and will be netted out with seller note. Based on estimate of market value per unit at $20,000.</td>
</tr>
<tr>
<td>Construction/Rehab</td>
<td>Based on Physical Needs Assessments. Concept Designs in this report have their own distinct financial analyses.</td>
</tr>
<tr>
<td>RAD rents</td>
<td>From HUD inventory assessment tool updated to 2014 but still not site specific due to consolidated AMPs</td>
</tr>
<tr>
<td>PBV rents</td>
<td>FY15 FMRs at 100%</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>from PHA data to reflect PHA cost constraints</td>
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<tr>
<td>Interest</td>
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<tr>
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<tr>
<td>Debt Coverage</td>
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</table>

**Use Assumptions for RAD analysis**

- Acquisition Price: Used to increase basis and will be netted out with seller note. Based on estimate of market value per unit at $20,000.
- Construction/Rehab: Based on Physical Needs Assessments. Concept Designs in this report have their own distinct financial analyses.
- RAD rents: From HUD inventory assessment tool updated to 2014 but still not site specific due to consolidated AMPs.
- PBV rents: FY15 FMRs at 100%.
- Operating Costs: from PHA data to reflect PHA cost constraints.
- Interest: 4.50% tax exempt.
- Term of Loan: 35 years.
- Debt Coverage: 1.2.
Prioritization

Need and Opportunity

Per unit cost needs are based on Asset Position Review prepared by BC Stewart and Associates. Front Street, Riverton, and Sagamore Village had the largest deficit between expected CFP funding and average annual need. The Bayside Properties also have significant deficits. Conversely, the elderly properties – Harbor Terrace, Franklin Towers, and Washington Gardens – are less needy by this metric.

On a per unit basis, the top five utility consumers are Kennedy Park, Front Street and Riverton Park, followed closely by Bayside Terrace and Bayside East. This pattern is reflective of building type and age and the higher consumption of family sites. Energy Performance Contracting Utility savings can be used to finance retrofits.
» Energy Performance Contracts were taken out to perform rehabilitation work across all PHA developments.
» Phase 1 allocated $4,391,836 across all site with the largest per unit cost at the Bayside Developments and the largest total cost at Franklin Towers.

» Phase 2 Energy Performance Contracts reinvest savings from the first phase.
» In total, up to $4,800,000 is projected to be spent with the largest chunk at Riverton Park.
» Financially, EPC obligations may need to be resolved before considering RAD or other restructuring opportunities.
» With no EPC obligations, Front Street and the Bayside Properties have more flexibility for more immediate, larger scale redevelopment.
Prioritization

Considering the degree of need, the potential to add significant new capacity, preliminary funding strategies, and possible synergies with other non-PHA efforts, the following prioritized order of the PHA Developments emerges:

1. Front Street
2. Bayside Properties
3. Sagamore Village
4. Riverton Park
5. Harbor Terrace
6. Franklin Towers
7. Washington Gardens

In summary, the three priority sites identified in the Asset Position Review, Sagamore Village, Riverton Park and Front Street, were confirmed to still be high on the priority list. Many of the reasons cited in the earlier report, including 5 and 20 year capital needs assessment, are still concerns. To varied extents, these sites still represent opportunities for updating and increasing the number of units, as well as targeted diversification of the unit typologies. While Riverton still presents challenges, they are somewhat less pressing and many of which are being addressed with EPC work. Indeed, the proposed EPC sums that would be allocated to Riverton suggest that in the short to medium term, the property isn't a strong candidate for significant redevelopment at this time.

Front Street and Sagamore, on the other hand, are still properties in great need of significant renewal, and have layouts and locations that would provide the most measurable benefits from immediate long term investment.

In addition to these three sites, the Bayside Properties represent a critical area of interest because of their collective size and the opportunities offered by other concurrent planning and development efforts. Franklin Towers and Harbor Terrace were also identified as possible opportunity sites, given their desirable location and the potential for additional development. And finally, while Washington Gardens is in good shape, there are a few opportunities to potentially add capacity to the development.
Priority Sites are chosen based on a combination of degree of need and greatest opportunity for development. With this balance in mind, Front Street, The Bayside Properties, and Sagamore Village emerge as the highest priority developments of the PHA Portfolio.
Conceptual Design Propositions

The conceptual designs for the major developments is the heart of this planning effort. By visualizing the possibilities inherent in each site, the PHA can understand how to value their assets. The designs illustrate how many units are possible while being mindful of what a particular site can reasonably support.

These conceptual designs, which are just a starting point for their respective design processes, use the Mission and goals of the PHA to ground much of the work. As such, the concept developments are guided by how to strengthen communities and enhance the safety and well being of the residents and the neighborhoods overall.
Methodology

The PHA major developments are considered through an urban design lens. The goal is that with thoughtful planning and design, the PHA will have ability to better structure and strategize investment in the long term redevelopment of their development sites.

The Bayside Anchor development of 45 new units is a catalyst for this effort. That project currently about to begin construction, will introduce a new, dense, corridor-style building within the low rise Bayside east project area. Building from this, the PHA is considering development opportunities unlocked at an adjacent parcel at 58 Boyd Street. Given this momentum, this report gives the PHA the design, and financial frameworks that can structure future, holistically considered enhancements and redevelopments of their developments. These frameworks considers how each potential building or design feature relates to an overall vision for a development. While that vision could take a significant amount of time to manifest, short term decisions should consider these ultimate visions.

Design efforts considered here are mindful of the shortcomings and missed opportunities seen in public housing design of previous eras. Certainly the seminal work of architect Oscar Newman and his Defensible Space theories are relevant when reconsidering the PHA developments. Design features like opening up and reintegrating street grids; providing passive observation and eyes on the street; creating well defined and programmed open space; and fostering a general sense of ownership and investment among residents are relevant for this effort.

Again, the design considers adding capacity as a driver and balances this with creating healthy communities. As such, each design considers questions like: How do these units come together? What’s the appropriate amount of open space for each unit? What is the street presence? How can the design foster a sense of ownership and investment among residents? Considering these questions will help ensure that the design meets the PHA’s goals.
Understanding the Mission, Goals, Objectives and Needs of the Portland Housing Authority

Analysis
- Citywide demographics
- Recent Planning Projects
- Recent Development Projects
- Financial Strategies and Programs

Prioritization
- Where is need?
- Where is opportunity?
- What are financial considerations?

Documentation
- Existing conditions of PHA properties

Conceptual Design
- Urban design objectives
- Building massing
- Financial feasibility
- Type of dwellings

Strategic Vision for the renovation or redevelopment of Portland Housing Authority Properties

Planning and Development process for Individual Projects

The Vision is a resource for future discussions at particular properties. As a springboard to the redevelopment discussions, the Vision can be shared with neighborhood groups, city, state and federal groups as well as other stakeholders as a catalyst for more informed discussions as part of an inclusive redevelopment process.

The Vision is NOT a masterplan or a fully finalized development proposal. It is a tool that gives the PHA an informed understanding of what reasonable capacities could look like to meet their development goals.
Cumulatively, The Bayside Properties are one of the biggest opportunities for the PHA to add significant capacity to their portfolio. Given the size and density of the existing development relative to market trends in the neighborhood, recent and current planning efforts, and some urban design opportunities, design here could yield significant, transformative change for the Bayside Properties.

Recent zoning changes from R6 to R7 at portions of the Bayside properties make additional density a viable option. Further, additional opportunity areas are unlocked by the realignment of the Franklin Arterial and potential disposition of publicly owned land. New development can build on the higher density developments already occurring in the neighborhood since much of this land isn’t tightly integrated to the smaller scale residential neighborhood to the east. The developments are both highly visible and yet disconnected from the urban fabric. Reconnecting the historic street grid and associated view corridors would better connect the PHA properties to the neighborhood.

While already dense, the Franklin Towers site could support additional development with new construction at the existing surface parking lot. While adding much needed units, this could also help mediate the scale of the existing buildings and its low-rise surroundings and better define the Oxford Street face of the property.

Boyd street has a potential to become a pedestrian friendly neighborhood street. Existing housing along Mayo and Lancaster has an ill-defined open space. Mayo street terminates beyond east Lancaster street restricting any visual connection to Fox Field. The community garden is a valued asset for the neighborhood which needs to be integrated. Boyd street multifamily development compliments the pedestrian scale. The Pearl Place housing provides a precedent for scale and design future development in the neighborhood. Franklin Tower does not relate well to its surrounding due to the scale change.
Consider this parcel as a gateway to downtown Portland which could imply building at a larger scale. Additionally, enhance connection across Franklin St.

Position PHA to best leverage potential development sites unlocked by the Franklin street redesign.

Strengthen Boyd street as a neighborhood main street and foster connection along North Boyd Street to the Bayside Trail.

Extent of R7 zoning district indicates areas where additional size is permissible in redevelopment efforts.

Restore historic street grid and view corridors to better integrate project sites into the existing neighborhood fabric.

Redevelopment here should respect the scale and fabric of the neighborhood.
Conceptual Design Proposition

Portland Housing Authority

Conceptual Build out

1. Bayside Anchor, under construction
   2016 – 45 units

2. 58 Boyd, under development
   2017 – 48 units

3. 55 Boyd St.
   2018 – 55 units

4. 58 Boyd, Phase 2
   2019 - 48 units

5. “Boyd + Lancaster”
   2021 - 60 units

6. “Mayo + Lancaster”
   2022 - 50 units

7. Mayo + Lancaster
   2023 - 54 units

8. 56 Mayo
   2024 - 50 units

9. Anderson Townhomes
   2025 - 111 units

10. Franklin Mid-rise
     2026 - 160 units

11. “Franklin + Fox”
     2027 - 121 units

Over 650 net new units possible at the Bayside Properties
The Ground Level Plan highlights desire to place active program along the street edges. As can be seen, the street edges are framed with either residential units (shown in yellow), community space (in orange) or commercial space (shown in blue). Further, it’s worth noting the design tries to focus more public program along Boyd Street in keeping with the idea of this acting as a neighborhood scale main street the complements and connects to Franklin Street, Fox Street and Cumberland Avenue.

Mid block connections break down the scale of the redevelopment. Further, they are an ideal location for public realm amenities. While the developments all consider parking needs, the designs strive to minimize the visibility of surface parking lots from the streetscape.

The upper level plan shows how units - at a range of sizes - could be provided. Further, additional community space for residents could be provided atop parking lots in select locations.
Upper floor plan
Building Typologies

The building typologies considered here are all market tested and proven to work from a real estate and financial perspective as well as making good design sense. What’s developed is thus a context responsive kit of parts.

Row houses and other small, cluster buildings that don’t require elevators are a cost effective way to get smaller scale yet dense development.

Corridor style buildings that are stick-built are an opportunity to create a significant presence where desired that can create a logical place for community or commercial program. The 4 story multi family corridor style building is 65’ wide which corresponds with typical parking dimensions. The ground level needs to be carefully programmed and designed to maximise the active edge around the building and its connection with the surrounding public realm. Parking on ground floor hidden from street. Active frontage at ground level fosters connection to public realm. Planting creates a desirable softscape while helping to hide parking.
15-unit townhouse building

Cluster of 2-unit townhouse buildings

Typical floor plan
- 2 BR unit - 825 SF
- 3 BR unit - 1220 SF

Level 1
- 2 Bedroom unit

Level 2 and 3
- 3 Bedroom unit

Section
Bayside Vision Phasing

Over 650 net new units possible at the Bayside Properties
A mixed income program for Bayside anticipates a transformative, mixed income approach to the new development. This includes full replacement of units for public housing residents, the addition of workforce level housing serving households between 80-100% of Area Median Income (AMI) and market units. The phasing takes into consideration several factors:

- Relocation and neighborhood impact
- Market absorption
- The amount of housing resources that can reasonably be expected to be awarded to PHA in any one year or phase
- Capacity of PHA and/or development partners to manage multiple sites

The assumptions include RAD or Project-based voucher rents for a portion of the extremely low income units as well as workforce and market rents that range from $1,500-2,200.

Resources include 4% LIHTCs, soft subsidy through MaineHousing, and City of Portland HOME/CDBG and Affordable Housing Trust funding for the workforce units. The Authority can strategically contribute reserves or developer fee as necessary.

As the project evolves, feasibility will be sensitive to many factors that may change over time including:

- Construction cost
- Rent levels
- Percentage of rent increase
- Unit mix among ELI, 50% AMI, workforce and market rate
- Operating costs

In implementing the Strategic Vision, iterative testing and modeling will be important to stay on track and on budget.
Bayside Vision Phasing
## Financial Analysis Phasing

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
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<tbody>
<tr>
<td>55 Boyd</td>
<td>58 Boyd B</td>
<td>Boyd and Lancaster</td>
<td>Mayo and Oxford</td>
<td>Mayo and Lancaster</td>
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<td><strong>Deeply Affordable Replacement Units</strong></td>
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<td><strong>Workforce/Market</strong></td>
<td><strong>Total</strong></td>
<td><strong>Uses</strong></td>
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<td>37</td>
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<td><strong>Construction/Rehab (inc contingency)</strong></td>
<td><strong>Soft Costs</strong></td>
<td><strong>Developer Fee/Overhead/Reserves</strong></td>
<td><strong>TOTAL DEVELOPMENT COSTS</strong></td>
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<td><strong>Sources</strong></td>
<td><strong>Permalink Loan</strong></td>
<td><strong>9% LIHTC</strong></td>
<td><strong>City Subsidy/Affordable Housing Trust</strong></td>
<td><strong>MaineHousing soft subsidy</strong></td>
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<td><strong>PHA contribution</strong></td>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>(GAP)/PROFIT</strong></td>
<td><strong>TDC per unit</strong></td>
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<td><strong>Construction/Rehab (inc contingency)</strong></td>
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<td><strong>55</strong></td>
<td><strong>50</strong></td>
<td><strong>60</strong></td>
<td><strong>61</strong></td>
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The Bayside phasing chart represents scenarios that increase density (though not to the maximum potential) and ensure full replacement of deeply affordable ELI units. This phasing presents a potential realistic strategy based on the resource and market environment currently but will likely change over time as conditions evolve.
Bayside Properties - Vision
Beyond increasing capacity, development of Bayside Properties must make fostering a safe, healthy neighborhood a priority.
Front Street and Washington Gardens

Given its need for immediate work the Front Street development is the most worthy development for comprehensive redesign. A complete overhaul is the most prudent way to address fundamental soil and structural issues while also allowing for new development that could add needed units.

Consistent with the applicable R5 zoning for the neighborhood, development could consist of small yet dense clusters of buildings that match character of neighborhood. Such development could conceivably double the density with something looks feels appropriate for the neighborhood. Another driver of any redesign would be to provide additional, purposeful open spaces. An redesigned open space network could also try to better connect the development to Baxter Boulevard and the Back Cove.

The two halves of the site divided by Presumpscot Street help facilitate a potential phased redevelopment process. Further, acquiring an abutting property as well as taking advantage of Cummings Street could potentially unlock additional site planning solutions.

While Washington Gardens is a stable, well performing property, it does have potential to add units to the PHA’s portfolio. Potential development here could add density and massing along Washington Avenue without disrupting the character of the development. Such development could give additional capacity to provide fully accessible units for elderly and disabled.
Urban Design Framework

1. Strengthen street edges and consider how buildings relate to nearby urban fabric
2. Presumpscot St. can serve as logical divide for future phased development
3. Leverage views of Back Cove
4. Consider strategic property acquisitions
5. Establish a connection with Baxter Blvd
6. Consider opportunities for additional density along Washington Avenue.
Conceptual Build out

1. Typical “Nine-Pack” building. (9 units each, 99 total)

2. Centralized Parking minimizes impact to site and organizes service areas

3. Well defined and programmed open spaces

4. Washington Ave. development (25 net new units at Washington Gardens)

Up to 49 net new units possible at Front Street. An additional 25 net new units are possible at Washington Gardens
Front Street - Vision
Front Street - Mixed Income Scenario

Front Street is a top priority due to its deteriorated condition, opportunity to add new units and the support of the residents for redevelopment.

The Front Street redevelopment capacity studies suggest a range in the number of units that can be supported on the site. The financing analysis zeros in on representative 100 unit project that includes full replacement of public housing units as well as the addition of market and workforce units.

Because the condition of Front Street is extremely distressed, the study recommends that PHA pursue a Section 18 demolition and disposition application. A successful demo-dispo application will be linked to the provision of Tenant Protection Vouchers (TPVs) that will be used to relocate tenants and also will add to the PHA's Section 8 portfolio. Given the likely high interest of Front Street residents in returning to a redeveloped Front Street, a number of these could be project-based as part of the development financing package, allowing the project to leverage debt to help finance the construction of the new units.

The project would be constructed in two phases to maximize the potential for resources and also to avoid straining the limited affordable housing resources available.

Assumptions

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<tr>
<th>Development</th>
<th>Front Street</th>
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<td>Type</td>
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<td>Number additional aff LIHTC</td>
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<table>
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<td>(GAP) or Profit</td>
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Sagamore Village

Design at Sagamore toes the line between filling out and modernizing the plan to add needed density and being respectful to the historic significance of the development. The large, underutilized central field is a ripe opportunity for infill development. As a starting point, existing street grids can be extended through this area to stitch new development into the existing fabric. New development at this location should be the same size and scale as the existing buildings.

The development’s location right off of Brighton Avenue is an opportunity to consider denser, transit oriented development off of this major corridor. New development here could be at a slightly larger scale to acknowledge the scale of Brighton Avenue. This would act a new gateway and public face to the development without compromising the historically significant fabric at the projects center.

Existing property and potential development opportunity.
Gateway to Sagamore Village from Brighton Ave poses an opportunity to have a larger development to create a gateway on Brighton Ave. The central open space is not well defined and lacks any sense of place. This development has no pedestrian infrastructure like sidewalks, street trees and benches.
Urban Design Framework and Conceptual Buildout

1. Infill Two-Family buildings at extended Gorges St. (+14 units)
2. Replace buildings along Popham St. with denser buildings. (+10 unit gain)
3. Increased density at Cabot St. (+12 unit gain)
4. Larger development to anchor Brighton Ave. (+35 unit net gain)

Enhance connection to the Hall School Site.
Consider relationship to redeveloped Hall School.
Consider developing underutilized central green space.
Consider Brighton Avenue edge as TOD opportunity featuring increased density.

Up to 70 net new units possible
Financial Analysis

The Sagamore development, built in 1942, is one of the oldest in the inventory with a unique site plan and history related to worker housing in the war effort in World War II. It has a unique social history and as such may qualify for the National Historic Register. This is relevant to the financial analysis because the designation as an historic site qualifies a project for state and federal historic tax credits. This new and unique source of funding could generate a significant amount of capital to rehabilitate the site.

A substantial rehabilitation using 4% LIHTC and a modest amount of 9% LIHTC, combined with HTCs, could help to increase the useful life of the project, improve living conditions and reduce operating expenses thus stabilizing this important housing resource. While capacity studies indicate that more units and greater density could be accommodated at Sagamore, the requirements of site integrity for the use of the HTC may dictate working closely within the existing configuration.
Development at Riverton is challenged by the topography, the swampy nature of the site, and it’s limited access. As such, desires to fundamentally change the project with new street connections or block typologies aren’t possible. While comprehensive redesign isn’t an option, there are significant design opportunities that may seem relatively modest that can yield large results.

This proposal centers on creating a roundabout at the center of the property off Riverton Drive. This would be sized to allow buses to enter the site and turn around. Until now, efforts at getting a bus stop within the development haven’t yielded much traction because of the lack of turn around space. This change can signal Riverton Drive feeling less like an overgrown driveway and more like a fully fledged street that is better connected to the city as a whole.

The Riverton Drive roundabout can function as a new center of gravity for the neighborhood. Selective demolition and new construction can better define the street, reinforce hierarchy of this as a new center. It would also add much needed units without significantly compromising the overall existing plan. Further, placemaking strategies like active ground level frontage within the building, street furniture, and enhanced recreation spaces can help this area feel like a center of

1. Looking towards Pinewood dr. shows lack of safe pedestrian infrastructure. 2. Looking south on Springbrook way reflects absence of a continuous street edge and eyes on the street. 3. There is a lack of sense of place and has an opportunity to have a well connected public space and play area. 4. While needing some modernization, the existing buildings have good human scale and street presence.
Enhanced recreational space adjacent to central roundabout

Up to 60 net new units possible
Harbor Terrace

As noted earlier, the large open area at the corner of Salem and Orange Streets represents one of the cleanest opportunities for the PHA to add units to its portfolio. New construction here would not require any demolition or work to the existing building. This conceptual proposal considers feedback of previous design efforts for the site.

Ultimately the design is an opportunity to fill a hole in the urban fabric and in so doing, create a place at the corner for the neighborhood that is anchored by a robust yet modestly scaled building.

Development here should be mindful of the scale and character of the existing neighborhood. Stepping back the building could allow for a welcoming entry plaza that provides open space to celebrate the view to the river. Adjacent to this could be a modestly scaled publicly accessible park space for the neighborhood.

The proposed development is sited tight to Orange Street so as to not block views of the river from the existing building. The massing of the building steps down along its length to appear less massive from Salem Street. The design also minimizes the visual impact of parking by largely burying it below grade in the hill.
Total 25 units
15 parking spaces

Level 1
Level 2
Level 3 and 4
9 units each
Level 5
7 units

Section
The Strategic Vision is not a conclusion but the first step in an interactive process to plan the future of PHA properties.
Next Steps

Redevelopment of only the three priority sites can yield up to 800 additional units to the PHA portfolio. If all sites are considered in a manner similar to what’s been shown in this report, the PHA can conceivably double their unit count all within their existing property boundaries and all at a density and building scale that is considerate of its context. As compelling as that may sound, the next steps for the PHA are certainly not that straightforward.

The intent of this report is to conceptually show how the PHA can address its needs through reimagining their major developments. It helps the PHA understand the potential and the value of their assets by seeing what is possible on it. This report is intended to be flexible so the PHA can respond to problems and opportunities as they arise with an informed understanding of larger possibilities that are illustrated here.

On a site by site basis, this report creates a framework to structure investment. Financial mobilization strategies are mindful of resource limits and chart a path for rolling out improvements over time through realistic funding mechanisms.

The conceptual designs themselves are not an end but the starting point of a conversation. Their intent is to stimulate meaningful, substantive dialogue among residents, neighborhood groups, public officials and other stakeholders. Ultimately as a particular development process unfolds, the hope is that a shared understanding emerges on how the redevelopment allows the PHA to build on its mission to “provide more affordable housing and services that improve the quality of life and build community.”