A Case Study of the Brick Hill Development in South Portland, Maine

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In 2000, the State of Maine began to communicate with the City of South Portland on ways to utilize property that had formerly been occupied by the Maine Youth Center in South Portland. Youth Center facilities were being consolidated in a new building that only occupied a fraction of the former Youth Center campus. The property available for redevelopment was roughly triangular, bounded by the Portland Jetport to the north, Westbrook Street on the west, and Long Creek to the southeast. The property includes the former administration building, called the Castle, and five “cottages” that were used as dormitory style housing. The cottages were designed by the famed architect John Calvin Stevens in the mid-1800’s and are included in the National Registry of Historic Houses.

Elaine Clark, as Director of the Bureau of General Services (BGS), heads the state bureau with legislative authority to sell or lease state properties that are no longer serving state functions. Her goals were to make this land available for redevelopment, to provide income to the State, and be of use to the City of South Portland. She wanted to keep the land in state ownership, because it was such a great location and the state may someday wish to expand the new Youth Center that currently occupies but a small portion of the property.

Clark formed a steering committee that included officials from South Portland, including the city manager, Jeffery Jordan, as well as the South Portland legislative delegation and representatives from the City of Portland, the Maine Department of Corrections, two state social service agencies, Greater Portland Landmarks, and the Maine Historic Preservation Commission. Clark and the steering committee spoke with several developers on how best to proceed with evaluating options for redevelopment.
After speaking with Richard Berman, Clark decided that a Request for Qualifications (RFQ) would be preferable to a Request for Proposal (RFP). The RFQ would allow BGS to evaluate developers based on their resources and their past projects, rather than on their specific plans for the Youth Center property.

Several vendors responded to the RFQ, and proposals included such visions as a hotel and new commercial center for the property. Berman responded to the RFQ by listing the constraints on development for the property, and along with community process consultant Ed Suslovik and architect Winton Scott, offered the commitment to develop the property in a way consistent with the desires of the people of South Portland. Rather than develop and present a specific plan for the property, Berman’s approach was to show the state that it had the opportunity to meet community needs by working with him. He and Suslovik developed a public participation plan to get the input they would use for crafting a development plan for the property. Berman won the contract for a 50-year lease on the property from the state based on this approach and set to work.

Berman’s team and the steering committee brought together community leaders, residents, and neighbors to participate in the planning process. Suslovik designed a four-month long process that included three public meetings with stakeholders to develop a master plan for the property. Stakeholders included people from the neighboring parts of the city, city councilors, and the parents of students who attended a school nearby. Out of these meetings came “values” for developing the property in such a way as to incorporate affordable rental housing, affordable ownership options, mixed use to include commercial and business development as well as residential, and public access to the Fore River. A plan was then created that included all of these elements.
The plan for redevelopment called for the new construction of 114 affordable rental townhouse units that would be equally divided between two and three bedroom units; renovation of the brick cottages into 44 units of affordable rental housing, with a mix of one, two, and three bedroom units; and construction of 88 market-price condominium units with a mix of one, two, and three bedroom units. A new office building and the renovation of the Castle to office space are the commercial pieces of Brick Hill. Finally, provisions for public access and open space include a public square and a trail to a public dock on Long Creek.

The first major challenge to development arose in the fall of 2002 when Jeffrey Jordan recommended that Berman go to the South Portland City Council to ask that they apply for Community Development Block Grant (CDBG) money through the U.S. Department of Housing and Urban Development (HUD). The grant would be in the amount of $400,000 for infrastructure construction within the boundaries of the Brick Hill development. The City Council declined to apply for the money, however. Berman and Clark were surprised by the decision, based on the assurances and encouragement from Jordan, and viewed this initially as a lack of support for and commitment to the project from the City. Berman was disappointed because he had done run several meetings to involve the community and designed the project to meet the wishes of those in attendance. Councilor Linda Boudreau pointed out, however, that there were issues and concerns from people in other parts of the city who had not had an opportunity to provide input and suggestions. Councilor Boudreau suggested that Berman become “his own advocate” and work with people from all over the city, not just those in the immediate vicinity of the proposed development.
As a result, Berman took two important actions. First, he contacted each member of the City Council and spoke with them about their thoughts and concerns for the kind of development he was proposing for Brick Hill. Second, Berman decided that it was not sufficient just to have community input at the beginning of the project, and began a more intensive series of meetings with a wider circle of South Portland residents. Berman worked to get community members from around the city on board with the project, by meeting with all organized neighborhood associations in the city. These two actions served to educate and build awareness at a grassroots citizen level, at the same time as a parallel process was taking place with policy makers in city government.

To gain the trust and support of South Portland residents, Berman focused on what he called “community and communion”. The communion was “breaking bread together” and having food at every meeting and workshop his group ran regarding the Brick Hill project. He wanted to make this gesture of sharing to help people open up with their concerns about the project. He built community by making the decision to open his books on the project. This financial transparency was coupled with his concept of financial partnership with the city and state. After developer fees and a return on investment of 25%, any additional profits are to be split equally between Berman, the City of South Portland, and the State of Maine. Berman wanted to “make them partners,” to reduce his risk by encouraging the City and State take active roles in ensuring the success of the development.

The second major challenge the project faced came in the State legislature in the spring of 2003. As part of the financing package, Berman was counting on funding from federal and state sources, in addition to private investment. Berman had some issues with
financing because of his desire to include housing that would be sold to residents, in addition to the rental units. Financing for this could be secured from the Maine State Housing Authority only on a lease of at least 90 years – as opposed to the 50-year lease Berman had obtained from the state. Berman went back to Clark with a request to make the lease 90 years, but found that BGS has no the authority to grant leases for more than 50 years. To extend the term of the lease, legislative approval was required.

There was some strong political resistance to the project in the legislature, however, stemming from a South Portland representative with political ties to the owner of a construction firm. The contractor was fearful that his company would not be chosen for work on this specific project, and therefore did not want to see the Brick Hill project go forward. Clark and a legislative member of the steering committee for the Brick Hill project spent a weekend speaking with this representative to gain his (and his Party’s) support for it. The 90-year lease for Brick Hill came to the floor of the House of Representatives, facing a fight, but was eventually approved.

Traffic was also a concern to the South Portland Planning Department and to one city councilor, in particular. Throughout the public participation process, increased traffic congestion was not so important a concern to residents as it was to the Planning Department and the city councilor, who lived near the Brick Hill site. The project was broken into phases that are tied to traffic improvements. Phase 1, scheduled for completion in June of 2005, includes 66 rental townhouse units under the low-income tax credit program, and is tied to the completion of a traffic study. Phase 2 will involve the conversion of the five existing cottages into 44 rental units, and is tied to synchronizing traffic lights and adding cameras to control the lights when traffic backups are detected.
Phase 3 is tied to improvements of Exit 3 on I-295. Berman also agreed to build a new road that would run along the southern side of the Jetport to connect Westbrook Street with Western Avenue. This will change Westbrook Street from a dead-end street and allow for more efficient METRO bus service to Brick Hill and the Red Bank neighborhoods.

As a result of the early successes and the good will that Berman’s transparency engendered, the Brick Hill project began to gain momentum. This momentum helped the project succeed as other challenges arose, and represents a shift in the “ownership” of the Brick Hill project. The City of South Portland became vested in the success of Brick Hill, and began to take on the role of partner in the project with Berman and his team. As such, the city became more proactive role in advancing the cause of Brick Hill. Several examples result from the mutual ownership brought about by building trust and cooperation between the developer and the city.

In February 2003, the city council approved zoning amendments to establish a contract zone for the Brick Hill development. The amendment states that at least 50% of the residential units need to be affordable to families earning 80% the median household income. This was an important step because Brick Hill represented South Portland’s largest residential development since the 1940’s, when housing was quickly built to support the growing workforce at the city’s shipyards during World War II.

In early 2004, funding that Berman had been counting on from the federal government for tax credits on affordable housing were cut. This left a hole in the balance sheet that loomed large as ground breaking approached. Berman went to the City Council to ask for tax increment financing (TIF) for the project. A TIF is a form of
financial assistance to a project that allows funds that would have otherwise been paid in taxes to the municipality to be reinvested into the project itself. It is a common economic development tool in commercial development, but new to housing projects in Maine. Indeed, it was so new that it only became a legal option in the spring of 2003, when the state legislature had passed a bill that allowed for affordable housing TIF’s. At the City Council meeting where the housing TIF for Brick Hill was being discussed, there was overwhelming public support as citizens spoke on behalf of granting the TIF. In May 2004, South Portland became the first Maine city to grant a TIF district for an affordable housing project.