



Portsmouth Neighborhood Association

Greg Wilhelm, Chair
Susan Landauer, Board member
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10/2/08 PNA testimony opposing the Portland
Hope Meadows Lease



The PNA's Position

- The PNA is opposed to City Council granting the lease to Portland Hope Meadows (PHM)
 - Lack of neighborhood involvement in the process to give PHM \$1.9 million worth of property
 - PHM has not raised enough “hard” money for construction
 - PHM’s business model for on-going operations is destined to fail

Key: The PNA wants to work with Council to find a suitable use for the former John Ball School site



History – Lack of PNA Involvement

- Portland City Council violated objective 2 of the Portsmouth Neighborhood Plan adopted by Council on 6/26/03 (Ordinance No. 176614, Resolution No. 36081): “... encourage neighborhood participation in decisions that affect... the redevelopment of vacant surplus government properties.” This never happened.
- (2/7/06) Dan Saltzman announced at a PNA community meeting that Ball School was closing and that he proposed using the property for Portland Hope Meadows. He did not give the PNA an opportunity to propose alternate uses or mention that other sites were being considered.



History – Lack of PNA Involvement

- (4/29/06) PNA held a community meeting to ask neighbors what they wanted at the site. The founder of PHM was present. The PNA surveyed 40 residents around the site. PHM was the seventh ranked choice. PNA sent a letter to Council with the results, but received no response.
- (5/23/06) Commissioner Sten stated that the PNA would be involved in any redevelopment of the former John Ball site. This never happened.
- (10/25/06) Council made an executive decision and narrowly passed (3 to 2) Resolution 36449 granting the site \$1.9M site to PHM for \$1 per year. PNA testified against PHM.



History – Lack of PNA Involvement

- (4/8/08) PNA held a community meeting in which Derenda Schubert spoke in favor of PHM and Greg Wilhelm spoke in opposition. The consensus of the 30 members was against PHM
- (4/22/08) PNA again moves to oppose the use of the land for PHM
- (9/12/08) PNA sent letter to council opposing PHM

Key: the PNA did not get the opportunity to be involved finding a suitable use for the land.



Portsmouth Neighborhood today

- 8304 residents with 52% renters per 2000 census.
- Clarendon school is closed and the PNA will be maintaining the property because Portland Public Schools does not have money to do so.
- New Columbia: the largest social experiment in Portland (3 blocks west from the proposed PHM), which the PNA would like to see succeed and supports, but is struggling to maintain its fragile neighborhood livability despite
 - Enhanced police presence
 - Onsite social services
 - Inability to attract viable businesses due to low social economic status of residents



Portsmouth Neighborhood today

- Uncertain outcome of the Sharff military base (2 blocks to the east) that has to be considered first by the Department of Defense for homeless housing.
- A random collection of struggling businesses along a main street that is really a freight/traffic corridor.

Key: The neighborhood needs stability



What neighbors want

- Market rate housing
 - 9/17/07 Sharff meeting
 - 4/8/08 PNA community meeting
 - Numerous comments at events
- Reasons
 - Homeowners are invested in enhancing the community
 - Homeowners promote stability
 - Homeowners pay taxes instead of utilizing social services

Key: PHM does not provide stability and uses more social services than it pays for



The pilot program (Generations of Hope)

- 90% adoption rate
- (April 2007) Not at full occupancy: 25% foster families homes are vacant, there is room for 20% more children & 17% more seniors
- ~10% of the families quit year each year
- Each child is more costly for the state of Illinois than average
- (2007) Running \$176k deficit
- Able to make up budgetary shortfalls because they have a large endowment

Key: The pilot has proven that it is not self sustaining



Portland Hope Meadows business model

- Three sources of income
 - Each foster/adopted child is given money by the state
 - Seniors pay rent
 - Over half the remaining balance is made up by donations

Key: Even at full occupancy, PHM must raise significant donations each year



PHM Financial problems - Construction costs

- Comparing the 2007 to 2008 financial list of donors, 50% of donors have rescinded resulting in over \$1.7 million lost.
- PHM lists Legend Homes as a donor of \$250k, but Legend declared bankruptcy.
- PHM has \$1.614 million in committed money after you subtract Legend; their reserves are now \$262k
- At the PNA 9/23/08 meeting Derenda Schubert stated that PHM has not yet finalized the agreement with the Department of Human Services.
- The total project construction cost is \$11.3 million, but 86% of the funds are “anticipated”

Key: PHM does not have hard funds to complete the construction.



PHM Financial problems - Operational expenses

- No mention of operation expenses in the 2008 status report
- Derenda states that we do not know how much the state will give each child; their 2007 budget is inaccurate.
- PHM 2007 report states total annual expenses to be ~\$1.1 million with ~50% of income coming from grants and fund raising
 - PHM reports losing \$1.7 million in funding from 2007 to 2008
 - The economy is very uncertain and donations will not be as easy to come by as before.

Key: PHM will rely on fund raising to cover 50% of their operational costs despite the US being in a recession



Conclusions

- The PNA urges a “NO” vote on the lease
 - The neighborhood wants to work with the Council to find a more suitable use of the land as was originally agreed upon.
 - PHM only has 14% of the “hard” cash needed to complete the \$11.3 million dollar construction.
 - PHM will rely on donations to provide ~50% of their operating income in a recession