1. Agenda

   Documents: AGENDA 11.13.13.PDF

2. Packet

   Documents: HCDPACKET11132013.PDF

CITY OF PORTLAND, MAINE
Notice of Meeting and Agenda

Housing and Community Development Committee

DATE: 11/13/2013
TIME: 5:30 PM
LOCATION: Room 209, Second Floor
Portland City Hall

AGENDA

1. Review and accept Minutes of previous meeting held on October 23, 2013.
2. Review and discuss possible amendments to Pearl Place Project TIF District – for discussion and guidance to staff – Mary Davis and Greg Mitchell

   a. See enclosed memo from Mary Davis
3. Review and Recommendation to City Council of 1st Annual TIF Report

   a. See enclosure.
4. Review and Recommendation to City Council of Annual Report of HCDC Accomplishments

   a. See enclosure.
5. Communication: See enclosed 2013 HCDC Work Plan and revised Calendar for items to carry forward for next year's HCDC Committee.

   a. See enclosure.
6. Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) the Committee will go into executive session to:

   a. Review possible property disposition of Wilmot Street and provide direction to staff; handouts to be provided at meeting.

Councilor Nicholas Mavodones
Chair

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: November 13, 2013 (Wednesday)
TIME: 5:30 – 7:00 p.m.
LOCATION: Room 209, Second Floor
Portland City Hall

A G E N D A

1. Review and accept Minutes of previous meeting held on October 23, 2013.

2. Review and discuss possible amendments to Pearl Place Project TIF District – for discussion and guidance to staff – Mary Davis and Greg Mitchell
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Councilor Nicholas Mavodones
Chair

Agenda Item #1 - <u>MINUTES</u>

HOUSING AND COMMUNITY DEVELOPMENT

COMMITTEE – OCTOBER 23, 2013

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, October 23, 2013, at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Nicholas Mavodones and members Councilors Kevin Donoghue and Ed Suslovic; Committee member Councilor John Coyne arrived as noted in the Minutes. City staff present included Housing and Community Development Director Mary Davis, Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, and City Manager Mark Rees.

<u>Item #1: Review and accept Minutes of previous meetings held on September 25, 2013, and October 9, 2013.</u>

On motion made and seconded, the Committee voted unanimously to accept the Minutes as published.

<u>Item #2: Annual CDBG Process Update – For Review and Comment; no action necessary – Mary Davis.</u>

Ms. Davis said that this is a communication and reviewed the CDBG process timeline which culminates with the City Manager recommending funding allocations to the Council in March 2014.

Councilor Suslovic asked about the Employment Development Program application, and Ms. Davis indicated that this would be released sometime in January 2014 and anticipates that the City Manager would recommend funding allocations to the Council in March 2014.

Councilor Suslovic noted that this is a new program and would need some outreach to get the word out on its availability.

Councilor Donoghue asked about scoring of applications.

Ms. Davis said that there will be scoring criteria and basic criteria, with staff and a working group scoring the applications.

Councilor Donoghue said that he would not want to see applications all numbers driven. He questioned whether this program was to create jobs for low income people or to create low wage jobs, adding that someone of low income would need more assistance than a low wage job.

There was discussion about the program in that its target is the chronically unemployed and under-employed and their ability to get a job and keep it; laid off workers would most likely not need as much assistance as the former, and the former may also need assistance for child care and transportation, for example.

(Councilor Coyne joined the meeting.)

Chair Mavodones then thanked Ms. Davis for the update.

Item #3: Housing Liaison System Update – For Review and Comment; no action necessary – Mary Davis.

Ms. Davis said that there are two goals, with the first to meet with social service providers to identify areas where assistance could be pulled together. Second would be to meet with Landlords to encourage rental units for those people who are more difficult to house. Then, in May/June, a forum would be held for Landlords and Tenants to discuss the information and material gathered, including resources and Landlord/Tenant laws.

Councilor Donoghue said that the target would be finding and retaining housing, and for homelessness prevention by, perhaps, flagging people before they become homeless by looking at, for instance, court evictions.

Ms. Davis agreed that looking at court evictions and reasons for those evictions would be informative. Ms. Davis also noted that other issues, such as how to deal with bed bugs will be looked at. Tenants and landlords may need education to resolve these issues, and a resource could be created and distributed that has that information.

Ms. Davis closed saying that this is a regional issue, and representatives from Westbrook and South Portland would also be involved.

Chair Mavodones, seeing no further questions/discussion, thanked Ms. Davis for this update.

Item #4: 409 Cumberland Avenue Affordable Housing TIF Update – For Review and Comment; no action necessary – Mary Davis

Ms. Davis noted that the Council authorized the 409 Cumberland Avenue Affordable Housing TIF on October 21st. Since then, she has had discussions with the Maine State Housing Authority (MSHA) about the City's portion of the TIF revenue. These TIF funds would be for a Revolving Loan and Investment Fund for the development of affordable permanent rental and homeownership housing throughout Portland. Staff will be developing guidelines that ensure compliance with the Affordable Housing TIF Program.

Councilor Donoghue asked about how the fund would be used for home ownership and the availability of the fund to households earning no more than 120 percent of the area median income (AMI).

Ms. Davis said that homeownership could be single family homes and condos.

It can also be used for the development of apartments or other rental housing units intended to be occupied by a household on a continuing basis. The 120 percent of AMI guideline is a legislative requirement.

Again, Chair Mavodones thanked Ms. Davis for the update.

Item #5: Annual TIF District Activity Report – For review and forwarding to City Council as a Communication – Greg Mitchell

Mr. Mitchell said that this is the first draft of an annual report for FYE13 to the Council as per the recently enacted TIF Policy Guidelines. He noted that the City has six single site TIF districts with associated Credit Enhancement Agreements (CEA), and three area wide TIF districts that have CEAs as well. There are also four currently non-active TIF districts, with one becoming active during FY14, and another currently under review for amendments (the Thompson's Point Transit Oriented TIF District). The remaining two non-active TIF districts and associated projects are not occurring, resulting in no new value for the district and, therefore, non-active.

For all the active TIFs, they start with an original assessed value (OAV), from which taxes go to the General Fund. (Numbers that follow are rounded to the nearest million.) The total OAV of all active districts is $307 Million, resulting in $5.8 Million in taxes to the General Fund for FY13. The increased assessed value (IAV) from the OAV was $201 Million, and the TIF Districts captured $143 Million of that $201 Million. This resulted in $2.7 Million to various TIF public infrastructure projects/ recipients through CEAs, and $1.1 Million in net new annual taxes to the General Fund.

Mr. Mitchell said that there are also statutory limits imposed by the State of Maine whereby a municipality is allowed to establish TIF Districts, but no more than 5% of its total aggregate value and no more than 5% of its total acreage TIF'd. The City of

Portland is able to TIF an additional $73 Million of value and 426 acres.

Mr. Rees asked about the tax sheltering value, and Mr. Mitchell indicated that to be $1.1 Million in savings.

Councilor Donoghue asked about the creation of a Downtown TIF, and Mr. Mitchell said that he has had a couple of preliminary meetings and will start a discussion regarding this at the Committee's November 13 meeting.

Councilor Donoghue asked about an area wide Affordable Housing TIF, and Ms. Davis noted that the recently approved 409 Cumberland Avenue Affordable Housing (AH) TIF is an example of a site specific AH TIF District. For an area wide AH TIF District, an example would be a housing developer has a large parcel that is not accessible by public way. You could designate a district for a site larger than what they want to develop and use AH TIF fund revenue for infrastructure for that project.

Councilor Suslovic agreed, adding that funds could also be used for child care – this pertains to site specific and area wide AH TIF districts. He asked about recommended plan/strategy for future site specific/area wide TIF Districts, asking if they would be, for instance, married up to CIP projects, including storm water mitigation. He further asked if a TIF district's revenue could be used for outside of the district, noting that Capisic Pond has stormwater damage.

Mr. Mitchell said that he will research just how far out of district TIF funds could be used.

Mr. Rees added that TIF funding will be factored into the CIP process. He also noted that the new Waterfront Coordinator position will be funded from the area wide Waterfront TIF District.

Mr. Mitchell said that this TIF report would be a companion item for the

HCDC's annual report to the City Council. He will expand on this first draft of the annual TIF report for FYE13 for the Committee's meeting November 13th.

Mr. Mitchell thanked the Committee for its feedback.

Item #6: Communication: See enclosed 2013 HCDC Work Plan and revised Calendar.

There was no discussion on this item.

Item #7: Next Meeting Date: November 13, 2013

a. Discuss November and December Meeting Dates

The Committee's consensus was to have its regular meeting on November 13 and December 11, and if staff needed a second meeting in either month it would poll the Committee for a meeting date.

There being no further business, the meeting was then adjourned at approximately 6:40 p.m.

Respectfully,

Lori Paulette

AGENDA ITEM #2

TO: **Councilor Mavodones, Chair**
Members of the Housing and Community Development Committee

FROM: **Mary Davis, Director,**
Housing & Community Development Division

DATE: **November 7, 2013**

SUBJECT: **Pearl Place Phase I Affordable Housing TIF Amendment Discussion**

INTRODUCTION:
The purpose of this memo is to provide a history of the Pearl Place Affordable Housing TIF, which encompasses Phase I of the Pearl Place development, and to provide several options for the expansion of the TIF. See attached TIF District Map. Pearl Place Phase II is NOT a part of the affordable housing TIF district.

TIF PROJECT OVERVIEW - Developer: Avesta Housing

PHASE I:
Sixty (60) apartments located in two buildings which include:
Twenty (20) one-bedroom apartments
Twenty-Five (25) two-bedroom apartments
Fifteen (15) three-bedroom apartments

Avesta Housing's Property Management Division indicates there are 49 children currently residing in the Pearl Place Phase I Project.

APPROVED TIF OVERVIEW

September 8, 2004: City Council approved the attached Guidelines and Operating Procedures for the City of Portland Affordable Housing Tax Increment Financing Program.

November 21, 2005: The City Council approved the Pearl Place Affordable Housing Development District and TIF and adopted the development program for the district.

August 21, 2006: The City Council approved an amendment to Pearl Place Affordable Housing Development District and Credit Enhancement Agreement. The amendment allowed the City to retain 100% of the new tax revenue for thirty (30) years, upon notifying Maine State Housing Authority by April 30, 2007 as to which of four options the City would fund with its TIF revenue. The Project Developer (Avesta Housing) is eligible to receive up to $22,000 annually, for 30 years and the City retains the balance for purposes which must be consistent with State Law.

October 6, 2006: Certificate of Approval issued by Maine State Housing Authority for the Pearl Place Phase One Affordable Housing Development District. A copy of the Certificate of Approval is attached.

April 30, 2007: Per the Certificate of Approval, the City is given a deadline of April 30, 2007 to select one of four options for the use of the AHTIF revenue to be retained by the City. Failure to meet this deadline would require the City to amend the Development Program if the City wishes to use tax increment revenues for any purpose other than those outlined in the Development Program for payment of TIF revenue to the Project Developer.

The Certificate of Approval outlined four options available to the City:

Option 1: Costs reasonably related to the construction, alteration or expansion of facilities located outside of the districts that are required due to improvements or activities within the District.
Option 2: Costs of public safety improvements made necessary by the establishment of the District.
Option 3: Cost to mitigate any adverse impact of the District on the City and its residents, including public school costs (kindergarten to grade 12) and costs of public facilities and improvements.
Option 4: Costs to establish a permanent housing development revolving loan or investment fund.

Due to staff turnover, the City did not meet this deadline. The portion of the TIF revenue to be set aside for City use has been returned to the general fund.

TIF REVENUE
In FY13, the TIF District for Pearl Place Phase I generated approximately $55,000 in new taxes from the increased assessed value, of which up to $22,000 is eligible TIF revenue for Avesta.

ALTERNATIVES MOVING FORWARD:

Amend Existing TIF District

(1) Amend the existing TIF District to be consistent with the current actual use. Currently the approval from MaineHousing allows for 100% capture of increased revenue. However, only the percentage detailed in the Credit Enhancement Agreement for the developer is being captured (approximately 40%). As mentioned above, in FY13, the TIF District for Pearl Place Phase I generated approximately $55,000 in new taxes from the increased assessed value, of which up to $22,000 is eligible TIF revenue for Avesta under the CEA.

OR

(2) Amend the TIF District to specify the use of the remaining TIF revenue at the approved 100% capture rate. If this TIF District were to capture 100% of the increased value, approximately $33,000 in new taxes could be used by the City for purposes consistent with State law. Staff recommends allocating the revenue in the following manner:

One-third (1/3): Costs of public safety improvements made necessary by the establishment of the District.
One-third (1/3): Cost to mitigate any adverse impact of the District on the City and its residents, including public school costs (kindergarten to grade 12) and costs of public facilities and improvements.
One-third (1/3): Costs to establish a permanent housing development revolving loan or investment fund.

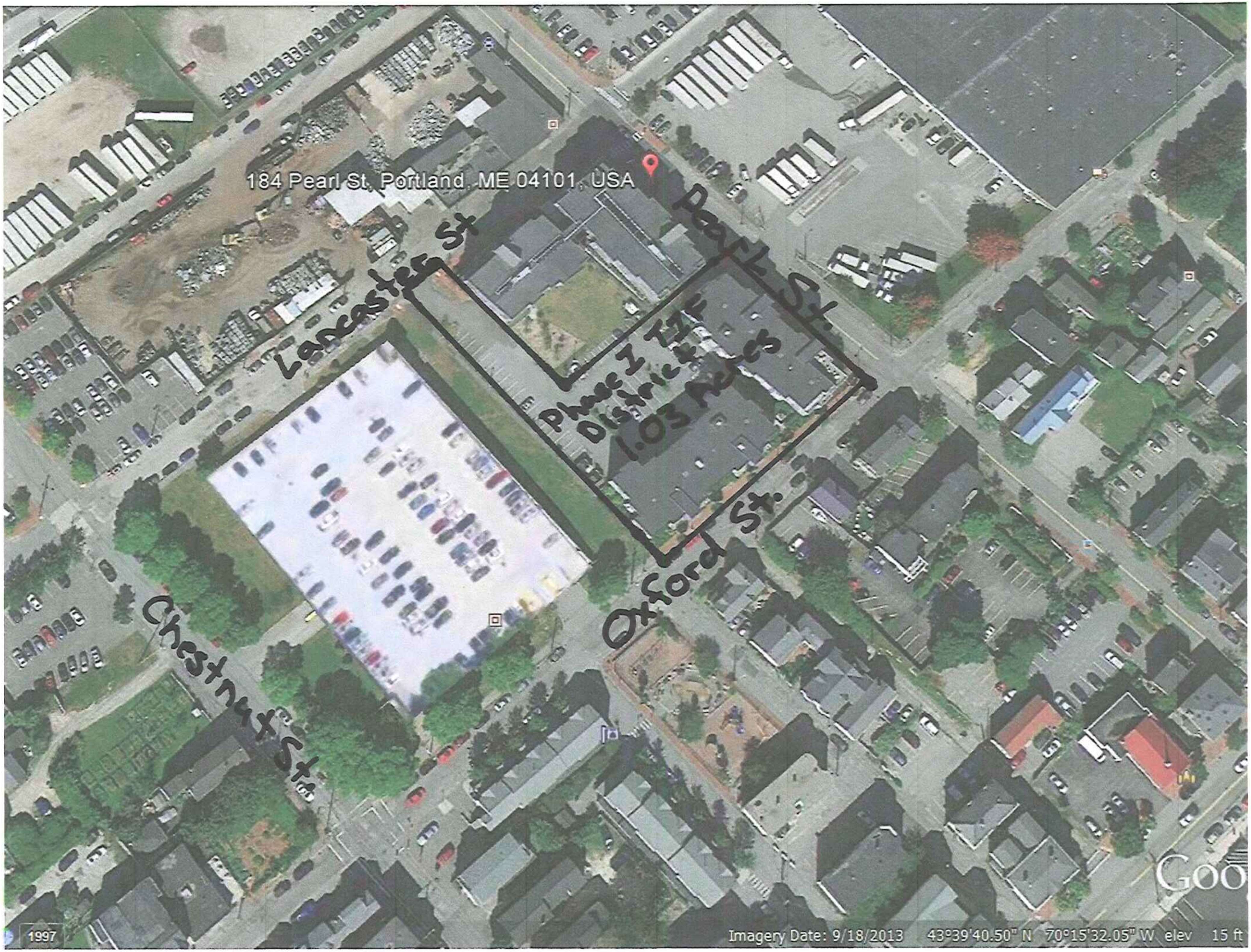
Statewide, three communities have approved districts which allow for the use of AHTIF revenue to mitigate the impact of development on local schools.

Town of Orono – Webster Point Development District approved in 2011 but no revenue has been generated to date. Construction began in 2013.

City of South Portland – Brick Hill Development District approved in 2004. City AHTIF revenue used to mitigate the cost to the school district of a portion of the cost of each student residing in the Brick Hill development. The Brick Hill Development District has a current captured value of $20,423,500 and generates approximately $341,072 in taxes. A CEA allows for $178,324 to be returned to the Developer with a payment to the school department of $153,683 for FY14.

City of Waterville – Gilman Place Development District approved in 2009 generates approximately $18,000 in revenue which the City of Waterville allocates to municipal school costs. The Gilman Place Development District which is used to reimburse municipal school costs.

Summary:
Staff is presenting this information to the Housing and Community Development Committee for discussion and any direction. Moving forward with any options would require amending the Pearl Place TIF District.



184 Pearl St, Portland, ME 04101, USA
Lancaster St
Pearl St.
Phase I TIF District 1.03 Acres
Oxford St.
Chestnut St.
1997
Imagery Date: 9/18/2013 43°39'40.50" N 70°15'32.05" W elev 15 ft

MaineHousing
Maine State Housing Authority

October 6, 2006

Mr. Jack Lufkin
Economic Development Director
City of Portland
389 Congress Street
Portland, Maine 04101

Re: Pearl Place Phase One Affordable Housing Development District

Dear Mr. Lufkin:

Please find attached a Certificate of Approval for the Pearl Place Phase One Affordable Housing Development District and associated development program.

As you know from discussions with my staff, those aspects of the development program that pertain to the developer's share of the tax increment revenues are approved. *Conditional approval* is provided for those aspects of the development program that pertain to the City's share of the tax increment revenues, provided that the City submits additional information that satisfies program requirements by April, 30, 2007. Please note that until MaineHousing provides written notice that the condition on approval is satisfied, the City cannot use tax increment revenues from the District to pay for Public Improvements (as defined in the City's application) or retain the associated increased assessed value of the District as captured assessed value.

Please feel free to contact Julie Hashem at 626-4666 if you have any questions about program requirements.

Sincerely,

Dale McCormick

Dale McCormick
Director

cc. Jay Waterman, Avesta Housing Development Corporation
Todd Marlowe, MaineHousing

CERTIFICATE OF APPROVAL

THIS CERTIFICATE OF APPROVAL is issued by the Maine State Housing Authority pursuant to the provisions of 30-A M.R.S.A. Chapter 206, subchapter 3 (the "Municipal Affordable Housing Development Districts statute").

The Maine State Housing Authority has reviewed the application of the City of Portland, Maine (the "City") for approval of the City's designation of the **Pearl Place Phase One Affordable Housing Development District (the "District")** as an affordable housing development district and the **Pearl Place Phase One Affordable Housing Development District Development Program (the "Development Program")** as the affordable housing development program for the District and finds that they comply with the requirements of the Municipal Affordable Housing Development Districts statute.

The Maine State Housing Authority ("MaineHousing") hereby approves the designation of the District and the Development Program, subject to the following:

1. The designation of the District is effective as of October 6, 2006. The boundaries and location of the District shall be as described in the City's application to MaineHousing for approval of the District and the Development Program. The term of the District shall end on October 6, 2036.

2. As certified by the City assessor, the original assessed value of the District is $646,050 at March 31, 2006.

3. As set forth in the financial plan included in the Development Program and subject to the terms set forth in this Certificate, including but not limited to satisfaction of the condition set forth in Section 4.B hereof, the City is authorized to capture 100% of the increased assessed value of the District beginning in municipal fiscal year 2008 (which covers the period from July 1, 2007 through June 30, 2008) and continuing to October 6, 2036. In the event that the condition set forth in Section 4.B of this Certificate is not satisfied within the time provided therein, the City shall be authorized to capture increased assessed value equal to the lesser of (i) the percentage set forth below for a municipal fiscal year or (ii) the percentage resulting in a tax increment equal to $22,000 for that fiscal year.

Municipal Fiscal Year	Percentage
2008	42%
2009	41%
2010	40%
2011	40%
2012	39%
2013	38%

2014	37%
2015	37%
2016	36%
2017	35%
2018	34%
2019	34%
2020	33%
2021	32%
2022	32%
2023	31%
2024	31%
2025	30%
2026	29%
2027	29%
2028	28%
2029	28%
2030	27%
2031	27%
2032	26%
2033	26%
2034	25%
2035	25%
2036	24%
7/1/2036 – 10/6/2036	24%

4. Tax increment revenues from the District may be used only as follows. No other uses of tax increment revenues from the District are authorized or permitted, including without limitation the payment of debt service on bonds or other debt issued by the City.

CEA

A. For each municipal fiscal year or portion thereof noted in Section 3 of this Certificate, the City is authorized to pay to the developer of the Pearl Place project described in the City's application to MaineHousing for approval of the District and the Development Program up to $22,000 for the payment of debt service on a bank loan to be obtained by the developer, up to an aggregate amount of $660,000 over the duration of the District. The City is authorized to retain, as an administrative fee, up to one percent (1%) of the tax increment paid to the developer each fiscal year. The City has entered into a credit enhancement agreement with the developer under which the City will make payments of tax increment revenues to the developer as authorized in this Section 4.A.

B. The City shall use the balance of the tax increment from the District to pay one or more of the costs described under Options 1 through 4 below, *provided* that as a condition of the use of tax increment revenues for costs described in any of Options 1 through 4, the requirements set forth under the pertinent option must be satisfied by April 30, 2007. The City shall obtain any necessary authorizations in doing so. Until such time as the requirements pertaining to one or more of Options 1 through 4 are satisfied and MaineHousing has provided written notice thereof to the City, the City is not permitted or authorized to use tax increment revenues from the District to pay any such costs or to retain the associated increased assessed value of the District as captured assessed value.

The failure to satisfy this condition shall not affect the approval of the District or the use of tax increment revenues authorized in Section 4.A of this Certificate of Approval. In the event that the condition is not satisfied by April 30, 2007, the City shall be required to amend the Development Program if the City wishes to use tax increment revenues for any purpose other than the purpose stated in Section 4.A hereof. Any amendment shall comply fully with the requirements of the Maine Affordable Housing Development Districts statute and MaineHousing's Affordable Housing Tax Increment Financing Program Guide (the "Program Guide"), including approval by MaineHousing.

Option 1.

Eligible Use of Tax Increment. The portion of the costs reasonably related to the construction, alteration or expansion of facilities located outside the District that are required due to improvements or activities within the District, including sewage or water treatment plants or other environmental protection devices; storm, sanitary sewer or water lines; electrical lines; improvements to fire stations; and amenities on streets such as sidewalks, trash receptacles, street signs and plantings.

Requirements. To use tax increment revenues to pay costs described in Option 1, the City must:

(i) identify the public facilities to be funded with tax increment revenues and indicate whether construction, alteration or expansion is intended;

(ii) provide an estimate of the total cost of each such facility and the portion reasonably related to improvements or activities within the District;

(iii) state why the construction, alteration or expansion of the public facility is required by improvements or activities within the District and describe those in-District improvements or activities; and

(iv) indicate the timing of the work.

Option 2.

Eligible Use of Tax Increment. Costs of public safety improvements made necessary by the establishment of the District.

Requirements. To use tax increment revenues to pay costs described in Option 2, the City must:

(i) identify the public safety improvements to be funded with tax increment revenues;

(ii) provide an estimate of the cost of each such improvement;

(iii) state why the public safety improvement is made necessary by the establishment of the District; and

(iv) indicate the timing of the public safety improvement.

<u>Option 3</u>.

Eligible Use of Tax Increment. Costs to mitigate any adverse impact of the District on the City and its residents, including public school costs (kindergarten to grade 12) and costs of public facilities and improvements.

Requirements. To use tax increment revenues to pay costs described in Option 3, the City must:

(i) identify the types of costs to be paid with tax increment revenues;

(ii) identify the feature(s) or attribute(s) of the District that create an adverse impact on the City and its residents;

(iii) describe the adverse impact;

(iv) quantify that impact; and

(v) state why that amount will mitigate the adverse impact.

<u>Option 4</u>.

Eligible Use of Tax Increment. Costs to establish a permanent housing development revolving loan or investment fund.

Requirements. To use tax increment revenues to establish a permanent housing development revolving loan or investment fund, the City must:

(i) indicate whether a revolving loan or investment fund is intended;

(ii) if a revolving loan fund is intended, describe the affordable permanent housing to be developed with loans from the fund and the provisions for the deposit of loan repayments into the fund;

(iii) if a revolving investment fund is intended, provide information on the property to be purchased by the City for the development of affordable permanent housing by the City or by a developer to which the City sells or leases the property and describe the provisions for the return of sales proceeds and/or rental revenues to the fund; and

(iv) indicate the timing of both the establishment of the fund and the use of fund proceeds.

5. All amounts payable by the City to the developer as authorized in Section 4.A of this Certificate of Approval shall be deposited in a project cost account and used only for project costs authorized in Section 4.A. All amounts retained by the City in the event the condition in Section 4.B hereof is satisfied shall be deposited in a project cost account and used only for project costs authorized by MaineHousing. The City shall not place any tax increment revenues payable to the developer or retained by the City to fund authorized project costs in any sinking fund account at any time.

6. In its annual report to MaineHousing, the City shall provide information on the use of tax increment revenues and shall include other information required by the Program Guide.

7. In the event any tax increment revenues from the District are deposited into the City's general fund, the corresponding amount of increased assessed value shall not be claimed by the City as captured assessed value on the municipal valuation return filed with Maine Revenue Services.

8. By accepting this Certificate of Approval, the City agrees that it will comply with all of the terms of (a) this Certificate, (b) the Municipal Affordable Housing Development Districts statute, (c) Chapter 31 of the Rules of the Maine State Housing Authority, Affordable Housing Development District – Recovery of Public Revenue Rule, and (d) the Program Guide.

9. If the City terminates the District or if any party terminates the credit enhancement agreement, the City must promptly notify MaineHousing.

Dated: October 6, 2006

Dale McCormick

Dale McCormick
Director
Maine State Housing Authority

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Housing and Community Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: November 8, 2013

SUBJECT: **1st Annual TIF Report to City Council**

Based upon feedback at the October 23rd HCDC meeting, a revised Annual TIF Report is attached for your review and recommendation for forwarding to the City Council.

I look forward to discussing this with you at your November 13th meeting.

Tax Increment Financing 1st Annual Report

November 8, 2013

Prepared by the Economic Development Department

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1. Introduction

On February 4, 2013, the City Council adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of investment in municipal economic development programs and infrastructure investment. Revised City Policy favors area-wide TIF districts to support investment in public infrastructure and economic development programs versus individual site TIF districts for private project financing needs.

City TIF Policy requires an annual report, to the City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland's utilization of TIF districts to date, and TIF district financial value impacts.

2. Definitions

Commonly used terms, included in this Report, include:

"***Captured Assessed Value***" means increased assessed value retained in a TIF District each year during its term.

"***Credit Enhancement Agreement (CEA)***" means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

"***Current Assessed Value***" means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

"***District***" means that portion of property depicted on a map to apply to the TIF.

"***Increased Assessed Value (IAV)*** " means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is less than or equal to the OAV, there is no Increased Assessed Value in that year.

"***Infrastructure***" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements, and placing above ground overhead electric and telecommunications lines underground.

"***Original Assessed Value (OAV)***" means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or November 1, 2013, the OAV would be the assessed value of the property on March 31, 2013.

"***Property Taxes***" means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

"***Retained Tax Increment Revenues***" means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

"***Tax Year***" means April 1 to March 31.

3. Tax Increment Financing Overview and Value

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. Associated with private sector or affordable housing investment, TIFs are a municipal financing tool to fund the following types of activities:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The two property tax components associated with TIF districts include:

- ***New Property Taxes***. TIF revenue is generated from new increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and "captured assessed value" in the TIF District can range from 1% to 100% of the amount of new property taxes.

- ***Original Assessed Property Value (OAV)***. The taxes from property "Original Assessed Value" reverts to the municipal general fund and is not captured in a TIF district.

4. TIF District Approval Process

There is a two step process to approve establishment of a TIF district. The two steps include:

- City Council approval; and,
- State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF districts.

5. Statutory Limits for TIF Districts

There are two State statutory limitations which include:

- ***Acreage***. No single TIF district can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% is 247 acres. Also, all active TIF districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF districts, Portland has the ability to include 426 additional acres in TIF districts.

- ***Value***. The OAV of all TIF districts in a municipality cannot be more than 5% of its total aggregate value, or in the case of Portland, 5% is $382,962,500. Based upon active

TIF districts, Portland has the ability to include an additional $73 million of property value in TIF districts.

It is noted that the amount of acreage and value to include in TIF districts fluctuates as TIF districts expire.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF districts.

6. **Tax Sheltering Benefits**

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

- State Education Aid is reduced,
- State Municipal Revenue Sharing is reduced, and
- A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF districts.

For Portland, tax shelter savings is conservatively estimated at 40%, meaning that for every new tax dollar, Portland saves 40 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's total tax shelter savings for all active TIF districts is $1.3 Million for Fiscal Year 2013.

7. TIF Districts in Portland

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes two expired TIF Districts – Auto Europe and Shipyard Brewery. It is noted that after expiration for these two TIF district, 100% of their property tax revenue reverts to the City's General Fund.

Also, this listing provides the following information for each TIF district:

- TIF district duration;
- percentages of taxes allocated to the Recipient, City, and General Fund;
- TIF district location; and
- brief description.

Item C in the Appendix provides a map showing the location for each TIF District, with the exception of expired TIF districts. A listing of approved individual site specific TIF districts, area-wide TIF districts along with non-active TIF districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of Fiscal Year (FY) 2013, the City has six, single site TIF Districts with associated CEAs, namely:

- Holt Hall
- Nichols Portland
- Avesta/Pearl Place
- Ocean Gateway
- UNUM
- PowerPay/Portland Public Market

Active Approved Area Wide TIF Districts

The City has three area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside
  - Capital LLC CEA
  - Bayside Student Housing CEA
- Waterfront
  - Waterfront Maine CEA
- Arts
  - Baxter Library CEA

Non-Active Approved TIF Districts

The City Council has also approved four TIF Districts that were not active during FY13:

- The Village at Ocean Gate TIF – This will become active in FY14;

- Thompson's Point Transit Oriented Development (TOD) TIF District Amendments – Approved by the City Council on November 4, 2013, with State approval pending. This TIF District becomes active upon a triggering event of an increased value of $5 Million;

- McAuley TIF District – This project has not come to fruition, therefore, no TIF revenue; and,

- Fore India Middle LLC – This TIF project has not come to fruition, therefore, no TIF revenue.

8. TIF District Financial Overview for Fiscal Year 2013

Financial information, for Fiscal Year End 2013, for all active TIF Districts includes:

City General Fund-Taxes from OAV	$5.8 Million

City General Fund - Taxes from Non-Captured Value	$1.1 Million
Captured Value for Public Infrastructure	$.8 Million
Captured Value for CEAs	$1.9 Million
Total Taxes from TIF Districts (without OAV):	**$3.8 Million**

At present, captured value in active TIF Districts is $143 Million, yielding tax sheltering savings of $1.3 Million.

9 Strategies and Recommendations to Optimize use of TIF Districts

- Downtown TIF;
- Transit Orient Development (TOD) TIFs; and
- Affordable Housing TIFs

Staff recommends that the City Council, through the Housing and Community Development Committee, evaluate the establishment of each type of above TIF districts to align future TIF districts to support the following City policy direction:

- ***Future public infrastructure investment.*** Align the City's Capital Improvement Program investments, including utility and transportation investment; and,

- ***Future Growth Areas.*** Decide where the City wants to direct investment by location and type (i.e. commercial and affordable housing).

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

"Infrastructure" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

PURPOSE

The primary purposes of the TIF Policy include:

1. To support Portland Economic Development and Housing Plans and Policies;
2. To stimulate expansion of the City's commercial and industrial tax base;
3. To stimulate new affordable and market rate housing investment;
4. To retain and create quality employment;
5. To support Portland's Capital Improvement Plan; and,
6. To establish standards upon which the City Council will authorize TIF.

GENERAL PRINICPLES

The three primary general principles for the City Council to establish TIF districts include:

A. Investment

***Minimum Real Property Investment*.** A minimum of $1 million in new taxable investment property value for commercial and industrial development and $500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

1) No reduction in State aid for education,
2) No reduction in municipal revenue sharing and
3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

2) Area wide TIF districts financed by City Bond/Debt Issuance

Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3)Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)

A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)

a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.

b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- India Street Neighborhood;
- Franklin Street Corridor from I-295 to Commercial Street;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Re-examine the boundary of Bayside TIF District;
- Examine establishing a Downtown TIF district in place of the Arts TIF District;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.

d) Affordable Housing**.** Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are <u>exempt</u> from State TIF law for acreage and value limitations.

g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastrucutre.

<u>NOTE 1</u>: As of this Amended TIF Policy date, there are three existing area wide TIF Districts, i.e., Bayside, Arts, and Waterfront TIF Districts.

<u>NOTE 2</u>: As of this Amended TIF Policy date, there also exists one Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

<u>3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)</u>

a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

ii)Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity.

The applicant must demonstrate financial capacity to support their project.

iii) Fees

-- A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs.

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department handles all TIF inquires and processes requests for TIF. An applicant must submit a letter to the Economic Development Department outlining the proposed project, including TIF project financial information, along with a plan outlining the number of jobs associated with the proposed project.

B. Approval Process.

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Annual Report to City Council.

The Economic Development Department shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.

SUMMARY OF ALL APPROVED

TAX INCREMENT FINANCING (TIF) DISTRICTS

IN THE CITY OF PORTLAND A/O JUNE 30, 2013

This provides an overview of tax increment financing districts (TIF's) approved by the City of Portland.

Please note that the City approved fifteen TIF's, with three of these TIFs having separate Credit Enhancement Agreements (CEA) for various projects included in the respective TIF Districts. These three TIF Districts are the Bayside TIF, Waterfront TIF, and Creative Portland Development and Arts TIF District. The separate CEAs are detailed in the listing below.

1. Nichols Portland (Economic Development TIF)

Duration: 20 year term (FY95 thru FY14)
Percentages: Years 1 to 5, 90% to Recipient, 10% to General Fund; years 6 to 10, 75% to Recipient, 25% to General Fund; years 11 to 20, 50% to Recipient, 50% to General Fund.
Location: 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

2. Shipyard/Longfellow (Economic Development TIF)

Duration: 12 year term (FY96 thru FY07). Please note this TIF has expired and the City is receiving 100% of the real estate taxes.
Percentages: 50% to Recipient; 50% to General Fund
Location: Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

3. Auto Europe (Economic Development TIF)

Duration: 15 year term (FY97 thru FY11)
Percentages: 75% to Recipient; 25% to General Fund
Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

4. <u>Bramhall/Holt Hall</u> (Economic Development TIF)

Duration: 20 year term (FY00 thru FY19)
Percentages: 75% to Recipient; 25% to General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.
Location: 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost $4 Million.

5. <u>UNUM</u> (Economic Development TIF)

Duration: 15 year term (FY01 thru FY15)
Percentages: 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.
Location: Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

6. <u>Waterfront TIF</u> (Economic Development TIF)

Duration as originally approved March 18, 2002: 10 year term (FY03 to FY12)
Duration Extended as of June 7, 2010 for a 30-year term: FY03 to FY32
Percentage: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.
Location: Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects.

6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street (Economic Development TIF)

Duration: 20-year term (FY12 thru FY31)
Percentage: 63% years 1 thru 5; 64% years 6 thru 10; 55% years 7 thru 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed $2,870,058.
Location: 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

7. **Bayside TIF** (Economic Development TIF)

Duration: 30 year term (FY04 thru FY33)
Percentages: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

This is a municipal TIF to be used for the public infrastructure improvements and business recruitment marketing for Bayside area. Investments from this TIF include a HUD payment on a loan for the proposed Maine Health Project parking structure, as well as two Credit Enhancement Agreements (CEA's) with the following:

7a. Capital LLC (Intermed Building) on Marginal Way (Economic Development TIF)

Duration: 15 year term (FY09 thru FY23)
Percentage: 100% to return, to Developer, to an annual maximum cap of $355,000 and annual debt service threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

7b. **Southern Maine Student Housing on Marginal Way** (Economic Development TIF)

Duration: 10 year term (FY08 thru FY18)
Percentage: 100% to return, to Developer, to a maximum annual cap of $120,000 and annual debt services threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

8. **Riverwalk** (Economic Development TIF)

Duration: 12 year term (FY07 thru FY19)
Percentages: 100% captured value, to return to Developer, to maximum annual caps with ranges from $150,000 to $500,000 varying over the term, and remainder to public infrastructure investments around the project.
Location: Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **<u>Avesta/Pearl Place</u>** (Affordable Housing TIF)

Duration: 30 year term (FY08 thru FY37)
Percentages: 100% captured value to return to Developer, to a maximum of $22,000 annual cap with remainder to invest in public infrastructure.
Location: Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets.

10. <u>Creative Portland Development and Arts</u> (Economic Development TIF)

Duration: 15-year term (FY10 thru FY24)
Percentages: 100% to a maximum of no more than $100,000 annual cap.
Location: Multiple properties included in the Downtown Area

This TIF was created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities.

10a. Baxter Library LP at 621 Congress Street (Economic Development TIF)

Duration: 9-year term (FY11 thru FY19)
Percentage: Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.
Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project will add $2.5 Million in new municipal assessed commercial valuation and generate an average of $16,000 annually, in funds, to support the Creative Economy TIF Program or the City's General Fund as directed by the City Council. The reuse of this building will accommodate the relocation of the VIA Group, bringing its 64 employees to this upper area of downtown Portland.

11. <u>McAuley Place</u> (Economic Development TIF)

Duration: 30 year term (FY10 thru FY29)
Percentages: 60% to Recipient; 40% to General Fund.
Location: 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) located in three townhouse/cottages adjacent to the Convent.

12. <u>PowerPay/Portland Public Market</u> (Economic Development TIF)

Duration: 30 year term (FY11 thru FY40)
Percentages: Years 1 through 8 – 75% to Developer, 25% to City; Years 9 through 30 – 50% to Developer, 50% to General Fund.
Location: 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay will renovate and move its headquarters to this location. It now has 113 employees and expansion plans include adding another 102 positions.

13. <u>Thompson's Point Development Company, Inc.</u> (Transit-Oriented TIF)

Duration: 30 year term (FY13 thru FY42)
Percentages: Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.
Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of Thompson's Point into the **Forefront at Thompson's Point.** Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 28 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 28-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

14. The Village at Oceangate, LLC (Bay House) (Economic Development TIF)

Duration: 11 year term, beginning in year 2 (FY14 thru FY25)
Percentages: Years 1 through 5 – 75% to Developer, 25% to City; Years 6 thought 10 - 65% to Developer, 35% to General Fund. Total revenue to developer is capped at $647,971 over the term of the District.
Location: Hancock Street, between Newbury and Middle Streets.

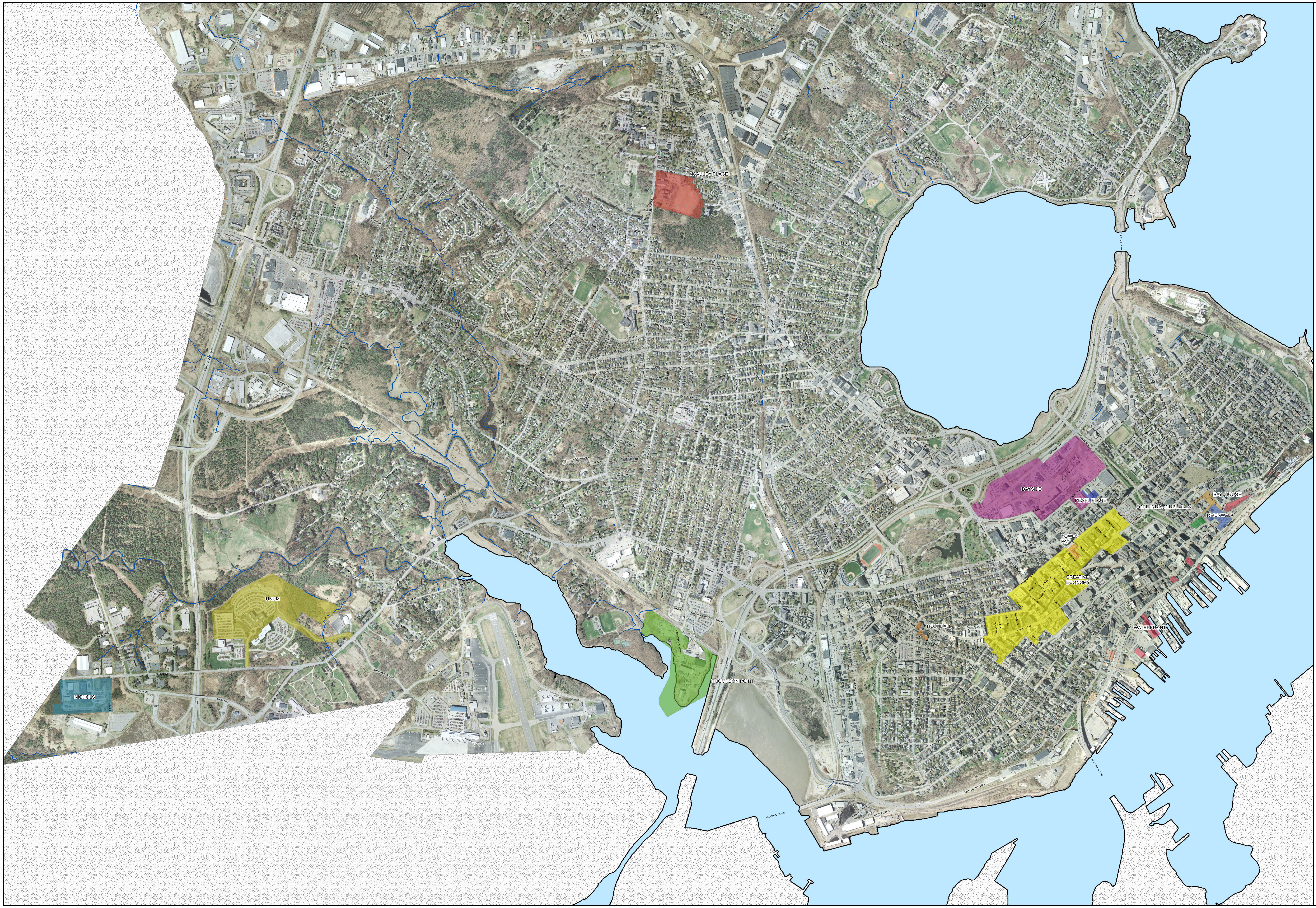
This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

15. Fore India Middle, LLC (former Jordan's Meat Site) (Economic Development TIF)

Duration: 4 year term (FY14 thru FY17)
Percentages: Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City; Year 4 – 40% to Developer, 60% to City. Total revenue to developer is capped at $650,000 over the term of the District.
Location: Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

CITY of PORTLAND; TIF Districts



Legend

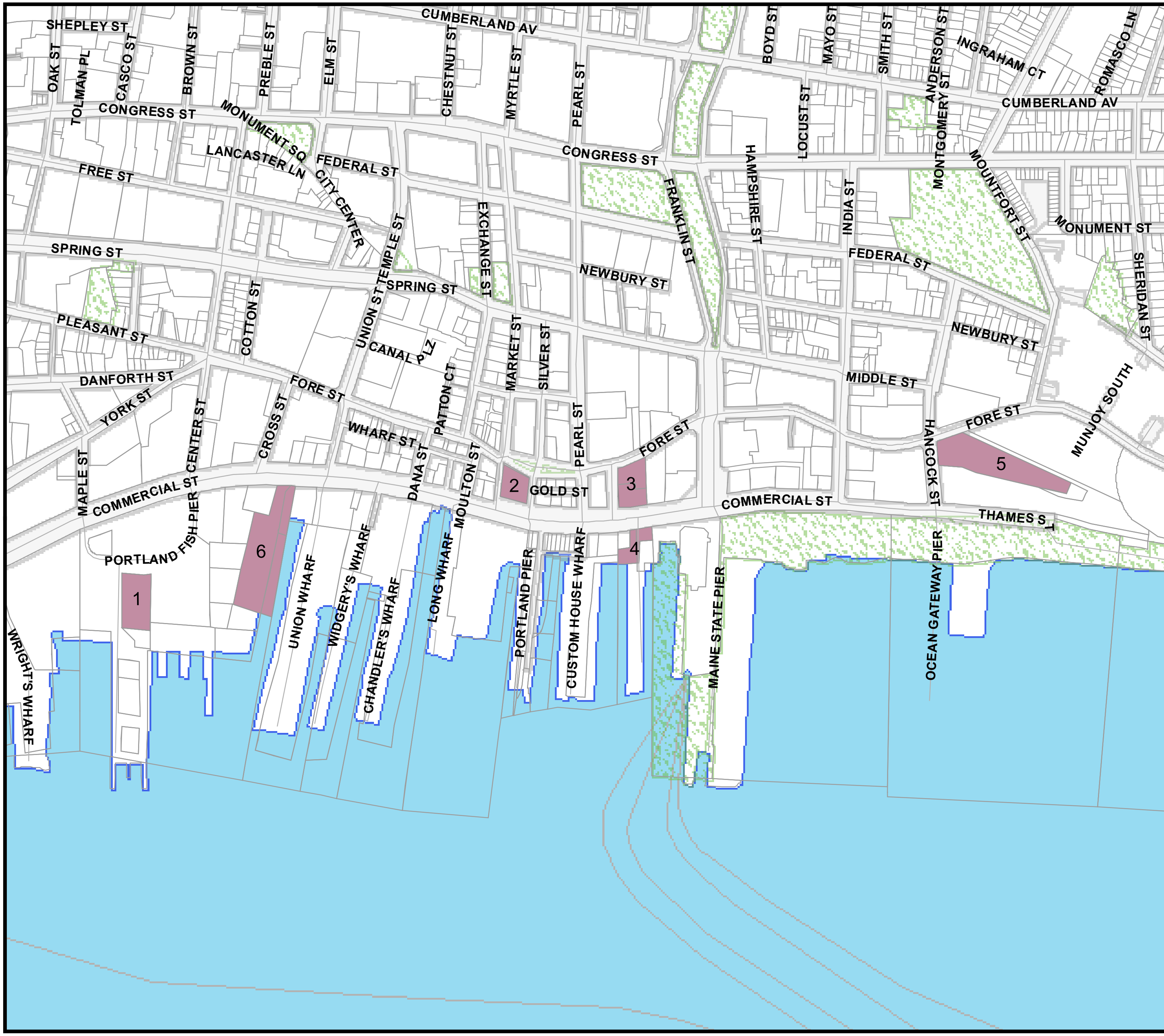
- CREATIVE ECONOMY
- POWER PLAY
- BAYSIDE
- HOLT HALL
- NICHOLS
- PEARL PLACE
- RIVERWALK
- UNUM
- WATERFRONT
- BAY HOUSE
- FORE INDIA MIDDLE LLC
- MCAULEY PLACE
- THOMPSON POINT

1 inch = 900 feet

Map Produced by the City of Portland's GIS Web Application

10/9/2012

APPENDIX D



City of Portland

Waterfront TIF Districts

2002 TIF Districts:

1. Bristol Seafood/Fish Pier
2. Merrill Lynch
3. Custom House
4. Maine Wharf
5. Marino Fore Street Building

2010 TIF District:

6. Cumberland Storage Building

1 inch = 600 feet

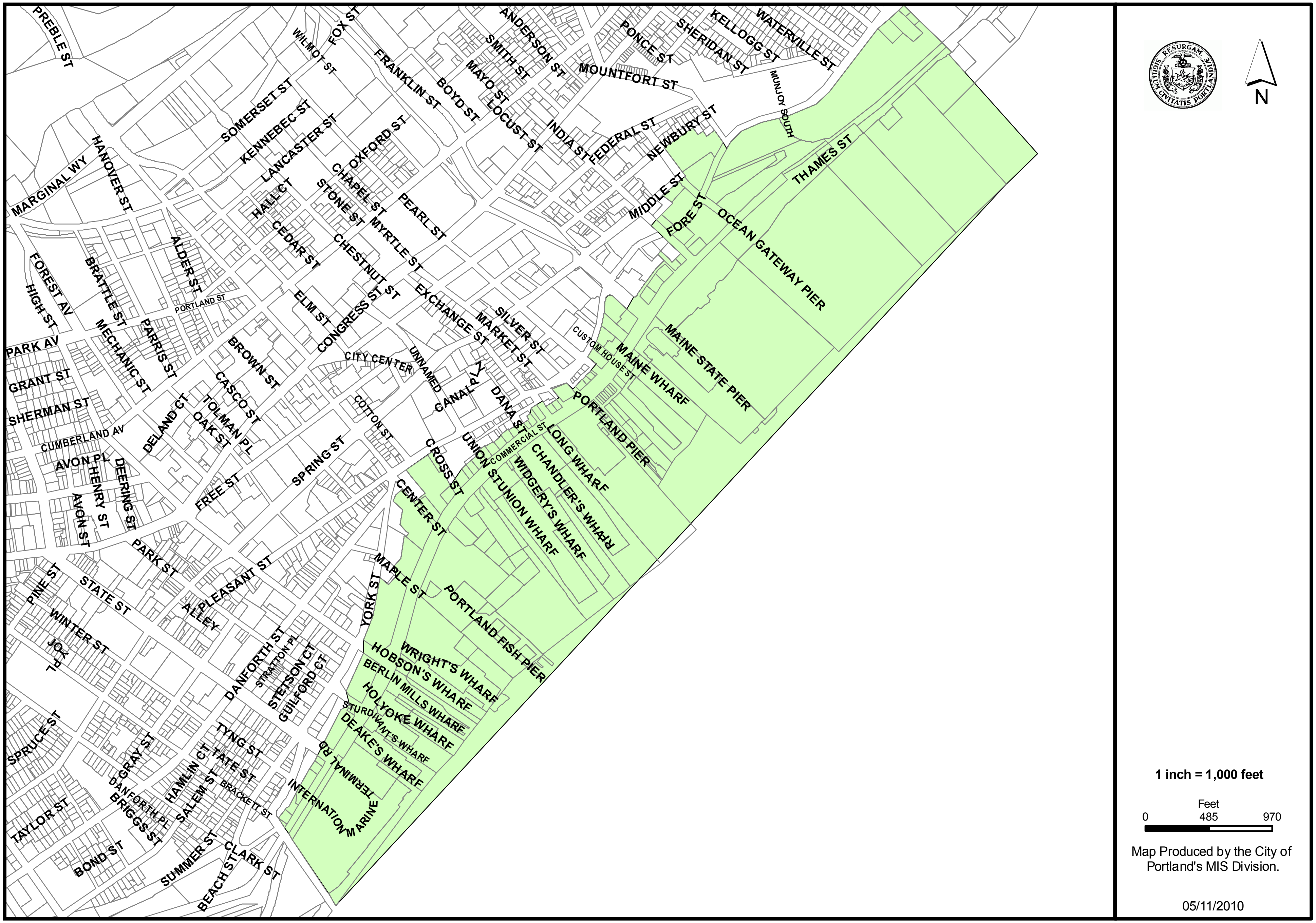
Feet
0 300 600

Map Produced by the City of Portland's MIS Division

05/11/2010

APPENDIX E

Waterfront Capital Improvement & Economic Redevelopment Zone



Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Housing and Community Development Committee

FROM: Greg Mitchell, Economic Development Director
Jeff Levine, Planning and Urban Development Director
Mary Davis, Director of Housing and Neighborhood Services Division

DATE: November 8, 2013

SUBJECT: HCDC Work Plan Accomplishments During Calendar Year 2013

Attached is a summary of the accomplishments for the HCDC during calendar year 2013 based on its Work Plan.

All accomplishments are in a **bold** font. There is also a section, Section IV, with a listing of items taken up by the Committee but not on the Work Plan.

A new 2014 Work Plan will be presented to the Committee for discussion and direction at either its meeting in December or January.

This is presented to the HCDC for forwarding as a communication to the full City Council.

Housing and Community Development Committee (HCDC)

Committee Charge, Priorities, Work Plan, and Accomplishments for 2013

November 8, 2013

I. HCDC Committee Charge

Per the Mayor's December 30, 2011 Memorandum to the City Council, the HCDC Committee charge includes:

This Committee shall develop and recommend to the City Council policies that will promote balanced development in the city including residential, commercial, and industrial uses. In that capacity, the Committee shall make recommendations regarding plan review, zoning, CDBG and HOME allocations, TIF zones, and other development tools that the City has available to it.

City Departments: Economic Development and Planning
Primary Staff Coordinators: Greg Mitchell, Economic Development Director; Jeff Levine, Planning and Urban Development Director; and, Mary Davis, Housing and Community Development Division Director

II. 2012 City Council Priorities Aligned with the HCDC Committee Responsibilities

The following priorities have been established by the City Council:

Goal A: Development

Portland's future development should enhance and balance the city's needs for adequate and affordable housing, a diversified tax base by promoting commercial and industrial development, and being the home for a large array of educational, recreational, cultural, and artistic institutions.

Objectives

A1. Promote housing production by removing regulatory barriers, providing or expanding financing programs, and investigating the use of City owned land for housing purposes.

A2. Review, and, if appropriate, make changes to the Tax Increment Financing Policy and other tools that might be available to promote development.

A3. Implement the recommendations of the City Economic Development Plan.

A4. Support and assist in the successful development of following projects while ensuring neighborhood involvement: Thompson Point, Bayside, Downtown (Old Port, Waterfront, Arts District), University of New England.

A5. Review and improve CDBG Consolidated Plan and Use of Funds as required by Federal Regulations every three years.

A6. Begin looking at the feasibility of moving the Department of Public Services out of Bayside.

Goal C: Service Delivery

The City of Portland and its employees shall practice the highest levels of customer service ensuring that all interactions with the City should be courteous, helpful, effective, timely, and fair.

Objectives

C1. Improve the permitting and inspections process so that it is more streamlined, coordinated, and timely, including guaranteed response times and online permitting.

III. 2013 Planned Activities with Status

A. Housing and Community Development Division Work Plan

Priority – CDBG Priority Review

Follow-through with the CDBG Working Group tasked with implementing the 2012 CDBG Priority Setting Force Report (approved by Council on 9/5/12). - **Completed**

Priority – Implementation of Housing Investment Policy

Development and review annual RFP for Housing Investment. – **Completed/Annual Task**

Priority – Discuss and Develop Strategy for Homelessness Task Force "Rapid Rehousing" Recommendations that were referred to HCDC – **Strategies Completed/Implementing strategies.**

Priority – Zoning issues. - **Ongoing**

1.) R-6 Zone

R-6 and R-7 zones should be examined to see if some R-6 areas should be rezoned R-7, such as at Danforth and York Street, High Street, and in Bayside. Some other changes to the R-6 and R-7 zones should also be considered to permit increased densities. Alternative solutions to accomplish the same goals more universally should also be explored. **– Underway. After most recent discussion with the Committee, staff is preparing a map recommending a division between R-6 and R-7 zones representing two different levels of urban density. Staff is also drafting text changes that would affect both zoning districts.**

2.) B-1 and B-2 Map Amendments

B-1 and B-2 zones on the peninsula have been updated so the R-7 density applies (435 square feet of land area per dwelling unit is required). HCDC will work with staff to look at whether similar changes make sense elsewhere. **– Ongoing. Staff is planning a public meeting early next year to get input from stakeholders on this possibility.**

***3.)* B-6, B-7 and B-3 Residential Parking Requirements**

There are no specific parking requirements for B-6 and B-7; determined by Planning Board based on a parking analysis. B-3 requires one space per unit. Parking exceptions for historic structures and affordable housing applies in all 3 zones. These requirements should be examined in the larger context of the Sustainable Transportation Fund as an option for developers in these and other districts. **– Ongoing. Staff expects to have an update on this shortly.**

Priority – Review of the Condominium Conversion Fee

Review a possible change that would tie the fees to the number of units lost. – **Not taken up.**

B. Economic Development Work Plan

City Real Estate Sale or Lease

- Adams School – Remaining Property – Determine best approach to sell remaining property. – **To be discussed at December 2013 meeting.**

- Riverside Property – Remaining developable property includes 11+ acres. Decide whether or not to market for sale. – **A Purchase and Sale Agreement currently in process of being executed for 3+ acres sale to Thompson's Point Development, Inc. for $285,000.**

- Congress Square Plaza – HCDC met on August 8, 2012, to receive a communication from staff on the outcomes of the Congress Square Redesign Study Group and Committee requested a revised proposal from Rockbridge. Awaiting a revised proposal from Rockbridge. – **A Purchase and Sale Agreement has been executed with RB Portland Building, LLC for a portion of Congress Square Plaza for $523,640.**

- Portland Technology Park – Park road and utility infrastructure is under construction with expected completion in 2013. Site marketing will become active in early 2013. Property marketing and sales approach discussion needed. – **Park road and utility infrastructure completed July; site marketing underway per guidance from HCDC.**

- Thames Street Property – Property is available for sale to support large scale private sector mixed use opportunities. – **Possible relationship with Portland Company property redevelopment to support Commercial Street extension to Fore Street.**

- Portland Ocean Terminal – Currently working with marine dependent commercial tenant prospects to secure possible new tenants. – **Shucks lease approved by City Council.**

- 60 Portland Pier – Property title research underway to verify city ownership for possible lease or sale. **– Property sold to McAleney's New Meadows Lobster for $48,200.**

- Nathan Clifford School - City Council approved process under way to solicit proposals from interested developers to support possible sale and reuse options. **– A Purchase and Sale Agreement has been executed with Developer's Collaborative in the amount of $1.00 in recognition of an 18,000 sq. ft. public conversation easement area on the premises.**

- Sale of City property, i.e., parking lots, for residential use. **- Ongoing**

- Plan for reuse options of the former Reed School – work with the School Dept. **– Not taken up.**

Review Existing TIF Districts

- Bayside TIF – review for possible amendments to expand the TIF district. . **– Not taken up.**

- Pearl Place TIF for possible TIF amendments discussed with Councilor Donoghue for the City to capture TIF funds for child pre-school care. – **Scheduled to be discussed at November 13, 2013 HCDC meeting.**

- Thompson Point TIF – need to prepare plan for use of future Transit Oriented Development (TOD) TIF tax revenue – Responsibility rests with the Transportation, Sustainability, and Energy Committee. Transit planning scope of work being prepared under direction of the Transportation & Energy Sustainable (TES) Committee. **– City Council approved termination of the existing TOD TIF District and an amended TOD TIF District to include the Suburban Propane and NNEPRA properties, along with additional captured value for project Phases 2 and 3 to support transit services. TES Committee will prepare plans for use of future TOD TIF tax revenue.**

- Arts TIF District – review for possibly converting this to a Downtown TIF District. – **Scheduled for December 2013 HCDC meeting.**

City TIF Policy

Annually present and discuss a report of TIF district activity including an assessment of TIF district capacity related State acreage and value limitations. – **Completed.**

Wilmot Street Property Disposition – Need to resolve City ownership – **Executive Session scheduled for November 13, 2013 HCDC meeting.**

Riverside Street – Review needed infrastructure improvements. – **Not taken up.**

Stormwater Regulations and Development – Review possible effects of regulations on development. – **Not taken up.**

Houses of Worship – Review of re-use of houses of worship that may be closing. – **Not taken up.**

Open Space Process – Review of the process of determining where open space should be for what use. – **Not taken up.**

Portland Economic Development Plan Implementation

Mayor leading implementation having monthly meetings with stakeholders of the Portland Economic Development Plan. Provide accomplishment update to the City Council. – **Mayor's Implementation Group has the lead, with a Work Plan update soon to be released.**

City Permitting and Inspection Streamlining

Consultant hired under the direction of the City Manager and Planning Director. Mayor and City Manager taking the lead.

IV. Items taken up by Committee not on Work Plan:

a. GPEDC Business Prospect Protocol
b. Shucks Commercial Lease at Maine State Pier
c. Opportunity Alliance Transfer of Ownership of Rental Property to Avesta
d. Executive Session regarding possible City acquisition of property for City use
e. Island View Loan Modifications
f. Federated Midtown Project Negotiations
g. Thompson's Point TOD TIF Amendments

V. Summary

During 2013, the HCDC Committee met 19 times, not including December 2013, but including December 2012.

The Committee had a productive year recommending Purchase and Sale Agreements for sale of City property, including three+ acres at Riverside Street, Portland Pier, Nathan Clifford School, and a portion of Congress Square Plaza. These three total sales will bring in revenue to the City in the amount of $856,841.

Another milestone was a commercial lease entered into with Shucks Maine Lobster at Portland Ocean Terminal. Shucks, together with the Ready Brothers lease, will make this area of the waterfront more productive while bringing lease revenue to the City in an approximate annual amount of $460,000+ for calendar year 2014.

An RFP process for the allocation of over $1 million in HOME funds was implemented this year. The RFP generated three proposals, two of which were recommended for funding by the Committee – Bayside Anchor by the Portland Housing Development Corp. and 134 Washington Avenue by Avesta Housing.

As a result of the CDBG Priority Review Process, the Committee endorsed the new Employment Development Program in which grant recipients will create new jobs in Portland and fill them with low to moderate income Portland residents.   This program will combine Development and Social Service funds with the goal of fostering partnerships between businesses and social service providers so that businesses can expand and employees can access services to help gain, retain or advance their employment.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Chair and Members of the Housing and Community Development Committee
Mark Rees, City Manager

FROM: Greg Mitchell, Economic Development Director
Jeff Levine, Planning and Urban Development Director
Mary Davis, Housing and Community Development Division Director

DATE: November 7, 2013

SUBJECT: **2013 HCDC Updated Committee Calendar; Work Plan for 2013**

Attached, as a standing communication on your agenda, is the updated Committee Calendar – in a clean format and a marked revision format - from the version presented at your October 23 meeting.

The Work Plan, also attached, has not changed; it is a reference document.

At either your December or January meeting, staff will prepare an updated calendar for 2014.

2013 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE CALENDAR
As of November 8, 2013

January

Nathan Clifford School Sale Approach
Continue City TIF Policy revision discussion
2013 Draft HCDC Work Plan discussion
Congress Square/Executive Session Discussion

February

For Review and Comment: Annual Housing Program Budget
For Review, Comment and Approval: Annual Housing RFP
Finalize Committee Work Plan and Calendar
Discuss Homelessness Task Force "Rapid Rehousing" Recommendations
GPEDC Business Prospect Protocol
Commercial Lease Discussion for Maine State Pier/Executive Session

March

Communication: CDBG funding recommendations from Committee & City Manager. CDBG recommendations to Council for final approval, typically during the end of March/ beginning of April
60 Portland Pier executive session discussion; public discussion and sent to City Council.
Revised HCDC Work Plan and Calendar discussion
Housing Program Budget Recommendation to City Council
Review of Affordable Housing RFP Draft
Zoning Issues Communication/Discussion

April B-1/B-2 zones
Maine State Pier/Ocean Terminal Lease action/Executive Session Discussion
Possible sale of City-owned property on Riverside Street/Executive Session Discussion
Opportunity Alliance's Transfer of Ownership of Rental Property to Avesta
Communication – Update on Rapid Re-Housing Strategy
Communication – Update on the effects of cuts to CDBG Applicants
Review of Analysis of Impediments to Fair Housing
Congress Square Proposal/Only Item on April 24, 2013 Agenda/Public Comment to be taken at May 29 HCDC Meeting and will again be sole item on agenda.

May CDBG Working Group Report – Review and Recommendation to City Council
Portland Technology Park Update and Phase 2 expansion discussion
Inventory of City-owned properties for possible housing sites/Start Discussion
Review and approval of Annual Housing RFP
Maine State Pier/Ocean Terminal Lease action/Executive Session Discussion
Congress Square Park/Only Item to be on May 29, 2013 Agenda – for Public Comment and possible recommendation to City Council.

June

12th Meeting
Communication: Annual Action Plan, due to HUD June 14
Maine State Pier/Ocean Terminal Lease action/Possible Executive Session Discussion
Executive Session Discussion for:
Possible City acquisition of property for City Use

Possible sale of City-owned Riverside Street Property
Congress Square Park/ Sale Negotiations

26th Meeting
For Review and Comment/ Recommendation to Council if necessary: Recommendations for improvement to CDBG process.
R-6/R-7 zones and Next Steps
Island View Loan Modifications public action in form of recommendation
Maine State Pier/Ocean Terminal Lease action/Possible Executive Session Discussion
Executive Session Discussion: Congress Square Park/Sale Negotiations
Federated Midtown Project Negotiations

July

August

Congress Square continued discussion and/or action
Appropriation and Financing Recommendation to support City property acquisition for City department consolidation plan
Housing Development RFP – review of proposals received
Updates on R6/R7 zoning reviews

September

Updates on B2 zoning review
For Review and Comment: Consolidated Annual Performance Evaluation Report (CAPER) due to HUD September 30.
Regional Analysis of Impediments to Fair Housing
Thompson's Point Transit Oriented TIF Amendments
Nathan Clifford School – Property Disposition Process and Authorize City Staff to negotiate a Purchase and Sale Agreement.
Update on B2 Zoning Work
Executive Session: Possible sale of City property on Riverside Street

October

Communication: CDBG Application is available/Process Update.
Annual City wide TIF District Activity Report – 1st Draft
Housing Liaison Program Update
Nathan Clifford School-Action
Thompson's Point Transit Oriented TIF Amendments – Action
Sale of portion of Riverside Street Property
409 Cumberland Avenue Affordable Housing TIF – Revisited
Executive Session: Possible City acquisition of property

November

(done in October)Wilmot Street property disposition discussion
Annual City wide TIF District Activity Report/review and recommendation to City Council
HCDC Annual Accomplishment Report/review and recommendation to City Council
Pearl Place TIF district amendment discussion

December

Review City sites for residential development or sale including former Adams School property
Start Downtown TIF District discussion
Executive Session: Possible City acquisition of property

Tenant Based Rental Assistance Program update
Housing First Pre-Development RFP – Review Draft
Update on Parking in B-3, B-6, and B-7/Sustainable Transportation Fund

January 2014

Presentation on B2- and R6/R7 zone reviews for possible action
Start discussion related to Riverside Street area wide needed public infrastructure status and improvements.

2013 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE CALENDAR
As of November 8~~October 18~~, 2013

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409 Cumberland Avenue Affordable Housing TIF – Revisited
Executive Session: Possible City acquisition of property

November

~~Communication: Application deadline. Beginning of Annual CDBG Application Review by CDBG Allocation Committee~~ (done in October)
~~Housing First Pre-Development RFP – Review Draft~~
~~Tenant Based Rental Assistance Program update~~
Wilmot Street property disposition discussion
Annual City wide TIF District Activity Report/review and recommendation to City Council
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~~Review City sites for residential development or sale including former Adams School property~~
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~~Update on Parking in B-3, B-6, and B-7/Sustainable Transportation Fund~~
~~Start Downtown TIF District discussion~~
~~Executive Session: Possible City acquisition of property~~

December

~~Review and adopt HCDC Annual Accomplishment Report~~
~~Continue Downtown TIF District discussion and possible action~~
~~Start discussion related to Riverside Street area wide needed public infrastructure status and improvements.~~
Review City sites for residential development or sale including former Adams School property
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January 2014

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Start discussion related to Riverside Street area wide needed public infrastructure status and improvements.

Housing and Community Development Committee (HCDC)

Committee Charge, Priorities, and Work Plan for 2013

May 2013

HCDC Committee Charge

Per the Mayor's December 30, 2011 Memorandum to the City Council, the HCDC Committee charge includes:

> *This Committee shall develop and recommend to the City Council policies that will promote balanced development in the city including residential, commercial, and industrial uses. In that capacity, the Committee shall make recommendations regarding plan review, zoning, CDBG and HOME allocations, TIF zones, and other development tools that the City has available to it.*
>
> *City Departments: Economic Development and Planning*
> *Primary Staff Coordinators: Greg Mitchell, Economic Development Director; Jeff Levine, Planning and Urban Development Director; and, Mary Davis, Housing and Community Development Division Director*

2012 City Council Priorities Aligned with the HCDC Committee Responsibilities

The following priorities have been established by the City Council:

> *Goal A: Development*
>
> *Portland's future development should enhance and balance the city's needs for adequate and affordable housing, a diversified tax base by promoting commercial and industrial development, and being the home for a large array of educational, recreational, cultural, and artistic institutions.*
>
> *Objectives*
>
> *A1. Promote housing production by removing regulatory barriers, providing or expanding financing programs, and investigating the use of City owned land for housing purposes.*

A2. Review, and, if appropriate, make changes to the Tax Increment Financing Policy and other tools that might be available to promote development.

A3. Implement the recommendations of the City Economic Development Plan.

A4. Support and assist in the successful development of following projects while ensuring neighborhood involvement: Thompson Point, Bayside, Downtown (Old Port, Waterfront, Arts District), University of New England.

A5. Review and improve CDBG Consolidated Plan and Use of Funds as required by Federal Regulations every three years.

A6. Begin looking at the feasibility of moving the Department of Public Services out of Bayside.

<u>Goal C: Service Delivery</u>

The City of Portland and its employees shall practice the highest levels of customer service ensuring that all interactions with the City should be courteous, helpful, effective, timely, and fair.

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C1. Improve the permitting and inspections process so that it is more streamlined, coordinated, and timely, including guaranteed response times and online permitting.

2013 PLANNED ACTIVITIES

A. Housing and Community Development Division Work Plan

<u>Priority –</u> <u>CDBG Priority Review</u>

Follow-through with the CDBG Working Group tasked with implementing the 2012 CDBG Priority Setting Force Report (approved by Council on 9/5/12).

<u>Priority –</u> <u>Implementation of Housing Investment Policy</u>

Development and review annual RFP for Housing Investment.

<u>Priority – Discuss and Develop Strategy for Homelessness Task Force "Rapid Rehousing" Recommendations that were referred to HCDC</u>

<u>Priority – Zoning issues.</u>

1.) <u>R-6 Zone</u>

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