HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE:	**February 12, 2014 (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 January 22, 2014.

2. Review and recommendation to City Council on property lease and future acquisition of 212 Canco Road for City Department consolidation – Greg Mitchell (Public Comment will be accepted as time allows.)

   Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations on this real estate lease/acquisition.

3. Review and Discussion (Public Comment will be accepted as time allows.)

   Begin discussion on the possible creation of a Downtown/Transit-Oriented Tax Increment Finance District, and give guidance to staff – Greg Mitchell

4. Communication Only (Public Comment will be accepted as time allows.)

   Update on Housing Plan and Consultant Services RFP– Mary Davis, Jeff Levine,

5. Review and Discussion (Public Comment will be accepted as time allows.)

   2014 HCDC Work Plan for review and discussion – Mary Davis, Jeff Levine, Greg Mitchell

Next Meeting: February 26, 2014

Councilor Kevin Donoghue
Chair

Housing & Community Development Committee

January 22, 2014

A meeting of Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday January 22, 2014 at 5:30 p.m. in the Basement Conference Room in Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and member Councilors John Coyne, Jon Hinck, Nicholas Mavodones. City staff present included Housing & Community Development Division Director Mary Davis, Planning Division Director Alex Jaegerman, Planning and Urban Development Director Jeff Levine, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Chair Donoghue said this is a half hour meeting in order to attend the Mayor's State of the City Address at 6:00 p.m.

Item 1: Review and accept Minutes from previous meeting held on January 8, 2014.

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

Item 2: Review and possible recommendation to City Council on proposed amendments to parking requirements and the Sustainable Transportation Fund (STF).

Mr. Levine said that since his original memorandum to the Committee of January 17, he has had feedback from various constituencies, and, therefore, sent the attached updated memorandum dated Monday, January 21st to the Committee. At this time, he is requesting feedback from the Committee that he can further discuss with the Planning Board.

Mr. Levine said that his original memorandum included six sections in the Land Use Ordinance for possible amendments. At this time, he would recommend taking the third item, “Incentives for affordable housing” off the table at this time due to the increasing competitive nature of the State process for supporting this development, as well as the City being a funding agency for most public and affordable housing projects. As such, the City has the ability to influence parking strategies for these projects.

The Committee concurred to keep the status quo with regard to affordable housing projects. If this should be brought back to the table, the Committee would like staff to apprise affordable housing developers of proposed amendments, requesting any feedback received by staff to be communicated to the Committee.

Mr. Levine then highlighted other areas of proposed amendments. The first was regarding car sharing [14-332(a)3.b.] and proposing to lower the credit from 8 spaces per car sharing vehicle to 4-5. He noted that Public Services agrees with this proposed amendment.

The second was for Section 14-332(a)3.c. for development on the peninsula. If a development study shows that although City parking requirements show a need, for example, 20 spaces for a development project, and the developer’s study shows a need for 15, then the developer would pay the difference into the STF at $5,000 per space, or $25,000. A concern is that this change may increase the incentive to provide required parking on site or via lease.

Mr. Levine continued saying that the next one was for Section 14-332.2.(c), for site plans over 50,000 sq. ft., that this should specify that the amount of parking lowered still requires contribution to the STF. He noted the STF does not apply to residential zones.

Mr. Levine then highlighted Section 14.332.1.(d) “change of use in the B2b zone”. This involves small businesses in neighborhood centers. Currently a change of use of 10,000 sq. ft. or less is grand-fathered for non-conformity for up to 6 parking spaces. Therefore, if the new use needs 10 parking spaces, they would need to provide 4 spaces. The proposed amendment would be to expand this grandfathering to B1 zones, and perhaps lower the change of use from 10,000 sq. ft. to 5,000 sq. ft.

Chair Donoghue thanked Mr. Levine for this brief highlight and asked if there were Committee questions.

Councilor Hinck asked about “studying down” of parking spaces, particularly if this could be scammed, and Mr. Levine said that studies presented to City staff are then reviewed by the City’s traffic engineer. Therefore, he did not think this likely.

Councilor Hinck then asked about various development projects and studies submitted, particularly those developments that could afford pricier parking studies compared to those that are more affordable.

Mr. Jaegerman said that, generally, developments over 50,000 sq. ft. can afford the required parking study. He said that the size of projects does level the playing field.

Councilor Hinck said that a clear process is needed for everyone to follow.

Chair Donoghue said that they still pay to the STF as you study out. Neighbors need to know what will be/will not be required for parking for developments.

Councilor Mavodones said that he is comfortable bringing these to the Planning Board for their discussion/review.

Mr. Levine commented that he did not think parking requirements were too high.

Mr. Levine said that there are a couple of items that are conceptual at this point. For instance, the STF – handled administratively or by the Planning Board. After discussion, consensus was administratively.

Another regards the R-6 and R-7 zones, whether a clause should be added stating that the first two units do not require any parking but additional units do.

Chair Donoghue noted that he could be in favor of exempting first two units in any zone, but would want to give flexibility to staff for that tool.

Chair Donoghue asked if the Committee or Councilor Leeman had any further questions or comments.

Councilor Leeman said that she would follow the process, particularly how it affects on-street parking in small business neighborhoods where the parking requirement is waived. She was part of a committee when the "in lieu of" fee was created, noting that it should be revisited and reviewed.

Chair Donoghue thanked the Committee and staff for the quick run through of proposed amendments, with Committee consensus to shop these proposed amendments to the Planning Board.

Item #3: Review and recommendation to City Council to forward Economic Development Vision and Plan – Work Plan Update for 2014-2015 as a communication.

Mr. Mitchell summarized that the Committee packet contains a summary from the Mayor's Economic Development Plan Implementation Group on the accomplishments to date, as well as an updated Work Plan for 2014-2015. The Group consists of stakeholder representatives from the PDD, CVB, Creative Portland, Chamber, PDC, Propel, and World Affairs Council. The request before the Committee is to forward this to the City Council as a communication. It also being presented to the stakeholder's various Boards for their review and acceptance.

Councilor Mavodones asked who is the staff to this group, and Mr. Mitchell noted that he and Nelle Hanig are the staff.

Chair Donoghue asked if there were any further questions/comments. There being none, Chair Donoghue noted consensus to forward this to the City Council as a communication.

There being no further business, the meeting was then adjourned at 6:03 p.m.

Respectfully,

Lori Paulette

Portland, Maine   Yes. Life's good here.

Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Housing and Community Development Committee
Mark Rees, City Manager
Sheila Hill-Christian, Deputy City Manager

cc: Transportation, Sustainability & Energy Committee

From: Jeff Levine, Director

Date: January 21, 2014

Re: Changes to the Sustainable Transportation Fund & Parking Requirements
Additional Information

After completing my previous memo, I have had some followup comments and questions regarding these proposals. In order to make most efficient use of the Committee's time, I am attaching some comments I received from Christian MilNeil of the Portland Housing Authority. In addition, Councilor Leeman submitted some questions to our office. One of her questions was the locations of B-1 districts in the City. Attached is a map that shows locations of those zones.

In response to Mr. MilNeil's comments, I have taken another look at these initial recommendations. He raises some valid questions about the City's policies with respect to affordable housing development, and the increasingly competitive nature of the state process for supporting projects. In addition, as the City is a funding agency for most public and affordable housing projects, we have an additional ability to influence their parking strategies that we do not have with many other developments. For these reasons, I am recommending that #3 in the initial memorandum be removed from consideration at this time. In addition, I would like to take a look at items #2 and #4 in the context of how they might impact affordable housing developments.

For your convenience, I repeat these items below:

2. *Section 14-332 (a) 3. c. (may lower the requirement on the Peninsula)* – Specify that the amount lowered still requires contribution to the Sustainable Transportation Fund if would otherwise be required. In other words, you can't "study" your way out of spaces and then say you don't have to pay into the fund because your study made the spaces "not required." One concern is that this change may increase the incentive to provide the required parking on site or via lease rather than just go for a reduction.

3. *Section 14-332.2. (b) Incentives for affordable housing* - When the Planning Board allows less than one space per unit in an affordable development, specify that the amount lowered still requires contribution to the Sustainable Transportation Fund if would otherwise be required, but at a 50% reduction for those reduced spaces.

4. *Section 14-332.2. (c) Site Plans over 50,000 may have their requirement lowered*- Specify that the amount lowered still requires contribution to the Sustainable Transportation Fund if would otherwise be required.

Jeff Levine - Proposed amendments to "parking in lieu" fee requirements

From: Christian MilNeil <c.neal.milneil@gmail.com>
To: Jeff Levine <jlevine@portlandmaine.gov>
Date: 1/20/2014 1:48 PM
Subject: Proposed amendments to "parking in lieu" fee requirements

Hi Jeff,
I have some concerns about the revisions to the city's parking code that are being discussed in this week's Housing and Community Development agenda.

While I was supportive of the "Sustainable Transportation Fund" when we passed it a few years ago, I'm growing more suspicious of its intents and effects. The "in lieu" fee an impact fee, right? But if the impact we're compensating for, is lack of parking, why do we need to charge an impact fee for households that don't own cars?

The Portland Housing Authority is trying to build a car-free apartment complex in East Bayside. Even with the proposed 50% discount the amendment would add substantially to the cost of each unit — enough to jeopardize our chances of winning competitive tax credits from the state. And this is a project that takes a radical, award-winning approach to lowering development costs.

So this change — like any change that further raises the cost of affordable development — would pose a serious challenge to developing not just the Bayside Anchor, but any new affordable housing on the peninsula in the future. Given the city's housing shortage, and the precedent of dozens of parking studies that consistently tell us that low-income families own fewer cars, and the precedents of other low-parking housing projects fitting in perfectly well with their neighborhoods — can't we please just do away with parking requirements for affordable housing? In the rare instances where neighbors complain about new low-parking affordable housing developments, is their problem really about the parking, or something else? And if it really is about the management of the on-street parking resource, why are you holding affordable housing developers and their tenants responsible for a problem ultimately caused by the city's lackadaisical approach to parking management? I don't see any reforms to the residential permit system being discussed — why not?

The also seems perilously close to being a "taking" under the Supreme Court's recent Koontz decision. How are you going to argue that car-free households need to pay an impact fee in lieu of parking spaces they wouldn't have used in the first place?

Anyhow, I'm hoping to bring this proposal to the attention of the PHA finance committee. To help us better understand the potential implications of this, would you mind sending me the text of the current "fee in lieu" ordinance as it currently stands?

Thanks,
C

Jeff Levine - Re: Proposed amendments to "parking in lieu" fee requirements

From:	Christian MilNeil <c.neal.milneil@gmail.com>
To:	Jeff Levine <jlevine@portlandmaine.gov>
Date:	1/21/2014 4:20 PM
Subject:	Re: Proposed amendments to "parking in lieu" fee requirements
CC:	Mary Davis <mpd@portlandmaine.gov>
Attachments:	Parking Amp 2 September 2013.xls

Thanks, Jeff.

Mark Adelson had his staff compile the statistics on parking permits in the PHA's East Bayside properties this September (attached). These are all family units, so they're the tenants most likely to own a car (utilization of the lot across the street at Franklin Towers is much lower, though there are more dwelling units there). The price for parking permits is $0, so it's 100% subsidized for drivers, and that's something we'll be changing in the near future. Still, even though we're giving away free in-town real estate, 26% of households have no cars, and parking supply exceeds demand even when the price is zero.

The PHA is developing a TDM plan by which we hope to locate more car-free tenants to walkable developments like East Bayside and Harbor Terrace, while encouraging our car-owning tenants to locate in places like Riverton and Sagamore Village, where land costs are lower. Maine has plenty of housing for people who can drive; there's precious little affordable housing for the 39,200-and-counting Maine households [US Census, American Community Survey] who don't drive but would still like to have access to a decent quality of life by living in a walkable, transit-accessible neighborhood.

Our TDM strategy will likely entail a carrot-and-stick approach, raising the price for parking permits to cover our maintenance costs (thus phasing out our parking subsidies), while using some of the parking revenue to give our residents bus pass subsidies instead. Based on the experiences of other housing authorities, once we phase out parking subsidies I expect that most of our tenants will be car-free — especially once, or if, we start adding new housing like Bayside Anchor that's not designed to be car-oriented. If we can encourage more households to go car-free by giving them more access to neighborhoods where that's possible, all the better, right?

The bulk of our construction funds come from a very limited stream of federal subsidies granted through the state housing authority, HOME funds from the city, and from the future rents paid by our tenants. Any money we spend on parking or parking in-lieu fees — even if it's merely for a 'parking study' under the current zoning requirements — ultimately comes at the expense of those affordable housing budgets. I say this as one of the city's most committed advocates for bike/ped/transit projects — it's just not worth it for us to put cash into the 'Sustainable Transportation Fund' if it's at the expense of people who are wrestling with the threat of homelessness.

Ultimately, any impact fees or parking requirements that the Council imposes on nonprofit affordable housing developers like the PHA and Avesta ultimately get passed on to the people who can afford it the least — our tenants, and the people who would like to be our tenants if only we had an apartment for them.

The other big wrinkle in the proposed amendment is the specification that our fee-in-lieu ordinance only applies "in a non-residential zone on the Portland Peninsula".

By my reading, this change would mean that affordable projects located off the peninsula or in an on-peninsula residential zone would lose their ability to negotiate more reasonable parking requirements altogether. Unless you're also planning to expand the fee-in-lieu option off the peninsula and into residential neighborhoods, but I don't see that discussion on the agenda.

More generally, I'd like to point out that the Transit Study suggested the fee-in-lieu ordinance as only one small part in a suite of proposed parking reforms, the most crucial of which were supposed to be a rationalization of the city's on-street parking management by phasing in demand-responsive pricing and ending the free-for-all for residential permits. Do you mind my asking where we stand on those initiatives?

I may not be able to attend tomorrow's meeting but I hope you can relay these concerns to the Council, and I'm hoping that either Mark or someone from Avesta will weigh in as well.

Thanks,
-Christian

http://christianmilneil.com

The Vigorous North:
A field guide to the wilderness areas of American cities.
http://www.vigorousnorth.com

On Mon, Jan 20, 2014 at 11:20 PM, Jeff Levine <jlevine@portlandmaine.gov> wrote:

> Christian-
>
> Thanks for your thoughtful comments.
>
> We should certainly discuss further whether to simply exempt all affordable housing - or perhaps simply PHA housing - from any new sustainable transportation fund requirements. I am also open to a discussion about best practices for parking requirements for affordable housing, having worked on some large affordable projects in my last position.
>
> We have supported Bayside Anchor, both financially and policy-wise, and would not want to cause issues for it as a result of this discussion. While I am not sure I would characterize this as an impact fee of the sort that might be affected by the Koontz decision, that's not as much of a concern for me as the other concerns you raise.
>
> The text you requested is attached. The formatting is a little funny, but it's the best I can do on my home computer. Let me know if you want anything else.
>
> In the meantime, if you have any data that suggests what car ownership is in existing PHA properties, that would be very helpful.
>
> We will also provide your comments to the HCDC so they are aware of them.
>
> best,
>
> Jeff
>
> Jeff Levine, AICP
> Director

Portland Housing Authority
Parking Analysis PHA Housing in East Bayside Area September 2013

Development name	No. of parking spaces available	No. of units with at least one car	Total number of cars listed*	Dwelling Units available for occupancy	% of units using parking	Units by Bedroom Sizes						
						0-Br.	1-Br.	2-Br.	3-Br.	4-Br.	5-Br.	6-Br.
Kennedy Park	47	34	45	45	75.5%	-	-	-	14	26	3	2
Bayside Terrace	24	19	20	24	79%	-	-	9	15	-	-	-
Bayside East*	69	62	69	86	72%	-	-	55	21	10	-	-
Total Units/Spaces**	140	115	134	155	74%			64	50	36	3	2

* Bayside East (ME003-05) does not include the 12 units on Kellogg Street outside East Bayside neighborhood
**Boyd/Oxford lot spaces not included

Other PHA Parking in Area		
58 Boyd Staff Parking	5	typically use 3
Boyd and Oxford Lot	26	(proposed for removal)
On-Street Parking		

Notes/Conclusions:

155	total housing units
166	spaces provided including the Boyd/Oxford lot (one space per unit, plus 11 overflow spaces)
140	spaces provided without Boyd/Oxford lot
115/74%	number/percent of units with at least one car
26%	percent of units without a vehicle
69%	percent of spaces used (including B/O) for households with at least one car
82%	percent of spaces used (not including B/O) for households with at least one car
19	number of units with more than one car registered
	*recently instituted one car per unit rule, assigned spaces and issued parking stickers


LEGEND
Existing B1 Zones
AUBURN ST
RIVERSIDE ST
ALLEN AV
WARREN AV
STEVENS AV
WASHINGTON AV
PRESUMPSCOT ST
VERANDA ST
BAXTER BLVD
OCEAN AV
RAND RD
WOODFORD ST
FOREST AV
DEERING AV
BRIGHTON AV
PREBLE ST EXT
MARGINAL WY
FRANKLIN ART
BEDFORD ST
ST JOHN ST
FROST ST
CONGRESS ST
ELM ST
CUMBERLAND AV
MIDDLE ST
PARK AV
SPRING ST ART
FORE ST
HIGH ST
STATE ST
YORK ST
COMMERCIAL ST
VALLEY ST
DANFORTH ST
W COMMERCIAL ST
JOHNSON RD
N
0
950
1,900
3,800
5,700
7,600
Feet

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Housing and Community Development Committee
Finance Committee
Mark Rees, City Manager

FROM: Greg Mitchell, Economic Development Director
Ellen Sanborn, Finance Director

DATE: February 6, 2014

SUBJECT: **212 Canco Road Property Lease/Purchase Option to support City Department Operations Consolidation**

SUMMARY OF THE ISSUE

This memorandum outlines past City Council approval and financial appropriations to invest $3.15 million to support a City department operations consolidation plan and recommends City Council action to enter into a lease/purchase option for 212 Canco Road.

City Department Consolidation Plan

Last fall, City staff presented a plan to consolidate a number of City public operations, including the relocation of some of Public Services Department Bayside operations, Fire Alarm and equipment storage, and Recreation and Facility Management Department to a single new location, along with a recommended funding approach. The next page of this memo provides an overview of the department consolidation plan to support a two-phased approach to consolidate listed department services.

City Operations Consolidation Plan continued

Departments Moving	Space Vacated	Efficiencies/Benefits
Currently at 212 Canco:		
Fire Electrical Tactical Equipment New Emergency Command Post	Presumpscot St. (rented space) Presumpscot St. and POT	Allows for leasing opportunities at POT. Provides adequate space for Command Post.
Move to 212 Canco w/Lease:		
Traffic Division City Trades Division	65 Hanover Street 65 Hanover Street	Puts all maintenance in same space allows better standardization. Property available for sale. Creates additional space for Casco Bay High School.
To Move to 212 Canco When Purchase Complete:		
Emergency Operations Center (EOC) School Trades Division	Classroom at PATHS Classroom at PATHS	Allows consistent setup for EOC operations. Creates additional space for Casco Bay High School. Put all maintenance in same space.
Playground/Irrigation Crews	90 Anderson Street	Central to all fields and better efficiencies. Property available for sale.
Recreation & Public Assembly Staff from Cummings Center and Expo	Cummings Center Expo Office Area	Better coordinated and more efficient administration of the Recreation and Facilities Management Division. Provides space for Public Health growth.

Property Lease/Purchase Option for 212 Canco Road

An overview of 212 Canco Road transaction with comments includes:

Property Location: The property is located in a "central service delivery location" in an industrially zoned property with adjacent industrial users.

Property Size: 4.2186 acres

Building Square Footage: 68,730

Municipal Assessed Value: $3,053,370

Market Appraisal: $2,740,000 based upon the income approach due to existing below market rate tenant leases.

The lease/purchase approach presents the City with a phased approach, over time, to fully implement the department consolidation plan. The lease/purchase option to acquire 212 Canco Road is structured to meet the needs of the property owners and enable City use of approximately fifty-five percent of the building starting this year. The remaining forty-five percent of the building is occupied by two commercial tenants who have five (5) year leases through to the summer/fall of 2018. The proposed lease/purchase approach honors the leases of the two existing tenants and enables the City to gain use of the entirety of the building in 2018.

Highlights of Property Transaction with comments includes:

Lease Term and Rates: Rent at a fixed cost of $38,809.60 per year plus annual common area maintenance charges estimated at $42,638.20 for a total annual cost of $81,447.80. The proposed rental rates for office and warehouse space are below market.

Property Purchase Price: $2.9 million fixed for three years. The market value of industrial property is increasing and a fixed acquisition price provides the City with purchase price certainty.

Attached is a copy of the draft lease/purchase option.

REASON FOR THE SUBMISSION

The lease/purchase option requires Finance and Housing and Community Development Committees recommendation for approval and final approval by the City Council.

INTENDED RESULT

City Council approval of the lease/purchase option.

COUNCIL GOAL ADDRESSED

Relocation of a portion of Public Services Department operations out of Bayside.

FINANCIAL IMPACT

Last fall, the City Council authorized issuance of $3.05 million in general obligation debt to support property acquisition to move ahead with the City department consolidation plan. This was combined with a previous appropriation of $100,000 for preliminary costs associated with the relocation of City operations out of Bayside.

The original intent was to purchase the property and it was not expected that we would need to pay for leased space. However, this property was not officially listed for sale, and as mentioned above, through negotiations for the property the lease/purchase approach accommodated the owners' needs, while securing this key property for the City to help achieve an important long term goal.

Attached is a worksheet that shows the cash flow for this agreement. The estimated lease cost is $230,000 for the term up to the purchase option date of March 1, 2017, and there are two options for funding that lease.

Lease payments cannot be made with capital bond funds, so we need to consider other types of funding. One option is to budget annually in the operating budget for the lease costs. Another option, and the one we are recommending, is to allocate pending land sale proceeds to cover the lease cost. You will recall that we have both the Bayside property sale and the Riverside Street property sale that are likely to close within a few months. Looking back to the original expectation of relocating City operations out of Bayside, it was planned that the sale of land in Bayside would help fund that relocation by paying the mortgage on the Riverside Street land purchase. While there has been some change in direction for the use of Riverside Street, using sale proceeds from either of these properties is in line with the original intent of the Council.

There would be a three month period of lease payments in this fiscal year, which we would absorb within the current year's budget.

STAFF ANALYSIS

City staff recommends the HCDC and Finance Committees recommend approval of the department lease/purchase option to the City Council.

RECOMMENDATION

This matter is scheduled to be presented to the HCDC on February 12th and the Finance Committee on February 13th. Following committee actions, this matter will be presented to the City Council for action. This will be in the form of two Orders, one for the approval of the Lease/Purchase agreement, and one for the appropriation of land sale proceeds for the purpose of funding lease payments.

Attachments:

- Cash Flow Worksheet – pp. 5 and 6
- Aerial of 212 Canco Road – p. 7
- Commercial Lease (Net Lease) With Option to Purchase – pp. 8 to 22

Canco Road Property
Estimated Cash Flow
February, 2014

	Assessed Value, 2013	Total AV	Asking Price	Price - AV	Current Taxes
212 Canco Road	$393,100/$2,660,670	$ 3,053,770	$ 2,900,000	$ (153,770)	$ 59,266

		2014	2015	2016	2017
	Fiscal Year	**2014**	**2015**	**2016**	**2017**
	~Assumes occupancy date of new space on April 1, 2014, and all rental payments ending March 1, 2017~				
	Cash In:				
a	General Fund budget	$ 90,000	$ 99,000	$ 95,000	$ 73,500
b	Proceeds from sale of property (Bayside/Riverside)		81,448	82,727	62,075
	CIP (approved in 2013)	75,000			3,075,000
c	Operating costs at 65 Hanover				27,195
	Cash Out:				
a	Rental for Fire Elec/Hazmat WMD	(96,000)	(99,000)	(95,000)	(73,500)
	Rental for Facilities/Traffic	(20,362)	(81,448)	(82,727)	(62,075)
	Purchase of 212 Canco				(2,900,000)
d	Relocation/Renovation	(75,000)			(175,000)
	Net Total	$ (26,362)	$ 0	$ 0	$ 27,195

Notes

a Fire Department Radio/Alarm operations and HazMat/WMD operations currently rent at 212 Canco (moved from Presumpscot St.);
They were relocated from 109 Middle Street (PD) when the Regional Crime Lab was constructed.
They are renting an office trailer until we can occupy enough of the building to give them space inside.

b The overall goal is to begin relocation of DPS out of the Bayside area, which was originally intended to be financially
supported by the sale of land in Bayside by paying off the mortgage to TPL on Riverside Street.
This move allows the 65 Hanover Street property to be completely vacated.
Note that the maintenance staff of the Facilities Division also currenlty resides in 65 Hanover.
Since we cannot purchase the building at this time, proceeds from sale of land in Bayside or Riverside St
could be used to fund rental payments until we can exercise our option to buy the property. Note that rental
payments cannot be funded by bonds (i.e., CIP), so would otherwise need to be budgeted for in the general fund.

c We will eventually enjoy savings on the cost of owning and operating 65 Hanover Street, however until we actually dispose
of that property we will need to pay for basic utilities and repairs. The estimated date of disposal is two to three years.
(FY17 would likely be offset against FD rental in the budget, but displayed here for consistency within the worksheet)

d This property is in very good condition and requires minimal renovation to accommodate our operations. However, costs of moving
and renovating were roughly estimated and may require additiona funds at actual moving time.

212 Canco Road

COMMERCIAL LEASE (NET LEASE) WITH OPTION TO PURCHASE

1. PARTIES

212 Canco Realty LLC, a Maine limited liability company, with a mailing address of 212 Canco Road, Portland, ME 04103 ("LANDLORD"), hereby leases to the City of Portland, Maine, a Maine municipality with a mailing address of 389 Congress St., Portland, Maine Attn: Corporation Counsel ("TENANT"), and TENANT hereby leases from LANDLORD the following described premises.

2. LEASED PREMISES

The leased premises are deemed to contain 12,170 square feet of warehouse space, another 5,211square feet of warehouse/mixed use and shared loading dock space, and 2,000 square feet of second floor office space (a total of 19,381 square feet), all as shown on the attached Exhibit A. The leased premises are located at 212 Canco Road, Portland, Maine. Together with the right to use, in common with others entitled thereto, the hallways and stairways necessary for access to the leased premises. TENANT shall also have the right to use, in common with others, parking spaces at the rear of the building in areas designated by LANDLORD. The leased premises are accepted in "as is" condition except if specifically set forth to the contrary in this Lease. TENANT acknowledges that: a) LANDLORD has made no representations and TENANT is not relying on any representations about the leased premises, their suitability for any particular use and/or the physical condition thereof; and b) that TENANT has conducted its own due diligence inquiries with respect to the leased premises and is satisfied with the results thereof. The shared loading dock space shall be used by the TENANT in common with other persons and other tenants as designated by LANDLORD, fully in accordance and compliance with the reasonable rules and regulations issued by LANDLORD or its building manager from time to time and the TENANT covenants to comply with such rules and regulations.

3. TERM

The term of this Lease shall be until November 1, 2018, unless sooner terminated as herein provided, commencing on April 1, 2014 (the "Commencement Date") provided however, the Commencement Date for the 2,000 square feet of second floor office space shall be the later of July 1, 2014."). And however, if by November 1, 2018 TENANT has exercised the right to purchase pursuant to the Option which is part of this agreement, then the term of this Lease shall be continued until the leased premises have been conveyed to the TENANT pursuant to said Option.

4. RENT

TENANT shall pay to LANDLORD base rent at the rate of Five Dollars Fifty Cents ($5.50) NNN per square foot for the 2,000 square feet of second floor office space and One Dollar Sixty Cents ($1.60) NNN per square foot for the remaining 17,381 square feet of wharehouse space and warehouse/mixed use and shared loading dock space as shown on the attached Exhibit A in the annual amount of Thirty-Eight Thousand Eight Hundred and Nine Dollars and Sixty Cents ($38,809.60) payable in advance in equal monthly installments in the amount of Three Thousand Two Hundred Thirty-Four Dollars and Thirteen Cents ($3,234.13) on the first day of each month during the term without deduction or setoff, said rent to be prorated for portions of a calendar month at the beginning or end of said term, all payments to be made to LANDLORD or to such agent and at such place as LANDLORD shall from time to time in writing designate; provided, however, that TENANT shall pay the first month's rent and the last month's rent contemporaneously with the execution of this Lease. If TENANT does not pay base rent, supplemental and additional rents, or other fees and charges when due pursuant to the term of this Lease, then LANDLORD, in its sole discretion, may charge, in addition to any other remedies it may have, a late charge for each month or part thereof that TENANT fails to pay the amount due after the due date. The late charge shall be equal to four percent (4%) of the amount due LANDLORD each month in addition to the rent then due. Notwithstanding the above, until the 2,000 square feet of second floor office space becomes a portion of the leased premises, the annual base rent shall be Twenty-Seven Thousand Eight Hundred and Nine Dollars and Sixty Cents ($27,809.60) and the monthly base rent shall be Two Thousand Three Hundred Seventeen Dollars and Forty-Seven Cents ($2,317.47) payable without deduction or off set as set forth above.

5. RENT ADJUSTMENT

A. TAXES

Commencing on the Commencement Date, TENANT will pay to LANDLORD as additional rent hereunder, in accordance with subparagraph B of this Article, an amount deemed to be 25.9% of all real estate taxes on the land and buildings of which the leased premises are a part in each year of the term of this Lease or any extension or renewal thereof and proportionately for any part of a fiscal year in which this Lease commences or ends. Notwithstanding the above, if and when the 2,000 square feet of second floor office space becomes a portion of the leased premises, the additional rent percentage shall be deemed to be 28.9% for the remaining term of this Lease. For purposes of this calculation, the building is deemed to contain 67,000 square feet. If LANDLORD obtains an abatement of any such excess real estate tax, a proportionate share of such abatement, less the reasonable fees and costs incurred in obtaining the same, if any, shall be refunded to TENANT.

B. OPERATING COSTS

Commencing on the Commencement Date, TENANT shall pay to LANDLORD as additional rent hereunder in accordance with subparagraph B of this Article, an amount deemed to be 25.9% of all operating expenses. Notwithstanding the above, if and when the 2,000 square feet of second floor office space becomes a portion of the leased premises, the additional rent percentage shall be deemed to be 28.9% for the remaining term of this Lease. For purposes of this calculation, the building is deemed to contain 67,000 square feet. Operating expenses are defined for the purposes of this agreement as operating expenses per annum of the building and its appurtenances and all exterior areas, yards, plazas, sidewalks, landscaping, parking areas, and the like then (i.e. as of said last day of the calendar year concerned) located outside of the building but related thereto and the parcels of land on which they are located (said building appurtenances, exterior areas, and land hereinafter referred to in total as the “building”). Operating expenses include, but are not limited to: (i) all costs of furnishing electricity, heat, air-conditioning, water and sewer and other utility services and facilities to the leased premises and the building; (ii) all costs of any insurance carried by LANDLORD related to the building; (iii) all costs for common area cleaning and janitorial services; (iv) all costs of maintaining the building including the operation and repair of heating and air conditioning equipment servicing the leased premises and the building and any other common building equipment, and all repairs, improvements and replacements required by law or necessary to keep the building in a well maintained condition; (v) all costs of snow and ice removal, landscaping and grounds care; (vi) all other costs of the management of the building, including, without limitation property management fees; and (vii) all other reasonable costs relating directly to the ownership, operation, maintenance and management of the building by LANDLORD. TENANT’s share of operating expenses shall be prorated should this Lease be in effect with respect to only a portion of any calendar year.

LANDLORD estimates that taxes and operating costs during the first year of the term of this Lease shall be approximately Two Dollars and Twenty Cents($2.20) per square foot. During each year of the term of this Lease, TENANT shall make monthly estimated payments to LANDLORD, as additional rent for TENANT’S share of real estate taxes and operating expenses for the then current year. Said estimated monthly payments shall be made along with base rent payments and shall be equal to one twelfth (1/12) of TENANT’S annualized share of LANDLORD’S real estate taxes and operating expenses for the current year. Within one hundred and twenty (120) days after the end of each calendar year, LANDLORD shall deliver to TENANT a statement showing the amount of such real estate taxes and operating expenses also showing TENANT’S share of the same. In the event that TENANT does not object to such statement in writing within ninety (90) days of receipt of same, such statement shall be deemed accurate. Upon written request by TENANT to LANDLORD made within said ninety (90) day period, LANDLORD shall provide to TENANT reasonable supporting documentation for any item of expense on such statement objected to by TENANT. TENANT shall, within thirty (30) days after such delivery, pay TENANT’S share to LANDLORD, as additional rent, less any estimated payments. If the estimated payments exceed TENANT’S share, then the excess shall be applied to the next year’s monthly payments for estimated increases.

6. UTILITIES

LANDLORD agrees to furnish all utilities as described in section 5.B above. LANDLORD agrees to furnish water for ordinary drinking, cleaning, lavatory and toilet facilities and reasonable heat and air conditioning, if installed as part of the structure of the building so as to maintain the leased premises and common areas of the building at comfortable levels during normal business hours on regular business days of the heating and air condition seasons of each year, to furnish elevator service, if installed as a part of the structure of the building, and to light passageways and stairways during business hours, and to furnish such common area cleaning service as is customary in similar building in said city or town, all subject to interruption due to any accident, to the making of repairs, alterations or improvements, to labor difficulties, to trouble in obtaining fuel, electricity, service, or supplies from the sources from which they are usually obtained for said building, or to any cause beyond LANDLORD’S control.

LANDLORD shall have no obligation to provide utilities or equipment other than the utilities and equipment within the leased premises as of the commencement date of this Lease. In the event TENANT requires additional utilities or equipment, the installation and maintenance thereof shall be TENANT’S sole obligation, provided that such installation shall be subject to the written consent of LANDLORD.

7. USE OF LEASED PREMISES

TENANT may use the leased premises for any purpose or use permitted by law and local ordinance. If such use increases the cost of LANDLORD’S insurance on the building, TENANT shall pay, as additional rent hereunder, any such increase. Neither LANDLORD nor LANDLORD’S BROKER have made any representations to TENANT regarding the uses of the leased premises allowed under applicable law, nor TENANT acknowledges and agrees that TENANT assumes all responsibility and risk for investigating the same.

8. COMPLIANCE WITH LAWS

TENANT agrees to conform to the following provisions during the entire term of this Lease: (i) TENANT shall not injure or deface the leased premises or building; (ii) No auction sale, inflammable fluids, chemicals, nuisance, objectionable noise or odor shall be permitted on the leased premises; (iii) TENANT shall not permit the use of the leased premises for any purpose other than set forth herein or any use thereof which is improper, offensive, contrary to law or ordinance, or liable to invalidate or increase the premiums for any insurance on the building or its contents or liable to render necessary any alterations or additions to the building; and (iv) TENANT shall not obstruct in any manner any portion of the building not hereby demised or the sidewalks or approaches to said building or any inside or outside windows or doors. TENANT shall observe and comply with all codes, ordinances, laws, regulations and other governmental or quasi-governmental orders or inspections affecting TENANT, the leased premises and/or TENANT's use and all reasonable rules and security regulations now or hereafter made by LANDLORD for the care and use of the leased premises, the building, its facilities and approaches. TENANT agrees to keep the leased premises equipped with all safety appliances and make all accessibility alterations, improvements or installations to the building, and/or accommodations in TENANTS use thereof required by law or any public authority as a result of TENANT'S use or occupancy of the premises or TENANT'S alterations or additions thereto, which alterations, improvements and installations shall be subject to LANDLORD'S consent as provided in this Lease.

9. MAINTENANCE

A. TENANT'S OBLIGATIONS

TENANT acknowledges by entry thereupon that the leased premises are in good and satisfactory order, repair and condition, and covenants during said term and further time as TENANT holds any part of said premises to keep the leased premises (including without limitation windows, doors and all systems serving exclusively the leased premises) in as good order, repair and condition as the same are in at the commencement of said term, or may be put in thereafter, damage by fire or unavoidable casualty and reasonable use and wear only excepted. Notwithstanding anything to the contrary herein, if TENANT has leased ground floor space, TENANT covenants to keep all plate glass windows in good repair and condition and to carry adequate insurance to provide for the replacement of any such plate glass which is damaged or destroyed.

B. LANDLORD'S OBLIGATIONS

LANDLORD agrees to maintain and repair the roof, exterior walls and structure of the building of which the leased premises are a part, building systems not exclusively serving the leased premises and the common areas, in the same condition as they are at the commencement of the term or as it may be put in during the term of this Lease, reasonable wear and tear, damage by fire and other casualty only excepted, unless such maintenance or repair is made necessary by fault or neglect of TENANT or the employees, contractors, agents or invitees of TENANT, in which case such maintenance or repair shall be at the expense of TENANT and TENANT shall pay all costs therefor.

10. ALTERATIONS-ADDITIONS

TENANT shall not make any alterations or additions, or permit the making of any holes in any part of said building (except for nail holes for hanging art), or paint or place any signs, drapes, curtains, shades, awnings, aerials or flagpoles or the like, or permit anyone except TENANT to use any part of the leased premises for desk space of for mailing privileges without on each occasion obtaining prior written consent of LANDLORD. TENANT may install signs of the following dimensions in the following locations, which signs shall be installed at TENANT'S sole expense, in compliance with all applicable laws and ordinances, and subject to LANDLORD's prior approval, which shall not be unreasonably withheld. TENANT shall not suffer or permit any lien of any nature or description to be placed against the building, the leased premises or any portion thereof, and in the case of any such lien attaching to immediately pay and remove the same; this provision shall not be interpreted as meaning that TENANT has any authority or power to permit any lien of any nature or description to attach or to be placed upon LANDLORD'S title or interest in the building, the leased premises, or any portion thereof.

11. ASSIGNMENT-SUBLEASING

TENANT shall not by operation of law or otherwise, assign, mortgage or encumber this Lease, or sublet or permit the leased premises or any part thereof to be used by others, without LANDLORD'S prior express written consent in each instance (cross out if not applicable). In any case where LANDLORD shall consent to such assignment or subletting, TENANT named herein and any guarantor of this Lease shall remain fully liable for the obligations of TENANT hereunder, including, without limitation, the obligation to pay the rent and other amounts provided under this Lease. For purposes of this Lease, the sale of controlling interest in the stock of a corporate TENANT, sale of the controlling membership interest in an LLC or similar entity, or the change of a general partner of a partnership TENANT shall constitute an assignment of this Lease.

12. SUBORDINATION AND QUIET ENJOYMENT

This Lease automatically shall be subject and subordinate to any and all mortgages, deeds of trust and other instruments in the nature of a mortgage, that is now or at any time hereafter a lien or liens on the property of which the leased premises are a part and TENANT shall, within ten (10) days after they are requested, promptly execute and deliver such written instruments as shall be necessary to show the subordination of this Lease to said mortgages, deeds of trust or other such instruments in the nature of a mortgage. Provided TENANT performs all of its obligations under this Lease, TENANT shall be entitled to the quiet enjoyment of the leased premises; provided TENANT covenants that it holds the leased premises subject to all easements, covenants and other matters of record, and agrees to abide by same to the extent the same affect the leased premises. TENANT agrees to sign within ten (10) days after they are requested, such estoppel certificates as are requested by LANDLORD or LANDLORD's lender.

13. LANDLORD'S ACCESS

LANDLORD or agents of LANDLORD may, at all reasonable times during the term of this Lease, enter the leased premises to examine the leased premises and, if LANDLORD shall so elect, to make any repairs or additions LANDLORD may deem necessary and, at TENANT'S expense, to remove any alterations, additions, signs, drapes, curtains, shades, awnings, aerials or flagpoles, or the like, not consented to in writing.

14. INDEMNIFICATION AND LIABILITY

Subject to and limited by the defenses and immunities afforded by the Maine Tort Claims Act and other applicable law, TENANT will defend and, except to the extent caused solely by the negligence or willful conduct of LANDLORD, will indemnify LANDLORD and its employees, agents and management company, and save them harmless from any and all injury, loss, claim, damage, liability and expense (including reasonable attorney's fees) in connection with the loss of life, personal injury or damage to property or business, arising from, related to, or in connection with the occupancy or use by TENANT of the leased premises or any part of LANDLORD'S property or the building, or occasioned wholly or in part by any act or omission of TENANT, its contractors, subcontractors, subtenants, licensees or concessionaires, or its or their respective agents, servants or employees while on or about the leased premises. TENANT shall also pay LANDLORD'S expenses, including reasonable attorney's fees, incurred by LANDLORD in successfully enforcing any obligation, covenant or agreement of this Lease or resulting from TENANT's breach of any provisions of this Lease (including without limitation any attorneys' fees incurred to monitor or intervene in any bankruptcy proceeding involving TENANT), or any document, settlement or other agreements related to this Lease. The provisions of this Article shall survive the termination or earlier expiration of the term of this Lease. Without limitation of any other provision herein, neither LANDLORD, its employees, agents nor management company shall be liable for, and TENANT hereby releases them from all claims for, any injuries to any person or damages to property or business sustained by TENANT or any person claiming through TENANT due to the building or any part thereof (including the premises), or any appurtenances thereof, being in need of repair or due to the happening of any accident in or about the building or the leased premises or due to any act or negligence of TENANT or of any employee or visitor of TENANT. Without limitation, this provision shall apply to injuries and damage caused by nature, rain, snow, ice, wind, frost, water, steam, gas or odors in any form or by the bursting or leaking of windows, doors, walls, ceilings, floors, pipes, gutters, or other fixtures; and to damage caused to fixtures, furniture, equipment and the like situated at the leased premises, whether owned by TENANT or others. Notwithstanding the foregoing, all obligations of indemnification herein by TENANT to the Landlord are subject to, and limited by, the limitation of liability, defenses and immunities available to the TENANT under the Maine Tort Claims Act (14 M.R.S.A. § 8101 et seq.) (as it may be amended from time to time) or under any other applicable law. Landlord shall give the TENANT prompt notice of any matter as to which it may seek indemnity hereunder, and shall not settle any such matter without the City's consent.

15. TENANT'S LIABILITY INSURANCE

LANDLORD acknowledges having been informed by TENANT that TENANT self-insures for the risks generally that would be covered by commercial general liability insurance, in connection with the Maine Municipal Associations 'Risk Management Pool."

16. FIRE CASUALTY-EMINENT DOMAIN

Should a substantial portion of the leased premises, or of the property of which they are a part, be damaged by fire or other casualty, or be taken by eminent domain, LANDLORD may elect to terminate this Lease. When such fire, casualty, or taking renders the leased premises unfit for use and occupation and LANDLORD does not so elect to terminate this Lease, a just and proportionate abatement of rent shall be made until the leased premises, or in the case of a partial taking what may remain thereof, shall have been put in proper condition for use and occupation. LANDLORD reserves and excepts all rights to damages to the leased premises and building and the leasehold hereby created, accrued or subsequently accruing by reason of anything lawfully done in pursuance of any public, or other, authority; and by way of confirmation, TENANT grants to LANDLORD all TENANT'S rights to such damages and covenants to execute and deliver such further instruments of assignment thereof as LANDLORD may from time to time request. LANDLORD shall give TENANT notice of its decision to terminate this Lease or restore the premises within ninety (90) days after any occurrence giving rise to LANDLORD'S right to so terminate or restore. Notwithstanding anything to the contrary contained herein, LANDLORD'S obligation to put the leased premises or the building in proper condition for use and occupation shall be limited to the amount of the proceeds from any insurance policy or policies or of damages which accrue by reason of any taking by a public or other authority, which are available to LANDLORD for such use.

17. DEFAULT AND BANKRUPTCY

In the event that:

(a) TENANT shall default in the payment of any installment of rent or other sum herein specified when due which default is not corrected within seven (7) days after written notice thereof; or

(b) TENANT shall default in the observance or performance of any other of the TENANT'S covenants, agreements, or obligations hereunder and such default shall not be corrected within ten (10) days after written notice thereof; or

(c) The leasehold hereby created shall be taken on execution, or by other process of law; or

(d) Any assignment shall be made of TENANT'S property for the benefit of creditors, or a receiver, guardian, conservator trustee in bankruptcy or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of TENANT'S property, or a petition is filed by TENANT under any bankruptcy, insolvency or other debtor relief law,

then and in any of said cases (notwithstanding any license of any former breach of covenant or waiver of the benefit hereof or consent in a former instance), LANDLORD shall be entitled to all remedies available to LANDLORD at law and equity including without limitation, the remedy of forcible entry and detainer, and LANDLORD lawfully may, immediately or at any time thereafter, and without demand or notice, mail a notice of termination to TENANT, or, if permitted by law, enter into and upon the leased premises or any part thereof in the name of the whole and repossess the same as of its former estate, and expel TENANT and those claiming through or under it and remove it or their effects without being deemed guilty of any manner of trespass, and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant, and upon such mailing or entry as aforesaid, this Lease shall terminate; and TENANT covenants and agrees, notwithstanding any entry or re-entry by LANDLORD, whether by summary proceedings, termination, or otherwise, that TENANT shall, as of the date of such termination, immediately be liable for and pay to LANDLORD the entire unpaid rental and all other balances due under this Lease for the remainder of the term. In addition, TENANT agrees to pay to LANDLORD, as damages for any above described breach, all costs of reletting the leased premises including real estate commissions and costs of renovating the premises to suit any new tenant, and TENANT agrees to reimburse LANDLORD for all attorneys' and paralegals' fees incurred by LANDLORD in connection with a TENANT default, including without limitation such fees incurred in connection with a bankruptcy proceeding.

18. NOTICE

Any notice from LANDLORD to TENANT relating to the leased premises or to the occupancy thereof, shall be deemed duly served, upon mailing to: City of Portland Corporation Counsel, 389 Congress St., Portland, ME 04101-3509 , certified mail, return receipt requested, postage prepaid,. Such notice shall be deemed served on the date postmarked, and any time period in this Lease running from the date of notice shall commence on the date of postmark. Any notice from TENANT to LANDLORD relating to the leased premises or to the occupancy thereof, shall be deemed duly served, if mailed to LANDLORD by registered or certified mail, return receipt requested, postage prepaid, addressed to LANDLORD at LANDLORD'S address set forth in Article 1, or at such other address as LANDLORD may from time to time advise in writing.

19. SURRENDER

IF TENANT has not exercised its option to purchase and closed on such purchase (as set forth in Paragraph 29 Addendum), or if this Lease terminates for any other reason prior to Tenant exercising its option to purchase, TENANT, shall at the expiration or other termination of this Lease, peaceably yield up the leased premises and all additions, alterations, fixtures (including those installed by TENANT), and improvements thereto in good order, repair and condition, damage by fire, unavoidable casualty, and reasonable wear and tear only excepted, first moving all goods and effects not attached to the leased premises, repairing all damage caused by such removal, and leaving the leased premises clean and tenantable. If LANDLORD in writing permits TENANT to leave any such goods and chattels at the leased premises, and TENANT does so, TENANT shall have no further claims and rights in such goods and chattels as against LANDLORD or those claiming by, through or under LANDLORD, and TENANT shall be deemed to have conveyed such items to LANDLORD unless LANDLORD elects to reject acceptance of the same.

20. HAZARDOUS MATERIALS

TENANT covenants and agrees that, with respect to any hazardous, toxic or special wastes, materials or substances including asbestos, waste oil and petroleum products (the "Hazardous Materials") which TENANT, its agents or employees, may use, handle, store or generate in the conduct of its business at the leased premises TENANT will: (i) comply with all applicable laws, ordinances and regulations which relate to the treatment, storage, transportation and handling of the Hazardous Materials (ii) that TENANT will in no event permit or cause any disposal of Hazardous Materials in, on or about the leased premises and in particular will not deposit any Hazardous Materials in, on or about the floor or in any drainage system or in the trash containers which are customarily used for the disposal of solid waste; (iii) that TENANT will with advance notice and at all reasonable times permit LANDLORD or its agents or employees to enter the leased premises to inspect the same for compliance with the terms of this paragraph and will further provide upon five (5) days notice from LANDLORD copies of all records which TENANT may be obligated by federal, state and/or local law to obtain and keep; (iv) that upon termination of this Lease, TENANT will at its expense, remove all Hazardous Materials, which came to exist on, in, or under the leased premises during the term of this Lease or any extensions thereof, from the leased premises and comply with applicable local, state and federal laws as the same may be amended from time to time; and (v) TENANT further agrees to deliver the leased premises to LANDLORD at the termination of this Lease free of all Hazardous Materials which came to exists on, in, or under the leased premises during the term of this Lease or any extensions thereof. The terms used in this paragraph shall include, without limitation, all substances, materials, etc., designated by such terms under any laws, ordinances or regulations, whether federal state or local.

21. LIMITATION OF LIABILITY

TENANT agrees to look solely to LANDLORD'S interest in the building for recovery of any judgment from LANDLORD or any of LANDLORD's partners, managers, or owners, it being agreed that LANDLORD and any other such party is not personally liable for any such judgment. The provision contained in the foregoing sentence shall not limit any right that TENANT might otherwise have to obtain an injunctive relief against LANDLORD or LANDLORD'S successors in interest, or any other action not involving the personal liability of LANDLORD and any other such party. Under no circumstances shall LANDLORD ever be liable for lost profits, indirect or consequential damages.

22. LANDLORD DEFAULT

LANDLORD shall in no event be in default in the performance of any of its obligations hereunder unless and until LANDLORD shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by TENANT to LANDLORD properly specifying wherein LANDLORD has failed to perform any such obligation. Further, if the holder of the mortgage on the building of which the leased premises are a part notifies TENANT that such holder has taken over LANDLORD'S rights under this Lease, TENANT shall not assert any right to deduct the cost of repairs or any monetary claim against lender or holder from rent thereafter due and accruing, but shall look solely to LANDLORD for satisfaction of such claim.

23. WAIVER OF RIGHTS

No consent or waiver, express or implied, by either party to or of any breach of any covenant, condition or duty of the other, shall be construed as a consent or waiver to or of any other breach of the same or other covenant, condition or duty.

24. SUCCESSORS AND ASSIGNS

The covenants and agreements of LANDLORD and TENANT shall run with the land and be binding upon and inure to the benefit of them and their respective heirs, executors, administrators, successors and assigns, but no covenant or agreement of LANDLORD, express or implied, shall be binding upon any person except for defaults occurring during such person's period of ownership nor binding individually upon any fiduciary, any shareholder or any beneficiary under any trust.

25. HOLDOVER

If TENANT fails to vacate the leased premises at the termination of this Lease and has not exercised its option to purchase the 212 Canco Road premises, then the terms of this Lease shall be applicable during said holdover period, except for base rent, which shall be increased to two (2) times the then-current base rent for the period just preceding such termination; but this provision shall not be interpreted as consent or permission by LANDLORD for TENANT to holdover at the termination of this Lease and the terms of this holdover provision shall not preclude LANDLORD from recovering any other damages which it incurs as a result of TENANT'S failure to vacate the leased premises at the termination of this Lease.

26. JURY TRIAL WAIVER

NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, TENANT AND LANDLORD, FOR THEMSELVES AND THEIR SUCCESSORS AND ASSIGNS, HEREBY KNOWINGLY, WILLINGLY, AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TENANT AND/OR LANDLORD MAY HAVE TO A TRIAL BY JURY IN ANY FORCIBLE ENTRY AND DETAINER ("FED") ACTION OR PROCEEDING BROUGHT BY LANDLORD OR LANDLORD'S SUCCESSORS AND/OR ASSIGNS BASED UPON OR RELATED TO THE PROVISIONS OF THIS LEASE. LANDLORD AND TENANT HEREBY AGREE THAT ANY SUCH FED ACTION OR PROCEEDING SHALL BE HEARD BEFORE A SINGLE JUDGE OF THE APPROPRIATE DISTRICT COURT OR A SINGLE JUDGE OF THE APPROPRIATE SUPERIOR COURT, OR A FEDERAL DISTRICT COURT JUDGE SITTING IN THE DISTRICT OF MAINE.

27. MISCELLANEOUS

If TENANT is more than one person or party, TENANT'S obligations shall be joint and several. Unless repugnant to the context, "LANDLORD" and "TENANT" mean the person or persons, natural or corporate, named above as LANDLORD and TENANT respectively, and their respective heirs, executors, administrators, successors and assigns. LANDLORD and TENANT agree that this Lease shall not be recordable but each party hereto agrees, on request of the other, to execute a Memorandum of Lease in recordable form and mutually satisfactory to the parties. If any provision of this Lease or its application to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease and the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. The submission of this Lease or a summary of some or all of its provisions for examination by TENANT does not constitute a reservation of or option for the premises or an offer to lease said premises, and this document shall become effective and binding only upon the execution and delivery hereof by both LANDLORD and TENANT. Employees or agents of LANDLORD have no authority to make or agree to make a lease or any other agreement or undertaking in connection herewith. All negotiations, considerations, representations and understandings between LANDLORD and TENANT are incorporated herein and no prior agreements or understandings, written or oral, shall be effective for any purpose. No provision of this Lease may be modified or altered except by agreement in writing between LANDLORD and TENANT, and no act or omission of any employee or agent of LANDLORD shall alter, change, or modify any of the provisions hereof. Time is of the essence of this agreement. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of Maine. The headings herein contained are for convenience only, and shall not be considered a part of this Lease.

28. BROKERAGE

TENANT warrants and represents to LANDLORD that it has not dealt with any broker, finder or similar person concerning the leasing of the leased premises, and agrees to defend and indemnify LANDLORD against any claim from a broker or finder claiming by or through TENANT. LANDLORD warrants and represents to TENANT that it has not dealt with any broker, finder or similar person concerning the leasing of the leased premises other than The Boulos Company ("LANDLORD'S BROKER"). LANDLORD agrees to pay LANDLORD'S BROKER any commission due upon execution of this Lease, and in the event of any brokerage claims against TENANT by LANDLORD'S BROKER, LANDLORD agrees to defend the same and indemnify TENANT against any such claim.

29. OPTION TO PURCHASE LANDLORD hereby grants TENANT as part of this lease agreement, the right and option to purchase all of the LANDLORD's real property at 212 Canco Road, on the terms and conditions set out in this paragraph 29 as further set forth in the attached continuation of paragraph 29 in Exhibit B, OPTION TO PURCHASE; and the terms and conditions therein are hereby incorporated herein.

DISCLAIMER: THIS IS A LEGAL DOCUMENT. IF NOT FULLY UNDERSTOOD, CONSULT AN ATTORNEY.

IN WITNESS WHEREOF, the said parties hereunto set their hands and seals this ____ day of _________________, 2014.

TENANT:	LANDLORD:
City of Portland, Maine____________________	**212 Canco Realty LLC**________________________
Legal Name of Tenant	Legal Name of Landlord
____	____
Signature	Signature
__Mark H. Rees, City Manager____________________	____
NAME/TITLE	NAME/TITLE
____	____
Witness to Tenant	Witness to Landlord

Approved as to form:	Approved as to funds:
________________________	____________________
Corporation Counsel's Office	Finance Department

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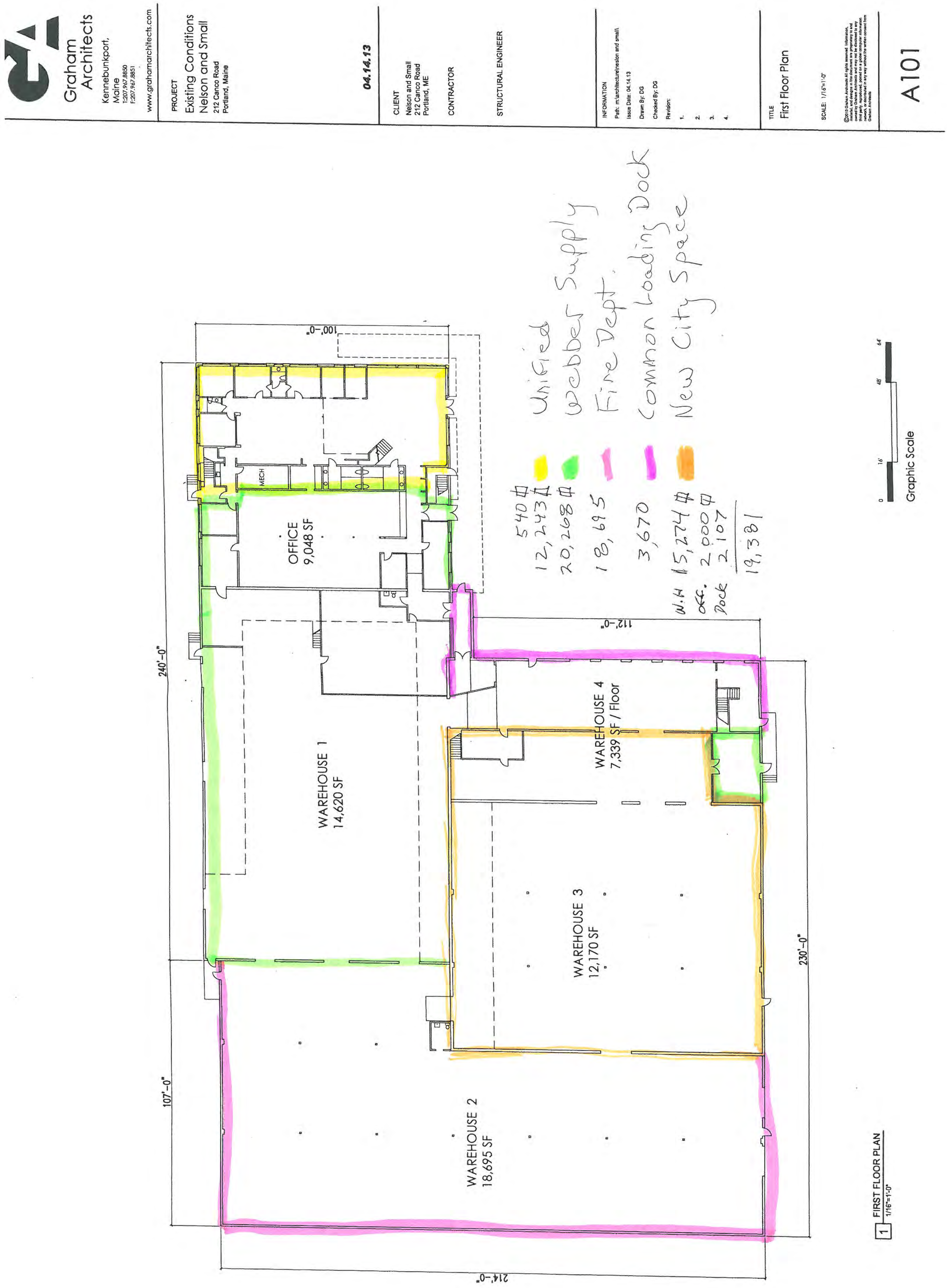
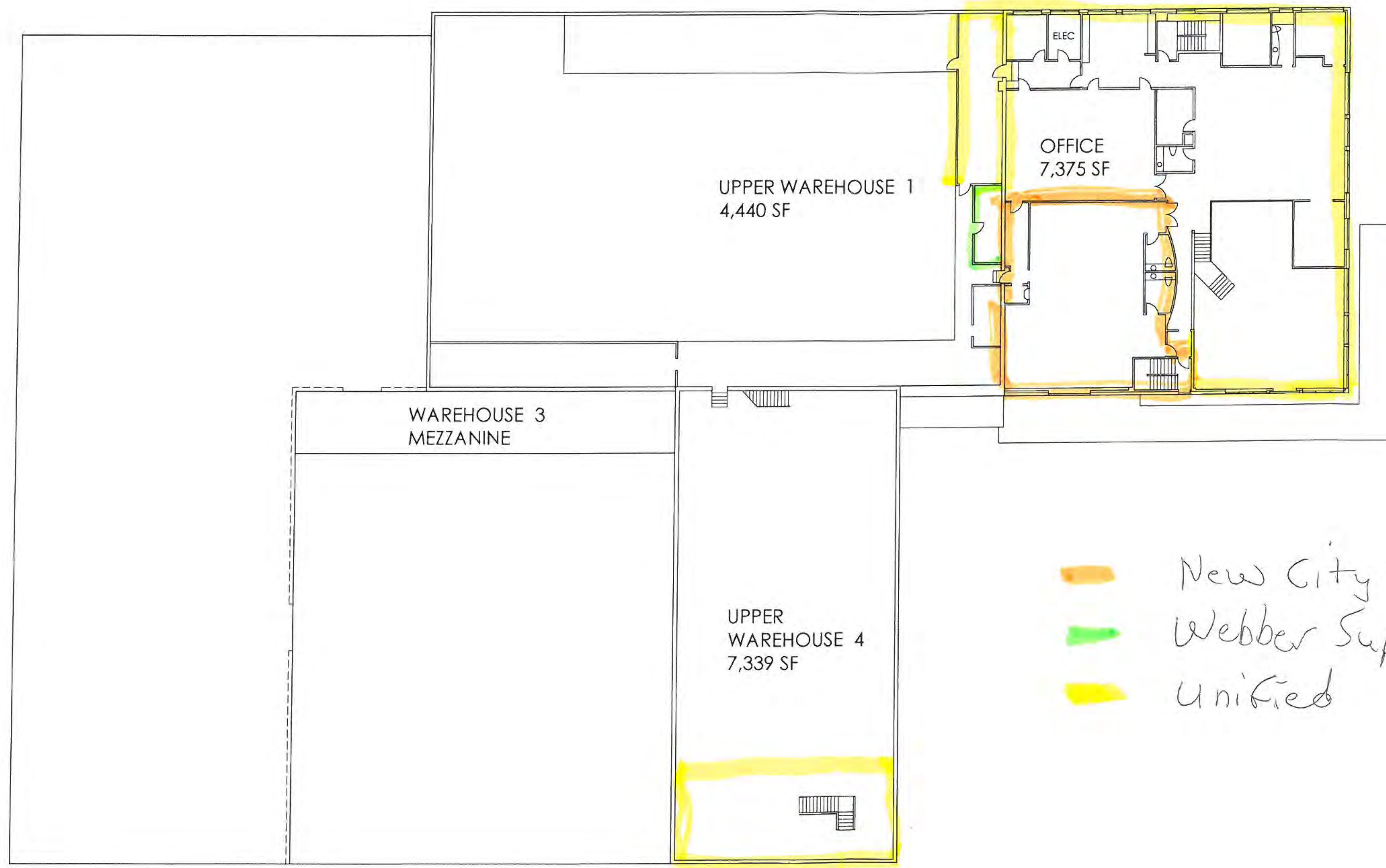
EXHIBIT A TO COMMERCIAL NET LEASE W/OPTION TO PURCHASE
(212 Canco Road)





New City office Space
Webber Supply
Unified

1 SECOND FLOOR PLAN
1/16"=1'-0"

0 16' 48' 64'
Graphic Scale

Graham
Architects

Kennebunkport,
Maine
T:207.967.8850
F:207.967.8351

www.grahamarchitects.com

PROJECT
Existing Conditions
Nelson and Small
212 Canco Road
Portland, Maine

04.14.13

CLIENT
Nelson and Small
212 Canco Road
Portland, ME

CONTRACTOR

STRUCTURAL ENGINEER

INFORMATION
Path: m:\architecture\nelson and small\
Issue Date: 04.14.13
Drawn By: DG
Checked By: DG
Revision:
1.
2.
3.
4.

TITLE
Second Floor Plan

SCALE: 1/16"=1'-0"

A102

EXHIBIT B, contains Paragraph 29 of the
COMMERCIAL LEASE (NET LEASE)
WITH OPTION TO PURCHASE

29. OPTION TO PURCHASE REAL ESTATE

The LANDLORD hereby grants to the TENANT, its successors and assigns, the exclusive option and right to purchase the premises owned by LANDLORD and located at 212 Canco Road, Portland, Cumberland County, Maine, Map 148, Block A, Lot 7 (the “Property”), more fully described in the deed recorded in the Cumberland County Registry of Deeds in Book 25041, Page 277, attached Exhibit A, subject to the following terms and conditions:

1. Purchase Price and Credit for Lease Payment. The purchase price for the premises shall be Two Million Nine Hundred Thousand Dollars ($2,900,000). The TENANT represents and warrants that it has the funds required to complete the purchase contemplated by this Option and that a purchase has been approved by all necessary parties and departments within the TENANT.

2. Use. LANDLORD understands that TENANT intends to use this property for municipal needs, but this option is not intended to limit the TENANT’s use of this property.

3. Term of Option. As long as the TENANT is not in default of its leasehold obligations set forth below in both of the TENANT leases with LANDLORD described below and as long as the TENANT is then leasing both leaseholds described below, the TENANT may exercise its option to purchase at any time after March 1, 2017; but, no later than October 31, 2018, time being of the essence.

4. Existing Leases. There are now existing four leases of portions of the Property, and the parties expect there to be a fifth, as well; with their term dates, they are:

Tenant	Term start(s)	Term ends	Approx. Sq. Ft
Webber Supply	7/1/2013	6/30/2018	20,268
Unified Technologies	11/1/2013	10/31/2018	12,243
Nelson & Small	----	6/30/2014	---
City of Portland	10/1/2013	9/30/2014	18,695
City of Portland	3/1/2014	10/31/2018	19,381

a) As long as the TENANT is not in default of its lease hold obligations as set forth in both of the TENANT’s leases with the

LANDLORD, LANDLORD will cause the Nelson & Small lease as it relates to the existing ground floor and second floor office space to terminate not later than June 30, 2014.

b) As long as the TENANT is not in default of its leasehold obligations as set forth in both of the TENANT's leases with LANDLORD described below and as long as the TENANT is then leasing both leaseholds described above, LANDLORD will renew both of the TENANT's leases, if requested by the TENANT, to extend the term until the date when LANDLORD conveys the Property to the TENANT. LANDLORD has provided the TENANT with copies of the Webber Supply lease and Unified Technologies lease, prior to the execution of second TENANT Lease of which this option to purchase is a part. At closing, the TENANT will assume the LANDLORD's interest in and obligations under said leases.

c) As long as the TENANT is not in default of its leasehold obligations set forth in both of the TENANT's leases with LANDLORD described below and as long as the TENANT is then leasing both leaseholds described below, LANDLORD agrees not to lease any portion of the Premises to any party (except to the TENANT) before October 31, 2018, unless TENANT does not exercise its right to lease such space when offered the right below to lease such empty space. Accordingly, LANDLORD will offer any space other then the spaces leased to the TENANT, as and if it becomes available, on the same terms and conditions as in the Lease to which this Option is attached except as to rent which shall be $4.00per sq. ft. per year plus all CAMS, taxes and operating expenses, and TENANT shall exercise its right to lease said space within ten (10) days after such notice. If TENANT does not exercise its right to lease such space, LANDLORD shall have the right to lease such space to a third party. Also, LANDLORD will ensure that the entire building on the Property shall be in 'broom clean' condition upon the date when LANDLORD conveys the Property to the TENANT. That said, the sale will be "As Is" with all faults, and the LANDLORD makes no representations as to the condition of the Property.

d) Upon the execution of this Lease to TENANT, the TENANT and LANDLORD agree to amend the lease with the TENANT dated June 21, 2013 eliminating Tenant's right to terminate on 30 days' notice in Section 3. At the end of the current term of the June 21, 2013, lease (September 30, 2014) the TENANT shall have the right to extend the term of said lease such that the June 21, 2013 lease term ends on October 31, 2018.

5. Exercise of Option. This option to purchase may be exercised by the TENANT so long as it is a tenant in good standing under two different leases with LANDLORD, one dated June 21, 2013 and the other dated

January ____, 2014, and both leases are then in full force and effect by giving written notice to LANDLORD by FEDEX or Certified U.S. Mail, return receipt requested, addressed as follows: 212 Canco Realty LLC, Attn: General Manager, 212 Canco Road, Portland, ME 04103, or by delivery in hand to the General Manager of 212 Canco Realty LLC and with a duplicate copy to Leonard M. Nelson, c/o Bernstein Shur, 100 Middle Street, PO Box 9729, Portland, ME 04104-5029.

6. <u>Settlement.</u> Following the exercise of this option to purchase, the closing shall be held within three (3) months of the receipt by LANDLORD of the written Notice of Exercise (the "Closing Period"), time being of the essence at a location and time mutually agreed upon by the parties. Payment of the purchase price shall be by certified bank check or by wire transfer of funds.

7. <u>Inspection and Survey.</u> During the term of the option to purchase, the TENANT, its successors and assigns shall have the right to enter the Property at all reasonable times with prior notice to LANDLORD for the purpose of conducting such inspections, surveys, wetlands, environmental and soils investigation and studies as it deems necessary. The TENANT shall assume all responsibility for such entry, inspections or investigations and shall hold LANDLORD harmless from any claims related to such entry, inspections or investigations.

8. <u>Deed</u>. At the Closing, LANDLORD shall deliver to the TENANT a duly executed and acknowledged Quitclaim with Covenant.

   LANDLORD shall pay its share of the real estate transfer tax, if any. The TENANT shall be responsible for the cost of recording the Deed.

9. <u>"Put" in favor of Canco Realty.</u> At any time between the date hereof and October 31, 2018, LANDLORD shall have the right to request the TENANT that it execute its $2.9 Million option to purchase the Property. In the event the TENANT does not exercise its option right within 90 days of the request, the TENANT's option to purchase the Property shall automatically terminate and be of no further force and effect. Exercise by the TENANT of its lease and option to purchase shall be accomplished by notifying LANDLORD pursuant to Paragraph 5 above.

10. <u>Notices</u>. Any notice under this Option shall be delivered or sent by Fed Ex or certified mail, postage prepaid, return receipt requested, and addressed as follows:

If to Canco Realty, to:
212 Canco Realty LLC
Attn: General Manager
212 Canco Road
Portland, ME 04103

With copy to:
Leonard M. Nelson, Esq.
Bernstein Shur
100 Middle Street
P.O. Box 9729
Portland, ME 04104-5029

If to City, to: City Manager
City of Portland
389 Congress Street
Portland, ME 04101

11. Execution and Recording. This option to purchase set forth in this paragraph 29 of the lease is a portion of the lease between LANDLORD and TENANT and may not be recorded. Upon the request of TENANT a Memorandum of Lease and Option shall be executed in a form eligible for recordation, and may be recorded at TENANT's expense at the Cumberland County Registry of Deeds.

12. Release of Option. Concurrently with this lease being executed, the TENANT shall execute and deliver to LANDLORD a written release, quitclaim deed or other instrument specified by LANDLORD, evidencing the non-exercise or termination of its option rights. The instrument shall be signed and acknowledged in a form eligible for recordation. LANDLORD's attorney shall hold said executed instrument in escrow and shall be entitled to release and record said instrument if a) the option to purchase is not exercised within the Exercise Period; or b) such earlier time as is set forth in Paragraph 9 above; or, c) if either of the two City Leases with Canco Realty described above terminates prior to the City's exercise of this Option; or, d) if the TENANT exercises its option and does not close within the Closing Period.

13. Binding Effect. This option to purchase shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

14. Assignment. This option to purchase may not be assigned by the City. Any purported assignment shall be void and in such event the TENANT's rights in this option to purchase shall terminate and be of no further force and effect.

15. Severability. If any provision of this option to purchase is found to be invalid or unenforceable, such finding shall not affect the validity or enforceability of any other provision hereof.

16. Compensation for Option. The City's entering into this Commercial Lease and performing its obligations set forth therein is hereby deemed to be, and include, partial consideration for this option to purchase. Other consideration includes the City's representation and warranty that it has the funds required to complete the purchase contemplated by this option to purchase and that a purchase has been approved by all necessary parties and Departments at the City.

17. Governing Law. This option to purchase shall be governed by and construed in accordance with the laws of the State of Maine.

EXHIBIT A

[Deed at Book 25041, Page 277]

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Housing and Community Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: February 7, 2014

SUBJECT: Combined City Downtown Tax Increment Financing and/or Transit Oriented Development District

SUMMARY OF THE ISSUE

Tax Increment Financing (TIF) Districts, including Downtown (DT) and Transit Oriented Development (TOD) Districts, provide communities flexible economic development approaches to provide dedicated source of funds from increased property valuation to invest in a range of activities from public infrastructure, paying staff salaries, workforce training, to new transit services in order to strengthen a local economy.

City staff is beginning this discussion, with the HCDC, to receive direction to prepare required maps, financial projections, and documents to discuss establishing a new DT and/or TOD District. It is noted that City Council approval is required to establish a new TIF district along with Maine Department of Economic and Community Development (MDECD) approval.

TIF OVERVIEW

City TIF Policy

City staff worked with the HCDC over nine months to overhaul City TIF Policy which was adopted by the City Council on February 4, 2013. Attached is a copy of the City's TIF Policy.

Important aspects of the City Policy are a stronger emphasis upon City investment in public infrastructure versus entering into Credit Enhancement Agreements (CEAs) to support individual development projects.

Existing TIF Districts

For your reference, attached is a complete listing of all City approved TIF districts, including TIF districts which have expired.

TIF Refresher

For your reference, attached is a copy of a general TIF education power point presentation which was presented to the HCDC last year.

Parameters to Establish a New TIF District

Here is a listing of the parameters to discuss to establish a new DT and/or TOD TIF district. These parameters will guide the design of the new TIF district.

Type of TIF District?

Two options to consider include establishing a DT TIF district which typically finds public infrastructure, marketing events, and staff salaries, or a TOD TIF district to fund new transit services, or combination of the two types of TIF districts.

It is noted that DT TIF requires a current downtown redevelopment plan which outlines public infrastructure investments to support economic growth.

Size and Location?

How much of the Portland Peninsula to include and relationship with existing TIF districts. See attached map showing existing Peninsula TIF districts. City staff, at the February 12, 2014 HCDC will provide an overview of the existing approved three large TIF district (Bayside, Arts and Waterfront) programs in order to discuss how a new TIF district would interrelate with them

Length of Term for a new TIF District?

TIF districts can be established for up to thirty (30) years.

Use of TIF Funds?

TIF law establishes parameters for use of TIF revenue. Please review the provided power point presentation for examples of allowable uses of TIF funds.

Also, attached is a map showing the locations of major City transportation initiatives which can guide the discussion of future TIF investments. It is noted that TIF districts need to provide a specific list of TIF investments or provide example projects.

Additionally, City staff is putting together next year’s CIP which can be shared with the HCDC at a future meeting to inform the direction of public infrastructure investments on the peninsula.

REASON FOR THE SUBMISSION

This is being submitted for staff to receive direction, from the HCDC, to establish parameters associated with a possible new Downtown TIF and/or a TOD district to include some or all of Portland’s Peninsula.

INTENDED RESULT

Expected outcome is City Council approval to establish a new TIF district.

COUNCIL GOAL ADDRESSED

Establish possible Downtown and Transit Oriented Development TIF Districts.

FINANCIAL IMPACT

After receiving direction from the HCDC regarding the size of the TIF district, City staff will prepare future new property tax projections and associated tax shelter benefits related to capturing tax revenue in a TIF district.

STAFF ANALYSIS

Staff is prepared to provide continued supporting information, maps, and required documents to support the establishment of a new TIF district on Portland's Peninsula.

RECOMMENDATION

It is premature to provide formal recommendations at this time. City staff will provide guidance to this discussion going forward. Formal recommendations will be provided based upon HCDC discussion and direction.

Attachments:
- Portland TIF Policy, pp. 4 to 10
- Summary of All Approved TIF Districts – pp. 11 to 16
- Powerpoint Presentation – pp. 17 to 26
- Map of Existing TIF Districts on Peninsula – p. 27
- Map of Major City Transportation Initiatives – p. 28

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 exempt 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.

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

NOTE 2: 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.

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

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. Bramhall/Holt Hall (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. UNUM (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. Waterfront TIF (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. <u>Bayside TIF</u> (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. <u>Riverwalk</u> (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.

Municipal Tax Increment Financing Overview Refresher

Housing and Community Development Committee

February 12, 2014

Presented by:

Gregory A. Mitchell, Director
Economic Development/City of Portland

What is Tax Increment Financing?

- A public economic development financing program, funded by property taxes on the incremental new value generated by a development project.

Why is TIF Used?

- To stimulate private sector investment and job creation
  - Targeted industries
  - Targeted locations
- Expand existing or fund new transit service capital costs and limited operational costs (transit operator salaries, fuel, and maintenance), invest in public infrastructure, staff salaries, and those listed on pages 10 to 13 of the presentation for additional uses of TIF revenue.
- To 'shelter' against adverse adjustments to State subsidies and County taxes based on total municipal valuation

Transit-Oriented Development Districts – Funding Uses

- Costs within and outside transit-oriented district which add to existing transit services or create new transit services including salaries, fuel, and maintenance.

- Costs of funding capital investments, including transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; benches; signs; bicycle lane construction; and pedestrian improvements.

Transit-Oriented TIF District
- Possible Geographic Applications -

- Franklin Street Corridor Redevelopment
- Bayside connections
- Eastern Waterfront/Ocean Gateway and Casco Bay Ferry Terminal connections/infrastructure
- Thompson's Point and Portland Transportation Center connections/ infrastructure
- Forest Avenue corridor
- East/West Connector
- Libbytown
- State, High, and Spring Streets

How Does TIF Work?

- A municipality designates a specific geographic area as a **municipal development tax increment financing district.**
- This **"freezes" the value** of taxable property within the district (the original assessed value or "**OAV**"); TIF revenues derive from taxes on **incremental new value** above OAV.
- Municipality adopts a **development program** describing authorized uses of revenue.

Establishing the TIF District

TIF law places certain limitations on the size and assessed value of TIF districts.

*TOD and Downtown Districts are exempt from limitations below.

Size

- **2%** of total acreage for single district; **5%** of total acreage for all districts (619 acres total with 426 acres available)

Value

- All districts combined may not exceed **5%** of total value of taxable property ($377 Million total, with $67 Million in value remaining)

Establishing The TIF District

TIF districts may be designated for a maximum of **30** years, and at least **25%** of the district area must be:

- Blighted
- In need or rehabilitation, redevelopment or conservation;
- Suitable for commercial uses or arts; or
- Affordable Housing with 25% suitable for residential use.

Authorized Uses of TIF Revenue

- Costs within the district
  (most flexible)
- Costs outside district but directly related to or made necessary by the district
  (less flexible)
- Community wide economic development (narrow list of uses)

Within The District

- **Capital Costs**, including:
  - Land acquisition or construction, improvements and site work
  - Demolition, repair and remodeling
  - Acquisition of equipment
- **Financing Costs**, including:
  - Public infrastructure or Private Projects

Within The District Continued

- Professional Services, including:
  - Licensing and architectural
  - Planning, engineering and legal
- Other Costs, including:
  - Reasonable administrative expenses
  - Relocation expenses
  - Organizational costs to establish district, such as impact studies, and public information

Outside The District

Directly related to the district, or made necessary by its establishment

- **Infrastructure improvements**, including:
  - Sewage or water treatment plants
  - Sewer, water and electrical lines
  - Street amenities and fire station improvements
- **Other improvements**, including:
  - Public safety

Community Wide Economic Development

Outside and unrelated to the district; municipal-wide

- Economic Development programs, including municipal staff
- Environmental improvement plans
- Permanent Revolving Loan Funds
- Employment training (<20%)
- Quality child care

Prohibited Project Costs

- The TIF statute specifically prohibits the following project costs:
  - Those associated with buildings used predominantly for the general conduct of government
  - Public recreational purposes, except for Affordable Housing TIF

Funding Mechanisms

- **Municipal Bonds**
  - Municipality established a Development Sinking Fund for debt service requirements
- **Credit Enhancement Agreement**
  - TIF revenues placed in a Project Cost Account for direct payment to company for authorized project costs
- **Municipal Economic Development**
  - TIF revenues placed in a Project Cost Account for direct payment by municipality for authorized project costs

How Does 'Sheltering' Work?

- With new investment, real estate valuation goes ↑↑
- As a result, state subsidies go ↓↓ and county taxes go ↑↑
- **TIF 'shelters' captured new value** by excluding it from total municipal value reported to the state for the length of the TIF

TIF Approval Process

TIF Program
- District Boundaries
- Development Program
- Financial Plan

Municipal or County Approval, followed by:

State DECD Approval for Commercial & Industrial Projects;

OR

Maine State Housing Authority for Affordable Housing TIFs.

Credit Enhancement Agreements w/Project Developer then executed after above two approvals.

Tips for Effective TIF’s

- Support local goals and objectives
- Puts a decision-making process in place
- Establish guidelines around the use of TIF revenue
- Allow as much flexibility as feasible
- Delineate boundaries thoughtfully
- Maximize shelter value

Portland’s Experience With TIFs

- Adopted New Council TIF Policy as of 2/4/2013.
- Portland currently has approved 15 TIF districts, with two of those now expired – Shipyard and Auto Europe

Questions?

Gregory A. Mitchell, Director
Economic Development/City of Portland
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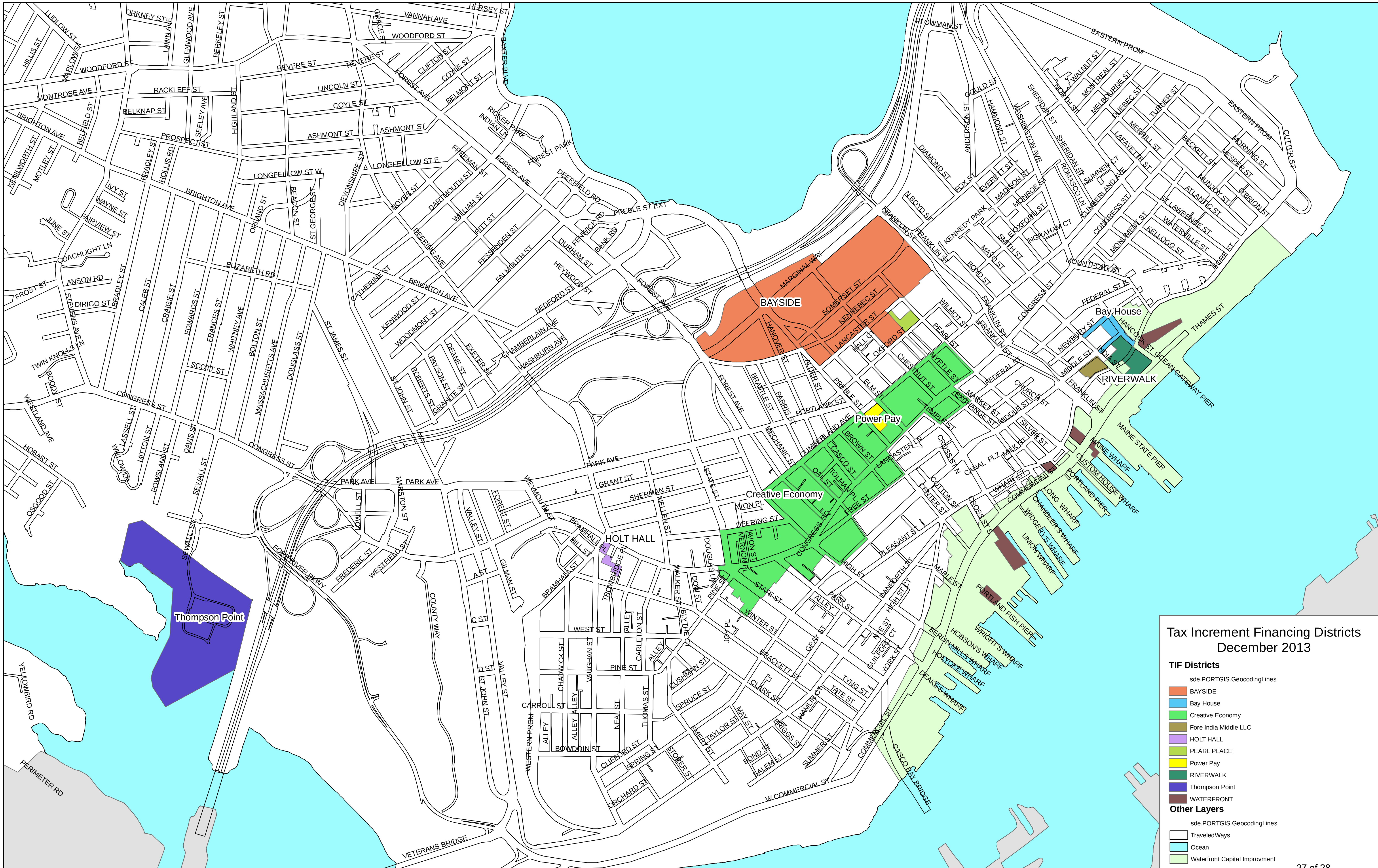
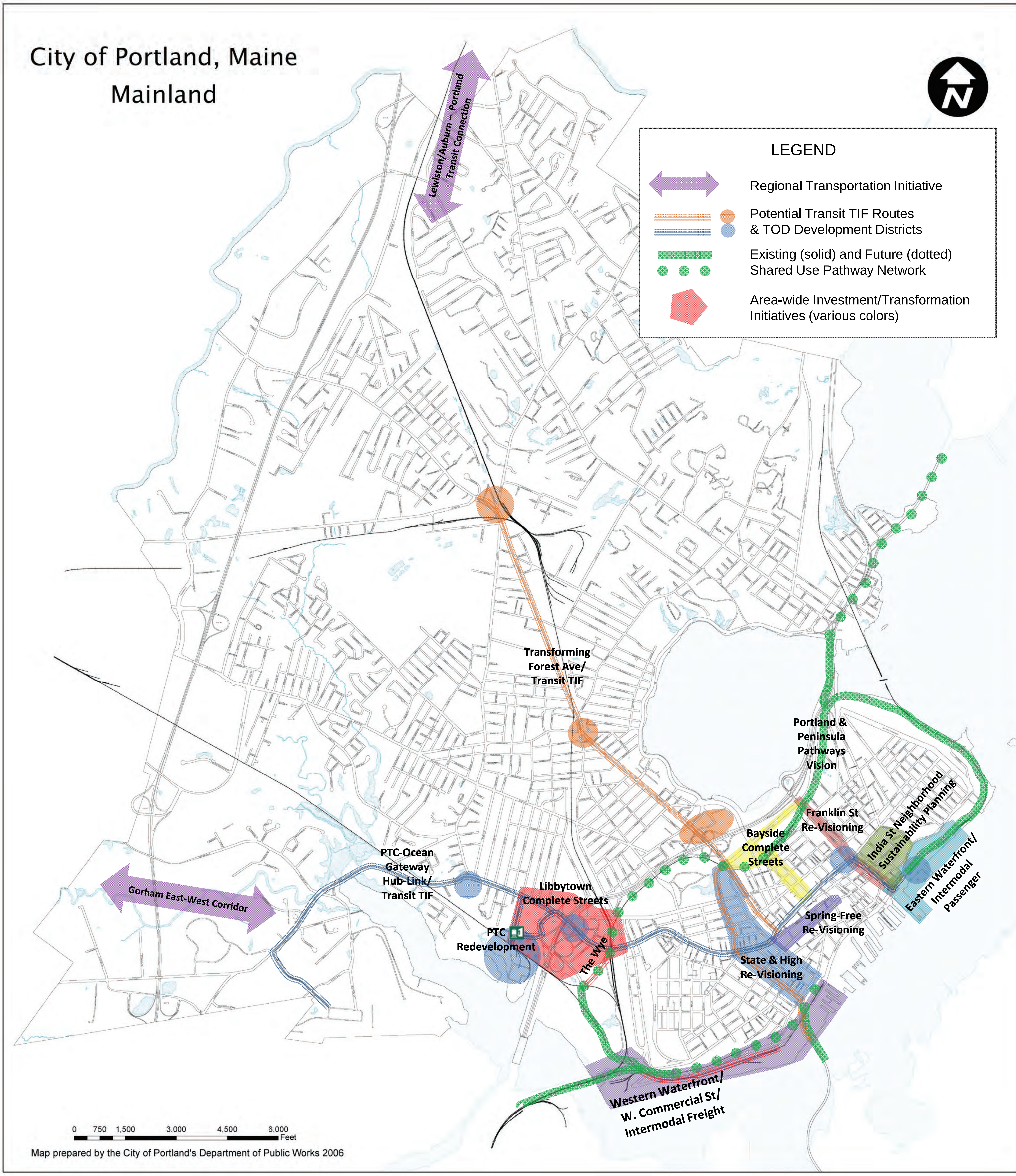
gmitchell@portlandmaine.gov



Tax Increment Financing Districts
December 2013
TIF Districts
sde.PORTGIS.GeocodingLines
BAYSIDE
Bay House
Creative Economy
Fore India Middle LLC
HOLT HALL
PEARL PLACE
Power Pay
RIVERWALK
Thompson Point
WATERFRONT
Other Layers
sde.PORTGIS.GeocodingLines
TraveledWays
Ocean
Waterfront Capital Improvment
BAYSIDE
Bay House
RIVERWALK
Power Pay
Creative Economy
HOLT HALL
Thompson Point

Transportation Strategic Initiatives 2014-2019



Transportation Strategy	Initiatives Map
CITY OF PORTLAND, MAINE PUBLIC SERVICES DEPARTMENT ENGINEERING DIVISION	2014-2019 (February 2014)

DRAFT
Feb. 7, 2014

Portland, Maine
Yes. Life's good here.
Mary Davis
Division Director, Housing & Community Development Division

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

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: February 7, 2014
SUBJECT: Housing Plan

In response to regulations outlined in the new HUD HOME Final Rule and as a means of implementing the housing investment policy adopted by the City Council on November 19, 2012, the Housing and Community Development Division issued two Requests for Proposals.

(1) Development of Strategic Housing Investment and Financing Policies.

A. Development of written guidelines for underwriting both new development project proposals along with requests for refinancing or modification of existing loan terms that are consistent with the new HOME Program Final Rule and HUD FY 12 and FY 13 Appropriation Regulations.

B. Provide underwriting services on an as needed basis, for housing development projects including new construction proposals and refinancing requests.

C. Provide guidance and training to Housing & Community Development Division staff on underwriting processes.

D. Assist in the development of community investment policies that are consistent with City Council Goals and the Housing & Community Development Committee work plan including:

1. Increase the supply of affordable housing through the preservation of existing housing units and creation of new units.
2. Promote housing by better utilizing available resources such as city-owned property and tax increment financing (TIF) for housing development.

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Mary Davis
Division Director, Housing & Community Development Division

(2) Housing Market Analysis

A. Integrate HUD HOME Regulations which would include the development of policies and procedures to assess and document neighborhood market needs and conducting a local market survey to determine the 95 percent of median purchase price limit for owner-occupied single family housing. All analyses will be conducted in accordance with the new HOME Program Final Rule and HUD FY 12 and FY13 Appropriation Regulations.

B. Assist city staff in the preparation of the 2015-2020 Consolidated Plan. This includes conducting a housing and homeless needs assessment, housing market analysis and the development of a strategic plan identifying general priorities for allocating resources within the City.

C. Other projects that may arise including any work necessary to integrate City Council Goals and Housing and Community Development Committee Work Plan items, on an as needed basis.

We received two responses for each RFP. After careful review, it was determine that the responses did not meet staff's goals. One reason was the fee proposals which were more than the amount budgeted for this work.

Staff intends to re-evaluate the scope of the work outlined in both RFPs and re-issue in the near future. We have been speaking to various housing experts in the region to get some input as to how we might more effectively engage consultants to help us in our housing efforts. In order to resolve the most time-sensitive items, we may engage someone for a small contract initially before issuing any new RFP's or RFQ's.

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: February 7, 2014

SUBJECT: **2014 HCDC Updated Committee Calendar; Work Plan for 2014**

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 January 8 meeting.

The Work Plan, also attached, has not changed.

389 Congress Street / www.portlandmaine.gov / tel, 207•874•8683 / tty, 207•874•8936 / fax, 207•756•8217

DRAFT 2014 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE CALENDAR
- With Committee Meetings the 2nd and 4th Weds. Of Each Month
As of February 6, 2014

January

Jan. 8 Meeting:

2014 Draft HCDC Work Plan for preliminary discussion subject to change after January 13 City Council goal setting workshop.
For Review and Recommendation to Council - Pearl Place TIF district amendments
Wilmot Street – Possible Reacquiring – Executive Session
Tenant Based Rental Assistance Program update
Housing First Pre-Development RFP – Review Draft
Communication: Update on CDBG Workforce Development Program

Jan. 22 Meeting:

Presentation on proposed amendments to parking requirements and the Sustainable Transportation Fund for possible action
Economic Development Vision and Plan – Work Plan Update for 2014-2015

February

February 12, 2014 Meeting:

Possible City lease/acquisition of property for City Department Consolidation/Forward to Council – Public and Executive Session
Start Downtown TOD/TIF Discussion
Update on Housing Plan and Consultant Services RFP/Communication Item

February 26 Meeting:

Housing Program Budget Recommendation to Council
Review City sites for residential development or sale including former Adams School property
Continue Downtown TOD/TIF District discussion
Nova Scotia Ferry Service Operator Lease – Tentative Executive Session
Presentation on proposed amendments to the B2 zones for possible action (possibly March meeting)

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
Presentation on proposed amendments to the B2 zones for possible action
Review of Affordable Housing RFP Draft
Downtown TOD/TIF District – Continue Discussion
Nova Scotia Ferry Service Operator Lease/Possible Recommendation to City Council
Creative Portland PACE Project in Bayside for Review/Direction and executive session for possible City-owned Bayside property disposition discussion.
Somerset Street Grade Adjustment Project – Tentative Executive Session
Spring Street Garage Space Leases (Pirates and Adjacent Vacant Space)
Donation of Property to City on Rowe Avenue
Tentative: executive session/public session for guidance and approval to move forward with disposition process for a tax-acquired property.

April

Downtown TIF District – Continue Discussion
Review and approval of Annual Housing RFP
Presentation on proposed amendments to R-6/R-7 zones for feedback
Tugboat Lease Renewal at Portland Ocean Terminal

May

Communication: Annual Action Plan, due to HUD May 15
Start discussion related to Riverside Street area wide needed public infrastructure status and improvements.

June

For Review and Comment/ Recommendation to Council if necessary: Recommendations for improvement to CDBG process.
Housing Liaison Program Update
Presentation on proposed amendments to R-6/R-7 zones for possible action

July

August

Housing Development RFP – review of proposals received

September

For Review and Comment: Consolidated Annual Performance Evaluation Report (CAPER) due to HUD September 30.

October

Communication: CDBG Application is available/Process Update.

November

Annual City wide TIF District Activity Report/review and recommendation to City Council
HCDC Annual Accomplishment Report/review and recommendation to City Council

December

DRAFT 2014 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE CALENDAR

- **With Committee Meetings the 2nd and 4th Weds. Of Each Month**

As of February 6~~f January 17~~, 2014

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August

Housing Development RFP – review of proposals received

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HCDC Annual Accomplishment Report/review and recommendation to City Council

December

Portland, Maine
Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

Housing and Community Development Committee (HCDC)

Draft Work Plan for 2014

January 2, 2014

A. Planning Department Work Plan

CDBG Priority Review

- Review effectiveness of new sustainable workforce development initiative approved by Council.

Housing Investment Policy

- Review and improve annual RFP process.
- Adams School – Remaining Property – Determine best approach to sell/develop remaining property.
- Sale of City property, i.e., parking lots, for residential use.
- Affordable Housing TIF Implementation strategy

Develop Strategy for Homelessness Task Force "Rapid Rehousing" Recommendations referred to HCDC

- Housing Liaison System
- Housing First Developments

Zoning issues.

- **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.

- **<u>B-1 and B-2 Map Amendments</u>**

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.

- **<u>B-6, B-7 and B-3 Residential Parking Requirements</u>**

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.

<u>Review of the Condominium Conversion Fee</u>

Review a possible change that would tie the fees to the number of units lost.

B. Economic Development Work Plan

<u>City Real Estate Sale or Lease</u>

- <u>Adams School – Remaining Property</u> – Determine best approach to sell/develop remaining property.
- <u>Riverside Property</u> – Remaining developable property includes 7+ acres. Decide whether or not to market for sale.
- <u>Thames Street Property</u> – Hold property to support Portland East End future development and road/utility extensions.
- <u>Sale of City property</u>, Determine best approach to possibly sell/develop parking lots for residential use.
- <u>Plan for reuse options of the former Reed School</u> – work with the School Dept.

<u>TIF Districts</u>

- <u>Pearl Place TIF</u> for TIF amendments.
- <u>Thompson Point TIF</u> – 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 Committee.
- <u>Create a Downtown Transit Oriented TIF District</u>

- Discuss establishment of Affordable Housing TIF Districts

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.

Wilmot Street Property Disposition – Need to resolve City ownership.

Riverside Street Commercial Area – Review needed infrastructure improvements.

Stormwater Regulations and Development – Review possible effects of regulations on development.

Houses of Worship – Review of re-use of houses of worship that may be closing.

Open Space Process – Review of the process of determining where open space should be for what use.

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.

Nova Scotia Ferry Service Operator Lease

Tugboat Lease Renewal at Portland Ocean Terminal