1. Agenda

    Documents: 12-10-2014 AGENDA.PDF

    1.I. Item 1 Minutes From Meeting Held On November 12, 2014

        Documents: ITEM 1 11.12.2014 DRAFT MINS.PDF

    1.II. Item 2 Draft RFPs For Possible Sale Of City-Owned Property 65 Hanover St/52 Alder St And 71 Alder Street

        Documents: ITEM 2 UPDATE REVIEW AND POSSIBLE APPROVAL OF RFP FOR CITY OWNED PROPERTY AT 65 HANOVER-52 ALDER-71 HANOVER ST DRAFT 12.02.PDF

    1.III. Item 3 Review And Approval Of Revisions To The Guidelines For The Lead Safe Housing Program

        Documents: ITEM 3 REVISIONS TO LEAD SAFE HOUSING PROGRAM GUIDELINES.PDF

    1.IV. Item 4 FYE 2014 Annual City-Wide TIF District Activity Report

        Documents: ITEM 4 FYE2014 ANNUAL TIF REPORT.PDF

    1.V. Item 5 2014 Calendar Year HCDC Accomplishments Report

        Documents: ITEM 5 HCDC 2014 ANNUAL REPORT FINAL.PDF

    1.VI. Item 6 Proposed 2015 HCDC Work Plan

        Documents: ITEM 6 HCDC CALENDAR WORK PLAN FOR 2015.PDF

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: December 10, 2014 (Wednesday)
TIME: 5:30-7:30 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 November 12, 2014.**

2. **Review and Discussion related to draft Request for Proposals (RFP) for the possible sale of City-owned property located at:**
   a. 65 Hanover/52 Alder Street
   b. 71 Hanover Street

   See enclosed Memorandum from Jeff Levine, Mary Davis, and Greg Mitchell

   NOTE: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide guidance to staff in this possible real estate disposition.

3. **Review and Approval of Revisions to the Guidelines for the Lead Safe Housing Program** – See enclosed Memorandum from Mary Davis

4. **FYE2014 Annual City-wide TIF District Activity Report for review, discussion and vote to forward to the City Council as a communication** - See enclosed report from Greg Mitchell.

5. **2014 Calendar Year HCDC Accomplishments Report for review, acceptance, and vote to forward to the City Council as a communication –** See enclosed report.

6. **Proposed 2015 HCDC Work Plan for Review and Discussion –** See enclosed Work Plan.

Public Comment will be accepted on action items.

Councilor Kevin Donoghue
Chair

Housing & Community Development Committee

Minutes of November 12, 2014 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, November 12, 2014 at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and members Councilors John Coyne, Jon Hinck, and Nicholas Mavodones. City staff present included Housing & Community Development Division Director Mary Davis, Planning and Urban Development Director Jeff Levine (arriving as noted in the Minutes), Associate Corporation Counsel Michael Goldman, Economic Development Director Greg Mitchell, Island/Neighborhood Services Administrator Mike Murray, and Senior Executive Assistant Lori Paulette.

Chair Donoghue noted that this would be Councilor's Coyne last meeting as an HCDC member due to his term expiration. He thanked Councilor Coyne for his service.

Chair Donoghue then noted that Item #6 has been pulled from the Agenda at the applicant's request.

Item 1: Review and accept Minutes from previous meeting held on October 22, 2014.

For the Munjoy Street item in the Minutes, Councilor Hinck had one amendment to add on p. 9, after the paragraph beginning with "Councilor Mavodones, in looking at Minutes . . .", "Councilor Hinck agreed that public notice needs to be provided to the neighborhood."

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

Chair Donoghue indicated that the Committee would take up Item #5 on the Agenda first regarding the Munjoy Street lot, noting public in attendance for this item.

Item #5: Update, Review and Approval of 65 Munjoy Street RFP

Ms. Davis said that the Committee's backup for this item is essentially the same as the prior meeting, with the exception of one change to the RFP in Section II(F)(2)(e) regarding heights based on feedback at the previous meeting – that is for heights to be less than or equal to the average of structures in the surrounding block and minimize impacts of shadows on the adjacent playground. Regarding neighborhood notices of this meeting, Ms. Davis said that notices were sent to property owners within a 500-foot radius of the subject property, for a total 209 notices mailed.

Chair Donoghue asked if there was any public comment.

Richard Weare, property owner of 74 Wilson Street, asked if the property in the RFP included the green space, and Chair Donoghue indicated that it did not; it only included the parking lot. Mr. Weare said that he realizes the City's commitment to provide affordable housing, but noted the petition provided to the Committee at the previous meeting where all who were asked to sign the petition did so in opposition to this parking lot proposed development. He also said that with the St. Lawrence Church's 400-seat auditorium being constructed, this will only add to the parking congestion.

Jennifer Wigstrom of 82 Munjoy Street agreed with Mr. Weare's comments.

Chair Donoghue, noting no further public comment, closed the public comment session.

Councilor Mavodones asked about the scoring/selection process once an RFP would be advertised.

Ms. Davis said that a staff committee will score the proposals and bring back the results to this Committee for its recommendation on award of the bid to the City Council.

Chair Donoghue said that he supports development of housing on this property. The neighborhood needs the diversity in housing that this proposed affordable housing RFP would create, and he noted that 100 parking spaces were recently added along the Eastern Prom in this area which will assist with winter parking issues. Five or six years ago, the entire former Adams School property was put out for sale through an RFP; the remaining piece being discussed now was subsequently not developed. This RFP is only for the parking area, keeping the playground/open space adjacent to the lot.

A motion was then made and seconded to authorize staff to issue the RFP.

Councilor Mavodones said that he had concerns with process, particularly outreach to the neighborhood. He still has concerns but is comfortable with the RFP being issued. He noted that potential developers have an opportunity to meet with neighbors to see how neighborhood concerns could be addressed, as well as to look at previous backup on this item provided to this Committee. When staff brings back a recommended proposal, Councilor Mavodones indicated that he may or may not support the proposal.

Councilor Hinck said that he supports the issuance of the RFP, even though there are competing interests and values. Based on the Chair's comments for affordable housing needs – always a concern – and Munjoy Hill not being excessively dense, he is supportive of issuing the RFP. He noted that he is not taking this action lightly, but it seems to be heading in the right direction. Some parking issues have been addressed, but leaving parking lots as they exist is not always the right answer.

Chair Donoghue then asked for a vote on the motion and it passed unanimously (4-0).

Mr. Weare suggested something be added in the RFP for the proposer to indicate what they are going to do with the current parking. Ms. Davis indicated that the RFP addresses impact on surrounding neighborhood for a scoring element. It also notes changes in the R-6 zone be looked at as well.

<u>Item #2: Review and recommendation to City Council approval of proposal for tax-acquired property on Cliff Island.</u>

Mr. Mitchell clarified that staff is only looking for authorization from the HCDC to authorize staff to negotiate with the sole proposer, Sustainable Cliff Island (SCI), for a Purchase and Sale Agreement, which Agreement would then be brought back to this Committee for its recommendation to the City Council. He then noted that the cover memo provides highlights of SCI's proposal, which includes upgrading the fuel station, renovating the dock, and renovating the residence for year-round affordable island housing. Mr. Mitchell noted SCI's proposed purchase price of $10,000, in that if accepted by the Council, it would need to write off the remaining back taxes, costs, and interest which totals approximately $53,000+. He noted that SCI has applied for a 501(c)(3) status, which is pending; in the meantime, The Island Institute will serve as its fiscal agent. Mr. Mitchell said that the SCI Board has fund-raising experience as well. Their business plan calls for near-term expenditure of $30,000 to include, among others, purchase, legal fees, site clean-up, permits, taxes, and insurance. Over the next two years, SCI is planning for expenditures of $300,000 to upgrade fuel system, upgrade septic system, gut and renovate the house suitable to rental occupancy, rebuild wharf, and rebuild former grocery store to a small convenience store. TAPC is recommending that the HCDC authorize staff to negotiate with SCI and bring back a Purchase and Sale Agreement for HCDC's recommendation to the City Council.

Mr. Mitchell said that issues for guidance on negotiations should be discussed in executive session.

At approximately 6:00 p.m., the Committee voted unanimously to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A to discuss negotiations on this real estate disposition and provide direction to staff. At approximately 6:25 p.m., the Committee came out of executive session.

(Jeff Levine joined the meeting at this time.)

Chair Donoghue asked if there was public comment; there being none, the public comment session was closed.

On motion made and seconded, the Committee voted unanimously to authorize staff (being Michael Goldman, Greg Mitchell, and Mike Murray) to negotiate with SCI, pursuant to the guidance given, for the Purchase and Sale Agreement to bring back to this Committee for its recommendation to the City Council.

Item #3: Review and Vote to Recommend to City Council to approve Establishment of a Downtown Transit Oriented Development TIF District

Mr. Mitchell indicated that the cover memo details information that has been in the works for the past few months. Staff is a looking for a recommendation to the City Council to establish this new TIF District. He noted that Glenn Fenton was present today from Metro for this item. The proposed Downtown Transit Oriented Development (DT TOD) TIF District encompasses 410 acres; Mr. Mitchell then described the area's boundaries (see map attached). The DT TOD TIF revenues are targeted for public infrastructure, new and enhanced transit, Creative Portland, and staff salaries. He noted that the next item on the Agenda is a reduction of the Arts TIF District to include only the property of the Baxter Library, which property has a Credit Enhancement Agreement. These two items would need to be voted on by the Council, with the reduction of the Arts TIF District first, followed by establishing the DT TOD TIF, as all of the former area of the Arts TIF District, excepting the Baxter Library property, will be a part of the DT TOD TIF District. Mr. Mitchell further noted that DT TOD TIF Districts are exempt from statutory limits on the amount of acreage and property value a municipality can include in a TIF District.

The DT TOD TIF District is proposed for 30-years, the maximum allowed by Statute, and capture rates are proposed at 12% for year one, and 22% for years 2 through 30. Annually, the City Council will make decisions on where this TIF money would be applied. It can also increase or decrease capture rates; increasing capture rates would require City Council and MDECD approval, while decreasing does not need MDECD approval.

Mr. Mitchell said that the packet includes a draft DT TOD TIF program, as well as a communication from Metro for the District to include new and enhanced transit. The goal is to incorporate new and enhanced transit services, with flexibility for future alternatives.

Mr. Fenton of Metro said that Metro proposes to use DT TOD TIF funds to create a high frequency corridor on Congress Street, with bus service at 15 minute intervals between the Portland Transportation Center (PTC) area and Washington Avenue, all as more detailed in the packet.

Councilor Mavodones asked if up to $100,000 to Creative Portland, which is decided annually by the City Council, is written into the TIF program, and Mr. Mitchell indicated that it was.

Chair Donoghue noted that the DT TOD TIF does not includes “Art” in its name, and Mr. Mitchell indicated that DT TOD TIFs are exempt from State Statutory limits, while Arts TIF Districts are not. He also noted that funding Creative Portland (CP) through the DT TOD TIF is an allowable use of TIF funds.

Chair Donoghue opened the meeting for public comment.

Tony Donovan said that this is good for Portland. This DT TOD TIF plan is not, however, specific as to where funds will go, but would be decided annually by the City Council – perhaps that could be made clearer on p. 7 of 53 in the packet. He noted that the Downtown Revitalization draft plan is great work. Lastly, Mr. Donovan noted transit, saying that it should fund, in addition to Metro’s proposed program, bike share and passenger rail, for examples.

Chair Donoghue, noting no further public comment, closed the public comment session.

Chair Donoghue asked where quality is supported in the document, and Mr.

Mitchell referred to Table 1 (p. 5 of 53), where it lists "Public Transit". This item leaves flexibility to various kinds of public transit.

Chair Donoghue said that he would like high Metro frequency within the Downtown. He was impressed with level of work that has gone into this DT TOD TIF; Committee members concurred.

Councilor Mavodones said that Metro and CP should be aware that they may not be funded, at least in whole every year, depending on the City's financial needs.

It was the sense of the Committee to have the TIF Development Program highlight CP more so that future City Councils understand the importance of this investment.

On motion then made and seconded, the Committee voted unanimously (4-0) to forward this to the City Council with a recommendation for it to approve the DT TOD TIF.

Item #4: Review and vote to Recommend to City Council – Amendment to the Arts TIF District.

Chair Donoghue asked if the Committee had any questions on this item, based on Mr. Mitchell's previous presentation, and there was none. He then opened the meeting for public comment, and there was none.

On motion made and seconded, the Committee voted unanimously (4-0) to forward this to the City Council with a recommendation that the Arts TIF District be amended as described in the backup.

(Councilor Hinck had to leave the meeting at this time.)

Item #7: Review and Vote to Recommend to City Council – Amendment of Federated Companies Midtown Project Partnership Documents, Including Second Amendment of Guaranty.

Mr. Mitchell said that due to the redesign of the Midtown project, it requires amendment to the Corporate Guaranty. This would be the second amendment, which document is included in the packet. The redesigned project is smaller in scale and will be constructed in one phase, as compared to its original project being constructed in two to three phases over a number of years.

Chair Donoghue referred the table on p. 1 of Mr. Mitchell's memo for "Approved Project" and then "Redesigned Project", asking if the numbers in the "Redesigned Project" column are minimums that must be built.

Mr. Mitchell said that these are from the redesigned project and are a slightly less than provided in that redesigned project, as this is currently going through site plan review.

Chair Donoghue asked about the need for the 90,000 sq. ft. of retail space, which is only 10,000 sq. ft. less than the approved project.

Mr. Levine said that the site plan review process just started for the redesigned project, actually occurring by the Planning Board tonight. The redesigned project, including this retail, is what they offered and is under review.

Chair Donoghue asked about 440 housing units in the redesigned project, and if there were protections for the City to be sure that was the minimum, as compared to 650 to 850 units in the original approved project (all phases).

Mr. Mitchell said that this in the Corporate Guaranty and establishes not less than 400 units would be constructed.

Chair Donoghue asked if there was public comment. There being none, the public comment session was closed.

A motion was then made and seconded to forward this to the City Council with a recommendation for approval.

Councilor Mavodones said that he was disappointed the City now has half of the housing than originally anticipated. City staff and Council worked hard for the original project. He would, however, support this with reservations due to smaller scale for housing.

Chair Donoghue agreed, but there is still housing units that will add additional housing. Retail at 90,000 sq. ft. seems a bit excessive, with impacts to surrounding community. He will support this; the City investment is big and he is excited for housing and positive impacts this will have on the downtown.

A vote was then take on the motion and it passed unanimously (3-0).

Item #8: 2014 HCDC Work Plan for Review and Discussion

The Committee and staff discussed the work plan items, and the possibility that the Committee will be able to have a meeting on December 10th. Chair Donoghue said that the Committee appointments will be made at the Inauguration on December 1st. He recommended staff to contact any new Councilors who may be appointed to the HCDC to get them up to speed in time for their participation in a December 10th meeting. He also requested that staff keep looking for alternative sites for the sand and salt shed property in Bayside so the DPS Bayside properties could be advertised for sale through RFPs, as well as to keep up with the public noticing in property dispositions.

There being no further business, the meeting then adjourned at 7:10 p.m.

Respectfully,

Lori Paulette

Tax Increment Financing Districts
DRAFT August 13, 2014
TIF Districts
Thompson Point
409 Cumberland Ave Affordable Housing
ARTS/Baxter L.B.
BAYSIDE, Existing
Bay House
Bayside Proposed Expansion
Downtown TOD/Proposed
Fore India Middle LLC
PEARL PLACE
Power Pay
RIVERWALK
WATERFRONT
Other Layers
Waterfront Capital Improvement
Existing Waterfront Capital Improvement Zone
Proposed Waterfront Capital Improvement Zone Expansion

AGENDA ITEM

TO:	Councilor Donoghue, Chair Members of the Housing and Community Development Committee
FROM:	Jeff Levine, Director, Planning and Urban Development Department Greg Mitchell, Director, Economic Development Department Mary Davis, Division Director, Housing and Community Development
DATE:	December 5, 2014
SUBJECT:	Update, Review and Possible Approval of RFPs for Redevelopment of City Owned Sites located at a. 65 Hanover/52 Alder Streets b. 71 Hanover Street

SUMMARY OF ISSUE

Over the last several years, it has been a goal of the City Council and the Housing and Community Development Committee to increase the availability of housing in the City of Portland, along with supporting economic development. The use of City sites for residential and commercial development has been one of the tools suggested to meet this goal.

Several months ago, the HCDC reviewed preliminary information, provided feedback and directed staff to draft RFPs for the disposition of City-owned property at 65 Hanover Street, 52 Alder Street and 71 Hanover Street.

COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors. Objective: Complete assessment of and, as appropriate, begin to offer city owned property to construct affordable housing.

Promote Economic Development in the City in a manner that provides for increased property values, diversification across industry sectors, and high paying jobs.

FINANCIAL IMPACT

52 Alder Street: This property is currently used by the City's Trades Division. The property has a total assessed value of $393,900 ($277,500/land and $116,400/building) (FY15).

65 Hanover Street: This property is currently used by the City's Traffic Division. It is located on the south side of Lancaster Street. The property has a total assessed value of $403,030 ($134,000/land and $269,030/building) (FY15).

71 Hanover Street: This property is currently the site of the City's sand/salt shed. It is located on the north side of Lancaster Street. The property has a total assessed value of $135,500 ($111,900/land and $23,600/building) (FY15). It is noted that City staff is exploring sites to relocate the City's Bayside sand/salt shed operation.

STAFF ANALYSIS AND RECOMMENDATION

As directed by the Housing and Community Development Committee, staff drafted two separate RFPs for 65 Hanover/52 Alder Street and 71 Hanover Street. At this time, staff is seeking additional direction and feed-back from the HCDC on the proposed two separate RFPs for 65 Hanover/52 Alder Street and 71 Hanover Street. It is noted that 52 Alder Street and 65 Hanover Street are considered one property to support site redevelopment.

As reported to you previously, the Tax Acquired Property Committee (TAPC) conducted a survey of all City Departments, the District Councilor, and the Land Bank regarding these properties. A copy of the August 2014 staff memo to the HCDC is attached. At that time staff received direction from the Committee to move forward with a feasibility analysis for the 65 Hanover/52 Alder Street property which would look at a development proposal to include ground floor commercial use with affordable home ownership on the upper floors. The Planning and Urban Development Department issued an RFQ in October. The contract was awarded to Bluestone Planning Group (BPG). They provided a draft report which was used to create the draft RFP presented to you at this time. The report is not final and therefore revisions to the report and the proposed RFP may be needed.

65 Hanover/52 Alder Street The initial proposal from BPG includes a "L" shaped building sitting above ground floor parking along Hanover and Lancaster Streets. The building would be 4 stories tall with three floors of residential living space above two ground level office/retail spaces. In this configuration, the site is designed to provide a maximum of 45 parking spaces and 45 dwelling units. The dwelling units would be a mix of 2-bedroom and 3-bedroom units.

Due to time constraints, notice of this meeting was not mailed to surrounding neighbors. An email notice was sent to those individuals and groups who expressed an interest in this item before and after the August 27th HCDC meeting, which includes the Bayside Neighborhood Association, as well as the HCDC interested party list.

Attachments:
August 27 HCDC Memo (includes a Matrix of DPS Bayside Property City Assessed Value and Uses.
Site Map
Draft Affordable Workforce Housing Feasibility Study from Bluestone Planning Group
Draft RFP for 65 Hanover/52 Alder Street
Draft RFP for 71 Alder Street

Portland, Maine Yes. Life's good here.

Mary Davis
Division Director, Housing & Community Development Division

AGENDA ITEM #7

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

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

DATE: August 22, 2014

SUBJECT: Review of City Sites for Residential Development
65 Hanover/52 Alder Streets and 71 Hanover Street

Over the last several years, it has been a goal of the City Council and the Housing and Community Development Committee to increase the availability of housing in the City of Portland. The use of city sites for residential development has been one of the tools suggested to meet this goal.

COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors. Objective: Complete assessment of and, as appropriate, begin to offer city owned property to construct affordable housing.

STAFF ANALYSIS AND RECOMMENDATION

Staff is seeking direction and feed-back from the Housing and Community Development Committee as to future action on a city-owned site located at 65 Hanover/52 Alder Street and 71 Hanover Street.

The Tax Acquired Property Committee (TAPC) conducted a survey of all City Departments, the District Councilor and the Land Bank regarding these properties.

<u>52 Alder Street</u>:

This property is currently used by the City's Trades Division. The property has a total assessed value of $393,900 ($277,500/land and $116,400/building) (FY15). It is located in a B-2b zone and contains approximately 9,500 sq. ft. of land. This property shares a common wall with the property at 65 Hanover Street, essentially creating one building with a common parking area. ***The B-2b zone requires 435 sq. ft. of land area per dwelling unit which means a maximum of 21 dwelling units could be developed on this site.***

<u>65 Hanover Street</u>:

This property is currently used by the City's Traffic Division. It is located on the south side of Lancaster Street. The property has a total assessed value of $403,030 ($134,000/land and $269,030/building) (FY15). It is located in a B-2b zone and contains approximately 20,273 sq. ft. of land. This property shares a common wall with the property at 52 Alder Street, essentially creating one building with a common parking area. ***The B-2b zone requires 435 sq. ft. of land area per dwelling unit which means a maximum of 46 dwelling units could be developed on this site.***

<u>71 Hanover Street</u>

This property is currently the site of the City's sand/salt shed. It is located on the north side of Lancaster Street. The property has a total assessed value of $135,500 ($111,900/land and $23,600/building) (FY15). It is located in a B-2b zone and contains approximately 15,102 sq. ft. of land. ***The B-2b zone requires 435 sq. ft. of land area per dwelling unit which means a maximum of 34 dwelling units could be developed on this site.***

The TAPC received two responses to a survey sent to the District Councilor, all City Departments and the Land Bank. The survey is used to determine if the property in question was excess to City needs and should be sold, whether there were neighborhood issues and whether there should be conditions placed on any sale.

TAPC Survey Responses:
Councilor Donoghue indicated that he would like to see the 65 Hanover/52 Alder Street properties be used for affordable home ownership for households at or below 120% of area median income.

Doug Sherwood, Facilities Director for Portland Public Schools asked the City to consider allowing school employees working at 28 Portland Street/353 Cumberland Avenue to park in the fenced in lot next to the Traffic Building (65 Hanover Street) and/or the small paved area behind the building at 52 Alder Street until the properties are sold or otherwise disposed.

Mike Bobinsky, Director of Public Services, would prefer that a hold be placed on the disposition of this property until such time as these properties are vacated.

Mary Davis
Division Director, Housing & Community Development Division

RECOMMENDATIONS

TAPC:

The Tax Acquired Property Committee voted unanimously to recommend that disposition of these properties be put on hold and that the DPS site is marketed as a whole to maximize value. TAPC discussion centered on the anticipated private investment in this neighborhood and the committee suggested that this property may become more valuable when that private investment begins.

STAFF:

Staff is requesting direction on any future action regarding the disposition process and any conditions for the three city properties.

(1) 65 Hanover and 52 Alder Streets should be marketed together through a competitive RFP process. The RFP should solicit proposals for residential development with the type of housing to be determined after consultation with the City Council. This area has seen a significant amount of affordable rental housing development and it is anticipated that a large number of market rate units will be developed within the next few years. Any future development at this site should emphasize the housing gaps, such as workforce housing or housing targeted to the very low income.

(2) 71 Hanover Street should be marketed through a competitive RFP process that is separate from, but concurrent with the RFP for the parcels mentioned above. The RFP should encourage commercial uses. The RFP should emphasize that development is contingent upon the ability of the City to locate an alternative location and obtain regulatory approvals for the relocation of the City's salt/sand shed.

Attachments:
Site Map
Matrix of DPS Bayside Property City Assessed Value and Uses.

389 Congress Street / www.portlandmaine.gov / tel, 207•756•8246 / tty, 207•874•8936 / fax, 207•874•8949

71 Hanover St.

Public Services Main Facilities – Portland St to Kennebec St

52 Alder St.

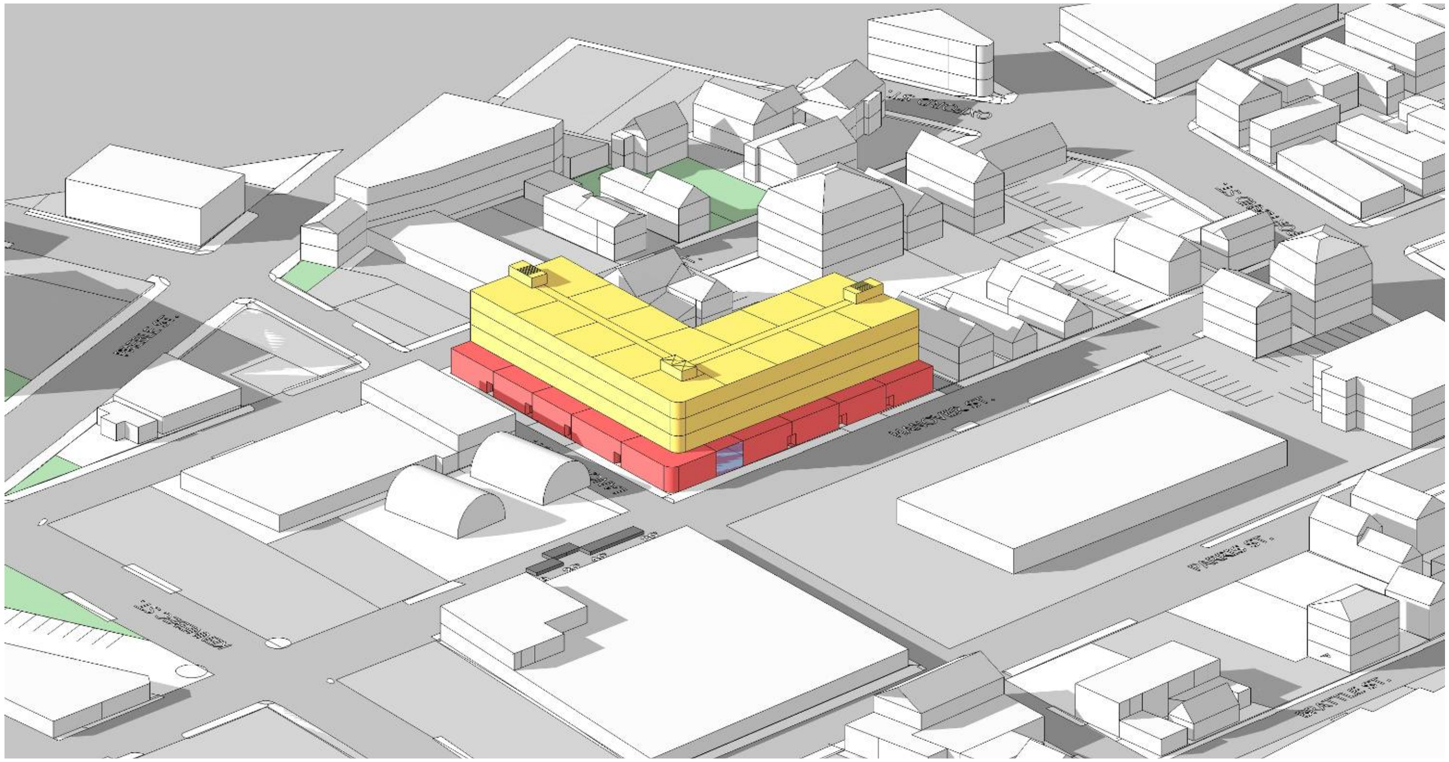
65 Hanover St.

City Properties in Bayside
3/10/2014

Location	CBL	Assessed Value			Sq. ft.	Acreage	Use
		Land	Building	Total			
65 Hanover Street	33-C-3	$134,000	$269,030	$403,030	20,273	0.4654	Traffic Operations/Transportation
(51-67 Hanover Street, 232-240 Lancaster St. East)							
56 Parris Street	33-A-13-14	$147,300	$0	$147,300	10,213	0.2345	Employee Parking
82 Hanover Street	34-G-1 to 4	$141,200	$1,382,500	$1,523,700	36,724	0.8431	Plowing Operations/Lower Garage
44 Hanover Street	33-B-8	$3,007,400	$2,564,300	$5,571,700	83,996	1.9283	Vehicle Maintenance
52 Alder Street	33-C-15	$277,500	$116,400	$393,900	8,599	0.2181	Building Trades (?)
71 Hanover Street	34-H-4-5	$111,900	$23,600	$135,500	15,102	0.3467	Traffic Operations/ Transportation/Sand & Salt
SUB-TOTALS		**$3,819,300**	**$4,355,830**	**$8,175,130**	**174,907**	**4.0361**	
90 Anderson Street	23-B-32	$123,700	$61,300	$185,000	6,080	0.1396	Playground/Irrigation Crews

DRAFT

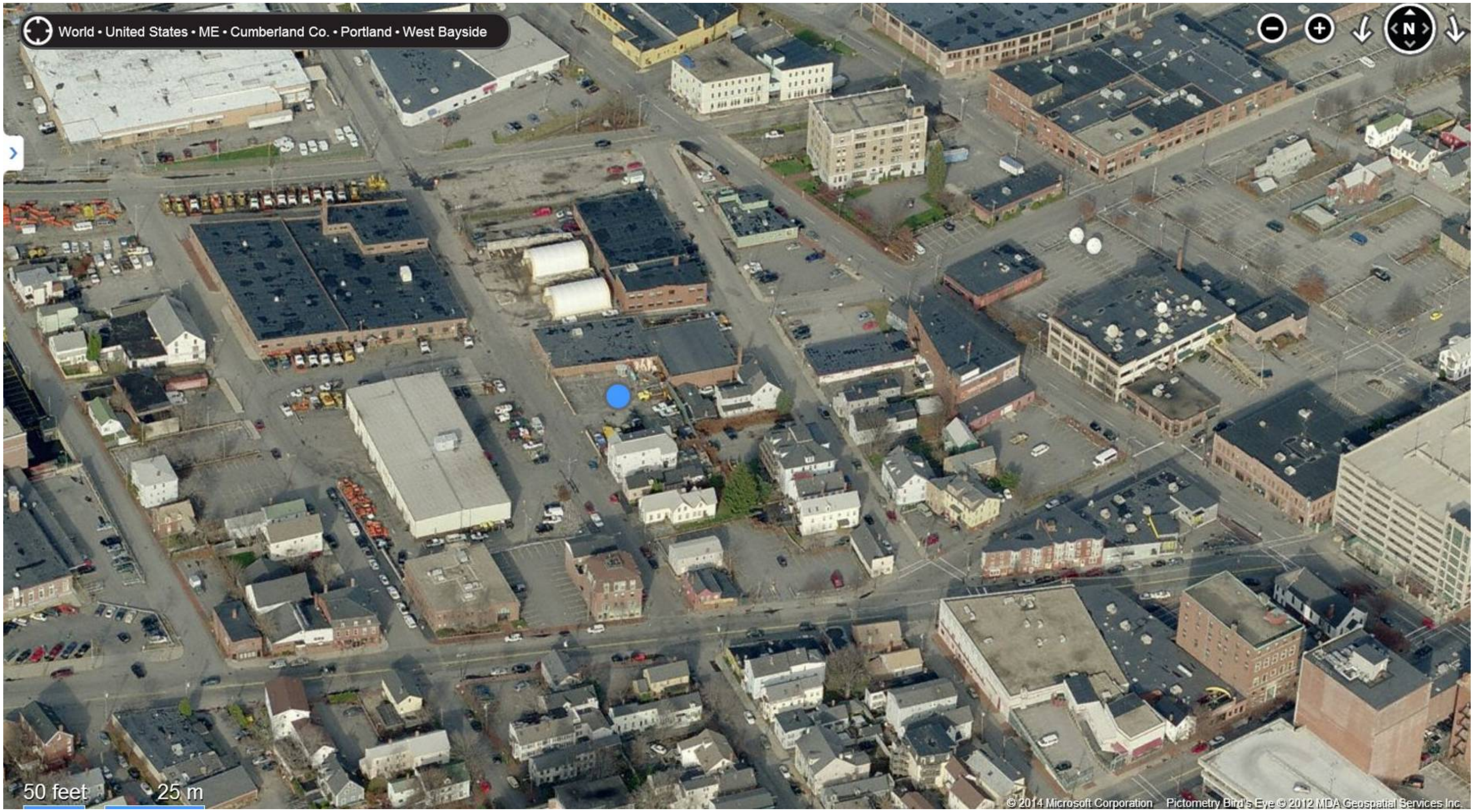
65 Hanover Street & 52 Alder Street / DPW Site
Affordable Workforce Housing Feasibility Study



City of Portland, Maine
Planning & Urban Development Department

BPG / Bluestone Planning Group
Stantec Consulting Services, Inc.
Stull and Lee, Inc.

December 5, 2014



65 Hanover and 52 Alder Streets / DPW site illustrating the adjoining Bayside neighborhood context and scale: *This photograph shows the City's DPW Garage site (blue dot) within the B-2b business zoning district in the Bayside neighborhood. The site lies within an evolving mixed use district of light industrial, warehouse and residential homes and apartments that is only two blocks away from Portland's downtown CBD whose edge is shown in the lower right corner of this photo.*

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1.0 Introduction & City Goals

In November of 2014, the City of Portland Maine and the City Council, via its Planning & Urban Development Department, asked our team of design and real estate financial and funding consultants to examine the feasibility of developing new permanently affordable workforce housing on two city-owned adjoining parcels of land on 65 Hanover Street and 52 Alder Street in the Bayside neighborhood adjacent to downtown Portland. This approximately 30,000 sq. ft. (~ 0.7 acres) combined parcel has been used over the years as the City's DPW garage. However, the City intends to relocate this facility, thereby making this parcel available for other uses – such as affordable housing and possibly ground floor retail space.

Hanover and Alder Streets Affordable Housing Site at City's DPW Garage

The neighborhood, in a B-2b zoning district (Community Business zone), is a mix of moderately-scaled residential homes and apartments, businesses, warehouses, and light manufacturing facilities. However, the site is also only two blocks from downtown Portland where much larger scaled commercial and residential development is located.

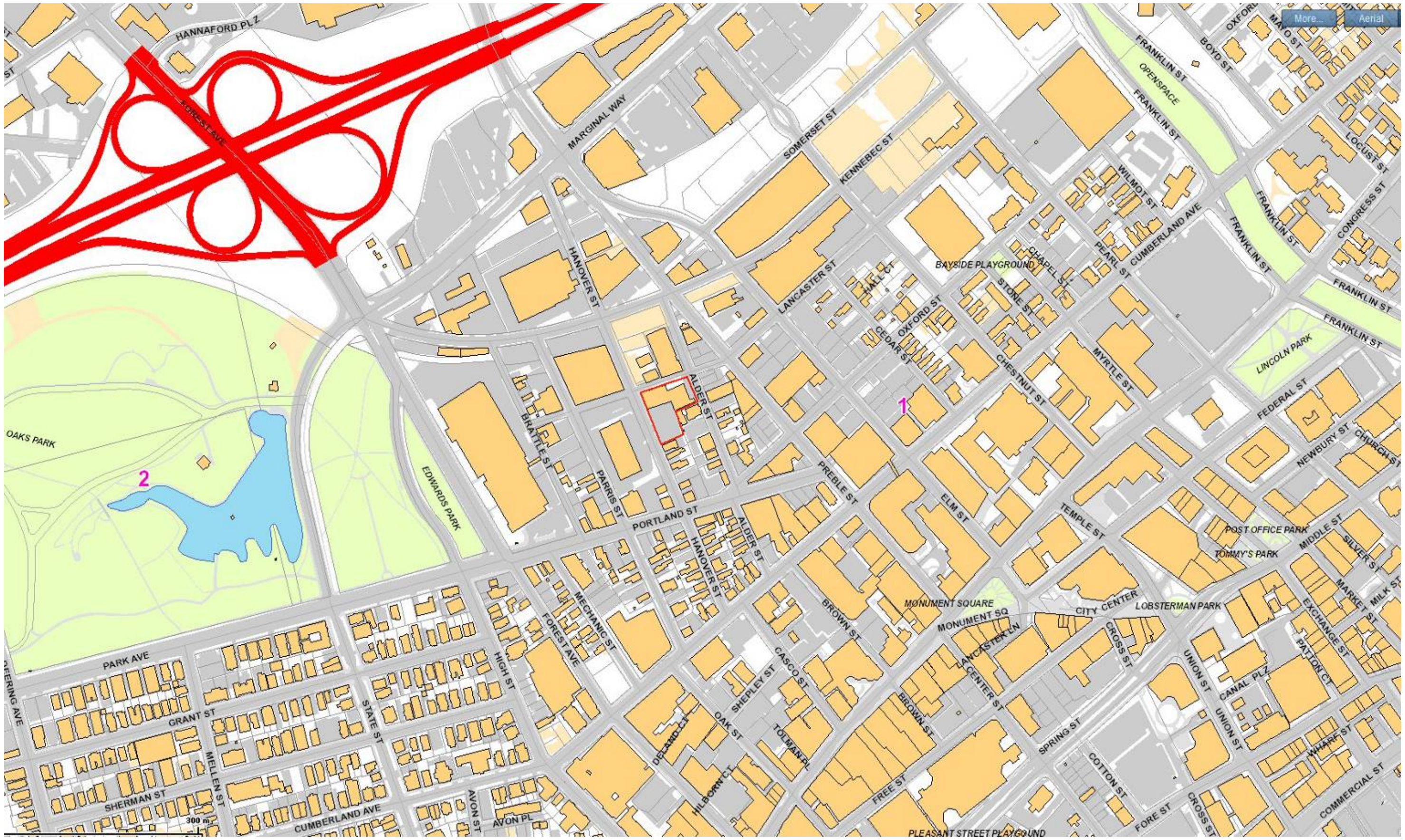
The assignment given our team was to explore physical alternatives and financial feasibility to both maximize permanently affordable housing options on the target site and provide active ground floor commercial space, if feasible, while simultaneously blending in size and scale with the surrounding parcels and blocks. Specifically, the goals of this feasibility exercise were to:

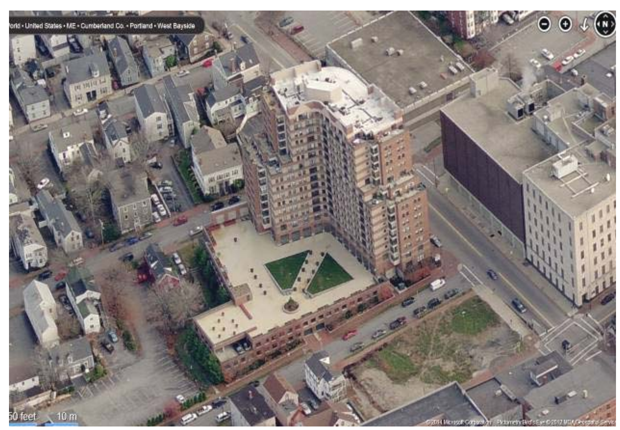
- ❑ Maximize the number of affordable family size housing units (mix of 2 and 3 bedrooms apartments) within the physical context of the surrounding neighborhood;
- ❑ Provide active ground floor commercial spaces, if financially feasible, particularly along Hanover Street;
- ❑ Develop building(s) no taller than four or five floors in height to fit the scale and height of buildings on the surrounding blocks;
- ❑ Design the housing to meet B-2b District zoning standards and dimensional criteria;
- ❑ Provide parking in accordance with the parking requirements in the B-2b district zoning (which is 1 on-site car space for each residential dwelling unit);
- ❑ Avoid locating new on-site parking spaces along street frontages; and
- ❑ Examine the financial and funding feasibility of developing this housing and ground floor commercial space for permanent affordable ownership family housing.

2.0 Background and Context

The approximately 30,000 sq. ft. (0.70 acre) Hanover / Alder Street combined city-owned parcel is located at the base of the Peninsula in a modestly scaled business, light industrial, and residential neighborhood almost immediately adjacent to downtown Portland and Deering Oaks Park - one of the city's largest parks. It is also close to the I-295 highway interchange with Forest Avenue for convenient regional access. Portland's CBD is located very nearby to the southeast of the site.

The site has been used as the City's DPW Garage, but, that facility will be relocated, thus making the 65 Hanover and 52 Alder Street site available for new housing or mixed use development.





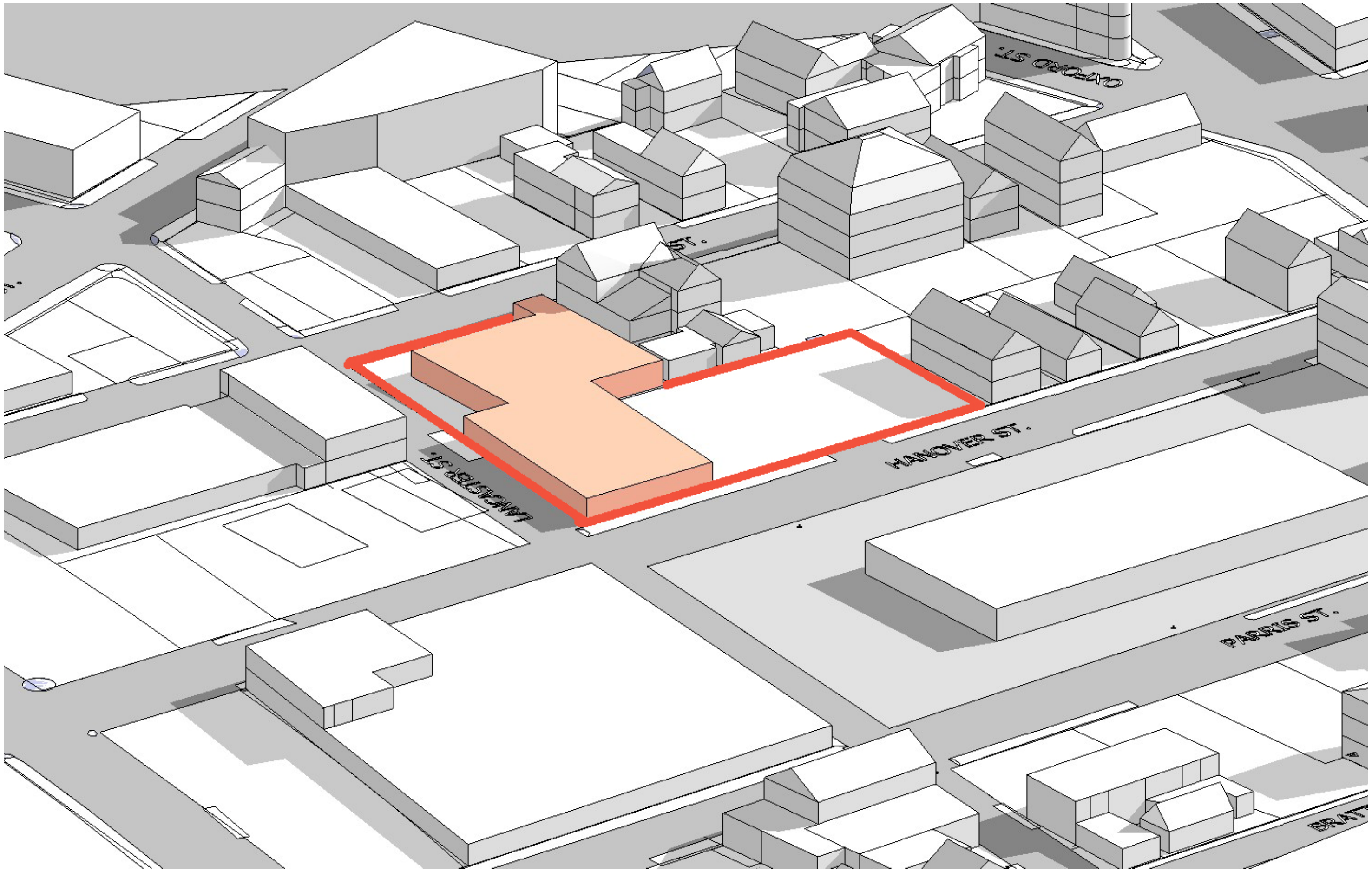
Even though the 30,000 sf DPW site is immediately surrounded by low scale light industrial properties and residences, no more than two blocks away, newer, higher, and more dense developments have been built adjacent to the CBD, as seen above. These newer developments indicate the changing character of the site's

3.0 Existing Site Conditions

3.1 The Site

The 30,000 sq. foot L-shaped site is topographically flat and is approximately 0.70 acres in size. It is bounded by Hanover St. to the west, Lancaster St. to the north, and Alder St. to the west. It is immediately adjoined by modestly scaled housing and light industrial and warehouse / storage properties. It is currently used as the city's DPW garage site.

3.2 Existing DPW Garage on Site – Axonometric View

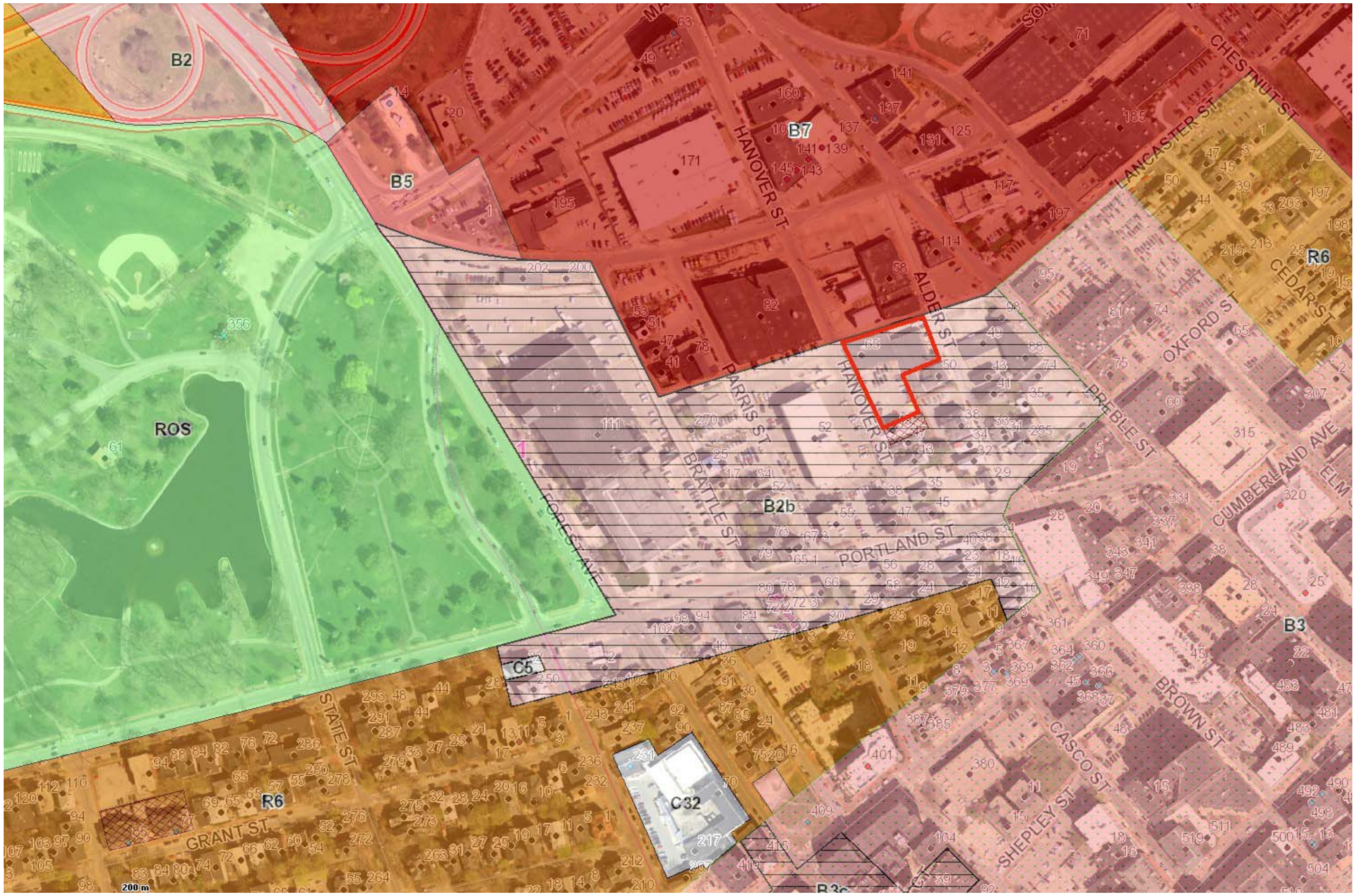


3.3 Existing B-2b District Zoning Standards & Zoning Map

The B-2b District is designed to support moderate to high density housing, neighborhood commercial and service spaces, and / or live-work spaces, particularly along major arterials. The B-2b zoning regulations theoretically allow up to 69 dwelling units on this 30,000 square foot site.

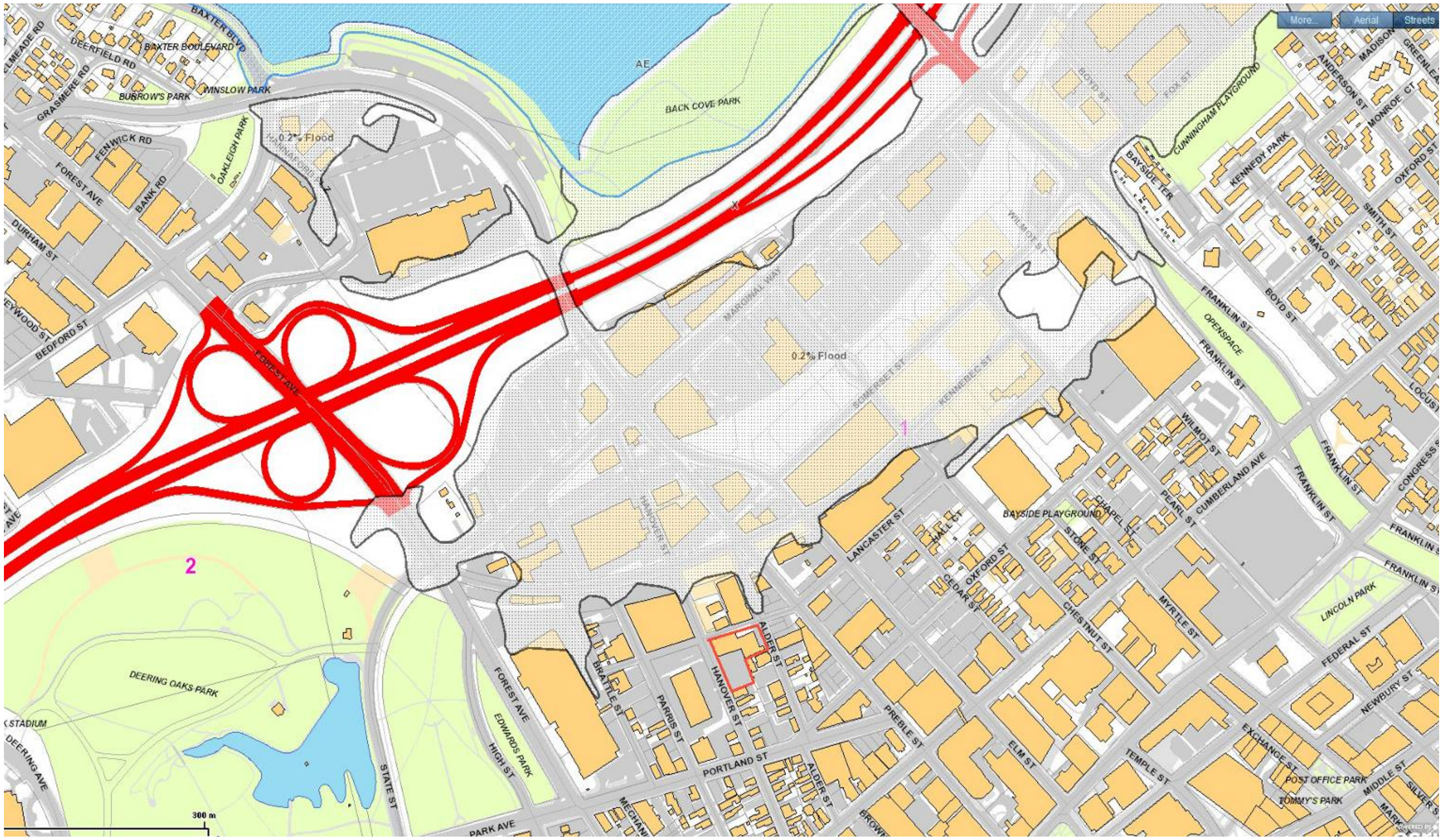
B - 2b Zoning District Regulations Summary	
Allowed Uses	Multi-family & Two-Family Residential, Combined Live-Work space; Combined Artist Residence-Studio space; and Neighborhood Commercial
Lot Size Required – Min.	None
Street Frontage – Min.	25 ft.
Lot Area / DU - Min.	435 sf of lot area / ea. DU [100 DUs / acre] *****
Front Yd. Setback – Min.	0 ft.
Front Yd. Setback – Max.	10 ft.
Side Yd. Setback – Min.	0 ft.
Rear Yd. Setback – Min.	10 ft.
Allowed Height – Max.	45 ft., except 50 ft., if ground fl. commercial use provided
Parking Reqts. - Residential	1 off-street space / DU [on Peninsula]
Parking Reqts. - Retail	1 off-street space per 200 sf [5 per 1,000 sf], in excess of first 2,000 sf
Parking Reqts. - Restaurant	1 space per 150 sf [6.66 per 1,000 sf]
Parking Location Reqts.	No parking in front yard; & no parking within 35 ft. of front street line
Ground fl. entries orientation	Entrances must orient to street, not interior of block or on parking lot
Active Street Frontage	75% of street frontage shall be in active residential or commercial use
Active Street Frontage	Avg. depth of active street frontage shall be 20 ft. min.
* 69 DUs max. allowed on this 30,000 sf site	

B-2b District Zoning Map & the Bayside Neighborhood



3.4 DPW Site Immediately Adjoins Preliminary 2013 FEMA Flood Zone (0.2% flood)

The DPW site lies just beyond the outer perimeter of the new preliminary FEMA Flood Zone caused by infiltration from Back Cove. FEMA is now in the process of finalizing their flood maps in this vicinity. Those new maps, when finalized, should be referenced to verify that the 65 Hanover / 52 Alder St. site remains outside the Flood Zone.



3.5 2003 Environmental Assessment Indicated Contaminants On the DPW Site

An Environmental Assessment for the “Brownfield / DPW Site” was completed in 2003 by Tewhey Associates for the City. A number of contaminants and chemicals were found on the site.

4.0 Issues & Opportunities

4.1 Opportunities

- Provide an opportunity to build additional affordable workforce family housing on Hanover and Alder Streets at the site of the City's DPW Garage and parking lot.
- Add active ground floor neighborhood commercial space in the new mixed use housing development, if financially feasible, to support the vibrancy of the evolving Bayside neighborhood. If not feasible, explore active workshop space on the ground floor as part of live-work apartments.
- Strengthen, through new development, the neighborhood's building street walls on Hanover, Alder and Lancaster Streets, instead of parking lots, to visually enhance the neighborhood's character.

4.2 Issues

- Because the zoning residential parking requirement is 1 car space per each new apartment, the number of parking spaces that can fit on the site will define and possibly limit the number of new apartments that can actually fit on the site compared to the maximum number of units that zoning would otherwise theoretically allow – 68 units, *unless*, that parking requirement per unit is reduced. One answer could theoretically be underground parking, but that solution does not appear to be affordable.
- Ground floor commercial or community spaces will be difficult to provide, if not impossible to finance. This is due to both an unclear market for commercial space at this location, and the fact that the available commercial market rent levels at this location cannot support the construction of commercial space. Therefore, the financing of commercial space would require that the housing on the upper floors financially cross-subsidize the construction of the commercial space. This cross-subsidy *may* work if this project were a market-rate residential project. However, since this is an affordable housing project, there is no financial margin available for the housing to subsidize the commercial space.
- Even if commercial uses should prove financially viable and are provided on the ground floor, an additional part of the ground level would then need to be set aside for additional parking spaces required to support these commercial uses (5 car spaces per 1,000 sf of commercial space), thereby diminishing the number of residential parking spaces otherwise available to support housing. Therefore, a zoning exemption for providing on-site commercial parking spaces will probably need to be sought.
- Code construction costs / wood construction over ground floor concrete base – 4 or 5 stories ???

- An Environmental Assessment for the “Brownfield / DPW Site” was completed in 2003 by Tewhey Associates for the City. A number of contaminants were found on the site. A Phase II Environmental Assessment may be required, and soil remediation remedies will impact the costs of developing this site. The remediation cost impacts are unknown at this time, however.

- The financing of residential units is more likely to come from affordable home ownership programs rather than rental programs.. There is a question of whether 39 – 45 affordable homeownership units coming onto the market at one time can be absorbed by eliglble or qualified buyers.

- Flood Zone – Updated by FEMA ?

5.0 Alternative Housing & Mixed Use Scenarios

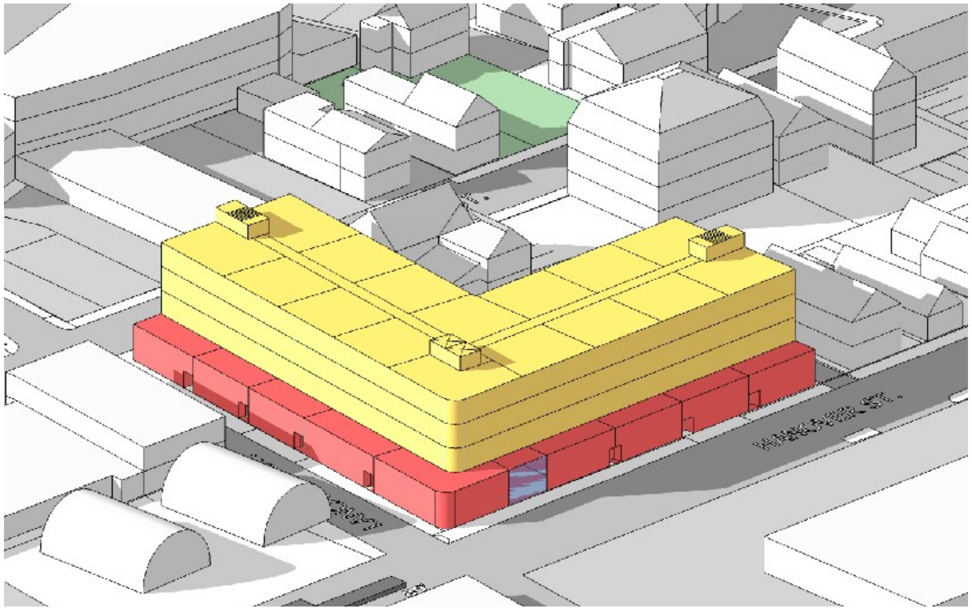
A number of alternative housing typologies and mix of uses were investigated for the Hanover / Alder Streets site before a Preferred Alternative was selected. These options are summarized below. The B-2b Zoning District will allow a density of up to 100 DUs / acre (or 69 DUs at this 0.7 acre site). Illustrations of each Alternative are shown on the following pages.

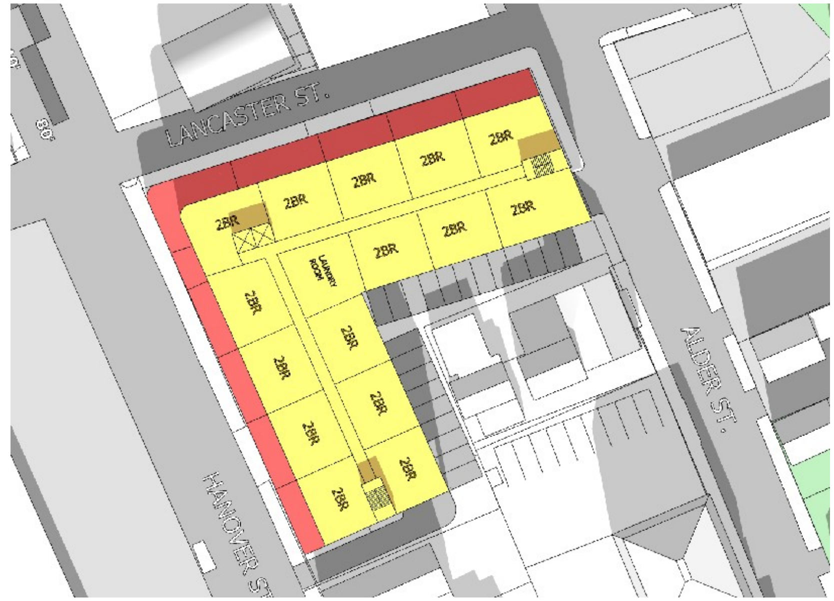
Alternative Housing Scenarios: Summary Table

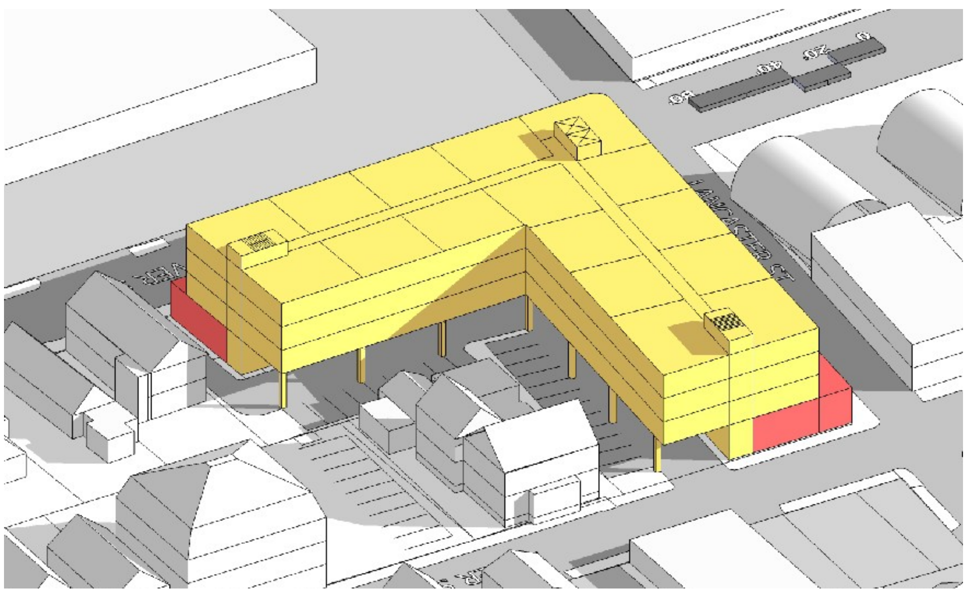
Alt. No.	Housing Type / Description	No. of DUs / Retail Space	No. of Floors / Ht.	No. of Parking Spaces	Actual Density Provided [DUs / Acre]
Alt. A1: Flats + Retail	Double-loaded corridor multi-family apartments above ground floor parking and retail space	45 DUs [All 2BR flats] + 12,500 sf Retail	4 / 45 ft	45 [At grade]	64 DUs / acre
Alt. A2: Flats + Retail	Double loaded corridor multi-family apartments above ground floor parking and retail space	39 DUs [21 3BRs & 18 2BRs flats] + 12,500 sf Retail	4 / 45 ft.	45 [At grade]	56 DUs / acre
Alt. B Flats + 2-storey Live/Work Units + Retail	Double loaded corridor multi-family apartments on floors 3 and 4 + 2-storey combination live-work spaces on floors 1 and 2. Parking on ground level and one retail space at corner	39 DUs [15 3BRs & 18 2BRs flats + 6 3BR 2 storey live/work spaces] + 2,110 sf Retail	4 / 45 ft.	45 [At grade]	56 DUs / acre
Alt. C Flats + Retail	Multi-family apartments on all floors with ground floor parking and one retail space at corner	45 DUs [27 3BRs & 18 2 BRs flats + 2,110 sf Retail	4 / 45 ft.	45 [At grade]	64 DUs / acre

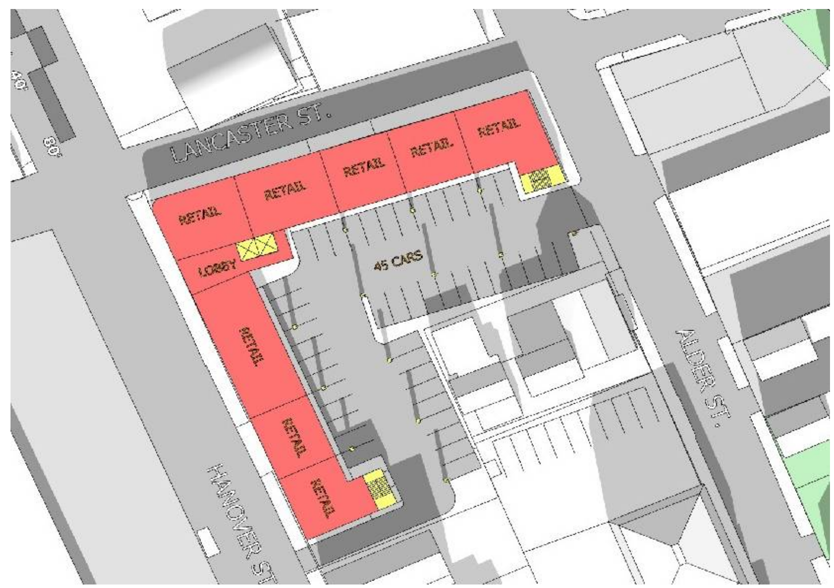
65 Hanover + 52 Alder St Housing Study: Building Square Footage Breakdown December 3, 2014					
Alternatives / Floors	**Gross SF**	**Net SF**	**Uses per Floor**		
Alt. A1					
Floor 4	19,200	16,000 (Res.)	15 2BRs		
Floor 3	19,200	16,000 (Res.)	15 2BRs		
Floor 2	19,200	16,000 (Res.)	15 2BRs		
Floor 1*	13,500	12,510 (Retail)	Retail + 45 Parking Spaces		
TOTAL	***71,100 GSF***	***60,510 NSF***	***45 2 BRS + 12,510 nsf Retail***		
Alt. A1					
Floor 4	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 3	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 2	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 1*	13,500	12,510 (Retail)	Retail + 45 Parking Spaces		
TOTAL	***71,100 GSF***	***60,510 NSF***	***21 3BRs & 18 2BRs + 12,510 nsf retail***		
Alt. B					
Floor 4	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 3	19,200	16,000 (Res.)	7 3BRs / 6 2 BRs		
Floor 2	19,200	16,000 (Res.)	7 3BRs / 6 2BRS		
Floor 1*	13,500	12,510 (10,400 Workshops + 2,110 Retail)	Workshops + Retail + 45 Parking Spaces		
TOTAL	***71,100 GSF***	***60,510 NSF***	***21 3BRs & 18 2BRs***		
Alt. C					
Floor 4	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 3	19,200	16,000 (Res.)	7 3BRs / 6 2BRs		
Floor 2	19,200	16,000 (Res.)	7 3BRs / 6 2BRS		
Floor 1*	13,500	12,510 (10,400 Res. + 2,110 Retail)	6 3BRs + Retail + 45 Parking Spaces		
TOTAL	***71,100 GSF***	***60,510 NSF***	***27 3BRs & 18 2BRs + Retail + 45 Parking Spaces***		
* 1st floor includes 45 open air parking spaces					

***Alternative A1: Multi-Family Flats + Ground Floor Retail**: 45 DUs (All 2 BRs) + 45 parking spaces*



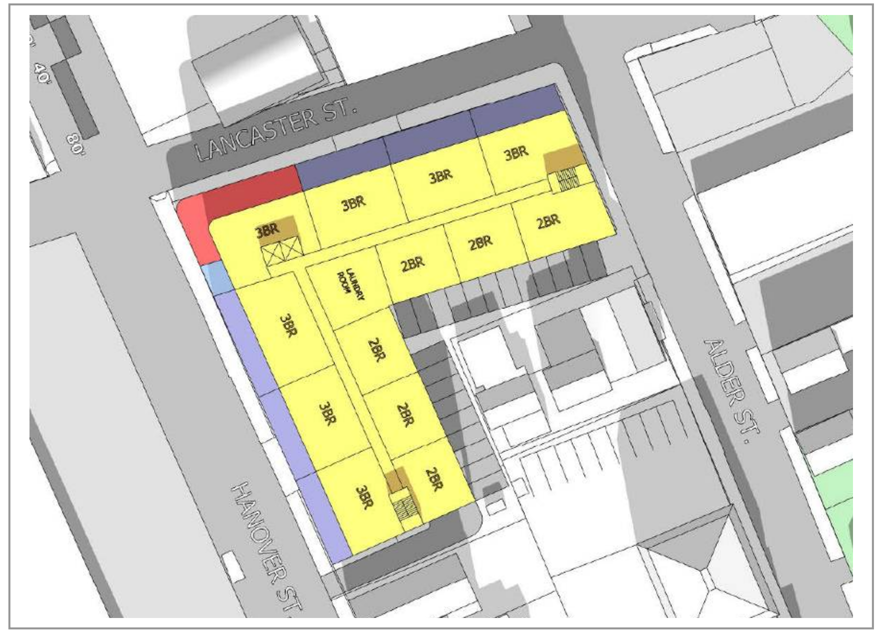


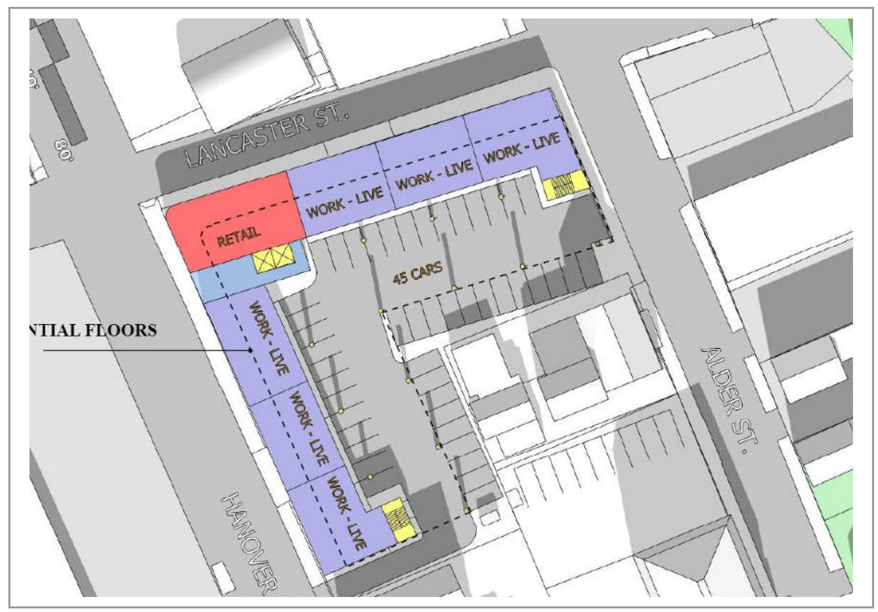




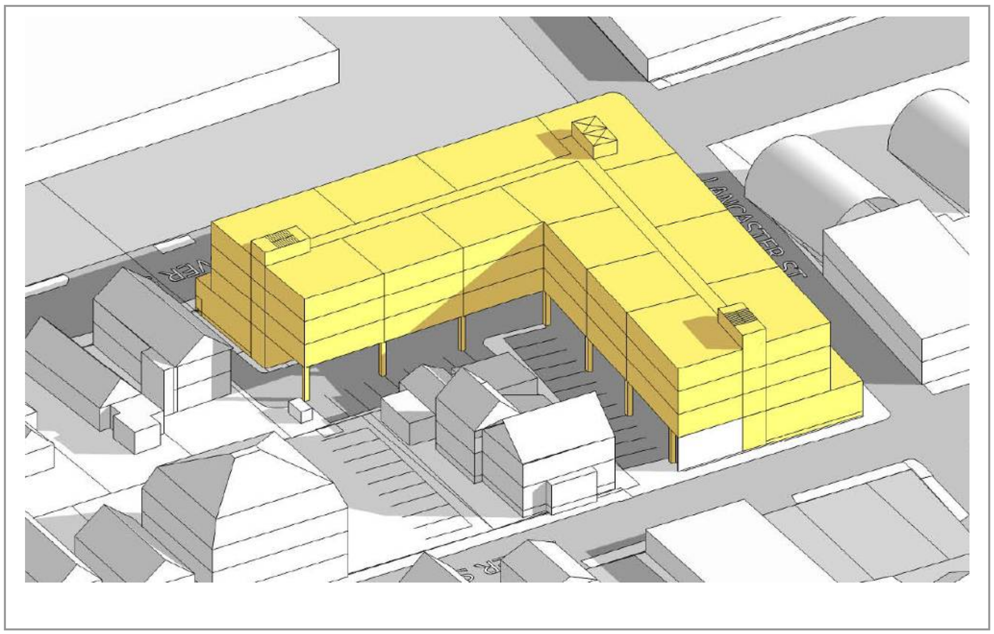
Alternative A2: Multi-Family Flats + Retail: *– 39 DUs (2 & 3 BR mix)+ 45 parking spaces*

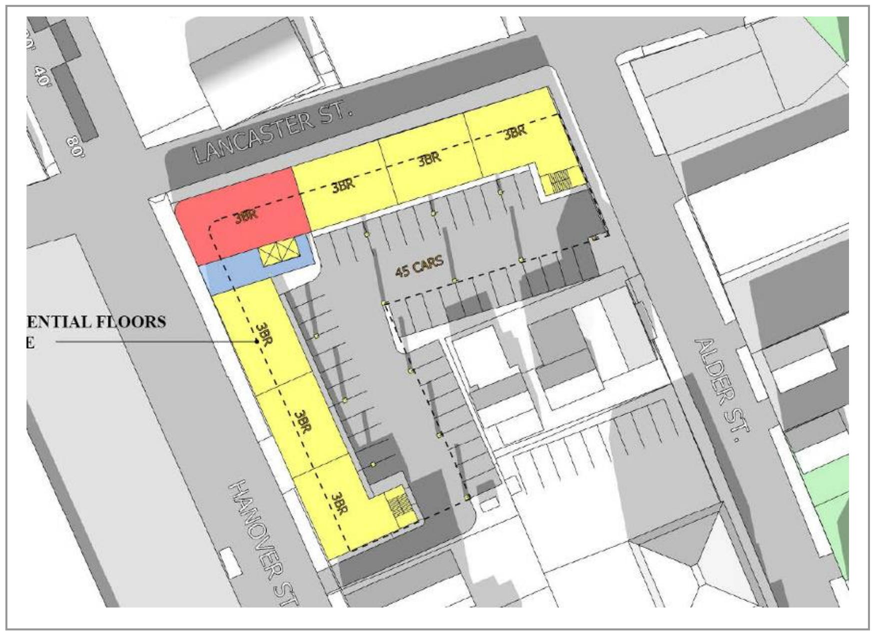
Alternative B: Multi-Family Flats (Flrs. 2 - 4) + Two-Story Live-Work Apartments (Flrs. 1 - 2) + 45 Parking Spaces





Alternative C: Multi-Family Flats on Floors 1 through 4 *- 45 DUs (2 and 3 BR mix) + 45 parking spaces*





6.0 Summary Evaluation of Alternative Scenarios

Alternative A1

Alternative A1 provides 45 2BR apartment flats on floors 2 through 4, plus retail spaces along the entire ground floor frontages of Hanover and Lancaster Streets. 45 parking spaces are provided at grade level, largely tucked under the upper floors of the building. This alternative generally meets the intentions of the City to provide affordable workforce residences and active ground floor uses. However, larger three BR apartment flats are not provided in this Alternative.

The total number of housing units that can be physically supported is defined and limited by the number of parking spaces that can be provided on site - in this Alternative, approximately 45 spaces. Trying to provide the zoning requirement of 5 parking spaces per 1,000 sf of retail spaces dramatically reduces the number of on-site parking spaces otherwise available to support residences. Therefore, parking exemptions will be required from the commercial parking space requirements if retail is wanted.

Moreover, our preliminary financial analyses indicate that there may not currently be sufficient market demand to support the amount of retail spaces illustrated at this time; and, the provision of these commercial spaces would be difficult to finance without cross-subsidies from the housing above – which is simply not available. Therefore, the provision of ground floor commercial spaces is difficult, if not unlikely. Also, the financing of residential units is more likely to be from affordable home ownership programs rather than rental programs.

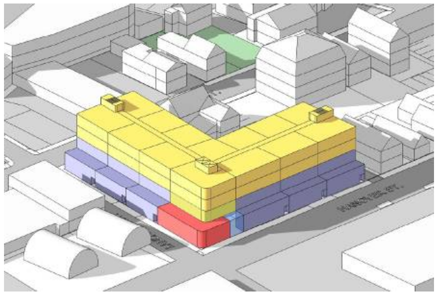
Alternative A2

Alternative A2 provides a mix of 39 two and three BR apartment flats on floors 2 through 4, plus retail spaces along the entire ground floor frontages of Hanover and Lancaster Streets. 45 parking spaces are provided at grade level, largely tucked under the upper floors of the building. This alternative meets the intentions of the City to provide affordable workforce residences and active ground floor uses.

The total number of housing units that can be physically supported is defined and limited by the number of parking spaces that can be provided on site - in this Alternative, approximately 45 spaces. Trying to provide the zoning requirement of 5 parking spaces per 1,000 sf of retail space dramatically reduces the number of on-site parking spaces otherwise available to support residences. Therefore, parking exemptions will be required from the commercial parking space requirements if retail is wanted.

Moreover, our preliminary financial analyses indicate that there may not currently be sufficient market demand to support the amount of retail spaces illustrated at this time; and, the provision of these commercial spaces would be difficult to finance without cross-subsidies from the housing above – which is simply not available. Therefore, the provision of ground floor commercial spaces is difficult, if not unlikely. Also, the financing of residential units is more likely to be from affordable home ownership programs rather than rental programs.

Alternative B



Alternative B provides a mix of 33 two and three BR apartment flats on floors 2 through 4, and 6 combined two-story live-work spaces on floors 1 and 2, for a total of 39 DUs. Additionally, one community retail space is provided at the corner of Hanover and Lancaster Streets. Approximately 45 parking spaces are provided at grade level, largely tucked under the upper floors of the building. This alternative meets the intentions of the City to provide affordable multi-family residences and semi-active ground floor uses, in this case provided by workshop spaces plus one retail space on the ground level.

The total number of housing units that can be physically supported is defined and limited by the number of parking spaces that can be provided on site - in this Alternative, approximately 45 spaces. In this Alternative, the single retail space can also be supported by the parking spaces provided without requiring a commercial space parking exemption.

Our preliminary financial analyses indicate that it may be difficult to finance the large artisan live-work two-story apartments. However, the City may have other available funds to support and subsidize artists housing. Without this additional public funding, the provision of these live-work spaces will be difficult to finance without cross-subsidies from the affordable housing above – which is simply not available. Also, the financing of residential units is more likely to be from affordable home ownership programs rather than rental programs.

Alternative C

Alternative C provides a mix of 45 two and three BR apartment flats on floors 1 through 4, in addition to one community retail space at the corner of Hanover and Lancaster Streets. The ground floor flats are vertically raised 2 feet above grade to provide some privacy from the adjacent sidewalk edge. Approximately 45 parking spaces are provided at grade level, largely tucked under the upper floors of the building. This alternative meets the intention of the City to provide affordable workforce residences. However, by providing apartment flats on the ground floor, the city's goal to provide active ground floor uses is not met. Also, providing flats on the ground level, on or near the street line with little or no setbacks, raises privacy concerns for the occupants of those apartments, particularly along busy Hanover Street.

The total number of housing units that can be physically supported is defined and limited by the number of parking spaces that can be provided on site - in this Alternative, approximately 45 spaces.

Based upon preliminary financial analysis, it is likely that this all residential project can be successfully financed. However, the financing of residential units is more likely to be from affordable home ownership programs rather than rental programs.

7.0 Preferred Housing Alternative:

8.0 Financing, Funding & Implementation Strategies

[Stantec Consulting Services, Inc.]

City of Portland
Request for Proposals
For the Sale and Re-Development of Property
Located at 65 Hanover Street and 52 Alder Street

RFP #

Notice and Specifications

Sealed proposals for furnishing the City of Portland with the Development of Affordable Housing, as specified herein, will be received by the Purchasing Office, Room 103, City Hall, 389 Congress Street, Portland, Maine 04101, until Tuesday, XXXXXXX, 2015 at 3:00 p.m. at which time they will be publicly opened. Proposals shall be submitted with the attached forms, and returned in sealed envelopes plainly marked on the outside "**SALE AND RE-DEVELOPMENT OF 65 HANOVER STREET AND 52 ALDER STREET**." Proposals that are late, faxed or submitted electronically will not be accepted. All proposals shall be held open to acceptance for sixty days from opening.

Copies of the above documents will be available at the Purchasing Office, Room 103, City Hall, 389 Congress Street, Portland, ME 04101. Each prospective proposer will be required to obtain from the City each copy of the proposal form and each set of plans; e-mail jrl@portlandmaine.gov , phone (207) 874-8654, or fax (207) 874-8652. Six (6) complete copies of your proposal submission, including any descriptive literature, shall be submitted on the forms provided and in an envelope plainly marked on the outside with the RFP's title and number

All questions must be submitted in writing to the Purchasing Office. These may be mailed; hand delivered, faxed to (207) 874-8652 or e-mailed to mff@portlandmaine.gov and be received no later than five (5) business days prior to the opening date. Questions received after this time will not be addressed. Any interpretation, correction, or change of this document will be made only by written addenda. Changes in any other manner will not be binding on the City of Portland.

The disposal of this real estate shall be on the basis of a negotiated proposal, with the City of Portland reserving the right to refuse any or all proposals. *All proposers are advised that the property will be sold "as-is" and "where-is", in its existing condition, with no warranties either expressed or implied*. The City disclaims any and all responsibility for injury to proposers, their agents or others while examining the property or at any other time.

Proposals from vendors not registered with the Purchasing Office may be rejected; receipt of this document directly from the City of Portland indicates registration. Should a vendor receive this Request from a source other than the City of Portland, please contact (207) 874-8654 to ensure that your firm is listed as a vendor for this RFP.

GENERAL INFORMATION

The City of Portland, Maine seeks proposals from qualified developers for the purchase and development of the property located at 65 Hanover Street and 54 Alder Street (hereafter, "the lot"). The site is designated on the City of Portland Tax Assessor's Map as Map 33, Block C, Lot 3 and Map 33, Block C, Lot 15.

Summary of Request

The City of Portland is committed to provide a balance of housing opportunities and has set a goal to evaluate the use of city-owned property to construct affordable housing. As one step in accomplishing this goal, the City of Portland will accept proposals for the development of affordable housing on the lot located at 65 Hanover Street and 52 Alder Street, Portland, Maine (Map 33, Block C, Lot 3 and Map 33, Block C, Lot 15).

An environmental assessment was conducted on the 5-acre parcel that houses the Public Services Department in June 2003 by Tewhey Associates and is attached to the RFP as Exhibit 2.

To facilitate the development of this site, the City of Portland may make funding available from the City resources noted below: However, strong preference will be given where the value of the property is the only source of subsidy provided by the City of Portland.

1. FY 2014-2015 HUD Home Investment Partnership Program (HOME) Funds (which may include a mandatory set-aside for CHDO organizations or organizations eligible for CHDO certification). The HUD definition of a CHDO organization is attached as Exhibit #1 entitled Definition of a Community Housing Development Organization (CHDO).

2. FY 2014 City Housing Trust Funds

The City of Portland's Division of Housing and Community Development uses the RFP process to ensure that public resources are utilized for maximum public benefit while accomplishing specific objectives and providing fair access to all applicants.

General Guidelines

Developments shall provide affordable rental or home ownership units. Note that "affordability" is defined by the standards outlined in Division 30 Section 14-485 of the City's Land Use Code. Proposals which include the use of HOME funds must meet the income and/or rent restrictions of the HOME program. Rental developments shall provide units to households earning no more than 60% of the area median income and ownership developments shall provide units to households earning no more than 80% of area median income.

Proposals which include the use of City Housing Trust Funds must meet the income and rent restrictions outlined in City Ordinance Chapter 14, Division 30, Section 14-485 which requires that rental developments shall be affordable to households earning no more than 80% of the area median income and ownership developments shall be affordable to households earning no more than 120% of the area median income.

The minimum term of affordability is ***90*** years, to be secured by a land use restriction covenant in the deed.

Redevelopment should incorporate costs and measures to properly manage contaminated soil in compliance with state and federal regulations. *In general, any soil disturbance should be conducted in accordance with the requirements of the Maine DEP.*

The proposed use of funds, leveraging of other public and private resources, terms of affordability, design compatibility, readiness, financial feasibility, development experience, management capacity, and unit mix are among the scoring factors to be used in the review process.

This RFP outlines the selection criteria which all projects applying for these funds must meet, as well as scoring factors which will be used by the City of Portland to evaluate the proposals.

I. Background

The site at 65 Hanover Street contains approximately 20,273 square feet and the site at 52 Alder Street contains approximately 9,500 square feet. The Hanover Street property is currently used by the City's Traffic Division. The Alder Street property is currently used by the City's Trades Division. Both sites are located on the south side of Lancaster Street and share a common wall, essentially creating one building with a common parking area. The site is zoned B-2b.

II. Goals for This RFP

The goal for the sale and development of the property at 65 Hanover Street and 52 Alder Street is to promote the development of affordable housing with a high standard of quality, design, and livability. Proposals should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Design principles should promote efficient use of land to create infill development that is of high architectural quality and consistent with the City's plans for Bayside. Shadow and privacy impacts on neighboring properties should be minimized. They should also incorporate high standards of energy efficiency and "green" design criteria.

Proposals should consider the recommendations outlined in the Affordable Housing Feasibility Study completed by Bluestone Planning Group a copy of which is included as Exhibit #2. In summary, the study identifies the preferred design concept as a double-loaded "L"-shaped, four story tall apartment building with three floors of apartments sitting above a ground floor of parking spaces and perimeter retail spaces along Hanover and Lancaster Streets. . The design would create up to 45 dwelling units units targeted to households with incomes between 100% to 120% of the area median income (Family of Two = $61,875-$74,250 & Family of Four = $77,313-$92,760). The design concept suggests – fifteen two 2-bedroom apartments per floor and includes a maximum of 45 surface parking spaces.

SCOPE OF SERVICES

General Specifications

All proposals submitted for this funding must meet the following selection criteria to be considered further in the review process.

A. Eligible Projects

1) Projects must create no less than XXXX deed-restricted affordable housing units targeted to households with incomes between 100% and 120% of the area median income (Family of Two = $61,875-$74,250 & Family of Four = $77,313-$92,760). Market rate units, deed restricted units for those below 100% of area median income, commercial/retail uses and open space uses are not discouraged as part of a development that meets this basic goal.

2) Projects requesting HOME funds must provide home ownership units to households that meet the income the HOME Program.

3) Projects receiving funding through this RFP must include a written occupancy policy that prohibits smoking in the units and the interior common areas of the project in addition to including a non-smoking clause in the lease for every household and making educational materials on tobacco treatment programs available to residents through the resident service coordinator, occupancy specialist, or property manager, such as the phone number for the statewide Maine Tobacco HelpLine.

4) Projects that will properly manage contaminated soil in accordance with state and federal regulations.

B. Site Information and Criteria

1) Purchase Price: The City of Portland is willing to consider the value of the property as a subsidy source for projects that provide at least XXXX units of workforce housing.. The use of the City's Housing Trust Fund will be considered, however, strong preference will be given to proposals where the value of the property is the only source of subsidy by the City of Portland.

2) Local Approvals: Local land use approval is not required prior to submittal of the proposal.

3) The applicant must submit an analysis of the project in relation to local land use regulations and site feasibility.

4) Proposals must not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered).

5) Proposal must include language indicating the applicant has considered the environmental conditions of the lot based on its location and understands the potential implications of these conditions.

C. Financial Feasibility

1) Financial Projections: Financial proposals must be developed in accordance with the underwriting guidelines of the primary funding source, including adequate cash flow and debt coverage ratio.

2) Use of City funding resources: All projects will be reviewed for the proposed use of City funds compared to other resources. Applicants must describe the proposed mortgage and security position for the City of Portland's funding.

D. Applicant Capacity

All applicants must demonstrate capacity to develop, own and manage the proposed project. In the case of a proposal for home ownership housing, applicants must demonstrate capacity to market the units for the sale. All proposals must provide evidence of a development team with the capacity to successfully complete the project including;

1) Key staff members assigned to the project with the abilities and experience to successfully complete the project within the proposed timeframe.

2) An architect, general contractor and professionals on the team with the experience and capacity to complete the project.

3) An environmental consultant to ensure proper management and handling of contaminated soils as well as establish an environmental management plan after development.

4) A management team with qualified personnel and the capacity and experience to operate, manage and maintain the affordable rental property of size and mix of the proposed project and/or effectively market affordable home ownership housing.

5) Qualified staff with the capacity to perform ongoing property ownership requirements such as budgeting, tax accounting and oversight of management and maintenance.

6) A portfolio of current affordable housing projects that are financially sound and meeting their established goals. Projects that successfully redeveloped contaminated properties should be highlighted.

7) Support Services: Proposals containing rental units targeted to special needs populations must include commitments for support services to be provided to the residents.

E. Term of Affordability

The minimum term of affordability is ***90*** years, to be secured by a land use restriction covenant in the deed. Proposals which include the use of HOME funds for home ownership projects must have a plan for long-term affordability that meets HOME Program recapture or resale regulations.

F. Design Compatibility

Projects must be designed to contribute to the character of the neighborhood and adhere to the following guidelines.

1) **Connect the Neighborhood** The development should not be an island unto itself, but rather blend into and enhance the surrounding Bayside Neighborhood community.

2) **Design Considerations**

   a. **High Quality Design** Excellence in architectural and landscape design is expected.
   b. **Traditional Design** Design shall be reflective of the surrounding traditional neighborhood and shall create an infill development that reflects and respects the existing pattern, streetscape, density, scale, massing, exterior materials and design elements of the Bayside Neighborhood. Buildings should orient to the street.
   c. **Green Design** The site and buildings shall be designed to meet the City's Green BuildingCode.
   d. **Streetscape** The development shall enhance the pedestrian experience and the public realm. Alternative transportation modes shall be accommodated and incorporated in the project.
   e. **Height** Heights shall be less than or equal to the average of structures in the surrounding block.
   f. **Permeability** Design shall be permeable or porous. View corridors are encouraged.
   g. **Heterogeneity** Design of the buildings on the site shall be heterogeneous, not homogenous.
   h. **Accessibility** Universal Design principles shall be incorporated wherever feasible, to ensure that the design is physically accessible to the greatest range of users.

G. Timeframe

The applicant must describe projected dates by which commitments will be obtained; the closing will take place, construction start-up, substantial completion, final completion and occupancy. Timeframes must be realistic and achievable. All funded projects must be able to start construction within 12 months of notice of award.

PROPOSAL REQUIREMENTS

Complete responses to this RFP, should include six (6) complete copies of each proposal including one original bearing the hand written signature of an officer or employee having authority to bind the organization and the following, in the order outlined below.

Note: All respondents should investigate legal and zoning requirements for proposed projects prior to submission of proposal.

i. Project Summary

A brief description of the project, no longer than two pages, to include the number and type of units, tenants or owners to be served, special features, the impact on the neighborhood and other ways the proposal meets the selection criteria and preference guidelines.

<u>Photographs and maps of the site and area are required.</u>

ii. All Proposals Must Provide The Following:

1) Conceptual architectural and site plans

2) A soil management plan or provision to prepare one including who shall prepare the document and their qualifications upon award

3) A project schedule showing critical path events and their timeframe for completion;

4) Map showing location of site

5) Corporation/partnership articles and by-laws

6) Most recent audit or federal tax returns for the last three years, and financial statements for the last two years

7) Documentation demonstrating certification or eligibility to obtain certification as a CHDO (if seeking HOME CHDO funds)

8) A brief development team summary, including:

   - The type of organization/ownership structure
   - The names of Board of Directors, Corporate Officers, or Owners, as appropriate
   - Name, title and relevant experience of individuals involved in managing the business entity and this proposed project. A copy of the 501(3)(c) exemption certification
   - Brief description of similar projects completed
   - A list of all projects currently in development with status and projected timeframe

9) A sources and uses funding statement

10) Evidence of financial commitments, or explanation of the ability and timing to secure those commitments. A statement describing the applicant's capacity for and experience in raising the type of capital needed to finance projects of this size and type.

11) Applicant must include a marketing plan for the sale of home ownership units.

12) An analysis and discussion of market demand justifying the need for the proposed project.

SELECTION PROCESS

Selection criteria will be used in reviewing and scoring the proposals.

I. Point System for Evaluating and Scoring Proposals (Maximum Points 100)

1. Proposed use of resources to achieve the City of Portland's goals and address demonstrated need. **25 points**

   Maximum points will be awarded for those proposals that demonstrate sufficient market demand, create housing options which promote economic diversity in the neighborhood in which the development is located, include a policy prohibiting smoking and where the value of the property is the only source of subsidy by the City of Portland.

2. Financial feasibility, including cost, development budget, operating pro forma and the provision of secured and leverage funds. **25 points**

   Maximum points will be awarded for those proposals that include a complete set of financial documents to support the financing request, contain a realistic set of sources and uses development budgets.

3. Applicant's ability to complete project, including development team, experience, capacity, project readiness and timeframe for completion. **20 points**

   Maximum points will be awarded for those proposals that demonstrate a development team with a successful track record in projects of similar size, scale, type and complexity to the proposed project and capacity to fulfill their responsibilities and the readiness of the project to proceed.

4. Impact on surrounding neighborhood, including design compatibility and environmental issues. **30 points**

   Maximum points will be awarded for those proposals where the design is consistent with neighborhood design characteristics and minimizes the impact of shadows on the adjacent public playground, amenities and unit design are well thought out and appropriate, meet the requirements of the City of Portland’s Green Building Code, and where provisions to protect the surrounding community during contaminated soil disturbance are proposed.

II. RFP Evaluation and Selection Process and Timeframe

Proposals will be reviewed by an evaluation team that will include City of Portland staff. The following process will be used:

1) Upon closing of the RFP application period, all proposals will be reviewed for completeness.

2) Complete proposals will be reviewed under the scoring factors in order to recommend the most qualified proposals based on the information submitted. The proposal review team may confer with the applicants and/or third parties to clarify or verify information and request additional information.

3) Recommendations, along with all proposals and scoring information, will be forwarded to the City Council's Housing and Community Development Committee for review and approval. Their recommendations will be forwarded to the City Council for final review and approval. Public presentations may be required.

4) Applicants will be kept informed throughout the review process, specifically in regard to recommendations and funding levels.

5) The evaluation and review process should be substantially complete by January 30, 2015. Applicants will be notified of their proposal status as soon as possible.

6) Based on City Council approval, a purchase and sale agreement will be negotiated (see legal requirements) and as appropriate, successful applicants will receive a letter of funds reservation. A letter of funds reservation is not a commitment letter but an agreement to set aside budgeted funds for up to six months, to allow the project sponsor to proceed with securing other commitments.

INSTRUCTIONS AND OTHER INFORMATION

A. The City of Portland reserves the right, at its sole discretion, to award all, a portion, or none of the available funding from this RFP, as well as reject any and all proposals for city funding, based on the quality and merits of the proposals received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

B. Confidentiality: Proposals received by the City of Portland shall become a matter of public record subject to public inspection, except to the extent, which an applicant designates in writing, proprietary data to be confidential and submits that data under separate cover, such information may be held from public inspection, as provided in Maine law: 5 MRSA Sections 13119-A and 13119-B

C. Compliance with Federal Law: The selected applicant will be required to certify that the development and management of the proposed housing will be in compliance with all applicable laws, executive orders, OMB Circulars and federal regulations, including but not limited to: Fair Housing Act, Equal Opportunity and Non-discrimination, National Environmental Policy Act (NEPA), the Uniform Relocation Assistance and Real Property Acquisition Policies Act, the Davis-Bacon Act, the Lead Based Paint Poisoning Prevention Act, Flood Disaster Protection Act, Conflict of Interest, Contractor Debarment and Cost Principles.

D. All applications seeking HOME Program funding must meet the rules and regulations of the HOME Program as noted in 24 CFR Part 92, as amended, and the requirements of the Consolidated and Further Continuing Appropriations Act of 2012 and 2013.

LEGAL REQUIREMENTS

The selected developer will be required to provide a performance guaranty in the form of a letter of credit or a performance bond, the performance of the developer's obligations outlined in this Request for Proposal and subsequent contract to be negotiated with the City. This performance guaranty is separate from any performance guaranty that will be required as a result of the City's site plan review process.

The City shall convey the described real estate by quitclaim deed to the developer, or where the City has obtained a warranty deed for the real estate, it shall provide a warranty deed for the same to the developer. Any deed from the City will contain a restriction in the deed that the property must meet the permanent affordability requirements as described in this Request for Proposals.

In the event the City makes a financial contribution to a developer and to secure the developer's obligations, the City shall have a security interest in the form of a mortgage in the real estate to be developed. The terms of the mortgage shall be negotiated with the developer at the time of the commitment of funds.

EQUAL EMPLOYMENT OPPORTUNITIES

Vendor shall comply fully with the Nondiscrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37.

Reservation of Rights

The City of Portland reserve the right, at its sole discretion, to award all, a portion, or none of the available funding from this RFP, as well as reject any and all proposals based on the quality and merits of the proposals received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

The City of Portland reserves the right to substantiate any proposers' qualifications, capability to perform, availability, past performance records and to verify that the bidder is current in its financial obligations to the City of Portland.

All materials and equipment used as well as all methods of installation shall comply at a minimum with any and all Federal, OSHA, State and/or local codes, including applicable municipal ordinances and regulations. Additionally, all contaminated soil should be managed in accordance with state and federal regulations.

The successful bidder shall agree to defend, indemnify and save the City of Portland harmless from all losses, costs or damages caused by its acts or those of its agents, and, before signing the contract, will produce evidence satisfactory to the City of Portland's Corporation Counsel of coverage for General Public and Automobile Liability insurance in amounts not less than $400,000 per person, for bodily injury, death and property damage, protecting the contractor and the City of Portland, and naming the City of Portland as an additional insured from such claims, and shall also procure Workers' Compensation insurance.

Pursuant to City of Portland procurement policy and ordinance, the City of Portland is unable to contract with businesses or individuals who are delinquent in their financial obligations to the City of Portland. These obligations may include but are not limited to real estate and personal property taxes and sewer user fees. Bidders who are delinquent in their financial obligations to the City of Portland must do one of the following: bring the obligation current, negotiate a payment plan with the City of Portland's Treasury office, or agree to an offset which shall be established by the contract which shall be issued to the successful bidder.

The City of Portland, Maine, reserves the right to waive any informality in proposals, to accept any proposal or portion thereof, and, to reject any and all proposals, should it be in the best in the best interest of the City of Portland to do so.

It is the custom of the City of Portland, Maine to pay its bills 30 days following equipment delivery and acceptance, and following the receipt of correct invoices for all items covered by the purchase order. In submitting bids under these specifications, bidders should take into account all discounts; both trade and time allowed in accordance with this payment policy and quote a net price. The City of Portland is exempt from the State's sales and use tax as well as all Federal excise taxes.

XXXXXX, 2015 Matthew F. Fitzgerald
Purchasing Manager

Appendices

Exhibit #1. HUD definition of a Community Housing Development Organization (CHDO)

Exhibit # 2. Affordable Housing Feasibility Study completed by Bluestone Planning Group

PROPOSAL

THIS PAGE MUST BE INCLUDED

The UNDERSIGNED hereby declares that he/she or they are the only person(s), firm or corporation interested in this proposal as principal, that it is made without any connection with any other person(s), firm or corporation submitting a proposal for the same.

The UNDERSIGNED hereby declares that they have read and understand all conditions as outlined in the invitation for bids, and that their proposal is made in accordance with same.

The UNDERSIGNED hereby declares that any person(s) employed by the City of Portland, Maine, who has direct or indirect personal or financial interest in this proposal or in any portion of the profits that may be derived there from, has been identified and the interest disclosed by separate attachment. (Please include in your disclosure any interest which you know of. An example of a direct interest would be a City of Portland employee who would be paid to perform services under this proposal. An example of indirect interest would be a City of Portland employee who is related to any officers, employees, principal or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).

The proposer acknowledges the receipt of Addenda numbered ____________________________
If Applicable

COMPANY NAME: ____
(Individual, Partnership, Corporation, Joint Venture)

AUTHORIZED SIGNATURE: ______________________ DATE: ____________
(Officer, Authorized Individual or Owner)

PRINT NAME & TITLE: ____

ADDRESS: ____

____

TELEPHONE: ______________________ FAX: ______________________

E-MAIL: ____________________FEDERAL TAX ID NUMBER: ______________

NOTE: All bids must bear the handwritten signature of a duly authorized member or employee of the organization making the bid. This sheet must be signed and returned with the proposal package.

EXHIBIT #1 – DEFINITION OF A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION

1. Is a private nonprofit organization under State or local laws;

2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:

   i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
   ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for profit entity may not appoint the remaining two-thirds of the board members; and
   iii. The community housing development organization must be free to contract for goods and services from vendors of its own choosing;

4. Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986;

5. Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two thirds of the board members;

6. Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"

7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or bylaws;

8. Maintains accountability to low-income community residents by:

   i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;

9. Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and

10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

City of Portland
Request for Proposals
For the Sale and Reuse of Property
Located at 71 Hanover Street

RFP # ____

Notice and Specifications

Sealed proposals for furnishing the City of Portland with redevelopment of 71 Hanover Street, as specified herein, will be received by the Purchasing Office, Room 103, City Hall, 389 Congress Street, Portland, Maine 04101, until ________________, 2015 at 3:00 p.m. at which time they will be publicly opened. Proposals shall be submitted with the attached forms, and returned in sealed envelopes plainly marked on the outside "**SALE AND REUSE OF 71 HANOVER STREET**." Each proposal must be accompanied by a proposal surety deposit equal to 10% of the consideration being proposed. This may be in the form of a certified check, bank treasurer's check, bank cashier's check or money order. **Note: all checks must be in one of the above mentioned forms or the proposal will be rejected.** Proposals that are late, faxed or submitted electronically will not be accepted. All proposals shall be held open to acceptance for sixty days from opening.

Copies of the above documents will be available at the Purchasing Office, Room 103, City Hall, 389 Congress Street, Portland, ME 04101. Each prospective proposer will be required to obtain from the City each copy of the proposal form and each set of plans; e-mail jrl@portlandmaine.gov , phone (207) 874-8654, or fax (207) 874-8652. Six (6) complete copies of your proposal submission, including any descriptive literature, shall be submitted on the forms provided and in an envelope plainly marked on the outside with the RFP's title and number

All questions must be submitted in writing to the Purchasing Office. These may be mailed; hand delivered, faxed to (207) 874-8652 or e-mailed to mff@portlandmaine.gov and be received no later than five (5) business days prior to the opening date. Questions received after this time will not be addressed. Any interpretation, correction, or change of this document will be made only by written addenda. Changes in any other manner will not be binding on the City of Portland.

The disposal of this real estate shall be on the basis of a negotiated proposal, with the City of Portland reserving the right to refuse any or all proposals. *All proposers are advised that the property will be sold "as-is" and "where-is", in its existing condition, with no warranties either expressed or implied*. The City disclaims any and all responsibility for injury to proposers, their agents or others while examining the property or at any other time.

Proposals from vendors not registered with the Purchasing Office may be rejected; receipt of this document directly from the City of Portland indicates registration. Should a vendor receive this Request from a source other than the City of Portland, please contact (207) 874-8654 to ensure that your firm is listed as a vendor for this RFP.

I. GENERAL INFORMATION

The City of Portland, Maine seeks proposals from qualified developers for the purchase and redevelopment of the property at 71 Hanover Street, known as the Department of Public Services' Sand and Salt Shed, (hereafter, "the lot"). The site is designated on the City of Portland Tax Assessor's Map as Map 34, Block H, Lot 4-5.

II. SUMMARY OF REQUEST

The City of Portland is committed to provide a balance of development opportunities and has set a goal to evaluate the use of this City-owned property for commercial purposes. As one step in accomplishing this goal, the City of Portland will accept proposals for the redevelopment of this lot at 71 Hanover Street, Portland, Maine (Map 34, Block H, Lot 4-5), in B-2b zone.

An environmental assessment was conducted on the 5-acre parcel that houses the Public Services Department in June 2003 by Tewhey Associates and is attached to the RFP as Appendix ____. To facilitate the development of this site, the City of Portland may make loan funding available from the City's Portland Development Corporation, which has business loan programs, including a Brownfield Loan Fund.

The City of Portland's Economic Development Department uses the RFP process to ensure that any proposed redevelopment provides for the maximum public benefit while accomplishing specific objectives and providing fair access to all applicants.

III. GENERAL GUIDELINES

Redevelopment proposals shall provide for commercial development according to the B-2b zoning.

Redevelopment should incorporate costs and measures to properly manage contaminated soil in compliance with state and federal regulations. In general, any soil disturbance should be conducted in accordance with the requirements of the Maine DEP.

The proposed use, design compatibility, readiness, financial feasibility, and development experience are among the scoring factors to be used in the review process.

This RFP outlines the selection criteria which all proposals must meet, as well as scoring factors which will be used by the City of Portland to evaluate the proposals.

IV. BACKGROUND

The site at 71 Hanover Street contains approximately 15,102 square feet. It is located in the City's Bayside area and is currently being used by the City's Department of Public Services for its sand and salt operations.

V. GOAL FOR THIS RFP

The goal for the sale and redevelopment of the property at 71 Hanover Street is to promote commercial development with a high standard of quality and design. Proposals should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Design principles should promote efficient use of land to create infill development that reflects and respects the existing pattern, streetscape, density, scale, massing, exterior materials and design elements that are reflective of the surrounding neighborhood. Heights shall be less than or equal to the surrounding buildings and should minimize the impact of shadows on adjacent property. They should also incorporate high standards of energy efficiency and "green" design criteria.

Proposals should consider the recommendations/goals outlined in the Bayside Vision to provide a variety of diverse uses to increase jobs, housing, and livability in this area.

VI. SCOPE OF SERVICES

All proposals submitted must meet the following selection criteria to be considered further in the review process.

A. Eligible Projects

1) Existing zoning compliant proposal;
2) Ideally, destination type uses which increase pedestrian activity;
3) Projects that will properly manage contaminated soil in accordance with state and federal regulations;

B. Site Information and Criteria

1) Purchase Price: The City of Portland is setting a minimum purchase price for this property as: $__________________.

2) Local Approvals: Local land use approval is not required prior to submittal of the proposal.

3) Site Feasibility for Proposed Use: The applicant must submit an analysis of the project in relation to local land use regulations and site feasibility.

4) Zoning: Proposals must not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered).

5) Environmental: Proposals must include language indicating the applicant has considered the environmental conditions of the lot and understands the implications of these conditions. The proposal may include a plan summary for addressing said environmental conditions and any planning institutional controls to be applied to the property.

6) Project Timing: Applicants must outline the timeframe for their proposed project development approval, construction, and occupancy.

C. Financial Feasibility

Possible use of City funding resources: All projects will be reviewed for the proposed use of City funds (loan through the Portland Development Corporation), if any, compared to other resources

D. Applicant Capacity

All applicants must demonstrate capacity to develop, own, and manage the proposed project. All proposals must provide evidence of a development team with the capacity to successfully complete the project including;

1) Key individuals assigned to the project with the abilities and experience to successfully complete the project within the proposed timeframe.

2) An architect, general contractor and/or other professionals on the team with the experience and capacity to complete the project.

3) An environmental consultant to ensure proper management and handling of contaminated soils as well as establish an environmental management plan after development.

4) A portfolio of past or present development projects. Projects that successfully redeveloped contaminated properties should be highlighted.

E. Design Compatibility

Projects must be designed to contribute to the character of the neighborhood and adhere to the following guidelines.

1) **Connect the Neighborhood**

The development should not be an island unto itself, but rather blend into and enhance the surrounding Bayside community.

2) Design Considerations

a. **High Quality Design:** Excellence in architectural and landscape design is expected.

b. **Traditional Design:** Design shall be reflective of the surrounding neighborhood and shall create an infill development that reflects and respects the existing pattern, streetscape, density, scale, massing, exterior materials and design elements of the neighborhood. Buildings should orient to the street.

c. **Green Design:** The site and buildings shall be designed to meet the City's Green Building Code.

d. Streetscape: The development shall enhance the pedestrian experience and the public realm. Alternative transportation modes shall be accommodated and incorporated in the project.

e. **Height:** Heights shall be less than or equal to the average of structures in the surrounding block and should minimize the impact of shadows on the adjacent property.

f. **Permeability:** Design shall be permeable or porous. View corridors are encouraged.

g. **Heterogeneity:** Design of the buildings on the site shall be heterogeneous, not homogenous.

h. **Accessibility:** Universal Design principles shall be incorporated wherever feasible, to ensure that the design is physically accessible to the greatest range of users.

F. Timeframe

The applicant must describe projected dates by which commitments will be obtained; the closing will take place; construction start-up; substantial completion; and, final completion and occupancy. Timeframes must be realistic and achievable. All funded projects must be able to start construction within 12 months of notice of award.

VII. PROPOSAL REQUIREMENTS

Complete responses to this RFP, should include six (6) complete copies of each proposal including one original bearing the hand written signature of an officer or employee having authority to bind the organization and the following, in the order outlined below.

Note: All respondents should investigate legal and zoning requirements for proposed projects prior to submission of proposal.

A. Project Summary

A brief description of the project, no longer than two pages, to include the proposed development, special features, the impact on the neighborhood, and other ways the proposal meets the selection criteria and preference guidelines.

<u>Photographs and maps of the site and area are required.</u>

B. All Proposals Must Provide the Following:

1) Conceptual architectural and site plans

2) A soil management plan or provision to prepare one including who shall prepare the document and their qualifications upon award

3) A project schedule showing critical path events and their timeframe for completion;

4) Map showing location of site

5) Corporation/partnership articles and by-laws

6) A brief development team summary, including:

- The type of organization/ownership structure
- The names of Board of Directors, Corporate Officers, or Owners, as appropriate
- Name, title and relevant experience of individuals involved in managing the business entity and this proposed project.
- Brief description of similar projects completed
- A list of all projects currently in development with status and projected timeframe

7) Evidence of financial commitments, or explanation of the ability and timing to secure those commitments. A statement describing the applicant's capacity for and experience in raising the type of capital needed to finance projects of this size and type.

8) An analysis and discussion of market demand justifying the need for the proposed project.

VIII. SCORING/SELECTION PROCESS

Selection criteria will be used in reviewing and scoring the proposals.

1) Point System for Evaluating and Scoring Proposals (Maximum Points 100)

A. Proposed use of resources to achieve the City of Portland's goals and address demonstrated need. **25 points**

Maximum points will be awarded for those proposals that demonstrate sufficient market demand, create economic diversity in the neighborhood in which the development is located.

B. Financial capacity, including projected development budget, and ability to secure required funds. **25 points**

Maximum points will be awarded for those proposals that demonstrate past experience to raise required funds to support the proposed project.

C. Applicant's ability to complete project, including development team, experience, capacity, project readiness and timeframe for completion. **20 points**

Maximum points will be awarded for those proposals that demonstrate a development team with a successful track record in projects of similar size, scale, type and complexity to the proposed project and capacity to fulfill their responsibilities and the readiness of the project to proceed.

D. Impact on surrounding neighborhood, including design compatibility and environmental issues. **30 points**

Maximum points will be awarded for those proposals where the design is consistent with neighborhood design characteristics and minimizes the impact of shadows on the adjacent property, and design is well thought out and appropriate, meet the requirements of the City of Portland's Green Building Code, and where provisions to protect the surrounding community during contaminated soil disturbance are proposed.

2) RFP Evaluation, Selection Process, and Timeframe

Proposals will be reviewed by an evaluation team that will include City of Portland staff. The following process will be used:

A. Upon closing of the RFP application period, all proposals will be reviewed for completeness.

B. Complete proposals will be reviewed under the scoring factors in order to recommend the most qualified proposals based on the information submitted. The proposal review team may confer with the applicants and/or third parties to clarify or verify information and request additional information.

C. Recommendations, along with all proposals and scoring information, will be forwarded to the City Council's Housing and Community Development Committee for review and approval. Their recommendations will be forwarded to the City Council for final review and approval. Public presentations may be required.

D. Applicants will be kept informed throughout the review process, specifically in regard to recommendations and funding levels.

E. The evaluation and review process should be substantially complete by ________________, 2015. Applicants will be notified of their proposal status as soon as possible.

F. Based on City Council approval, a purchase and sale agreement will be negotiated (see legal requirements).

IX. INSTRUCTIONS AND OTHER INFORMATION

1) The City of Portland reserves the right, at its sole discretion, to award all, a portion, or none of the available funding from this RFP, as well as reject any and all proposals for city funding, based on the quality and merits of the proposals received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

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3) Compliance with Federal Law: The selected applicant will be required to certify that the development and management of the project will be in compliance with all applicable laws,

executive orders, OMB Circulars and federal regulations, including but not limited to: Fair Housing Act, Equal Opportunity and Non-discrimination, National Environmental Policy Act (NEPA), the Uniform Relocation Assistance and Real Property Acquisition Policies Act, the Davis-Bacon Act, the Lead Based Paint Poisoning Prevention Act, Flood Disaster Protection Act, Conflict of Interest, Contractor Debarment and Cost Principles.

X. LEGAL REQUIREMENTS

The selected developer will be required to provide a performance guaranty in the form of a letter of credit or a performance bond, the performance of the developer's obligations outlined in this Request for Proposal and subsequent contract to be negotiated with the City. This performance guaranty is separate from any performance guaranty that will be required as a result of the City's site plan review process.

The City shall convey the described real estate by quitclaim deed to the developer, or where the City has obtained a warranty deed for the real estate, it shall provide a warranty deed for the same to the developer.

XI. EQUAL EMPLOYMENT OPPORTUNITIES

Vendor shall comply fully with the Nondiscrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37.

XII. RESERVATION OF RIGHTS

The City of Portland reserve the right, at its sole discretion, to reject any and all proposals based on the quality and merits of the proposals received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

The City of Portland reserves the right to substantiate any proposers' qualifications, capability to perform, availability, past performance records and to verify that the bidder is current in its financial obligations to the City of Portland.

All materials and equipment used as well as all methods of installation shall comply at a minimum with any and all Federal, OSHA, State and/or local codes, including applicable municipal ordinances and regulations. Additionally, all contaminated soil should be managed in accordance with state and federal regulations.

The successful bidder shall agree to defend, indemnify and save the City of Portland harmless from all losses, costs or damages caused by its acts or those of its agents, and, before signing the contract, will produce evidence satisfactory to the City of Portland's Corporation Counsel of coverage for General Public and Automobile Liability insurance in amounts not less than $400,000 per person, for bodily injury, death and property damage, protecting the contractor and the City of Portland, and naming the City of Portland as an additional insured from such claims, and shall also procure Workers' Compensation insurance.

Pursuant to City of Portland procurement policy and ordinance, the City of Portland is unable to contract with businesses or individuals who are delinquent in their financial obligations to the City of Portland. These obligations may include but are not limited to real estate and personal property taxes and sewer user fees. Bidders who are delinquent in their financial obligations to the City of Portland must do one of the following: bring the obligation current, negotiate a payment plan with the City of Portland's Treasury office, or agree to an offset which shall be established by the contract which shall be issued to the successful bidder.

The City of Portland, Maine, reserves the right to waive any informality in proposals, to accept any proposal or portion thereof, and, to reject any and all proposals, should it be in the best in the best interest of the City of Portland to do so.

Date:

Matthew F. Fitzgerald
Purchasing Manager

Appendices

PROPOSAL

THIS PAGE MUST BE INCLUDED

The UNDERSIGNED hereby declares that he/she or they are the only person(s), firm or corporation interested in this proposal as principal, that it is made without any connection with any other person(s), firm or corporation submitting a proposal for the same.

The UNDERSIGNED hereby declares that they have read and understand all conditions as outlined in the invitation for bids, and that their proposal is made in accordance with same.

The UNDERSIGNED hereby declares that any person(s) employed by the City of Portland, Maine, who has direct or indirect personal or financial interest in this proposal or in any portion of the profits that may be derived there from, has been identified and the interest disclosed by separate attachment. (Please include in your disclosure any interest which you know of. An example of a direct interest would be a City of Portland employee who would be paid to perform services under this proposal. An example of indirect interest would be a City of Portland employee who is related to any officers, employees, principal or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).

TOTAL PROPOSAL FOR PROPERTY:
Cash Value: $_________________________ _*

Enclosed is a proposal surety of $_____________________________ equal to 10% of the amount being proposed.

The proposer acknowledges the receipt of Addenda numbered ____________________________________
If Applicable

COMPANY NAME: ____
(Individual, Partnership, Corporation, Joint Venture)

AUTHORIZED SIGNATURE: ____________________________________ DATE: __________________
(Officer, Authorized Individual or Owner)

PRINT NAME & TITLE: ____

ADDRESS: ____

____

TELEPHONE: _____________________________________ FAX: ________________________________

E-MAIL: ______________________________FEDERAL TAX ID NUMBER: ______________________

NOTE: All bids must bear the handwritten signature of a duly authorized member or employee of the organization making the bid. This sheet must be signed and returned with the proposal package.

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

AGENDA ITEM

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

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

DATE: December 5, 2014

SUBJECT: Revisions to Lead Safe Housing Program Guidelines

I. SUMMARY OF ISSUE

The Housing and Community Development Office has been considering ways to interest multi-family residential property owners to participate in our financing programs to renovate and repair rental housing units.

The City of Portland was a past recipient of four, three-year Healthy Homes/Lead Safe Housing grants from the U.S. Department of Housing and Urban Development. Our last grant was awarded in 2007. We currently have approximately $340,000 in program income from these previous grants which must be used to create lead-safe housing units.

In the past, the Lead Safe Housing Program has offered a variety of financing mechanisms, from payable loans to forgivable loans. The most common complaint from previous program participants was that our financing terms are more stringent than other Lead Safe Housing Programs throughout the state. During the last three-year grant (2007-2010), we offered 10 year forgivable loans, the same terms offered through our housing rehab program while both the Maine State Housing Authority and the City of Lewiston offer five year forgivable loans.

II. REASON FOR SUBMISSION

Staff is seeking HCDC approval of revisions in program financing guidelines.

III. INTENDED RESULT

Make funding available to Portland and Cumberland County single and multi-family property owners to create lead-safe housing.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Promote Housing Availability – Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors.

V. FINANCIAL IMPACT

Currently the Lead Safe Housing Program has approximately $340,000 available from the repayment of previous loans and grants. Federal regulations require that these funds must be used to create lead-safe housing.

VI. STAFF ANALYSIS AND RECOMMENDATION

Staff is requesting HCDC approval to revise terms of financing in the Lead Safe Housing Program from a 10-year forgivable loan to a 5-year forgivable loan.

10-Year Forgiveness Schedule

Year 1 and 2	100% repayment
Year 3 and 4	90% repayment
Year 5	75% repayment
Year 6	60% repayment
Year 7	45% repayment
Year 8	30% repayment
Year 9 and 10	15% repayment
Year 10 anniversary	0% repayment

5-Year Forgiveness Schedule

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Years 4	40% repayment
Year 5 anniversary	0% repayment

Staff believes that these changes will make the program more competitive and provide the opportunity to create additional lead-safe housing units.

Lead Safe Housing
Program Description

The Portland Lead Safe Housing Program has adopted the following policies for the administration of its Lead-Based Paint Hazard Reduction Program funded by the U.S. Department of Housing and Urban Development (HUD). The goals of the program are:

- Increase public awareness of lead-based paint hazards.
- Implement a coordinated program for lead hazard reduction in target neighborhoods.
- Create additional lead safe dwellings in the City of Portland. The program has created 434 lead safe units from (1998- 2013).

All program activities will be closely coordinated and monitored by the Portland Lead Safe Housing Program. Program activities will be conducted in conformance with the protocols and regulations issued by HUD, EPA, OSHA, and the Maine Departments of Health and Human Services and Environmental Protection. All units and participants selected for the program shall meet eligibility requirements established by HUD.

IMPORTANT: As a condition of receiving lead hazard control funds, property owners must:

(1) rent units to low-income families for a period of 3 years;
(2) correct outstanding code violations;
(3) be current on all payments due to the City of Portland
(real estate taxes, water and sewer charges, rehab loan, etc.).

Selection of units will be based on the following descending order of priorities:

- Units occupied by a child with a blood lead level of 20 micrograms/deciliter (ug/dl) or greater
- Units occupied by a child with an elevated blood lead level of five ug/dl or greater
- Units occupied by children less than six years of age
- All other units with two or more bedrooms and located in target neighborhoods.

Target neighborhoods include sections of the East End (Munjoy Hill), Bayside, Parkside, sections of the West End, and Valley Street. Properties located in other areas of Portland may be considered depending on available funds and program capacity. Program staff will determine eligibility. Applicants dissatisfied with eligibility determinations, priority selection, or other decisions made by program staff may appeal to the Director of Housing and Community Development.

Eligible units selected for the program will receive the following services at no cost to the owner:

- XRF testing of the unit(s) to determine the extent of lead-based paint hazards
- Development of abatement specifications by a consultant and the Lead Safe Housing Program
- Blood screening of children, resident education, and if necessary, relocation services
- Inspection and testing after completion of lead hazard control to ensure satisfactory work

The above services will be paid by the Program if performed in accordance with eligibility criteria, HUD Guidelines, and are conducted by a licensed, qualified, properly insured inspection/lead consultant. The city has such a consultant available to perform this work. Owner may choose their own consultant but the consultant must be a licensed, qualified, properly insured inspection/lead consultant. If the owner does not choose a licensed, qualified consultant, the Lead Safe Housing Program will be under no obligation to fund the services.

Grants will be provided dependent upon owner income and other selection criteria. A mortgage deed will be placed on the property to ensure payment and that HUD low-income tenant requirements are maintained for three years.

The owner will contract directly with the lead hazard control contractor for the performance of required services. The Portland Lead Safe Housing Program will developed contracts and specifications for use by the owner. The Portland Lead Safe Housing Program must ensure that all services performed in this program meet all applicable HUD, EPA, OSHA, and Maine regulations and guidelines and that all consultants and contractors are licensed, qualified, and properly insured to perform the work.

The following loan/eligibility criteria have been established for the Portland Lead Safe Housing Program. Selection priorities previously identified will be in effect when applying these criteria.

Single Family Homes (see attached excerpt from Title X)

- Owner occupant household income cannot exceed 80% of the median income for the Greater Portland area as established by HUD.
- At the time of application a child under the age of six (72 months) must reside in the home.
- The lead hazard control grant cap is $25,000 per single-family homeowner. A waiver of this loan cap may be provided contingent upon homeowner's financial circumstances and risk to children in the household.

Deferred grant terms are as follows:

1) All qualified applicants for single family home lead based paint hazard reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #2. During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Owner Occupied Two Family and Multifamily Apartment Buildings (see attached excerpt from Title X)

- Owner occupant household income cannot exceed 80% of the median income for the Greater Portland area as established by HUD.
- At the time of application, a child under the age of six (72 months) must reside in the owner's unit.
- (Note: If the owner's unit is not occupied by a child under the age of six (72 months) and or if owner income exceeds 80% of median, the unit cannot qualify, however, the other units in the building may qualify)
- Maximum lead hazard control grant is $10,000 per unit or $100,000, whichever is less. Units qualifying for lead hazard reduction funds will be consistent with the Residential Lead-Based Paint Hazard Reduction Act of 1992 commonly referred to as Title X (Section 1011 a) of which excerpts are attached. A waiver of this grant cap may be provided contingent upon owner's financial circumstances and risk to children in the building.

Deferred Grant terms are as follows;

1) All qualified applicants for owner occupied two-family or multi-family apartment lead based paint hazard

reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #3.

During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) The City will monitor tenant incomes in the building for the required three-year period to ensure compliance with HUD regulations. Violations of this requirement may result in a call for immediate payment of the loan amount.

3) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Investor Owned Apartment Buildings (see attached excerpt from Title X)

- Investor owners shall be limited to $10,000 per unit or $100,000, whichever is less. Units qualifying for lead hazard reduction funds will be consistent with the Residential Lead-Based Paint Hazard Reduction Act of 1992 commonly referred to as Title X (Section 1011 a) of which excerpts are attached. A waiver to exceed the grant cap may be provided contingent upon an analysis of the owner's financial circumstances, analysis of the cash flow of the rental building, and risk to children living in the building.

- Enrolled units must be leased to low-income tenants for at least three years following completion of the lead hazard reduction project.

Deferred Grant terms are as follows:

1) All qualified applicants for owner occupied two-family or multi-family apartment lead based paint hazard reduction will receive a deferred grant depending on the availability of funds and the unit selection priorities listed. The deferred grant will place a mortgage deed on the property that will be forgiven in five years if the current owner retains the property. If the property is sold or otherwise transferred prior to the 5-year period, a descending balance will be owed upon transfer of title. The rate of repayment if title transfer occurs during the five-year period is listed in item #3.

During the five-year period, the homeowner will not be responsible for payments and no interest will accrue. The full amount of the grant will be forgiven after the 5-year period has expired.

2) The City will monitor tenant incomes in the building for the required three-year period to ensure compliance with HUD regulations. Violations of this requirement may result in a call for immediate payment of the loan amount.

3) Repayment schedule if the property is sold or title is transferred within the 5 year cycle:

Year 1	100% repayment
Year 2	80% repayment
Year 3	60% repayment
Year 4	40% repayment
Year 5 anniversary	0% repayment

Nonprofit Owners/Housing Organizations (See attached excerpt from Title X)

- Nonprofit owners or housing organizations shall be limited to $10,000 per unit but may enter as many income eligible units as they wish, contingent upon available funds. A waiver to exceed the loan cap may be provided contingent upon an analysis of the owner's financial circumstances, analysis of the cash flow of the rental building, and risk to children living in the building. The Director of Housing and Community Development must approve a waiver of the loan cap.

Grant Terms

1) Qualified nonprofit owners are eligible for grants with no recapture so long as they commit to rent units to low-income tenants for three years.

Owner has read the above-described policies and agrees to abide by them as a condition of participating in the Portland Lead Safe Housing Program. Failure to abide by these policies may result in nonpayment of lead hazard control funds to the owner.

____ ____________________

Owner Signature Date

____ ____________________

Co-Owner Signature Date

Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X) Section 1011 (a) states, in part:

1) for grants made to assist rental housing, at least 50 percent of the units must be occupied by or made available to families with incomes at or below 50 percent of the area median income level and the remaining units shall be occupied or made available to families with incomes at or below 80 percent of the area median income level, and in all cases the landlord shall give priority in renting units assisted under this section, for not less than 3 years following the completion of lead abatement activities, to families with a child under the age of six years, except that buildings with five or more units may have 20 percent of the units occupied by families with incomes above 80 percent of area median income level;

2) for grants made to assist housing owned by owner-occupants, all units assisted with grants under this section shall be the principal residence of families with income at or below 80 percent of the area median income level, and not less than 90 percent of the units assisted with grants under this section shall be occupied by a child under the age of six years or shall be units where a child under the age of six years spends a significant amount of time visiting;

FY 2014 HUD Income Limits Effective May 1, 2014

Communities of:
Cape Elizabeth, Casco, Cumberland, Falmouth, Freeport, Gorham, Gray, Long Island, North Yarmouth, Portland, Raymond, Scarborough, South Portland, Standish, Westbrook, Windham, Yarmouth

Family Size:	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of median	$16,250	$18,600	$20,900	$23,200	$25,100	$26,950	$28,800	$30,650
50% of median	$27,100	$30,950	$34,800	$38,650	$41,750	$44,850	$47,950	$51,050
60% of median	$32,520	$37,140	$41,760	$46,,380	$50,100	$53,820	$57,540	$61,260
80% of median	$43,300	$49,500	$55,700	$61,850	$66,800	$71,750	$76,700	$81,650

Communities of:
Baldwin, Bridgton, Brunswick, Harpswell, Harrison, Naples, New Gloucester, Pownal, Sebago

Family Size:	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of median	$14,350	$16,400	$18,450	$20,500	$22,150	$23,800	$25,450	$27,100
50% of median	$23,950	$27,400	$30,800	$34,200	$36,950	$39,700	$42,450	$45,150
60% of median	$28,740	$32,880	$36,960	$41,040	$44,340	$47,640	$50,940	$54,180
80% of median	$38,300	$43,800	$49,250	$54,700	$59,100	$63,500	$67,850	$72,250

Portland, Maine — Yes. Life's good here.

Tax Increment Financing

Fiscal Year End (FYE) 2014 Annual Report
(July 1, 2013 through June 30, 2014)

Prepared by the Economic Development Department

(Report prepared 12/2014)

Table of Contents

1. **Introduction**

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

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

2. **Definitions**

Commonly used terms, included in this Report, include:

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

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

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

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

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

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

"***Original Assessed Value (OAV)***" means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or December 10, 2014, the OAV would be the assessed value of the property on March 31, 2014.

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

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

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

3. Tax Increment Financing Overview and Value

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

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

The two property tax components associated with TIF districts include:

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

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

4. TIF District Approval Process

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

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

5. Statutory Limits for TIF Districts

There are two State statutory limitations which include:

- ***Acreage***. No single TIF district can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% of Portland's 12,386 acres is 247 acres. Also, all active TIF districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF districts as of FYE2014, Portland has the ability to include 426 additional acres in TIF districts.

- ***Value***. The OAV of all TIF districts in a municipality cannot be more than 5% of its total aggregate value (FY14 aggregate value: $7,551,450,000), or in the case of Portland, 5% is $377,572,500. Based upon active TIF districts as of FYE2014, Portland has the ability to include an additional $67.5 Million of property value in TIF districts.

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

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

6. **Tax Sheltering Benefits**

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

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

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

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's total tax shelter savings for all active TIF districts is $1.6 Million for FYE2014.

7. TIF Districts in Portland

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes three expired TIF Districts – Auto Europe, Shipyard Brewery, and Nichols Portland (latter expired FYE2014). This listing also includes two TIF Districts which were recently terminated by the City Council but still active as of FYE2014 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration for these three TIF districts, 100% of their property tax revenue reverts to the City's General Fund.

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

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

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

Active Approved Individual Site Specific TIF Districts

As of FYE2014, the City has eight, single site TIF Districts with associated CEAs, namely:

- Holt Hall
- Nichols Portland
- Avesta/Pearl Place
- Riverwalk/Ocean Gateway
- UNUM
- PowerPay/Portland Public Market
- The Village at Ocean Gate
- 409 Cumberland Avenue

Active Approved Area Wide TIF Districts

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

- Bayside
    - Capital LLC CEA
    - Bayside Student Housing CEA
- Waterfront (Appendix D and E)
    - Waterfront Maine CEA
- Arts
    - Baxter Library CEA

Approved Transit-Oriented Development (TOD) TIF District

- Thompson's Point Transit Oriented Development (TOD) TIF District

Non-Active Approved TIF Districts

The City Council has also approved two TIF Districts that were not active during FY14:

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

- Fore India Middle LLC – This TIF project has not come to fruition, therefore, no TIF revenue (subsequently terminated by the City Council in November 2014).

8. TIF District Financial Overview for FYE2014

Financial information, for FYE2014, for all active TIF Districts includes:

City General Fund-Taxes from OAV	$6.1 Million
City General Fund-Taxes from Non-Captured Value	$341,000

Total TIF Revenue from Captured Value:	$**3.5 Million**
- TIF Revenue for CEAs	$1.5 Million
- TIF Revenue for Public Infrastructure/Arts	$2.0 Million

At present, captured value in active TIF Districts is $180 Million, yielding tax sheltering savings of $1.6 Million.

9. Strategies and Recommendations to Optimize use of TIF Districts

- Downtown Transit Oriented (TOD) TIF (will be brought to City Council for approval in FY15);
- Affordable Housing TIFs Under Discussion

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

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

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

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

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

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

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

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

STATE TIF LIMITATION

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

PURPOSE

The primary purposes of the TIF Policy include:

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

GENERAL PRINICPLES

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

A. Investment

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

B. Jobs Associated with Commercial and Industrial Development

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

C. Maximize Tax Sheltering Benefits

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

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

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

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

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

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

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

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

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

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

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

B. Policy for the Three Approaches

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

Requires annual review and City Council financial appropriations.

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

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

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

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

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

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

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

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

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

Allowable uses of AHTIF revenues are defined by State law.

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

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are 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, 2014

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) **(Expires 6/30/2014 – Date of this Listing)**

Duration: 20 year term (FY95 thru FY14)
Percentages: Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City 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) **(Expired)**

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

Duration: 15 year term (FY97 thru FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.
Percentages: 75% to Recipient; 25% to City General Fund
Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

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

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

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

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

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

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

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

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

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

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

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

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

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

7. <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/Ocean Gateway</u> (Economic Development TIF)

Duration: 12 year term (FY07 thru FY19)
Percentages: Formula based percentages in Credit Enhancement Agreement
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. **Avesta/Pearl Place** (Affordable Housing TIF)

Duration: 30 year term (FY08 thru FY37)
Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of $22,000 annual cap.
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. Creative Portland Development and Arts (Economic Development TIF)

Duration: 15-year term (FY10 thru FY24)
Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund.
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 up to a maximum of $100,000 annually.

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. McAuley Place (Economic Development TIF)

Duration: 30 year term (FY10 thru FY29)
Percentages: 60% to Recipient; 40% to City 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 General Fund; Years 9 through 30 – 50% to Developer, 50% to City 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 renovated and moved its headquarters to this location with well over 150 employees.

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

Duration: 30 year term (Starts when increased assessed value is at least $5 Million, anticipated to start FY2015); approved by the City Council on November 4, 2013.

Percentages:
Phase One of Project*:* 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.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% 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 30 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 30-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. <u>The Village at Oceangate, LLC (Bay House)</u> (Economic Development TIF)

Duration: 11 year term (FY14 thru FY25)
Percentages: Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City 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. <u>Fore India Middle, LLC (former Jordan's Meat Site)</u> (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 General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. 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.

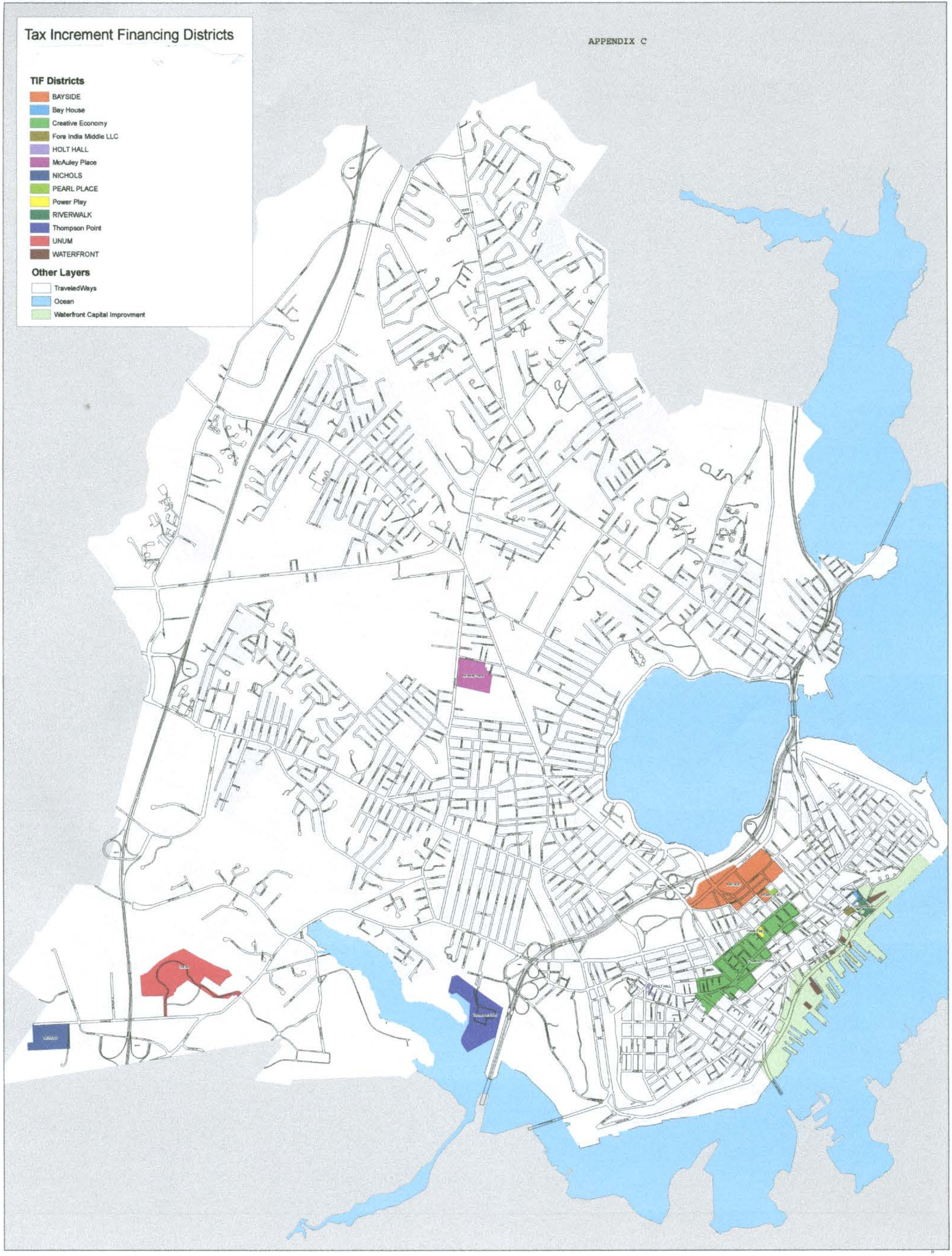
This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels 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.

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term
Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.


Tax Increment Financing Districts
APPENDIX C
TIF Districts
BAYSIDE
Bay House
Creative Economy
Fore India Middle LLC
HOLT HALL
McAuley Place
NICHOLS
PEARL PLACE
Power Play
RIVERWALK
Thompson Point
UNUM
WATERFRONT
Other Layers
TraveledWays
Ocean
Waterfront Capital Improvment

Housing and Community Development Committee (HCDC)

Committee Charge, Priorities, Work Plan, and Accomplishments for 2014

December 3, 2014

I. HCDC Committee Charge

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

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

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

II. 2014 City Council Priorities Aligned with the HCDC Committee Responsibilities

The following priorities have been established by the City Council:

GOAL: Promote Housing Availability

Provide increased availability in all segments of the housing market while insuring that there is a suitable balance of housing opportunities among those sectors.

Objective: Complete assessment of and, as appropriate, begin to offer City owned property to construct affordable housing.

Objective: Complete draft of an inclusionary zoning ordinance in the India Street neighborhood and present to Planning Board and Housing and Community Development Committee for review and recommendations to City Council.

Objective: Complete draft rewrites of the R6, R7, and B-2 portions of the zoning ordinance to allow for greater housing opportunities and present to Planning Board and Housing and Community Development Committee for review and recommendations to City Council.

GOAL: Economic Development

Promote Economic Development in the City in a manner that provides for increased property values, diversification across industry sectors, and high paying jobs.

Objective: Complete the following 2014-2015 work plan municipal assigned tasks associated with the Portland Economic Development Plan:

- Visit ten businesses with the Mayor to learn about existing business issues and business expansion opportunities;
- Market the Portland Technology Park to secure a minimum of one tenant;
- Advance work on the "Minority and Women-owned Business Development Initiative";
- Secure City Council approval to invest Community Development Block Grant (CDBG) funds in workforce development;
- Re-establish ferry service to Nova Scotia; and
- Develop a scope of work to invest State transportation bond funds in harbor dredging along Portland's waterfront.

Objective: Incorporate into the City's Capital Improvement Plan (CIP) projects that support new development.

GOAL: Implement TIF Program

Implement the City's revised Tax Increment Financing (TIF) program that focuses on the creation of appropriately sized and designed TIF districts and advances other council goals in the areas of transit, economic development, public infrastructure and municipal finance.

Objective: Secure City Council approval of a combined "Downtown TIF", "Waterfront TIF" and "Transit Oriented Development (TOD) TIF" or separate TIFs, whichever is determined to be in the best interest of the city.

III. <u>2014 Planned Activities with Status</u>

A. Planning Department Work Plan

<u>CDBG Priority Review</u>

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

Housing Investment Policy

- Review and improve annual RFP process. **Reviewed. Switched to open, rolling application process for allocation of HOME funding.**

- Adams School – Remaining Property – Determine best approach to sell/develop remaining property. **RFP for affordable home ownership units was issued in November with response due in January. Anticipate HCDC review of proposals in February.**

- Sale of City property, i.e., parking lots, for residential use. **Reviewed/ongoing.**

- Affordable Housing TIF Implementation strategy – **Strategy not taken up; however, one Affordable Housing TIF was approved for project at 134 Washington Avenue.**

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

- Housing Liaison System – **Underway/ongoing.**

- Housing First Developments – **Completed. An RFP for pre-development assistance was issued; two organizations were awarded funding.**

Zoning issues.

1.) R-6 Zone

R-6 and R-7 zones should be examined to see if some R-6 areas should be rezoned R-7, such as at Danforth and York Street, High Street, and in Bayside. Some other changes to the R-6 and R-7 zones should also be considered to permit increased densities. Alternative solutions to accomplish the same goals more universally should also be explored.

1. **The Planning Board considered potential rezoning from R-6 to R-7 in East Bayside associated with the PHA Bayside Anchor project which was predicated on rezoning to R-7. PHA requested their entire campus for R-7 and Planning assessed other East Bayside areas as well. On April 22, 2014, the Board recommended and the City Council on May 19, 2014 adopted zoning amendments to rezone a substantial portion of the PHA campus to R-7, including the Bayside Anchor project.**

2. **On April 9, 2014, the HCDC reviewed proposed amendments to the dimensional standards of the R-6 zone and referred these amendments to the Planning Board. The Planning Division, prior to taking the amendments to the Planning Board, conducted an outreach effort by visiting the boards of all of the peninsula neighborhood organizations to present and hear input on the proposal throughout the summer of 2014. On October 28 and November 25, 2014 the**

Planning Board held workshops on the proposed amendments. It is expected that the amendments will be forwarded to the City Council early in 2015.

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

B-1 and B-2 zones on the peninsula have been updated so the R-7 density applies (435 square feet of land area per dwelling unit is required). HCDC will work with staff to look at whether similar changes make sense elsewhere. **Reviewed and referred suggesting B-2 zoning amendments to the Planning Board. The Board voted on April 22, 2014 to recommend the B-2 amendments to the City Council, including presenting the dimensional requirements in a tabular format and increasing allowable off-peninsula residential density. The City Council adopted the amendments on June 16, 2014. The Planning Board considered analogous amendments to the B-1 zone on October 14, 2014, and the City Council approved them on November 17, 2014.**

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

There are no specific parking requirements for B-6 and B-7; determined by Planning Board based on a parking analysis. B-3 requires one space per unit. Parking exceptions for historic structures and affordable housing applies in all 3 zones. These requirements should be examined in the larger context of the Sustainable Transportation Fund as an option for developers in these and other districts. **Referred to the Planning Board in January. Due to other project review and zoning amendment priorities this item has not been heard by the Planning Board yet but it remains on their work plan.**

4.) Review of the Condominium Conversion Fee

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

B. Economic Development Work Plan

City Real Estate Sale or Lease

- Riverside Property – Remaining developable property includes 7+ acres. Decide whether or not to market for sale. **Not taken up.**

- Thames Street Property – Hold property to support Portland East End future development and road/utility extensions. **Property is on hold as potential developments continue to be discussed for this East End area.**

- Sale of City property - Determine best approach to possibly sell/develop parking lots for residential use. **Reviewed/ongoing.**

- Plan for reuse options of the former Reed School – work with the School Dept. **Reviewed proposed Task Force and Work Plan, with Committee consensus to staff to move forward.**

TIF Districts

- Pearl Place TIF for TIF amendments. **Completed.**

- Thompson Point TIF – need to prepare plan for use of future Transit Oriented Development (TOD) TIF tax revenue – Responsibility rests with the Transportation, Sustainability, and Energy Committee. Transit planning scope of work being prepared under direction of the Transportation & Energy Sustainable Committee.

- Create a Downtown Transit Oriented TIF District – **After a series of meetings, the Committee recommended creation of this District; anticipated January 2015 Council approval, followed by MDECD approval.**

- Discuss establishment of Affordable Housing TIF Districts **- Strategy not taken up; however, one Affordable Housing TIF was approved for project at 134 Washington Avenue.**

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. **To be reviewed at December 10, 2014 HCDC Meeting.**

Wilmot Street Property Disposition – Need to resolve City ownership. **Discussed in executive session; ongoing.**

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

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

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

Open Space Process – Review of the process of determining where open space should be for what use. **Under the purview of the Land Bank Commission and Parks Commission**

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. **Ongoing, updated provided to HCDC and City Council.**

Nova Scotia Ferry Service Operator Lease – **Committee recommended Lease Agreement for approval by City Council; Council approved; Lease Agreement executed, with 2014 being the maiden season for Nova Star Cruises.**

Tugboat Lease Renewal at Portland Ocean Terminal – **Committee recommended Lease Agreement for approval by City Council; Council approved; Lease Agreement executed.**

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

- Tenant Based Rental Assistance Program Update – **Communication Item**

- Proposed Amendment to Parking Requirements and the Sustainable Transportation Fund **– Committee provided feedback to staff.**

- City lease/acquisition of property at 212 Canco Road for City Department Consolidation – **Committee recommended approval to Council; Council approved; Lease Agreement executed.**

- Housing Program Budget - **Committee recommended approval to Council; Council approval received during annual HUD allocation process in April.**

- Updated Citizen Participation Plan (regarding CDBG and other HUD program funds) - **Committee recommended approval to Council; Council approved in April.**

- Three-Year Renewal of Cumberland County HOME Consortium - **Committee recommended approval to Council; Council approved in April.**

- Review of Creative Portland PACE Project in Bayside – **Committee reviewed project as presented; no action taken.**

- Affordable Housing RFP – **Committee reviewed and approved issuance of RFP.**

- Spring Street Space Lease – **Committee provided direction to staff in executive session.**

- Donation to City of property on Rowe Avenue - **Committee recommended approval to Council; Council approved.**

- Federated Midtown Project Document Amendments - **Committee recommended approval to Council; Council approval underway.**

- Disposition of tax-acquired property on Cliff Island – **Committee reviewed and approved issuance of RFP, and authorized staff to negotiate with sole proposer; early 2015 Committee will review and recommend to City Council award of bid.**

- Possible Lease Amendments with Ready Seafood; Shucks Lobster - **Committee provided direction to staff in executive session.**

- City-owned property at 65 Hanover Street/52 Alder Street and 71 Hanover Street – **Committee reviewed and provided feedback to staff to draft RFP for disposition.**

- Proposed new tenant and lease terms for use of second floor office space located at Portland Ocean Terminal - **Committee provided direction to staff in executive session.**

- Proposed Land Swap on Spring Street/Cotton Street and City property ownership –

Committee provided direction to staff in executive session.

- Improvements to CDBG Application process - **Committee recommended approval to Council; Council approved in October.**

- Termination of Bay House (Village at Oceangate) TIF District - **Committee recommended approval to Council; Council approved.**

- Termination of Fore India Middle LLC TIF District - **Committee recommended approval to Council; Council approved.**

- Expansion of Bayside TIF District - **Committee recommended approval to Council; Council approved.**

- India Street Sustainable Neighborhood Plan, and Review of plans for Portland Company/58 Fore Street Site – **Committee provided feedback to staff.**

V. <u>Summary</u>

During 2014, the HCDC Committee met 18 times. It was a very busy year, particularly with a number of meetings for the creation of the Downtown Transit Oriented Development TIF District, for which City Council approval is anticipated January 2015, followed by MDECD approval.

In addition, the Committee reviewed housing initiatives for feedback to staff; Affordable Housing TIF at 134 Washington Avenue which is anticipated to create 18 units of rental housing – with 10 at or below 40% area median income, and 8 at or below 50% area median income; issued an RFP for the sale of the parking area at the former Adams School, which is anticipated to create 8 affordable home ownership units targeted to households between 100% to 120% of area median income; and authorized an RFP for pre-development assistance for the Housing First Development program, which two organizations were awarded funding.

The HCDC also reviewed zoning amendments for the R-6 and R-7 zones, as well as the B-1 and B-2 map amendments, and B-6, B-7, and B-3 residential parking requirements.

Sale of City property, vacant and/or parking areas, is a continuing subject for the Committee, for the potential of creating additional housing on the peninsula. This also includes the Public Services Bayside property for potential redevelopment as some services are relocated.

The former Reed School will also be a project for housing in 2015 for Committee review.

DRAFT 2015 Housing & Community Development Committee meeting Calendar

Meetings: 2nd & 4th Wednesday of each month

As of December 1, 2014

January

Review and vote to recommend to City Council on award of bid for Cliff Island tax-acquired parcel.
Ready Seafood Company Lease Amendment vote and recommendation to City Council.

Shucks Maine Lobster Lease Amendment vote and recommendation to City Council.

Riverwalk TIF District Reduction Amendment - vote and recommendation to City Council

Housing Study/Policy Responses

157 Brackett Street/176 Clark Street – Update, Review and Possible Approval of RFP

February

Sale of Unit 1 at Portland Technology Park vote and recommendation to City Council

Ocean Cluster House Tenant Lease at POT vote and recommendation to City Council

Housing Program Budget Recommendation to Council

Housing Trust Fund Annual Plan Recommendation to Council

March

Update on City-owned lot at 98 High Street

Area-wide Affordable Housing TIF District discussion

Review and Approval of FY15-16 Affordable Housing Application Process CDBG Allocation Committee Funding Recommendations

Waterfront TIF District geography amendment discussions, including consideration of Portland Company as a TOD TIF

April

Short Term Rentals

India Street Lot

Police Parking Lot

Review of HUD 5-Year (2015-2020) Consolidated Plan and FY 15-16 HUD Annual Action Plan

May

Wilmot Street Matter Resolution

For Review and Comment/ Recommendation to Council if necessary: Improvement to CDBG process.

June

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

July

August

September

Review and Comment on FY 14-15 HUD Consolidated Annual Performance Evaluation Report (CAPER) due to HUD by September 30.

October

Communication: CDBG Application/Process Update

November

December

FYE2015 Annual City-wide TIF District Activity Report/review and recommendation to City Council

Calendar Year 2015 HCDC Annual Accomplishment Report/review and recommendation to City Council.