HOUSING & COMMUNITY DEVELOPMENT COMMITTEE
DATE: March 25, 2015
TIME: 5:30 pm – 7:30 pm
LOCATION: Room 209, 2nd Floor, City Hall

1. Agenda

   Documents: 03.25.2015 AGENDA.PDF
2. Review And Accept Minutes Of Previous Meeting Held On March 11, 2015 (Revised)

   Documents: 3.11.15 MINUTES DRAFT.PDF
3. Review And Vote To Recommend Approval To The City Council To Authorize Amended And Restated Lease For The Ready Seafood Lease At The Portland Ocean Terminal

   NOTE: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss lease negotiations.

   Documents: 3-19-2015 HCDC POT READY SEAFOOD COMPANY MEMO-LEASE AMDMT.PDF
4. Review And Provide Guidance To Staff Regarding Proposed Ordinance Changes To Encourage And Ensure Housing Development

   Documents: MEMORANDUM - HOUSING DEVELOPMENT UPDATED 032515.PDF
5. Review And Discussion Of Affordable Housing TIF Program

   Documents: AFFORDABLE HOUSING TIF MEMO.PDF
6. Executive Session

   Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee will go into executive session to provide guidance to staff regarding:

   a. Direction on possible Lease Amendments with Shucks Lobster at Portland Ocean Terminal. See enclosed confidential memorandum from Greg Mitchell, Bill Needelman, and Kathy Alves.
   b. Direction on possible Lease with New England Ocean Cluster House at Portland Ocean Terminal. See enclosed confidential memorandum from Greg Mitchell and Bill Needelman.
   c. Direction on possible Lease Amendments to Nova Star Cruises lease. See enclosed confidential memorandum from Greg Mitchell, Bill Needelman, and Kathy Alves.

7. 2015 HCDC Work Plan

   Documents: HCDC 2015 WORK PLAN FOR 03.25.15.PDF

Public Comment will be accepted on action items. **Councilor Kevin Donoghue, Chair**

Next Meeting Date: April 8, 2015

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: **March 25, 2015 (Wednesday)**
TIME: **5:30 p.m. – 7:30 p.m.**
LOCATION: **Room 209, Second Floor**
Portland City Hall

AGENDA

1. Review and accept Minutes of previous meeting held on March 11, 2015.

2. Review and vote to recommend approval to the City Council to authorize Amended and Restated Lease for the Ready Seafood Lease at the Portland Ocean Terminal. See enclosed memorandum from Greg Mitchell.

    a. **NOTE:** Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss lease negotiations.

3. Review and provide guidance to staff regarding proposed ordinance changes to encourage and ensure housing development. See enclosed memorandum from Jeff Levine.

4. Review and discussion of Affordable Housing TIF Program. See enclosed memorandum from Mary Davis.

5. **Executive Session**: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-A, the Committee will go into executive session to provide guidance to staff regarding:

    a. Direction on possible Lease Amendments with Shucks Lobster at Portland Ocean Terminal. See enclosed confidential memorandum from Greg Mitchell, Bill Needelman, and Kathy Alves.
    b. Direction on possible Lease with New England Ocean Cluster House at Portland Ocean Terminal. See enclosed confidential memorandum from Greg Mitchell and Bill Needelman.
    c. Direction on possible Lease Amendments to Nova Star Cruises lease. See enclosed confidential memorandum from Greg Mitchell, Bill Needelman, and Kathy Alves.

6. 2015 **HCDC Work Plan for Review and Discussion** – See enclosed Work Plan from Jeff Levine, Greg Mitchell and Mary Davis.

Public Comment will be accepted on action items. **Councilor Kevin Donoghue, Chair**

Next Meeting Date: April 8, 2015

Housing & Community Development Committee

Minutes of March 11, 2015 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, March 11, 2015 at 5:00 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 David Brenerman, and David Marshall. Committee member Councilor Nicholas Mavodones could not be present. City staff present included Housing & Community Development Division Director Mary Davis (note taker), Planning and Urban Development Director Jeff Levine, Economic Development Director Greg Mitchell, Planning Division Director, Alex Jaegerman.

Chair Donoghue opened the meeting introducing the Committee members.

Item 1: Review and accept Minutes from previous meeting held on February 11 2015.

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

Item 2: Review and guidance to staff regarding proposed Inclusionary Zoning Ordinance.

Jeff Levine began by reviewing the outcomes from the Housing Forum held on February 25. Mr. Levine also indicated that he has been attending the Portland Chamber of Commerce meetings to discuss the "encourage and ensure" approach being proposed by the City and to participate in the discusses by the Chamber regarding housing development.

Mr. Levine went on to discuss the proposed inclusionary zoning (IZ) ordinance, describing the 10/10/100 approach being proposed (inclusionary requirements start at 10 units, require 10% of the units to be affordable at 100% of the area median income). Mr. Levine indicated that there are several areas which staff is requesting guidance from the Committee. First is the cash-out or fee in lieu provision for which he proposed three options – allowing fee in lieu for any sized development at the true net development cost of producing units, $125,000; allowing fee in lieu for any home ownership development and for rental developments up to 20 units at the cash out cost recommended by the India Street Housing & Equity Working Group of $100,000; or allowed for developments up to 20 units at the same cash out as the Housing Replacement Ordinance which currently is $64,700.

The second area in which staff is requesting guidance is with the finishes and sizes of units. Mr. Levine explained that the India Street process recommended that the inclusionary units be "reasonably compatible in unit type, appearance, construction, and quality of materials with other units." The three options being proposed are – inclusionary units at the same size and finish as other units and being distributed reasonably throughout the development; inclusionary units at the same number of bedrooms as other units in the development, but can use less expensive finishes as long as they do not appear different from the exterior and are reasonably distributed throughout the development; or inclusionary units can be smaller and/or located in less lucrative parts of the development, with less expensive finishes.

Mr. Levine also indicated that the question of the capacity of staff to administer the ordinance was questioned at the Housing Forum. Mr. Levine stated he was confident that the department has the capacity to administer the ordinance.

Councilor Brenerman asked if developers would have the option to create affordable units off-site instead of paying the fee in lieu. Mr. Levine indicated that could be an option but that the details would have to be worked out.

Councilor Marshall asked if there would be a way to make sure off site units are new units. Mr. Levine indicated that this would need to be clarified in the ordinance language.

Councilor Donoghue opened the floor for public comment on this item.

Jonathan Culley of Redfern Properties stated that as a member of the development community he appreciates the Committee discussion of the issue of affordable housing. He indicated that he does not think and inclusionary zoning ordinance is a good idea and does not believe it will not accomplish the objectives of the Committee. He stated that adding an additional burden on the development community will mean less housing and less affordability and believes that IZ will discourage the creation of housing. He mentioned several studies of IZ have shown higher housing inflation in markets with an IZ ordinance. He believes the best policy may be no policy and that the proposed IZ ordinance should not be implemented without economic data that supports the need for such an ordinance.

Chris O'Neil of the Portland Community Chamber stated that the Chamber made available to the Committee preliminary comments from a report being prepared by the Chamber in partnership with the Maine Real Estate Development Association and the Portland Society for Architecture (a copy of those comments are attached and made a part of this record). The Chamber has concerns with the Committee moving forward on this issue and asks for further study and discussion. The Chamber would like to be involved as the discussion moves forward.

Vin Veroneau of J.B. Brown & Sons echoed Mr. Culley's comments. He indicated that there was no question the supply of decent housing needs to change and that workforce housing is a community responsibility. However with the proposed IZ ordinance, the responsibility seems to be placed on one subset of the community – developers. The fee in lieu is a tax on a subset of the population. He feels the City is moving forward too fast without a review of all ramifications. He would caution the City to move more slowly and work out all the details.

Peter Bass indicated he was uncomfortable with IZ. He agrees that we have a housing supply issue and is to build more housing, we have a supply issue and is afraid that the unintended consequences of IZ will outway the actual number of affordable units created. He described Portland as a community of mostly small developers who will build under the threshholds, creating developments under 10 units and that developers will find opportunities elsewhere. Supply is the issue and believes that incentives to increase the supply are the best option. Stable long term interest rates is the key to development and he thinks the City should consider issuing bonds that would provide developers with the low interest rate financing needed to create housing. He also encouraged the City to explore TIF options. He believes the proposed re-zonings are also great steps in right direction.

With no further public comment, Councilor Donoghue opened the item for Council comment.

Councilor Donoghue indicated that the incentive based IZ currently in place has not had a lot of use and asked how the current ordinances would be combined with the IZ being considered. Mr. Levine believes the current ordinance could be revised but does not think the City should rely too heavily on density bonuses. Councilor Donoghue asked if there was a policy reason for considering a cap on the cash out/fee in lieu option. Mr. Levine indicated that the proposed IZ was designed to provide integrated living. Councilor Donoghue asked if Mr. Levine could you put the proposed IZ ordinance into perspective with other efforts city is doing. Mr. Levine indicated that IZ by itself would not solve the problem. It needs to be done in conjunction with other zoning changes. Councilor Donoghue indicated he preferred the $100,000 opt out figure with no cap on the opt-out, was less concerned about interior finishes.

Councilor Marshall asked about income limits and staff provided the 100% AMI limits for 1 to 4 person households. (HUD FY 2014 Income Limits chart is attached and made a part of the record. On Thursday, March 12, staff became aware that the HUD FY 2015 Income Limits were recently released and those numbers were forwarded to Committee members along with corresponding affordable monthly housing costs amounts). Councilor Marshall asked Mr. Culley if his 89 Anderson Street project would be affordable to households at 100% AMI and Mr. Culley said that they would be. Councilor Marshall then asked what might be available through the Economic Development office for housing development. Greg Mitchell indicated that the Portland Development Corporation (PDC) funding sources support commercial/ industrial development. The current PDC definition for commercial development does not include multi-family housing. The PDC programs are funded with local, state and federal funds. Councilor Marshall asked if the Council could amend the PDC scope. Mr. Mitchell indicated that this line of questioning is just beginning and that changes would need to be approved by the Council. Councilor Marshall asked if TIF funds could be used for housing development. Mary Davis indicated that there is Affordable Housing TIF program administered by the Maine State Housing Authority and staff could prepare an overview of the program guidelines for the Committee.

Councilor Brenerman asked if IZ could be part of a package of more incentives than we offer now, a suite of incentives available to pair with IZ. Mr. Levine indicated yes, and that some in the works already and would be discussed as part of the next agenda item. Councilor Brenerman indicated that he felt uncomfortable with the idea of IZ the more he thought about it and would need to be convinced that it will work. He suggested a potential experimental zone as a trial to see how it works. He is concerned that development may not occur because of the IZ requirement, concerned with how a developer would pay for affordable units and that the City may not get the type of housing development it is seeking. If there were a sufficient number of units in the community, it may drive down the cost of all types of housing. He believes it is ok to have variety of housing in the community and agrees that there may not be enough affordable housing being built. As far as guidance to staff, Councilor Brenerman indicated he prefers a fee in lieu similar to the Housing Replacement Ordinance and is not as concerned about comparable size and finishes.

Councilor Marshall believes we need as much flexibility in the fee options and would be comfortable with a fee in lieu similar to the Housing Replacement Ordinance without cap on the number of units. He would also prefer flexibility in regards to the number of units within the building envelope and believes the City should continue to develop as much housing as possible, investigate all other options such as expanding the role of the PDC and looking at the use of TIFs and he would like more information regarding the role the City may play in providing development financing. He believes we can make adjustments to the current housing plan but do not need a comprehensive planning process. He believes the idea of focusing IZ in a sub area is worth discussing. He would like as much flexibility as possible in finishes, location of units, sizes, etc.

Councilor Donoghue summarized the guidance given to staff: Cash-out/Fee in lieu equal to the Housing Replacement Ordinance with no strong support for a cap on the number of units.

Finishes and size of units – should not require units be distributed equal but require the same number of bedrooms.

Councilor Brenerman indicated he would be concerned about any disparity in unit size, etc.

Mr. Levine agreed to review the option of a sub area, perhaps the entire peninsula or east/west end or the downtown area. Councilor Donoghue suggested the urban business zones on peninsula and requested a report from staff regarding a possible role for the PDC, area wide affordable housing TIFs. Councilor Brenerman asked for a report on what the suite of incentives proposed in connection with IZ might look like.

Item 3: Review and guidance to staff regarding proposed ordinance changes to encourage and enable additional housing development.

Mr. Levine indicated that the list outlined in the staff memo is a work in process other than the items 1. 2. and 3. which are complete or in process. This is a working list of ideas to start with.

Councilor Donoghue indicated that some of the items are being suggested along with IZ and some items are already on the Committee workplan.

Councilor Brenerman asked for more information so that he could better understand the current zoning requirements and the impact of these proposed changes. For instance item #12, what is happening that we are trying to fix with these changes? Mr. Levine explained that one could assume that if we like the patterns in the R-3 zone, perhaps we should make sure those patterns can be created now. He suggests making all zoning requirements easier to understand. Councilor Brenerman asked if our zoning map is more complex than other communities? Mr. Levine said it may be marginally more complicated, but not necessarily more complex.

Councilor Brenerman expressed concern with item #14, since we are a tourist economy shouldn't the idea of vacation rentals be in line with the economy we have? Mr. Levine indicated the issue is in areas where renting by the month is not allowed.

Councilor Donoghue opened the item for public comment.

Chris O'Neil thinks the City should see how these options work before implementing IZ and that perhaps we might find that we do not need IZ once we see what these changes can create. He asked if staff could lay out an approximate timeline and process for items 1 through 13.

Grace Braley question what is the huge drive or impression that Portland is desperate for housing that we are trying to do all these things? How will changes in zoning affect space ratio in the city and have we considered the demographics of who needs housing.

Councilor Donoghue indicates that the GPCOG report documents price and changes in housing development. The proposed zoning changes in the residential zones will increase density in zoning, not building heights or envelopes.

Councilor Marshall thanks Mr. Levine on the efforts to change the zoning and supports looking at most options. He believes items # 4 and #5 create more opportunities for housing; regarding items #6 #7 #8, he would need to look at height maps to understand better. He would like to learn more about item # 9 and feels items #8 and #14 are related in some ways and we should be looking at life safety codes, ADA requirements, etc. The South Portland code allows the renting of a single bedroom on a short term basis, this might be an opportunity for people to capitalize on their property but we would need to look at safety and other issues to make sure our ordinances reflect state code and ADA requirements. He believes item #10 makes sense and would need more time to look at item #11. He thought item #12, the R3 re-write would probably not require a lot of changes. He's not sure what item #15 would accomplish and believes item #16 is worth considering.

Councilor Donoghue asked Committee members to indicate which items are best linked to or should be related to IZ? Councilor Marshall indicated items 4, 5, 6, 7,8, 9 & 11 however he noted that these are good reforms regardless of IZ and should be moved to PB without IZ.

Councilor Donoghue indicated that if we are going to look at a sub area for IZ and consider the downtown business zone, we should look at items # 4 and #5 as they have the most promise to stimulate housing.

Councilor Brenerman agreed with Councilor Marshall that staff could move forward many of these zoning changes regardless of IZ. He reiterated that he would like to see an explanation or chart indicating the results of these changes and he reserves the right not to support these changes once he has that information. He is still concerned with limiting parking requirements.

Councilor Marshall suggested that the Planning Board could look at the parking ratios and consider if they have to be changed.

Councilor Donoghue asked staff to speak to the capacity to move these initiatives forward, based on what is currently in the pipeline and which items are the most effective and actionable.

Mr. Levine indicated he believes item #4 could move forward quickly; item #7 should be considered; should also take a look at heights in the business zones, the ADU issue; the other items may not be as high a priority at this time. Mr. Levine stated that staff would have enough time to bring forth the proposed language for these zoning amendments but could bring back a narrative of what some of these changes might look like.

Councilor Donoghue asked for a brief policy analysis of #4 and how that might sync with the idea of sub area for IZ.

Councilor Marshall indicated his priorities as items # 4, 7, 9 and 10.

Councilor Brenerman asked if ADU (accessory dwelling unit) refers to what he would call in-law apts and if the intent is that an ADU could be built as a general rental unit. Councilor Marshall would prefer that any ADU be built within an existing structure (over garage, carriage house, etc) and it should be limited by square feet.

Item 4: Review and recommendation to City Council of FY 15-16 Housing Program Budget.

Mary Davis presented the proposed FY 15-16 Housing Program budget which includes funding from the HUD HOME Program, CDBG housing program income (HDF), Lead Safe Housing Program Income and Housing Trust Fund. Ms. Davis indicated that two budget versions are being presented; one includes additional HOME funding for Tenant Based Rental Assistance (TBRA). Ms. Davis explained that current federal regulations are limiting the number of people that can be assisted with TBRA because of residency/citizenship requirements. Staff is seeking guidance from HUD on options to expand the program to assist the asylee population. Staff asked the Committee to approve the proposed budgets with flexibility to staff to move a version forward for Council approval, once we receive a response from HUD.

No public comment was offered on this item.

On motion made and seconded, the Committee voted unanimously to approve and recommend to Council budget version (2) with the option to staff to substitute version (1) pending a response from HUD.

Item 5: Review and recommendation to City Council of FY 15-16 Housing Trust Fund Annual Plan.

Mary Davis presented the FY 15-16 Housing Trust Fund Annual Plan and explained that the plan focuses the use of the Housing Trust Fund on projects designed to create workforce housing targeted to households earning 100% AMI and rental housing targeted to very-low income households (households at or below 50% AMI). Ms. Davis also indicated that an application process would be used for the allocation of the funds.

No public comment was offered on this item.

On motion made and seconded the Committee voted to unanimously approve and recommend to Council the proposed FY 15-16 Housing Trust Fund Annual Plan and Application for Funds.

Item 6: Review and approval of FY 15-16 Affordable Housing Development Application.

Ms. Davis presented the Annual Affordable Housing Development HOME Funds Application and indicated that application would be seeking developments which create rental housing through new construction or conversion of non-residential property to housing and the rehabilitation of existing rental housing that creates or maintains affordable units.

No public comment was offered on this item.

On motion made and seconded, the Committee voted unanimously to approve the Affordable Housing Development HOME Funds Application.

<u>Item 7: Review and vote to authorize commercial broker agreement for sale of property at Portland Technology Park.</u>

Greg Mitchell explained that he is bringing this to the HCDC for a vote to authorize a commercial broker agreement for the sale of property at the Portland Technology Park. Mr. Mitchell went on to explain that through an RFP process, the City received one proposal from NAI The Dunham Group to serve as the exclusive listing agent for the two remaining sites (Phase I) in the Portland Technology Park. The proposal outlines a 7% brokerage fee and a minimum 9 month marketing commitment.

Councilor Donoghue asked if someone approached the City directly who was interested in one of the sites, would the broker be entitled to a commission. Mr. Mitchell said he would clarify exclusivity before the contract was executed. Mr. Mitchell stated that the proposal allows for co-brokering arrangements and the broker fee would be split.

Councilor Brenerman said it appears that NAI The Dunham Group's proposal initially included an 8% broker fee. Mr. Mitchell confirmed that to be true but stated that the fee was negotiated down to 7%.

Councilor Donoghue asked for public comment. With no public comment offered, the Committee voted unanimously 3-0 to endorse the contract with NAI The Dunham Group.

<u>Item 8: EXECUTIVE SESSION: Pursuant to 1 M.R.S.A. 405(6)(C) and (F) and 5 M.R.S.A. 13119-a, the Committee will go into executive session to provide guidance to staff regarding: a. Direction to proceed with property acquisitions to support the relocation of Public Services operations out of Bayside - See enclosed confidential memorandum from Greg Mitchell and b. Direction on possible tenant lease negotiations related to City-owned Spring Street Parking Garage commercial space.</u>

Chair Donoghue noted that the executive session item regarding property acquisitions to support the relocation of Public Services operations out of Bayside would not happen.

Councilor Brenerman asked for clarification on why the Committee would not be discussing the Public Services relocation in executive session. Mr. Mitchell indicated that staff were working with a consultant to help determine site needs and would need more time before the topic was ready for Committee discussion.

Councilor Donoghue then asked if there was any public comment regarding going into executive session. There being no public comment, on motion made and seconded, the Committee voted unanimously at approximately 7:45 p.m. 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 provide guidance to staff regarding tenant lease negotiations related to City-owned Spring Street Parking Garage commercial space.

At approximately 8:00 p.m., the Committee came out of executive session and the meeting was adjourned.

Respectfully submitted by Mary Davis

March 12, 2015

Comments on Reforms Aimed at Housing Affordability & Production

Housing & Community Development Committee

Councilor Donoghue and members of the Committee, I am Chris O'Neil. I represent the Portland Community Chamber of Commerce, one of America's longest-running trade associations, comprised of almost 700 Portland employers with 35,000 employees.

Thank you for beginning this crucial civic conversation. Housing affordability and production isn't just important to the "workforce" segment of our community, but to every segment. And it isn't just in the interest of the business community, but of the entire community.

As you know, in anticipation of this conversation, the Chamber, in partnership with Maine Real Estate Development Association and Portland Society for Architecture, has assembled a Task Force to examine the various issues in housing affordability and production. While Inclusionary Zoning (IZ) has been a dominant subject matter, our Task Force has found that it cannot – and should not – be discussed as a stand alone reform. As we move forward, the Chamber (and I expect many participants on the Task Force) will remain engaged to address issues that appear to be problems worth solving. By year-end, and possibly as soon as the fall, we should have had ample time to study the many issues before us, and we look forward to finally crafting agreeable policies that appear poised to minimize risk and maximize benefit.

The Task Force, which might meet once more, today circulated a draft report which should be ready for publication this month. While the report will not be a position paper or a prescription for housing affordability, it will help the Chamber (and hopefully you also) to articulate positions and to craft sensible policy.

Following is a foreshadowing of what will likely appear in the report:

1. The Chamber supports the housing goals of the City.

2. The Chamber opposes any implementation of IZ at this time. While the reasons and nuances for this opposition are myriad, it should be no surprise to you to hear the Chamber again invoke its cautionary principle, and assert that the reformer bears the burden of proof. We know that the effect of IZ is at its essence the same as a tax. A tax increases cost and reduces supply. Unless we can agree to some suite of reforms whose benefit exceeds its impact, the above objections will dominate.

3. The Comp Plan's Housing Element is 15 years old and must be updated.

4. That Plan contains six policies, 33 objectives, and 129 actions. Inclusionary zoning is not one of them. Perhaps it could be and should be? The Chamber would be eager to participate in a comp plan revision process.

5. Confirmed by current events, including the front page of today's Press Herald, the Chamber has not given up on the market's ability to correct some of its deficiencies.

6. The possibility of unintended consequences is a grave concern.

7. While upzoning and density reforms seem to be a fair step in a good direction, they do not seem to be a fair <u>trade</u> for IZ.

8. We have explored findings in Massachusetts, California, Florida, and Maryland, among other places. The findings loudly warn us of a READY-FIRE-AIM approach to something so powerful as IZ here in Portland. If we finally adopt some iteration of IZ, it must be done with extreme caution, because when it is done badly the consequences are dire.

9. There will be two very different discussions conducted regarding the rental market and the owned market. Before the benefit of deeper study, it is safe to assume that the Chamber will remain categorically opposed to any blanket imposition of mandatory IZ upon the owned market.

10. IZ has many moving parts that together can be configured to seek its desired results. For instance, balancing the cash-out amount with the possible benefit will be a delicate exercise. Again, done wrong, it can be a powerful deterrent. Another factor would be how to handle interior finish in market vs. affordable units that are co-located in one project. All of the variables (AMI level, the project size threshold, etc.) are critical factors that can greatly influence the impact and benefit of the reform.

11. There are many potential reforms, incentives, and rewards that should be considered as part of a comprehensive silver buckshot approach to housing production and affordability. The Chamber report will likely contain a recommendation for some form of Workforce Housing TIF, which can reap great benefit with minimal impact, as it is doing in Portland Oregon.

In summary, we thank you for beginning this critical conversation, and we pledge to work with you toward the sustainable fulfillment of our mutual goals.

FY 2014 Income Limit Area	Median Income	FY 2014 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Portland, ME HUD Metro FMR Area	$77,300	30% Income Limits	16,250	18,600	20,900	23,850	27,910	31,970	36,030	40,090
		50% Income Limits	27,100	30,950	34,800	38,650	41,750	44,850	47,950	51,050
		80% Income Limits	43,300	49,500	55,700	61,850	66,800	71,750	76,700	81,650
		100% Income Limits	54,110	61,840	69,570	77,300	83,484	89,668	95,852	102,036
		120% Income Limits	64,932	74,208	83,484	92,760	100,181	107,602	115,022	122,443

FY 2015 Income Limit Area	Median Income	FY 2015 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Portland, ME HUD Metro FMR Area	$77,100	30% Income Limits	16,250	18,550	20,850	24,250	28,410	32,570	36,730	40,890
		Housing Expense at 30% of Income	406	464	521	606	710	814	918	1,022
		50% Income Limits	27,100	30,850	34,700	38,550	41,650	44,750	47,850	50,900
		Housing Expense at 30% of Income	678	771	868	964	1,041	1,119	1,196	1,273
		80% Income Limits	43,200	49,400	55,550	61,700	66,650	71,600	76,550	81,450
		Housing Expense at 30% of Income	1,080	1,235	1,389	1,543	1,666	1,790	1,914	2,036
		100% Income Limits	53,970	61,680	69,390	77,100	83,268	89,436	95,604	101,772
		Housing Expense at 30% of Income	1,349	1,542	1,735	1,928	2,082	2,236	2,390	2,544
		120% Income Limits	64,932	74,208	83,484	92,760	100,181	107,602	115,022	122,443
		Housing Expense at 30% of Income	1,623	1,855	2,087	2,319	2,505	2,690	2,876	3,061

HUD 2015 Fair Market Rents	By Unit Bedrooms				
	Efficiency	1	2	3	4
Portland, ME HUD Metro FMR Area	730	869	1,074	1,421	1,492

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Housing and Community Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: March 19, 2015

SUBJECT: Ready Seafood Company Proposed Amended and Restated Lease

I. Summary of Issue

Ready Seafood Company has been a tenant at the Maine State Pier, Portland Ocean Terminal (POT) since January 2010 under a City Council approved lease. Brendan Ready approached City staff asking for a number of lease amendments which include the following:

Space Reduction and Reconfiguration. The request is to reduce the amount of leased square footage from 24,000 SF to 19,000 SF, eliminate two option to expand tenancy, along with reconfiguring company lease space to include use of the complete west to east depth of the POT, versus leasing space along the western side of the POT.

Rent Reduction. The company is requesting a rent reduction due to their company's continued investment in POT and Maine State Pier infrastructure.

Ready Seafood Company Investment. Ready Seafood Company investment has been over and above usual tenant responsibilities over the last four years. Examples of Ready investment include:

Structural and engineering design work for replacing floors	$14,500
Replacing rotten floor beams and cement floors	$109,000
Loading dock repairs and upgrades	$18,500
Roof repair and lightening replacement	$17,200
Drain Pipe replacement from roof to floor drains	$7,200
Pier wooden plank replacement and installation	$26,500
Donation of generator to City for July 4th $3,000/year	$12,000
Total	**$204,900**

The cost breakdown on the above Ready Seafood Company investment averages $51,225 per year. A summary table of Ready Lease terms compared to Ready's request is as follows:

Lease	Square Feet	Annual Rent	Price Per SF	Parking Cost**	Total
Existing*	19,000	$208,335	$10.97	$0	$208,335
New	19,000	$125,256	$6.59	$10,000	$135,256
Difference	0	($83,079)	($4.38)	$10,000	($73,079)

**Footnote 1:* Ready Seafood Company actual space use is 19,000 SF versus 24,000 SF in the approved lease to account for City common use of the loading dock and interior tenant space shared with the Ready Seafood Company.

***Footnote 2:* The existing Lease rental rate includes the cost of surface parking located in the Thames Street Parking Lot. The new Lease provides a separate charge for parking.

A space plan for the entire Portland Ocean Terminal (POT) will be provided at the March 25th HCDC meeting.

Maine State Pier Circulation Plan. In advance of the New England Ocean Cluster House (NEOCH) Project, City staff will use Waterfront TIF funding to engage a transportation engineering consultant to conduct a circulation evaluation for all Maine State Pier users. Working with existing and potential pier tenants, the study will provide a concept design approach to integrate near-term design efforts by CBITD, NEOCH, and the Franklin re-visioning process with needed improvements to address existing congestion and safety issues. Staff expects to issue an RFP for the Maine State Pier Circulation Plan later this month.

II. Reason for Submission

This is being submitted to the HCDC for its review and vote (in the form of a recommendation) to forward the Amended and Restated Lease to the City Council for approval.

III. Intended Result

The intended result is the continuation of a mutual agreeable Amended and Restated Lease with Ready Seafood for the continuation of their business operations on the Portland Waterfront/Maine State Pier.

IV. Council Goal Addressed

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

V. Financial Impact

In exchange for an annual rent reduction, the Ready's are willing to pay separately for parking, continue to have their company staff handle truck navigation at the Maine State Pier, and are willing to continue to pay for Maine State Pier and POT building improvements.

While the rent reduction reduces annual revenue to the City, it is off-set by the actual past and projected investment in pier related infrastructure.

VI. Staff Analysis

Staff notes the below lease comparison (Amended and Restated Lease versus original Lease with 1st and 2nd Amendments) is provided as a substitute to a marked revision format to explain lease modifications.

Highlights of the proposed Amended and Restated Lease amendments are as follows:

- Square Footage of Lease Space: Reduced from 24,000 sq. ft. to 19,000 sq. ft., and elimination of two options to expand;

- Non-Exclusive use of Common Areas: As can be seen on the Exhibit A of the proposed Amended and Restated Lease (ARL), there is an “Interior Common Area” and an “Exterior Common Area”, which is new to the ARL. Ready will have non-exclusive use of this area, which use will include shared access to and use of both the existing loading dock and the pier area located at the end of the Pier, and the right to expand the existing loading dock or construct one additional loading dock, subject to required approvals/permits. These Common Areas permit uses for Ready’s operations, including wholesale, storage, packaging, shipping, and processing activities.

- Term: The term of the Lease remains the same, that is the ARL will be effective as of January 1, 2015 and end December 31, 2017, with an option to renew for one additional five (5) year term through December 31, 2022, and, thereafter, for one additional six (6) year term through December 31, 2028.

- Rent Reduction: Rent is reduced from $10.75 per square foot (which includes parking charges), with 2% escalator annually, to $6.59 per square foot (which does not include parking charges), with 2% escalator annually. This reduction in per square foot takes into consideration the Ready’s past and future infrastructure investment in the POT.

- Parking: Ready’s amount of parking in the Thames Street parking area will decrease from 20 to 10 spaces, and Ready will be charged annually for these 10 spaces at $10,000. Existing Lease annual payments take into consideration costs for parking.

- Pier Accepted “As Is” by Ready: As Ready is currently on the Premises, the ARL has new language that Ready accepts the Premises and Common Areas in their present “As Is” condition. Ready shall continue to maintain and repair, at its sole expense, the leased Premises, Common Areas, and Pier, including utilities as outlined in the ARL.

VII. Recommendation

Staff recommends that the HCDC review and vote to forward the Amended and Restated Lease, in the form substantially as attached, to the City Council for approval.

VIII. Attachments

- Proposed Amended and Restated Lease
- Original Lease, with 1st and 2nd Amendments

AMENDED AND RESTATED LEASE AGREEMENT
PORTLAND OCEAN TERMINAL

This Amended And Restated Lease Agreement, made in triplicate original as of the **___** day of **________**, 2015, by and between the **CITY OF PORTLAND**, a Maine municipal corporation having its principal place of business at 389 Congress Street, Portland, Maine (hereinafter referred to as "Landlord") and **READY SEAFOOD CO.**, a Maine corporation with a mailing address of P.O. Box 17652, Portland, Maine 04112 (hereinafter referred to as "Tenant").

WHEREAS, Landlord and Tenant are parties to a Lease Agreement dated December 22, 2009 (the "Original Lease") for certain space at the Portland Ocean Terminal warehouse (the "POT") on the Maine State Pier (the "Pier"), which was amended by an Amendment To Lease Agreement dated February 27, 2012 (the "First Amendment") and a Second Amendment To Lease Agreement dated July 30, 2013 (the "Second Amendment") (the Original Lease as amended by the First and Second Amendments is referred to herein as the "Existing Lease"); and

WHEREAS, during the term of the Lease, Tenant has complied with the terms and conditions of the Lease as amended and has made substantial improvements to the leased premises; and

WHEREAS, in consideration of said improvements, Tenant has requested a reduction and reconfiguration of the leased premises and a reduction in rent; and

WHEREAS, after due consideration, Landlord is willing to reduce and reconfigure the leased premises and to reduce the rent; and

WHEREAS, in order to memorialize the above, Landlord and Tenant desire that the Existing Lease be substantially amended and restated to modify the Existing Lease.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Landlord and Tenant hereby mutually agree that the Existing Lease be amended and restated as of the Effective Date (as defined in Section 2).

WITNESSETH:

1. <u>Premises; Security</u>.

a. Tenant, as of the date of this Amended and Restated Lease, exclusively occupies 19,000 sq. ft. of space at the POT identified as "interior space" on the attached Exhibit A (the "Premises"), which Landlord does hereby continue to lease, demise, and let unto Tenant. Tenant shall have no authority to modify or make any changes to the Premises without the prior consent of Landlord.

b. In addition to the Premises, Tenant shall have non-exclusive use of the common areas identified on Exhibit A as "Interior Common Area" and "Exterior Common Area" (collectively, the "Common Areas"). Tenant's right to use the Common Areas shall include: (i) shared access to and use of both the existing loading dock and the pier area located at the end of the Pier; and (ii) the right to expand the existing loading dock or construct one additional loading dock, subject to Planning Board approval and issuance of building permits, and with prior written consent of the Landlord.

c. Security Rules: Tenant shall comply with all safety and security requirements in its operations hereunder. All Tenant employees working at the POT shall obtain a Transit Worker Identification Credential (TWIC) and shall display such TWIC cards at all times when at the POT. Tenant further agrees that its officers, employees and agents shall abide by the provisions of the Landlord's Federal Facility Security Plan, and with any other security directives or policies that may be promulgated from time to time by the Landlord, the State of Maine or by agencies of the Federal Government during the term of this Agreement, and the Landlord agrees to provide Tenant with copies of the relevant portions of Landlord's Plan to permit Tenant to comply with their terms. If required by the US Coast Guard, Tenant shall create its own Facility Security Plan.

Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, which may arise directly out of Tenant's (including its officers, volunteers and employees) failure to comply with the covenants of this paragraph, and such failure shall be deemed a default under this Agreement.

d. Access: Tenant shall be provided with access to the Premises and the Common Areas on a twenty-four (24) hour basis through the use of a key, and Tenant shall be responsible for ensuring that its employees understand the security requirements of POT and that only Tenant's authorized persons are provided access on Tenant's behalf.

2. <u>Term.</u>

(a) This Amended and Restated Lease shall be effective as of January 1, 2015 (the "Effective Date") and shall end on December 31, 2017, unless earlier terminated as provided herein, or extended as provided herein. The term of this Amended and Restated Lease may be renewed for one additional five (5) year term through December 31, 2022 upon mutual agreement of the Parties; and thereafter, for one additional six (6) year term through December 31, 2028, again upon mutual agreement of the Parties.

(b) Tenant's right to use parking spaces set forth in section 6 below shall have a different term. With respect to Tenant's parking rights only, the current term, which is for two (2) years, commenced December 22, 2013 and terminates December 21, 2015. The term of Tenant's parking rights shall automatically renew for successive two (2) year terms beginning December 22, 2015, unless either party hereto gives notice before December 1 of any year, of non-renewal. Notwithstanding anything to the contrary in this paragraph, Tenant's parking rights shall terminate upon termination of the term set forth in sub-paragraph (a) above.

3. Permitted Uses.

a. Tenant Uses: Tenant may use the Premises and Common Areas for wholesale, storage, packaging, shipping and processing activities associated with Ready Seafood and Catch a Piece of Maine.

b. Tenant may, upon receipt of written consent of Landlord, make physical improvements to Premises and Common Areas to support Tenant's use.

c. Landlord uses: Landlord reserves the right to permit other parties to use the Common Areas and the remainder of the POT warehouse (other than the Interior Space) during the term of this Amended and Restated Lease and thereafter, so long as such use does not unreasonably interfere with the use of the Premises and Common Areas by Tenant as permitted or required by this Amended and Restated Lease.

d. Tenant agrees to work with the Landlord to coordinate Tenant's use of the Premises and Common Areas with other tenants and users of the POT, and Pier.

e. Nothing herein is intended to create, nor shall it be deemed to be, a joint venture between the parties.

4. Rent.

The annual rent, set forth in the schedule below, is due and payable in advance in twelve (12) equal monthly payments on the first day of each month of the term of this Amended and Restated Lease. The rent set forth in this paragraph does not include utility or parking charges, which are addressed in paragraphs 5 and 6 below.

	Annual Rent	Monthly Payment
1/1/15-12/31/15	$125,256.00	$10,438.00
1/1/16-12/31/16	$127,761.12	$10,646.76
1/1/17-12/31/17	$130,316.34	$10,859.70

5. Utilities.

The Landlord has provided, at Tenant's expense, separate electrical and water submeters to separate Tenant's electrical and water usage from that of Landlord and other users of the POT. Tenant shall continue to pay Landlord monthly for its water and electric usage. Landlord is not responsible for providing heat to the Premises.

6. Parking.

Landlord shall provide Tenant, during the term of this Amended and Restated Lease Agreement, the use of ten (10) parking spaces in the City-owned Thames Street parking lot at the annual rate of Ten Thousand Dollars ($10,000.00) payable in advance on the first of each month in twelve monthly installments of $833.33. The City reserves the right to re-locate these parking spaces to a reasonably convenient alternative location if the Thames Street parking lot is no longer available for this purpose. See Section 2 for the term of Tenant's right to use parking spaces.

7. Vessel Deliveries.

At Tenant's expense and with Landlord's approval, a device, such as a derrick shall be installed at the southern end of the Pier. Tenant shall accept deliveries of lobsters by vessel at the southern end of the Pier, utilizing the derrick or similar device.

The parties recognize that the southern end of the Pier represents the edge of the federal channel. Tenant shall insure that deliveries by vessel shall be expedient, such that delivery vessels are located at the southern end of the Pier for as short a period of time as possible during deliveries.

When cruise ships are docked at the Pier, Tenant shall not have access to the southern end of the Pier to accept deliveries. On said cruise ship days, Tenant shall accept deliveries in the embayment located to the west of the POT. Subject to review and approval by Landlord, Tenant may install a derrick or similar device and a float to assist with deliveries in the embayment.

Tenant shall not utilize the public landing located in the embayment for deliveries.

8. Tenant to Plow and Remove Snow.

Tenant, at Tenant's expense, shall be responsible for plowing and removing snow from the Exterior Common Areas to allow for year-round access to the loading dock.

9. Tenant to Remove Trash and Debris; Maintenance.

Tenant, at Tenant's expense, shall maintain the entire portion of the Premises and Common Areas in the same condition and repair as it is in as of the Effective Date, except only for reasonable wear and tear, and shall remove all trash and debris attributable to it from the Premises and Common Areas.

10. POT Building and Pier Infrastructure Responsibility for Repairs and Maintenance; Tenant's Acceptance Of Premises In "As Is" Condition.

Tenant is currently in possession of the Premises and does hereby accept the Premises and Common Areas in their present "AS IS" condition as of the Effective Date. During the term of the Existing Lease, Tenant has, at its sole expense, maintained and made substantial repairs to the Premises, the Common Areas, Pier, and the portion of the POT building containing the Interior Space and the Interior Common Area. Tenant shall continue to maintain and repair, at its sole expense, the Premises, the Common Areas, the Pier (including, without limitation, structural portions of the Pier that support the portion of the POT building containing the Premises and Common Areas), and all interior, exterior, and structural portions of the POT building containing the Interior Space and the Interior Common Areas, including, without limitation, the plumbing, electrical, mechanical, heating, ventilation, and air conditioning systems in the building. Tenant, at Tenant's sole expense, is also responsible for evaluating the structural integrity of the POT building or Pier to support Tenant's use. Landlord may enter any portion of the POT and Pier, including the Premises to inspect their structural integrity, but will only enter the Premises upon reasonable notice to Tenant at times and in a manner that will not unreasonably interfere with Tenant's on-going business activities.

11. Traffic Control.

Tenant shall be responsible for managing truck access over the Pier to the Premises and Common Areas. In doing so, Tenant will work cooperatively with other POT tenants and the Casco Bay Lines to manage traffic and pedestrian congestion. Landlord will assist Tenant by removing illegally parked vehicles on a timely basis when requested to do so by Tenant or by any signatory to a Maine State Pier Tenant Operational Agreement. Tenant agrees to participate and work cooperatively with other POT tenants and the Casco Bay Lines to create such an operational agreement.

12 Compliance with Laws.

Tenant shall, at its own cost and expense, promptly observe and comply with all applicable laws, ordinances, requirements, orders, directives, rules and regulations of the federal, state, and county and city governments, including the City Of Portland Facilities rules as they may be amended from time to time, and of all other governmental authorities, affecting the Premises or appurtenances thereto, while such laws or regulations are in force, regardless of when enacted. Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, which may arise directly out of Tenant's failure to comply with the covenants of this Section, and such failure shall be deemed a default under this

Agreement. Tenant shall be responsible for obtaining all necessary permits and licenses required for its use and occupancy of the POT at its own cost and expense.

13 Indemnification.

a. General. To the fullest extent permitted by law, Tenant shall at its own expense defend, indemnify, and hold harmless the Landlord, its officers, agents, and employees from and against any and all liability, claims, damages, penalties, losses, expenses, or judgments, just or unjust, arising from injury or death to any person, or damage to property sustained by anyone (including but not limited to Landlord employees or property), including but not limited to claims based upon violation of any environmental law or regulation, except to the extent that such claims arise from a negligent act or omission of the Landlord, its officers, agents, servants or employees.

Tenant shall, at its own cost and expense, defend any and all suits or actions, just or unjust, which may be brought against Landlord or in which Landlord may be impleaded with others upon any such above-mentioned matter, claim or claims, including claims of contractors, employees, laborers, materialmen, and suppliers. In cases in which Landlord is a party, Landlord shall have the right to participate at its own discretion and expense and no such suit or action shall be settled without prior written consent of Landlord. Such obligation of indemnity and defense shall not be construed to negate nor abridge any other right of indemnification or contribution running to Landlord which would otherwise exist.

b. Without limiting the foregoing, to the fullest extent permitted by law, Tenant hereby agrees to assume all risk of injury, harm or damage to any person or property (including but not limited to all risk of injury, harm or damage to Tenant's officers, agents, employees, contractors, customers or invitees or to their property) arising out of, during, or in connection with the rental or use of the POT warehouse property or any portion thereof and the activities hereunder which injury, harm or damage is alleged to be related to the presence of mold at or in the Premises, and to defend, indemnify and hold the Landlord harmless from any such liability, claims, damages, losses or expenses.

c. Covenant against liens: Tenant shall not cause or permit any lien against the Landlord’s property or any improvements thereto to arise out of or accrue from any action or use thereof by Tenant and shall hold the Landlord harmless therefrom; provided, however, that Tenant may in good faith contest the validity of any alleged lien. Upon request of the Landlord, Tenant shall post a bond warranting payment of any such lien in the event Tenant contests such lien.

d. Survival. The Terms of this Section shall expressly survive the expiration or termination of this Agreement.

14. **Insurance**.

a. Amounts. Without expense to the Landlord, and with no lapse in coverage, Tenant shall procure and maintain, at its own cost, and show evidence to the Landlord of the following insurance to protect the Landlord from claims and damages which may arise from Tenant's operations under this Agreement, whether such operations shall be performed by the Tenant or by anyone directly or indirectly employed by it, in the types and minimum amounts set forth below:

Description	Coverage	Each Occurrence
(i) Commercial General Liability	B.I./P.D.	$1,000,000
(ii) Automobile Liability Insurance		$ 400,000
(iii) Worker's Compensation		Maine statutory amount

b. Landlord protected. The Landlord shall be named as an additional insured under items (i) and (ii) above. Tenant shall provide evidence of Workers Compensation coverage in the statutory amounts.

c. Notice to Landlord. All policies of insurance required herein shall be in a form and issued by a company or companies approved to do insurance business in the State of Maine. Each such policy shall provide that such policy may not be changed, altered or canceled by the insurer during its term without first giving thirty (30) days' notice in writing to the Landlord. Each liability policy required to be obtained hereunder shall be on an occurrence basis. In the event that policies are not available on an occurrence basis, Tenant shall purchase a "tail" which provides coverage hereunder for a minimum of six (6) years after termination of this Agreement.

All policies required hereunder shall be primary to any insurance or self-insurance which Landlord may maintain for its own benefit. Liability insurance coverage shall also extend to damage, destruction, and injury to City-owned or City-leased property and City personnel, to the extent caused by, or resulting from negligent acts, operations, or omissions of Tenant**,** its officers, agents, employees, invitees, and/or contractors.

d. Certificates. Certificates or other evidence of insurance coverages required of Tenant in this Section, in amounts no less than those stipulated herein or as may be in effect from time-to-time, shall be delivered to the Landlord prior to use of the Premises. Such certificate or certificates shall at all times while this Agreement is in effect provide Landlord with at least thirty (30) days prior written notice of any change or modification in insurance coverage or insurance carrier.

15. Assignment/Subletting.

Tenant shall not sublease, transfer or assign this Agreement or the rights granted hereunder at any time during the term of this Agreement without the prior written approval of Landlord, which may be granted or withheld in Landlord's discretion. No such assignment or subletting shall relieve Tenant of any obligations hereunder and any person accepting such assignment shall take the Agreement subject to all prior breaches and shall be liable therefore in the same manner as Tenant.

16. Casualty Damage.

a. If the Premises or any part thereof shall be destroyed or damaged by fire or other unavoidable casualty so that the same shall be thereby rendered unfit for use, then, and in such case, the Rent hereinabove stated or a just and proportional part thereof, according to the nature and extent of injuries sustained, shall be suspended or abated, until the Premises shall have been put in proper condition for use by Tenant. Provided, however, in the event of such destruction or damage, either Landlord or Tenant shall have the right to terminate this Lease by giving the other party written notice of such termination within thirty (30) days after such damage or destruction, and upon the giving of such notice, the term of this Agreement shall cease and come to an end as of the date of such damage or destruction and any unearned rent shall be returned to Tenant.

b. Tenant shall be responsible for covering the equipment and supplies with such property and casualty insurance as it deems necessary and Landlord shall have no responsibility therefor. Tenant assumes all risk of damage, loss or casualty to its property, equipment and/or supplies while located at the POT, even if the cause of such damage is the result of the negligent act or omission of Landlord, its officers or employees. Tenant shall defend, indemnify and hold the Landlord harmless from any claim based upon any damage, loss or casualty to its property, equipment and/or supplies while at the POT. Any casualty insurance obtained by Tenant for its property, equipment or supplies at POT shall include a waiver of subrogation against the Landlord.

17. Termination for Convenience or Cause.

a. Either party may, in its discretion and for its convenience, terminate this Agreement upon no less than Thirty (30) days prior written notice to the non-terminating party. In the event of termination during a rental period, Landlord will reimburse to Tenant the pro-rated amount paid in rent for any time period after the effective date of the termination; provided, however, that Tenant shall remain liable to pay any Rent accrued and owed for the time period prior to the effective date of termination.

b. In the event Landlord terminates this Agreement for its convenience prior to the expiration date, the Landlord will reimburse Tenant for documented construction expenditures made by Tenant for the purposes of build-out, improvements, additions or installations to the Premises, made in 2013-2014 as part of the then expansion, but such reimbursement shall: (1) in no event shall exceed $375,000; and (2) such reimbursement shall be reduced over ten (10) years, on a straight-line basis, from the date of installation.

c. Either party may terminate this Agreement upon no less than Thirty (30) calendar days' prior written notice for failure of the non-terminating party to comply with the terms and conditions of this Agreement. In such event, the non-terminating party shall have the right to cure such default within the Thirty (30) day period, or in the case of default in any payment due hereunder, within Ten (10) calendar days of receipt of notice of such default. Such notice of default shall not be required to coincide with a rental period.

d. Upon any termination of this Lease, Tenant shall quit and surrender to Landlord the Premises in accordance with the provisions of Section 16 hereof. If this lease is terminated, Tenant shall remain liable to Landlord for all Rent accrued and unpaid up to the date of such termination. In no event shall either party be liable to the other for incidental, special, or consequential damages of any nature claimed as a result of the breach of any term of this Agreement or termination of this Agreement.

18. Return of Premises; Trade Fixtures.

Tenant at the expiration or termination of this Agreement shall peaceably yield up to Landlord the Premises in good repair in all respects, reasonable use and wear and damage by fire and all other unavoidable casualties not caused by Tenant, its officers, employees, agents, invitees or contractors excepted. Tenant shall remove all trade fixtures, equipment and other personal property installed or placed by it at its expense in, on or about the Premises; provided, however, all damage caused by or as a result of such removal shall be repaired by Tenant at its expense. Should Tenant fail to remove its fixtures, equipment or property within Thirty (30) days of a notice to do so from Landlord, ownership of such fixtures, equipment and property shall automatically be vested in Landlord and Landlord have the right dispose of such fixtures, equipment and property in any manner it sees fit, and retain all proceeds therefrom. Notwithstanding the foregoing, Tenant shall continue to be liable to Tenant for the costs of any such removal and disposal in excess of any such proceeds.

19. Covenants.

Landlord covenants that it is the owner in fee of the Premises and can and will provide quiet enjoyment of the Premises during the term of this Agreement. Each party covenants that the Agreement is signed by a duly authorized individual.

20. Notices.

Any notice required to be given under this Lease shall be in writing and shall be hand-delivered or sent by U.S. certified mail, return receipt requested, postage prepaid, addressed to the parties as stated below or such other address as either party may designate in writing to which its future notices shall be sent.

To Tenant:

> Ready Seafood
> ATTN: Brendan Ready, President
> P.O. Box 17652
> Portland, Maine 04112

To Landlord:

> Sheila Hill-Christian
> Acting City Manager
> 389 Congress Street
> Portland, Maine 04101
> cc: Director of Public Buildings

The Landlord's representative for administration of this Agreement shall be the Director of Public Buildings or his/her authorized designee.

21. Amendment.

Both parties hereto acknowledge and agree that they have not relied upon any statements, representations, agreements or warrantees except such as are expressed herein. The terms of this Lease may be modified or amended by the mutual assent of the parties hereto; provided, however, that no such modification or amendment to this Lease shall be binding until in writing and signed by both parties.

22. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Maine.

23. Force Majeure.

Neither Tenant nor Landlord shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, acts of God, war, acts of superior governmental authority or other reason over which it has no control; provided, however, that the suspension of performance shall be no longer than that required by the force majeure and the party prevented from performance has given written notice thereof to the other party.

24. Non-Waiver.

No waiver of any breach of any one or more of the conditions of this Lease by the Landlord or Tenant shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

25. Brokers.

Landlord and Tenant each represent and warrant to the other that it has not dealt with any agents, brokers or finders in connection with this Agreement. Each party agrees to hold and indemnify the other harmless from and against any losses, damages, costs or expenses (including attorneys' fees) that either party may suffer as a result of claims made or suits brought by any broker in connection with this transaction, the obligated party hereunder to be the party whose conduct gives rise to such claim.

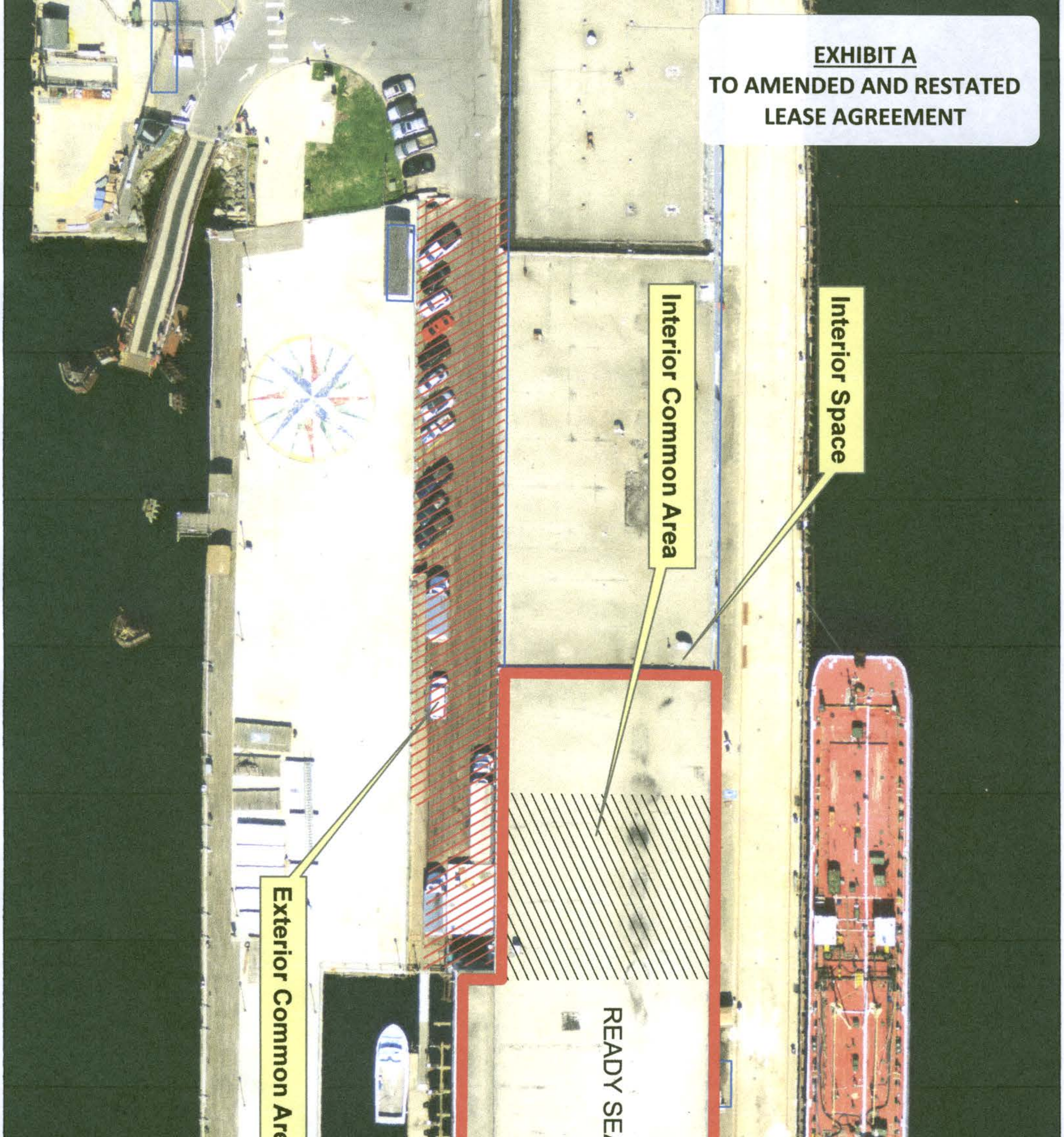
26. **Transition Provision**.

Prior to the Effective Date, the rights and obligations of Landlord and Tenant are those described in the Existing Lease. On the Effective Date, the Existing Lease shall be deemed amended and restated so as to contain all of the terms of this Lease, and this Lease as amended and restated shall govern all future rights, obligations, duties and liabilities of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed the day and year first above written.

WITNESS:	**READY SEAFOOD CO.**
____________________________	By: ____________________________
	Name: __________________________
	Its: ____________________________
WITNESS	**CITY OF PORTLAND**
____________________________	By: ____________________________ Sheila Hill-Christian Its Acting City Manager

EXHIBIT A
TO AMENDED AND RESTATED LEASE AGREEMENT



SECOND AMENDMENT
TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT is executed as of this 30th day of July, 2013 between the **CITY OF PORTLAND**, a Maine municipal corporation having its principal place of business at 389 Congress Street, Portland, Maine (hereinafter referred to as "Landlord") and **READY SEAFOOD CO.**, a Maine corporation with a mailing address of P.O. Box 17652, Portland, Maine 04112 (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement for certain Premises in the Portland Ocean Terminal dated December 22, 2009; and

WHEREAS, Landlord and Tenant entered into an "Amendment to Lease Agreement," executed February 27, 2012 (the 2009 Lease Agreement, as so amended, is referred to herein as the "Lease Agreement"); and

WHEREAS, Landlord and Tenant desires to further amend said Lease Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. PREMISES.

Section 1(a) of the Lease Agreement is hereby replaced with the following:

Tenant as of the date of the Second Amendment leases 11,200 sq. ft. Effective January 1, 2014, the leased Premises increases from 11,200 sq. ft. to 24,000 sq. ft. for Tenant's exclusive use, by adding to the leased Premises one additional area, namely the area labeled "Ready Expansion Option: +/- 12,800 sq. ft." on the attached Exhibit A; and the northwesterly boundary of the leased Premises will be an existing 'fixed wall.' Tenant shall have no authority to modify or make any changes to the Premises without the prior consent of Landlord. No further action of the parties hereto is required for this change to take place on January 1, 2014.

Option. Tenant shall have an 'Option' to lease the area on Exhibit A labeled "City Storage with Ready Right of First Refusal: +/- 17,000 sq. ft." under the same terms and conditions outlined in the Lease herein, and with a pro rata adjustment to the rent due hereunder. If not exercised during the term of this Lease, this Option shall then expire. The option shall be exercised by giving the Landlord written notice, at least 60 days prior to the desired occupancy date.

Second Option. Tenant shall have a 'Second Option' to lease the area on Exhibit A labeled "Shucks or Ready Expansion Option: +/- 9,200 sq. ft." under the same terms and conditions outlined in the Lease herein, and with a pro rata adjustment to the rent due hereunder. Tenant's option rights are subordinate or 'after' the rights of Shucks Maine Lobster, LLC to lease this same area. If not exercised before July 1, 2016, this Option shall then expire. The option shall be exercised by giving the Landlord written notice, at least 60 days prior to the desired occupancy date. If Shucks Maine Lobster, LLC, after being duly notified of the Tenant's notice, notifies the Landlord that it desires to exercise its superior option rights to lease this same space, Shucks Maine Lobster, LLC may do so, and Tenant's option to lease this additional space shall then terminate.

The Tenant's rights of occupancy are subject to the right of the Landlord to occasionally use the Premises for access to the portions of the Maine State Pier/Portland Ocean Terminal, and to that extent Tenant's rights are not exclusive. Such use by the Landlord shall be made in a manner so as to not interfere with the Tenant's use, to the extent reasonably possible.

Section 1(b) of the Lease Agreement is hereby replaced with the following:

In addition to the leased Premises, Tenant shall have access to the existing loading dock located at the end of the Maine State Pier and the right to expand the existing loading dock or construct one additional loading dock with prior consent of the Landlord. The location of all future loading docks will be placed to support truck deliveries of Portland Ocean Terminal tenants and will not unreasonably interfere with the current or future pier access by Tenant without plan approval by Tenant.

2. TERM.

Section 2 of the Lease Agreement is hereby replaced with the following:

The Term of the Agreement and of the leasehold began on December 22, 2009, and shall end on December 31, 2017, unless earlier terminated as provided herein, or extended as provided herein. The Lease Agreement may be renewed for one additional five (5) year term upon mutual agreement of the Parties; and thereafter, for one additional six (6) year term, again upon mutual agreement of the Parties.

That portion of the rights leased hereunder which is the right to use parking spaces (see section 4 below), shall have a different Term; with respect to those rights only, the term is for two years, from the date this leasehold began (December 22, 2009); the term of these rights to use parking shall automatically renew for two years, unless either party hereto gives notice before December 1 of any year, of non-renewal; and these rights to use parking spaces shall not renew for any period after the Term described above has ended.

3. RENT.

Section 4 of the Lease Agreement is hereby amended by adding the following:

Beginning January 1, 2014, Rent for the Premises shall be Ten Dollars and Seventy-Five Cents ($10.75) per square foot per year, based on 24,000 square feet, payable in twelve equal monthly payments in advance on the first day of each month of the term of this Lease Agreement. The Rent shall increase 2% per year thereafter, as of January 1 of each year, for the remainder of the lease term, including any extensions thereof. For example, then, beginning January 1, 2015, Rent shall be $10.75 x 24,000 x 1.02, or $263,160; unless Tenant has exercised its option to lease additional space, in which case the calculation will be adjusted accordingly.

4. PARKING

Section 6 of Lease Agreement is replaced with the following:

Landlord to provide, during the term of this Lease Agreement, the use of twenty (20) parking spaces in the City-owned Thames Street parking lot, the cost of which parking spaces is included the Rent being charged under this Lease Agreement. The City reserves the right to re-locate these parking spaces to a reasonably convenient alternative location, if the Thames Street parking lot is no longer available for this purpose. See Section 2 for term of this right to use parking spaces.

5. TERMINATION FOR CONVENIENCE.

Sub part b of Section 15, Termination for Convenience, is replaced with the following:

b. In the event Landlord terminates this Agreement for its convenience prior to the expiration date, the Landlord will reimburse Tenant for documented construction expenditures made by Tenant for the purposes of build-out, improvements, additions or installations to the Premises, made in 2013-2014 as part of the then expansion, but such reimbursement shall: (1) in no event shall exceed $375,000; and (2) such reimbursement shall be reduced over ten (10) years, on a straight-line basis, from the date of installation.

6. SURVIVING PROVISIONS.

All terms, conditions, and provisions of the Lease Agreement not herein amended remain in full force and effect.

(Rest of page left intentionally blank.)

IN WITNESS WHEREOF, the CITY OF PORTLAND has caused this Amendment to be signed by Mark H. Rees, its City Manager, and READY SEAFOOD CO. has caused this Amendment to be signed by P. KEVIN MURPHY, its OPERATIONS MANAGER

WITNESS

CITY OF PORTLAND

By:

Mark H. Rees
Its City Manager

WITNESS

READY SEAFOOD CO.

By:

P. KEVIN MURPHY
Printed Name

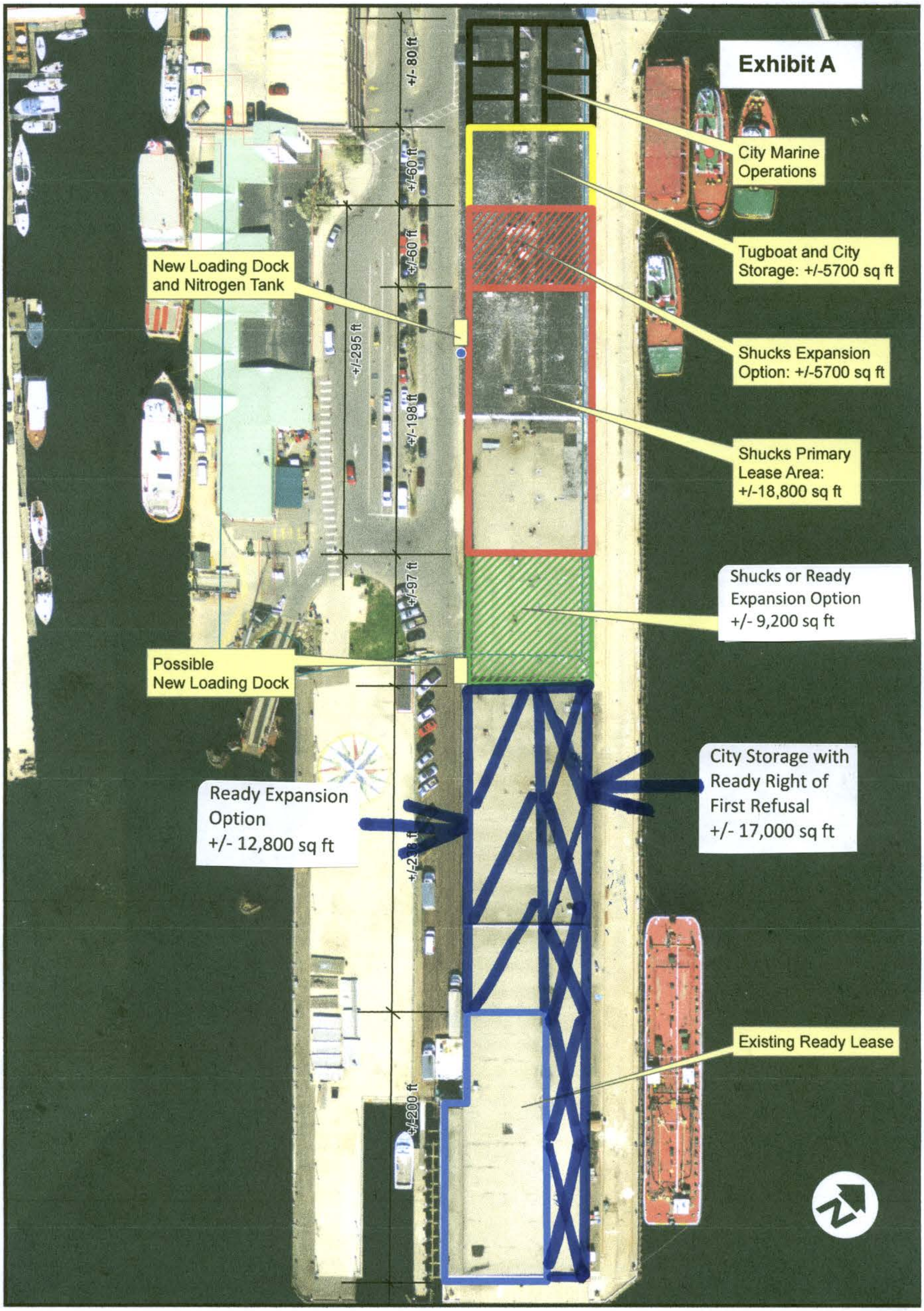
Its: OPERATIONS MANAGER
Title

Approved as to form:

Corporation Counsel's Office

Approved as to funds:

Budget Office



Portland Ocean Terminal: Use Proposals

Map produced by the City of Portland Planning Division from Portland GIS Program 2012 data. Intended for orientation only, not for design. All dimensions are approximate. Field verify. June 2013

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT TO LEASE AGREEMENT is executed this 27 day of FEBRUARY, 2012 between the **CITY OF PORTLAND**, a Maine municipal corporation having its principal place of business at 389 Congress Street, Portland, Maine (hereinafter referred to as "Landlord") and **READY SEAFOOD CO.**, a Maine corporation with a mailing address of P.O. Box 17652, Portland, Maine 04112 (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement for certain Premises in the Portland Ocean Terminal dated December 22, 2009; and

WHEREAS, Landlord and Tenant desires to have future security in said Lease Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Landlord and Tenant agree as follows:

1. PREMISES.

   Section 1(a) of the Lease Agreement shall be amended to increase the square footage of the Premises from 9,676 sq. ft. to 11,200 sq. ft. of warehouse space effective 2013, as more accurately described in Exhibit A.

2. TERM.

   Section 2 of the Lease Agreement shall be amended to extend the Term of the Agreement to December 31, 2017. The Lease Agreement may be renewed for an additional five (5) year term upon mutual agreement of the Parties.

3. RENT.

   Section 4 of the Lease Agreement shall be amended by adding the following:

   For the remainder of the original lease term, through December 31, 2012, the original yearly rental amount of one-hundred thousand dollars ($100,000) shall continue.

   Provided that the conditions outlined in paragraph four (4) of this Amendment are satisfied during 2012, the rent will be as follows: Beginning January 1, 2013, Rent for the Premises shall be Ten Dollars and Fifty-four Cents ($10.54) per square foot per year, payable in twelve equal monthly payments in advance on the first day of each month of the term of this Lease Agreement. The Rent shall increase 2% per year per the following schedule:

11,200	1/1/13-12/31/13	$118,048
11,200	1/1/14-12/31/14	$120,400
11,200	1/1/15-12/31/15	$122,864
11,200	1/1/16-12/31/16	$125,328
11,200	1/1/17-12/31/17	$127,792

4. CONDITIONS

(a) Landlord will work with the Tenant to accommodate tractor trailer use of Franklin Street extension to Compass Park. Any expense associated with this improvement will be paid for by the Tenant.

(b) Landlord will work with Tenant to relocate the public pedestrian access from Compass Park. Any expense associated with this improvement shall be paid for by the Tenant.

(c) Landlord will work with Tenant to minimize the impact of concerts and other events held in Compass Park upon Tenant's business operations.

(d) Tenant shall secure all local, state and federal regulatory approval.

5. SURVIVING PROVISIONS.

All terms, conditions and provisions of the Lease Agreement not herein amended remain in full force and effect.

IN WITNESS WHEREOF, the CITY OF PORTLAND has caused this Amendment to be signed by Mark H. Rees, its City Manager, and READY SEAFOOD CO. has caused this Amendment to be signed by John Ready, its Owner.

WITNESS:

Sonia Bean

CITY OF PORTLAND

By: Mark H. Rees
Mark H. Rees, City Manager

READY SEAFOOD CO.

By: ______________________

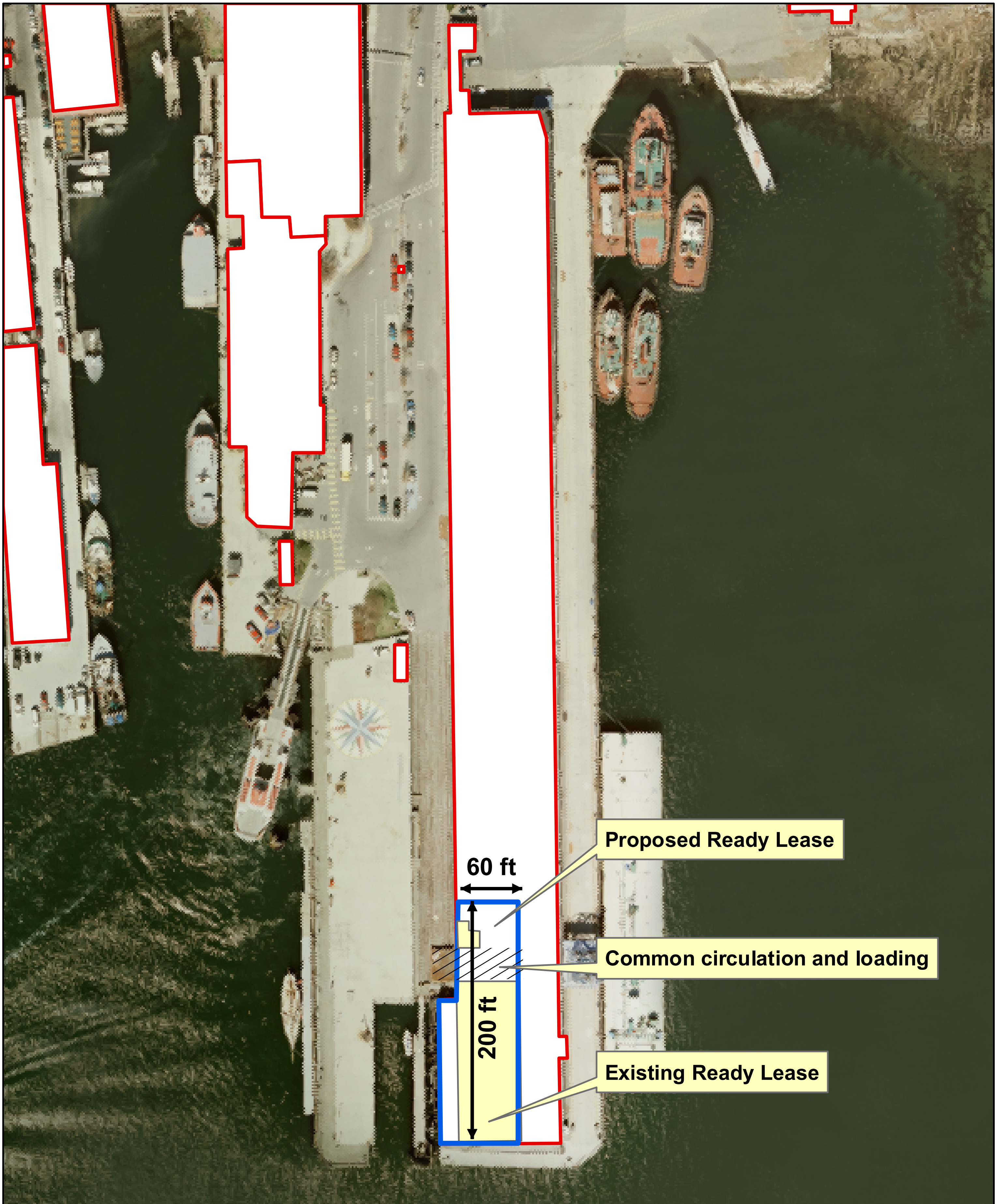
JOHN READY
(Printed Name)

Its: OWNER
(Printed Title)

APPROVED AS TO FORM:

CORPORATION COUNSEL'S OFFICE

Finance Director
City of Portland, Maine



Maine State Pier Use Proposals Map
For Orientation Purposes Only

150 75 0 150 Feet

Graphic Scale only

EXHIBIT A TO LEASE AMENDMENT

LEASE AGREEMENT
PORTLAND OCEAN TERMINAL

This lease, made in triplicate original as of the 22nd day of December, 2009, by and between the **CITY OF PORTLAND**, a Maine municipal corporation having its principal place of business at 389 Congress Street, Portland, Maine (hereinafter referred to as "Landlord") and **READY SEAFOOD CO.**, a Maine corporation with a mailing address of P.O. Box 17652, Portland, Maine 04112 (hereinafter referred to as "Tenant").

WHEREAS, Landlord has available warehouse space at the Portland Ocean Terminal (POT) located at 40 Commercial Street in Portland; and

WHEREAS, Tenant wishes to lease warehouse space within the POT; and

WHEREAS, Landlord agrees to lease warehouse space to Tenant, pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, Landlord has sufficient right, title and interest in and to the real property, together with the facilities, easements, rights, licenses, and privileges hereinafter granted, and has full power and authority to enter into this Agreement in respect thereof;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained,

WITNESSETH:

1. **Premises; Security:**

a. Landlord does hereby lease, demise and let unto Tenant 9,676 square feet of warehouse space for its exclusive use located at the southernmost end of the POT warehouse, as more accurately described in Exhibit A (hereinafter the "Premises"). Tenant shall have no authority to modify or make any changes to the Premises without the prior consent of Landlord.

b. In addition to the leased Premises, Tenant shall have access to the shared loading dock on the western side of the POT for acceptance of deliveries and shipping by truck; and to the southerly end of the pier and the embayment to the west of the POT for acceptance of deliveries by vessel.

c. Tenant, at its own cost and subject to approval by Landlord, shall install a structure, such as an interior wall or fence to separate the Premises from the remainder of the POT.

d. Security Rules: Tenant shall comply with all safety and security requirements in its operations hereunder. All Tenant employees working at the POT shall obtain a Transportation Worker Identification Credential (TWIC) and shall display such TWIC cards at all times when at the POT, whether within the Premises or on the Common Use Space. Tenant further agrees that its officers, employees and agents shall abide by the provisions of the Landlord's Federal Facility Security Plan, and with any other security directives or policies that may be promulgated from time to time by the Landlord, the State of Maine or by agencies of the Federal Government during the term of this Agreement, and the Landlord agrees to provide Tenant with copies of the relevant portions of Landlord's Plan to permit Tenant to comply with their terms. If required by the US Coast Guard, Tenant shall create its own Facility Security Plan.

Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties; claims, and demands, including reasonable counsel fees, which may arise directly out of Tenant's (including its officers, volunteers and employees) failure to comply with the covenants of this paragraph, and such failure shall be deemed a default under this Agreement.

e. Access: Tenant shall be provided with access to the Premises on a twenty-four (24) hour basis through the use of a key, and Tenant shall be responsible for ensuring that its employees understand the security requirements of POT and that only Tenant's authorized persons are provided access on Tenant's behalf.

2. **Term.**

Subject to Section 15 below concerning termination, the term of this Agreement shall commence on date of execution and end on December 31, 2012.

3. **Permitted Uses.**

a. Tenant Uses: Tenant may use the Premises for wholesale, storage, packaging, shipping and processing activities associated with Ready Seafood and Catch a Piece of Maine.

b. Tenant may, upon receipt of written consent of Landlord, make physical improvements to Premises to support Tenant's use.

c. Landlord uses: Landlord reserves the right to permit other parties to use the remainder of the POT warehouse (other than the Premises) during the term of this Agreement and thereafter, so long as such use does not unreasonably interfere with the use of the Premises by Tenant as permitted or required by this Lease Agreement.

d. Tenant agrees to work with the Landlord to coordinate Tenant's use of the Premises with other tenants and users of the POT warehouse, as well as other uses of the Maine State Pier.

e. Nothing herein is intended to create, nor shall it be deemed to be, a joint venture between the parties.

4. Rent.

Rent for the Premises shall be One Hundred Thousand Dollars ($100,000.00) per year, payable in twelve equal monthly payments of Eight Thousand Three Hundred Thirty Three Dollars and Thirty-Three Cents ($8,333.33) in advance on the first day of each month of the term of this Lease Agreement.

5. Utilities.

The Landlord shall provide, at Tenant's expense, separate electrical and water submeters to separate Tenant's electrical and water usage from that of Landlord and other users of the POT. Tenant shall pay Landlord monthly for its water and electric usage. Landlord is not responsible for providing heat to the Premises.

6. Parking.

Landlord shall provide 10 parking spaces for exclusive use by Tenant located to the west of the loading dock access area, as more accurately described in Exhibit A. During special events on the Maine State Pier, Landlord shall provide alternative parking spaces for Tenant if necessary to accommodate the pier event.

7. Vessel Deliveries.

At Tenant's expense and with Landlord's approval, a device, such as a derrick shall be installed at the southern end of the pier. Tenant shall accept deliveries of lobsters by vessel at the southern end of the pier, utilizing the derrick or similar device.

The parties recognize that the southern end of the pier represents the edge of the federal channel. Tenant shall insure that deliveries by vessel shall be expedient, such that delivery vessels are located at the southern end of the pier for as short a period of time as possible during deliveries.

When cruise ships are docked at the Maine State Pier, Tenant shall not have access to the southern end of the pier to accept deliveries. On said cruise ship days, Tenant shall accept deliveries in the embayment located to the west of the POT. Subject to review and approval by Landlord, Tenant may install a derrick or similar device and a float to assist with deliveries in the embayment.

Tenant shall not utilize the public landing located in the embayment for deliveries.

8. **Tenant to Plow and Remove Snow**

Tenant, at Tenant's expense, shall be responsible for plowing and removing snow from the loading dock access area and parking area, to allow for year-round access to the loading dock.

9. **Tenant to Remove Trash and Debris.**

Tenant, at Tenant's expense, shall maintain the entire portion of the Premises in the same condition and repair as it has on the commencement of this Agreement, except only for reasonable wear and tear, and shall remove all trash and debris attributable to it from the Premises.

10. **Compliance with Laws.**

Tenant shall, at its own cost and expense, promptly observe and comply with all applicable laws, ordinances, requirements, orders, directives, rules and regulations of the federal, state, and county and city governments, including the City Of Portland Facilities rules as they may be amended from time to time, and of all other governmental authorities, affecting the Premises or appurtenances thereto, while such laws or regulations are in force, regardless of when enacted. Tenant shall pay all costs, expenses, liabilities, losses, damages; fines; penalties, claims, and demands, including reasonable counsel fees, which may arise directly out of Tenant's failure to comply with the covenants of this Section, and such failure shall be deemed a default under this Agreement. Tenant shall be responsible for obtaining all necessary permits and licenses required for its use and occupancy of the POT at its own cost and expense.

11. **Indemnification.**

a. General. To the fullest extent permitted by law, Tenant shall at its own expense defend, indemnify, and hold harmless the Landlord, its officers, agents, and employees from and against any and all liability, claims, damages, penalties, losses, expenses, or judgments, just or unjust, arising from injury or death to any person, or damage to property sustained by anyone (including but not limited to Landlord employees or property), including but not limited to claims based upon violation of any environmental law or regulation, except to the extent that such claims arise from a negligent act or omission of the Landlord, its officers, agents, servants or employees.

Tenant shall, at its own cost and expense, defend any and all suits or actions, just or unjust, which may be brought against Landlord or in which Landlord may be impleaded with others upon any such above-mentioned matter, claim or claims, including claims of contractors, employees, laborers, materialmen, and suppliers. In cases in which Landlord is a party, Landlord shall have the right to participate at its own discretion and expense and no such suit or action shall be settled without prior written consent of Landlord. Such obligation of indemnity and defense shall not be construed to negate nor abridge any other right of indemnification or contribution running to Landlord which would otherwise exist.

b. Without limiting the foregoing, to the fullest extent permitted by law, Tenant hereby agrees to assume all risk of injury, harm or damage to any person or property (including but not limited to all risk of injury, harm or damage to Tenant's officers, agents, employees, contractors, customers or invitees or to their property) arising out of, during, or in connection with the rental or use of the POT warehouse property or any portion thereof and the activities hereunder which injury, harm or damage is alleged to be related to the presence of mold at or in the Premises, and to defend, indemnify and hold the Landlord harmless from any such liability, claims, damages, losses or expenses.

c. Covenant against liens: Tenant shall not cause or permit any lien against the Landlord's property or any improvements thereto to arise out of or accrue from any action or use thereof by Tenant and shall hold the Landlord harmless therefrom; provided, however, that Tenant may in good faith contest the validity of any alleged lien. Upon request of the Landlord, Tenant shall post a bond warranting payment of any such lien in the event Tenant contests such lien.

d. Survival. The Terms of this Section shall expressly survive the expiration or termination of this Agreement.

12. <u>Insurance</u>.

a. Amounts. Without expense to the Landlord, and with no lapse in coverage, Tenant shall procure and maintain, at its own cost, and show evidence to the Landlord of the following insurance to protect the Landlord from claims and damages which may arise from Tenant's operations under this Agreement, whether such operations shall be performed by the Tenant or by anyone directly or indirectly employed by it, in the types and minimum amounts set forth below:

<u>Description</u>	<u>Coverage</u>	<u>Each Occurrence</u>
(i) Commercial General Liability	B.I./P.D.	$1,000,000
(ii) Automobile Liability Insurance		$ 400,000
(iii) Worker's Compensation		Maine statutory amount

b. Landlord protected. The Landlord shall be named as an additional insured under items (i) and (ii) above. Tenant shall provide evidence of Workers Compensation coverage in the statutory amounts.

c. Notice to Landlord. All policies of insurance required herein shall be in a form and issued by a company or companies approved to do insurance business in the State of Maine. Each such policy shall provide that such policy may not be changed, altered or canceled by the insurer during its term without first giving thirty (30) days' notice in writing to the Landlord. Each liability policy required to be obtained hereunder shall be on an occurrence basis. In the event that policies are not available on an occurrence basis, Tenant shall purchase a "tail" which provides coverage hereunder for a minimum of six (6) years after termination of this Agreement.

All policies required hereunder shall be primary to any insurance or self-insurance which Landlord may maintain for its own benefit. Liability insurance coverage shall also extend to damage, destruction, and injury to City-owned or City-leased property and City personnel, to the extent caused by, or resulting from negligent acts, operations, or omissions of Tenant, its officers, agents, employees, invitees, and/or contractors.

d. Certificates. Certificates or other evidence of insurance coverages required of Tenant in this Section, in amounts no less than those stipulated herein or as may be in effect from time-to-time, shall be delivered to the Landlord prior to use of the Premises. Such certificate or certificates shall at all times while this Agreement is in effect provide Landlord with at least thirty (30) days prior written notice of any change or modification in insurance coverage or insurance carrier.

13. Assignment/Subletting.

Tenant shall not sublease, transfer or assign this Agreement or the rights granted hereunder at any time during the term of this Agreement without the prior written approval of Landlord, which may be granted or withheld in Landlord's discretion. No such assignment or subletting shall relieve Tenant of any obligations hereunder and any person accepting such assignment shall take the Agreement subject to all prior breaches and shall be liable therefore in the same manner as Tenant.

14. Casualty Damage.

a. If the Premises or any part thereof shall be destroyed or damaged by fire or other unavoidable casualty so that the same shall be thereby rendered unfit for use, then, and in such case, the Rent hereinabove stated or a just and proportional part thereof, according to the nature and extent of injuries sustained, shall be suspended or abated, until the Premises shall have been put in proper condition for use by Tenant. Provided, however, in the event of such destruction or damage, either Landlord or Tenant shall have the right to terminate this Lease by giving the other party written notice of such termination within thirty (30) days after such damage or destruction, and upon the giving of such notice, the term of this Agreement shall cease and come to an end as of the date of such damage or destruction and any unearned rent shall be returned to Tenant.

b. Tenant shall be responsible for covering the equipment and supplies with such property and casualty insurance as it deems necessary and Landlord shall have no responsibility therefor. Tenant assumes all risk of damage, loss or casualty to its property, equipment and/or supplies while located at the POT, even if the cause of such damage is the result of the negligent act or omission of Landlord, its officers or employees. Tenant shall defend, indemnify and hold the Landlord harmless from any claim based upon any damage, loss or casualty to its property, equipment and/or supplies while at the POT. Any casualty insurance obtained by Tenant for its property, equipment or supplies at POT shall include a waiver of subrogation against the Landlord.

15. Termination for Convenience or Cause.

a. Either party may, in its discretion and for its convenience, terminate this Agreement upon no less than Thirty (30) days prior written notice to the non-terminating party. In the event of termination during a rental period, Landlord will reimburse to Tenant the pro-rated amount paid in rent for any time period after the effective date of the termination; provided, however, that Tenant shall remain liable to pay any Rent accrued and owed for the time period prior to the effective date of termination.

b. In the event that the Landlord terminates the Agreement for convenience prior to the expiration date, the Landlord shall reimburse Tenant for 100% of the non-amortized portion of the cost of Tenant investments into the fit-up of the POT for Tenant's occupancy, including but not limited to the cost of installation of cement tanks and other improvements. Said reimbursement shall not exceed One Hundred Thousand Dollars ($100,000.00).

c. Either party may terminate this Agreement upon no less than Thirty (30) calendar days' prior written notice for failure of the non-terminating party to comply with the terms and conditions of this Agreement. In such event, the non-terminating party shall have the right to cure such default within the Thirty (30) day period, or in the case of default in any payment due hereunder, within Ten (10) calendar days of receipt of notice of such default. Such notice of default shall not be required to coincide with a rental period.

d. Upon any termination of this Lease, Tenant shall quit and surrender to Landlord the Premises in accordance with the provisions of Section 16 hereof. If this lease is terminated, Tenant shall remain liable to Landlord for all Rent accrued and unpaid up to the date of such termination. In no event shall either party be liable to the other for incidental, special, or consequential damages of any nature claimed as a result of the breach of any term of this Agreement or termination of this Agreement.

16. Return of Premises; Trade Fixtures.

Tenant at the expiration or termination of this Agreement shall peaceably yield up to Landlord the Premises in good repair in all respects, reasonable use and wear and damage by fire and all other unavoidable casualties not caused by Tenant, its officers, employees, agents, invitees or contractors excepted. Tenant shall remove all trade fixtures, equipment and other personal property installed or placed by it at its expense in, on or about the Premises; provided, however, all damage caused by or as a result of such removal shall be repaired by Tenant at its expense. Should Tenant fail to remove its fixtures, equipment or property within Thirty (30) days of a notice to do so from Landlord, ownership of such fixtures, equipment and property shall automatically be vested in Landlord and Landlord have the right dispose of such fixtures, equipment and property in any manner it sees fit, and retain all proceeds therefrom. Notwithstanding the foregoing, Tenant shall continue to be liable to Tenant for the costs of any such removal and disposal in excess of any such proceeds.

17. Covenants.

Landlord covenants that it is the owner in fee of the Premises and can and will provide quiet enjoyment of the Premises during the term of this Agreement. Each party covenants that the Agreement is signed by a duly authorized individual.

18. Notices.

Any notice required to be given under this Lease shall be in writing and shall be hand-delivered or sent by U.S. certified mail, return receipt requested, postage prepaid, addressed to the parties as stated below or such other address as either party may designate in writing to which its future notices shall be sent.

To Tenant:

Ready Seafood
ATTN: John Ready, President
P.O. Box 17652
Portland, Maine 04112

To Landlord:

Joseph E. Gray, Jr.
City Manager
389 Congress Street
Portland, Maine 04101
cc: Director of Public Buildings

The Landlord's representative for administration of this Agreement shall be the Director of Public Buildings or his/her authorized designee.

19. Amendment.

Both parties hereto acknowledge and agree that they have not relied upon any statements, representations, agreements or warrantees except such as are expressed herein. The terms of this Lease may be modified or amended by the mutual assent of the parties hereto; provided, however, that no such modification or amendment to this Lease shall be binding until in writing and signed by both parties.

20. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Maine.

21. Force Majeure.

Neither Tenant nor Landlord shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, acts of God, war, acts of superior governmental authority or other reason over which it has no control; provided, however, that the suspension of performance shall be no longer than that required by the force majeure and the party prevented from performance has given written notice thereof to the other party.

22. Non-Waiver.

No waiver of any breach of any one or more of the conditions of this Lease by the Landlord or Tenant shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

23. Brokers.

Landlord and Tenant each represent and warrant to the other that it has not dealt with any agents, brokers or finders in connection with this Agreement. Each party agrees to hold and indemnify the other harmless from and against any losses, damages, costs or expenses (including attorneys' fees) that either party may suffer as a result of claims made or suits brought by any broker in connection with this transaction, the obligated party hereunder to be the party whose conduct gives rise to such claim.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed the day and year first above written.

WITNESS:

____

READY SEAFOOD CO.

By: ______________________

Name: John Ready

Its: President

WITNESS

Judith Rosen

CITY OF PORTLAND

By: ______________________
Joseph E. Gray, Jr.
Its City Manager

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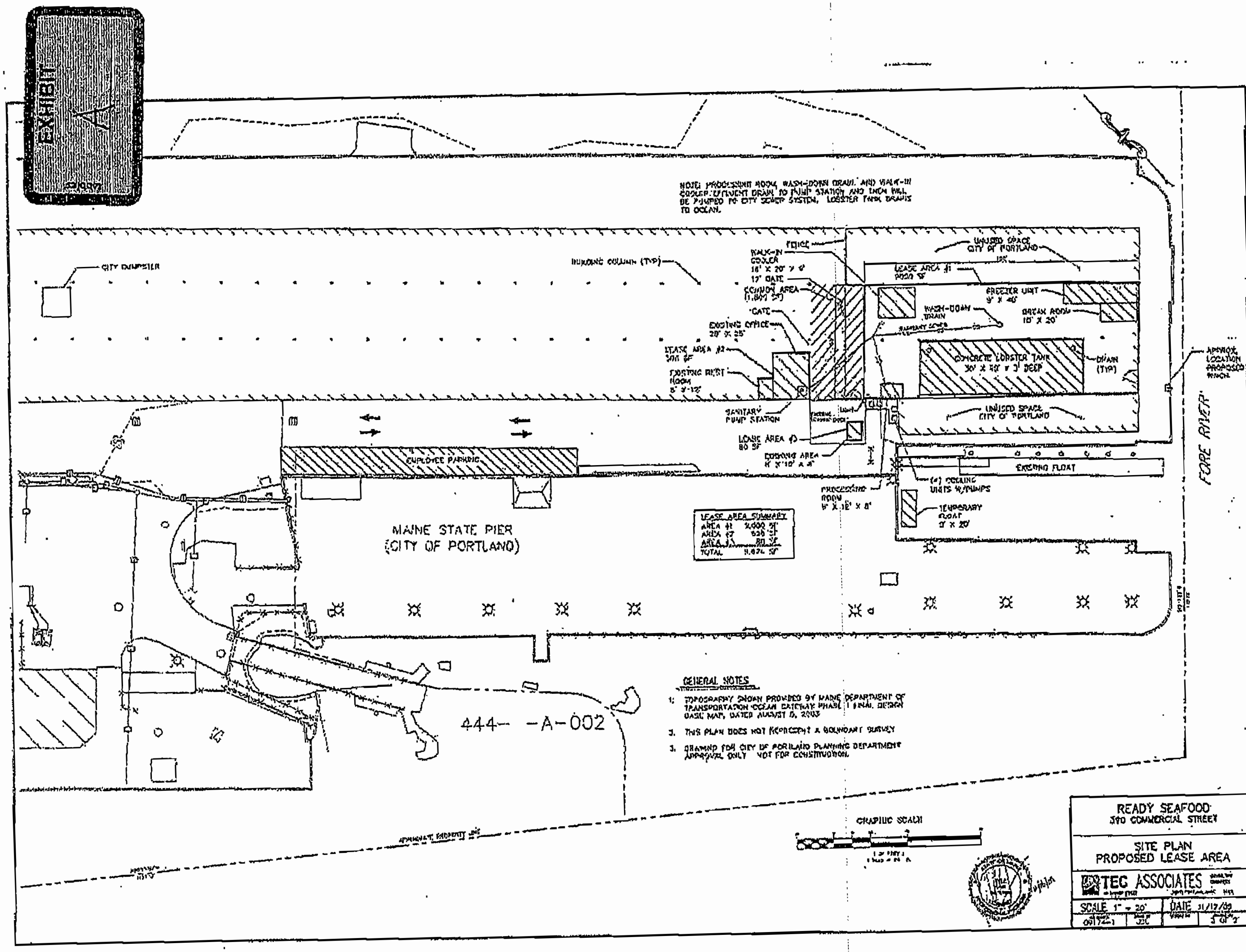
EXHIBIT
A
NOTE: PROCESSING ROOM, WASH-DOWN DRAIN, AND WALK-IN COOLER EFFLUENT DRAIN TO PUMP STATION AND THEN WILL BE PUMPED TO CITY SEWER SYSTEM. LOBSTER TANK DRAINS TO OCEAN.
CITY DUMPSTER
BUILDING COLUMN (TYP)
FENCE
WALK-IN COOLER 16' X 20' X 9'
12' GATE
COMMON AREA
GATE
EXISTING OFFICE 20' X 25'
LEASE AREA #2
EXISTING REST ROOM
UNUSED SPACE CITY OF PORTLAND
LEASE AREA #1
FREEZER UNIT
WASH-DOWN DRAIN
BREAK ROOM 10' X 20'
CONCRETE LOBSTER TANK
DRAIN (TYP)
SANITARY PUMP STATION
LEASE AREA #3 80 SF
EXISTING AREA
EMPLOYEE PARKING
EXISTING FLOAT
(4) COOLING UNITS W/PUMPS
PROCESSING ROOM
TEMPORARY FLOAT
FORE RIVER
APPROX. LOCATION PROPOSED WINCH
MAINE STATE PIER
(CITY OF PORTLAND)
LEASE AREA SUMMARY
TOTAL
444- -A-002
GENERAL NOTES
1. TOPOGRAPHY SHOWN PROVIDED BY MAINE DEPARTMENT OF TRANSPORTATION OCEAN GATEWAY PHASE 1 FINAL DESIGN BASE MAP, DATED AUGUST 8, 2003
2. THIS PLAN DOES NOT REPRESENT A BOUNDARY SURVEY
3. DRAWING FOR CITY OF PORTLAND PLANNING DEPARTMENT APPROVAL ONLY NOT FOR CONSTRUCTION
GRAPHIC SCALE
READY SEAFOOD
390 COMMERCIAL STREET
SITE PLAN
PROPOSED LEASE AREA
TEC ASSOCIATES
SCALE 1" = 20'
DATE 11/17/09

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID RR READY-1

DATE (MM/DD/YYYY) 12/18/09

PRODUCER

Turner Barker Insurance
160 Preble Street
Portland ME 04101
Phone: 207-773-8156 Fax: 207-773-6647

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Ready Seafood Co.
John Ready
PO Box 17652
Portland ME 04104

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Hanover Ins. Co	22292
INSURER B:	Maine Employers Mutual	
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY / PRO-JECT / LOC	ZHP7586059	06/23/09	06/23/10	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 100,000
						MED EXP (Any one person)	$ 5,000
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 2,000,000
						PRODUCTS - COMP/OP AGG	$ 2,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	ADP7585585	06/23/09	06/23/10	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
		EXCESS/UMBRELLA LIABILITY OCCUR / CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE	$
						AGGREGATE	$
							$
							$
							$
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	1810084151	02/20/09	02/20/10	X WC STATU-TORY LIMITS / OTH-ER	
						E.L. EACH ACCIDENT	$ 100,000
						E.L. DISEASE - EA EMPLOYEE	$ 100,000
						E.L. DISEASE - POLICY LIMIT	$ 500,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Seafood Processing. Certificate holder is named as additional insured in regards to general liability RE; 40 Commercial Streeet, Portland, ME

CERTIFICATE HOLDER

CITY001

City of Portland
389 Congress Street
Portland ME 04101

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Arlinda Chumpf

ACORD 25 (2001/08)

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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ACORD 25 (2001/08)

Portland, Maine Yes. Life's good here.
Jeff Levine, AICP
Director, Planning & Urban Development Department

Memorandum

To: Housing and Community Development Committee

From: Jeff Levine, Director

Date: March 19, 2015

Re: Proposed ordinance changes on workforce housing development

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At your last meeting we discussed priorities with respect to the various strategies to both encourage and ensure that housing development that meets the needs of the City. I was asked to return with some more specific thoughts about the higher priority strategies you identified.

Please refer to the zoning map at the end of this packet to help identify specific zoning districts.

Changes to the B2 and R6 Zones

Current Practice

The B2 zone includes commercial corridors such as Forest Avenue and Congress Street (though not others such as Brighton Avenue or Washington Street off-Peninsula) as well as most of the shopping centers in the City. This zone was amended recently to increase allowed housing densities to 100 units an acre under most conditions. The R6 zone currently allows about 45 units per acre and requires a lot size of 4,500 square feet. These zones cover over 1,000 acres of land in the City.

Possible Changes

The Planning Board has recommended and forwarded to Council changes to the R6 zone that would permit a higher density of housing, 60 units an acre, as well as reducing the minimum lot size.

Economic of these Changes

The changes to the R6 zone would allow context-sensitive, smaller scale infill housing to be built on many vacant lots on the Peninsula. We estimate that these changes reduce the cost of development on these sites by at least 20%.

Eliminate Parking Requirements for Residential Uses (B3, B5, B6 & B7 Business Zones)

Current Practice

Division 20 outlines most of the parking requirements for the City. Currently, parking for residential uses in the B3 zone is one space per unit on the Peninsula and two spaces per unit elsewhere. No off-street parking is required in the B5 zone. For projects above 50,000 square feet in the B3 and B5 zones, and for all projects in the B6 and B7 zones, parking requirements are set through the site plan review process. Affordable housing units also have their parking set by the Planning Board. Historic structures do not usually have to provide additional parking.

<u>Possible Changes</u>
This change would amend Division 20 so the B3, B6 and B7 zones match the current B5 zone requirement of no parking requirement. There would be no prohibition on providing parking if a development wishes to provide it.

<u>Economics of this Change</u>
This change would reduce the soft costs of developments by saving developers the cost of a parking study if they wish to vary from these parking requirements. It may also save them the cost of providing parking they don't feel they need. As a result, we could expect a reduction in development costs of approximately 0.2-0.5%.

Eliminate Residential Density Limits in B1 & B2 Business Zones
<u>Current Practice</u>
The B1 zone covers neighborhood business nodes both on- and off-Peninsula. Currently the B-2 zone allows up to 100 units an acre, and the B-1 zone allows 100 units per acre on the Peninsula, and generally 43.5 units per acre off the Peninsula.

<u>Possible Changes</u>
This change would eliminate these limits and allow as many units as could otherwise be built on a site, given setback, height, parking, and other site plan constraints.

<u>Economics of this Change</u>
The current 100 unit per acre limit is fairly high, and is likely not to be a limiting factor in these zones. However, eliminating it would send a message that the City supported development of additional units, and would also allow developers to consider building smaller units than they might otherwise build. Given this change might help some developers produce more units, and therefore slightly more revenue per net square foot, we would expect a small reduction in development costs from this change, perhaps in the range of 0.5%.

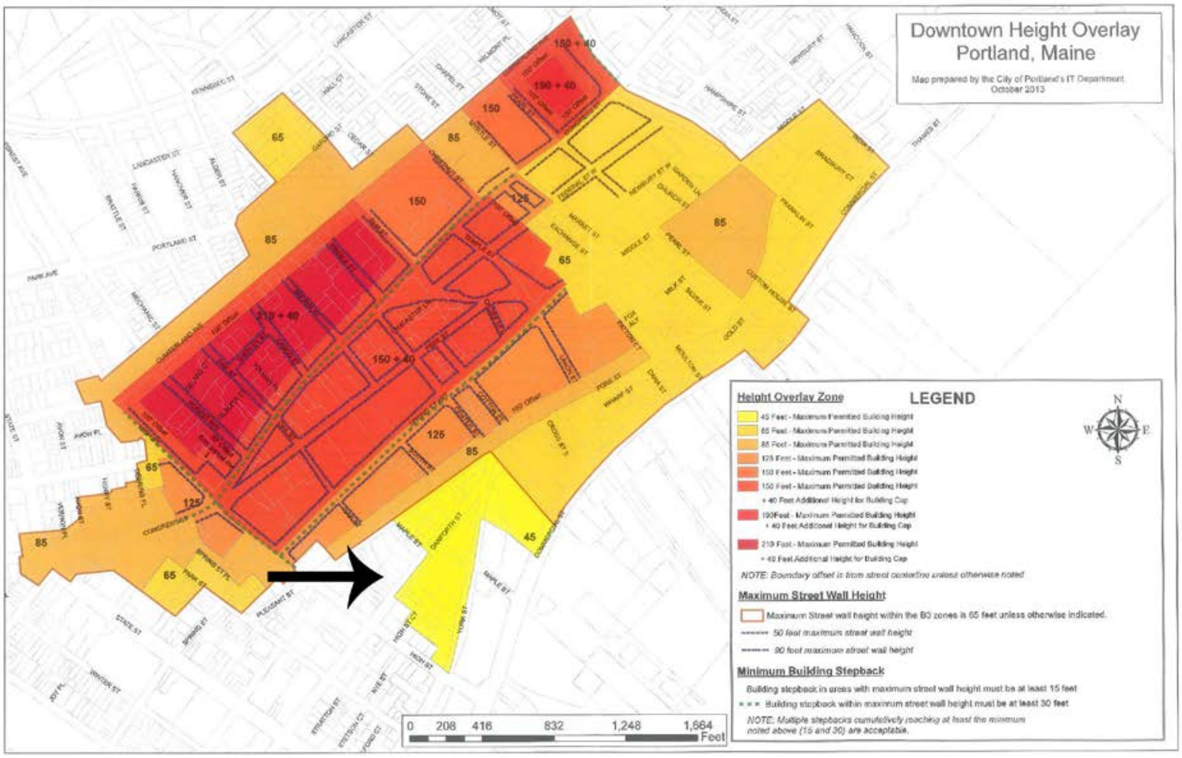
Allow the Use of the Fee-in-Lieu of Parking in Off-Peninsula Business Zones
<u>Current Practice</u>
Section 14-345 establishes the option of a fee-in-lieu of parking for developments in non-residential zones on the Peninsula. Under this section, developers can reduce their parking requirements by paying into the City's Sustainable Transportation Fund in the amount of about $5,000 per space. In practice, most developments that have sought reduced parking requirements have been able to use other clauses in the zoning ordinance, such as the one that authorizes the Planning Board to set a parking requirement in business zones. HCDC approved some language changes last year that would help close these loopholes. In the meantime, we have seen our first projects utilizing the fee-in-lieu language in the past year.

Possible Changes

This change would expand this option to off-Peninsula business zones as well as those on the Peninsula. It would not require payment, nor would it propose any parking maximums. It would also not apply to any residential zones.

Economics of this Change

Many off-Peninsula developments provide parking because they feel they need to do so, regardless of what is required in the ordinance. However, there are some situations where the parking requirements may be excessive along major corridors where ample parking already exists. In particular, this change might encourage infill housing on commercial corridors in locations where an existing large parking field is already provided. Currently, such infill developments are hampered by the fact that not only would a development need to provide the parking for that new development, but would also have to replace the parking spaces on which that infill might occur. Remaining parking might be able to take advantage of the fact that residential parking is primarily used at night, whereas retail and office parking is primarily used during the day. A single space might therefore serve a dual purpose. We estimate that this possibility, if applied prudently, might reduce development costs significantly in these business areas by precluding a need to move towards structured parking. Structured parking spaces can cost in the range of $20-25,000 per space. Changing this requirement would therefore reduce the cost of housing development on these sites by $15-$20,000, or about 8 to 10% of total development costs on a per unit basis.



Amend the Downtown Height Overlay Map to Increase 45' Height Limits

Current Practice

The building heights downtown are determined by a height overlay map. That map is based on a 1989 Downtown Height Study. Currently, a section of downtown around Gorham's Corner (York and Danforth Streets) limits heights to 45 feet as per that study. The zoning district in that area was changed from R-6 and B-1 to B-3 in 2013 to allow additional development, but the heights remained at 45 feet.

Possible Changes

This change would increase that permitted height from 45 feet to a taller amount to be established through further analysis. The abutting height districts are 85 feet and 65 feet, so the recommended number would likely be in that range. There are some existing structures between Danforth, Maple and Pleasant that may be recommended for exclusion from these height changes.

Economics of this Change

The timing of this proposed change is particularly good in that some of the parcels under discussion were rezoned in the recent past to prepare them for redevelopment, likely as housing. Increasing the heights may allow that development to increase the number of units provided by up to 25 percent without changing construction types. That increase could provide additional net profits to a development. However, we would need to verify with the property owner that there is an interest and ability to go to this height.

Look at Accessory Dwelling Units in Island Residential Zones

Current Practice

The IR-1 and IR-2 (Island Residential) zones permit accessory dwelling units (ADU's) under certain circumstances. Specifically, the site must be on public sewer, the ADU must be below 400 square feet, the unit shall generally be hard to determine is a separate unit from the street, and the building must be owner-occupied. In the IR-2 zone, a minimum lot size of 30,000 square feet also applies.

Possible Changes

Peaks Island residents have suggested that some of the factors listed above limit the number of ADU's possible on the Island, particularly in the IR-2 zone. They have submitted some possible changes and a model ordinance from Wellfleet, MA, that they feel would encourage more ADU's. In their proposal, there would be an affordability requirement in order to take advantage of these relaxed requirements. Please see Attachment #1 for more information on this proposal.

Economics of this Change

The opportunities for more ADU's on Peaks Island is an interesting and context-sensitive way to look at increasing housing stock and affordability in a resource-constrained area. While they may not produce many units, we see the economics of this proposal as producing some affordability on Peaks Island.

Look at R5 Zone Accessory Dwelling Unit Requirements & Reuse of Existing Structures

Current Practice

Currently, the R-5 zoning district practically limits the number of units on a lot to two. There are some allowances for larger developments, but only at a density that is generally not feasible (requiring 6,000 square feet of land per unit.) There are some homes with carriage houses or other out-buildings that cannot currently be used for housing.

Possible Changes

There has been some interest in being able to use existing structures as accessory units in the R-5 zone. While these buildings may require some changes to bring them up to housing code, they are already part of the built environment, and like ADU's, could provide more housing with few external impacts. The proposed change would be to consider allowing these existing spaces to be used as housing provided certain conditions were met. See Attachment #2 for a proposal submitted by a property owner in the R-5 district for such a change.

Economics of this Change

This change would provide some additional housing in these traditional streetcar neighborhoods with few external impacts, and allow currently empty buildings that are potentially nuisances, or at least eyesores, to be renovated and added to the City's housing stock. Even with an affordability requirement, such changes would be profitable to a homeowner and beneficial to the neighborhood. Issues such as whether these additional units would have to provide additional parking spaces would have to be worked out.

Amend Division 30 (Affordable Housing)
(1) Provide Additional Density through Incentives
Current Practice
Division 30 provides density bonuses for housing affordable at 80% of AMI for rentals or 120% of AMI for home ownership units. The bonuses provide for up to 25% additional units as the number of units affordable at those levels increase. This bonus has been rarely used, except in cases where a development was already planning to provide affordable units.

Possible Changes
Attachment #3 outlines some possible changes to this section. Most notably, we are proposing increasing the affordability levels to allow for rental properties affordable at up to 100% AMI. In addition, we are looking at the density bonus numbers to see if they provide sufficient incentives.

Economics of this Change
Since a development can collect up to 20% additional rent from a unit at 100% AMI than from a unit at 80% AMI, this change should inherently increase revenue from those units accordingly. In a case where a development used the full 25% bonus, the revenue from the development would therefore be increased by 5%.

(2) Add Workforce Housing Requirement (Inclusionary Zoning)
Current Practice
There is currently no requirement for workforce housing as part of a development.

Possible Changes
Based on your input and the draft ordinance developed by the India Street Housing and Equity Working Group, we have drafted possible amendments to Division 30 that would:

- Require 10 percent of units in a development of 10 units or more to meet affordability requirements at 100% AMI (approximately $1,900 a month in rent for a family of four);
- Allow a cash-out option at the same level as the Housing Replacement Ordinance (currently about $63,500 per unit) with the understanding that this level of cash-out does not cover the full cost of producing a unit;
- Allow for off-site provision of workforce housing units as long as the units are in the same neighborhood;
- Not require that the units be dispersed evenly across the development, that the finishes be comparable, or that the units be of comparable size to the other units but that they have the same general number of bedrooms.

Economics of this Change
Studies cited by both our research and the research completed on behalf of the Portland Regional Chamber of Commerce by Planning Decisions indicate that inclusionary zoning requirements generally appear to increase the cost of market-rate housing in the same community by about 2 to 3%. These studies are based on inclusionary requirements at

generally lower income levels than workforce housing and also do not fully account for zoning changes to encourage housing that may offset any potential increases.

Overall Economic Impact of these Changes

This package of changes would lower development costs and increase revenues for developers who wish to take advantage of them. While it is very difficult to quantify these increased revenues, they appear to be of comparable, and in some areas, significantly greater order of magnitude as the potential impacts of a modest inclusionary zoning ordinance as proposed. It is important to weight the potential market impacts with the policy goals of these various changes to determine which of these changes, if any, should be forwarded to the Planning Board, and ultimately the full City Council, at this time.

ATTACHMENT #1: Peaks Island ADU

ADU meeting 1.12.15

Present: Barbara Barhydt, Planning Review Manager, City of Portland
Mary Davis, Director of Housing and Community Development, City of Portland
Alex Jaegerman, Director of Planning, City of Portland

Betsey Remage-Healey, Homestar t
Rachel Conly, Peaks resident and architectural designer
Tim Wyant, Peaks resident, PIC member and land use planner

Positive first meeting re the possible introduction of ADUs on Peaks to address the need for year round rental housing. Issues include:

1. Size of lot to permit an ADU; currently at 30,000 sq. ft in R-2, but general agreement that is unrealistic for Peaks, with most houses currently on much smaller lots; Rachel to research more about lots of record that are much smaller but legal because deeds preceded zoning requirement.

2. Probably limiting variance to homes on city water and sewer, essentially most of R-2 zoned area on Peaks; Rachel to try to track down map of exactly where the water and sewer lines go.

3. Tim will continue his research into how many homes in R-2 currently are on lots more than 20,000 sq ft.; likely to be very few

4. Who would oversee the certification of rent and renters to meet affordability guidelines? Possibly the Housing and Community Development Dept. - to be decided later
   Mary did like the review structure spelled out in Wellfleet's ordinance. Betsey mentioned that there would likely be only a small number of ADUs created (est. 5 or less) due to cost.

5. Need for tax exemption on new building to remove deterrent to building ADUs. City unlikely to be able to do that because property taxes are decided at the state level. Barbara and Mary will consult with Jennifer Thompson and Rick Blackburn to clarify.

6. City will present Housing Study on Wednesday evening, Jan 14. Would be good to learn about it and to contact Kevin Donahue, who is Peaks' rep on the Council and a long time advocate of affordable housing. Betsey will follow up.

7. Barbara suggested that ADU language might be incorporated into the Portland Land Use Code. Division 30, Section 14, items 4.8.4 tp 4.8.8 refer to incentives for affordable housing. Betsey will research this.

Appendix E — Town of Wellfleet, Massachusetts, 6.21 Affordable Accessory Dwelling Units

Purpose: For the purpose of promoting the development of affordable rental housing in Wellfleet for year-round residents, a maximum of three affordable accessory dwelling units per lot may be allowed subject to the requirements, standards and conditions listed below:

6.21.1 Up to three affordable accessory dwelling units per lot may be allowed in any district by Special Permit from the Zoning Board of Appeals.

6.21.2 Affordable accessory dwelling units created under this by-law shall be occupied exclusively by income-eligible households, as defined by the guidelines in numbers 6.21.4 and 6.21.5 below. The affordability requirements of this by-law shall be imposed through conditions attached to the Special Permit issued by the Zoning Board of Appeals. No accessory apartment shall be constructed or occupied until proof of recording is provided to the Inspector of Buildings.

6.21.3 Requirements and Standards

A. Affordable accessory dwelling units may be located within or attached to a principal dwelling, principal structure, a garage or constructed as a detached unit.

B. Affordable accessory dwelling units shall not be larger than one thousand two hundred (1,200) square feet of Livable Floor Area as that term is defined in Section II of this Zoning By-law.

C. Affordable accessory dwelling units within or attached to a principal dwelling, principal structure or garage that is pre-existing nonconforming shall not increase the nonconforming nature of that structure, except that any pre-existing accessory building may be eligible for conversion to an affordable accessory dwelling unit.

D. Newly constructed detached accessory units shall comply with all applicable provisions of the Zoning By-law unless they are specifically waived by this by-law. Newly constructed detached accessory units shall comply with all setback requirements listed in Sections 5.4.2 of this Zoning By-law.

E. Owners of residential property may occupy as a primary residence either the principal or accessory dwelling. For the purposes of this section, the “owner” shall mean one who holds legal or beneficial title.

F. Septic systems are required to meet current Title 5 standards and shall be reviewed and approved by the Health Agent.

G. The Inspector of Buildings and Health Agent shall inspect the premises for compliance with public safety and public health codes.

H. No affordable accessory dwelling unit shall be separated by ownership from the principal dwelling unit or principal structure. Any lot containing an affordable accessory dwelling unit shall be subject to a recorded restriction that shall restrict the lot owner's ability to convey interest in the affordable accessory dwelling unit, except leasehold estates, for the term of the restriction.

6.21.4 All occupants of the affordable accessory dwelling unit shall upon initial application and annually thereafter on
the first of September, submit to the Town or its agent necessary documentation to confirm their eligibility for the dwelling unit. Specifically, all dwelling units must be rented to those meeting the guidelines for a low or moderate-income

family. For the purpose of this section, low income families shall have an income less than eighty (80) percent of the Town of Wellfleet median family income, and moderate income families shall have an income between eighty (80) and one hundred twenty (120) percent of the Town of Wellfleet median family income, as determined by the United States Department of Housing and Urban Development (HUD) Published Income Guidelines, and as may from time to time be amended.

6.21.5 Maximum rents shall be established in accordance with HUD published Fair Market Rental Guidelines. Property owners are required to submit to the Town or its agent information on the rents to be charged. Each year thereafter on the first of September, they shall submit information on annual rents charged to the Town or its agent. Forms for this purpose shall be provided. Rents may be adjusted annually in accordance with amendments to the Fair Market Rental Guidelines.

6.21.6 Procedure

A. The property owner shall complete and submit an application for a Special Permit to the Zoning Board of Appeals in accordance with the Wellfleet Zoning Board of Appeals Rules and Procedures.

B. The Zoning Board of Appeals shall hold a public hearing in accordance with the procedures and requirements set forth in Section 9 of Massachusetts General Law, Chapter 40A and the Wellfleet Zoning By-law, Section 8.4.2 .

C. Appeal under this section shall be taken in accordance with Section 17 of Massachusetts General Law, Chapter 40A.

D. The property owner shall complete and submit to the Inspector of Buildings an application for a Building Permit to allow a change in use.

E. The property owner shall obtain a Certificate of Occupancy from the Inspector of Buildings prior to the affordable accessory dwelling unit being occupied.

Penalty – Failure to comply with any provision of this section may result in fines established in Section 8.3 of the Wellfleet Zoning By-laws.

E

ATTACHMENT #2: Possible R-5 Existing Building Language

***Proposed* Sec. 14-488 (d)**

Historical Reversion. The purpose of this section is to provide a mechanism whereby a structure that was clearly arranged and designed for more dwelling units than presently utilized may be permitted to be restored to its previous use, even if such use would result in an increase in the nonconformity of the use as it pertains to number of dwelling units. Notwithstanding the requirements of Division 23 of this ordinance, a structure may revert to a historical use as to number of dwelling units provided it meets to following criteria:

1. Restored dwelling units are affordable as defined in Division 30;
2. That the historical use for purposes of applicability of this section is demonstrated by the owner by proof of documentary evidence including, but not limited to, assessing records, building permits, photographs and sworn affidavits;
3. That it is located within the R-4, R-5, R-5A, R-6, R-6A, R-7, B-2 or B-2b zone;
4. That no portion of the structure enlarged after April 1, 1995 shall be eligible for consideration under this section;
5. Shall not restore more than two (2) dwelling units and result in not more than four (4) total dwelling units;
6. Each restored dwelling unit shall be configured utilizing its historical layout as much as practicable but shall have a minimum floor area of four hundred (400) square feet. The net finished square footage of all restored dwelling units shall not exceed 50% of the gross finished square footage of all units
7. Restored dwelling units shall comply with current standards of the National Fire Protection Association Life Safety Code (§16-1) and the National Fire Protection Association 1: Fire Prevention Code (§10-16), as amended;
8. Off-street parking is required as provided in Division 20 (off-street parking) of this article.

Attachment #3: Possible Changes to Division 30 (Affordable Housing)

DIVISION 30. ~~INCENTIVES FOR~~ AFFORDABLE HOUSING

Sec. 14-484. Purpose.

The City believes that it is in the public interest to promote an adequate supply of affordable housing for its residents. The purpose of this Division therefore is to offer incentives to developers to include units of affordable housing within development projects, thereby mitigating the impact of market rate housing construction on the limited supply of available land for suitable housing, and helping to meet the housing needs of all economic groups within the City. The City believes that this Division will assist in meeting the City's comprehensive goals for affordable housing, in the prevention of overcrowding and deterioration of the limited supply of affordable housing, and by doing so promote the health, safety and welfare or its citizens.

Sec. 14-485. Definitions.

"Affordable" means that the percentage of income a household is charged in rent and other housing expenses, or must pay in monthly mortgage payments (including insurance and taxes), does not exceed 30% of a household's income, or other amount established in City regulations that does not vary significantly from this amount.

"~~Affordable~~ Low-income housing unit for rent" means a dwelling unit for which: (1) the rent is affordable ~~to~~ a household earning 80% or less of ~~the U.S. Department of Housing and Urban Development moderate-income figure for Metropolitan Cumberland County Maine for a household of that size~~Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD); and (2) annual rent increases for that unit are limited in perpetuity by deed restriction or other legally binding agreement to the percentage increase in the U.S. Department of Housing and Urban Development moderate-income figure for Metropolitan Cumberland County Maine for a household of that size.

"~~Affordable~~ Low-income housing unit for sale" means a dwelling unit for which: (1) the sale price is affordable to a household earning ~~120~~80% or less of the ~~U.S. Department of Housing and Urban Development moderate-income figure for Metropolitan Cumberland County Maine for a household of that size~~HUD AMI; and (2) the resale price is limited by deed restriction or other legally binding agreement for all future sales of the unit to an amount that is affordable to a household earning 120% of the U.S. Department of Housing and Urban Development moderate-income figure for Metropolitan Cumberland County Maine for a household of that size, as calculated for the year in which the sale takes place.

"Development fees" means: (1) the following fees, as described in this chapter: site plan review and inspection fees; subdivision review and inspection fees; condominium conversion permit fees; and administrative fees; and (2) construction and permit fees as described in chapter 6. "Development fees" does not include any fees charged for reviews conducted by a party other than the City.

"Dwelling unit" has the same meaning as that term is defined in section 14-47.

"Eligible project" means a development project: (1) to which the City has not committed nor will commit any funding, reduced-interest loans or other subsidies or incentives other than those described in this Division; and (2) that creates new dwelling units, among which is at least one affordable housing unit for rent or sale, through new construction, substantial rehabilitation of existing structures, adaptive reuse or conversion of a non-residential use to residential use, or any combination of these elements. Affordable housing units for sale or rent may not differ in exterior design from other units within an eligible project.

"Workforce housing unit for rent" means a dwelling unit which: (1) Is affordable to a household earning less than 100% of HUD AMI and (2) Annual rent increases for that unit are limited by deed restriction or other legally binding agreement to the percentage increase in the U.S. Department of Housing and Urban Development Greater Portland Metropolitan Statistical Area median income figures for a household of that size.

"Workforce housing unit for sale" means a dwelling unit for which (1) the purchase price is affordable to a household at 120% of HUD AMI and (2) The resale price is limited by deed restriction or other legally binding agreement for all future sales of the unit, or a lesser term as permitted in regulations, to the percentage increase in the HUD Greater Portland Metropolitan Statistical Area median income figures for a household of that size.

Sec. 14-486. Reduction of Fees and Priority Review~~.~~

Notwithstanding any other provision of this chapter or chapter 6 to the contrary, development fees shall be reduced by the City for an eligible project in the manner described in the following table:

Percentage of new units that are ~~affordable~~ low-income or workforce housing units	**Percentage discount of development fees**
5% up to but not including 10%	5% reduction
10% up to but not including 15%	10% reduction
15% up to but not including 20%	15% reduction
20% up to but not including 25%	20% reduction
25% or more	25% reduction

~~Sec. 14-487. Priority Review.~~

The Planning Division shall perform its review of an eligible project in as expedited a manner as is practical. The Planning Division may adopt administrative procedures to prioritize review of eligible projects and facilitate this expedited review.

The Planning Board shall make its best efforts to hear, review, and approve, conditionally approve or deny within one workshop and one public hearing any plans or applications required for an eligible project that are within the Planning Board's jurisdiction, and shall rely on reviews prepared by the Planning Division to the greatest extent practical and appropriate. At the conclusion of these public meetings, the Planning Board shall promptly issue a decision on all such plans and applications before it for consideration.

Sec. 14-487. Ensuring Workforce Housing.

1. Purpose

Based on the City's Comprehensive Plan and the housing study completed in 2015, the City believes that it is in the public interest to promote an adequate supply of housing that is affordable to a range of households at different income levels.

The purpose of this section is to ensure that large housing developments provide a portion of workforce housing units, and by doing so, promoting the health, safety, and welfare of Portland citizens.

2. Applicability

This division shall apply to development projects that create ten or more new dwelling units for rent or for sale through new construction, substantial rehabilitation of existing structures, adaptive reuse or conversion of a non-residential use to residential use, or any combination of these elements. This division shall not apply to projects that have submitted complete Master Development Plan, Level III Site Plan, or comparable applications to move forward prior to its effective date.

3. Workforce Housing Minimum

At least ten percent of the units in the project shall meet the definition of workforce housing unit for sale or for rent. The number of units required is rounded down to a whole number if providing units as per 4.b. below, or shall include a fractional value in cases where a project prefers to pay a fee-in-lieu as per 4.c. below.

4. Standards

a. Projects shall not be segmented or phased to avoid compliance with these provisions. In cases where projects are completed in phases, affordable units shall be provided in proportion to the development of market rate units unless otherwise permitted through regulations.

b. Workforce units are encouraged to be integrated with the rest of the development, should use a common entrance and should provide no indications from common areas that these units are workforce housing units. Subject to planning authority approval, provision of units off-site shall also be considered as meeting these standards, provided these units are located in the same neighborhood, defined as same U.S. Census Tract unless otherwise defined in regulations.

c. Workforce units need not be the same size as other units in the development but they must have the same general mix of number of bedrooms as the other units.

d.As an alternative to providing workforce housing units, projects may pay a fee in lieu of some or all of the units. In-lieu fees shall be paid into the Housing Trust Fund as defined in Sec. 14-489. The fee for affordable units not provided shall be equal to the fee under Division 29 for Housing Replacement.

5. Implementing Regulations
Regulations to further specify the details of this section shall be developed, including, but not limited to:

- Specific methodology for income verification;
- Situations where less than permanent affordability might be considered;
- Guidelines for meeting the requirement that off-site units be "in the same neighborhood";

Sec. 14-488. Density, Parking and Dimensional Bonuses and Reductions.

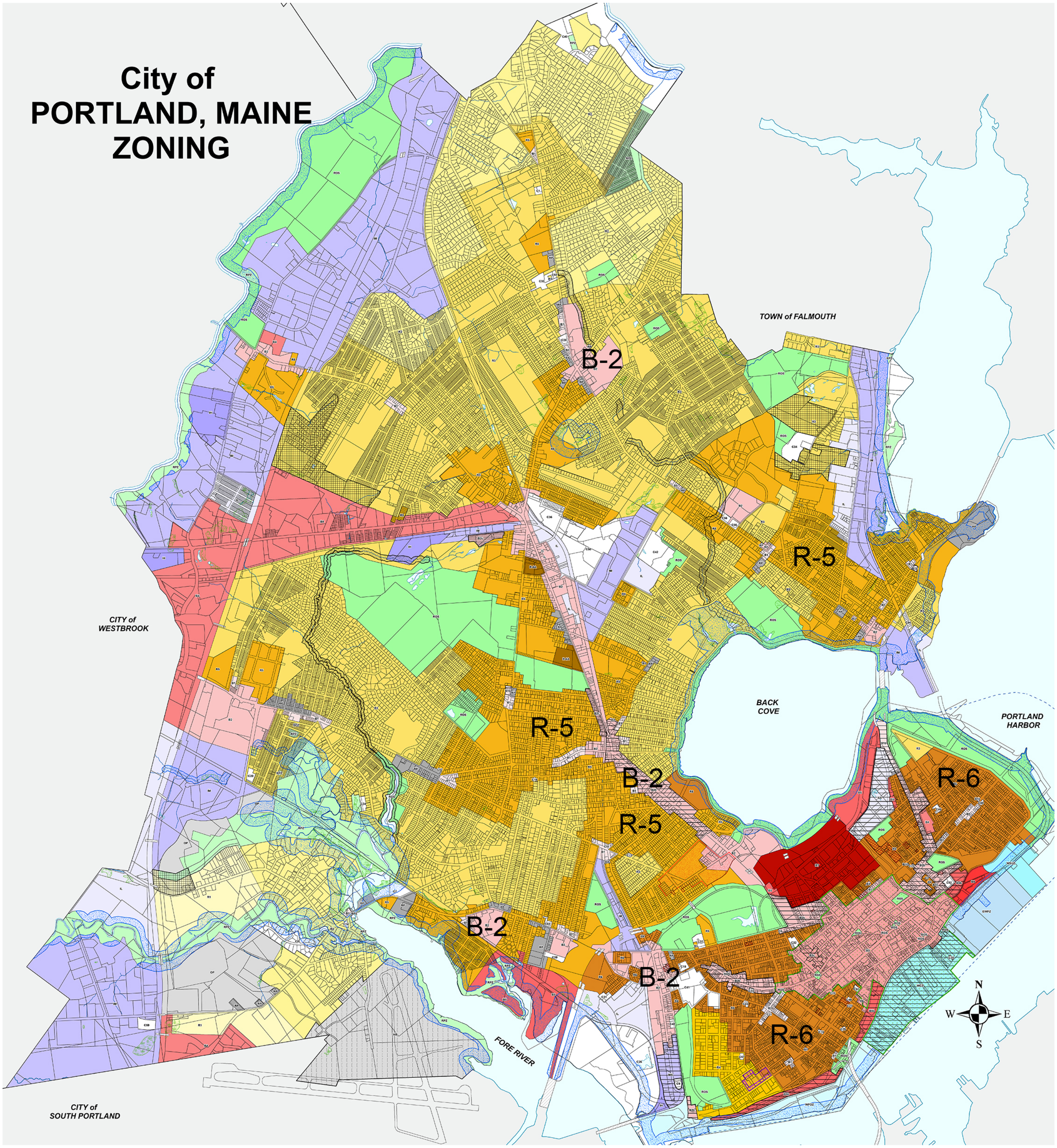
Notwithstanding any other provision of this chapter to the contrary:

(a) Density bonuses. The maximum number of units that would otherwise be allowed under this chapter shall be increased for an eligible project in the manner described in the following table:

Percentage of new units that are ~~affordable~~ low-income or workforce units	**Percentage increase in maximum number of units allowed**
5% up to but not including 10%	5% increase
10% up to but not including 15%	10% increase
15% up to but not including 20%	15% increase
20% up to but not including 25%	20% increase
25% or more	25% increase
Projects Under 14-487	25% increase

(b) Parking requirement reduction. For each ~~affordable~~ low-income or workforce housing unit for rent or sale within an eligible project, no more than one (1) parking space shall be required. The Planning Board may establish a parking requirement for affordable housing units for rent or sale within an eligible project that is less than one (1) parking space per affordable housing unit, regardless of the size of the structure.

Attachment #4: Zoning Map with Key Zones Identified



Mary Davis
Division Director, Housing & Community Development Division

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

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

DATE: March 20, 2015

SUBJECT: Affordable Housing Tax Increment Financing Program

<u>Affordable Housing Tax Increment Financing (AHTIF)</u>

This is a tool used by municipalities in Maine to assist in the development of affordable housing projects. The legislation can be found at M.R.S.A. Title 30-A Chapter 206 §5245 through §5250-G. The Maine State Housing Authority is the governing authority.

Under the statute, affordable housing is defined as a "decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 120% of the median income for the area". Income limits are defined by the U.S. Department of Housing and Urban Development.

FY 2015 Income Limit Category	Persons in Family							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
120% Income Limits	64,932	74,208	83,484	92,760	100,181	107,602	115,022	122,443

Designated districts can be site specific or area-wide and must increase the amount of affordable housing or improve the health, welfare or safety of residents. Districts have to be primarily residential with at least 25% of the property within a district that is (1) suitable for residential use; (2) a blighted area; or (3) in need of rehabilitation or redevelopment. Thirty-three percent (33%) of the dwelling units within the district must be affordable.

Allowable Project Costs within the District:

1. Capital costs - acquisition of land, construction of public infrastructure, demolition, remodeling, repair of existing buildings, site prep, finishing work licensing,

Mary Davis
Division Director, Housing & Community Development Division

permitting fees, planning, architectural, engineering, testing, legal and accounting expenses.

2. Financing costs - closing costs, administrative costs (municipal staff time to implement the development program), relocation costs, organization costs to establish the development program such as environmental studies and public notification, costs of recreational facilities, costs of child care (financing, construction, staffing, training, certification related to child care located in the district), case management and supportive services, and operating costs such as property management, utilities, repairs, maintenance, insurance real estate taxes, funding project capital reserve account;

Costs of improvements outside of the district have to be directly related to or made necessary by the improvements in the district. These can include:

1. Costs of construction, expansion or alteration of facilities not located with the district but required due to activities within the district – sewage treatment plants, water treatment plants, storm or sanitary sewer lines, water lines, electrical lines, improvements to fire stations, amenities on streets.

2. Public safety improvements made necessary by the district.

3. Costs of funding to mitigate any adverse impact of the district upon the municipality (public school K-12 costs and public facilities and improvements).

4. Costs to establish a permanent housing development revolving loan funds or investment fund.

   TIF revenue used for this purpose must be used for the development of affordable permanent housing (shelters, nursing homes, dormitories, residential treatment facilities, correctional facilities, etc are not considered eligible types of permanent housing) anywhere within the City of Portland. The housing developed must be affordable to households earning no more than 120% AMI. Loans made through this fund must be repaid to the City and used for additional loans for the development of affordable permanent housing. The City has established, through the Avesta 409 Cumberland Avenue AHTIF and the Pearl Place Phase I AHTIF, an Affordable Housing Revolving Loan and Investment Fund. This fund is separate from the City's Housing Trust Fund. Based on the revenue designated by the district programs mentioned above, the fund will eventually receive approximately $50,000-$60,000 annually.

DRAFT 2015 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING CALENDAR

Meetings: 2nd & 4th Wednesday of each month

As of March 20, 2015

January	**January 14** Review and Approval of Revisions to Guidelines for Lead Safe Housing Program Housing Study Report Update, Review and Approval of Proposed Rosa True School Housing Transaction Communication: Spring Street Garage/Bid for Broker for leasing Retail/Office Space; Portland Technology Park/RFP for Brokers ~~Executive Session: Possible Disposition of City-Owned Property at 157 Brackett and 176 Clark Streets~~
	January 28 Review and vote to recommend to City Council on award of bid and purchase and sale agreement for Cliff Island tax-acquire parcel. Review of 65 Hanover/52 Alder Street Feasibility Report and possible recommendation on RFP/Deed Options Housing Study Policy Response- Direction from HCDC ~~Review, Discussion and Possible Approval of RFP for 157 Brackett~~ Postponed to a later date.
February	**February 11** Responses to Munjoy Street RFP Review and recommendation to City Council award of bid and Purchase and Sale Agreement for 71 Hanover Street Review of Revised RFP for 65 Hanover/52 Alder Street and possible recommendation to issue Executive session: Guidance to staff on Ready Seafood Lease amendment review at Portland Ocean Terminal
	February 25 HCDC Housing Production and Affordability Forum.
March	**March 11** Review and recommendation to authorize staff to enter into Commercial Broker Agreement for sale of property at Portland Technology Park. Review and guidance to staff re: proposed IZ ordinance Review and guidance to staff re: ordinance changes to encourage and enable housing development Review and Approval of FY15-16 Affordable Housing Application Process. Housing Program Budget Recommendation to City Council. Housing Trust Fund Annual Plan Recommendation to City Council. **Executive Session**: Provide guidance to staff for property acquisitions to support relocation of Public Services out of Bayside; and, direction regarding possible tenant lease negotiations related to City-owned Spring Street Parking Garage commercial space.
	March 25 Review and recommendation to City Council to authorize Ready Brothers Lease Amendments at Portland Ocean Terminal. **Executive Session**: Provide guidance to staff for (a) Amendments to Shucks Lobster lease at Portland Ocean Terminal; (b) proposed lease with New England Ocean Cluster House at Portland Ocean Terminal; and (c) Nova Star Cruises proposed lease amendments. Review and guidance to staff re: ordinance changes to encourage and enable housing development Review of Affordable Housing TIF Program

April	~~Short Term Rentals - Air bnb.~~ ~~India Street lot.~~ ~~Police Parking lot.~~ ~~Waterfront TIF District geography amendment discussions, including consideration of Portland Company as TOD TIF Discussion.~~ ~~Riverwalk TIF District Reduction Amendment – Discussion and director to staff.~~ Update of Tax Acquired Properties for Development Opportunities/Coordinate with Trust for Public Land Review and recommendation to City Council to authorize Purchase and Sale Agreements regarding property acquisitions to relocate Public Services out of Bayside. Nova Star Lease Amendments New England Ocean Cluster House Lease
	April 8 Review and Recommendation to City Council award of bid and Purchase and Sale Agreement for 65 Munjoy Street. Review, Discussion and Possible Approval of RFP for 157 Brackett
	April 22 CDBG Allocation Committee Funding Recommendations. Review of HUD 5-Year (2015-2020) Consolidated Plan and FY 15-16 HUD Annual Action Plan. Review and Comment/Recommendation to City Council if necessary: Improvement to CDBG process.
May	Wilmot Street Matter Resolution. ~~Review and Comment/Recommendation to City Council if necessary: Improvement to CDBG process.~~Update on City-owned lot at 98 High Street. Area-wide Affordable Housing TIF District discussion. Waterfront TIF District geography amendment discussions, including consideration of Portland Company as TOD TIF Discussion. Riverwalk TIF District Reduction Amendment – Discussion and direction to staff. Short Term Rentals - Air bnb. India Street lot. Police Parking lot.
	May 13
	May 27
June	Begin discussion related to Riverside Street area wide needed public infrastructure status and improvements.
	June 10
	June 24
July	
	July 8
	July 22
August	
	August 12
	August 26
September	
	September 9

	<u>September 23</u>
<u>October</u>	
	<u>October 14</u>
	<u>October 28</u>
<u>November</u>	Note: November 11 is Veteran's Day and November 25 is the day before Thanksgiving Portland Economic Development Plan Implementation - Update
	<u>November 11?</u>
	<u>November 25?</u>
<u>December</u>	FYE 2015 Annual City-Wide TIF District Activity Report 2015 Calendar Year HCDC Accomplishments Report Proposed 2016 HCDC Work Plan
	<u>December 9</u>
	<u>December 23</u>