HOUSING & COMMUNITY DEVELOPMENT COMMITTEE
DATE: October 28, 2015
TIME: 5:30 pm – 7:30 pm
LOCATION: Room 209, 2nd Floor, City Hall

1. Agenda October 28, 2015 Meeting

   Documents: 10.28.2015 AGENDA.PDF

2. Review And Accept Minutes Of Previous Meeting Held On October 14, 2015

   Documents: DRAFT MINUTES FROM 10-14-15 HCDC MEETING.PDF

3. Review And Consideration Of Regulation Reforms Of Short Term Rentals (STF's) For Regulating Lodging Sites Such As AirBnB, HomeAway, Flipkey, VRBO, Craigslist And Others

   Documents: SHORT TERM RENTALS HCDC MEMO 10.23.2015.PDF

4. Communication: FYE 2015 HCDC Accomplishment Report For Forwarding To City Council As A Communication

   Documents: HCDC 2015 ANNUAL REPORT DRAFT.PDF

5. Communication: FYE2015 TIF Annual Report For Forwarding To City Council As A Communication.

   Documents: 10-20-2015 MMO TO HCDC WITH FYE15 ANNUAL TIF REPORT.PDF

6. 2015 HCDC Work Plan For Review And Discussion

   Documents: HCDC 2015 WORK PLAN FOR 10.28.15 DRAFT.PDF

Public Comment will be accepted on action items.
Councilor Kevin Donoghue, Chair
Next Meeting Date: T.B.D.

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

DATE: **October 28, 2015 (Wednesday)**
TIME: **5:30 p.m. – 7:30 p.m.**
LOCATION: **Room 209, Second Floor**
Portland City Hall

A G E N D A

1. Review and accept Minutes of previous meetings held on October 14, 2015.

2. Review and Consideration of Regulation Reforms of short term rentals (STR's) for regulating lodging sites such as AirBnB, HomeAway, Flipkey, VRBO, Craigslist, and others.– See enclosed Memorandum from Jeff Levine and Tyler Norod.

3. Communication: FYE2015 HCDC Accomplishment Report for forwarding to City Council as a communication.

4. Communication: FYE2015 TIF Annual Report for forwarding to City Council as a communication.

5. 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: T.B.D.

Housing & Community Development Committee
Minutes of October 14, 2015 Meeting

A meeting of the Portland City Council's Housing and Community Development Committee (HCDC) was held on Wednesday, October 14, 2015 at 5:30 p.m. in Room 209 on the second floor of Portland City Hall. Present from the HCDC was its Chair Councilor Kevin Donoghue, and members Councilors David Brenerman, David Marshall, and Nicholas Mavodones. City staff present included Housing & Community Development Division Director Mary Davis, Planning and Urban Development Director Jeff Levine and Housing Planner Tyler Norod.

Item 1: Review and accept Minutes from previous meeting held on September 30, 2015.

On motion made and seconded, the Committee voted unanimously 3-0 to accept the minutes as published. Councilor Marshall was not present at the time of the vote.

Item 2: Consideration of potential regulation reform of short term rentals (STR's) for lodging sites such as AirBnB, HomeAway, Flipkey, VRBO, Craigslist, and others.

Councilor Marshall entered the meeting as the discussion of this item began. Mr. Norod introduced the item with highlights of the committee's direction from the last meeting. Mr. Norod reviewed the state requirements and indicated that much like the city ordinance, the state regulation is somewhat confusing. Mr. Norod talked about city ordinance 14-404(e), which is an existing ordinance that allows for the letting of up to two rooms within an existing dwelling unit.

Mr. Norod talked about current city zoning definitions and what is allowed under the existing ordinance and explained that much of what is in the city's ordinance does not address the short term rental problem. Mr. Norod also talked about the ability of the city to enforce short term rental usage. The new housing safety office is not ready to take on this task as they are focusing on getting the new registration and inspection process off the ground.

Mr. Norod asked for clarification from the committee regarding the level of oversight the Committee is looking for (ie what type of limits and parameters would the committee like to see?).

Councilor Mavodones asked if Staff did any research on other communities that regulate short term rentals. Mr. Norod indicated that best practices have not yet been established as this is a new issue and it is hard to judge the success in communities that do have regulations in place. Councilor Mavodones asked if any of these regulations might be applicable for Portland. Mr. Norod indicated that many might be relevant to Portland.

Councilor Donoghue indicated that he would like to take public comment even though the committee will not be taking action tonight. Would like to have the public hearing at the next meeting after giving staff further clarification.

Councilor Brenerman stated that it sounds like the housing definitions in the city code are not clear and asks if we need to address other types of housing definitions and clarify some of that along with the AirBnB question. Mr. Norod indicated that creating a separate definition or clarifying what is already allowed on 14-404(e), which wasn't intended to address this short term rental issue, may address some of these issues.

Councilor Donoghue asked which current housing definitions address minimum lease terms. Mr. Norod referenced Attachment A in the packet information which makes note of where lease terms are addressed. Councilor Donoghue asked where the ordinance requires the owner or on-site manager be present or reside on-site.

Councilor Marshall read 14-404(e) and referenced the use of the word unit instead of building and stated that it seems to be a broad definition of what is allowed.

Councilor Donoghue opened the floor to public comment.

Sean Turley, 62 Vesper Street, currently rents through 14-404; he rents out a room that would not otherwise be rented long term, a guest bedroom; his ability to do this might be compromised if 14-404 sets a minimum time frames.   He indicated that licensing was a struggle and took about two months and wonders if there might be a more appropriate separate avenue that might expedite the process.

Crandall Toothaker, 54 E. Prom; owns several hundred units in the city and many are rented on a short term basis, weekly and monthly.   He does not list his units on AirBnB.   He indicates that 95% of his short term tenants have cars. He employs two full time maintenance/cleaning people and pays state housing tax. He has his tenants' sign all regular tenant disclosures (lead paint, carbon monoxide detectors).   He suggests that any regulations should be drafted carefully to not negatively impact this type of important rental use in the city.

Beth Angle, has tenants who rent out rooms in their apartments to off-set high rents in Portland. She states that she has owned property in the West End for 35 years. If city limits this use it will make it hard for the tenants to afford the rent on their units. Every time the city raises taxes, rents are increased.

Scott Fuller-Beatty, 140 Chadwick Street identified himself as the owner of the Chadwick Bed and Breakfast. He states that as a B&B owner he earns a modest income. B& B owners or managers live on the property. An article in the weekend paper regarding AirBnB brought him to this meeting. He owns and operates a four room B&B. State and city regulations are confusing and even inspectors are confused. Does not thinks Air BnB is a problem but thinks it is a problem that they do not have to follow the same rules (alcohol use, city and health safety regulations, no local lodging tax, insurance regulations, workers comp, property tax fairness, utility costs, guest visitor safety). Wants fair application of the rules.

Councilor Donoghue closes public comment and asked for additional committee questions or comments. He indicates interest in addressing the use of dwelling units that are taken off of the housing market – dwelling units used for short term rentals.

Councilor Mavodones indicated he is still trying to understand the issue better and shares Councilor Donoghues concerns but doesn't want to see any unintended consequences. He states that the City needs to be mindful of safety implications without putting undue burden on owners. He reports that he received an email from a resident that suggested an online inspection process. He would like to hear more from owners who are listing property for this use.

Councilor Marshall is concerned about the city's ability to regulate an ordinance like this. He believes it would be easier to regulate the building instead of trying to regulate whether or not the property is owner occupied or the hosts' primary residence. Councilor Marshall believes that life-safety codes are the best way to regulate and believes that the City should focus on existing codes. He indicated that he is also concerned with loss of rental stock.

Councilor Brenerman states that his initial thoughts were that the City should only allow short term rentals in owner occupied properties but after public comment he is not sure. He would like to see ordinances from other communities and believes it will take more than one additional meeting to settle this issue. He indicates that the City should better define housing uses in the code but agrees that item is part of a bigger issue.

Councilor Donoghue hears some agreement from Committee members that they do not want to interfere with those using short term rentals to help pay rent or housing costs and that more information on how other communities regulate short term rentals that remove units from market would be helpful. He indicates his chief interest is to allow people to afford to live in their homes and afford to purchase their home.

Councilor Mavodones suggests a side by side analysis of other communities, how many actual buildings and units are being taken off the market. He indicates the information would be helpful in determining how much of a problem there really is.

Councilor Mavodones asked if it would be possible to identify the number of renters who rent out rooms in their rental unit.

Councilor Brenerman questions if the new housing safety ordinance registration process will include units and not just buildings. Mr. Norod indicates this could be a long term goal. Mr. Levine describes that any rental unit needs to be registered and that anyone who rents out a unit is supposed to register. Councilor Brenerman would like the comparison communities to be places similar to Portland.

After a review of the AirBnB report showed for August which showed 260 active listings, Councilor Marshall believes the crisis the City is facing is in the way the codes are written and the City should clarify the language and make it enforceable.

Mr. Norod indicates that clarifying the current code is possible and believes the direction from the Committee is to look at best practices and then review the current zoning – what is allowed and what should be allowed.

Councilor Mavodones asked if there is other information that staff needs that have not talked about already.   Mr. Norod mentioned limiting time frames which Councilor Mavodones indicates he is not interested in doing.

Councilor Donoghue indicates his interest in minimum lease terms for dwelling units and asks if a dwelling unit is defined by monthly occupancy.   He inquired about the current vacancy rate and would also like to see the cost of public subsidy of new affordable housing.

Staff reviews the tasks requested by the Committee – look at safety codes, no intention of making it harder to rent out primary dwelling units, no ceiling on the number of days of short term rentals, comparison of similar cities that share character and markets, registration guidelines that might create conflicts.

Councilor Donoghue noted that item will come back in two weeks with opportunity for additional public comment.

Item #3: Review and Possible Recommendations to City Council – Revisions to the Housing Replacement Ordinance.

Jeff Levine introduced the item with a review of the committee recommendations from the last meeting and talked about the two draft options outlined in the current memo. Councilor Mavodones asked how public notice of this meeting was done.   Mr. Levine said the noticing followed the normal process.

Councilor Brenerman asks staff to outline the problem the Committee is being asked to solve and how many units does this include? Mr. Levine indicates the need for clarification because of inquires made in the last year by developers who believe if they invest an amount equivalent to the housing replacement fee in another development they are meeting the intent of the ordinance (essentially buying a unit in a different project).

Councilor Donoghue opens the item to public comment. No public comment offered.

Councilor Mavodones indicates he prefers draft 2 option 2. Councilor Donoghue prefers the option of the same parcel or an adjacent parcel. Councilor Marshall thinks census tract would be a workable solution but could be persuaded to census block. Councilor Brenerman thinks census tract is fair.

On a motion made and seconded the Committee voted 4-0 to recommend draft 2 option 1 to the Planning Board.

Item 5: 2015 HCDC Work Plan for Review and Discussion.

The Committee reviewed outstanding items with staff. Councilor Donoghue indicated that the Committee will meet for the last time in 2015 on October 28.

On motion made and seconded, the committee adjourned at 7:25 on a unanimous vote of 4-0.

Respectfully,

Mary Davis

Portland, Maine
Yes. Life's good here.

Jeff Levine, AICP
Director, Planning & Urban Development Department

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

FROM: Jeff Levine, Director
Planning and Urban Development
Tyler Norod, Housing Planner
Housing and Community Development Division

DATE: October 28, 2015

SUBJECT: Consideration of potential regulations for short term rentals (STR's) that utilize lodging sites such as AirBnB, HomeAway, Flipkey, VRBO, Craigslist, and others.

I. SUMMARY OF ISSUE

The following section is intended to provide an overview of the emerging short term rental (STR) market in Portland and how other communities are addressing this issue. Some of the following information was presented in earlier memos to the Committee. New information has since been added following feedback from Committee members including STR's impacts on vacancy rates, the financial incentives of STR's versus traditional long term rentals, and regulations being implemented in other communities.

Cities across the country have been struggling to adapt to new market forces brought about by the rise of the "sharing economy". Companies like Uber and Airbnb are often cited as being at the forefront of this web based movement revolutionizing commuting, shopping, and lodging. With listings in more than 34,000 cities and 190 countries AirBnB alone is now valued at approximately $20 billion which ranks it near the top of most valuable hotel chains. Although AirBnB is the largest short term renter (STR) website there are many other companies competing for their share of the market such as HomeAway, Flipkey, VRBO, Craigslist, and others.

But these new models are also being scrutinized for their unintended consequences on existing businesses and communities. To date, governments have struggled to reign in these ever evolving markets to provide certainty, safety, and fairness. Given their quick ascension to prominence there has not been sufficient time for public entities to develop and evaluate best practices for how to

Jeff Levine, AICP
Director, Planning & Urban Development Department

effectively regulate these industries. Commonly cited issues related to STR's include the following:

- Violate local zoning laws
- Remove housing stock from the market and drive up prices
- Inconvenience neighbors
- Disrupts neighborhood character
- Building safety and ADA issues
- Unfair competition for other lodging types such as B&B's
- Unpaid local taxes

Short term rentals (STR's) have garnered significant attention in Portland and elsewhere for both their positive economic impact as well as concerns related to their effects on already tight local housing markets. Critics assert that STR's take apartments and homes out of the market limiting the supply of long term housing for local residents and in doing so increase the cost of housing. Unfortunately, it is a challenge to accurately substantiate these claims. It is equally as challenging to determine the number of hosts that are simply renting out their primary residence compared to units that are being removed from the long term market solely for commercial STR use. Recent surveys of online STR websites conducted during the peak tourist season such as have shown more than 250 STR's within Portland. These STR's offer an average price per night of about $150. When narrowing the search for only entire units the total units listed drops to 206 and the average price increases to $186 per night. Each website offers its own listings but many STR units are listed on multiple sites making an accurate total count problematic.

There is clear financial incentive for property owners to prefer STR's over traditional long term tenants or to even not sell a property as they move out of their owner occupied unit to another property. If each of these units were rented out 30 days a month during peak season the average entire unit rental would generate approximately $5,580 per month. This figure is greatly in excess of the average monthly rent for the surrounding residential market which is closer to $1,100 per month. Assuming the average rent of $1,100 and the average STR rate of $189 per night a landlord would only need to rent their units five nights a month in the offseason to make up for the lost revenue of a full time tenant while possibly making approximately $4,400 a month more than the typical rent during peak seasons.

It is unclear whether or not the limited number of STR's in Portland have a significant impact on the overall housing market. According to the STR research firm AirDnA, Portland has approximately 32,700 housing units. Given the more than 250 STR's being advertised approximately less than 1% of the City's housing stock is being offered as a STR. However, most of the units offered as STR's are limited to the Peninsula which may have a disproportionate impact on those neighborhoods. The Peninsula contains approximately 12,000 housing units. Assuming approximately 250 units are being listed mostly on the peninsula this would account for approximately 2% of the Peninsula's housing stock.

Considering the Peninsula's extremely low vacancy rate any significant reduction in available housing stock should be a concern for the City. For context, cities around the country with the highest percent of their housing stock being utilized as STR's are between 6.5% and 1.1% according to AirDnA. The National Association of Realtors defines a landlord's market as one where vacancy rates are less than 5%. The recently completed 2030 Workforce Housing study by the Greater Portland Council of Governments (GPCOG) estimated Portland's 2014 vacancy rate at 4.4%. This was for the entire Portland market. It would stand to reason that the Peninsula's vacancy rate is even lower. Therein it is possible to see how removing an estimated 2% of the housing stock from the Peninsula could have a significant effect on the market.

Review of STR market trends shows that some hosts are likely using these units part time to generate additional income to support a variety of expenses ranging from home repair, student loans, medical bills, taxes, child expenses, or simply additional discretionary income. In Portland, these may be long term residents who utilize STR's to enable them to stay in their homes and further participate in the local economy. It would also stand to reason that hosts who use their primary residence or units within their building as STR's would be more likely to be more selective in their guests and responsive to neighbors concerns.

Unfortunately, some STR hosts have taken advantage of the market to buy up existing housing stock for the soul purpose of using it as an STR. These units effectively operate as an unlicensed hotels or bed & breakfasts. Not only do these types of practices remove long term housing options from the City's supply but they also can increase the perceived value of real estate. Traditional buyers may now have to compete with individuals or companies who assume greater revenue capacity with STR's over long term rentals. Although difficult to confirm exact figures, recent reviews of online STR sites have shown at least four individuals or companies who have multiple properties apparently used exclusively as STR's.

Staff researched how other cities were approaching the regulation of short term rental units. As mentioned above, this is a new and quickly evolving issue that makes evaluating time tested best practices difficult to come by. The short summaries of regulations proposed or passed in other communities listed below may provide Portland with some guidance on how to tailor its own potential policy solutions.

Savannah, GA

Savannah, Georgia, a city of 144,000 people, implemented regulations in November of 2014. STR's are allowed in some zones as long as they register and comply with city safety, noise, parking, taxes, and other applicable regulations. Registration costs $150 and $50 for subsequent annual renewals. The host must provide documentation proving that the property meets the necessary codes along with proof of insurance and ownership. The city also established a three step escalating scale for fines ranging from $500 - $1000 for properties that violate the ordinance or received substantiated complaints. These fees may not be substantial enough to deter violations depending on the value of the local STR market. The city also requires that an owner/manager/operator must be available within two hours of any complaint or issue being received by the city.

Savannah anticipates approximately 200 of the estimated 300 STR applications to be from property management companies that own multiple properties. With approximately twice the population of Portland and similarly reputation as a tourist friendly city, one might expect to see twice as many STR's in Savannah. If these figures are correct it demonstrates the potential for commercialization of STR's in loosely regulated municipalities, something that Portland may want to discourage if there are concerns about the City's housing stock.

Santa Monica, CA

Beginning in June of 2015, Santa Monica began implementing a new STR policy that limits STR's to hosts primary dwelling unit and requires that the host be present for the guest's entire stay. The ordinance specifically prohibits STR's that provide the exclusive use of STR's for less than 30 days by transient guests. Violators could be fined up to $500 per day and face criminal prosecution. Hosts must obtain a city business license and pay a 14% transient occupancy tax. There are exemptions available for hosts making less than a certain amount per year in gross receipts. The ordinance allows "residents" to rent out bedrooms, so both owners and long term tenants may partake in hosting STR's. However, there is a provision that stipulates that tenant's leases must allow tenants to rent out rooms as an STR. The ordinance does provide some flexibility in that hosts may rent out their "guest house" if it is on a parcel that is zoned as a single family. This exemption does not apply if the property is zoned as a multi-family.

Santa Monica chose to pursue a stricter ordinance governing STR's in an attempt to help relieve stress on their local housing market. Similar measures are also being considered by other surrounding cities struggling with their own housing affordability issues including Los Angeles. It is still too early to determine the effectiveness of the policy. AirBnB still shows more than 300 entire units being offered in Santa Monica which would all seemingly violate the new regulations.

Boulder, CO

Boulder's City Council voted in June of this year to restrict STR's to primary residences where residents live in the unit at least 275 days out of the year. The Council voted 7-1 in favor of this ordinance but there still needs to be final approval in November of an overlapping policy related to taxation of STR's. The ordinance would limit the occupancy of STR's to no more than what is already allowed within each zone. STR's would also not be allowed in deed restricted affordable units. Boulder, a city of approximately 88,000 people, currently has 514 units listed on AirBnB.

Berkeley, CA

A STR ordinance is currently under consideration in Berkeley, California. The new ordinance as proposed would allow residents to rent out space in their primary dwelling unit assuming that they live their nine months out of the year. Residents would be allowed to rent out bedrooms in their primary residents for as many nights as they wish as long as they are present during the stays. STR's are defined as rentals not exceeding 14 days. The hosts would be required to have a valid business license and at least $500,000 in insurance. Hosts would also be required to notify neighbors of their property being used for STR's. Guests would be provided with information on relevant city ordinances related to noise, trash, and parking. When not present, the owner must designate a local contact to handle any complaints or issues that may arise. If three substantiated violations occur within 180 days the license will be forfeited for one year.

Austin, TX

Although significantly larger city than Portland, Austin has been one of the pioneers in terms of regulating STR's. Austin's policy limit the number of unrelated people who can stay in one place at a time to six. It also capped the number of listings in many neighborhoods throughout the city. Austin provides three STR categories that operators must register within. Type I is for owner occupied units. Type II is for non-owner occupied buildings two units or smaller. Type III is for non-owner occupied multi-family buildings wherein one or more unit is being utilized as an STR. Types II and III have caps that do not allow more than a certain percentage of the housing stock within each census district to be used as STR's.

A recent expose in the Washington Post identified significant enforcement issues with Austin's system. Problems were identified related to the number of people staying at STR's, absent landlords renting out property with problem causing guests, and what neighbors referring to as "rogue hotels operating in residential neighborhoods". The article interviewed local residents who did not appear to be concerned about allowing local people to rent out their primary homes but were having issues with properties that were managed in a more commercial manner.

Other Communities

Other communities that share similarities to Portland's demographics and market are currently in the middle of examining STR policies of their own such as Burlington, Vermont, and Asheville, North Carolina. Given how new this issue and corresponding policies are it may be helpful to wait to analyze the framework and effectiveness of other cities as they attempt to tackle this growing issue.

II. REASON FOR SUBMISSION

The Committee requested that staff research STR's in Portland and examine best practices from other cities looking to regulate this fledgling market.

III. INTENDED RESULT

The intended result is to determine the best policy approach for Portland that balances the pros and cons of STR's with the housing and economic goals of the City.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

The potential regulation of STR's is in line with the Committee and Council's goals of providing additional housing options that are affordable to a variety of Portland residents. Potential regulation may also impact economic development goals of the City as they related to tourism. A thoughtful and balanced approach to this complex issue is advised.

V. FINANCIAL IMPACT

Depending on policy recommendations by the Council there is the possibility that STR regulation could result in additional registration and penalty fees to the City. Potential regulation could also result in additional lodging tax revenue for the State although that would be difficult to achieve and may not happen for a significant period after regulations are put in place. Cooperation from the various STR enabling websites would be necessary to effectively recover these tax revenues. Potential regulations may also effect tourism related revenue in the City. Potential regulation efforts could inhibit, support, or not have any effect on tourism depending on steps taken. It is difficult to assess the total economic effect of any regulations on this nimble and evolving market but economic development issues should be taken into consideration with any policy recommendations.

VI. STAFF ANALYSIS AND RECOMMENDATION

Based on previous discussions with the Committee and research examining regulations in other communities staff has developed three potential frameworks for future policy direction. The regulation of STR's is a nuanced and complex undertaking. Committee direction to pursue any option below or combination thereof would likely require additional analysis and time to better understand the implications and minutiae of any alterations to the City's code.

Option 1: Allow STR's but require registration & safety requirements

One option for the City is to require STR's to register with the City. Oversight would focus on safety, accessibility, and building code related issues. STR's could register through the same landlord system being developed within the new Housing Safety Office. This low bar to entry would encourage STR operators to participate in the City's system allowing us to better understand the extent of the STR market in Portland. It would also help the City encourage safer housing and lodging options.

This option is the easiest implementation of the three options presented but it has limitations and brings up additional questions. Current staff workloads and priorities would make it difficult to ensure sufficient inspections of registered STR units. Inspections and enforcement would likely be tied to complaints or concerns raised about specific properties. This option would also limit the City's ability to address neighborhood and lodging industry concerns by essentially legalizing STR's. The following questions should also be considered while evaluating this option:

- Would STR's be legal city wide or just in certain zones?
- Would there be any limit to how many units an individual or corporation could operate?
- If the City were to tighten regulations at a later date would they need to "grandfather" any existing STR operators?

Additionally, if the Committee believes that STR's are having a significant negative effect on the local housing market this option would do little to improve the situation and may worsen perceived problems providing a green light to convert traditional housing stock to STR's.

Option 2: Revise the existing zoning code to allow for some STR's

As discussed at the October 14, 2015 HCDC meeting, there are some areas within the existing zoning code which may be able to accommodate clearer policy direction for regulating STR's. By modifying the existing definition for dwelling units and amending Section 14-404(e) of the zoning code Portland could provide guidance for the public as to what extent STR's are allowed.

To start, amending the definition of "Dwelling Unit" within the code to include language requiring a minimum occupancy period of one month unless it is being used in line with a revised version of Section 14-404(e). There were inquiries made as to the implications of allowing for a one week minimum under the "dwelling unit" definition but the overlap with a lodging house and the proposed revisions to Section 14-404(e) may prove confusing.

The majority of reforms would need to be made to Section 14-404(e) which in its current form states:

"The letting of rooms within an existing dwelling unit in any residential zone, provided that:

1. *There shall be no more than two (2) persons occupying such room or rooms;*
2. *There shall not be more than two (2) rooms per dwelling unit occupied for such use; and*

Jeff Levine, AICP
Director, Planning & Urban Development Department

3.) There shall be no increase in bathroom and/or kitchen facilities in the dwelling, and no such facility shall have been constructed in the immediately preceding two (2) years."

Revisions could be made that would specifically allow for residents to allow "transient guests" to let rooms within someone's dwelling. These units would need to be registered with the City and would need to be in compliance with all safety, noise, and other applicable ordinances. A "transient guest" is already defined in the existing code as:

"A person who occupies a facility offering accommodations on an overnight basis for compensation and whose actual occupancy is limited to no more than fifteen (15) days out of any sixty-day period."

By outwardly allowing for "transient guests" within this section the City could clarify STR's place in our market.

At the same time, if the Committee believes that STR's, if left under regulated, still have the potential to negatively affect the local housing market than it is recommended that STR's be limited to a primary residence. This could be in the form of either a dwelling unit or an owner-occupied building. Doing so would eliminate the potential for larger commercial scale STR operators from impacting the market while limiting the financial benefit to residents who need help to stay in their homes or would be absorbing the housing stock anyways out of choice.

However, a number of questions still remain that would need to be discussed to define the extent to which STR's could be allowed under this revised code.

- Would this only apply to a resident's unit or building that is their primary residence?
- Would residents need to be home while renting out STR's or could they rent out the entire unit?
- Would STR's in second homes be allowed?
- Would it be acceptable to extend this allowance to one or more units within an owner occupied building?
- Is there a limit on the number of rooms or dwelling units that one person can operate?
- Should a system be established for outlining violations and associated penalties be included?
- Section 14-404(e) is currently allowed in all residential zones of the City. Should we extend this to other zones that allow residential uses?

Option 3: Create a new STR division within the existing code:

Depending on the extent of regulations desired Section 14-404(e) may be a difficult place to regulate such a complex issue. It may be cleaner to simply create a new division within the zoning code to address the various prescriptions of potential regulations. As it exists today, Section 14-404 is a somewhat obscure section of the code. Although adding to an already obtuse and lengthy code is less than ideal, it would be easier for the general public to find and clearer if a separate division was created. The issue of the overall codes length and complexity is a larger issue that may be best to be handled separate from the regulation of STR's.

Listed below are a few potential components of a STR regulation that could be established under a separate division within the existing zoning code. This regulatory framework is designed to fit Portland's needs while addressing concerns related to safety, housing affordability, neighborhood continuity, and inconveniences to abutters. It would still allow for local residents to generate additional income but make a clearer playing field with rules that make for a safer, more responsible market that are encourages hosts to act as good neighbors to concerned abutters.

1. All STR's must register with the City;
2. All STR applicants must inform neighbors within a certain distance of the registered building/unit.
3. To discourage the removal of units from the local housing stock, all STR's must be the host's primary dwelling unit or within an owner occupied building;
4. For clarity - No host can rent out more than a defined number of rooms/units;
5. Establish transient guest occupancy limits per persons per bedroom;
6. STR regulations would not apply to the Islands;

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Director, Planning & Urban Development Department

7. Regulation would not supersede condo bylaws or contracts with landlords specifically restricting STR's but would allow for renters to register their unit provided that have permission from their landlord;
8. Income generated by renters cannot be shared with the landlord as a means of skirting limitations on the number of units/rooms that may be rented;
9. Escalating penalty for failing to register with the City;
10. Hosts must sign affidavit that STR unit is up to date on all city safety codes including having working smoke/CO detectors and access to fire extinguishers;
11. If requested by City officials, STR's must allow on-site inspections, as well as present their registration information, rental history and upcoming reservations;
12. STR's must identify and provide contact information for a point of contact who will be primarily responsible for resolving any issues or complaints as they arise. The point of contact must be available to respond in person if needed within a certain timeframe of any complaint/issue with the STR;
13. Three strike limit for any substantiated complaints within a 12 month period leading to a 12 month loss of registration;
14. Issuance of a strike may also include primary point of contact not adequately responding, in person if requested, within a certain timeframe of any complaint/issue;
15. Operating or advertising STR's with a suspended license is an automatic to be determined fine.

This framework for a potential STR division offers similar questions as those posed under Option 2. It is meant to be a discussion point to help clarify the City's goals related to STR regulation. There is still the overall question of whether or not STR's need to be regulated at this time or if the City should wait to see how regulation in other cities play out. For cities with tight housing markets, limiting STR's to a resident's primary residence seems to be one of the most common parameters set. Being a relatively new industry the effectiveness of these tools has yet to be determined but the trend towards greater regulation is gaining momentum.

As a reminder, any policy enacted will likely have its flaws. There is no silver bullet policy that will solve everyone's concerns and this issue in particular is sure to come with its own learning curve. Each of the three options have their strengths and weaknesses. Effective enforcement will be difficult no matter which option is pursued by the City. By coming to terms with what is practical, reasonable, and within the lines of the City's priorities will be key in determining the appropriate next steps.

Housing and Community Development Committee (HCDC)

Committee Charge, Priorities, Work Plan, and Accomplishments for 2015

October 23, 2015

I. HCDC Committee Charge

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

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

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

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

The following priorities have been established by the City Council:

GOAL: Promote Housing Availability

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

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

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

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

GOAL: Economic Development

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

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

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

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

GOAL: Implement TIF Program

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

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

III. ***<u>2015 Activities with Status</u>***

A. Planning Department Work Plan

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

  The Committee approved the issuance of an RFP for the sale and redevelopment of city-owned property at 65 Hanover/52 Alder Street. One proposal was received; staff is continuing to negotiate with the developer.

The Committee approved the issuance of an RFP for the sale and redevelopment of city-owned property at 157 Brackett Street. One proposal was received; staff is continuing to negotiate with the developer.

The Committee approved a development proposal for city-owned property at 65 Munjoy Street in July and the City Council approved the proposal on October 5.

The Committee reviewed the Reed School Re-Use Task Force Recommendations and released a RFQ for the sale and redevelopment of the property.

The Committee provided direction and clarity to staff regarding the scope of a planning study for the DPS site in Bayside

- Affordable Housing:

The Committee recommended approval to the City Council of investment of HOME Program resources in several affordable housing developments: Rosa True School project at 140 Park Street, the Motherhouse project at 605 Stevens Avenue and a Portland Housing Authority project at 58 Boyd Street.

The Committee reviewed and discussed the State Affordable Housing TIF Program.

The Committee recommended approval to the City Council of an Affordable Housing TIF for the Avesta 17 Carleton street project.

- Inclusionary Zoning Ordinance:

The Committee reviewed the concept of an inclusionary zoning ordinance, as part of the "Encourage and Ensure" policy proposals, at several meetings, including a Housing Forum conducted on February 25. The Planning Board conducted several public hearings on the proposed "Encourage and Ensure" policies and made recommendations to the City Council. The City Council adopted the "Encourage and Ensure" policies, including the inclusionary zoning policy on October 19, 2015.

The Committee reviewed, discussed and provided direction to staff regarding a Housing Study Report prepared by the Greater Portland Council of Governments which was used to assist in the creation of the inclusionary zoning policy mentioned above.

- Community Development Goals and Policies

In conjunction with the planning process for the HUD 5-Year Consolidated Plan, the Committee reviewed and referred the Community Development Goals and Priorities to the City Council. The City Council approved the policy on October 19, 2015.

The Committee approved revisions to the Lead Safe Housing Program Guidelines and the Affordable Housing Application Process.

The Committee recommended approval to the City Council of the Housing Program Budget, the Housing Trust Fund Annual Plan and the CDBG Allocation Committee funding recommendations.

- Zoning issues:

Encourage and Ensure Policy

Accessory Dwelling Units in the Island Residential Zones and R-5 Zone were referred by the Committee to the Planning Board on April 22, 2015. The Planning Board considered these items and the City Council approved them on October 19, 2015.

Amendment to the Downtown Height Overlay were referred by the Committee to the Planning Board on April 22, 2015. The Planning Board considered these items and the City Council approved them on October 19, 2015.

Changes to Division 30 to clarify terminology related to affordable housing, expand density bonuses for developments providing affordable housing and an inclusionary zoning policy were referred by the Committee to the Planning Board on April 22, 2015. The Planning Board considered these items and the City Council approved them on October 19, 2015.

Short Term Rental Policies

The Committee considered possible regulation reform of short term rentals that would regulate sites such as AirBnB, HomeAway, Flipkey, VRBO, Craiglist and others. This is an ongoing discussion.

Housing Replacement Ordinance

The Committee was asked to provide clarity and direction to staff regarding possible changes to the Housing Replacement Ordinance, specifically regarding when exemptions are allowed and how the ordinance is applied. This item was referred to the Planning Board for further discussion.

B. Economic Development Work Plan

City Real Estate Transactions (Purchase, Sale or Lease)

- Riverside Property – Remaining developable property includes 7+ acres. Property continues to be marketed by City staff contact with commercial brokers; working with one interested buyer.

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

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

- Sprint Street Garage – Vacant Commercial Space: Space is being marketed by the Dunham Group for prospective commercial clients.

- Portland Technology Park: The Committee reviewed and authorized a recommendation from staff to enter into a Commercial Broker Agreement for the sale of property at the Portland Technology Park.

  The Committee reviewed and made a recommendation to the City Council to amend the Purchase and Sale Agreement with Patrons Oxford Insurance for land sale at the Portland Technology Park.

- Cliff Island Property: The Committee reviewed and made a recommendation to the City Council on the award of a bid and a purchase and sale agreement for Cliff Island tax acquired property located at 16 Fisherman's Cove.

- 71 Hanover Street: The Committee reviewed and made a recommendation to the City Council on the award of a bid and purchase and sale agreement for City-owned property at 71 Hanover Street to support expansion of Bayside Bowl.

- Portland Ocean Terminal: The Committee reviewed and made a recommendation to the City Council to authorize Ready Brothers lease amendments at the Portland Ocean Terminal.

- Ocean Gateway: The Committee reviewed and made a recommendation to the City Council to authorize an amended and restated lease agreement with Nova Star Cruises at the Ocean Gateway.

- 250 Canco Road: The Committee reviewed and made a recommendation to the City Council to authorize a Purchase and Sale Agreement for property at 250 Canco Road to facilitate the relocation of the Department of Public Services out of Bayside.

- Canco Road/Quarry Road Property: The Committee reviewed and made a recommendation to the City Council regarding a land swap agreement for City tax-acquired property in exchange for a portion of J.B. Brown property at Canco/Quarry Road to support the relocation of a portion of the Department of Public Services out of Bayside.

TIF Districts

- Bayside TIF District – The Committee reviewed and made a recommendation to the City Council to amend the Bayside TIF District to expand allowable uses of City TIF revenues, including sea level rise study funding, amount others.

City TIF Policy

- Annually present and discuss a report of TIF district activity including an assessment of TIF district capacity related State acreage and value limitations. To be reviewed at October 28, 2015 HCDC Meeting.

Wilmot Street Property Disposition – Need to resolve City ownership. Ongoing.

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

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

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

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

Portland Economic Development Plan Implementation

Mayor leading implementation having quarterly meetings with stakeholders of the Portland Economic Development Plan. Annual reporting includes:

- Business Visitation Program: This program averages 10 ten business visits per year.
- Advance work on the "Minority and Women-owned Business Development Initiative": Seeking funding to move this project forward during FY2016 in collaboration with the USSBA and the local organizations that it funds (SCORE, SBDC, Women's Business Center).
- Secure City Council approval to invest Community Development Block Grant (CDBG) Funds in workforce development: CDBG funds, in the amount of $400,000 were awarded to CEI and its partners to support workforce and microenterprise programs. A component of the project is to target hospitality employment growth.
- Re-establish ferry service to Nova Scotia: This was re-established beginning with the 2014 Season; 2015 was the second season.
- Develop a scope of work to invest State transportation bond funds in harbor dredging along Portland's waterfront: The City Waterfront Coordinator, working with the Non-Federal Dredge (NFD) Workgroup, secured $250,000 in State of Maine DOT funding to site, design, and permit a Confined Aqueous Disposal (CAD) cell in Portland Harbor. Work on this expected to be completed by the end of December 2016.

IV. ***Summary***

During 2015, the HCDC Committee met 17 times. It was a very busy year, particularly with a number of meetings for the Encourage and Ensure policy and inclusionary zoning policy discussions, which the City Council approved on October 19, 2015.

In addition, the Committee reviewed several affordable housing initiatives including HOME funding for the Motherhouse project and a Portland Housing Authority project at 58 Boyd Street; an Affordable Housing TIF at 17 Carleton Street which is anticipated to create 37 units of rental housing affordable to households below 60% of the area median income; and approved a proposal for the sale of the parking area at the former Adams School, which is anticipated to create 8 affordable home ownership units targeted to households between 100% to 120% of area median income.

The HCDC also reviewed zoning amendments for accessory dwelling units and the downtown height overlay, as well as amendments to Division 30 related to affordable housing including an inclusionary zoning provision.

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

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

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Chair and Members of the Housing and Community Development Committee

FROM: Gregory A. Mitchell, Economic Development Director

DATE: October 20, 2015

SUBJECT: Communication Item for October 28, 2015 Committee Meeting –
FYE2015 Tax Increment Financing Annual Report

I. SUMMARY OF ISSUE

City Tax Increment Financing (TIF) Policy adopted by the City Council on February 4, 2013, requires the preparation and presentation of an annual TIF report. The FYE2015 TIF Annual Report represents the third year of reporting.

Highlights of this year's Report notes the City Council TIF actions during FY2015, which include:

- Reducing the Arts TIF District to just the Baxter Library parcel, and renaming it the Baxter Library TIF District. The remainder of the Arts TIF geography was included in the Dowtown Transit Oriented Development District noted just below.
- Establishing the Downtown Transit Oriented Development (TOD) and Omnibus TIF District;
- Amending the Bayside TIF to expand its geography and thereby increase municipal TIF revenue for public infrastructure, which, in turn, sparks development and job creation; and,
- Terminating two TIF Districts – Fore India Middle LLC, and Village at Ocean Gate LLC, all as detailed in the Report.

This year's Report also has additional information that includes a table showing the past three years to see trends, as well as a new Appendix D which lists all the TIFs and the numbers associated with them, in response for more detailed information.

II. REASON FOR SUBMISSION

It is being submitted to the Committee as a communication item, for forwarding to the City Council as a communication.

III. INTENDED RESULT

The intended result is for the entire City Council to keep up-to-date on TIF Districts.

IV. FINANCIAL IMPACT

There is no financial impact with this item.

V. STAFF ANALYSIS AND RECOMMENDATION

Staff recommends receiving it as a communication and forward it to the City Council as a communication.

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

Tax Increment Financing

Fiscal Year End (FYE) 2015 Annual Report
(July 1, 2014 through June 30, 2015)

Prepared by the Economic Development Department

(Report prepared 10/2015)

Table of Contents

1. **Introduction**

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

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

Also, this report highlights the City Council TIF District actions during FY15 which include:

- Reducing the Arts TIF District's geography to just the Baxter Library parcel and renaming it the Baxter Library TIF District;

- Establishment of the Downtown Transit Oriented District (TOD) and Omnibus TIF District. Omnibus allows for this District to have individual Credit Enhancement Agreements (CEA), upon City Council approval. This District is activated with FY16, and there are no individual CEAs at this time.

- Amendment to the Bayside TIF to expand its geography to align with the *Bayside Vision Plan* boundaries, which expansion also enables the TIF District revenue to be invested in public infrastructure improvements in a larger area within the District, which in turn sparks further development and job creation; and,

- Termination of two TIF Districts – Fore India Middle LLC, and Village at Ocean Gate LLC, as defined later in this report.

2. **Definitions**

Commonly used terms, included in this Report, include:

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

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

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

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

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

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

“***Original Assessed Value (OAV)***” means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or October 2015, the OAV would be the assessed value of the property on March 31, 2015. All taxes from the OAV go into the City’s General Fund for any City use.

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

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

“***Tax Year***” means April 1 to March 31.

3. Tax Increment Financing Overview and Value

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

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

The two property tax components associated with TIF Districts include:

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

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

4. **TIF District Approval Process**

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

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

5. Statutory Limits for TIF Districts

There are two State statutory limitations which include:

- ***Acreage***: No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% of Portland's 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of FYE2015, Portland has the ability to include 418 additional acres in TIF Districts.

- ***Value***:

  - **Commercial/Area Wide TIF Districts:** The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY15 aggregate value: $7,707,200,000), or in the case of Portland, 5% is $385,360,000. Based upon active TIF Districts as of FYE2015, Portland has the ability to include an additional $250.6 Million of property value in TIF Districts.

  - **Affordable Housing TIF Districts:** The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY15 aggregate value: $7,707,200,000), or in the case of Portland, 5% is $385,360,000. Based upon active Affordable Housing Districts as of FYE2015, Portland has the ability to include an additional $384 Million of property value in Affordable Housing TIF Districts**.**

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

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD and Omnibus TIF, the latter created in FY15 and activated in FY16.

6. **Tax Sheltering Benefits**

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

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

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

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's total tax shelter savings for all active TIF Districts is $1.3 Million for FYE2015, which is $.3 Million less than FY2014 due to changes in State Aid to Education and County Tax formulas. It is also noted that the total sheltering value decreased by $20 Million from FYE2014 to FYE2015, or $180 Million in FYE2014 and $160 Million in FYE15. This was largely due to a decrease in the captured value percentage from two area-wide Districts – Bayside and Waterfront. The captured value percentage for these area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway. Another element in this decrease is the Nichols Portland TIF termination as of FYE2014.

7. TIF Districts in Portland

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes three expired TIF Districts – Auto Europe, Shipyard Brewery, and Nichols Portland (latter expired FYE2014). This listing also includes two TIF Districts which were recently terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

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

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

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of FYE2015, the City has seven, single site active TIF Districts with associated CEAs, namely:

- Holt Hall
- Riverwalk/Ocean Gateway
- UNUM
- PowerPay/Portland Public Market
- Avesta/Pearl Place Affordable Housing TIF
- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF

Active Approved Area Wide TIF Districts and Associated CEAs

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

- Bayside – As noted previously, an amendment during FY2015 to this TIF District allowed for the geography to be expanded which will increase municipal TIF revenue for public infrastructure, which in turn sparks development and job creation.
    - Capital LLC CEA
    - Bayside Student Housing CEA
- Waterfront (Appendix D and E)
    - Waterfront Maine CEA
- Arts
    - Baxter Library CEA
      Note: During FY2015, this TIF District's geography was reduced to just the Baxter Library site, effective FY2016. The remainder of the geography was incorporated into the Downtown Transit Oriented Development TIF District.

Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts

- Downtown TOD TIF

The City retains a portion of the TIF funds for public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and is activated with FY2016. There is no CEA associated with it at this time.

- Thompson's Point TOD TIF and CEA

For the Thompson's Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson's Point Development Company, Inc. for development of Thompson's Point, which is not yet active. Activation of this TIF CEA will occur when the Increased Assessed Value is at least $5 Million.

Non-Active Approved TIF District

In FY09, the City Council approved a TIF District that is expected to be activated with the McAuley Place senior housing project.

Terminated TIF Districts during FY2015

The City Council terminated two TIF Districts during FY2015, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,

- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District's use being converted into residential condominiums which is not an allowable TIF District use.

8. TIF District Financial Overview for FYE2015, including FY2013 and FY2014

See below for financial comparison of FYE2015, FYE2014, and FY2013 for then active TIF Districts:

	FYE2013	**FYE2014**	**FYE2015**
City General Fund-Taxes from OAV	$5.8 Million	$6.1 Million	$6.3 Million
City General Fund-Taxes from Non-Captured Value	$1.1 Million	$341,000	$720,000
Total TIF Revenue From Captured Value	$2.7 Million	$3.5 Million	$3.2 Million
- TIF Revenue for CEAs	$1.9 Million	$2.0 Million	$2.0 Million
- TIF Revenue for Public Infrastructure/Arts	$.8 Million	$1.5 Million	$1.2 Million
Total Tax Sheltering Value	$143 Million	$180 Million	$160 Million
Estimated Annual Average Tax Sheltering Savings	$1.3 Million	$1.6 Million	$1.3 Million

Table Explanations:

City General Fund-Taxes from OAV - The above table shows a yearly increase in taxes from the OAV into the General Fund. This is based on increases in tax rates. As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – The number fluctuates based on each CEA, as well as the City's budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts (Bayside, Waterfront, Arts) are adjusted yearly based on those needs. Non-captured value taxes flow into the General Fund.

Total TIF Revenue From Captured Value – The percentage of captured value varies yearly based on CEAs and the City's financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/arts.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. The percentages of captured value in the Bayside and Waterfront TIFs decreased for FYE2015, as well as a TIF District expiration that occurred in FYE2014, caused the $20 Million decrease from FYE2014 to FY2015.

Estimated Tax Sheltering Savings – As noted earlier in Section 7, this number decreased by $.3 Million from FYE2014. This is due to the $20 Million decrease noted just above, as well as State formulas changing for Municipal Revenue Sharing and State Aid for Education.

Appendix D is a spreadsheet showing the FYE 2015 individual TIF Districts funding allocation and individual CEA annual payments.

9. Strategies and Recommendations to Optimize use of TIF Districts

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

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

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

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

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

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

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

STATE TIF LIMITATION

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

PURPOSE

The primary purposes of the TIF Policy include:

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

GENERAL PRINICPLES

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

A. Investment

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

B. Jobs Associated with Commercial and Industrial Development

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

C. Maximize Tax Sheltering Benefits

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

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

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

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

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

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

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

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

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

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

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

B. Policy for the Three Approaches

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

Requires annual review and City Council financial appropriations.

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

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

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

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

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

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

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

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

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

Allowable uses of AHTIF revenues are defined by State law.

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

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

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

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

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

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

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

i) City Green Building Code

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

ii)Affordable Housing

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

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

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

Allowable uses of AHTIF revenues are defined by State law.

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

i) Financial Necessity.

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

ii) Financial Capacity**.**

The applicant must demonstrate financial capacity to support their project.

iii) Fees

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

C. Terms for CEA Projects

1) Maximum Percentages.

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

2) Maximum Number of Years.

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

3) Use of Maine Services for CEA Projects Encouraged.

TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

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

B. Approval Process.

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

C. Annual Report to City Council.

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

SUMMARY OF ALL APPROVED

TAX INCREMENT FINANCING (TIF) DISTRICTS

IN THE CITY OF PORTLAND A/O FYE2015 (June 30, 2015)

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

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

1. Nichols Portland (Economic Development TIF) **(Expired FY14)**

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

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

2. Shipyard/Longfellow (Economic Development TIF) **(Expired FY07)**

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

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

3. Auto Europe (Economic Development TIF) **(Expired FY11)**

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

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

4. Bramhall/Holt Hall (Economic Development TIF)

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

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

5. UNUM (Economic Development TIF) (**Expires FYE15)**

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

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

6. Waterfront TIF (Economic Development TIF)

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

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

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

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

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

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

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

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I* and *II.*

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, and administrative and staff costs for the Economic Development Department. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

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

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

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

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

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

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

8. **Riverwalk/Ocean Gateway** (Economic Development TIF)

Duration: 12 year term (FY07 through FY19)
Percentages: Formula based percentages in Credit Enhancement Agreement
Location: Hancock and Fore Street area

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

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

Duration: 30 year term (FY08 through FY37)
Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of $22,000 annual cap.
Location: Oxford and Pearl Streets

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

10. Creative Portland Development and Arts (Economic Development TIF)

NOTE: ***This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).***

Original Duration: 15-year term (FY10 through FY24); ***Term amended as noted above to end FY19.***
Original Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; ***Percentage amended to reflect the 65% capture for the Baxter Library project***.
Original Location: Multiple properties included in the Downtown Area; ***Location amended as noted above to be only the Baxter Library property.***

This TIF was ***originally*** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of $100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

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

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

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

11. McAuley Place (Economic Development TIF)

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

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

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

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

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

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

Duration: 30 year term (FY15 through FY44).

Percentages:
Phase One of Project*:* Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of

Thompson's Point into the **Forefront at Thompson's Point.** Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

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

This TIF was terminated by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.

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

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

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

This TIF was terminated by the City Council on November 3, 2014 due to the project not coming to fruition.

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

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

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term (FY14 through FY35)
Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

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

17. 134 Washington Avenue (Affordable Housing TIF)

Duration: 20 year term (FY15 through FY34)
Percentages: 50% to Developer; 50% to City General Fund.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)

Duration: 30 year term (FY16 through FY45)
Percentages: 12% Year One; 22% years 2 through 30; 88% to General Fund Year One; 78% to General Fund Years Two through Thirty.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to $100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, and administrative and staff costs for the Economic Development Department.


N
Tax Increment Financing Districts
September 2015
TIF Districts
Downtown TOD/Proposed
Bayside
Thompson Point
Bramhall/Holt Hall
409 Cumberland Ave Affordable Housing
134 Washington Ave Affordable Housing
Baxter Library
Pearl Place
Power Pay
Riverwalk
Waterfront
Waterfront Capital Improvement
Existing Waterfront Capital Improvement Zone

Tax Increment Financing Districts
September 2015

TIF Districts

- Thompson Point
- McAuley Place
- Bramhall/Holt Hall
- 409 Cumberland Ave Affordable Housing
- 134 Washington Ave Affordable Housing
- Baxter Library
- Bayside
- Downtown TOD
- Pearl Place
- Power Pay
- Riverwalk
- Waterfront

Waterfront Capital Improvment

- Existing Waterfront Capital Improvement Zone

APPENDIX D

FY15 ANNUAL REPORT TO COUNCIL

FY 15 Tax Rate: 0.02

TIF Name SITE Specific with CEA:	Starts/ Ends-FY	TERM	TIF PLAN YEAR	TOTAL ASSESSED	ORIGINAL ASSESSED	Increased Assessed value	PERCENT APPLIED	Total Cpt. Value	PROCEEDS TO OWNER	City TIF Funds	City General Fund (OAV and Non-Captured Taxes from IAV))
HOLT HALL	00/19	20 YEARS	16	4,956,760	349,110	4,607,650	67%	3,070,538	61,411		37,724
- FY15 Taxes				99,135	6,982	92,153		61,411			
AVESTA	08/37	30 YEARS	8	3,570,740	646,050	2,924,690	37%	1,082,135	21,643		49,772
- FY15 Taxes				71,415	12,921	58,494		21,643			
OCEAN GATEWAY	07/19	13 YEARS	9	12,946,800	1,085,550	11,861,250	60%	7,116,750	128,101		116,601
- FY15 Taxes				258,936	21,711	237,225		142,335			
UNUM	01/15	15 YEARS	15	62,306,080	1,383,070	60,923,010	100%	60,923,010	913,845	304,615	27,661
- FY15 Taxes				1,246,122	27,661	1,218,460		1,218,460			
PowerPay/Ptld Pub Mkt	18568	30 YEARS	5	6,236,600	1,862,600	4,374,000	75%	3,280,500	65,610		59,122
- FY15 Taxes				124,732	37,252	87,480		65,610			
McAuley/**Inactive**	10/29	20 YEARS	5	0	0	0	60%	0	0	0	0
Area-Wide TIFs, with CEA											
BAYSIDE	04/33	30 YEARS	12	109,198,270	44,066,380	65,131,890	83%	54,059,469	446,335	634,854	1,102,776
FY15 Taxes				2,183,965	881,328			1,081,189			
WATERFRONT	03/32	30 YEARS	13	40,540,080	7,667,340	32,872,740	73%	23,997,100	167,955	311,987	330,860
FY15 Taxes				810,802	153,347			479,942			
ARTS	10/24	15 YEARS	6	265,152,370	231,979,370	33,173,000	20%	6,626,638	130,727		5,172,320
FY15 Taxes				5,303,047	4,639,587	663,460		132,533			
Thompson's Point TOD	15/44	30 YEARS	1	4,970,470	4,970,470	0	Trig.	0	0	0	99,409
FY15 Taxes				99,409	99,409		Event				
Total Value:					**314,515,910**			**160,156,141**			
Total Tax Sheltering Savings:											
Total Taxes:					**6,290,318**			**3,203,123**	**1,935,627**	**1,251,456**	**6,996,246**

DRAFT 2015 HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING CALENDAR

Meetings: 2nd & 4th Wednesday of each month

As of October 23, 2015

October	**October 14** Short Term Rentals - Air bnb. Housing Replacement Ordinance Clarifications
	October 28 Short Term Rentals - Air bnb. Communication: 2015 Calendar Year HCDC Accomplishments Report Communication: FYE2015 Annual TIF District Report
November	Note: November 11 is Veteran's Day and November 25 is the day before Thanksgiving
	November 11 – Canceled
	November 25 - Canceled
December	**December 9 – Canceled**
	December 23 - Canceled
Items for 2016 Work Plan	Update on City-owned lot at 98 High Street. - 2016 Police Parking lot (corner of Middle and Franklin). – 2016 Additional publicly owned land for housing development – 2016 Linking housing subsidies to other public goals TIF Policy Waterfront TIF District geography amendment discussions, including consideration of Portland Company as TOD TIF Discussion. Tentative: Vote and recommendation to the City Council on the Assignment of the Riverwalk TIF District. Lodging house as an alternative to emergency shelter Housing Zoning Definitions Review of RFP Response for 157 Brackett Street Review of RFP Response for 65 Hanover/52 Alder Street Tentative Executive Session for possible TIF District for city owned Riverside Street site.