

## **Minutes**

### **Remote Housing and Economic Development Committee**

**July 19, 2022**

**NOTE: This meeting was held via Zoom and can be viewed at this link:**

**<http://www.portlandmaine.gov/1695/Economic-Development-Committee> These Minutes provide a record of those in attendance, general discussion taking place, and motions made.**

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, July 19, 2022, at 5:30 p.m. via Zoom. Present from the Committee were Chair Pious Ali, and member Councilors Tae Chong, Roberto Rodriguez, and Andrew Zarro. Present from the City staff were Acting Housing and Economic Development Department Director Mary Davis, Corporation Counsel Michael Goldman, Assistant City Manager Anne McGuire and Housing Program Manager Victoria Volent.

#### **Item #1: Zoom Meeting Information – no Committee action required.**

#### **Item #2: Review and vote on June 21, 2022, draft meeting Minutes.**

On motion made by Councilor Rodriguez and seconded by Councilor Zarro, the Committee voted (4-0) to accept the Minutes.

#### **Item #3: (Public Hearing) Review and Vote to Approve Affordable Housing TIF CEA Application for the 45 Dougherty Project at 43 & 91 Douglass Street**

Mary Davis, Interim Director of the Housing and Economic Development, introduced this item by noting this is the first of five funding proposals received in response to the March 5 Affordable Housing Development and Tax Increment Financing Application. The Szanton Company is requesting an Affordable Housing TIF to construct a five story elevator-assisted building with 63 rental units on the city-owned property known as 43 & 91 Douglass Street. The

building would be comprised of 35 one-bedroom, 18 two-bedroom, and 10 three bedroom apartments. Of the 63 units, 46 would be reserved for households earning at or below 60% AMI (i.e. \$67,000 for a family of four) while the remaining 17 units would be leased at market rate. The project would be called 45 Dougherty. The Szanton Company has requested an Affordable Housing Tax Increment Financing request of 75% for 30 years while staff, based on the recommendation of its underwriting consultant, is recommending a graduated Affordable Housing TIF financed through a Credit Enhancement Agreement at 75% of the increased assessed value tax revenue during years 1 through 10, at 50% of the increased assessed value tax revenue during years 11 through 20, and at 25% of the increased assessed value tax revenue during years 21 through 30, currently estimated at a 30-year annual average of \$72,829, with an estimated total of \$2,184,865 in captured increased assessed value tax revenue returned to the project/developer to off-set project operating costs. The remaining non-captured revenue would be approximately \$2,491,549 over the thirty-year term and would be general fund revenue.

Committee members expressed their excitement with the thoughtfully designed project noting the transformation of underused city-owned property into much needed housing bordering the Douglass Field.

The meeting was opened for public comment. Nathan Szanton, the developer of 45 Dougherty, spoke of the family friendly project located near schools, the Skate Park, and Dougherty Field. He also reminded the Committee of the work already put into the project (rezoning) and still to come (financing with MaineHousing). He also indicated he believed the recommended graduating AHTIF was an error as he had requested and was expecting a 75% AHTIF for 30 years. Mary Davis confirmed the applicant did request those terms which the underwriting consultant did not support. Rather, the consultant's final recommendation was based on terms that work best for

the project on behalf of the City. The Committee and Nathan Szanton discussed the terms and the timing of the AHTIF. Per Mr. Szanton, to avoid asking for more time to close on the Purchase and Sale Agreement, he would prefer the Committee to forward a recommendation to the Council in time for their August 15 meeting. Councilor Chong requested the recommendation to the Council include materials documenting the impact of inflation on development costs. The Committee agreed their recommended motion is based on the understanding that the consultant and developer will continue discussions which may impact the terms of the AHTIF request submitted to the Council.

On motion made by Councilor Chong, seconded by Councilor Rodriguez to approve an Affordable Housing TIF financed through a Credit Enhancement Agreement at 75% of the increased assessed value tax revenue for 30 years for the 45 Dougherty Project, the Committee voted 2-2 not to approve.

On motion made by Councilor Zarro, seconded by Councilor Rodriguez, to approve a graduated Affordable Housing TIF financed through a Credit Enhancement Agreement at 75% of the increased assessed value tax revenue during years 1 through 10, at 50% of the increased assessed value tax revenue during years 11 through 20, and at 25% of the increased assessed value tax revenue during years 21 through 30 for the 45 Dougherty Project, the Committee voted 4-0 to approve.

**Item #4 (Public Hearing) Review and Vote to Approve Additional Funding Request for the Phoenix Flats Project at 83 Middle Street.**

Mary Davis introduced this item by noting Community Housing of Maine (CHOM) is requesting an additional subsidy from the City of Portland for their project currently under construction at 83 Middle Street. In September of 2019, the City Council approved \$330,000 in

affordable housing development funding for this project and an Affordable Housing TIF Credit Enhancement Agreement. Due to the rising costs of construction and unexpected environmental remediation costs the developer is seeking an additional subsidy of \$255,800 to fill the gap created by these unforeseen costs.

Committee members expressed their support of this development, on formerly city-owned property, and request based on the recognition of rising costs.

The meeting was opened for public comment, seeing none, the public comment period was closed.

On motion made by Councilor Chong, seconded by Councilor Rodriguez, the Committee voted 4-0 to approve the additional funding request for the Phoenix Flats Project at 83 Middle Street.

**Item #5 Communications: 2022 Work Plan and Schedule**

Committee member did not offer changes to the 2022 Work Plan and schedule.

On motion made by Councilor Zarro, seconded by Councilor Chong, the Committee voted 4-0 to adjourn the meeting at 6:43p.m.

Respectively submitted, Victoria Volent