Housing & Economic Development Committee Meeting

Tuesday, March 21, 2023 at 5:30 PM
Via Zoom Link Below

MEMBERS
Councilor Pious Ali, Chair
uncilor Roberto Rodríguez
Councilor Mark Dion
Councilor Regina Phillips

The Housing & Economic Development Committee will conduct this meeting remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Portland City Council. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live either in person or via Zoom, a recording will be available in the Agenda Center following the meeting.

For public comment via Zoom, you will need to use the "raise your hand" feature. To raise your hand via the telephone, please hit *9. You will be unmuted by the host when it is time for public comment.

Please click the link below to join the webinar:
https://portlandmaine-gov.zoom.us/j/88317133775?pwd=SUwxaXovTU9nMHZrRi9UQmN4YXVQdz09
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To submit written public comment on an agenda item, email edd@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Housing & Economic Development meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

1. Review and accept Minutes of previous meeting held on February 21, 2023.

a. See attached draft Minutes.

2. (Public Hearing) Review and recommendation to the City Council - 2023 Jill C. Duson Housing Trust Fund Annual Plan.

a. See attached Memorandum and Annual Plan.

3. **(Public Hearing) Review and vote to approve the issuance of 2023 Affordable Housing TIF and Affordable Housing Development Fund application for the Jill C. Duson Housing Trust Fund, HOME Program.**

a. See Memorandum and backup.

4. **(Public Hearing) Review and recommendation to the City Council to continue to participate in the Cumberland County HOME Consortium.**

a. See attached Memorandum and backup.

5. **Executive Session: Review and provide direction to staff on negotiations with USL Soccer Proposal at Fitzpatrick Stadium.**

a. Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee will go into executive session to provide staff direction on negotiations.

6. **Communication - No vote or public hearing required.**

a. See attached 2023 Committee Work Plan and Schedule

7.

Next Meeting Date: April 4, 2023

Minutes

Remote Housing and Economic Development Committee

February 21, 2023

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, February 21, 2023, at 5:30 p.m. via Zoom. Present from the HED Committee were Chair Councilor Pious Ali, and members Councilors Mark Dion, Regina Phillips, and Roberto Rodriguez. Present from the City staff were Interim Housing and Economic Development Department Director Mary Davis, Acting Corporation Counsel Michael Goldman, Assistant City Manager Anne McGuire, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on January 17, 2023

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

Item #2: Workshop- Responsibilities of the Housing and Economic Development Department

Ms. Davis gave a high-level overview of the Department noting that there are 16 full-time positions that, for one, assist with staffing 11 different committees. This while being down to 9 positions that are filled with 7 vacant. The Department consists of the Housing and Community Development Division, Economic Development, Office of Economic Opportunity, and Office of Creative Portland. (See attached presentation for more information.)

Councilor Rodriguez, noting the vast work of the Department, suggested that there be a good process in place when someone leaves or retires that their knowledge and institutional information does not get lost.

On another subject, Councilor Rodriguez apologized but he would need to leave this meeting at 6:00 p.m. for about a half hour and would then return. (Post note: he returned at 6:45 p.m.)

Seeing no further questions/comments, Chair Councilor Ali thanked Ms. Davis for the refresher on the work of the Department.

Item #3: Review letter from the Rental Housing Advisory Committee (RHAC)

Regan Sweeney, the Vice-Chair of the Rental Housing Advisory Committee presented this item by noting the RHAC is requesting a restatement/clarification of the charge and duties for the committee so that they can better serve the City and its citizens. Absent such revised guidance, the committee feels it is unable to take any meaningful action, and would recommend that the City Council disband the RHAC. The impetus for the request is in light of the recent expansion of the Rent Board's authority. The RHAC is separate from and independent of the Rent Board and its activities, and is seeking to avoid any duplication or otherwise redundant work. The RHAC also seeking a mechanism by which they can be effective and heard by the Housing and Economic Development Committee and City Council.

The HEDC and RHAC considered and discussed maintaining the RHAC with the charge of adopting policy that promotes solutions and enhances tenant safety (which is not under the Rent Board purview). Should however the RHAC be disbanded, the HEDC (with advice from Corporation Counsel) also discussed the procedure to amend the Ordinance (by the full Council) towards dismantling the Committee. The HEDC noted that as the oversite body, they should provide leadership and focus on items of interest for the RHAC to address while the RHAC indicated they are looking for both a clear mission in which a tenant/landlord perspective would be of valuable input, as well as a mechanism in which to make recommendations to the Council. The HEDC will incorporate suggestions and feedback received during the discussion to formulate next steps.

Item #4: Public Hearing- Review and recommendation to the City Council- FY2024 Housing Program Budget

Ms. Davis presented 2023-2024 Housing Program Budget to the Committee. This is an annual budget for HEDC recommendation. The budget is then incorporated into the packet of Housing and Community Development items that are reviewed by the City Council in two public hearings in March and April. A brief history of the HOME Program was shared with the Committee followed by a more in-depth discussion of the Housing Program Budget which includes allocation of the HUD HOME funding, Lead Safe Housing program income and Housing Trust Fund. As HUD has not announced the 2023-2024 HOME funding, an estimated amount based on the previous year's allocation is in the budget proposal. The Lead Safe Housing Program Income is generated through repayment of loans given under prior Lead Safe Housing Grants. The City also has a Lead Hazard Reduction Grant of $2,038,041 in funding for lead paint remediation and $503,655 in funding to assist with code and life safety improvements. The Housing Trust Fund has a current balance of $4,204,156. Staff recommends maintaining a minimum balance of $500,000 which would allow an effective budget of $3,704,156.

HUD has indicated the funding allocations for FY23-24 should be available on February 27. Subsequently, the adjusted Housing Program Budget will be available during the March and April City Council public hearings.

In response to the Committee's inquiry into the Lead Program, Ms. Davis noted the Lead Housing Program Manager position is now filled and the City is accepting applications for the five-year forgivable loans (the average loan is $10,000 per unit but can go up to $20,000 per unit). The lead grant is a county-wide program with a target area of Portland and Westbrook. Property owners who participate in the program agree to rent lead-safe units at certain affordability levels with priority to households with children under age six.

The Committee also asked clarifying questions regarding; the maintenance of a $500,000 minimum balance in the Housing Trust fund to purchase a homeownership unit (to ensure the unit remains deed restricted for affordability) in case of foreclosure; the Municipal Oversite Committee (MOC) (which is made of representatives from each CDBG-County community); the role of the HEDC in determining policy goals and the mechanics for disbursement of funds from the Jill C. Duson Housing Trust Fund; the calculation of the administration budget (which is 10% of all total funding); the utilization of Tenant Based Rental Assistance to pay for security deposits and first-month's rental assistance for individuals and families residing in homeless shelters (program oversight and daily operations are based out of the City's Social Services Division); the Lead Hazard Program Income (the source of which is the repayment of previous loans and grants that does not allow for a steady stream of income that can be relied upon year to year as opposed to the actual three-year Lead Hazard Reduction Grant which has already been established); the assistance provided with completion of the *Affordable Housing Development and AHTIF Application* (staff is available and welcomes questions from applicants); if when determining funding, based on the requests received in the *Affordable Housing Development and AHTIF Application*, is there a priority for disenfranchised developers or is there a priority for specific type of housing units (funding is tied to affordability requirements of the household (not developer) for each program (HOME/HTF/AHTIF), however the Council could set parameters around developer priority); can a priority be established to determine which households (such as asylum seekers) benefit from the HOME/HTF/AHTIF funding (the Fair Housing Act prohibits discrimination based on seven different protected categories, and prohibits discrimination on who is either eligible or ineligible for housing. Any priority determinations must take into consideration Fair Housing standards to avoid creating ineligibility criteria that discriminates); does the City try to appeal to developers who have the capacity to create large projects that would include ten or more units so that Inclusionary Zoning is triggered (the City does not fund projects to assist with meeting the requirements of Inclusionary Zoning (IZ).

HOME/HTF/AHTIF funding is for projects that go well above and beyond the affordability levels and IZ requirements); capacity is not about the anticipated margins for profit, but rather if the developer has access to technical resources and has demonstrated construction experience to complete a housing project; and who establishes the guidelines for the Jill C. Duson Housing Trust Fund (the Ordinance sets out the parameters on how the funds may be used. Staff creates an annual plan for review by the HEDC for approval and recommendation to the full Council for adoption. The annual plan establishes the funding parameters).

Chair Councilor Ali opened the meeting to public comment. Seeing no request to speak, the public comment period was closed.

On motion made by Councilor Phillips, seconded by Councilor Dion, the Committee voted unanimously (4-0) to forward the FY2024 Housing Program Budget to the City Council with a recommendation for approval.

Item #5: Public Hearing- Review and recommendation to the City Council- HOME-ARP Program Plan

Victoria Volent introduced the HOME ARP program which is intended to provide homelessness assistance and assistance to other vulnerable populations. Those vulnerable populations include; the homeless; those at-risk of homelessness; those fleeing/attempting to flee domestic violence; and populations where assistance would prevent homelessness. The HOME ARP program provides assistance by; providing affordable rental housing; tenant based rental assistance; supportive services; and non-congregate shelter development. The Cumberland County Consortium, which is a partnership between the City of Portland and Cumberland County, received $3,594,143 in HOME American Rescue Plan funding. To receive the funding, HUD requires the submission of an Allocation Plan describing the process undertaken by the Consortium for consultation by required groups, impacted populations, service provides, public agencies, and other organizations. The Allocation Plan is a summary of the information gathered from those consultations; it is a review of current conditions, and an assessment of the needs and gaps for qualifying populations within Cumberland County. The Allocation Plan describes the process for determining the most effective uses of the HOME ARP funding. This evenings meeting is an opportunity for review and public comment.

The Committee asked clarifying questions.

Chair Councilor Ali opened the meeting to public comment. Seeing no request to speak, the public comment period was closed.

On motion made by Councilor Rodriguez, seconded by Councilor Phillips, the Committee voted unanimously (4-0) to forward the HOME ARP Allocation Plan to the City Council with a recommendation for approval.

Item #6: Public Hearing- Review and recommendation to the City Council- Thames Street Purchase and Sale Agreement

Chair Councilor Ali asked if the Committee needed to go into executive session, and Mr. Goldman said that, at this time, it is not necessary. Should the Committee feel that it needs to provide further direction on negotiations to staff, then it would be appropriate. The complete proposed Purchase and Sale Agreement (PSA) is in the packet for a recommendation to the City Council.

Ms. Davis said that this item has been before the Committee a few times, for the sale of the remaining portion of City-owned on Thames Street. The City Council previously approved of the Request for the Proposals for its sale, which resulted in one proposal being received. That proposal is the subject of the PSA.

Ms. Davis noted that the proposal for a mixed-use, multi-tenant office building, with the main tenant being WEX. The development is consistent with the Eastern Waterfront Master Plan to support development along Portland's waterfront adjacent to WEX's headquarters on Thames Street. The purchase price is $1.1 Million, and the total value to the City for other inkind contributions is $2.69 Million. Those contributions include City ownership transfer of the Connector Road and access to 13 on-street parking spaces, cash for public restroom, easements for pedestrians through Mountfort Street Extension (from Thames to Fore Street) and Hancock Street to the Connector Road. In addition, the new construction will increase the City's tax base with an estimated $170,000 annually in new property taxes, as well as the quality jobs for the construction and office tenant makeup. City staff recommends approval of the proposed PSA.

Councilor Phillips asked if the sales price will go to the City General Fund or to the Jill C. Duson Housing Trust Fund.

Mr. Goldman noted that the funds are not yet ear-marked; this would be handled by the City Council as a separate item when the property sale closes.

Chair Councilor Ali opened the meeting for public comment. Seeing none, he then closed the public comment session.

A motion was then made by Councilor Phillips, seconded by Councilor Rodriguez, to forward the proposed PSA to the City Council for approval. A vote was then taken on the motion and it passed 4-0.

Item #7: Communication – No vote or public hearing required – 2023 Committee Work Plan and Schedule.

Chair Councilor Ali noted this Communication and should Committee members have feedback to contact either him or Ms. Davis.

On motion then made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee voted 4-0 to adjourn the meeting at approximately 7:35 p.m.

Respectfully, Lori Paulette and Victoria Volent

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

MEMORANDUM

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

FROM: Mary Davis, Interim Director

DATE: February 17, 2023

SUBJECT: Responsibilities/Overview of the Housing and Economic Development Dept.

As the Housing and Economic Development Committee begins its work for 2023, I thought it would be helpful to provide an overview of the work and areas of responsibilities for staff within the Housing and Economic Development Department. As with all City Departments, we perform the operational duties of our Department under the direction of the City Manager, who provides guidance and oversight regarding the implementation of policy set by the City Council.

Attached you will find an overview of the divisions and program areas within the Housing and Economic Development Department. These include:

- Economic Development Office;
- Office of Creative Portland;
- Office of Economic Opportunity; and,
- Housing and Community Development.

We look forward to highlighting the program areas with you and any questions you may have.

HOUSING AND ECONOMIC DEVELOPMENT DEPARTMENT
of the City of Portland, Maine

The Housing and Economic Development Department (HEDD) provides Portland with a ***positive financial return to support increased private sector investment, associated property tax revenue, jobs for area residents, affordable housing, economic opportunities for Portland’s diverse population, including its businesses and the creative economy sector***.

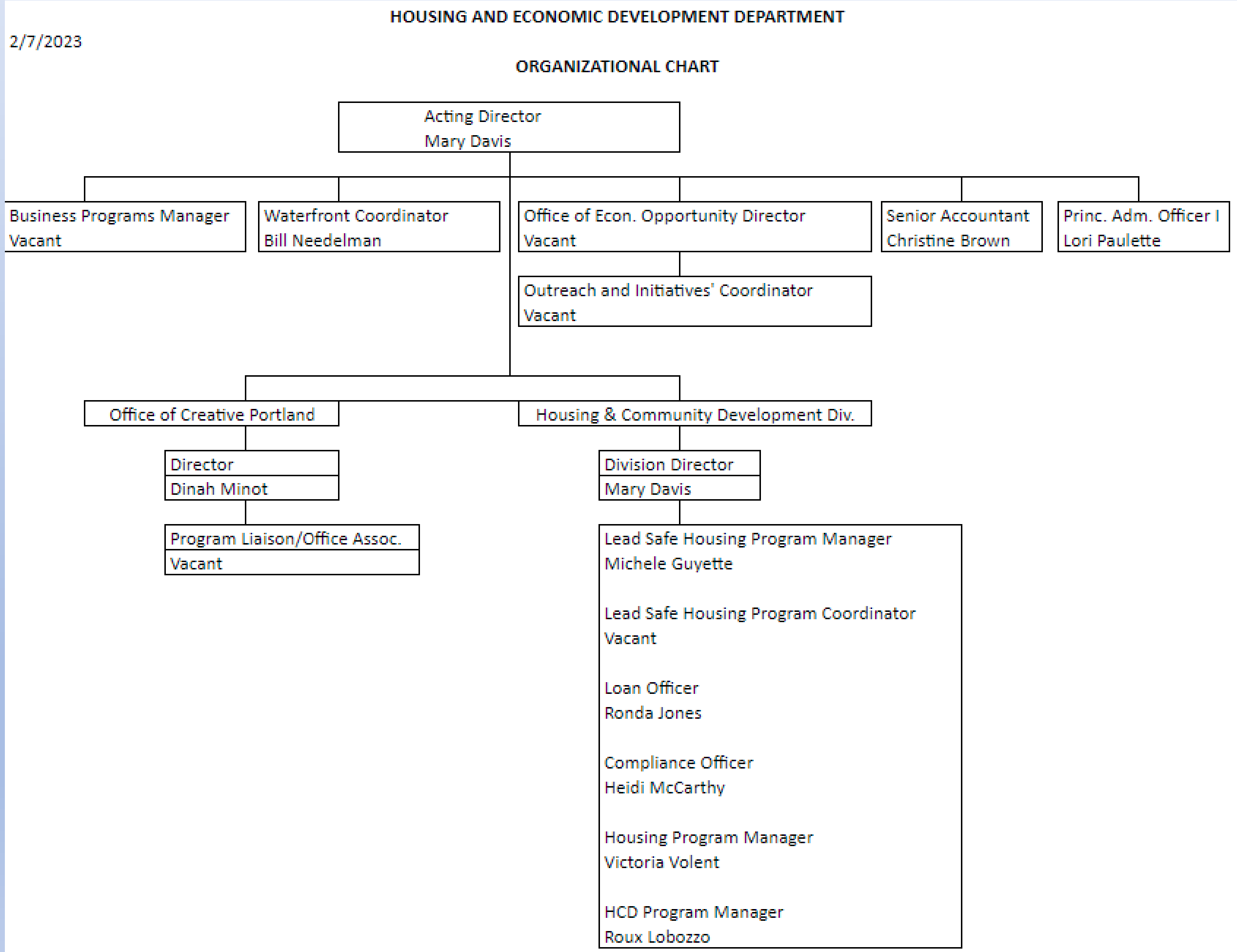
The HEDD takes the lead on Portland’s business assistance, retention, expansion, and recruitment programs; affordable housing development; economic opportunities for Portland’s diverse populations and creative economy sector; and is the steward of Portland’s waterfront.

The HEDD serves as staff to the City Council’s Housing and Economic Development Committee.

Housing and Economic Development Department website link.

Annual Operational Budget

The HEDD includes sixteen (16) full-time staff with an FY2023 annual budget of approximately $1.48 million. Department staff costs are offset by tax revenue generated from Tax Increment Financing Districts, U.S. Department of Housing and Urban Development Grants (CDBG and HOME), and the Portland Fish Pier Authority.



Economic Development Office

The Economic Development Office provides comprehensive assistance to businesses at every stage of development and growth, whether just starting up, expanding, or relocating to the City of Portland. Services are designed to streamline doing business in Portland.

Examples below of program areas:

- Brownfields Redevelopment Program/Grants from USSEPA of Over $5.2 Million for the Department for Phase I and Phase II Environmental Site Assessments and remediation and clean-up in the form of grants/loans to businesses and non-profits.

- Business Loan Programs/Since Inception in 1991 through Fiscal Year End 2022 Over $12.5 Million Approved

- Tax Increment Financing/Active Districts: 3 Area-Wide TIF Districts, including a Downtown TOD TIF, TOD TIF At Thompson's Point, 17 Affordable Housing TIF Districts, 3 Commercial TIF Districts

Committees staffed by the Economic Development Office:

- Portland Development Corporation (City's Business Lending and Granting Board)

- City-Owned and Tax-Acquired Property Committee (internal staff Committee)

The City’s Economic Development office facilitated the sale of City-owned land on Thames Street through an RFP process which resulted in it being purchased and developed for the WEX Headquarters.

Office of Creative Portland

Mission is to support the Creative Economy through the arts by providing essential resources, fostering partnerships, promoting Portland's artistic talents and cultural assets. As the official nonprofit arts agency, we support economic development efforts by strengthening and stimulating our workforce, creative industries, and enterprises. Creative Portland website link.

Examples below of program areas:

- First Friday Art Walk
- Arts and Culture Summit
- Arts in the Chamber
- Hear Here
- Cultural App Development
- Fiscal Sponsorships & Volunteers
- Cultural Events Calendar
- Arts and Music Festivals
- CP Art Gallery
- Portland Artist Relief Fund
- Public Art – Creative Bus Shelters, Art Banners for Public Health

Batimbo United, ART OUTTA THE PARK, Sea Dogs Field, 2018

Committees staffed by the Office of Creative Portland:

- Creative Portland Board of Directors

-

Office of Economic Opportunity

Mission is to convene and leverage public and private partners to assure optimal communication and collaboration so that racially and ethnically diverse communities, including immigrants and refugees, and other underserved populations, have access to jobs and related support services, as well as economic opportunities.

OEO's scope of work is guided by its current Strategic Action Plan for Inclusion, with four core outcome areas:

- Economic Inclusion and Development
- Civic Inclusion
- Cultural and Social Inclusion
- Welcome-Ability

Natural Helpers Graduation Ceremony

OEO is the only office of its kind in Maine. Its core function is as a convener and not as a direct service delivery agent except for two signature initiatives: Portland Professional Connections and the Natural Helpers Leadership Program. Both initiatives have become national models.

OEO also supports internal efforts pertaining to racial equity and Language Access compliance

Housing and Community Development

Administers Federally-funded programs that work in partnership with others (government, business, non-profits) to develop strong communities by creating decent and safe affordable housing, expanding economic opportunities, and providing programs that serve the most vulnerable in our community. HCD website link.

Programs of Services:

- Community Development Block Grant (approximately $1.9 million annually)
- HOME Program – County-wide consortium; Affordable Housing Development, Tenant Based Rental Assistance (approximately $900,000 annually)
- Local Housing Trust Fund – Affordable Housing Development (current balance approximately $2.3 million)
- Lead Safe Housing Program ($2.5 million grant, 42 month period of performance through 6/30/2023; extension to be requested through June 30, 2024)
- Affordable Housing Tax Increment Financing

Committees Staffed by the HCD Division:

- Rental Housing Advisory Committee
- CDBG Annual Allocation Committee
- CDBG Priority Task Force (meets every 3-5 years)
- Assist with staffing the City Council's Housing and Economic Development Department

Waterfront Economic Development Office

The Waterfront Coordinator represents the City's HEDD to promote the waterfront as a center of economic activity, to assist other departments with the management of the City waterfront facilities, and to create opportunities for all Portlanders to participate in harbor activities as a part of their everyday lives.

Programs of Service:

- Waterfront Policy, Land Use, and Zoning
- Eastern Waterfront development, including open space, public access, and community boating
- Climate Change
- Communications and Community Relations – liaison with Harbor Commission, State and Federal agencies, including: FEMA Solutions Based Team for Marine Infrastructure, SEAMaine Seafood Marketing Committee, Maine Offshore Wind Supply Chain and Ports Working Group, and Maine Climate Council, Marine, and Coastal Workgroup.

Special Projects:

- Harbor Dredging and Sediment Disposal
- Portland Fish Pier Strategic Planning
- Public Landing at Ocean Gateway

Committees Staffed by the Waterfront Coordinator:

- Portland Fish Pier Authority
- City Manager's Waterfront Working Group
- Island Broadband Planning

Serving commercial vessels at the Portland Fish Pier

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

TO:	Councilor Pious Ali, Housing and Economic Development Chair Members of the Housing and Economic Development Committee
FROM:	Mary Davis, Interim Housing and Economic Development Director
DATED:	March 17, 2023
RE:	Agenda Item #2: 2023 Jill C. Duson Housing Trust Fund Annual Plan Agenda Item #3: 2023 Affordable Housing TIF CEA and Affordable Housing Development Fund Application

Introduction

Staff is seeking direction from the Housing and Economic Development Committee regarding guidelines and priorities for the allocation of city resources (i.e. HOME, Jill C. Duson Housing Trust Fund, and Affordable Housing Tax Increment Financing) as outlined in the attached *July 1, 2023 – June 30, 2024 Affordable Housing Development and Tax Increment Financing Application*, and the 2023 *Jill C. Duson Housing Trust Fund Annual Plan.* Additionally, staff is requesting that the Committee vote to recommend that the City Council adopt the 2023 *Jill C. Duson Housing Trust Fund Annual Plan*, as required under the Housing Trust Fund Ordinance.

Background

The *Affordable Housing Development and Tax Increment Financing Application* is amended on an annual basis to reflect the City Council's housing policy goals. Since 2002, the City of Portland has utilized an annual application and/or RFP process for the allocation of city resources budgeted for the development of affordable housing. In 2013, with the approval of the City Council's Housing Committee, the current application format was implemented. The application establishes the goals for distribution of funds and/or the designation of an affordable housing TIF.

The *Jill C. Duson Housing Trust Fund Annual Plan* is amended annually by the City Council's Housing and Economic Development Committee during public hearings with a referral to the council for adoption (per Section 18.3 of the Land Code). The plan establishes the priorities in which the current balance of the Housing Trust Fund would be allocated.

Both the *Affordable Housing Development and Tax Increment Financing Application* and the *Jill C. Duson Housing Trust Fund Annual Plan* include the City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity, in order to recommend the most qualified application based on the information submitted.

The *Affordable Housing Development and Tax Increment Financing Application* will be distributed and made available to the public in several different ways. The Housing and Economic Development Department has several interested parties lists. The application will be distributed through these email lists. In addition, HCD staff will work with the City's Communication office to utilize all available public notice and social media tools. The application will be available on the City's website as well as through a new online portal called Neighborly. Staff will be available to provide technical assistance to any person or organization interested in completing the application. Additionally, HCD staff will review the application along with the distribution and evaluation process with Umaru W. Balde, the City's new Justice, Diversity, Equity and Inclusion Director to ensure compliance with the City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity.

The chart below identifies the affordability restrictions associated with the each of the financial resources available to the City for investment in housing development.

	at or below 60% AMI		over 60% to 80% AMI		over 80% to 100% AMI		over 100% to 120% AMI	
	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental
HOME	X	X	X					
Jill C. Duson Housing Trust Fund	X	X	X	X	X	X	X	X
Affordable Housing TIF	X	X	X	X	X	X	X	X

2023 Housing Investment Goals and Priorities

The priorities below, from the *2023 Jill C. Duson Housing Trust Fund Annual Plan*, and General Information (Section B) of the *2023 Affordable Housing Development and Tax Increment Financing Application* are for Committee review to ensure agreement with the City Council 2023 Common Goals.

> *Shovel ready projects are strongly encouraged. The term shovel ready is defined as a project that has received funding approvals from federal, state, local or private sources and demonstrates the ability to move to a construction loan closing by January 2024.*
>
> *Priority for the use of Jill C. Duson Housing Trust Funds will be to support public/private partnerships that create workforce housing units that are affordable to households earning 60% to 100% of the area median income.*
>
> *Priority for the use of HOME Program funds will be given to developments that provide rental housing units to households earning 60% of the area median income and below. Projects with mixed income targeting and a mix of bedroom size are strongly encouraged.*
>
> *Priority for the use of the Affordable Housing Tax Increment Financing Program*

(AHTIF) will be to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units that are affordable to households earning 60% to 100% of the area median income. To comply with the AHTIF Statute's requirements, at least 33% of the housing units in the district shall be affordable housing.

Priority for housing development that supports the Comprehensive Plan goal for development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and along transit nodes and corridors as a means of supporting complete neighborhoods.

Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in the Scoring Section as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicants funding request. Developments should incorporate quality, sustainable design.

Eligible Project Guidelines

The guidelines below, from the Scope of Work (Section A General Specifications- Eligible Projects) portion of the *2023 Affordable Housing Development and Tax Increment Financing Application*, and Eligible Projects section from the *2023 Jill C. Duson Housing Trust Fund Annual Plan* are for Committee review to ensure agreement with the City Council 2023 Common Goals.

Projects receiving HOME funding must create ***rental*** *housing units which promote economic diversity within the development and within the neighborhood in which the development is located.*

Projects receiving HTF funds or an AHTIF District Credit Enhancement Agreement must create housing units that promote economic diversity within the development and within the neighborhood in which the development is located.

Staff Recommendation

Staff is seeking Committee approval to establish the 2023 affordable housing investment priorities, goals for distribution of funds, and eligible project guideline for incorporation into the 2023-2024 *Affordable Housing Development and Tax Increment Financing Application* and *2023 Jill C. Duson Housing Trust Fund Annual Plan*. Additionally, staff is requesting that the Committee vote to recommend that the City Council adopt the *2023 Jill C. Duson Housing Trust Fund Annual Plan*, as required under the Housing Trust Fund Ordinance.

Attachments
Agenda Item #2 2023 Jill C. Duson Housing Trust Fund Annual Plan
Agenda Item #3 2023 Affordable Housing Development and Tax Increment Financing Application

JILL C. DUSON HOUSING TRUST FUND
2023 ANNUAL PLAN

The Jill C. Duson Housing Trust Fund (also referred to as Housing Trust Fund or HTF) is established by Chapter 14, Section 18.3 of the City's Code of Ordinances. Section 18.3.4 states that "each fiscal year the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action."

The Annual Plan establishes the priorities in which the current balance of the Housing Trust Fund would be allocated and should be in conformity with the 2023 City Council Common Goal *"Housing is a necessity within our community to preserve human dignity, provide shelter and safety, ensure quality of life, promote self-determination and economic growth."*

2023 ANNUAL PLAN

City Ordinance requires that the Jill C. Duson Housing Trust Fund Annual Plan include a description of funding priorities, the amount of funds budgeted, and a description of how funds will be distributed among very-low, low, and moderate income households.

Funding Budget

The funding budget is based on the balance of $4,204,156 in the Housing Trust Fund as of March 1, 2023. The Housing Trust Fund designs to maintain a minimum balance of $500,000 in order to have resources to act quickly when there is an emergency, such as a need to cure a potential mortgage default that could result in loss of an affordable unit. This right to cure will be included in the affordable housing covenants that are recorded in the Cumberland County Registry of Deeds for each affordable unit.

In addition to the funding noted above, the Portland City Council allocated $1,000,000 from the first tranche of American Rescue Plan Act (ARPA) funding and $4,110,000 from the second tranche of ARPA funding for housing development. These funds are to be administered through the Jill C. Duson Housing Trust Fund.

The funding available from the Jill C. Duson Housing Trust Fund is **$3,704,156 (**$4,204,156 less $500,000) plus **$5,110,000** for a total of **$8,814,156.**

Funding Priorities

Housing Trust Fund resources should focus on opportunities where other funding sources do not work or are not effective, such as projects designed to create housing affordable to households earning at or below 50% of the area median income, or projects designed to create housing affordable to households earning 60% to 100% of the area median income.

Priority for the use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units that are affordable to households earning 60% to 100% of the area median income. Shovel ready projects with mixed income targeting and a mix of bedroom size are strongly encouraged.

The term shovel ready is defined as a project that has received other funding approvals from federal, state, local, or private sources and demonstrates the ability to move to a construction loan closing by January 2024.

Funding Distribution

Housing Trust Funds will be distributed through a competitive application process. The *Affordable Housing Development and Tax Increment Financing Application* will be issued, at a minimum, on an annual basis to notify potential applicants that the application is available. Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in Attachment #1 as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

Recommendations will be forwarded to the City Council's Housing and Economic Development Committee for review. Housing and Economic Development Committee recommendations will be forwarded to the City Council for final review and approval.

Goals for Distribution

The goal for the distribution of these funds is for the "promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the city" (Chapter 14 Section 18.3.B of the City's Code of Ordinances). Development should be consistent with the Annual City Council Common Goals, the City's Comprehensive Plan and the HUD Five-Year Consolidated Plan. The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicants funding request. Developments should incorporate quality, sustainable design.

Eligible Projects

Projects receiving Housing Trust Funds must create housing units that promote economic diversity with the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and rehabilitation of existing units that creates or maintains affordable units is eligible

In this Plan, adaptive reuse is defined as creating housing in an existing building that was originally built or designed for a use other than housing.

Housing Trust Fund resources are also intended to promote the retention of affordable housing. Housing Trust Fund resources should also be made available, if necessary, to exercise the City's right of first refusal in connection with potential foreclosure issues with affordable homeownership units. The City shall have a right of first refusal if an affordable unit is forced to sell due to increased fees or has become delinquent in its payments and is in risk of foreclosure or any other legal threats to the Unit's affordability restrictions. The City shall also have the option of using Housing Trust Funds to support affordable units facing large special assessments that may pose a risk to the owner household's ability to maintain their unit's affordability. The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit owner. The intent is to ensure affordability of the unit for eligible households.

Financing Parameters

Housing Trust Funds should be a resource of last resort and should be focused on opportunities where other funding sources do not work or are not effective. Applicants requesting financial assistance from the Housing Trust Fund must provide documented efforts made to obtain other private, federal, state or local resources for the project.

Form of Awards

A variety of funding mechanisms will be utilized including no-interest loans, below-market loans, forgivable loans, and grants. Type of funding will be determined after review of a number of factors including amount necessary to make the project feasible, the project type, income targeting, number of affordable units, and duration of the affordability period.

Maximum Award Amount

Awards will be determined on a per affordable unit basis. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied into the goals outlined in the City's Comprehensive Plan.

Affordability Restrictions

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit, which is presumed to be a minimum of thirty (30) years but may be longer. In the case of ownership housing, the units must remain affordable for the longest feasible time while maintaining an equitable balance between the interests of the owner and the interest of the City of Portland. These restrictions must be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds

Affordable Housing Agreement

In the case of ownership housing, the owner of each affordable unit will be required to sign and record in the Cumberland County Registry of Deeds an Affordable Housing Agreement (AHA) with the City and to include the affordability restrictions as a covenant to the project's deed. The Affordable Housing Agreement shall be referenced directly in the property's deed unless prohibited by federal, state, or local law. In order to guarantee affordability in homeownership units, this recorded covenant will limit increases in sales price according to the calculation defined by the City as defined in the implementation regulations. It will limit the incomes of subsequent buyers to the same income limits initially applied. It will also provide a right of first refusal and other purchase rights to the City or its designee (e.g. another eligible household, or a nonprofit corporation).

Sales must be made through an arms-length arrangement. No employee, agent, stockholder, officer, director, servant, or family member of the Owner or its Management Company, or its employees, agents, or servants thereof, related either by blood, marriage, or operation of law may qualify for a unit financed with Housing Trust Funds or receive any benefit related in any way to the administration or compliance with the conditions contained therein.

Affordability

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

Right of First Refusal

The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit's owner. The intent is to ensure affordability of the unit for eligible households.

Implementing Regulations

Regulations to further specify the details of the parameters outlined in this Annual Plan, maybe developed, including, but not limited to:

1. Specific methodology for income verification; and
2. Underwriting criteria.

Attachments

1) Point System for Evaluating and Scoring Applications
2) Sources and Uses of Jill C. Duson Housing Trust Fund

Attachment 1
Point System for Evaluating and Scoring Applications (Max 115)

Policy Objectives: Total 50 Points
Proposed use of funds to achieve the City of Portland's goals and address demonstrated need. 26 points
Maximum points will be awarded for those applications that:

1. Market Demand - 4 points
    a. 4 points - high demand, meets the City's income targeting priority,
    b. 1 point - moderate demand, sufficiently meets the City's income targeting priority
    c. 0 points - does not demonstrate sufficient market demand, does not meet the City's income targeting priority
2. Zoning - 8 points
    a. 8 points - development requires no zoning amendments or contract or conditional zone
    b. 5 points - development requires a zoning amendment which is consistent with the City Comprehensive Plan
    c. 0 points - development requires rezoning that is not consistent with the City's Comprehensive Plan
3. Economic diversity - 6 points
    a. 6 points - creates housing options which promote economic diversity within the development **and** within in the neighborhood in which the development is located
    b. 5 points – creates housing options which promote economic diversity within the neighborhood in which the development is located
    c. 4 points – creates housing options which promote economic diversity within the development (a mixed-income development)
    d. 0 points does not promote economic diversity
4. CHDO - 2 points
    a. 2 points - developer and owner are both controlled by CHDO
    b. 1 points - either developer or owner are controlled by CHDO
    c. 0 points neither developer nor owner are controlled by CHDO
5. City Subsidy - 6 points
    a. 6 points - investment from City is <$10,000/unit
    b. 5 points - investment from City is > or = $10,000 and <$12,000/unit
    c. 4 points - investment from City is > or = $12,000 and <$14,000/unit
    d. 3 points - investment from City is > or = $14,000 and <$16,000/unit
    e. 2 points - investment from City is > or = $16,000 and <$18,000/unit
    f. 0 points - investment from City is > or = $18,000/unit

Impact on surrounding neighborhood, including design compatibility and environmental issues. 24 points
Maximum points will be awarded for those applications where:

1. Site Selection - 7 points
    a. 7 points – fully appropriate for use, project supports Comprehensive Plan goal for development along transit notes and corridors

b. 5 point – appropriate, some concerns
c. 0 points – significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors

2. Exterior Design - 5 points
    a. 5 points - the design is fully consistent with neighborhood design characteristics,
    b. 3 points - the design is an adequate fit with the neighborhood design,
    c. 0 points - the design is a significant outlier
3. Amenities and unit design - 7 points
    a. 7 points -amenities & unit design are well thought out and appropriate for residents,
    b. 5 points - amenities & unit design are adequate,
    c. 0 points -amenities and unit design raise significant concerns that resident needs will not be adequately addressed
4. Environmental - 5 points
    a. 5 points – Phase I identifies no environmental issues
    b. 3 points - Phase I identifies an environmental issue, but a Phase II shows a feasible, economically viable resolution which is included in the budgets;
    c. 0 points - there are significant unresolved environmental issues, or no Phase I has been received.

Underwriting Criteria: Total 65 Points
Financial feasibility, including cost, development budget operating pro forma and the provision of secured and leverage funds. 20 points

Maximum points will be awarded for those applications that:

1. Development budget & sources and uses - 10 points
    a. 10 points - EVERY development budget line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"
2. Operating pro forma – 10 points
    a. 10 points - EVERY operating pro forma line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"

Applicant's ability to complete and operate project, including development team experience, capacity, property management track record, project readiness and timeframe for completion. 45 points

Maximum points will be awarded for those applications that:

1. Readiness to proceed - 10 points
    a. 10 points – project meets the shovel ready definition noted in the Funding Priorities section above.
    b. 7 points - at least one letter of commitment or interest is included and ALL projected sources are projected at terms and conditions consistent with the City's prior experience with the funder.
    c. 5 points - ALL projected sources of funding include letters of commitment, letters of interest, or, if no letter is included, are projected at terms and conditions consistent with the City's prior experience with this funder.
    d. 0 points - one or more sources are projected on terms that are not consistent with the City's prior experience with the funder and are not documented by letter(s) from funder(s).
2. Construction Time Line – 5 points
    a. 5 points – There is a strong likelihood the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents;
    b. 2 points -There is a small likelihood the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents;
    c. 0 points -it is unlikely the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents
3. Track record of development team - 10 points
    a. 10 points - every development team member has a successful track record with this type of project and at this scale
    b. 7 points - all but one development team members have a successful track record with this type of project and at this scale; one development team member has relevant experience but at a smaller scale or not of this project type
    c. 3 points - two development team members, while having relevant experience, are new to this type of project or this scale of development
    d. 0 points - the development team does not meet the criteria above
4. Current Capacity of development team - 10 points
    a. 10 points - development team members have exceptional depth of human and financial resources to complete this project;
    b. 8 points - development team members have the human and financial resources to complete this project;
    c. 3 points - development team has a staffing gap in a significant role and a plan to address that gap, OR there are some concerns about the financial resources of the team to move the development forward;
    d. 0 points - the development team does not meet the criteria described above

5. Sound Property Management - 10 points
    a. 10 points – property manager agent demonstrates a successful track record in projects of similar size, scale, type and complexity to the proposed project. Properties under the agent's management are violation free, have not been issued an IRS form 8823 within the last three years, and have scored above average or better in physical inspection scores;
    b. 5 points -property manager agent demonstrates a successful but limited track record in projects of similar size, scale, type and complexity to the proposed project. Properties under the agent's management are violation free, have not been issued an IRS form 8823 within the last three years, and have scored satisfactory in physical inspection scores;
    c. 0 points – the property manager agent has either on-going violations, or has been issued an IRS form 8823 in the last three years, or has scored below average or lower

Attachment 2

Sources and Uses of Jill C. Duson Housing Trust Fund

YEAR	DEPOSITS		YEAR	EXPENDITURES	
2002/03	Maine Medical Center HRO	$ 315,580.00	2011	Avesta Oak Street Lofts	$ (380,585)
2002	Sportsman's Grill HRO	$ 40,000.00	2014	Housing First Pre-Development RFP	$ (75,000)
2009	Berlin City Auto HRO	$ 116,000.00	2015	65 Hanover & 52 Alder Sts Feasibility Study	$ (9,250)
2010	Stop n Shop HRO 2010	$ 289,250.00	2017	65 Munjoy Street	$ (175,000)
2012	Rockbridge/Eastland Park HRO	$ 42,500.00	2018	37 Front Street (not yet spent)	$ (55,500)
2012	Riverwalk/Ocean Gateway HRO	$ 250,000.00	2018	63 Front Street (not yet spent)	$ (370,000)
2012	118 Congress LLC Easement	$ 3,500.00	2018	977 Brighton Avenue (Wessex Woods)	$ (300,000)
2017	91 & 97 Belfort Street (sale of TAP)	$ 86,423.99	2019	60 Parris Terr. Downpayment Assistance	$ (24,000)
2017	116 Upper A Street (sale of TAP)	$ 78,526.74	2019	83 Middle Street (not yet spent)	$ (136,734)
2017	443 Congress Street IZ	$ 280,000.00	2019	18 Luther Street	$ (36,000)
2018	62 India Street IZ	$ 276,500.00	2020	200 Valley Street (not yet spent)	$ (49,154)
2018	Short Term Rental Fee transfer	$ 33,138.80	2022	200 Valley Street	$ (442,386)
2018	0 Thames Street (WEX) sale	$ 1,000,000.00	2020	Affordable Rental Housing Incentive Program	$ (1,000)
2019	20 Thames Street IZ & Easement	$ 270,000.00	2021	66 State/155 Danforth (not yet spent)	$ (150,000)
2019	20 Thames Street (for balcony overhang)	$ 7,500.00	2022	37 Front Street	$ (499,500)
2019	Short Term Rental Penalty	$ 15,200.00		Total Expenditures	$ (2,704,109)
2020	Short Term Rental Penalty	$ 200.00			
2020	Short Term Rental Penalty	$ 7,500.00			
2019	Short Term Rental Fee transfer	$ 176,118.00			
2019	56 Hampshire Street Easement fee	$ 12,123.00			
2019	121 Middle Street HOTEL IZ	$ 41,866.00			
2019	17 Sumac Street (sale of TAP)	$ 79,617.86			
2020	99 Capisic Street (sale of TAP)	$ 163,168.93			
2020	Short Term Rental Fee transfer	$ 122,964.50			
2020	22 Bramhall Street (MMC overhang)	$ 3,799.00			
2020	50 Monument Square IZ	$ 222,789.00			
2020	121 Middle Street HOTEL IZ	$ 30,448.00			
2020	Order 89 20/21 Appropriation	$ 500,000.00			
2021	56 Hampshire Street IZ	$ 198,928.00			
2021	40 Free Street IZ	$ 10,609.00			
2021	1 Center Street HOTEL IZ	$ 513,810.00			
2021	Short Term Rental Fee transfer	$ 109,681.26			
2021	Newell Street sale	$ 900.00			
2021	10 Hammond Street (IZ)	$ 169,744.00			
2021	22 Hope Avenue (IZ)	$ 150,000.00			
2021	ARP Allocation Order 84 21/22	$ 1,000,000.00			
2022	5 India Street (IZ)	$ 261,086.40			
2022	18 Luther Street (repayment of loan)	$ 36,000.00			
2022	Short Term Rental Fee transfer	$ 79,459.60			
2022	City Manager Allocation	$ 250,000.00			
2022	ARP Allocation Order 100 22/23	$ 4,110,000.00			
2022	Newell Street (sale of TAP)	$ 8,100.00			
2022	Stroudwater (partial IZ fee)	$ 16,233.90			
2022	75 Chestnut IZ	$ 587,444.00			
	Previous INTEREST EARNED	$ 51,555.81			
	Total Deposits	**$12,018,265.79**		**BALANCE**	**$9,314,156.79**

HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu; TAP = Tax Acquired Property

as of 3-15-23

Overview

Case Id:
Name:
Address:

Overview

Please provide the following information.

City of Portland Affordable Housing Development and Tax Increment Financing Application

Housing & Economic Development Department
Victoria Volent
389 Congress St
Portland, ME 04101
207-874-5028
Vvolent@portlandmaine.gov

GENERAL INFORMATION

Availability of Funding

Housing is a necessity within our community to preserve human dignity, provide shelter and safety, ensure quality of life, and promote self-determination and economic growth.

- The City of Portland has made the development of affordable housing a priority, as identified in the City of Portland's 2022-2026 HUD 5-year Consolidated Plan, City Council Common Goals, and the Comprehensive Plan. To accomplish this priority, the City of Portland will accept applications for financial assistance that facilitate the development of affordable housing in the City of Portland.
- Certified Community Housing Development Organizations (CHDO's) or organizations eligible for CHDO certification are strongly encouraged to apply. The HUD definition of a CHDO organization is **Available Here**
- The City of Portland's Division of Housing and Community Development uses an application process to ensure that public funds are utilized for maximum public benefit to accomplish specific objectives and provide fair access to all applicants. Applications for the development of affordable housing utilizing HOME and/or Housing Trust Funds will be accepted until all budgeted funds are allocated.
- The City of Portland reserves the right to partially fund application requests or deny any application that does not meet the application criteria. Material changes to the application after approval of the award of funds may result in the cancellation of award and recapture of awarded funds. Cancellation shall be at the sole discretion of the City of Portland.
- The approval process to establish an Affordable Housing Tax Increment Financing (AHTIF) District involves three steps. First, the City Council's Housing and Economic Development Committee provides a recommendation to the City Council regarding the establishment of an Affordable Housing TIF district. If the City Council approves the recommendation, the City submits an application to the Maine State Housing Authority. MaineHousing reviews the application from the City to ensure compliance with MRS Title 30-A, §5245-5250-G. The process begins with the submission of a completed Affordable Housing Development and Tax Increment Financing application to the City of Portland.
- The City of Portland is making available a combination of FY 2023-2024 HUD Home Investment Partnership Program (HOME) funds (which includes a mandatory set-aside for CHDO organizations or organizations eligible for CHDO certification) and local funds from the Jill C. Duson Housing Trust Fund (HTF) for Affordable Housing Development. City staff will determine which funding source is best for each project and then make funding recommendations to the City Council for final approval.
- Estimated Total Funding Available: $458,270 (HOME) + $3,704,156 (HTF) = $8,814,156

General Guidelines

- Developments shall provide decent, safe, and sanitary dwellings such as single-family homes, apartments, condominiums, or other living accommodations for households whose income does not exceed 100% of the median income for the area as defined by the U.S. Department of Housing and Urban Development (HUD). Affordable housing does not include facilities such as shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, student dormitories, or unattached mobile homes, regardless of income level. Projects must show that the development meets an identified community housing need, the City's participation is financially necessary in order for the project to proceed, and the applicant has the financial capacity to support their project.

View % Median Income adjusted for household size **HERE**

- Priority for the use of HOME Program funds will be given to developments that provide rental housing units to households earning 60% of the area median income and below. Priority for the use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units affordable to households earning 60% to 100% of the area median income. Shovel ready projects with mixed income targeting and a mix of bedroom size are strongly encouraged. The minimum term of affordability depends on the funding source, but is not generally less than 30 years, and in some cases may be 90 years. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. HOME and HTF resources cannot be used to finance a developer's minimum obligations under the city's Inclusionary Zoning ordinance.

The term shovel ready is defined as a project that has received other funding approvals from federal, state, local or private sources and demonstrates the ability to move to a construction loan closing by January 2024.

- Priority for the use of the Affordable Housing Tax Increment Financing Program (AHTIF) will be to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units affordable to households earning 60% to 100% of the area median income. At a minimum, to comply with MRS Title 30-A, §5250, at least 33% of the housing units in the district shall be affordable housing. Tax increment financing cannot be used to finance the requirements of the City's Inclusionary Zoning ordinance. However, tax increment financing can be used to provide affordability that exceeds Inclusionary Zoning requirements. The ongoing affordability period will match the length of the term of the district. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. A minimum of $500,000 in new taxable investment property value for affordable housing development is needed to qualify for an Affordable Housing TIF.
- For purposes of this application and the use of Housing Trust Funding or the AHTIF, affordable means that the percentage of income a household is charged in rent and other housing expenses including utilities, or must pay in monthly mortgage payments (including real estate taxes, mortgage insurance, condominium/HOA fees, insurance and utilities), does not exceed 30% of a household's gross income, or other amount established in city regulations that does not vary significantly from this amount. See Exhibit #2 **Available Here**.

Federal Requirements

The following requirements apply for any project that is awarded HOME or other federal funding.

- Environmental Review Requirements

  Projects receiving HOME funding are subject to environmental review, clearance, and release of funds by the U.S. Department of Housing and Urban Development. Once an application has been submitted to the City of Portland, the applicant cannot take any "choice limiting actions" prior to receiving notification from the City that the environmental review process, including historic preservation review and clearance, has been completed and a release of funds has been received from the U.S. Department of Housing and Urban Development. *A Phase I ESA along with a lead and asbestos testing report is required before HUD Environmental Review Requirements can be completed.*

  Choice limiting actions include, *but are not limited to*, (1) actions having an adverse impact – e.g. demolition, dredging, filling, excavation, including soliciting bids for these activities; (2) actions limiting the choice of reasonable alternatives – e.g. execution of a legally binding agreement; signing a purchase and sale agreement; signing an option agreement that does not allow the purchaser to elect to terminate the option agreement if the property is not desirable; entering into real property acquisition (including making bids on auctioned properties); leasing, rehabilitation, demolition, environmental remediation, related site improvements, relocating buildings or structures, conversion of land or buildings/structures (including soliciting bids to undertake these activities).

- Federal Labor Standards and Other Wage Rate Requirements

  As may be applicable, projects receiving HOME or AHTIF funding must ensure that they and all contractors and subcontractors meet requirements for federal or state prevailing wage rates specified under the Davis-Bacon Act and the City's TIF policy, respectively. The Davis-Bacon and Related Acts require all laborers and mechanics employed by contractors or subcontractors in the performance of construction work over $2,000, financed in whole or in part with assistance received under HUD programs, shall be paid the prevailing wage as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-5). Projects that include 12 or more HOME-assisted units must meet the requirements of the Davis-Bacon and Related Acts. Any project approved for a site-specific tax increment financing district (AHTIF) utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S. §1306, or Portland City Ordinance Ch. 33 §33-1 to 33-12, whichever is greater. State prevailing wage rates may exceed Davis-Bacon wage rates.

- Section 3

  All HOME projects must comply with Section 3 regulations at 24 CFR Part 75. Contractors and subcontractors performing work on Section 3 covered projects must provide, to the greatest extent feasible, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to the businesses that provide economic opportunities to low- and very low-income persons. Projects that utilize over $200,000 in HUD federal funding from any source or combination of sources, including MaineHousing, must report on Section 3 accomplishments. Developers can search for Section 3 eligible workers and business concerns at **https://hudapps.hud.gov/OpportunityPortal/**.

- Minority and Women Owned Business (MWBE) Participation

  All HOME projects must complete, track, and report on outreach and contracts given to women- and minority-owned businesses to ensure their inclusion, to the maximum extent possible, in the procurement of property and services. Applicants are encouraged to utilize firms certified as a Minority Business Enterprise or Women's Business Enterprise as part of the development team. The development team members include the developer, architect, attorney, general contractor, and management agent. Forms will be provided to the developer for tracking.

- Lead-Based Paint

  All HOME funded residential rehabilitation, adaptive re-use and construction activities must comply with 24 CFR Part 35 and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act.

- Access to the Internet

  All new construction and substantial rehabilitation projects of multifamily rental housing will be required to provide the installation of broadband internet access to its residents to help narrow the digital divide for households in need.

- Fair Housing and Equal Opportunity

  [Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) (HUD implementation regulations 24 CFR Part 1); The Fair Housing Act (42 U.S.C. 3601-3620)(24 CFR Part 100-115(; Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)(24 CFR Part 107); Age Discrimination Act of 1975, as amended (42 U.S.C. 6101)(24 CFR Part 146).]

  The Fair Housing Act prohibits discrimination in all housing-related transactions based on race, color, national origin, religion, sex, disability, age or familial status. It also includes minimum accessibility design requirements for all new construction and rehabilitation projects and requires that reasonable accommodations be made in rules, policies, practices, services and reasonable structural modifications. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based on disability and requires that everyone have equal opportunity to obtain housing built with federal funds.

- Affirmative Marketing

  Developers must have tenant selection policies and criteria to ensure that tenants are selected for occupancy at the property in a fair and equitable manner. Tenant selection policies must be based on objective criteria that expressly prohibit bias. Tenant selection procedures should be clear and easily understood by prospective tenants. An affirmative marketing plan is required to ensure that the property serves a diverse cross-section of the population of the market area, must consist of actions to provide information and otherwise attract eligible persons in the housing market area that might not otherwise apply without special outreach, and ensure that the housing is available to qualified applicants without regard to race, color, national origin, religion, sex, disability, or familial status.

- Violence Against Women Act

  Developers must comply with the Violence Against Women Act (VAWA) requirements in 24 CFR §92.359 and 24 CFR Part 5, subpart L. . The Violence Against Women Act was reauthorized in 2022 with increased protections for victims of domestic violence, dating violence, sexual assault, and stalking. HUD is currently formulating guidance on compliance with the reauthorization. Projects receiving funding during this program year will be required to follow this guidance, regardless of whether it is released after award.

- Relocation and Displacement
  Developers must comply with all applicable federal requirements, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, for any persons or businesses displaced at any point during the project.

- Equal Employment Opportunity

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

Conditions for Approval

Designation of an Affordable Housing Development TIF District is subject to the following conditions.

1. Projects must comply with the City of Portland's Tax Increment Financing Policy.
2. At least 25%, by area, of the real property within an Affordable Housing Development district must be suitable for residential use; be a blighted area; or in need of rehabilitation or redevelopment.
3. The Affordable Housing Development program must show that the development meets an identified community housing need.
4. The district must be primarily a residential development on which at least 33% of the dwelling units are affordable for households at or below 100% of Area Median Income (AMI) and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-

scale nonresidential uses of service to the residents of the development.

5. Projects approved for a site-specific tax increment financing district utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater. State prevailing wage rates may exceed Davis-Bacon wage rates. Projects that are required to meet the local TIF policy wage rate requirements and federal Davis-Bacon wage requirements must use the higher wage rate based on job classification.

Goals for the Distribution of HOME and Jill C. Duson Housing Trust Funds (HTF) or the Designation of an Affordable Housing TIF District

The goal for the distribution of HOME and HTF funds, or the designation of an Affordable Housing TIF district, is to increase, preserve, and modify the overall supply of housing citywide to meet the needs, preferences and financial capabilities of all Portland residents. Development should be consistent with the Annual City Council Common Goals, the City's Comprehensive Plan and the HUD Five-Year Consolidated Plan. The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicant's funding request; may impact scoring outcome. Developments should incorporate quality, sustainable design.

Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in the Scoring Section as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

Disbursement of Funds

The developer may not request disbursement of funds until the funds are needed for the payment of specified and actual costs. The amount of each request must be limited to the amount needed for the payment of actual costs. The City will disburse up to 90% of the loan proceeds during construction at 50% of completion. The remaining 10% will be disbursed upon receipt of an architect's certificate of substantial completion of the project. Any modification to the disbursement schedule must be agreed to by the City in writing prior to closing.

SCOPE OF SERVICES

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

Eligible Projects

- Projects receiving HOME funding must create rental housing units which promote economic diversity within the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing, and rehabilitation of existing rental units that creates accessible or maintains affordable units is eligible. Projects that have previously received HOME funds are not eligible for additional HOME assistance.
- Projects receiving HTF Funds or an AHTIF District Credit Enhancement Agreement must create housing units that promote economic diversity within the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and

rehabilitation of existing units that creates or maintains affordable units is eligible.

- All projects must meet the affordability targets referenced in Section I.B. along with all applicable income and rent restrictions of the City's funding source (HOME, HTF or AHTIF Programs).
- Projects must ensure that the affordable units within a mixed income development will be equal in square footage and comparable to the market rate units.
- Housing First developments are encouraged.
- Single Room Occupancy (SRO) and other supportive housing projects specifically for special needs populations are eligible under this application.
- Projects receiving funding through this application must include a written occupancy policy that prohibits smoking in the units and the interior common areas of the project in addition to including a non-smoking clause in the lease for every household and making educational materials on tobacco treatment programs available to residents through the residence service coordinator, occupancy specialist, or property manager, such as the phone number for the statewide Maine Tobacco HelpLine.
- HOME eligible projects receiving funding through this application must set aside 10% of the units in the project for individuals or families residing in a Portland shelter. The City's Health and Human Services Department would be responsible for providing referrals, providing or coordinating supportive services and financial resources to assist with monthly rent payments. A Supportive Housing Agreement between the City and the Developer would document the services and expectations. At the time of loan closing or prior to disbursement of the City's funding, the requirements would be secured by a Declaration of Covenants which will be recorded in the Cumberland County Registry of Deeds.
- Projects receiving assistance through this application are encouraged to participate in the Public Housing Authority Family Self Sufficiency Program.

Site Information and Criteria

- Site Control: Land or buildings proposed as part of a project under this application must have site control at the time the application is submitted in the form of title, purchase and sale agreement, option, long-term lease for a minimum of 90 years, or other acceptable method. At a minimum, site control must extend through December 31, 2023.
- Local Approvals: Local land use approval is not required prior to submission of the application, however approval is required before the City Council will approve the funding request or AHTIF request. The applicant must submit an analysis of the project in relation to local land use regulations and site feasibility; the analysis must include the completion of the Site Information and Criteria Table available as **Exhibit #3**.
- Applications must not require a contract or conditional zone. Resolution of any zoning issues is required before City Council approval of the applicants funding request or Affordable Housing TIF request.

Financial Feasibility

- Financial applications must be developed in accordance with the underwriting guidelines of the primary funding source, including adequate cash flow and debt coverage ratio, and conform to the City of Portland's underwriting criteria.
- Use of Funds: All projects will be reviewed for the proposed use of funds compared to other resources. Applicants must describe the proposed mortgage and security position for the City of Portland's funding. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied to the goals outlined in the City's Comprehensive Plan.

Market Demand

- Applicants must show that the development meets an identified community housing need and provide an analysis and discussion of market demand justifying the need for the proposed project.

Applicant Capacity

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

- Key staff members assigned to the project with the abilities and experience to successfully complete the project within the proposed time frame.
- An architect, general contractor, and professionals on the team with the experience and capacity to complete the project.
- A management team with qualified personnel and the capacity and experience to operate, manage, and maintain the affordable rental property of size and mix of the proposed project. Applicant should demonstrate that properties under the property management team's responsibility are violation free, have not been issued an IRS form 8823 within the last three years and have scored above average or better in physical inspection scores.
- Qualified staff with the capacity to perform ongoing property ownership requirements such as budgeting, tax accounting, and oversight of management and maintenance.
- A portfolio of current affordable housing projects that are financially sound and meeting their established goals.
- Support Services: Applications containing rental units targeted to special needs populations must include commitments for support services to be provided to the residents and have in place a policy to make accessible units available when needed if units are occupied by someone that does not need the accessible features.

Term of Affordability

- Rental housing projects funded with HOME and/or Housing Trust Funds must have a minimum affordability period of 90 years, secured by a land use restriction covenant in the deed.
- Projects receiving HOME funding may be charged an annual fee to cover the actual costs of federally required HOME monitoring, per 24 CFR 92.214(b)(1)(i).
- AHTIF projects must have an affordability period that matches the term of the district and is secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds.

Financing Terms

The following are general guidelines and the City reserves the right to partially fund application requests or deny any application that does not meet the application criteria, and adjust the terms of funding on a case-by-case basis based on changes in conventional lending and other financing sources.

The City's funding is generally in the form of soft "gap" financing. To allow for future investment in affordable and workforce housing, the City seeks to achieve a reasonable return of capital and where possible a return on investment based on the financing features of each funding request. The City allows flexibility for creativity by development teams by establishing funding terms based on the financial structure of each development project.

Funding in the form of loans may range from 30 years non-amortizing, deferred at 0% interest, to 30 year, amortizing loans based on a financial analysis of the development project. A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). Projects with a DCR greater than or equal to 1.25 will be considered for a fully amortizing loan with a corresponding rate that either achieves a DCR of 1.15.

Other DCR features are as such:

- Projects that have a DCR of less than 1.25 will be considered for interest only loans. The interest rate will be set at a percentage rate that will achieve a DCR of 1.15.
- Projects that are submitted at a DCR of 1.15 will be considered for a deferred cash flow loan.
- Grants may be considered when a project serves a substantially underserved population.
- A project with a sustained DCR greater than 1.5, after the application of a fully amortizing loan will be considered over subsidized. The funding request will be reduced to achieve a sustained DCR of no more than 1.4. This may result in the funding request being reduced to zero. Projects of this nature are candidates for private financing.

Affordable Housing TIF: During the term of the Affordable Housing District and the Development Program, tax increment revenues from the Affordable Housing District claimed by the City as captured assessed value may be used to pay authorized project costs. Authorized project costs are noted in 30-A M.R.S.A. §5249, a list of which is attached. Tax increment revenues will be paid by the City to the Project owner pursuant to a Credit Enhancement Agreement to be entered into by and between the City and the Project owner.

Design Compatibility

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

Project designs:

MUST comply with all applicable City Codes and Ordinances, including but not limited to the City's Green Building Code (Chapter 6, Article VII, Sec. 6-165, as amended by Referendum, 11-3-2020) and the Affordable Housing Section of the City's Land Use Ordinance (Chapter 14 Article 18.2, as amended by Referendum, 11-3-2020). Please note that the Green Building Code may be more restrictive than the requirements in Maine Housing's Quality Standards and Procedure Manual. Applicants must provide evidence reasonably satisfactory to the City of Portland demonstrating that the project was designed, constructed and rehabilitated in accordance with the Green Building Code.

PLEASE NOTE: An application for a building permit must include the documentation outlined in the Green Building Code Section 6-168. A Certificate of Occupancy will not be issued until the terms of Section 6-169 of the Green Building Code have been met.

Should establish a building form, scale, massing and rhythm appropriate for the surrounding neighborhood.

Should provide a quality design that, where possible, reinforces the public realm of open space, sidewalks and streets through appropriately scaled entries that orient to the street instead of interior blocks or parking lots, and incorporate porches, fenestration, landscaping, and architectural details.

MUST meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, and the Maine Human Rights Act for multi-family housing. Provide for universal accessibility to the extent possible.

Should provide visual and acoustical privacy between units while maximizing natural light and ventilation within units.

Time Frame

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

APPLICANT REQUIREMENTS

The City of Portland will consider applications on a rolling basis. Those who require a conditional commitment of funds as part of other financing applications must apply as soon as possible because the application process can be lengthy. Applicants may contact the City of Portland to confirm the availability of funds prior to submitting an application.

Planning Board approval will be required before a funding award can be made. Applicants are *highly encouraged*to file the required Major Site Plan and Subdivision application with the Planning Department as soon as possible, in order to provide sufficient time for the local land use approval process to occur. Applicants should budget approximately four months from the date of application filing to Planning Board approval and submit all materials accordingly. Please be advised that timelines may be impacted based on the quality of application materials received and reviewed by the Planning Department. Please contact Kevin Kraft, Deputy Director, at kkraft@portlandmaine.gov for additional specifics on the land use approval process.

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

TO:	Councilor Pious Ali, Housing and Economic Development Chair Members of the Housing and Economic Development Committee
FROM:	Mary Davis, Interim Housing and Economic Development Director
DATED:	March 17, 2023
RE:	Agenda Item #2: 2023 Jill C. Duson Housing Trust Fund Annual Plan Agenda Item #3: 2023 Affordable Housing TIF CEA and Affordable Housing Development Fund Application

Introduction

Staff is seeking direction from the Housing and Economic Development Committee regarding guidelines and priorities for the allocation of city resources (i.e. HOME, Jill C. Duson Housing Trust Fund, and Affordable Housing Tax Increment Financing) as outlined in the attached *July 1, 2023 – June 30, 2024 Affordable Housing Development and Tax Increment Financing Application*, and the 2023 *Jill C. Duson Housing Trust Fund Annual Plan.* Additionally, staff is requesting that the Committee vote to recommend that the City Council adopt the 2023 *Jill C. Duson Housing Trust Fund Annual Plan*, as required under the Housing Trust Fund Ordinance.

Background

The *Affordable Housing Development and Tax Increment Financing Application* is amended on an annual basis to reflect the City Council's housing policy goals. Since 2002, the City of Portland has utilized an annual application and/or RFP process for the allocation of city resources budgeted for the development of affordable housing. In 2013, with the approval of the City Council's Housing Committee, the current application format was implemented. The application establishes the goals for distribution of funds and/or the designation of an affordable housing TIF.

The *Jill C. Duson Housing Trust Fund Annual Plan* is amended annually by the City Council's Housing and Economic Development Committee during public hearings with a referral to the council for adoption (per Section 18.3 of the Land Code). The plan establishes the priorities in which the current balance of the Housing Trust Fund would be allocated.

Both the *Affordable Housing Development and Tax Increment Financing Application* and the *Jill C. Duson Housing Trust Fund Annual Plan* include the City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity, in order to recommend the most qualified application based on the information submitted.

The *Affordable Housing Development and Tax Increment Financing Application* will be distributed and made available to the public in several different ways. The Housing and Economic Development Department has several interested parties lists. The application will be distributed through these email lists. In addition, HCD staff will work with the City's Communication office to utilize all available public notice and social media tools. The application will be available on the City's website as well as through a new online portal called Neighborly. Staff will be available to provide technical assistance to any person or organization interested in completing the application. Additionally, HCD staff will review the application along with the distribution and evaluation process with Umaru W. Balde, the City's new Justice, Diversity, Equity and Inclusion Director to ensure compliance with the City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity.

The chart below identifies the affordability restrictions associated with the each of the financial resources available to the City for investment in housing development.

	at or below 60% AMI		over 60% to 80% AMI		over 80% to 100% AMI		over 100% to 120% AMI	
	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental
HOME	X	X	X					
Jill C. Duson Housing Trust Fund	X	X	X	X	X	X	X	X
Affordable Housing TIF	X	X	X	X	X	X	X	X

2023 Housing Investment Goals and Priorities

The priorities below, from the *2023 Jill C. Duson Housing Trust Fund Annual Plan*, and General Information (Section B) of the *2023 Affordable Housing Development and Tax Increment Financing Application* are for Committee review to ensure agreement with the City Council 2023 Common Goals.

> *Shovel ready projects are strongly encouraged. The term shovel ready is defined as a project that has received funding approvals from federal, state, local or private sources and demonstrates the ability to move to a construction loan closing by January 2024.*
>
> *Priority for the use of Jill C. Duson Housing Trust Funds will be to support public/private partnerships that create workforce housing units that are affordable to households earning 60% to 100% of the area median income.*
>
> *Priority for the use of HOME Program funds will be given to developments that provide rental housing units to households earning 60% of the area median income and below. Projects with mixed income targeting and a mix of bedroom size are strongly encouraged.*
>
> *Priority for the use of the Affordable Housing Tax Increment Financing Program*

(AHTIF) will be to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units that are affordable to households earning 60% to 100% of the area median income. To comply with the AHTIF Statute's requirements, at least 33% of the housing units in the district shall be affordable housing.

Priority for housing development that supports the Comprehensive Plan goal for development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and along transit nodes and corridors as a means of supporting complete neighborhoods.

Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in the Scoring Section as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicants funding request. Developments should incorporate quality, sustainable design.

Eligible Project Guidelines

The guidelines below, from the Scope of Work (Section A General Specifications- Eligible Projects) portion of the *2023 Affordable Housing Development and Tax Increment Financing Application*, and Eligible Projects section from the *2023 Jill C. Duson Housing Trust Fund Annual Plan* are for Committee review to ensure agreement with the City Council 2023 Common Goals.

Projects receiving HOME funding must create ***rental*** *housing units which promote economic diversity within the development and within the neighborhood in which the development is located.*

Projects receiving HTF funds or an AHTIF District Credit Enhancement Agreement must create housing units that promote economic diversity within the development and within the neighborhood in which the development is located.

Staff Recommendation

Staff is seeking Committee approval to establish the 2023 affordable housing investment priorities, goals for distribution of funds, and eligible project guideline for incorporation into the 2023-2024 *Affordable Housing Development and Tax Increment Financing Application* and *2023 Jill C. Duson Housing Trust Fund Annual Plan*. Additionally, staff is requesting that the Committee vote to recommend that the City Council adopt the *2023 Jill C. Duson Housing Trust Fund Annual Plan*, as required under the Housing Trust Fund Ordinance.

Attachments
Agenda Item #2 2023 Jill C. Duson Housing Trust Fund Annual Plan
Agenda Item #3 2023 Affordable Housing Development and Tax Increment Financing Application

JILL C. DUSON HOUSING TRUST FUND
2023 ANNUAL PLAN

The Jill C. Duson Housing Trust Fund (also referred to as Housing Trust Fund or HTF) is established by Chapter 14, Section 18.3 of the City's Code of Ordinances. Section 18.3.4 states that "each fiscal year the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action."

The Annual Plan establishes the priorities in which the current balance of the Housing Trust Fund would be allocated and should be in conformity with the 2023 City Council Common Goal *"Housing is a necessity within our community to preserve human dignity, provide shelter and safety, ensure quality of life, promote self-determination and economic growth."*

2023 ANNUAL PLAN

City Ordinance requires that the Jill C. Duson Housing Trust Fund Annual Plan include a description of funding priorities, the amount of funds budgeted, and a description of how funds will be distributed among very-low, low, and moderate income households.

Funding Budget

The funding budget is based on the balance of $4,204,156 in the Housing Trust Fund as of March 1, 2023. The Housing Trust Fund designs to maintain a minimum balance of $500,000 in order to have resources to act quickly when there is an emergency, such as a need to cure a potential mortgage default that could result in loss of an affordable unit. This right to cure will be included in the affordable housing covenants that are recorded in the Cumberland County Registry of Deeds for each affordable unit.

In addition to the funding noted above, the Portland City Council allocated $1,000,000 from the first tranche of American Rescue Plan Act (ARPA) funding and $4,110,000 from the second tranche of ARPA funding for housing development. These funds are to be administered through the Jill C. Duson Housing Trust Fund.

The funding available from the Jill C. Duson Housing Trust Fund is **$3,704,156 (**$4,204,156 less $500,000) plus **$5,110,000** for a total of **$8,814,156.**

Funding Priorities

Housing Trust Fund resources should focus on opportunities where other funding sources do not work or are not effective, such as projects designed to create housing affordable to households earning at or below 50% of the area median income, or projects designed to create housing affordable to households earning 60% to 100% of the area median income.

Priority for the use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units that are affordable to households earning 60% to 100% of the area median income. Shovel ready projects with mixed income targeting and a mix of bedroom size are strongly encouraged.

The term shovel ready is defined as a project that has received other funding approvals from federal, state, local, or private sources and demonstrates the ability to move to a construction loan closing by January 2024.

Funding Distribution

Housing Trust Funds will be distributed through a competitive application process. The *Affordable Housing Development and Tax Increment Financing Application* will be issued, at a minimum, on an annual basis to notify potential applicants that the application is available. Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in Attachment #1 as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

Recommendations will be forwarded to the City Council's Housing and Economic Development Committee for review. Housing and Economic Development Committee recommendations will be forwarded to the City Council for final review and approval.

Goals for Distribution

The goal for the distribution of these funds is for the "promotion, retention, and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the city" (Chapter 14 Section 18.3.B of the City's Code of Ordinances). Development should be consistent with the Annual City Council Common Goals, the City's Comprehensive Plan and the HUD Five-Year Consolidated Plan. The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicants funding request. Developments should incorporate quality, sustainable design.

Eligible Projects

Projects receiving Housing Trust Funds must create housing units that promote economic diversity with the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and rehabilitation of existing units that creates or maintains affordable units is eligible

In this Plan, adaptive reuse is defined as creating housing in an existing building that was originally built or designed for a use other than housing.

Housing Trust Fund resources are also intended to promote the retention of affordable housing. Housing Trust Fund resources should also be made available, if necessary, to exercise the City's right of first refusal in connection with potential foreclosure issues with affordable homeownership units. The City shall have a right of first refusal if an affordable unit is forced to sell due to increased fees or has become delinquent in its payments and is in risk of foreclosure or any other legal threats to the Unit's affordability restrictions. The City shall also have the option of using Housing Trust Funds to support affordable units facing large special assessments that may pose a risk to the owner household's ability to maintain their unit's affordability. The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit owner. The intent is to ensure affordability of the unit for eligible households.

Financing Parameters

Housing Trust Funds should be a resource of last resort and should be focused on opportunities where other funding sources do not work or are not effective. Applicants requesting financial assistance from the Housing Trust Fund must provide documented efforts made to obtain other private, federal, state or local resources for the project.

Form of Awards

A variety of funding mechanisms will be utilized including no-interest loans, below-market loans, forgivable loans, and grants. Type of funding will be determined after review of a number of factors including amount necessary to make the project feasible, the project type, income targeting, number of affordable units, and duration of the affordability period.

Maximum Award Amount

Awards will be determined on a per affordable unit basis. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied into the goals outlined in the City's Comprehensive Plan.

Affordability Restrictions

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit, which is presumed to be a minimum of thirty (30) years but may be longer. In the case of ownership housing, the units must remain affordable for the longest feasible time while maintaining an equitable balance between the interests of the owner and the interest of the City of Portland. These restrictions must be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds

Affordable Housing Agreement

In the case of ownership housing, the owner of each affordable unit will be required to sign and record in the Cumberland County Registry of Deeds an Affordable Housing Agreement (AHA) with the City and to include the affordability restrictions as a covenant to the project's deed. The Affordable Housing Agreement shall be referenced directly in the property's deed unless prohibited by federal, state, or local law. In order to guarantee affordability in homeownership units, this recorded covenant will limit increases in sales price according to the calculation defined by the City as defined in the implementation regulations. It will limit the incomes of subsequent buyers to the same income limits initially applied. It will also provide a right of first refusal and other purchase rights to the City or its designee (e.g. another eligible household, or a nonprofit corporation).

Sales must be made through an arms-length arrangement. No employee, agent, stockholder, officer, director, servant, or family member of the Owner or its Management Company, or its employees, agents, or servants thereof, related either by blood, marriage, or operation of law may qualify for a unit financed with Housing Trust Funds or receive any benefit related in any way to the administration or compliance with the conditions contained therein.

Affordability

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

Right of First Refusal

The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit's owner. The intent is to ensure affordability of the unit for eligible households.

Implementing Regulations

Regulations to further specify the details of the parameters outlined in this Annual Plan, maybe developed, including, but not limited to:

1. Specific methodology for income verification; and
2. Underwriting criteria.

Attachments
1) Point System for Evaluating and Scoring Applications
2) Sources and Uses of Jill C. Duson Housing Trust Fund

Attachment 1
Point System for Evaluating and Scoring Applications (Max 115)

Policy Objectives: Total 50 Points
Proposed use of funds to achieve the City of Portland's goals and address demonstrated need. 26 points
Maximum points will be awarded for those applications that:

1. Market Demand - 4 points
    a. 4 points - high demand, meets the City's income targeting priority,
    b. 1 point - moderate demand, sufficiently meets the City's income targeting priority
    c. 0 points - does not demonstrate sufficient market demand, does not meet the City's income targeting priority
2. Zoning - 8 points
    a. 8 points - development requires no zoning amendments or contract or conditional zone
    b. 5 points - development requires a zoning amendment which is consistent with the City Comprehensive Plan
    c. 0 points - development requires rezoning that is not consistent with the City's Comprehensive Plan
3. Economic diversity - 6 points
    a. 6 points - creates housing options which promote economic diversity within the development **and** within in the neighborhood in which the development is located
    b. 5 points – creates housing options which promote economic diversity within the neighborhood in which the development is located
    c. 4 points – creates housing options which promote economic diversity within the development (a mixed-income development)
    d. 0 points does not promote economic diversity
4. CHDO - 2 points
    a. 2 points - developer and owner are both controlled by CHDO
    b. 1 points - either developer or owner are controlled by CHDO
    c. 0 points neither developer nor owner are controlled by CHDO
5. City Subsidy - 6 points
    a. 6 points - investment from City is <$10,000/unit
    b. 5 points - investment from City is > or = $10,000 and <$12,000/unit
    c. 4 points - investment from City is > or = $12,000 and <$14,000/unit
    d. 3 points - investment from City is > or = $14,000 and <$16,000/unit
    e. 2 points - investment from City is > or = $16,000 and <$18,000/unit
    f. 0 points - investment from City is > or = $18,000/unit

Impact on surrounding neighborhood, including design compatibility and environmental issues. 24 points
Maximum points will be awarded for those applications where:

1. Site Selection - 7 points
    a. 7 points – fully appropriate for use, project supports Comprehensive Plan goal for development along transit notes and corridors

    b. 5 point – appropriate, some concerns
    c. 0 points – significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors
2. Exterior Design - 5 points
    a. 5 points - the design is fully consistent with neighborhood design characteristics,
    b. 3 points - the design is an adequate fit with the neighborhood design,
    c. 0 points - the design is a significant outlier
3. Amenities and unit design - 7 points
    a. 7 points -amenities & unit design are well thought out and appropriate for residents,
    b. 5 points - amenities & unit design are adequate,
    c. 0 points -amenities and unit design raise significant concerns that resident needs will not be adequately addressed
4. Environmental - 5 points
    a. 5 points – Phase I identifies no environmental issues
    b. 3 points - Phase I identifies an environmental issue, but a Phase II shows a feasible, economically viable resolution which is included in the budgets;
    c. 0 points - there are significant unresolved environmental issues, or no Phase I has been received.

Underwriting Criteria: Total 65 Points
Financial feasibility, including cost, development budget operating pro forma and the provision of secured and leverage funds. 20 points

Maximum points will be awarded for those applications that:

1. Development budget & sources and uses - 10 points
    a. 10 points - EVERY development budget line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"
2. Operating pro forma – 10 points
    a. 10 points - EVERY operating pro forma line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"

Applicant's ability to complete and operate project, including development team experience, capacity, property management track record, project readiness and timeframe for completion. 45 points

Maximum points will be awarded for those applications that:

1. Readiness to proceed - 10 points
   a. 10 points – project meets the shovel ready definition noted in the Funding Priorities section above.
   b. 7 points - at least one letter of commitment or interest is included and ALL projected sources are projected at terms and conditions consistent with the City's prior experience with the funder.
   c. 5 points - ALL projected sources of funding include letters of commitment, letters of interest, or, if no letter is included, are projected at terms and conditions consistent with the City's prior experience with this funder.
   d. 0 points - one or more sources are projected on terms that are not consistent with the City's prior experience with the funder and are not documented by letter(s) from funder(s).
2. Construction Time Line – 5 points
   a. 5 points – There is a strong likelihood the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents;
   b. 2 points -There is a small likelihood the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents;
   c. 0 points -it is unlikely the project could proceed into construction within the first six months of the year following funding appropriation based on the timeline, narrative, and supporting documents
3. Track record of development team - 10 points
   a. 10 points - every development team member has a successful track record with this type of project and at this scale
   b. 7 points - all but one development team members have a successful track record with this type of project and at this scale; one development team member has relevant experience but at a smaller scale or not of this project type
   c. 3 points - two development team members, while having relevant experience, are new to this type of project or this scale of development
   d. 0 points - the development team does not meet the criteria above
4. Current Capacity of development team - 10 points
   a. 10 points - development team members have exceptional depth of human and financial resources to complete this project;
   b. 8 points - development team members have the human and financial resources to complete this project;
   c. 3 points - development team has a staffing gap in a significant role and a plan to address that gap, OR there are some concerns about the financial resources of the team to move the development forward;
   d. 0 points - the development team does not meet the criteria described above

5. Sound Property Management - 10 points
    a. 10 points – property manager agent demonstrates a successful track record in projects of similar size, scale, type and complexity to the proposed project. Properties under the agent's management are violation free, have not been issued an IRS form 8823 within the last three years, and have scored above average or better in physical inspection scores;
    b. 5 points -property manager agent demonstrates a successful but limited track record in projects of similar size, scale, type and complexity to the proposed project. Properties under the agent's management are violation free, have not been issued an IRS form 8823 within the last three years, and have scored satisfactory in physical inspection scores;
    c. 0 points – the property manager agent has either on-going violations, or has been issued an IRS form 8823 in the last three years, or has scored below average or lower

Attachment 2

Sources and Uses of Jill C. Duson Housing Trust Fund

YEAR	DEPOSITS		YEAR	EXPENDITURES	
2002/03	Maine Medical Center HRO	$ 315,580.00	2011	Avesta Oak Street Lofts	$ (380,585)
2002	Sportsman's Grill HRO	$ 40,000.00	2014	Housing First Pre-Development RFP	$ (75,000)
2009	Berlin City Auto HRO	$ 116,000.00	2015	65 Hanover & 52 Alder Sts Feasibility Study	$ (9,250)
2010	Stop n Shop HRO 2010	$ 289,250.00	2017	65 Munjoy Street	$ (175,000)
2012	Rockbridge/Eastland Park HRO	$ 42,500.00	2018	37 Front Street (not yet spent)	$ (55,500)
2012	Riverwalk/Ocean Gateway HRO	$ 250,000.00	2018	63 Front Street (not yet spent)	$ (370,000)
2012	118 Congress LLC Easement	$ 3,500.00	2018	977 Brighton Avenue (Wessex Woods)	$ (300,000)
2017	91 & 97 Belfort Street (sale of TAP)	$ 86,423.99	2019	60 Parris Terr. Downpayment Assistance	$ (24,000)
2017	116 Upper A Street (sale of TAP)	$ 78,526.74	2019	83 Middle Street (not yet spent)	$ (136,734)
2017	443 Congress Street IZ	$ 280,000.00	2019	18 Luther Street	$ (36,000)
2018	62 India Street IZ	$ 276,500.00	2020	200 Valley Street (not yet spent)	$ (49,154)
2018	Short Term Rental Fee transfer	$ 33,138.80	2022	200 Valley Street	$ (442,386)
2018	0 Thames Street (WEX) sale	$ 1,000,000.00	2020	Affordable Rental Housing Incentive Program	$ (1,000)
2019	20 Thames Street IZ & Easement	$ 270,000.00	2021	66 State/155 Danforth (not yet spent)	$ (150,000)
2019	20 Thames Street (for balcony overhang)	$ 7,500.00	2022	37 Front Street	$ (499,500)
2019	Short Term Rental Penalty	$ 15,200.00		Total Expenditures	$ (2,704,109)
2020	Short Term Rental Penalty	$ 200.00			
2020	Short Term Rental Penalty	$ 7,500.00			
2019	Short Term Rental Fee transfer	$ 176,118.00			
2019	56 Hampshire Street Easement fee	$ 12,123.00			
2019	121 Middle Street HOTEL IZ	$ 41,866.00			
2019	17 Sumac Street (sale of TAP)	$ 79,617.86			
2020	99 Capisic Street (sale of TAP)	$ 163,168.93			
2020	Short Term Rental Fee transfer	$ 122,964.50			
2020	22 Bramhall Street (MMC overhang)	$ 3,799.00			
2020	50 Monument Square IZ	$ 222,789.00			
2020	121 Middle Street HOTEL IZ	$ 30,448.00			
2020	Order 89 20/21 Appropriation	$ 500,000.00			
2021	56 Hampshire Street IZ	$ 198,928.00			
2021	40 Free Street IZ	$ 10,609.00			
2021	1 Center Street HOTEL IZ	$ 513,810.00			
2021	Short Term Rental Fee transfer	$ 109,681.26			
2021	Newell Street sale	$ 900.00			
2021	10 Hammond Street (IZ)	$ 169,744.00			
2021	22 Hope Avenue (IZ)	$ 150,000.00			
2021	ARP Allocation Order 84 21/22	$ 1,000,000.00			
2022	5 India Street (IZ)	$ 261,086.40			
2022	18 Luther Street (repayment of loan)	$ 36,000.00			
2022	Short Term Rental Fee transfer	$ 79,459.60			
2022	City Manager Allocation	$ 250,000.00			
2022	ARP Allocation Order 100 22/23	$ 4,110,000.00			
2022	Newell Street (sale of TAP)	$ 8,100.00			
2022	Stroudwater (partial IZ fee)	$ 16,233.90			
2022	75 Chestnut IZ	$ 587,444.00			
	Previous INTEREST EARNED	$ 51,555.81			
	Total Deposits	**$12,018,265.79**		**BALANCE**	**$9,314,156.79**

HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu; TAP = Tax Acquired Property

as of 3-15-23

Overview

Case Id:
Name:
Address:

Overview

Please provide the following information.

City of Portland
Affordable Housing
Development and Tax
Increment Financing
Application

Housing & Economic Development Department
Victoria Volent
389 Congress St
Portland, ME 04101
207-874-5028
Vvolent@portlandmaine.gov

GENERAL INFORMATION

Availability of Funding

Housing is a necessity within our community to preserve human dignity, provide shelter and safety, ensure quality of life, and promote self-determination and economic growth.

- The City of Portland has made the development of affordable housing a priority, as identified in the City of Portland's 2022-2026 HUD 5-year Consolidated Plan, City Council Common Goals, and the Comprehensive Plan. To accomplish this priority, the City of Portland will accept applications for financial assistance that facilitate the development of affordable housing in the City of Portland.
- Certified Community Housing Development Organizations (CHDO's) or organizations eligible for CHDO certification are strongly encouraged to apply. The HUD definition of a CHDO organization is **Available Here**
- The City of Portland's Division of Housing and Community Development uses an application process to ensure that public funds are utilized for maximum public benefit to accomplish specific objectives and provide fair access to all applicants. Applications for the development of affordable housing utilizing HOME and/or Housing Trust Funds will be accepted until all budgeted funds are allocated.
- The City of Portland reserves the right to partially fund application requests or deny any application that does not meet the application criteria. Material changes to the application after approval of the award of funds may result in the cancellation of award and recapture of awarded funds. Cancellation shall be at the sole discretion of the City of Portland.
- The approval process to establish an Affordable Housing Tax Increment Financing (AHTIF) District involves three steps. First, the City Council's Housing and Economic Development Committee provides a recommendation to the City Council regarding the establishment of an Affordable Housing TIF district. If the City Council approves the recommendation, the City submits an application to the Maine State Housing Authority. MaineHousing reviews the application from the City to ensure compliance with MRS Title 30-A, §5245-5250-G. The process begins with the submission of a completed Affordable Housing Development and Tax Increment Financing application to the City of Portland.
- The City of Portland is making available a combination of FY 2023-2024 HUD Home Investment Partnership Program (HOME) funds (which includes a mandatory set-aside for CHDO organizations or organizations eligible for CHDO certification) and local funds from the Jill C. Duson Housing Trust Fund (HTF) for Affordable Housing Development. City staff will determine which funding source is best for each project and then make funding recommendations to the City Council for final approval.
- Estimated Total Funding Available: $458,270 (HOME) + $3,704,156 (HTF) = $8,814,156

General Guidelines

- Developments shall provide decent, safe, and sanitary dwellings such as single-family homes, apartments, condominiums, or other living accommodations for households whose income does not exceed 100% of the median income for the area as defined by the U.S. Department of Housing and Urban Development (HUD). Affordable housing does not include facilities such as shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, student dormitories, or unattached mobile homes, regardless of income level. Projects must show that the development meets an identified community housing need, the City's participation is financially necessary in order for the project to proceed, and the applicant has the financial capacity to support their project.

View % Median Income adjusted for household size **HERE**

- Priority for the use of HOME Program funds will be given to developments that provide rental housing units to households earning 60% of the area median income and below. Priority for the use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units affordable to households earning 60% to 100% of the area median income. Shovel ready projects with mixed income targeting and a mix of bedroom size are strongly encouraged. The minimum term of affordability depends on the funding source, but is not generally less than 30 years, and in some cases may be 90 years. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. HOME and HTF resources cannot be used to finance a developer's minimum obligations under the city's Inclusionary Zoning ordinance.

The term shovel ready is defined as a project that has received other funding approvals from federal, state, local or private sources and demonstrates the ability to move to a construction loan closing by January 2024.

- Priority for the use of the Affordable Housing Tax Increment Financing Program (AHTIF) will be to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units affordable to households earning 60% to 100% of the area median income. At a minimum, to comply with MRS Title 30-A, §5250, at least 33% of the housing units in the district shall be affordable housing. Tax increment financing cannot be used to finance the requirements of the City's Inclusionary Zoning ordinance. However, tax increment financing can be used to provide affordability that exceeds Inclusionary Zoning requirements. The ongoing affordability period will match the length of the term of the district. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. A minimum of $500,000 in new taxable investment property value for affordable housing development is needed to qualify for an Affordable Housing TIF.
- For purposes of this application and the use of Housing Trust Funding or the AHTIF, affordable means that the percentage of income a household is charged in rent and other housing expenses including utilities, or must pay in monthly mortgage payments (including real estate taxes, mortgage insurance, condominium/HOA fees, insurance and utilities), does not exceed 30% of a household's gross income, or other amount established in city regulations that does not vary significantly from this amount. See Exhibit #2 **Available Here**.

Federal Requirements

The following requirements apply for any project that is awarded HOME or other federal funding.

- Environmental Review Requirements

  Projects receiving HOME funding are subject to environmental review, clearance, and release of funds by the U.S. Department of Housing and Urban Development. Once an application has been submitted to the City of Portland, the applicant cannot take any "choice limiting actions" prior to receiving notification from the City that the environmental review process, including historic preservation review and clearance, has been completed and a release of funds has been received from the U.S. Department of Housing and Urban Development. *A Phase I ESA along with a lead and asbestos testing report is required before HUD Environmental Review Requirements can be completed.*

  Choice limiting actions include, *but are not limited to*, (1) actions having an adverse impact – e.g. demolition, dredging, filling, excavation, including soliciting bids for these activities; (2) actions limiting the choice of reasonable alternatives – e.g. execution of a legally binding agreement; signing a purchase and sale agreement; signing an option agreement that does not allow the purchaser to elect to terminate the option agreement if the property is not desirable; entering into real property acquisition (including making bids on auctioned properties); leasing, rehabilitation, demolition, environmental remediation, related site improvements, relocating buildings or structures, conversion of land or buildings/structures (including soliciting bids to undertake these activities).

- Federal Labor Standards and Other Wage Rate Requirements

  As may be applicable, projects receiving HOME or AHTIF funding must ensure that they and all contractors and subcontractors meet requirements for federal or state prevailing wage rates specified under the Davis-Bacon Act and the City's TIF policy, respectively. The Davis-Bacon and Related Acts require all laborers and mechanics employed by contractors or subcontractors in the performance of construction work over $2,000, financed in whole or in part with assistance received under HUD programs, shall be paid the prevailing wage as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-5). Projects that include 12 or more HOME-assisted units must meet the requirements of the Davis-Bacon and Related Acts. Any project approved for a site-specific tax increment financing district (AHTIF) utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S. §1306, or Portland City Ordinance Ch. 33 §33-1 to 33-12, whichever is greater. State prevailing wage rates may exceed Davis-Bacon wage rates.

- Section 3

  All HOME projects must comply with Section 3 regulations at 24 CFR Part 75. Contractors and subcontractors performing work on Section 3 covered projects must provide, to the greatest extent feasible, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to the businesses that provide economic opportunities to low- and very low-income persons. Projects that utilize over $200,000 in HUD federal funding from any source or combination of sources, including MaineHousing, must report on Section 3 accomplishments. Developers can search for Section 3 eligible workers and business concerns at **https://hudapps.hud.gov/OpportunityPortal/**.

- Minority and Women Owned Business (MWBE) Participation

  All HOME projects must complete, track, and report on outreach and contracts given to women- and minority-owned businesses to ensure their inclusion, to the maximum extent possible, in the procurement of property and services. Applicants are encouraged to utilize firms certified as a Minority Business Enterprise or Women's Business Enterprise as part of the development team. The development team members include the developer, architect, attorney, general contractor, and management agent. Forms will be provided to the developer for tracking.

- Lead-Based Paint

  All HOME funded residential rehabilitation, adaptive re-use and construction activities must comply with 24 CFR Part 35 and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act.

- Access to the Internet

  All new construction and substantial rehabilitation projects of multifamily rental housing will be required to provide the installation of broadband internet access to its residents to help narrow the digital divide for households in need.

- Fair Housing and Equal Opportunity

  [Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) (HUD implementation regulations 24 CFR Part 1); The Fair Housing Act (42 U.S.C. 3601-3620)(24 CFR Part 100-115(; Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)(24 CFR Part 107); Age Discrimination Act of 1975, as amended (42 U.S.C. 6101)(24 CFR Part 146).]

  The Fair Housing Act prohibits discrimination in all housing-related transactions based on race, color, national origin, religion, sex, disability, age or familial status. It also includes minimum accessibility design requirements for all new construction and rehabilitation projects and requires that reasonable accommodations be made in rules, policies, practices, services and reasonable structural modifications. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based on disability and requires that everyone have equal opportunity to obtain housing built with federal funds.

- <u>Affirmative Marketing</u>

  Developers must have tenant selection policies and criteria to ensure that tenants are selected for occupancy at the property in a fair and equitable manner. Tenant selection policies must be based on objective criteria that expressly prohibit bias. Tenant selection procedures should be clear and easily understood by prospective tenants. An affirmative marketing plan is required to ensure that the property serves a diverse cross-section of the population of the market area, must consist of actions to provide information and otherwise attract eligible persons in the housing market area that might not otherwise apply without special outreach, and ensure that the housing is available to qualified applicants without regard to race, color, national origin, religion, sex, disability, or familial status.

- <u>Violence Against Women Act</u>

  Developers must comply with the Violence Against Women Act (VAWA) requirements in 24 CFR §92.359 and 24 CFR Part 5, subpart L. . The Violence Against Women Act was reauthorized in 2022 with increased protections for victims of domestic violence, dating violence, sexual assault, and stalking. HUD is currently formulating guidance on compliance with the reauthorization. Projects receiving funding during this program year will be required to follow this guidance, regardless of whether it is released after award.

- <u>Relocation and Displacement</u>
  Developers must comply with all applicable federal requirements, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, for any persons or businesses displaced at any point during the project.

- <u>Equal Employment Opportunity</u>

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

<u>Conditions for Approval</u>

Designation of an Affordable Housing Development TIF District is subject to the following conditions.

1. Projects must comply with the City of Portland's Tax Increment Financing Policy.
2. At least 25%, by area, of the real property within an Affordable Housing Development district must be suitable for residential use; be a blighted area; or in need of rehabilitation or redevelopment.
3. The Affordable Housing Development program must show that the development meets an identified community housing need.
4. The district must be primarily a residential development on which at least 33% of the dwelling units are affordable for households at or below 100% of Area Median Income (AMI) and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-

scale nonresidential uses of service to the residents of the development.

5. Projects approved for a site-specific tax increment financing district utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater. State prevailing wage rates may exceed Davis-Bacon wage rates. Projects that are required to meet the local TIF policy wage rate requirements and federal Davis-Bacon wage requirements must use the higher wage rate based on job classification.

Goals for the Distribution of HOME and Jill C. Duson Housing Trust Funds (HTF) or the Designation of an Affordable Housing TIF District

The goal for the distribution of HOME and HTF funds, or the designation of an Affordable Housing TIF district, is to increase, preserve, and modify the overall supply of housing citywide to meet the needs, preferences and financial capabilities of all Portland residents. Development should be consistent with the Annual City Council Common Goals, the City's Comprehensive Plan and the HUD Five-Year Consolidated Plan. The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicant's funding request; may impact scoring outcome. Developments should incorporate quality, sustainable design.

Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in the Scoring Section as well as the 2023 City Council Common Goal requirement to use a lens that prioritizes racial, social and justice equity in order to recommend the most qualified application based on the information submitted.

Disbursement of Funds

The developer may not request disbursement of funds until the funds are needed for the payment of specified and actual costs. The amount of each request must be limited to the amount needed for the payment of actual costs. The City will disburse up to 90% of the loan proceeds during construction at 50% of completion. The remaining 10% will be disbursed upon receipt of an architect's certificate of substantial completion of the project. Any modification to the disbursement schedule must be agreed to by the City in writing prior to closing.

SCOPE OF SERVICES

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

Eligible Projects

- Projects receiving HOME funding must create rental housing units which promote economic diversity within the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing, and rehabilitation of existing rental units that creates accessible or maintains affordable units is eligible. Projects that have previously received HOME funds are not eligible for additional HOME assistance.
- Projects receiving HTF Funds or an AHTIF District Credit Enhancement Agreement must create housing units that promote economic diversity within the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and

rehabilitation of existing units that creates or maintains affordable units is eligible.

- All projects must meet the affordability targets referenced in Section I.B. along with all applicable income and rent restrictions of the City's funding source (HOME, HTF or AHTIF Programs).
- Projects must ensure that the affordable units within a mixed income development will be equal in square footage and comparable to the market rate units.
- Housing First developments are encouraged.
- Single Room Occupancy (SRO) and other supportive housing projects specifically for special needs populations are eligible under this application.
- Projects receiving funding through this application must include a written occupancy policy that prohibits smoking in the units and the interior common areas of the project in addition to including a non-smoking clause in the lease for every household and making educational materials on tobacco treatment programs available to residents through the residence service coordinator, occupancy specialist, or property manager, such as the phone number for the statewide Maine Tobacco HelpLine.
- HOME eligible projects receiving funding through this application must set aside 10% of the units in the project for individuals or families residing in a Portland shelter. The City's Health and Human Services Department would be responsible for providing referrals, providing or coordinating supportive services and financial resources to assist with monthly rent payments. A Supportive Housing Agreement between the City and the Developer would document the services and expectations. At the time of loan closing or prior to disbursement of the City's funding, the requirements would be secured by a Declaration of Covenants which will be recorded in the Cumberland County Registry of Deeds.
- Projects receiving assistance through this application are encouraged to participate in the Public Housing Authority Family Self Sufficiency Program.

Site Information and Criteria

- Site Control: Land or buildings proposed as part of a project under this application must have site control at the time the application is submitted in the form of title, purchase and sale agreement, option, long-term lease for a minimum of 90 years, or other acceptable method. At a minimum, site control must extend through December 31, 2023.
- Local Approvals: Local land use approval is not required prior to submission of the application, however approval is required before the City Council will approve the funding request or AHTIF request. The applicant must submit an analysis of the project in relation to local land use regulations and site feasibility; the analysis must include the completion of the Site Information and Criteria Table available as **Exhibit #3**.
- Applications must not require a contract or conditional zone. Resolution of any zoning issues is required before City Council approval of the applicants funding request or Affordable Housing TIF request.

Financial Feasibility

- Financial applications must be developed in accordance with the underwriting guidelines of the primary funding source, including adequate cash flow and debt coverage ratio, and conform to the City of Portland's underwriting criteria.
- Use of Funds: All projects will be reviewed for the proposed use of funds compared to other resources. Applicants must describe the proposed mortgage and security position for the City of Portland's funding. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied to the goals outlined in the City's Comprehensive Plan.

Market Demand

- Applicants must show that the development meets an identified community housing need and provide an analysis and discussion of market demand justifying the need for the proposed project.

Applicant Capacity

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

- Key staff members assigned to the project with the abilities and experience to successfully complete the project within the proposed time frame.
- An architect, general contractor, and professionals on the team with the experience and capacity to complete the project.
- A management team with qualified personnel and the capacity and experience to operate, manage, and maintain the affordable rental property of size and mix of the proposed project. Applicant should demonstrate that properties under the property management team's responsibility are violation free, have not been issued an IRS form 8823 within the last three years and have scored above average or better in physical inspection scores.
- Qualified staff with the capacity to perform ongoing property ownership requirements such as budgeting, tax accounting, and oversight of management and maintenance.
- A portfolio of current affordable housing projects that are financially sound and meeting their established goals.
- Support Services: Applications containing rental units targeted to special needs populations must include commitments for support services to be provided to the residents and have in place a policy to make accessible units available when needed if units are occupied by someone that does not need the accessible features.

Term of Affordability

- Rental housing projects funded with HOME and/or Housing Trust Funds must have a minimum affordability period of 90 years, secured by a land use restriction covenant in the deed.
- Projects receiving HOME funding may be charged an annual fee to cover the actual costs of federally required HOME monitoring, per 24 CFR 92.214(b)(1)(i).
- AHTIF projects must have an affordability period that matches the term of the district and is secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds.

Financing Terms

The following are general guidelines and the City reserves the right to partially fund application requests or deny any application that does not meet the application criteria, and adjust the terms of funding on a case-by-case basis based on changes in conventional lending and other financing sources.

The City's funding is generally in the form of soft "gap" financing. To allow for future investment in affordable and workforce housing, the City seeks to achieve a reasonable return of capital and where possible a return on investment based on the financing features of each funding request. The City allows flexibility for creativity by development teams by establishing funding terms based on the financial structure of each development project.

Funding in the form of loans may range from 30 years non-amortizing, deferred at 0% interest, to 30 year, amortizing loans based on a financial analysis of the development project. A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). Projects with a DCR greater than or equal to 1.25 will be considered for a fully amortizing loan with a corresponding rate that either achieves a DCR of 1.15.

Other DCR features are as such:

- Projects that have a DCR of less than 1.25 will be considered for interest only loans. The interest rate will be set at a percentage rate that will achieve a DCR of 1.15.
- Projects that are submitted at a DCR of 1.15 will be considered for a deferred cash flow loan.
- Grants may be considered when a project serves a substantially underserved population.
- A project with a sustained DCR greater than 1.5, after the application of a fully amortizing loan will be considered over subsidized. The funding request will be reduced to achieve a sustained DCR of no more than 1.4. This may result in the funding request being reduced to zero. Projects of this nature are candidates for private financing.

Affordable Housing TIF: During the term of the Affordable Housing District and the Development Program, tax increment revenues from the Affordable Housing District claimed by the City as captured assessed value may be used to pay authorized project costs. Authorized project costs are noted in 30-A M.R.S.A. §5249, a list of which is attached. Tax increment revenues will be paid by the City to the Project owner pursuant to a Credit Enhancement Agreement to be entered into by and between the City and the Project owner.

Design Compatibility

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

Project designs:

MUST comply with all applicable City Codes and Ordinances, including but not limited to the City's Green Building Code (Chapter 6, Article VII, Sec. 6-165, as amended by Referendum, 11-3-2020) and the Affordable Housing Section of the City's Land Use Ordinance (Chapter 14 Article 18.2, as amended by Referendum, 11-3-2020). Please note that the Green Building Code may be more restrictive than the requirements in Maine Housing's Quality Standards and Procedure Manual. Applicants must provide evidence reasonably satisfactory to the City of Portland demonstrating that the project was designed, constructed and rehabilitated in accordance with the Green Building Code.

PLEASE NOTE: An application for a building permit must include the documentation outlined in the Green Building Code Section 6-168. A Certificate of Occupancy will not be issued until the terms of Section 6-169 of the Green Building Code have been met.

Should establish a building form, scale, massing and rhythm appropriate for the surrounding neighborhood.

Should provide a quality design that, where possible, reinforces the public realm of open space, sidewalks and streets through appropriately scaled entries that orient to the street instead of interior blocks or parking lots, and incorporate porches, fenestration, landscaping, and architectural details.

MUST meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, and the Maine Human Rights Act for multi-family housing. Provide for universal accessibility to the extent possible.

Should provide visual and acoustical privacy between units while maximizing natural light and ventilation within units.

Time Frame

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

APPLICANT REQUIREMENTS

The City of Portland will consider applications on a rolling basis. Those who require a conditional commitment of funds as part of other financing applications must apply as soon as possible because the application process can be lengthy. Applicants may contact the City of Portland to confirm the availability of funds prior to submitting an application.

Planning Board approval will be required before a funding award can be made. Applicants are *highly encouraged*to file the required Major Site Plan and Subdivision application with the Planning Department as soon as possible, in order to provide sufficient time for the local land use approval process to occur. Applicants should budget approximately four months from the date of application filing to Planning Board approval and submit all materials accordingly. Please be advised that timelines may be impacted based on the quality of application materials received and reviewed by the Planning Department. Please contact Kevin Kraft, Deputy Director, at kkraft@portlandmaine.gov for additional specifics on the land use approval process.

TO:	Councilor Pious Ali, Housing and Economic Development Chair Members of the Housing and Economic Development Committee
FROM:	Mary Davis, Interim Housing and Economic Development Director
DATED:	March 16, 2023
RE:	Renewal of the Cumberland County HOME Consortium

I. Summary of Issue

The Cumberland County HOME Consortium will soon be entering the last year of its fifth three-year Consortium contract period. The current Consortium agreement is due to expire on June 30, 2024. Each member of the Consortium must confirm their participation in the next three-year term and notify HUD by June 30.

II. Reason for Submission

We are required to submit our consortium renewal request to the U.S. Department of Housing and Urban Development by June 30 for the contract period July 1, 2024 through June 30, 2027.

III. Intended Result

Confirm Portland's participation in the Cumberland County HOME Consortium for the period beginning July 1, 2024 through June 30, 2027. The Consortium makes available more funds for affordable housing activities throughout the region and provides the opportunity to address housing issues on a regional level.

IV. Committee Goal/Council Goal Addressed

HOME funding addresses housing and homelessness through development of additional rental units and tenant-based rental assistance.

V. Financial Impact

In FY 2023-2024, the Cumberland County HOME Consortium received $1,037,237 in HOME program funds from the U.S. Department of Housing and Urban Development. Based on the funding formula established in the Mutual Cooperation Agreement between the City of Portland and other Consortium members, the City received 10% of grant funds ($112,665; this number includes 10% of program income) for administrative costs and $532,103 for project programming. The remaining funds ($401,411) were allocated to the other Cumberland County communities.

VI. Staff Analysis and Recommendation

The concept of forming a City of Portland/Cumberland County HUD HOME Consortium was first discussed in April 2007. The Consortium was designed to expand financial resources for eligible affordable housing activities throughout Cumberland County. Prior to 2009, Portland received an annual allocation of HUD HOME funds but the communities of Cumberland County did not. The creation of the Consortium brought additional funding for affordable housing activities into the region. The Consortium agreement includes a "hold harmless" clause that ensures that Portland receives funding in an amount equivalent to the amount the City would have received if the Consortium did not exist. Portland retains independent operation of its HUD HOME program. As the "Lead Entity" of the Consortium, Portland receives 100% of the administrative funds allowed under the HOME Program.

The consortium has been a successful collaboration in support of affordable housing throughout Cumberland County. From July 2009 through January 2022, $3,333,178 in County HOME funding has assisted in the creation of almost 700 residential units, including 670 low-income units, of housing within Cumberland County (outside of Portland). The City of Portland has been a recipient of HOME funds since 1992. However, the county communities did not receive HOME funds until the creation of the Consortium in 2009. Through a formula calculation agreed upon by the members of the Consortium, Portland continues to receive our typical expected allocation, retains independent operation of its HOME program and serves as "Lead Entity" for the Consortium, retaining 100% of the allowable administration funds as compensation for this responsibility. (See attached "Hold Harmless" statement). If the City were not a part of the consortia, the City's HOME allocation is estimated to be $528,440, which would represent administrative funds and program funds (see copy of HUD funding estimate calculator below)

Staff requests the Committee approve and recommend to the City Council that the City of Portland renew its participation in the Cumberland County HOME Consortium.

Estimated value of the FAMILIES IN POVERTY factor:	*$58,240*
Estimated value of the PRE-1950 RENTAL HOUSING OCCUPIED BY THE POOR factor:	*$215,600*
Estimated value of the RENTAL HOUSING WITH 1 OF 4 PROBLEMS factor:	*$84,240*
Estimated value of the COST INDEXED RENTAL HOUSING WITH 1 OF 4 PROBLEMS fact	*$74,660*
Estimated value of the VACANCY ADJUSTED RENTAL HOUSING WITH PROBLEMS facto	*$69,720*
Estimated value of the POPULATION INDEXED BY PER CAPITA INCOME factor:	*$25,980*
Estimated TOTAL:	**$528,440**

APPENDIX “A”

City of Portland, “Hold Harmless” Calculation

Introduction

A central premise in the creation of the Cumberland County HOME Consortium is that the City of Portland, as an existing HOME Program Participating Jurisdiction, will continue to receive funding equal to its allocation prior to the formation of the Consortium. Portland will be “held harmless”. Its base funding, prior to any added allocation owing to participation in the Consortium, as outlined in other sections of the Agreement, will remain neutral.

The Standard

Portland’s base, “hold-harmless” allocation under the Cumberland County HOME Consortium for 2009-2011 will be 118% of the HOME allocation for the Lewiston/Auburn HOME Consortium.

It is possible, though highly unlikely, the funding allocation for Lewiston/Auburn may vary from its historic established patterns. This could be due to penalties imposed by HUD, demographic shifts or other events unrelated to the federal HOME budget or HUD’s general distribution of funds to participating jurisdictions.

If this occurs, Consortium members will examine all available data to establish a hold harmless allocation for Portland in the fairest manner possible.

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

February 24, 2023

Robert D. Shumeyko
Director New England Office
Office of Community Planning and Development
U.S. Department of Housing and Urban Development
Thomas P. O'Neil Building
10 Causeway Street
Boston, MA 02222-1092

RE: Renewal of Cumberland County HOME Consortium

Dear Mr. Shumeyko:

This letter serves as the Cumberland County HOME Consortium intent to participate in the HOME Investment Partnerships Program for the period of 7/1/2024 to 6/30/2027. The Mutual Cooperation Agreement dated May 27, 2011 included an automatic renewal clause (Section 7. C.). As outlined in the HOME Consortia Calendar Summary of Deadlines, the City of Portland as the lead entity will notify members of their right not to participate prior to June 1 (sent on 1/18/2023 and attached to this letter), and members will notify the City of Portland the decisions of their governing bodies by June 15, 2023. Following this, the City of Portland will submit those decisions and all required documentation by June 30, 2023.

If you have any questions, please feel free to contact me at (207) 874-8711 or mpd@portlandmaine.gov.

Sincerely yours,

Mary P. Davis

Mary P. Davis
Director
Housing & Community Development Division
Planning and Urban Development Department
City of Portland, Maine

389 Congress Street, Portland, ME 04101 – www.portlandmaine.gov – (207) 874-8683

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

John Eldridge, Town Manager
Town of Brunswick
85 Union St
Brunswick ME 04011

January 18, 2023

RE: Cumberland County HOME Consortium Renewal

Dear Mr. Eldridge:

The Cumberland County HOME Consortium will soon be entering the last year of its fifth three-year consortium contract period. The current consortium agreement is due to expire on June 30, 2024 (Federal Fiscal Year 2023). The consortium has been a successful collaboration in support of affordable housing throughout Cumberland County.

During the Federal Fiscal Year prior to the end of each consortium contract period (in this case Federal Fiscal Year 2022), each member of the Cumberland County HOME Consortium must determine whether they will continue to participate for another successive three-year period. You are hereby notified that as a member of the current consortium, you may choose not to continue to participate in the Cumberland County HOME Consortium.

The 2012-2015 Mutual Cooperation Agreement included an automatic renewal clause (Section 7 C. – Term of Agreement and Renewal). As there are no proposed amendments or changes to the Agreement, a new Mutual Cooperation Agreement will not be needed.

Please provide a copy of the decision of your local governing body as to your continued participation in the Cumberland County HOME Consortium. If you choose NOT to continue as a member of the Cumberland County HOME Consortium, you must notify this office of your intent to withdraw.

Please notify my office of your decision no later than May 1, 2023. If you have any questions, please feel free to contact me at 874-8711 or mpd@portlandmaine.gov.

Sincerely,

Mary P Davis

Mary P. Davis
Interim Director, Housing and Economic Development Department

389 Congress Street, Portland, ME 04101 – www.portlandmaine.gov – (207) 874-8683

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

James H. Gailey, Manager
Cumberland County
142 Federal Street
Portland ME 04101

January 18, 2023

RE: Cumberland County HOME Consortium Renewal

Dear Mr. Gailey:

The Cumberland County HOME Consortium will soon be entering the last year of its fifth three-year consortium contract period. The current consortium agreement is due to expire on June 30, 2024 (Federal Fiscal Year 2023). The consortium has been a successful collaboration in support of affordable housing throughout Cumberland County.

During the Federal Fiscal Year prior to the end of each consortium contract period (in this case Federal Fiscal Year 2022), each member of the Cumberland County HOME Consortium must determine whether they will continue to participate for another successive three-year period. You are hereby notified that as a member of the current consortium, you may choose not to continue to participate in the Cumberland County HOME Consortium.

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Please provide a copy of the decision of your local governing body as to your continued participation in the Cumberland County HOME Consortium. If you choose NOT to continue as a member of the Cumberland County HOME Consortium, you must notify this office of your intent to withdraw.

Please notify my office of your decision no later than May 1, 2023. If you have any questions, please feel free to contact me at 874-8711 or mpd@portlandmaine.gov.

Sincerely,

Mary P Davis

Mary P. Davis
Interim Director, Housing and Economic Development Department

City of Portland | Housing and Economic Development Department
Mary P. Davis, Interim Director

MEMORANDUM

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

FROM: Mary Davis, Interim Director

DATE: March 17, 2023

SUBJECT: 2023 HEDC Work Plan and Draft Schedule

The work plan and draft schedule for the Housing and Economic Development Committee is attached.

As has been our practice, the work plan and schedule will be included on every HEDC meeting agenda to provide an opportunity for committee members to provide updates and direction on the agenda schedule.

389 Congress Street, Portland, ME 04101 – www.portlandmaine.gov – (207) 874-8683

DRAFT
Housing & Economic Development Committee
2023 Work Plan Schedule
as of March 17, 2023

March 21, 2023

1. (Public Hearing) Review and Recommendation to the City Council – 2023 Jill C. Duson Housing Trust Fund Annual Plan
2. (Public Hearing) Review and Vote to Approve the Issuance of 2023 Affordable Housing TIF and Affordable Housing Development Fund Application for the Jill C. Duson Housing Trust Fund, HOME Program
3. (Public Hearing) Review and Recommendation to the City Council to continue to Participate in the Cumberland County HOME Consortium
4. Executive Session Review and Direction to Staff on Negotiations with USL Soccer Proposal at Fitzpatrick Stadium

April 4, 2023

1. (Public Hearing) Review and Recommendation to the City Council re: USL Soccer Proposal at Fitzpatrick Stadium
2. (Public Hearing) Review and Recommendation to the City Council Regarding establishing a Tourism Improvement District.
3. Presentation of Annual Report from Permitting & Inspections Dept. Re: Short/Long Term Rental Registration Program and Housing Safety.
4. Communication - Memo from City Staff regarding the Franklin Street Redesign Plan
5. Off-Shore Wind Discussion
6. City Owned Property Discussion - Marginal Way Lot

April 18, 2023

1. (Public Hearing) Review and Recommendation to the City Council - Report to HUD on Analysis of Impediments to Fair Housing
2. Workshop - Portland’s Eastern Waterfront
3. (Public Hearing) Review and Recommendation to the City Council - Amendment to the City’s Tax Increment Financing Policy

May 16, 2023

1. (Public Hearing) Review and Recommendation to the City Council - Annual Portland Downtown District Documents

June 20, 2023

1. Consideration of year-round outdoor dining on public property (excluding streets)

July 18 2023

1.

August 15, 2023

1.

September 19, 2023

1.

October 17, 2023

1.

November 21, 2023

1.

December 19, 2023

1.

COMPLETED WORK

January 17, 2023

1. Facilitated Work Plan Discussion

February 21, 2023

1. Workshop - Responsibilities of the Housing and Economic Development Department
2. Review Letter from the Rental Housing Advisory Committee
3. (Public Hearing) Review and Recommendation to the City Council – FY24 Housing Program Budget
4. (Public Hearing) Review and Recommendation to the City Council - HOME-ARP Program Plan
5. (Public Hearing) Review and Recommendation to the City Council - Thames Street Purchase and Sale Agreement

2023 Housing and Economic Development Committee Draft Work Plan March 17, 2023

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
ECONOMIC DEVELOPMENT POLICY				
Review Tax Increment Financing (TIF) investment in workforce training for FY2024 funding.		X		
Vote on Tourism Improvement District proposal		X		
Research and present options for public-private partnerships to support parking garage and possible new affordable housing - City-owned Bayside Lot 6, (corner of Somerset & Chestnut St) acquired by the City Council through eminent domain		X		
Waterfront Activity Workshop including - Harbor Dredge Project, Portland Harbor Commons, Off-Shore Wind, and other items		X	X	
Accessibility of Public Buildings, ADA Compliance			X	
Consideration of year-round outdoor dining on public property (excluding streets)				

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
AFFORDABLE HOUSING POLICY AND BUDGETS				
Policy Discussion re: (1) Guidelines and Priorities for the allocation of city resources for housing development (2) use of priority nodes and corridors for housing development (possible committee workshop with Planning Dept staff)	X	X	X	
Review of FY 2024 Housing Program Budget	X			2.21.23
Review of 2023 Jill C. Duson Housing Trust Fund Annual Plan and the 2023 Affordable Housing Development Application	X			
Review and Analysis of the Role of the Rental Housing Advisory Committee		X	X	

	Annual Committee Work	Staff Recommendations	Committee Members' Priorities	Status
AFFORDABLE HOUSING/ECONOMIC DEVELOPMENT - PUBLIC-PRIVATE PARTNERSHIPS, REAL ESTATE TRANSACTIONS				
Review and Vote to Approve Funding Requests Received from the Affordable Housing Development Applications for City Housing Trust, HOME funds & AHTIF CEA Requests.	X	X		
Review City Owned property to sell/lease to support affordable housing		X		
Portland United Soccer League Proposal				
Purchase & Sale Agreement - Sale of a portion of City-owned Thames St. Property		X		2.21.23
Kennebec Street Realignment (from Brattle to Forest)				
Review of Franklin Street Plan and Possible Use of Federal Reconnecting Communities Grant - Possible Joint Meeting with Sustainability & Transportation			X	

	Annual Committe e Work	Staff Recommendations	Committee Members' Priorities	Status
ANNUAL REPORTS AND ACTIONS				
Presentation of 2022 Housing Report Part I and Part II	X			
FY24 Annual Allocation Plan (Jan-April) & Analysis of Impediments to Fair Housing	X	X		
Presentation, Annual Overview, Integrated Report -Permitting & Inspections, Fire Depart Short-term/Long-term Rental Housing Safety & Inspection Program - Implementation & Financial Report/ Discussion of Dept. Staff Needs	X		Process established under prior Housing Committee X	
City TIF District Annual Activity Report (November)	X			
Committee Annual Accomplishment Report (November)	X			