**Housing & Economic Development Committee Meeting**
Tuesday, May 21, 2024 at 5:30 PM

**MEMBERS**
Councilor Pious Ali, Chair
Councilor Roberto Rodríguez
Councilor Regina Phillips
Councilor Kate Sykes

To submit written public comment on an agenda item, email edda@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).

**REMOTE ACCESS INFORMATION**

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/81287382094?pwd=TUtFQUp4bkc1MGZ1YUplckhHM1JlUT09
Passcode: 129504
Or One tap mobile :
+13092053325,,81287382094# US
+13126266799,,81287382094# US (Chicago)
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
+1 309 205 3325 US
+1 312 626 6799 US (Chicago)
+1 646 931 3860 US
+1 929 205 6099 US (New York)
+1 301 715 8592 US (Washington DC)
+1 305 224 1968 US
+1 507 473 4847 US
+1 564 217 2000 US
+1 669 444 9171 US
+1 669 900 6833 US (San Jose)
+1 689 278 1000 US
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International numbers available: [https://portlandmaine-gov.zoom.us/u/kcnUdJ7dNq](https://portlandmaine-gov.zoom.us/u/kcnUdJ7dNq)

**1. Review and accept Minutes of previous meeting held on May 7, 2024.**

a. See attached draft meeting Minutes for review and approval.

**2. Developer Forum - Process and Challenges Developing Affordable Housing**

a. Brief Inroduction - Committee Chair Councilor Pious Ali and Greg Watson, Housing and Economic Development Director

b. Overview of the City Tax Increment Financing Program - Greg Watson and Mary Davis, Housing and Community Development Division Director (10 Minutes)

c. Overview of the Low Income Housing Tax Credit Program - Mark Wiesendanger, Director of Development, Maine Housing (10 Minutes)

d. Non-Profit Developers - Patrick Hess, Avesta Housing, and Brian Kilgallen, Community Housing of Maine (5 Minutes Each)

e. For-Profit Developers - Amy Cullen, The Szanton Company, and Jonathan Culley, Redfern Properties (5 Minutes Each)

f. Public Housing - Jay Waterman, Portland Housing Development Corp. (5 Minutes)

g. HEDC Members - Questions and Discussion and an Opportunity for Public Comment (45 Minutes)

Next Meeting Date: June 25, 2024

**Minutes**

**Remote Housing and Economic Development Committee**

**May 7, 2024**

**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, May 7, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members Regina Phillips, Roberto Rodriguez, and Kate Sykes. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Corporation Counsel Michael Goldman, Associate Corporation Counsel Avery Dandreta, Assistant City Manager Dena Libner, Assistant City Manager Greg Jordan, Interim Planning and Urban Development Director Kevin Kraft, Senior Planner Zach Powell, Director of Parks, Recreation abd Facilities Ethan Hipple, Public Assembly Facilities Director Andy Downs, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

**Item #1: Review and accept Minutes of previous meeting held on April 29, 2024**

On motion made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee voted 4-0 to accept the Minutes.

**Item #2: Presentation of Portland's Housing Dashboard**

Kevin Kraft introduced the new Housing Dashboard created to help track and visualize the City's efforts in creating more housing.

Zachary Powell provided an interactive demonstration that included how to locate the dashboard on the City's landing page, how to navigate between tabs, how to use the map feature to see multiple attributes, how to drill down to see additional data, and how to turn on visual layers to see filtered data. The impetus for the Housing Dashboard was in response to the data requests received by the Planning and other departments.

Committee members thanked Planning and asked clarifying questions.

Zachary Powell noted the dashboard is updated quarterly via a spreadsheet using information provided by Energov. Planning is exploring revisions based on opportunities to expand connections with other housing data collected by other departments to improve citizens experience including ensuring equal access to residents whose primary language is not English.

**Item #3: Review and vote on a recommendation to the City Council regarding the proposed Seadogs/Hadlock Field Lease Agreement. NOTE: Pursuant to 1 MR.S.A. 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide staff direction on negotiations**

Greg Watson noted the existing lease does not address capital expenditures, and in order to address requirements imposed by Major League Baseball for affiliated teams, the Portland Sea Dogs need to invest up to $10 Million in improvements to the City-owned stadium at Hadlock Field. Both of these items need to be addressed in the 9-30-28 to 9-30-38 Lease. The current Lease is set to expire September 30, 2028. Other items negotiated in the Amended and Restated

Lease include opportunities for the City to increase revenue via the increased annual lease amount, new proposed parking income and ticket revenue sharing.

The Committee asked clarifying questions - revenue, profit, costs, City incurred expenses, and staff noted that Major League Baseball is still reviewing the proposed lease; any amendments would be noted during the Council meeting.

Councilor Ali asked Committee members if they would like to enter into Executive Session.

Councilor Ali opened the meeting regarding the motion to enter into Executive Session for public comment.

Kenneth Capron (Forest Avenue) said to keep in mind that whatever the Council does will set a precedent; look out for Portland's best interests.

Councilor Ali closed public comment.

On a motion made by Councilor Sykes, seconded by Councilor Phillips, the Committee voted (4-0) enter into Executive Session at approximately 6:30 to discuss a recommendation to the City Council regarding the proposed Seadogs/Hadlock Field Lease Agreement.

The Committee returned from Executive Session at 7:24

Council Ali noted the Committee would recommend the Lease be approved in substantially the form include in the agenda.

Councilor Ali opened the meeting to public comment. Seeing none, the public comment period was closed.

On a motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted (4-0) on the recommendation to forward to the City Council regarding the proposed Seadogs/Hadlock Field Lease Agreement.

**<u>Item #4: Review and vote on a recommendation of the City Council of an Affordable Housing Development Loan request and Tax Increment Financing Credit Enhancement Agreement for the Lambert Woods South Project located at 165 Lambert Street. NOTE: Pursuant to 1 MR.S.A. 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide staff direction on negotiations.</u>**

Greg Watson introduced this item by noting the Committee met in Executive Session in the previous HEDC meeting. Liz Trice and Matt Peters of Maine Cooperative Development Partners, the developers of Lambert Woods South, are in attendance.

Mary Davis presented a high-level overview of the proposed 90 units of limited-equity cooperative housing on city-owned property located at 165 Lambert Street. MCDP is requesting financial assistance from the City of Portland in two forms. The first is a loan from the Jill C. Duson Housing Trust Fund in an amount up to $4,000,000 to assist with the construction phase of the project and to subsidize the average share price for residents and the second is financing through a Credit Enhancement Agreement and Affordable Housing Tax Increment Financing which would return 75% of the tax revenue generated by the increased taxable value of the property annually over 30 years to the developer to pay debt along with the deferred developer fee Staff is requesting approval with a recommendation to the City Council that the developer meet conditions outlined in her memo to the HEDC.

Councilor Ali opened the meeting to public comment. Seeing none, the public comment period was closed.

On a motion made by Councilor Rodriguez, seconded by Councilor Sykes, the Committee voted (4-0) on the recommendation to approve this item to the City Council.

On a motion made by Councilor Phillips, seconded by Councilor Rodriguez, the

Committee voted (4-0) to adjourn the meeting at approximately 7:45 p.m.

Next meeting is May 21, 2024

Respectively submitted, Victoria Volent

City of Portland | Housing and Economic Development Department
Gregory P. Watson, Director

**MEMORANDUM**

**To:** **Chair and Members of the Housing and Economic Development Committee**

**From:** **Greg Watson, Department Director**

**Date:** **May 16, 2024**

**Subject:** **Overview of Tax Increment Financing Program**

This Memorandum provides the following:

A. **Overview of the State of Maine Tax Increment Financing (TIF) District Program;**

B. **Benefits of utilizing the TIF Program; and,**

C. **Portland's use of area-wide TIF Districts** (which are under City Council control to invest millions of dollars in public infrastructure and staff) versus site TIF Districts (which invest in specific projects through credit enhancement agreements).

## A. TIF PROGRAM OVERVIEW

**State Statute** – M.R.S. Title 30-A Chapter 206

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. TIF Programs support municipal investment, as well as private sector and affordable housing investment.

## B. PUBLIC BENEFITS OF THE TIF PROGRAM

- Stimulate private sector investment and job creation;

- Expand existing or fund new transit service capital costs and limited operational costs;

- Public infrastructure investment; and,

- Support individual private commercial and affordable housing project financing needs.

**Why is TIF beneficial?**

TIF "***shelters***" captured new property and increased assessed value by excluding it from the total municipal value reported to the State for the length (or term) of the TIF district.

When new investment occurs, municipal real estate valuation goes up. As a result, State subsidies go down and county taxes go up, i.e., State Education Aid is reduced, State Municipal Revenue Sharing is reduced, and the City of Portland pays a higher percentage of the Cumberland County annual budget.

For the City of Portland, tax shelter savings are conservatively estimated at 30%, meaning that for every new property tax dollar captured in a TIF District, the City saves 30 cents for each property tax dollar which otherwise would be lost. ***For fiscal year end 2023, Portland's estimated total tax shelter savings for all active TIF Districts is $3.93 Million.***

C. **Portland Area-Wide TIF Districts**

**How many Area-Wide TIF Districts are located in the city of Portland?**

The City has **three** active area wide TIF Districts for which the City retains a portion of the TIF funds for public infrastructure investment and City staff which include:

**1. BAYSIDE**
***Term***: FY2004 through FY2033

***City Council Approved Capture Rate***: 100%

***Past Bayside TIF District capture rates or the amount of new revenue available for investment include***:

| FY | BTIF | Annual Revenue Invested |
|---|---|---|
| 2019 | 63% | $787,000 |
| 2020 | 75% | $1.12 Million |
| 2021 | 75% | $1.19 Million |
| 2022 | 50% | $1.47 Million |
| 2023 | 45% | $1.71 Million |

***Allowable Uses of TIF Revenue***:

- Create Additional Parking
- Credit Enhancement Agreements
- Relocate One Remaining Scrap Yard
- Capital Infrastructure Design, Investments, Financing
- Repayment Source to HUD or Other Agency That Finances Public Bayside Investment
- Public Infrastructure for Pedestrians and Transit
- Environmental Site Assessment and Remediation to Support Commercial Development
- Environmental Sea Level Adaptation Planning and Public Infrastructure
- Economic Development Dept. Staff and Administrative Costs; and Pro-rated Salaries of City Manager, Financing Director, and Planning Director and Staff
- Professional Services Costs
- Workforce Training Funds

**2. DOWNTOWN-TRANSIT ORIENTED DEVELOPMENT**

**Term:** FY2016 through FY2045
**City Council Approved Capture Rates:** FY2018/2019/2020 @25% and 100% through FY2045.

***Past Downtown-Transit TIF District capture rates or the amount of new revenue available for investment include:***

| FY | DTIF | Annual Revenue Invested |
|---|---|---|
| 2019 | 22% | $840,000 |
| 2020 | 25% | $1.06 Million |
| 2021 | 30% | $1.53 Million |
| 2022 | 10% | $1.7 Million |
| 2023 | 10% | $1.75 Million |

***Allowable Uses of TIF Revenue***:

- Capital Infrastructure Design, Investments, Financing
- New and Enhanced Transit Services
- City Marketing and Promotion through Creative Portland, up to $200,000 Annually
- Economic Development Dept. Staff and Administrative Costs; and Pro-rated Salaries of City Manager, Financing Director, and Planning Director and Staff
- Professional Services Costs
- Workforce Training Funds
- Small Public Capital Infrastructure and Equipment (parking meters, Public Works and Fire Dept. vehicles, including ambulances)
- Credit Enhancement Agreements

**3. WATERFRONT**

***Term***: FY2003 through FY2032

***City Council Approved Capture Rate***: 100%

***Past Waterfront TIF District capture rates or the amount of new revenue available for investment include***:

| FY | WTIF | Annual Revenue Invested |
|---|---|---|
| 2019 | 71% | $424,600 |
| 2020 | 90% | $882,200 |
| 2021 | 90% | $1.27 Million |
| 2022 | 70% | $1.44 Million |
| 2023 | 64% | $1.55 Million |

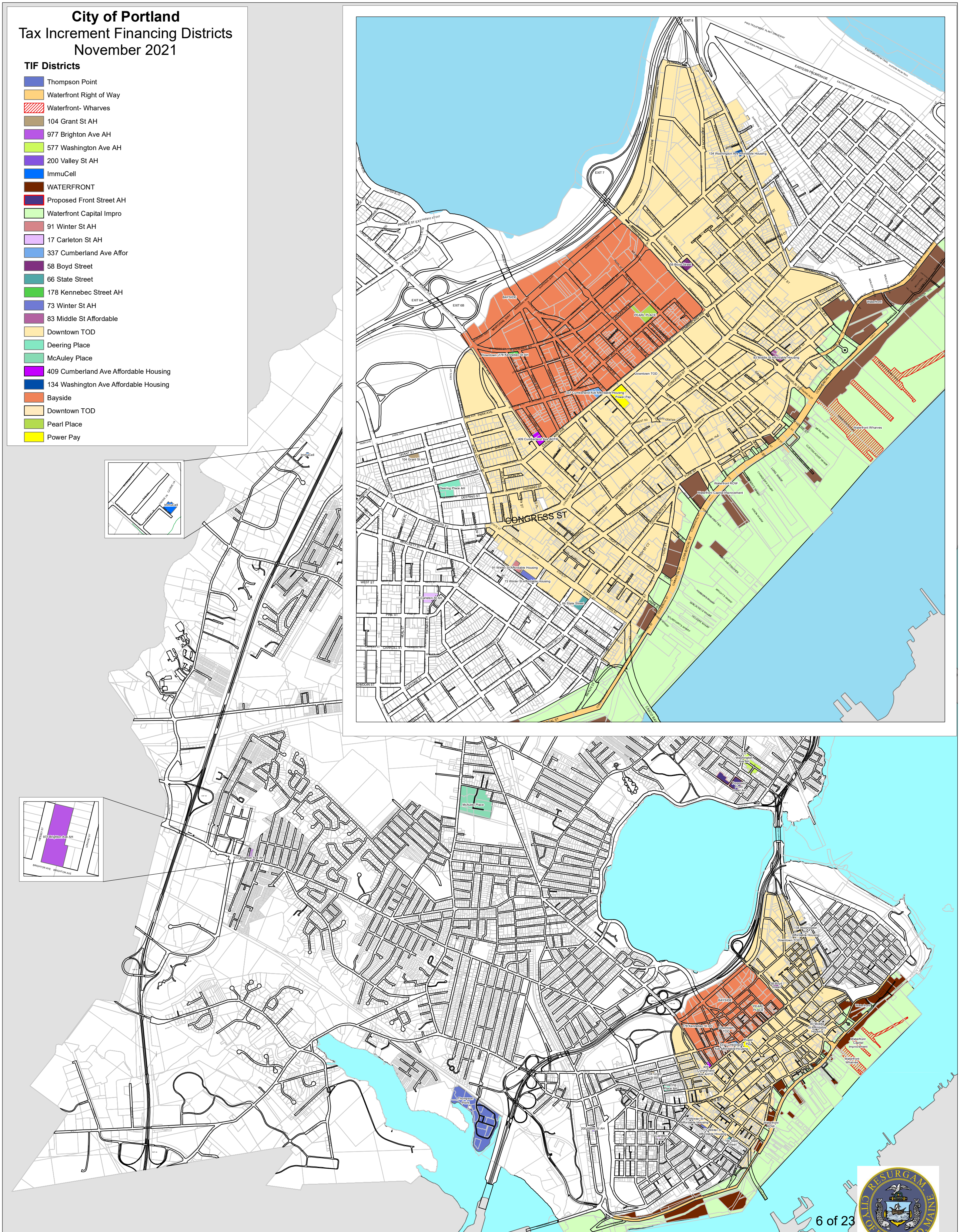
***Allowable Uses of TIF Revenue***:
- Capital Infrastructure Design, Investments, Financing
- Environmental Improvements Projects for Commercial Use, including sea level adaptation studies and infrastructure improvements
- Dredging of commercial vessel berthing
- Dredge sediment disposal and CAD Cell Development
- Economic Development Dept. Staff and Administrative Costs; and Pro-rated Salaries of City Manager, Financing Director, and Planning Director and Staff
- Professional Services Costs
- Workforce Training Funds

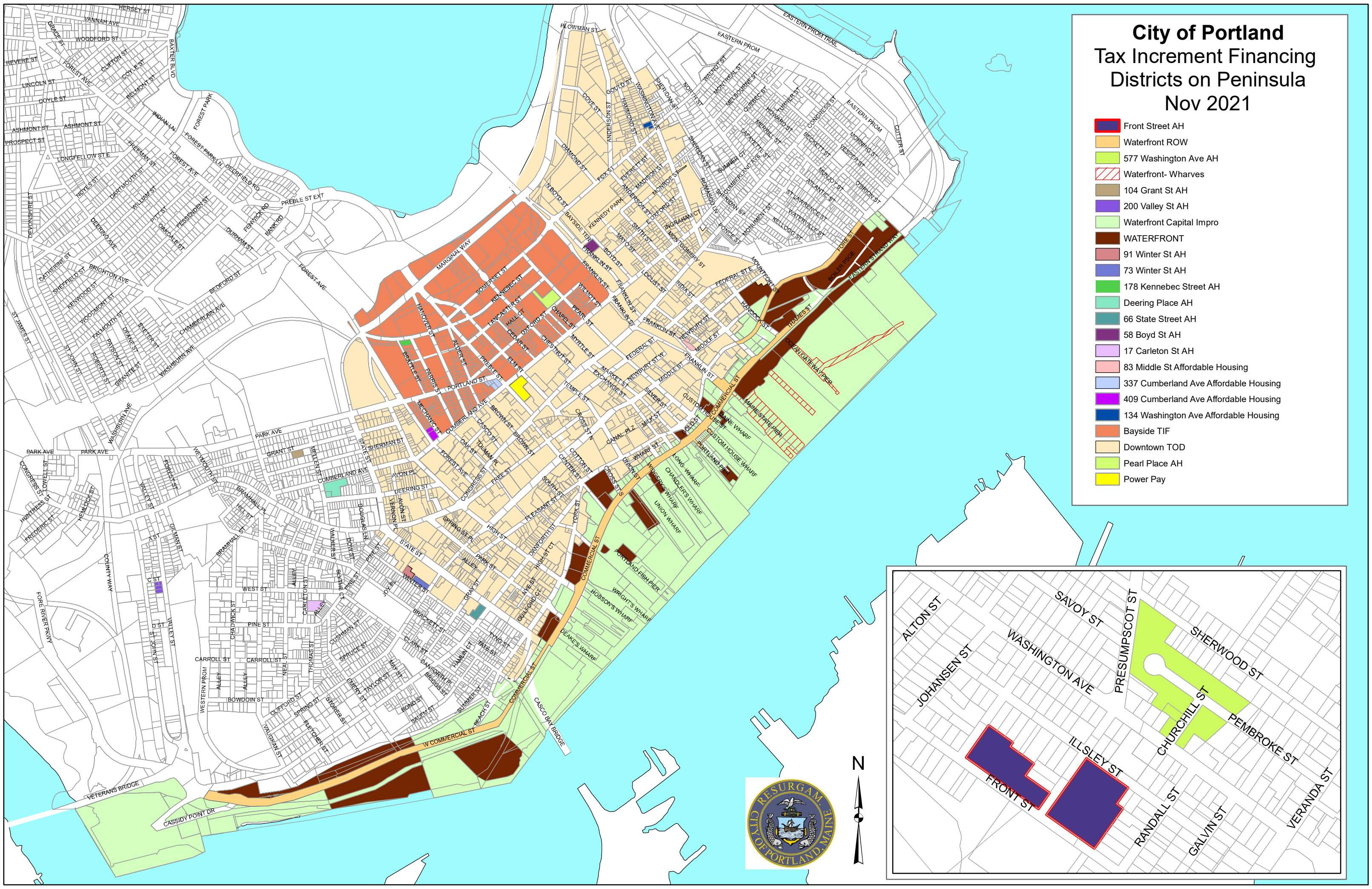
There is one site specific TIF District located in the Waterfront TIF District which includes the Waterfront Maine CEA (which expires FY2031 or sooner depending upon a TIF cap).

**MAP OF THREE AREA-WIDE TIF DISTRICTS**
- See attached Portland Peninsula TIF Map and TIF Districts City-wide map

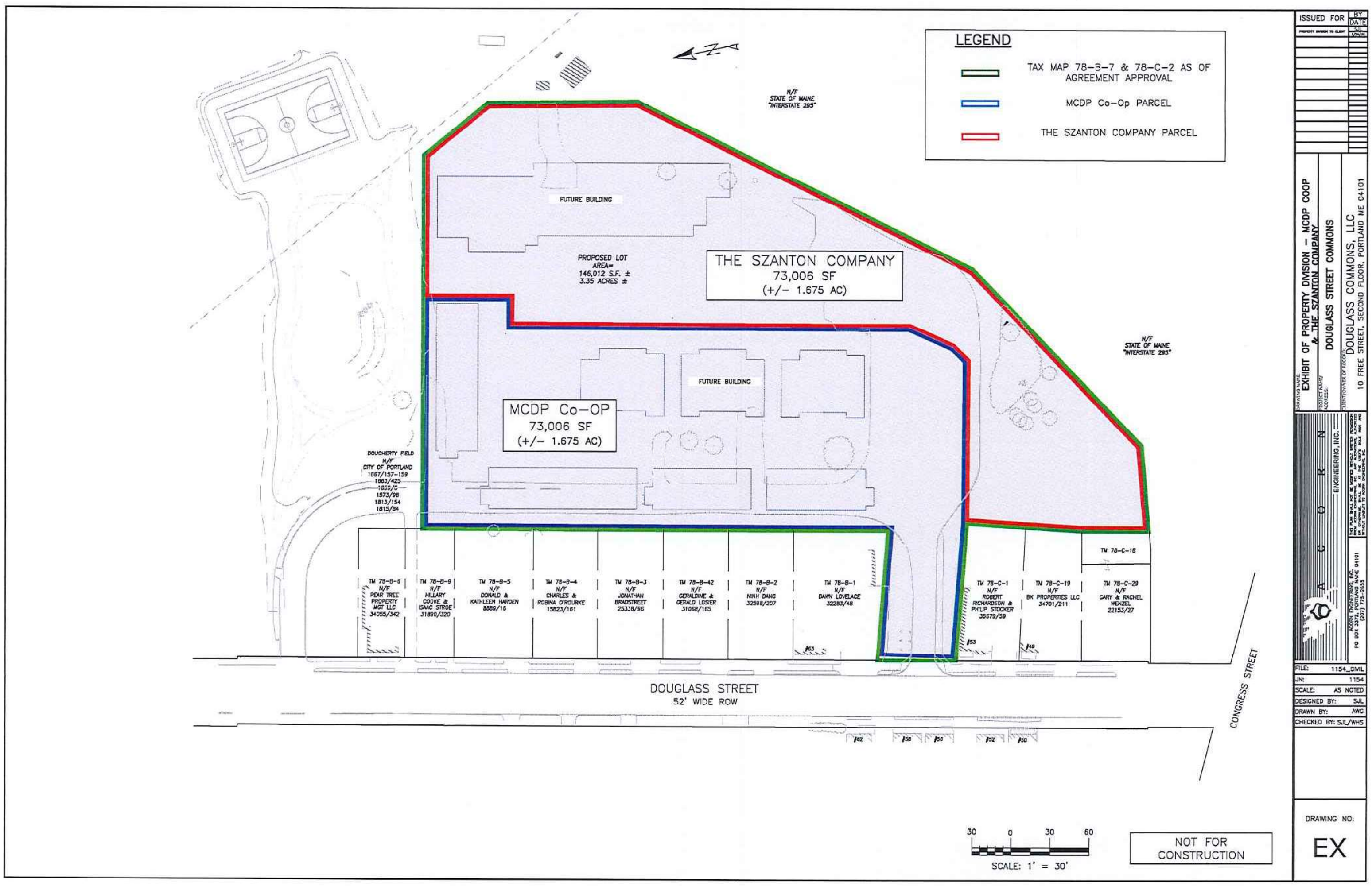
The three area-wide TIF District capture rates are adjusted annually and approved by the City Council as part of the City Fiscal Year budget process.

# City of Portland
## Tax Increment Financing Districts
## November 2021




City of Portland
Tax Increment Financing Districts on Peninsula
Nov 2021
Front Street AH
Waterfront ROW
577 Washington Ave AH
Waterfront- Wharves
104 Grant St AH
200 Valley St AH
Waterfront Capital Impro
WATERFRONT
91 Winter St AH
73 Winter St AH
178 Kennebec Street AH
Deering Place AH
66 State Street AH
58 Boyd St AH
17 Carleton St AH
83 Middle St Affordable Housing
337 Cumberland Ave Affordable Housing
409 Cumberland Ave Affordable Housing
134 Washington Ave Affordable Housing
Bayside TIF
Downtown TOD
Pearl Place AH
Power Pay
ALTON ST
JOHANSEN ST
WASHINGTON AVE
SAVOY ST
PRESUMPSCOT ST
SHERWOOD ST
PEMBROKE ST
CHURCHILL ST
ILLSLEY ST
FRONT ST
RANDALL ST
GALVIN ST
VERANDA ST
N

45 Dougherty AHTIF Area



# Municipal Tax Increment Financing Overview

*Housing & Economic Development Committee Meeting*

May 21, 2024

# What is Tax Increment Financing?

A public economic development financing program, funded by property taxes on the incremental new assessed value generated by a development project.

# Why is TIF Used?

- To stimulate private sector investment and job creation;
- Expand existing or fund new transit service capital costs and limited operational costs, invest in public infrastructure, staff salaries, workforce training, housing programs and services to address homelessness for examples.
- To support Affordable Housing- up to 120% Area Median Income (AMI).
- To 'shelter' against adverse adjustments to State subsidies and County taxes based on total municipal valuation.

# How Does TIF Work?

- A municipality designates a specific geographic area as a municipal development tax increment financing district.
- This "freezes" the assessed value of taxable property within the district (the original assessed value or "OAV").
- TIF revenues derive from taxes on incremental new assessed value above OAV.
- Municipality adopts a development program describing authorized uses of revenue.

# Establishing the TIF District

## TIF law places limitations on the size and assessed value of TIF districts

### Size (Based on FY 2023 Annual TIF Report)

- 2% of City's total acreage for single district
- 5% of total acreage for all municipal, commercial, and affordable housing districts (619 acres total with 238 acres available) combined.

### Value (Based on FY 2023 Annual TIF Report)

- Commercial Districts: All commercial districts combined may not exceed 5% of total value of taxable property ($743.5 Million total, with $585 Million in value remaining for new districts).
- Affordable Housing Districts: All affordable housing districts combined may not exceed 5% of total value of taxable property ($743.5 Million total, with $739 Million in value remaining for new districts).

# Establishing the TIF District

TIF districts may be designated for a maximum of 30 years and at least 25% of the district area must include property that is:

- Blighted
- In need of rehabilitation, redevelopment or conservation;
- Suitable for commercial;
- Affordable Housing with 25% suitable for residential use

# Authorized Uses of TIF Revenue

- Costs within the District (most flexible)
- Costs outside District but directly related to or made necessary by the District (less flexible)
- Community wide economic development (narrow list of uses)

# Within The District

- Capital Costs
- Financing Costs
- Professional Services Costs
- Other Administrative or Organizational Costs

# Outside The District – Directly related to the district, or made necessary by its establishment.

- Infrastructure improvements
- Other improvements related to Public Safety

# How Does 'Sheltering' Work?

- With new investment, real estate valuation goes ⬆⬆
- As a result, State Subsidies go ⬇⬇ and county taxes go ⬆⬆
- TIF 'shelters' captured new value by excluding it from total municipal value reported to the State for the length of the TIF

# Funding Mechanisms

- Municipal Bonds
  - Municipality established a Development Sinking Fund for debt service requirements
- Credit Enhancement Agreement
  - TIF revenues placed in a Project Cost Account for direct payment to company for authorized project costs
- Municipal Economic Development
  - TIF revenues placed in a Project Cost Account for direct payments by municipality for authorized project costs

# TIF Approval Process

TIF Program

- District Boundaries
- Development Program
- Financial Plan

# City Council Approval followed by:

- State DECD Approval for Commercial & Industrial Projects

**OR**

- Maine State Housing Authority for Affordable Housing TIFs

- Credit Enhancement Agreement with Projected Developer then executed after approvals.

# Portland's Experience With TIF's

- Adopted Updated Council TIF Policy as of 02/22/2021
- As of FY 2023 Portland active TIF Districts include:
  - 3 area-wide TIF Districts (Bayside, Waterfront, and Downtown Transit Oriented District
  - 18 Affordable Housing District
  - 2 Commercial Districts
  - 1 Commercial District supporting housing projects (market and affordable)
  - 1 Transit Oriented Commercial District

# Compliance With City TIF Policy

## TIF Credit Enhancement Agreement (CEA) maximum terms include

- Affordable Housing TIFs: 30 years; 75% capture rate over term
- Commercial TIFs: 20 years; 65% capture rate over term

## Additional CEA requirements:

- Compliance With The City Green Building Ordinance
- Affordable Housing TIF State Law and City TIF Policy-Requires that at least 33.3% of the units for households at or below 120% of AMI, which in Portland for a family of four is approximately $120,000
- Meet State Prevailing Wage standards
- Applicants must demonstrate financial capacity and need.

City of portland

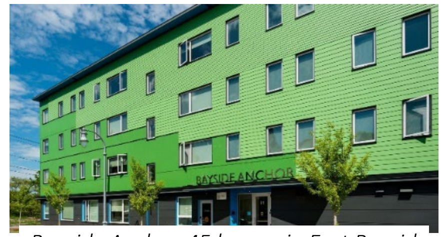
# *Questions & Answers*

Contact *edd@portlandmaine.gov*

## Real Estate Development Highlights

Portland Housing Development Corporation (PHDC)

### Recent Developments



*Bayside Anchor, 45 homes in East Bayside*

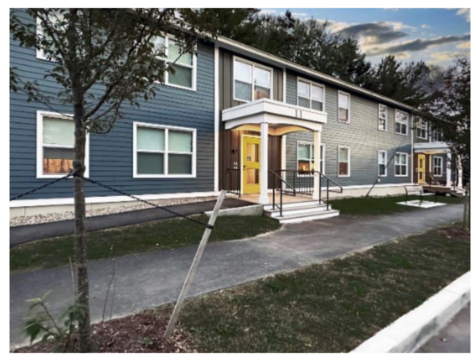
**Bayside Anchor**

- 45 new family apartments in East Bayside (0BR-2BR)
- 9 Formerly Unhoused households
- 10 Unrestricted Income households

*Solterra Apartments, 55 homes in East Bayside*

**Solterra**

- 55 new family apts. in East Bayside (1BR-3BR)
- 11 formerly unhoused households
- 11 Unrestricted Income households



*Washington Gardens, 100 homes in East Deering*

**Washington Gardens**

- 100 Renovated Older Adult apartments in East Deering
- 0BR and 1BR units
- 30% Reduction in Energy Use

*Front Street Phase 1, 60 homes in East Deering*

**Front Street Phase 1**

- 60 new family apartments that replaced 28 public housing units
- Preference for 12 Formerly Unhoused families
- 12 units Unrestricted incomes
- 1BR-5BR flats and townhomes

*Front Street Phase 2, 45 homes in East Deering*

Front Street Phase 2 (under construction)

- 45 new units for older adults in East Deering
- 1BR-2BR flats
- 100% Affordable units

Harbor Terrace (under construction)

- 120 renovated units for older adults in the West End
- 1BR-2BR apartments


*Harbor Terrace, 120 homes in West End*

**Franklin Towers**

- Historic renovations of 200 units of 1BR-2BR units in West Bayside
- 1BR-2BR units


*Franklin Towers, 200 homes in West Bayside*

**COMB Block Phase 1**

- 50 new family apartments in East Bayside
- 1BR-3BR units
- 10% Formerly Unhoused
- 10% unrestricted incomes


*COMB Block 150 homes in East Bayside*

**Riverton Park**

- 41 new family apartments in Riverton
- 118 renovated family apartments.
- 1BR-6BR units
- Health clinic, Boys and Girls Club, HeadStart pre-school, Study Ctr.


*Riverton Redevelopment, 182 homes in Riverton*

**Front Street Phase 3**

- 8 Townhouses for sale in East Deering
- 2BR, 3BR, 4BR condos
- 6 units for households up to 120% AMI


*Front Street East, 8 homes in East Deering*