FINAL

Minutes

Remote Housing and Economic Development Committee

January 23, 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, January 23, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members Regina Phillips, Roberto Rodriguez – arriving shortly after the meeting started as noted herein, 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, Permitting and Inspections Director Jessica Hanscombe, Waterfront Coordinator Bill Needelman, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on November 14, 2023

On motion made by Councilor Phillips, seconded by Councilor Sykes, the Committee voted 3-0 to accept the Minutes.

Item #2: City Council meeting held on January 3, 2024, referral to the Committee for review and vote on a recommendation back to the City Council regarding Order #92 23/24- Waiving the Beano/Bingo License Fee for the Veterans of Foreign Wars Post 6859 and

Waiving the Class III and IV, and Indoor Entertainment Application Fees for the Maine Irish Heritage Center

Greg Watson introduced this item by noting during their January 3, 2024, meeting, the City Council voted 9-0 to refer the request from the Veterans of Foreign Wars (VFW) Post 6859 to waive the calendar year Beano/Bingo License Fee of $104, and the request from the Maine Irish Heritage Center to waive the calendar year Class III & IV Fee of $906 and the Indoor Entertainment Application Fee of $500 to the Committee for a review and recommendation back to the City Council. Jessica Hanscombe is available to answer any questions.

The Committee requested guidance from Corporation Counsel regarding the current policy guidelines. Michael Goldman read from Chapter 15-12.1 that "the city council may, in its discretion, waive or reduce any fee required of any nonprofit organization where the council determines that the purpose of the licensed activity or the funds to be raised by the activity are of direct benefit to the citizens of the city." He further noted the Committee should consider the written request from the non-profit organizations, along with public comment in their review. There are no prior examples to rely upon.

Councilor Rodriguez arrived 5:48

The Committee held a discussion regarding maintaining the fees, reducing the fees, or waiving the fees. Mr. Goldman noted the Committee could both forward a recommendation regarding the requests in front of them, and also forward the recommendation to the City Council requesting the Committee review Chapter 15-12.1 for possible amendment.

Jessica Hanscombe offered that during a future review of Chapter 15-12.1, the Committee may create licensing fee classifications for non-profit organizations.

Councilor Ali opened the item for public comment. Seeing no one, the public comment period was closed.

The Committee discussed the equity of waiving fees equally for all non-profits, and discussed conducting a review through an equity lens. The Committee would like to receive fiscal notes to understand the fiscal ramifications.

On a motion made by Councilor Rodriguez, seconded by Councilor Phillips, to waive 50% of the Beano/Bingo License Fee for the Veterans of Foreign Wars Post 6859, and waive 50% of the Class III and IV fee and 50% of the Indoor Entertainment Application fee for the Maine Irish Heritage Center, amended by Council Rodriguez and second by Councilor Phillips to bifurcate the vote to first waive 50% of the Beano/Bingo License Fee for the Veterans of Foreign Wars Post 6859, the Committee voted 3-1 (Councilor Sykes), and to waive 50% of the Class III and IV fee, and 50% of the Indoor Entertainment Application fee for the Maine Irish Heritage Center, the Committee voted 3-1 (Councilor Sykes).

Item #3: Review and recommendation to the City Council on the proposed merger of the Portland Fish Pier Authority and Portland Fish Exchange.

Greg Watson introduced this item and turned over the presentation to Bill Needelman. The Portland Fish Pier Authority and Portland Fish Exchange each operate as a quasi-municipal not-for-profit owned by the City of Portland; each entity operates with an independent board of directors. A merger between the entities has been discussed as a potential for years as a means to secure financial and management stability for the services provided. Following a strategic planning process during 2020-2021, both Boards of Directors voted in late 2022 to create a Governance Subcommittee of the Boards to explore potential merger of the entities. The Governance Subcommittee voted unanimously on October 18, 2023 to recommend the merger.

The Portland Fish Pier Authority Board voted 4-1 to recommend the merger on October 25, 2023, and the PFE Board voted 5-1 to recommend the merger on November 9, 2023. Merging the entities will also merge the finances, resulting in a rational budget, better fiscal accountability, and improved transparency to the fishing industry and the City Council.

The Committee discussed their support for the merger.

Councilor Ali opened the item for public comment. Seeing no one, the public comment period was closed.

On a motion made by Councilor Sykes, seconded by Councilor Phillips, the Committee voted 4-0 to recommend the merger.

Item #4: Review and recommendation to the City Council on additional funding for 45 Dougherty Project. NOTE: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Committee may go into executive session to review proprietary confidential information associated with this item.

On a motion made by Councilor Phillips, seconded by Councilor Sykes, the Committee discussed entering into Executive Session.

Councilor Ali opened the item for public comment. Seeing no one, the public comment period was closed.

The Committee voted 0-4 to enter into Executive Session; motion failed.

Greg Watson introduced this item with a high level overview of the project and earlier funding approval. The project affordability has changed from mixed-income to 100% affordable. As the developers moved through the process of securing funding, finalizing construction plans, and obtaining construction bids, they ran into significant issues which resulted in a $2.4 million gap in the project budget. After an extensive review of the project, which included value engineering reductions, they identified a $1.2 million funding gap. The project experienced increased costs associated with supply chain, material costs, interest rates. Staff is requesting the Committee approve and recommend to the City Council approval of up to $1,200,000 in financial assistance in the form of a loan from the Jill C. Duson Housing Trust Fund for the 45 Dougherty project.

The Committee asked about the outcome of the project if the funding is not provided. Per the developer Nathan Szanton, if the gap is not filled, then this shovel-ready project would not move forward. Additionally, during the three-year period since the initial proposal, construction prices have gone up enormously (approximately 50%; from $193/ square foot to $299/square foot). The requested funding amount would be reduced if MaineHousing or Evernorth can increase their funding commitments or the developer locates additional funding sources.

The Committee inquired into the current Housing Trust Fund balance and asked about future deposits into the fund. Per Mary Davis, the Housing Trust Fund has under $7.5M (which includes $5.1M of ARP funding). Two projects, from one development team, have requested a total of $6.9M in funding from the remaining balance of the Housing Trust Fund. The City is aware of four to five other potential development projects (the exact number and funding requests will be clearer after the 2024-2025 Affordable Housing Development and AHTIF Application is issued). Anticipated deposits into the HTF for 2024 total approximately $200,000.

The Committee requested additional information about the terms of the loan. Per Greg Watson, the loan would be paid back from cash flow beginning in year 10. Additional loan terms would be brought to the full Council.

Councilor Ali opened the item for public comment. Seeing no one, the public comment period was closed.

On a motion made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee voted 4-0 to recommend approval of up to $1,200,000 in financial assistance from the Jill C. Duson Housing Trust Fund for the 45 Dougherty project.

Item #5: Review of 2024 Housing Policies and Goals for the Jill C. Duson Housing Trust Fund Annual Plan and the Affordable Housing Tax Increment Financing Application.

Mary Davis provided a high level overview of the Jill C. Duson Housing Trust Fund Annual plan, including priorities and goals imposed on the funds. The Affordable Housing Application and AHTIF will mirror those priorities and goals. Staff is requesting recommendations from the Committee regarding goals they would like incorporated into the HTF Annual plan.

The Committee would like to ensure staff is applying an equity lens when conducting outreach to potential housing developers. Mary Davis noted conversations with the Justice, Diversity, Equity and Inclusion Director, and the Office of Economic Opportunity Director, and a future speaking engagement in Boston regarding opportunities for housing developers of color.

The Committee asked if the Affordable Housing Development and AHTIF Application prioritizes applications submitted by developers of color. Mary Davis indicated the current application does not, but that priority could be included.

The Committee noted the funding for the Housing Trust Fund is partially based on Inclusionary Zoning fee-in-lieu payments from developers not creating low-income housing. Therefore, is the City trading low-income housing units for missing-middle units? Greg Watson indicated subsidy funding to create low-income/deeply affordable residential housing is easier to find then funding for middle-income projects. Without the IZ fee-in-lieu payments, middle-income housing (80 to 120% AMI) would not have a subsidy funding source from the City.

<u>Item #6: Draft Calendar Year Work Plan for review and discussion</u>

The Committee held a discussion regarding the scheduling of future meetings. The Committee will continue to meet at least the third Tuesday of each month. Every other month, the Committee may also meet on the first Tuesday of the month, as necessary. Due to the school break occurring on the third Tuesday in February, the Committee moved February's meeting to February 27th. Councilor Ali will work with staff to bring forth a work plan.

On a motion made by Councilor Rodriguez, seconded by Councilor Phillips, the Committee voted 4-0 to adjourn the meeting at approximately 7:40 p.m.

Respectively submitted, Victoria Volent