

**Housing & Economic
Development Committee Meeting**
Tuesday, January 21, 2025 at 5:30 PM



MEMBERS

Councilor Pious Ali, Chair
Councilor Regina Phillips
Councilor Kate Sykes
Councilor Sarah Michniewicz

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).

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 Meeting:

<https://portlandmaine-gov.zoom.us/j/82694014882?pwd=GrWDJgjkna1FQ5BbAQ7UJtcxAhmaAK.1>
[Passcode:046670](#)

Phone one-tap:

+13092053325,,82694014882# US
+13126266799,,82694014882# US (Chicago)

Join via audio:

+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
+1 719 359 4580 US
+1 253 205 0468 US
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
+1 360 209 5623 US

+1 386 347 5053 US

Webinar ID: 826 9401 4882

International numbers available: <https://portlandmaine-gov.zoom.us/j/kdoMHxdbOG>

1. **Review and accept Minutes of previous meeting held on November 19, 2024.**
 - a. See attached draft Minutes.
2. **Calendar Year 2025 Work Plan - Discussion of topics and priorities. (Chair Pious Ali, Councilor)**
 - a. See attached draft Work Plan.
3. **Communication Item - Amendments to the Affordable Housing Development and Tax Increment Financing Application. (Mary Davis, Director of the Housing and Community Development Division)**
 - a. See attached Memo and backup.

Next Meeting Date: February 18, 2025

Minutes

Remote Housing and Economic Development Committee

November 19, 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, November 19, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Councilor Pious Ali, and members Councilors 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, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and approval of October 22, 2024

On motion made by Councilor Sykes, seconded by Councilor Rodriguez, the Committee voted 3-0 to accept the October 22, 2024 minutes.

Councilor Phillips joined the meeting at 5:42.

Item #2: Review and vote on a recommendation to the City Council to issue a Request for Proposals to lease and develop City-owned property abutting the Barron Center for affordable housing development. (Public Comment)

Dena Libner introduced this item by noting during the October 22 meeting of the HEDC, the Committee requested postponing a vote on a recommendation to the City Council to issue a Request for Proposal to lease and develop a portion of city-owned property abutting the Barron Center for affordable housing development pending incorporation of Committee and public comment into the draft RFP. Based on guidance received from Committee members and feedback received from members of the public, changes incorporated into the draft RFP include: the minimum percentage of total units reserved for referrals from the City of Portland Social Services office was reduced from 50% to 30%, and no longer incentivizes respondents to propose a set-aside greater than that amount; a statement of preference for proposals for 1) mixed income housing that includes housing that is affordable for someone making at or below 80% AMI, and/or 2) permanent supportive housing; and, the addition of definitions for affordable housing, housing first, and permanent supportive housing.

The draft RFP maintains housing first as eligible for consideration, as well as allowing for a broad array of proposals and housing types including a mix of income levels with some market rate, middle and low income units, as well as a percentage of units for unsheltered individuals.

Based on legal guidance, staff did not incorporate a preference for the race, gender, or ethnicity of the successful respondent(s) as to avoid constitutional challenges to a M/WBE program.

Michael Goldman noted that public comment was already taken during the last meeting. So it is the Chair's discretion on whether or not to open the meeting to public comment; Councilor Ali waived public comment.

On a motion made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee voted 4-0 to recommend to the City Council to issue a Request for Proposal to lease and develop a portion of City-owned property abutting the Barron Center for affordable housing development.

Item #3: Review of Fiscal Year Ending 2024 TIF Annual Report and vote to forward to the City Council as a communication item (Public Comment)

Mr. Watson noted that this Annual TIF Report is being submitted pursuant to the City's TIF Policy. The Report is a comprehensive accounting of all TIF districts. During FY2024, the City Council approved of three Affordable Housing TIF (AHTIF) Districts, specifically at 25 Casco Street with 54 rental units of affordable housing and approved by Maine State Housing Authority (MSHA), 2 Riverton Drive with 182 rental units of affordable housing and approved by MSHA, and 622 Auburn Street with 72 rental units of affordable housing – this project is pending final approval by MSHA as it works through closing on the final documents.

Mr. Watson said that another element of TIF districts is its sheltering opportunity and savings to the City in regard to State education aid, State revenue sharing, and county taxes. For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would be otherwise lost for property tax value not included in a TIF district. In FY2024, the estimated tax sheltering savings was \$3.58 Million.

In addition to AHTIF districts, Mr. Watson noted there are three area-wide TIF Districts of the Downtown Transit Oriented TIF District, Bayside TIF District, and the Waterfront TIF

District – the latter of which is currently involved with the CAD Cell construction and dredge project. He also noted that the Thompson’s Point Transit Oriented TIF District has a hotel and mixed-income housing developments in the pipeline.

Councilor Sykes noted the 409 Cumberland Avenue AHTIF where this is a 100% capture of increased assessed value with 50% going to the development and 50% going to the City’s housing revolving loan fund. She inquired about doing this again in a future AHTIF.

Ms. Davis said that it is an allowable use but future budget concerns came into play so this has been done once by the City. The consensus was to maintain the non-captured value taxes from an AHTIF district to go into the General Fund and not put it aside. The revenue from the 409 Cumberland Avenue TIF for the revolving loan funds builds slowly and it is estimated to be approximately \$300,000 at this point.

Councilor Sykes noted that the staff and Council need to take into consideration mixed income housing when discussing AHTIF districts, and also look at the broader landscape for the full housing picture.

Mr. Watson noted that the report does includes maps of the current TIF Districts, with the most recent ones approved needing to be updated. He also noted that the current AHTIF District approval process is being looked at due the time constraints that have historically been placed on the City; discussions are taking place with MSHA.

See no further questions/discussion, on motion made by Councilor Rodrigues, seconded by Councilor Phillips, the Committee voted 4-0 to send this item to the City Council as a Communication.

Item #4: Review and vote on a recommendation to the City Council to approve the formation of a Social Housing Task Force (Public Comment)

Councilor Sykes provided an overview of a draft framework to establish a task force to implement Social Housing in Portland, as detailed in her a memo outlining Goals and Objectives, Scope and Deliverables, Timeline and Milestones, Membership and Responsibilities, and Conclusion and Expected Impact.

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

Committee members held a discussion in which items for consideration included; meeting the work load and time frame; including the voice of people of color; funding for a consultant; and assigning City staff additional responsibilities.

Staff supported the suggestion to hire an experienced facilitator. Corporation Counsel noted next steps are to prepare a resolution for the Council to approve the ad hoc committee, and creation of a fiscal note.

Councilor Sykes consented to Corporation Counsel preparing the necessary memo for Council consideration.

On a motion by Councilor Phillips, seconded by Councilor Ali, the Committee voted 3-1 (Sykes) to postpone the vote on a recommendation to the City Council to approve the formation of a Social Housing Ad Hoc Committee pending preparation and presentation of a report by City staff regarding a fiscal statement and resolution.

Staff recommended the 2025 HEDC continue deliberating on this item. Staff will work with the Chair to place this item on the agenda.

Item #5: Communication item: Staff Memo regarding Low Income Housing Tax Credit Expiring Use

In response to a request from Councilor Sykes for information regarding the City of Portland's process for monitoring affordability covenants imposed by the Low Income Housing Tax Credit (LIHTC) Program on properties in Portland, Mary Davis presented her memo outlining expiring use restrictions for the LIHTC Program in the State of Maine.

Highlights from the memo includes; "the LIHTC program requires that LIHTC properties commit to *at least* 30 years of affordability"; "MaineHousing imposes a 45 year affordability covenant on LIHTC projects in the State of Maine" and; "the City of Portland requires LIHTC projects receiving financial assistance through the Affordable Housing Tax Increment Financing Program to maintain affordability for the full term of the TIF district, which is typically 30 years. LIHTC projects receiving financial assistance through the HOME Program or the Jill C. Dusen Housing Trust Fund are required to maintain affordability for 90 years".

Councilor Sykes thanked staff for the communication item.

Councilor Ali extended his thanks to Councilor Rodriguez for his work on the Committee.

On motion made by Councilor Phillips, seconded by Councilor Rodriguez, the Committee voted 4-0 to adjourn the meeting at approximately 7:06 p.m.

Next meeting is January 21, 2025

Respectively submitted, Lori Paulette and Victoria Volent



The Portland City Council established its 2025 Common Goals (included below) on December 16, 2024, formally communicating its policy priorities for the coming year and setting a foundation for the development of Council committees’ work plans.

The 2025 schedule currently includes 10 meetings for each committee, and the development of a single, original policy initiative typically takes two or three committee meetings. This includes conceptual discussion, review of a draft ordinance or other policy document, and a public hearing where the committee votes on whether or not to recommend that the City Council adopt the policy initiative. Based on those constraints, it is recommended that a committee work plan include no more than five original policy initiatives to start.

In addition to the development and consideration of original policy initiatives, committee work will also include consideration of items referred to a committee by the Council or brought by staff, as well as hosting panels or presentations as needed.

Housing and Economic Development Committee
2025 Work Plan

Policy Initiative	Related Council Goal	Priority Ranking
Social Housing Task Force	#2	
Restaurant Industry Labor Shortage	N/A	
Commercial Vacancy Program	N/A	
Minimum Wage	#1	
Maine State Pier (assessment & reuse considerations)	#3	
Hotel Inclusionary Zoning Ordinance	#2	

2025 City Council Common Goals

1. The Council will work to expand DEI practices through equity analysis, living wage initiatives and improving involvement in decision making processes.
2. The Council will work to implement solutions to the housing crisis, including building more working class housing, improved support for the unhoused community such as an overdose prevention center as well as continued support for warming shelters. Additionally conduct independent assessment of Efficiencies, Outcomes and Expenditures.
3. The Council will develop sustainability strategies to address sea-level rise mitigation and storm surge management for the Commercial Street Corridor.
4. The Council will explore creating an Office of Community Engagement, create opportunities for participatory budgeting, and evaluate the structural effectiveness of Council committees.

Housing and Economic Development Committee 2025 Calendar

As of January 17, 2025. Dates and topics are subject to change.

January 21 2025

- Calendar Year 2025 Work Plan Development
- Staff Update: Amendments to the *Affordable Housing Development and Tax Increment Financing* Application

February 18, 2025

- Discussion: Social Housing Task Force Resolution
- Discussion: Hotel Inclusionary Zoning Ordinance and Identify Policy Concerns for the Planning Board to Consider in Developing Potential Amendments to the Ordinance for Consideration by the City Council
- Consideration of 2024 Housing Policies and Goals for the 2025 Jill C. Duson Housing Trust Fund Annual Plan and Affordable Housing and TIF Application
- Consideration of the FY2025 Housing Program Budget
- Review and Recommendation to the City Council to approve:
 - 2024 Jill C. Duson Housing Trust Fund Annual Plan; and,
 - The issuance of the 2024 Affordable Housing TIF and Affordable Housing Development Fund Application for the Jill C. Duson Housing Trust Fund, HOME Program

March 18, 2025

- Review responses to the RFP to develop site(s) at 1125 Brighton Avenue.
- Consideration of proposed Commercial Vacancy Program
- Discussion: Minimum Wage Policy
- Review of FY2026 HUD Annual Action Plan

April 15, 2025

- Portland Adult Education FY2026 Workforce Training Program Presentation utilizing TIF Funding
- Discussion: Restaurant industry workforce & labor issues
- Consideration: FY26 agreement for the Portland Tourism Development District
- Consideration: FY26 Agreement and setting mil rate for Portland Downtown District

May 20, 2025

- Potential consideration of a lease or option to lease sections of 1125 Brighton Avenue.
- Consideration of VFW request to waive Poker License for FY2025

June 17, 2025

- Consideration of funding requests received from the Affordable Housing Development and Tax Increment Financing Application.
- Discussion: Maine State Pier (Assessment & Reuse Considerations)
- Staff presentation: 2024 Annual Housing Report

July 15, 2025

- TBD

August 19, 2025

No meeting scheduled

September 16, 2025

- TBD

October 21, 2025

- TBD

November 18, 2025

- Review of FYE2025 TIF Annual Report
- Review the Housing & Economic Development Committee's 2025 Annual Accomplishment Report.

December

No meeting scheduled.

Housing and Economic Development Department
Gregory P. Watson, AICP
Director



To: Councilor Pious Ali, Chair
Members of the Housing and Economic Development Committee

From: Victoria Volent, Housing Program Manager

Cc: Gregory Watson, Director/Housing and Economic Dev. Dept.
Mary Davis, Division Director/Housing and Community Dev.

Date: January 21, 2025

Subject: Communication Item: Amendments to the *Affordable Housing Development and Tax Increment Financing Application*

PURPOSE

Communication item regarding amendments to the *Affordable Housing Development and Tax Increment Financing Application* for consideration.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

Increase efficiencies by streamlining processes to optimize time commitments and cut costs towards prioritizing local HOME and Housing Trust Funding for affordable housing development projects that have received all necessary approvals and are ready to begin construction within 12 months of their notice of award.

BACKGROUND/ANALYSIS

The City of Portland issues an annual Request for Proposal to facilitate the development of affordable housing through financial assistance to developers in the form of HOME, Housing Trust funds or the designation of an Affordable Housing TIF district. The number of requests for funding has dramatically increased, as has the number of applications that are incomplete or are not much more than at the concept phase. Staff is spending an increasingly amount of time reviewing and rereviewing incomplete/concept applications. These same incomplete/concept applications also undergo preliminary underwriting review, which results in a conditional underwriting recommendation, conditioned upon further underwriting. The time and money spent reviewing proposals that have neither obtain Planning Board approval or a notice to proceed from MaineHousing is not an efficient use of staff time and resources or Council time and resources. Additionally, HUD does not allow HOME funded projects to be charge processing fees (such as for underwriting).

The current process places the City at the start of the funding process when, to truly act as gap financing, the City's RFP should be a final step in the funding procurement process. Subsequently, City funding is approved and committed years before a project may receive a notice to proceed from MaineHousing, and well before a determination can accurately be made by underwriting that the City is not providing more than the necessary gap funding.

MaineHousing has confirmed City Council approval of gap funding (i.e. HOME and HTF) is not necessary for their application review; Council approval may be received after MaineHousing's review. But as noted above, affordable housing development projects are obtaining Council approval before MaineHousing's review. Development projects that subsequently do not receive funding from MaineHousing (i.e. are waitlisted) typically will try again and

resubmitted their application to MaineHousing the following year. This is one example of how City funding approvals can be tied up for years waiting for MaineHousing approval (i.e. the Notice to Proceed). Some development projects green lighted by MaineHousing require site plan amendment necessitating a trip back to the Planning Board to amend the site plan. Depending on the scope of those changes, funding agreements would also need to be amended and may even require further underwriting. For Affordable Housing TIF projects approved by the City Council, but waitlisted by MaineHousing, the developer may request staff to amend the AHTIF District Development Program and the Credit Enhance Agreement; the City absorbs the cost of the original and additional underwriting.

IMPACT

- Only 3 out of 16 projects reviewed during the 2021, 2022, 2023, and 2024 funding cycle have gone to loan closing. 2 have opened (during 2024), and 1 is under construction. Average time from Council approval to loan closing was 1 year and 5 months.
- During 2022, the one project approved for funding by the Council required a minor site plan amendment with the Planning Board after MaineHousing's review and recommendation. The project subsequently requested additional funding which required additional staff review and underwriting prior to further Council approval. The project received a notice to proceed from MaineHousing in March 2024 and is under construction.
- During 2023, 5 projects were reviewed by staff and underwritten; 4 received council funding approval; 1 pulled their application based on the underwriting review. Two of the 4 Council approved projects received a Notice to Proceed from MaineHousing during 2023- both projects anticipate beginning construction in early summer 2025.
- During 2024, 7 projects were reviewed and underwritten; 5 received council funding approval; 2 pulled their application based on staff and underwriting review. 3 received a Notice to Proceed from MaineHousing; 2 projects did not receive a Notice to Proceed and are on hold.
- During 2018, the average time from Council approval to loan closing was over 2 ½ years.
- Five projects reviewed and underwritten in 2023, required a major site plan amendment with the Planning Board based on comments from MaineHousing during their funding review.
- Two projects reviewed and underwritten in 2023, required an additional minor site plan amendment with the Planning Board (after Major Site plan amendment) based on comments from MaineHousing during their funding review.
- Two projects approved and funded in 2023, requested an extension (during 2024) on their site plan approval as they were not ready to move forward. Neither has pulled a building permit as of early 2025.
- During 2024, two projects required major site plan amendment after review with MaineHousing.
- During 2024, one project was reviewed by staff and forwarded for underwriting and presented to the HEDC prior to being reviewed by the Planning Board. The project was pulled by the developer after the HEDC meeting and has yet to receive PB approval.
- During 2024 one project was returned to the Council for a TIF amendment as it did not receive MaineHousing approval during the year (2023) the TIF was approved.

CONCLUSIONS

To reduce time and cut costs associated with the administration of the *Affordable Housing Development and AH TIF Application*; to prevent Council approving funding for projects waitlisted by MaineHousing; to prevent reviewing and underwriting projects that require multiple site plan reviews; to support the concept of gap financing; to recoup funding for projects requesting an Affordable Housing TIF; to discourage the submission of incomplete/concept proposals; and to encourage shovel ready projects, the *Affordable Housing Development and AH TIF Application* would benefit from the following implementations:

- Amend the Application requiring Planning Board approval (prior to submission);
- Amend the Application requiring Notice to Proceed notification from MaineHousing for projects requesting HOME and/or Housing Trust Funding;
- Amend the Application notifying Applicants that applications deemed incomplete will be informed of the status of their application along with the missing components. Applicants requesting an Affordable Housing TIF and

applying for the 9% LIHTC from MaineHousing would be provided a deadline for resubmission; applicants provided the opportunity to redress their submission and are still deemed incomplete will not be included in the priority funding requests for the 9% LIHTC program;

- Amend the Application notifying Applicants they will be responsible for reimbursing the City for all third party legal and financial underwriting associated with Affordable Housing TIF requests.

PREPARED BY Victoria Volent

ATTACHMENTS

Attachment 1: Development Funding Projects spreadsheet

73 Winter St	3/20/2021	6/26/2021	yes	7/1/2021 (\$4000,000)	7/13/2021 AFTER COUNCIL APPROVAL		12/14/2021	4/12/2023	2 yrs	1 yr 9 months	1 yr 3 months	Received Certificate of Occupancy on 11-6-2024
91 Winter St	3/20/2021	6/26/2021	yes	7/1/2021 (\$200,000)	7/13/2021 AFTER COUNCIL APPROVAL		12/14/2021	4/28/2023	2 yrs	1 yr 9 months	1 yr 3 months	Received Certificate of Occupancy on 10-11-2024
45 Dougherty	3/9/2022	9/18/2022	no	10-17-2022 (TIF), 2-26-24 (\$1.2M HTF)	5/24/2022 MINOR SITE PLAN AMEND 3-19-2024			3/20/2024	2 yrs	1 yr 5 months		project was amended during MSHA review. Estimated opening Fall 2025
Riverton Park	5/15/2023	9/11/2023	4%	11/13/2023 (\$589,897 & \$910,103)	5/23/2023 Approved. REC EXTENSION ON 5-3-2024. MAJOR SITE PLAN AMEND ON 10-22-204		pending	Anticipated April 2025				project was amended during MSHA review
LWN	2/27/2023	10/13/2023	4%	AHTIF on 12- 18-2023	2/28/2023- Approval, 9- 24-2024- Major Site Plan Amend		Pending (MH is waiting for a complete loan packet from POAH)	n/a				AHTIF only. Amended site plans per MaineHousing. Pending forwarding AHTIF to MH on second underwriting review (pending documents from applicant)
LWS	7/10/2023	Preliminary Underwriting undertaken. Requires additional underwriting	no	on hold (pending outstanding documents to conduct final underwriting)	2/28/2023- Approval, 9- 24-2024- Major Site Plan Amend		pending	pending	est 2 years			closing no later than Aug 2025
Dougherty Commons Condo	7/25/2023	Preliminary Underwriting undertaken. Requires additional underwriting	no	12/18/2023	5/24/2022 Approval. 4-25- 2023 Major Site Plan Amend. 9- 30-2024 Minor Site Plan Amend		pending	pending				Due to change to modular design, Skowhegan Bank renewed loan discussion with developer. Outside Counsel requested to review condo and bank loan documents.
Dougherty Commons Apt	8/18/2023	on hold	no	on hold	5/24/2022 Approval. 4- 25-2023 Major Site Plan Amend. 9-30-2024 Minor Site Plan Amend							Need to reapply. Dec 2024, developer is considering amending Purchase and Sale Agreement from 42 apartments to condos
25 Casco	5/23/2023	7/10/2023	yes	8/14/2023	7/25/2023- Approval. REC EXTENSION ON 6-24-2024		4/4/2024	Estimated closing is 4-1- 2025	Est. 2 years	Est 1 yr 8 mo	Est 1 year	AHTIF only resubmitted Application (see 2020). Council amended the CEA and TIF (9-16-2024)
337 Cumberland (YFO)	5/8/2024	8/13/2024	yes	9-6-2024 \$1.08 M (HTF)	8/13/2024 (submission by YFO)		11/27/2024	pending				
197 & 207 Oxford	4/30/2024	pulled app. after preliminary underwriting	yes		Approved 15- 2025							Need to reapply
186 Woodford	4/29/2024	6-20-2024	yes	7-15-2024 (\$155,511 HTF and \$294,489 HOME)	5-28-2023- approval, 3/26/2024- Major Site Plan Amend	yes	wait listed	n/a				Will resubmitted Application to MaineHousing for 2025 9% LIHTC funding round
202 Woodford	4/29/2024	6/20/2024 sent to underwriting	yes	7-15-2024 (\$492,000 HTF)	5-28-2023- approval, 3/26/2024- Major Site Plan Amend		11/27/2024	Estimated closing Aug 2025	est 1 yr 3 months			
156 High	4/30/2024		yes		8/13/2024							pulled application
70 E Oxford	4/30/2024	6/20/2024	yes	8-19-2024 (\$650,000 HTF)	7/9/2024		11/27/2024	March 2026				
42 Atlantic (AHTIF only)	5/7/2024	7/7/2024	yes	8/19/2024	7/30/2024		wait listed					In discussions to amend AHTIF