Housing & Economic Development Committee Meeting
Tuesday, February 25, 2025 at 5:30 PM
Please click the Zoom link below to join the meeting:

https://portlandmaine-gov.zoom.us/j/89858979811?pwd=4CmK1wHeQhN2C4SokjYYBT6JrVoNE1.1
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Webinar ID: 898 5897 9811
International numbers available: https://portlandmaine-gov.zoom.us/u/kdmCjjvVvt

MEMBERS
uncilor 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 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.

1. **(Public Comment) Review and accept Minutes of previous meeting held on January 21, 2025.**

   a. See attached draft Minutes.

2. **(Public Comment) Review and vote on a recommendation to the City Council for Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC - Mary Davis**

   a. See attached Memorandum and backup.

3. **(Public Comment) Review and recommendation to the City Council for approval of:**

   a. FY2025 Housing Program Budget - See attached Memorandum and backup - Mary Davis;

   b. 2025 Housing Policies and Goals for the 2025 Jill C. Duson Housing Trust Fund Annual Plan and Affordable Housing and TIF Application - Victoria Volent

   c. 2025 Jill C. Duson Housing Trust Fund Annual Plan - Victoria Volent

   d. Issuance of the 2025 Affordable Housing TIF and Affordable Housing Development Fund Application for the Jill C. Duson Housing Trust Fund, HOME Program - Victoria Volent.

   NOTE: MEMORANDUM AND BACKUP ATTACHED FOR ITEMS 3(B), 3(C) AND 3(D).

4. **(Public Comment) Review and vote on a recommendation to the City Council for the creation of a Social Housing Task Force - Councilor Kate Sykes**

   a. See attached Memorandum and proposed Resolution.

   b. Public Comment Received

5. **Communication: Verbal Update on Portland Development Corporation's review of new loan program guidelines for Downtown District street front improvements, proposed to be funded from the Downtown Transit Oriented TIF District - Greg Watson**

Next Meeting Date: March 18, 2025

Minutes

Remote Housing and Economic Development Committee

January 21, 2025

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 21, 2025, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Pious Ali, and members Councilors Sarah Michniewicz, Regina Phillips, 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, Assistant City Manager Dena Libner, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Review and accept Minutes of previous meeting held on November 21, 2024

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

Item #2: Calendar Year 2025 Work Plan- Discussion of topics and priorities

Greg Watson introduced this item by noting many of the initiatives for the 2025 Work Plan came from items that were either rolled over from the 2024 Work Plan, were referred to the Committee but not taken up due to time constraints, or are a priority policy initiative for 2025. The Work Plan is a draft meant to begin the discussion for the 2025 HEDC calendar.

Councilor Ali asked Committee members for their questions and comments.

Councilor Sykes would like to move-up the discussion around the minimum wage ballot question, discuss the Inclusionary Zoning Green New Deal in conjunction with the Hotel IZ meeting, and have quarterly rent control enforcement report updates from Permitting placed into the Work Plan.

Councilor Phillips would like clarification on the Maine State Pier item to ensure there is no duplication of efforts between departments and committees. Greg noted the Brownfield funding as the reason for HEDC and Economic Development Department involvement, and would send regular updates to the Sustainability Department and the Sustainability and Transportation Committee, and place those updates on the Work Plan calendar.

Councilor Phillips noted the need to address the first goal of the City Council and requested Committee and Housing Department input regarding efforts to expand DEI practices and improving involvement in decision making processes. Mary Davis mentioned her Division is applying an equity lens on initiatives to expand the accessibility of affordable housing funding by incorporating efforts to support emerging developers. She will follow-up on those efforts with the Committee.

Councilor Ali would like to see if Incremental Development would assist staff with crafting a policy to address the questions being raised, and ensure there is support in place to assist new developers with applying for City funding.

There was a discussion on the efforts around providing opportunities for low-income and minority owned business.

Councilor Michniewicz would like to develop a housing-to-employment model that would address a critical gap in the current homelessness response by providing individuals with temporary supportive housing, recovery resources, job training and employment opportunities towards economic independence.

Councilor Phillips would like to focus on DEI initiatives during the Committee's scheduled meeting in July, and suggested each department within the City should adopt an equity statement. The Committee discussed the latter suggestion and agreed to continue the discussion.

Item #3: Communication Item- Amendments to the Affordable Housing Development and Tax Increment Financing Application

Mary introduced this item with an account of the historical and current workflow process as it relates to the *Affordable Housing Development and Tax Increment Financing* application process. Most noticeably, time and costs issues have been encountered over the past several years. To address these issues, and to support "shovel ready" projects, staff has presented preliminary amendments to the Application for Committee consideration. Committee feedback will be requested at the next HEDC meeting along with feedback on funding priorities.

On motion made by Councilor Phillips, seconded by Councilor Sykes, the Committee voted 4-0 to adjourn the meeting at approximately 6:26 p.m.

Next meeting is scheduled for February 25, 2025

Respectively submitted, Victoria Volent

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

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

MEETING DATE: February 25, 2025

AGENDA ITEM

Lambert Woods North (LWN) Possible Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC – 622 Auburn Street, Portland.

PURPOSE

Staff is seeking a recommendation from the Housing and Economic Development Committee (HEDC) regarding the Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC, which if approved, would remove or eliminate the 0 Gray Road, Falmouth parcel from the Amended and Restated Purchase and Sale Agreement.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

Council Goal 2: Housing Affordability
"Implement solutions to the housing crisis, including building more working-class housing…"

BACKGROUND/ANALYSIS

On May 10, 2022, the City entered into a Purchase and Sale Agreement with Maine Cooperative Development Partners for an affordable housing development at 622 Auburn Street, and 0 Gray Road, Falmouth.

Originally, Maine Cooperative Development Partners proposed creating limited equity housing cooperative units ("Co-ops") at the 622 Auburn and 0 Gray Road site. All of the homes would have been permanently affordable to households earning at or up to 100% AMI. The scope of the project changed. Maine Cooperative Development Partners (MCDP, assigned its rights under the original Purchase and Sale Agreement to a partnership with Preservation of Affordable Housing (POAH) and formed a new entity called Lambert Woods North LLC which will be the eventual property owner of the property. The development proposal was amended to create 72 units of Low Income Housing Tax Credit (LIHTC) rental housing affordable at 60% of the area median income.

On December 18, 2023, the City Council approved the First Amended and Restated Purchase and Sale Agreement which documented several changes including the change in the name of the buyer as well as the change in the development proposal. Two additional amendments were approved to extend the closing and due diligence timelines and document the affordability requirements based on the change to a LIHTC project.

The Third Amendment, which the HEDC is being asked to approve and recommend to the City Council, will remove the 0 Gray Road, Falmouth parcel from the transaction. The buyer has indicated that the Falmouth parcel is unsuitable for development. After exploring their options, the buyer believes removing the Falmouth parcel from the transaction is the best option to facilitate the development on the 622 Auburn Street parcel which is on track for a construction loan closing by April 1, 2025.

FISCAL IMPACT

The City of Portland will retain ownership of the 0 Gray Road, Falmouth parcel with the intention of listing the property for sale without restrictions at some point in the future, if no other city uses are identified for this parcel. If the property is sold, staff would recommend that any proceeds from the sale of the parcel be allocated to the Jill C. Duson Housing Trust Fund. The allocation of sale proceeds would require City Council approval in a future Council Order.

CONCLUSIONS

Staff is requesting the Committee approve the proposed Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC attached hereto. This amendment would remove the 0 Gray Road, Falmouth parcel from the transaction with Lambert Woods North LLC.

Recommendations

1. Motion to recommend to the City Council approval of a Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC

PRIOR COMMITTEE REVIEW in 2025

PREPARED BY
Mary Davis
Division Director
Housing and Community Development Division

ATTACHMENTS

Attachment A: Proposed Third Amendment to the First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC

Attachment B: First Amended and Restated Purchase and Sale Agreement with Lambert Woods North LLC, as previously amended

THIRD AMENDMENT TO
FIRST AMENDED AND RESTATED
PURCHASE AND SALE AGREEMENT

THIS THIRD AMENDMENT TO FIRST AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT is effective as of ___________________, 2025 by and between the CITY OF PORTLAND, a body politic and corporate with a place of business in Portland, Maine and a mailing address of 389 Congress Street, Portland, Maine 04101 (“Seller” or “City”) and LAMBERT WOODS NORTH LLC, a Maine limited liability company with a mailing address of c/o Preservation of Affordable Housing, 2 Oliver Street, Suite 500 Boston, Massachusetts 02109 (hereinafter referred to as "Buyer").

WHEREAS, the City and the Buyer are parties to a First Amended And Restated Purchase And Sale Agreement dated February 14, 2024, as amended by a First Amendment dated June 10, 2024 and a Second Amendment dated December 5, 2024 (such agreement as amended being hereinafter referred to as the “Agreement”), with respect to certain property in Portland and Falmouth, Maine owned by the City, as more fully described in the Agreement (the "Premises"); and

WHEREAS, City and Buyer wish to further amend the Agreement, as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Buyer hereby agree as follows:

1. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment have the same meaning as those terms have in the Agreement.

2. The Agreement is hereby amended to reflect that the Falmouth Premises is eliminated from the Agreement, it being agreed that the Seller shall retain title to the Falmouth Premises, and at the Closing, the Buyer shall only acquire the Portland Premises. For the avoidance of doubt, all references to “Premises” in the Agreement shall mean only the Portland Premises.

3. Except as specifically amended hereby, the Agreement shall remain in full force and effect and the parties hereto ratify the terms and conditions of the Agreement. In the event of any conflict between the terms of this Amendment and the terms of the Agreement and any exhibits thereto, the terms of this Amendment shall govern and control so long as this Amendment is in effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives as of the date first set forth above.

LAMBERT WOODS NORTH LLC
By: Lambert Woods North MM LLC,
a Maine Limited Liability Company,
Its Sole Member and Manager

By: Preservation of Affordable Housing,
Inc., an Illinois not-for-profit corporation,
Its Sole Member and Manager

___________________________	___________________________
Witness	By: Aaron Gornstein Its: President and CEO

CITY OF PORTLAND

____
Danielle P. West
Its: City Manager

Approved as to Form:

____
Corporation Counsel's Office

FIRST AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT IS made this 14th day of February, 2024 by and between the City OF PORTLAND, a body politic and corporate located in Cumberland County, Maine, (hereinafter referred to as "Seller" or "City"), and LAMBERT WOODS NORTH LLC, a Maine limited liability company, care of Preservation of Affordable Housing, a Massachusetts nonprofit corporation with a mailing address of 2 Oliver Street, Suite 500 Boston, Massachusetts 02109 (hereinafter referred to as "Buyer"), as assignee of MAINE COOPERATIVE DEVELOPMENT PARTNERS LLC, a Maine limited liability company, having a mailing address of 6 City Center, Fl. 3, Portland, Maine 04101 ("MCDP").

RECITALS

WHEREAS, MCDP and the City entered into a Purchase and Sale Agreement dated May 10, 2022 (the "Original Agreement"); and

WHEREAS, the Original Agreement relates to certain property owned by the City, specifically, approximately 4.85 acres of land at or near 622 Auburn Street, Portland, Maine (the "Portland Premises") and 13.3 acres of land at or near 0 Gray Road, Falmouth, Maine (the "Falmouth Premises") (the Portland Premises and the Falmouth Premises are referred to herein collectively as the "Premises"); and

WHEREAS, the City did advertise RFP #21042 dated February 24, 2021, entitled Request for Proposals for Disposition and Development of City-Owned Property Located at 622 Auburn Street, Portland and 0 Gray Road, Falmouth, a copy of which is attached hereto as Exhibit A and made a part of this Agreement (the "Request for Proposals") (the Portland Premises is identified in the City of Portland's tax records as CBL 385 D008001, including 386-B-12 and 386-B-15, and the Falmouth Premises is identified in the Town of Falmouth's tax records as Lot U48-027 and is generally depicted on Attachments B,C, D and E to the Request for Proposals); and

WHEREAS, MCDP submitted a proposal dated May 2, 2021 in response to the Request for Proposals, as revised by a Third Revised Project Narrative dated May 2, 2023, copies of which are attached hereto collectively as Exhibit B and incorporated herein (the "Proposal"); and

WHEREAS, MDCP has assigned its rights under the Original Agreement to Buyer pursuant to an Assignment and Assumption Agreement of near or even date herewith; and

WHEREAS, Buyer desires to purchase and develop the Premises, and the City desires to convey the Premises to Buyer; and.

WHEREAS, Buyer and the City wish to amend the Original Agreement and to replace the Original Agreement with this Amended and Restated Agreement (this Amended and Restated Purchase and Sale Agreement is referred to hereinafter as the "Agreement");

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **AMENDMENT AND RESTATEMENT**. This Amended and Restated Purchase and Sale Agreement amends and restates the Original Agreement in its entirety.

2. **SALE**. City agrees to sell the Premises to Buyer, and Buyer agrees to purchase the Premises in accordance with the terms and conditions set forth in this Agreement. This Agreement is for the sale of land only.

3. **CONSIDERATION**. The purchase price for the Premises shall be One Dollar ($1.00) (the "Purchase Price").

4. **TITLE AND DUE DILIGENCE.**

    a. Due Diligence Period. Buyer will have from the date of this Agreement until 4:00 PM Eastern Daylight Savings Time on June 10, 2024 (the "Due Diligence Period") to complete any surveys, environmental review, inspections, and title examinations, and to obtain any zone change, site plan approval, and any other permits and regulatory approvals required for the Project.

    b. Property Description. The legal description of the Premises contained in the deed to the Premises will be a survey description based upon a survey plan that will more specifically describe the Premises. The survey and description of the Premises will be prepared by the Buyer at its sole expense and provided to the City for review two months prior to the expiration of the Due Diligence Period. City shall notify Buyer of any objections to the survey and description prior to the expiration of the Due Diligence Period.

    c. Financing Contingency. The Buyer's obligation to close is contingent on obtaining construction and permanent financing for the Project that the Buyer, in its discretion, determines is sufficient to put the Project on a sound financial footing. That financing is anticipated to include, but not be limited to, the following an affordable housing tax increment financing from the City.

    d. Title and Survey Objections. Buyer will have until the end of the Due Diligence Period to deliver to City any written objections to title, environmental, or survey matters (other than the permitted exceptions identified herein) that materially affect insurability or use. Objections not made prior to the end of the Due Diligence Period will be deemed waived; provided, however, that objections pertaining to matters of record first appearing after the end of the Due Diligence Period may be made at any time prior to the closing.

e. Option to Cure. In the event of a title or survey objection, City will have the option, but not the obligation, to cure the objection and will notify Buyer of its election within ten (10) business days after receipt of the objection. In the event that the City elects to cure the objection, it will have sixty (60) days from the date of the notice of election, or such other reasonable time as the parties may agree, to cure the objection. In the event that the City does not elect to cure the objection, or, having elected to cure the objection fails to timely do so to Buyer's reasonable satisfaction, Buyer will have the option to (1) terminate this Agreement (after which neither party will have any further obligation or liability to the other under this Agreement), (2) waive the objection and close, or (3) undertake the cure of such objection at its own expense (in which case it shall have 60 days to do so).

f. Deed. City shall convey the Premises to Buyer at the closing in fee simple by a municipal quitclaim deed without covenant. Title shall be good and insurable title, free and clear of all encumbrances except (i) easements of record and the Development Restrictions described in this Agreement and its attachments, (ii) easements for utilities servicing or located on the property, (iii) zoning ordinances, and (iv) real estate taxes not yet due and payable. Further, Buyer acknowledges that the deed shall contain a restriction stating that in the event that the Portland Premises or any portion thereof shall be exempt from real and personal property taxes, by transfer, conversion, or otherwise, then the then-owner of the exempt portion shall make annual payments to the City in lieu of taxes in the amount equal to the amount of property taxes that would have been assessed on the exempt portion of the real and personal property situated on the Premises had such property remained taxable. Such restriction shall also confirm that Buyer and its successors and assigns shall possess and be vested with all rights and privileges as to abatement and appeal of valuations, rates, and the like as are accorded owners of real and personal property in Maine.

g. Development Restrictions on the Portland Premises. The Portland Premises shall be conveyed subject to an easement in form and substance reasonably satisfactory to the City preventing the development within the wetland areas located on the Portland Premises for purposes other than passive recreation; provided however, that the City shall release its easement rights to permit minor wetland alterations affecting less than 10,000 square feet of the wetland areas if the Buyer determines such alterations to be reasonably necessary for the development of the Portland Premises as required by this Agreement.

h. Development Restrictions on the Falmouth Premises. The Falmouth Premises shall be conveyed subject to an easement in form and substance reasonably satisfactory to the City preventing the development of the Falmouth Premises for any purposes other than passive recreation thereon. The easement shall be held by the City or another entity reasonably acceptable to the City and Buyer; provided, however, that the City shall release such easement rights to the extent necessary to permit the development of affordable housing on the Falmouth

Premises, subject to the rent and income restrictions set forth in sections 11(b) and (c) below.

i. Buyer's Right to Assign. The Buyer may assign its rights under this Agreement to an affiliated limited partnership or other affiliated entity for purposes of securing financing and/or tax credits for the project with the City's prior written consent, which shall not be unreasonably withheld, delayed or conditioned, provided any such assignee agrees to be bound to the terms of this Agreement.

j. Buyer's Right to Terminate. The Buyer may terminate this Agreement at any time during the due diligence period if, in the exercise of its sole discretion, it decides to not proceed with the Project by giving written notice of termination to the City in which case neither party shall have any further obligations to the other.

k. Zoning. The parties agree that the Falmouth Premises shall not be included in any lot coverage or other calculations with respect to the development of the Portland Premises.

5. <u>INSPECTIONS.</u>

a. During the Due Diligence Period, Buyer and its employees, consultants, contractors and agents shall have the right, at Buyer's expense, to enter on the Premises at reasonable times in order to (i) inspect the same, (ii) conduct engineering studies, percolation tests, geotechnical exams, environmental assessments, and other such studies, tests, exams, and assessments, and (iii) do such other things as Buyer determines, it is sole discretion, to be required to determine the suitability of the Premises for Buyer's intended use (collectively, the "Inspections"). The City acknowledges that such Inspections may include the digging of test pits, which the City hereby approves.

b. Buyer agrees to defend, indemnify and hold harmless the City against any mechanics liens that may arise from the activities of Buyer and its employees, consultants, contractors and agents on the Premises.

c. Buyer shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and Buyer hereby releases the City from, and agrees to indemnify, defend, and hold the City harmless against, any and all losses, costs, claims, expenses and liabilities (including without limitation reasonable attorney fees and costs) (collectively, "Damages") suffered by the City on account of any injury to person or damage to property arising out of the exercise by Buyer of its rights hereunder, except to the extent that such Damages result from the act or omission of the City.

d. Buyer shall cause any contractors, consultants or any other party conducting the Inspections to procure automobile insurance, if applicable, and commercial general liability insurance coverage in amounts of not less than Four Hundred

Thousand Dollars ($400,000.00) per occurrence for bodily injury, death and property damage, listing the City as an additional insured thereon, and also Workers' Compensation Insurance coverage to the extent required by law; the forms of all such insurance to be subject to City's Corporation Counsel's reasonable satisfaction.

e. In the event that Buyer does not purchase the Premises, Buyer agrees to either return the Premises as nearly as possible to its original condition after conducting the Inspections; provided, however, the City hereby acknowledges and agrees Buyer shall have no obligation to clean-up, remove or take any other action with respect to any disturbance of any pre-existing environmental contamination on the Premises caused by such inspections, studies, tests, exams, and assessments, and that Buyer shall have no obligation to clean-up, remove or take any other action with respect to any pre-existing environmental contamination disturbed thereby.

f. The parties hereto acknowledge and agree that it is a condition to Buyer's obligations under this Agreement that the results of the Inspections be acceptable to Buyer in its sole discretion. If the results of such due diligence are not acceptable to Buyer in its sole discretion, and if Buyer exercises its right to terminate this Agreement, and neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.

6. REAL ESTATE TAXES, PRORATIONS AND TRANSFER TAX. Buyer shall be liable for all real estate taxes beginning as of the start of fiscal year following the closing and continuing thereafter. Because the Property is currently owned by the City of Portland, which is exempt from real estate taxes, no taxes were assessed or will be due for any portion of the current fiscal year, and no taxes will be prorated at the closing. Any utilities for the Property shall be prorated as of the closing. The Maine real estate transfer tax shall be paid for by Buyer in accordance with 36 M.R.S.A. § 4641-A. City is exempt from paying the transfer tax pursuant to 36 M.R.S.A. § 4641-C. The recording fee for the deed of conveyance and any expenses relating to Buyer's financing or closing shall be paid for by Buyer.

7. DEFAULT AND REMEDIES. In the event that Buyer defaults hereunder for a reason other than the default of the City, City may terminate this Agreement, and neither party shall have any further obligation to the other. In the event City defaults under this Agreement, and if Buyer is not then in default hereunder, Buyer shall have the right to pursue specific performance or terminate this Agreement, in which case neither party shall have any further obligation to the other.

8. RISK OF LOSS. The risk of loss or damage to the Premises by fire, eminent domain, condemnation, or otherwise, until transfer of title hereunder, is assumed by the City. The Premises is to be delivered in substantially the same condition as of the date of this Agreement unless otherwise stated. In the event City is not able to deliver the Premises as stated, Buyer may terminate this Agreement, and neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.

9. **PROPERTY SOLD "AS IS, WHERE IS."** Buyer acknowledges that Buyer has had an opportunity to inspect the Premises, and to hire professionals to do so, and that Premises will be sold "as is, where is" and "with all faults." City, and its agents, make no representations or warranties with respect to the accuracy of any statement as to boundaries or acreage, or as to any other matters contained in any description of the Premises, or as to the fitness of the Premises for a particular purpose, or as to development rights, merchantability, habitability, or as to any other matter, including without limitation, land use, zoning and subdivision issues or the environmental, mechanical, or structural condition of the Premises. Acceptance by Buyer of the Deed at closing and payment of the purchase price shall be deemed to be full performance and discharge by the City of every agreement and obligation contained herein.

10. **ENVIRONMENTAL INDEMNIFICATION**. Buyer covenants and agrees to indemnify, defend, and hold the City harmless from and against any and all claims, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, costs, or expenses of any kind, including, without limitation, reasonable attorneys', consultants', and experts' fees incurred in investigating, defending, settling, or prosecuting any claim, litigation or proceeding, that may at any time be imposed upon, incurred by or asserted or awarded against Buyer or the City and relating directly or indirectly to the violation of or compliance with any federal, state, or local environmental laws, rules, or regulations governing the release, handling or storage of hazardous wastes or hazardous materials and affecting all or any portion of the Premises, except to the extent that such a claim results directly from the City's release, handling or storage of hazardous wastes or hazardous materials on the Premises. This duty to indemnify, defend, and hold harmless shall be included in a covenant in the deed and shall run with the land conveyed and be binding upon Buyer's successors, assigns, and transferees.

11. **CLOSING**. Time is of the essence in the performance of this agreement. The closing shall be held at the offices of Buyer's counsel at a time agreeable to the parties on or before August 10, 2024 (the "Closing Date"). At the Closing:

    a. the City shall execute, acknowledge and deliver to Buyer a municipal quitclaim deed conveying to Buyer good and insurable title to the Premises, free and clear of all encumbrances except as otherwise set forth herein.

    b. Buyer shall deliver the Purchase Price to the City.

    c. Each party shall deliver to the other such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.

d. Buyer shall deliver evidence, reasonably satisfactory to City's Corporation Counsel, that the entity receiving title to the Premises is in good standing under Maine law, and that the individuals acting at Closing and executing documents on behalf of Buyer are authorized to do so.

12. BUYER'S POST CLOSING OBLIGATIONS; RIGHTS OF CITY TO REPURCHASE PROPERTY.

a. Within twelve (12) months after the Closing Date, Buyer shall commence construction of the Project on the Portland Premises as generally described in the Proposal, as amended by the Third Revised Project Narrative. The Project shall include approximately seventy-two (72) dwelling units, including approximately 34 one-bedroom units, 10 two-bedroom units, and 28 three-bedroom units. Contrary to the terms of the Proposal, the parties acknowledge and agree that the Project will not be a cooperative affordable housing corporation and instead shall utilize Low Income Housing Tax Credits to be awarded by the Maine State Housing Authority ("Maine Housing").

b. Rent Restrictions. For a period of 99 years after the Project has been completed, all units in the Project shall be affordable to households earning less than or equal to 60% of the area median income (AMI), adjusted for family size, based on figures published annually by HUD for the Portland Metropolitan Statistical Area. If at a time in the future, HUD no longer provides these annual figures, the City will identify another similar method of determining income guidelines for affordability. For purposes of this Agreement, "affordable" means that the percentage of income a household is charged in rent and other housing expenses including utilities, shall not exceed 30% of the household's gross monthly income, except as provided below if the Project is financed with the LIHTC program. Minimum household size allowed per unit and the formula for calculating maximum allowable monthly rent is detailed on Exhibit D, which is attached hereto and made a part hereof. However, if the Rental Housing Project is financed under the Federal Low Income Housing Tax Credit (LIHTC) Program, maximum allowable rent shall be the maximum allowable rent under the Federal LIHTC Program during the applicable time period for that Program. Upon expiration of any affordability restrictions recorded in the Cumberland County Registry of Deeds under the Federal LIHTC Program, the provisions of Exhibit D shall apply to the Rental Housing Project for the remainder of the 99-year period.

c. Option to Repurchase. If Buyer, its successors, assigns, or transferees fails to commence construction of the Project on the Premises within 12 months after the closing, and construct the buildings which are part of the first phase of the Project within thirty (30) months after closing, the City shall have the right, but not the obligation, to repurchase the Premises and the Project at the Purchase Price plus all documented, design, development, construction, and approval expenses incurred by Buyer, or successors, to that juncture. If the City exercises this right to repurchase, Buyer shall convey the Premises to the City and assign to the City all contracts, plans, and other documents related to the design, construction, and regulatory approvals for the Project. This right to repurchase shall be assignable by the City.

d. The provisions of this Section 11 will survive closing and will be included in greater detail in the City's deed to Buyer or in a Declaration of Covenants, Conditions and Restrictions executed before or at the time of Closing, which shall be recorded in the Cumberland County Registry of Deeds.

13. ENTIRE AGREEMENT. This Agreement represents the entire and complete Agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Property hereunder. This Agreement cannot be amended except by written instrument executed by City and Buyer.

14. NON-WAIVER. No waiver of any breach of any one or more of the conditions of this Agreement by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

15. HEADINGS AND CAPTIONS. The headings and captions appearing herein are for the convenience of reference only and shall not in any way affect the substantive provisions hereof.

16. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.

17. TIME. The City and Buyer each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.

18. GOVERNING LAW. This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. If any provision of this Agreement is determined to be invalid or unenforceable, it shall not affect the validity or enforcement of the remaining provisions hereof.

19. NOTICE. All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after the notice is delivered to an overnight delivery service with delivery confirmation, addressed to the recipients at the addresses set forth below. Either party may change addresses for purposes of this paragraph by giving the other party notice of the new address in the manner described herein.

FOR THE City:	City of Portland ATTN: City MANAGER 389 Congress Street Portland, ME 04101
With a copy to :	The Office of the Corporation Counsel at the same address.
FOR Buyer:	Preservation of Affordable Housing 2 Oliver Street Suite 500 Boston, Massachusetts 02109
With a copy to:	Edward J. Kelleher, Esq. Drummond Woodsum 84 Marginal Way, Suite 600 Portland, ME 04101

20. SIGNATURES; MULTIPLE COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

21. BROKERS. The City and Buyer each represent and warrant that they have not dealt with a real estate broker in connection with this transaction. Buyer agrees to indemnify and hold harmless City from any claims made by any broker should Buyer's representation in this paragraph be false. Subject to the limitations of liability set forth in the Maine Tort Claims Act, City agrees to indemnify and hold harmless Buyer from any claims made by any broker should City's representation in this paragraph be false. The foregoing indemnities shall include all legal fees and costs incurred in defense against any such claim, and shall survive closing.

22. RECITALS INCORPORATED BY REFERENCE. The recitals set forth above are incorporated herein by reference and made a part of this Agreement.

Signature page follows.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed on their behalf by their duly authorized offices or representatives, on the day and year first written above.

CITY OF PORTLAND

Danielle P. West

____
Witness

____
By: Danielle West
Its: City Manager

LAMBERT WOODS NORTH LLC
By: Lambert Woods North MM LLC, a Maine Limited Liability Company
Its Sole Member and Manager

By: Preservation of Affordable Housing, Inc., an Illinois not-for-profit corporation,
Its Sole Member and Manager

Aaron Gornstein

____
Witness

____
By: Aaron Gornstein
Its: President and CEO

Approved as to Form:

Michael Goldman

____
Corporation Counsel's Office

Approved as to Funds:

Brendan T. O'Connell

____
City Finance Director

FIRST AMENDMENT
TO
FIRST AMENDED AND RESTATED
PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO FIRST AMENDED PURCHASE AND SALE AGREEMENT is effective as of June 10, 2024 by and between the CITY OF PORTLAND, a body politic and corporate with a place of business in Portland, Maine and mailing address of 389 Congress Street, Portland, Maine 04101 ("Seller" or "City") and LAMBERT WOODS NORTH LLC, a Maine limited liability company, with a mailing address of c/o Preservation of Affordable Housing, 2 Oliver Street, Suite 500 Boston, Massachusetts 02109 (hereinafter referred to as "Buyer").

WHEREAS, City and Buyer are parties to a First Amended And Restated Purchase And Sale Agreement dated February 14, 2024 (the "Agreement") with respect to certain property owned by the City as more fully described in the Agreement (the "Premises"); and

WHEREAS, City and Buyer wish to amend the Agreement to extend the Due Diligence Period and the Closing Date.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Buyer hereby agree as follows:

1. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment have the same meaning as those terms have in the Agreement.

2. The end of the Due Diligence Period, which, pursuant to Section 4 (a) of the Agreement, is June 10, 2024, is hereby extended to October 10, 2024.

3. The last sentence in Section 4(h) of the Agreement is hereby deleted and replaced with the following:

> The easement shall be held by the City or another entity reasonably acceptable to the City and Buyer; provided, however, that the City shall release such easement rights to the extent necessary to permit the development of affordable housing on the Falmouth Premises, subject to the rent and income restrictions set forth in Section 12(b) below.

4. The opening paragraph in section 11 of the Agreement is hereby deleted and replaced with the following:

> CLOSING. Time is of the essence in the performance of this Agreement. The closing shall be held on or before December 10, 2024 at the offices of Buyer's

counsel at a date and time specified by two weeks' written notice from Buyer to the City (the "Closing Date"). At the Closing:

5. Section 12(b) of the Agreement is hereby deleted and replaced with the following:

Rent And Income Restrictions. For a period of 99 years after the Project has been completed, all units in the Project shall be affordable to, and will only be rented to, households earning less than or equal to 60% of the area median income (AMI), adjusted for family size, based on figures published annually by HUD for the Portland Metropolitan Statistical Area. If at a time in the future, HUD no longer provides these annual figures, the City will identify another similar method of determining income guidelines for affordability. For purposes of this Agreement, "affordable" means that the percentage of income a household is charged in rent and other housing expenses including utilities, shall not exceed 30% of the household's gross monthly income, except as provided below if the Project is financed with the LIHTC program. Minimum household size allowed per unit and the formula for calculating maximum allowable monthly rent is detailed on Exhibit D, which is attached hereto and made a part hereof. However, if the Rental Housing Project is financed under the Federal Low Income Housing Tax Credit (LIHTC) Program, maximum allowable rent shall be the maximum allowable rent under the Federal LIHTC Program during the applicable time period for that Program. Upon expiration of any affordability restrictions recorded in the Cumberland County Registry of Deeds under the Federal LIHTC Program, the provisions of Exhibit D shall apply to the Rental Housing Project for the remainder of the 99-year period.

6. Except as specifically amended hereby, the Agreement shall remain in full force and effect and the parties hereto ratify the terms and conditions of the Agreement. In the event of any conflict between the terms of this Amendment and the terms of the Agreement and any exhibits thereto, the terms of this Amendment shall govern and control so long as this Amendment is in effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives as of the date first set forth above.

LAMBERT WOODS NORTH LLC
By: Lambert Woods North MM LLC,
A Maine Limited Liability Company,
Its Sole Member and Manager

By: Preservation of Affordable Housing,
Inc., an Illinois not-for-profit corporation,
Its Sole Member and Manager

Linda Smith
Witness

By: Aaron Gornstein
Its: President and CEO

CITY OF PORTLAND
DocuSigned by:
Danielle West
A4546612E752416...
Danielle P. West
Its: City Manager

Approved as to Form:
DocuSigned by:
Michael Goldman
5BDA6A4DE55B4E1...
Corporation Counsel's Office

SECOND AMENDMENT TO FIRST AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT

THIS SECOND AMENDMENT TO FIRST AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT is effective as of December 5th, 2024 by and between the CITY OF PORTLAND, a body politic and corporate with a place of business in Portland, Maine and mailing address of 389 Congress Street, Portland, Maine 04101 ("Seller" or "City") and LAMBERT WOODS NORTH LLC, a Maine limited liability company with a mailing address of c/o Preservation of Affordable Housing, 2 Oliver Street, Suite 500 Boston, Massachusetts 02109 (hereinafter referred to as "Buyer").

WHEREAS, the City and the Buyer are parties to a First Amended And Restated Purchase And Sale Agreement dated February 14, 2024, as amended by a First Amendment dated June 10, 2024 (as amended, the "Agreement") with respect to certain property in Portland and Falmouth, Maine owned by the City, as more fully described in the Agreement (the "Premises"); and

WHEREAS, City and Buyer wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Buyer hereby agree as follows:

1. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment have the same meaning as those terms have in the Agreement.

2. The end of the Due Diligence Period as defined in Section 4 (a) of the Agreement, is hereby extended to **March 15, 2025**.

3. The opening paragraph in section 11 of the Agreement is hereby deleted and replaced with the following:

> CLOSING. Time is of the essence in the performance of this Agreement. The closing shall be held on or before **April 1, 2025** at the offices of Buyer's counsel at a date and time specified by two weeks' written notice from Buyer to the City (the "Closing Date"). At the Closing:

4. Except as specifically amended hereby, the Agreement shall remain in full force and effect and the parties hereto ratify the terms and conditions of the Agreement. In the event of any conflict between the terms of this Amendment and the terms of the Agreement and any exhibits thereto, the terms of this Amendment shall govern and control so long as this Amendment is in effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed by their duly authorized representatives as of the date first set forth above.

LAMBERT WOODS NORTH LLC
By: Lambert Woods North MM LLC,
a Maine Limited Liability Company,
Its Sole Member and Manager

By: Preservation of Affordable Housing,
Inc., an Illinois not-for-profit corporation,
Its Sole Member and Manager

DocuSigned by:
Aaron Gornstein
7FBF5642BA25430...

____
Witness

By: Aaron Gornstein
Its: President and CEO

CITY OF PORTLAND

DocuSigned by:
Danielle West
A4546612E752416...

Danielle P. West
Its: City Manager

Approved as to Form:

Signed by:
Michael Goldman
5BDA6A4DE55B4E1...

Corporation Counsel's Office

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

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

MEETING DATE: February 25, 2025

AGENDA ITEM
Review and recommendation to the City Council of the 2025-2026 Housing Program Budget.

PURPOSE
The Housing and Economic Development Committee recommends the Housing Program Budget to the City Council for final approval.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT
Council Goal 2: Housing Affordability
"Implement solutions to the housing crisis, including building more working-class housing…"

BACKGROUND/ANALYSIS
HOME Program: The Home Investments Partnerships Program (HOME) was established by Congress in 1992. Since 1992, the City of Portland and the Cumberland County HOME Consortium have received almost $27 million dollars in HOME funding. In 2009 the City became the lead entity in the Cumberland County HOME Consortium (CCHC). The Consortium is a partnership of the communities in Cumberland County that administers HOME Program funds in Cumberland County. The creation of the consortium expanded the financial resources for affordable housing activities in the region. The City retains independent operation of its HOME program. Because the City serves as the "Lead Entity" and City staff administers the County portion of the funding, all administrative funds are retained by the City. The County's Municipal Oversight Committee controls the allocation of the County's portion of the HOME funds.

When the Consortium was formed in 2009, it included a "hold harmless" clause to ensure that the City, as an existing HOME grantee, would continue to receive funding equal to its allocation prior to the formation of the consortium. The "hold harmless" formula was based on a comparison ratio to the HOME funding for the Lewiston/Auburn (L/A) Consortium. The formula identified Portland's "hold harmless" amount at 118% of the HOME allocation for the L/A Consortium. The Cumberland County HOME Agreement did allow for adjustments to be made if the current level of funding to the L/A HOME Consortium varied from historic levels. Over the years the L/A allocation has decreased which has resulted in the Portland "hold harmless" amount to decrease. As a result, by agreement with the other members of the CCHC, the annual allocation is divided with 57% of the allocation, after the administrative set-aside, to the City and 43% of the allocation to the County.

As a point of reference, if the City were a stand-alone grantee, the estimated HOME allocation for Portland (using a HUD HOME Allocation estimated calculation) would be approximately $528,440. Of that amount 10% would be set aside for administrative costs ($52,844) leaving $475,596 for program funding. Under the current consortium agreement, the city receives the administrative set-aside ($83,992) along with approximately $430,881 in program funds. These amounts are based on the HUD allocation only and do not include any program income. Participation in the HOME consortium benefits Portland as well as the county as a whole.

HUD has not announced the allocation amount for FY 2025-2026. Since we do not have the final allocation amounts, we are estimating the HUD HOME allocation at the same level as the 2024-2025 year ($839,923). $325,050 is reserved for County projects. The budget proposal was developed after a historical review of HOME funding allocations, previous year's budget allocations, program expenditures and program income (loan repayments) received. Currently, the City's HOME Program is divided into three funding categories:

1. Administration
2. Tenant Based Rental Assistance (TBRA)
3. Affordable Housing Development [including the required Community Housing Development Organization (CHDO) set-aside mandated by HUD]

HOME Program Budget	FY 2024-2025 Budgeted (entitlement + program income)	**FY 2025-2026 Budget proposal (entitlement + program income)**
Administration	$87,288	$91,886
Tenant Based Rental Assistance	$136,392	$136,392
Affordable Housing Development includes CHDO requirement	$294,489	$294,489

LEAD SAFE HOUSING (Program Income): Lead Safe Housing Program Income is generated through repayment of loans given under prior Lead Safe Housing Grants. These funds can only be used for lead safe housing eligible activities. The City recently received a Lead Hazard Reduction Grant of $2,619,960 (over 48 months 2/1/2025-2/1/2029) in funding for lead paint remediation and $748,000 in funding to assist with code and life safety improvements

Lead Safe Housing Program Income	FY 2024-2025 Budgeted	**FY 2025-2026 Budget Proposal**
	$18,825	$22,744

JILL C. DUSON HOUSING TRUST FUND: Revenue for the Jill C. Duson Housing Trust Fund is primarily generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, fee-in-lieu contributions from the Inclusionary Zoning Ordinance and Hotel Inclusionary Zoning fee. Including the current balance of the Housing Trust Fund in the Housing Program Budget gives budget authority for the use of the funds. The amount budgeted is the *maximum* that might be expended in FY26. ***While staff continues to recommend maintaining a minimum balance in the Housing Trust, staff is requesting that the Committee provide direction on continuing this policy.*** If the Committee directs staff to continue with the minimum balance, the *effective budget would be $363,558*

($863,558.69 less $500,000.) If additional funds are allocated to the Trust based on current discussions, this number might be adjusted based on the outcome.

Jill C. Duson Housing Trust Fund (HTF) Budget	FY 2024-2025 Budgeted	**FY 2025-2026 Budget Proposal**
	$2,065,297	$863,559

FISCAL IMPACT
The annual housing program budget does not include general fund revenue. The sources included in the annual housing program budget include estimated Federal HOME Investment Partnership Program funding, including program income, current funding available in the Jill C. Duson Housing Trust Fund and Lead Safe Housing program income.

CONCLUSIONS
The proposed Housing Program Budget will be adjusted when HUD announces the fiscal year allocation for the HOME Program. The budget is brought forward at this time to facilitate the release of the City's Affordable Housing Development and TIF Application and incorporation in the HUD Annual Action Plan. This budget will be forwarded to the full City Council for two Public Hearings (tentatively scheduled for April 7, 2025 and May 5, 2025), as part of the overall HCD budget and the HUD Annual Action Plan. The final budget allocations and Annual Action Plan are submitted to HUD 45 days in advance of the start of the fiscal year (May 15 for the fiscal year beginning July 1, 2025).

Staff is requesting Committee direction on maintaining a minimum balance in the Housing Trust Fund as well as an approval and recommendation to the City Council of the FY 25/26 Housing Program Budget as outlined above and summarized in the attached spreadsheet. If the HUD allocation amount is different from the estimate used in this budget, program budgets will be adjusted accordingly.

Recommendations
1. Motion to recommend to the City Council approval of the FY2025-2026 Housing Program Budget

PRIOR COMMITTEE REVIEW in 2025 – N/A

PREPARED BY
Mary Davis
Division Director
Housing and Community Development Division

ATTACHMENTS
Attachment A: FY 2025-2026 Proposed Housing Program Budget

2025-2026 HOUSING PROGRAM BUDGET

DRAFT 02.19.2025

Total HUD HOME Entitlement Allocation	839,923	Recommended by HEDC (X-X) XX.XX.2025
Portland Program Portion	430,881	Approved by Council XX.XX.2025
Portland Admin Portion	83,992	**HUD Allocation Date: XX.XX.2025**
County Program Portion	325,050	

REVENUES- Housing Programs	***HOME***	***LEAD Safe Housing Program Income***	***Housing Trust Fund***	***TOTAL BUDGET***
2025-26 HOME Consortium Admin (10% of allocation)	83,992			*83,992*
2025-26 HOME Consortium Programming	430,881			*430,881*
2024 Calendar Year HOME Program Income*	78,938			*78,938*
2024 Calendar Year HOME Program Income Recaptured Funds*	52,722			*52,722*
2024 Calendar Year HOME Program Income and Recapture Deduction for County*	-123,766			*-123,766*
2024-25 Housing Trust Fund			863,559	*863,559*
2024 Lead Safe Housing Program Income		22,744		*22,744*
REVENUE TOTALS (Portland)	522,767	22,744	863,559	***1,409,070***

*For FY26 budget PI & Recapture based on actuals from Jan -Dec 2024

2025-26 HOUSING Budget by Activity (Portland)	***HOME***	*Housing*	*Housing Trust Fund*	***TOTAL BUDGET***
Administration 243026QQ01 (includes 10% of PI)	91,886			*91,886*
Tenant-Based Rental Assistance 443026QT01	136,392			*136,392*
Affordable Housing Development 243026QA00	222,676		863,559	*1,086,234*
CHDO 243026QA00	71,813			*71,813*
Lead Safe Housing 243019PLL1 (PLL036)	0	22,744		*22,744*
EXPENDITURE TOTALS (Portland)	522,767	22,744	863,559	***1,409,070***

2025-26 HOME Consortium COUNTY - approved by MOC on XX.XX.2025

County HOME Program budget provided for reference only; adjusted for final HUD Allocation XX.XX.2025

Allocation of County funds is done by the County's Municipal Oversight Committee

REVENUES- Housing Programs	***HOME***
2025-26 HOME Consortium Non-Portland Programming	325,050
2024 HOME County Program Income and Recapture	123,766
Unexpended Prior Year Balance	0
	448,816

2025-26 HOUSING Budget by Activity	***HOME***
Affordable Housing Development 243026QC00	394,641
CHDO 243026QC00	54,175
	448,816

To: **Councilor Pious Ali, Chair**
Members of the Housing and Economic Development Committee
From: **Victoria Volent, Housing Program Manager**
Date: **February 25, 2025**
Subject: ***Review and recommendation to the City Council for approval of:***
3b. 2025 Housing Policies and Goals for the Affordable Housing Development and Tax Increment Financing Application and the Jill C. Duson Housing Trust Fund 2025 Annual Plan;
3.c. 2025 Jill C. Duson Housing Trust Fund Annual Plan; and
3.d. Issuance of the 2025 Affordable Housing Development and Tax Increment Financing Application.

PURPOSE

Amendments to the *Affordable Housing Development and Tax Increment Financing Application* for consideration; request for guidance with housing policies and goals for the allocation of city resources (i.e. HOME, Jill. C. Duson Housing Trust Funds, and Affordable Housing Tax Increment Financing) for 2025; request to adopt the *Jill C. Duson Housing Trust Fund 2025 Annual Plan*.

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 application 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 increasing amount of time reviewing and rereviewing incomplete/concept applications. These same incomplete/concept applications also undergo preliminary underwriting review, which results in an underwriting recommendation-conditioned upon further underwriting. The time and money spent reviewing proposals that have neither obtained 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 assessed 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 application 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; rather, Council approval may be received <u>after</u> MaineHousing's review. But as noted above, affordable housing development projects are obtaining Council approval <u>before</u> MaineHousing's review.

Development projects that subsequently do not receive funding from MaineHousing (i.e. are waitlisted) typically will try again and resubmit 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 amendments necessitating a trip back to the Planning Board to amend the site plan. Depending on the scope of those changes, funding agreements will 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, and absorb 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 their doors (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 legal and underwriting fees for projects requesting Housing Trust funding or 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 legal and financial underwriting fees associated with Housing Trust funding and Affordable Housing TIF requests.

Recommendation

1. Motion to recommend to the City Council approval of the 2025 Housing Policies and Goals for the *Affordable Housing Development and Tax Increment Financing District Application and 2025 Jill C. Duson Housing Trust Fund Annual Plan;.*
2. Motion to recommend to the City Council adoption of the *Jill C. Duson Trust Fund 2025 Annual Plan; and*
3. *Motion to recommend to the City Council approval of the issuance of the 2025 Affordable Housing Development and Tax Increment Financing District Application*

PREPARED BY

Victoria Volent

ATTACHMENTS

Attachment 1: Clean Version *Affordable Housing Development and TIF application*
Attachment 2: Red Lined *Affordable Housing Development and TIF application*
Attachment 3: Jill C. Duson Housing Trust Fund 2025 Annual Plan
Attachment 4: Development Funding History spreadsheet

Attachment 1

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

INTRODUCTION

The City of Portland recognizes affordable housing is a necessity to preserve human dignity, provide shelter and safety, ensure quality of life, and promote self-determination and economic growth. The development of affordable housing is also identified as a priority in the City of Portland's 2022-2026 U.S. Department of Housing and Urban Development (HUD) 5-year Consolidated Plan, City Council Common Goals, and the Comprehensive Plan. To accomplish this priority, the City of Portland is soliciting proposals for financial assistance that facilitate the development of affordable housing in the City of Portland.

The goal for the distribution of HOME Investment Partnerships Program (HOME) and Jill C. Duson Housing Trust funds, or the designation of an Affordable Housing Tax Increment Financing (TIF) district, is to increase, preserve, and modify the overall supply of housing citywide to meet the needs, preferences and financial capabilities of 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.

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 2025 City Council Common Goals to incorporate an equity analysis for Council agenda items in order to recommend the most qualified application based on the information submitted.

Submission Process Overview

The City of Portland's Division of Housing and Community Development uses an application process to ensure public funds are utilized for maximum public benefit to accomplish specific objectives and provide fair access to all applicants. Applications are considered on a rolling basis. Applications utilizing HOME and/or Housing Trust Funds will be accepted until all budgeted funds are allocated. Applicants should contact the City of Portland to confirm the availability of funds prior to submitting an application.

Planning Board approval is required before the *Affordable Housing Development and Tax Increment Financing Application* may be submitted. Applicants are *highly encouraged*to file the required Major Site Plan and Subdivision applications with the Planning Department as soon as possible, in order to provide sufficient time for the local land use approval process to occur. Please contact Matthew Grooms, Deputy Director of Planning & Urban Development Department, at MGrooms@portlandmaine.gov for additional specifics on the land use approval process.

Projects requesting credit and funding awards from Maine Housing must receive Notice to Proceed notification prior to submitting the *Affordable Housing and Tax Increment Financing Application* requesting HOME and Housing Trust funds from the City of Portland.

Projects requesting an Affordable Housing TIF may be submitted prior to or without the Notice to Proceed from MaineHousing.

Request for Affordable Housing Tax Increment Financing (AHTIF) that will also be applying for the 9% Low Income Housing Tax Credit with MaineHousing must be submitted prior to April 30, 2025.

Applications must be submitted electronically through Neighborly's Participant Portal at:
https://portal.neighborlysoftware.com/PORTLANDME/Participant

Eligible Applicants

- Applicants must be for-profit or public and community non-profit entities
- The City of Portland strongly encourages BIPOC and women developers to apply for the resources made available through this application. Staff from the City's Housing and Community Development Division are available to provide assistance throughout the application process. Information regarding the City's Housing Development programs and resources is **Available Here**
- 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**

Availability of Funding

- The City of Portland is making available a combination of FY 2025-2026 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.
- 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.

- **IMPORTANT NOTE: Resources available through this application cannot be used to develop off-site Inclusionary Zoning required units.**
- Estimated Total Funding Available: To Be Determined (HOME + HTF)

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 120% 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 use of HOME Program funds will be given to developments that provide rental housing units to households earning at or below 50% of the area median income and below ($63,750 for a four-person household).
- Priority use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units affordable to households earning up to 100% of the area median income ($127,500 for a four-person household) with preference for households earning 80% of the area median income ($97,800 for a four-person household) and below. Shovel ready projects with mixed income targeting and a mix of bedroom size, including family size units of 3+ bedrooms, are strongly encouraged.
- Priority use of Affordable Housing Tax Increment Financing (AHTIF) will be for projects receiving assistance through the Low Income Housing Tax Credit Program (LIHTC) or projects that create housing units affordable to households earning up to 80% of the area median income with preference for households earning 50% of the area median income or below. A minimum of $500,000 in new taxable investment property value for affordable housing development is needed to qualify for an Affordable Housing TIF.
- Projects must create 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 create accessible units or maintain affordable units are eligible.
- Projects must meet the affordability targets referenced in the General Guidelines Section 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.
- 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 all other funding approval from federal, state, local or private sources and demonstrates the ability to move to construction loan closing by June 2026.
- 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 and mandatory fee, 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**.
- Projects seeking funding through these City resources must also apply for Inflation Reduction Act (IRA) Green/Clean energy related funding, even if those funds become available after submission of the application to the City.

Affordable Housing Tax Increment Financing (AHTIF) Guidelines

- **Applicants submitting 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 9% LIHTC from MaineHousing will 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 schedule of priority funding requests for the 9% LIHTC program.**
- Projects must comply with the City of Portland's Tax Increment Financing Policy.
- A financial underwriting analysis will be conducted by a third party on all projects requesting Credit Enhancement Agreement participation. **Applicants for CEA assistance will be responsible for reimbursing the City for all project legal and financial underwriting costs.**
- 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.
- 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 an Affordable Housing 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 for the City of Portland must use the higher wage rate based on job classification. The City of Portland does not monitor Davis-Bacon wage rates when not required by City funding.
- AHTIF projects receiving funding through this application must set aside 10% of the units in the project for individuals or families residing in a City of 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
- Tax increment financing cannot be used to finance a developer's minimum obligation under the City's Ensuring Workforce Housing ordinance. However, tax increment financing can be used to provide affordability that exceeds Inclusionary Zoning requirements.

HOME and Jill C. Duson Housing Trust Fund Guidelines

- Projects that have previously received HOME funds are not eligible for additional HOME assistance.
- HOME funds will be awarded to projects creating rental units.
- **HOME *eligible* projects (i.e. all HOME funded projects and eligible Housing Trust funded 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.
- 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% project 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.
- Projects receiving assistance through this application are encouraged to participate in the Public Housing Authority Family Self Sufficiency Program.
- 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.

Federal Requirements

Applicants are expected to be familiar with the guidelines/regulations that govern the HOME program. The following requirements apply to 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).

The City of Portland must complete an environmental review on every HOME project and the review must result in environmental clearance before the City can commit HOME funds to the project. The review will be completed by the City post application acceptance. Documentation of environmental clearance must be provided to the City for any projects that have already received environmental clearance.

- 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.

- 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.

- Build America Buy America (BABA) Requirements

Developers must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

On November 15, 2021, the Build America, Buy America Act (the Act) was enacted as part of the Infrastructure Investment and Jobs Act (IIJA). Pub. L. 117-58. The Act establishes a domestic content procurement preference, the BAP, for Federal programs that permit Federal financial assistance to be used for infrastructure projects. In Section 70912, the Act further defines a project to include “the construction, alteration, maintenance, or repair of infrastructure in the United States” and includes within the definition of infrastructure those items traditionally included along with buildings and real property. Starting May 14, 2022, new awards of Federal financial assistance from a program for infrastructure, and any of those funds obligated by the grantee, are covered under the Build America, Buy America (BABA) provisions of the Act, 41 U.S.C. 8301 note.

US Department of Housing and Urban Development (HUD) has implemented a department wide public interest de minimis, Small Grants, and Minor Components waiver to the BAP requirement as applied to iron, steel, manufactured products, and construction materials of the Act for recipients of Federal Financial Assistance, with the threshold for the waiver being set at $250,000.00 for total project development cost.

This means that if the total project development cost is $249,999.99 or less, the project is currently exempt from BABA requirements. If the total project development cost totals $250,000.00 or more, the project is subject to BABA requirements.

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, 2025.
- Local Approvals: Local land use approval is required prior to submission of the application, and before the City Council will approve the funding request or AHTIF request.
- 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.

Underwriting Guidelines

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. Applicants 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.

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.
- 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 Affordable Housing TIF financing, is approximately $10,000. The City contribution per unit will typically 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.

Financing Terms

- 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.
- A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). The City will underwrite to a 1.15 DCR in year 1 for capital subsidy and AHTIF.

Term of Affordability

- Rental housing projects funded with HOME and/or Housing Trust Funds must have a minimum affordability period of at least 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.
- 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.

Capital Subsidy

Capital subsidy repayment is a priority for the City. Amortizing repayment of capital subsidy is expected. During the underwriting process, capital subsidy repayment terms will be determined based on projected cashflow available in year 1 and year 6 of projected operations. Based on a financial analysis of the development project, funding in the form of loans may range from:

- 30-year amortizing loans with interest rates of up to 5%
- Up to a 5-year deferral prior to start of amortizing payments

- Non-amortizing, deferred loans at 0%. Projects serving substantially underserved households may receive grants or deferred loans based on the demonstrated needs of the project.

Time Frame

- The applicant must list projected dates for the following: 90% document completion; commitment of non-City funds; closing; 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.

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.

Market Study

- An independent market analysis is required to be conducted as part of the due diligence investigation. This third party report will define the geographic market area from which tenants are likely to come, quantify the pool of eligible tenants, evaluate effective demand, capture rate, and absorption period, taking into account a review of developments planned for the market area and the projected time periods for these activities. The market study shall be dated no earlier than 180 days of submission of the initial application.
- If an independent market analysis is not provided, then the application should include the following information; commuting patterns with distance to amenities; walking/transit/bike score; comparison of the pro forma rent to the average rent at affordable comparables; waitlist at affordable comparables; and occupancy percentage at affordable comparables.

Site Evaluation

- The site should be accessible to schools, shopping, health, recreation and social facilities and employment opportunities. These criteria will be evaluated independently for each development based on the nature and proposed occupancy of the development, such as family, elderly or handicapped housing.
- Availability of transportation to residents of the development.
- Compatibility of the proposed development within the neighborhood or community including the age of housing, neighborhood diversity, and incidence of crime.

Parking

- In order to be considered for less than a 1:1 unit/parking ratio, the Developer must, as part of the application, document a plan that meets the City of Portland's local requirements or, if none are available, the following:
  a. Documents the demand for on-site or off-site parking consistent with projects of similar size, location, and population.
  b. Provide distance to bus line, grocery stores, walking score.
  c. Documents the availability and costs of transportation alternatives that service the project site.
  d. Describes alternatives to car parking that will be provided on-site such as parking for motorcycles and/or scooters and/or storage for bicycles.
  e. Describes any proposed tenant incentive programs that will reduce car parking needs.
  f. Describes tenant education efforts that will be implemented that will reduce car parking needs.

g. Provides for timely and ongoing monitoring of the plan and describes how adjustments to the plan will be implemented.

Utilities

- Developer must provide utility comparisons and commentary.

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

- 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)and the Affordable Housing Section of the City's Land Use Ordinance (Chapter 14 Article 17.2)). 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.
- 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.

Monitoring
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).

Affordable Housing Tax Increment Financing (AHTIF)
AHTIFs will be sized to meet the projected needs of the project. Reducing project reliance on AHTIF subsidy over the term of the AHTIF subsidy is a priority for the City.

- During the underwriting process, the City will evaluate the level of the AHTIF at year 11 and 21 of projected operations. The percentage of the AHTIF will be adjusted downward if projections show a DCR above 1.20 in those years.
- For projects serving substantially underserved households (i.e. households with income below 30% AMI and unhoused people), in the unusual event that a year 1 DCR of 1.15 results in a negative DCR in the 30-year operating projections, a TIF may be sized to up to 1.20 in year 1 to maintain positive DCR through the 30-year period.
- 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.
- 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.

Other Submission Requirements

Applications must include a balanced budget at 2% inflators for income and 3% inflators for expenses.

Applications must include a third party cost estimate by the General Contractor or estimator.

Applications must include all developer financial documents necessary to; demonstrate the financial ability to develop and complete the project; and viability of operating the project.

Applications in which there is a development partner or fee developer must include all legal agreements with that entity.

Applications must either submit an audit, or management statements and tax returns for the past three years.

Applications must either include the range of unit sizes and average size by bedroom count, or provide the square footage of units by bedroom size for each unit configuration.

POINT SYSTEM FOR EVALUATING AND SCORING APPLICATIONS (MAX 110)

<u>Policy Objectives: Total 45 Points</u>

Proposed use of funds to achieve the City of Portland's goals and address demonstrated need. 20 points

Maximum points will be awarded for those applications that:

- Market Demand – 6 points
    - 6 points – high demand, meets the City's income targeting priority and preferences noted in application.
    - 1 point – moderate demand, sufficiently meets the City's income targeting priority
    - 0 points – does not demonstrate sufficient market demand, does not meet the City's income targeting priority
- Economic diversity – 6 points
    - 6 points – creates housing options which promote economic diversity within the development and within in the neighborhood in which the development is located, while meeting the income preferences noted above
    - 5 points – creates housing options which promote economic diversity within the neighborhood in which the development is located, while meeting the income preferences noted above
    - 4 points – creates housing options which promote economic diversity within the development (a mixed-income development), while meeting the income preferences noted above
    - 0 points does not promote economic diversity
- CHDO – 2 points
    - 2 points – developer and owner are both controlled by CHDO
    - 1 points – either developer or owner is controlled by CHDO
    - 0 points neither developer nor owner is controlled by CHDO
- City Subsidy – 6 points
    - 6 points – investment from City is <$10,000/unit
    - 5 points – investment from City is > or = $10,000 and <$12,000/unit
    - 4 points – investment from City is > or = $12,000 and <$14,000/unit

- 3 points – investment from City is > or = $14,000 and <$16,000/unit
- 2 points – investment from City is > or = $16,000 and <$18,000/unit
- 0 points – investment from City is > or = $18,000/unit

Impact on surrounding neighborhood, including design compatibility and environmental issues. 25 points

Maximum points will be awarded for those applications where:

- Site Selection – 7 points
  - 7 points – fully appropriate for use, project supports Comprehensive Plan goal for development along transit notes and corridors
  - 5 point – appropriate, some concerns
  - 0 points – significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors
- Exterior Design – 6 points
  - 5 points – the design is fully consistent with neighborhood design characteristics
  - 3 points – the design is an adequate fit with the neighborhood design
  - 0 points – the design is a significant outlier
- Amenities and unit design – 7 points
  - 7 points -amenities & unit design are well thought out and appropriate for residents
  - 5 points – amenities & unit design are adequate
  - 0 points -amenities and unit design raise significant concerns that resident needs will not be adequately addressed
- Environmental – 5 points
  - 5 points – Phase I identifies no environmental issues
  - 3 points – Phase I identifies an environmental issue, but a Phase II shows a feasible, economically viable resolution which is included in the budgets
  - 0 points – there are significant unresolved environmental issues, or no Phase I has been received

<u>Underwriting Criteria: Total 65 Points</u>

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:

- Development budget & sources and uses – 10 points
  - 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"
  - 8 points – ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary"
  - 6 points – TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary"
  - 0 points – more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"
- Operating pro forma – 10 points
  - 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
  - 8 points – ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary"
  - 6 points – TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary"

- 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:

- Readiness to proceed – 10 points
  - 10 points – project meets the shovel ready definition noted in the Funding Priorities section in the application
  - 7 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
  - 5 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
  - 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)
- Construction Time Line – 5 points
  - 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
  - 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
  - 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
- Track record of development team – 10 points
  - 10 points – every development team member has a successful track record with this type of project and at this scale
  - 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
  - 3 points – two development team members, while having relevant experience, are new to this type of project or this scale of development
  - 0 points – the development team does not meet the criteria above
- Current Capacity of development team – 10 points
  - 10 points – development team members have exceptional depth of human and financial resources to complete this project
  - 8 points – development team members have the human and financial resources to complete this project
  - 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
  - 0 points – the development team does not meet the criteria described above
- Sound Property Management – 10 points
  - 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

- 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;
- 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

Overview

Case Id:
Name:
Address:

Attachment 2

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~~ INTRODUCTION

The City of Portland recognizes affordable housing is a necessity to preserve human dignity, provide shelter and safety, ensure quality of life, and promote self-determination and economic growth. The development of affordable housing is also identified as a priority in the City of Portland's 2022-2026 U.S. Department of Housing and Urban Development (HUD) 5-year Consolidated Plan, City Council Common Goals, and the Comprehensive Plan. To accomplish this priority, the City of Portland is soliciting proposals for financial assistance that facilitate the development of affordable housing in the City of Portland.

The goal for the distribution of HOME Investment Partnerships Program and Jill C. Duson Housing Trust funds~~HTF funds~~, or the designation of an Affordable Housing Tax Increment Financing (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 20254 City Council Common

Goals ~~requirement~~ to incorporate an equity analysis for Council agenda items ~~use a lens that prioritizes racial, social, and justice equity~~ in order to recommend the most qualified application based on the information submitted.

Submission Process Overview

The City of Portland's Division of Housing and Community Development uses an application process to ensure public funds are utilized for maximum public benefit to accomplish specific objectives and provide fair access to all applicants. Applications are considered on a rolling basis. Applications utilizing HOME and/or Housing Trust Funds will be accepted until all budgeted funds are allocated. Applicants should contact the City of Portland to confirm the availability of funds prior to submitting an application.

Planning Board approval is required before the *Affordable Housing Development and Tax Increment Financing Application* may be submitted. Applicants are *highly encouraged*to file the required Major Site Plan and Subdivision applications with the Planning Department as soon as possible, in order to provide sufficient time for the local land use approval process to occur. Please contact Matthew Grooms, Deputy Director of Planning & Urban Development Department, at MGrooms@portlandmaine.gov for additional specifics on the land use approval process.

Projects requesting credit and funding awards from Maine Housing must receive Notice to Proceed notification prior to submitting the *Affordable Housing and Tax Increment Financing Application* requesting HOME and Housing Trust funds from the City of Portland.

Projects requesting an Affordable Housing TIF may be submitted prior to or without the Notice to Proceed from MaineHousing.

Request for Affordable Housing Tax Increment Financing (AHTIF) that will also be applying for the 9% Low Income Housing Tax Credit with MaineHousing must be submitted prior to April 30, 2025.

Applications must be submitted electronically through Neighborly's Participant Portal at: https://portal.neighborlysoftware.com/PORTLANDME/Participant

Eligible Applicants

- Applicants must be for-profit or public and community non-profit entities~~,~~
- The City of Portland strongly encourages BIPOC and women developers to apply for the resources made available through this application. Staff from the City's Housing and Community Development Division are available to provide assistance throughout the application process. Information regarding the City's Housing Development programs and resources is **Available Here**
- 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**

Availability of Funding

~~Housing is a necessity within our community to preserve human dignity, provide shelter and safety, ensure qualify 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 draft 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.~~
- ~~The City of Portland strongly encourages BIPOC and women developers to apply for the resources made available through this application. Staff from the City's Housing and Community Development Division are available to provide assistance throughout the application process. Information regarding the City's Housing Development programs and resources is **Available Here**~~
- ~~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 is making available a combination of FY 2025-2026 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.
- 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 20254-20265 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.~~

- **IMPORTANT NOTE: Resources available through this application cannot be used to develop off-site Inclusionary Zoning required units.**
- Estimated Total Funding Available: To Be Determined (HOME + HTF)

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 120% 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 use of HOME Program funds will be given to developments that provide rental housing units to households earning at or below 50% of the area median income and below ($63,750 for a four-person household).
- Priority use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units affordable to households earning up to 100% of the area median income ($127,500 for a four-person household) with preference for households earning 80% of the area median income ($97,800 for a four-person household) and below. Shovel ready projects with mixed income targeting and a mix of bedroom size, including family size units of 3+ bedrooms, are strongly encouraged.
- Priority use of Affordable Housing Tax Increment Financing (AHTIF) will be for -projects receiving assistance through the Low Income Housing Tax Credit Program (LIHTC) or projects that create housing units affordable to households earning up to 80% of the area median income with preference for households earning 50% of the area median income or below. A minimum of $500,000 in new taxable investment property value for affordable housing development is needed to qualify for an Affordable Housing TIF.
- Projects must create 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 create~~s~~ accessible units or maintain~~s~~ affordable units are~~is~~ eligible.
- Projects must meet the affordability targets referenced in the General Guidelines Section 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.
- 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 all other funding approval from federal, state, local or private sources and demonstrates the ability to move to construction loan closing by ~~January~~ June 2026~~5~~.
- 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 and mandatory fee, 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**.
- Projects seeking funding through these City resources must also apply for Inflation Reduction Act (IRA) Green/Clean energy related funding, even if those funds become available after submission of the application to the City.

Affordable Housing Tax Increment Financing (AHTIF) Guidelines

- **Applicants submitting 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 9% LIHTC from MaineHousing will 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 schedule of priority funding requests for the 9% LIHTC program.**
- Projects must comply with the City of Portland's Tax Increment Financing Policy.
- A financial underwriting analysis will be conducted by a third party on all projects requesting Credit Enhancement Agreement participation. **Applicants for CEA assistance will be responsible for reimbursing the City for all project legal and financial underwriting costs.**
- 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.
- 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 an Affordable Housing 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 for the City of Portland must use the higher wage rate based on job classification. The City of Portland does not monitor Davis-Bacon wage rates when not required by City funding.
- AHTIF projects receiving funding through this application must set aside 10% of the units in the project for individuals or families residing in a City of 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
- Tax increment financing cannot be used to finance a developer's minimum obligation under the City's Ensuring Workforce Housing ordinance. However, tax increment financing can be used to provide affordability that exceeds Inclusionary Zoning requirements.

HOME and Jill C. Duson Housing Trust Fund Guidelines

- Projects that have previously received HOME funds are not eligible for additional HOME assistance.
- HOME funds will be awarded to projects creating rental units.
- **HOME *eligible* projects (i.e. all HOME funded projects and eligible Housing Trust funded 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.

- 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% project 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.
- Projects receiving assistance through this application are encouraged to participate in the Public Housing Authority Family Self Sufficiency Program.
- 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.

Federal Requirements

Applicants are expected to be familiar with the guidelines/regulations that govern the HOME program. The following requirements apply to~~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).

The City of Portland must complete an environmental review on every HOME project and the review must result in environmental clearance before the City can commit HOME funds to the project. The review will be completed by the City post application acceptance. Documentation of environmental clearance must be provided to the City for any projects that have already received environmental clearance.

- 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.

- Build America Buy America (BABA) Requirements

Developers must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

On November 15, 2021, the Build America, Buy America Act (the Act) was enacted as part of the Infrastructure Investment and Jobs Act (IIJA). Pub. L. 117-58. The Act establishes a domestic content procurement preference, the BAP, for Federal programs that permit Federal financial assistance to be used for infrastructure projects. In Section 70912, the Act further defines a project to include "the construction, alteration, maintenance, or repair of infrastructure in the United States" and includes within the definition of infrastructure those items traditionally included along with buildings and real property. Starting May 14, 2022, new awards of Federal financial assistance from a program for infrastructure, and any of those funds obligated by the grantee, are covered under the Build America, Buy America (BABA) provisions of the Act, 41 U.S.C. 8301 note.

US Department of Housing and Urban Development (HUD) has implemented a department wide public interest de minimis, Small Grants, and Minor Components waiver to the BAP requirement as applied to iron, steel, manufactured products, and construction materials of the Act for recipients of Federal Financial Assistance, with the threshold for the waiver being set at $250,000.00 for total project development cost.

This means that if the total project development cost is $249,999.99 or less, the project is currently exempt from BABA requirements. If the total project development cost totals $250,000.00 or more, the project is subject to BABA requirements.

~~**Conditions for Approval**~~

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

~~**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, HTF or AHTIF Credit Enhancement Agreement funding must create 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 units or maintains affordable units is eligible. Projects that have previously received HOME funds are not eligible for additional HOME assistance. HOME funds will be awarded to projects creating rental units.~~
- ~~All projects must meet the affordability targets referenced in the General Guidelines Section 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, 20254.
- Local Approvals: Local land use approval is ~~not~~ required prior to submission of the application, and~~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.

Underwriting Guidelines

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. Applicants 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.

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 Affordable Housing TIF financing, is approximately $10,000. The City contribution per unit will typically 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.

Financing Terms

- 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.
- A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). The City will underwrite to a 1.15 DCR in year 1 for capital subsidy and AHTIF.

Term of Affordability

- Rental housing projects funded with HOME and/or Housing Trust Funds must have a minimum affordability period of at least 3~~9~~0 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. ~~land use restriction covenant in the deed~~
- 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.

Capital Subsidy~~:~~

Capital subsidy repayment is a priority for the City. Amortizing repayment of capital subsidy is expected. During the underwriting process, capital subsidy repayment terms will be determined based on projected cashflow available in year 1 and year 6 of projected operations. Based on a financial analysis of the development project, funding in the form of loans may range from:

- 30-year amortizing loans with interest rates of up to 5%
- Up to a 5-year deferral prior to start of amortizing payments
- Non-amortizing, deferred loans at 0%. Projects serving substantially underserved households may receive grants or deferred loans based on the demonstrated needs of the project.

Time Frame

- The applicant must list projected dates for the following: 90% document completion; commitment of non-City

funds; closing; 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.

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.

Market Study

- An independent market analysis is required to be conducted as part of the due diligence investigation. This third party report will define the geographic market area from which tenants are likely to come, quantify the pool of eligible tenants, evaluate effective demand, capture rate, and absorption period, taking into account a review of developments planned for the market area and the projected time periods for these activities. The market study shall be dated no earlier than 180 days of submission of the initial application.
- If an independent market analysis is not provided, then the application should include the following information; commuting patterns with distance to amenities; walking/transit/bike score; comparison of the pro forma rent to the average rent at affordable comparables; waitlist at affordable comparables; and occupancy percentage at affordable comparables.

Site Evaluation

- The site should be accessible to schools, shopping, health, recreation and social facilities and employment opportunities. These criteria will be evaluated independently for each development based on the nature and proposed occupancy of the development, such as family, elderly or handicapped housing.
- Availability of transportation to residents of the development.
- Compatibility of the proposed development within the neighborhood or community including the age of housing, neighborhood diversity, and incidence of crime.

Parking

- In order to be considered for less than a 1:1 unit/parking ratio, the Developer must, as part of the ~~pre-~~application ~~phase~~, document a plan that meets the ~~local municipality's~~ City of Portland's localrequirements or, if none are available, the following:
  a. Documents the demand for on-site or off-site parking consistent with projects of similar size, location, and population.
  b. Provide distance to bus line, grocery stores, walking score.
  c. Documents the availability and costs of transportation alternatives that service the project site.
  d. Describes alternatives to car parking that will be provided on-site such as parking for motorcycles and/or scooters and/or storage for bicycles.
  e. Describes any proposed tenant incentive programs that will reduce car parking needs.
  f. Describes tenant education efforts that will be implemented that will reduce car parking needs.
  g. Provides for timely and ongoing monitoring of the plan and describes how adjustments to the plan will be implemented.

Utilities

- Developer must provide utility comparisons and commentary.

Design Compatibility
Projects must be designed to contribute to the character of the~~ir~~ neighborhood and adhere to the following general guidelines.

- 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 17~~8~~.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.

~~**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.~~

~~A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). The City will underwrite to a 1.15 DCR in year 1 for capital subsidy and TIF.~~

Monitoring

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).

Affordable Housing Tax Increment Financing (AHTIF)
AHTIFs will be sized to meet the projected needs of the project. Reducing project reliance on AHTIF subsidy over the term of the AHTIF subsidy is a priority for the City.

- During the underwriting process, the City will evaluate the level of the AHTIF at year 11 and 21 of projected operations. The percentage of the AHTIF will be adjusted downward if projections show a DCR above 1.20 in those years.

- For projects serving substantially underserved households (i.e. households with income below 30% AMI and unhoused people), in the unusual event that a year 1 DCR of 1.15 results in a negative DCR in the 30-year operating projections, a TIF may be sized to up to 1.20 in year 1 to maintain positive DCR through the 30-year period.
- 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.
- 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.

Other Submission Requirements

Applications must include a balanced budget at 2% inflators for income and 3% inflators for expenses.

Applications must include a third party cost estimate by the General Contractor or estimator.

Applications must include all developer financial documents necessary to; demonstrate the financial ability to develop and complete the project; and viability of operating the project.

Applications in which there is a development partner or fee developer must include all legal agreements with that entity.

Applications must either submit an audit, or management statements and tax returns for the past three years.

Applications must either include the range of unit sizes and average size by bedroom count, or provide the square footage of units by bedroom size for each unit configuration.

~~**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.~~

POINT SYSTEM FOR EVALUATING AND SCORING APPLICATIONS (MAX 110~~5~~)

Policy Objectives: Total ~~50~~ 45 Points

Proposed use of funds to achieve the City of Portland''s goals and address demonstrated need. ~~26~~ 20 points

Maximum points will be awarded for those applications that:

- Market Demand ~~-~~ – 46 points
    - 64 points ~~-~~ – high demand, meets the City's income targeting priority and preferences noted in application.
    - 1 point ~~-~~ – moderate demand, sufficiently meets the City's income targeting priority
    - 0 points ~~-~~ – does not demonstrate sufficient market demand, does not meet the City's income targeting priority
- ~~Zoning - 8 points~~
    - ~~8 points - development requires no zoning amendments or contract or conditional zone~~
    - ~~5 points - development requires a zoning amendment which is consistent with the City Comprehensive Plan~~
    - ~~0 points - development requires rezoning that is not consistent with the City's Comprehensive Plan~~
- Economic diversity ~~-~~ – 6 points
    - 6 points ~~-~~ – creates housing options which promote economic diversity within the development and within in the neighborhood in which the development is located, while meeting the income preferences noted above
    - 5 points – creates housing options which promote economic diversity within the neighborhood in which the development is located, while meeting the income preferences noted above
    - 4 points – creates housing options which promote economic diversity within the development (a mixed-income development), while meeting the income preferences noted above
    - 0 points does not promote economic diversity
- CHDO ~~-~~ – 2 points
    - 2 points ~~-~~ – developer and owner are both controlled by CHDO
    - 1 points ~~-~~ – either developer or owner is controlled by CHDO
    - 0 points neither developer nor owner is controlled by CHDO
- City Subsidy ~~-~~ – 6 points
    - 6 points ~~-~~ – investment from City is <$10,000/unit
    - 5 points ~~-~~ – investment from City is > or = $10,000 and <$12,000/unit
    - 4 points ~~-~~ – investment from City is > or = $12,000 and <$14,000/unit
    - 3 points ~~-~~ – investment from City is > or = $14,000 and <$16,000/unit
    - 2 points ~~-~~ – investment from City is > or = $16,000 and <$18,000/unit
    - 0 points ~~-~~ – investment from City is > or = $18,000/unit

Impact on surrounding neighborhood, including design compatibility and environmental issues. 254 points

Maximum points will be awarded for those applications where:

- Site Selection ~~-~~ – 7 points
    - 7 points – fully appropriate for use, project supports Comprehensive Plan goal for development along transit notes and corridors
    - 5 point – appropriate, some concerns
    - 0 points – significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors
- Exterior Design ~~-~~ – 6~~5~~ points
    - 6~~5~~ points ~~-~~ – the design is fully consistent with neighborhood design characteristics
    - 3 points ~~-~~ – the design is an adequate fit with the neighborhood design
    - 0 points ~~-~~ – the design is a significant outlier

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

<u>Underwriting Criteria: Total 65 Points</u>

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:

- Development budget & sources and uses – 10 points
    - 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”
    - 8 points – ONE budget line item falls outside City guidelines or outside the standard of “reasonable & customary”
    - 6 points – TWO budget line items item falls outside City guidelines or outside the standard of “reasonable & customary”
    - 0 points – more than two budget items fail to meet City guidelines or fall outside “reasonable and customary”
- Operating pro forma – 10 points
    - 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
    - 8 points – ONE budget line item falls outside City guidelines or outside the standard of “reasonable & customary”
    - 6 points – TWO budget line items item falls outside City guidelines or outside the standard of “reasonable & customary”
    - 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:

- Readiness to proceed – 10 points
    - 10 points – project meets the shovel ready definition noted in the Funding Priorities section in the application
    - 7 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
    - 5 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
    - 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)

- Construction Time Line – 5 points
  - 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
  - 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
  - 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
- Track record of development team – 10 points
  - 10 points – every development team member has a successful track record with this type of project and at this scale
  - 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
  - 3 points – two development team members, while having relevant experience, are new to this type of project or this scale of development
  - 0 points – the development team does not meet the criteria above
- Current Capacity of development team – 10 points
  - 10 points – development team members have exceptional depth of human and financial resources to complete this project
  - 8 points – development team members have the human and financial resources to complete this project
  - 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
  - 0 points – the development team does not meet the criteria described above
- Sound Property Management – 10 points
  - 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
  - 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;
  - 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

JILL C. DUSON HOUSING TRUST FUND
2025 ANNUAL PLAN

The Jill C. Duson Housing Trust Fund (also referred to as Housing Trust Fund or HTF) is established by Chapter 14, Section 17.3.1 of the City's Land Use Code Section 17.3.4 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 2025 City Council Common Goals.

2025 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 in the Housing Trust Fund as of February 25, 2025. It has been the City Council's practice 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.

The funding available from the Jill C. Duson Housing Trust Fund is **$863,550**. **See Attachment 2.**

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 80% of the area median income (i.e. $97,800 for a four person household), or projects designed to create housing affordable to households earning up to 100% of the area median income (i.e. $127,500 for a four person household).

Priority use of Housing Trust Funds would be to support creating workforce housing units affordable to households earning at or below100% of the area median income.

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 2025 City Council Common Goal requirement to use an equity analysis in order to recommend the most qualified applicant 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 "to serve as a vehicle for addressing very low, low, and moderate income housing needs through a combination of funds as set out in this article." (Chapter 14 Section 17.3.B of the Land Use Code). 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 typically would 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 can move forward. In those cases, the higher cost per unit must be tied into the goals outlined in the City's Comprehensive Plan and/or City Council Common Goals.

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 would limit increases in sales price according to the calculation defined by the City as defined in the implementation regulations. It would limit the incomes of subsequent buyers to the same income limits initially applied. It would 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 utilities, condominium/HOA fees, mortgage insurance and real estate 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: Jill C. Duson Housing Trust Fund

Attachment 1
Point System for Evaluating and Scoring Applications

Policy Objectives: Total 45 Points
Proposed use of funds to achieve the City of Portland's goals and address demonstrated need. 20 points
Maximum points will be awarded for those applications that:

1. Market Demand - 6 points
    a. 6 points - high demand, meets the City's income targeting and rental housing priority, and preferences noted above
    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. Economic diversity - 6 points
    a. 6 points - creates housing options which promote economic diversity within the development **and** in the neighborhood in which the development is located, while meeting the income preferences noted above
    b. 5 points – creates housing options which promote economic diversity within the neighborhood in which the development is located, while meeting the income preferences noted above
    c. 4 points – creates housing options which promote economic diversity within the development (a mixed-income development), while meeting the income preferences noted above
    d. 0 points does not promote economic diversity
3. 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
4. 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. 25 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 nodes 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 - 6 points
    a. 6 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: 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	60 Parris Downpayment Assistance	$ (24,000)
2012	Riverwalk/Ocean Gateway HRO	$ 250,000.00	2019	977 Brighton Avenue	$ (300,000)
2012	118 Congress LLC Easement	$ 3,500.00	2020	Affordable Rental Housing Incentive	$ (1,000)
2017	91 & 97 Belfort Street (sale of TAP)	$ 86,423.99	2021	18 Luther Street	$ (36,000)
2017	116 Upper A Street (sale of TAP)	$ 78,526.74	2022	200 Valley Street	$ (442,386)
2017	443 Congress Street IZ	$ 280,000.00	2022	37 Front Street	$ (499,500)
2018	62 India Street IZ	$ 276,500.00	2023	155 Danforth Street	$ (135,000)
2018	Short Term Rental Fee transfer	$ 33,138.80	2023	37 Front Street	$ (55,500)
2018	0 Thames Street (WEX) sale	$ 1,000,000.00	2023	83 Middle Street	$ (136,734)
2019	20 Thames Street IZ	$ 270,000.00	2023	63 Front Street	$ (333,000)
2019	20 Thames Street (for balcony overhang)	$ 7,500.00	2023	200 Valley Street	$ (49,154)
2019	17 Sumac Street (sale of TAP)	$ 79,617.86	2024	155 Danforth Street	$ (15,000)
2019	Short Term Rental Fee transfer	$ 176,118.00	2023	45 Dougherty	$ (1,175,885)
2019	Short Term Rental penalty fees	$ 15,200.00	2024	45 Dougherty	$ (24,115)
2020	Short Term Rental penalty fees	$ 7,700.00	2023	63 Front Street	$ (37,000)
2019	56 Hampshire St Easement Fee	$ 12,123.00	2023	Riverton Park- not spent yet	$ (910,103)
2019	121 Middle Street HOTEL IZ 3rd floor	$ 41,866.00	2024	Dougherty Commons Condos- not spent	$ (1,500,000)
2020	99 Capisic Street (sale of TAP)	$ 163,168.93	2024	202 Woodford Street- not yet spent	$ (492,000)
2020	Short Term Rental Transfer Fee	$ 122,694.50	2024	186 Woodford Street- not yet spent	$ (155,511)
2020	22 Bramhall Street (MMC overhang)	$ 3,799.00	2024	70 East Oxford - not yet spent	$ (650,000)
2020	50 Monument Square	$ 222,789.00	2024	337 Cumberland (YFO)- not yet spent	$ (1,080,000)
2020	121 Middle Street HOTEL IZ 2nd floor	$ 30,448.00		**Total Expenditures (spent + not spent)**	$ (8,691,723)
2020	Order 89 20/21	$ 500,000.00			
2021	56 Hampshire (Verdante)	$ 198,928.00			
2021	40 Free Street IZ	$ 10,609			
2021	1 Center St. HOTEL IZ	$ 513,810			
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 Ave IZ	$ 150,000.00			
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 Appropriation	$ 250,000.00			
2022	Newell Street (sale of TAP)	$ 8,100.00			
2022	Stroudwater (partial IZ fee)	$ 16,233.90			
2022	75 Chestnut IZ	$ 587,444.00			
2023	Short Term Rental Transfer Fee	$ 129,378.47			
2023	218 Washington Ave IZ	$ 461,250.00			
2024	178 Middle Street HOTEL IZ	$ 86,602.00			
2024	754 Congress Street HOTEL IZ	$ 182,688.00			
2024	387 Commercial Street IZ	$ 707,130.00			
2024	Short Term Rental Fee transfer	$ 112,522.68			
2024	54 York HOTEL IZ	$ 65,562.00			
2024	126 North Street IZ	$ 21,757.00			
2024	General Fund Allocation	$ 4,880,125.75			
	Previous INTEREST EARNED	$ 51,555.81			
	Total Deposits	**$13,555,011.69**		**AVAILABLE BALANCE**	**$4,863,288.69**
				Less Lambert Woods South (not yet approved)	**($4,000,000.00)**
				AVAILABLE BALANCE AFTER LWS APPROVAL	**$863,288.69**
HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu; TAP = Tax Acquired Property					
as of 2-25-2025					

Attachment 4

Development Funding Project	Application Receipt Date	Underwriting Memo Date	Seeking 9% LIHTC	Council 2nd Read	Planning Board Approval	Wait Listed	Notice to Proceed	Loan Closing Date	Time Frame App to Loan Closing	Time Frame Council to Loan Closing	Time Frame NTP to Closing	
58 Boyd	6/10/2016 resubmitted 9-1-2017	10/24/2017	yes	8-13-15 ($136,961) 10-17-2016 ($64,000), 11-20-2017 ($200,000)	11/28/2017 AFTER COUNCIL APPROVAL	11/30/2015 & 12-16-2016	3/14/2018	5/28/2019	3 yrs. 9 months	1 yr. 6 months	1 yr. 2 months	Final funding was $200,000 in HOME
605 Stevens (Motherhouse)	6/12/2015			8-13-15 ($426,262) 5-11-2017 ($200,961)	6-26-15 2ND REQEST FOR FUNDING WAS AFTER COUNCIL APPROVAL			6-17-2016 & 6/1/2017	1 year & 2 yrs.	10 months & 1 yr.		
977 Brighton	6-20-2016 (1st) 4/30/2018	6/12/2018	yes	9-5-2018 ($300,000)	7/24/2018		11-30-15 (withdrawn by applicant) 11/2/2018 NTP	10/25/2019	3 yrs. 4 months &1 yr. 5 months	1 yr. 1 month	1 yr.	TIF to Council 7-16-2018/ Home to Council 9-5-2018
178 Kennebec	4/27/2018	6/4/2018	4%	9/5/2018 ($370,000)	Original approval 7-24-18. Extension Ltr 7-12-2019		?	9/10/2019	1 yr. 4 months	1 yr.		
Deering Place	3-29-2017 4/30/2018 2nd request	10/24/2017	4%	11-20-2017 ($300,000) 8-23-2018 ($200,000)	12/13/2017 AFTER COUNCIL APPROVAL	12/16/2016	3/14/2018	9/13/2019	2 yrs. 5 months & 1 yr. 4 months	1 yr. 9 months & 1 year	1 yr. 5 months	Total funding $500,000 in HOME
Front Street Phase I	4/30/2018	6/3/2018	4%	8-23-2018 ($510,174) 9-15-2018 ($925,000)	7/23/2019 AFTER BOTH COUNCIL APPROVALS		11/8/2019	6-3-2021 ($306,104 & $555,000)	3 yrs. 1 month	2 yrs. 9 month & 2 yr. 8 months	1 yr. 6 months	Final funding $306,104 HOME and $555,000 HTF
Front Street Phase II	5/20/2019	6/3/2018	4%	9/5/2018 $574,070)	7/23/2019 AFTER COUNCIL APPROVAL		8/4/2021	10/4/2022	3 yrs. 4 months	3 yrs.	1 yr. 2 months	Final funding $204,070 HOME and $370,000 HTF
155 Danforth	5-30-2019 and revised 6-14-2021	7/29/2019 ($299,999)	yes	9/14/2019 ($299,999) 10-14-2021 ($150,000)	8/13/2019	11/8/2019		4-5-2022 ($299,999) 1-17-2024 ($150,000)	2 yrs. 10 months & 2 yrs. 7 mo	2 yrs. 6 months & 2 yrs. 3 mo		$299,999 HOME and $150,000 HTF
83 Middle	5/29/2019	7/26/2019	yes	9/14/2019 ($330,000) 9-11-2022 ($255,800)	8/18/2020 (FOR 5 STORY 50 UNITS) 2021-MINOR AMEND TO 4 STORY BUILDING. REC EXTENSION ON 7-27-21	11/8/2019	2/24/2021	9/29/2021	2 yrs. 4 months	2 yrs. & 1 yr.	1 yr. 6 months	Final funding $449,066 HOME and $136,734 HTF
200 Valley Street	5-22-2019 (not funded) 4/21/2020	6/22/2020	yes	8-13-2020 ($97,545 + $497,455)	8/18/2020 AFTER COUNCIL APPROVAL	11/8/2019	2/24/2021	12/7/2021	1 yr. 7 months	1 yr. 3 months	286 days	
337 Cumberland	4/29/2020	6/29/2020		8-13-2020 ($500,000)	9/15/2020 AFTER COUNCIL APPROVAL. REAPPLIED		2/24/2021	withdrew				withdrew application. Rec'd AHTIF on 9-17-2020
Washington Gardens	8-30-2019 (not funded) 4/30/2020	9/8/2020	yes	8-13-2020 ($400,000)	8/10/2020		?	3/24/2021	328 days	223 days		

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	
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	
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
Riverton Park	5/15/2023	9/11/2023	4%	11/13/2023 ($589,897 & $910,103)	5/23/2023 REC EXTENSTION ON 5-3-2024		pending	pending				Per Tyler P. MH waited 11 months from LIHTC app to tell PH they needed to cut costs. closing 4-2025
LWN	2/27/2023	10/13/2023	4%	AHTIF	2/28/2023, AMENDED ON 9-10-2024		pending	n/a				AHTIF only. Amended site plans per MH
LWS	7/10/2023	pending		on hold	2/28/2023		pending	pending				no later than Aug 2025
Dougherty Commons Condo	7/25/2023	pending		X	5/24/2022		pending	pending				
Dougherty Commons Apt	8/18/2023	on hold			5/24/2022							
25 Casco	5/23/2023	7/10/2023	yes	8/14/2023	7/25/2023 REC EXTENSION ON 6-24-2024		4/4/2024	n/a				AHTIF only
337 Cumberland (YFO)	5/8/2024	8/13/2024	yes	9-6-2024 $1.08 M (HTF)	8/13/2024		pending	pending				
197 & 207 Oxford	4/30/2024	pulled app.	yes		Has not gone thru Workshop as of Oct 2024		pending	pending				
186 Woodford	4/29/2024	6-20-20224	yes	7-15-2024 ($155,511 HTF and $294,489 HOME)	3/26/2024 AMENDED 5-28-2023		pending	pending				
202 Woodford	4/29/2024	6/20/2024	yes	7-15-2024 ($492,000 HTF)	3/26/2024 AMENDED 5-28-2024		on hold until 2025					
156 High	4/30/2024	need to reapply	yes		8/13/2024							
70 E Oxford	4/30/2024	6/20/2024	yes	8-19-2024 ($650,000 HTF)	7/9/2024		pending	pending				
42 Atlantic (AHTIF only)	5/7/2024	7/7/2024	yes		7/30/2024		n/a					

City of Portland | Housing and Econ. Development Dept.
Gregory P. Watson, AICP, Director

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

MEETING DATE
Feb 25, 2025

AGENDA ITEM
Agenda Item # 4 - **Review and vote on a recommendation to the City Council for the creation of a Social Housing Task Force - Councilor Kate Sykes**

PURPOSE
To propose a resolution to form a task force that will make recommendations to the City Council regarding the potential adoption of a Social Housing program for the City of Portland.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT
This item aligns with the 2025 HEDC workplan and the Council's goal to provide more housing options for Portland residents.

BACKGROUND/ANALYSIS
The proposed resolution will allow the HEDC Committee to review and make a recommendation regarding the formation of a task force that will advise the HEDC and the City Council regarding a Social Housing Program for the City of Portland.

FISCAL IMPACT
There are likely to be costs associated with hiring subject matter experts to advise the task force. The task force is also eligible for grant-funding that will provide a facilitation process through GPCOG.

CONCLUSION(S)
In order to further the work the HEDC Committee has already undertaken regarding housing production, this resolution may further that work and result in additional opportunities for more needed housing.

PRIOR COMMITTEE REVIEW

Housing & Economic Development Committee - November 22, 2024

PREPARED BY

Greg Watson
Director of Housing & Economic Development
Housing & Economic Development
Department

ATTACHMENTS

Attachment A -Resolution

MARK DION (MAYOR)
PIOUS ALI (A/L)
APRIL D. FOURNIER (A/L)
BENJAMIN GRANT (A/L)

CITY OF PORTLAND
IN THE CITY COUNCIL

SARAH MICHNIEWICZ (1)
WESLEY PELLETIER (2)
REGINA L. PHILLIPS (3)
ANNA BULLETT (4)
KATE SYKES (5)

RESOLUTION CALLING FOR THE ESTABLISHMENT OF A TASK FORCE ON SOCIAL HOUSING

WHEREAS, the City of Portland is Maine's largest city, with a population of just over 68,000, and saw a population increase of nearly three percent in the last decade, while surrounding municipalities have experienced increased growth as well; and

WHEREAS, the development of housing has not kept pace with this increase in population and the corresponding demand, resulting in rising housing costs, suburban sprawl, and increasing pressure around housing production; and

WHEREAS, the City of Portland is experiencing a critical housing shortage, with increasing demand and affordability challenges affecting residents across all income levels; and

WHEREAS, as set forth in its goals for 2025, the City Council is committed to finding solutions to the City's housing crisis, including the development of more middle income housing; and

WHEREAS, according to a study done by the Furman Center at New York University, a steady decline of federal support for public housing has led to a country-wide developing interest in "social housing," where public entities take an active role in development and ownership of income-restricted housing; and

WHEREAS, the Furman Center study has also demonstrated that other municipalities across the country have successfully implemented publicly owned and mixed-income social housing models, illustrating the viability of such initiatives; and

WHEREAS, the City Council desires to explore the possibility of developing a social housing program through the creation of a task force, the primary objective of which will be to study and propose a framework for government-led social housing, prioritizing permanent affordability, environmental sustainability, and inclusivity.

NOW, THEREFORE, BET IT RESOLVED, that Mayor Dion and members of the Portland City Council hereby establish the Portland Social Housing Task Force, which will conduct a comprehensive study and develop a strategic framework for a social housing program that will address relevant issues including but not limited to:

1) Identifying Key Impact Areas in Housing Production: Analyze existing resources, opportunities, and barriers to pinpoint areas where municipal intervention could catalyze growth in housing supply and affordability;

2) Risk and Return Analysis of Public Investment: Conduct a comprehensive risk assessment to guide sustainable public investment strategies in social housing, balancing affordability goals with financial sustainability. This will include considering the issuance of bonds to fund housing;

3) Maximizing and Streamlining Funding Programs: Develop a plan to integrate existing funding sources, such as Low-Income Housing Tax Credits (LIHTC), HUD's RAD program, and local revolving loan funds (JDHTF), to achieve an efficient financing model for social housing development;

4) Addressing Critical Needs for Public Development: Define gaps in housing production that private and non-profit developers cannot fill, focusing on workforce and middle-income housing to ensure affordable, mixed-income communities. This could include creating a Portland social housing development corporation, exploring partnerships with the Portland Housing Authority (PHA), and/or partnering with the County, GPCOG, and State on advancing regional public housing solutions;

5) Assessing Local Barriers and Public Development Opportunities: Examine Portland-specific factors such as public land availability, construction costs, and rent levels to identify barriers and opportunities. This includes assessing recommended strategies, such as addressing permitting and site plan approval efficiencies, facilitating adaptive reuse processes for existing building renovations, streamlining Historic Preservation processes, and exploring ways to make it easier for developers to meet our inclusionary zoning (IZ) requirements;

6) Establishing a Sustainable Funding Stream: Evaluate sustainable financial structures, including revenue bonds, revolving loan funds, and tax-set-asides, to ensure ongoing financing for public development. Consideration should also be

given to ways of using publicly-owned or quasi-publicly-owned land for development;

7) Evaluating Legal Authority and Capacity: Review Portland's legal capacity, resources, and expertise to operate as a public developer. The task force will also study the potential for repurposing underused office space for housing;

8) Ensuring Long-term Sustainability of Public Housing: Develop a lifecycle management and funding plan to ensure the long-term affordability and quality of publicly developed housing;

9) Models of Public Development and Ownership: Review various public development and ownership models, such as mixed-income developments with public equity stakes and fully affordable models, analyzing their applicability to Portland's housing needs; and

10) Financing Options and Risk Management: Assess potential financing methods, including but not limited to revenue bonds, general obligation bonds, revolving loan funds, and public-private partnerships, alongside risk management strategies to mitigate market fluctuations, construction risks, and operational challenges.

11) Land Use and Acquisition: Evaluate city-owned land and propose strategic acquisition of additional land as necessary. Public land, especially in underdeveloped areas, will be prioritized. This effort will include an inventory of parking lots and other underused spaces that could serve as potential development sites

12) Planning and Permitting Modifications: To streamline public development, the task force will assess ways to expedite planning and permitting. This includes evaluating a "concierge" service to assist larger projects, fast-track approvals for housing projects, and eliminate redundant reviews and inspections.

13) Community Engagement: Engage with community stakeholders to gather input on housing needs and priorities, with a focus on affordability and accessibility. The task force will address public concerns by educating residents on housing processes and the effects of policies like IZ on overall affordability.

BE IT FURTHER RESOLVED, that the Portland Social Housing Task Force will consist of no fewer than 9 members and no more than 13 members supported by City staff, all of whom will be appointed by the Mayor, with input from the City Council, in accordance with Article II, Section 5(l) of the Charter, and will include a range of stakeholders, including:

One member of the City Council

One member of the Board of the Portland Housing Authority (PHA)

One representative from an affordable housing developer

One representative from a market developer

At least three Portland residents with relevant knowledge or skills (e.g. housing advocates, urban planners, financial and legal experts.)

BE IT FURTHER RESOLVED, that the Portland Social Housing Task Force will elect a chair or co-chairs from among its members, who will develop meeting agendas and who will work closely with an independent facilitator and legal, financial and other professional consultants paid for by the City of Portland, and members of City staff assigned by the City Manager as needed; and

BE IT FURTHER RESOLVED, that the Social Housing Task Force will meet over the course of one year, from ___________ 2025 until ________ 2026, during which time it will conduct a phased study and will submit its report and recommendations to the City Council in the form of a communication on or before ___________ 2026. The City Council will host, at minimum, one Workshop and one Public Hearing to discuss the report.

Social Housing Task Force Resolution

From: **Wendy Cherubini** <wcherubini@gmail.com>
Date: Tue, Feb 25, 2025 at 8:25 AM
Subject: Social Housing Task Force Resolution
To: pious Ali <pali@portlandmaine.gov>, kate Sykes <ksykes@portlandmaine.gov>, regina Phillips <rphillips@portlandmaine.gov>, <smichniewicz@portlandmaine.gov>
Cc: <gwatson@portlandmaine.gov>, Mary Davis <mpd@portlandmaine.gov>

Dear Chair Ali and Members of the City Council Housing and Economic Development Committee,

I write in support of the resolution to create a Social Housing Task force.

We continue to be in a severe housing crisis and need new tools to develop housing in the city.

Social Housing is being used successfully by a variety of local governments to fill gaps in housing development that the market and affordable developers cannot. Available Federal, State and local resources are simply not enough.

The Task Force will look holistically at our needs, barriers, available resources and capacity to identify sustainable financial tools and a programmatic framework designed specifically for Portland. This work will ensure a solid foundation for a social housing program. Sophisticated financial advice will be critical to understanding how we can best develop a sustainable funding stream.

We are living in challenging times. We must look for new ways to more independently meet our housing needs today and into the future; ways that will provide permanent affordability and environmental sustainability. Ways that we can administer and control to meet our needs and that fit our city.

Please support the Social Housing Task Force resolution.

Thank you,

Wendy Cherubini

99 Federal Street Unit 302