

Minutes

Remote Housing and Economic Development Committee

November 19, 2024

NOTE: This meeting was held via Zoom and can be viewed at this link:

<http://www.portlandmaine.gov/1695/Economic-Development-Committee> These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, November 19, 2024, at 5:30 p.m. via Zoom. Present from the HEDC were Chair Councilor Pious Ali, and members Councilors Regina Phillips, Roberto Rodriguez, and Kate Sykes. Present from the City staff were Housing and Economic Development Department Director Greg Watson, Housing and Community Development Division Director Mary Davis, Corporation Counsel Michael Goldman, Associate Corporation Counsel Avery Dandreta, Assistant City Manager Dena Libner, Principal Administrative Officer Lori Paulette, and Housing Program Manager Victoria Volent.

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

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

Councilor Phillips joined the meeting at 5:42.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Councilor Sykes thanked staff for the communication item.

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

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

Next meeting is January 21, 2025

Respectively submitted, Lori Paulette and Victoria Volent