

**Housing & Economic
Development Committee Meeting**
Tuesday, May 19, 2026 at 5:30 PM



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

To submit written public comment on an agenda item, email edd@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Housing & Economic Development meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

REMOTE ACCESS INFORMATION

The Housing & Economic Development Committee will conduct this meeting remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Portland City Council. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend, 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.

<https://portlandmaine-gov.zoom.us/j/83329598115?pwd=QnfQQHnN8dDEDPPXS55htOhMV8zKPz.1>

1. **Review and vote to approve meeting Minutes from the April 21, 2026, meeting.**
 - a. See attached draft Minutes for review and approval
2. **Discussion: Community Feedback re: Preferred Use(s) for Midtown properties - Dena Libner**

At the request of the City Council, staff launched a community engagement process to solicit feedback on the community's preferred uses for the Midtown properties. At this meeting, findings from that process will be presented, after which the Committee may provide guidance to The Boulos Company regarding the development of marketing materials for the parcels.

 - a. See attached Memo to the HEDC Committee
3. **Review and vote on a recommendation to the City Council for Amendment to Hearts of Pine Lease Agreement at Fitzpatrick Stadium - Ethan Hipple**

The Committee will consider a recommendation to amend the City's agreement with the Portland Hearts of Pine, allowing a new women's team additional access to Fitzpatrick Stadium for future seasons.

 - a. See attached Memo to the HEDC Committee
 - b. Hearts of Pine Amended Agreement
4. **Communication:**

The Committee will be presented with findings from a recently completed study analyzing the impact of the City's Inclusionary Zoning Ordinance.

a. Communication from the Planning and Urban Development Department regarding the final Inclusionary Zoning Study Report - Kevin Kraft and Charles Buki, CZB, LLC

i. See attached Memo to HEDC Committee

ii. Inclusionary Zoning Study

iii. 2026 City Council Goals

iv. 2026 HEDC Workplan

b. Discussion: Proposed amendment(s) to Inclusionary Zoning Ordinance - Chair Ali

i. See attached Memo to HEDC Committee

ii. Article 3 Inclusionary Zoning Grant Amendment

iii. Article 17 Inclusionary Zoning Grant Amendment

5. Communication: Portland Housing Authority Overview and Development Pipeline - Jay Waterman, PHA Director of Real Estate Development

The Portland Housing Authority (PHA) will present an organizational overview, details on current and recently finished projects, and the hurdles faced in expanding the supply of affordable housing. No action is requested of the Committee.

a. See attached Presentation

6. Communication: Update from the Social Housing Task Force - Councilor Sykes

The Committee will receive an update on the progress of the Social Housing Task Force from Councilor Sykes, Task Force Co-Chair.

a. See attached Interim Report of the Social Housing Task Force

Next Meeting Date: June 16, 2026

MINUTES
HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE
Date: April 21, 2026 at 5:30 pm

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

<https://portlandme.portal.civicclerk.com/event/8212/files/agenda/19761>

These minutes provide a record of those in attendance, general discussions that took place and motions made.

Attendance:

Council and Committee Members: Councilor Pious Ali, Chair, and members Councilors Regina Phillips, Sarah Michniewicz, Kate Sykes and Mayor Mark Dion.

Staff: Dena Libner, Assistant City Manager, Greg Jordan, Assistant City Manager, Michael Goldman, Corporation Counsel, Jessica Quattropani, Permitting & Inspections Director, Kevin Kraft, Planning Director, Ethan Hipple, Parks, Recreation and Facilities Director, Mary Davis, Housing and Community Development Division Director, Heidi McCarthy, Housing Program Manager, Lori Paulette, Principal Administrative Officer, Zach Powell, Senior Planner, Rob Kierstead, Director of Public Buildings

1. **Review and vote to approve meeting Minutes from the March 31, 2026, meeting.**

Motion to approve: Councilor Sykes

Second: Councilor Phillips

Approved 4-0

2. **Communication: Quarter 1 (1/1/2026-3/31/2026) Rent Control Report - Jessica Quattropani**

Director Quattropani gave a presentation on the Rent Control Quarter 1 Report.

Councilor Sykes expressed appreciation for the report and asked how the tenant postcards were funded. Dir. Quattropani noted that it is in the budget and paid through long-term rental fees. Councilor Sykes also asked about the number of registered units as it relates to short-term rentals. There are currently 291 short-term rentals allowed based on the number of long-term rentals registered.

3. **Discussion: Staff Presentation of the 2025 Annual Housing Report - Kevin Kraft**

Director Kraft provided an introduction and Zach Powell provided a brief presentation on the Planning section of the Housing Report. Heidi McCarthy provided a brief presentation on the Housing section of the Housing Report.

Councilor Sykes asked for more detail on the number of units approved, completed, and monitored with a specific breakout of the number of Inclusionary Zoning (IZ) Units.

Councilor Michniewicz asked about tracking for IZ units related to 89 Elm and the Reveler Master Development Plan (MDP). Dir. Kraft explained that staff detailed the expectations for the developer during the MDP approval process.

4. Discussion: Submitting Census Tract 6 for Potential Opportunity Zone Nomination by Governor Mills - Dena Libner

Ms. Libner introduced the item noting that staff recommended to the Mayor that Census Tract 6 be shared with the Maine Department of Economic and Community Development (MDECD) to help inform the Governor to use that as a nominee to the Federal Government for the benefits described in her Memo included in the Agenda packet. For clarification, the City Council does not have a decision-making role. The Governor ultimately makes the decision on nominations to the Federal Government.

After discussion and clarifying questions from the Committee, there was consensus not to recommend this to the Governor as there may be impacts/displacement to low-income communities and businesses. It was noted that reporting on these census tracts is not robust and tracked well. They needed more of an understanding how it may or may not benefit the neighborhood.

The Committee discussed process for this, and Mayor Dion offered to call the State and let them know that the City is not interested in pursuing this at this time. He noted that all four Committee members feel this way as does he – so five members of the City Council agree on this. It was agreed that the call by the Mayor would be sufficient to let the State know, and perhaps a future Resolution could be on a Council Agenda.

5. Discussion: Concept Proposal -East End Beach Bath House Public-Private Partnership - Dena Libner/Ethan Hipple

Assistant City Manager Libner introduced the topic and Ethan Hipple gave a presentation on the concept.

Councilor Michniewicz appreciates the improvement and asked about matrix for RFP. Dir. Hipple stated that food and beverage, fitness, and recreation activities could be categories. Councilor Michniewicz also asked about site specific issues related to parking and traffic.

Councilor Phillips asked for more specific information about location. Dir. Hipple clarified that it is near the lowermost parking lot near East End Beach. Assistant City Manager Libner stated that the next step would be to bring back the drafted RFP for committee feedback.

Councilor Ali asked whether this model could work for the Deering Oaks castle. Dir. Hipple stated that some restaurants have activated that space in the past.

Councilor Sykes is concerned about public access but excited to explore it.

6. Discussion: Review of draft Request for Proposals for James A. Banks, Sr., Exposition Building – Dena Libner/Ethan Hipple

Assistant City Manager Libner gave an overview of the RFP process and public engagement, and requested committee feedback. Dir. Hipple introduced Rob Kierstead to answer any questions and provided additional context.

Councilor Ali added that emails were received regarding this RFP.

Councilor Phillips asked whether this building could be on the Historic registry. Dir. Hipple stated that it has not been designated yet, but it is an historic building. Councilor Phillips asked about keeping the building versus creating a new building but did not think the RFP clearly outlined both possibilities. Assistant City Manager Libner stated that it would take about \$30 million to improve the building.

Mayor Dion stated information from Portland Landmarks which makes a case for historic preservation.

Councilor Sykes stated that cost sharing with tenants in the building should be considered.

Councilor Michniewicz reiterated consideration of cost sharing and preservation if possible. It may be helpful to look at it in the context of city assets more broadly.

Assistant City Manager Libner stated that staff would plan to pursue cost sharing depending on the path forward, and that adaptive reuse would be

more clearly stated in the RFP. Parks, Recreation and Facilities is about to take on an assessment of city assets. An RFP has closed and applicants are being considered for that work. Dir. Hipple gave an overview of the work of Rob Kierstead's department and staff.

Councilor Phillips requested additional public input about the building in addition to what is already in the RFP. Councilor Phillips also questioned whether the evaluation committee could include more than City staff, and also noted that the RFP did not specifically call for preserving any of the history of the building and would like to know how this would happen.

Councilor Michniewicz noted that the RFP is heavily focused on replacement and asked for more detailed information with various tiers of repair.

Asst. City Manager Libner stated that the \$30 million assessment received is the baseline repairs estimate and clarified that additional design work would be undertaken later. The public process would collect additional information to inform an RFP for design. At the end of the current RFP process, the council will be presented with the options and potential costs for each.

Councilor Ali shared an idea for a space for senior citizens.

7. Public Comment: Review and Recommendations to the City Council for the FY 2027 Agreement and Development Plan for the Portland Tourism Development District- Mary Davis

Ms. Libner introduced the item noting that this would renew the Portland Tourism Development District for FY2027. The District includes hotels with 40 or more rooms and associated assessments on each based on hotel class. The assessments are received and administered by the City with 90% of the funds going to Visit Portland, and 10% of the funds to the City for administering the program. The terms of the Agreement and Development Plan have not changed, and staff is recommending that the Committee vote to recommend to the City Council approval for FY2027. Ms. Libner noted that Lynn Tillotson, Executive Director of Visit Portland, is here today for a brief presentation and to answer any questions.

Ms. Tillotson thanked all and noted that a full Annual Report for FY2026 will be coming out soon. She noted that all Board meeting Minutes are on the website and then shared a marketing video, followed by highlights of their work. This work included an expanded leisure campaign, sports and weddings outreach, winter destination outreach, and marketing at the Jetport. This work will continue, as well as workforce development work with other community organization, including Portland Adult Ed.

Councilor Sykes appreciated the presentation, as well as workforce development issues and inquired about having on VP's website public facing worksites to give links to services the workforce could use as the tourism industry uses those frontline workers.

Ms. Tillotson appreciated that concern for this workforce and VP is in the process of buildout of the website for that, partnering the Maine Tourism Association, Hospitality Maine, and the Portland Chamber so as not to duplicate efforts.

Councilor Phillips also thanked Ms. Tillotson for the presentation and highlights, and questioned if she worked with the City's Office of Economic Opportunity, and Ms. Tillotson said that she has not but will contact Melissa Hue.

Councilor Michniewicz thanked VP and looked forward with VP working with organizations, including Portland Adult Ed, for workforce development.

Seeing no further comments/discussion, Chair Councilor Ali opened the meeting for public comment and there was none.

On motion made by Councilor Sykes, seconded by Councilor Michniewicz, the Committee voted 4-0 to recommend to the City Council approval of the PTDD for FY2027.

8. Adjournment.

Councilor Michniewicz motioned to adjourn.
Councilor Sykes seconded the motion.
Passed 4-0 at 7:45 pm



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

From: Dena Libner, Assistant City Manager

Date: May 14, 2026

Re: Community feedback on redevelopment priorities for the
Midtown properties

MEETING DATE

May 19, 2026

AGENDA ITEM

Community feedback on redevelopment priorities for the Midtown properties

PURPOSE

To inform the development of marketing materials based on community-preferred uses of the Midtown properties, as identified through a community engagement process.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

This item is related to several Council goals, including Accelerate Housing Production, Reduce Chronic Homelessness, Strengthen Economic Vitality, and Support Affordability for All Residents.

BACKGROUND/ANALYSIS

In 2016, the City of Portland sold four Bayside lots, totalling 3.45 acres, to the Federated Companies and related entities. When Federated's project stalled, the company and the City became involved in several lawsuits. They later reached a settlement in which all claims were dropped, the property was returned to the City, and the City paid Federated \$15 million.

In response to guidance provided by the City Council in an executive session in November 2025, staff issued a Request for Proposals (RFP) for professional brokerage services aimed at achieving the highest and best use of each site. As a result of that competitive process, the Boulos Company was selected to assist the City in marketing the properties.

At the request of the City Council, staff launched a community engagement process to solicit feedback on the uses most preferred by community members. This exercise included 1) a digital survey available in seven languages and 2) two in-person community feedback sessions. These opportunities were promoted through the City of Portland's social media platforms and "Weekly Roundup" digital newsletter, as well as through flyers distributed at Council meetings, at a community meal hosted by the Equality Community Center, and by community partners including Avesta Housing, Portland Housing Authority, and Cultivating Community.

Over 1,100 unique individuals completed the digital survey, and a total of 30 unique individuals attended the community feedback sessions.

COMMUNITY ENGAGEMENT: RESULTS

See: Attachment A

COMMUNITY ENGAGEMENT: FINDINGS

Results from the digital survey and feedback sessions indicate a clear priority among respondents for **housing-oriented development** on the Midtown properties. Specifically, **mixed-use development** that balanced living, working, and recreation was most often identified by respondents as their “vision” for the Midtown properties, outranking “an area focused primarily on multi-family housing.”

While multi-unit housing emerged as the dominant top priority, the broader rankings suggest respondents also value **complementary public amenities** and **community spaces**. Recreation and open space consistently received strong support across second- and third-choice rankings, indicating broad interest in incorporating outdoor and community-oriented uses into future redevelopment plans.

“Retail & dining” and “cultural spaces” generally appeared as mid-tier preferences, often receiving fourth- and fifth-choice rankings. Office space and parking were consistently ranked lowest overall, with parking receiving the highest number of seventh-choice rankings and office space receiving the highest number of sixth-choice rankings.

Overall, the findings suggest respondents strongly prioritize increasing housing opportunities in Midtown, while also supporting recreational and open-space elements as part of a balanced redevelopment approach.

FISCAL IMPACT

There is no anticipated fiscal impact associated with this item.

CONCLUSION(S)

The community engagement process for the Midtown properties identified a clear vision centered on mixed-used development. Residents consistently prioritized multi-unit housing as the preferred primary land use across the parcels, reflecting a strong interest in additional residential development. This preference was accompanied by significant support for integrated open space and recreational areas that complement the existing trail network. Overall, the findings indicate broad support for a balanced approach to redevelopment that incorporates a diverse mix of residential, commercial, and community uses while maintaining housing affordability and sustainable design as key priorities.

PRIOR COMMITTEE REVIEW

City Council Executive Session – February 9, 2026

PREPARED BY

Dena Libner
Assistant City Manager
Executive Department

Kaela Gonzalez
Program Coordinator
Housing and Economic Development Department

ATTACHMENTS

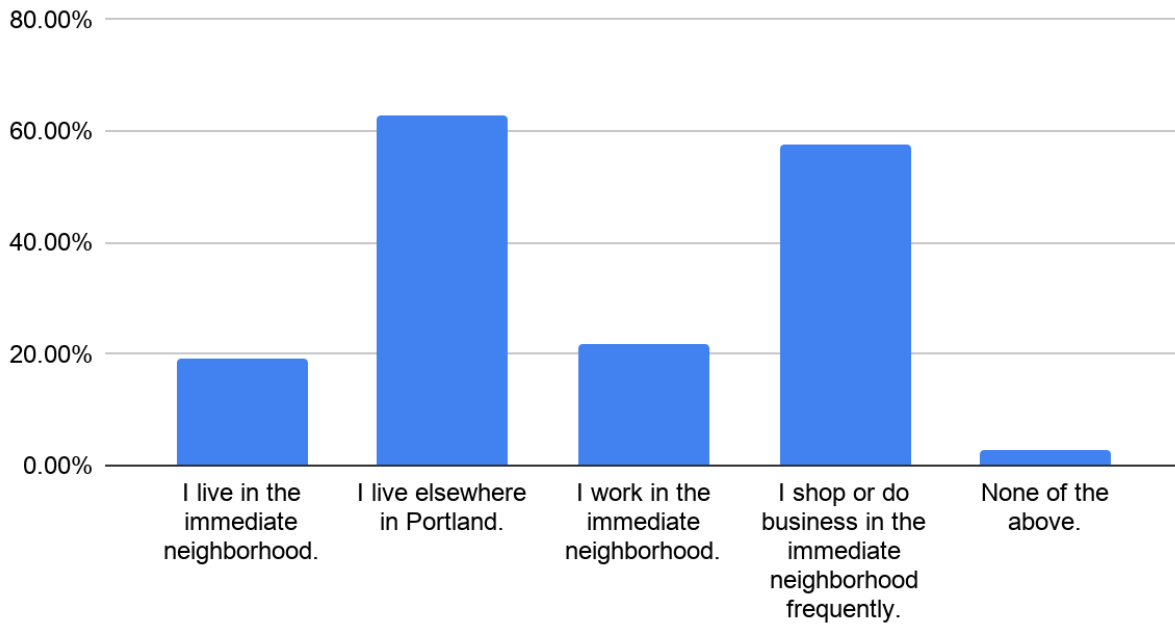
Attachment A - Community Engagement Results

ATTACHMENT A

Digital Survey Results

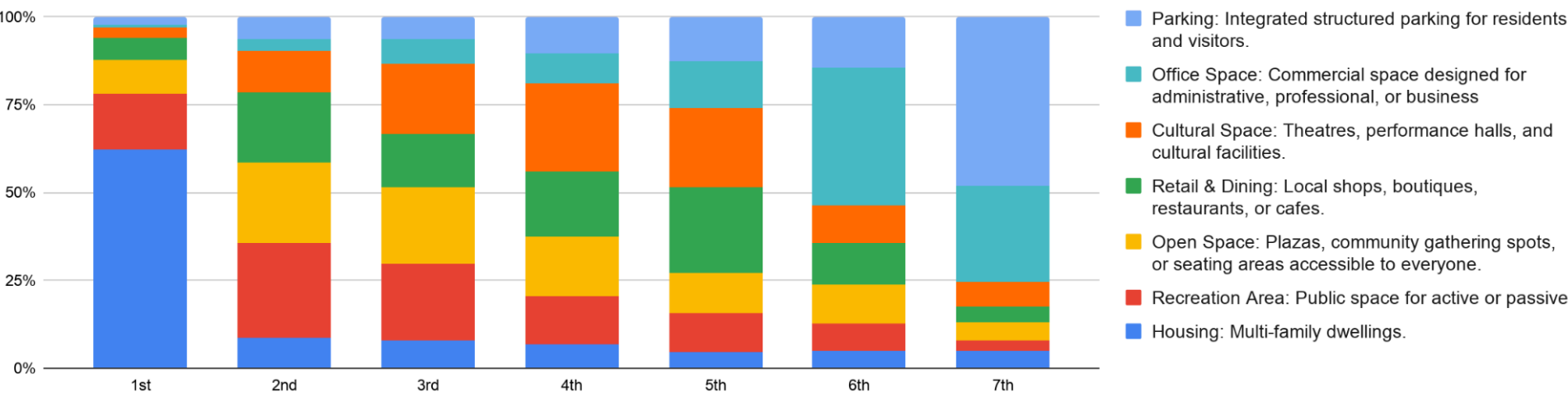
This survey was conducted from March 26 to May 7, 2026 to collect community feedback on preferred uses for the Midtown properties. Over 1,100 unique individuals responded to the survey.

Respondents' relationship to Midtown (Fig. A)

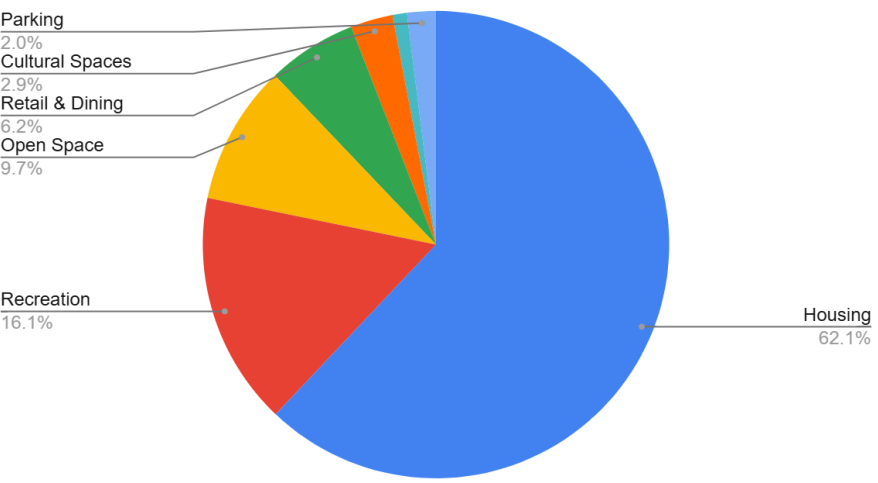


Q2. Please prioritize how you would like the Midtown area to be utilized.

Please prioritize how you would like the Midtown area to be utilized. (Fig. C)



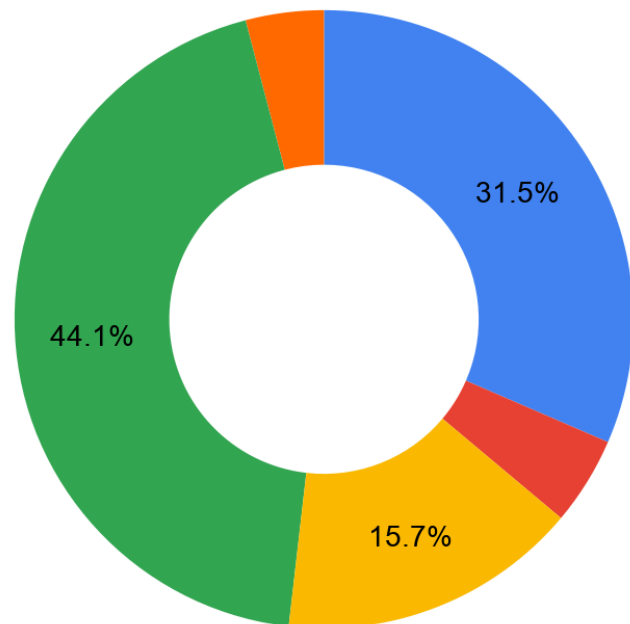
#1 Priority for Use of Midtown Properties (Fig. B)



Q2. Which of these descriptions best matches your vision for Midtown?

Vision for Midtown (Fig. D)

- An area focused primarily on multi-family housing.
- A commercial center focused on retail, entertainment, and nightlife.
- An emphasis on nature, recreation, green spaces, and pedestrian activity.
- A mixed-use district where living, working, and recreation are equally prioritized.
- Other



Results from Community Feedback Sessions

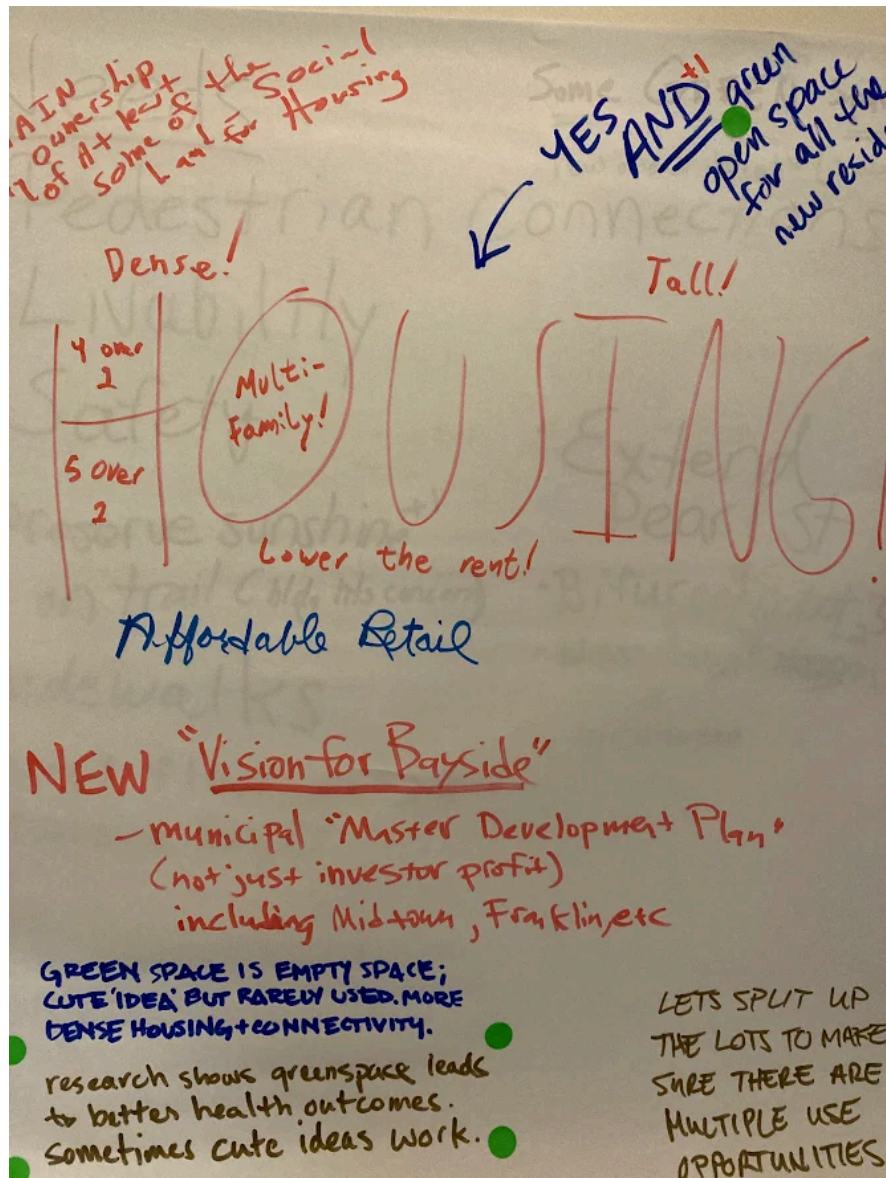
Staff hosted two community feedback sessions in April 2026. In total, 30 unique individuals attended these sessions, where they discussed the project with staff and indicated their preferences and feedback on maps.



Participants indicated their preference for specific uses on each of the vacant Midtown lots using colored dots, and left additional comments on sticky notes. Participants were not limited in the number of dots or notes they could use.

Housing (black dots) was the preferred use selected most often during this exercise, accounting for 57% of the dots placed on maps. Participants selected lots 2 and 3 most often for housing development.

Open space (light green dots) accounted for 18% of the dots placed on the maps, and recreation (orange dots) accounted for 10%.



Participants were also invited to leave additional comments in writing. Staff analysis showed that “housing” was the most frequent theme mentioned here, with the second theme (“space”) being mentioned approximately half as often.

This trend was observed in the digital survey as well: “housing” was mentioned in 283 individuals’ qualitative feedback, followed by “space” (123 individuals’ feedback) and “affordable” (110 individuals’ feedback).

City of Portland | Parks, Recreation, and Facilities Department
Ethan Hipple, Director



To: Housing and Economic Development Committee

Councilor Pious Ali, Chair

CC: Danielle P. West, City Manager

Dena Libner, Assistant City Manager

From: Ethan Hipple, Director, Parks, Recreation, and Facilities Department

Date: May 19, 2026

Re: Amendment to Agreement for Hearts of Pine Women's Team

MEETING DATE

5/19/2026

AGENDA ITEM

Amendment to Hearts of Pine Agreement

PURPOSE

The Hearts of Pine have proposed adding a women's team to their organization, with women's games played at Fitzpatrick Stadium. This proposed amendment outlines business terms for the addition of the women's team.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

N/A

BACKGROUND/ANALYSIS

The Hearts of Pine has proposed to add a women's team that would start playing at Fitzpatrick Stadium in the 2027 season.

Under the current agreement, the Hearts of Pine organization is offered 40 dates, from which they can choose 25 dates for the men's team games. Under the amended agreement, the organization would still be offered 40 dates, but they would choose 33 dates that would include games for both the men's and women's teams. The organization would pay market rate for these eight additional games, as well as for any additional field time required for practices.

The addition of eight additional dates for a Women's team can be accommodated in the stadium schedule without adversely affecting other customers.

The amendment also clarifies that practice times for the men's team are provided without cost, in recognition of the \$3M in capital improvements that the team invested into the stadium. This

provision was included in the business terms that informed the original agreement, but the agreement itself was silent on this topic, so this is simply clarifying language.

FISCAL IMPACT

N/A

CONCLUSION(S)

Overall, the presence of the Hearts of Pine at Fitzpatrick Stadium has been very positive for the City and has resulted in close to \$3M of capital improvements in the stadium, including new artificial turf field, new lights, press box improvements, new locker rooms, seating improvements, and a new sound system. The team has been a good faith partner in solving issues that have arisen.

Based on the above, staff recommend the approval of this amendment that would allow for a women's soccer team at Fitzpatrick Stadium.

PRIOR COMMITTEE REVIEW

N/A

PREPARED BY

Ethan Hipple
Director
Parks, Recreation, and Facilities Department

ATTACHMENTS

1. Amended agreement

**SECOND AMENDMENT
TO
STADIUM USE AGREEMENT
FOR USE AND OCCUPANCY OF
JAMES J. FITZPATRICK STADIUM**

This Second Amendment to Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium (this “Amendment”) is made as of [DATE], 2026 (the “Amendment Date”), by and between Hearts of Pine LLC, a Maine limited liability company (the “Club”) and The City of Portland, Maine, a body politic and corporate (the “City”). The Club and the City are each a “Party” and collectively the “Parties.” Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Existing Agreement (as defined below).

WHEREAS, Portland United, LLC, a Maine limited liability company (“PU”) and the City entered into that certain Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, dated as of December 18, 2023, as amended by that certain First Amendment to Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, dated as of October 30, 2024, in each case a copy of which is attached hereto as Exhibit A (collectively, the “Existing Agreement”);

WHEREAS, PU assigned all of its right, title, and interest in the Existing Agreement to the Club under that certain Assignment and Assumption Agreement, by and between PU and the Club, and acknowledge and agreed to by the City, dated as of February 21, 2024, a copy of which is attached hereto as Exhibit B (the “Assignment Agreement”); and

WHEREAS, the Parties wish to enter into this Amendment to amend the Existing Agreement as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Amendments.

a) Recitals.

- i. Recital B of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

“B. The Club owns the rights to: (i) a men’s professional soccer franchise (the “Men’s Team”) in that certain professional soccer league known as “USL League One” within the professional soccer organization known as the United Soccer League (the “USL”), and (ii) a women’s elite amateur soccer franchise (the “Women’s Team”) in that certain league known as “USL W League” within the USL (together, with all other leagues and affiliate entities within the USL, collectively, and as applicable, the “League”). As of the Amendment Date, the Men’s Team competes in USL League One, and the Club anticipates that the Women’s Team will begin hosting USL W League soccer games during the 2027 USL W League season.”

- b) In section 1 of the Existing Agreement (“Definitions”):

- i. The defined term “Club” is hereby deleted in its entirety and replaced with the following:

““Club” shall have the meaning assigned thereto in the preamble hereof; for the avoidance of doubt “Club” shall mean the Men’s Team and/or the Women’s Team when used hereunder as applicable given the context.”

- ii. The defined term “Post-Season Game” is hereby deleted in its entirety and replaced with the following:

““Post-Season Game” shall mean any game played by the Club at the Stadium following the completion of the scheduled Regular Season as part of any Playoff competition format organized by the League, culminating with a League championship game.”

- c) Sections 5(a) and 5(b) of the Existing Agreement are each hereby deleted in their entirety and replaced with the following:

“(a) Soccer Games and Other Club Events. Subject to the provisions of subsection 5(b) below, the Club shall have the exclusive right to play professional and pre-professional soccer games (and conduct pregame, half-time and post-game activities) at the Stadium Premises on each Club Scheduled Date on which a Home Game is to be played during the period commencing with the Pre-Season and including the Regular Season and, if Post-Season games are to be played as Home Games, the Club shall have the right to do so during the Post-Season, during each year of the Term covered by this Agreement. The Club shall exercise this exclusive right only on the dates (day or night) regularly scheduled for professional or pre-professional soccer games in accordance with the official League schedule pertaining to professional or pre-professional soccer games to be played and hosted within the Stadium Premises by the Club (as applicable). For all Club Events, the Club will have access to the Stadium and Stadium Premises in accordance with the terms hereof at least six (6) hours prior the scheduled start of time of the event. The City will work with the Club in good faith to provide the Club additional access to the Stadium (beyond the dates set forth above) for Club practices and other training for each of the Men’s Team and Women’s Team, in each case as reasonably requested by the Club but subject to other Stadium users’ events that are already scheduled. Notwithstanding anything to the contrary in this Agreement, the Club acknowledges and agrees that it may not be able to schedule a Post Season game at the Stadium if another Stadium user is already scheduled to use the Stadium on a given day during the Post Season. In the event of a schedule conflict, the Parties will work together in good faith to achieve a reasonable solution, but under no circumstances will the City be obligated to cancel another Stadium user’s scheduled event at the Stadium in order to accommodate the League’s Post Season schedule.

(b) Exercise of Club’s Selection of Dates. On or before the 1st day of September of each calendar year during the Term, the City shall provide the Club with a list in writing of no less than forty (40) dates, including at least 30 weekend dates (with a preference, as available, for at least 16 Saturdays and 12 Sundays) and 10 weekday dates (with a preference, as available, for Wednesdays and Fridays) within the reasonably anticipated timeframes of the Regular Season

schedules for each of the Men's Team and the Women's Team in the following calendar year for the Club to choose from for scheduling of Club Events (the "Offered Dates"). The City will make reasonable efforts to include in the Offered Dates, as available, 6 dates in each of May, June, and July, and at least 4 dates in each of April, August, September, and October). Upon the earlier of (x) the League's release of the Women's Team Regular Season schedule for the following calendar year, or (y) February 15th of the following calendar year, the Club will notify the City in writing of its selection of thirty-three (33) of the Offered Dates, including anticipated Post Season Game dates, and the City will reserve those dates for the Club's use (the "Club Reserved Dates"). Such final selection of Club Reserved Dates shall be binding and not subject to change, except as set forth below or as otherwise agreed to in writing by the Parties. After Club Reserved Dates have been selected, and after the City reasonably determines that other potential Stadium users have had a reasonable opportunity to schedule dates for use of the Stadium, the Club may request additional dates for Club Events by following the City's ordinary scheduling process utilized by other Stadium users. Once the League has confirmed the final schedule for the then-upcoming Regular Season for each of the Men's Team and the Women's Team, the Club will provide the City with a copy thereof and, to the extent that the Club determines in its sole discretion that any Club Reserved Dates are not needed for Home Games or scheduled Club Events, those Club Reserved Dates will be "released" back to the City for use through its ordinary scheduling process. All Club Reserved Dates that are not released back to the City and other dates scheduled by the City for the Club after the Club selects the Club Reserved Dates are referred to herein as "Club Scheduled Dates." In the event that the Club does not advance to the League playoffs, the Club will release any Post Season Game Club Scheduled Dates to the City."

- d) Section 7(b) of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

"(b) Payments to the City. For each Home Game played during the Term of this Agreement (as applicable depending on the Club's exercise of the Club Extension Option), the Club shall pay the following, as consideration to the City for and on account of the Club's use and occupancy of the Stadium and Stadium Premises hereunder:

- (i) In consideration of the Improvements and the Club's contribution to the New Playing Field, for each of the first ten (10) calendar years during the Term of this Agreement, the Club shall pay no rental fees for the Stadium for the first twenty-five (25) Club-Scheduled Dates in each such year or for Men's Team practices, but Club shall be responsible for the fees and costs associated with permitted events at the Stadium, including fees and costs for public safety personnel, at the then-current rates. The Parties acknowledge that, as of the Amendment Date, the Improvements have been completed;

During each year of the Term, if the Club utilizes the Stadium at any time other than the twenty-five (25) Club-Scheduled Dates referenced above in Section 7(b)(i) or for Men's Team practices,

the Club shall pay to the City \ all then-current applicable use and rental fees and other fees and charges charged by the City to other Stadium occupants/licensees.

(ii) In the event that the Club exercises the second Club Extension Option, then, commencing upon the beginning of the second extension and thereafter throughout the Term of this Agreement, the Club shall pay the City all then-current applicable use and rental fees and other fees and charges charged by the City to other Stadium occupants/licensees for all of the Club's use of the Stadium and Stadium Premises."

e) Section 9(b) of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

"(b) Not less than three months prior to the start of the 2027 Pre-Season, the Club shall submit a traffic management plan to the City that includes a comprehensive strategy for managing vehicle traffic, parking, and pedestrian flow before, during, and after games. The plan will outline strategies and practices to mitigate transportation impacts of large gatherings, ensuring safety and minimizing delays. The traffic management plan is subject to review and approval by the City, and must be in form and substance satisfactory to the City prior any 2027 Club Events.

f) Section 24 of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

"24. Notices.

Any notice, demand, request, consent, approval and any other communications (any of the foregoing, a "Notice") required, permitted, or desired, to be given hereunder shall be in writing sent by registered or certified mail, postage prepaid, return receipt requested or delivered by hand or reputable overnight courier addressed to the Party to be so notified at its address hereinafter set forth or to such other address as such party may hereafter specify in a Notice delivered in accordance with the provisions of this Section 30. Any such Notice shall be deemed to have been received three (3) Business Days after the date such Notice is mailed or on the date of delivery by hand or courier addressed to the parties as follows (provided that neither the City nor the Club shall be deemed to have received any Notice not actually received):

If to the City: City of Portland
Attn: City Manager
389 Congress Street
Portland, Maine 04101

With a copy to: Office of the Corporation Counsel at the same address

If to the Club: Hearts of Pine LLC
Attn: Kevin Schohl
1 Union Wharf, 3rd Floor
Portland, Maine 04101
kevin@heartsofpine.com

With a copy to: Caleb E. Ginsberg, Esq.
ginsberg.caleb@gmail.com”

- g) Section 31 of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

“31. League Rules. Notwithstanding anything to the contrary in this Agreement, the City acknowledges that the Club, in its operation of a professional and pre-professional soccer franchise in the applicable League, is obligated to comply with applicable League rules and restrictions (“League Rules”). In the event that any such League Rules require alterations or improvements to the Stadium or the Stadium Premises, the Club may request that the City make such alterations or improvements at the Club’s expense or allow the Club to do so at the Club’s expense. In such event, the City will engage in good faith discussions with the Club in order to identify a commercially reasonable solution, satisfactory to the City, that permits the Club, at its own expense, to continue to host Club Events in the Stadium through the remainder of the Term. In the event that the Club is unable to comply with the League Rules due to the condition of the Stadium or Stadium Premises, the Club may terminate this Agreement upon prior written notice to the City. In no event will the City be responsible for incurring any obligation or expense as a result of the League Rules except as specifically set forth in this Agreement.”

2. Other Provisions Remain in Full Force and Effect. This Amendment shall modify and amend the Existing Agreement to the extent, and only to the extent, expressly set forth herein and all of the terms and provisions of the Existing Agreement that are not expressly amended, modified, waived, or replaced hereunder shall be unaltered and shall remain in full force and effect. From and after the Amendment Date, all references in the Existing Agreement to this “Agreement”, “herein”, “hereunder”, and words of like import shall mean and refer to the Existing Agreement as amended by this Amendment. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment have the same meaning that those terms have in the Existing Agreement.
3. Governing Law. This Amendment shall be exclusively governed by and construed in accordance with the laws of the State of Maine, without regard to or application of conflict of laws, rules or principles.
4. Miscellaneous. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement. A signed copy of this Amendment delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

[Signature page to follow.]

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment to Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, to be effective as of the Amendment Date.

THE CITY OF PORTLAND

By: _____
Name: Danielle P. West
Title: City Manager

HEARTS OF PINE LLC,
a Maine limited liability company

By: Portland United, LLC,
a Maine limited liability company,
It's Sole Member

By: _____
Name: Gabe Hoffman-Johnson
Title: Manager

Approved as to form:

City Corporation Counsel

Approved as to funds:

City Finance Director

EXHIBIT A

Existing Agreement

[Attached]

**FIRST AMENDMENT
TO
STADIUM USE AGREEMENT
FOR USE AND OCCUPANCY OF
JAMES J. FITZPATRICK STADIUM**

This First Amendment to Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium (this “Amendment”) is made as of October 30th 2024 (the “Amendment Date”), by and between Hearts of Pine LLC, a Maine limited liability company (the “Club”) and The City of Portland, Maine, a body politic and corporate (the “City”). The Club and the City are each a “Party” and collectively the “Parties.” Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Existing Agreement (as defined below).

WHEREAS, Portland United, LLC, a Maine limited liability company (“PU”) and the City entered into that certain Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, dated as of December 18, 2023, a copy of which is attached hereto as Exhibit A (the “Existing Agreement”);

WHEREAS, PU assigned all of its right, title, and interest in the Existing Agreement to the Club under that certain Assignment and Assumption Agreement, by and between PU and the Club, and acknowledged and agreed to by the City, dated as of February 21, 2024, a copy of which is attached hereto as Exhibit B (the “Assignment Agreement”); and

WHEREAS, in the time since the Existing Agreement was signed, the Club discovered that the turf field at the Stadium does not comply with applicable League Rules; and

WHEREAS, the Parties wish to enter into this Amendment to amend the Existing Agreement to allow for the Club to install a new turf field at the Stadium as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Amendments.

a) Section 1 (Definitions) of the Existing Agreement shall be amended as follows:

The term “Club Line Painting” is added to Section 1 and defined as follows:

““Club Line Painting” shall have the meaning assigned thereto in Section 8(b) of the Agreement.”

The term “Line Modification” is added to Section 1 and defined as follows:

““Line Modification” shall have the meaning assigned thereto in Section 8(b) of the Agreement.”

The term “Standard Line Modification Cap” is added to Section 1 and defined as follows:

““Standard Line Modification Cap” shall have the meaning assigned thereto in Section 8(b) of the Agreement.”

The term “New Playing Surface” is hereby modified to “New Playing Field”.

The term “New Stadium Turf” is added to Section 1 and defined as follows:

““New Stadium Turf” shall have the meaning assigned thereto in Section 3(f) of the Agreement.”

The term “Standard Line Painting” is added to Section 1 and defined as follows:

““Standard Line Painting” shall have the meaning assigned thereto in Section 8(b) of the Agreement.”

b) The following is added to the Agreement as Section 3(f):

(f) New Stadium Turf. Notwithstanding anything to the contrary in this Section 3, the parties acknowledge and agree that between December 1, 2024 and December 31, 2024, weather permitting, the Club shall, at its own expense, install a new plain green artificial turf surface at the stadium (the “New Stadium Turf”). The Club acknowledges and agrees that the New Stadium Turf will be in the same location as the existing turf and that under no circumstances will the Club remove any of the red rubberized surface at the Stadium that comprises the track and the areas between the track and the turf end zones. For the avoidance of doubt, the New Stadium Turf will be considered an Improvement as contemplated hereunder, and as generally described in Exhibit A. Upon request by the Club, the dates for such installation may be changed by the City Manager or their designee, provided that the parties acknowledge and agree that the installation shall be completed reasonably far in advance of the Club’s 2025 League season. The New Stadium Turf shall be installed in accordance with all applicable laws, rules, regulations, industry and professional standards, and the League Rules. The New Stadium Turf shall be painted in accordance with the provisions of Section 8(b) below. Because the New Stadium Turf will not include a painted “Bulldog” logo, the Club agrees to (i) maintain the existing Bulldog signage on the Stadium pressbox and scoreboard, and (ii) work together in good faith with the Superintendent of the Portland Public Schools (“PPS”) or their delegate to identify additional ways for the Club to ensure that the Bulldog logo, or other reasonably requested PPS imagery, is visibly displayed on the Stadium Premises.

c) Section 8(b) of the Existing Agreement is hereby deleted in its entirety and replaced with the following:

“(b) Field Painting and Removal; Escrow.

(1) The Club and City anticipate that all lines for soccer, football, lacrosse, and field hockey will need to be painted on the New Stadium Turf at least twice per applicable season (collectively, “Standard Line Painting”). During the Term of this Agreement, the City will be responsible for performing the Standard Line Painting. Solely during the Initial Term, the Club will be responsible for the cost of the Standard Line Painting, which shall be paid by the Club in accordance with subsection (4) below.

(2) In connection with the Club’s use of the Stadium as permitted hereunder, in its reasonable discretion, the Club may, at the Club’s own expense,

add and/or remove any painted lines or other markings (including Standard Line Painting) on the playing field at the Stadium in order to comply with League Rules (defined below) or to otherwise conform to the League's or the US Soccer Federation's guidelines (collectively, "Club Line Painting") (Standard Line Painting and Club Line Painting are referred to herein collectively as "Line Modifications"). The Club acknowledges and agrees that it will not allow Club Line Painting to interfere with previously scheduled use of the field by other Stadium users. For the avoidance of doubt, in the event that Club Line Painting includes removal of lines needed by other Stadium users, the Club shall repaint those lines in a timely manner such that the repainting will not interfere with previously scheduled use of the field by others.

(3) If, during the Initial Term, the City reasonably determines that Standard Line Painting is reasonably necessary for the use of the field by Stadium users other than the Club, the City will provide reasonable advance notice to the Club (by email or text message designated by the Club's President) of the need for such Standard Line Painting and the date and time by which such painting must be complete and the field ready for use. For the avoidance of doubt, the City will be responsible for coordinating all Standard Line Painting. If, during the Term, the Club reasonably determines that Club Line Painting is reasonably necessary for the use of the field by the Club, the Club will provide reasonable advance notice to the City (by email or text message designated by the City's Director of Parks, Recreation, and Facilities) of the need for such Club Line Painting, and which notice will include either (i) a statement by the Club that it will coordinate such Line Modification itself; or (ii) a request by the Club for the City to coordinate such Club Line Painting at the Club's expense. If the Club elects to coordinate the Club Line Painting itself, it agrees to complete, or cause its contractor to complete, such painting by the date and time reasonably requested by the City, and, in any event, in accordance with subsection (2) above. If the Club requests that the City coordinate the Club Line Painting, such painting will be subject to the payment provisions in subsection (4) below. In any event, all line painting and removal (including Club Line Painting) on the New Stadium Turf, whether performed by the City, the Club, or their contractors, will be done in a good and workmanlike manner in accordance with industry standards. For the avoidance of doubt, the provisions of this Section 8(b) are not intended to, and shall not, interfere in any way with the parties' other rights and obligations under this Agreement, including the Club's right to use and enjoyment of the Stadium as contemplated hereunder, or with the rights of other Stadium users who have previously scheduled use of the field.

(4) For Standard Line Painting made during the Initial Term, the City will submit an invoice to the Club. Subject to the Standard Line Painting Cap (as defined below), during the Initial Term, the Club will pay the City for all undisputed amounts due on the applicable invoice, up to a maximum amount of (i) \$25,000 per calendar year, and (ii) \$125,000 in the aggregate (the "Standard Line Painting Cap"). Each year of the Initial Term, the Parties will evaluate the commercially reasonable quoted pricing for the Standard Line Painting and discuss in good faith whether it is reasonably necessary and equitable to increase the Standard Line Painting Cap; *provided*, however, that in the event that the Parties agree on such an increase, the Standard Line Painting Cap shall not exceed \$30,000 in any calendar year and \$150,000 in the aggregate during the Initial Term. The

Club will pay each invoice submitted to it by the City for applicable Line Modification as set forth hereunder within 30 days after the date of the invoice. Any disputed amounts in any such invoice will be subject to the dispute resolution process set forth in Section 37 of this Agreement. For Club Line Painting made by the City during the Term, the City will submit an invoice to the Club. The Club will pay each invoice within 30 days after the date of the invoice. Any disputed amounts in any such invoice will be subject to the dispute resolution process set forth in Section 37 of this Agreement.

(5) In order to ensure that there is sufficient funding (up to the Standard Line Painting Cap) available for the Standard Line Painting described in this subsection (b), the Club, prior to the first Line Modification, will deposit the sum of \$25,000.00 into a City-held, non-interest bearing escrow account pursuant to an escrow agreement in form and substance reasonably satisfactory to both parties (the “Line Painting Escrow Agreement”). The Line Painting Escrow Agreement will provide that the City may draw upon the escrow account if the Club fails to pay the painting invoices submitted by the City in a timely manner, subject to a reasonable cure period not to exceed ten (10) days. If and to the extent applicable, on or about January 1 of each subsequent year during the Initial Term, the Club shall deposit such additional amounts into the escrow account as are needed to bring the balance of the account to \$25,000.00. At the end of the Initial Term, and after all amounts due and payable to the City under this subsection (b) have been paid, the City will return the remaining balance of the escrow account to the Club.

(6) Notwithstanding anything to the contrary in this subsection (b), but otherwise subject to the terms and conditions of this Agreement, if the term of the Agreement is extended beyond the Initial Term, the City will be responsible for all Standard Line Painting during such extension at the City’s cost and at times that the City reasonably determines such painting is reasonably necessary.

(7) Paint removal. At any time during the Term, if paint removal is included in any Club Line Painting, the Club will be responsible for the cost of any such paint removal, and such paint removal will be subject to the procedures and payment provisions set forth in subsections 3 and 4 above.

(8) Notwithstanding anything to the contrary in this Agreement, the City retains the right, but not the obligation, to temporarily paint and remove, at its own expense, the Portland Public School Department’s Bulldog logo or other markings on the New Stadium Turf from time to time.

- d) Exhibit A to the Existing Agreement is hereby deleted in its entirety and replaced with the following:

EXHIBIT A

DESCRIPTION OF IMPROVEMENTS

Total expected capital expense: \$2,500,000 - \$3,000,000

New Artificial Turf Surface At The Stadium

- Install new plain green artificial turf surface (~10 year expected life)

- Repair subsurface and install safety pad underneath (20+ year expected life)
- Projected expense range: \$650,000 - \$700,000

Site Lighting

- Install and upgrade current MUSCO lighting to meet USL specifications
- Projected expense range: \$325,000 - \$600,000

Press Box

- Make cosmetic and operational improvements to Press Box
- Likely to include infrastructure to improve broadcast and streaming operations
- City will have ability to use on non-gameday
- Projected expense range: \$140,000 - \$170,000

Team Locker Rooms

- Other Stadium users will have ability to use Visitor locker room on non-gamedays if not in use by the Club.
- Projected expense range, including site work and utilities to enable: \$1,150,000 - \$1,300,000

Club Storage Area

- Club to add storage containers
- City to have use of space in containers if available.
- Projected expense range: \$10,000 - \$20,000

Ticketing Entrance

- Club to improve ticketing entrance and Stadium access points, if needed
- City will have ability to use on non-gameday
- Projected expense range, if needed: \$10,000 - \$20,000

Audio System

- Club to improve Speaker and Audio system, if needed
- City will have ability to use on non-gameday
- Projected expense range, if needed: \$40,000 - \$50,000

Miscellaneous

- New Field Goal Posts
- Other Electronics Allowance
- Seating upgrades
- Site Accessories and Landscaping
- Associated design, engineering, utility connection costs
- Additional Operational and Fan Experience Elements
- City will have ability to use on non-gameday
- Projected expense range: \$150,000 - \$300,000.”

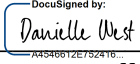
2. Other Provisions Remain in Full Force and Effect. This Amendment shall modify and amend the Existing Agreement to the extent, and only to the extent, expressly set forth herein and all of the terms and provisions of the Existing Agreement that are not expressly amended, modified, waived, or replaced hereunder shall be unaltered and shall remain in full force and effect. From and after the Amendment Date, all references in the Existing Agreement to this “Agreement”, “herein”, “hereunder”, and words of like import shall mean and refer to the Existing Agreement as amended by this Amendment. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment have the same meaning that those terms have in the Existing Agreement.

3. Miscellaneous. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement. A signed copy of this Amendment delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

[Signature page to follow.]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment to Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, to be effective as of the Amendment Date.

THE CITY OF PORTLAND

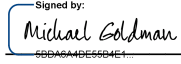
By: 
Name: Danielle P. West
Title: City Manager

HEARTS OF PINE LLC,
a Maine limited liability company

By: **Portland United, LLC,**
a Maine limited liability company,
It's Sole Member

By: 
Name: Gabe Hoffman-Johnson
Title: Manager

Approved as to form:


City Corporation Counsel

Approved as to funds:

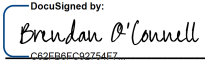

City Finance Director

EXHIBIT A

Existing Agreement

[Attached]

STADIUM USE AGREEMENT
FOR USE AND OCCUPANCY
OF
JAMES J. FITZPATRICK STADIUM

between

PORTLAND UNITED, LLC, a Maine limited liability company

and

THE CITY OF PORTLAND, a municipal corporation

DATED: as of December 18, 2023

EXHIBITS

EXHIBIT A

DESCRIPTION OF IMPROVEMENTS

EXHIBIT B

DESCRIPTION OF EXCLUSIVE PREMISES

EXHIBIT C

DEPICTION OF STADIUM PREMISES

EXHIBIT D

DEPICTION OF PARKING FACILITIES

**STADIUM USE AGREEMENT
FOR USE AND OCCUPANCY OF
JAMES J. FITZPATRICK STADIUM**

This Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium (this "Agreement") is made and entered into as of December 18, 2023 (the "Effective Date") in Portland, Maine, by and between Portland United, LLC, a Maine limited liability company (the "Club") and The City of Portland, Maine, a body politic and corporate (the "City").

RECITALS

- A. The City owns that certain multipurpose sports stadium on Deering Avenue in Portland, Maine known as James J. Fitzpatrick Stadium (the "Stadium"). The Stadium is used for the exhibition of sport contests and other events including, but not limited to, high school and college soccer, lacrosse and football games.
- B. The Club owns the rights to a professional soccer franchise in that certain professional soccer league known as "USL League One" within the professional soccer organization known as the United Soccer League (the "USL") (together, with all other leagues and affiliate entities within the USL, collectively, the "League"), and the Club anticipates it will begin hosting League soccer games during the 2025 USL League One season.
- C. The City and the Club now propose that the Club construct improvements and additions to the Stadium (collectively, the "Improvements") in accordance with the Approved Plans (as hereinafter defined) and which are generally described or listed on Exhibit A attached hereto and by this reference made a part hereof.
- D. The City and the Club propose that the Club use and occupy the Stadium to host League games and other events throughout the Term (as hereinafter defined).

NOW, THEREFORE, in consideration of the construction of the Improvements, the use of the Stadium, the covenants and conditions set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Club and the City have agreed to enter into this Agreement and set forth herein their mutual agreements and understandings as follows:

- 1. **Definitions.** The terms as defined in this Section 1, shall have the following meanings in this Agreement unless the context otherwise requires:

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether

through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

"Approved Architect" shall have the meaning assigned thereto in Section 3 hereof.

"Approved Construction Schedule" shall have the meaning assigned thereto in Section 3 hereof.

"Approved Facilities Construction Schedule" shall have the meaning assigned thereto in Section 3 hereof.

"Approved Facilities Plans" shall have the meaning assigned thereto in Section 3 hereof.

"Approved Plans" shall have the meaning assigned thereto in Section 3 hereof.

"Architect's Certificate" shall mean a certificate of the Approved Architect, stating that the Improvements have been completed and are ready for use and occupancy by the Club.

"Broadcast" shall mean any and all methods and formats of distributing audio and/or visual content of any Club Event (whether television, radio, digital, or otherwise) in a final usable broadcasted form to be viewed, listened to, otherwise consumed by an end-user, including, without limitation, television, radio, livestream and all other digital distribution of content, telecasts in theaters or other similar venues where multiple people in one location watch, listen, or otherwise consumer content simultaneously (in each case, whether or not any such broadcast requires the end-user to pay an admission charge, subscription fee, or so-called "pay-per-view" fee).

"Broadcast Receipts" shall mean the gross amount received by the Club from or arising out of the broadcast of any Club Event, whether paid directly to the Club or through a revenue sharing arrangement with the League.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal or State legal holiday or any day on which banking institutions in the State of Maine are authorized or required by law or other governmental action to close.

"CBA" shall mean any Collective Bargaining Agreement between the League (or any Affiliate of the League) and the United Soccer League Players Association (or any Affiliate or designee or successor association thereto).

"Club" shall have the meaning assigned thereto in the preamble hereof.

"Club Event" shall mean Home Games (as defined below) and all other Club-hosted events at the Stadium and/or on the Stadium Premises throughout the Term. All Club Events shall begin between 12:00 p.m. and 8:00 p.m. unless otherwise agreed to in writing by the City.

"Club Operated Parking Facility" shall have the meaning set forth in Section 2(b)(i).

"Club Products" shall mean the Club or any other League club or League programs, year books or similar written and/or photographic material, scarves, soccer balls, posters, pins, clothing,

pennants, caps, collectibles, and any and all other Club, or other League club or League, apparel or other merchandise inclusive of Club, other League club, and/or League logos or other marks.

“Club Storage Area” means two (2) 20’ (length) x 18’ (width) x 8’6” (height) storage containers (i) selected by the Club, in its reasonable discretion, (ii) paid for by the Club, and (iii) placed in a reasonable area designated by the City within the Stadium Premises, which area shall be subject to relocation by the City upon reasonable prior notice to the Club; provided that any such new location shall be reasonable and within the Stadium Premises. For clarity, the Club Storage Area is for the Club’s exclusive use; provided, however, if the Club determines in its sole discretion, there is additional space available, the City will be permitted to utilize such additional space for reasonable storage purposes.

“City” shall have the meaning assigned thereto in the preamble hereof.

“Concessions” shall mean the business of selling, renting and/or furnishing goods and/or services, including, without limitation, food, beverages (including alcoholic and non-alcoholic beverages), souvenirs, novelties, apparel and any other merchandise during Club Events. For the avoidance of doubt, the term Concessions does not include parking.

“Construction Completion Date” shall mean the date on which the Improvements are complete and ready for use and on which a certificate of occupancy has been issued by the City of Portland Permitting & Inspections Department (or appropriate authority as applicable).

“CPI” shall mean the United States Department of Labor - Bureau of Labor Statistics Consumer Price Index for Portland, Maine (All Urban Consumers, All Items) (1982-1984=100). If the CPI formula should be revised, such revised CPI shall be modified, if necessary, by making such adjustments as may be required to produce substantially equivalent financial results to those that would have resulted if the formula had not been revised. If the CPI should be so revised that such adjustment cannot reasonably be made, or if the CM shall be discontinued, there shall be substituted for the CPI a reasonably reliable and comparable index or other information furnished by a government or independent third party source evaluating changes in the cost of living or purchasing power of the consumer dollar in Portland, Maine hereof.

“Damage” shall have the meaning assigned thereto in Section 20 hereof.

“Damage Estimate” shall have the meaning assigned thereto in Section 20 hereof.

“Excluded Games” shall have the meaning assigned thereto in Section 9 hereof.

“Exclusive Premises” shall mean the Club Storage Area and home locker room in each case described in greater detail on Exhibit B attached hereto and by this reference made a part hereof.

“Fixed Signage” shall mean any physical signage (including, without limitation, the sale of advertising space) that is (1) placed and operated within the Stadium Premises by the Club, and (2) remains continuously visible throughout the Term.

"Force Majeure Event" shall mean any of the following events which prevents a party from performing its obligations hereunder: any act of God, strike, lockout, League dissolution, termination or expiration of Club's expansion and/or franchise agreement with the League, or other industrial disturbance; pandemic, epidemic or any other outbreak; act of public enemy, blockade, war, insurrection, or riot; landslide, earthquake, tornado, fire, storm, flood, or washout; title dispute, or other litigation; governmental restraint, either federal or state, civil or military; civil disturbance; or explosion.

"Home Game" shall mean any League Game, Pre-Season Game, or Post-Season Game played by the Club at the Stadium.

"Improvement Completion Date" shall have the meaning assigned thereto in Section 3 hereof.

"Improvements" shall have the meaning assigned thereto in the recitals hereof.

"League" shall have the meaning ascribed to it in the recitals hereof.

"League Game" shall mean any professional soccer game scheduled by the League between the Club and another league member the outcome of which shall be included in determining the participants in the applicable League playoffs.

"Material Change" shall mean (i) any change (which shall include any single change or two or more changes which cumulatively comprise a material change) in (1) the general character, design, color or general aesthetic appearance of the exterior of the Improvements; (2) the size or capacity of the Improvements or the quality of the materials used therein; or (3) the orientation of or access and entrance to the Stadium; and (ii) any other material change, if the cost of such change, as reasonably estimated by the Club, is in excess of Two Hundred Thousand Dollars (\$200,000).

"Net Club Revenue" shall mean, with respect to each Club Event, the sum of the following, whether paid to the Club (or an Affiliate thereof), or to any Person authorized to receive the same on behalf of the Club (or an Affiliate thereof):

- (i) the total of all dollar amounts paid for any ticket or other source of admission to Club Events, including any license fee charged in excess of the ticket charges (if applicable);
- (ii) all Net Concession Revenues;
- (iii) all Net Signage Revenues; *provided, however*, that the City shall be entitled to fifteen percent (15%) of all Net Signage Revenues received by Club from Fixed Signage at the Stadium during the Term (the "City Signage Revenue");
- (iv) all revenues resulting from the sale of Club Products;
- (v) all revenue derived from the sale of audio and/or visual broadcast rights to Home Games or any other Club Event (regardless of the form or medium of broadcast or distribution);

(vi) all revenue derived from commercial sponsorships or any other media activities, subject to (iii) above with respect to Fixed Signage; and

(vii) all other revenues received by the Club (or Affiliate), directly or indirectly, including as a result of a League initiative or requirements.

(viii) Net Club Revenue does not include parking revenue.

"Net Concession Revenue" shall mean all revenue derived from Concessions and catering sales within the Stadium Premises during Club Events less all reasonable fees and expenses paid to or retained by the applicable concessionaire or other vendor in accordance with any concession (or other) agreement with the City or the Club in connection with the operation of Concessions stands/booths or other similar services during Club Events.

"Net Parking Revenue" shall mean all revenue derived from the operation of On-Site Parking Facilities and Off-Site Parking Facilities during Club Events less all documented reasonable fees and expenses paid or otherwise incurred by the City, or, in the case of Club Operated Parking Facilities, the Club, in connection with the operation of the Parking Facilities during Club Events.

"Net Signage Revenue" shall mean all consideration received by the Club in connection with the operation of the scoreboard and all Fixed Signage and Temporary Signage at the Stadium during the Term less the Club's documented expenses incurred in the operation and marketing of such scoreboard and signage.

"New Playing Surface" shall have the meaning set forth in Section 3(a)(vi) hereof.

"Notice" shall have the meaning assigned thereto in Section 30 hereof.

"Off-Site Parking Facilities" shall mean those areas in the general vicinity of the Stadium that are owned or controlled by third parties and are currently available for the parking of motor vehicles, including the areas identified as Maine Med 1, Maine Med 2, and King Middle School on Exhibit D.

"On-Site Parking Facilities" shall mean those areas owned by the City adjacent to or near the Stadium that are currently available for the parking of motor vehicles by persons attending events at the Stadium, including the areas identified as Hadlock, Gated Lot, Trough/Expo, and Fitzpatrick on Exhibit D.

"Parking Facilities" shall mean, collectively, the On-Site Parking Facilities and the Off-Site Parking Facilities.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Post-Season Game" shall mean any game played by the Club at the Stadium following the completion of the scheduled Regular Season as part of the USL League One Playoffs organized by the League, culminating with the USL League One championship game.

"Pre-Season" shall mean the period from the first regularly scheduled Pre-Season Game to the last regularly scheduled Pre-Season Game of the Club in the Stadium.

"Pre-Season Game" shall mean any soccer game played by the Club in the Stadium during the Pre-Season.

"Project Costs" shall mean the following costs to the extent that such costs are incurred or accrued by or for the account of the Club for the construction and development of the Improvements in accordance with the terms of this Agreement, not reimbursed or reimbursable by others, and properly allocable to the Improvements: all architectural and engineering costs, all permit costs, all direct costs for labor, materials and subcontract performance that are incorporated into the Improvements, demolition costs, construction costs, the cost of equipment and other capital improvements installed in the Stadium Premises, site preparation costs, and all other costs which would customarily be considered to be "hard costs" or "architectural or engineering costs" of the Improvements and otherwise satisfy the criteria set forth in this sentence.

"Regular Season" shall mean the period from the first League Game to the last regularly scheduled League Game of the Club in the Stadium as established by the annual schedule of the League, including Post-Season Games.

"Revised Plans" shall have the meaning assigned thereto in Section 3 hereof.

"Stadium" shall have the meaning assigned thereto in the recitals hereof.

"Stadium Premises" shall mean that part of the Stadium within the Stadium's perimeter wall necessary for the proper exhibition of professional soccer according to League rules, standards, and guidelines, including the playing field, seating, locker rooms, medical room, press box, Club Storage Area and ticket sales facilities as set forth on the drawing attached hereto as Exhibit C.

"Temporary Signage" shall mean any signage (including, without limitation, the sale of advertising time or space) that is (1) placed and operated by the Club, whether within the Stadium Premises or otherwise and (2) unless otherwise agreed to by the Parties, is only visible during Club Events.

"USL" shall have the meaning ascribed to it in the recitals hereof.

2. Premises.

(a) Right to Use and Occupancy. The City hereby grants to the Club the right to use and occupy the Stadium and Stadium Premises, but only for the purpose, at the time during each calendar year, for the consideration, and upon the terms and conditions expressed in this Agreement. The City warrants and represents that it has the right and power to grant the rights granted herein. The Club acknowledges and agrees that it has inspected the Stadium and Stadium

Premises and it agrees to accept them and all equipment furnished therewith as is and where is, and Club acknowledges that City has not made any warranties or representations of any kind with respect thereto, except as expressly provided in this Agreement.

(b) Parking.

(i) Spectator Parking. For each Club Event, and for so long as the Parking Facilities are available for the City's use in connection with this Agreement, the City shall have the sole right to operate or cause to be operated the Parking Facilities for parking of spectator motor vehicles for each Club Event. Commencing approximately two (2) hours prior to the scheduled start of each Club Event, the City shall provide staff to operate or cause to be operated the Parking Facilities as set forth in this Section. If the City reasonably determines, however, that the City is not able to sufficiently operate one or more of the Parking Facilities for a Club Event, the City shall provide no less than 48 hours advanced notice to the Club, and the Club will have the right to operate, or engage a third party to operate, such Parking Facility or Facilities (or any portion thereof) for such Club Events (in each case, a "Club Operated Parking Facility").

(ii) Club Parking. For each Club Event, and for so long as the Parking Facilities are available for the City's use in connection with this Agreement, the Club shall have the right at no additional cost to the Club, to use and occupy thirty (30) On-Site Parking Facilities parking spaces for Club players, coaches, staff, and any other Club or League personnel at no cost to the Club. Upon 48 hours prior written notice to the City, the Club may reserve up to twenty (20) additional parking spaces for such personnel for which the Club shall pay the City 80% of the City's standard rate for the spaces. For any additional non-reserved parking spaces used by the Club, the Club will pay to the City the standard rate for the spaces.

(iii) Parking Revenues. Subject to Section 2(b)(iv), for each Club Event, the City shall collect and retain all Net Parking Revenue.

(iv) Parking Revenues for Club Operated Parking Facility. For each Club Event for which the City has determined that it is not able to operate one or more Parking Facilities and the Club (or a third party acting on behalf of the Club) operates a Club Operated Parking Facility, the Club shall collect all Net Parking Revenue from any such Club Operated Parking Facility, and the Club shall promptly remit to the City payment in an amount equal to one hundred percent (100%) of all such Net Parking Revenue. Along with said payment, Club shall provide the City with copies of supporting documentation of all revenues and expenses related to Club Operated Parking Facilities in form and substance reasonably satisfactory to the City.

(v) The Club acknowledges and agrees that the parties that own or control the Off-Site Parking Facilities may no longer allow the City to use such facilities at some point in the future. The City also reserves the right to add to or reduce the number of parking spaces in the On-Site Parking Facilities at any time. The City makes no representations or warranties about the number of available parking spaces in any Parking Facility during the Term of this Agreement.

(c) Exclusive Premises. Notwithstanding anything to the contrary herein, the City hereby grants to the Club the exclusive right to use and occupy the Exclusive Premises throughout each year during the term of this Agreement.

3. Construction of Improvements.

(a) Improvements.

(i) Approval of Program and Estimate. The Club shall deliver to the City a copy of its proposed construction program and estimate for the Improvements on or before February 1, 2024. If the City does not approve of the Club's proposed construction program and estimate for the Improvements, the City shall deliver to the Club written notice of its disapproval within twenty (20) Business Days after its receipt thereof; *provided, however*, subject to any applicable laws, the City's approval shall not be unreasonably withheld. If the City does not provide such notice of its disapproval within the time period set forth above, the City will be deemed to approve the Club's proposed construction program and estimate for the Improvements. If the City disapproves such proposed program and estimate, then the City's disapproval notice shall set forth the City's reasons for such disapproval in reasonable detail. Upon receipt of any such disapproval notice, the Club and the City shall work together in good faith to revise the proposed program and estimate to address the City's reasons for disapproval within fourteen (14) Business Days after the Club's receipt of the disapproval notice; *provided*, that any such revisions must be in compliance with the rules, guidelines, and standards set forth and required by the League and applicable laws, ordinances, regulations, and rules. Each resubmission of the program and estimate shall be subject to the same approval process applicable to the original proposed program and estimate under this Section 3(a)(i). For the purposes of this Agreement, any program and estimate for the Improvements approved by the City in accordance with this Section 3(a)(i) shall be referred to as the "Approved Program and Estimate." The Club shall deliver to the City a description prepared by the Club's chosen architect of any changes, additions, or modifications to the Approved Program and Estimate. Any Material Change to the Approved Program and Estimate is subject to the City's prior written approval, which shall either be granted or denied within ten (10) Business Days after the City's receipt of the modified program and estimate incorporating any such Material Change.

(ii) Approval of Construction Schedule. On or before May 1, 2024, the Club shall deliver to the City a reasonably detailed schedule for the construction of the Improvements. If the City does not approve of the Club's schedule for the construction of the Improvements, the City shall deliver to the Club written notice of its disapproval within twenty (20) Business Days after its receipt thereof; *provided, however*, the City's approval shall not be unreasonably withheld. If the City does not provide such notice of its disapproval within the time period set forth above, the City will be deemed to approve the Club's schedule for the construction of the Improvements. For clarity, the proposed construction schedule shall provide that construction of the Improvements shall (1) commence on or before July 1, 2024, (2) be completed prior to the commencement of the Club's first Pre-Season Game in 2025, and (3) be performed in a manner so as not to prevent or interfere with the playing of any games or unreasonably interfere with the use, occupancy or enjoyment of the Stadium by other Stadium tenants or their patrons. If the City disapproves such proposed schedule, then the City's disapproval notice shall set forth the City's reasons for such disapproval in reasonable detail. Upon receipt of any such disapproval

notice, the Club and the City shall work together in good faith to revise the proposed construction schedule to address the City's reasons for disapproval within fourteen (14) Business Days after the Club's receipt of the disapproval notice; provided, that any such revisions must be in compliance with the rules, guidelines, and standards set forth and required by the League and applicable laws, ordinances, regulations, and rules. Each resubmission of such schedule shall be subject to the same approval process applicable to the original proposed schedule under this Section 3(a)(ii). For the purposes of this Agreement, any construction schedule for the Improvements approved by the Club in accordance with this Section 3(a)(ii) shall be referred to as the "Approved Construction Schedule."

(iii) Approval of Plans. The Club shall submit for City approval a copy of its proposed construction drawings, plans, and specifications for the Improvements as they are from time to time prepared in accordance with the Approved Construction Schedule and Approved Program and Estimate. If the City does not approve of such proposed construction drawings, plans and specifications, the City shall deliver to the Club written notice of its disapproval within twenty (20) Business Days after its receipt thereof. If the City does not provide such notice of its disapproval within the time period set forth above, the City will be deemed to approve the Club's proposed plans and specifications for the Improvements. If the City disapproves such proposed plans and specifications, then the City's disapproval notice shall set forth the City's reasons for such disapproval in reasonable detail. Upon receipt of any such disapproval notice, the Club and the City shall work together in good faith to revise the proposed construction schedule to address the City's reasons for disapproval within fourteen (14) Business Days after the Club's receipt of the disapproval notice; provided, that any such revisions must be in compliance with the rules, guidelines, and standards set forth and required by the League and applicable laws, ordinances, regulations, and rules. Each resubmission of plans and specifications shall be subject to the same approval process applicable to the original proposed plans and specifications under this Section 3(a)(iii). For the purposes of this Agreement, any plans and specifications for the Improvements approved by the Club in accordance with this Section 3(a)(iii) shall be referred to as the "Approved Plans."

(iv) Prosecution of Construction. The Club shall (A) use commercially reasonable efforts to minimize any interference that the construction of the Improvements may have on the other Stadium tenants and their respective patrons' use of the Stadium, and (B) use its commercially reasonable efforts to ensure that the construction is being completed substantially in accordance with the Approved Construction Schedule. In no event will the Club allow its construction or any other activities to prevent any other Stadium tenant or licensee or their patrons from occupying and using the Stadium and the Stadium Premises for an event at the Stadium.

(v) Cost of Construction. The Club shall expend not less than, and shall not be required to spend more than, One Million US Dollars (\$1,000,000) in Project Costs for the construction of the Improvements. In the event that the projected Project Costs based upon the construction bids for the construction of the Improvements and in accordance with the Approved Program and Estimate and Approved Plans exceed One Million US Dollars (\$1,000,000) in Project Costs, then the Club may either, in its reasonable discretion, (1) prepare revisions to the Approved Plans (the "Revised Plans") and submit them to the City for review and approval in accordance with the procedures set forth in section 3(a)(i)-(iii), or (2) terminate this Agreement. Once the

construction of the Improvements has commenced, the Club shall pay for all costs and expenses that arise in connection with such construction (including, without limitation, any cost overruns).

(vi) The Club acknowledges that (i) the City is considering constructing a new synthetic turf field playing surface to be installed at a location approved by the City (the “New Playing Field”), and will not be included as part of the Improvements, but rather will be designed, developed, and constructed by the City, (ii) the Club agrees that the Club will be responsible for a portion of the total cost thereof in the amount of Two Hundred Thousand US Dollars (\$200,000). The Club will provide the City with such payment on the later of (1) December 31, 2026, or (2) the date that the City either (a) includes the New Playing Field in its annual capital improvement program or (b) otherwise secures grant or other financial commitments for funding the remaining costs of the New Playing Field. Such payment is in addition to and is not included in the Project Costs set forth above. The City will be responsible for the remaining portion of the cost of the New Playing Field. All decisions related to the location, design, construction, and construction schedule for the New Playing Field will be made in the City’s sole discretion. If the City does not complete construction of the New Playing Field prior to the termination of this Agreement, the City will return the \$200,000 payment to the Club within thirty days after termination.

(b) Contractors; Subcontractors. Upon reasonable request from the City, the Club shall provide the City with a list of design/build team contractors and subcontractors that the Club, in its reasonable discretion, has selected to work on the Improvements. The Club shall use commercially reasonable efforts to ensure that all contractors and subcontractors comply with all material legal requirements in connection with the performance of all construction work.

(c) Performance of Construction Work. The Club shall, at its own cost and expense construct or cause to be constructed at the Stadium, the Improvements in accordance with the Approved Plans and the Approved Construction Schedule. Any and all construction work shall be done diligently, in conformity with all applicable legal and environmental requirements, including, without limitation, the Americans with Disabilities Act (42 U.S.C. §12101, et. seq.) and the Building and Fire Codes of the City of Portland, Maine, in a good and workmanlike manner, under the supervision of the Approved Architect, and in accordance with all applicable industry and professional standards. Once the Club commences the construction of the Improvements, the Club will diligently prosecute such construction to completion in accordance with the Approved Construction Schedule and the Approved Facilities Construction Schedule, respectively, subject to delays resulting from Force Majeure Events outside of the control of the Club. The Club shall obtain, at its sole expense, all building permits and other approvals necessary for the construction of the Improvements and shall commence construction thereof on or about a date mutually agreed upon by the Parties. The Club shall use its commercially reasonable efforts to complete construction of the Improvements on or before a date mutually agreed upon by the Parties.

(d) City Inspections. The City and its representatives may, from time to time, at the City’s own cost and expense, during reasonable business hours, in a manner which will not unreasonably interfere with construction work in progress, inspect the Improvements and the construction thereof and shall be furnished, upon request, with copies of all plans, shop drawings, and specifications relating to the Improvements to determine whether or not the construction of the Improvements is being or has been done in accordance with the provisions of this Agreement,

the Approved Plans and the Approved Facilities Plans. Prior to making such inspections, the City shall notify the Club's designated contact person which, as of the date of this Agreement, is Gabe Hoffman-Johnson. If the City inspectors determine in their commercially reasonable discretion that any such work is being done contrary to the obligations set forth in Section 3 of this Agreement, including the Approved Plans and the Approved Facilities Plans, the City will provide the Club prompt notice thereof (a "Noncompliance Notice"). Upon the Club's receipt of such Noncompliance Notice, the Club will have a reasonable amount of time to cure any such noncompliance, or otherwise dispute the alleged noncompliance set forth in the Noncompliance Notice in accordance with the dispute resolution process set forth in Section 36 of this Agreement. The Club acknowledges and agrees that any such inspection by the City is for purposes of determining compliance with the provisions of this Agreement, the Approved Plans and the Approved Facilities Plans and that such inspections shall not be deemed to impose any duty or liability upon the City to supervise any aspect of or approve the quality of the Improvements or any construction work.

(e) Permits. The Club shall, at its own expense, obtain all permits, licenses and other governmental approvals and authorizations which are required for the construction, operation or occupancy of the Improvements. Before allowing occupancy or use of the Improvements, the Club, at its own cost and expense, shall obtain and deliver to the City certificates of occupancy for the Improvements.

4. Term; Option to Extend Term.

The term of this Agreement shall begin on February 1, 2024 and, unless earlier terminated in accordance with the terms hereof, shall expire on the last day of the Post-Season during the 2029 calendar year (the "Initial Term"). The Club shall have two (2) consecutive options (each a "Club Extension Option") to extend the term of this Agreement beyond the Initial Term, in each case for a Five (5) year renewal term (each renewal term, together with the Initial Term, collectively, the "Term"); *provided, however*, in order to exercise a Club Extension Option, the Club must provide the City with no less than sixty (60) days' prior written notice thereof, and the Club must not be in material default under the provisions of this Agreement at the end of the then-current Term.

5. Use and Occupancy.

(a) Soccer Games and Other Club Events. Subject to the provisions of subsection 5(b) below, the Club shall have the exclusive right to play professional soccer games (and conduct pregame, half-time and post-game activities) at the Stadium Premises on each Club Scheduled Date on which a Home Game is to be played during the period commencing with the Pre-Season and including the Regular Season and, if Post-Season games are to be played as Home Games, the Club shall have the right to do so during the Post-Season, during each year of the Term covered by this Agreement. The Club shall exercise this exclusive right only on the dates (day or night) regularly scheduled for professional soccer games in accordance with the official League schedule pertaining to professional soccer games to be played and hosted within the Stadium Premises by the Club. For all Club Events, the Club will have access to the Stadium and Stadium Premises in accordance with the terms hereof at least six (6) hours prior the scheduled start of time of the event. The City will work with the Club in good faith to provide the Club additional access to the Stadium (beyond the dates set forth above) for Club practices and other training.

Notwithstanding anything to the contrary in this Agreement, the Club acknowledges and agrees that it may not be able to schedule a Post Season game at the Stadium if another Stadium user is already scheduled to use the Stadium on a given day during the Post Season. In the event of a schedule conflict, the Parties will work together in good faith to achieve a reasonable solution, but under no circumstances will the City be obligated to cancel another Stadium user's scheduled event at the Stadium in order to accommodate the League's Post Season schedule.

(b) Exercise of Club's Selection of Dates. On or before the 1st day of September of each calendar year during the Term, the City shall provide the Club with a list in writing of no less than forty (40) dates (including at least 30 weekend dates and 10 weekday dates) within the reasonably anticipated timeframe of the Regular Season in the following calendar year for the Club to choose from for scheduling of Club Events (the "Offered Dates"). Within 10 business days after the Club's receipt of the Offered Dates, the Club will notify the City in writing of its selection of twenty-five (25) of the Offered Dates, including anticipated Post Season Game dates, and the City will reserve those dates for the Club's use (the "Club Reserved Dates"). Such final selection of Club Reserved Dates shall be binding and not subject to change, except as set forth below or as otherwise agreed to in writing by the Parties. After Club Reserved Dates have been selected, and after the City reasonably determines that other potential Stadium users have had a reasonable opportunity to schedule dates for use of the Stadium, the Club may request additional dates for Club Events by following the City's ordinary scheduling process utilized by other Stadium users. Once the League has confirmed the final schedule for the then-upcoming Regular Season, the Club will provide the City with a copy thereof and, to the extent that the Club determines in its sole discretion that any Club Reserved Dates are not needed for Home Games or scheduled Club Events, those Club Reserved Dates will be "released" back to the City for use through its ordinary scheduling process. All Club Reserved Dates that are not released back to the City and other dates scheduled by the City for the Club after the Club selects the Club Reserved Dates are referred to herein as "Club Scheduled Dates." In the event that the Club does not advance to the League playoffs, the Club will release any Post Season Game Club Scheduled Dates to the City.

(c) Sale of Club Products. The Club shall have the exclusive right during the term of this Agreement, to sell, either directly or through others, Club Products. The City agrees to make available to the Club or its designated licensee(s) during Club Events (i) reasonable, nonexclusive space at the concession stand for the sale of Club Products and (ii) unimproved space in one or more locations reasonably determined by the City, after good faith discussion with the Club, within the Stadium Premises to locate one or more "pop-up" or temporary specialty stores for the sale of Club Products.

(d) Permits and Approvals; Signs. The Club acknowledges and agrees that it is solely responsible for securing all necessary or required permits and approvals for its operation of a professional soccer team and its proposed uses of the Stadium and the Stadium Premises. All signs shall conform to the City of Portland signage standards and Club shall, at its own expense, acquire all necessary permits and approvals to erect said signs. When signs are erected, Club agrees that such signs shall be maintained in good condition at the sole cost and expense of the Club. The City makes no representations or warranties as to the suitability of, or the ability to obtain any regulatory approvals for the Club's use of the Stadium and the Stadium Premises. The Club further acknowledges and agrees that this Agreement only grants permission to use the Stadium and the Stadium Premises in accordance with the terms and conditions set forth herein

and that this Agreement is not a building permit or a license or permit to operate a business or any concession. The Club acknowledges and agrees that the City of Portland is acting as the owner of the Stadium and the Stadium Premises in connection with this Agreement, and not in its regulatory capacity. Accordingly, except as specifically set forth in this Agreement, nothing in this Agreement obligates any City official or employee to grant any permit, license, or other regulatory approval requested by the Club in connection with its use of the Stadium or the Stadium Premises.

(e) Restoration. The Club agrees that at all times during the Term and upon termination of this Agreement, the Club shall restore, repair, and replace all aspects of the Stadium and Stadium Premises that are disturbed or damaged as a result of the Club's presence or use of the Stadium or the Stadium Premises or the presence or use of its employees, players, contractors, subcontractors, invitees, or volunteers, reasonable wear and tear excepted. Any and all such repair, replacement, and restoration work shall be performed to the City's reasonable satisfaction and at the sole expense of Club. The Club acknowledges and agrees that its obligation to repair, replace, and restore all aspects of said property under this paragraph shall survive the termination of this Agreement.

(f) Club acknowledges and agrees that, so long as the City is not in material default under this Agreement, Club shall defend, indemnify, and hold the City harmless at all times from any claims, liability, losses, costs, expenses (including, without limitation, reasonable attorney's fees) fines, damages or judgments (collectively, "Claims"), just or unjust, arising out of or relating to any contracts between the Club and any third parties.

6. Media.

(a) Broadcasts and Exhibitions. Subject to applicable League rules, the Club shall have the right to receive all revenue derived from any broadcast, dissemination or exhibition described in this Section 6(a). Nothing herein is intended to limit the right of the Club to authorize broadcasts or dissemination by radio, television, internet or other digital means, or otherwise of professional soccer games, or any other events in which the Club participates, played or hosted away from the Stadium by the Club. The Club shall have the exclusive right, with respect to radio, television, internet or other digital means, as follows:

(i) to broadcast and disseminate, by radio, television, internet streaming or any other digital means, or any other method of transmission or communication, livestream and/or any audio and video reports or highlights of all and/or any part of all Club Events and any other events in which the Club participates at *any* location during the term of this Agreement; and

(ii) to authorize the exhibition of Home Games by means of any method of Broadcast, in the Club's absolute discretion.

(b) Commercial Sponsors. The Club shall have the exclusive right to authorize and receive all revenues derived from the sale of commercial sponsorships of (i) any Broadcast of any Club Event, or any other events in which the Club participates at *any* location during the term of this Agreement, and (ii) any Broadcasts of special Club programs originating from the Stadium prior to any of such Club Events or other events.

(c) Press Facilities. On each day that the Club has scheduled a Club Event and the right to use and occupy the Stadium Premises in accordance with Section 5 hereof, the City shall make the press box available for use by the Club (and journalists and media representatives), without additional cost to the Club.

7. Consideration.

(a) Net Club Revenue. Commencing with the 2025 Pre-Season and thereafter throughout the term of this Agreement, and subject to the City Signage Revenue, the Club shall receive all Net Club Revenue for each Home Game played by the Club at the Stadium Premises, and for all other Club Events that take place within the Stadium Premises.

(b) Payments to the City. For each Home Game played during the Term of this Agreement (as applicable depending on the Club's exercise of the Club Extension Option), the Club shall pay the following, as consideration to the City for and on account of the Club's use and occupancy of the Stadium and Stadium Premises hereunder:

(i) In consideration of the Improvements and the Club's contribution to the New Playing Field, for each of the first ten (10) calendar years during the Term of this Agreement, the Club shall pay no rental fees for the Stadium, but Club shall be responsible for the fees and costs associated with permitted events at the Stadium, including fees and costs for public safety personnel, at the then-current rates, in each case as provided by the City in writing to the Club. Notwithstanding the foregoing, until such time as the Improvements are completed, if the Club uses the Stadium as permitted hereunder to host Club Events, the Club shall pay the City all use and rental fees charged by the City to other Stadium users for the Club's use of the Stadium during such Club Events; and

(ii) In the event that the Club exercises the second Club Extension Option, then, commencing upon the beginning of the second extension and thereafter throughout the Term of this Agreement, the Club shall pay the City all then-current applicable use and rental fees and other fees and charges (as provided by the City in writing to the Club) charged by the City to other Stadium occupants/licensees.

8. Use and Occupancy by the City.

The City reserves, and shall have the exclusive right to, the use and occupancy of the Stadium (other than the Exclusive Premises), and to the possession thereof, at all times during the Term of this Agreement, except during the Club Scheduled Dates and any other dates that such use and occupancy is granted to the Club, as provided hereunder.

City Covenants.

(a) Maintenance of Stadium Premises; Cleaning; Trash Removal. Except as otherwise provided herein, during the Term, the City shall maintain the playing field at the Stadium, the Stadium, and the Stadium Premises in substantially the same condition that they were in at the beginning of the Term. The City will also be responsible for maintaining the Improvements, except for the Exclusive Premises, in good working order, reasonable wear and

tear excepted. Such maintenance will be performed in the City's reasonable discretion. The Club will be solely responsible for all maintenance and repair of the Exclusive Premises.

During the Term, the City shall, at its expense, furnish all labor, material, supplies, and equipment necessary to maintain and clean the Stadium and keep it in an orderly condition, including the prompt removal and disposal of all rubbish, trash and garbage in the Stadium prior to the time the Club is permitted to use the Stadium for each Club Event.

Unless otherwise specified in this Agreement, the City has no other obligations to maintain, repair, or replace any aspect of the playing field, the Stadium, the Stadium Premises, the Parking Facilities, or any other property subject to this Agreement in any manner above and beyond the City's customary practice for maintenance of the same as it relates to the use of the Stadium by other users/licensees.

(b) Field Painting; Restoration. The Club will not paint or remove paint from the playing field at the Stadium without the City's prior written consent, such consent not to be unreasonably withheld, conditioned, or delayed. If the City consents to the Club's painting or removal of paint from the field, the Club will do so at the Club's sole expense, and the Club will repaint the playing field to the City's reasonable satisfaction, and at times specified by the City to ensure that appropriate lines, logos, or other markings are in place for other Stadium users. For clarity, the City acknowledges and agrees that, in order for the Club to host Home Games at the Stadium, the Club may be required to paint and remove paint from playing field at the Stadium in order to comply with applicable requirements for the exhibition of a professional soccer team participating in the League.

(c) Additional Covenants. Notwithstanding anything to the contrary herein, the City covenants and agrees that:

(i) it shall deliver the Stadium Premises to the Club prior to each Club Event in a condition comparable to the condition of the Stadium Premises delivered to other licensees/occupants;

(ii) at the Club's reasonable discretion, visiting soccer clubs shall be permitted to practice on the Stadium Premises' playing field on Club Scheduled Dates during the six (6) hour period prior to the scheduled start of time of the Club Event.

(d) Club acknowledges and agrees that the City has no obligation to incur any cost or expense, provide any services, or perform and maintenance repairs under this Agreement except those specified in this Agreement.

9. Crowd Control-Security Enforcement and Traffic Control

(a) Security. To the extent the Club, in its reasonable discretion, deems it necessary for any Club Events, the Club shall be responsible for non-police officer crowd control and security enforcement within the Stadium and Stadium Premises for each Club Event and shall provide appropriate personnel therefor. In the event that the City reasonably determines that police, fire, and/or paramedic services are necessary for any Club Event, then the Club shall pay for the

wages of required personnel and all other reasonable costs and fees associated with providing such personnel.

(b) Traffic Mitigation. The Club and the City shall work together in good faith to implement a traffic mitigation program as reasonably necessary to control traffic in and out of the Stadium and the Parking Facilities.

10. Intentionally omitted.

11. Operating Costs. For all Club Events, the City will only pay for customary expenses to operate and maintain the Stadium Premises that the City, in its reasonable discretion, determines are identical or substantially similar to those expenses for which it is responsible in connection with other (non-Club Event) events within the Stadium Premises. For clarity, in connection with each Home Game, the Club shall pay for all expenses incurred in connection with all announcers, fan experience and all other game day operations staff, Concessionaires, personnel for home and visitor bench areas, banners and decorations, any other Club promotional activities or activations in connection with such Home Game and in order to ensure compliance with any additional League requirements, and any other reasonably necessary costs that the City is not required to pay for hereunder.

12. Signage

(a) Signage; Scoreboard Arrangement. Subject to the City's approval, not to be unreasonably withheld, the Club shall be permitted to install, maintain and operate, or supply a scoreboard and other signage at the Stadium suitable for professional soccer, in accordance with applicable League guidelines and applicable sign laws, ordinances, rules, and regulations. The Club shall have the right to (1) operate, manage and control all scoreboards and signage at the Stadium at all times during the Term of this Agreement (other than during non-Club Events at the Stadium, at which time the City shall have the right to operate the scoreboards), (2) manage all advertising and promotional programs thereon or otherwise in connection therewith, and (3) subject to the City Signage Revenue, collect all Net Signage Revenues at all times throughout each year during the Term of this Agreement.

(b) The City shall be entitled to place City and school signage at the Stadium and Stadium Premises in areas not then in use by the Club. Club will not remove or relocate any such signage or any other signage existing at the Stadium or Stadium Premises as of the Effective Date without the City's prior written approval.

13. Entry and Inspection

The City reserves, and always shall have the right to enter the Stadium for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the Stadium or to inspect the operations conducted therein. The City shall use its best efforts to assure that any such entry or inspection shall be conducted in such a manner so as to minimize any interference with the Club's use of the Stadium. In the event that any such entry or inspection by the City discloses that the Stadium is not in a reasonably safe or satisfactory condition the City shall have the right to cause the Club to correct any such unsafe or unsatisfactory condition created by the Club or by the Club's use or occupancy of the Stadium Premises, except to the extent that the correction of

such condition is within the scope of the City's maintenance, operation, repair or other general obligations hereunder.

14. Utilities and Service

The City shall furnish, without cost to the Club, gas, electric power, water and sewer services, subject to state and federal regulations regarding energy consumption; provided, however, the Club will be responsible for payment of utility costs attributed to the use of the Stadium lights during Club Events and the use of the Exclusive Premises. The City will provide the Club with reasonably satisfactory evidence (statements/invoices from electricity provider) of such costs at the end of each calendar year of the Term, and the Club shall remit payment within sixty (60) days thereafter.

15. Indemnification; Liens.

To the fullest extent permitted by law, Club shall defend, indemnify and hold the City, its officers, agents and employees, harmless at all times from any claims, liability, losses, costs, expenses (including, without limitation, reasonable attorney's fees) fines, damages or judgments (collectively, "Claims"), just or unjust, that arise out of or are caused by any breach of this agreement by the Club, or any act or omission constituting negligence or willful misconduct on the part of the Club, its members, officers, agents, contractors, subcontractors, or employees, which Claims arise out of or result from the activities hereunder, said Claims to include, without being limited to, claims for personal injury, death, or property damage, including injury or damage to City employees or property; and claims based upon violation of any environmental law or regulation governing hazardous substances. Club's obligations under this paragraph shall survive termination of this Agreement to the extent that the underlying act or omission resulting in the Claim occurs during the Term. Notwithstanding anything to the contrary in this Agreement, the Club is not obligated to indemnify, hold harmless, or defend the City or any of its officers, employees, contractors, subcontractors, or agents against any Claim (whether direct or indirect) to the extent such Claim arises out of or results from the negligence or willful misconduct of the City or any of its officers, employees, or agents, or the City's failure to comply with any of its obligations set forth in this Agreement.

Club shall not suffer or permit any mechanic's lien or other lien to be filed against the Stadium, Stadium Premises, Improvements, or any part thereof, by reason of labor, work, services or materials supplied or claimed to have been supplied to Club, and Club shall defend, indemnify and hold the City harmless from and against any claims, costs or liabilities, including any attorney's fees expended thereon, that result from any such lien.

16. Insurance

(a) Club Insurance. Within 30 days after execution of this Agreement, and, in any event prior to any use of or entry into the Stadium, the Club will procure and maintain:

- Occurrence based Commercial General Liability Insurance coverage in amounts of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, death and property damage;

- Workers' Compensation Insurance coverage to the extent required by law, which shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees;

With respect to the Commercial General Liability Insurance, the Club shall name the City as an additional insured for coverage for claims for which the City does not have governmental immunity, including, without limitation, those areas where government immunity has been expressly waived as set forth in 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the City under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. Within 30 days after execution of this Agreement, the Club shall furnish the City and thereafter maintain certificates evidencing all such coverages, which certificates shall guarantee thirty (30) days' notice to the City of termination of insurance from the insurance provider or agent. The Club shall also provide a copy of any endorsement naming the City as additional insured. In no event will the Club be permitted to enter the Stadium Premises under this Agreement until it has provided the above referenced insurance documentation. Upon City's reasonable request, the Club shall provide the City with a complete copy of any of the above-referenced policies. The Club shall be responsible for any and all deductibles and/or self-insured retentions (not to exceed \$10,000.00 without prior written approval of Corporation Counsel). The City's acceptance or lack of acceptance of the Club's Certificate of Insurance or other evidence of insurance shall not be construed as a waiver of the Club's obligation to obtain and maintain such insurance as required by this agreement.

The Club shall be also responsible for securing insurance coverage with respect to its own equipment, supplies and other personal property ("Club Property") with such property and casualty insurance as it deems necessary in its sole discretion, and the City shall have no responsibility therefor. Club assumes all risk of damage, loss or casualty to Club Property while located at the Stadium or the Stadium Premises. The Club shall defend, indemnify and hold the City harmless from any claim arising out of or relating to any damage, loss or casualty to Club Property. Any casualty insurance obtained by Club for the Club Property shall include a waiver of subrogation against the City. Notwithstanding anything to the contrary in this Agreement, the Club is not obligated to defend, indemnify or hold harmless, the City for any such claim to the extent such claim arises out of or results from the negligence or willful misconduct of the City, or any of its officers, employees, or agents, or the City's failure to comply with any of its obligations set forth in this Agreement.

(a) City Insurance. During the Term, City shall maintain insurance or self-insurance of not less than the statutory liability cap pursuant to the Maine Tort Claims Act, 14 M.R.S.A. §8101 et seq., including for the acts and omissions of its employees occurring within the course and scope of employment, and pursuant to the Maine Worker's Compensation Act of 1992, 39 M.R.S.A. §101 et seq. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the Licensee under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the City. Within thirty (30) days after execution of this Agreement, the City shall furnish the Club and thereafter maintain certificates evidencing all such coverages.

17. Damage and Destruction

(a) Repairs of Damage and Termination Rights. If all or a part of the Stadium is damaged by fire, earthquake, hurricane, blizzard, or other casualty (any such fire, earthquake, hurricane, blizzard or other casualty is hereinafter referral to as "Damage"), the City shall promptly give the Club notice of the City's reasonable estimate of the time required to repair such Damage (the "Damage Estimate"). If the Damage Estimate contemplates that the Damage can be repaired on or before the first (1st) anniversary of the date on which such Damage occurred, then (i) the City shall repair the Damage, (ii) the Club shall have the right to play its Home Games and host all other Club Events at any other locations of its choice during the construction period, and (iii) this Agreement shall remain in full force and effect. If the Damage Estimate contemplates that the Damage cannot be repaired on or before such first (1st) anniversary date, then the Club may give notice to the City, within thirty (30) calendar days after the Club receive the Damage Estimate, terminating this Agreement as of the date of such Damage. In the event that the Club does not elect to terminate this Agreement pursuant to this Section 17, and the City fails to substantially complete its repair of the Damage within thirty (30) calendar days after the expiration of the time period set forth in the Damage Estimate (which period shall be extended to the extent of any actual delays caused by the Club or any Force Majeure Event), then the Club may terminate this Agreement by delivering written notice thereof to the City. To the extent repair or replacement is required to the Improvements (or any portion thereof) that benefit other users of the Stadium, and such improvements are covered by City insurance, any such repair or replacement of such Improvements at the Stadium as a result of any Damage thereto shall be performed by the City in accordance with plans and specifications reasonably approved by the City. Any such repair or replacement to Improvements (or any portion thereof) that are exclusively used and enjoyed by the Club during the Term, shall be performed by the Club in accordance with plans and specifications reasonably approved by the City.

(b) Damage During Last Year of Term. Notwithstanding anything to contrary contained in this Section 18, if the Damage Estimate contemplates that the repair of the Damage shall take more than sixty (60) calendar days to complete, and such completion shall occur during the last twelve (12) months of the Term of this Agreement, then the City and the Club shall each have the option to terminate this Agreement as of the date of such Damage by giving written notice to the other, in the case of the City together with the Damage Estimate, or, in the case of the Club, within thirty (30) calendar days after the Club's receipt of the Damage Estimate.

(c) Abatement. During the period the Stadium Premises or any part thereof is rendered unusable due to such Damage and repair, the Club's obligations hereunder to make any payments to the City shall be proportionately reduced based upon the extent to which the Damage and repair thereof prevents the Club from conducting its business at the Stadium in the manner in which such business was conducted prior to such Damage.

18. Alterations and Improvements

The Club will not make any alterations or improvements to the Stadium except in accordance with plans previously approved in writing by the City.

19. Waiver

The waiver by the City of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of consideration hereunder by the City shall not be deemed to be a waiver of any preceding breach by the Club of any term, covenant or condition of this Agreement other than the failure of the Club to make the particular payment so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance thereof. Except as otherwise provided herein, any failure on the part of the City to require or exact full and complete compliance with any of the covenants or conditions of this Agreement shall not be construed as in any manner changing the terms hereof or to stop the City from enforcing the full provisions hereof, nor shall the terms of this Agreement be changed or altered in any manner whatsoever other than by written agreement of the City and the Club.

20. Remedies.

(a) Club Defaults. Except as otherwise provided herein, in the event that the Club shall (i) default in the performance or fulfillment of any covenant or condition herein contained on its part to be performed or fulfilled and shall fail to cure or to commence and diligently pursue the curing of such default within thirty (30) calendar days following its receipt of a written notice from the City specifying the default complained of and the date on which its rights hereunder will be terminated as hereinafter provided if such default is not cured, or (ii) file a voluntary petition in bankruptcy, or (iii) be adjudicated bankrupt, or (iv) make a general assignment for the benefit of creditors, *then* and in either or any of said events, the City may, at its option, without further notice or demand upon the Club, immediately cancel and terminate this Agreement and terminate all of the rights of the Club in or to the Stadium and Stadium Premises in or to the further possession thereof. The rights and remedies of the City as hereinabove set forth, are cumulative only and shall in no way be deemed to limit any of the other provisions of this Agreement or otherwise to deny to the City any right or remedy at law or in equity which the City may have or assert against the Club under any law in effect at the date hereof or which may hereafter be enacted or become effective, it being the intent hereof that the rights and remedies of the City, as hereinabove set forth, shall be supplemental to or in addition to or in aid of the other provisions of this Agreement and of any right or remedy at law or in equity which the City may have against the Club.

(b) Termination. Any election on the part of the City to terminate this Agreement must be in writing, properly executed by the City and served upon the Club. No termination of this Agreement on account of a default by the Club shall be or become effective by operation of law or otherwise, unless and until the City shall have given such written notice to the Club. Neither any notice to pay any consideration or portion thereof due and payable or notice to deliver up possession of the Stadium Premises given pursuant to any law of the State of Maine, nor any proceeding in the nature of an unlawful detainer taken by the City shall, of itself, and in the absence of such written notice as above provided, operate to terminate this Agreement.

(c) City Defaults. At no time shall the City be deemed to be in default under this Agreement, unless and until the Club shall have given to the City notice in writing, specifying such default and the City shall have failed to cure or to commence and diligently pursue the curing of such default within a period of thirty (30) calendar days after receipt of such written notice. In the event that the City fails to cure or diligently pursue the curing of any default under this Agreement within such thirty (30) calendar day period, then the Club may, at its option, without further notice or demand upon the City or upon any person or persons claiming by, through or under the City, immediately cancel and terminate this Agreement.

(d) Except for Club's obligations under section 15 (Indemnification, Liens), notwithstanding anything to the contrary in this Agreement, the liability of each Party to the other under this Agreement shall be limited to actual, direct damages only and all other damages and remedies are waived. Neither party nor its respective officers, directors, agents, employees shall be liable, irrespective of whether such claim of liability is based upon breach of warranty, tort (including negligence, whether of any of the Parties to this Agreement or others), strict liability, contract, operation of law or otherwise, to to the other party, or its officers, directors, agents, employees, successors or assigns, for incidental, delay, indirect, punitive, or consequential damages connected with, related to or arising from performance or non-performance of this Agreement, or any action or inaction in connection therewith including, without limitation, claims in the nature of lost revenues, income or profits (other than payments expressly required and due under this Agreement).

21. Force Majeure

Except as otherwise provided herein, should either party hereto be reasonably delayed in or prevented, in whole or in part, from performing any obligation or conditions hereunder or from exercising its rights hereunder by reason of or as a result of any Force Majeure Event, such party shall be excused from performing such obligations or conditions while such party is so delayed or prevented.

22. Title to Improvements. Upon the expiration or earlier termination of this Agreement, except for title to the Exclusive Premises, which, for the avoidance of doubt shall be owned outright by the Club, title to the Improvements shall automatically vest in the City without the need for any conveyance instrument or other documents evidencing the transfer of title to the City.

23. Quiet Enjoyment

The City covenants that the Club (upon payment by the Club of any consideration due, and the performance by the Club of the terms, covenants and conditions, in each case as set forth in this Agreement) shall peacefully and quietly have, hold and enjoy (i) the Stadium Premises on the Club Reserved Dates and during the periods otherwise herein provided in which the Club is given the right to the use and occupancy of the Stadium Premises, and (ii) the Exclusive Premises at all time during the Term of this Agreement.

24. Notices.

Any notice, demand, request, consent, approval and any other communications (any of the foregoing, a "Notice" required, permitted, or desired, to be given hereunder shall be in writing sent by registered or certified mail, postage prepaid, return receipt requested or delivered by hand or reputable overnight courier addressed to the Party to be so notified at its address hereinafter set forth or to such other address as such party may hereafter specify in a Notice delivered in accordance with the provisions of this Section 30. Any such Notice shall be deemed to have been received three (3) Business Days after the date such Notice is mailed or on the date of delivery by hand or courier addressed to the parties as follows (provided that neither the City nor the Club shall be deemed to have received any Notice not actually received):

If to the City: City of Portland
Attn: City Manager
389 Congress Street
Portland, Maine 04101

With a copy to: Office of the Corporation Counsel at the same address

If to the Club: Portland United, LLC
Attn: Gabe Hoffman-Johnson
7 Stratton Place
Portland, Maine 04101
gabe@usltoportland.com

With a copy to: Caleb E. Ginsberg, Esq.
303 Bartlett Street
Portsmouth, New Hampshire 03801
ginsberg.caleb@gmail.com

25. Construction of this Agreement; Jurisdiction.

(a) Maine Law. This Agreement shall be deemed to be made and shall be construed in accordance with the laws of the State of Maine. Unless otherwise resolved by agreement of the parties, the City and the Club covenant and agree to submit to the personal jurisdiction of the Cumberland County Superior Court for any dispute, claim, or matter arising out of or related to this Agreement.

(b) Section Headings. The section headings are inserted herein only as a matter of convenience and for reference and in no way are intended to be a part of this Agreement or to define, limit or describe the scope or intent of this Agreement or the particular sections hereof to which they refer.

(c) Sole Instrument. This Agreement embodies and constitutes the sole and entire agreement between the parties hereto with respect to the subject matter hereof. There are no terms, obligations, covenants or conditions between the parties hereto, other than as contained herein. No alteration, amendment or modification hereof shall be valid unless executed by an

instrument in writing by the parties with the same formality as this Agreement. Neither this Agreement, nor any term hereof, can be changed, modified or abandoned, in whole or in part, except by such instrument in writing and no subsequent oral agreement shall have any validity whatsoever.

(d) Time. Time is of the essence hereof, and every term, covenant and condition shall be deemed to be of the essence hereof, and any breach by the City or the Club shall be deemed to be of the very substance of this Agreement.

(e) Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the City, and to such successors and assigns of the Club as are permitted to succeed to the Club right upon and subject to the terms hereof.

(f) No Partnership. Nothing herein contained shall make, or be construed to make, the City or the Club a partner of one another nor shall this Agreement be construed to create a partnership or joint venture between any of the parties hereto or referred to herein.

(g) Singular and Plural. Whenever the context shall so require, the singular shall include the plural and the plural shall include the singular.

26. Nondiscrimination

The Club agrees not to discriminate in any manner against any person or persons on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status in the Club's use or occupancy of the Stadium Premises. Club shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination, including, without limitation, the provision of goods, services, facilities, privileges, advantages and accommodations, and the obtaining and holding of employment. The Club agrees to comply with all applicable City, state, and federal laws and regulations regarding equal opportunity.

27. Payments

All payments to the City under the terms of this Agreement shall be made payable to the City of Portland and delivered to the Department of Parks, Recreation and Facilities, 212 Canco Road, Portland, Maine 04103, or as otherwise specified in writing from time to time by the City.

28. Club Employees

The Club agrees that its and its Affiliates' members, managers, employees, associates, advisors, agents, players, or contractors shall not be deemed to be employees of the City for any purpose. The City shall have no obligation or responsibility for resolving any labor disputes or grievances which may arise between the Club and its members, managers, employees, associates,

advisors, agents, players, or contractors employed to perform any services relating to this Agreement. The Club agrees to provide sufficient personnel to perform all services required by this Agreement. The Club shall be responsible for all required federal, state, and local reports, records and payments in connection with social security, unemployment insurance, and other charges and taxes that apply to the Club. The City shall have no responsibility for providing any of the above reports, records and payments.

29. Workers' Compensation

By signing this Agreement, the Club hereby certifies that it is aware of the provisions of Maine Revised Statutes, Title 39-A, Part 1, Chapter 1 (the Maine Workers Compensation Act of 1992) and shall comply with such provisions. If reasonably requested by the City, the Club shall provide the City with evidence of compliance with the workers' compensation laws of the State of Maine. The Club shall provide the City with a waiver of subrogation from its insurance carrier when proof of insurance is due.

30. Land and Water Conservation Fund Act. The parties hereto agree to work together in good faith during the Term as reasonably necessary to avoid the Stadium Premises (or any portion thereof) being subject to a required "conversion" under the Land and Water Conservation Fund Act of 1965 (the "**LWCF Act**"). In the event that the parties are unable to prevent such a conversion, the Club will be responsible for all costs associated with the conversion, including, without limitation, the cost of any real estate acquisition required under the LWCF Act as part of such conversion.

31. League Rules. Notwithstanding anything to the contrary in this Agreement, the City acknowledges that the Club, in its operation of a professional soccer franchise in the League, is obligated to comply with applicable League rules and restrictions ("League Rules"). In the event that any such League Rules require alterations or improvements to the Stadium or the Stadium Premises, the Club may request that the City make such alterations or improvements at the Club's expense or allow the Club to so at the Club's expense. In such event, the City will engage in good faith discussions with the Club in order to identify a commercially reasonable solution, satisfactory to the City, that permits the Club, at its own expense, to continue to host Club Events in the Stadium through the remainder of the Term. In the event that the Club is unable to comply with the League Rules due to the condition of the Stadium or Stadium Premises, the Club may terminate this Agreement upon prior written notice to the City. In no event will the City be responsible for incurring any obligation or expense as a result of the League Rules except as specifically set forth in this Agreement.

32. No property rights. This Agreement is a license only and no provision hereof shall be construed as conveying an easement or other estate in land. The Club will not record this agreement or any portion thereof in the Cumberland County Registry of Deeds.

33. Compliance with laws. The Club and the City agree to comply with all applicable laws, rules, regulations, and City ordinances and policies in its operations hereunder, including but not limited to all applicable federal, state and local environmental law and regulations, including without limitation all laws and regulations governing hazardous substances, with respect

to all its activities in the Stadium and the Stadium Premises, and to conduct all its activities on such property in a safe, responsible, reasonable and business-like manner.

34. No Third-Party Beneficiaries. This Agreement is not for the benefit of any third party and shall not be deemed to give any right or remedy to any such party whether referred to herein or not.

35. No Assignment. This Agreement is non-transferable and shall not be assigned, pledged, sublet or otherwise transferred to another party except upon the prior written approval of the other Party.

36. Attorney's Fees. Each Party (in such capacity, the “Non-Prevailing Party”) shall pay all reasonable attorney's fees and costs incurred by the other Party (in such capacity, the “Prevailing Party”) if: (i) the Prevailing Party should institute litigation for breach of any material term or condition of this Agreement by the Non-Prevailing Party and ultimately prevail in any such litigation; (ii) if the City is the Prevailing Party in a litigation for an unlawful detainer of the Stadium or Stadium Premises by the Club as Non-Prevailing Party; (iii) the Prevailing Party is made a party to litigation, instituted by a third party related to the Non-Prevailing Party's use of the Stadium or Stadium Premises under this Agreement; or (iv) if the Prevailing Party is required to defend itself, and ultimately prevails, against any action or defense prosecuted by the Non-Prevailing Party or any third party arising out of the Non-Prevailing Party's use or occupancy of the Stadium or Stadium Premises. Fees and costs of defense incurred by the Prevailing Party shall be reimbursed within thirty (30) days of invoice whether the litigation is prosecuted to judgment or not. Amounts advanced by the Prevailing Party not reimbursed within said thirty (30) days, shall bear interest at a rate of one and one-half percent (1½%) per month.

37. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties for no less than sixty (60) days. If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation within sixty (60) days as set forth herein, the parties agree first to try in good faith to settle the dispute by non-binding mediation administered by an attorney selected by agreement of the parties and licensed to practice law in Maine.

38. 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. A signature in a pdf or electronic document shall be considered the equivalent of an original signature.

[Signature page follows]

IN WITNESS WHEREOF, this Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium is executed by the parties' duly authorized representatives as of the date first above written.

THE CITY OF PORTLAND

By: *Danielle P. West*

Name: Danielle P. West

Title: City Manager

PORTLAND UNITED, LLC a Maine
limited liability company

By: *Gabe Hoffman-Johnson*

Name: Gabe Hoffman-Johnson

Title: Manager

Approved as to form:

M. J. G.
City Corporation Counsel

Approved as to funds:

Brendan T. O'Connell
City Finance Director

EXHIBIT A
DESCRIPTION OF IMPROVEMENTS¹

Site Lighting

- Install and upgrade current MUSCO lighting to meet USL specifications
-
- Projected expense range: \$485,000 - \$500,000

Press Box

- Make cosmetic and operational improvements to Press Box
- Likely to include infrastructure to improve broadcast and streaming operations
- City will have ability to use on non-gameday
- Projected expense range: \$40,000 - \$60,000

Team Locker Rooms

- Other Stadium users will have ability to use Visitor locker room on non-gamedays if not in use by the Club.
- Projected expense range: \$250,000 - \$300,000

Club Storage Area

- Club to add storage containers
- City to have use of space in containers if available.
- Projected expense range: \$10,000 - \$20,000

Ticketing Entrance

- Club to improve ticketing entrance and Stadium access points
- City will have ability to use on non-gameday
- Projected expense range: \$10,000 - \$20,000

Audio System

- Club to improve Speaker and Audio system
- City will have ability to use on non-gameday
- Projected expense range: \$40,000 - \$50,000

Miscellaneous

- Other Electronics Allowance
- Site Accessories and Landscaping
- Associated utility connection costs

¹ The information below is from the term sheet. Parties to confirm stadium construction plan / Improvements and insert further detail as applicable.

- Additional Operational and Fan Experience Elements
- City will have ability to use on non-gameday
- Projected expense range: \$150,000 - \$300,000

EXHIBIT B

DESCRIPTION OF EXCLUSIVE PREMISES

- Club Storage Area
- Club Home Locker Room

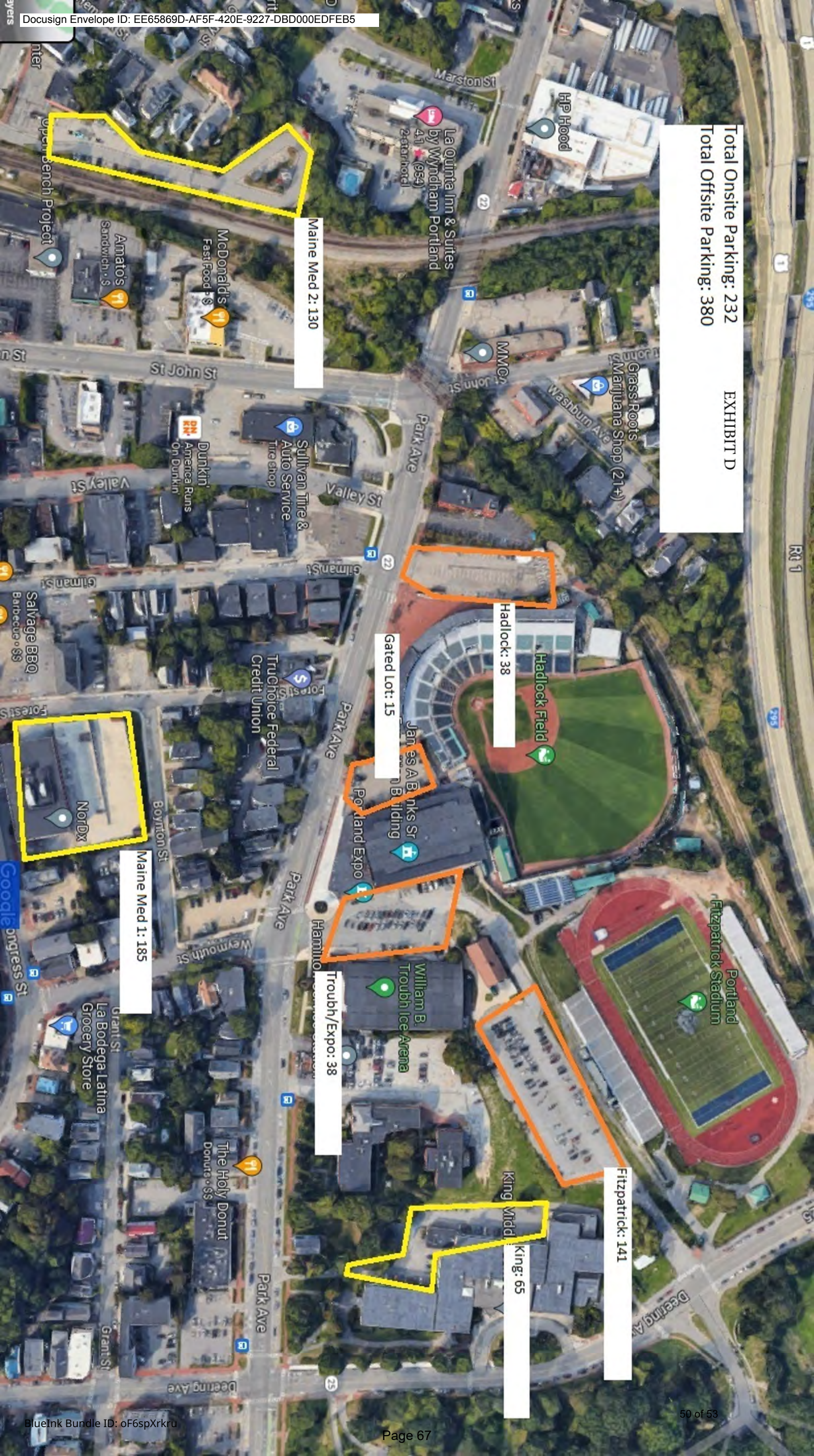
EXHIBIT C

DEPICTION OF STADIUM PREMISES



EXHIBIT D

DEPICTION OF PARKING FACILITIES



Total Onsite Parking: 232
Total Offsite Parking: 380

EXHIBIT D

Maine Med 2: 130

Hadlock: 38

Gated Lot: 15

Maine Med 1: 185

Troubh/Expo: 38

Fitzpatrick: 141

King: 65

EXHIBIT B

Assignment Agreement

[Attached]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this “**Agreement**”) is made as of February 21, 2024, by and among Portland United, LLC, a Maine limited liability company with a mailing address of 7 Stratton Place, Portland, Maine 04101 (“**Assignor**”), and Hearts of Pine LLC, a Maine limited liability company with a mailing address of 50 Romasco Lane, Portland, Maine 04101 (“**Assignee**”). Capitalized terms not otherwise defined in this Agreement will have the meanings given to them in the Stadium Use Agreement (as defined below).

Recitals

A. Assignor and the City of Portland (the “**City**”) are parties to that certain Stadium Use Agreement for Use and Occupancy of James J. Fitzpatrick Stadium, dated as of December 18, 2023, attached hereto as Exhibit A (the “**Stadium Use Agreement**”).

B. Pursuant to Section 35 of the Stadium Use Agreement, Assignor is required to obtain the City’s written approval in order to assign its interest in the Stadium Use Agreement.

C. Assignor wishes to transfer, assign, and deliver to Assignee all of Assignor’s right, title, and interest in the Stadium Use Agreement, and Assignee wishes to assume all of Assignor’s obligations under the Stadium Use Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby sells, transfers, assigns and delivers to Assignee all of Assignor’s right, title, and interest in and to the Stadium Use Agreement.

2. Assignee hereby assumes and agrees to discharge all of the obligations of Assignor under the Stadium Use Agreement from and after the date of this Agreement.

3. Except for all liabilities and obligations set forth in the Stadium Use Agreement, Assignee is not assuming any liability or obligation of Assignor hereunder.

4. Neither the representations and warranties of Assignor, nor the rights, remedies and obligations of any party, under the Stadium Use Agreement shall be deemed to be enlarged, limited, modified or altered in any way by this Agreement.

5. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns.

6. Commencing June 1, 2024, Assignee’s mailing address for any notices provided under the Stadium Use Agreement will be 1 Union Wharf, Portland, Maine 04101.

7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signature in a pdf or electronic document shall be considered the equivalent of an original signature.

IN WITNESS WHEREOF, the parties have caused this Assignment and Assumption Agreement to be duly executed as of the date first written above.

ASSIGNOR:

Portland United, LLC,
a Maine limited liability company

DocuSigned by:
By: Gabe Hoffman-Johnson
F3BA9A8695BE4BB...
Name: Gabe Hoffman-Johnson
Title: Manager

ASSIGNEE:

Hearts of Pine LLC,
a Maine limited liability company

DocuSigned by:
By: Gabe Hoffman-Johnson
F3BA9A8695BE4BB...
Name: Gabe Hoffman-Johnson
Title: Authorized Officer

Acknowledge and Agreed:

The City of Portland

DocuSigned by:
By: Danielle West
A4548612E752416...
Name: Danielle P. West
Title: City Manager

Approved as to form:

DocuSigned by:
Michael Goldman
3BDAA41DE33B4E1...
City Corporation Counsel



Staff Memo To:

Housing & Economic Development Committee
Councilor Pious Ali, Chair

MEETING DATE

May 19, 2026

AGENDA ITEM

Inclusionary Zoning Study Communication

PURPOSE

The purpose of this communication is to share the [Inclusionary Zoning \(IZ\) Study](#) (Attachment A), completed by CZB, LLC. The study provides a comprehensive analysis of the City's Inclusionary Zoning Ordinance since its implementation a decade ago. The full report is attached, with background information and key highlights summarized below.

COMMITTEE WORK PLAN/CITY COUNCIL GOAL ALIGNMENT

This study directly supports the [City Council's 2026 goal](#) (Attachment B) to accelerate housing production and strengthen affordability protections. As part of this goal, the Council identified potential updates to the IZ ordinance as a key action, which is also included in the Housing & Economic Development Committee's (HEDC) 2026 Work Plan (Attachment C).

Additionally, in its 2025 priorities, the Council highlighted "working to implement solutions to the housing crisis, including building more working-class housing." Furthermore, increasing housing production and promoting housing affordability are central objectives of the City's comprehensive plan, *Portland's Plan 2030*.

BACKGROUND/ANALYSIS

In 2025, the Planning & Urban Development Department received a grant through the State of Maine's Housing Opportunity Program to evaluate the City's Inclusionary Zoning (IZ) ordinance. The City commissioned an independent study to assess the policy's effectiveness, including the number of affordable units produced, its performance over time, and its impact under varying market conditions.

The City of Portland adopted its IZ ordinance in 2015 ([Order 82-15/16](#)), requiring residential projects with 10 or more dwelling units to either include affordable units or pay an in-lieu fee to the Jill C. Duson Housing Trust Fund. This policy aimed to leverage the private market to support affordable housing creation. In 2020, a citizen referendum changed the policy by increasing the required percentage of affordable units from 10% to 25% and lowering income eligibility thresholds from 100% to 80% of Area Median Income (AMI) for rental units and from 120% to

80% AMI for ownership units. Furthermore, the fee-in-lieu was increased from \$100,000 per unit (adjusted annually) to \$150,000 per unit (adjusted annually). The 2026 fee-in-lieu is \$186,087.86 per unit.

Inclusionary Zoning Study

The IZ Study was completed by CZB, LLC. It is based on quantitative analysis of Planning Board approval records, building permit data, and economic indicators such as land costs, construction costs, and interest rates, as well as qualitative input from interviews with developers and housing and policy stakeholders familiar with Portland's housing framework.

Key Findings

Major findings from the report include:

- Over the 2015–2025 study period, the Inclusionary Zoning ordinance applied to 58 projects, resulting in the creation of 161 IZ designated affordable housing units and \$3.47 million in contributions deposited into the Jill C. Dusen Housing Trust Fund.
- During the 2015 – 2020 period (IZ 1.0), 40 projects triggered compliance with IZ.
 - o 2,065 total units approved | 1,436 total units constructed
 - 164 IZ units approved | 118 IZ units constructed
 - \$6.07M fee-in-lieu earmarked for Trust Fund | \$3.47M fee-in-lieu collected for Trust Fund
- During the (2020– 2025 period (IZ 2.0), 18 projects triggered compliance with IZ
 - o 1,453 total units approved | 167 total units constructed
 - 326 IZ units approved | 43 IZ units constructed
 - \$8.40M fee-in-lieu earmarked for Trust Fund | \$0 fee-in-lieu collected for Trust Fund
- Overall housing approvals increased over the past five years under IZ 2.0 compared to both the prior IZ 1.0 period and the preceding five years. However, the number of projects triggering IZ requirements declined by 55%, from 40 projects under IZ 1.0 to 18 under IZ 2.0.
- Prevailing market conditions can influence the effectiveness of a policy. IZ 2.0 has coincided with challenging development conditions being experienced nationwide, including higher borrowing costs, rising interest rates, and increasing costs for construction, land, labor, and materials. Together, these pressures impact project feasibility and constrain a project's ability to absorb additional costs, often pushing developments toward infeasibility.
- Projects have increasingly relied on external subsidies or complex, interdependent agreements in an effort to make projects financially feasible.

Options for Consideration

The study presents several options for policymakers to consider.

- **Option 1: Maintain Current Requirements.** This approach relies on changes in external market conditions, such as a drop in interest rates or construction costs, that are beyond the municipality's control. It assumes that the 25% requirement at the 80% AMI threshold would eventually become feasible as the broader economy stabilizes, effectively waiting for the market to catch up or relying on external subsidies to support projects.
- **Option 2: Recalibrate the Requirement.** Rather than relying on market shifts, the City could modify the requirement to align with current economic conditions. This would involve analyzing what percentage and AMI thresholds may be more likely to generate more housing projects.
- **Option 3: Leverage City Assets.** The City already leverages opportunities to create housing on publicly owned land. Of the 18 affordable housing projects exempt from IZ during the IZ 2.0 period, six are associated with the disposition of City-owned land. Leveraging publicly owned land allows for greater control over project outcomes and affordability levels, and this tool should be utilized whenever practicable. Another opportunity is to leverage City funding resources to support the creation of IZ units within projects, helping to close funding gaps and provide the subsidy needed to incorporate affordable units into market-rate developments.
- **Option 4: Community-Provided Capital.** Explore alternative approaches that shift the burden from individual projects to the broader community by leveraging opportunities created through rising property values and land-value increases.

NEXT STEPS:

No action from the Committee is needed. Any changes to the IZ ordinance would need to be reviewed and recommended by the Planning Board, with the City Council retaining final authority to approve and implement any amendments.

FISCAL IMPACT

On April 14, 2025, the City Council unanimously approved the acceptance and appropriation of a \$50,000 grant (8-0; Councilor Fournier absent) from the State of Maine's Housing Opportunity Program to support a housing policy evaluation (Order 150-24/25). This grant funding was supplemented with \$15,000 from the Planning & Urban Development Department's FY26 operating budget for contractual services.

CONCLUSION(S)

This item is for discussion only.

PRIOR COMMITTEE REVIEW

[February 17, 2026](#) - Housing & Economic Development Committee

PREPARED BY

Kevin Kraft, AICP
Director
Planning & Urban Development

Nell Donaldson
Director of Special Projects
Planning & Urban Development

ATTACHMENTS

Attachment A – Inclusionary Zoning Study
Attachment B – 2026 City Council Goals
Attachment C – 2026 HEDC Workplan



inclusionary zoning analysis

For the City of Portland, Maine

Forward: From the City

This study was commissioned by the City of Portland, Maine to better understand the efficacy of its inclusionary zoning policy. It was intended to answer basic questions about the policy – how many affordable housing units it has produced, how it has worked over time, and how effective it might be under market conditions. This type of analysis is essential to good policy-making. It is a practice suggested not only as a fundamental goal of the city’s comprehensive plan, which encourages the City to identify metrics, collect data, and adapt policies, but also during the original inclusionary zoning adoption process in 2015.

The inclusionary zoning policy is frequently cited as the primary barrier to housing construction in Portland and is commonly raised as a locally controlled obstacle. However, it is important to note that this study is not the result of preconceived notions about the inclusionary zoning policy itself, or of the value of one form of the policy over another. The City of Portland has made a fundamental commitment to affordable housing going back decades, one that is embedded in the City’s long-range planning, land use code, and core programs. It is codified in policies like affordable housing density and height bonuses, expedited review, and housing replacement requirements. The goal of the inclusionary zoning study is to provide analytical findings that can help policy-makers determine how inclusionary zoning best fits into the City’s array of affordable housing policies and programs moving forward.



2

FORWARD

5

PART 1

What is Inclusionary Zoning?

Policy Specifics

Metrics and Methodology

What Must Be True for Inclusionary Zoning to Work?

11

PART 2

Production

Prevailing Conditions With Which The Current Policy Has Interacted

Development Activity 2011–2025

Underlying Mechanics

It Wasn't Always This Way

23

PART 3

IZ 2.0

Apples to Apples

How Market Strength Dictates Everything

Fixed Weight of IZ

Large Projects Can Have Outsize Impacts

Complex Projects Can Tell Multiple Stories at Once

39

PART 4

Going Forward



Part 1

What is Inclusionary Zoning?

Inclusionary zoning (IZ) is a policy tool that conditions market-rate development permissions on affordable housing contributions. It has two primary aims and two working assumptions. The goals of an inclusionary policy are:

- 1

To obtain either affordable housing units or a cash equivalency
- 2

To ensure future development is integrated

IZ policies are built on the expectation that the cost of compliance – that is, the cost of delivering affordable housing that by definition cannot be paid for by the rents (or sales prices) received for those units – can and will be internally subsidized, and (but) that if such internal ‘cross subsidy’ can’t be feasibly generated, third-party gap financing will have to be found, or else the project will collapse.

Policy Specifics

The current policy (referred to in this study as IZ 2.0), has been in place since passage by referendum in late 2020. It requires that either 25% of all housing units built in projects with ten or more units be affordable to households at 80% of the area median income (AMI), or, in lieu of meeting that requirement on site, a fee of \$182,000 (\$150,000 in 2020, adjusted annually) per inclusionary unit be paid into the city’s housing trust fund.¹ This is a change from the city’s original policy, adopted in 2015 (IZ 1.0), which required that 10% of all housing units built in projects with ten or more units be affordable to households at 100% AMI for rentals or 120% for ownership units, or, in lieu of meeting that requirement on site, a base fee of \$100,000 per inclusionary unit (adjusted annually) be paid into the city’s housing trust fund.²

Portland’s IZ 1.0 ADOPTED IN 2015

DEVELOPMENT THRESHOLD	INCOME TARGET
10 UNITS	100%/120% AREA MEDIAN INCOME
PROPORTIONAL REQUIREMENT	PAYMENT IN-LIEU
10%	\$100,000 PER UNIT

Portland’s IZ 2.0 ADOPTED IN 2020

DEVELOPMENT THRESHOLD	INCOME TARGET
10 UNITS	80% AREA MEDIAN INCOME
PROPORTIONAL REQUIREMENT	PAYMENT IN-LIEU
25%	\$150,000 PER UNIT

Snapshot Comparison, IZ 1.0 vs IZ 2.0 Policies

2016-2020 Policy (IZ 1.0)			2021-2025 Policy (IZ 2.0)		
Total Project Size (Illustration)	Units	100	Total Project Size (Illustration)	Units	100
Inclusionary Requirement	10%	10	Inclusionary Requirement	25%	25
Fee in Lieu/IZ Unit	\$100,000 (base) \$108,786 (2020 adjusted)		Fee in Lieu/IZ Unit	\$150,000 (base) \$182,830 (2025 adjusted)	
Fee in Lieu/IZ Project	\$1,000,000		Fee in Lieu/IZ Project	\$4,550,000	
Effective Regulatory Cost/All Units	\$10,000		Effective Regulatory Cost/All Units	\$45,500	
Effective Regulatory Cost/Market Units	\$11,111		Effective Regulatory Cost/Market Units	\$60,667	
Income for IZ Units (AMI) Rental	≥ 100%		Income for IZ Units (AMI) Rental	≥ 80%	
Income for IZ Units (AMI) Ownership	≥ 120%		Income for IZ Units (AMI) Ownership	≥ 80%	

EFFECTIVE COST ON ALL UNITS
IN COMPLIANT DEVELOPMENTS

\$10,000

EFFECTIVE COST ON ALL UNITS
IN COMPLIANT DEVELOPMENTS

\$45,500

¹Historically, off-site units were permitted, and flexibility has been granted for master planned and phased developments. This flexibility has allowed a multi-phased project comprised of multiple addresses to ‘send’ its affordable inclusionary zoning units from one address within the development to another ‘receiving’ address, thereby satisfying the policy to the letter of percentages, but not the spirit of inclusion.

²There are times when it will make more financial sense for a non-exempt, market rate housing development to comply with the requirement on site than to pay the fee in lieu of doing so. This will be the case when to comply inclusively, that is, to deliver and then responsibly own and manage deed-restricted, affordable units on site, within the same project, is less costly than to pay the in-lieu fee, and vice versa. The minimum cost of complying with the current requirement therefore, is \$182,000 per inclusionary unit. This works out to approximately \$45,500 in additional costs on a per-unit basis.

Metrics and Methodology

There are two main benchmarks for determining if an Inclusionary Zoning (IZ) policy is working: **outputs** and **elasticity**.

1 Outputs

Raw: The count of affordable units or fee-in-lieu revenue produced by the inclusionary zoning requirement. For some, any number above zero means success. For others, this output lacks meaning until weighed against the costs of unit or fee generation and the opportunity costs of creating them.

Qualitative: The subset of metrics defining the “how” and “where” of IZ units and fees including physical on-site integration, unit size/configuration, and the efficacy of Housing Trust Fund expenditures.

2 Elasticity

The policy’s impact on total housing volume. Because the current IZ policy relies on market-rate development to cross-subsidize affordable units, policy success depends on market rate production.



This study is the result of a combination of quantitative and qualitative methods used to arrive at conclusions regarding the effects of the city’s inclusionary zoning policy. Qualitative methods included interviews with stakeholders familiar with the development framework in Portland

- 1. Inventory:** Analyzed 188 projects³ that received site plan approval from 2010–2025, categorizing projects as exempt (i.e. otherwise deed-restricted affordable housing projects or market rate projects <10 units) or non-exempt
- 2. Project Lifecycle:** Tracked each project from approval to final disposition (Under Construction, Completed, or Expired) to determine the typical duration from entitlement to delivery.
- 3. Modeling:** Established a year-by-year baseline (2010–2025) of the economic conditions shaping development.
 - **Supply:** Land prices, density configurations, construction methods, labor/material costs, soft costs (planning and design, marketing) and infrastructure expenses (per acre, per unit).
 - **Constraints:** Interest rates, inflation, tax credit pricing, Loan-to-Value (LTV) ratios, and required Internal Rate of Return (IRR).
 - **Demand:** Household incomes and corresponding affordability thresholds.
- 4. Policy Context:** Reverse-engineered models to understand development margins across three distinct eras: the Post-2008 Recovery, Pre-COVID Stability, and the Post-COVID period, as situated in three also distinct inclusionary zoning policy periods: 2010–2015 (pre-IZ), 2016–2020 (IZ 1.0), and 2021–2025 (IZ 2.0)

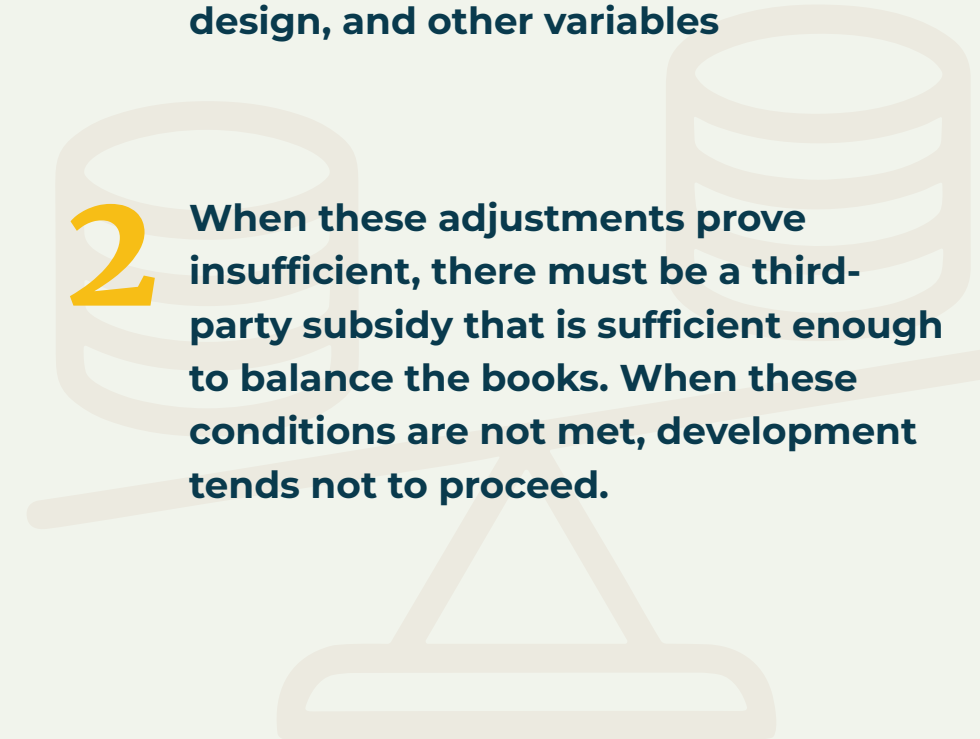
³This includes all projects that received minor (administrative) or major (Planning Board) site plan approval with three or more units between 2010 and 2025. Projects only subject to subdivision review are not included in this analysis.

What Must Be True for Inclusionary Zoning to Work?

When inclusionary policies work well - that is, when the policy is causing the delivery of an otherwise unattainable volume of affordable housing units, and causing those units to be delivered in an inclusive manner - the expense of doing so (complying) is either paid for by the revenue the project generates, a process known as cross-subsidizing, or by external subsidy, or by a marriage of the two.

The gap between the cost to deliver and responsibly manage housing and the ability of a project to cover those costs is driven by dozens of variables—some within a developer's control, such as unit size, and others not, like interest rates. Because these factors are dynamically linked, “effective or ineffective” categorizations of inclusionary zoning rarely paint a complete or accurate picture.

The true measure of inclusionary zoning starts with a clear understanding of a community's goals, identification of the specific conditions required for success, a determination of when those conditions have or have not been present, and, most importantly, the resulting rate at which approved projects actually get built.



1 For an inclusionary policy to work, the requirement cannot be so significant that it exceeds a project's capacity to offset policy impacts - costs - through adjustments to project density, unit size, quality, location, timing, project design, and other variables

2 When these adjustments prove insufficient, there must be a third-party subsidy that is sufficient enough to balance the books. When these conditions are not met, development tends not to proceed.



Part 2

What Has IZ Produced In Terms of Affordable Units?

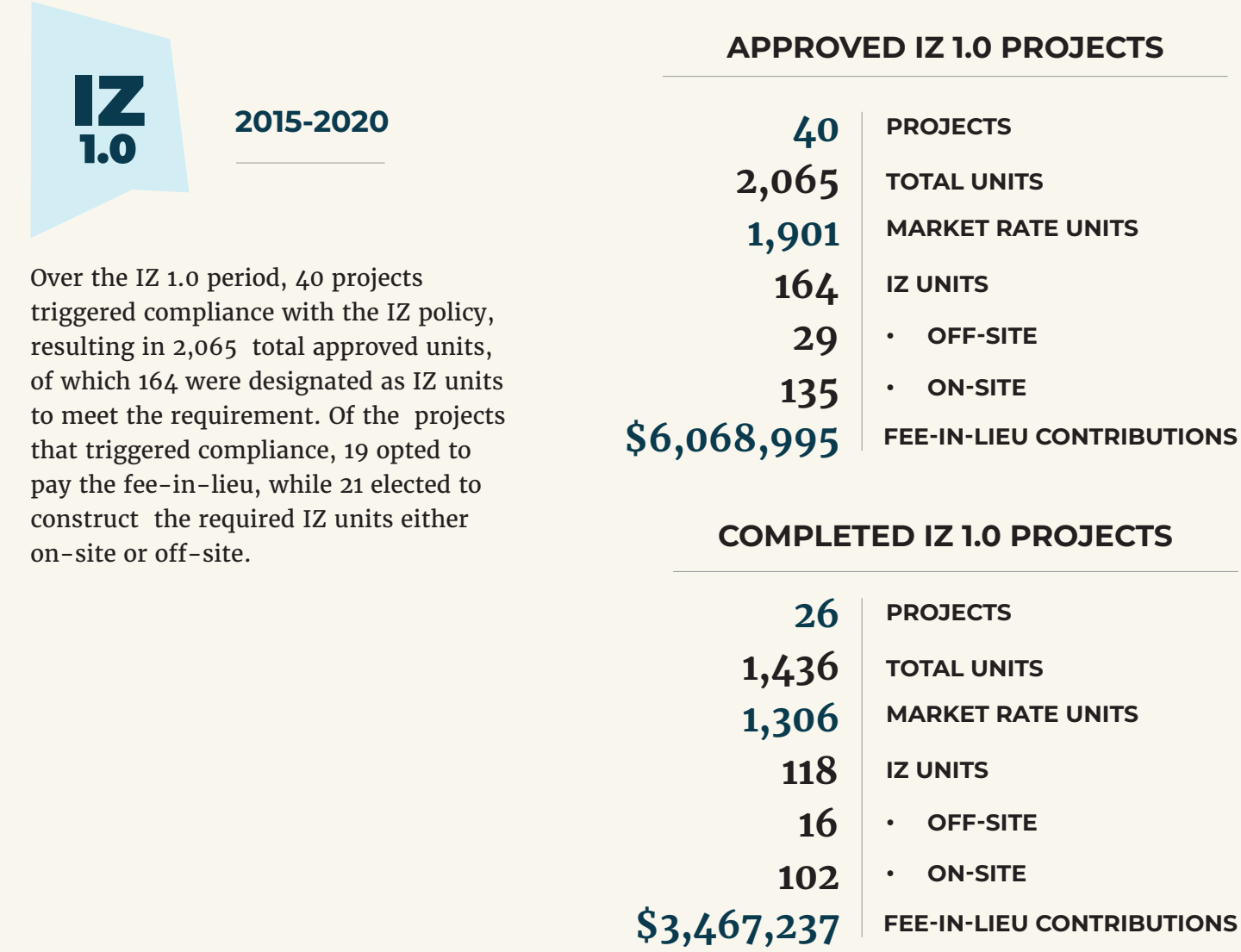
Over the course of its ten-year history (2015–2025), the City of Portland’s inclusionary zoning ordinance has applied to 58 “inclusionary zoning projects,” thus far producing 161 affordable housing units. In addition, \$3.47 million has been contributed to the Jill C. Duson Housing Trust Fund through in-lieu fee contributions. At the current time, another eight affordable units are under construction, to go along with an additional \$577,067 in pending fee-in-lieu payments.

Looking just at these IZ units and fees, there are clear trends in terms of how and where units are built. The vast majority of constructed and in-construction IZ units (88%) are integrated within mixed-income build-ings.

These units are generally clustered in downtown, the West End, Bayside, India Street, and Munjoy Hill. Most of the constructed and in-construction IZ units are rental units (95%), and these units come in a range of sizes, though they generally trend small (85% one-bedroom or studio).

On the fee side, since IZ contributions aren’t technically “earmarked,” there is no way to definitively say which City-subsidized affordable projects they have, in turn, helped come to fruition, but over the life of the policy the City has supported numerous affordable projects through trust fund contributions, including \$2.5 million to Lambert Woods North and South, for example, in 2025 alone.

In terms of pipeline, there are 250 IZ units approved but not yet under construction, and \$6.5 million in fee-in-lieu contributions in the approved but not yet under-construction category. A total of 71 IZ units and \$3.9 million in contributions are in projects that have either expired or been cancelled.





2021-2025

Over the IZ 2.0 period, 18 projects triggered compliance with the IZ policy, resulting in 1,453 total units, of which 326 were designated as IZ units to meet the requirement. Of the projects that triggered compliance, 5 opted to pay the fee-in-lieu, while 13 elected to construct the required IZ units either on-site or off-site.

APPROVED IZ 2.0 PROJECTS	
18	PROJECTS
1,453	TOTAL UNITS
1,155	MARKET RATE UNITS
326	IZ UNITS
67	• OFF-SITE
259	• ON-SITE
\$8,398,276	FEE-IN-LIEU CONTRIBUTIONS

COMPLETED IZ 2.0 PROJECTS	
3	PROJECTS
167	TOTAL UNITS
124	MARKET RATE UNITS
43	IZ UNITS
0	• OFF-SITE
43	• ON-SITE
\$0	FEE-IN-LIEU CONTRIBUTIONS

There was a 55% percent reduction in projects that triggered compliance with IZ between IZ 1.0 and IZ 2.0.

Prevailing Conditions With Which The Current Policy Has Interacted

2016-2020

Mortgage rates for the five year period from 2016–2020 averaged 3.85% down from an five year average of 4.02% the previous five years. Notably, borrowing costs fell by 31% from 2018 to 2020, so by the end of the five year period, two important factors were converging: demand to live in Portland was steadily increasing, creating a bankable market to build for and borrowing costs were falling, making development costs/unit more workable.

During this period land prices per acre averaged nearly \$800,000, fully twice the average the previous five years. All else being equal, a project in this period had to be twice as dense to keep land costs/unit constant.

Meanwhile construction costs in this five year period were 33% higher than in the previous five years.

2021-Present

The average mortgage rate during the two year period 2020–2021 was 3.03 percent. By contrast, the average rate during the period 2022–2025 was 6.22 percent. As the era under the previous policy (IZ 1.0) was concluding and the era under the new policy (IZ 2.0) was beginning, the cost of borrowing was about to increase significantly. To have borrowed \$100,000 in 2021 was to have had 45% more borrowing power than today. In other words, to repay

\$100,000 over 30 years starting in 2021 was to incur a monthly obligation of \$419. To borrow the same amount at 2025 rates is to have a monthly payment of \$612.

Since development is realized by borrowing the money to buy and hold land, to design a project, and construct units, increases of this magnitude have the downstream effect of raising the cost of development considerably.

Meanwhile, construction costs per square foot rose from \$248/SF in 2021 to \$392/SF in 2025. To have constructed 1,000 SF in 2021 would cost \$248,000. That same \$248,000 in 2025 was enough to purchase just 632 SF.

Buying and holding land has become more costly over the last five years as well, and now averages nearly \$2M/acre.

Borrowing Costs

2016-2020	3.85%
2020-2021	3.03%

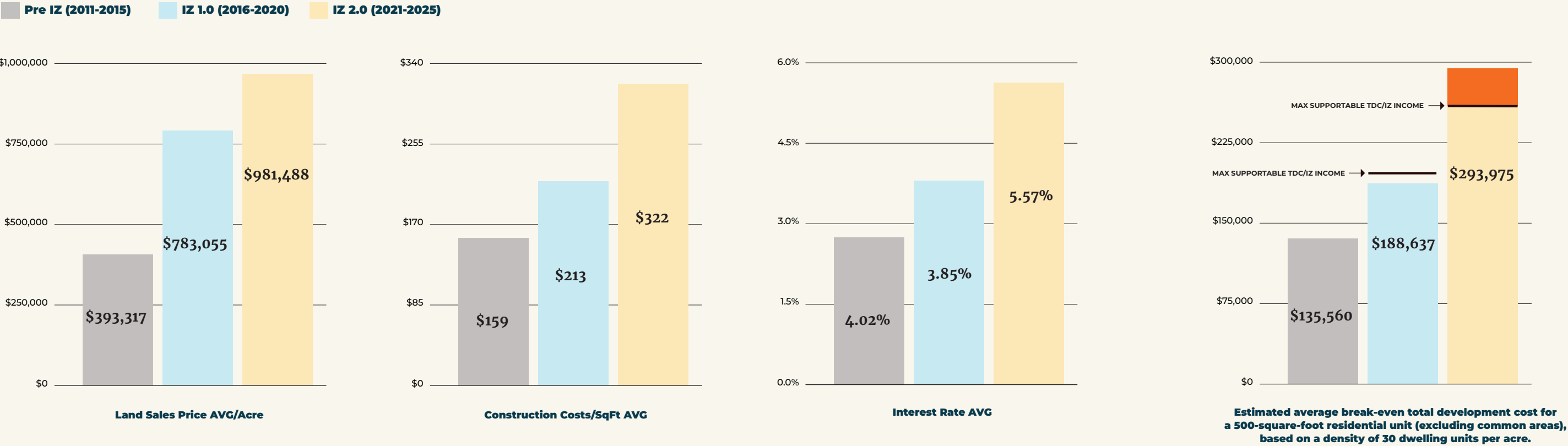
2022-2025
6.22%

Cost of Land

2020	\$502,040
2021	\$712,202
2022	\$858,651

2022-2025
\$981,488 / acre

Development Conditions / Environment	PRE IZ	IZ 1.0		IZ 2.0	1.0 TO 2.0
		2011–2015	2016–2020		
Required Inclusionary Units	NA	10%	25%		
Required Affordability for Inclusionary Units	NA	100% AMI	80% AMI		
In Lieu Fee Option/Inclusionary Unit	NA	\$100,000	\$182,000		
Net Effective Not-Less-Than Cost of Compliance with Inclusionary Policy	NA	\$10,000	\$45,500		
Average Interest Rates	4.02%	3.85%	5.57%	44.7%	
Average Construction Costs/SqFt	\$159	\$213	\$322	51.2%	
Average Land Price/Acre	\$393,317	\$783,055	\$981,488	25.3%	
Est. Total Break Even Development Cost/500 SqFt Unit @ 30 dwelling units per acre (excl. IZ)	\$135,560	\$188,637	\$293,975	55.8%	
Est. Break-Even Rent/500 SqFt Unit @ 30 dwelling units per acre (excl IZ)	\$1,040	\$1,410	\$2,753	95.2%	
Est. Break-Even Rent/500 SqFt Unit @ 30 dwelling units per acre (including IZ requirement)	\$1,040	\$1,498	\$3,113	107.8%	
Monthly Rent Increase Needed Break-Even to Cross Subsidize Inclusionary Units	NA	\$88	\$360	309.1%	
Est. IZ Household Income Matched to 500 SqFt Unit Living Space (5 year avg.)	NA	\$61,840	\$77,950	26.1%	
Maximum Affordable Rent for Households/IZ Unit	NA	\$1,701	\$2,144		
Est. 5-year Average Margin/Mo Per Unit	NA	\$203	-\$969		



Development Activity 2011-2025

This analysis is partly based on a reconstruction of 15 years of Portland’s housing development activity.

Tracking the life of 7,610 units across three distinct regulatory eras shows robust housing approvals overall. In the five-year Pre-IZ period, 51 projects totaling 1,873 units were approved. 82 projects totaling 2,820 units were approved during IZ 1.0 and 55 projects totaling 2,917 units were approved during IZ 2.0.⁴

However, over this same period, there is evidence of falling conversion rates of projects moving from approval to completion. Approval volume has remained robust, but the delivery of actual housing has dropped from an average of greater than 80% from 2011–2020 to under 10% over the last five years.

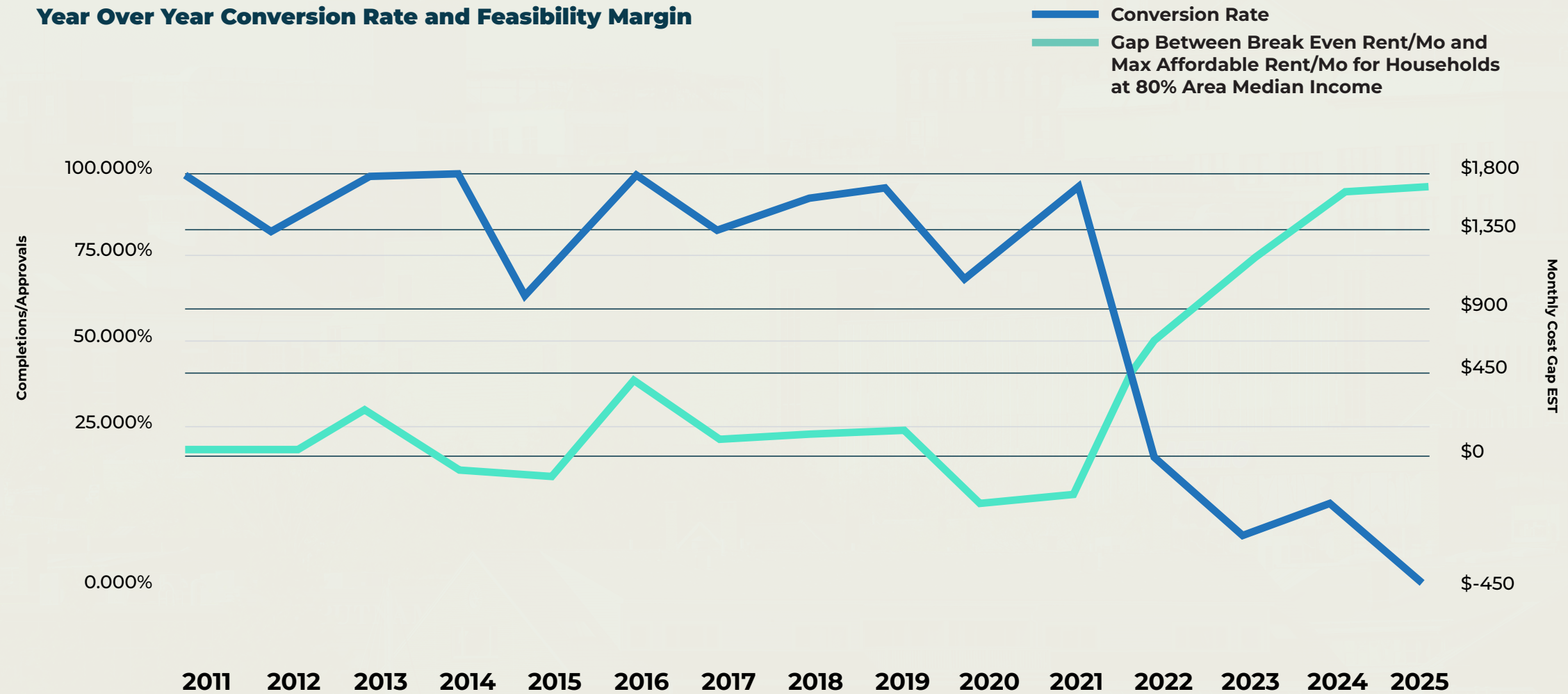
City data shows that Portland’s housing pipeline has bottlenecked. While projects continue to receive approval, they are taking longer to break ground, longer to reach completion, and are expiring at higher rates than in years past.

There is also a trend towards fewer, larger projects with smaller units, a growing need for external subsidy, and off-site, often complex and costly arrangements being made to satisfy inclusionary zoning requirements. In addition, there was a 55% decline in projects triggering compliance with inclusionary zoning from the first policy (1.0) to the current policy (2.0).

⁴This number includes some approvals that were subject to 10% IZ or in the case of Thompson’s Point, no IZ requirement).

When an approved project is completed and receives a certificate of occupancy, it has converted from an approved project to a completed project placed into service. The rate of conversion is the number of projects completed and placed into service, divided by the number of approved projects for a given period. For example, if two projects were completed of five approved during a given period, the conversion rate equal two divided by five, or 2/5, or 40%

Year Over Year Conversion Rate and Feasibility Margin



Based on CZB reviews of City of Portland Project Data 2009-2026

B/E = Estimated break/even rent needed for project viability. In this chart, the difference between each year's estimated break even rent/mo and the rent affordable to a 2 person household at 80% AMI (area median income). See Y2 axis. Concurrently, the rate at which projects were converting from approved to complete is shown on the Y1 axis.

Underlying Mechanics

The underlying mechanics of feasibility explain what has been happening. Development is not a linear process. It is a margin-driven system in which small shifts in cost or revenue determine whether a project moves forward as planned, moves forward though more slowly, stalls for a period then restarts, or fails altogether.

When feasibility margins are positive – that is when the rents or sales prices obtained are greater than the rents or sales prices that need to be charged – developers have room to absorb regulatory burdens, market fluctuations, and financing uncertainties. When margins turn negative, even temporarily, projects become fragile, delays become costly, and the likelihood of completion diminishes. When negative margins become sizable and persistent, the rate at which approvals convert to construction and completion declines. Increasingly negative margins in Portland have been driven by four converging factors: inflation, land appreciation, regulatory costs, and income gaps.

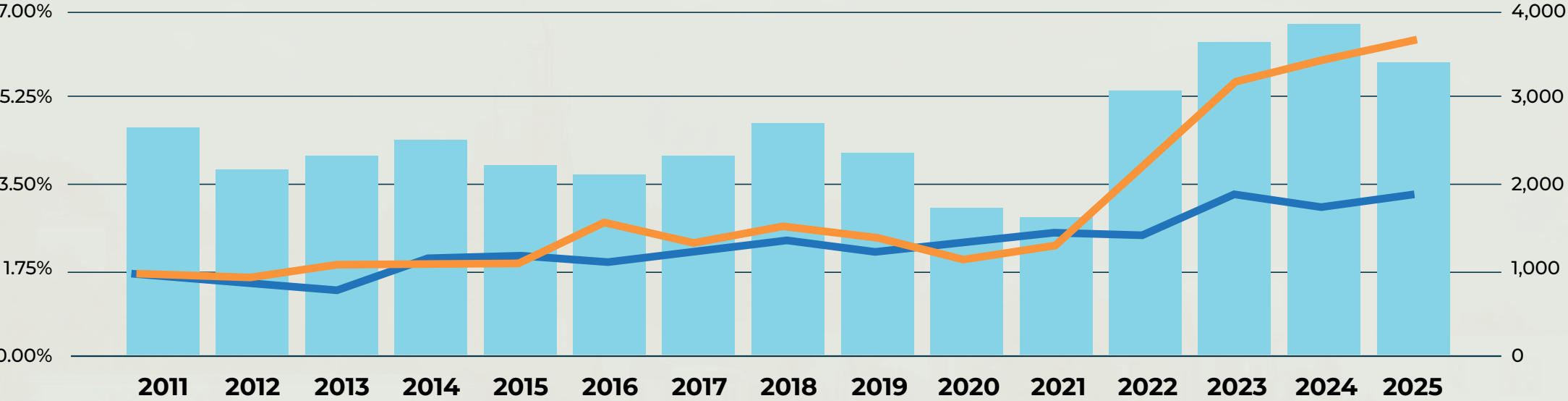
- Rising costs for labor, materials, and interest rates increase per-unit expenses. While developers typically offset these through smaller units or higher rents, inclusionary zoning restricts rent revenue, forcing unit sizes down and quality lower. If the market cannot absorb the necessary rent hikes to cover the gap, projects stall.

- As Portland’s desirability has grown, land costs have risen. While increased density can mitigate these costs, it is often insufficient in cities where land costs, while high, are, paradoxically, not high enough, thus creating further upward pressure on market-rate rents.
- Costs are compounded by building codes (HVAC, fire safety, efficiency standards), administrative delays, and regulatory requirements.
- For example, during the period 2011–2021, local incomes rose 30.6%, but development costs increased 3.52 times that amount. Income growth throughout the last 20 years, regardless of the period chosen within the last two decades to analyze, has not kept pace with the cost of building.

While the current falloff in actual production (approvals converted to units) coincides with worsening market conditions that cities nationwide have contended with over the last five years – specifically interest rates and construction costs – analysis shows that the current inclusionary requirement has functioned as a marginal cost that works to push projects from narrowly feasible to more than narrowly infeasible.

**Break Even Rent and Maximum Affordable Rent at 80% AMI
(2011-2025) with Interest Rate Fluctuations**

- Break Even Rent/Mo (500+ Common)
- 80% Area Median Income Max Affordable Rent
- Mortgage Rate



Based on CZB estimates of break even development costs (sources MLS, RS Means, CoStar)

It Wasn't Always This Way

In the Pre-IZ era analyzed for this project (2010–2015), the market operated in relative balance. Only three projects approved during this period expired and 94% of projects were eventually completed.

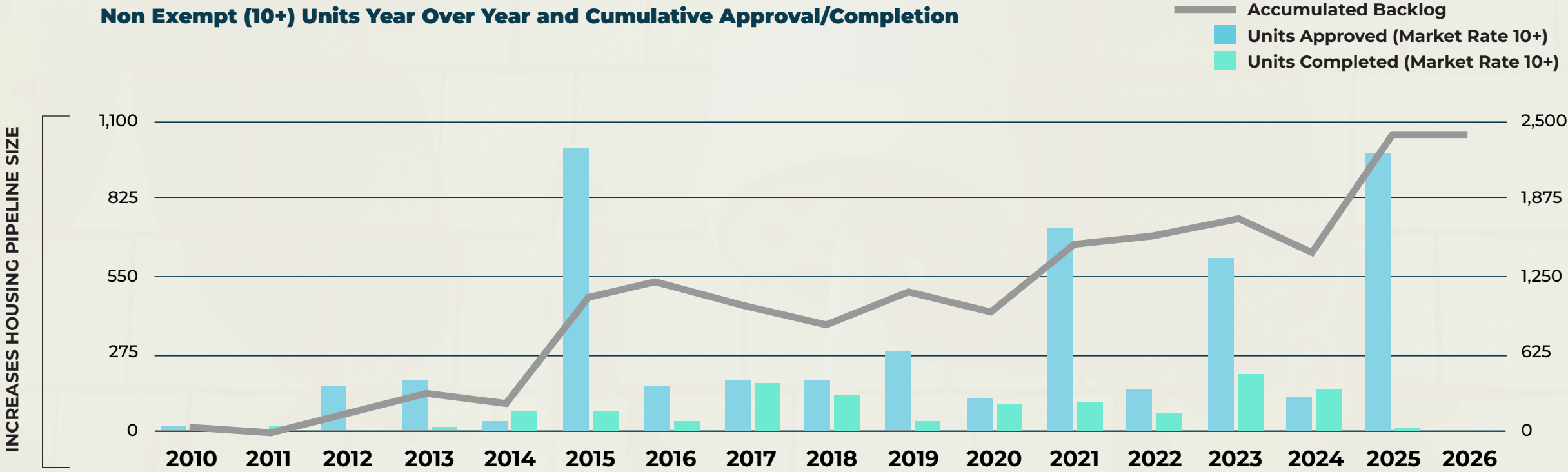
Under the 10% requirement of IZ 1.0 (2016–2020), the conversion rate remained resilient, ultimately delivering 2,102 units. This was because the not-less-than \$10,000 compliance cost/unit (\$100,000/IZ unit in-lieu spread across all units at a 10% requirement) still left enough “slack” in the project to absorb the combination of market shifts (interest rate changes, rising construction costs, rising land costs) in relation to purchasing power (incomes). The lost revenue and diminished long-term market value of every one deed-restricted unit affordable to a household at 100% AMI needed to be offset by the revenue and long-term value of nine other non-deed-restricted units.

In IZ 2.0, three market-rate units have to subsidize one inclusionary unit, and the inclusionary unit needs to be affordable to a household at 80% AMI. Further, projects need to meet these terms both when market conditions are not favorable and when incomes, while rising, are not rising fast enough.

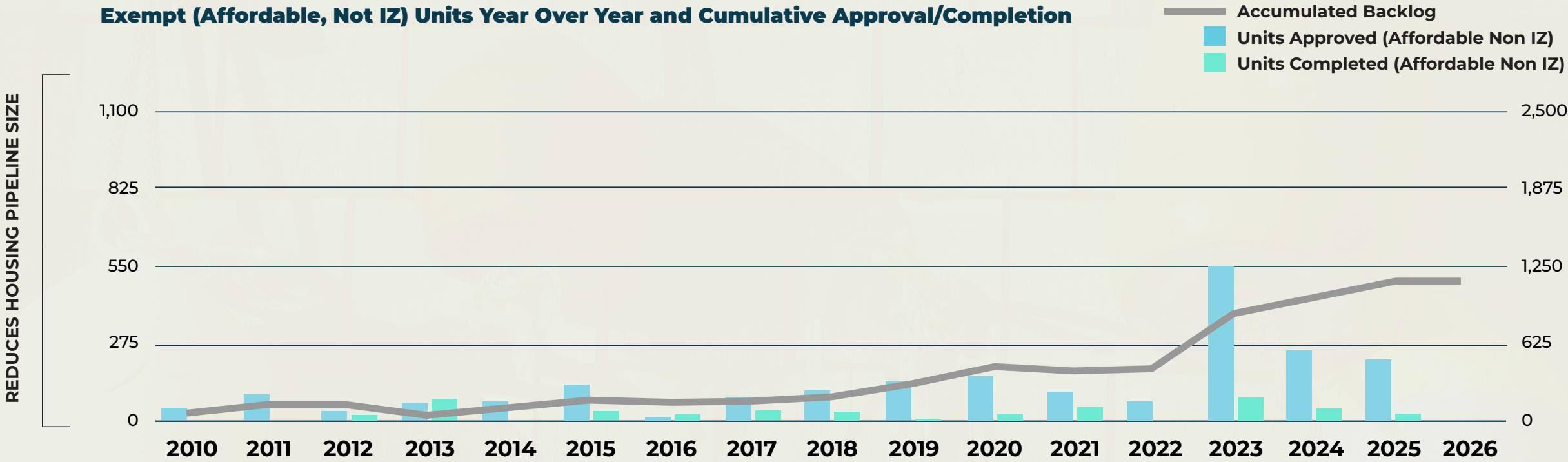
Today, IZ 2.0's \$45,500/unit burden (\$182,000/IZ unit in-lieu spread across all units at a 25% requirement) has reduced whatever slack remains.

The average break-even rent that needed to be charged over the last five years to cover the costs of putting a 500 square foot apartment into service had risen to an estimated \$2,753/mo exclusive of the costs of complying with the current inclusionary policy. Portland not being a market that will bear this cost – \$5.50/SF – the only way to absorb the cost of the inclusionary requirement is to shrink units to the 250–350 square foot range. It is worth reiterating here that all models for this report were calculated on a break-even only basis. That is all numbers referenced are based on a zero-profit/fee assumption.

Non Exempt (10+) Units Year Over Year and Cumulative Approval/Completion



Exempt (Affordable, Not IZ) Units Year Over Year and Cumulative Approval/Completion



Part 3

IZ 2.0

More housing has been approved in the last five years (under IZ 2.0) than either the five years prior under the first policy (IZ 1.0) or the five years before that. However, there was a 55% decline in projects triggering IZ compliance, decreasing from 40 projects under IZ 1.0 to 18 projects under IZ 2.0.

Emphasizing the volume of approvals but not the rate at which those approvals are turned into constructed housing implies a flow of production that is not actually occurring, however. This is noteworthy first because an approval is a statement of potential and not a guarantee of production.

Second and conversely, just because an approval has not progressed to completion does not mean it won't. Moreover, and deserving special note, because developers with access to flexible equity and strong balance sheets have the ability to wait things out, it is not impossible that some projects that have not progressed may have, or now be “stalled” not because of prohibitive market conditions, or because of the city’s inclusionary policy, but because of developer decisions to pause and wait.



Apples to Apples

This report evaluated data through the end of February 2026. Any activity since has not been taken into consideration. There are many ways to approach a large data set such as the lifespans of 188 projects approved since 2009.

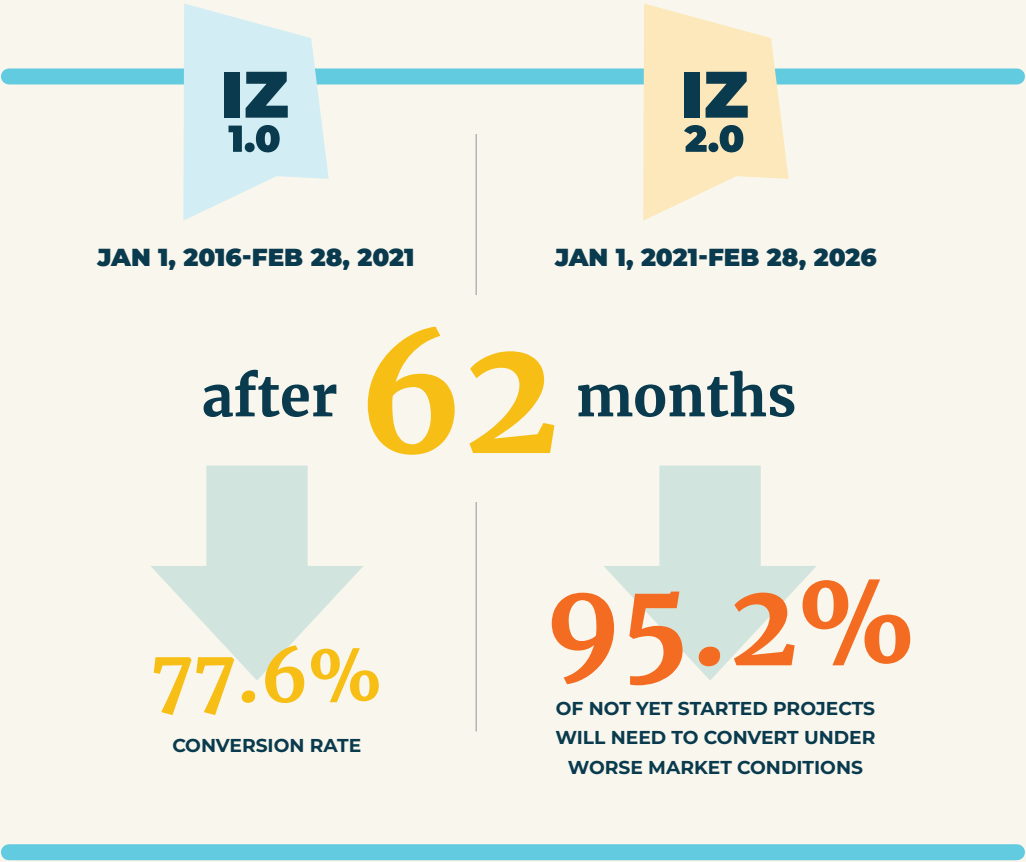
The primary window used for this analysis was to break the span into three equal five year blocks of time, as noted throughout – 2011–2015, 2016–2020, and 2021–2025. Each block is a period in which new approvals are granted and season, and entitlements from previous years mature. But by reviewing project activity only through these convenient 60 month windows, activities occurring in January and February 2026 would be missed. For those reasons analysis also looked at mirroring 62 month periods – IZ 1.0 spanning January 1, 2016–February 28, 2021, and IZ 2.0 spanning January 1, 2021–February 28, 2026.

At the same 62 month mark, both the IZ 1.0 and current IZ 2.0 periods have similar rates of units in projects not yet started, 73.1% and 69.2% respectively. But, also at the 62 month mark, the current 25% IZ policy has co-mingled with worse market conditions to deliver a conversion rate of 8.6% (251/2,917), whereas the previous 10% policy mixed with better market conditions to deliver a conversion rate of 17.8% (501/2,820).



Where the two periods most dramatically diverge is the sheer volume of ‘Not Yet Started’ inventory. Under IZ 1.0, 77.6% of units pending at month 62 eventually reached the finish line. For IZ 2.0 to achieve that same ultimate rate of production, 95.2% of the currently stalled 2,020 units would have to convert—and they would have to do so under far more restrictive financing and regulatory conditions than existed during the previous decade.

In other words, under far more favorable conditions, and a far less costly inclusionary policy than exists today, the previous era converted 77.6% of its not-yet-started-by-month-62 units. To reach the same production rate, 95.2% of today’s not-yet-started IZ 2.0 units would have to convert and do so under far worse conditions.



IZ
1.0

Apples to Apples Detailed Comparison

IZ 1.0 MARKET RATE, AFFORDABLE, CONSTRUCTED, AND EXPIRED

MARKET RATE (76%)	TOTAL APPROVALS	AFFORDABLE (24%)
2,137	2,820	683
TOTAL UNITS IN IZ PROJECTS		
2,065	\$6,068,995	164

MARKET RATE (72%)	TOTAL COMPLETIONS	AFFORDABLE (28%)
1,510	2,102	592
TOTAL UNITS IN IZ PROJECTS		
1,436	\$3,467,237	118

MARKET RATE (89%)	PRESENTLY UNDER CONSTRUCTION	AFFORDABLE (11%)
74	83	9
TOTAL UNITS IN IZ PROJECTS		
75	\$0	8

MARKET RATE (94%)	NOT YET STARTED	AFFORDABLE (6%)
434	461	27
TOTAL UNITS IN IZ PROJECTS		
461	\$2,029,923	34

IZ 1.0 PROJECTS

82

PROJECTS

40

IZ PROJECTS

29

< 10 UNIT OR OTHERWISE EXEMPT PROJECTS

13

AFFORDABLE HOUSING SUBSIDIZED PROJECTS

MARKET RATE (82%)	CANCELED/EXPIRED	AFFORDABLE (18%)
119	174	55
TOTAL UNITS IN IZ PROJECTS		
93	\$571,835	4



IZ 2.0 MARKET RATE, AFFORDABLE, CONSTRUCTED, AND EXPIRED

MARKET RATE (53%)

TOTAL APPROVALS

AFFORDABLE (47%)

1,549

2,917

1,368

TOTAL UNITS IN IZ PROJECTS	IN LIEU FEES	IZ UNITS
1,453	\$8,398,276	326

MARKET RATE (58%)

TOTAL COMPLETIONS

AFFORDABLE (42%)

145

251

106

TOTAL UNITS IN IZ PROJECTS	IN LIEU FEES	IZ UNITS
167	\$0	43

MARKET RATE (35%)

PRESENTLY UNDER CONSTRUCTION

AFFORDABLE (65%)

296

840

544

TOTAL UNITS IN IZ PROJECTS	IN LIEU FEES	IZ UNITS
13	\$577,067	0

MARKET RATE (56%)

NOT YET STARTED

AFFORDABLE (44%)

817

1,468

651

TOTAL UNITS IN IZ PROJECTS	IN LIEU FEES	IZ UNITS
949	\$4,455,214	216

IZ 2.0 PROJECTS

55

PROJECTS

18

IZ PROJECTS

19

< 10 UNIT OR OTHERWISE EXEMPT PROJECTS

18

AFFORDABLE HOUSING SUBSIDIZED PROJECTS

MARKET RATE (81%)

CANCELED/EXPIRED

AFFORDABLE (19%)

291

358

67

TOTAL UNITS IN IZ PROJECTS	IN LIEU FEES	IZ UNITS
324	\$3,365,995	67

How Market Strength Dictates Everything

While there may be a tendency to compare local policy solutions to those in markets like Boston or San Francisco, this approach overlooks a fundamental economic reality. While Portland is itself a strong market, it lacks the sheer volume of high-income households found in larger metropolitan areas. In those cities, a vast pool of renters and buyers can absorb the premium rents or sales prices necessary to generate the internal subsidy required to carry a 25% inclusionary load. Portland’s market does not have the same height. Without that specific density of high-earning households to cross-subsidize the cost of deed-restricted units, the financial burden of the requirement quickly outpaces the revenue potential of the market-rate units.

In Boston, more than 18,000 units renting above \$4,000/mo, and an estimated more than 8,400 units renting above the estimated IZ break-even rate of \$4,400/mo reflects the fact that Boston has a far higher number and percentage of households than does Portland with the incomes needed to pay rents high enough to cross subsidize rent losses from inclusionary units.

More specifically, whereas an estimated 1.1% of Portland’s multifamily inventory obtains rents at the level needed to be feasible under the combination of current market conditions and the present requirement, in Boston’s case it’s 8.65%, or 7.8 times as large.

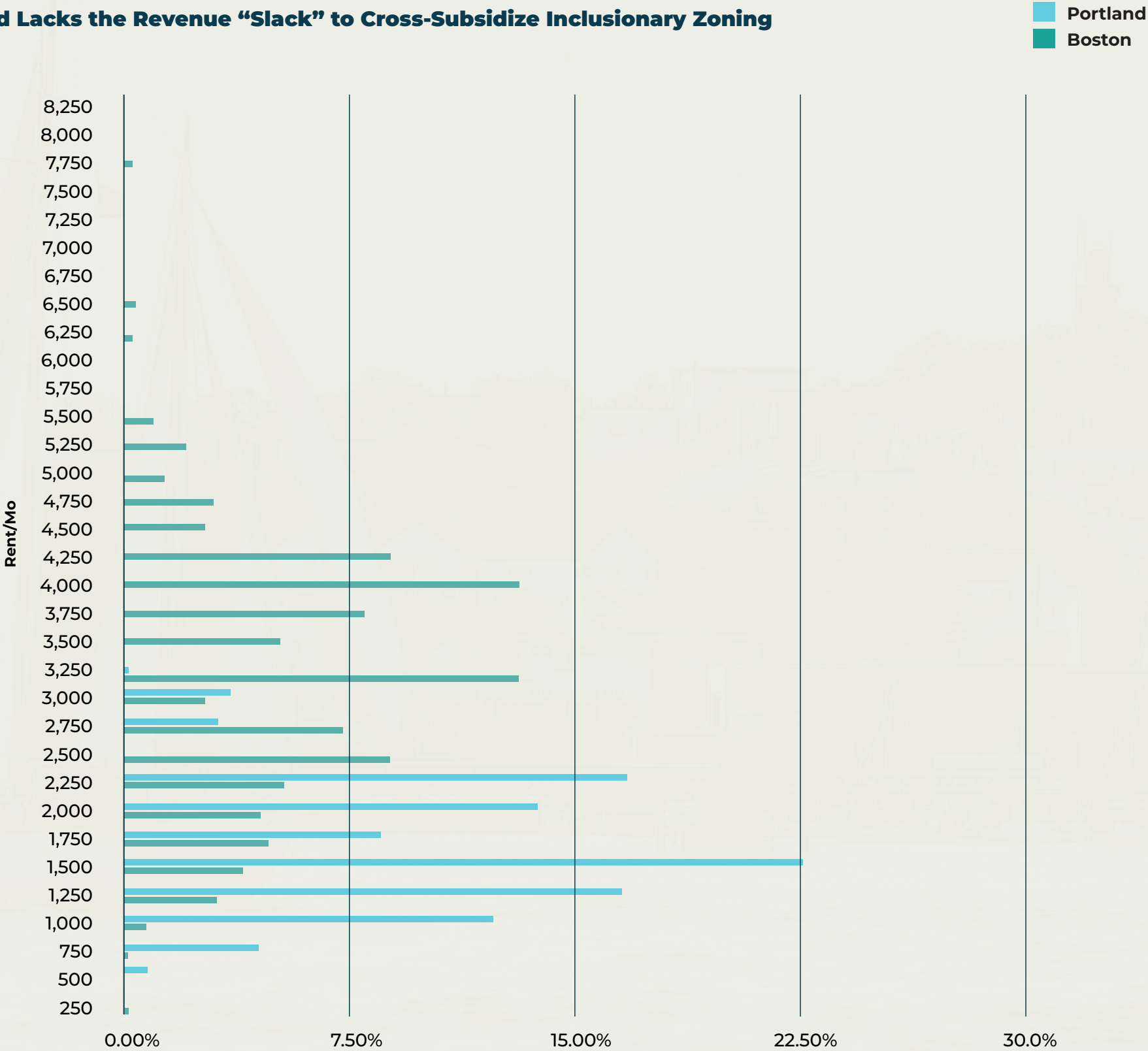
This is crucial because Portland and Boston have similar construction labor and material cost variables (Boston’s is about 21% higher), but Boston has market strength to absorb those costs that Portland lacks.

Portland’s lower land costs cannot bridge the gap created by high regional construction and financing expenses. In high-cost markets, land typically represents only 15% of a budget; the remaining 85% is dictated by labor and material costs. While Portland’s land is cheaper than Boston’s, its revenue potential is 40% lower, making it impossible to cross-subsidize high regulatory exactions.

Density provides economies of scale, but it cannot fix a market where construction costs (\$350–\$400/SF) consistently exceed the capitalized value of the resulting rents.

As of late 2024 and through 2026, the City of Boston’s Inclusionary Development Policy (IDP), now codified as Article 79 of the Zoning Code, has moved beyond previous 13% baseline. The precise requirements depend on the project’s size and whether it is rental or homeownership. The policy now applies to all residential projects of 7 or more units (down from the previous 10-unit threshold). For rental developments, the requirement is a tiered percentage based on project size: Small Projects (7–25 units): 17% of units/square footage must be income-restricted at an average of 60% AMI. Large Projects (26+ units): 20% total. This is typically structured as: 17% at an average of 60% AMI. 3% set aside specifically for households with mobile housing vouchers. Alternative for Large Projects: Developers can opt for 18% total if they deepen the affordability to an average of 50% AMI (plus the 3% voucher set-aside). For condo/ownership developments, the requirement is also scaled: Small Projects (7–25 units): 17% of units/square footage at an average of 90% AMI (units split between 80% and 100% AMI). Large Projects (26+ units): 20% of units/square footage at an average of 90% AMI. If not building on-site, the “cash-out” formula is now tied to geographic zones: Zone A (High value): \$380,000 per unit or \$675/sq ft. Zone B (Medium value): \$300,000 per unit or \$460/sq ft. Zone C (Low value): \$200,000 per unit or \$365/sq ft.

Portland Lacks the Revenue “Slack” to Cross-Subsidize Inclusionary Zoning



Distribution of Households Paying How Much/Mo for Rent in Portland (Blue) and Boston (Green)

Fixed Weight of IZ

Housing production relies on mobile private equity that requires a competitive internal rate of return. This return depends on two inputs—cash flow and future sale value—both of which are reduced by regulatory requirements such as inclusionary zoning.⁵ When this investment capital disappears, bank debt cannot be secured, and the project simply does not happen. Fewer projects ultimately lead to a smaller overall pool of housing, which paradoxically results in fewer affordable units being built. The current inclusionary zoning requirement imposes an additional \$300 to \$500 per month in rent on market-rate units just to reach a break-even point. While a city like Boston might have a rent ceiling of \$5,000 to absorb such a burden, Portland’s market effectively collapses at \$3,000. With a correlation between the policy and rising costs at 0.913, the requirement acts as an immovable weight that closes the narrow window of project feasibility.

A comparison with Boston further illustrates why Portland cannot easily absorb these costs. In Boston, households earning over \$150,000 face a high home-price-to-income ratio of 8:1, with less than 2% of for-sale inventory being affordable to them. This creates sustained demand for luxury rentals even at rates above \$4,000. In contrast, Portland households earning \$100,000—the benchmark needed to support impacted rents—find nearly 19% of the city’s for-sale inventory within their price range. This means Portland has

significantly less pressure on rental units from high earners priced out of homeownership.

Large Projects Can Have Outsize Impacts

Because Portland is a relatively small market, its data can also be easily distorted; a single outlier project succeeding or failing can mask the broader reality facing most developments.

During IZ 1.0, the 2,820 units that were approved were spread across 82 projects, with the gross average project size being 34 units. During IZ 2.0, 2,917 approved units are contained in 55 projects, with an average size of 53 units. While a valuable metric is a housing “unit”, units do not stall or get into the end zone as units, “projects” do.

The statistical narrative of Portland’s development landscape is often skewed by individual, high-impact projects that do not reflect broader market realities. A single sizable development swinging in either direction can fundamentally alter the data, creating a “story”

⁵ It is beyond the scope of this project to evaluate the impacts of Portland’s rent control policy. But any policy that curtails future value/unit will invariably impact internal rate of return, and since the city’s IZ policy will interact not only with market conditions but other regulatory requirements, the city is encouraged to evaluate the relationship between IZ and rent control.

for a given period that is defined more by atypical developments than by systemic trends. These outliers are frequently characterized by unique metrics or complex financial structures that differentiate them from the standard local pipeline.

The Bayside Master Development Plan serves as a prime example, relying as it does on a patchwork quilt of external subsidies ranging from one-off ARPA funds to highly competitive Low-Income Housing Tax Credits (LIHTC). While these projects are vital to the city's housing goals, they are poor indicators of the private market's functional health. Because their viability is tethered to contingent, application-dependent equity, their success provides no evidence that non-subsidized projects can operate under the existing regulatory conditions. In fact, such projects, and the inclusion of such subsidies in non-exempt projects is a de facto admission that they would be financially infeasible without enhancement.

To this point, the presence of tax credit projects reveals little about the market beyond the obvious gap between construction costs and what low-to-moderate-income households can afford. To the extent the projects may be said to “work”, they do precisely because they are insulated from market pressures by public capital. Their internal financing and development cost structures are unique, sharing only one commonality with market-rate projects: the requirement that

all incurred costs eventually be settled. Ultimately, subsidized developments fail to represent the scalable, market-driven production necessary for inclusionary zoning policies to be effective, as their success is based on external variables with no predictive quality for the wider industry.

Complex Projects Can Tell Multiple Stories at Once

The Bayside Master Development Plan illustrates the inherent volatility of projects with deeply interdependent parts, where the true statistical impact remains unclear until every phase is complete. Based on Portland’s Planning Board approvals, the project encompasses 804 total units spread across seven buildings. The plan utilizes a complex “sender–receiver” model where the 201 affordable units consolidated at 89 Elm Street satisfy the 25% inclusionary zoning requirement for the entire multi–phase master plan. This consolidation creates a domino effect where the viability of the market–rate phases is inextricably linked to the successful delivery of the subsidized component at 89 Elm Street, itself dependent on unreliable sources of funding.

This complexity serves as a cautionary tale. Because the project could not deliver these affordable units without external subsidies—including \$35.5 million in LIHTC equity and MaineHousing loans—the entire development had to be reimagined to qualify for specific public funding streams. This triggered a cyclical escalation: the pursuit of subsidy required an intricate design for 89 Elm Street to maximize tax credit efficiency, which in turn increased complexity.

Importantly, none of the 603 market–rate units within the Bayside Master Development Plan provide a cross–subsidy to support the deed–restricted units at 89 Elm Street. While the construction of 89 Elm Street is a legal necessity to unlock the later market–rate phases

on Preble, Oxford, and Lancaster Streets, those market–rate units are not financially carrying the burden. Instead, 89 Elm functions through a heavy reliance on external public capital. Its feasibility is bridged by tax credit equity, \$54 million in MaineHousing construction financing, and an additional \$23.72 million in various MaineHousing subsidies—much of which consists of one–time–only allocations. If completed, this project will prove a vital point regarding the current regulatory climate: For the project to meet the requirement, significant external subsidy was needed, illustrating that for IZ to work when conditions are unfavorable, tandem external funding must exist.

Beyond the Bayside Master Development Plan (a partnership between Reveler and Avesta), phased site plans, such as 197 Oxford Street, also highlight the inherent complexity of these policies. The countless permutations that occur when multiple sites, variables, and construction phases interact to create a dataset that is as suggestive as one wants it to be while being (and because it is) structurally opaque. Because the public record highlights the eventual delivery of units while concealing underlying financial pressures, it functions as a statistical Rorschach test: proponents can view the outputs as a narrative of success, while critics can use the exact same data to document a fundamental policy failure.

Bayside Master Development Plan



Part 4

Going Forward

Current market drivers—specifically construction costs and interest rates—are entirely external to municipal influence and currently operate at levels that push project viability to a critical threshold. When a city layers locally controlled policy requirements at the far upper limit of market capacity on top of prohibitive external conditions, the result is a structural misalignment. The data suggests that the current slowdown in conversion is not a temporary anomaly, but a predictable result of this misalignment. Developers have increasingly turned to specific coping mechanisms—including off-site “send and receive” transfers, historic preservation tax credits, and reduced unit sizes—to bridge the widening gap. While these strategies show that developers are doing everything possible to keep projects moving, they also highlight a hard truth: under current market conditions, the city’s affordability rules have reached a breaking point where only high-end, market-rate housing is financially possible to build. At its core, the issue is that the current policy requires a level of cross-subsidy that the Portland market is presently unable to generate. This creates a high risk of prolonged stagnation in the development pipeline, as projects remain in an approved but unfinanceable state.

There are a few paths forward the city may wish to consider, among them one that holds steady with current policy, a second that recalibrates the requirements, and a third that bridge gaps using public resources.

1

Maintain Current Requirements

This approach relies on a shift in external market conditions—such as a significant drop in interest rates or construction costs—to restore project margins. It assumes the current 25% requirement at the 80% AMI threshold will eventually become feasible as the broader economy stabilizes, effectively waiting for the market to catch up to the program specifics.

2 | **Recalibrate the Requirement Itself**

Rather than waiting for market shifts, the city could proactively modify the requirement to align with current economic realities. This would involve additional analysis of the margins recorded over the last fifteen years, specifically contrasting the higher production of 2016–2020 with the stagnation of the post-2021 era. By acknowledging the vastly different conversion rates between these periods, the city could scale its requirements to a level the market can actually deliver.

3 | **Bridge Gaps Using Publicly-Owned Assets and by Providing Community-Generated Capital**

Leverage City Assets

The City already leverages opportunities to create housing on publicly owned land. Of the 18 affordable housing projects exempt from IZ during the IZ 2.0 period, six are associated with the disposition of City-owned land, including Dougherty Commons, Lambert Woods, and 1125 Brighton Avenue. Together, these projects account for 337 approved affordable units, of which 197 have been constructed or are currently under construction. Leveraging publicly owned land allows for greater control over project outcomes and affordability levels, and this tool should be utilized whenever practicable.

Another opportunity is to leverage City funding resources to support the creation of IZ units within projects, helping to close funding gaps and provide the subsidy needed to incorporate affordable units into market-rate developments. Exploring the City’s existing resources to provide financial support for IZ projects is encouraged.

Community-Generated Capital

This path shifts the burden from the individual project to the community at large. If an economically integrated city is a Portland community priority, this approach distributes the cost across the wider public rather than extracting it solely from the housing production sector. It challenges the city to tap into the rising property values and land-value increments enjoyed by all property owners – those who benefit from Portland’s desirability but currently bear none of the financial burden for achieving its inclusionary goals. It challenges elected representatives to duly acknowledge constituent calls for more affordable housing with a response that properly locates the source of the problem and the means of addressing it with the community at large.





Portland Common Council Goals 2026 to Committee Workplans

Through the 2026 goal-setting process, the Portland City Council has identified six Common Council Goals that will guide the Council's collective work this year. These goals represent areas where councilors expressed shared commitment to advancing meaningful change. During the goal-setting workshops, councilors also identified concrete actions the Council could consider to translate these high-level goals into tangible policy work.

The attached chart demonstrates how these priority themes, specific goals, and proposed actions connect to create an integrated approach to Portland's most pressing challenges. As committees develop their detailed 2026 workplans, this framework provides a roadmap for ensuring individual committee work contributes to Council-wide progress. The specific actions identified by councilors serve as starting points for committee deliberations, with the understanding that committees may refine, prioritize, or sequence these actions based on capacity, timing, and emerging opportunities.

The 2026 Common Council Goals represent an ambitious agenda that seeks to make progress on Portland's most critical needs while building toward long-term community resilience. The connection between these goals and proposed committee actions provides a clear pathway from aspiration to implementation, ensuring that the Council's collective vision translates into meaningful policy change for Portland residents

2026 Common Council Goals Mapped to Council Committees with Potential Actions for Consideration in Committee Workplans

Theme	Description	Committee	Potential Action
Accelerate Housing Production and Strengthen Affordability Protections	Address Portland's housing challenges by encouraging the development of more homes and protecting affordability, so current and future residents can live and thrive in our community.	Housing & Economic Development Committee	Consider adjustments to inclusionary zoning ordinance to promote housing production.
			Consider policy amendments to streamline building permit application review and approval.
			Review Social Housing Task Force recommendations and consider council action on next steps.
			Consider amendment to Dusen Trust Fund ordinance to support housing assistance for residents (e.g., eviction prevention, security deposit assistance).
			Consider amendment to the rent control ordinance to strengthen enforcement.
Reduce Chronic Homelessness	Decrease the number of people experiencing chronic homelessness by advancing policy to enhance support systems and address the underlying causes that lead to housing instability in our community.	Health & Human Services & Public Safety Committee	Consider council action to support reduction in chronic homelessness by 50% (currently 120 people experiencing chronic homelessness) by end of 2026 (e.g., consideration on day shelter, adjustments to charitable food distribution license, regional and state partnerships).
			Review missions of city shelter facilities (i.e., Family Shelter, Warming Center).
			Consider amending the rate of exchange for the needle exchange program with a public health perspective.
Reduce Pedestrian and Bicyclist Fatalities	Create safer streets for all users by advancing policy to prevent traffic deaths and injuries while improving accessibility for pedestrians, cyclists, and transit users.	Sustainability & Transportation Committee	Support Vision Zero plan roll-out with council leadership.
			Express public support for Franklin Street Arterial plan and implementation.
			Consider development of Vision Zero ordinance, focused on complete streets, pedestrian safety, walkability, and community engagement.
			Develop legislative proposal for intersection camera pilot to improve safety to be introduced in the 2027 State Legislature session.
Support Affordability for All Residents Through New Revenue Policies and Targeted Tax Relief	Ease the tax burden for Portland residents by finding new ways to fund city services and providing direct tax relief to households who need it most.	Finance Committee	Consider a policy amendment to expand tax affordability programs such as Portland Senior Tax Equity Program (P-STEP).
			Consider a policy amendment to diversify city revenue streams to offset taxpayer burden (e.g. fiscal impact of cruise ships, Payment in Lieu of Taxes).
Advance the Goals of One Climate Future	Address climate change by cutting carbon emissions, expanding clean energy and energy-efficient buildings, supporting sustainable transportation, and preparing Portland for a resilient, low-carbon future.	Sustainability & Transportation Committee	Consider policy to further advance One Climate Future goals are met (e.g., environmental impacts of cruise ships, viability of solar on municipal buildings).
Strengthen Economic Vitality and Support Local Businesses	Foster a thriving local economy by increasing support for businesses and strengthening conditions that help Portland's business community grow.	Housing & Economic Development Committee	Explore ordinance regulating parking lot advertising and pricing disclosure requirements.
			Close out council action on Live Nation venue proposal.
			Consider policy to enhance public support for the arts.



The Portland City Council established its 2026 Common Goals (included below) on February 2, 2026, formally communicating its policy priorities for the coming year and setting a foundation for the development of Council committee work plans.

The 2026 Council schedule currently includes approximately 10 meetings for each committee. For planning purposes, the development of a single, original policy initiative typically requires two committee meetings. This process generally includes initial conceptual discussion, review of a draft ordinance or other policy document, and a public hearing at which the committee votes on whether to recommend adoption by the full City Council.

In addition to developing and considering original policy initiatives, committee work will also include items referred by the Council, matters brought forward by staff, and panels or presentations, as needed.

2026 City Council Common Goals

Accelerate Housing Production and Strengthen Affordability Protections – Address Portland’s housing challenges by encouraging the development of more homes and protecting affordability, so current and future residents can live and thrive in our community.

Reduce Chronic Homelessness – Decrease the number of people experiencing chronic homelessness by advancing policy to enhance support systems and address the underlying causes that lead to housing instability in our community.

Reduce Pedestrian and Bicyclist Fatalities – Create safer streets for all users by advancing policy to prevent traffic deaths and injuries while improving accessibility for pedestrians, cyclists, and transit users.

Support Affordability for All Residents Through New Revenue Policies and Targeted Tax Relief – Ease the tax burden for Portland residents by finding new ways to fund city services and providing direct tax relief to households who need it most.

Advance the Goals of One Climate Future – Address climate change by cutting carbon emissions, expanding clean energy and energy-efficient buildings, supporting sustainable transportation, and preparing Portland for a resilient, low-carbon future.

Strengthen Economic Vitality and Support Local Businesses – Foster a thriving local economy by increasing support for businesses and strengthening conditions that help Portland’s business community grow.

Housing and Economic Development Committee
2026 Work Plan

Policy Initiative	Related Council Goal	Priority Ranking
Consider adjustments to the inclusionary zoning ordinance to promote housing production.	Accelerate housing production and strengthen affordability protections.	
Consider policy amendments to streamline building permit application review and approval.	Accelerate housing production and strengthen affordability protections.	
Review Social Housing Task Force recommendations and consider Council action on next steps.	Accelerate housing production and strengthen affordability protections.	
Consider amendment to Duson Trust Fund ordinance to support housing assistance for residents (e.g., eviction prevention, security deposit assistance).	Accelerate housing production and strengthen affordability protections.	
Consider amendment to the Rent Control Ordinance to strengthen enforcement.	Accelerate housing production and strengthen affordability protections.	
Explore Ordinance regulating parking lot advertising and pricing disclosure requirements.	Strengthen economic vitality and support local businesses.	
Close out Council action on Live Nation venue proposal.	Strengthen economic vitality and support local businesses.	
Consider policy to enhance public support for the arts.	Strengthen economic vitality and support local businesses.	

MEMORANDUM

TO: Chair and Members of the Housing and Economic Development Committee

FROM: Councilor Ben Grant

DATE: May 15, 2026

SUBJECT: Proposed Amendments to Inclusionary Zoning Ordinance

I am pleased to present to you a starting point for the discussion around revising the Inclusionary Zoning ordinance.

After 5+ years in effect, I think it has become clear that the policy must be reformed. The recent consultant report, in addition to the evidence presented by staff and the anecdotal evidence conveyed to us by interested parties, have pushed us to begin this work. To my eye, the most sensible place to begin the discussion is a simple reversion back to the IZ requirement immediately pre-dating the referendum: what we call 10/100.

I want to stress in this Memo that I am not wedded to a specific outcome at this time - I am merely committed to ensuring that this discussion begins in earnest now. I am sure that discussion will involve a range of proposals, and I would be interested in the Committee and the Planning Board also discussing a mix of 5/125.

Lastly, I want to remind everyone that this debate is not happening in isolation. The Social Housing Task Force is due to report back soon, and early indications are that they will seek Council consideration of a more aggressive approach to direct housing supply. I believe it is our charge from our constituents to accelerate housing production, and the combination of the work on IZ with the Task Force is the best way to think about answering that call.

Thank you for your consideration and I look forward to contributing in any way I can to a positive result.

Attachments – Proposed Amendments Redlined

3 DEFINITIONS

Adjacent grade (within the floodplain). For the purposes of calculating floor elevation in areas of special flood hazard, the natural elevation of the ground surface prior to the construction next to the proposed wall of a structure.

* * *

Wholesale. Sale for resale, not for direct consumption.

Workforce housing unit for rent. A dwelling unit for which:

- A. The rent is affordable to a household earning ~~80~~100% or less than of AMI.
- B. The unit is rented to a household earning ~~80~~100% or less of AMI.
- C. The requirements of (A) and (B) above are limited by deed restriction or other legally binding agreement for the applicable length of time in this ordinance.

Workforce housing unit for sale. A dwelling unit for which:

- A. The purchase price is affordable to a household earning ~~80~~100% or less of AMI.
- B. The unit is sold to a household earning ~~80~~100% or less of AMI.
- C. The requirements of (A) and (B) above are limited by deed restriction or other legally binding agreement for the applicable length of time in this ordinance.

17 HOUSING

* * *

TABLE 17-C: MINIMUM TERM OF AFFORDABILITY FOR REQUIRED WORKFORCE UNITS

% of Workforce Units Provided	Minimum Term of Affordability
2510%	30 years
50%	20 years
100%	10 years

17.2.1 Ensuring workforce housing

- A. Purpose. Based on the City's Comprehensive Plan and the City's 2015 housing study, it is in the public interest to promote an adequate supply of housing that is affordable to a range of households at different income levels. The purpose of this subsection is to ensure that housing developments over a certain size provide a portion of workforce housing units and, by doing so, promote the health, safety, and welfare of Portland citizens.
- B. Applicability. This subsection shall apply to site plan applications that create ten or more new dwelling units for rent or for sale through new construction, substantial alteration of existing structures, adaptive reuse or conversion of a nonresidential use to residential use, or any combination of these elements. This subsection shall not apply to projects that otherwise meet or exceed the standards of 17.2.3(C).
- C. Standards. Development projects subject to this subsection shall meet to the following requirements:
 1. At least 2510% of the units in the project shall meet the definition of workforce housing unit for sale or for rent as defined in Article 3. The project shall have the option of paying a partial fee-in-lieu as per (5) below or providing an additional unit on-site for any fractional value.
 2. Projects shall not be segmented to avoid compliance with these provisions.
 3. Workforce units must be integrated with the rest of the development, must use a common entrance in the case of mixed market rate and workforce buildings, must provide no indication from the exterior or from areas inside the respective buildings that these units are workforce housing units, and must demonstrate general parity in unit design, finishes, and amenities between market and workforce units in the development. Applications shall include a narrative that addresses parity of workforce and market rate units, a description of workforce and market rate unit attributes and amenities, phasing if applicable, and integration into the respective building and site design.
 4. Workforce units need not be the same size as other units in the development but the cumulative number of bedrooms in such units shall be no less than 2510% of the total number of bedrooms in the development.
 5. As an alternative to providing workforce housing units, projects may pay a fee-in-lieu of some or all of the units. In-lieu fees shall be paid into the Housing Trust Fund. The fee for affordable units not provided shall be \$150,000 per unit, adjusted annually in the same way as the fee under Subsection 17.1.8.
 6. Workforce housing units for sale, if converted to workforce housing units for rent, shall become subject to the income limits and other requirements of such units.
 7. The term of affordability for the required 2510% workforce units provided shall be defined as shown in Table 17-C.
 8. Projects shall be subject to an affordable housing agreement with the City of Portland, unless a project is otherwise subject to such an agreement requiring an equal or greater percentage of affordable units



at an equal or lower income target level than required by this section.

- D. Density and height bonuses. Projects that are subject to this subsection shall be eligible for density and height bonuses under Subsection 17.2.2(D).
- E. Implementation guidance. The Housing & Economic Development Department shall provide guidance on income verification methods, affordable housing agreements, and subsequent monitoring requirements.
- F. Reporting to City Council. In conjunction with the annual report on the Housing Trust Fund, the Planning Authority shall annually report on developments subject to this subsection, the number of units produced, the amount of fee-in-lieu collected, and the overall effectiveness of this subsection in achieving its stated purpose.

* * *



Portland Housing Authority Overview And Development Pipeline

May 19 , 2026





About the Portland Housing Authority (PHA)

- Serving more than 5,200 residents across Portland and the region
- Operates over 1,300 affordable housing units
- Administers more than 2,100 Housing Choice Vouchers
- Supports seniors, families, veterans, and residents with disabilities
- Nearly 30% of Portland Public School students live in households receiving PHA assistance
- PHA is one of Maine's largest affordable housing providers

PHA Staffing Structure

7 Member Board – Overseeing 4 primary entities

107 Full time, 7 Part time positions

2 Unions (ASCME & Teamsters)

Undergoing Asset Repositioning for all Public Housing sites (767 units 15 Properties converted/368 units 4 properties remaining)

Our Primary Entities



Area of Coverage

The PHA's jurisdiction covers the following cities and towns:

- Buxton
- Cape Elizabeth
- Cumberland
- Dayton
- Falmouth
- Freeport
- Hollis
- Gorham
- Gray
- New Gloucester
- North Yarmouth
- Old Orchard Beach
- Portland
- Pownal
- Raymond
- Scarborough
- South Portland
- Standish
- Westbrook
- Windham
- Yarmouth
- And the following Islands:
 - Chebeague island
 - Frye Island
 - Long Island
 - Peaks Island

Waiting for Affordable Housing Choice Vouchers: Statewide Summary

Total Families: **21,506**

Income Levels:

- **Extremely Low Income: 18,547 (86.24%)**
- Very Low Income: 2,471 (11.49%)
- Low Income: 395 (1.84%)
- Over Income: 93 (0.43%)

Family Type:

- Families with Children: 7,041 (32.74%)
- Elderly Families: 3,425 (15.93%)
- Families with Disabilities: 9,764 (45.40%)
- One Household Member: 11,901 (55.34%)

Race/Ethnicity:

- White: 17,002 (79.06%)
- Black or African American: 3,541 (16.47%)
- Asian: 364 (1.69%)
- Alaska Native or American Indian: 729 (3.39%)
- Pacific Islander: 116 (0.54%)
- Hispanic or Latino: 1,743 (8.10%)

Locality:

- Live Local: 2,614 (12.15%)
- Work Local: 1,339 (6.23%)

Waiting for Housing Choice Vouchers: **Portland** Applicants

- More than 3,200 Portland households are waiting for rental assistance
- Approximately 75% of applicants are extremely low income
- Roughly 40% of applicants report disabilities
- Nearly 30% are families with children
- Rising rents and limited housing supply continue to increase demand

Waiting for Public Housing

Public Housing - Waiting List Status Report as of 9/30/2025									
	Studio	1BR	2BR	3BR	4BR	5BR	6BR	Total	Waiting List
Franklin Towers	30	150	20					200	194
Bayside East			56	30	12			98	220
Bayside Terrace			9	15				24	194
Kennedy Park				14	27	3	2	46	93
Public Housing Centralized								368	85
Total	30	150	85	59	39	3	2	368	
Waiting List	1	216	308	201	54	5	0		786

Waiting for PHA Non-PH

Non-Public Housing - Waiting List Status Report as of 9/30/2025									
	Studio	1BR	2BR	3BR	4BR	5BR	6BR	Total	Waiting List
38 Mayo								0	NO
43 Hammond			1	3				4	225
81-87 Salem				3				3	115
100 State St.		148	20					168	45
155 Anderson				6				6	512
841 Congress									NO
Bayside Anchor	5	34	6					45	956
Dermot Ct.				2	2			4	174
Front St. East	3	11	12	22	10	2		60	1314
Front St. West		39	6					45	
Harbor Terrace	32	83	5					120	132
Riverton Park			21	68	26	20	6	141	278
Sagamore Village		20	130	40	10			200	524
Solterra	23	10	12	10				55	808
Washington Gardens	60	36	4					100	123
Total	123	381	217	154	48	22	6	951	
Waiting List	6	2768	1289	924	172	34	0		5206

Portland Housing Development Corporation (PHDC) At a Glance

501(c)4 non-profit development entity for
PHA

Development Activity 2014 -2026

300 new construction units
338 renovated affd. units
334 current public housing units
169 Section 8 Program housing
226 Non-LIHTC/Non-PH units
1,367 TOTAL Owned/Managed
units

New units in Pipeline: 319
Renovation Units in Pipeline: 569
Units under construction: 437



Front Street Ph 1

PORTLAND HOUSING AUTHORITY

Sample “Capital Stack”

2015

Bayside Anchor – 45 family apartments

Sources:

MaineHousing subsidy -	\$ 645,725
MaineHousing debt -	\$1,550,788
City Fed HOME -	\$ 500,000
LIHTC equity -	\$5,061,538
Solar ITC equity -	<u>\$ 42,642</u>
TOTAL -	\$7,800,694

Construction Cost / SF: \$156

Total Dev. Cost / unit: \$173,348

City subsidy (non-TIF)/unit: \$11,110

2025

**9 Boyd St. (COMB Block Ph 1)
55 family apartments**

Sources:

MaineHousing subsidy -	\$ 1,000,000
MaineHousing debt -	\$11,252,428
City HTF -	\$ 650,000
FHLB AHP subsidy -	\$2,000,000
LIHTC equity -	\$11,341,682
Deferred Dev. Fee -	\$ 500,000
DECD Loan -	<u>\$ 250,000</u>
TOTAL -	\$26,958,459

Construction Cost / SF: \$324

Total Dev. Cost / unit: \$490,802

City subsidy / unit: \$11,818



Harbor Terrace

120 renovated
homes for seniors
completed
September 2025

120 Project Based Vouchers

1 person max. income = 58,440

0BR rent - \$1,056

1BR rent - \$1,110

Residents pay max. 30% of income

Recently Completed

Highlights of Work:

- New airtight insulated exterior panels and windows
- New energy-efficient, all-in-one heating/cooling/ventilation system in each apartment
- Improve accessibility
- Refinished unit interiors
- Indoor bike storage, a craft room, and exercise room
- New pedestrian plaza in front of the building
- New smoker shelter, bus shelter, and electric vehicle (EV) chargers
- Improved landscaping and exterior lighting

Under Construction



Riverton Park

118 under renovation and
64 new homes under construction for families

OBR – 6BR apartments
Rents from \$1,280 - \$2,522
140 Project Based Vouchers
Most paying 30% of income
All utilities included



Sagamore Village

Historic renovations to improve **200** homes for families

1BR - 4BR duplexes
Rents from \$1,653 - \$2,913
200 Project Based Vouchers
Most paying 30% of income
All utilities Included



COMB Block

174 new homes, many dedicated to seniors and families where 40 public housing units stood

OBR – 3BR apartments
Rents from \$491 - \$1,945
PBVs 25 Ph1 / 40 Ph2 / 6 Ph3
Utilities not included

4-person max. income at 60% AMI – \$69,550

Projects in Pre-Construction Planning

100 State Street – 169 units of senior housing planning moderate renovation

14 Baxter Blvd (former PHA offices) – Potential for 60-90 new apartment homes

Congress Street (optioned parcel) – Potential for 54 1BR apartment homes

47-49 Boyd Street Block – Potential for replacing 24 public housing units with up to 120 apartment homes

Collaboration Supports the Entire City

- PHA housing supports Portland's workforce and local economy
- Stable housing reduces pressure on shelters, healthcare, and emergency services
- PHA developments generate construction activity and neighborhood investment
- PHA partners with nonprofits, schools, healthcare providers, and community organizations
- Programs include Housing First, senior housing, foster youth housing, and supportive housing
- Opportunities for PHA and the City to collaborate on housing, homelessness, and neighborhood revitalization
- Local support helps leverage millions in state and federal investment
- Coordination improves infrastructure planning and project delivery
- Affordable housing production requires sustained public partnerships

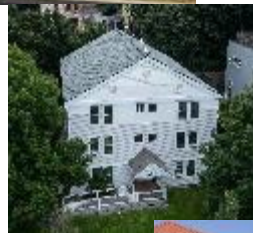
Funding Challenges and Structural Barriers

- Affordable housing funding remains highly competitive statewide
- Federal housing resources continue to shrink
- Federal requirements for product sourcing driving up costs
- Construction costs have risen dramatically over the last decade
- Local fees, infrastructure costs, and environmental review requirements impact feasibility
- Strong partnerships are essential to move projects forward

Looking Ahead

- Preserve existing affordable housing
- Expand opportunities for working families and seniors
- Continue modernization and neighborhood reinvestment
- Strengthen resident services and housing stability
- Position Portland for long-term housing resilience
- Affordable housing is essential infrastructure for Portland's future

Questions?



City of Portland, Maine

Social Housing Task Force

Interim Report

*Presented to the Housing and Economic Development
Committee*

May 19th, 2026

1. Executive Summary

Over the first several months of its charge, the Portland Social Housing Task Force conducted technical modeling, comparative research, and expert interviews to determine how the public sector can most effectively intervene in the local housing market. The Task Force also converged on a definition of social housing: a model where the *public sector maintains an active financial and ownership stake*, ensuring that investments are preserved and reinvested over time rather than serving as one-time subsidies.

Financial research has confirmed that the economics of production, specifically the rising costs of financing and construction, represent the primary barriers to new development in Portland. While the use of public land is a valuable tool, modeling demonstrates that land alone is insufficient to drive production without significant financial intervention. This finding establishes the cost of capital as a key domain where the City possesses the capacity to yield a meaningful impact on social housing production.

The emerging strategic direction positions the City as a financing partner rather than a direct developer, allowing the municipality to provide favorable capital terms while leveraging the expertise of existing organizations. Bond financing is currently under evaluation as the primary mechanism to scale this effort and support the recapitalization of public funds. A central component of this strategy is a partnership with the Portland Housing Authority, which offers a unique opportunity to combine municipal investment with established development and management capacity.

In the final phase of its work, the Task Force will focus on defining specific bond structures, establishing governance protocols for institutional partnerships, and identifying sites for initial pilot projects. These efforts aim to create a durable system that addresses critical housing gaps for workforce and middle-income households. The ultimate goal is an implementable roadmap and detailed pilot project proposal that balances programmatic ambition with technical and fiscal responsibility.

2. Charge of the Task Force

The Portland Social Housing Task Force was established by order of the City Council in March 2025 to study and develop a framework for government-led social housing in Portland.

The Council’s intent in forming the Task Force was to respond to a widening gap between housing demand and housing production, and to explore the role that public entities might play in directly shaping the housing market to achieve long-term affordability and stability. As articulated in the resolution, the Task Force was charged with developing “a strategic framework for a social housing program... prioritizing permanent affordability, environmental sustainability, and inclusivity.”

At its core, the Task Force’s work is guided by three interrelated goals:

- **Affordability:** advancing models that ensure housing remains accessible to a broad range of Portland residents over the long term;
- **Sustainability:** designing systems that are financially and operationally durable over time;
- **Mixed-Income Communities:** promoting development patterns that integrate a range of income levels and avoid concentrations of poverty.

The Council further directed the Task Force to undertake a comprehensive scope of work, including identifying key leverage points in housing production, evaluating public financing strategies such as bonding, coordinating existing funding programs, assessing local barriers such as land and permitting constraints, and exploring models of public development and ownership, including partnerships with entities such as the Portland Housing Authority.

The Task Force was convened for a one-year period, beginning in August 2025, with a final report and recommendations due to the City Council within that timeframe.

Structurally, the Task Force consists of appointed members representing municipal leadership, housing practitioners, finance and development professionals, nonprofit leaders, and community members with lived experience navigating Portland’s housing system. The group elected two co-chairs to guide its work and coordinate agendas. City staff from the Housing and Economic Development Department and the Housing and Community Development Division provide ongoing support, alongside facilitation and technical assistance from the Greater Portland Council of Governments (GPCOG).

To carry out its charge, the Task Force adopted a dual-track meeting structure. Regular business meetings are held to deliberate and advance the work plan, while separate educational sessions

are used to deepen the group's understanding of housing finance, development models, and policy tools.

Task Force Members

The Task Force brings together a multidisciplinary group with expertise spanning housing development, municipal finance, public policy, nonprofit management, and lived experience in Portland's housing market. Members include:

- **Catherine Buxton:** Policy professional and housing advocate with experience in cooperative development and legislative engagement.
- **Wendy Cherubini:** Affordable housing policy and program management professional with extensive experience in community development and evaluation.
- **Jonathan Culley:** Local developer with experience in housing production, including mixed-use and multifamily development in Portland.
- **Jon Fetherston (Co-Chair):** Veterans Housing Services Liaison at Preble Street, with extensive experience in public sector leadership and housing systems.
- **Kristin Leffler:** Public school educator and Portland resident bringing lived experience navigating housing affordability challenges.
- **Councilor Sarah Michniewicz:** Portland City Councilor with experience in municipal governance and housing policy.
- **Matt Peters:** Housing development and finance professional with experience in real estate investment and project feasibility analysis.
- **Cullen Ryan:** Executive Director of Community Housing of Maine, with deep experience in supportive housing development and operations.
- **Jason Spector:** Strategic planning and public sector consultant with experience in program evaluation and cross-sector systems design.
- **Bill Stauffer:** Property owner and business operator with experience in real estate management and local economic conditions.
- **Paul Styslinger:** Natural Hazards Planner at the State of Maine with experience in infrastructure design, residential codes, and public program sustainability.
- **Councilor Kate Sykes (Co-Chair):** Portland City Councilor with a focus on housing policy and public investment strategies.
- **Tim Wells:** Real estate and development professional with experience in construction, finance, and land use.

As reflected in the membership, the Task Force was intentionally constituted to combine technical expertise with on-the-ground experience, ensuring that its recommendations are both analytically rigorous and grounded in the lived realities of Portland residents.

3. Approach and Methodology

The Task Force structured its work to move from broad exploration to focused analysis, pairing foundational learning with applied evaluation of how social housing could function within Portland's specific economic and institutional context.

From the outset, the group recognized that social housing is not a single model, but a set of tools and strategies that must be adapted to local conditions. As a result, the Task Force adopted an approach that combined comparative research, technical analysis, and iterative discussion with an emphasis on testing ideas against real-world constraints.

3.1 Meeting Structure and Work Plan

To support this approach, the Task Force established a dual-track meeting structure consisting of regular business meetings and supplemental educational sessions. Business meetings were used to deliberate on findings, review materials, and identify priorities and next steps. Educational sessions were designed to build a shared understanding of complex topics, such as housing finance, development economics, and public policy tools.

To date, the Task Force:

- Engaged external expertise and case studies from other jurisdictions, including mixed-income public production models in localities such as Chattanooga, Atlanta, Seattle, and Montgomery County, MD to understand how social housing models have been implemented elsewhere.
- Developed and tested financial models. Leveraging technical modeling from GPCOG to evaluate how variables such as financing costs, income mix, land value, and subsidy levels affect project feasibility.
- Reviewed local data and project conditions, including city-owned land inventories and the status of approved but unbuilt or stalled housing developments.
- Refined areas of focus, moving from a broad survey of possible approaches toward a more targeted examination of the most viable pathways for Portland.

As the work has progressed, the Task Force has begun to organize itself into more defined areas of inquiry with the intention of forming working groups to deepen analysis during the second half of its charge.

3.2 Areas of Study

The Task Force's work to date has focused on several core areas of study, each of which corresponds to a key dimension of the Council's charge.

- **Social Housing Models (Comparative):** The Task Force reviewed a range of national and international social housing approaches from other municipalities, including publicly owned, mixed-income developments, as well as hybrid models involving public financing and private or nonprofit delivery. Early discussions focused on defining what “social housing” should mean in Portland’s context and how it could complement, rather than compete with, existing programs.
- **Financial Modeling and Feasibility:** A central component of the work has been the analysis of financial models to understand the feasibility of different housing scenarios. These models tested the impact of variables including interest rates, hard and soft construction costs, and income targeting. This revealed the significant challenges associated with bringing new projects to viability under current market conditions, specifically where construction and financing cost escalation has outpaced traditional subsidy models.
- **Public Land Analysis:** The Task Force reviewed inventories of City-owned land to assess potential development opportunities, while also examining site-specific constraints such as environmental limitations, existing uses, and regulatory considerations. This analysis helped clarify both the opportunities and limitations of relying on public land as a primary strategy for housing production.
- **Existing Project Pipeline (Stalled Projects):** Recognizing that a number of approved developments have not moved forward, the Task Force examined the local project pipeline. Particular attention was paid to projects that may be delayed or infeasible under current financing conditions, raising the possibility that targeted public intervention acting as gap financing could unlock projects otherwise stalled by recent shifts in the private lending market.
- **Partnership Pathways (Including Portland Housing Authority):** The Task Force explored potential partnerships with existing housing institutions, most notably the Portland Housing Authority (PHA). Discussions focused on how the City might leverage PHA’s development experience, operational capacity, and existing project pipeline while contributing financing to enable mixed-income, publicly influenced housing development.

Taken together, these areas of study reflect an approach that is exploratory but also grounded in Portland’s financial, regulatory, and institutional landscape.

4. Defining Social Housing

One of the earliest and most important areas of discussion for the Task Force was the question of definition: *what should “social housing” look like in the context of Portland?*

While the Council’s resolution provides a general framework, describing social housing as a model in which public entities take an active role in the development and ownership of housing, it does not prescribe a single structure or implementation strategy.

As a result, Task Force members began their work with differing perspectives on what social housing should entail in practice. These differences were surfaced and explored through early discussions and a structured survey of members, which sought to clarify assumptions about public ownership, financial participation, and the role of the City.

4.1 Areas of Convergence and Clarification

Early in its work, the Task Force sought to clarify how members understood the concept of social housing, including the role of public ownership, financing, and long-term stewardship. This was explored through group discussion and a structured survey designed to test assumptions and surface areas of agreement.

While there were differences in emphasis, the survey results indicated a strong underlying alignment among members on several core principles. Across the Task Force, there was broad agreement that social housing should:

- Involve a meaningful public role in shaping housing outcomes, rather than relying solely on private market delivery
- Prioritize long-term and perpetual affordability, rather than time-limited restrictions
- Support mixed-income communities, rather than narrowly targeted or isolated developments; and
- Be structured in a way that is financially sustainable over time, rather than dependent on one-time interventions.

Where differences emerged, they were less about whether the public should play a role, and more about how that role should be structured and operationalized. In particular, members explored the extent to which the City should:

- Retain an ongoing ownership or equity stake in projects
- Act as a financial partner versus a direct developer
- Intervene in existing projects versus initiate new development

These discussions helped clarify that the Task Force was not divided on purpose or direction, but interested in working through the practical design of a model that could balance ambition with feasibility.

4.2 Public Investment as a Lasting Public Asset

As the Task Force worked through these questions, a key point of alignment emerged around the nature of public investment in housing: if the City is to deploy public resources at scale, those investments should be structured to create lasting public value, rather than functioning solely as one-time subsidies.

This principle distinguishes social housing, as understood by the Task Force, from more traditional approaches in which public funds are used to close financing gaps without retaining an ongoing public stake in the resulting asset.

Instead, the Task Force has increasingly coalesced around a model in which public investment is designed to:

- Retain an ownership or equity position, even if partial;
- Support repayment and recapitalization, particularly in the context of bond financing; and
- Enable reinvestment into future housing production, creating a cycle of sustained public impact.

In this framework, the City's role is not to fully assume the responsibilities of a developer or property manager, but to act as a long-term financial and strategic partner, ensuring that public contributions continue to generate public benefit over time.

This approach reflects a practical synthesis of the Task Force's discussions: it avoids both the limitations of one-time subsidy models and the complexity of building a fully municipal development apparatus, while preserving the central principle that public investment should result in ongoing public ownership, influence, and return.

4.3 Emerging Definition

Based on these discussions, the Task Force has begun to converge around a working definition of social housing for Portland:

Social housing is housing in which the public sector plays an active financial and ownership role, ensuring long-term affordability and allowing public investment to be preserved and reinvested over time.

This definition reflects several key principles:

- **Public Investment with Retained Value:**
Public dollars are not treated solely as subsidy, but as investment structured in a way that allows the City to retain equity, repay capital (such as through bond financing), and redeploy resources into future projects.
- **Shared Ownership, Not Full Municipalization:**
Social housing does not require the City to fully stand up and operate a comprehensive development and property management entity. Instead, it may involve partial ownership or equity stakes, often in partnership with experienced developers or public housing authorities.
- **Flexibility in Delivery:**
The model allows for multiple pathways, including new construction, acquisition and rehabilitation, or participation in existing projects, so long as the core principle of ongoing public benefit and ownership is maintained.
- **Distinction from Traditional Subsidy Models:**
Unlike conventional approaches that rely on one-time subsidies or tax incentives without long-term public return, this model emphasizes recapture, recapitalization, and continuity.

4.4 Implications for the Task Force’s Work

This emerging definition has shaped the Task Force’s subsequent analysis in several important ways:

- It has focused attention on financing structures, particularly those that allow the City to act as an investor rather than a grant-maker;
- It has elevated the importance of equity participation and long-term stewardship in project design; and
- It has informed ongoing discussions about partnership models, especially with institutions such as the Portland Housing Authority, where ownership and operational responsibilities can be shared.

At the same time, the Task Force recognizes that this definition is still being refined. The second phase of its work will further test how these principles can be translated into specific, implementable models within Portland’s legal, financial, and institutional constraints.

5. What We Have Learned So Far

Through its first several months of work, the Task Force has moved from broad exploration to a more grounded understanding of how housing is produced in Portland, and where meaningful intervention may be possible. The findings below reflect recurring themes across financial modeling, case study review, and local analysis.

5.1 The Economics of Housing Production Are the Primary Constraint

The most consistent and consequential finding of the Task Force’s work to date is that the economics of housing production, in particular the costs of financing and construction, represent the central barriers to new development.

Through financial modeling exercises, the Task Force examined how variables such as construction costs, income targeting, land value, and financing terms interact to determine project feasibility. These exercises demonstrated that even under highly favorable conditions, including scenarios with reduced or no land cost, limited or no property tax burden, and additional subsidy, projects often fail to “pencil out.”

5.2 Public Land Alone Is Not Sufficient to Drive Housing Production

The Task Force examined the potential role of City-owned land as a catalyst for housing development. While public land can reduce project costs and create opportunities for strategic intervention, the analysis made clear that land is only one component of a much larger financial equation.

In many modeled scenarios, even the provision of free land was not sufficient to make a project viable without additional financial intervention. Furthermore, site-specific constraints, including environmental limitations, existing uses, and regulatory considerations, reduce the number of parcels that are realistically available for development.

As a result, while public land remains an important tool, the Task Force finds that it cannot, on its own, address the scale of Portland’s housing challenges.

5.3 Financing Represents the Most Effective Municipal Lever

Given the constraints identified above, the Task Force has increasingly focused on financing as the most powerful and scalable lever available to the City. Unlike land use alone, financing tools have the potential to directly influence project feasibility by lowering the cost of capital, reducing risk, or enabling projects that would otherwise not proceed. Mechanisms such as bond

financing, low-interest loans, or other forms of public investment can materially shift the financial structure of a project.

This insight has shaped the Task Force’s emerging direction: that the City’s most effective role may be as a financial partner, rather than solely as a regulator or land provider. In this framing, the City is positioned to unlock housing production at scale, while structuring its participation in a way that preserves long-term public value.

5.4 The Current Housing System Leaves Critical Gaps

The Task Force’s work has also reinforced that Portland’s existing housing development system, while producing important outcomes, does not fully meet the needs of the community.

In particular, there is a persistent gap in housing options for middle-income and workforce households, who often earn too much to qualify for traditional affordable housing programs, but not enough to access market-rate housing comfortably.

Existing financing tools, including federal and state programs, tend to be structured around specific income thresholds, leaving limited flexibility to address this “missing middle.” As a result, the Task Force finds that new models are needed to complement, rather than compete with, existing programs.

5.5 Mixed-Income Development Is Preferred for Long-Term Sustainability

Across its discussions, the Task Force has consistently expressed a preference for mixed-income housing models. From both a social and financial perspective, mixed-income developments offer several advantages:

- They avoid the concentration of poverty associated with single-income developments;
- They create more stable and resilient communities; and
- They can support more sustainable financial structures by balancing different rent levels within a single project.

While deeper affordability remains an important long-term goal, the Task Force has recognized that mixed-income models may represent the most viable and scalable approach for initial implementation, particularly in a high-cost environment.

5.6 Multiple Intervention Pathways Are Viable

Finally, the Task Force has identified that there is no single pathway for public involvement in housing development. Instead, several potential entry points exist, each with distinct opportunities and challenges. These include:

- **Ground-up development**, where the City participates in the creation of new housing on vacant or underutilized land;
- **Acquisition and rehabilitation**, including the purchase and improvement of existing buildings;
- **Intervention in stalled or delayed projects**, where targeted financial support could enable projects that are otherwise unlikely to proceed; and
- **Acquisition of existing housing assets**, potentially removing units from speculative markets and stabilizing them over time.

This range of options suggests that a successful social housing strategy will likely require flexibility in approach, allowing the City to respond to different opportunities as they arise.

Taken together, these findings point toward a consistent conclusion: the City's most effective role in addressing the housing crisis may lie in strategically deployed financial intervention, structured to produce both immediate housing outcomes and long-term public value.

6. Emerging Strategic Direction

Building on the findings outlined above, the Task Force has begun to coalesce around a strategic direction for how the City of Portland might most effectively participate in the development of social housing.

This direction is not yet a final recommendation. Rather, it reflects a set of interrelated concepts that have emerged consistently through the Task Force's analysis and discussions, and which will be further tested and refined during its remaining work.

6.1 Role of the City: Financer vs. Developer

A central question for the Task Force has been the appropriate role of the City in housing development and operations. While some models of social housing involve the creation of a fully public development entity (responsible for land acquisition, construction, and long-term property management), the Task Force has recognized that establishing such an apparatus in Portland would present significant challenges in terms of capacity, cost, and time.

At the same time, the Task Force's analysis suggests that the City already possesses a powerful, and currently underutilized, tool: its ability to finance and structure capital for housing projects. As a result, the Task Force is increasingly exploring a model in which the City acts primarily as a financial partner, rather than a direct developer. In this role, the City could:

- Provide capital at more favorable terms than private markets;
- Influence project design, including income mix and long-term affordability; and
- Retain an ownership or equity position that preserves public value over time.

This approach allows the City to intervene at the point of greatest constraint - project financing - while leveraging the expertise of existing development and management entities.

6.2 Bonding as a Primary Tool (Under Evaluation)

Within this emerging framework, bond financing has surfaced as a potentially central mechanism for enabling City participation at scale.

Bonding offers several potential advantages:

- It allows the City to raise significant capital upfront, enabling multiple projects to move forward within a relatively short timeframe;
- It can provide lower-cost financing than is typically available through private lending markets; and
- It aligns with a model in which public investment is repaid over time, supporting recapitalization and reinvestment.

At the same time, the use of bonds introduces important questions related to risk, repayment structures, and long-term fiscal impact. The Task Force has begun exploring these issues, but additional analysis will be required to determine:

- Appropriate bond structures and terms;
- Risk mitigation strategies; and
- The relationship between bond financing and existing City funding mechanisms.

As such, bonding should be understood at this stage as a promising but still evolving tool, central to the Task Force's inquiry but not yet fully defined.

6.3 Partnership with the Portland Housing Authority (PHA)

The Task Force has identified a significant opportunity to advance social housing through partnership with the Portland Housing Authority (PHA).

Unlike many housing authorities nationally, PHA has demonstrated a willingness to explore collaborative models with the City. This presents a unique opportunity to combine PHA's strengths (including development experience, access to federal programs, and long-term property management capacity) and the City's potential role as a source of flexible capital, strategic direction, and public investment.

Through this partnership, it may be possible to:

- Expand or adapt existing PHA projects to include mixed-income components;
- Accelerate redevelopment efforts, including those associated with RAD conversions and other capital improvements; and
- Pilot new models of shared ownership and financing that align with the Task Force's emerging definition of social housing.

The Task Force also recognizes that such a partnership will require careful attention to governance and accountability, particularly where City capital is involved. As a result, further work will be needed to define appropriate structures that ensure alignment between the City and PHA while respecting their distinct roles and authorities.

6.4 Pilot Project Approach

Consistent with guidance from peer jurisdictions and practitioners, the Task Force is increasingly oriented toward a pilot project approach that would:

- Focus on a limited number of initial projects;
- Test key elements of the model, including financing, partnership structures, and income mix; and
- Generate practical experience that can inform future expansion.

This strategy reflects an understanding that social housing is not a single policy decision, but a system that must be built iteratively. Early projects can demonstrate feasibility, build institutional knowledge, and establish public confidence.

At the same time, the Task Force recognizes that even pilot projects must be designed with long-term scalability in mind, ensuring that lessons learned can be translated into a broader, sustainable program.

Taken together, these elements point toward a strategic direction in which the City leverages its financial capacity, partners with existing institutions, and proceeds through targeted implementation, building a model of social housing that is both ambitious and grounded in Portland's realities.

7. Work Remaining

While the Task Force has developed a clearer understanding of the challenges and opportunities associated with social housing in Portland, significant work remains to translate these insights into a fully defined and implementable framework.

The second part of the Task Force's work will focus on deepening analysis in several key areas, with the goal of producing actionable recommendations that are financially sound, legally viable, and operationally feasible.

7.1 Financing and Capital Strategy

Further work is needed to define the structure and implications of potential financing tools, particularly bond financing.

This will include:

- Evaluating different bond structures, including general obligation and revenue bonds;
- Assessing risk exposure and mitigation strategies, including how projects perform under varying market conditions;
- Exploring mechanisms for repayment and recapitalization, ensuring that public investment can be sustained and redeployed over time; and
- Clarifying how new financing tools would interact with existing resources, including the Jill C. Dusen Housing Trust Fund and other local or federal programs.

This analysis will be central to determining the scale at which the City can responsibly participate in housing development.

7.2 Development Pathways

The Task Force has identified multiple potential pathways for public involvement in housing production. The next phase of work will further evaluate these options to determine where intervention is most effective. This will include:

- Comparing the feasibility and impact of new construction, acquisition and rehabilitation, and intervention in stalled projects;
- Identifying the conditions under which each pathway is most appropriate; and
- Developing criteria for prioritizing opportunities as they arise.

The goal is to establish a flexible but disciplined framework for how the City engages with different types of projects.

7.3 Partnership Models

Building on early discussions, the Task Force will further define how partnerships - particularly with the Portland Housing Authority - can be structured to support social housing.

This work will include:

- Clarifying roles and responsibilities across partner organizations;
- Identifying opportunities for regional collaboration with other public or quasi-public entities; and
- Developing models for shared ownership and financial participation that align with the Task Force's principles.

Particular attention will be given to ensuring that partnership structures preserve both operational effectiveness and long-term public value.

7.4 Land and Site Strategy

Although land alone is not sufficient to drive housing production, it remains an important component of a broader strategy. The Task Force will:

- Refine the list of viable City-owned parcels, taking into account physical, regulatory, and financial constraints;
- Develop criteria for site selection, including alignment with transit, services, and neighborhood context; and
- Evaluate opportunities for strategic acquisition or repurposing of additional sites, where appropriate.

This work will help ensure that land resources are deployed strategically in support of broader financing and development goals.

7.5 Legal and Institutional Capacity

The implementation of a social housing strategy will require careful evaluation of the City's legal authority and institutional structure.

Key areas of focus include:

- Confirming the City's authority to finance and participate in development, including any constraints under state law or municipal charter;
- Clarifying the role of existing entities, such as the Portland Housing Authority and other quasi-public organizations; and
- Developing a governance and partnership structure ("bridge") to support joint City-PHA projects.

In particular, the Task Force will examine how to establish a formal mechanism—such as board representation, intergovernmental agreements, or other governance tools—that ensures:

- Appropriate oversight of public investment;
- Alignment of project goals and outcomes; and
- Clear decision-making authority and accountability across institutions.

This work is essential to ensuring that any future program is both effective and publicly accountable.

7.6 Community Engagement

Finally, the Task Force will continue to engage with the community to better understand housing needs, priorities, and concerns. This will include:

- Communicating clearly about the concept of social housing and how it differs from existing models;
- Gathering input from residents, stakeholders, and community organizations; and
- Assessing the political and social viability of proposed approaches.

A successful social housing strategy will require not only technical feasibility, but also broad public understanding and support.