ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, May 5, 2020
TIME: 5:30 PM
LOCATION:

You are invited to a Zoom webinar.
When: May 5, 2020 05:30 PM Eastern Time (US and Canada)
Topic: Economic Development Committee

Please click the link below to join the webinar:
https://zoom.us/j/95405458142

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Webinar ID: 954 0545 8142
International numbers available: https://zoom.us/u/aexruidTL

1. **Public Hearing on 104 Grant Street Affordable Housing Tax Increment Financing (TIF) District Credit Enhancement Agreement (CEA) Request - Mary Davis**

   a. See attached Memo and backup.

   NOTE: Pursuant to 5 M.R.S.A. 13119-A, the Committee may go into executive session to provide City staff general policy guidance regarding TIF CEA negotiations.

2. **Public Hearing and vote to to recommend sending as a communication, to the City Council, the Annual TIF District Activity Report up to May 1, 2020, with the Final Report to be provided after the fiscal year ends - Greg Mitchell and Mary Davis**

a. See attached report.

3. **Verbal update on Request for Proposals issued for 43 & 91 Douglass Street, 41 Randall street, and 165 Lambert Street Properties - Mary Davis**

4. **Verbal update on additional COVID-19 restricted CDBG funding to support economic development and other activities, including the allocation process - Mary Davis**

5. **Verbal update regarding possible expanded outdoor seating for restaurants - Councilor Justin Costa**

Next Meeting Date: May 19, 2020

CITY OF PORTLAND
Planning & Urban Development Department
Housing and Community Development Division

TO: Councilor Costa, Chair
Members of the Economic Development Committee

FROM: Mary Davis, Division Director, Housing & Community Development

DATE: May 1, 2020

SUBJECT: Watson Renewal Grant LLC – 104 Grant Street
Affordable Housing Tax Increment Financing Request

As you may recall, the committee received an introduction to this project and the Affordable Housing Tax Increment Financing (AHTIF) Credit Enhancement Agreement (CEA) request at your joint meeting with the Housing Committee on March 4, 2020. The applicant spoke briefly regarding the request and public comment was taken.

Under the terms of a Purchase and Sale Agreement between the City of Portland and Tom Watson & Co., LLC, related to the city sale of 82 Hanover Street, the buyer's post-closing obligations required construction of at least 23 units at property located at 104 Grant Street. Watson Renewal Grant LLC (WRG) is a partnership formed to meet that obligation. WRG is proposing to construct 23 condominium units on the 104 Grant Street site and is requesting financial assistance from the City in the form of an Affordable Housing Tax Increment Financing District and Credit Enhancement Agreement to assist with the cost of construction of the project.

The development district will include 23 units of workforce housing. The project will include 1 two-bedroom and 22 one-bedroom condominiums. Fifty-two percent (52%) or a total of twelve of the twenty-three units, will be available for sale as workforce housing affordable to households at 120% of the area median income. The units will have affordability restrictions through the Affordable Housing TIF Program, MaineHousing's Subdivision Grant Program and the City's Inclusionary Zoning Ordinance. The units will range in size from 498 to 760 square feet. The sale price of the units will range from $200,000 to $355,000. Twelve units will be priced below $250,000 with eight of those units priced at $200,000.

When completed, the project's new assessed value is estimated at $4.419 million, which will yield $3.99 million in increased annual assessed property value. The property currently has a $419,600 net taxable value.

Total development costs are estimated at $6.5 million. At full build out, the development district is projected to pay an annual average of $122,199 in new taxes, of which an estimated $30,550 (average) will be non-captured general fund revenue. In addition, the City will continue to receive general fund revenues of $13,472 (30 year annual average) on the original assessed value of the property.

It is important to note that this Project has received City Planning Board approval.

Two options regarding how the captured revenue returned to the developer will be paid out are presented at the May 5th EDC meeting for Committee discussion and direction. The options include:

<u>**Option 1**</u> would return to the developer their actual costs paid on annual Project debt service based upon an annual maximum 75% TIF CEA capture rate for upwards of thirty (30) years with a total captured revenue cumulative "cap" or maximum. The cap would be the total cumulative TIF CEA payment amount equal to the total actual debt service cost. When the cap is reached the TIF CEA expires.

Option 2 under consideration by the Project developer returns a fixed 75% TIF CEA capture of the increased taxable value to the developer, currently estimated at a 30-year annual average of $91,649 for upwards of thirty (30) years until the cap is reached. Any amount over and above the actual debt service costs would be used to pay down the principal amount of the developer Project loan, thereby retiring the debt early and decreasing the term of the AHTIF district when that debt is paid in full.

	Captured Revenue to Developer (assumes 2% increase/year to mill rate) (Tax Dollars returned to the Developer's District Account)	Captured Revenue Returned to City (assumes 2% increase/year to mill rate) (Tax Dollars returned to the City's District Account)	Non -Captured General Fund Revenue (Tax Dollars in General Fund)	City OAV General Fund Revenues
30 Year TIF Total	$2,749,457	$0	$916,486	$404,148
30 Year Average	$91,649	$0	$30,550	$13,472

<u>Tax Sheltering Benefits</u> - As a result of the tax sheltering benefits of this TIF District, the City will see an overall savings estimated at an annual amount of $25,171, or $755,135 over the life of the district.

	1. Sheltered Valuation (same as Captured Valuation	2. Avoided Loss of State Aid for Education	3. Avoided Loss of State Municipal Revenue Sharing	4. Avoided Increase in County Tax	5. Total Avoided Impacts (2+3+4)
30 Year TIF Total	$83,996,220	$645,811	$62,947	$46,377	$755,135
30 Year Average	$2,799,874	$21,527	$2,098	$1,546	$25,171

<u>Staff Analysis and Recommendation</u> - The Housing and Community Development Division works with an independent consultant who performs third party underwriting reviews of all requests for City funding (local and federal resources), including Affordable Housing Tax Increment Financing requests. The financial analysis for this Project found that the Project is unlikely to proceed without the TIF CEA under the requested terms. A copy of the analysis is attached. Tax increment financing requests are reviewed by the Economic Development Committee with the Housing Committee weighing in on affordable housing TIF requests. The Economic Development Committee and the Housing Committee held a joint meeting on March 4, 2020 to review this request.

Public Benefits - In reviewing this TIF CEA request, staff notes the public benefit associated with the TIF District includes 23 units of workforce homeownership units, with 12 units affordable to households at or below 120% of the area median income. Additionally, the TIF will create tax sheltering benefits estimated at an average $25,171 annually.

Staff recommendation - Staff is requesting the Economic Development Committee approve and recommend to the City Council approval of this Affordable Housing TIF CEA proposal which meets the City's policy goal of increasing access to safe, affordable and accessible housing for working families and is consistent with City TIF Policy. Staff is also seeking guidance from the Committee regarding the two captured revenue payout options mentioned above. If approved by the EDC, staff will prepare the TIF District Program documents to present to the City Council for final action.

ATTACHMENTS
1. Project Description
2. TIF District Map(s)
3. Project Pro Forma
4. Third Party Financial Analysis
5. TIF Model Spreadsheets

Watson Renewal Grant LLC

104 Grant Street

EXECUTIVE SUMMARY

Watson Renewal Grant LLC ("WRG"), a partnership consisting of Tom Watson and Renewal Housing Associates LLC (collectively, the "Sponsors"), proposes to redevelop 104 Grant Street (the "Property") into 23-units of homeownership workforce housing (the "Project"). The project will consist of 1 two-bedroom and 22 one-bedroom condominiums ranging in size from 500 SF to 750 SF. Eight (8) of the 23 units will be regulated under the City of Portland's Inclusionary Zoning ordinance and the State of Maine's Affordable Housing Tax Increment Financing Statute 30-A MRSA Sec 5247. An additional four (4) units will be regulated under the Maine State Housing Authority's Subdivision Grant Program. The remaining units will be sold without deed restrictions. The prices for the 'conventional' units are projected to be below the average sales price for condominium units sold on the Portland peninsula.

The Sponsors' goals for the Project are two-fold; one***, to provide high quality homeownership opportunities to first-time homebuyers and middle-income Portland residents***. Second, ***to strengthen the Parkside neighborhood by increasing the number of owner-occupied housing units***.

The Project's total development costs are projected to be $6,495,000. The Sponsors will finance the acquisition and development of the Project with a combination of conventional construction financing and public subsidy. Specifically, WRG will raise ***$5,175,000 in private funds*** through a traditional construction loan, private capital and a deferment of Sponsor sale proceeds and fees.

WRG will also generate $1,320,000 in funding through the Maine's Affordable Housing Tax Increment Financing program and Maine Housing's Subdivision Grant Program. Specifically, under this application, the Sponsors are seeking to establish an AHTIF District in order ***to utilize 75% of the incremental tax revenue generated by the new condominium units to repay principal and interest on a $1,050,000 loan (the "AHTIF Loan"), the proceeds of which will be used to construct the building***. A detailed schedule of the Project's sources and uses is provided below. Attached as Exhibit A is an AHTIF Schedule.

SOURCES

Construction Loan	4,250,000
AHTIF Loan	1,050,000
Additional Sub Debt	270,000
Seller Note	215,000
Deferred Developer Fee Note	215,000
Sponsor Equity	495,000
Total	6,495,000

USES

Acquisition	405,000
Hard Costs	4,850,000
Soft Costs	907,000
Financing Costs	333,000
Total	6,495,000

PUBLIC BENEFITS
The Project will achieve a number of public benefits;

- ***Redevelop a non-conforming commercial building located in a residential neighborhood***

  The Property currently consists of a vacant, single-story building that is non-conforming for both use and space (setbacks) for properties in the R6 Zone. The proposed building will meet current building codes, zoning and site plan requirements for new construction multifamily properties.

- ***Address an area of significant need within the Portland housing market; homeownership opportunities that are affordable to small, middle income households. Consider the following regarding the Portland market;***

  - *More than 56% of all households are Non-Family and more than 40% consist of a single individual*
  - *Middle-income (100% to 120% AMI) 1 and 2-person households earn between $65,000 and $90,000*
  - *Middle-income households can generally afford homes priced between $200,000 and $300,000*
  - *The average sales price of a condo on the Portland peninsula is $440,000 (median = $358,000)*

  The Project will create 23 units of housing with estimated prices ranging from $190,000 to $355,000, with a projected average sales price below $265,000.

- ***Preserve long-term affordability through deed restrictions***

  The Project will create i) 8 units that are regulated under Portland's IZ ordinance and deed restricted to remain affordable to households at 110% AMI for a period of 30 years and ii) 4 additional units regulated under Maine Housing's Subdivision Grant Program and deed restricted to remain affordable to households at 120% AMI for a period of 10 years.

- ***Strengthen the Parkside Neighborhood***

  The Parkside Neighborhood has traditionally had one of the highest concentrations of non owner-occupied properties in Portland. In addition, relative to other intown neighborhoods, Parkside has experienced a limited amount of investment to create new housing units – particularly serving the homeownership market.

  The Project will in result in a direct investment in Parkside of more than $4.8M and create 23 new homeownership opportunities in the neighborhood.

- ***Generate a high level of property tax revenue for the City of Portland's General Fund relative to other redevelopment scenarios***

  Currently, 104 Grant generates less than $10,000 in annual property taxes. If the Property is redeveloped as ***market rate rental housing***, it will produce approximately $45,000 in taxes per year. Under the Sponsors' homeownership model, the Project will generate enough tax revenue to finance a $1,050,000 AHTIF loan to pay for construction costs – ***and***, still contribute $35,000 in annual tax revenue to Portland's General Fund.

  Therefore, the net cost to Portland taxpayers to support a workforce homeownership development versus a market rate rental project is approximately $10,000 per year.

SPONSOR INFORMATION

Tom Watson is the current owner of 104 Grant Street. In 1993, Tom started Port Property Management, a residential rental apartment management company based in Portland. Today, the company operates 65 rental properties, representing more than 1,300 apartments in the greater Portland market – with a high concentration of units located on Portland peninsula. The company prides itself on helping to stabilize and revitalize Portland's downtown residential neighborhoods through professional, hands-on management and continuous investment in its real estate portfolio.

In addition to acquiring and upgrading existing rental properties, Tom has been involved in two major downtown housing development projects in Portland; i) The Hiawatha, 139 units of rental housing developed at Longfellow Square and ii) 117 Lofts, an historic restoration and conversion of the former Schlotterbeck & Foss office building into 56 units of rental housing serving the Bayside neighborhood.

Renewal Housing Associates LLC ("Renewal") is a multifamily housing development company based in Portland, Maine. Renewal's primary focus is renovating legacy affordable housing properties that require capital improvements and long-term use restrictions. The company also develops for-sale, infill housing projects targeting middle income and first-time homebuyers. Renewal's principals are specialist in obtaining federal, state and local resources to create and preserve affordable and workforce housing. Since 2001, Renewal has invested more than $275M to preserve and create more than 2,800 units of affordable housing in seven states and the District of Columbia.

In Portland, Renewal's principals have completed two innovative urban infill projects—West Port Lofts and Onejoy—similar in scope and mission to the project proposed for 104 Grant Street. In each of these previous developments, blighted and non-conforming West End properties were acquired and redeveloped to create for-sale workforce housing serving middle-income households and first-time homebuyers. At Onejoy, Renewal successfully developed and sold the first for-sale Workforce Housing unit regulated under Portland's Inclusionary Zoning Ordinance.

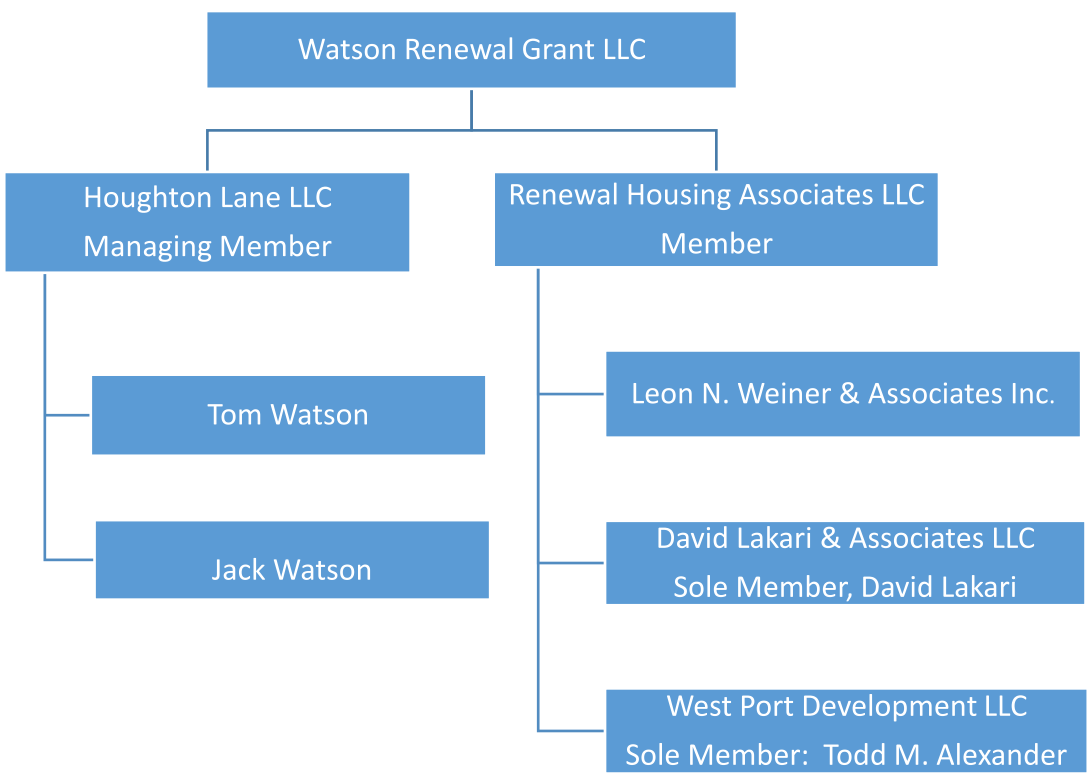
Renewal is majority-owned by **Leon N. Weiner & Associates Inc.** ("LNWA"), a Delaware-based, fully integrated multifamily housing and real estate development company. Founded in 1949, LNWA and its affiliates have developed over 15,000 apartments and homes. Today, the company operates more than 6,900 housing units located in ten states and the District of Columbia. The company has extensive experience developing affordable, market rate and mixed-income housing serving both the for-sale and rental markets.

LNWA is mission-driven housing company. Each housing development, in which the company is involved has an affordability component. The company founder and namesake, Leon N. Weiner, was a tireless advocate for and national leader in the development of housing to serve people of all income levels. During Leon's prodigious career, he was named Housing Person of the Year by the National Housing Conference and the Fair Housing Person of the Year by the United State Department of Housing and Urban Development. Leon served on President Lyndon Johnson's Kaiser Commission on Urban Housing, which led to the cornerstone Housing Act of 1968. He was a Director for the Federal Home Loan Bank and President of the National Association of Home Builders. In 1979, Leon was inducted in the National Association of Home Builders' Housing Hall of Fame, where he was recognized as "…***the conscience of the housing industry in America***…."

Our Approach: Renewal's principals recognize every project has a unique set of characteristics and stakeholders. Ultimately, our job is to identify the stakeholders and their goals—and then marry these goals with the condition and circumstance surrounding a specific site or development. We view each project as a partnership—between owners, developers, municipal officials, neighborhood groups, investors, contractors and, ultimately, our residents. Our approach distinguishes us from other developers and owners; we value the opportunity to work on a diverse team with disparate goals, and we are comfortable serving in different capacities, ranging from traditional developer-owner to joint-venture partner. Most importantly, as part of a company that has been developing real estate since 1949, our primary focus is to find opportunities to work with people and organizations that are committed to the things that we believe define successful real estate development projects; ***a spirt of collaboration, a desire for shared success and a view toward long-term relationships***.

ORGANIZATIONAL STRUCTURE

The Property is currently owned by 104 Grant Street LLC, which consists of two members, Tom Watson and Jack Watson. The Sponsors have formed Watson Renewal Grant LLC to acquire, finance and redevelop the Property. The members of WRG are Houghton Lane LLC and Renewal Housing LLC. Tom Watson and Jack Watson are the sole members of Houghton Lane. The members of Renewal Housing are Leon N. Weiner & Associates, David Lakari & Associates and West Port Development LLC. Houghton Lane is the Managing Member of WRG and Tom Watson serves as its Manager. Below is an organizational chart.



THE PORTLAND PENINSULA CONDOMINIUM MARKET:
The case to support the development of affordable homeownership opportunities on the Portland peninsula:

What can the average Portland household afford?

	1-Person Household		2-Person Household	
	100% AMI	120% AMI	100% AMI	120% AMI
Annual Income	$65,100	$78,120	$74,400	$89,280
Monthly Income for Housing Costs (30%)	$1,628	$1,953	$1,860	$2,232
Target Sales Price	$210,000	$260,000	$240,000	$295,000
Down Payment [1]	$14,700	$18,200	$16,800	$20,650
Mortgage Amount	$195,300	$241,800	$223,200	$274,350
Monthly Mortgage Payment [2]	$999	$1,237	$1,142	$1,404
Private Mortgage Insurance [3]	$81	$101	$93	$114
Property Taxes	$306	$379	$350	$430
Property Insurance	$70	$80	$75	$85
Utilities [4]	$161	$161	$205	$205
Total Monthly Housing Costs [5]	$1,617	$1,957	$1,864	$2,237

1. Average down payment of first-time homebuyer is 7%. 2. Assumes 4.5% Interest Rate on mortgage loan
3. assumes .5% of loan amount annually 4. source Maine Housing Utility Allowance
5. Does not include homeowners association fees (condo) or maintenance costs (single-family)

How many units under $300,000 are sold each year…and how many are available right now?

	Last 12 Months		Currently Available (Nov '19)	
	Units Sold	Average Price	Total Units	Months Supply
< $200,000	11		***2***	***2.18***
$200,000 to $300,000	84		***8***	***1.14***
> $300,000	177		109	7.39
All Condominiums	272	***$440,000***	125	5.34

What percent of their income does a typical middle-income Portland household need to spend on housing costs to purchase a unit at the current average sales price?

	1-Person Household		2-Person Household	
	100% AMI	120% AMI	100% AMI	120% AMI
Annual Income	$65,100	$78,120	$74,400	$89,280
Monthly Income for Housing Costs (30%)	$1,628	$1,953	$1,860	$2,232
Sales Price	$440,000	$440,000	$440,000	$440,000
Total Monthly Housing Costs	$3,182	$3,192	$3,231	$3,241
Percent of Income Spent on Housing Costs	**58%**	**48%**	**51%**	**43%**

The following information is organized and formatted to correspond with the Maine State Housing Authority's Application for Affordable Housing Tax Increment Financing, Appendix A Checklist for Approval of District and Development Program.

LOCATION

The proposed location for the Affordable Housing Tax Increment Financing District is 104 Grant Street, Portland Maine 04102 (the "AHTIF District" or "District").
CBL: 48-C-8, City of Portland Tax Map E8NE.

DISTRICT DESCRIPTION:

- **a. Physical Description:** The District, 104 Grant Street, is located within the Parkside Neighborhood on the Portland peninsula. The District contains a single tax parcel, which consists of 14,261 SF, or .33 acres. The property currently contains a vacant single-story building that previously housed administrative offices and a maintenance facility for a real estate management company.

- **b. Municipal Map Showing District Boundaries:** A municipal map identifying the boundaries of the District is attached as Exhibit B.

- **c. Tax Map Showing District Boundaries:** A tax map identifying the District boundaries is attached as Exhibit C.

DOCUMENT AT LEASE 25% OF THE DISTRICT ACREAGE IS SUITABLE FOR RESIDENTIAL USE, BLIGHTED, OR IN NEED OF REHABILITATION/REDEVELOPMENT:

- a. **Percent Acreage Suitable for Residential Use:** The District is 14,261 SF, or .33 acres. 100% of the District is suitable for residential use.

- b. **Percent of Acreage that is Blighted:** None of the acreage in the District is currently blighted.

- c. **Percent of Acreage in need of Rehabilitation/Redevelopment**: 100% of the District is in need of redevelopment.

- d. **Physical Description to Support Above**: The District is highly suitable for multifamily residential redevelopment. As described below, the District is located in a R-6 Residential Zone, which is intended for high density multifamily uses. The District is completely surrounded by residential uses that are primarily high-density, multifamily properties in similar scale and form as the Sponsor's proposed development. The District is also in close proximity to employment centers (downtown Portland), health care centers (Maine Med and Mercy Hospital), services (downtown, Congress Street corridor and Bayside), civic institutions (City Hall, Post Office), public parks (Deering Oaks, Portland Trails System) and public transportation nodes.

  In further support for the need of redevelopment, the existing building located in the District is vacant. It is a legal, non-conforming non-residential use within a residential zone.

e. **Zoning Designation for District:** The District is located in the R-6 Residential Zone. As stated in the Portland Land Use Ordinance, the purpose of the R-6 Zone is: "…(a) to set aside areas on the peninsula for housing characterized primarily by multifamily dwellings at a high density providing a wide range of housing for differing types of households; and to conserve the existing housing stock and residential character of neighborhoods by controlling the scale and external impacts of professional offices and other nonresidential uses, (b) in cases of qualifying small, vacant, underutilized lots located in the urban residential and business zone, to encourage new housing development consistent with the compact lot development pattern typically found on the peninsula…."

   The R-6 Zone also allows certain density bonuses and other incentives for developments that provide affordable and workforce housing units.

f. **Allowed Uses in the Zone:** The R-6 Residential Zone primarily is intended for high-density, single-family and multifamily residential uses. Other permitted uses in the R-6 Zone include;

   1. Lodging house;
   2. Cemeteries;
   3. Parks, and other active and passive noncommercial recreation spaces;
   4. Accessory uses customarily incidental and subordinate to the location, function, and operation of principal uses,
   5. Home occupations,
   6. Municipal uses,
   7. Special needs independent living units,
   8. Hostels

DISTRICT ACERAGE DIVIDED BY MUNICIPAL ACREAGE IS NOT MORE THAN 2%

- **Total District Acreage**: .33
- **Total Municipal Acreage:** 12,386
- **District Acreage as a Percent of Total Acreage**: .0027%

TOTAL ACREASE OF ALL EXISTING AND PROPOSED DEVELOPMENT DISTRICTS IN MUNICIPALITY DIVIDED BY TOTAL MUNICIPAL ACREAGE IS NOT MORE THAN 5%. *(City of Portland to Complete)*

ORIGINAL ASSESS VALUE (OAV) OF DISTRICT *(City of Portland to Complete)*

OAV OF ALL EXISTING AND PROPOSED AFFORDABLE HOUSING DEVELPOMENT DISTRICTS IN THE MUNICIPALITY DIVIDED BY AGGREGATE TAXABLE PROPERTY VALUE AS OF APRIL 1ST BEFORE MAINEHOUSING APPROVAL IS NOT MORE THAN 5%. *(City of Portland to Complete)*

DEVELPOMENT PROGRAM STATE AND END DATES *(City of Portland to Complete)*

THE DEVELOPMENT PROGRAM MEETS AN IDENTIFIED HOUSING NEED IN MUNICIPALITY:

a. **Description of Need**: Despite healthy residential development activity in recent years, Portland's housing market has remained relatively unaffordable. The problem remains particularly acute among homeownership opportunities on the Portland peninsula. As of December, 2019, the average sales price for a condominium (traditionally one of the most affordable forms of homeownership within a market) on the Portland peninsula was $440,000. The median sales price was $358,000.

   Condominium prices in Portland's urban residential neighborhoods far exceed what an average household in Cumberland County can afford. Using the City of Portland's Inclusionary Zoning Maximum Sales Price formula, one to three person households (Portland's average household size is 2.08) at the 80% to 120% AMI levels, can generally afford homes in the $150,000 to $350,000 range.

   Portland's lack of affordable homeownership opportunities significantly impedes the City's goals for future growth. According to the Portland's 2017 Comprehensive Plan, the City's 10-year population growth target is approximately 72,000 people (by 2027), up from 66,681 people today. To achieve this goal, the City needs to create approximately 2,557 new housing units. Given the disparity between average condominium prices on the Portland peninsula and median income levels, traditional first-time homebuyers and moderate-income households are priced out of Portland and must seek other markets in which to purchase a home.

   Portland has identified Parkside as a neighborhood that benefits from moderate to high residential density—and, therefore, could accommodate some of the demand for new housing units. From the City's *2017 Comprehensive Plan, A Livable City;*

   > "…Portland has a number of neighborhoods that offer traditional urban densities — Munjoy Hill, the West End, ***Parkside***, Deering Center, for example — and these neighborhoods are largely successful. Residents can access stores, schools, dining, and entertainment within walking distance of their homes. By foot or bike, they can easily reach transit, trails, and recreational opportunities. These characteristics are largely possible because of their density. Well-designed density is integral to healthy, walkable city neighborhoods…."

b. **Description of How Development Program Meets Need**: The Project will address the for-sale affordable housing need in Portland by creating eight (8) homeownership units that will be deed restricted to remain affordable for households at or below 120% AMI for a period of 30 years. In addition, the Project will create 11 units that are not deed restricted, but will be moderately priced as compared to the average condominium sales price on the Portland peninsula.

c. **Information on Housing Units Created**:

   1. New Rental Units Created: None
   2. Existing Rental Units Rehabilitated: None

3. New Single-Family Homes, Including Condominiums, Constructed: 23
4. Existing Single-Family Homes, Including Condominiums, Rehabilitated: None

DISTRICT MUST BE PRIMARILY A RESIDENTIAL DEVELOPMENT

a. **Description of Residential and Non-Residential Uses in District and Acreage of Each**: 100% of the District will be redeveloped for residential uses. The Sponsors propose to construct a 4-story building, consisting of 23 units of housing (condominiums) and associated common areas serving the building (stairwells, hallways, elevator, HVAC/mechanical room, etc…). The District will also include a private parking lot dedicated for the future unit owners of the Project.

b. **Description of Accessory Uses Relating to Residential Uses**: The only accessory uses within the District will be the condominium association common areas, such as the parking lot, bike storage, main entrance/lobby, HVAC/mechanical rooms and trash/recycling facilities.

AT LEASE 33% OF THE HOUSING UNITS IN THE DISTRICT MUST BE AFFORDABLE HOUSING

a. **Number of new affordable rental units in District**: 0

b. **Number of new affordable single-family, owner-occupied, including condominiums, in District**: 8 units – or 33% of the housing units in the development – will be deed restricted under the City of Portland's Inclusionary Zoning Ordinance. An additional 4 units will be deed restricted under Maine Housing's Subdivision Grant Program.

c. **Total number of new housing units in District**: 23

d. **Affordable housing units as a percent of total units**: 34.78% (just AHTIF); 52.17% including MH Subdivision Grant units.

MECHANISM TO ENSURE ON-GOING AFFORDABILITY *(City of Portland to Complete)*

OPERATION OF HOUSING AND FACILITIES IN DISTRICT

a. **Description of housing and facilities in the District will be operated after completion**: The housing units developed at 104 Grant Street will be administered by a condominium association. The association will be governed by a board consisting of unit owners. The rules and regulations for the association will be set forth in the association declaration and bylaws.

The association declaration and bylaws are first established and created by the project Sponsors, who will serve as the declarant for the association. The declarant will oversee administration of the association through the development period, until condominium units are sold and administration is transferred to the association board. Under Maine statute, the administration and governance of the association transfers from the declarant to a board consisting of unit owners upon sale of 75% of the condominium units.

b. **Entity responsible for operations**: The unit owners, through an elected board, are responsible for administering the operations of the condominium association. Typically, associations will hire a third-party management company for administrative and maintenance support.

The declarant will hire Gebhardt Property Management to oversee the day-to-day maintenance and operations of the building and association. GPM is based in Portland's West End neighborhood, in close proximity to the Project. The company has extensive experience managing condominium association properties located on the Portland peninsula. The Sponsors have worked with GPM on two similar condominium developments in the West End.

c. **Source of operating funds**: The operations of the association will be funded by monthly condominium association dues paid by the unit owners. Dues will be set annually once the association adopts an operating budget for the year. The first annual budget and related monthly dues will be set by the declarant. The monthly dues are estimated to be $250 per unit per month. A final budget and monthly dues will be set prior to commencement of construction, when the final building program design has received Site Plan and Subdivision approval.

SPECIFIC PLANNED USES OF TAX INCREMENT REVENUES FROM THE DISTRICT:

a. **Description of each improvement, facility, program, or other activity included in the development program that may or will be funded in whole or in part with tax increment revenues**: The tax increment revenues will be used to repay principal and interest on a loan (the "AHTIF Loan"). The proceeds of the AHTIF Loan will be used to pay the direct construction costs associated with building the 23-unit condominium.

b. **Improvements within the District:** The residential building constructed within the District is projected to cost $4,850,000. The size of the AHTIF Loan is projected to be $1,050,000. One hundred percent of the proceeds of the AHTIF Loan will be used during the construction period to pay costs that are part of the Sponsor's construction contract.

c. **Improvement outside the district:** No improvements will be made outside of the District.

d. **Amount of tax increment revenues inside and outside:** The AHTIF Loan will be repaid using the Project's share of tax increment revenue generated from the new condominium units constructed within the District.

e. **Amount and source of other funding the development program:** See schedule on following page.

SOURCES

		% of Total
Construction Loan	4,250,000	65.43%
AHTIF Loan	1,050,000	16.17%
Additional Sub Debt	270,000	4.16%
Seller Note	215,000	3.31%
Deferred Developer Fee Note	215,000	3.31%
Sponsor Equity	495,000	7.62%
Total	6,495,000	100.00%

USES

		% of Total
Acquisition	405,000	6.24%
Hard Costs	4,850,000	74.67%
Soft Costs	907,000	13.96%
Financing Costs	333,000	5.13%
Total	6,495,000	100.00%

f. **Timing of each planned improvement**: The Project will begin the site plan and subdivision application process in Q4 2019. Pending final regulatory approvals, the Project will close on its construction financing in Q2, 2020, with construction completion anticipated for Q3, 2021.

MUNICIPALITY MAY USE TAX INCREMENT REVENUES FROM A DISTRICT TO ESTABLISH A PERMANENT HOUSING DEVELOPMENT REVOLVING LOAN FUND OR INVESTMENT FUND: (Not Applicable)

A FINANCIAL PLAN FOR EACH YEAR THE DEVELOPMENT PROGRAM WILL BE IN EFFECT. *(City of Portland to Complete)*

RELOCATION PLAN FOR PERSONS TEMPORARILY OR PERMANENTLY DISPLACED BY DEVELOPMENT ACTIVITIES

The District currently consists of a vacant administrative office and maintenance facility. As such, there is no resident relocation required as part of the project.

DESCRIPTION OF ENVIRONMENTAL CONTROLS TO BE APPLIED

The Sponsors have engaged MAI Environmental, a South Portland-based environmental engineering firm for environmental consulting services during the development period. MAI Environmental has completed Phase II testing for the Property. The findings and associated soil management plans have been incorporated in the development program and budget.

DEVELOPMENT PROGRAM CONSISTENT WITH COMPREHENSIVE PLANNING *(City of Portland to Complete)*

DISTRICT NOT IN CONFLICT WITH MUNICIPAL CHARTER *(City of Portland to Complete)*

FOR MUNICIPAL DEBT FINANCING ONLY: (Not Applicable)

END, MAINE STATE HOUSING AUTHORITY AHTIF APPLICATION CHECKLIST

RENEWAL HOUSING ASSOCIATES LLC

January 21st, 2020

Mary P. Davis,
Division Director, Housing & Community Development Division
Planning & Urban Development Department, City of Portland
389 Congress Street Room 312
Portland ME 04101

RE: AHTIF APPLICATION, 104 GRANT STREET ("The Goodwin")

Dear Mary:

Thank you for the meeting to discuss the AHTIF application for 104 Grant Street. As discussed, I am providing this letter to update and clarify certain aspects of the project.

- **Unit Mix:** The project now consists of **23 one-bedroom units ranging in size from 488 SF to 768 SF**. The majority of units are between 610 and 620 SF.

- **Affordable Housing - Number of Units and Affordability Restrictions:** Under the financing plan proposed in our application, the affordability requirements at the project are as follows;

  - **City of Portland "Workforce Units":**

    - Two (2) Workforce Units with a 30-year deed restriction (Required 10% Units)
    - Six (6) Workforce Units with a 10-year deed restriction (Additional Workforce Units to meet state statute for AHTIF homeownership requirements)

    Units will be regulated subject to the City of Portland's *Workforce Housing Agreement Declaration of Covenants, Conditions & Restrictions*

  - **Maine Housing "Affordable Homeownership Units":**

    - Four (4) Affordable Units with a 9-year deed restriction

    Units will be regulated subject to Maine Housing's *Declaration of Covenants & Restrictions*

Enclosed with this letter is a chart to fully detail the affordability restrictions on the project. Also, for your reference, I have enclosed information on Maine Housing's Subdivision Grant Program, as well as the state AHTIF Statute to document the 10-year deed restriction for homeownership projects.

Respectfully,

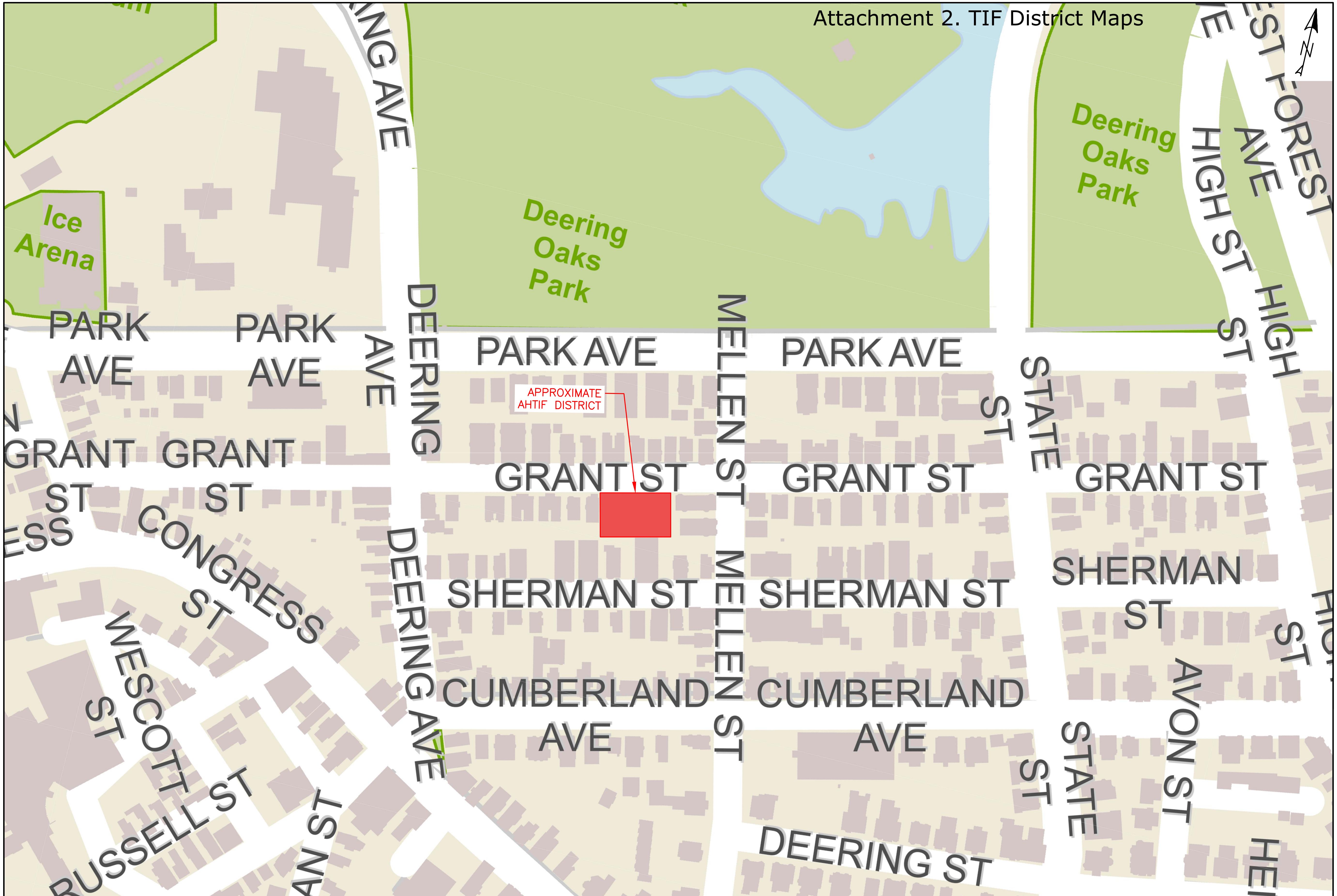
Todd M. Alexander

2 Union Street, 5th Floor | Portland, Maine 04101 | 207 347-3018


104


104
the
Goodwin

Attachment 2. TIF District Maps



NOTE:
1. PROPERTY LINES OBTAINED FROM MAINE OFFICE OF GIS DATA CATALOG FOR CITY OF PORTLAND.
2. BACKGROUND IMAGERY OBTAINED FROM CITY OF PORTLAND PARCEL VIEWER ON 7/26/19.

100 0 100 200
SCALE: 1" = 200'

PERMIT LEVEL
NOT ISSUED
FOR CONSTRUCTION

ISSUED FOR	BY DATE
AHTIF APPLICATION	FRT 7/31/19

DRAWING NAME: CITY OF PORTLAND MUNICIPAL MAP AHTIF DISTRICT BOUNDARIES

PROJECT NAME: 104 GRANT STREET REDEVELOPMENT

CLIENT: RENEWAL HOUSING ASSOCIATES, INC
2 UNION STREET, 5TH FLOOR PORTLAND, ME 04101

ACORN ENGINEERING, INC
P.O. BOX 3372
PORTLAND, MAINE 04102
(207) 775-2655

FILE:	JN_1093.4
JN:	1093.4
SCALE:	AS NOTED
DESIGN BY:	FRT
DRAWN BY:	FRT
CHECKED BY:	WHS

THIS PLAN SHALL NOT BE MODIFIED WITHOUT WRITTEN PERMISSION FROM ACORN ENGINEERING, INC. ANY ALTERATIONS, AUTHORIZED OR OTHERWISE, SHALL BE AT THE USER'S SOLE RISK AND WITHOUT LIABILITY TO ACORN ENGINEERING, INC.

DRAWING NO.
EX-B

EXHIBIT C: CITY OF PORTLAND TAX PARCEL MAP, AHTIF DISTRICT BOUNDARIES

April 1 2012 fy 2013

Tax Map Index; http://www.portlandassessors.com/taxmaps.htm

Index Number - E8NE

Exhibit A1: Development Pro Forma | 104 Grant Street

ACQUISITION		
Land|Bldg		400,000
Misc Closing Costs		5,000
	SUBTOTAL	**405,000**
HARD COSTS		
Construction (GMP)		4,600,000
Environmental (Remediation)		30,000
Appliances		70,000
Contingency		150,000
	SUBTOTAL	**4,850,000**
SOFT COSTS		
A&E | Design+Structural+Admin		165,000
Interior Design		10,000
GeoTech		20,000
Civil+Survey		38,000
Owner's Construction Rep		25,000
Environmental (Reports+Fees)		45,000
Special Testing|Insp.		5,000
FF&E + Signage		10,000
Parking		40,000
Developer Legal		50,000
Site Plan Approval		10,000
Building Permit + Fees		82,000
Utility Connection Fees		60,000
Adv+Marketing+Staging		25,000
Insurance		30,000
Property Taxes		15,000
Stormwater Fees		2,000
R.E. Transfer Tax		15,000
Other Closing Costs		5,000
Misc Soft Costs		10,000
Developer Overhead		215,000
Property Management		10,000
Post Constr. Carrying Costs		20,000
	SUBTOTAL	**907,000**
FINANCING COSTS		
Origination Fees		16,000
SubDebt|Subsidy Fees		5,000
Lender 3rd Party Fees		13,000
Lender Legal		15,000
Title & Recording		7,000
Interest Expense		200,000
AHTIF Reserve		77,000
	SUBTOTAL	**333,000**
	TOTAL	**6,495,000**

SCHEDULE OF DEED RESTRICTED UNITS

Unit	Bedroom	IZ Unit	AHTIF (IZ)	MH Unit
		10%	*33.33%*	
401	1			
402	1			1
403	1			
404	1			
405	1			1
406	1			
301	1			
302	1		1	1
303	1			1
304	1			1
305	1		1	1
306	1			
201	1			
202	1		1	1
203	1		1	1
204	1	1		1
205	1		1	1
206	1			
101	1			
102	1	1		1
103	1	1		1
105	2			
106	1			
TOTALS	**24**	**3**	**5**	**12**

the Goodwin
parkside • portland

DETAILED AFFORDABILITY MATRIX

Unit Type: Market Rate
Unit Count: 10 one-bedroom units and 1 two-bedroom unit
Maximum Sales Price: TBD by Market
Maximum Income, Qualified Buyer: Unrestricted
Form of Deed Restriction: None
Term of Deed Restriction: N/A

Unit Type: Workforce Housing, as Regulated by Maine Housing's Subdivision Grant Program
Total Unit Count: 4 one-bedroom units
Maximum Sales Price (as of 01.01.2020): $260,000, adjusted for inflation annually by Maine Housing, per the terms of its Deed Restriction
Maximum Income, Qualified Buyer: $93,000 for a 1 or 2-person household, as adjusted annually by MaineHousing
Form of Deed Restriction: Maine Housing Declaration of Covenants and Restrictions
Term of Deed Restriction: 9 Years

Unit Type: AHTIF + Workforce Housing, per Maine State Statute (30-A Chapter 205, Sec 5247) and City of Portland (Chapter 14, Division 30, Section 14-485)
Total Unit Count: 5 one-bedroom units
Maximum Sales Price (as of 01.01.2020): $203,064, adjusted annually based on affordability formula for households at or below 110% AMI
Maximum Income, Qualified Buyer (as of 01.01.2020): 1-Person Household $78,120, 2-Person: $89,280
Form of Deed Restriction: Portland Workforce Housing Agreement, Declaration of Covenants, Conditions and Restrictions
Term of Deed Restriction: 10 Years*

***Note: Per Portland Land Use Code Section 14-487(e)7 and Portland *Implementing Guidelines for Developers of Homeownership Housing* page 7, the 'Additional Workforce Units' above the required 10% "…shall be affordable at the initial sale with no restrictions placed on subsequent sales of the unit…." Per Maine State Statute 30-A, Chapter 205 Section 5247(3)(E), Affordable Housing TIF owner-occupied units shall be affordable for at least 10 years**

Unit Type: IZ - Workforce Housing, per City of Portland (Chapter 14, Division 30, Section 14-485)
Total Unit Count: 3 one-bedroom units (Units 102, 103 and 204)
Maximum Sales Price (as of 01.01.2020): $203,064, adjusted annually based on affordability formula or households at or below 110% AMI
Maximum Income, Qualified Buyer (as of 01.01.2020): 1-Person Household $78,120, 2-Person: $89,280
Form of Deed Restriction: Portland Workforce Housing Agreement, Declaration of Covenants, Conditions and Restrictions
Term of Deed Restriction: 30 Years*

****Note: Per Portland Land Use Code Section 14-487(e)7, the term of affordability on the required 10% Workforce Units is reduced to 30 years if the number of Workforce Units provided exceeds 25% of the units within the project.***

MARKOVCHICK ADVISORS, LLC
Integrity driven value and service
David S. Markovchick, Principal 34 Tremolo Point Mt. Vernon, ME 04352 p: 207.293.2618 c: 207.446.7425 dsmarkovchick@gmail.com

To: **Mary Davis**, Division Director, Office of Housing & Community Development, City of Portland
From: **David Markovchick**
RE: **Watson Renewal Grant, LLC**
Date: **March 25, 2020**

Executive Summary

The project sponsor is Watson Renewal Grant, LLC ("WRG"). WRG is a partnership between Tom Watson and Renewal Housing Associates, LLC, (collectively, the Sponsors). WRG proposes to redevelop 104 Grant Street, ("the Property") into 23 units of "home ownership work force housing", ("the Project). All units are proposed to be sold. The Project will consist of, one (1) two-bedroom unit, eight (8) units will be regulated under the City's Inclusionary Zoning, ("IZ") Ordinance and the State of Maine Affordable Housing Tax Increment Financing Statute. An additional four (4) units will be regulated under the Maine State Housing Authority's, (MSHA) Subdivision Grant Program. The remaining units will be sold without deed restrictions. WRG states, the prices for the conventional units are projected to be below the average sales prices for condominium units sold on the peninsula.

Sources and Uses of Funds:

Sources:		**% of total**
Construction Loan	$4,250,000	65.43%
AHTIF Loan	1,050,000	16.17%
Additional Sub Debt	270,000	4.16%
Seller Note	215,000	3.31%
Deferred Dev. Fee Note	215,000	3.31%
Sponsor Equity	495,000	7.62%
TOTAL	**$6,495,000**	**100%**

Uses:		**% of total**
Acquisition	$ 405,000	6.24%
Hard Cost	4,850,000	74.67%
Soft Costs	907,000	13.96%
Financing Costs	333,000	5.13%
TOTAL	**$6,495,000**	**100%**

Development Budget

The development budget consists of four major components: Acquisition Cost, Construction Costs (Hard Cost), Soft Costs, and Financing Cost. The budget is based on a proposal by WRG as supported by preliminary construction estimates of Benchmark dated August 7, 2020.

Acquisition cost

Acquisition cost represents the cost of acquiring the real estate at 104 Grant Street and related deminimis closing costs. The property is being acquired by WRG in a related party transaction. The sale price is $400,000, represented as a discount over fair market value, supported by a broker's opinion of value dated February 28, 2020. Further noted is the fact that the property is currently assessed at $419,600 by the City. It is represented that an option agreement between the parties to sell at the noted prices is in place. Based on a 23-unit condominium project this represents and acquisition cost $17,391/ unit.

Construction Cost

Construction Costs (Hard Costs), of $4,850,000 are supported in part by a dated proposed construction budget from August 7, 2019. The budget is based on preliminary site drawings with specifications abstracted from a project completed in the Spring of 2019. This was used for guidance purposes. The Budget that supports the hard cost estimate provides a base line cost of $4,579,783 representing a difference of $270,000 from the $4,850,000 construction budget. This is explained as a contingency and allowance for certain final unit fit up costs.

Contingency:

> The contingency of $150,000 contained in the development budget represents 2% of the proposed budget. As presented the development budget is based on calculations that are approximately, seven months old and is therefore perceived to be a thin; due to time, material cost escalation, and lack of a revised development budget or firm construction contract(s).

Soft Costs

Soft costs represent 14% or $907,000 of the total development budget of $6,495,000. Of the $907,000 of soft costs $215,000 or approximately 24% represents developer overhead. Developer overhead represents only 3% of the total development budget.

Financing Costs

As proposed this project will be financed through the following structure, **(note as of the date of this analysis there are no executed commitments and/or term sheets for the proposed financing structure)**:

Gorham Savings Bank has offered a preliminary term sheet for a construction loan of $4,250,000 with a 4.75% interest rate. This construction loan is proposed to be a two-year interest only construction loan. The Bank will require principle reduction with sale of any units occurring within the two-year window of the construction loan. The balance of the loan is to be paid in full at the completion of construction.

Genesis Community Loan Fund has provided a letter of interest offering terms of 10/28 years on a $1,0505,000 AHTF loan. Interest only is payable during construction period. The specimen rate is 5.75%. Upon completion the loan amortizes on a 28-year term with a balloon payment at the end of the initial 10 years. Genesis is offering to consider a refinancing at the end of the 10 years.

Equity investments are offered in two Tranches. Houghton Lane and RHA will offer an initial investment of $495,000 split 50/50 among the partners. WRG and its members will be responsible for any additional equity investments required to cover additional cost of construction or over runs. As of this writing no executed term sheets are provided.

Developer Financials

Watson Renewal Grant LLC is a partnership formed between Houghton Lane LLC and Renewal Housing Associates LLC. Tom and Jack Watson are the sole members of Houghton Lane. Members of Renewal Housing Associates are Leon N Weiner & Associates, Inc., West Port Development, LLC and David Lakari & Associates. Houghton Lane is the Managing member of WRG, and Tom Watson is its Manager.

Developer Financials are provided for Tom Watson (personal) dated December 2019 (unsigned). No statement for the development company of Tom Watson is provided. An audited financial statement for Leon N. Weiner & Associates, Inc. and Subsidiaries, Inc., dated December 31, 2018 is provided. Weiner's financials are a year old most likely due to the current calendar and tax season.

Watson's net worth is centered in real estate investments, both commercial and personal. The basis for evaluation of commercial property values is undetermined, the statement is provided on a stated basis. Debt/Net worth is a strong 47%. Personal Debt/Net Worth on a state value basis is 7% currently a reasonably strong liquidity of 34% of total personal assets.

The Weiner statement is audited with a qualified opinion, the result of different accounting treatment of certain assets based on accrual vs. cost basis accounting.

The balance sheet of 2018 reflects liquidity against total assets representing 12% of total assets. Based on total asset strength the company debt/net worth was 1.65x representing a moderate amount of leverage.

In a signed commitment WGR and its members represent that they will be responsible for additional equity investments to pay development cost overruns and repayment of primary construction loans that cannot be repaid through unit sales. WRG and its members are guarantors for each of the construction loans.

Operating Budget & 28 Year Cashflow Projection

Project Income:

This is a proposed two year build out project commencing with closing. During this period funding is anticipated to be provided by construction loans proposed by Gorham Savings Bank, Genesis (AHITF loan), a combination of developer(s) sub debt loans, pledged equity, and deferred fees. As of the date of this analysis the commitments are not yet confirmed via executed financing commitments or term sheets.

Exit construction revenues occur via the sale of the 23 condo units consisting of eight (8) City of Portland IZ units and four (4) units regulated by the MSHA's Subdivision Grants Program. The balance of the units is expected to be sold at below the average sales price of comparable nonsubsidized units on the peninsula. Additional revenues are derived from the sale of 12 parking spaces, producing $114,000 in additional project revenues.

The Bank's proposed first mortgage financing requires units that are pre-sold during construction have sales revenues applied to reduce principal for of its loan. The proformas factor in generation of this debt reducing cash during the second year of construction as pre-sold units. This is reflected in the following Operating Budget. TIF captured revenues flow to WRG commencing in year three for 28 years amortizing the proposed Genesis AHTIF loan over that period.

Operating Expense

For the first two years of the project operating expenses are matched to the project's only sources of revenue; the loans, partner equity capital, and deferred fees and subordinated debt. As previously mentioned, these are not sufficiently supported due to lack of executed documentation.

Based on the proposed budget the project debt service coverage is estimated as follows:

> For the first year of construction coverage is 2.9x due to interest only expenses. In year two it jumps dramatically to 9.7x due to the estimated sale[1] of the 23 units and repayment of the bank loan. In years three to five it is estimated debt service coverage is break even at 1:1 with the commencement of proposed TIF recapture. Over the remaining years, aggregating the TIF revenue steam it is estimated that coverage will be a strong 1.9X coverage. Coverage during these years is improved with the progression of the increasing value of TIF revenues in the out years.

[1] The Bank will require pay down of construction principal with each unit sold prior to completion of the 2-year construction loan. An assumption is made that all units will be pre-sold in year two.

WATSON RENEWAL GRANT LLC
PRO FORMA OPERATING BUDGET
Loan closing - to - 30-year Projection

SUMMARY ($)	24 MONTH CONSRUCTION		TIF RECAPTURE			
Operating Revenue	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEARS 6 - 28**
Total Unit Sales (1)		6,054,000				
TIF Captured Revenue (2)			76,464	77,994	79,554	2,599,088
Gorham Loan	4,250,000					
Genesis AHTIF Loan	1,050,000					
Sponsor Equity	495,000					
Sub Debt	270,000					
Seller Note	215,000					
Deferred Developer Fees	215,000					
Total Revenue	**6,495,000**	**6,054,000**	**76,464**	**77,994**	**79,554**	**2,599,088**

Operating Expenses						
Acquisition Costs	185,000	215,000				
Estimated Construction Costs	4,850,000					
Bank Loan Repayment (3)		4,250,000				
Soft Costs	907,000					
Financing Costs (non-interest)	133,000					
Amortization (4)			18,738	19,767	20,857	990,638
Interest (5)	164,220	164,220	57,553	56,524	55,435	376,447
Total Expenses	**6,239,220**	**4,629,220**	**76,291**	**76,291**	**76,292**	1,367,085

Net Income	**255,780**	**1,424,780**	**173**	**1,703**	**3,262**	**1,232,003**

ASSUMPTIONS

1. Assumes units will be pre-sold by the end of construction.

2. TIF Recapture applied to project starting in years three (3) to 28.

3. Bank loan is to be paid in full at the end of construction. Bank requires pre-sold unit income to be applied to the construction loan.

4. As Proposed the AHTIF loan is a ten- year loan with a 28- year amortization with refinancing prospectively available at the end of ten years.

5. Interest expenses represent the interest expense on both the proposed bank loan (2 years) and AHTIF loan on a 28-year amortization.

Recommendations

Without the TIF, and in the absence of an affordable alternative[i], it is unlikely the project would proceed to include 12 units of affordable worker housing. Without this the developer loses the incentive to generate below market rate worker housing.

Approval is recommended subject to the following as pre-approval conditions:

1. All required standard documentation for construction are obtained and reviewed to the satisfaction of the City.
2. Credit ratings are reviewed and found satisfactory to the City.
3. Signed and updated financial statements (audited and/or internally prepared) for the partners are obtained and satisfactorily reviewed.
4. All financing documents, including, but not limited to executed term sheets, financing commitments, construction contracts, partnership agreements, and option agreements are obtained and satisfactorily reviewed.
5. The assessed valuation of the property in its present condition and use is verified by the City.

[i] As of this writing current economic conditions exist in US financial markets that may open alternative economic incentives or alternative sources of affordable capital. Economic uncertainty may also delay projects of this nature requiring major budget revisions.

Attachment 5. TIF Model Spreadsheets

City of Portland - Affordable Housing (AH) TIF Model
104 Grant Street; 048 C008001
OAV: $419,600 ao 3/31/2020
2% Mil Rate Escalation
75% Capture to AH TIF Project; 25% to City General Fund

City of Portland- TIF Projection Table for 104 Grant Street AH TIF

TIF Year	Tax Year- April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues	City OAV General Fund Revenues
1	2020	$0	75.00%	$0	23.78	$0	$0	$0	$0	$9,962
2	2021	$0	75.00%	$0	24.25	$0	$0	$0	$0	$10,161
3	2022	$3,999,820	75.00%	$2,999,865	24.74	$74,207	$74,207	$0	$24,736	$10,365
4	2023	$3,999,820	75.00%	$2,999,865	25.23	$75,691	$75,691	$0	$25,230	$10,572
5	2024	$3,999,820	75.00%	$2,999,865	25.74	$77,205	$77,205	$0	$25,735	$10,783
6	2025	$3,999,820	75.00%	$2,999,865	26.25	$78,749	$78,749	$0	$26,250	$10,999
7	2026	$3,999,820	75.00%	$2,999,865	26.78	$80,324	$80,324	$0	$26,775	$11,219
8	2027	$3,999,820	75.00%	$2,999,865	27.31	$81,930	$81,930	$0	$27,310	$11,443
9	2028	$3,999,820	75.00%	$2,999,865	27.86	$83,569	$83,569	$0	$27,856	$11,672
10	2029	$3,999,820	75.00%	$2,999,865	28.41	$85,240	$85,240	$0	$28,413	$11,906
11	2030	$3,999,820	75.00%	$2,999,865	28.98	$86,945	$86,945	$0	$28,982	$12,144
12	2031	$3,999,820	75.00%	$2,999,865	29.56	$88,684	$88,684	$0	$29,561	$12,387
13	2032	$3,999,820	75.00%	$2,999,865	30.15	$90,458	$90,458	$0	$30,153	$12,635
14	2033	$3,999,820	75.00%	$2,999,865	30.76	$92,267	$92,267	$0	$30,756	$12,887
15	2034	$3,999,820	75.00%	$2,999,865	31.37	$94,112	$94,112	$0	$31,371	$13,145
16	2035	$3,999,820	75.00%	$2,999,865	32.00	$95,995	$95,995	$0	$31,998	$13,408
17	2036	$3,999,820	75.00%	$2,999,865	32.64	$97,914	$97,914	$0	$32,638	$13,676
18	2037	$3,999,820	75.00%	$2,999,865	33.29	$99,873	$99,873	$0	$33,291	$13,950
19	2038	$3,999,820	75.00%	$2,999,865	33.96	$101,870	$101,870	$0	$33,957	$14,229
20	2039	$3,999,820	75.00%	$2,999,865	34.64	$103,908	$103,908	$0	$34,636	$14,513
21	2040	$3,999,820	75.00%	$2,999,865	35.33	$105,986	$105,986	$0	$35,329	$14,803
22	2041	$3,999,820	75.00%	$2,999,865	36.04	$108,105	$108,105	$0	$36,035	$15,099
23	2042	$3,999,820	75.00%	$2,999,865	36.76	$110,268	$110,268	$0	$36,756	$15,401
24	2043	$3,999,820	75.00%	$2,999,865	37.49	$112,473	$112,473	$0	$37,491	$15,709
25	2044	$3,999,820	75.00%	$2,999,865	38.24	$114,722	$114,722	$0	$38,241	$16,024
26	2045	$3,999,820	75.00%	$2,999,865	39.01	$117,017	$117,017	$0	$39,006	$16,344
27	2046	$3,999,820	75.00%	$2,999,865	39.79	$119,357	$119,357	$0	$39,786	$16,671
28	2047	$3,999,820	75.00%	$2,999,865	40.58	$121,744	$121,744	$0	$40,581	$17,004
29	2048	$3,999,820	75.00%	$2,999,865	41.39	$124,179	$124,179	$0	$41,393	$17,344
30	2049	$3,999,820	75.00%	$2,999,865	42.22	$126,663	$126,663	$0	$42,221	$17,691
30 Year TIF Total		**$111,994,960**		**$83,996,220**		**$2,749,457**	**$2,749,457**	**$0**	**$916,486**	**$404,148**
30 Year Average				**$2,799,874**		**$91,649**	**$91,649**		**$30,550**	**$13,472**

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland - TIF Model for 104 Grant Street Affordable Housing TIF

75% Sheltered - 30 years - 75% to Developer Project Account - 25% to City General Fund

TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Formula Impacts from Sheltering of Valuation: Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2020	$0	$0	$0	$0	$0	$0
2	2021	$0	$0	$0	$0	$0	$0
3	2022	$3,999,820	$2,999,865	$0	$2,248	$1,656	$3,904
4	2023	$3,999,820	$2,999,865	$8,280	$2,248	$1,656	$12,184
5	2024	$3,999,820	$2,999,865	$16,559	$2,248	$1,656	$20,464
6	2025	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
7	2026	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
8	2027	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
9	2028	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
10	2029	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
11	2030	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
12	2031	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
13	2032	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
14	2033	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
15	2034	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
16	2035	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
17	2036	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
18	2037	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
19	2038	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
20	2039	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
21	2040	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
22	2041	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
23	2042	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
24	2043	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
25	2044	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
26	2045	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
27	2046	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
28	2047	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
29	2048	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
30	2049	$3,999,820	$2,999,865	$24,839	$2,248	$1,656	$28,743
30 Year TIF Total		**$111,994,960**	**$83,996,220**	**$645,811**	**$62,947**	**$46,377**	**$755,135**
30 Year TIF Avg.		**$3,733,165**	**$2,799,874**	**$21,527**	**$2,098**	**$1,546**	**$25,171**

CITY OF PORTLAND
Economic Development
Gregory A. Mitchell, Director

MEMORANDUM

TO: Chair and Members of the Economic Development Committee

FROM: Gregory A. Mitchell, Economic Development Director

DATE: April 30, 2020

SUBJECT: FY2020 Tax Increment Financing Annual Report up to 5/1/2020

I. OVERVIEW

The City of Portland Tax Increment Financing (TIF) Policy, requires an Annual TIF District Activity Report be provided to the City Council, and this Report attached (up to 5/1/2020) is being presented to the EDC for its information and vote to forward to the City Council as a communication.

Additionally, City staff has received feedback from affordable housing developers, who have projects under construction, that the City TIF Policy wage rate requirements have resulted in an increase in project construction expenses. Given the City Council's goal to increase the availability of affordable housing, the EDC and the Council may wish to reconsider this requirement as it pertains to affordable housing development. Staff has requested information from the developers of the four projects currently under construction regarding how this requirement has impacted each project's development budget and would be available to present this information at a future EDC meeting as directed.

II. BACKGROUND

City Tax Increment Financing (TIF) Policy requires the preparation and presentation of an annual TIF district activity report. The FYE2020 TIF Annual Report represents the seventh year of reporting.

Highlights of this year's Report, up to May 1, 2020, notes City Council TIF actions during FY2020, including:

A. Approved amending the Downtown Transit Oriented Development (TOD) TIF District to support establishment of an Affordable Housing TIF District for the 66 State Street project (detailed below).

B. Approved an Affordable Housing TIF District with Developers Collaborative at 66 State Street to rehabilitate an existing building into a lodging house with 38 rooming units, and the construction of a 30-unit residential rental housing project.

C. Approved an Affordable Housing TIF District with Portland Housing Authority to support its project at 37 Front Street for the construction of a 60-unit mixed income residential rental housing project for individuals and families, and a 45-unit mixed income residential housing project for seniors.

D. The EDC will discuss at its May 5, 2020, meeting an application for an Affordable Housing Project TIF District Credit Enhancement Agreement Request located at 104 Grant Street.

As of 5/1/2020, there are:

A. Two (2) active Commercial TIF District CEAs;

B. One (1) active commercial TIF CEA for an affordable housing development, known as the McAuley TIF District; and

C. Ten (10) active affordable housing TIF District CEAs.

D. One (1) Transit Oriented TIF District and CEA at Thompson's Point

E. Three area-wide TIF Districts (Waterfront, Downtown Transit Oriented Development, and Bayside) which include a CEA in the Bayside TIF with Atlantic Bayside Trust, as well as one in the Waterfront TIF with Waterfront Maine.

The Report also has a table showing the past five-year trend, as well as an Appendix which lists all the current TIFs and financial activity associated with each district.

III. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

The FY2020 TIF Annual Report, through 5/1/2020, is being submitted to the City Council as a communication item.

IV. FINANCIAL IMPACT

There is no financial impact with this communication item.

V. STAFF ANALYSIS AND RECOMMENDATION

Staff recommends the EDC vote to forward this Report to the City Council as a communication.

Attachment: FYE2020 TIF Annual Report through 5/1/2020

Tax Increment Financing

Fiscal Year 2020 Annual Report
From July 1, 2019 through May 1, 2020
Final Annual Report to be done after FY2020
Closes on June 30, 2020

Prepared by the Economic Development Department

Report prepared 4/2020

Table of Contents

1. **Introduction**

City TIF Policy requires an annual report, to the City Council Committee and full City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland's utilization of TIF Districts to date, and TIF District financial value impacts.

2. **Definitions**

Commonly used terms, included in this Report, include:

"***Captured Assessed Value***" means increased assessed value retained in a TIF District each year during its term.

"***Credit Enhancement Agreement (CEA)***" means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

"***Current Assessed Value***" means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

"***District***" means that portion of property depicted on a map to apply to the TIF.

"***Increased Assessed Value (IAV)***" means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value (OAV). If the Current Assessed Value is less than or equal to the OAV, there is no Increased Assessed Value in that year.

"***Infrastructure***" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements, and placing above ground overhead electric and telecommunications lines underground.

"Non-Captured Value (NCV)" means the value over and above the OAV (defined below) that is not captured by TIF percentage capture rates, with associated taxes from NCV returned to the General Fund.

"***Original Assessed Value (OAV)***" means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or May 1, 2020, the OAV would be the assessed value of the property on March 31, 2020. All taxes from the OAV go into the City's General Fund for any City use.

"***Property Taxes***" means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

"***Retained Tax Increment Revenues***" means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

"***Tax Year***" means April 1 to March 31.

3. **<u>Revised TIF Policy Adopted by City Council on November 20, 2017</u>**

Pursuant to City Council Order 61 passed September 19, 2016, the City Council referred to the Economic Development Committee (EDC) consideration of amendments to the current TIF policy, including, but not limited to provisions for:

A. Local Hire;
B. Ethnic and Gender Diversity;
C. Economically Disadvantaged Participation;
D. Veteran Preference;
E. Adherence to State or Federal Prevailing Wages; and,
F. Participation in a Job Training or Apprenticeship Program.

The Order further requested the EDC report their findings and recommendation on amending the current TIF Policy to the City Council.

The EDC began its review for possible amendments to the TIF policy in April 2017.
On November 20, 2017, the City Council reviewed the EDC's recommendation and adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of both private development projects and public investment in municipal economic development programs and infrastructure investment. Revised City Policy includes:

A. Addition of State prevailing wage requirements in the construction phase of a TIF CEA and annual report about this to the City Council, further detailed below;

B. Equal employment opportunities and nondiscrimination;

C. Increasing the capture rate and the term for affordable housing projects; and,

D. Housekeeping amendments.

The EDC also recommended that the City look into establishing and sponsoring a Workforce Job Training program to be funded by area-wide TIF Districts, as well as having the City Manager and/or his/her designee undertake an analysis of the costs associated with the City undertaking an Employment Disparity Study.

Workforce Training Funding: On October 15, 2018, the City Council approved amendments to the three area-wide TIF Districts – Bayside, Downtown TOD TIF, and Waterfront TIF – to include workforce training as a use of TIF funds. Funding for two pilot programs was included in the City FY2020 Municipal Budget from the Downtown TOD TIF District in the amount of $250,000.

For the first pilot program, in response to the City's RFP, the City entered into an Agreement with Coastal Counties Workforce Inc. (CCW) in November 2019, with Downtown TIF funding of $150,000, to launch its new "Frontline Health Care Careers for New Immigrants" program, in CCW's partnership with MaineHealth. This program – a one-year pilot program - targets training 65 new immigrants for health care careers that do not require a Bachelor's degree.

The City also entered into an Agreement with the Portland School Department, through Portland Adult Education, for an additional new pilot program for sector-specific training in education and banking, and foundational courses of intensive English and U.S. workplace preparation, with a TIF funding investment of $100,000.

Employment Disparity Study: The City Manager's office conducted a limited analysis for the costs of such a study and determined it was not cost effective.

State Prevailing Wage Requirement in Construction Phase of a TIF-Assisted Project:

Per TIF Policy:

> "Any firms employed in the construction phase of a TIF-assisted project must compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater.
>
> City staff shall provide to the relevant City Council Committee an annual update on:
>
> a) the impact of this prevailing wage requirements on CEAs;
> b) feasibility of construction firms to pay prevailing wages and benefits; and
> c) compliance with this section."

Since this TIF Policy was amended November 2017, the City Council has authorized AHTIF Districts only. Four projects are currently under construction - Deering Place, 58 Boyd Street, 977 Brighton Avenue, and 178 Kennebec Street. Staff monitors wage rates on a bi-weekly basis. All projects are currently in compliance.

The City has received feedback from the developers of these projects who indicate that the wage rate requirement has resulted in an increase in construction expenses. Given the City Council's goal to increase the availability of affordable housing, the Council may wish to reconsider this requirement as it pertains to affordable housing development. Staff has requested information from the developers of the four projects currently under construction regarding how this requirement has impacted each project's development budget.

City Green Building Code

Per the TIF Policy, all projects with a CEA must be in compliance with the City's Green Building Ordinance.

When a project submits an application for a building permit, the developer is asked to submit a preliminary energy model, along with a statement of certification from a licensed engineer that the project meets the standard and a written explanation of how the building will obtain the applicable standards using design plans to demonstrate compliance. In addition, prior to the issuance of a certificate of occupancy, the developer must submit a statement of final certification from a licensed engineer indicating that the project meets the standards along with any amendment to the preliminary energy model.

A new procedure has been implemented to ensure compliance with this ordinance. All projects will be in compliance with the ordinance before the issuance of a certificate of occupancy.

4. Tax Increment Financing Overview and Value

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. TIFs support municipal investment, as well as can be associated with private sector or affordable housing investment. TIFs are flexible municipal financing tools to fund the following types of activities to support public and private sector investment:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The three property tax components associated with TIF Districts include:

A. ***New Property Taxes***. TIF revenue is generated from <u>new</u> increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and new or "captured assessed value" in the TIF District can range from 1% to 100% of the amount of new property taxes.

B. ***Original Assessed Property Value (OAV)***. The taxes from property base or "Original Assessed Value" reverts to the municipal general fund and is not captured in a TIF District.

C. ***Flow of TIF CEA Funds***: The flow of taxes to return to the developer through a CEA is as follows.

i. The City sends its yearly tax bills for payments due in September and March of each fiscal year;

ii. Developer pays the taxes;

iii. In September and May of each year, for each CEA, a check is made to be sure the Developer's taxes are current. If current, the Economic Development Department proceeds to process that fiscal year TIF payment to return a portion of the taxes to the developer according to the CEA. If not current, the Economic Development Department will not move forward with the payment until current.

5. <u>TIF District Approval Process</u>

There is a three step process to approve establishment of a TIF District. The three steps include:

A. Economic Development Committee recommendation for approval to the City Council for commercial TIFs, or Housing Committee for affordable housing TIFs;

B. City Council approval; and,

C. State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF Districts.

6. <u>City Council Actions During FY2020 through the date of this Report</u>:

The City Council took up the following items during FY2020 through the date of this Report:

A. Approved amending the Downtown Transit Oriented Development (TOD) TIF District to support establishment of an Affordable Housing TIF District for the 66 State Street project (detailed below).

B. Approved an Affordable Housing TIF District with Developers Collaborative at 66 State Street to rehabilitate an existing building into a lodging house with 38 rooming units, and the construction of a 30-unit residential rental housing project.

C. Approved an Affordable Housing TIF District with Portland Housing Development Corporation for its project at 37 Front Street for the construction of a 60-unit mixed income residential rental housing project for individuals and families, and a 45-unit mixed income residential housing project for seniors.

D. City staff has received feedback from developers of affordable housing projects under construction that City TIF Policy wage rate requirements have resulted in an increase in construction expenses. Given the City Council's goal to increase the availability of affordable housing, the Council may wish to reconsider this requirement as it pertains to affordable housing development. This will be discussed at the May 5, 2020 EDC meeting along with an application for an Affordable Housing TIF District CEA request located at 104 Grant Street.

7. **Statutory Limits for TIF Districts**

There are two State statutory limitations which include:

A. ***Acreage***: No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% of Portland's 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of the date of this Report for FY2020, Portland has the ability to include 375 additional acres in TIF Districts.

B. ***Value***:

i. **Commercial/Area Wide TIF Districts:** The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY2020 aggregate value: $10,507,000,000), or in the case of Portland, 5% is $525,350,000. Based upon active TIF Districts as of the date of this Report for FY2020, Portland has the ability to include an additional $366.8 Million of property value in TIF Districts.

ii. **Affordable Housing TIF Districts:** The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY20 aggregate value: $10,507,000,000), or in the case of Portland, 5% is $525,350,000 . Based upon active Affordable Housing Districts as of the date of this Report for FY2020, Portland has the ability to include an additional $523.5 Million of property value in Affordable Housing TIF Districts**.**

It is noted that the amount of acreage and value to include in TIF Districts fluctuates as TIF districts are created, amended, expired, and/or terminated.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD TIF.

8. **Tax Sheltering Benefits**

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

A. State Education Aid is reduced,
B. State Municipal Revenue Sharing is reduced, and
C. A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's estimated total tax shelter savings for all active TIF Districts is just over $1.47 Million for FYE2020.

9. TIF Districts in Portland

A listing of all approved TIF Districts as of the date of this Report is provided as Item B in the Report Appendix.

This listing includes eight expired TIF Districts as of the date of this Report – Auto Europe, Shipyard Brewery, Nichols Portland, UNUM, Bayside Student Housing, Bramhall/Holt Hall, Riverwalk/Ocean Gateway, and Baxter Library LP. It is noted that Bramhall/Holt Hall, Riverwalk/Ocean Gateway, and Baxter Library LP CEAs expired in FYE2019.

This listing also includes two TIF Districts which were terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

In addition, this listing provides the following information for each TIF District:

A. TIF District duration;
B. percentages of taxes allocated to the Recipient/Developer, City, and General Fund;
C. TIF District location; and
D. brief description.

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of the date of this Report, the City has thirteen, single site active TIF Districts with associated CEAs - 2 TIF Districts supporting commercial projects, 1 TIF commercial district supporting housing projects (market and affordable), and 10 of which are affordable housing TIF Districts, namely:

- PowerPay/Portland Public Market
- McAuley Place (Market Rate and Affordable Rental Housing)
- ImmuCell
- Avesta/Pearl Place Affordable Housing TIF

- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF
- 17 Carleton Street Affordable Housing TIF
- Deering Place Affordable Housing TIF
- 58 Boyd Street Affordable Housing TIF
- 66 State Street Affordable Housing TIF
- 37 Front Street Affordable Housing TIF
- 977 Brighton Avenue Affordable Housing TIF
- 178 Kennebec Street (Unit 2) Affordable Housing TIF

Beginning FY2021, the City will have three commercial TIF districts (one for an affordable housing project – "McAuley Place"), and ten affordable housing TIF districts - subject to change between the date of this report (May 1, 2020) through the end of FY2020 (June 30, 2020).

Active Approved Area Wide TIF Districts and Associated CEAs

The City has two active area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside
    - Capital LLC CEA (expires FY2023)
    - Bayside Student Housing CEA (expired FY2018)
- Waterfront
    - Waterfront Maine CEA (expires FY2031)

Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts

- Downtown TOD TIF

The City retains a portion of the TIF funds for workforce training, public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and was activated with FY2016. There is no CEA associated with it at this time.

- Thompson's Point TOD TIF and CEA

For the Thompson's Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson's Point Development Company, Inc. for development of Thompson's Point.

Terminated TIF Districts

The City Council has terminated two TIF Districts, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,

- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District's use being converted into residential condominiums which is not an allowable TIF District use.

10. <u>TIF District Financial Overview for FYE2020, including FY16, FY17, FY18, and FY19:</u>

See below for financial comparison of FYE2020, FYE2019, FYE2018, FYE2017, and FYE2016 for then active TIF Districts:

	FYE2016	**FYE2017**	**FYE2018**	**FYE2019**	**FYE2020**
City General Fund-Taxes from OAV	$22.8 Million	$23.38 Million	$23.98 Million	$24.89 Million	$26.39 Million
City General Fund-Taxes from Non-Captured Value	$2.4 Million	$2.2 Million	$3.6 Million	$4.8 Million	$4 Million
Total TIF Taxes From Captured Value	$1.8 Million	$2.09 Million	$2.7 Million	$3.2 Million	$4 Million
- TIF Taxes to CEAs	$1 Million	$1.08 Million	$1.187 Million	$1.1 Million	$920,000
- TIF Taxes to Public Infrastructure/Arts/Staff	$.8 Million	$1.01 Million	$1.54 Million	$2.1 Million	$3.1 Million
Total Tax Sheltering Value	$87 Million	$99.6 Million	$126 Million	$143.5 Million	$174.3 Million
Estimated Annual Average Tax Sheltering Savings	$.7 Million	$.831 Million	$1.2 Million	$1.24 Million	$1.47 Million

<u>Table Explanations:</u>

<u>City General Fund-Taxes from OAV</u> - The above table shows a yearly increase in taxes from the OAV into the General Fund. As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

<u>City General Fund-Taxes from Non-Captured Value</u> – The number fluctuates based on each CEA, as well as the City's budget needs for public infrastructure/staff salaries/arts/debt service, for example. The captured value percentages for the area wide TIF Districts - Bayside and

Waterfront - are adjusted yearly based on those needs. The captured value percentage for the Downtown TOD TIF was originally set at 12% for the first year (FY2016) and then set at 22% for years 2 through 30. This capture rate was amended during FY2019 to capture up to 100% annually. Therefore, beginning with FY2020, it will be adjusted annually (25% for FY2020), together with the Bayside (75% for FY2020) and Waterfront area TIF (90% for FY2020) Districts. Non-captured increased assessed value taxes flow into the General Fund.

Total TIF Taxes From Captured Value – The percentage of captured value varies yearly based on CEAs and the City's financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/debt service/arts/staff investments, for example.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. It is noted that the captured value percentage for area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, staff, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway associated debt expenses.

Estimated Tax Sheltering Savings – This is the estimated tax sheltering savings from all the TIF Districts.

Appendix D is a spreadsheet showing the FYE2020 TIF Districts funding allocation and individual CEA annual payments.

11. Example of a Performing TIF

Performing TIF District: 134 Washington Avenue - Affordable Housing TIF

Duration: 20 year term (FY15 through FY34)
Percentages: 50% to Developer; 50% to City General Fund.

The 134 Washington Avenue Affordable Housing TIF District was approved by the Portland City Council on June 16, 2014, and then by the Maine State Housing Authority on August 13, 2014.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project, known as Thomas Heights. All of the units at Thomas Heights are affordable to households earning 50% or less of the Area Median Income. Ten (10) of the 18 units are specifically targeted to be affordable to households earning 40% or less of Area Median Income.

TIF revenues are being used by Developer to pay for operating costs for the project.

The subsequent investment and increases in assessed value is as follows:

Dates of Values	Real Estate Values
OAV 4/1/2013	$155,600
4/1/2015	$184,000
4/1/2017	$1,079,400
4/1/2019	$1,079,400

Through FY20, the Developer has realized just over $41,000 in TIF revenue funds, and the City has realized just over $58,000 in General Fund revenue from the project.

12. Summary

For more information, contact Greg Mitchell, Economic Development Director, via email at gmitchell@portlandmaine.gov, or 1-207-874-8945.

PORTLAND TIF POLICY

November 20, 2017

I. INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

"Infrastructure" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

II. STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

III. PURPOSE

The primary purposes of the TIF Policy include:

A. To support Portland Economic Development and Housing Plans and Policies;
B. To stimulate expansion of the City's commercial and industrial tax base;
C. To stimulate new affordable and market rate housing investment;
D. To retain and create quality employment;
E. To support Portland's Capital Improvement Plan; and,
F. To establish standards upon which the City Council will authorize TIF.

IV. GENERAL PRINICPLES

The three primary general principles for the City Council to establish TIF districts include:

A. Investment

***Minimum Real Property Investment*.** A minimum of $1 million in new taxable investment property value for commercial and industrial development and $500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

1) No reduction in State aid for education,
2) No reduction in municipal revenue sharing and
3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

V. APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

   Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

2) Area wide TIF districts financed by City Bond/Debt Issuance

   Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3) Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)

   A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. Policy for Municipal Economic Development Programs.

Requires annual review and City Council financial appropriations.

2. Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)

a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.

b) City TIF emphasis will be placed upon the following general “Priority Revitalization Areas” to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.

d) Affordable Housing**.** Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.

g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastructure.

NOTE 1: As of this Amended TIF Policy date, there are two existing area wide TIF Districts, i.e., Bayside and Waterfront TIF Districts.

NOTE 2: As of this Amended TIF Policy date, there also exists two Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District and the Downtown TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)

a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

ii) Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

(iii) State Prevailing Wage Requirement

Any firms employed in the construction phase of a TIF-assisted project must compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater.

City staff shall provide to the relevant City Council Committee an annual update on:

a) the impact of this prevailing wage requirements on CEAs;
b) feasibility of construction firms to pay prevailing wages and benefits; and
c) compliance with this section.

(iv) Equal Employment Opportunities and Nondiscrimination

The developer and its contractors employed in the construction phase of a TIF-assisted project shall adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. All employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by the developer and its contractors where appropriate. This policy shall not be construed to prohibit any employment action or policy which is required by federal law, rule or executive order.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity**.**

The applicant must demonstrate financial capacity to support their project.

iii) Fees

A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs***.***

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's. Notwithstanding the previous sentence, the maximum average percentage for the entire term associated with individual project CEAs for affordable housing shall be 75%. For the purposes of this policy, the term affordable housing shall be defined as in "V. Approach, Policy, and Term Requirements" Section B(2)(d) (Affordable Housing) of the Portland TIF Policy.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms; for Affordable Housing projects, up to thirty (30) years. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

VI. TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department and the Housing and Community Development Division (for affordable housing projects) handle all TIF inquires and processes requests for TIF. An applicant must submit a letter to either the Economic Development Department for commercial projects or the Housing and Community Development Division for affordable housing projects outlining the proposed project, including TIF project financial information, a plan outlining both the number of permanent and construction jobs associated with the proposed project, as well as a demonstrated ability to meet the requirements under Section B(3)(a) of this policy.

B. Approval Process.

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Post-Construction Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide a post-construction report to the City Council Committee and City Council regarding each TIF-assisted project which shall include, but not be limited to, an analysis of the adherence to Section (V)(B)(3)(a) of this policy.

D. Annual Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.

SUMMARY OF ALL APPROVED

TAX INCREMENT FINANCING (TIF) DISTRICTS

IN THE CITY OF PORTLAND A/O MAY 1, 2020)

This provides an overview of the twenty-six Tax Increment Financing Districts (TIF's) approved by the City of Portland.

Of the 26 Districts:

- 7 have expired;
- 2 were terminated;
- 3 are area-wide TIF Districts (Bayside, including one Credit Enhancement Agreement; Waterfront, including one Credit Enhancement Agreement; and, Downtown Transit Oriented Development TIF District) used primarily by the City of Portland for public infrastructure, workforce training, staff salary and administrative expenses, and debt service;
- 10 are Affordable Housing TIF Districts;
- 3 are Commercial TIF Districts; and,
- 1 is a Transit Oriented Commercial TIF District.

Below are details of each of these TIF Districts.

1. Nichols Portland (Economic Development TIF) **(Expired FY14)**

Duration: 20 year term (FY95 through FY14)
Percentages: Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City General Fund.
Location: 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

2. Shipyard/Longfellow (Economic Development TIF) **(Expired FY07)**

Duration: 12 year term (FY96 through FY07). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.
Percentages: 90% to Recipient, 10% to City General Fund Years 1 through 6; 50% to Recipient; 50% to City General Fund Years 7 through 11; 1% to Recipient, 99% to City General Fund Year 12.
Location: Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

3. <u>Auto Europe</u> (Economic Development TIF) **(Expired FY11)**

Duration: 15 year term (FY97 through FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.
Percentages: 75% to Recipient; 25% to City General Fund
Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

4. <u>Bramhall/Holt Hall</u> (Economic Development TIF) **(Expired FY19)**

Duration: 20 year term (FY00 through FY19)
Percentages: 75% to Recipient; 25% to City General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.
Location: 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost $4 Million.

5. <u>UNUM</u> (Economic Development TIF) (**Expired FY15)**

Duration: 15 year term (FY01 through FY15)
Percentages: 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.
Location: Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

6. <u>Waterfront TIF</u> (Economic Development TIF)

Duration as originally approved March 18, 2002: 10 year term (FY03 to FY12)
Duration Extended as of June 7, 2010 for a 30-year term: FY03 to FY32
Percentage: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place a portion of the property tax revenue in the City General Fund.
Location: Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects and workforce training for the waterfront.

6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street (Economic Development TIF)

Duration: 20-year term (FY12 through FY31)
Percentage: 63% years 1 through 5; 64% years 6 through 10; 55% years 7 through 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed $2,870,058.
Location: 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

7. <u>Bayside TIF</u> (Economic Development TIF)

Duration: 30 year term (FY04 through FY33)
Percentages: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I* and *II.*

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, workforce training, and administrative and staff costs. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

7a. Capital LLC (Intermed Building) on Marginal Way (Economic Development TIF)

Duration: 15 year term (FY09 through FY23)
Percentage: 100% to return, to Developer, to an annual maximum cap of $355,000 and annual debt service threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

7b. **Southern Maine Student Housing on Marginal Way** (Economic Development TIF) **(Expired FY18)**

Duration: 11 year term (FY08 through FY18)
Percentage: 100% to return, to Developer, to a maximum annual cap of $120,000 and annual debt services threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

8. Riverwalk/Ocean Gateway (Economic Development TIF) (**Expired FY19)**

Duration: 13 year term (FY07 through FY19)
Percentages: Formula based percentages in Credit Enhancement Agreement
Location: Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **Avesta/Pearl Place** (Affordable Housing TIF)

Duration: 30 year term (FY08 through FY37)
Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of $22,000 annual cap.
Location: Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets

10. Creative Portland Development and Arts (Economic Development TIF)

NOTE: ***This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).***

Original Duration: 15-year term (FY10 through FY24); ***Term amended as noted above to end FY19.***
Original Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; ***Percentage amended to reflect the 65% capture for the Baxter Library project***.
Original Location: Multiple properties included in the Downtown Area; ***Location amended as noted above to be only the Baxter Library property.***

This TIF was ***originally*** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of $100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

10a. Baxter Library LP at 621 Congress Street (Economic Development TIF) (**Expired FY19)**

Duration: 9-year term (FY11 through FY19)
Percentage: Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.
Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project added $2.5 Million in new municipal assessed commercial valuation. The reuse of this building accommodated the relocation of the VIA Group, bringing its then 64 employees to this upper area of downtown Portland.

11. <u>McAuley Place</u> (Economic Development TIF)

Duration: 30 year term (FY10 through FY39)
Percentages: 60% to Recipient; 40% to City General Fund.
Location: 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) to be located in three townhouse/cottages adjacent to the Convent.

The project remained dormant for a number of years until 2016/2017, with an updated renovation plan in the Motherhouse/Convent into 88 units - 66 with affordable restrictions and 22 market rate, and 21 market rate residential units located between the Motherhouse/Convent and Baxter Woods.

It is also noted that 140 residential units are planned to be located on the remainder of the former McAuley Campus, located outside of the TIF District. These units were not part of the 2009 Development Plan.

12. <u>PowerPay/Portland Public Market</u> (Economic Development TIF)

Duration: 30 year term (FY11 through FY40)
Percentages: Years 1 through 8 – 75% to Developer, 25% to City General Fund; Years 9 through 30 – 50% to Developer, 50% to City General Fund.
Location: 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay, along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

13. <u>Thompson's Point Development Company, Inc.</u> (Transit-Oriented TIF)

Duration: 30 year term (FY15 through FY44).

Percentages:
Phase One of Project*:* Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of Thompson's Point into the **Forefront at Thompson's Point.** Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a mixed-use development that is transforming a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center generating significant economic activity within the District and throughout Portland. The Company is redeveloping Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

14. <u>The Village at Oceangate, LLC (Bay House)</u> (Economic Development TIF)
This TIF was <u>terminated</u> by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.

Duration: 11 year term (FY14 through FY25)

Percentages: Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City General Fund. Total revenue to developer is capped at $647,971 over the term of the District.
Location: Hancock Street, between Newbury and Middle Streets.

This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

15. <u>Fore India Middle, LLC (former Jordan's Meat Site)</u> (Economic Development TIF)
This TIF was <u>terminated</u> by the City Council on November 3, 2014 due to the project not coming to fruition.

Duration: 4 year term (FY14 through FY17)
Percentages: Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. Total revenue to developer is capped at $650,000 over the term of the District.
Location: Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term (FY14 through FY35)
Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.

17. 134 Washington Avenue (Affordable Housing TIF)

Duration: 20 year term (FY15 through FY34)
Percentages: 50% to Developer; 50% to City General Fund.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)

Duration: 30 year term (FY16 through FY45)
Percentages: 12% Year One; 22% years 2 through 4; and up to 100% years 5 through 30.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to $100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, workforce training, administrative and staff costs.

19. 17 Carleton Street (Affordable Housing TIF)

Duration: 22 year term (FY16 through FY37)
Percentages: Years 1 and 2: 0% to Developer; 100% to City. Years 3 through 22: 65% to Developer; 35% to City General Fund.

This Affordable Housing TIF District supports the development of a 37-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

20. ImmuCell (Economic Development TIF)

Duration: 12 year term (FY18 through FY29)
Percentages: Years 1 through 11: 65% to Developer, 35% to City General Fund; Year 12: 30% to Developer, 70% to General Fund.

This Economic Development TIF supports ImmuCell Corporation's expansion from its existing facility at 56 Evergreen Drive to a new two-story, 12,625 sq. ft. (est.) production facility on Caddie Lane off of Riverside Street. ImmuCell Corporation is a growing animal health company that develops, manufactures, and sells products that improve animal health and productivity in the dairy and beef industry. Over the last nearly 16 years, the Company has invested in excess of $11 Million in the R&D of a product that addresses mastitis, the most significant cause of economic loss to the dairy industry. This lead product in development is **Mast Out**, a novel, ground-breaking treatment for mastitis in lactating dairy cows. Completion of construction of this new facility was done 2017.

21. Deering Place (Affordable Housing TIF)

Duration: 30 year term (FY19 through FY48)
Percentages: 75% to Developer, 25% to City General Fund for 30 year term.

This Affordable Housing TIF District supports the development of 75 units of residential rental housing. TIF revenues will be used by Developer to pay for operating costs for the project.

22. 58 Boyd Street (Affordable Housing TIF)

Duration: 30 year term (FY19 through FY48)
Percentages: 50% to Developer, 50% to City General Fund for 30 year term.

This Affordable Housing TIF District supports the development of a 55 unit, mixed income, multi-family rental apartment building. TIF revenues will be used by Developer to pay for operating costs for the project.

23. 977 Brighton Avenue (Affordable Housing TIF)

Duration: 30 year term (FY20 through FY49)
Percentages: 75% for 30 years to Developer; 25% to City General Fund.

This Affordable Housing TIF District supports the development of 40 units of senior rental housing. TIF revenues will be used by Developer to pay for operating costs for the project.

24. 178 Kennebec Street (Affordable Housing TIF)

Duration: 30 year term (FY20 through FY49)
Percentages: 75% for 30 years to Developer; 25% to City General Fund.

This Affordable Housing TIF District supports the development of 51 units of senior rental housing. TIF revenues will be used by Developer to pay for operating costs for the project.

25. 37 and 63 Front Street (Affordable Housing TIF)

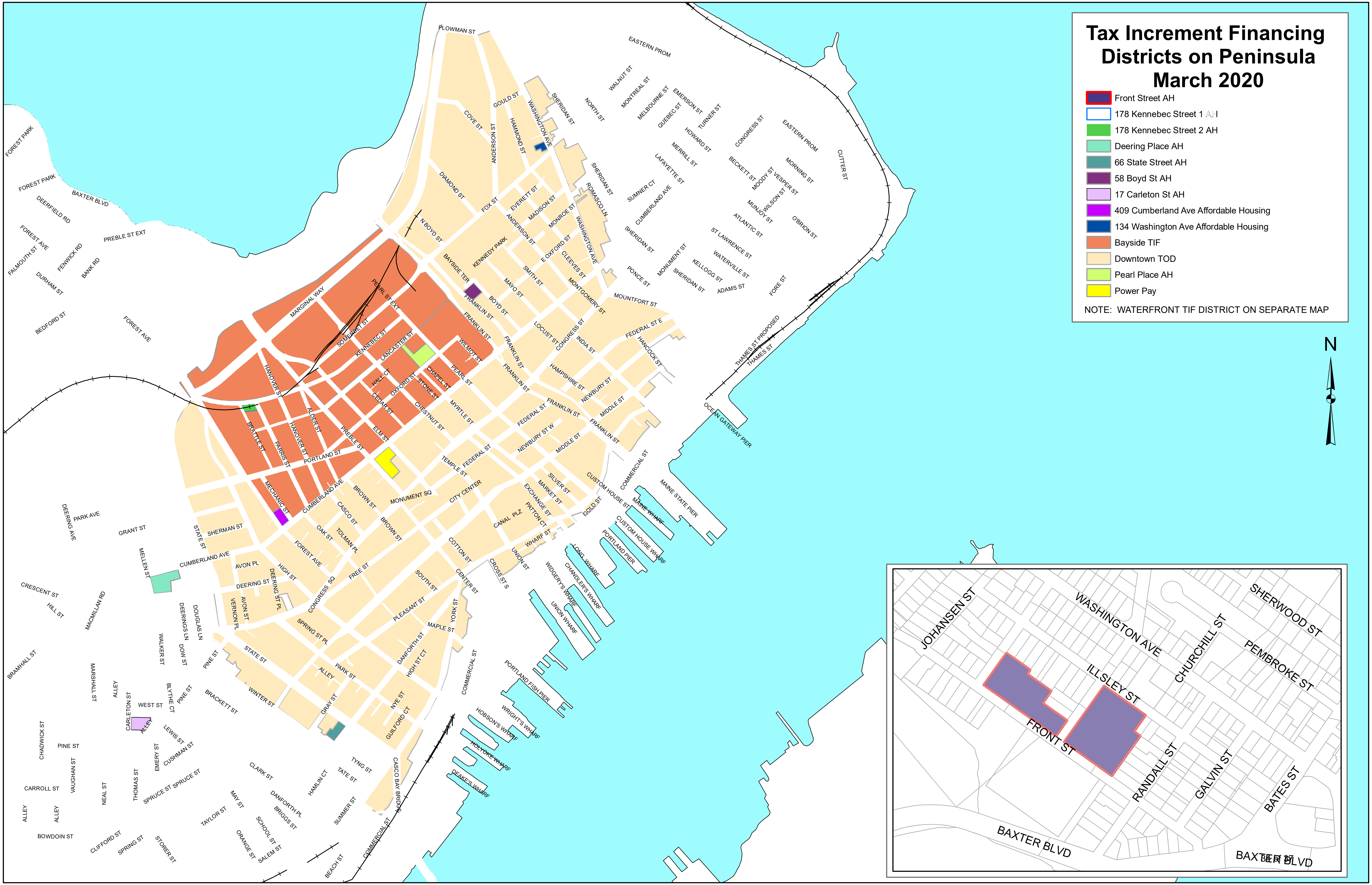
Duration: 30 year term (FY21 through FY50)
Percentages: 75% for 30 years to Developer; 25% to City General Fund.

This Affordable Housing TIF District supports the construction of a 60-unit mixed income residential rental housing project for individuals and families, and a 45-unit mixed income residential rental housing project for seniors. TIF revenues will be used by Developer to pay for operating costs for the project.

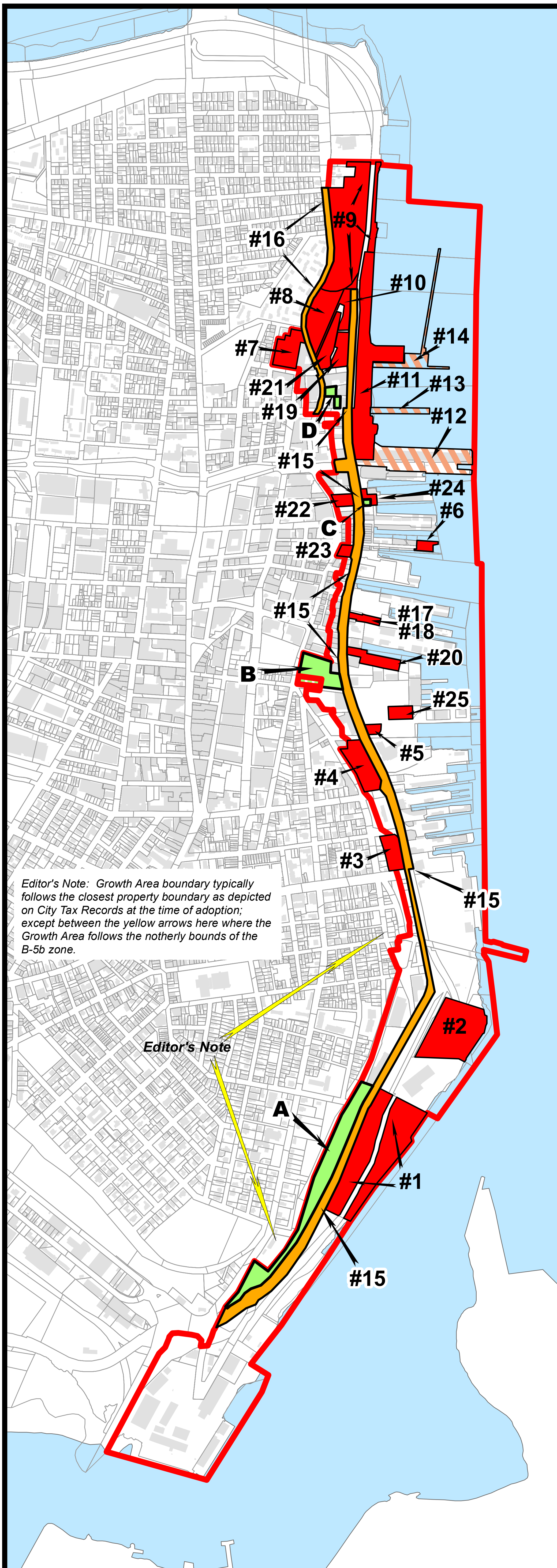
26. <u>66 State Street (Affordable Housing TIF)</u>

Duration: 30 year term (FY21 through FY50)
Percentages: 75% for 30 years to Developer; 25%1 to City General Fund.

This Affordable Housing TIF District supports the rehabilitation of an existing building into a lodging house with 38 rooming units, and the construction of a 30-unit residential rental housing project. TIF revenues will be used by Developer to pay for operating costs for the project.



Tax Increment Financing Districts on Peninsula March 2020
Front Street AH
178 Kennebec Street 1 AH
178 Kennebec Street 2 AH
Deering Place AH
66 State Street AH
58 Boyd St AH
17 Carleton St AH
409 Cumberland Ave Affordable Housing
134 Washington Ave Affordable Housing
Bayside TIF
Downtown TOD
Pearl Place AH
Power Pay
NOTE: WATERFRONT TIF DISTRICT ON SEPARATE MAP
N
JOHANSEN ST
WASHINGTON AVE
SHERWOOD ST
CHURCHILL ST
PEMBROKE ST
ILLSLEY ST
FRONT ST
RANDALL ST
GALVIN ST
BATES ST
BAXTER BLVD



WATERFRONT TIF DISTRICT

Map ID	Parcel Address - Common Name	CBL
Proposed AMD4-WTIF Parcels to be added (5/2019).		
A	JB Brown Site, West Commercial St	Add 060 A001
B	Portland Square Master Plan, Lower Lot and Center St Hotel	Add 038 G001, includes addition to Growth Area
C	Dry Dock Building at 84 Commercial St	Add 030 D005
D	Fore Street office block and India Street residential block	Add 019 B004 and 019 B022
AMD3-WTIF Parcels Added. Council Approved 10/15/2018. MDECD Approved 4/5/2019.		
1	400 West Commercial, PYS	060 F001
"	"	060 F003
2	IMT Cold Storage Site	Multiple, inlcuding: 059 A002 and 059 A005, and portions of 059 A007, 059 A008, 059 A009
3	431 Commercial St., "Angelo's Acre"	043 C009
4	383 Commercial St., Dasco Development, Rufus Deering Site	042 A001
5	Portland Fish Pier Lot #1	041 A013
6	60 Portland Pier	030 B004
7	127 Fore St., Shipyard Brewery	020 C009
8	100 Fore St.,Hamilton Marine Site	019 A010
9	58 Fore St, Portland Foreside	018 A001, 018 A002, 019 A003
10	Thames St Lot, Phase II	019 A002
11	Ocean Gateway Land, Parking and Queuing	444 A003 and A004; 445 A001 and A002; 446 A001 and A002
12	Portland Ocean Terminal and the Maine State Pier	444 A001 and A002
13	New Pier	444 A004
14	Ocean Gateway Pier	445 A002
15	West Commercial St., Commercial St., Thames St Corridor	NA
16	Fore Street Corridor, India Street to Atlantic Street	NA
AMD 2: WTIF Parcels Added. Council Approved 3/16/2018. MDECD Approved 5/29/2018.		
17	5 Widgery Wharf, Union Wharf	031 K003
18	218 Commercial St., Union Wharf	031 K103
19	Hancock St., WEX Headquarters	019 A014
AMD 1: WTIF Sub-District Created. Council Approved 6/7/2010. MDECD Approved 6/28/2010.		
20	252 Commercial St., Pierce Atwood	041 A016
WTIF District Creation. Council Approved 6/7/2010. MDECD Approved 6/28/2010.		
21	144 Fore St./Warehouse & Storage	019 A008
22	7 Custom House St/Office & Business	029 K001
23	145 Commercial St/Office & Business	029 S001
24	68 Commercial St./Maine Wharf	030 D001
25	5 Portland Fish Pier/Bristol Seafood	041 A005

Map produced by the City of Portland Economic Development Department. Intended to document Growth Area and Waterfront TIF District boundaries as of October 15, 2018 as well as proposed expansions. TIF district boundaries are based on the underlying tax parcels where available. Actual parcel boundaries may change by sale or lease and TIF District boundaries may be amended from time to time. May 2019

Legend

Growth Area Boundary as Recently Expanded

TIF District Parcels

- Existing TIF parcel, as of April 2019
- Property for TIF District Inclusion
- Pier Infrastructure for In-district Capture and Use of TIF Funds
- Public Roadway for Use of TIF Funds
- Addition to Growth Area Boundaring and TIF District

Portland Waterfront Development Growth Area
Waterfront TIF District Expansion *May 2019*

Draft for Review by City of Portland Economic Development Committee

2,000 1,000 0 2,000 Feet

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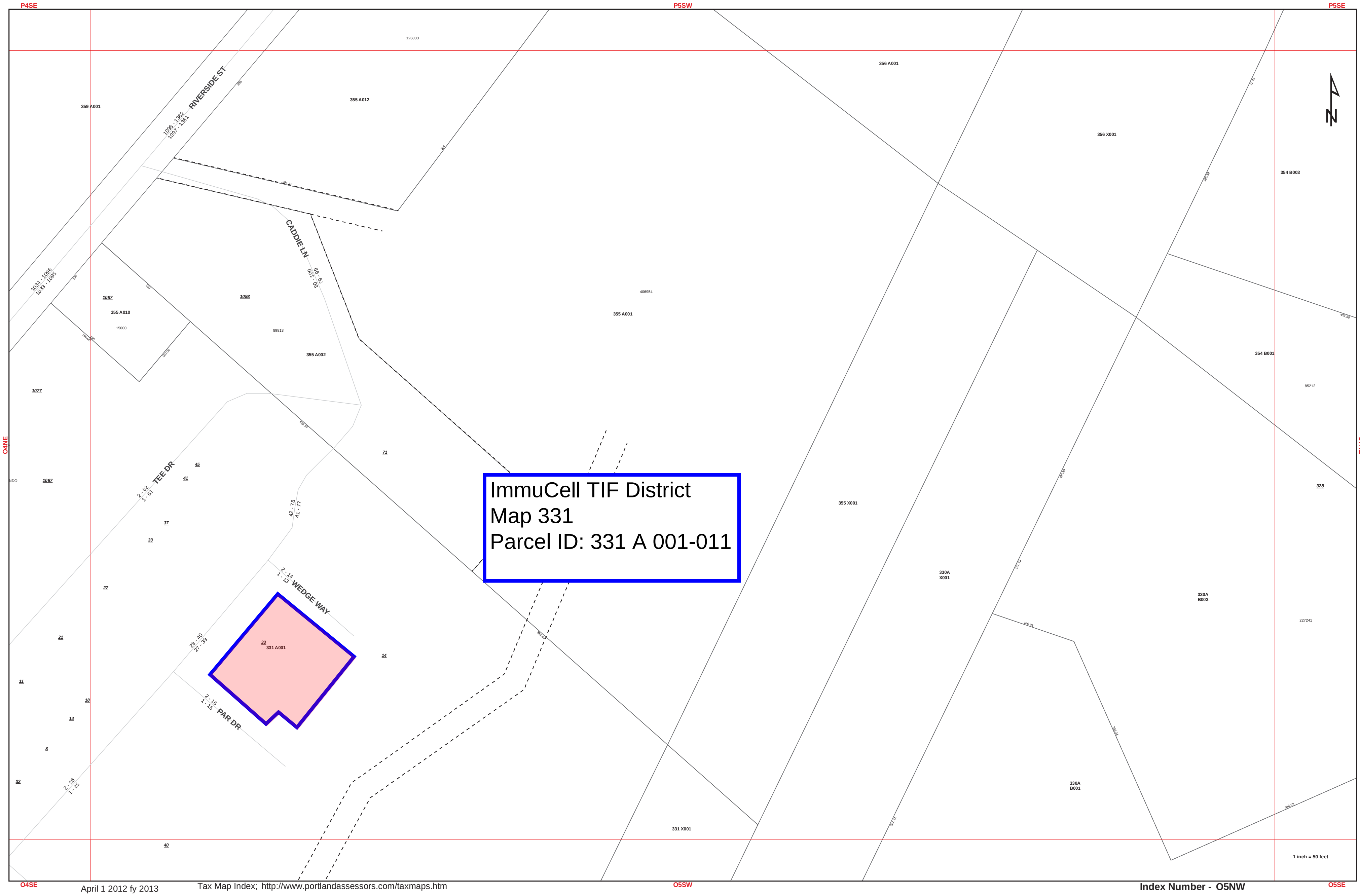

April 1 2012 fy 2013

Tax Map Index; http://www.portlandassessors.com/taxmaps.htm

Index Number - O5NW

McAuley TIF District at corner of Walton Street and Stevens Ave./Approx.