ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, January 19, 2021
TIME: 5:30 PM
LOCATION:

Please click the link below to join the webinar:
https://zoom.us/j/99895644868
Or iPhone one-tap :
US: +16465588656,,99895644868# or +13017158592,,99895644868#
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Dial(for higher quality, dial a number based on your current location):
US: +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799 or +1 669 900 9128 or +1 253 215 8782 or +1 346 248 7799
Webinar ID: 998 9564 4868
International numbers available: https://zoom.us/u/asEAAtucW

1. **Review and accept Minutes of previous meeting held on January 5, 2021.**

   a. See attached draft meeting Minutes.

2. **Public Hearing and vote to recommend to the City Council an Affordable Housing Project Tax Increment Financing (TIF) District Credit Enhancement Agreement (CEA) Request for 45 Brown Street – Mary Davis and Greg Mitchell**

   a. See enclosed Memorandum from Mary Davis with attached documents.

   NOTE - EXECUTIVE SESSION: The Committee may go into executive session per 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A to provide staff direction on negotiations.

3. **Public Hearing and vote to recommend to the City Council to amend the Downtown Transit-Oriented TIF District to remove 45 Brown Street from the District for it to be its own free-standing Affordable Housing TIF District – Greg Mitchell**

   a. This is a companion action related to the 45 Brown Street TIF CEA request.

4. **Public Hearing and vote to recommend to the City Council to amend the City's Tax Increment Financing Policy – Mary Davis**

a. See attached Memorandum from Mary Davis and backup.

5. **Discussion on City Board/Committee redundancies - Rent Board and Rental Housing Advisory Committee – Mary Davis**

a. See attached Memorandum from Mary Davis.

6. **Revised 2021 Housing and Economic Development Committee Work Plan for Committee information.**

a. See attached document.

Next Meeting Date: February 2, 2021

Minutes

Remote Housing and Economic Development Committee

January 5, 2021

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

These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, January 5, 2021, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Spencer Thibodeau and members Councilors Tae Chong, and Andrew Zarro; Committee member Councilor Pious Ali could not be present. Present from the City staff were Housing and Community Development Division Director Mary Davis, Housing Program Manager Victoria Volent, Housing and Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, City Manager Jon Jennings, and Associate Corporation Counsel Michael Goldman.

Item #1 Communication: November 17, 2020, Economic Development Committee Meeting Minutes

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (3-0) to accept the Minutes as published.

Item #2 Communication: November 12, 2020, Housing Committee Meeting Minutes

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (3-0) to accept the Minutes as published.

Chair Thibodeau noted that he would like to take up Item #4 on the Agenda first, as Committee member Councilor Pious Ali is in another meeting and hoped to be able to participate in Item #3 on the Agenda; the Committee concurred. (Post note: Councilor Ali was not able to make this meeting.)

Item #4: For Committee Discussion and Direction: 2021 Outdoor Dining & Retail Program Proposal and Other City Business Support Pandemic Programs.

Chair Thibodeau said that this is on the Agenda to discuss next steps for permanency as to what can continue to be done to assist businesses after the current extension is done on May 10, 2021.

Mr. Jennings said that ten months ago, the City was confronted with the Pandemic and required it to be flexible with a goal of salvaging Portland's businesses and economy as much as possible. One flexibility involved responding to the closure of indoor dining, so the City pivoted and amended and expanded outdoor dining possibilities, which was extended yesterday by the City Council to May 10, 2021. Due to the Chair's leadership, prior to the Pandemic, the City had already approved the use of parking spaces – be it up to five "parklets" as a pilot to determine future issues. The extension to May 10, 2021, also includes additional parklets where other options do not work and safety can be achieved. Mr. Jennings also commented on street closures that were done, with some successful and some not, and allowing outdoor dining on private parking lots. He complemented the City's Inspection and Permitting staff for their efforts to assist with this successful transition and responding to constituent inquires. City staff did not want the process to be onerous for businesses.

Chair Thibodeau thanked the City Manager for the background and where we are today. The City wants to move forward with what can be expected for Portland businesses as they transition from the Winter season back to Spring, Summer, and Fall.

Councilor Chong said this will be a good step forward, and noted street closures be vetted and worked out with Portland Downtown to connect streets for people to walk to where they want to go. When the Pandemic is done and cruise ships return, the City will need to deal with parking and moving people to be successful. Regarding the continuation of Parklets, he would like to see them continue for permanency for both restaurants and retail for shopping in and outdoors.

Councilor Zarro also noted the success of parklets, and encouraged that they continue as long as appropriate safety measures can be met. He also noted that after the Pandemic is done, he would like for Portland to have something similar to the Church Street Marketplace in Burlington, VT. This is an opportunity to leverage a healthy walkable downtown. Councilor Zarro also noted that he would like to see off-peninsula options for parklets, for example in the Woodfords area. Lastly, he would to see updated feedback from Exchange Street businesses, and any more follow-up surveys from businesses and visitors as to what worked and what could be done better.

Chair Thibodeau noted a statistic that there were 175 outdoor dining permits in the Summer, and now there are 45 for the Winter months. This Committee will need to discuss where future street closures could work and then parklets as separate issues. Constituent feedback will assist the Committee as to what worked and what could be improved.

Mr. Jennings noted that the City's sees a significant revenue loss for each parking space converted to a parklet and this would need to be factored into discussions. The closure of Exchange Street was not well received, hurting businesses who depend on parking, with the City also thinking there would be more parklets. City staff are currently working on Dana and Wharf Streets possible closures, noting it is a natural area for that purpose and it may be well be permanent; plans for this can be included at the next meeting when this is discussed. Mr. Jennings also noted that the City is willing work with anyone with concepts that are safe, whether on or off peninsula and on public and private space.

Chair Thibodeau noted consensus for openness to year-round options for parklets both on and off peninsula, with the need to look at revenue loss for the City and costs to businesses, as well as background information on who might take advantage of this; impacts of street closures; and numbers on who took advantage of outdoor dining and retail. He suggested that Mr. Mitchell reach out Portland Downtown to have them survey their constituents about who did and did not utilize outdoor dining and retail and to offer their feedback either way.

Councilor Chong said that in looking a partial street closures, the City would need to look at the impacts on parking and then creating innovative transportation to move people around.

Councilor Zarro also suggested to have Buy Local query their constituents about the use of outdoor dining and retail. It would be good information for the City to have as to why some did and did not take advantage.

Chair Thibodeau said that he walks Exchange Street everyday down to Middle, noting that upper Exchange Street had 2 to 3 businesses taking advantage of parklets. The foundation is there for that use, and further refinements for aesthetics can be looked at, as well as spacing and measuring. Chair Thibodeau said that his goal would be for the Committee to further review information requested today at a February meeting, noting that getting this to Council in March would provide businesses with ample time to know the City's direction. This may include Ordinance amendments and additional rules and regulations.

Councilor Chong noted that this is about people congregating and would like to see how perhaps parklets could be converted into a stage for the performing arts, planning for that one or two years out.

Chair Thibodeau agreed and looked forward to discussing the framework at a February Committee meeting and thanked all for their feedback.

Item #3 Public Hearing and vote to recommend to the City Council renaming the City Housing Trust Fund to the "Jill C. Duson Housing Trust Fund"

Chair Thibodeau introduced this item and Mary Davis provided an overview. During the December 7, 2020 City Council Inauguration Meeting, Mayor Kate Snyder announced that in honor and recognition of Councilor Jill Duson's contribution to housing, including "…helping to create a municipal environment conducive to the development of affordable and low income eligible housing…" she is asking the Housing and Economic Development Committee to review a request to rename the Housing Trust Fund the "Jill C. Duson Housing Trust Fund". Mary also noted a few of the many accomplishments under Councilor Duson's leadership.

The Housing Trust Fund Ordinance is located in Chapter 14, Article 18.3 of the Code. Any changes to Chapter 14 must be reviewed by the Planning Board who would then make a recommendation to the City Council. Tonight's packet includes a redlined version of the proposed changes. A more streamlined version will be reviewed by the Planning Board and ultimately presented to the council for approval. The streamlined version will be consistent with the new format of Chapter 14.

Councilor Chong supports renaming the Housing Trust Fund the Jill C. Duson Housing Trust Fund.

Councilor Zarro asked if former Councilor Duson is amenable to the proposed change.

Chair Thibodeau noted Councilor Duson is honored at the suggestion.

Chair Thibodeau opened the meeting to public comment.

Brian Eng- (33 Storer Street) indicated his support of this well-deserved honor. He also thanked Councilors and staff for their advocacy on behalf of affordable housing initiatives.

George Rheault- (28 Hanover Street) is against this recommendation; such an honor should be reserved for Councilors who have passed away, and this is not deserved.

Chair Thibodeau closed the public comment period.

Councilor Chong moved for passage of the recommendation.

Councilor Chong recognized Jill Duson's commitment to housing and her efforts towards bringing innovative housing to Portland. He supports honoring Councilor Duson for her dedication to the city and its citizens.

Councilor Zarro also supports this proposal. Councilor Duson was a dedicated leader to public service. The honor is reflective of those on the Council and City Staff to see her as the genuine, authentic person she is

Chair Thibodeau- Councilor Duson deserves this without a doubt. She was dedicated to funding the Housing Trust Fund which has contributed towards the creation of many units of affordable housing. Councilor Duson advocated for her passion and commitment to affordable housing. He also thanked Mary Davis for her long tenure and dedication to public service.

Chair Thibodeau asked for a vote on the motion and it passed unanimously (3-0).

This item will first go to the Planning Board and then to the City Council.

Item #5 Discussion of Housing and Economic Development Committee Priorities for 2021

Chair Thibodeau introduced this item and Greg Mitchell began staff's presentation by noting the memo prepared for the Committee contains five categories for consideration, the first being an overview of the "rent control referenda". The second, third, and fourth categories were introduced by Mary Davis. Ms. Davis discussed the "affordable housing policy and budget" category, the "affordable housing public-private partnership" category, and recent "real estate transactions" category. Mr. Mitchell wrapped up the presentation with a synopsis of the "annual reports and actions" category. He also welcomed the efficiency of working with one committee in policy decision and implementation and looks forward to receiving direction from the committee.

Councilor Chong- would like developers who receive City subsidies to use the Family Self Sufficiency program for Section 8 and public housing recipients.

Councilor Chong- glad to assist with providing housing for the missing middle (such as through cooperatives). He would like to combat the "amazon" or "covid" effect of shopping on-line by bringing people back downtown through the encouragement of more performing arts in the Arts TIF District. Promoting the performing arts would differentiate Portland from Amazon. He would like to set aside money to promote the performing arts to keep Portland a vibrant shopping and service center.

Councilor Zarro- supports the comments from Councilor Chong. He would like to spend procurement dollars locally and find opportunities to lay the groundwork to highlight local business.

Chair Thibodeau- expressed the importance of continuing the work of creating affordable housing on City owned Property. He also supports unique methods to identify Portland as a vibrant commercial center. Business retention over the next year will be challenging. Portland needs to help those who wish to start up a new business and those already established. He would like to see a $150,000 investment in Portland Adult Education's job training program.

Councilor Chong- agrees Portland Adult Education has done an amazing job. He would also like to see housing projects on major thoroughfares outside of the Peninsula.

Seeing no other comments, Chair Thibodeau closed this agenda item.

Councilor Thibodeau reported that Councilor Ali texted his support for the renaming of the Housing Trust Fund to the Jill C. Duson Housing Trust Fund.

On motion made by Councilor Zarro, seconded by Councilor Chong, the Committee voted unanimously (3-0) to adjourn at approximately 7:00 p.m.

Respectively, Victoria Volent

Lori Paulette for Item #4

CITY OF PORTLAND
Housing and Economic Development Department
Housing and Community Development Division

TO: Councilor Spencer Thibodeau, Chair
Members of the Housing and Economic Development Committee

FROM: Mary P. Davis, HCD Division Director

DATE: January 15, 2021

SUBJECT: 45 Brown Street Affordable Housing Tax Increment Financing Request

I. SUMMARY

The City of Portland's Division of Housing and Community Development received an Affordable Housing Tax Increment Financing (AHTIF) application from Presidium for a project located at 45 Brown Street. The Housing Committee reviewed the project proposal at its June 10, 2020 meeting and indicated support for the development of affordable rental housing in the downtown area. Due to changes to the development proposal, the TIF estimates noted in the memo to the Housing Committee dated June 5, 2020 have been updated. The numbers reflected in this memo are accurate for the current development proposal and reflect changes to the proposed project to meet the requirements under the recently enacted local referendum. 45 Brown Street is located in an existing city council approved area-wide TIF district, the Downtown TIF. The area-wide TIF district will need to be amended to carve out this site to enable a free standing 30-year affordable housing TIF district to be established.

II. BACKGROUND

The Presidium Real Estate development team is proposing a new development project that will result in 275 new units of rental housing. The Presidium team is requesting that the City of Portland designate an Affordable Housing Tax Increment Financing Development District on the development site. If approved, tax increment financing will be provided through a Credit Enhancement Agreement at 75% of the increased taxable value for a thirty (30) year term, with the captured revenue to be returned to the developer to off-set project development costs.

The project proposal includes 116 studio apartments (38 affordable at or below 80% of the area median income (AMI), 13 affordable at or below 120% AMI and 65 at market rate); 125 one-bedroom apartments (40 affordable at or below 80% AMI and 85 at market rate); and 34 two-bedroom apartments, all at market rate.

389 Congress Street Room 312 · Portland, Maine 04101
207- 874- 8711 mpd@portlandmaine.gov · www.portlandmaine.gov

45 Brown Street		
Studio (116)	at or below 80% area median income (deed restricted)	38
	at or below 120% area median income (deed restricted)	13
	Market Rate	65
One-bedroom (125)	at or below 80% area median income (deed restricted)	40
	Market Rate	85
two-bedroom (34)	Market Rate	34
Total	at or below 80% area median income (deed restricted)	78
Total	at or below 120% area median income (deed restricted)	13
Total	Market Rate	184
Total Units		275

According to narrative provided by the developer:

"The 45 Brown Street "Monument Square" parking garage, which is the parcel to be developed into a new apartment project was part of a parcel that had been deteriorating for several years and left in disrepair. The redevelopment of the subject property will revitalize and invigorate a part of downtown Portland that has witnessed years of neglect and provide rental housing product that is in extreme demand. This area is located in one of the most visible locations of downtown Portland and sits on the edge of the gateway to the Downtown Historic District. The neighboring property, 477 Congress Street/22 Preble Street/481 Congress Street which has also witnessed years of neglect will be repurposed and an easement will be granted to the 45 Brown Street parcel that will allow the historic Keith's theater entrance, which was originally located at 22 Preble Street to be completely restored and create a dramatic "sense of arrival" that will also be open to the public.

The 45 Brown Street project will also deliver several permanent jobs such as a Community Leasing Director, Facilities Manager, Full time leasing staff and full-time maintenance staff. The project will also indirectly support additional job creation with local vendors that provide ongoing services to the new project such as moving companies, cleaning companies, contractors etc. With the creation of 275 new apartments with urban living this will stimulate activity within all of the local businesses. A local sustainability engineer has been retained from Thornton Thomasetti to ensure we achieve a very high level of energy efficiency that will exceed the City of Portland building requirements.

The building site is located at one of the highest, most visible points of Portland. This is great for the potential residents as the views will be breathtaking but it creates other challenges that increase the total build costs. The site sits directly on ledge so there is a significant expense incurred in the excavation and structural engineering required. With the neighboring historic buildings in such close proximity, there is additional shoring required to make sure those buildings are kept structurally sound that adds to the construction cost. The existing parking garage contains hazardous materials and a detailed abatement plan will *be required which increases the demolition and site preparation costs. These costs that are specific to the development site cannot be avoided.*

An additional commitment from the development team is to create amenity space that creates a strong welcoming community environment. Outdoor terrace space that will promote a healthy lifestyle will be accessible year round. Pet friendly amenities such as a dog wash, dedicated "dog run", bicycle storage, workshop, fitness/yoga studio, co-working space, club room, game room, oversized parcel delivery area are just some of the design concepts that will be intertwined in the project. Large resident entrance areas with oversized lobby space will encompass art work and exhibits to create a vibrant living experience. The commitment to delivering these amenities to the project is something that is currently unmatched at other neighboring apartment communities in Portland.

The ambitious vision to transform the 45 Brown Street project into 275 residential apartments will be the largest delivery of rent restricted units within the AHTIF program. This significant investment also generates a tremendous amount of economic activity not only directly to the engineers, architects, designers, contractors and trades providing their services to the project but the local economic activity generated to businesses during the anticipated 24 month construction phase. In addition, the 45 Brown Street project also requires a long-term commitment from the current developers as the Affordable Housing Credit Enhancement Agreement requires a deed/title restriction to the use of the rental units and effective rental rates charged for 30 years. Opportunities to develop the project into other potential uses would not be allowed due to the 30 year deed restriction."

III. INTENDED RESULT AND/OR COUNCIL GOAL ADDRESSED

The project will create 275 units of rental housing which supports the City Council's 2020 Common Goal to *"Increase access to rental and homeownership housing that is safe, affordable, and accessible."*

IV. FINANCIAL IMPACT

The project has an estimated total development cost of $91,018,480. When completed, this project's new building assessed value is estimated at $59,000,000, which would yield an estimated $973,500 in annual assessed property tax revenue using an estimated mil rate (post revaluation). It is noted that the future city mil rate will be determined this Spring associated with the city property revaluation process. For the property tax revenue projections, city staff used $16.50/$1,000 in municipal assessed value with a 2% annual escalator. The City Assessor was consulted to determine a conservative municipal mil rate in order to prepare as realistic as possible future property tax revenue estimates. In order to ensure that the city does not overly subsidize this affordable housing project, the total amount of property tax taxes returned to the development over the term of this TIF District is capped at $26,700,000 million. This amount of financial assistance is supported by third party financial underwriting analysis and is in line with past city council approved affordable housing TIF CEAs based upon the type and number of restricted units

The increased assessed value is estimated at an annual amount of $57,089,500 or $1,598,506,000 over the 30 year term of the district.

Original Assessed Value	Increased Assessed Value	Captured Valuation (Increased Assessed Value x 75%)
$1,910,500	$57,089,500	$42,817,125

Seventy-Five (75%) percent of the increased tax revenue will be captured revenue returned to the developer through a Credit Enhancement Agreement. Captured revenue returned to the developer averages an estimated annual amount of $889,985 or $26,699,555 over the 30 year term of the district. Again, based on the uncertainty with the revaluation process, staff is proposing a cap on the amount of captured revenue returned to the developer of $26,700,000.

The remaining 25% is non-captured general fund revenue with an estimated annual average amount of $296,662 or $8,899,852 over the 30 year term of the district. Original assessed value revenue to the general fund is estimated at an annual average of $42,276 or $1,268,282 over the 30 year term of the district.

	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	$26,699,555	$0	$8,899,852	$1,268,282
30 Year Average	$889,985	$0	$296,662	$42,276

With the tax sheltering benefits of TIF Districts, overall savings to the City during the term of the district averages an estimated annual amount of $359,249, or $10,777,456 over the 30 year term 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	$1,198,879,500	$9,217,671	$898,437	$661,349	$10,777,456
30 Year Average	$39,962,650	$307,256	$29,948	$22,045	$359,249

V. STAFF ANALYSIS

The project will provide 275 units of rental housing. Seventy-eight units (which represents 28% of the total number of units) will be affordable to households earning at or below 80% of the area median income. The City's Inclusionary Zoning (IZ) Ordinance requires that 25% of the total number of units be affordable to households at 80% of the area median income; this project is providing more than the required percentage of IZ units. Thirteen units (or 5% of the total number of units) will be affordable to households earning at or below 120% of the area median income. The remaining 184 units (or 67% of the total number of units) will be rented at market rates.

HCD staff worked with the developer to determine the allowable rents for the income restricted units, including estimated utility costs. The developer has retained a local sustainability engineer to ensure the project achieves a high level of energy efficiency and anticipates that actual utility costs will be below the City's allowable estimates. Parking will be available to all tenants at the cost of $175/month. The restricted affordable units will not be charged other miscellaneous fees, such as pet fees, late fees, admin fees, trash and pest control fees. HCD staff and the City's Corporation Counsel's office will ensure that this is built into the TIF district legal documents.

HCD staff worked with the developer and the City's third-party consultant to review and analyze the financial aspects of the project proposal. This analysis included a review of updated project information to include additional requirements imposed by changes to the city code as a result of recent citizen initiated referendum. The consultant's analysis is attached. The memo includes her recommendations, which are also noted below. A confidential supplemental memo from the consultant with an analysis of the developer's financials, both corporate and personal, has been provided to the members of the Housing and Economic Development Committee.

The developer must at minimum meet three primary criteria for an AHTIF approval of up to 75% for 30 years:

1. <u>*Community Need*</u>*: "…site specific AHTIF designations must address an identified community need."*

Presidium will provide 78 units of housing for households at 80% AMI and 13 units of housing for households at 120% of AMI. Moderate income housing is identified as a community need in Portland's Plan 2030 and the City Council's 2020 Common Goals.

2. <u>*Financial Necessity:*</u> *"The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed."*

Presidium has demonstrated that without TIF revenue the project would not be able to move forward. The TIF provides both necessary capital during the development period and important supplemental income during the operating period.

3. <u>*Financial Capacity:*</u> *"The applicant must demonstrate financial capacity to support their project."*

Presidium has not demonstrated financial capacity to support their project through the following:

- *financing commitments (projected sources have expressed written interest, but are not yet at commitment stage in their review), or*
- *organizational financials (see confidential financial analysis)*

However, the principals have submitted personal financial statements which show liquid assets in excess of their anticipated equity contribution and significant net worth. Based on their personal financial statements, they appear able to meet their equity stake in the project.

I recommend any AHTIF approval be condition upon satisfactory review of the following prior to finalizing the TIF:

1) *A current appraisal supporting the acquisition price of $4.8 million;*

2) *A current market study supporting the projected rent structure including all mandatory fees and parking income;*
3) *Financing commitments for debt, equity, and equity like financing on terms and conditions acceptable to the City of Portland;*
4) *Personal financial statements from the principals of Presidium which, in combination with Presidium Group financials, demonstrate developer's financial capacity to support the project, current (within 60 days) of the finalization of the TIF agreement;*

All standard construction loan conditions, including satisfactory review of final contract with GC consistent with budgeted estimates, and total contractor overhead, profit and general conditions of not to exceed 14% of net construction costs.

VI. RECOMMENDATION

Staff is seeking a recommendation from the Housing and Economic Development Committee to the City Council for approval of the establishment of an Affordable Housing Tax Increment Financing District and a Credit Enhancement Agreement.

VII. ATTACHMENTS:

1. 45 Brown Tax Increment Financing Application Summary
2. Project Pro Forma
3. TIF District Map
4. TIF Model Spreadsheets
5. Third Party Underwriting Analysis

Portland, Maine

45 BROWN ST

275 UNITS | 256 PARKING STALLS | 9-STORY

PRESIDIUM

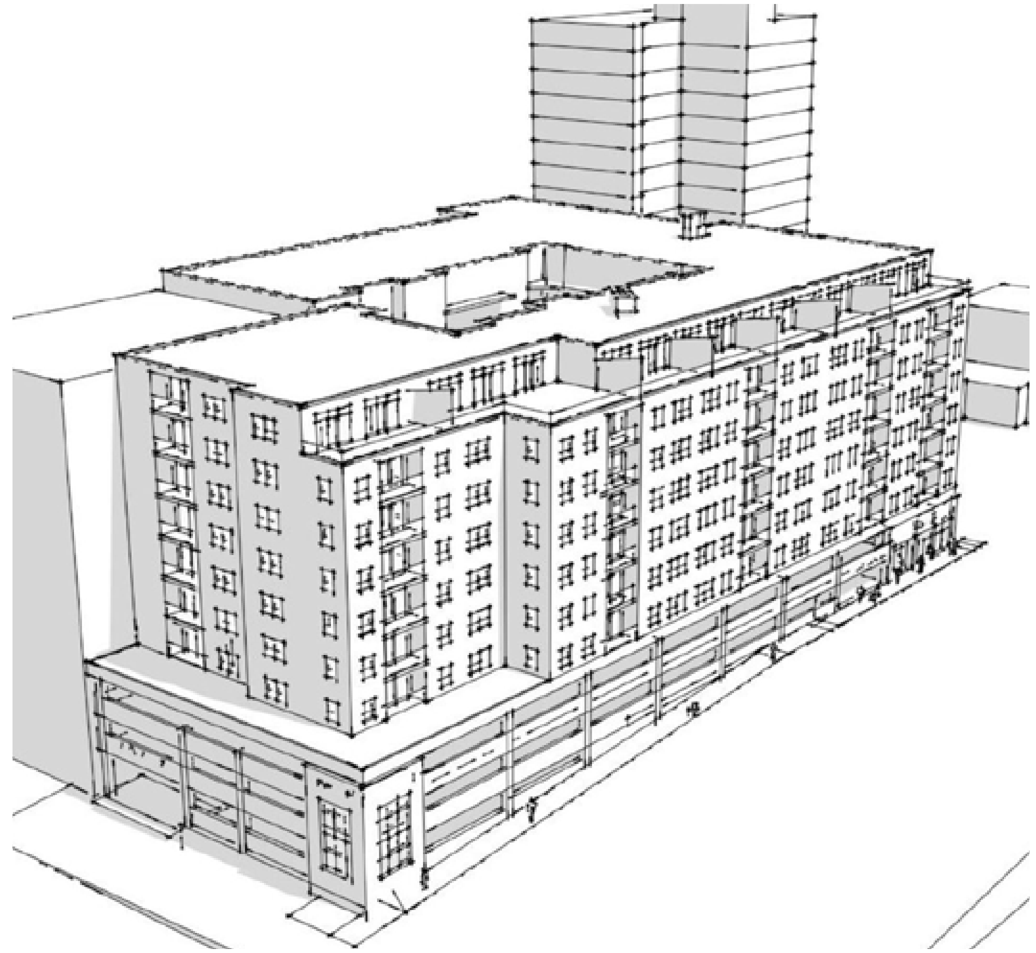
EXECUTIVE SUMMARY

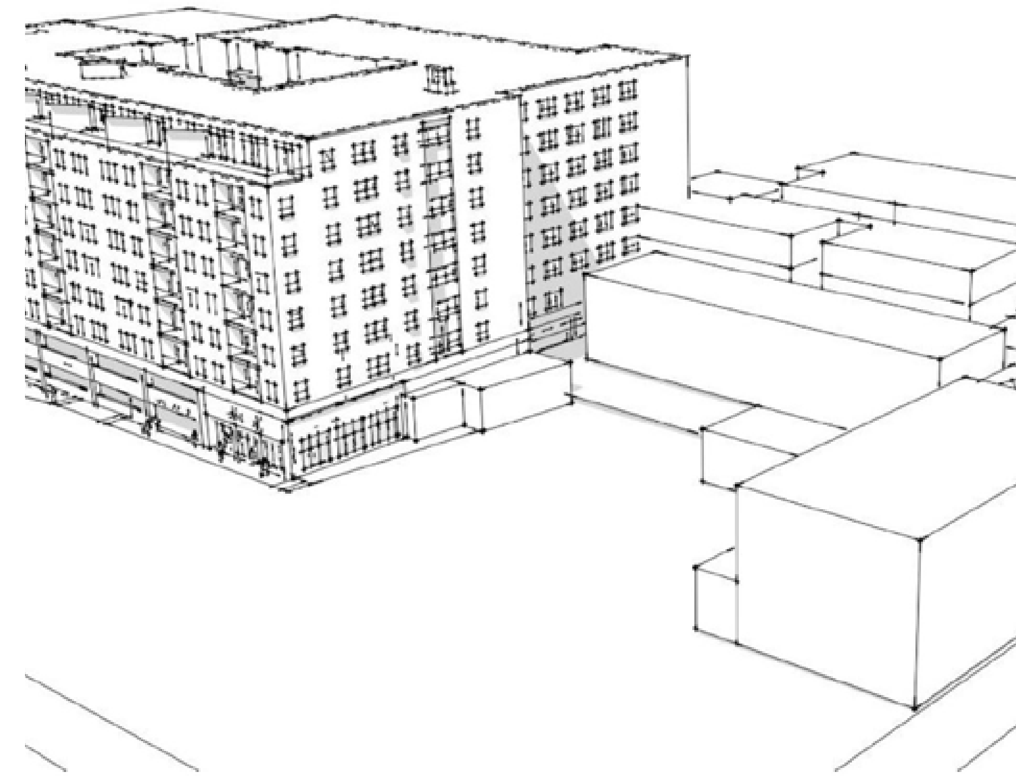
PROJECT SUMMARY

The current proposed project to be built at 45 Brown Street would replace the current parking structure located on approximately 1.09 acres with a newly built parking garage of 2.5 stories, providing parking for 256 vehicles with a 7 story, energy efficient apartment complex delivering 275 new apartments to the market.

The design of the apartments would deliver 116 studios, 125-1 bedroom units and 34-2 bedroom units. The anticipated amenities delivered to the residents would include a large outdoor terrace located in an atrium setting above the parking garage. This would produce outdoor seating, outdoor game space, BBQ area, fire pits and various garden space. The additional outdoor space would include a dog run for tenants. The interior amenities would include bike storage/bike workshop, dog wash, fitness area, large club room, game room, fitness facility as well as co working space. A focus on security for the tenants will be part of the building design to be delivered.

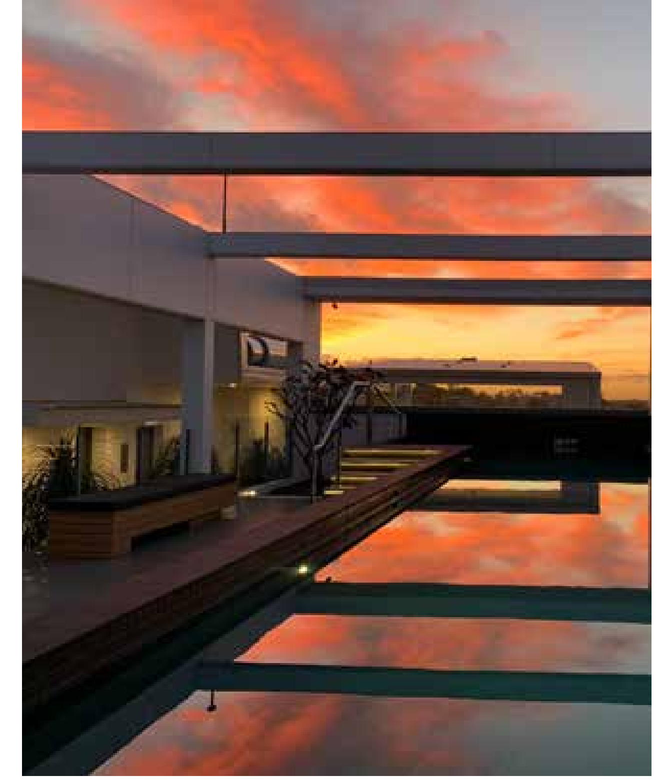
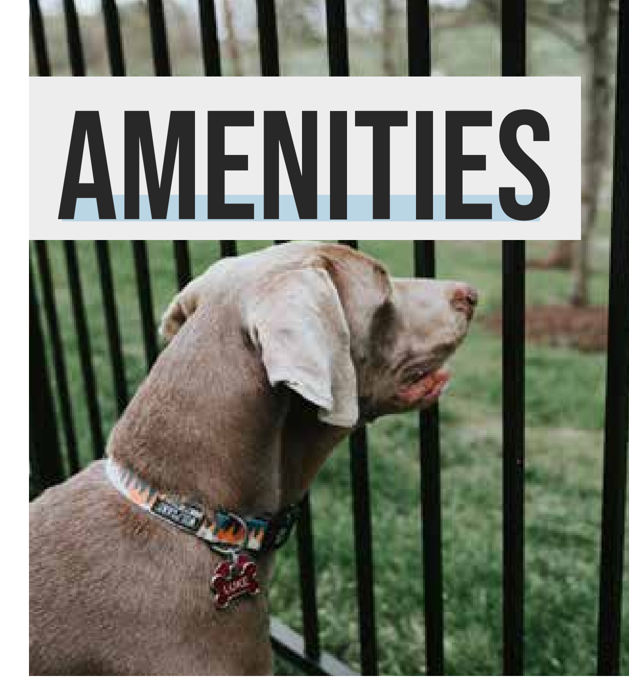
The parking garage located at 45 Brown Street, also referred to as the "Monument Square Garage" was part of the 477 Congress Street parcel that went into foreclosure in 2016. The parking garage, after several years of neglect is in disrepair. The goal of redeveloping the parcel into a new parking garage that will also contain new, energy efficient apartments should be a welcomed addition to the neighborhood.





AMENITIES







PROJECT SUMMARY

According to a market study completed by Collier's International in April, 2019 there is a tremendous need for new rental housing supply in the Portland market. Based on the analysis at the time of the report, there were 3,893 existing multi family rental units in the immediate market that would be comparable to 45 Brown Strret at an average vacancy of 1.7%. Collier's estimated the subject's competitive primary market are supply currently consisting of 474 units. At the time, when adding the estimated number of units created from the subject property and an additional 54 competitive units proposed for the subject's primary market area, the total potential supply of class "A" units were estimated to be 806 units. The total estimated qualified renter households were 3,119, when adjusting for 5% vacancy left excess demand of 2,353 units.

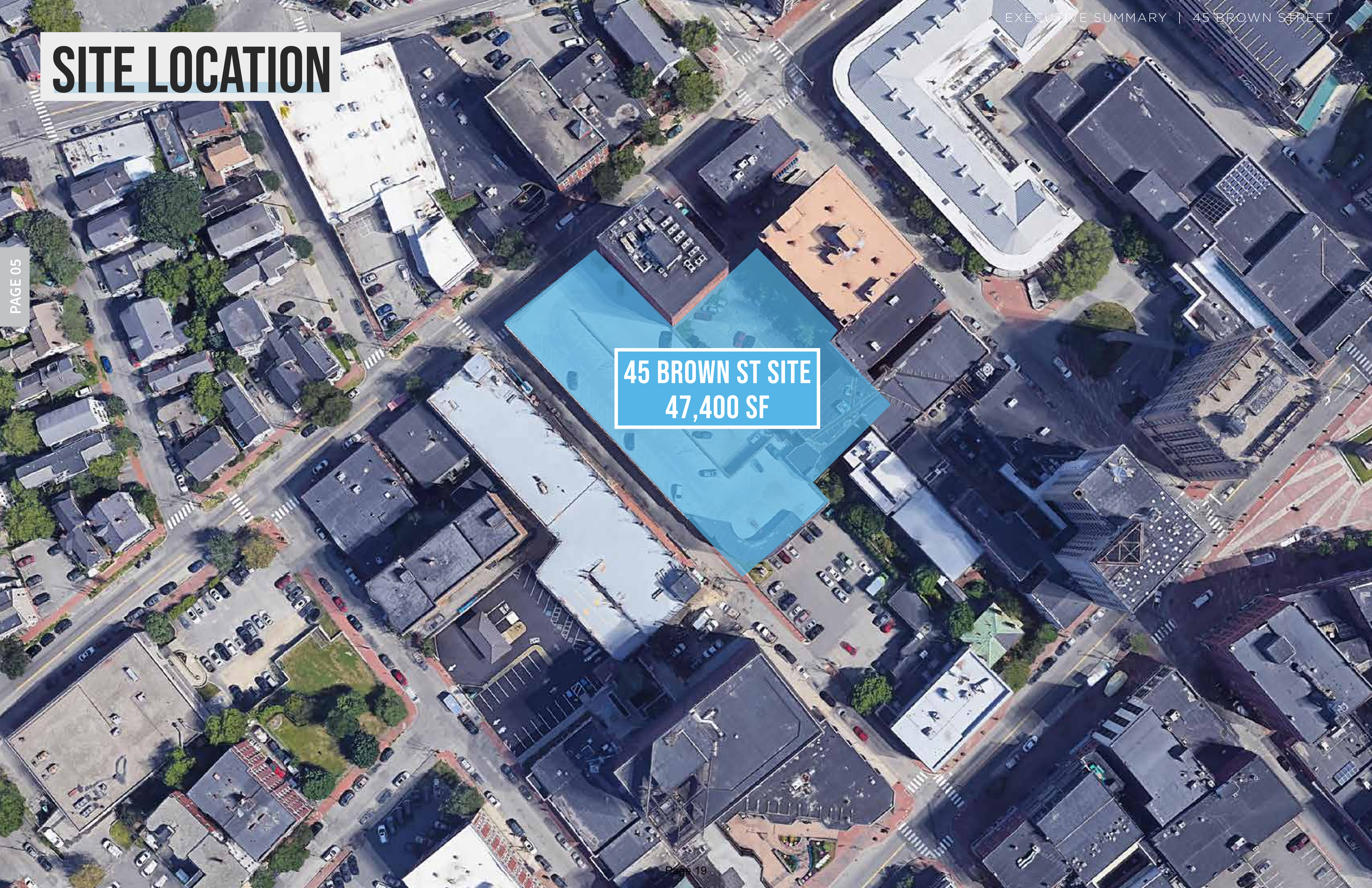
The Collier's market study was used in the HUD application for project financing. The anticipated financing for the project will be the HUD 221 (D) (4) program which is utilized for FHA multi family apartment construction. The development team formerly presented the project to the HUD regional office in person and received an invitation to proceed. Part of the application process with HUD requires the demonstrated ability to perform, which not only includes the successful construction experience but requires that all apartment buildings owned maintain stable occupancy levels which meet HUD standards.

The 45 Brown Street parking garage was part of a parcel that had been deteriorating for several years and left in disrepair. The redevelopment of the subject property will revitalize and invigorate a part of downtown Portland that has witnessed years of neglect and provide rental housing product that is in extreme demand. This area is located in one of the most visible locations of downtown Portland and sits on the edge of the gateway to the Downtown Historic District.

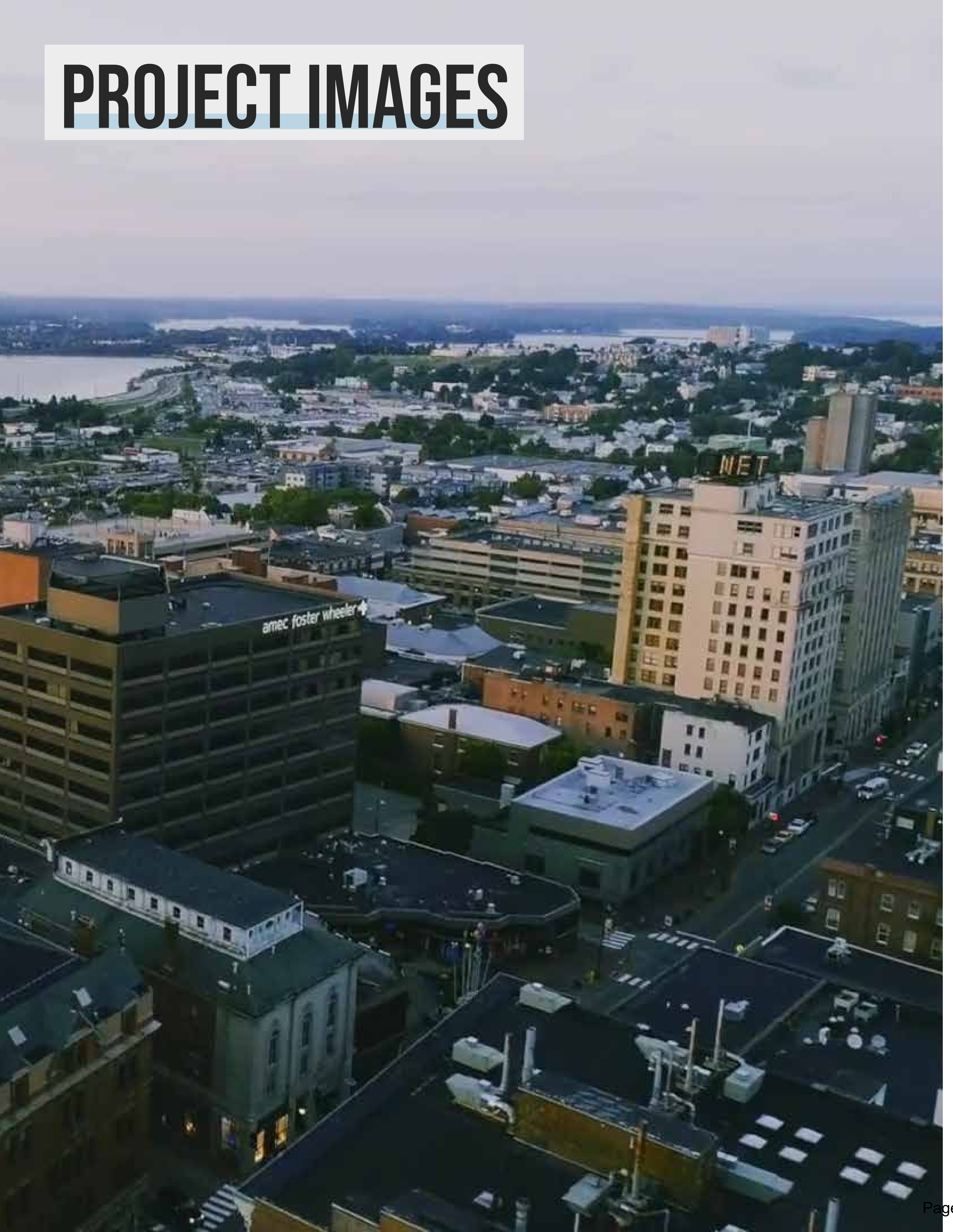
According to a market study completed by Collier's International in April, 2019 there is a tremendous need for new rental housing supply in the Portland market. There has been a demand for new, Class A inventory. The market will likely continue to grow with new businesses and employment centers relocating to downtown. According to the report, the new rental units at 45 Brown Street will be absorbed at an estimated rate of 25 units per month.

PRESIDIUM

SITE LOCATION



PROJECT IMAGES



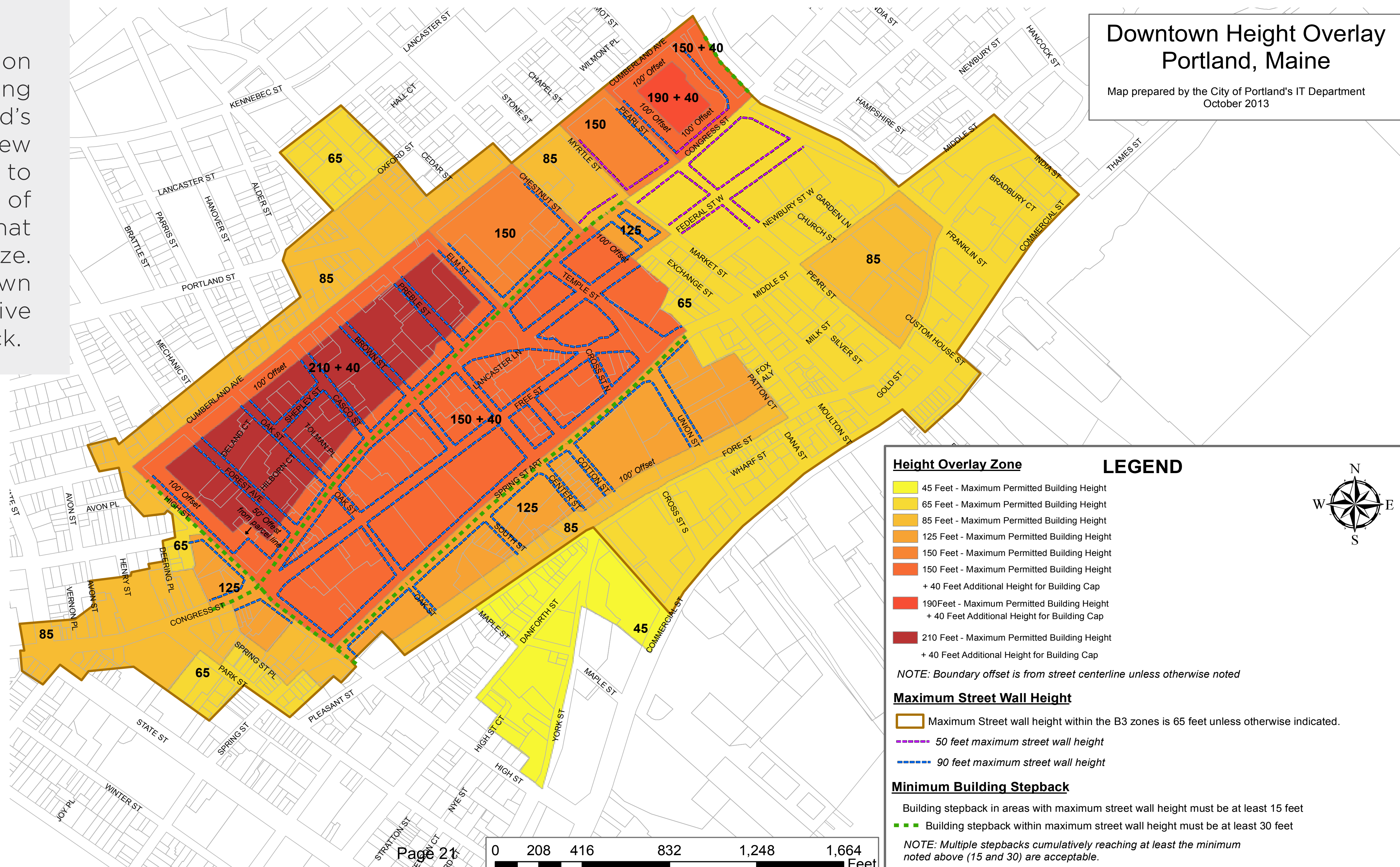
PROJECT SUMMARY

PROJECT CATALYST #1

45 Brown is located within the highest elevation point of downtown Portland and current zoning allows for the parcel to support the target building height in Portland. The views of the ocean, back cove and Mount Washington will be unmatched by any new development in the City of Portland.

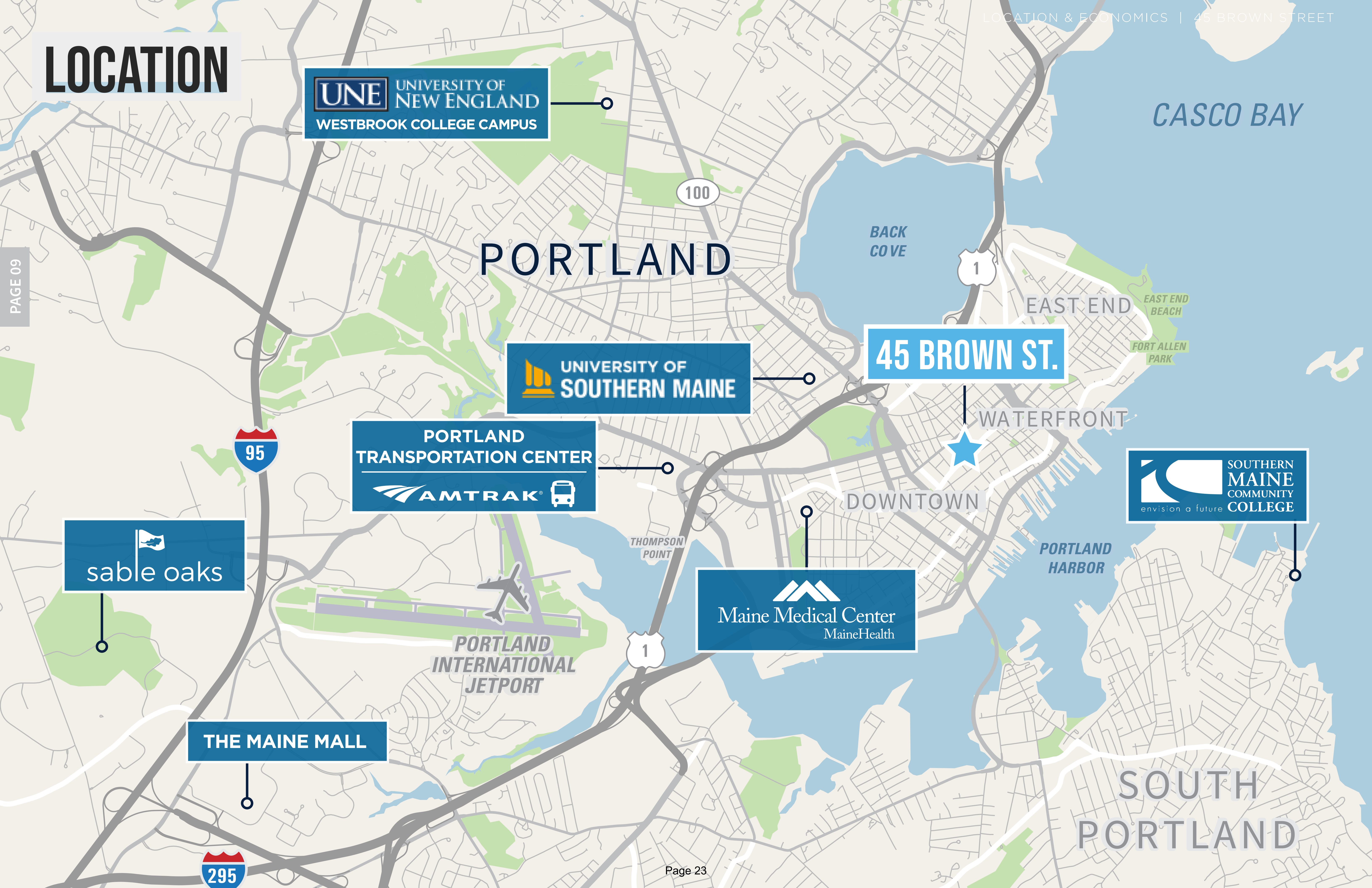
PROJECT CATALYST #2

There is a demand for new construction housing as Maine has the 8th oldest housing stock in the country, with 86% of Portland's housing stock being built before 1980. New construction apartments that are used to support the rental income assumptions of 45 Brown Street are smaller floor plans that cater to the trend of shrinking household size. The demand for apartments in downtown Portland is evidenced in the comparative market sales later in the presentation deck.



LOCATION & ECONOMICS

LOCATION


UNE UNIVERSITY OF NEW ENGLAND
WESTBROOK COLLEGE CAMPUS
100
PORTLAND
BACK COVE
CASCO BAY
1
EAST END
EAST END BEACH
FORT ALLEN PARK
45 BROWN ST.
UNIVERSITY OF SOUTHERN MAINE
WATERFRONT
PORTLAND TRANSPORTATION CENTER
AMTRAK
95
DOWNTOWN
SOUTHERN MAINE COMMUNITY COLLEGE
envision a future
sable oaks
THOMPSON POINT
PORTLAND HARBOR
Maine Medical Center
MaineHealth
PORTLAND INTERNATIONAL JETPORT
1
THE MAINE MALL
SOUTH PORTLAND
295

STRATEGIC LOCATION

LOCATION & ECONOMICS

45 Brown Street sits in the center of downtown Portland in the financial district. The buildings boast water views from all floors 4 and higher. Maine Medical Center, which employs over 8,000 people is located nearby. This is a level 1 trauma center and is currently undergoing a $512 Mil expansion. The subject property is not only close to all major downtown employers but also walking distance to the waterfront, walking distance to the Back Cove parks, bike paths as well as easy access to major highways. Additional amenities that are in close proximity are Whole Foods, Trader Joe's, workout facilities and neighboring restaurants. The City of Portland sponsors a monthly "Art Walk" directly in front of the "Time and Temperature" building. The site directly faces Monument Square which provides a weekly farmer's market as well as holiday parades and is home to the annual Christmas Tree lighting ceremony.

MARKET OVERVIEW

Portland Maine is the largest populated city in the State of Maine. 70% of the State's population is within commuting distance of Portland. Because of the jagged coast and numerous inlets, Maine has the longest coastline of any state in the continental U.S. There are over 4,600 islands off the coast of Maine. Portland Maine still maintains an active working waterfront and has over 100+ cruise ships visit the port annually.

As the state of Maine's largest city and being its business, financial and retail capital, Portland benefits from a healthy and vibrant economic climate. The city leads the state in economic growth – in fact, over the last five years, Portland accounted for four out of five new jobs created statewide. This new job creation has been fueled primarily by expansion in the professional services, healthcare and education sectors. Portland's vibrant business environment is home to major employers such as Unum Provident, Bank of America and TD Bank, and serves as the corporate headquarters of Oakhurst Dairy, Sage Data Security, Key Bank, and many other national and international businesses. Additionally, Portland is home to four colleges and universities – The University of New England, University of Maine School of Law, University of Southern Maine and Maine College of Art – along with a wealth of healthcare-related institutions, highlighted by Mercy Hospital and Maine Medical Center.

By virtue of its location within Portland, Southern Maine's major city and a key residential, education and business hub, the project will draw upon a well-educated, affluent local population. In fact, the nearly 170,000 residents who live within just 10 miles of the property have an average household income of more than $80,000. Additionally, Portland has been ranked within the top 15 most-educated cities in the United States by WalletHub. Furthermore, approximately one-quarter of Portland residents fall within the primary renter demographic (18 to 34 years old). Consequently, the project will benefit from an exceptional residential base.

The City of Portland has become a popular travel destination with local restaurants receiving several James Beard awards in addition to several accolades from Bon Appetit Magazine. New Construction of market rate apartments over the last decade in downtown Portland have lagged pent up demand for housing. The current realized vacancy of Class "A" apartments in the target comp set is less than 3.7%. At the depth of the last real estate recession apartment vacancy rates bottomed out at 8% and made improvements in immediate subsequent quarters. The apartment rental market in Portland Maine historically has been very stable. The City of Portland recently completed an independent market study which revealed a significant short fall in meeting the current demand for market rate apartments.

DEMOGRAPHIC HIGHLIGHTS

- A growing housing stock is needed due to household size shrinking from 3.03 persons per household in 1960 to 2.07 in 2010.
- Maine has the eighth oldest housing stock in the country. Nearly 50% of Portland's housing stock was built before 1939, and 86% was built before 1980. There are issues associated with the age of the City's housing stock, as older units can be more expensive to heat and cool and are more likely to contain lead paint.
- Portland Maine is the largest populated city in the State of Maine. 70% of the State's population is within commuting distance of Portland. Because of the jagged coast and numerous inlets, Maine has the longest coastline of any state in the continental U.S. There are over 4,600 islands off the coast of Maine. Portland Maine still maintains an active working waterfront and has over 100+ cruise ships visit the port annually.
- Between 2000 and 2010, Portland's population increased by 1,945 residents (a growth rate of 3%).
- Portland's current population is roughly 11,000 residents shy of the City's record high of 77,634 residents in 1950.
- As the region's major employment center, Portland's daytime population is estimated to exceed 96,000 people.
- Millennials (20-29) and Gen Xers (30-39) comprise the largest share of Portland's population, while Baby Boomers (50-69) are the fastest growing age group.
- Portland's population is diversifying. Since 2000, the number of foreign born residents has nearly doubled (from 4,895 in 2000 to a current estimate of 8,767). An estimated 11% of Portland residents are now foreign born.
- Portland's population is increasingly well educated. When compared to Cumberland County and the State, as a whole a higher proportion of Portland's residents have obtained advanced degrees (45% of Portland residents over 25 years old have bachelor or graduate degrees).
- From 2010-2014, 1,130 residential units were built in Portland, representing a faster pace of construction than during the 2000s. New construction, both on and off the Portland peninsula, included 384 condominiums and single-family homes and 746 rental units.

CITY & STATE SUPPORT

PLANS AND PROGRAMS:

In the aftermath of the great recession, Portland is once again emerging as a magnet for jobs and economic activity. This past year, Portland's job growth kept pace with the nation, and exceeded that of both the region and the state. In the last three years alone, the City has reaped the benefits of $400 million in combined public and private investment, and has been the focus of $140 million in planning funds

PLANNING INITIATIVES:

Master Plan for Redevelopment of the Eastern Waterfront was originally drafted in 2002, adopted into the City's Comprehensive Plan in 2004, and amended to include a policy statement for the Maine State Pier in 2006. It was formed by an extensive public process, seeks to integrate the Ocean Gateway Passenger Terminal with the surrounding area, and includes design guidelines, a building height study, and a buildout scenario. It lays a framework for improving pedestrian safety, traffic management, and open space, as well as calls for zoning that facilitates growth and prosperity, with the areas along the water prioritizing marine uses and areas away from the water allowing mixed-use. It identifies five adjacent "impact areas," including Munjoy Hill, India Street, the Old Port, Commercial Street, and the islands. It also includes a statement of principles and objectives that promote the development of land use policies pertaining to the character and impacts of development, the creation of a mixed-use urban area, maritime uses, and economically responsible development. Building on this effort, in 2016 the City's Economic Development Department headed the creation of an Eastern Waterfront Integrated Work Plan. The plan identifies existing and future planning and development projects that implement the goals of the 2002 plan, including the Portland Company integration, Amethyst Lot open space, and railway design, Maine State Pier circulation and CBITD integration, Portland Ocean Terminal building reuse, Ocean Gateway queuing lines, and the construction of a new pier.

BOND ALLOCATIONS:

The Western Waterfront is slated for new investment and expansion. The West Commercial Street Multi-Modal Corridor Study, intended to design multi-modal improvements to safely accommodate all modes of transportation while sustaining marine-industrial uses and promoting mixed-use development along Portland's Western Waterfront, was completed in 2016, this project strove to balance sometimes competing right-of-way needs of this unique area. Also in 2016, the Maine Port Authority was awarded a $7.5 million grant for improvements to the International Marine Terminal, which will assist in doubling the annual freight capacity of the terminal.

NEW DEVELOPMENT

Recently approved commercial development includes a mix of retail, restaurant, office space, hotel, and marine uses. The India Street neighborhood and the Eastern Waterfront have been the focus of much of the commercial and mixed-use redevelopment activity in the city, as well as the Bayside neighborhood and Downtown. Several large mixed-use proposals have been constructed, and others are in the pipeline for the Commercial Street corridor as well. Development has also occurred within the neighborhood-centered B-1 and B-2 zones, which has resulted in more residential and mixed-use projects both on and off peninsula. A renewed interest in office development has emerged for sites within the O-P zone, as evidenced by the construction of the Patrons Oxford Insurance building in the Portland Technology Park and the approval of a large office complex at 1945 Congress Street.

New industrial developments, such as warehouses, breweries, and technology firms, have generally occurred in the areas along Riverside Street and Presumpscot Street. Portland's burgeoning food and arts-related industries have reused existing buildings and the revitalized industrial areas located in East Bayside and Libbytown. After an extended period of limited investment in the working waterfront, the Western Waterfront has grown substantially in the past decade, with the redevelopment and expansion of the International Marine Terminal and the relocation of the Portland Yacht Services. Within the Central Waterfront area, redevelopment and reuse proposals have been constructed, which support the marine uses on the adjoining piers.

AREA ATTRACTIONS

PLANS AND PROGRAMS:

In the aftermath of the great recession, Portland is once again emerging as a magnet for jobs and economic activity. This past year, Portland's job growth kept pace with the nation, and exceeded that of both the region and the state. In the last three years alone, the City has reaped the benefits of $400 million in combined public and private investment, and has been the focus of $140 million in planning funds

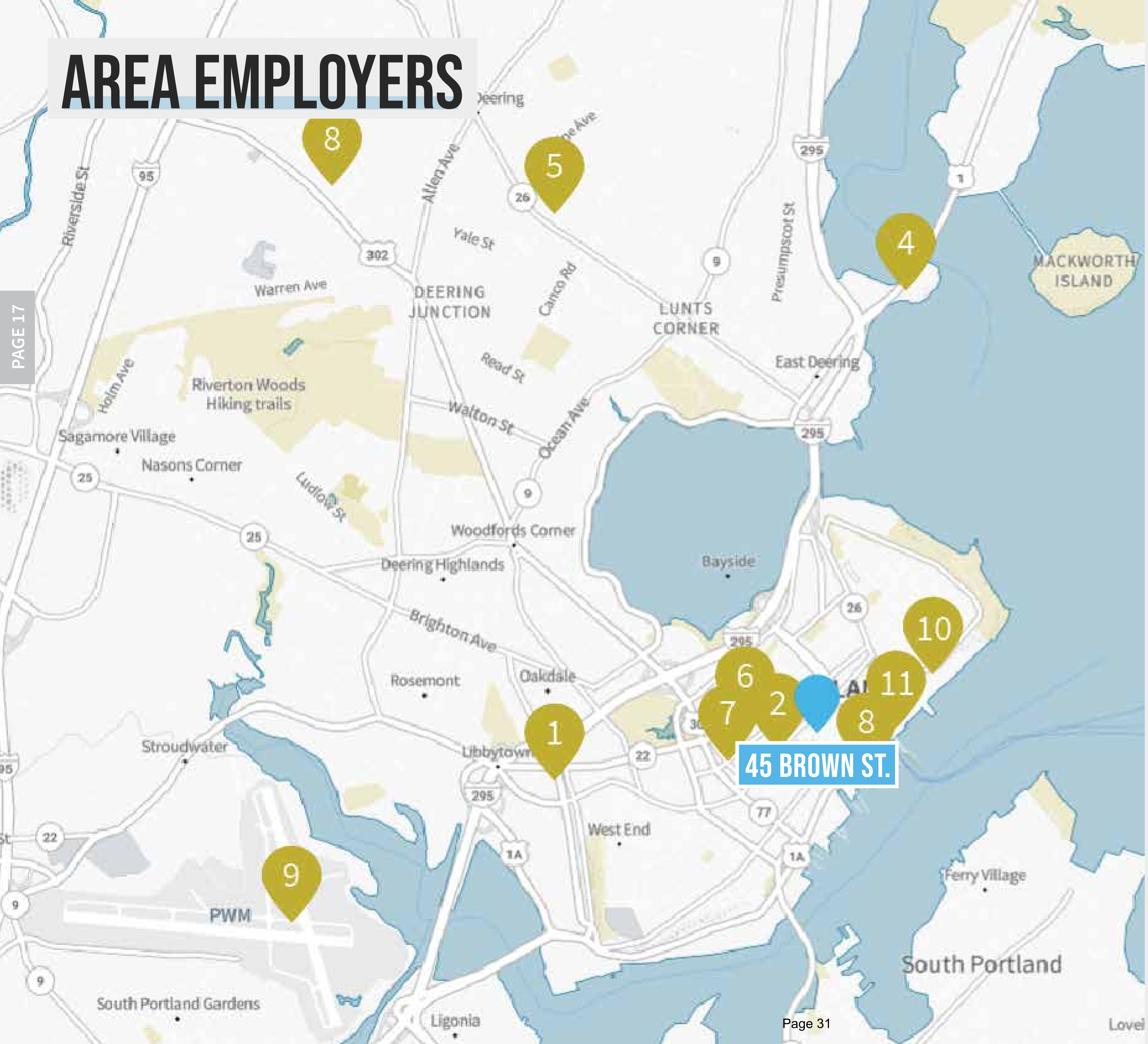
BAYSIDE: PORTLAND'S "NEIGHBORHOOD OF THE FUTURE"

Portland's Bayside neighborhood is a blank slate. Once a primarily industrial area, the neighborhood recently split from the city's brick-laden identity and, with the re-development of the 45 Brown Street project, will embrace a modern style of architecture and a dense, walkable streetscape. Retail storefronts will activate a neighborhood traversed by employees and residents living in the buildings above. In short order, a new downtown will begin to rise as the draw of Portland continues to spread out from the waterfront and the Bayside neighborhood will attract a mix of forward-thinking residents, businesses, restaurants and retailers. This "neighborhood of the future" will be a vibrant, walkable, sustainable community, and 45 Brown Street project will be its cornerstone, functioning as a key catalyst for future development.

DOWNTOWN PORTLAND

Nearly 63,000 residents within the 45 Brown Street trade area are joined by more than 6.5 million annual visitors to the Portland metropolitan area (providing more than $3 billion in local economic impact and $10 billion in estimated statewide economic impact), presenting strong inherent demand for the project's proposed residential and retail space; housing demand is further driven by Portland's two universities, acclaimed art college, dental school, pharmacy college, medical school and law school with several other colleges in the surrounding metropolitan area.

AREA EMPLOYERS



1 Maine Medical Center
7,000+ Employees

2 Unum
3,000 Employees

3 Advance Pierre Foods
2,000 Employees

4 Martinspoint Healthcare
600+ Employees

5 Spurwick Services
1,000+ Employees

6 City of Portland
1,400+ Employees

7 US Post Office
940 Employees

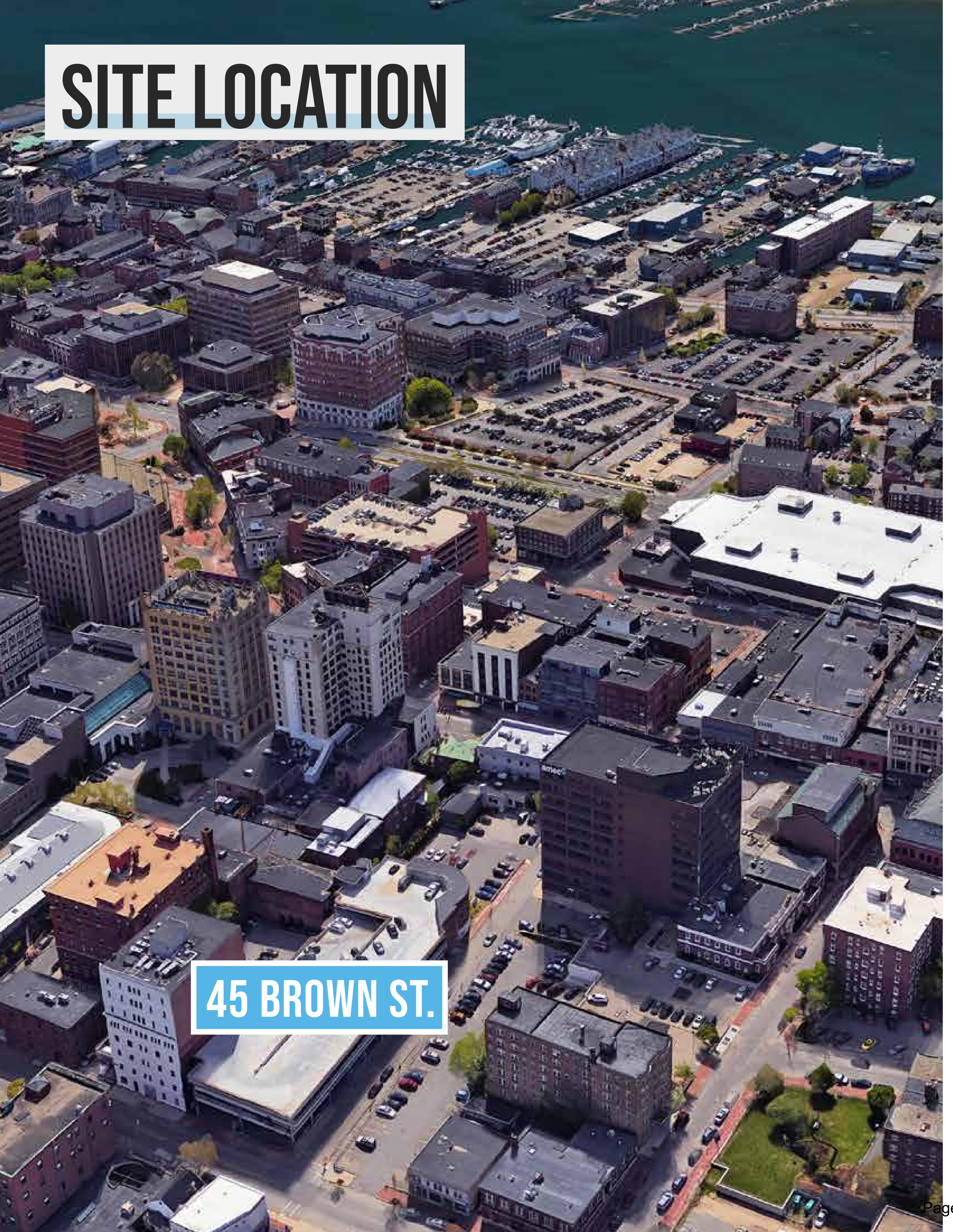
8 CIEE
300 Employees

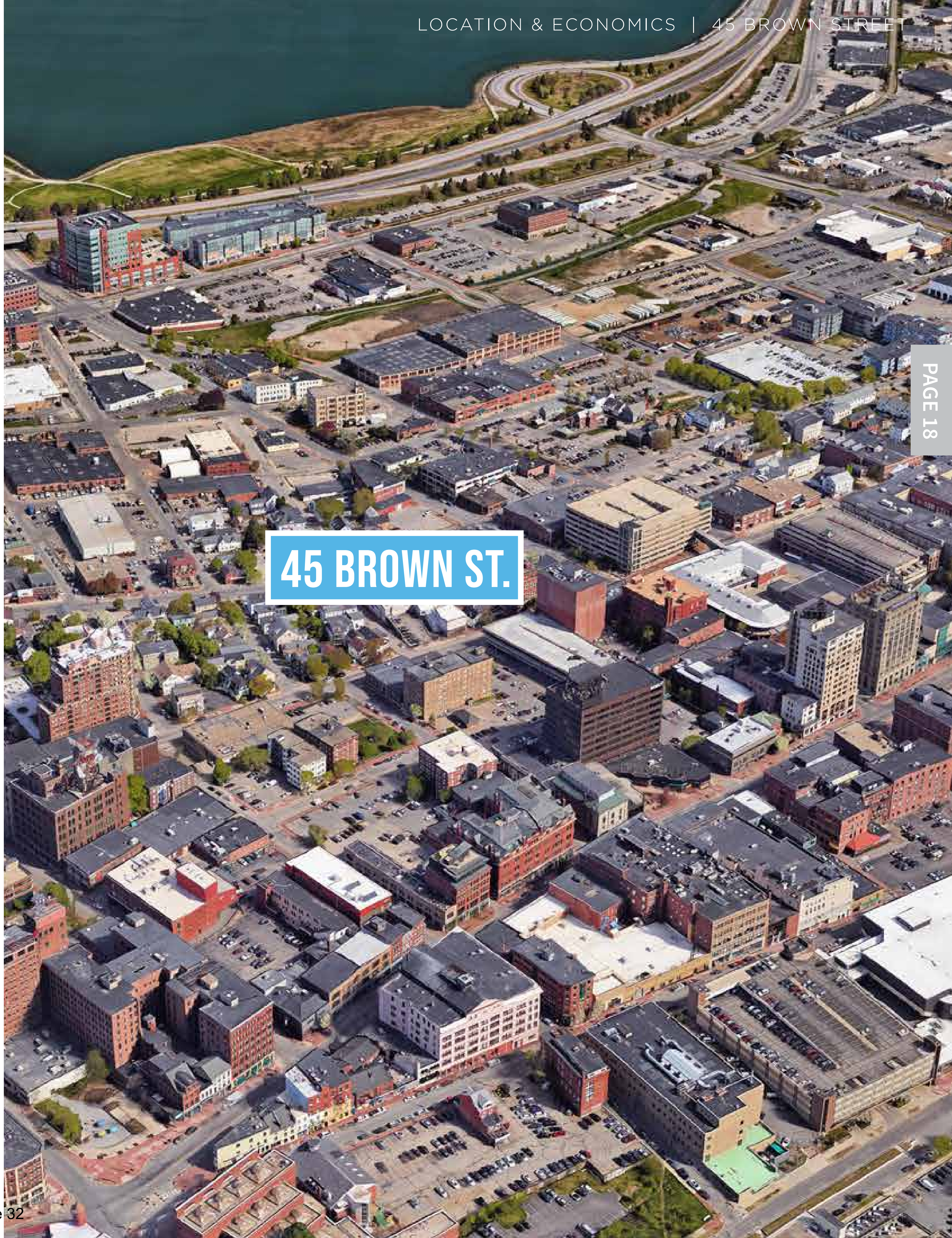
9 Portland Intl. Airport
50+ Employees

10 Wex Inc.
400+ Employees

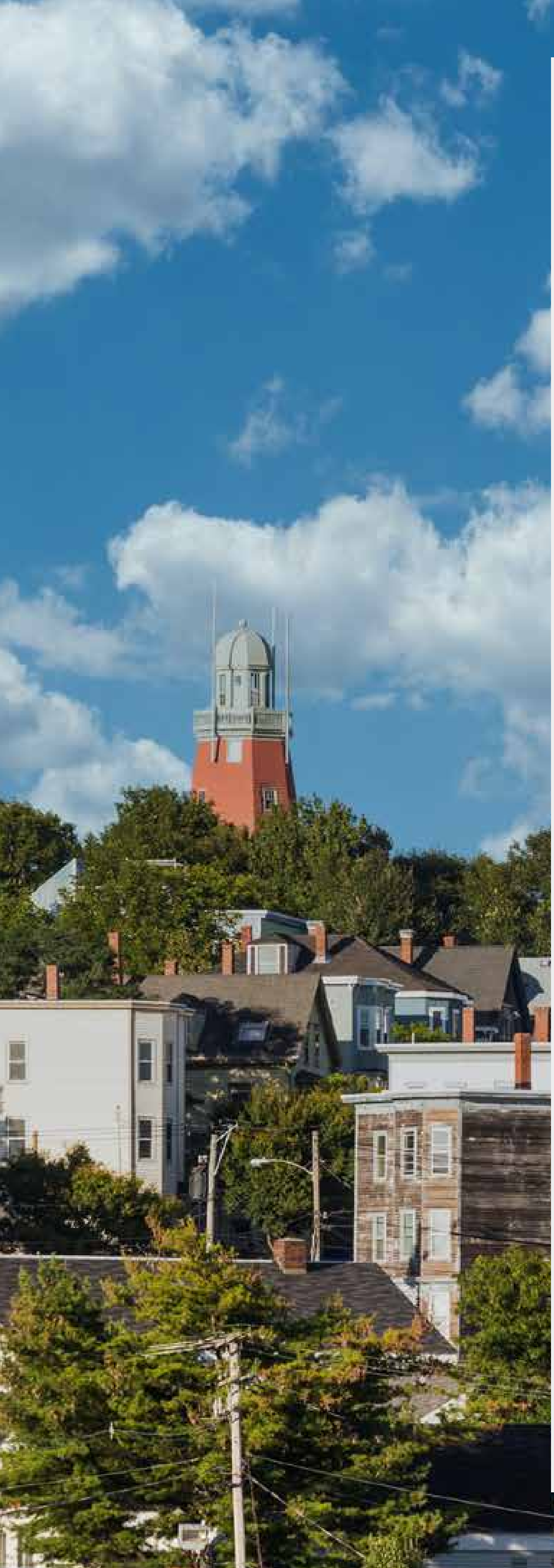
11 Vets First Choice
800 Employees

SITE LOCATION





PORTLAND OVERVIEW



GREATER PORTLAND OVERVIEW

Portland is Maine's largest city, with its population comprising over one-third of the state's total permanent residency. The city and surrounding area are expanding and the economy is growing in multiple sectors including consumer retail sales, restaurant and lodging sales, year-round tourism, and production/ manufacturing exports.

Easily accessible being a little more than 110 miles to the northeast of Boston, Massachusetts (less than a two hour drive), Portland is the state's business, financial and retail capital. Seascapes and cityscapes blend harmoniously in Downtown Portland, perched on a peninsula, jutting out into the island-studded Casco Bay, a deep-water harbor that provides a wealth of economic and recreational benefits to the area. The metropolitan hub of Maine's South Coast Region, Downtown Portland is a progressive, lively city incorporating the character of yesteryear into a modern urban environment. Historic architecture blends gracefully with the new as you stroll along its working waterfront or wander down cobblestone streets of the restored Old Port section of the city. Portland and its surrounding area offer all of the cultural and entertainment amenities of a large city – art galleries, museums, a symphony orchestra, historic landmarks, waterfront, parks, a professional sports team, boutique shopping, elegant hotels, diverse dining opportunities – but within minutes, residents and visitors alike can be hiking through the Maine woods, canoeing down one of the many area rivers, or skiing some of the most acclaimed mountains in New England. The area is consistently recognized nationally for its diversified economy, affordable housing, accessible medical services and excellent educational institutions. These attributes contribute to a high quality of life for the region's residents and also attract approximately 9 million visitors each year.

Visiting Portland is often described as the quintessential Maine experience. As Maine's largest city, Portland attracts tourists to the historic seaport, seeking arts and culture, an expansive range of dining options, beautiful beaches, and endless outdoor adventures. Recently gaining recognition, Portland was ranked #3 on TripAdvisor's "Top Destinations on the Rise" in the United States for 2017. In 2016 nearly 9 million overnight tourists generated $5.1 billion of direct spending in Portland and tourism represents a significant component of lodging demand.

Beyond water activities, other attractions in Portland include walking tours of historical landmarks and lighthouses, the Coastal Maine Botanical Gardens, and the Portland Observatory Museum. Dining options range extensively from award-winning fine dining to casual waterfront pubs and eateries, offering the best lobster rolls in Maine. Good food and views, paired with strong history define much of Portland's restaurant culture. DiMillo's On the Water has offered some of the best signature harbor-side dining in Portland for generations. J's Oyster and Portland Lobster Company offer breathtaking views of Portland Harbor paired with ocean breezes and the sound of seagulls. The Lobster Shack at Two Lights in Cape Elizabeth is a rustic experience offering simple, good seafood. Lobster and Fried Clams made this shack famous, keeping it running since 1920. Portland's brewing industry is growing rapidly and they even feature a Beer Week to celebrate this unique aspect of Portland's food and beverage culture.

In addition to offering a mix of artistic and outdoor adventures, the city of Portland has received numerous accolades from travel and food blogs praising its eccentric food scene and locally crafted beer industry. The city offers a palatable combination of nationally-lauded restaurants, local hidden gems, pubs tucked away in restored historic buildings, mouthwatering bakeries, street food and lobster shacks. In 2018, Portland received the "Restaurant City of the Year" Award by Bon Appétit Magazine.

PORTLAND AWARDS & ACCOLADES

"ONE OF THE COOLEST SMALL CITIES IN AMERICA"
GQ

"AMERICA'S MOST LIVABLE CITY"
Forbes

"AMERICA'S FOODIEST SMALL TOWN"
bon appétit

"BEST AMERICAN CITY FOR FOOD" (2015)
The Daily Meal

"BEST CITY OF MID-LEVEL PROFESSIONALS"
Kiplinger

"NO. 6 BEST CITIES FOR YOUNG PROFESSIONALS"
Forbes

"NO.1 CITY FOR MICROBREWERIES PER CAPITA"
statista

"BEST CITY IN THE U.S. FOR YOUR 2ND ACT"
Kiplinger

"AMERICA'S BEST TOWN IN THE EAST"
Outside

"TOP 5 MOST AFFORDABLE AND DESIRABLE PLACES TO RETIRE"
AARP

"NO. 3 BEST PLACES TO LIVE NOW" (2015)
MEN'S JOURNAL

"AMERICA'S 5TH COOLEST SMALL TOWNS" (2015)
JETSETTER

HEALTHCARE & EDUCATION

HEALTHCARE

Portland's higher educational institutions foster the advancement and growth of strong healthcare industries. The Maine Medical Center, the state's largest medical center, sits less than 1 mile from the Hotel Site. The 637 bed medical center employs more than 7,000 individuals and offers a teaching program through a partnership with Tufts University School of Medicine and a world-class biomedical center, the Maine Medical Center Research Institute. The medical center is the flagship hospital of the Maine Health network. The Maine Medical Center acts as an anchor for the southern Maine healthcare industry, producing more than $200 million annually in community benefits and generating strong demand for area hotels. Additionally, Mercy Hospital is the second largest healthcare institution in Portland and the fourth-largest hospital in the state of Maine. On the heels of celebrating its 100-year anniversary, the Hospital is reportedly undergoing a $20 million expansion of its 42 acres Fore River campus to strategically consolidate its operations and services.

EDUCATION

IDEALS, "Institute for Digital Engineering and Life Sciences", professional graduate school opening in 2021. The extensive network of research and educational institutions in the Portland area serve as an incubator for growth and innovation in its evolving healthcare industries. The Property is conveniently located just 1 mile from the University of Southern Maine and 2.5 miles from the University of New England's Portland Campus, attracting strong leisure and group demand though collegiate and sporting events, family visits, and graduations. The University of Southern Maine draws just under 8,000 students, including undergraduate, graduate, and law school students. The campus is heavily driven towards research and development, with the Bio Sciences Research Institute, the Osher Lifelong Learning Institute, Cutlet Institute for Health and Social Policy and multiple research-based majors and programs. The University of New England's Portland Campus has been expanding its pharmaceutical and medical schools, and has recently entered into a partnership with Saint Joseph's College to offer students from the nearby college a new pathway to their career. In addition to Portland-based universities, the Hotel is in driving range to three of Maine's most prestigious colleges: Bates (36 miles), Bowdoin (27 miles), and Colby (73 miles). These colleges host visits from numerous families based in the Northeast throughout the year for various reasons. Often times these families stay in Portland to shorten the drive and experience the renowned attractions the city has to offer.

CORPORATE EXPANSIONS

Portland is home to nationally recognized companies, many of which are expanding their local presence in the market. Two major employers in the area are building Class "A" office headquarters near the waterfront with the goal of attracting more than 1,500 new employees downtown. 45 Brown Street is within walking distance of these new developments.

COVETRUS

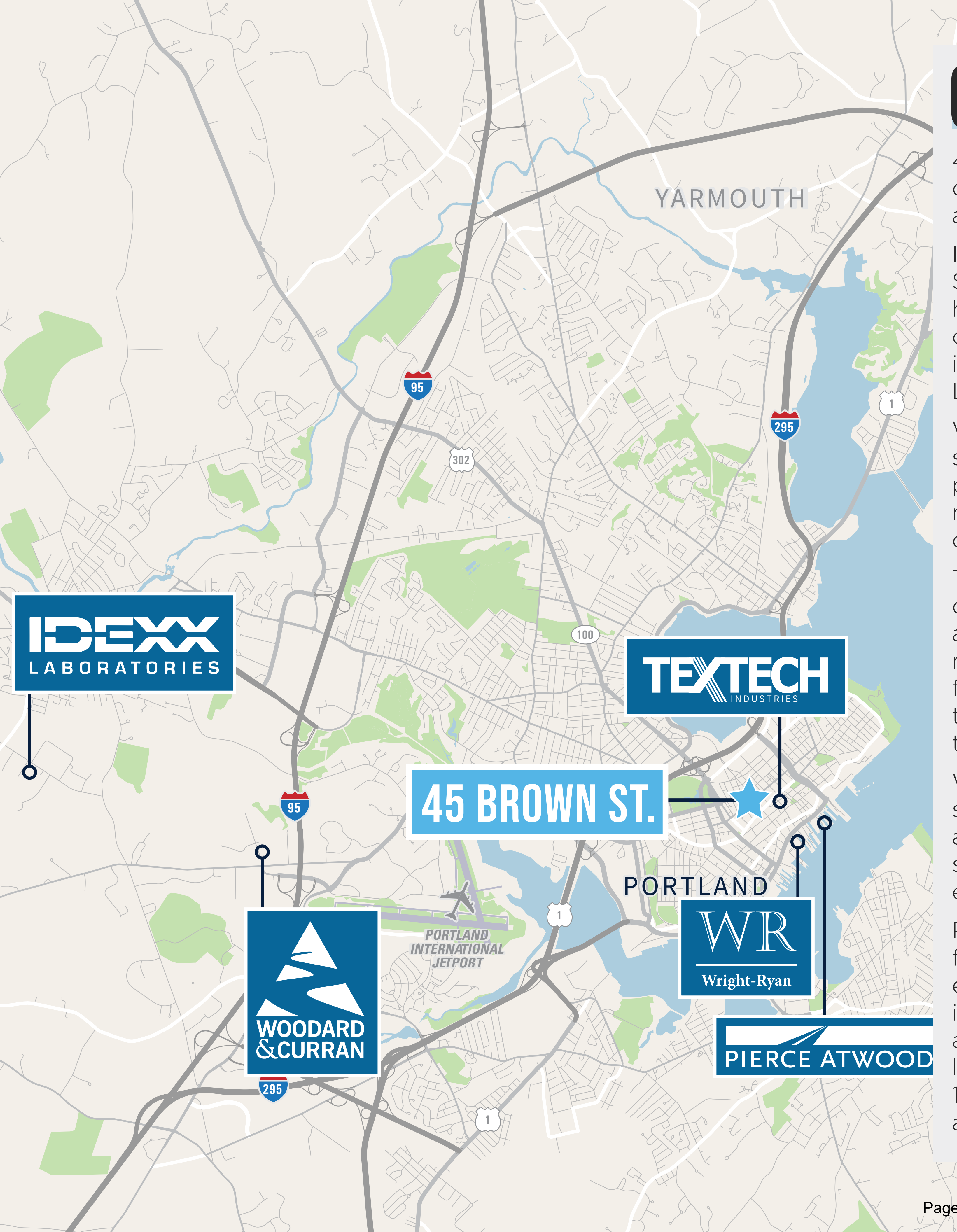
The City of Portland recently approved the construction of a new downtown headquarters for Covetrus, the newest and largest publicly traded company in the state of Maine, and the product of a merger between Vets First Choice and Henry Schein Animal Health. The merger is set to dominate the global animal health landscape with a broad suite of technology products and services. Located at 12 Mountfort Street, the 170,000 square foot facility would boast more than 1,500 employees and would include Class "A" offices, a state-of-the-art specialty pharmacy, an automated commercial pharmacy and fulfillment center, and world-class software and data science labs. The project will create hundreds of new high-quality jobs in areas including software development and pharmacy.

WEX, INC

WEX Inc, a publicly traded company with a market value of $7.2 billion, broke ground on the construction of its new headquarters in Portland's Old Port in October 2017. The company is one of the leading providers of payment processing and information management services to the United States commercial and government vehicle fleet industry. Located at the corner of Hancock and Thames Streets, the 100,000 square foot glass building will contain office and parking space, with additional retail space underneath. The mixed-use complex is nearly complete and should be ready for occupancy in March 2019. The company's South Portland facility employs about 1,000 people, 40% of which will relocate to the new building upon completion.

SUN LIFE

Sun Life US will open a new office in Portland that will serve as a hub for its Northern New England operation. Sun Life has signed a lease with the developer of Portland Foreside to occupy a new building along the waterfront. The office will house more than 500 employees in Maine from its current Scarborough and South Portland-based workforce when complete in mid-2022. Its operations will include subsidiary FullscopeRMS and its disability RMS business. The new facility will have a capacity of up to 700 staff, meaning Sun Life can add up to 200 new jobs in coming years.



CORPORATE DEMAND

45 Brown Street is located within a 10-mile radius of some of the largest corporations in Maine. Major corporations in close proximity to the site are as follows:

IDEXX Laboratories, whose headquarters are located 5.5 miles from the Hotel Site in Westbrook, Maine, is a leader in diagnostics and IT solutions for animal health and agriculture sanitation. The company has 6,000 employees in 175 countries worldwide, with revenues of $1.9 billion as of 2017. The company is divided into three main segments: Companion Animal Group, Water, and Livestock, Poultry and Dairy (LPD).

Wright-Ryan Construction is a full-service construction company offering services to clients throughout New England since 1984. Their extensive portfolio includes, athletic centers, healthcare centers, historic renovations, multifamily housing, and higher education buildings. Wright-Ryan's main offices are located two blocks from the site.

Tex Tech Industries is one of the world's leading textile manufacturing companies, producing over 7,000 products. Their flagship offices sits steps away from the site. Services include aerospace products and technology, military and law enforcement protective armor, and woven and non-woven filtration fabrics. To add to their expansive range of products, they are also the world's leading supplier of woven and needled tennis felt, making them the number one choice of Penn, Wilson and other premiere tennis ball makers.

Woodard & Curran, situated 4 miles from the site, is an integrated engineering, science, and operations company, serving public and private clients locally and nationwide. Services include engineering affordable and natural gas solutions, designing the construction of a Uranium processing plant, and evaluating gas processing.

Pierce Atwood, LLP, sits just steps from the site and is a multi service law firm recognized nationally and internationally for its expertise in litigation, energy production and distribution, mid-market mergers and acquisition, information security and technology, commercial real estate development, and complex construction projects. Their clientele ranges from regional and local enterprises to Fortune 500 companies. Their regional offices employ 150 professionals who serve clients in Maine, Massachusetts, New Hampshire and Rhode Island.

TRANSPORTATION & CRUISES

Highway: The site is conveniently positioned just minutes from I-295 which runs up the coast of southern Maine, adjacent to I-95. I-295 merges with I-95 south in Scarborough, extending into Massachusetts towards Boston, as well as I-95 north in West Gardiner, acting as a gateway towards northern Maine.

Airport: Portland International Jetport is conveniently located 2 miles away from the Hotel Site. Accessing the airport is effortless by car via Interstate 295 and sits just minutes from Downtown Portland. The airport is the busiest in the state and services major airlines such as American Airlines, Delta Air Lines, Jet Blue, Southwest Airlines, and United Airlines. In 2017, Portland International Jetport saw over 1.7 million total passengers.

Rail: The Portland Transportation Center, located on Thompson's Point less than 2 miles from the Hotel Site, offers Amtrak's "Downeaster" route that connects Brunswick, Portland, and Boston. Train services run five round-trip journeys every day, making traveling around New England's beautiful beaches, historic colonial cities, and famous seafood restaurants a breeze.

Bus: Concord Coach Company also services rides out of the Portland Transportation Center, offering 18 round-trip routes a day to destinations such as Boston and New York City. They offer a premier bus service as well, "Concord Plus," complete with executive seating, free movies, power outlets, WiFi, complimentary snack and beverages.

The Ocean Gateway International Marine Passenger Terminal is a cruise ship terminal which services international cruise ships including Anthem of the Seas, Norwegian Gem, Serenade of the Seas, Pearl Mist, and Vision of the Seas amongst others vessels. The terminal includes a two-story structure with customs facilities for international passengers on the first floor and a waiting area on the second. In addition to the receiving building, shore facilities include a 3.5-acre parcel of land for parking cars and boarding buses, both local and tour. The cruise ships and their high passenger volumes are a substantial economic benefit to Portland in general and area hotels more specifically. Further, the high-speed CAT ferry which provides service from Maine to Nova Scotia in just 5.5 hours also departs from the terminal. Area hotels benefit when ferry passengers tack on overnight stays in Portland either prior to departing or upon return.

TIME AND TEMPERATURE BUILDING HISTORY

Portland Press Herald, posted December 28, 2018 provided the following excerpts:

“The 14-story office tower at 477 Congress Street, which opened in 1924 as the 12-story Chapman Building was seized by a collections agency in 2016 after years of neglect and a mass exodus of tenants.”

“The auction also included three adjacent properties including a parking garage.”

“Marketing materials for the auction stated that the multi-tenant office building was about 38 percent occupied at the time of sale.”

“The buildings foreclosure in 2016 placed it in the hands of a Maryland-based special servicer”

The 45 Brown Street parcel was part of the complete foreclosure auction package that came to market in October 2018 consisting of 477 Congress Street/481 Congress Street/22 Preble Street/45 Brown Street with the sale closing in December 2018.

Although not part of the TIF application, and is a separate project, it is a vital component of the overall project. The building has been in disrepair for decades and went into foreclosure several years ago. The Time & Temperature (T&T) building and Annex is adjacent to and owned by the same developers as the Brown/Preble Tower project. The T&T was used for commercial office space and was nearly empty when the owners purchased it at a foreclosure auction in 2018. The building has been 100% vacant as of June 2020. The developers intend to restore the historic building and Annex back to the original character with an investment exceeding $50mm to turn the Monument Square landmark into a boutique hotel called the "Time & Temperature Hotel". We will follow the National Park Service historic guidelines to renovate the building to bring it back to its historic beauty and iconic state which has been covered up for decades. We will activate the ground floor with retail, coffee shop and restaurants which was the 1st original mall located in Maine. We will install a rooftop lounge where hotel guests and Portland residents can take in the beauty of the Portland peninsula with 360 degree water views and Mount Washington visibility. The Mezzanine space on floors two and three will be the hotel lobby and will overlook Monument Square, thereby connecting the downtown to the iconic building’s historic glory. The Annex building that connects the T&T to the Brown/Preble garage and multifamily project will contain shared amenities such as fitness, meeting space, and co-working space. The old Keith’s Theatre will be renovated into a Club room with games, TVs and lounge space for the multi-family residents. This investment will result in a T&T hotel and Annex that will have a new real estate property tax assessment exceeding $50 million, from its current $6mm. The parcel currently sits in an approved Economic TIF District which would allow the developers to apply for a credit enhancement agreement to benefit the redevelopment of 477 Congress Street/481 Congress Street/22 Preble Street. The developers have chosen not to pursue this available credit enhancement agreement and as such, 100% of the property tax revenue received from the anticipated project will go to the City of Portland. The proposed project to be developed at 477 Congress Street/481 Congress Street/22 Preble Street will create 120-150 jobs from hotel management, restaurant workers, retail jobs, and valet positions based on seasonality. There will be several rooms dedicated to event space such as a ballroom as well as various function rooms that will showcase the history of the building. We anticipate a collaboration effort with the immediate neighbor, Maine Historical Society to provide exhibit space in various areas of the historic "Time and Temperature Building" to help promote the Maine Historical Society offerings. The iconic space will be open to the public and meant to provide a gateway to the Downtown which will spur additional economic development to the immediate area. The Development team will use all local talent for the architects, engineers, consultants, general contractors, and legal team needed over the three years required to program, design, and renovate this City treasure.


Portland, Maine
amec
45 BROWN ST
275 UNITS | 256 PARKING STALLS | 9-STORY
PRESIDIUM

45 Brown St

Dashboard

SITE

SITE OVERVIEW	
Project Name	45 Brown St
Product	Multifamily
Product Type	7 Over 2.5
Submarket	Portland
City, State	Portland, ME
Population	66,882
Zoning	N/A
Max FAR	N/A
Impervious	N/A
Max Height	N/A
Tax Rate	1.740%
2020 Appraisal Value	*$3,000,000*
Tax Assessment Multiplier	*100.00%*
Land	1.093 Acres
Land SF	47,615
FAR	4.50 :1
Land Price	$4,800,000
Land Price/SF	101 $/sf

TIMELINE

TIMELINE		
	Start Date	Duration
Pre-Development (Design)	7/1/2020	9 Months
Construction	4/1/2021	18 Months
First Phase Delivered	10/1/2022	6 Months
Last Unit Delivered	4/1/2023	
Total Construction Period		24 Months
Lease up	10/1/2022	10 Months
Stabilization	8/1/2023	
Hold Period	10 years	
Sale	4/1/2031	

S & U

SOURCES & USES				
Sources	Total	$/Unit	$/GSF	% of Total
HUD Construction Loan	$73,500,000	$277,358	$342.73	80.3%
Credit Enhancement/TIF Proceeds	$7,197,165	$32,075	$39.63	9.3%
Common Equity	$10,321,315	$35,919	$44.38	10.4%
Total Sources	$91,018,480	$345,353	$426.74	100.0%
Uses	Total	$/Unit	$/GSF	% of Total
Land	$4,800,000	$18,113	$22.38	5.2%
A & E	$2,312,000	$8,725	$10.78	2.5%
Hard Costs	$64,920,808	$244,984	$302.72	70.9%
FFE	$860,000	$3,245	$4.01	0.9%
Permit/City Fees	$1,149,675	$4,338	$5.36	1.3%
Property Tax	$803,064	$3,030	$3.74	0.9%
HUD Financing Fees	$2,475,500	$9,342	$11.54	2.7%
Construction Interest Reserve	$2,781,270	$10,495	$12.97	3.0%
Misc. Closing Costs	$878,020	$3,313	$4.09	1.0%
Working Capital - Contingency	$1,470,000	$5,547	$6.85	1.6%
Working Capital - Lease-up	$1,470,000	$5,547	$6.85	1.6%
Initial Operating Deficit	$3,363,518	$12,693	$15.68	3.7%
Extra Hard Cost Contingency	$477,624	$1,802	$2.23	0.5%
Developer Fee	$2,674,737	$10,093	$12.47	2.9%
Soft Cost Contingency	$311,986	$1,177	$1.45	0.3%
Equity Fee	$270,277	$1,020	$1.26	0.3%
Total Uses	$91,018,480	$345,353	$426.74	100.0%

CONTINGENCY & CAPITAL RESERVE		
Working Capital - Contingency		$1,470,000
Working Capital - Lease-up		$1,470,000
Initial Operating Deficit		$3,363,518
Extra Hard Cost Contingency		$477,624
Soft Cost Contingency		$311,986
Total Contingency		**$7,093,128**
Capital Reserve Per Year	$300/unit	$82,500

CONSTRUCTION LOAN HUD	
Loan Amount	$73,500,000
Loan to Project Cost	80.75%
I/O	24 months
Amortization	40 years
Interest Rate	3.95%
MIP Rate	0.25%

PRESIDIUM

PROFORMA ASSUMPTIONS

EXPENSE		
Expense Item (Per Year)	Total	Per Unit
Payroll and Related	$323,125	$1,175
Leasing & Marketing	$68,750	$250
General & Administrative	$82,500	$300
Landscaping / Contract Services	$96,250	$350
Utilities	$330,000	$1,200
Redecorating / Make-Ready	$68,750	$250
Repairs & Maintenance	$82,500	$300
Total Controllable	$1,051,875	$3,825
Management Fee	$178,896	$651
Insurance	$92,125	$335
Real Estate Taxes	$1,151,219	$4,186
Total Non-Controllable	$1,422,240	$5,172
Total Expenses Excluding Capital Reserv	$2,474,115	$8,997
Capital Reserves	$82,500	$300
Total Expenses Including Capital Reserv	$2,556,615	$9,297

PAYROLL AND RELATED					
Payroll	Salaried/ Hourly	Fulltime/ Part-time	Salary/ Hourly Rate	% Allocated	Annual Payroll
Office Salary					
Property Manager	Salary	Fulltime	$53,000.00	100%	$53,000
Assistant Manager	Hourly	Fulltime	$18.00	100%	$37,440
Leasing Agent	Hourly	Fulltime	$16.00	100%	$33,280
Burden	31%				$37,843
Office Salaries					$161,563
Maintenance Salary					
Service Manager	Salary	Fulltime	$53,000.00	100%	$53,000
Service Technician	Hourly	Fulltime	$18.00	100%	$37,440
Custodial Technician	Hourly	Fulltime	$16.00	100%	$33,280
Burden	31%				$37,843
Maintenance Salaries					$161,563
Total Payroll & Related					$323,125

LEASING & MARKETING	
Advertising - newspaper/magazine	$5,000
Advertising - internet	$20,000
Advertising - signage	$10,000
Marketing Costs	$33,750
Total Leasing & Marketing	$68,750

GENERAL & ADMINISTRATIVE	
Office Supplies	$3,500
Freight And Postage	$3,500
Credit Services	$3,500
Legal/Professional Fees	$22,750
Telephone	$15,000
Answering Service	$500
Bank Service Charges	$6,000
Computer Expense	$100
Dues/Licenses/Fees	$26,000
Education/Meetings/Seminars	$1,250
Furniture/Equipment Rental	$400
Total General & Administrative	$82,500

UTILITIES	
Water	$73,000
Sewer	$66,000
Trash	$66,000
Common Area/Vacant Units	$125,000
Total Utilities	$330,000

OTHER INCOME	Units	$/Mo.	Notes
Parking Income			
Hotel Parking	56	$350	
Resi Parking	200	$175	
Visitor Parking	200	$88	
Unit Amenity Income			
View Premium	66	$50	Assumes a portion of the market rate available will pay the view premium
Misc. Income			The 88 rent-restricted units will not be subject to this Misc. Income charge
Admin, Late Fees, Pet Fees, ET(	184	$30	
Trash & Pest Control Fees	184	$30	
RUBS Income			
RUBS Reimbursements	184	$55.00	Included as part of the utility allowance calculated on the unit mix tab

PARKING ASSUMPTIONS	
Demand	
MF	200
Hotel	56
Total Parking Demand	256
Supply	
Standard	256
Total Parking Supply	256

45 Brown St

Unit Mix

MARKET UNIT MIX								
Description	AMI Level	Type	Floor Plan	Size	# Units	$/Unit/Mo.	$/SF/Mo.	Unit Mix
S	120%	Market	EFF	420	65	$1,666	$3.97	23.6%
A		Market	1B1B	678	85	$2,152	$3.17	30.9%
B		Market	2B1B	1,120	34	$3,045	$2.72	12.4%
Market SubTotal				123,021	184	$394,697		66.9%
Market Average				669		$2,145	$3.21	

INCOME RESTRICTED UNIT MIX						Market		AMI Rent	Allowance	Rent Cap	Final		
Description	AMI Level	Type	Floor Plan	Size	# Units	$/SF	$/Unit	$/Unit	$/Unit	$/Unit	$/Unit/Mo.	$/SF/Mo.	Unit Mix
S	80%	Affordable	EFF	420	38	$3.97	$1,666	$1,168	-$89	$1,079	$1,079	$2.57	13.8%
A	80%	Affordable	1B1B	678	40	$3.17	$2,152	$1,374	-$107	$1,267	$1,267	$1.87	14.5%
S	120%	Affordable	EFF	420	13	$3.97	$1,666	$1,801	-$89	$1,712	$1,666	$3.97	4.7%
Affordable SubTotal				48,545	91						$113,338		33.1%
Affordable Average				533							$1,245	$2.33	
TOTAL				171,566	275						$508,035		100.0%
AVERAGE				624							$1,847	$2.96	

45 Brown St

Project Budget

BUDGET SUMMARY	$ Amount	$/Unit	$/GSF	$/NRSF	%
A & E	$2,312,000	$8,725	$10.78	$13.48	2.5%
Hard Costs	$64,920,808	$244,984	$302.72	$378.40	70.9%
FFE	$860,000	$3,245	$4.01	$5.01	0.9%
Retail TI	$0	$0	$0.00	$0.00	0.0%
Retail LC	$0	$0	$0.00	$0.00	0.0%
Permit/City Fees	$1,149,675	$4,338	$5.36	$6.70	1.3%
Property Tax	$803,064	$3,030	$3.74	$4.68	0.9%
HUD Financing Fees	$2,475,500	$9,342	$11.54	$14.43	2.7%
Construction Interest Reserve	$2,781,270	$10,495	$12.97	$16.21	3.0%
Misc. Closing Costs	$878,020	$3,313	$4.09	$5.12	1.0%
SubTotal	$76,180,337	$287,473	$355.22	$444.03	83.2%
BSPRA - (10%)	$7,618,034	$28,747	$35.52	$44.40	8.3%
Land	$4,800,000	$18,113	$22.38	$27.98	5.2%
Total Replacement Cost	$88,598,371	$334,333	$413.13	$516.41	96.8%
Working Capital - Contingency	$1,470,000	$5,547	$6.85	$8.57	1.6%
Working Capital - Lease-up	$1,470,000	$5,547	$6.85	$8.57	1.6%
Initial Operating Deficit	$3,363,518	$12,693	$15.68	$19.60	3.7%
Extra Hard Cost Contingency	$477,624	$1,802	$2.23	$2.78	0.5%
Developer Fee	$2,674,737	$10,093	$12.47	$15.59	2.9%
Soft Cost Contingency	$311,986	$1,177	$1.45	$1.82	0.3%
Equity Fee	$270,277	$1,020	$1.26	$1.58	0.3%
BSPRA Adjustment	-$7,618,034	-$28,747	-$35.52	-$44.40	-8.3%
Total Project Cost	$91,018,480	$345,353	$426.74	$533.43	100.0%

BUDGET DETAIL			
Category	**Item**	**Unit/Percent**	**$ Amount**
Land	Land Price		$4,800,000
A & E	Architectural Design Costs		$922,000
	Structural Design Costs		$320,000
	MEP Design Costs		$382,000
	Architectural Construction Admin		$150,000
	Renderings		$50,000
	Fire Protection		$26,000
	Life Safety/Accessibility		$50,000
	Waterproofing		$50,000
	Sustainability		$50,000
	Landscape		$75,000
	Civil		$112,000
	ID		$125,000
Hard Costs	Building & Garage		$64,920,808
FFE	FFE		$860,000
TI	Retail TI		$0
LC	Retail LC		$0
Permit/City Fees	Parks/Rec	$752/unit	$199,280
	Transportation	$1,023/unit	$271,095
	Wastewater		$94,300
	Building Permit		$585,000
Property Tax	Construction Property Tax		$803,064
HUD Financing Fees	Loan Origination Fee	2.00%	$1,470,000
	HUD Exam Fee	0.30%	$220,500
	HUD Inspection Fee	0.50%	$367,500
	MIP Reserve - 2 Years	0.50%	$367,500
	Placement Fee		$50,000
Construction Interest Reserve	Construction Interest Reserve	3.78%	$2,781,270
Misc. Closing Costs	GeoTech Report		$25,000
	Other Consultants		$30,000
	Insepction & Testing		$100,000
	Application Fees		$30,000
	Legal Fees		$400,000
	Market Study		$35,000
	Phase I Environmental		$7,200
	Appraisal		$22,400
	Utility Consumption Analysis		$37,420
	Independent A&E Cost Review		$18,000
	Zoning Report		$1,000
	Survey		$15,000
	Organizational		$25,000
	Title and Recording		$120,000
	Cost Certification Audit Fee		$12,000
Non-Mortgageable Costs	Working Capital - Contingency	2.26%	$1,470,000
	Working Capital - Lease-up		$1,470,000
	Initial Operating Deficit		$3,363,518
	Extra Hard Cost Contingency	0.74%	$477,624
	Developer's Fee	4.00%	$2,674,737
	Soft Cost Contingency	3.00%	$311,986
	Equity Fee	1.50%	$270,277

HARD COST BREAK DOWN	
Labor	$2,126,836
Material	$6,322,900
Subcontract	$47,751,465
Equipment	$4,800
Other	$743,631
SubTotal	**$56,949,632**
WRC Labor Escalator	$95,708
Estimating/Design Contingency	$2,281,814
Cost Escalator	$1,483,179
Prevailing Wage Requirement Allowance	$912,155
CM Contingency	$925,837
WRC Insurance Package	$389,525
100% P&P Bonds	$299,524
CM Fee	$1,583,434
Total	**$64,920,808**

45 Brown St

Annual Cash Flow

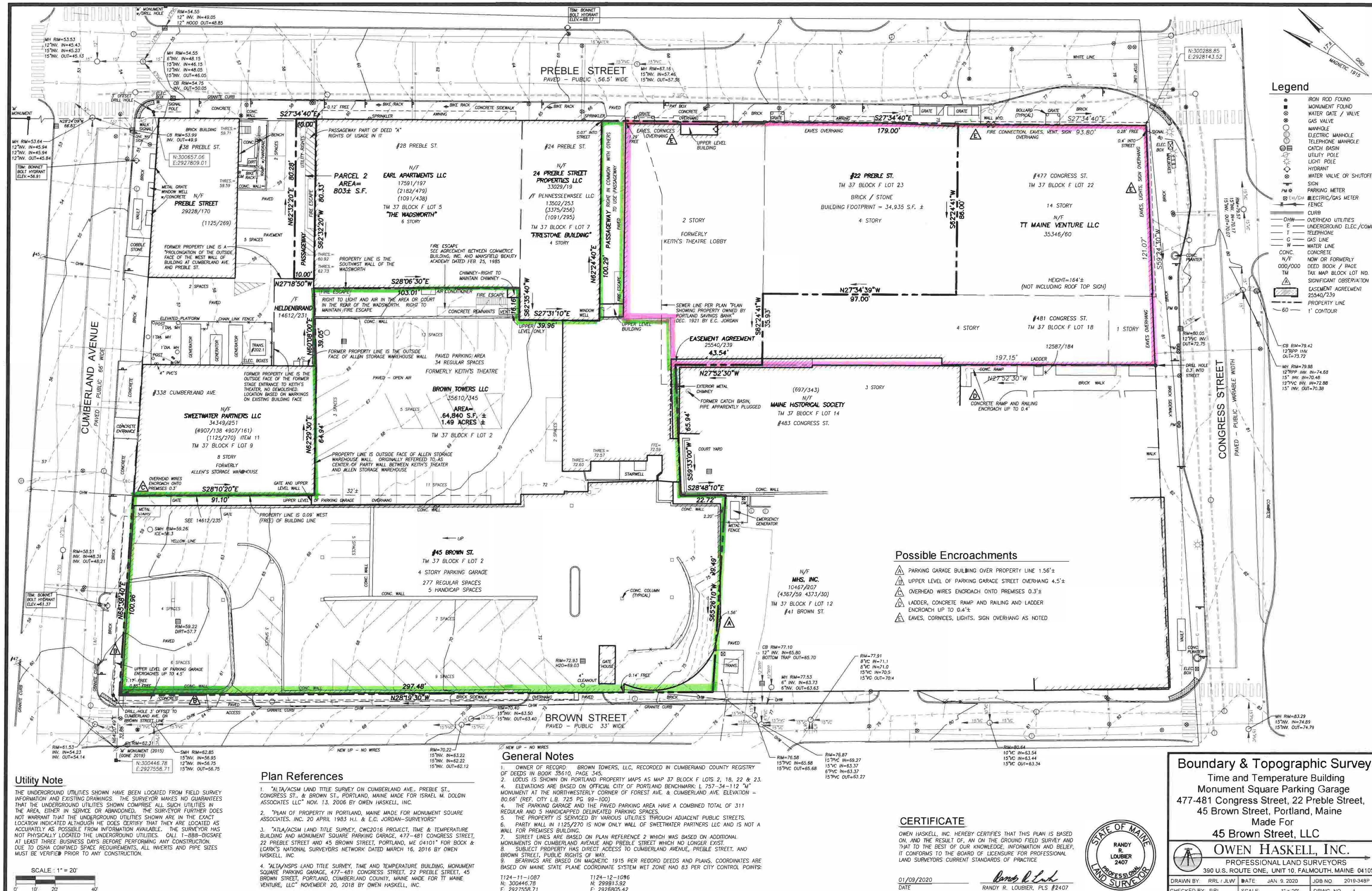
Proforma

Year After Stabilization	1	2	3	4	5	6	7	8	9	10	11
Income Growth		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expense Growth		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Physical Occupancy	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%
Rental Income											
Scheduled Market Rent	$4,736,365	$4,831,092	$4,927,714	$5,026,268	$5,126,794	$5,229,330	$5,333,916	$5,440,595	$5,549,406	$5,660,395	$5,773,602
Scheduled Affordable Rent	$1,360,060	$1,387,261	$1,415,006	$1,443,306	$1,472,172	$1,501,616	$1,531,648	$1,562,281	$1,593,527	$1,625,397	$1,657,905
Scheduled Residential Rent	$6,096,425	$6,218,353	$6,342,720	$6,469,575	$6,598,966	$6,730,945	$6,865,564	$7,002,876	$7,142,933	$7,285,792	$7,431,508
LESS: Loss to Lease	-$60,964	-$62,184	-$63,427	-$64,696	-$65,990	-$67,309	-$68,656	-$70,029	-$71,429	-$72,858	-$74,315
LESS: Market Vacancy	-$284,182	-$289,866	-$295,663	-$301,576	-$307,608	-$313,760	-$320,035	-$326,436	-$332,964	-$339,624	-$346,416
LESS: Affordable Vacancy	-$81,604	-$83,236	-$84,900	-$86,598	-$88,330	-$90,097	-$91,899	-$93,737	-$95,612	-$97,524	-$99,474
Effective Rent	$5,669,675	$5,783,068	$5,898,730	$6,016,704	$6,137,038	$6,259,779	$6,384,975	$6,512,674	$6,642,928	$6,775,786	$6,911,302
Commercial income-Hotel											
Hotel Parking Income	$235,200	$239,904	$244,702	$249,596	$254,588	$259,680	$264,873	$270,171	$275,574	$281,086	$286,707
LESS: Parking Mgmt Fee	-$35,280	-$35,986	-$36,705	-$37,439	-$38,188	-$38,952	-$39,731	-$40,526	-$41,336	-$42,163	-$43,006
Commercial income-Hotel	$199,920	$203,918	$207,997	$212,157	$216,400	$220,728	$225,142	$229,645	$234,238	$238,923	$243,701
Ancillary-resident income											
Parking Income	$630,000	$642,600	$655,452	$668,561	$681,932	$695,571	$709,482	$723,672	$738,145	$752,908	$767,966
LESS: Parking Mgmt Fee	-$94,500	-$96,390	-$98,318	-$100,284	-$102,290	-$104,336	-$106,422	-$108,551	-$110,722	-$112,936	-$115,195
Unit Amenity Income	$39,600	$40,392	$41,200	$42,024	$42,864	$43,722	$44,596	$45,488	$46,398	$47,326	$48,272
Misc. Income	$132,480	$135,130	$137,832	$140,589	$143,401	$146,269	$149,194	$152,178	$155,221	$158,326	$161,492
RUBS Income	$121,440	$123,869	$126,346	$128,873	$131,451	$134,080	$136,761	$139,496	$142,286	$145,132	$148,035
Other Income	$829,020	$845,600	$862,512	$879,763	$897,358	$915,305	$933,611	$952,283	$971,329	$990,756	$1,010,571
Projected Total Taxes	$1,012,829	$1,033,086	$1,053,748	$1,074,823	$1,096,319	$1,118,245	$1,140,610	$1,163,423	$1,186,691	$1,210,425	$1,234,633
Projected TIF Revenue (75% returned)	$735,024	$749,725	$764,719	$780,014	$795,614	$811,526	$827,757	$844,312	$861,198	$878,422	$895,991
Credit Enhancement/TIF Bond Repayment	-$612,150	-$623,213	-$633,488	-$647,975	-$661,413	-$673,800	-$685,138	-$700,425	-$714,400	-$727,063	-$733,413
Net TIF Revenue	**$122,874**	**$126,512**	**$131,231**	**$132,039**	**$134,201**	**$137,726**	**$142,619**	**$143,887**	**$146,798**	**$151,359**	**$162,578**
Total Revenue	**$6,821,489**	**$6,959,099**	**$7,100,470**	**$7,240,663**	**$7,384,997**	**$7,533,538**	**$7,686,347**	**$7,838,490**	**$7,995,293**	**$8,156,824**	**$8,328,152**
Expense											
Payroll and Related	-$323,125	-$332,819	-$342,803	-$353,087	-$363,680	-$374,590	-$385,828	-$397,403	-$409,325	-$421,605	-$434,253
Leasing & Marketing	-$68,750	-$70,813	-$72,937	-$75,125	-$77,379	-$79,700	-$82,091	-$84,554	-$87,090	-$89,703	-$92,394
General & Administrative	-$82,500	-$84,975	-$87,524	-$90,150	-$92,854	-$95,640	-$98,509	-$101,465	-$104,509	-$107,644	-$110,873
Landscaping / Contracted Services	-$96,250	-$99,138	-$102,112	-$105,175	-$108,330	-$111,580	-$114,928	-$118,375	-$121,927	-$125,584	-$129,352
Utilities	-$252,771	-$260,354	-$268,164	-$276,209	-$284,496	-$293,030	-$301,821	-$310,876	-$320,202	-$329,808	-$339,703
Redecorating / Make-Ready	-$68,750	-$70,813	-$72,937	-$75,125	-$77,379	-$79,700	-$82,091	-$84,554	-$87,090	-$89,703	-$92,394
Repairs & Maintenance	-$82,500	-$84,975	-$87,524	-$90,150	-$92,854	-$95,640	-$98,509	-$101,465	-$104,509	-$107,644	-$110,873
Total Controllable	-$974,646	-$1,003,885	-$1,034,002	-$1,065,022	-$1,096,972	-$1,129,881	-$1,163,778	-$1,198,691	-$1,234,652	-$1,271,691	-$1,309,842
Management Fee	-$178,896	-$182,474	-$186,123	-$189,846	-$193,643	-$197,515	-$201,466	-$205,495	-$209,605	-$213,797	-$218,073
Insurance	-$92,125	-$94,889	-$97,735	-$100,667	-$103,687	-$106,798	-$110,002	-$113,302	-$116,701	-$120,202	-$123,808
Real Estate Taxes	-$1,151,219	-$1,033,086	-$1,053,748	-$1,074,823	-$1,096,319	-$1,118,245	-$1,140,610	-$1,163,423	-$1,186,691	-$1,210,425	-$1,234,633
Total Non-Controllable	-$1,422,240	-$1,310,449	-$1,337,607	-$1,365,336	-$1,393,649	-$1,422,559	-$1,452,078	-$1,482,220	-$1,512,997	-$1,544,424	-$1,576,514
Total Expense	**-$2,396,885**	**-$2,314,334**	**-$2,371,608**	**-$2,430,358**	**-$2,490,621**	**-$2,552,440**	**-$2,615,856**	**-$2,680,911**	**-$2,747,649**	**-$2,816,116**	**-$2,886,357**
Net Operating Income	**$4,424,604**	**$4,644,766**	**$4,728,862**	**$4,810,305**	**$4,894,376**	**$4,981,098**	**$5,070,492**	**$5,157,578**	**$5,247,644**	**$5,340,708**	**$5,441,796**
LESS: Capital Reserves	-$82,500	-$84,975	-$87,524	-$90,150	-$92,854	-$95,640	-$98,509	-$101,465	-$104,509	-$107,644	-$110,873
LESS: Debt Service (including MIP)	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681
Net Cash Flow	**$545,422**	**$763,110**	**$844,656**	**$923,474**	**$1,004,840**	**$1,088,777**	**$1,175,301**	**$1,259,433**	**$1,346,454**	**$1,436,383**	**$1,534,241**
DSCR	1.17x	1.22x	1.25x	1.27x	1.29x	1.31x	1.34x	1.36x	1.38x	1.41x	1.43x

12	13	14	15	16	17	18	19	20	21	22	23	24	25
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%
$5,889,074	$6,006,856	$6,126,993	$6,249,533	$6,374,524	$6,502,014	$6,632,054	$6,764,695	$6,899,989	$7,037,989	$7,178,749	$7,322,324	$7,468,770	$7,618,146
$1,691,063	$1,724,884	$1,759,382	$1,794,570	$1,830,461	$1,867,070	$1,904,412	$1,942,500	$1,981,350	$2,020,977	$2,061,397	$2,102,625	$2,144,677	$2,187,571
$7,580,138	$7,731,740	$7,886,375	$8,044,103	$8,204,985	$8,369,085	$8,536,466	$8,707,196	$8,881,339	$9,058,966	$9,240,146	$9,424,948	$9,613,447	$9,805,716
-$75,801	-$77,317	-$78,864	-$80,441	-$82,050	-$83,691	-$85,365	-$87,072	-$88,813	-$90,590	-$92,401	-$94,249	-$96,134	-$98,057
-$353,344	-$360,411	-$367,620	-$374,972	-$382,471	-$390,121	-$397,923	-$405,882	-$413,999	-$422,279	-$430,725	-$439,339	-$448,126	-$457,089
-$101,464	-$103,493	-$105,563	-$107,674	-$109,828	-$112,024	-$114,265	-$116,550	-$118,881	-$121,259	-$123,684	-$126,157	-$128,681	-$131,254
$7,049,528	$7,190,519	$7,334,329	$7,481,016	$7,630,636	$7,783,249	$7,938,914	$8,097,692	$8,259,646	$8,424,839	$8,593,335	$8,765,202	$8,940,506	$9,119,316
$292,442	$298,290	$304,256	$310,341	$316,548	$322,879	$329,337	$335,924	$342,642	$349,495	$356,485	$363,614	$370,887	$378,304
-$43,866	-$44,744	-$45,638	-$46,551	-$47,482	-$48,432	-$49,401	-$50,389	-$51,396	-$52,424	-$53,473	-$54,542	-$55,633	-$56,746
$248,575	$253,547	$258,618	$263,790	$269,066	$274,447	$279,936	$285,535	$291,246	$297,071	$303,012	$309,072	$315,254	$321,559
$783,326	$798,992	$814,972	$831,272	$847,897	$864,855	$882,152	$899,795	$917,791	$936,147	$954,870	$973,967	$993,447	$1,013,315
-$117,499	-$119,849	-$122,246	-$124,691	-$127,185	-$129,728	-$132,323	-$134,969	-$137,669	-$140,422	-$143,230	-$146,095	-$149,017	-$151,997
$49,238	$50,222	$51,227	$52,251	$53,296	$54,362	$55,450	$56,559	$57,690	$58,844	$60,020	$61,221	$62,445	$63,694
$164,722	$168,017	$171,377	$174,805	$178,301	$181,867	$185,504	$189,214	$192,998	$196,858	$200,795	$204,811	$208,908	$213,086
$150,995	$154,015	$157,096	$160,238	$163,442	$166,711	$170,045	$173,446	$176,915	$180,453	$184,063	$187,744	$191,499	$195,329
$1,030,782	$1,051,398	$1,072,426	$1,093,874	$1,115,752	$1,138,067	$1,160,828	$1,184,045	$1,207,726	$1,231,880	$1,256,518	$1,281,648	$1,307,281	$1,333,427
$1,259,326	$1,284,513	$1,310,203	$1,336,407	$1,363,135	$1,390,398	$1,418,206	$1,446,570	$1,475,501	$1,505,011	$1,535,111	$1,565,814	$1,597,130	$1,629,073
$913,911	$932,189	$950,833	$969,849	$989,246	$1,009,031	$1,029,212	$1,049,796	$1,070,792	$1,092,208	$1,114,052	$1,136,333	$1,159,060	$1,182,241
-$733,713	-$733,225	-$731,950	-$729,888	-$732,038	-$733,138	-$733,188	-$732,188	-$730,138	-$732,038	-$732,625	-$731,900	-$729,863	-$731,513
$180,198	**$198,964**	**$218,883**	**$239,961**	**$257,208**	**$275,893**	**$296,024**	**$317,608**	**$340,654**	**$360,170**	**$381,427**	**$404,433**	**$429,197**	**$450,728**
$8,509,084	**$8,694,427**	**$8,884,256**	**$9,078,641**	**$9,272,662**	**$9,471,656**	**$9,675,702**	**$9,884,880**	**$10,099,271**	**$10,313,959**	**$10,534,292**	**$10,760,355**	**$10,992,238**	**$11,225,030**
-$447,281	-$460,699	-$474,520	-$488,756	-$503,418	-$518,521	-$534,076	-$550,099	-$566,602	-$583,600	-$601,108	-$619,141	-$637,715	-$656,847
-$95,166	-$98,021	-$100,962	-$103,991	-$107,110	-$110,324	-$113,633	-$117,042	-$120,554	-$124,170	-$127,895	-$131,732	-$135,684	-$139,755
-$114,199	-$117,625	-$121,154	-$124,789	-$128,532	-$132,388	-$136,360	-$140,451	-$144,664	-$149,004	-$153,474	-$158,079	-$162,821	-$167,706
-$133,233	-$137,229	-$141,346	-$145,587	-$149,954	-$154,453	-$159,087	-$163,859	-$168,775	-$173,838	-$179,053	-$184,425	-$189,958	-$195,656
-$349,894	-$360,390	-$371,202	-$382,338	-$393,808	-$405,623	-$417,791	-$430,325	-$443,235	-$456,532	-$470,228	-$484,335	-$498,865	-$513,831
-$95,166	-$98,021	-$100,962	-$103,991	-$107,110	-$110,324	-$113,633	-$117,042	-$120,554	-$124,170	-$127,895	-$131,732	-$135,684	-$139,755
-$114,199	-$117,625	-$121,154	-$124,789	-$128,532	-$132,388	-$136,360	-$140,451	-$144,664	-$149,004	-$153,474	-$158,079	-$162,821	-$167,706
-$1,349,138	-$1,389,612	-$1,431,300	-$1,474,239	-$1,518,466	-$1,564,020	-$1,610,941	-$1,659,269	-$1,709,047	-$1,760,318	-$1,813,128	-$1,867,522	-$1,923,547	-$1,981,254
-$222,434	-$226,883	-$231,421	-$236,049	-$240,770	-$245,586	-$250,497	-$255,507	-$260,617	-$265,830	-$271,146	-$276,569	-$282,101	-$287,743
-$127,523	-$131,348	-$135,289	-$139,347	-$143,528	-$147,834	-$152,269	-$156,837	-$161,542	-$166,388	-$171,380	-$176,521	-$181,817	-$187,271
-$1,259,326	-$1,284,513	-$1,310,203	-$1,336,407	-$1,363,135	-$1,390,398	-$1,418,206	-$1,446,570	-$1,475,501	-$1,505,011	-$1,535,111	-$1,565,814	-$1,597,130	-$1,629,073
-$1,609,283	-$1,642,744	-$1,676,913	-$1,711,804	-$1,747,433	-$1,783,817	-$1,820,972	-$1,858,914	-$1,897,660	-$1,937,229	-$1,977,637	-$2,018,904	-$2,061,047	-$2,104,087
-$2,958,421	**-$3,032,356**	**-$3,108,213**	**-$3,186,043**	**-$3,265,899**	**-$3,347,837**	**-$3,431,913**	**-$3,518,183**	**-$3,606,707**	**-$3,697,547**	**-$3,790,765**	**-$3,886,426**	**-$3,984,595**	**-$4,085,341**
$5,550,663	**$5,662,071**	**$5,776,043**	**$5,892,598**	**$6,006,762**	**$6,123,818**	**$6,243,789**	**$6,366,697**	**$6,492,564**	**$6,616,412**	**$6,743,527**	**$6,873,929**	**$7,007,643**	**$7,139,689**
-$114,199	-$117,625	-$121,154	-$124,789	-$128,532	-$132,388	-$136,360	-$140,451	-$144,664	-$149,004	-$153,474	-$158,079	-$162,821	-$167,706
-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681
$1,639,783	**$1,747,765**	**$1,858,208**	**$1,971,129**	**$2,081,549**	**$2,194,749**	**$2,310,748**	**$2,429,565**	**$2,551,218**	**$2,670,727**	**$2,793,372**	**$2,919,170**	**$3,048,141**	**$3,175,302**
1.46x	1.49x	1.52x	1.55x	1.58x	1.61x	1.64x	1.68x	1.71x	1.74x	1.78x	1.81x	1.85x	1.88x

26	27	28	29	30
2.00%	2.00%	2.00%	2.00%	2.00%
3.00%	3.00%	3.00%	3.00%	4.00%
94.00%	94.00%	94.00%	94.00%	94.00%
$7,770,509	$7,925,919	$8,084,437	$8,246,126	$8,411,049
$2,231,322	$2,275,948	$2,321,467	$2,367,897	$2,415,255
$10,001,831	$10,201,867	$10,405,905	$10,614,023	$10,826,303
-$100,018	-$102,019	-$104,059	-$106,140	-$108,263
-$466,231	-$475,555	-$485,066	-$494,768	-$504,663
-$133,879	-$136,557	-$139,288	-$142,074	-$144,915
$9,301,703	$9,487,737	$9,677,491	$9,871,041	$10,068,462
$385,871	$393,588	$401,460	$409,489	$417,679
-$57,881	-$59,038	-$60,219	-$61,423	-$62,652
$327,990	$334,550	$341,241	$348,066	$355,027
$1,033,582	$1,054,253	$1,075,338	$1,096,845	$1,118,782
-$155,037	-$158,138	-$161,301	-$164,527	-$167,817
$64,968	$66,267	$67,593	$68,945	$70,323
$217,347	$221,694	$226,128	$230,651	$235,264
$199,235	$203,220	$207,284	$211,430	$215,659
$1,360,095	$1,387,297	$1,415,043	$1,443,344	$1,472,211
$1,661,654	$1,694,887	$1,694,887	$1,694,887	$1,694,887
$1,205,886	$1,230,003	$1,230,003	$1,230,003	$1,230,003
-$731,588	-$731,375	-$731,375	-$731,375	-$731,375
$474,298	**$498,628**	**$498,628**	**$498,628**	**$498,628**
$11,464,086	**$11,708,211**	**$11,932,403**	**$12,161,079**	**$12,394,328**
-$676,552	-$696,849	-$717,754	-$739,287	-$768,858
-$143,947	-$148,266	-$152,714	-$157,295	-$163,587
-$172,737	-$177,919	-$183,256	-$188,754	-$196,304
-$201,526	-$207,572	-$213,799	-$220,213	-$229,022
-$529,246	-$545,123	-$561,477	-$578,321	-$601,454
-$143,947	-$148,266	-$152,714	-$157,295	-$163,587
-$172,737	-$177,919	-$183,256	-$188,754	-$196,304
-$2,040,692	-$2,101,912	-$2,164,970	-$2,229,919	-$2,319,115
-$293,498	-$299,368	-$305,355	-$311,462	-$317,691
-$192,889	-$198,676	-$204,636	-$210,775	-$219,206
-$1,661,654	-$1,694,887	-$1,694,887	-$1,694,887	-$1,694,887
-$2,148,041	-$2,192,931	-$2,204,878	-$2,217,124	-$2,231,785
-$4,188,732	**-$4,294,843**	**-$4,369,848**	**-$4,447,043**	**-$4,550,900**
$7,275,353	**$7,413,369**	**$7,562,555**	**$7,714,036**	**$7,843,428**
-$172,737	-$177,919	-$183,256	-$188,754	-$196,304
-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681	-$3,796,681
$3,305,935	**$3,438,769**	**$3,582,618**	**$3,728,600**	**$3,850,442**
1.92x	1.95x	1.99x	2.03x	2.07x

45 Brown Street Proposed AHTIF District Highlighted in Green



City of Portland - Affordable Housing (AH) TIF Model
45 Brown Street, 037-F002-001
OAV: $1,910,500 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 45 Brown Street AHTIF										
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	$45,424
2	2021	$0	75.00%	$0	16.50	$0	$0	$0	$0	$31,523
3	2022	$57,089,500	75.00%	$42,817,125	16.83	$720,612	$720,612	$0	$240,204	$32,154
4	2023	$57,089,500	75.00%	$42,817,125	17.17	$735,024	$735,024	$0	$245,008	$32,797
5	2024	$57,089,500	75.00%	$42,817,125	17.51	$749,725	$749,725	$0	$249,908	$33,453
6	2025	$57,089,500	75.00%	$42,817,125	17.86	$764,719	$764,719	$0	$254,906	$34,122
7	2026	$57,089,500	75.00%	$42,817,125	18.22	$780,014	$780,014	$0	$260,005	$34,804
8	2027	$57,089,500	75.00%	$42,817,125	18.58	$795,614	$795,614	$0	$265,205	$35,500
9	2028	$57,089,500	75.00%	$42,817,125	18.95	$811,526	$811,526	$0	$270,509	$36,210
10	2029	$57,089,500	75.00%	$42,817,125	19.33	$827,757	$827,757	$0	$275,919	$36,935
11	2030	$57,089,500	75.00%	$42,817,125	19.72	$844,312	$844,312	$0	$281,437	$37,673
12	2031	$57,089,500	75.00%	$42,817,125	20.11	$861,198	$861,198	$0	$287,066	$38,427
13	2032	$57,089,500	75.00%	$42,817,125	20.52	$878,422	$878,422	$0	$292,807	$39,195
14	2033	$57,089,500	75.00%	$42,817,125	20.93	$895,991	$895,991	$0	$298,664	$39,979
15	2034	$57,089,500	75.00%	$42,817,125	21.34	$913,911	$913,911	$0	$304,637	$40,779
16	2035	$57,089,500	75.00%	$42,817,125	21.77	$932,189	$932,189	$0	$310,730	$41,594
17	2036	$57,089,500	75.00%	$42,817,125	22.21	$950,833	$950,833	$0	$316,944	$42,426
18	2037	$57,089,500	75.00%	$42,817,125	22.65	$969,849	$969,849	$0	$323,283	$43,275
19	2038	$57,089,500	75.00%	$42,817,125	23.10	$989,246	$989,246	$0	$329,749	$44,140
20	2039	$57,089,500	75.00%	$42,817,125	23.57	$1,009,031	$1,009,031	$0	$336,344	$45,023
21	2040	$57,089,500	75.00%	$42,817,125	24.04	$1,029,212	$1,029,212	$0	$343,071	$45,923
22	2041	$57,089,500	75.00%	$42,817,125	24.52	$1,049,796	$1,049,796	$0	$349,932	$46,842
23	2042	$57,089,500	75.00%	$42,817,125	25.01	$1,070,792	$1,070,792	$0	$356,931	$47,779
24	2043	$57,089,500	75.00%	$42,817,125	25.51	$1,092,208	$1,092,208	$0	$364,069	$48,734
25	2044	$57,089,500	75.00%	$42,817,125	26.02	$1,114,052	$1,114,052	$0	$371,351	$49,709
26	2045	$57,089,500	75.00%	$42,817,125	26.54	$1,136,333	$1,136,333	$0	$378,778	$50,703
27	2046	$57,089,500	75.00%	$42,817,125	27.07	$1,159,060	$1,159,060	$0	$386,353	$51,717
28	2047	$57,089,500	75.00%	$42,817,125	27.61	$1,182,241	$1,182,241	$0	$394,080	$52,752
29	2048	$57,089,500	75.00%	$42,817,125	28.16	$1,205,886	$1,205,886	$0	$401,962	$53,807
30	2049	$57,089,500	75.00%	$42,817,125	28.73	$1,230,003	$1,230,003	$0	$410,001	$54,883
30 Year TIF Total		**$1,598,506,000**		**$1,198,879,500**		**$26,699,555**	**$26,699,555**	**$0**	**$8,899,852**	**$1,268,282**
30 Year Average				**$39,962,650**		**$889,985**	**$889,985**		**$296,662**	**$42,276**

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland - TIF Model for 45 Brown 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	$57,089,500	$42,817,125	$0	$32,087	$23,620	$55,707
4	2023	$57,089,500	$42,817,125	$118,175	$32,087	$23,620	$173,882
5	2024	$57,089,500	$42,817,125	$236,351	$32,087	$23,620	$292,057
6	2025	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
7	2026	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
8	2027	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
9	2028	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
10	2029	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
11	2030	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
12	2031	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
13	2032	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
14	2033	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
15	2034	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
16	2035	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
17	2036	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
18	2037	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
19	2038	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
20	2039	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
21	2040	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
22	2041	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
23	2042	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
24	2043	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
25	2044	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
26	2045	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
27	2046	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
28	2047	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
29	2048	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
30	2049	$57,089,500	$42,817,125	$354,526	$32,087	$23,620	$410,232
30 Year TIF Total		**$1,598,506,000**	**$1,198,879,500**	**$9,217,671**	**$898,437**	**$661,349**	**$10,777,456**
30 Year TIF Avg.		**$53,283,533**	**$39,962,650**	**$307,256**	**$29,948**	**$22,045**	**$359,249**

45 Brown St TIF Model at 75% for 30 Years New TAV w FY22 Est Mil Rate 12-14-2020.xls

Urban Ventures

To:	Mary Davis, City of Portland
From:	Anne Boynton, Urban Ventures, Inc.
Re:	45 Brown Street, a Presidium project
Date:	12/16/2020

Presidium requests a 75% 30 year Affordable Housing TIF for 45 Brown Street, a proposed new construction 275 unit rental housing development with 256 space parking garage. Presidium proposes that of the 275 residential units, 78 units (28%) be affordable to households at 80% AMI, 13 units (5%) be affordable to households at 120% AMI, and the remaining 184 units (67%) be market rate units, with no rent restrictions. The 256 unit parking garage is proposed to be shared with Presidium's planned hotel to be located on the same block in the Time and Temperature Building. Presidium anticipates the hotel will lease 56 parking spaces at $370 per month, while the remaining 200 parking spaces will be made available to residents for a monthly rental fee of $175.

The project will be built on the site of a dilapidated parking garage, which will be demolished and replaced with a 9 story structure comprised of 3 floors of parking and 6 floors of apartments. Presidium acquired this site as part of a package including the Time and Temperature building, 481 Congress St, and 22 Preble Street. These 4 sites were acquired for $9,765,000 in December 2018 at foreclosure auction.

Presidium projects the year 1 value of the TIF to be $735,024 and the 30 year value of the TIF to be just over $29 million. The year 1 TIF returned to the developer provides the equivalent of a year 1 subsidy of $8,077 per TIF controlled "affordable" residential unit, a subsidy anticipated to increase each year for the 30 year term.

HCD Staff Note: As noted on the TIF Model Spreadsheets, utilizing the projected revaluation millage rate, the initial year value of the TIF is estimated to be $720,612 and the 30 year value of the TIF to be $26,699,555. The initial year TIF returned to the developer provides the equivalent of a subsidy of $7,919 per TIF controlled affordable residential unit.

Sources and Uses

Sources:		Uses:	
HUD 221 d4 Amortizing Loan	$73,500,000	Acquisition	$4,800,000
CEA/TIF Proceeds	$7,197,165	Construction hard costs	$60,134,270
Common Equity	$10,321,315	Hard & Soft Contingency	$5,576,145
		Soft costs	$11,529,806
		Capitalized Reserves	$6,303,518
		Developer Fee	$2,674,737
Total Sources:	$91,018,480	Total Uses:	$91,018,476

Presidium has provided documentation of interest from the sources above. Presidium is working with Bellweather Enterprise, a major national intermediary, to secure HUD 221d4 financing for the first mortgage position. HUD has given preliminary indications of support to the project concept and developer capacity over the past 1.5 years. Key Banc has provided a preliminary summary of proposed terms for a TIF revenue bond issue, projected to net $8,274,200. The two principals of Presidium represent that they would provide the $9.5 million in common equity. A commitment for a TIF is central to their plan to secure the funding for the project.

For analysis of "Uses," see Development Budget.

Development Budget

Construction Costs:

Construction costs are based on a trades break down estimate by Wright-Ryan Construction (this is preferable to a cost per square foot estimate), and includes provision for prevailing wage requirements. The total construction cost divided among the 275 residential units is $237,812, including the full cost of the parking garage. Separating out the direct cost of the parking, the garage is approximately 15% of the construction cost, or $9.7 million (including a proportional share of unallocated costs). This is a higher cost per unit than is typical for affordable housing in Portland – new construction projects requesting funding from the City or County this year had an average per unit hard costs of $216,425, (from a total of 4 projects with a per unit cost range of $186,682 to $237,653). This level of additional cost is reasonable given high-rise construction, the additional cost of structured parking, market rate finishes, and significant property amenities.

Soft Costs:

Soft costs are notably high for this project due to the cost related to the 221d4 and stock financing. Financing costs are $23,291 per unit and typically run less than $9,000 for affordable transactions. Reserves and developer fee are $32,648 per unit, $7,800 per unit higher than the next highest applicant. This is primarily because prefunded reserves and lease up/marketing expenses are much higher than affordable projects. Due to the large scale of the project (twice the size of the next largest comparable property) and the rent structure at the upper end of market rates, budgeting adequately for a lease up period is important. Developer fee of $2.67 million is well within industry standard at 3.26% of total development costs (excluding reserves and developer fee).

Contingency:

Hard cost contingency is carried primarily in the Wright-Ryan estimate, which includes $4.8 million in contingencies -- a 4.5% labor escalator, a 4% design contingency, a 2.5% cost escalator, and a 1.5% construction management contingency. The developer adds an additional hard cost contingency of $477,624. All contingencies together total 9% of Wright Ryan's estimated hard cost. The standard minimum hard cost contingency for new construction is 5% of hard costs. A slightly higher contingency is required for the added uncertainty associated with the substantial demolition and site preparation costs. This is a uniquely difficult moment to evaluate contingency. Construction costs have been rising rapidly in Portland – about 15% over 2019 -- far outstripping the inflation rate in the Consumer Price Index. This project is vulnerable to cost inflation due to the relatively early stage of predevelopment, the multiyear construction period and the high level of economic uncertainty.

Soft cost contingency is 1.87% of soft costs. This is thin, especially for this early stage of project development.

HCD Staff Note: The developer has indicated that the majority of soft costs (design costs) are fixed contracts, which is reflected in a lower soft cost contingency estimate.

Acquisition:

The public has an interest in insuring that the property is purchased for no more than its market value. This review is especially important in cases like this one where the seller plays multiple roles in the transaction. Presidium acquired the sites and will resell the sites to the newly created project entity it controls, so Presidium is both seller and buyer of the site.

This site was purchased by Presidium in December 2018, as part of a 4 site package at auction for $9,765,000. An appraisal of the 4 site package dated November 30, 2018 values the parking garage at $3.8 million, and Presidium plans to sell the site for $4.8 million. The developer has not disclosed how they plan to allocate the total acquisition costs across the 4 properties, but note that the $3.8 million appraised value does not take into account their carrying costs and predevelopment expenses. Acquisition price is one factor driving up cost per unit relative to other affordable projects -- at $17,455 per unit, it is the highest cost per unit for an affordable project reviewed by the City in 2020. An appraisal which supports the acquisition expense of $4.8 million is a recommended condition of TIF approval.

Operating Budget & 20 Year Cashflow Projection

Project Income:

The Presidium proforma includes 78 units at 80% AMI, 14 units at 120% AMI and 183 units at market rate. The affordable unit rents are set to the maximum allowable rent per the local workforce housing ordinance, but not exceeding the developer's anticipated "market rate" rent. The developer is projecting the "market rate" at less than the maximum allowable calculated "affordable rate" for the 14 restricted 120% AMI units.

The market study submitted by the developer is dated July 19, 2019, and comments that, "the rent projections provided by the borrower are generally bracketed by the comparable set but towards the upper aspect." Complicating the assessment of the marketability of the projected "market rents," the market study does not contemplate the additional fees included in the current budget projections, including mandatory fees of $85/unit for landlord paid utilities/trash/pest control. These fees are not typical of the Portland rental market and place the market rent for each unit type above the highest comparable rent in the 2019 market study. In addition, the market study indicates that the comparable rents reflect estimates as of the 2019 date of the report and have not been projected forward while the proposed project rents are based on developer projections. A satisfactory current market study reflective of the developer's proposed fee structure is a recommended condition of TIF approval.

One bedroom units make up 46% of the unit mix (a total of 125 units of which 68% are market rate), efficiency units make up 42% (a total of 116 units of which 56% are market rate) and 2 bedroom units are 12% (a total of 34 units all of which are market rate) of the unit mix. Since one bedroom units have the greatest mark up over comparable market rents, this concentration of one bedroom units is an area of risk for the project.

Vacancy is budgeted at 6%, well above Portland's current actual vacancy rates. The most comparable project according to the market study (The Hiawatha) was operating at 100% occupancy in summer 2019. However, the project as designed is almost twice the size of The Hiawatha. The market study makes a compelling case that there is pent up demand for quality rental units in central Portland, but the unprecedented scale of this development justifies a higher vacancy rate.

Operating Expense

The pro forma reflects a per unit operating cost of $8,651, which appears high. However, $3,540 per unit is real estate taxes. The operating costs per unit in all other categories are consistent with industry standard and comparable projects in Portland. The replacement reserve budget is on the low side, but acceptable at $300 per unit. The budget anticipates 3 full time office staff and 3 full time maintenance/custodial staff.

20 Year Cashflow & Debt Service Coverage Ratio (DSCR)

In year 1, the project reflects a 1.18 DSCR. With industry standard 2% income inflator and 3% expense inflator, DSCR rises gradually over 20 years to 1.54. The AHTIF provides an infusion of "equity like" capital while also providing support to the operating budget.

Developer Financials

Developer financial analysis is confidential and is detailed in a separate confidential document.

Recommendations

The developer must at minimum meet three primary criteria for an AHTIF approval of up to 75% for 30 years:

1. Community Need: "…site specific AHTIF designations must address an identified community need."

Presidium will provide 78 units of housing for households at 80% AMI and 13 units of housing for households at 120% of AMI. Moderate income housing is identified as a community need in Portland's Plan 2030 and the City Council's 2020 Common Goals.

2. Financial Necessity: "The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed."

Presidium has demonstrated that without TIF revenue the project would not be able to move forward. The TIF provides both necessary capital during the development period and important supplemental income during the operating period.

3. Financial Capacity: "The applicant must demonstrate financial capacity to support their project."

Presidium has not demonstrated financial capacity to support their project through the following:

- financing commitments (projected sources have expressed written interest, but are not yet at commitment stage in their review), or

- organizational financials (see confidential financial analysis)

However, the principals have submitted personal financial statements which show liquid assets in excess of their anticipated equity contribution and significant net worth. Based on their personal financial statements, they appear able to meet their equity stake in the project.

I recommend any AHTIF approval be condition upon satisfactory review of the following prior to finalizing the TIF:

1) A current appraisal supporting the acquisition price of $4.8 million;
2) A current market study supporting the projected rent structure including all mandatory fees and parking income;
3) Financing commitments for debt, equity, and equity like financing on terms and conditions acceptable to the City of Portland;
4) Personal financial statements from the principals of Presidium which, in combination with Presidium Group financials, demonstrate developer's financial capacity to support the project, current (within 60 days) of the finalization of the TIF agreement;
5) All standard construction loan conditions, including satisfactory review of final contract with GC consistent with budgeted estimates, and total contractor overhead, profit and general conditions of not to exceed 14% of net construction costs.

Development Budget with Permanent Sources

Date	Updated 12/15/2020 MPD Reviewed 12/15/2020 AB
Project Name	45 Brown St
Project Address	
Developer/Sponsor	Presidium

Total Units	275
Total Square Feet	318,780 of which 217,030 is residential and 101,750 is parking

Sources of Funds		December Values Total	Per Unit	Per Sq Ft
Permanent Financing - HUD 1st Lien		$73,500,000	$267,273	$231
Permanent Financing - City of Portland			$0	$0
Credit Enhancemen/TIF Proceeds		$7,197,165	$26,172	$23
Common Equity		$10,321,315	$37,532	$32
Other			$0	$0
Other			$0	$0
Total Sources of Funds		**$91,018,480**	**$330,976**	**$286**
	Excess Sources:	($4)		

Uses of Funds

Hard Costs		Total	Per Unit	Per Sq Ft
Site Improvements		$1,826,500	$6,642	$6
Rehabilitation			$0	$0
New Construction		$53,028,758	$192,832	$166
Contractor's Profit, Overhead, & Gen. Requirements	8.5%	$4,589,963	$16,691	$14
Hazardous Materials abatement (if contracted separately)			$0	$0
Demolition Cost (as shown on S&U)			$0	$0
Bond Premium		$299,524	$1,089	$1
Other "WRC Insurance Package"		$389,525	$1,416	$1
Hard Cost Contingency (% of hard costs)	8.8%	$5,264,162	$19,142	$17
Total Hard Costs		**$65,398,432**	**$237,812**	**$205**

Soft Costs		Total	Per Unit	Per Sq Ft
Building Permit & Fees		$1,149,675	$4,181	$4
Survey & Engineering			$0	$0
Design & Permitting (% of const exp)	2.2%	$2,312,000	$8,407	$7
Borrower Legal (all closings, excluding syndication legal)			$0	$0
Title & Recording			$0	$0
Accounting			$0	$0
Construction Period Taxes		$803,064	$2,920	$3
Construction Period Insurance			$0	$0
Other: FF&E, Security		$860,000	$3,127	$3
Other			$0	$0
Total Soft Costs		**$5,124,739**	**$18,635**	**$16**

Financing Costs				
Construction Loan Origination Fees			$0	$0
Construction Period Interest		$2,781,270	$10,114	$9
Lender Inspection Fees			$0	$0
Letter of Credit Fee			$0	$0
Permanent Loan Fee -- HUD Related Financing Fees		$2,475,500	$9,002	$8
"Equity placement fee" to developer		$270,277	$983	$1
Other -- Misc. Closing Costs		$878,020	$3,193	$3
Total Financing Costs		**$6,405,067**	**$23,291**	**$20**

Miscellaneous				
Market Survey			$0	$0
Appraisal			$0	$0
Environmental Study			$0	$0
LIHTC Fees			$0	$0
Other: Commissioning			$0	$0
Relocation Costs			$0	$0
Other			$0	$0
Soft Cost Contingency (% of soft costs excl Dev Fee)	1.87%	$311,983	$1,134	$1
Total Miscellaneous:		**$311,983**	**$1,134**	**$21**

Acquisition			
Acquisition: Buildings		$0	$0
Acquisition: Land	$4,800,000	$17,455	$15
Acquisition: Legal		$0	$0
Other		$0	$0
Total Acquisition	**$4,800,000**	**$17,455**	**$15**

Reserves and Developer Fee			
Operating Deficit Escrow	$3,363,518	$12,231	$11
Prefunded Replacement Reserve		$0	$0
Taxes & Insurance Escrow		$0	$0
Developer Overhead		$0	$0
Developer Profit	$2,674,737	$9,726	$8
Rent Up Reserve & Marketing	$1,470,000	$5,345	$5
Other "Working Capital -- Contingency"	$1,470,000	$5,345	$5
Total Reserves and Developer Fee	**$8,978,255**	**$32,648**	**$28**

Total Uses of Funds	**$91,018,476**	**$330,976**	**$306**

Developer Fee Analysis:	Total Fees:	$2,674,737
(excluding reserves & developer fee)	Percent of TDC:	3.26%

Project Operating Pro Forma

Date	December 16, 2020
Project Name	45 Brown St
Project Address	45 Brown St
Developer/Sponsor	Presidium

Rental Income

Unit Type	Number of Units	Per Unit Sq Ft	Total Sq Ft	Restriction on % Median Inc.	Per Unit Monthly Gross Rent	Utility Deductions	Rent Subsidy	Per Unit Monthly Net Rent	Per Unit Net Rent Per Sq Ft	Total Monthly Net Income	Total Annual Net Rent
0 BR	38	420	15960	80%	$1,168	$89		$1,079	2.57	$41,002	$492,024
0 BR	13	420	5460	120%	$1,666	$0		$1,666	3.97	$21,658	$259,896
1 BR	40	678	27120	80%	$1,374	$107		$1,267	1.87	$50,680	$608,160
0 BR	65	420	27300	Market	$1,666	$0		$1,666	3.97	$108,290	$1,299,480
1 BR	85	678	57630	Market	$2,152	$0		$2,152	3.17	$182,920	$2,195,040
2 BR	34	1120	38080	Market	$3,045	$0		$3,045	2.72	$103,530	$1,242,360
Total:	**275**		**171550**							**$508,080**	**$6,096,960**

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

Note: Year 1 is the first full year of stabilized operations

	Year 1	Year 1/Unit	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income											
Sch. Gross Income - Residentia	$6,096,960	$22,171	$6,218,899	$6,343,277	$6,470,143	$6,599,546	$6,731,536	$6,866,167	$7,003,491	$7,143,560	$7,286,432
Vacancy Loss 6.0%	($365,818)	($1,330)	($373,134)	($380,597)	($388,209)	($395,973)	($403,892)	($411,970)	($420,209)	($428,614)	($437,186)
Hotel Parking Income (net fee)	$199,920	$727	$203,918	$207,997	$212,157	$216,400	$220,728	$225,142	$229,645	$234,238	$238,923
Resident Parking Income (net)	$536,520	$1,951	$547,250	$558,195	$569,359	$580,747	$592,361	$604,209	$616,293	$628,619	$641,191
Other income (view fee)	$39,600	$144	$40,392	$41,200	$42,024	$42,864	$43,722	$44,596	$45,488	$46,398	$47,326
Misc Income	$127,440	$463	$129,989	$132,589	$135,240	$137,945	$140,704	$143,518	$146,389	$149,316	$152,303
RUBS Income	$121,440	$442	$123,869	$126,346	$128,873	$131,451	$134,080	$136,761	$139,496	$142,286	$145,132
TIF (inflated at 3%)	$720,612	$2,620	$742,230	$764,497	$787,432	$811,055	$835,387	$860,448	$886,262	$912,850	$940,235
Credit Enhancement/TIF Bond	($612,150)	($2,226)	($630,515)	($649,430)	($668,913)	($688,980)	($709,650)	($730,939)	($752,867)	($775,453)	($798,717)
Effective Gross Income	**$6,864,524**	**$24,962**	**$7,002,900**	**$7,144,075**	**$7,288,107**	**$7,435,054**	**$7,584,976**	**$7,737,933**	**$7,893,987**	**$8,053,200**	**$8,215,638**
Administrative											
Management Fee	$178,896	$651	$184,263	$189,791	$195,484	$201,349	$207,389	$213,611	$220,020	$226,620	$233,419
Office Salary (property manage	$161,563	$588	$166,410	$171,402	$176,544	$181,841	$187,296	$192,915	$198,702	$204,663	$210,803
Marketing Expense	$68,750	$250	$70,813	$72,937	$75,125	$77,379	$79,700	$82,091	$84,554	$87,090	$89,703
Legal	$22,750	$83	$23,433	$24,135	$24,860	$25,605	$26,373	$27,165	$27,980	$28,819	$29,684
Audit & Accounting		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Admin "General"	$59,750	$217	$61,543	$63,389	$65,290	$67,249	$69,267	$71,345	$73,485	$75,690	$77,960
Total Administrative	$491,709	$1,788	$506,460	$521,654	$537,304	$553,423	$570,025	$587,126	$604,740	$622,882	$641,569
Supportive Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Utilities											
Fuel Oil		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Natural Gas		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Electric		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water / Sewer	$139,000	$505	$143,170	$147,465	$151,889	$156,446	$161,139	$165,973	$170,952	$176,081	$181,363
Other -- Common Areas, Vacar	$125,000	$455	$128,750	$132,613	$136,591	$140,689	$144,909	$149,257	$153,734	$158,346	$163,097
Total Utilities	$264,000	$960	$271,920	$280,078	$288,480	$297,134	$306,048	$315,230	$324,687	$334,427	$344,460
Maintenance	**Year 1**	**Year 1/Unit**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Grounds	$96,250	$350	$99,138	$102,112	$105,175	$108,330	$111,580	$114,928	$118,375	$121,927	$125,584
Janitorial		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trash Removal	$66,000	$240	$67,980	$70,019	$72,120	$74,284	$76,512	$78,807	$81,172	$83,607	$86,115
Security		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Equipment & Supplies		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	$151,250	$550	$155,788	$160,461	$165,275	$170,233	$175,340	$180,600	$186,018	$191,599	$197,347
Maintenance Contracts		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other - Maintenance Salary	$161,563	$588	$166,410	$171,402	$176,544	$181,841	$187,296	$192,915	$198,702	$204,663	$210,803
Total Maintenance	$475,063	$1,728	$489,315	$503,994	$519,114	$534,688	$550,728	$567,250	$584,268	$601,796	$619,849
Taxes & Insurance	$3,540.00										
Real Estate Taxes or PILOT	$973,500	$3,540	$1,002,705	$1,032,786	$1,063,770	$1,095,683	$1,128,553	$1,162,410	$1,197,282	$1,233,201	$1,270,197
Payroll Taxes / Fidelity Bond / Workers Comp / Health Ins.		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance (property, liability)	$92,125	$335	$94,889	$97,735	$100,667	$103,687	$106,798	$110,002	$113,302	$116,701	$120,202
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Taxes & Insurance	$1,065,625	$3,875	$1,097,594	$1,130,522	$1,164,437	$1,199,370	$1,235,351	$1,272,412	$1,310,584	$1,349,902	$1,390,399
Replacement Reserves	$82,500	$300	$84,975	$87,524	$90,150	$92,854	$95,640	$98,509	$101,465	$104,509	$107,644
Operating Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	**$2,378,897**	**$8,651**	**$2,450,264**	**$2,523,772**	**$2,599,485**	**$2,677,470**	**$2,757,794**	**$2,840,527**	**$2,925,743**	**$3,013,516**	**$3,103,921**
	$8,650.53										
Net Operating Income	**$4,485,627**	**$16,311**	**$4,552,636**	**$4,620,303**	**$4,688,622**	**$4,757,585**	**$4,827,182**	**$4,897,405**	**$4,968,243**	**$5,039,685**	**$5,111,717**
Debt Service											
First Lien (including MIP)	$3,796,681	$13,806	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681
Second Lien		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service (Must Pay)	$3,796,681	$13,806	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681
Cash Flow (after Must Pay Debt)	$688,946	$2,505	$755,955	$823,622	$891,941	$960,904	$1,030,501	$1,100,724	$1,171,562	$1,243,004	$1,315,036
Debt Service Coverage Ratio	**1.18**		**1.20**	**1.22**	**1.23**	**1.25**	**1.27**	**1.29**	**1.31**	**1.33**	**1.35**
Cash Flow Debt Payments											
City or County 0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Developer Fee Loan 0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Flow Retained by Project	**$688,946**	**$2,505**	**$755,955**	**$823,622**	**$891,941**	**$960,904**	**$1,030,501**	**$1,100,724**	**$1,171,562**	**$1,243,004**	**$1,315,036**

Operating Expenses

Rent Increase Rate	2.0%
Expenses Increase Rate	3.0%

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Income										
Sch. Gross Income - Residential	$7,432,160	$7,580,803	$7,732,419	$7,887,068	$8,044,809	$8,205,705	$8,369,820	$8,537,216	$8,707,960	$8,882,119
Vacancy Loss 6.0%	($445,930)	($454,848)	($463,945)	($473,224)	($482,689)	($492,342)	($502,189)	($512,233)	($522,478)	($532,927)
Hotel Parking Income (net fee)	$243,701	$248,575	$253,547	$258,618	$263,790	$269,066	$274,447	$279,936	$285,535	$291,246
Resident Parking Income (net)	$654,015	$667,095	$680,437	$694,046	$707,927	$722,085	$736,527	$751,258	$766,283	$781,608
Other income (view fee)	$48,272	$49,238	$50,222	$51,227	$52,251	$53,296	$54,362	$55,450	$56,559	$57,690
Misc Income	$155,349	$158,456	$161,625	$164,857	$168,154	$171,517	$174,948	$178,447	$182,016	$185,656
RUBS Income	$148,035	$150,995	$154,015	$157,096	$160,238	$163,442	$166,711	$170,045	$173,446	$176,915
TIF (inflated at 3%)	$968,442	$997,496	$1,027,420	$1,058,243	$1,089,990	$1,122,690	$1,156,371	$1,191,062	$1,226,794	$1,263,598
Payment on Preferred Equity	($822,678)	($847,359)	($872,780)	($898,963)	($925,932)	($953,710)	($982,321)	($1,011,791)	($1,042,144)	($1,073,409)
Effective Gross Income	**$8,381,366**	**$8,550,451**	**$8,722,962**	**$8,898,967**	**$9,078,539**	**$9,261,751**	**$9,448,676**	**$9,639,390**	**$9,833,970**	**$10,032,496**
Administrative										
Management Fee	$240,421	$247,634	$255,063	$262,715	$270,596	$278,714	$287,076	$295,688	$304,558	$313,695
Office Salary (property management 3	$217,127	$223,641	$230,350	$237,261	$244,379	$251,710	$259,261	$267,039	$275,050	$283,302
Marketing Expense	$92,394	$95,166	$98,021	$100,962	$103,991	$107,110	$110,324	$113,633	$117,042	$120,554
Legal	$30,574	$31,491	$32,436	$33,409	$34,411	$35,444	$36,507	$37,602	$38,730	$39,892
Audit & Accounting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Admin "General"	$80,299	$82,708	$85,189	$87,745	$90,377	$93,089	$95,881	$98,758	$101,720	$104,772
Total Administrative	$660,816	$680,640	$701,059	$722,091	$743,754	$766,067	$789,049	$812,720	$837,102	$862,215
Supportive Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Utilities										
Fuel Oil	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Electric	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gas	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water / Sewer	$186,804	$192,409	$198,181	$204,126	$210,250	$216,557	$223,054	$229,746	$236,638	$243,737
Other	$167,990	$173,029	$178,220	$183,567	$189,074	$194,746	$200,588	$206,606	$212,804	$219,188
Total Utilities	$354,794	$365,438	$376,401	$387,693	$399,324	$411,303	$423,642	$436,352	$449,442	$462,926
Maintenance	**Year 11**	**Year 12**	**Year 13**	**Year 14**	**Year 15**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**
Grounds	$129,352	$133,233	$137,229	$141,346	$145,587	$149,954	$154,453	$159,087	$163,859	$168,775
Janitorial	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trash Removal	$88,698	$91,359	$94,100	$96,923	$99,831	$102,826	$105,911	$109,088	$112,361	$115,731
Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Equipment & Supplies	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	$203,267	$209,365	$215,646	$222,116	$228,779	$235,643	$242,712	$249,993	$257,493	$265,218
Maintenance Contracts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other - Maintenance Salary	$217,127	$223,641	$230,350	$237,261	$244,379	$251,710	$259,261	$267,039	$275,050	$283,302
Total Maintenance	$638,445	$657,598	$677,326	$697,646	$718,575	$740,133	$762,337	$785,207	$808,763	$833,026
Taxes & Insurance										
Real Estate Taxes or PILOT	$1,308,303	$1,347,552	$1,387,978	$1,429,618	$1,472,506	$1,516,681	$1,562,182	$1,609,047	$1,657,319	$1,707,038
Payroll Taxes / Fidelity Bond / Workers Comp / Health Ins.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance (property, liability)	$123,808	$127,523	$131,348	$135,289	$139,347	$143,528	$147,834	$152,269	$156,837	$161,542
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Taxes & Insurance	$1,432,111	$1,475,074	$1,519,326	$1,564,906	$1,611,853	$1,660,209	$1,710,015	$1,761,316	$1,814,155	$1,868,580
Replacement Reserves	$110,873	$114,199	$117,625	$121,154	$124,789	$128,532	$132,388	$136,360	$140,451	$144,664
Operating Reserves	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	**$3,197,039**	**$3,292,950**	**$3,391,738**	**$3,493,490**	**$3,598,295**	**$3,706,244**	**$3,817,431**	**$3,931,954**	**$4,049,913**	**$4,171,410**
Net Operating Income	**$5,184,328**	**$5,257,501**	**$5,331,223**	**$5,405,477**	**$5,480,244**	**$5,555,507**	**$5,631,244**	**$5,707,435**	**$5,784,057**	**$5,861,086**
Debt Service										
First Lien	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681
Second Lien	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service (Must Pay)	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681	$3,796,681
Cash Flow (after Must Pay Debt)	$1,387,647	$1,460,820	$1,534,542	$1,608,796	$1,683,563	$1,758,826	$1,834,563	$1,910,754	$1,987,376	$2,064,405
Debt Service Coverage Ratio	**1.37**	**1.38**	**1.40**	**1.42**	**1.44**	**1.46**	**1.48**	**1.50**	**1.52**	**1.54**
Cash Flow Debt Payments										
City or County 0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Developer Fee Loan 0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Flow Retained by Project	**$1,387,647**	**$1,460,820**	**$1,534,542**	**$1,608,796**	**$1,683,563**	**$1,758,826**	**$1,834,563**	**$1,910,754**	**$1,987,376**	**$2,064,405**

CITY OF PORTLAND
Housing and Economic Development Department
Gregory A. Mitchell, Director

TO:	Councilor Thibodeau, Chair, Members of the Economic Development Committee
FROM:	Greg Mitchell, Director Mary Davis, HCD Division Director Housing and Economic Development Department
DATE:	January 13, 2021
SUBJECT:	Policy Discussion, Public Hearing and Vote to Recommend to the City Council Amendments to the City of Portland Tax Increment Financing Policy

The following is presented for discussion, public hearing and vote to recommend to the City Council amendments to the City of Portland Tax Increment Financing Policy. Proposed amendments to City Council approved TIF Policy is attached in a strike through and underline format.

In 2017, the City Council amended the City's Tax Increment Financing (TIF) Policy to allow the maximum average percentage of 75% of captured revenue to be returned to a developer of an affordable housing project. The change was implemented to support projects competing for Low Income Housing Tax Credits (LIHTC). The tax credit application process, administered by MaineHousing, includes a scoring matrix that awards up to 4 points for projects receiving property tax relief. Points are awarded on a tiered approach based on the percentage and length of property tax relief. The LIHTC application process is very competitive. The City's willingness to provide tax increment financing is one way the City can support projects competing for this resource. It was assumed that only projects competing for LIHTC would request this level of TIF financing. The city is now seeing projects not eligible for LIHTC, requesting City assistance through an Affordable Housing TIF. .

Proposed changes are highlighted here and are included in the attached red-lined version of the TIF policy.

(1) Add a definition of affordable, that matches the definition used in other city programs, such as Inclusionary Zoning, as noted below;

Affordable means that the percentage of income a household is charged in rent and other housing expenses including utilities, or must pay in monthly mortgage payments (including real estate taxes, mortgage insurance, condominium/HOA fees, insurance and utilities), does not exceed 30% of a household's gross income, or other amount established in city regulations that does not vary significantly from this amount.

(2) Require the term of the TIF to match the length of affordability of the project.

The staff memo reviewed by the Economic Development Committee at their October 20 meeting, included a recommendation to implement a tiered approach to determine the maximum percentage of captured revenue returned to the developer based on the number of restricted affordable units and the level of affordability in the project along with a recommendation that the percentage of affordable units required not include units required under the Inclusionary Zoning Ordinance. Staff is not prepared at this time to advance either proposal. The recent citizen approved referendum amended the City's land use code (Chapter 14). The amendments included an increase from 10% to 25% in the percentage of units in new residential buildings with 10 or more units that must be affordable. In addition, the amendments reduced the level of affordability from 100% and 120% of area median income to 80% of area median income.

<u>2020 Housing Committee</u>
The Housing Committee met on October 14 to consider this proposal. On a vote of 3-0, the Housing Committee agreed to forward the proposals to the Economic Development Committee along with a comparison of the HUD area median income and Portland median income and a recommendation that this comparison of income become a part of the analysis for all future affordable housing tax increment financing applications. As part of the committee discussion, the current members of the Housing Committee considered a recommendation to the 2021 City Council to evaluate the use of Portland median income as the income metric for city funding resources.

In the staff memo reviewed by the Economic Development Committee during the October 20 meeting, I indicated that HCD staff was researching the census data definitions and calculations to determine if use of the term "household" means the same thing in the HUD income numbers and the census income numbers. Our research determined that the use of the American Community Survey Families median income number is the best comparison to the Portland HUD Metro Area median income number. The chart below reflects that comparison.

FY 2020 Income Limit Area	Median Income	**FY 2020 Income Limit Category**	**Persons in Family**							
			1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
		HUD AMI 80% Income Limits	54,950	62,800	70,650	78,500	84,800	91,100	97,350	103,650
		PMI 80% Income Limits	49,810	56,925	64,041	71,157	76,849	82,542	88,234	93,927
Portland, ME HUD Metro FMR Area	$100,900	**HUD 100% Income Limits**	70,630	80,720	90,810	100,900	108,972	117,044	125,116	133,188
Portland Median Income (PMI)*	$88,946	**PMI 100% Income Limits**	62,262	71,157	80,051	88,946	96,062	103,177	110,293	117,409
		HUD 120% Income Limits	84,756	96,864	108,972	121,080	130,766	140,453	150,139	159,826
		PMI 120% Income Limits	74,715	85,388	96,062	106,735	115,274	123,813	132,352	140,890

*** American Community Survey 2019 1-Year Estimate Table S1901**

ATTACHMENTS:
City of Portland Tax Increment Financing Policy – redlined version

PORTLAND TIF POLICY

~~November 20, 2017~~, 2021

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.

Affordable means that the percentage of income a household is charged in rent and other housing expenses including utilities, or must pay in monthly mortgage payments (including real estate taxes, mortgage insurance, condominium/HOA fees, insurance and utilities), does not exceed 30% of a household's gross income, or other amount established in city regulations that does not vary significantly from this amount. These restrictions must remain in place for the full term of the AHTIF district.

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(3~~2~~)(a~~d~~)(ii) (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 (affordability must be maintained for the full term of the TIF). 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 Housing and 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 or application to ~~either~~ the Housing and 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, housing affordability, 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 Housing and 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 Housing and 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.

CITY OF PORTLAND
Housing and Economic Development Department
Housing and Community Development Division

TO:	Councilor Thibodeau, Chair, Members of the Economic Development Committee
FROM:	Mary Davis, HCD Division Director Housing and Economic Development Department
DATE:	January 15, 2021
SUBJECT:	Discussion on City Board/Committee Redundancies – Rent Board and Rental Housing Advisory Committee

Rental Housing Advisory Committee (RHAC)

The RHAC was established under Chapter 6 of the City Code (6-225). The committee has nine members (3 landlords, 3 tenants, one person not a landlord or tenant, one member experienced in landlord legal matters, one member experienced in tenant legal matters), each being appointed for a three-year term. The members must be residents of Portland except for the legal representatives who must either be a resident or work in the City of Portland. The City Council appoints the members. Southern Maine Landlord Association and Pine Tree Legal Assistance can submit one name for consideration of the respective legal representative positions. The committee is co-chaired by one landlord and one tenant representative.

The ordinance requires that the committee meet not less than quarterly and assigns the following duties to the members of the RHAC:

1. **Provide the Housing Committee with recommendations or proposals for improvements, modifications, or changes regarding landlord and tenant policy issues;** and
2. Identify educational opportunities, seminars, and materials that would be useful to landlords and tenants.

Rent Board

The Rent Board was established under Chapter 6 of the City Code (6-250). The board has seven members who must be Portland residents and cannot be employees of the city or any of its agencies or departments. The board has a member from each of the five city council wards and two at-large members. Members serve for three-year terms. Ideally, there should be no more than three landlords and three tenants on the Board. Members are appointed by the City Council.

Rent Board is staffed by the Housing Safety Office with a staff person designated as staff secretary to the Rent Board. The Rent Board's jurisdiction and authority are noted below.

(a) To hear, review, and approve or deny Landlord applications for rent increases greater than those allowed by the Rent Stabilization Ordinance;
(b) To hear, review and approve or deny Landlord applications for increases in Base Rent due to the renovation or reconfiguration of existing Covered Units, as provided for in Section 6-234;
(c) To hear, review, and grant or deny appeals from Tenants regarding allegations violations or Maine Statute regarding the habitability of residential units;
(d) To hear, review, and approve or deny any requests from Landlords for an extension of time in which to reinstate Tenants temporarily displaced due to the Landlord's performance of necessary capital improvements to the Covered Unit and/or the building in which said unit is housed;
(e) To hear, review, and decide the appropriate outcome of all disputes arising between Landlords and Tenants on matters falling within the scope of Article XII of Chapter 6, if both parties consent to such mediation and resolution by submitting the landlord/tenant dispute form, as maintained and edited by the Housing Safety Office, signed by both Landlord and Tenant no later than fourteen days before the date on which such a hearing shall be scheduled;
(f) To impose such fines as are necessary and allowed for violations of the provisions of the Rent Stabilization Ordinance;
(g) To prepare and recommend to the City Council changes and amendments to the City's Rent Stabilization Ordinance;
(h) To prepare an annual report on the state of the City's rental unit availability, which shall be presented to the City Council as part of a regularly-scheduled public hearing. This report shall include a summary of rents within each of the five council wards. Such reporting may or may not be done in conjunction with similar reporting required by the City's Rental Housing Advisory Committee, as established by Chapter 6; and
(i) **To initiate changes and amendments to this Article, as well as to the City's Rent Stabilization Ordinance**.

Potential Redundancies and Suggested Next Steps

Both the Rental Housing Advisory Committee and the Rent Board are tasked with addressing policy changes, including recommending changes to Chapter 6 provisions that govern landlord and tenant policies in the City of Portland. This may lead to duplication of efforts or recommendations that conflict.

As a potential next step, the Committee may wish to request input from the RHAC, and potentially the Rent Board when they are operational, to see if the RHAC's scope should be changed to avoid duplication or conflict.

CITY OF PORTLAND
Housing and Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

To: **Housing and Economic Development Committee**

From: **Greg Mitchell, Department Director**
Mary Davis, HCD Division Director

Date: January 13~~8~~, 2021~~**December 29, 2020**~~

Subject: Updated **2021 Housing and Economic Development Committee** ~~**Proposed**~~ **Work Plan**

As a result of ~~In support of~~ the January 5, 2021 Housing and Economic Development Committee (HEDC) brain-storming session for the 2021 Committee Work Plan, staff presents the following updated work categories for consideration:

Economic Development Policy

- City/School-wide approach to procurement that focuses on locally owned businesses (Phoenix, AZ as example).
- Explore Neighborhood Identity/Branding
- Explore Post-Pandemic Business Retention programs and approaches including outdoor dining and retail
- Continue Tax Increment Financing (TIF) investment in workforce training

Rent Control Referenda

- Presentation, Overview, and Discussion with the Rental Housing Advisory Committee for Committee input and Committee Direction

Affordable Housing Policy and Budgets

- Housing Program Budget
- 2021 Housing Trust Fund Annual Plan
- Affordable Housing TIF CEA and Affordable Housing Development Fund Applications for City Housing Trust and HOME Funds - with a focus on

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- developing housing for households between 60% and 100% of the area median income
- Encourage developers seeking assistance through the City's Affordable Housing Development and/or TIF Programs to participate in the Section 8 Family Self Sufficiency Program
- Encourage housing development that supports the Comprehensive Plan goal for development along major thoroughfares off peninsula
- Review and Discussion of Possible City TIF Policy Amendments consistent with the Green New Deal Referendum and Other Staff Recommendations
- Evaluate the use of the American Community Survey Portland Family Median Income vs. the HUD Portland Metro Area Median Income as the income metric for city funding resources.

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Affordable Housing Public-Private Partnerships

- 45 Brown Street Affordable Housing Tax Increment Financing (TIF) Credit Enhancement Agreement (CEA) Request
- Other Affordable Housing TIF CEA Requests

- Possible City TIF Policy Amendments consistent with the Green New Deal Referendum and Other Staff Recommendations
- Review and Vote to Approve Funding Requests Received from the Affordable Housing Development Fund Applications for City Housing Trust and HOME Funds
- Review city surplus property to sell/lease to support affordable housing

Real Estate Transactions

- 21 Randall Street Purchase & Sale (P&S) Agreement
- 43/91 Douglass Street P&S Agreement
- Proposal Review and Developer Selection for the City-owned 622 Auburn Street and 0 Gray Road Property followed by P&S Agreement

Annual Reports and Actions

- Presentation of 2021 Housing Report
- Communication Item - FY21 HUD Annual Allocation Plan
- City TIF District Annual Activity Report
- Committee Annual Accomplishment Report
- Presentation, Annual Overview and Integrated Report from Permitting and Inspections and Fire Department re: Short-term and Long-term Rental Housing Safety & Inspection Program - Implementation and Financial Report
- Portland Downtown Annual Budget, Work Plan and City Agreement
- Communication Item: Community Development Week – April 5-9, 2021/Fair Housing Month

Staff looks forward to continued Committee discussiong of the 2021 Committee Proposed Work Plan with you at your January 195, 2021 meeting.

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