ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, February 2, 2021
TIME: 5:30 PM
LOCATION:VIA ZOOM

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1. **Review and accept Minutes of previous meeting held on January 19, 2021.**

   a. See attached draft Minutes.

2. **Portland Harbor Dredge and CAD Cell Build Application Update – Bill Needelman**

   a. See attached Memorandum.

3. **Public Hearing and City Housing Policy Discussion related to the following - Mary Davis:**

   a. Possible Vote to recommend to the City Council the Housing Program Budget.

   b. Possible Vote to recommend to the City Council the 2021 Housing Trust Fund Annual Plan.

c. Possible Vote to approve the issuance of Affordable Housing Tax Increment Financing (TIF) Credit Enhancement Agreement (CEA) and Affordable Housing Development Fund applications for City Housing Trust and HOME Funds.

NOTE: See attached Memorandum and backup for Items 3(a), (b), and (c) above.

4. Public Hearing on Request for Qualifications/Proposals to solicit developer interest to construct, own, and lease to the City a Homeless Service Center located at 654 Riverside Street – Jon Jennings

a. See enclosed memorandum and backup.
NOTE: Executive Session - Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A the Committee may go into executive session to provide staff direction on sale or lease of City-owned real estate.

5. Council Connections.

6. Executive Session: Pursuant to 1 M.R.S.A 405(6)(C) and 5 M.R.S.A. 13119-A the Committee will go into executive session to provide staff direction on negotiations regarding possible Affordable Housing TIF District Credit Enhancement Agreement Request for 45 Brown Street – Mary Davis and Greg Mitchell

a. Confidential material to be provided to the Committee.

Next Meeting Date: February 16, 2021

Minutes

Remote Housing and Economic Development Committee

January 19, 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 19, 2021, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Spencer Thibodeau and members Councilors Pious Ali, Tae Chong, and Andrew Zarro. Also present was City Councilor April Fournier. 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, and Senior Executive Assistant Lori Paulette.

Item #1 Review and accept Minutes of previous meeting held on January 5, 2021

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to accept the Minutes as published.

NOTE: per the direction of Chair Thibodeau, the agenda was taken out of order after the review and acceptance of the minutes. The new order of the agenda was: Item 4, Item 5, Item 6, Item 3, Item 2.

Item #4 Public Hearing and vote to recommend to the City Council to amend the City's Tax Increment Financing Policy

Mary Davis introduced this item. The City's Tax Increment Financing (TIF) Policy was amended in 2017 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 and 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. As a result, staff is proposing several changes to the terms for credit enhancement agreements.

The proposed changes include adding a definition of affordable that matches the definition used in other city programs, and require the term of the TIF to match the length of the affordability of the project. The Housing Committee met on October 14 to consider these changes. On a vote of 3-0, the Housing Committee agreed to forward the proposed changes 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.

Chair Thibodeau asked Councilors if they have any questions.

Councilor Zarro thanked Mary Davis for including the outline of the Median Income for Portland.

Councilor Ali asked if the Council would be using the Portland Median Income going forward.

Mary Davis responded the Committee could add that discussion to their workplan.

Council Chong asked if the Portland Median Income has ever been higher than the HUD Area Median Income.

Mary David said she did not conduct a historical review, but could do one for the Committee.

Chair Thibodeau opened the meeting to public comment.

John Anton- (77 Spruce Street) - Supports all the changes but feels they do not go far enough. I would ask the Committee to table the item. Look at deeper targeting or adjusting the percentage of the TIF based on the benefit provided. The State statue is far more generous than the City should be. There should be a distinction between rental and home ownership as the City's interest in targeting is different between these two. The Committee should ask Staff to work more on income targeting.

Chair Thibodeau closed the public hearing.

Motion by Councilor Chong seconded by Councilor Ali.

Chair Thibodea noted a Portland median income was an item that Councilor Cook was very interested in creating. The information provided is a good first step towards continuing the discussion. Thanked staff for their work.

Chair Thibodeau took the roll for the vote. All in favor (4-0).

Item #5 Discussion on City Board/Committee redundancies- Rent Board and Rental Housing Advisory Committee

Mary Davis introduced this item by providing the make-up of the Rental Housing Advisory Committee (RHAC) and its charge, and the make-up of the Rent Board and its charge. 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.

Chair Thibodeau asked Mary Davis if she is staffing the RHAC, and would there be a different staff member working with the Rent Board.

Mary Davis indicated she is staffing the RHAC but not the Rend Board, and noted a member of the RHAC is in attendance.

Chair Thibodeau asked if the RHAC member had any questions.

Councilor Zarro asked Mary Davis if she is requesting changes to the RHAC charge or is staff looking to dissolve the RHAC out of redundancy.

Mary Davis noted she is not making either recommendation rather this item is more a matter of structure, guidance, and clarification of roles for the RHAC from the HEDC. With the RHAC scheduled to meet next week, perhaps the RHAC could provide their thoughts and recommendations to the HEDC on how they see their role under the new Rent Board Structure.

Councilor Zarro thought it made sense to ask the RHAC what is the highest and best use of their time. Once the Rent board is formed, the HEDC may have a better understanding how the RHAC and Rent Board overlap.

Mary Davis noted the responsibilities of the Rent Board are more defined, but the RHAC is more open to landlord /tenant policy issues. The Rent Board is expected to focus on rent stabilization for quite some time and they would be reviewing complaints and issues that are brought to their attention. The RHAC is more open ended in their charge without as much direction on what their workplan should be.

Councilor Chong would like to know what one board/committee does that the other does not do. It is important to have different committees. Though redundancies could occur, it sometimes is better to have two sets of eyes on issues. Unsure how long it will take to put together the Rent Board together while the RHAC is up and running. Defining what one could do that the other could not do could help design the workplan for the RHAC.

Councilor Ali noted potential Rent Board members would be interviewed in late February and then brought before the full Council in the late March.

Councilor Thibodeau indicated the Rent Board has more duties to perform such as dispute negotiation while the RHAC is more of a policy realm. Time will highlight the overlap. The annual report from the Housing Department should include a section of what the two boards worked on during the year.

Mary Davis noted the RHAC would benefit from direction regarding policy issues or concerns to address to add to their workplan. During next week's meeting of the RHAC, they could draft a communication item to the HEDC regarding their concerns.

Councilor Thibodeau proposed asking Councilor members to provide items they wish the RHAC would address. He will send a memo to Mary with those items.

#6 Revised 2021 Housing and Economic Development Committee Work Plan for Committee Information

Chair Thibodeau introduce the item noting staff is looking for direction from the Committee regarding the workplan to ensure staff capture all ideas and comments. The Committee held a brief discussion after which Chair Thibodeau thanked staff for putting the workplan together. Greg Mitchell noted a workplan would be included with each agenda.

Item #2 B) Public Hearing and vote to recommend to the City Council an Affordable Housing Project Tax Incremental Financing (TIF) District Credit Enhancement Agreement (CEA) Request for 45 Brown Street

Mary Davis introduced this item. 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 during its June 10, 2020 meeting and indicated support for the concept 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 Presidium Real Estate development team is proposing a new development project that will result in 275 new 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.

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.

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

Greg Mitchell explained the *Development Budget with Permanent Sources* spreadsheet as it relates to the estimated revenue associate with the project. Mr. Mitchell stressed the Budget is subject to Council action, and there is an expectation the new mil will decrease post reevaluation of the mil rate and assessed value. These are estimates and projections, but staff feels very comfortable with the projections. The TIF District could expire prior to 30 years due to the cap. We have previously capped the revenue stream to protect the City.

Chair Thibodeau asked the Committee if they had any questions.

Councilor Chong noted that if the City did not invest in the property, then the annual tax revenue would be $42,276 on the original assessed value of $1,910,500. If the project is completed then the new assessed value is estimated at $59,000,000, which would yield an estimated annual average of $973,500 in property tax revenue. Under the proposed AHTIF, the thirty-year average City non-captured general fund revenue would be $296,662 or a thirty-year total of $8,899,852. In addition, the City's average thirty-year tax shifts equal $359,249 or $10,777,456 over thirty years. The project would provide 275 units of rental housing of which 78 (or 28% of the total number of unit) would be affordable to households earning at or below 80% of AMI. Overall, this is a good investment.

Councilor Zarro asked how this project addresses the affordable housing problem and goals established to address those problems.

Mary Davis said the Comprehensive Plan established a goal of 236 units per year. At 275 units, this project would meet the annual goal. Additionally, the project would provide housing for the missing middle, which are the hardest units to create because financial funding mechanism are not available.

Councilor Zarro asked if the 236 units in the Comprehensive Plan are affordable units or also include market rate units. Also, does the Comprehensive Plan provide a goal regarding bedroom count?

Mary Davis responded that the Comprehensive Plan provides a housing goal but it does not breakdown that goal by affordability or unit size.

Councilor Zarro indicated the parking seems robust and asked how the parking projection falls within the Comprehensive Plan, and why is the parking number so high.

Greg Mitchell answered that the parking garage plays a duel role for residential and commercial. The project is maximizing the garage and meeting both types of demand is more efficient.

Councilor Zarro asked if the affordable units would need to pay for parking.

Mary Davis answered that parking is optional. If they chose to use the parking, then they would need to pay for the parking.

Chair Thibodeau opened the meeting to public comment and noted that if public comment is given tonight, it may not be allowed at the next meeting.

Joey Brunelle (61 Kellogg Street) – encourages the Chair to allow public comment at both meetings. His understanding of TIF is to improve derelict or blighted neighborhoods. This is not the case; this is not a project that would not otherwise be built without the TIF. The developers are asking the City to subsidize the project and in return the City gets just slightly more units than under the Green New Deal. He does not understand why the City would provide the TIF, and would encourage the Committee to kill this project.

Drew Preston (Development team and ownership Presidium Real Estate) - Noted the parcel was purchase at a foreclosure meaning this project has been derelict for years. The focus is to review the condition of the parking garage and the building, which is also in distress. This project would promote investment in the immediate area.

George Rheault (28 Hanover Street) – stated there is a greater project somewhere in all of this. Unfortunately, this is being planned behind the scenes. The project is deserving of public subsidy under the right situation. I want to make sure I am not subsiding people with lots of resources. This is a great project. However, there has been no neighborhood outreach. This committee should be where the hard work should be happening. They should spend more time on this project.

John Anton (77 Spruce Street) – noted he had sent an email to the Committee that should be forwarded to staff. This has the opportunity to be a good project. I would support a public subsidy. However, this should stay in the transit-oriented district and the project should swap out parking decks for rental units; use economy of scales to put people into the units. Tremendous opportunity here. The scale of the TIF vis a vis the affordable housing is not equal. The challenge is the “but for” analysis. There is potential value here. Something will happen on the site. This should be the beginning of the discussion. Need a collaborate project that the skeptics and cheerleaders can agree upon.

Chris Rhodes- (Development team and Presidium Real Estate team) - noted initially Presidium wanted to build a taller building but it was not economically feasible. Given the new inclusionary zoning rules, the development costs and need to build a garage to meet parking is the reason they are before the Committee for the TIF. The backup proposal is to clean up the garage without the 275 units. The TIF just gets the developer to the point where the project would take off.

Chair Thibodeau suggested readdressing this item to the second meeting in February.

Item #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 freestanding Affordable Housing TIF District

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 freestanding 30-year affordable housing TIF district to be established.

Item #2 A) Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide staff direction on the following: Affordable Housing Project Tax Incremental Financing (TIF) District Credit Enhancement Agreement (CEA) Request for 45 Brown Street

On motion made by Councilor Chong, seconded by Chair Zarro, the Committee voted unanimously (4-0) to go into executive session at approximately 7:16 p.m. pursuant to 1 M.R.S.A. 405(6)(C) to provide direction to City staff on real estate negotiation matters. At approximately 8:00 p.m., the Committee came out of executive session.

On motion made by Councilor Chong, seconded by Councilor Ali, the Committee voted unanimously (4-0) to adjourn at approximately 8:01 p.m.

Respectively submitted,

Victoria Volent

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

Memorandum

To: Chair Thibodeau and members of the Housing and Economic Development Committee

From: Bill Needelman, Waterfront Coordinator

Date: January 28, 2021

RE: Update on Portland Harbor Dredge and Confined Aquatic Disposal (CAD) Cell – Permitting, Funding, and Next Steps

CC: Jon P. Jennings, City Manager
Greg Mitchell, Housing and Economic Development Director

Note: Much of the text below is taken from a memo to the EDC from February of 2020. The text is provided in full for the benefit of Councilors who are new to the project. All relevant information has been updated for this workshop.

Introduction

The City of Portland, with funding from the Maine Department of Transportation and partnership with the Portland Harbor Commission and the City of South Portland, continues to work toward dredging the piers, wharfs, and berthing resources of Portland Harbor. The February 2, 2021 Housing and Economic Development Committee meeting provides an opportunity to update Councilors on recent progress, permitting, funding developments, and next steps. The EDC previously received updates on the Portland Harbor Dredge Project by the Waterfront Coordinator in June 2019 and February 2020.

Background

Most observers of Portland's waterfront are aware of the ongoing efforts by the Cities and Harbor Commission to dredge berthing and vessel support infrastructure along both shores of the Fore River.

In short, over 244,000 cubic yards of material needs to be removed from Portland Harbor to restore lost or degraded berthing areas. Given the environmental state of these sediments, disposal at sea is not an option and the project has identified a feasible site for a Confined Aquatic Disposal (CAD) cell to responsibly contain and sequester contaminated materials.

In aggregate, +/-108,000 cubic yards of material are estimated for dredging from the Portland side of the Fore river and +/-136 000 cubic yards of material anticipated from the South Portland waterfront. City owned public facilities in Portland alone (East End boat ramps, Ocean Gateway and the Amethyst lot, Maine State Pier, and the Portland Fish Pier) will contribute nearly 52,000 cubic yards of material. The South Portland "Portland Street Pier" is a minor contributor, estimated at +/-2300 cubic yards. The balance of sediment will come from private piers, boat yards, and marinas throughout the harbor.

The project will benefit 30 private commercial properties, supporting dozens of businesses, hundreds of jobs, thousands of vessels, and millions of dollars in annual economic activity.

As previously reported to this committee, the berthing resources benefitting from this project are the foundation of a billion dollar marine economy in Portland Harbor.

Additional information and background on the project is found at:
http://www.portlandharbordredge.info/

Current Status:

Following the February 2020 EDC meeting, the project team (through the consulting team at Stantec) has supported the review of environmental permitting applications with the State of Maine DEP under the Natural Resources Protection Act and US Army Corps of Engineers under the Clean Water Act and impacts to the federal channel (Section 408.)

Permitting for the project has been time consuming, complex, and is nearly complete. Applications for the project have been separated into two distinct permits: The CAD and the dredges.

CAD Construction Permitting:
Disposal site construction is the first necessary step in dredge activity and is the largest, yet most straightforward, portion of the project. The CAD is essentially a large hole designed to contain material dredged from elsewhere in the harbor. The City of Portland is the lead applicant for the CAD cell, with the City of South Portland as the co-applicant.

Status

- MeDEP has approved the NRPA permit for the CAD.
- US Army Corps of Engineers has drafted approvals for the CAD construction as well as open water disposal of the dredged materials at the federal Portland Disposal Site off Cape Elizabeth. These sediments, as distinct from the pier and marina sediments, tested sufficiently clean to allow open water disposal. Time of year restrictions require that dredge activity is limited to winter months to minimize fisheries impacts. Notice and coordination with the fishing community is also required - specifically related to the "haul route" for equipment transiting between the CAD site and the disposal site.
- Sec. 408 of the Army Corps ordinances regulate impacts to federal marine facilities – namely, the federal channel. The CAD will be accessed by excavating directly from the channel and will be located proximate to the channel, prompting the Sec. 408 review. Army Corps staff have approved the Sec. 408 portion of the permit, conditioned on receipt of additional geotechnical data to be generated post-funding.
- Delivery of finalized US Army Corps permits for the CAD cell is imminent.

Pier and Marina Dredge Permits:
Given the complexity of working with over 30 property owners and multiple sites, the project team worked with permitting agencies to combine all of the dredge area from both Portland and South Portland into a single permit with the Portland Harbor Commission as the lead applicant. Each property owner, including the City of Portland, is a co-applicant with the Commission. Both MeDEP and the Army Corps agreed to the novel master-permit arrangement.

Status

- The MeDEP permit under NRPA has been drafted with the final language under internal review by the agency. Issuance of the final permit is imminent.
- The dredge project includes two parcels where dredging will impact eelgrass resources requiring mitigation. The current approach to mitigation will have the Harbor Commission alter mooring regulations to require “conservation moorings” in eelgrass beds, which will compensate for eelgrass lost to the dredge. The East End Commercial Barge landing is the primary location of eelgrass impacts. Conservation moorings will require changes in gear and increased maintenance for private mooring holders. The Commission is processing this change in regulations in advance of dredging.
- The US Army Corps permits for dredge areas are in final draft form and should be issued any time - including the critical “Environmental Assessment” (EA.)

The project team continues to engage with stakeholders and is working with the review agencies on specific issues, such as eelgrass impacts. With environmental permitting either finalized or nearly so, the project is poised for quick implementation.

Funding Strategy and Timeline:

Funding to Date:

To date, a mix of state, federal, and municipal funding has taken the process from concept to 30% design and partial permit issuance. US EPA Brownfields funds awarded to the Portland Harbor Commission (with smaller amounts to the City of Portland) have totaled over $400,000 targeted toward assessment and permitting of dredging the berthing resources themselves. The Portland Harbor Dredge project is the first Brownfields program project in the nation to fund a submerged lands assessment. MDOT has contributed $325,000 toward the CAD cell portion of the project. The City of Portland has allocated $100,000 of Waterfront TIF funding to complete the process of permitting and permit review support. MTI granted $25,000 to assist with chemical and geotechnical assessments, design and permitting.

Future Project Costs

The above soft costs, while significant, represent only a fraction of the anticipated construction costs moving forward.

The project estimates removal of 370,000 cubic yards of material to build the CAD cell (which must be “over-dredged” to accommodate the contributing sediments) at an estimated $30/cubic yard. The 244,000 cubic yards of material from the piers and wharfs is estimated to cost +/- $40/cubic yard.

Including future soft costs for final engineering and design, bidding document prep, mobilization, and mitigation fees, the Portland Harbor dredge project is estimated at +/- $30,000,000.

The project team is continuing to fine tune these numbers and the above estimates are intended to be conservative.

Assumed Funding Structure:

Federal BUILD program (formerly TIGER)	$24,000,000 +/-	
State of Maine Transportation Funds	$3,000,000	
Local Funds "Tipping fees"	$3,000,000	Based on contributing sediment volume
	$30,000,000 +/-	Total

The project team has identified "tipping fees" as the equitable mechanism to distribute local share costs. In order to participate in the program, a contributing pier owner will need to pay per cubic yard of material to go into the CAD cell.

The fee amount and distribution is still under discussion, but as much as currently envisioned $12.50/cubic yard may be needed to achieve $3,000,000 in local monies

Given that many pier and marina owners have thousands (or tens of thousands) of cubic yards of material, tipping fees will be significant for larger facilities – including the City of Portland. As currently structured and estimated, tipping fees covering dredging at the Portland Fish Pier, Maine State Pier, Ocean Gateway, and the East End boat and barge ramps could cost as much as $650,000.

Funding Moving Forward:

Federal funds will be essential, relying on the USDOT "BUILD" program or its successor in the Biden Administration. A notice of funding opportunity und BUILD is anticipated by April 2021, with awards to be announced by September.

In May of 2020, the Dredge Team applied for a BUILD grant from USDOT for $24,000,000 for which we were not successful. The City of Portland was the lead applicant with South Portland and the Harbor Commission as co-applicants. MDOT was a sponsor.

While disappointing, the previous grant process provided a foundation on which to improve. The Dredge Team is planning to resubmit a BUILD application as soon as the notice of funding is announced. Based on feedback from USDOT, the new application will be amended to reflect review detailed review comments regarding focus, clarity, and emphasis on public benefit.

The general breakdown of funding will be similar to the previous assumption.
The State of Maine, through MDOT, has committed to support an application for the Portland Harbor Dredge project subject to an equivalent commitment from municipal and private funds.

Next Steps

As before, a BUILD grant application will require an all hands on deck effort from all Portland Harbor Dredge project team members. Given the necessity of private property participation, solid communication between the project team and all stakeholders is essential. The HEDC meeting is one venue for such communication.

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

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

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

DATE: January 29, 2021

SUBJECT: Agenda Item 3.a) 2021-2022 Housing Program Budget

SUMMARY OF ISSUE
Review and recommendation to the City Council of the 2021-2022 Housing Program Budget.

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

HOME Program: The Home Investments Partnerships Program (HOME) was established by Congress in 1992. Since 1992, the City of Portland and the Cumberland County HOME Consortium have received almost $23 million dollars in HOME funding. In 2009 the City became the lead entity in the Cumberland County HOME Consortium (CCHC). The Consortium is a partnership of the communities in Cumberland County that administers HOME Program funds in Cumberland County. The creation of the consortium expanded the financial resources for affordable housing activities in the region. The City retains independent operation of its HOME program. Because the City serves as the "Lead Entity" and City staff administers the County portion of the funding, all administrative funds are retained by the City. The County's Municipal Oversight Committee controls the allocation of the County's portion of the HOME funds.

When the Consortium was formed in 2009, it included a "hold harmless" clause to ensure that the City, as an existing HOME grantee, would continue to receive funding equal to its allocation prior to the formation of the consortium. The "hold harmless" formula was based on a comparison ratio to the HOME funding for the Lewiston/Auburn (L/A) Consortium. The formula identified Portland's "hold harmless" amount at 118% of the HOME allocation for the L/A Consortium. The Cumberland County HOME Agreement did allow for adjustments to be made if the current level of funding to the L/A HOME

Consortium varied from historic levels. Over the years the L/A allocation has decreased which has resulted in the Portland "hold harmless" amount to decrease. As a result, by agreement with the other members of the CCHC, the annual allocation is divided with 57% of the allocation, after the administrative set-aside, to the City and 43% of the allocation to the County.

As a point of reference, if the City were a stand-alone grantee, the estimated HOME allocation for Portland (using a HUD HOME Allocation estimated calculation) would be approximately $567,149. Of that amount 10% would be set aside for administrative costs ($56,715) leaving $510,434 for program funding. Under the current consortium agreement, the city receives the administrative set-aside ($105,304) along with approximately $540,209 in program funds. Participation in the HOME consortium benefits Portland as well as the county as a whole.

HUD has not announced the allocation amount for FY 2021-2022. Since we do not have the final allocation amounts, we are estimating the HUD HOME allocation at the same level as the previous year ($1,053,039). $407,526 is reserved for County projects. The budget proposal was developed after a historical review of HOME funding allocations, previous year's budget allocations, program expenditures and program income (loan repayments) received. Currently, the City's HOME Program is divided into three funding categories:

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

HOME Program Budget	FY 2020-2021 Budgeted (entitlement + program income)	**FY 2021-2022 Budget proposal (entitlement + program income)**
Administration	$112,607	$113,504
Tenant Based Rental Assistance	$143,571	$143,571
Affordable Housing Development includes CHDO requirement	$514,250	$534,017

LEAD SAFE HOUSING (Program Income): Lead Safe Housing Program Income is generated through repayment of loans given under prior Lead Safe Housing Grants. These funds can only be used for lead safe housing eligible activities. The City also has a new Lead Hazard Reduction Grant that will provide $2,038,041 in funding for lead paint remediation and $503,655 in funding to assist with code and life safety improvements

Lead Safe Housing Program Income	FY 2020-2021 Budgeted	**FY 2020-2021 Budget Proposal**
	$197,871	$147,923*

*$87,923 unencumbered balance from FY20 + $60,000 FY21 estimated balance

HOUSING TRUST FUND: Revenue for the Housing Trust Fund is generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, fee-in-lieu contributions from the Inclusionary Zoning Ordinance and Hotel Inclusionary Zoning fee.

Including the current balance of the Housing Trust Fund in the Housing Program Budget gives budget authority for the use of the funds. There are no projects or activities currently identified for these funds. The amount budgeted is the *maximum* that might be expended in FY22. However, staff continues to recommend a minimum balance in the Trust, so the *effective budget would be $955,975* ($1,455,975 less $500,000.) If additional funds are allocated to the Trust based on current discussions, this number might be adjusted based on the outcome.

Housing Trust Fund (HTF) Budget	FY 2020-2021 Budgeted	**FY 2021-2022 Budget Proposal**
	$979,031	$1,455,975

STAFF ANALYSIS AND RECOMMENDATION – The proposed Housing Program Budget will be adjusted when HUD announces the fiscal year allocation for the HOME Program. The budget is brought forward at this time to facilitate the release of the City's Affordable Housing Development and TIF Application on a schedule that works with the Low Income Housing Tax Credit Program at MaineHousing. This budget will be forwarded to the full City Council for two Public Hearings (tentatively scheduled for April), as part of the overall HCD budget. The final budget allocations and Annual Action Plan are submitted to HUD 45 days in advance of the start of the fiscal year (May 15 for the fiscal year beginning July 1, 2021).

At this time staff is requesting Committee approval and recommendation to the City Council of the FY 21/22 Housing Program Budget as outlined above and summarized in the attached spreadsheet. If the HUD allocation amount is different from the estimate used in this budget, program budgets will be adjusted proportionately.

FY 21/22 Housing Program Budget - Attached

2021-2022 HOUSING PROGRAM BUDGET

01.28.2021

Total HUD HOME Entitlement Allocation	1,053,039	Recommended by HEDC (X-X) TBD
Portland Program Portion	540,209	Approved by Council TBD
Portland Admin Portion	105,304	**HUD Allocation Date: TBD**
County Program Portion	407,526	Adjusted for Final HUD Allocation: TBD

REVENUES- Housing Programs	*HOME*	*LEAD Safe Housing Program Income***	*Housing Trust Fund*	***TOTAL BUDGET***
2021-22 HOME Consortium Admin (10% of allocation)	105,304			*105,304*
2021-22 HOME Consortium Programming	540,209			*540,209*
2020-21 HOME Estimated Program Income	82,000			*82,000*
2020-21 HOME Estimated Program Income Recaptured Funds	128,987			*128,987*
2020-21 HOME EstimatedProgram Income and Recapture Deduction for County	-65,408			*-65,408*
2020-2021 Housing Trust Fund			1,455,975	*1,455,975*
2020-21 Lead Safe Housing Program Income**		147,923		*147,923*
REVENUE TOTALS (Portland)	791,092	147,923	1,455,975	***2,394,990***

** Includes previous unallocated program income FY20 + program income estimate FY21

2021-22 HOUSING Budget by Activity (Portland)	*HOME*	*LEAD Safe Housing Program Income***	*Housing Trust Fund*	***TOTAL BUDGET***
Administration 243021QQ01 (includes 10% of PI)	113,504			*113,504*
Tenant-Based Rental Assistance 443021QT01	143,571			*143,571*
Affordable Housing Development 243021QA00	443,983		1,455,975	*1,899,958*
CHDO 243021QA00	90,034			*90,034*
Lead Safe Housing 243019PLL1 (PLL036)	0	147,923		*147,923*
EXPENDITURE TOTALS (Portland)	791,092	147,923	1,455,975	***2,394,990***

2021-22 HOME Consortium COUNTY - approved by MOC on TBD

County HOME Program budget provided for reference only; adjusted for final HUD Allocation TBD

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

REVENUES- Housing Programs	*HOME County*
2021-22 HOME Consortium Non-Portland Programming	407,526
2020-21 HOME County Program Income and Recapture	65,408
	472,934

2021-22 HOUSING Budget by Activity	*HOME County*
Affordable Housing Development 243021QC00	405,013
CHDO 243021QC00	67,921
	472,934

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

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

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

DATE: January 28, 2021

SUBJECT: Agenda Item 3- 2021 Housing Policy Discussion
b) 2020 Housing Trust Fund Annual Plan
c) Affordable Housing Development and TIF Application

Since 2002, the City of Portland has utilized an annual application and/or RFP process for the allocation of city resources (HOME, Housing Trust, and Affordable Housing Tax Increment Financing) budgeted for the development of affordable housing. In 2013, with the approval of the City Council's Housing Committee, the current application format was implemented. The application is amended on an annual basis to reflect the City Council's housing policy goals. The policy goals are also reflected in the Housing Trust Fund Annual Plan which is approved by City Council.

The Housing Trust Fund is established by Section 18.3 of the City's Code of Ordinances. Section 14-489 (e) states that "each fiscal year the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action." The plan establishes the priorities in which the current balance of the Housing Trust Fund will be allocated.

The chart below identifies the affordability restrictions associated with the each of the financial resources available to the City for investment in housing development.

	at or below 60% AMI		over 60% to 80% AMI		over 80% to 100% AMI		over 100% to 120% AMI	
	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental	Homeowner	Rental
HOME	X	X	X					
Housing Trust Fund	X	X	X	X	X	X	X	X
Affordable Housing TIF	X	X	X	X	X	X	X	X

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2021 Housing Investment Priorities

The priorities noted below support the Affordable Housing Policy and Budget priorities noted in the 2021 Housing and Economic Development Committee Work Plan.

- Housing Trust Funds: priority to support public/private partnerships that create housing units that are affordable to households earning 60% to 100% of the area median income.

- Affordable Housing TIF: priority to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units that are affordable to households earning 60% to 100% of the area median income.

- HOME Program: priority to developments that provide rental housing units that are affordable to households earning 60% of the area median income and below.

- Encourages developers to participate in the Public Housing Authority Family Self Sufficiency Program.

- Point System for Evaluating and Scoring Applications: emphasizes developments along transit nodes and corridors.

Staff Recommendation

Staff is seeking Committee approval of the 2021 housing investment priorities and the 2021-2022 Affordable Housing Development and Tax Increment Financing Application. Additionally, staff is requesting that the Committee vote to recommend that the City Council adopt the 2021 Jill C. Duson Housing Trust Fund Annual Plan, as required under the Housing Trust Fund Ordinance.

Attachments
Agenda Item 3. b) 2021 Housing Trust Fund Annual Plan
Agenda Item 3. c) Affordable Housing Development and Tax Increment Financing Application

THE JILL C. DUSON HOUSING TRUST FUND
2021 ANNUAL PLAN

BACKGROUND

The Jill C. Duson Housing Trust Fund (Housing Trust Fund) is established by Section 18.3 of the City's Code of Ordinances. Section 18.3.4 states that "each fiscal year the city council shall adopt a housing trust fund annual plan" and that the "housing committee of the city council or such other committee as the council shall designate shall conduct public hearings on the recommended plan and refer the matter to the council for action."

The Annual Plan will establish the priorities in which the current balance of the Housing Trust Fund will be allocated. The plan is in line with the 2021 City Council Common Goals, including "*Increase access to rental and home ownership housing that is safe, affordable, and accessible, with emphasis on elders and covid-related market conditions.*"

This budget is based on the balance in the Housing Trust Fund as of February 2, 2021. Currently, Housing Trust Fund revenue is generated from fees triggered by the Housing Preservation and Replacement Ordinance, a portion of revenue from the Short Term Rental Registration Program, fee-in-lieu contributions from the Inclusionary Zoning Ordinance (including the hotel inclusionary zoning fees), and other funding resources under Council consideration. The current unencumbered balance of the Housing Trust Fund is $1,455,975. Anticipated increases in revenue as a result of the Inclusionary Zoning Ordinance and other sources being considered by the City Council are not included in the 2021 Annual Plan.

Sources and Uses of Housing Trust Fund:

YEAR	DEPOSITS		YEAR	EXPENDITURES	
2002/03	Maine Medical Center HRO	$ 315,580.00	2011	Avesta Oak Street Lofts	$ (380,585)
2002	Sportsman's Grill HRO	$ 40,000.00	2014	Housing First Pre-Development RFP	$ (75,000)
2009	Berlin City Auto HRO	$ 116,000.00	2015	65 Hanover & 52 Alder Sts Feasibility Study	$ (9,250)
2010	Stop n Shop HRO 2010	$ 289,250.00	2017	65 Munjoy Street	$ (175,000)
2012	Rockbridge/Eastland Park HRO	$ 42,500.00	2019	60 Parris Terr. Downpayment Assistance	$ (24,000)
2012	Riverwalk/Ocean Gateway HRO	$ 250,000.00	2018	37 Front Street (not yet spent)	$ (925,000)
2012	118 Congress LLC Easement	$ 3,500.00	2018	977 Brighton Avenue	$ (300,000)
2017	91 & 97 Belfort Street (sale of TAP)	$ 86,423.99	2019	83 Middle Street (not yet spent)	$ (136,734)
2017	116 Upper A Street (sale of TAP)	$ 78,526.74	2019	18 Luther Street (not yet spent)	$ (36,000)
2017	443 Congress Street IZ	$ 280,000.00	2020	200 Valley Avenue (not yet spent)	$ (497,455)
2018	62 India Street IZ	$ 276,500.00	2020	337 Cumberland Avenue (not yet spent)	$ (500,000)
2018	Short Term Rental Fee transfer	$ 33,138.80	2020	Affordable Rental Housing Incentive Program	$ (1,000)
2018	0 Thames Street (WEX) sale	$ 1,000,000.00		Total Expenditures	$ (3,060,024)
2019	20 Thames Street IZ & Easement	$ 270,000.00			
2019	20 Thames Street (for balcony overhang)	$ 7,500.00			
2019	Short Term Rental Penalties	$ 15,200.00			
2019	Short Term Rental Fee transfer	$ 176,118.00			
2019	56 Hampshire Street Easement fee	$ 12,123.00			
2019	17 Sumac Street (sale of TAP)	$ 79,617.86			
2019	121 Middle Street (HOTEL IZ)	$ 41,866.00			
2020	99 Capisic Street (sale of TAP)	$ 163,168.93			
2020	Short Term Rental Penalties	$ 7,700.00			
2020	Short Term Rental Fee transfer	$ 122,694.50			
2020	22 Bramhall (MMC overhang)	$ 3,799.00			
2020	50 Monument Square	$ 222,789.00			
2020	121 Middle Street (HOTEL IZ)	$ 30,448.00			
2020	Order 89 20/21 Appropriation	$ 500,000.00			
	Previous INTEREST EARNED	$ 51,555.81			
	Total Deposits	$ 4,515,999.63		**BALANCE**	**$ 1,455,975.63**
HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu; TAP = Tax Acquired Property					
as of 2-2-21					

City Ordinance requires that the Housing Trust Fund Annual Plan include a description of the programs to be funded, a budget for each program and identify how the funds will be distributed among very-low (at or below 50% of the area median income), low (at or below 80% of the area median income) and moderate income (at or below 120% of the area median income) households.

The Housing Trust Fund is a valuable tool that can assist the City in meeting the goal of providing increased availability in all segments of the housing market. While the City has other resources such as the HUD HOME and CDBG Programs, those funds are limited in amount and scope. The proposed Housing Program budget for FY 2021-2022 includes $534,017 in HOME funding for affordable housing development. The HOME program restricts rental housing assistance to households at or below 60% of the area median income and home ownership assistance to households at or below 80% of the area median income. The CDBG program is restricted to households at or below 80% of the area median income; new construction of housing is not an eligible CDBG activity. City Ordinance allows the Housing Trust Fund to assist households at or below 120% of area median income.

As always, the City should act prudently when deciding to invest these funds. The Housing Trust Fund should maintain a minimum balance of $500,000 in order to have resources to act quickly when there is an emergency, such as a need to cure a potential mortgage default that could result in loss of an affordable unit. This right to cure will be included in the affordable housing covenants that are recorded in the Cumberland County Registry of Deeds for each affordable unit.

FUNDING PRIORITIES

The purpose of the Housing Trust Fund is the "…promotion, retention and creation of an adequate supply of housing, particularly affordable housing, for all economic groups and to limit the net loss of housing units in the City." and "To serve as a vehicle for addressing very low, low and median income housing needs…". In an effort to ensure that these purposes are met, the Housing Trust Fund Annual Plan may identify specific priorities that support other city goals and priorities, for example goals from the Comprehensive Plan or the City Council Common Goals.

2021 Priorities:

- Public/private partnerships that create housing units that are affordable to households earning 60% to 100% of the area median income.
- Housing development that supports the Comprehensive Plan goal for development along transit nodes and corridors.
- Encourage developers to participate in the Public Housing Authority's Family Self Sufficiency Program.

Allocation Process

Housing Trust Funds will be distributed through a competitive application process. A Notice of Funding Availability will be issued at a minimum of an annual basis to notify potential applicants that the application is available. Applications will be reviewed by an evaluation team of City of Portland staff who will evaluate and score each application utilizing the scoring factors outlined in Attachment #1 in order to recommend the most qualified application based on the information submitted. This information will also be included in the Affordable Housing Development and Tax Increment Financing Application.

Recommendations will be forwarded to the City Council's Housing and Economic Development Committee for review. Housing and Economic Development Committee recommendations will be forwarded to the City Council for final review and approval.

Eligible Activities

Activities eligible for funding from the Housing Trust Fund are those that promote, retain, and create an adequate supply of housing, particularly affordable housing for all economic groups, and to limit the net loss of housing units in the city. Eligible activities may include: new construction, preservation/rehabilitation of existing affordable housing, adaptive reuse, acquisition, and housing first.

In this Plan, adaptive reuse is defined as creating housing in an existing building that was originally built or designed for a use other than housing.

Housing Trust Fund resources are also intended to promote the retention of affordable housing. Staff recommends that Housing Trust Fund resources be made available, if necessary, to exercise the City's right of first refusal in connection with potential foreclosure issues with affordable homeownership units. This is unlikely to occur in the near future but may come up as more workforce homeownership units are created through Portland's inclusionary zoning ordinance. The City shall have a right of first refusal if an affordable unit is forced to sell due to increased fees or has become delinquent in its payments and is in risk of foreclosure or any other legal threats to the Unit's affordability restrictions. The City shall also have the option of using City funds to support affordable units facing large special assessments that may pose a risk to the owner household's ability to maintain their unit's affordability. The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit owner. The intent is to ensure affordability of the unit for eligible households.

Financing Parameters

Housing Trust Funds should be a resource of last resort and should be focused on opportunities where other funding sources do not work or are not effective. Applicants requesting financial assistance from the Housing Trust Fund must provide document efforts made to obtain other private, federal, state or local resources for the project.

Form of Awards: A variety of funding mechanisms will be utilized including no-interest loans, below-market loans, forgivable loans, and grants. Type of funding will be determined after review of a number of factors including amount necessary to make the project feasible, the project type, income targeting, number of affordable units, and duration of the affordability period.

Maximum Award Amount: Awards will be determined on a per affordable unit basis. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied into the goals outlined in the City's Comprehensive Plan.

Income Targeting

Housing Trust Fund resources should be focused on opportunities where other funding sources do not work or are not effective, such as projects designed to create housing affordable to households earning at or below 50% of the area median income, or projects designed to create housing affordable to households earning 60% to 100% of the area median income. Often, other funding sources, such as the Low Income Housing Tax Credit Program or the HOME Program, have restrictions or requirements that limit or prohibit the creation of housing affordable to those in the very low and moderate income ranges.

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

Affordability Restrictions

Affordability restrictions are required. In the case of rental or cooperative units, the units must remain affordable for the life of the housing unit, which is presumed to be a minimum of thirty (30) years but may be longer. In the case of ownership housing, the units must remain affordable for the longest feasible time while maintaining an equitable balance between the interests of the owner and the interest of the City of Portland. These restriction must be documented and recorded in the Cumberland County Registry of Deeds

Sales must be made through an arms-length arrangement. No employee, agent, stockholder, officer, director, servant, or family member of the Owner or its Management Company, or its employees, agents, or servants thereof, related either by blood, marriage, or operation of law may qualify for a unit financed with Housing Trust Funds or receive any benefit related in any way to the administration or compliance with the conditions contained therein.

Affordable Housing Agreement

The owner of each affordable unit will be required to sign and record in the Cumberland County Registry of Deeds an Affordable Housing Agreement (AHA) with the City and to include the affordability restrictions as a covenant to the project's deed. The Affordable Housing Agreement shall be referenced directly in the property's deed unless prohibited by federal, state, or local law. In order to guarantee affordability in homeownership units, this recorded covenant will limit increases in sales price according to the calculation defined by the City as defined in the implementation regulations. It will limit the incomes of subsequent buyers to the same income limits initially applied. It will also provide a right of first refusal and other purchase rights to the City or its designee (e.g. another eligible household, or a nonprofit corporation).

Right of First Refusal

The City of Portland shall have the right of first refusal to purchase any affordable unit that is in jeopardy of losing its affordability restrictions due to foreclosure, delinquency of condominium fee payments, or any other cause outside of the agreed upon term of restriction. The City's Right of First Refusal is not intended to infringe upon the ability of a mortgage lender to recapture any money owed by the affordable unit's owner. The intent is to ensure affordability of the unit for eligible households.

Implementing Regulations

Regulations to further specify the details of the parameters outlined in this Annual Plan, maybe developed, including, but not limited to:

1. Specific methodology for income verification; and
2. Underwriting criteria.

Attachments
#1 Point System for Evaluating and Scoring Applications

Attachment #1

Point System for Evaluating and Scoring Applications (Max 100)

Policy Objectives: Total 50 Points

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

Maximum points will be awarded for those applications that:

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

Impact on surrounding neighborhood, including design compatibility and environmental issues. 24 points

Maximum points will be awarded for those applications where:

1) Site selection- 7 points
   i) 7 points - fully appropriate for use, project supports Comprehensive Plan goal for development along transit nodes and corridors
   ii) 5 points - appropriate, some concerns
   iii) 0 points - significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors
2) Exterior Design - 5 points

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

Underwriting Criteria: Total 50 Points
Financial feasibility, including cost, development budget operating pro forma and the provision of secured and leverage funds. 20 points
Maximum points will be awarded for those applications that:

1. Development budget & sources and uses - 10 points
    a. 10 points - EVERY development budget line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of “reasonable & customary”;
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of “reasonable & customary”;
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside “reasonable and customary”
2. Operating pro forma – 10 points
    a. 10 points - EVERY operating pro forma line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of “reasonable & customary”;
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of “reasonable & customary”;
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside “reasonable and customary”

Applicant's ability to complete project, including development team experience, capacity, project readiness and timeframe for completion. 30 points
Maximum points will be awarded for those applications that:
1. Readiness to proceed - 10 points
    a. 10 points - at least one letter of commitment or interest is included and ALL projected sources are projected at terms and conditions consistent with the City’s prior experience with the funder.

b. 5 points - ALL projected sources of funding include letters of commitment, letters of interest, or, if no letter is included, are projected at terms and conditions consistent with the City's prior experience with this funder.
c. 0 points - one or more sources are projected on terms that are not consistent with the City's prior experience with the funder and are not documented by letter(s) from funder(s).

2. Track record of development team - 10 points
    a. 10 points - every development team member has a successful track record with this type of project and at this scale
    b. 7 points - all but one development team members have a successful track record with this type of project and at this scale; one development team member has relevant experience but at a smaller scale or not of this project type
    c. 3 points - two development team members, while having relevant experience, are new to this type of project or this scale of development
    d. 0 points - the development team does not meet the criteria above
3. Current Capacity of development team - 10 points
    a. 10 points - development team members have exceptional depth of human and financial resources to complete this project;
    b. 8 points - development team members have the human and financial resources to complete this project;
    c. 3 points - development team has a staffing gap in a significant role and a plan to address that gap, OR there are some concerns about the financial resources of the team to move the development forward;
    d. 0 points - the development team does not meet the criteria described above

City of Portland

Affordable Housing Development and Tax Increment Financing Application

July 1, 2021 – June 30, 2022

Applications will be accepted until all budgeted funds have been allocated.

TABLE OF CONTENTS

I. GENERAL INFORMATION

A. Availability of Funding

The City of Portland has made the development of affordable housing a priority, as identified in the City of Portland's 2016-2020 HUD 5-year Consolidated Plan, City Council Common Goals, and the Comprehensive Plan. To accomplish this priority, the City of Portland will accept applications for financial assistance that facilitates the development of affordable housing in the City of Portland.

<u>Certified Community Housing Development Organizations (CHDO's) or organizations eligible for CHDO certification are strongly encouraged to apply</u>. The HUD definition of a CHDO organization is attached as Exhibit #1 entitled Definition of a Community Housing Development Organization (CHDO).

The City of Portland's Division of Housing and Community Development uses an application process to ensure that public funds are utilized for maximum public benefit to accomplish specific objectives and provide fair access to all applicants. Applications for the development of affordable housing utilizing HOME and or Housing Trust Funds will be accepted until all budgeted funds are allocated. The City of Portland reserves the right to partially fund application requests or deny any application that does not meet the application criteria.

The approval process to establish an Affordable Housing Tax Increment Financing (AHTIF) District involves three steps. First, the City Council's Housing and Economic Development Committee provides a recommendation to the City Council regarding the establishment of an Affordable Housing TIF district. If the City Council approves the recommendation, the City submits an application to the Maine State Housing Authority. MaineHousing reviews the application from the City to ensure compliance with the Affordable Housing Tax Increment Financing Statute. The process begins with the submittal of a completed Affordable Housing Development and Tax Increment Financing application to the City of Portland. The City of Portland reserves the right to deny any application that does not meet the application criteria.

The City of Portland is making a combination of FY 2021-2022 HUD Home Investment Partnership Program (HOME) funds (which includes a mandatory set-aside for CHDO organizations or organizations eligible for CHDO certification) and local Housing Trust Funds (HTF) for Affordable Housing Development. City staff will determine which funding source is best for each project and then make funding recommendations to the City Council for final approval.

Total Funding Available: $1,489,992

B. General Guidelines

Developments shall provide decent, safe and sanitary dwellings such as single-family homes, apartments, condominiums, or other living accommodations for households whose income does not exceed 120% of the median income for the area as defined by the U.S. Department of Housing and Urban Development (HUD). Affordable housing does not include facilities such as shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, student dormitories, or unattached mobile homes, regardless of income level. Projects must show that the development meets an identified community housing need, the City's participation is financially necessary in order for the project to proceed, and the applicant has the financial capacity to support their project.

Priority for the use of Housing Trust Funds will be to support public/private partnerships that create workforce housing units that are affordable to households earning 60% to 100% of the area median income. Priority for the use of HOME Program funds will be given to developments that provide rental housing units to households earning 60% of the area median income and below. Projects with mixed income targeting and a mix of bedroom size are strongly encouraged. The minimum term of affordability depends on the funding source, but is not generally less than 30 years, and in some cases may be 90 years. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds.

Priority for the use of the Affordable Housing Tax Increment Financing Program will be to support projects receiving assistance through the Low Income Housing Tax Credit Program or projects that create housing units that are affordable to households earning 60% to 100% of the area median income. To comply with the AHTIF Statute's requirements, at least 33% of the housing units in the district shall be affordable housing. The ongoing affordability period will match the length of the term of the district. The affordability term is to be secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds. A minimum of $500,000 in new taxable investment property value for affordable housing development is needed to qualify for an Affordable Housing TIF.

This application outlines the selection criteria which all projects applying for funding or establishment of an AHTIF District must meet, as well as scoring factors that will be used by the City of Portland to evaluate the applications.

C. Federal Requirements

The following requirements apply for any project that is awarded HOME or other federal funding.

Environmental Review Requirements

Projects receiving HOME funding are subject to environmental review, clearance and release of funds by the U.S. Department of Housing and Urban Development. Once an application has been submitted, to the City of Portland, the applicant cannot take any ***"choice limiting actions"*** prior to receiving notification from the City that the environmental review process, including historic preservation review and clearance, has been completed and a release of funds has been received from the U.S. Department of Housing and Urban Development. ***A Phase I ESA along with a lead and asbestos testing report is required before HUD Environmental Review Requirements can be completed.***

Choice limiting actions include, ***but are not limited to***, (1) actions having an adverse impact – e.g. demolition, dredging, filling, excavation, including soliciting bids for these activities; (2) actions limiting the choice of reasonable alternatives – e.g. execution of a legally binding agreement, signing a purchase and sale agreement, signing an option agreement that does not allow the purchaser to elect to terminate the option agreement if the property is not desirable; entering into real property acquisition (including making bids on auctioned properties), leasing, rehabilitation, demolition, environmental remediation, related site improvements, relocating buildings or structures, conversion of land or buildings/structures (including soliciting bids to undertake these activities).

Federal Labor Standards

As may be applicable, projects receiving HOME funding must ensure that they and all contractors and subcontractors meet requirements for federal prevailing wage rates specified under the Davis-Bacon Act. The Act requires all laborers and mechanics employed by contractors or subcontractors in the performance of construction work over $2,000, financed in whole or in part with assistance received under HUD programs, shall be paid the prevailing wage as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-5). Projects that include 12 or more HOME-assisted units must meet the requirements of the Davis-Bacon Act.

Notice: Any project approved for a site-specific tax increment financing district utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S. §1306, or Portland City Ordinance Ch. 33 §33-1 to 33-12, whichever is greater. STATE PREVAILING WAGE RATES MAY EXCEED DAVIS-BACON WAGE RATES.

Section 3

All HOME projects must comply with Section 3 of the Housing and Urban Development Act of 1968. Contractors and subcontractors performing work on Section 3-covered projects must provide, to the greatest extent feasible, opportunities for the employment of low- and very low-income residents of the local community and the businesses that substantially employ these persons.

Minority and Women Owned Business (MWBE) Participation

All HOME projects must complete, track and report on outreach and contracts given to women- and minority-owned businesses to ensure their inclusion, to the maximum extent possible, in the procurement of property and services. Applicants are encouraged to utilize firms certified as a Minority Business Enterprise or Woman's Business Enterprise as part of the development team. The development team members include the developer, architect, attorney, general contractor and management agent.

Lead-Based Paint

All HOME funded residential rehabilitation, adaptive re-use and construction activities must comply with 24 CFR Part 35 and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act.

Access to the Internet

All new construction and substantial rehabilitation projects of multifamily rental housing will be required to provide the installation of broadband internet access to its residents to help narrow the digital divide for households in need.

Fair Housing and Equal Opportunity

[Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) (HUD implementation regulations 24 CFR Part 1); The Fair Housing Act (42 U.S.C. 3601-3620)(24 CFR Part 100-115(; Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)(24 CFR Part 107); Age Discrimination Act of 1975, as amended (42 U.S.C. 6101)(24 CFR Part 146).]

The Fair Housing Act prohibits discrimination in all housing-related transactions based on race, color, national origin, religion, sex, disability, age or familial status. It also includes minimum accessibility design requirements for all new construction and rehabilitation projects and requires that reasonable accommodations be made in rules, policies, practices, services and reasonable structural modifications. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based on disability and requires that everyone have equal opportunity to obtain housing built with federal funds.

Affirmative Marketing

Developers must have tenant selection policies and criteria to ensure that tenants are selected for occupancy at the property in a fair and equitable manner. Tenant selection policies must be based on objective criteria that expressly prohibit bias. Tenant selection procedures should be clear and easily understood by prospective tenants. An affirmative marketing plan is required to ensure that the property serves a diverse cross-section of the population of the market area, must consist of actions to provide information and otherwise attract eligible persons in the housing market area that might not otherwise apply without special outreach, and ensure that the housing is available to qualified applicants without regard to race, color, national origin, religion, sex, disability, or familial status.

Violence Against Women Act

Developers must comply with the Violence Against Women Act (VAWA) requirements in 24 CFR §92.359 and 24 CFR Part 5, subpart L. VAWA provides protections and options for victims of domestic violence, dating violence, sexual assault and stalking.

D. Conditions for Approval

Designation of an Affordable Housing Development TIF District is subject to the following conditions.

i. Projects must comply with the City of Portland's Tax Increment Financing Policy.

ii. At least 25%, by area, of the real property within an Affordable Housing Development district must be suitable for residential use; be a blighted area; or in need of rehabilitation or redevelopment.

iii. The Affordable Housing Development program must show that the development meets an identified community housing need.

iv. The district must be primarily a residential development on which at least 33% of the dwelling units are affordable for households at or below 120% of Area Median Income (AMI) and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-scale nonresidential uses of service to the residents of the development.

v. Projects approved for a site-specific tax increment financing district utilizing a credit enhancement agreement must ensure that any firms employed in the construction phase of a TIF-assisted project compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater. State prevailing wage rates may exceed Davis-Bacon wage rates. Projects that are required to meet the local TIF policy wage rate requirements and federal Davis-Bacon wage requirements must use the higher wage rate based on job classification.

E. Goals for the Distribution of HOME and Housing Trust Funds or the Designation of an Affordable Housing TIF District

The goal for the distribution of these funds and the designation of an Affordable Housing TIF district, is to increase, preserve, and modify the overall supply of housing citywide to meet the needs, preferences and financial capabilities of all Portland residents. Development should be consistent with the City of Portland's Comprehensive Plan and the HUD Five-Year Consolidated Plan. The City of Portland seeks development projects that create contextually appropriate housing density in and proximate to neighborhood centers, concentrations of services, and transit nodes and corridors as a means of supporting complete neighborhoods. Projects should not require a contract or conditional zone (although other rezoning consistent with the City's Comprehensive Plan may be considered). Resolution of any zoning issues is required before City Council approval of the applicants funding request. Developments should incorporate quality, sustainable design.

II. SCOPE OF SERVICES

A. General Specifications

All applications submitted for this funding must meet the following selection criteria to be considered further in the review process.

Eligible Projects

1) Projects receiving HOME funding must create *rental* housing units which promote economic diversity within the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and rehabilitation of existing rental units that creates accessible or maintains affordable units is eligible. Projects that have previously received HOME funds are not eligible for additional HOME assistance.

2) Projects receiving Housing Trust Funds must create housing units that promote economic diversity with the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and rehabilitation of existing units that creates or maintains affordable units is eligible.

3) Projects receiving assistance through an AHTIF District Credit Enhancement Agreement must create housing units that promote economic diversity with the development and within the neighborhood in which the development is located. New construction, conversion of non-residential property to housing and rehabilitation of existing units that creates or maintains affordable units is eligible

4) All projects must meet the affordability targets referenced in Section I.B. along with all applicable income and rent restrictions of the City's funding source (HOME, Housing Trust Fund or AHTIF Programs).

5) Projects must ensure that the affordable units within a mixed income development will be equal in square footage and comparable to the market rate units.

6) *Housing First* developments are encouraged.

7) Single Room Occupancy (SRO) and other supportive housing projects specifically for special needs populations are eligible under this application.

8) Projects receiving funding through this application must include a written occupancy policy that prohibits smoking in the units and the interior common areas of the project in addition to including a non-smoking clause in the lease for every household and making educational materials on tobacco treatment programs available to residents through the residence service coordinator, occupancy specialist, or property manager, such as the phone number for the statewide Maine Tobacco HelpLine.

9) Projects receiving HOME and or Housing Trust funding through this application must set aside 10% of the units in the project for individuals or families residing in a Portland shelter. The City's Health and Human Services Department would be responsible for providing referrals, providing or coordinating supportive services and financial resources to assist with monthly rent payments. A Supportive Housing Agreement between the City and the Developer would document the services and expectations. At the time of loan closing or prior to disbursement of the City's funding, the requirements would be secured by a Declaration of Covenants which will be recorded in the Cumberland County Registry of Deeds.

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

B. Site Information and Criteria

1) Site Control: Land or buildings proposed as part of a project under this application must have site control at the time the application is submitted in the form of title, purchase and sale agreement, option, long-term lease for a minimum of 90 years, or other acceptable method. At a minimum, site control must extend through December 31, 2021.

2) Local Approvals: Local land use approval is not required prior to submittal of the application, however approval is required before the City Council will approve the funding request or Affordable Housing TIF request. The applicant must submit an analysis of the project in relation to local land use regulations and site feasibility.

3) Applications must not require a contract or conditional zone. Resolution of any zoning issues is required before City Council approval of the applicants funding request or Affordable Housing TIF request.

C. Financial Feasibility

1) Financial applications must be developed in accordance with the underwriting guidelines of the primary funding source, including adequate cash flow and debt coverage ratio, and conform to the City of Portland’s underwriting criteria.

2) Use of Funds: All projects will be reviewed for the proposed use of funds compared to other resources. Applicants must describe the proposed mortgage and security position for the City of Portland's funding. The average City investment per unit, excluding TIF financing, is approximately $10,000. The City contribution per unit will not exceed $18,000. This amount may be adjusted at the discretion of the City Council, only for unusual circumstances where a larger amount is the only way a project that meets other City goals is needed. In those cases, the higher cost per unit ratio must be tied to the goals outlined in the City’s Comprehensive Plan.

D. Market Demand

Applicants must show that the development meets an identified community housing need, and provide an analysis and discussion of market demand justifying the need for the proposed project.

E. Applicant Capacity

All applicants must demonstrate capacity to develop, own and manage the proposed project. All applications must provide evidence of a development team with the capacity to successfully complete the project including:

1) Key staff members assigned to the project with the abilities and experience to successfully complete the project within the proposed timeframe.

2) An architect, general contractor and professionals on the team with the experience and capacity to complete the project.

3) A management team with qualified personnel and the capacity and experience to operate, manage and maintain the affordable rental property of size and mix of the proposed project.

4) Qualified staff with the capacity to perform ongoing property ownership requirements such as budgeting, tax accounting and oversight of management and maintenance.

5) A portfolio of current affordable housing projects that are financially sound and meeting their established goals.

6) Support Services: Applications containing rental units targeted to special needs populations must include commitments for support services to be provided to the residents and have in place a policy to make accessible units available when needed if units are occupied by someone that does not need the accessible features.

F. Term of Affordability

Rental housing projects funded with HOME and/or Housing Trust Funds must have a minimum affordability period of 90 years, secured by a land use restriction covenant in the deed.

Projects receiving HOME funding may be charged an annual fee to cover the actual costs of federally required HOME monitoring, per 24 CFR 92.214(b)(1)(i).

Affordable Housing TIF projects must have an affordability period that matches the term of the district and is secured by a declaration of covenants and restrictions recorded in the Cumberland County Registry of Deeds

G. Financing Terms

The following are general guidelines and the City reserves the right to adjust the terms of funding on a case-by-case basis based on changes in conventional lending and other financing sources.

The City's funding is generally in the form of soft "gap" financing. To allow for future investment in affordable and workforce housing, the City seeks to achieve a reasonable return of capital and where possible a return on investment based on the financing features of each funding request. The City allows flexibility for creativity by development teams by establishing funding terms based on the financial structure of each development project.

Funding in the form of loans may range from 30 years non-amortizing, deferred at 0% interest, to 30 year, amortizing loans based on a financial analysis of the development project. A key tool used to perform the financial analysis is the Debt Coverage Ratio (DCR). Projects with a DCR greater than or equal to 1.25 will be considered for a fully amortizing loan with a corresponding rate that either achieves a DCR of 1.15. Other DCR features are as such:

- Projects that have a DCR of less than 1.25 will be considered for interest only loans. The interest rate will be set at a percentage rate that will achieve a DCR of 1.15.
- Projects that are submitted at a DCR of 1.15 will be considered for a deferred cash flow loan.
- Grants may be considered when a project serves a substantially underserved population.
- A project with a sustained DCR greater than 1.5, after the application of a fully amortizing loan will be considered over subsidized. The funding request will be reduced to achieve a sustained DCR of no more than 1.4. This may result in the funding request being reduced to zero. Projects of this nature are candidates for private financing.

Affordable Housing TIF: During the term of the Affordable Housing District and the Development Program, tax increment revenues from the Affordable Housing District claimed by the City as captured assessed value may be used to pay authorized project costs. Authorized project costs are noted in 30-A M.R.S.A. §5249, a list of which is attached. Tax increment revenues will be paid by the City to the Project owner pursuant to a Credit Enhancement Agreement to be entered into by and between the City and the Project owner.

H. Design Compatibility

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

Project designs:

1) MUST comply with the City's Green Building Ordinance (Chapter 6, Article VII, Sec. 6-165, as amended by Referendum, 11-3-2020). **Please note** that the Green Building Ordinance may be more restrictive than the requirements in Maine Housing's Quality Standards and Procedure Manual. Applicant must provide evidence reasonably satisfactory to the City of Portland demonstrating that the project was designed, constructed and rehabilitated in accordance with the Green Building Ordinance.

   PLEASE NOTE: An application for a building permit must include the documentation outlined in the Green Building Ordinance Section 6-168. A Certificate of Occupancy will not be issued until the terms of Section 6-169 of the Green Building Ordinance have been met.

2) Should establish a building form, scale, massing and rhythm appropriate for the surrounding neighborhood.

3) Should provide a quality design that, where possible, reinforces the public realm of open space, sidewalks and streets through appropriately scaled entries that orient to the street instead of interior blocks or parking lots, and incorporate porches, fenestration, landscaping, and architectural details.

4) MUST meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, and the Maine Human Rights Act for multi-family housing. Provide for universal accessibility to the extent possible.

5) Should provide visual and acoustical privacy between units while maximizing natural light and ventilation within units.

I. Timeframe

The applicant must describe projected dates by which commitments will be obtained; the closing will take place, construction start-up, substantial completion, final completion and occupancy. Timeframes must be realistic and achievable. All funded projects must be able to start construction within 12 months of notice of award.

III. APPLICATION REQUIREMENTS

Complete responses to this application, should be submitted via email. Applications must be signed by an officer or employee having authority to bind the organization.

Applications must be submitted electronically to:

City of Portland: Housing and Community Development Division
Attention: Victoria Volent
389 Congress Street, Room 313
Portland, ME 04101
Vvolent@portlandmaine.gov
207-482-5028

All applicants are encouraged to apply by March 31, 2021. Those who require a conditional commitment of funds as part of other financing applications, such as the Low Income Housing Tax Credit Program, must apply no later than March 31, 2021. The City of Portland will consider applications received after March 31, 2021 if funds are available. Applicants applying after March 31, 2021 should contact the City of Portland to confirm the availability of funds prior to submitting an application.

A. Project Summary

A narrative description of the project that includes:

- Property address;
- Tax chart, block and lot number;
- Total acreage;
- Zoning designation, including allowed uses in that zone;
- Description of municipal housing need and how the development addresses that need;
- Requested amount of Affordable Housing Development Funding;
- Description of how City's participation is financially necessary in order for the project to proceed;
- Number and type of units to be constructed or rehabilitated; (level of affordability, type of units (rental, homeownership, single-family home, condominium unit, cooperative housing, etc.), number of bedrooms in each unit with corresponding AMI level);
- Description of residential and non-residential uses in the area;
- Description of accessory uses relating to residential use, if any;
- Description of relocation plan for persons temporarily or permanently displaced by development activities;
- Description of how the development is consistent with the Comprehensive Plan
- Description of how housing and facilities in the development will be operated after completion;
- Description of planned uses of tax increment revenues from the district (AHTIF projects only);

Photographs and maps of the site and area are required.

Note: All respondents should investigate legal and zoning requirements for proposed projects prior to submission of application.

B. All Applications Must Provide The Following:

1) Evidence of site control

2) A zoning opinion from an attorney or land use professional indicating if the project meets current zoning, or if zoning amendments will be required.

3) Conceptual architectural and site plans

4) A project schedule showing critical path events and their timeframe for completion;

5) Map showing location of site

6) Corporation/partnership articles and by-laws

7) Organizational Chart

8) Organization's DUNS Number

9) Applicant's audits for 3 most recent years. (If audits are not available, applicant must submit 3 years of internally prepared or CPA compiled statements AND 3 years of tax returns WITH attachments).

10) Most recent quarterly income and expense report (management prepared)

11) Documentation demonstrating certification or eligibility to obtain certification as a CHDO (if seeking the CHDO funds)

12) A brief development team summary, including:

    - The type of organization/ownership structure <u>and</u> organization chart if developer is not the same legal entity as the ultimate owner of the project
    - The names of Board of Directors, Corporate Officers, or Owners, as appropriate
    - Name, title and relevant experience of individuals involved in managing the business entity and this proposed project. A copy of the 501(3)(c) exemption certification
    - Brief description of similar projects completed for developer, architect, and General Contractor (if selected)
    - A list of all projects currently in development with status and projected timeframe

13) A sources and uses funding statement *

14) A detailed development budget including all acquisition, construction, and soft costs, including any prefunded reserves and developer fee*. The detailed development budget should match the cost estimates for construction, signed by architect or GC, noted below.

15) Cost estimates for construction, signed by architect or GC that matches the amount in the detailed development budget.

16) **Applicant must provide evidence reasonably satisfactory to the City of Portland demonstrating that the project was designed, constructed and rehabilitated in accordance with the City's Green Building Ordinance [(Chapter 6, Article VII, Sec. 6-165).]**

17) For renovation projects, a capital needs assessment completed by an independent party, including their qualifications to perform such assessment.

18) Preliminary operating budget identifying rents and expenses for the first year*

19) Projected prefunded project reserves and annual contributions to reserves*Debt service coverage ratio over the 20-year operating pro forma timeline*

20) A 20-year operating pro forma for the project with inflators of 2% on income and 3% on expenses

21) Evidence of financial commitments, or explanation of the ability and timing to secure those commitments. A statement describing the applicant's capacity for and experience in raising the type of capital needed to finance projects of this size and type.

22) Projects serving special needs populations must provide evidence of commitments of support services, and a description of the service provider and funding cycle for those services

23) Applicant must include a management plan for the long-term management of the project including manager's experience and capacity.

24) An analysis and discussion of market demand justifying the need for the proposed project.

25) **For Renovation of Operational Projects (or projects with operational components), the following items are also required:**

    - Relocation plan for persons temporarily or permanently displaced by the development activities
    - Relocation budget
    - Description of all current debt, operation subsidies, and services provided (as applicable)
    - Current rent roll
    - 2 years of audits for project property (if available) OR 2 years of management income and expense statements for project property
    - Most recent Quarter internally prepared income and expense statement.

    *Please use the Maine Housing Underwriting spreadsheet or its tax credit equivalent, if applicable.

IV. SELECTION PROCESS:

Selection criteria will be used in reviewing and scoring the applications.

A. Point System for Evaluating and Scoring Applications (Max 100)

Policy Objectives: Total 50 Points

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

Maximum points will be awarded for those applications that:

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

Impact on surrounding neighborhood, including design compatibility and environmental issues. 24 points

Maximum points will be awarded for those applications where:

1. Site selection- 7 points
   a. 7 points - fully appropriate for use, project supports Comprehensive Plan goal for development along transit nodes and corridors
   b. 5 points - appropriate, some concerns
   c. 0 points - significant concerns, project does not support Comprehensive Plan goal for development along transit nodes and corridors

2. Exterior Design - 5 points
    a. 5 points - the design is fully consistent with neighborhood design characteristics,
    b. 3 points - the design is an adequate fit with the neighborhood design,
    c. 0 points - the design is a significant outlier
3. Amenities and unit design - 7 points
    a. 7 points - amenities & unit design are well thought out and appropriate for residents,
    b. 5 points - amenities & unit design are adequate,
    c. 0 points - amenities and unit design raise significant concerns that resident needs will not be adequately addressed
4. Environmental - 5 points
    a. 5 points - Phase I identifies no environmental issues
    b. 3 points - Phase I identifies an environmental issue, but a Phase II shows a feasible, economically viable resolution which is included in the budgets;
    c. 0 points - there are significant unresolved environmental issues, or no Phase I has been received.

Underwriting Criteria: Total 50 Points
Financial feasibility, including cost, development budget operating pro forma and the provision of secured and leverage funds. 20 points

Maximum points will be awarded for those applications that:

1. Development budget & sources and uses - 10 points
    a. 10 points - EVERY development budget line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"
2. Operating pro forma – 10 points
    a. 10 points - EVERY operating pro forma line item for which there is a City of Portland guideline complies with that guideline AND all other line items are reasonable and customary;
    b. 8 points - ONE budget line item falls outside City guidelines or outside the standard of "reasonable & customary";
    c. 6 points - TWO budget line items item falls outside City guidelines or outside the standard of "reasonable & customary";
    d. 0 points - more than two budget items fail to meet City guidelines or fall outside "reasonable and customary"

Applicant's ability to complete project, including development team experience, capacity, project readiness and timeframe for completion. 30 points

Maximum points will be awarded for those applications that:

1. Readiness to proceed - 10 points

   a. 10 points - at least one letter of commitment or interest is included and ALL projected sources are projected at terms and conditions consistent with the City's prior experience with the funder.
   b. 5 points - ALL projected sources of funding include letters of commitment, letters of interest, or, if no letter is included, are projected at terms and conditions consistent with the City's prior experience with this funder.
   c. 0 points - one or more sources are projected on terms that are not consistent with the City's prior experience with the funder and are not documented by letter(s) from funder(s).
2. Track record of development team - 10 points
   a. 10 points - every development team member has a successful track record with this type of project and at this scale
   b. 7 points - all but one development team members have a successful track record with this type of project and at this scale; one development team member has relevant experience but at a smaller scale or not of this project type
   c. 3 points - two development team members, while having relevant experience, are new to this type of project or this scale of development
   d. 0 points - the development team does not meet the criteria above
3. Current Capacity of development team - 10 points
   a. 10 points - development team members have exceptional depth of human and financial resources to complete this project;
   b. 8 points - development team members have the human and financial resources to complete this project;
   c. 3 points - development team has a staffing gap in a significant role and a plan to address that gap, OR there are some concerns about the financial resources of the team to move the development forward;
   d. 0 points - the development team does not meet the criteria described above

B. Evaluation and Selection Process and Timeframe:

Applications will be reviewed by an evaluation team that will include City of Portland staff. The following process will be used:

1) All applications will be reviewed for completeness. Only complete applications will be reviewed under the scoring factors in order to recommend the most qualified applications based on the information submitted. The application review team may confer with the applicants and/or third parties to clarify or verify information and request additional information.

2) Recommendations, along with all applications and scoring information, will be forwarded to the City Council's Housing Committee for review and approval. Their recommendations will be forwarded to the City Council for final review and approval.

3) Applicants will be kept informed throughout the review process, specifically in regard to recommendations and funding levels.

4) The evaluation and review process should be substantially complete within 30 days of receipt of complete application. Applicants will be notified of their application status as soon as possible.

5) Based on City Council approval, successful applicants will receive a letter of funds reservation. A letter of funds reservation is not a commitment letter but an agreement to set aside budgeted funds for up to six months, to allow the project sponsor to proceed with securing other commitments.

V. Instructions and Other Information

The City of Portland reserves the right, at its sole discretion, to award all, a portion, or none of the available funding from this application, as well as reject any and all applications for city funding, based on the quality and merits of the applications received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

Confidentiality: Applications received by the City of Portland shall become a matter of public record subject to public inspection, except to the extent, which an applicant designates in writing, proprietary data to be confidential and submits that data under separate cover, such information may be held from public inspection, as provided in Maine law: 5 MRSA Sections 13119-A and 13119-B.

Compliance with Federal Law: The selected applicant will be required to certify that the development and management of the proposed housing will be in compliance with all applicable laws, executive orders, OMB Circulars and federal regulations, including but not limited to: Fair Housing Act, Equal Opportunity and Non-discrimination, National Environmental Policy Act (NEPA), the Uniform Relocation Assistance and Real Property Acquisition Policies Act, the Davis-Bacon Act, the Lead-Based Paint Poisoning Prevention Act, Flood Disaster Protection Act, Conflict of Interest, Contractor Debarment and Cost Principles.

Projects funded through HOME must meet the rules and regulations of the HOME Program as noted in 24 CFR Part 92, as amended, and the requirements of the Consolidated and Further Continuing Appropriations Act of 2012 and 2013. Any costs incurred by the City to meet HOME Program regulations, such as newspaper advertisements, underwriting fees, etc., shall be passed along to the selected applicant.

VI. Equal Employment Opportunities

Vendor shall comply fully with the Nondiscrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37.

VII. Reservation of Rights

The City of Portland reserve the right, at its sole discretion, to award all, a portion, or none of the available funding from this application, as well as reject any and all applications based on the quality and merits of the applications received, or when it is determined to be in the public interest to do so. Furthermore, the City of Portland may extend deadlines and timeframes, as needed.

The selection of a proposal through this application process does not guarantee any other City approvals. All projects will be subject to the City's standard development review process. Similarly, *selection of a proposal through this application process does not signify that the City will not request modifications to the proposed development plan or negotiate additional details, covenants or terms that are not specifically outlined in this application*.

The City of Portland reserves the right to substantiate any proposers' qualifications, capability to perform, availability, past performance records and to verify that the applicant is current in its financial obligations to the City of Portland.

All materials and equipment used as well as all methods of installation shall comply at a minimum with any and all Federal, OSHA, State and/or local codes, including applicable municipal ordinances and regulations.

The successful applicant shall agree to defend, indemnify and save the City of Portland harmless from all losses, costs or damages caused by its acts or those of its agents, and, before signing the contract, will produce evidence satisfactory to the City of Portland's Corporation Counsel of coverage for General Public and Automobile Liability insurance in amounts not less than $400,000 per person, for bodily injury, death and property damage, protecting the contractor and the City of Portland, and naming the City of Portland as an additional insured from such claims, and shall also procure Workers' Compensation insurance.

Pursuant to City of Portland procurement policy and ordinance, the City of Portland is unable to contract with businesses or individuals who are delinquent in their financial obligations to the City of Portland. These obligations may include but are not limited to real estate and personal property taxes and sewer user fees. Applicants who are delinquent in their financial obligations to the City of Portland must do one of the following: bring the obligation current, negotiate a payment plan with the City of Portland's Treasury office, or agree to an offset which shall be established by the contract which shall be issued to the successful applicant.

The City of Portland, Maine, reserves the right to waive any informalities in applications, to accept any application or portion thereof, and, to reject any and all applications, should it be in the best in the best interest of the City of Portland to do so.

It is the custom of the City of Portland, Maine to pay its bills 30 days following the receipt of correct invoices for all items covered by the approved application.

VIII. Appendices

Exhibit #1. HUD definition of a Community Housing Development Organization (CHDO)
Exhibit #2. Maximum Allowable Sale Price of affordable homeownership units

IX. APPLICATION SIGNATURE PAGE *THIS PAGE MUST BE INCLUDED*

The UNDERSIGNED hereby declares that he/she or they are the only person(s), firm or corporation interested in this application as principal, that it is made without any connection with any other person(s), firm or corporation submitting an application for the same.

The UNDERSIGNED hereby declares that they have read and understand all conditions as outlined in the invitation for bids, and that their application is made in accordance with same.

The UNDERSIGNED hereby declares that any person(s) employed by the City of Portland, Maine, who has direct or indirect personal or financial interest in this application or in any portion of the profits that may be derived there from, has been identified and the interest disclosed by separate attachment. (Please include in your disclosure any interest which you know of. An example of a direct interest would be a City of Portland employee who would be paid to perform services under this application. An example of indirect interest would be a City of Portland employee who is related to any officers, employees, principal or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).

The proposer acknowledges the receipt of Addenda numbered ___________________________________
If Applicable

COMPANY NAME: ____
(Individual, Partnership, Corporation, Joint Venture)

AUTHORIZED SIGNATURE: _________________________________ DATE: ___________________
(Officer, Authorized Individual or Owner)

PRINT NAME & TITLE: ____

ADDRESS: ____

TELEPHONE: ___________________________ E-MAIL: ___________________________

FEDERAL TAX ID #: _____________________ DUNS #: ___________________________

TOTAL HOME/HTF FUNDING REQUEST: $____________________

Is your organization planning to apply for LIHTC for this project? ☐ Yes ☐ No
If yes, what is your expected score with:
Full HOME/HTF request: _____ $100,000 HOME/HTF funds:_____ No HOME/HTF funds:_____

In your organizations preceding completed fiscal year, did the organization receive:
(1) 80 percent or more of its annual gross revenues in U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements; and
(2) $25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements? ☐ Yes ☐ No

Does the public have access to information about the compensation of the executives in the organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (18 U.S.C. 78m(a), 78o(d) or section 6104 of the Internal Revenue Code of 1986? ☐ Yes ☐ No

NOTE: All bids must bear the handwritten signature of a duly authorized member or employee of the organization making the bid. **<u>This sheet must be signed and returned with the application package</u>**.

X. EXHIBIT #1 – DEFINITION OF A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (24 CFR §92.2 and §92.300-303)

1. Is a private nonprofit organization under State or local laws;

2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:

    i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
    ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for profit entity may not appoint the remaining two-thirds of the board members; and
    iii. The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
    iv. The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization;

4. Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1)), is classified as a subordinate of a central non-profit under section 905 of the Internal Revenue Code of 1986, or if the private nonprofit organization is a wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of "community housing development organization";

5. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;

6. Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"

7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or bylaws;

8. Maintains accountability to low-income community residents by:

   i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
   ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;

9. Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience and will advise and train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of §92.300(a)(2). A nonprofit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and

10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

CITY OF PORTLAND
Executive Department
Jon P. Jennings, City Manager

MEMORANDUM

To: **Housing and Economic Development Committee**

From: **Jon P. Jennings, City Manager**

Date: **January 28, 2021**

Subject: **Homeless Service Center Project Request for Qualifications/Proposals**

This memorandum provides staff's planned approach to move forward with the Homeless Service Center (HSC) Project.

Background

On June 17, 2019, the Portland City Council approved a 200-guest-capacity shelter with complete wraparound services to be located at 654 Riverside Street on vacant, City-owned property.

At the February 3, 2020 Council meeting, the City Manager advised the City Council that next steps in establishing a HSC included providing the City Council a proposed funding plan.

At the January 20, 2021 Council meeting, the City Manager updated the City Council with the planned approach and funding plan for the HSC.

Proposal

City staff continue to explore various development and funding approaches to support the HSC, including federal and state grant funding along with options to involve the private sector. Given the lack of available federal and state support, staff recommends the engagement of private-sector partners to handle all portions of the HSC Project leading up to City occupancy. The private-sector partners would then lease the HSC to the City of Portland. One benefit of the public-private leasing approach is that the City will not be responsible for ongoing facility maintenance positively impacting the annual Capital Improvement Plan process. We believe this approach will be the fastest and most cost-effective way to establish the much-needed resource and leverage proven public-private partnership tactics, which lead to on-time and on-budget projects.

Enclosed, please find a Draft Request for Qualifications and Proposals (RFQ/P) to engage interested private-sector partners. Staff is planning to issue the RFQ/P following the February 2nd Housing and Economic Development Committee meeting. Any interested developers should contact the City's Purchasing Office to obtain a copy of the Final HSC RFQ/P.

RFQ/P Overview

An overview of the Proposed HSC RFQ/P includes:

Site*:* 654 Riverside Street

Capacity*:* Designed to support 200 guests under pandemic social distancing requirements.

Services: Complete wraparound services.

Building Design, Development & Ownership: Private with the City of Portland as a tenant under a lease to own.

Financial: Preliminary lease cost estimates are on the range of $1 million to $1.4 million per year over a twenty (20) year period, after which the City would take ownership of the leased premises. Also, the City would consider a thirty (30) year period if the lease cost was in the $0.5 million to $0.8 million per year range.

Qualifications: There is heavy emphasis upon selecting a developer team with the most combined design, ownership and management housing type facility experience including public-private financial partnership experience.

Selection Process: A Selection Committee will be established by the City Manager to review and rank all proposals. The final decision on proposal selection will be made by a Portland City Council Committee and/or Portland City Council.

I look forward to discussing this opportunity with you at the February 2, 2021 Housing & Economic Development Committee meeting.

City of Portland, Maine
Request for Qualifications and Proposals
from Interested Developers to Lease to the City
a Homeless Service Center at 654 Riverside Street

RFQ/RFP#

CITY HOMELESS SERVICE CENTER PROJECT

The City is requesting proposals from developers to own and lease to the City a Homeless Service Center located at 654 Riverside Street (the "Project"). The City does not currently have capital funding available to support the construction of the Project but does have operating budget funds available to support a 20 or 30-year lease. The Project must include sleeping, dining, and locker facilities, as well as offices and an attached health clinic as defined in greater detail later in the document. It is expected that proposals will include a Project developer, along with the complete Project team for all milestones of the project until City occupancy. Schematic level design work has been completed for both the building(s) and the site, which reflects initial programming needs communicated by the end users. The (4) attached plan pages represent the design which may be used as a starting point for design development. The (3) clear span sections were designed around insulated, tensioned fabric structures. This concept is acceptable but not a requirement.

In order to be considered by the City, interested bidders must submit proposals electronically to biddropbox@portlandmaine.gov with the name of the Proposer, Contract Name and RFP number in the subject line and will be received until 3:30 p.m., Friday, ________________, 2021. Late or faxed proposals will not be accepted. Proposals shall remain open to acceptance for one-hundred and twenty (120) days from their opening.

Proposals from vendors not registered with the Purchasing Office may be rejected; receipt of this document directly from the City of Portland indicates registration. Should a vendor receive this Request from a source other than the City, please contact 207-874-8654 to ensure that your firm is listed as a registered vendor for this RFP.

QUESTIONS

Questions regarding this RFQ/RFP shall be made **in writing only** and be sent to the Purchasing Office, being received no later than five working days prior to the proposal opening. They may be hand delivered, mailed, e-mailed to purchasing@portlandmaine.gov or faxed to 207-874-8652. Questions that result in modifications to the RFQ/RFP specifications will be in the form of a written addendum and sent to all real estate developers registered in the Purchasing Office.https://selfservice.portlandmaine.gov/ess/default.aspx

EQUAL EMPLOYMENT OPPORTUNITIES. Any award recipient agrees to adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. This shall include compliance with the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI ofa the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37 and all other applicable laws, including the Maine Human Rights Act, ordinances and regulations regarding equal opportunity and equal treatment. Contractor specifically agrees that 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.

RESERVATION OF RIGHTS. The City reserves the right to waive any informalities in bids, to accept any bid or portions thereof (bidders are advised to note this and quote accordingly) and to reject any or all bids should it be deemed for the best interest of the City to do so. The City reserves the right to substantiate the bidder's qualifications, capability to perform, availability, past performance record and to verify that the bidder is current in its obligations to the City, as follows:

Pursuant to City procurement policy and ordinance, the City is unable to contract with businesses, property owners or individuals who are delinquent in their financial obligations to the City. These obligations may include, but are not limited to real estate and personal property taxes and sewer user fees. Proposals who are delinquent in their financial obligations to the City must do one of the following: bring the obligation current or agree to an offset which shall be established by the contract which shall be issued to the successful bidder.

___________, 2021 Matthew F. Fitzgerald

Purchasing Manager

CITY HOMELESS SERVICE CENTER PROJECT OVERVIEW AND SCOPE OF SERVICES

OVERVIEW

It is the goal of the City of Portland to operate a new state-of-the-art, one story, adult Homeless Service Center Project to replace the Oxford Street Shelter. It will be open 24-hours and 7-days a week with on-site meals and a wide range of services including: health and mental health care, substance abuse treatment, housing assistance, peer support, case management, employment, and more.

The current adult shelter, Oxford Street Shelter, is not owned by the City, is poorly configured, and requires residents to vacate the facility every morning with all of their belongings. The building has three floors which require almost double the number of staff who could oversee guests in a single- story building designed specifically to shelter guests. It also has cramped sleeping space which necessitates floor mats rather than cots and utilizes a large area for sleeping in the eaves of the building.

The City anticipates that the **Project will support a capacity of 200 guests under pandemic social distancing requirements** and include the following elements:

- Single floor
- Covered entryway
- Security office adjacent to main entrance with space for CCTV monitors
- Double entry access (enough space to do searches before shelter guests may enter shelter)
- 200-space locker room attached to the building with internal and external entry – unheated
- Multi-purpose room/dining area with 200 seating capacity. Area for buffet style serving and access to kitchen
- Kitchen with room/equipment to serve 200, food prep area for breakfast, lunch, and dinner items, salads, soups, sandwiches, materials. Walk-ins, storage, freezers to hold enough prepared meals to serve 200 one hot meal per day - for up to one week
- Staff office area – 16 offices, conference room, copy/office equipment and storage areas, male/women bathrooms, gender neutral bathroom with shower, break room, reception area, waiting area, server room and electrical room – direct access to parking area.
- 15-20 staff lockers
- Large dormitory for male guests – 144 raised beds – 6 feet between, Female – 60 beds.
- All beds to have electrical outlets next to beds.
- Observation area where staff has a direct line of vision into all sleeping space and multipurpose space – containing a small meeting room and office large enough to

accommodate wheel-chairs. Areas for computers and printers.

- Laundry/utility room
- Men/Women/ Gender Neutral bathrooms/showers
- Three to four multi-purpose meeting rooms for service center guests having meetings, classes, activities, etc.
- Storage areas and a mechanical room
- Maintenance room
- Exterior trash compactor and appropriate space for recyclables and compostable waste
- An enclosed court-yard accessible from inside the service center only (emergency exit directly outside but alarmed). Partial cover.
- Parking for 28-30 vehicles
- Attached Health Clinic with direct access from inside the service center and also a separate entrance from outside the service center including:

    - ✔ 4 exam rooms
    - ✔ Reception and waiting area
    - ✔ Patient/staff bathrooms
    - ✔ Lab
    - ✔ Storage
    - ✔ 2 offices
    - ✔ Isolation room

The above design elements are based upon an initial preliminary plan and it is understood that although the functional elements of the Project will not change, the location and ultimate programming of the facility may change as the design is developed. The above itemization for programming of the space is given as a guide to elucidate the scope of design and is not considered final.

SITE

The Portland City Council approved 654 Riverside Street as the site for the Project. See attached pages to this RFP for a property description including maps, general notes and narratives.

<u>Site Constraints</u>

1. Easement required to access and maintain City Communication Tower.
2. Drainage easement on the south side of the site.
3. Easement at the site entrance required to access Portland Trails network to the Presumpscot River.
4. Site environmental assessment reports, recorded subdivision plan (2 amended recorded plans and proposed 3rd Amendment, including proposed 4-2 legal description). Also, a Phase II Environmental Assessment is available.

5. City is responsible for amending the Riverside Street Industrial Subdivision Plan to include the subject parcel (7.01 acres Lot 4-2). All current subdivision encumbrances apply.
6. Property to remain in City ownership and leased to the selected proposer.

SCOPE OF SERVICES

Space Programming

Provide a complete and final functional program for the new Project. This phase will include an initial project cost estimate. It will require meetings with the City's Health and Human Services Division to ensure all program requirements have been captured and integrated into the design.

Design

Provide the complete design for the Project. This phase of the project will include monthly meetings with the Homeless Service Center Committee and completion of all requirements associated with the City of Portland Planning Board's Major Site Plan Review. Project cost estimates will be completed at the 75% and 95% design level.

Administration

Provide inspection (including structural special inspections), supervision, and design support services during building erection. Firms should include in their fee for this item a continuous on-site resident architect or engineer for the duration of any pre-occupancy period.

Ownership and Management

The City is interested in establishing a long-term relationship with the Project developer and building owner.

The City expects, at this point, to enter into one or more long-term leases or other agreements with the selected proposer in form and substance satisfactory to the City, pursuant to which, the City would lease the land to the proposer to develop the Project and lease back the Project to the City. It is expected the City would take ownership of everything on the land at the end of the lease term. All state, federal and local funding options will be explored to off-set the cost of the Project including facility operational costs.

Milestones

There will be a number of milestones established, during the Project design process, to estimate the overall Project costs along with estimating the cost of the space lease arrangement.

APPLICATION REQUIREMENTS, SELECTION CRITERIA AND APPROVAL PROCESS

APPLICATION REQUIREMENTS

The Application should include the following:

1. Name of the Project developers and all members of the development team,

2. Developer and developer's teams experience working on a municipal facility and specifically social service organization (i.e. shelters, etc.) or housing type facilities. Please provide the name and location of specific built facilities and associated municipal contact(s) related to any public-private partnerships.

3. Outline fees for services based upon the Project Scope of Work categories (Space Programming, Facility Design and Project Management, etc.).

SELECTION CRITERIA AND APPROVAL PROCESS

A Selection Committee will be established by the City Manager to review and rank all proposals. The final decision on proposal selection will be made by a Portland City Council Committee and/or Portland City Council.

RFQ/RFP selection criteria includes the following:

Developer and Team Experience (60 points)

The Team with the most combined design, ownership and housing facility management experience including public-private financial partnership experience will receive the maximum number of points.

Cost arrangement to support the Project (40 points)

The Team which demonstrates the most cost-effective approach to work with the city for the Proposed Project will receive the maximum number of points.

The proposal should include a detailed annual estimated cost for the entire facility, and ongoing, insurance, maintenance, repair and other expenses. The city is evaluating the annual financial capacity to enter into a long-term lease. Preliminary lease rate estimates are in the range of $1 million to $1.4 million per year over a 20-year period, after which the City would take ownership of the leased premises. The City would also consider a 30-year period if the lease cost was in the $0.5 million to $0.8 million per year.

ATTACHED PROPERTY DESCRIPTION, MAPS, GENERAL NOTES AND NARRATIVES

654 Riverside Street
Portland, Maine

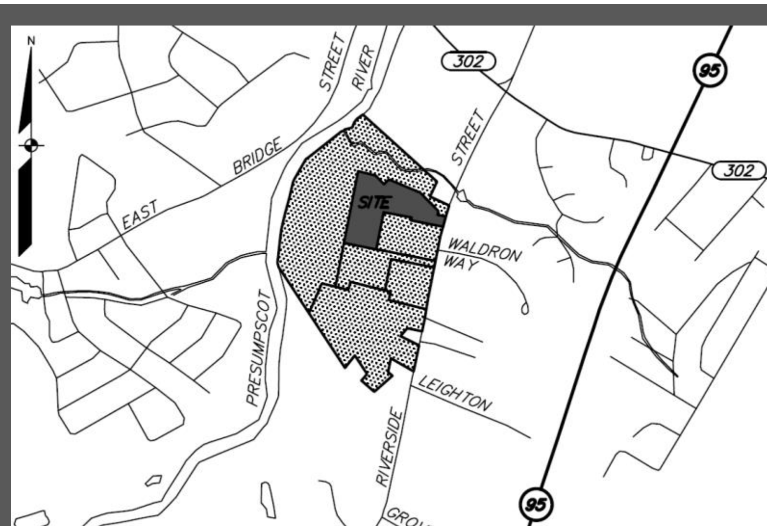
Address: 654 Riverside Street

Owner: City of Portland, Maine

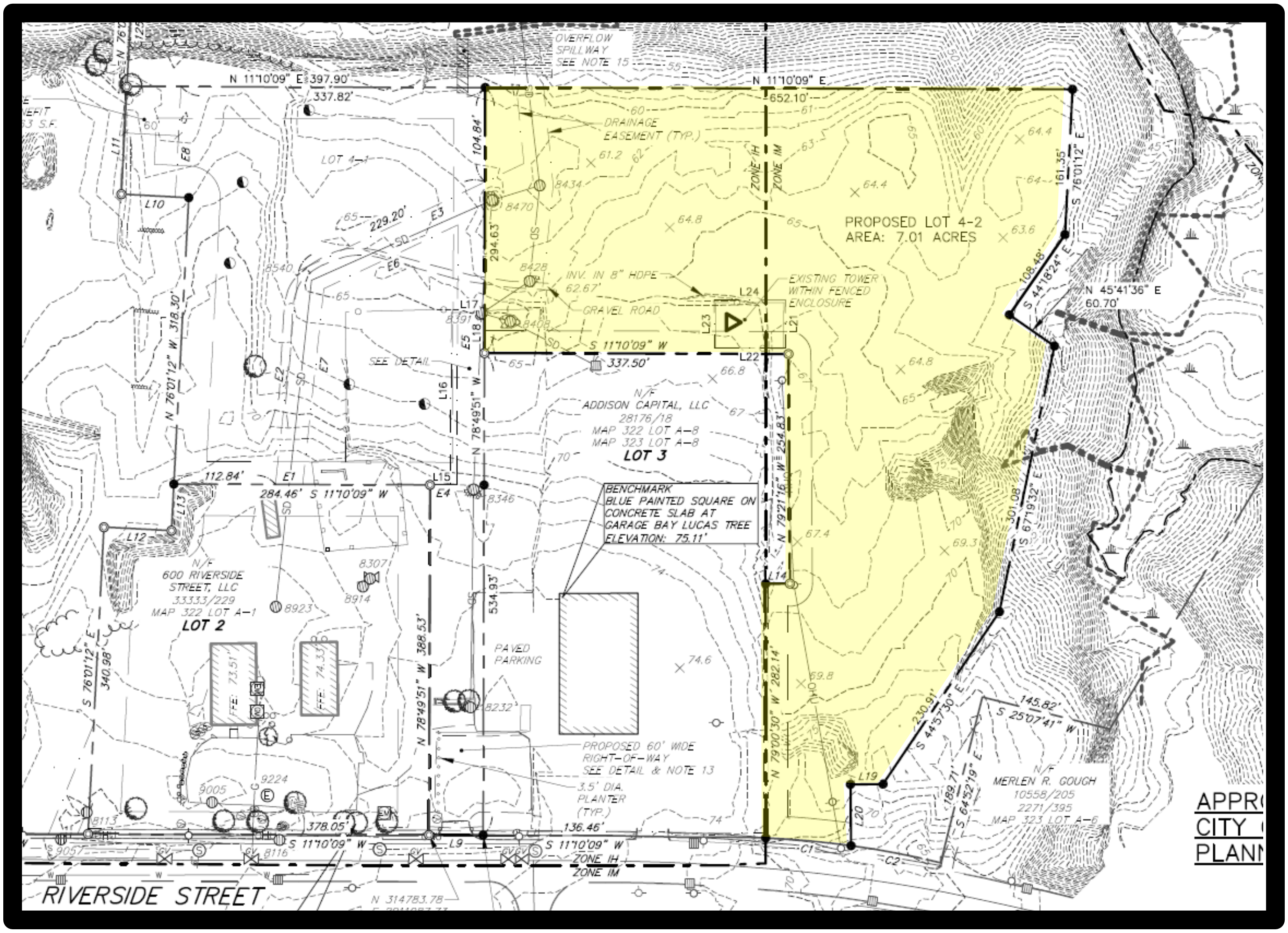
Tax CBL: 3 2 3 A 0 0 3

Lot Size: 7+ acres

Zoning: IM, IH



Location



General Notes

1. THE RECORD OWNER OF THE PARCEL IS THE CITY OF PORTLAND BY DEED DATED MAY 18, 2010 AND RECORDED AT THE CUMBERLAND COUNTY REGISTRY OF DEEDS IN BOOK 27825, PAGE 68.

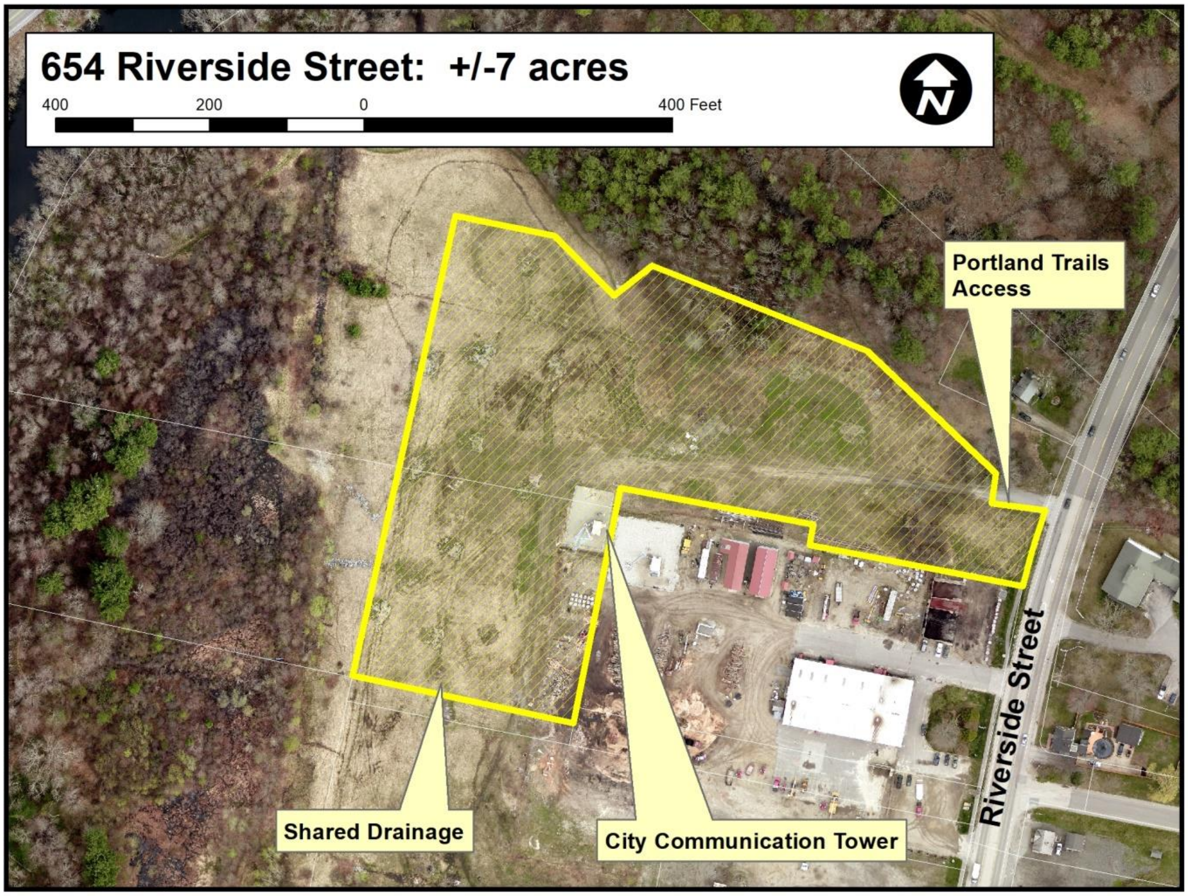
2. THE PROPERTY IS SHOWN AS MAP 322 LOT A-10 AND MAP 323 LOTS A-3 & A-5 CITY OF PORTLAND TAX MAPS AND IS LOCATED IN THE IH AND IM ZONING DISTRICT DISTRICTS.

3. SPACE AND BULK CRITERIA FOR THE IH/IM ZONING DISTRICT ARE AS FOLLOWS:

MINIMUM LOT SIZE:	NONE (CORRECTIONAL 10,000 SF)
MINIMUM STREET FRONTAGE:	60 FEET/60 FEET
MINIMUM FRONT YARD:	25 FEET/1' PER 1' OF BUILDING HEIGHT UP TO 25 FEET
MINIMUM SIDE YARD:	35 FEET/1' PER 1' OF BUILDING HEIGHT UP TO 25 FEET
MINIMUM REAR YARD:	35 FEET/1' PER 1' OF BUILDING HEIGHT UP TO 25 FEET
MAXIMUM BUILDING HEIGHT:	75 FEET/75 FEET
MAXIMUM IMPERVIOUS SURFACE RATIO:	85%/75%
PAVEMENT SETBACK FROM LOT BOUNDARIES:	10 FEET /10 FEET

* SIDE & REAR SETBACKS ARE 35' FROM ABUTTING RESIDENTIAL ZONE
* SEE ORDINANCE FOR MORE PARTICULAR INFORMATION.

4. TOTAL AREA OF THE PROPOSED LOT 4-2 IS APPROXIMATELY 7.01 ACRES.



Notes/Narrative

1. Easement required to access and maintain City Communication Tower.
2. Easement at site entrance required to access Portland Trails network to the Presumpscot River.
3. Site environmental assessment reports, recorded subdivision plan (2 amended recorded plans and proposed 3rd Amendment, including proposed lot 4-2 legal description), and Purchase and Sale Agreement template are available on-line at: https://portlandmaine.gov/DocumentCenter/Index/85 Also, a Phase II Environmental Assessment is available.
4. City responsible for amending the Riverside Street Industrial Subdivision Plan to include the subject parcel (7.01 acre Lot 4-2.) All current subdivision encumbrances apply.
5. Property to remain in City ownership.

PROPOSAL FORM

City Homeless Service Center Project – Request for Developer/Owner Interest

RFQ/RFP #

** THIS SHEET MUST BE INCLUDED IN YOUR PROPOSAL **

The undersigned hereby declares that he/she or they are the only person(s), firm or corporation interested in this proposal as principal, that it is made without any connection with any other person(s), firm or corporation submitting a proposal for the same, and that no person acting for or employed by the City of Portland is directly or indirectly interested in this proposal or in any anticipated profits which may be derived there from.

The undersigned hereby declares that they have read and understand all conditions as outlined in this Request for Proposals, and that the proposal is made in accordance with the same.

The bidder acknowledges the receipt of Addenda numbered: ___________________________

COMPANY NAME: ____

AUTHORIZED SIGNATURE: ____

DATE: ____

PRINT NAME & TITLE: ____

ADDRESS: ____

E-MAIL ADDRESS: ____

PHONE NUMBER: _____________________ FAX NUMBER: _________________________

TYPE OF ORGANIZATION - PARTNERSHIP, CORPORATION, INDIVIDUAL, OTHER:

____

STATE OF INCORPORATION, IF APPLICABLE: _________________________________

FEDERAL TAX IDENTIFICATION NUMBER (Required): _________________________

NOTE: Proposals must bear the handwritten signature of a duly authorized member or employee of the organization submitting a proposal.