Minutes
Remote Housing and Economic Development Committee
March 2, 2021

NOTE: This meeting was held via Zoom and can be viewed at this link: http://www.portlandmaine.gov/1695/Economic-Development-Committee These Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, March 2, 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 (arriving as noted herein). Also present from the City Council were Mayor Snyder and Councilors April Fournier and Belinda Ray (latter two arriving as noted herein). Present from the City staff were Public Facilities Director Kathy Alves, Housing and Community Development Division Director Mary Davis, Associate Corporation Counsel Michael Goldman, Housing and Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, and Housing Program Manager Victoria Volent.

Item #1: Zoom Meeting Information – no Committee action required.

Item #2: Review and vote on February 2, 2021, draft meeting Minutes.

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

Item #3: Creative Portland presentation and request for additional Tax Increment Financing Funds for Committee discussion and direction – Kate Anker

Chair Thibodeau said that Creative Portland (CP) Board President Kate Anker would give an overview, which will be followed by questions from the Committee and others present.

This is a first review and it would come back here for a recommendation to staff, who would then communicate this to the Finance Committee as it reviews the City's FY2022 Budget.

Mr. Mitchell said that the request is from the CP Board of Directors, and noted that Councilor Chong was on that Board.

(Councilor Zarro joined the meeting at this time.)

Mr. Mitchell also noted that the CP Executive Director Dinah Minot and Program Assistant Katie Page are City employees within his Department.

Ms. Anker thanked the Committee for their consideration of this request asking for an increase in annual TIF funding for CP. The Pandemic caused a major shut down across the arts sector but CP is re-growing the sector with just two staff stretched thin and working hard. CP is seeing encouraging trends with artists returning and new ones taking up residence in Portland. CP can continue to leverage City investments in growing the creative workforce. It is seeing momentum and a phased approach for increased TIF funding to CP would leverage other sources of funding and continue the momentum to revive the creative economy to include performing arts showcases, curate public art installations, and manage juried arts exhibitions, among other programs. She also noted that CP created the Portland Artist Relief Fund in April 2020, dispersing grants to artists one month after COVID-19 shutdowns. CP's commitment, by both Board and staff, will nurture and sustain the local arts ecosystem.

Chair Thibodeau noted that the last page of the CP Agenda item shows the requested phased approach for increased funding.

Councilor Chong said that the arts community is an economic engine for Portland and provides some of the best return of investment, that is for every $1 investment $15 comes back. The Creative Economy in Maine, including restaurants, is a $1.4 Billion industry. Leaders see it as important, and Think Tanks look for arts communities as a desired location. It creates jobs and attracts people here. The Pandemic did hit the arts sector very hard and it will rebuild, particularly with CP's assistance. CP's phased approach works so CP can generate more revenue as the Pandemic slowly ends and its shows like "Hear Here" come back. All great cities have a great arts community and he fully supports this request, both as a City Councilor and as a resident of Portland.

(Councilor Fournier joined the meeting at this time.)

Councilor Zarro agreed, noting that CP brought him to Portland and he has a good relationship with the organization and would support increased investment by the City.

Councilor Ali also agreed noting past successes and projects/programs continuing and growing in the future.

Chair Thibodeau inquired about how CP is currently funded and staffed.

Mr. Mitchell said that CP is currently funded through the Downtown Transit Oriented Development (TOD) TIF District through a maximum annual cap of $100,000. CP staff were previously funded by CP and managed by the Board. Approximately two years ago, CP staff transitioned to City employees in the Housing and Economic Development Department (HEDD). HEDD is supported with TIF Funds from the area-wide TIF Districts of the Downtown TOD TIF, Waterfront TIF, and the Bayside TIF. The $100,000 in the Downtown TOD TIF for CP does not cover all of the CP salaries and fringe benefits, estimated at $140,000+.

Chair Thibodeau then clarified that the City now provides $100,000 annually in CP TIF funding, and the first request for FY2022 is to increase this by $155,000, so total TIF funding requested is $255,000 in FY2022. He then referred to the last page in the CP Agenda packet item, particularly personnel costs and would like more detailed information, particularly if it would impact HEDD. He also requested more clarity on the total TIF Funding request being proposed each year, i.e., for FY23 is CP requesting $350,000 in total TIF funding and so on.

Mr. Mitchell said that CP can provide more specifics for Committee review at its next meeting. Amendments to the Downtown TOD TIF would be needed, if that is the direction, for review and approval by the City Council and MDECD.

Councilor Chong looked forward to learning more specifics about where the increased TIF investment would be targeted over the years.

Noting no further discussion, Chair Thibodeau thanked CP President Kate Anker and its staff for their work for the creative economy and looked forward to further considering this request at the next meeting.

Item #4: Public hearing and vote to recommend to the City Council the 45 Brown Street (Unit 2) Affordable Housing TIF District and Credit Enhancement Agreement (CEA) Request.

(Councilor Ray joined the meeting during this item.)

Mary Davis introduced this item. This proposal was in front of the Committee earlier in the year. Based on direction from the Committee, staff worked with the 45 Brown Street Presidium development team to discuss possible changes to their proposal. The numbers and data in the Committee packet reflects those changes. The current proposal is for 275 units of rental housing with 50% of the total units having affordable housing deed restrictions for thirty year. 28% of the total units would be affordable to households earning 80% AMI which exceeds the inclusionary zoning requirement of 25%, almost 10% of the units will be affordable at 100% AMI, and 12% will be affordable at 120% AMI. The Affordable Housing

TIF is a state statute that sets minimum guidelines for allowable terms for Affordable Housing Tax Increment Financing. The city can elect to choose more restrictive guidelines. The TIF statute says 33% of the units are to be affordable at or below 120% AMI. In this project, 50% of the units would be affordable at or below 120% AMI. The revised proposal includes keeping the land and the parking garage portion of the development in the Downtown TIF district. All floors above the parking garage structure would be included in the AH TIF District. The Tax Assessor help put together the property tax assessments to assist with putting together this property tax revenue estimate. The TIF revenue would be capped based on the type of reimbursable costs sought by the developer. Based on the review by a third party underwriter, the analysis supports the request and indicates it is in line with past City Council approvals. Rents were calculated similar to the inclusionary zoning regulations. The analysis does include several conditions that need to be met prior to finalizing the TIF.

Greg Mitchell noted the City initiated a request for a public restroom in the project. 45 Brown Street is considered a strategic location for a public restroom. The concept presented for consideration is a public-private partnership with developers that are redeveloping significant properties that could incorporate a public restroom into their project. The developers have agreed in concept to carve a space within the parking garage, at grade, on a public street facing location, in ADA compliance, for a unisex restroom. The City would pay for the interior. The form of ownership is to be negotiated for a 90 plus year agreement. This would be incorporated in the parking structure. It is not associated with the AHTIF District related to the residential units. Maintenance is the City's responsibility while the City would work closely with the developer to ensure adequate security.

Councilor Fournier asked a clarifying question regarding the public restroom and the TIF associated with the parking garage and asked if there are examples of other parking garages with public restrooms.

Kathy Alves provided information regarding parking garages with public restrooms.

Councilor Ray wished to clarify the Credit Enhancement Agreement is a 75/25 split over 30 years, the garage is not part of the AHTIF, and this project would be the first AHTIF project that is not requesting LIHTC.

Greg Mitchell noted 104 Grant Street was an AHTIF project that did not request LIHTC. In response to the City's goal to address housing for the missing middle, there is an expectation the City will see more AHTIF projects that are not also LIHTC projects.

Committee members asked further clarifying questions.

Chair Thibodeau opened the meeting to public comment.

Joey Brunelle (61 Kellogg Street) – supports the concept of the public bathrooms. Worried about how rushed this proposal seems to be. Asked clarifying questions on best practices for public restrooms.

Jonathan Culley (Redfern Properties) - Redfern is in the planning stages for two large projects in Portland with very similar product type and very similar income targeting to what is being proposed at 45 Brown Street. Redfern is not advocating for or against the AHTIF, but they are watching very, very closely. Their current plan is to move forward without subsidies from the City with the proposed Mercy Hospital redevelopment and new construction at 200 Federal Street. If the City decides to begin subsidizing for profit apartment developers, then they would certainly like to have a conversation.

John Anton (77 Spruce Street) – concerned and strongly disagrees with the statement the proposed AHTIF is consistent with past practice. The targeting in this project is very different from past TIFs. Asks this Committee and the Council to look at both its affordable housing policies broadly and its TIF policies specifically as regards the missing middle issue. This is a significant issue in the "for sale market" but not a significant issue in the "for rental market". This project would establish a precedent, and it is not a good deal.

George Rheault (28 Hanover) – Seems to be a discrepancy with the acreage on the site plan and the footprint labeled in other materials. The existing garage with 340 spaces would be significantly reduced with the new garage. Concerned how losing almost 100 parking spots would impact the area. There has been no neighborhood outreach in the Bayside neighborhood. Does not object to the TIF. But there should be neighborhood outreach.

Chair Thibodeau closed the public comment period

Councilor Chong- supports the project. Negotiations went in a positive trend. Supports creating rental housing for the missing middle. Likes the idea of a public restroom. Support greater density in the downtown area.

Councilor Zarro- Overall a good project. Checks a lot of boxes. When would the neighborhood engagement begin?

Mary Davis noted neighborhood engagement occurs throughout the planning process, and she discussed the AHTIF process.

The Committee further discussed the proposal.

Chair Thibodeau said this is an interesting project. Thinks it should be moved to Council for consideration.

On motion made by Councilor Chong, seconded by Councilor Ali, the Committee voted 3-1 (Zarro no) to forward this item to the Council.

Item #5: Public hearing and vote to recommend to the City Council amending the Downtown Transit Oriented Development (TOD) TIF District to remove Unit 2 at 45 Brown Street (proposed Affordable Housing TIF over Unit 1 – Parking Garage) in order for the above ground residential project to be an Affordable Housing TIF District.

Mr. Mitchell noted that as part of the project, staff talked with the Developer about incorporating a public restroom and the Developer is amenable to this.

Chair Thibodeau requested that Corporation Counsel incorporate this into the project.

Councilor Chong made a motion to recommend to the City Council amending the Downtown TOD TIF District for the Affordable Housing TIF Project; Councilor Zarro seconded the motion.

Councilor Chong then made a motion to amend the main motion to incorporate a public restroom; Councilor Zarro seconded the motion.

Chair Thibodeau then asked for a vote on the amendment to the main motion and it passed unanimously (4-0). Chair Thibodeau then asked for a vote on the main motion and it passed unanimously (4-0).

Councilor Zarro requested this to have as much detail as possible when it comes to the City Council.

Item #6: Communication: HomePort Guidelines Amendment Update

Mary Davis presented this item as a communication item. In 2015, the HomePort Program was discontinued. In response to a recent inquiring requesting a waiver of the recapture provisions, HCD staff sought guidance from the HUD field office. After a review of Portland's

HomePort Program, HUD determined the program guidelines did not comply with HOME regulations. The HomePort portfolio contains 65 City of Portland loans. Under the revised program terms, the shared appreciation will be returned to nine HomePort borrowers. Notices of the program provisions along with a loan modification agreement will be mailed to all HomePort borrowers with active loans in the city's portfolio. These changes will be incorporated in the Annual Action Plan that will be reviewed by the City Council and submitted to HUD in May.

Item #7: Quarterly HEDC 2021 Work Plan Check-In

Consensus of the Committee was to table this item to its next meeting.

Item #8: 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 related to an offer to acquire Lots 6 and 7 located in the Portland Technology Park.

Chair Thibodeau asked Corporation Counsel if this was an appropriate item for executive session, and Mr. Goldman answered in the affirmative.

Chair Thibodeau then noted that the meeting on Zoom will end now, and then the Minutes will reflect the time of the executive session after which the Committee will immediately adjourn the meeting.

On motion made by Councilor Zarro, seconded by Councilor Chong, the Committee voted unanimously (4-0) at 8:09 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119-A to provide staff direction on possible negotiations for sale of City lots 6 and 7 at Portland Technology Park.

At approximately 8:30 p.m., the Committee came out of executive session and on motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to then adjourn the meeting.

Respectfully, Lori Paulette and Victoria Volent