Minutes
Remote Housing and Economic Development Committee
April 20, 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, April 20, 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 from the City Council was Mayor Kate Snyder and Councilor April Fournier. Present from the City staff were, Associate Corporation Counsel Michael Goldman, Housing and Community Development Division Director Mary Davis, 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 April 6, 2021, draft meeting Minutes

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

Item #3: Presentation and Committee discussion on the Rental Housing Advisory Committee 2021 Work Plan

Chair Thibodeau introduced this item by noting that with the creation of the Rent Board, in addition to the already established Rental Housing Advisory Committee, the HEDC requested staff to provide a summation of the roles and responsibilities of the RHAC.

Mary Davis provided a high-level overview of the RHAC as outlined in the City Code. She also noted the RHAC met with the Housing Committee in October of 2020 to provide an update on their activity, and to present a request for direction, from the Housing Committee of items of interest for the RHAC to work on. That direction was postponed due to the anticipated change in the Committee membership due to the November 2020 election. When the HEDC met earlier this year, the HEDC noted they preferred to wait and provide direction after the Rent Board began their work. In the meantime, it was suggested the RHAC to put together a potential work plan for review and feedback by the HEDC. Three members of the RHAC attended the HEDC meeting; co-chairs of the RHAC, Regan Sweeney, and Meredith Cook as well a RHAC member Nora Graves.

Regan Sweeney indicated he had not prepared a formal presentation but is available to answer any questions from the HEDC. Meredith Cook said she was hoping to walk away with more clarity and direction for the group.

Members of the HEDC thanked the RHAC for their work and the ideas presented in their memo. Councilor Chong asked if the RHAC would conduct some type of listening session for the various demographics and population of renters. Chair Thibodeau would like to look at the ideas collected from the 2016 housing-charrette/forum and see what remains applicable now. He also noted his commitment to the RHAC. The HEDC and RHAC discussed expectations and how to best move forward. Consensus of the HEDC is to provide feedback on the RHAC memo and provide their own items for consideration to staff for their next meeting. The RHAC would come back to the HEDC with an update on which items they would like to take up for discussion, and the RHAC would meet with the HEDC during the summer with a status update,

Mary Davis noted the next meeting of the RHAC is May 24. Meetings are held via zoom and are open to the public to participate.

Item #4: Public Hearing on the Portland Foreside Project Tax Increment Financing Credit Enhancement Agreement Request for Committee discussion and direction – Greg Mitchell

Mr. Mitchell noted that this item was advertised as a Public Hearing with no vote requested from the Committee but rather for Committee direction to staff. The Agenda also notes that the Committee may go into executive session. This is not a new request but slightly different from the March 2020 request to the Economic Development Committee, which also included a Business Improvement District (BID). The request today is for a Transit-Oriented Development (TOD) TIF District with Credit Enhancement Agreement and no BID request. Because of the pandemic, the developer has faced many challenges which are documented in the backup provided in the packet by the developer. Casey Prentice is available if you want to here about his challenges. Staff is requesting Committee direction as to whether the City should proceed with negotiations for a TIF, which request is for 20 years at 65% capture to the developer and 35% to the City, which TIF proceeds would be used for on-sight infrastructure as defined in page 8 in the backup. The build-out value is estimated at over $400 Million in new investment, where a 65% capture would return just over $120 Million to developer and $64 Million to the City over the life of the District. Mr. Mitchell noted that the City is in a revaluation year, so these numbers are estimates and will be adjusted based on the revaluation. The area of the TIF District is proposed to be the private property and other areas of public property, including Ocean Gateway and the Maine State Pier in order to direct TIF revenue into those areas as well. These properties would need to be removed from the Waterfront TIF to be a free-standing TOD TIF District.

Chair Thibodeau noted that back in February 2020, the Economic Development Committee (EDC) provided some feedback at that time. The City focus for TIF Districts is for affordable housing. He then opened the meeting for public comment.

Joe Brunelle of 61 Kellogg Street noted that this would be a bad investment and dangerous precedent by the City if it moved forward. This is a project that does not City subsidy; the cost analysis does not work. Instead, the City needs to take care of its basic needs.

Casey Prentice, 110 Free Street, said he was here to answer any question. The proposed TOD TIF District would provide new revenue to the City.

Seeing no further public comment, Chair Thibodeau closed the public comment session.

Chair Thibodeau noted that there are statutory requirement and local requirements per City TIF Policy to be eligible for a CEA, and Mr. Mitchell agreed, including meeting the City's Green Building Ordinance.

Chair Thibodeau also noted that there is a need requirement as well in the City TIF Policy, and Mr. Mitchell agreed. A third-party is brought in to do a financial analysis, same as for Affordable Housing TIFs, but this has not yet been done yet for the subject request.

Councilor Chong asked about a phased development, and Mr. Prentice said that originally, back in early 2020, the financing package had to pledge all land, but then the Pandemic hit and the financing fell apart. The new lender has stricter requirements for collateral which is the driving force for the TOD TIF request.

Councilor Chong if there were any affordable housing units in the planned 400 units, and Mr. Prentice noted that there would be 40 following Inclusionary Zoning Ordinance, instead of buying out. He noted that the development wants to be inclusive of the neighborhood with a variety of rental units/housing options.

Councilor Chong asked if the Marina was generating revenue, and Mr. Prentice noted that it needs more infrastructure to make it happen, including underground wiring and sewer pumping/cleaning.

Councilor Zarro questioned if the City has done this kind of TIF District before, and Mr. Mitchell indicated that the Thompson's Point TOD TIF District was created in 2011 to assist with on-site infrastructure and utilities. Since then, the City's TIF Policy has changed three times, with the previous TIF policy allowing CEAs to assist with entire developments, including sidewalks and lighting.

Councilor Zarro noted 40 affordable housing units out of 400, asking if the development was subject to the green new deal.

Mr. Mitchell said that the development site is covered by an approved Planning Board Site Plan so it is grand-fathered versus current requirements of 25%. Mr. Mitchell also noted that because this is a commercial TIF request, versus AH TIF request, it follows Inclusionary Zoning versus Area Median Income.

Councilor Ali asked if the Committee direction is not to move forward, how would this impact the project.

Mr. Mitchell noted that there would likely not be a lot of investment at this time. If the Committee direction were to move forward, he would further work with the applicant on the development, possibly in a phased approach, and also would need to bring in a third-party to analyze financial necessity.

Councilor Chong indicated that the City's need there is not economic development; the City's needs are affordable housing and 40 affordable housing units out of 400 residential units in a $120 Million TIF investment does not provide a good return for the City or its taxpayers. This does not fit with the City's goals at this time so his recommendation would be to not move forward with the request.

Councilor Zarro agreed, noting the City's top goal is affordable housing. Although he understands the challenges for the project, he would not recommend moving forward.

Chair Thibodeau said that his guidance is similar to his colleagues to hold on this project. Should something else come before staff, please keep the Committee apprised.

Chair Thibodeau then noted the Committee is meeting twice in May, the 4th and the 18th, and would try to keep it to one per month during the Summer.

On motion then made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to adjourn at approximately 7:00 p.m.

Respectfully – Lori Paulette and Victoria Volent