

Minutes
Remote Economic Development Committee
May 27, 2020

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 Economic Development Committee (EDC) of the Portland City Council was held on Wednesday, May 27, 2020, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Justin Costa and members Councilors Tae Chong, Nicholas Mavodones, and Spencer Thibodeau. Also present was Mayor Kate Snyder. Present from the City staff were Housing and Community Development Division Director Mary Davis, Associate Corporation Counsel Michael Goldman, City Manager Jon Jennings, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and accept Minutes of previous meetings held on April 21, 2020, and May 5, 2020.

On motion made by Councilor Mavodones, seconded by Councilor Chong, the Committee voted unanimously to accept the Minutes as published.

Item #2: Public hearing and vote on a recommendation to the City Council on three Affordable Housing Project Tax Increment Financing (AHTIF) Districts Credit Enhancement Agreements (CEA) which has been reviewed by the Housing Committee:

- a. **Community Housing of Maine 83 Middle Street Project**
- b. **Avesta 200 Valley Street Project**

c. **Portland Housing Authority 577 Washington Avenue (Washington Gardens) Project.**

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

Mr. Mitchell noted that if all three AHTIF Districts were approved, they would generate 210 new residential units, of which 198 would be affordable. The 83 Middle Street AHTIF is currently in the Downtown Transit Oriented Development (TOD) TIF District, so there is a companion item on the Agenda for a recommendation to the Council to take the property out of the DT TOD TIF.

Ms. Davis said that the City has received five AHTIF District applications – these three, 104 Grant Street, and 337 Cumberland Avenue, the latter of which was on the EDC Agenda at its last meeting, but not taken up due to technical difficulty at the time. It is not on the Agenda today due to an additional element raised for the possibility of subsidized child care. This will be brought back to this Committee when ready, noting that childcare is an allowable use. Ms. Davis then summarized the three requests being reviewed today.

83 Middle Street AHTIF Request

Ms. Davis said that Community Housing of Maine is seeking an AHTIF to assist with operating costs, with a term of 30 years at 75% capture, averaging an annual TIF payment estimated at \$68,740 to assist with operating costs. The land under the development will be City-owned so will not be taxable, and the City is providing a 99-year lease at \$1.00 annually as approved by the City Council on September 4, 2019. The Project would provide 50 units of affordable housing for residents age 62 and over in a 5-story elevator accessible building with below grade parking garage. Ms. Davis then described the mix of funds for this Project, not including the TIF funding, as well as the mix of studio, one-bedroom, and two-bedroom units.

The City's annual tax sheltering savings is estimated at \$18,879.

Mr. Jennings noted that in negotiating this Project, there will be 11 units for the exclusive use of the City of Portland to reduce shelter clients.

200 Valley Street

Regarding Avesta's 200 Valley Street AHTIF Project, Ms. Davis noted that this will be at 75% capture and the maximum 30-year TIF term. This Project would provide 60 units of mixed income rental housing, of which 48 units will have income restrictions. If this AHTIF is approved, it would provide an estimated annual TIF payment to Avesta at \$136,409, to offset operating costs. She then noted the mix of funding for the Project, as well as the mix of studio, one-, two-, and three-bedroom units. Of the units, 48 will have income restrictions: 36 will be reserved for households at or below 50% AMI, and 12 will be reserved for households at or below 60% AMI. The remaining 12 units will be unrestricted market rate. The City's annual tax sheltering savings is estimated at \$37,464.

577 Washington Avenue/Washington Gardens

Ms. Davis said that the Portland Housing Development Corporation (PHDC) plans to provide upgrades for improvements and accessibility to Washington Gardens – housing for seniors and persons with disabilities. Washington Gardens now contains 100 rental units within 15, two-story residential buildings and all 100 units will remain but be upgraded. PHDC will provide alternative rental during the rehab phase. If this AHTIF is approved, it will provide an annual TIF payment estimated at \$190,500 to assist with Project operating costs. TIF sheltering savings is estimated at \$50,229 annually.

Councilor Thibodeau asked about the need for these AHTIFs and if the Projects would meet City TIF Policy for compliance with the City's Green Building Code.

Ms. Davis noted that the City TIF Policy allows for AHTIFs to go to 75% capture and 30

years, as many of the AH Projects also apply for Low Income Housing Tax Credits (LIHTC), which is a very competitive process with limited resources. The AH developers get more points if they received an AHTIF at 75% capture over 30 years.

Ms. Davis said that per City TIF Policy, an independent financial underwriting for each application will be completed prior to placing these requests on the Council agenda for approval.

As far as compliance with the City's Green Building Code, Ms. Davis noted that the Projects would be in compliance.

Chair Costa also noted that commercial TIF Projects are only eligible for up to 65% capture rate over 20 years, and that there has been only one approved over the past five years – that being for ImmuCell.

Chair Costa then opened the meeting for public comment on these three AHTIF requests, as well as taking out 83 Middle Street from the Downtown TOD TIF for it to be a free-standing AHTIF.

George Rheault of Bayside questioned, for the 83 Middle Street Project, where the City employees who are parking there now would go and costs involved. He also questioned whether this Project morphed from late last Summer to losing a floor, and how would the City enforce Passive House Standards. Regarding Washington Gardens, Mr. Rheault noted that it is not new housing as Mr. Mitchell mentioned but renovated housing from the 1960s, and there should be more dense development there. Regarding Valley Street, next to an emergency shelter, Mr. Rheault questioned why certain neighborhoods get better AH developments.

Noting no further public comment, Chair Costa closed the public comment session.

Regarding the parking question, Mr. Jennings noted that there are options being worked through.

Chair Costa asked about timing for that, and Mr. Jennings said within a year and a half.

Chair Costa asked about any zone changes, and Ms. Davis noted that there are no zoning request changes for these Projects.

83 Middle Street AHTIF

A motion was then made by Councilor Mavodones, seconded by Councilor Chong, to forward the 83 Middle Street AHTIF Project to the City Council with a recommendation for approval.

Councilor Thibodeau recognized staff work on this Project and it is an exciting step forward. He also noted that most of the CEAs the City has now are for AHTIFs, which is a good thing for the City and noted the work being done here and at the Housing Committee to move them forward.

Councilor Chong agreed and was pleased that it will be designed to Passive Housing Standards for energy savings.

Chair Costa thanked staff for their work on all three AHTIF requests, noting that this is not the first time the Committee has talked about these Projects. All have similar and unique financing structures, with many regulations for the financing, and having the AHTIF TIF tool is also an important element.

Chair Costa then asked for a vote on the motion and it passed unanimously 4-0.

200 Valley Street AHTIF

A motion was then made by Councilor Chong, seconded by Councilor Thibodeau, to forward the 200 Valley Street AHTIF Project to the City Council with a recommendation for approval. Seeing no comments, a vote was then taken on the motion and it passed unanimously 4-0.

577 Washington Avenue AHTIF

A motion was then made by Councilor Mavodones, seconded by Councilor Thibodeau, to forward the 577 Washington Avenue/Washington Gardens AHTIF Project to the City Council with a recommendation for approval. Seeing no comments, a vote was then taken on the motion and it passed unanimously 4-0.

Item #3: Public Hearing and vote to recommend to the City Council to amend the Downtown Transit-Oriented TIF District to remove 83 Middle Street from the District for it to be its own free-standing Affordable Housing TIF District

Chair Costa, as noted earlier, this is a companion for the proposed 83 Middle Street AHTIF request.

On motion made by Councilor Mavodones, seconded by Councilor Thibodeau, the Committee voted unanimously 4-0 to recommend to the City Council removal of 83 Middle Street from the Downtown Transit-Oriented TIF District so that it can be its own free-standing AHTIF District.

Item #4: Public Hearing on Land Exchange Agreement between the City of Portland and JB Brown, including discontinuance of an undeveloped portion of Emery Street at the Commercial Street intersection and vote to recommend to the City Council.

Consistent with advice from Corporation Counsel, Councilor Thibodeau said that he would recuse himself from participating in this matter as his employer represents JB Brown; he then left the meeting.

Chair Costa said that the Committee has discussed this item in executive session, and Mr. Mitchell will now summarize the proposed transaction for the public, followed by a public hearing, and vote on a recommendation to the City Council.

Mr. Mitchell said that under EDC direction, a draft Land Exchange Agreement (LEA) has been negotiated and in the Committee packet, to exchange land at the end of Quarry Road owned by JB Brown for a piece of undeveloped Emery Street. The City has been using land at the end of Quarry Road and asked JBB about acquiring it, which began a conversation of a land swap to assist with the development of the Veteran's Administration headquarters, including office building and parking garage. This would also involve the process to discontinue that portion of the undeveloped Emery Street. Because of the steep slope, it has never been connected to Commercial Street. Right of ways and easements will continue for utilities, as well as a pedestrian access easement. Mr. Mitchell also noted that JB Brown owns property on both sides of the undeveloped Emery Street so would get ownership of this property through a discontinuance anyway. Both properties have a value of \$49,000. A License Agreement would also be entered into, if the LEA is approved by the City Council, to provide near-term access to the undeveloped Emery Street.

Mr. Jennings noted that the City has been using that part of the Quarry Road for overflow needs and it is needed.

Chair Costa opened the meeting for public comment.

George Rheault of the Bayside neighborhood questioned when the public ever learned about this, noting maybe at the 2/13/2020 meeting. He would like to see a timeline of this transaction. He also noted that the VA plan was approved previously and did not need this land. He also suggested a civil engineer's opinion be obtained about developing Emery Street to Commercial Street, and also noted that the Quarry Road parcel is a completely useless parcel to anyone who does not own land in that area, suggesting an indepth appraisal be done.

Vin Veroneau, President of JB Brown, noted that the initial site plan did show the development not using Emery Street. With the City requesting to purchase the land it was using

at the end of Quarry Road, and JB Brown willing to sell, discussions moved further about a land exchange. It then made sense to alter the plan and, and Mr. Veroneau further described the use of the undeveloped Emery Street, public benefits, including a pathway along West Commercial Street and another from Emery Street to West Commercial Street.

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

Councilor Mavodones made a motion to recommend to the City Council approval of this transaction; Councilor Chong seconded the motion.

Councilor Mavodones said that the timing is good for the City. JB Brown and Mr. Veroneau are good corporate citizens, and this site will be enhanced for both parties and for the public good.

Councilor Chong also noted that it creates efficiency for all, and an opportunity for the City to have access for pedestrians. It is a smart move, and a fair trade with equal value. Councilor Chong also noted that value of the City using that Quarry Road section at no cost.

Chair Costa thanked staff for bringing this forward and requested a timeline of discussions for the item. The LEA makes sense, with the two parcels not of use to anyone else. Chair Costa also noted that Public Works moved out of Bayside, which has resulted in better uses of those properties in the Bayside area. Regarding building Emery Street to Commercial Street, the Chair did not think there was ever a proposal to do that, and the City is maintaining substantial easement rights, noting this is a relative minor transaction. He then asked for a vote on the motion and it passed unanimously 4-0.

Item #5: Executive Session per 1 M.R.S.A. 405(6)(C) to provide direction to staff regarding the possible disposition of Angelo's Acre located at 431 Commercial Street.

Chair Costa noted that Councilor Thibodeau would be rejoining the meeting for this item. Because the Committee will not come back after executive session, this Remote Webinar

will end upon the vote to go into executive session.

Councilor Chong made a motion to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to provide direction to staff regarding the possible disposition of Angelo's Acre at 341 Commercial Street; Councilor Mavodones seconded the motion.

Chair Costa asked if there was any public comment.

George Rheault of Bayside objected to the executive session, asking if this was being contemplated for sale through either RFP or sole source, asking for more information.

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

Chair Costa then noted that it is a routine matter, and no action. In any potential sale of property, the EDC goes into executive session to provide City staff direction. If anything comes of it, there will be public session and opportunity for public comment.

Chair Costa then asked for a vote on the motion, and it passed unanimously at 6:50 p.m.

(Councilor Thibodeau joined the executive session and then had to leave it mid-executive session.)

On motion made by Councilor Chong, seconded by Councilor Mavodones, the Committee voted unanimously (3-0) to adjourn the meeting at 7:15 p.m.

Respectfully, Lori Paulette