

Minutes
Remote Economic Development Committee
June 16, 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 Tuesday, June 16, 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 – arriving as noted herein, and Spencer Thibodeau. Councilor Jill Duson joined the meeting as noted herein. Present from the City staff were Housing and Community Development Division Director Mary Davis, Associate Corporation Michael Goldman, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Item #1: Review and vote on May 14, 2020, draft meeting Minutes.

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

Item #2: Update on Roux Institute at Northeastern University

Chair Costa said that this is an exciting project for Portland, noting the kick-off which occurred pre-Pandemic. Representatives from the Roux Institute at Northeastern University (RINU) would provide an update on the project thus far.

Margaret Angell thanked the Committee for their time, and that her colleagues Chris Mallett and Mike Armini were also present. Ms. Angell also thanked the City Manager and Greg Mitchell for their support in the past and as the project goes forward. Plans are to build

technical talent in Portland for Artificial Intelligence (AI) opportunities. Their partner businesses will also participate in learning and teaching. She then described Northeastern University's reach globally, its partners, co-ops, and that it is a R1 research university.

Mr. Armini added that the Roux Institute in Portland will be built for scale in Maine, with the programs it has for technology and AI working together and advancing life sciences. This will attract investment in the state and sustain current businesses.

Ms. Angell noted that their partners came first and programs have been designed for their employees now and in the future, to upskill and retain employees and for the research to power them. She is grateful for their partners and making the first programs good for students.

Regarding location, Mr. Armini said they are leasing temporary space at the WEX facility, launching it for a September enrollment, and then permanent space in construction, operated by WEX, for 26,000 sq. ft. for first four years, and plans for expansion to 75,000 sq. ft. and then to 110,000 sq. ft. It will co-locate with employers and research and development teams on the campus.

Noting the Pandemic, Ms. Angell said that they have been working hard to hit their milestones in support of work force development. Based on what she has heard employers/employees need has led to a series of pilot classes this Summer in July and August. The recruiting founding team has now grown to 17 employees, with expectations to grow to 50 through 2021. Roux will expend advertising funds in June and July for new students in a tough job market for Fall for Master Degree programs. Ms. Angell again thanked City Manager Jennings and Greg Mitchell for their support and collaboration.

Chair Costa noted that Councilors Duson and Mavodones have joined the meeting.

Councilor Chong agreed that this is an exciting project and it is all about people. He encouraged Roux to be diverse and inclusive and welcoming as possible so no brain drain is lost

and businesses that start as a result remain here. Councilor Chong asked about their diversity strategy.

Mr. Mallett said that if resulting businesses start do not have a stake in Maine, with co-ops helping with that, Roux will have failed. Roux's intent is for the graduate to create a better life for themselves, and diversity is part of their plan and employers' plan. Mr. Mallett also mentioned the Align Master's Program which enables students from diverse backgrounds to make the transition into a technology career. Northeastern has very robust support services and Roux will do it here as well.

Ms. Angell said that this is a work in progress, noting that the Align Program will help close gaps. She is also working with area schools in K-12 and STEM and Science Coordinators to start students thinking about this at a young age, with invitations to visit the campus.

Councilor Thibodeau said that this has been extremely helpful and agreed that diversity and welcoming would be very important, as well as co-ops for the students.

Councilor Duson noted that she was also in attendance for the launch and is excited to have the Roux Institute here, noting to let Councilors know if help is needed.

Councilor Chong noted that this a great model, suggesting a Diversity Officer be on the ground in Portland.

Councilor Mavodones apologized for coming in late and noted that he was amazed at what Roux has done in a short period of time since the launch, adding that this will energize the community and commended their working with area schools.

Chair Costa thanked the Roux Institute for the update on this exciting initiative. Everyone is going through a re-evaluation during this Pandemic, and with the Roux Institute working together to help determine what the work force will look like in the future will be beneficial for all.

Item #3: Public Hearing and vote on a recommendation to the City Council on 337

Cumberland Avenue Affordable Housing (AH) Project Tax Increment Financing (TIF)

District Credit Enhancement Agreement Request which has been reviewed by the Housing Committee

Mr. Mitchell noted that Ms. Davis would provide a presentation, and also noted that Item #4 is a companion action item to this to take 337 Cumberland Avenue out of the Bayside TIF District for it to be its own AHTIF district.

Chair Costa said that when public comment is opened, it will be for both items.

Ms. Davis said she received the application from Portland Housing Development Corporation (PHDC) and Youth and Family Outreach (YFO) for a TIF Credit Enhancement Agreement (CEA), where the request is for 75% of the captured value go to assist with project costs and 25% of the captured value used for financial assistance for the child care operation, noting it is an allowable use.

She then described the project as a six-story structure containing 60 mixed income units in a mixed use building with the first floor of the new building providing expansion for childcare spots from 58 to 107; floors 2 through 5 will be apartment units. She also described the financing structure.

Mr. Mitchell noted that of the City's current active 15 CEAs, there are 10 AHTIF CEAs.

Councilor Chong said it would be interesting to see a breakdown of the numbers of the AHTIF, i.e., how many are workforce housing, low to moderate, market rate.

Ms. Davis noted that most of the AHTIFs are associated with Low Income Housing Tax Credits (LIHTC), where a majority of the units are affordable at 60% AMI.

Councilor Duson added that the staff bi-annual state housing report tells the story, primarily used for low-income persons, noting that staff can provide that report to Councilor

Chong. Middle-income apartments is the struggle to find.

Chair Costa agreed, it is difficult to create a financing structure for middle income housing.

Councilor Thibodeau noted the proposed 3-bedroom units included in this proposal, and Ms. Davis responded that Maine Housing has adjusted the Low Income Housing Tax Credit application process to encourage more family units.

Chair Costa, noting the 75% and 25% request, asked what the Housing Committee (HC) has reviewed.

Ms. Davis said that the HC was briefed in May, when it did not have the 25% request, just the 75%. It was discussed again at their June 10 meeting and the HC was supportive of the project at 75% and was only briefly introduced to the late request for the 25% item.

Councilor Duson said that the Housing Committee defers to the EDC on the TIF and CEA numbers.

Chair Costa then opened the meeting for public comment.

George Rheault of Bayside noted that there should be more due diligence, including more details on what the building will look like; development agreement between PHDC and YFO for the public to see if there is one; and then noted the small lot for 60 units in a bad location.

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 request; Councilor Chong seconded the motion.

Chair Costa emphasized that this is not a City project, and, as far as the building construction is concerned, that is the purview of the Planning Department and Board to review and approve. Regarding the 75% and 25% requests, with no new taxes to go into the General Fund,

causes him concern and setting precedent for other uses perhaps.

Councilor Chong said that according to a recent government report, half of all child care centers are closing. New ones will be critical to opening the economy.

Mr. Mitchell said that the total 100% request is precedent setting.

The Committee discussed the 25% request for child care assistance. While noting the need for this service, the consensus was that the 75% request could move forward, and to take a further look at the 25% request for child care, noting that CDBG funds could also be used for this.

Chair Costa made a motion to amend the main motion to bifurcate the 75% and 25%; Councilor Thibodeau seconded the motion and it passed unanimously.

Chair Costa then asked for a vote on the main motion to recommend to the City Council the 75% AHTIF TIF request over 30 years, and it passed unanimously.

Mr. Mitchell noted that staff would work on the 25% child care request with the applicant and bring back when appropriate.

Item #5: Public Hearing and vote to recommend to the City Council to amend the Bayside TIF District to remove 337 Cumberland Avenue from the District for it to be its own free-standing Affordable Housing TIF District. This is a companion action to above item #4.

On motion made by Chair Costa, seconded by Councilor Chong, the Committee voted unanimously to forward this to the City Council with a recommendation for approval.

Item #6: For Discussion and Direction Proposed Amendments to 44/52 Hanover Street Purchase and Sale Agreement Post-Closing Documents to support a change to mixed use development including residential apartments.

Mr. Mitchell said that Tom Watson purchased the former Department of Public Works

property at 44/52 Hanover Street and is requesting a change to the proposed development from maker space to mixed use. Mr. Watson wants to demolish the existing building for a mixed use development including 171 residential apartments with ground level parking and commercial space. The Purchase and Sale Agreement for the 44/52 Hanover Street is specific to the development proposed at the time, that being maker space. Mr. Mitchell also noted that there is no financial request from Mr. Watson to the City.

Councilor Thibodeau noted that it is an interesting proposal, and he had hoped to have residential there but with the Public Works garage at that location it seem to be precluded.

Mr. Mitchell agreed, noting that any environmental remediation would not be the City's responsibility.

There followed discussion on the 171 apartments, with all but 17 being market rate apartments due to Inclusionary Zoning rules for work force units at 10% of a development, particularly if this could be a condition to the Amended Purchase and Sale Agreement to require these be constructed for work force housing rather than paying into the Housing Trust Fund. Staff indicated that they would take a further look should the Committee provide direction to move forward with negotiations.

Mr. Watson noted during the meeting that he does plan on building the 17 work force housing units.

Chair Costa said that the intent of today's meeting was to make the public aware of this proposed change, and to provide general direction to staff on moving forward for which there is general agreement of the Committee. Staff will discuss this with Mr. Watson and then bring back a formal amendment to consider, which may involve a meeting or two, including a possible executive session. The Committee concurred.

On motion then made by Councilor Chong, seconded by Councilor Mavodones, the Committee then voted to adjourn at 8:05.

Respectfully, Lori Paulette