Minutes
Remote Economic Development Committee
October 20, 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, October 20, 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. Present from the City staff were Housing and Community Development Division Director Mary Davis, Associate Corporation Counsel Michael Goldman, Director of Cemeteries and Project Management Mike Murray, Office of Economic Opportunity Director Julia Trujillo Luengo, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Chair Costa noted that he had a hard stop just before 7:00 p.m. He also noted that the AECom item regarding the Waterfront Economic Impact Analysis will be rescheduled.

Item #1: Review and vote on September 15, 2020, draft meeting Minutes.

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

Item #3: Committee review and direction on Portland Adult Education (PAE) FY2021 Investment of $100,000 in TIF funding to support working training programs.

Chair Costa noted that this was on the Agenda for clarification from the City Manager on a $100,000 budget item in the Downtown TOD TIF to support PAE's workforce training program, and this has been confirmed. This is also an opportunity for PAE to describe its plans for the $100,000.

Mr. Mitchell agreed, noting that after hearing PAE's proposed programming, staff will look for direction from the Committee. If acceptable, staff will draft a Memorandum of Understanding as was done before. The EDC manages this workforce training project.

Anita St. Onge, Director of PAE, thanked all for this opportunity, noting it is an important piece of funding where other funding sources do not necessarily support this programing for immigrants and foreign trained professionals.

Liz Love, Assistant Director of Education, also agreed. This proposal offers 5 programs for 96 students and the TIF funding covers 37% of the total costs. She then described the programs, including a new program for Commercial Drivers Licenses, where those employed using this credential can make $15 to $25/hour and are in high demand.

Ms. Trujillo also noted the high demand for CDL drivers, as well as the Intensive English course program which is not regularly funded by other sources.

Councilor Chong thanked them both and applauded the results from the first round and the populations served. He questioned that if PAE would like another pilot program because of the pandemic, could they come back to the City.

Mr. Mitchell indicated in the affirmative, noting that the estimate of excess funds from the Coastal Counties Workforce program is now at $36,000. PAE could also be considered for funding during the FY2022 budget process.

Councilor Chong encouraged PAE to create more pilot projects, noting that 30% of small businesses did not re-open in September so re-training would be essential, noting marine and trade sector jobs, as well as office management training for any business.

Chair Costa also noted support and the stability it provides to its students. Should an additional pilot idea come up during this current fiscal year, please advise City staff.

Councilor Thibodeau agreed and would look forward to a report at the end of this project.

Councilor Mavodones also supported this and appreciated the work done and to be done; he also thanked Chair Costa for staying on top on this workforce training initiative.

Item #4: Public Hearing and vote to recommend to the City Council a Proposed Amendment to the Purchase and Sale Agreement for the City's purchase of 204 Rand Road for the Land Bank – Patrizia Bailey Land Bank Commission Chair

Mr. Mitchell noted that at the August 18, 2020, EDC meeting, it voted to recommend to the City Council approval of the Purchase and Sale Agreement and, upon closing, to place the property into the Land Bank. Before getting this item on a Council Agenda, the Seller proposed amendments.

Ms. Baily continued noting that the Seller requested acknowledgement of the bargain sale to the City, for tax purposes, as well as additional deed restrictions in perpetuity on future development, but allow passive use.

Mr. Goldman added that the latter request is more substantive for the City's consideration.

Councilor Chong asked if this is voted on favorably, would it go to the City Council to approve both the original PSA and the Amendment, and Mr. Mitchell answered in the affirmative.

Chair Costa then opened the meeting for public comment.

George Rheault of Bayside indicated that most of the acreage is not developable due to wetlands, but noted approximately 8 acres could possibly be developed closer to Rand Road and the rail line. He noted that Ms. Bailey took the initiative to add this extra encumbrance to the property to remain as is. He agreed that a majority should be conserved except for that 8 acres, for possibly housing in the future.

Ms. Bailey clarified that she did not take that initiative as Mr. Reheault implied; the Seller took that initiative.

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

A motion was then made by Councilor Thibodeau, seconded by Councilor Mavodones, to forward this to the City Council for approval.

Councilor Thibodeau asked if this was an arms-length transaction, and Ms. Bailey answered in the affirmative.

Councilor Thibodeau indicated that his concern was about binding future Councils due to keeping the property in perpetuity from development and thought it odd coming at the last minute.

Councilor Mavodones noted that the Seller has a right to request amendments, and the Council may need to have a discussion on long-term impacts, thinking of the recent Baxter Woods discussion at the Council level.

Chair Costa noted that property placed into the Land Bank needs a super majority vote of the Council to take it out – 8 out of 9 votes. The policy question is restricting future Councils with this deed restriction.

Councilor Thibodeau noted that he is fine to forward it to the Council, but between now and then would like to have more clarity on the useable part of the property.

Councilor Mavodones agreed, as did Councilor Chong, and then the Council can debate whether or not to lock future Councils with no development in perpetuity.

Ms. Bailey noted that original discussions with Avangrid included Avangrid carving out the 8 acres and the Land Bank would purchase the rest and place it into the Land Bank. It has now evolved to where we are today.

Chair Costa also agreed with the process suggested, noting that it may even come back to this Committee. He then asked for a vote on the motion, and it passed 4-0.

<u>Item #5: City Tax Increment Financing (TIF) Policy Discussion and Committee Direction</u>

Ms. Davis noted that the TIF Policy was amended in 2017 to assist AHTIFs, particularly because of the LIHTC program, where AHTIF proposals score more points if they have a 30-year term at 75% capture. Recently the City has received applications for projects that are not eligible for LIHTC, so staff is offering proposed amendments that reflect the intent of 2017 amendments. Ms. Davis described the proposed changes, including adding a definition of affordable that matches the definition used in other City programs such as Inclusionary Zoning; require the term of the TIF to match the length of affordability of the project; and, a 3-tiered approach to return TIF funds – with a higher rate TIF return to those developers who offer affordability to lower incomes.

There followed discussion on the proposed 3-tiered approach, as well as on the comparison of HUD area median income and Portland median income as requested by the Housing Committee. The Housing Committee had suggested that the latter become part of the analysis for all future AHTIF applications, and Ms. Davis noting that it is not apples to apples.

Councilor Mavodones said that overall the proposed changes seem to make sense.

Councilor Chong asked about any other restrictions, and Ms. Davis said that AHTIFs are governed by State Statute, with 33% of the units having to be affordable at or below 120% AMI at the HUD median income levels.

Councilor Chong said that he prefers housing with the lower AMI, wanting low income people to build equity.

Councilor Thibodeau said that he liked the amendment for the definition of affordable housing, would like some clarification on the impact on LIHTC scoring with MaineHousing, and agreed with affordability term matching the affordability term of the project, or up to 20 years.

Chair Costa said that he was generally supportive of this direction, asking if a development hits a lower threshold of affordability is that taken into consideration. It would be important to have a more detailed discussion about underwriting analysis and what it means, particularly based on models for CEAs on the development side to provide appropriate TIF revenue for AHTIFs. Because most AHTIF Developers use LIHTC, the City's TIF Policy was amended to assist in these AHTIF projects, returning up 75% TIF revenue for up to 30 years.

Mr. Mitchell thanked the Committee for their feedback. Next step is for staff to come back with proposed TIF Policy amendments in redline version.

On motion then made by Councilor Mavodones, seconded by Councilor Chong, the Committee voted 4-0 to adjourn at 6:50 p.m.

Respectfully, Lori Paulette