ECONOMIC DEVELOPMENT COMMITTEE

DATE: **Oct. 24, 2017 (Tuesday)**
TIME: **5:30 – 7:30 p.m.**
LOCATION: **Room 209**
Portland City Hall

A G E N D A

1. **Review and accept Minutes of previous meeting held on September 19, 2017.**

2. **Review and vote to recommend to City Council Amendment to Downtown TOD TIF to accommodate one new affordable housing district.**
   a) See enclosed memo from Greg Mitchell.

3. **Review and vote to recommend to City Council establishment of Affordable Housing TIF District located at 58 Boyd Street.**
   a) See enclosed memo from Mary Davis.
   NOTE: Pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations for this proposed TIF District and Credit Enhancement Agreement and provide guidance to staff.

4. **Review and vote to recommend to City Council establishment of Affordable Housing TIF District located at Deering Place, 61 Deering Street and 510 Cumberland Avenue.**
   a) See enclosed memo from Mary Davis.
   NOTE: Pursuant to 1 M.R.S.A. 405(6)(C) and 5 M.R.S.A. 13119-A, the Committee may go into executive session to discuss negotiations for this proposed TIF District and Credit Enhancement Agreement and provide guidance to staff.

5. **Executive Session:** Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to discuss real estate negotiations and provide guidance to staff for:
   a) Sale of 44 Hanover Street;
   b) Sale of 55 Portland Street; and
   c) Sale of seven acres of City-owned property at Riverside Street.
   NOTE: Materials to be provided at meeting.

Public comment will be taken on action items.

Next Committee Meetings: November 15 and 28, 2017 Councilor David Brenerman/Chair

Minutes
Economic Development Committee
September 19, 2017

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, September 19, 2017 at 5:30 p.m. in Room 209 of Portland City Hall. Present from the Committee was its Chair Councilor David Brenerman and members Councilors Pious Ali and Spencer Thibodeau. Also present from the City Council was Mayor Ethan Strimling. Present from the City staff were 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 meeting held on August 22, 2017.

On motion made and seconded, the Committee voted unanimously to accept the Minutes as amended.

Item #2: Review, discuss, and provide a recommendation to the City Council on proposed Purchase and Sale Agreements for former Public Works Properties in Bayside, namely:

a) **56 Parris Street to Jack Soley;**
b) **82 Hanover Street to Tom Watson;**
c) **65 Hanover Street to Barrett Made; and,**
d) **178 Kennebec Street to Ross Furman.**

Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to discuss real estate negotiations for the above properties.

Mr. Mitchell noted that the Committee packet has proposed Purchase and Sale Agreements (PSA) for each of the properties above, with each having negotiated terms that would need a vote from this Committee to the Council with a recommendation for approval. Mr. Mitchell noted that two changes to two PSAs would be discussed in executive session. He also noted that appraisals have been done on all the properties, and the properties are being sold "as is, where is". Buyers will provide environmental indemnification to the City. Mr. Mitchell noted that 178 Kennebec Street and 56 Parris Street PSAs each have a provision for the City's repurchase of the property; 65 Hanover Street and 82 Hanover Street have escrow provisions for development of the property based in performance. He then described the proposed uses for each of the properties.

Mr. Jennings added that the escrow provisions for the two properties were needed due to financing the projects.

Mr. Goldman said that the executive session is warranted due to proposed last minute changes to the PSA by two buyers.

Mayor Strimling questioned the 56 Parris Street PSA, particularly Section 11 "Twenty (20) unit sale prices will be calculated for affordability to 120% AMI for 2018 for the initial sale only." Mr. Mitchell said that this requirement applies only to the initial sale by the developer. Once sold, the restriction would not apply to the condo owner. Mr. Mitchell also noted that the City has the right to repurchase if development does not take place.

Mayor Strimling asked about 82 Hanover Street, and particularly Mr. Watson's redevelopment of 104 Grant Street into 23 residential units – asking if this would be new residential units. Mr. Goldman indicated in the affirmative. Mayor Strimling requested that the PSA in 12(b) be changed from "on or near Buyer's Grant Street property" to "at Buyer's property at 104 Grant Street". He then asked about "workforce housing", and Mr. Mitchell said that this would be according to the City's Land Use Ordinance and the definition of inclusionary zoning. It would not be 100% affordability.

Mayor Strimling referred to the 65 Hanover Street PSA with the proposal for 25 units for lower to middle income people. Mr. Jennings noted that the City Code has references to low income people being at 80% or below AMI; and middle, or workforce housing being at 80% to 120% AMI. The proposal is included as an Exhibit B to the PSA, which includes the lower to middle income people reference.

Chair Brenerman referred to the 82 Hanover PSA, particularly Section 10(a) and (b) where it is the City responsibility to remove deed restrictions and obtain Subdivision approval. He questioned why it is the City's responsibility. Mr. Mitchell indicated that the City acquired the property from MDOT as part of the rail corridor. The property has the same restrictions that were applied to the Midtown property, which restrictions the City was successful in getting removed. It would do the same for this property, as well as obtain Subdivision approval related to lots 1, 2, and 4.

Chair Brenerman asked if any of these proposals include obtaining Low Income Housing Tax Credits from MSHA, and Mr. Mitchell indicated that the 178 Kennebec Street project is planned to include MSHA tax credits.

Chair Brenerman then opened the meeting for public comment.

George Rheault of Bayside said that this is a good thing and good to see this moving forward. He questioned why the properties were not bundled together for sale, and indicated disappointment with outside counsel used in negotiating these PSAs; the outside counsel should be present today. He appreciated the Mayor's specificity for the PSAs to have the proposals attached as the neighborhood is looking to the proposals they made to come to fruition. He then asked about O'Maine's proposal not chosen.

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

Mr. Mitchell indicated that the parcels were not bundled as one to get more diversity of uses. Six parcels were placed out for sale, with four here today with PSAs; two additional PSAs will be forthcoming. For the two not here today for 55 Portland Street and 44 Hanover Street, the City is in the process of obtaining updated appraisals, and negotiations are ongoing for these two. Mr. Mitchell then noted that the outside counsel was a former attorney in the Corporation Counsel's office, Larry Walden, who lives in Vermont and could not participate. Regarding O'Maine's proposal, staff recommended O'Maine, with the EDC providing guidance to staff to negotiate with Barrett Made.

Regarding the City's right to repurchase, Mayor Strimling asked if the fair market value, determined by an appraiser agreed upon by the parties, is standard language. Councilor Thibodeau indicated in the affirmative.

Before the Committee goes into executive session, Mr. Jennings said that the 56 Parris Street PSA was not subject to executive session, and asked the Committee if it could take it up now as Mr. Soley had to leave shortly.

Mr. Soley appreciated the City's time and was comfortable with the PSA as presented. He also indicated that the development will have an additional 3 units, making it 23 in total, with each having one parking space.

On motion made and seconded, the Committee voted unanimously to forward the PSA for 56 Parris Street, in substantially the form as presented, to the City Council with a recommendation of approval.

A motion was made and seconded to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to discuss real estate negotiations for the remaining three properties – 65 Hanover Street, 82 Hanover Street, and 178 Kennebec Street.

Chair Brenerman asked if there was any public comment regarding going into executive session. There being none, the public comment session was closed. A vote was then taken on the motion and it passed unanimously at approximately 6:30 p.m. At approximately 7:30 p.m., the Committee came out of executive session.

82 Hanover Street. A motion was made and seconded to forward the PSA, in substantial form as presented, to the City Council with a recommendation for approval with following changes:

- 11(b): specify housing to be developed will be 23 new units at 104 Grant Street and that commercial development at 82 Hanover will be subject to the escrow provisions in 11, with the provision that development be completed in substantially the form as described in Exhibit B;
- Include an Exhibit/concept for development at 104 Grant Street; and
- Section 9 to be amended to reflect the same language as the other three PSAs.

Mayor Strimling asked if the escrow would be relinquished when the housing and the commercial site have commenced construction, and Mr. Goldman indicated in the affirmative.

A vote was then taken on the motion and it passed unanimously.

Mayor Strimling requested staff to have a conversation with Mr. Watson regarding open space/common area to remain.

65 Hanover Street. A motion was made and seconded to forward the PSA, in substantial form as presented, to the City Council with a recommendation for approval, with a change to include the number of housing units in Section 11(b). A vote was then taken on the motion and it passed unanimously.

Mayor Strimling asked if there was a way to ensure housing will be done, and Mr. Jennings said that staff will have a conversation with Barrett Made.

178 Kennebec Street. A motion was made and seconded to forward the PSA, in substantial form as presented, to the City Council with a recommendation for approval with a change to include the number of housing units in Section 12, and that 35% would be market rate, and 65% affordable (aimed at those at or below 60% of area median income). A vote was then taken on the motion and it passed unanimously.

Item #3: Review, discuss, and provide a recommendation to the City Council on placing certain tax-acquired vacant land parcels, certain vacant City land parcels, and a donated parcel into the Land Bank in the Redlon area of Portland.

Mr. Mitchell said that the EDC was briefed on this at its meeting on January 3, 2017. The Land Bank Commission, at its September 14, 2017, meeting voted unanimously to recommend to the City Council the placement of these properties in the Land Bank to protect this open space area.

Chair Brenerman noted other properties that the Land Bank Commission was attempting to negotiate with private land owners to purchase, and Mayor Strimling, as a member of the Land Bank Commission, said that these owners do not want to sell right now.

Mayor Strimling asked about this area being developed for affordable housing, and Mr. Jennings said that the City has looked at this area closely with City staff and Mr. Mitchell and, due to ledge and wetland areas, it would be cost prohibitive for an affordable housing development. Mr. Mitchell added that the paper streets in the area would be costly to build to City Code.

Chair Brenerman asked if there was any public comment.

George Rheault of Bayside said that he has been following this item, and expressed concern with the development boom going on that this could be redeveloped for affordable housing, noting various streets and possibilities. He suggested the City first give this information to an affordable housing developer and let them tell the City it is not developable.

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

Mr. Mitchell said that a multi-department review has been done, including the Housing

Division.

Mr. Jennings agreed, noting the expertise of those who have been involved with this and the recommendation stands to place these into the Land Bank.

Mr. Mitchell noted that the tax-acquired parcels have been owned by the City for anywhere from 1.5 years to 6 years.

Mayor Strimling also noted that there is other property in the area that could possibly be developed. He is comfortable with the recommendation, adding that the middle-income housing in the area would benefit from this open space.

On motion made and seconded, the Committee voted unanimously to forward this to the City Council with a recommendation for approval to place these properties into the Land Bank.

There being no further business, the meeting then adjourned at approximately 8:15 p.m.

Respectfully, Lori Paulette

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Chair Brenerman and Members of the Economic Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: October 18, 2017

SUBJECT: **Proposed Amendment to Downtown Transit Oriented Development (TOD) and Omnibus Tax Increment Financing (TIF) District to Remove Assessor Parcel 22-F-1 from the District**

I. ONE SENTENCE SUMMARY

The proposed amendment to the Downtown TOD TIF District removes Assessor Parcel 22-F-1 from the district in order for that parcel to be a freestanding Affordable Housing TIF District.

II. BACKGROUND

On February 9, 2015, the Portland City Council approved the Downtown TOD TIF District, which was thereafter approved by the Maine Department of Economic and Community Development (MDECD).

The City recently received an application for an Affordable Housing (AH) TIF District utilizing Assessor Parcel 22-F-1 for this District, which Parcel is located in the Downtown TOD TIF, and therefore needs to be removed from that District. The assessed value of this parcel is $0 as it is currently tax exempt and owned by the Portland Housing Authority. The acreage of the parcel is .48.

Because both the value and acreage of 22-F-1 are negligible, it does not change the Original Assessed Value of the DT TOD TIF, nor the total TIF District acreage estimated at 422 acres. Therefore, revisions to the District document are minimal as no changes to the dollar figures, nor the acreage figures are needed.

III. INTENDED RESULT

The intended result is for the Economic Development Committee (EDC) to recommend to the City Council amending the TIF District by taking out Assessor Parcel 22-F-1, which would allow for it be a freestanding AH TIF District.

IV. FINANCIAL IMPACT

There is no financial impact to the City by removing Assessor Parcel 22-F-1 from the Downtown TOD TIF District.

V. STAFF ANALYIS AND RECOMMENDATION

The DT/TOD TIF District was designed strategically to support the following major objectives:

1. ***Maintain and Expand Tax Base and Job Growth.***

2. ***Invest TIF Revenue in the following categories:***
   a. ***Public Infrastructure.***
   b. ***New and Enhanced Transit.***
   c. ***City Economic Development Programs including Creative Portland and City staff salaries.***

3. ***TIF Term and Capture Rates.*** The TIF District is for thirty (30) years – from FY2016 through and including FY2045 - with TIF capture rates at 12% the first year, and 22% years 2 through 30.

4. ***Tax Shelter Benefits.*** Public benefits associated with TIF district are the "savings" related to the avoided loss of state aid for education and municipal revenue sharing, along with the City being responsible for a higher share of Cumberland County's budget.

<u>Downtown TOD TIF District Term and Capture Rates</u>

Specific terms include:

TIF Years	TIF Capture Rates	TIF Revenue Estimate	General Fund Estimate
1	**12%**	**$200,000**	**$1.55 million**
2-30	**22%**	**$15.30 million or $500,000 average per year**	**$54.30 million**
Total		**$15.50 million**	**$55.85 million**

The estimated amount of TIF revenue reserved for TIF investments is less than 5% of the total estimated real estate tax revenue related to the DT/TOD TIF District.

<u>Tax Shelter Benefits</u>

Estimates of the specific savings or avoided loss of state aid to education, reductions in municipal revenue sharing or for the City paying a higher share of County taxes include:

TIF Years	Savings Estimate
1-30	**$4.75 million**

The average savings total over $150,000 per year or approximately 31 cents of avoided loss related to each new real estate property tax dollar.

Specific Investments

Investment estimates, by major category over the thirty years, include the following:

TIF Year	Investment	Annual Estimates
1	**Econ. Dev Programs:** **a. Creative Portland** **Transit**	**$100,000** **$100,000**
2-30	**Econ. Dev. Programs:** **a. Creative Portland** **Transit** **Public Infrastructure**	**$100,000** **$100,000-$250,000** **$200,000-$500,000**

Total **$15.50 million**

The total amount of property tax revenue will be dependent upon property valuations.

Proposed TIF Policy Amendments on November 6, 2017 Council Agenda

It is noted that this proposed amended DT TOD District includes, as a new Exhibit B, the EDC's recommended amendments to the City TIF Policy, which include, among others, allowing for Affordable Housing TIF Districts to have the maximum term allowed as 30 years, and also allowing for these Affordable Housing TIF Districts to be able to capture up to 75% over the term.

Recommendation

Staff recommends approval to amend the DT TOD TIF District to remove Assessor Parcel 22-F-1 in order for it be a freestanding AH TIF District.

VI. ATTACHMENTS

- Redlines to City Downtown TIF Application
- New Exhibit B – EDC Recommended TIF Policy Amendments, being reviewed by the City Council on November 6th
- New Exhibit C – Map of proposed amended TIF District

City of Portland

Downtown Transit Oriented Development and
Omnibus Municipal Tax Increment Financing
And Development Program

~~February 9, 2015~~November 20, 2017

Prepared by:

The City of Portland Economic Development Department

Enacted by the Portland City Council on February 9, 2015.
Amended by the Portland City Council on November 20, 2017

Section:

Exhibits:

I. Introduction – Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District

On February 19, 2015, t~~T~~he City of Portland (the "City") designated~~s~~ the Portland Downtown Transit Oriented Municipal Development and Omnibus Tax Increment Financing District (the "District") and adopt~~s~~ed this Development Program (the "Development Program") for the District in an effort to fully realize the visions and goals of the City of Portland Downtown Revitalization Investment Plan ("Downtown Plan"); the Downtown Plan is attached as Exhibit A. The duration of this District will be 30 years beginning July 1, 2015 (Tax Year 4/1/2015; FY2015-16) ending June 30, 2045 (Tax Year 4/1/2044; FY2044-45).

The purpose of this District amendment is to remove the parcel designated by the City Assessor as 22-F-1 at 54 Lancaster – a tax exempt parcel (so no value attributed to the Original Assessed Value) with approximately .48 acres, which will be turned into a free-standing Affordable Housing TIF District. Portland's amended~~proposed~~ District~~,~~ remains the same at approximately 422 acres and~~,~~ is bounded by Washington Avenue to the east, State Street to the west, following the edges of the adjacent Bayside and Waterfront Capital Improvement TIF Districts to the north and south. The District encompasses the central business district of Portland and the abutting east and west ends of the District. In creating the District, the outlying residential areas of the Eastern and Western Promenades have been purposely excluded.

The Downtown Plan includes a listing of current projects and categories of future investment. It is recognized that meeting the infrastructure needs of Portland's downtown will be a dynamic process that will be updated locally on an annual basis or as needed. Though the specific public projects prioritized and undertaken from year to year will change, with the exception of this District funding up to $100,000 annually for the Creative Portland Corporation, categories of investment for the purpose of eligible uses of the TIF Revenues will remain consistent. Actual project selections and prioritization for funding will continue to be made on an annual basis during the City budget and Capital Improvements Plan (CIP) process, based on categories contained in Table 1 hereinbelow. The CIP is the document that presents the City's capital needs in the current year and plans for capital needs in future years. As a five year plan that is annually updated, the CIP is a dynamic planning document; the FY2015 to 2019 CIP document is included in the Downtown Plan as an appendice.

II. Development Program Narrative

A. The Development Program

The Development Program for the Downtown Transit Oriented Municipal Development and Omnibus TIF District is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised TIF Statutes, as amended (the "TIF Statute"), and remains the same. The City's designation of the District, combined with the adoption of this Development Program, creates a single municipal TIF district in order to capture the value of the real property improvements made within the District and enable the use of TIF revenues for various municipal and other development projects.

Under this Development Program, the City may capture up to 12% in year one, and up to 22% in years 2 through 30, of the new real property value located in the District for a total of thirty (30) years. The City may retain those tax revenues generated by the captured assessed value (the "TIF Revenues") to fund infrastructure improvements and other administrative costs, all as further described in Table 1 hereinbelow. The City reserves the right to capture less than the full 12% in year one and less than the 22% in years 2 through 30, depending on the then-current needs of the City with respect to the approved project costs. Any reduction in the captured value percentage shall adjust the amount of assessed value eligible for sheltering with respect to the tax shift benefit correspondingly. Although all TIF Revenues will be retained by the City at this time, the City reserves the right in the future to negotiate and execute commercial credit enhancement agreements pursuant to City Council approved TIF Policy of up to twenty years, or limited to the balance of District term at that time, and up to sixty-five percent (65%) of the TIF Revenues, within sole Council discretion. -Proposed Amendments to City TIF Policy is attached as Exhibit B and is scheduled for a review and vote by the City Council on November 6, 2017, which amendments include allowing Affordable Housing TIF District credit enhancement agreements to have a maximum term allowed as 30 years (or if in this District limited to balance of District term at that time), and also allowing up to 75% capture for the term.~~,~~ Such future credit enhancement agreements would require a public hearing and City Council approval.

In designating the District and adopting this Development Program, the City can accomplish the following goals:

- Maintain existing tax revenues;
- Invest in the Downtown public infrastructure;
- Invest in the Creative Portland Corporation annually;
- Invest in new and enhanced transit services;
- Enjoy enhanced future tax revenues generated by new development within the District; and
- Create long-term, stable employment opportunities for area residents because of these TIF investments.

In addition, by creating the District, the City will "shelter" the increase in municipal valuation that development in the District will bring about. This tax shift benefit mitigates the adverse effect that the District's increased assessed property value has upon the City's share of state aid to education, municipal revenue sharing, and its county tax assessment. An estimate of the tax shift benefits is shown in Exhibit D-2 attached hereto.

The City's designation of the District and pursuit of this Development Program constitute a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the City and the region by providing jobs, contributing to property taxes, and diversifying the region's economic base.

B. The Projects

Development within the District will provide a revenue source for the City's economic development projects. The City intends to use TIF Revenues to further its overall plan to attract and retain businesses that want to take advantage of Portland's business-friendly location, while offering their employees a rich, dynamic, and high quality of life. This includes funding of Creative Portland Corporation, of which the City of Portland is the Corporator, of up to $100,000 annually, as well as City plans to invest in its public infrastructure in these investment focus areas:

- Sidewalk and Other Pedestrian Enhancements
- Streetscape
- Lighting
- Street Alignment
- Utilities
- Bicycle Improvements
- Public Transit
- Wayfinding
- Economic Development Department administrative costs and staff salaries, and prorated salaries of the City Manager and Planning and Urban Development Director

The District projects at this time are highlighted in Table 1 below:

<u>TABLE 1</u>

NOTE 1: All Citations refer to Title 30-A, Chapter 206, Section 5225

NOTE 2: While this Development Program lists particular projects, the Development Program shall not serve as an appropriation of TIF Revenues for any of these specific purposes, nor shall it commit the City to completing any particular project. The projects will only be undertaken following proper appropriation through the annual budget process and any other applicable required approvals.

Project	Downtown Revitalization Plan Reference by page no.	Statutory Citation	Estimated Cost
In District: Capital Infrastructure Investments, for example:			$200K annually; $6 Million over life of District
- Sidewalk and Other Pedestrian Enhancements	5, 6, 7, 9, 34	(1)(A)	
- Roadway Realignments/Paving	5, 6, 34	(1)(A)	
- Intersection Redesigns	5, 6	(1)(A)	
- Bicycle Infrastructure	5, 9, 11	(1)(A)	
	5, 34	(1)(A)	

- Stormwater Management, including water and sewer upgrades - Communications Infrastructure improvements/enhancements - Wayfinding (signage) - Public plaza intersection improvements	5, 33 5, 9, 33 8, 34	(1)(A) (1)(A) (1)(A)	
In and out of District: New and Enhanced Transit Services, including operational costs, for example (see Exhibit K – Transit Map): - Creation of high frequency bus service on Congress Street at 15-minute intervals between the Portland Transportation Center (PTC) and Washington Avenue; - Enhancing Stevens Avenue-Allen Avenue- Congress Street bus service areas; - Corresponding costs for these enhancements, including transit operator salaries; transit vehicle fuel, and transit vehicle parts replacements. - Transit capital costs including transit vehicles and related equipment; bus shelters and other related structures; benches; signs, and other transit-related infrastructure.	3, 6, 32, 33	(1)(A) and (1)(C)(7)	$110K annually; $3.3 Million over life of District
In and out of District: City Marketing and Promotion through Creative Portland Corporation (CPC), for example (see Exhibit M Arts District Map within Downtown TOD TIF District): - In District: Center for the Arts, including rental residential space; - In District: capital, financing, real property assembly and professional service costs;	7	(1)(C)(1)	Up to $100K annually; $3 Million over life of District

- In and out of District: CPC staffing, administrative and marketing expenses; revolving loan or investment fund.			
In and out of District: Economic Dev. Dept. administrative costs and staff salaries at 100%, and prorated salaries of City Manager and Planning Urban Development Director *	7	(1)(A)(5) and (1)(C)(1)	$250K annually; $7.5 Million over life of District
In District: Small Public Capital Infrastructure and Equipment, for example (Downtown Plan pp. 6 and 7) - Parking meters - Vehicles for Public Services Dept. (formerly Public Works Dept.), and Fire Dept., including ambulances	7	(1)(A)(1)(a)	$100K
In District: Relocation of Displaced Persons (TIF Application, p. 6)	(see TIF application, p. 6)	1(A)(6)	Not budgeted/not anticipated at time of TIF application
In District: CEAs as Approved by City Council (TIF application p. 2)	(see TIF application p. 2)	(1)(A)	Unknown at time of TIF application
Total Estimate of TIF Revenue Expenditure over 30 year term:			**$19,900,000**

*This item is not unique to this TIF District, it is also included in the Bayside TIF District, Waterfront TIF District, and Riverwalk TIF District.

C. Strategic Growth and Development

This Development Program and the Downtown Plan meld various studies and plans for the District into one document, thereby promoting those studies and plans and making investments at the appropriate time. The studies and plans noted in the Downtown Plan represent a series of community initiatives, both completed and underway, or in planning process. The Development Program and Project List (Table 1) noted hereinabove represents the best thinking of City staff about current opportunities for realizing the City's longstanding, evolving vision for its Downtown.

D. Improvements to the Public Infrastructure

As further set forth in Table 1 hereinabove, the City may use certain TIF Revenues for sidewalk and other pedestrian improvements, roadway realignments/paving, intersection redesigns, bicycle infrastructure, stormwater management improvements (including water and sewer maintenance), communications infrastructure improvements/enhancements, wayfinding, and public plaza intersection improvements that are directly related and made necessary by development in the District.

E. Operational Components

1. **Public Facilities**

The City may use a portion of the TIF Revenues to fund certain projects approved within the District, outlined in Table 1 hereinabove.

2. **Commercial Improvements Financed through the Development Program**

At this time, no commercial improvements will be financed through the Development Program. The City may, in the future, reimburse a percentage of the TIF Revenues from any particular lot within the District to future developers through a credit enhancement agreement. Future credit enhancement agreements are authorized only if the City Council meets and holds a public hearing and votes to authorize, negotiate, and execute the credit enhancement agreement pursuant to City Council approved TIF Policy. Such credit enhancement agreements may provide a reimbursement of up to sixty-five percent (65%) of the TIF Revenue for up to twenty (20) years in the District, but limited to balance of the term of this District.

3. **Relocation of Displaced Persons**

It is not anticipated that any persons will be relocated; however, the City has provided that if, in the future, relocation of persons is necessary to accommodate future redevelopment within the District, the one-time relocation costs of such displaced persons can be paid for with TIF Revenues, exclusive of rent.

4. **Transportation Improvements**

The City may fund road/transportation improvements made necessary by the increased traffic to the District. Please see Table 1 hereinabove for more details.

5. **Environmental Controls**

The improvements made under this Development Program will meet or exceed all federal, state, and local environmental laws, regulations, and ordinances and will comply with all applicable land use requirements for the City.

6. **Plan of Operation**

During the term of the District, the City Manager or his designee will be responsible for all administrative matters within the purview of the City concerning the implementation and operation of the District.

III. Physical Description

The ~~proposed~~ 422-acre District is bounded by Washington Avenue to the east, State Street to the west, following the edges of the adjacent Bayside and Waterfront Capital

Improvement TIF Districts to the north and south. The District encompasses the central business district of Portland and the abutting east and west ends of the District. In creating the District, the outlying residential areas of the Eastern and Western Promenades have been purposely excluded. The amended~~proposed~~ District is shown on Exhibit C. The statutory threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. Section 5223(3) are set forth in Exhibit E.

IV. Financial Plan

A. Financial Characteristics

The collective original assessed value of the real property in the District is $968,136,850 as of March 31, 2014 (Tax Year April 1, 2013) remains unchanged. Please see the Assessor's certificate of the original assessed value attached as Exhibit F. It is noted that Downtown TOD/TIF acreage and value calculations are exempt from State TIF law limits.

The City may capture up to 12% in year 1, and up to 22% in years 2 through 30, of the increased assessed value of the real property located within the District for the duration of the 30-year term of the District. Personal property tax value will not be captured within the District. The TIF Revenues so collected will fund and/or contribute to the funding of the approved projects, including each of the projects described on Table 1 hereinabove, which collectively increase the City's ability to stand out in a competitive marketplace as a dynamic municipality in which to grow a business. All assessed real property value captured in the District will be added to the general tax rolls at the end of the District's term. Please note that at any time during the term of the District, the municipality can vote to reduce the captured value percentage and instead deposit the tax revenues into the General Fund so long as the municipality does not receive the tax shift benefit associated with the tax revenues so deposited.

Upon each payment of real property taxes for property located inside the District, the City will deposit into a development program fund (the "Development Program Fund") the entirety of the property tax payments constituting TIF Revenues. The percentage of increased assessed value of real property within the District that will be captured shall be determined annually during the municipal budget process; however, the City may capture up to 12% in year one, and up to 22% in years 2 through 30, of the increased assessed value of real property as captured assessed value. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. Section 5227(3). The Development Program Fund will consist of a development sinking fund account (the "Sinking Fund Account") to the extent municipal bonded indebtedness is used to pay for projects costs, and a project cost account (the "Project Cost Account"). From the Development Program Fund, the City will deposit the TIF Revenues into the City's Sinking Fund Account and/or the Project Cost Account to be used to fund projects listed in Table 1 hereinabove. If future credit enhancement agreements are approved by the City Council, then a subaccount within the Project Cost Account shall be created for any payments required to be made by the City pursuant to such credit enhancement agreement, dedicated to each credit enhancement agreement.

Estimates of the increased assessed property values of the District, the anticipated TIF Revenues generated by the District, and the estimated tax shifts are shown in Exhibit D-1 and Exhibit D-2.

B. Costs and Sources of Revenues

The current and future developers owning or leasing properties located within the Districted are intended to pay for and/or finance all private improvements located in the District through private sources. Table 1 hereinabove provides estimated costs of the municipal projects costs to be undertaken with TIF Revenues.

C. Indebtedness

The City reserves the option to fund the project costs through public indebtedness.

V. Statutory Requirements and Thresholds

The statutory requirements and thresholds for approval required by Section 5223(3) of the TIF Statute are set forth in Exhibit E.

VI. Municipal Approvals

A. Notice of Public Hearing

Attached as Exhibit G hereto is a copy of the Notice of Public Hearing regarding amending~~adoption of~~ the Development Program for the District, published in the *Portland Press Herald*, a newspaper of general circulation in the City, on November 3, 2017~~January 20, 2015~~, a date at least ten (10) days prior to the public hearing. The public hearing on the amended District~~Development Program~~ was held on November 20, 2017~~February 2, 2015~~, in accordance with the requirements of 30-A M.R.S.A. Section 5226(1).

B. Minutes of Public Hearing Held by City Council

Attached as Exhibit H hereto is a certified copy of the minutes of the public hearing held on November 20, 2017~~February 2, 2015~~, at which time this amended District~~evelopment Program~~ was discussed by the public.

C. Authorizing Votes

Attached as Exhibit I hereto is an attested copy of the City of Portland Order approving this amended District~~evelopment Program, which includes the City of Portland Downtown Revitalization Investment Plan,~~ with the results of the vote~~d~~ noted on this Order duly called and held on November 20, 2017~~February 2, 2015~~.

PORTLAND TIF POLICY

February 4, 2013

PROPOSED AMENDMENTS ~~4.13~~~~8~~9.25~~.22~~.17

I. INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

"Infrastructure" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

II. STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

III. PURPOSE

The primary purposes of the TIF Policy include:

A. To support Portland Economic Development and Housing Plans and Policies;
B. To stimulate expansion of the City's commercial and industrial tax base;
C. To stimulate new affordable and market rate housing investment;
D. To retain and create quality employment;
E. To support Portland's Capital Improvement Plan; and,

F. To establish standards upon which the City Council will authorize TIF.

IV. GENERAL PRINICPLES

The three primary general principles for the City Council to establish TIF districts include:

A. Investment

***Minimum Real Property Investment*.** A minimum of $1 million in new taxable investment property value for commercial and industrial development and $500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

1) No reduction in State aid for education,
2) No reduction in municipal revenue sharing and
3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

V. APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

   Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

2) ***Area wide TIF districts financed by City Bond/Debt Issuance***

   Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3) ***Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)***

   A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)

a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.

b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- ~~India Street Neighborhood;~~
- ~~Franklin Street Corridor from I-295 to Commercial Street;~~
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- ~~Re-examine the boundary of Bayside TIF District;~~
- ~~Examine establishing a Downtown TIF district in place of the Arts TIF District;~~
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.

d) Affordable Housing. Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.

g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastructure.

NOTE 1: As of this Amended TIF Policy date, there are two~~hree~~ existing area wide TIF Districts, i.e., Bayside~~, Arts,~~ and Waterfront TIF Districts.

NOTE 2: As of this Amended TIF Policy date, there also exists two~~one~~ Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District and the Downtown TOD TIF District to ~~-~~support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)

a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

i) City Green Building Code

~~When assistance is provided for site specific TIF districts, any CEAs shall include a requirement that the project comply~~ ~~Compliance~~ Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs. ~~is required when TIF assistance is provided to individual private project CEAs.~~

ii) Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

(iii) State Prevailing Wage Requirement

Any firms employed in the construction phase of a TIF-assisted project must compensate all employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or Portland City Ordinance Ch. 33, §33-1 to 33-12, whichever is greater.

City staff shall provide to the relevant City Council Committee an annual update on:

a) the impact of this prevailing wage requirements on CEAs;
b) feasibility of construction firms to pay prevailing wages and benefits; and
c) compliance with this section.

~~(iv) Local, Diverse and Veteran Hiring Preference~~

~~The firms employed in the construction phase of a TIF-assisted project must demonstrate and produce documentation that a cumulative total of 25% of the total construction-related work hours are performed by:~~

~~- Residents of the City of Portland~~

~~- Minority and women employees~~

~~- Veterans of the United States Armed Forces~~

~~Upon review and recommendation from the City Council Committee and approval by the full City Council, a waiver may be granted for TIF recipients that demonstrate a hardship related to this provision.~~

(iv) Equal Employment Opportunities and Nondiscrimination

The developer and its contractors employed in the construction phase of a TIF-assisted project shall adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. All employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by the developer and its contractors where appropriate. This policy shall not be construed to prohibit any employment action or policy which is required by federal law, rule or executive order.

~~(iv) Participation in Apprenticeship and/or Job Training Program~~

~~The firms employed in the construction phase of a TIF-assisted project must participate in an bona-fide job training or apprenticeship program registered with and approved by the Maine or U.S. Departments of Labor for each separate trade or classification in which it employs employees and must continue to participate in such program(s) for the duration of the construction phase of the TIF-assisted project. Apprenticeship programs registered and approved by the US Department of Labor and/or Maine Department of Labor would meet this requirement.~~

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity.

The applicant must demonstrate financial capacity to support their project.

iii) Fees

~~-~~A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs.

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's. Notwithstanding the previous sentence, the maximum average percentage for the entire term associated with individual project CEAs for affordable housing shall be 75%. For the purposes of this policy, the term affordable housing shall be defined as in "V. Approach, Policy, and Term Requirements" Section B(2)(d) (Affordable Housing) of the Portland TIF Policy.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms;~~.~~ for Affordable Housing projects, up to thirty (30) years. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

~~4) Clawback Penalty Provision~~

~~If it is determined by the City Council, based on their review of the "Post Construction Report to City Council" referenced in Section C of the Application and Administration Process, that the requirements of Section B(3)(a) of this policy are not met, the City Council shall direct the City Manager to terminate the TIF agreement and recoup any funds expended or allotted as a part of the CEA.CEAs for site specific TIF districts shall contain a penalty provision that provides that in the event that the property developer fails to comply with the provisions of the CEA, the City may deduct up to 10% of the amount to be reimbursed to the developer for each year of the term of the CEA.~~

~~(5) Bonus Provision~~

~~The City Manager or his/her designee is empowered to develop a financial bonus system, not to exceed 2.5% of the total TIF assistance, for TIF recipients that exceed the requirements outlined in Section B(3)(a)(iv) of this policy.~~

VI. TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department ~~-~~and the Housing and Community Development Division (for affordable housing projects) handle~~s~~ all TIF inquires and processes requests for TIF. An applicant must submit a letter to either the Economic Development Department for commercial projects or the Housing and Community Development Division for affordable housing projects outlining the proposed project, including TIF project financial information, ~~along with~~ a plan outlining both the number of permanent and construction jobs associated with the proposed project, as well as a demonstrated ability to meet the requirements under Section B(3)(a) of this policy.

B. Approval Process.

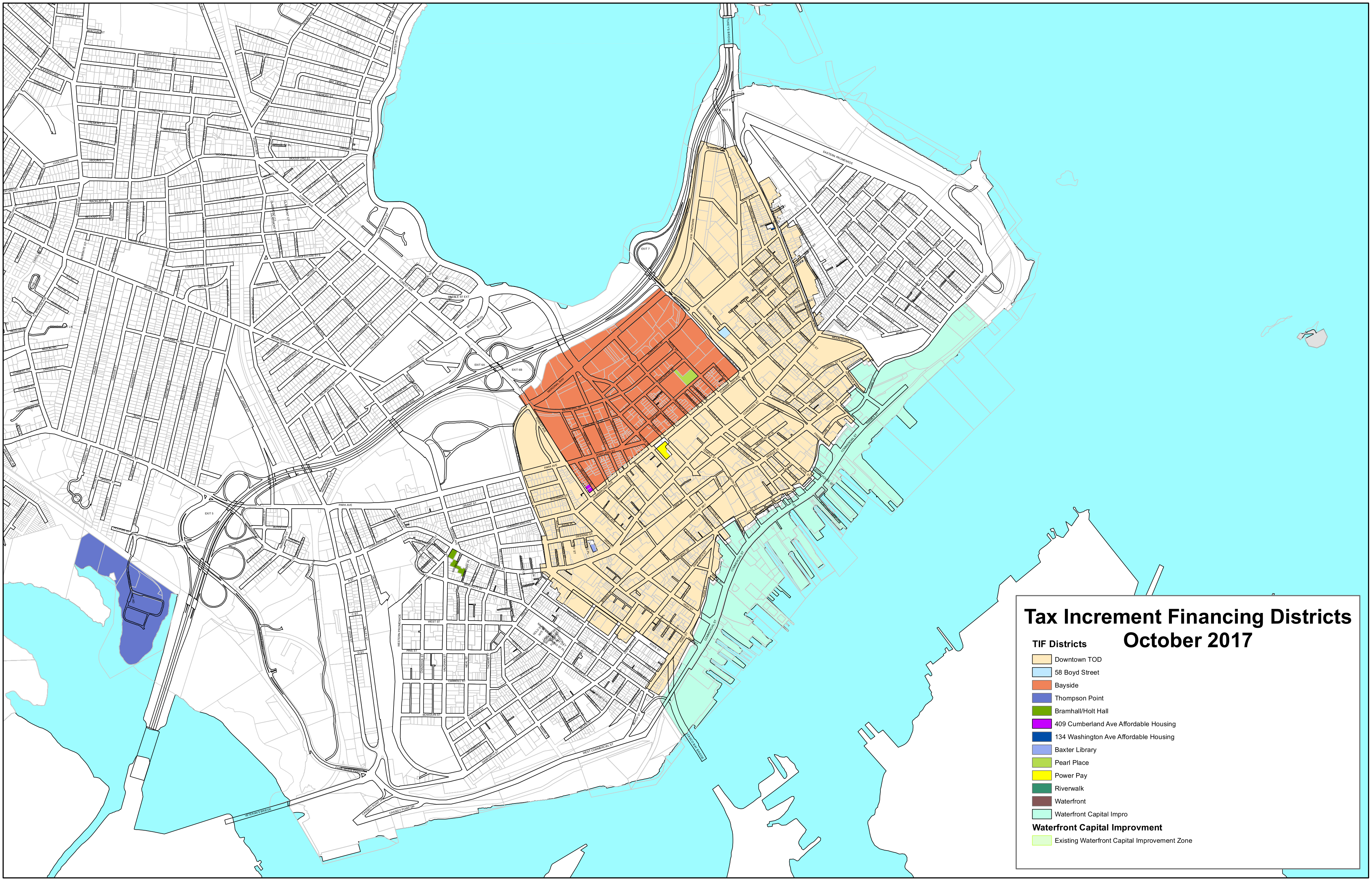
There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Post-Construction Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide a post-construction report to the City Council Committee and City Council regarding each TIF-assisted project which shall include, but not be limited to, an analysis of the adherence to Section (V)(B)(3)(a) of this policy.

D. Annual Report to City Council.

The Economic Development Department and the Housing and Community Development Division shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.


Tax Increment Financing Districts
October 2017
TIF Districts
Downtown TOD
58 Boyd Street
Bayside
Thompson Point
Bramhall/Holt Hall
409 Cumberland Ave Affordable Housing
134 Washington Ave Affordable Housing
Baxter Library
Pearl Place
Power Pay
Riverwalk
Waterfront
Waterfront Capital Impro
Waterfront Capital Improvment
Existing Waterfront Capital Improvement Zone

Mary Davis
Division Director, Housing & Community Development Division

TO: Councilor Brenerman, Chair
Members of the Economic Development Committee

FROM: Mary Davis, Division Director, Housing & Community Development

DATE: October 20, 2017

SUBJECT: Portland Housing Development Corporation – 58 Boyd Street

I. SUMMARY OF ISSUE

The Portland Housing Development Corporation (PHDC) is proposing to construct a 55 unit multi-family apartment building on a site they own located at 58 Boyd Street. PHDC is requesting financial assistance from the City in the form of an Affordable Housing TIF (AHTIF) to assist with the project. If approved, the AHTIF financing will be provided through a Credit Enhancement Agreement at 50% of the increased taxable value, currently estimated at an average $71,486 annually over 30 years.

The Portland Housing Development Corporation has requested two forms of financial assistance.

(1) HOME funds request: $200,000

(2) Tax Increment Financing request: If approved, the Affordable Housing TIF financing will be provided through a Credit Enhancement Agreement at 50% of the increased taxable value, currently estimated at a 30 year annual average of $71,486, with an estimated total of $2,144,566 in captured revenue returned to the developer to off-set project operating costs. The proposed project will be taxable. The remaining increased taxable value will be general fund revenue. TIF projections and proposed district map are included in the backup to this memo.

The project will consist of a fifty-five (55) unit, mixed-income, multi-family rental apartment community. Forty-four (44) units will be affordable to households earning below 60% of the area median income. The remaining eleven (11) units will be market-rate apartments. Twenty-eight (28) units will have project based rental assistance; ten percent (10%) of the units will have a set-aside for homeless households and another ten percent (10%) will have preference for homeless or disabled households. This is the next phase of Portland Housing Authority's strategic planning goal of increasing the supply of affordable housing.

58 Boyd Street		
Efficiency Units (25)	at or below 50% area median income	12
	at or below 60% area median income	5
	Market Rate	8
1-Bedroom Units (5)	at or below 50% area median income	3
	at or below 60% area median income	1
	Market Rate	1
2-Bedroom Units (16)	at or below 50% area median income	12
	at or below 60% area median income	2
	Market Rate	2
3-Bedroom Units (9)	at or below 50% area median income	9
	at or below 60% area median income	0
	Market Rate	0
Total Units		**55**

The developer will submit an application with MaineHousing's Low Income Housing Tax Credit program contingent upon a reduction in operating costs through a tax increment financing program that provides for a minimum of 50% of the projects annual property tax revenue to be returned to the developer.

II. REASON FOR SUBMISSION

TIF Agreements require a recommendation from the Economic Development Committee as well as approval and authorization from the City Council.

III. INTENDED RESULT

Establish an Affordable Housing TIF District to support the development of 55 new units of rental housing.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Increase access to safe, location-efficient rental and ownership housing that is affordable for working and low-income families.

V. FINANCIAL IMPACT

When completed, this project's new assessed value is estimated at $5.1 million, which will yield the same amount in increased annual assessed property value as the project is currently tax exempt. Fifty (50%) percent of the increased tax revenue will be captured revenue returned to the developer. The remaining 50% will be general fund revenue.

A Credit Enhancement Agreement will return approximately $2,144,566 in captured revenue to the project (averaged at $71,486 annually over thirty years) to off-set project operating costs. The proposed project will be taxable. TIF projections and proposed district map are included in the backup to this memo.

Total development costs are estimated at $11.3 million. At full build out, the development is projected to pay an average $71,486 annually in projected new taxes captured.

In addition, with the tax sheltering benefits of TIF Districts, overall savings to the City during the term of the district averages an estimated annual amount of $21,138+, or $634,138 + over the life of the district.

VI. STAFF ANALYSIS AND RECOMMENDATION

The Housing and Community Development Division works with an independent consultant who performs third party underwriting reviews of all requests for City funding (local and federal resources), including Affordable Housing Tax Increment Financing requests. The third party analysis will show a positive recommendation for the both the TIF and HOME funds investment. A detailed written analysis will be made available prior to the EDC meeting on Tuesday evening.

Public Benefits In reviewing this TIF request, staff notes the public benefit associated with the TIF District of 55 units of mixed income housing, eighty percent (80%) of which will be affordable to households at or below sixty percent (60%) of the area median income. Additionally, the TIF will create tax sheltering benefits estimated at an average $21,138 annually.

At the September 26th meeting of the Housing Committee, the Committee voted 3-0 to recommend to the City Council of approval of the HOME and TIF financing conditioned upon receipt of a satisfactory underwriting review.

Mary Davis
Division Director, Housing & Community Development Division

Staff is requesting the EDC approve and recommend to the City Council support of this Affordable Housing TIF proposal which meets the City's policy goal of increasing access to safe, location-efficient housing that is affordable for working and low-income families.

ATTACHMENTS

Copy of 58 Boyd Street Apartments Tax Increment Financing Application
TIF Projection Table
TIF District Map
Underwriting Report (the written report will be provided prior to the EDC meeting)

PORTLAND HOUSING DEVELOPMENT CORPORATION

14 Baxter Boulevard
Portland, ME 04101

Office: 207-773-4753
Fax: 207-761-5886

September 15, 2017

Greg Mitchell, Economic Development Director
City of Portland
389 Congress Street
Portland ME 04101

Subject: 58 Boyd Street Apartments – Tax Increment Financing Application

Dear Greg,

Please find attached our application for Tax Increment Financing for the 58 Boyd Street Apartments project in Portland's East Bayside neighborhood.

This project is starting the planning board process with a submission the week of September 18. We are very pleased with the recent Council decision to amend Division 30 allowing this project and others to not request a zone change.

We hope that a timely decision can be made on the TIF to help us secure financing in MaineHousing's upcoming Low Income Housing Tax Credit application in early February, 2018.

Thank you for your consideration of this application.

Sincerely,

Jay Waterman
Director of Development

14 Baxter Boulevard
Portland, ME 04101

Office: 207-773-4753
Fax: 207-761-5886

Application for Tax Increment Financing

58 Boyd Street Apartments

Summary

Portland Housing Development Corporation (PHDC), is developing a 55-unit, mixed-income, multi-family rental apartment community on land being sold by the the Portland Housing Authority to 58 Boyd Street, LP. The 0.48 acre of land currently has an underutilized single-story office building and PHA pays a modest PILOT payment to the City of Portland for this parcel as part of its larger public housing properties in the area. The proposed tax increment financing is a critical component of an application to MaineHousing for Low Income Housing Tax Credits that will finance the majority of this critically needed affordable housing.

We are asking for a 50% rebate of taxes for a period of 20 years under the commercial Downtown TIF District to reduce the operations cost burden on the 58 Boyd Street apartments. We understand that the capture rate for the Downtown District TIF is 22% but that individual parcels may request a higher rebate / return amount. Attached as Exhibit B is the TIF Projection Table provided by the Economic Development office at the City of Portland at the 50% captured value.

As a separate request, not part of this 58 Boyd Street process, PHDC would like to explore the potential to create an area wide TIF district that would include the entire Portland Housing Authority East Bayside Campus, including Kennedy Park, Bayside East and Bayside Terrace in a TIF district to support the re-development of these properties. Because of time constraints, this project needs to move forward separately from the broader TIF district potential.

Physical Description of the District

58 Boyd Street is a 20,934 square foot (0.48 acre) parcel of land at the corner of Boyd Street and Boyd Street Extension (formerly Lancaster Street) in Portland's East Bayside Neighborhood. The lot borders the Boyd Street Urban Farm (aka Franklin Reserve) on the East and Franklin Street on the South. The lot is designated Tax Map 22, Lot F-1.

Municipal Map Showing District Boundaries

See attached Exhibit A

Percentage of acreage suitable for residential use

100% of the acreage is zoned for, and suitable for, residential use.

Percentage of acreage blighted

None of the acreage is blighted.

Percentage in need of rehabilitation/redevelopment

The Boyd Street Apartments site is both an urban infill site and a formerly developed site. Upon HUD approval of disposition of the parcel from Portland Housing Authority's Declaration of Trust, and environmental review, the site will be cleared by the Housing Authority. This will occur months prior to the sale to 58 Boyd Street, LP. The site qualifies as an urban infill site because it was formerly used as the Portland Housing Authority Kennedy Park management offices and Head Start pre-school. These services have moved to the new Bayside Anchor building, completed in December, 2016. Prior to its redevelopment under Urban Renewal in the late 1960s and early 1970s, the site hosted residential structures. This is one of many underulitized sites owned by the Portland Housing Authority that could be a location to serve current low-income residents in the area and help ease the long-standing affordable housing crisis in Portland.

Physical description of district to support above

The site has a 1,800 square foot office building that is now vacant. The building was built in 1971 and has reached the end of its useful life. The area immediately surrounding the building consists of 0.48 acres of land that slopes from elevation 13.5 feet near Franklin Street, to 11 feet at the corner of Boyd Street and the former Lancaster Street.

Zoning designation where district is located

The 58 Boyd Street parcel is in the R-7 residential zone. This was re-zoned to R-7 from the R-6 in 2014 as part of PHDC's development of the 45-unit Bayside Anchor affordable housing development at the corner of Boyd and Oxford Street.

Allowed uses in that zone

The R-7 allows residential uses and ancillary uses associated with the residential use.

Description of municipal housing need and how it is being met by development

The rental housing crisis in Portland has been well documented by the City Planning and Housing staff. The Portland Press Herald's landmark special project, *Welcome to Portland: No Vacancy*, noted that the majority of Portland's renters cannot afford the median rent in Portland and the new supply of market-rate rental housing is not doing enough to reduce the affordability crisis in the City.

The following is from the Livable City section of the Comprehensive Plan adopted by the City in 2017:

> *"WHILE PORTLAND HAS WELCOMED much needed new housing construction in recent years, both the lack of sufficient housing supply and the affordability of that housing for a healthy socioeconomic cross-section of the population remain critical challenges."*

Also from the 2017 Comprehensive Plan housing section:

> *The City has a suite of existing tools and policies that remain important in supporting a more equitable and diverse housing supply. To supplement ongoing efforts in this area, the City Council has established a Housing Committee to recommend new housing policies, promote balanced development, and make recommendations regarding available development tools,* ***such as tax increment finance zones****, the Affordable Housing Revolving Loan Fund, Community Development Block Grants, HOME Program, and zoning and policy changes. The committee engaged in a robust public process throughout the spring and summer of 2016 not only to identify housing issues, but develop creative solutions. The Committee identified two main, interrelated themes: housing insecurity and lack of sufficient and suitable housing supply.*

As identified in the City of Portland's "Downtown Vision" community revitalization plan, the project site at 58 Boyd Street is within a designated community revitalization zone. The City officially adopted the Downtown Vision Plan into its comprehensive plan on March 1991. The comprehensive plan was finalized in 2002 and updated in 2005 and again in 2017.

The Downtown plan identified multi-family residential housing as one critical component of an urban district and of the new vision. Specifically it states that Downtown Neighborhood Policies will "Retain and improve the existing Downtown housing supply and discourage the displacement of residential uses" and "Preserve and create quality affordable housing in the Downtown and surrounding neighborhoods, especially for residents with special needs and limited options." 58 Boyd Street Apartments fulfills the goals of both of these policies.

In addition to the Downtown Plan there are specific East Bayside Revitalization efforts currently underway. East Bayside is the State's most diverse neighborhood racially and the poorest census tract in Cumberland County and has incredible development pressures coming "down the hill" from the real estate "boom" on Munjoy Hill, currently the "hottest real estate market in Maine."

Greater Portland Council of Governments and the City of Portland recently were awarded an EPA Brownfields Planning Grant to plan for revitalization and redevelopment of the East Bayside neighborhood. Please find information on this initiative attached.

Likewise the City of Portland has also created an East Bayside plan with the Muskie School of Public Service and an East Bayside Vision plan with GPCOG and the East Bayside Neighborhood Organization. Currently there is also a East (and West) Bayside Comprehensive Transportation planning process that has been implemented.

<u>Number of new rental units to be constructed</u>
58 Boyd Street will provide 55 new rental apartments for individuals and families.

<u>Number of existing rental units to be rehabilitated</u>
Zero

<u>Number of new single-family homes, including condominiums, to be constructed</u>
Zero

<u>Number of existing single-family homes, including condominiums, to be rehabilitated</u>
Zero

<u>Description of residential and non-residential uses in district and acreage of each</u>
This 0.48 acre parcel will have all residential uses or uses that are ancillary (or accessory) to affordable housing such as service providers within the 58 Boyd Street building.

<u>Description of accessory uses relating to residential use</u>
58 Boyd Street is located at the foot of the Boyd Street Urban Farm, also known as the Franklin Reserve. The proximity to the gardens offers the residents of 58 Boyd Street a unique opportunity to connect with neighbors through gardening, learn about growing food, cooking and nutrition and enjoy the connection with the adjacent green space.

PHDC has been in conversations with Cultivating Community for over a year regarding moving their central office and programmatic space back to their former neighborhood of East Bayside.

Since 2001, Cultivating Community has worked to put the means of food production in the hands of community members and to ensure diverse points of access to healthy food for people regardless of income. The goals of Cultivating Community are to increase healthy food access, food security and food independence in Maine. Cultivating Community meets the food needs of low-income individuals by deploying retail, wholesale, and food distribution initiatives that provide healthy food, educate consumers and build people's confidence that they and their families can eat well and healthfully. Annually, Cultivating Communities engages approximately 2,500 current and potential customers in purchasing/receiving food from food access initiatives (i.e. low to no-cost farm share program, urban farm stands, farmers market and mobile food market).

Cultivating Community primarily provides educational workshops on farming and nutrition, food distribution and leadership development programs for youths, which will enhance the quality of life for area residents.

No fees will be charged for the users of the Cultivating Community services. Cultivating Community primarily serves lower income families and individuals.

Number of affordable new rental units in district
58 Boyd Street will have 55 new rental units. 44 of those units will be affordable for those households earning below 60% of the Area Median Income. The remaining 11 units will be market-rate apartments.

Number of affordable single-family owner-occupied homes, including condominiums, in district
Zero

Total number of housing units in district
There will be a total of 55 housing units in the district.

Description of how housing and facilities in the district will be operated after completion
58 Boyd Street apartments will be a mixed income affordable apartment building for a minimum of 99 years, with use restrictions imposed by Federal HOME funds hopefully awarded by the City of Portland as well as other funding sources. The project will be regulated by MaineHousing, the City of Portland, a to-be-determined tax credit equity investment partner, the Federal Home Loan Bank of Boston and HUD.

Portland Housing Authority, PHDC's parent company, has considerable property management experience including income verification and tenant eligibility, but not specifically in Low Income Housing Tax Credit (LIHTC) developments. For this specialized segment of the affordable housing sector, PHDC will hire Hallkeen Management to be the property manager. Hallkeen currently manages PHA's 100 State Street affordable senior apartments and 2,500 LIHTC properties in the Northeast.

Cultivating Community, a Portland-based not-for-profit organization, will occupy space in the building and provide services to area residents as part of our Neighborhood Center at 58 Boyd Street. The Neighborhood Center will also have shared meeting space for community groups and a tele-medicine room for remote healthcare access for area residents.

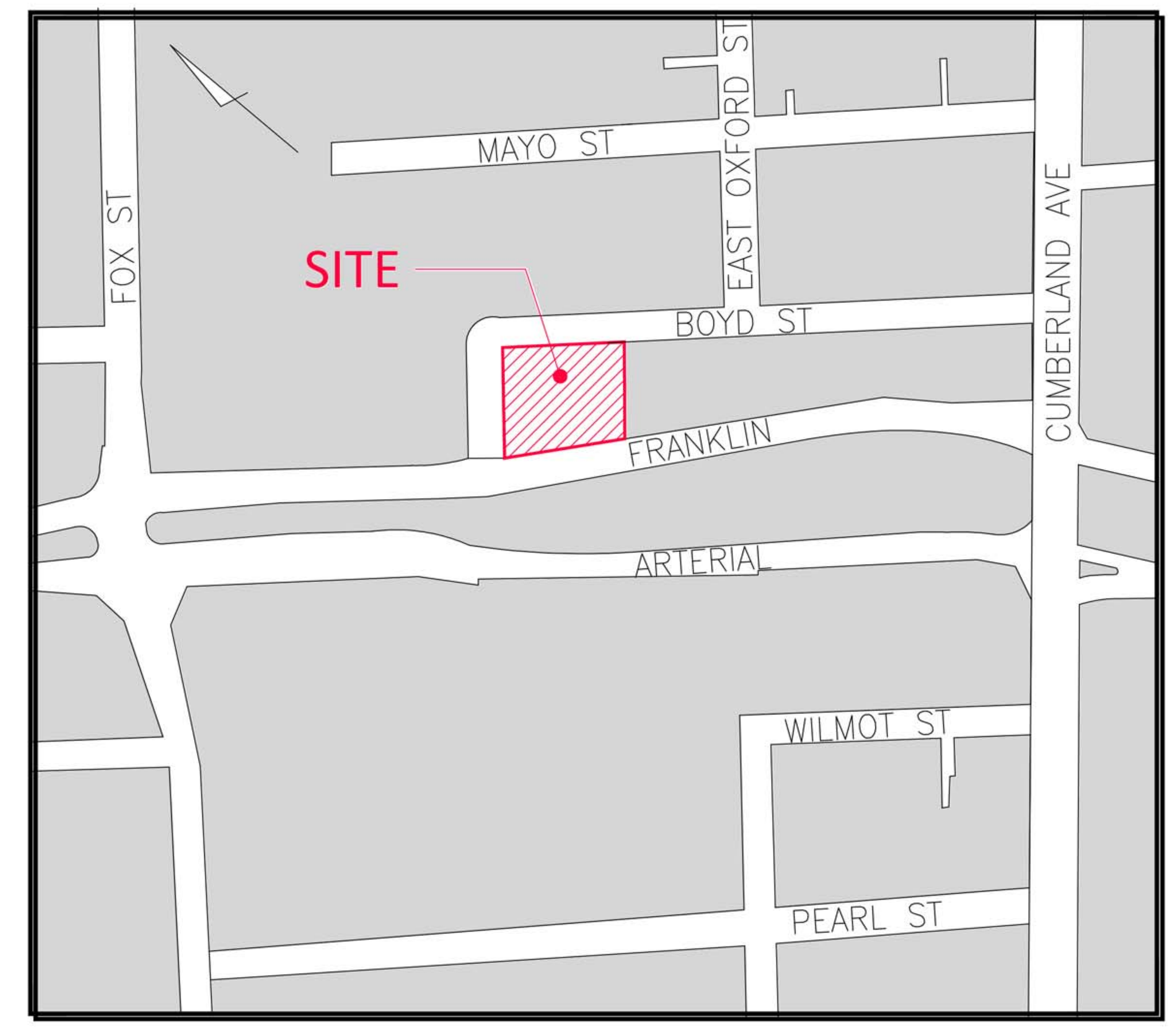
Entity responsible for operation
Portland Housing Authority and its developer affiliate Portland Housing Development Corporation will be responsible for the overall quality of operations. Hallkeen Property Management will be responsible for the day-to-day operations of the building.

Source of operating funds
Rental income from tenants will be the primary source of operating income allowed under MaineHousing's LIHTC program. Portland Housing Authority has also committed 28 Project-Based Section 8 Vouchers that will allow 28 very low income households to pay only 30% of their monthly income as rent, with HUD contributing the balance. This is a 20 year Housing Assistance Payment contract with a renewable 20 year term. We also expect a monthly rental payment from Cultivating Community for the space they use in the Neighborhood Center. The project will also receive a modest amount of income from resident laundry machines.

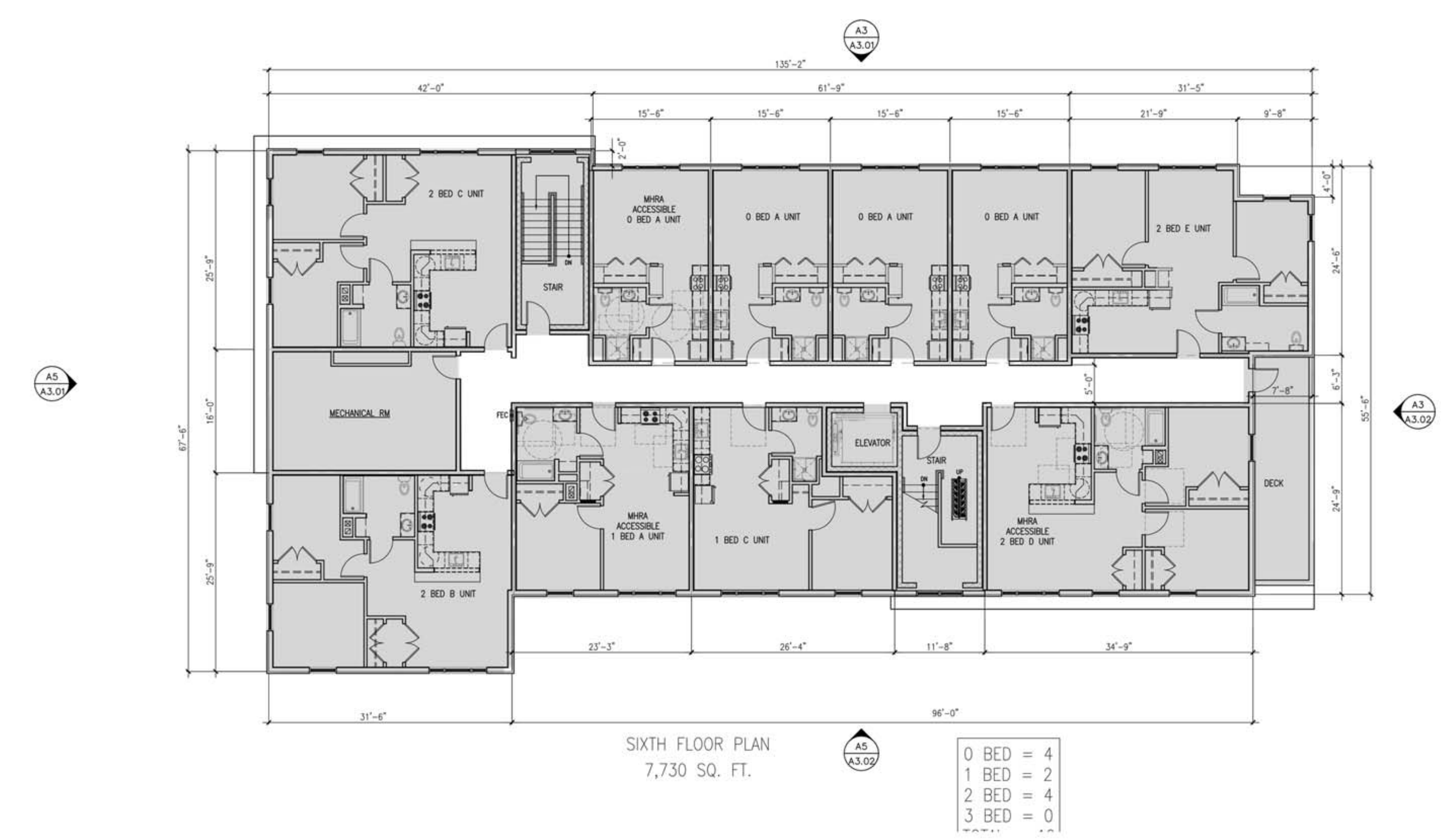
Description of each improvement, facility, program, or other activity that will be funded in whole or in part with tax increment revenues.

The 58 Boyd Street Apartments will be the only facility funded with tax increment revenue. The accessory Neighborhood Center noted above will also be housed within the building.

SITE PLAN
SCALE: 1"=10'-0"



LOCATION MAP
SCALE: NTS



FLOOR PLAN LEVEL 6
SCALE: 1"=20'-0"

OWNER:

58 BOYD STREET, LP
14 BAXTER BLVD.
PORTLAND, ME 04101

ARCHITECT:

CWS ARCHITECTS
434 CUMBERLAND AVE
PORTLAND, ME 04101

58 BOYD ST APARTMENTS

Portland, ME

September 8, 2017

CARROLL ASSOCIATES
LANDSCAPE ARCHITECTS
217 COMMERCIAL STREET, STE 200
PORTLAND, MAINE 04101
207.772.1552 V. F. 207.772.0712

58 Boyd Street Apartment Sources and Uses

58 Boyd Street Apartments - Sources and Uses

Sources			
evelopment Fee Loan	**0**		
MH Amortizing Loan	**550,000**		
City FedHOME	**200,000**		
AHP Loan	**2,932,139**		
FHLB Subsidy	**750,000**		
Net Syndication	**6,756,824**	795,000	Credit Allocation
Sponsor Loan	**119,936**		
Total	**11,308,899**		
Uses			
Construction	**8,769,264**	$172.24	/sf Construction
Soft Costs	**910,630**		
Finance Costs	**170,700**		
Miscellaneous	**198,780**		
Acquisition	**0**		
Reserves	**509,524**		
Developer Fee	**750,000**		
Total	**11,308,899**	205,616	Gross TDC / Uni
		199,461	Adj. TDC / unit

PROJECT FINANCING

Source		Amount	Rate	Term	Lien	Annual D/S Yr. 1-5	Yr. 6-15	Yr. 16-30
Source 1:	MH Subsidy	0	0.00%	30	First	0	0	0
Source 2:	MH Amortizing Loan	550,000	6.00%	30	First	39,570	39,570	39,570
Source 3	AHP Loan	2,932,139	5.00%	30	First	188,884	188,884	188,884
Source 4:	Sponsor Loan	119,936	0.00%	30		3,690	3,690	3,690
Source 7	City FedHOME	200,000	0.00%	30	Third	0	0	
Source 8	AHP Subsidy	750,000			Third		Grant	
Source 9	Development Fee Loan	0			Unsecured		Cash Flow	
Source 10	Net Syndication	6,756,824	$0.85					
	Capitalization Gap	-0						
	Total	11,308,899						

58 Boyd Street Development Budget

		Pro Forma Development Budget Residential	Per Unit	Commercial	Total
Site Improvements		748,000	13,600		748,000
Construction		6,817,499	123,955	0	6,817,499
Demolition		0	0		0
Builder Overhead		420,000	7,636		420,000
Builder Profit		321,218	5,840		321,218
Bond Premium		44,963	818		44,963
Construction Contingency	5%	417,584	7,592		417,584
Subtotal Construction Costs		**8,769,264**	**159,441**	**0**	**8,769,264**
Building Permits and Fees		175,730	3,195		175,730
Survey & Engineering		66,900	1,216		66,900
Architectural & Design		510,000	9,273		510,000
Legal		68,000	1,236		68,000
Title & Recording		15,000	273		15,000
Accounting		8,000	145		8,000
Construction Period Tax		8,000	145		8,000
Construction Period Insurance		25,000	455		25,000
Soft Cost Contingency		34,000	618		34,000
Subtotal Soft Costs		**910,630**	**16,557**	**0**	**910,630**
Construction Loan Origination Fees		7,500	136		7,500
Construction Loan Interest		115,500	2,100		115,500
Constr Partic. Fee/Perm Loan Fee		14,500	264		14,500
Lend Inspec, Const legal, Letter of Credit		33,200	604		33,200
Subtotal Finance Costs		**170,700**	**3,104**	**0**	**170,700**
Market Survey		5,200	95		5,200
Appraisal		6,000	109		6,000
Environmental Study		13,500	245		13,500
LIHTC Fees/ prepd monitor		63,000	1,145		63,000
Commissioning		57,080	1,038		57,080
FF&E		54,000	982		54,000
Subtotal Miscellaneous		**198,780**	**3,614**	**0**	**198,780**
Acquisition: Buildings		0	0		0
Acquisition: Land		0	0		0
Acquisition: Legal		0	0		0
Subtotal Acquisition		**0**	**0**	**0**	**0**
Operating Deficit Escrow		305,530	5,555		305,530
Pre-funded Replacements		76,037	1,382		76,037
Tax & Insurance Escrow		77,958	1,417		77,958
Working Capital		0	0		0
GP Contribution		0	0		0
Developer Overhead		420,000	7,636		420,000
Developer Profit		330,000	6,000		330,000
Rent-up & Marketing		50,000	909		50,000
Subtotal Fee and Reserves		**1,259,524**	**22,900**	**0**	**1,259,524**
Total Development Costs		**11,308,899**	**205,616**	**0**	**11,308,899**
TDC Less LIHTC Fees and ODE			**199,461**		

58 Boyd Street Apartments

Rent Schedule

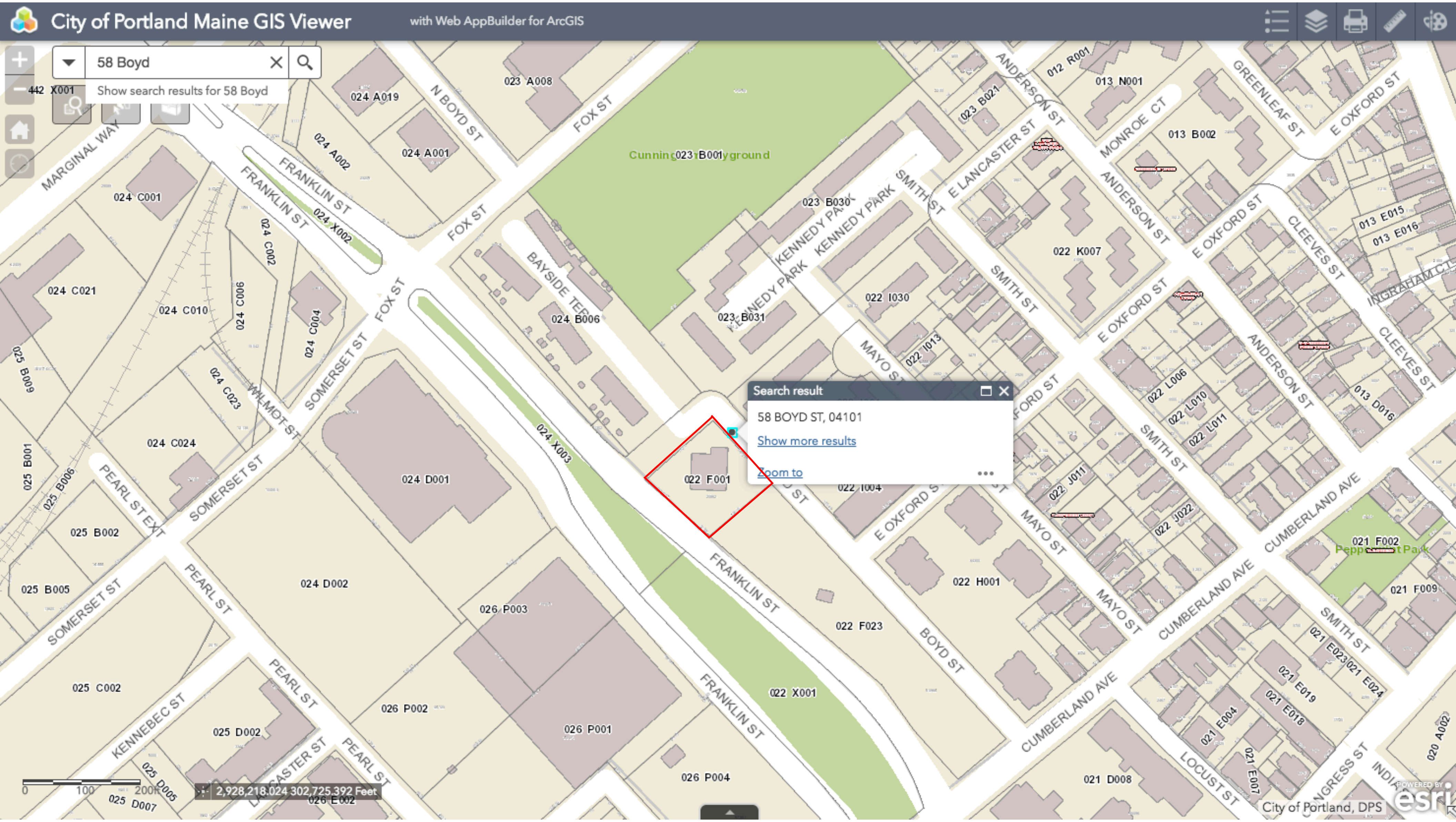
PROPOSED RENT SCHEDULE

Type		AMI	# Units	Rents from Applicant	Program Max Rents	Gross Rent	Market Rent	Utility Allow.	Total Rent
Efficiency		40% LIHTC	0				$1,045	0	0
		50% LIHTC PBV	4	718	718	718	$1,045	0	34,464
		50% LIHTC	8	718	718	718	$1,045	0	68,928
		60% HOME	0				$1,045	0	0
		60% LIHTC	5	862	862	862	$1,045	0	51,720
	25	Market	8	$941	$941	941	$1,045	0	90,288
1BR		40% LIHTC	0				$1,215	0	0
		50% HOME	0				$1,215	0	
		50% LIHTC PBV	3	770	770	770	$1,215	0	27,720
		50% LIHTC	0	770	770	770	$1,215	0	0
		60% LIHTC	1	924	924	924	$1,215	0	11,088
	5	Market	1	$1,033	$1,033	1,033	$1,215	0	12,393
2BR		40% LIHTC	0				$1,520	0	0
		50% HOME	0	923	923	923	$1,520	0	0
		50% LIHTC PBV	12	923	923	923	$1,520	0	132,912
		High HOME	0				$1,520	0	0
		60% LIHTC	2	1,108	1,108	1,108	$1,520	0	26,592
	16	Market	2	$1,368	$1,368	1,368	$1,520	0	32,832
3BR		50% LIHTC	0	1067	1067	1,067	$1,810	0	0
		50% LIHTC PBV	9	1067	1067	1,067	$1,810	0	115,236
		60% HOME	0				$1,810	0	0
		60% LIHTC	0	1281	1281	1,281	$1,810	0	0
	9	Market	0	$1,629	$1,629	1,629	$1,810	0	0
4BR		50% HOME					$0	0	0
		50% LIHTC					$0	0	0
		60% HOME					$0	0	0
		60% LIHTC					$0	0	0
	0	Market							0
Other:									0
									0
Subtotals			55						604,173
				Vacancy Rate		5%			-37,573
				Other Income		50% TIF			55,208
				Other Income		PBV-HAP Diff.			147,288
				Other Income		Laundry			5,500
				Tenant Income		CSF			12,000
				Effective Gross Income					786,595

One Year Operating Expenses

OPERATING EXPENSES					
Expense	Residential Annual	Annual Per Unit	Monthly Per Unit	Community Facility Annual	Total Building Annual
Administrative Expenses:					
Management Fees	42,833	779	65	0	42,833
Management Charges	42,833	779	65	0	42,833
Marketing Expenses	500	9	1	0	500
Legal Expenses	2,000	36	3	0	2,000
Auditing Expenses	6,000	109	9	0	6,000
					0
Other Administrative Expenses	0	0	0	0	0
Administrative Expenses	94,167	1,712	143	0	94,167
Operating Expenses:					
Janitorial Payroll	0	0	0	0	0
Janitorial Supplies and Equipment	0	0	0	0	0
					0
Janitorial Contractual Services	20,000	364	30	0	20,000
Propane Heat & HW	24,000	436	36	1,000	25,000
Electricity	35,000	636	53	4,000	39,000
Water and Sewer	32,500	591	49	1,000	33,500
Garbage and Trash Removal	15,000	273	23	500	15,500
Vehicle and Equipment Expenses	0	0	0	0	0
Other Operating Expenses	0	0	0	0	0
Operating Expenses	126,500	2,300	192	6,500	133,000
Maintenance Expenses:					
Grounds Maintenance Payroll	0	0	0	0	0
Grounds Tools and Supplies	0	0	0	0	0
Grounds Contractual Services	7,500	136	11	750	8,250
Miscellaneous Ground Maintenance	0	0	0	0	0
Tenant Damage Charges - Grounds	0	0	0	0	0
Building Maintenance Payroll	0	0	0	0	0
Building Tools and Supplies	5,500	100	8	0	5,500
Building Contractual Services	30,000	545	45	1,000	31,000
Building Systems Maintenance	45,000	818	68	3,000	48,000
Miscellaneous Building Maintenance	500	9	1	0	500
Tenant Damage Charges - Building	0	0	0	0	0
Maintenance Expenses	88,500	1,609	134	4,750	93,250
General Expenses:					
Off-Site Parking					
Property Taxes	110,415	2,008	167	0	110,415
Property and Liability Insurance	19,500	355	30	750	20,250
Tenant Computer Network Expense	2,500	45	4	0	2,500
Tenant Service Expenses	17,500	318	27	0	17,500
General Expenses	149,915	2,726	227	750	150,665
Replacement Reserve Funding	24,750	450	38	0	24,750
Commercial Expenses (if applicable)	0	0	0		
Total	483,832	8,797	733	12,000	495,832
Operating Cost per unit without Replacement Reserve		8,347			

Exhibit A


City of Portland Maine GIS Viewer
with Web AppBuilder for ArcGIS
58 Boyd
Show search results for 58 Boyd
Search result
58 BOYD ST, 04101
Show more results
Zoom to
022 F001
FRANKLIN ST
BOYD ST
FOX ST
N BOYD ST
SOMERSET ST
PEARL ST
MARGINAL WAY
KENNEDY PARK
SMITH ST
ANDERSON ST
E OXFORD ST
MAYO ST
CUMBERLAND AVE
BAYSIDE TER
WILMOT ST
E LANCASTER ST
MONROE CT
GREENLEAF ST
CLEEVES ST
LOCUST ST
KENNEBEC ST
PEARL ST EXT
024 D001
024 D002
026 P001
026 P002
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026 P004
022 X001
022 F023
022 H001
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024 B006
City of Portland, DPS
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City of Portland - TIF Model
Boyd Street TIF Model 8/28/2017 OAV: $0 - Tax Exempt

50% Captured Value to Developer; 50% Uncaptured to City General Fund

City of Portland- TIF Projection Table/58 Boyd Street AH TIF									
TIF Year	Tax Year-April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues
1	2018	$0	50.00%	$0	21.53	$0	$0	$0	$0
2	2019	$2,550,000	50.00%	$1,275,000	21.96	$28,003	$28,003	$0	$28,003
3	2020	$5,100,000	50.00%	$2,550,000	22.40	$57,125	$57,125	$0	$57,125
4	2021	$5,100,000	50.00%	$2,550,000	22.85	$58,268	$58,268	$0	$58,268
5	2022	$5,100,000	50.00%	$2,550,000	23.31	$59,433	$59,433	$0	$59,433
6	2023	$5,100,000	50.00%	$2,550,000	23.77	$60,622	$60,622	$0	$60,622
7	2024	$5,100,000	50.00%	$2,550,000	24.25	$61,834	$61,834	$0	$61,834
8	2025	$5,100,000	50.00%	$2,550,000	24.73	$63,071	$63,071	$0	$63,071
9	2026	$5,100,000	50.00%	$2,550,000	25.23	$64,332	$64,332	$0	$64,332
10	2027	$5,100,000	50.00%	$2,550,000	25.73	$65,619	$65,619	$0	$65,619
11	2028	$5,100,000	50.00%	$2,550,000	26.25	$66,931	$66,931	$0	$66,931
12	2029	$5,100,000	50.00%	$2,550,000	26.77	$68,270	$68,270	$0	$68,270
13	2030	$5,100,000	50.00%	$2,550,000	27.31	$69,635	$69,635	$0	$69,635
14	2031	$5,100,000	50.00%	$2,550,000	27.85	$71,028	$71,028	$0	$71,028
15	2032	$5,100,000	50.00%	$2,550,000	28.41	$72,449	$72,449	$0	$72,449
16	2033	$5,100,000	50.00%	$2,550,000	28.98	$73,898	$73,898	$0	$73,898
17	2034	$5,100,000	50.00%	$2,550,000	29.56	$75,376	$75,376	$0	$75,376
18	2035	$5,100,000	50.00%	$2,550,000	30.15	$76,883	$76,883	$0	$76,883
19	2036	$5,100,000	50.00%	$2,550,000	30.75	$78,421	$78,421	$0	$78,421
20	2037	$5,100,000	50.00%	$2,550,000	31.37	$79,989	$79,989	$0	$79,989
21	2038	$5,100,000	50.00%	$2,550,000	32.00	$81,589	$81,589	$0	$81,589
22	2039	$5,100,000	50.00%	$2,550,000	32.64	$83,221	$83,221	$0	$83,221
23	2040	$5,100,000	50.00%	$2,550,000	33.29	$84,885	$84,885	$0	$84,885
24	2041	$5,100,000	50.00%	$2,550,000	33.95	$86,583	$86,583	$0	$86,583
25	2042	$5,100,000	50.00%	$2,550,000	34.63	$88,315	$88,315	$0	$88,315
26	2043	$5,100,000	50.00%	$2,550,000	35.33	$90,081	$90,081	$0	$90,081
27	2044	$5,100,000	50.00%	$2,550,000	36.03	$91,883	$91,883	$0	$91,883
28	2045	$5,100,000	50.00%	$2,550,000	36.75	$93,720	$93,720	$0	$93,720
29	2046	$5,100,000	50.00%	$2,550,000	37.49	$95,595	$95,595	$0	$95,595
30	2047	$5,100,000	50.00%	$2,550,000	38.24	$97,506	$97,506	$0	$97,506
30 Year TIF Total		**$145,350,000**		**$72,675,000**		**$2,144,566**	**$2,144,566**	**$0**	**$2,144,566**
30 Year TIF Average						**$71,486**	**$71,486**		**$71,486**

City of Portland - TIF Model
Boyd Street TIF Model   8/28/2017 OAV: $0 - Tax Exempt

50% Captured Value to Developer; 50% Uncaptured to City General Fund

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model

50% Sheltered over 30 years with that 50% going to Developer Project Account; 50% to City General Fund

				Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2018	$0	$0	$0	$0	$0	$0
2	2019	$2,550,000	$1,275,000	$0	$777	$694	$1,471
3	2020	$5,100,000	$2,550,000	$0	$1,553	$1,389	$2,942
4	2021	$5,100,000	$2,550,000	$7,055	$1,553	$1,389	$9,997
5	2022	$5,100,000	$2,550,000	$14,110	$1,553	$1,389	$17,052
6	2023	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
7	2024	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
8	2025	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
9	2026	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
10	2027	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
11	2028	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
12	2029	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
13	2030	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
14	2031	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
15	2032	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
16	2033	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
17	2034	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
18	2035	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
19	2036	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
20	2037	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
21	2038	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
22	2039	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
23	2040	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
24	2041	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
25	2042	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
26	2043	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
27	2044	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
28	2045	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
29	2046	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
30	2047	$5,100,000	$2,550,000	$21,165	$1,553	$1,389	$24,107
30 Year TIF Total		**$145,350,000**	**$72,675,000**	**$550,290**	**$44,265**	**$39,584**	**$634,138**
30 Year TIF Average				**$18,343**	**$1,475**	**$1,319**	**$21,138**

Portland, Maine Yes. Life's good here.

Mary Davis
Division Director, Housing & Community Development Division

TO: Councilor Brenerman, Chair
Members of the Economic Development Committee

FROM: Mary Davis, Division Director, Housing & Community Development

DATE: October 20, 2017

SUBJECT: Avesta Housing Development Corporation – 61 Deering Street and 510 Cumberland Avenue

I. SUMMARY OF ISSUE

Avesta Housing Development Corporation (AHDC) is proposing to renovate and construct an eight (80) unit mixed-income rental housing development on a site they own located at 61 Deering Street and 510 Cumberland Avenue. AHDC is requesting financial assistance from the City in the form of an Affordable Housing TIF (AHTIF) to assist with a project. If approved, the AHTIF financing will be provided through a Credit Enhancement Agreement at 75% of the increased taxable value, currently estimated at an average $147,981 annually over 30 years.

The Avesta Housing Development Corporation has requested two forms of financial assistance.

(1) HOME funds request: $300,000, 0% interest rate loan, deferred for 30 years;

(2) Tax Increment Financing request: If approved, the Affordable Housing TIF financing will be provided through a Credit Enhancement Agreement at 75% of the increased taxable value, currently estimated at a 30 year annual average of $147,981, with an estimated total of $4,439,439 in captured revenue returned to the developer to off-set project operating costs. The proposed project will be taxable. The remaining increased taxable value will be general fund revenue. TIF projections and proposed district map are included in the backup to this memo.

The project will consist of 80 units of rental housing including 15 efficiency units, 40 1-bedroom units, 12 2-bedroom units and 13 3-bedroom units. The units will be affordable to households earning 40%, 50% and 60% of area median income.

Deering Place 510 Cumberland Avenue & 61 Deering Street		
Efficiency Units (15)	at or below 40% area median income	0
	at or below 50% area median income	9
	at or below 60% area median income	0
	Market Rate	6
1-Bedroom Units (40)	at or below 40% area median income	0
	at or below 50% area median income	17
	at or below 60% area median income	0
	Market Rate	23
2-Bedroom Units (12)	at or below 40% area median income	5
	at or below 50% area median income	4
	at or below 60% area median income	0
	Market Rate	3
3-Bedroom Units (13)	at or below 40% area median income	8
	at or below 50% area median income	5
	at or below 60% area median income	0
	Market Rate	0
Total Units		**80**

The developer will submit an application with MaineHousing's Low Income Housing Tax Credit program contingent upon a reduction in operating costs through a tax increment financing program that provides for a minimum of 75% of the projects annual property tax revenue to be returned to the developer.

II. REASON FOR SUBMISSION

TIF Agreements require a recommendation from the Economic Development Committee as well as approval and authorization from the City Council.

III. INTENDED RESULT

Establish an Affordable Housing TIF District to support the development of 80 new units of rental housing.

IV. COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

Increase access to safe, location-efficient rental and ownership housing that is affordable for working and low-income families.

V. FINANCIAL IMPACT

When completed, this project's new assessed value is estimated at $7 million, which will yield the same amount in increased annual assessed property value as the project is currently tax exempt. Seventy-five (75%) percent of the increased tax revenue will be captured revenue returned to the developer. The remaining 25% will be general fund revenue.

A Credit Enhancement Agreement will return approximately $4,439,439 in captured revenue to the project (averaged at $147,981 annually over thirty years) to off-set project operating costs. The proposed project will be taxable. TIF projections and proposed district map are included in the backup to this memo.

Total development costs are estimated at $15.7 million. At full build out, the development is projected to pay an average $147,981 annually in projected new taxes captured.

In addition, with the tax sheltering benefits of TIF Districts, overall savings to the City during the term of the district averages an estimated annual amount of $43,519+, or $1,305,573+ over the life of the district.

VI. STAFF ANALYSIS AND RECOMMENDATION

The Housing and Community Development Division works with an independent consultant who performs third party underwriting reviews of all requests for City funding (local and federal resources), including Affordable Housing Tax Increment Financing requests. The third party analysis will show a positive recommendation for the both the TIF and HOME funds investment. A detailed written analysis will be made available prior to the EDC meeting on Tuesday evening.

Public Benefits In reviewing this TIF request, staff notes the public benefit associated with the TIF District of 80 units of mixed income housing, sixty percent (60%) of which will be affordable to households at or below sixty percent (50%) of the area median income. Additionally, the TIF will create tax sheltering benefits estimated at an average $147,981 annually.

Mary Davis
Division Director, Housing & Community Development Division

At the September 26th meeting of the Housing Committee, the Committee voted 3-0 to recommend to the City Council of approval of the HOME and TIF financing conditioned upon receipt of a satisfactory underwriting review.

Staff is requesting the EDC approve and recommend to the City Council support of this Affordable Housing TIF proposal which meets the City's policy goal of increasing access to safe, location-efficient housing that is affordable for working and low-income families.

ATTACHMENTS

Copy of Deering Place Tax Increment Financing Application
TIF Projection Table
TIF District Map
Underwriting Report (the written report will be provided prior to the EDC meeting)

389 Congress Street / www.portlandmaine.gov / tel, 207•756•8246 / tty, 207•874•8936 / fax, 207•874•8949

City of Portland HOME Funds Application

Project: Deering Place

Avesta Housing is requesting $300,000 of HOME funds from the City of Portland to complete the Deering Place project (“Deering Place”) at 61 Deering Street and 510 Cumberland Avenue, Portland, Maine.

Deering Place is an opportunity to preserve, redevelop, and expand affordable housing in a highly desirable and accessible location within Portland. The development site contains three contiguous lots located in a highly walkable area in the historic Parkside neighborhood in downtown Portland. Deering Place is in close proximity to many amenities and services within the downtown area, making it a prime location for housing; MaineHealth, Deering Oaks park, a pharmacy, bus stops, schools, and a grocery store are all within a half mile.

Deering Place will combine the redevelopment of two under-utilized parking lots and the rehabilitation of an existing mixed-use building to create a mixed-income, contextually-appropriate residential community with 80 units and enhanced amenities. The project will include a mix of affordable and market rate units, making it possible to preserve and add affordable units as well as ensure the long term viability of the project. The scope of work includes a rehab and expansion of 510 Cumberland Avenue (“Building A”) and the construction of a new building at 61 Deering Street (“Building B”). Upon completion, there will be a total of 80 apartments, of which 67 will be newly constructed units and 10 will meet handicapped accessible standards and requirements.

Building A is a three-story brick building originally constructed in 1927 and expanded in the early 1990s, currently comprised of 13 one- and two-story three-bedroom rental units, significant first floor commercial space, and a large surface parking lot. The building has not received any major capital improvements in almost 30 years and is in need of significant interior and exterior rehabilitation work. To address these issues and create a higher quality living experience for the residents, the project will facilitate much needed capital improvements at the building level (e.g., brick repointing, roof repair, HVAC enhancements) and through in-unit upgrades (e.g., new doors, energy efficient light fixtures and appliances, cabinets, flooring). The project will also convert the underutilized commercial space to seven new residential units. In addition, Building A will be expanded by constructing a new 33-unit residential building on the surface parking lot next to the existing building. The new building will be attached to the existing building and utilize the same address. The expanded Building A will include 53 units and 59 covered parking spaces, six of which will be handicapped accessible.

Building B will be comprised of 27 units and have five parking spaces, four of which will be handicapped accessible.

307 Cumberland Avenue • Portland, Maine 04101
207-553-7777 • 1-800-339-6516 Voice/TTY
207-553-7778 Fax • www.avestahousing.org

Avesta prioritizes quality, environmentally sustainable design in all of our projects and the organization has developed building standards that ensure that our baseline building envelopes and mechanical systems exceed any building codes we encounter. In line with these initiatives, we plan to incorporate a range of features to promote and support sustainability, energy efficiency, and indoor air quality at Deering Place, including energy efficient heating systems, boilers, and furnaces; water conserving fixtures; Energy Star appliances; LED or Energy Star qualified lighting; and natural ventilation through operable windows.

Combined amenities in the two buildings, available to all Deering Place residents, will include a new community room, a laundry room in each building, and a telemedicine room, which will provide simple remote access to medical care. The grounds will be well landscaped with easily accessible walkways and sitting areas.

Deering Place will be a mixed-income project for individuals and families, comprised of 48 affordable rental units (60% of the project) and 32 market rental units (40% of the project). There are currently income and rent restrictions governed by a MaineHousing agreement requiring at least 13 units to be designated for households at or below 40% of Area Median Income (AMI). This project will ensure the preservation of those existing affordability restrictions over the long term. Additionally, the project has and will continue to have residents with Housing Choice Vouchers and other forms of rental assistance.

Incorporating the current affordability restrictions, the newly completed project will have 13 units designated for individuals or families at or below 40% of AMI, 37 units designated for individuals or families at or below 50% of AMI, and 32 market units. All units with affordability restrictions will have a utility allowance factored into the tenant rent payment.

These affordable units at Deering Place come at a critical time for very low income Portlanders. Vacancies in Portland are at all-time lows while rents continue to increase. In the first six months of 2017 alone, Avesta has had 1,600 households apply for an affordable apartment in Portland though we have only been able to place 97 of those households, showing demand far exceeds supply. Furthermore, Deering Place currently has a waitlist of over 100 households for the 13 existing units. Deering Place will preserve and improve existing affordable rental housing and add much-needed new affordable rental housing in a central location of the city rich with transit, services, and neighborhood amenities.

PROJECT NAME:	Deering Place	Date:	10/16/17
LOCATION:	510 Cumberland & 61 Deering Portland, ME		

DEVELOPMENT ASSUMPTIONS						
Total Units		80	Inflation Adjustments	Yr 1-5	Yr. 6-15	Yr. 16-30
40% LIHTC	16.3%	13	Rent	2.00%	2.00%	3.00%
50% LIHTC	38.8%	31	Operating Expense	3.00%	3.00%	3.00%
50% AMI	5.0%	4	Other Income	2.00%	2.00%	3.00%
60% AMI (LIHTC)	0.0%	0	Debt Coverage Ratio	1.15		
Market	40.0%	32	Vacancy	7%		
Appraised Market Value		8,881,631	Market Value/Unit	$111,020		

LIHTC Alloc.	797,500
Equity yield	0.90
Synd. %	99.99%
Equity Raise	7,176,782

Historic Credit FED	0
Equity yield	0.99
Synd. %	99.99%
Equity Raise	0

Number of Tax-payers	1
Historic Credit STATE	0
Equity yield	0
Synd. %	99.99%
Equity Raise	0

Total Equity:	7,176,782

Gross Square Footage	65,780
Construction Cost/Sq ft.	**$164**

PRO FORMA DEVELOPMENT BUDGET					
		Residential	Per Unit	Commercial	Total
Site Improvements		562,500	7,031		562,500
Construction		8,756,220	109,453		8,756,220
General Requirements		780,000	9,750		780,000
Builder Overhead		0	0		0
Builder Profit		0	0		0
Bond Premium		0	0		0
Construction Contingency	6%	660,420	8,255		660,420
Subtotal Construction Costs		**10,759,140**	**134,489**	**0**	**10,759,140**
Building Permits and Fees		110,043	1,376		110,043
Survey & Engineering		51,000	638		51,000
Architectural & Design		342,900	4,286		342,900
Legal		48,000	600		48,000
Title & Recording		15,000	188		15,000
Accounting		10,000	125		10,000
Construction Period Tax		13,000	163		13,000
Construction Period Insurance		30,000	375		30,000
Other: as built, FFE, qt		33,000	413		33,000
Subtotal Soft Costs		**652,943**	**8,162**	**0**	**652,943**
Construction Loan Origination Fees		8,532	107		8,532
Construction Loan Interest		226,677	2,833		226,677
Permanent Loan Fees		181,688	2,271		181,688
Other		41,150	514		41,150
Subtotal Finance Costs		**458,046**	**5,726**	**0**	**458,046**
Market Survey		5,500	69		5,500
Appraisal		6,000	75		6,000
Environmental Study		3,500	44		3,500
LIHTC Fees		89,875	1,123		89,875
Other: Soft Cost Contingency/Misc		63,989	800		63,989
Other: Commissioning		62,000	775		62,000
Subtotal Miscellaneous		**230,864**	**2,886**	**0**	**230,864**
Acquisition: Buildings		600,000	7,500		600,000
Acquisition: Land		900,000	11,250		900,000
Acquisition: Legal		0	0		0
Subtotal Acquisition		**1,500,000**	**18,750**	**0**	**1,500,000**
Operating Deficit Escrow		474,646	5,933		474,646
Pre-funded Replacements		95,362	1,192		95,362
Tax & Insurance Escrow		106,000	1,325		106,000
Total Syndication Expenses		0	0		0
Consultant Fee		0	0		0
Developer Overhead		750,000	9,375		750,000
Developer Profit		1,049,845	13,123		1,049,845
Other: Transition & Rent-up Reserve		67,000	838		67,000
Subtotal Fee and Reserves		**2,542,853**	**31,786**	**0**	**2,542,853**
Total Development Costs		**16,143,846**	**201,798**	**0**	**16,143,846**

Notes:

MAXIMUM DEVELOPER FEE AVAILABLE	1,050,000
ACTUAL DEVELOPER FEE	1,799,845
% OF MAXIMUM DEVELOPER FEE	171.4%
NET DEVELOPER FEE COLLECTED	**750,000**
% OF MAXIMUM DEVELOPER FEE	71.4%

14,555,366 181,942

FLOW OF FUNDS

Sources	CLC 6/30/18	During Construction 9/28/18	12/27/18	3/27/19	6/25/19	PLC 6/30/19	2020	2021	Total
Beginning Cash	0	4,280,196	3,789,795	2,174,395	558,994	0	-167,219	-167,219	0
Capital Contribution	1,076,517	1,076,517	1,076,517	1,076,517		2,520,713	200,000	150,000	7,176,782
Construction Loan	0	0	0	0	2,132,924				2,132,924
GP Bridge Loan									0
MSHA Subsidy	500,000					500,000			1,000,000
HUD 221(d)(4)	5,625,000								5,625,000
Conventional First Mortgage									0
Other: Amortizing Mortgage									0
Other: AHP Subsidy		500,000							500,000
Other: City FedHOME		300,000							300,000
Other: TD Grant		325,000							325,000
NeighborWorks Loan		0							0
Development Fee Loan						1,049,845			1,049,845
TOTAL SOURCES	7,201,517	6,481,713	4,866,313	3,250,912	2,691,918	4,070,557	32,781	-17,219	18,109,551
Uses									
Acquisition	1,500,000								1,500,000
Construction		2,689,785	2,689,785	2,689,785	2,689,785				10,759,140
Soft Costs	652,943								652,943
Financing Costs	449,514	2,133	2,133	2,133	2,133				458,046
Miscellaneous	168,864					129,000			297,864
Dev Fee	150,000					1,299,845	200,000	150,000	1,799,845
Reserves						676,008			676,008
TOTAL DEV. COSTS	2,921,321	2,691,918	2,691,918	2,691,918	2,691,918	2,104,853	200,000	150,000	16,143,846
Repay GP Bridge Loan						0			0
Repay Construction Loan						2,132,924			2,132,924
Other Syndication Costs	0								0
SUBTOTAL OTHER ITEMS	0	0	0	0	0	2,132,924	0	0	2,132,924
TOTAL USES OF FUNDS	2,921,321	2,691,918	2,691,918	2,691,918	2,691,918	4,237,777	200,000	150,000	18,276,770
Ending Cash	4,280,196	3,789,795	2,174,395	558,994	0	-167,219	-167,219	-167,219	-167,219

TDC/Unit with (
Acq/Rehab
Adapt Reuse
New Constr
Total

PROJECT FINANCING

Source		Amount	Rate	Term	Lien	Annual D/S Yr. 1-5	Yr. 6-15	Yr. 16-30
Source 1:	MSHA Subsidy	1,000,000	0.00%	30	First	0	0	0
Source 2:	HUD 221(d)(4)	5,625,000	4.60%	40	First	307,807	307,807	307,807
Source 3	Conventional First Mortgage	0	0.00%	0	First	0	0	0
Source 4	Other: Amortizing Mortgage	0	0.00%	40	Second	0	0	0
Source 5	Other: AHP Subsidy	500,000	0.00%	0	Second	0	0	0
Source 6	Other: City FedHOME	300,000	0.00%	30	Second	0	0	0
Source 7	Other: TD Grant	325,000			Third		Grant	
Source 8	NeighborWorks Loan	0			Unsecured		Cash Flow	
Source 9	Development Fee Loan	1,049,845			Unsecured		Cash Flow	
Source 10	Net Syndication	7,176,782	$0.90					
	Capitalization Gap (Surplus)	167,219						
	Total	16,143,846						

COLLATERAL COVERAGE

	Total	Per Unit
Projected Mortgage	5,625,000	70,313
Appraised Market Value	8,881,631	111,020
Loan to Value Ratio	63%	
Market Rent Differential	428,268	446
Supportable Mort.: Unrestricted	13,451,346	168,142
Subsidy per Unit		12,500
Subsidy per Low Income Unit		20,833

PROPOSED RENT SCHEDULE								
Type	AMI	# Units	Rents from Applicant	Program Max Rents	Gross Rent	Market Rent	Utility Allow.	Total Rent
Efficiency	50% LIHTC	7			718	$1,155	34	57,456
	50% AMI	2			718	$1,155	34	16,416
	Market	6			1,155	$1,155		83,160
								0
15								0
1BR	50% LIHTC	15			770	$1,350	40	131,400
	50% AMI	2			770	$1,350	40	17,520
	Market	23			1,350	$1,350		372,600
								0
40								0
2BR	50% LIHTC	4			923	$1,615	50	41,904
	Market	3			1,615	$1,615		58,140
	40% LIHTC	5			738	$1,615	50	41,280
								0
12								0
3BR	40% LIHTC	8			854	$2,070	60	76,224
	50% LIHTC	5			1,067	$2,070	60	60,420
								0
								0
13								0
4BR								0
								0
								0
								0
0								0
Other:								0
								0
Subtotals		80						956,520
			Vacancy Rate		7%			(66,956)
			Other Income		TIF	75%		117,000
			Other Income		Laundry			6,000
			Effective Gross Income					1,012,564

AFFORDABLE MORTGAGE CALCULATION			
Effective Gross Income			1,012,564
Annual Operating Expense			641,485
Stabilized NOI			371,079
DSC	**1.15**		48,402
$ Avail for D/S			322,677
Other DS			0
Balance			322,677
Affordable Mortgage		4.60%	5,896,736

BREAKEVEN ANALYSIS:	RENT SENSITIVITY	OCCUPANCY	
	Total		Annual
Operating Expense	641,485	Gross Revenues	1,079,520
Debt Service	307,807		
Breakeven Rent	989	Breakeven Occupancy	88%

OPERATING EXPENSES			
Expense	Annual	Annual Per Unit	Monthly Per Unit
Administrative Expenses:			
Management Fees	53,374	667	56
Management Charges	53,374	667	56
Marketing Expenses	150	2	0
Legal Expenses	1,000	13	1
Auditing Expenses	5,500	69	6
Bad Debts		0	0
Other Administrative Expenses	15,000	188	16
Administrative Expenses	128,398	1,605	134
Operating Expenses:			
Janitorial Payroll		0	0
Janitorial Supplies and Equipment		0	0
Janitorial Contractual Services		0	0
Fuel and Gas	48,000	600	50
Electricity	28,800	360	30
Water and Sewer	34,000	425	35
Garbage and Trash Removal		0	0
Vehicle and Equipment Expenses		0	0
Other Operating Expenses		0	0
Operating Expenses	110,800	1,385	115
Maintenance Expenses:			
Snow Removal	5,000	63	5
Grounds Tools and Supplies	5,000	63	5
Grounds Contractual Services		0	0
Miscellaneous Ground Maintenance	15,000	188	16
Tenant Damage Charges - Grounds		0	0
Building Maintenance Payroll		0	0
Building Tools and Supplies	7,500	94	8
Building Contractual Services	44,000	550	46
Building Systems Maintenance	50,000	625	52
Miscellaneous Building Maintenance	36,000	450	38
Tenant Damage Charges - Building		0	0
Maintenance Expenses	162,500	2,031	169
General Expenses:			
Property Taxes	156,000	1,950	163
Property and Liability Insurance	28,000	350	29
Tenant Computer Network Expense		0	0
Tenant Service Expenses	15,787	197	16
General Expenses	199,787	2,497	208
Replacement Reserve Funding	40,000	500	42
Commercial Expenses (if applicable)		0	0
Total	641,485	8,019	668

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT

		18 Months										
	6/30/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	12/31/29	12/31/30
Effective Gross Income		1,518,845	1,032,815	1,053,471	1,074,541	1,096,031	1,117,952	1,140,311	1,163,117	1,186,380	1,210,107	1,234,309
Less Operating Expense		962,227	660,729	680,551	700,968	721,997	743,657	765,966	788,945	812,614	836,992	862,102
Net Operating Income		556,618	372,085	372,920	373,573	374,035	374,295	374,345	374,172	373,766	373,115	372,207
Less RLP Repay		461,711	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807
Less Other Repay		0	0	0	0	0	0	0	0	0	0	0
Cash Flow		94,907	64,278	65,112	65,765	66,227	66,488	66,537	66,364	65,958	65,308	64,400
Cash Flow per Unit		791	803	814	822	828	831	832	830	824	816	805
Debt Coverage Ratio(RLP)		1.21	1.21	1.21	1.21	1.22	1.22	1.22	1.22	1.21	1.21	1.21
Principal Balance(RLP)	6,625,000	6,548,966	6,495,289	6,439,090	6,380,250	6,318,646	6,254,148	6,186,619	6,115,918	6,041,895	5,964,395	5,883,253
Conventional First Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: Amortizing Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: AHP Subsidy	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other: City FedHOME	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Principal Balance(Other)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Operating Reserve Balance	474,646	498,378	523,297	549,462	576,935	605,782	636,071	667,875	701,269	736,332	773,149	811,806

Total Cash Flow
Projected over 12 Years

876,332

PROFORMA OPERATING INCOME AND EXPENSE STATEMENT, continued

						Yr 15						
		12/31/31	12/31/32	12/31/33	12/31/34	12/31/35	12/31/36	12/31/37	12/31/38	12/31/39	12/31/40	12/31/41
Effective Gross Income		1,258,996	1,284,175	1,309,859	1,336,056	1,362,777	1,403,661	1,445,770	1,489,144	1,533,818	1,579,832	1,627,227
Less Operating Expense		887,965	914,604	942,042	970,303	999,412	1,029,395	1,060,277	1,092,085	1,124,848	1,158,593	1,193,351
Net Operating Income		371,031	369,571	367,817	365,753	363,365	374,266	385,494	397,059	408,970	421,239	433,877
Less RLP Repay		307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807	307,807
Less Other Repay		0	0	0	0	0	0	0	0	0	0	0
Cash Flow		63,223	61,764	60,009	57,945	55,557	66,458	77,686	89,251	101,163	113,432	126,069
Cash Flow per Unit		790	772	750	724	694	831	971	1,116	1,265	1,418	1,576
Debt Coverage Ratio(RLP)		1.21	1.20	1.19	1.19	1.18	1.22	1.25	1.29	1.33	1.37	1.41
Principal Balance(RLP)	5,883,253	5,798,299	5,709,353	5,616,229	5,518,729	5,416,649	5,309,773	5,197,875	5,080,721	4,958,062	4,829,640	4,695,185
Conventional First Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: Amortizing Mortgage	0	0	0	0	0	0	0	0	0	0	0	0
Other: AHP Subsidy	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other: City FedHOME	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Principal Balance(Other)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Operating Reserve Balance	811,806	852,396	895,016	939,767	986,755	1,036,093	1,087,898	1,142,293	1,199,407	1,259,378	1,322,346	1,388,464

BUILDING A TOTALS
EXISTING UNITS -
13 - THREE BEDROOM UNITS
NEW UNITS -
7 - EFFICIENCY UNITS
25 - ONE BEDROOM UNITS
8 - TWO BEDROOM UNITS
53 TOTAL UNITS

59 TOTAL PARKING SPACES
34,870 SF - TOTAL NEW CONSTRUCTION (INCL NEW UNITS & COMM RM. IN EXIST BLDG)

BUILDING B TOTALS

8 - EFFICIENCY UNITS
15 - 1 BEDROOM UNITS
4 - 2 BEDROOM UNITS
27 UNITS TOTAL

5 PARKING SPACES
21,160 SF NEW CONSTRUCTION

PROJECT TOTALS

13 - 3 BEDROOM UNITS
12 - 2 BEDROOM UNITS
40 - 1 BEDROOM UNITS
15- EFFICIENCY UNITS
80 UNITS TOTAL

64 PARKING SPACES
56,030 SF -TOTAL NEW CONSTRUCTION (INCL NEW UNITS & COMM RM. IN EXIST BLDG A)

ACCESSIBILITY CALCULATIONS

MAINE STATE HOUSING AUTHORITY
MAINE HOUSING QUALITY STANDARDS AND PROCEDURES MANUAL 2016 EDITION.

UNIT COUNT FOR ACCESSIBILITY CALCULATIONS
39 FIRST FLOOR UNITS (INCLUDING 9 EXIST DOUBLE STORY TOWNHOUSES WITH NO ACCESSIBLE ROUTE THROUGH TOWNHOUSES AND 7 NEW UNITS RAISED WITH STAIRS ABOVE CUMBERLAND AVENUE FOR SECURITY AND PRIVACY IN EXIST BUILDING A)
43 UNITS ON ACCESSIBLE UPPER FLOORS
82 UNITS TOTAL

STATE OF MAINE HUMAN RIGHTS ACT
REQUIRES 10% OF GROUND FLOOR AND 10% OF TOTAL UPPER LEVEL UNITS, IF ACCESSIBLE BY ELEVATOR, TO BE ACCESSIBLE PER ANSI 117.1. TYPE A.
GROUND FLOOR = 39 UNITS. 10% OF 39 = 4 UNITS
UPPER LEVEL UNITS (ON ACCESSIBLE ROUTE) = 43. 10% OF 43 = 5 UNITS

TOTAL ACCESSIBLE UNITS REQUIRED = 9 UNITS

UFAS FEDERAL FAIR HOUSING ACT SECTION 504 UNDER THE PROVISIONS OF THE HUD DEEMING NOTICE UFAS WILL NOT BE THE STANDARD USED ON THIS PROJECT. THIS PROJECT WILL CONFORM TO THE REQUIREMENTS OF ADAAG.

ADAAG AMERICAN WITH DISABILITIES ACT 2010 REQUIRES 5% OF TOTAL UNITS TO BE MOBILITY ACCESSIBLE AND 2% OF TOTAL UNITS TO BE FOR THE HEARING AND VISION IMPAIRED. ROUNDING THE NUMBERS UP THIS EQUALS 5 MOBILITY ACCESSIBLE UNITS AND 2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNITS.

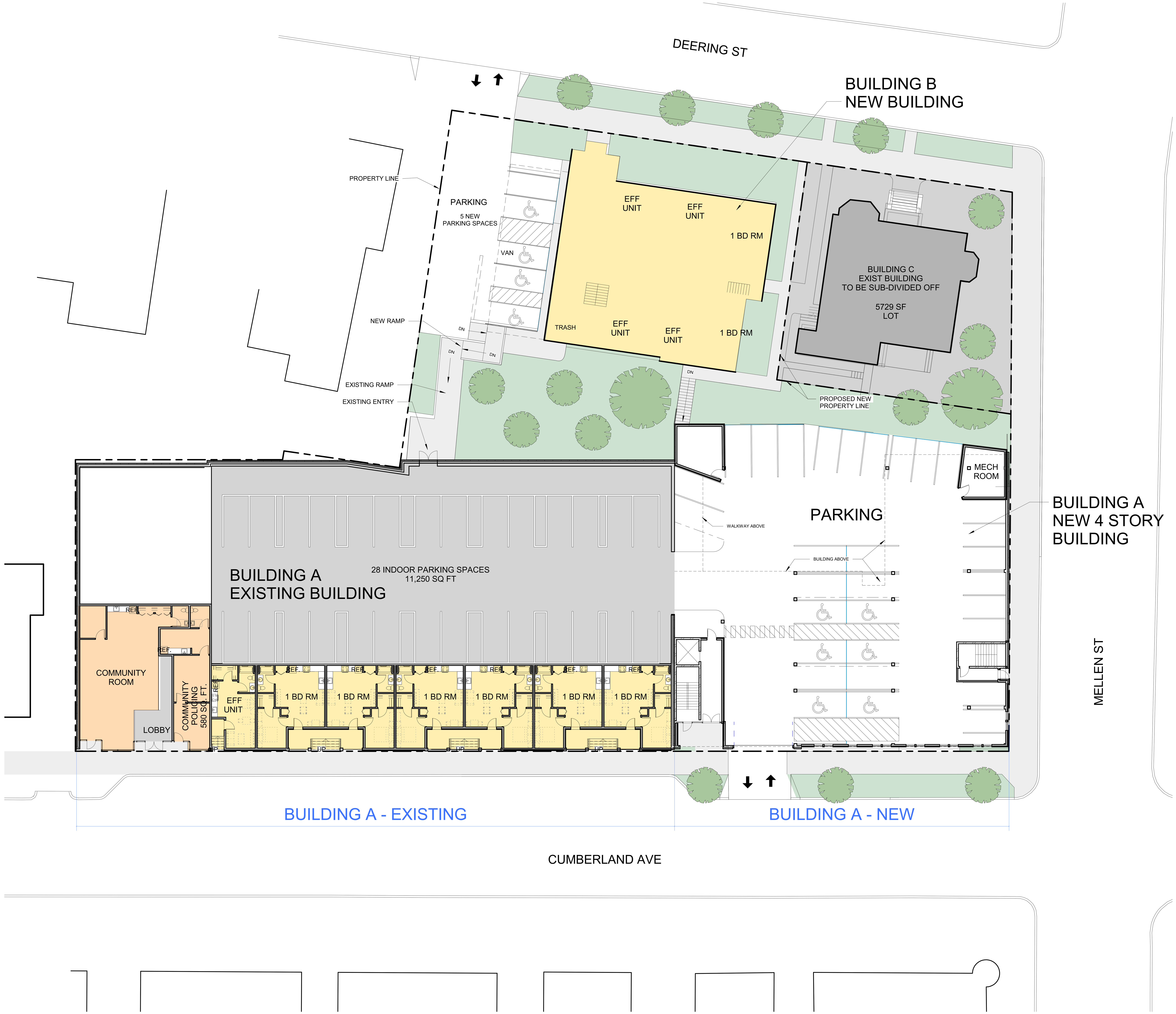
REQUIRED UNITS A TOTAL OF 9 MOBILITY ACCESSIBLE UNITS MUST BE PROVIDED OF WHICH 5 UNITS MUST MEET THE REQUIREMENTS OF BOTH ADAAG AND ANSI 117.1 TYPE A.
A TOTAL OF 2 AUDIO/VISUAL ACCESSIBLE UNIT MUST BE PROVIDED

PLEDGED UNITS 1 ADDITIONAL UNIT IS PLEDGED UNITS FOR A TOTAL OF 10 MOBILITY ACCESSIBLE UNITS.

UNITS PROVIDED:
10 MOBILITY ACCESSIBLE UNITS OF WHICH 5 COMPLY WITH ANSI 117.1 TYPE 'A' UNITS AND OF WHICH 5 COMPLY WITH BOTH ADAAG AND ANSI 117.1 TYPE A.

2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNIT THAT COMPLIES WITH THE REQUIREMENTS OF ADAAG.

BEYOND THE 10 MOBILITY ACCESSIBLE UNITS, IN ORDER TO MEET THE REQUIREMENTS OF THE MAINE HUMAN RIGHTS ACT, THE REMAINING UNITS, NOT INCLUDING THE 9 DOUBLE STORY TOWNHOUSES WITH INACCESSIBLE UPPER LEVELS AND THE 7 UNITS RAISED WITH STAIRS ABOVE CUMBERLAND AVENUE, WILL COMPLY WITH ANSI 117.A-2003 TYPE 'B' UNITS. THERE WILL BE 56 ANSI 117.A-2003 TYPE 'B' UNITS.



1 SITE PLAN
1/16" = 1'-0"

Prepared For:
AVESTA HOUSING

Consultant:

Architect:
ARCHETYPE architects
48 Union Wharf Portland, Maine 04101
(207) 772-6022 ARCHETYPE@ARCHETYPEPA.COM

Project:
510 CUMBERLAND AVENUE HOUSING
Portland, ME 04101

Revisions:

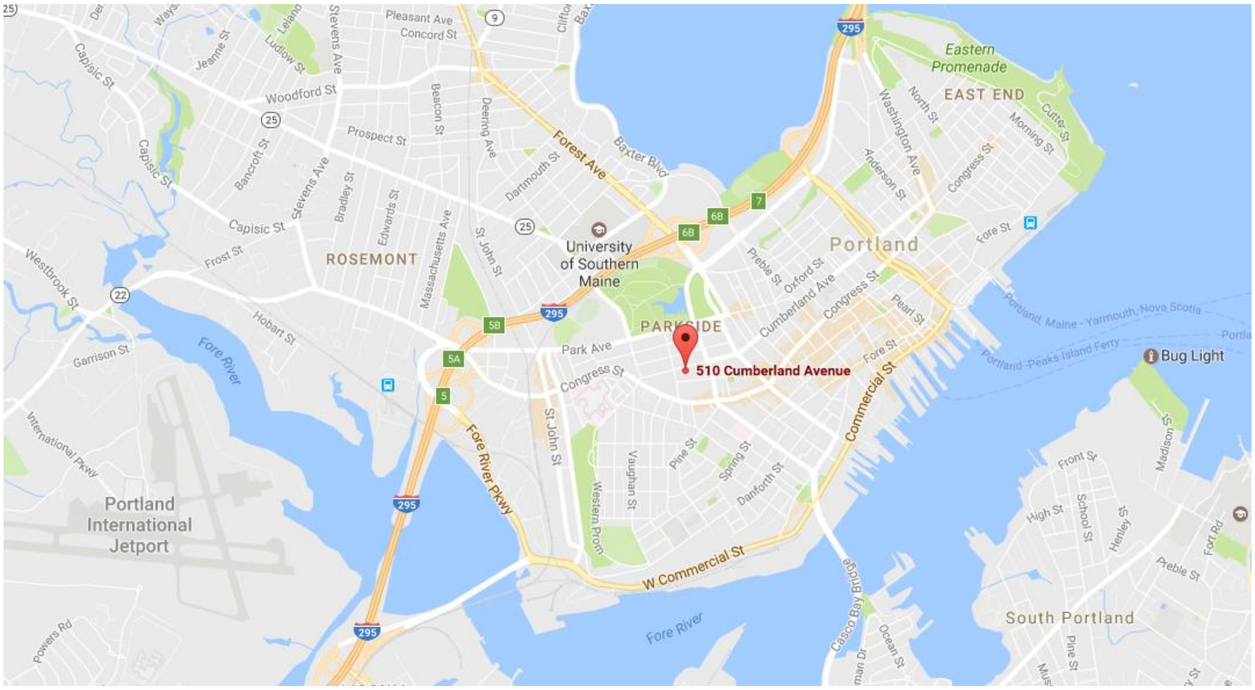
Scale: 1/16" = 1'-0"

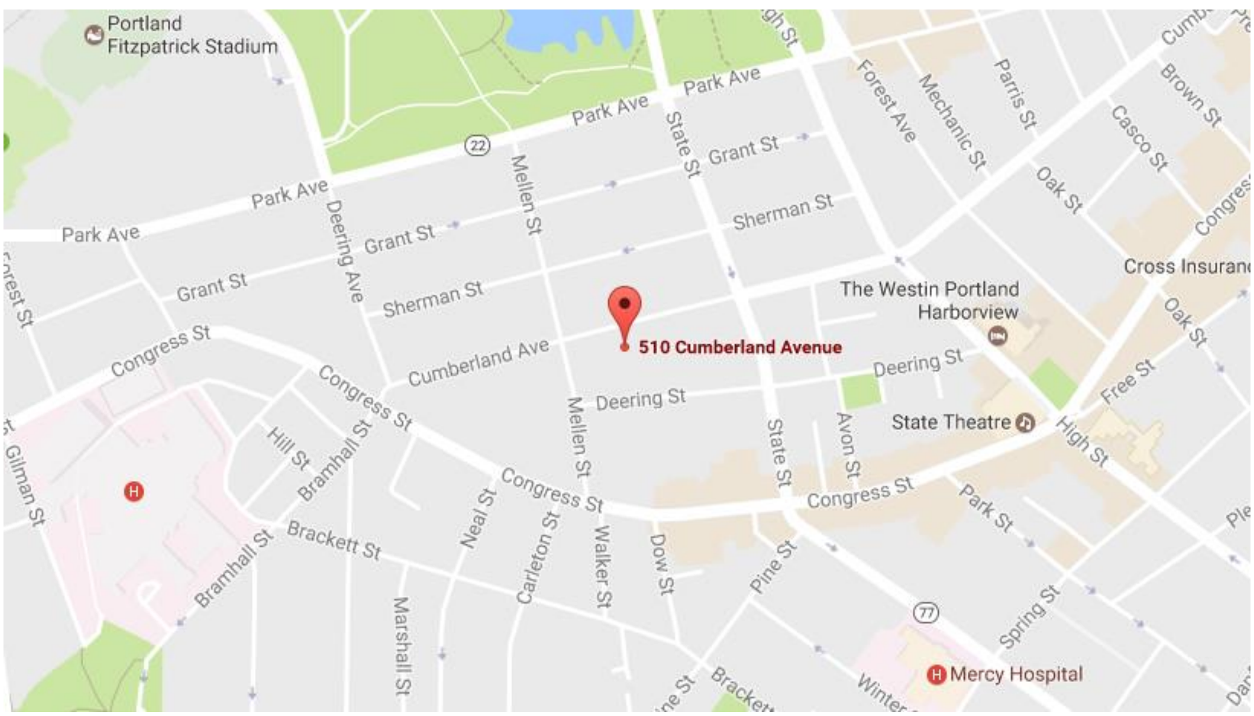
Date: 31 AUG 2017

SITE PLAN

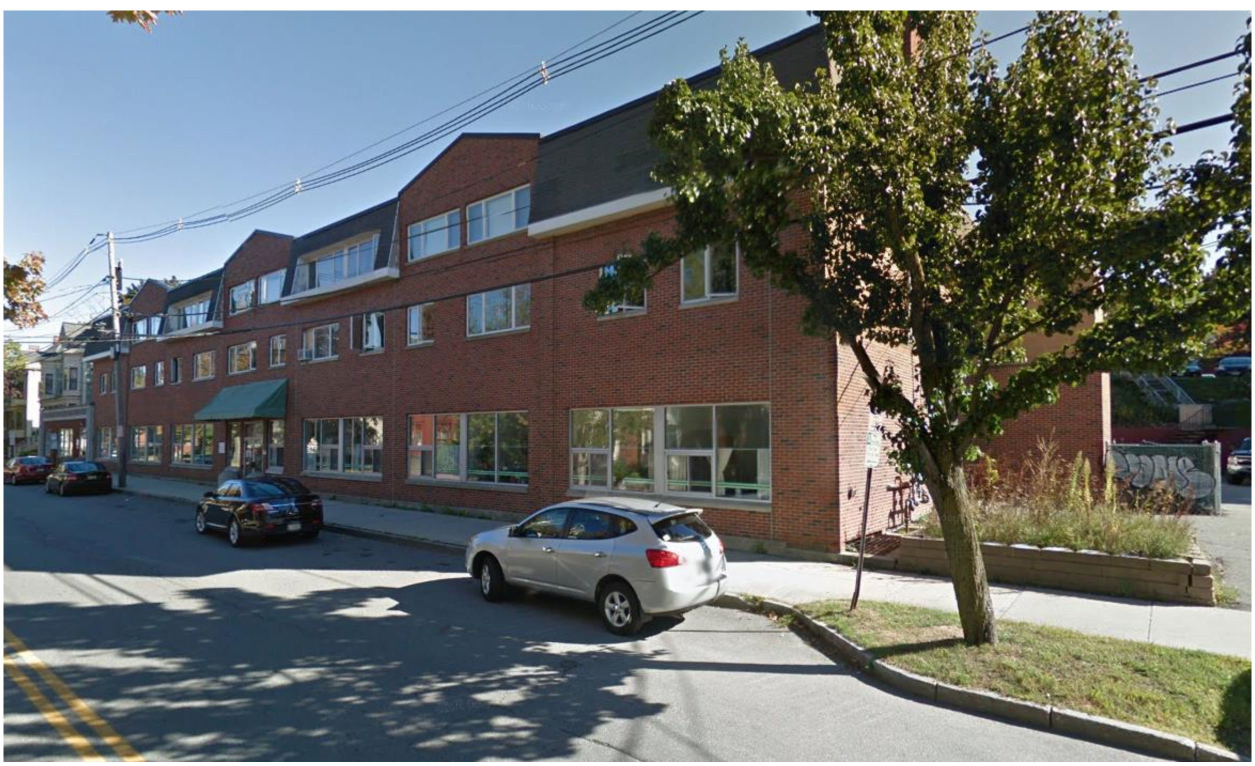
A0.00

Map and Photos of 510 Cumberland Avenue



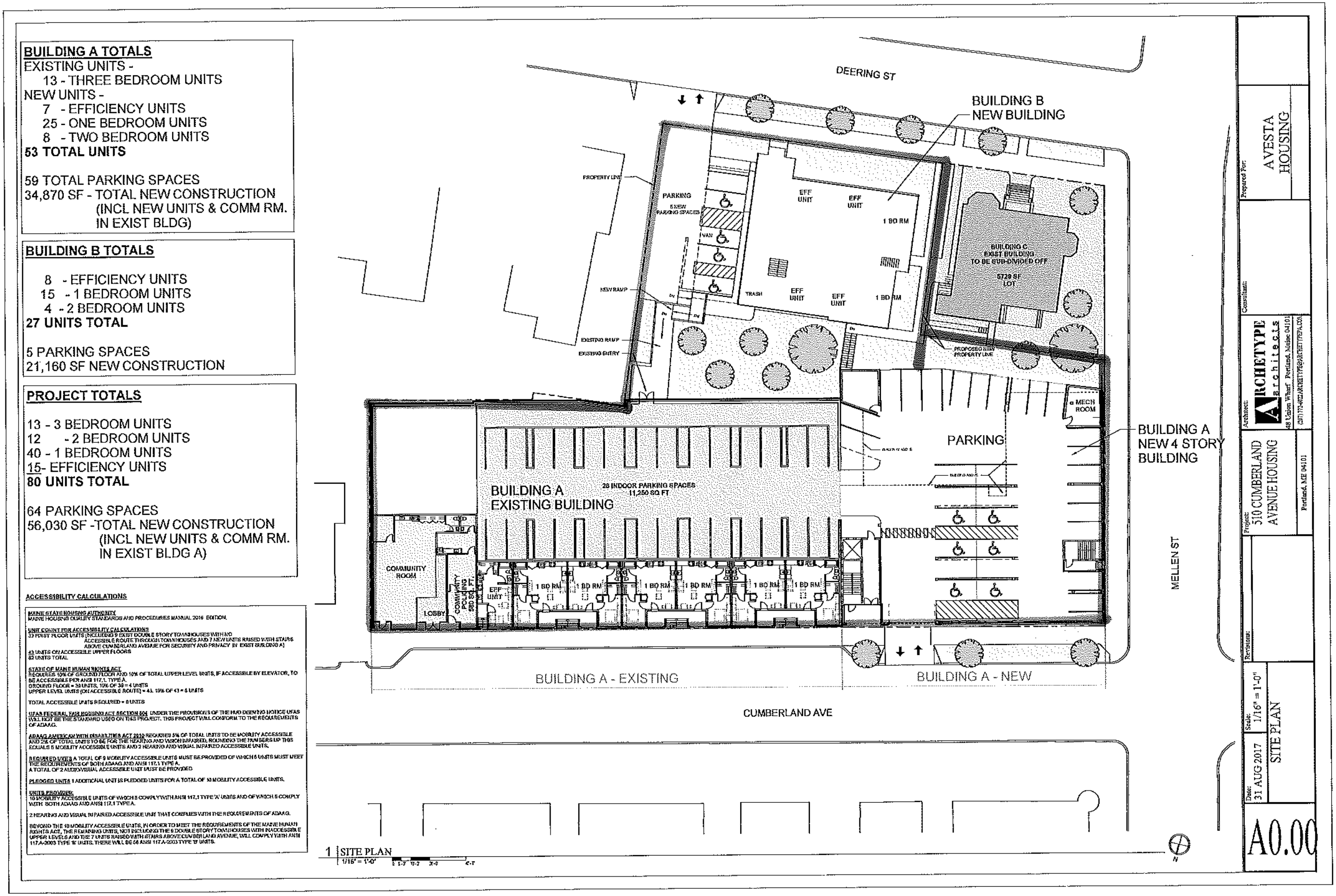



Cumberland Ave
Cumberland Ave



Development Budget	
Sources	
MSHA Subsidy	1,000,000
HUD 221(d)(4) Mortgage	5,822,796
FHLBB AHP Subsidy	500,000
City of Portland HOME Funds	300,000
TD Bank: Grant	100,000
Developer Fee Loan	816,182
Low Income Housing Tax Credit Equity	7,176,782
Total Sources	**$ 15,715,760**
Uses	
Acquisition Costs	1,500,000
Construction Costs	10,642,656
Soft Costs: Design, Permitting, Engineeering	653,268
Financing Costs	454,258
Miscellaneous Costs	273,875
Developer Fee	1,566,182
Reserves	625,521
Total Uses	**$ 15,715,760**

TIF District Map



City of Portland - TIF Model
Deering Place Affordable Housing TIF
CBLs: 047-B-001, 002, 003, and 029 - Tax Exempt so $0 OAV
10/17/2017

75% Sheltered - 30 years with that 75% Going to Developer Project Account; Remaining 25% to City General Fund

City of Portland- TIF Projection Table for Deering Place Affordable Housing TIF

TIF Year	Tax Year-April 1	Increased Assessed Value Real Prop.	% of Value Captured	Captured Valuation	Projected Mill Rate	Total Projected New Taxes Captured	Captured Revenue to Business Project Account	Captured Revenue to Municipal Project Account	City Non-Captured General Fund Revenues
1	2018	$0	75.00%	$0	21.65	$0	$0	$0	$0
2	2019	$3,500,000	75.00%	$2,625,000	22.08	$57,968	$57,968	$0	$19,323
3	2020	$7,000,000	75.00%	$5,250,000	22.52	$118,254	$118,254	$0	$39,418
4	2021	$7,000,000	75.00%	$5,250,000	22.98	$120,620	$120,620	$0	$40,207
5	2022	$7,000,000	75.00%	$5,250,000	23.43	$123,032	$123,032	$0	$41,011
6	2023	$7,000,000	75.00%	$5,250,000	23.90	$125,493	$125,493	$0	$41,831
7	2024	$7,000,000	75.00%	$5,250,000	24.38	$128,002	$128,002	$0	$42,667
8	2025	$7,000,000	75.00%	$5,250,000	24.87	$130,562	$130,562	$0	$43,521
9	2026	$7,000,000	75.00%	$5,250,000	25.37	$133,174	$133,174	$0	$44,391
10	2027	$7,000,000	75.00%	$5,250,000	25.87	$135,837	$135,837	$0	$45,279
11	2028	$7,000,000	75.00%	$5,250,000	26.39	$138,554	$138,554	$0	$46,185
12	2029	$7,000,000	75.00%	$5,250,000	26.92	$141,325	$141,325	$0	$47,108
13	2030	$7,000,000	75.00%	$5,250,000	27.46	$144,152	$144,152	$0	$48,051
14	2031	$7,000,000	75.00%	$5,250,000	28.01	$147,035	$147,035	$0	$49,012
15	2032	$7,000,000	75.00%	$5,250,000	28.57	$149,975	$149,975	$0	$49,992
16	2033	$7,000,000	75.00%	$5,250,000	29.14	$152,975	$152,975	$0	$50,992
17	2034	$7,000,000	75.00%	$5,250,000	29.72	$156,034	$156,034	$0	$52,011
18	2035	$7,000,000	75.00%	$5,250,000	30.32	$159,155	$159,155	$0	$53,052
19	2036	$7,000,000	75.00%	$5,250,000	30.92	$162,338	$162,338	$0	$54,113
20	2037	$7,000,000	75.00%	$5,250,000	31.54	$165,585	$165,585	$0	$55,195
21	2038	$7,000,000	75.00%	$5,250,000	32.17	$168,896	$168,896	$0	$56,299
22	2039	$7,000,000	75.00%	$5,250,000	32.81	$172,274	$172,274	$0	$57,425
23	2040	$7,000,000	75.00%	$5,250,000	33.47	$175,720	$175,720	$0	$58,573
24	2041	$7,000,000	75.00%	$5,250,000	34.14	$179,234	$179,234	$0	$59,745
25	2042	$7,000,000	75.00%	$5,250,000	34.82	$182,819	$182,819	$0	$60,940
26	2043	$7,000,000	75.00%	$5,250,000	35.52	$186,475	$186,475	$0	$62,158
27	2044	$7,000,000	75.00%	$5,250,000	36.23	$190,205	$190,205	$0	$63,402
28	2045	$7,000,000	75.00%	$5,250,000	36.95	$194,009	$194,009	$0	$64,670
29	2046	$7,000,000	75.00%	$5,250,000	37.69	$197,889	$197,889	$0	$65,963
30	2047	$7,000,000	75.00%	$5,250,000	38.45	$201,847	$201,847	$0	$67,282
30 Year TIF Total		**$199,500,000**		**$149,625,000**		**$4,439,439**	**$4,439,439**	**$0**	**$1,479,813**
30 Year TIF Average						**$ 147,981**	**$ 147,981**		**$ 49,327**

City of Portland - TIF Model
Deering Place Affordable Housing TIF
CBLs: 047-B-001, 002, 003, and 029 - Tax Exempt so $0 OAV
10/17/2017

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model for Deering Place Affordable Housing TIF

75% Sheltered - 30 years with that 75% Going to Developer Project Account; Remaining 25% to City General Fund

				Avoided Formula Impacts from Sheltering of Valuation			
TIF Year	Tax Year-April 1	Total Added Valuation	Sheltered Valuation	Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase In County Tax	Total Avoided Impacts
1	2018	$0	$0	$0	$0	$0	$0
2	2019	$3,500,000	$2,625,000	$0	$1,599	$1,430	$3,029
3	2020	$7,000,000	$5,250,000	$0	$3,198	$2,859	$6,057
4	2021	$7,000,000	$5,250,000	$14,525	$3,198	$2,859	$20,582
5	2022	$7,000,000	$5,250,000	$29,050	$3,198	$2,859	$35,107
6	2023	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
7	2024	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
8	2025	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
9	2026	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
10	2027	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
11	2028	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
12	2029	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
13	2030	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
14	2031	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
15	2032	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
16	2033	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
17	2034	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
18	2035	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
19	2036	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
20	2037	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
21	2038	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
22	2039	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
23	2040	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
24	2041	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
25	2042	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
26	2043	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
27	2044	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
28	2045	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
29	2046	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
30	2047	$7,000,000	$5,250,000	$43,575	$3,198	$2,859	$49,632
30 Year TIF Total		**$199,500,000**	**$149,625,000**	**$1,132,950**	**$91,133**	**$81,490**	**$1,305,573**
30 Year TIF Average				**$37,765**	**$3,038**	**$2,716**	**$43,519**