

Order 104-17/18

Passage: 8-0 (Thibodeau absent) on 11/20/2017

Effective 11/30/2017

ETHAN K. STRIMLING (MAYOR)
BELINDA S. RAY (1)
SPENCER R. THIBODEAU (2)
BRIAN E. BATSON (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
PIOUS ALI (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER DESIGNATING DEERING PLACE AFFORDABLE HOUSING
DEVELOPMENT DISTRICT AND TAX INCREMENT FINANCING (TIF) DISTRICT
AND ADOPTING DEVELOPMENT PROGRAM FOR THE DISTRICT**

WHEREAS, the City of Portland is authorized pursuant to Chapter 206, Subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, to designate specified areas within the City as an Affordable Housing Development Tax Increment Financing District, and to adopt a Development Program for such District; and

WHEREAS, there is a need for affordable housing in the City of Portland and the surrounding region; and

WHEREAS, Avesta Housing intends to construct certain improvements within the Deering Place Affordable Housing Development Tax Increment Financing (“TIF”) District, including 80 units of rental housing; and

WHEREAS, the City of Portland will utilize 25% of the tax revenues generated in the District in its General Fund; and

WHEREAS, there is a need to provide continuing affordable housing opportunities for the citizens of Portland and the surrounding region; to improve and broaden the tax base of the City of Portland; and to improve the general economy of the City of Portland, the surrounding region and the State of Maine; and

WHEREAS, the Deering Place Affordable Housing Development TIF District will help improve and broaden the tax base in the City of Portland; and improve the economy of the City of Portland and the State of Maine; and

WHEREAS, the City has held a public hearing on the question of establishing the District in accordance with the requirements of 30-A M.R.S.A. § 5223, upon at least ten (10) days prior notice published in a newspaper of general circulation within the City; and

WHEREAS, the City Council has considered the comments provided at the public hearing, both for and against the designation of the Deering Place Affordable Housing Development TIF District, if any; and

WHEREAS, it is expected that approval will be sought and obtained from the Maine State Housing Authority, approving the designation of the Deering Place Affordable Housing Development TIF District and Development Program for the District;

NOW THEREFORE BE IT HEREBY ORDERED BY THE CITY COUNCIL AS FOLLOWS:

That, under and pursuant to the provisions of Title 30-A, Chapter 206, Subchapter 3 of the Maine Revised Statutes as amended, the development program and financial plan entitled “Deering Place Affordable Housing Development District” as presented to this meeting, a copy of which is hereby incorporated herein by reference and as part of the minutes of this meeting, is hereby approved in substantially the form as presented as the Development Program for the District and for the reasons set forth therein, the City, after considering whether the District and the Development Program will contribute to the expansion of affordable housing opportunities within the City and to the betterment of the health, welfare or safety of the inhabitants of the City and whether any detriment to any existing property interest in the City, finds and determines that: designation of the District and pursuit of the Development Program will make a contribution to the expansion of affordable housing opportunities within the City and the betterment of the health, welfare or safety of its inhabitants, constituting good and valid public purposes and any adverse economic effect on or detriment to any existing property interests is outweighed by the contribution made by the District and the Development Program to the availability of affordable housing within the City and to the betterment of the health, welfare and safety of its inhabitants, and the City further makes the other findings and determinations as set forth in said Development Program and the Exhibits thereto; and

BE IT FURTHER ORDERED, that the area of the City of Portland entitled “Deering Place Affordable Housing Development District” as more particularly described in said Development Program is hereby designated as an affordable housing development district and such designation shall automatically become final and shall take full force and effect upon receipt by the City of approval of the District by the Director of the Maine State Housing Authority, without the requirement of any further action by the City, the Municipal Officers or any party; and

BE IT FURTHER ORDERED, that the percentage of increased assessed value of said District to be retained as captured assessed value in accordance with the

Development Program is hereby established as set forth in the Development Program and Financial Plan; and

BE IT FURTHER ORDERED, that the City Manager is hereby authorized and directed, on behalf of the City of Portland, Maine to execute and submit to Director of the Maine State Housing Authority for approval such applications and further documentation as may be necessary or appropriate for final approval and establishment of the “Deering Place Affordable Housing Development District” and its Development Program and Financial Plan pursuant to 30-A M.R.S.A. Chapter 206, Subchapter 3; and the City Manager be, and hereby is, authorized and empowered, at his or her discretion, from time to time, to make such technical revisions to the Development Program for the District as he or she deems reasonably necessary or convenient in order to facilitate the process for review and approval of the District by the Director of the Maine State Housing Authority, so long as such revisions are not inconsistent with this Order or the basic structure and intent of the Development Program; and

BE IT FURTHER ORDERED, that the City’s Planning and Urban Development Director is authorized to submit annual reports on the status of the “Deering Place Affordable Housing Development District” on behalf of the municipal legislative body; and

BE IT FURTHER ORDERED, that upon approval of the Director of the Maine State Housing Authority, the City Manager is hereby authorized and directed on behalf of the City of Portland to execute and deliver a Credit Enhancement Agreement substantially in the form attached to the Development Program hereby approved, with such changes thereto as deemed appropriate by the City Manager.

CITY OF PORTLAND
DEERING PLACE AFFORDABLE HOUSING DEVELOPMENT DISTRICT
DEVELOPMENT PROGRAM

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Deering Place Affordable Housing Development District Development Program

Article I. Introduction and Summary of Benefits.

- A. Affordable Housing Development District. This Development Program provides for the creation of an Affordable Housing Development District located at 61 Deering Street and 510 Cumberland Avenue in Portland. The area includes approximately 1.229 acres. By providing for the reinvestment of a portion of the new or incremental tax revenues in the District, the District will provide an impetus for affordable housing development within the District and the development of affordable, livable housing and the containment of the costs of unplanned growth in the City.
- B. Benefits of the District.
1. Affordable Housing. This Development Program will provide for the development of affordable housing in the City and the containment of the costs of unplanned growth.
 2. No City Bonds or Risks. The District will not involve any borrowings by or the issuance bonds of the City to pay for any of the costs of the Development Program and will not affect existing tax revenues in any way.
 3. Additional Tax Revenues. Creation of the District and Development Program will result in additional tax revenues for the City.
 4. Shelter of New Tax Base Growth. The captured assessed value of the District will be sheltered from the otherwise negative impacts of new development that result in increased county taxes and loss of State aid to education and revenue sharing when new development occurs without the creation of a Affordable Housing Tax Increment Financing District. The sheltered portion of the tax increment revenues will be used to pay Project Costs.

Article II. Development Program Narrative and Designation of the District.

Section 2.01: Statement of Means and Objectives. The City of Portland (“the City”), like many other Maine municipalities, desires to provide affordable housing in the City and to contain costs of unplanned growth by providing the facilities described in this Development Program.

In order to fulfill these goals, certain property has been proposed as the Deering Place Affordable Housing Development District (the “District”). The Development Program described herein will serve the purpose of administering the District as an Affordable Housing Development District pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended (the “Development Program”). Upon approval by the City of Portland designating the District and adoption of this Development Program by the City, the designation of the District and adoption of the Development Program will become final immediately, subject only to approval by the Director of the Maine State Housing Authority. The Development Program provides for affordable housing similar in some respects to the economic development incentives called municipal tax increment financing (“TIF”) similar to that adopted by a number of other Maine municipalities including the City. An Affordable Housing Development District involves the creation of a geographically defined district in the City and the “capture” or reinvestment of some of the new increased or “incremental” tax revenues generated on the increased assessed value of property in the District to pay certain costs of the development.

The District is designed to stimulate development of affordable housing in the City by allocating certain tax revenues generated on the increased assessed value in the District to Project Costs, consisting of allowable operating costs per 30-A M.R.S.A. §5249 and described in Section 2.03 hereof by Avesta Deering Place LP, its successors and assigns (the “Developer”). Under the Development Program, the City will make portions of the tax increment revenues as set forth in Section 3.04 hereof and under the Credit Enhancement Agreement attached hereto as Exhibit E hereto from the District available to the Developer pursuant to such Credit Enhancement Agreement (the “Credit Enhancement Agreement”). These revenues will be used either to pay or reimburse the Developer for Project Costs per Section 2.03 directly. All additional Project Costs will be the responsibility of the Developer, its successors or assigns. All tax increment revenues following expiration of the term of the Credit Enhancement Agreement will go directly into the City's general fund.

The District will result in significant new tax revenues for the City.

The Development Program thus will provide significant public benefit to the City by providing for the development of affordable housing in the City and for new tax revenues. The means and objectives of the Development Program are to provide: financial assistance towards Project Costs, and the development of affordable housing in the City.

The City, by adopting this Development Program, finds that the Development Program described herein, including the Capital Project, will provide substantial affordable housing in the City, thereby accomplishing an important public purpose.

Section 2.02: Brief Discussion of Financial Plan. The following is a brief summary of the Financial Plan. The Financial Plan is set forth in greater detail in Article III of this Development Program. As described in Section 3.04 hereof and Exhibit A hereof, the property taxes assessed by the City upon the Increased Assessed Value of property in the District (the “Tax Increment”) resulting from the investments by the Developer will be captured or used by the City under the Development Program to pay Project Costs described in Section 2.03 hereof. The development costs and sources and uses of funds associated with the Development Program within the District are described in Article III. The Project Costs and any continuing investment by Developer will be financed by Developer through equity of the Developer, its successors or assigns and the tax increment revenues from the District. As part of the Development Program, the City and Developer will enter into a Credit Enhancement Agreement pursuant to which the City will pay to Developer the percentage of Tax Increment Revenues from the Increased Assessed Value with respect to property in the District, described herein as the Tax Increment Revenues (Developer’s Share) for the term of the District to pay Project Costs related thereto. All tax revenues from the District not payable to Developer under the Credit Enhancement Agreement will be paid to the General Fund of the City. Any tax revenues presently generated on existing property in the District will continue to be paid to the General Fund of the City. The Development Program costs will be paid only from the Tax Increment on assessed value produced by new development in the District occurring after the tax year ending on the March 31st prior to adoption of this Development Program.

Section 2.03: Project Costs Descriptions. A. Project General Description. The Capital Project at Deering Place involves the redevelopment of approximately 1.229 acres, into an affordable housing neighborhood. The objective of the project is that 60% of the units in the District will be affordable housing, meaning a decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 50% of the median income for the area as defined by the United States Department of Housing and Urban Development. This project consists of 80 units of rental housing, the targeting for those units will be 13 of the units at 40% Area Median Income, 35 of the units

at 50% Area Median Income and 32 of the units at market rate. The zoning for the project assures that this number of units and this affordability objective will be met.

The project includes 80 apartments, of which 67 will be newly constructed units and 13 will receive significant renovations.

The Deering Place project is projected to have a total local increased assessed valuation at build out of approximately \$7,000,000 based upon current real estate values and City assessment practices. Based upon the estimated tax rate upon completion, the project will pay approximately \$156,000 in increased property taxes to the Developer at 75%. A portion of this new revenue would be offset by increased county taxes and reduced state revenue sharing and education funding resulting from the increased state valuation, were it not included in a Development District.

“Project Costs” as defined in Title 30-A, Chapter 206, Section 5249 of the Maine Revised Statutes will include operating costs, including but not limited to property management and administration, utilities, routine repairs and maintenance, insurance, real estate taxes and funding of a projects capital reserve account.

B. Need for the Affordable Housing TIF. Over the 30-year TIF, the estimated average annual payment is \$147,981 (as set forth in Exhibit A). Developer’s Share of the Tax Increment Revenue is designated to pay operating costs for the project at 61 Deering Street and 510 Cumberland Avenue. The Tax Increment Revenue described in section 3.04 will help pay for operating costs over a period of thirty (30) years. Without the TIF and these other funding sources the project could not go forward.

The Municipal Affordable Housing Development District law enacted by the Maine Legislature in 2003 creates an opportunity to fill this gap in the project financing through the mechanism of the TIF program. The program operates essentially the same way that the traditional commercial TIF program has with a few exceptions. The Affordable Housing TIF program is administered by the Maine State Housing Authority.

Section 2.04: Relocation Plan. Businesses or persons currently residing in the property will be temporarily displaced or relocated as a result of the development activities proposed in the District. A relocation plan will be established to ensure that no business or person will be asked to relocate, either temporarily to another on-site or off-site unit during the development activities or permanently to a newly renovated unit, unless a suitable unit in decent, safe and sanitary condition is available for the business or person. No businesses or persons will be permanently displaced or relocated as a result of the development activities proposed in the District.

Section 2.05: Environmental Controls. All environmental controls required by law shall apply to development in the District, including any applicable requirements of the City of Portland Zoning Ordinance and all applicable State and Federal environmental laws and regulations.

Section 2.06: District Operation. The day-to-day operations of the District will require no substantial efforts by the City. The Developer, its successor or assigns, will operate the improvements constructed by Developer and pay all maintenance and operational expenses of its facilities. The City, however, will be responsible for maintenance and operation of any part of the District that may become a public road or other public facility

Section 2.07: Assurance of Compliance. The City hereby determines that the District and this Development Program complies with the provisions of 30-A M.R.S.A. § 4349-A (growth management).

The proposed development in the District is consistent with the Comprehensive Plan for the City of Portland which includes the City's Comprehensive Plan, which calls for additional affordable housing in the City.

Section 2.08: Program Duration. The duration of the District will be thirty (30) years from the effective date of the approval of the District by the Director of the Maine State Housing Authority.

Section 2.09: Approval Considerations and Characteristics of the District. A. Statutory Considerations for Approval. Before designating the District and before establishing this Development Program, the City has considered any evidence presented at such public hearing and has considered whether the District and Development Program will contribute to the expansion of affordable housing opportunities within the City and to the betterment of the health, welfare or safety of the inhabitants of the City. The City hereby determines and finds that the District created hereunder and this Development Program will make a contribution to the expansion of affordable housing opportunities within the City and the betterment of the health, welfare or safety of its inhabitants, constituting good and valid public purposes and that any adverse economic effect on or detriment to any existing property interests is outweighed by the contribution made by the District and the Development Program to the availability of affordable housing within the City and to the betterment of the health, welfare and safety of its inhabitants.

B. Statutory Conditions for Approval; Physical Characteristics. The City hereby finds and determines that the District satisfies the conditions imposed under Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, as a prerequisite to designation of the District, including those relating to the physical description of the District and to certain financial and statistical information as follows:

(i) All of the land in the District is suitable for residential uses, is zoned for residential uses, and is in need of rehabilitation or redevelopment and therefore at least 25%, by area, of the real property within the District meets at least one of the following statutory criteria: (1) be suitable for residential use; (2) be a blighted area; or (3) be in need of rehabilitation or redevelopment;

(ii) The total area of the District is approximately 1.229 acres and thus such area represents less than 2% of the total acreage of the City. The total area of the District and the total area of all development districts in the City (which combined total is 602.18 acres) is 4.86%, which includes 3.65% included in two exempt districts, a transit oriented district and a downtown/transit oriented district, of the total acreage of the City and thus does not exceed 5% of the total acreage of the City; the total area of all existing and proposed affordable housing development districts in the City is 0.0280% of the total acreage of the City and does not exceed 5% of the total acreage of the City;

(iii) The Original Assessed Value of the District is as set forth in Exhibit D hereto and the Original Assessed Value of all existing and proposed affordable housing development districts within the City is \$1,533,510 and such amount of Original Assessed Value does not exceed 5% of the total value of taxable property within the City as of April 1st preceding the date of the designation of the District;

(iv) The aggregate value of municipal general obligation indebtedness financed by the proceeds from affordable housing development districts within Cumberland County does not exceed \$50,000,000 adjusted by a factor equal to the percentage change in the United States Bureau of Labor Statistics Consumer Price Index, United States City Average from January 1, 2002 to the date of calculation; and

C. Community Housing Need. The City finds that this Capital Program will meet a community housing need identified in the City's Housing Plan and Comprehensive Plan. The Credit Enhancement Agreement provides a mechanism to ensure the ongoing affordability for a period of at least 30 years for rental units, which mechanism is the Declaration attached hereto as Exhibit I. The District is primarily a residential development on which 60% of the dwelling units will be affordable housing and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-scale nonresidential uses of service to the residents of the development. The Developer and the City shall comply with any rules adopted by the Maine State Housing Authority and with any conditions of approval imposed by the Maine State Housing Authority following designation of the District. The City shall report annually to the Director of the Maine State Housing Authority regarding the status of the District, including the following matters as required by law: (a) certify that the public purpose of the District is being met; (b) account for any sales of property within the District; and (c) certify that rental units within the District remain affordable.

Section 2.10: Designation of the District. The City, by adoption of this Development Program, hereby designates the Deering Place Affordable Housing Development District as an Affordable Housing Development District and as an Affordable Housing Tax Increment Financing District. A plan depicting the District is attached hereto as Exhibit C and the District is further described therein.

Article III. Financial Plan.

Section 3.01: Cost Estimates for the Development Program. The estimated expenses of the Project Costs are set forth in Exhibit B.

Section 3.02: Amount of Indebtedness to be Incurred. The City will not incur any indebtedness in connection with the Development Program. The Development Program will be financed through a combination of funds of the Developer, its successors and assigns, various loans and the Tax Increment of the District.

Section 3.03: Sources of Anticipated Revenues. The source of the revenue to be used to pay the Project Costs of this Development Program is a portion of the Tax Increment on the Increased Assessed Value of the District. Tax Increment means all Property Taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of all property in the District. Increased Assessed Value means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. Current Assessed Value means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the District remains in effect. Property Taxes means any and all ad valorem property taxes levied, charged or assessed against property by the City or on its behalf.

Original Assessed Value means the assessed value of the District as of March 31, 2017; (tax year April 1, 2016, Fiscal Year 2017). Attached hereto as Exhibit D is the anticipated form of certification of Original Assessed Value by the Assessor of the City of Portland in accordance with the requirements of Title 30-A § 5250-A of the Maine Revised Statutes. All Property Tax on the Original Assessed Value shall continue to be deposited in the general fund of the City.

The City will deposit the Tax Increment Revenues (Developer's Share) as described in Section 2.02 and Section 3.04 hereof and in Exhibit A into the Developer's Project Cost Account of the Affordable Housing Development Program Fund and pay such Tax Increment (Developer's Share) to Developer in accordance with the terms of the Credit Enhancement Agreement to be entered between the City and the Developer.

Section 3.04: Estimated Increased Assessed Value; Portion Applied to Development Program. The percentage of the Increased Assessed Value of the District to be retained as Captured Assessed Value in each year is 75%. Such Captured Tax Increment Revenues will be returned to the Developer each year in the manner described below.

The Tax Increment Revenues (Developer's Share) to be paid to the Developer each year during the term of this Development Program will be an amount which shall be captured and retained to reimburse the Developer for Project Costs pursuant to the Credit Enhancement Agreement. The Tax Increment Revenues (Developer's Share) shall be equal to the corresponding fiscal year's projected allocation percentage for each payment according to Exhibit A, but Developer's Share will be the entire amount of the 75% of captured revenue. The percentage determination of the Tax Increment Revenues (Developer's Share) as determined as described above shall apply regardless whether the actual Tax Increment Revenues are more or less than the estimated or projected Tax Increment Revenues set forth in Exhibit A.

"Tax Shift Formulas" mean the formulas utilized by the State of Maine in calculating: (a) the county tax payable in accordance with 30-A M.R.S.A. § 706 and 36 M.R.S.A. §§ 305(1), 381, as amended, and any successor provisions; (b) the municipal revenue sharing distribution of the Local Government Fund in accordance with 30-A M.R.S.A. §5681, as amended, and any successor provision, provided, however, that distribution of the Disproportionate Tax Burden Fund (the Revenue II fund), if any, shall not be taken into consideration in such calculation since taxes assessed on captured value within a tax increment financing district are included in the amounts of the property assessed in determining allocations of such Disproportionate Tax Burden Fund; and (c) State aid to education, including aid for total operating costs, total program cost allocation (taking into account the maximum local share or circuit breaker) and total debt service cost allocation (taking into account the maximum local share or circuit breaker), but not taking into account any hold harmless or hardship cushion that results in additional State aid to education to the prior years level even through the calculation would have resulted in a reduction, all as computed in accordance with Maine Department of Education Form ED 261 or any successor form.

The amount of Tax Increment from the total Increased Assessed Value that is to be paid each year to the Developer under Credit Enhancement Agreement to pay or reimburse Project Costs is hereinafter called the "Tax Increment Revenues (Developer's Share)."

The table attached hereto as Exhibit A also sets forth: (i) the annual estimates of the Increased Assessed Value of the District resulting from implementation of the Development Program; (ii) the estimated annual Tax Increment Revenues per year on the Increased Assessed Value following implementation of the Development Program, stated respectively as (a) a total, and (b) the estimated amount of the Tax Increment Revenues (Developer's Share)

Based on the manner in which Tax Increment Revenues (Developer's Shares) are defined, a share of the incremental property tax revenues derived from the increased valuation will be returned to the Developer to cover the Project Costs as described in Section 2.03 hereof.

To comply with the provisions of the State of Maine, the Credit Enhancement Agreement includes a provision for the recapture of certain amounts relating to any affordable rental housing units that are not maintained as affordable for a period of at least thirty years.

The amount of the Tax Increment Revenues on the Increased Assessed Value of all property in the District for each year during the term of the District to be allocated and paid to the Developer each year pursuant to the Credit Enhancement Agreement shall be equal to the product for each year during the term of the District of (a) the relevant Developers Percentage Allocation of the Tax Increment (Developer Share) for each year as computed as described above, times (b) the actual amount of the Tax Increment for each year. Such percentage allocations shall apply regardless of whether the actual Tax Increment Revenues each year are more or less than the Tax Increment Revenues as estimated or projected in Exhibit A of this Development Program, provided that in no fiscal year will the Developer's Share be less than 75% of the captured revenue through the term of the District.

An Affordable Housing Development Program Fund shall be established by the City consisting of a Project Cost Account. The Project Cost Account shall consist of the Developer's Project Cost Account (the "Developer's Project Cost Account"). The Developer's Project Cost Account will be pledged to and charged with payment of amounts due to Developer under the Credit Enhancement Agreement. Upon receipt of each payment of property tax with respect to property in the District, the City shall deposit into the Developer's Project Cost Account according to the terms of the Credit Enhancement Agreement that portion of each payment constituting the percentage of total actual Tax Increment for such year equal to the Tax Increment Revenues (Developer's Share). The amounts in the Developer's Project Cost Account shall be used and applied solely to fund the payments to Developer under the Credit Enhancement Agreement.

Section 3.05: Description of Terms and Conditions of Agreements. A description of the terms and conditions of the agreements, contracts and obligations to be entered into by the City is set forth in the Credit Enhancement Agreement to be entered into by the City and the Developer which will be substantially in the form attached hereto as Exhibit E. The Credit Enhancement Agreement sets forth the obligations of the City to pay to Developer each year during the term of that Agreement Tax Increment Revenues (Developer's Share) from all Property Tax with respect to all property in the District, as provided in such Credit Enhancement Agreement.

Section 3.06: Calculation of Tax Shifts. In accordance with Maine statutes governing the establishment of affordable housing development districts, Exhibit F identifies the estimated tax shifts which will result during the term of the District from the establishment of the District, using formulas approved by the Director of the Maine State Housing Authority. Exhibit F also contains a summary of the methodology and calculations utilized in calculating such estimated tax shifts.

The Deering Place project will pay property taxes to the City based upon the local assessed valuation of the project and the City's annual tax rate. Exhibit A shows the estimated property taxes that will be paid by the project over the next 30 years based upon the estimated local assessed valuation and the estimated tax rate of \$22.08/\$1000 for the first year of the District. The amount of property taxes paid by owners of property in the District to City will be the same whether the project is included in a TIF district or not.

If the project is not part of a TIF, some of these new tax revenues will be offset by what are commonly called tax shifts. Since the City's total state valuation will be higher as a result of the project, its share of Cumberland County taxes will increase. The increased valuation and population will change the amount the City receives in State Revenue Sharing. The increased valuation and increased school enrollment will change the amount the City receives in state education aid.

Exhibit F thus shows the estimated amount of these tax shifts compared to what they would be if the new valuation is “sheltered” in a TIF and, therefore, does not get counted in the City’s state valuation that is used in calculating county tax, revenue sharing and state education aid.

The actual extent and amount of the tax shifts can vary from this estimate since they are controlled by factors outside the City’s control such as the rate of increase in the County budget, the amount of state sales and income tax collected, the amount of funding provided by the state for education aid, and the formula used to distribute that aid. So the extent and value of the shifts could be more or less than estimated.

Article IV. Municipal Approvals.

Section 4.01: Public Hearing. Before designating the District, the City legislative body of the City held a public hearing. Notice of the hearing was published on November 20, 2017, a date that was at least 10 days before the hearing, in The Portland Press Herald, a newspaper of general circulation within the City. Attached hereto as Exhibit G is a copy of the Notice of Public Hearing. The Public hearing was held in accordance with the requirements of 30-A M.R.S.A. § 5250 on November 20, 2017. At the public hearing, interested parties were given a reasonable opportunity to present testimony concerning the District and the Development Program.

Section 4.02: Authorizing Votes. Attached as Exhibit H is a copy of the Orders proposed for adoption by the City Council of the City of Portland at a meeting thereof duly called and held on November 20, 2017 designating the District and adopting the Development Plan.

The undersigned, being the City Manager of the City of Portland, certifies that all of the information contained herein is true and correct to the best of my knowledge.

Dated: November _____, 2017

Jon P. Jennings, City Manager, City of Portland

CREDIT ENHANCEMENT AGREEMENT

This Credit Enhancement Agreement, dated as of November ____, 2017, between the City of Portland, Maine, a municipal body corporate and politic and a political subdivision of the State of Maine (the “City”), and Avesta Deering Place LP, a Maine limited partnership (the “Developer”).

WITNESSETH THAT

WHEREAS, the City designated the Deering Place Affordable Housing Development District (the “District”) pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of the City Council at a meeting held on November 20, 2017 and pursuant to the same City Council Meeting action adopted a development program and financial plan for the District (the “Development Program”), and

WHEREAS, the Director of the Maine State Housing Authority has reviewed and approved the District and the Development Program, and

WHEREAS, the Development Program contemplates the execution and delivery of a credit enhancement agreement between the City and the Developer and the City approved the execution and delivery of a credit enhancement agreement as described in the Development Program pursuant to such City Council Meeting approval and a resolution of the Municipal Officers, adopted November 20, 2017 by vote of the City Council and the City and the Developer desire and intend that this Credit Enhancement Agreement be and constitute the Credit Enhancement Agreement contemplated by and described in the Development Program;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

ARTICLE I: DEFINITIONS

Section 1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise:

“Affordable Housing Development Program Fund” means the Affordable Housing Development Program Fund described in Article III of the Development Program and established and maintained pursuant to Article II hereof.

“Agreement” means this Credit Enhancement Agreement between the City and the Developer.

“Captured Assessed Value” means the amount, stated as percentages or stated sums, of the Increased Assessed Value that is utilized from year to year to finance the Capital Program and Public Improvements described in the Development Program; the Captured Assessed Value of the District shall be 65% of the Increased Assessed Value.

“City” means the City of Portland, Maine, a municipality duly organized and existing under the laws of the State of Maine, its successors and assigns.

“Current Assessed Value” means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the District remains in effect.

“Developer” means Avesta Deering Place LP, its successors and assigns.

“Development Program” means the Development Program for the District as adopted by the City at a meeting of the City Council held on November 20, 2017.

“District” means the Deering Place Affordable Housing Development District designated by the City pursuant to Chapter 206, subchapter 3 of Title 30-A of the Maine Revised Statutes, as amended, by vote of its City Council at a meeting held on August 3, 2015.

“Financial Plan” means the financial plan described in Article III of the Development Program.

“Fiscal Year” means July 1 to June 30 each year or such other fiscal year as the City may establish.

“Increased Assessed Value” means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. If the Current Assessed Value is equal to or less than the Original Assessed Value, there is no Increased Assessed Value.

“Original Assessed Value” means the assessed value of the District as of March 31, 2017, which amount was zero Dollars (\$0.00).

“Project” means the design, planning, development, acquisition, construction, financing and installation of the Development Program as described in Section 2.03 of said Development Program.

“Project Costs” means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5249 of title 30-A of the Maine Revised Statutes and included in the Development Program.

“Project Cost Account” means the Developer’s Project Cost Account described in Article III of the Development Program and established and maintained pursuant to Article II of this Agreement.

“Property Taxes” means any and all ad valorem property taxes levied, charged or assessed against real estate in the District by the City or on its behalf.

“Qualified Investments” means any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law.

“Tax Increment” means all Property Taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of all property in the District.

“Tax Increment Revenues (Developer’s Share)” means that percentage of the Tax Increment with respect to real estate now or hereafter located in the District retained pursuant to the terms of the Development Program to pay Project Costs of the Capital Program, and which amount is to be deposited each year during the term of this Agreement in the Developer’s Project Cost Account to fund payments to the Developer due pursuant to this Agreement. The Tax Increment Revenues (Developer’s Share) is seventy-five percent (75%). The Tax Increment Revenues (Developer’s Share) will be calculated each year as more particularly described herein and in Exhibit A of the Development Program and will be based on the Increased Assessed Value of the District which percentage or amount shall be captured and retained to pay to the Developer the costs of the Capital Program described in the Development Program.

"Tax Shift" means the sum of the following amounts as calculated under the Tax Shift Formulas, as hereafter defined: (a) the difference between (i) the county tax payable by the City if the Captured

Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of County Tax were included in the City's valuation in calculating the county tax, and (ii) the county tax payable by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating the county tax; plus (b) the difference between (i) the State aid to education that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State aid to education were included in the City's valuation in calculating State aid to education, and (ii) the State aid to education that received by the City to the extent that the Captured Assessed Value is excluded from the City's valuation in calculating such amounts of State aid to education; plus (c) the difference between (i) the State revenue sharing that would be received by the City if the Captured Assessed Value that under the then existing Tax Shift Formulas is not included in the actual calculation of State revenue sharing were included in the City's valuation in calculating the amount of State revenue sharing, and (ii) the State revenue sharing received each year to the extent that the Captured Assessed Value is excluded in the City's valuation in calculating such amounts of revenue sharing. Examples of the calculation of the estimated Tax Shifts based on the current Tax Shift Formulas are attached as Exhibit F to the Development Program.

"Tax Shift Formulas" means the formulas utilized by the State of Maine in calculating (a) the county tax payable in accordance with 30-A M.R.S.A. § 706 and 36 M.R.S.A. §§ 305(1), 381, as amended, and any successor provisions; (b) the municipal revenue sharing distribution of the Local Government Fund in accordance with 30-A M.R.S.A. §5681, as amended, and any successor provision, provided, however, that distribution of the Disproportionate Tax Burden Fund (the Revenue II fund), if any, shall not be taken into consideration in such calculation since taxes assessed on captured value within a tax increment financing district are included in the amounts of the property assessed in determining allocations of such Disproportionate Tax Burden Fund; and (c) State aid to education, including aid for total operating costs, total program cost allocation (taking into account the maximum local share or circuit breaker) and total debt service cost allocation (taking into account the maximum local share or circuit breaker), but not taking into account any hold harmless or hardship cushion that results in additional State aid to education to the prior year's level even through the calculation would have resulted in a reduction, all as computed in accordance with Maine Department of Education Form ED 261 or any successor form.

"Tax Payment Date" means the date(s) on which Property Taxes levied by the City are due and payable from owners of property located within the City.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not affect its meaning, construction or effect.

(e) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time. All approvals, consents and acceptances required to be given or made by any signatory hereto shall not be withheld unreasonably.

(f) If any clause, provision, Article or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision, Article or Section shall not affect any of the remaining provisions hereof.

ARTICLE II: DEVELOPER'S PROJECT COST ACCOUNT OF THE AFFORDABLE HOUSING DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City hereby confirms the creation and establishment of (a) the Deering Place Affordable Housing Development District Affordable Housing Development Program Fund; and (b) a segregated fund in the name of the City designated as the "Deering Place Affordable Housing Development District Developer's Project Cost Account of the Affordable Housing Development Program Fund" (the "Developer's Project Cost Account") pursuant to, and in accordance with the terms and conditions of the Development Program. The Affordable Housing Development Program Fund shall consist of the Developer's Project Cost Account as described in the Development Program.

Section 2.2. Deposits into Developer's Project Cost Account of the Affordable Housing Development Program Fund. The City shall deposit into the Developer's Project Cost Account contemporaneously with each payment of Property Tax by owners of property in District during the term of the District an amount equal to that portion thereof constituting the Tax Increment Revenues (Developer's Share) for the period or year to which the payment relates and shall allocate the amount so deposited to fund fully and pay the payments due to Developer under Article III of this Agreement.

Section 2.3. Use of Monies in Developer's Project Cost Account of the Affordable Housing Development Program Fund. Monies deposited in the Developer's Project Cost Account shall be used and applied exclusively to fund the City's payment obligation described in Article III hereof.

Section 2.4. Monies Held in Trust. All monies required to be deposited with or paid into the Developer's Project Cost Account to fund payments of the Developer under the provisions hereof and the provisions of the Development Program, shall be held by the City in trust, for the benefit of the Developer.

Section 2.5. Investments. The monies in the Developer's Project Cost Account shall be invested and reinvested in Qualified Investments as determined by the City. The City shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the City shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The City shall have the sole and exclusive right to designate the investments to be sold and to otherwise direct the sale or conversion to cash of investments made with monies in the Developer's Project Cost Account.

Section 2.6. Liens. The City shall not hypothecate or grant or create any liens, security interests, encumbrances, or other interests of any nature whatsoever, with respect to the Developer's Project Cost Account or any funds therein, other than the interest granted to the Developer hereunder in and to the amounts on deposit therein.

ARTICLE III: PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments. (a) The term of this Agreement shall be for the period beginning on the effective date of the approval of the District by the Director of the Maine State Housing Authority and continuing for thirty (30) years as described below. The City agrees to pay to the Developer within 30 days of the end of each fiscal year (ends June 30 each year) this Agreement is in effect payments equal to the Tax Increment Revenues (Developer's Share) beginning with the designation and approval of the District by the Director of the Maine State Housing Authority, that being the City Fiscal Year beginning July 1, 2018 and ending June 30, 2019 (FY19) and continuing with each Fiscal Year of the City thereafter through and including June 30, 2048 (FY48). The City shall make all such payments of the Tax Increment Revenues (Developer's Share) to the Developer, its successors and assigns according to Exhibit A of the Development Program, based upon the corresponding fiscal year's projected allocation percentage for each payment. The Developer's share will be 100% of the captured revenue (based on 75% of the value captured) as indicated on Exhibit A. The obligation of the City to make such payments shall be a limited obligation payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, whether or not actually deposited into the Developer's Project Cost Account, and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof.

(b) If, with respect to any Tax Payment Date, the owner or owners of property in the District fail(s) to pay any portion of the Property Taxes assessed by the City, because of a valuation dispute or otherwise, the Property Taxes actually paid with respect to such Tax Payment Date shall first be applied to taxes due on account of the Original Assessed Value and second shall constitute Tax Increment Revenues.

(c) Annually, Developer will provide operating cash flow statements as back-up documentation of Projects Costs for its TIF payments, which documentation will be kept confidential by the City.

(d) Prior to receiving the first payment under this Agreement, Developer must provide evidence reasonably satisfactory to the City to demonstrate that the Project was designed, constructed and/or rehabilitated in accordance with City's Green Building Code set forth in the City's Code of Ordinances Chapter 6 Article VII.

(e) During the course of construction of the Project, Developer must provide documentation in a form reasonably satisfactory to the City, which demonstrates that any firms employed in the construction phase of the Project have compensated their employees the current wage rates and fringe benefits as required under applicable state prevailing wage law under 26 M.R.S.A. §1306, or the City's Code of Ordinances Chapter 33, §33-1 to §33-12.

Section 3.2. Completion of Development Program. Prior to receiving the first payment under this Agreement, Developer shall provide evidence reasonably satisfactory to the City of the Company's ability to complete the Project in accordance with State law. Reasonably satisfactory evidence shall include the Company's having closed on the financing for the Project.

Section 3.3. Failure to Make Payment. In the event the City should fail to, or be unable to, make any of the payments required under Section 3.1 hereof, the item or installment so unpaid shall continue from year-to-year, as a limited obligation of the City, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid and the City agrees to pay the same with interest thereon at the rate equal to the interest rate per annum payable by owners of property in the City on Property Taxes that are not paid when due, but only from Tax Increment Revenues (Developer's Share) paid to the City by the Developer from time to time, and any earnings thereon, whether or not deposited

into the Developer's Project Cost Account of the Affordable Housing Development Program Fund. Payments shall be applied first against accrued interest and then against principal. The Developer shall have the right to initiate and maintain an action to specifically enforce the City's obligations hereunder, including without limitation, the City's obligation to deposit all Tax Increment Revenues (Developer's Share) to the Developer's Project Cost Account and its obligation to make payments to the Developer.

Section 3.4. Manner of Payments. The payments provided for in this Article III shall be paid in immediately available funds directly to the Developer in the manner provided hereinabove for its own use and benefit, for qualified Project Costs.

Section 3.5. Obligations Unconditional. The obligations of the City to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Developer. The City shall not suspend or discontinue any such payment or terminate this Agreement for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration or frustration of purpose or any damage to or destruction of the Project or any change in the tax or other laws of the United States, the State of Maine or any political subdivision of either thereof.

Section 3.6. Limited Obligation. The City's obligations of payment hereunder shall be limited obligations of the City payable solely from monies on deposit in the Developer's Project Cost Account, and any earnings thereon, pledged therefor under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from that portion of the Tax Increment Revenues (Developer's Share) payable to the Developer hereunder, and any earnings thereon, whether or not actually deposited into the Developer's Project Cost Account. This Agreement shall not directly or indirectly or contingently obligate the City, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation or to levy or to make any appropriation for their payment, excepting the City's obligation to levy Property Taxes upon the property in the District and the pledge of the Tax Increment Revenues (Developer's Share), and earnings thereon, established under this Agreement.

ARTICLE IV: PLEDGE AND SECURITY INTEREST

Section 4.1. Pledge of Developer's Project Cost Account. In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Developer by the City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in and pledge to the Developer the Developer's Project Cost Account to the extent of Developer's Rights under this Agreement to receive funds from the Developer's Project Cost Account and all sums of money and other securities and investments now or hereafter therein.

Section 4.2. Perfection of Interest. The City authorizes the Developer to file and, if necessary, shall cooperate with the Developer in causing appropriate financing statements and continuation statements naming the Developer as pledgee of all amounts from time to time on deposit in the Developer's Project Cost Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder. To the extent deemed necessary by the

Developer, the City will at such time and from time to time as requested by Developer establish the Developer's Project Cost Account as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein.

Section 4.3. Further Instruments. The City shall, upon the reasonable request of the Developer, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall pledge the credit of the City.

Section 4.4. No Disposition of Developer's Project Cost Account. Except as permitted hereunder, the City shall not sell, lease, pledge, grant a security interest in, assign or otherwise dispose, encumber or hypothecate any interest in the Developer's Project Cost Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part hereof not permitted hereby.

Section 4.5. Access to Books and Records. All books, records and documents in the possession of the City relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Developer's Project Cost Account shall at all reasonable times be open to inspection by the Developer, its agents, lenders, designees and employees.

ARTICLE V: DEFAULTS AND REMEDIES

Section 5.1. Events of Default. Each of the following events shall constitute and be referred to in this Agreement as an "Event of Default:"

(a) any failure by the City to pay any amounts due to Developer when the same shall become due and payable;

(b) any failure by the City to make deposits into the Affordable Housing Development Program Fund or the Developer's Project Cost Account as and when due;

(c) any failure by the City or the Developer to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the City or the Developer to be observed or performed, provided, however, that failure of Developer or any other owner of property in the District to pay Property Taxes when due shall not constitute an event of default hereunder; or

(d) if a decree or order of a court or agency or supervisory authority having jurisdiction in the premises of the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the City's affairs shall have been entered against the City or the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City or of or relating to all or substantially all of its property, including without limitation, the filing of a voluntary petition in bankruptcy by the City or the failure by the City to have a petition in bankruptcy dismissed within a period of ninety (90) consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the City.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 hereof shall have occurred and be continuing, the non-defaulting party may take any one or more of the following remedial steps: (a) the non-defaulting party may take whatever action at law or at equity as may

appear necessary or desirable to collect any amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and (b) the Developer shall also have the right to exercise any rights and remedies available to a secured party under the laws of the State of Maine.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. Delay or omission to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon the occurrence of an Event of Default shall not impair any relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by the City with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such Event of Default be continued or repeated.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses. Notwithstanding the application of any other provision hereof, in the event any party should default under any of the provisions of this Agreement and the non-defaulting party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the City or the Developer herein contained, the defaulting party shall, on demand thereof pay to the non-defaulting party the reasonable attorneys fees, costs and expenses so incurred by the non-defaulting party.

Section 5.5. Disputes. The parties agree that in the event of any dispute or disagreement hereunder the City shall continue to make payment of all amounts due hereunder in the manner and at the times specified herein until final resolution of such dispute, whether by mutual agreement or final decision of a court, arbitrator or other dispute resolution mechanism. The City hereby waives any right to withhold, suspend or setoff payments during the pendency of any such dispute, this waiver being limited and expressly intended to affect only those rights necessarily related to or arising directly under the terms of this Agreement.

ARTICLE VI: EFFECTIVE DATE, TERM AND TERMINATION

Section 6.1. Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof for the entire term of this Agreement and shall expire upon the payment of all amounts due to the Developer hereunder and the performance of all obligations on the part of the City and the Developer hereunder.

Section 6.2. Cancellation and Expiration of Term. At the termination or other expiration of this Agreement and following full payment of all amounts due and owing to the Developer hereunder or provision for payment thereof and of all other fees and charges having been made in accordance with the provisions to this Agreement, the City and the Developer shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

ARTICLE VII: ASSIGNMENT AND PLEDGE OF DEVELOPER'S INTEREST

Section 7.1. Consent to Pledge and/or Assignment. The City hereby acknowledges that it is the intent of the Developer to pledge and assign and to grant security interests in and to this Agreement and the amounts payable to Developer hereunder and Developer's right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Developer to make such assignment or pledge or to grant such security interests. Recognizing this intention, the City does hereby consent and agree to the grant of such security interests and to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement and in and to the payments to be made to Developer hereunder, to third parties as collateral or security for indebtedness and other obligations or otherwise, on one or more occasions during the term hereof.

Section 7.2. Pledge, Assignment or Security Interest. The City hereby consents to the pledge, assignment or granting of a security interest by the Developer (or the pledge and assignment by any one Developer) of its right, title and interest in, to and under this Agreement. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective secured party, pledgee or assignee, including without limitation, recognition of the secured party, pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such secured party, pledgee or assignee the position of such secured party, assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the secured party, pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.3. Assignment. Except as provided in this Article VII, the Developer shall not have the right to transfer and assign to any person or entity all or any portion of its rights in, to and under this Agreement; provided however, that any transfer of the real property within the District shall carry with it the benefit of this Agreement so long as (i) the rental units within the District remain affordable after such transfer; (ii) the prospective owner establishes to the reasonable satisfaction of the City that the financial benefits provided by this Agreement are still necessary to maintain the viability of the Project and (iii) the City Council approves the transfer.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Successors. The covenants, stipulations, promises and agreements set forth herein shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

Section 8.2. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 8.3. No Personal Liability of Officials of the City. No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his individual capacity and neither the members of the City Council of the City nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 8.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 8.5. Governing Law. The laws of the State of Maine shall govern the construction and enforcement of this Agreement.

Section 8.6. Notices. All notices, certificates, requests, requisitions or other communications by the City or the Developer pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when hand delivered or mailed by first class mail, postage prepaid, addressed as follows:

If to the City: City Manager
 City Portland
 389 Congress Street
 Portland, Maine 04101

If to the Developer: Avesta Deering Place LP
 c/o Avesta Housing Development Corporation
 307 Cumberland Avenue
 Portland, ME 04101

Any of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 8.7. Amendments. This Agreement may be amended only with the concurring written consent of the parties hereto.

Section 8.8. Net Agreement. This Agreement shall be deemed and construed to be a “net agreement,” and the City shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without any abatement, deductions or setoffs.

Section 8.9. Benefit of Assignees or Pledges. The City agrees that this Agreement is executed in part to induce secured parties, assignees or pledges to provide financing for the Project and accordingly all covenants and agreements on the part of the City as to the amounts payable hereunder are hereby declared to be for the benefit of any such secured parties, assignee or pledgee from time to time of the Developer’s right, title and interest herein.

Section 8.10. Maine Housing Rules and Requirements. The Developer and the City shall comply with any rules adopted by the Maine State Housing Authority and with any conditions of approval imposed by the Maine State Housing Authority following designation of the District. The City shall report annually to the Director of the Maine State Housing Authority regarding the status of the District, including the following matters as required by law: (a) certify that the public purpose of the District is being met; (b) account for any sales of property within the District; and (c) certify that rental units within the District remain affordable. The parties shall comply with the rule provisions for recovery of public revenue if conditions for approval of the District are not maintained for the duration of the District, as provided by rules adopted by the Maine State Housing Authority in accordance with applicable law. The Developer agrees to provide all information as required by the City to satisfy its reporting obligations.

Section 8.11. Affordability Covenants. The Developer and the City shall, in order to assure the continued affordability of the rental units as required by the Development Program, Maine State Housing Authority and applicable laws, regulations and ordinances, execute a declaration which is substantially in the same form as the “Declaration of Covenants, Conditions and Restrictions which is attached to the Development Program as Exhibit I.

Section 8.12 Valuation Agreement. The Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates, estimated amounts of the Increased Assessed Value and the Tax Increment, estimated amounts of the Tax Increment Revenues (Developer's Share), estimated development costs and other estimates. The City and the Developer hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise with respect to Developer's property for purposes of ad valorem property taxation or any tax abatement proceeding or (b) modify or change in any way the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.13. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the City and the Developer relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by the duly authorized officers, all as of the date first above written.

WITNESS

CITY OF PORTLAND

By: _____
Jon P. Jennings, Its City Manager

AVESTA DEERING PLACE LP

BY: Pinecone Housing Corporation, its
General Partner

By: _____
Dana Totman, Its President

CITY OF PORTLAND
Declaration of Covenants, Conditions and Restrictions for

This Declaration of Covenants, Conditions and Restrictions (the “Declaration”) is entered into by and between the City of Portland, a public body corporate and politic with its principal place of business at 389 Congress Street, Portland, Maine, 04101 (“City”) and Avesta Deering LP, a Maine limited partnership with a mailing address of 307 Cumberland Avenue, Portland, Maine 04101 (“Developer”).

WITNESSETH

WHEREAS, the Developer acknowledges that City is providing a loan from HUD HOME funds in City’s Housing and Community Development Budget to the Developer (the “Loan”) for the construction of eighty (80) units of rental housing located at 61 Deering Street and 510 Cumberland Avenue, Portland, Maine (the “Development”); and

WHEREAS the Developer acknowledges City’s resulting beneficial interest in the Development, and Developer acknowledges that its ownership and operation of the Development are in furtherance of discharge of the public trust; and

WHEREAS, City has provided the Loan to Developer in consideration of the Developer’s agreement to abide by the provisions of this Declaration.

NOW THEREFORE, City and the Developer agree as follows:

1. **Term**. The term of this Declaration shall be for a period beginning on the date that it is recorded in the Cumberland County Registry of Deeds (the “Effective Date”), and ending on the later of (a) the date the Loan is paid in full, or (b) 90 years from the Effective Date of this Declaration (the “Qualified Project Period”).
2. **Enforceability of Covenants**. The covenants and restrictions of Developer set forth herein are intended to be and shall be considered covenants that run with the real estate described in Exhibit A attached hereto and made a part hereof and shall bind all subsequent owners and holders of any interest in said real estate, except to the extent herein provided. The City may enforce the covenants set forth herein as a contract beneficiary whether or not Developer is or

remains indebted to the City. The covenants of Developer set forth herein shall survive a sale, transfer, or other disposition of the Development by Developer, a foreclosure or transfer of title in lieu of foreclosure, or the repayment of the Loan, but shall cease to apply to the Development in the event of involuntary noncompliance caused by substantial destruction, seizure, requisition, or change in law or an action of a governmental agency that prevents the City from enforcing the covenants, even though compensated by insurance, provided that the Loan is repaid within a reasonable period of time after such involuntary loss or substantial destruction.

3. **Covenants**. Developer hereby covenants and represents to the City as follows:

- a. **Development**. The Development shall consist of the land described in Exhibit A attached hereto, together with all improvements, which after completion of the work will contain a total of eighty (80) units of rental housing and related amenities. The units in the Development shall be of comparable quality and have comparable amenities. Developer shall not make any change in the nature, size, number or location of the units in the Development and the facilities in the units.
- b. **Use**. The Developer shall rent or make available for rental all of the units in the Development on a continuous and non-transient basis to members of the general public throughout the Qualified Project Period. Developer covenants and agrees that no change of use shall occur without the express written consent of the City.
- c. **Low Income Units**. For a period of ninety (90) years at least forty-eight (48) of the units will be occupied by households with incomes at or below fifty percent (50%) (collectively referred to as the "Low Income Units"). The remaining thirty-two (32) units will be market rate units.
 - i. Income and area median income shall be as determined in accordance with Section 42 of the Internal Revenue Code of 1986 and associated regulations and guidance, all as may be amended from time to time, ("Section 42") and income limits shall be adjusted for family size.
 - ii. Prior to initial occupancy and at least annually, the Developer shall verify that the income, based on the then current income, of each household occupying a Low Income Unit in the Development does not exceed the Applicable Income Limit (the "Determination").
 - iii. A Low Income Unit occupied by a household, who at the commencement of occupancy, met the Applicable Income Limit shall continue to be treated as occupied by a qualified resident even though the household's income may exceed the Applicable Income Limit, adjusted for family size, at the time of the most recent Determination, if after such Determination, but before the next Determination, any unit in the Development of comparable size is occupied by a new household whose income does not exceed the Applicable Income Limit.

- iv. After initial occupancy but upon again becoming vacant, a Low Income Unit shall be treated as occupied by a household meeting the Applicable Income Limit until occupied (other than occupancy by another resident for a temporary period not to exceed 31 days), at which time the character of the unit shall be re-determined in light of the new resident's income.
- d. **Rent Restrictions.** For the Qualified Project Period, the Low Income Units shall be rent-restricted. A unit is rent-restricted if the gross monthly rent does not exceed one-twelfth (1/12th) of thirty percent (30%) of the imputed income limitation applicable to the unit. The imputed income limitation is the Applicable Income Limit for the unit, except the adjustment for family size shall be based, not on the actual number of occupants, but by assuming the number of occupants as follows:
 - i. For a unit without a separate bedroom, one individual.
 - ii. For a unit with one or more separate bedrooms, one and one-half individuals for each separate bedroom.

Gross monthly rent shall not include any payment under Section 8 of the United States Housing Act of 1937 and associated regulations and guidance, all as may be amended from time to time ("Section 8") but shall include any utility allowance, where applicable, taking into account such determinations under Section 8.

- e. **Discrimination Prohibited.** Developer shall not segregate or physically isolate the Low Income Units from each other and from other units in the Development and the Developer shall use its best efforts to proportionately distribute the Low Income Units among each unit size in the Development. Developer shall not refuse to rent a unit in the Development to any applicant because the applicant holds a voucher or a certificate of eligibility under Section 8.
- 4. **Compliance.** Developer agrees to furnish to City such information as City may require in a form acceptable to City, including without limitation certifications and/or verifications of occupancy and resident income, to determine Developer's compliance with the covenants set forth herein. Information deemed acceptable by Maine State Housing Authority shall be acceptable to the City.
 - 5. **Income Certifications/Leases.** Developer shall use residential lease forms acceptable to City and obtain written and signed certifications of residents in a form acceptable to City to determine the qualifications of the residents for occupancy of a Low Income Unit. Such leases or certifications shall contain clauses wherein each resident (a) certifies as to the accuracy of statements made relating to the resident's income, (b) agrees that resident income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, (c) agrees to comply all requests for information with respect thereto from Developer or City, and (d) agrees that failure to provide accurate information or refusal to comply with a request for information shall be deemed a violation of a substantial obligation of the tenancy. Developer covenants and agrees to take such action as City deems necessary to comply with the covenants herein or to correct or cure any failure of the Developer to comply with the covenants herein,

including, without limitation, the eviction of any tenant in accordance with applicable law. Lease forms which have been approved by Maine State Housing Authority shall be deemed approved by City.

6. **Real Estate Taxes.** Developer agrees that it shall pay all real estate taxes assessed on the Development during its ownership of the Development. Nothing contained in this section shall be deemed a waiver or limitation on Developer's right to seek abatement of property taxes if Developer believes the Development is over-assessed.
7. **Records.** Developer shall maintain and keep current all books, documents, plans and records concerning the Development, including, but not limited to, books and records related to compliance with the covenants contained in this Declaration. Such books, records, documents and plans shall be kept for: (a) a minimum of six (6) years after the expiration of the Qualified Project Period for those books, records, documents and plans pertaining to the rent and occupancy requirements described in Section 3 of this Declaration and the rent roll for all units in the Development; and (b) for a minimum of six (6) years after the end of the fiscal year or calendar year, as applicable, for all other books, records, documents and plans pertaining to the Development. Upon reasonable notice, City may audit and examine these books, records, documents and plans, and may inspect the buildings, grounds, equipment offices of the Development.
8. **Violation.** Developer shall immediately notify the City if Developer anticipates or discovers any noncompliance with any restriction or covenant in this Declaration, including, without limitation, noncompliance with the occupancy restrictions in Section 3 of this Declaration. Developer agrees to take such action as the City deems necessary to prevent noncompliance or to correct or cure any failure to comply with the covenants in this Declaration. In the event the Developer fails to comply with the covenants set forth herein, and fails to cure such non-compliance within any applicable cure period, the City shall be entitled to exercise any of its rights under the documents executed in connection with the Loan, maintain an action in law or in equity against the Developer to recover damages incurred by the City from such failure, including, without limitation, reasonable attorneys' fees and costs, and to require the Developer (through injunctive relief or specific performance) to comply with the provisions and covenants set forth herein and to immediately cure any failure to comply with the covenants set forth herein by the Developer.
9. **Indemnification.** Developer shall indemnify and hold City and its agents harmless from and against any and all claims, demands, liability, loss, cost or expense (including, but not limited to attorney's fees and other costs of litigation) which may be incurred by the City arising out of or in any way related to the Developer's breach of any of its obligations under this Declaration or any action taken by the City to enforce or exercise its rights under this Declaration as a result of such breach, except for claims arising from the gross negligence or willful acts of the City. The obligations under this section shall survive the termination or expiration of this Declaration as necessary to effectuate its provisions.

10. **Modifications.** This Declaration may be amended or modified, in whole or in part, only by written agreement of Developer and the City clearly expressing the intent to modify this Declaration.
11. **Severability.** The validity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.
12. **Successors and Assigns.** This Declaration shall be binding upon Developer's respective heirs, personal representatives, executors, administrators, successors and assigns and shall inure to the benefit of and be enforceable by City, its successors, transferees and assigns.
13. **Governing Law.** This Declaration shall be construed in accordance with and governed by the laws of the State of Maine.
14. **Notices.** Any notice or demand required or provided for in this Declaration shall be in writing and shall be deemed to have been sufficiently given for all purposes when hand-delivered or mailed by certified or registered United States mail, postage prepaid, or sent by overnight United States mail or overnight commercial delivery service to the Developer or the City at their respective addresses set forth herein, or at such other address as either of them may from time to time hereafter designate by notice given to the other as herein provided. The City shall endeavor to provide a copy of any notice to Developer simultaneously to the Limited Partners at c/o Northern New England Housing Investment Fund, 75 Market Street, Suite 201, Portland, ME 04101, or such other addresses as may from time to time hereafter be designated by notice given to the City as herein provided.
15. **Intercreditor.** This Declaration is subject to the terms and conditions of the Intercreditor and Subordination Agreement by and among Maine State Housing Authority, the City of Portland, Avesta Deering Place LP, and Avesta Housing Development Corporation dated _____, 2017 to be recorded in the Cumberland County Registry of Deeds herewith.

Signature page follows.

IN WITNESS WHEREOF, this Declaration has been duly executed by the Developer and City as of November ____, 2017.

CITY OF PORTLAND

Witness

By: _____
Jon P. Jennings
Its City Manager

AVESTA DEERING PLACE LP

BY: Avesta Housing Development Corporation, its
General Partner

Witness

By: _____
Dana Totman, Its President

**State of Maine
Cumberland, ss.**

November ____, 2017

Personally appeared the above named Dana Totman, President of Avesta Housing Development Corporation, General Partner of Avesta Deering Place LP, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said corporation and limited partnership.

Before me,

Notary Public/Attorney-at-Law

(Print or type name)

**State of Maine
Cumberland, ss.**

November ____, 2017

Personally appeared the above named Jon P. Jennings, City Manager to the City of Portland, and acknowledged the foregoing instrument to be his free act and deed in his said capacity and the free act and deed of said City of Portland.

Before me,

Notary Public/Attorney-at-Law

(Print or type name)

EXHIBIT A

DRAFT

Development Program Exhibit A

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

Development Program Exhibit F

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							
TIF Year	Tax Year- April 1	Total Added Valuation	Sheltered Valuation	Avoided Formula Impacts from Sheltering of 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

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
 3 STORY FLOOR UNITS (INCLUDING FIRST FLOOR)
 ACCESSIBLE ROUTE THROUGH TOWNHOUSES AND 2 STORY UNITS RANSE WITH STAIRS
 ABOVE CUMBERLAND AVENUE FOR SECURITY AND PRIVACY (BY EXIST BLDG A)

43 UNITS ON ACCESSIBLE UPPER FLOORS
 20 UNITS TOTAL

SCALE OF MAIN HUMAN RIGHTS ACT
 REQUIRES 10% OF GROSS FLOOR AND 10% OF TOTAL UPPER LEVEL UNITS, IF ACCESSIBLE BY ELEVATOR, TO
 BE ACCESSIBLE FOR ANS 117.1 TYPE A
 GROSS FLOOR = 51 UNITS, 10% OF 51 = 5 UNITS
 UPPER LEVEL UNITS (ON ACCESSIBLE ROUTE) = 43, 10% OF 43 = 5 UNITS

TOTAL ACCESSIBLE UNITS REQUIRED = 8 UNITS

IF AN FEDERAL FAIR HOUSING ACT SECTION 504 UNDER THE PROVISIONS OF THE HAD DENIED NOTICE UNITS
 WILL NOT BE THE STANDARD USED ON THIS PROJECT. THIS PROJECT WILL CONFORM TO THE RECOMMENDATIONS
 OF ADAMG.

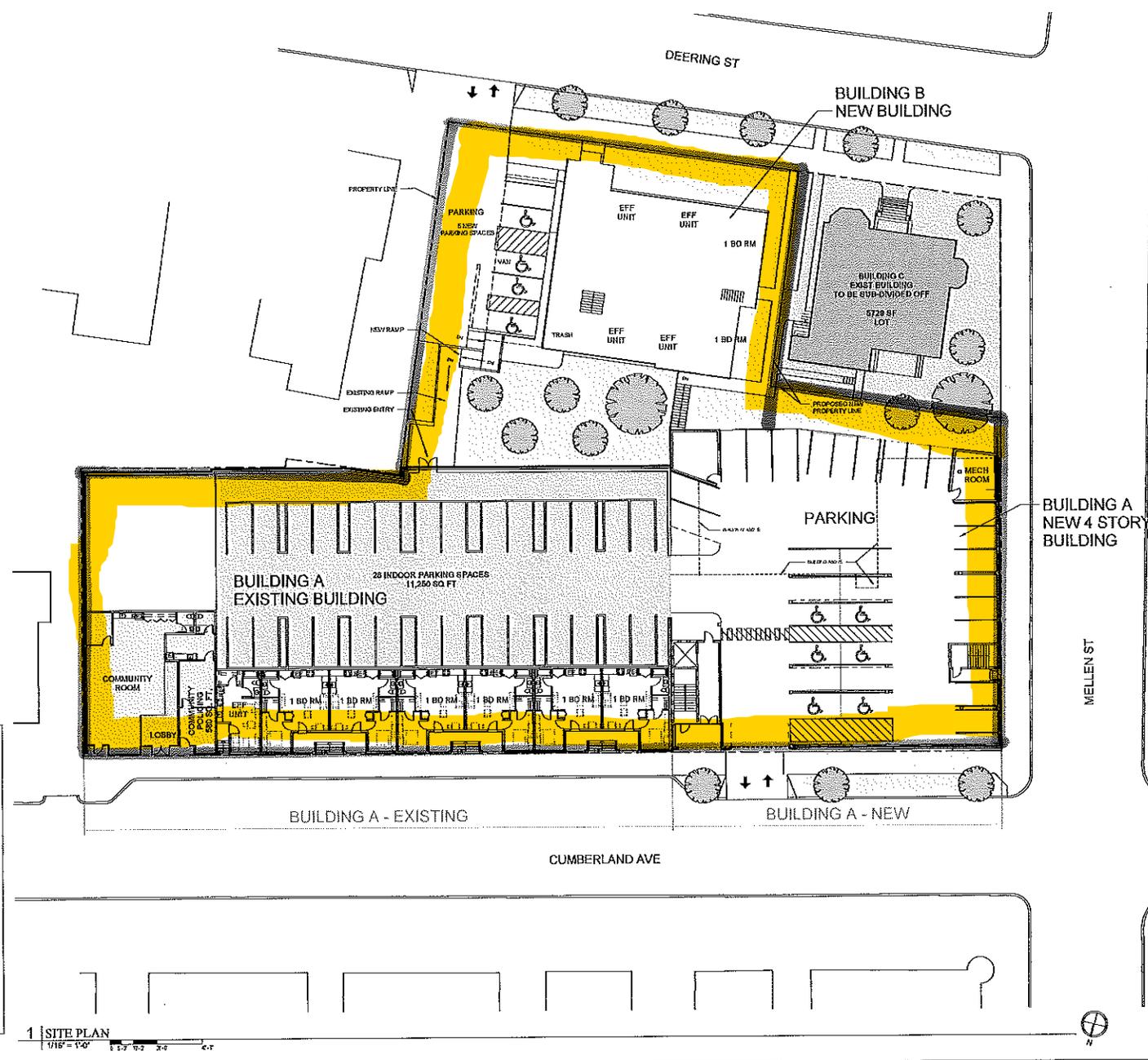
ADAMG AMERICAN WITH DISABILITIES ACT 2010 REQUIRES 8% OF TOTAL UNITS TO BE MOBILITY ACCESSIBLE
 AND 2% OF TOTAL UNITS TO BE FOR THE HEARING AND VISUAL IMPAIRED, REGARDLESS THE NUMBER OF THIS
 EQUALS 8 MOBILITY ACCESSIBLE UNITS AND 2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNITS.

REQUIRED UNITS A TOTAL OF 8 MOBILITY ACCESSIBLE UNITS MUST BE PROVIDED OF WHICH 6 UNITS MUST MEET
 THE RECOMMENDATIONS OF BOTH ADAMG AND ANS 117.1 TYPE A,
 A TOTAL OF 2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNITS 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 8 COMPLY WITH ANS 117.1 TYPE A, UNITS AND OF WHICH 3 COMPLY
 WITH BOTH ADAMG AND ANS 117.1 TYPE A.
 2 HEARING AND VISUAL IMPAIRED ACCESSIBLE UNIT THAT COMPIES WITH THE RECOMMENDATIONS OF ADAMG.

BEYOND THE 10 MOBILITY ACCESSIBLE UNITS, IN ORDER TO MEET THE RECOMMENDATIONS OF THE MAINE HUMAN
 RIGHTS ACT, THE REMAINING UNITS, MUST BE BUILT AS THE 6 DOUBLE STORY TOWNHOUSES WITH INACCESSIBLE
 UPPER LEVELS AND THE 7 UNITS BUILT WITH STAIRS ABOVE CUMBERLAND AVENUE, WILL COMPLY WITH ANS
 117.1 AND TYPE B UNITS. THERE WILL BE 6 ANS 117.1 AND 20 TYPE B UNITS.



1 SITE PLAN
 1/16" = 1'-0"
 0 5 10 20 30 40 FT

Prepared For: AVESTA HOUSING

Architect: ARCHETYPE architects
 88 Calum Street Portland, Maine 04101
 507-754-2421 / 507-754-2174

Project: 310 CUMBERLAND AVENUE HOUSING

Portland, ME 04101

Date: 31 AUG 2017
 Scale: 1/16" = 1'-0"
 SHEET: SITE PLAN

A0.00

Development Program Exhibit B

PROJECT NAME: **Deering Place**
 LOCATION: **510 Cumberland & 61 Deering Portland, ME**

Date: **10/16/17**

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

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

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

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%

FLOW OF FUNDS									
Sources	CLC	During Construction				PLC	2020	2021	Total
	6/30/18	9/28/18	12/27/18	3/27/19	6/25/19	6/30/19			
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
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
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
12								0
3BR	40% LIHTC	8			854	\$2,070	60	76,224
	50% LIHTC	5			1,067	\$2,070	60	60,420
13								0
4BR								0
								0
								0
0								0
Other:								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

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

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%