

Order 21-20/21

Motion to postpone to August 31, 2020: 8-0 (Cook absent) on 8/3/2020

Motion to postpone to September 9, 2020: 6-0 (Thibodeau, Costa, Chong) on 8/31/2020

Motion to postpone to September 21, 2020: 9-0 on 9/9/2020

Motion to amend by revising the TIF captured revenue to the developer from 75% to 50%: 9-0 on September 21, 2020

Passage as amended: 9-0 on 9/21/2020

Effective October 1, 2020

KATE SNYDER (MAYOR)  
BELINDA S. RAY (1)  
SPENCER R. THIBODEAU (2)  
TAE Y. CHONG (3)  
JUSTIN COSTA (4)

**CITY OF PORTLAND**  
IN THE CITY COUNCIL

KIMBERLY COOK (5)  
JILL C. DUSON (A/L)  
PIOUS ALI (A/L)  
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER DESIGNATING THE 577 WASHINGTON AVENUE AFFORDABLE  
HOUSING DEVELOPMENT DISTRICT AND  
TAX INCREMENT FINANCING DISTRICT AND ADOPTING THE  
MUNICIPAL DEVELOPMENT PROGRAM FOR THE DISTRICT**

**WHEREAS**, the City of Portland is authorized pursuant to Chapter 206 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**, Washington Gardens, LP intends to make certain improvements within the 577 Washington Avenue Affordable Housing Development Tax Increment Financing (“TIF”) District, including 100 rental units of affordable housing; and

**WHEREAS**, the City of Portland will utilize 50% 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 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 577 Washington Avenue 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**, 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 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 desires to designate the 577 Washington Avenue Affordable Housing Development and Tax Increment Financing District and adopt a Development Program for such District; and

**WHEREAS**, the City Council has considered the comments provided at the public hearing, both for and against the designation of the 577 Washington Avenue 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 577 Washington Avenue 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 “577 Washington Avenue Affordable Housing Development District” as presented to this meeting and 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 “577 Washington Avenue 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 “577 Washington Avenue 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 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 “577 Washington Avenue Affordable Housing Development District” on behalf of the municipal legislative body.

**CITY OF PORTLAND**  
**577 WASHINGTON AVENUE**  
**AFFORDABLE HOUSING DEVELOPMENT DISTRICT**  
**DEVELOPMENT PROGRAM**

**Date:**           , **2020**

## **TABLE OF CONTENTS**

### **577 Washington Avenue** **Affordable Housing Development District Development Program**

Article I. Introduction and Summary of Benefits

Article II. Development Program Narrative and Designation of the District

- Section 2.01 Statement of Means and Objectives
- Section 2.02 Brief Discussion of Financial Plan
- Section 2.03 Project Cost Descriptions
- Section 2.04 Relocation Plan
- Section 2.05 Environmental Controls
- Section 2.06 District Operation
- Section 2.07 Assurance of Compliance
- Section 2.08 Program Duration
- Section 2.09 Approval Considerations and Characteristics of the District
- Section 2.10 Designation of the District

Article III. Financial Plan

- Section 3.01 Cost Estimates for the Development Program
- Section 3.02 Amount of Indebtedness to be Incurred
- Section 3.03 Sources of Anticipated Revenues
- Section 3.04 Estimated Increased Assessed Value; Portion Applied to Development Program
- Section 3.05 Description of Terms and Conditions of Agreements
- Section 3.06 Calculation of Tax Shifts

Article IV. Municipal Approvals

- Section 4.01 Public Hearing
- Section 4.02 Authorizing Votes

#### **Exhibits**

- Exhibit A Estimated Allocation of Tax Increment and Estimated Tax Increment Revenues
- Exhibit B Estimated Development Costs
- Exhibit C Property Description and Configuration of the District
- Exhibit D Certificate of Assessor
- Exhibit E Credit Enhancement Agreement
- Exhibit F Tax Shift Computations
- Exhibit G Notice of Public Hearing
- Exhibit H City Council Orders
- Exhibit I Declaration of Covenants, Conditions and Restrictions
- Exhibit J District Narrative

**577 Washington Avenue**  
**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 577 Washington Avenue in Portland Maine. The area includes approximately 3.6099 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 an 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 577 Washington Avenue 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 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 (the “Credit Enhancement Agreement”) from the District available to the Developer pursuant to 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 31<sup>st</sup> prior to adoption of this Development Program.

Section 2.03: Project Costs Descriptions.

A. Project General Description. The Capital Project at 577 Washington Avenue involves the rehabilitation of approximately 3.6099 acres, into an affordable housing neighborhood. The objective of the project is that 100% of the units in the District will be affordable housing, for a household whose income does not exceed 60% of the median income for the area as defined by the United States Department of Housing and Urban Development. This project consists of one hundred (100) rental units within 15 two-story residential buildings. There are currently sixty (60) studios, thirty-six (36) one-

bedroom units, and four (4) two-bedroom units. Sixty (60) units are affordable to households that income qualify at or below 50% of the area median income, and forty (40) units are affordable to households that income qualify at or below 60% of the area median income. The zoning for the project assures that this number of units and this affordability objective will be met.

The 577 Washington Avenue project is projected to have a total local increased assessed valuation at build out of approximately \$7,900,000 based upon current real estate values and City assessment practices. Based upon the estimated tax rate upon completion, the project will generate approximately a thirty year annual average of \$1~~27,000~~~~90,500~~ in tax increment revenues to the Developer at full build out. 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 \$1~~27,000~~~~90,500~~ (as set forth in Exhibit A). Developer’s Share of the Tax Increment Revenue is designated to pay operating costs for the project at 577 Washington 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. Any Portland Housing Authority tenants who reside in covered units will be provided relocation assistance and payments sufficient to cover reasonable relocation expenses. All households will be surveyed by PHA staff to determine need related to housing, supportive services, and relocation counselling.

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 after the tax year in which this Development Program was approved by the Director of the Maine State Housing Authority. The first Tax Year of the Development Program begins April 1, 2020 and the last Tax Year of the Development Program begins April 1, 2049.

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 3.6099 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, including this proposed district, in the City (which combined total is 698.~~475131~~ acres) is approximately 5.63~~96~~% of total acreage in the City. The 698.~~475131~~ acres includes 451.01 acres in two exempt districts—a transit oriented district and a downtown/transit oriented district—which, when subtracted from the 698.131 acres is 247.~~465121~~, which is 1.99% 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 affordable housing development districts in the City and this proposed affordable housing development district is ~~13.1812.8356~~ acres, or 0.10~~6436~~% of the total acreage of the City, which 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 this proposed affordable housing development district within the City is \$~~2,071.3101,824,610~~ and such amount of Original Assessed Value does not exceed 5% of the total value of taxable property within the City as of the April 1st preceding the date of the designation of the District.

C. Community Housing Need. The City finds that this Capital Program will meet a community housing need identified in the City's Comprehensive Plan. The Credit Enhancement Agreement provides

a mechanism to ensure the ongoing affordability for a period of at least thirty (30) years for rental units, which mechanism is the Declaration attached hereto as Exhibit I. The District is primarily a residential development in which 100% of the dwelling units will be affordable housing that may be designed to be compact and walkable to include 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 577 Washington Avenue 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 the end of the City's Fiscal Year 2020, which was March 31, 2020. 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 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 5075%. Such Captured Tax Increment Revenues will be returned to the Developer each year in the manner described below.

In the event of a revaluation of taxable property within the City, the Captured Assessed Value of this District may be adjusted in proportion to the change in taxable assessed property valued within the District in the year of the revaluation resulting from such revaluation.

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, which will be the entire amount of the 5075% 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 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.

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.

Under this program and the Credit Enhancement Agreement, Captured Assessed Value will be ~~5075~~% of the Increased Assessed Value. Accordingly, ~~fiftyseventy-five~~ percent (~~5075~~%) of the Tax Increment Revenues for each year during the term of the District shall be paid to the Developer each year pursuant to the Credit Enhancement Agreement.

An Affordable Housing Development Program Fund shall be established by the City consisting of a Project Cost Account. The 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 Project Cost Account according to the terms of the Credit Enhancement Agreement ~~fiftyseventy-five~~ percent (~~5075~~%) of that portion of the payment constituting Tax Increment Revenues. The amounts in the 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.

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 577 Washington Avenue 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 \$23.78/\$1,000 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 [enter date notice was published in the paper], 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 September 9, 2020. 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 ~~September 21~~<sup>August 3</sup>, 2020 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: \_\_\_\_\_

\_\_\_\_\_  
Jon P. Jennings City Manager,  
City of Portland

# EXHIBIT A DEVELOPMENT PROGRAM

City of Portland - TIF Model

PHA 577 Washington Ave. Garden Affordable Housing Project

OAV as of 3/31/2019: \$0

Tax Map References:	428-B-022	428-C-009	429-B-018	428-B-019
---------------------	-----------	-----------	-----------	-----------

<b>City of Portland- TIF Projection Table for 577 Washington Avenue Gardens</b>									
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	2020	\$7,900,000	50.00%	\$3,950,000	23.78	\$93,916	\$93,916	\$0	\$93,916
2	2021	\$7,900,000	50.00%	\$3,950,000	24.25	\$95,794	\$95,794	\$0	\$95,794
3	2022	\$7,900,000	50.00%	\$3,950,000	24.74	\$97,710	\$97,710	\$0	\$97,710
4	2023	\$7,900,000	50.00%	\$3,950,000	25.23	\$99,664	\$99,664	\$0	\$99,664
5	2024	\$7,900,000	50.00%	\$3,950,000	25.74	\$101,658	\$101,658	\$0	\$101,658
6	2025	\$7,900,000	50.00%	\$3,950,000	26.25	\$103,691	\$103,691	\$0	\$103,691
7	2026	\$7,900,000	50.00%	\$3,950,000	26.78	\$105,765	\$105,765	\$0	\$105,765
8	2027	\$7,900,000	50.00%	\$3,950,000	27.31	\$107,880	\$107,880	\$0	\$107,880
9	2028	\$7,900,000	50.00%	\$3,950,000	27.86	\$110,038	\$110,038	\$0	\$110,038
10	2029	\$7,900,000	50.00%	\$3,950,000	28.41	\$112,238	\$112,238	\$0	\$112,238
11	2030	\$7,900,000	50.00%	\$3,950,000	28.98	\$114,483	\$114,483	\$0	\$114,483
12	2031	\$7,900,000	50.00%	\$3,950,000	29.56	\$116,773	\$116,773	\$0	\$116,773
13	2032	\$7,900,000	50.00%	\$3,950,000	30.15	\$119,108	\$119,108	\$0	\$119,108
14	2033	\$7,900,000	50.00%	\$3,950,000	30.76	\$121,490	\$121,490	\$0	\$121,490
15	2034	\$7,900,000	50.00%	\$3,950,000	31.37	\$123,920	\$123,920	\$0	\$123,920
16	2035	\$7,900,000	50.00%	\$3,950,000	32.00	\$126,399	\$126,399	\$0	\$126,399
17	2036	\$7,900,000	50.00%	\$3,950,000	32.64	\$128,927	\$128,927	\$0	\$128,927
18	2037	\$7,900,000	50.00%	\$3,950,000	33.29	\$131,505	\$131,505	\$0	\$131,505
19	2038	\$7,900,000	50.00%	\$3,950,000	33.96	\$134,135	\$134,135	\$0	\$134,135
20	2039	\$7,900,000	50.00%	\$3,950,000	34.64	\$136,818	\$136,818	\$0	\$136,818
21	2040	\$7,900,000	50.00%	\$3,950,000	35.33	\$139,554	\$139,554	\$0	\$139,554
22	2041	\$7,900,000	50.00%	\$3,950,000	36.04	\$142,345	\$142,345	\$0	\$142,345
23	2042	\$7,900,000	50.00%	\$3,950,000	36.76	\$145,192	\$145,192	\$0	\$145,192
24	2043	\$7,900,000	50.00%	\$3,950,000	37.49	\$148,096	\$148,096	\$0	\$148,096
25	2044	\$7,900,000	50.00%	\$3,950,000	38.24	\$151,058	\$151,058	\$0	\$151,058
26	2045	\$7,900,000	50.00%	\$3,950,000	39.01	\$154,079	\$154,079	\$0	\$154,079
27	2046	\$7,900,000	50.00%	\$3,950,000	39.79	\$157,161	\$157,161	\$0	\$157,161
28	2047	\$7,900,000	50.00%	\$3,950,000	40.58	\$160,304	\$160,304	\$0	\$160,304
29	2048	\$7,900,000	50.00%	\$3,950,000	41.39	\$163,510	\$163,510	\$0	\$163,510
30	2049	\$7,900,000	50.00%	\$3,950,000	42.22	\$166,780	\$166,780	\$0	\$166,780
<b>30 Year TIF Total</b>		<b>\$237,000,000</b>		<b>\$118,500,000</b>		<b>\$3,809,991</b>	<b>\$3,809,991</b>	<b>\$0</b>	<b>\$3,809,991</b>
<b>30 Year Average</b>							\$127,000		\$127,000

Unit Type	UNIT INFORMATION					RENTAL INCOME					
	# of BR	# of Units	Unit Sq. Ft.	LIHTC Unit	PBV Unit Sect_18	Income Limit (% AMI)	Max Gross LIHTC Rent	Less Utility Allowance	Max Contract LIHTC Rent	Proposed Contract Rent	Annual Rental Income
0BR @ 50% AMI - PBV	0	37		Y	Y	50%	877	0	877	877	389,388
0BR @ 60% AMI - PBV	0	23		Y	Y	60%	1,053	0	1,053	1,053	290,628
1BR @ 50% AMI - PBV	1	22		Y	Y	50%	940	0	940	940	248,160
1BR @ 60% AMI - PBV	1	14		Y	Y	60%	1,128	0	1,128	1,128	189,504
2BR @ 50% AMI - PBV	2	1		Y	Y	50%	1,128	0	1,128	1,128	13,536
2BR @ 60% AMI - PBV	2	3		Y	Y	60%	1,354	0	1,354	1,354	48,744
-							-	-	-		-
-							-	-	-		-
-							-	-	-		-
<b>TOTAL</b>	<b>104</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>						<b>1,179,960</b>

OPERATING SUBSIDY INCOME			
Voucher Rent	Monthly Voucher Diff. PUPM	Annual Voucher Diff. Total	Total Annual Rent. + Vouch. Income
1,100	223	99,012	488,400
1,100	47	12,972	303,600
1,283	343	90,552	338,712
1,283	155	26,040	215,544
1,645	517	6,204	19,740
1,645	291	10,476	59,220
-	-	-	-
-	-	-	-
-	-	-	-
		<b>245,256</b>	<b>1,425,216</b>

**OTHER INCOME**

Description	Yr 1
<b>TOTAL OTHER INCOME</b>	<b>0</b>

**TAX INCREMENT FINANCING**

75% TIF for 30 years	142,875
----------------------	---------

**COMMERCIAL RENTAL INCOME**

Commercial Rent	0
-----------------	---

**UNIT INFO**

BR Size	UA	Mrkt. Study	PBV Rent
0 BR	0	1,100	1,179
1 BR	0	1,320	1,283
2 BR	0	1,645	1,667
3 BR	0	0	2,180
4 BR	0	0	2,654
5 BR	0	0	3,051
6 BR	0	0	3,449

**UTILITIES**

Utility	Responsible	Type
Electricity	Owner	CMP
Heat	Owner	Gas/Unitil
Hot Water	Owner	Gas/Unitil
Cooking	Owner	Electric/CMP
Water/Sewer	Owner	City
Trash	Owner	Private

**EFFECTIVE GROSS INCOME**

Description	Yr 1
Gross Rental Income	1,179,960
Operating Subsidy Income	245,256
Other Income	0
Vacancy Loss @ 5.0%	(71,261)
Tax Increment Financing	142,875
Commercial Income	0
<b>EFFECTIVE GROSS INCOME</b>	<b>1,496,830</b>

**SQUARE FOOTAGE AND APPLICABLE FRACTION**

Description	Units	Sq. Ft.
LIHTC Units	100	56,306
Non-LIHTC Units	0	0
<b>TOTAL UNITS</b>	<b>100</b>	<b>56,306</b>

Applicable Fraction	By Units	By Sq.Ft.
by Calculation Method:	100%	100%
<b>APPLICABLE FRACTION</b>		<b>100%</b>

Residential Units Sq. Ft.	56,306
Residential Common Areas Sq. Ft.	3,370
Commercial Rental Sq. Ft.	0
Other Sq. Ft.	0
<b>TOTAL PROJECT SQUARE FOOTAGE</b>	<b>59,676</b>

Operating Expenses - Washington Gardens

9/3/2020

Line Item	Total	Per Unit
<b>ADMINISTRATIVE EXPENSES</b>		
Management Fees	74,696	747
Management Charges	74,696	747
Marketing	906	9
Legal	1,166	12
Background Checks		0
Property Postage/Copier		0
Interpreting		0
Bank Charges		0
Rent Comp Study		0
Software and Maintenance of Computers		0
Auditing	6,500	65
Other Admin.		0
<b>Subtotal Administrative Expenses</b>	<b>157,964</b>	<b>1,580</b>

Line Item	Total	Per Unit	
<b>UTILITY EXPENSES</b>			
Heating Fuel	41,000	410	
Electricity	42,000	420	
Water/Sewer	35,000	350	
Property Internet/Phone for Tenant Use	784	8	
Other Utility	Telemed Wifi	12,000	120
<b>Subtotal Utility Expenses</b>	<b>130,784</b>	<b>1,308</b>	

Line Item	Total	Per Unit
<b>MAINTENANCE EXPENSES</b>		
Janitorial Payroll		0
Janitorial Supplies and Equipment		0
Janitorial Contractual Services		0
Garbage and Trash Removal	38,151	382
Vehicle and Equipment	5,098	51
Grounds Maintenance Payroll		0
Grounds Tools and Supplies		0
Grounds Contractual Services	19,806	198
Miscellaneous Ground Maintenance		0
Building Maintenance Payroll	87,146	871
Building Tools and Supplies	19,020	190
Building Contractual Services	29,504	295
Building Systems Maintenance	8,808	88
Miscellaneous Building Maintenance		0
Other Maint.		0
<b>Subtotal Maintenance Expenses</b>	<b>207,533</b>	<b>2,075</b>

Line Item	Total	Per Unit
<b>GENERAL EXPENSES</b>		
Property Taxes	190,500	1,905
Property and Liability Insurance	25,000	250
Other Financial Expenses		0
Resident Services	53,000	530
Other General		0
<b>Subtotal General Expenses</b>	<b>268,500</b>	<b>2,685</b>

<b>HOUSING OPEX</b>	<b>764,781</b>	<b>7,648</b>
---------------------	----------------	--------------

Line Item	Total	Per Unit
<b>COMMERCIAL EXPENSES</b>		
Admin Expenses	0	0
Operating Expenses	0	0
Maintenance Expenses	0	0
General Expenses	0	0
Other Comm.	0	0
<b>Subtotal Commercial Expenses</b>	<b>0</b>	<b>0</b>

<b>TOTAL OPEX</b>	<b>764,781</b>	<b>7,648</b>
-------------------	----------------	--------------

Line Item	Total	Per Unit
<b>RESERVE CONTRIBUTIONS</b>		
Replacement Reserve	45,000	450
Other Reserve	0	0

<b>TOTAL OPEX + RESERVES</b>	<b>809,781</b>	<b>8,098</b>
------------------------------	----------------	--------------

Line Item	Total	Per Unit	LIHTC Basis			T-E Bonds	HTC Basis		
			NC/R Basis	Acq Basis	Ineligible	50% Test	QRE	Non-QRE	Allocable
<b>CONSTRUCTION COSTS</b>									
On-Site Improvements	1,537,870	15,379	1,537,870	0	0	1,537,870	1,537,870	0	0
Construction: Residential	7,902,977	79,030	7,902,977	0	0	7,902,977	7,902,977	0	0
Construction: Commercial	0	0	0	0	0	0	0	0	0
Demolition	0	0	0	0	0	0	0	0	0
General Requirements	0	0	0	0	0	0	0	0	0
Builder Overhead	0	0	0	0	0	0	0	0	0
Builder Profit	381,565	3,816	381,565	0	0	381,565	381,565	0	0
Bond Premium	98,289	983	98,289	0	0	98,289	98,289	0	0
Other Construction Costs	407,000	4,070	15,000	0	392,000	407,000	407,000	0	0
Construction Contingency	1,050,000	10,500	1,050,000	0	0	1,050,000	1,050,000	0	0
<b>Subtotal Construction Costs</b>	<b>11,377,701</b>	<b>113,777</b>	<b>10,985,701</b>	<b>0</b>	<b>392,000</b>	<b>11,377,701</b>	<b>11,377,701</b>	<b>0</b>	<b>0</b>

<b>SOFT COSTS</b>									
Permits & Impact Fees	136,445	1,364	136,445	0	0	136,445	136,445	0	0
Survey & Engineering	53,625	536	53,625	0	0	53,625	53,625	0	0
Architectural & Design	599,400	5,994	599,400	0	0	599,400	599,400	0	0
Legal	115,000	1,150	35,000	0	80,000	115,000	115,000	0	0
Title & Recording	22,000	220	22,000	0	0	22,000	22,000	0	0
Accounting	9,000	90	9,000	0	0	9,000	9,000	0	0
Construction Period Tax	17,380	174	17,380	0	0	17,380	17,380	0	0
Insurance	18,000	180	18,000	0	0	18,000	18,000	0	0
Soft Cost Contingency	50,000	500	50,000	0	0	0	50,000	0	0
<b>Subtotal Soft Costs</b>	<b>1,020,850</b>	<b>10,209</b>	<b>940,850</b>	<b>0</b>	<b>80,000</b>	<b>970,850</b>	<b>1,020,850</b>	<b>0</b>	<b>0</b>

<b>FINANCING COSTS</b>									
Construction Loan Costs	530,000	5,300	530,000	0	0	530,000	530,000	0	0
Permanent Loan Costs	0	0	0	0	0	0	0	0	0
<b>Subtotal Financing Costs</b>	<b>530,000</b>	<b>5,300</b>	<b>530,000</b>	<b>0</b>	<b>0</b>	<b>530,000</b>	<b>530,000</b>	<b>0</b>	<b>0</b>

<b>MISCELLANEOUS COSTS</b>									
Market Study	5,000	50	0	0	5,000	0	5,000	0	0
Appraisal	5,500	55	0	0	5,500	0	5,500	0	0
Environmental	27,050	271	0	0	27,050	27,050	0	27,050	0
LIHTC Process & Monitoring Fees	139,250	1,393	0	0	139,250	0	0	139,250	0
Relocation	275,000	2,750	0	0	275,000	275,000	0	275,000	0
FF&E	58,000	580	30,000	0	28,000	58,000	0	58,000	0
Other Misc Costs	44,992	450	44,992	0	0	44,992	0	44,992	0
<b>Subtotal Miscellaneous Costs</b>	<b>554,792</b>	<b>5,548</b>	<b>74,992</b>	<b>0</b>	<b>479,800</b>	<b>405,042</b>	<b>10,500</b>	<b>544,292</b>	<b>0</b>

Line Item	Total	Per Unit	LIHTC Basis			T-E Bonds	HTC Basis		Allocable
			NC/R Basis	Acq Basis	Ineligible	50% Test	QRE	Non-QRE	
<b>ACQUISITION COSTS</b>									
Structure	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0
Existing Reserve Account Balance	0	0	0	0	0	0	0	0	0
Repay Existing Mortgage Balance	410,376	4,104	0	0	410,376	0	0	410,376	0
Other	0	0	0	0	0	0	0	0	0
<b>Subtotal Acquisition Costs</b>	<b>410,376</b>	<b>4,104</b>	<b>0</b>	<b>0</b>	<b>410,376</b>	<b>0</b>	<b>0</b>	<b>410,376</b>	<b>0</b>
<b>RESERVES</b>									
Operating Deficit Escrow (ODE)	350,000	3,500	0	0	350,000	0	0	350,000	0
Replacement Reserve (IDRR)	100,000	1,000	0	0	100,000	0	0	100,000	0
Tax & Insurance Reserve (T&I)	125,000	1,250	0	0	125,000	0	0	125,000	0
Rent Up & Marketing/Working Capital	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Subtotal Reserves</b>	<b>575,000</b>	<b>5,750</b>	<b>0</b>	<b>0</b>	<b>575,000</b>	<b>0</b>	<b>0</b>	<b>575,000</b>	<b>0</b>
<b>DEVELOPMENT FEES</b>									
<b>Subtotal Development Overhead &amp; Fees</b>	<b>750,000</b>	<b>7,500</b>	<b>750,000</b>	<b>0</b>	<b>0</b>	<b>750,000</b>	<b>750,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>15,218,719</b>	<b>152,187</b>	<b>13,281,543</b>	<b>0</b>	<b>1,937,176</b>	<b>14,033,593</b>	<b>13,689,051</b>	<b>1,529,668</b>	<b>0</b>
<b>MAINEHOUSING TDC INDEX</b>		<b>145,406</b>							

**FINANCING**

Source	Amount	Rate	Term	Amort.	Lien	Loan Type	Repayment Type	Annual Payment
MH Subsidy	1,199,999	0.00%	30	0		No Interest	CF Contingent	0
MH Interest-Only Loan	0	6.00%	40	0		Interest-Only	Must-Pay	0
Conventional Mortgage	0	5.50%	20	30		Amortizing	Must-Pay	0
City - HOME	400,000	3.00%	20	20	2nd	Amortizing	Must-Pay	26,621
City - CDBG	184,150	0.00%	30	0		No Interest	CF Contingent	0
GSB Loan w/ AHP Sub. Advance	8,600,000	4.35%	20	30	1st	Amortizing	Must-Pay	513,742
AHP Direct Subsidy	650,000	0.00%	30	30		No Interest	CF Contingent	0
Seller Note	0	3.00%	40	40		Amortizing	CF Contingent	0
Sponsor Loan	0	3.00%	15	15		Amortizing	CF Contingent	0
Deferred Developer Fee	0	3.00%	10	10		Amortizing	CF Contingent	0
								0
								0
<b>Total Financing</b>	<b>11,034,149</b>							<b>540,362</b>

**EQUITY**

Source	Amount	Yield
LIHTC Equity	3,914,609	0.87
Fed HTC Equity	0	0.00
State HTC Equity	0	0.00
State LIHTC Equity	0	0.00
Capital Funds	0	
Existing Operating Reserves	0	
Interim Income	269,961	
<b>Total Equity</b>	<b>4,184,570</b>	

**SOURCES & USES**

	Total	Per Unit
Total Sources	15,218,719	152,187
Total Uses	15,218,719	152,187
<b>CAPITALIZATION GAP (SURPLUS)</b>	<b>0</b>	<b>0</b>

Cash Flow - Washington Gardens

		7 Mo.															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
% Infl.		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
<b>INCOME</b>																	
Gross Rental Income	(Below)	688,310	1,203,559	1,227,630	1,252,183	1,277,227	1,302,771	1,328,827	1,355,403	1,382,511	1,410,161	1,438,365	1,467,132	1,496,475	1,526,404	1,556,932	1,588,071
Operating Subsidy Income	(Below)	143,066	250,161	255,164	260,268	265,473	270,782	276,198	281,722	287,356	293,104	298,966	304,945	311,044	317,265	323,610	330,082
Other Income	(Below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy Loss	5.0%	(41,569)	(72,686)	(74,140)	(75,623)	(77,135)	(78,678)	(80,251)	(81,856)	(83,493)	(85,163)	(86,867)	(88,604)	(90,376)	(92,183)	(94,027)	(95,908)
Tax Increment Financing	(Below)	83,344	145,733	148,647	151,620	154,652	157,746	160,900	164,118	167,401	170,749	174,164	177,647	181,200	184,824	188,521	192,291
Commercial Income	(Below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>873,151</b>	<b>1,526,767</b>	<b>1,557,302</b>	<b>1,588,448</b>	<b>1,620,217</b>	<b>1,652,621</b>	<b>1,685,674</b>	<b>1,719,387</b>	<b>1,753,775</b>	<b>1,788,851</b>	<b>1,824,628</b>	<b>1,861,120</b>	<b>1,898,343</b>	<b>1,936,309</b>	<b>1,975,036</b>	<b>2,014,536</b>
<b>OPERATING EXPENSES</b>																	
Administrative Expenses	3.0%	92,145	162,702	167,584	172,611	177,789	183,123	188,617	194,275	200,103	206,107	212,290	218,658	225,218	231,975	238,934	246,102
Utility Expenses	3.0%	76,291	134,708	138,749	142,911	147,199	151,615	156,163	160,848	165,673	170,643	175,763	181,036	186,467	192,061	197,823	203,757
Maintenance Expenses	3.0%	121,061	213,759	220,172	226,777	233,580	240,588	247,805	255,239	262,897	270,783	278,907	287,274	295,892	304,769	313,912	323,330
General Expenses	3.0%	156,625	276,555	284,852	293,397	302,199	311,265	320,603	330,221	340,128	350,332	360,842	371,667	382,817	394,301	406,130	418,314
Commercial Expenses	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OPEX</b>	3.0%	<b>446,122</b>	<b>787,724</b>	<b>811,356</b>	<b>835,696</b>	<b>860,767</b>	<b>886,590</b>	<b>913,188</b>	<b>940,584</b>	<b>968,801</b>	<b>997,865</b>	<b>1,027,801</b>	<b>1,058,635</b>	<b>1,090,394</b>	<b>1,123,106</b>	<b>1,156,799</b>	<b>1,191,503</b>
<b>NET OPERATING INCOME</b>		<b>427,029</b>	<b>739,043</b>	<b>745,946</b>	<b>752,752</b>	<b>759,450</b>	<b>766,031</b>	<b>772,486</b>	<b>778,804</b>	<b>784,974</b>	<b>790,986</b>	<b>796,827</b>	<b>802,485</b>	<b>807,948</b>	<b>813,203</b>	<b>818,236</b>	<b>823,033</b>
<b>RESERVE DEPOSITS</b>																	
Deposit to Replacement Reserve	3.0%	26,250	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715	60,476	62,291	64,159	66,084	68,067	70,109
Deposit to Other Reserve	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OPEX + RESERVES</b>		<b>472,372</b>	<b>834,074</b>	<b>859,096</b>	<b>884,869</b>	<b>911,415</b>	<b>938,758</b>	<b>966,920</b>	<b>995,928</b>	<b>1,025,806</b>	<b>1,056,580</b>	<b>1,088,277</b>	<b>1,120,926</b>	<b>1,154,553</b>	<b>1,189,190</b>	<b>1,224,866</b>	<b>1,261,612</b>
<b>NOI AFTER RESERVES</b>		<b>400,779</b>	<b>692,693</b>	<b>698,206</b>	<b>703,579</b>	<b>708,802</b>	<b>713,864</b>	<b>718,754</b>	<b>723,459</b>	<b>727,969</b>	<b>732,271</b>	<b>736,350</b>	<b>740,195</b>	<b>743,789</b>	<b>747,119</b>	<b>750,170</b>	<b>752,925</b>
<b>DEBT SERVICE</b>																	
MH Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MH Interest-Only Loan		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conventional Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City - HOME		15,529	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621
City - CDBG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GSB Loan w/ AHP Sub. Advance		299,683	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742
AHP Direct Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Seller Note		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DEBT SERVICE</b>		<b>315,211</b>	<b>540,362</b>														
<b>DSCR</b>		<b>1.27</b>	<b>1.28</b>	<b>1.29</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.34</b>	<b>1.35</b>	<b>1.36</b>	<b>1.36</b>	<b>1.37</b>	<b>1.38</b>	<b>1.38</b>	<b>1.39</b>	<b>1.39</b>
<b>NET CASH FLOW</b>		<b>85,568</b>	<b>152,330</b>	<b>157,844</b>	<b>163,217</b>	<b>168,440</b>	<b>173,501</b>	<b>178,391</b>	<b>183,097</b>	<b>187,607</b>	<b>191,908</b>	<b>195,988</b>	<b>199,832</b>	<b>203,427</b>	<b>206,757</b>	<b>209,807</b>	<b>212,562</b>
<b>CASH FLOW PER UNIT</b>		<b>856</b>	<b>1,523</b>	<b>1,578</b>	<b>1,632</b>	<b>1,684</b>	<b>1,735</b>	<b>1,784</b>	<b>1,831</b>	<b>1,876</b>	<b>1,919</b>	<b>1,960</b>	<b>1,998</b>	<b>2,034</b>	<b>2,068</b>	<b>2,098</b>	<b>2,126</b>

Rent & Income Inflation  
 Yr 1-5: 2.0%  
 Yr 6-15: 2.0%  
 Yr 16-30: 2.0%

		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
	% Infl.	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
<b>INCOME</b>																
Gross Rental Income	(Below)	1,619,832	1,652,229	1,685,273	1,718,979	1,753,358	1,788,426	1,824,194	1,860,678	1,897,892	1,935,849	1,974,566	2,014,058	2,054,339	2,095,426	2,137,334
Operating Subsidy Income	(Below)	336,684	343,418	350,286	357,292	364,438	371,726	379,161	386,744	394,479	402,368	410,416	418,624	426,997	435,537	444,247
Other Income	(Below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy Loss	5.0%	(97,826)	(99,782)	(101,778)	(103,814)	(105,890)	(108,008)	(110,168)	(112,371)	(114,619)	(116,911)	(119,249)	(121,634)	(124,067)	(126,548)	(129,079)
Tax Increment Financing	(Below)	196,137	200,059	204,061	208,142	212,305	216,551	220,882	225,299	229,805	234,402	239,090	243,871	248,749	253,724	258,798
Commercial Income	(Below)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>2,054,827</b>	<b>2,095,924</b>	<b>2,137,842</b>	<b>2,180,599</b>	<b>2,224,211</b>	<b>2,268,695</b>	<b>2,314,069</b>	<b>2,360,350</b>	<b>2,407,557</b>	<b>2,455,709</b>	<b>2,504,823</b>	<b>2,554,919</b>	<b>2,606,018</b>	<b>2,658,138</b>	<b>2,711,301</b>
<b>OPERATING EXPENSES</b>																
Administrative Expenses	3.0%	253,485	261,090	268,922	276,990	285,300	293,859	302,674	311,755	321,107	330,741	340,663	350,883	361,409	372,251	383,419
Utility Expenses	3.0%	209,870	216,166	222,651	229,331	236,210	243,297	250,596	258,114	265,857	273,833	282,048	290,509	299,224	308,201	317,447
Maintenance Expenses	3.0%	333,030	343,020	353,311	363,910	374,828	386,073	397,655	409,584	421,872	434,528	447,564	460,991	474,820	489,065	503,737
General Expenses	3.0%	430,864	443,790	457,103	470,816	484,941	499,489	514,474	529,908	545,805	562,179	579,045	596,416	614,309	632,738	651,720
Commercial Expenses	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OPEX</b>	3.0%	<b>1,227,248</b>	<b>1,264,066</b>	<b>1,301,988</b>	<b>1,341,047</b>	<b>1,381,279</b>	<b>1,422,717</b>	<b>1,465,399</b>	<b>1,509,361</b>	<b>1,554,641</b>	<b>1,601,281</b>	<b>1,649,319</b>	<b>1,698,799</b>	<b>1,749,763</b>	<b>1,802,255</b>	<b>1,856,323</b>
<b>NET OPERATING INCOME</b>		<b>827,579</b>	<b>831,858</b>	<b>835,854</b>	<b>839,552</b>	<b>842,932</b>	<b>845,978</b>	<b>848,670</b>	<b>850,990</b>	<b>852,916</b>	<b>854,428</b>	<b>855,504</b>	<b>856,121</b>	<b>856,255</b>	<b>855,883</b>	<b>854,978</b>
<b>RESERVE DEPOSITS</b>																
Deposit to Replacement Reserve	3.0%	72,212	74,378	76,609	78,908	81,275	83,713	86,225	88,811	91,476	94,220	97,047	99,958	102,957	106,045	109,227
Deposit to Other Reserve	3.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OPEX + RESERVES</b>		<b>1,299,460</b>	<b>1,338,444</b>	<b>1,378,597</b>	<b>1,419,955</b>	<b>1,462,554</b>	<b>1,506,430</b>	<b>1,551,623</b>	<b>1,598,172</b>	<b>1,646,117</b>	<b>1,695,501</b>	<b>1,746,366</b>	<b>1,798,757</b>	<b>1,852,719</b>	<b>1,908,301</b>	<b>1,965,550</b>
<b>NOI AFTER RESERVES</b>		<b>755,367</b>	<b>757,480</b>	<b>759,245</b>	<b>760,644</b>	<b>761,657</b>	<b>762,265</b>	<b>762,446</b>	<b>762,178</b>	<b>761,440</b>	<b>760,208</b>	<b>758,457</b>	<b>756,163</b>	<b>753,298</b>	<b>749,837</b>	<b>745,751</b>
<b>DEBT SERVICE</b>																
MH Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MH Interest-Only Loan		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conventional Mortgage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City - HOME		26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621	26,621
City - CDBG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GSB Loan w/ AHP Sub. Advance		513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742	513,742
AHP Direct Subsidy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Seller Note		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DEBT SERVICE</b>		<b>540,362</b>														
<b>DSCR</b>		<b>1.40</b>	<b>1.40</b>	<b>1.41</b>	<b>1.40</b>	<b>1.40</b>	<b>1.39</b>	<b>1.39</b>	<b>1.38</b>							
<b>NET CASH FLOW</b>		<b>215,005</b>	<b>217,117</b>	<b>218,883</b>	<b>220,281</b>	<b>221,295</b>	<b>221,902</b>	<b>222,083</b>	<b>221,816</b>	<b>221,078</b>	<b>219,846</b>	<b>218,095</b>	<b>215,800</b>	<b>212,936</b>	<b>209,475</b>	<b>205,388</b>
<b>CASH FLOW PER UNIT</b>		<b>2,150</b>	<b>2,171</b>	<b>2,189</b>	<b>2,203</b>	<b>2,213</b>	<b>2,219</b>	<b>2,221</b>	<b>2,218</b>	<b>2,211</b>	<b>2,198</b>	<b>2,181</b>	<b>2,158</b>	<b>2,129</b>	<b>2,095</b>	<b>2,054</b>

Rent & Income Inflation  
 Yr 1-5: 2.0%  
 Yr 6-15: 2.0%  
 Yr 16-30: 2.0%

# Washington Gardens – Parcel Map

Comprised of four parcels:

- 428-B-022 – includes 12 Residential Buildings and Community Center
- 428-C-009 – includes 3 Residential Buildings
- 428-B-018 – includes Property Management Office
- 428-B-019 – includes Maintenance Shed



**Development Program Exhibit D**  
**AHTIF Application Attachment 6**

**CITY OF PORTLAND**  
**CERTIFICATE OF ASSESSOR**

The undersigned Assessor of the City of Portland, Maine, does hereby certify, pursuant to the provisions of Title 30-A M.R.S.A. Section 5250-A that the Original Assessed Value of the taxable property within the boundaries of 577 Washington Avenue Redevelopment Affordable Housing Development District, as described in the Development Program for the District, was \$0.00 (as the property was exempt from property taxes) as of March 31, 2020 (which was the March 31<sup>st</sup> of the tax year preceding the year in which the District was designated).

IN WITNESS WHEREOF this Certificate has been executed as of this 17<sup>th</sup> day of AUGUST, 2020.



\_\_\_\_\_  
Municipal Assessor

EXHIBIT E CREDIT ENHANCEMENT AGREEMENT

SEE ATTACHMENT INCLUDED IN ORDER 22

EXHIBIT F DEVELOPMENT PROGRAM

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland- TIF Model for 577 Washington Avenue Gardens							
50% Sheltered - 30 years - 50% to Developer Project Account - 50% 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	2020	\$7,900,000	\$3,950,000	\$0	\$2,960	\$2,181	\$5,141
2	2021	\$7,900,000	\$3,950,000	\$0	\$2,960	\$2,181	\$5,141
3	2022	\$7,900,000	\$3,950,000	\$0	\$2,960	\$2,181	\$5,141
4	2023	\$7,900,000	\$3,950,000	\$10,902	\$2,960	\$2,181	\$16,043
5	2024	\$7,900,000	\$3,950,000	\$21,804	\$2,960	\$2,181	\$26,945
6	2025	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
7	2026	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
8	2027	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
9	2028	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
10	2029	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
11	2030	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
12	2031	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
13	2032	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
14	2033	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
15	2034	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
16	2035	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
17	2036	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
18	2037	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
19	2038	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
20	2039	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
21	2040	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
22	2041	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
23	2042	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
24	2043	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
25	2044	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
26	2045	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
27	2046	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
28	2047	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
29	2048	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
30	2049	\$7,900,000	\$3,950,000	\$32,706	\$2,960	\$2,181	\$37,847
<b>30 Year TIF Total</b>		<b>\$237,000,000</b>	<b>\$118,500,000</b>	<b>\$850,356</b>	<b>\$88,804</b>	<b>\$65,427</b>	<b>\$1,004,586</b>
<b>30 Year Average</b>		<b>\$7,900,000</b>	<b>\$3,950,000</b>	<b>\$28,345</b>	<b>\$2,960</b>	<b>\$2,181</b>	<b>\$33,486</b>



EXHIBIT H COUNCIL ORDERS

CERTIFIED COPIES OF COUNCIL ORDERS WILL BE ADDED

**CITY OF PORTLAND**  
**Declaration of Covenants, Conditions and Restrictions for the 577 Washington Avenue**  
**Affordable Housing Tax Increment Financing District**

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 **Washington Gardens, LP**, a Maine limited partnership with a mailing address of 14 Baxter Blvd, Portland, Maine 04101 (“Developer”).

**W I T N E S S E T H**

**WHEREAS**, the Developer acknowledges that City is providing Affordable Housing Tax Increment Financing to the Developer (the “AHTIF”) for project operating costs associated with the rehabilitation of one hundred (100) units of rental housing located at 577 Washington 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 AHTIF 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 the period beginning on date of the approval of the District by the Director of the Maine State Housing Authority (the “Effective Date”) and continuing for thirty (30) 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, 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.
  
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 one hundred (100) 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 size or number of units in the Development.
  
  - 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 thirty (30) years at least sixty (60) of the units will be occupied by households with incomes at or below fifty percent (50%) of the area median income, and forty (40) of the units will be occupied by households with incomes at or below sixty percent (60%) of the area median income (collectively referred to as the “Low Income 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 (1/12<sup>th</sup>) 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 AHTIF, 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 reasonable 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 \_\_\_\_\_**] 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, \_\_\_\_\_, and \_\_\_\_\_ [**construction lender and any other entities providing financing will also be parties**] dated \_\_\_\_\_, \_\_\_\_\_ 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 \_\_\_\_\_, 2020.

**CITY OF PORTLAND, ME**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Jon P. Jennings  
Its City Manager

**State of Maine  
Cumberland, ss.**

\_\_\_\_\_, 2020

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)

*Signature page follows.*

**WASHINGTON GARDENS, LP**  
**By: Washington Gardens Development, LLC, its**  
**General Partner**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: Cheryl Sessions  
Its President

**State of Maine**  
**Cumberland, ss.**

\_\_\_\_\_, 2020

Personally appeared the above named Cheryl Sessions, President of Washington Gardens, Development, LLC, General Partner of Washington Gardens, LP, and acknowledged the foregoing instrument to be her free act and deed in her said capacity and the free act and deed of said limited liability company and limited partnership.

Before me,

\_\_\_\_\_  
Notary Public/Attorney-at-Law

\_\_\_\_\_  
(Print or type name)

**EXHIBIT A**

(property description will be added at construction loan closing; prior to recording in the Cumberland County Registry of Deeds)

**EXHIBIT J DISTRICT NARRATIVE**  
**DISTRICT AND DEVELOPMENT PROGRAM DESCRIPTION**  
**577 WASHINGTON AVENUE AFFORDABLE HOUSING TIF DEVELOPMENT DISTRICT**  
**The information contained in this Narrative is intended to be part of the Development Program**

District Description/Residential Use

Portland Housing Development Corporation is proposing to rehabilitate one hundred rental units within 15 two-story residential buildings at 577 Washington Avenue in Portland, Maine. The objective of the project is that 100% 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 60% of the median income for the area as defined by the United States Department of Housing and Urban Development. The tax chart block and lot numbers are 428 C009, 428 B019, 428 B018 and, 428 B022. The total acreage size is 3.6099 acres (or 157,247 sf). One hundred percent of the parcel is suitable for residential use. The zoning designation is R-5; two-family dwelling units, multiplex development, and planned residential unit developments are allowable uses within the R-5 zone. The relocation procedures and operations related to HUD-assisted project activates will be conducted in accordance with applicable law and regulations, including Uniform Relocation act, Section 18 Demolition and Disposition, and MaineHousing relocation Guidelines. Portland Housing Authority has submitted a Relocation Plan for this project. Any Portland Housing Authority tenants who reside in covered units will be provided relocation assistance and payments sufficient to cover reasonable relocation expenses. All households will be surveyed by PHA staff to determine need related to housing, supportive services, and relocation counselling. The project will also comply with the City's Green Building Ordinance and the accessibility requirements of the Fair Housing Act and the Maine Human Rights Act for multi-family housing.

District Acreage

The total area of the District is approximately 3.6099 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, including this proposed district, in the City (which combined total is 698.475 acres) is 5.639% of total acreage in the City. The 698.475 acres includes two exempt districts—a transit oriented district and a downtown/transit oriented district—which, when subtracted from the 698.475 is 247.465, which is representing 1.99% of the total acreage of the City and thus does not exceed 5% of the total acreage of the City.

Original Assessed Value of District

The Original Assessed Value of the District is as set forth in Exhibit D of the Development Program, and the Original Assessed Value of all existing and this proposed affordable housing development district within the City is \$2,071,310 and such amount of Original Assessed Value does not exceed 5% of the total value of taxable property within the City as of the April 1st preceding the date of the designation of the District.

Development Program Start and End Dates

The first Tax Year of the Development Program begins April 1, 2020 and the last Tax Year of the Development Program begins April 1, 2049. The municipal tax year begins April 1 through March 31. The municipal fiscal year begins July 1 through June 30. The Development Program Agreement is included as Attachment 7.

### Identified Housing Needs in the Municipality

The housing need in Portland, Maine is significant. As one of the largest job centers and economic hubs in Maine, opportunities to find a safe, quality, and affordable home is challenging. Over the past several years, high occupancy rates and long waitlists indicate significant pent-up demand for rental housing in Portland. Portland Housing's whole portfolio of 1,004 rental units has a current occupancy rate of 98%, and is often 99%. The waitlist for rental apartments is approximately 1,400 households. This is especially true for Very Low income (VLI) and Extremely Low Income (ELI) households. Currently, 91% of Washington Gardens residents are ELI, earning less than 30% of AMI, and 7% are VLI, earning between 30% and 50% of AMI. PHA also manages the local Section 8 program of ±1,900 vouchers. There are currently ±3,800 households on our voucher waitlist. After applying, it takes 5 years on average before a household will be assigned a voucher. Moreover, many voucher-holders experience significant difficulty locating an available dwelling unit because of Portland's tight, competitive and expensive rental market. The City of Portland has a very low vacancy rate. Between 2010 and 2015, rents increased 40%, according to the landmark report by the Portland Press Herald, *Welcome to Portland: No Vacancy*. Since then, rents have continued to rise annually. The report noted a majority of Portland's renters cannot afford the median rent in Portland, and the new supply of market-rate rental housing is not doing enough to reduce the affordability crisis in the City.

### Primary Residential Development

The proposed development is primarily for residential use. 577 Washington Avenue will contain several uses related to the residential use. The building will contain laundry facilities, storage related to biking and other human powered uses, a community room, a community meeting area, a site office, and maintenance support areas.

### Affordable Housing

This project consists of the rehabilitation of 100 rental units within 15 two-story residential buildings. There are currently 60 studios, 36 one-bedroom units, and 4 two-bedroom units. All apartments are garden-style units served by shared stairwells. No change in unit mix is proposed for rehabilitation and Washington Gardens will remain a rental property. Of the one-hundred (100) units, one hundred percent will have income restrictions: sixty (60) will be reserved for households at or below 50% area median income and forty (40) will be reserved for households at or below 60% area median income. The zoning for the project assures that this number of units and this affordability objective will be met.

### Mechanism to Ensure Ongoing Affordability

The development within the district will remain affordable for 30 years. A Declaration of Covenants and Restrictions requiring income affordability will be recorded in the Cumberland County Registry of Deeds. Ongoing rental restrictions and program requirements by MaineHousing will last a minimum of 45 years and, the City of Portland will last 90 years. There will be continued oversight and involvement by City of Portland and, MaineHousing,

### Operation of Housing and Facilities in the District

Portland Housing Authority will be the Management Agent at 577 Washington Avenue. PHA has over 75 years of property management experience and currently manages a portfolio of over 1,000 affordable units within Portland. Additionally, PHA manages the administration of ±1,900 Section 8 housing vouchers. Overall, PHA houses ±6,500 residents, close to 10% of the City's population. As a long-term owner in affordable homes, the mission of PHA and its affiliates is to expand and preserve Portland's stock of affordable housing.

Specific Uses of TIF Revenue

Revenue from the Affordable Housing Tax Increment District (AHTIF) will be used to reduce operating costs at 577 Washington Avenue, such as maintenance and utilities. The funds received over the lifetime of the AHTIF will support the project in providing new, high quality, affordable apartments to the Bayside neighborhood. Without these funds, the development of 60 apartments serving a broad cross-section of Portland residents will not move forward.

Specific improvements or activities to be funded with tax increment revenues	Timing of each planned improvement	Amount (\$) to be funded with tax increment revenues	Amount to be funded by other sources	Location within or outside of district?	Resulting public benefit
Project Operating Costs	Annually	\$127,000	\$809,800	Within	Affordable rental housing units
Total Costs		\$127,000	\$809,800		

Financial Plan for Each Year the Development will be in Effect

577 Washington Avenue will be financed primarily through LIHTC equity, financed through the Maine State Housing Authority, AHP loan and subsidy, and City of Portland HOME financing. The project will be developed by Portland Housing Development Corporation and owned by Washington Gardens LP subsidiary formed to receive the LIHTC. Portland Housing Management Corporation will be responsible for the day-to-day operations of the building.

The development will be financed with a combination of local, state and federal funding including low income housing tax credits. The estimated combined total development cost for the apartment building is \$15,218,719. Approximately \$3,914,609 will be funded through syndication of the tax credits, \$1,199,999 through amortizing debt with Maine State Housing Authority, \$650,000 through AHP loan and subsidy, \$8,600,000 through mortgage loan with Gorham Savings First Mortgage, and \$584,150 through local funding. An itemized development budget showing all sources and uses of funds for development is included in Attachment 9.

- Total projected new taxes captured: \$3,809,991
- Total revenue sharing tax shift (30-year annual average/30-Year Total) \$2,960/\$88,804
- Total education subsidy tax shift (30-year annual average/30-Year Total) \$28,345/\$850,356
- Total county tax shift (30-year annual average/30-Year Total) \$2,181/\$65,427
- Total Avoided Impacts (30-year annual average/30-Year Total) \$33,486/\$1,004,586

Allocation of Total Tax Increment Revenue from the District

Under this program and the Credit Enhancement Agreement, Captured Assessed Value will be 50% of the Increased Assessed Value. Accordingly, fifty percent (50%) of the Tax Increment Revenues for each year during the term of the District shall be paid to the Developer each year pursuant to the Credit Enhancement Agreement.

Relocation Plan

Any PHA tenants who reside in covered units will be provided relocation assistance and payments sufficient to cover reasonable relocation expenses. Except when a person is evicted through appropriate

court action, no covered tenant will be required to move from any dwelling in a building scheduled for project action until such person:

- a. has been provided proper notices, as required;
- b. has been offered a reasonable choice of decent, safe, and sanitary replacement dwellings at rents (including utilities) not higher than permitted under the Authority's payments standards for its Housing Choice Voucher Program;
- c. has been provided with at least a 90-day notice of the need to vacate their dwelling unit and been provided with relocation assistance sufficient to complete a move to a temporary dwelling; or,
- d. has been temporarily relocated to a suitable decent, safe, and sanitary dwelling for a limited period of time prior to rehabilitation to their original dwelling unit.

#### Description of Environmental Controls to be applied

This project is committed to following all local and state laws and regulations. Locally, the project was reviewed and approved by the planning board during a public hearing held on August 10, 2020. The project is subject to the Site Plan and Subdivision Ordinance of the Land Use Code. 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.

#### Development Program Consistent with Comprehensive Planning

Date of the comprehensive plan final adoption: August 8, 2017

Is the proposed development consistent with the plan? Yes

Does the development program comply with Maine law limiting growth-related capital investments (30-A MRSA §4349-A)? Yes

Is the district in conflict with the municipal charter? No

#### List of Attachments for Maine Housing Affordable Housing TIF Application

Attachment 1 – Newspaper Notice; photocopy showing the public notice and the newspaper name and date

Attachment 2 – Public Hearing Record; a certified copy of the meeting minutes is attached.

Attachment 3 – Additional Documents

**3-1** Documentation of Municipal consideration of (i) whether the district and development program will contribute to the expansion of affordable housing or the betterment of the health, welfare or safety of the residents (ii) any claim by a party that the district or development is detrimental to that party's property interests for which substantial evidence is produced, and whether adverse economic effect is outweighed by the availability of affordable housing or the betterment of resident health, welfare or safety.

**3-2** Declaration of Covenants, Conditions and Restrictions

Attachment 4 – Municipal Approval; certified copy of Council Orders

Attachment 5 – District Map

Attachment 6 – Certification of Original Assessed Value of District

Attachment 7 – Development Program

Attachment 8 – Credit Enhancement Agreement

Attachment 9 – Financial Plans; estimated allocation