



Tax Increment Financing

Fiscal Year End (FYE) 2015 Annual Report
(July 1, 2014 through June 30, 2015)

Prepared by the Economic Development Department

(Report prepared 10/2015)

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1. Introduction

On February 4, 2013, the City Council adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of investment in municipal economic development programs and infrastructure investment. Revised City Policy favors area-wide TIF Districts to support investment in public infrastructure and economic development programs versus individual site TIF Districts for private project financing needs.

City TIF Policy requires an annual report, to the Housing and Community Development Committee and City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland's utilization of TIF Districts to date, and TIF District financial value impacts.

Also, this report highlights the City Council TIF District actions during FY15 which include:

- Reducing the Arts TIF District's geography to just the Baxter Library parcel and renaming it the Baxter Library TIF District;
- Establishment of the Downtown Transit Oriented District (TOD) and Omnibus TIF District. Omnibus allows for this District to have individual Credit Enhancement Agreements (CEA), upon City Council approval. This District is activated with FY16, and there are no individual CEAs at this time.
- Amendment to the Bayside TIF to expand its geography to align with the *Bayside Vision Plan* boundaries, which expansion also enables the TIF District revenue to be invested in public infrastructure improvements in a larger area within the District, which in turn sparks further development and job creation; and,
- Termination of two TIF Districts – Fore India Middle LLC, and Village at Ocean Gate LLC, as defined later in this report.

2. Definitions

Commonly used terms, included in this Report, include:

“Captured Assessed Value” means increased assessed value retained in a TIF District each year during its term.

“Credit Enhancement Agreement (CEA)” means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

“Current Assessed Value” means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

“District” means that portion of property depicted on a map to apply to the TIF.

“Increased Assessed Value (IAV)” means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is less than or equal to the OAV, there is no Increased Assessed Value in that year.

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

“Original Assessed Value (OAV)” means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or October 2015, the OAV would be the assessed value of the property on March 31, 2015. All taxes from the OAV go into the City’s General Fund for any City use.

“Property Taxes” means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

“Retained Tax Increment Revenues” means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

“Tax Year” means April 1 to March 31.

3. **Tax Increment Financing Overview and Value**

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. Associated with private sector or affordable housing investment, TIFs are flexible municipal financing tools to fund the following types of activities to support private sector investment:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The two property tax components associated with TIF Districts include:

- **New Property Taxes.** TIF revenue is generated from new increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and new or “captured assessed value” in the TIF District can range from 1% to 100% of the amount of new property taxes.

- ***Original Assessed Property Value (OAV)***. The taxes from property base or “Original Assessed Value” reverts to the municipal general fund and is not captured in a TIF District.

4. **TIF District Approval Process**

There is a three step process to approve establishment of a TIF District. The three steps include:

- Housing and Community Development recommendation for approval to the City Council;
- City Council approval; and,
- State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF Districts.

5. **Statutory Limits for TIF Districts**

There are two State statutory limitations which include:

- ***Acreage***: No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality’s total acreage, or in the case of Portland, 2% of Portland’s 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality’s total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of FYE2015, Portland has the ability to include 418 additional acres in TIF Districts.
- ***Value***:
 - **Commercial/Area Wide TIF Districts**: The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY15 aggregate value: \$7,707,200,000), or in the case of Portland, 5% is \$385,360,000. Based upon active TIF Districts as of FYE2015, Portland has the ability to include an additional \$250.6 Million of property value in TIF Districts.
 - **Affordable Housing TIF Districts**: The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY15 aggregate value: \$7,707,200,000), or in the case of Portland, 5% is \$385,360,000. Based upon active Affordable Housing Districts as of FYE2015, Portland has the ability to include an additional \$384 Million of property value in Affordable Housing TIF Districts.

It is noted that the amount of acreage and value to include in TIF Districts fluctuates as TIF districts expire.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD and Omnibus TIF, the latter created in FY15 and activated in FY16.

6. **Tax Sheltering Benefits**

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

- State Education Aid is reduced,
- State Municipal Revenue Sharing is reduced, and
- A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's total tax shelter savings for all active TIF Districts is \$1.3 Million for FYE2015, which is \$.3 Million less than FY2014 due to changes in State Aid to Education and County Tax formulas. It is also noted that the total sheltering value decreased by \$20 Million from FYE2014 to FYE2015, or \$180 Million in FYE2014 and \$160 Million in FYE15. This was largely due to a decrease in the captured value percentage from two area-wide Districts – Bayside and Waterfront. The captured value percentage for these area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway. Another element in this decrease is the Nichols Portland TIF termination as of FYE2014.

7. **TIF Districts in Portland**

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes three expired TIF Districts – Auto Europe, Shipyard Brewery, and Nichols Portland (latter expired FYE2014). This listing also includes two TIF Districts which were recently terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

Also, this listing provides the following information for each TIF District:

- TIF District duration;
- percentages of taxes allocated to the Recipient/Developer, City, and General Fund;
- TIF District location; and
- brief description.

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of FYE2015, the City has seven, single site active TIF Districts with associated CEAs, namely:

- Holt Hall
- Riverwalk/Ocean Gateway
- UNUM
- PowerPay/Portland Public Market
- Avesta/Pearl Place Affordable Housing TIF
- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF

Active Approved Area Wide TIF Districts and Associated CEAs

The City has three active area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside – As noted previously, an amendment during FY2015 to this TIF District allowed for the geography to be expanded which will increase municipal TIF revenue for public infrastructure, which in turn sparks development and job creation.
 - Capital LLC CEA
 - Bayside Student Housing CEA
- Waterfront (Appendix D and E)
 - Waterfront Maine CEA
- Arts
 - Baxter Library CEA

Note: During FY2015, this TIF District's geography was reduced to just the Baxter Library site, effective FY2016. The remainder of the geography was incorporated into the Downtown Transit Oriented Development TIF District.

Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts

- Downtown TOD TIF

The City retains a portion of the TIF funds for public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and is activated with FY2016. There is no CEA associated with it at this time.

- Thompson's Point TOD TIF and CEA

For the Thompson's Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson's Point Development Company, Inc. for development of Thompson's Point, which is not yet active. Activation of this TIF CEA will occur when the Increased Assessed Value is at least \$5 Million.

Non-Active Approved TIF District

In FY09, the City Council approved a TIF District that is expected to be activated with the McAuley Place senior housing project.

Terminated TIF Districts during FY2015

The City Council terminated two TIF Districts during FY2015, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,
- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District's use being converted into residential condominiums which is not an allowable TIF District use.

8. TIF District Financial Overview for FYE2015, including FY2013 and FY2014

See below for financial comparison of FYE2015, FYE2014, and FY2013 for then active TIF Districts:

	FYE2013	FYE2014	FYE2015
City General Fund-Taxes from OAV	\$5.8 Million	\$6.1 Million	\$6.3 Million
City General Fund-Taxes from Non-Captured Value	\$1.1 Million	\$341,000	\$720,000
Total TIF Revenue From Captured Value	\$2.7 Million	\$3.5 Million	\$3.2 Million
- TIF Revenue for CEAs	\$1.9 Million	\$2.0 Million	\$2.0 Million
- TIF Revenue for Public Infrastructure/Arts	\$.8 Million	\$1.5 Million	\$1.2 Million
Total Tax Sheltering Value	\$143 Million	\$180 Million	\$160 Million
Estimated Annual Average Tax Sheltering Savings	\$1.3 Million	\$1.6 Million	\$1.3 Million

Table Explanations:

City General Fund-Taxes from OAV - The above table shows a yearly increase in taxes from the OAV into the General Fund. This is based on increases in tax rates. As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – The number fluctuates based on each CEA, as well as the City’s budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts (Bayside, Waterfront, Arts) are adjusted yearly based on those needs. Non-captured value taxes flow into the General Fund.

Total TIF Revenue From Captured Value – The percentage of captured value varies yearly based on CEAs and the City’s financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/arts.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. The percentages of captured value in the Bayside and Waterfront TIFs decreased for FYE2015, as well as a TIF District expiration that occurred in FYE2014, caused the \$20 Million decrease from FYE2014 to FY2015.

Estimated Tax Sheltering Savings – As noted earlier in Section 7, this number decreased by \$.3 Million from FYE2014. This is due to the \$20 Million decrease noted just above, as well as State formulas changing for Municipal Revenue Sharing and State Aid for Education.

Appendix D is a spreadsheet showing the FYE 2015 individual TIF Districts funding allocation and individual CEA annual payments.

9. Strategies and Recommendations to Optimize use of TIF Districts

- ***Future public infrastructure investment.*** Align the City’s future Capital Improvement Program investments, including utility and transportation investment; and,
- ***Future Growth Areas.*** Decide where the City wants to direct investment by location and type (i.e. commercial and affordable housing).

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

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

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

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

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

STATE TIF LIMITATION

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

PURPOSE

The primary purposes of the TIF Policy include:

1. To support Portland Economic Development and Housing Plans and Policies;
2. To stimulate expansion of the City’s commercial and industrial tax base;
3. To stimulate new affordable and market rate housing investment;
4. To retain and create quality employment;
5. To support Portland’s Capital Improvement Plan; and,
6. To establish standards upon which the City Council will authorize TIF.

GENERAL PRINCIPLES

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

A. Investment

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

B. Jobs Associated with Commercial and Industrial Development

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

C. Maximize Tax Sheltering Benefits

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

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

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

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

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

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

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

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

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

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

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

B. Policy for the Three Approaches

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

Requires annual review and City Council financial appropriations.

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

- a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.
- b) City TIF emphasis will be placed upon the following general “Priority Revitalization Areas” to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

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

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

- c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.
- d) Affordable Housing. Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

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

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

Allowable uses of AHTIF revenues are defined by State law.

- e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.
- f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.
- g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastructure.

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

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

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

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

- i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

- ii) Affordable Housing

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

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

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

Allowable uses of AHTIF revenues are defined by State law.

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

i) Financial Necessity.

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

ii) Financial Capacity.

The applicant must demonstrate financial capacity to support their project.

iii) Fees

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

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's.

2) Maximum Number of Years.

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

3) Use of Maine Services for CEA Projects Encouraged.

TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department handles all TIF inquires and processes requests for TIF. An applicant must submit a letter to the Economic Development Department outlining the proposed project, including TIF project financial information, along with a plan outlining the number of jobs associated with the proposed project.

B. Approval Process.

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

C. Annual Report to City Council.

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



SUMMARY OF ALL APPROVED
TAX INCREMENT FINANCING (TIF) DISTRICTS
IN THE CITY OF PORTLAND A/O FYE2015 (June 30, 2015)

This provides an overview of tax increment financing districts (TIF's) approved by the City of Portland.

Please note that the City approved fifteen TIF's, with three of these TIFs having separate Credit Enhancement Agreements (CEA) for various projects included in the respective TIF Districts. These three TIF Districts are the Bayside TIF, Waterfront TIF, and Creative Portland Development and Arts TIF District. The separate CEAs are detailed in the listing below.

1. Nichols Portland (Economic Development TIF) (Expired FY14)

Duration: 20 year term (FY95 through FY14)

Percentages: Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City General Fund.

Location: 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

2. Shipyard/Longfellow (Economic Development TIF) (Expired FY07)

Duration: 12 year term (FY96 through FY07). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

Percentages: 50% to Recipient; 50% to City General Fund

Location: Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

3. Auto Europe (Economic Development TIF) (Expired FY11)

Duration: 15 year term (FY97 through FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.

Percentages: 75% to Recipient; 25% to City General Fund

Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

4. Bramhall/Holt Hall (Economic Development TIF)

Duration: 20 year term (FY00 through FY19)

Percentages: 75% to Recipient; 25% to City General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.

Location: 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost \$4 Million.

5. UNUM (Economic Development TIF) (**Expires FYE15**)

Duration: 15 year term (FY01 through FY15)

Percentages: 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.

Location: Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

6. Waterfront TIF (Economic Development TIF)

Duration as originally approved March 18, 2002: 10 year term (FY03 to FY12)

Duration Extended as of June 7, 2010 for a 30-year term: FY03 to FY32

Percentage: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

Location: Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects.

6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street (Economic Development TIF)

Duration: 20-year term (FY12 through FY31)

Percentage: 63% years 1 through 5; 64% years 6 through 10; 55% years 7 through 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed \$2,870,058.

Location: 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

7. Bayside TIF (Economic Development TIF)

Duration: 30 year term (FY04 through FY33)

Percentages: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I and II*.

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, and administrative and staff costs for the Economic Development Department. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

7a. Capital LLC (Intermed Building) on Marginal Way (Economic Development TIF)

Duration: 15 year term (FY09 through FY23)

Percentage: 100% to return, to Developer, to an annual maximum cap of \$355,000 and annual debt service threshold test.

Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

7b. Southern Maine Student Housing on Marginal Way (Economic Development TIF)

Duration: 10 year term (FY08 through FY18)

Percentage: 100% to return, to Developer, to a maximum annual cap of \$120,000 and annual debt services threshold test.

Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

8. Riverwalk/Ocean Gateway (Economic Development TIF)

Duration: 12 year term (FY07 through FY19)

Percentages: Formula based percentages in Credit Enhancement Agreement

Location: Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **Avesta/Pearl Place** (Affordable Housing TIF)

Duration: 30 year term (FY08 through FY37)

Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of \$22,000 annual cap.

Location: Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets.

10. **Creative Portland Development and Arts** (Economic Development TIF)

NOTE: *This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).*

Original Duration: 15-year term (FY10 through FY24); **Term amended as noted above to end FY19.**

Original Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; **Percentage amended to reflect the 65% capture for the Baxter Library project.**

Original Location: Multiple properties included in the Downtown Area; **Location amended as noted above to be only the Baxter Library property.**

This TIF was **originally** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of \$100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

10a. **Baxter Library LP at 621 Congress Street** (Economic Development TIF)

Duration: 9-year term (FY11 through FY19)

Percentage: Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.

Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project will add \$2.5 Million in new municipal assessed commercial valuation and generate an average of \$16,000 annually, in funds, to support the Creative Economy TIF Program or

the City's General Fund as directed by the City Council. The reuse of this building will accommodate the relocation of the VIA Group, bringing its 64 employees to this upper area of downtown Portland.

11. McAuley Place (Economic Development TIF)

Duration: 30 year term (FY10 through FY29)

Percentages: 60% to Recipient; 40% to City General Fund.

Location: 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) located in three townhouse/cottages adjacent to the Convent.

12. PowerPay/Portland Public Market (Economic Development TIF)

Duration: 30 year term (FY11 through FY40)

Percentages: Years 1 through 8 – 75% to Developer, 25% to City General Fund; Years 9 through 30 – 50% to Developer, 50% to City General Fund.

Location: 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

13. Thompson's Point Development Company, Inc. (Transit-Oriented TIF)

Duration: 30 year term (FY15 through FY44).

Percentages:

Phase One of Project: Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of

Thompson's Point into the **Forefront at Thompson's Point**. Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

14. The Village at Oceangate, LLC (Bay House) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.

Duration: 11 year term (FY14 through FY25)

Percentages: Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City General Fund. Total revenue to developer is capped at \$647,971 over the term of the District.

Location: Hancock Street, between Newbury and Middle Streets.

This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

15. Fore India Middle, LLC (former Jordan's Meat Site) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the project not coming to fruition.

Duration: 4 year term (FY14 through FY17)

Percentages: Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. Total revenue to developer is capped at \$650,000 over the term of the District.

Location: Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term (FY14 through FY35)

Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.

17. 134 Washington Avenue (Affordable Housing TIF)

Duration: 20 year term (FY15 through FY34)

Percentages: 50% to Developer; 50% to City General Fund.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)

Duration: 30 year term (FY16 through FY45)

Percentages: 12% Year One; 22% years 2 through 30; 88% to General Fund Year One; 78% to General Fund Years Two through Thirty.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to \$100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, and administrative and staff costs for the Economic Development Department.



Tax Increment Financing Districts
September 2015

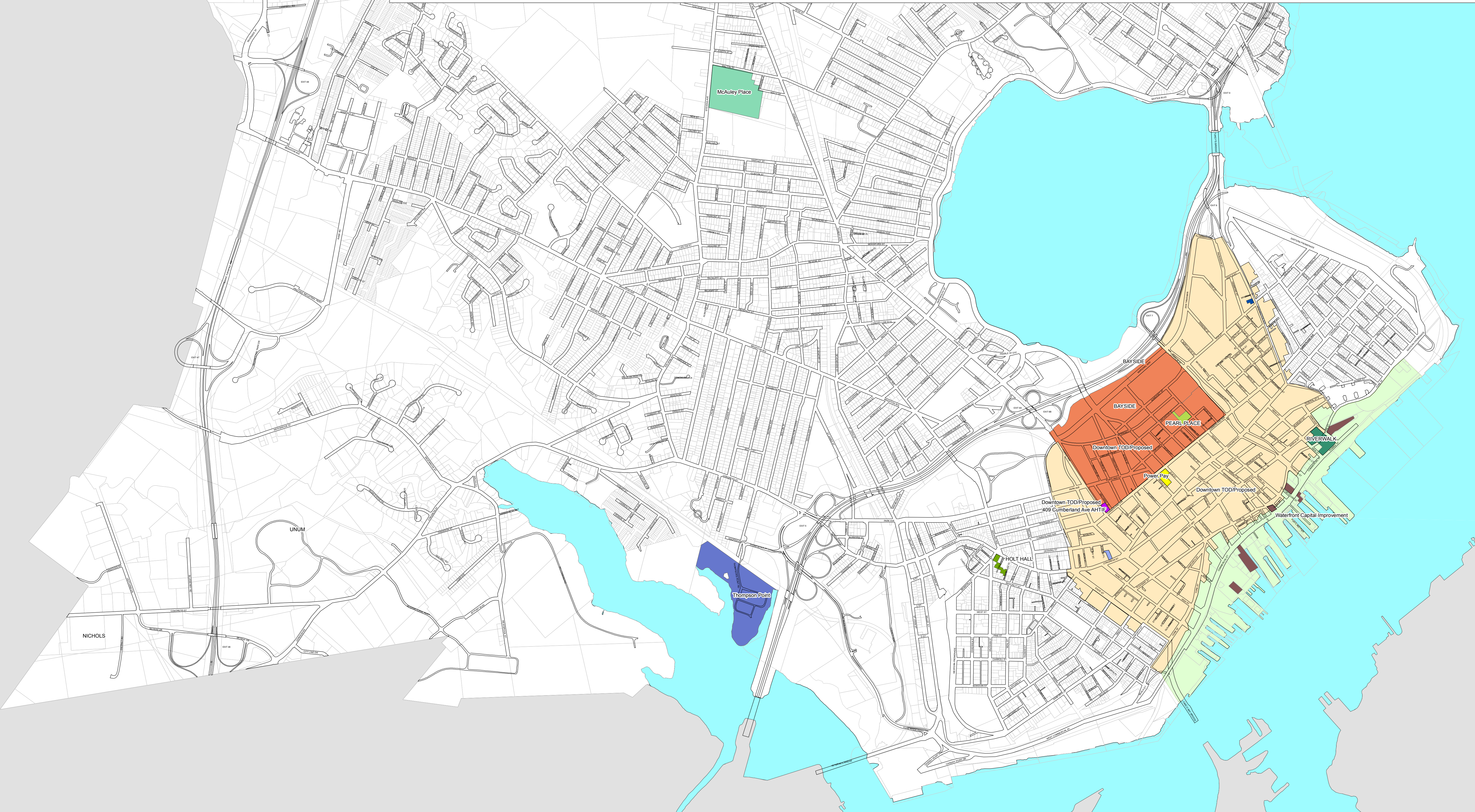
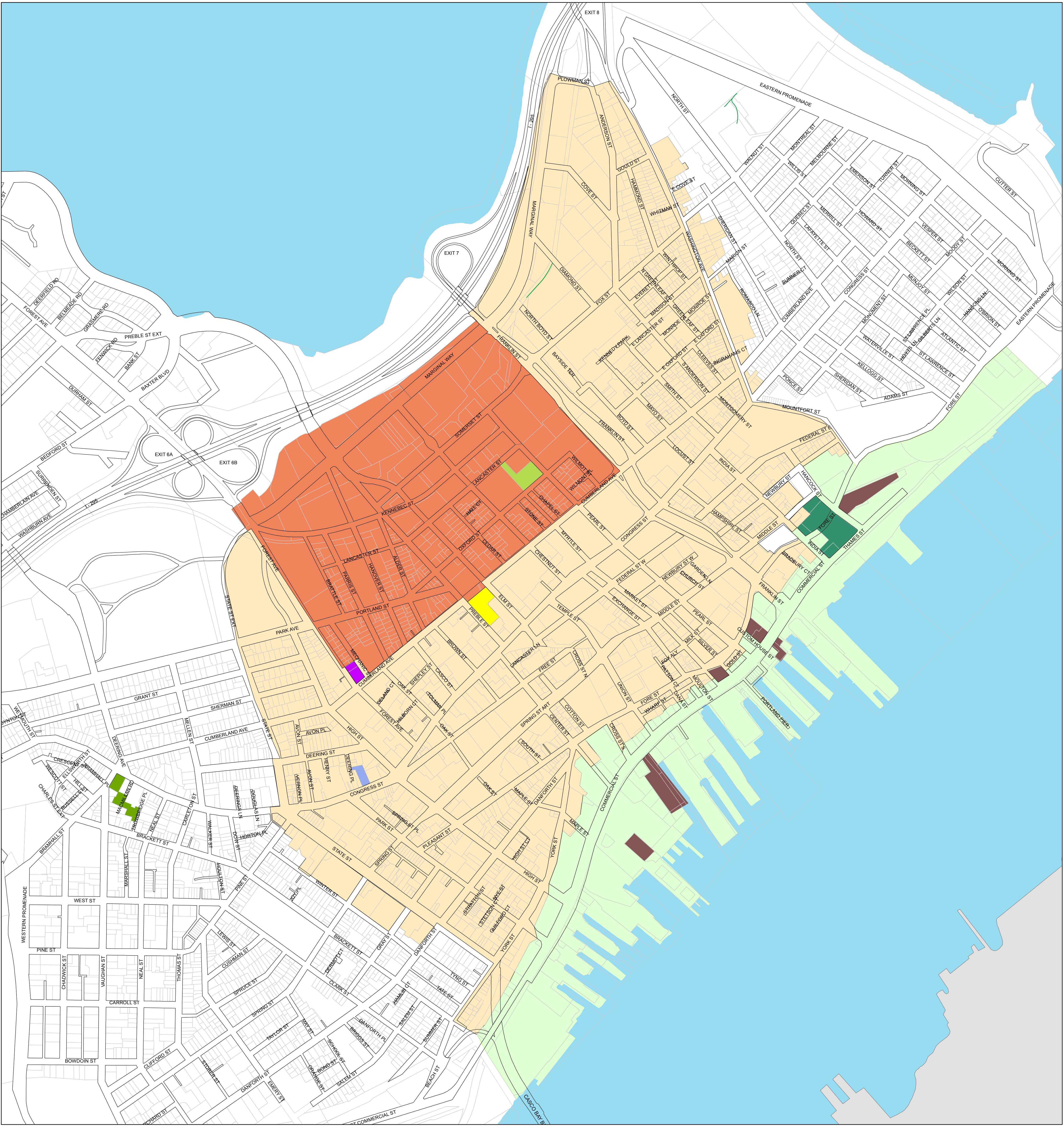
- TIF Districts**
- Downtown TOD/Proposed
 - Bayside
 - Thompson Point
 - Bramhall/Holt Hall
 - 409 Cumberland Ave Affordable Housing
 - 134 Washington Ave Affordable Housing
 - Baxter Library
 - Pearl Place
 - Power Pay
 - Riverwalk
 - Waterfront

Waterfront Capital Improvement

- Existing Waterfront Capital Improvement Zone

Tax Increment Financing Districts
September 2015

- TIF Districts**
- Thompson Point
 - McAuley Place
 - Bramhall/Holt Hall
 - 409 Cumberland Ave Affordable Housing
 - 134 Washington Ave Affordable Housing
 - Baxter Library
 - Bayside
 - Downtown TOD
 - Pearl Place
 - Power Pay
 - Riverwalk
 - Waterfront
- Waterfront Capital Improvement**
- Existing Waterfront Capital Improvement Zone



APPENDIX D

FY15 ANNUAL REPORT TO COUNCIL

FY 15 Tax Rate:

0.02

TIF Name	Starts/		TIF PLAN	TOTAL	ORIGINAL	Increased	PERCENT	Total Cpt.	PROCEEDS	City TIF	City General Fund
	Ends-FY	TERM	YEAR	ASSESSED	ASSESSED	Assessed value	APPLIED	Value	TO OWNER	Funds	(OAV and Non-Captured Taxes from IAV))
SITE Specific with CEA:											
HOLT HALL	00/19	20 YEARS	16	4,956,760	349,110	4,607,650	67%	3,070,538	61,411		37,724
- FY15 Taxes				99,135	6,982	92,153		61,411			
AVESTA	08/37	30 YEARS	8	3,570,740	646,050	2,924,690	37%	1,082,135	21,643		49,772
- FY15 Taxes				71,415	12,921	58,494		21,643			
OCEAN GATEWAY	07/19	13 YEARS	9	12,946,800	1,085,550	11,861,250	60%	7,116,750	128,101		116,601
- FY15 Taxes				258,936	21,711	237,225		142,335			
UNUM	01/15	15 YEARS	15	62,306,080	1,383,070	60,923,010	100%	60,923,010	913,845	304,615	27,661
- FY15 Taxes				1,246,122	27,661	1,218,460		1,218,460			
PowerPay/Ptld Pub Mkt	11/40	30 YEARS	5	6,236,600	1,862,600	4,374,000	75%	3,280,500	65,610		59,122
- FY15 Taxes				124,732	37,252	87,480		65,610			
McAuley/Inactive	10/29	20 YEARS	5	0	0	0	60%	0	0	0	0
Area-Wide TIFs, with CEA											
BAYSIDE	04/33	30 YEARS	12	109,198,270	44,066,380	65,131,890	83%	54,059,469	446,335	634,854	1,102,776
FY15 Taxes				2,183,965	881,328			1,081,189			
WATERFRONT	03/32	30 YEARS	13	40,540,080	7,667,340	32,872,740	73%	23,997,100	167,955	311,987	330,860
FY15 Taxes				810,802	153,347			479,942			
ARTS	10/24	15 YEARS	6	265,152,370	231,979,370	33,173,000	20%	6,626,638	130,727		5,172,320
FY15 Taxes				5,303,047	4,639,587	663,460		132,533			
Thompson's Point TOD	15/44	30 YEARS	1	4,970,470	4,970,470	0	Trig.	0	0	0	99,409
FY15 Taxes				99,409	99,409		Event				
Total Value:					314,515,910			160,156,141			
Total Taxes:					6,290,318			3,203,123	1,935,627	1,251,456	6,996,246