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Portland to Require Prevailing Wage for Workers on Developments that Get Tax Breaks.

The Portland City Council voted 8-0 Monday night to require contractors working on new developments that receive tax breaks to pay their employees a prevailing wage.

It also granted $6.5 million in tax breaks for two affordable housing projects that could add 135 units, more than half of which would be considered affordable.

Mayor Ethan Strimling hailed the vote to require contractors to pay prevailing wages on Tax Increment Financing-funded projects.

“This is a huge step forward on the prevailing wage,” Strimling said. “We will be the first community in the state to put this in their TIF rules.”

The council, however, shot down an amendment by Strimling and Councilor Pious Ali to require those contractors working on projects that receive Tax Increment Financing to participate in an apprenticeship program registered by the state or federal government.

That provision, which was strongly supported by union workers during a public hearing but excluded from the proposal forwarded by the council’s Economic Development Committee, was set aside because of the potential impact on affordable housing projects.

Instead, the council will explore offering grants for a broader job-training program that would help other industries as well.

Councilor David Brenerman said that the apprenticeship program would have had a limited impact, since it would have applied to only a few projects.

“Rather than a symbolic gesture,” Brenerman said, “it seems to me we should do something that is meaningful to actually train people.”

Strimling first sought last year to add new requirements to individual projects receiving Tax Increment Financing.

After councilors blocked an effort to make a last-minute change to an agreement with biotech firm Immucell, he decided to forward his proposal to the council’s Economic Development Committee.

Strimling’s proposal, which was re-introduced in April, was more aggressive than the one that came out of committee. Not only was the apprenticeship program removed, but so was a requirement that at least 25 percent of the work hours be performed by Portland residents, minorities, women or veterans.

Instead, the committee recommended adding anti-discrimination language to the city policy and looking at the costs of studying whether there is a disparity in the employment practices of

contractors.

The council also changed its policy to offer stronger incentives for affordable housing. Developers will be able to keep a higher percentage of their post-development property taxes – up to 75 percent for a maximum period of 30 years from 65 percent for a maximum period of 20 years – in an effort to make the city more competitive when seeking state funding.

Prevailing wages are set on an annual basis by the state Department of Labor on a county-by-county basis for state construction projects exceeding $50,000.

In 2017, prevailing wages, including fringe benefits, were around $20 an hour, ranging from $13.63 an hour for a fence-setter to $91.28 for an elevator installer, according to the Labor Department.

Jason Shedlock, executive director of the Maine State Building & Construction Trades Council, which represents 5,000 union-affiliated members, pushed back against fears expressed by affordable housing developers, who were concerned about increased costs and delays.

“Set an example and show that you do care about job training right now,” said Shedlock, Strimling’s mayoral assistant until the position was this summer.

Councilors expressed support for apprenticeship programs and acknowledged their value, but hoped they would be able to help more workers by offering grants through a competitive process for wide-ranging job-training programs.

City Councilor Justin Costa joined Ali and Strimling in supporting the apprenticeship program. Councilor Spencer Thibodeau was absent due to an illness.

Councilors also voted to award $6.5 million in tax breaks for two housing projects that could add 135 units, more than half considered affordable.

The Tax Increment Financing proposals would return a portion of property taxes generated from new developments to the property owner, rather than providing an upfront cash subsidy.

The Portland Housing Authority would receive $2.1 million in tax breaks for its 55-unit project proposed for Boyd Street, while Avesta Housing would get $4.4 million for its 80-unit project on Cumberland Avenue.

Both groups hope the city commitment will make them more competitive when seeking state subsidies early next year, which are critical for each project to come to fruition.

And both agreements take advantage of a provision that allows affordable housing TIFs to last up to 30 years instead of 20.

Avesta would receive 75 percent of the property taxes generated from the new development, estimated to be $148,000 a year or $4.4 million over 30 years.

Under the proposed TIF agreement, the Portland Housing Authority would receive half of the post-development property taxes, an average of nearly $71,500 a year, totaling $2.1 million over 30 years, to help offset operating costs.

The Boyd Street project would produce 55 units of mixed-income housing, with 44 units being affordable to people earning up to 60 percent of the area’s median income. A housing report released by the city in October had that income threshold at $34,500 for a single person and

$49,260 for a family of four.

Avesta Housing’s Deering Place project at 510 Cumberland Ave. would consist of 80 units of mixed-income housing, including 48 units considered affordable to households earning less than 50 percent of the area’s median income. For 2017, that income limit was $28,750 for a single person and $41,050 for a family of four.

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