



To: Sophia Wilson, Town Manager
From: Brett Richardson, Freeport Economic Development Corporation
Date: February 29, 2024
RE: Wildewood Apartments Affordable Housing Tax Increment Financing Request

On behalf of the Freeport Economic Development Corporation (FEDC) Board, this memo summarizes the Board's findings regarding an Affordable Housing Tax Increment Financing (AHTIF) request for Wildewood Apartments by Freeport Housing Trust (FHT). FEDC's findings are informed by due diligence, including an October 2023 FEDC Board of Directors discussion featuring a presentation by Matt Peters of FHT; a Board review and discussion of a draft application and Credit Enhancement Agreement on January 30, 2024; and a subsequent Board review on February 27, 2024, with Matt Peters. .

FHT plans to acquire Wildewood Apartments, rehabilitate the existing 36-units with approximately \$50,000 invested per unit to improve ventilation and general living conditions, and to enter into covenants to ensure that each unit remains affordable for the next 45 years. ***Please see Addendum 1, Wildewood Apartments TIF Request.***

FEDC's role in Town TIF deliberations is to participate as independent advisors and providers of information. The purpose of the October 31, 2023, FEDC Board review of the Wildewood Apartments AHTIF request was to:

- 1) Review the Wildewood Apartments project and application.
- 2) Consider the relative public and economic benefits of Wildewood Apartments.
- 3) Evaluate the question of whether the project represents an appropriate use of TIF. ***Please see Addendum 2, Town TIF Policy Evaluation Criteria.***

**FEDC Board
 Recommendation**

Due to the anticipated benefits of Wildewood Apartments as detailed in the subsequent pages below, FEDC finds that the Wildewood Apartments request is consistent with the goals of Freeport's TIF policy, is an appropriate use of TIF, and encourages the Town Council to take up FHT's request at an upcoming March Council meeting for the purpose of submitting a AHTIF Application to the Maine State Housing Authority (***Please see Addendum 3, Wildewood Apartments AHTIF Application.***)

1) Project and Application.

Wildewood Apartments is located on approximately 4 acres of land on Elm Street in downtown Freeport. Acquisition and rehabilitation of Wildewood Apartments is currently scheduled to commence June 2024 and be completed by March 2025.

The current assessed value, or Original Assessed Value (OAV), of Wildwood Apartments is \$2,501,400, including land and improvements. Based on the current value, the property will pay approximately \$34,394 to the Town of Freeport this year. Following adoption of the proposed TIF District and Development Program, the property will continue to contribute taxes to the Town each year based on the OAV, regardless of the proposed affordable housing TIF request.

FHT's planned investment to rehabilitate Wildewood Apartments is projected to generate an increased assessed value (IAV) of \$1,200,000. This IAV will generate projected incremental tax revenues of \$16,500 annually. FHT requests that the Town shelter 100 percent of the incremental tax revenues in the Wildewood Apartments AHTIF District, or approximately \$16,500 annually, and that FHT receive 100 percent of this projected AHTIF revenues for the purpose of maintaining affordable rents for residents.

While the proposed TIF will not at all impact the property's current tax contribution to the Town, the TIF would return the additional \$16,500 to Freeport Housing Trust to enable critical improvements, while maintaining the units as much-needed affordable housing units in Freeport. Should the proposed TIF District and Development program be approved, Wildewood Apartments will continue to pay the Town taxes based on 67.6 percent of the value of the total value following the planned \$1.2 million rehabilitation investment.

AHTIF revenues will fund operating expenses for Wildewood Apartments to ensure affordable rents, including but not limited to property management and administration, utilities, repairs and maintenance, insurance, real estate taxes, and funding of a capital reserve account.

Wildewood Apartments will be professionally managed by Preservation Management Inc. (PMI). FHT will provide ongoing asset management to ensure the long-term financial, capital, and regulatory viability of the development.

2) Relative Economic and Public Benefits.

Affordable housing development is a community priority established in the Town of Freeport's Comprehensive Plan and recent Downtown Vision Plan. In January 2023, the Town Council convened a Housing Committee to address Freeport's acute housing shortage and lack of affordable housing options for large segments of the community, particularly young people entering adulthood who seek to stay in Freeport, and elder members of the community looking to downsize but remain close to family and friends.

Lack of affordable housing options are a limiting factor for local businesses seeking employees. Currently, there are over 150 open positions in Freeport. Increased options for affordable and attainable housing will help reduce barriers for additional workers to live near Freeport employers, aiding recruiting efforts.

The proposed affordable housing TIF District Credit Enhancement Agreement benefitting FHT has two successful precedents in Freeport: 1) Quarry Ridge Affordable Housing TIF that supported FHT's acquisition

of 34 units and returns 50% of tax revenues to the Trust; and 2) Oak Leaf Affordable Housing TIF that returns 50% of tax revenues to Trust and enabled the rehabilitation of 24 affordable units.

The proposed Wildewood Apartments TIF builds on a highly successful long-term collaboration with Freeport Housing Trust to meet a critical community need and stated Town priority of affordable housing.

FEDC Board Finding:

Designation of the Wildewood Apartments AHTIF District and adoption and implementation of the Development Program will contribute to the preservation and expansion of affordable housing opportunities within the Town, and therefore constitute a good and valid public purpose, will contribute to workforce housing within walking distance of many employers who are being negatively impacted by a local workforce shortage, and therefore contributes to the betterment of the health, welfare, or safety of the inhabitants of the Town.

3) Appropriateness for Use of TIF.

Applying the town's policy on TIFs as well as state laws and regulations, in combination with other official policy statements on the town's priorities and goals, it is FEDC's position that Wildewood Apartments represents an appropriate use of TIF to support affordable housing. As detailed in Addendum 2, the town's TIF policy states ten "criteria" for the town to utilize in determining participation in the proposed TIF.

Freeport has an established precedent of supporting affordable housing projects with AHTIF, including Oak Leaf 2 and Quarry Ridge developments.

FEDC's position is that Wildewood Apartments represents an effective use of TIF because the project will:

- Advance an established community goal of supporting affordable housing.
- Generate approximately \$495,000 of incremental tax revenues over 30 years.
- Ensure that 36 downtown apartments remain affordable to meet a critical community need.
- Enable significant investment in 36 units to improve living conditions and public health.
- Improve accessibility in 2 units consistent with the latest accessibility standards.
- Not impact the current tax revenue that accrues to the Town of Freeport from the property.

FEDC Board Finding.

If the council considers affordable housing an important public priority, the Wildewood Apartments proposal is an excellent way to play a role in helping Freeport Housing Trust accomplish community goals. Therefore, the FEDC Board recommends that the Freeport Town Council adopt the Wildewood Apartments Affordable Housing Tax Increment Financing District as proposed.

Appendix 1 - TIF/Credit Enhancement Agreement Application

(requested by developer)

Name of Applicant: FHT Wildewood LP
Applicant's Address: c/o Freeport Housing Trust, Inc. 24 South Street, Ofc A Freeport, ME 04032
Applicant's Phone: (207) 865-1652
Applicant's e-mail: matt@freeporthousingtrust.org
Location of Project: (map/lot) 12/23/B
Brief Project Description: (new building, square footage, use) Multifamily with 12 one-bedroom, 16 two-bedroom, and 8 three-bedroom apartments. 21 apartments limited to households at 50% or less of area median income (AMI), and 13 limited to households at 60% or less of AMI.
Reason for the TIF and Credit Enhancement Request: To assist in reducing operating expenses, so that development can afford more debt.
Estimated project cost: \$8,313,838
Current taxable value of land and existing development: \$2,501,400.00
Public benefit anticipated: Providing 36 income and rent restricted apartments with 34 having rental assistance. Quality of the apartments will be improved and will make two apartments fully accessible
Preferred duration of credit enhancement benefit: 30 years
Preferred amount of credit enhancement benefit: 100% of incremental value between original taxable assessed value and future value.
Projected project completion date: 3/1/2025
Estimated completion percentage for next two years: 100%
Anticipated additional development within the next 5 years: None
Waivers requested if any: Application is for an affordable housing TIF. Amount to be limited at 100% of incremental value.

ADDENDUM 2. TOWN TIF POLICY EVALUATION CRITERIA

The following criteria for evaluating public benefit from projects requesting TIF are specified in the *Town of Freeport Tax Increment Financing Policy and Process* document.¹

Please see page 7.

Bullet #1: "The value of the proposed public infrastructure"

Bullet #2: "The project creates public infrastructure facilities that have application beyond the particular development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation."

Bullet #3: "The project is generally consistent with goals and actions stated in the Town's Comprehensive Plan."

Bullets #4 & 5: The project assists an established business in the Town of Freeport, thus retaining existing employment opportunities. (OR) The project brings a new business to the community that is consistent with one of the business sectors identified below.

Bullet #6: "The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: light manufacturing, the creative economy, medical industry, lodging, eco-tourism or the State's targeted industries consistent with Pine Tree Zone standards (manufacturing, advanced technologies for forestry & agriculture, aquaculture & marine technology, biotechnology, composite materials technology, environmental technology, financial services, information technology) "

Bullet #7: "The project creates long-term, permanent, and quality employment opportunities."

Bullet #8 & 9: The project contributes to the unique quality of the Village, commercial and industrial districts, or other areas in need of redevelopment. The project improves a blighted building site that will benefit from rehabilitation.

Bullet #10: The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers.

The TIF Policy includes 5 additional bullet points on page 8 which set out how an applicant should demonstrate that the town's participation via a credit enhancement agreement is "economically necessary." The policy suggests they can demonstrate justification for a CEA by showing:

Bullet #1: "The financial need to offset public infrastructure costs unique to the project or site."

Bullet #2: "The project is one that is supported in Freeport's Comprehensive Plan, in its capital improvement program, or in other supporting documents recognized by the community."

¹ TIF. Tax Increment Financing Policy and Process. Freeport, Maine. October 2010. Available [here](#).

Bullet #3: "The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to: Development budget and pro-forma, Financial commitments of project lenders, A project implementation plan and schedule. (All such information shall be kept confidential. Town staff and Town Council will agree to a non-disclosure agreement, if deemed necessary.)"

Bullet #4: "The project creates incremental tax value equal to or greater than \$1 million, excluding personal property."

Bullet #5: "The developer is compliant with all statutory and regulatory guidelines of the Town of Freeport and the State of Maine." Thank you.

MAINE STATE HOUSING AUTHORITY

APPLICATION
Affordable Housing Tax Increment Financing

The Municipal Affordable Housing Development Districts statute, 30-A M.R.S.A. §§5245 – 5250-G, referred to as the "TIF Statute" in this Application, applies to affordable housing tax increment financing in Maine. The TIF Statute provides that before a municipality's designation of an affordable housing development district and its adoption of the associated affordable housing development program for the district become effective, MaineHousing must review the proposed district and development program to ensure compliance with the TIF Statute.

All applications to MaineHousing for review of an affordable housing development district and its associated development program must be on this form and include all eight Attachments noted below.

Sections 1 and 2 below are in fillable PDF format and may be completed on-line. After you have completed Sections 1 and 2, please print the Application and sign where indicated in Section 1.

This Application, with Attachments 1 through 8, may be submitted to MaineHousing in one of two ways:

By Email to Donald Guild, Esq. sent to dguild@mainehousing.org, or
By mail to: Donald Guild, MaineHousing, 26 Edison Drive, Augusta, Maine 04330

In this Application "district" means an affordable housing development district and "development program" means an affordable housing development program.

SECTION 1 – APPLICANT INFORMATION

1-1 Name of applicant city or town: Freeport, Maine

1-2 Municipal official submitting this Application:

<u>Sophia Wilson</u>	<u>Town Manager</u>
Printed name	Title
<u>30 Main Street, Freeport, Maine, 04032</u>	
Mailing address	
<u>207-865-4743</u>	<u>swilson@freeportmaine.com</u>
Phone number	E-mail address

The municipal official named above certifies that he/she has the authority to submit this Application to MaineHousing and further certifies that to the best of his/her knowledge, the information contained in this Application and its Attachments is true.

Signature

Date

1-3 Municipal official with authority to submit annual reports to MaineHousing on the status of the district:

Quang Le

Assessor

Printed name

Title

30 Main Street, Freeport, ME 04032

Mailing address

207-865-4743

qle@freeportmaine.com

Phone number

E-mail address

SECTION 2 – NOTICE AND HEARING

Before designating a district or adopting a development program, the municipal legislative body must

- (a) hold at least one public hearing,
- (b) publish notice of the hearing at least 10 days before the date of the hearing in a newspaper of general circulation in the municipality,
- (c) at the hearing, consider
 - (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 program will be detrimental to that party's property interests for which substantial evidence is produced, and whether any adverse economic effect is outweighed by the availability of affordable housing or the betterment of resident health, welfare or safety.

2-1 Date of public notice: March 8, 2024

Attachment 1 – Newspaper Notice

Include as Attachment 1 a copy of the newspaper page showing the public notice and the newspaper name and date.

2-2 Date of public hearing: March 19, 2024

Attachment 2 – Public Hearing Record

Include as **Attachment 2** the record of the meeting at which the public hearing was held, certified by the municipal clerk.

Attachment 3 – Additional Documents

Include as **Attachment 3** all documentation submitted to, or prepared by, the municipality relating to items (c)(i) and (c)(ii) above.

SECTION 3 – MUNICIPAL APPROVAL

Conditions of municipal approval of district and development program

The TIF Statute sets out conditions for the designation of a district and adoption of a development program by a city or town. A municipality must designate a district and adopt a development program meeting these conditions.

To assist municipalities in ensuring that districts and development programs comply with the conditions of the TIF Statute, we have set out below a **Checklist in Appendix A** that can be used in designating a district and adopting a development program. The Checklist covers the conditions in the TIF Statute that need to be met in approving the district and development program. While MaineHousing does not require municipalities to fill in or follow the format of the Checklist, in reviewing a district and development program approved by a municipality, we will look for specific information in the Application materials (including the Attachments) the city or town submits to us showing compliance with all the conditions of the TIF Statute.

IMPORTANT NOTE: Because the TIF Statute defines a district as "a specified area within the corporate limits of a municipality that has been designated . . . to be developed" under a development program, a development program must, at a minimum, include new construction of affordable housing or rehabilitation of existing housing *inside* the district, or both. A municipality may not create a district for the sole purpose of capturing tax increment revenues that would result only from inflationary adjustments to property values with no development of new housing or rehabilitation of existing housing in the district.

Attachment 4 – Municipal Approval

Include as **Attachment 4** a copy of the order or resolution and vote of the municipal legislative body approving the district and development program, certified by the municipal clerk.

Attachment 5 – District Maps

Include as **Attachment 5** a municipal map and tax map showing the district boundaries.

Attachment 6 – Certification of Original Assessed Value of District

Include as **Attachment 6** a dated certification signed by the municipal assessor showing the original assessed value of the district. "Original assessed value" means the taxable assessed value of the district as of the March 31st before municipal approval of the district.

Attachment 7 – Development Program

Include as **Attachment 7** a copy of the development program approved by the municipality's legislative body.

Attachment 8 – Credit Enhancement or Other Agreement

Include as **Attachment 8** a copy of the credit enhancement agreement or other tax increment revenue sharing agreement, whether or not executed.

**See Appendix A below for
Checklist for Approval of District and Development Program**

Appendix A
Checklist for Approval of District and Development Program

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- District description
 - Attached Physical description of district
 - Attached Municipal map showing district boundaries
 - Attached Tax map showing district boundaries

- At least 25% of district acreage is suitable for residential use, blighted, or in need of rehabilitation/redevelopment
 - 100 % acreage suitable for residential use
 - N/A % blighted
 - 100 % in need of rehabilitation/redevelopment
 - Attached Physical description of district to support above
 - Attached Zoning designation where district is located
 - Attached Allowed uses in that zone

- District acreage divided by total municipal acreage is not more than 2%
 - 4.1 Total district acreage
 - 17,877.18 Total municipal acreage
 - .023 District acreage as a percent of total acreage

- Total acreage of all existing and proposed development districts (affordable housing and DECD districts) in municipality divided by total municipal acreage is not more than 5%

194.66	Total acreage of all development districts
17,877.18	Total municipal acreage
1.089	Total development district acreage as a percent of total acreage

- Original assessed value (OAV)* of district

Attached	Dated certification signed by municipal assessor showing OAV amount <u>and</u> date
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* OAV means the taxable assessed value of the district as of the March 31st before municipal approval of the district.

- OAV of all existing and proposed affordable housing development districts in the municipality divided by aggregate taxable property value as of the April 1st before MaineHousing approval is not more than 5%

2,745,145	Aggregate OAV of existing and proposed districts
2,111,691,650	Aggregate taxable property value as of the April 1 st before MaineHousing approval
.13%	Aggregate OAV as a percent of total taxable value

- Development program start and end dates

4/1/24 - 3/31/25	First tax year (i.e., April 1 – March 31) of development program *
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* May be any tax year specified in municipal approval. If none is specified, the development program will start during the tax year of approval.

4/1/53-3/31/54	Last tax year of development program **
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** Not more than 30 years after tax year of MaineHousing approval.

7/1 - 6/30	Municipal fiscal year ***
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*** Example: July 1 – June 30

- The development program meets an identified housing need in municipality

Attached	Description of need
Attached	Description of how development program meets need
0	Number of new rental units to be constructed

- 36 Number of existing rental units to be rehabilitated
- 0 Number of new single-family homes, including condominiums, to be constructed
- 0 Number of existing single-family homes, including condominiums, to be rehabilitated

District must be a primarily residential * development

Attached Description of residential and non-residential uses in district and acreage of each

Attached Description of accessory uses relating to residential use

* A district is primarily residential if the overall character of the uses in the district is residential. Residential uses include both housing and uses related to residential uses, such as recreational facilities and child care facilities available to the residents of the district and small-scale nonresidential uses that are intended to provide services primarily to the residents of the district.

At least 33% of the housing units in the district must be affordable housing *

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

36 Number of affordable rental units in district

36 Total number of housing units in district

100% Affordable housing units as a percent of total units

* Affordable housing is an owner-occupied single-family home or condominium or a rental unit for a household earning no more than 120% of area median income (AMI). The housing must be decent, safe and sanitary. Affordable housing does not include facilities such as emergency shelters, nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, or student dormitories, regardless of income level. No purchase price limits on homes or rent restrictions on rental units are required to establish that a unit is affordable.

HUD updates AMI annually. The AMI for counties and other designated areas in Maine can be found at <https://www.huduser.gov/portal/datasets/il.html>. Select the tab for the most current Year for which data is available. Click the link under Individual Income Limits Areas (“FY ____ IL Documentation”). Scroll and select the State of Maine. Scroll and select the appropriate municipality. Click “View County Calculations”. Use the Median Family Income figure in the first column. Multiply that MFI figure by 120% to determine the maximum income level.

- Mechanism to ensure ongoing affordability of 33% of the housing units in district for required time

N/A

Length of affordability period for owner-occupied single-family homes and condominiums *

* The minimum affordability period for single-family owner-occupied homes and condominiums is 10 years.

N/A

Description of affordability mechanism for single-family owner-occupied homes and condominiums

45 Years

Length of affordability period for rental units **

** The minimum affordability period for rental units is 30 years.

Attached

Description of affordability mechanism for rental units

A district may contain only homeownership units or only rental units or a combination of both, but a minimum of 33% of the total number of housing units in the district must be affordable for the required time, i.e., 10 or 30 years, depending on the housing type.

The affordable units can be fixed (particular units are subject to the affordability requirements and never change, i.e., those specific units must remain affordable during the applicable affordability period and other units cannot be substituted for them) or they can float (units initially designated as affordable may change over time and other affordable units can be substituted in their place) provided that at least 33% of the total number of housing units in the district are affordable housing at any given point in time.

Whether the units are rental or homeownership units, the affordability period begins to run when the units have been constructed or rehabilitated into decent, safe and sanitary housing and (i) are available for occupancy if the development is subject to a declaration of covenants and restrictions that requires the units to be affordable (i.e., restricted to households with income not exceeding 120% of AMI), or (ii) when the units are occupied by a household with income not exceeding 120% of AMI if the development is not subject to a declaration. The development program needs to include timing information on the development and availability for occupancy of the affordable units in the district. To comply with the TIF Statute's requirement that at least 33% of the housing units in the district be affordable housing, in a mixed-income development, the development program must provide for the construction/rehabilitation of the affordable units within a reasonable timeframe during the construction phase of the project and not leave them to the end of the project if the units will be made available for occupancy or sale as they are constructed or rehabilitated.

- Operation of housing and facilities in district

Attached	Description of how housing and facilities in the district will be operated after completion
Attached	Entity responsible for operation
Attached	Source of operating funds

Specific planned uses of tax increment revenues from the district *

* See §5249 of the TIF Statute for eligible uses of tax increment revenues from the district.

IMPORTANT NOTE: Municipalities are cautioned that a broad recitation in a development program of all or substantially all the authorized project costs listed in the TIF Statute will not be accepted by MaineHousing.

A non-residential use included in a development program may be funded with tax increment revenues from the district, provided that the non-residential use contributes to a specific, identified improvement of the health, welfare or safety of the residents of the municipality, including a specific, identified benefit to the residents of the district, or to the expansion of affordable housing within the municipality. The district and development program must otherwise comply with the requirements of the TIF Statute, including the requirement that the district be a primarily residential development. Tax increment revenues may not be used to construct new "pure" commercial facilities within a district or to rehabilitate those facilities.

_____ Description of each improvement, facility, program, or other activity included in the development program that may or will be funded in whole or in part with tax increment revenues *

* Include all intended uses and potential alternative uses.

100% List which of these improvements, facilities, programs, or other activities are inside the district

N/A List which of these improvements, facilities, programs, or other activities are outside the district **

** To be funded with tax increment revenues, costs outside the district must be ***directly related to or made necessary*** by the creation or operation of the district. Include any supporting studies, research, estimates, and assumptions.

100% Amount of tax increment revenues to be used for each improvement, facility, program or other activity inside and outside the district ***

*** Only the proportion of costs outside the district that are ***directly related to or made necessary*** by the creation or operation of the district may be paid with tax increment revenues.

- Attached Amount and source of other funding for the development program
- Attached Timing of each planned improvement, facility, program, or other activity

A municipality may use tax increment revenues from a district to establish a permanent housing development revolving loan fund or investment fund. *

N/A A description of the fund, including type, purpose, operation, and provisions for repayment or return of fund proceeds to the fund

N/A The timing of the establishment and use of the fund

N/A The property to be purchased with investment fund proceeds and the housing to be developed with revolving loan fund proceeds and timing

N/A The location of the property and the housing

* A permanent housing development revolving loan fund or investment fund must be used solely for the development of affordable housing as defined above.

Loans made from a revolving loan fund must be repaid to the municipality, and all loan repayments must be deposited into that loan fund and used for additional loans for the development of affordable housing. Loans may be made from the revolving loan fund for both new construction of affordable housing and the rehabilitation of existing housing.

Funds in an investment fund may be used only for the purchase of property by the municipality for the development of affordable housing by the municipality itself or by a developer to which the municipality sells or leases the property. All sales proceeds or rental revenues must be placed in the investment fund and used for additional purchases of property by the municipality for that purpose.

Creating a district around an existing residential area for the purpose of funding a revolving loan fund or investment fund still requires that there be some development of affordable housing *within* the district, whether new construction or the rehabilitation of existing housing, or both.

Because revolving loan funds and investment funds are capitalized with tax increment revenues resulting from the development of affordable housing in a district and proceeds disbursed from a loan or investment fund are required to be returned to the fund, it is not necessary for a municipality to make any further showing that costs of establishing a permanent housing development revolving loan fund or investment fund are directly related to or made necessary by the district.

A financial plan showing for ***each year*** the development program will be in effect

Attached An estimate of increased assessed value * of the district (including assumptions)

* Increased assessed value is the amount, if any, by which the current assessed value as of the most recent April 1st exceeds OAV.

Attached

Amount or percent or method or formula for determining amount or percent of increased assessed value to be retained as captured assessed value ** and applied to pay development program costs and resulting tax increment ***

** Captured assessed value is the portion of increased assessed value that is used from year to year to finance the project costs authorized under the development program.
*** Tax increment means the municipal real estate taxes assessed on the increased assessed value of the property in the district.

Attached

Calculation of estimated tax shifts showing the effect on the municipality's state revenue sharing, education subsidies, and county taxes resulting from creation of district and the capture of increased assessed value. ****

**** Use the tax shift formulas in **Appendix B** to this Application to calculate tax shifts.

Attached

Allocation of total tax increment revenues from the district

_____ Portion * to be allocated to project owner

_____ Portion * to be allocated to municipality

* May be stated as a percent or amount or by formula.

_____ Copy of credit enhancement or other tax increment revenue sharing agreement (whether or not executed)

- Relocation plan for persons temporarily or permanently displaced by development activities

Attached

Relocation plan description, or

Attached

Statement that no relocation is necessary

- Description of environmental controls to be applied

Attached

Statement regarding environmental controls, such as permitting and licensing or use of environmental mitigation measures during development and operation of district

- Development program consistent with comprehensive planning

Attached

Date of comprehensive plan final adoption

Attached

Statement of no conflict with comprehensive plan

Attached Statement indicating how development program complies with Maine law limiting growth-related capital investments (see 30-A M.R.S.A. §4349-A)

- District not in conflict with municipal charter

Attached Statement of no conflict with municipal charter

- For municipal debt financing only:** Amount of public debt with maximum 30-year maturity to be incurred to finance development program costs

N/A Principal amount, maturity and type of each municipal debt issuance

N/A List of improvements inside the district * to be financed with municipal debt

* Under §5250-D of the TIF Statute, municipal debt may be issued to finance only development program costs inside the district.

Appendix B Tax Shift Formulas

To calculate the state education subsidy tax shift: For each fiscal year, the state education subsidy formula is based on the average of the certified state valuations for the three (3) most recent years prior to the most recently certified state valuation. The education tax shift is computed by comparing Maine Department of Education Form ED 279 for the municipality with and without retained captured assessed value. The difference in the actual education subsidy and the adjusted education subsidy represents the projected state education subsidy tax shift for that year.

To calculate the state revenue sharing tax shift: The first step in determining the revenue sharing tax shift is to obtain the total municipal revenue sharing amount from the State Treasurer. The five steps outlined in the following formula are then applied ("CAV" below means projected captured assessed value):

Step 1:
$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation}} = \text{Current Factor}$$

Step 2:
$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation} + \text{CAV}} = \text{Adjusted Factor}$$

Step 3:
$$\frac{\text{Current Factor}}{\text{Adjusted Factor}} = 1.X$$

Step 4:
$$1.X - 1.0 = .X$$

Step 5:
$$.X (\text{total municipal revenue sharing amount}) = \text{Revenue sharing tax shift}$$

To calculate the county tax shift: The steps in determining the county tax shift are as follows ("CAV" below means projected captured assessed value):

Step 1: Obtain the most recent County State Valuation from Maine Revenue Services.

Step 2: Determine the average CAV for the District over the life of the District.

Step 3: Determine the municipality's current share of the county tax:

$$\frac{\text{Current State municipal valuation}}{\text{Current State county valuation}}$$

Step 4: Determine what the municipality's share of the county tax would be if the new value from the District were added to the municipal valuation without the creation of the District:

$$\frac{\text{Current State municipal valuation} + \text{average new value}}{\text{Current State county valuation} + \text{average new value}} = \% \text{ of county tax shift}$$

- Step 5: Determine the estimated average annual county tax over the life of the District. To arrive at this number, determine the average change in county tax for the last five (5) years and the percentage increase projected to the middle of the District's life.
- Step 6: Multiply the projected tax from Step 5 by the percent of county tax shift from Step 4 to determine the county tax shift.

ATTACHMENTS

Town of Freeport Affordable Housing Tax Increment Financing Application

Freeport Housing Trust ~ Wildewood Apartments

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Attachment 1: Newspaper Notice

Placeholder Until Town Council sets the Public Hearing.

Town of Freeport **Notice of Public Hearing**

A Public Hearing has been scheduled for March 19, 2024, at 6:00pm to discuss:

An Affordable Housing TIF request from Freeport Housing Trust for Property at Wildewood Apartments.

Information for the Trust's request can be obtained on the Town's website at www.freeportmaine.com or by contacting Town Clerk Christine Wolfe at (207) 865-4743 ext. 123 during normal business hours or at cwolfe@freeportmaine.com. Residents may submit written comments to: Town Clerk, 30 Main Street, Freeport, ME 04032, by email to cwolfe@freeportmaine.com, or may participate remotely in the Public Hearing. Details for remote participation will be posted along with the Meeting Agenda at www.freeportmaine.com.

Attachment 2: Public Hearing Record

Meeting minutes to be included in final application following Public Hearing

Attachment 3: Additional Documents

PROPOSED COUNCIL DISTRICT ADOPTION RESOLUTION

ITEM # xxx-xx To consider action relative to an Affordable Housing TIF request from Freeport Housing Trust for Property at Wildewood Apartments.

WHEREAS, the Town is authorized pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, to designate an Affordable Housing Development District and adopt a related Development Program; and

WHEREAS, the Town has identified a need for the development of affordable rental housing within the Town and has identified certain property that is available and suitable for such development; and

WHEREAS, the Town has received a proposal for the development of said property, including the rehabilitation of 36 rental housing units, which will be in line with the Town’s goal to provide safe and affordable housing opportunities to lower and moderate-income households in the Town, as well as improve and broaden the tax base of the Town and improve the general economy of the Town; and

WHEREAS, the Town has held a public hearing on the proposed Wildewood Apartments Affordable Housing Tax Increment Financing District (the “District”) in accordance with the requirements of 30-A M.R.S. § 5250(1) upon at least ten (10) days’ prior notice published in a newspaper of general circulation within the Town; and,

WHEREAS, the Town desires to designate the proposed District and adopt the proposed Development Program as presented to the Town Council this day and as has been on file in the Town Clerk’s Office at Town Hall; and

WHEREAS, it is anticipated that the Director of the Maine State Housing Authority (“MaineHousing”) will approve the designation of the District and adoption of the Development Program;

NOW THEREFORE, BE IT ORDERED:

Section 1. The Town Council hereby finds and determines that:

(a) Designation of the District and adoption and implementation of the Development Program will contribute to the expansion of affordable housing opportunities within the Town, and therefore constitute a good and valid public purpose, and will contribute to the expansion of affordable housing opportunities within the Town or to the betterment of the health, welfare, or safety of the inhabitants of the Town; and

(b) The Town Council has considered all evidence presented to it with regard to any detriment to any party’s property interests or adverse economic effect on or existing business and

has found and determined that designation of the District and adoption and implementation the Development Program will not result in a detriment to any party's property interest or an adverse economic effect on any existing business in the Town, and any such detriment or adverse economic effect is outweighed by the contributions expected to be made by the projects and improvements described in the District and the Development Program to the availability of affordable housing within the Town or to the betterment of the health, welfare, or safety of the inhabitants of the Town.

Section 2. Pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, the Town Council hereby designates the Wildewood Apartments Affordable Housing Tax Increment Financing District as presented to the Town Council.

Section 3. Pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, the Town Council hereby adopts the Development Program for the Wildewood Apartments Affordable Housing Tax Increment Financing District in the form presented to the Town Council.

Section 4. The foregoing designation of the District and adoption of the Development Program shall automatically become final and shall take full force and effect upon approval of the District and Development Program by the Maine State Housing Authority (MaineHousing), without requirement of any further action by the Town, the Town Council, or any other party.

Section 5. Pursuant to the provisions of 30-A M.R.S. § 5250-A, the percentage of the Increased Assessed Value to be retained as Captured Assessed Value in the District and the term of said District is confirmed as set forth in the Development Program.

Section 6. The Town Manager be and hereby is authorized and directed, on behalf of the Town of Freeport, Maine, to submit to the Director of MaineHousing for review and approval, pursuant to the requirements of 30-A M.R.S. § 5250, the application and such other documentation as may be necessary or appropriate for the final approval of this District and the Development Program. The Town Manager is further authorized and empowered, at his or her discretion from time to time, to make such technical revisions to the District or the Development Program for the District, as the Town Manager deems reasonably necessary or convenient in order to facilitate the process for review and approval of the District and Development Program by MaineHousing, or for any other reason, so long as such revisions are not inconsistent with these resolutions or the basic structure and intent of the District and the Development Program.

Section 7. The Town Manager be and hereby is authorized, empowered, and directed to enter into the Credit Enhancement Agreement contemplated by the Development Program, in the name of and on behalf of the Town, such agreement to be in such form and to contain such terms and provisions, not inconsistent with the Development Program, as the Town Manager may approve, the Town Manager's approval to be conclusively evidenced by his or her execution thereof.

This Order shall take effect immediately upon adoption.

Attachment 4: Municipal Approval

Meeting minutes to be included in final application following Public Hearing

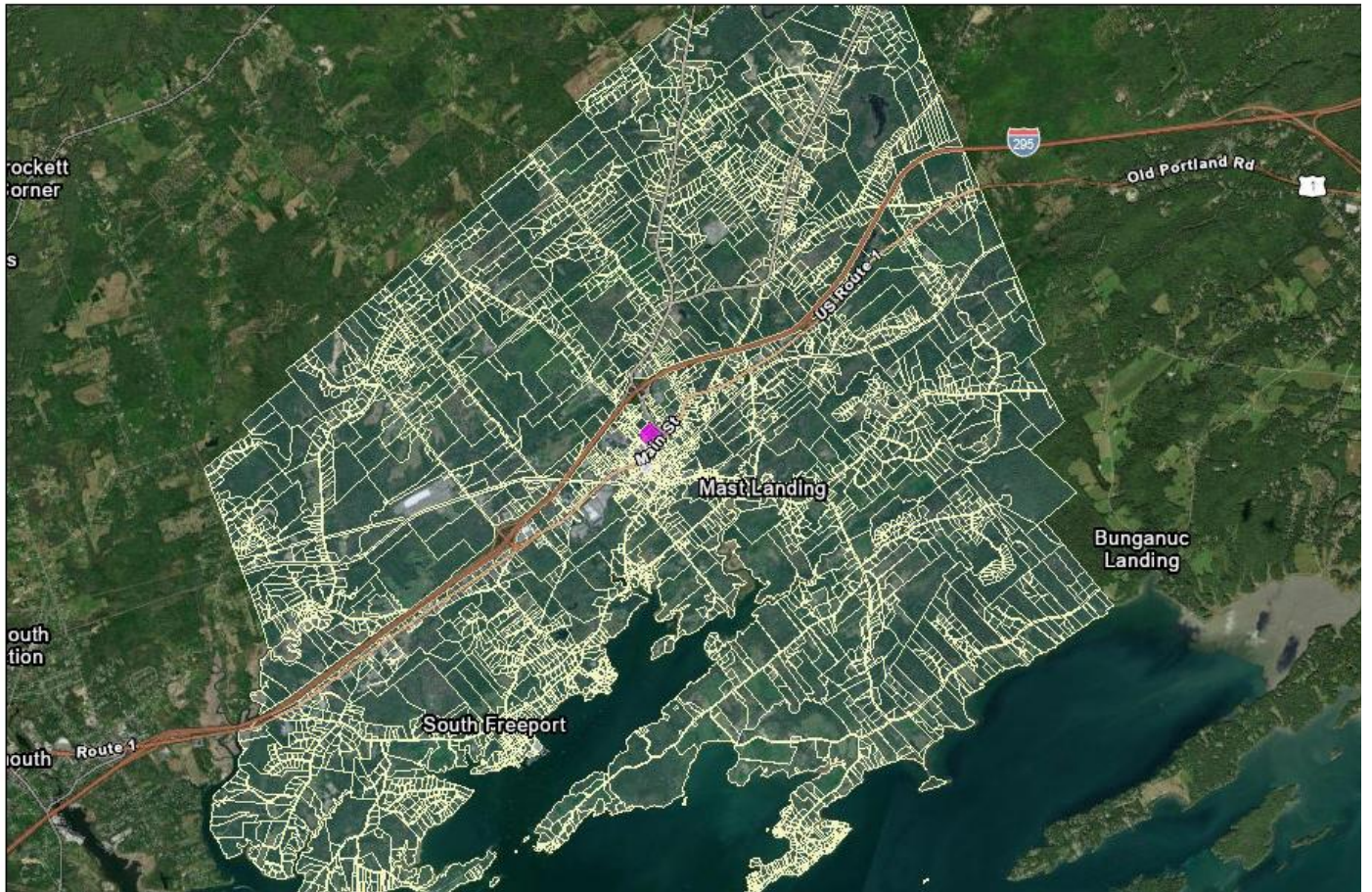
Attachment 5: District Maps

TAX MAP



MUNICIPAL MAP

Wildewood Apartments - 12 Elm Street - Parcel 0120236



1/22/2024

Wildewood_Parcel2

Low Resolution 15m Imagery

Citations

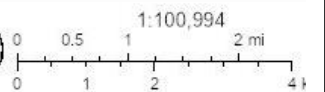
Parcels2022

High Resolution 60cm Imagery

19m Resolution Metadata

World Imagery

High Resolution 30cm Imagery



Earthstar, Geographics, Esri, TomTom, Garmin, S
GeoTechnologies, Inc, MET/NASA, USGS, EPA, NPS, USDA, USF

Attachment 6: Certification of Original Assessed Value of District



TOWN OF FREEPORT

**ASSESSOR'S CERTIFICATE OF ORIGINAL ASSESSED VALUE
TOWN OF FREEPORT
WILDEWOOD APARTMENTS AFFORDABLE HOUSING TAX INCREMENT FINANCING
DISTRICT**

The undersigned Assessor for the Town of Freeport, Maine, does hereby certify, pursuant to the provisions of 30-A M.R.S. § 5227, that the assessed value for taxable real property within the proposed Wildewood Apartments Affordable Housing Tax Increment Financing District, delineated as map 12, lot 23-B (012-023-00B-000), consisting of 4.0 acres was \$2,501,400 as of March 31, 2023 (April 1, 2022).

IN WITNESS WHEREOF, This Certificate has been executed as of this 18th day of December 2023.

By:


Quang Minh Le

Attachment 7: Development Program

DEVELOPMENT PROGRAM

Wildewood Affordable Housing Tax Increment Financing

The Freeport Housing Trust (FHT) is seeking an Affordable Housing Tax Increment Financing District (TIF) for its proposed acquisition and preservation of affordable housing at 12 Elm Street, known as Wildewood 1 and 2 Apartments. There are three primary benefits of designating a TIF. First, it will provide funds to offset operating expenses so the property can provide below market rents. Secondly, the TIF allows the property to take on additional debt that will pay for capital improvements, such as the creation of two fully accessible apartments and other apartment improvements, such as new kitchens, bathrooms, and windows. Additionally, the TIF will buffer the property from any significant property tax revaluations or changes from year to year. These variations over time can jeopardize the financial stability of these types of properties due to the restricted rents and other regulatory restrictions.

DISTRICT SUMMARY

Description.

The district is roughly 4 acres large and contains 3 multifamily buildings and a community building near downtown Freeport, Maine. The tax map and lot are 12/23/B. All of the acreage is suitable for residential use. The district is located in the Village 1 zone. Multifamily housing projects are allowed in Village 1 zone. Please see attached Addendum 1 for a list of permitted uses.

Acreage.

The area of the proposed TIF is 4.16 acres. Total area of Freeport is 17,877.18 acres. The district is .023% of Freeport acreage. The total acreage of all existing and proposed development districts (affordable housing and DECD districts) is 194.66 acres.² The total development district acreage as a percent of Freeport's acreage is 1.089%.³

Original Assessed Value.

The Original Assessed Value (OAV) of the district is \$2,501,400.00 as evidenced by the attached letter from the municipal assessor. The OAV of all existing and proposed affordable housing

² This acreage figure includes a separate AHTIF under development on Varney Road in Freeport.

³ Ibid.

development districts is \$2,745,145. The aggregate taxable property value as of April 1st, 2023, is \$2,111,691,650. The aggregate affordable housing districts' OAV is .13% of total taxable value.

DEVELOPMENT PROGRAM

Schedules.

The development program begins the tax year 4/1/2024-3/31/2025 and ends the tax year 4/1/2053-3/31/2054.

The municipal fiscal year is July 1st – June 30th.

Acquisition and rehabilitation of Wildewood Apartments is currently scheduled to commence June 2024 and be completed by March 2025.

Description of Need.

There is a significant need for affordable housing options in Freeport, Maine. The current waitlist for non-age restricted properties Freeport Housing Trust owns exceeds 124 households. The waitlist at the rental assisted properties is over 102 households, which is a wait time of several years.

How Development Program Meets Need.

Thirty-four apartments will have rental assistance. These apartments will be in high demand as evidenced by the long waitlists at Freeport Housing Trust's other rental assisted properties. The other two will be restricted to low-income individuals.

Designation of the District and adoption and implementation of the Development Program will contribute to the preservation and expansion of affordable housing opportunities within the Town, and therefore constitute a good and valid public purpose, and will contribute to the expansion of affordable housing opportunities within the Town or to the betterment of the health, welfare, or safety of the inhabitants of the Town.

A Capital Needs Assessment completed for the property identified significant deferred and upcoming maintenance needs. The current Rural Development restrictive use period will expire in April 2024, and no protections are in place to ensure that the units will be offered to tenants at rents meeting affordability definitions over the long term. To address these issues, the proposed district will enable rehabilitation investment of approximately \$50,000 per unit, with a focus on improved ventilation and air quality. The project owner will enter into an Extended Use Agreement and Program Declaration of Covenant with Maine State Housing Authority that will ensure the affordability restrictions of 36 units restricted to 60% AMI will be in force for 45 years.

Affordable Apartment Rehabilitation.

Thirty-six multifamily apartments will be rehabilitated; there will be no new apartments constructed and no single-family homes or apartments will be constructed or rehabilitated.

Residential Uses.

The entire district will be for residential uses. All thirty-six of the housing units in the district will be for affordable housing.

Mechanism to Ensure Affordability.

The property will be encumbered by an Extended Use Agreement and Program Declaration of Covenants (“EUA”) from the Maine State Housing Authority that will ensure the affordability restrictions of 36 units restricted to 60% AMI will be in force for 45 years. This will be triggered through the use of the Maine State Housing Authority’s tax-exempt loan program. In addition, the property will use 4% Low Income Housing Tax Credit and will need to meet the requirements of Section 42 for at least 30 years. Maine State Housing Authority will record the EUA in the Registry of Deeds, which will run with the land and encumber the property over the long-term requiring compliance regardless of the future ownership entities.

PROPERTY OPERATIONS

Description of Operations.

Wildewood Apartments will be professionally managed by Preservation Management Inc. (PMI).

Responsible Entity.

Freeport Housing Trust will provide ongoing asset management to ensure the long-term financial, capital, and regulatory viability of the development.

Source of Operating Funds.

Operating expenses will be paid through rents collected from residents and agencies providing rental assistance. Tax Increment Revenues from the district will be used to pay operating expenses for the development, including but not limited to property management and administration, utilities, repair and maintenance, insurance, real estate taxes, and funding of a project capital reserve.

SPECIFIC PLANNED USES OF TIF REVENUES

Description of Activities Funded with TIF Revenues

Consistent with the following pro forma, TIF revenues will fund operating expenses for Wildewood Apartments to ensure affordable rents, including but not limited to property management and administration, utilities, repairs and maintenance, insurance, real estate taxes, and funding of a capital reserve account.

Wildewood Operating Proforma

Income

Gross Potential Rent		\$699,312
Vacancy Loss	5%	(\$34,966)
Laundry / Other Income		\$4,500
Effective Gross Income		\$668,846

Expenses

	Per Unit	Total
Administrative	\$2,548	\$91,722
Operating	\$1,850	\$66,611
Maintenance	\$2,639	\$95,000
General	\$2,524	\$90,848
Replacement Reserve	\$611	\$22,000
Total	\$9,467	\$366,181

Activities Within District.

All activities funded with AHTIF funds will occur inside the District.

Activities Outside District.

No activities funded with AHTIF funds will occur outside the District.

Amount of Tax Increment Revenues Used for Each Activity. All 100 percent of tax increment revenues will be used for Wildewood Apartments operating expenses.

Amount and Source for Other Funding for Development Program.

Please see above Wildewood Operating Pro Forma.

Capital Sources for the Development Program are as follows:

Sources

4% LIHTC Equity	2,218,534
MaineHousing Mortgage	2,729,462
Rural Development Mortgage	1,257,000
Bath Savings AHP Mortgage	1,200,000
AHP Subsidy	850,000
Total	8,254,996

FINANCIAL PLAN

Following are exhibits detailing the projected IAV, CAV, and projected tax shifts.

Estimated IAV and CAV Applied to Development Program:

Exhibit A-1 | Captured Assessed Value & TIF Revenue Projections

Wildewood Heights Affordable Housing TIF District

Fiscal Year	TIF Year	Original Assessed Value	Projected Increased Assessed Value	Estimated Assessment Ratio	Percent Captured	Projected Captured Assessed Value	Mill Rate 2023-2024 13.75	Projected Total TIF Revenue to Company (100%)
2024-2025	1	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2025-2026	2	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2026-2027	3	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2027-2028	4	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2028-2029	5	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2029-2030	6	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2030-2031	7	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2031-2032	8	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2032-2033	9	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2033-2034	10	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2034-2035	11	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2035-2036	12	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2036-2037	13	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2037-2038	14	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2038-2039	15	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2039-2040	16	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2040-2041	17	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2041-2042	18	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2042-2043	19	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2043-2044	20	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2044-2045	21	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2045-2046	22	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2046-2047	23	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2047-2048	24	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2048-2049	25	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2049-2050	26	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2050-2051	27	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2051-2052	28	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2052-2053	29	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500
2053-2054	30	\$2,501,400	\$1,200,000	100%	100%	\$1,200,000	13.75	\$16,500

30-year total: \$495,000
30-year average: \$16,500

Assumptions:

1. Projections show anticipated increased assessed values, captured assessed values, and TIF revenues. Projected increased assessed value provided by developer and the Town.
2. Projections assume 100% of the increased assessed value is captured in the District and that TIF revenue is available for credit enhancement payments to Developer
3. Assumes a 30-Year district term. Projections assume a flat mill rate of 13.75 per year. Assumes 100% of the increased assessed value is captured in the District and available for municipal project costs.
4. These projections assume that the formulas and general inputs for state subsidies and county taxes do not change over time and they assume that all other values in other communities are static relative to one another except for the new value assessed. The projections are less likely to be accurate farther into the future. The projections also assume the assessment ratio is 100% when new property value arrives, such that the market value of new property is used for assessment purposes.
5. The preceding financial information contains projections and forward-looking statements that are subject to a number of risks and uncertainties that could cause the actual results, performance, or achievements to differ materially from any future results, performances, or

Exhibit A-2 | Tax Shift Benefits
Wildewood Heights Affordable Housing TIF District

Fiscal Year	TIF Year	State Aid to Education Benefit	County Tax Benefit	State Revenue Sharing Benefit	Additional Local Education	Total Tax Shift Benefits
2024-2025	1	-	-	-	-	\$0
2025-2026	2	-	-	-	-	\$0
2026-2027	3	-	\$693	\$1,345	-	\$2,039
2027-2028	4	\$0	\$693	\$1,345	\$0	\$2,039
2028-2029	5	\$0	\$693	\$1,345	\$0	\$2,039
2029-2030	6	\$0	\$693	\$1,345	\$0	\$2,039
2030-2031	7	\$0	\$693	\$1,345	\$0	\$2,039
2031-2032	8	\$0	\$693	\$1,345	\$0	\$2,039
2032-2033	9	\$0	\$693	\$1,345	\$0	\$2,039
2033-2034	10	\$0	\$693	\$1,345	\$0	\$2,039
2034-2035	11	\$0	\$693	\$1,345	\$0	\$2,039
2035-2036	12	\$0	\$693	\$1,345	\$0	\$2,039
2036-2037	13	\$0	\$693	\$1,345	\$0	\$2,039
2037-2038	14	\$0	\$693	\$1,345	\$0	\$2,039
2038-2039	15	\$0	\$693	\$1,345	\$0	\$2,039
2039-2040	16	\$0	\$693	\$1,345	\$0	\$2,039
2040-2041	17	\$0	\$693	\$1,345	\$0	\$2,039
2041-2042	18	\$0	\$693	\$1,345	\$0	\$2,039
2042-2043	19	\$0	\$693	\$1,345	\$0	\$2,039
2043-2044	20	\$0	\$693	\$1,345	\$0	\$2,039
2044-2045	21	\$0	\$693	\$1,345	\$0	\$2,039
2045-2046	22	\$0	\$693	\$1,345	\$0	\$2,039
2046-2047	23	\$0	\$693	\$1,345	\$0	\$2,039
2047-2048	24	\$0	\$693	\$1,345	\$0	\$2,039
2048-2049	25	\$0	\$693	\$1,345	\$0	\$2,039
2049-2050	26	\$0	\$693	\$1,345	\$0	\$2,039
2050-2051	27	\$0	\$693	\$1,345	\$0	\$2,039
2051-2052	28	\$0	\$693	\$1,345	\$0	\$2,039
2052-2053	29	\$0	\$693	\$1,345	\$0	\$2,039
2053-2054	30	\$0	\$693	\$1,345	\$0	\$2,039
2055-2056		\$0	\$693	\$1,345	\$0	\$2,039
2056-2057		\$0	\$693	\$1,345	\$0	\$2,039
2057-2058		\$0	-	-	\$0	\$0
Totals:		\$0	\$20,793	\$40,364	\$0	\$61,157
Averages:		\$0	\$693	\$1,345	\$0	\$1,853

Assumptions:

1. Data sources include the 2023-2024 mill rate reported by the Town of Freeport, Cumberland County's FY2024-2025 Proposed Managers Budget and Tax Commitment, the State Treasurer's Office Municipal Revenue Sharing projections for 07/01/23 - 06/30/24 Published 08/30/23, the Maine Department of Education 11/02/23 2023-2024 ED 279 Report for RSU 5 where the Town is determined to be a Minimum Receiver, and 10/04/23 2023-2024 EF-M-46 form.
2. Tax shift losses are comprised of declining subsidies in revenue sharing and increasing obligations to pay county taxes. Tax shift losses occur a couple of years following the year in which the new assessed value is first recognized in the assessment. No tax shift losses occur when a TIF captures all of the new value. TIF revenues are retained at 100%.
3. These projections assume that the formulas and general inputs for state subsidies and county taxes do not change over time and they assume that all other values in other communities are static relative to one another except for the new value assessed. The projections are less likely to be accurate farther into the future.
4. Assumes the assessment ratio in the Town is 100% when new property value arrives, such that the market value of new property is used for assessment purposes.
5. The projections above assume that no tax increment financing district is put in place, thus the mill rate is reduced by as a result of the full new value in the Town. This analysis factors in tax shift impacts resulting from the project's new assessed value into future commitments and mill rate calculations to arrive at projected property tax payments.

Allocation of Total Tax Increment Revenues From the District.

100 percent of tax increment revenues will be allocated to the owner.

No incremental tax increment revenues will be allocated to the municipality.

RELOCATION PLAN

Temporary relocation may be necessary during rehabilitation of the units. No households will be permanently displaced by the development activities. Residents that currently occupy apartments will have the choice to move into a different renovated apartment or temporarily move and then move back into their prior apartment. A full relocation plan will be developed and managed by Preservation Management.

ENVIRONMENTAL CONTROLS

An Environmental Site Assessment Phase I and a Hazardous Materials Survey were completed as part of the due diligence process. The only items of note to be aware of and will be accommodated during the construction process are light bulbs that contain hazardous materials and possibly asbestos materials in ceilings of two apartments. Several apartments were identified as having radon levels exceeding 2.0 ppm and will undergo mitigation measures.

COMPREHENSIVE PLAN AND MUNICIPAL CHARTER

The Town of Freeport's most recent comprehensive plan was approved on February 8, 2011. The rehabilitations proposed are in line with the plan's goal of creating and preserving affordable housing in the community. There is no conflict with the comprehensive plan, and the development program complies with Maine law limiting growth-related capital investments. Additionally, the district is not in conflict with the municipal charter.

DISTRICT NOT IN CONFLICT WITH MUNICIPAL CHARTER

The proposed District does not conflict with Freeport's Municipal Charter.

Attachment 8:

Credit Enhancement Agreement or Other Agreement

R

CREDIT ENHANCEMENT AGREEMENT

between

TOWN OF FREEPORT, MAINE

and

FHT WILDEWOOD LP

Dated as of _____, 202__

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CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of _____, 202___, between the TOWN OF FREEPORT (the "Town"), a municipal body corporate and politic and a political subdivision of the State of Maine, and FHT WILDEWOOD LP, a limited partnership duly organized and existing under the laws of the State of Maine, with a place of business in Freeport, Maine (the "Developer").

WITNESSETH:

WHEREAS, the Town designated the Wildewood Apartments Affordable Housing Tax Increment Financing District (the "District") pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes by action of the Freeport Town Council on _____, 202___ (the "Vote"), and pursuant to the same Vote adopted a development program and financial plan for the District (the "Development Program");

WHEREAS the Maine State Housing Authority ("MaineHousing") approved the Development Program by Certificate of Approval dated _____, 202___ (the "Certificate of Approval");

WHEREAS the Town adopted the Development Program and entered into this Agreement in order to induce the Developer to acquire and rehabilitate the Project by enabling the Town to contribute toward the cost of the Project the amounts contemplated by the Development Program and this Agreement;

WHEREAS the Project will create a significant public benefit by providing affordable housing opportunities within the Town;

WHEREAS, in connection with the Development Program, and as contemplated thereby, the Town and the Developer have agreed to execute and deliver this Agreement; and

WHEREAS the Town and the Developer desire and intend that this Agreement be and constitute the credit enhancement agreement contemplated by and described in the Development Program.

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

ARTICLE & DEFINITIONS

Section 1.1. Definitions.

The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise. All other capitalized terms not otherwise defined herein shall have the meaning given such terms in the Development Program.

"Act" means Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

“Agreement” shall mean this Credit Enhancement Agreement dated as of the date set forth above between the Town and the Developer, as such may be amended by the parties from time to time.

“Captured Assessed Value” means the annual percentage of Increased Assessed Value attributable to the Project, retained in the District in each Tax Year during the term of the District, as specified in Section 3.1 hereof.

“Current Assessed Value” means the then current assessed value of the Property located within the District to be determined by the Town’s Assessor as of April 1 of each year that this Agreement remains in effect.

“Developer” shall have the meaning given such term in the first paragraph hereto and shall also mean and include any assignee or successor thereof.

“Developer Project Cost Account” means the account created within the Development Program Fund set aside for the Developer as described in the Financial Plan Section of the Development Program and established and maintained pursuant to the Development Program and Article III hereof.

“Developer Tax Increment Revenues” means in each Tax Year this Agreement is in effect an amount of money equal to the Retained Tax Increment Revenues allocated to the Developer at the times and according to the schedule specified in Section 3.6 hereof.

“Development Program” means the development program and financial plan for the District adopted by the Town and submitted to MSHA by letter dated _____, 202__ (the “TIF Application”), all as modified and approved by the Certificate of Approval.

“Development Program Fund” means the Affordable Housing Development Program Fund described in the Development Program into which the Tax Increment Revenues are to be deposited, established, and maintained pursuant to Article III hereof and 30-A M.R.S.A. § 5250-A(3)(A). The Development Program Fund shall consist of the Project Cost Account and a Sinking Fund Account, if necessary.

“District” shall have the meaning given such term in the recitals hereto, which is more specifically comprised of approximately 4 acres of real property and identified in an attachment to the Development Program and any future improvements to such real property. A copy of the District map is attached hereto as Exhibit 1 for convenience.

“Financial Plan” means the financial plan described in the “Financial Plan” section of the Development Program, including, without limitation, Attachment 7 to the TIF Application, all as may be limited by the Certificate of Approval.

“Fiscal Year” means the time period from July 1 through June 30 (for example, the 2024 Fiscal Year is the period from July 1, 2024, to June 30, 2025).

“HUD” means the U.S. Department of Housing and Urban Development.

“Increased Assessed Value” means for each Fiscal Year during the term of this Agreement, the amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is less than or equal to the Original Assessed Value in any year, there is no Increased Assessed Value in that year.

“Original Assessed Value” means \$2,501,400 the taxable assessed value of the Property designated as the Town’s Tax Map 12, Lot 23 B.

“Project” means four buildings containing 36 residential units and a community building for low-income households, including equipment and furnishings, all located on a +/- 4 acre lot at Elm Street in Freeport, which is known as Wildewood I and II, to be rehabilitated by the Developer, all as further described in the Development Program.

“Project Cost Account” means the account in the Development Program Fund, as further described in the Development Program and established and maintained pursuant to Title 30-A M.R.S.A. § 5250-A(3)(A)(1) and Article III hereof.

“Project Costs” means all costs incurred by the Developer with regard to the Project within the meaning set forth in 30-A M.R.S.A. § 5249, as amended.

“Property” means all real or personal property that is part of the Project now or hereafter located within District, whether or not the Developer owns such Property or is otherwise liable for property taxes imposed and assessed thereon by the Town.

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

“Retained Tax Increment Revenues” means that portion of Property Taxes assessed and collected by the Town on the Captured Assessed Value.

“Tax Payment Date” means the later of the date(s) on which Property Taxes assessed by the Town are due and payable from the owners of the property located within the Town or are actually paid to the Town with respect to taxable property located within the District, or if any such day is not a business day, the next succeeding business day.

“Tax Year” means the period of time beginning on April 1st and ending on the succeeding March 31st.

“Town” shall have the meaning given in the first paragraph hereof.

Section 1.2. Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

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

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

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

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.

(f) If any clause, provision or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or Section shall not affect any of the remaining provisions hereof except as expressly provided in Section 3.4.

ARTICLE II. COVENANTS REGARDING PROJECT CONSTRUCTION

Section 2.1. Total Investment.

The Developer shall acquire and rehabilitate the Project as described in the Development Program and according to the plans and specifications approved by the Town, if any. The parties anticipate that if the Project is rehabilitated in accordance with such plans and specifications, the estimated assessed value upon completion will be approximately \$3,701,400.

Section 2.2. Description of Project. The Project is described in the Development Program.

ARTICLE III. DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 3.1. Creation of Development Program Fund.

The Town hereby confirms the creation and establishment of a segregated account in the name of the Town designated as the “Wildewood Development Program Fund” (hereinafter, the “Development Program Fund”) pursuant to, and in accordance with the terms and conditions of, the Development Program and 30-A M.R.S.A. § 5250(3), as amended from time to time. The Development Program Fund shall consist of a Project Cost Account that is pledged to and charged with the payment of project costs as outlined in the Financial Plan of the Development Program and as provided in 30-A M.R.S.A. § 5250(3)(A)(1), as amended from time to time. All of the Retained Tax Increment Revenues will be allocated to the Developer (the “Developer Tax Increment Revenues”) and shall be deposited into the Developer Project Cost Account.

Section 3.2. Deposits into Development Program Fund.

There shall be deposited into the Development Program Fund contemporaneously with the receipt of each payment of Property Taxes an amount equal to that portion of the Property Tax payment constituting Retained Tax Increment Revenues for the period to which the payment relates.

Any and all revenues, if any, resulting from investment of monies on deposit in the Development Program Fund shall be retained in the Development Program Fund and applied for Development Program purposes relating to the Development Program Fund as prescribed in 30-A M.R.S.A. § 5250-A(3).

Section 3.3. Use of Monies in Account.

All monies in the Development Program Fund that are allocable to and/or deposited in the Developer Project Cost Account shall in all cases be used and applied to fully fund the Town's payment obligations to Developer described in Articles III and IV hereof.

Section 3.4. Monies Held in Trust.

All monies required to be paid into the Developer Project Cost Account under the provisions hereof and the provisions of the Development Program, other than investment earnings thereon, shall be held by the Town, in trust, for the benefit of the Developer.

Section 3.5. Liens.

The Town shall not create any liens, encumbrances or other interests of any nature whatsoever, nor shall it hypothecate the Developer Project Cost Account described in Section 3.1 hereof or any funds therein, other than the interest in favor of the Developer hereunder in and to the amounts on deposit; provided, however, that nothing herein shall prohibit the creation of property tax liens on property in the District in accordance with and entitled to priority pursuant to Maine law.

Section 3.6. Captured Assessed Value; Deposits into Development Program Fund.

Each year during the term of this Agreement, commencing with the Town's 2024 Fiscal Year and continuing thereafter for the next thirty (30) years to and including the Town's 2054 Fiscal Year, the Town shall retain in the District one hundred percent (100%) of the Increased Assessed Value as Captured Assessed Value.

Each year during the term of this Agreement, commencing with the Town's 202__ Fiscal Year and continuing thereafter for thirty (30) years to and including the Town's 205__ Fiscal Year, the Town shall deposit into the Development Program Fund contemporaneously with each payment of Property Taxes during the term of this Agreement an amount equal to one hundred percent (100%) of that portion of the property tax payment constituting Retained Tax Increment Revenues. The Development Program Fund is pledged to and charged with the payment of costs in the manner and priority provided in 30-A M.R.S.A. § 5250-A(3)(B). The Town shall annually allocate an amount equal to no less than one hundred percent (100%) of the amount of the Retained Tax Increment Revenues so deposited in the Development Program Fund to the Developer Project Cost Account.

ARTICLE IV. PAYMENT OBLIGATIONS

Section 4.1. Credit Enhancement Payments.

(a) The Town agrees to pay Developer, within thirty (30) days following each Tax Payment Date, all amounts then on deposit in the Developer Project Cost Account.

(b) Intentionally Deleted.

(c) In the event that the Town is subject to a claim by a third party to pay the Developer Tax Increment Revenues to such third party, Town shall not pay such amount to Developer pursuant to Section 3.1(a) nor to the third party, but shall deposit the Developer Tax Increment Revenues in an amount equal to such amount so claimed (but only to the extent available) into an interest bearing escrow account and shall file an interpleader or other comparable action with a court of competent jurisdiction requesting a ruling to determine whether such Developer Tax Increment Revenues should be paid to Developer or to said third party.

(d) Notwithstanding anything to the contrary herein, if, with respect to any Tax Payment Date, any portion of the Property Taxes assessed against the property in the District remain unpaid, because of a valuation dispute or otherwise, the property taxes actually paid with respect to such Tax Payment Date shall, first be applied to taxes due on account of the Original Assessed Value; and second, shall constitute payment of Property Taxes with respect to the Increased Assessed Value. Notwithstanding anything to the contrary contained herein, in any case where any portion of the property taxes assessed against the District remains unpaid for any reason other than a bona fide valuation dispute, no payment of the Developer's share of the Tax Increment Revenues for the year concerned will be deposited into the Developer Project Cost Account until such property taxes assessed against the District are paid in full.

(e) The Developer is required to undertake the Project as a condition of the Town's payment obligation under this Agreement as evidenced by the issuance of a building permit from the Town for the Project.

Section 4.2. Failure to Make Payment.

In the event the Town should fail to, or be unable to, make any of the payments at the time and in the amount required under the foregoing provisions of this Article IV, the item or installment so unpaid shall continue as a limited obligation of the Town, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid. The Developer shall have the right to initiate and maintain an action to specifically enforce the Town's obligations hereunder, including without limitation, the Town's obligation to deposit Developer Tax Increment Revenues to the Developer Project Cost Account and its obligation to make payment out of the Developer Project Cost Account to the Developer.

Section 4.3. Manner of Payments.

The payments provided for in this Article IV shall be paid directly to the Developer in the manner provided hereinabove by check drawn on the Developer Project Cost Account for the Developer's own use and benefit, which use and benefit shall be consistent with the Development Program, the Act and the Developer's obligations under this Agreement.

Section 4.4. Obligations Unconditional.

Except as otherwise expressly provided in this Agreement, the obligations of the Town to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Developer. Notwithstanding the above, the Town reserves the right to terminate this Agreement upon receipt of a final judgment by a court of competent jurisdiction to the

effect that this Agreement or the Development Program adopted in connection herewith or any payment made thereunder is or would be illegal or invalid. In such event, the termination shall relate back to the original date of the Agreement which shall be deemed *void ab initio*, and neither party shall have any obligations or liability hereunder, under the Development Program or in respect of any of the transactions contemplated thereby, and shall be left in whatever positions, financial or otherwise, they may be in as of the date of termination.

Section 4.5. Limited Obligation.

Notwithstanding anything to the contrary contained herein, the Town's obligations of payment hereunder shall be limited obligations of the Town payable solely from Retained Tax Increment Revenues and any earnings thereon, pledged therefore under this Agreement. The Town's obligations hereunder shall not constitute a general debt or a general obligation on the part of the Town or a charge against or pledge of the faith and credit or taxing power of the Town, but shall be payable solely from the Retained Tax Increment Revenues received by the Town, and any earnings thereon. This Agreement shall not directly or indirectly or contingently obligate the Town to levy or to pledge any form of taxation whatever therefore or to make any appropriation for their payment, excepting the Town's obligation to assess Property Taxes and the pledge of the Retained Tax Increment Revenues established under this Agreement.

ARTICLE V. PLEDGE AND SECURITY INTEREST

Section 5.1. Pledge of Developer Project Cost Account.

In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Developer by the Town, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the Town's covenants and agreements contained herein, the Town does hereby grant a security interest in and pledge to the Developer the Developer Project Cost Account and all sums of money and other securities and investments therein.

Section 5.2. Perfection of Interest.

- (a) To the extent deemed necessary or desirable by the Developer, the Town will at such time and from time to time as requested by Developer establish the Developer Project Cost Account described in Section 3.1 hereof as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein. The cost of establishing and monitoring such a fund shall be borne exclusively by the Developer. In the event such a fund is established under the control of a trustee or fiduciary the Town shall cooperate with the Developer in causing appropriate financing statements and continuation statements naming the Developer as pledgee of all such amounts from time to time on deposit in the fund to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder.

- (b) In the event Developer requires the establishment of a segregated fund in accordance with this Section, the Town's responsibility shall be limited to delivering the amounts required by this Agreement to the escrow agent, trustee or other fiduciary designated by the Developer. The Town shall have no liability for payment over of the funds concerned to the Developer by any such escrow agent, trustee or other fiduciary, or for any misappropriation, investment losses or other losses in the hands of such escrow agent, trustee or other fiduciary. Notwithstanding any change in the identity of the Developer's designated escrow agent, trustee or other fiduciary, the Town shall have no liability for misdelivery of funds if delivered in accordance with Developer's most recent written designation or instructions actually received by the Town.

Section 5.3. Further Instruments.

The Town and the Developer shall, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however that no such instruments or agreements shall pledge the credit of the Town and provided further that the cost of executing and delivering such further instruments (including the reasonable and related costs of counsel to the Town with respect thereto) shall be borne exclusively by the Developer.

Section 5.4. Liens.

Except as permitted hereunder, the Town shall not sell, lease, pledge, assign or otherwise dispose, encumber or hypothecate any interest in the Developer Project Cost Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part thereof not permitted hereby.

Section 5.5. Access to Books and Records.

All books, records and documents in the possession of the Town relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Development Program Fund shall at all reasonable times be open to inspection by the Developer, its agents, lenders and employees. All books, records and documents in the possession of the Developer relating to the District, the Development Program, the Developer's obligations hereunder related to the Project, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Development Program Fund shall at all reasonable times be open to inspection by the Developer, its agents, lenders and employees.

ARTICLE VI. DEFAULTS AND REMEDIES

Section 6.1. Events of Default.

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

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

(b) Any failure by the Town to make deposits into the Developer Project Cost Account as and when due;

(c) Any failure by the Town or the Developer to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the Town or Developer to be observed or performed, which failure is not cured within thirty (30) days following written notice thereof; and

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

(e) If the property in the District is not developed and maintained substantially consistently with MaineHousing requirements and Town ordinances and regulations, and such failure to develop or maintain the property is not cured within thirty (30) days after written notice from the Town to the Developer; and

(f) Any discontinuance of the District property as "affordable housing," pursuant to the definition contained in 30-A M.R.S. § 5246; and

(g) Any discontinuance by Developer of compliance with the Extended Use Agreement and Program Declaration of covenants with MaineHousing which requires affordability of the Project for a minimum of 45 years.

Section 6.2. Remedies on Default.

Whenever any Event of Default described in Section 6.1 hereof shall have occurred and be continuing, the nondefaulting party, following any applicable cure period, shall have all rights and remedies available to it at law or in equity, including the rights and remedies available to a secured party under the laws of the State of Maine, and may take whatever action as may be necessary or desirable to collect the amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the nondefaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder.

Section 6.3. Remedies Cumulative.

No remedy herein conferred upon or reserved by any party is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to the remedy given under this Agreement or now or hereafter existing at law, in equity or by

statute. Delay or omission to exercise any right or power accruing upon any Events of Default or to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon the occurrence of an Event of Default shall not impair any such right or power or be considered or taken as a waiver or relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by the parties hereto with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such Events of Default be continued or repeated.

Section 6.4. Agreement to Pay Attorneys' Fees and Expenses.

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

ARTICLE VII. EFFECTIVE DATE, TERM AND TERMINATION

Section 7.1. Effective Date and Term.

This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof and shall expire on the later of the end of the 205_ Fiscal Year of the Town or upon the performance of all obligations on the part of the Town and the Developer hereunder, unless sooner terminated under Section 4.4 or any other applicable provision contained herein.

Section 7.2. Cancellation and Expiration of Term.

At the termination or other expiration of this Agreement in accordance with the provisions of this Agreement, the Town and the Developer shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

ARTICLE VIII. ASSIGNMENT AND PLEDGE OF DEVELOPER'S INTEREST

Section 8.1. Consent to Pledge, Collateral Assignment or Grant of a Security Interest.

The Town hereby acknowledges that the Developer may pledge and assign its right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Developer to make such assignment or pledge. Recognizing this possibility, the Town does hereby consent and agree to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement and in, and to the payments to be made to Developer hereunder, to third parties as collateral or security for indebtedness related to the

Project, on one or more occasions during the term hereof. The Town agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective pledgee or assignee, including without limitation recognition of the pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such pledgee or assignee the position of such assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 8.2. Assignment.

Except as provided in Section 8.1, this Agreement and the obligations of the Town hereunder are personal to the Developer and may not be assigned or transferred by the Developer except to a successor in title to the Project, without the consent of the Town which consent shall not be unreasonably withheld or delayed. In the event of an assignment, Developer shall pay all legal fees incurred by Town in conjunction with the assignment.

ARTICLE IX. MISCELLANEOUS

Section 9.1. Successors.

(a) In the event the Town or the Developer are dissolved, merged into or consolidated with another entity, or undergo any form of corporate reorganization (other than with respect to any dissolution, merger, consolidation or corporate reorganization solely involving the Developer and any other Developer related to or affiliated with the Developer), the covenants, stipulations, promises and agreements set forth herein, by or on behalf of or for the benefit of such party shall bind or inure to the benefit of the successors and assigns thereof from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of such party shall be transferred, subject to approval of the Town, which consent shall not be unreasonably withheld or delayed.

(b) No consent from the Town shall be required with respect to any dissolution, merger, consolidation or corporate reorganization solely involving the Developer and any other entity related to or affiliated with the Developer. In such case, the covenants, stipulations, promises and agreements set forth herein, by or on behalf of or for the benefit of the Developer shall bind or inure to the benefit of the successors and assigns thereof from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of such party shall be transferred.

Section 9.2. Parties in Interest.

Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Town and the Developer any right, remedy or claim under or by reason of this Agreement, it being intended that this Agreement shall be for the sole and exclusive benefit of the Town and the Developer, and their successors and assigns as allowed under this Agreement; provided, however, that if the payment obligations of the Town to the Developer hereunder are held by a final and binding

proceeding to be illegal or invalid, this Agreement shall terminate. In such event all obligations of the parties shall terminate, and no party shall have any further liability to the other hereunder.

Section 9.3. Severability.

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

Section 9.4. No Personal Liability.

(a) No covenant, stipulation, obligation or agreement of the Town contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the Town in his or her individual capacity and neither the members of the Town Council of the Town, or any official, officer, agent, servant or employee of the Town shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

(b) No covenant, stipulation, obligation or agreement of the Developer contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future director, member, manager, officer, agent, servant or employee of the Developer in his or her individual capacity and neither the directors, members, managers, officers, agents, servants or employees of the Developer shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 9.5. Counterparts.

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

Section 9.6. Governing Law.

The laws of the State of Maine shall govern the construction and enforcement of this Agreement in all respects.

Section 9.7. Notices.

All notices, certificates, requests, requisitions or other communications by the Town or the Developer pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, or, for any notice of an Event of Default, by registered or certified mail, return receipt requested, addressed as follows:

If to the Town:

Town Manager
Town of Freeport
Town Office
30 Main Street
Freeport, ME 04032

With a copy to:

Bernstein Shur
P.O. Box 9729
100 Middle Street
Portland, Maine 04104-5029
Attention: Philip Saucier, Esq.

If to the Developer:

FHT Wildewood LP
c/o Freeport Housing Trust, Inc.
24 South St, Ofc A
Freeport, ME 04032

With a copy to:

Curtis Thaxter LLC
PO Box 7230
Portland, ME 04112
Attn: Maurice A. Selinger, Esq.

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

Section 9.8. Amendments.

Neither this Agreement nor the Development Program may be amended without the express written consent of all of the parties hereto, which consent shall not be unreasonably withheld; provided, however, the parties agree to amend this Agreement in order to fulfill such reasonable

requirement that a lender may require in connection with financing of the Project. This Agreement may only be amended in compliance with the provisions of 30-A M.R.S.A. § 5221 *et seq.*, as amended.

Section 9.9. Integration.

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

Section 9.10. Amendments.

This Agreement may be amended only with the concurring written consent of both of the parties hereto.

Section 9.11. Waiver of Recapture if Agreement Found Void.

In the event this Agreement is found void *ab initio* by a Court of law with final jurisdiction over this Agreement, the Town agrees to waive its rights to recapture all Developer Tax Increment Revenues paid to Developer pursuant to this Agreement.

Section 9.12. Tax Laws and Valuation Agreement.

The parties acknowledge that all laws of the State now in effect or hereafter enacted with respect to taxation of property shall be applicable and that the Town, by entering into this Agreement, is not excusing any non-payment of taxes by Developer. Without limiting the foregoing, the Town and the Developer shall always be entitled to exercise all rights and remedies regarding assessment, abatement, collection and payment of taxes assessed on Developer's property. In addition, the Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates and estimated costs. The Town and the Developer hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise in connection with valuation of or abatement proceedings relating to Developer's property for purposes of ad valorem property taxation or (b) vary the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis. *[remainder of page left blank intentionally—signatures appear on next page]*

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

WITNESS

TOWN OF FREEPORT

By: _____
Sophia Wilson, Town Manager

FHT WILDEWOOD LP, Developer

BY: FHT Holdings, Inc., its General
Partner

By: _____
Matthew Peters, its Authorized
Agent

Addendum 1: Allowable Uses by Town Ordinance

Section 413. Village Commercial “VC-I” *{Amended, Effective 04/27/21}*

A. Purpose:

It is the intent of this District to concentrate commercial activity within the Village Center:

B. Permitted Use

1. Single Family Dwelling (existing as of October 20, 2020) *{Amended, Effective 10/20/20}*

C. Permitted Uses subject to site plan review regardless of size: *{Amended, Effective 04/27/21}*

2. Retail Trade
3. Commercial Recreation, Indoor
4. Business and Professional Offices
5. Arts Center – Indoor and/or Outdoor with or without permanent structures
6. Municipal Facility
7. Private Assembly
8. Public Assembly - Indoor
9. Public Utilities
10. Public or Private School
11. Commercial School
12. Outdoor Recreation School
13. Religious Institution
14. Peddler on Private Property subject to the requirements of Section 526
15. Multiple Family Dwelling
16. Restaurant
17. Restaurant - Carry-Out
18. Visitors’ Center
19. Manufacturing accessory to or associated with a retail trade located in this District
20. Bed and Breakfast Inn
21. Day Care Center Facilities
22. Convenience Store
23. Parking lot
24. Personal Services
25. Parking Structure subject to the standards of Sec. 413.E.4 below
26. Inn – not over 25 rooms and shall be at least two stories high
27. Parking area for open space *{Amended, Effective 12/02/14}*
28. Artisan Food and Beverage *{Effective 12/17/14}*
29. Community Centers and Services *{Amended, Effective 12/18/18}*
30. Mixed Use Development

D. Space Standards:

1. Minimum lot area: 8,000 s.f.
2. Minimum road frontage: None
3. Maximum building height: up to three stories, with a maximum height of 45 feet