



MEMORANDUM

TO: Peter Joseph, Town Manager
Freeport Town Council

FROM: Keith A. McBride, FEDC Executive Director
FEDC Board of Directors

DATE: May 19, 2020

RE: **Affordable Housing TIF Workshop on May 19**

This memo serves to help in the preparation for our workshop between FEDC, the Freeport Town Council and The Freeport Housing Trust on Tuesday, May 19. This workshop is taking place pursuant to the requirements of Freeport's TIF policy. As per the policy, the purpose of the workshop is for the council to get more information on the TIF proposal, and to make a determination of whether or not this is an appropriate use of TIF. FEDC's role is to participate as independent advisors and providers of information.

In preparation for this workshop, a committee appointed by FEDC has met with the applicant to discuss the preliminary application (see attached) and analyzed the proposal. In this memo, I am sharing with you our thoughts on the question of whether or not this is an appropriate 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 this is an appropriate use of TIF to support affordable housing. The town's TIF policy states ten "criteria" for the town to utilize in determining participation in the proposed TIF. I've copied these criteria at the end of this memo for your convenience.

An Affordable Housing TIF (AHTIF) proposal is a very different animal from the typical public infrastructure TIF, like the Concord Gully Brook TIF recently approved by the council. Our town TIF policy, however, requires that AHTIF go through the same process. The town's ordinary TIF criteria do not seem applicable, since they focus on the creation of public infrastructure, job/business retention and economic development.

FEDC's position is that this proposal is an effective method of ensuring that the Quarry Ridge property stays in affordable housing, in partnership with the Freeport Housing Trust. In addition, the property will return to taxable status (it is currently owned by Maine State Housing Authority and is 100% tax exempt.) There is no public infrastructure created in this proposal. The proposal does not call for the capture of any additional TIF revenue for a development fund for municipal projects. There is no other proposed public benefit to this TIF other than the return of the property to taxable status, and the preservation and retention of affordable housing. The town has used Affordable Housing TIFs effectively in the past to support FHT's efforts to make affordable housing options more widely available. If the council considers affordable housing an important public priority, this proposal is an excellent way to play a role in helping FHT accomplish its goals.

I look forward to an in-depth conversation on this matter. Thank you.

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 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."

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."