

Designation and Approval Process

- Municipality shares draft district and development plan proposal with MaineHousing staff for early, informal review. ***We strongly encourage early submission of drafts to ensure that municipal approvals and the later formal application to MaineHousing meet all necessary requirements.***
- Municipality's legislative body designates an Affordable Housing Development District and adopts an associated Affordable Housing Development Program after a 10-day public notice period and hearing.
- Municipality submits a complete application package to MaineHousing for consideration.

Please remember that the date for establishing original assessed value for the district depends on the date of MaineHousing approval. If MaineHousing approval is needed before the end of a given tax year (March 31) in order to establish original assessed value as of March 31 of the prior tax year, a complete application must be received no later than March 15.

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances

Mary Darling, Equal Access Coordinator

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Affordable Housing Tax Increment Financing Program



A flexible financing tool for
incenting development of
affordable housing

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Under a MaineHousing (Maine State Housing Authority) program, municipalities can use tax increment financing (TIF) to assist affordable housing projects and support related infrastructure and facilities, including local schools. TIF is a flexible financing tool and municipalities have considerable discretion on how funds will be used.

A municipality also benefits from using TIF because increased taxable value within a TIF district can be excluded from the municipality's total assessed value. In effect, the municipality can avoid the decreases in state revenue sharing and education subsidies and increases in county taxes that would otherwise result from increases in property values. These avoided impacts are called "tax shifts."

To make use of tax increment financing for affordable housing, a municipality designates an Affordable Housing Development District, approves an associated Affordable Housing Development Program, and applies to MaineHousing for approval.

An Affordable Housing Development District is:

- A specific geographic area.
- Designated for up to 30 years.
- Subject to an approved Affordable Housing Development Program.

An Affordable Housing Development Program includes:

- Development plans for the district.
- Projections of the tax increment revenues available and the amount proposed for "capture" to pay approved project costs.
- Calculation of tax shifts.
- Cost estimates for projects to be funded with tax increment revenues and information on all anticipated funding sources, including any municipal debt.

- Specific uses of tax increment revenues.
- A description of the terms of any credit enhancement or other agreement with the developer.
- Provisions for maintaining housing affordability over time.

The "tax increment" available for use is the incremental tax revenue resulting from development within the district. Up to 100% of the tax increment can be used for approved project costs.

"Original assessed value," the baseline from which incremental taxable value is measured, is established as of March 31 of the tax year preceding MaineHousing's approval of the district.

Key Requirements

- At least 25% of the district area must be suitable for residential use and development within the district must be primarily residential.
- The development program must address an identified community housing need and comply with Maine law regarding growth-related capital investments.

At least 1/3 of the housing units must be for households earning no more than 120% of area median income.

- The affordability of rental units must be maintained for at least 30 years and the affordability of homeownership units must be maintained for at least 10 years.
- The size of the district must not exceed 2% of municipal acreage, and the total of all TIF districts in the municipality (including commercial) must not exceed 5% of municipal acreage.

- Original assessed value of all affordable housing development districts cannot exceed 5% of total municipal value.
- Improvements financed with municipal bonds must be completed within 5 years from the MaineHousing approval date; additional restrictions on municipal debt financing also apply.

Eligible Project Costs

TIF revenues may be used to pay for housing-related costs both within and outside of the district.

Eligible project costs within the district include:

- Capital costs.
- Financing costs.
- Project operating costs.
- Professional service costs.
- Administrative and start-up expenses.
- Costs of recreational and child care facilities.

Eligible project costs outside the district include costs that are related to or made necessary by creation or operation of the district:

- Costs of infrastructure and public safety improvements.
- Costs to mitigate adverse impacts on the community (including costs to local schools).
- Costs to establish permanent housing development revolving loan or investment funds.