

# Potential Senior Affordable Housing Project at Plummer School & Affordable Housing Tax Increment Financing



August 10, 2015

# Overview

- What is the concept for Affordable Senior Housing at the Plummer School?
- How can Town be a potential partner in this project?
- What is Affordable Housing Tax Increment Financing? How does it work and what are the requirements?
- How can TIF funds potentially be used in the Plummer Project?

# Plummer Concept Plan

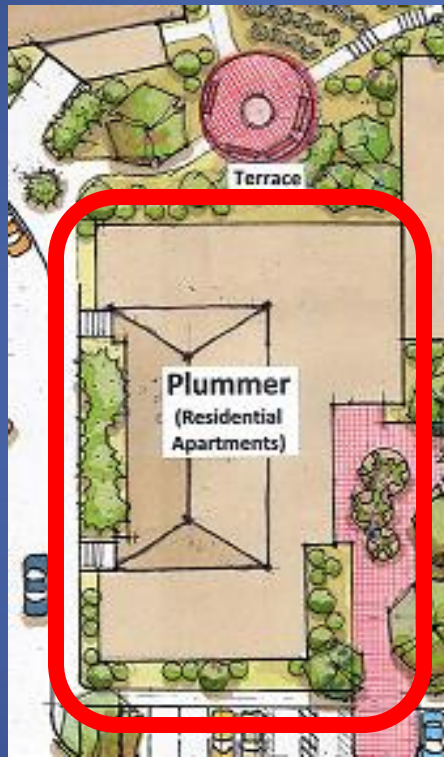




# Potential Senior Affordable Housing Project at Plummer School

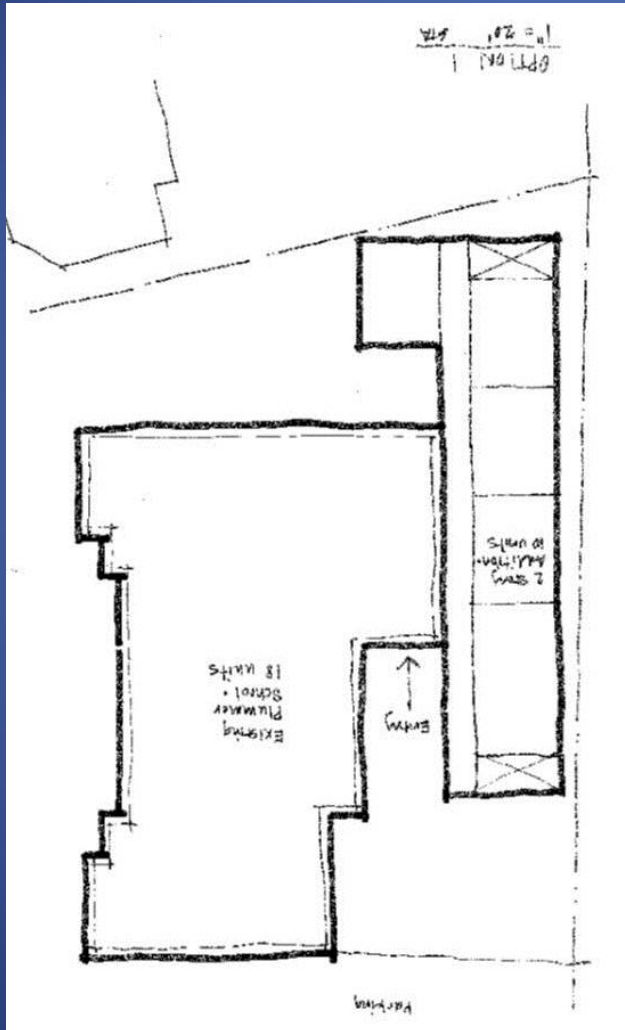
- All construction to be financed by OceanView/Developers Collaborative
- Scope of project: 18-34 units
- Construction Options:
  1. Renovation of Plummer Building
  2. Plummer Renovation + New on-site addition
  3. Plummer Renovation + Larger addition that uses portion of Town-owned Village Green

# Plummer Option 1



Renovation of  
Plummer building:  
**18 units**

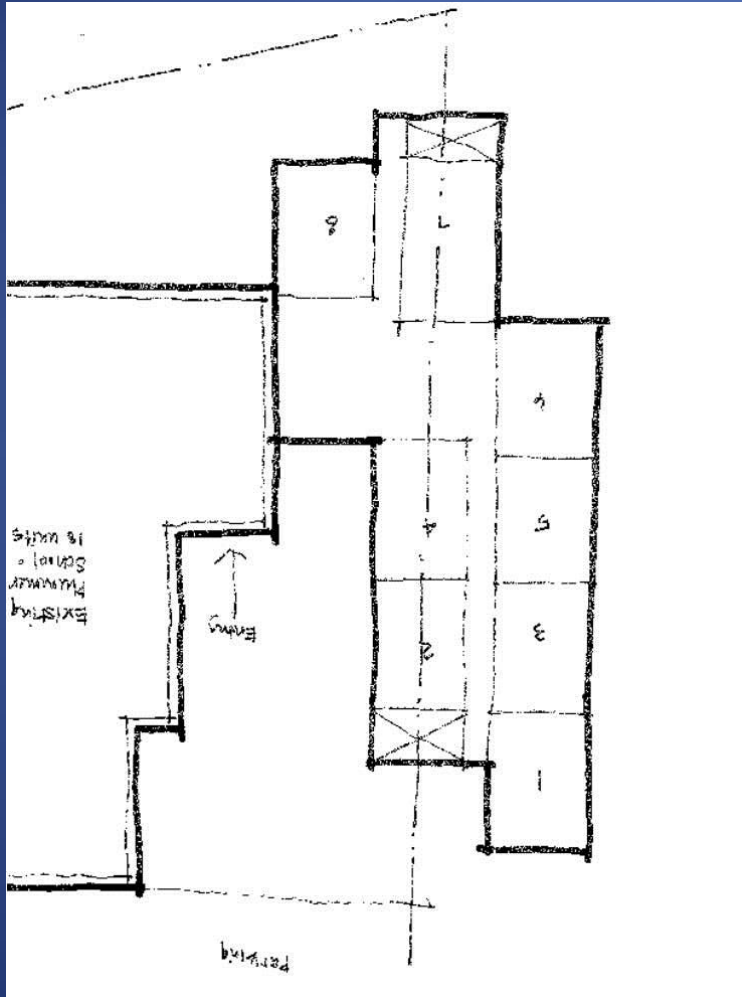
# Plummer Option 2



Renovation of  
Plummer building +  
New Addition within  
Property Line:

**28 units**

# Plummer Option 3



Renovation of  
Plummer building +  
New Addition over  
Property Line:

**34 units**

(Requires transfer of approx.  
0.2 acres of Village Green to  
OceanView)

# Proposed Affordability at Plummer School

- 33% of all units (= 6-11 units) will be kept affordable for 30 years for Plummer residents earning no more than 120% Area Median Income (AMI)
  - 2015 income levels in Falmouth for 2-persons at 120% AMI = \$74,100 (typical tenant will be single female senior)
  - = “base level”, Maine Housing Affordable Housing TIF minimum requirements
- No Affordable Housing TIF
- Private development that is attempting to stay as affordable as possible



# Plummer Concept Plan shows Option 3



Note: The proposed addition would be a little smaller than shown.  
The landscape plan for the Village Green will be updated.

# Potential Role(s) for Town

- Expand scope of this project by selling or transferring 0.2 acres of the Village Green to allow a larger building expansion
- Expand the affordability of this project by using Affordable Housing Tax Increment Financing

# What is Affordable Housing TIF?

- = Financing tool for affordable housing projects and related infrastructure
- Works same as conventional TIF:
  - all, or a portion of, new taxes from an affordable housing project are set aside
  - for up to 30 years
  - to be used for specific, eligible affordable housing purposes
  - Requires Town + MaineHousing approval
- Falmouth Benefit = TIF funds are worth triple the value as the assessed value of the new project is not included in total assessed value of the Town

# Affordable Housing TIF Requirements

- Min. 1/3 of new housing units must be for households earning no more than 120% of Area Median Income (AMI)
  - In Falmouth for family of two
    - 120% AMI = \$74,100
    - 80% AMI = \$49,400
    - 50% AMI = \$30,850
- Rental: Maintain for min. 30 years
- Ownership: Maintain for min. 10 years
- MaineHousing does not prescribe any specific mechanism for meeting affordability requirements
- Town has flexibility to determine the appropriate means for ensuring affordability for the required time

# Eligible Uses of TIF Funds

## Within district \*:

- capital and operating costs of affordable housing and public infrastructure improvements
- related soft costs
- support services for residents of the affordable housing
- costs of recreational and child care facilities

## Outside district:

- infrastructure, public safety, school impact (if those costs are directly related to or made necessary by the establishment or operation of the District, and then only to a proportional extent)
- permanent housing development revolving loan, investment fund

\* District = the geographical limit of the affordable housing project (which can include other parcels, such as Mason-Motz Activity Center)



# Affordable Housing TIFs in Maine

- Since 2004: 31 projects created 1,255 units
  - 47% rental
  - 43% senior rental
  - 10% ownership
- Most typically 50-60% AMI combination
- 11 projects with 30 year TIF (lowest = 15 year)
- 13 projects with 100% capture (lowest = 50%)
- 6 projects share TIF funds with municipality (all had 100% capture)

# Example: 29 Elm Street, Topsham

Most recent Maine TIF project, approved in 2014



Before



After

# Example: 29 Elm Street, Topsham

- 36 units of senior rental housing: 31 1-BR + 5 2-BR
- Low Income Housing Tax Credit (LIHTC) – State government subsidized
- Affordability: 50-60% AMI
- Affordability duration: 45 years
- TIF duration: 18 years
- Captured Assessed Value: 100%
- Estimated revenues: \$684,507 (average: \$38K/year)
- Developer uses 50% of TIF revenues for operating costs (this helps to subsidize rents)
- Town uses 50% of TIF revenues to fund public infrastructure improvements located outside the District (this reduced developer expense/met Town need)

# Key TIF Considerations

## How much money will be available?

- Scope of project (number of units)
- TIF duration (max. 30 years)
- Captured Assessed Value (max. 100%)

## How will TIF funds be used?

- Share of captured value between Developer and Town

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# Potential Use of TIF Funds

## Developer's share can use TIF funds to:

- Increase the number of affordable housing units (more than 33% of all units)
- Increase the level of AMI affordability of any affordable units (less than 120% AMI)
  - In Falmouth for family of two:
    - 80% AMI = \$49,400
    - 50% AMI = \$30,850
- Increase the affordability duration (in excess of 30 years)

All these aspects require Town (and Maine Housing) approval

# Potential Use of TIF Funds

## **Town's share can use TIF funds to:**

- Make additional improvements at Mason-Motz Activity Center
- Pay for required infrastructure improvements

**These aspects also require Town (and Maine Housing) approval**

# Potential TIF Scenario 1

**Note: Falmouth TIF funds are worth triple in value than non-TIF funds (If TIF: use \$3. No TIF: can only use \$1)**

**Developer share: 65% (“\$2”)**

- Use of funds: Increase affordability at Plummer in manner TBD by Town

**Town share: 35% (“\$1”)**

- Use of funds: Make improvements at Mason-Motz Activity Center TBD by Town that are already planned

**Conclusion: TIF scenario 1 will “cost” the Town the same for the Mason-Motz improvements as if there was no TIF.**

# Considerations for Plummer

What is the Council's interest in:

- *Potential transfer of Town property to allow larger Plummer addition?*
- *Potential Town TIF to increase affordability for Plummer seniors and/or fund Mason-Motz improvements?*

# Next steps

If Council's feedback is "yes" to either or both questions, OceanView and staff will return to a future Council meeting with specific financial options for Council consideration, including:

- Size of project/land transfer
- Scope of TIF (duration, share)
- Use of funds (number of affordable units, rental subsidy amounts, length of affordability, Mason-Motz improvements)