

An Act To Improve Affordable Housing Options and Services To Address Homelessness

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 30-A MRSA §5222, sub-§1-C is enacted to read:

1-C. Affordable housing. "Affordable housing" has the same meaning as section 5246, subsection 1.

Sec. 2. 30-A MRSA §5225, sub-§1, ¶A, as amended by PL 2011, c. 101, §12, is further amended to read:

A. Costs of improvements made within the tax increment financing district, including, but not limited to:

(1) Capital costs, including, but not limited to:

(a) The acquisition or construction of land, improvements, public ways, buildings, structures, fixtures and equipment for public, arts district, new or existing recreational trail, commercial or transit-oriented development district use.

(i) Eligible transit-oriented development district capital costs include but are not limited to: transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; benches, signs and other transit-related infrastructure; bicycle lane construction and other bicycle-related improvements; pedestrian improvements such as crosswalks, crosswalk signals and warning systems and crosswalk curb treatments; and the nonresidential commercial portions of transit-oriented development projects.

(ii) Eligible recreational trail-related development district capital costs include but are not limited to new or existing trails, including bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses, signs, crosswalks, signals and warning systems and other related improvements.

(iii) Eligible development district capital costs for public ways include but are not limited to scenic turnouts, signs, railing and other related improvements;

(b) The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;

(c) Site preparation and finishing work; and

(d) All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;

(2) Financing costs, including, but not limited to, closing costs, issuance costs and interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of that indebtedness because of the redemption of the obligations before maturity;

(3) Real property assembly costs;

(4) Professional service costs, including, but not limited to, licensing, architectural, planning, engineering and legal expenses;

(5) Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal or plantation employees in connection with the implementation of a development program;

- (6) Relocation costs, including, but not limited to, relocation payments made following condemnation;
- (7) Organizational costs relating to the establishment of the district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of development districts and the implementation of project plans; ~~and~~
- (8) In the case of transit-oriented development districts, ongoing costs of adding to an existing transit system or creating a new transit service and limited strictly to transit operator salaries, transit vehicle fuel and transit vehicle parts replacements; and
- (9) Authorized project costs of affordable housing described in section 5249 notwithstanding that such costs are not within an affordable housing development district as defined in section 5246, subsection 2.

Sec. 3. 30-A MRSA §5225, sub-§1, ¶B, as amended by PL 2019, c. 148, §2, is further amended to read:

B. Costs of improvements that are made outside the tax increment financing district but are directly related to or are made necessary by the establishment or operation of the district, including, but not limited to:

- (1) Costs related to the construction, alteration or expansion of any facilities not located within the district that are required due to improvements or activities within the district, including, but not limited to, sewage treatment plants, water treatment plants or other environmental protection devices; storm or sanitary sewer lines; water lines; electrical lines; improvements to public safety facilities; and amenities on streets;
- (2) Costs of public safety improvements related to the establishment of the district; ~~and~~
- (3) Costs of funding to mitigate any adverse impact of the district upon the municipality or plantation and its constituents. This funding may be used for public facilities and improvements if:
 - (a) The public facilities or improvements are located in a downtown tax increment financing district; and
 - (b) The entire tax increment from the downtown tax increment financing district is committed to the development program of the tax increment financing district; and
- (4) Authorized project costs of affordable housing described in section 5249 in support of municipal economic development activities notwithstanding that such costs are not within an affordable housing development district as defined in section 5246, subsection 2;

Sec. 4. 30-A MRSA §5225, sub-§1, ¶C, as amended by PL 2019, c. 604, §3 and c. 625, §3, is repealed and the following enacted in its place:

C. Costs related to economic development, environmental improvements, fisheries and wildlife or marine resources projects, recreational trails, broadband service development, expansion or improvement, including connecting to broadband service outside the tax increment financing district, employment training or the promotion of workforce development and retention within the municipality or plantation, including, but not limited to:

- (1) Costs of funding economic development programs or events developed by the municipality or plantation or funding the marketing of the municipality or plantation as a business or arts location;
- (2) Costs of funding environmental improvement projects developed by the municipality or plantation for commercial or arts district use or related to such activities;

(3) Funding to establish permanent economic development revolving loan funds, investment funds and grants;

(4) Costs of services and equipment to provide skills development and training, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained in the municipality or plantation. These costs must be designated as training funds in the development program;

(5) Costs associated with quality child care facilities and adult care facilities, including finance costs and construction, staffing, training, certification and accreditation costs related to child care and adult care;

(6) Costs associated with new or existing recreational trails determined by the department to have significant potential to promote economic development, including, but not limited to, costs for multiple projects and project phases that may include planning, design, construction, maintenance, grooming and improvements with respect to new or existing recreational trails, which may include bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses;

(7) Costs associated with a new or expanded transit service, limited to:

(a) Transit service capital costs, including but not limited to: transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; and benches, signs and other transit-related infrastructure; and

(b) In the case of transit-oriented development districts, ongoing costs of adding to an existing transit system or creating a new transit service and limited strictly to transit operator salaries, transit vehicle fuel and transit vehicle parts replacements;

(8) Costs associated with the development of fisheries and wildlife or marine resources projects;

(9) Costs related to the construction or operation of municipal or plantation public safety facilities, the need for which is related to general economic development within the municipality or plantation, not to exceed 15% of the captured assessed value of the development district; and

(10) Costs associated with broadband and fiber optics expansion projects, including preparation, planning, engineering and other related costs in addition to the construction costs of those projects. If an area within a municipality or plantation is unserved with respect to broadband service, as defined by the ConnectMaine Authority as provided in Title 35-A, section 9204-A, subsection 1, broadband and fiber optics expansion projects may serve residential or other nonbusiness or noncommercial areas in addition to business or commercial areas within the municipality or plantation;

(11) Costs associated with the operation and financial support of:

(a) Affordable housing in the municipality or plantation to serve ongoing economic development efforts, including the further development of downtown districts; and

(b) Housing programs and services to assist those who are homeless in the municipality or plantation as defined in the municipality's or plantation's development program;

Sec. 5. 30-A MRSA §5225, sub-§1, ¶D, as amended by PL 2011, c. 101, §15, is further amended to read:

D. Costs of constructing or improving facilities or buildings leased by State Government or a municipal or plantation government that are located in approved downtown tax increment financing districts; and

Sec. 6. 30-A MRSA §5225, sub-§1, ¶E is enacted to read:

E. Costs associated with the development and operation of affordable housing or housing services for persons who are homeless as defined in the municipality's or plantation's development program.

SUMMARY

This bill permits tax increment financing to be used by a municipality to cover costs associated with the development of affordable housing in and outside development districts and for the use in supporting housing services for persons who are homeless. The bill also corrects a conflict in the Maine Revised Statutes, Title 30-A, section 5225, subsection 1, paragraph C, which was amended by Public Law 2019, chapter 604 and chapter 625, by incorporating the changes made by both laws.

EXPLANATION OF CHANGES IN REVISED VERSION OF LD 953

1. A definition of “affordable housing” is added that cross-references to the definition in the affordable housing TIF statute.
2. §5225, sub-§1, paragraph A, lists the authorized project costs within a TIF district. Subparagraphs (1) through (8) of paragraph A are very similar to the list of authorized project costs for affordable housing set forth in §5249 of the affordable housing TIF statute. The revision adds affordable housing as an eligible cost within a TIF district by creating a new subparagraph (9) rather than adding it just to the capital costs in subparagraph (1). Subparagraph (9) cross-references to the entire list of authorized project costs in §5249 and makes them eligible notwithstanding that the costs are not within an affordable housing development district as defined in the affordable housing TIF statute.
3. The eligible list of project costs for affordable housing outside the TIF district in §5225, sub-§1, paragraph B is expanded similarly by cross-referencing to the entire list in §5249 of the affordable housing TIF statute.
4. The addition of costs associated with affordable housing and homeless programs and services in §5225, sub-§1, paragraph C, subparagraph (11) is narrowed to costs for operation and financial support. To be consistent with the rest of the subparagraphs, references to “municipality” are expanded to include “plantation”.
5. Persons included in the category of “homeless” under §5225, sub-§1, paragraphs C and E shall be defined in the municipality’s or plantation’s development program.
6. The limitation in §5225, sub-§1, paragraph E that costs associated with housing and housing services for homeless persons be “for the purpose of providing an incentive for development in the municipality” is deleted. The broader overall purposes for the TIF program are already set forth in §5221.