

# **Town of Brunswick**

## **Affordable Housing Support Fund**

### **Background**

The Town of Brunswick, similar to the State of Maine and Nation, is experiencing an affordable housing crisis. There is a lack of supply across all housing types resulting in fewer housing choices offered in our community. The lack of housing options is impacting the current housing stock that could be available as affordable housing because the higher-income earners occupy the lower-cost residential units as a function of the extremely limited options. Construction of new residential units over the past two decades has been low and the construction of affordable “starter-homes” is almost non-existent. To complicate matters further, the increasing costs of building materials and rising interest rates are creating financial barriers to building new housing to support the current and future demand across the socioeconomic spectrum of households.

There is a role for local, state and federal governments to play to enable the flow of private capital into housing development to address the housing crisis through public-private partnerships. The Affordable Housing Support Fund (AHSF) is a financial economic development incentive tool that could help to fill the funding gaps in housing development projects. This public investment will help the State to leverage private financing of projects that bring a purposeful public benefit – quality, affordable housing choices.

### **Purpose**

The purpose of the Affordable Housing Support Fund (AHSF) is to provide funding for shovel-ready housing development projects as a pathway to realizing more affordable rental and homeownership units in the Town of Brunswick. Improving housing outcomes for our community requires a multifaceted approach and this funding mechanism would allow for targeted assistance. The Affordable Housing Support Fund will be accounted for as a special revenue fund. The balance in the fund will carry forward from year to year; no interest will accrue to the fund.

### **Guidelines for the AHSF**

The intent for AHSF is to support investment in affordable housing across the housing continuum that is determined to be a public benefit.

The goals for establishing an Affordable Housing Support Fund include:

- To support the construction of affordable housing through targeted investments in land acquisition and infrastructure improvements;
- To support Brunswick’s Comprehensive Plan, and other related Town Plans and Policies;
- To assist the Housing Committee with implementation of its action plan; and
- To stimulate and leverage private sector investment in housing development that serves households at or below 80% Area Median Income (AMI).

## **Application, Project Review & Approval Process**

A three-step application and approval process are required to review a request of AHSF financial assistance for a proposed housing project.

### ***Submission of an Application for Funding***

An application for funding from the AHSF should be submitted to the Director of Economic & Community Development and must include the following items:

1. Project Narrative/Development Proposal
2. Preliminary Site Plan (meeting the requirements for Sketch Plan Application)
3. Financial Documents (Development Budget, Source & Uses, Rent Roll, and Proforma)
4. Project Schedule
5. Company profile and relevant experience in building new housing, adaptive reuse, and infill development
6. Other pertinent information as requested by Town staff

### ***Review and Analysis by Staff in Economic Development, Planning, Finance and Town Manager's Office***

1. Analysis of financial documents to establish the need for public assistance
2. Determination of Public Benefit
3. Recommendation to Town Council

### ***Public Process for AHSF Award of Funding***

Notwithstanding these guidelines, the decision to make a funding award will be made by the Town Council on a case-by-case basis after holding a public hearing. Obtaining an award is not a right under Maine law, and meeting these guidelines should not be interpreted as creating any rights or entitlements in the submission of an application.

An award from the Town of Brunswick for AHSF funding to compensate a developer for an approved development project costs will take the form of a contract between the municipality and developer; funds must be used for the intended purpose within 18 months of approval of the funding request. Time extensions may be granted upon review and approval.

### **Application process**

The Director of Economic & Community Development will coordinate all activities regarding applications and will assist the applicant throughout the process. The terms and specific details of each AHSF project award will be developed on a case-by-case basis. The Town Manager or designee will negotiate with the applicant based on the merits of the project and these guidelines following the process laid out in this document. All representations of Town staff are subject to approval by the Town Council.

Applicants for awards of AHSF funding are subject to the following provisions:

1. *Application fee.* All applicants shall pay a non-refundable application fee of \$500 at the time of application.
2. *Documentation.* The following documentation shall be included in all applications for AHSF funding:

1. An executed application with items as described in the guidelines;
2. All financial disclosures, reporting, and other documentation as the Town of Brunswick and/or what their legal counsel may require
3. *Capacity.* The applicant must demonstrate financial capacity to undertake the project. All financial disclosure reviews and financial capacity determinations will be conducted by the Director of Economic & Community Development. The applicant must be compliant with all statutory and regulatory guidelines of the Town of Brunswick and the State of Maine. The applicant shall not have engaged in illegal or unfair labor and employment practices; unsafe employment practices; or adverse or illegal environmental practices.
4. *Terms.* The specific terms of each AHSF project award are negotiated on a case-by-case basis between the Town and the applicant. As a general guideline, the total payment obligations from the Town to the applicant for any AHSF request should:
  1. Be less than any stated financing gap as set forth in an applicant's proposed project and financial plan;
5. *Costs and fees.* All applicants shall pay for the Town of Brunswick's legal fees and any other out-of-pocket costs associated with the review and approval of AHSF project award request, regardless of whether it is approved or not.
6. *Performance reporting.* All AHSF awardees shall provide yearly reports of compliance to the affordability thresholds/conditions set out in the agreement between the Town and applicant; the reports and documentation should be in a form satisfactory to the Town supporting an applicant's performance and compliance with the terms set forth in any agreement.

### **Review - General priorities**

The Economic Development Director, Finance Director, Planning Director and Town Manager will review AHSF applications and present to the Town Council or a Council Committee. Town Council or Committee will have the opportunity to request a presentation from the applicant prior to the public hearing and will vote to approve the funding request.

When considering an application for AHSF funding, the Town will prioritize the following elements/factors of the proposed housing development project:

1. Project is located in a growth district and maximizes density where appropriate;
2. Provides a minimum of 15 percent of the new residential units as affordable serving households at or below 80% AMI;
3. Demonstrate and meet the "but-for" test that determines financial need;
4. Provides needed affordable, work-force or market-rate housing;
5. Project is approximate to services and public transportation;
6. Creates public infrastructure facilities that have application beyond the particular development;
7. Supports an emerging or growing business sector, as identified in the Maine Council of Governments Comprehensive Economic Development Strategy (CEDS);
8. Introduces a unique or prestigious opportunity;
9. Improves the local economy;
10. Broadens the tax base;

11. Improves blighted areas, particularly in areas of focus such as those identified in the Town's Comprehensive Plan, the Cook's Corner Commercial Corridor Revitalization Plan, and the Master Plan on Downtown Brunswick and the Outer Pleasant Street Corridor;
12. Creates public benefits for other residents, workers and/or businesses

### **Review - Eligibility and Level of Assistance**

The Town will consider the following criteria in determining eligibility for funding:

1. The housing project would not occur otherwise (meets the 'but-for' test);
2. Expands the Town's tax base and brings vacant land/property into productive use;
3. Conforms to the quality and types of housing development sought by the Town as outlined in the Zoning Ordinances, Comprehensive Plan, and other plans and policies adopted by the Town Council;
4. Aligns with Housing Committee Action Plan

The following factors shall be considered in determining the level of participation by the Town of Brunswick:

1. The project creates long-term, permanent and quality housing opportunities;
2. The project significantly contributes to better housing outcomes;
3. The project improves a blighted building site in need of rehabilitation;
4. The project brings an under-utilized site or vacant property into productive use;
5. The project creates public infrastructure facilities that have application beyond the particular development such as improvements to utilities, telecommunications, traffic patterns, parking facilities, public restrooms, green infrastructure, etc.;
6. The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers;
7. The project supports or will support local efforts and programs that assist those who are under-employed or low to moderate income (LMI); and
8. The applicant has a responsible history with property tax payment and pledges the continued responsibility.

### **AHSF Agreement**

Upon approval by the Town Council, the AHSF applicant and the Town will execute an agreement defining the terms and conditions of the terms and conditions of the award. The terms and conditions will include, but are not limited to:

1. Parcel identification and project description
2. Term and performance standards;
3. Annual verification and reporting requirements;
4. Timing of use of public subsidy (12 months)
5. Defaults and remedies
6. Any other provisions deemed necessary by the Town