

**Chapter 31: AFFORDABLE HOUSING DEVELOPMENT DISTRICT -
RECOVERY OF PUBLIC REVENUE**

Summary: Subject to the satisfaction of certain conditions and the approval of the Maine State Housing Authority, municipalities may create affordable housing development districts within their corporate limits. A municipality that creates an affordable housing development district benefits from the use of increased property values relating to the district without any offsets to the municipality's State revenue sharing and education subsidies or increase in county taxes. In the event that an affordable housing development district fails to continue satisfying conditions of its creation, this rule provides for the recovery of public revenue resulting from these beneficial tax shifts.

1. **Definitions.** The following terms shall have the following meanings:
 - A. "Affordable Housing" means a decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 120 percent of the median income for the area as defined by the United States Department of Housing and Urban Development.
 - B. "Affordable Housing Development District" means a specified area within the corporate limits of a municipality that has been designated as such in accordance with the provisions of Sections 5247 and 5250 of Title 30-A M.R.S.A. for a duration of up to 30 years and that is developed under an Affordable Housing Development Program and financed under Section 5250-A of Title 30-A M.R.S.A.
 - C. "Affordable Housing Development Program" means a statement of means and objectives designed to encourage the development and maintenance of Affordable Housing within an Affordable Housing Development District.
 - D. "Authority" means the Maine State Housing Authority.
 - E. "Captured Assessed Value" means the amount of Increased Assessed Value that is utilized from year to year to finance the Project Costs contained in the Affordable Housing Development Program.
 - F. "Current Assessed Value" means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the Affordable Housing Development District is in effect.
 - G. "Director" means the Director of the Authority.
 - H. "District" means an Affordable Housing Development District.
 - I. "Increased Assessed Value" means the valuation amount by which the Current Assessed Value of an Affordable Housing Development District exceeds the Original Assessed Value of the District.

- J. "Original Assessed Value" means the assessed value of an Affordable Housing Development District as of March 31st of the tax year preceding the year in which it was designated.
- K. "Project Costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by Section 5249 of Title 30-A M.R.S.A. and included in the Affordable Housing Development Program.
- L. "Tax Shifts" means the effect on a municipality's State revenue sharing, education subsidies and county tax obligations that results from the designation of an Affordable Housing Development District and from Captured Assessed Value.

2. Recovery of Public Revenue

- a. For any period of time during which conditions for approval of an Affordable Housing Development District of continuing applicability after approval of the District by the Director were not maintained, the municipality where the District is located shall not claim for that period of noncompliance the corresponding amount of local valuation as Captured Assessed Value on the municipal valuation return that the municipality is required to file with Maine Revenue Services pursuant to 36 M.R.S.A. Section 383.
 - b. For any period of noncompliance with conditions of approval of an Affordable Housing Development District for which the municipality where the District is located has claimed the corresponding amount of local valuation as Captured Assessed Value on the municipal valuation return filed with Maine Revenue Services for that period, the municipality is liable to the Authority and shall pay to the Authority, on demand, the value of the Tax Shifts benefiting the municipality during the period of the noncompliance. The Authority may, in its discretion, waive events of noncompliance that are insubstantial or that are being corrected diligently and in good faith or for other reasons satisfactory to the Authority.
 - c. The Authority shall take those steps necessary to recover the value of the Tax Shifts as provided in Section 2.b of this rule. Nothing in this rule precludes a municipality from recovering such amounts from a developer, owner, or sponsor of Affordable Housing or other responsible entity to the extent permitted by applicable law.
 - d. The Authority shall remit to the Treasurer, State of Maine, amounts recovered from a municipality that represent the value of the Tax Shifts described in Section 2.b of this rule.
 - e. A municipality seeking approval of an Affordable Housing Development District by the Director shall be required, as an additional condition of such approval, to enter into a binding agreement with the Authority in which the municipality expressly agrees to be bound by terms and conditions substantially similar to those set forth in this rule.
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STATUTORY AUTHORITY: 30-A M.R.S.A. §§5250-E.2, 4741.1.

EFFECTIVE DATE:

June 19, 2004 - filing 2004-160, major substantive