

Islesboro Housing Committee
Regular Meeting
Tuesday, December 19, 2024
In-Person Meeting at 5:00 PM, Town Office

APPROVED
1/16/25

MINUTES

1. Call to Order

Chair Mike Nelson called the meeting to order at 5:07 PM.

2. Establishment of a Quorum

Quorum was established with over 3 members present

Members Present: Chair Mike Nelson, Tom Tutor, Cate Blackford, and Melissa Burns, Ex Officio.

Members Absent: Susan West and Ginnie Hess

Others Present: None

3. Approval of minutes of October 10, 2024

Motion: To approve Minutes of October 10, 2024, as written, C. Blackford, seconded by M. Burns. No discussion. Motion passed, 3 yes, 0 no, Unanimous.

4. Tax Increment Financing (TIF)

- Mike stated that Pete Anderson from Islesboro Affordable Properties (IAP) was at the last Housing Committee meeting.
- Janet hadn't really taken a hard look at TIF info, so Mike talked with her today.
- TIFs are difficult to do in a small town. Two things come up. 1. Can you afford to take some of those tax dollars and funnel it back? 2. Whatever you funnel back isn't a lot that's going to be a big incentive. Janet agreed with that, and there wasn't a lot of Town enthusiasm.
- Cate stated she followed up with Maine Housing after they sent the FAQ. She asked if they have data on the efficacy of TIFs in small communities; they did not. Instead, they sent an approved list of TIF districts that Maine Housing had approved and were used for a housing purpose. There was only one in a community as small as Islesboro, in Hartland, and they used it to fund senior housing. It was created in 2020, and will expire in 2045. Cate found in the comp plan for the Town of Hartland that they had a TIF in 2016, but couldn't find any data on it. Most other TIFs on the list were for towns of at least 5,000 people.
- Tom stated that when the first two Town Centers were created on Islesboro, there was some conversation about TIFs. Vern Ziegler was encouraging that we try that. We wouldn't be taking any existing revenue from the Town; we would only be trying to collect on the additional valuation after the formation of the TIF, but that may not amount to much. We now have three Town Centers. The valuations of properties within those districts will go up to some extent. If the valuations went up 10% in five years, then the 10% of the actual tax revenue from those areas wouldn't be a lot.
- Melissa stated that it was her understanding that we could turn all of the IAP properties into TIF properties. They would then have the opportunity to get that money back to help them build more.
- Mike explained that a TIF can be all, or a piece of, your tax.

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- Cate clarified that a TIF can be established only on new revenue. If the new Town Center up-island had a proposed housing development, you could designate a certain geographic area or certain lots as being part of the TIF, and then any property tax revenue generated after that designation. It could be all of it if it's a new development, or if we did it for the Ruthie James and the new development that's going in next to it, then it would be any increases in the property taxes from the existing, and any new property taxes from the new houses. The Town could designate that this is going to the debt service, and the town is basically taking out this bond to contribute to the development. Then the town uses the tax increment revenue to pay off the debt service of the bond.
- Mike gave an example of a ballpark estimate with the existing IAP houses. If the valuation goes up 10%, how much of that 10% is then available? 10% of the 10%, or 50% or 100%? Cate stated it's often 100% of the new revenue. It's up to the town. Tom added that it can be purposed for anything that benefits the community. It doesn't have to be about paying off debt, it can be about building a playground. Mike gave an example of an entity that was using the TIF to fund additional housing.
- Melissa asked if the towns have to control it, if it's going to debt service. Cate answered that TIFs can have a wide variety of uses, and are used for economic development and housing most often, but the town can pass it through. It doesn't have to be controlled by the town, but the entity using the funding has to be nonprofit. So, we could give the money to IAP to help them develop more houses. It would be like a Town contribution, and it's a funding source that IAP would rely on as part of a layer cake of all the different funding they're putting together.
- In the case of a small town, the TIF wouldn't provide much revenue. This is why they tend to be used more for paying off the debt service, so you have the upfront capital.
- In Mike's conversations with Janet and Shey, no one saw this as a panacea to anything. It would be up to IAP to drive it.
- Tom stated he'd be willing to support putting all Town Centers into a TIF and using that money to supplement year-round workforce housing. If that would mean that the town would fund into IAP, that would be okay. How could we have it be a motivator for a local contractor to build a house?
- Melissa stated that the Select Board has heard a lot of feedback from citizens about the increase in taxes, increase in valuations, and perceived decrease in services. The townspeople might not approve of funds being held for a private builder, as opposed to a non-profit. Mike replied that the beneficiary, such as IAP, is the non-profit, the builder doesn't have to be non-profit.
- Cate stated that it feels like we have this great new zoning, which theoretically could allow some housing density, which would provide for more revenue, and which would create more flexibility in what we could do with the revenue. However, septic requirements are the major barriers to housing density. What kind of water treatment systems would make sense in two of the Town Centers?
- Tom suggested pre-treatment systems. The Tarratine Club has one; they don't have enough room for a conventional leach field, so with the pre-treatment system, they have a reduced leach field. They are not expensive these days. They are site specific. It's not like a large system that requires special infrastructure. The individual landowner buys a small pre-treatment system, then the square footage for the septic field is about 10% of a conventional one.
- Cate asked about the previous discussion about composting toilets and greywater systems. Mike said he talked with Dave Dyer about it. Dave said composting toilets are allowed, but it has to go through the normal review, and the greywater system has to meet all the requirements. There's a resale

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implication. Ginnie was saying that the land still has to perk, and the property needs to meet all of the criteria for conventional septic. Cate asked if this means you can't add density to the property beyond the septic capabilities, and would we need a wastewater treatment system to increase density? This is correct.

- Tom clarified that he understands that the benefit with a pre-treatment system and a significantly reduced leach field, is the distance between the well head and the septic system requirement. You could shoe-horn a passable system, because the leach field is reduced in size, and the geometry of it allows it to fit on a smaller lot.
- Tom believes the overall cost differential is not huge. Tom will investigate.
- Cate stated that we need to keep digging into this to find out about the different opportunities for our Town Centers, and if septic is the primary barrier to utilizing the density.
- Cate has call with someone on the Dark Harbor Waste Water Treatment Committee. She wants to find out how they funded the renovations last year, and how the system operates.
- Melissa explained that it's a very old system that is funded through the Town. It only supports about 20-30 houses.
- Mike described a totally enclosed wastewater system he learned about.
- Cate will look into other towns in Maine that are exploring different options, or have done any research we can benefit from, regarding supplementing local septic.
- Melissa mentioned Stonington. In Hancock County, there are towns that are deciding to get into the housing market. Stonington has sectioned off some town-owned property, and developing mobile home parks that the town will run. Half of them will be for affordable properties; they've gotten grants, and rent will be on a sliding scale, and then there's another section where people buy the trailer and move it in, and a section for modular homes. The town is doing this, so they have more options. Islesboro has a lack of staffing at the Town Office, so that kneecaps a lot.
- It may be worth exploring having the Town own something. Melissa stated she previously suggested having the Town take over foreclosed properties, but was met with a very stern no. Tom stated things should evolve here according to need.
- Cate stated she thinks it's Vinalhaven that has the "Come check out the island" housing program. That seems like it could be geared toward workforce and not affordable housing. Perhaps there's an opportunity to have people come out and try living on the island to understand how amazing it is without making a big commitment.
- Mike stated that he and Nancy Alexander are the Islesboro representatives for the Maine Islands Coalition. There will be a meeting in early January. Mike will make a point to talk with some of those people about what they are doing.

5. Midcoast Council of Governments (MCOG) Activity.

- Mike reported that the MCOG Housing Working Group is having trouble getting traction.
- They have applied for an EPA grant for replacing mobile homes. They hope to find out soon if they got this grant.
- Waldo Community Action Program (WCAP) is getting grant that will allow them to establish a housing authority.

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- In both of these opportunities, the issue for Islesboro is to make sure we're a voice that's heard. There's a perception that Islesboro is a bunch of wealthy people.
- Melissa suggested that perhaps WCAP could manage TIFs and applications. This would take the burden off the Town Office. Cate believes TIFs have to be managed by the municipality. It depends on what kind of powers they want to give the housing authority. Housing authorities typically distribute vouchers and develop housing. If they become a developer that could then support IAP and other local developers, that could be interesting.
- WCAP clearly has decent funding. They recently bought University of Maine building in Belfast for \$3M.
- Mike reported that he went to a semi-annual MCOG meeting where the keynote speaker was the Maine State economist. Every county has fallen below median in the affordability index, and is in the red for affordability. They look at incomes, property costs, and maintenance costs. The overwhelming majority of people in Maine who own a house could not afford to buy the house that they are in today.
- Maine has the oldest population in the country, and Waldo County has the oldest population in Maine.
- Cate stated that Dan's article in the paper said 38% of Islesboro is above the age of 60 or 65. That could make us the oldest town in the oldest county in the oldest state.
- 60% of the population in Maine is in the workforce. Of the 60%, 97% are employed. That's why we don't have people to work on things. The mid-coast is suffering with this. Of the 40% that are not in the workforce, half have retired. The other half are people who choose not to work, or kids, etc.
- MCOG Housing Group will be meeting January 7th.

6. Update on Grant Research

- Melissa reported that she is waiting on the Jenn Hayden report. They had a committee chair meeting. We're trying to figure out who has a hard copy of the report. Melissa will talk to Janet.
- Regarding the IAP grant, there's a deadline for getting the shovel in the ground. Cate is concerned that Maine Housing keeps changing the goal posts. There's an unresolved boundary issue.

7. Comments from Visitors

- None.

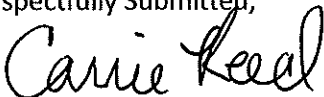
8. Next meeting date

- Next meeting Thurs, January 16, 5:00 PM.

9. Adjourn

Motion by C. Blackford, seconded by T. Tutor, to adjourn at 6:02 PM. Roll Call. Motion passed, 3 yes, 0 no, Unanimous.

Respectfully Submitted,



Carrie Reed, Secretary