

APPROVAL OF TAX INCREMENT FINANCING AGREEMENT

ARTICLE 16. To see if the Town will vote, pursuant to Massachusetts General Laws, c. 40, §59 and c. 23A, and the applicable regulations thereunder, as follows, or take any other action relative thereto:

1. Approve a Tax Increment Financing Agreement between the Town and Concord Heights ALF, Limited Partnership, **for a term not to exceed 10 years and** substantially in the form as will be placed on file with the Town Clerk prior to the public hearing on this Article (entitled “The Junction Village Affordable Housing TIF Agreement” or as used herein the “TIF Agreement”), for property located at 6X Winthrop Street, (Assessor Parcel ID# 102672), which TIF Agreement provides for real estate tax exemptions and personal property tax exemptions at the exemption rate schedule set forth therein;
2.

[This amendment would place a 10-year time limit on the TIF agreement. The current memorandum of understanding between the Town and Grantham (the Developer) that supports the TIF contains a 15-year time limit, which is too long. The TIF term should be reduced to no more than 10 years. Why?

- 1) *This amendment is offered to reflect a more fiscally prudent approach to limiting the Town’s financial support of the proposed Junction Village affordable assisted living development, to be located off Commonwealth Avenue. A TIF is essentially a tax break, which precludes the Town from collecting a certain amount of property taxes from the Developer. This reflects foregone tax revenues which the Town could otherwise use for community services.*
- 2) *The Town has already designated \$2 million in support for this project.*
 - *\$1 million from Free Cash (2017) and*
 - *\$1 million from Community Preservation Act funds (2017, 2018, and 2019).*
- 3) *The Developer has been awarded over \$10 million in state and federal funds already for this project.*
 - *\$7,500,000 in federal low income housing tax credits (LIHTC) from the state Dept. of Housing and Community Development (DHCD),*
 - *\$2,325,000 in other DHCD sources, and*
 - *\$ 485,398 from HOME Consortium.*
- 4) *10 year TIF matches the state term for LIHTC tax credits term:*

“Low Income Housing Tax Credit (LIHTC) - How it Works

Developers of affordable rental housing developments apply to DHCD for tax credits. If they are awarded the credit, the developers (either for-profit or nonprofit) seek investors to help pay for the development of the housing. Intermediaries (known as syndicators) act as a bridge between investors and projects and often pool investors' money into equity funds. In exchange for providing development funds, the investors receive a stream of tax credits. Projects can qualify for two types of credits: a 9% credit, or a 4% credit. Tax credits can be claimed by the investors for 10 years. For example, based on an investor willing to pay \$.75/tax credit dollar, a project eligible for \$500,000 in annual credits, would receive \$3,750,000 (\$500,000 in credit x 10 years x \$.75) in equity.” Massachusetts Department of Housing and Community Development (DHCD) <https://www.mass.gov/service-details/low-income-housing-tax-credit-lihtc>. (Accessed 8.13.20)*

Please support this amendment. Offered by Karlen Reed, 83 Whits End Road, Concord