

# Hallowell hires consultant to rewrite TIF documents

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By Sam Shepherd Kennebec Journal

March 12, 2019



HALLOWELL — City officials are hopeful a rewrite of tax-increment financing policy will bring more developers to Hallowell.

Councilors voted 5-1 to approve \$2,500 to pay Augusta consultant Raegan LaRoche to rewrite TIF language, with Councilor Maureen Aucoin dissenting and Councilor Kate Dufour absent.

TIFs allow municipalities to forego property taxes generated by new development within designated districts, as long as the sheltered money is used for certain purposes, such as economic development or infrastructure improvements. Though the municipality loses tax revenue, it also sees a benefit: Money sheltered through a TIF doesn't count toward a municipality's overall property tax value during the TIF's life. Lower taxable value means more state revenue sharing.

City Manager Nate Rudy said developers have been confused by the city's TIF policy, which on one occasion required the city to pay lawyer fees to resolve. He said he wants to "streamline" the TIF language to the point where the document is "a marketing tool for developers."

"Because we don't have an economic development employee ... having that document stand on its own as a liaison ... with the development community has a lot of value," he said, adding that the city's TIF committee also had trouble comprehending the document.

Aucoin said she opposed the motion because the city does not have “a firm handle” on its TIF funds from last fiscal year, a notion Rudy rejected later in the meeting.

“We know we have errors in the calculation,” she said. “If we don’t take care of that now, we’re just perpetuating that cycle.”

“We have done an extensive audit of TIF-fund spending since 2014,” Rudy said in response. “Everything is in line about the TIF funds.”

Aucoin also rejected the notion of using the policy as a marketing tool. She said the current policy makes it difficult for developers to get credit enhancements, specifically in Stevens Commons. She said the city should not be looking to give more credit enhancement, because it has put a sizable amount of money into the

development of the Commons. The Kennebec Journal reported in September 2018 that the city has given developer Matt Morrill a forgivable \$238,000 loan and \$600,000 from a voter-approved bond package for infrastructure improvements to Stevens Commons.

“We have frontloaded that project with so much money,” she said. “I’m not looking to solicit credit enhancements; we’ve already done our share.”

Councilor Michael Frett said the city should have a solid TIF policy in place before officials tackle a new comprehensive plan in 2020. Councilors said the documents were complementary, with the TIF policy supporting the comprehensive plan, which would make explicit statements about the city’s development plans.

“Once we start doing the plan, that alone may attract the interest of prospective developers,” Frett said. “I would rather have a comfortable TIF policy in place (before we start the comprehensive place.)”

Peter Prescott, developer of the Camden National Ice Vault, said Tuesday the city was “very good” to work with when he got a TIF in 2011. His credit enhancement returns all property taxes for 10 years.

“I had a lot of people helping when we did it,” he said. “I really wasn’t involved, (but) I went to all the meetings and hearings.”

Rudy said LaRochelle was recommended by TIF committee chairperson Frank O’Hara. LaRochelle, who said she has worked with other municipalities and developers on TIF-related matters, said the rewrite would take about two months and would involve input from the City Council and TIF committee.



HALLOWELL, ME – FEBRUARY 21: This Tuesday Feb. 21, 2017 aerial photo shows the Stevens Commons complex in Hallowell. (Staff photo by Joe Phelan/Staff Photographer)

Aucoin was appointed to the TIF committee by Mayor Mark Walker at the end of the meeting. The committee features Walker, O'Hara, George Lapointe and residents Joel Davis and Ken Young.

Councilors unanimously approved amended terms of a fixed-rate credit enhancement agreement with Community Housing of Maine for their senior housing development at Stevens Commons. CHOM already has been given a tax deal in

Hallowell. In February 2018, city councilors approved a fixed tax rate of \$17,400 for 20 years. The tax credit would free up money to help maintain the property.

A table prepared by city staff shows total expenditures of \$240,229.81 in TIF funds in the downtown TIF district since fiscal year 2013, while bringing in \$831,772 in revenue from the city's three TIFs. The city has paid out \$80,448.11 in credit enhancements to Woodlands Senior Living and \$255,858.49 to the Kennebec Ice Arena, according to the table.

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The new Hallowell Fire Station, left, and the Stevens Building in the Stevens Commons in Hallowell, seen Tuesday. *Kennebec Journal* photo by Joe Phelan