

## **City of Pittsfield**

### **Urban Housing Tax Increment Financing Program**

The City has established a program providing for the phase in of new property assessments on property within the described qualifying UHI-TIF zone when the property owner is willing to enter into a formal agreement with the City to:

- ◆ Make substantial investments in upgrading existing housing units; or
- ◆ build new housing units, either:
- ◆ as new in-fill development; or
- ◆ as part of a mixed use development, which could involve renovating an existing building or new construction.

In exchange for the City agreeing to phase in the increase in property assessment that occurs as a result of this investment, the property owner must commit to:

- ◆ Cap the rent or sales price of at least 25% of the new housing units for a period of no less than 40 years; and
- ◆ Continuing to pay at least as much in property tax as is currently being paid to the city.

### **Goals and Objectives**

The goal of the City's Urban Housing TIF program is to encourage in-fill residential and mixed use development in the City's urban center with the objectives of:

1. Fostering the reuse of abandoned mill buildings and churches. A specific measurable objective of the UHI-TIF Zone is to have at least one creative reuse project include affordable housing units. Recently the Roman Catholic Diocese announced the closing of an additional 6 churches in Pittsfield. Three of the churches that are closing are within the boundaries of the UHI-TIF. Previously, Notre Dame Church, school and rectory, also in the UHI-TIF was sold and now house a mix of commercial and residential uses, all permitted under the City's Downtown Arts Overlay District.
2. Fostering the redevelopment and upgrading of existing residential properties. The City will use the UHI-TIF program to encourage owners of existing housing units within the zone to substantially upgrade their properties, thus increasing the quality of housing available in the city. With more than 43% of the existing housing in Pittsfield having been built prior to 1939, it is estimated that the number of low and very low-income household's living in substandard or marginal housing to be 54 %.

Besides the health hazards associated with an aging and poorly-maintained housing supply, it cannot be emphasized enough how much of a financial impact the rising cost of fuel and electricity has on people who live in buildings that are not adequately insulated, have aging heating systems, and inefficient windows and doors.

Reductions in fuel assistance and rising energy costs increase the number of people who cannot afford housing and decrease the actual amount of affordable housing available when fuel costs are figured in.

3. Maintaining a mix of uses in the downtown area and along Tyler Street. Already the city has seen that the creation of two performance theaters downtown has caused an increase in the variety and number of businesses that cater to the cultural economy. The City will use this tool to encourage a mix of uses within specific developments or on specific properties and thus foster diverse opportunities and uses in order to create a vital and vibrant environment in its urban center.
4. Increasing the supply of affordable, workforce housing. According to the 2000 Census Pittsfield has 21,000 year round units of housing. Approximately 9.4% of those units are deed restricted affordable units. It is hoped that the TIF incentive will help Pittsfield to reach the state's recommended goal of 10% affordable housing units within the next two years. At the same time, the City will use the Urban Housing TIF program to encourage developers to incorporate a residential sales and/or rental structure that will be affordable to a wide range of city residents, from its workforce to retirees and second homeowners who come to the city to experience its cultural destinations and quality of life.

### **Guidelines and Criteria**

Any property owner that wishes to be considered for a TIF must have already obtained all required permits. Strong preference is given to any project that includes off street parking and open space, with minimum of at least one parking space for each housing unit. Property owner must obtain building permits for the rehabilitation work. Projects will be reviewed based on the following criteria:

- ◆ Mix of uses
- ◆ Mix of income
- ◆ Number of housing units, affordable and market rate being created or rehabilitated
- ◆ Level of capital investment being made

Only multi-family properties of 2 or more units are eligible for consideration. Property owners must be undertaking significant rehabilitation of the property in question. Maintenance or general upkeep is not considered significant rehabilitation. Significant rehabilitation would include activities that exceed general deferred maintenance.

The City will follow a similar application, review and approval process for the UHI-TIF program as is used for the existing Economic Development Incentive TIF Program. Developers and/or property owners interested in applying for a Housing TIF should submit a letter of interest and supporting documents, including but not limited to the following:

- ◆ A description of the property and current uses, including assessed value, and the proposed development or redevelopment, including
  - Mix of uses
  - A description of the housing units to be provided, including identifying existing and new units
  - How the 25% affordable housing requirement will be met
- ◆ Anticipated capital costs with breakdown by unit and type of cost
- ◆ Anticipated investment schedule
- ◆ Detailed cash flow information demonstrating the importance of a TIF to the financial viability of the project.
- ◆ Completed sections 1-4 of DHCD's "OneStop Low Income Housing Tax Credit Application"

During its evaluation, the City may seek input from a third party to assist in its review of the proposed project. Any cost associated with this review will be born by the applicant.

### **Application Procedures**

- 1) Applicant submits a letter of interest and the above mentioned supporting documentation to the Department of Community Development.
- 2) Department of Community Development reviews and determines if project eligible and feasible. If eligibility is verified than, DCD initiates analysis of the need for and benefits of providing tax increment financing. This analysis, with an accompanying recommendation, is then submitted to the Mayor for his review and finalization.
- 3) Once the Mayor agrees to proceed with a proposed TIF agreement, DCD prepares a UCH-TIF Agreement that includes Sections 58.07 (1-10) of the UCH-TIF regulations at 760 CMR 58.00.
- 4) TIF Agreement submitted to City Council for approval.
- 5) If approved by City Council, negotiated TIF is submitted to DHCD for review and approval.

- 6) The UCH-TIF Agreement shall not become effective until it has been:
  - a. executed by the property owner and municipality;
  - b. approved by DHCD;
  - c. the notice of DHCD's approval is recorded with the appropriate registry of deed or land court registry.

All Agreements shall specify that "*Properties receiving tax increment exemptions shall be primarily residential*".

- 7) Property owner must submit certification of the income of the occupants in the affordable unit to the City on a yearly basis. If the property owner fails to comply with the TIF agreement, including failure to maintain affordability, the City may place a lien on the property for the amount of the real estate tax exemption for any year that the property is noncompliant. If the City determines it is unlikely that owner will come into compliance with the affordability requirement for a forty year period, upon approval from DHCD, the City may place a lien on the property for the amount of the total real estate tax exemption granted pursuant to the TIF agreement.