

## Enabling Environment for economic development

- Reduce Barriers
- Grow Opportunities

## Areas of Focus

- Population Recruitment
- Workforce Development
- Industry and Business Support and Attraction



## Over 90 Attendees

- Developers
- Housing Authorities
- Financial Institutions
- Municipalities
- Area Businesses
- Consultants
- MaineHousing
- Genesis Fund
- Evernorth



Spring 2024

## **90-Minute Developer Planning Sessions**

### Multi-Family Projects

- Development Process
- Project Teams
- Contract w/ MaineHousing
- Rural Affordable Rental Housing Program
- Other Funding Sources



**Genesis**



**AROOSTOOK COUNTY  
HOUSING DEVELOPMENT**  
PLANNING SESSION



## Key Takeaways

- **Difficult to cashflow “affordable” multi-family projects without multiple levels of support**





# Generic Development Budget – 14-Unit Example

**Land Acquisition**

**\$650K (\$46k per unit)**

**Construction**

**\$2.6M (\$182k per unit)**

**Soft Costs**

**\$0.8M (\$57k per unit)**

**Total**

**\$4.0M (\$286,000 per unit)**



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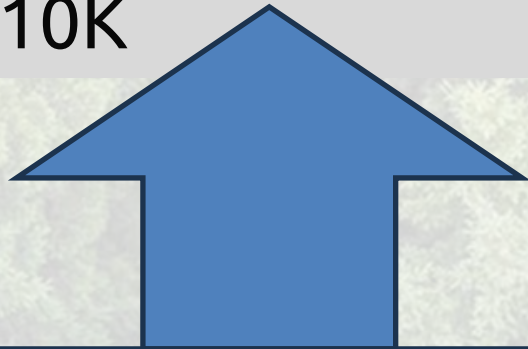


# Generic Funding Sources (Capital Stack)

## Market Rate

80% commercial debt / mortgage = \$3.24M

20% capital / equity = \$810K



Rents \$2,500 per month or more required to support this financing

## Affordable

64% MaineHousing subsidy = \$2.6M

23% commercial debt / mortgage = \$930K

13% grants / other sources

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# Affordable Housing

<u>Aroostook County</u>	INCOME RANGES								RENTS				
	HH=1	HH=2	HH=3	HH=4	HH=5	HH=6	HH=7	HH=8	0BR	1BR	2BR	3BR	4BR
HERA 30%	17,400	19,890	22,380	24,840	26,850	28,830	30,810	32,790	435	466	559	646	720
HERA 40%	23,200	26,520	29,840	33,120	35,800	38,440	41,080	43,720	580	621	746	861	961
HERA 50%	29,000	33,150	37,300	41,400	44,750	48,050	51,350	54,650	725	776	932	1,076	1,201
HERA 60%	34,800	39,780	44,760	49,680	53,700	57,660	61,620	65,580	870	932	1,119	1,292	1,441
30% AMI	15,950	18,200	20,500	22,750	24,600	26,400	28,250	30,050	398	426	512	591	660
50% AMI	26,550	30,350	34,150	37,900	40,950	44,000	47,000	50,050	663	711	853	985	1,100
60% AMI	31,860	36,420	40,980	45,480	49,140	52,800	56,400	60,060	796	853	1,024	1,182	1,320
80% AMI	42,450	48,500	54,550	60,600	65,450	70,300	75,150	80,000	1,061	1,136	1,363	1,575	1,757
Low HOME	26,550	30,350	34,150	37,900	40,950	44,000	47,000	50,050	562	672	841	985	1,100
High HOME	31,860	36,420	40,980	45,480	49,140	52,800	56,400	60,060	562	672	841	1,117	1,266
HTF	15,950	19,720	24,860	30,000	35,140	40,280	45,420	50,560	398	428	621	814	1,007
FMR Effective 10-1-2022									562	672	841	1,117	1,266

## Median Household Income

- **Aroostook County = \$51,359**
  - Over 25% less than State average of \$69,543
- **National = \$74,755**

## 2022 Poverty Rates

**Aroostook**



14.9%

**Maine**



10.9%

**United States**

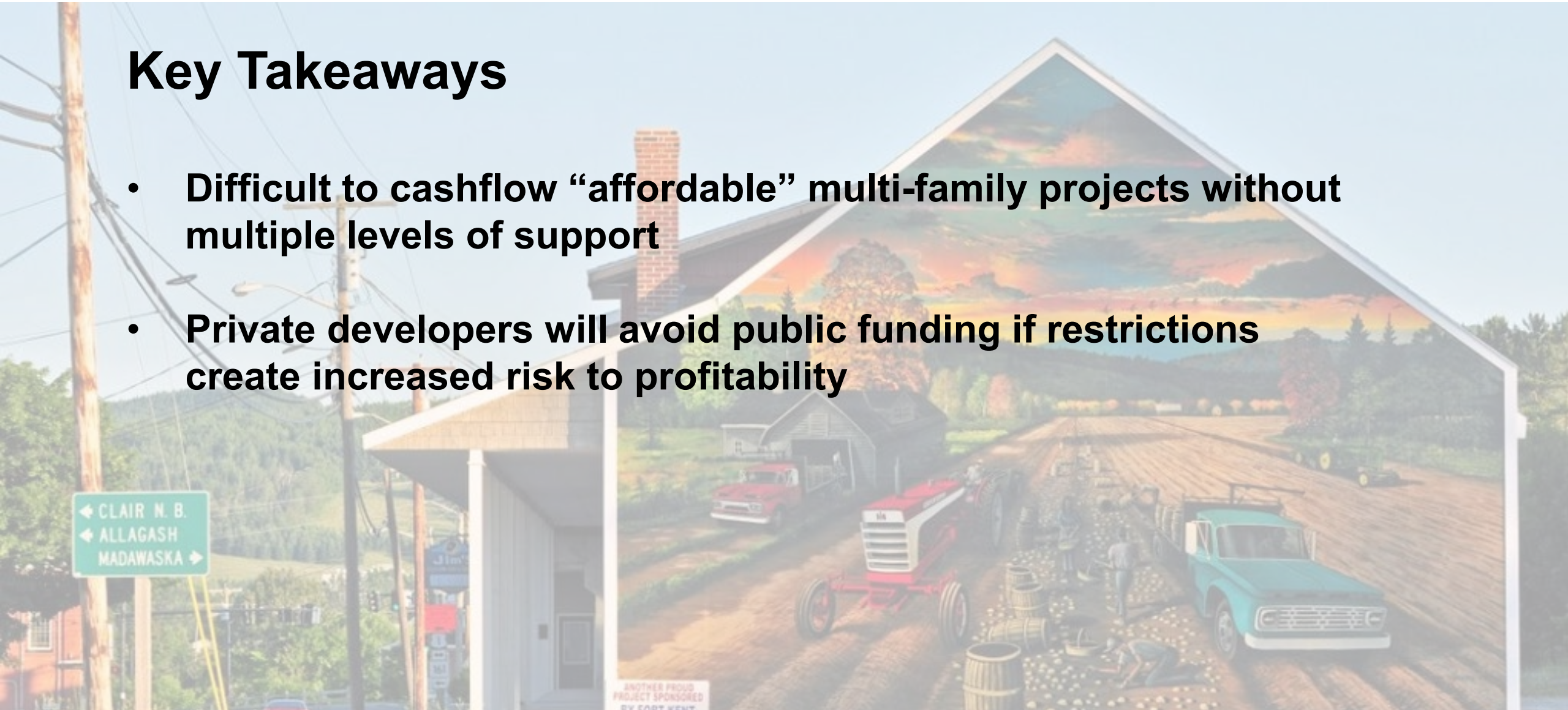


12.5%



## Key Takeaways

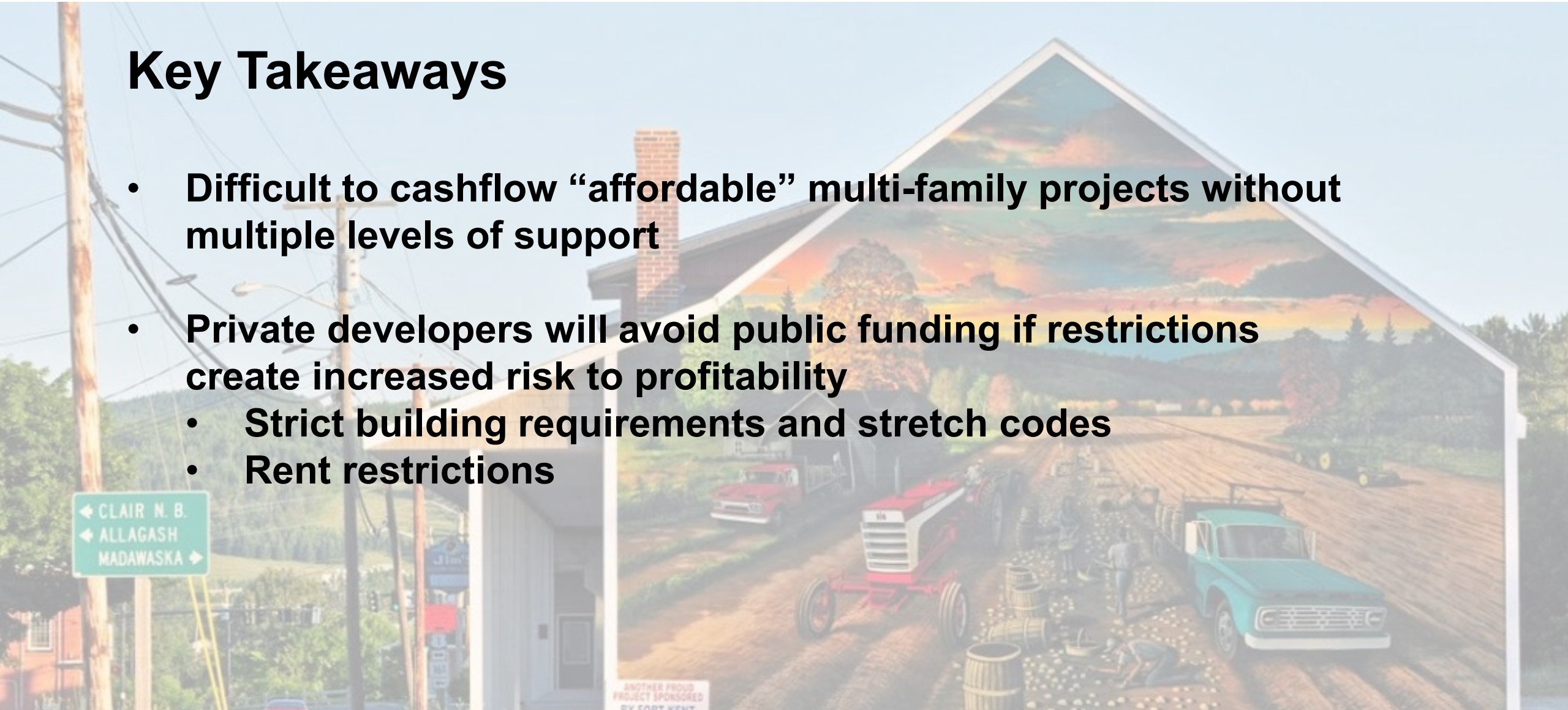
- **Difficult to cashflow “affordable” multi-family projects without multiple levels of support**
- **Private developers will avoid public funding if restrictions create increased risk to profitability**





## Key Takeaways

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- **Private developers will avoid public funding if restrictions create increased risk to profitability**
  - **Strict building requirements and stretch codes**
  - **Rent restrictions**





## Key Takeaways

- Difficult to cashflow “affordable” multi-family projects without multiple levels of support
- Private developers will avoid public funding if restrictions create increased risk to profitability
  - Strict building requirements and stretch codes
  - Rent restrictions

***\*\*\*Rural developments at scale need to serve diverse populations and broad economic stratifications***



# Dirigo: Municipalities Take the Lead

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## Shared Priority

Build a consensus around housing development

- Council, planning board, code enforcement, and community

## Request for Qualifications (RFQ)

- Be selective
  - Tell developers what you want
- Put skin in the game to entice developers
  - Permitting and zoning—Easy button!
  - Utilities
  - Property or TIF
    - CEAs make or break rural projects

