



MCDA Annual Report

MCDA Annual Highlights

Throughout the year, MCDA accomplished goals earlier established under the Strategic Plan. For example, the Funding Directory has been updated; newsletters/annual reports are made available; and guest speakers have been brought in to discuss various community and economic development issues. The following listing of meeting dates and contents further highlight some of the activities MCDA has been involved in this year.

- General Assembly Meeting on January 30, 2004 – Joint Meeting with MAP
- Executive Committee Meeting on March 25, 2004 – Discussion of Legislative Updates and Community Development Day at the Legislature
- Executive Committee Meeting on May 14, 2004 – Discussion with Maine DECD Office of Community Development Regarding CDBG Program
- General Assembly Meeting on June 11, 2004 – Guest Speakers on Marketing Village Centers
- General Assembly Meeting on August 15, 2004 – Meeting held in conjunction with Community Development Appreciation Day
- Annual Meeting on October

Education and Training Workshops

Tax Increment Financing

MCDA and the Maine Association of Planners held a meeting on January 30, 2004 to review the implementation of the existing Tax Increment Financing (TIF) program and introduce the new Housing TIF program that is managed by the Maine State Housing Authority. TIF's are a local economic development tool that uses real and personal property taxes. New taxes resulting from a development project are used against adjustments to State subsidies and County taxes based on a municipality's valuation. TIF shelters the captured new value by excluding it from the total municipal value reported to the state. This allows the municipality to retain all or a portion of those new tax revenues otherwise lost to the county and state. The municipality achieves this sheltering effect by designating a specific geographic area as a Municipal Development Tax Increment Financing District and capturing the incremental value in the TIF district.

The Housing TIF works in much the same manner. Once the Housing TIF district is established, the assessed value of property within it is "frozen" as original assessed value. Any new value added to the district above the original assessed value is the increment that is available to be captured and used for affordable housing.

Special Interest Articles:

- * **MCDA Annual Highlights**
- * **Training and Workshops:**
 - Tax Increment Financing**
 - Marketing Village Centers**
 - Maine Pine Tree Development Zones**
 - Palesky Tax Cap Initiative**
- * **Community Development Block Grant (CDBG) Program**

"Marketing Village Centers"

Over the past decade great strides have been made in revitalizing Maine's historic and unique downtown areas. A panel discussion entitled "Marketing Village Centers: Non-traditional activities in village center communities" was presented at the MCDA General Membership meeting held in Fort Fairfield on June 11, 2004. Panelists included: Darcy Rollins, Program Coordinator of the Maine Downtown Center

Shawn Manter, Tourism Development Specialist at Northern Maine Development Comm.

Tracy Michaud-Stutzman, Director of the Maine Highlands Guild

Bruce Hazard, Director of the Mountain Counties Heritage, Inc.

Panelists shared ideas on new and creative ways to attract people to smaller, rural communities in Maine. Maine has a wealth of marketable natural assets and cultural traditions. In order to remain viable, Maine's village areas have had to come up with new and creative ways to attract people. The Maine Downtown Center is able to assist Rural communities by providing training and technical assistance on downtown revitalization. Both the Maine Highlands Guild and Mountain Counties Heritage, Inc. are non-profit organizations engaged in efforts to assist in cultural heritage.

Maine Pine Tree Zones

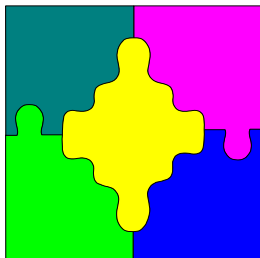
Jim Nimon of the Maine Department of Economic and Community Development spoke briefly at the annual CD Appreciation Day held in August on August 20, 2004. The Pine Tree Development Zone program, introduced by Governor John Baldacci in early 2003, uses a combination of tax incentives to spur economic development in targeted areas of the state where unemployment is relatively high and wages are relatively low. In February, 2004, Governor Baldacci announced the selection of eight Pine Tree Development Zones. They include prime parcels in Aroostook County, Androscoggin Valley; Downeast, Kennebec Valley, Midcoast, Penobscot Valley, Penquis and Southern Maine. For additional program information including map and list of parcels see www.mainebiz.org.

Palesky Tax Cap Initiative

Discussion on the Palesky Proposal by Jeff Nevins of the Maine Municipal Association was presented at the annual CD Appreciation Day. The Palesky Proposal rolls back assessed property values by almost a decade, allows for very minor interim adjustments for construction and sales, and imposes a property tax cap of 1% - or 10 mills - on the rolled back value. The Palesky Proposal is based upon California law - it was known as "Proposition 13" - and contains dozens of provisions that conflict with Maine law. Accordingly, the Justices of the Maine Supreme Court have advised that significant elements of it will be deemed unconstitutional.

The Maine Municipal Association is proposing a series of regional meetings throughout the State for the purpose of learning more about the Palesky proposal, its impact on both municipal government and public schools, and what steps are being taken to get factual information out to the voting public.

Community Development Block Grant (CDBG) Program



CDBG serves to foster partnerships between groups of municipalities, state and federal entities, multi-jurisdictional organizations, and the private sector to address common community and economic development

In July, 2004, the Maine Department of Economic and Community Development announced the 2005 Proposed Statement for the distribution of Community Development Block Grant (CDBG) Program funding. The proposed FY 2005 CDBG Budget is \$16,859,633 to be distributed through a variety of Community Development, Economic Development, Planning and Special Projects. Individual program applications will be made available to all units of general government, including plantations, except for entitlement communities sometime in October, 2004.

CDBG programs offered include: Housing Assistance; Public Facilities; Public Infrastructure; Public Services; Economic Development Programs; Community Enterprise; Downtown Revitalization; and Community Planning. Activities under each of these programs must meet one of three "national objectives" in order to be eligible for CDBG funding. These objectives are: 1) aiding persons of low/moderate income; 2) preventing and eliminating slum or blighting conditions; or 3) assisting communities facing imminent threats to health and safety.

For More Information on the Community Development Block Grant (CDBG) Program, please contact the following technical assistance providers:

Michael Baran – DECD, Office of Community Development	www.meocd.org
Joella McBreairty – Northern Maine Development Commission	www.nmdc.org
Michael Bush – Eastern Maine Development Corporation	www.emdc.org
Kennebec Valley Council of Governments	www.kvcog.org
Amy Landry - Androscoggin Valley Council of Governments	www.avcog.org
Lincoln County Economic Development Office	www.lincolncountymaine.org
Mid Coast Council for Business Development	www.mcbdp.org
Greater Portland Council of Governments Commission	www.gpcog.org
Hancock County Regional Planning	www.hcpcme.org
Penobscot Valley Council of Governments	www.emdc.org/planning.htm
Southern Maine Regional Planning Commission	www.smrpc.maine.org

The Palesky Conundrum

Call it a puzzle, a mystery, a challenge or a riddle, the unpredictability of the Palesky tax proposal is deeply disturbing. The inability to forecast impacts, to measure community loss, or to assess the potential damage to economic and community development programs requires that this bill must not pass. At its last meeting, your membership voted overwhelmingly to take a position against the Palesky Bill and join MMA in seeking to have the law defeated.

We do not argue that the ever increasing property values are not an issue. We here in the Brunswick region know first hand those that struggle with increasing property values on fixed incomes. We are also aware of the pressure that out of state purchases have placed on existing property values: one person's nut is another person's gold.

But we heartily disagree with the direction that the Palesky bill would take us. Using our assumptions on how the law might work, we saw a decrease of 9.6 million dollars in tax revenue here in Brunswick. We saw similar impact in other communities, raising the single greatest concern about this draconian measure: the quality of life, the sense of place that families have come to love in their community would be forever changed. Aspects of life that we take for granted: parks, recreation programs, our school system, basic public safety provisions would all be changed. The services we have grown to depend on, but not always see, would be gone.

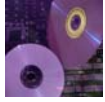
Looking beyond how our communities will survive as healthy places to raise our families, I also began pondering the impact on economic and community development programs. This goes beyond the simple fact that many of us in this field would be lucky to keep our jobs. It goes to the fact that furthering economic and community development at the local and regional level leads to jobs, increases in value, and the establishment of stable, locally owned businesses.

We are in the business of attracting new business and creating jobs for our community. But the resources we bring to the table also create construction jobs, provide dollars for engineering studies, create work for architectural firms, and feed the service providers of our community. These businesses further work within their network buying services and supplies, multiplying the expenditure of those dollars at a local level, further fueling our economy. As we do this, we grow our businesses locally; it is these businesses who give the most back to our community. With Palesky in place, these relationships and the chance to stimulate local businesses may be lost.

As professionals we need to spread the word about what may happen as result of Palesky. We can do this by simply presenting the facts and asking our neighbors to do the math. In the meantime, we must also continue to focus on the issue of rising property values and look for alternatives that make more sense and are much less drastic.

By: Mathew Eddy
President
Maine Community Development Assoc

MCDA Funding Directory



The Maine Community Development Association is pleased to make available the 2004 Funding Directory. The directory serves as a summary of State and Federal grant and loan programs available to all municipalities throughout Maine. Users of the funding directory will have an opportunity to research various grant and loan opportunities for start up businesses, programs for growing companies, economic and community development, and planning projects.

COSCONA 2004 Council of State Community Development Agencies

Forming a partnership with national organizations such as COSCONA is vital. As the organization for community development professional in this state, it is important for MCDA to have a voice regarding any proposed legislation or policies that impact community development in Maine. A representative of the MCDA attended the annual training conference of COSCONA held in Little Rock, Arkansas in September, 2004.

Speakers at the conference focused on community development, housing, and homelessness. Sessions were held throughout the four-day conference to provide invaluable information on these issues. The U.S. Department of Housing and Urban Development's Office of Community Planning and Development provided information on the monitoring process for the CDBG program. Major areas of focus on during the monitoring visits include; fundability, conformance, timely distribution and expenditure, audits management, and closeout of states' grants to recipients.

The proposed FY05 HUD appropriation is \$36.4 billion, an increase of \$1 billion over the FY04 level. The distribution of HUD funds will be expended toward several programs; such as Section 8, Public Housing Capital Fund, Public Housing Operating Fund, Revitalization of Distressed Public Housing, Native American Housing Block Grant program, Community Development Block Grants, HOME Program, Homeless Assistance Grants, Housing Opportunities for Persons with AIDS, Housing for the Elderly, Section 811 Disabled Housing, and Office of Lead Hazard Control.