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April 24, 2025

*Testimony of Representative Amy D. Kuhn in support of*  
**LD 1657, An Act to Expand the Use of Tax Increment Revenue for Affordable Housing by**  
**Adding Authorized Project Costs**  
*Before the Joint Standing Committee on Taxation*

Senator Grohoski, Representative Cloutier and distinguished members of the Taxation Committee, my name is Amy Kuhn and I proudly represent House District 111 in the town of Falmouth. It is a pleasure to be with you today to introduce **LD 1657, An Act to Expand the Use of Tax Increment Revenue for Affordable Housing by Adding Authorized Project Costs**.

This bill expands the use of tax increment revenue for affordable housing by clarifying and adding new authorized project costs. This includes costs for the development, sale, purchase, financial support and operation of affordable housing and for the creation, maintenance and administration of a municipal loan or grant program to provide assistance to qualifying purchasers of affordable housing.

To provide some context, my community is in the process of creating a 48-unit workforce housing development. This housing is desperately needed across our state, where market rate home prices have vastly outpaced salaries. Among other problems, this disparity has led to difficulty in recruiting and retaining municipal employees and challenges bringing new folks into town thereby resulting in reduced school enrollment and additional municipal costs.

In response, my community – like others across the state – is using town owned land in partnership with a local developer to build much-needed housing. The units will be sold to those earning up to 120% of the region's median income and are intended to serve individuals who work in our and nearby towns, such as public safety staff, teachers and private sector service workers.

This bill would allow Tax Increment Financing (TIF) funds to cover additional costs in connection with the development of affordable housing to make these projects more viable for qualified buyers, such as creating local loan and grant programs to assist with down payments and closing costs.

As with any other TIF expenditure, these costs would be required to contribute to the “economic growth or well-being of the municipality... or to the betterment of the health, welfare or safety of the inhabitants of the municipality,” 30-A MRSA 5223(2). It is my strong belief that the ability to recruit and retain municipal staff and to welcome new families into our communities satisfy those goals.

Thank you for the opportunity to present this bill, which would give municipalities one more tool in addressing the state’s housing needs.

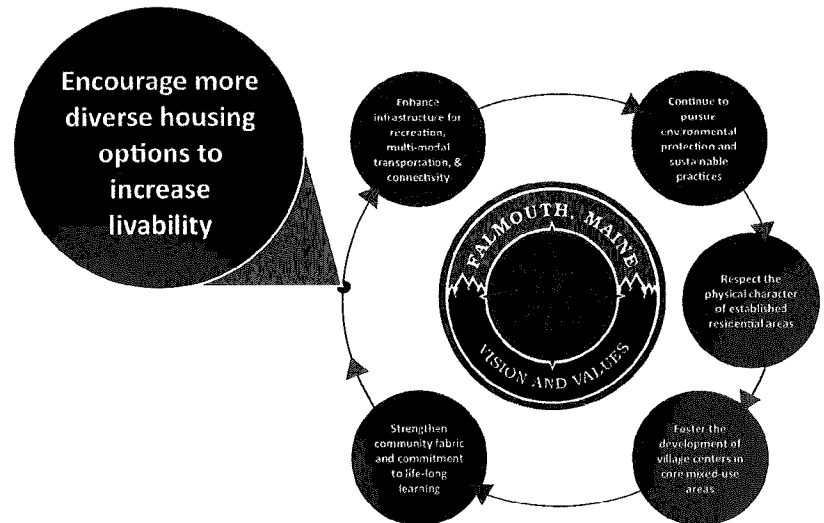
# Housing Affordability In Falmouth

## A Decades-Old Challenge

*Over the past two decades, attempts have been made to bring more affordable housing to Falmouth.*

Both the 2000 and 2013 Comprehensive Plans identified addressing the lack of diverse and affordable housing options as a future priority for the community. The Town has long focused on the Town-owned property on Woods Road adjacent to the Falmouth Police Department as a suitable location for new housing at a moderate price point. However, past efforts never progressed to a development project.

More recently, Falmouth's 2023 Comprehensive Plan and the Falmouth's Vision & Values project further underscored the ongoing need for more diverse housing to increase livability, choice, and options to age in place. To achieve this goal, a more diverse housing stock, including housing that is more affordable than the existing inventory, is required.



Falmouth's Median Home Price  
\$887,000



Annual Income Needed to Buy It  
\$256,00

Source: Realtor.com, April 2024

## The Need for More Affordable Housing in Falmouth

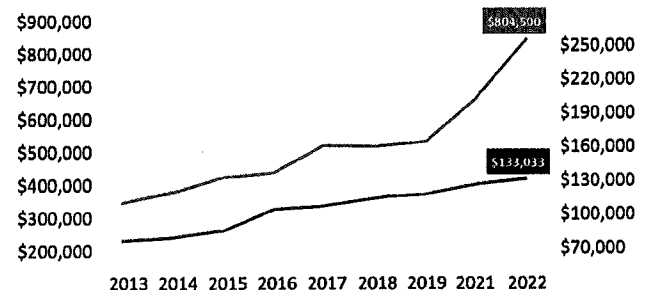
*Falmouth is a desirable community to live in. It's location, school system, recreational amenities, open space, and overall quality of life means that demand for housing is high and commands a premium price.*

### Housing Prices Exceed Income

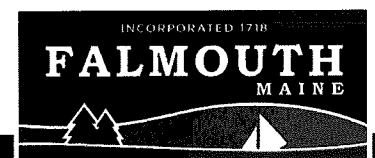
Like much of southern Maine, the community is experiencing home prices that exceed the limits of

the region's median wage earner. The lack of inventory makes buying a home in Falmouth difficult for those working in Falmouth, considering working in Falmouth, or currently living in Falmouth and wanting to move to a new housing type.

### Median Home Price In Falmouth Compared to Income



Source: Maine Housing; 2022 ACS 5-year estimates — Median Income — Median Home Price



### Limited Workforce Housing

“Workforce Housing” is generally defined as housing affordable to those making between 80% and 120% of the area median income. In Cumberland County, that would be between \$88,020 and \$137,700 per year for a three-

#### **What is “Workforce Housing”?**

Workforce housing is affordable to those making 80%-120% of the area median income.

For example, in Cumberland County, workforce housing would target a three-person household earning between \$85,150 and \$129,060 per year.

Source: 2023 Department of Housing and Urban Development Fair Market Rents and Income Limits

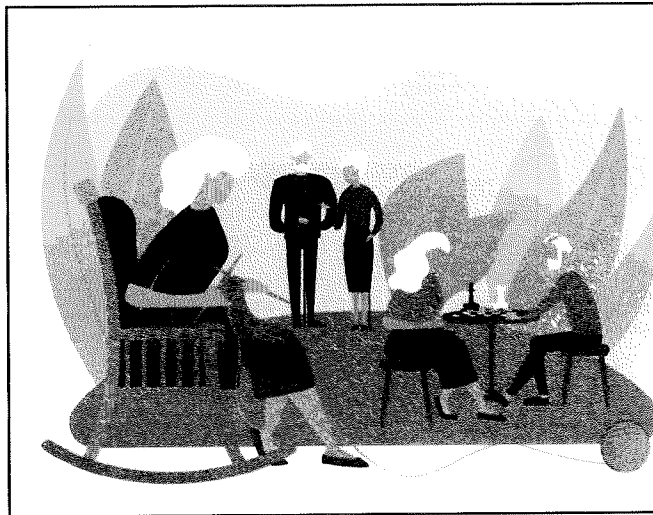


person household. These households are more able to meet median market prices but still would have difficulty competing in a for-sale market with low inventory, like Falmouth. These income ranges incorporate professional jobs common in the area, including public sector jobs.

The lack of local housing options drives Falmouth’s workforce to live farther away, contributes to traffic and pollution and, as local business owners have noted, makes recruitment and retention difficult. In this tight labor market, the high cost of housing can be a factor in an applicant’s employment decisions. The high cost of housing also contributes to employees leaving to work in communities where housing is more affordable. The Town of Falmouth has experienced this issue first-hand, both in its recent hirings and in attrition among Town employees – few live in Falmouth or could afford to live here, and the lack of workforce housing in and around Falmouth is often a factor when Town employees take jobs elsewhere. The Town increasingly faces difficulties filling positions, and having employees living far away could also impact Town services, especially during severe weather events or other emergencies. If police, fire, public works, and wastewater employees cannot live in Falmouth or nearby, there is a chance they would not be readily available when most needed.

### Limited Options for Seniors to Down-Size or Age In-Place

In Falmouth, 81% of housing units are single-family residential homes, many on multi-acre lots (2022 ACS 5-year estimates). These large homes are perfect for raising a family, a draw for many who seek Falmouth for its excellent schools. However, what happens when children are grown? Options to relocate within Falmouth to a smaller home and more manageable property are scarce. Aside from Falmouth’s senior and assisted living communities, there are few options in town for single-floor living and aging-in-place.



The senior population in Falmouth has been increasing over the last decade. Nearly 30% of Falmouth residents are over age 60 and approximately 22% are over age 65.

Source: 2022 ACS 5-year estimates; US Census

### Limited Options for Young Families

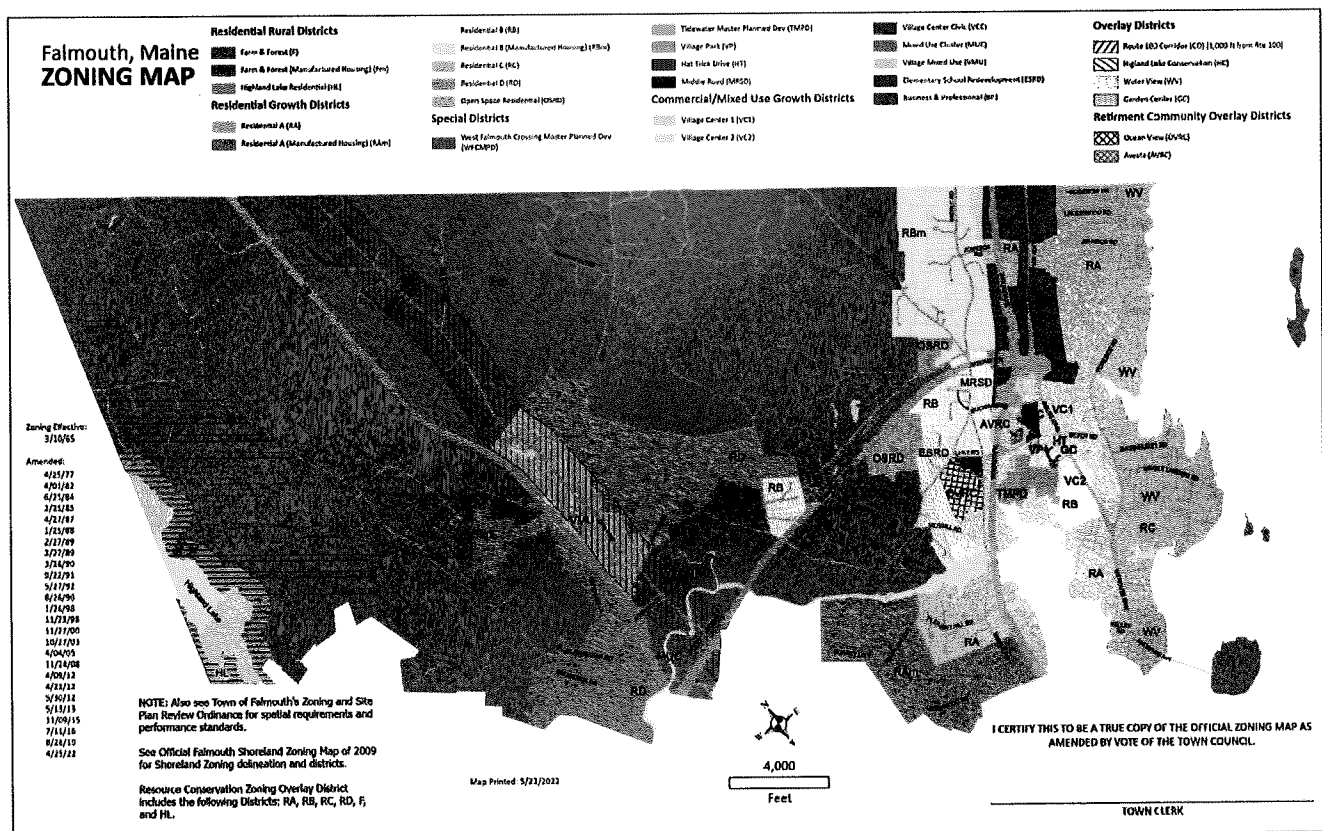
The rising median home cost and lack of starter homes for young families make it increasingly difficult for Falmouth's children to return to their hometown to raise their own families.



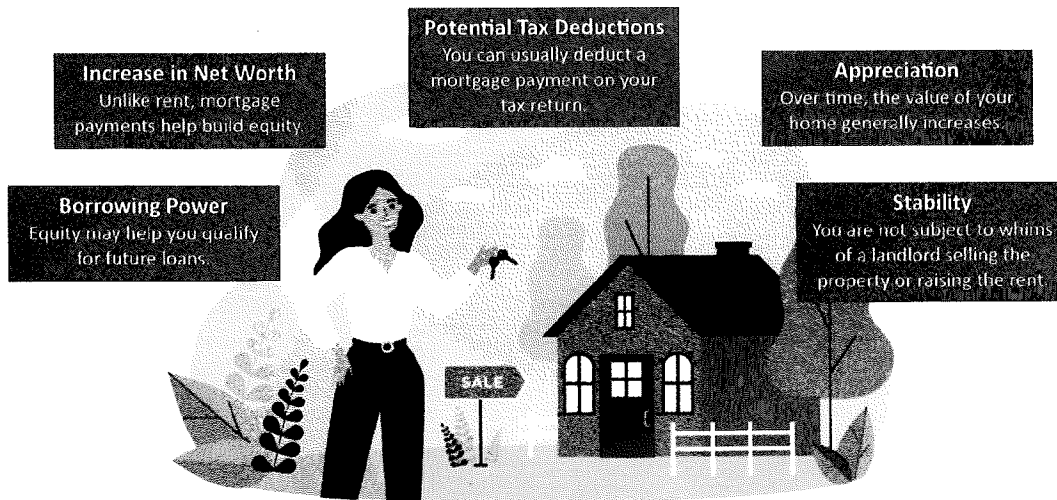
With empty nesters unable to downsize to another property in Falmouth, many remain in their large homes, making them unavailable to new families with children.

### Addressing the Challenges of Housing Affordability

Falmouth has identified growth areas available for housing development; however, market conditions are not favorable for developers to voluntarily create lower priced housing. The existing low-density zoning regime combined with the high costs of land, labor, materials, and financing ensure that new developments focusing on the higher end of the market generate the highest rate of return. The Town does have some mechanisms to incentivize developers to build different types of housing. For example, growth cap exemptions for affordable units in certain areas or for senior housing units are two examples that have been used in the past. [Click here for larger map](#)



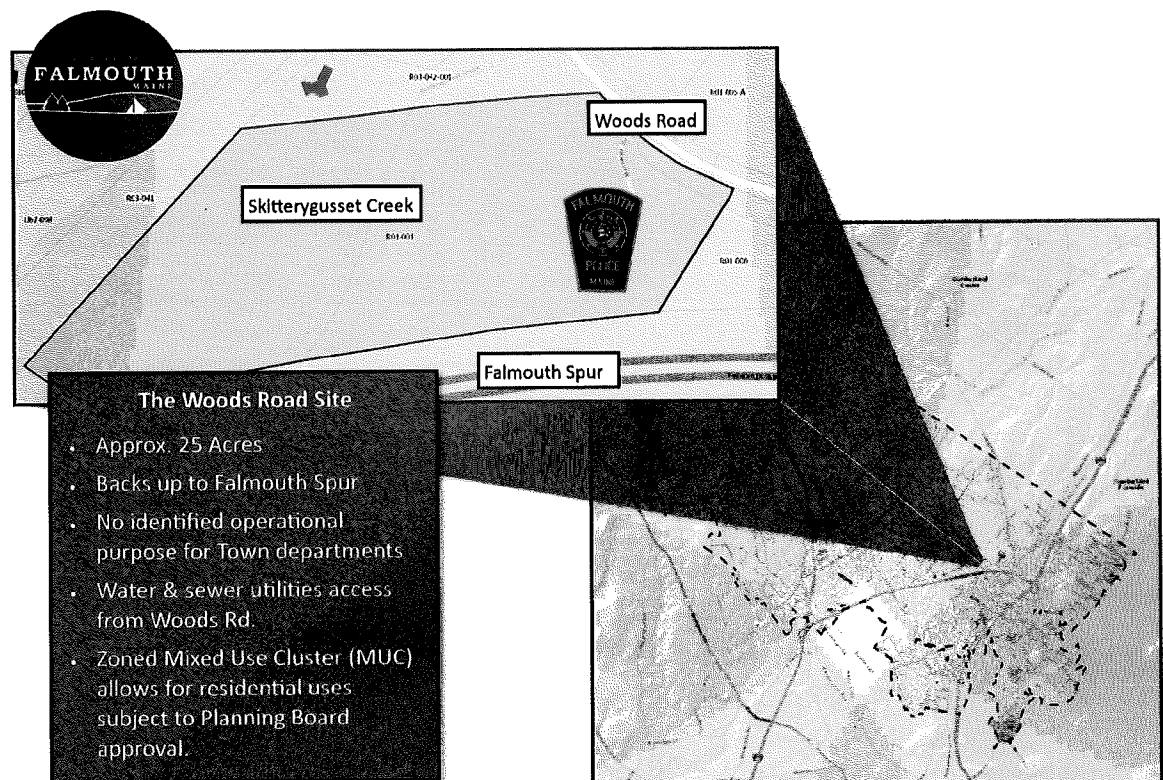
## Benefits of Home Ownership



Recognizing the benefits of more affordable housing in Falmouth, the Town Council formed a working group in 2022 to investigate housing options that would appeal to people working in Falmouth, considering working in Falmouth, or currently living in Falmouth and interested in changing housing types.

## The Woods Road/Marshall Drive Site

The Town Council considers Town-owned property, off of Woods Road/Marshall Drive behind the police station, to be a viable option for an affordable or workforce housing development. Learn more about efforts moving forward to develop this property at:



[www.falmouthme.org/long-range-planningeconomic-development/pages/workforce-housing](http://www.falmouthme.org/long-range-planningeconomic-development/pages/workforce-housing)

