



AGENDA ITEM #: 18-115
COUNCIL MTG OF: October 02, 2018
FROM: Dave Caron, Town Administrator
OFFERED BY: Planning & Economic Development Departments
PREPARED BY: Elizabeth Robidoux, Planning & Economic Development Assistant
SUBJECT: Downtown Revitalization Tax Relief Application (79-E) 23 Crystal Avenue

STAFF REPORT

Public Hearing 10-23-18

INTRODUCTION

Council is encouraged to hold a public hearing to determine public benefit for the proposed improvements (preserved by a covenant), and that the proposed use is consistent with the 2010 Master Plan. Council is also encouraged to determine the amount and length of time (not to exceed five years) of tax relief attributable to the rehabilitation of the existing building.

TOWN ADMINISTRATOR COMMENTS

The Council is encouraged to schedule a public hearing on this request on October 23, and thereafter consider the revitalization tax relief program for this parcel.

BACKGROUND

RSA 79- is a temporary tax relief incentive for property owners to substantially rehabilitate/replace a building in a designated district. The rehabilitation must cost at least 15% of the building's rehabilitation assessed value, or at least \$75,000, whichever is less. Property owners may be granted tax relief on the newly assessed valuation for a period of up to five years. The original designation of the district was in June of 2012.

DISCUSSION

This is the first application for Downtown Revitalization Tax Relief. This parcel was included in the 2017 expansion of the Downtown Revitalization District approved by the Council on December 5, 2017. The program was put in place to spur economic growth. This property has been underutilized and the proposed renovations will increase the assessed value of the property. The current assessment is \$1,073,700.00. Per the RSA, the Council is asked to decide within 45 days if tax relief should be granted. In order to grant relief, Council must find there is a specifically identified public benefit that will be preserved by the covenant, and that the proposed use is consistent with the local Master Plan or development regulations. Redevelopment of this property would be in line with Implementation Item 4.1 of the current Master Plan as it would assist in the redevelopment of the downtown. The project meets the development regulations as the project has been approved by the Planning Board, and redevelopment of the property will be of public benefit as an underutilized building will now house four businesses (a distribution/warehouse; bank; urgent care, and physical therapy). This increases downtown economic vitality.

FISCAL IMPACT

The current assessment on the property is \$1,073,700; per the developer, an additional \$3.1M will be invested into the existing building. This additional investment should generate approximately \$80,600 per year; the Town is being requested to forgo the first five years of tax revenue on the new structure, or \$403,000. During Phase II, a separate building will be constructed at a cost of \$1.025M (this separate building, generating approximately \$26,650 annually, is not eligible for tax relief).

Thus, at full build-out, the following revenues can be anticipated:

Existing Assessment & Taxes:	\$1,073,500	\$ 27,900
Renovation to Existing Building:	\$3,100,000	\$ 80,600
New Building:	\$1,025,000	<u>\$ 26,650</u>
After completion of the 79-E Program:		\$ 135,150 (4.8 X current revenues)

RECOMMENDED ACTION BY COUNCIL

Council is asked to not increase taxes attributable to the rehabilitation of the structure for a period of up to five years from the completion of the rehabilitation and to enter in to a covenant and agreement with the developer. The covenant will need to be recorded and then released at the end of the term. (Sample covenant attached)

RECOMMENDED MOTION

I MOVE THAT THE TOWN COUNCIL adopt Resolution #2018-056 as follows ... *[Read the Resolution]*



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