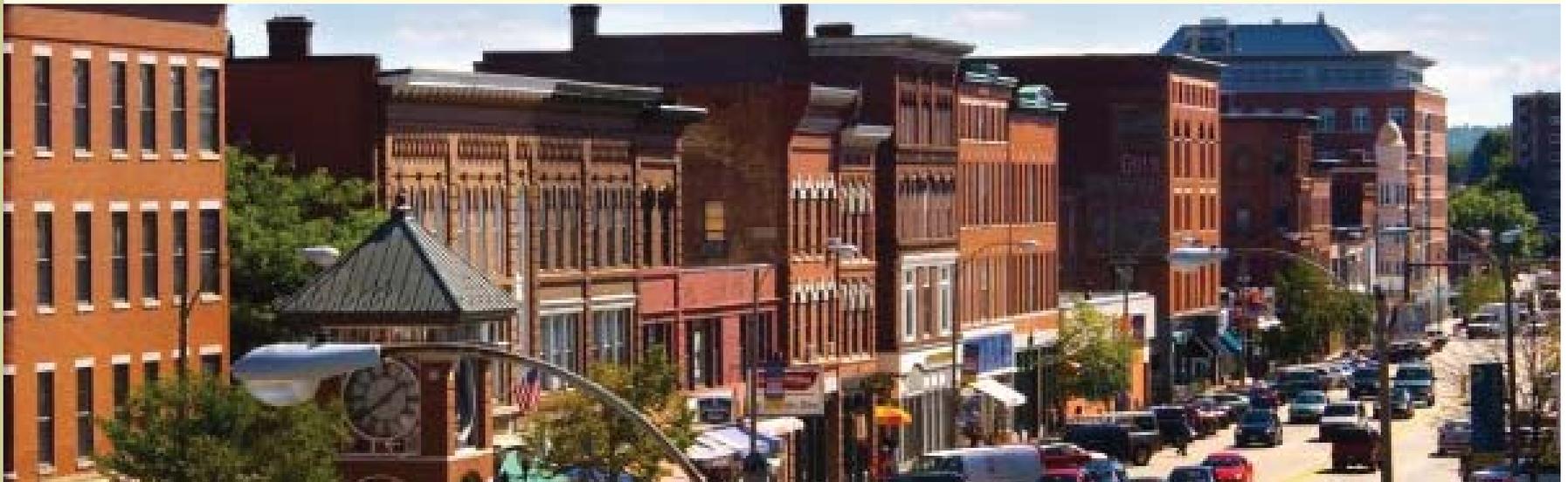


# Tax Increment Financing Presentation

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**Presented by:**  
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# Today's Agenda

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- What Is Tax Increment Financing (TIF)?
- How Does TIF Work?
- Overview of TIF in Concord



# Tax Increment Financing (TIF) Overview

- Genesis late 1970s in N.H.
- RSA 162-K Enabling Statute
- Captures all property tax revenues generated by NEW development within a TIF District to fund public infrastructure improvements & operating costs.
- Captures Municipal, School District, County, & State property tax revenues.



# TIF Adoption Process

- Local Option: Municipalities must adopt RSA 162-K by resolution of Governing Body.
- Requires Public Notice (7 days prior, 2 places OR newspaper) and Public Hearing (minimum 15 days after notice).
- No Vote on Adoption until 15 days AFTER hearing.
- Notification of County & School District is required prior to adoption. See RSA 162-K:9 (III).



# TIF Financing & Development Plan

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- Financing & Development Program Plan:
  - Defines district, budget, use of funds, etc.
  - Adopt by public hearing. See RSA 162-K:6 and 162-K:9.
  
- Plans must “contain a complete statement as to the public facilities to be constructed, the open space to be created, the environmental controls to be applied, the proposed reuse of private property, and the proposed operations of the district after the capital improvements within the district have been completed.”

# TIF Financing & Development Plan

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- The TIF Financing Plan & Development Program can be amended as needed. RSA 162-K:9(IV). **Public Notice & Hearings are required.**
- Financing Plan shall establish amounts for activities including retirement of bonds / notes and maintenance of the district.
- Multiple TIF Districts are allowed, **HOWEVER:**
  - Do not exceed 8% of Assessed Value for community (or 16% for all combined with districts that have outstanding bonds); OR,
  - 5% of total acreage! (or 10% of total acreage for bonds outstanding)

# TIF Financing & Development Plan Continued

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- Increment only accrues after date district is established!  
Values as of April 1, 2008.
- Use of Grants funds within TIF Districts is Allowed  
(RSA 162-K:7)
- Bonds – See 162-K:8. First payment must be within 5  
years after sale. Last payment no later than 30 years.
- Bonds are NOT to be included when computing the  
municipality's net debt under RSA 33.

# TIF: Reporting & Management

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- Municipality's annual report shall contain a financial report for any development district in the municipality (RSA 162-K:11)
- You can create corporations to administer districts, as well as contract with Housing Authorities or Redevelopment Authorities (RSA 162-K:12)
- Appointment of a TIF Advisory Board by Governing Body is required (RSA 162-K:14). “Members shall be owners or occupants of real property within or adjacent to the development district”. No requirements on how often the board should meet.

# TIF: Hypothetical Example

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- Pre-construction or “Original” value = \$3,000,000
- Post Construction Value = \$50,000,000
- Increment or “Captured Value” = \$47,000,000
- Tax revenue on \$3,000,000 “Original” value = \$60,000 (\$20 / \$1,000 A.V. Tax Rate)
- Tax revenue on increment = \$940,000
- \$60,000 to General Fund
- \$940,000 to TIF for debt service, operating costs, & reserves.
- Increment Value is based on April 1st each year

# Concord's 12 Commandments of TIF!

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- 1. Never create a TIF without a development project “in hand”!**
- 2. “Background” market growth = General Fund revenue; Taxes from new development = TIF Revenue**
- 3. Always have written agreements with Developers establishing quid-pro-quo about assessed value & scope of improvements!**
- 4. Always apply 1.2 Coverage Ratios (CR) for anticipated assessed values! (i.e. use 80% of anticipated value)**
- 5. Be conservative! Work in phases. Only plan on a minimal amount of development & expand TIF scope as other development comes along!**
- 6. Insist that the Developer Guarantee of Assessed Value of its project. (Get a financial surety when you can to protect the taxpayers)**

# Concord's 12 Commandments of TIF!

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**7. If feasible, require the Developer to guarantee that its development will be 100% taxable if sold to tax exempt entities (Need \$ to pay TIF debt!)**

**8. Beware of capitalized interest needs vis-à-vis debt schedule!**

**9. Keep enough money on hand for at least 1 year debt service & operating costs in case District values / tax revenues decrease!**

**10. Beware of combining with RSA 79-E tax relief incentives!**

**11. Always structure finance plans to pay back City Reserve Funds (after the TIF's bonded debt is retired)!**

**12. Bank surplus tax revenues for appeals of assessed valuation!**

# Recent Examples

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# North End Opportunity Corridor Tax Increment Financing District

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- Former Concord Lumber Site
- 18 Acre Parcel
- Abandoned in 1980s
- Located at I-93 & 393 Interchange
- Slated for BJ's Wholesale Club
- City Purchased via Foreclosure with Lender
- Partnered with Capital Regional Development Council to Redevelop



# North End Opportunity Corridor Tax Increment Financing District

- 43 Acre TIF District
- City Investment = \$5.43 Million (1997)
  - Roads & Sidewalks
  - Water / Sewer
  - Private Utilities
  - Railroad Relocation
- Original Assessed Value = \$4.43 Million
- Today = \$50.6 Million
- Increment = \$46.2 Million
- TIF O&M Expenses = \$82K



# North End Opportunity Corridor Tax Increment Financing District

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- 2005, City directs \$16.5 million in Increment Value to support General Fund, Schools, County, & State.
- Increased to \$20.285 million in FY 2010.
  - (\$439K in tax revenues)
- Could have retained to pay off debt early



# North End Opportunity Corridor Tax Increment Financing District

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# North End Opportunity Corridor Tax Increment Financing District

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# North End Opportunity Corridor Tax Increment Financing District

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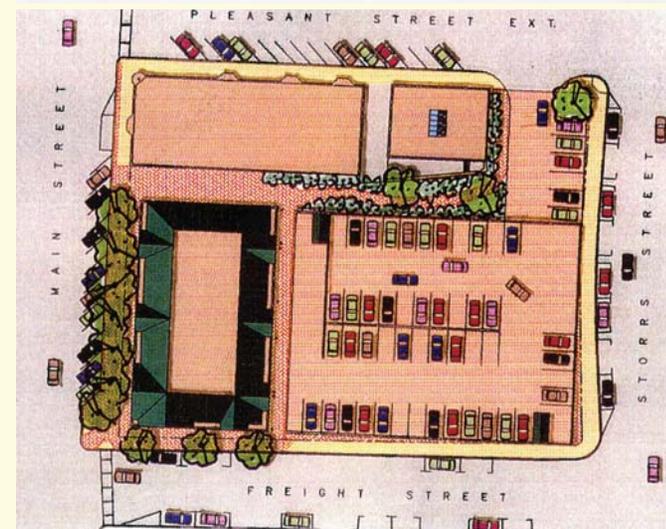
# Sears Block TIF District

- Sears Department Store relocates to Steeplegate Mall 1990
- Undesirable interim uses (Champion's Sports Bar) 1990 - 1998
- Wasserman botched redevelopment attempt 1998
  - Botched selective demolition
  - Wasserman's death
  - Delinquent taxes and mortgage
- City actively hunts for new developer while property privately owned



# Sears Block TIF District

- Hodges Development Corp interest 2001
  - Public / Private Partnership
    - 50,000 - 75,000 SF building w/ 330 space City garage)
  - Withdrawn due to political issues
- City becomes “developer of last resort”
  - Acquires Sears Block via combination of foreclosure & friendly acquisition
  - Demolished building summer 2002
- Search for New Developer via RFP in 2002



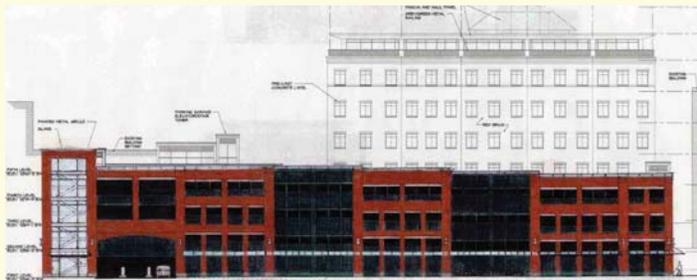
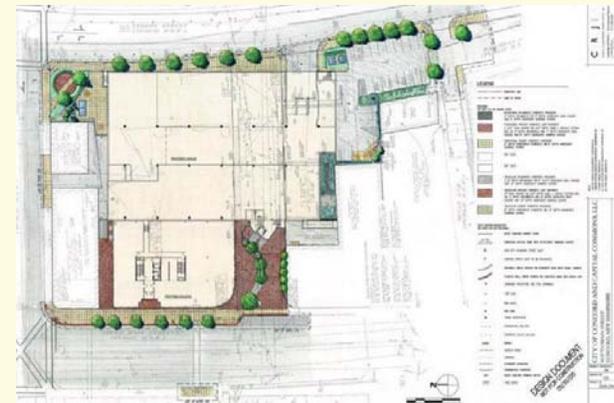
# Sears Block TIF District

- Capital Commons Deal 2003
- “Public / Private Partnership”
  - 75,000 SF Building; \$10 Million Value
  - 330 Space Parking Garage
  - Public & Private Utility Improvements
  - Streetscape Improvements
  - 2 Public Plazas
  - Removal of a City Street
- Original City Budget = \$5 Million



# Sears Block TIF District

- 102,000 SF mixed use building
  - (80,000 SF leasable)
  - \$22 / SF NNN
- 516 Space Parking Garage
- Freight Street Closed
- Design 2004
- Construction Fall 2005 – Fall 2007
- City's Budget = \$16.4 Million



# Sears Block TIF District



# Sears Block TIF District



# Sears Block TIF District

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# Sears Block TIF District



# Sears Block TIF District

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# Sears Block TIF District

- Total TIF Budget = \$16,325,341
  - General Fund Bond (Taxpayer Supported) = \$2.281 Million
  - TIF Supported Bonds = \$3.052 Million
  - Garage Lease Supported Bonds = \$3.923 Million
  - Parking Fund Support Bonds = \$3.186 Million
  - Economic Development Reserve Fund = \$2.850 Million
  - Parking Fund Reserve (Cash) = \$550,000
  - US HUD Grant (Cash) = \$482,841



# Sears Block TIF District



# Sears Block TIF District

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# Sears Block TIF District

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# Penacook Village TIF District

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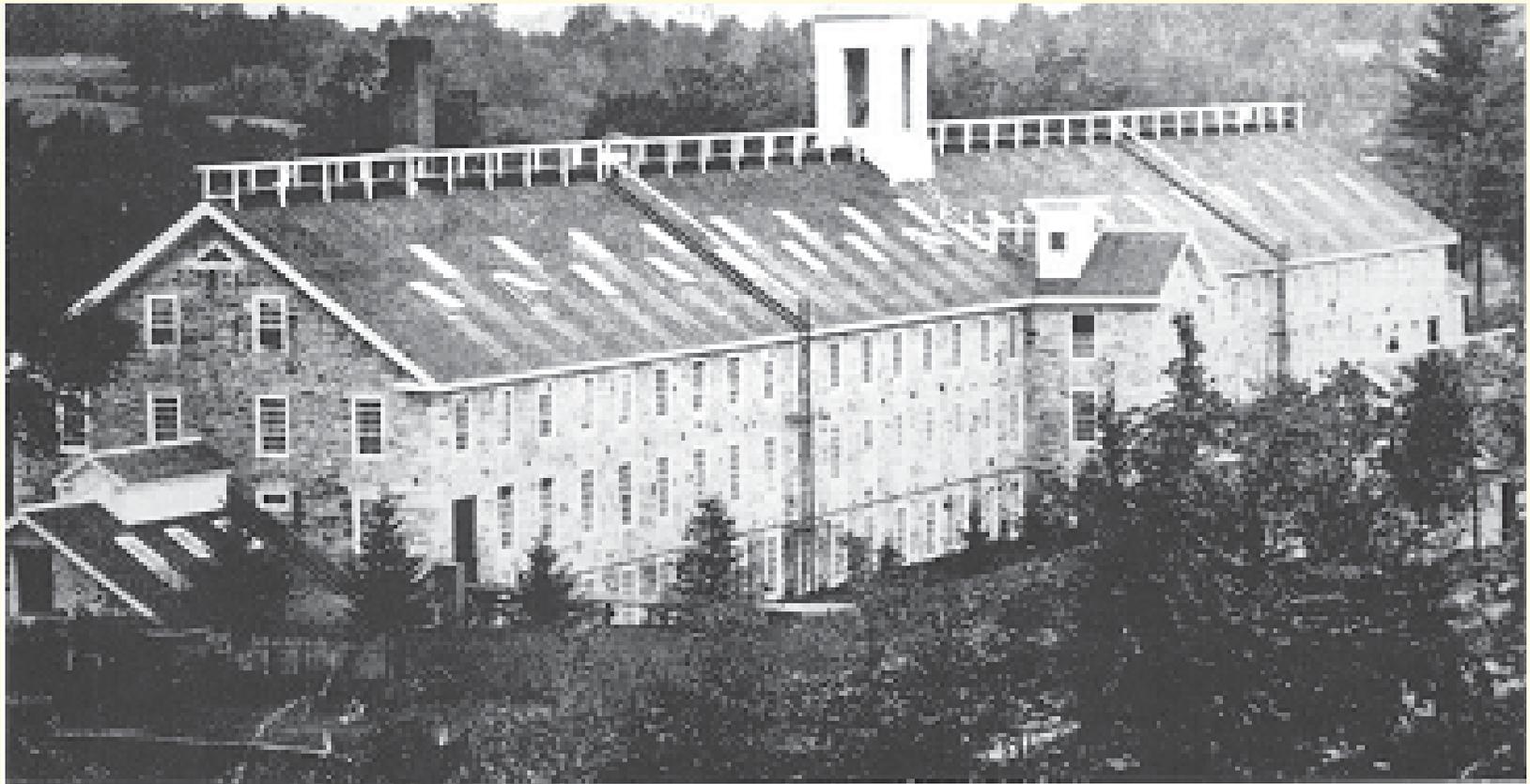
# Penacook Village TIF District

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# Penacook Village TIF District

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# Penacook Village TIF District

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# Penacook Village TIF District



# Penacook Village TIF District



4/21/2005

# Penacook Village TIF District

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# Penacook Village TIF District

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# Penacook Village TIF District



# Penacook Village TIF District



# Penacook Village TIF District



FRONT ELEVATION



SAMPLE DOOR #1



SAMPLE DOOR #2



SAMPLE WINDOW #1



SAMPLE WINDOW #2



**CONTOOCOOK RIVER LOFTS**  
23-25 EAST STREET

APRIL 9, 2007



IMAGE SUBJECT TO CHANGE

# Penacook Village TIF District



# Penacook Village TIF District



# Penacook Village TIF District

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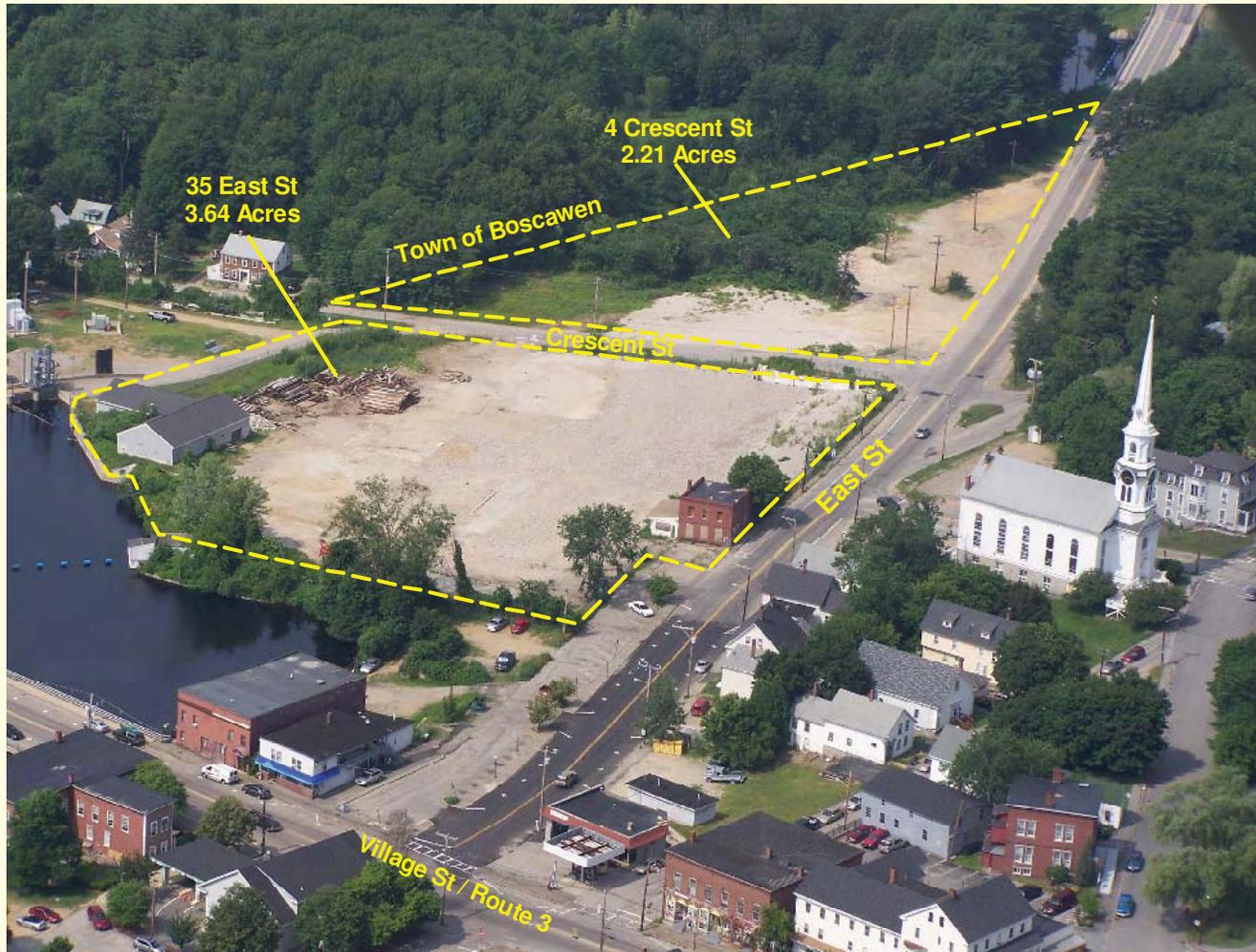


# Penacook Village TIF District

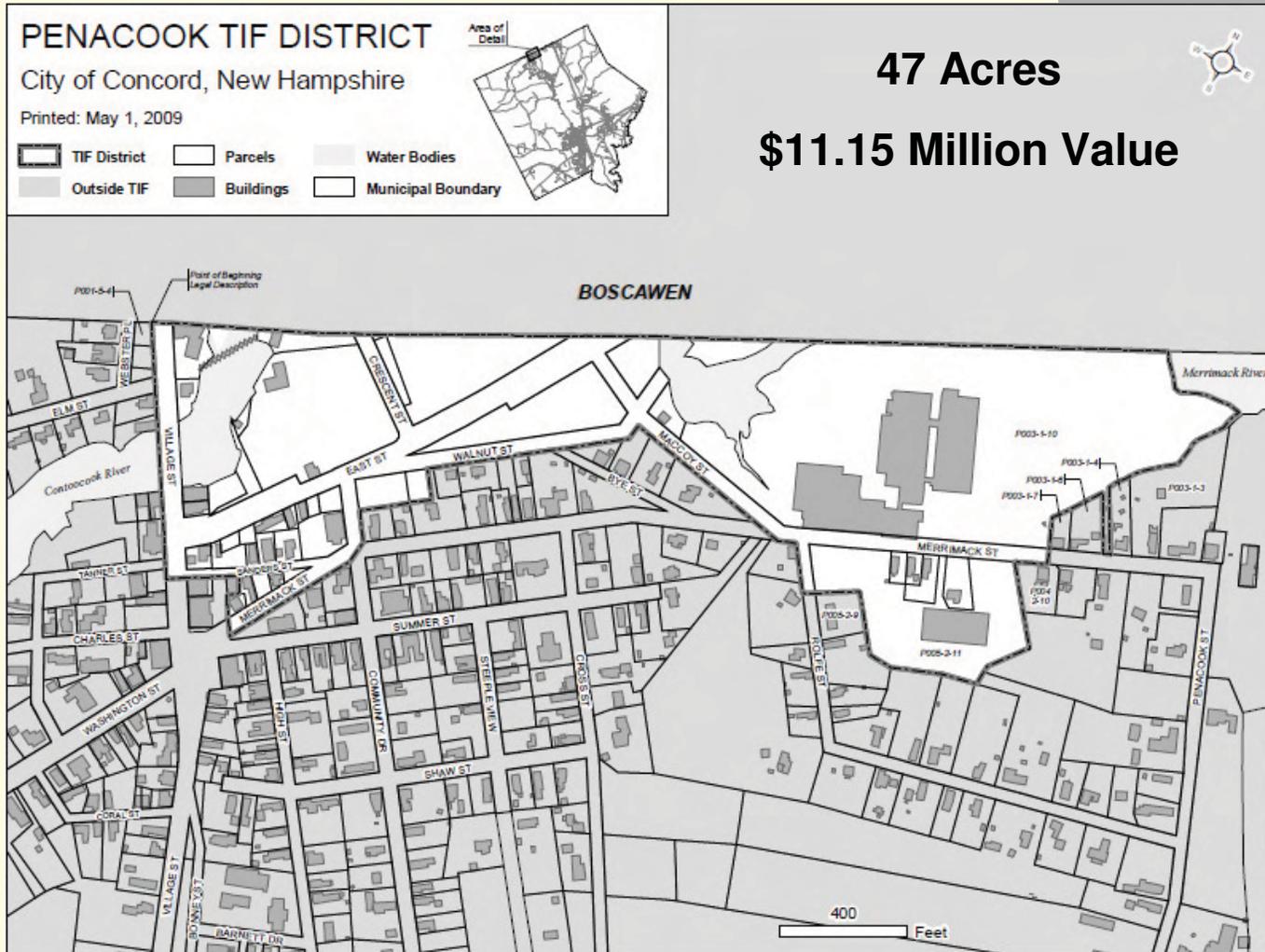
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# Penacook Village TIF District



# Penacook Village TIF District



# Penacook Village TIF District

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- 15,000 SF building
- \$2.35 Million Assessed Value
- Phase 1:
  - 9,500 SF
  - \$1.6 Million Assessed Value (Increment)
  - Taxes = \$38,416 / Year before Coverage Ratio
- 26 Jobs Retained; Possibility for 6-8 to be added



# Penacook Village TIF District

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- TIF Improvements
  - Street reconstruction
  - New & reconstructed sidewalks
  - 800' Water Main Replacement
  - Aerial Utility Relocation
  - Gateway Signage
  - Streetscape Treatments



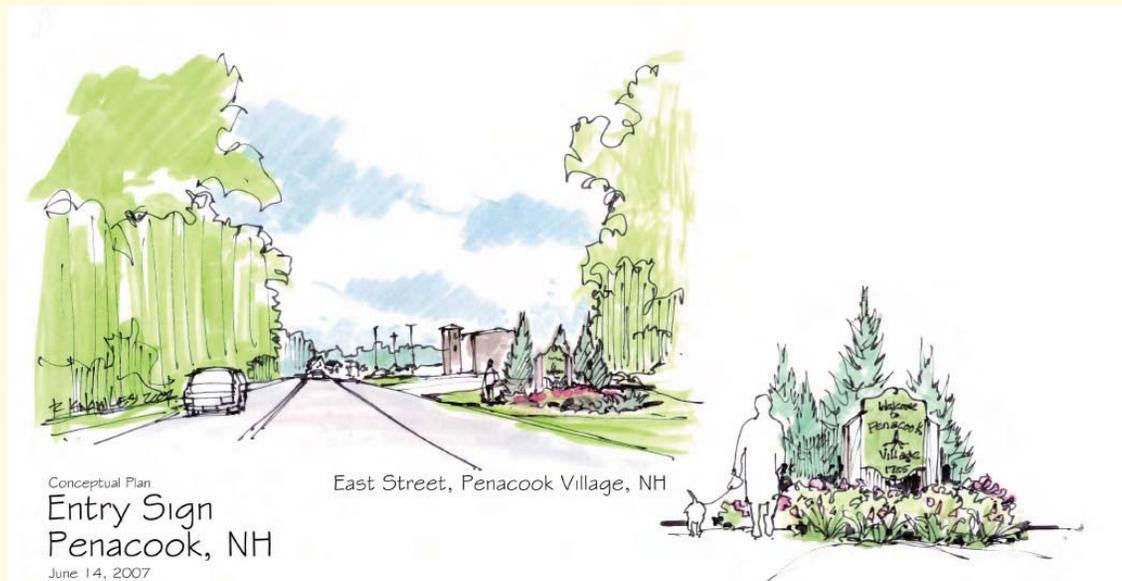
# Penacook Village TIF District

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- Total TIF Financing Plan = \$1,109,040
  - TIF Supported Bond = \$285,000
  - Water Fund Supported Bond = \$250,000
  - Economic Development Reserve Fund = \$382,900
  - Water Fund Capital Close Out = \$80,533
  - Sewer Fund Capital Close Out & Outlay = \$13,283
  - Highway Fund Capital Close Out = \$57,324
  - Impact Fees = \$40,000

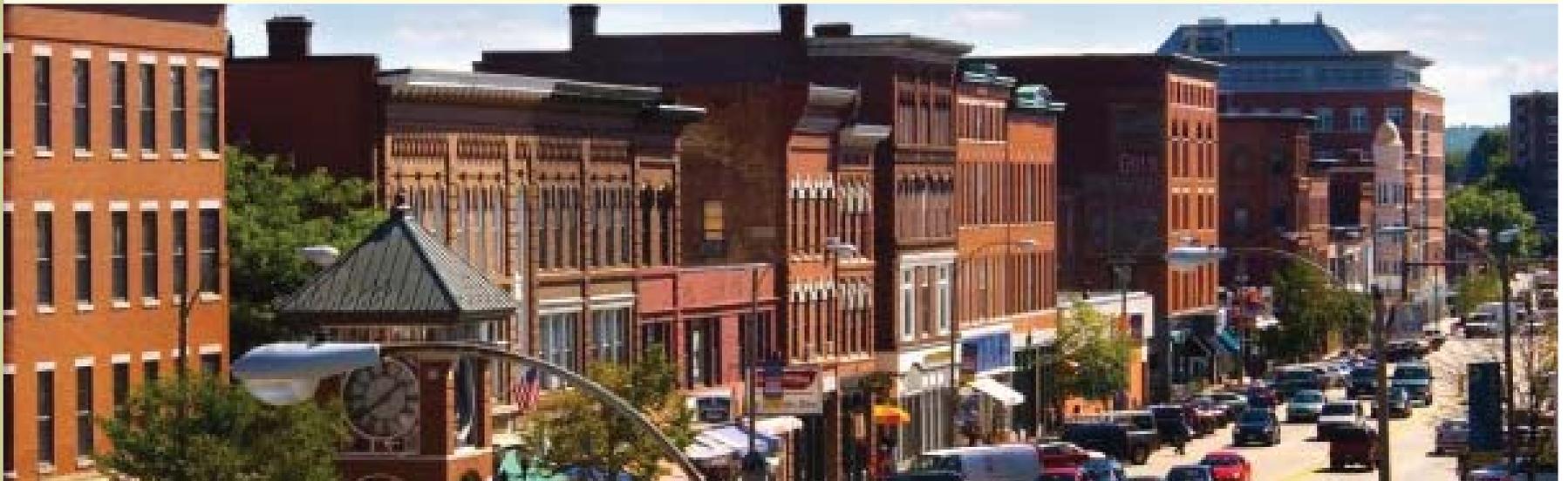
# Penacook Village TIF District

- TIF Bond: 20 years @ 4.25% Interest
- TIF Bond Repayment = 2031 +/-
- Economic Development Reserve Fund Repayment = 2038 +/-
- Tax Increment Revenues will then accrue to General Fund, County, School District, & State of NH



# Questions?

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