

**City Council Special Meeting
February 20, 2024
Council Chambers
6:38 PM**

COUNCILORS PRESENT

Councilor Creteau
Councilor de Geofroy
Councilor Fitzpatrick
Councilor Fontneau
Councilor Herman
Councilor Lawrence
Councilor Richardson
Councilor Sullivan
Councilor Turner
Councilor Walker
Deputy Mayor Hamann
Mayor Callaghan

OTHERS PRESENT

Katie Ambrose, City Manager
Terence O'Rourke, City Attorney
Andy Yau, Property Owner 135 N. Main
Jenn Marsh, Assistant Director of
Economic Development

COUNCILORS ABSENT

Councilor Karolian

Minutes

1. Call to Order

Mayor Callaghan called the Special City Council Meeting to order at 6:38 PM.

Deputy City Clerk Cassie Givara had taken the roll call attendance prior to the Public Hearing preceding the Special Meeting. All Councilors were present except for Councilor Karolian, who was absent.

Prior to the Public Hearing preceding the Special Meeting, Mayor Callaghan announced that Councilor Lawrence would be attending the meeting remotely. Mayor Callaghan asked Councilor Lawrence, per RSA 91-A, if it was reasonably impractical for her to attend the meeting in person and asked her to state a reason for the record. Councilor Lawrence replied that it was reasonably impractical for her to appear in person due to illness. Mayor Callaghan asked, per RSA 91-A, if Councilor Lawrence was alone in the location from which she was connecting. She stated that her husband was in the house, but not in the room.

2. Resolution Granting Community Revitalization Tax Relief to the Property Located at 135 North Main Street Under the Provisions of RSA 79-E in Connection with a Proposed Rehabilitation Project *second reading and consideration for adoption (addendum A)*

Councilor Walker **MOVED** to **ADOPT** the resolution. Councilor Hamann seconded the motion.

Councilor Walker **MOVED** to **AMEND** to resolution to decrease the approval from 7-years to 5-years. Councilor de Geofroy seconded the motion. There was brief discussion on the terms of the approval and duration of tax relief. Councilor Fontneau spoke in favor of the 5-year approval and explained that this would equate to a total tax relief for the developer of approximately \$12,000 a year, or \$60,000 over the 5-year approval.

Mayor Callaghan expressed concern with the proposal for first floor residential as detailed in the application and the precedent this would set for future developers. However, he acknowledged that the 79-E proposal would allow for improvement of a property in an area that is in need of revitalization. Additionally, Mayor Callaghan stated that he would be more likely to support a longer approval if there had been an affordable or workforce housing component to the proposal. He spoke about the total renovation and construction cost and how this work would benefit Rochester's economy.

Councilor Lawrence echoed Mayor Callaghan's concerns regarding first floor residential and inquired if there is a precedent for a residential-only 79-E application with no commercial component. Assistant Director Marsh confirmed that there had been a 79-E project approved by past City Council which was residential only in this same area. She clarified that when the rezoning had been conducted requiring a minimum of 30-feet of frontage for commercial properties, this zone ended at the bridge on North Main Street; the property in question is located above this bridge and there is no requirement for commercial development in this area.

Councilor Sullivan acknowledged the concerns voiced by members of the public earlier in the evening that approval of the 79-E application would result in tax money that is not able to be recouped. However, he stated that the building had been vacant for 7-years and was not generating any tax revenue; this would be an opportunity to

generate some of those lost revenues.

Councilor Fontneau questioned whether this project qualified under RSA 79-E due to the majority of the improvements being undertaken on the inside of the property with few aesthetic changes to the exterior. He agreed that approving this proposal may result in other landlords and developers making similar requests for tax relief in order to improve their properties. Councilor Fontneau questioned the timeline detailed for these renovations and whether there could be constraints placed on the 79-E benefit based on whether or not the work is completed. He also questioned whether the property would be worth the \$600,000 listed in the proposal for

Assistant Director Marsh clarified that the property owner had met with the Community Development Committee and understands the importance of exterior improvements to the building. She explained the possible exterior improvements which could be undertaken and explained that there is \$40,000* allotted for these improvements to the façade (*it was later clarified that there was \$25,000 allotted for exterior improvements).

Mayor Callaghan inquired if the property could be “flipped” and sold once the improvements are completed. Attorney O’Rourke explained that the covenant entered between Mr. Yau and the City of Rochester is attached to the property; if the property is sold, the 79-E benefit is still in effect for the new owners.

Councilor Sullivan inquired if the benefit would begin immediately upon approval and extend for 5-years or if it begins 5-years from the completion of the renovation. Assistant Director Marsh said that the terms of the covenant allow 2-years for completion of the renovation project at which point the 5-year 79-E relief would begin the month following completion. She summarized the stipulations contained in the covenant if the project is not completed as agreed, and how this would result in the developer owing the entirety of taxes including interest and the amount reduced by the 79-E approval.

Councilor Lawrence asked if the assessment this is based upon is current. Assistant Director Marsh explained that the Chief Assessor and staff would be reviewing the property this week and the assessment used for the calculations would be current.

Mayor Callaghan called for a vote on the amendment to the main motion; to amend the terms of the 79-E from 7-years to 5-years. The

MOTION CARRIED by a 12 – 0 roll call vote with Councilors Hamann, Turner, Fontneau, Sullivan, Lawrence, de Geofroy, Walker, Herman, Creteau, Fitzpatrick, Richardson, and Mayor Callaghan all voting in favor.

Mayor Callaghan called for a vote on the main motion to approve the RSA 79-E proposal for 135 North Main Street. The **MOTION CARRIED** by a 9 – 3 roll call vote with Councilors Turner, Richardson, Fitzpatrick, Sullivan, Hamann, Herman, Creteau, Walker, and Mayor Callaghan voting in favor and Councilors Lawrence, de Geofroy, and Fontneau voting opposed.

3. Adjournment

Mayor Callaghan **ADJOURNED** the City Council Special meeting at 6:55 PM.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk

Resolution Granting Community Revitalization Tax Relief to the Property Located at 135 North Main Street Under the Provisions of RSA 79-E in Connection with a Proposed Rehabilitation Project

Be it Resolved by the Mayor and City Council of the City of Rochester, as follows:

Whereas, in an effort to stimulate local economic development and enhance City downtowns and Town centers, the New Hampshire Legislature has enacted RSA Chapter 79-E, entitled “Community Revitalization Tax Relief Incentive”; and

Whereas, the City of Rochester adopted the provisions of such Community Revitalization Tax Relief Incentive Program pursuant to RSA Chapter 79-E by Resolution of the City Council on October 7, 2008; and

Whereas, Andy Yau, owner of the so-called 135 North Main Street in downtown Rochester, is desirous of making use of the benefits of RSA Chapter 79-E and it has, therefore, proposed a substantial rehabilitation project with respect to the structure located upon the so-called 135 North Main Street; and

Whereas, RSA Chapter 79-E requires that the governing body of the City of Rochester make certain findings and determinations with regard to a proposed substantial rehabilitation project in order for the structure to qualify for the RSA Chapter 79-E Community Revitalization Tax Relief Incentive;

Now, Therefore, the Mayor and City Council of the City of Rochester, by adoption of this resolution, hereby make the following findings and determinations with respect to the proposed substantial rehabilitation proposal for the so-called 135 North Main Street property contemplated by the owner’s Community Revitalization Tax Relief Application dated January 5, 2024, to wit:

(1) Any tax relief under the provisions of RSA Chapter 79-E or this resolution that is to be accorded with respect to the so-called 135 North Main Street property project shall be accorded only after the property owner grants to the City a covenant pursuant to the provisions of RSA 79-E:8 ensuring that the structure shall be maintained and used in a manner that furthers the public benefits for which the tax relief was granted and in accordance with the requirements of RSA 79-E:8; and

(2) The Mayor and City Council find public benefits under RSA 79-E:7 in the proposed revitalization project proposed with respect to the so-called 135 North Main Street property project; and

(3) The proposed substantial rehabilitation project with respect to the aforesaid 135 North Main Street provides the following public benefits to downtown Rochester:

I. It enhances the economic vitality of the downtown;

II. It enhances and improves a structure that is culturally and historically important on a local level, within the context of the City's Historic District and the City center in which the building is located;

III. It promotes development of downtown Rochester, providing for efficiency, safety, and a greater sense of community, consistent with RSA 9-B;

(4) The specific public benefit is preserved through a covenant under RSA 79-E:8 if the project is implemented consistent with (a) the aforementioned application; (b) the terms of this resolution; and (c) any other applicable requirements of Chapter 79-E; and

(5) The Mayor and City Council find that the proposed use is consistent with the City's Master Plan and development regulations.

Furthermore, as a result of making such determinations and findings, and subject to the owner's compliance therewith, and with the provisions of RSA Chapter 79-E, the Mayor and City Council hereby grant the requested tax relief for a period of ~~seven (7)~~ **five (5)** years beginning with the completion of the substantial rehabilitation of the structure upon the so-called 135 North Main Street property.