

FREQUENTLY ASKED QUESTIONS

Town of Stratham

Proposed Route 108 Corridor Tax Increment Financing District

(February 18, 2020)

The Town of Stratham has prepared this list of Frequently Asked Questions in order to provide more information and clarification about the Select Board's Tax Increment Financing (TIF) proposal for the March 2020 Town Meeting.

Please share this document with friends, neighbors and fellow residents. If you see something needing further clarification or have additional questions, please reach out to the Board directly or through Town Administrator David Moore (dmoore@strathamnh.gov).

1. Why is the Town seeking to shape the development of the 108 Corridor/Gateway Zone?

The Town's Master Plan and long-held visions for the future of the Town call for a strategic redevelopment of the 108 corridor to benefit the Town's quality of life and financial stability for the long term. Recent outreach, surveys, study, and the Master Plan discussions confirm this direction and the Select Board is recommending the adoption of a TIF District and Plan to advance the Town's wishes.

The development envisioned for this Corridor is not possible to construct without water and sewer infrastructure. As a result, the Town's desire to "enhance the economic vitality, business diversity, accessibility, and visual appeal of Stratham's Gateway Commercial Business District" cannot be realized nor will higher-value mixed-use (residential and commercial) development help offset the property tax burden on residents in the future. In the absence of a growing commercial tax base (limited remaining land to build new homes), the cost to fund town, county and school budgets in the future will increasingly be borne by the existing residential tax base as opposed to shared with a more robust commercial base.

In summary, there is significant opportunity cost to the Town in maintaining an underperforming commercial district, both financially and in quality of life.

2. What type of development is called for in the Corridor?

Stratham has adopted zoning (and site plan regulations) expressly for the purposes of building out the Gateway Master Plan Vision adopted in 2008 and enacted through votes of the Town in 2009 and 2014. Zoning is in place now to ensure high quality, mixed-used development on an acceptable scale.

The current zoning of the Gateway District was adopted to implement the Vision in the District Master Plan. The opportunities and benefits to Stratham residents:

- upgraded amenities (i.e. modernized shopping facilities for groceries, markets).
- new services and uses and gathering spaces (i.e. theaters and civic spaces).
- diversified housing options for seniors and people at all stages of life.
- modern site development that better cares for the environment (i.e. stormwater quality and waterways).
- connections through side and interior roads, which relieve congestion by providing motorists with multiple ways to reach their destination. These also increase access for pedestrians and bicyclists; and
- **more viable economic structure for the Town through added property valuation.**

3. What does a TIF get us and what is it?

In order for the Town to realize the desired investment in the Corridor, water and sewer utilities are required. Building size and use on a scale that will increase the Town valuation currently is constricted by a lack of this important infrastructure. By contrast, the Town's Industrial Park accommodates more activity and larger buildings and industrial uses through the provision of public water and sewer utilities.

A TIF (Tax Incremental Financing) District is a local-option financing tool that can help a municipality pay for public infrastructure, usually by paying off bonding faster than if the tool was not used. A TIF District consists of a map and a plan. The TIF- tool establishes a defined and limited District (a group of parcels in an area). New incremental property tax revenues from the District are legally pledged to pay-down any new project-related public debt as prescribed in the TIF Plan. Because 100% of the incremental revenue is used for this sole purpose, the bond can be paid off faster. A bond paid off faster means the taxpayer pays less total interest on the bond, hence saving taxpayers money.

4. How does a TIF work?

After defining the TIF district, the current assessed values and property tax revenues are “frozen” and continue to flow to the Town’s general fund. However, any future “incremental” increases in property tax revenues within the district (through new construction, expansion, or renovations) can be “captured” and all or a portion of this new revenue can be used to pay for the infrastructure improvements (sewer, water, roads, etc.) that enabled the development within the district. Once the improvements are paid for 100% of the property taxes generated in the District go to the Town’s general fund.

5. Is a TIF District always a good idea?

If this public investment is needed, and the designated District could see new taxable development because of the public investment, TIF has been demonstrated to be an effective tool.

With the necessary infrastructure in place, the Gateway/NH 108 Corridor from the NH 101 to Town Center is well-situated to experience a high-quality transformation in the built environment that benefits the Town’s quality of life as well as ability to finance local government services in the future. In

addition to Stratham being a desirable community in a desirable location, it has very highly-regarded public services and schools. The large parcels, on flat land near key job centers (Portsmouth, Pease, Manchester and Boston) and a strategic transportation network (I-95, NH 101, and nearby airports) all add to our Town's attractiveness to further investment.

6. What is proposed to happen at Town Meeting?

The Town needs to vote to authorize the creation of a TIF District and adopt a Development Program and Financing Plan (two separate warrant articles). The proposed District map and Plan can be found on the Town's website [here](#). No funding or bonding authorization is on the Warrant as part of this proposal.

7. Does adoption of a TIF District obligate the municipality to spend funds?

No. The District includes a Financing Plan, but it is only a plan related to what the allowable public investment could be.

All borrowing and spending decisions are separate from the District's adoption and would require the same review and adoption procedures involving the Select Board and citizens as any other municipal investment or spending; i.e. Town Meeting.

If the Town never chooses to borrow or changes strategic direction relative to the Corridor the TIF can be repealed. All captured funds would return to the Town for later appropriation as the Town Meeting it sees fit.

8. Why would we adopt this tool now without approving funds?

Establishing a District in Stratham changes the conversations with potential developers and communicates Stratham's seriousness about inviting redevelopment of this strategic corridor in accordance with long-adopted community visions and existing zoning.

9. Isn't the TIF tool designed for "green" sites where there is no development or for "blighted" sites?

No. A [recent presentation sponsored by the Select Board in February](#), highlighted two ongoing TIF Districts that are seeing results (increased investment by private sector following public investment in infrastructure to support that development). Two practitioners from Exeter and Bedford spoke to the tool's usefulness in spurring desired development in underperforming commercial areas (like Stratham's Gateway/108 corridor).

The TIF tool is for use anywhere a change to an existing development pattern is desired and where infrastructure investments will catalyze new value and uses desired by the community. In addition, there is no doubt there is aging infrastructure, vacancies and signs of underinvestment in the corridor that can lead to blight conditions.

10. What would happen next if TIF is adopted?

The TIF Plan document proposes two phases of moving forward from the Town Meeting votes (excerpted from page 6 of the plan):

Phase 1: A Discovery and Commitment Phase. This phase will include determining if there is adequate interest in moving forward with the Plan's purposes. This will include determining details associated with utility connections, operating and maintenance of the TIF District funded improvements, and participation from private property owners. This work includes seeking private sector participation in the capital costs and development agreements prior to advancing to the second phase of design, construction and funding. Work to assess or secure other (non-TIF) sources of funding will also take place.

Phase 2: A Design and Implementation Phase. If Phase 1 determines there is adequate interest, this phase includes requesting adequate bonding authority at future Town meeting(s), designing the systems, entering into private and inter-municipal agreements, obtaining required permits, procuring contractor bids, overseeing the construction of the system and on-going operations, and other actions required to implement the purpose of this Plan.

If the District and Plan are passed at Town Meeting 2020, the district will begin April 1st, 2020, incremental revenues (accrued after April 1, 2020) will be placed in the TIF Fund.

Subsequent steps would be to proceed as usual for a public construction project: accepting the terms of any grant award, getting engineering and construction bids, and presenting financing Warrants at Town Meeting.

11. Do we know if there is developer or owner interest in redeveloping lots along the corridor?

Yes. The Town has confirmed interest in water and sewer utilities in the corridor with large and small property owners in the corridor.

12. How will we connect to water and sewer services?

Our engineering [studies](#) confirm the most efficient and cost effective connection to existing public water supply and sewer is with the Town of Exeter. The Town has confirmed Exeter's interest in gaining new customers for its system and understands our phased strategy above calls for discussing the details when a development interest is known and "at the table".

13. Where has TIF been deployed successfully in New Hampshire?

There are many example of TIF districts in New Hampshire that have or are achieving desired development. One such TIF district is in Exeter, NH (currently in progress) another district widely-

recognized as successful is in Londonderry, NH. Other districts have been successfully implemented in Peterborough, Keene, and Rochester to name just a few.

14. The Town is adding new value to the tax lists, why do we need to increase commercial development?

Growth in the tax lists have primarily come from residential development outside of the corridor. As the value of housing has risen, the value of residential property has grown relative to commercial property. However, remaining developable land to continue this pattern is limited. In addition, increasing pressure of residential development on remaining developed or underdeveloped parcels threatens to further erode the rural character of Stratham the Town values very highly.

Concentrating development along the 108 corridor is one way to ensure the rural character of Stratham is retained outside of the corridor. In addition, newer and concentrated development is more efficient to build, takes advantage of modern environmental mitigation practices. Further, introducing desired uses and amenities including diversified housing options, gathering spaces, work spaces, and entertainment also have important quality of life improvements that will serve all residents.

15. What have we done as a Town to study the financial ramifications of a TIF district and any future borrowing?

The Town has commissioned two studies which have closely studied potential scenarios. These include the ["Route 108 Corridor Study" in November 2016 by ADG](#) and ["Stratham Route 108 Infrastructure Financial Analysis" in May 2019 by Applied Economics Research](#). Both are available on the Town's "Gateway Implementation" website. A summary of both of these studies can be found in the [Final Report of the Route 108 Study Committee from May 2019](#). The studies confirm the financial viability of introducing the needed utilities to realize the vision under certain conditions and assumptions.

16. Is TIF a tax break or tax premium?

No. The adoption of a District does not change anyone's tax assessment or tax rate; up or down.

17. Will we need to invest more in police and fire officers to support this growth in Town?

New development/redevelopment in the Corridor is for mixed uses, commercial and residential. To the extent new services are needed new value on the scale possible in the TIF district will be far greater than the costs of providing new services.

18. What impact does Gateway Growth have on schools?

Residential development within the Gateway corridor is not anticipated to have a significant impact on the school system. Yes, the Gateway corridor has been zoned to permit a mix of uses—primarily commercial and residential. The inclusion of residential uses, in accordance with Master Plan and Zoning Regulations, however was designed to provide a mix of one (1) and two (2) bedroom units for

recent graduates and young professionals and not, specifically, for “families”, particularly—given the limited bedroom size—families with multiple children.

19. Does a TIF District affect zoning?

No, the TIF District does not impact the underlying zoning. The TIF tool is a financing tool designed to help offset costs to taxpayers of introducing public infrastructure to enable the desired development called for in our zoning.

20. What special treatment do proposed developments get by the adoption of a District?

None. The District does not affect any proposed development’s obligations to meet all municipal ordinances, including paying taxes, and meeting site plan regulations and zoning requirements.

21. How is a District ended?

Until such time as a municipality incurs debt as described in the District Plan, it can be ended at any time. Conversely, the District has no required sunset. Some communities have left an unfunded District dormant for years.

If public debt – usually a bond – is incurred, the District ends once that debt is fully paid, unless new debt is incurred to further/extend the improvements.

22. Can other sources of income be used to fund the needed infrastructure?

Yes. Examples include: Private funding leveraged through development agreements; State Revolving Fund Resources; Groundwater Protection Resources; Infrastructure investments at Federal level; funds associated with contamination response