



Route 108 Corridor Study Committee

Final Report

May 09, 2019

ROUTE 108 CORRIDOR STUDY COMMITTEE

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Stratham: A History of Commercial Contemplation

With over 300 years of testimony to this fact, Stratham has long endeavored to be both pragmatic and strategic in balancing the need and demand for local services; ever aware that local services are funded almost entirely by local property taxes. While it is true throughout New Hampshire that the role of the property tax is to fund local government services, that financial burden in Stratham falls largely on residential households—where approximately 84% of the annual tax burden is paid by residential property owners (based on 2018 data).

Taxation and Funding the Future

It can also be stated that despite the predominance of a residential tax burden, Stratham has—chiefly through detached-residential development-- grown, attracted a great number of talented residents and staff, and established itself as a wonderful community due in no small part to vibrant local government services in the form of safe roads and facilities; modern library services; vibrant and extensive recreational offerings; unparalleled natural beauty in conserved and active farm, pasture, and wetland areas; wonderful educational offerings for our students; and proud dedicated public safety professionals providing high quality police and fire services. Stratham, however, is growing progressively closer to its maximum residential build-out. It is in this context of reliance on the property tax and the desire to maintain high quality services that a decades-long discussion about the need to expand and diversify our property tax rolls advances.

Stratham benefits from strategic location on or near major transportation corridors that make the Town attractive not only for residents commuting to employment elsewhere, but also commercial and other business enterprises throughout the seacoast and beyond. As a result, while the cost of providing high quality services to the residents will continue to rise over time, the Town's current tax base and current patterns of development will fall short of the needed generation of new tax revenues. The result will be an increased squeezing of the residential tax base, potentially leading to very difficult decisions about schools and public safety and other essential Town services.

Residential vs. Commercial – The Advantage of Greater Commercial Development

In New Hampshire, all properties are taxed at the same rate; there is no rate differential for commercial or residential property. One distinguishing characteristic between residential and commercial is the relative cost of providing services to each. In Stratham, like much of New Hampshire, the cost of providing services to residential properties is higher than it is to provide services to commercial properties. For reference, Stratham's residential properties—based on 2018 data—pay for 84% of the cost of services (total tax bill) while commercial properties (14%) and utilities (2%) make up the remainder. The individual tax payer benefits, however, are seen in the reverse, where commercial properties “cost” the Town less than their proportionate share of the tax bill.

The comparatively lower tax rate in Stratham has actually persisted as long as it has, in large part because of value invested in Stratham's one industrial park on Marin Way. The high assessed value

and low cost of tax supported services for Lindt & Sprungli (USA), Inc. alone, effectively removed the cost burden of 135 Stratham households. Recall, however, more than 135 households have been built *since* the build out of the commercial/industrial park and the inherent cost of services continues to rise over time thereby shifting more of the cost burden onto the residential property tax payers; this trend will continue without expanded commercial development.

History of Commercial Zoning Development

While many accept that the current Gateway Corridor (Gateway, Professional Office, and Town Center Zoning Districts) present areas for commercial development in Stratham, that hasn't always been the case. Historically, the zoning map of Stratham illustrated a "General Commercial" Zoning District—very similar in geography to the present Gateway Zoning District. In the early 2000's, the Town—even then contemplating the need for increased commercial development to complement the residential tax burden—hypothesized extending the General Commercial District north to the Greenland/Stratham Town line. That concept was readily rebuked by residential property owners who did not want "commercial" uses in abutting their properties that didn't front the NH33 corridors.

Committed to providing a solution to increase the commercial tax base, a second option was conceived; one that expanded the existing General Commercial District bounds both east and west rather than further north. Functionally the proposal was to increase the depth of the commercial district from 800 feet to 1200 feet as measured from the NH 108 right-of-way line. This second option was also not generally supported by Stratham residents. With this it was clear that Stratham desired to restrict commercial development to the operating limits of the existing General Commercial zoning district. The question that remained related to how to maximize the development potential of that geographic area to the extent said development would help mitigate the residential tax impact of the inevitable growth of Stratham into the future. To maximize a development regime that was both attractive and established a framework to support the density required to achieve the sought economic viability, Stratham changed its regulations.

In 2008 the Town completed the Gateway Commercial Business District Master Plan ([link](#)). This plan was then followed by the Town adoption of the Utility District in 2005, along with the optional Gateway Zoning District Overlay (2009) and subsequently the Gateway Zoning District (2013). With each of these incremental steps, the Town was honing its direction for the future of commercial development; one that was compact, dense, and facilitated by municipal infrastructure.

The Corridor as a Major Opportunity to Expand Tax Base

All around the region, municipalities with commercial corridors have grown their non-residential tax bases by concentrating development in limited areas, such as along transportation corridors. In Stratham, the Town's major un-realized commercial value lies along the Route 108 Corridor. Stratham has previously worked and voted to support the concept and vision of increasing the commercial development and vitality of this corridor through a number of efforts. While the 108 Corridor is functionally built out at present, current zoning enables more potential. In fact efforts to redevelop or increase corridor development are now only limited by its lack of public water and sewer infrastructure. The increased commercial development that would help maintain a reasonable residential tax burden is limited by land area devoted to leach fields and well radii. In addition,

higher density mixed uses (housing, commercial, and office uses) which will add to the town in terms of commercial activity, civic life, and economic vibrancy is not possible without water and sewer.

This report recommends the Town take specific steps to implement the needed water and sewer infrastructure for the 108 Corridor. Further, given the importance of the ultimate success of this effort, this report outlines specific recommendations to the Select Board for working with the community in the coming months in order to communicate the important information gleaned from this Committee's study and related planning efforts in order to ensure informed decisions going forward related to the future financial viability and sustainability of our Town.

Zoning Districts

| Zone | Description |
|---|---|
| Residential Agricultural | Residential Agricultural |
| Manufactured Housing | Manufactured Housing |
| Retirement/Planned Community | Retirement/Planned Community |
| Town Center | Town Center |
| Professional/Residential | Professional/Residential |
| Restricted Use Development | Restricted Use Development |
| General Commercial Bus/Center/Center Zone | General Commercial Bus/Center/Center Zone |
| General Commercial Bus/Center/Center Zone | General Commercial Bus/Center/Center Zone |
| General Commercial Bus/Center/Center Zone | General Commercial Bus/Center/Center Zone |
| General Commercial Bus/Center/Center Zone | General Commercial Bus/Center/Center Zone |
| Special Commercial | Special Commercial |
| Commercial/Light Industrial | Commercial/Light Industrial |
| Industrial | Industrial |

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Committee Background and Process

Following the 2016 Town Meeting where the Town voted against a bond measure to afford the opportunity to connect with the Exeter water system and extend services into the Gateway Corridor, the Select Board sought to determine whether the Gateway District was still a viable development pattern for Stratham to pursue and, if so, concurrently evaluate methods how such development could occur. The Town solicited a study by the Arnett Development Group (ADG) (2016) who compared the Stratham Gateway District Corridor with similar corridors in neighboring communities to analyze development potential and, at a preliminary level, evaluate methods the Town could employ to fund the infrastructure improvements (See ADG Report, www.strathamnh.gov)

Following a public forum presentation by ADG, the Town established the Route 108 Corridor Study Committee in December of 2016 to conduct an independent review of: 1) the viability of the “Gateway Zoning District” and 2) in providing municipal water and sewer services to the Town’s commercial business districts. The creation of this Committee followed very important policy determinations made over the course of many years. Appendix A, Excerpts from Planning Documents, Studies, and Town Meeting Votes includes summary of the key Town documents and actions leading to the efforts to ensure adequate infrastructure to support higher-value commercial development along the corridor. Here is a summary of the committee’s work by year:

2016 –2017 The Committee spent much of its first year reviewing and digesting data including the 2008 Gateway Commercial District Master Plan, prior studies related to corridor infrastructure options, NH statutes and applicable regulations governing municipal water/sewer districts. See *Appendix A*. 2017 – The Town again engaged Arnett Development Group (ADG) to evaluate the concept of a Tax Increment Finance (TIF) District. Generally the public who attended a public forum reviewing ADG’s work (April 2017) did not believe that ADG nor the Town had determined the financial benefit to the Town afforded by a TIF or corridor development as a whole. Taking direction from the public, the 108 Committee synthesized public comment and took action to provide answers.

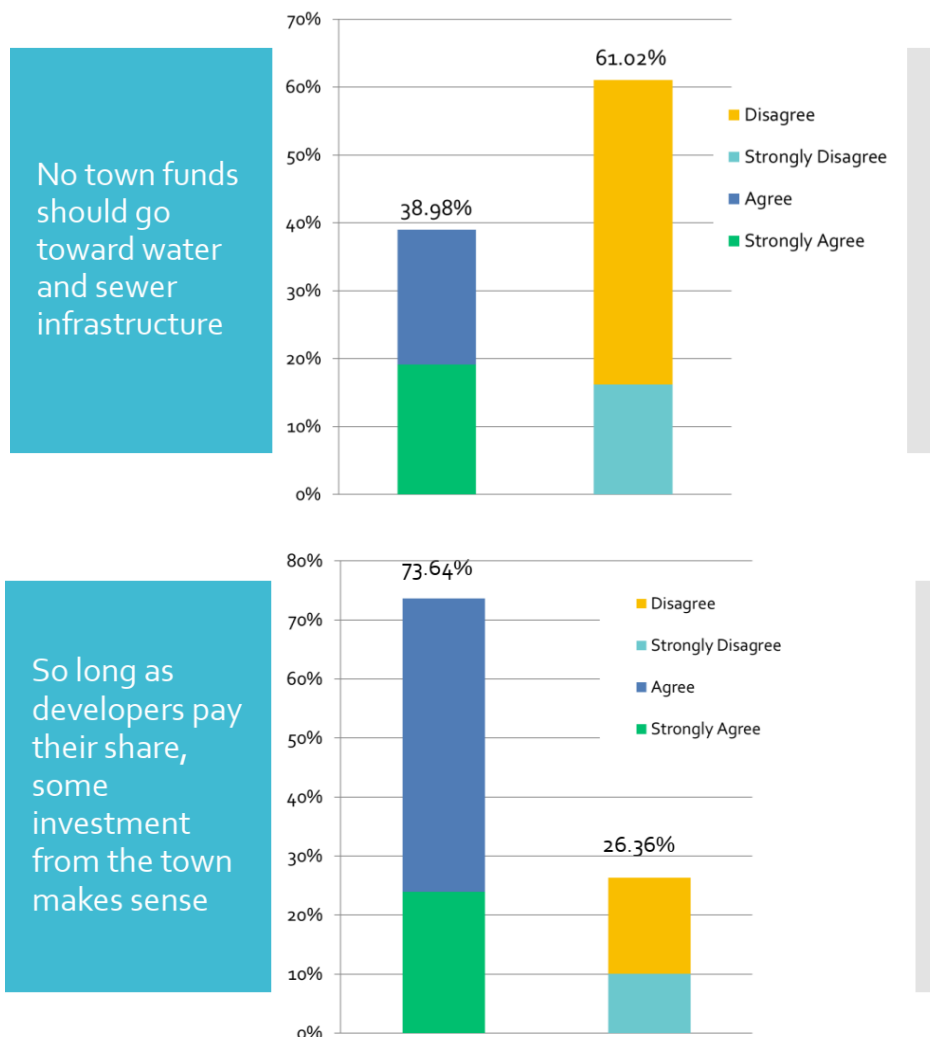
2018 – Following community feedback in 2017 the Committee sought to obtain additional input from the community and Gateway district property owners, to define engineering options for providing services, and to determine the feasibility of financing the improvements. Additionally, and in an effort to guide their review and ultimate recommendation to the Select Board, the Committee adopted the following Vision Statement in June, 2018:

Our mission is to move the Gateway Commercial Business District toward a higher density mix of commercial, professional, and residential buildings and features that return the highest value to the town for both quality of life and property tax revenue that supports vital municipal services. Enabling new development in the Gateway District will diversify and strengthen Stratham’s tax base while preventing sprawl that would further harm the rural character of our outlying Residential/Agricultural community. We are “inspired by the past and committed to the future.”

Following the adoption of the Vision Statement, the Committee initiated the following steps to further their committee charge:

➤ *Community Survey*

- During 2018 the Committee undertook efforts to assist the community in better understanding that in order for significant additional development and redevelopment to occur within the Gateway District that water and sewer infrastructure will be a necessity. Specifically, the Committee created and deployed a citizen survey that solicited anonymous citizen feedback and two public forums were held. In summary, the survey generated a robust response—611 responses, or 11.3% of the adult (age 20+) population of Stratham-- to the questions which indicated, in fact, that the community is generally favorable toward development provided a fair allocation of the necessary infrastructure costs occur.



- Links to both a video of the presentation and a second link to the aggregate data of the entire survey results are provided here:
 - [Link to Video of 108 Committee Presentation of Citizen Survey](#)

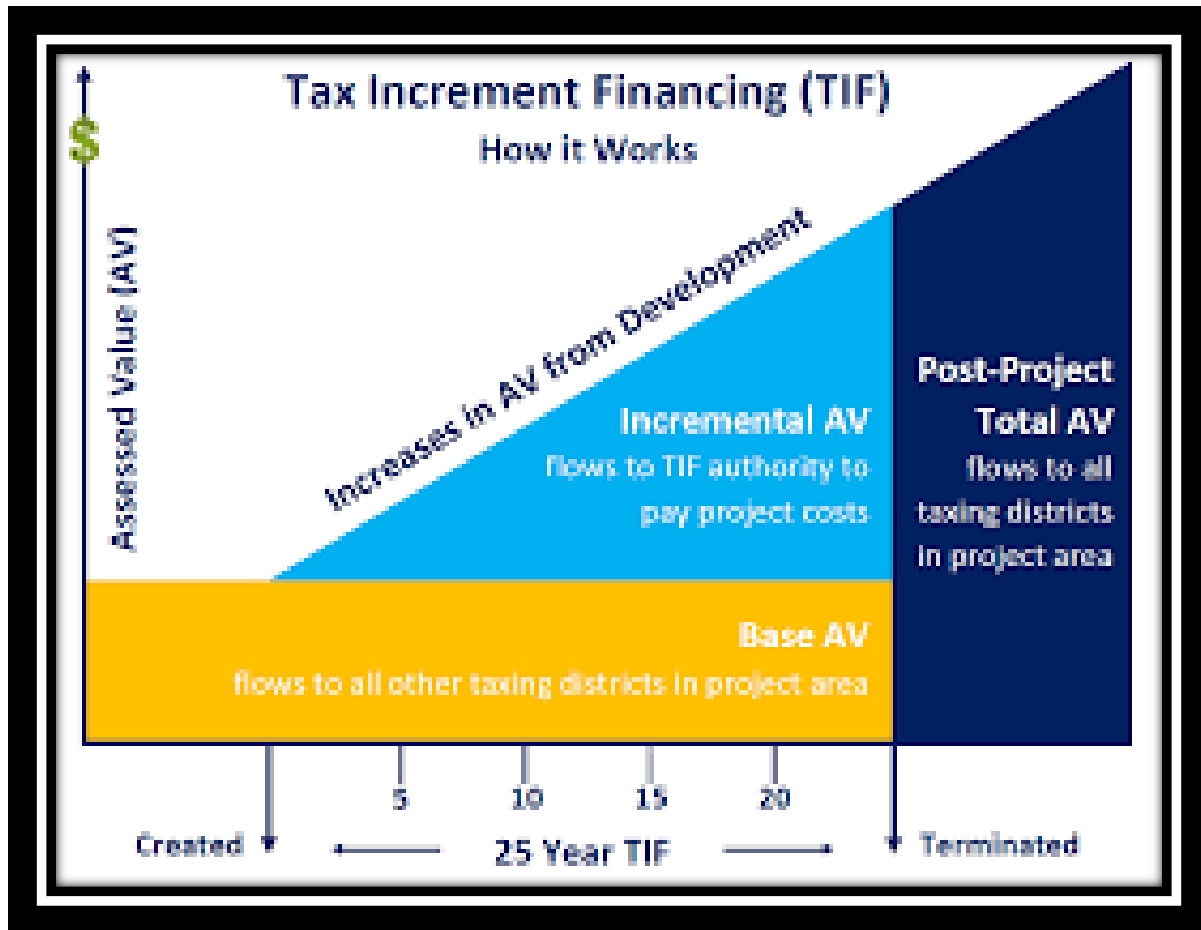
<https://www.youtube.com/watch?v=Uy4UrQ4gOdY>

- Link to Aggregate Data collected from Citizen Survey:
<https://www.strathamnh.gov/route-108-corridor-study-committee/files/survey-data-presentation>
- *Explored Engineering Options and Related Cost Estimates for Provision of Water and Sewer*
 - Weston & Sampson completed an evaluative study of installing water and sewer infrastructure with pricing through 2020, but ultimately indicated that tying into a neighboring municipal water and sewer system will likely prove to be the most economically feasible option available to the Town—less than half the cost of Stratham developing its own water and sewer facilities. This study was carried out in close coordination with the Public Works Commission.
- *Evaluated Financial Feasibility of Providing Infrastructure*
 - With integration of the costs analysis provided by Weston & Sampson, Applied Economic Research of Laconia, worked with the Committee to complete an analysis of the funding mechanisms for infrastructure improvements. Given the expense of financing the project solely through Government Issue bonds, focus was centered on the need for a public private funding solution. This resulted in a conceptual review of the feasibility of a Tax Increment Financing (TIF) District. The TIF analysis ultimately indicated a relatively quick payback—and relative cost—born by the residential taxpayer—and likelihood of overall success if a TIF district is established and infrastructure is installed in the core district of the Gateway (from Frying Pan Lane south to the Exeter border).

Summary of Tax Increment Financing & Feasibility Analysis

Completion of the Weston & Sampson Report in early 2019, provided the clarity of infrastructure costs the Committee needed in order to assess how the Town may work toward providing municipal infrastructure in order to support the commercial development that would ultimately reduce the residential tax obligation related to a bond payment and overall tax liability related to the cost of providing services. To assist, the AER report evaluated the tax implications of Government Issue Bonds in the context of past reluctance by the Town to finance costs alone.

The 108 Committee realizes that some public funds, however, will be required to facilitate infrastructure development as it is implausible that private developers would entirely finance a municipal infrastructure project. Further, the Committee appreciates that infrastructure development is desired—ultimately—for Town wide interests and not merely a developer's private interest. At the very least, public monies may be required to establish a system that private developers can connect to. Ultimately Town investment and private investment will work hand in hand. Infrastructure affords the developer the ability to maximize the development potential of their land which then maximizes their property value which, through a TIF, expedites debt repayment and ultimately— stabilizes the residential tax bill for Stratham property owners.



One mechanism to maximize use of non-public funds is to implement a Tax Increment Finance District (TIF). TIF districts cost no money to implement and permits expedited repayment of loans/bonds thereby minimizing the tax impact of any bond to residential property tax payers of Stratham. Much of the work completed by AER, was an analysis of how a well-designed TIF that authorized Town investment only when private development was imminent and in conjunction with significant private funding prior to drawing on a bond or note. AER's evaluation ultimately concludes that the Gateway Corridor as defined by the Committee and the draft TIF plan as prepared in **Appendix C Sample TIF Plan for Stratham** supports Town investment and related development that would minimize residential taxpayer burden of the inevitable cost of service increase. Commercial development, in conjunction with the proposed phases within the TIF plan, provides commercial tax valuations sufficient to reduce residential tax burden.

Recommendations and Next Steps

The Committee Recommends the Select Board and the Town staff actively move forward with the infrastructure investments needed to realize a sustainable future for the Town and enable the Gateway Zoning. The Committee recommends the Select Board commit to a specific course of

action in 2019 in order to prepare concrete measures to realize this goal. In order to facilitate conversations about next steps, a draft implementation plan with a suggested schedule and responsible parties needs to be adopted. The Committee further recommends the Board consider reestablishing and/or reconstituting the Route 108 Study Committee with a new or similar charge that focuses on laying the ground work for water and sewer infrastructure.

The implementation plan includes following:

1. Broaden the conversation in the community about the opportunity present within the 108 Corridor.
2. Further develop the existing inter-municipal agreement for water and sewer services.
3. Draft critical necessary documents to implement a TIF District at the 2020 Town Meeting.
4. Engage property owners and developers.

Conclusion

Water & sewer infrastructure to allow commercial investment and redevelopment of the Route 108 Corridor is important to the livability and affordability of Stratham in the future. The Committee recognizes that the future brings an acknowledgement of increasing cost of providing quality municipal services to residents. Our future therefore requires permitting the commercial development endorsed by the Zoning Ordinance--to the extent practical to minimize residential tax payer burden—with TIF supported investment in infrastructure as an imperative effort to preserve the agrarian roots which inspire us all as residents of Stratham. *Growth will and must occur. The Town must design and adopt a plan that insures the Town accept the development it desires rather than inevitable growth dictating what the Town tolerates.*

Appendix A

Excerpts from Planning Documents, Studies, and Town Meeting Votes

TOWN MASTER PLAN (1998) STATEMENT:

It is the policy of the Town of Stratham to maintain a balance of land uses and development opportunities that results in a well-planned community with a diverse tax base.

GATEWAY MASTER PLAN VISION STATEMENT:

Enhance the economic vitality, business diversity, accessibility, and visual appeal of Stratham's Gateway Commercial Business District, in a manner that is consistent with the landscape and architecture of the Town's agricultural tradition.

GATEWAY ARCHITECTURAL AND SITE DESIGN GUIDELINES VISION STATEMENT:

These design guidelines were developed to illustrate the Town's vision and policy to encourage growth and development that is compatible with the community's history and character. This document provides design guidance and approaches that encourage development of a unified and cohesive district without compromising the potential of each individual landowner or business to develop a well-designed project. The following concept of Traditional Neighborhood Design is highly encouraged and integrated within these guidelines.

Traditional Neighborhood Design (TND) is a planning concept that informs the creation of neighborhoods consisting of residential and nonresidential uses designed in the format of small, early 19th to 20th century villages.

Those traditional formats were characterized by residences on small lots, narrow front yards with porches and gardens, adjacent to commercial areas with shops lining the sidewalks, and public parks, town greens, and village squares. TND is intended to provide an alternative to suburban sprawl type development characterized by an orientation to the automobile, separation of land uses, and low intensity development.

GATEWAY ZONING ORDINANCE PURPOSE AND INTENT:

3.8.3 Purpose and Intent:

- a. The purpose of the Gateway Commercial Business District is to enhance the economic vitality, business diversity, accessibility, and visual appeal of Stratham's Gateway Commercial Business District, in a manner that is consistent with the landscape and architecture of the Town's agricultural tradition.

- b. The intent of the GCBD is to foster development of a vibrant mixed-use district with a cohesive street layout and architectural character that includes commercial, residential, and civic uses and integration of open spaces, transit, bicycle, and pedestrian accommodations. The requirements of the GCBD are based primarily on building form, placement and function, site design, and the overall built environment including streetscapes, landscaping, and outdoor spaces and facilities.
- c. Development in the Gateway Commercial Business District shall incorporate the following:
- i. Wherever possible, natural infrastructure and visual character derived from topography, woodlands, farmlands, riparian corridors, and other environmental features shall be retained;
 - ii. Infill development and redevelopment shall be encouraged;
 - iii. Development contiguous to adjacent zoning districts shall be organized to complement and be compatible with the existing pattern of development and the natural landscape;
 - iv. Network of existing and proposed streets shall be designed for access to Portsmouth Avenue and local connector roads, disperse traffic to and from the District, and reduce traffic volumes;
 - v. Transportation corridors shall be planned and reserved in coordination with proposed land uses;
 - vi. Greenways shall be used to define and connect developed areas and provide public spaces and enhance view sheds to adjacent conservation lands;
 - vii. Development shall integrate a framework of transit, pedestrian, and bicycle systems that provide accessible alternatives to the automobile;
 - viii. Use of on-street parking shall be emphasized;
 - ix. Architectural and landscape design suited to a traditional New England appearance shall be applied; and
 - x. Public gathering and public use spaces shall be established and connections made throughout the District in a manner and location that will encourage use and promote safety and security.

REFERENCES:

Gateway Commercial Business District Master Plan (2008) pages 4-5 and 7-10.

https://www.strathamnh.gov/sites/strathamnh/files/uploads/gcbdmasterplan_11807.pdf

Gateway Commercial Business District Architectural and Site Design Guidelines (2010) pages iv-v.

https://www.strathamnh.gov/sites/strathamnh/files/uploads/gcbd_design_guidelines_09-15-10_parts_i-iii.pdf

Stratham Zoning Ordinance, sections 3.8.3, 3.8.4, 3.8.5 (pages 30-31).

https://www.strathamnh.gov/sites/strathamnh/files/uploads/stratham_zoning_ordinance_draft_2017rev2_1.pdf

Past Reports & Studies Available on Town Website

The following webpage provides access to all reports, studies, and plans to date (illustrative photo below): <https://www.strathamnh.gov/board-selectmen/pages/water-sewer-project>

| Home » Boards & Committees » Select Board | |
|--|------|
| Water / Sewer Project | |
| Project | Year |
| Route 108 Corridor Study Committee September Survey Data Presentation | 2018 |
| April 19th Presentation | 2018 |
| TIF Plan | 2018 |
| December 13 Presentation - Route 108 Gateway Corridor Study | |
| Preliminary Design Summary - Water Distribution System | 2016 |
| Preliminary Drawings | 2016 |
| Arnett Development Group Report | 2016 |
| Portsmouth Ave Water Main Report | 2016 |
| Water Main Cost Memo | 2016 |
| Water Agreement | 2016 |
| Water Integration for Squamscott, Exeter Report | 2015 |
| Exeter / Stratham / Portsmouth Regional Wastewater Report (Draft) | 2014 |
| Gateway Commercial Business District Regulation Plan (2014) | 2014 |
| Exeter / Stratham Intermunicipal Water & Wastewater Systems Evaluation Final Report | 2012 |
| Exeter / Stratham Intermunicipal Water & Wastewater Systems Evaluation Draft Report Presentation (8/21/12) | 2012 |
| Exeter / Stratham Intermunicipal Water & Wastewater Systems Evaluation Draft Report | 2012 |
| Stratham Wastewater Concept Plan | 2011 |
| Stratham Groundwater Supply Investigation Study | 2011 |
| Water & Sewer Infrastructure Cost Analysis Assumptions | 2011 |
| Water & Wastewater Infrastructure - 20 Year Outlook | 2011 |
| Gateway Commercial Business District Architectural & Design Guidelines I-III | 2010 |
| Gateway Commercial Business District Architectural & Design Guidelines IV-V | 2010 |
| Fire Suppression / Potable Water Study | 2010 |
| Stratham & Exeter - Water & Sewer Community Discussion | 2010 |
| Gateway Commercial Business District Regulation Plan | 2009 |
| Master Plan 2008 | 2008 |
| Town Master Plan | 1998 |
| Cost of Service Study | 1994 |

Appendix B

ROUTE 108 CORRIDOR STUDY COMMITTEE VISION STATEMENT (Adopted: June, 2018)

Our mission is to move the Gateway Commercial Business District toward a higher density mix of commercial, professional, and residential buildings and features that return the highest value to the town for both quality of life and property tax revenue that supports vital municipal services. Enabling new development in the Gateway District will diversify and strengthen Stratham's tax base while preventing sprawl that would further harm the rural character of our outlying Residential/Agricultural community. We are "inspired by the past and committed to the future."

Construction of new roads by developers as prescribed in the Gateway ordinance will create additional high-value frontage building lots within the existing commercial area; and will create a secondary transit network that would alleviate traffic woes on Portsmouth Avenue and facilitate safe pedestrian/cyclist travel.

New multi-story buildings with higher assessed values will result in a substantial increase in Gateway District property tax revenues, which will benefit non-Gateway (i.e. residential) property taxpayers in Stratham.

Development of water and sewer infrastructure is required to support multi-storied buildings with tenant diversity, to include retail shops, professional offices, and residential mixed uses. Water and sewer service is also necessary to free up land currently consumed by large septic systems and well radii for new development.

Phased Gateway District development will be carefully managed and financially self-sustaining. Considering that our existing industrial park and commercial zones are nearly completely built out, water and sewer infrastructure that allows higher value development of the existing Gateway area is necessary to mitigate ever-rising property tax burdens on town residents, without sprawling commercial development further north along Portsmouth Avenue.

We recognize the need to fully communicate with Town citizens the issues we face, the ideas we've developed, and glean their feedback throughout the process. We will also be working cooperatively with the Public Works Commission, Select Board, municipal staff, and professional consultants to pull together a comprehensive proposal for voters at a future Town Meeting.

ROUTE 108 CORRIDOR STUDY COMMITTEE

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Appendix C

Sample TIF Plan for Stratham