

investing in the town's future

By the Stratham Select Board:
Michael Houghton, Joe Lovejoy,
and Allison Knab

Toward A Sustainable Financial Future and Desirable Development

Renovated grocery stores and new restaurants. Well-connected pedestrian and bicycle networks, surrounded by sustainable landscaping. Diversified housing options, allowing seniors to continue to call *Stratham* home. A greater commercial tax base to manage the tax burden in the future. All of this and more reflects the vision for the town's Gateway District.

From the adoption of the Gateway District at Town Meetings in 2009 and 2014, the recently adopted Master Plan, the Route 108 Corridor Study Committee, and surveys conducted by the town, there has come a call for a particular redevelopment of the 108 corridor to benefit Stratham's quality of life and financial stability for the long term. While in recent years the area has seen some limited development that incorporates Gateway District streetscape and architecture requirements, none of these newly developed or redeveloped sites are the higher value, denser developments that provide the sought-after public services, spaces, and amenities in the District Master Plan vision.

In order to move toward that development, at the March 2020 Town Meeting, the Stratham Select Board will recommend voters support the establishment of a Tax Increment Financing (TIF) District.

A TIF district is a municipal finance tool that targets tax revenues from a certain district to public improvements (such as water and sewer) in that same district and was recommended by the Study



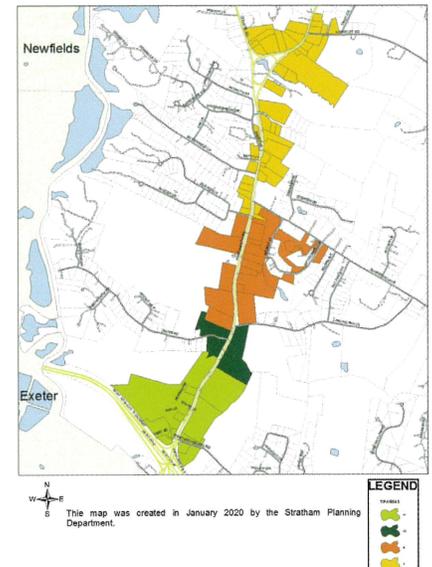
The Town's existing zoning calls for high-quality development in the corridor, but private investment in desired uses are precluded due to the lack of water and sewer infrastructure. Development which introduces desired uses (for public use and enjoyment) at greater densities (more value) can take place without sacrificing the quality of development.



Today's corridor is home to valuable land situated near a strategic transportation network and expanding job base. A lack of water and sewer infrastructure has resulted in under investment in what is otherwise a very desirable town.



TOWN OF STRATHAM
TAX INCREMENT FINANCE (TIF) DISTRICT
TOWN MEETING MARCH 13, 2020



A TIF district is made up of parcels along a strategically situated geography; the proposed TIF districts include most all of the parcels fronting NH Route 108 from the 101 Interchange to Town Center.

Committee as offering a viable model for financing future infrastructure. There are many examples of successful TIF districts in New Hampshire: Londonderry, Peterborough, Keene, Rochester, and Exeter (currently in progress).

The placement of the TIF District on the 2020 Town Warrant provides residents with an option for achieving those goals for the Corridor outlined above. Currently, those goals are thwarted by an inability to connect to water and sewer services. The Town Meeting will be asked to implement a TIF District, however, no binding authority or other request will be on the Warrant.

"The TIF is an incredible opportunity for Stratham to pursue because it allows us to be forward-thinking for intentional growth," says resident Sophie Robinson. "As a young person (31), farmer, and third-generation on the Saltonstall Farm, I am excited about the future of our town for myself and generations to come."

As remaining developable land in Stratham grows limited, increasing pressure on what remains threatens to further erode the rural character of the town. "I am concerned about commercial sprawl, and its impact on historic homes and landscapes that make Stratham distinctive," says Rebecca Mitchell, former chair of the Heritage Commission. "Change is inevitable, and if we want to contain and direct that change rather than fall victim to it, we need to implement the Gateway Master Plan through the use of a TIF district."

Select Board Vice-Chair Joe Lovejoy and Chair of the 108 Study Committee sums up what is at stake this way: "The opportunity for building the Town's tax base over time lies in the 108 corridors. A continued over-reliance on residential property taxpayers is not sustainable over the long term. Planning for the future now will make ongoing support for the school, library and public safety services much more reasonable for Stratham's residents, families, and seniors."

To learn more about the TIF district warrant article, please visit the "Gateway Implementation" section of the town website.

FREQUENTLY ASKED QUESTIONS:

TIF DISTRICTS

What is a Tax Increment Financing District?

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). In *Stratham*, this area will consist of 4 percent of town acreage. 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 percent 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.

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 percent of the property taxes generated in the District go to the Town’s general fund.

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, it can be an effective tool. Conversely, if the investment is an unnecessary or a bad idea, then a District would not be a good tool.

The 108 Corridor in Stratham from the 101 Interchange to Town Center is well situated to experience a high-quality transformation in the built environment. 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.

What is proposed to happen at Town Meeting?

The Town needs to vote to authorize the creation of a TIF District and adopt a Financing and Development Plan (two separate warrant articles). No funding or bonding authorization is on the warrant as part of this proposal.

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 sees fit.

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

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.

For a more extensive list of FAQ’s, as well the Final Report of the Route 108 Study Committee and financial and technical analyses, please visit strathamnh.gov.