

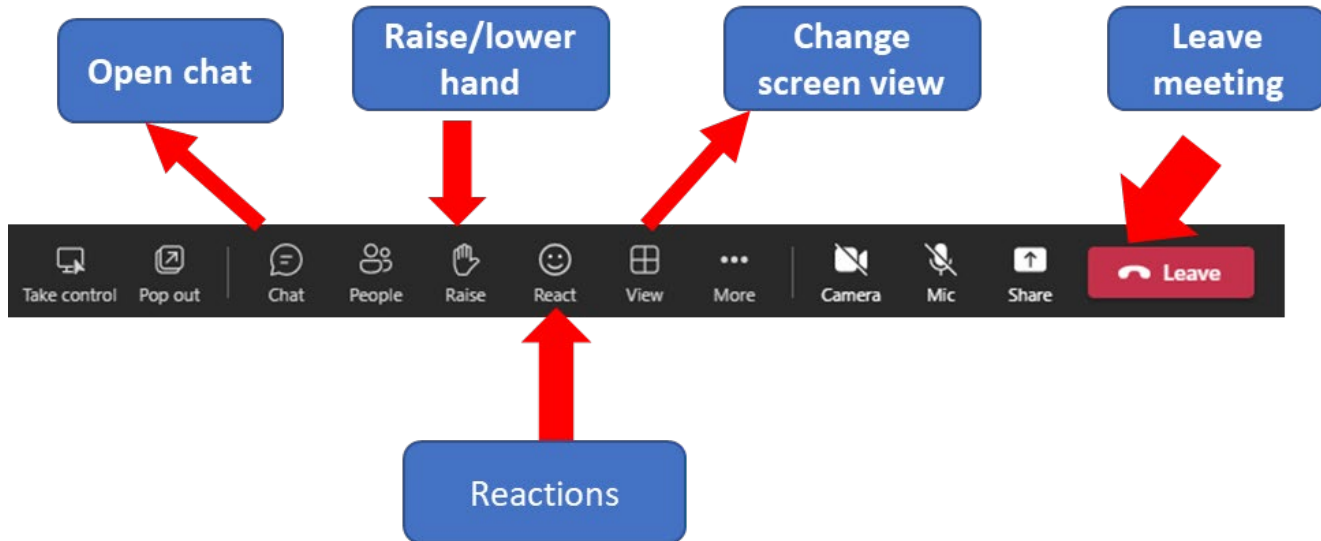


Training Sessions
Tax Relief for Housing: RSA 79-E
June 22, 2023

June McCartin, Outwith Studio
Darren Winham, Town of Exeter
Matt Mnahan, Central NHRPC

Logistics

- Format: Presentation then Q+A
- During Q+A, raise your hand via Teams
- Feel free to ask questions in the chat as they come to you





ABOUT





A collection of twenty **planning and zoning** strategies for **housing production** in New Hampshire communities.





Planning and zoning strategies for **housing production** in New Hampshire communities.

Community Revitalization Tax Relief (79-E)



courthouse in 2021 (above) and a development (below). (Images via

SA 162-K. These law. There are additional best access.

Master plan goals, such as in downtown and village revitalation.

TIF housing as a

and development development. Use this

in potential TIF districts. development opportunities with

and build support for the (by) and specific potential TIF goals and the general public to should be a public outreach development committee many

to develop a TIF plan, which program, and a finance

"Municipal Economic not legally do that before for the initial adoption of TIF may be held concurrently. (men, etc.) must hold a

2-K, the hearing should be TIF's locally, and a specific TIF

162-K, the hearing can be

in, with examples, should be for to a vote.

Tax Increment Financing (TIF)

Community Zones



SING OPPORTUNITY ZONE



Outdated value on new development savings for up to 10 years





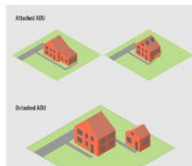
NEW HAMPSHIRE HOUSING TOOLBOX PLANNING AND ZONING STRATEGIES FOR HOUSING PRODUCTION IN NEW HAMPSHIRE COMMUNITIES.



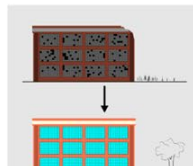
HOUSING STRATEGIES

FILTER BY ISSUES ADDRESSED

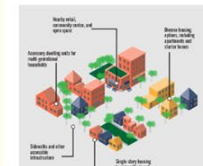
- All
- Affordable Housing
- Housing Costs
- Housing Options
- Infrastructure
- Multigenerational
- Redevelopment
- Sustainable Housing



Accessory Dwelling Units (ADUs)
Secondary homes or apartments on an existing single family lot.



Adaptive Reuse
The practice of reusing old buildings for new purposes



Age Friendly Neighborhoods
Places that address the needs of younger and older adults.



Background

- Part of the RHNA process
- Funded through ARPA
- Led by a subcommittee of staff from RPCs and NH Housing; facilitated by OPD staff

- Consultant team:



Outwith Studio
(planning content and
visual identity)



Bocoup
(web design and
development)

The toolbox tries to answer these questions

- What is the tool?
- How can it help your community?
- How has it been used elsewhere?
- What does implementation look like?
- Where can you learn more?



Audience

- People working in and around local government
- Local government staff, Planning Board members, Select Board members, legislative body members, local advocates, etc.
- Save time on up-front research



Structure of each tool

- What is it?
- How can it help?
- Getting Started
- Considerations
- Resources
- Issues Addressed
- Related Tools
- State Law
- Case Studies



Sorting Tools by Issues Addressed

- Housing Options
- Housing Costs
- Affordable Housing
- Sustainable Housing
- Multigenerational
- Infrastructure
- Redevelopment

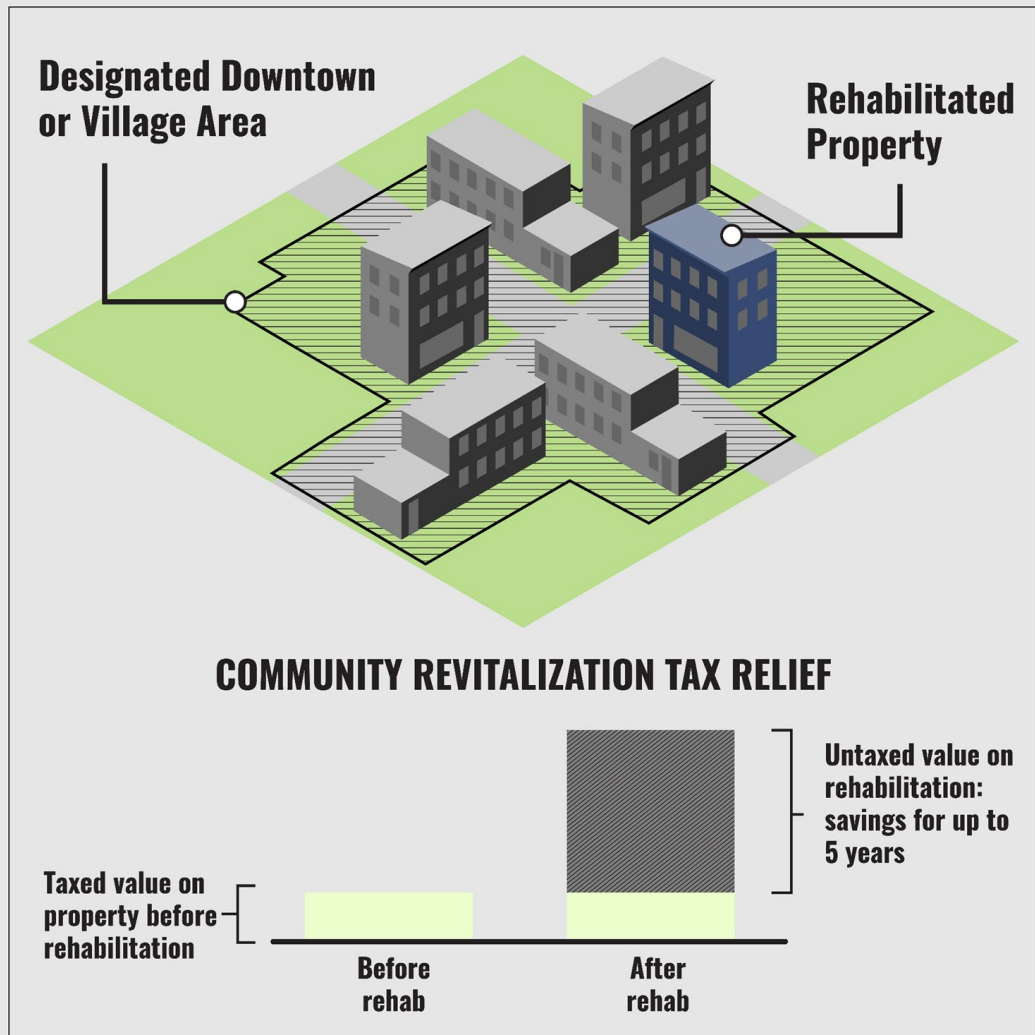


COMMUNITY REVITALIZATION TAX RELIEF



Community Revitalization Tax Relief Incentive

- State-enabled, locally implemented relief from *increased* taxes resulting from redevelopment in a Downtown or Village Area.
- Tax relief for up to 5 years + up to 4 for listed historic structures + up to 2 for market-rate housing or 4 for affordable
- Approved by local GB on a project basis



Project Eligibility

- Local adoption of RSA 79 E and designation of a downtown or village area (more on that later)
- Project is in designated area
- Proposed rehabilitation costs at least 15% of the building's pre-rehab assessed value, or \$75,000, whichever is less.
- Rehabilitation is consistent with the municipality's master plan or development regulations.



How can it help?

- Historic preservation
- Economic development
- Encourages infill
- Investment where infrastructure already exists
- Reduce demand for greenfield development
- Address deterioration and vacancy
- Contextually sensitive development
- Amenities for surrounding neighborhoods
- Energy conservation
- Incentives without up - front cost



How can it help?

Pushing projects just over the edge of viability

Ensuring specific community benefits

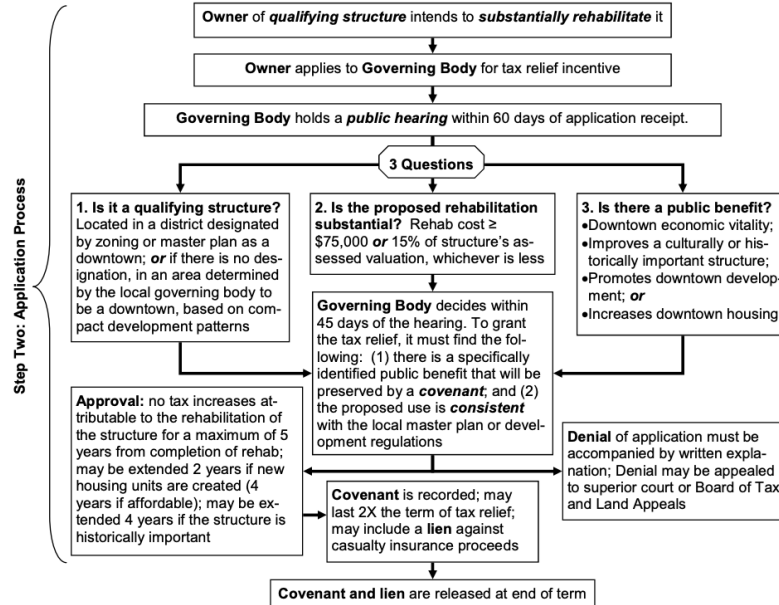


Getting started with implementation

1. Connect to existing Master Plan goals/ongoing Master Plan process
2. Community engagement to establish a vision for the downtown/village area and desired types of development for specific sites
3. Draft legislation to adopt RSA 79- E locally.
 - a. If not specified in a Master Plan, designate a Downtown or Village Area through this legislation.
4. Develop application materials and a process for property owners to apply for the 79- E program (to be approved/denied by the local Governing Body).
5. Promote the program generally and through targeted outreach to property owners.



After adoption: private applications



Termination: the tax relief provided by a municipality may be terminated if the property owner fails to maintain or utilize the property according to the terms of the covenant, or fails to restore, rebuild, or demolish the structure following damage or destruction. The Governing Body holds a public hearing to determine the extent of the diminution of the public benefit; the tax relief may be reduced or terminated; if it is terminated, the property owner is liable for back taxes.

Considerations

- Trade-off: redevelopment vs. immediate tax revenue increases (if project were viable)
- Ideally, your program is calibrated to the history of specific sites and an up -to-date real estate financial analysis.
- Engagement should educate the public about the program goals, eligibility criteria, nature of tax relief.
- Local project eligibility criteria can be made more strict.
- Replacement projects (vs. rehab projects) must include assessment by local Historic District/Historic Commission and/or other local/state bodies to show the existing structure has little historical, cultural, or architectural value.
- Sites outside the designated area can be eligible for 79-E if on the National or State Register of Historic Places.





HOUSING OPPORTUNIT ZONES



Housing Opportunity Zones

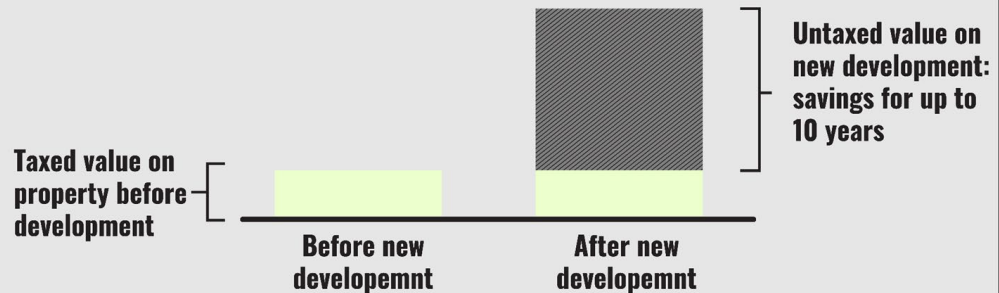
- A new part of RSA 79E (in section 4-c)
- Instead of targeting redevelopment projects in downtowns, HOZs encourage housing generally in community - specified areas
- 30% of homes in a project must be deed-restricted affordable units to qualify for up to 10 years of tax relief



Designated Housing Opportunity Zone



TAXES IN HOUSING OPPORUNITY ZONE



Project Eligibility

- Local adoption of RSA 79 E:4- c and designation of a Housing Opportunity Zone
 - At least 30% of the development's homes are affordable to households earning 80% or less of Area Median Income (AMI)
- OR
- The development meets one of the following affordability criteria from the NH Affordable Housing Fund RSA 204- C:57, IV:
 - At least 50% of homes are affordable to very low, low, or moderate income
 - At least 40% percent of homes are affordable to persons of very low or low income; or
 - At least 20% of homes are affordable to persons of very low income.



How can it help?

- New housing development at targeted locations
- New housing for low - income households (who would otherwise be unserved)
- Targeted economic development
- Incentives without direct up - front cost
- Another subsidy tool for affordable developments

Getting started with implementation

1. Connect to existing Master Plan goals/ongoing Master Plan process.
2. Conduct community engagement to decide where could be appropriate for an HOZ and determine a vision for those areas.
3. Draft legislation to adopt RSA 79- E:4- c locally, and designate HOZ boundaries.
4. Develop application materials and a process for property owners to apply for the HOZ program (to be approved/denied by the local Governing Body).
5. Promote the program generally and through targeted outreach to property owners.



Considerations

- Trade-off: new mixed - income housing vs. immediate increases to local tax revenue
- Whether and how to stack HOZ with other local tools (such as Inclusionary Zoning) or financial tools (LIHTC, HOME)
- Ideally, your program is calibrated to the history of specific sites and an up - to-date real estate financial analysis.
- In “hot” markets, HOZ tax relief may not be necessary to produce mixed - income housing.
- Communities need administrative capacity to enforce.
- Tax relief lasts for up to 10 years (at the governing body’s discretion), beginning at the issuance of a Certificate of Occupancy





TOOLBOX CASE STUDIES



China Mill, Allenstown



Strafford County Courthouse, Dover



Seadog Brewing, Exeter





EXETER



Three 79E districts mapped to zoning districts




RSA 79E Reference Map of District Areas:

C-1 Lincoln Street, C-1 Central/downtown, WC- Waterfront Commercial, and C-1 Portsmouth Ave



Application: specifying benefits and rehab costs

 <h2 style="text-align: center;">Town of Exeter</h2>	
Community Revitalization Tax Relief Incentive (RSA 79-E)	
Application Form Office Use Only (do not write in shaded area)	
Date Application Submitted: _____ Received by: _____	
Building Information Building Name (if any): <u>Merrill Block</u>	
Building Address: <u>163 Water Street, Unit C-1</u>	
Eligible Zoning District: <u>C-1 Central/Downtown</u> Tax Map: <u>72</u> Lot: <u>17-1</u>	
Contact throughout this application process will be made through the applicant listed below. The property owner may designate an agent as the coordinator for the project. This person (the applicant) shall attend public hearings, will receive comments, recommendation, staff reports, and will communicate all case information to the other parties as required.	
The Property Owner may act as the Applicant. If so, list under Applicant's Name, "Owner", and complete owner's information as requested.	
Applicant's Name: <u>Owner</u>	Owner's Name: <u>Vino e Vivo, LLC</u>
Address: _____	Address: <u>28 Park Street</u>
City/Town: _____ State: _____ Zip: _____	City/Town: <u>Exeter</u> State: <u>NH</u> Zip: <u>03833</u>
Phone: _____ Fax: _____	Phone: (603) 512-9174 Fax: _____
E-mail: _____	E-mail: <u>acalendrello@vinoevivo.com</u>
Existing Building Information: Existing Uses (describe current use, size, and number of employees): <u>Until November 2017, condominium was as a retail clothing consignment shop with single owner/proprietor.</u>	
Gross Square Footage of Building: <u>840</u> Year Building was Built: <u>1873</u>	
Is the building listed on or eligible for listing on the National Register of Historic Places? <u>x</u> Yes <u> </u> No	
Is the building listed on or eligible for listing on the state register of historic places? <u>x</u> Yes <u> </u> No	
Is the building located within and import to locally designated historic district? <u>x</u> Yes <u> </u> No	

Public Benefit (RSA 79-E -7)
 In order to qualify for tax relief under this program, the proposed substantial rehabilitation must provide at least one of the public benefits listed below. Any proposed replacement must provide one or more of the public benefits listed below to a greater degree than would a substantial rehabilitation of the same qualifying structure.

Does the project provide the following public benefits?
 (Check all that apply)
 Enhances the economic vitality of the designated area. X Yes No
 If yes, please describe: The proposed use as a wine bar restaurant will increase foot traffic in the western part of downtown, and will enhance the reputation of Exeter as a dining destination. Further, given the location on a walkway to the river, it will increase foot traffic to the river to the benefit of current and future businesses located on the river side of the Water Street buildings.

Enhances and improves a culturally or historically important structure. X Yes No
 If yes, please describe: The space was converted into a commercial condominium in the 1980s. The proposed use will renovate the space and expose architectural elements (e.g. stone and brick foundations that were covered over in the condominium conversion). Further, all of the mechanical systems will be upgraded to energy efficient units.

Promotes development of the designated area, providing for efficiency, safety, and a greater sense of community, consistent with RSA 9-B? X Yes No
 If yes, please describe: The location within walking distance from downtown residences means that those residents will not have to drive. Active use of the space during the evening hours will increase the safety of people using the stairs and walkway to the river and river-facing businesses. The use of the space as a wine bar/restaurant will provide a location for downtown and other residents and visitors to gather.

It increases residential housing in urban or town centers? Yes x No
 If yes, please describe: _____

Other Issues and matters applicant deems relevant to this request? Yes x No
 If yes, please describe: _____

Substantial Rehabilitation
 Describe the work to be done and estimated costs.

- Attach additional sheets if necessary and any written construction estimates.
- Attach any project narratives, plot plans, building plans, sketches, rendering, or photographs that will help explain this application.

Structural: Removal of framing, cabinets and drywall to uncover stone and brick foundation walls. Replace/refinish wall and ceiling finishes. Refinish wood flooring. Replace interior stairway.

Estimated Cost: 10,000

Electrical: Increase electrical service from 100 to 200 amps. Install energy efficient lighting.

Estimated Cost: 30,000

Plumbing/Heating: Replace existing 1980s vintage furnace and non-functioning air conditioning with modern high efficiency units. Replace hot water heater with high efficiency unit. Remove and replace existing bathroom. Installation of kitchen and bar sinks.

Estimated Cost: 52,500

Mechanical: Installation of bar and kitchen equipment.

Estimated Cost: 12,000

Other: _____

Estimated Cost: _____

Total Estimated Project Cost: \$ 104,500

Expected Project Start Date: 2/1/2017 **Expected Project Completion Date:** 5/1/2017



Covenant attached to the property

TOWN OF EXETER, NH
COVENANT TO PROTECT PUBLIC BENEFIT

Vino e Vivo, LLC of 163 Water Street, Unit C-1, Exeter, NH
Per RSA 79E (Community Revitalization Tax Relief Incentive)

Vino e Vivo, LLC of 163 Water Street, Unit C-1, Exeter, NH 03833 (the "GRANTOR"), owner of property situated at 163 Water Street, Exeter, NH and further identified as Town Tax map 72, Lot 17-1 (the "PROPERTY"), for itself and for its successors and assigns, and for consideration of tax relief granted to GRANTOR by the Town of Exeter, with a principal address of 10 Front Street, Exeter, County of Rockingham, State of New Hampshire (the "GRANTEE"), pursuant to the provisions of RSA 79-E, agree to the following covenants imposed by the GRANTEE.

These covenants are made in exchange for 7 years of property tax relief (5 years as the GRANTEE has determined the property eligible as a "qualifying structure" per RSA 79-E:2, II and an additional 2 years as the GRANTEE has determined the property is located within and important to a locally designated historic district per RSA 79-E:5, III) granted with respect to the PROPERTY as a result of the substantial rehabilitation ("rehabilitation" or "redevelopment") of the PROPERTY to be accomplished by the GRANTOR in accordance with GRANTOR'S proposed redevelopment. The specific approved scope of work is detailed in the "VINO E VIVO LLC - COMMUNITY REVITALIZATION TAX RELIEF APPLICATION (PER RSA 79-E)" approved by GRANTEE (by vote of the Exeter Board of Selectmen) on January 29, 2018, incorporated herewith and attached hereto (the "proposal" or the "application").

These covenants are to protect the public benefit in accordance with the provisions of RSA 79-E for a term of 7 years beginning on April 1st of the first tax year commencing immediately after the completion of the redevelopment work. Notwithstanding the foregoing, the contemplated tax relief shall be null and void if the proposed redevelopment work is not completed by January 29, 2019.

All applicable provisions of RSA 79-E shall apply to these covenants.

The GRANTEE agrees that the PROPERTY, if substantially rehabilitated (or "redeveloped") in accordance with GRANTOR'S proposal, provides a demonstrated public benefit in accordance with the provisions of RSA 79-E:7 inasmuch as the redevelopment of said PROPERTY:

- 1) Enhances the economic vitality of downtown Exeter (RSA 79-E:7, I); and

corrective action. GRANTEE'S notice shall be delivered in hand or by certified mail, return receipt requested to the GRANTOR. The GRANTOR shall have a reasonable amount of time, but in no case less than 30 days after receipt of such notice, to undertake the required corrective actions, including restorations, which are reasonably calculated to cure the said breach and to notify the GRANTEE thereof.

If the GRANTOR fails to take such corrective action, the GRANTEE may undertake any actions that are reasonably necessary to cure such breach, and the cost thereof, including GRANTEES expenses, court costs and legal fees, shall be paid by the GRANTOR, provided the said GRANTOR is determined to be directly or indirectly responsible for the breach.

The GRANTOR, by accepting and recording these covenants to the GRANTEE agrees to be bound by and to observe and enforce the provisions hereof and assumes the rights and responsibilities herein provided for and incumbent upon the GRANTOR, all in furtherance of the purposes for which this tax relief and associated covenant is delivered.

WITNESS MY/OUR/ITS HAND this 16th day of February, 2018

Edgar M. Jewett
Witness

GRANTOR: Vino e Vivo LLC

Anthony Callendrello
By: Anthony Callendrello, Manager

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

On this 16th day of February, 2018, personally appeared the above

Anthony Callendrello, Manager of Vino e Vivo LLC, known to me, or satisfactorily proven, to be the same, and acknowledged that he/she/they executed the same for the purposes contained therein.

Cynthia A. Callen
Notary Public Notary Public/Justice of the Peace

My commission expires: 10/06/21



Before and after rehab





UPCOMING TRAININGS

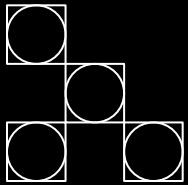


Training Schedule

- June 1– Toolbox Overview
- June 8– Housing in Nature: Open Space/Cluster Housing Ordinances
- June 15– Shifting Housing Potential: Transfer of Development Rights
- June 22– Tax Relief for Housing: RSA 79E
- June 29– Intuitive Zoning for Housing: Form - Based Codes

Register at nhhousingtoolbox.org/training





thanks!

