



**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
NORTH HAMPTON ECONOMIC DEVELOPMENT COMMITTEE**

JUNE 5, 2019 5:00 PM

NORTH HAMPTON TOWN HALL

Approved August 7, 2019

EDC MEMBERS PRESENT: Chairman Jim Better, Gary Stevens, Jeff Hillier, Jonathan Pinette, Glenn Martin, Leszek Stachow, Select Board Rep Kathleen Kilgore, Heritage Commission Rep Nancy Monaghan, Planning Board Rep Phillip E. Wilson, Richard Luff

AGENDA

Chairman Jim Better called the June 5, 2019 Economic Development Committee Meeting to order at 5:03 pm, followed by the Pledge of Allegiance.

Election of Officers

Chairman Better stated that Vice-Chair Kirsten Schultz had resigned and said he would be leaving as Chairman after this meeting, and asked for nominations for Chairman.

Mr. Wilson reviewed the nomination process and said that anyone could make a nomination with no second needed, and the Chairman should ask if there were any other nominations. He said if there was only one nomination they would vote sequentially until someone gets a majority. Chairman Better recommended the nominations and elections be done at the first EDC meeting in July, and Mr. Pinette suggested naming 2 co-chairs. Mr. Wilson suggested someone be designated Chair Pro Tem to do the agenda and call the next meeting to order.

Chairman Better asked for nominations to appoint a Chairman Pro Tem. Mr. Monaghan nominated Mr. Phil Wilson to serve as Chairman Pro Tem which was seconded by Mr. Pinette. Mr. Wilson said he would do it but had no interest in being the Chair. Chairman Better said individuals would have a month to make up their minds and talk to their peers about the agenda for the EDC for the next 12 months, and the election would take place at the July meeting. Mr. Hillier asked if they had discarded the idea of 2 co-chairs.

Motion: To appoint Mr. Phil Wilson as EDC Chairman Pro Tem for the next meeting only for the election of officers and for the purpose of developing the agenda and conducting the election of new officers.

Motioned: Chairman Better

Seconded: Mr. Luff

Vote: Motion approved 9-0 (Ms. Kilgore arrived during the vote)

Mr. Wilson said EDC procedures specified one Chairman and one Vice-Chairman, but there was no provision for Co-Chairs. Selectwoman Kilgore said those Rules & Procedures she put together were never discussed by the Committee. Chairman Better said the opinion he got from the Municipal Association and the Select Board was that the Committee would determine its own organization. Mr. Wilson said the second thing on the agenda for the next meeting should be to discuss the Rules & Procedures provided.

Mr. Luff said he felt that an organization needed to have a point person, and said 2 Co-Chairs would be 2 different people with different opinions and he favored keeping the Chair and Vice-Chair. Selectwoman Kilgore asked if any other board in Town consisted of 2 Co-Chairs. Mr. Wilson said he was only aware of North Hampton Forever, and said clearly defined differences in responsibilities was essential. He said typically the Chair has the prerogative of appointing members of Ad Hoc Committees and in establishing them. Town Administrator Kaenrath said currently there were no boards or committees in the Town that operate with 2 Co-Chairs and that they all have a Chair and Vice-Chair.

Ironwood Funding Status – Town Administrator Bryan Kaenrath

Town Administrator Bryan Kaenrath gave a quick update on Ironwood, the Architectural Firm that would design the Village Center proposal, and said he had received a contract back from them, and the Select Board would be reviewing that contract on Monday, June 10, 2019. He stated that they would be holding their meeting on Fiscal Year Encumbrances on June 19, 2019 where they would decide the potential funding for that project.

Fishbone Diagram Status – Phil Wilson

Chairman Better said he asked Mr. Phil Wilson to take the Ironwood Agenda and merge and blend it into the Fishbone Diagram so it was all on one page. He said Mr. Wilson had agreed to do that once the Select Board had agreed to pay the contract.

Financial Resources for the Village Center Development – Les Stachow

Chairman Better said they had some input from the Business Retention and Expansion Program whose final reporting included references to resources for capital for this project, and said funds would have to come from more than one place. He said businesses who want to participate will have to do that on a cash basis with the Town involved, and Federal and State resources would have to be brought to bear. He said he asked Mr. Stachow to look into where those resources were and how to get them.

Mr. Les Stachow said the options were fairly limited and driven by programs run by the Division of Business & Economic Affairs (BEA) spun off from the New Hampshire Department of Resources and Economic Development (DRED). He said he spoke with Tax Credit Program Manager Bridgett Beckwith, and Business

Resource Specialist–Seacoast Mark Laliberte, both located at 100 Eagle Square in Concord, NH. He stated that the objective was to formulate a strategy to identify financial resources that North Hampton may have available in completing the Village Center Initiative. He said there were essentially 4 funding sources: (1) Economic Revitalization Zone supported by RSA 162-M, (2) Historic Preservation Program, (3) New Construction Tax Exemption Program, and (4) Tax Increment Financing (TIF) Program.

(1) Economic Revitalization Zone (ERZ) – Mr. Stachow explained that ERZ was short-term business tax credits for projects to improve infrastructure-grade jobs and was a 2-part procedure. He said the municipality requests that a contiguous area be designated an ERZ and businesses and industries in that area apply for the Tax Credit Program. He said projects must establish economic redevelopment to expand the industrial and commercial base, create new jobs, reduce sprawl, and increase tax revenues in the State by encouraging economic revitalization. He said the ERZ was essentially a zone with a single contiguous boundary such as an unused or underutilized industrial park, vacant land, or structures used for industrial/commercial retail purposes or currently not being used.

Mr. Stachow said the program would be in place until 2020 and application to continue the program was moving forward. He said as of 2018 there were 211 ERZ zones in 68 municipalities in New Hampshire. He said Ms. Beckwith told him it involved minimal effort to get established and to submit their application to her. She would then approve the application and the next stage would be a second application made by businesses in the ERZ zone who apply for the tax rebates.

Mr. Wilson said the Business Tax Credit was a property tax credit and essentially they do not pay those taxes so the people of the town would be paying for the taxes that would have been charged to those businesses. Mr. Stachow said this was correct and said the argument they use is that by forgoing tax revenues for a certain period of time you increase the value of the properties, and from that increased value the potential tax the town will receive down the road will be much greater.

Mr. Stachow said the steps were that North Hampton would request a contiguous site be designated as an ERZ by the Department of Business & Economic Affairs, with record of acceptance by the town governing body. He said each ERZ is evaluated every 5 years with the town having the option to continue. He said the State of New Hampshire designated \$825,000 for available ERZ tax credits which needed further clarification. He said a business may qualify for ERZ tax credit if it creates at least one new fulltime job in one calendar year for the State and is subject to various specific criteria.

Mr. Stachow said the deadline to receive the tax credit is February 10th of the year following the applicant's tax year, and credit is based on a percentage of salary for each new job created as a permanent fulltime position. He said the tax credit is only available for tax liabilities and the maximum tax credit is \$240,000 per applicant.

(2) Historic Preservation Tax Relief Program – Mr. Stachow explained that this was a property tax relief program that seeks to encourage investment in Town Centers and to rehabilitate under-utilized buildings in those areas with a focus on preservation and repurposing of historic buildings. He suggested it might be suitable for Centennial Hall, and said the emphasis was on Historical Preservation and maximum energy efficiency. He said the property owner would receive a period of tax relief from increased property taxes,

usually 5 years, and in exchange the property owner grants a covenant for a certain period of years insuring continuing public benefit.

Mr. Stachow said the application is made to the town governing body by property owners desiring to make improvements that met RSA 79-E guidelines and provided public benefit. He said the governing body may provide tax relief at a pre-rehabilitation value for a finite period. Mr. Wilson asked if there was additional tax relief, and Mr. Stachow said it allowed the owner tax relief on the incremental increase and the assessed value of the property by virtue of refurbishment. Mr. Wilson said at the end of 5 years their tax bill would go up based on the new assessed value.

Mr. Stachow explained that for an applicant to qualify the property must be in a designated district, the rehabilitation project must be substantial, and the project must provide public benefit. He said the town is in control and has the discretion to deny any application and terminate an agreement. He specified that the law applies only to buildings and not land. Mr. Wilson said Centennial Hall was a non-profit and he did not believe they paid property taxes and could therefore not benefit from this program.

(3) New Construction Tax Exemption Program – Mr. Stachow said the goal was for a community seeking to attract new commercial and industrial development to offer an incentive. He said municipalities may adopt a New Construction Property Tax Exemption for commercial and industrial uses, and proposals must be placed on Town Meeting Warrant for approval. He said if approved a qualified property owner may receive up to 10 years with an up to 50% break per year on its local municipal property taxes. He said it would be out of the pockets of the taxpayers and he assumed it would be based on an increase in assessed value attributable to construction of new structures.

Mr. Stachow said if a town was willing, it might be an asset to selling property or encouraging businesses and he felt it was a significant inducement. Mr. Wilson said this was also limited to 50% only on the reinvestment not the entire property; only on improvements to the land. Mr. Stachow said he would make a note to clarify that. Mr. Martin said it also captured new construction and not just renovations. Mr. Stachow said it was specifically for new construction but did include refurbishments.

(4) Tax Increment Financing (TIF) – Mr. Stachow said this provided financing of public improvements with incremental taxes created either by new construction, expansion, or renovation of property within a defined area of a community. He said it was an important tool for local governments who want to attract economic development projects, create jobs, foster infrastructure, and redevelop blighted areas, all of which North Hampton wanted to do.

Mr. Stachow explained that TIF is a technique for funding and qualifying capital projects and maintenance of projects from the stream of revenue generated within a geographic area. He said the money comes out of a district and must always go back to that district, and said the town must place the question on a Town Meeting for approval of creating a TIF. Once approved, a town can establish as many TIF districts as they wish up to 10% of the land in the town and 16% of the town's assessed value.

Mr. Stachow said the town must establish a development program including a plan demonstrating the allocation of funds, operation and maintenance improvements in the District and for general municipal purposes as well as a TIF Financing Plan under RSA 162-K. He said he read the document which was a bit

challenging, but that Ms. Beckwith and Mr. Laliberte were waiting to clarify and explain details. He said it was a stream of revenue generated from an area which must come back to that area after a period of time.

Mr. Wilson said this meant property taxes for everyone would go up to fund whatever this costs the town, and said the money would not go into the general fund and could only be spent on what is defined in the District. He asked what would happen to the money if it was not spent in a specific period and Mr. Stachow said he did not know, but that the rule of TIF was that any funds generated in that TIF would stay in that TIF and could not be used elsewhere.

Mr. Stachow said none of these programs were the State of New Hampshire handing out cash, but trying to find creative ways for communities to try to stimulate business by rebates and tax incentives. He said they work well in some communities and serve to stimulate economic activity in the region.

NH Job Training Fund – Mr. Stachow said the last one was something where the State would pay 50% for job training and there were 2 programs. He said they would provide matching funding for training of employees in the town which was an interesting incentive. He said in one of the programs the training would be value-added additional training on new techniques and new technology, and the other program would be for basic skills.

Mr. Stachow said next steps for EDC would be to propose that the Village Center Initiative be declared an ERZ and market tax abatement proposals to local businesses. He said to attract incoming investors to the Village Center the EDC could recommend that a proposal be placed on Town Meeting Warrant for approval for the adoption of a New Construction Tax Exemption, and place a question of the establishment of a Village Center TIF on Town Meeting Warrant for approval to attract Economic Development projects, create jobs, foster infrastructure and investment and redevelopment. He said they were unlikely to benefit from Historic Preservation, but said some of the examples were impressive and these things did work.

Discussion: Mr. Luff asked if Mr. Stachow was sure the ERZ was property tax based as he understood it was based on employment which would link in more with the Business Enterprise Tax. Mr. Stachow said that was possible and he would get further clarification. Mr. Stevens said if the Town wanted a Medical Center and was approved for an abatement, the Town would then advertise it on the website as a possible place for a tax relief. Mr. Stachow said if they had a site and were willing to provide a New Construction Tax Exemption for 10 years giving a 50% break on tax liability.

Mr. Wilson asked if they could actually restrict what they would grant an exemption on, and asked if it was for any construction. Mr. Stachow said he had a sense the town had quite a bit of control over this process and some of the others. Mr. Wilson said typically DRA restricts what the law can say and cannot discriminate. Mr. Stachow said the town maintains control and can determine which applicant it will accept or not because it wants to shape the outcome of the development. He said he would get some guidance on that, and said refurbishment of a building was also included.

Inventory Sub-Committee Report – Glenn Martin

June 5, 2019

Mr. Glenn Martin said he had a spreadsheet which was 80% completed, and said there were 15-18 entries they needed to look into further for contact information. He said he found mailing addresses for 2 Massachusetts LLCs of ownership and said he did not know if you had to be a New Hampshire LLC established to own here. Selectwoman Kilgore asked if they were operating the business or just invested in the property, and said she could help with that. Mr. Martin said they had mailing addresses from the Town's Vision Appraisal website for tax buildout but not an actual contact.

Mr. Martin said they talked about making sure large players got involved in the process as there were some larger parcels that fell in the Village District area and their input was needed. Chairman Better explained for new members that the purpose of this inventory is that once the Village Center vision is created they want to solicit opinions and engagement of all the businesses for participation. Mr. Hillier asked if they had any idea of the approximate percentage of local businesses with active membership in the Business Association. Chairman Better said there were approximately 200 businesses and the Business Association had 75 members. Mr. Martin said for residents of North Hampton it went down to 10% of business owners who reside here.

Main Street Academy Report – Kathleen Kilgore

Selectwoman Kathleen Kilgore said she spent an excellent 3 days participating in Main Street Academy. She said the first day was in Concord, NH talking about reenergizing people to go into downtown, the second day was in Franklin, NH, and the third day was in Bristol, NH. She said all three towns have a quintessential downtown where North Hampton is trying to create one. She said in Franklin and Bristol it was not just an EDC committee, but the Business Association, cultural centers, non-profits, the State, and UNH looking at what people want in their downtown, and said they were really focused on Rails to Trails.

Selectwoman Kilgore said this does not happen in a short period of time and most towns have worked 10-15 years to get where they are now. She added that North Hampton has a lot of assets that they do not have. Mr. Hillier said Bristol was very different from what it was 5 years ago and they had some real active retail there now and were dealing with parking problems. Selectwoman Kilgore said a lot of them started with a Charrette process to identify town assets and what they could focus on. She said in Bristol they had trails, the downtown and the lake and want to tie those things all together.

Selectwoman Kilgore said at Newfound Lake in Bristol they were looking at putting a sewer system around the whole lake to help prevent lake pollution. Mr. Wilson said many of the water resources in New Hampshire have homes with septic systems which they have discovered are polluting the water. Mr. Hillier said the south end of the lake is the most heavily populated and Bristol had a pre-existing sewer system they tied in with and were able to build a lot of dense residential. He said Bristol formed a Lake Association about 20 years ago and from the outset were able to get money together and hire a fulltime director, and they also had a wonderful relationship with businesses as well.

Approval of the Minutes of the May 1, 2019 EDC Meeting

Motion: To approve the Minutes of the May 1, 2019 Economic Development Committee Meeting as written.

Motioned: Selectwoman Kilgore

Economic Development Committee Meeting
June 5, 2019

Seconded: Mr. Stevens

Vote: Motion approved 9-0, with 1 abstention

Closing Comments

Chairman Better stated that in the last 20 months the EDC had uncovered a lot of resources, from the Rockingham Planning Commission in particular. He suggested that they continue to tap into the resources UNH has to offer. He said hiring an economic consultant should have been on the agenda to help with filling in store fronts.

Mr. Wilson stated that he felt the Ironwood Proposal should be restricted to not proposing any changes that would affect their protections for their water resources, including wetlands. He said secondly, that it not require a sewer as it would not be salable to the Town. He said when the Select Board considers encumbering funds he would propose they add those restrictions to the contract.

Next Meeting: The next regular Economic Development Committee Meeting is scheduled for Wednesday, July 3, 2019 at 5:00 pm.

Adjournment

Chairman Better adjourned the meeting at 6:15 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary