



CITY OF CONCORD

New Hampshire's Main Street™

REPORT TO MAYOR AND THE CITY COUNCIL

Date: March 31, 2022

To: Honorable Mayor and City Council

From: Kathryn Temchack, Director of Real Estate Assessments

RE: Renewal of Voluntary Payment in Lieu of Taxes Agreement between Fellowship Housing Opportunities, Inc. and Affiliates and the City of Concord

Recommendation

Request that Mayor and Council accept this report and authorize the City Manager to sign a payment in lieu of taxes agreement (PILOT) between Fellowship Housing Opportunities, Inc. and Affiliates and the City of Concord. The agreement is included with this report.

Background

Fellowship Housing Opportunities, Inc. and Affiliates own properties in the City at 10 Jackson Street, 22 Fayette Street, 70 Washington Street, 12 Allison Street, 106 South State Street, 36 Pleasant Street, and 11 Chesley Street. All of these properties are currently used and occupied as intended; for the establishment of the corporations to provide affordable housing for very low-income adults with mental illness, for persons with disabilities, and for behavioral health services.

The agreement recognizes Fellowship as a charitable organization pursuant to RSA 72:23-1 and describes the conditions for a voluntary payment in lieu of taxes for the properties as allowed pursuant to RSA 72:23-n. The current PILOT agreement expired on March 31, 2022.

Fellowship Housing Opportunities, Inc. and Affiliates first entered into a PILOT agreement with the City in August 2005. Since 2005, Fellowship Housing Opportunities, Inc and Affiliates has graciously made PILOT payments to the City under 5 (five) year agreements until 2021 when Fellowship, like numerous other organizations experienced financial hardship impacts due to COVID-19 and agreed to a 1 (one) year agreement with updated terms. In spite of these on-going financial impacts Fellowship Housing Opportunities, Inc has offered to enter into another 1 (one) year agreement with the same terms as tax year 2021. If approved, the new PILOT payment will begin on April 1, 2022 and end on March 31, 2023. The PILOT payments would be determined by multiplying the previous year's market value assessment by one-half (50%) of the previous year's City Portion of the tax rate. For example, the total assessed value of Fellowship's properties for tax year 2021 was \$3,644,400 and the City portion of the 2021 tax rate was \$8.74. The payment in lieu of taxes for 2022 would be \$15,926.03 ($\$3,644,400 \times (.00874/2)$).

The attached one-year agreement between the City of Concord and Fellowship Housing Opportunities, Inc and Affiliates has been reviewed by both parties. The acceptance of a payment in lieu of taxes, by statute, must be approved by the governing body.

Cc: Thomas J. Aspell Jr., City Manager