



# CITY OF CONCORD

## REPORT TO MAYOR AND THE CITY COUNCIL

**FROM:** Matthew R. Walsh, Director of Redevelopment, Downtown Services, and Special Projects

**DATE:** February 24, 2021

**SUBJECT:** Recommendation from the Penacook Village Tax Increment Finance District Advisory Board regarding proposed Development Program and Financing Plan Amendments

### **Recommendation:**

Accept the following report.

### **Background:**

The Penacook Village Tax Increment Finance District (PVTIF) was enacted by Resolution #8376 on June 14, 2010.

In accordance with NH RSA 162-K:14, as well as Resolutions #8376 and #8615, and Advisory Board was appointed to advise the City Council and City Administration on planning and implementation of the PVTIF's Development Program and Financing Plan, as well as maintenance and operation of the district.

### **Discussion:**

1. **PVTIF Advisory Board Recommendation:** The PVTIF Advisory Board met on February 23, 2021 to review the proposed amendments to the District's Development Program and Financing Plan pertaining to CIP #30 Hoit Road (U.S. Route 4) / Whitney Road Intersection Improvement Project and CIP #567 Penacook Riverfront Park Project at 11 Canal Street.

The Advisory Board voted in favor of the proposed amendments, and recommends that the City Council adopt the proposed amendments.

The Advisory Board also wished to convey the following observations and recommendations regarding the PVTIF District:

- a) The PVTIF District's temporary use of incremental property tax revenues associated with new real estate developments to finance infrastructure improvements related thereto are in the City's financial and economic development interests.
- b) But for the PVTIF's investments in infrastructure improvements to foster real estate development within the District, said real estate projects would have never otherwise occurred. Therefore, but for the PVTIF District, the City would have never received the current and future economic

development benefits associated with such projects, including, but not limited to, removal of blight, preservation and expansion of employment opportunities, and long-term tax base expansion.

- c) Regarding the \$4.24 million of PVTIF supported bonds for improvements to the Hoit Road Whitney Road intersection, the Advisory Board noted that, in the short-term, the PVTIF's investment will result in a new 80,000SF supermarket (an amenity long coveted by the community), expanded employment opportunities for the community related thereto, as well as much needed safety improvements the intersection.

In the long-term, once all PVTIF debts associated with the intersection improvements and other infrastructure investments are satisfied, all property owners in the City will benefit from new property tax revenues generated by Interchange Development L.L.C.'s real estate project, as well as other new development elsewhere within the PVTIF District.

- d) Property tax stabilization remains an important economic development goal for all Concord taxpayers, including those within the Merrimack Valley School District.

Therefore, once the PVTIF District matures and generates significant surplus property tax revenues beyond those needed for the District's current and projected needs, the Advisory Board recommends that the City Council periodically review the feasibility of releasing a portion of the PVTIF's captured incremental property tax revenues to support the City's General Fund, Merrimack Valley School District, County and State of New Hampshire.

This recommendation is analogous to the City's current practices for the North End Opportunity Corridor Tax Increment Finance District (NEOCTIF), which was established in 1998 and has been releasing surplus property tax revenues since 2005.

2. February 3, 2021 Staff Report Correction: Section d.i.2 on page 18 of the February 3, 2021 staff report contained an error regarding CIP #567 Penacook Riverfront Park.

Specifically, the report stated that PVTIF supported debt for the new park would be \$3.8 million. That figure is incorrect.

The total projected cost of the park is \$1.35 million. The PVTIF proforma currently presumes that \$1.275 million of this cost would be supported by PVTIF bonds and notes (not \$3.8 million).

The \$1.275 million PVTIF bond is a conservative estimate, as City Administration anticipates the project will be supported by grant funds, including, but not limited, Land and Water Conservation Fund grants. The PVTIF bond would be fully repaid in FY2044.

The remaining \$75,000 of project costs would be supported by recreational impact fees. Again, that figure is a preliminary estimate and City Administration plans to utilize recreational impact fees to finance the project to the maximum extent possible.

As explained in the February 3, 2021 report, City Administration is not seeking any funding at this time for the project. Rather, for the purposes of efficiency, City Administration is seeking these amendments to the PVTIF's Development Program and Financing Plan so as to create the opportunity for potential use of the TIF supported funds for the project in the future.