

TIF Districts & CIP Summary

Tax Increment Finance (TIF) Districts

The City currently has three Tax Increment Finance (TIF) Districts. These Districts were enacted in accordance with NH RSA 162-K. In accordance with State law, the City has the ability to capture and retain tax revenues generated by new development constructed within each TIF District after their enactment. These captured revenues are used to support debt service incurred for infrastructure improvements within the TIF Districts, as well as operating and administrative costs.

Combined, these TIF Districts encompass approximately 137 acres of land. Since their inception, the City has made a combined investment of \$31,945,080 in infrastructure improvements within these Districts. These investments have served as a catalyst for \$89,710,640 in new assessed value generated by several real estate development projects (FY 2019 estimate).

An overview of each TIF District follows. More specific information concerning the financial details for each TIF District is included elsewhere in this document.

- 1) The **North End Opportunity Corridor Tax Increment Finance District (NEOCTIF)** was established on March 23, 1998, and most recently amended on April 14, 2014. This district was established to facilitate cleanup and redevelopment of the former Concord Lumber property and surrounding parcels in the vicinity of Horseshoe Pond and Exit 15 on Interstate 93. Since 1998, the City's total capital investment in the NEOCTIF District has been \$7,796,200. To date, this investment has yielded \$51,079,200 in new private development (FY 2019 estimate). Presently, the NEOCTIF District encompasses approximately 67.7 acres.
- 2) The **Sears Block (a.k.a. "Capital Commons") Tax Increment Finance District (SBTIF)** was established on September 8, 2003, and most recently amended on July 30, 2014. This district was established to facilitate cleanup and redevelopment of the former Sears Block and surrounding properties located in downtown Concord. The former Sears Block is now occupied by the Capital Commons Office Building and Parking Garage. Since 2003, the City's total capital investment in the SBTIF District has been \$22,794,840. To date, this investment has served as a catalyst for \$36,325,840 in new private development (FY 2019 estimate). This figure excludes portions of the Endicott Hotel, as well as properties at 5-7 South State Street and 15 Pleasant Street, which are currently subject to RSA 79-E Community Revitalization Tax Relief abatements, as well as ongoing renovations to other properties in the District which have not yet been completed. Presently, the SBTIF District encompasses approximately 21 acres.
- 3) The **Penacook Village Tax Increment Finance District (PVTIF)** was established on June 14, 2010, and most recently amended on June 9, 2014. This district was established to facilitate cleanup and redevelopment of the former Allied Leather Tannery Site and surrounding properties in Penacook Village. Since 2010, the City's total capital investment in the PVTIF District has been \$1,354,040. This figure excludes \$3.673+/- million for acquisition and cleanup of the Allied Leather Tannery and Amazon Realty sites. To date, the City's investment in TIF improvements has yielded \$1,745,600 in new private development (FY 2019 estimate). Presently, the PVTIF District encompasses approximately 47.1 acres.

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NEOCTIF Fund Summary

	2018 Budgeted	2018 Estimated	2019 Budget
Revenue	\$493,156	\$503,392	\$510,520
Expense	\$213,480	\$213,480	\$244,280
Net Income (Loss)		\$289,912	\$266,240
Beginning Working Capital		\$1,032,377	\$1,322,289
Ending Working Capital		\$1,322,289	\$1,588,529

NEOCTIF Fund Detail

	2016 Actual	2017 Actual	2018 Budgeted	2018 Estimated	2019 Budget
Revenue					
Property Taxes-NEOCTIF	\$460,960	\$494,118	\$490,156	\$490,272	\$500,520
Investment Income	\$2,321	\$4,624	\$3,000	\$13,120	\$10,000
Total Revenue	\$463,281	\$498,741	\$493,156	\$503,392	\$510,520
Expense					
Outside Services	\$1,320	\$7,200	\$19,000	\$19,000	\$38,000
Debt Service	\$200,984	\$47,031	\$41,480	\$41,480	\$45,630
Transfer Out	\$138,749	\$145,685	\$153,000	\$153,000	\$160,650
Total Expense	\$341,053	\$199,916	\$213,480	\$213,480	\$244,280

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North End Opportunity Corridor Tax Finance District

The FY 2019 projected total incremental assessed value of new development constructed within the NEOCTIF District since its establishment in 1998 is \$51,079,200.

In 2005, the City began to release a portion of the captured tax revenues generated by the new development within the District to support the City's General Fund, as well as those of other taxing authorities such as the County and Concord School District. This had no negative impact on the District's ability to meet current debt service or maintenance cost obligations, as real estate development within the District has significantly surpassed the expectations of the City's original financial pro forma. The amount of increment initially allocated to support the General Fund in FY 2005 was \$16,462,800. In FY 2019, the City will allocate \$33,712,272 (or 66% of total incremental assessed valuation) to be used in determining the amount needed to be raised through taxation, thereby retaining \$17,366,928 in value to support the NEOCTIF's debt service and operating costs.

The NEOCTIF District was originally set to terminate at the end of FY 2019. However, this date was extended due to the appropriation of \$1,050,000, including \$600,000 in bonds, to acquire the former Tsunis property for the extension of Storrs Street to Constitution Avenue, as proposed in the City's Capital Improvement Program (CIP #18). The \$600,000 bond issuance was sold in January 2015 with a 20-year term, thereby extending the District's sunset date to FY 2037. The FY 2017 Budget contemplated appropriating \$400,000 for CIP #18 Storrs Street Extension North. However, these funds were ultimately not appropriated as City Administration determined it would be premature to proceed with final design of Storrs Street Extension North given ongoing efforts by the State of New Hampshire concerning future widening of Interstate 93 and potential impacts associated therewith for CIP #18. The FY 2019 CIP tentatively includes \$7,300,000 in FY 2021 for final design and construction of the new roadway to be supported by the funds generated by the TIF District. Water and sewer improvements associated with the roadway would be financed by the Water and Sewer funds, respectively. Timing of funding for CIP #18 remains subject to final design of the I-93 Bow / Concord Widening Project by the State of New Hampshire.

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SBTIF Fund Summary

	2018 Budgeted	2018 Estimated	2019 Budget
Revenue	\$1,076,103	\$1,076,227	\$1,046,530
Expense	\$978,809	\$974,812	\$1,005,005
Net Income (Loss)		\$101,415	\$41,525
Beginning Working Capital		\$100,192	\$201,607
Ending Working Capital		\$201,607	\$243,132

SBTIF Fund Detail

	2016 Actual	2017 Actual	2018 Budgeted	2018 Estimated	2019 Budget
Revenue					
Property Taxes-Sears Block TIF	\$738,208	\$776,610	\$1,075,903	\$1,076,035	\$1,046,330
Investment Income	\$781	\$632	\$200	\$192	\$200
Finance Charges	\$2,365	\$0	\$0	\$0	\$0
Total Revenue	\$741,353	\$777,242	\$1,076,103	\$1,076,227	\$1,046,530
Expense					
Outside Services	\$2,425	\$2,800	\$10,030	\$10,030	\$16,000
Debt Service	\$250,987	\$263,561	\$293,767	\$289,770	\$295,370
Transfer Out	\$673,355	\$618,727	\$675,012	\$675,012	\$693,635
Total Expense	\$926,767	\$885,088	\$978,809	\$974,812	\$1,005,005

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Sears Block Tax Finance District

The FY 2019 projected total incremental assessed value of new development constructed within the Sears Block TIF (SBTIF) District since its establishment in 2003 is \$36,325,840. This is a slight reduction from the FY2018 amount of \$38,122,050 due to ongoing renovations of certain properties within the District.

Property tax revenues generated by the incremental assessed value are retained by the District to support debt service and operating expenses. This value includes all new development within the District, but excludes those properties which are currently receiving RSA 79-E Community Revitalization Tax Relief Incentives. Such properties include the residential portion of the Endicott Hotel (79-E will expire on April 1, 2019), as well as 5-7 South State Street and 15-17 Pleasant Street (RSA 79-E is projected to expire on March 31, 2025 for both, respectively).

Since its inception in 2003, the City has appropriated \$22,974,840 for infrastructure improvements and other investments within the District. This figure includes appropriations for the CIP #460 Downtown Complete Streets Project, as well as the acquisition and future demolition of the former NH Employment Security property at 32 South Main Street.

The FY 2019 budget continues the practice of transferring TIF revenues to the General Fund and Parking Fund for the purposes of: 1) reimbursing these funds for past investments in the Capital Commons Parking Garage project, and 2) transferring debt service costs traditionally supported by the General Fund and Parking Fund for the Capital Commons Project to the SBTIF.

Specifically, in FY 2019, the SBTIF will transfer \$225,675 for current and past debt service associated with the \$2,281,500 General Fund supported bond issued for the Capital Commons Project in 2007. Also, \$184,795 shall be transferred to the General Fund to support the \$2.5 million bond for the Complete Streets Project (CIP #460). In addition, \$21,670 will be transferred to the General Fund to defray costs for administration of the SBTIF.

The SBTIF will also transfer \$223,910 to the Parking Fund in FY 2019. As initiated in FY 2016, the SBTIF will continue to absorb a portion of debt service payments associated with \$7,109,000 in Parking Fund supported bonds previously issued for the Capital Commons Project in 2005 and 2007. This amount will be \$215,760 in FY 2019.

During FY 2017, the SBTIF began supporting a portion of a new full-time maintenance position for the Downtown Services Team. This practice will continue in FY 2019 and beyond. The TIF will support this position in the amount of \$37,585 in FY 2019. Approximately 53% of the Complete Streets Project is located within the SBTIF; therefore, financial support, to the extent the TIF can afford to make such investments, is appropriate.

The cost of maintaining the landscaping and plaza at the Storrs Street (Capital Plaza) Parking Garage is included within the SBTIF, as are the costs of maintaining the grounds at the former NH Employment Security building at 32 South Main Street.

When the SBTIF District was first established in 2003, it was anticipated that it would terminate when debt service was to be fully repaid on June 30, 2027. However, this date has been extended to FY 2035 with the appropriation of \$1,990,000 in bonded debt for redevelopment of the NH Employment Security Property at 32-34 South Main Street, \$1.52 million in bonded debt for installation of underground utilities within a section of South Main Street, and \$2.5 million in bonded debt for the construction of CIP #460 Downtown Complete Streets Project. It is anticipated the District will terminate on or about FY 2035. However, this date may fluctuate depending upon future development in the District creating incremental value, or additional investments in infrastructure improvements supported by the District.

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PVTIF Fund Summary

	2018 Budgeted	2018 Estimated	2019 Budget
Revenue	\$59,365	\$59,754	\$60,595
Expense	\$54,430	\$54,430	\$58,410
Net Income (Loss)		\$5,324	\$2,185
Beginning Working Capital		\$84,001	\$89,325
Ending Working Capital		\$89,325	\$91,510

PVTIF Fund Detail

	2016 Actual	2017 Actual	2018 Budgeted	2018 Estimated	2019 Budget
Revenue					
Property Taxes-Penacook TIF	\$56,126	\$58,198	\$59,165	\$59,214	\$60,395
Investment Income	\$225	\$360	\$200	\$540	\$200
Total Revenue	\$56,351	\$58,558	\$59,365	\$59,754	\$60,595
Expense					
Outside Services	\$6,570	\$9,920	\$12,825	\$12,825	\$17,050
Debt Service	\$35,800	\$35,077	\$34,580	\$34,580	\$33,980
Transfer Out	\$6,618	\$6,690	\$7,025	\$7,025	\$7,380
Total Expense	\$48,988	\$51,688	\$54,430	\$54,430	\$58,410

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Penacook Village Tax Increment Finance District

The FY 2019 projected total incremental assessed value of new real estate development within the Penacook Village TIF (PVTIF) District, since its enactment in 2010, is \$1,745,600. This amount is largely associated with the new medical office building located at 4 Crescent Street. This amount is captured by the PVTIF District and is available to support the District's operating, administration, and debt service costs.

Accounting for debt service and operating costs, the District will generate a modest surplus, which shall be retained by the PVTIF to finance additional improvements, as well as to provide a financial reserve to offset potential fluctuations in property tax revenues that may result from appeals of assessed valuations in the future.

Presently, the PVTIF District is scheduled to terminate when existing debt service is fully repaid on June 30, 2032. However, this date will likely be extended should the City Council approve any additional appropriations to support redevelopment of the remaining City-owned portion of the former Allied Leather Tannery (CIP #508), or any other privately owned property within the District.