

Town of Farmington
Economic Development Committee Meeting Minutes
Tuesday, October 11, 2016

Committee Members Present:

Denise Roy-Palmer, Vice Chairman
Randy Orvis
Ann Titus, Selectmen's Rep.
Martin Laferte, Planning Board Rep.

Committee Members Absent:

Diane Blair

Town Staff Present:

Arthur Capello, Town Administrator
Liz Durfee, Interim Planner

Others Present:

Bridgett Beckwith, NH DRED- Economic Development Tax Administrator
Mark Laliberte, NH DRED- Economic Development Business Resource Specialist
Angela Hardin
Rev. Kent Schneider
Everett Howard
Lou Goscinski
Sylvia Arcouette

DRED Presentation

The EDC hosted a presentation by Mark Laliberte and Bridgett Beckwith of the NH Dept. of Resources and Economic Development that focused on the Town's Economic Revitalization Zones (ERZ), the 79-e District and the Tax Incremental Finance District (TIF). Vice Chairman Denise Roy-Palmer welcomed the DRED representatives and invited them to begin the presentation at 6 p.m.

Economic Revitalization Zones Program:

What is the ERZ Program? Ms. Beckwith said the program is a short term business tax credit program for projects that improve the infrastructure and create jobs in those zones. The program is detailed in RSA 162-N and the state has designated \$825,000 for the tax credits. She said the maximum amount of tax credit is \$240,000 over 6 years with a maximum of \$40,000 applied per year.

What are the benefits of the program? Increase tax revenues through economic revitalization, recruit new business, creation of jobs, reduce sprawl and to expand the tax base

How are the zones defined? The zones are established by the town and so designated by DRED and must be either an under used industrial park or vacant land/structures previously used for industrial, commercial or retail purposes including multi-use purposes. There are 65 towns in NH with 189 Economic Revitalization Zones she said.

What is the process? ER Zones are established by the Town and approved by DRED. The ERZ-2 application (found on the DRED website) and required documentation must be submitted by the business applying for tax credits.

Eligible Projects- New construction, renovation or expansion; existing vacant building or multi-tenant spaces; addition of new equipment and existing businesses in the ERZ that include the creation of new full time jobs of at least 35 hours a week in a permanent year-round position

How to use the tax credit? The credit is applied to the NH Business Profits Tax. Unused credits may be applied against the NH Business Enterprise Tax. Unused portions of the credit in excess of \$40,000 may be carried forward for an additional 5 years. Deadline to apply for the credit is February 10 following the applicant's tax year.

How is the credit calculated? The credit is based on 1). 4% of the salary for each new full time job created and 2). The lower of 4% of the actual cost of the project or \$20,000 maximum credit for each new job created in the fiscal year. She added that DRED is trying to increase the credit amount available by supporting legislation to increase the cap on the program to \$2 million. This could result in less revenue collected but there may not have been any revenue generated from this zone in the first place without the program she said.

Ms. Beckwith then cited some examples of questions frequently asked by business owners.

Q. Can unused credits be transferred if the business is sold to a new business owner?

A. Yes. The credits can be transferred over to the new owner.

Q. Do non-profit organizations qualify for the program?

A. Yes. If they have full time employees and payroll they would qualify for the tax credits.

Q. Does the business owner have to own the building?

A. No. The business owner can lease the building. The business owner must be the one to apply for the tax credits, not the building owner.

Q. Do mixed use buildings qualify for the program?

A. Yes. Mixed commercial/industrial uses are qualified but the program does not allow residential uses. Applicants must be careful to separate out residential invoices from commercial/industrial invoices when applying for the program.

Ms. Beckwith then asked for any questions from the audience.

Q. What about residential abutters to a mixed use commercial property?

A. Residential uses are not included in the zones. The property must be zoned for commercial, industrial or retail uses and can't be zoned for residential uses.

Q. What if I razed a residential use and put in a commercial use?

A. This is eligible as long as it is not a home business.

Q. Is a non-profit soup kitchen eligible to apply?

A. Yes, as long as there are full time employees and some type of renovation/investment to the property. There is no cap on the amount the owner can spend on the renovation/expansion.

EDC member Randy Orvis asked what is involved in expanding an ER Zone.

Ms. Beckwith said the expansion must be contiguous to the current zone or another zone would need to be created. The Town can have as many zones as it wants other than making the whole town an ER Zone. It must be zoned something other than residential.

Mr. Orvis asked if a residential area could be included through an overlay zone such as in a Neighborhood Mixed Use District in Rochester where a historically residential neighborhood includes some commercial uses.

Ms. Beckwith said she was not familiar with overlay zones but noted that they must follow the outline in the state law. She will obtain an answer from DRED for Mr. Orvis.

She said they try to encourage towns to be strategic with the location of zones. It should be an

area where there is room for growth, space for businesses to move in and grow and do what needs to be done to be able to use the tax credits she said.

Q. How hard is it for the Town to add a zone?

A. It is not difficult as it requires a sheet of paper which is signed and submitted to DRED including a map and something that says they met and decided to add a zone such as meeting minutes.

Q. Would an existing commercial building in an AR zone be eligible for the program?

A. Go to the Town and discuss your plans and tell them that you want to come here or stay here. It is a very easy process for the town to add an ER zone.

Mr. Capello explained that the structure in question is a pre-existing commercial structure in an Agricultural Residential district. The structure is a commercial use but the zone has changed since the building was constructed he said.

Mr. Laliberte said they would get an answer for him.

Ms. Beckwith said zones change frequently so she must consult with the DRA. The RSA mentions the most common zoning but new zones have been added that are not included in the law. She said she did not see any reason it could not be included but will confirm it with the state.

79-e Program:

Mark Laliberte said his dept. does not run the 79-e program but offered to reply to interested property owners with answers to their questions by e-mail (mark.laliberte@dred.nh.gov). A fact sheet describing the benefits and qualifications for the tax relief incentive program aimed at rehabilitating historic properties was included in the packet handed out at the presentation. A 52-page report from Plymouth State College that includes case studies as well as contact information at the state level for the program is also available.

He said the purpose of the program, which became law in 2006, was to help revitalize the downtown areas in many towns in the state. If the Town approved a plan to renovate a historic property that would benefit the community, the owner could apply for tax relief which would mean no increases in taxes on the property for 2-5 years or longer depending on what was done to the property.

In 2013 an amendment was passed that allowed for historic structures outside of the downtown or historic areas to be included as qualifying structures. There were restrictions that mandated the property must be on the state or federal list of historic sites and energy saving improvements valued at 10% of the structure's pre-assessed value or at least \$5,000 must be included in the renovation plans.

Ms. Durfee said the Farmington village center is the Town's 79-e District which also includes a covenant to protect the public benefit that the applicant would fill out as part of the application process. She encouraged property owners interested in the program to visit the Town website or contact the Planning Dept. Office for more information. She added that the Board of Selectmen would decide if the project is qualified for the tax break.

Ms. Roy-Palmer added this is like freezing the tax rate for the property up to 5 years which could be really beneficial to the owner.

Ms. Arcouette asked where the current 79-e District begins and ends.

Ms. Durfee said it goes from the Main Street Bridge to just past the Old Town Hall and across to

the bridge on Spring Street.

Ms. Durfee said the renovation project must show a public benefit and be a substantial renovation cost of at least \$75,000 or 15% of the building's pre-renovation assessed value whichever is least.

Q. Who helps the small businessman decide what all the forms are, what program is best for your property and who is the contact person for help with these decisions?

Ms. Roy-Palmer said where the property is located will help determine which program it qualifies for. She said if the property is not included in an ER zone he may want the town to consider expanding the nearby ER zone to include his property.

Ms. Durfee suggested he contact either the EDC or the Planning Dept. for assistance.

Mr. Laliberte said that state and local agencies are trying to better promote that the tax incentive, funding and training programs exist because many people in the private sector are not aware of these resources.

Q. Is there is a list of streets off of Main Street that are included in the 79-e District on the Town's website?

Ms. Durfee said there is a map of the area but no list of streets on the EDC portion of the website. She said she will add the street names to the website. She then suggested the owners contact the town office to sign up to receive the EDC's monthly newsletter.

EDC member Ann Titus said they can contact EDC Administrative Assistant Erica Rogers at 755-2208 for assistance in getting on the list of businesses in town.

Ms. Arcouette asked if a property owner has a plan for his property should he call the Town Planning Dept. or contact NH DRED.

Ms. Beckwith said they encourage owners to contact both agencies. She said they should contact the town first and find out what the town requires and then contact Mr. Laliberte for information about what is available for businesses on the state level.

Q. Does the Town maintain a list of historic properties in town?

Ms. Durfee said the town doesn't keep the list of designated state or federal historic properties.

Ms. Roy-Palmer said the town has already designated the village center as a 79-e District and the structures within the district are eligible if they meet the other criteria for the program.

Ms. Durfee added there is some flexibility there and the Selectmen will decide if the project is eligible for the tax reduction.

Q. Where can the definition of "public benefit" be found?

Mr. Laliberte directed him to the fact sheet titled "What is RSA 79-e?" included in the packet given out at the meeting for the definition.

Ms. Durfee will check to see if the program application is included on the website.

Q. Is there is long range plan for the types of businesses we want to attract to town?

Ms. Durfee said that is a question for both the Planning Board and the EDC. She added the Planning Board is scheduled to begin updating the Master Plan soon and the public will have input on the information to be included in the plan. She said the process has not be ironed out as funding and a direction forward have not yet been provided but noted that public input will be an important part of deciding what the town wants for its future.

Tax Incremental Finance (TIF) District:

Ms. Roy-Palmer said the town also has a TIF District which is another tool to increase economic

vitality in the town and asked if anyone would like to hear more about this program.

Ms. Durfee gave attendees copies of the notice of the presentation which includes a brief definition of the TIF District. She said the approx. 400 acre district runs along Route 11 and part way up Main Street/Route 153. The purpose of the establishing the district is to help capture some of the incremental increases in property taxes that are generated by redevelopment or new development in a certain area. The extra tax from the value of the new development goes into a separate pool to fund the extension of sewer and water lines along Rte. 11. It doesn't increase the property owner's taxes but diverts a portion of them to the pool which slowly pays for the public improvements she said.

Ms. Roy-Palmer said one of the challenges to businesses wishing to locate along Rte. 11 is the need for sewer and there is presently no sewer line in that area.

Ms. Arcouette asked where the sewer lines currently end.

Ms. Durfee said the water lines currently run along Rte. 11 and the sewer lines end at the edge of the TIF District near Peavey Hill Feeds on Main Street.

Ms. Roy-Palmer said the sewer expansion won't be paid for until there are enough funds accumulated in the account to pay for it. She asked if the town is still looking for committee members for the advisory committee.

Ms. Durfee said the Town Administrator has been working to recruit the members who will assist with reviewing development proposals. There are 4 volunteers who are business or property owner within the district and a 5th member from outside of the district is needed. It will not require a large amount of time to be a member of the committee as they will meet twice a year and then as necessary depending on the proposals received she said.

Ms. Durfee said anyone interested in becoming a member of the advisory committee should contact her or Town Administrator Arthur Capello for more information. Her e-mail for the town of Farmington is planningdirector@metrocast.net . She said the next step after the committee is appointed will be to review the financing plan that was developed a few years ago and determine if it needs updating.

ChooseNH.com:

Mr. Laliberte said there is a new online tool for businesses seeking to relocate or expand in NH. The site was launched in partnership with NH Commercial Investment Board of Realtors (CIBOR) which has input all of their listings in NH to the site. It also contains information on sites and buildings, demographics, existing businesses, maps, community profiles, workforce and other data for business planning. Communities who are not CIBOR members can also upload their properties. The property owner who wishes to market their property can give their information to the contact person for the Town who would then send the information to DRED to be posted on the site at no cost he said. The Town could also enter as many town-owned commercial/industrial/office sites as there are available he said.

Ms. Beckwith said a training video is also available for contact persons on how to submit data and to use the site.

Mr. Laliberte said he will send the site link and webinar information to the EDC Vice Chairman. He added he is in charge of the expansion team for Strafford and Rockingham Counties and this is a great tool for communities like Farmington.

He then asked if there were any questions about this new tool.

Mr. Orvis asked for an example of the types of demographic information found on the site.

Mr. Laliberte showed how to access the desired data by selecting the town and clicking on the demographic data heading. The user can then find data in several categories such as population totals, age, gender, education and household income. He added that he can also provide more detailed reports on specific economic data if requested.

Ms. Beckwith said the data shown is only as good as what was provided by the vendors. If a community notices that some information is missing or incorrect they can work with the vendor to find their information source and to “tweak” the information if necessary.

Ms. Roy-Palmer said the town has done a good job in adopting several initiatives to move things forward and that this meeting was held to put the information out there and inform the public.

One thing that is important about Farmington’s downtown area is that there is a lot of traffic moving through the downtown which many other towns don’t have she said.

Mr. Orvis asked if the ChooseNH site has traffic counts for any of the highways.

Mr. Laliberte said it does not but there are 2 resources for this information- the DOT website includes their traffic counts and the commuter traffic patterns data in the last Census report.

Ms. Durfee added that the DPW has been working with the Strafford Regional Planning Commission on traffic counts on some town roads and she will ask them to provide the results to the EDC.

Q. Is there a model of what was done by a town with a similar situation as in Farmington that has had a “come back” in a 5 to 10 year period?

Mr. Laliberte said the City of Dover as one example that sticks out in his mind. Since 1995 they have grown to about 30,000 people and have a different form of government and tapped into the younger people coming in from surrounding towns and brought in more businesses.

He also cited Northwood and Exeter as examples of towns who have promoted business development centered along a busy road similar to what Farmington is trying to do along Route 11. He said the town is using the resources from the Strafford Regional Planning Commission, state and local economic development resources and it appears the town is on the right track.

Ms. Roy-Palmer suggested the town of Littleton which has less than 7,000 people and all of its Main Street is fully occupied by businesses as an example of what a small community can do. She said it is impressive as to what they have done as their downtown was in pretty dire straits a number of years ago.

Mr. Laliberte added they have had a huge community “buy-in” from the people and the businesses for the revitalization of the area. He noted that every community is different and there are many ways to “move the ball forward”.

He said he intends to remain involved with assisting the town and is willing to return if needed.

Ms. Roy-Palmer then thanked them for coming and providing a very informative presentation.

The meeting ended at 7:22 p.m.

Respectively submitted

Kathleen Magoon

Recording Secretary

Denise Roy-Palmer, Vice Chairman

