

Date: 12-28-2016



Town of Northwood

TIF Objectives TIF Development Plan TIF Finance Plans

Town Vote 2017

OBJECTIVES

Tax Increment Financing (TIF) is a tool that the Town of Northwood can use to make improvements within the Tax Increment Financing District that would benefit the overall community. The objectives of the proposed TIF are: 1) to support the creation of living-wage jobs through the attraction of new business development and the retention and expansion of existing businesses 2) to develop underutilized properties in a manner that increases our real estate tax base, and 3) to enhance the economic viability of the town through improvements to Town property within the District.

DEVELOPMENT PROGRAM

Proposed Improvements

The project(s) to be funded by the TIF will be assessed on a case-by-case basis and target the specific needs of the portion of the TIF District being developed. As such, the nature of the projects will vary with both the properties involved and their relative timing. At the outset, the town proposes the following projects, which will enhance the TIF district and attract non-residential development:

1. Regrade/rebuild Canterbury Road between Main Street and Route 4;
2. Construct a central entrance road off Route 4 near the center of the TIF District;
3. Create an access road off Route 4 on the east end of the TIF District;
4. Create a Northwood West recreation area on the town land on the west side of the TIF
5. Construct a parking lot for the Northwood West Recreation Area;
6. Purchase and install recreation equipment at the Northwood West Recreation Area
7. Construct Trails at the Northwood West Recreation Area

Project: Regrade/rebuild Canterbury Road between Main Street and Route 4

Project Description: This project will provide road access to the west side of the TIF district. As such, it will serve as one of the starting points for a loop road within the TIF district. Improvements to the road will also enable the town to better utilize its property on the west side of the TIF for recreational activities. Approximately 2000 feet of road will be regraded to mitigate the existing slope and the road will be rebuilt to current standards.

Estimate Project Cost: \$800,000

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Project: Construct a central entrance road off Route 4 near the center of the TIF District

Project Description: This project will construct a business park entrance off of the 1st NH Turnpike. The entrance will be located approximately mid-way between the east and west boundaries of the TIF. The purpose of this entrance is to provide access to the center of the TIF. It will also serve as a starting point for a loop road within the TIF. Approximately 500 feet of road will be constructed. It will be done in a manner that will facilitate future installation of turning lanes and intersection signals, should these become necessary.

Estimate Project Cost: \$500,000

Project: Create an access road off Route 4 on the east end of the TIF District

Project Description: This project will construct an access road off the 1st NH Turnpike near the east boundary of the TIF District. This road will provide access to the east side of the TIF. It will also serve as the starting point for a loop road within the TIF. Approximately 500 feet of road will be constructed.

Estimate Project Cost: \$500,000

Project: Create a Northwood West recreation area on the town land on the west side of the TIF Project

Description: This project will create a recreation area on the town property on the west side of the TIF District. Approximately 2 acres of land that is already cleared will be cleaned up and leveled. Topsoil will be spread as needed and grass will be sown. All work will be done in a manner that facilitates future expansion of the recreation area.

Estimate Project Cost: \$100,000

Project: Construct a parking lot for the Northwood West Recreation Area Project

Description: This project will create a graveled parking area for approximately 10 cars and 10 vehicles with (snowmobile) trailers on the town property on the west side of the TIF District. The parking will serve the recreation area and provide a place for snowmobilers to park and access the trails in the area.

Estimate Project Cost: \$50,000

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Project: Purchase and install basic recreation equipment at the Northwood West Recreation Area

Project Description: This project will install recreation equipment at the Northwood West Recreation Facility. This will include installation of picnic tables and basic playground equipment and protective water-pervious surfaces around the equipment.

Estimated Project Cost: \$40,000

Project: Construct Trails at the Northwood West Recreation Area

Project Description: This project will create trail heads and the initial trails within the Northwood West Recreation Area. The work will include creating access to the start of the trails and clearing paths for approximately 2000 feet of initial trails within the town property. Trails will be constructed in a manner that facilitates expansion into other TIF district properties and access to snowmobile trails in the area.

Estimated Project Cost: \$25,000

Initially, TIF projects will focus on creating road access to facilitate development of the TIF (Projects 1, 2, 3). Should it be favorable to the town, the funding estimated for projects 1, 2 and 3 may be shifted within these three projects to enable a focus on just one or two entrances, provided that the total funds expended does not exceed the total estimated cost of all three projects combined.

As the TIF develops, it is anticipated that more funds will go towards enhancements that provide general public benefit (Projects 4, 5,6,7). Once the initial projects are complete, the goal will be to support general economic development of the District. Examples of these latter improvements include extensions of the access roads, expanding parking on town property and extending walking, hiking and snowmobile trails throughout the TIF. Specific projects will be identified by the Advisory Committee and cost estimates will be provided by the District Administrator. Upon approval of subsequent projects for the District by the Selectmen, those projects will be submitted to Town Meeting as amendments to this Development Plan.

Project Benefits

The main benefits of this program relate directly to goals and objectives in our master plan: support the growth of small businesses, protecting our natural resources and making Northwood a great place to live and raise a family.

Business development within the TIF will provide more employment opportunities. Also it will favor projects that will increase the overall tax base in town. Thus the TIF will enable us to support our school and municipal obligations while hopefully reducing the total tax impact on residential properties.

Independent development of individual properties i can often result in a sub-optimum patchwork of changes. By looking at the TIF District holistically and funding those improvements which are anticipated to benefit the District as a whole, rather than merely providing a benefit to a particular

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property owner, we expect that the impact of development on the environment will be mitigated, sensitive areas can be better protected and more undeveloped, open areas can be maintained.

Environmental Controls

All development and associated projects within the TID will be required to meet all local, state and federal environmental regulations and guidelines. By considering the TIF District as a whole when planning the town funded improvements, it is expected that more space can be left open and untouched and the blocks of such land will be larger and more contiguous than development that is not coordinated.

Relocation / Displacement

There are few residential properties located within the TIF. None of the envisioned development is anticipated to be adverse to those properties. Consequently, no relocation or displacement of residents is anticipated.

The TIF is anticipated to be neutral or favorable to the businesses already existing within the TIF District, therefore no relocation of businesses is anticipated.

Operations and Maintenance

We do not anticipate any projects that are materially different from projects currently being implemented by the town or properties already maintained by the town. As with other new roads built in Northwood, roads built via TIF funding and accepted by the town will be maintained by the town. Improvements to town property (ex. parking at trail heads) would also be addressed by existing processes.

Under no circumstances would the town be responsible for maintaining private property.

Development Agreement

This TIF will only fund projects from accumulated funds or funds based on assets already in place, on the town's tax roll and generating tax revenue. Consider a warehouse planned for a property within the TIF District: The owner could build a construction road to enable the erection of the warehouse. Then, once the warehouse is constructed and thus on the tax rolls, the taxes resulting from this new building could be used to support the upgrading of the road to town standards. Consequently, no Development Agreements requiring bonding or performance bonds are anticipated.

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FINANCING PLAN

Objectives

The objective of this TIF is to support development within the district while avoiding material financial risk to the Town.

Cost of the Development Plan

This TIF will be funded entirely by revenue resulting from the increase in assessed values within the TIF District. As such, there is no cost to the town implement the TIF or its projects.

Funding Sources

Funds for TIF projects will come from the incremental increases in assessed values within the TIF. In addition there will be in-kind funding from various town entities. For example, the Town may provide meeting rooms for TIF-related meetings. Also, the Town administrator is expected to provide the nominal administrative support necessary for the TIF. Town volunteers are also anticipated to provide in-kind services. For example, members of the Economic Development Committee may provide input and expertise to the TIF advisory Board. The conservation commission may provide advice as to how best to preserve and protect environmentally sensitive areas.

Other Funding Sources

Other funding sources are currently not under consideration. However, should the situation warrant, funding from NHDOT, CDBG or similar entities could be considered provided the town is not subject to financial risk by doing so.

Use of Incremental Revenues

Incremental revenue will be generated via the TIF as a result of the incremental increase in assessed values of the properties within the TIF. While the TIF program is active, 90% of these funds will be used for projects within the district to support development of and make improvements to the properties therein. The remaining 10% of the incremental funds will flow to the relevant tax jurisdictions.

At the conclusion of the TIF program, 100% of the incremental revenue will go to the tax jurisdictions.

The exception to this formula is the State Education Tax. All the incremental tax for this jurisdiction will flow to the State at all times.

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Impacts to Tax Jurisdictions

A TIF pro forma is provided in Attachment A. This provides estimates of tax revenue both with and without the TIF. Because no significant development is anticipated within the district without the implementation of the Development Program, this TIF is expected to increase the tax revenue of all impacted tax jurisdictions in two ways: 1) while the TIF program is in effect, the tax jurisdictions will be receiving a portion of the incremental taxes and 2) after the program is complete, the jurisdictions will receive 100% of all tax revenues.

The pro forma is an estimate of what could result from the implementation of this TIF. There are many factors, including general business conditions, inflation and changes in future tax rates that will affect the level and pace of development of development.

Records and Reports

The following will be reported annually for the TIF:

Original Assessed Value

Captured Assessed Value (Incremental increase in assessed values)

Tax increment Received and Portions going to the TIF and to the respective Tax Jurisdictions

Amount and purpose of all TIF Expenditures

Any other information required by State and Local governments

Duration of the Program

The TIF program will run for 20 years, or until the completion of the final TIF project, whichever is longer.

Financing and Revenue Summary

All TIF projects will be supported via the incremental tax revenue resulting from increases in assessed values within the TIF. As such, annual spending will be based on the funds already accumulated and the revenue collected in the current year.

TIF Administration

Subject to Board of Selectmen limitations of the Legislative Body, the Town Administrator will be responsible for all administrative components of the TIF program.

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Advisory Board

The TIF Development Program Projects will be based on recommendations from the TIF advisory Board. This Board will review, vet and prioritize TIF project proposals. Based on their deliberations, recommendations for projects to be implemented will be made to the Selectmen.

The TIF Advisory Board will consist of 5 members as follows:

- 3 property owners within the TID

- The Selectmen's representative to the planning board

- An at-large community member appointed by the Selectmen

Amendments

Amendments can be made to the TIF program via a vote by the Legislative Body.

Implementation

In 2016, the Town approved a warrant giving the Town the ability to form a TIF. Consequently, this TIF program can move forward after approval by the Legislative Body of the warrants on the 2017 Town Vote:

- TIF District Boundaries

- TIF District Development and Finance Plan

- Formation of TIF Advisory Board