Summary of Community Revitalization Tax Relief Incentive

What is the Community Revitalization Tax Relief Incentive (RSA 79-E)?

- It is a temporary tax relief incentive for a property owner who wants to substantially rehabilitate a building that is located in a historic district, downtown, or village center.
- It was adopted in 2006, and amended in 2009 and 2013.
- Tax relief may be granted for up to five years.
  - After the period the property shall be assessed at its full market value

Spirit and Intent

- Incentivize the rehabilitation and active use of an under-utilized property.
- Enhance downtowns with respect to economic activity, cultural and historic character, sense of community, and intown residential uses that contribute to economic and social vitality

Process

- Application is developed by community, and a district is designated
- Applicant submits application, which is reviewed by the City Council, after a public hearing.
- Council must find that one or more public benefits exists
  - It enhances the economic vitality of the downtown.
  - It enhances and improves a structure that is culturally or historically important on a local, regional, state, or national level, either independently or within the context of the downtown.
  - It promotes the preservation and reuse of existing building stock throughout a municipality by the rehabilitation of historic structures, thereby conserving the embodied energy in accordance with energy efficiency guidelines established by the U.S. Secretary of the Interior's Standards for Rehabilitation.
  - It promotes development of municipal centers, providing for efficiency, safety, and a greater sense of community, consistent with RSA 9B.
  - It increases residential housing in urban or town centers.
- Council determines length of tax relief for a period of one to five years starting at the completion of the rehabilitation.
  - Additional years may be added by the governing body for affordable housing or for adherence to historic district standards

Qualifying Structures

- The property must be located in the district that is downtown or the central business district
- Historic properties outside the downtown may be considered, if a community allows that.
- The community may allow the replacement of a non-historic building with a new building that has added public benefit as defined by city
- Have a rehabilitation must cost at least fifteen percent of the building’s pre-rehabilitation assessed value, or at least $75,000, whichever is less, or values as determined by the City.

Covenant

- Signed by the owner and the city to:
  - Protect the public benefit(s) the project provides
  - Ensure that the building is maintained.
  - Outline insurance requirements
  - Outline payback/penalty provisions
    - If owner does not comply all taxes, including back taxes are due to City
- The term of the covenant may be up to twice as long as tax relief period granted.
## Community Revitalization Tax Relief Incentive Provisions

<table>
<thead>
<tr>
<th>Provision</th>
<th>Meets State Statute</th>
<th>Exceeds State Statute</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require rehabilitation costs to exceed 220 percent of pre-rehabilitation assessed valuation</td>
<td></td>
<td>X</td>
<td>State sets 15% as threshold</td>
</tr>
<tr>
<td>Allow a Tax Relief Period up to 5 years</td>
<td></td>
<td>X</td>
<td>State allows up to 13 years.*</td>
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<tr>
<td>Require documentation of public benefit at time of application</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Require a covenant up to twice the tax relief term</td>
<td></td>
<td>X</td>
<td>State requires coextensive covenant</td>
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<tr>
<td>Require a lien against proceeds from casualty and flood insurance claims</td>
<td></td>
<td>X</td>
<td>State requires insurance be obtained, allows lien</td>
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<tr>
<td>Require that the property remain taxable for the period</td>
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<td>X</td>
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<tr>
<td>Require a development agreement be signed</td>
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<td>X</td>
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</tbody>
</table>

* = State allows up to 5 years, with provisions for additional years if building is on National Register (4), adds residential units (2) or provides affordable units (4)