



Town of Canaan
Office of the Selectmen
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Adopted June 16, 2015

Form of Assistance

Community Revitalization Tax Relief (tax assessment relief) (freezes pre improvement assessment). RSA 79-E

Factors to Consider For Qualification

1. Financial capacity to build and pay for improvements
2. Sufficient finances to operate for three years
3. Proven ability and experience to succeed
4. Commitment to hire locally
5. Evidence of long term commitment to community and Canaan location
6. Ability and willingness to communicate

Conditions

Limit to economic development or historic preservation or historic restoration that is related to economic development.

Area to be designated will be the Village core as approved by the 2016 Town Meeting.

Limit tax assessment reductions to no more than 5 years and standard of 3 years.

Limit the amount of reduction to the increase in the full assessment over the original assessment.

Others as required by state law.

Tax Incentives

Town Meeting 2016 - Article 13

What it is –

- It encourage business to locate in Canaan and renovate property.
- This program rely on private people to renovate buildings and build new businesses.

What it is not -

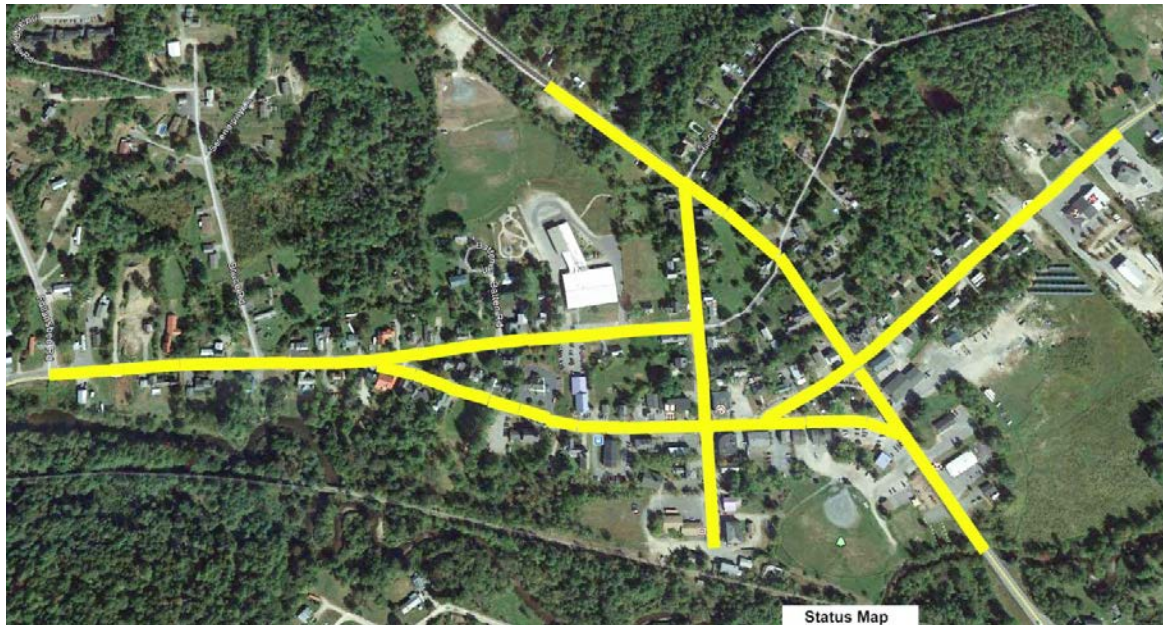
- This program is **not zoning** and there are **no regulations** that tell an owner what he has to do. There is nothing that prevents the sale of the property. There is **no use of eminent domain**.
- This program **does not reduce the taxes currently raised** on the property.
- This program **does not use current taxes to pay for the new improvements**, if any.

Article 13 Encourages Renovation or Replacement

This allows the Selectmen to **freeze appraised values** for a period of 2 to 5 years **IF a owner commits to replacing or renovating** a critical building in the Village core within a year of approving the freeze.

The buildings must be functionally, culturally, historically or economically significant to the Town as determined by the Selectmen.

They must be within the area mapped.



The areas include all properties that abut or directly access the following streets:

Route 4 from Follansbee to the bridge by Williams Field.

Route 118 from Route 4 to Papa Z's.

Canaan Street from Route 4 to the Hammond property (not beyond 66 Canaan Street).

All of High Street.

All of School Street.

All of Depot Street.

Article 13 --- EXAMPLE ONLY – NOT A REAL APPLICATION

Old Freight House at the end of Deport Street

Current

Assessed Valuation of Freight House

Land .26 Acres \$27,000

Freight House \$ 5,610

Total Card Value \$32,600 (it's rounded)

Current Tax $32.6 \times \$30.27 =$ \$986.80 Current Tax



Owner proposes:

Invest \$150,000 to restore the building.

If that was complete, the Assessed Valuation might go to a total of \$170,000.

The tax after those changes would be a \$5,145.90 tax.



With Article 13, the Board could freeze the assessment at \$32,600 for a period of 2 to 5 years. This would allow the owner to get a business underway without a higher tax burden. The Town does not lose taxes. It just doesn't get the higher taxes until the period expires. The project is reviewed annually.

The following pages are the law that allows economic tax stabilization. E:1 sets the purpose; E:2 says that the Board of Selectmen can specify qualifying buildings in a pre established zone; E:2 also says that the incentive is that the assessed valuation will not increase because of the renovations; E:4 describes the process and E:7 describes the types of public benefits allowed.

CHAPTER 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE

Section 79-E:1

79-E:1 Declaration of Public Benefit. –

I. It is declared to be a public benefit to enhance downtowns and town centers with respect to economic activity, cultural and historic character, sense of community, and in-town residential uses that contribute to economic and social vitality.

II. It is further declared to be a public benefit to encourage the rehabilitation of the many underutilized structures in urban and town centers as a means of encouraging growth of economic, residential, and municipal uses in a more compact pattern, in accordance with RSA 9-B.

II-a. In instances where a qualifying structure is determined to possess no significant historical, cultural, or architectural value and for which the governing body makes a specific finding that rehabilitation would not achieve one or more of the public benefits established in RSA 79-E:7 to the same degree as the replacement of the underutilized structure with a new structure, the tax relief incentives provided under this chapter may be extended to the replacement of an underutilized structure in accordance with the provisions of this chapter.

II-b. It is further declared to be a public benefit to encourage the rehabilitation of historic structures in a municipality by increasing energy efficiency in the preservation and reuse of existing building stock.

III. Short-term property assessment tax relief and a related covenant to protect public benefit as provided under this chapter are considered to provide a demonstrated public benefit if they encourage substantial rehabilitation and use of qualifying structures, or in certain cases, the replacement of a qualifying structure, as defined in this chapter.

Source. 2006, 167:1. 2009, 200:3, 4, eff. July 15, 2009. 2013, 78:1, eff. April 1, 2013.

TITLE V TAXATION

CHAPTER 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE

Section 79-E:2

79-E:2 Definitions. – In this chapter:

I. "Historic structure" means a building that is listed on or determined eligible for listing on the National Register of Historic Places or the state register of historic places.

II. "Qualifying structure" means a building located in a district officially designated in a municipality's master plan, or by zoning ordinance, as a downtown, town center, central business district, or village center, or, where no such designation has been made, **in a geographic area which, as a result of its compact development patterns and uses, is identified by the governing body as the downtown, town center, or village center for purposes of this chapter.** Qualifying structure shall also mean **historic structures in** a municipality whose preservation and reuse would conserve the embodied energy in existing building stock. Cities or towns may further limit "qualifying structure" according to the procedure in RSA 79-E:3 as meaning only a structure located within such districts that meet certain age, occupancy, condition, size, or other similar criteria consistent with local economic conditions, community character, and local planning and development goals. Cities or towns may further modify **"qualifying structure" to include buildings that have been destroyed by fire or act of nature,** including where such destruction occurred within 15 years prior to the adoption of the provisions of this chapter by the city or town.

III. "Replacement" means the demolition or removal of a qualifying structure and the construction of a new structure on the same lot.

IV. "Substantial rehabilitation" means rehabilitation of a qualifying structure which costs at least 15 percent of the pre-rehabilitation assessed valuation or at least \$75,000, whichever is less. In addition, in the case of historic structures, substantial rehabilitation means devoting a portion of the total cost, in the amount of at least 10 percent of the pre-rehabilitation assessed valuation or at least \$5,000, whichever is less, to energy efficiency in accordance with the U.S. Secretary of the Interior's Standards for Rehabilitation. Cities or towns may further limit "substantial rehabilitation" according to the procedure in RSA 79-E:3 as meaning rehabilitation which costs a percentage greater than 15 percent of pre-rehabilitation assessed valuation or an amount greater than \$75,000 based on local economic conditions, community character, and local planning and development goals.

V. "Tax increment finance district" means any district established in accordance with the provisions of RSA 162-K.

VI. **"Tax relief" means:**

(a) For a qualifying structure, that for a period of time determined by a local governing body in accordance with this chapter, the property tax on a qualifying structure shall not increase as a result of the substantial rehabilitation thereof.

(b) For the replacement of a qualifying structure, that for a period of time determined by a local governing body in accordance with this chapter, the property tax on a replacement structure shall not exceed the property tax on the replaced qualifying structure as a result of the replacement thereof.

(c) For a qualifying structure which is a building destroyed by fire or act of nature, that for a period of time determined by a local governing body in accordance with this chapter, the property tax on such

qualifying structure shall not exceed the tax on the assessed value of the structure that would have existed had the structure not been destroyed.

VII. "Tax relief period" means the finite period of time during which the tax relief will be effective, as determined by a local governing body pursuant to RSA 79-E:5.

Source. 2006, 167:1. 2009, 200:5-7. 2010, 329:1, 2. 2011, 237:1, 2, eff. July 5, 2011. 2013, 78:2, eff. April 1, 2013.

TITLE V TAXATION

CHAPTER 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE

Section 79-E:4

79-E:4 Community Revitalization Tax Relief Incentive. –

I. An owner of a qualifying structure who intends to substantially rehabilitate or replace such structure may apply to the governing body of the municipality in which the property is located for tax relief. The applicant shall include the address of the property, a description of the intended rehabilitation or replacement, any changes in use of the property resulting from the rehabilitation or replacement, and an application fee.

I-a. In order to assist the governing body with the review and evaluation of an application for replacement of a qualifying structure, an owner shall submit to the governing body as part of the application, a New Hampshire division of historical resources individual resource inventory form, prepared by a qualified architectural historian and a letter issued by the local heritage commission and if the qualifying structure is located within a designated historic district established in accordance with RSA 674:46, a letter from the historic district commission or, if such local commissions are not established, a letter issued by the New Hampshire division of historical resources that identifies any and all historical, cultural, and architectural value of the structure or structures that are proposed to be replaced and the property on which those structures are located. The application for tax relief shall not be deemed to be complete and the governing body shall not schedule the public hearing on the application for replacement of a qualifying structure as required under RSA 79-E:4, II until the inventory form and the letter, as well as all other required information, have been submitted.

II. Upon receipt of an application, the governing body shall hold a duly noticed public hearing to take place no later than 60 days from receipt of the application, to determine whether the structure at issue is a qualifying structure; whether any proposed rehabilitation qualifies as substantial rehabilitation; and whether there is a public benefit to granting the requested tax relief and, if so, for what duration.

III. No later than 45 days after the public hearing, the governing body shall render a decision granting or denying the requested tax relief and, if so granting, establishing the tax relief period.

IV. (a) The governing body may grant the tax relief, provided:

(1) The governing body finds a public benefit under RSA 79-E:7; and

(2) The specific public benefit is preserved through a covenant under RSA 79-E:8; and

(3) The governing body finds that the proposed use is consistent with the municipality's master plan or development regulations; and

(4) In the case of a replacement, the governing body specifically finds that the local heritage commission or historic district commission or, if such local commissions are not established, the New Hampshire division of historical resources has determined that the replaced qualifying structure does not possess significant historical, cultural, or architectural value, the replacement of the qualifying structure will achieve one or more of the public benefits identified in RSA 79-E:7 to a greater degree than the renovation of the underutilized structure, and the historical, cultural, or architectural resources in the community will not be adversely affected by the replacement. In connection with these findings, the governing body may request that the division of historical resources conduct a technical evaluation in order to satisfy the governing body that historical resources will not be adversely affected.

(b) If the governing body grants the tax relief, the governing body shall identify the specific public benefit achieved under RSA 79-E:7, and shall determine the precise terms and duration of the covenant to preserve the public benefit under RSA 79-E:8.

V. If the governing body, in its discretion, denies the application for tax relief, such denial shall be accompanied by a written explanation. The governing body's decision may be appealed either to the board of tax and land appeals or the superior court in the same manner as provided for appeals of current use classification pursuant to RSA 79-A:9 or 79-A:11 provided, however, that such denial shall be deemed discretionary and shall not be set aside by the board of tax and land appeals or the superior court except for bad faith or discrimination.

VI. Municipalities shall have no obligation to grant an application for tax relief for properties located within tax increment finance districts when the governing body determines, in its sole discretion, that the granting of tax relief will impede, reduce, or negatively affect:

- (a) The development program or financing plans for such tax increment finance districts; or
- (b) The ability to satisfy or expedite repayment of debt service obligations incurred for a tax increment financing district; or
- (c) The ability to satisfy program administration, operating, or maintenance expenses within a tax increment financing district.

Source. 2006, 167:1. 2009, 200:8-11, eff. July 15, 2009.

TITLE V TAXATION

CHAPTER 79-E COMMUNITY REVITALIZATION TAX RELIEF INCENTIVE

Section 79-E:7

79-E:7 Public Benefit. – In order to qualify for tax relief under this chapter, the proposed substantial rehabilitation must provide at least one of the public benefits, and the proposed replacement must provide one or more of the public benefits to a greater degree than would a substantial rehabilitation of the same qualifying structure, as follows:

I. It enhances the **economic vitality** of the downtown;

II. 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 an historic district, town center, or village center in which the building is located;

II-a. 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.

III. It promotes development of **municipal centers**, providing for efficiency, safety, and a greater sense of community, consistent with RSA 9-B; or

IV. It **increases residential housing** in urban or town centers.

Source. 2006, 167:1. 2009, 200:13, eff. July 15, 2009. 2013, 78:3, eff. April 1, 2013.

Town of Canaan

APPLICATION FOR ECONOMIC DEVELOPMENT TAX RELIEF



Applicant Name _____

Address _____

Telephone _____ Email _____ Fax _____

Location of Property _____

Tax Map & Lot _____

Owner of Property (if different) _____

Address of Owner (If different) _____

Telephone of Owner (If different) _____

Describe public benefit:

Check box(es) **THESE ARE ONLY PERMITTED USES – NOT ALL ARE LOCAL PRIORITIES**

- Enhances the economic vitality
- Enhances and improves a structure that is culturally or historically important
- Promotes the preservation and reuse of existing buildings
- Promotes development of municipal centers
- Increases residential housing in urban or town centers

IMPROVEMENTS

Proposed improvements to the building and lot:

Attach sketch of property indicating proposed improvements

Attach visual representations of improvements if available

Attach photos of existing property and buildings

Attach any architectural detail proposed

Indicate proposed contractor (if any)

If structure is a qualifying historic structure, the applicant shall include a New Hampshire division of historical resources individual resource inventory form, prepared by a qualified architectural historian, and a letter issued by the New Hampshire division of historical resources that identifies any and all historical, cultural, and architectural value of the structure or structures that are proposed to be replaced or renovated and the property on which those structures are located.

FINANCIAL

Submit budget for improvements (Confidential)

Indicate source of budget numbers

Indicate source of funds for renovation

Commercial lending – Attach commitment letter (Confidential)

Personal Resources – Provide evidence of adequate resources (Confidential)

Provide tax returns for owner and/or developer for last two years (Confidential)

BUSINESS CAPACITY

Attach resumes (Confidential) for all key investors or managers related to the property proposed for revitalization. Show relevance of experience to proposed use of the property.

Attach a business plan (Confidential) that supports the proposed use of the property and proves long term sustainability.

Attach market analysis if available (Recommended).

Provide plan for assuring operating capital necessary to sustain business for a minimum of three years and funds the key people related to the operation of the property. (Confidential)

Include signed Covenant to Protect Public Benefit, Agreement to period review and waiver of claims for discontinuance of tax relief, Release of Information for verification of application, Agreement to submit tax returns, and periodic financial statements..