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

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

* = 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)