

**CITY OF ROCHESTER, NH**  
**Granite Ridge Development District**  
**Tax Increment Finance District (RSA 162K)**  
**2015 Final Report**

**Tax Increment Financing: Overview**

Cutbacks in federal and state infrastructure aid over the last two decades have minimized the amount of financing available to municipalities for infrastructure, increasing the use of tax increment financing (TIF), an economic development tool that has been around since the 1950's. The creation of TIF districts are crucial to New England towns and cities that compete with the financial incentives offered in other regions of the United States.

The underlying concept of a TIF District is that an area with development potential that is blighted or otherwise in need of economic improvement, becomes designated by a municipality as a tax increment financing district. The improvements made to the infrastructure stimulate development or redevelopment, which in turn generates incremental tax revenues. These revenues are then directed to the infrastructure debt service incurred by the municipality for the improvements.

The taxable valuation of the district is tabulated at the time of its creation, referred to as the original taxable value (OTV) or simply "base." Tax revenues from the base value continue to go to the general fund tax base. As the TIF district matures and private sector development and redevelopment occurs due to improvements, the City retains the incremental tax revenues generated above the base. The annual "tax increment" is used to pay the public expenditures on improvements in the district. The duration of a TIF district is typically limited by the time required to amortize bonded debt and the recovery of other municipal costs incurred in creating the TIF district and provide public infrastructure.

Public infrastructure investments typically include water supply, sewer expansion and repair, storm water drainage, street and sidewalk construction, street lighting, park improvements, and parking structures. These improvements are intended to make the area more attractive for development and reduce infrastructure costs to private developers.

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**Granite Ridge Development District TIF District- (RSA 162K)**

*District Activity for 2015:*

The Granite Ridge Development District (GRDD) is located in the Northern portion of Rochester on NH Route 11 (Farmington Road), from Exit 15 of the Spaulding Turnpike to the Farmington Town Line on both side of the State Highway. Extensive public and private construction has begun on the Phase I of Waterstone Retail's The Ridge. Phase I involves 295,000 square feet of commercial space with \$4 million in public infrastructure provided by TIF Bond. Updates on FY 2015 projects started and future development are as follows:

Phase I of The Ridge (Waterstone Retail) consists of plans for 295,000 square feet of commercial space. The project is under construction and foundations are in place for the anchor stores Marshalls, PetCo, Hobby Lobby and a new prototype Market Basket that will be 80,000 square feet. These anchor stores are located towards the rear of the development and will be open for business in April 2016. The remainder of the small buildings will be constructed and opening later in 2016.

Phase 2 of The Ridge attended the Planning Board in October 2015, for an additional 185,000 square feet of entertainment and shopping. Waterstone Retail seeks approval in 4<sup>th</sup> QTR 2015 with construction to start 2<sup>nd</sup> QTR 2016 and Grand Openings scheduled for early 2017.

Additionally Waterstone is developing a small site adjacent to the Shoe Department across from Super Wal-Mart. The 10,000 square foot retail building is at the Planning Board now with approval expected 4<sup>th</sup> QTR 2015.

Key Auto has completed the Key Collision Center near the Turnpike Exit, and is now open for business. The Key Auto Group is also acquiring the former used car dealership in the Cardinal Plaza and has Planning Board approval to operate a major used car center on the site. Improvement plans are underway.

Volkswagen of Rochester is in the process of expanding their new car dealership and display area of their lots. The new configuration will include car display space on the “southern” side of the showroom, closer to the Turnpike exit.

Other undeveloped parcels are available for sale and we anticipate a lot of pre-development activity during calendar year 2016. Under-development also continues to be an opportunity for improvement and expansion, and we expect additional commercial projects to be identified from the existing business base.

An Advisory Board has been appointed and their duties adopted by the Rochester City Council, in accordance with RSA 162:K. The Board will meet to review the Draft Annual Report to make recommendations to the Mayor and City Council. The incomplete financial statement will be completed once data is made available by the Finance Department.

*Advisory Committee Recommendations:*

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