

**CITY OF ROCHESTER, NH**  
**Granite Ridge Development District**  
**Tax Increment Finance District (RSA 162K)**  
**FY2016 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 FY 2017:*

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 is complete on the Phase I of Waterstone Retail's The Ridge. Phase I includes 295,000 square feet of commercial space with \$3.9 million in public infrastructure provided by TIF Bond.

Previous GRDD financing reports have been calculated on a calendar year basis, the most prior report being calendar year 2015. This report and reports moving forward will be calculated on a fiscal year basis. This report includes January 2016-June 2016 to bring the reports up to date. FY 2017 projects started and future development is as follows:

Phase I of The Ridge (Waterstone Retail) consists of 295,000 square feet of commercial space. The project is nearly 83% complete with anchor stores Marshalls, PetCo, and Famous Footwear opening in

FY 2016 with \$155,000 in permits in early 2016. The Paper Store, The 110 Grill, iSpa & Nails, Ulta Beauty, Cricket Wireless, T-Mobile and a new prototype Market Basket that is 80,000 square feet opened in FY 2017 totaling over \$7 million in permits. This includes fit up and permits for more tenants that have announced to open in 2017 that include but are not limited to: Starbucks, Mikado and Mooyah Burgers, Fries and Shakes. The NH Liquor Store is slated to open April 2018.

Phase 2 of The Ridge has been approved by the Planning Board for an additional 185,000 square feet of entertainment and shopping. The Planning Board approved for the developer to clear trees and start minor excavation work in order to better show the property to future tenants. Waterstone Retail is currently waiting for further DES approvals and working with the City to amend the Zoning to add apartment buildings to the footprint.

Additionally Waterstone is developing a small site adjacent to the Shoe Department across from Super Wal-Mart a demoed the building located at 60 Farmington Road in FY 2016. Waterstone also purchased a 1.89 acre lot on the corner of Little Falls Bridge Road and Farmington Road.

The Holiday Inn Express completed repairs after an electrical fire in FY 2016 in the amount of \$100,000 and in FY 2017 added bathroom lights to all the rooms with permits totaling \$31,000. The Holiday Inn Express is due for a major renovation in 2018 per their franchise agreement. Other FY 2017 permits were completed for the shell station with \$30,000 in electrical for LED lights, the Black Dog carwash eold and the new owners upgraded the signage on Farmington Road spending \$6,000 and the Cardinal Plaza replaced their outdoor canopy and lighting with permits adding up to over \$90,000.

Wal-Mart renovated the Dunkin Donuts inside the building in FY 2017 for \$24,000 and in FY 2016 upgraded \$4700 worth of electrical within the building. Volkswagen upgraded their parking lot and outdoor lighting in FY 2017 for \$26,000.

Coyote Creek will be adding an addition in 2017 and once completed will start working on a 9600 square foot shooting range that was approved by Planning Board in May 2016 and will be located behind the retail space.

Other undeveloped parcels are available for sale and we anticipate a lot of pre-development activity during FY 2018. 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 draft financial statement attached will be completed once data is made available by the Finance Department.

*Advisory Committee Recommendations:* Advisory Board will schedule a meeting in October 2017.

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