

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING – TAX INCENTIVE)**

October 2, 2007

**6:15 PM
Aldermanic Chambers
City Hall (3rd Floor)**

Mayor Guinta called the meeting to order.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Long, Osborne, O'Neil, Lopez, Shea,
Garrity, Smith, Thibault, Forest

Absent: Aldermen Duval, Pinard, DeVries

Mayor Guinta advised that the purpose of the special meeting was to hear those wishing to speak on a Community Revitalization Tax Relief Incentive Applicant pursuant to RSA 79-E for property located at 20 Concord Street (AKA Map 9, Lot 12) in the City of Manchester; that anyone wishing to speak must first step to the nearest microphone when recognized and recite his/her name and address in a clear, loud voice for the record, that each person will be given only one opportunity to speak; and any questions must be directed to the Chair.

Mayor Guinta requested Jay Minkarah, Economic Development Director, make a presentation.

Mr. Minkarah requested Mr. Gamache to come forward and address the work that is being proposed on this structure.

Mr. Ohlund stated, as I am sure you are aware last fall, in November, this Board adopted the provisions of RSA 79E to provide an incentive to encourage the substantial rehabilitation of buildings in the downtown area. Manchester was the first community to do so. Last spring we prepared and got adopted the application form and we have been making some efforts to get the word out on the street that this program does exist and it is a valuable revitalization tool. I can think of not too many applications that would be more appropriate to bring before you as the first application to this program than this one. I am going to run through a few details of the requirements under 79E and then will turn it over to Mr. Gamache, the applicant, to describe what is happening in the building. First of all in terms of qualifications the building certainly qualifies under 79E, it is a qualifying structure in that it is located in the Central Business District. The work that is being proposed is pretty substantial under the definition of the statute which is it has to exceed \$75,000 in value or 15% of the assessed value. The proposed work is \$447,000 so it far exceeds the minimums under the statute which is about 74% of the assessed value. The uses that are proposed which are office,

restaurant, and retail uses are consistent with the local use regulations and with the master plan and the project I certainly believe will contribute to the economic vitality of downtown. The building itself for those of you familiar with it was really a blight on the downtown area. By rehabbing it, it is one of the older buildings in the downtown area, putting Class A office space in there it's going to create jobs, it's going to create new business opportunities in the downtown, so I certainly think it meets the intent of the statute. And again, I think it is one of the better projects that I could have brought before you for the first one in this program. In your agenda packets you should have a staff memo recommending approval for a five year period, that is tax relief for a five-year period, which is what this project would qualify for. There is also background information in the packet and the application you should have renderings of the facade, typical floor plans of the building and some background materials. One correction for the information for the packet is on the assessed value currently, which is actually \$600,000 not the 800 and some thousand dollars that was recorded. I would like to turn it over to Mr. Gamache to give an overview of the work being proposed in the building.

Alderman Roy asked for clarification on the current assessed value noting three numbers now had been referenced.

Mr. Ben Gamache stated the current assessed value right now is 840,000, the 600,000 number was the number that I paid for the building. I will be putting in \$447,000 but that is when I did the application I'm already over that, it will be a little bit more.

Alderman Shea stated so the general public will understand, the beneficiary is Mr. Gamache in what way, so that the people can understand that that are listening, how do you benefit by having the community revitalization tax relief incentive. What benefit for you and what benefit for the general public.

Mr. Gamache responded the benefit for me is that I am now able to offer that building at a Class A office space at a lower lease rate because the operational costs as most high end properties like that, Class A office, they tend to charge back the tenants the costs of the building, so the tax rate, or the taxes will be lower so instead of the typical \$2 a foot cost on the property taxes it will be less than that, it will be like \$1 per foot, so the tenants will be saving a \$1 a foot in operation.

Alderman Shea and as a result of that do you receive any tax relief from that benefit.

Mr. Gamache responded what I receive as a benefit is I am able to offer that property at a lower rate per square foot hoping to fill the property. This property basically a 14,000 square foot property, I have a potential restaurant going in on the first floor, and I also have a day spa occupying the fourth floor. So we are in negotiations now with those two entities, the second and third floor are still available and each floor is 3,400 square feet, so I'm hoping that I am going to be able to get people interested on a lower rate on a class A office.

Alderman Shea stated I am for it and I think it is beneficial, but I wanted everyone to understand the implications so I thank you for your explanation.

Alderman Lopez stated I commend you sir for being the first to step forward under this RSA. I just have a technical question and maybe the Assessors can answer it more than Jay, could you just explain to me in what happens during this period of time during a reval cause in 2011 the state will mandate us to have another reval, how does this work into play here.

Mr. Hamilton responded the provisions of the statute allow the agreement to extend for a period of five years and because it is authorized under 79E the value would transcend, it would go through that revaluation period.

Alderman Lopez stated so it goes through revaluation whatever it is and he still has that year tax deduction.

Mr. Ohlund responded correct.

Alderman O'Neil asked Jay, this communication says for a period of five years, can you just remind me what the statute is, is it up to five years or is it fixed at five years.

Mr. Mankarah stated the statute is generally up to five years.

Alderman O'Neil stated up to, so generally it could be up to two years if somebody wanted.

Mr. Mankarah stated it could be and it also could be more depending on the particular provisions, the exact uses proposed in the building so for example if the building is historic and you are seeking credit for that you can get an additional two years. If you are proposing residential uses you can get an additional two years.

Alderman O'Neil stated so this particular use of Mr. Gamache's plan is appropriate for the five-year period.

Mr. Mankarah responded yes.

Alderman O'Neil noted Mr. Gamache had stated he already spent beyond the \$447,000; the request we are being asked to vote on is the \$447,000 correct.

Mr. Mankarah stated that is what was in the application yes.

Alderman Gatsas stated just for clarification, it doesn't matter if he was putting \$800,000 in there or any other amount, it's a five year rehab if I remember the legislation correctly.

Mr. Mankarah responded correct.

Alderman Gatsas stated as long as he is doing over \$75,000 he's covered.

Mr. Mankarah responded correct.

Alderman Gatsas stated let me just do some quick math here. If I understand correctly it's assessed at \$840,000. If I use the \$840,000 and use the current rate of \$16.85 that means the tax bill would be somewhere around \$14,154 per year, is that correct.

Mr. Gamache responded sounds about correct.

Alderman Gatsas stated if I multiply that by five years that's about \$70,000 worth of income to the city over a five year period, which chances are if we didn't have this project going forward that's what we would be looking at for a revenue or maybe less if somebody came in for an abatement cause it already looks like somebody already went in for an abatement from a million to the 840. And then if we assume that it is going to take a year and a half for renovations you pass the first April date, by the first of April next year you may be done, you may not be done for full assessment. Let's just say a full assessment number would be \$1.4 million which I know is a big stretch, that would be a big stretch.

Mr. Gamache stated I don't know that 1.4 million would be a big stretch only because 62 Lowell Street.

Mr. Hamilton stated yes, it would be in the neighborhood of 1.4 million.

Alderman Gatsas stated if we use 1.4 million and use the 85 rate which I know is not a constant for a five year period by that would be roughly a 3 ½ year period going from the April date from assessment is about 23,590 times 3 ½ years is about \$82,000, so really we are moving this project forward for a difference of \$11,800 which if anybody's seen the project it's certainly worth the \$11,000 we are investing in the loss of revenue just to the position it's in now, so from a financial point of view it's a good deal for the city. I guess that's a rhetorical question.

Mr. Minkarah stated I would agree.

Alderman Shea stated that being said let's approve.

Mayor Guinta called for those wishing to speak.

Mr. Ouellette, 112 Auburn Street, stated:

I want to speak in favor of this thing. I suggested back in 2001 that we do this and I was only giving out five years at a time and I remember some of you who are still on this Board thought I was out of my wits. As Senator Gatsas just stated this is an investment in the betterment of our community, all taxpayers. My only problem that I have is that we seem to be taking a lot of rooming housing out of buildings and turning the buildings into something else. We have always had a rooming house shortage in this city and this is going to create it even more, so please consider the housing as well but I am 100 percent in favor of this, the \$11,000 in five years is a very small price for us to pay to take that building which is well over 150 years old and bring it back to where it's due and put it in operation in the city.

Mayor Guinta advised that all wishing to speak having been heard, the testimony presented will be taken under advisement with reports to be made to the Board of Mayor and Aldermen at a later date.

Alderman Roy asked if this was to be reported out this evening.

Mayor Guinta responded yes.

Alderman Long asked if the time extension, five years, two years, reflected on the application, he did not see it.

Mr. Mankarah stated it was in the staff recommendation.

This being a special meeting of the Board, no further business was presented and on motion of Alderman Shea, duly seconded by Alderman Osborne, it was voted to adjourn.

A True Record. Attest.

City Clerk