Climate Summit & NH RSA 79-E

Good Afternoon. My name is Darren Winham, Economic Development Director for the Town of Exeter and I’m very happy to be here and thank Julie LaBranche for inviting me to speak on an economic development tool that, when combined with flood mitigation, can serve the dual objective of increased private investment in a community while bolstering flooding protections. The economic development tool of which I speak is the Community Revitalization Tax Relief Incentive, more commonly called 79-E after its RSA handle. For those of you who don’t know, 79-E works as such:

First, it is enabling legislation, meaning a town can opt to adopt it or not. Its base purpose is to incentive, through local property tax abatement, designated sections of towns voters seek to improve. Most often communities focus this resource on historic downtowns. The RSA requires that a public benefit is enhanced and maintained via a covenant on the affected property. I won’t bore the audience with the minutia of the RSA but I would like to quickly outline how the process works. Please also know that this is a very flexible tool and when I first moved to New Hampshire and met with the state about how to best employ the incentive, state staff explained that unlike most legislation, 79-E offers a lot of wiggle room and can be customized as a community sees fit.

So, the process:

A community identifies a zone, customizes the parameters and then adopts 79-E. They then create a customized application, a process to employ it, and then put it in play.
Who qualifies?

Structure has to be in the 79-E District, historic or however the community identified via RSA adoption those buildings that were to be eligible. Then, the owner must make a substantial investment, defined in the RSA as at least 15% of the pre-rehabilitation assessed value or $75,000, whichever is less.

What are the parameters?

The parameters are the details of the incentive. While a community can opt to cap length and time of the incentive through the adoption process, the max which can be offered to an applicant if a community were to adopt the whole RSA straight through – which Exeter did – would be:

Up to 100% of new local property taxes after the investment for a period of up to 5 years

2 additional years can be added if the project results in new residential units and up to 4 years if the project includes affordable housing

4 additional years can be added if the structure is listed or eligible for listing on the historic register or in a designated historic district

Suffice to say, this can add up to a lot of money. So, who determines who gets what incentive? This is the governing body – a Select Board or City Council. They vet each application and determine the award based on public benefits and the parameters outlined in their community’s adoption of 79-E.
How does 79-E work with Climate Adaptation?

For this, I’m going to focus on one particular project in Exeter. And that is, as you may have guessed, the former Loaf and Ladle building. First, I want to let you know, the dam removal decision in Exeter predated my employment and move to New Hampshire, so I can’t really tell you how the process worked, just that I know it was somewhat contentious. The community was basically given a choice by the Feds of either investing heavily in the dam between the Great Bridge and String Bridge on the Exeter River or remove it. Studies were done that showed removing the dam would reduce the flood levels in Exeter’s downtown. For this and other reasons, such as water quality, fish passage and improved aquatic habitat, voters opted to remove the dam and that turned out to be a good decision both ecologically and economically.

Flood mitigation action via Exeter’s dam removal protects our historic district and opened up opportunities. Frankly, it made and continues to make investment more attractive to investors and existing property owners. This is articulated well when considering the former Loaf and Ladle property, now the Sea Dog Brewing Company, and what this project has done to the vibrancy of our downtown.

This is a property that had, prior to dam removal, its lower level flooded routinely. Anecdotally, one lifelong Exeter resident stated that the Loaf and Ladle would flood “every four or five years.” The current owner of the property, Steve Kaneb, the Sea Dog’s landlord did buy the property prior to the actual removal of the dam but it was not until the project was finished until he made his investment and secured – with some unnamed economic developer’s help – a viable tenant. And, what an investment it was. Mr. Kaneb paid $375K in 2013 for the building.
Then, after an initial investment, employed the 79-E incentive and fully build out the property to what we have now. Owing to the dam removal and 79-E, Mr. Kaneb was able to justify a total investment of well more than a million dollars and thus, the Select Board opted to provide Mr. Kaneb with post-investment tax abatement for 9 years at 100%.

Just to be clear, regarding a community’s use of 79-E, it needs to be employed judiciously and responsibly. Exeter, which has seen considerable investment in the last five years, has only used the tool twice.

So, to put a ribbon on it, multiple actions by a town can benefit them economically and help resilience. By adopting and employing 79-E and removing the dam, Exeter has created a scenario that encourages investment and reduces its risk to climate challenges. Thank you all. I’ll be happy to briefly take questions if you have them.