

TAX INCREMENT FINANCE PLAN (TIF)

WHAT IT IS-WHY WE NEED IT-HOW IT WORKS

On March 12, 2020, residents of the Town of Windham voted in the affirmative on Warrant Article 18; adopting the provisions of NH RSA 162-K and granting the Town the authority to, at a future Town Meeting, establish one or more Tax Increment Finance (“TIF”) districts in Windham. A TIF district is an economic and tax base development tool, designed to be self-financing, utilized to accelerate the pay down of municipal debt incurred for infrastructure improvements. We are proposing extending a municipal waterline along Route 111 to promote commercial development.

BACKGROUND

- A large number of wells in Windham are contaminated with PFOS along the Route 111 corridor. The NH DES has determined the source of this contamination is from the Town’s use of aqueous firefighting foam and determined the Town is responsible for the groundwater cleanup and/or supplying an alternative water supply.
- The town has spent over \$260,000 dollars in assessing and installing water filtration systems on commercial and residential properties. It is estimated that this cost will rise to over \$330,000 by the end of 2021.
- Several commercially zoned property owners are unable to develop their properties due to the presence of this contamination.
- In March 2020, the town proposed an extension of the water pipeline along Route 111 heading west from Range Road to Ledge Road. While this first initiative failed, it was clear more information is needed to gain support.
- The town is developing a financial solution to substantially shift the financial burden of extending the water line from the residents to commercial developments. This plan is known as a TIF and it has been used extensively and effectively in many southern NH communities.

FUNCTIONS OF THE PROPOSED WATER LINE EXTENSION

- It would also promote commercial development to around 80 zoned commercial properties along Route 111 by providing a source of clean water.
- This proposed water line extension will be a source of clean water to the impacted commercial properties allowing them to get off their wells.

TAX IMPLICATIONS

- In 2005 the tax base was 8% commercial and 92% residential. It has been a goal of the town to increase the commercial percent from 8 % to 14%. To date this goal has not been achieved and the percentages remain the same, due in part to the lack of water for the commercial developers.

HOW IS THIS WATER LINE GOING TO BE PAID FOR?

- The estimated cost of extending the line from Range Road to Ledge Road is about \$9.6 million of which the state drinking water fund would contribute about \$3.3 million. The remaining \$6.3 million would be financed by a municipal bond to be repaid by the TIF program.
- In its simplest form, once water is available to the developers the values of the properties along the waterline extension will increase dramatically. This will result in an increase in property tax revenue, which would be applied solely to pay off the bond. Once that bond is paid off, all those incremental revenues will be available to the town and school district’s overall needs from that point forward.
- It is difficult to estimate how long it would take to pay off this TIF bond, but 10 years seems reasonable.

This is a thumbnail of the TIF plan. For more detail, the Town invites you to review the TIF District Plan and express your thoughts. You may read the full plan online at www.Windhamnh.gov Please feel free to call or email the Town Administrator, TownAdmin@WindhamNH.gov, and/or the Community Development Director, RNorman@WindhamNH.gov