SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
PUBLIC HEARING - TIF DISTRICT
February 3, 2026 at 6:15 PM

The Mayor called the meeting to order.

The Clerk called the roll.

Present: Aldermen Kaw-uh, Goonan, Dexter, Fajardo, Bonilla, Kantor, Trisciani, O'Neil, Terrio, Sapienza, Burkush, Barry, Vincent

Absent: Alderman Thomas

The Mayor advised that the purpose of the special meeting is to hear those wishing to speak on the creation of a tax increment financing district with approximate boundaries of Blodget Street, Union Street, Lake Avenue, and Canal Street, for the purposes of financing the construction of a public parking garage on the Pearl Street Lot; that anyone wishing to speak must first step to the nearest microphone when recognized and give his/her name and address in a clear, loud voice for the record; that each person will be given only one opportunity to speak; that each person will be limited to three minutes to speak; and any questions must be directed to the Chair.

Mayor Ruais: Before we hear from the public, I ask the Director of Planning and Community Development make a presentation.

Jeff Belanger, Director of Planning and Community Development: So, as the mayor said, the purpose of tonight's public hearing is to discuss a proposed tax increment financing district that would support the construction of a public parking garage on the Pearl Street lot. As you're all aware, this is a project that has been in the works for a while now. It has involved the work of multiple city departments, and it's also involved the work of multiple consulting firms. One of those firms is RKG Associates. They are a real estate and economic planning firm, and they assisted city staff with the financial modeling that was necessary for this TIF. And so, we have a principal from RKG with us here tonight, Eric Halvorsen. He worked directly on that financial model, and he's going to talk about it during the course of this presentation. But before we get into that, I'd like to just take a minute or two to talk about some basic background information about the Pearl Street lot, for the benefit of folks in the audience who might not be familiar with it. So, in 2021, the city identified a few underutilized parcels that were publicly owned and could be developed to create more affordable housing. The Pearl Street lot was identified as one of the best options for development. It is nearly three acres in size, and it is downtown, just east of Elm Street and north of Bridge Street. There are 328 parking spaces on the lot, but only about 100 parking permits are currently issued, and a small number of cars are usually parked on the lot. It is entirely full during snow emergencies though. And so, it has been a priority to find a way to develop the lot while keeping about the same number of public parking spaces. So, the city is partnering with two different developers to build a total of 136 units on the lot, along with a parking garage of about 450 parking spaces. 126 of the dwelling units on the lot would be affordable units, meaning that they would only be rented to people making no more than 60% of area median income. To give a couple of examples of what 60% of area median income means, a one-person household would be limited to an income of $51,600, and a four-person household would be limited to an income of $73,680. As shown on the slide, there would be a mix of one bedroom, two-bedroom and three-bedroom apartments. There would also be ten townhouses built on the site. Those would sell at market rate, but would likely be at prices below what a typical single-family home would cost. For the garage, as I said, it would have about 450 parking spaces, and there would be another ten parking spaces on the site just behind the townhouses. So that's a total of 460 parking spaces on the site. And that is important because it means that there would be an increase of 132 more parking spaces than are currently on the lot. So, although there would be 136 new dwelling units on the site, the additional number of parking spaces added would achieve the goal of basically breaking even with the current number of public parking spaces. Just to give you a sense of the timeline for the project, some infrastructure work on the sewer has already started. The apartments will be starting construction this month and ending in December of 2027, and the garage will be starting construction in the next month or two, and ending in the spring of 2027. This is a site plan for the new project. It's a little tough to read on the screen, but to orient you, Orange Street is at the top of the plan, and just below it you can see the townhouses at the west side of the site, which is on the left of the plan. You can see the apartment building and the parking garage is on the right. Here is an architectural drawing of the new project. This is oriented differently, so the townhouses facing Orange Street are on the left and the apartment building is on the right. And here is a drawing of what the garage would look like. The development cost of the garage would be a not to exceed price of $21,119,000. This price was made part of an agreement between the city and the developer in September of last year. And then in December, the Board of Mayor and Aldermen approved a bond resolution for $23,000,600, which is the cost of the garage, plus some additional costs that go along with issuing a bond like insurance and capitalized interest. The plan is to pay for the debt on the garage using tax increment financing. To briefly explain what that is, this is a diagram of how tax increment financing works. The goal of a TIF is to pay for public infrastructure without an increase in the tax rate. That happens by continuing to allocate existing amounts of tax revenue to the general fund as usual. As shown in the diagram, when a TIF is established, there is an assessment of the baseline property values with an area known as the TIF district. The tax revenue from those baseline values continues to go to the general fund as usual. As development happens within the district and property values increase, the additional tax revenue beyond the baseline is directed to a special fund that pays for the garage that is represented by the light blue area of the diagram. The goal is for the additional tax revenue to pay for the debt service on the bond, for the garage, and when the debt is entirely paid, all revenue from the district goes to the general fund. And to have a TIF, you need a TIF district, which is the area of parcels that contribute tax revenue to the bond. A map of that proposed district is shown here. The district would go from Blodget Street at the north to Union Street at the east, to Lake Avenue at the south, and as far west as Canal Street. You can see the Pearl Street lot circled in green on this map. I want to be clear that the parcels within this district would not pay extra taxes. This is not like the Central Business Service District, where property owners pay an extra fee for extra services. The parcels in the district would be taxed at the same rate as everyone else. The difference would be that a portion of the taxes from the parcels in the district would go to paying off the bond for the garage, rather than to the general fund.

Eric Halvorsen, Principal at RKG Associates, Inc.: The map on the screen here illustrates the boundaries, as Jeff had mentioned, of the proposed TIF district, it contains about 552 parcels within that red boundary. And today there's of course a mix of different uses:

residential, commercial, industrial in there. One of the keys and the total assessed value of all the parcels as it stands today is just south of $700 million. The important piece is everything remains the same as it is today in terms of the taxes that are collected. But what we really care about and what we modeled for the city is what is the increment above and beyond the existing condition that the city could then capture and then reinvest back into this project, or maybe in the future, there might be other projects that the city might be wanting to invest in. So long as this TIF is there, you know that's up to the city in the future. On this slide, it just shows some of the assumptions that go into our TIF model. The main point that I wanted to make on this slide is all of the assumptions that RKG used in the model were cross-checked with staff. So of course, with Jeff and his staff, but also with the finance director and her staff, as well as the assessor and the city's bond counsel, to make sure that everyone was in agreement, that the assumptions we were using were accurate and would put the city in a good position. Here in the table is a list of the different development projects that we modeled that are all within the proposed TIF district. Of course, the Pearl Street lot being the largest project and sort of the biggest catalyst project here. But working with the Planning Department, we also identified several other projects that amount to about 914 additional housing units and about 8100ft² of commercial space. So really, it's these projects that are generating the revenue that we are assuming would be used over the course of the 25 years to repay the city's bond for the parking garage. The graph on the slide here illustrates sort of three quick things in one graph. So, the TIF bond payments are illustrated by the darker red line on an annual basis running from 2025 out to 2050. What you see above that in the green line is the projected captured incremental tax dollars. There's a pretty big delta between the darker red line, which is the amount that you need to pay off the bonds on an annual basis, and that green line of what you're actually going to be capturing. The dotted red line is what we call a debt service coverage ratio, which we had set to a very conservative rate of 1.5, which means there is quite a bit of extra revenue that's coming in, at least what we're projecting, to cover the bond payment. Sort of above and beyond that extra revenue. Then it reverts back to the general fund where there is extra revenue. So, although the city would continue to capture the base taxes that are in the district today, the incremental revenue to pay off the bond would be separated. It would go to pay off the bond. We're projecting, that dark green line, that there actually would be some revenues if all the development played out. We think that would actually revert back to the general fund for city funding. I think it would be a good benefit to the city as well.

J. Belanger: Eric and I are going to wrap up our presentation in a minute so that there is plenty of time for comments from the public. But before we do, I just want to mention what the process would be after this hearing. State law requires that a municipality cannot take action on a TIF for at least 15 days after a public hearing, so a vote on the TIF would not be able to occur until your March 3rd meeting. Staff would provide language for a resolution to adopt the TIF, and that resolution would include the report from RKG and city staff that is part of your packet tonight. That report has details about the boundaries of the TIF district, what the plan is for developing the garage and how the financing would work. All of that would be enclosed with the resolution, so that there would be a detailed record of the TIF plan. After that resolution on March 3rd, there would be some additional administrative work to do for the TIF that would need to happen at some point, but not immediately. The state statute requires that the Board of Mayor and Aldermen create an advisory board for the TIF district. The advisory board's role would be to advise the city on the planning, construction, and implementation of the development plan. The composition of the advisory board can be determined by the Board of Mayor and Aldermen, although there are some minimal statutory requirements. Staff will work on a proposal for the board's composition and bring that to you at a later time. The Board of Mayor and Aldermen can also name a department as the administrator for the TIF. This is not mandatory. It's also something that can be done at a later meeting. And as you know, a number of departments like Planning, Finance, Public Works, and Assessing have been working on this project for a while and we would continue to do that. So, this administrator position would be just naming a department really as a coordinator. The statute also requires that an annual report for the TIF be sent to the Board of Mayor and Aldermen. This would be something that staff would put together and work with the advisory board on. It needs to include information like revenues and expenditures of the district, the amount of debt to be paid, and the valuation of the properties within the district. And so as of now, the sole purpose of the TIF is to pay off the bond for the garage, so the duration of the TIF would be the duration of the bond, which Eric said would be 25 years at most. It would be possible to pay off the bond early, depending on how revenues come in. A TIF district can be used for different types of public infrastructure. So, it is possible that down the road there may be some other uses for the TIF, but those are not planned at this point. The only purpose of the TIF for now is paying off the garage. Any amendment would need to be approved by this board. So that's all we wanted to present. Eric and I, along with the other members of city staff who are here tonight, would be happy to answer any questions that the board may have. And after questions, we can go to any members of the public who may want to comment on the TIF.

Alderman Terrio: Two questions. First, from time to time, developers come to us for tax exemptions under New Hampshire RSA 79 E. If we enact this TIF, what happens? Can you still get a tax exemption?

J. Belanger: It is not legally prohibited to get a 79 E tax exemption. However, the 79 E statute specifically addresses that situation of when there is a TIF and someone comes in for a request for 79 E, and the statute says the board can, simply by virtue of the request of the property being within a TIF, deny the request. So, you have the option to do it. And it makes it very easy to do it, but you're not barred from allowing it to happen.

Alderman Terrio: Good to know. My second question is I was surprised that approximately 500 properties in that proposed TIF, 80 of them are tax exempt. I'm assuming the Catholic Church owns some property or something. I was surprised by that. But here's my question. Would it be advisable for us to reconfigure this TIF so that we have less tax-exempt properties so that we're raising more money? So, get rid of some of those tax-exempt properties, reconfigure it so there's less of them so that we're raising more money.

J. Belanger: So, we only can take in the revenue that is part of the TIF district. So, if we were to exclude those it it would still be kind of a break-even situation.

Alderman Terrio: What I'm saying is you have some wiggle room on what the TIF boundaries are.

J. Belanger: Absolutely.

Alderman Terrio: So, would it be advisable for us to reconfigure the boundaries to get rid of some of those tax-exempt properties so that we're making more properties that aren't tax exempt, so that there is an increase in value?

J. Belanger: In other words, you're saying would it be advisable to expand?

Alderman Terrio: Squeeze it, change the boundaries to get rid of the tax exempt properties.

J. Belanger: They're not hurting anything being in there. There's no limit that says you can only have 500 parcels, so you better pick the right ones. You could have 600, 700. I mean, there needs to be a rational nexus between the public infrastructure that you're creating and the boundary of the TIF. But there isn't a cap.

Alderman Terrio: I guess as I see it, if they're tax exempt, the increase in value isn't going to help us, correct? We're not going to realize any tax revenues from them. I'm just wondering if it is something to put on the plate. Maybe we should change the boundaries of the TIF so that there are more properties that aren't tax exempt and that we realize those.

J. Belanger: It is something to think about. If we were to do that, we would need to come back. We would need to re-notice and redo the public hearing. So it would be something with some additional process but something to consider.

Alderman Sapienza: Thanks for the presentation. You had mentioned that this TIF would not actually put an extra tax on any of these properties, right? It would simply mean that a greater percentage of those tax dollars would be staying within that district. Correct?

J. Belanger: Yes. This is probably the best slide to show that. So the yellow part of that graph is the additional increment from the tax revenue that goes to the special fund to pay off the bond. And then there's the remaining green part that continues to go to the general fund.

Alderman Sapienza: So, I'm just wondering how fair that is to the rest of the city, though. I mean, is that a legitimate concern or am I understanding this correctly? That's money that's not going to the rest of the city, right?

J. Belanger: Correct. It is going to this particular piece of infrastructure. The benefit to the rest of the city is that the other option, if you wanted to build a garage, would be to just take out a regular bond, and it would go to the rate and everyone in the city would pay the additional tax rate. So, the point of this is the point of a TIF in general, is to have it not be noticeable on the tax rate.

Alderman Sapienza: It just seems like one or the other not to be noticeable on the tax rate, but still, you have money that is staying in that district. It's not going to the rest of the city. So, the rest of the city is paying for this.

J. Belanger: The rest of the city is not realizing the potential drop in tax rate that could happen by virtue of there not being a TIF and instead, there being no garage. If you want to have a garage, you have to pay for it somehow. Whether it's bond or whether it's TIF.

Alderman Kaw-uh: Just to jump off of what Alderman Sapienza was saying, if the garage is not constructed, the hypothesis is that the potential new revenue gain across these other parcels would not be realized. So that new revenue that's generated hypothetically by the TIF in the first place would not be available to help reduce that tax rate in that alternate universe if we don't approve it. So, Alderman Sapienza is correct, but that money would not be available in the first place.

J. Belanger: If I could just add to that. I mean, that's absolutely true. The point of the TIF in general, not just in Manchester but statewide, is the thought is you're funding public infrastructure and that's going to generate some additional value to surrounding properties. And so that hopefully lifts up the amount of tax revenue that the whole city gets.

Alderman Fajardo: What's the city's history utilizing TIF districts? Is this our first one?

J. Belanger: Correct.

Mayor Ruais: I think one of the first conversations that we had is if you look at the surrounding communities, Hooksett, Bedford, Londonderry, they've all utilized these and made tremendous improvements to their infrastructure in their towns as a result of it. I think the conversation about it is the public good that is created in affordable housing with those 125 units of affordable housing, that 60% of AMI, $1,200 a month to $1,800 a month in rent. Which is exactly what we need, particularly for the downtown for our workers that are in that area and then the garage associated with that is something Alderman Long was talking about last term, to not have that traffic or the the parking spillover and the problems that would be created without a garage.

Alderman Fajardo: I also just want to add on, I'm especially a fan of the townhouses that are going on to the lot that will be sold at market rate. I'm always a little concerned that we're flooding our housing market with apartments, and we're not creating housing that helps people in theory put down roots here and create wealth within our community. So, I am especially excited about those townhouses.

J. Belanger: Thank you, I agree.

Alderman Dexter: So obviously these are just projection numbers. You know, how conservative are these numbers versus what the reality is or what happens also if we don't hit those numbers?

J. Belanger: So, we tried to be fairly conservative with these numbers in that we only identified development projects that had at least gotten Planning Board approval. Some of them are in active construction right now. You think about 21 Central Street, where the Athens restaurant used to be, that building, 77 units is almost ready for certificate of occupancy. We're actually trying to move this along as quickly as we can so that we can capture those values before they get their CO. So, there are a number of buildings that are very much in construction. There are some that have gotten their planning approvals, haven't gone to building permit yet, but we're not anticipating any projects that have not at least gone through the Planning Board, other than the Hartnett lot, which is, of course, special in that the city owns that and we can help influence that process and bring that project to fruition as quickly as possible.

Mayor Ruais called for those wishing to speak.

Avery Cyr, 30 Hanover Street: I just wanted to come and talk briefly in support of this. I think it's a great idea. As other people have already said, this project will add on 125 units, which according to this list, is the most out of all the projects. The next one is 98 affordable housing units. So, I think the people of ward three would benefit a lot from this and also as people have been saying, it would bring in more revenue for the city overall in the long run. And that's why we need to do more projects like this in the future.

Mayor Ruais: Is there anyone else present that wishes to speak that has not been heard?

There were no other speakers.

This being a special meeting of the Board, no further business can be presented. On motion of ***Alderman Vincent****, duly seconded by* ***Alderman Trisciani****, it was voted to adjourn.*

A True Record. Attest.

Matthew Normand

City Clerk

Meeting Start Time: 6:15PM
Meeting End Time: 6:39PM
Minutes Prepared By: Michael Intranuovo