SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING – TAX RELIEF INCENTIVE APPLICATION)
March 17, 2026 at 6:15 PM

The Mayor called the meeting to order.

The Mayor called for the Pledge of Allegiance, this function being led by Alderman Burkush.

A moment of silence was observed.

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

1. The Mayor advised that the purpose of the special meeting is to hear those wishing to speak on a Community Revitalization Tax Relief Incentive Application pursuant to RSA 79-E for property located at 959 Elm Street in the City of Manchester; 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 for up to three minutes; and any questions must be directed to the Chair.

The Mayor requested that Jodie Nazaka, Economic Development Director, make a presentation.

Jodie Nazaka, Economic Development Director: Joining me is the legal counsel for the applicant. Actually, would you like to introduce yourselves?

Garth Corriveau, Devine Millimet Attorneys at Law: Yes, my name is Garth Corriveau, I reside in ward two.

Suzanne Brunelle, Devine Millimet Attorneys at Law: Suzanne Brunelle, an attorney at Devine Millimet here in Manchester.

J. Nazaka: I understand that this might be the first 79-E application for some of the new incoming aldermen. So, before we jump into the details of this, I'd just like to go over a little bit of an overview of 79-E. So, the goal of 79-E is to stimulate economic activity and rehabilitation of blighted or underutilized buildings. The tax relief period is intended to encourage development projects that would otherwise not occur but for the incentive program. The program is designed to serve as an incentive and should play a meaningful role in the overall feasibility of a project. In other words, the project should not move forward but for the feasibility of the incentive. Tax relief under RSA 79-E is not permanent and it is not a forbearance. Instead, it is a temporary delay on the increase in property taxes that would result in the property's higher value after the renovation. Once the relief period expires, the property is taxed at the full post-renovation market value. Now, some board members may recall this property came before the board in April of 2024, when a five-year tax relief period was approved. And the property before you tonight is 959 Elm Street, also known maybe as 967 Elm Street. However, the previous applicant, North Street Properties, was unable to finalize a purchase agreement with the seller, Dunlap Building LLC, which had owned the property since 1999. Because the sale never closed, the required protective covenant was never recorded and the approval ultimately expired. The city's code of ordinance has a 12-month stipulation that after the 12 months after approval, it does expire. As a result, and because the current proposal involves a new development plan with different financing and a different pro forma, a new application was required. Had the prior applicant recorded the protective covenant at the Registry of Deeds, the approval would have transferred to the new owner with the property and a new application would not have been required. When my review letter was originally submitted to the City Clerk, it was unclear whether the board had the authority to hold this public hearing. However, since that time, the city solicitor has confirmed that the board may hold this hearing and review the merits of this application and take a vote this evening. Now, before I get into the details of the application, there are several changes since the 2024 application that the board should be made aware of. First, the property is now under new ownership. As we expressed, the applicant before you tonight is Project Elm LLC. Second, the board has approved updated criteria for this program that has established stricter approval requirements. While the ordinance amendments themselves are still moving through the committee and board process, they have not been ordained as of yet. Third, the property is now located within an area that is currently under consideration for tax increment financing. And lastly, work has already commenced on the property and under state law, tax relief may only apply to substantial rehabilitation or replacement that begins after the governing body approves the application and the property owner records the protective covenant with the municipality. Now under the city's application process, the applicant acknowledged and agreed that no improvements to the property, including demolition of any portion of the structure, would occur until the city had acted on the application and granted the protective covenant. The applicant also acknowledged that beginning work prior to the board's action and the recording of the covenant may result in the denial of the application. Work was confirmed to commence on January 29th, when myself and the Chief Assessor were given a tour of the property. Now, with all that out of the way, I would like to move into the building history and project details. Now, through its prior owner and tenant Benefit Strategies, this property received a total of $2.3 million in low interest loans from the City of Manchester and Manchester Development Corporation to support the restoration efforts in 2001, 2002 and 2010 for the conversion of downtown office space. The building was listed on the National Registry of Historic Places in 2004 and this designation recognizes the building's local architectural significance, particularly its role in commercial development of downtown Manchester. The redevelopment project that's being proposed involves converting the upper floors previously used as office space, into 27 modern residential apartments, 24 one bedroom and three two-bedroom units, and retaining three existing street level commercial units, of which two are restaurants Campo Enoteca and Taj India. The redevelopment project includes significant building system upgrades, enhanced fire life safety features, and a suite of residential amenities including keyless access, fitness amenities, co-working spaces and private storage. The project aims to preserve as much of the property's exterior historic character as feasible while creating a safe, efficient and contemporary living environment in downtown Manchester. Now, to receive relief under the statute, an applicant must demonstrate compliance with several requirements. First, they must demonstrate the project achieves at least one of the public benefits listed in the state statute, which the project does. The property must also be a qualifying structure, meaning the building must be located in the Central Business District or redevelopment district, which it is. The proposed project must also meet substantial rehabilitation requirements, which is more than 15% of the pre-rehabilitation assessed value. That threshold is $444,000 and the estimated project construction cost is $6.4 million. Therefore, it does meet this requirement and under the new ordinance, the threshold has been increased to 200% of pre-renovation value. Even under that new requirement, the project does meet that requirement. The applicant has requested a tax relief period of five years, and according to their submission, it appears they will be 100% market rate units. And to close, after speaking with the Chief assessor, the pre-renovation value was around $2.9 million and after completion of the project, the estimated value of the building will be around $7 million and using the 2025 tax rate, that would be an increased tax bill of around $141,000. So, over a five-year period, that would be about $402,000 in savings over five years. So, with that, I'm happy to take any questions, but also would like to acknowledge that some of the questions may be better suited for the development team and their legal counsel, as well as many of my fellow department heads.

Alderman Trisciani: For the financing for this project, I know in acknowledgement nine, is any third party financing contingent upon getting the 79-E?

S. Brunelle: No. Financing has already been completed. They're ready to go.

Alderman Kaw-uh: I wanted to ask about the market rate status of the units. So is the applicant intent on continuing with 100% market rate, and they are not considering HUD designated affordable units?

S. Brunelle: That is correct. Due to the nature of building, currently the cost is excessive. The carrying cost daily is excessive. I know you'd appreciate a bike rack. They do have bike racks going in, so I just wanted to call out that on the record.

Alderman Kaw-uh: It is correct though?

S. Brunelle: Yes.

Alderman Kaw-uh: I do want to follow up on this just really quick. So, I noticed in the application that the market rate expected, I guess the going rate for those market rate units, the applicant's pro forma indicates projected monthly rents of $1,950 for one-bedroom units and $2,250 for two-bedroom units. Is that still correct?

S. Brunelle: That is correct.

Alderman Kaw-uh: And given the current nature of the market, maybe you don't know as the legal counsel, but if you do know, would the applicant have any wiggle room if they had to move that upwards in order to meet the debt service ratio?

S. Brunelle: I don't know the answer to that. I do know that those numbers seem slightly low to me compared to what I hear in the marketplace. Again, they are carrying a lot to get those units where they are. I know when it was approved in 2024, they did not have any workforce housing or other specialized or subsidized units. I think the difficulty is not only just carrying it in the actual cost of what we're looking at and nothing seems to be going down, only up. But also trying to deal with the type of tenants and the paperwork. I think if the workforce, and I don't want to blame them, but if it could get a little more streamlined, I think people would be more inclined to do it. It's just difficult to deal with.

Alderman Kaw-uh: Understood.

Alderman Sapienza: I'm just trying to understand the steps that were taken here. The previous owner was granted a 79-E. That owner failed to register it at the Register of Deeds office. Right?

J. Nazaka: There was an applicant that came forward in 2024 that was going through the process of purchasing the building. So, it wasn't the owner that had obtained that approval in 2024. It was someone looking to purchase the building. So, they were going through the process of a purchase and sale agreement. They had gone through the Planning Department to get zoning and planning approvals. And at some point, that was in April of

2024, I started hearing around October of 2024 that they had walked away from that negotiation.

Alderman Sapienza: Okay, so a 79-Ewas was never granted on this?

J. Nazaka: The approval from this board was granted, but I guess you could say it was never solidified.

Alderman Sapienza: So basically, we're kind of pushing that all aside anyhow, right? And the new owners are essentially coming forward and applying for a 79-E, regardless of all that other stuff that happened, it doesn't even really factor into it, am I right? So, you're asking for the 79-E on its own merits, essentially.

J. Nazaka: Correct.

Alderman Sapienza: I'm just trying to understand the steps.

G. Corriveau: Yes, I think you're substantially correct. Essentially, what has to happen before the 79-E goes into effect is a covenant has to be recorded following approval by this board. That did not occur.

Alderman Sapienza: And whose fault is that?

G. Corriveau: I wish I could tell you the exact person. We can definitively say not ours because we weren't there, but the covenant must be recorded. Once the covenant is recorded then the 79-E runs with the property.

Alderman Sapienza: Runs with the property?

G. Corriveau: Yes, but that unfortunately did not occur. Had it, you're right; we would not be here.

S. Brunelle: So, the benefit here is these guys own this and they're ready to go. They're not developers coming in sort of speculating about getting some tax relief. They are committed. The financing is in there ready to go.

Alderman Sapienza: Your client is, but obviously your client would prefer to have a 79-E along with this.

S. Brunelle: They would. And they were sort of led down the garden path before they obtained counsel that that 79-E actually existed. So, when they were calculating what they were doing, you know, they had sort of put that into the equation. And unfortunately, here we are today.

G. Corriveau: And I should also add, alderman, that upon discovering that, we worked with the Economic Development Office when we found out a covenant was not recorded and we did follow their advice to file a new application. Granted, the application, as you know, is substantially similar to the prior one.

Alderman Barry: So, when it was approved in 2024, was there anything different from their plan to what the actual plan is today?

J. Nazaka: Yes, it was different. It was a different development team, different amount of units, a different project completely. I wouldn't say apples and oranges; completely different financing scheme. So, you really can't compare the two.

Alderman Barry: Did that 2024 include affordable housing?

J. Nazaka: No.

Alderman Barry: And how many units were proposed?

J. Nazaka: 37.

Alderman Barry: 37. And this is 100?

J. Nazaka: This one is 27.

S. Brunelle: We're less. They were very tight and small, with a lot of studios. We don't have any studios.

G. Corriveau: If you like apartments without windows, you would have loved that place. This one will be different.

Alderman O'Neil: I just want to be clear on this covenant; who is responsible for recording it?

J. Nazaka: So, the process that happens is when the Board of Mayor and Alderman approves these, what happens is we work with the legal counsel to draft up a covenant and we work with the City Solicitor's Office because there are specifics that need to be put into these covenants. For example, the number of units, specifics of what the Board of Mayor and Aldermen approved. So, what happened in this case is after the approval, we sent it to the legal team, the approval and a draft covenant, asked them to include details of their application, and we just never got it back.

S. Brunelle: But to finish the answer, it is ultimately the city's responsibility to record the covenant. Per the statute, it is the city's responsibility to record the covenant. I'm not quite sure why, but that is how it reads. But again, that's a completely different scenario than where we are.

J. Nazaka: We usually work with the legal counsel of whoever the team is to make sure that the city's not drafting something that the team is not agreeable to. So, nothing's being put on record that their client or whoever wouldn't agree to. And in this case, it never got there. In my time in this role, we've never had an issue that it hasn't gotten recorded or we haven't heard back from the legal counsel. This was very unique. My thought is because the team that was pursuing this approval was under a purchase and sale, and maybe the numbers didn't pencil out for them, and it wasn't worth pursuing any longer since they didn't own the building.

Alderman O'Neil: The difference now is their client owns the building, so we don't have to worry about that. Is it fair to say that both parties, and whoever the other party was at the time, were responsible, that it got recorded? It isn't one side or the other.

J. Nazaka: You could say that the city could have recorded something, but then you're taking the chance that it could have been something that that legal team would have not agreed to.

S. Brunelle: I don't see it as a city error. I believe that the applicant who was approved just didn't move forward with it and probably just cut contact. And then why would the city be chasing them if they don't want the benefit?

Alderman Burkush: Jodie, could you explain how we've changed the TIF rules, and now this building falls in a TIF and the money savings would be used to pay the bond for the garage, which we approved. So there has been quite a bit of change downtown. So, I think the board needs to know the effect of granting the 79-E would be on TIF expenses.

J. Nazaka: Yes, there has been a number of changes that I outlined in the beginning of the presentation. So, part of those changes are in the new ordinance that's working through the process. However, that language has not been ordained yet. So yes, there is a TIF district in place in the city. So yes, you are correct that any tax relief that is granted for this project or any other project in the future within the TIF district would go against paying for any bonds within the TIF district. But in regards to the ordinance, to those changes you referenced, those have not been ordained just yet.

S. Brunelle: Can I just jump in here because we have a lot to say about the TIF district. So, we submitted our application in January. We were under the impression that we were going to be on the agenda March 2nd. We were not. Counsel appeared just so that you knew we were here. Our application was ready. We're not sure why we were not on the agenda, but obviously it would have behooved us to be on the agenda before the TIF got voted through, but here we are. So, there are other cities and towns that have a TIF district and a 79-E that work in connection with each other. I mean, these are both going towards the same benefit of providing renovations and moving forward and making the city better. They can work in connection with each other. They don't have to be boxing it out. This district is very large. It has 550 properties. We are one property. I think that the amount of taxes that they might not be paying for five years versus what you're going to get at the end of the five years is going to be insignificant. I'm also a bit concerned about a moratorium that is out there that there's not going to be any 79-E allowed in a TIF district. So that garage is on a bond that at a minimum is 20 years and maybe 25 years. So, if you are going to put forth an ordinance that says there are going to be no 79-Es in TIF districts, you're going to have no development potentially for 20 years. That to me seems not the right way to go. If you are looking for developers to come in here, you should have all of the avenues available to them. I think that you should review those applications on a case-by-case basis and not just put a flat-out moratorium on 79-E.

Alderman Fajardo: I believe that that's not what we're doing. I would like to be very explicit to anybody listening that that's not the Board's intent. I would also say that the Economic Development Office was clear in their guidance when they recommended that we put a pause on a particular area for development relative to the 79-E. Speaking for myself, having been here for all of these different conversations, that's not the intent. And we know that as a board, we have the full discretion to entertain any application, any 79-E application, at any time within any sort of area where there's given guidance. It's not a moratorium. It's not an ordinance. It's guidance for this board that we take into consideration. So, to be very clear, we are not looking to send a message that we're placing any sort of development moratorium for 20 years.

G. Corriveau: To be clear, alderman, there is no legal prohibitions, statutory or in city ordinance, that would prohibit this board granting 79-E relief within a TIF district. Other cities, as Attorney Brunelle said, including Laconia and Keene, you actually can do both. But I also want to note in no way is this property a recipient of the TIF. As a matter of fact, as was somewhat alluded to earlier, this property won't pay the property taxes in that five year relief period, but for that ensuing up to 20 years, it will be paying property taxes at a much higher valuation because of the redevelopment.

Alderman Burkush: Jodie, can you respond to some of the conversation? Do you agree that our ordinance going forward, I thought we had put a great deal of work into that ordinance to protect the taxpayers. Would you agree?

J. Nazaka: I would agree, yes. I think Alderman Fajardo did a wonderful job of kind of saying it's at the board's discretion. And the intent of tightening up your requirements is to give you more tools in your toolbox that allows you more structure around the approvals that you're granting. The way that the ordinance was originally written was basically just saying that the way the state statute was written is how the city of Manchester was operating. However, in a lot of the municipalities that are seeing more advanced development like Concord and Dover, they are taking their 79-E and they are letting that incentive work for them. So, the intent of these tighter restrictions is to use the incentive to work for the city and to use it to your benefit. So, I would agree with Alderman Fajardo's statement that it's not to prohibit anyone from applying. So, putting the language in there about the TIF, it's not saying no one can apply. It's giving you guidance to say that you can deny it if it is within the district, but you can also entertain it.

Alderman Terrio: So, we had that in committee, but I just want to read the language to you. It sounds to me like we can't do it. It says no building within an approved tax increment district, a TIF, or in an area under consideration with the Board of Mayor and Aldermen for TIF may be deemed a qualifying structure eligible for tax relief. When we voted on it tonight, I thought it meant you can't get a 79-E in a TIF.

J. Nazaka: Oh, I'm sorry. I misunderstood, but I just want to be clear that that is not ordained yet. That is not an ordinance.

Alderman Terrio: It passed in committee today.

J. Nazaka: It still has not been ordained by the full board.

G. Corriveau: It's not law yet.

J. Nazaka: So that is not the ordinance yet. You are still operating under the original ordinance.

Alderman Terrio: I know, but what I'm saying is, going forward, you can't get a 79-E in a TIF. Is that not correct? After this ordains, there will be no more 79-Es in a TIF.

J. Nazaka: I would defer to Solicitor Chiesa.

Peter Chiesa, Deputy City Solicitor: Correct.

Alderman Terrio: After this ordains, there aren't going to be any more 79-Es in a TIF.

S. Brunelle: Just for clarity, that was the ordinance I was referring to.

Alderman Fajardo: But again, just to clarify, Director Nazaka, this board always has the discretion to ultimately make a decision about a 79-E, regardless of what additional details may be wrapped around it in a given situation.

J. Nazaka: Since that is an ordinance, I would defer to Solicitor Chiesa about that question.

P. Chiesa: Could you repeat the question, please?

Alderman Fajardo: Once that ordinance is finalized, this board will still have the discretion to consider a 79-E application.

P. Chiesa: Not the way it's written.

Alderman Fajardo: So, do we want to reconsider that then?

Mayor Ruais: That hasn’t been ordained to the director's point. So, when it comes to the full board, we could always reconsider at that time and send it back down to committee if we wanted to make subsequent changes to it.

P. Chiesa: That's correct.

Alderman Fajardo: I would like to. I don't know if this is an appropriate moment to make a motion to do that.

Matthew Normand, City Clerk: It's not before you. It will be on April 7.

Alderman Fajardo: Well, then I would say that in the future, when it is appropriate, I think it would behoove this board to consider it.

Mayor Ruais: We can always pull it off consent.

Alderman Fajardo: We should look at that language more closely because to your point, that is not the consequence that we would like to enact with this.

G. Corriveau: Alderman, for the purposes of this hearing, there is no legal prohibition, whether it's statutory or city ordinance, that would in any way restrict you or prohibit you from voting on this. You have the authority to approve this or reject it until that ordinance as proposed was ordained. That is not on the agenda. That's not currently the situation.

J. Nazaka: I would just like to add to that you do want to take into consideration the precedent that is being set. If the board is to act on a property that is within a TIF district taking into consideration one property over the other. Not in regards to this application. Future projects.

Mayor Ruais: For existing construction. In the statute that you read at the beginning, that there was a couple of things that you had talked about with existing construction, but also that clause I think that you read where the intent behind this is absent the 79-E approval, this project could not go forward. This project has already begun. So clearly, it's going to go forward. So that's that but for clause in there.

S. Brunelle: The applicant started construction in September when you were in a moratorium on your 79-E. So, they had no choice again but to sit on their hands and wait to see when or if the moratorium would ever be lifted. That does not make good business sense, and they would not be able to finalize the project. It just financially would not work.

Mayor Ruais: But they were able to move forward without the 79-E.

S. Brunelle: Well, yes, they moved forward without the 79-E and they're not looking for relief from the work that they've already done. They're only looking prospectively. We understand the statute. I submitted a letter that you all saw explaining why we were able to start the work. They had pulled their permits properly, both of them. And they're continuing to work on it because they have to continue to work on it or they're not going to be able to finish the project.

Alderman Kaw-uh: So, we've been discussing a lot about the interests of the applicant, which I think is very fair. This is their application, their hearing. I also think it's important to acknowledge the impact on the taxpayer. So, I want to ask what is the total dollar amount if we approve five years of this tax relief, how much would that be? I believe it is listed in our document, but I just want it verbalized. And this is an estimate, given we don't know the full value of the property in five years, what it would be assessed at, but what is the estimate?

J. Nazaka: The estimate is around $402,000 over five years.

Alderman Kaw-uh: Thank you very much. And I just want to note for everyone in a likely very difficult budget year, this is not an insignificant consideration. Granted, it is up to the board's discretion. I just also want to note that I do still have some concern with the fact that this construction is underway and the fact that the pro forma assumes fairly low market rate rents right on Elm Street. I believe that it is possible to make the pro forma look more favorable in terms of a debt service ratio if those rents are adjusted to match more of what the market would support today.

Alderman Fajardo: If I could respond to Director Nazaka's question about what would be a scenario where we might want to use our discretion within a TIF district. Something that comes to mind for me is if we did have a developer come forward with a plan to develop affordable housing, workforce housing, any form of housing, that would be a very direct benefit to our community and very directly addresses a big part of the housing challenges that we have right now.

Alderman Terrio: I agree with Alderman Fajardo. I think it should be a rare exception. But if it's affordable housing, I could see that as an exception. That being said, I just want to clarify for the board. If this is granted, when does the five year start ticking? Is it from the day it's granted or from the day the building is finished?

J. Nazaka: From the time of CO, certificate of occupancy. So, a great example of that is Central Street where the old Athens restaurant is. So, they have three years of tax relief and theirs hasn't started yet until they get final certificate of occupancy.

Alderman Terrio: So when the CO is, that's when it ticks.

S. Brunelle: I see this property as a unique set of circumstances. It had the previous approval in 2024. We were not able to get here before you voted on the TIF. There was a moratorium when they couldn't do the work. I shouldn't say there was a moratorium on the 79-E. So, they moved forward because again, we didn't know when or if that moratorium would ever be lifted. And again, we certainly understand that we are not going to be entitled to any type of relief for work that has already been done. It would only be prospective after the approval. And again, we sort of hit a lot of bumps here with this property with the understanding initially that it had the approval when it did not. They ran into some environmental issues on cleanup that had to be taken care of immediately. It was a safety issue. Trying to get the application filed when we could not and then missing the hearing on the last go round.

G. Corriveau: There were some undisclosed environmental issues with the building, namely lead and asbestos during that moratorium knowing those health hazards rather than let it fester. My client is undertaking permitted work to undertake that remediation. And again, we're not looking for tax relief for what occurred. We are looking for when this is ready, when the CO is issued. And if there's 20 years of enhanced property value because of that for the TIF, I think that's a big win for the city.

Alderman Trisciani: So, this building was office space. It was fitted out as office space. It was actually in great condition for office space. Did the new owner actually try to market it as commercial space or just jump in and make it residential?

S. Brunelle: I do not think it was in great condition. I know people alluded to that fact. The property was in rough shape.

Alderman Trisciani: So, did the property owner ever try to market it as commercial space?

S. Brunelle: The upstairs, no. They've got the two tenants on the first floor, and they have one that is interested in taking that third commercial unit on the first floor.

The Mayor called for those wishing to speak.

There were none.

*The Mayor advised that all wishing to speak having been heard, the testimony presented will be taken under advisement, and on motion of **Alderman Sapienza**, duly seconded by **Alderman Bonilla**, it was voted to adjourn.*

A True Record. Attest.

Matthew Normand

City Clerk

Meeting Start Time: 6:15PM
Meeting End Time: 6:50PM
Minutes Prepared By: Michael Intranuovo