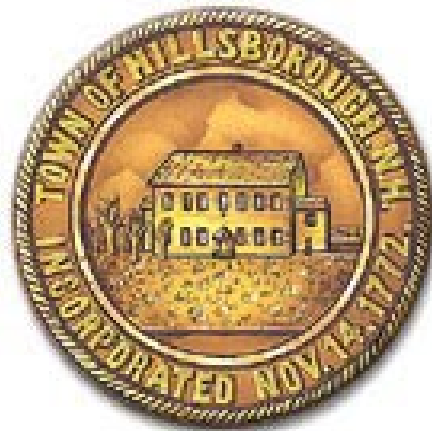


North Branch Gateway Zone Tax Increment Finance Plan

DRAFT – January 28, 2025



**Hillsborough, NH
North Branch Gateway
Tax Increment Finance Plan**

I. Executive Summary

Proposed North Branch Gateway Zone Tax Increment Finance (TIF) District

It should be noted that the adoption of this plan has no immediate tax impact, nor will it commit Hillsborough to any expenditures without future Town Meeting approval for specific projects or bonds.

Tax Increment Financing (TIF) Districts can be established to help fund the completion of necessary public infrastructure improvements in a specific part of a community for the purpose of encouraging development within that portion of town. Over the last year, the Hillsborough Economic Development Commission has been working on a proposal to establish the North Branch Gateway Zone TIF (in the vicinity of the US202/NH 9 intersection) for consideration at Town Meeting 2025. The TIF plan has been developed in coordination with potential zoning changes in that area as well.

A TIF district is an economic development tool that can help pay for necessary infrastructure costs at a lower overall cost to the Town. Public infrastructure such as sanitary sewers, water, storm drainage and the development of streets can be funded from the “*Increment*” of increased tax revenue that results from the increased property value of the new development.

Once a TIF plan is in place, the Town can then enter into agreement that allows a potential developer to construct necessary infrastructure improvements if they agree to develop the parcel in a specific way, ideally to support a mix of housing and commercial development to increase Hillsborough’s tax base and provide a greater mix of housing opportunities. The TIF revenues can then offset some of the infrastructure costs incurred by the development in coordination with the funding provided by the developer. The TIF district is a proactive tool to achieve a development plan that would likely otherwise not happen without it in place.

There are three steps required to use TIF to fund infrastructure: 1) the provisions of the NH RSA 162-K need to be approved; 2) a TIF Plan must be adopted; and 3) when the time comes to pay for infrastructure, the Town must vote on the actual improvements. A vote at Town Meeting is required for each of these steps. The first two votes (adopt RSA 162-K and adopt the plan) set up the district. The third vote (at a future Town Meeting) would consider the approval of any spending for infrastructure construction.

Again, it should be noted that the adoption of this plan has no immediate tax impact, nor will it commit Hillsborough to any expenditures without future Town Meeting approval for specific projects or bonds.

II. Authority and Purpose

In accordance with RSA 162-K, the Town of Hillsborough hereby adopts the following TIF for the area of Hillsborough known as the North Branch Gateway Zone. The purpose of forming this district is to encourage new investment in this area, accommodate planned growth, provide housing and employment opportunities, and to expand the community’s tax base. It is the Town’s intention to use tax increment financing to help pay for a portion of the

district’s necessary improvements as part of a public/private partnership.

III. Location of District

The North Branch Gateway Zone Tax Increment Finance District is illustrated on the accompanying map, but generally encompasses an area that is bounded by US 202, the North Branch of the Contoocook River, the North Branch River, and the Antrim Town Line. This TIF District comprises approximately 255 of the Town’s 22,077 acres, or 1.2% of the total land area of the Town and its boundaries are identical to the North Branch Gateway Zoning District. By law, no TIF district can account for more than 5% of the total town land area. Therefore, the District complies with the standards of RSA 162-K:5.

The TIF District shall include those properties indicated in EXHIBIT A, and as described below:

Lot	Size (acres)	Assessed Value (\$) - 2024
11D-298	16.4	\$703.00
11H-305	62.2	\$2,667.00
11H-306	38.7	\$1,659.00
11K-310	5.17	\$2,379,500.00
11L-311	45.5	\$1,601.00
11L-312	5.7	\$363.00
11L-313	5.4	\$317.00
11L-314	6	\$188,300.00
11L-315	2.2	\$1,027,900.00
11L-316	15.3	\$207,769.00
11L-317	2.9	\$221,800.00
11L-318	1.3	\$159,900.00
11L-319	24.1	\$152,069.00
11L-321	3.9	\$143,500.00
11L-329	30.8	\$66,300.00
Total	265.57	\$4,554,348.00

IV. Statement of Objectives

The purpose of the district is to support the development of the North Branch Gateway Zoning District by funding the construction of an intersection, public sanitary sewer, and potable water system extensions for the district, as well as providing a sidewalk extension southerly along US 202. This TIF District is intended to support additional private development in the form of public/private partnership(s) where public water and sewer systems will be extended in conjunction within the North Branch Gateway Zoning District.

The objective of the district is to promote high quality development at the southern gateway to Hillsborough along US 202 consisting of a mix of housing types and affordability, up to eight (8) units per acre, integrated with retail, office and other types of non-residential land uses consistent

with the Hillsborough Master Plan (2018). The primary purposes of the North Branch Gateway Zoning District and TIF District are to attract businesses and development in order to:

- Expand the tax base;
- Expand employment opportunities in the community; and,
- Help ensure that a mix of housing types is created that meets the demands of a changing demographic market, including affordable and workforce housing.

V. District Administrator and District Advisory Board

The Town Administrator (or Planning Director) of the Town of Hillsborough shall serve as the TIF District Administrator. The designation of the District Administrator shall be the responsibility of the Select Board.

The Select Board shall by resolution pursuant to RSA162K:14 delineate the respective powers and duties of a District Advisory Board and any planning staff or consultants. This District Advisory Board shall advise the District Administrator, and the Select Board.

Following the approval of this Plan at Town Meeting, the Select Board will appoint a five-member District Advisory Board which, in accordance with the provisions of RSA 162-K:14, must be made up of a majority of members who are owners or occupants of real property within the Town of Hillsborough. One member shall be an owner or occupier of real property within the TIF District. The terms of the members shall be for five years and if a vacancy occurs the Select Board may appoint a new member at their next regular meeting.

The Select Board shall by resolution pursuant to RSA162K:14. delineate the respective powers and duties of the District Advisory Board and any planning staff or consultants. All meetings of the District Advisory Board shall be public, and both the District Administrator and District Advisory Board are encouraged to obtain extensive public input as they prepare to implement the Plan.

VI. Development Agreements

Since the proposed plan will be phased there will likely be a need for improvements to be completed prior to the accumulation of TIF funds to accommodate potential projects. In this event, the private developer or developers may determine that it is necessary to commence construction prior to the realization of the required incremental value. If so, the Select Board will require a potential developer, or potential developers, to execute a clearly enforceable Development Agreement. This Agreement will require potential developer(s) to pay any deficiency between the Town's actual annual project costs and incremental tax revenues.

VII. District Plan

The plan for the North Branch Gateway TIF District consists of the construction of a Gateway entrance, a potable water distribution system, and a sewer collection and treatment plant to serve the North Branch Gateway Zoning District Development area. The Gateway entrance will provide intersection improvements at US 202 that will include, a boulevard

entrance with a left turn and right turn lane on US 202, drainage, signalization, lighting, and monument signage. The provision of sewer is reliant on a package sewage treatment plant. The Hillsborough Sewage Treatment Plant is currently near capacity and is currently not capable of supporting increased flows from this District. When the capacity of this plant is expanded, the package treatment plant can be replaced and substituted with a sewage pump station and force-main to connect to the existing municipal system in US 202 and West Main Street area. The allowable uses, details of initial estimated costs, and sources of revenue are described below.

A. Nature of Improvements Program Costs

Nature of Improvements

Potential projects could include:

- A Gateway Boulevard entrance at US 202 with a traffic light and turning lanes.
- A water system with waterlines, pump stations, and hydrants.
- Sewer lines and sewer treatment plant improvements.
- Engineering, construction estimates, and permitting.

This plan may be amended in the future in the same manner that the original plan was adopted, to include other infrastructure improvements deemed necessary to support development in the North Branch Gateway Zoning District, including sidewalks or other improvements that support sewer and water improvements and related infrastructure. Future amendments to this Plan may be adopted at future Annual Town Meetings, as needed.

Program Costs

The cost of these improvements can be estimated at approximately \$1,800,000 for the Gateway entrance, \$10,000,000 for the water infrastructure improvements and approximately \$2,500,000 for the sewer infrastructure improvements (2024 dollars). Together, the improvements are approximately \$14,300,000. Detailed costs will need to be determined by formal engineering estimates.

At this time, no site development plan or utility plans have been prepared for the district and engineering estimates will be needed to accurately determine the cost of each improvement.

Bond Indebtedness

\$10,000,000 at 3.75% for 20 years (per NH Municipal Bond Bank). It is expected that a developer agreement and cost sharing will fund the full 14,300,000, broken down as follows:

Bond Service	\$10,000,000
Developer Funding	\$4,300,000
TOTAL	\$14,300,000

A detailed description of potential debt service can be found in Appendix B.

B. Sources of Revenue and Computation of Tax Increments

The Baseline 2024 Assessed Valuation of the area designated as the North Branch Gateway TIF District is **\$4,554,348** and the current Tax Revenue for the District **\$142,187**. The Hillsborough Tax Rate for 2024 is **\$33.44/\$1,000**. A conservative estimate of the future revenue is presented below:

100 multi-family residential units at \$750,000/unit	\$27,500,000.00
100,000 SF commercial structures at \$50/ square foot	\$4,853,000.00
Total Estimated Value	\$32,353,000.00

Estimated Annual Future Tax Revenue (2024 dollars)	\$1,077,050.00
Less current tax revenue	-\$142,187.00
Estimated Annual TIF Revenue (2024 dollars)	\$934,863.00

Understanding that these numbers are initial estimates, both for project costs and anticipated revenue, it would appear revenues will be sufficient to support the projects outlined above.

Impact of TIF on Taxing Jurisdictions

RSA 162-K:9.I requires an estimated impact of the tax increment financing on the assessed values of all taxing jurisdictions in which the district is located. Hillsborough County and SAU #34 are the taxing jurisdictions within Hillsborough’s North Branch TIF District. The captured growth of the tax base within the district will temporarily (up to 20 years) defer a positive tax impact on Hillsborough County and SAU #34. The long-term impact of tax increment financing on the assessed values would be positive due to encouraging commercial and residential investment. Thus, these activities will contribute to a long-term increase in the non-residential and residential tax base at a faster rate than would otherwise be achieved.

VI. Duration of District

It is the intention of the Town that once a plan has been adopted and sufficient funds have been allocated to pay for necessary improvements, the District will no longer be needed. Therefore, the district will expire on April 1, 2045, unless extended by Town Meeting vote. It shall be the duty of the District Administrator and the Select Board to ensure that any obligations of the District or unexpended funds will be adequately addressed prior to or as part of this expiration, and a detailed report shall be provided at the Town Meeting detailing the steps to be taken to properly meet any obligations or to provide for unexpended funds.

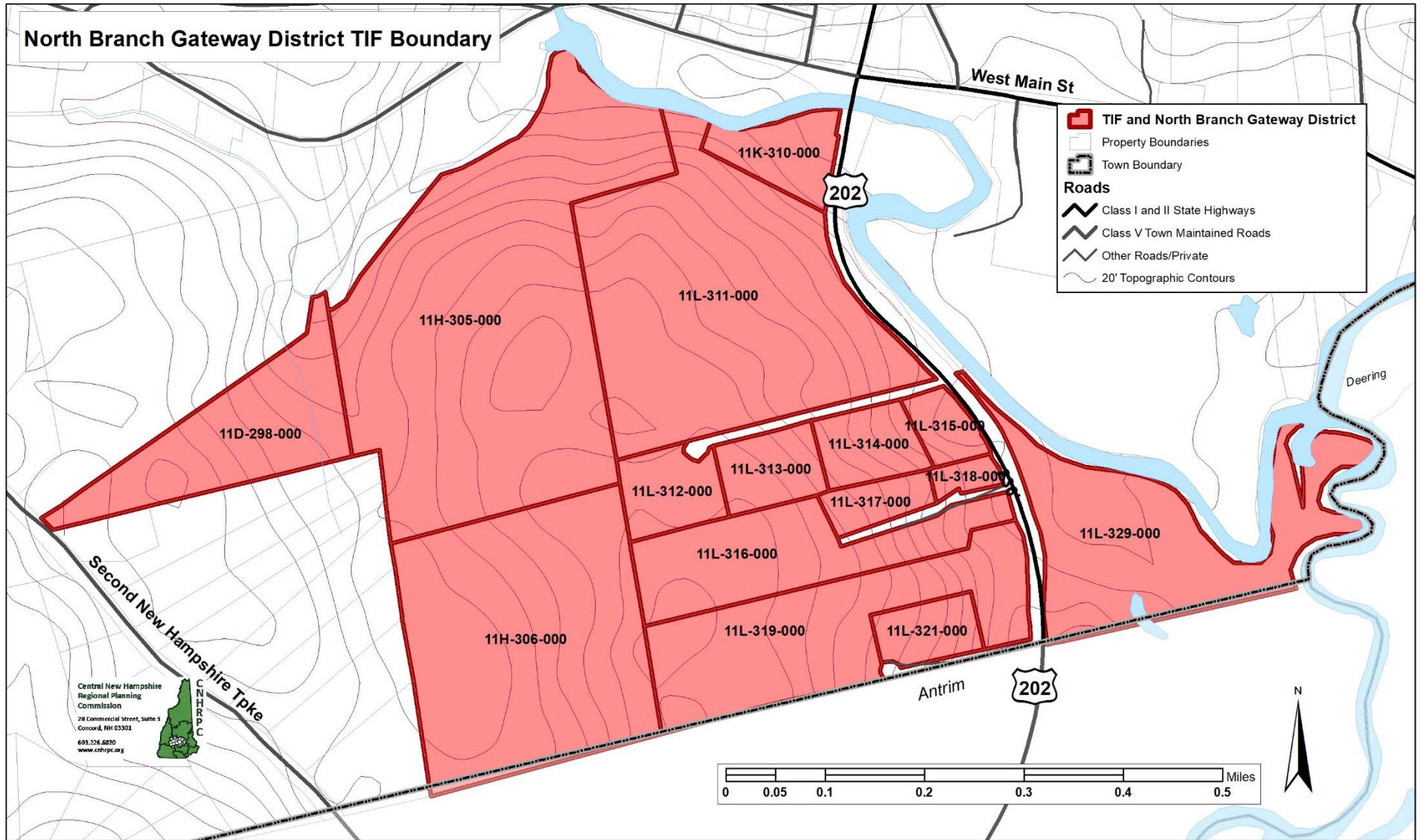
VII. Administration of District

The Town of Hillsborough expects that there will be no additional costs associated with normal maintenance and operations of the proposed improvements within the North Branch Gateway TIF District. The cost to maintain and operate the water and sewer system improvements will be

borne by the rate payers connecting to the Hillsborough Water and Sewer System.

There will be an annual expense associated with District administration, record keeping and reporting. These costs will be minimal until development begins in the District. The administrative costs will be funded initially with General Funds in the Town Budget and with TIF District proceeds once funds are generated.

EXHIBIT A: NORTH BRANCH GATEWAY DISTRICT TIF MAP



APPENDIX B: POTENTIAL DEBT SERVICE



Town of Hillsborough

Beginning January 1, 2025, All debt service payments

July 2025 Bond Sale

will be required to be paid by ACH/Wire

20 Year **Estimated** Schedule - Level Principal

2024 Assessed Valuation: \$601,931,672

Date Prepared: 01/11/21

Interest Start Date: 08/11/25

First Interest Payment 02/15/26

Net Interest Cost: 3.84% This was the interest rate we received in January 2025.
Subject to change from now until our July 2025 bond sale.

Debt Year	Period Ending	Principal Outstanding	Principal	Rate	Interest	Total Payment	Calendar Year Total Payment	Assessed Valuation	CY-Est. Tax Rate Inc.
	2/15/2026				\$ 250,000.00	\$ 250,000.00		\$601,931,672	
1	8/15/2026	\$ 10,000,000.00	\$ 500,000.00	3.84%	192,000.00	692,000.00	\$ 942,000.00	601,931,672	\$ 1.56
	2/15/2027				182,400.00	182,400.00		601,931,672	
2	8/15/2027	9,500,000.00	500,000.00	3.84%	182,400.00	682,400.00	864,800.00	601,931,672	\$ 1.44
	2/15/2028				172,800.00	172,800.00		601,931,672	
3	8/15/2028	9,000,000.00	500,000.00	3.84%	172,800.00	672,800.00	845,600.00	601,931,672	\$ 1.40
	2/15/2029				163,200.00	163,200.00		601,931,672	
4	8/15/2029	8,500,000.00	500,000.00	3.84%	163,200.00	663,200.00	826,400.00	601,931,672	\$ 1.37
	2/15/2030				153,600.00	153,600.00		601,931,672	
5	8/15/2030	8,000,000.00	500,000.00	3.84%	153,600.00	653,600.00	807,200.00	601,931,672	\$ 1.34
	2/15/2031				144,000.00	144,000.00		601,931,672	
6	8/15/2031	7,500,000.00	500,000.00	3.84%	144,000.00	644,000.00	788,000.00	601,931,672	\$ 1.31
	2/15/2032				134,400.00	134,400.00		601,931,672	
7	8/15/2032	7,000,000.00	500,000.00	3.84%	134,400.00	634,400.00	768,800.00	601,931,672	\$ 1.28
	2/15/2033				124,800.00	124,800.00		601,931,672	
8	8/15/2033	6,500,000.00	500,000.00	3.84%	124,800.00	624,800.00	749,600.00	601,931,672	\$ 1.25
	2/15/2034				115,200.00	115,200.00		601,931,672	
9	8/15/2034	6,000,000.00	500,000.00	3.84%	115,200.00	615,200.00	730,400.00	601,931,672	\$ 1.21
	2/15/2035				105,600.00	105,600.00		601,931,672	
10	8/15/2035	5,500,000.00	500,000.00	3.84%	105,600.00	605,600.00	711,200.00	601,931,672	\$ 1.18
	2/15/2036				96,000.00	96,000.00		601,931,672	
11	8/15/2036	5,000,000.00	500,000.00	3.84%	96,000.00	596,000.00	692,000.00	601,931,672	\$ 1.15
	2/15/2037				86,400.00	86,400.00		601,931,672	
12	8/15/2037	4,500,000.00	500,000.00	3.84%	86,400.00	586,400.00	672,800.00	601,931,672	\$ 1.12
	2/15/2038				76,800.00	76,800.00		601,931,672	
13	8/15/2038	4,000,000.00	500,000.00	3.84%	76,800.00	576,800.00	653,600.00	601,931,672	\$ 1.09
	2/15/2039				67,200.00	67,200.00		601,931,672	
14	8/15/2039	3,500,000.00	500,000.00	3.84%	67,200.00	567,200.00	634,400.00	601,931,672	\$ 1.05
	2/15/2040				57,600.00	57,600.00		601,931,672	
15	8/15/2040	3,000,000.00	500,000.00	3.84%	57,600.00	557,600.00	615,200.00	601,931,672	\$ 1.02
	2/15/2041				48,000.00	48,000.00		601,931,672	
16	8/15/2041	2,500,000.00	500,000.00	3.84%	48,000.00	548,000.00	596,000.00	601,931,672	\$ 0.99
	2/15/2042				38,400.00	38,400.00		601,931,672	
17	8/15/2042	2,000,000.00	500,000.00	3.84%	38,400.00	538,400.00	576,800.00	601,931,672	\$ 0.96
	2/15/2043				28,800.00	28,800.00		601,931,672	
18	8/15/2043	1,500,000.00	500,000.00	3.84%	28,800.00	528,800.00	557,600.00	601,931,672	\$ 0.93
	2/15/2044				19,200.00	19,200.00		601,931,672	
19	8/15/2044	1,000,000.00	500,000.00	3.84%	19,200.00	519,200.00	538,400.00	601,931,672	\$ 0.89
	2/15/2045				9,600.00	9,600.00		601,931,672	
20	8/15/2045	500,000.00	500,000.00	3.84%	9,600.00	509,600.00	519,200.00	601,931,672	\$ 0.86
TOTALS		\$ 10,000,000.00			\$ 4,090,000.00	\$ 14,090,000.00	\$ 14,090,000.00		

Please show all warrant articles related to this project to bond counsel prior to submitting them to DRA. If you need a list of approved bond counsel, please let us know and we will provide one.