



Article 16: Tax Incentive Financing Agreement

- Mr. Lawson moves: that the Town take affirmative action on Article 16 as printed in the Warrant.



Summary of Article 16

- Approve a Tax Increment Financing Agreement between the Town and Concord Heights ALF (a draft is available from the Town Clerk and is posted on the Town's website.
- Approve an Economic Development Incentive Program – Local Incentive Only.
- Authorize the Select Board to execute the TIF Agreement



The Project

- The project consists of 83 units of affordable assisted living located at the Junction Village property which was given to the CHDC by the State in 2013 with restrictions that the property could only be used for affordable housing and open space. The proposed buildings would occupy approximately 4 acres of the site and the remaining approximately 8 acres would be protected open space.



Junction Village Background

Town Meeting Action:

- At Town Meeting in 2017 a Community Preservation Committee Appropriation of \$350,000 for the Junction Village Project was approved.
- Addition appropriations were approved at Town Meeting in 2018 for \$350,000 and in 2019 for \$300,000.
- Town Meeting in 2017 appropriated from Free Cash \$1,000,000 for the Junction Village Project.
- The proposed Junction Village budget included an annual payment of \$75,000 to the Town as taxes and a ground lease to the CHDC.



Current Status of the Project

- Grantham has applied to the State for tax credits twice. The applications were denied, not unexpectedly, both times.
- Following the second denial, Grantham was asked to complete certain tasks -- an indication that the third request would be successful.
- One task was to get an official tax liability estimate from the town assessor.



How Does it Work

- There is an application to the State as part of the Economic Development Incentive Program (EDIP) as a Local Incentive-Only Application.
- If granted, it allows the Select Board to create an Economic Opportunity Area at the proposed site of Junction Village.
- To be granted, certain criteria need to be met – the enabling criteria for this project is the creation of 30 full time positions.
- If granted, it allows the Select Board to execute a TIF if approved at Town Meeting.



What is Tax Incentive Financing (TIF)

- A TIF allows the Town to reduce for up to a twenty-year period, the property valuation of a project resulting from its development in an Economic Opportunity Area. In so doing, the taxes assessed on the property would thereby also be reduced.
- Property valuation for the project would vary over the period based: 1) the percentage reduce in valuation contained in the TIF, 2) the tax rate and 3) the commercial success of the project.



An Example

- Assessor's Property Valuation (including personal property) = \$10,000,000.
- Tax Liability = \$187,000.
- TIF Valuation reduction = 60%.
- Revised Property Valuation = 4,000,000.
- Revised Tax Liability = \$75,000.



The Actual TIF

- Developed for a 17-year period.
- The property valuation is \$13,982,443
- Has a property valuation percentage reduction of 77%.
- A draft agreement is on file with the Town Clerk and is also posted on the Town website.



Article 16: Tax Incentive Financing Agreement

- Mr. Lawson moves: that the Town take affirmative action on Article 16 as printed in the Warrant.