

Chapter 5

ECONOMIC DEVELOPMENT***Milford Economic Development Philosophy***

The Town of Milford should strive for an aggressive, proactive community growing through beneficial projects. The Town should strive to stabilize its remaining rural character through maximized open space protection. The Town should strive for a manageable population with quality affordable services, and predictable tax rates through balanced taxable assets.

The Town should design its economic development strategy utilizing a *relative contribution formula*. Positive property tax growth projects should be encouraged, assisted and implemented pro-actively.

At the time the Planning Board adopted the 1993 *Master Plan*, the Town of Milford, the southern New Hampshire region, New England and much of the country was in the midst of a significant economic recession. Milford unemployment was high, and new construction of any kind was slow. The local economy reflected the impacts from corporate "downsizing" and restructuring, changing national and global manufacturing trends, and the effects of a quick downturn in real estate values resulting from the inflated real estate market of the late 1980s.

Within the last five to six years, there has been sustained moderately paced economic growth in the region, consistent with national trends since the low-point of the recession. Southern New Hampshire has benefited economically from growth in technological, health and service industries, as well as location near the Boston metropolitan area. The region has been consistently noted nationally as a desirable place to live with an attractive *quality of life*.

The 1993 unemployment rate in Milford averaged close to 9%. For the year 1998, the rate was 1.9%

NH Employment security,
Economic and Labor
Market Information Bureau

Milford's economic base has exhibited strength primarily by continued expansion in the established manufacturing sector. Commercial development has followed suit, as Milford continues to be the largest "full-service" town between Nashua and Keene, drawing on a commercial trade area population of approximately 35,000. Most new commercial development has occurred at either end of the Nashua Street/Elm Street east-west corridor, where high traffic counts, access and site visibility create locations attractive for commercial development.

Correlative to continued commercial and industrial expansion in Milford has been steady single-family residential construction. This strong residential growth has almost exclusively been in the form of single-family residences. In addition, the percentage of net valuation of residential vs. non-residential land and buildings has increased from 68.33% vs. 31.67% (1992) to 70.49% vs. 29.51% (1998). This points to a trend that the residential tax base is increasing in Milford at the expense of the non-residential tax base.

Property taxes in Milford, as in all New Hampshire communities, are allocated between the county (Hillsborough in Milford's case), the local school district (SAU #40) and the

municipality. During the period 1992 through 1998, the school district claimed the highest percentage of property taxes (ranging annually between 71%-74%), the Town was apportioned between 20%-22%, and the County received 5%-8%. Additionally, the overall tax rate between 1992 and 1998 climbed 28%, with the School portion increasing 31%. (Source: Town Reports, 1992 through 1998).

As is commonly acknowledged, the burden of school funding in New Hampshire falls upon local property taxes, with the bulk of property taxes collected being generated by the residential property owner. However, costs to educate students are not adequately covered by the property taxes collected on residential properties, especially single-family homes and some multi-family developments; both of which can generate a higher amount of school children per household. Thus, residential growth generally demands a greater amount of property taxes than it usually pays. This is considered "tax negative". Consequently, the New Hampshire Supreme Court, in its 1998 "Claremont Decision", ordered the State to develop school funding mechanisms that do not rely solely on local property taxes.

New single-family building permits issued:

1992: 52
1993: 37
1994: 55
1995: 60
1996: 37
1997: 56
1998: 72
1999: 65 (est.)

As part of the development of this *Master Plan Update*, the subcommittee charged with economic development reiterated that for Milford the cost of residential growth far exceeded the revenue generated.

-Town reports, 1993 through 1998

The current situation in Milford can be described by the following:

- The tax burden is increasing faster than inflation,
- The Town's school costs are the largest share of the budget and are increasing at the fastest rate,
- The Town is non-competitive for commercial/industrial growth,
- Under current conditions, things will get worse.

Residential vs. Non-residential Net Valuation (%):

1992: 68.3/31.7
1993: 69.0/31.0
1994: 69.1/30.9
1995: 68.6/31.4
1996: 68.3/31.7
1997: 70.4/29.6
1998: 70.5/29.5

The subcommittee determined. that the following common assumptions were false:

- New development increases the tax base,
- New development lowers taxes for all,
- Large developments cost more and thus generate more tax revenue,
- New development pays its own way,
- All growth is good for the Town,
- Good or bad, you cannot control growth.

-Milford Assessing Dept. MS1 Analysis

The subcommittee concluded that new developments are either tax-positive or tax-negative; that most growth costs all taxpayers some money; some growth costs more, some less; and the Town Master Plan should encourage the kind of growth that is best for the Town as a whole. Consequently, if residential growth costs more than its tax revenue, and if nothing else happens to offset those costs, then taxpayers are subsidizing additional residential development. The subcommittee found that existing commercial and industrial development makes up 28% of the tax base and drives 7% of the cost of services. Open space is 4% of the tax base and drives 1% of the cost. Disproportionately, residential property equals 68% of the tax base and drives 92% of the cost.

The subcommittee also determined that the Town has several obstacles and disincentives to encouraging commercial and industrial growth, including limited available land with even more limiting lack of available infrastructure (roads and utilities), high site development costs, the high local tax rate, and an attitude by many citizens and decision-makers that Town government should not be in the "development business".

To counter these obstacles and disincentives, the following recommendations and actions shall be taken by the Town:

II: ACTIONS FOR 1999/2000

2.01 HIGH PRIORITY - ACTION: A

Make Milford more industry ready.

In order to encourage new commercial and industrial development, actions must be taken that make the Town "industry ready", and thus be in a position to act proactively to obtain tax positive development in the ever increasing competitive economic development environment This can be accomplished by:

1. Evaluating and implementing appropriate actions to extend infrastructure into areas feasible for industrial land uses, including the implementation of "tax increment financing" as a practical tool to finance infrastructure improvements,
2. Evaluating the need for additional industrially and commercially zoned land and implementing zoning changes,
3. Encouraging tax-positive residential development,
 - a. Implement flexible regulatory policies that promote retirement-living, elderly, and assisted-living opportunities; encourage conversion of existing multi-family developments to retirement-living, elderly and assisted living housing;
 - b. Implement opens space preservation subdivision techniques.

See Chapter 6, THE BROX PROPERTY, which identifies an opportunity the Town must seize to address many of the issues identified as economic development concerns.

1. Responsibilities and Actions

The Planning Board shall review and implement the land use related actions necessary to make Milford more industry ready. A strong consensus of agreement between the Planning Board, the Board of Selectmen, the Milford Industrial Development Corporation, School Board, budget advisory committees, citizen groups, and the public needs to be forged.

III: ACTIONS FOR 2000/2002**3.01 MEDIUM PRIORITY - ACTION: B*****Evaluate and implement methods to reconstruct local property tax system.***

The purpose of this recommendation is to provide for a more equitable means of taxation. Implementation of this idea will be a challenge in that many basic tenets and philosophies regarding taxation and local /state control will be confronted. It means effecting change at the State level, making it possible for local level decision-makers to better serve the needs of their communities.

The Board of Selectmen shall engage Milford's representatives in Concord in proposing legislation enabling alternative revenue generating mechanisms, such as a local income tax, industrial abatements, school department trusts, "per living unit" base, and senior exemptions.

3.02 MEDIUM PRIORITY - ACTION: C***Continue efforts to expand tax positive growth and land use at a faster rate than tax negative growth and land use.***

Efforts to make Milford more industry ready (High Priority Action: A.) must be followed up with additional actions that will serve to adjust the land use and property tax generating ratio to lessen the burden on the residential property owner.

1. Responsibilities and Actions

The Planning Board shall take the lead in continuing the review and implementation of strategies to achieve a greater tax-positive land use base. The Board shall work with the Milford Industrial Development Corporation, the Conservation Commission, and the Board of Selectmen to examine and implement regulatory changes to encourage more agriculture and open space-related businesses (e.g. encourage golf course development), and review allowable residential densities. The Planning Board will conduct a study on the feasibility and need for impact fees to be placed on new development to assist in lessening the cost of growth. The Planning Board shall encourage efforts to build and support land trusts.

See Community Character Action B. "Develop and Implement Open Space and Conservation Zoning and subdivision techniques."