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Concord

Developers have a new incentive City will reduce or waive fees in some areas to target blight

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**H**oping to encourage the redevelopment of blighted properties, reduce urban sprawl and slow the consumption of open land, the city will now reduce or waive impact fees as an incentive for certain projects. That means the developers of the Penacook tannery and the Blue Cross Blue Shield building could save six-figure sums.

The city collects impact fees whenever someone applies for a building permit. All construction generates fees for transportation improvements, while residential buildings also generate fees for recreation and school improvements.

Monday, the city council revised the fees to create a set of four 15-percent reductions to encourage development or redevelopment throughout the downtown Interstate 93 corridor and in downtown Penacook. Those reductions would be granted for developers taking on challenging projects like preserving historic buildings or tackling environmentally contaminated sites. The ordinance also waives 100 percent of the impact fees for three specific priority sites: the Sears block, the Blue Cross building and the Penacook tannery.

The news couldn't come at a better time for Steve Duprey, who is trying to secure construction financing for the redevelopment of the abandoned Blue Cross site, a six-story, 120,000-square-foot office building on Pillsbury Street. The city's impact fee schedule would otherwise call for Duprey to pay \$1.10 per square foot of office space for transportation improvements, or \$132,000. And since those fees will soon be revised for inflation, that figure had the potential to be even higher.

Instead, Duprey can apply that money to the project, which he now expects to cost \$12 million.

"It's huge," Duprey said yesterday. "It's a lot of dollars. In an absolute sense, in a \$12 million project, it may not seem like it. But given how hard it has been to get all the pieces in place, that makes a substantial difference."

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The idea from the city's end is that the loss of impact fees will be more than made up for by the ensuing development, City Manager Duncan Ballantyne said. In other words, the city will be reducing or waiving fees for important projects that require a jumpstart but have the potential to generate significant future tax revenue, create

jobs and improve the quality of life in Concord.

Duprey, one of the area's most experienced developers, praised the council for recognizing the difficulties involved with redevelopment - from working in fixed spaces to encountering unexpected obstacles and building surprises -that don't come with constructing a new building on a fresh piece of land.

"In my view, they're much more difficult to pull off," said Duprey, whose resume includes the Courtyard by Marriott and Grappone Conference Center, the Canterbury Meadows housing development and the Concord Comfort Inn. The Blue Cross building "is the most difficult, challenging project that I've ever undertaken."



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Impact fees are not the only way the city generates cash or improvements from developers. The planning board can also require exactions to offset a project's impact, like having a developer construct or contribute to the construction of new turning lanes, sidewalks or other site improvements, said Chris Northrop, principal planner for the state Office of Energy and Planning.

The difference is that those exactions are site-specific. Impact fees are imposed across the board. They feed dedicated accounts and go to projects scheduled in a city or town's capital improvement plan, like the reconstruction of a road or the addition of a new firehouse, Northrop said.

The council's vote Monday represented the first real change to Concord's impact fee ordinance since it was adopted in 2001.

The state tracks the number of cities and towns with impact fee ordinances - at last count, 65 communities had them - but not the specific language of each ordinance, so Northrop did not know whether Concord was the first to incorporate waivers and other incentives. But it "sounds like an innovative way to try and channel growth in a particular fashion," he said. "I applaud their efforts."

The 100 percent waiver won't have a real effect on the vacant Sears block, where the city has already entered into an agreement with developer Michael Simchik on a public-private project called Capital Commons. Under that agreement, the city promised to pay the impact fees for Simchik; now, the city will simply avoid transferring the money from one account to another.

But the ordinance could be a key incentive in attracting a developer to the old Penacook mill and tannery, for which the city has been trying to find a redevelopment partner. Depending on the uses, that could mean \$150,000 saved for the developer, said Matt Walsh, project manager for the city.

"When you're doing tricky projects on difficult properties, sometimes those monies really become the

difference between whether a project gets done or not," Walsh said. "We'll have to wait and see whether it has the intended effect or not."

With the Blue Cross building, the city could find out soon. Duprey took title to the building in November and anticipated starting construction in December; he has already lined up tenants for close to 75,000 square feet. But the complexity of the project - the site has grown derelict since Blue Cross left for Manchester in 1993 - and the sharply rising cost of construction materials have made securing all the financing more difficult, he said. He expects to know for sure next week.

Saving on impact fees can only help - "it's not a done deal; there's always a risk something could go to heck. But we're churning our way through it."

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