RSA 79-E Frequently Asked Questions
about New Hampshire's RSA 79-E
(Community Revitalization Tax Relief Incentive)

What is RSA 79-E?

The Community Revitalization Tax Relief Incentive (RSA 79-E) is a New Hampshire state law that allows cities and towns to offer temporary property tax relief to owners who undertake substantial rehabilitation of buildings in designated areas, primarily downtowns, town centers, or village centers. The goal is to encourage investment in these areas, revitalize underutilized buildings, and promote economic vitality.

What is the purpose of RSA 79-E?

The purpose of RSA 79-E is to incentivize the rehabilitation and active use of underutilized properties, stimulate local economies, promote smart growth, and preserve existing building stock. It aims to enhance the economic vitality, cultural or historical importance, and sense of community within designated areas.

How does RSA 79-E work?

If a community adopts RSA 79-E, property owners in designated areas can apply to their local governing body (in our case, the Select Board) for tax relief. If approved, the property's assessed value is temporarily frozen at its pre-rehabilitation level, meaning the increase in value due to the improvements is not taxed for a specific period. In exchange for the tax relief, the property owner grants a covenant to the community, ensuring the building will provide the identified public benefits.

What are the eligibility requirements for RSA 79-E?

To qualify for RSA 79-E tax relief, projects must meet three criteria:

- Location: The property must be within a municipality's eligible district, such as a downtown, village center, or historic district.
- Substantial Rehabilitation: Rehabilitation costs must exceed a specified threshold. This is typically 15% of the building's pre-rehabilitation assessed value or a minimum dollar amount, whichever is less. Local definitions of "substantial rehabilitation" may vary.
- Public Benefit: The project must offer at least one statutory public benefit. These benefits include enhancing downtown economic vitality, improving historic structures, promoting reuse of existing buildings, fostering development in municipal centers, or increasing residential housing in urban or town centers.

What are the benefits of RSA 79-E tax relief?

- For Property Owners: Provides a temporary break from increased property taxes. This helps to offset rehabilitation costs and potentially makes projects financially feasible.
- For Municipalities: Encourages investment, reduces blight, and revitalizes downtowns and town centers. It can also bring tax-exempt properties back onto the tax rolls.

What is the duration of the tax relief period?

The local governing body determines the maximum duration for substantial rehabilitation, which is up to five years. Additional years may be granted for specific benefits: up to two for new residential units, and up to four for affordable housing or substantial rehabilitation of historic structures meeting specific standards.

What happens when the tax relief period expires?

Upon expiration, the property is reassessed and taxed based on its full market value, including the improvements.

What is the application process?

The application process generally involves submitting an application with construction costs, property details, and a fee to the local governing body. A public hearing reviews the project's eligibility and public benefit, so every resident has the opportunity to provide input and ask questions. If approved, a covenant is executed.

What is the covenant?

The covenant is a legal agreement between the owner and the municipality. It ensures the project's public benefits are maintained. It can last up to twice the tax relief period. Failure to comply can result in reduced or terminated relief and back taxes with interest.

Before RSA 79-E (Status Quo Without the Program)

- **Full property tax impact**
  After substantial rehabilitation or redevelopment, property assessments—and corresponding tax bills—rise immediately to reflect increased market value.

- **Barrier to redevelopment**
  Owners face steep upfront costs with little mitigation, especially for underutilized or historic buildings, reducing project feasibility.

- **Minimal incentives for preserving historic or village-downtown character**
  There's no structured incentive promoting in-town development, preservation, or housing in designated centers.

- **No formal requirement for public benefit**
  Improvements don’t need to deliver broader community benefits like economic vitality, housing, or historical preservation.

After Implementing RSA 79-E (With the Program in Place)

Once locally adopted, property owners who apply, qualify, and are approved gain the following:

- **Tax Relief on Increased Assessment**
  - Property taxes remain at **pre-rehabilitation assessed value** for a **temporary period**, delaying tax increases due to higher valuation.
  - Typically up to **5 years**, with possible extensions depending on project specifics
- **Possible Extensions for Public Benefit Projects -** Municipalities can grant extra years depending on the nature of the project:
  - **+2 years** for **new residential units**.
  - **+4 years** for inclusion of **affordable housing**.
  - **+4 years** if the property is a **historic structure** and project adheres to preservation standards.
- **Required Public Benefit Covenant -** Owners must record a **covenant** (typically for the same length - or up to **twice the length** - of the tax relief period) ensuring public benefits are maintained. Qualifying public benefits include:
  - Boosting **economic vitality in downtowns**.
  - Preserving or improving **historic structures**.
  - Encouraging **reuse** of existing building stock.
  - Promoting **municipal center development**.
  - Creating **residential housing** in town centers

- **Formal Application & Public Process -** Applicants submit to the Bethlehem Select Board. Projects must:
  - Be in a **designated downtown/village district**.
  - Meet the **“substantial rehabilitation” threshold** (≥ 15% of pre-rehab assessed value or ≥ $75,000; for historic structures, additional 10% devoted to energy efficiency)
  - Provide at least one **public benefit**.

Application includes a **public hearing**, followed by a decision—typically within defined timelines (e.g., Lebanon: hearing within 60 days, decision within 45).

- **Timeline of Tax Treatment**
  - **During relief period**: Property taxed at original pre-rehab assessment.
  - **After relief expires**: Full reassessment and taxation at market value, reflecting improvements.

- **Project Feasibility Enhanced**
  - Deferment of tax burden makes redevelopment—especially of historically or architecturally sensitive properties—financially viable.
  - Encourages **infill and sustainable local development**, leveraging existing infrastructure

Side-by-Side Snapshot

Feature / Impact	Before RSA 79-E	After RSA 79-E Implementation
Tax on rehabilitated property	Immediately increases to full market value	Deferred—tax remains at pre-rehab value for relief period
Incentive for redevelopment	None—financial burden full and upfront	Significant—tax deferral improves project feasibility
Public benefit requirement	Not required	Required via covenant (e.g., housing, preservation, economic vitality)
Application & approval process	No structured process	Structured—application, public hearing, governing body approval
Duration of relief	N/A	Typically up to 5 years, with possible extensions for special benefits
Effect on local development	Minimal—many projects economically unviable	Stimulates revitalization and repurposing of underutilized properties
Post-relief taxation	Already at market value	Re-assessed at full value and taxed accordingly after conclusion