

LYME COMMUNITY DEVELOPMENT COMMITTEE

Report to The Town

Introduction. Rising real estate taxes have become a concern to many Lyme residents and so last April 2017 the Select Board asked for volunteers to serve on a committee to examine Lyme's tax base and think generally about community development issues. The purpose of this effort is to inform as many Lyme citizens as possible about options available for Lyme's future. The committee is composed of Sue MacKenzie, Earl Strout, David Shafer, Manton Copeland, Chris Ramsden, Jonathan Voegele, Mike Smith, Rich Brown and Nils Johnson. This is a report about the committee's work.

Current tax structure. New Hampshire has no income or sales tax and so funds to support schools, roads, police, fire and other municipal services come largely from real estate taxes. Let's examine the structure and effect of Lyme real estate taxation.

Tax components. The Total Tax Rate per thousand dollars of valuation is composed of: town tax, local school tax, state school tax and county tax. Here are the rates for the last ten years:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Town Tax	\$4.7 7	\$5.0 2	\$5.5 7	\$5.4 5	\$4.7 2	\$5.2 4	\$5.2 4	\$6.0 5	\$6.3 4	\$6.4 6
School (Local)	\$9.7 8	\$10. 58	\$10. 68	\$9.8 8	\$10. 65	\$11. 40	\$12. 65	\$13. 46	\$13. 74	\$13. 97
School (State)	\$2.1 5	\$2.2 8	\$2.1 2	\$2.2 5	\$2.3 5	\$2.5 0	\$2.4 0	\$2.4 4	\$2.7 4	\$2.4 5
County	\$1.1 7	\$1.2 7	\$1.4 2	\$1.3 6	\$1.4 5	\$1.4 9	\$1.6 1	\$1.6 3	\$1.6 6	\$1.7 5
Total Tax	\$17. 87	\$19. 15	\$19. 79	\$18. 94	\$19. 17	\$20. 63	\$21. 90	\$23. 58	\$23. 94	\$24. 63

The rate dipped slightly as the result of a rebate from the school, but then from 2010 through 2016 (when the tax rate was \$25.46) taxes went up an average of about 4.4% a year.

Taxes may double in 17 years. If this trend continues, taxes will double in 17 years and the tax on a \$400,000 home will be \$20,368.

Lyme budget. Although the Lyme School's cost per pupil is among the lowest in the Upper Valley, the Lyme School and high school tuition accounts for the majority of the budget. The Lyme

budget for 2017 was \$6,817,000 for the school, district and \$3,797,000 for all municipal services, for a total of \$10,614,000.

The effect of Current Use and conservation dedications. Many rural New Hampshire towns suffer from diminished tax bases caused by Current Use and conservation dedications, but Lyme is an extreme example. Here, about 94% of the land is subject to very light or no taxation, since land:

- is held in Current Use;
- is subject to a conservation dedication, or
- is owned by the Town or Federal Government.

History of Current Use. Current Use was adopted by state constitutional amendment in 1973 under RSA 79-A. From that point on qualifying land was no longer taxed at its fair market value according to its “highest and best” use, but was taxed according to its value as woodlot or agricultural land. Currently, farmland is taxed at from \$25 - \$425 an acre, while forest land is taxed at from \$20 - \$165 an acre. (<https://www.revenue.nh.gov/current-use/index.htm>)

Make-up of tax base:

Percent of local Assessed Value by Property Type:

- Residential land and buildings: 92.3%
- Commercial land and buildings: 5.2%
- Public Utilities, Current Use, Other: 2.4%

Housing types:

- Single family homes: 709
- Multiple family: 47
- Mobile homes: 27

Median home value: \$400,000. 2016 tax bill for \$400,000 home: \$10,184.

(<https://www.nhes.nh.gov/elmi/products/cp/profiles-htm/lyme.htm>)

Residential properties pay the tax bill. As can be seen from the above, 6% of Lyme land essentially “pays” 100% of our taxes. Since there are relatively few businesses in Lyme, existing commercial properties make up a small percentage of our tax base and residential home owners bear almost all the Town tax burden. This being the case, what might be the prospects for some

controlled and limited commercial development that might ease the tax burden on residential landowners?

Constraints to development—the minuses. We note Lyme suffers certain constraints on development. These include:

- Mountains;
- Unpaved roads;
- Lack of a sewer system;
- Lack of a water system;
- Lack of reliable internet;
- Lack of bus service;
- Limited police and fire protection;
- A small local market.

Access to broadband internet is an *enormous* problem, one that must be solved. Fiber optic cables now run along Route 10, but access to them is difficult. However, since another Town committee is looking at this issue, let us examine some of the remaining factors....

Limited areas available for development. Meaningful commercial development will not occur on unpaved roads. Neither will it happen on steep terrain. While water supply is not usually a problem, having soils appropriate to septic systems can be one. A sanitary system for more intense development can be engineered, but cost imposes limits.

Access to services. Proximity to additional police and fire services in Hanover is desirable. Insurance coverages and rates are affected by distance to these services. Finally, Lyme with only 1700 residents, surrounded as we are with other similar small towns, is not a large market. We are never going to attract “big box” retail, even if we wanted it.

Agency help. Regional and county agencies are a resource when considering economic development. To get a feel for the type of business activity that might work in Lyme, our committee contacted the following:

- Sunapee and Upper Valley Lake Sunapee Regional Planning (Steve Schneider)
- Grafton Regional Development Corp. (Atty. Ann Duncan Cooley)
- UNH Extension (Geoffrey Sewake).
- Hanover City Manager (Julia Griffin)
- Hanover Chamber of Commerce [Tracy Hutchins]

- Arnett Consulting of Concord (Stuart Arnett)

It was clear from these meetings that the issues with which Lyme is coping— poor tax base, aging population, inadequate affordable housing, how to attract and retain young people, etc.—are common to communities across the state. The people and entities above can be a source for gathering data, helping us survey local opinion and thinking about zoning design.

It was pointed out by everyone that Lyme has a lot going for it:

The plusses:

- Lovely town center and general rural character
- Huge recreational resources:
 - The Connecticut River
 - Post Pond, Goose Pond, Reservoir Pond, etc.
 - Dartmouth Skiway
 - Hiking trails
 - Cross country skiing
- Three great restaurants
- Two churches
- Upper Valley cultural resources
 - Dartmouth College
 - Theaters
 - Many musical venues
- Access to interstate highways
- Access to airports in Boston, Manchester, Burlington and Lebanon
- Dartmouth-Hitchcock Medical Center

Meetings with local developers. To get a sense of the type of development that might work in Lyme, we met with one commercial realtor and several local developers. Here are some of their comments:

- Lyme has a reputation of being *unfriendly* to business. To attract developers that would have to change....
- There probably is not a strong market in Lyme for a lot of office space.

- Large retail development probably would not work.
- Mixed use development might work.
- There is a need in the Upper Valley for 5,000 living units across all age groups.
- New living units do not necessarily mean many new students come with them. Couples are marrying later....
- The Route 10 corridor is the most logical area to consider for development.

Need for senior housing. Many comments were received by committee members concerning the need for senior housing that would enable residents who can no longer maintain homes to stay in Lyme.

Balancing tax base needs with the cost of new students. A concern expressed by many has been the need to improve the tax base in such a way that the cost of new students does not exceed any tax gains.

Preliminary Observations. The committee has observed:

- Additional thoughtful development may help ease the tax burden.
- Existing business districts are thought to be inadequate.
- Existing zoning inhibits development.
- We suggest a *visioning* process, similar to that which was conducted in Lyme 10 years ago should be carried out to determine:
 - Attitudes about additional development;
 - The kinds of development that might be permitted, while protecting the Town's character;
 - Values, goals and strategies.

Visioning Committee. It is proposed:

- A steering committee be formed to undertake a series of visioning meetings where Town residents can express their view of the issues raised in this report about Lyme's future.
- Lyme Community Development Committee would like to invite community stakeholders to participate in a steering committee to organize a visioning process. If you or your group would like to help please contact susanmackenzie363@gmail.com. The visioning process will be conducted this spring and early summer.