

Chapter 5

Economic Development



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1.0 INTRODUCTION

This section of the Master Plan sets forth an economic development strategy for Farmington to pursue during the coming years.

Economic development is often conceived in terms of recruiting new industry into a community. While there is an appropriate role in recruiting new, larger enterprises, Farmington's economic development needs are much broader than that. Farmington's principal economic issue is that its tax base is too limited to enable it to adequately fund municipal services while maintaining a competitive tax rate. As a result, critical services including schools, roads and



A Sample of Economic Activity in Farmington

recreation are maintained at a sub-par level. This, in turn, limits the town's appeal to new businesses and the type of new residential development that "pays its own way" in terms of town and school costs. This cycle has long been present in Farmington and continues to be the town's principal economic challenge.

Farmington can make choices that will help interrupt this cycle. Some factors work in Farmington's favor:

- The town is located in a strong regional economy, stretching from Lake Winnepesaukee to the prosperous Seacoast;
- The town has excellent accessibility to the Spaulding Turnpike corridor which is a major concentration of employment, shopping, and educational opportunities.
- The town offers an attractive rural lifestyle.
- The town has an authentic, diverse downtown business district.

- The town has significant undeveloped land resources.
- Town residents are committed to improving the town and its services.

2.0 ECONOMIC DEVELOPMENT GOALS

The economic development goals outlined in this Master Plan were created after:

- Discussions with the Zoning and Master Plan Committee (ZAMPS);
- Discussions with the town's economic development committee;
- Analysis of the ZAMPS Master Plan surveys of resident preferences;
- Analysis of economic, demographic and housing trends outlined in Chapter 4 of this Master Plan

The primary goals of the economic development strategy are:

1. To expand the local tax base in a prudent manner that will adequately fund municipal and education services while maintaining a competitive tax rate;
2. To maintain cost-effective local services;
3. To achieve a diverse economic and job base including manufacturing, retail, service, and agricultural sectors.

3.0 ECONOMIC DEVELOPMENT STRATEGIES

Historically, economic development in many New Hampshire communities has been in the form of industrial park development. However, if Farmington is to make reasonable progress toward achieving its economic development goals, a more broadly based economic strategy must be pursued. Some appropriate strategies are:

1. Improve the quality of residential development so that new residential development does not impose as great a cost burden on current town residents.
2. Strengthen downtown Farmington so that it contributes more to the town's tax base and employment opportunities.
3. Actively pursue a wide range of grants to supplement local funding of public and private improvements.

4. Adopt and enforce reasonable development standards to improve the quality and assessed value of new residential and nonresidential development.
5. Pursue a diverse range of economic enterprises including smaller businesses and cottage industries, so that the town offers a wide range of employment and economic opportunities.

At the outset it should be noted that Farmington’s current economic profile has evolved over several centuries. There are no “quick fixes” that will dramatically change the community. Rather, the town’s economic strategy is designed to retain what is favorable and to gradually improve those aspects of the Farmington economy that are unfavorable. The following sections discuss these strategies in more detail.

3.1 Strategy One: Improve Quality of Residential Development

Residential units constitute 72 percent of Farmington’s tax base. Much of Farmington’s difficulty in adequately funding municipal services arises because Farmington’s housing stock is predominantly low and moderate-income units. Because they are less valuable, they generate less tax revenue, but still require the same level of services as higher valued housing stock. This puts the town in a position of either:



- (1) Having a tax rate that is disproportionately high or
- (2) Inadequately funding important services.

Downtown Farmington Residential Units

During the past decade this pattern continued, with a disproportionate number of mobile homes and other low-moderate income housing added to Farmington’s inventory. In most cases this housing does not “pay its way”. Analysis comparing 2004 tax rates with the communities’ cost to service each household has shown that, in general, new single family homes in most NH communities would have to be valued at \$250,000-\$300,000 to generate enough revenue to “break even”. Homes valued at less than that amount would, on average, cost each taxpayer more to support. Homes valued at more than that amount would, on average, create a net gain for taxpayers causing a relative reduction in property taxes.

Farmington needs to move toward a more balanced housing development pattern. This means fewer low and moderate-income units relative to higher valued units. This is not to say that Farmington should become an enclave for the wealthy. Rather, that over time Farmington should strive to attract housing units that at least pay their way in terms of local service costs.

Farmington certainly can attract a larger share of units priced at \$250,000 and over, which constitute the vast majority of new housing units built in the broader Farmington market area:

- Farmington has excellent regional highway access to employment opportunities within the Spaulding Turnpike corridor.
- Farmington offers a rural lifestyle without being remote.
- Farmington's school buildings are relatively new.
- Farmington has been willing to accommodate new residential development.
- Farmington has municipal sewer and water service in its core neighborhoods

One key missing element that would encourage fiscally sound new residential development is that Farmington's school student test results are among the lowest in the state.¹ Quality of schools is a major factor in the residential location decision. In effect, the poor performance of Farmington's schools, despite their newer facilities, creates a cycle that is very difficult to reverse, but there are three strategies that could help address the problem.

First, Farmington can seek to attract households that are less sensitive to the school issue. Communities throughout New Hampshire are attracting age-restricted housing as they generally generate more revenues than costs to the local community, because they generate very few, if any, school children. Age restricted units generally require at least one householder be at least age 55. Surveys of age restricted developments in NH indicate that these units generate one-tenth the enrollment of typical single family units, yet they carry assessed values that are usually at, or close to, that of new single family units. In considering age-restricted housing the town should carefully evaluate the potential need for increased services or infrastructure such as ambulance, medical facilities, transportation, recreation, etc. Age restriction requirements can be difficult to enforce once the development is completed and occupied, so carefully drafted ordinances and deed restrictions should be in place prior to encouraging this type of development.



*Elementary School
Safewalk Route*

Secondly, Farmington should address its school issue directly by recognizing that improving the performance of its students is a high priority. This will probably mean both programmatic changes and increased local funding. Because of its low tax base, Farmington receives significant state and federal school aid, but Farmington needs to supplement that aid with increased local school funding. One important step in improving the performance of local

¹ See Community Facilities chapter of this Master Plan.

schools is usually the provision of competitive teacher salaries and a competitive student to teacher ratio. Adopting explicit performance goals in conjunction with higher funding levels would help insure the town is “getting its money’s worth”—holding school administrators accountable for improved performance is justified.

Thirdly, Farmington can adopt reasonable development standards and more carefully enforce those standards now on the books. This is discussed more fully in Section 3.3 of this chapter.

3.2 Strategy Two: Strengthen Downtown Farmington

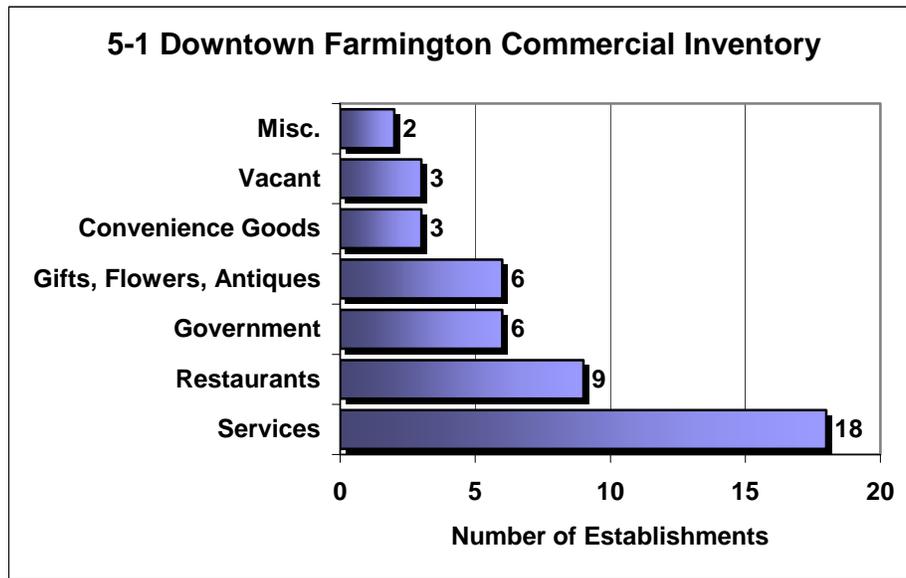
Downtown Farmington is the community’s activity center and a vital aspect of the community’s image. It is a significant source of jobs providing several hundred jobs in just under 50 downtown businesses. The relatively low rents and rapid turnover create affordable opportunities for local residents to open businesses. The non-residential tax base generated helps fund local services.



Downtown Farmington Business

As part of this Master Plan analysis an inventory of downtown Farmington’s commercial

establishments was conducted. In August 2004, there were forty-seven (47) establishments, including local government uses. The inventory reveals a remarkably healthy diversity of retail, service and government uses for a community the size of Farmington. We identified only three vacancies (all relatively small shops) among downtown’s first floor spaces. By January 2005 however, there were six vacancies, supporting anecdotal evidence that there is a high turnover rate cyclically worse in deep winter and belying a fragile downtown economy. Seasonal vacancies can be related to a number of factors including lower foot-traffic, departing summer vacationers, poor condition of heating systems and structures, and the non-essential nature of many Main Street businesses.



Essentially all of the major service categories are represented downtown including banks, utilities, auto repair, hair care, travel and lodging. The location of the Post Office, town offices, and the library in downtown are important traffic generators.

The retail inventory is less diverse than the services in downtown, but does cover a number of important categories including hardware, convenience stores, gifts, flowers, and antiques. The restaurants in downtown range from modest pizza parlors to an upscale destination Italian restaurant.

Downtown Farmington is not large enough to attract shoppers from surrounding communities in sizable numbers on a regular basis. But it is large enough and diverse enough to serve as a service center for surrounding communities (especially those to the west and north, which lack a competitive concentration of services) and as a retail center for town residents.

Support for retailing in downtown is helped by the high concentration of residences both within and adjacent to downtown and by downtown's exposure to relatively heavy traffic counts. This strategy offers suggestions to enhance the relationship between downtown Farmington and these somewhat captive market segments.

While appreciating the downtown's assets, we also recognize that downtown is not achieving its full potential:

- Characteristic of many New Hampshire downtowns, much of the upper floor space in downtown is either under-improved or vacant. Most of this space consists of residential apartments that have not kept pace with the times. Better utilization of this space would add more support to the downtown's retail and service establishments and enhance the community's tax base without the need to expand the infrastructure.

- Many of Farmington’s older residential structures are in neighborhoods close to downtown. As is true for the upper floor space in downtown, many of these structures are in only fair to poor condition. The links to downtown are hampered in some instances by a lack of sidewalks.
- There are two organizations promoting the downtown’s interests and providing direction to downtown. One is the municipal Downtown Committee, and the other is the non-profit Farmington Community Preservation Guild. Both are all-volunteer groups, neither of which has generated a comprehensive plan for downtown improvement. The experience of other New Hampshire communities is that it is difficult to improve a downtown’s performance without an organized promotions and marketing effort. Towns are often most successful in this arena when “community service organizations” are staffed, supported and funded, have a close working relationship with town leaders, and are working from a comprehensive improvement plan.
- There appears to be enough parking in downtown, but the on-street parking is parallel parking, which is more difficult for some drivers than head-in parking. Some downtowns have shifted to head-in parking where street widths permit it.
- Downtown buildings are in various states of repair and maintenance. Downtown is not as attractive as it could be. This can deter drivers from stopping in downtown.
- There is inadequate signage directing travelers on Route 11 to downtown Farmington.
- Some downtown patrons come away with a negative impression generated by youth “hanging out” on street corners.

The following paragraphs set forth specific ways to improve downtown Farmington.

3.2.1 Organization

The first recommendation for downtown is to encourage downtown businesses, property owners, and residents to establish a downtown promotion organization. Few downtowns have been able to achieve meaningful improvements without such a group. The group could:

- Stage and publicize special events
- Encourage property rehabilitation
- Develop design guidelines
- Work with town officials to encourage appropriate public-private partnership efforts
- Help new business owners establish successful ventures
- Recruit new businesses that are compatible with existing businesses

Initially the group could be a casual downtown organization, possibly under the wing of the

town's Economic Development Committee. When the downtown group establishes a track record, a more formal organization may be appropriate. Many New Hampshire downtowns have joined the Main Street Program, administered within the NH Community Development Finance Authority. The advantage of the Main Street Program is that it provides support drawn from over 1,200 Main Street programs nation-wide.

3.2.2 Parking

There appears to be adequate parking in downtown. The existing parking may not be as convenient or as well managed as it could be, however. We recommend that if a downtown organization is formed, its first order of business should be to examine the current parking configuration. It may be possible to establish head-in parking, which would be more convenient and encourage more of the traffic passing through downtown to stop and visit downtown businesses. It would also be prudent to examine parking patterns: the extent to which prime spaces are tied-up by employees or residents for an excessive period of time.



Downtown Parking

3.2.3 Linkages

One of downtown's assets is that there is a high population concentration in the neighborhoods immediately abutting downtown. This close-in population provides downtown with a captive market. The links between downtown and these neighborhoods are less than ideal, however. In some cases sidewalks are nonexistent or in poor condition. There are no established bike paths between the neighborhoods and downtown, raising safety and convenience issues. Improving these pedestrian and bicycle linkages on a phased, priority-specific manner, over a period of time would help encourage residential reinvestment and a healthier business climate in downtown.

3.2.4 Design Guidelines

Downtown has a number of architecturally significant buildings. Relatively few of these, however, have been rehabilitated to maximize their historic character. The Farmington Community Preservation Guild has been leading an effort in the community to draft model design guidelines for the downtown area. It is recommended that design guidelines for downtown, and possibly elsewhere, be incorporated into the town's site plan review process.



Downtown Design Features

3.3 Strategy Three: Pursue State and Federal Grants

Downtown Farmington is an appropriate setting for state and federal grant programs to encourage residential rehabilitation and commercial revitalization. The principal source of potential funding is Community Development Block Grants. The primary purpose of the Community Development Block Grant (CDBG) program is the development of viable communities, by providing decent housing, suitable living environments and expanding economic opportunities, principally for persons of low and moderate income. It is sponsored by the US Department of Housing and Urban Development (HUD) and administered through the NH Community Development Finance Authority (NHCFDA). There are several types of grants available:

- **Economic Development grants** provide funds through an annual set-aside for activities which create and retain employment, primarily for low and moderate income persons, by providing business financing through Regional Development Corporations, or through public facility improvements to support economic development efforts. The main goal in this category is to create jobs that provide good wages, benefits and training programs.
- **Affordable housing and housing rehabilitation grants** provide a municipality with the funds to purchase, rehabilitate, expand and improve the condition and supply of housing for low and moderate income homeowners and tenants. CDBG funds are often sub-granted to non-profit affordable housing developers for these purposes.
- **Public Facilities grants** include water/sewer system improvements, streets, sidewalks, handicapped access, and community centers that provide public services to low and moderate income persons.
- The objectives of a **feasibility study grant** are to determine whether or not a proposed CDBG project is feasible and/or to recommend specific action(s) to be undertaken and that at least 51% of the intended beneficiaries will be low and moderate income. Eligible activities include income surveys, architectural and engineering design, cost estimates, and market analyses.

All of these efforts are potentially appropriate to downtown Farmington. The objective in Farmington would not be to introduce more affordable housing units (Farmington accommodates its share of low and moderate income housing now), but rather to improve the quality of the housing stock, to improve the public areas in downtown and to encourage new business creation and jobs in downtown.

In addition to these grants, Farmington should aggressively pursue Community Facility Grants and Loans from the United States Department of Agriculture and the US Economic Development Administration. These grants are a potential source of funding for sewer and water improvements and for broadly based economic development initiatives.

Lastly, the NH Department of Transportation oversees various federal transportation grant programs. A new initiative is the recognition that alternative forms of transportation, including bikeways, are worthy of support.

3.4 Strategy Four: Adopt and Enforce Reasonable Development Standards

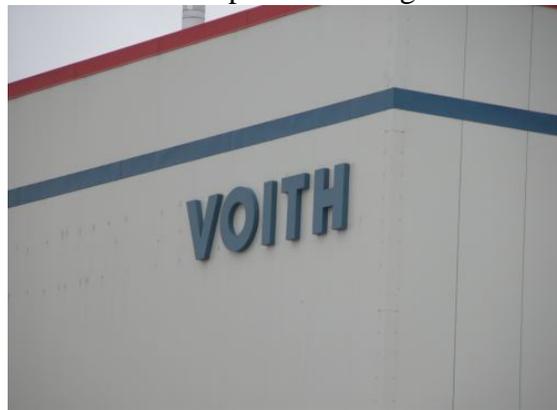
To many Farmington residents, development controls (enforced as a part of the town’s zoning and site plan review process) are seen as an impediment to economic development. One need only look to other communities in the region, however, to see that the region’s more prosperous communities typically adopt very strong development controls. Portsmouth is one example, where very strict design guidelines have generated high property values. In contrast, Farmington has willingly bent its development controls to accommodate businesses and residences. This is understandable, but the result has been, in too many instances, substandard development that is low in value and generates lower tax revenues. In effect, then, the lack of appropriate controls and weak enforcement of existing controls ends up costing existing taxpayers.

This is not to say that Farmington’s development controls should discourage development, but rather that they should insure quality development consistent with contemporary development standards. We recommend a continuing effort to refine the town’s development ordinances and a commitment to enforce existing provisions.

3.5 Strategy Five: Pursue Economic Diversity

There are two principal ventures in Farmington whose primary purpose is to assist in job creation and amplifying the town’s nonresidential tax base.

The first is Commerce Park. Commerce Park was developed by the Wentworth Economic Development Corporation, a non-profit development group located in Wolfeboro. Commerce Park is located on Route 11, three miles from Spaulding Turnpike (Route 16). The entrance road, Commerce Park Way was constructed in 1998. It was designed and built to handle the heavy truckloads that are shipped from and delivered to the Voith Sulzer Paper Technologies Service Center. There are underground utilities (electricity including three phase power, phone, etc.) and municipal water. There are 39 acres zoned industrial available. Unfortunately the park is located on land that is difficult and expensive to develop. It has proven to be uneconomic to extend roads and utilities without the financial participation of a new business or state/federal grants (which are generally only available when a new business has committed). As such, development of the park has been stymied—infrastructure cannot be developed without a new business and it is difficult to attract a new business without the extension of roads and utilities into the park. In time, however, an appropriate business may surface as a result of local and regional recruiting efforts.



Commerce Park

The second venture is the town's Sarah Greenfield Business Park, located at the intersection of Route 11 and Route 153. In its current configuration the park has a total area of 15 acres, of



which 7 acres remain available. There is additional vacant land potentially available along Route 11. Town sewer does not serve the park. Water service is nearby. All efforts should be made to seek a business or businesses that generate jobs and follow the design standards set forth at the origination of the park. Nonetheless, the park is conveniently located and its land is readily developable. It is recommended that:

- The park be extended by incorporating the adjacent parcel.
- The town give consideration to extending sewer service to the park when there is an identified need for sewer service to secure an incoming business that will generate jobs and is supported by a comprehensive plan.
- The Economic Development Committee continue to oversee the marketing and development of the park.

It is also recommended that the Economic Development Committee remain alert to additional sites for business park development that may come on the market. Appropriate sites would have the following characteristics:

- Be conveniently located with good access to Route 11.
- Be appropriately sized—at least 25 acres.
- Have current or potential future town sewer and water service.

Conventional thinking holds that economic development is best achieved by recruiting relatively large business enterprises. This has become increasingly difficult in the current economic environment. New Hampshire lost 25,000 manufacturing jobs between 2001 and 2004—a 25% decline. Further, the NH Employment Security Commission is anticipating continuing manufacturing employment losses during the coming decade.

It is appropriate for Farmington to look to small enterprises, including cottage industries and agricultural enterprises as a way to enhance the town's job base. The town's zoning ordinance should be reviewed to insure it accommodates home businesses and small businesses in a way that the planning board views as appropriate.

Agriculture is an additional source of economic diversity. Small-scale agricultural enterprises are experiencing a resurgence in New Hampshire. These enterprises add jobs and tax base while enhancing community character. They are compatible in Farmington's history and its desire to

preserve its historic, rural character. Enhancing agricultural enterprises can create positive economic benefits without the sizable investments and disruptions to community character that frequently accompany retail, service and industrial job creation. Farmington has a Farmer's Market operating on Saturdays, which provides an outlet for local products. Zoning that is supportive of these agricultural enterprises and collective marketing can enhance these opportunities.

Similarly, the creative economy is emerging as an important element of economic diversity in New Hampshire. The success of Portsmouth is partly supported by various arts and performance efforts. These frequently require community financial support in the form of inexpensive space. There are buildings in downtown Farmington that are underutilized (particularly upper floors) that could provide affordable living/working space for artists. This would add vitality to downtown Farmington.

As the federal government continues to privatize social services, the non-profit sector becomes a growing economic sector. Examples include the Visiting Nurse Association, which, unfortunately recently relocated from downtown Farmington to Route 11 in Rochester. Farmington has disproportionate needs due to its low and moderate income population. Efforts should be extended to encourage service providers to locate in Farmington, particularly in downtown Farmington.