

*Town of Chester,
New Hampshire*

Recreation Impact Fee

Prepared for
Town of Chester, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

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Adopted by Planning Board:

Effective Date:

Town of Chester Impact Fees

Recreation Impact Fee

A. Purpose of Report

This report and recommended impact fee schedule has been prepared for the Town of Chester at the request of the Chester Planning Board. It sets forth a methodology to calculate a proportionate impact fee for recreational facilities to be assessed to new development.

B. Authorization for Impact Fees

RSA 674:21, I (m) identifies impact fees as one of the innovative land use controls available to New Hampshire municipalities. Public recreational facilities, not including open space, are among the facilities eligible for impact fee assessment. Under this statute, impact fees may be used to recoup a proportionate share of the costs of capital improvements made in anticipation of the needs created by new development. Impact fee revenues may, therefore, be used for new construction of public recreational facilities in the future, or for making payments toward existing debt service, if existing, for public recreational facilities that have already been created to absorb the demands of new development.

Impact fees may be expended only for the purposes for which they are originally collected. In the case of public recreational facilities, costs related to providing adequate capacity to serve new development could include planning, design, property purchase, and the construction and improvement of public recreational facilities. Impact fees cannot be allocated toward maintenance and improvement projects that do not contribute to facility capacity. Impact fees may be used to offset renovation costs, but only where these renovations contributed to an increase in recreational capacity.

RSA 674:21, V (a) requires that impact fees represent a proportionate share of the capital improvement costs that are reasonably attributable to the demands of new development and to the benefits accruing to the development from the capital improvements financed by the fee. The “upgrading” of existing facilities (for example, the cost of improving quality or level of service) is not reimbursable by impact fee assessments. The municipality may only charge impact fees for the *growth related portion* of capital facility costs, as reflected by the demands on facility capacity that are reasonably attributable to new residential development.

C. Methodology and Approach

This Recreation Impact Fee is modeled after the “Goffstown, NH Recreational Facilities Impact Fee” procedure adopted by the Town of Goffstown on February 13, 2003. This

procedure was developed by the Town of Goffstown and is based upon a methodology which is commonly referred to as an average unit cost or incremental expansion approach to the calculation of impact fees. The incremental expansion method documents the current level of service for recreational facilities in both quantitative and qualitative measures. The intent is to use impact fee revenue to expand or provide additional recreational facilities, as needed to accommodate new development, based on the current cost to provide the capital improvements.

This methodology can be applied and has been adapted to reflect local demographic and fiscal characteristics of the Town of Chester. These characteristics are best represented, not by national standards and criteria, but by the existing level of public recreational facilities in Chester. These facilities, developed and constructed over a period of time, are those that the community has deemed as required, setting the local standard. It is assumed that this standard is not only appropriate as a current standard, but that it is the appropriate future standard for the Town of Chester as well.

In order for this methodology to work the standard, itself, must be translated into a dollar value. To do so requires that an inventory of all the town's recreation facilities be taken (see following Table 1) and that the three basic elements of these facilities: the current dollar value of the land, the facilities, and any necessary parking be defined. Under this approach, the current dollar value of the sum of these elements is the current standard for public recreational facilities in the Town of Chester.

- Recreation Land Value: As identified in the following Table 1, all of Chester's recreation land is identified by tax map and lot and total acres. The current dollar value of this land has been determined from the town's tax assessment cards and this property assessment value has been corrected to represent current sales value as of 2010. In 2010, property in Chester was assessed at 115 percent of its sales value.
- Recreation Facility Value: The current dollar value of Chester's recreation facilities identified in Table 1 reflect the current replacement value of the facility, not including land cost. The current replacement value is determined based upon the town's tax assessment records corrected to represent current sales value as of 2010.
- Recreation Parking Value: The number of parking spaces as well as the size of the parking lots constructed for each specified recreation facility in Table 1 reflect what the Town of Chester believes is the necessary amount of parking required for these facilities, based on current facility usage. This amount, however, may not be what is needed to achieve full capacity, due to physical space or financial limitations. As a result, the parking costs reflected in Table 1 are not based on actual construction cost per space for both on-grade (dirt) and paved parking. Thus the value is determined based upon the town's tax assessment records corrected to represent current market value of the land as of December 11, 2010.

One of key assumptions in this impact fee methodology is that Chester’s public recreation facilities are used 100 percent by the residents of the housing units located within the town, adjusted by an estimate of the anticipated number of school-age children in each type of housing unit. This assumption reflects the fact that the primary users of Chester’s recreation land, facilities and parking are the residents of the community and in particular school-age children in the community.

To determine the impact fee multiplier for each type of housing unit under this methodology, an adjustment is made to address the anticipated number of school-age children by each type of dwelling unit. This adjustment is calculated by utilizing the most up to date data on the total number of dwelling units by structure type located within the Town of Chester and applying school-age children multipliers (public school generation figures) available from the most recent published data as provided by the following report: *Housing and School Enrollment in New Hampshire: An Expanded View*.¹ The total number and type of dwelling units currently existing in Chester is obtained from the Town of Chester’s assessment records and compared to past US Census data – see following Table 2.

The resulting adjusted multiplier for each type of dwelling unit is then multiplied by the number of total number of dwelling units to determine the number of *cost units* upon which the impact fee is based. To determine the fees, the total dollar value of all the town’s public recreational facilities (derived from Table 1) is divided by the total number of cost units (derived from Table 2). The impact on each type of housing unit is then found by multiplying the cost unit by the multiplier ratio (as shown in Table 2).

By applying this methodology, all of the public recreational facilities owned by the Town of Chester are treated as an integrated system of lands and facilities serving the public recreational needs of all residents. Thus, the impact fees derived are not specifically attached to any particular housing development or to any one area of town. Instead, the fees are based on the *average unit cost* of providing recreational facilities, to Chester’s standard, in proportion to the demand created by new housing units built within the community.

One of the generally accepted principles of impact fee assessment is the calculation of appropriate “credits” to the fee-payer that recognize the contribution of property tax revenues which are paid to provide public recreation capacity. Future revenue credits are necessary to avoid potential double payment situations arising from a one-time impact fee payment, plus the payment of other revenues that may also fund growth-related capital

¹ *Housing and School Enrollment in New Hampshire: An Expanded View*, May 2005, prepared for New Hampshire Housing Finance Authority, by Applied Economic Research, Laconia, NH, pages 11 and 12. Also see: http://nhhfa.org/rl_docs/housingdata/school_enrollment/SchoolStudy.pdf

improvements. This is directly relevant in the case of debt service wherein payments are made by town residents toward any outstanding recreation bonds.

Currently, the Town of Chester is financing a strategic land protection bond in the amount of \$3,000,000 which will be paid off in the year 2012. As a result, a credit for future payments on this bond between the years 2011 and 2012 must be made. To account for these payments, the annual bond payments per each housing structure type in Chester are discounted using a net present value formula based on the most current applicable discount rate as shown in the following Table 3.

In addition, to this bond payment credit, an additional credit must be applied with respect to any state or federal dollars received by the Town of Chester which may have been used in the purchase or construction of any of the town's existing recreation facilities. This is important as this source of funding reduces the current value of the applicable recreation land and facilities in terms of the actual cost of that facility to the taxpayers. According to the Town Recreation Coordinator, the Town of Chester received federal grants through the Land and Water Conservation Fund in 1988 in the amount of \$2,500 for Nichol's Field and \$100,000 for the purchase of Wason Pond. As a result, the current total dollar value of these specific recreation lands has been reduced accordingly in Table 1.

In summary, each of above principles in this impact fee methodology are based upon reasonable assumptions that translate the expected demand on the public recreation facilities in Chester from new housing into a proportionate charge for the value of the capacity to be consumed. While no method will perfectly anticipate the exact recreation demands of every housing unit to be developed in the future, the proportionate and reasonable charges identified in this report adequately illustrate and document a standardized methodology for the calculation of public recreational impact fees that reflect the unique characteristics of the Town of Chester.

It is important to note however that this impact fee methodology and approach relies on numerous variables which may change over time and which may need to be adjusted to reflect current land costs, construction or replacement costs, local assessed property values, and other factors. As a result, it is recommended that future updates to this model be made as necessary to keep it current with changing demographics.

D. Calculation of the Impact Fees

The following Tables 1, 2, 3 and 4 provide the documentation of the data and calculations used in determining the Town of Chester's impact fees for public recreation facilities. These impact fees only apply to new housing within the community.

Table 1: Inventory/Value of Town of Chester Recreation Land/Facilities/Parking

Map and Lot	Recreation Land/Facility or Parking	Total Acres	Assessed Dollar Value	Market Value		
017-005-000	Ball Field	2	\$143,700	\$124,957		
	Raw Land	3	\$31,100	\$27,044		
	No parking					
	Subtotal	5	\$174,800	\$152,001		
016-026-000	Ball Field	2	\$125,000	\$108,696		
	Raw Land	0.66	\$5,600	\$4,870		
	Soccer Shed		\$1,000	\$870		
	Baseball Shed		\$1,400	\$1,218		
	Skateboard Surface		\$1,600	\$1,392		
	2 Baseball Dugouts		\$200.00	\$174		
	Exterior Fencing - 6 feet		\$3,400	\$2,957		
	Interior Fencing - 5 feet		\$2,100	\$1,826		
	Snack Shack		\$1,700	\$1,479		
	Parking for 30 cars (dirt)		\$900	\$783		
		Subtotal	2.66	\$141,900	\$123,395	
016-027-000	Land	0.47	\$42,200	\$36,696		
	Basketball Court	50 x 90 feet	\$4,000	\$3,479		
	Fencing - 6 feet		\$1,300	\$1,131		
	Subtotal	0.47	\$47,500	\$41,306		
016-007-000	Land	1.03	\$169,000	\$147,740		
	Stevens Hall		\$474,700	\$412,783		
	Parking for 20 cars (paved)		\$7,700	\$6,696		
	Subtotal	1.03	\$651,400	\$567,219		
005-012-000	Multi-Purpose Room	8,636 SF	Combined Value	Combined Value		
	2 - Rooms behind Police Dept.	1,800 SF			\$603,098	\$524,433
	Parking for 45 cars (paved)				\$29,300	\$25,479
	Subtotal	0.24	\$632,398	\$549,912		
008-027-000	Wason Pond Recreation/Community Center Land and playground	2	\$112,500	\$97,826		



	Dam		\$2,500	\$2,174
	Building		\$109,400	\$95,131
	Shed		\$1,300	\$1,131
	Future Ball Field Land	2	\$112,500	\$97,826
	Parking for 75 cars (dirt)		\$1,500	\$1,305
	Barn		\$17,600	\$15,305
	Beach Cottage Land	1	\$53,000	\$46,087
	Cottage		\$29,500	\$25,653
	Recreation Building		\$35,500	\$30,870
	Bathhouse		\$55,900	\$48,609
	Groomed Trails	3 Miles	\$10,000	\$8,696
	Former Camp Sites/Land	9	\$141,000	\$122,609
	<i>Wilderness/Conservation Land*</i>	<i>88.92*</i>	<i>\$444,600*</i>	<i>\$386,609*</i>
		Subtotal	14	\$682,200
		Totals	23.4	\$2,330,198
Less Credit	Land and Water Conservation Federal Funds			
	Nichol's Field		\$2,500	\$2,500
	Wason Pond		\$100,000	\$100,000
		Net Totals	23.4	\$2,227,698
				\$1,717,942

*Note: Wilderness/Conservation Land (88.92 acres) cannot be included in the impact fee assessment methodology per RSA 674:21, V(a) and thus are excluded from the total recreation values for this impact fee.

Source: Prepared by the Town of Chester based upon Town of Chester Assessment Records (2010). All assessment values have been converted to current (2010) dollar values based on the town's existing 115% assessment ratio.



Tables 2, 3, 4: Total Dwelling Units by Structure Type/Cost Units and Impact Fee Assessment

**Table 2
Total Number of Dwelling Units**

Structure Type	1990	2000	2008	2010
Single Family Detached	800	1,113	1,451	1,494
Duplex Structures	24	24	71	71
Multifamily 3-4 Units	10	4	8	10
Multifamily 5 or More Units	11	14	1	2
Manufactured Housing	27	26	13	12
Totals	916	1,247	1,544	1,589

Source: 1990 and 2000 Census and Town of Chester Assessment Records

**Table 3
Calculation of Cost Units**

Structure Type	School Multiplier	Multiplier Ratio	Multiplied by	Equals = Cost Units
			Total Dwellings	
Single Family Detached	0.54	100%	1,494	1,494
Duplex Structures	0.38	70%	71	50
Multifamily 3-4 Units	0.34	63%	10	6
Multifamily 5 or More Units	0.21	39%	2	1
Manufactured Housing	0.34	63%	12	8
Total	-	-		1,559

Source: School Multiplies from Housing and School Enrollment in New Hampshire: An Expanded View, May 2005

**Table 4
Impact Fee Assessment**

Structure Type	Multiplier Ratio	Multiplied by	Equals =
		x Value of Total Cost Units*	
Single Family Detached	100%	1,429	\$1,429
Duplex Structures	70%	1,429	\$1,000
Multifamily 3-4 Units	63%	1,429	\$900
Multifamily 5 or More Units	39%	1,429	\$557
Manufactured Housing	63%	1,429	\$900

*Note: Total Value of Public Recreation Facilities (\$2,227,698) divided by Total Cost Units (1,559)
 Equals = Value of Total Cost Units
 Source: Southern New Hampshire Planning Commission

Table 4: Credits for Bond Payment

IMPACT FEE CREDIT CALCULATION FOR RECREATION BOND							
Initial Principal:	\$3,000,000			Years:	\$10		
Year	Principal Balance	Principal Paid	Interest Paid	Total Payment	Less State Aid	Net Local Cost	Portion of Bond Attributable To Recreation Land Costs - 100%
Original Bond 2002	\$3,000,000		\$84,969				
2003		\$300,000	\$107,625	\$407,625	\$0	\$407,625	\$407,625
	\$2,700,000						
2004		\$300,000	\$97,125	\$397,125	\$0	\$397,125	\$397,125
	\$2,400,000						
2005		\$300,000	\$86,625	\$386,625	\$0	\$386,625	\$386,625
	\$2,100,000						
2006		\$300,000	\$76,125	\$376,125	\$0	\$376,125	\$376,125
	\$1,800,000						
2007		\$300,000	\$65,625	\$365,625	\$0	\$365,625	\$365,625
	\$1,500,000						
2008		\$300,000	\$54,750	\$354,750	\$0	\$354,750	\$354,750
	\$1,200,000						
2009		\$300,000	\$43,125	\$343,125	\$0	\$343,125	\$343,125
Dec. 15, 2009	\$900,000						
Future Payments:							



2010		\$300,000	\$31,125	\$331,125	\$0	\$331,125	\$331,125			
	\$600,000									
2011		\$300,000	\$18,937	\$318,937	\$0	\$318,937	\$318,937			
	\$300,000									
2012		\$300,000	\$6,375	\$306,375	\$0	\$306,375	\$306,375			
August 15, 2012	\$0									
TOTAL ALL PAYMENTS		\$3,000,000	\$672,406	\$3,587,437		\$3,587,437	\$3,587,437			
				Present Value - Credit for Debt Service on Facilities Serving Existing Demand						
				(Future Payments Only - Year 2010 to 2012)				\$956,437		
				Discount Rate			0.75%*			
				NPV of Remaining Attributable to Base Year Need				\$450,406		
				Taxable Valuation of Town (2010)				\$616,576,000		
				Credit Per Thousand Assessed				\$0.73		
								<u>Credit Schedule</u>	<u>Median Valuation</u>	<u>Conservation Debt Credit</u>
								Single Family Detached	\$351,900	\$26
								2 + Family	\$384,764	\$28
								3-4 Multi-family	\$343,300	\$25



										> 5 Multi-family	\$715,600	\$52
										Manf. Housing	\$189,600	\$14

*Federal Discount Rate as of 12/10

Note: Taxable Valuation of Town (2010) per NH Department of Revenue Administration

Note: Median Valuation from Town Assessor's office based on projected 2010 assessment ratio of 115%



E. Impact Fee Schedule

The following Impact Fee Schedule below provides the final calculation and assessment guidelines in determining the maximum sustainable impact fees the Town of Chester can assess for public recreation facilities. The resulting fees are determined according to the type of housing unit structure built within the Town of Chester and are derived by subtracting credits for future bond payments on the town’s existing recreation bond until the year 2012 at which time the bond matures.

1. Impact Fee Schedule

Structure Type	Impact Fees from Table 4	Less Bond Payment Credit	Equals = Maximum Sustainable Impact Fee Per Unit`
Single Family Detached	\$1,429	\$26	\$1,403
Duplex Structures	\$1,000	\$28	\$972
Multifamily 3-4 Units	\$900	\$25	\$975
Multifamily 5 or More Units	\$557	\$52	\$505
Manufactured Housing	\$900	\$14	\$886

Source: Southern New Hampshire Planning Commission

2. Impact Fee Schedule with 25% Reduction

Structure Type	Max. Sustainable Impact Fees	Less 25%	Equals = Impact Fee Per Unit`
Single Family Detached	\$1,403	\$351	\$1,052
Duplex Structures	\$972	\$243	\$729
Multifamily 3-4 Units	\$975	\$244	\$731
Multifamily 5 or More Units	\$505	\$126	\$379
Manufactured Housing	\$886	\$221	\$665

Source: Southern New Hampshire Planning Commission

At the discretion of the Town of Chester Planning Board, the actual impact fees to be assessed new dwelling units for recreation facilities should be based on the maximum sustainable fees as calculated in Table 1 Impact Fee Schedule. However, to account for the current downturn in the economy, at the recommendation of the Planning Board the fees can be modified and reduced by 25 percent as shown in Table 2 Impact Fees with 25% Reduction. It is recommended that the Planning Board implement this fee reduction which is consistent with the recently prepared traffic impact fee schedule.

3. Standard Waiver Recommendation

None.

4. Structural Types for Impact Fee Assessment

The impact fee assessment schedule is a charge per dwelling unit by type of structure for new construction or conversion activity that would result in a net increase in the number of dwelling units. The various construction or structure types for which impact fees have been calculated are based on the Town of Chester's assessment records of the following land use categories. These categories are defined as follows:

Single-Family Detached (1-Unit, Detached) – Single-Family detached housing consists of a one dwelling unit structure detached from any other structure with open space on all four sides. Such structures are considered detached even if they have an adjoining shed or garage. A one-family house that contains a business is considered detached as long as the building has open space on all four sides. In the case of a mobile home, where one or more rooms have been or will be added, the unit should be assessed under the Manufacturing Housing classification as defined below.

Duplex/Two-Unit – These are structures containing a maximum of two dwelling units. Apartment buildings, where a floor separates the units, or which are separated by a wall generally fit within these structural types provided there are no more than two dwelling units in the structure.

Multi-family Structures (3 or 4 Units) – These are structures containing a maximum of three to four dwelling units each and can consist of apartments, townhouse or condominiums. For the purpose of impact fee assessment, structures with 3 to 4 units tend to have higher school enrollment multipliers than larger multi-family buildings.

Multi-family Structures (5 or more Units) – These are structures containing a minimum of five dwelling units and can consist of apartments, townhouse or condominiums. This structure type is broken out separately since these buildings tend to have lower school enrollment multipliers than multi-family structures with fewer dwelling units.

Manufactured Housing – includes units classified by the Town of Chester as mobile homes or trailers to which no permanent rooms have been added.

This impact fee schedule is applied by type of structure, to any new construction or conversion activity that results in a net increase in the number of dwelling units.

5. Conversions and Additions

In cases where a conversion or addition to a structure changes the number of dwelling units within the structure to a new classification of dwelling unit, the impact fee may be computed by calculating the impact fee for the new use and number of units, and subtracting the fee that would have applied to the existing development if it were new. For example, if a single family home were converted to a duplex:

Fee for duplex dwelling unit:	2 units @ \$729	=	\$1,458
Less schedule amount for single-family unit			<u>(\$ 1,052)</u>
			\$406

In the above example, the net positive difference of \$406 represents the value of the net impact created by the change in use from a single-family home to a duplex or two-family unit. By applying this procedure, the baseline impact already present in the form of an existing single family home is taken into account. The conversion is then assessed only for the incremental impact generated by the change. In order to address these and other similar types of conversions and additions, the Town of Chester building and/or planning department should be responsible for working with the fee-payer at the time of building permit.

6. Updating the Fee Schedule

The impact fee methodology has been designed to allow for future updates or modification of the underlying assumptions. Periodically, the variables in the impact fee model can be updated based on new information and documentation to produce revised impact fee amounts. These variables include changes in:

- Assessment/market value and purchase costs;
- Facility replacement costs;
- Parking lot construction costs;
- A change in the number of students relative to the various housing types; and
- A change in proportion of the various housing types to total housing.

Updates to the fee schedule using the methodology described in this report should be made after consideration of all of the variables involved, as some of these elements are interdependent. The impact fee ordinance should include policies that address the frequency and procedures for adopting updated calculations and fee schedules.

F. Implementation/Collection of the Impact Fees

Chester's impact fees for recreational facilities represent a *one-time charge* collected at the point where new residential dwelling units are to be authorized by building permit. As such, this methodology recognizes each new dwelling unit as a permanent addition to the base of demand placed on Chester's recreational facility capacity, and recognizes that the average use of these facilities may vary by type of dwelling unit, size of unit, and number of bedrooms.

These requirements, however, do not prevent the Town of Chester and the assessed party from establishing an alternate, mutually acceptable schedule of payment of impact fees in effect at the time of subdivision plat or site plan approval by the planning board. If an alternative schedule of payment is established, the Town of Chester may require developers to post bonds, issue letters of credit, accept liens, or otherwise provide suitable measures of security so as to guarantee future payment of the assessed impact fees in accordance with RSA 674:21.

The actual implementation of this impact fee methodology and the resulting fee schedule developed herein are subject to the Town of Chester's current "fair share" or impact fee ordinance (Article 14, Town of Chester Zoning Ordinance). While this methodology establishes a rational basis for determining proportionate dollar amounts for impact fees that could be assessed for recreation facilities under the provisions of Chester's ordinance, the impact fees to be assessed and collected as a result of this report must be implemented primarily to ensure that adequate public facilities remain available to accommodate new growth and to obtain more of the revenues needed for such facilities at the time new development takes place.

More importantly, it is advisable the Town of Chester, continues to update it's capital facilities improvement program on an annual basis to ensure that the impact fees collected through adoption of this impact fee schedule are spent by the town within six years of collection and that the recreation facilities and improvements outlined in the CIP remain consistent with the funding appropriated for them.

Provided on the following page is a list dated November 2, 2010 prepared by the Town of Chester Recreation Department identifying some of the new recreation facilities and estimated costs for construction for which the impact fees collected by the Town of Chester may be applied. It is critical to remember that all impact fees assessed and collected by the Town must be spent within six years, otherwise the town is legally bound under RSA 674:21 V (e) to refund the fees with any accrued interest.

In addition, in order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to RSA 674:5-7.



**Town of Chester
Recreation Department**
Municipal Office Building
84 Chester Street
Chester, New Hampshire 03036

September 27, 2010,

Proposed for Consideration for "Impact Fee" expenditures

Wason Pond Complex

- Construct ball fields
- Purchase benches & bleachers for athletes & spectators
- Construct dugouts for baseball areas (if Easement allows)
- Purchase & place soccer goals, football goalposts, lacrosse goals, and etc at ball field area
- Exterior fencing around the ball field area
- Purchase & install irrigation for Wason Pond ball fields
- Construct outbuildings for ball field area per Easement
 - 2- 20'x20' storage sheds for athletic equipment storage
 - 1- toilet facility to include 3 men's stall bathroom and 3 women's stall Bathroom
- Purchase field lining equipment for field delineation
- Purchase mower/tractor with attachments and trailer for mowing, spreading, & aerating fields, for York-raking beach area and for clearing trails of debris/trash
- Rebuild/replace bath house for beach area so it is usable by beach patrons
- Build 1- 40'x20' Gazebo per easement description
- Buy/install volleyball posts/nets for beach area
- Build horseshoe pits at Community Center
- Create an outside meeting/gathering area (large patio) at the Community Center

Other Ideas

- Expand/improve skate park to increase visibility, improve safety concerns, provide safety fencing and to increase usage.
- Rebuild current basketball/skating rink so it is constructed to original plans from original materials specifications, is level, holds water, and can be used for basketball in spring/summer/fall and for skating in the winter.

RECREATION DEPARTMENT

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