

*Town of Chester
New Hampshire*

Recreation Impact Fee

Prepared for
Town of Chester, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

December 2009
Updated September 2016

Adopted by Planning Board: September 28, 2016

Effective Date: September 28, 2016



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. This report has been updated as of September 2016.

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.

RSA 674:21,V (l) requires no later than 60 days following end of fiscal year that the Town prepare a report listing all expenditures of this impact fee revenue for the prior fiscal year, identifying the capital improvement project for which the fees were assessed and stating the dates upon which the fees were assessed and collected.

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 updated 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 market value as of 2016. In 2016, property in Chester was revalued at 100 percent of market value.
- Recreation Facility Value: The current dollar value of Chester’s recreation facilities identified in updated 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 market value as of 2016.
- Recreation Parking Value: The number of parking spaces as well as the size of the parking lots constructed for each specified recreation facility in updated Table 1 reflects 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 updated

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 July 2016.

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 are obtained from the Town of Chester's assessment records and 2010 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.

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

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

Previously, the Town of Chester was financing a Strategic Land Protection Bond in the amount of \$3,000,000. According to the Town Finance Officer this bond was paid off in the year 2012 and currently there is no outstanding recreation bond or new recreation bonds planned for the community. As a result, no credit for future payments on this bond are required for this impact fee update.

However, a 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. See following **Table 1: Inventory / Value of Town of Chester Recreation Land / Facilities / Parking**

Map and Lot	Recreation Land / Facility or Parking	Total Acres	Assessed Dollar & Market Value *
017-005-000	Ball Field	3.0	\$103,500
	Raw Land	2.0	\$27,900
	Interior Chain Link Fencing - 5 feet high	820 feet	\$2,100
	Baseball Shed	--	\$1,800
	4 Baseball Dugouts	--	\$800
	No parking	--	--
Subtotal		5.0	\$136,100
016-026-000	Ball & Soccer Field	2.0	\$90,000
	Raw Land	0.66	\$5,000
	Snack Shack	--	\$2,300
	Skateboard Surface & Fixtures (Cost \$60K)	0.12	\$4,500
	Exterior Chain Link Fencing - 6 feet high	320 feet	\$3,400
	Soccer Shed	--	\$1,200
	Parking for 30 cars (dirt)	0.28	\$2,500
Subtotal		2.66	\$108,900
016-027-000	Land	0.47	\$30,400
	Basketball Court (cost \$21,000)	0.11	\$8,900
	Exterior Chain Link Fencing - 6 feet high	170 Feet	\$1,200
Subtotal		0.47	\$40,500
016-007-000	Land	1.03	\$156,700
	Stevens Hall	--	\$367,600
	Parking for 20 cars (paved)	--	\$21,400
Subtotal		1.03	\$545,700
005-012-000	Multi-Purpose Room	8,636 SF (.19)	\$552,429
	2 - Rooms behind Police Dept.	1,800 SF (.04)	
	Land	0.25	\$25,874

	Ballfield (Under Construction)	1.0	\$42,800
	Parking for 45 cars	0.56	\$81,300
	Parking for 24 cars (<i>dirt</i>)	0.24	\$2,300
	Subtotal	0.72	\$704,703

Map and Lot	Recreation Land / Facility or Parking	Total Acres	Assessed Dollar Value
008-027-000	Playground Equipment		\$37,500
	Wason Pond Community Center		\$96,000
	Community Center Frontage Land	2.0	\$101,300
	Fencing 5' Chain Link		\$4,300
	Covered Bridge (Trail Network) (Structure)		\$32,000
	Parking for 24 cars (<i>dirt</i>)		\$400
	Parking for 68 cars (<i>dirt</i>)		\$900
	Dam		\$180,000
	Shed		\$1,600
	Ball Field Land & Playground Land	5.0	\$109,400
	Parking for 90 cars (<i>dirt</i>)		\$1,700
	Barn		\$29,700
	Beach Cottage Land	1.0	\$53,000
	Cottage		\$27,400
	Recreation Building/ with Attached Garage		\$36,200
	Bathhouse		\$30,900
	Groomed Trails	3 Miles	\$10,000
	<i>Wilderness/Conservation Land*</i>	88.92*	\$397,900*
		Subtotal	96.92* - 8
170-007-000	Town Natural Area		
	Parking for 24 cars (<i>grassed</i>)	0.20	\$1,900
	Groomed Trails	2.0	\$103,500
	<i>Wilderness/Conservation Land*</i>	12.39*	\$64,100*
	Subtotal		\$169,500* - \$105,400



SNHPC

	Totals	17.88	\$2,845,603* - \$2,383,603
Less Credit			
	Land and Water Conservation Federal Funds	--	--
	Nichol's Field	--	\$2,500
	Wason Pond	--	\$100,000
Net Totals		17.88	\$2,281,103

*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 (2016). All assessment values have been converted to current (2016) dollar values based on the Town's existing 100% assessment to market ratio based on 2016 revaluation.

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

**Table 2:
Total Number of Dwelling Units, 2010 and 2015**

Housing Type	2010	2015
Single-Family Detached	1,494	1,555
Duplex (Two Attached Units)	71	48
Multi-family 3+ Units	10	11
Condo/Townhouse	22	58
Apartment in Mixed-Use (Units)	2	8
Mobile Home	12	17
Totals	1,589	1,697

Source: 1990 and 2000 Census and Town of Chester Assessment Records and SNHPC land use data collected from building and certificate of occupancy permits 2011-2016.

Table 3: School Multipliers by Structure Type and Total Cost Units

Structure Type	School Multiplier	Multiplier Ratio	Multiplied by Total Dwellings	Equals = Cost Units
Single-Family Detached	0.54	100%	1,593	1,593
Duplex (Two Attached Units)	0.38	70%	127	88.9
Multi-Family (3+ Units)	0.34	63%	11	6.93
Condo/Townhouse	0.08	15%	26	3.9
Apartment in Mixed-Use (Units)	0.45	83%	14	11.62
Mobile Home	0.34	63%	8	5.04
Total	-	-	1,779	1,709

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

Table 4: Recreation Impact by Dwelling Unit Type

Structure Type	Multiplier Ratio	Multiplied by X Value of Total Cost Units*	Equals = Impact per Dwelling Unit Type
Single-Family Detached	100%	1,335	1,335
Duplex (Two Attached Units)	70%	1,335	935
Multi-Family (3+ Units)	63%	1,335	841
Condo / Townhouse	15%	1,335	200
Apartment Unit / Mixed-Use	83%	1,335	1,108
Mobile Home	63%	1,335	841

*Note: Total Value of Public Recreation Facilities (\$2,281,103) divided by Total Cost Units (1,709) Equals = Value of Total Cost Units. Source: Southern New Hampshire Planning Commission

E. Impact Fee Schedule

The following Table 5: Impact Fee Schedule provides the final calculation and assessment guidelines in determining the maximum sustainable impact fees the Town of Chester that can be assessed for public recreation facilities. The resulting fees are determined according to the type of housing unit structure built within the Town of Chester.

Table 5: Impact Fee Schedule

Unit Type	Impact Fee (\$)	25% Credit (\$)	Maximum Sustainable Impact Fee Per Unit (\$)
Single-Family Detached	1,335	334	\$1,001
Duplex (Two Attached Units)	935	234	\$701
Multi-Family (3+ Units)	841	210	\$631
Condo/Townhouse	200	50	\$150
Apartment Unit / Mixed-Use	1,108	277	\$831
Mobile Home	841	210	\$631

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. In 2010 the impact fee schedule with a 25% reduction was proposed given current recession at that time. This 25% reduction is completely optional however given the current pace of development and the current economic upturn, it is recommended that the Planning Board implement the maximum sustainable impact fee schedule as presented in Table 1. On September 28, 2016, the Chester Planning Board approved the updated fees presented in Table 5.

3. Standard Waiver Recommendation

. See Section 14.9 Application for a Waiver from the Fair Share Contribution Requirement of Article 14 Fair Share Contribution of the Town of Chester Zoning Ordinance. This section outlines the procedure by which the Planning Board can consider a waiver of impact fees.

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 – Single-Family detached housing includes **all** single-family detached homes on an individual lot, including manufactured homes.

Duplex (2 Attached Units) – A single-family dwelling attached to one other single-family dwelling by a common wall or other means.

Multi-family (3-6 Units) – Multi-family housing comprises a residential building designed to occupy three (3) to six (6) families that have separate housekeeping facilities whether or not attached by common vertical walls or other means including apartment houses, condominiums, cooperatives or other residences involving a form of shared ownership.

Apartment Unit in Mixed-Use Building – Apartment Units in Mixed-Use Building are rental dwelling units that co-exist, with commercial businesses within the same building (normally above the commercial units). .

Condominium / Townhouse/ –A residential condominium is real property or any interest therein pursuant to RSA 356-B:3 V. In addition, any buildings involving cooperative ownership or condominium shall be considered a condominium. A residential Townhouse has at least one or more adjacent single-family owned unit normally connected by a shared vertical wall. Both condominiums and Townhouses are included in this land use category.

Mobile Home – A structure, transportable in one or more section, which is built on a permanent chassis and designed to be used with or without a permanent foundation when connected to the required utilities. It does not include recreational vehicles or travel trailers. The term includes but is not limited to, the definition or “mobile homes” as set forth in regulations governing the Mobile Home Safety and Construction Standards Program (24 CFR 3282.7 (a)).

Senior Housing – senior adult housing generally includes independent elderly living developments including age-restricted. These communities, which often house active but retired adults, would be expected to generate fewer vehicle trips than non-age restricted developments.

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 @ \$701	=	\$1,402 Less
schedule amount for single-family unit			<u>\$1,001</u>
			\$401

In the above example, the net positive difference of \$ \$401 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 its 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. On April 27, 2016, the Planning Board adopted an updated Capital Improvement Program (CIP) for FY 2016-2022.



Chester Planning Board

84 Chester Street
Chester, NH 03036
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August 30, 2016

To: Chester Planning Board
Town of Chester, NH

Re: Additional Potential Recreation Commission Projects
Recreation Commission
Town of Chester, NH

Dear Planning Board Members,

Last fall, the Capital Improvements Plan (CIP) for the Recreation Commission was updated to include new projects proposed by the Town of Chester's Recreation Commission. When the list of projects to be included in the updated CIP was finalized by the Planning Board, a number of projects were not included because they either did not score high enough, did not have enough supporting documentation provided, or were scheduled out past the seven-year scope of the CIP update.

Below is a list of these projects, which, depending on shifts in priorities, funding, and public support, may be included in future updates of the Recreation CIP. The projects are separated into two categories. The first category are projects proposed for the Wason Pond Conservation and Recreation Area, and the second category are projects that will occur either at the French Ballfields at the center of Town, Spring Hill Farm, or are mobile between all Town properties. The costs shown below are estimated gross capital costs.

Wason Pond Conservation & Recreation Area	
Ballfields Irrigation	\$60,000
Refurbish Beach Bathhouse	\$15,000
Beach Area 20'x40' Pavilion	\$40,000
Fitness Trail	\$15,000
Gross Capital Cost:	\$130,000

Other Recreation Projects:	
4 Portable Light Towers for Ballfields	\$50,000
Technology Center @ Community Center	\$10,000
Mobile Concession Stand	\$25,000
Town Tennis Courts	\$50,000
Spring Hill Farm Sledding Hill Parking Area	\$10,000
Community Walking Track	\$100,000
Town Dog Park	\$50,000
Refurbish Skating Rink / Basketball Court	\$25,000
Refurbish Skateboard Park	\$50,000
Splash Pad	\$83,000
Gross Capital Cost:	\$453,000

Sincerely yours,

Andrew L. Hadik

Andrew L. Hadik
 Planning Coordinator
 Chester Planning Board

Corinna L. Reishus

Corinna L. Reishus
 Recreation Coordinator
 Chester Recreation Commission