

***Town of Chester
New Hampshire***

Library Impact Fees

Prepared for
Planning Board
Town of Chester, New Hampshire

Prepared by
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Town of Chester Library Impact Fees

A. Purpose of Report

This report provides a basis for the Town of Chester to update its impact fee for library facilities, including the library building and collection materials, to be assessed to new development within the community. The procedures for impact fee assessment are detailed in Article 14 (Fair Share Contribution) of the Town of Chester Zoning Ordinance and the State of New Hampshire Revised Statutes Annotated (RSA) 674:21, V. The amount of the Library Impact Fee is based on the methodology and impact fee schedule detailed in this report, which documents the basis for the fees.

B. Authorization for Impact Fees

The establishment and assessment of impact fees are authorized by New Hampshire RSA 674:21, V. As defined in RSA 674:21, V, an impact fee is *“a fee or assessment imposed upon development, including subdivision, building construction, or other land use change, in order to help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality.”*

An impact fee is a one-time charge to new development, which is intended to offset the proportional impact of that new development on the costs borne by local government to provide public capital facilities. Under the provisions of RSA 674:21, V., *“public library facilities”* are eligible for impact fee assessment.

In accordance with RSA 674:21, V(b), in order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to the requirements of RSA 674:5-7. On December 15, 2021, the Town of Chester Planning Board adopted an updated Capital Improvements Program (CIP) for 2022-2029.

The provisions of RSA 674:21, V(c) require that impact fees must be *“accounted for separately, segregated from the municipality’s general fund, [and] may be spent upon order of the municipal governing body.”* In addition, impact fee revenue is *“exempt from all provisions of RSA 32 relative to limitation and expenditure of town moneys, and shall be used solely for the capital improvements for which it was collected, or to recoup the cost of capital improvements made in anticipation of the needs which the fee was collected to meet.”* Impact fees cannot be used for the costs of upgrading or maintaining existing facilities and infrastructure if those needs were not explicitly necessitated by new development.

In 2012, the New Hampshire Legislature adopted several amendments to RSA 674:21 regarding the administration of impact fees. A new subsection (l) was inserted which states that, *“No later than 60 days following the end of the fiscal year, any municipality having adopted an impact fee ordinance shall prepare a report listing all expenditures of 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. The annual report shall enable the public to track the payment, expenditures, and status of the individually collected fees to determine whether said fees were expended, retained, or refunded.”* It shall be the Town of Chester’s responsibility to ensure that this annual reporting occurs in accordance with this legislative requirement.

C. Methodology and Approach

There are a variety of methods that may be used to calculate impact fees. The choice of a particular method depends mainly on the service characteristics of the community and planning requirements for the facility type being addressed. Each method has advantages and disadvantages, and to some extent they are interchangeable as each method must allocate facility costs in proportion to the needs created by development. In simplest terms, the process of calculating impact fees involves two basic steps: determining the cost of development-related capital improvements and allocating these costs equitably to various types of development. However, the calculation of impact fees can be complex because of the many variables involved in defining the relationship between development and the need for the facilities. This report details the public need for municipal library facility improvements resulting from new development within the Town of Chester.

The methodology used in calculating the Town of Chester's Library impact fees involves the following six steps:

1. Compiling an inventory of library facilities in the Town of Chester and determining the Maximum Service Population of the library facilities;
2. Defining historical and projected population growth in the Town of Chester;
3. Determining the total capital investment in library facilities in the Town of Chester;
4. Detailing the Town standards for library facilities based on the future service population;
5. Calculating the cost/unit for library facility needs attributable to new residential development in the Town of Chester; and
6. Translating the unit costs for library facility needs into library impact fees.

D. Types of Property Benefiting from New Library Facilities

A Library Impact Fee is charged to development that benefits from improved library facilities. The Town of Chester's Public Library system is used primarily by individuals rather than businesses or other non-residential uses within the community. Thus, the Library Impact Fees are charged only to new residential development because the benefits of the library system accrue primarily to the occupants of dwelling units within the Town of Chester (i.e. the residents of the Town).

E. Schedule of Library Impact Fees

Figure 1 below summarizes the fee structure for Library Impact Fees in the Town of Chester. For new residential uses, the fees are assessed on a housing unit basis (by housing type). The Town of Chester may adopt Library Impact Fees that are less than the amounts provided in Figure 1. However, it should be noted that a reduction in impact fee revenue may necessitate an increase in other municipal revenues, a decrease in planned capital expenditures, and/or a decrease in the Town's service standards to address the needs for such facilities.

Figure 1: Library Impact Fee Schedule

Housing Type	Library Impact Fee (per Dwelling Unit)
Single-Family Detached	\$731
Duplex	\$604
Multi-Family (3+ Units)	\$487
Manufactured Housing	\$564

It is recommended that the schedule of Library Impact Fees as shown in Figure 1 be reviewed and adjusted as necessary by the Chester Planning Board every three (3) years.

F. Chester Library Facilities Data and Determination of Maximum Service Capacity

The Town of Chester Public Library consists of a main library facility located at 3 Chester Street, Chester, NH. The building has a usable floor area of 4,392 SF and is situated on a lot 1.04 acres in size. There is only one public library within the Town of Chester, which supports the entire municipality. The lot also supports the adjacent Post Office building, which is leased by the U.S. Postal service.

The Town of Chester Library is approaching capacity for its existing space, and the Town of Chester Capital Improvements Program (CIP) for 2022-2029 has identified a long-term need for an addition to the library to accommodate future development. This addition would provide a connection to the adjacent Post Office Building with a renovation to the second floor of the Post Office Building that would provide an additional 1,620 SF of library space. The Town of Chester Library has also identified a need for an additional 6,798 units of collection materials and 15 additional technology equipment units to accommodate future development as detailed in Figure 2A below.

While an expansion of the Chester Library Building is identified as a need in the Town of Chester Capital Improvements Program (CIP) for 2022-2029, the project is listed illustratively and is not programmed for funding within the CIP period. Thus, it is assumed that the existing Chester Library facilities, including existing collection materials and technology equipment, has the potential to serve a larger population in the future as the Town of Chester grows. Based on the timing of the library expansion project occurring beyond the current 2022-2029 CIP horizon, it is assumed that the existing library facilities can serve a maximum service population commensurate with the Town's 2030 population projection of 5,660 (as detailed in Section G below).

Figure 2A: Town of Chester Library Facility Inventory

Facility	Existing SF ¹	Additional SF Needed to Accommodate New Development	
		During CIP Period (Before 2030)	Beyond CIP Period (After 2030)
Chester Library Building	4,392	0	1,620
Facility	Existing Units	Additional Materials Needed to Accommodate New Development	
		During CIP Period (Before 2030)	Beyond CIP Period (After 2030)
Chester Library Collection Materials	39,738	0	6,978
Facility	Existing Units	Additional Units Needed to Accommodate New Development	
		During CIP Period (Before 2030)	Beyond CIP Period (After 2030)
Chester Library Technology Equipment	27	0	15

Notes/Sources:

1) Building Square Footage is based on "Gross Living Area" in Town assessing records.

Figure 2B: Maximum Service Population of Existing Library Facilities in the Town of Chester

Facility	Municipal Library SF (Current)	Town Population (Current)	Estimated Max. Service Population of Existing Library Facilities ¹
Chester Library Facilities	4,392	5,232	5,660

Notes/Sources:

1) Based on the timing of the Chester Library expansion project in the Town's 2022-2029 CIP and the Town of Chester's projected population in 2030.

G. Town of Chester Growth Trends and Projections

The Town of Chester has experienced substantial population growth from the post-World War II period to the present. In the 50-year period from 1960 to 2010, the Town more than quadrupled in population from 1,053 residents in 1960 to 4,768 in 2010. While the Town continues to attract in-migration as a driver of population growth, this is partially offset by the natural decline of the aging population. As shown in Figure 3A below, based on projections developed by the NH Office of Strategic Initiatives (now known as the NH Office of Planning and Development), the Town of Chester is projected to grow from a population 5,232 in 2020 to a population of 5,660 in 2030, which is considered the maximum service population for existing Chester Library facilities (as detailed in Figure 2B above).

Figure 3A: Town of Chester Growth Projections

	Historical Data ¹			Projections ²
Population	2000	2010	2020	Maximum Service Pop. for Existing Library Facilities (2030)
Population (Town of Chester)	3,792	4,768	5,232	5,660

Notes/Sources:

- 1) Historical population data based on U.S. Census figures.
- 2) Population projections for the Town of Chester based on NH Office of Strategic Initiatives projection.

Town of Chester Household Size

There are four primary types of housing units in the Town of Chester: 1) Single-family Detached; 2) Duplex (two attached units); 3) Multi-family (3+ units); and 4) Manufactured Housing. The estimated number of persons per housing unit (i.e. household size) for each of these housing types in the Town of Chester is detailed in Figure 3B below.

Figure 3B: Household Size (by Housing Type) in the Town of Chester

Housing Type	Estimated Number of Persons/Unit
Single-Family Detached	2.88
Duplex	2.38
Multi-Family (3+ Units)	1.92
Manufactured Housing	2.22

Notes/Sources:

- 1) Derived from 2020 U.S. Census and 2016-2020 American Community Survey 5-year data.

H. Capital Investment in Library Facilities

As detailed in Figure 4 below, the Town's existing investment in the Chester Library Building is estimated to be \$805,100 based on the replacement value identified in Town insurance policies.

Additionally, as detailed in Figure 4 below, the total replacement value of the Town of Chester's library materials collection and technology equipment is estimated to be \$631,800 (\$588,380 for the collection materials and \$43,420 for the technology equipment) based on Town insurance policies. The Town of Chester's library materials collection is comprised of 39,738 units, including audio books, biographies, EZ reader, fiction, graphic novels, juvenile audio books, juvenile biography, juvenile fiction, juvenile music, juvenile nonfiction, juvenile software, juvenile video, music, new books, nonfiction, downloadable books, reference, serials, kits, video, young adult/teen books, and books not in the automated library system. The Town of Chester's library technology equipment is comprised of 27 units, including a copy machine, OPTELEK magnification machine, elevator, desktop computers, laptops, monitors, printers, scanner/printer/copier, telescope, Kindle Fire, Kindle Kids, and a Nook Paperwhite.

Figure 4: Town of Chester Capital Investment in Library Facilities

Facility	Current Replacement Cost ²	Total Cost
Chester Library Building	\$805,100	\$805,100
Chester Library Collection	\$588,380	\$588,380
Chester Library Technology Equipment	\$43,420	\$43,420
Total		\$1,436,900

Notes/Sources:

- 1) Building Square Footage is based on "Gross Living Area" in Town assessing records.
- 2) Current Replacement Cost of both the Library Building and Library Collection/Technology Equipment is based on Town insurance policies.

From the information in Figure 4, the Cost/Unit for the Town of Chester's total investment in library facilities can be derived as detailed in Figure 5 below.

Figure 5: Town of Chester Total Investment in Library Facilities

Chester Library Facility Cost Component	Total Cost	Units		Cost/Unit
Library Building	\$805,100	4,392	SF	\$183
Library Collection	\$588,380	39,738	Each	\$15
Library Technology Equipment	\$43,420	27	Each	\$1,608

I. Service Standards for Library Facilities

A central component of this impact fee methodology is defining the Town's service standard for library facilities. As detailed in Section F, it is anticipated that the Town's existing library facilities can accommodate an estimated future service population of 5,660. Accordingly, this impact fee is based on recouping new development's proportionate share of the Town's total capital investment in library facilities. The Town of Chester library facility service standards are presented in Figure 6 below.

Figure 6: Town of Chester Library Facility Service Standards

Chester Library Facility Cost Component	Units		Future Service Population	Service Standard (Units/Person)
Library Building	4,392	SF	5,660	0.78
Library Collection	39,738	Each	5,660	7.02
Library Technology Equipment	27	Each	5,660	0.005

The preceding items calculated in this report are used to determine the Cost/Person for library facilities attributable to new development in the Town of Chester. Specifically, the Service Standards (Figure 6) are multiplied by the Cost/Unit for library facilities (Figure 5) to determine the Cost/Person for new development in each category. This calculation is presented in Figure 7 below.

Figure 7: Determination of Library Facilities Cost/Person Attributable to New Development

Chester Library Facility Component	Units	Service Standard (Units/Person)	Cost/Unit	Cost/Person
Library Building	SF	0.78	\$183	\$142
Library Collection	Each	7.02	\$15	\$104
Library Technology Equipment	Each	0.005	\$1,608	\$8
Total				\$254

J. Credit Evaluation

The Town of Chester does not have any outstanding property tax-backed debt for library facility improvements, and therefore no credit is included in this Library impact fee analysis.

K. Residential Impact Fees for Library Facilities

The number of persons per dwelling unit is the factor used to convert the capital cost of library facilities per person into the cost of library facilities per dwelling unit. The cost per person (from Figure 7) is multiplied by the number of persons per dwelling unit (from Figure 3B) to calculate the cost per dwelling unit.

Different types of dwelling units have different numbers of persons who live in each type of unit. Generally, single-family dwelling units have more persons than multi-family dwelling units and manufactured housing, and data analyzed by the Town shows that this trend holds true in the Town of Chester.

By utilizing the data from both Figure 3B (number of persons per dwelling unit) and Figure 7 (total cost per person), Figure 8 below presents the impact fee per dwelling unit for library facilities. This data is derived from the 2020 U.S. Census and 2016-2020 American Community Survey.

Figure 8: Town of Chester Library Impact Fees

Housing Type	Estimated Number of Persons/Unit	Cost/Person	Library Impact Fee (per Dwelling Unit)
Single-Family Detached	2.88	\$254	\$731
Duplex	2.38	\$254	\$604
Multi-Family (3+ Units)	1.92	\$254	\$487
Manufactured Housing	2.22	\$254	\$564

L. Additional Administrative Considerations

This impact fee schedule presented herein 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 within the community.

Impact Fee Waiver Provisions

Waiver provisions for the assessment of impact fees are currently set forth within the Town of Chester Zoning Ordinance, Article 14.9, Fair Share Contribution regulations.

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:

Library Impact Fee for duplex housing type:	2 units @ \$604 =	\$1,208
Less schedule amount for single-family unit		<u>(\$ 731)</u>
		\$ 477

By applying this procedure, the baseline impact already present in the form of an existing single-family home is considered. 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 will be responsible for working with the fee-payer during the building permit process.

Updating the Fee Schedule

The impact fee methodology has been designed to allow for future updates or modification of the underlying assumptions. It is recommended that the variables in the impact fee model be updated based on new information and documentation to produce revised impact fee amounts every three (3) years. 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.

Assessment/Collection of the Impact Fees

The Town of Chester's Library impact fees represent a ***one-time charge*** collected at the point where new residential dwelling units are authorized by building permit. As such, this methodology recognizes each new dwelling unit as a permanent addition to the base of demand placed on the Town of Chester's library level of service and capacity, and recognizes that the use and need for facility improvements may vary by the type of dwelling unit within the community.

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 Town of Chester 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 Contribution ordinance (Article 14 of the 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 library facilities, the impact fees to be assessed and collected must be implemented primarily to ensure that adequate public facilities remain available to accommodate new development and to secure more of the revenues needed for such facilities at the time new development takes place.

Additionally, the Town of Chester Planning Board should continue to update the municipal Capital Improvements Program (CIP) on an annual basis to ensure that the revenues collected through adoption of this impact fee schedule are spent by the town within six years of collection and that the library facility needs outlined in the CIP remain consistent with the funding appropriated for them.

All impact fees assessed and collected by the Town of Chester 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.

M. References and Acknowledgements

The following reference sources contributed to the development of this document.

- *Town of Chester Library Impact Fee* prepared by the Southern New Hampshire Planning Commission, September 2016.
- *Impact Fee Development – A Handbook for NH Communities* prepared by the Southern New Hampshire Planning Commission, 1999.

Additionally, the Southern New Hampshire Planning Commission recognizes the work of Bruce Mayberry of BCM Planning, LLC in Yarmouth, Maine. Mr. Mayberry's work on the development of impact fee methodologies has influenced not only the development of this document, but similar efforts for communities around Northern New England.