

***Town of Chester
New Hampshire***

Recreation Impact Fees

Prepared for
Planning Board
Town of Chester, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

FINAL DRAFT

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Town of Chester Recreation Impact Fees

A. Purpose of Report

This report provides a basis for the Town of Chester to update its impact fee for recreational facilities 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 Recreation 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 recreational facilities not including open space”* 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.

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

1. Compiling an inventory of indoor and outdoor recreational facilities in the Town of Chester and determining the Maximum Service Population of the recreational facilities;
2. Defining historical and projected population growth in the Town of Chester;
3. Determining the total capital investment in indoor and outdoor recreational facilities in the Town of Chester and providing credit for any property tax-backed debt or state/federal investments supporting the Town's recreation system;
4. Calculating the cost/unit for indoor and outdoor recreation facility needs attributable to new residential development in the Town of Chester;
5. Translating the cost/unit into a cost/person (based on the future service population) for recreation facility costs attributable to new residential development in the Town of Chester; and
6. Translating the per capita costs for recreation facility needs into recreation impact fees.

In accordance with the provisions of RSA 674:21, only the value of recreation facilities and supporting lands are reflected in the Town of Chester's recreation impact fee basis. Open space areas, including conservation lands, have been excluded from consideration.

D. Types of Property Benefiting from Recreation Facilities

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

E. Schedule of Recreation Impact Fees

Figure 1 below summarizes the fee structure for Recreation 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 Recreation 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: Recreation Impact Fee Schedule

Housing Type	Recreation Impact Fee (per Dwelling Unit)
Single-Family Detached	\$1,035
Duplex	\$855
Multi-Family (3+ Units)	\$690
Manufactured Housing	\$798

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

F. Chester Recreation Facilities Inventory

As detailed on Figure 2 below, the Town of Chester's Recreation system includes both indoor and outdoor recreational facilities. Outdoor recreational facilities include baseball fields (French Fields), soccer and softball fields (Nichols Fields), a skateboarding area, a basketball court, and the Wason Pond Recreation Area (which includes a beach, campground, and recreational trail system). Indoor recreational facilities include the Multi-Purpose Area (gymnasium) in the Town of Chester Municipal Complex and the Wason Pond Community Center, which provides indoor recreational program space.

Additionally, as detailed on Figure 2 below, the Town of Chester's Capital Improvements Program (CIP) for 2022-2029 identifies a series of future improvement needs for both the Town's outdoor and indoor recreational facilities. These improvement needs include engineering and reconstruction of a recreational bridge at the Wason Pond Recreation Area, addition of picnic tables, addition of a toilet facility at Nichols Fields, construction of two new equipment sheds at French Fields, and new field lining equipment. Additionally, a new well pump and water line is needed to serve the Wason Pond Recreation Area. The estimated cost of future improvements to outdoor recreational facilities is \$566,250, and the estimated cost of future improvements to indoor recreational facilities is \$12,000.

Figure 2: Town of Chester Recreational Facility Inventory

Town of Chester Outdoor Recreation Inventory					
Map/Lot	Description	Acreage¹	Amenities	Improvement Needs	Improvement Costs³
5-12	Recreational Field	1.41	Parking Area (Dirt, 24 Cars)	N/A	\$0
8-27	Wason Pond Recreation Area	15.5	Dam, Campground, Beach, Playground, Parking Areas, Recreational Covered Bridge and Trail Network, Cottage, Bathhouse, Storage Building	Recreational Bridge Engineering Recreational Bridge Reconstruction Picnic Tables	\$62,500 \$418,750 \$5,000
16-26	Soccer Field and Baseball/Softball Field (Nichols Fields)	2.66	Shed, Lean-To, Fencing, Skateboarding Area, Parking Area (Dirt, 30 Cars)	Toilet Facility	\$50,000
16-27	Basketball Court	0.47	Paved Basketball Court, Fencing	N/A	\$0
17-5	Baseball Fields (French Fields)	5.0	Baseball Dugouts, Fencing	Two 400 SF Equipment Sheds Field Lining Equipment	\$20,000 \$10,000
Total		25.04			\$566,250
Town of Chester Indoor Recreation Inventory					
Map/Lot	Description	SF²	Amenities	Improvement Needs	Improvement Costs³
5-12	Multi-Purpose Recreational Area in Town Municipal Complex	8,176	Gymnasium, Restrooms	N/A	\$0
8-27	Wason Pond Community Center	1,652	Indoor Recreational Program Space	Well Pump and Water Line ⁴	\$12,000
Total		9,828			\$12,000

Notes/Sources:

- 1) Wason Pond Recreation Area acreage excludes 88.42 acres of adjacent wilderness/conservation land.
- 2) Square footage based on "Gross Living Area" in Town assessing records.
- 3) Improvement costs based on the Town of Chester 2022-2029 Capital Improvements Program.
- 4) There are two wells on the Wason Pond Community Center property. The identified improvement project will serve summer recreation program areas as well as outdoor events.

Town of Chester's existing recreational facilities have the potential to serve a larger population in the future as the Town of Chester grows. It is assumed that the existing outdoor recreation facilities, with the identified improvements, can serve a maximum service population commensurate with the Town's 2040 population projection of 5,744. It is further assumed that the existing indoor recreation facilities, with the identified improvements, can serve a maximum service population commensurate with the Town's full projected build-out population projection of 14,751.

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 5,744 in 2040, which is the assumed maximum service population for existing outdoor recreation facilities in the Town of Chester. The maximum service population for existing indoor recreation facilities in the Town of Chester (as detailed in Section F above) is assumed to be the Town's projected population at full build-out (14,751).

Figure 3A: Town of Chester Growth Projections

	Historical Data¹			Projections²		
Population	2000	2010	2020	2030	Max. Service Population for Existing Outdoor Recreation Facilities (2040)	Max. Service Population for Existing Indoor Recreation Facilities (Full Build-out)
Population	3,792	4,768	5,232	5,660	5,744	14,751

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 Recreation Facilities

As detailed in Figure 4 below, the Town's existing investment in outdoor recreational facilities is estimated to be \$940,000 based on Town assessing records. The Town's existing investment in indoor recreational facilities is estimated to be \$2,060,807 based on the replacement value identified in Town insurance policies. As detailed in the Town of Chester 2022-2029 Capital Improvements Program (and Section F above), the estimated cost of future improvements to outdoor recreational facilities is \$566,250, and the estimated cost of future improvements to indoor recreational facilities is \$12,000.

Figure 4: Town of Chester Capital Investment in Recreation Facilities

Town of Chester Outdoor Recreation Investments				
Map/Lot	Description	Acreage¹	Replacement Cost (Incl. Amenities)²	Improvement Costs⁵
5-12	Recreational Field	1.41	\$9,600	\$0
8-27	Wason Pond Recreation Area	15.5	\$589,200	\$62,500 \$418,750 \$5,000
16-26	Soccer Field and Baseball/Softball Field (Nichols Fields)	2.66	\$143,600	\$50,000
16-27	Basketball Court	0.47	\$58,600	\$0
17-5	Baseball Fields (French Fields)	5.0	\$139,000	\$20,000 \$10,000
Total		25.04	\$940,000	\$566,250
Town of Chester Indoor Recreation Investments				
Map/Lot	Description	SF³	Replacement Cost⁴	Improvement Costs⁵
5-12	Multi-Purpose Recreational Area in Town Municipal Complex	8,176	\$1,671,007	\$0
8-27	Wason Pond Community Center	1,652	\$389,800	\$12,000
Total		9,828	\$2,060,807	\$12,000

Notes/Sources:

- 1) Wason Pond Recreation Area acreage excludes 88.42 acres of adjacent wilderness/conservation land.
- 2) Existing value of outdoor recreation assets based on Town assessing data. Value of Wason Pond Recreational area excludes adjacent wilderness/conservation land.
- 3) Square footage based on "Gross Living Area" in Town assessing records.
- 4) Value of Multi-Purpose area is based on its proportional share of total municipal complex square footage (8,176 SF/33,154 SF = 24.66%) multiplied by the total building replacement value for the town municipal complex (\$6,776,000 x 24.66% = \$1,671,007).
- 5) Improvement costs based on the Town of Chester 2022-2029 Capital Improvements Program.

I. Credit Evaluation

The Town of Chester does not have any outstanding property tax-backed debt for recreation facility improvements. 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 funding reduced the actual cost of the Town's recreational facilities to the taxpayers. According to Town records, the Town of Chester received federal grants through the Land and Water Conservation Fund (LWCF) in 1988 in the amount of \$2,500 for Nichols Field and \$100,000 for the purchase of Wason Pond.

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

Figure 5: Town of Chester Total Investment in Recreation Facilities

Chester Recreational Facility Cost Component	Total Cost	Units		Cost/Unit
Outdoor Recreational Facilities (Replacement Costs)	\$940,000	25.04	Acres	\$50,222
Outdoor Recreational Facilities (Improvement Costs)	\$566,250			
Outdoor Recreational Facilities (Subtotal)	\$1,506,250			
Credit for LWCF Funding for Nichols Fields ¹	\$ (6,100.00)			
Credit for LWCF Funding for Wason Pond ¹	\$(242,600.00)			
Outdoor Recreational Facilities (Total)	\$1,257,550.00			
Indoor Recreational Facilities (Replacement Costs)	\$2,060,807.30	9,828	SF	\$211
Indoor Recreational Facilities (Improvement Costs)	\$12,000.00			
Indoor Recreational Facilities (Total)	\$2,072,807			

Notes/Sources

1) The Town received LWCF funding of \$2,500 for Nichols Fields and \$100,000 for Wason Pond in 1988. These amounts have been adjusted for inflation to reflect current dollar values.

J. Cost Per Capita for Recreation Facilities

As detailed in Section F, it is assumed that the existing outdoor recreation facilities, with the identified improvements, can serve a maximum service population commensurate with the Town's 2040 population projection of 5,744. It is further assumed that the existing indoor recreation facilities, with the identified improvements, can serve a maximum service population commensurate with the Town's full projected build-out population projection of 14,751. Accordingly, this impact fee is based on recouping new development's proportionate share of the Town's total capital investment in recreation facilities.

The preceding items calculated in this report are used to determine the Cost/Person for recreational facilities attributable to new development in the Town of Chester as detailed in Figure 6 below.

Figure 6: Determination of Recreation Facilities Cost/Person Attributable to New Development

Chester Recreational Facility Cost Component	Units		Max. Service Population	Total Capital Investment	Cost/Unit	Cost/Person
Outdoor Recreational Facilities	25.04	Acres	5,744	\$1,257,550	\$50,222	\$219
Indoor Recreational Facilities	9,828	SF	14,751	\$2,072,807	\$211	\$141

K. Residential Impact Fees for Recreation Facilities

The number of persons per dwelling unit is the factor used to convert the capital cost of recreational facilities per person into the cost of recreational facilities per dwelling unit. The cost per person (from Figure 6) 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 6 (total cost per person), Figure 7 below presents the impact fee per dwelling unit for recreational facilities. This data is derived from the 2020 U.S. Census and 2016-2020 American Community Survey.

Figure 7: Town of Chester Recreation Impact Fees

Housing Type	Estimated Number of Persons/Unit	Cost/Person	Recreation Impact Fee (per Dwelling Unit)
Single-Family Detached	2.88	\$359	\$1,035
Duplex	2.38	\$359	\$855
Multi-Family (3+ Units)	1.92	\$359	\$690
Manufactured Housing	2.22	\$359	\$798

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:

Recreation Impact Fee for duplex housing type:	2 units @ \$855 =	\$1,710
Less schedule amount for single-family unit		<u>(\$1,035)</u>
		\$ 675

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 Recreation 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 recreation 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 recreational 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 recreation 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 Recreation 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.