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Rochester planners warn of shortcomings of impact fees

ROCHESTER — When it comes to possibly enacting citywide impact fees to cover things like school or library upgrades — as opposed to just improvements to new developments as is presently allowed — planners in other communities and at the state level urge caution, saying oftentimes the benefits received aren't as great as expected and it's important not to overlook the administrative work that goes into tracking them.

After three months of batting around the issue, the City Council will again take up the issue at next week's meeting. It's expected councilors, who have the support of the Planning Board — which will be dealing with the matter most intimately — will approve hiring a consultant to set up an assessing formula and fee methodology. The matter may be sent to the Finance Committee for further review.

The consultant, Bruce C. Mayberry, who in 1999 was the prime author of the Southern New Hampshire Planning Commission's comprehensive impact fee report, has not returned phone calls seeking comment on the process of implementing the fees or other things to consider since debate began following one of the board's retreats.

Chris Northrop, a principle planner with the Office of Energy and Planning, said the notion put forth by some city and town officials that "Oh, good, we'll just get lots of money to pay for our stuff' is just not true. "I would say one of the major misconceptions or fallacies about impact fees is that towns think it's free money," he said. "By no means is it a way to get someone to pay for everything."

Northrop said between juiced expectations and the technical side of it, there's a lot to think about. "What often happens is that the money collected ... is not as much as a town might have considered, and once they collect this money it has to be used within six years or it has to be returned to everybody with interest," he said. He said impact fees in Rochester could work well compared with smaller communities.

In Dover, where impact fees have existed for only school improvements since Feb. 2003, the fees collected are expected to go toward paying off some of the bond that's accumulated for school additions over the years, according to Steve Bird, one of the city planners. Bird said the logic behind Dover's fee structure is based on the number of school children coming into the system as a result of new housing. As of Tuesday, he was unable to provide an exact figure for how much money has been collected, if any has been dispersed so far, or when it will begin to be spent.

"My advice is to make sure that your methodology is thorough and supportable," Bird said. "One of the things that you need to be prepared to deal with is the administrative side of it ... keeping track of the money in different accounts." He said cities the size of Dover and Rochester should not have a problem with the added administrative side of it.

Bird said it's critical to remember that the fees being collected must go to the accounts they were set up for, and cannot be used for other capital improvement projects just because they are needed.

Dawn Hatch, the land use clerk in Barrington — where the fees collected are for school improvements only — also said that the "biggest thing any community looking into impact fees has to be fully aware of, as Bruce (Mayberry) says, is what the fees can be used for." She said the money cannot go into a general fund. This, she said, avoids "someone coming in and suing us because we abused it."

Barrington is presently updating their ordinances in conjunction with the town's CIP plan, and may look to implement the fees on a wider scale to include recreational and highway needs, Hatch said. As for how developers doing business there react to the fees, Hatch said: "It's like anything else. When something new comes into being you don't really like it. Nobody wants to pay more than they have to."

Rochester Planning Director Kenn Ortmann, who previously aired his concerns and thoughts to the council at a scarcely attended public hearing on the matter, said in a separate interview that it's important councilors consider how difficult it can be to create a fee structure and officials don't have "increased expectations."

"The feedback that I have heard at conferences I've attended in the state of New Hampshire has been that number one, it was more complicated to do than some people had anticipated, and number two, that it didn't generate as much money as they thought it would generate," Ortmann said.

Ortmann favors further looking into impact fees. He said whatever is done has to be defensible in court. "The system that has to be developed has to be one that's fair and equitable," he said. As for the extra administrative layer created by handling the fees, Ortmann said that may mean that "periodically" someone from outside city government will have to come in "to redo the plan to make sure the distribution is fair."

Ward 6 City Councilor Chuck Grassie, who has been pushing the updated ordinance more than anyone else, said he's aware of these concerns and wants the council to take a realistic approach toward making a decision in the coming days. "It's not going to be the end all, be all that will solve all of the city's financial problems," he said. "It will offset some of the negative impacts that housing demands put on the community."

Local realtor Bill Cormier said impact fees will not necessarily jack up the prices of house

lots to offset the increased costs that will be faced by developers. He said market forces will dictate the costs of lots more than anything. Cormier said if a developer has to pay, for argument sake, \$10,000 more to get the project approved, that doesn't mean the extra cost will be dumped on the homebuyer if the housing market dictates that the demand for new housing will not exceed a certain price for a new home.
