



Deep impact Towns say development fees help offset taxes

By Terry Date
Staff writer

More and more southern New Hampshire towns are turning to impact fees to help cushion the blow of constructing new school, public safety and recreation facilities.

Windham approved new police and fire impact fees last week and is considering recreation impact fees in the near future. Most area towns have some sort of impact fees, ranging from \$2,000 to \$7,000. They are charged for new residential construction to offset the cost of building new facilities.

But some say these impact fees, while helpful in the short run, don't really solve towns' financial problems, because they only cover a portion of the cost.

"If the town isn't committed to improving their infrastructure, then impact fees aren't really going to help them," said Chris Northrop of the state Office of Energy and Planning.

In other words, impact fees alone can't get a school or a police station built. Taxpayers still have to be willing to foot the bill for the bulk of the project.

Still, several southern New Hampshire town planners and administrative staff say the fees have helped offset taxes on capital projects.

"Absolutely, they have been a great thing," Plaistow Town Planner Leigh Komornick said.

Plaistow has collected about \$189,000 for school, public safety, road and recreation uses. Like most others, the town charges a different fee depending on the type of residence being built and the kind of impact it will support.

The owner of a new single-family home would pay \$2,916 in school fees, \$469 in recreation fees and \$636 in public safety fees before being able to occupy the home.

Windham has raised about \$2.4 million since it started charging school impact fees a decade ago. The town charges a \$3,400 school impact fee for new single-family homes, and the new fees adopted last week for police and fire will bring that figure to about \$5,000.

Salem has only been collecting fees since 2005, for schools and other infrastructure, and charges \$5,532 for a single-family home. The town plans to use some of the money collected through impact fees to help cover the costs of building and furnishing a new police station, if it is approved by voters at the polls next week.

Londonderry Town Planner Tim Thompson said the town has collected about \$1 million in school fees, and used that money to pay down the bond debt on the new high school built about five years ago.

Development spurs fee movement

Londonderry adopted its impact fee ordinance in 1994, three years after the state legislature passed a law authorizing municipalities to adopt ordinances to levy the fees. Before doing so, towns must have a capital improvement plan, a master plan, and hold a public hearing on the proposal.

The fees can't be used for personnel costs — only capital costs — but they can be used for almost any kind of facility. Excluded are fees for open space. Any money collected must be spent within six years or returned, with interest, to those who paid them.

According to planning experts, impact fees work best in towns with enough staff to make sure the town ordinances are up to date and the fees accounted for.

Nationally, the idea of impact fees gained steam in the 1970s, when concerns grew about rampant development, according to Jack Munn of the Southern New Hampshire Planning Commission. He believes they started in New Hampshire in the early 1980s, with municipalities passing their own impact regulations.

Later, the Legislature codified the regulations surrounding the fees.

Before towns adopt these fees, they typically study whether they are a good fit for that town and hire a consultant to develop a methodology for their assessment and use, Munn said.

Throughout the state, at least 75 municipalities have an impact fee ordinance on the books, including many towns in southern New Hampshire. Some towns, such as Derry, levy impact fees on commercial developments to cover the cost of road improvements, but these are distinct from the town zoning ordinances elsewhere.

Munn said the most common kinds of impact fees are for schools and roads, followed by library, public safety buildings and solid waste facilities.

Several towns, including Atkinson and Sandown, are part of a regional school district and collect only school fees, which they pass on to the district to pay for school construction or expansion.

Atkinson charges \$2,061 for a single-family home. Currently, the town has about \$46,000 in fees, and last year collected them from only six people, said Shirley Galvin, a town administrative assistant.

Sandown has been collecting school fees since 2001. It now charges \$4,511 for a single-family home, said Kim Naimo of the town's Planning Department.

Naimo said the fees have worked well. They have helped offset taxes and helped fund needed education projects.

More fees on the horizon?

Looking ahead, Munn thinks more towns will turn to drainage fees to help offset anticipated unfunded mandates from the Environmental Protection Agency.

But some other towns have repealed their impact fee ordinances, Northrop said, finding that they were more trouble than they were worth. He doesn't see this emerging as trend, however, and expects more towns to put them on the books than repeal them.

Essentially, they have a place in land-use management, so long as people don't think they are a pot of gold at the end of the rainbow. "I think some towns have the misconception that they can raise a lot of money without raising taxes," Northrop said.

Local towns with impact fees

Town%Amount*

Atkinson%\$2,061

Danville%\$4,052

Derry%N/A**

Londonderry%\$7,265

Newton%\$3,471

Plaistow%\$4,021

Salem%\$5,532

Sandown%\$4,511

Windham%\$5,021

** For a single-family home*

*** No residential fees. Commercial fee based on project's road impact.*

Source: Town officials; N.H. Office of Energy and Planning

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