# BASIS OF ASSESSMENT FOR PUBLIC SCHOOL IMPACT FEE

## TOWN OF NOTTINGHAM
## NEW HAMPSHIRE

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**Prepared for:**

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# Nottingham School Impact Fee
## Basis of Assessment

## A. Introduction and Purpose

1. Purpose of Report

This report documents alternative methods for calculating a public school impact fee assessment for the Town of Nottingham. Once enabled by an impact fee ordinance, the Planning Board may adopt studies that document the proportionate basis for the impact fee assessment. The intent of this report is to provide the supporting documentation for a proportionate school impact fee assessment.

2. Authority for Impact Fee Assessment

New Hampshire RSA 674:21, V authorizes municipalities to adopt impact fee ordinances and related impact fee assessments to meet the need for construction or improvement of specific public capital facilities in proportion to the demand placed on those facilities by development. Among the facilities for which impact fees may be assessed are public school facilities, including the municipality's proportionate share of capital facilities of a cooperative or regional school district of which the municipality is a member. The assessment of impact fees requires both a basis of assessment describing the derivation of proportionate impact fee amounts (this report) as well as the adoption of an impact fee ordinance, generally incorporated as a chapter of the local zoning ordinance.

3. Proportionate Impact on District Facilities

Resident public school pupils in grades Kindergarten to eighth grade attend the Nottingham School. Public school students in grades 9-12 attend Dover High School and Coe Brown Northwood Academy, located outside the local District, under tuition agreements. Because local high school students do not attend a regional or cooperative school district of which Nottingham is a member, local impact fee assessments for school facilities will be limited to the K-8 facilities provided by the Nottingham School District. The task of this analysis is to establish a reasonable basis for the assessment of impact fees to new residential development for its proportionate impact on school facility capacity.

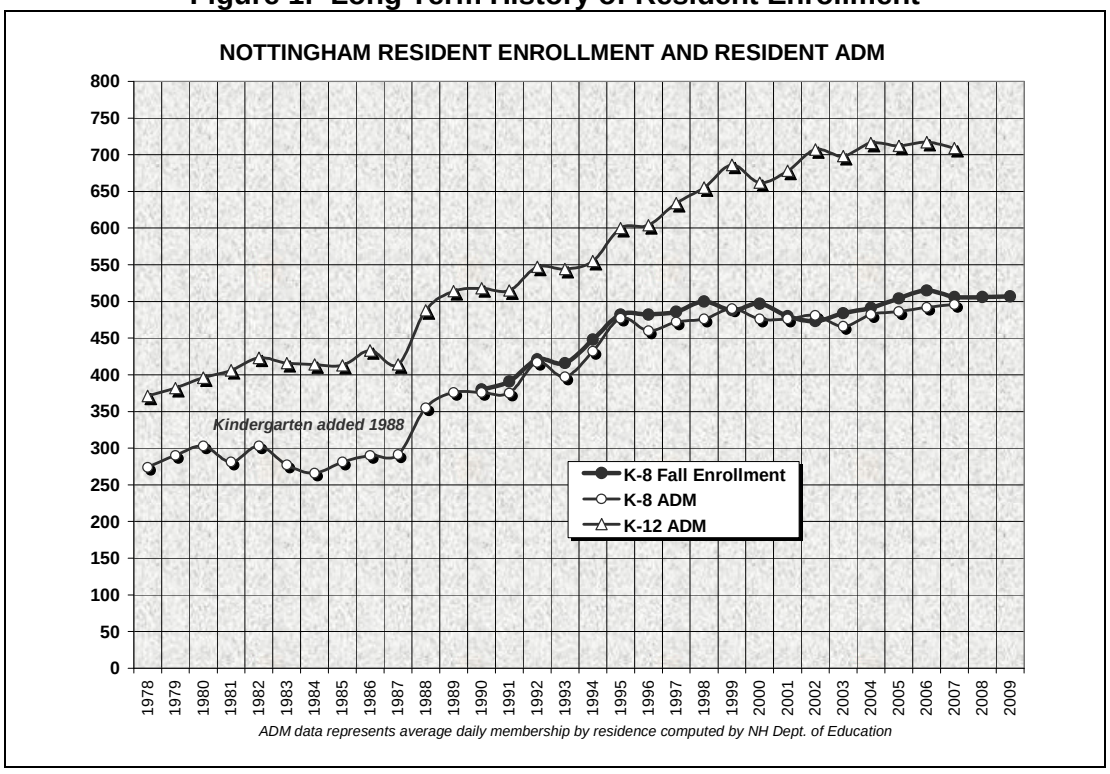
## B. Components of School Impact Fee Calculation

The principal components of the impact fee calculation center on four variables: (1) average enrollment per housing unit; (2) school facility floor area required per pupil; (3) a reasonable assignment of the average cost of school facility development per square foot; and (4) adjustments for the cost that new development will bear for funding school capacity needs or space deficiencies attributable to existing residential units.

1. Public School Enrollment Per Housing Unit in Nottingham

The long-term trend in resident public school enrollment in Nottingham is illustrated in Figure 1. This time series shows NH Department of Education ADM data (average daily membership) for resident pupils for academic years 1978 to 2007. Also shown is the Nottingham School District Fall enrollment count for resident K-8 pupils only for the period 1990 to 2009.

**Figure 1: Long Term History of Resident Enrollment**




The school impact fee models in this report recognize that changes in total school enrollment are influenced not only by new housing development, but also by turnover and change in the occupancy within the existing housing stock, sometimes including the conversion of seasonal housing to year-round occupancy.

The data in Table 1 below indicate that the total number of school age children (age 5-17) in Nottingham increased from 0.54 to 0.59 per household from 1990 to 2000. In those two Census years, the school age population associated with grades K-8 (age 5-13) averaged 0.40 per household in both 1990 and 2000. Actual public school enrollment in the same years averaged 0.375 in 1990 and 0.373 in 2000. Specific age distributions of the population for 2010 were not available from the U. S. Census at the time of this report.

**Table 1: Demographic Change**

| Nottingham Population, Housing, and School Age Population | | | |
|---|---|---|---|
| **Demographic Factor** | **1990** | **2000** | **2008 Estimated** |
| Population | 2,939 | 3,701 | 4,498 |
| Group Quarters | 0 | 0 | 0 |
| In Households | 2,939 | 3,701 | 4,505 |
| Average Household Size | 2.83 | 2.78 | 2.66 |
| Households | 1,037 | 1,331 | 1,694 |
| Homeowners | 912 | 1,212 | 1,542 |
| Renters | 125 | 117 | 152 |
| Ownership Rate | 87.9% | 91.1% | 91.1% |
| Total Housing Units | 1,314 | 1,592 | 2,035 |
| Seasonal Use | 233 | 239 | 260 |
| Other Vacant | 44 | 22 | 81 |
| % Seasonal Use | 17.7% | 15.0% | 12.8% |
| Vacancy Rate Yr-Rd Units | 4.1% | 1.6% | 4.0% |
| Population age 5-13 (K-8 School Age) | 416 | 536 | n.a. |
| **K-8 School Age Per Household** | **0.40** | **0.40** | --- |
| Population Age 14-17 (High School Age | 148 | 248 | n.a. |
| 9-12 School Age Per Household | 0.14 | 0.19 | --- |
| Population age 5-17 (School Age Total) | 564 | 784 | n.a. |
| Total School Age Per Household | 0.54 | 0.59 | --- |
| Resident Public School Enrollment Except High School | Fall 1990 | Fall 2000 | Fall 2008 |
| Actual Resident Enrollment K-8 | 389 | 497 | 506 |
| **Estimated Ratio Per Household** | **0.375** | **0.373** | **0.299** |

As of 2008-09, the average K-8 enrollment per occupied unit in Nottingham is estimated at 0.299 pupils per household. This estimate (see Table 1) was made by updating the total number of housing units to 2008 using NH Office of Energy and Planning data. Proportionate allowances were made for seasonal units and vacant year round units. Since K-8 enrollment increased by only 9 students between 2000 and 2008, while the estimated number of households grew by over 360, the average K-8 enrollment per household has declined.

To further evaluate local public school enrollment ratios in detail, BCM Planning used a combination of property tax assessment data by parcel and address provided by the Town of Nottingham and a list of resident pupils (grade K-8 only) by address generated by the Nottingham School District for 2009. BCM Planning matched the number of pupils to property addresses in order to generate detailed crosstabulations of enrollment by housing characteristics such as bedrooms in the unit, living area, year built, and assessed value.

While some of the Town's housing units are classified as "camps", the assessment data contains no information on actual occupancy of units during the academic year, and the Census in 2000 shows that about 15% of the Nottingham housing stock is seasonal units. Adjustments were made to estimate enrollment ratios per occupied unit for 2008 based on the trend in seasonal units as a percent of the total, and the estimated regional occupancy rates for year round housing as of 2008. Proportionate comparisons to New Hampshire statewide Census

data for 2000 were also made to assure that the enrollment ratios by type of unit or by bedroom were assigned proportionately.

The housing inventory in Nottingham is predominantly single family detached housing, and some manufactured housing. However, the very small number of attached, duplex, or multifamily units was insufficient to derive a reliable enrollment ratio based on Town characteristics. Therefore, proportionate estimates were made based on 2000 Census data for New Hampshire.

*a. Enrollment in Single Family Homes and Manufactured Housing*

Based on the tabulation of assessment and enrollment data, the average K-8 public school enrollment in local year-round occupied single family homes was estimated at about 0.31 per unit and for manufactured housing at 0.29 per unit. When enrollment per unit is tabulated by number of bedrooms, the ratio of enrollment per unit for single family homes with four bedrooms or more is significantly higher (see Table 2) than the ratio for the average single family home, while the two bedroom ratio is much lower. These relative enrollment ratios by number of bedrooms are comparable to the proportionate relationship indicated by NH Census data (statewide) in 2000.

**Table 2: Enrollment and Housing Unit Characteristics in Nottingham**

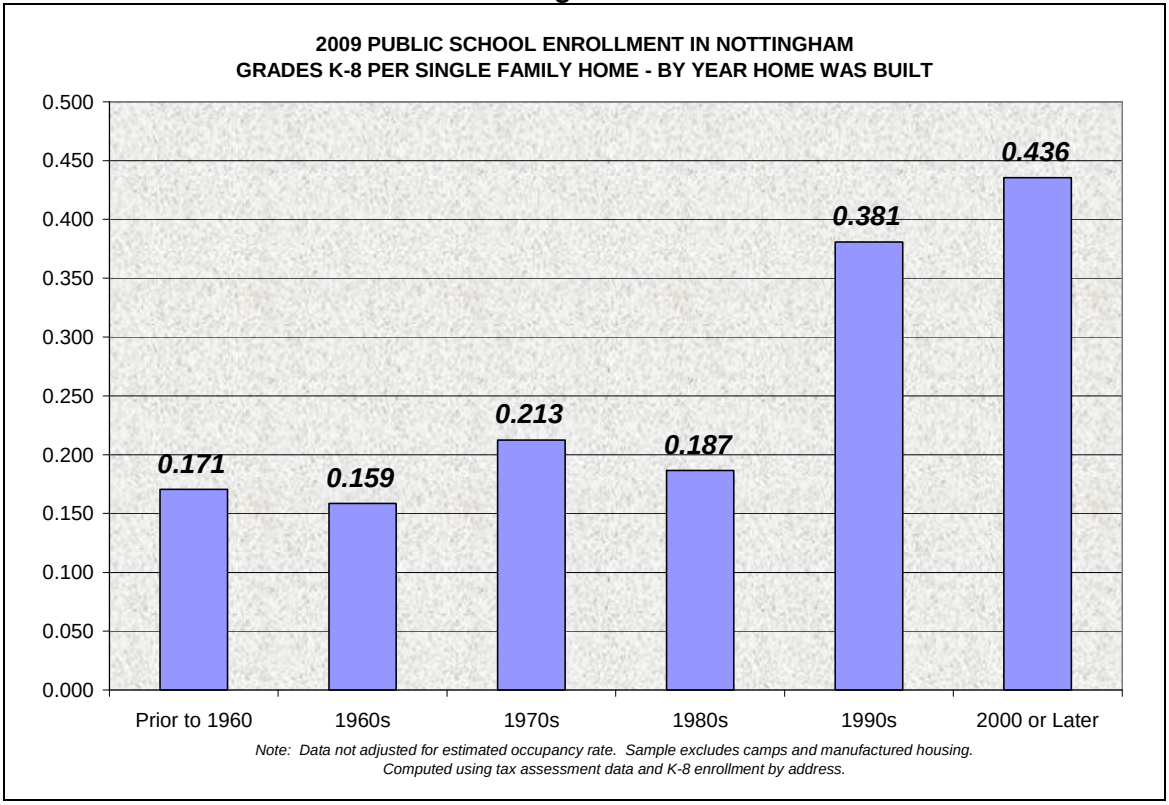
| Structure Type * | Average K-8 Enrollment Per Occupied Unit | Average Living Area - Nottingham Units | Avg Assessed Value Per Unit |
|---|---|---|---|
| Single Family Det. | 0.310 | 2,203 | $335,000 |
| Attached and 2+ Family | --- | 1,263 | $135,000 |
| Manufactured Housing | 0.290 | 1,222 | $168,000 |
| | | | |
| By Bedrooms - Single Family Basis | Average K-8 Enrollment Per Occupied Unit | Average Living Area - Nottingham Units | Avg Assessed Value Per Unit |
| 2 Bedrooms or Less | 0.117 | 1,663 | $307,000 |
| 3 Bedrooms | 0.329 | 2,256 | $333,000 |
| 4 Bedrooms or More | 0.442 | 2,760 | $380,000 |
| | | | |
| Values Per Sq. Ft. - Single Family Basis | Average K-8 Enrollment Per 1000 Square Feet | Average Living Area - Nottingham SF Units | Avg Assessed Value Per Sq. Ft. |
| Average Unit - Sq. Ft. Method | 0.152 | 2,203 | $152 |

** Estimates exclude camps and mobile homes classified as trailers which tend to be seasonal.*
*- - -' Sample insufficient in number or diversity to derive enrollment ratio from local data.*

The average single family home in Nottingham (excluding camps) has about 2,200 square feet. In the assessment data, “effective area” is assumed to represent living area. Average K-8 enrollment in single family dwellings averages about 0.152 pupils per 1000 square feet of living area.

The study of enrollment and housing characteristics also considered whether the K-8 enrollment ratios for newer development differed from the average for all single family homes. The comparison in Figure 2 shows a tabulation of K-8 enrollment single family homes in 2009 (excluding camps) by the period in which the home was built. The data indicate that the newer units (built 1990 or later) in Nottingham have significantly higher enrollment ratios than the homes built prior to 1990. For the purpose of impact fee assessment, the cumulative average of 0.299 K-8 pupils per unit has been used to reflect the average enrollment impact per single family home.

**Figure 2**




*b. Enrollment Ratio Estimated for Attached, Duplex and Multifamily Structures*

In Nottingham there were an insufficient number of housing units in attached, duplex, or multifamily structures from which to derive reliable expected enrollment ratios. Nevertheless, the Town should be prepared with a basis of assessment for such units should they be developed in the future. An average enrollment ratio was computed based on New Hampshire averages for occupied dwelling units in attached, two and three or more family structures in 2000 (Census sample data). Those averages were then adjusted to be proportionate to the difference between Nottingham enrollment ratios for single family and manufactured housing units in 2009 compared to predicted values from the 2000 Census. Proportionate adjustments indicated that an appropriate average enrollment ratio for attached and 2+ family units is about 0.16 K-8 pupils per occupied unit.

*c. Options for Proportionate Fee Basis*

The enrollment ratios allowed for three options for computing the proportionate school facility costs of average housing units in Nottingham:

(1) Average Unit Method
(2) Bedroom Method
(3) Square Foot Method

2. School Facility Space Per Pupil Capacity

The second major variable in the school impact fee assessment is the assignment of a standard for the amount of school space required per pupil. This standard may represent an existing average (based on school floor area per pupil capacity) of the existing facility. A higher standard of service may also be used if an anticipated capital project is expected to increase the floor area ratio per pupil capacity. These floor area ratios include total space for classrooms, corridors, and core facilities in the building.

Table 3 below shows the basis for facility floor area standards per pupil at the Nottingham School. Gross capacity generally represents a theoretical maximum enrollment that might be served under ideal conditions and without regard to grade distribution or program requirements. Net capacity reflects an adjusted estimate that is more consistent with actual school operations and programming, and is the preferred figure for school capacity planning.

**Table 3: School Facility Spatial Standards**

| School Characteristics | Building Area Square Feet | Classroom Capacity Estimate (Pupils)* | | Sq. Ft. Per Pupil Capacity | | 2009 Enrollment (507) as % of Capacity | |
|---|---|---|---|---|---|---|---|
| | | Gross | Net | Gross | Net | Gross | Net |
| Nottingham School | | | | | | | |
| Existing Conditions | 64,020 | 615 | 553 | 104 | **116** | 82% | 92% |
| (Built 1994-95; No Additions) | | to | to | to | to | | |
| | | 565 | 538 | 113 | **119** | 90% | 94% |
| With Future Expansion | 88,319 | 748 | 711 | 118 | **124** | 68% | 71% |
| Net Change with Expansion | 24,299 | 133 | 158 | 14 | 8 | | |
| | | to | to | to | to | | |
| | | 183 | 173 | 5 | 5 | | |
| Change in Percent | 38% | 22% | 29% | 13% | 7% | | |
| | | to | to | to | to | | |
| | | 32% | 32% | 4% | 4% | | |

** The lower range in capacity estimates are from Team Design-Harriman, Architects, October 15, 2008 - Nottingham Program Analysis and excludes specialized classrooms. Net capacity estimated at 95% of maximum capacity computed based on NH Department of Education guidelines. The higher range capacity numbers are from NH School Administrators Association (NHSAA) , January 11, 2008 Assessment of Educational Facility Needs - Nottingham School District. Capacity estimates based on maximum 20 students per room for K; 25 per room for grades 1-5; 25 per room for grades 6-8 for all classrooms. Functional capacity estimated at 90% of maximum estimated classroom capacity.*

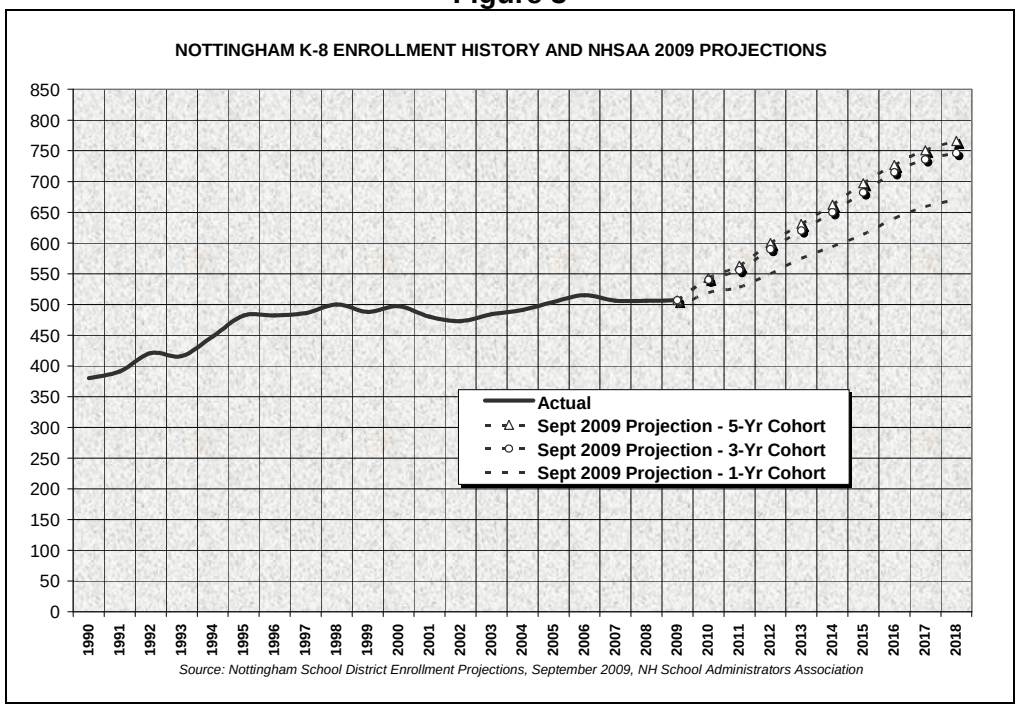
Based on the two capacity evaluations available, the net capacity of the existing school is between 538 and 553, indicating a floor area standard of 116 to 119 square feet per pupil capacity. A planned expansion, aimed at raising the gross capacity of the school to 748 (gross) or 711 (net) would increase the space standard to 124 square feet per pupil net capacity.

Based on the data in Table 3, there is little remaining net capacity in the Nottingham School, and if the enrollment grows as projected, demand could exceed available net capacity in two years. The current concept plans for the expansion of the school would result in an additional 24,299 square feet of floor area and capacity for many additional students. The need to expand the school is anticipated within the Nottingham Capital Improvements Program (2009-2015) where a school addition is shown as a possible project for 2011 with an estimated cost of $4.37 million.

The Nottingham School District has undertaken several studies of existing building needs, enrollment projections, and an expansion plan. In its Assessment of Educational Facility Needs K-8, January 11, 2008, the NH School Administrators Association developed estimates of existing capacity at the school and made enrollment projections to 2013. These projections were subsequently updated in a memorandum dated September 30, 2008, followed by a more comprehensive update report that include projections through the academic year beginning 2018. The projections indicated a 2018 enrollment level for K-8 grades with a low of 671 (1-year cohort projection) to the higher range of 746 to 766 (using 3-year and 5-year weighted) cohort projections. The preferred series of projections appears to be the 3-year average cohort method.

Figure 3 below shows the K-8 enrollment history of the Nottingham School and the most recent projections (September 2009) prepared by the District's consultant (New Hampshire School Administrators Association or NHSAA). These projections are the basis for the current planning and design for expansion of the school.

**Figure 3**




*Source: Nottingham School District Enrollment Projections, September 2009, NH School Administrators Association*

Architectural analysis and design work on the school has also proceeded. Reports entitled School Program Analysis and a Nottingham Facility Analysis (both dated October 15, 2008) were completed by Team Design - Harriman. These documents contain architectural and engineering assessments of existing conditions, recommendations for upgrades, as well as

estimates of facility capacity, space usage, and an outline of estimated space requirements for a proposed addition to the existing school. The initial planning for an expanded school shows a planned capacity for 748 students (gross) or 711 net @ 95% utilization. The relevant indicated spatial standard based on the expansion would be 124 sq. ft per pupil (net) or 118 square feet per pupil (gross). Net capacity of the school would increase by 29% to 32% as a result of the proposed addition.

3. School Development Cost Per Square Foot

The third component of the impact fee calculation is the assignment of a facility development cost per square foot. This assumption should reasonably reflect a present-day cost for the development of both classroom and core facility space.

The State of New Hampshire Department of Education publishes annual limits for the cost per square foot used in combination with floor area standards to determining maximum costs eligible for State Building Aid. These State's cost standards are intended to represent only the cost of construction of buildings and internal systems, and do not necessarily reflect other development costs such as site development costs, land, furnishings, and equipment. Current spatial and cost[1] limitations relative to State Building Aid in Rockingham County are:

| | |
|---|---|
| Elementary schools: | 120 square feet per pupil; $ 179 per square foot; $21,480 per pupil |
| Middle schools: | 140 square feet per pupils; $186 per square foot; $26,040 per pupil. |
| High School: | 160 square feet per pupil; $195 per square foot; $31,210 per pupil |

The cost guideline issued by the NH Department of Education is used in this study because it represents an objective standard that is coupled with limitations imposed by the State on the cost basis of facility development that is reimbursable from State Building Aid. The State's published "maximum allowable cost" per square foot is a variable that can be readily updated for future adjustments to the fee basis. Using the amount of floor area per pupil capacity for the schools used by Nottingham resident pupils, the *net local school facility developments cost* per pupil is approximately:

| | |
|---|---|
| 124 square feet x $179 per square foot | = $22,196 per resident pupil |
| x 70% local cost (or 30% State Building Aid) | = $15,537 per resident K-8 pupil |

The proposed addition would bring the Nottingham School floor area per pupil capacity up from about 116 to 119 square feet per pupil net capacity to about 124 square feet per pupil capacity.

4. Credit Allowances

While credit allowances are not required under New Hampshire RSA 674:21, V as part of the determination of an impact fee, these adjustments have been incorporated into the recommended Nottingham impact fee calculations. Since new development will be required to pay an impact fee for its full demand on school capacity, a reduction may be appropriate to account for the property taxes it has paid in the past (from taxes on vacant land prior to

[1] Costs per square foot reflect NH Department of Education allowances for Rockingham County facilities for the construction period April 1, 2009 through March 31, 2010.

development) or that it will pay (after the homes are built) for debt service funding of pre-existing space needs.

The allowance represents an adjustment for the property tax costs paid by new development to fund pre-existing capacity needs. These costs may include debt service for school space built in the past that is already consumed by existing enrollment. The credited costs may also include projected debt service that is related to rectifying existing space deficiencies for the existing student population.

For "past payments" the amounts credited represent the present worth of property tax payments for past debt service payments made by vacant land (pre-development) to fund school capacity that is already consumed by current enrollment. "Future payment" credits are computed based on the present value of the anticipated property tax cost of debt service on that capacity, or to fund pre-existing space deficiencies. Credit allowances for future payments are computed based on the taxes to be paid post-development (using the average assessed value of completed homes).

*a. Past Payments*

The debt amortization schedule for the Nottingham School shows that debt on the original construction was retired in 2004. Debt service payments were made over the course of 10 calendar years from 1995 to 2004. A credit allowance has been computed for past payments for a portion of that debt service by vacant land. The taxable value of vacant raw land (pre development) has been assumed to represent 10% of the assessed valuation of a completed home. [2]

**Table 4**

| | |
|---|---|
| **Nottingham Community School** | |
| Original Debt (1995) | $4,000,000 |
| Interest Rate(s) | 4.500% |
| ASSUMPTIONS | |
| State Building Aid To District: | 30.0% |
| Discount Rate: | 5.0% |

**PAST PAYMENTS**

| Calendar Year | Annual Principal Payment | Annual Interest Payment | Less State Building Aid | Net Debt Service Cost to Nottingham |
|---|---|---|---|---|
| 1995 | $400,000 | $246,008 | ($120,000) | $526,008 |
| 1996 | $400,000 | $197,900 | ($120,000) | $477,900 |
| 1997 | $400,000 | $165,500 | ($120,000) | $445,500 |
| 1998 | $400,000 | $143,100 | ($120,000) | $423,100 |
| 1999 | $400,000 | $124,500 | ($120,000) | $404,500 |
| 2000 | $400,000 | $105,100 | ($120,000) | $385,100 |
| 2001 | $400,000 | $84,900 | ($120,000) | $364,900 |
| 2002 | $400,000 | $64,200 | ($120,000) | $344,200 |
| 2003 | $400,000 | $43,200 | ($120,000) | $323,200 |
| 2004 | $400,000 | $21,800 | ($120,000) | $301,800 |

| | |
|---|---|
| Present Worth of Past Payments @ 5% | $6,892,581 |
| Percent of Capacity Used as of 2009 | 92% |
| Portion Credited | $6,341,174 |
| Nottingham Net Local Assessed Valuation 2009 | $639,448,552 |
| Past Payment Credit Per $1000 Valuation of Raw Land | $9.92 |

[2] Computed based on the 2007 construction cost survey by the National Association of Homebuilders. This periodic survey illustrates the cost components of the sales price of a newly constructed prototype single family home in the United States.

*b. Future Payments*

A credit allowance has also been computed based on the cost of expanding school facility space per pupil for pre-existing (2009) enrollment. The floor area per pupil capacity at the Nottingham School will increase by between 5 to 8 square feet per pupil (average of 6.5). The estimated cost of the space upgrade attributable to existing enrollment is estimated below and converted to a property tax allowance per $1000 valuation of a completed home:

**Table 5 - Credit Allowance - Future**

| | |
|---|---|
| Increase in floor area per pupil | 8.0 |
| Base year enrollment (2009) | 506 |
| Floor area expansion for base year enrollment | 4,048 |
| Cost Per Square Foot | $179 |
| Cost of expansion serving base year enrollment | $724,592 |
| Less 30% State Building Aid | ($217,378) |
| Net Cost to District | $507,214 |
| Nottingham Assessed Valuation 2009 | $639,448,552 |
| Credit Allowance Per $1000 Assessed Value | $0.79 |

The total credit allowances assigned within the alternative impact fee models are summarized in Table 6 below. Average assessed valued per dwelling unit have been assigned using the Nottingham tax assessment data base. The computation of average home values excludes camps and mobile homes classified as trailers. The bedroom-based and square foot options are calculated using data for single family detached homes only.

**Table 6 – Credit Allowances**

| Structure Type | Avg Assessed Value Per Unit | Raw Land Value @ 10% of Home Value | Past Payment Credit | Future Payment Credit | Total Credit Allowance |
|---|---|---|---|---|---|
| Single Family Det. | $335,000 | $33,500 | ($332) | ($265) | ($597) |
| Attached and 2+ Family | $135,000 | $13,500 | ($134) | ($107) | ($241) |
| Manufactured Housing | $168,000 | $16,800 | ($167) | ($133) | ($300) |
| | | | | | |
| By Bedrooms | Avg Assessed Value Per Unit | Raw Land Value @ 10% of Home Value | Past Payment Credit | Future Payment Credit | Total Credit Allowance |
| 2 Bedrooms or Less | $307,000 | $30,700 | ($305) | ($243) | ($548) |
| 3 Bedrooms | $333,000 | $33,300 | ($330) | ($263) | ($593) |
| 4 Bedrooms or More | $380,000 | $38,000 | ($377) | ($300) | ($677) |
| | | | | | |
| Based on Value Per Sq. Ft. | Avg Assessed Value Per Sq. Ft. | Raw Land Value @ 10% of Home Value | Past Payment Credit | Future Payment Credit | Total Credit Allowance |
| All Structure Types | $152 | $15 | ($0.15) | ($0.12) | ($0.270) |

## C. Alternative Impact Fee Schedules

Impact fee schedules have been prepared for three alternative methods of assessment: (1) a fee per unit by structure type, (2) fee per unit based on number of bedrooms, and (3) a fee per square foot of living area. The fee schedules computed in this section are based on an estimated school floor area of 124 square feet per pupil net capacity, and a facility cost of $179 per square foot.

**Table 7**

| **School Impact Fee Options for K-8 Public School Facility - Nottingham, NH** | |
|---|---|
| **Fee Calculation Method (1)** | **Fee Comparison** |
| **1. Average Housing Unit Basis** | **School Impact Fee Per Dwelling Unit** |
| Single Family Detached | $4,220 |
| Attached, 2-Family or Multifamily | $2,245 |
| Manufactured Housing | $4,206 |
| **2. Bedroom Basis (All Units)** | **School Impact Fee Per Dwelling Unit** |
| 2 Bedrooms or Less | $1,270 |
| 3 Bedrooms | $4,518 |
| 4 Bedrooms or More | $6,191 |
| **3. Square Foot Basis **** | **School Impact Fee Per Square Foot of Living Area** |
| All Structure Types: | $2.09 |
| Up to a maximum living area of: | *(To be set by Planning Board)* |
| *** Based on square feet of living area only* | |
| *(1) School development cost computed @ State allowable cost per square foot for elementary schools in Rockingham County - For SBA Reimbursement (for construction between April 1, 2009 and March 31, 2010)* | |

It is recommended that, if the Planning Board adopts the square foot method, that it also specify a maximum floor area to be assessed by this method. It is recommended that the maximum fee computed by the square foot method should not exceed the amount computed under the bedroom based method for a home with four or more bedrooms. Based on the above results, a maximum living area of 3,000 square feet would be appropriate to set a maximum ceiling on the square foot based assessment. A summary of the components of each model is illustrated in Tables 8, 9 and 10 below.

All of the impact fee alternatives may be updated by modifying the four key variables of the calculations. It is recommended that the fee basis be updated periodically with respect to school development costs per square foot, average resident enrollment per household, and amortization of debt service costs. In addition, the spatial standards applied to middle and high school facilities should be updated upon completion of those improvements so that the standards reflect actual facilities “as built”.

## Table 8: School Impact Fee Model – Fee Per Unit by Structure Type

**MODEL A - SCHOOL IMPACT FEE COMPUTATION BY DWELLING UNIT TYPE**
**COMPUTED BASED ON AVERAGE DWELLING UNITS**
**TOWN OF NOTTINGHAM, NH**

| Type of Construction: | Nottingham Enrollment Per Dwelling Unit | | | Floor Area Standard Per Pupil Capacity | | | School Development Cost Per Sq. Ft. @: | | Total School Development Cost Per Dwelling Unit |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | **$179** | **--** | |
| | Grade K-8 Enrollment | Grade 9-12 Enrollment | Enrollment Per Unit for Fee Basis | K-8 Levels | High School | Avg Per Pupil for included Facilities | K-8 Facility | High School | |
| Single Detached | 0.310 | not included | 0.310 | 124 | not included | 124 | $6,881 | not included | **$6,881** |
| Attached and Two or More Family | 0.160 | not included | 0.160 | 124 | not included | 124 | $3,551 | not included | **$3,551** |
| Manufactured Housing | 0.290 | not included | 0.290 | 124 | not included | 124 | $6,437 | not included | **$6,437** |

| Type of Construction: | District Cost Net of State Building Aid @ 30% | | | Credit Allowance | | | Net Impact Fee Per Dwelling Unit Assessment Schedule (Capital Cost Impact Less Credits) |
|---|---|---|---|---|---|---|---|
| | K-8 Facility | High School | District Cost Per Dwelling | K-8 Facility | High School | Total Credit Allowance | **Nottingham Impact Fee Per Unit:** |
| Single Detached | $4,817 | not included | **$4,817** | ($597) | n.a. | ($597) | **$4,220** |
| Attached & 2+ Family | $2,486 | not included | **$2,486** | ($241) | n.a. | ($241) | **$2,245** |
| Manufactured Housing | $4,506 | not included | **$4,506** | ($300) | n.a. | ($300) | **$4,206** |

## Table 9: School Impact Fee Model - Fee Per Unit Based on Number of Bedrooms

**MODEL B: SCHOOL IMPACT FEE COMPUTATION BASED ON BEDROOMS (ALL UNIT TYPES)**
**TOWN OF NOTTINGHAM**

| Type of Construction: | Nottingham Enrollment Per Dwelling Unit | | | Floor Area Standard Per Pupil Capacity | | | School Development Cost Per Sq. Ft. @: | | Total School Development Cost Per Dwelling Unit |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | **$179** | **--** | |
| | Grade K-8 Enrollment | Grade 9-12 Enrollment | Enrollment Per Unit for Fee | K-8 Levels | High School | Avg Per Pupil for included | K-8 Levels | High School | |
| 2 Bedrooms or Less | 0.117 | not included | 0.117 | 124 | not included | 124 | $2,597 | not included | **$2,597** |
| 3 Bedrooms | 0.329 | not included | 0.329 | 124 | not included | 124 | $7,302 | not included | **$7,302** |
| 4 Bedrooms or More | 0.442 | not included | 0.442 | 124 | not included | 124 | $9,811 | not included | **$9,811** |

| Type of Construction: | District Cost Net of State Building Aid @ 30% | | | Credit Allowance | | | Net Impact Fee Per Dwelling Unit Assessment Schedule (Capital Cost Impact Less Credits) |
|---|---|---|---|---|---|---|---|
| | K-8 Facility | High School | District Cost Per Dwelling | K-8 Facility | High School | Total Credit Allowance | **Nottingham Impact Fee Per Unit:** |
| 2 Bedrooms or Less | $1,818 | not included | **$1,818** | ($548) | n.a. | ($548) | **$1,270** |
| 3 Bedrooms | $5,111 | not included | **$5,111** | ($593) | n.a. | ($593) | **$4,518** |
| 4 Bedrooms or More | $6,868 | not included | **$6,868** | ($677) | n.a. | ($677) | **$6,191** |

## Table 10: School Impact Fee Model - Fee Per Square Foot of Living Area

### MODEL C: SCHOOL IMPACT FEE COMPUTATION PER SQUARE FOOT (ALL UNIT TYPES)
### TOWN OF NOTTINGHAM

| Type of Construction: | Nottingham Enrollment Per Dwelling Unit | | | Floor Area Standard Per Pupil Capacity | | | School Development Cost Per Sq. Ft. @: | | Total School Development Cost Per Dwelling Unit |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | **$179** | **--** | |
| | Grade K-8 Enrollment | Grade 9-12 Enrollment | Enrollment Per Unit for Fee | K-8 Levels | High School | Avg Per Pupil for included | K-8 Levels | High School | |
| All Structure Types | 0.152 | not included | 0.152 | 124 | not included | 124 | $3.37 | n.a. | **$3.37** |

| Type of Construction: | District Cost Net of State Building Aid @ 30% | | | Credit Allowance | | | Net Impact Fee Per Dwelling Unit Assessment Schedule (Capital Cost Impact Less Credits) |
|---|---|---|---|---|---|---|---|
| | K-8 Facility | High School | District Cost Per Sq. Ft. | K-8 Facility | High School | Total Credit Allowance | **Nottingham Impact Fee Per Unit:** |
| All Structure Types | $2.36 | not included | **$2.36** | ($0.27) | n.a. | ($0.27) | **$2.09** |

| **Examples by Unit Size:** | |
|---|---|
| Living Area | School Impact Fee |
| 500 | $1,045 |
| 750 | $1,568 |
| 1,000 | $2,090 |
| 1,250 | $2,613 |
| 1,500 | $3,135 |
| 1,750 | $3,658 |
| 2,000 | $4,180 |
| 2,250 | $4,703 |
| 2,500 | $5,225 |
| 2,750 | $5,748 |
| 3,000 | $6,270 |

## D. Application of Fees

1. Assessment for Additions, Changes in Use

Depending on the method adopted, the school impact fee may be assessed to each dwelling unit according to its structure type, number of bedrooms, or living area. In cases where a change in structure type, number of bedrooms, or living area is involved, a fee can be calculated based on the net increase (if any) in impact resulting from the change if permitted within the impact fee ordinance.

This process would involve a determination of the fee for the new use (number of units, bedrooms or square feet of living area) in its *proposed* configuration, then subtracting the fee that would have pertained to the *prior* configuration. The net positive difference is the impact fee that may be assessed for the conversion, expansion or addition. If the result is zero or less, no fee should be assessed.

It may be possible to assess conversions of seasonal to year round homes a school impact fee. To support this, the Nottingham impact fee ordinance would need to include in its definition of "new development" the conversion of an existing seasonal dwelling unit to a year round home through winterization or other improvements that enable the structure to be occupied on a year-round basis. Since the conversion could result in additional demand on capital facilities subject to impact fee assessment, the conversion could be assessed a fee provided that a building permit and certificate of occupancy are required.

2. Waivers

The use of waivers should be governed by the impact fee ordinance, in which specific criteria should be set forth for full or partial waivers of a school impact fee.

*Senior Housing*. A virtually automatic waiver of the school fee should be available for qualifying senior housing units. Typically, a school impact fees is waived for a unit that has a legally binding occupancy restriction that limits its occupancy to age 55+ (or to persons 62+) in compliance with state and federal law governing age-restricted housing.[3] Prior to granting such waivers, the Planning Board should verify that there is a long-term, lawfully binding restriction pertaining to the unit that would tend to preclude occupancy by school age children.

*Workforce Housing.* In the case of senior housing, the need for a school fee waiver is obvious because such units are highly unlikely to generate school enrollment. Other waivers must be weighed more carefully for situations where the development would generate an impact, but a waiver is to be offered for other policy reasons. Under the workforce housing statute (per NH RSA 674:58-61), municipalities are encouraged to review the overall impact of their development regulations relative to enabling workforce housing.

In Nottingham the applicable workforce housing standards for 2009 [4] would define workforce households to include renter households earning up to $51,400 per year and homeowner

[3] See New Hampshire RSA 354-A:15 Housing for Older Persons

[4] Applicable HUD income standards in Nottingham are defined by statistics for the Western Rockingham County HMFA.

households with annual incomes up to $95,200. Rental units considered affordable under workforce standards are computed at 30% of gross rent for renters (up to $1,285 per month gross rent would meet this test). For homeowners, the monthly payment [5] for ownership cannot exceed 30% of $95,000 (monthly payment of $2,375). Since there is no reason to believe that the impact of such households on the school system would be any less than that of other housing, a school fee waiver would be appropriate only if the Town wanted to enable a special incentive for its development (or for workforce units developed for a lower threshold income).

Any criteria for full or partial waivers of the fees for workforce housing should be very carefully considered relative to maintaining the purpose and proportionality of the fee and its equitable application to all new development. Impact fees, per New Hampshire statutory guidelines, must be proportionate to the impact of new development on the public facilities in question. Granting of waivers based on income or price/rent ceilings alone may make such fees disproportionate relative to impact, even though the purpose of a full or partial waiver might promote another public policy objective.

If the square foot method is selected as the basis for school impact fee assessment, it would have the advantage of offering a lower fee for smaller (more affordable) homes without requiring a specific waiver based on occupant income or the initial pricing of a workforce housing unit.

## E. Fee Accounts and Use of Funds

Impact fees supported by this report would be applied to the capital cost of K-8 public school facilities in Nottingham. There is very limited available capacity for additional enrollment within the Nottingham Elementary School, estimated to have a 2009 enrollment that is 92-94% of its net capacity. The fee basis is contingent on the expansion of school facility floor area and related capacity so that adequate facility area remains available to provide for the school enrollment needs of new development.

To manage its school impact fee and other fees, the Town should set up a special account for each category of impact fees it collects. Under RSA 674:21, V (c) impact fees must be segregated from the general fund, and shall be used solely for the capital improvements for which it was collected. In the case of impact fees for schools, the fees and accrued interest should be periodically transferred to the school district and credited toward the capital costs of the District. The impact fee revenue and accrued interest may be used to offset the debt service costs incurred by the District for school expansion.

The Town will also need to keep track of impact fee income and allowances for accrued interest by property to allow for the possibility that a refund might be required in the future. It is recommended that the Town's impact fee ordinance specify that if a refund is issued, that it be paid to the owner of record at the time of the refund. It is more appropriate to view the impact fee as an assessment applied to a *property*, rather than to a *person*, in order to track impact fee income and the use of impact fee funds. Refunds are required if appropriations of non-impact fee funds required to provide needed facility capacity are not made within six years of the collection of the fee.

[5] Monthly costs for owners include principal, interest, taxes and hazard insurance.

There may be several administrative stages leading to the collection of an impact fee. The first is assessment, which constitutes a notice that a certain fee will be collected at the time a certificate of occupancy is issued. Normally this assessment will take place at the time of planning board approval of a subdivision or site plan. If no planning board action is required, and the property is subject to an impact fee then the assessment may take place at the time a building permit is issued. It is recommended that all building permits for property subject to an impact fee assessment be accompanied by a notice/acknowledgment form showing the amount of the fee, and stating that the fee will must be paid at the time the certificate of occupancy is issued. This procedure will help assure that all parties remain informed and reminded of the assessment obligation). [6]

## F. Updating the School Impact Fee

Impact fees are intended to be adjusted periodically to assure that the variables used in the fee calculation are appropriate at the time new development is approved. With respect to the school impact fee, it is expected that demographic changes will affect the average enrollment per occupied dwelling unit in Nottingham. This variable is central to maintaining a proportional assessment that reflects average consumption of school facility space per housing unit.

Other changes may include adjustments of the space provided pupil or modifications that affect educational program goals (and related floor area requirements per pupil). The actual construction and cost of a school addition may be different from the assumptions made in this report, and those assumptions should be modified as necessary in future updates to reflect actual investments. Facility development cost assumptions can also be updated in the model so that the fee assessed reflects costs that are indexed to the year of assessment.

The fee basis in this report includes a credit allowance that is based on assumptions which may differ from actual costs incurred and future debt service schedules that follow facility construction. As debt service incurred and gradually amortized, and the Town's assessed valuation grows, the credit allowances can be adjusted. In general credit allowances become smaller over time, allowing more of the assigned capital cost to be recovered in the impact fee. The impact fee ordinance should contain guidelines that allow for a periodic update of the basis for the impact fee assessment by the Planning Board.

[6] Although a property is assessed an impact fee as a condition of subdivision approval, it is possible that subsequent purchasers of individual lots who build on them could involve parties other than the original subdivider who may be unaware that a fee is due upon issuance of a certificate of occupancy. Therefore, a process that essentially "invoices" the owner or builder at the building permit stage will assure that all parties are aware of the amount due upon issuance of the certificate of occupancy.