

Procedure for the  
Computation of  
Impact Fees  
for the  
Windham Public School District  
Revision  
Year 2009

Prepared for the Town of Windham, New Hampshire

Revised October 2009  
Planning Board Adopted 1/19/10

### Acknowledgment

We wish to acknowledge the Southern New Hampshire Planning Commission for its document, "A Handbook On Impact Fee Development", October 1992 upon which the majority of the procedural and computational format of both the ordinance and the methodology were based.

### Introduction

Impact fee enabling legislation (RSA 674:21 V) has been adopted by the State of New Hampshire as an innovative land use control device, which has been adopted by town vote and incorporated as part of the zoning ordinance section 715. Development impact fees are charges levied against new developments to help the town pay for infrastructure costs imposed by said growth. The purpose of this document is to enumerate the details of computation of the impact fees to be imposed upon new developments as they relate specifically to the increased space requirements placed upon the Windham School District, specifically for the High School and in the future, the anticipated new Elementary school. This revision is offered to reflect the additional building space offered to support new High School students. In addition, historical application of impact fees to retirement of the debt, updated school building costs, updated school space needs, updated calculations based on revised new housing costs, a re-affirmation of the impact of new housing on student population based on empirical analysis, and updated housing and student population figures are included in this revision.

### Summary

The computation of the impact fee is based on the recent capital School investment required to meet the needs imposed by new development for additional High School infrastructure. Future impact fee methodologies are required to be performed to address the needs for additional infrastructure in the Elementary and Middle school. It will be shown within this document the rational nexus exists relating to the cost for the additional space provided in the High School relative to the impact of new housing. Further detailed analysis of the supporting data can be found within the text of this document.

### **Students Per New Single Family Household**

The current analysis shows that 0.80 students are added for grades Kindergarten through 12<sup>th</sup>, per new single family home. For the four high school grades and the middle school grades feeding the High School, the number of students per new single family house is 0.24. A conservative 0.2 high school students per new single family house will be used, assuming some graduating eighth grade students will opt for a private high school education and not remain in the Windham school system.

### **Space per Student in High School**

The average space (sq. ft.) required per student in the Windham High School student is 160<sup>1</sup> square feet, as compared to the State Average of 150 square feet for high school.<sup>2</sup>

---

<sup>1</sup> Provided by Windham School District, September 9, 2009

<sup>2</sup> *Note: Based on the as built high school of 192,000 square feet for 1000 students translates to 192 square feet per student. The more conservative 160 square feet will be used.*

**Cost per Student in High School**

The average cost of new school construction of \$168.00 per square foot for the High School was provided by the Windham School District.<sup>3</sup>

To compute the total school impact on the infrastructure borne by the community for new single family homes, multiply the number of students per household by the space required per student (square feet / child) multiplied by the cost per square foot for the space needs.

Many communities compute the cost per square foot reduced by the State Aid. It is important to note the cost of money is not included in this computation, although it is an appreciable encumbrance on the taxpayers. In many bonds, based on the number of years and interest rate, the interest payments may approximate or exceed the State Aid. For the building and land acquisition bond, the amount of State Aid is \$12,825,988.80, which does not offset the interest cost of the bond of \$16,047,514. For the additional \$4 million bond, the State Aid of \$1,120,686 slightly offsets the total interest payments of \$1,071,407. (See total payment schedule Table 9a and 9b located in the Credits for Past and Future Payments section of this document.) For this reason, the cost per square foot is used without State Aid and the cost of money over the life of the bonds (interest) is not included in the total impact fee assessment.

Table 1 – Cost to provide space needs for new High School students

School	Number of Students per House	Square Feet Provided per student	Cost for Construction	Total Cost per New Single Family Dwelling
High School	0.2	160	\$168.00	\$5,376.00

**Impact Fee Credits** - Throughout the remaining bond period, the new single family dwelling will pay a share of the capital investment costs through local property taxes collected during the period of the bond required to pay for the new school space. This cost is computed for the six year period covered by the impact fees and will offset (subtract from) the impact fee.

The amount of the school bond for the six year period commencing in 2009, after State Aid of 30% on the principle is subtracted, is \$19,617,101. The Impact Fees paid by new single family housing units will further reduce this future liability; therefore the net cost to the future taxpayers over this six-year period is \$18,717,101. Based on the valuation for the Town of Windham for the tax year of 2009 of \$2,272,847,670<sup>4</sup> with a projected growth rate of 1.5%, the tax impact borne by a \$400,000 new single family home for the bonded additions is \$3,132.86.

<sup>3</sup> Note: Based on the total bonded figure of \$46,488,916 divided by 192,000 square feet corresponds to \$242.00 per square foot. This figure includes land acquisition, engineering, fixtures and furnishings which are permitted by Impact Fee legislation. The more conservative \$168.00 will be used.

<sup>4</sup> Based on the MS-1 submitted to Selectmen in October 2009

Past credits are computed for the developed property prior to the new single family house being built. Although many houses are built soon after the subdivision has been approved, occasionally building lots remain without new buildings and taxes are paid on the cost of the developed buildable lot. The Town Assessor has determined the average cost of the developed buildable lot to be \$200,000 therefore the taxes paid on the bond for the four years prior to 2009 are included. From table 10, it can be seen the total taxes paid toward the school bonds are \$929.79.

The High School has been built to house a total student population of 1,000. Based on the 2008 projections provided by the Windham School District, the total population expected in the first full year occupation of all four grades is 624 students<sup>5</sup>. The space for the additional 376 students (1000 – 624) divided by the total building capacity of 1,000 students is the ratio of the total bond used for additional classroom spaces. This ratio must then be applied against the past and future bond payment credits for the costs encumbered for the new students.

Therefore the credits which will be attributed to each new single family house based on past and future taxes to be paid is computed to be (\$3,133 + \$930) multiplied by 0.376 (the ratio of the bond used for new students) or \$1,528.

The net cost for new high school construction costs per new single-family dwelling is therefore:

$$\mathbf{\$5,376 \text{ (Impact fee)} - \$1,528 \text{ (credits)} = \$ 3,848 \text{ (Net Impact Fee)}}$$

### Methodology

*The process used for this update will be as follows:*

- *Include the prior data enumerated within the previous Procedure for the Calculation of Impact Fees to preserve historical accountability*
- *Add updated data relevant to the computation*
- *Provide a summary of the calculation*
- *Calculate the revised impact fee schedule*

*The modifications made to the calculation are as follows:*

*Updated school enrollment figures including high school students*  
*Updated housing figures*  
*Updated space requirements for High School students*  
*Updated town valuation numbers*  
*Updated average single family housing costs*  
*Re-Affirmation of housing multiplier*  
*Updated analysis and text*  
*Updated Impact Fee Schedule*

---

<sup>5</sup> Based on projections from Windham School District

### Authorization

Authorization is provided under enabling legislation which is defined and codified within RSA 674:21 V. As defined within the statute, impact fees are an assessment imposed upon development including subdivision, building construction or other land use change, in order to meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality. The RSA specifically limits the imposition of impact fees to certain capital facilities, of which Public School Facilities are allowed.

In 2005, the Town approved the expenditure of \$9,600,000 for the purpose of acquiring 146 acres of land and engineering studies for the construction of an expandable Windham High School, which would also include potential space requirements for a new Elementary or Middle School. Also, in 2005, the Town appropriated a total of \$34,220,013 for the construction and furnishing of an expandable Windham High School. The total bonded figure for these two articles were \$8,533,283 and \$34,220,013 respectively. In 2007, the Town appropriated an additional bond for \$4,000,000 due to a change in design and architectural firm employed by the district.

It is accepted that new housing units introduce additional students into the district, and the town must provide adequate schooling for these students. The impact fee provision requires that only new capital improvements caused by these additional students' may be offset by these fees. This legislation prohibits maintenance, improvement and other costs not directly related to increasing capital needs to be included in the computation. For the purpose of defining the impact fees, the cost of construction of additional space above and beyond that space required for educating our existing population of High School students can be applied against the fees collected by new construction. Included in this amount will be the additional core and classroom space of the High School project, engineering, land acquisition, and architecture costs for that portion of the space attributable to the extra space. Analysis for the computations of the Impact Fees will substantiate the additional space provided specifically for the additional students and not include space needed to educate our existing school population.

The fees accepted under the impact fee ordinance may only be used for the purpose under which they were collected. In addition, a six year period is also the holding period for impact fees as established by RSA 674:21, V(e). The community must appropriate its share of facility expansion costs for those facilities subject to impact fee assessment within six years of the time which the fee was collected. The statute also requires that the fee provide a proportional share of the capital improvement costs which are attributable to the requirements placed on the future infrastructure required to support the new development. The bond, to which these Impact Fees are applied, is a result of the affirmative vote of the Windham School District to add classrooms and infrastructure to the expandable High School. In the future, a new Elementary / Middle School to allow for the increased growth anticipated through the year 2015 and beyond may be added to the Impact Fee.

Through Revised Statutes Annotated 674:21, a Town which undertakes a method for regulating growth through a growth management ordinance, such as Impact Fees, must prepare and adopt both a Master Plan and a Capital Improvement Program (CIP), both of which Windham has had in place for many years. The Master Plan provides the Town Fathers and the Planning Board

with the information and direction the Town wishes to pursue in the future to maintain the quality of life expected by the Town's residents. In addition, the Town must have in place a Capital Improvements Program, the financial counterpart of the Master Plan. In 2008, the estimated growth reported in the CIP is 1.5% and the amount set aside for the purpose of Capital Improvements was \$0.75 per thousand from the tax rate. The 2009 CIP references the High School Bond and begins the process of setting up a Capital Reserve Fund (CRF) for the additional future space needs of the elementary schools.

Credits are customarily applied against the computed impact of new residential development. The computation of impact fees may account for the previous contributions made to the Town's infrastructure through the collection of property taxes paid by the landholder prior to the change of use of the development. These payments must be credited against the calculated impact fees. In addition, it is acknowledged that the development will add to the taxable base, thereby also contributing to the improvement costs of the Town's infrastructure. These payments, exacted as yearly property taxes, must be calculated and applied as a credit against the proposed impact fee.

### School District Enrollments

Windham School District is a member of the School Administrative Unit Number 28 in New Hampshire, which combines Windham and Pelham. The Windham School system provides education for grades Kindergarten through 12th grade. In the past, Windham has tuitioned its high school students to other regional high schools, primarily to Pinkerton Academy in Derry, N.H. Due to overcrowding at Pinkerton Academy, the Academy asked Windham to find another accepting district, at which time Windham entered into an Authorized Regional Enrollment AREA agreement with the Salem School District on January 10, 1991. Recently the AREA agreement has been revised to provide for a three year transition of the High School students from Salem to the new Windham High School. In 2009, Windham High School opened with grades 9 and 10. In 2010, the High School will house grades 9-11, and in 2011 grades 9-12. In 2011, Windham will have fully transitioned from Salem High School to the new High School facility.

Table 2 provides the actual student population, as determined on October 1st of each year. Although student population changes take place during the year, the enrollment figures taken on October 1st have historically been used by the District and State for statistical analysis. Figure 1 provides a graphical analysis of the enrollments within the district over this period.

The projections used by the school district are based on a cohort survival method<sup>6</sup> updated on a yearly basis. Due to the statistical nature of the projections, the projections will not account for yearly jumps in the growth rate. Accuracy of projections is a function of stability in rate increases and trends. Historically, the projections have been accurate when growth in town has been stable, and are suspect during periods of unanticipated growth or decline in the new housing rates.

---

<sup>6</sup>The Cohort Survival Projection Method is a simple method for forecasting what the future population will be based upon the survival of the existing population and the births that will occur. This method can be applied for any period of time but it typically it involves five-year steps. Applied once it would give the population five years ahead; applied twice it would give the population ten year ahead.

Table 2 – Actual Enrollments through 2008 and Projections through 2013

Year	GB	Center	Middle	HS	T to 8	Total	Change 1-8	Change HS
1992	334	427	401	468	1162	1630		
1993	371	408	428	473	1207	1680	45	5
1994	372	416	439	479	1227	1706	20	6
1995	376	453	446	507	1275	1782	48	28
1996	381	500	433	520	1314	1834	39	13
1997	388	529	466	510	1383	1893	69	-10
1998	423	547	489	500	1459	1959	76	-10
1999	437	554	517	501	1508	2009	49	1
2000	390	571	545	536	1506	2042	-2	35
2001	367	628	575	553	1570	2123	64	17
2002	410	595	567	592	1572	2164	2	39
2003	425	567	584	650	1576	2226	4	58
2004	424	508	607	650	1539	2189	-37	0
2005	417	574	573	670	1564	2234	25	20
2006	429	586	550	663	1565	2228	1	-7
2007	451	610	533	651	1594	2245	29	-12
2008	479	614	594	625	1687	2312	93	-26
2009	480	632	612	608	1724	2332	37	-17
2010	482	673	622	618	1777	2395	53	10
2011	491	675	633	624	1799	2423	22	6
2012	494	704	652	655	1850	2505	51	31
2013	486	692	694	677	1872	2549	22	22

School Enrollments

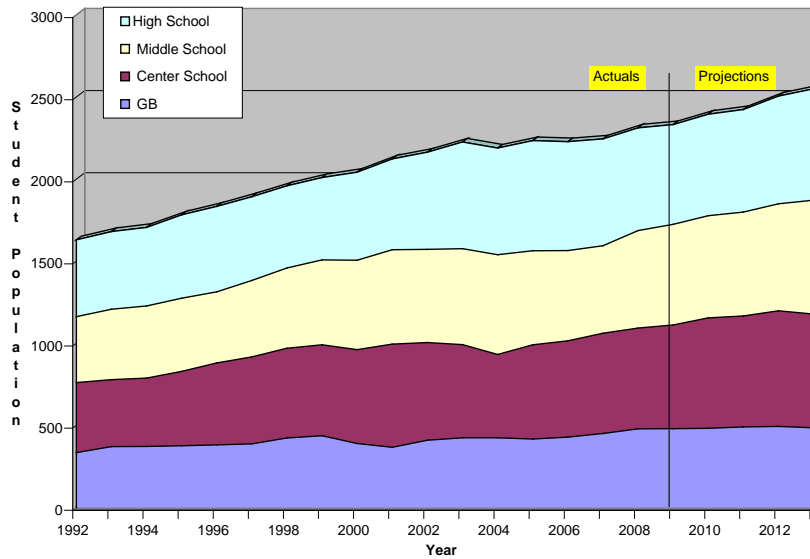


Figure 1 - School Enrollments

For the years 2001 through 2008, the school district has experienced an increase of 189 students for an average growth rate of 9%.

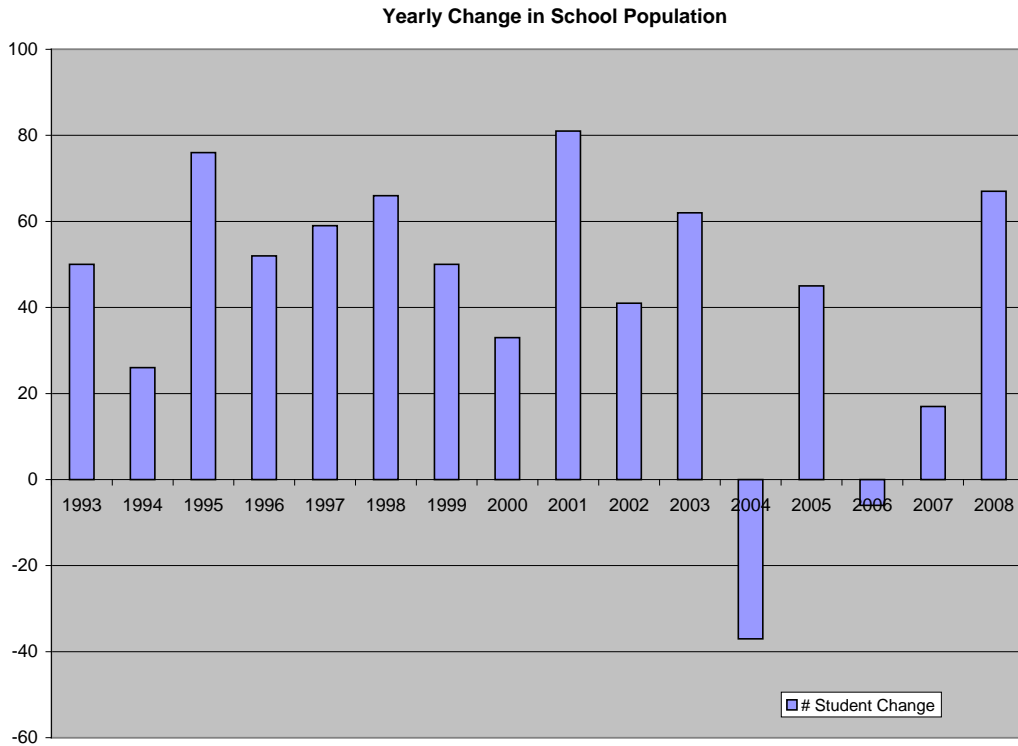


Figure 2 – Student Change per Year Actual Enrollments

### School Utilization

The Windham School district presently provides five buildings for the education of the students of the district; the SAU 28 Pre-School on Rt. 111 serving the early childhood Special Education program, Golden Brook School for grades Kindergarten through second grade, Center School for grades three, four and five, Middle School for grades six through eight and the new High School located on London Bridge Road.

The following table provides the school year 2008 enrollment versus the capacity allocation<sup>7</sup> for each of the schools. The capacity figures used were presented by the Windham School District in October 2009. The High School enrollment figures through 2008 are the students attending Salem High School prior to the opening of the new High School. The capacity of 1,000 students in the High School is the as-built configuration of the new Windham High School.

School	Enrollments	Capacity
Golden Brook	479	550
Center School	614	632
Middle School	594	658
High School	625	1000

<sup>7</sup> Provided as part of the Facilities Presentation October 2009, Windham School District

Table 3 – 2008 Enrollments versus Capacity

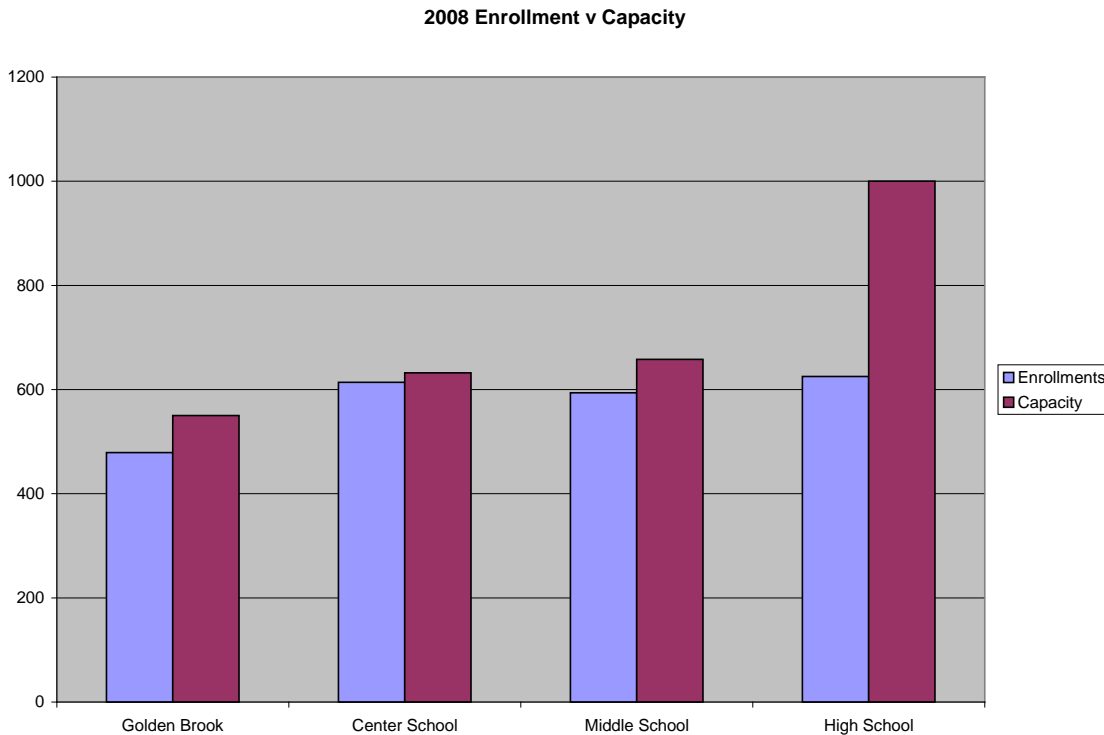


Figure 2 – Enrollments versus Capacity

The additional capacity provided within the High School of 1,000 students is estimated to handle new growth in enrollments well past the year 2014. Table 3, displayed graphically in Figure 2, demonstrates the ability to handle future needs now present in the High School. It should be noted that the High School was built with the possibility for future classroom additions to be built to handle a total maximum build out capacity of 1,250 students.

### Average Square Footage per Student

A critical step in the determination of impact fees is the amount of space provided by the district for the education of its students. Table 4 provides a tabulation of this parameter for the existing schools providing an education from Kindergarten through grade twelve. The total facility build out of the three elementary schools per student is 107.3 square feet and approximates the State average of 103 square feet per student in elementary schools.

The High School classroom and educational space per student is approximated at 160 square feet<sup>8</sup>, although using the 192,000 square feet of the High School divided by the ability to house 1000 students is 192 square feet per student.

<sup>8</sup> Source Windham School District, September 2009

School	Capacity <sup>9</sup>	Gross Square Footage	Square Footage per Student
Golden Brook	550	48,000	87.27
Center School	632	66,403	105.07
Middle School	658	85,634	130.14
High School	1,000	192,000	192

Table 4 - Current Core Facility Space

### New Development Impact on School Facilities

The Town of Windham is generally considered a bedroom community for the metropolitan Boston area. As such, its housing stock is principally single-family detached dwellings. The number and types of dwellings are historically disputed between the various agencies tasked with compiling these figures.

Using 2001 as a base year for the number of single family residences, the number of single family houses have increased by the number of new single family COs issued for the year as reported by the Building and Planning Department in the Annual Town Report for the year stated. Multi family dwellings and Condos are as reported by the Building and Planning Department in the Annual Town Report for the year stated. The results are tabulated below:

Year	Number of Single Family Dwellings <sup>10</sup>	Number of Multi-Family Dwellings	Condos	Seasonal Homes	Total Housing
2001	3519 (Base Year)	76	314	305	4212
2002	3640	76	314	287	4317
2003	3729	21	305	292	4347
2004	3781	35	350	278	4444
2005	3864	23	497	268	4652
2006	3976	55	556	261	4848
2007	4045	29	620	259	4953
2008	4124	60	620	255	5059

Source: Windham Annual Town Reports, Planning and Development Department Data

Table 5 - Housing Growth for Windham from 2001 to 2008

<sup>9</sup> Source Windham School District

<sup>10</sup> Based on new Single Family Permits issued, Town Report, added to base year single family housing of 3519 in 2001.

The total single-family housing is plotted in Figure 4.

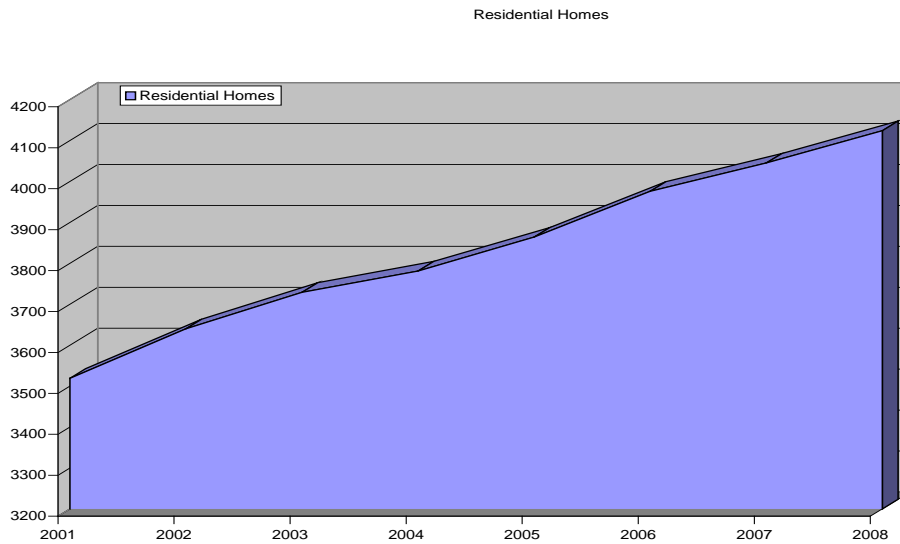


Figure 4 – Single Family Housing Growth in Windham

The 2005 Master Plan contained an estimate of Windham’s build out population based on land availability and the rate of consumption of developable land by single family development. The lower end build out projection suggested that between 2003 and total build out would produce an additional 1,947 single family units.<sup>11</sup> With 455 single family permits already issued between 2004 through 2008, a total of 1,492 additional single family houses may potentially be added to the housing inventory. If 0.2 high school students per house is used (State Average), a total of an additional 298 High School students may be added to the enrollment figures. This additional space need has been provided in the existing high school and is the basis for this impact fee.

<sup>11</sup> Impact Fees for Public Safety and 2005 Windham Master Plan

Computation of Housing Multiplier Factors

In 2003, Bruce C. Mayberry, Planning Consultant for Salem, N.H., presented a series of public school enrollment multipliers for New Hampshire based on tabulations of the 2000 U.S. Census Public Use Microdata Sample, processed by the University of New Hampshire. Table 6 provides the result of the sample.

Housing Type	Grades	Grades	Grades	Total Grades K-12
	K-4	5-8	9-12	
Single Family Detached	0.267	0.236	0.216	0.719
3 or more bedrooms				
Single Family Attached	0.265	0.211	0.17	0.647
Inc Townhouses				
Multifamily 2 Units	0.245	0.232	0.239	0.716
Multifamily 3-4 Units	0.370	0.192	0.207	0.769
Multifamily 5 Units	0.445	0.325	0.312	1.08
Manufactured Housing	0.289	0.243	0.201	0.733

Table 6 - Listing of Multipliers Developed by UNH and Bruce Mayberry

Test of Multipliers

To assess the accuracy of the multiplier factors stated in the 1998 Windham report (0.57 children per new house in grades K - 8) and revised to 0.66 children per new house in grades K-8 performed during the 2003 Windham School Impact Fee update, a current test was performed on new developments within town. The number of certificates of occupancy (COs) issued during the years of 2004 through June 2009 was used as a basis of single family detached housing and single family attached housing (condos). The age restricted housing units were not included in the calculations. This was then verified with the tax rolls from the Town Assessor to check usage, single family or condos. The number of new dwellings is reported in Table 7. In the case of testing the multiplier used for attached (condo) dwellings, the results are posted in Table 8. To determine the presence of students in the system from these housing units, a listing from the Windham School Department was obtained giving the address of each student enrolled within one of the four schools for the school year of 2008-2009 and expected enrollments for Windham's new High School. The data is provided in Table 7 and table 8.

CO's 2004-2009 (new construct)		# of students/school				# students /house
# of COs	Street Name	GBS	Center	Middle	High	
		K-2	3-5	6-8	9-12	
1	ABBOTT RD					
1	ALADDIN RD					
1	ALLEN RD					
2	APPLETON RD					
17	BEAR HILL RD	4	3	5	1	13
1	BEECH ST					
1	BLOSSOM RD					
1	BRIDLE BRIDGE RD					
1	BUCKHIDE RD	7	3	2		12
3	BURNHAM RD	1		1	1	3
1	BUTTERNUT RD					
1	CANDLEWOOD RD		3		1	4
4	CANTERBURY RD	1			1	2
10	CARDIFF RD	4	3	1	1	8
1	CASTLE HILL RD					
19	CLARKE FARM RD	5	6	5	2	18
1	COBBETTS POND RD					
1	CORLISS RD	1	1	1		3
12	CRISTY RD		3	1	1	5
1	DOIRON RD					
1	DOW RD					
8	DUNRAVEN RD	3	8	1		12
24	DUSTON RD	8	3	8	2	20
1	EASY ST	1				1
21	EDINBURGH RD	5	2	2	1	10
2	FARMER RD					
1	FARRWOOD RD	1	1			2
2	FISH RD					
2	FLAT ROCK RD					
7	FLETCHER RD	1	1	1	1	4
3	FOURTH ST	0	0		1	1
1	GARDNER RD	1	1			2
1	GOODHUE RD					
1	GOV DINSMORE RD					
5	HANCOCK RD	3	4	2	1	9
2	HARRIS RD					
1	HAYES HART RD					
18	HERITAGE HILL RD	11	12	10		33
2	HORSESHOE RD					
5	IRONWOOD RD	1	1	1	3	6
1	JACKMAN RIDGE RD	9	3		2	14
1	JENNYS HILL RD					
2	JOHNSON ST					
<b>CO's 2004-2009 (new construct)</b>		<b>Golden</b>	<b>Center</b>	<b>Middle</b>	<b>High</b>	<b>Students</b>

	Street Name	Brook				/ House
		K-2	3-5	6-8	9-12	
1	JORDAN RD	1				1
1	KENDALL POND RD					
4	LEEDS RD	2	2			4
2	LONDONDERRY RD					
8	LUDLOW RD	3	1		3	6
2	MARBLEHEAD RD					
23	MITCHELL POND RD	8	6	3	3	19
1	NASHUA RD					
1	NEW RD	1	1			2
1	NEWBURY RD					
1	NO POLICY ST					
17	NORTHLAND RD	4	3	1		8
5	ORCHARD BLOSSOM RD		4	1		5
2	OSGOOD ST		1	1	1	2
4	OUTLOOK RD	4	2			6
11	OVERTON RD	5	3		2	10
1	POPLAR RD					
3	PORCUPINE RD	1	1			2
8	ROCK POND RD					
3	ROCKY RIDGE RD					
1	ROLLING RIDGE RD					
7	RYAN FARM RD	4	3	2		9
1	SAGAMORE RD			1		1
1	SAWTELLE RD	1				1
1	SAWYER RD					
2	SECOND ST					
2	SETTLERS RIDGE RD			1		1
1	SHEFFIELD ST	1	2			3
1	SIMPSON RD					
1	SPRING ST					
4	SQUIRE ARMOUR RD	1	1			2
1	STONEWYKE RD	1				1
1	TARBELL RD		1	1		2
1	TAYLOR FARM RD	2	1	1		4
1	TELO RD					
3	THIRD ST					
5	TIMBERLANE RD	3	2	1		6
2	TURTLE ROCK RD				2	1
2	VIAU RD					
	<b>TOTALS SINGLE FAMILY</b>	109	92	54	30	285
	356 co's issued for single family detached					
	ratio of children/home	0.306	0.258	0.152	0.084	0.801

Table 7 – Current Test of Single Family Multipliers Used in Calculation

Source - Windham School District, 2008 Enrollment

## Single Family Attached Housing (Condo and Town Houses)

CO's 2004-2009 (new construct)		# of students/school				# students /condo
Addresses		GBS	Center	Middle	High	
#	Street Name	K-2	3-5	6-8	9-10	
11	BROOKVIEW RD					
3	FLAGSTONE WAY					
12	GORDON MOUNTAIN RD			1	1	2
3	GRANITE HILL RD					
2	LAMPLIGHTER VLG RD					
8	MISTY MEADOW RD					
30	MOUNTAIN VLG RD	1	1			2
<b>TOTALS CONDOS</b>		1	1	1	1	4
69 co's issued for condos						
ratio of children/home for condos		0.014	0.014	0.014	0.014	0.058

Table 8 – Current Test of Condo Multipliers Used in Calculation

Source - Windham School District, 2008 Enrollment

The impact of multi-family dwellings (condos) on the school system in the current test showed four students attended Windham schools. For the 69 COs issued, the ratio of 0.058 children per condo is determined to be a negative impact on the High School when the past and future credits are applied against the total impact. For this reason, the impact would again result with a negative impact fee.

The prior two multiplier tests performed were for students in Transition through 8<sup>th</sup> grade, based on the fact Windham did not educate high school children within the Town during the prior two test periods nor did they have Kindergarten.. The Windham High School opened in September 2009 with only two grades, 9<sup>th</sup> and 10<sup>th</sup>. The high school numbers were based on enrollments at the time of the data collection, prior to the historical school district October collection of enrollments. The figures noted an increase in the total number of children being brought into the Windham schools growing from 0.57 in 1998, 0.66 in 2003 and growing to 0.72 in 2009 without including 9<sup>th</sup> through 12<sup>th</sup> grades. Including the High School, the latest figures show 0.801 students per single family detached in Windham. This is higher than the state average multiplier of 0.719 reported in the Mayberry / UNH report for all K-through 12 grades.

The trend to build bigger homes would seem to indicate a larger percentage of students per household. Some communities base impact fees on the number of bedrooms in the dwelling, associating a relationship in the size of the dwelling with the number of children. This logic stands up the test in Windham also.

As shown in Table 8, the number of new students attributable to the new housing based on the issued COs is 0.72 students per house for grades K-8. through 8<sup>th</sup>. The High School numbers are derived by using the number of students enrolled in Windham's grades 9-10 (again, Windham opened the High School with only two grades) and the number of students in Salem's grades 11-12.. With the High School opening, it is anticipated the number of High School (HS) students

attending the new school will increase as less HS students opt for private education. The number of new students created by the new houses for grades 6 - 12 is 0.24. Historically, some graduating eighth grade students opt for private HS education; therefore a conservative figure of **0.2 students** is used to compute the impact of new single family housing on the High School space needs.

### Capitalization of School Facilities

The next stage in the determination of the impact attributable to new developments is to determine the costs associated with the space needs of the students. As stated in the Handbook on Impact Fee development, it is imperative the community assess the needs imposed by new students with the same standards supported by the community in the existing facilities. In determining the costs for new facilities, land and site development costs, including purchase of land, classroom instruction, cost of core facilities including libraries, cafeterias, gymnasiums, and other space for plant support (boiler room, maintenance storage, etc.) must be included. In addition, the costs for furnishing this available space can be included. The total bond of \$42,753,296 for the High School construction and land acquisition was supplemented by an additional bond of \$3,735,620. The total bonded costs equates to \$46,488,916. Based on the square footage of the school of 192,000 sq. ft., there is a corresponding cost of \$242 per square foot. A small portion of this total bond may be attributed to additional land acquired for a future new elementary school. Although the RSA allows for inclusion of land acquisition and fixtures and furnishings, the Windham School district cited an estimated cost of \$168 per square foot for construction. For the purpose of this calculation, the very conservative amount of \$168 will be used.

### Calculation of Credits for Past and Future Payments

The impact fee paid by new development must be modified to account for payments made on the undeveloped land prior to the change of use through the property tax, as well as an estimate for the costs to be incurred by payment of property taxes on the developed property. The dwelling, after being placed on the tax rolls, will make payments within their tax bill towards the bonded debt included within the portion for school taxes. Outstanding bond debt may be incorporated in the impact fee assessment process. To alleviate the possibility of a new homeowner paying twice for the same facility, a credit will be computed on the basis of the undeveloped space currently provided by the prior residents of the town to support new development, as well as future payments on the developed property. For the purpose of this update, the years covered for undeveloped property, prior credit, shall be 2005 through 2009. For the purpose of this update, the years covered for developed property, future credit, shall be 2010 through 2016.

With this revision, the debt on the 1998 Town approved ten-year bond for the building of 23 new classrooms, libraries, art and music rooms, expanded or new gymnasiums and other core facilities at Center and Middle Schools has been retired and will not be included.

In 2006, the district negotiated a twenty-year bond for \$42,753,296 for the High School construction and the land acquisition costs. The State provides a 30% building aid on the principal payment for each year as shown. The interest for years 2007 through 2008 is 3.5%. The

interest for years 2009 through 2016 is 3.75% and the interest for years 2017 through 2025 is 4% with a final year interest of 4.25% in 2026 for a net interest cost of 3.928%. The bonding plan for the High School is provided in Table 9a.

Due to cost over runs and the re-structuring of the High School design, a \$4,000,000 bond over 10 years was negotiated with interest at 4% for years 2009 through 2010, 5% for years 2011 through 2012 and 5.25% for years 2013 through 2018. This bonding plan is shown in Table 9b.

Year	Principle	State Aid	Interest	Debt Service	
2006			\$954,977	\$954,977	\$954,977
2007	\$2,578,296	\$773,488.80	\$818,551	\$2,623,359	
			\$773,431	\$773,431	\$3,396,790
2008	\$2,580,000	\$774,000.00	\$773,431	\$2,579,431	
			\$728,281	\$728,281	\$3,307,713
2009	\$2,580,000	\$774,000.00	\$728,281	\$2,534,281	
			\$679,906	\$679,906	\$3,214,188
2010	\$2,580,000	\$774,000.00	\$679,906	\$2,485,906	
			\$631,531	\$631,531	\$3,117,438
2011	\$2,580,000	\$774,000.00	\$631,531	\$2,437,531	
			\$583,156	\$583,156	\$3,020,687
2012	\$2,580,000	\$774,000.00	\$583,156	\$2,389,156	
			\$534,781	\$534,781	\$2,923,937
2013	\$2,580,000	\$774,000.00	\$534,781	\$2,340,781	
			\$486,406	\$486,406	\$2,827,187
2014	\$2,575,000	\$772,500.00	\$486,406	\$2,288,906	
			\$438,125	\$438,125	\$2,727,031
2015	\$2,560,000	\$768,000.00	\$438,125	\$2,230,125	
			\$390,125	\$390,125	\$2,620,250
2016	\$2,560,000	\$768,000.00	\$390,125	\$2,182,125	
			\$342,125	\$342,125	\$2,524,250
2017	\$1,700,000	\$510,000.00	\$342,125	\$1,532,125	
			\$308,125	\$308,125	\$1,840,250
2018	\$1,700,000	\$510,000.00	\$308,125	\$1,498,125	
			\$274,125	\$274,125	\$1,772,250
2019	\$1,700,000	\$510,000.00	\$274,125	\$1,464,125	
			\$240,125	\$240,125	\$1,704,250
2020	\$1,700,000	\$510,000.00	\$240,125	\$1,430,125	
			\$206,125	\$206,125	\$1,636,250
2021	\$1,700,000	\$510,000.00	\$206,125	\$1,396,125	
			\$172,125	\$172,125	\$1,568,250
2022	\$1,700,000	\$510,000.00	\$172,125	\$1,362,125	
			\$138,125	\$138,125	\$1,500,250
2023	\$1,700,000	\$510,000.00	\$138,125	\$1,328,125	
			\$104,125	\$104,125	\$1,432,250
2024	\$1,700,000	\$510,000.00	\$104,125	\$1,294,125	
			\$70,125	\$70,125	\$1,364,250
2025	\$1,700,000	\$510,000.00	\$70,125	\$1,260,125	
			\$36,125	\$36,125	\$1,296,250
2026	\$1,700,000	\$510,000.00	\$36,125	\$1,226,125	\$1,262,250
<b>Totals</b>	<b>\$42,753,296</b>	<b>\$12,825,988.80</b>	<b>\$16,047,514</b>		<b>\$46,010,946</b>

Table 9a - Adjusted Payments for High School and Land Acquisition

Year	Principle	State Aid	Interest	Debt Service
2009				
			\$106,845	\$106,845
2010	\$370,620	\$111,186	\$92,462	
			\$85,050	\$436,946
2011	\$375,000	\$112,500	\$85,050	
			\$77,550	\$425,100
2012	\$375,000	\$112,500	\$77,550	
			\$68,175	\$408,225
2013	\$375,000	\$112,500	\$68,175	
			\$58,800	\$389,475
2014	\$375,000	\$112,500	\$58,800	
			\$48,956	\$370,256
2015	\$375,000	\$112,500	\$48,956	
			\$39,113	\$350,569
2016	\$375,000	\$112,500	\$39,113	
			\$29,269	\$330,881
2017	\$375,000	\$112,500	\$29,269	
			\$19,425	\$311,194
2018	\$370,000	\$111,000	\$19,425	
			\$9,713	\$288,138
2019	\$370,000	\$111,000	\$9,713	\$268,713
<b>Totals</b>	<b>\$3,735,620</b>	<b>\$1,120,686</b>	<b>\$1,071,407</b>	<b>\$3,686,341</b>

Table 9b – Adjusted Bond for Additional \$4 Million

Year	HS Bond	\$4M HS Bond	Total
2006	\$954,977		\$954,977
2007	\$3,396,790		\$3,396,790
2008	\$3,307,713		\$3,307,713
2009	\$3,214,188	\$106,845	\$3,321,033
2010	\$3,117,438	\$436,946	\$3,554,384
2011	\$3,020,687	\$425,100	\$3,445,787
2012	\$2,923,937	\$408,225	\$3,332,162
2013	\$2,827,187	\$389,475	\$3,216,662
2014	\$2,727,031	\$370,256	\$3,097,287
2015	\$2,620,250	\$350,569	\$2,970,819
2016	\$2,524,250	\$330,881	\$2,855,131
2017	\$1,840,250	\$311,194	\$2,151,444
2018	\$1,772,250	\$288,138	\$2,060,388
2019	\$1,704,250	\$268,713	\$1,972,963
2020	\$1,636,250		\$1,636,250
2021	\$1,568,250		\$1,568,250
2022	\$1,500,250		\$1,500,250
2023	\$1,432,250		\$1,432,250
2024	\$1,364,250		\$1,364,250
2025	\$1,296,250		\$1,296,250
2026	\$1,262,250		\$1,262,250
<b>Totals</b>	<b>\$46,010,948</b>	<b>\$3,686,342</b>	<b>\$49,697,290</b>

Table 9c – Adjusted Total Bond Requirements

**Credit**

Year	Bond Amount	Town Valuation	Impact Fee Applied	Land Valuation	Tax Rate per thousand	Credits
2006	954,977	\$2,164,454,970	\$150,000	\$20,000	\$0.3719	\$7.44
2007	3,396,790	\$2,206,042,525	\$150,000	\$20,000	\$1.4718	\$29.44
2008	3,307,713	\$2,239,396,970	\$150,000	\$20,000	\$1.4101	\$28.20
2009	3,321,033	\$2,272,847,670	\$150,000	\$20,000	\$1.3952	\$27.90
2010	3,554,384	\$2,306,940,385	\$150,000	\$400,000	\$1.4757	\$590.29
2011	3,445,787	\$2,341,544,491	\$150,000	\$400,000	\$1.4075	\$563.01
2012	3,332,162	\$2,376,667,658	\$150,000	\$400,000	\$1.3389	\$535.57
2013	3,216,662	\$2,412,317,673	\$150,000	\$400,000	\$1.2713	\$508.50
2014	3,097,287	\$2,448,502,438	\$150,000	\$400,000	\$1.2037	\$481.48
2015	2,970,819	\$2,485,229,975	\$150,000	\$400,000	\$1.1350	\$454.01
2016	2,855,131	\$2,522,508,424	\$150,000	\$400,000	\$1.0724	\$428.96
2017	2,151,444	\$2,560,346,051	\$150,000	\$400,000	\$0.7817	\$312.68
2018	2,060,388	\$2,598,751,241	\$150,000	\$400,000	\$0.7351	\$294.05
2019	1,972,963	\$2,637,732,510	\$150,000	\$400,000	\$0.6911	\$276.44
2020	1,636,250	\$2,677,298,498	\$150,000	\$400,000	\$0.5551	\$222.05
2021	1,568,250	\$2,717,457,975	\$150,000	\$400,000	\$0.5219	\$208.76
2022	1,500,250	\$2,758,219,845	\$150,000	\$400,000	\$0.4895	\$195.81
2023	1,432,250	\$2,799,593,143	\$150,000	\$400,000	\$0.4580	\$183.21
2024	1,364,250	\$2,841,587,040	\$150,000	\$400,000	\$0.4273	\$170.93
2025	1,296,250	\$2,884,210,845	\$150,000	\$400,000	\$0.3974	\$158.97
2026	1,262,250	\$2,927,474,008	\$150,000	\$400,000	\$0.3799	\$151.97

Table 10 – Credit Computation for Past and Future Payments

It is estimated that \$150,000 per year is applied against the future yearly bond payments from the Impact Fee. The net to the new taxpayers will then be the difference in the bond payments and the offsetting impact fees.

Credits for Past Payments

The properties upon which the new single family housing units were developed have been assessed property taxes in the past. The percentage of taxable value represented by vacant land may be utilized to calculate a percentage credit for past payments made by vacant land toward existing capital facilities from, which the vacant land derived no benefit. Analysts may differ on the degree of credit, and even on the concept of granting credit for past payments toward capital facilities. Credits for prior payments to facilities, which shall be used to house future students, will be included in the computation of the Windham School District Impact Fee. Using a conservative \$200,000 assessment per undeveloped lot, the following table outlines the credits for the previous four years of the school bond being apportioned to this impact fee calculation. Note the impact fees applied each year were determined by the Capital Improvement Committee and approved by the Windham School Board and Board of Selectman for use against the bond for the respective years. This reduced the net impact the taxpayers were subject to, and therefore must reduce the past credits to be applied. The total net impact possibly paid for the undeveloped land may be calculated to be the total tax liability of the four years from 2006 through 2009 or \$929.79. The total credit applied against the impact fee assessed must also be the ratio of the additional space needs provided for the new students against the needs for the existing students. As stated earlier, the school was built for 1,000 students with an anticipated first year full enrollment of 624 students. Therefore the additional space of 1,000 – 624 students (376 students)

is for future needs. The ratio of 0.376 is to be applied against the past credit resulting in a net credit of \$350.

#### Credits for Future Payments

The High School bond payments for the years of 2010 through 2016 amounts to a total of \$19,617,101. Reduced by the \$150,000 per year for the six-year period of 2004 through 2009 results in a tax liability of \$18,717,101. To calculate the credits for new single family homes, the total payments per thousand assessed value must be computed. The total valuation for the Town of Windham for the tax year of 2009 is \$2,272,847,670. The estimated growth in the Town evaluations is 1.5% per year<sup>12</sup>. The average single family home assessment is \$443,500 (TY09). The “market price” is 110% to 115% of this value, therefore the average market price ranges from \$390,000 to \$400,000 for a single family home. For the purpose of this calculation, a more conservative value of \$400,000 was used. The amount of the \$18,717,101 liability, which will be paid by each house over the six years, is therefore calculated to be \$3,132.86. The total credit applied against the impact fee assessed must also be the ratio of the additional space needs provided for the new students against the needs for the existing students. As stated earlier, the school was built for 1,000 students with an anticipated first year full enrollment of 624 students. Therefore the additional space of 1,000 – 624 students (376 students) is for future needs. The ratio of 0.376 is to be applied against the future credit resulting in a net future credit of \$1,178.

In the event additional monies are placed into a capital reserve fund for future additions, these monies must be included in the calculations for future credits and liabilities. This is the amount each new house will contribute to the addition through the application of taxes paid each year.

Based on the methodology utilized within the computation of credits, it is conceivable the credits allocated represents greater amounts than will actually be paid by the new homeowners. As the impact fees are collected, the required bonding or current revenue expenditures required by the future property tax base will be reduced. This will reduce the required indebtedness and therefore reduce the proportional amount being paid by the fee payer in their future tax bills. In addition, the valuation of the town will most likely increase beyond the estimated 1.5%, thereby reducing the individual tax burden for the new school space.

The total credits towards the computed impact fee are therefore:

Single Family Dwelling      \$1,178 (Future) + \$350 (Past)= \$1,528.

#### School Impact Fee Schedule

The methodology towards arriving at an impact fee has been detailed in the previous sections. The level of growth in Town and its relationship to additional student population has been reported and a relationship for new single family housing impacts on the school district infrastructure has been determined and the multipliers tested against new developments. The average space provided under the existing school standards adopted by the Town of Windham has been detailed and is used to determine the impact of the new students on future space needs. The cost per square foot of new school construction has been included, as determined by the actual costs of the High School. Future and past credits were recalculated based on new

---

<sup>12</sup> 1.5% per year is used in the Capital Improvement Program calculations for anticipated growth

assessment valuations and bond payment schedules. These credits reduce the impact fee required by the new developments. All fees shown are determined as a per unit charge to be assessed.

Single family detached      \$5,376 (Impact fee) - \$1,528(credits) = \$ 3,848

<u>Type of Dwelling Unit</u>	<u>Impact Fee Assessment</u>
------------------------------	------------------------------

Single Family Detached	\$ 3,848
Single Family Attached (Condo)	\$0

Collection and Expenditure of Fees

The Town of Windham, having funded a Capital Improvement Program for municipal and school related capital expenditures, has defined on its 8-year plan, beginning in the year 2009, an authorization for the payment of the building bond. Since 1999, the Town of Windham has collected impact fees in the amount of \$2,200 per single family dwelling and increased these to \$2,500 per single family dwelling in 2001. In 2003, these fees were increased to \$3,400. These fees have been applied to the building construction costs during the 1999 through 2009 calendar year and are presently earmarked for use in the Capital Improvement Program to help offset the tax impact for the new school additions. If approved by the Planning Board through the public hearing process, the amount of fees collected for new single family homes shall be \$3,848.

The fee will be assessed at the time of issuance of the building permit, on a per unit basis, for the new development. In no case shall a Certificate of Occupancy be allowed without full payment of all associated impact fees.

Based on an estimate of 80 new houses per year, an impact fee of \$ 3,848 to be collected will provide \$307,840 per year toward the existing bond payment and the capital reserve fund for the additional space needs. As can be seen on the year 2008 CIP plan, the Town has conservatively anticipated \$150,000 per year in Impact Fees to reduce the expenditure within the CIP to the approved level.

Issuance of Waivers

The Planning Board may grant full or partial waivers of impact fees to an assessed property, subject to its finding that the proposed development meets one or more of the applicable conditions set forth below:

A full or partial waiver of public school impact fees may be granted for those residential units that are lawfully restricted to exclusive occupancy by persons age 55 or older within a development that is maintained in compliance with the provisions of RSA 354-A: 15, Housing For Older Persons. The Planning Board may waive school impact fee assessments on such age-restricted units where it finds that the property will be bound by lawful deeded restrictions on occupancy for a period of at least 20 years. The Planning Board may grant such a waiver upon receipt of satisfactory evidence that the proposed development will not generate public school enrollment while encumbered by appropriate age restrictive covenants.

The Planning Board may agree to waive all or part of an impact fee assessment and accept in lieu of a cash payment, a proposed contribution of real property or facility improvements of equivalent value and utility to the public. Prior to acting on a request for a waiver of impact fees under this provision that involves a contribution of real property or the construction of capital facilities, the Planning Board shall submit a copy of the waiver request to the Board of Selectmen for its review and consent prior to its acceptance of the proposed contribution. The value of contributions or improvements shall be credited only toward facilities of like kind, and may not be credited to other categories of impact fee assessment. Full or partial waivers may not be based on the value of exactions for on-site or off-site improvements required by the Planning Board as a result of subdivision or site plan review, and which would be required of the developer regardless of the impact fee assessments authorized by this Ordinance.

#### Updates of Fee Schedule

It is incumbent upon the Planning Board to update this methodology as needed or on a yearly basis. The Board of Selectmen shall provide adjustments no more frequently than annually, based on such data. The impact fee assessment schedules shall be reviewed annually by the Board of Selectmen and the Planning Board, along with the foundation documents that provide the basis for the assessment schedules. Such review may result in recommended adjustments in one or more of the fees based on the most recent data as they affect the variables in the fee calculations. Changes in the impact fee assessment schedules shall be effective only where the change in the basis of assessment or the fee schedule is adopted following a public hearing on the proposed change. Annual changes could be made in the computation process reflecting new data on:

- 1) construction costs of new elementary school facilities;
- 2) average assessed valuation of property type;
- 3) municipal and school tax rates;
- 4) debt service schedules;
- 5) interest rates and discounts rates;
- 6) capital improvement expenditures
- 7) capital improvement program
- 8) new capital investments