

## What is an impact fee?

The charge or fee levied on new development to fund a portion of the costs of capital improvements for a public facility.

## What is the City's authority for impact fee assessment?

Impact fee ordinances are authorized by New Hampshire RSA 674:21, V. The Lebanon impact fee provisions were adopted in 2009 and are incorporated into the Zoning Ordinance as Section 213.

## How much are the impact fees?

In October 2021, the Planning Board adopted an updated Basis of Assessment report for the four (4) impact fee categories: Schools, Recreation, Police Department, and Fire Department. The actual fee amount varies depending on the type of use and the gross area of buildings. While School fees will be assessed only to residential development, the Recreation, Police and Fire Department fees will also apply to non-residential development. A standard fee table will be applied to new development as defined in the ordinance.

Structure Type or Use	Impact Fees Per Square Foot - 2021 Update				
	Schools *	Recreation	Police Dept	Fire Dept	Total
<b>Residential Development</b>					
<i>Per Sq. Ft. Gross Living Area</i>					
Single Family Detached	\$2.00	\$0.76	\$0.28	\$0.20	\$3.24
All Other Housing Units	\$1.45	\$0.69	\$0.25	\$0.40	\$2.79
<b>Non-Residential Development</b>					
<i>Per Sq. Ft. Gross Floor Area</i>					
Retail, Restaurants and Lodging	---	\$0.06	\$0.36	\$0.36	\$0.78
Offices and Commercial Services	---	\$0.10	\$0.26	\$0.31	\$0.67
Industrial, Transp, Whse, Commun.	---	\$0.04	\$0.10	\$0.10	\$0.24
Nursing & Licensed Care Facilities	---	\$0.03	\$0.05	\$0.45	\$0.53
Other Institutional Uses	---	\$0.03	\$0.29	\$0.26	\$0.58
<i>*The supportable 2021 school impact fee was calculated as \$3.19 per square foot for single family detached homes and \$2.31 per square foot for all other housing types. By vote of the Planning Board, the effective school impact fee for a single family detached unit is to be discounted to a fee of \$2.00 per square foot (62.7% of the calculated amount). The same proportionate discount as applied to the calculated fee for all other housing types results in a reduced fee of \$1.45 per square foot. The school fee to be assessed will be approximately 37% lower than the maximum amount supportable by the 2021 basis of assessment for school facilities.</i>					

For example, a new single-family home would be assessed total impact fees of \$3.24 per square foot of gross living area (which excludes garages, basements, and non-heated areas). The average existing single-family home in Lebanon is approximately 1,750 square feet. At the square foot rate, total fees for various new single-family detached homes would be:

<b>Living Area:</b>	<b>1,400</b>	<b>1,600</b>	<b>1,800</b>	<b>2,000</b>	<b>2,200</b>	<b>2,400</b>	<b>2,600</b>
<b>Fee Total:</b>	<b>\$4,536</b>	<b>\$5,184</b>	<b>\$5,832</b>	<b>\$6,480</b>	<b>\$7,128</b>	<b>\$7,776</b>	<b>\$8,424</b>

## What are the fee amounts based on?

Detailed studies have been completed to estimate the proportionate share of capital costs attributable to new development. As of October 2021, the School impact fee assessment now reflects the cost of capital improvements to K-12 school buildings and related building systems, equipment, and furnishings. In prior fee schedules, the School impact fee reflected only the cost of the Lebanon Middle School (Grade 5-8 facilities). The Recreation impact fee is based on maintaining the current level of service, measured by developed recreation acreage per thousand residents.

The Police Department impact fee is the recoupage of a proportionate share of the cost of the police station, which has capacity to support new development. The Fire Department impact fee represents a proportionate share of the cost to provide the major vehicles and apparatus that are required to serve existing and future development in the City.

### **How much is the City likely to collect in total impact fees?**

Based on the initial fee schedules for the original three categories (Schools, Recreation, and Police Department), our consultant estimated that about \$2.2 million would have been collected over the 10 years prior to enacting the impact fee schedule (not including interest earnings on impact fee accounts). Actual fee totals will vary with the amount of development in a given year. Stronger growth periods will yield more fees; weaker periods of development will yield less. The applicable fee schedules are also subject to periodic review and adjustment, as necessary, to ensure that fees are equitably assessed over time, and that the fees reflect capital facility cost assumptions that are reasonably commensurate with actual City capital investments.

### **Are there exceptions for affordable housing or for housing for the elderly?**

The Planning Board has recommended that fees be assessed per square foot of living area. Smaller, more affordable units will therefore pay less than larger homes. Housing for the elderly may request a waiver of the School impact fee from the Planning Board during the development review process.

### **Are these impact fees the highest that could be applied?**

No. The Planning Board selected a basis of assessment for school facilities that is lower than the maximum fee amounts that could be applied. In the case of schools, the fee is approximately 62.7% of the maximum supportable impact fee presented in the study.

### **Are impact fees applied to both residential and commercial development?**

It depends upon the fee category. School fees are assessed only on new residential development. The Recreation, Police and Fire Department fees are assessed to both residential and non-residential development because both sectors have direct impacts on such services and facilities.

### **Does the City collect other types of fees for the capital cost impacts of development?**

Yes. Under the Subdivision and Site Plan approval processes, for both residential and non-residential development, the City can assess individual developments for their particular impacts on roads, water, sewer, and drainage infrastructure (known as exactions for off-site improvements).

## **Why use impact fees?**

Impact fees are imposed to offset costs to the City associated with providing necessary public facilities in proportion to the consumption of the capacity of those facilities by new development. Impact fees help the City generate funding for capital projects at the same pace that development occurs.

## **What can impact fees be used for?**

Impact fees can be used only for capital projects within the fee category for which they are assessed. They cannot be used for operating or personnel costs.

## **Do I have to pay impact fees for an addition to my house or business?**

Under the impact fee ordinance, residential impact fees will apply where the development results in an increase in the number of dwelling units. Residential impact fees are not imposed for new space such as a deck, porch, garage, addition or deletion of a room or other similar type changes if no new dwelling unit(s) is(are) created. Impact fees for non-residential uses are imposed on new construction or expansion of gross floor area.

## **When are impact fees actually paid?**

Actual collection of the fees occurs prior to or as a condition of obtaining a certificate of occupancy.

## **How long before the fee must be spent on improvements?**

Impact fees must be spent or appropriated for their intended use within six (6) years after the date of collection.

## **What happens if the impact fee is not appropriated within the six years?**

If impact fees are not spent or appropriated within six (6) years from the date of collection, the current property owner is eligible for a refund of the fee assessed to the property, with accrued interest.

## **I was issued a building permit before impact fees were adopted. Do I have to pay an impact fee to get a C.O.?**

No.

## **Who or what determines where the impact fee will be spent and for what public services?**

Impact fee funds may be appropriated by the City Council for capital improvements including the payment of principal, interest and other costs to finance public capital facilities for Recreation, and the Police and Fire Departments. School impact fees are disbursed to the School District for use pursuant to a Memorandum of Understanding between the City and School District. Impact fees may not be spent on basic maintenance or repairs or for operating and personnel costs. The application of fees must be consistent with the impact fee ordinance and the adopted basis of assessment that supports the fee schedule. Impact fees may not accrue to the general fund.

**If a house burns down and a new house is built in its place, is an impact fee charged?**

No impact fees will be charged if a house burns down or is destroyed if a house is built on the same lot, unless there is an increase in the number of dwelling units.

**If a mobile home is being replaced by another mobile home, will an impact fee be charged?**

No.

**Do the impact fees apply to conversions such as changing a single-family home to a duplex, or converting commercial space to housing?**

In the case of conversions, the fee table for each impact fee category would be applied to the proposed use and compared to the fee that was or would have applied to the previous use. A positive difference in the amount of each impact fee category will be assessed on the conversion.

**Who is responsible for paying the fee?**

Notice of the assessment applicable to a development will be made at the Subdivision and Site Plan approval stage by the Planning Board, or upon issuance of individual building permits by the Building Inspector. The fee will be payable by the party filing for a certificate of occupancy.