



CITY OF CONCORD
New Hampshire's Main Street™
Community Development Department

REPORT TO THE MAYOR AND CITY COUNCIL

FROM: Carlos P. Baía, Deputy City Manager for Development
DATE: November 24, 2021
SUBJECT: Ordinance amending the CODE OF ORDINANCES, Title I, General Code; Chapter 9, Water, Article 9-4, Water and Sewer Investment Fee

Recommendation

Accept this report recommending the repeal of the special water and special sewer investment fees be set for public hearing.

Background

At its November meeting, the Fiscal Policy Advisory Council voted unanimously to recommend that the City Council repeal the City's special water and special sewer investment fees. These fees were instituted in the late 1980's *in addition to* standard water and sewer investment fees as a result of the City's speculative installation of water and sewer infrastructure in certain areas of the community over 30 years ago. Properties abutting the public rights of way where this infrastructure was installed and roads were paved became designated "special water and/or special sewer investment districts." An ordinance requirement was instituted that future connections to municipal utilities within these districts would trigger the assessment of a "special" fee.

A map of the districts is attached.

Discussion

In discussions with interested developers over the years, staff has found that these "special" fees can be a significant financial burden and have been cited, at times, as a reason why projects have not materialized. To understand the potential magnitude of these fees, the following real-life examples are offered:

Multifamily Project:

A recent project, that was ultimately abandoned by the developer, contemplated 208 apartments in a special water and sewer district. The following was projected to be the developer's financial obligation for City water and sewer service for this development:

Standard Water Investment Fee:	\$115,996
Standard Sewer Investment Fee:	\$142,272
<i>Special</i> Water Investment Fee:	\$ 53,009
<i>Special</i> Sewer Investment Fee:	\$140,943
 Total:	 \$452,220

Smaller-scale projects are also subject to these special fees which, as illustrated below, can exceed the standard water and sewer investment fee:

Single family home constructed in a special sewer investment district in 2012:

Standard Water Investment Fee:	\$ 694
Standard Sewer Investment Fee:	\$ 855
Special Water Investment Fee:	\$ n/a
Special Sewer Investment Fee:	\$ 4,800
 Total:	 \$ 6,349

The pace of development of the districts' properties which the City originally envisioned in the late 1980's and early 1990's soon after the establishment of these fees, never materialized. As the decades have passed with little or no new development that would trigger these fees, the financial benefit for the community from continuing to assess these fees has been nominal. Over the last 10 years, only \$155,000 in "special" fees have been collected.

Many of the largest, remaining vacant parcels in the City ideal for multifamily housing are situated within these special water and/or sewer investment districts. Both Community Development staff and City Administration feel that these special fees, at this point, are disincentives to tax-base generating development and—particularly—to the construction and affordability of much needed housing for the community. FPAC concurred with this assessment and unanimously voted to recommend that the special fees be repealed.

w/att.: 1) Ordinance
2) Special Investment Fee District Map