



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

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REPORT TO THE MAYOR AND CITY COUNCIL

From: Heather Shank, City Planner

Date: December 21, 2018

Subject: Annual Review of the Public Capital Facilities Impact Fee Ordinance

Recommendation

Accept this report and the recommendation from the Planning Board to maintain the current variable unit rates for the impact fee tables as noted in Chapter 29.2, Public Capital Facilities Impact Fee Ordinance.

Background

The Public Capital Facilities Impact Fee Ordinance was adopted in June 2001 and contains a requirement that the impact fee tables be reviewed annually and revised as appropriate. The City Council last amended the ordinance in October 2017, to reduce the School Facility Impact Fee to \$0 and create an automatic waiver for the non-residential Transportation Facility Impact Fee. The automatic waiver was introduced to minimize development costs and encourage commercial development.

In accordance with the ordinance, the City Planner is required to present the increase in recreation and transportation indices for construction costs annually to Council. The last time Council approved an increase in the variable unit rates based on inflation was November 2014. Based on Staff's current review, the Recreation Facility Impact Fee Tables would be increased by 8.78%, to keep pace with the rate of inflation for recreation construction costs from July 2014 to July 2018, and the Transportation Facility Impact Fee Table would be increased by 11.45% to keep pace with the rate of inflation for highway construction costs from July 2015 to December 2018.

Discussion

The Transportation Facility Impact Fee Table and the Recreation Facility Impact Fee Table were last updated in July 2015 and July 2014 respectively. The fees are used towards the cost of

Capital Improvement Projects (CIP) related to expanding the capacity of City managed transportation or recreation facilities. Fees collected are allocated to different projects based on the location of the subject property and the location of the City project. For instance, transportation impact fees collected for property in quadrant 4, can only be used for CIP projects that expand the capacity of transportation facilities located in quadrant 4.

If the City Council would like to see impact fees keep pace with the increasing cost of construction, staff recommends increasing the Transportation Facility Impact Fee Table by 11.45%, to reflect the rate of inflation for highway construction costs from July 2015 to December 2018 and increasing the Recreation Facility Impact Fee Table by 8.78% to reflect inflation from July 2014 to July 2018. (Please note that the time frames for the fee updates vary because two different indexes are used, as specified by the ordinance.)

Alternatively, Council may choose to recommend an increase in the rate by a lesser amount, or to maintain the current rate, for the purpose of incentivizing greater residential development. Both of those options result in a smaller percentage of transportation and recreation construction costs being covered by impact fees.

The Planning Board held a public hearing on December 19, 2018 to review the inflationary adjustment rates, and was presented with information on how and where impact fees are used. The Board recommended in a 7-1 vote to maintain the current variable unit rates for the impact fee tables. In light of the Planning Board's recommendation, no amendment to the Impact Fee Ordinance is being proposed at this time.