

Town of Fremont

Public School Impact Fee

2020 Basis of Assessment and Fee Schedules

July 10, 2020

Prepared for:

Town of Fremont
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A. Executive Summary

1. History

The Town of Fremont began assessing school impact fees during 2003. The fee schedule was based on supporting documentation that was completed in a July 31, 2003 analysis by BCM Planning. This 2020 report constitutes the first update of the proportionate cost basis for the school impact fee since its inception.

At the time of the original 2003 impact fee study, the Ellis School served grades 1-8 and enrollment was well beyond the estimated capacity of the facility. The school now serves Kindergarten and pre-school children as well. In 2005 an addition to the school substantially expanded the school, allowing it to rectify a base year deficiency in space, and to provide sufficient capacity to accommodate additional enrollment, in part generated by new residential development. As of May 2020, about 22% of all K-8 students attending the Ellis School live in housing units that were constructed since the impact fee was first established.

Fremont School Impact Fee Income			
Calendar Year	Fees Collected	Interest on Fee Account Balance	Total Revenue
2003	\$3,048.00	\$5.44	\$3,053.44
2004	\$107,093.00	\$414.39	\$107,507.39
2005	\$221,965.45	\$4,409.08	\$226,374.53
2006	\$9,749.00	\$6,879.78	\$16,628.78
2007	\$42,757.00	\$4,666.34	\$47,423.34
2008	\$22,560.00	\$358.37	\$22,918.37
2009	\$7,522.00	\$37.37	\$7,559.37
2010	\$18,805.00	\$10.86	\$18,815.86
2011	\$11,283.00	\$2.75	\$11,285.75
2012	\$13,513.00	\$17.14	\$13,530.14
2013	\$56,415.00	\$4.38	\$56,419.38
2014	\$26,327.00	\$0.00	\$26,327.00
2015	\$52,654.00	\$14.66	\$52,668.66
2016	\$11,310.08	\$199.83	\$11,509.91
2017	\$7,522.00	\$115.70	\$7,637.70
2018	\$11,283.00	\$484.80	\$11,767.80
2019	\$18,805.00	\$820.07	\$19,625.07
2020 (to June)	\$22,566.00	not yet avail.	\$22,566.00
Total	\$665,177.53	\$18,440.96	\$683,618.49
Inflation-Adjusted to May 2020 (CPI):			\$835,721.93
<i>Source: Individual year data on deposits and interest from Fremont Annual Town Reports, Treasurer's Report, Escrow and Performance Bond Accounts.</i>			

As of June 2020, total school fees collected, plus interest earned on the account, has totaled \$683,618. Total revenues received and interest, adjusted for inflation using Consumer Price Index (CPI) values through May 2020, is equivalent to about \$835,722 in 2020 dollars.

The school impact fee in Fremont does not include the cost of high school facilities serving Fremont's grade 9-12 students because these students attend school under tuition agreements. Under RSA 674:21, V, school impact fees can be assessed only for facilities that are owned or operated by a school district of which the municipality is a member. Therefore the impact fee calculation reflects the capital costs of elementary and middle school grades only.

The primary elements of the school impact fee are: (1) proportionate enrollment generation per average housing unit; (2) the school facility floor area required per pupil; (3) the cost per square foot to provide school

capacity, less state building aid; and (4) credit allowances where appropriate to adjust for past or future property tax payments needed to resolve existing deficiencies in space.

2. Impact Fee Options 2020

The cost basis for the impact fee follows the same model as the original methodology from 2003, but the proportionate basis for assessment now includes Kindergarten enrollment. At the time of the original fee calculation, Ellis School served grades 1-8 only. Detailed research was conducted in May 2020 as part of this study to update the fee basis to accurately reflect the number of Fremont students attending Ellis School by type, size, and age of the dwelling units they occupy. Age-restricted housing units were excluded from these tabulations since they have little to no impact on school enrollment and are not typically subject to school impact fees. The enrollment ratios provide a proportionate basis for the impact fee calculations.

Fremont currently assesses its school impact fee using a fixed amount per housing unit using four structural categories. In this update, BCM Planning, LLC provides new options and structural groupings for the impact fee assessments, including fees computed per unit in either two or four structural categories, fees for all units based on the number of bedrooms, and fees for all units assessed per square foot of living area.

In general, fees per dwelling unit and fees per square foot of living area are the easiest to administer. Fees per square foot allow the impact fee to vary by the size and relative impact of the dwelling unit. Because of the potential range in size for accessory dwelling units (ADUs) in Fremont, BCM Planning recommends that the fee be computed using the square foot rate times the net increase in living area within the parcel that occurs from creation of an ADU.

School Impact Fee Assessment Options - Fremont, NH - 2020				
Option No.	Assessment Categories	Structure Type	Series A *	Series B *
1	Per Unit by Type of Structure (4 types)			
	Four structure categories	Single Family Detached	\$3,434	\$3,274
		Attached and Townhouse	\$1,953	\$1,861
		Two or More Family Structure	\$2,772	\$2,644
		Manufactured Housing	\$2,236	\$2,132
2	Per Unit by Type of Structure (two types)			
	Two structure categories	Single Family Detached	\$3,434	\$3,274
		All Other Housing	\$2,607	\$2,487
3	Per Unit by Number of Bedrooms (All Units)			
	All structure categories	One Bedroom	\$788	\$748
		Two Bedroom	\$2,369	\$2,258
		Three Bedroom	\$3,687	\$3,515
		Four or More Bedroom	\$4,415	\$4,209
4	Per Square Foot of Living Area (All Units)			
	All structure categories	Any Housing Unit	\$1.98	\$1.89
* Series A facility replacement cost @ \$201 per square foot (CPI-adjusted from original 2003 cost assumptions). Series B uses facility cost @ average \$192 per square foot (State Building Aid maximum cost allowance for reimbursement of principal for elementary and middle schools in 2020).				

B. Authority for Assessment

New Hampshire RSA 674:21,V authorizes municipalities to assess impact fees to new development for the construction or improvement of capital facilities owned by the municipality, including public school facilities, or the municipality's proportional share of capital facilities of a cooperative or regional school district of which the municipality is a member.

Under RSA 674:21, V impact fees may be used to recoup the cost of school capacity constructed in the past in anticipation of the needs of new development, or to fund future school facility expansion designed to accommodate enrollment generated by new housing.

The impact fee assessment must reflect the capital costs that are reasonably related to the proportionate demand on facilities associated with new development. The purpose of this report is to document a basis of assessment that is consistent with these guidelines.

C. Summary of Elements of Fee Calculation

The general structure of the school impact fee assessment method for Fremont is calculated as follows:

[Average enrollment per housing unit or per thousand square feet grades K-8]
x [square feet of school area required per pupil] (based on a 2019 capacity study)
x [development cost per square foot of facility space]
- [less State building aid @ the historical rate of 30%]
- [less credit allowance (taxes paid to rectify 2003 base year deficiency in space)]
= Fremont school impact fee assessment per dwelling unit or per square foot of living area

This report documents the data and assumptions used for each of the elements of the methodology. The components of the calculations are described below:

1. Public school enrollment per dwelling unit. Average enrollment per dwelling unit and per thousand square feet of living area was computed by matching the number of students by address (May 2020) with property tax assessment data (April 2020) and related housing characteristics. Age- restricted housing units were excluded from these tabulations. K-8 enrollment ratios per unit and per thousand square feet of living area were computed to define proportionate demand on the Ellis School. Enrollment ratios were also computed per unit by number of bedrooms.
2. School facility space required per pupil. This ratio of floor area per pupil capacity has been updated to 107 square feet per pupil capacity, which includes both classroom and core space exclusive of modular classrooms. The spatial standard is based on a May 2019 architectural study by Harriman Associates, which estimated a net capacity (at 90% of maximum) for 481 K-8 pupils, and a floor area of 51,310 square feet.
3. Capital value or development cost for school facilities. A range of cost assumptions were considered in this update, derived from review of the insured value (replacement cost) of the school, current School Building Aid capital cost allowances for reimbursement, and an update of the original cost estimates from 2003 (indexed to 2020 using the CPI). The capital cost assumption from the original study, adjusted to the CPI to 2020 results in a cost assignment of \$201 per square foot. The average 2020 State Building Aid cost allowance for reimbursement of elementary and middle school construction in 2020 is \$192 per square foot in Rockingham County. The fee schedules were computed within this range of replacement cost values.
4. State building aid. State building aid reduces the net development costs incurred by the school districts by providing state assistance as a percentage of the annual principal payments due on bonds. The ratio used in this update

assumes State building aid at the historical reimbursement rate of 30% of principal that supported the construction of the 2005 addition to Ellis School. Note that the allowable reimbursement rate would be higher today (40% in Fremont) if new school space were to be developed in 2020.

5. Credits for property tax payments. The impact fee calculations incorporate credit allowances to recognize the property taxes paid in the past by vacant land to fund the base year (2003) deficiency in floor area that was needed at that time to accommodate base year space needs. Past payment credits are assigned based on pre-development land values, proportionately assigned at an estimated 15% of the total assessed value of existing homes. The bonded debt on which the credit is computed was fully amortized in 2014; there is no anticipated future debt service at this time for which a future payment credit would be needed.
6. Impact Fee Assessment. The impact fee assessment schedule is based on the net capital cost for school facility capacity required for average Fremont housing units. Costs assigned represent the local capital cost for school construction, net of historical State Building Aid, less the property tax credit allowance. The administrative practices of impact fee assessment, collections, and expenditures will be governed by the Town's impact fee ordinance and any associated local regulations.

D. Enrollment Analysis and Demographics

1. Housing and Enrollment Change in Fremont

The school impact fee is calculated based on the capital cost of schools associated with the average enrollment generated by local housing development. The ratio of public school enrollment per dwelling unit (or per square foot of living area) assigned in the impact fee calculations is the basic measure of proportionality for the assessment. For this reason, a considerable effort has been made to define proportionate enrollment ratios that reflect actual conditions in Fremont and the immediate area.

a. Demographic Indicators from the U. S. Census and Actual Enrollment

FREMONT HOUSING AND DEMOGRAPHIC CHANGE						
FREMONT New Hampshire	1980	1990	2000	2010	2018 Estimated ACS 2014- 2018 Sample	2018 NHOSI Estimate
Total Population	1,333	2,576	3,510	4,263	4,667	4,746
Persons in Households	1,314	2,541	3,479	4,235	4,610	4,705
Persons in Group Quarters	19	35	31	28	57	41
Total Housing Units	464	920	1,201	1,573	1,774	1,770
Households (Occupied Units)	449	865	1,165	1,508	1,724	
Owner Occupied	383	743	1,030	1,316	1,500	
Renter Occupied	66	122	135	192	224	
% Renter	14.7%	14.1%	11.6%	12.7%	13.0%	
Average Persons Per Household	2.93	2.94	2.99	2.81	2.67	
Age 5-17 Population	315	416	712	827	659	
School Age Children Per Household						
Age 5-17 Per Household	0.70	0.48	0.61	0.55	0.38	
Resident Public School Enrollment (ADM) *	280	386	594	729	630	
Per Occupied Housing Unit	0.62	0.45	0.51	0.48	0.37	
* ADM in residence, NH Dept. of Education, for the relevant academic year						
**American Community Survey (ACS) data is based on sampling, subject to high margin of error, not directly comparable to 100% counts from the decennial Census years.						

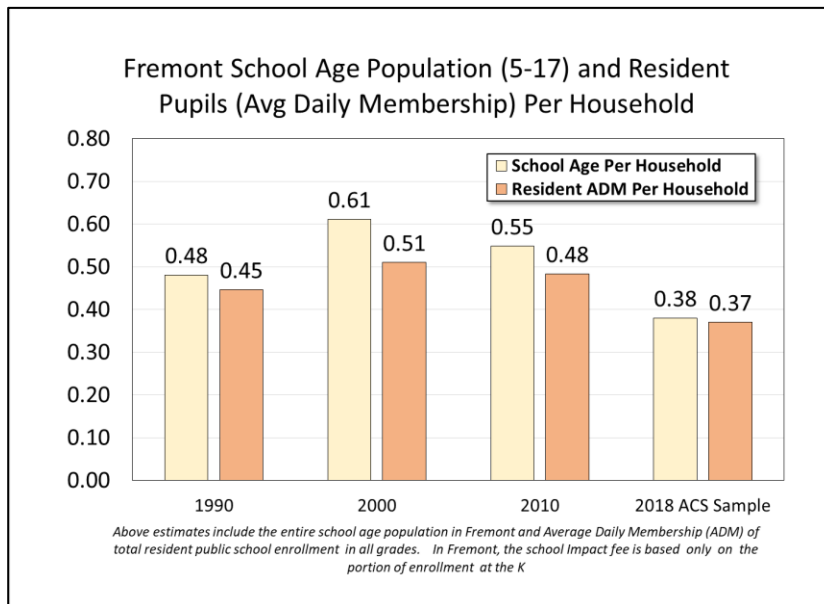
The latest Decennial Census data (100% counts) is from 2010. All estimates from the Census Bureau issued since that time are based on small samples from 5-year averages developed by the Bureau's American Community Survey ACS). The sample data are subject to a high margin of error.

A comparison of the 2010 full count to the 2018 ACS estimates indicates the following changes:

Estimated Change –2018 Estimated (ACS) Less 2010 Actual

Total housing units	+ 201	+12.8 %
Total households	+ 151	+10.0 %
Age 5-17 Population	- 168	- 20.3%
K-12 Pupils per Household	- 0.11	- 22.9%

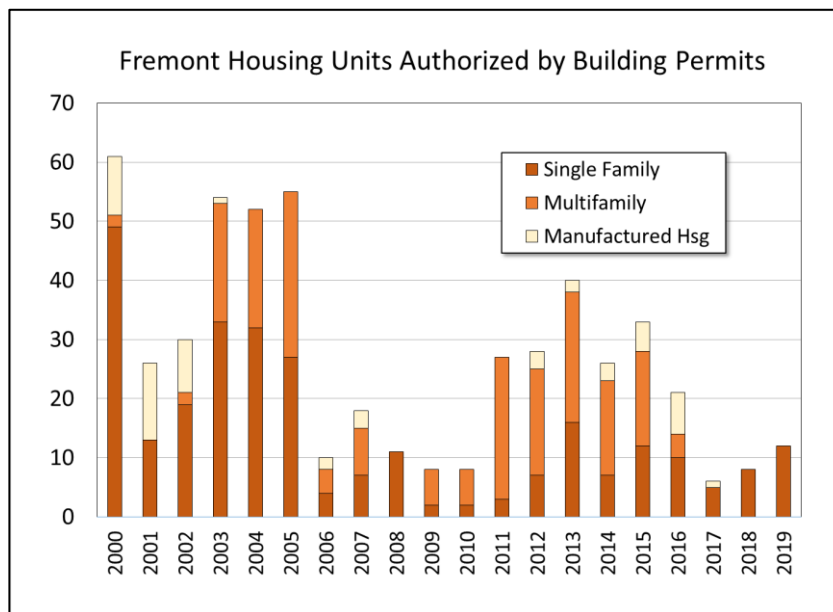
Note that the above comparisons are based on the entire housing stock, and include any age-restricted housing units developed during the period. Therefore the age 5-17 population per household shown here will be lower than if the average excluded age restricted housing units. Differences between the 2010 Census figures and the ACS estimates may also be affected by the ACS sampling margins of error.



Based on the 2018 ACS estimates of households and K-12 resident enrollment, average enrollment (ADM) per household is currently about **0.37** pupils per household.

Excluding the high school portion of enrollment, the estimated ratio of K-8 pupils per household for 2018 is about **0.233**.

b. Housing Development Activity



Changes in the Fremont housing inventory have been highly variable by year.

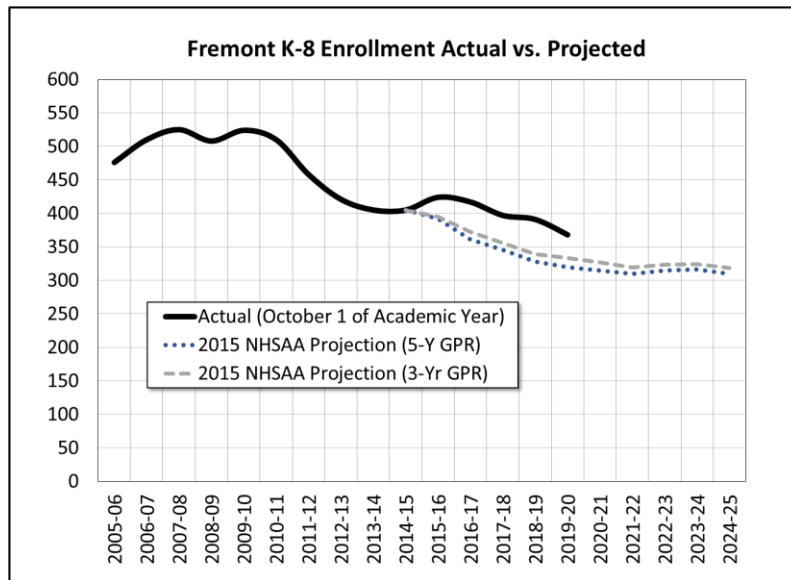
Over 50 units per year were authorized by building permits in the earliest years of the impact fee (2003-2005).

During the 2006-2010 period (which included the effects of the Great Recession, produced less than 10 units per year in four out of those five years.

From 2011 to 2016, permits indicate activity of 20 to 40 per year, then falling again to average less than 10 units per year from 2017 through 2019.

A significant portion of the new housing stock constructed since the inception of the school impact fee (2003) has been in developments that do not contribute to school enrollment. Based on our tabulation of enrollment and assessment data, about 38% of the housing units built in Fremont in 2003 or later have been in age-restricted developments.

c. K-8 Enrollment Projection (2015) vs. Actual Change



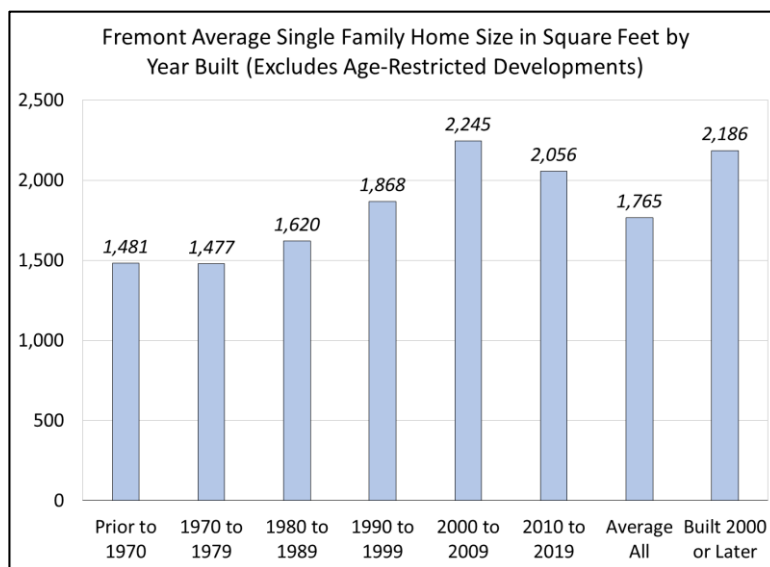
Enrollment at the Ellis School was projected to significant decline based on a 2015 study by the NH School Administrators Association (NHSAA).

October data through 2019 show that enrollment has declined, but has not dropped as fast as predicted in 2015.

As of 2019, K-8 enrollment was higher by 35 to 48 students than the projections that used 3-year and 5-year historical grade progression ratios.

2. Development of 2020 Enrollment Multipliers for Impact Fee

This section presents detailed analysis of 2020 enrollment ratios based on Fremont housing characteristics. Note that in all tabulations, the housing units identified by the Town that are located within age-restricted developments have been excluded when deriving the ratios. Grade K-8 enrollment ratios were tabulated with respect to unit type, number of bedrooms, and living area. Because of the small number of attached, two family, and manufactured housing units that are located outside of age-restricted developments, some of the graphics that follow summarize unit types by single family detached vs. “all other” housing units. Details of the entire sample are shown in the tables that follow the graphic summaries.

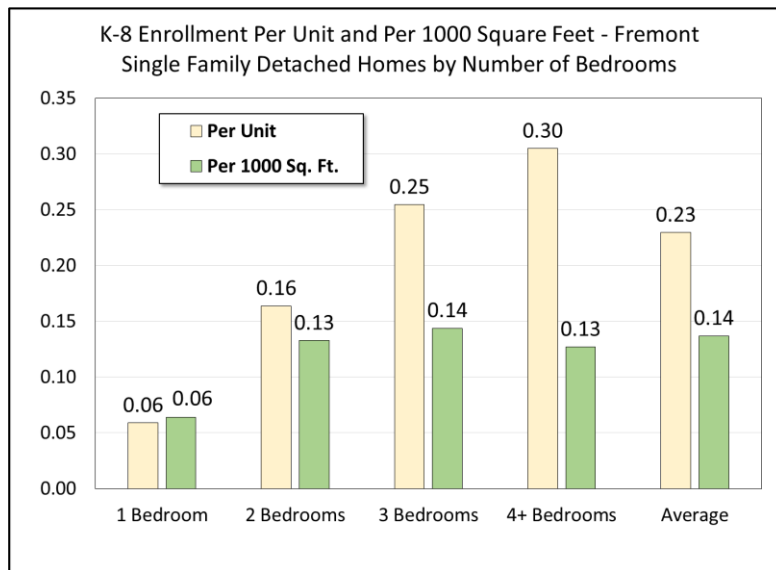


The average size of new single family detached homes built in Fremont increased substantially between 1979 to at least 2009.

In the most recent construction period that we tabulated (2010-2019) average new home size was somewhat smaller than construction during in the previous ten year period (2000-2009).

The newest single family homes in Fremont (built 2010-2019) are still about 16% larger than the average

for all single family homes in Fremont (excluding age restricted units).

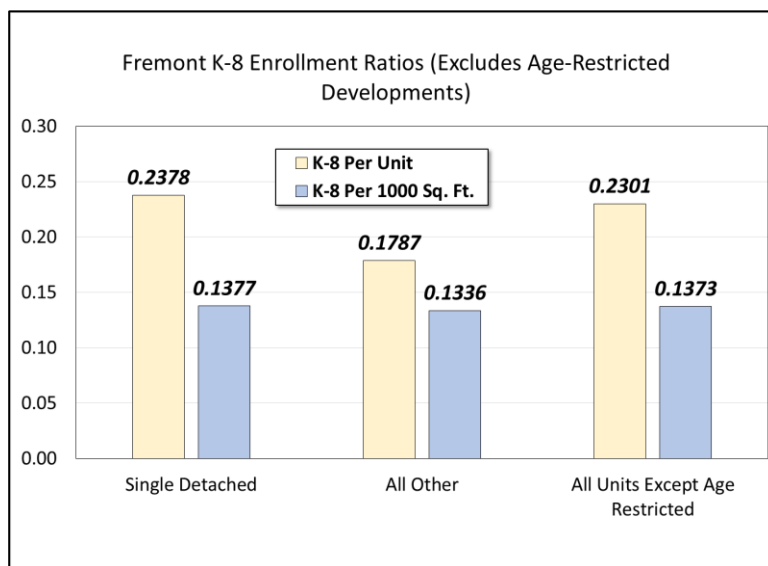


Average enrollment per single family home in Fremont increases with the number of bedrooms.

For homes with at least two bedrooms, the K-8 enrollment per square foot of living area is quite constant at between 0.13 to 0.14 pupils per 1000 square feet of living area.

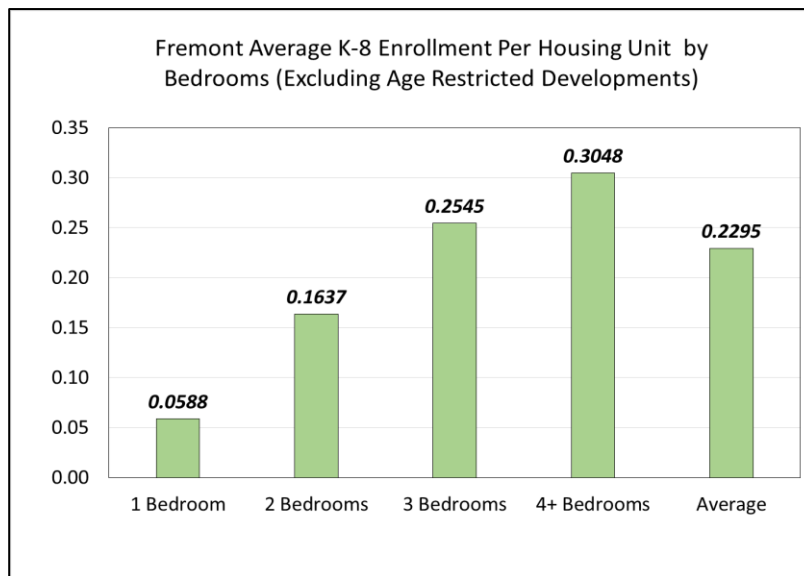
For nearly all new single family home construction, an alternative fee calculation based

on living area would be an equitable method of assessment to account for differences in impact by the size of the unit or the number of bedrooms.



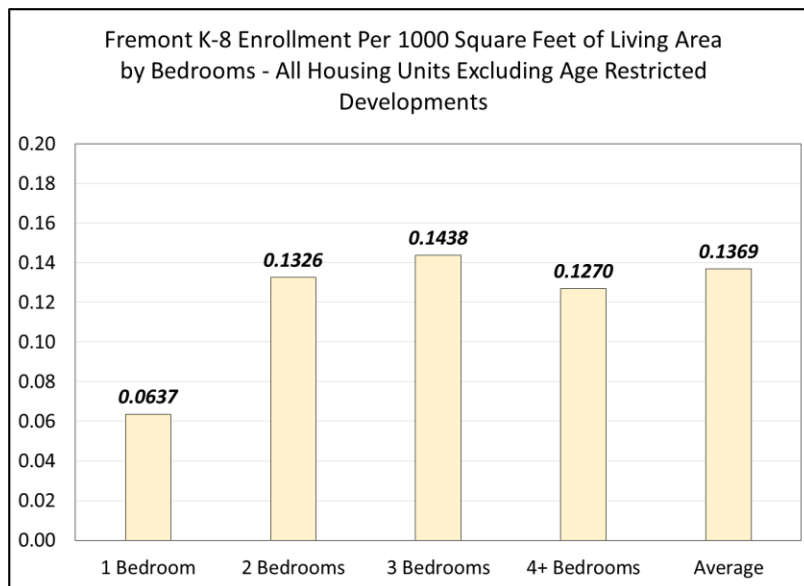
When housing units are grouped into two divisions (single family homes vs. all other housing units) the ratio of pupils per unit is 33% higher for single family homes than for all other units.

But the ratios of enrollment per 1000 square feet of living area is nearly identical for the two categories. This suggests that a fee computed per square foot of living area would be a supportable alternative for assessment.



When the averages for all dwelling units are computed by number of bedrooms, the enrollment ratios show a similar pattern.

(This is in part due to the dominance of single family detached homes within the Fremont housing stock.)



Overall the results indicate that for most housing units, a fee per dwelling unit or a fee per square foot fee would provide proportionate basis for the school impact fee assessment.

It would also be possible to assess a fee per square foot, or a fee based on the number of bedrooms that is applied to all new housing units regardless of structure type.

Because of the lower enrollment ratios for one bedroom units, a reduced fee could be offered in cases where the Town can document that the unit will have only a single bedroom.

Detailed tabulations follow, showing the enrollment and assessment data for individual structure types, the relative enrollment ratios, average assessed values and other information for the Fremont housing stock, excluding age restricted developments identified by the Town.

While K-8 enrollment has seen a significant net decline since the school impact fee was initiated, 22% of the students now enrolled at the Ellis School live in a housing unit that was built in 2003 or later (since the impact fee was established.) Data for single family homes show that homes built in the past 20 years (2010 through 2019) now house 30% of the Fremont K-8 pupils who live in single family dwellings. Had this new housing development not taken place, current enrollment would be much lower than it is today.

Fremont Elementary and Middle School Enrollment Analysis for: All Housing Excluding Age Restricted Units										
Type of Structure	Enrolled Pupils - Ellis School - May 2020				Housing Units	Avg Living Area Per Unit	Avg Valuation Per Unit	Avg Valuation Per Sq. Ft.	K-8 Pupils Per Unit	K-8 Pupils Per 1,000 Sq.Ft.
	Pre-K	Kinderg.	Grade 1-8	Grade K-8						
Single Family Detached	14	25	282	307	1,279	1,765	\$241,836	\$137	0.2400	0.1360
Single Family with Apartment	4	1	22	23	109	1,272	\$151,264	\$119	0.2110	0.1659
Townhouse / Attached	0	1	6	7	51	1,571	\$188,531	\$120	0.1373	0.0874
Two Unit Structure	1	2	2	4	42	1,388	\$155,255	\$112	0.0952	0.0686
Multifamily 3+ Unit Structure	2	3	20	23	101	1,219	\$102,684	\$84	0.2277	0.1869
Manufactured Housing With Land	1	0	2	2	13	1,185	\$131,579	\$111	0.1538	0.1298
Mixed Use w/Commercial	0	0	1	1	--	--	--	--	--	--
Total	22	32	335	367	1,595	1,676	\$221,952	\$132	0.2301	0.1373
All Single Family Homes	18	26	304	330	1,388	1,727	\$234,723	\$136	0.2378	0.1377
Attached, 2+ Family, Manufactured	4	6	31	37	207	1,338	\$136,316	\$102	0.1787	0.1336

Single Family Units by Number of Bedrooms (Excluding Age-Restricted Developments)

Bedrooms in Unit	Enrolled Pupils - Ellis School - May 2020				Housing Units	Avg Living Area Per Unit	Avg Valuation Per Unit	Avg Valuation Per Sq. Ft.	K-8 Pupils Per Unit	K-8 Pupils Per 1,000 Sq.Ft.
	Pre-K	Kinderg.	Grade 1-8	Grade K-8						
One BR	1	0	0	0	38	932	\$177,848	\$191	0.0000	0.0000
Two BR	1	2	33	35	212	1,232	\$187,296	\$152	0.1651	0.1340
Three BR	8	20	191	211	822	1,781	\$247,056	\$139	0.2567	0.1441
Four or More BR	4	3	58	61	207	2,402	\$288,711	\$120	0.2947	0.1227
Total Single Family Detached	14	25	282	307	1,279	1,765	\$241,836	\$137	0.2400	0.1360

All Housing Units by Number of Bedrooms (Excluding Age-Restricted Developments)

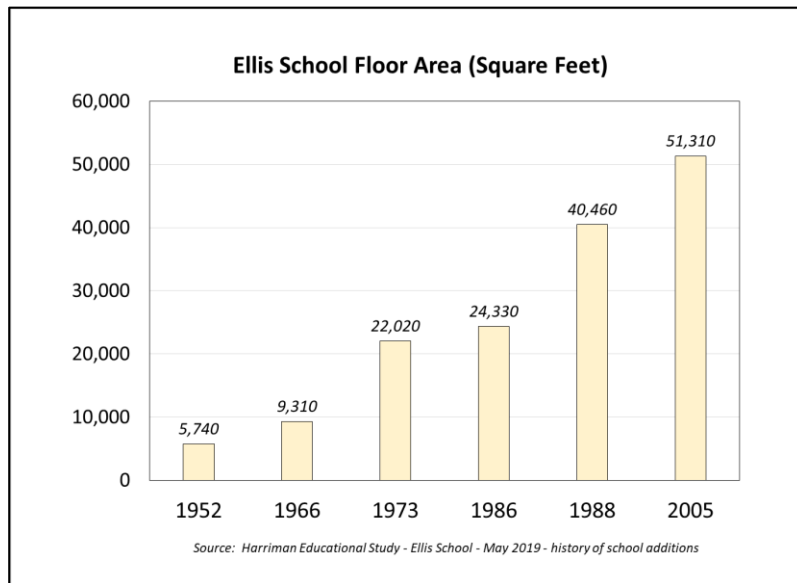
Bedrooms in Unit	Enrolled Pupils - Ellis School - May 2020				Housing Units	Avg Living Area Per Unit	Avg Valuation Per Unit	Avg Valuation Per Sq. Ft.	K-8 Pupils Per Unit	K-8 Pupils Per 1,000 Sq.Ft.
	Pre-K	Kinderg.	Grade 1-8	Grade K-8						
One BR	1	0	3	3	51	924	\$163,062	\$176	0.0588	0.0637
Two BR	6	7	66	73	446	1,235	\$159,670	\$129	0.1637	0.1326
Three BR	11	22	204	226	888	1,770	\$241,101	\$136	0.2545	0.1438
Four or More BR	4	3	61	64	210	2,400	\$287,558	\$120	0.3048	0.1270
Total Housing Units	22	32	334	366	1,595	1,676	\$221,952	\$132	0.2295	0.1369

All Housing Units by Year Built Excluding Age-Restricted										
Year Built	Enrolled Pupils - Ellis School - May 2020				Housing Units	Avg Living Area Per Unit	Avg Valuation Per Unit	Avg Valuation Per Sq. Ft.	K-8 Pupils Per Unit	K-8 Pupils Per 1,000 Sq.Ft.
	Pre-K	Kinderg.	Grade 1-8	Grade K-8						
Prior to 1970	4	6	49	55	333	1,420	\$177,765	\$125	0.1652	0.1164
1970 to 1979	0	0	15	15	105	1,361	\$195,063	\$143	0.1429	0.1050
1980 to 1989	8	7	103	110	430	1,551	\$209,717	\$135	0.2558	0.1650
1990 to 1999	5	8	64	72	333	1,812	\$243,788	\$135	0.2162	0.1194
2000 to 2009	4	7	87	94	292	1,985	\$251,089	\$126	0.3219	0.1621
2010 to 2019	1	4	16	20	102	2,041	\$290,770	\$142	0.1961	0.0961
Total	22	32	334	366	1,595	1,676	\$221,952	\$132	0.2295	0.1369
Units Built 2003 or Later	2	9	73	82	300	1,986	\$260,915	\$131	0.2733	0.1376
% of Total	9%	28%	22%	22%	19%	Ratio Units Built 2003 or Later to Average for All Units				
Ratio to Average Units	--	--	--	--	--	1.18	1.18	0.99	1.19	1.01

Single Family Detached Homes, Excluding Age Restricted, by Year Built										
Year Built	Enrolled Pupils - Ellis School - May 2020				Housing Units	Avg Living Area Per Unit	Avg Valuation Per Unit	Avg Valuation Per Sq. Ft.	K-8 Pupils Per Unit	K-8 Pupils Per 1,000 Sq.Ft.
	Pre-K	Kinderg.	Grade 1-8	Grade K-8						
Prior to 1970	2	4	39	43	253	1,481	\$193,842	\$131	0.1700	0.1147
1970 to 1979	0	0	15	15	83	1,477	\$213,594	\$145	0.1807	0.1223
1980 to 1989	6	6	92	98	370	1,620	\$223,132	\$138	0.2649	0.1635
1990 to 1999	3	6	53	59	287	1,868	\$257,428	\$138	0.2056	0.1101
2000 to 2009	2	5	68	73	196	2,245	\$296,149	\$132	0.3724	0.1659
2010 to 2019	1	4	15	19	90	2,056	\$311,690	\$152	0.2111	0.1027
Total	14	25	282	307	1,279	1,765	\$241,836	\$137	0.2400	0.1360
Built 2000 to 2019	3	9	83	92	286	2,186	\$301,040	\$138	0.3217	0.1472
2000-2019 % of Total	21%	36%	29%	30%	22%					

E. Facility Spatial Standard and Capital Cost Assumptions

1. Spatial Standard Applied



The Ellis School has expanded periodically to accommodate local K-8 enrollment needs.

The most recent expansion in 2005 added 10,850 square feet to the facility.

A May 2019 report by Harriman Architects estimated that the Ellis School has a net capacity (at 90% utilization of its maximum capacity) for 481 students. The capacity estimate is based on K-8 enrollment and excludes modular classrooms.

The floor area of the facility (51,310) divided by its estimated net capacity (481) yields a spatial standard of 107 square feet per pupil capacity, which has been used to compute the 2020 impact fee.

As of October 2019, K-8 enrollment totaled 368 students (about 76% of capacity) indicating that there is space remaining for 113 additional students).

Our analysis of enrollment showed that there are 0.23 K-8 students per housing unit in Fremont (excluding dwellings in age restricted developments). At that ratio, the school could accommodate another 491 dwelling units ($113 \text{ remaining capacity} / 0.23 = 491$).

The availability of surplus capacity was made possible by the 2005 addition which not only met a pre-existing deficiency in school space, but which also expanded the site's ability to accommodate additional enrollment.

The 2005 addition was financed by a 10-year bond that was fully amortized during 2014. The past practice of the Town was to allocate impact fee revenues to the School District to offset part of the cost of debt service for the addition.

The impact fees have been recouping from new development the cost of school facility space that is proportionately related to the average demand on that space, proportionately measured by the average elementary school enrollment per housing unit. Since there is remaining surplus capacity at the school, the impact fee can continue to operate to recoup the cost to provide school facility space in proportion to the enrollment demands of average housing units.

2. School Development Costs

School development costs include building construction, site development costs, land acquisition (if required for new construction) and capital equipment and furnishings. In the original 2003 fee calculations, the School Board's cost estimates for the proposed expansion of Ellis School were used to assign a development cost of \$144 per square foot to assign a capital cost for the school.

In order for the amount of the fee to be calculated in parity over time, this replacement cost value needed to be updated to a 2020 value. The following options were considered:

<u>2020 Capital Cost Adjustment Basis</u>	<u>Per Sq. Ft.</u>
Index 2003 Cost Assumption to CPI to May 2020:	\$ 201
Ellis School Insured Value of Building and Contents 2020:	\$ 189
State Building Aid Max. Allowable Reimbursement (2020): <i>(Rockingham County avg. of elementary and middle school costs)</i>	\$ 192

The impact fee update has been computed using the CPI-adjusted value of **\$201** per square foot, and at the State Building Aid reimbursement allowance of **\$192** to arrive at the option for assessment shown as school impact fee options for 2020.

F. Credit Allowance for Property Taxes

An Impact fee credit allowance is incorporated into the updated fee basis. The credit is limited to past payments (brought to present value by vacant land (pre-development) that were needed to fund the 2003 base year deficiency in space at the Ellis School. That deficiency was rectified by the 2005 addition. A portion of the payments made for debt service on the expansion project were attributable to the base year deficiency in space.

Based on a May 2019 report by Harriman Architects, the gross capacity of the Ellis School (now 51,310 square feet) is estimated at a maximum of 534 pupils, with practical capacity estimated at 481 students (90% of maximum). This indicates an average of 107 square feet of floor area per pupil capacity as the accepted standard.

At the spatial standard of 107 square feet per pupil the original space deficiency can be computed for the base year of the fee (2003). Total space needed for the 2003 enrollment of 423 pupils @ 107 square feet per pupil = 45,261 square feet. Prior to the addition, the facility had 40,460 square feet. An additional 4,801 square feet was needed in the 2003 to rectify a pre-existing space deficiency. This represents 44% of the new floor area that was added to the Ellis School in the 2005 project, which we have attributed to a pre-existing space needs:

Portion of 2005 Addition Attributable to 2003 Space Deficiency

Space Per Pupil Standard 2020	107
Enrollment in Base Year (2003)	423
Sq. Ft. Needed Base Year	45,261
Sq. Ft. Provided Base Year	40,460
Expansion Needed to Meet Deficiency	4,801
Sq. Ft. Added in 2005	10,850
Base Year Deficiency as % of Added Space	44%

While credit allowances are not required by the statutory guidelines of RSA 674:21, V, this adjustment helps to create an impact fee assessment that isolates the school capital cost impact that is attributable to new development. The past payment credit allowance is computed for each of the impact fee options in the table shown on the next page.

Fremont School Impact Fee Basis of Assessment 2020

**Past Payment Credits for Portion of 2005 Addition
Ellis School Expansion**

Year	Amount Financed
2005	\$2,239,800
ASSUMPTIONS	
State Aid To District:	30.0%
Local Government Share:	100.0%
Discount Rate:	5.0%

Fiscal Year	Principal Payment	Interest Payment	Total Payment	Less State Aid	Net Debt Service Cost To District
Past Payments					
2005	\$224,800	\$111,968	\$336,768	(\$67,440)	\$269,328
2006	\$225,000	\$98,500	\$323,500	(\$67,500)	\$256,000
2007	\$225,000	\$89,500	\$314,500	(\$67,500)	\$247,000
2008	\$225,000	\$78,250	\$303,250	(\$67,500)	\$235,750
2009	\$225,000	\$67,000	\$292,000	(\$67,500)	\$224,500
2010	\$225,000	\$55,750	\$280,750	(\$67,500)	\$213,250
2011	\$225,000	\$44,500	\$269,500	(\$67,500)	\$202,000
2012	\$225,000	\$33,250	\$258,250	(\$67,500)	\$190,750
2013	\$220,000	\$22,000	\$242,000	(\$66,000)	\$176,000
2014	\$220,000	\$11,000	\$231,000	(\$66,000)	\$165,000
Total	\$2,239,800	\$611,718	\$2,851,518	(\$671,940)	\$2,179,578

Present Worth of Past Payments @ 5%	\$3,751,195
Percent of Costs Related to 2003 Space Deficiency	44%
Amount Credited to Base Year Deficiency	\$1,650,526
Fremont Net Local Assessed Valuation (Fall 2019)	\$410,788,368
PW of Past Payments Per Thousand Assessed Value	\$4.02

Type Unit	Avg Assessed Valuation	Raw Land Portion of Value @ 15%	Credit for Past Payments
Per Housing Unit			
Single Family	\$242,000	\$36,300	\$146
Attached/Townhouse	\$189,000	\$28,350	\$114
Two or More Family	\$118,000	\$17,700	\$71
Manufactured Housing	\$132,000	\$19,800	\$80
All Non-SFD Units	\$137,000	\$20,550	\$83
Per Unit by Bedrooms - All Unit Types			
One BR	\$163,000	\$24,450	\$98
Two BR	\$160,000	\$24,000	\$96
Three BR	\$241,000	\$36,150	\$145
Four or More BR	\$288,000	\$43,200	\$174
Per Square Foot of Living Area - All Unit Types			
All Housing	\$133	\$20	\$0.08

G. Impact Fee Calculations and Options for Assessment

2020 SCHOOL IMPACT FEE SCHEDULE PER UNIT BY STRUCTURE TYPE - TOWN OF FREMONT			
Capital Cost Adjusted from Original 2003 Assumption to May 2020 Using Consumer Price Index			
Type of Structure	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Housing Unit	School Floor Area (Sq. Ft.) Per Pupil Capacity	\$201
Single Family Detached	0.2378	107	\$5,114
Attached & Townhouse	0.1373	107	\$2,953
Two or More Family Structure	0.1888	107	\$4,061
Manufactured Housing	0.1538	107	\$3,308
Single Family Detached	0.2378	107	\$5,114
All Other Structure Types	0.1787	107	\$3,843
Structure Type	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year	School Impact Fee Per Dwelling Unit
Single Family Detached	\$3,580	(\$146)	\$3,434
Attached & Townhouse	\$2,067	(\$114)	\$1,953
Two or More Family Structure	\$2,843	(\$71)	\$2,772
Manufactured Housing	\$2,316	(\$80)	\$2,236
Single Family Detached	\$3,580	(\$146)	\$3,434
All Other Housing Types	\$2,690	(\$83)	\$2,607
2020 SCHOOL IMPACT FEE SCHEDULE PER UNIT BY NUMBER OF BEDROOMS - TOWN OF FREMONT			
All Structural Types by Bedrooms	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Housing Unit	School Floor Area Per Pupil Capacity	\$201
1 Bedroom	0.0588	107	\$1,265
2 Bedrooms	0.1637	107	\$3,521
3 Bedrooms	0.2545	107	\$5,474
4 Bedrooms or More	0.3048	107	\$6,555
All Structural Types by Bedrooms	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year (2003) Space Deficiency	School Impact Fee Per Dwelling Unit
1 Bedroom	\$886	(\$98)	\$788
2 Bedrooms	\$2,465	(\$96)	\$2,369
3 Bedrooms	\$3,832	(\$145)	\$3,687
4 Bedrooms or More	\$4,589	(\$174)	\$4,415
2020 SCHOOL IMPACT FEE SCHEDULE PER SQUARE FOOT OF LIVING AREA - TOWN OF FREMONT			
Type of Structure	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Thousand Square Feet of Living Area	School Floor Area Per Pupil Capacity	\$201
All Dwelling Units	0.1369	107	\$2.94
Housing Structural Type	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year (2003) Space Deficiency	School Impact Fee Per Square Foot of Living Area
All Dwelling Units	\$2.06	(\$0.08)	\$1.98

Fee Table A

In this series of fee calculations, the capital cost of school construction is set at an inflation-adjusted cost per square foot, indexed from the original 2003 cost assumption to a 2020 value of \$201 per square foot. Supportable fee options include:

1. A standard fee per housing unit by type of structure. The fee could be assessed for four structure types, or under a simplified schedules with two categories (single family vs. all other).

2. A fee per housing unit that is based on the number of bedrooms in the dwelling unit, applicable to all structure types.

3. A fee per square foot of living area applicable to all structure types.

2020 SCHOOL IMPACT FEE SCHEDULE PER UNIT BY STRUCTURE TYPE - TOWN OF FREMONT			
Capital Cost At Average DOE Allowable Cost for SBA Reimbursement 2019-2020			
Type of Structure	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Housing Unit	School Floor Area (Sq. Ft.) Per Pupil Capacity	\$192
Single Family Detached	0.2378	107	\$4,885
Attached & Townhouse	0.1373	107	\$2,821
Two or More Family Structure	0.1888	107	\$3,879
Manufactured Housing	0.1538	107	\$3,160
Single Family Detached	0.2378	107	\$4,885
All Other Structure Types	0.1787	107	\$3,671
Structure Type	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year	School Impact Fee Per Dwelling Unit
Single Family Detached	\$3,420	(\$146)	\$3,274
Attached & Townhouse	\$1,975	(\$114)	\$1,861
Two or More Family Structure	\$2,715	(\$71)	\$2,644
Manufactured Housing	\$2,212	(\$80)	\$2,132
Single Family Detached	\$3,420	(\$146)	\$3,274
All Other Housing Types	\$2,570	(\$83)	\$2,487
2020 SCHOOL IMPACT FEE SCHEDULE PER UNIT BY NUMBER OF BEDROOMS - TOWN OF FREMONT			
All Structural Types by Bedrooms	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Housing Unit	School Floor Area Per Pupil Capacity	\$192
1 Bedroom	0.0588	107	\$1,208
2 Bedrooms	0.1637	107	\$3,363
3 Bedrooms	0.2545	107	\$5,228
4 Bedrooms or More	0.3048	107	\$6,262
All Structural Types by Bedrooms	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year (2003) Space Deficiency	School Impact Fee Per Dwelling Unit
1 Bedroom	\$846	(\$98)	\$748
2 Bedrooms	\$2,354	(\$96)	\$2,258
3 Bedrooms	\$3,660	(\$145)	\$3,515
4 Bedrooms or More	\$4,383	(\$174)	\$4,209
2020 SCHOOL IMPACT FEE SCHEDULE PER SQUARE FOOT OF LIVING AREA - TOWN OF FREMONT			
Type of Structure	Proportionate Demand Factors - Demand on School Facility Space		School Construction Cost Per Sq. Ft.
	K-8 Enrollment Per Thousand Square Feet of Living Area	School Floor Area Per Pupil Capacity	\$192
All Dwelling Units	0.1369	107	\$2.81
Housing Structural Type	Capital Cost Per Unit Net of Historic State Building Aid @ 30% of Principal	Credit Allowance for Past Payments to Rectify Base Year (2003) Space Deficiency	School Impact Fee Per Square Foot of Living Area
All Dwelling Units	\$1.97	(\$0.08)	\$1.89

Fee Table B

In this series of fee calculations, the same three options are computed, but at a lower capital value per square foot.

Capital costs in this table are set at **\$192** per square foot, which is the maximum school construction cost reimbursable by State Building Aid for Rockingham County school construction in 2020.

This capital value represents the average of the published limit for elementary and middle schools.

2. Fees for Changes in Use that Involve New Dwelling Units

The fee options shown above provide a basis for the assessment of school impact fee per dwelling unit or per square foot of living area. In cases where a conversion from one residential use to another is involved, a fee may be calculated based on the net increase (if any) in impact resulting from the change.

Essentially this requires a comparison of the fees applicable to the new development configuration of the site less the fee amount that would have been required for the existing development.

Such a fee can be determined by computing the fee for the new use (and number of units), then subtracting from that amount the fee that would have pertained to the prior use and number of units.

The conversion of a non-residential use to a residential use would be assessed the full school impact fee per dwelling unit, as the change introduces entirely new residential units to the site.

3. Accessory Dwelling Units

Under the Fremont Zoning Ordinance (Section 1102) an accessory dwelling unit (ADU) is allowed within, or as an addition to, a single family dwelling. Under section 1101 the minimum size of any dwelling unit in Fremont must be 600 square feet. The maximum size of an ADU is either one half the living area of the existing single family home where it will be created, or 800 square feet, *whichever is greater*. Detached ADUs are not permitted. The owner of the single family property must occupy one of the dwelling units as the owner's principal place of residence.

In Fremont the living area and number of bedrooms in an ADU could vary considerably depending on the size of the existing home. There may be instances where the all or part of the ADU space is created from within the floor area of the existing single family unit, and cases where the ADU living area will constitute an entirely new addition to the living area on the parcel.

BCM Planning recommends that ADUs be assessed per square foot, applied to the net change in living area within the parcel resulting from incorporation of an ADU. Our studies in a number of communities document an average 25% to 30% greater enrollment within single family parcels that include an apartment when compared to the average for single family detached homes without an apartment. Since the size of ADUs in Fremont could have such a high variation in living area, a fee per square foot would seem to provide the most equitable method of assessment for ADUs.

H. Use of Impact Fee Revenue

The Fremont school impact fee provides a basis for recouping the cost of providing sufficient grade K-8 school facilities in proportion to the demand created by average housing units in Fremont.

It has been the practice of the Town to periodically transfer its school impact fee income to the Fremont School District to offset debt service costs for the Ellis School addition. Since that bond was fully amortized in 2014, the impact fee revenue may now be applied to other capital improvements at the Ellis School.

Though RSA 674:21, V and the Fremont Zoning Ordinance provisions allow recoupment as a use of impact fees, but neither provides specific guidance on the application of recouped capital costs. The language of section 1510.1 of the Zoning Ordinance, with respect to use of funds, parallels the statutory language and states that:

*“Funds withdrawn from the capital facility impact fee accounts shall be used solely for the purpose of acquiring, constructing, equipping, or making improvements to capital facilities to increase their capacity, **or to recoup the cost of such capacity improvements.**”*
[Emphasis added in bold]

Recoupment is an allowed use of funds, and existing school capacity has already been made available that can support new housing development. Under these conditions, BCM Planning recommends that, in the absence of debt service for capital projects, the most appropriate use of the school impact fee revenue would be to support other needed school capital improvements, preferably those with a long useful life.

The Fremont School District has prepared a list of priority facility improvements, as well as a condition-rated inventory of long range facility needs of various system components at the Ellis School and their probable replacement year. The District’s list of priority facility needs alone, (as of October 29, 2019) totaled about \$861,000.

School impact fee funds derived from recoupment could be allocated to fund a portion of these improvement projects as they arise. Should the Ellis School reach its maximum enrollment capacity, then the impact fee funds should be reserved for projects that will expand the floor area or capacity of the facility.

I. Updates to the School Impact Fee

It is recommended that updates be prepared no less frequently than every five years, but no more frequently than annually, or in accordance with the impact fee ordinance. The primary objective of updates should be to assure that the fee remains proportionate to the capital cost impacts generated by new development.

The specific variables in the assessment, which may be and updated periodically, may include the following:

- Facility standard (square feet per pupil capacity);
- Estimated public school enrollment multipliers by housing type;
- School development costs or replacement costs per square foot;
- Percent of principal costs reimbursed by State Building Aid for related facility cost;
- Average assessed value of housing units and total assessed value of property (for credit allowance calculations);
- Adjustments to past and future debt service schedules for school development and percent of principal paid by state building aid;

Any changes in the methodology for impact fee assessment should be formally adopted by the Planning Board prior to implementation in accordance with the provisions of the Fremont impact fee ordinance.