

Debate building over impact fees in Hampton

Critics say 'double tax' discourages development

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HAMPTON — With the economy picking up and developments on the rise, Town Manager Fred Welch wants the Planning Board to take another look into demanding additional impact fees from those who want to build in town.

Currently, the town only charges a \$3,500 school impact fee for each new development, but Welch recently sent a letter to the board asking it to consider fees for public safety, recreation and sewer and drains.

Impact fees are one-time charges to developers to offset a new development's effect on public facilities such as schools, libraries, public safety, roads and recreation. Such fees have long been controversial with some claiming they are unfair and a "double tax."

While the Planning Board will discuss the issue at its next meeting, several board members are voicing opposition. "We have the mechanism in place to do more, but I don't think we should," said the board's Tracy Emerick.

A new impact fee can be imposed by the Planning Board after a public hearing. "We already have a substantial fee and if we throw on this one and that one, pretty soon it's going to be \$10,000 a nut to build a house in Hampton," he said.

The board's Mark Olson said such fees are "very discouraging for people who might want to come here and build and contribute to the tax base."

The state Legislature gave cities and towns power to charge impact fees in 1991, but in 2000 the N.H. Supreme Court ruled in *Simonsen v. Town of Derry* that towns could not charge impact fees unless they adopt an impact fee ordinance. Hampton enacted such an ordinance by a Town Meeting vote in 2002, essentially giving authority to the Planning Board to enact such a fee.

The only impact fee the town currently assesses is one that goes toward improvements for the Hampton School District and the town's portion of improvements at the Winnacunnet Cooperative School District. It was established in 2005.

Town Planner Jamie Steffen said the board previously looked at adding a public safety and recreation impact fee in 2009 and again in 2010. "The board decided at the time they didn't want to pursue additional fees partly because the economy was bad and a couple thought it would be an additional burden on development, calling it double tax," Steffen said.

He said there are pros and cons to impact fees, noting one significant drawback is the administrative work that goes into it. "Whatever you do, you also want to be fair," Steffen said.

In the past, the board has hired planning consultant Bruce Mayberry to aid it in the decision process and in determining a fair rate.

Planning Board Chairman Fran McMahon said impact fees are good when there is a lot of growth, but he sees the limited amount of developable land in town as a problem.

"Virtually every development we see in town is a two-lot subdivision and that sort of thing," McMahon said. "We don't really see the big stuff anymore because there is no big vacant land."

McMahon also questions the current school impact fee, mentioning a recent situation in which funding was almost lost. If the funds aren't used within six years, the money is returned to the developers.

In this case, "(the money) was used because somebody said you have to do something with this," McMahon said. "But that says to me you really didn't need it that much if you were sitting on it and not doing anything with it."

Welch said he asked the Planning Board to take up the issue because of the growing needs of the fire, police and public works departments. Taxpayers, he said, will soon pay for a \$4.8 million project to replace the Church Street sewer pump station and \$5.75 million for two fire stations.

"If, in fact, the town had always had impact fees, and it did not, a lot of the facilities that they are being forced to bond today would cost a lot less," Welch said.

Welch noted the school impact fee has been used to lower taxes, including \$107,245 recently released to lower the assessment Hampton pays to Winnacunnet High School.

"The impact fee is based upon the need to build, renew and replace existing and future facilities to meet new population and business needs," Welch said. "The question is should the taxpayers fund 100 percent of these on the property tax. It's an issue the Planning Board needs to decide."

Tom McGuirk, a member of the town's Zoning Board of Adjustment and a Realtor, said he is not in favor of additional impact fees. "You're going to impact yourself right out of the construction business," he said. "It's going to scare the developer out of town and it's short-sighted."