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Impact fee hearing prompts call for wider review

Laconia:

Rather than just act on the current Planning Board proposal to implement impact fees for new construction, the City Council wants a soup-to-nuts review of the entire municipal site permitting process so that it can get the bigger picture facing both developers and taxpayers.

The council reached that conclusion Monday night following an almost two-hour public hearing on impact fees that featured testimony from supporters, opponents and observers like Linda Harvey, the executive director of the Laconia Area Community Land Trust, who said the Mill View affordable housing project on Union Avenue would not have been possible had their been impact fees in place.

As proposed, there is no "safety valve" in the fee ordinance for housing built by non-profits nor is there one for waiving the "schools" portion of the impact fee on permanent housing for senior citizens, both of which City Planner Shanna Saunders said would be reflected in a revised, expanded future presentation to the council.

Right now, fees would be charged against a developer at the time of subdivision approval for impacts on city schools, police, fire, roads, recreation and the library. But the council also wants to consider the impact of development on the city's sewer system and on its municipal water supply as well as to look at — based on the concern of Kevin Morrissette, who is a local developer — the fees the city now already charges between permitting and construction, as well as any grandfathering provisions.

"We're sort of faced with a balancing act here," said Ward 3 Councilor Henry Lipman, who made the sweeping recommendation to his colleagues that the council tackle planning fees *in toto*, not separately.

Earlier in the evening, Saunders explained that the Planning Board, in response to economic concerns, was recommending that the fees be implemented at only 25 percent of what Bruce Mayberry, the city's consultant, had recommended.

Russ Thibeault, who is a principal with Applied Economic Research, but who qualified that he was speaking as a longtime Laconia resident, said his company had done the study plans for both Nashua and the city of Franklin, Mass., each of which was the first, if not among the first, in their respective states to adopt impact fees.

Impact fees, he said, were "rare in this area but extremely common and totally accepted Concord and south" and were to be found in the "fastest-growing communities in the state," none of which have reported any negative impact from impact fees.

With the exception of the City of Lebanon, which approved then repealed them, the municipalities with impact fees "have been very happy with them and they keep them in place," although the fee schedules should be updated regularly, said Thibeault. Had Laconia had impact fees in place in 2005, "you could have had a million dollars right now," he added.

Thibeault said a community considering impact fees first needs a good report prepared by a reputable consultant and Laconia had both in Mayberry who once worked for him but eventually superseded him on all things related to impact fees. The other thing that a city or town needs in implementing impact fees is to not have them be too high, said Thibeault.

What Laconia was proposing — the average impact fee would be about \$2,000 per each new residential unit — was "well below the problem area," Thibeault said, noting that impact fees in some Granite State communities averaged between \$7,000 and \$9,000.

Developers will not like impact fees, Thibeault summed up, but a \$2,000 fee on a \$300,000 home was a small amount and as to the bigger fear that impact fees would stifle the local economy, "it may happen, but it's unlikely. It hasn't happened."

To questions from the council, Mayberry said Laconia could recoup the cost of its new middle school, but could not use impact fees to pay to hire more police officers. Impact fees could pay some repair costs, however, if the repairs were part of a larger capital project, like the renovations the city did in recent years to its three elementary schools and maybe for police and fire vehicles, too.

Lipman asked whether impact fees could be used to buy equipment to fight to keep variable milfoil out of the city's water supply; Thibeault offered that it might be possible if the fee was assessed as a water department cost.

Pat Wood, an attorney with an extensive land-use practice, said he was "not absolutely adverse" to the idea of impact fees, but questioned whether now, given the sluggish economy, was the best time for them.

Wood noted that enrollment in Laconia public schools continues to decrease and that in the net, the city lost capacity when it undertook its renovation / expansion / new construction plans. He warned that impact fees amounted to selective taxation and asked the council to hold off any action on the fees until the ordinance language had been finalized.

Ward 4 Councilor Brenda Baer responded to Wood that 75 communities in the state have impact fees and "there has been no problem."

Planning Board member Tobias Paddock reminded the council that his board supported impact fees and came to that position after "thorough discussion" on many of the same concerns raised Monday as to reasonability and fairness.

Despite criticism of impact fees, "the model is an important one," he said.
