PUBLIC SCHOOL IMPACT FEES

BASIS OF ASSESSMENT
2005 - 2006

TOWN OF DURHAM
NEW HAMPSHIRE

DECEMBER 19, 2005

PREPARED FOR:

TOWN OF DURHAM, NEW HAMPSHIRE

PREPARED BY:

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EXECUTIVE SUMMARY

Purpose of Report

The purpose of this report is to provide a basis for school impact fee assessments in the Town of Durham. This report constitutes a methodology for impact fee calculation for public school facilities that may be adopted by the Town, pursuant to its impact fee ordinance, in order to assess new development in Durham for its proportionate demand on public school facilities.

Summary of Impact Fee Basis

This report provides a basis for two options for impact fee assessment for K-12 public school facilities (see Model A and Model B schedules below). The fees in Schedule A reflect the levels of State building that are associated with existing schools serving Durham. The higher fees in Schedule B are based on current new statutory limits on the cost basis for State building aid reimbursement that would apply if the elementary or middle school were expanded in the future.

Alternative School Impact Fee Schedules

	MODEL A	MODEL B
Type of Structure	Impact Fee Per Dwelling Unit	Impact Fee Per Dwelling Unit
Single Detached	$3,699	$4,090
Townhouse & Attached	$2,318	$2,559
Two Unit Structure	$2,907	$3,175
Multfamily (3+ Unit Structure)	$1,812	$1,971
Manufactured Housing	$2,611	$2,840

Either approach provides a proportionate impact fee assessment. The Town should adopt the Model A schedule unless or until there is a specific plan to expand elementary or middle school space. The report also contains impact fee calculations that distinguish between the grade K-8 and the grade 9-12 segments of these impact fee schedules. This information would allow the Town the option to adopt a lower impact fee schedule if it saw fit to limit the assessment to one of those two grade groupings.

Basis of Calculations in Brief:

Estimated School Development Costs: $145 per square foot for K-8 (2001 study by NHSAA)
$185 per square foot for High School (new construction)

Floor Area per Pupil: Gross floor area divided by school capacity (2005) K-8 and 9-12

Impact Fee Amount:
Pupils per unit in Durham (by housing type) in 2005
X School floor area per pupil capacity (K-8, 9-12)
X Development cost per square foot (K-8, 9-12)
– State building aid to Oyster River School District
= Durham impact on District capacity costs
– Credit allowances for pre-existing capacity costs
= Impact fee assessment per housing unit

A. Estimates of the Proportionate Impact of New Development

1. Historic Trends

As shown in Table 1, the school age population (age 5-17) in Durham declined by 145 (-13.5%) during the 1980-1990 period, but increased by 286 (+30.8%) during the following decade from 1990-2000. During the 1980's Durham's actual public school enrollment declined by nearly 25% (based on ADM[1] in residence data), then increased by 36% during the 1990-2000 period.

Durham's resident public school enrollment in October 2005 was 963. Between 2000 and 2005, resident enrollment from Durham declined by about 84 students in the K-8 grades, but by only 2 students in grades 9-12 (high school). Total enrollment in Durham declined each year since 2001, indicating that average resident enrollment per occupied housing unit is lower than in 2000.

The ratio of enrollment (measured by ADM in residence) in Durham to its total school age population (Census) has also changed over the decades. In 1980, the ratio was about 94% but in 1990 it was 83% and in 2000 it was 86%. These ratios suggest that a higher percentage of the Town's school age children may now be attending private schools compared to 25 years ago. Figure 1 compares estimated public enrollment in Durham with the school age population counts from the U. S. Census for 1980, 1990 and 2000.

The number of resident births is also a factor that influences school enrollment trends. The number of births is a function of the birth rate, as well as growth in the population within the child-bearing age groups. The long term trend for Durham (see Figure 2) has been slightly downward from 1990-2003, while the Oyster River School District total (Durham, Lee and Madbury combined) showed a generally upward trend.

Table 1

DURHAM HOUSING AND DEMOGRAPHIC CHANGE 1980-2000

DURHAM, New Hampshire				Change 1980-1990		Change 1990-2000	
	1980	1990	2000	Number	Percent	Number	Percent
Population	10,652	11,818	12,664	1,166	10.9%	846	7.2%
In Group Quarters (incl. University housing)	4,915	5,411	4,616	496	10.1%	-795	-14.7%
In Occupied Housing Units	5,737	6,407	8,048	670	11.7%	1,641	25.6%
Total Housing Units	2,144	1,781	2,923	(363)	-16.9%	1,142	64.1%
Vacant Units	45	116	41	71	157.8%	-75	-64.7%
Vacant Seasonal	9	23	17	14	155.6%	-6	-26.1%
Vacant Other	36	93	24	57	158.3%	-69	-74.2%
Seasonal Units % of Total	0.4%	1.3%	0.6%				
Households (Occupied Units)	2,090	2,392	2,882	302	14.4%	490	20.5%
Owner Occupied	1,088	1,357	1,628	269	24.7%	271	20.0%
Renter Occupied	1,002	1,035	1,254	33	3.3%	219	21.2%
% Renter	47.9%	43.3%	43.5%				
Average Household Size	2.74	2.68	2.79	(0.07)	-2.4%	0.11	4.3%
Age 5-17 Population	1,073	928	1,214	(145)	-13.5%	286	30.8%
Resident Enrollment Based on ADM*	1,017	766	1,042	(251)	-24.7%	276	36.0%
School Age Children Per Household							
Age 5-17 Per Household	0.513	0.388	0.421	(0.13)	-24.4%	0.03	8.6%
ADM Per Household *	0.487	0.320	0.362	(0.17)	-34.2%	0.04	12.9%

Sources: U. S. Census for 1980, 1990, and 2000.

** Enrollment is based on average daily membership (ADM) in residence (NH Dept. of Education) for the academic year that includes April of the Census year*

[1] ADM means average daily membership, a statistical figure that reflects average enrollment during the year, as reported to the NH Department of Education.

Figure 1

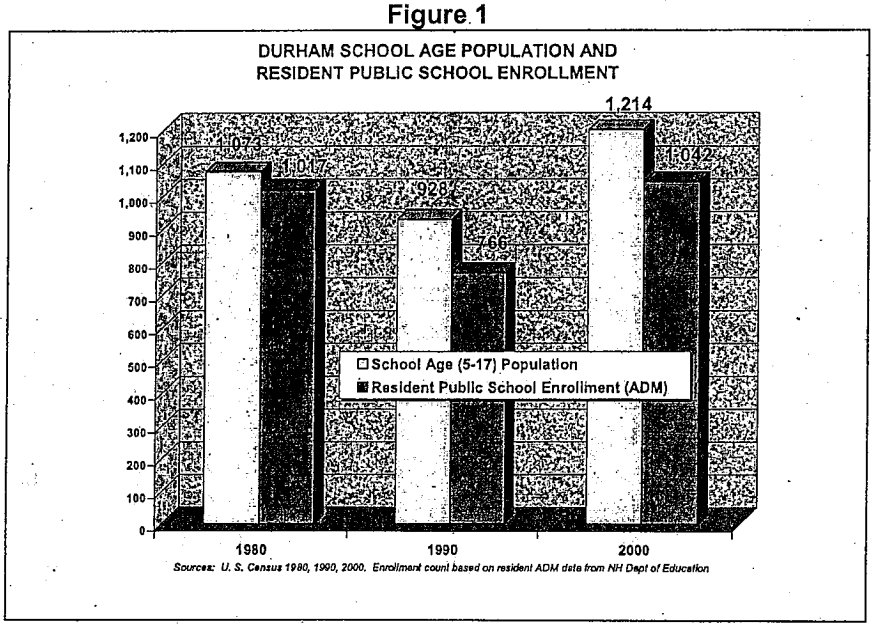
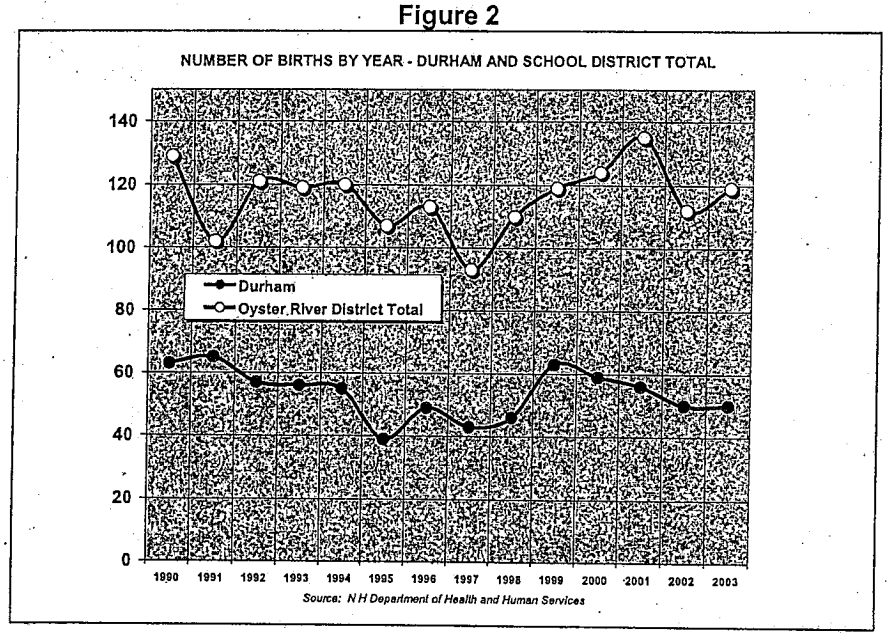
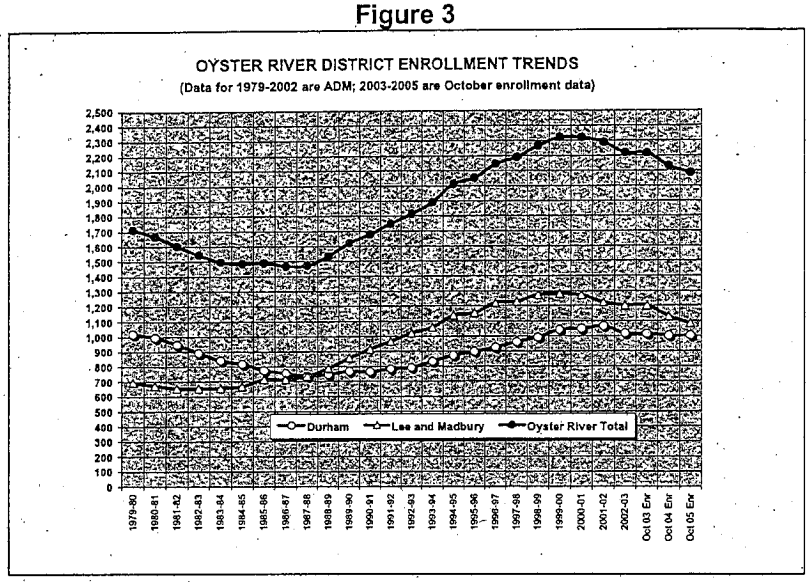


Figure 2



The enrollment trends for the Oyster River School District are shown in Figure 3 below. While total enrollment declined between 1980 and 1986, enrollment in the District increased steadily from 1987 to 2000, from about 1,600 students to 2,300 students over a 13-year period (about 54 students per year). Since 2000, total enrollment has declined from a peak of about 2,300 in 1999 and 2000 to about 2,100 in 2005. As indicated in Figure 3, resident enrollment changes in Durham followed the same general pattern, but growth occurred at a slower rate than in Madbury and Lee.

Figure 3



The rapid growth in enrollment beginning in the mid-1980s appears to have been was stimulated in part by the very high level of housing development that occurred in the District between 1983 and 1987. (See building permit activity in Figure 4 and Figure 5).

Figure 4

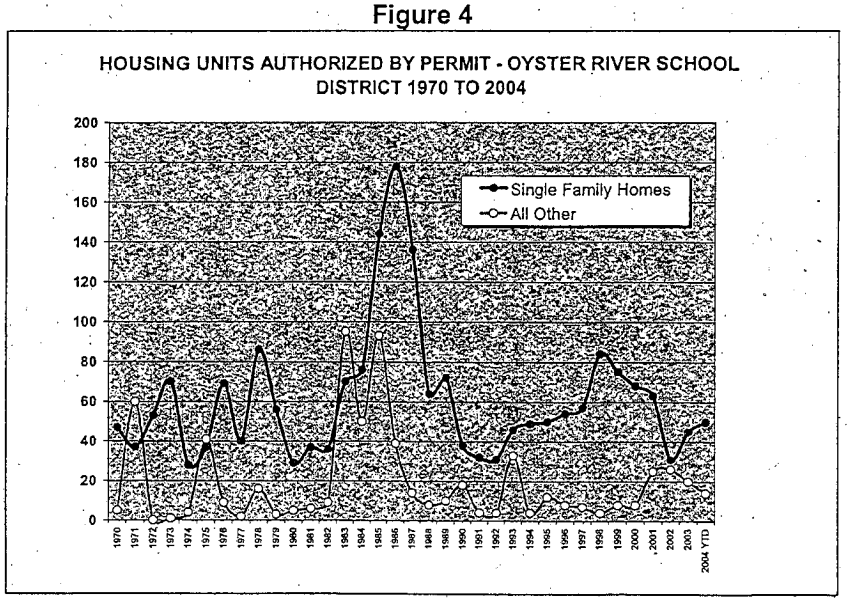
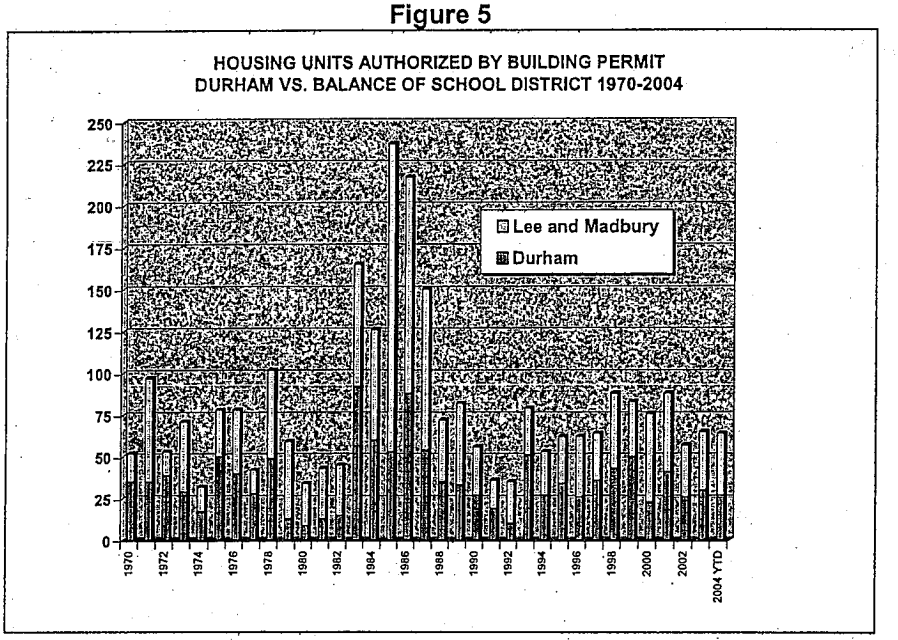
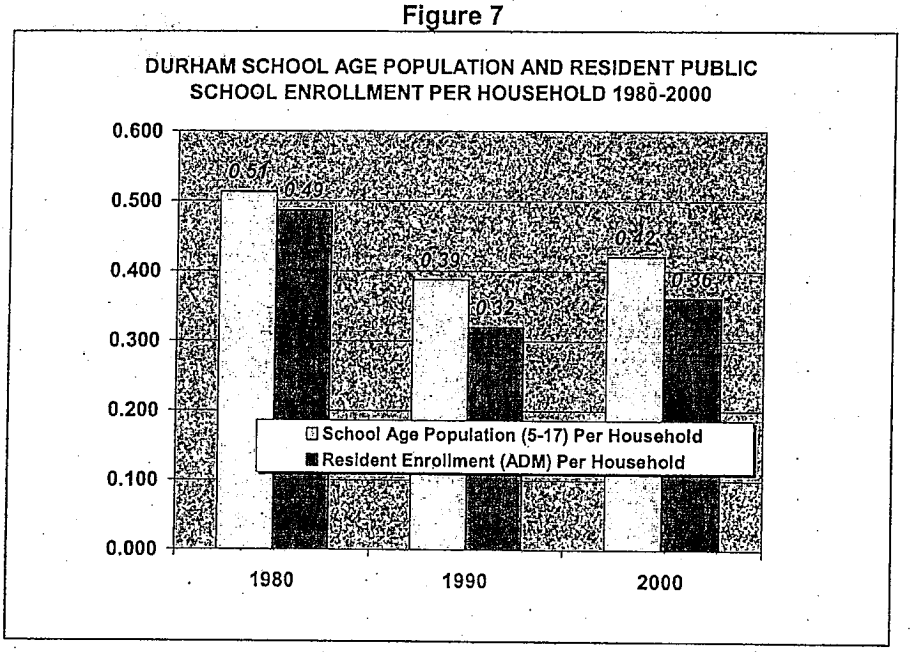


Figure 5



Based on this analysis, and a review of local Census data, the average number of school age pupils and enrollment per household in 2000 in Durham was lower than it was in 1990, but higher than in 1990. (See Figure 7.) While the ratios have obviously changed over time, it is necessary to the impact fee calculation to be based on a reasonable and proportionate estimate of average impacts on the school system per housing unit.

Figure 7



2. Proportionate Enrollment per Occupied Housing Unit

Table 2 and Table 3 are the basis for updated estimates of average resident public school enrollment per occupied unit in Durham by type of structure. Enrollment multipliers were computed for five structural categories: single family detached, townhouse (attached), duplex or 2-unit structures, multifamily (structures of 3 or more units) and manufactured housing. At the time of this study, Durham has no manufactured housing, but multipliers were developed here to provide a basis of assessment if such units are created in the future.

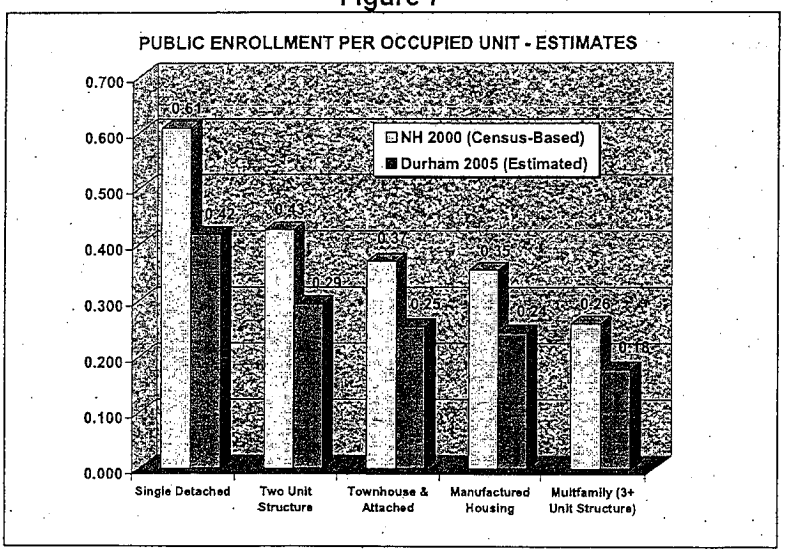
Table 2 is based on Census data for 2000, updated to 2005 using building permit data and Census-year occupancy rates. Because school impact fees are generally not assessed to age-restricted housing units, the enrollment multipliers were computed based on the estimated number of occupied units in Durham, less those which are lawfully age-restricted according to Town records. The estimates of local enrollment per unit by structure type was been prepared using detailed 2000 Census Public Use Microdata Sample [2] (PUMS) for New Hampshire as a baseline, adjusted to the estimated number of occupied housing units in Durham and actual resident enrollment counts for 2005. The number of public school pupils per unit (Figure 7 and Table 3) represents a ratio that has been adjusted to exclude age-restricted units.

Table 2 - Housing Unit Estimate for Durham, 2005

Type of Structure	Occupied Housing Units in Durham - 2000 Census (1)	Estimate of Occupied Units Est. 10/2005 Using Building Permit Data	Estimate of Occupied Units 2005 Excluding Age-Restricted Units
Single Family Detached	1,714	1,832	1,820
Single Family Attached	114	114	102
Duplex & 2-Unit	144	208	94
Multifamily 3+ Units	910	910	838
Mobile Homes	0	0	0
Total	2,882	3,064	2,854

(1) 2000 Census data on units by structure type is based on a sample, not 100% count

Figure 7



[2] PUMS is the Public Use Microdata Sample of the U. S. Census. The 5% sample data from 2000 for New Hampshire were used as a baseline estimate of enrollment per occupied unit, and then adjusted to Durham characteristics as of 2005 to estimate local enrollment multipliers.

Table 3

ESTIMATE OF LOCAL PUBLIC SCHOOL ENROLLMENT PER OCCUPIED UNIT - DURHAM

Census Ratios 2000 - NH Average Enrollment Per Occupied Unit (1)				
Type of Structure	**K-4**	**5-8**	**9-12**	**Total**
Single Family Detached	0.221	0.206	0.180	0.607
Single Family Attached	0.143	0.125	0.102	0.370
Duplex & 2-Unit	0.152	0.142	0.132	0.426
Multifamily 3+ Units	0.103	0.080	0.076	0.259
Mobile Homes (none present in Durham)	0.138	0.117	0.099	0.354

Predicted Enrollment for 2005 from using 2000 State Average Multipliers				
Projected Resident Enrollment Durham	**K-4**	**5-8**	**9-12**	**Total**
Single Family Detached	402	375	328	1,105
Single Family Attached	15	13	10	38
Duplex & 2-Unit	14	13	12	39
Multifamily 3+ Units	86	67	64	217
Mobile Homes (none present in Durham)	0	0	0	0
Total - Projected October 2005	517	468	414	1,399
Unadjusted estimate per occupied housing unit	0.181	0.164	0.145	0.490

	Actual Durham Resident Enrollment 2005			
Actual Enrollment Relative to Projections	**K-4**	**5-8**	**9-12**	**Total**
Actual Durham Public Enrollment October 2005	320	334	309	963
Ratio Actual to Projected	61.9%	71.4%	74.6%	68.8%

Proportionate Adjusted Enrollment Multipliers for Durham 2005 (Excluding Age-Restricted Units)

Adjusted Public School Enrollment Multipliers for Durham for 2005	K-4	5-8	9-12	Total
Single Family Detached	0.137	0.147	0.134	0.418
Single Family Attached	0.089	0.089	0.076	0.254
Duplex & 2-Unit	0.094	0.101	0.099	0.294
Multifamily 3+ Units	0.064	0.057	0.057	0.178
Mobile Homes (est. only - none present in Durham)	0.085	0.084	0.074	0.243
Total Enrollment Per Occupied Unit	0.112	0.117	0.108	0.337

Enrollment Projected From Adjusted Multipliers - Durham 2005	K-4	5-8	9-12	Total
Single Family Detached	249	267	244	760
Single Family Attached	9	9	8	26
Duplex & 2-Unit	9	9	9	27
Multifamily 3+ Units	54	48	48	150
Mobile Homes (no units present in Durham)	0	0	0	0
Total - Projected 2005 from multipliers	321	333	309	963
Actual - 2005	320	334	309	963

(1) Census-based multipliers based on consultant tabulations of the 2000 Census Public Use Microdata Sample (PUMS) 5% sample of for New Hampshire occupied units. Ratios based on PUMS adjusted to Durham grade groupings.

TOTAL HOUSING UNITS IN DURHAM - 2000 CENSUS INCLUDING AGE-RESTRICED UNITS By Type of Structure	Total Housing Units in Durham 2000 Census	Occupied Housing Units in Durham (2000 Census)	Percent Occupied 2000 Census
Single Family Detached	1,864	1,714	92.0%
Single Family Attached	119	114	95.8%
Duplex & 2-Unit	144	144	100.0%
Multifamily 3+ Units	913	910	99.7%
Mobile Homes	0	0	--
Total	3,040	2,882	94.8%

B. Facility Requirements per Pupil and Capital Costs

The proportionate enrollment impacts of average housing units in Durham that would be subject to a school impact fee assessment were established in the prior section of this report. The determination of the proportionate capital cost impact of new development also requires the assignment of a standard amount of school facility space per pupil and a reasonable facility development cost per square foot (discussed below).

1. Capacity and Floor Area per Pupil

For the purpose of impact fee assessment, the existing capacity of the public schools serving Durham students, the gross floor area of those schools, and the estimated development cost per square foot for such facilities have been used as the cost basis of the impact fee assessment. (See discussion below.)

The average capital cost impact of a typical housing unit is based on the proportionate spatial demands per pupil for elementary, middle school, and high facility space, and associated development costs. Table 4 below summarizes the floor area requirements per pupil capacity based on existing public school facilities serving Durham.

Table 4
PUBLIC SCHOOL FACILITIES SERVING DURHAM PUPILS

School Facilities	Original Yr. Built & Expansion Dates	Grades Served	Buidling Area Gross Sq. Ft.	Functional Capacity*	Maximum Capacity	Square Feet Per Pupil Functional Capacity	Square Feet Per Pupil Maximum Capacity	2005 Enrollment (10-3-05 - Excluding Home-Schooled)	2005 Enrollment as % of Functional Capacity	2005 Enrollment as % of Maximum Capacity
ELEMENTARY SCHOOLS										
Mastway Elementary	1959, 1967,1994-95	K-4	43,700	357	396	122	110	372	104%	94%
Moharimet Elementary	1989	K-4	43,780	355	394	123	111	334	94%	85%
Total Elementary		K-4	87,480	712	790	123	111	706	99%	89%
MIDDLE SCHOOL										
Oyster River Middle School	1934, 1946, 1954, 1956, 1979,1994-95	5-8	116,706	720	800	162	146	670	93%	84%
Total for K-8 Facilities			204,186	1,432	1,590	143	128	1,376	96%	87%
HIGH SCHOOL										
Original Oyster River HS	1956	9-12	80,000	550	604	145	132	684	124%	113%
New Building (Net Area Added)	2004-2005	9-12	118,000	—	—	—	—	—	—	—
Total After Renovation/Addition			198,000	1,147	1,147	173	173	684	60%	60%
Total For Schools Serving Durham Students										
Total Schools Serving Durham		K-12	402,186	2,579	2,737	156	147	2,060	80%	75%

**Capacity estimates for grade K-8 schools from 2001 study by NH School Administrators Association. Capacity estimates for the original high school building were provided by the Town. Only a single capacity estimate was available for new high school as expanded; distinction between "functional" vs. "maximum" capacity unknown*

The maximum estimated capacity of the elementary and middle schools has been used as the standard for impact fee assessment. At this capacity, the floor area per pupil component of the fee is lower than it would be if functional (desirable) capacity estimates were to be used. For the high school, only a single capacity estimate was available from the School District. Using these floor are ratios, the spatial requirements per student are assigned as:

Elementary School:	111 sq. ft. per pupil
Middle School:	146 sq. ft. per pupil
High School:	173 sq. ft. per pupil

The current enrollment (October 2005) and maximum facility capacity at the schools serving Durham show that elementary schools are operating at 89% of capacity, the middle school at 84% of capacity, and the high school at 60% of capacity. Based on these standards, the schools currently have reserve capacity, especially significant at the high school, to absorb additional enrollment that may be generated by new development. If the functional capacity estimates were applied, however, enrollment in the K-8 facilities serving Durham would be considered to be virtually at capacity. The total capacity of the expanded Oyster River High School is about twice the estimated capacity of the original high school, prior to renovation and expansion.

The substantial reserve capacity at the high school should be able to absorb the effect of any reasonable amount of housing growth for the foreseeable future. At the elementary and middle school level, there are no current plans for expansion, though the issue was reviewed conceptually in a 2001 study.[3] The study contained school enrollment projections that anticipated some decline in enrollment from 2000 to 2003, followed by increasing enrollment from 2004 to 2010 at the K-4 level. Grade 5-8 enrollment was projected to decline from 2003 to 2008, followed by some increase in enrollment from 2009 to 2011 (the last year of the projection period).

The K-8 school study, based on functional capacity estimates that indicated existing space deficiencies, and which considered the potential for future growth in enrollment, offered four alternatives to addressing District facility needs at the K-8 level:

1. Construction of a new elementary school (K-5) for about 350 students, with reallocation of grade 5 to each elementary school, while significantly renovating the Oyster River Middle School.

2. Renovate and build an addition on the Oyster River Middle School, and small additions on the current elementary schools.

3. Add more portable classrooms to each site, raise class size standards and curtail educational programs.

4. Change to a year-round education school calendar.

Alternatives 1 and 2 were viewed in the report as possible long-term solutions to the K-8 needs of the District for a 10-year period (through 2011). Alternative 3 would provide only a solution to short-term needs, and Alternative 4 would require significant building renovations for year-round instruction, and a drastic and unwelcome shift in programming that was not deemed efficient or appropriate. A combination of new construction and renovation were recommended to rectify existing deficiencies in functional capacity, and improve the ability of the K-8 schools to accommodate additional future enrollment growth. At the time of this writing, however, there appear to be no specific plans for K-8 expansion.

[3] Assessment of Educational Facility Needs Pre-K-8, September 2001, prepared for the Oyster River School District by the New Hampshire School Administrators Association.

2. Facility Cost per Square Foot and State Building Aid

For impact fee assessment purposes, the estimated development cost of elementary and middle school development is estimated at $145 per square foot (the cost projected for elementary school construction in the 2001 capacity study of K-8 facilities). The cost for high school space is base on the actual cost of construction and expansion of the Oyster River High School is estimated at $185 per square foot. Total development costs, including construction and renovation, totaled nearly $20 million for the high school. A portion of the estimated cost shown in available breakdowns was allocated to asbestos removal and contingency. Both the renovation and new construction cost components contributed to the significant increase in capacity of the high school. Based on the new floor area created, an estimate of development cost at $185 per square foot is both representative of the District's investment (probably conservative) and consistent with New England averages for high school development costs.

State building aid has been assumed at 45% of District capital costs at the elementary and middle school levels. This level of aid is applicable to the principal cost of the recently constructed high school. For future projects, however, state building aid would be applicable only to the maximum allowable prototype cost and floor area standards per pupils that are currently in effect. While these standards do not limit what school districts can spend on schools, they do create an upper limit on the amount that will be subject to building aid reimbursement from the State Department of Education.

C. Fee Calculation

Two impact fee models are summarized in Tables 5 and 6. The fee schedule generated in Table 5 reflects the conditions of state building aid applicable to existing school facilities serving Durham. Table 6 provides an alternative impact fee model that presumes the expansion of elementary and middle school facilities, subject to new cost limits on reimbursable construction. In effect, the assumptions in Table 6 result in a higher impact fee, because the effective state building aid percentage of total costs would be lower. In this scenario, a higher share of total development costs of elementary or middle schools would be excluded from the basis of state building aid reimbursement.

1. Capital Cost Impact per Dwelling Unit

The total school capital cost per dwelling unit is derived by multiplying the average number of public school pupils per unit, by grade grouping, by the floor area required per pupil, times the cost per square foot. State building aid is then deducted from that capital cost at the rate of 45% of principal costs. The resulting figure is further adjusted by deducting certain credit allowances from the net district capital cost.

2. Adjustments: Credit Allowances

Several credit allowances have been incorporated into the calculation of the net impact fee amounts (see Tables 5 and 6 below). "Past payment" credit amounts are assigned based on the estimated assessed value of raw land per housing unit, and taxes paid in the past by that land (pre-development) for existing school capital costs. "Future payment" credit amounts are based on the net local tax cost of remaining school debt service for the facilities currently used by existing development, or that would be needed to rectify existing space deficiencies.

Table 5 – Impact Fee Model A

MODEL A - SCHOOL IMPACT FEE COMPUTATION BY DWELLING UNIT TYPE
(REFLECTS HISTORIC STATE BUILDING AID REIMBURSEMENT FOR K-12 FACILITIES)
TOWN OF DURHAM

Type of Construction:	Enrollment Per Household				Avg. Sq. Ft./Pupil Capacity				Development Cost/Sq. Ft. $145 Elementary Schools	$145 Middle School	$185 High School	
	Elementary School	Middle School	High School	Total Public Schools	Elementary School	Middle School	High School	Overall Average				Total Capital Cost/Unit
Single Detached	0.137	0.147	0.134	0.418	111	146	173	143	$2,205	$3,112	$4,289	**$9,606**
Townhouse & Attached	0.089	0.089	0.076	0.254	111	146	173	142	$1,432	$1,884	$2,432	**$5,749**
Two Unit Structure	0.094	0.101	0.099	0.294	111	146	173	144	$1,513	$2,138	$3,168	**$6,820**
Multfamily (3+ Unit Structure)	0.064	0.057	0.057	0.178	111	146	173	142	$1,030	$1,207	$1,824	**$4,061**
Manufactured Housing	0.085	0.084	0.074	0.243	111	146	173	142	$1,368	$1,778	$2,368	**$5,515**

Type of Construction: Units In Structure	School Capital Cost Per Housing Unit: Net Capital Cost Per Housing Unit (Capital Cost Less State Building Aid @ 45%				Credit Allowances for Property Tax Payments For Pre-Existing Capacity Needs				Net Impact Fee Per Dwelling Unit Assessment Schedule (Capital Cost Impact Less Credits)
	Elementary School	Middle School	High School	Total Public Schools	Past Pymts K-8 Facilities	Past Pymts HS Facilities	Future Pymts K-8 Facilities	Future Pymts HS Deficiency	**Durham School Impact Fee Per Unit:**
Single Detached	$1,213	$1,712	$2,359	**$5,283**	($455)	$0	($368)	($761)	**$3,699**
Townhouse & Attached	$788	$1,036	$1,338	**$3,162**	($242)	$0	($196)	($406)	**$2,318**
Two Unit Structure	$832	$1,176	$1,743	**$3,751**	($242)	$0	($196)	($406)	**$2,907**
Multfamily (3+ Unit Structure)	$567	$664	$1,003	**$2,234**	($121)	$0	($98)	($203)	**$1,812**
Manufactured Housing	$752	$978	$1,303	**$3,033**	($121)	$0	($98)	($203)	**$2,611**

OPTION FOR SEPARATE OR SPLIT FEES BY GRADE LEVEL

Type of Structure	Elementary and Middle School	High School	Impact Fee
Single Detached	$2,102	$1,598	$3,699
Townhouse & Attached	$1,386	$932	$2,318
Two Unit Structure	$1,570	$1,337	$2,907
Multfamily (3+ Unit Structure)	$1,011	$800	$1,812
Manufactured Housing	$1,511	$1,100	$2,611

Table 6 – Impact Fee Model B

MODEL B - ASSUMES NEW BUILDING AID FORMULA APPLIED TO FUTURE K-8 FACILITY EXPANSION
SCHOOL IMPACT FEE COMPUTATION BY DWELLING UNIT TYPE
TOWN OF DURHAM

Type of Construction:	Enrollment Per Household				Avg. Sq. Ft./Pupil Capacity				Development Cost/Sq. Ft. $145 Elementary Schools	$145 Middle School	$185 High School	
	Elementary School	Middle School	High School	Total Public Schools	Elementary School	Middle School	High School	Overall Average				Total Capital Cost/Unit
Single Detached	0.137	0.147	0.134	0.418	111	146	173	143	$2,205	$3,112	$4,289	**$9,606**
Townhouse & Attached	0.089	0.089	0.076	0.254	111	146	173	142	$1,432	$1,884	$2,432	**$5,749**
Two Unit Structure	0.094	0.101	0.099	0.294	111	146	173	144	$1,513	$2,138	$3,168	**$6,820**
Multfamily (3+ Unit Structure)	0.064	0.057	0.057	0.178	111	146	173	142	$1,030	$1,207	$1,824	**$4,061**
Manufactured Housing	0.085	0.084	0.074	0.243	111	146	173	142	$1,368	$1,778	$2,368	**$5,515**

Type of Construction: Units in Structure	School Capital Cost Per Housing Unit Net Capital Cost Per Housing Unit (Capital Cost Less Effective State Building Aid - see note*)				Credit Allowances for Property Tax Payments For Pre-Existing Capacity Needs				Net Impact Fee Per Dwelling Unit Assessment Schedule (Capital Cost Impact Less Credits)
	Elementary School	Middle School	High School @ 45%	Total Public Schools	Past Pymts K-8 Facilities	Past Pymts HS Facilities	Future Pymts K-8 Facilities	Future Pymts HS Facilities	**Durham School Impact Fee Per Unit:**
Single Detached	$1,323	$1,992	$2,359	**$5,674**	($455)	$0	($368)	($761)	**$4,090**
Townhouse & Attached	$859	$1,206	$1,338	**$3,403**	($242)	$0	($196)	($406)	**$2,559**
Two Unit Structure	$908	$1,368	$1,743	**$4,019**	($242)	$0	($196)	($406)	**$3,175**
Multfamily (3+ Unit Structure)	$618	$772	$1,003	**$2,393**	($121)	$0	($98)	($203)	**$1,971**
Manufactured Housing	$821	$1,138	$1,303	**$3,262**	($121)	$0	($98)	($203)	**$2,840**

OPTION FOR SEPARATE OR SPLIT FEES BY GRADE LEVEL

Type of Structure	K-8	9-12	TOTAL
Single Detached	$2,493	$1,598	$4,090
Townhouse & Attached	$1,627	$932	$2,559
Two Unit Structure	$1,838	$1,337	$3,175
Multfamily (3+ Unit Structure)	$1,171	$800	$1,971
Manufactured Housing	$1,740	$1,100	$2,840

***ESTIMATE OF STATE BUILDING AID APPLICABLE - 2005**
= 45% of principal due on debt for building construction only, limited by State maximums on square feet and cost per sq. foot

FACILITY LEVEL	STATE ALLOWANCE MAX SQ.FT.	EXISTING OR PROPOSED SQ. FT. LOCAL	STATE MAX COST/SQ. FT. FOR REIMB	TOTAL DEVEL. COST/SQ. FT. ASSUMED	FEE BASIS: CAPITAL COST PER PUPIL	STATE AID MAXIMUM REIMB. PER PUPIL	STATE AID MAX PER PUPIL @45% OF STATE BASIS	EFFECTIVE REIMB. RATE PER PUPIL (ROUNDED)	EFFECTIVE DISTRICT SHARE PER PUPIL
Elementary (2005 or later)	120	111	$118	$145	$16,095	$14,160	$6,372	40%	60%
Middle (2005 or later)	140	146	$114	$145	$21,170	$15,960	$7,661	36%	64%

** Bonds for the high school expansion predate the change in State Building Aid Reimbursement cost limits. Therefore, the 45% State Building Aid ratio has been used in the impact fee calculations.*

In computing credit allowances, the assignment of assessed values per unit to newer housing units is based on valuation data provided by the Town and analyzed and adjusted by the Consultant. The credits are calculated as an amount per thousand assessed valuation, and assigned on a per unit basis to each structural category. For computing past payment credits, it is assumed that the value of raw land (prior to development and improvement) is 13% of the total assessed value of a completed housing unit.

There is no statutory requirement in RSA 67:21, V that requires the credit allowance adjustments applied in this basis of assessment. However, these allowances are applied here to recognize the past and future contribution of taxes by a subject property to fund the school capacity needs generated by existing homes. The credit allowances applied in the impact fee calculation are summarized in Table 7 and detailed in Tables 8 through 11 below.

Table 7: Credit Allowance Summary

CREDIT ALLOWANCE SUMMARY: PAST PAYMENTS			Past Payment Credit Allowance Based on $/Thous Land Value			
Structure Type	Avg Assessed Value Assumed	Raw Land Value Per Unit @ 13%	Elementary $4.94	Middle School $3.14	High School $0.00	Total $8.08
Single Detached	$375,000	$56,250	$278	$177	$0	$455
Townhouse & Attached	$200,000	$30,000	$148	$94	$0	$242
Two Unit Structure	$200,000	$30,000	$148	$94	$0	$242
Multifamily (3+ Unit Structure)	$100,000	$15,000	$74	$47	$0	$121
Manufactured Housing	$100,000	$15,000	$74	$47	$0	$121

CREDIT ALLOWANCE SUMMARY: FUTURE PAYMENTS		Future Payment Credit Allowance Based on $/Thous Home Value			
Structure Type	Avg Assessed Value Assumed	Elementary $0.25	Middle School $0.73	High School $2.03	Total $3.01
Single Detached	$375,000	$94	$274	$761	$1,129
Townhouse & Attached	$200,000	$50	$146	$406	$602
Two Unit Structure	$200,000	$50	$146	$406	$602
Multifamily (3+ Unit Structure)	$100,000	$25	$73	$203	$301
Manufactured Housing	$100,000	$25	$73	$203	$301

Table 8: Credit Calculation, Detail A

IMPACT FEE CREDIT ALLOWANCES
PAST PAYMENTS ON DEBT SERVICE FOR EXISTING CAPACITY UTILIZATION

Mastway/Moharimet Additions and Renovations
Original Debt: $2,335,000 20 Years
Interest Rate(s) 5.5 to 5.6%

ASSUMPTIONS
State Building Aid To District: 45.0% Of Principal Due on Bonds
Durham Share of Net District Cost 52.40% Of District Taxes Paid by Durham
Discount Rate: 5.0%

PAST PAYMENTS

Calendar Year	Annual Principal Payment	Interest Payment	Total Payment	Less State Building Aid	Net Debt Service Cost To District	Net Debt Service Cost Paid by Durham
1994	0	$128,425	$128,425	$0	$128,425	$67,293
1995	$155,000	$119,350	$284,350	($74,250)	$210,100	$110,089
1996	$175,000	$109,725	$284,725	($78,750)	$205,975	$107,928
1997	$175,000	$100,100	$275,100	($78,750)	$196,350	$102,885
1998	$175,000	$90,475	$265,475	($78,750)	$186,725	$97,841
1999	$175,000	$80,850	$255,850	($78,750)	$177,100	$92,798
2000	$175,000	$76,600	$251,600	($78,750)	$172,850	$90,571
2001	$175,000	$67,250	$242,250	($78,750)	$163,500	$85,672
2002	$175,000	$57,900	$232,900	($78,750)	$154,150	$80,772
2003	$175,000	$48,513	$223,513	($78,750)	$144,763	$75,854
2004	$175,000	$39,000	$214,000	($78,750)	$135,250	$70,869
2005	$150,000	$30,000	$180,000	($67,500)	$112,500	$58,948
					Present Worth of Past Payments @ 5%	$1,406,109
					Durham Net Local Assessed Valuation (Fall 2005)	$794,269,754
					Past Payment Credit Per $1000 Valuation of Raw Land	$1.77
FUTURE PAYMENTS						
2006	$150,000	$21,525	$171,525	($67,500)	$104,025	$54,508
2007	$150,000	$12,900	$162,900	($67,500)	$95,400	$49,988
2008	$145,000	$4,275	$149,275	($65,250)	$84,025	$44,028
					Net Present Value of Future Payments @ 5%	$135,286
					Durham Net Local Assessed Valuation (Fall 2005)	$794,269,754
					Future Payment Credit Per $1000 Valuation Completed Housing	$0.17

Table 9: Credit Calculation, Detail B

IMPACT FEE CREDIT ALLOWANCES
MOHARIMET SCHOOL BUILDING CONSTRUCTION

Original Bond:	$3,200,000	(1989)
Interest Rate:	6.68%	10 Years

ASSUMPTIONS

State Building Aid To District:	45.0%	Of Principal Due on Bonds
Durham Share of Net District Cost	52.40%	Of District Taxes Paid by Rindge
Discount Rate:	5.0%	

PAST PAYMENTS

Calendar Year	Principal Payment	Interest Payment	Total Payment	Less State Aid	Net Debt Service Cost To District	Net Debt Service Cost Paid by Durham
1989	$300,000	$193,768	$493,768	($135,000)	$358,768	$187,989
1990	$300,000	$173,723	$473,723	($135,000)	$338,723	$177,486
1991	$300,000	$153,678	$453,678	($135,000)	$318,678	$166,983
1992	$300,000	$133,633	$433,633	($135,000)	$298,633	$156,479
1993	$300,000	$113,588	$413,588	($135,000)	$278,588	$145,976
1994	$300,000	$93,543	$393,543	($135,000)	$258,543	$135,473
1995	$300,000	$73,498	$373,498	($135,000)	$238,498	$124,970
1996	$300,000	$53,453	$353,453	($135,000)	$218,453	$114,466
1997	$300,000	$33,408	$333,408	($135,000)	$198,408	$103,963
1998	$300,000	$13,363	$313,363	($135,000)	$178,363	$93,460
1999	$200,000	$0	$200,000	($90,000)	$110,000	$57,638

Present Worth of Past Payments @ 5%	$2,516,533
Durham Net Local Assessed Valuation (Fall 2005)	$794,269,754
Past Payment Credit Per $1000 Valuation of Raw Land	$3.17

Table 10: Credit Calculation, Detail C

CREDIT ALLOWANCE FOR REPLACEMENT OF MODULAR AT MOHARIMET ELEMENTARY SCHOOL WITH PERMANENT SPACE

	Sq. Ft.	School Construction Cost/SF	Cost to Rectify
Modular - Replace with Permanent Space	1,440	$145	$208,800
Upgrade Cost to District Net of State Building Aid			$114,840
Durham Share of District Cost			52.40%
Amount Allocated - Credit for Existing Needs			$60,175
Durham Net Local Assessed Valuation for 2005			$794,269,754
Future Payment Credit Per $1000 Valuation Completed Housing			$0.08

Table 11: Credit Calculation, Detail D

IMPACT FEE CREDIT ALLOWANCES
OYSTER RIVER MIDDLE SCHOOL ADDITIONS AND RENOVATIONS
Original Debt: $5,105,000 15 Years
Interest Rate(s) 5.07% and 5.26%

ASSUMPTIONS
State Building Aid To District: 45.0% Of Principal Due on Bonds
Durham Share of Net District Cost 52.40% Of District Taxes Paid by Durham
Discount Rate: 5.0%

PAST PAYMENTS

Calendar Year	Annual Principal Payment	Interest Payment	Total Payment	Less State Building Aid	Net Debt Service Cost To District	Net Debt Service Cost Paid by Durham
1996	$175,000	$263,729	$438,729	($78,750)	$359,979	$188,624
1997	$350,000	$254,688	$604,688	($157,500)	$447,188	$234,320
1998	$350,000	$236,607	$586,607	($157,500)	$429,107	$224,846
1999	$350,000	$221,958	$571,958	($157,500)	$414,458	$217,170
2000	$350,000	$199,995	$549,995	($157,500)	$392,495	$205,662
2001	$350,000	$182,495	$532,495	($157,500)	$374,995	$196,492
2002	$350,000	$164,995	$514,995	($157,500)	$357,495	$187,322
2003	$350,000	$147,320	$497,320	($157,500)	$339,820	$178,061
2004	$350,000	$129,645	$479,645	($157,500)	$322,145	$168,799
2005	$350,000	$111,970	$461,970	($157,500)	$304,470	$159,538
				Present Worth of Past Payments @ 5%		$2,497,482
				Durham Net Local Assessed Valuation (Fall 2005)		$794,269,754
				Past Payment Credit Per $1000 Valuation of Raw Land		$3.14
FUTURE PAYMENTS						
2006	$350,000	$94,120	$444,120	($157,500)	$286,620	$150,185
2007	$350,000	$76,270	$426,270	($157,500)	$268,770	$140,832
2008	$350,000	$58,070	$408,070	($157,500)	$250,570	$131,295
2009	$350,000	$39,520	$389,520	($157,500)	$232,020	$121,575
2010	$330,000	$20,795	$350,795	($148,500)	$202,295	$106,000
2011	$50,000	$2,800	$52,800	($22,500)	$30,300	$15,877
				Net Present Value of Future Payments @ 5%		$579,111
				Durham Net Local Assessed Valuation (Fall 2005)		$794,269,754
				Future Payment Credit Per $1000 Valuation Completed Housing		$0.73

Table 11: Credit Calculation, Detail E

CREDIT ALLOWANCE FOR UPGRADE IN HIGH SCHOOL SPACE PER PUPIL

	Sq. Ft.	Capacity	Floor Area Per Pupil
After HS Addition	198,000	1,147	173
Prior to HS Addition	80,000	604	132
Increase	118,000	543	41

Increase in Floor Area Per Pupil	41
Students in HS Prior to Addition (10/1/02 Enrolled)	738
Floor Area Upgrade for Existing Enrollment	30,258
Est. Development Cost Per Square Foot (New Construction)	$185
Cost Attributable to Upgrade in Space Per Pupil	$5,597,730
Total Cost of Construction/Renovation	$22,706,711
Percent of Project Cost Attributable to Increased Area/Pupil	25%
Upgrade Cost to District Net of State Building Aid	$3,078,752
Durham Share of District Cost	52.40%
Amount Allocated - Credit for Existing Needs	$1,613,222
Durham Net Local Assessed Valuation for 2005	$794,269,754
Future Payment Credit Per $1000 Valuation Completed Housing	$2.03

3. Fee Schedule

The final net impact fee schedules from Model A and Model B are shown in Table 7 below. Once this basis of assessment report and a specific school impact fee schedule are adopted, fees may be assessed and administered according to the Durham Impact Fee Ordinance and applicable state statutes.

This assessment schedule is based on the assumption that the school impact fee will be waived for housing units that are lawfully restricted to persons age 55 or older or to age 62 and older, depending on the final language of the adopted impact fee ordinance.

Table 7: School Impact Fee Schedules for 2006

	MODEL A	MODEL B
Type of Structure	Impact Fee Per Dwelling Unit	Impact Fee Per Dwelling Unit
Single Detached	$3,699	$4,090
Townhouse & Attached	$2,318	$2,559
Two Unit Structure	$2,907	$3,175
Multfamily (3+ Unit Structure)	$1,812	$1,971
Manufactured Housing	$2,611	$2,840

4. Assessments for Changes in Use

The impact fees in the schedule are intended as an assessment per dwelling unit. Changes in use, such as a conversion of a single family to a two-unit structure can be accommodating by computing the fee which would be applicable to the new use compared to the fee that would have been applicable to the prior use. In the following example, a fee is calculated (using the Model A fee schedule in Table 7) for the conversion of a single-family home to a duplex.

New use (duplex):	2 units @ $2,907 / unit =	$ 5,814 LESS
Prior use (single family)	1 unit @ $3,699 / unit =	($ 3,699
Equals fee for conversion		$ 2,115

D. Recommended Uses of Funds

Under RSA 674:21, V, impact fees may be used to recoup the cost of capital improvements provided in anticipation of the needs of new development. School impact fees should be applied only as transfer payments to the Oyster River School District. The funds may be used to pay existing (or future) debt service for facilities that have the capacity to provide for the needs of new development such as the expanded Oyster River High School, as a recoupment of part of the expansion costs. Alternatively, impact fees could be retained for a period of time (subject to the limits of RSA 674: 21, V and the impact fee ordinance) to pay for future expansion of K-8 facilities serving Durham pupils.

It is recommended that impact fees not be used to acquire portable classrooms, other temporary facilities, or to fund capital improvements that center on repair, replacement, or upgrades of existing facilities where the improvement does not involve an enhancement of school capacity.

E. Updating the Fee Schedule

The impact fee basis and the options set forth in this report have been designed to allow for future updates or modification of the underlying assumptions and the fees they generate. Periodically, the variables in the impact fee model should be updated based on new information and documentation to produce revised impact fee schedules. Updated fee scheduled may reflect changes in:

- Facility standards (average sq. ft. per pupil capacity of local schools);
- Public school enrollment ratios per occupied unit
- State building aid ratios and construction cost reimbursement limits
- School development costs per square foot;
- Net assessed valuation in Durham;
- Estimated assessed value per new housing unit by type of construction;
- Past and future debt service payments for school facilities;
- Discount/interest rates for computing present value of past and future payments.

Updates to the fee schedule using the methodology described in this report are best made after consideration of all of the variables involved, as some of these elements are interdependent. Any change in the impact fee methodology or the impact fee schedule as applied to new development must be adopted in accordance with the procedures established in the impact fee ordinance.