

MINUTES

Ad-Hoc Committee to Review Fees

July 18, 2022 / 5:30 PM

City Hall / 41 Green St, 2nd Floor Conference Room

In Attendance: City Councilors – Byron Champlin (Chair), Nathan Fennessy, Mayor Jim Bouley; City Staff – Brian LeBrun, Deputy City Manager - Finance; Carlos Baía, Deputy City Manager – Development; Crayton Brubaker, Community Development Specialist

Excused: Councilor Paula McLaughlin

Public Attendees: Tom Furtado, CATCH Neighborhood Housing; Jon Chorlian

- 1) **Call to Order:** Chairman Champlin called the meeting to order at 5:31 PM.
- 2) **Approval of Minutes:** Mayor Bouley moved to adopt the minutes of the June 27, 2022 meeting, inclusive of a corrected spelling error on the last page. The motion was seconded by Councilor Fennessy and passed with a unanimous voice vote.
- 3) **Continued Discussion of Community Development Fees / Discussion with Developers:** Councilor Champlin overviewed the purpose of the committee. He noted the committee started by evaluating fees at the City-Wide Community Center (CWCC) and how the fees impact accessibility and equity in the community. Now, the committee is reviewing development fees, including their pricing structure, intent, and impact of development. At the June 27 meeting, Deputy City Manager, Carlos Baía provided research on other communities' development fees.

Mayor Bouley stated that the conversation regarding development fees started last year when the Josiah Bartlett Foundation stated that the New Hampshire housing shortage derived from municipal regulations. He noted he wants to ensure that the City is not the problem. The committee has taken some action already, including eliminating the special water and sewer investment fees. He asked Mr. Tom Furtado and Jon Chorlian where the City has been the stumbling block regarding development.

Mr. Furtado stated that Concord's formulas and fee calculations are clear. He noted that the number of fees is a problem and that fees can be relatively high on affordable housing projects. He noted that CATCH Housing spent roughly \$239,000 on development fees for Rosemary's Way. These included fees for transportation, inspection, water, sewer, etc.

Councilor Champlin asked if the fees had an impact on rent. Mr. Furtado stated that there is no impact on rent because it is capped for affordable housing projects. However, a project becomes less viable as fees increase.

Mr. Baía asked what would be ideal for developers. Mr. Furtado noted that \$90,000 spent on transportation impact fees was significant and he was unclear on what they are used for. Mr. Chorlian stated that the Sacred Heart Church development project cost \$6,000 per unit in development fees and that Rollins Court cost \$8,000 per unit in development fees. He mentioned that tax credits for affordable housing can assist slightly in balancing fees.

Councilor Fennessy asked, when looking at their overall budgets, how much are the fees in terms of overall project costs. Mr. Furtado stated that fees were 3.3% of the construction cost of

the Rosemary's Way development and that it struck him as a bit high. Mr. Chorlian said that, overall, his fees are equivalent to roughly half a year's taxes. He also noted that municipalities tend to think in long-term, while developers think in short term and that fees are typically not something that prevents or halts projects.

Mr. Furtado indicated that fees are more of a factor in affordable housing projects. He understands why the fees are there, but sees that to grow economic development, it is important for communities to not have significant fees. Mr. Furtado noticed that some fees have been waived in the past to ensure previous developments.

Councilor Champlin discussed the incentives and disincentives of development fees and asked to what extent impact fees are tools or deterrents. Mr. Baía noted the differences between rentals and condominium development and the impact of fees on rentals vs. condo properties being sold.

Mr. Chorlian said that developers consider scale, projected profit, and other factors of projects when choosing which to execute. Councilor Champlin and Mr. Chorlian discussed that monthly rent and prices of condos are driven by the market and that ultimately the impact fees affect the bottom line for the developers

Mr. Chorlian further explained that developers "municipal shop". There are various perceptions of municipalities, such as how easy and predictable it is to work with a city or town. The current perception of Concord is that there are high dollars-per-unit taxes. He also noted that developers consider simplicity of paying fees and would rather pay fewer separate fees.

Mr. Furtado praised the City Planning Division and Planning Board and said they were very pleasant to deal with during his tenure.

Councilor Fennessy asked where else Mr. Furtado and Chorlian have done recent development projects. Mr. Furtado indicated he has recently worked on a single-family home development in Laconia.

Mayor Bouley restated that the City does not want to be the problem and that the City needs developers to be successful. He highlighted that impact fees were very popular twenty years ago, but have slowly gone away in recent years. He noted the City Council has recently not increased impact fees.

Mayor Bouley noted that developers want to be treated like everyone else and Mr. Furtado and Mr. Chorlian agreed. He stated that there are places that the City can help out, but Concord is generally very reasonable with fees.

Mr. Chorlian asked if the impact fees are significantly important in any given year. Mr. Brian LeBrun, Deputy City Manager – Finance, stated that any less revenue in impact fees need to be made up somewhere else.

Mr. Furtado asked how much impact fee revenue the City made last year. Mr. LeBrun estimated around \$100,000 last year. Mr. Baía said building permit revenue came in at nearly \$1,000,000. Fees for water and wastewater came in at a couple hundred thousand last year. Mr. LeBrun further stated that \$1 million is about 1-2% increase on the tax rate and that the fees help off-set the tax rate, water/wastewater rates, and fund capital projects.

Mayor Bouley noted that impact fees are designed to allow for additional capacity in city infrastructure. Mr. Baía explained that, in the example of the Rosemary's Way development, impact fees allow the City to increase transportation network capacity, including roundabouts, sidewalks, and other roadway improvements.

Mr. LeBrun highlighted that in a similar way, recreation impact fees are used to pay down CWCC debt service.

Both Mr. Chorlian and Mr. Furtado praised the City's Development Team process, which is a coordinated weekly meeting of City staff to work with developers and give their input on projects at different stages of planning. Mayor Bouley concurred and stated that the philosophy of the development team now is to give alternatives as to how a project could work.

Discussion ensued regarding putting different positions in different divisions to help coordination. However, Mr. Baía discussed the logistical challenges that would arise from such organizational changes. Mr. Baía also explained that once the new Energov permitting system goes live, divisional coordination and payment processes will be simplified and easier for citizens and developers to navigate. Councilor Champlin noted that minimizing the number of steps to pay for permits and having a "one stop shop" for developers would be very desirable.

Mr. Furtado and Mr. Chorlian praised the City for building a desirable City process and taking their input. Mr. Baía provided a brief update regarding the Concord NEXT Zoning update. Mr. Chorlian and Furtado thanked the committee for their time and left the meeting.

Councilor Champlin stated that during the next committee meeting, he wants to sit down with a commercial and single-family developer, such as The Caleb Group, Reggie Moreau, and Steve Duprey. The committee expressed that they want to learn about the developers' experiences in other communities. It was noted that there are no impact fees on commercial development.

Councilor Fennessy stated that the most interesting thing he heard from the committee's conversation was that rents and condominium prices have very little relation with the City's fees. He also noted that it was interesting that they mostly affect the viability of projects overall.

Mayor Bouley indicated he was surprised that the input received indicated that the fees were not an impediment. He re-emphasized how affordable housing projects are more sensitive to impact fees because of the developer's bottom line.

4) Next Meeting Date: The next meeting will be on Monday, August 29 at 5:30 PM.

5) Other:

Mayor Bouley asked what the committee will discuss once they have made the Community Development fee changes, if any. Mr. LeBrun informed the committee that the Parks and Recreation Department Fees will be on the August City Council agenda. He also indicated that the committee should probably do a final report to wrap up the committee.

The committee agreed to meet on August 29th to listen to the aforementioned developers and then prepare a report for the September City Council agenda. They also noted that the committee can always re-review City fees in future years and adjust, if necessary.

- 6) **Adjournment:** Councilor Fennessy moved to adjourn and the motion was seconded by Mayor Bouley. The motion passed with a unanimous vote. The meeting adjourned at 6:37 PM.