

Town of Bow, New Hampshire
Elementary School Impact Fee Update
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Prepared for:

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A. Impact Fee Overview

Fougere Planning & Development, Inc. (Mark Fougere, AICP) and Jeffrey Donohoe Associates, LLC (Jeffrey Donohoe), the Project Team, was engaged by the Town of Bow to develop an impact fee for the proposed renovation and expansion of the Bow Elementary School. The project had a projected total cost of \$12.4 million, which included renovations to the existing school spaces as well as a net addition of six classroom spaces.

The Project Team worked with the Bow School District's Construction Manager to understand what percentage of the project budget is for renovation of the existing facility versus what percentage is allocable to the new classrooms, which will create additional capacity for the Elementary School. From a practical perspective, impact fees are assessed to support the expansion of capital facilities in order to meet increased demands for public services generated by new residential and non-residential development. Typically, residential development results in impacts on schools as well as other public services.

Through discussions with the Construction Manager, it was determined that 35.44% of project costs are allocable to the development of new classrooms, while the remaining 64.56% of project costs are to support renovation and upgrade of the existing facility. Thus, 35.44% of the actual bond costs, including principal and interest, are allocated to the expansion of capacity at the elementary school and therefore used to calculate the impact fee.

As discussed elsewhere, the actual bond amount for the project was \$11,346,765, with total interest costs of \$5,665,627 over the twenty-year life of the bond, resulting in a total cost for the project of \$17,012,392. Using the 35.44% cost for new classrooms and additional capacity for the Bow Elementary School, the allocable bond principal amount is \$4,021,696, the allocable interest cost is \$2,008,099 and the total allocable project cost is \$6,029,795. This indicates an average annual debt service for the additional capacity of \$301,490 over the twenty-year bond repayment period.

Statutory Authorization

Since 1991 New Hampshire communities have been authorized to charge impact fees under the provisions of RSA 674:21 V which details the legal parameters that must be followed if such fees are assessed. An impact fee means *"a fee or assessment imposed upon development, including subdivision, building construction or other land use change, in order to help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality¹..."*. Included in the list of capital facilities that impact fees can be charged for are schools, public safety facilities and public recreation facilities.

Supporting documents necessary to charge impact fees include an adopted Master Plan and a Capital Improvement Plan. The Town of Bow has an adopted a Master Plan and has an active Capital Improvement Plan program which is updated on an annual basis. In addition, a legally

¹ RSA 674:21,V

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adopted Impact Fee Ordinance, Article 16 of the Bow Zoning Ordinance, has been in place for over 20 years.

The amount of any impact fee must be a propositional share of the capital improvement needs related to the demands of growth. Furthermore, there must be a reasonable relationship (*rational nexus*) between the fee being charged and the demands placed on capital facility capacity by the new development being assessed a fee. The cost of correcting existing deficiencies cannot be charged to new development in the form of an impact fee. Only costs attributable to growth, as it relates to the consumption or expansion of capital facilities by new development, can be assessed. The operating and maintenance costs of providing municipal services and upgrading of existing facilities and infrastructures, the need for which in not created by new development, shall not be paid for through impact fees.²

² Impact Fee Development for NH Communities, SNHPC

B. Socioeconomic Characteristics, History and Projections

Populations, Households and Housing

Detailed data for the Town of Bow was developed based on the Decennial Census for 2010 and 2020. Bow's population grew by 9.4% between 2010 and 2020, from 7,519 to 8,229.

While the population has increased, the number of school-aged children has fallen. The number of school-aged children fell from 1,627 in 2010 to 1,526 in 2020. However, the number of younger residents (under age 5) increased by more than 55% between 2010 and 2020, from 274 to 426.

The number of occupied housing units in Bow increased from 2,706 in 2010 to 2,931 in 2020, an increase of more than 8% over the period. Since the number of occupied housing units increased (8.3%) at a slower rate than the population (9.4%), the average household size increased from 2.78 in 2010 to 2.81 in 2020.

As Bow's population ages, the number of households headed by older residents has increased. Between 2010 and 2020, the number of households headed by residents 55 years old and older increased by 19%. There was also growth in the number of younger households (age 34 and under), which increased by 100% between 2010 and 2020.

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Bow Demographic Indicators 2010 and 2020		
	2010 Census	2020 Census
Population		
Total	7,519	8,229
In Group Quarters	-	-
In Households	7,519	8,229
Population Age < 5	274	426
Population Age 5 - 17 (School Age)	1,627	1,526
Population Under 18	1,901	1,952
% of Population	19.6%	23.7%
Population < 5 per household	0.10	0.15
School Age (5 - 17) per Household	0.60	0.52
Households (Occupied Units)	2,706	2,931
Owner Occupied	2,414	2,613
Renter Occupied	292	318
Homeownership Rate	89.2%	89.2%
Occupied Housing Units by Age of Head of		
Under 25	14	19
25 to 34	122	255
35 to 44	452	506
45 to 54	819	600
55 to 64	644	661
65 to 74	325	507
75 and Older	330	383
Total Households	2,706	2,931
Average Household Size	2.78	2.81
Total Housing Units	2,807	3,009
Occupied Units	2,706	2,931
Vacant Units	101	78
Percent Vacant	3.6%	2.6%
Sources: Decennial Census, 2010 and 2020		

Population Growth

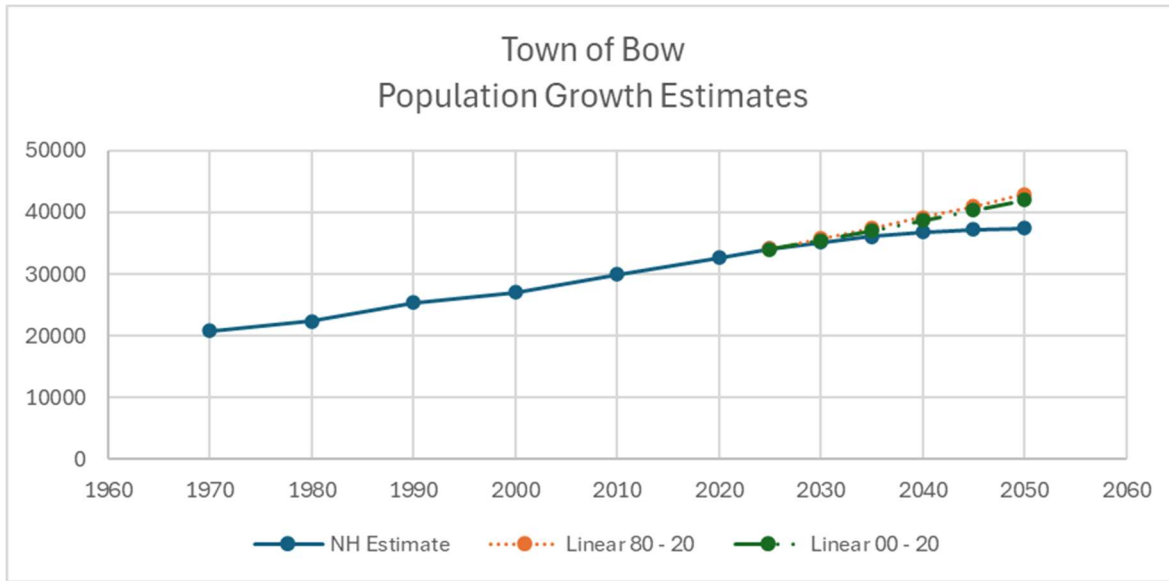
In considering future population growth in Bow, several approaches were utilized. First, the State of New Hampshire's September 2022 population projections were reviewed.³ In addition, two linear projections were developed, the first of which considered the population trend from 1980 through 2020, while the second projection considered population growth between 2000 and 2020.

The latter two estimates are impacted to a significant degree by population growth in Bow between 1980 and 2000. During that time, Bow's population grew from 4,015 in 1980 to 7,153 in 2000, indicating population growth of more than 78% over the twenty-year period.

The State's projection is more tempered and anticipates total population growth of less than 10% over the thirty-year period between 2020 and 2050.

³ State, County and Municipal Population Projections: 2020 – 2050, Prepared by Robert Scardamalia, RLS Demographics

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The State’s forecast anticipates that Bow’s population will be essentially flat between 2040 and 2050. However, Bow’s population did see significant growth between 2010 and 2020, when total population increased by 9.4%. Between 2000 and 2020, total population growth was 15%.

Building Permit Trends

In terms of developing new housing units, Bow the largest amount of development activity has been single family homes. Since 2014, Bow has permitted 136 new single-family homes, as compared to 42 condominium units. Moreover, Bow did not permit any multi-family homes or mobile homes during that time. Between 2014 and 2023, an average of 13.6 single family

New Housing Units Authorized in Bow by Building Permits		
	Single Family	Condominiums
2014	6	21
2015	12	5
2016	19	8
2017	15	6
2018	15	2
2019	20	0
2020	14	0
2021	19	0
2022	6	0
2023	10	0

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homes were permitted, along with an average of 4.2 condominium units. More recently, in the five-year period between 2018 and 2023, 13.8 single-family homes were permitted annually, but there were no new condominium units permitted.

School Enrollments

The Bow School District operates three schools, including an elementary school (Kindergarten through Fourth Grade), a middle school (Grades 5 through 8) and a high School (Grades 9 through 12). The high school also hosts the Town's Pre-K program.

The Project Team obtained historic enrollment data from the Bow School District. In addition, the District provided their internal enrollment estimates through the 2026 – 2027 school year.

The Town's total enrollment peaked at 1,676 in the 2021 – 2022 school year. Total enrollments dipped slightly since that time and were 1,646 in the 2023 – 2024 school year. The Town's enrollment projections indicate that total enrollments are expected to be 1,691 by the 2026 – 2027 school year.

Bow School District Historic and Projected Enrollments										
	Actual Enrollments							Projected Enrollments		
	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25	Oct-26
Preschool	24	20	25	22	18	20	23	22	22	22
Bow Elementary School										
Kindergarten	84	92	106	84	90	109	89	107	102	99
Grade 1	106	95	95	106	85	95	109	91	109	104
Grade 2	93	108	96	101	110	90	100	114	96	114
Grade 3	106	100	114	98	107	111	97	104	118	100
Grade 4	106	115	106	112	105	107	111	99	106	120
BES TOTAL	495	510	517	501	497	512	506	515	531	537
Bow Middle School										
Grade 5	92	113	116	109	123	104	111	115	103	110
Grade 6	93	103	112	119	112	122	104	112	116	104
Grade 7	150	134	143	153	162	139	168	135	161	150
Grade 8	157	151	135	146	152	161	146	170	137	163
BMS TOTAL	492	501	506	527	549	526	529	532	517	527
Bow High School										
Grade 9	162	171	164	144	151	154	162	155	174	141
Grade 10	157	153	168	164	146	146	150	160	153	172
Grade 11	170	157	152	165	161	144	149	149	159	152
Grade 12	170	174	153	151	172	160	150	152	152	162
BHS TOTAL	659	655	637	624	630	604	611	616	638	627
BOW SCHOOL DISTRICT TOTAL	1,646	1,666	1,660	1,652	1,676	1,642	1,646	1,663	1,686	1,691

Source: Bow School District

The elementary school's enrollment peak was in the 2019 – 2020 school year. At that time, enrollment totaled 517. For the 2023 – 2024 school year, enrollment was 506, while enrollment for the current year is estimated to be 515. Over the next two years, enrollment is expected to reach 537.

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C. School Impact Fees

This section evaluates enrollment information for Bow based on the type of housing unit where the student resides. The location of each student and the unit type in which that student resides are the primary data points used in estimating the impact fees.

Enrollment per Housing Unit

The Project Team utilized student enrollment address data and matched the addresses against the Bow Assessor's database to determine the type of structure where students live. It should be noted that only those students with Bow addresses were considered. The Bow School District tuitions-in some students from other communities, including but not limited to Dunbarton, Henniker, Weare and Hooksett.

As shown in the Table below, approximately 97% of Bow students reside in single family homes, while the majority of remaining students reside in condominiums and two-family homes.

Bow School Enrollments By Unit Type					
	Elementary	Memorial	High School	Pre-K @ HS	Total
CONDO	7	9	3	0	19
MULTI HSES (units)	1	1	0	0	2
ALL SINGLE FAMILY	501	427	425	31	1,384
THREE FAMILY (units)	0	0	0	0	0
TWO FAMILY (units)	3	7	4	0	14
TOTAL	512	444	432	31	1,419
Housing Units in Bow					
CONDO	42	42	42	42	42
MULTI HSES (units)	4	4	4	4	4
ALL SINGLE FAMILY	2,628	2,628	2,628	2,628	2,628
THREE FAMILY (units)	6	6	6	6	6
TWO FAMILY (units)	16	16	16	16	16
Students per Unit					
	Elementary	Memorial	High School	Pre-K @ HS	Total
CONDO	0.17	0.21	0.07	0.00	0.45
MULTI HSES (units)	0.25	0.25	0.00	0.00	0.50
ALL SINGLE FAMILY	0.19	0.16	0.16	0.01	0.53
THREE FAMILY (units)	0.00	0.00	0.00	0.00	0.00
TWO FAMILY (units)	0.19	0.44	0.25	0.00	0.88
AVERAGE PER UNIT	0.19	0.16	0.16	0.01	0.52
Sources: Town of Bow Assessor's Records and Bow School District					

In terms of average enrollment per unit, two-family homes have the highest average at 0.88 students per housing unit. Single-family homes have an average total enrollment of 0.53 students per unit. Across all housing units, the average enrollment is 0.52 students per housing unit.

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At the elementary school, multi-houses and two-family homes have the highest per-capita number of students in the elementary school, an average of 0.50 students per unit for both categories. However, this number is skewed by the limited number of multi-houses (2) and two-family units (8 homes, 16 units) in Bow. Single-family homes, which total more than 2,600 units, have a per capita population in the elementary school of 0.19 students per unit.

Discussions with the Town of Bow and the Bow School District indicate that the proposed project will renovate significant portions of the Bow Elementary School and add six net new classrooms. These classrooms have an average capacity of twenty students, such that the project will result in an additional capacity of 120 additional students at the elementary school.

[Project Costs and Bonded Indebtedness](#)

The proposed project had an original estimated cost of \$12.4 million. However, when the bonds for the project were sold, the net proceed to the Town were \$11,346,765. The original allocation of the project budget was \$4.395 million, or 34.55% of the total project cost. Using this 35.44% allocation for the new classroom capacity results in a project cost of \$4,021,696 (35.44% x \$12.4 million). Adding in the interest for bond repayment brings the total cost for the new classrooms/additional capacity to \$6,029,795 over the twenty-year life of the bond, an average annual debt service requirement of \$301,490 to support the additional capacity. Assuming that the incremental new capacity of 120 students (20 students per classroom for six new classrooms) is used over the twenty-year life of the bond, an average of six new students could be supported in a given year. Thus, the average debt service cost for each new student is an average of \$50,248 in a given year.

[Impact Fee Calculations and Recommendations](#)

Given the average enrollment of 0.19 elementary students for each single-family home and 0.188 elementary student for each condominium unit.

From a gross cost per unit, using the incremental debt service for new students results in a gross impact fee of \$9,557 for each single-family housing unit, \$9,445 for each two-family unit and \$6,281 for each condominium unit.

Bow Elementary School Impact Fee			
	Debt Service	Students/Unit	Gross Impact Fee
Single Family	\$50,248	0.190	\$9,557
Two Family	\$50,248	0.188	\$9,445
Multi-family and Condominium	\$50,248	0.125	\$6,281

However, the impact fee should be reduced by the amount of land that will be paying taxes on until a home or condominium is built on the property. The Town of Bow provided land and building assessments for forty homes that were constructed between 2021 and 2024. On average, these properties had total assessed value of \$852,565, including \$690,953 for the

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building and \$161,612 for the land. This indicates that the land equates to 19% of the total assessed value, and therefore the net impact fee should be 19% lower than the gross impact fee.

Since no new condominiums have been developed in the past five years, this analysis considered the land values of condominium properties. Virtually all of the condominium units in Bow are either age-restricted properties or low-income housing projects. A review of data provided by the Bow Assessor indicates just six market-rate condominiums in the community. While land is not a component of assessed value for condominiums, the Bow Assessor includes a value of \$74,200 for the “site” as a portion of each condominium assessment. These six condominium units have an average total value of \$314,500. This indicates that the “site” (land) component equates to 23.6% of the assessed value, and therefore the gross impact fee should be reduced by 23.6%. Averaging the land value for condominiums with multi-family and multi-house properties in Bow indicates an average land credit of 14.8%. The Table below shows the gross impact fee and the net impact fee after the land credit.

Bow Elementary School Impact Fee				
	Gross Impact Fee	Less Land Credit %	Less Land Credit \$	Net Impact Fee
Single Family	\$9,557	19.0%	\$1,816	\$7,742
Two Family	\$9,445	13.0%	\$1,228	\$8,217
Multi-family and Condominium	\$6,281	14.8%	\$931	\$5,350

The recommended net impact fee for the Bow Elementary School is \$7,742 per single family housing unit, \$8,217 for each two-family unit, and \$5,350 for each condominium unit and/or multi-family unit.

No impact fee is recommended for age-restricted housing units or for Accessory Dwelling Units (ADUs), as these types of housing units typically do not have an impact on school enrollments.

Impact Fee Administration Recommendations

1. The noted school impact fees were derived based upon twenty-year bonding costs associated with the elementary school project. Once the bond is paid off, this elementary school impact fee must cease to be charged.
2. Impact fees collected should be noted as “impact fee revenue” and accounted for as department revenue. These funds should not be “kept” or rolled over to another fiscal year as this revenue is offsetting yearly bonding costs.
3. As required by RSA 674:21, V.(d) “All impact fees imposed pursuant to this section shall be assessed **at the time** of planning board approval of a subdivision plat or site plan.” Therefore, it is imperative that the Planning Board & Zoning Board incorporate into their approval

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procedure the requirement that school impact fees shall be due for new housing units as recommended above.