

# Town of Epsom New Hampshire

## CAPITAL IMPROVEMENTS PROGRAM 2023-2028



**ADOPTED BY THE EPSOM PLANNING BOARD  
March 8, 2023**

Developed by the Epsom Planning Board's CIP Committee  
With assistance from the Central New Hampshire Regional Planning Commission

# Town of Epsom New Hampshire

## CAPITAL IMPROVEMENTS PROGRAM 2023-2028

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**Prepared by the:**

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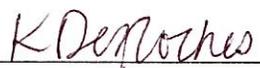


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**CERTIFICATE OF ADOPTION**

In accordance with New Hampshire RSA 674:5-8, Capital Improvements Program, and RSA 675:6, Method of Adoption, the Epsom Planning Board, having held a duly noticed public hearing on March 8, 2023 hereby adopts and certifies this Epsom Capital Improvements Program, 2023-2028, dated March 8, 2023.

  
Epsom Planning Board Chair

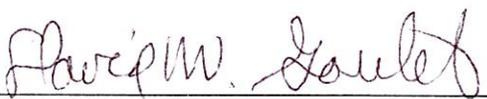
  
Epsom Planning Board Vice Chair

  
Epsom Planning Board Member

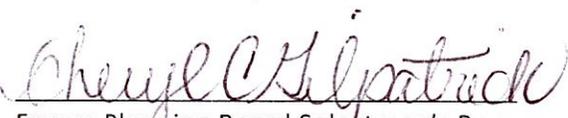
  
Epsom Planning Board Member

  
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Epsom Planning Board Member

  
Epsom Planning Board Selectmen's Representative

This document was received and recorded by the Town Clerk on March 23, 2023

Signed:   
Laura Scarbo, Tax Collector/Epsom Town Clerk

Seal:

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CHAPTER 1.  
**INTRODUCTION**

**HISTORY OF EPSOM'S CAPITAL IMPROVEMENTS PROGRAM (CIP)**

The CIP, an integral extension of the Master Plan, is a program budget and schedule, which lays out a series of planned municipal expenditures for capital improvements. It is a plan that shows how, when, and at what cost Epsom intends to expand or renovate its services and facilities over a six-year period to accommodate existing and predicted needs of the community as related to current and projected growth.

The 2010 Master Plan was adopted on November 10, 2010 and continued the goals of the previous Master Plan while focusing on population, economics, transportation, and land use goals. One of the recommendations within the 2010 Master Plans was that the Town (Planning Board) develops and strictly follows a Capital Improvement Program (CIP) in accordance with NH RSA 674:5-8 (see Chapter 5. Appendix).

To accomplish the task of developing the Town's CIP, the Planning Board appointed a subcommittee to complete the CIP. This Committee reviewed projects submitted by department heads to accommodate the public need while minimizing significant fluctuations in the tax rate. Prior to this development of the CIP, previous CIPs were developed for the years 2004-2009, 2005-2010, 2006-2011, 2008-2013, 2011-2016, 2013-2018, 2016-2021, 2019-2024, and 2020-2025.

For the purposes of the 2023-2028 CIP, a capital improvement has been defined by four key criteria: 1) A gross cost of at least \$10,000; 2) A useful life of at least two (2) years; 3) Is not included in the operating budget; and 4) Any project which may require bond financing.

Eligible items include major equipment, vehicles, special studies, purchase of land or easements, as well as construction of roads and buildings. Recurring costs, such as personnel and supplies, are not capital improvements. Some items, such as maintenance or repairs, may or may not be included depending upon the cost and the useful life of the repair.

**PURPOSE AND USE OF THE CIP**

The CIP has a variety of purposes and should have many beneficial effects on Epsom's financial, budgetary, and planning functions. Its primary purposes are summarized below.

1. Stability in Tax Rates and Budgets: The CIP will contribute to stabilizing the Town's tax rate and budget each year by planning and budgeting for major capital expenditures well in advance. Financing methods such as bonding and capital reserve funds are recommended in order to make annual capital expenditures more stable, predictable, and manageable. Wide fluctuations in annual Town budgets caused by sudden or large one-time capital expenditures will be reduced. Under NH RSA 33:4-a, the Town's bonded indebtedness is limited to 3.0% of the Town's assessed valuation, the School bonded indebtedness is limited to 7.0% of the Town's assessed valuation, and a Village District bonded indebtedness is limited to 1.0% of their valuation.
2. Citizens' and Developers' Guide to Planned Expenditures: The CIP will serve both citizens and developers as a useful guide for expenditures planned by the Town to accommodate projected growth. The citizen who wants to know when and at what costs a particular service will be expanded can consult the Capital Improvements Program, as can the developer who wants to know when, for example, school capacity will be expanded. The Town can limit the number of building permits issued each year (Growth Management Ordinance) if it can document the lack of municipal and school capacity to handle growth and state the Town's intentions to remedy the situation within one year.
3. A Management Tool for Town Officials: The Master Plan contains projections and analyses of the Town's demographic trends and finances which all local officials may find useful in planning and delivering public services if the information is updated. A comprehensive, longer-term picture of capital needs is created because all capital items are placed into one schedule. A Master Plan should be updated at least every 7-10 years for it to remain relevant to the community. The Capital Improvements Program is designed to be used by officials as a management tool that builds off of information contained in the Master Plan.
4. Use by the Selectmen and Budget Committee: In Epsom, the Budget Committee works with the Board of Selectmen to develop (and approve) the yearly budget. RSA 674:8 is not specific about how the CIP is actually used in preparation of the annual Town Budget. It simply requires the department head "...submit its recommendations for the current year to the Mayor (Board of Selectmen) and Budget Committee... for consideration as part of the annual budget." This clearly means the CIP is not binding in any way upon Town appropriations and expenditures. The CIP is thus an advisory document without the force of law. A properly prepared CIP will, however, be effective and credible when annual consideration of the budget takes place.
5. State Statutory and Other Legal Requirements: According to NH RSA 674:22, communities that wish to engage in regulating the timing of development through the establishment of growth controls must have adopted both a Master Plan and the CIP. With the adoption of the CIP, the Town may be able to regulate the rate of growth, should the need for such control become necessary. Epsom currently has a Growth Management Ordinance in place. In the meantime, the CIP, in conjunction with the Master Plan, will enable the Planning Board to use its power under RSA 674:36 to deny subdivisions that are premature due to the lack of sufficient public services and/or infrastructure (see Chapter 5. Appendix). The CIP demonstrates that the Town is attempting to accommodate growth, and that there is a good faith effort on the part of the Town to provide those services at

some later date. If impact fees are assessed to a developer, the Town should request the fees in accordance with the CIP and should also fund its portion of the necessary infrastructure improvement.

6. A Basis for Enacting an Impact Fee Ordinance: In order to implement an impact fee schedule in accordance with NH RSA 674:21, communities must enact and maintain a CIP. Through adoption of this CIP, as well as the Master Plan, Epsom has the legal ability to assess impact fees to developers through the zoning ordinance as long as an Impact Fee Ordinance is approved by Town voters. Such fees are used to construct or acquire necessary public infrastructure in order to accommodate demands created by new growth.
7. A Basis for Enacting a Growth Management Ordinance: In order to regulate and control the timing of development through a Growth Management Ordinance in accordance with NH RSA 674:22, communities must enact and maintain a current Master Plan and a CIP. A demonstrated need to time development must be identified through both documents. The CIP contains demographic data, current and future facility information, and department needs over the next six years. The document helps to support whether a need for new facilities and infrastructure will be needed to accommodate new growth.

#### **SCOPE OF THE CAPITAL IMPROVEMENTS PROGRAM**

This Capital Improvements Program identifies capital expenditures anticipated over the next six fiscal years beginning January 1, 2023 and ending December 31, 2028. Within this time frame, however, other projects will be identified which will be of high priority and warrant immediate inclusion in the Town's capital spending plan. After projects are completed for a particular year, they should be removed from the CIP and the status of pending projects should be examined and adjustments made. Every spring or summer, the process should begin anew to ensure priorities remain the same and new projects are placed into the CIP or incomplete projects are placed into forthcoming years.

Demographics of the community are presented to provide the basis for the requirement of many of the projects within this document. The baseline information is additionally valuable when developing future projects for consideration into an updated CIP. Similarly, department staffing, equipment, and programs are inventoried and future projections for expansion in the departments are provided as baseline information. They present an indicator of what types of future needs are on the horizon and develop a history of the growing needs of the community's facilities.

## CHAPTER 2. DEMOGRAPHICS

### HISTORICAL AND PROJECTED POPULATION GROWTH

The following is a review of the past, present, and potential future population growth. The following tables and analysis help assess the growth condition of the community and updated with the most recent estimated demographic data provided by the US Census Bureau and the NH Office of Strategic Initiatives (NH OSI).

In Table 1, population in Epsom grew nearly 6% since 2010 while housing growth increased by nearly 8%. Epsom’s overall growth since 1970 has increased by approximately 229% in population and approximately 283% in housing units, which is more than tripling the population and nearly doubling the number of housing units over the five decades. Additionally, in 2020, there was an average of 2.4 people in each housing unit, down from 2.8 people in 1970.

**Table 1: Overall Population and Housing Growth Trends in Epsom, NH, 1970-2020**

Growth	Population	Net Change		Housing Units	Net Change	
		#	%		#	%
1970 Census	1,469	N/A	N/A	519	N/A	N/A
1980 Census	2,743	1,274	86.7%	1,074	605	106.9%
1990 Census	3,591	848	30.9%	1,396	537	30.0%
2000 Census	4,021	430	12.0%	1,592	196	14.0%
2010 Census	4,566	545	13.6%	1,839	247	15.5%
2020 Census	4,834	268	5.87%	1,992	153	8.3%
<b>Total Change from 1970 – 2020</b>	-	<b>3,365</b>	<b>229.1%</b>	-	<b>1,473</b>	<b>283.8%</b>

*Sources: 1970-2020 US Census*

Table 2 below shows the population growth in New Hampshire and Merrimack County over the last five decades. Epsom has shown a similar but larger increase in population year over year.

**Table 2: Overall Population Growth Trends in New Hampshire and Merrimack County, 1970-2020**

Growth	Population (State)	Net Change		Population (County)	Net Change	
		#	%		#	%
1970 Census	737,681	N/A	N/A	80,925	N/A	N/A
1980 Census	920,610	182,929	24.8%	98,302	17,377	21.5%
1990 Census	1,109,252	188,642	20.5%	120,005	21,703	22.1%
2000 Census	1,235,785	126,533	11.4%	136,225	16,220	13.5%
2010 Census	1,316,470	80,685	6.5%	146,445	10,220	7.5%
2020 Census	1,377,529	61,059	4.6%	153,808	7,363	5.0%
<b>Total Change from 1970 – 2020</b>	-	<b>639,848</b>	<b>86.7%</b>	-	<b>72,883</b>	<b>90.1%</b>

*Sources: 1970-2020 US Census*

Though not presented in Table 1 on the previous page, the New Hampshire Office of Strategic Initiatives released population estimates for 2021, which demonstrated a 1.3% growth in Epsom year over year estimated population of 4,896 residents.

**Table 3: Population Projections**

2020 Census Population	2021 Estimate	Population Projections				
		2025	2030	2035	2040	2045
4,834	4,896	5,006	5,151	5,249	5,292	5,297

Sources: NH Office of Strategic Initiatives Population Estimates;  
NH Office of Strategic Initiatives Population Projections, November 2022

Table 3 above displays population projections for Epsom through 2045. The projections show high increases in the number of residents when compared to the 2021 estimate and need to be revised with analysis of the current trends. Overall, statewide population projections show New Hampshire will continue to grow, but at a slower pace than experienced in the past.

In Table 4 below, Epsom has had a relatively stable number of new residential building permits issued since 2011. The highest year there were 38 permits issued in 2019. In 2018, Epsom experienced its lowest number of 3 permits in the nine-year period. Single-family housing permits are the predominant type of new residential permits issued in Town, totaling 103 over the nine-year period. Since 2011, 33 manufactured housing permits were issued. Additionally, 19 multi-family permits were issued during the period. The NH Office of Strategic Initiatives Current Housing Estimates and Trends was last updated for 2021.

**Table 4: Residential Building Permits Issued by Housing Type, 2011-2021\***

Housing Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	11-Year Total
Single Family	10	8	8	10	11	7	9	2	29	7	2	103
Multi-Family	3	2	5	2	2	0	2	0	1	2	0	19
Manufactured	2	2	1	1	5	6	0	1	8	3	4	33
Total Permits Issued	15	12	14	13	18	13	11	3	38	12	6	155

Source: NH Office of Strategic Initiatives Current Estimates and Trends, December 2021

\*Values represent the net change of dwelling units and includes any demolitions that year. Thus, any negative values represent a net loss of dwelling units.

**CONCLUSIONS**

Growth in Epsom since 2000 has been at a moderate rate, particularly housing. This rate was tempered by the two Growth Management Ordinances while the Town worked to correct the inadequacies of public infrastructure. Impact fees, which are not currently available to the Town and would have to be voted in at the town voting session, could only be assessed for the building of new facilities and infrastructure which accommodate new growth in Town, not for the lack of facilities for the existing populace. Repairs, reconstruction, and most improvements which are required to serve the existing population cannot be used for impact fee purposes.

## Chapter 3. **SUMMARY OF PROJECTS**

### **PROJECTS OVERVIEW**

In preparing this 2023-2028 document, the CIP subcommittee of the Planning Board surveyed all projects submitted by the Town Departments as well as current adequacy and needs of their facilities and equipment, and identification of future needs for expansion, improvements, and additions. Some Town Departments opted not to participate. Others had no projects to include in the CIP.

Using data submitted by Department Heads for this document, the Planning Board identified 14 Town projects for inclusion in the Capital Improvements Program. All are recommended to be funded through property taxes and Capital Reserve Funds.

The following Table 5 summarizes all of the projects to be included in the 2023 to 2028 CIP, including present status and future needs of each Department. Projects are provided with a project ID beginning with 1) a consecutive number in which the project was received, 2) a Department abbreviation, and 3) the year of submission. For example, the first project listed in Table 5 is 5-BOS-2023.

It is important to note that the project information evolves over the CIP development process to what is displayed within this document and the Improvement Schedule, located after page 8.

**Table 5: Summary of Projects**

Project Details				Notes
Project	Title of Project	Total Estimated Cost	CIP Expenditure Year(s)	
<b>Board of Selectmen</b>				
5-BOS-2023	Groundwater Investigation-Water System Expansion Phase II	\$40,000	2023	Multi-phase groundwater investigation to identify potential third well location.
4-BOS-2024	Groundwater Investigation-Water System Expansion Phase III	\$50,000	2023-2024	Multi-phase groundwater investigation to identify potential third well location.
<b>Emergency Management</b>				
2-EM-2019	Repeater Communicator	\$10,000	2023	Purchase a repeat communicator.
<b>Fire and Rescue Department</b>				
6-FD-2019	Tanker	\$350,000	2025	Replace tanker within the Fire department. Current tanker is over 20 years old and is starting to show signs of age.
8-FD-2019	Ambulance	\$325,000	2023	Ambulance replacement.
9-FD-2019	5 Sets of Turnout Gear & 5 portable radios	\$10,000	2023	Replace 5 sets of turnout gear and 5 new portable radios.
10-FD-2019	5 Sets of Turnout Gear & 5 portable radios	\$10,000	2024	Replace 5 sets of turnout gear and 5 new portable radios.
12-FD-2019	Lifepack Heart Monitor	\$40,000	2025	Replace Lifepack Heart Monitor
7-FD-2020	Creation of CRF for Cistern Maintenance and Replacement	\$60,000	2023-2028	Development of a Cistern Maintenance and Replacement Program for annual maintenance of Town-owned cisterns.
<b>Police Department</b>				
13-PD-2019	Digital Road Sign	\$12,000	2024	Purchase a digital road sign that can be available and benefit all other departments within Epsom.
14-PD-2019	Phone System	\$12,000	2023	Update phone system within the Police Station.
17-PD-2019	Repairs to Police Station	\$15,000	2025	Conduct repairs to the Police Station due to wear and tear over time. Repairs include new vinyl siding and finishing board.
<b>Highway Department</b>				
21-HD-2019	420D Backhoe	\$160,000	2026	Replace existing 420D Backhoe.
22-HD-2019	Reconstruct One-Sixth of Road in Town	\$1,800,000	2023-2028	Reconstruct one-sixth of roads in Town as part of long-term goal to reconstruct all roads within Epsom. (\$300,000 per year)

## MUNICIPAL IMPROVEMENT SCHEDULE

Figure 1, Municipal Improvements Schedule on the foldout page, details the recommended methods of financing the capital improvements, and the impacts to the yearly municipal tax rates for the municipal projects. The fiscal year of the Town begins on January 1 and ends on December 31 of the same year. All numbers are shown in 2022 dollars.

Figure 1 illustrates a \$0.44 impact to every \$1,000 of property valuation in 2023. This impact includes projects which would have normally occurred that year, bond payments, and a few new projects that were introduced during the CIP planning process. The \$0.31 in 2024 represents the lowest impact to the tax rate over the coming six years; the highest will be found, with the current project load, in 2023 at \$0.42.

Voters at the annual March town voting session will decide whether the best interests of the Town and its residents are served when they choose to allocate funds to many of the capital projects listed here. Several town departments chose not to participate in the project identification process and are not represented within the CIP.

## Chapter 4. FINANCIAL ANALYSIS

### USE OF THE FINANCIAL ANALYSIS

This chapter contains a summary of recent municipal finance trends related to Epsom’s bonding capacity, annual appropriations, capital reserve balances, the town operating budget, tax rates, and the anticipated financial impact of proposed capital projects through 2028.

### BONDED INDEBTEDNESS

Epsom, like most Towns, relies on bonds for the funding of large-scale municipal projects. Bonds typically last from five to twenty years. Low-interest loans and bonds are provided by the New Hampshire Municipal Bond Bank and by private organizations. Towns are permitted to carry a certain amount of debt, as described below. The Town of Epsom currently has no bonds or debt service and no potential bonds are proposed in the CIP Municipal Improvements Schedule (Figure 1).

The Municipal Finance Act (RSA 33:4a and 4b) establishes the limit of bonded indebtedness a municipality can incur for municipal expenses (3.0% of the equalized valuation) and for school improvements (7.0% of the equalized valuation). Water projects, the portion of sewer projects financed by users, and tax anticipation notes are excluded from the calculation of indebtedness. Towns participating in a cooperative school district can incur bonded indebtedness up to 10% of its equalized valuation.

The Town currently does not have any anticipation notes. Water projects and sewer projects financed by users would be excluded below if they were applicable to Epsom. The bonding capacity and amount available for the Town of Epsom as of 2021 are as follows in Table 6.

**Table 6: Bonded Indebtedness, 2021**

Bond Type	Base Valuation for Debt Limits	Maximum Bonding Capacity	Existing Debt	Available Bonding Capacity
Town (3%)	\$655,149,365	\$19,654,480	\$0	\$19,654,480
Local School (7%)	\$655,149,365	\$45,860,455	\$0	\$45,860,455

*Sources: Department of Revenue Administration 2021 Base Valuation for Debt Limits*

As displayed in Table 6 the available bonding capacity for the Town is \$19.6 million and \$45.9 million for the Epsom School District.

### ANNUAL ASSESSMENTS

In order to create a CIP which is feasible, and because the CIP will have financial impact on the community, it is important to understand financial trends within Epsom. Epsom has relied upon a variety of revenue sources to finance municipal operations. Such sources include fees, licenses, trusts (including capital reserve funds), interest on accounts, intergovernmental transfers (grants), and property taxes.

Table 7 indicates the annual tax rates and assessments for the six (6) year period from 2016-2021. As seen the total tax rate rose then fell through the six (6) year period, with a most recent rate of \$23.64 in 2021 and a total of \$12,159,999 raised. The New Hampshire Department of Revenue Administration (NH

DRA) allows a 0.5% deviation in the calculated assessments due to rounding differences. War service credits (Veterans’ Exemptions) are not an assessment and are subtracted directly from the tax bills, so they are not included. In 1999, the Statewide Property Tax for education came into effect, and public utilities were included to calculate the Town’s school tax share.

**Table 7: Annual Assessments, 2016-2021**

Assessments & Tax Rates	2016	2017	2018	2019	2020	2021
<b>Net Valuation</b>	<b>\$424,231,800</b>	<b>\$426,226,955</b>	<b>\$429,430,823</b>	<b>\$433,784,973</b>	<b>\$507,757,821</b>	<b>\$514,386,257</b>
Municipal Rate	\$4.67	\$4.57	\$4.15	\$4.15	\$3.95	\$3.71
<i>amount raised in taxes</i>	\$1,980,593	\$1,949,571	\$1,782,726	\$1,804,380	\$2,008,610	\$1,909,987
County Rate	\$2.79	\$2.89	\$2.91	\$3.06	\$2.49	\$2.38
<i>amount raised in taxes</i>	\$1,182,279	\$1,229,822	\$1,251,614	\$1,325,896	\$1,263,545	\$1,222,533
School Rate (local)	\$15.38	\$15.97	\$16.70	\$17.67	\$13.48	\$15.72
<i>amount raised in taxes</i>	\$6,525,836	\$6,807,256	\$7,170,176	\$7,663,376	\$6,844,575	\$8,086,152
School Rate (state)	\$2.19	\$2.24	\$2.21	\$2.21	\$1.91	\$1.83
<i>amount raised in taxes</i>	\$910,285	\$935,001	\$929,554	\$941,410	\$969,817	\$941,327
<b>Total Tax Rate</b>	<b>\$25.03</b>	<b>\$25.67</b>	<b>\$25.97</b>	<b>\$27.09</b>	<b>\$21.83</b>	<b>\$23.64</b>
<b>Total Raised</b>	<b>\$10,598,993</b>	<b>\$10,921,650</b>	<b>\$11,134,070</b>	<b>\$11,735,062</b>	<b>\$11,086,548</b>	<b>\$12,159,999</b>

Source: New Hampshire Dept. of Revenue Administration Annual Reports, Epsom Annual Reports

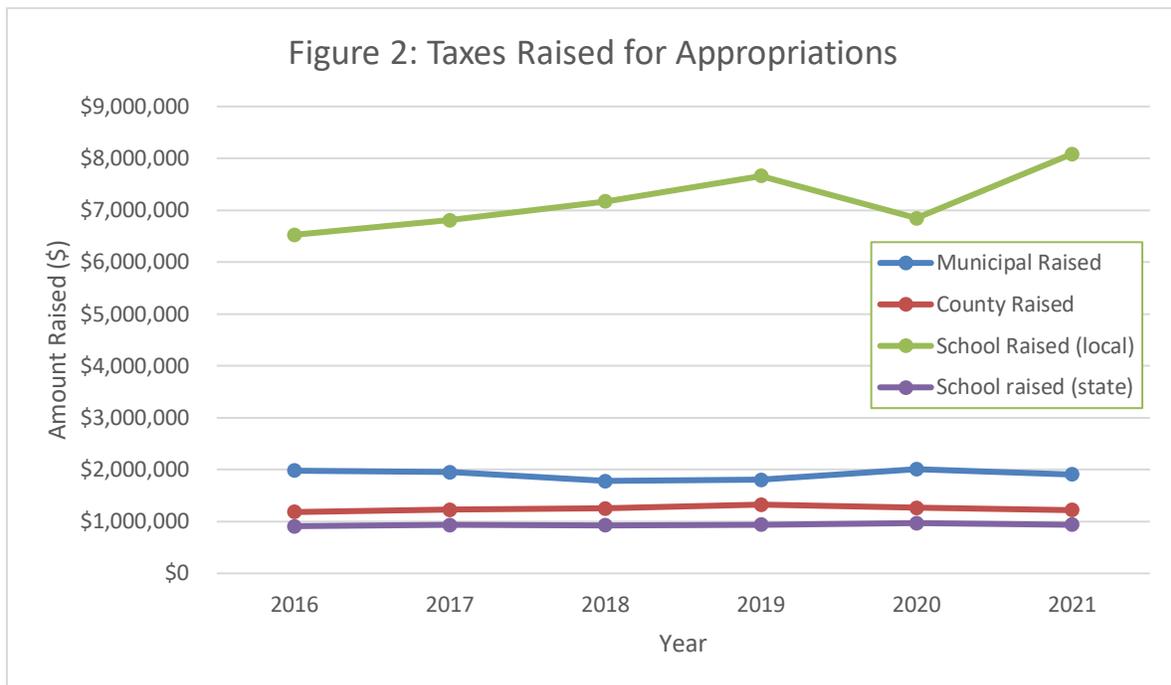


Figure 2 illustrates the amount of appropriations raised in Table 7 over the same period. While the State School, County, and Municipal have remained relatively constant during this time period, Local School assessments have increased significantly over the period. Money raised for Local School assessments reached its peak in 2021 at \$8.0M, after increasing from \$6.5M in 2016. For the other assessments, the Municipal assessment decreased slightly, the State School assessments increased slightly, and the County assessments increased, though at a much smaller percent than the Local School assessments. While the graph’s ups and downs for these three assessments are hard to decipher, many of these differences are only a couple of hundred thousand dollars.

Since 2014, net valuations have increased through 2021. The most recent net valuation in 2021 was \$514,386,257, which is nearly ninety million dollars higher than the net valuation in 2016. Prior to 2010, the net valuation was significantly higher though then lowered in 2011 due to revaluation that occurred in 2010.

For the purposes of the anticipated net valuation increases over the CIP term of 2023-2028, net valuations were averaged over the five-year period between 2016 and 2021. The average increase in net valuation over this period was 3.6%. This was used to calculate a future net valuation within the Municipal Improvements Schedule in Figure 1.

**CAPITAL RESERVE AND TRUST FUNDS**

Often yearly, the voters allocate funds into the Town’s Capital Reserve Funds (CRFs), or Expendable Trust Funds (ETFs) dedicated for specific purchases or improvements. Table 8 lists those fund balances as of December 2021. Only those funds which are related to the capital expenditures contained within this CIP were included.

**Table 8: Capital Reserve and Expendable Trusts Balances, 2022**

Fund Name	Balance as of December 2022
Bridge Capital Reserve	\$115,180.89
Fire Department Apparatus Fund	\$354.03
Highway Vehicle Equipment CRF	\$58,691.21
Road Re-construction CRF	\$477,479.59
Water System Expansion CRF	\$46,133.

*Source: Town of Epsom Staff*

Capital Reserve Funds (CRFs) are an excellent tool to help keep the municipal property taxes stable. They offer a mechanism for a municipality to save for anticipated future projects or purchases instead of taking a direct tax hit in any one given year. Money set aside in CRFs also collects interest. Epsom could use their multitude of CRFs more effectively by placing funds in the more regularly used accounts on a yearly basis. Reviewing which CRFs are more regularly used and evaluating the schedule of deposits into those funds can help the town understand if there are any funding inadequacies for said funds.

By creating CRFs for many of the projects proposed in this CIP or by increasing the deposits into the CRFs via warrant articles at the March 2023 annual Town Voting Session, the proposed expenditures in this CIP should be more evenly distributed in the following years. In addition, grant funds might be pursued to help offset the burden to taxpayers for some of the projects or purchases that are proposed.

**TAX RATE TRENDS AND COMPARISONS**

The full value tax rates included in Table 9 below are derived by the New Hampshire Department of Revenue Administration (NHDRRA). The NHDRRA develops the full value tax rate as a way to compare tax rates among New Hampshire communities. To determine the full value tax rate, the NH DRA compares each municipality’s tax rate with its net valuation.

**Table 9: Tax Rates and Trends, 2016-2021**

<b>Epsom Taxes</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Local Tax Rate	\$25.03	\$25.67	\$25.97	\$27.09	21.83	23.64
Full Value Tax Rate	\$24.44	\$23.63	\$22.20	\$22.76	20.74	18.50
Equalization Ratio	97.4	91.8	85.3	84.6	95.6	78.7

Source: New Hampshire Dept. of Revenue Administration Equalization Surveys Including Utilities

From Table 9, the equalization ratio has varied over the six-year period. The equalization ratio was decreasing from 2016-2019 and rose by 10.0 in 2020 before falling by 16.9 in 2021. The local tax rates, which is what residents pay through property taxes per \$1,000 per valuation, increased between 2016 and 2019 before falling to 23.64 in 2021.

Because the assessed valuation of any community, including Epsom, changes annually, if a Town has not been reassessed that year, the full value tax rates vary sometimes significantly from the local tax rate. The closer the equalization ratio is to 100, the closer the match will be between the local tax rate and the full value tax rate. This trend is most closely reflected in Epsom in 2016 when the equalization ratio was 97.4.

In Table 10, Epsom's full value tax rate in 2021 of \$18.50 fell in the middle of the range of the abutting communities, with the highest occurring in Allenstown (\$20.46) and the lowest in Northwood (\$11.96). None of the communities had equalization ratios at 100, making it difficult to compare the towns total tax rates.

Also shown in Table 9, Epsom’s municipal taxes (\$3.71) is the third lowest of the abutting communities, with the lowest held by Northwood (\$2.32). At the same time the County Rate for Epsom fell in the middle of the range of the abutting communities, with a rate of \$2.38.

**Table 10: Abutting Community 2022 Tax Rate Comparison**

<b>2021 Population Estimate</b>	<b>Municipal</b>	<b>County</b>	<b>State School</b>	<b>Local School</b>	<b>Total Tax Rate</b>	<b>Equal. Ratio</b>	<b>Full Value Tax Rate</b>	
<b>Epsom</b>	<b>4,896</b>	<b>\$3.71</b>	<b>\$2.38</b>	<b>\$1.83</b>	<b>\$15.72</b>	<b>\$23.64</b>	<b>78.7</b>	<b>\$18.50</b>
Allenstown	4,853	\$8.55	\$2.85	\$2.04	\$18.06	\$31.50	65.5	\$20.46
Chichester	2,708	\$5.42	\$2.55	\$1.91	\$13.22	\$23.10	75.6	\$17.34
Deerfield	4,942	\$3.54	\$0.77	\$1.70	\$12.79	\$18.80	85.1	\$15.80
Northwood	4,698	\$2.32	\$0.79	\$1.62	\$10.74	\$15.47	78.5	\$11.96
Pembroke	7,390	\$5.33	\$2.42	\$1.81	\$14.44	\$24.00	77.6	\$18.52
Pittsfield	4,131	\$7.64	\$2.26	\$1.71	\$12.38	\$23.99	83.6	\$19.85

Sources: New Hampshire Dept. of Revenue Assoc. Municipal Services Tax Rates 2022, Equalization Survey Including Utilities 2021, NH Office of Strategic Initiatives 2021 Population Estimates

**ANTICIPATED FINANCIAL IMPACTS OF PROJECTS**

The projects that Epsom has identified within this CIP will increase the municipal tax rate if they are not already being funded by currently existing CRFs or other funds. However, many of these projects would have occurred regardless of the existence of a CIP and now the Town can effectively plan ahead with upcoming anticipated capital expenditures. Although higher taxes are often difficult to sell to residents, increases may be easier to justify if they improve the quality of life, improve safety, or correct deficiencies.

The anticipated financial impact of the capital projects, as displayed in Figure 1, assumes every one of the projects or purchases scheduled within a particular year will be funded in order to plan for the highest possible tax impact from these expenditures. The capital project impact to the tax rate is not simply “added to” the designated *municipal tax rate*. The tax rates would have contained capital projects which would have occurred anyway with or without a CIP developed or even without a department’s participation in the CIP process. The financial impact of the projects is a six-year prediction if all of the planned capital projects will be expended through 2028. By planning for these projects now, the Town will be working to ultimately keep the municipal tax rate stable over the coming years.

CHAPTER 5.  
**APPENDIX**

**METHODS OF FINANCING CAPITAL IMPROVEMENTS**

1. Current Revenue (Property Tax): The most commonly used method of financing capital projects is through the use of current revenues. Current revenue is the money raised by the local property tax for a given year. When a project is funded with current revenues, its entire cost is paid off within one year. Projects funded with current revenues are customarily lower in cost than those funded by general obligation bonds. If the town has the financial capacity to pay for the project in one year, the cost to the taxpayer will be less than if bonded because there are no interest payments to be made. However, making capital acquisitions with current revenues does have the effect of lumping an expenditure into a single year, sometimes resulting in higher taxes for the year of the purchase.
  
2. Municipal Indebtedness: General obligation bonds and short-term borrowing can be used to finance major capital projects. They are issued for a period of time ranging from five (5) to twenty (20) years, during which time principal and interest payments are made. Short-term notes and longer term bonds are secured by the government's power to tax, and are funded primarily by property taxes. Payments over time have the advantage of allowing the capital expenditures to be amortized over the life of the project, thus avoiding "spikes" in the property tax which may result from capital purchases made from current revenues. On the other hand, they can commit resources over a long period of time, thereby decreasing the flexibility of how yearly revenue can be utilized. NH RSA 33:3 mandates that bonds or notes may only be issued for the following purposes:
  - Acquisition of land;
  - Planning relative to public facilities;
  - Construction, reconstruction, alteration, enlargement or purchase of public buildings;
  - Public works or improvements of a lasting nature;
  - Purchase of equipment of a lasting character;
  - Payment of judgments; and,
  - Revaluation or acquisition of tax maps, RSA 33:3-b.
  
3. Capital Reserve Funds (CRF): A popular method to set money aside for expansion, alteration or improvement to municipal buildings and facilities, RSA 35V mandates that such accounts must be created by a warrant article at town meeting (Town Voting Session). The same warrant article should also stipulate how much money will be appropriated to open the fund as well as identify what Town entity will be the agent to expend the funds. Once established, communities typically appropriate more funds annually to replenish the fund or be saved and thus earn interest that will be put towards large projects or expenditures in the future. Since many capital projects involve very considerable expenditures, many towns set aside general revenue over a period of years in order to make a purchase.

The advantage of a CRF is that the major acquisition or improvement can be made without the need to go into the bond market with the accompanying interest payments. The disadvantage to present taxpayers is that future residents enjoy the benefits of the improvement(s) without having to pay for them.

4. Special Revenue Sources: Special revenue sources include user fees, payments in lieu of taxes, gifts/donations, trusts, development impact fees, and intergovernmental transfers (i.e. grants) such as New Hampshire Shared Revenues and Highway Aid grants. The State of New Hampshire Building Aid is available at 30-55% for certain School District building projects (RSA 198:15-b).

## **FUNDING SOURCES FOR TRANSPORTATION IMPROVEMENTS**

1. Federal Aid Bridge Replacement Funds: These funds are available for the replacement or rehabilitation of town-owned bridges over 20 feet in length. Matching funds are required and applications for funding are processed through the NH DOT municipal highways engineer.
2. State Highway Block Grants: Annually, the State apportions funds to all cities and towns for the construction and maintenance of Class IV and V roadways. Apportionment "A" funds comprise not less than 12% of the State Highway budget and are allocated based upon one-half the total road mileage and one-half the total population, proportioned by ranking the municipality with other municipalities in the State. This yields approximately \$1,200 per mile of Class IV and Class V road and \$11 per person residing in a municipality according to the New Hampshire Office of Strategic Initiatives. Apportionment "B" funds are distributed from a set sum of \$400,000 and assist only those municipalities having high roadway mileage and whose equalized property value is very low in relation to other communities.
3. State Bridge Aid: This program helps to supplement the cost to communities of bridge construction on Class II and V roads in the State. Funds are allocated by NHDOT in the order in which applications for assistance are received. The amount of aid a community may receive is based upon equalized assessed valuation and varies from two-thirds to seven-eighths of the total cost of the project.
4. Town Bridge Aid: Like the State Bridge Aid program, this program also helps communities construct or reconstruct bridges on Class V roads. The amount of aid is also based upon equalized assessed valuation and ranges from one-half to seven-eighths of the total cost of the project. All bridges constructed with these funds must be designed to support a load of at least 15 tons. As mandated by State Law, all bridges constructed with these funds on Class II roads must be maintained by the State, while all bridges constructed on Class V roads must be maintained by the Town. Any community that fails to maintain bridges installed under this program shall be forced to pay the entire cost of maintenance plus 10% to the State Treasurer under RSA 85.
5. Local Option Fee for Transportation Improvements: NH RSA 261:153 VI (a) grants municipalities the ability to institute a surcharge on all motor vehicle registrations for the purpose of a funding the construction or reconstruction of roads, bridges, public parking areas, sidewalks, and bicycle paths. Funds generated under this law may also be used as matching funds for state projects. The maximum amount of the surcharge permitted by law is \$5.
6. Impact Fees: Authorized by RSA 674:21, communities can adopt impact fee programs to offset the costs of expanding services and facilities communities must absorb when a new home or commercial unit is constructed in town. Unlike exactions, impact fees are uniform fees administered by the building inspector and are collected for general impacts of the development, as opposed to exaction which are administered by the planning board and are collected for specific impacts unique to new site plans or subdivisions on Town roads. The amount of an impact fee is developed through a series of calculations. Impact fees are charged to new homes or commercial structures at the time a building permit is issued.

When considering implementing an impact fee ordinance, it is important to understand that the impact fee system is adopted by amending the zoning ordinance. The law also requires that communities adopting impact fees must have a Capital Improvements Program (CIP). Lastly, State law also stipulates that all impact fees collected by a community must be used within six years from the date they were collected, or else they must be refunded to the current property owner(s) of the structure for which the fee was initially collected.

### **MISCELLANEOUS FUNDING SOURCES**

1. Community Development Block Grants: Depending on the location, social value, and functional use of a municipal facility, Community Development Block Grants (CDBG) can sometimes be a good source of financing. CDBG funds are allocated from the US Department of Housing and Urban Development. Each year, communities are invited to submit grant applications for funding of projects. An example of a local project funded by CDBG is the Town of Pittsfield's Community Center. Each year, New Hampshire receives about \$10 million in CDBG funds that, through the grant process, were allocated to communities across the State.
2. Sale or Use of Excess Property: Another possible method to finance or expand town facilities opportunities could include sale of surplus town-owned property. Surplus property is often property acquired from private citizens for failure to pay taxes.
3. Private Foundations/Trusts: For years, communities have been the beneficiaries of trusts and donations created by private citizens and foundations. The Town should actively solicit such resources for assistance regarding the development or expansion of recreational facilities and programs.
4. User Fees: During the 1980s, the concept of user fees for funding of numerous public facilities and services were widely adopted throughout the nation. To help finance community facilities and programs, several communities in New Hampshire have adopted user fees. Examples of user fees in New Hampshire communities include water district charges and transfer station fees.
5. License and Permit Fees: Fees, such as building permits, zoning applications, and planning board subdivision and site plan fees are all examples of permit fees. Such fees are highly equitable and are successful for minimizing the burden on taxpayers for specific programs such as building code enforcement.

### **FUNDING RESOURCES FOR CONSERVATION**

1. Land Use Change Tax: When a property that has been paying the lower Current Use Tax rate is removed from that program, the land use change tax penalty is paid to the Town that the property is located in. The penalty is 10% of the full market value of the land when it leaves the current use program. Many Towns put all of this money directly into the Conservation Fund (see below).
2. Conservation Fund: This fund is much like a Capital Reserve Fund, where Town Meeting (Town Voting Session) approval needs to be sought to expend the accumulated funds. The primary purpose of the Fund (RSA 36-A:5) is to acquire real estate for conservation purposes.
3. "Municipal Bill Round-Up": An additional funding source for a variety of activities, such as greenway acquisition, easement acquisition, and creating bike trails and sidewalks, is the use of a "round up"

program for tax bills, utility bills, and registration fees. Under such a program, the taxpayer could voluntarily round his/her bill payment up to a designated amount above the actual bill and designate it to any of the desired programs listed.

4. Land and Community Heritage Investment Program (LCHIP): This State fund is designed to assist communities that want to conserve outstanding natural, historic, and cultural resources. There will be the requirement that the Towns match the State money from this fund with a 50% match from other sources, some of which can be an in-kind match, as well as funds from other sources.

**RELEVANT STATE STATUTES FOR CAPITAL IMPROVEMENTS**

TITLE III TOWNS, CITIES, VILLAGE DISTRICTS, AND UNINCORPORATED PLACES

**Municipal Budget Law  
Section 32:6 Appropriations**

32:6 Appropriations Only at Annual or Special Meeting. All appropriations in municipalities subject to this chapter shall be made by vote of the legislative body of the municipality at an annual or special meeting. No such meeting shall appropriate any money for any purpose unless that purpose appears in the budget or in a special warrant article, provided, however, that the legislative body may vote to appropriate more than, or less than, the amount recommended for such purpose in the budget or warrant, except as provided in RSA 32:18, unless the municipality has voted to override the 10 percent limitation as provided in RSA 32:18-a.

**Municipal Finance Act  
Section 33:1**

33:1 Definitions. - This chapter may be referred to as the "Municipal Finance Act." The following terms, when used in this chapter, shall have the meanings set forth below, except when the context in which they are used requires a different meaning:

- I. "Municipality" or "municipal corporation," town, city, school district or village district;
- II. "Governing board," the selectmen of a town, the commissioners or comparable officers of a village district, and the school board of a school district;
- III. "Net indebtedness," all outstanding and authorized indebtedness, heretofore or hereafter incurred by a municipality, exclusive of the following: unmatured tax anticipation notes issued according to law; or notes issued in anticipation of grants of federal or state aid or both; debts incurred for supplying the inhabitants with water or for the construction, enlargement, improvement or maintenance of water works; debts incurred to finance the cost of sewerage systems or enlargements or improvements thereof, or sewage or waste disposal works when the cost thereof is to be financed by sewer rents or sewer assessment; debt incurred pursuant to RSA 31:10; debts incurred to finance energy production projects, the reconstruction or enlargement of a municipally-owned utility, or the manufacture or furnishing of light, heat, power or water for the public, or the generation, transmission or sale of energy ultimately sold to the public; debts incurred to finance small-scale power facilities under RSA 374-D; debts incurred outside the statutory debt limit of the municipality under any general law or special act heretofore or hereafter enacted (unless otherwise provided in such legislation); and sinking funds and cash applicable solely to the payment of the principal of debts incurred within the debt limit.

**Section 33:4-a Debt Limit, Municipalities. –**

I. Cities shall not incur net indebtedness, except for school purposes, to an amount, at any one time outstanding, exceeding 3 percent of their valuation determined as hereinafter provided.

II. Cities shall not incur net indebtedness for school purposes to an amount at any one time outstanding, determined as hereinafter provided, exceeding 7 percent of said valuation. Any debt incurred for school purposes by a city under this or any special statute heretofore or hereafter enacted shall be excluded in determining the borrowing capacity of a city for other than school purposes under the 3 percent limitation in paragraph I.

III. Towns shall not incur net indebtedness to an amount at any one time outstanding exceeding 3 percent of their valuation determined as hereinafter provided.

IV. School districts shall not incur net indebtedness to an amount at any one time outstanding exceeding 7 percent determined as hereinafter provided.

V. Village districts shall not incur net indebtedness to an amount at any one time outstanding exceeding one percent of their valuation determined as hereinafter provided.

**TITLE XV EDUCATION**

**School Meetings**

**Section 197:1**

197:1 Annual. – A meeting of every school district shall be held annually between March 1 and March 25, inclusive, or in accordance with RSA 40:13 if that provision is adopted in the district, for raising and appropriating money for the support of schools for the fiscal year beginning the next July 1, for the transaction of other district business and, in those districts not electing their district officers at town meeting, for the choice of district officers.

**Section 197:3**

197:3 Raising Money at Special Meeting. –

I. (a) No school district at any special meeting shall raise or appropriate money nor reduce or rescind any appropriation made at a previous meeting, unless the vote thereon is by ballot, nor unless the ballots cast at such meeting shall be equal in number to at least 1/2 of the number of voters of such district entitled to vote at the regular meeting next preceding such special meeting; and, if a checklist was used at the last preceding regular meeting, the same shall be used to ascertain the number of legal voters in said district; and such checklist, corrected according to law, may be used at such special meeting upon request of 10 legal voters of the district. In case an emergency arises requiring an immediate expenditure of money, the school board may petition the superior court for permission to hold a special district meeting, which, if granted, shall give said district meeting the same authority as an annual district meeting.

(b) "Emergency" for the purposes of this section shall mean a sudden or unexpected situation or occurrence, or combination of occurrences, of a serious and urgent nature, that demands prompt or immediate action, including an immediate expenditure of money. This definition, however, does not establish a requirement that an emergency involves a crisis in every set of circumstances.

(c) To verify that an emergency exists, a petitioner shall present, and the court shall consider, a

number of factors including:

- (1) The severity of the harm to be avoided.
- (2) The urgency of the petitioner's need.
- (3) Whether the claimed emergency was foreseeable or avoidable.
- (4) Whether the appropriation could have been made at the annual meeting.
- (5) Whether there are alternative remedies not requiring an appropriation.

II. Ten days prior to petitioning the superior court, the school board shall notify, by certified mail, the commissioner of the department of revenue administration that an emergency exists by providing the commissioner with a copy of the explanation of the emergency, the warrant article or articles and the petition to be submitted to the superior court. The petition to the superior court shall include a certification that the commissioner of the department of revenue administration has been notified pursuant to this paragraph.

III. In the event that the legislative body at an annual meeting amends or rejects the cost items or fact finder's reports as submitted pursuant to RSA 273-A, notwithstanding paragraphs I and II, the school board may call one special meeting for the sole purpose of addressing all negotiated cost items without petitioning the superior court for authorization. Such special meeting may be authorized only by a contingent warrant article inserted on the warrant or official ballot either by petition or by the governing body. The wording of the question shall be as follows: "Shall (the local political subdivision), if article \_\_\_\_\_ is defeated, authorize the governing body to call one special meeting, at its option, to address article \_\_\_\_\_ cost items only?" The refusal of the legislative body to authorize a special meeting as provided in this paragraph shall not affect any other provision of law. Any special meeting held under this paragraph shall be combined with the revised operating budget meeting under RSA 40:13, XI, if any, and shall not be counted toward the number of special meetings which may be held in a given calendar or fiscal year.

IV. When the school board votes to petition the superior court for permission to hold a special school district meeting, the school board shall post notice of such vote within 24 hours after taking the vote and a minimum of 10 days prior to filing the petition with the court. The school board shall post notice of the court date for an evidentiary hearing on the petition within 24 hours after receiving notice of the court date from the court. Such notices shall be posted at the office of the school board and at 2 or more other conspicuous places in the school district, and in the next available edition of one or more local newspapers with a wide circulation in the school district. If the district is a multi-town school district, the notices shall be posted at the office of the school board and at 2 or more other conspicuous places in each town of the multi-town school district, and in the next available edition of one or more newspapers with a wide circulation in all towns of the multi-town school district.

V. Notwithstanding any other provision of law, no special meeting to raise and appropriate money, or to reduce or rescind any appropriation made at a previous meeting, may be held unless the vote is taken on or before December 31 of any budget cycle. However, the district may bring such items as could not be addressed prior to December 31 before the voters at the next annual school district meeting. Such supplemental appropriations, together with appropriations raised under RSA 197:1, shall be assessed against property as of April 1.

## TITLE LXIV PLANNING AND ZONING

**Capital Improvements Program****Section 674:5 through 674:8**

674:5 Authorization. – In a municipality where the planning board has adopted a master plan, the local legislative body may authorize the planning board to prepare and amend a recommended program of municipal capital improvement projects projected over a period of at least 6 years. The capital improvements program may encompass major projects being currently undertaken or future projects to be undertaken with federal, state, county, and other public funds. The sole purpose and effect of the capital improvements program shall be to aid the mayor and the budget committee in their consideration of the annual budget.

674:6 Purpose and Description. – The capital improvement program shall classify projects according to the urgency and need for realization and shall recommend a time sequence for their implementation. The program may also contain the estimated cost of each project and indicate probable operating and maintenance costs and probable revenues, if any, as well as existing sources of funds or the need for additional sources of funds for the implementation and operation of each project. The program shall be based on information submitted by the departments and agencies of the municipality and shall take into account public facility needs indicated by the prospective development shown in the master plan of the municipality or as permitted by other municipal land use controls.

674:7 Preparation. – I. In preparing the capital improvements program, the planning board shall confer, in a manner deemed appropriate by the board, with the mayor or the board of selectmen, or the chief fiscal officer, the budget committee, other municipal officials and agencies, the school board or boards, and shall review the recommendations of the master plan in relation to the proposed capital improvements program.

II. Whenever the planning board is authorized and directed to prepare a capital improvements program, every municipal department, authority or agency, and every affected school district board, department or agency, shall, upon request of the planning board, transmit to the board a statement of all capital projects it proposes to undertake during the term of the program. The planning board shall study each proposed capital project, and shall advise and make recommendations to the department, authority, agency, or school district board, department or agency, concerning the relation of its project to the capital improvements program being prepared.

674:8 Consideration by Mayor and Budget Committee. – Whenever the planning board has prepared a capital improvements program under RSA 674:7, it shall submit its recommendations for the current year to the mayor and the budget committee, if one exists, for consideration as part of the annual budget.

**Zoning**  
**Section 674:21**

674:21 Innovative Land Use Controls. –

I. Innovative land use controls may include, but are not limited to:

- (a) Timing incentives.
- (b) Phased development.
- (c) Intensity and use incentive.
- (d) Transfer of density and development rights.

- (e) Planned unit development.
- (f) Cluster development.
- (g) Impact zoning.
- (h) Performance standards.
- (i) Flexible and discretionary zoning.
- (j) Environmental characteristics zoning.
- (k) Inclusionary zoning.
- (l) Accessory dwelling unit standards.
- (m) Impact fees.
- (n) Village plan alternative subdivision.

II. An innovative land use control adopted under RSA 674:16 may be required when supported by the master plan and shall contain within it the standards which shall guide the person or board which administers the ordinance. An innovative land use control ordinance may provide for administration, including the granting of conditional or special use permits, by the planning board, board of selectmen, zoning board of adjustment, or such other person or board as the ordinance may designate. If the administration of the innovative provisions of the ordinance is not vested in the planning board, any proposal submitted under this section shall be reviewed by the planning board prior to final consideration by the administrator. In such a case, the planning board shall set forth its comments on the proposal in writing and the administrator shall, to the extent that the planning board's comments are not directly incorporated into its decision, set forth its findings and decisions on the planning board's comments.

III. Innovative land use controls must be adopted in accordance with RSA 675:1, II.

IV. As used in this section:

(a) "Inclusionary zoning" means land use control regulations which provide a voluntary incentive or benefit to a property owner in order to induce the property owner to produce housing units which are affordable to persons or families of low and moderate income. Inclusionary zoning includes, but is not limited to, density bonuses, growth control exemptions, and a streamlined application process.

(b) "Accessory dwelling unit" means a second dwelling unit, attached or detached, which is permitted by a land use control regulation to be located on the same lot, plat, site, or other division of land as the permitted principal dwelling unit.

V. As used in this section "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 municipality, including and limited to water treatment and distribution facilities; wastewater treatment and disposal facilities; sanitary sewers; storm water, drainage and flood control facilities; public road systems and rights-of-way; municipal office facilities; public school facilities; the municipality's proportional share of capital facilities of a cooperative or regional school district of which the municipality is a member; public safety facilities; solid waste collection, transfer, recycling, processing and disposal facilities; public library facilities; and public recreational facilities not including public open space. No later than July 1, 1993, all impact fee ordinances shall be subject to the following:

(a) The amount of any such fee shall be a proportional share of municipal capital improvement costs which is reasonably related to the capital needs created by the development, and to the benefits accruing to the development from the capital improvements financed by the fee. Upgrading of existing facilities and infrastructures, the need for which is not created by new development, shall not be paid for by impact fees.

(b) In order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to RSA 674:5-7.

(c) Any impact fee shall be accounted for separately, shall be segregated from the municipality's general fund, may be spent upon order of the municipal governing body, shall be exempt from all provisions of RSA 32 relative to limitation and expenditure of town moneys, and shall be used solely for the capital improvements for which it was collected, or to recoup the cost of capital improvements made in anticipation of the needs which the fee was collected to meet.

(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. When no planning board approval is required, or has been made prior to the adoption or amendment of the impact fee ordinance, impact fees shall be assessed prior to, or as a condition for, the issuance of a building permit or other appropriate permission to proceed with development. Impact fees shall be intended to reflect the effect of development upon municipal facilities at the time of the issuance of the building permit. Impact fees shall be collected at the time a certificate of occupancy is issued. If no certificate of occupancy is required, impact fees shall be collected when the development is ready for its intended use. Nothing in this subparagraph shall prevent the municipality and the assessed party from establishing an alternate, mutually acceptable schedule of payment of impact fees in effect at the time of subdivision plat or site plan approval by the planning board. If an alternate schedule of payment is established, municipalities may require developers to post bonds, issue letters of credit, accept liens, or otherwise provide suitable measures of security so as to guarantee future payment of the assessed impact fees.

(e) The ordinance shall establish reasonable times after which any portion of an impact fee which has not become encumbered or otherwise legally bound to be spent for the purpose for which it was collected shall be refunded, with any accrued interest. Whenever the calculation of an impact fee has been predicated upon some portion of capital improvement costs being borne by the municipality, a refund shall be made upon the failure of the legislative body to appropriate the municipality's share of the capital improvement costs within a reasonable time. The maximum time which shall be considered reasonable hereunder shall be 6 years.

(f) Unless otherwise specified in the ordinance, any decision under an impact fee ordinance may be appealed in the same manner provided by statute for appeals from the officer or board making that decision, as set forth in RSA 676:5, RSA 677:2-14, or RSA 677:15, respectively.

(g) The ordinance may also provide for a waiver process, including the criteria for the granting of such a waiver.

(h) The adoption of a growth management limitation or moratorium by a municipality shall not affect any development with respect to which an impact fee has been paid or assessed as part of the approval for that development.

(i) Neither the adoption of an impact fee ordinance, nor the failure to adopt such an ordinance, shall be deemed to affect existing authority of a planning board over subdivision or site plan review, except to the extent expressly stated in such an ordinance.

(j) The failure to adopt an impact fee ordinance shall not preclude a municipality from requiring developers to pay an exaction for the cost of off-site improvement needs determined by the planning board to be necessary for the occupancy of any portion of a development. For the purposes of this subparagraph, "off-site improvements" means those improvements that are necessitated by a development but which are located outside the boundaries of the property that is subject to a subdivision plat or site plan approval by the planning board. Such off-site improvements shall be limited to any necessary highway, drainage, and sewer and water upgrades pertinent to that development. The amount of any such exaction shall be a proportional share of municipal improvement costs not previously assessed against other developments, which is necessitated by the development, and which is reasonably related to the benefits accruing to the development from the improvements financed by the exaction. As an alternative to paying an exaction, the developer may elect to construct the necessary

improvements, subject to bonding and timing conditions as may be reasonably required by the planning board. Any exaction imposed pursuant to this section shall be assessed at the time of planning board approval of the development necessitating an off-site improvement. Whenever the calculation of an exaction for an off-site improvement has been predicated upon some portion of the cost of that improvement being borne by the municipality, a refund of any collected exaction shall be made to the payor or payor's successor in interest upon the failure of the local legislative body to appropriate the municipality's share of that cost within 6 years from the date of collection. For the purposes of this subparagraph, failure of local legislative body to appropriate such funding or to construct any necessary off-site improvement shall not operate to prohibit an otherwise approved development.

VI. (a) In this section, "village plan alternative" means an optional land use control and subdivision regulation to provide a means of promoting a more efficient and cost effective method of land development. The village plan alternative's purpose is to encourage the preservation of open space wherever possible. The village plan alternative subdivision is meant to encourage beneficial consolidation of land development to permit the efficient layout of less costly to maintain roads, utilities, and other public and private infrastructures; to improve the ability of political subdivisions to provide more rapid and efficient delivery of public safety and school transportation services as community growth occurs; and finally, to provide owners of private property with a method for realizing the inherent development value of their real property in a manner conducive to the creation of substantial benefit to the environment and to the political subdivision's property tax base.

(b) An owner of record wishing to utilize the village plan alternative in the subdivision and development of a parcel of land, by locating the entire density permitted by the existing land use regulations of the political subdivision within which the property is located, on 20 percent or less of the entire parcel available for development, shall provide to the political subdivision within which the property is located, as a condition of approval, a recorded easement reserving the remaining land area of the entire, original lot, solely for agriculture, forestry, and conservation, or for public recreation. The recorded easement shall limit any new construction on the remainder lot to structures associated with farming operations, forest management operations, and conservation uses. Public recreational uses shall be subject to the written approval of those abutters whose property lies within the village plan alternative subdivision portion of the project at the time when such a public use is proposed.

(c) The village plan alternative shall permit the developer or owner to have an expedited subdivision application and approval process wherever land use and subdivision regulations may apply. The submission and approval procedure for a village plan alternative subdivision shall be the same as that for a conventional subdivision. Existing zoning and subdivision regulations relating to emergency access, fire prevention, and public health and safety concerns including any setback requirement for wells, septic systems, or wetland requirement imposed by the department of environmental services shall apply to the developed portion of a village plan alternative subdivision, but lot size regulations and dimensional requirements having to do with frontage and setbacks measured from all new property lot lines, and lot size regulations, as well as density regulations, shall not apply. The total density of development within a village plan alternate subdivision shall not exceed the total potential development density permitted a conventional subdivision of the entire original lot unless provisions contained within the political subdivision's land use regulations provide a basis for increasing the permitted density of development within a village plan alternative subdivision. In no case shall a political subdivision impose lesser density requirements upon a village plan alternative subdivision than the density requirements imposed on a conventional subdivision.

(d) Within a village plan alternative subdivision, the exterior wall construction of buildings shall meet or exceed the requirements for fire-rated construction described by the fire prevention and building codes being enforced by the state of New Hampshire at the date and time the property owner of record files a formal application for subdivision approval with the political subdivision having jurisdiction of the

project. Exterior walls and openings of new buildings shall also conform to fire protective provisions of all other building codes in force in the political subdivision. Wherever building code or fire prevention code requirements for exterior wall construction appear to be in conflict, the more stringent building or fire prevention code requirements shall apply.

(e) If the total area of a proposed village plan alternative subdivision including all roadways and improvements does not exceed 20 percent of the total land area of the undeveloped lot, and if the proposed subdivision incorporates the total sum of all proposed development as permitted by local regulation on the undeveloped lot, all existing and future dimensional requirements imposed by local regulation, including lot size, shall not apply to the development.

### **Section 674:22**

674:22 Growth Management; Timing of Development. – The local legislative body may further exercise the powers granted under this subdivision to regulate and control the timing of development. Any ordinance imposing such a control may be adopted only after preparation and adoption by the planning board of a master plan and a capital improvement program and shall be based upon a growth management process intended to assess and balance community development needs and consider regional development needs.

### **Subdivision Regulations**

#### **Section 674:36**

674:36 Subdivision Regulations. –

I. Before the planning board exercises its powers under RSA 674:35, the planning board shall adopt subdivision regulations according to the procedures required by RSA 675:6.

II. The subdivision regulations which the planning board adopts may:

(a) Provide against such scattered or premature subdivision of land as would involve danger or injury to health, safety, or prosperity by reason of the lack of water supply, drainage, transportation, schools, fire protection, or other public services, or necessitate the excessive expenditure of public funds for the supply of such services;

(b) Provide for the harmonious development of the municipality and its environs;

(c) Require the proper arrangement and coordination of streets within subdivisions in relation to other existing or planned streets or with features of the official map of the municipality;

(d) Provide for open spaces of adequate proportions;

(e) Require suitably located streets of sufficient width to accommodate existing and prospective traffic and to afford adequate light, air, and access for firefighting apparatus and equipment to buildings, and be coordinated so as to compose a convenient system;

(f) Require, in proper cases, that plats showing new streets or narrowing or widening of such streets submitted to the planning board for approval shall show a park or parks suitably located for playground or other recreational purposes;

(g) Require that proposed parks shall be of reasonable size for neighborhood playgrounds or other recreational uses;

(h) Require that the land indicated on plats submitted to the planning board shall be of such character that it can be used for building purposes without danger to health;

(i) Prescribe minimum areas of lots so as to assure conformance with local zoning ordinances and to assure such additional areas as may be needed for each lot for on-site sanitary facilities;

(j) Include provisions which will tend to create conditions favorable to health, safety, convenience, or prosperity; and

(k) Encourage the installation and use of solar, wind, or other renewable energy systems and protect access to energy sources by the regulation of orientation of streets, lots, and buildings; establishment of maximum building height, minimum set back requirements, and limitations on type, height, and placement of vegetation; and encouragement of the use of solar skyspace easements under RSA 477.

(l) Provide for efficient and compact subdivision development which promotes retention and public usage of open space and wildlife habitat, by allowing for village plan alternative subdivision as defined in RSA 674:21, VI.

(m) Require innovative land use controls on lands when supported by the master plan.

(n) Include provision for waiver of any portion of the regulations. The basis for any waiver granted by the planning board shall be recorded in the minutes of the board. The planning board may only grant a waiver if the board finds, by majority vote, that:

(1) Strict conformity would pose an unnecessary hardship to the applicant and waiver would not be contrary to the spirit and intent of the regulations; or

(2) Specific circumstances relative to the subdivision, or conditions of the land in such subdivision, indicate that the waiver will properly carry out the spirit and intent of the regulations.

III. The subdivision regulations of the planning board may stipulate, as a condition precedent to the approval of the plat, the extent to which and the manner in which streets shall be graded and improved and to which water, sewer, and other utility mains, piping, connections, or other facilities shall be installed. The regulations or practice of the planning board:

(a) May provide for the conditional approval of the plat before such improvements and installations have been constructed, but any such conditional approval shall not be entered upon the plat.

(b) Shall provide that, in lieu of the completion of street work and utility installations prior to the final approval of a plat, the planning board shall accept a performance bond, irrevocable letter of credit, or other type or types of security as shall be specified in the subdivision regulations; provided that in no event shall the exclusive form of security required by the planning board be in the form of cash or a passbook. As phases or portions of the secured improvements or installations are completed and approved by the planning board or its designee, the municipality shall partially release said security to the extent reasonably calculated to reflect the value of such completed improvements or installations. Cost escalation factors that are applied by the planning board to any bond or other security required under this section shall not exceed 10 percent per year. The planning board shall, within the limitations provided in this subparagraph, have the discretion to prescribe the type and amount of security, and specify a period for completion of the improvements and utilities to be expressed in the bond or other security, in order to secure to the municipality the actual construction and installation of such improvements and utilities. The municipality shall have the power to enforce such bonds or other securities by all appropriate legal and equitable remedies.

(c) May provide that in lieu of the completion of street work and utility installations prior to the final approval of the plat, the subdivision regulations may provide for an assessment or other method by which the municipality is put in an assured position to do said work and to make said alterations at the cost of the owners of the property within the subdivision.