

## TOWN COUNCIL

### STAFF REPORT Finance Department



<b>MEETING DATE:</b>	January 10, 2023
<b>PROJECT:</b>	Consideration of a Resolution in Support of a Letter to Bluffton's Elected State Delegation Requesting the Introduction of Legislation to Allow Local Jurisdictions to Establish a Real Estate Transfer Fee
<b>PROJECT MANAGER:</b>	Chris Forster, Assistant Town Manager

### **RECOMMENDATION:**

Town Staff recommends that Town Council approve a resolution supporting a letter be sent to Bluffton's State delegation requesting legislation that allows municipalities to establish Real Estate Transfer Fees.

### **BACKGROUND:**

In 1990 the Town of Hilton Head Island ("HHI") adopted a Real Estate Transfer Fee ("RETF") at a rate of 0.25 of 1% of the gross sale price of each real estate transaction within the municipal limits of the Town. The purpose of the fee was to acquire lands for public ownership, maintain open space and environmental protection, acquire developed land or development rights to convert its use to public use, restore previously developed property to open space, or to redefine and reuse previously developed property.

In 1994 the state legislature enacted SC Code Section 6-1-70 which prohibited any other municipality from enacting their own RETF. HHI's RETF was grandfathered in and in April of 2022 HHI, approved an amendment to their Ordinance extending the expiration date of their RETF from December 31, 2024, to December 31, 2044.

### **DISCUSSION:**

HHI has collected over \$87 million in RETF funds and used over \$76 million since 1990. They have purchased over 1,300 acres of land throughout the island. HHI has identified the following benefits to the RETF:

- Preservation of open space
- Public access and views to our waterways
- Provides space for passive and active recreational needs
- Preserves wildlife habitat
- Protects environmentally sensitive lands

- Protects culturally and historically significant sites
- Provides for Island resiliency through stormwater protection
- Provides space for capital improvement projects
- Strengthens demand for property values
- Reduces demand for other public facilities and services
- Reduces future traffic

On the sale of a \$500,000 home the fee would be \$1,250 paid by the buyer. The housing price index ("HPI") for the HHI-Bluffton MSA has increased 365% since 1990. This compares to 277% for the State of SC and 290% for the national HPI. This would imply there has been no notable negative impact to the housing market in HHI since the passing of a RETF. The Town of Bluffton would have collected \$15 million if it had a 0.25 of 1% of gross real estate sales fee for the past five years. The fee would have generated \$5.7 million for the Town in 2021 alone.

**NEXT STEPS:** Upon approval by Town Council, Staff will provide a Council signed letter to the Bluffton legislative delegation requesting the SC Code Section 6-1-70 be amended to allow Municipalities to enact a RETF.

**ATTACHMENTS:**

1. Letters to Legislators
2. Resolution
3. Recommended Motion