

# TOWN COUNCIL

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## STAFF REPORT

### Department of Growth Management

<b>MEETING DATE:</b>	June 8, 2021
<b>PROJECT:</b>	Reconsideration of an Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Purpose of Imposition and Collection, at the Time of Issuance of a Building Permit, of School Development Impact Fees on all New Residential Development within The Town
<b>PROJECT MANAGER:</b>	Heather Colin, AICP Director of Growth Management

**REQUEST:** Approval of an Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Purpose of Imposition and Collection, at the Time of Issuance of a Building Permit, of School Development Impact Fees on all New Residential Development within The Town.

**BACKGROUND:** Prior to 2016 the South Carolina Code of Laws prohibited the imposition of school impact fees. With the South Carolina State Legislature's adoption of the amendment to the South Carolina Development Impact Fee Act on June 3, 2016, local governments are now permitted to implement school impact fees.

As a result, Beaufort County partnered with the Beaufort County School District to prepare the required study to analyze the aspects and feasibility of a school impact fee for Beaufort County. The resulting School Impact Fee Analysis prepared by TischlerBise is provided as Attachment 1.

On August 10, 2020 Beaufort County Council approved first reading by title only followed by second reading on May 24, 2021 for the proposed School Impact Fee Ordinance. The proposed Ordinance provides for the applicable fees of \$9,535 per single family dwelling unit and \$4,508 per multi-family dwelling unit for Southern Beaufort County. The fees collected would fund the capital improvement projects identified in the Analysis such as new construction, purchase of real property, and purchase of school buses to accommodate projected future growth.

On May 11, 2021, Bluffton Town Council approved a motion authorizing the Town Attorney to move forward with negotiating an Intergovernmental Agreement (IGA)

with Beaufort County for the implementation, collection, and administration of school impact fees within the Town of Bluffton. The finalization of the IGA would only be effective upon final reading of the County Ordinance and, in the event there are any substantial changes between now and adoption, a final review and approval of the IGA by Bluffton Town Council and Beaufort County Council.

The IGA is necessary to ensure fee revenue matches capital costs from future growth. The purpose of the initial and revised proposed agreement is to provide for the following between the Town of Bluffton and Beaufort County:

- (1) The imposition and collection, at the time of issuance of a building permit, of school development impact fees on all new residential development within the Town;
- (2) The transfer of the school development impact fees from the Town to the County, and then the transfer of the fees from the County to the School Board; and
- (3) If fees are not spent by the School Board within the time limits established by state law and the impact fee procedures in Section 82-21 et seq. of the Beaufort County Code, the return of fees collected by the Town so they can be refunded to the appropriate fee payers.

The Town Attorney revised the draft IGA presented at the May 11, 2021 meeting to incorporate certain modifications which include, but are not limited to:

- No fees will be levied on any affordable housing units developed by the Town or on Town property via a public/private partnership or joint venture; and
- The impact fee discount for Area Medium Income (AMI) from 80% to 90% will be 50% and the discount for AMI between 91% and 100% will be 40%.

These revisions are identified in the redlined draft IGA provided as Attachment 2 and a clean copy of the draft IGA is provided as Attachment 3.

**NEXT STEPS:** The Town approved agreement will be forwarded to Beaufort County Council for their consideration and approval.

**ATTACHMENTS:**

1. TischlerBise School Impact Fee Study and Capital Improvement Plan Dated July 18, 2020;

2. Redline Draft Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Implementation of School Development Impact Fees;
3. Clean Draft Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Implementation of School Development Impact Fees; and
4. Proposed Motion.

# Attachment 1



## *School Impact Fee Study and Capital Improvement Plan*

Prepared for:  
**Beaufort County School District, South Carolina**

July 18, 2020

*Prepared by:*

**TischlerBise**  
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## EXECUTIVE SUMMARY

The Beaufort County School District retained TischlerBise to prepare a Capital Improvement Plan and Development Impact Fee Study. Development impact fees are one-time payments used to construct system improvements needed to accommodate new development. A development impact fee represents new growth's proportionate share of capital facility needs. Development impact fees do have limitations and should not be regarded as the total solution for infrastructure funding needs. Rather, they are one component of a comprehensive portfolio to ensure provision of adequate public facilities needed to serve new development. In contrast to general taxes, development impact fees may not be used for operations, maintenance, replacement of infrastructure, or correcting existing deficiencies.

## BEAUFORT COUNTY SCHOOL DISTRICT SCHOOL DEVELOPMENT IMPACT FEE OVERVIEW

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The Beaufort County School District has seen significant residential growth over the past several years and with the growth there has been increased enrollment. Also, this growth is expected to continue in the future. The District currently levies no school impact fees. In 1999, the State of South Carolina enacted new development impact fee enabling legislation. Any initiation of Beaufort County School District development impact fees requires a study that complies with the new enabling legislation.

The Beaufort County School District school development impact fees are derived using the incremental expansion approach. This approach determines current level of service standards for school buildings (i.e., elementary, middle, and high), land for school sites, and school buses. Level of service standards are derived using 2018-2019 permanent capacity and are expressed as follows:

1. School buildings: Square feet per student by type of school
2. Land: Acres per student by type of school
3. School buses: buses per student districtwide

Credits are included in the development impact fee to account for outstanding and anticipated debt on existing and future school facilities. Further details on the approach, levels of service, costs, and credits are provided in the body of this report.

## GENERAL LEGAL FRAMEWORK

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Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against regulatory takings. Land use regulations, development exactions, and impact fees are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest. In the case of impact fees, that interest is in the protection of public health, safety, and welfare by ensuring that development is not detrimental to the quality of essential public services. The means to this end is also important, requiring both procedural and substantive due process. The



process followed to receive community input, with stakeholder meetings, work sessions, and public hearings provide opportunity for comments and refinements to the impact fees.

There is little federal case law specifically dealing with impact fees, although other rulings on other types of exactions (e.g., land dedication requirements) are instructive. In one of the most important exaction cases, the U. S. Supreme Court found that a government agency imposing exactions on development must demonstrate an “essential nexus” between the exaction and the interest being protected (see *Nollan v. California Coastal Commission*, 1987). In a more recent case (*Dolan v. City of Tigard, OR*, 1994), the Court ruled that an exaction also must be “roughly proportional” to the burden created by development. However, the *Dolan* decision appeared to set a higher standard of review for mandatory dedications of land than for monetary exactions such as impact fees.

There are three reasonable relationship requirements for impact fees that related closely to “rational nexus” or “reasonable relationship” requirements enunciated by a number of state courts. Although the term “dual rational nexus” is often used to characterize the standard by which courts evaluate the validity of impact fees under the U.S. Constitution, we prefer a more rigorous formulation that recognizes three elements: “need,” “benefit,” and “proportionality.” The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the *Dolan* case. Individual elements of the nexus standard are discussed further in the following paragraphs.

All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the capacity of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to impact fees. In this study, the impact of development on infrastructure needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level of service standards.

The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the *Dolan* case and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related capital costs, and in the methods used to calculate impact fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development (e.g. a typical housing unit’s household size).

## **SOUTH CAROLINA DEVELOPMENT IMPACT FEE ACT**

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The State of South Carolina grants the power for cities and counties to collect impact fees on new development pursuant to the provisions set forth in the South Carolina Development Impact Fee Act (Code of Laws of South Carolina, Section 6-1-910 et seq.). The process to create a local impact fee system

begins with a resolution by the County Council directing the Planning Commission to conduct an impact fee study and recommend a development impact fee ordinance for legislative action.

Generally, a governmental entity must have an adopted comprehensive plan to enact impact fees; however, certain provisions in State law allow counties, cities, and towns that have not adopted a comprehensive plan to impose development impact fees. Those jurisdictions must prepare a capital improvement plan as well as prepare a development impact fee study that substantially complies with Section 6-1-960(B) of the Code of Laws of South Carolina.

All counties, cities, and towns are also required to prepare a report that estimates the effect of impact fees on the availability of affordable housing before imposing development impact fees on residential dwelling units. Based on the findings of the study, certain developments may be exempt from development impact fees when all or part of the project is determined to create affordable housing, and the exempt development's proportionate share of system improvements is funded through a revenue source other than development impact fees. A housing affordability analysis in support of the development impact fee study is published at the end of this report.

Eligible costs may include design, acquisition, engineering, and financing attributable to those improvements recommended in the local capital improvements plan that qualify for impact fee funding. Revenues collected by the county, city, or town may not be used for administrative or operating costs associated with imposing the impact fee. All revenues from impact fees must be maintained in an interest-bearing account prior to expenditure on recommended improvements. Monies must be returned to the owner of record of the property for which the impact fee was collected if they are not spent within three years of the date they are scheduled to be encumbered in the local capital improvements plan. All refunds to private landowners must include the pro rata portion of interest earned while on deposit in the impact fee account.

If ultimately adopted, the Beaufort County School District would also be responsible for preparing and publishing an annual report describing the amount of development impact fees collected, appropriated, and spent during the preceding year. Subsequent to adoption of a development impact fee ordinance, the Beaufort County Planning Commission will be required to review and update the development impact fee study report, capital improvements plan, housing affordability analysis, and development impact fee ordinance. These updates must occur at least once every five years. Pursuant to State Law, the Beaufort County School District will not be empowered to recommend additional projects eligible for impact fee funding or charge higher than the maximum supportable impact fees until the development impact fee study and capital improvement plan are updated.

## CONCEPTUAL DEVELOPMENT IMPACT FEE CALCULATION

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In contrast to project-level improvements, development impact fees fund growth-related infrastructure that will benefit multiple development projects, or the entire jurisdiction (referred to as system improvements). The first step is to determine an appropriate demand indicator for the infrastructure. The demand indicator measures the number of demand units for each unit of development. For example, an

appropriate indicator of the demand for schools is the population growth of school age children. The increases in that population can be estimated from the average number of students per housing unit. The second step in the development impact fee formula is to determine infrastructure units per demand unit, typically called level of service (LOS) standards. In keeping with the school example, a common LOS standard is square footage of school space per student, for each type of school (elementary, middle, and high). The third step in the development impact fee formula is the cost of various infrastructure units. To complete the school example, this part of the formula would establish the cost per square foot for school facility construction.

## GENERAL METHODOLOGIES

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There are three general methods for calculating development impact fees. The choice of a method depends primarily on the timing of infrastructure construction (past, concurrent, or future) and service characteristics of the facility type being addressed. Each method has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development impact fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss three basic methods for calculating development impact fees and how those methods can be applied.

### Cost Recovery (Past Improvements)

The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.

### Incremental Expansion (Concurrent Improvements)

The incremental expansion method documents current level of service (LOS) standards for each type of public facility, using both quantitative and qualitative measures. This approach ensures that there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. **An incremental expansion cost method is best suited for public facilities that will be expanded in regular increment to keep pace with development, and is the methodology used for this school development impact fee calculation.**

### Plan-Based Fee (Future Improvements)

The plan-based method allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development

potential is identified by a land use plan. There are two options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

## Credits

Regardless of the methodology, a consideration of “credits” is integral to the development of a legally defensible development impact fee methodology. There are two types of “credits” with specific characteristics, both of which should be addressed in development impact fee studies and ordinances.

- First, a revenue credit might be necessary if there is a double payment situation and other revenues are contributing to the capital costs of infrastructure to be funded by impact fees. This type of credit is integrated into the impact fee calculation, thus reducing the fee amount.
- Second, a site-specific credit or developer reimbursement might be necessary for dedication of land or construction of system improvements funded by impact fees. This type of credit is addressed in the administration and implementation of the impact fee program.

## SERVICE/BENEFIT AREA

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Based on projected growth and available school capacity, over the next ten years there are capacity needs in the school attendance zones south of the Broad River. However, over the next ten years there are no capacity needs projected in the school attendance zones north of the Broad River. To ensure the development impact fee study is meeting the required “rational nexus”, **TischlerBise recommends a development impact fee in only the South of the Broad Service Area.** By only applying the development impact fee to new growth in the South, new residents in the South will be certain that they are receiving a benefit from the fee. **Furthermore, new residents in the North will not be charged a fee without receiving a benefit.**

**Figure 1. Map of Service Areas**



## MAXIMUM SUPPORTABLE IMPACT FEE SCHEDULE

As documented in this report, the Beaufort County School District has complied with the South Carolina Development Impact Fee Act and applicable legal precedents. The development impact fees proposed are proportionate and reasonably related to capital improvement demands of new development. Specific costs have been identified using local data and current dollars. This report documents the formulas and input variables used to calculate the school impact fees. Development impact fee methodologies also identify the extent to which new development is entitled to various types of credits to avoid potential double payment of growth-related capital costs.

School development impact fees are applied only to residential development and are per housing unit, reflecting the proportionate demand by type of unit. The amounts shown are “maximum supportable” amounts based on the methodologies, levels of service, and costs for the capital improvements identified herein. The fees represent the highest amount feasible for each type of applicable development, which represent new growth’s fair share of the school capital costs detailed in this report. The District, through Beaufort County, can adopt amounts that are lower than the maximum amounts shown; however, a

reduction in fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in the School District's level of service.

Figure 2 provides the maximum supportable school development impact fees for the Beaufort County School District in the South Service Area. For a single family unit, the maximum supportable fee amount is \$9,535 per unit. For a multifamily unit, the maximum supportable development impact fee amount is \$4,508.

**Figure 2. Maximum Supportable School Development Impact Fees – South Service Area**

Maximum Supportable School Impact Fee				
Housing Type	Elementary (K-5)	Middle (6-8)	High (9-12)	Maximum Supportable Fee
Single Family	\$3,635	\$2,229	\$3,671	\$9,535
Multifamily	\$2,350	\$891	\$1,267	\$4,508

A note on rounding: calculations throughout this report are based on an analysis conducted using Excel software. Most results are discussed in the report using one, two, and three digit places, which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

## STUDENT GENERATION RATES AND PROJECTED ENROLLMENT

### STUDENT GENERATION RATES

Section 6-1-960(3) of the South Carolina Development Impact Fee Act requires:

*“a definitive table establishing the specific service unit for each category of system improvements and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, agricultural, and industrial, as appropriate.”*

Demand for additional school capacity will come from new residential development. To determine the level of this demand, student generation rates are used as the “service unit” for the school development impact fees. The term “student generation rate” refers to the number of non-charter, public school students per housing unit within the Beaufort County School District. Public school students are a subset of school-aged children, which includes students in private schools and home-schooled children. Student generation rates are important demographic factors that help account for variations in demand for school facilities by type of housing. Students per housing unit are held constant over the projection period since the impact fees represent a “snapshot approach” of current levels of service and costs.

Student generation rates for the Beaufort County School District were developed by TischlerBise, based on housing unit and person data provided by the U.S. Census Bureau, 5-Year American Community Survey Public Use Microdata (2017). The results from the public use microdata is countywide, so student generation rates were scaled proportionately to the South Service Area based on persons per housing unit. The housing unit types that will be used in the impact fee calculations are (1) Single Family and (2) Multifamily. Student generation rates are listed by housing type below in Figure 3. Indicated in the figure, a single family unit is estimated to generate a total of .236 students, with .106 in elementary grades, .056 in middle school grades, and .074 in high school grades. As expected, a multifamily unit has a lower generation rate than a single family unit.

**Figure 3. Student Generation Rates by Housing Type – South Service Area**

Housing Type	Elem. (K-5)	Middle (6-8)	High (9-12)	All Grade
Single Family	0.106	0.056	0.074	0.236
Multifamily	0.069	0.023	0.026	0.117

Source: US Census Bureau, 5-Year 2017 American Community Survey PUMS data for South Carolina PUMA 01400; TischlerBise analysis



## STUDENT ENROLLMENT PROJECTIONS

Section 6-1-960(6) of the South Carolina Development Impact Fee Act requires:

*“the total number of service units necessitated by and attributable to new development within the service area, based on the land use assumptions and calculated in accordance with generally accepted engineering or planning criteria.”*

Furthermore, the Beaufort County School District offers a Choice program that allows students to choose a learning program that fits a specific learning style or interest. This allows students to enroll in schools outside of their assigned school for the choice program of that school. To have the capacity in schools to offer the Choice program, the District has chosen to follow best practices and established a districtwide and clusterwide **capacity goal of 85%**. The capacity goal to adequately provide the Choice program is included in the following tables under the Choice Capacity column.

Included in the District’s *FY2020-2029 Ten-Year Plan and Capital Budget*, there are 5,759 elementary students and a capacity of 7,049 seats, an 82 percent utilization. Furthermore, to allow for the Choice Program to continue capacity levels must stay below 85 percent. According to the District’s *Ten-Year Plan*, student enrollment is projected to increase at a 2 percent annual growth rate in the South Service Area. Shown in Figure 4, the elementary school enrollment is projected to nearly reach each current available capacity. Also, the projected increase in students exceeds the thresholds for the Choice Program.

Note: the current enrollment listed in Figure 4 differs from the enrollment used in the level of service calculations. Figure 4 data is listed to illustrate the future need from new students, while the enrollment used in the level of service is more recent and reflects a student total 45 days after the school year began.

**Figure 4. Projected South Service Area Elementary School Enrollment**

Beaufort County School District - Elementary					
Year		Total Capacity	Enrollment	Total Capacity Utilization	Choice Program Capacity Utilization [1]
Base	2019	7,049	5,759	82%	96%
1	2020	7,049	5,885	83%	98%
2	2021	7,049	5,980	85%	100%
3	2022	7,049	6,109	87%	102%
4	2023	7,049	6,177	88%	103%
5	2024	7,049	6,301	89%	105%
6	2025	7,049	6,427	91%	107%
7	2026	7,049	6,555	93%	109%
8	2027	7,049	6,686	95%	112%
9	2028	7,049	6,820	97%	114%
10	2029	7,049	6,956	99%	116%

[1] Choice capacity is the building capacity the District needs to keep all schools available for the Choice program, using the 85 percent recommendation

Source: Beaufort County School District FY2020-2029 Ten-Year Plan and Capital Budget



Listed in Figure 5, there are 3,130 middle students and a capacity of 3,329 seats, a 94 percent utilization. At the current level, the Choice Program cannot continue because the capacity utilization level has exceeded 85 percent. Based on the annual average growth rate, the middle school enrollment is projected to exceed current capacity by 478 students, a capacity utilization of 114 percent.

Note: the current enrollment listed in Figure 5 differs from the enrollment used in the level of service calculations. Figure 5 data is listed to illustrate the future need from new students, while the enrollment used in the level of service is more recent and reflects a student total 45 days after the school year began.

**Figure 5. Projected South Service Area Middle School Enrollment**

Beaufort County School District - Middle					
Year		Total Capacity	Enrollment	Total Capacity Utilization	Choice Program Capacity Utilization [1]
Base	2019	3,329	3,130	94%	111%
1	2020	3,329	3,301	99%	117%
2	2021	3,329	3,307	99%	117%
3	2022	3,329	3,300	99%	117%
4	2023	3,329	3,380	102%	119%
5	2024	3,329	3,448	104%	122%
6	2025	3,329	3,517	106%	124%
7	2026	3,329	3,587	108%	127%
8	2027	3,329	3,659	110%	129%
9	2028	3,329	3,732	112%	132%
10	2029	3,329	3,806	114%	135%

[1] Choice capacity is the building capacity the District needs to keep all schools available for the Choice program, using the 85 percent recommendation

Source: Beaufort County School District FY2020-2029 Ten-Year Plan and Capital Budget

Listed in Figure 6, there are 4,032 high students and a capacity of 4,216 seats, a 96 percent utilization. At the current level, the Choice Program cannot continue because the capacity utilization level has exceeded 85 percent. Based on the annual average growth rate, the high school enrollment is projected to exceed current capacity by 829 students, a capacity utilization of 120 percent.

Note: the current enrollment listed in Figure 6 differs from the enrollment used in the level of service calculations. Figure 6 data is listed to illustrate the future need from new students, while the enrollment used in the level of service is more recent and reflects a student total 45 days after the school year began.

**Figure 6. Projected South Service Area High School Enrollment**

Beaufort County School District - High					
Year		Total Capacity	Enrollment	Total Capacity Utilization	Choice Program Capacity Utilization [1]
Base	2019	4,216	4,032	96%	113%
1	2020	4,216	4,190	99%	117%
2	2021	4,216	4,369	104%	122%
3	2022	4,216	4,530	107%	126%
4	2023	4,216	4,480	106%	125%
5	2024	4,216	4,570	108%	128%
6	2025	4,216	4,661	111%	130%
7	2026	4,216	4,754	113%	133%
8	2027	4,216	4,849	115%	135%
9	2028	4,216	4,946	117%	138%
10	2029	4,216	5,045	120%	141%

[1] Choice capacity is the building capacity the District needs to keep all schools available for the Choice program, using the 85 percent recommendation

Source: Beaufort County School District FY2020-2029 Ten-Year Plan and Capital Budget

These projections differ from a recently published report conducted by McKibben Demographics. In the *Beaufort County Schools, SC Demographic Study* (2019) a similar analysis as the District's *Ten-Year Plan and Capital Budget* was conducted; however, different projections resulted. In the demographic study, it is projected that the District will lose 142 students over the next ten years. A consequence of such results would be that no new schools or school expansions would be necessary to accommodate future growth. This is inconsistent with the current growth being observed, the District's Capital Improvement Plan, and the projected housing growth in Beaufort County (TischlerBise is performing a Development Impact Fee Study for Beaufort County in conjunction with this study). Therefore, it was determined that the Development Impact Fee Study's enrollment projections would be consistent with those in the District's Capital Improvement Plan.

## SCHOOL LEVEL OF SERVICE

### OVERVIEW OF CURRENT SCHOOL FUNDING ARRANGEMENTS

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Section 6-1-960(8) of the South Carolina Development Impact Fee Act requires:

*“identification of all sources and levels of funding available to the governmental entity for the financing of the system improvements.”*

In South Carolina, the construction of schools is largely the responsibility of each School District. In the case of the Beaufort County School District, the District is 100% responsible for the funding of new school capacity. Historically, the District has funded new school construction through the issuance of bonds, backed by property tax revenue. South Carolina’s State Constitution allows government entities to issue bonds to fund capital projects (construction of new schools and improvements to existing schools). The District has never collected development impact fees on new construction of residential units. The District is interested in adopting school development impact fees and applying the revenue to reduce the amount of principal the District needs to bond to construct needed school facilities in the future. In order to lessen the burden on existing residents and businesses of funding growth-related school capacity needs, the District has determined a development impact fee structure needs to be implemented to reflect current levels of service and costs.

### SCHOOL FACILITY LEVEL OF SERVICE STANDARDS

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Section 6-1-960(1) of the South Carolina Development Impact Fee Act requires:

*“a general description of all existing facilities and their existing deficiencies, within the service area or areas of the governmental entity, a reasonable estimate of all costs, and a plan to develop the funding resources, including existing sources of revenues, related to curing existing deficiencies including, but not limited to, the upgrading, updating, improving, expanding, or replacing of these facilities to meet existing needs and usage.”*

Section 6-1-960(2) of the South Carolina Development Impact Fee Act requires:

*“an analysis of total capacity, the level of current usage, and commitments for usage of capacity of existing public facilities, which must be prepared by a qualified professional using generally accepted principles and professional standards.”*

This section provides current inventories of elementary, middle, and high schools in the South Service Area of Beaufort County School District. The data contained in these tables are used to determine infrastructure standards for school buildings and sites on which the development impact fees are based. School buses are included in this analysis as well.

### South Service Area Elementary Schools

The inventory and current levels of service for elementary schools in the South Service Area are shown below in Figure 7. As indicated, elementary school buildings have a total of 831,765 square feet of building

floor area on 207.6 acres. Total enrollment in all elementary schools (ES) for the 2018-2019 school year is 5,914 and total capacity is 7,049. In the 2018-2019 school year, capacity utilization for the elementary schools in the South is 84 percent.

Levels of service are shown for buildings and land for elementary schools at the bottom of Figure 7. Levels of service are calculated by dividing the amount of infrastructure by total enrollment and capacity. For example, 831,765 square feet of school building space is divided by a capacity of 7,049 students to arrive at 117.99 square feet per student.

Since elementary schools overall are currently operating under capacity, there are no existing deficiencies. Therefore, *the level of service standard on which the impact fees are based is calculated using existing capacity* (shaded in Figure 7). This ensures new development is not charged for a higher level of service than what is currently provided or what is planned to be provided, using a level of service that is based on capacity represents the level of service the District provides (or will ultimately provide). Levels of service differ when calculated based on enrollment and capacity. For example, the building square footage level of service is 140.64 square feet per student when based on enrollment versus a level of service of 117.99 square feet per student when based on capacity.

Current levels of service are:

- **Buildings: 117.99 square feet per student**
- **Land: 0.0295 acres per student**

**Figure 7. Elementary School Inventory – South Service Area**

Facility	Building Sq Ft	Acreage	2019 Enrollment	Capacity	Utilization
HHI-ECC	47,010	9.1	273	314	87%
HHIES	163,591	28.6	890	1,128	79%
HHI-SCA	118,543	23.4	644	921	70%
Bluffton ES	73,843	23.3	619	866	71%
Michael C. Riley ES	64,080	25.8	682	849	80%
Okatie ES	85,022	45.4	571	632	90%
Pritchardville ES	101,149	23.8	850	880	97%
Red Cedar ES	88,487	12.2	588	704	84%
River Ridge Academy	90,040	16.1	797	755	106%
<b>Total</b>	<b>831,765</b>	<b>207.6</b>	<b>5,914</b>	<b>7,049</b>	<b>84%</b>

<b>Elementary School Levels of Service</b>	<b>Building SF</b>	<b>Land</b>
LOS per Student (current enrollment)	140.64	0.0351
<b>LOS per Student (current capacity)</b>	<b>117.99</b>	<b>0.0295</b>

Source: Beaufort County School District. Enrollment totals reflect attendance 45 days into the school year.

## South Service Area Middle Schools

The inventory and current levels of service for middle schools are shown in Figure 8. As indicated, middle school buildings have a total of 450,872 square feet of gross floor area on approximately 100.7 acres. Total

enrollment in all middle schools for the 2018-2019 school year is 2,997 and total capacity is 3,329. Overall, middle schools are operating at 90 percent capacity utilization.

Levels of service are shown for buildings and land for middle schools at the bottom of Figure 8. Since middle schools overall are currently operating under capacity, there are no existing deficiencies. Therefore, *the level of service standard on which the impact fees are based is calculated using existing capacity* (shaded in Figure 8). Levels of service are calculated by dividing the amount of infrastructure by capacity. For example, 450,872 square feet of school building space is divided by middle school total capacity of 3,329 students to arrive at 135.45 square feet per student.

Current levels of service are:

- **Buildings: 135.68 square feet per student**
- **Land: 0.0303 acres per student**

**Figure 8. Middle School Inventory – South Service Area**

Facility	Building Sq Ft	Acreage	2019 Enrollment	Capacity	Utilization
Hilton Head MS	133,565	25.5	1,023	1,007	102%
Bluffton MS	139,215	41.9	784	1,035	76%
River Ridge Academy	45,020	8.1	399	378	106%
H.E. McCracken MS	133,072	25.2	791	909	87%
<b>TOTAL</b>	<b>450,872</b>	<b>100.7</b>	<b>2,997</b>	<b>3,329</b>	<b>90%</b>

<i>Middle School Levels of Service</i>	<i>Building SF</i>	<i>Land</i>
LOS per Student (current enrollment)	150.46	0.0336
<b>LOS per Student (current capacity)</b>	<b>135.45</b>	<b>0.0303</b>

Source: Beaufort County School District. Enrollment totals reflect attendance 45 days into the school year.

## South Service Area High Schools

The inventory and current levels of service for high schools are shown in Figure 9. As indicated, high school buildings have a total of 653,384 square feet of gross floor area on approximately 299.4 acres. Total enrollment in all high schools for the 2018-2019 school year is 3,876 and total capacity is 4,216. Overall, high schools are operating at 92 percent capacity.

Levels of service are shown for buildings and land for high schools at the bottom of Figure 9. Since high schools overall are currently operating under capacity, there are no existing deficiencies. Therefore, *the level of service standard on which the impact fees are based is calculated using existing capacity* (shaded in Figure 9). Levels of service are calculated by dividing the amount of infrastructure by capacity. For example, 653,384 square feet of school building space is divided by high school total capacity of 4,216 students to arrive at 154.98 square feet per student.

Current levels of service are:

- **Buildings: 154.98 square feet per student**
- **Land: 0.071 acres per student**

**Figure 9. High School Inventory – South Service Area**

Facility	Building Sq Ft	Acreage	2019 Enrollment	Capacity	Utilization
Hilton Head HS	231,768	35.0	1,300	1,382	94%
Bluffton HS	183,000	39.8	1,219	1,434	85%
May River HS	238,616	224.5	1,357	1,400	97%
<b>TOTAL</b>	<b>653,384</b>	<b>299.4</b>	<b>3,876</b>	<b>4,216</b>	<b>92%</b>

<i>High School Levels of Service</i>	<i>Building SF</i>	<i>Land</i>
LOS per Student (current enrollment)	168.57	0.0772
<b>LOS per Student (current capacity)</b>	<b>154.98</b>	<b>0.0710</b>

Source: Beaufort County School District. Enrollment totals reflect attendance 45 days into the school year.

## School Buses

The District owns a fleet of buses, which will need to be expanded to accommodate enrollment. The District's current fleet includes 57 buses, which have a purchase price of \$100,000. The bus fleet operates on a districtwide basis, so the level of service must be calculated as such. When the number of buses is compared to the current districtwide enrollment of 20,629, the level of service standard is 0.0028 buses per student.

**Figure 10. Beaufort County School District Buses**

Vehicle Type	District Owned Units	District Enrollment	Buses per Student
School Buses	57	20,629	<b>0.0028</b>

Source: Beaufort County School District. Enrollment totals reflect attendance 45 days into the school year.

## SCHOOL IMPACT FEE CALCULATION

### METHODOLOGY

The Beaufort County School District school development impact fee methodology is based on current average public school student generation rates, level of service standards, and local costs. The school development impact fees use an incremental expansion approach, which documents the current level of service for public facilities in both quantitative and qualitative measures. The intent is to use development impact fee revenue to expand or provide additional capital school facilities, as needed to accommodate new development, based on the current level of service and cost to provide capital improvements. All school levels are included in the development impact fees. Costs for school buildings, land for school sites, and school buses are included in the fee. Finally, credits for future principal payments towards debt is included.

### SERVICE/BENEFIT AREA

Based on projected growth and available school capacity, over the next ten years there are capacity needs in the school attendance zones south of the Broad River. However, over the next ten years there are no capacity needs projected in the school attendance zones north of the Broad River. To ensure the development impact fee study is meeting the required “rational nexus”, **TischlerBise recommends a development impact fee in only the South of the Broad Service Area.** By only applying the development impact fee to new growth in the South, new residents in the South will be certain that they are receiving a benefit from the fee. **Furthermore, new residents in the North will not be charged a fee without receiving a benefit.**

### COST ASSUMPTIONS

The Beaufort County School District is responsible for 100% of new school construction costs. The construction cost assumptions are based on estimates provided by the Beaufort County School District staff. The estimated cost assumptions are \$300 per square foot for school construction, \$100,000 per acre of land, and \$100,000 per school bus.

Figure 11. Facility Cost Assumptions

Facility Type	Cost
School Construction (per sq. ft.)	\$300
School Land (per acre)	\$100,000
School Bus	\$100,000

Source: Beaufort County School District

### CREDITS FOR FUTURE PRINCIPAL PAYMENTS ON EXISTING SCHOOL IMPROVEMENTS

Section 6-1-990(B)(3) of the South Carolina Development Impact Fee Act requires and analysis of:

*“extent to which the new development contributes to the cost of system improvements”*

Because the Beaufort County School District debt-financed recent school capacity expansions, a credit is included for future principal payments on outstanding debt. A credit is necessary since new residential units that will pay the development impact fee will also contribute to future principal payments on this remaining debt through property taxes. A credit is not necessary for interest payments because interest costs are not included in the development impact fee. This credit for outstanding debt is credited to residential development at a rate of 35.1 percent, which is the residential percentage of the overall taxable value of real property within the Beaufort County School District.

**Figure 12. Beaufort County Assessed Value by Property Type**

Property Type	Assessed Value	% of Total
Owner Occupied	\$589,917,460	35.1%
Commercial/Rental Property	\$1,024,726,380	61.0%
Manufacturing	\$2,278,944	0.1%
Fee-in-Lieu	\$6,753,302	0.4%
Utility	\$54,885,480	3.3%
Total	\$1,678,561,566	100.0%

Source: Beaufort County School District CAFR 2018

As shown in Figure 13, outstanding debt from school capacity expansion projects allocated to residential development is estimated at approximately \$102 million. Annual principal payments are divided by student enrollment in each year to determine a per student credit. For example, in 2020, the total principal paid by the residential tax base (\$11,452,077) is divided by projected enrollment of 21,387 for a payment per student of \$535. To account for the time value of money, annual payments per student are discounted using a net present value formula based on an average interest rate of 2.5%. The total net present value of future principal payments per student is \$4,053. This amount is subtracted from the gross capital cost per student to derive a net capital cost per student.



**Figure 13. Credit for Future Principal Payments on Existing Debt**

Year	Principal Payment	Residential 35.1%	Total Enrollment	Payment per Pupil
2019	\$35,961,000	\$12,622,311	20,970	\$602
2020	\$32,627,000	\$11,452,077	21,387	\$535
2021	\$32,212,621	\$11,306,630	21,530	\$525
2022	\$28,129,000	\$9,873,279	21,769	\$454
2023	\$29,482,000	\$10,348,182	21,698	\$477
2024	\$19,430,000	\$6,819,930	21,902	\$311
2025	\$19,430,000	\$6,819,930	22,113	\$308
2026	\$19,430,000	\$6,819,930	22,330	\$305
2027	\$19,430,000	\$6,819,930	22,553	\$302
2028	\$19,430,000	\$6,819,930	22,784	\$299
2029	\$6,685,000	\$2,346,435	23,021	\$102
2030	\$6,685,000	\$2,346,435	23,251	\$101
2031	\$6,685,000	\$2,346,435	23,483	\$100
2032	\$6,685,000	\$2,346,435	23,718	\$99
2033	\$6,685,000	\$2,346,435	23,955	\$98
2034	\$1,855,000	\$651,105	24,195	\$27
Total	\$290,841,621	\$102,085,409		\$4,647
Discount Rate				2.50%
Total Credit per Pupil				\$4,053

Source: Beaufort County School District CAFR 2018

## CREDIT FOR 2019 BOND REFERENDUM

The recent voter approved bond referendum will help the District improve school safety, renovate facilities, and add classroom space to address enrollment growth. To ensure that new residents are not double paying for capital improvements, a credit is included in the impact fee analysis.

In summary, the bond referendum included two ballot questions to the voters, and both were approved. There is \$26 million of capacity increasing projects districtwide. The bond will be repaid with property tax revenue and to attribute the appropriate amount of the future payments to residential development, the current percentage of the countywide assessed value is applied (35.1 percent).

**Figure 14. Countywide Property Assessed Value**

Property Type	Assessed Value	Percent
Owner Occupied	\$589,917,460	35.1%
Commercial/Rental Property	\$1,024,726,380	61.0%
Manufacturing	\$2,278,944	0.1%
Fee-in-Lieu	\$6,753,302	0.4%
Utility	\$54,885,480	3.3%
Total	\$1,678,561,566	100.0%

Source: Beaufort County School District CAFR 2018

A payment schedule is not yet available, so listed in Figure 15, TischlerBise has estimated the future payments of the bond based on a 20-year schedule. Annual principal payments are divided by student enrollment in each year to determine a per student credit. For example, in 2020, the principal paid by the residential tax base (\$1,017,825) is divided by projected enrollment of 21,387 for a payment per student of \$17. To account for the time value of money, annual payments per student are discounted using a net present value formula based on an average interest rate of 2.5%. The total net present value of future principal payments per student is \$301. This amount is subtracted from the gross capital cost per student to derive a net capital cost per student.

**Figure 15. Credit for 2019 Bond Referendum**

Year	Principal Payment	Residential 35.1%	Total Enrollment	Payment per Pupil
2020	\$1,017,825	\$357,257	21,387	\$17
2021	\$1,043,271	\$366,188	21,530	\$17
2022	\$1,069,353	\$375,343	21,769	\$17
2023	\$1,096,087	\$384,726	21,698	\$18
2024	\$1,123,489	\$394,345	21,902	\$18
2025	\$1,151,576	\$404,203	22,113	\$18
2026	\$1,180,365	\$414,308	22,330	\$19
2027	\$1,209,874	\$424,666	22,553	\$19
2028	\$1,240,121	\$435,283	22,784	\$19
2029	\$1,271,124	\$446,165	23,021	\$19
2030	\$1,302,902	\$457,319	23,251	\$20
2031	\$1,335,475	\$468,752	23,483	\$20
2032	\$1,368,862	\$480,471	23,718	\$20
2033	\$1,403,083	\$492,482	23,955	\$21
2034	\$1,438,161	\$504,794	24,195	\$21
2035	\$1,474,115	\$517,414	24,437	\$21
2036	\$1,510,967	\$530,350	24,681	\$21
2037	\$1,548,742	\$543,608	24,928	\$22
2038	\$1,587,460	\$557,199	25,177	\$22
2039	\$1,627,147	\$571,128	25,429	\$22
Total	\$26,000,000	\$9,126,000		\$391
Discount Rate				2.50%
Total Credit per Pupil				\$301

Source: TischlerBise estimated payment schedule

## SCHOOL DEVELOPMENT IMPACT FEE INPUT VARIABLES

Factors used to derive the Beaufort County School District's school development impact fees are summarized in Figure 16. Development impact fees for schools are based on student generation rates (i.e., public school students per housing unit) and are only assessed on residential development. Level of service standards are based on current costs per student for school buildings, school land, and school buses, as described in the previous sections and summarized below.

The gross capital cost per student is the sum of the cost per student for each component. For example, for the elementary school portion, the calculation is as follows:  $\$35,397$  [building construction] +  $\$2,950$  [land] +  $\$280$  [buses] =  $\$38,627$  gross capital cost per student.

The net local capital cost per student is the sum of the gross capital cost per student and the recommended credits. Continuing with the elementary school example, the calculation is as follows:  $\$38,627$  [gross capital cost per student] -  $\$4,053$  [credit for future payments on existing debt service principal] -  $\$301$  [credit for future payments on 2019 bond referendum] =  $\$34,273$  net local capital cost per student. The same approach is followed for middle schools and high schools.

Figure 16. School Development Impact Fee Input Variables

Student Generation Rates [1]	School Level			Total
	Elementary (K-5)	Middle (6-8)	High (9-12)	
Housing Type				
Single Family	0.106	0.056	0.074	0.236
Multifamily	0.069	0.023	0.026	0.117

  

Current Level of Service Standards			
	Elementary	Middle	High
School Floor Area per Student (sq. ft.)	117.99	135.45	154.98
School Cost per Sq. Ft. [2]	\$300	\$300	\$300
<b>School Construction Cost per Student</b>	<b>\$35,397</b>	<b>\$40,635</b>	<b>\$46,494</b>
School Land per Student (acres)	0.0295	0.0303	0.071
Land Cost per Acre [2]	\$100,000	\$100,000	\$100,000
<b>Land Cost per Student</b>	<b>\$2,950</b>	<b>\$3,030</b>	<b>\$7,100</b>
District Owned Buses per Student	0.0028	0.0028	0.0028
Cost per School Bus [2]	\$100,000	\$100,000	\$100,000
<b>School Bus Cost per Student</b>	<b>\$280</b>	<b>\$280</b>	<b>\$280</b>
<b>Total Gross Capital Cost per Student</b>	<b>\$38,627</b>	<b>\$43,945</b>	<b>\$53,874</b>
Credit for Existing Debt per Student	\$4,053	\$4,053	\$4,053
Credit for 2019 Bond per Student	\$301	\$301	\$301
<b>Total Net Local Capital Cost Per Student</b>	<b>\$34,273</b>	<b>\$39,591</b>	<b>\$49,520</b>

[1] Source: US Census Bureau, 5-Year 2017 American Community Survey PUMS data for South Carolina PUMA 01400; TischlerBise analysis

[2] Source: Beaufort County School District

## MAXIMUM SUPPORTABLE SCHOOL DEVELOPMENT IMPACT FEES

Figure 17 shows the schedule of maximum supportable development impact fees for the South of the Broad Service Area. The development impact fees are calculated by multiplying the student generation rate for each housing type (shown in Figure 3) by the net capital cost per student for each type of school. Each component is then added together to derive the total school development impact fee.

For example, for a single family unit, the elementary school portion of the development impact fee is calculated by multiplying the student generation rate of .106 by the net local capital cost per elementary student of \$34,273, which results in a fee of \$3,635 per single family unit. This is repeated for the other school levels. Totals for the three school levels of the development impact fee are added together to calculate the total fee per single family unit of \$9,535 ( $\$3,635 + \$2,229 + \$3,671 = \$9,535$ ). This is repeated for the multifamily housing types.

**Figure 17. Maximum Supportable School Development Impact Fees – South of the Broad Service Area**

Maximum Supportable School Impact Fee				
Housing Type	Elementary (K-5)	Middle (6-8)	High (9-12)	Maximum Supportable Fee
Single Family	\$3,635	\$2,229	\$3,671	\$9,535
Multifamily	\$2,350	\$891	\$1,267	\$4,508

## PROJECTED REVENUE FROM MAXIMUM SUPPORTABLE DEVELOPMENT IMPACT FEE

Over the next ten years, there are 10,929 housing units are projected in the South Service Area. Estimated revenue is projected by applying the fee amounts to the projected housing growth. For example, single family development generates \$75.3 million (\$9,535 x 7,898 housing units = \$75,304,749). In total, the development impact fee is estimated to generated \$89 million.

**Figure 18. Projected Revenue from Maximum Supportable Development Impact Fee**

		Projected Development Impact Fee Revenue	
		Single Family \$9,535 per unit	Multifamily \$4,508 per unit
Year		Housing Units	Housing Units
Base	2019	44,852	15,253
Year 1	2020	45,642	15,555
Year 2	2021	46,431	15,858
Year 3	2022	47,221	16,160
Year 4	2023	48,009	16,464
Year 5	2024	48,798	16,767
Year 6	2025	49,588	17,069
Year 7	2026	50,377	17,372
Year 8	2027	51,166	17,675
Year 9	2028	51,955	17,978
Year 10	2029	52,750	18,283
Ten-Year Increase		7,898	3,031
Projected Revenue		\$75,304,749	\$13,662,761
Projected Revenue =>		<b><u>\$88,967,511</u></b>	

## CAPITAL IMPROVEMENT PLAN

### PLANNED CAPACITY PROJECTS

Section 6-1-960(9) of the South Carolina Development Impact Fee Act requires:

*“a schedule setting forth estimated dates for commencing and completing construction of all improvements identified in the capital improvements plan.”*

Figure 19 lists the capacity-related projects the Beaufort County School District has planned for the next ten years in the South of the Broad Service Area. Along with school expansion projects, there are several new schools listed in the Capital Improvement Plan to accommodate future growth. The projects total \$164 million.

**Figure 19. South of the Broad Beaufort County School District Planned Capacity Projects**

Project Description	Location	Service Area	Year	Amount
Nine Mobile Classrooms	District Level	Districtwide	2020	\$1,378,125
Thirteen Mobile Classrooms	District Level	Districtwide	2021	\$2,257,369
Classroom Wing Addition	River Ridge Academy	South	2021	\$3,818,715
CATE Building	Bluffton HS	South	2022	\$5,445,392
Land Purchase for Future School Site	District Level	Districtwide - anticipated in South	2022	\$8,103,375
New Wing Addition	May River HS	South	2022	\$15,327,534
Four Classrooms	River Ridge Academy	South	2022	\$2,686,269
New School (PK-8)	District Level	Districtwide - anticipated in South	2023	\$53,800,600
New School Classroom Addition	District Level	Districtwide - anticipated in South	2025	\$16,459,568
New School or School Expansion (PK-8)	District Level	Districtwide - anticipated in South	2026	\$50,197,103
Additional Classrooms	Hilton Head HS	South	2026	\$4,127,503
			<b>Total</b>	<b><u>\$163,601,553</u></b>

Source: Beaufort County School District 10-Year Capital Improvement Plan

## APPENDIX A: HOUSING AFFORDABILITY ANALYSIS

In accordance with the South Carolina Development Impact Fee Act (Code of Laws of South Carolina, Title 6, Article 9, Chapter 1), this appendix estimates the effects of imposing the proposed school development impact fee on the affordability of housing in the Beaufort County School District. The analysis will examine the current household income and housing expenses that burden an average household in the **South of the Broad Service Area**. Next, the maximum school development impact fee will be included in the cost burden analysis to identify the effect the proposed school impact fee will have on affordable housing in the service area.

### SOUTH CAROLINA DEVELOPMENT IMPACT FEE ACT

Affordable housing is defined in the South Carolina Development Impact Fee Act as housing to families whose incomes do not exceed 80% of the median income for the service area or areas within the jurisdiction of the governmental entity. The Act does not mention a preferred methodology to examine the household's whose income does not exceed 80% of the median income. Therefore, the analysis uses the US Housing and Urban Development's (HUD) criteria that housing costs should be 30% or less of a household's income. The cost of housing is "moderately burdensome" if its cost burden is over 30% and "severely burdensome" if the ratio is over 50%.

### MAXIMUM SUPPORTABLE SCHOOL DEVELOPMENT IMPACT FEE

The school impact fees found in Figure 20 are new development's fair share of the cost to provide additional school capacity in the Beaufort County School District. The District may recommend, and Beaufort County may adopt on the District's behalf fees that are less than the amounts shown. However, a reduction in impact fee revenue will necessitate an increase in other revenues, a decrease in planned capital expenditures, and/or a decrease in levels of service. The housing affordability analysis will assume a conservative condition for assessing the effect of the impact fee on affordable housing in the Beaufort County School District (i.e. the maximum supportable impact fee amount). If the County Council were to choose a lower impact fee amount, the results presented in this report would improve.

**Figure 20. Maximum Supportable School Development Impact Fee – South of the Broad Service Area**

Maximum Supportable School Impact Fee				
Housing Type	Elementary (K-5)	Middle (6-8)	High (9-12)	Maximum Supportable Fee
Single Family	\$3,635	\$2,229	\$3,671	\$9,535
Multifamily	\$2,350	\$891	\$1,267	\$4,508

## HOUSING STOCK

Listed in Figure 21, there are a total of 62,583 housing units in the South of the Broad Service Area. Of the total, 66 percent are occupied by permanent residents. Additionally, there are 31,806 owner-occupied households and 9,581 renter-occupied households. The majority (82 percent) of the housing in the service area is single family units.

**Figure 21. Housing Stock Characteristics – South of the Broad**

Units in Structure	Owner-Occupied		Renter-Occupied		Renter & Owner Combined				
	Persons	HsehlDs	Persons	HsehlDs	Persons	HsehlDs	Hsg Units	PPHH	PPHU
Single family [1]	68,284	29,554	14,395	4,270	82,679	33,824	44,748	2.44	1.85
2 to 4	917	502	2,333	905	3,250	1,407	2,539	2.31	1.28
5 or more	2,981	1,750	10,370	4,406	13,351	6,156	15,296	2.17	0.87
<b>Total</b>	<b>72,182</b>	<b>31,806</b>	<b>27,098</b>	<b>9,581</b>	<b>99,280</b>	<b>41,387</b>	<b>62,583</b>	<b>2.40</b>	<b>1.59</b>
					Vacant HU Occupancy Rate				
					21,196 66%				
Summary by Type of Housing	Totals								
	Persons	HsehlDs	Hsg Units	PPHH	PPHU	Hhld Mix	Hsg Mix		
Single Family [1]	82,679	33,824	44,748	2.44	1.85	82%	72%		
Multifamily [2]	16,601	7,563	17,835	2.20	0.93	18%	28%		
<b>Total</b>	<b>99,280</b>	<b>41,387</b>	<b>62,583</b>	<b>2.40</b>	<b>1.59</b>	<b>100%</b>	<b>100%</b>		

[1] Includes attached and detached single family homes and mobile homes

[2] Includes all other types

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

## HOUSEHOLD INCOME

The purchasing power of southern residents to secure housing is represented by personal income. Personal income includes all wages, tips, and bonuses from employment, as well as retirement income earned from a pension plan or retirement account. In the analysis, household income represents all residents living in the housing unit, no matter relationship. From the US Census Bureau American Community Survey, in 2018 the median annual household income for owner-occupied household in the South Service Area was \$80,527. By using the US Bureau of Labor Statistics' CPI Calculator, the current household income is estimated at \$81,934. The annual income for a household making 80 percent of the area's median is \$65,547, or \$5,462 per month. This is done for renter-occupied households as well.

**Figure 22. Median Household Income – South of the Broad**

Tenure	Median Annual Hsehold Income (2018)	Median Annual Hsehold Income (2020)	Household Income Factor	80% of Median Annual Income	Monthly Income
Owner-occupied	\$80,527	\$81,934	80%	\$65,547	\$5,462
Renter-occupied	\$49,220	\$50,080	80%	\$40,064	\$3,339

Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates; U.S. Bureau of Labor Statistics CPI Calculator

Note: American Community Survey data represents information as of June, 2018. CPI calculator calculates median income to March, 2020 dollars.



## **COST OF HOMEOWNERSHIP**

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The analysis uses seven categories to calculate the baseline cost of homeownership in the South Service Area: purchase price; mortgage payment; property tax; solid waste collection fee; water, sewer and electric utilities; telephone, cable and internet utilities; and homeowners insurance.

Furthermore, monthly household costs vary across the service area. To address this variation, when possible the analysis applies an average. The following section details the costs included.

### **Purchase Price**

The median home value is used to estimate the purchase price of a home. The American Community Survey estimates that the median value of a home in the South Service Area in 2018 was \$364,583 (US Census Bureau, 2014-2018 American Community Survey 5-Year Estimates). With the US Bureau of Labor Statistics' CPI Calculator, the current home value is estimated to be \$370,956.

There are several different impact fees that exist in the South of the Broad Service Area. The average impact fee for Beaufort County, municipalities, and fire districts is estimated at \$4,124. Taking a conservative approach, the full impact fee amount is added to the purchasing price, resulting in the purchasing price increasing to \$375,080.

### **Mortgage Payment**

A conventional, fixed-rate 30-year mortgage is assumed to estimate monthly costs of principle and interest on a home loan. The down payment for a loan is assumed to be 20 percent of the purchase price ( $\$375,080 \times 20\% = \$75,016$ ). The loan amount for the mortgage is determined by subtracting the down payment from the purchase price ( $\$375,080 - \$75,016 = \$300,064$ ). An interest rate of 3.22 percent is assumed for the home purchase based on a survey of competitive interest rates in Beaufort County ([www.bankrate.com](http://www.bankrate.com)). The monthly mortgage payment is \$1,301.

### **Property Tax**

To calculate annual property tax, homes in Beaufort County that are permanent residences are subject to 4 percent assessment ratio and a property tax millage rate. Depending on their location, residents are subject to a property tax for municipal services, school services, and fire services. The average total millage rate is 0.133. Assumed in the analysis, annual property tax for the average valued home is \$1,998 ( $\$375,080 \times 4\% \times 0.133 = \$1,998$ ).

### **Solid Waste Collection Fee**

Portion of the South Service Area require a resident to either transport their garbage to a refuse site or hire a private company. For this analysis, a weekly pick-up service was researched online. The service was found to cost an average of \$17 per month (May River Disposal).

## **Water, Sewer, and Electric Utilities**

From the Beaufort – Jasper Water & Sewer Authority, an average household consumes 7,000 gallons of water a month. By combining the water usage with the Authority’s water rate, a monthly charge for water of \$33.60 is estimated.

On average, a household generates 7,000 gallons of wastewater per month. Based on the sewer rates, a household that generates the average amount of wastewater will be charged the maximum amount, \$55 per month.

Additionally, for an average household that uses 1,000 kilowatts of electricity per month, Dominion Energy charges \$127.13.

As a result, the average monthly bill for these utilities is \$216.

## **Telephone, Cable, and Internet Utilities**

Spectrum is a provider of telephone, cable, and internet in Beaufort County. From their website, the three services costs \$90 per month.

## **Homeowner’s Insurance**

Homeowner’s insurance provides protection for the home and is generally required when a home has a mortgage. The average cost for homeowner’s insurance in Beaufort County is estimated to be \$800 per year ([www.insurance.com](http://www.insurance.com)).

## **Total Monthly Homeownership Cost**

By compiling the month obligations, it is estimated that the monthly cost for homeownership is \$1,857. At the end of this chapter the monthly costs are listed in Figure 25.

## **COST OF RENTING**

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The cost of renting a home in the South of the Broad Service Area is estimated with data provided by the US Census Bureau. In 2018, the median gross rent (including all utilities and rental insurance) is estimated to be \$1,298. With the US Bureau of Labor Statistics’ CPI Calculator, the current cost of renting is estimated to be \$1,320.

## **COST BURDEN ANALYSIS**

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The cost burden for affordable housing is measured as the ratio between monthly payments for housing (including property tax, fee, utilities, and insurance) and monthly gross household income. An analysis was conducted for residents that purchase a home and residents that rent a home. A cost burden ratio of 30 percent is used as the threshold to determine housing affordability in the South Service Area.

## **Scenario 1: Baseline Conditions**

Figure 23 summarizes the cost burden analysis for residents purchasing or renting a median valued home without the proposed maximum supportable development impact fee included. Based on the results,

owner-occupied and renter-occupied housing costs are above the limit considered for affordability for households whose income is 80 percent of the County's median income.

**Figure 23. Scenario 1: Cost Burden Analysis without Maximum Supportable Development Impact Fee**

Occupancy	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$5,462	\$1,857	34.0%
Renter-Occupied	\$3,339	\$1,330	39.8%

## Scenario 2: Baseline Condition + Proposed Development Impact Fee

In the second scenario, the maximum supportable development impact fee is included into the cost burden analysis to highlight the effects the fee has on housing affordability. Indicated in Figure 21, owner-occupied housing units are predominately single family units and renter-occupied housings is mixed between the three categories (single family, 2 to 4 units, and 5 or more). Since the development impact fee is calculated by housing type, the owner-occupied housing unit will be assessed the fee a single family unit (\$9,535) and the renter-occupied housing unit will be assessed the fee a multifamily unit (\$3,431).

The analysis takes a conservative approach and assumes the purchase price of the median home is raised by the development impact fee. This ultimately increases the household's mortgage payment and property tax, see Figure 25. For renter-occupied housing units, the analysis assumes that the development impact fee will be recouped over 30 years by the landlord through an increase in monthly rent.

Listed in Figure 24, the monthly costs for owners and renters only marginally increases with the maximum supportable development impact fee. The cost burden for owner-occupied housing increases by 0.7 percentage points, while the increase in costs for renter-occupied housing increases the burden by 0.3 percent points.

**Figure 24. Scenario 2: Cost Burden Analysis with Proposed Development Impact Fee**

Occupancy	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$5,462	\$1,894	34.7%
Renter-Occupied	\$3,339	\$1,339	40.1%

## Conclusion

The South Carolina Development Impact Fee Act requires preparation of a report that estimates the effect of imposing development impact fees on affordability of housing in the jurisdiction. To calculate the effect, a household that earns 80 percent of the median income should have a cost burden ratio of 30 percent or less for housing. **This analysis has concluded that the maximum supportable development impact fee results in a marginal increase to the monthly cost for residents and that the increase is low enough that the existing cost burden is unaffected.** As noted, this analysis takes a conservative approach and assumes that the development impact fees are absorbed entirely by the home occupants. If the County Council were to choose a lower development impact fee amount, the results presented in this report would improve.

Figure 25. Cost of Homeownership – South of the Broad

	Monthly Payment Calculation	
	Scenario 1 Baseline Condition	Scenario 2 Baseline Condition + Impact Fee
Purchase Price	\$375,080	\$384,615
Down Payment	\$75,016	\$76,923
Loan Amount	\$300,064	\$307,692
Loan Length (Years)	30	30
Loan Length (Months)	360	360
Yearly Interest Rate	3.22%	3.22%
Monthly Interest Rate	0.27%	0.27%
Monthly Payment	\$1,301	\$1,334
Property Tax - County (per month)	\$78	\$80
Property Tax - City (per month)	\$26	\$26
Property Tax - School Debt (per month)	\$40	\$41
Property Tax - Fire (per month)	\$23	\$23
Solid Waste Collection Fee	\$17	\$17
Water, Sewer, Electric Utilities	\$216	\$216
Telephone, Cable, Internet Utilities	\$90	\$90
Homeowners Insurance	\$67	\$67
Monthly Cost	<b>\$1,857</b>	<b>\$1,894</b>

## APPENDIX B: LAND USE DEFINITIONS

### RESIDENTIAL DEVELOPMENT

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As discussed below, residential development categories are based on data from the U.S. Census Bureau, American Community Survey. Beaufort County will collect development fees from all new residential units. One-time development fees are determined by site capacity (i.e. number of residential units).

#### Single Family:

1. Single family detached is a one-unit structure detached from any other house, that is, with open space on all four sides. Such structures are considered detached even if they have an adjoining shed or garage. A one-family house that contains a business is considered detached as long as the building has open space on all four sides.
2. Single family attached (townhouse) is a one-unit structure that has one or more walls extending from ground to roof separating it from adjoining structures. In row houses (sometimes called townhouses), double houses, or houses attached to nonresidential structures, each house is a separate, attached structure if the dividing or common wall goes from ground to roof.
3. Mobile home includes both occupied and vacant mobile homes, to which no permanent rooms have been added, are counted in this category. Mobile homes used only for business purposes or for extra sleeping space and mobile homes for sale on a dealer's lot, at the factory, or in storage are not counted in the housing inventory.
4. Examples of respective land use codes in the Institute of Transportation Engineers Trip Generation Manual, 2017: 210

#### Multifamily:

1. 2+ units (duplexes and apartments) are units in structures containing two or more housing units, further categorized as units in structures with “2, 3 or 4, 5 to 9, 10 to 19, 20 to 49, and 50 or more apartments.”
2. Boat, RV, Van, Etc. includes any living quarters occupied as a housing unit that does not fit the other categories (e.g., houseboats, railroad cars, campers, and vans). Recreational vehicles, boats, vans, railroad cars, and the like are included only if they are occupied as a current place of residence.
3. Examples of respective land use codes in the Institute of Transportation Engineers Trip Generation Manual, 2017: 220, 221, 222

## NONRESIDENTIAL DEVELOPMENT

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The proposed general nonresidential development categories (defined below) can be used for all new construction within Beaufort County. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

**Retail:** Establishments primarily selling merchandise, eating/drinking places, and entertainment uses. By way of example, *Retail* includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, and movie theaters, hotels, and motels.

- Examples of respective land use codes in the Institute of Transportation Engineers [Trip Generation Manual](#), 2017: 820, 815, 823, 850, 875, 880

**Office/Service:** Establishments providing management, administrative, professional, or business services; By way of example, *Office/Service* includes banks, business offices, headquarter buildings, business parks, and research and development centers.

- Examples of respective land use codes in the Institute of Transportation Engineers [Trip Generation Manual](#), 2017: 710, 712, 714, 720, 750, 770

**Industrial:** Establishments primarily engaged in the production, transportation, or storage of goods. By way of example, *Industrial* includes manufacturing plants, distribution warehouses, trucking companies, utility substations, power generation facilities, and telecommunications buildings.

- Examples of respective land use codes in the Institute of Transportation Engineers [Trip Generation Manual](#), 2017: 110, 130, 150, 154, 160, 170

**Institutional:** Establishments providing management, administrative, professional, or business services; By way of example, *Institutional* includes assisted living facilities, nursing homes, hospitals, medical offices, veterinarian clinics, schools, universities, churches, daycare facilities, government buildings, and prisons.

- Examples of respective land use codes in the Institute of Transportation Engineers [Trip Generation Manual](#), 2017: 520, 560, 565, 575, 580, 590

## APPENDIX C: SOUTH CAROLINA DEVELOPMENT IMPACT FEE ACT

<https://www.scstatehouse.gov/code/title6.php>

March 22, 2019

### CHAPTER 1

#### General Provisions

#### ARTICLE 9

#### Development Impact Fees

#### **SECTION 6-1-910.** Short title.

This article may be cited as the “South Carolina Development Impact Fee Act”.

HISTORY: 1999 Act No. 118, Section 1.

#### **SECTION 6-1-920.** Definitions.

As used in this article:

(1) “Affordable housing” means housing affordable to families whose incomes do not exceed eighty percent of the median income for the service area or areas within the jurisdiction of the governmental entity.

(2) “Capital improvements” means improvements with a useful life of five years or more, by new construction or other action, which increase or increased the service capacity of a public facility.

(3) “Capital improvements plan” means a plan that identifies capital improvements for which development impact fees may be used as a funding source.

(4) “Connection charges” and “hookup charges” mean charges for the actual cost of connecting a property to a public water or public sewer system, limited to labor and materials involved in making pipe connections, installation of water meters, and other actual costs.

(5) “Developer” means an individual or corporation, partnership, or other entity undertaking development.

(6) “Development” means construction or installation of a new building or structure, or a change in use of a building or structure, any of which creates additional demand and need for public facilities. A building or structure shall include, but not be limited to, modular buildings and manufactured housing. “Development” does not include alterations made to existing single-family homes.

(7) “Development approval” means a document from a governmental entity which authorizes the commencement of a development.

(8) “Development impact fee” or “impact fee” means a payment of money imposed as a condition of development approval to pay a proportionate share of the cost of system improvements needed to serve the people utilizing the improvements. The term does not include:

(a) a charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development;

(b) connection or hookup charges;

(c) amounts collected from a developer in a transaction in which the governmental entity has incurred expenses in constructing capital improvements for the development if the owner or developer has agreed to be financially responsible for the construction or installation of the capital improvements;

(d) fees authorized by Article 3 of this chapter.

(9) “Development permit” means a permit issued for construction on or development of land when no subsequent building permit issued pursuant to Chapter 9 of Title 6 is required.

(10) “Fee payor” means the individual or legal entity that pays or is required to pay a development impact fee.

(11) “Governmental entity” means a county, as provided in Chapter 9, Title 4, and a municipality, as defined in Section 5-1-20.

(12) “Incidental benefits” are benefits which accrue to a property as a secondary result or as a minor consequence of the provision of public facilities to another property.

(13) “Land use assumptions” means a description of the service area and projections of land uses, densities, intensities, and population in the service area over at least a ten-year period.

(14) “Level of service” means a measure of the relationship between service capacity and service demand for public facilities.

(15) “Local planning commission” means the entity created pursuant to Article 1, Chapter 29, Title 6.

(16) “Project” means a particular development on an identified parcel of land.

(17) “Proportionate share” means that portion of the cost of system improvements determined pursuant to Section 6-1-990 which reasonably relates to the service demands and needs of the project.

(18) “Public facilities” means:

(a) water supply production, treatment, laboratory, engineering, administration, storage, and transmission facilities;

(b) wastewater collection, treatment, laboratory, engineering, administration, and disposal facilities;

(c) solid waste and recycling collection, treatment, and disposal facilities;

(d) roads, streets, and bridges including, but not limited to, rights-of-way and traffic signals;

(e) storm water transmission, retention, detention, treatment, and disposal facilities and flood control facilities;

(f) public safety facilities, including law enforcement, fire, emergency medical and rescue, and street lighting facilities;

(g) capital equipment and vehicles, with an individual unit purchase price of not less than one hundred thousand dollars including, but not limited to, equipment and vehicles used in the delivery of public safety services, emergency preparedness services, collection and disposal of solid waste, and storm water management and control;

(h) parks, libraries, and recreational facilities;

(i) public education facilities for grades K-12 including, but not limited to, schools, offices, classrooms, parking areas, playgrounds, libraries, cafeterias, gymnasiums, health and music rooms, computer and science laboratories, and other facilities considered necessary for the proper public education of the state’s children.

(19) “Service area” means, based on sound planning or engineering principles, or both, a defined geographic area in which specific public facilities provide service to development within the area defined. Provided, however, that no provision in this article may be interpreted to alter, enlarge, or reduce the service area or boundaries of a political subdivision which is authorized or set by law.



(20) “Service unit” means a standardized measure of consumption, use, generation, or discharge attributable to an individual unit of development calculated in accordance with generally accepted engineering or planning standards for a particular category of capital improvements.

(21) “System improvements” means capital improvements to public facilities which are designed to provide service to a service area.

(22) “System improvement costs” means costs incurred for construction or reconstruction of system improvements, including design, acquisition, engineering, and other costs attributable to the improvements, and also including the costs of providing additional public facilities needed to serve new growth and development. System improvement costs do not include:

(a) construction, acquisition, or expansion of public facilities other than capital improvements identified in the capital improvements plan;

(b) repair, operation, or maintenance of existing or new capital improvements;

(c) upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards;

(d) upgrading, updating, expanding, or replacing existing capital improvements to provide better service to existing development;

(e) administrative and operating costs of the governmental entity; or

(f) principal payments and interest or other finance charges on bonds or other indebtedness except financial obligations issued by or on behalf of the governmental entity to finance capital improvements identified in the capital improvements plan.

HISTORY: 1999 Act No. 118, Section 1; 2016 Act No. 229 (H.4416), Section 2, eff June 3, 2016.

Effect of Amendment

2016 Act No. 229, Section 2, added (18)(i), relating to certain public education facilities.

**SECTION 6-1-930. Developmental impact fee.**

(A)(1) Only a governmental entity that has a comprehensive plan, as provided in Chapter 29 of this title, and which complies with the requirements of this article may impose a development impact fee. If a governmental entity has not adopted a comprehensive plan, but has adopted a capital improvements plan which substantially complies with the requirements of Section 6-1-960(B), then it may impose a development impact fee. A governmental entity may not impose an impact fee, regardless of how it is designated, except as provided in this article. However, a special purpose district or public service district which (a) provides fire protection services or recreation services, (b) was created by act of the General Assembly prior to 1973, and (c) had the power to impose development impact fees prior to the effective date of this section is not prohibited from imposing development impact fees.

(2) Before imposing a development impact fee on residential units, a governmental entity shall prepare a report which estimates the effect of recovering capital costs through impact fees on the availability of affordable housing within the political jurisdiction of the governmental entity.

(B)(1) An impact fee may be imposed and collected by the governmental entity only upon the passage of an ordinance approved by a positive majority, as defined in Article 3 of this chapter.

(2) The amount of the development impact fee must be based on actual improvement costs or reasonable estimates of the costs, supported by sound engineering studies.

(3) An ordinance authorizing the imposition of a development impact fee must:

(a) establish a procedure for timely processing of applications for determinations by the governmental entity of development impact fees applicable to all property subject to impact fees and for the timely processing of applications for individual assessment of development impact fees, credits, or reimbursements allowed or paid under this article;

(b) include a description of acceptable levels of service for system improvements; and

(c) provide for the termination of the impact fee.

(C) A governmental entity shall prepare and publish an annual report describing the amount of all impact fees collected, appropriated, or spent during the preceding year by category of public facility and service area.

(D) Payment of an impact fee may result in an incidental benefit to property owners or developers within the service area other than the fee payor, except that an impact fee that results in benefits to property owners or developers within the service area, other than the fee payor, in an amount which is greater than incidental benefits is prohibited.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-940.** Amount of impact fee.

A governmental entity imposing an impact fee must provide in the impact fee ordinance the amount of impact fee due for each unit of development in a project for which an individual building permit or certificate of occupancy is issued. The governmental entity is bound by the amount of impact fee specified in the ordinance and may not charge higher or additional impact fees for the same purpose unless the number of service units increases or the scope of the development changes and the amount of additional impact fees is limited to the amount attributable to the additional service units or change in scope of the development. The impact fee ordinance must:

(1) include an explanation of the calculation of the impact fee, including an explanation of the factors considered pursuant to this article;

(2) specify the system improvements for which the impact fee is intended to be used;

(3) inform the developer that he may pay a project's proportionate share of system improvement costs by payment of impact fees according to the fee schedule as full and complete payment of the developer's proportionate share of system improvements costs;

(4) inform the fee payor that:

(a) he may negotiate and contract for facilities or services with the governmental entity in lieu of the development impact fee as defined in Section 6-1-1050;

(b) he has the right of appeal, as provided in Section 6-1-1030;

(c) the impact fee must be paid no earlier than the time of issuance of the building permit or issuance of a development permit if no building permit is required.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-950.** Procedure for adoption of ordinance imposing impact fees.

(A) The governing body of a governmental entity begins the process for adoption of an ordinance imposing an impact fee by enacting a resolution directing the local planning commission to conduct the studies and to recommend an impact fee ordinance, developed in accordance with the requirements of

this article. Under no circumstances may the governing body of a governmental entity impose an impact fee for any public facility which has been paid for entirely by the developer.

(B) Upon receipt of the resolution enacted pursuant to subsection (A), the local planning commission shall develop, within the time designated in the resolution, and make recommendations to the governmental entity for a capital improvements plan and impact fees by service unit. The local planning commission shall prepare and adopt its recommendations in the same manner and using the same procedures as those used for developing recommendations for a comprehensive plan as provided in Article 3, Chapter 29, Title 6, except as otherwise provided in this article. The commission shall review and update the capital improvements plan and impact fees in the same manner and on the same review cycle as the governmental entity's comprehensive plan or elements of it.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-960.** Recommended capital improvements plan; notice; contents of plan.

(A) The local planning commission shall recommend to the governmental entity a capital improvements plan which may be adopted by the governmental entity by ordinance. The recommendations of the commission are not binding on the governmental entity, which may amend or alter the plan. After reasonable public notice, a public hearing must be held before final action to adopt the ordinance approving the capital improvements plan. The notice must be published not less than thirty days before the time of the hearing in at least one newspaper of general circulation in the county. The notice must advise the public of the time and place of the hearing, that a copy of the capital improvements plan is available for public inspection in the offices of the governmental entity, and that members of the public will be given an opportunity to be heard.

(B) The capital improvements plan must contain:

(1) a general description of all existing public facilities, and their existing deficiencies, within the service area or areas of the governmental entity, a reasonable estimate of all costs, and a plan to develop the funding resources, including existing sources of revenues, related to curing the existing deficiencies including, but not limited to, the upgrading, updating, improving, expanding, or replacing of these facilities to meet existing needs and usage;

(2) an analysis of the total capacity, the level of current usage, and commitments for usage of capacity of existing public facilities, which must be prepared by a qualified professional using generally accepted principles and professional standards;

(3) a description of the land use assumptions;

(4) a definitive table establishing the specific service unit for each category of system improvements and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, agricultural, and industrial, as appropriate;

(5) a description of all system improvements and their costs necessitated by and attributable to new development in the service area, based on the approved land use assumptions, to provide a level of service not to exceed the level of service currently existing in the community or service area, unless a different or higher level of service is required by law, court order, or safety consideration;

(6) the total number of service units necessitated by and attributable to new development within the service area based on the land use assumptions and calculated in accordance with generally accepted engineering or planning criteria;

(7) the projected demand for system improvements required by new service units projected over a reasonable period of time not to exceed twenty years;

(8) identification of all sources and levels of funding available to the governmental entity for the financing of the system improvements; and

(9) a schedule setting forth estimated dates for commencing and completing construction of all improvements identified in the capital improvements plan.

(C) Changes in the capital improvements plan must be approved in the same manner as approval of the original plan.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-970.** Exemptions from impact fees.

The following structures or activities are exempt from impact fees:

(1) rebuilding the same amount of floor space of a structure that was destroyed by fire or other catastrophe;

(2) remodeling or repairing a structure that does not result in an increase in the number of service units;

(3) replacing a residential unit, including a manufactured home, with another residential unit on the same lot, if the number of service units does not increase;

(4) placing a construction trailer or office on a lot during the period of construction on the lot;

(5) constructing an addition on a residential structure which does not increase the number of service units;

(6) adding uses that are typically accessory to residential uses, such as a tennis court or a clubhouse, unless it is demonstrated clearly that the use creates a significant impact on the system's capacity;

(7) all or part of a particular development project if:

(a) the project is determined to create affordable housing; and

(b) the exempt development's proportionate share of system improvements is funded through a revenue source other than development impact fees;

(8) constructing a new elementary, middle, or secondary school; and

(9) constructing a new volunteer fire department.

HISTORY: 1999 Act No. 118, Section 1; 2016 Act No. 229 (H.4416), Section 1, eff June 3, 2016.

Effect of Amendment

2016 Act No. 229, Section 1, added (8) and (9), relating to certain schools and volunteer fire departments.

**SECTION 6-1-980.** Calculation of impact fees.

(A) The impact fee for each service unit may not exceed the amount determined by dividing the costs of the capital improvements by the total number of projected service units that potentially could use the capital improvement. If the number of new service units projected over a reasonable period of time is less than the total number of new service units shown by the approved land use assumptions at full development of the service area, the maximum impact fee for each service unit must be calculated by

dividing the costs of the part of the capital improvements necessitated by and attributable to the projected new service units by the total projected new service units.

(B) An impact fee must be calculated in accordance with generally accepted accounting principles.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-990.** Maximum impact fee; proportionate share of costs of improvements to serve new development.

(A) The impact fee imposed upon a fee payor may not exceed a proportionate share of the costs incurred by the governmental entity in providing system improvements to serve the new development. The proportionate share is the cost attributable to the development after the governmental entity reduces the amount to be imposed by the following factors:

(1) appropriate credit, offset, or contribution of money, dedication of land, or construction of system improvements; and

(2) all other sources of funding the system improvements including funds obtained from economic development incentives or grants secured which are not required to be repaid.

(B) In determining the proportionate share of the cost of system improvements to be paid, the governmental entity imposing the impact fee must consider the:

(1) cost of existing system improvements resulting from new development within the service area or areas;

(2) means by which existing system improvements have been financed;

(3) extent to which the new development contributes to the cost of system improvements;

(4) extent to which the new development is required to contribute to the cost of existing system improvements in the future;

(5) extent to which the new development is required to provide system improvements, without charge to other properties within the service area or areas;

(6) time and price differentials inherent in a fair comparison of fees paid at different times; and

(7) availability of other sources of funding system improvements including, but not limited to, user charges, general tax levies, intergovernmental transfers, and special taxation.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1000.** Fair compensation or reimbursement of developers for costs, dedication of land or oversize facilities.

A developer required to pay a development impact fee may not be required to pay more than his proportionate share of the costs of the project, including the payment of money or contribution or dedication of land, or to oversize his facilities for use of others outside of the project without fair compensation or reimbursement.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1010.** Accounting; expenditures.

(A) Revenues from all development impact fees must be maintained in one or more interest-bearing accounts. Accounting records must be maintained for each category of system improvements and the service area in which the fees are collected. Interest earned on development impact fees must be

considered funds of the account on which it is earned, and must be subject to all restrictions placed on the use of impact fees pursuant to the provisions of this article.

(B) Expenditures of development impact fees must be made only for the category of system improvements and within or for the benefit of the service area for which the impact fee was imposed as shown by the capital improvements plan and as authorized in this article. Impact fees may not be used for:

(1) a purpose other than system improvement costs to create additional improvements to serve new growth;

(2) a category of system improvements other than that for which they were collected; or

(3) the benefit of service areas other than the area for which they were imposed.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1020.** Refunds of impact fees.

(A) An impact fee must be refunded to the owner of record of property on which a development impact fee has been paid if:

(1) the impact fees have not been expended within three years of the date they were scheduled to be expended on a first-in, first-out basis; or

(2) a building permit or permit for installation of a manufactured home is denied.

(B) When the right to a refund exists, the governmental entity shall send a refund to the owner of record within ninety days after it is determined by the entity that a refund is due.

(C) A refund must include the pro rata portion of interest earned while on deposit in the impact fee account.

(D) A person entitled to a refund has standing to sue for a refund pursuant to this article if there has not been a timely payment of a refund pursuant to subsection (B) of this section.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1030.** Appeals.

(A) A governmental entity which adopts a development impact fee ordinance shall provide for administrative appeals by the developer or fee payor.

(B) A fee payor may pay a development impact fee under protest. A fee payor making the payment is not estopped from exercising the right of appeal provided in this article, nor is the fee payor estopped from receiving a refund of an amount considered to have been illegally collected. Instead of making a payment of an impact fee under protest, a fee payor, at his option, may post a bond or submit an irrevocable letter of credit for the amount of impact fees due, pending the outcome of an appeal.

(C) A governmental entity which adopts a development impact fee ordinance shall provide for mediation by a qualified independent party, upon voluntary agreement by both the fee payor and the governmental entity, to address a disagreement related to the impact fee for proposed development. Participation in mediation does not preclude the fee payor from pursuing other remedies provided for in this section or otherwise available by law.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1040.** Collection of development impact fees.

A governmental entity may provide in a development impact fee ordinance the method for collection of development impact fees including, but not limited to:

- (1) additions to the fee for reasonable interest and penalties for nonpayment or late payment;
- (2) withholding of the certificate of occupancy, or building permit if no certificate of occupancy is required, until the development impact fee is paid;
- (3) withholding of utility services until the development impact fee is paid; and
- (4) imposing liens for failure to pay timely a development impact fee.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1050.** Permissible agreements for payments or construction or installation of improvements by fee payors and developers; credits and reimbursements.

A fee payor and developer may enter into an agreement with a governmental entity, including an agreement entered into pursuant to the South Carolina Local Government Development Agreement Act, providing for payments instead of impact fees for facilities or services. That agreement may provide for the construction or installation of system improvements by the fee payor or developer and for credits or reimbursements for costs incurred by a fee payor or developer including interproject transfers of credits or reimbursement for project improvements which are used or shared by more than one development project. An impact fee may not be imposed on a fee payor or developer who has entered into an agreement as described in this section.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1060.** Article shall not affect existing laws.

(A) The provisions of this article do not repeal existing laws authorizing a governmental entity to impose fees or require contributions or property dedications for capital improvements. A development impact fee adopted in accordance with existing laws before the enactment of this article is not affected until termination of the development impact fee. A subsequent change or reenactment of the development impact fee must comply with the provisions of this article. Requirements for developers to pay in whole or in part for system improvements may be imposed by governmental entities only by way of impact fees imposed pursuant to the ordinance.

(B) Notwithstanding another provision of this article, property for which a valid building permit or certificate of occupancy has been issued or construction has commenced before the effective date of a development impact fee ordinance is not subject to additional development impact fees.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1070.** Shared funding among units of government; agreements.

(A) If the proposed system improvements include the improvement of public facilities under the jurisdiction of another unit of government including, but not limited to, a special purpose district that does not provide water and wastewater utilities, a school district, and a public service district, an agreement between the governmental entity and other unit of government must specify the reasonable share of funding by each unit. The governmental entity authorized to impose impact fees may not assume more than its reasonable share of funding joint improvements, nor may another unit of government which is not authorized to impose impact fees do so unless the expenditure is pursuant to an agreement under Section 6-1-1050 of this section.



(B) A governmental entity may enter into an agreement with another unit of government including, but not limited to, a special purpose district that does not provide water and wastewater utilities, a school district, and a public service district, that has the responsibility of providing the service for which an impact fee may be imposed. The determination of the amount of the impact fee for the contracting governmental entity must be made in the same manner and is subject to the same procedures and limitations as provided in this article. The agreement must provide for the collection of the impact fee by the governmental entity and for the expenditure of the impact fee by another unit of government including, but not limited to, a special purpose district that does not provide water and wastewater utilities, a school district, and a public services district unless otherwise provided by contract.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1080.** Exemptions; water or wastewater utilities.

The provisions of this chapter do not apply to a development impact fee for water or wastewater utilities, or both, imposed by a city, county, commissioners of public works, special purpose district, or nonprofit corporation organized pursuant to Chapter 35 or 36 of Title 33, except that in order to impose a development impact fee for water or wastewater utilities, or both, the city, county, commissioners of public works, special purpose district or nonprofit corporation organized pursuant to Chapter 35 or 36 of Title 33 must:

- (1) have a capital improvements plan before imposition of the development impact fee; and
- (2) prepare a report to be made public before imposition of the development impact fee, which shall include, but not be limited to, an explanation of the basis, use, calculation, and method of collection of the development impact fee; and
- (3) enact the fee in accordance with the requirements of Article 3 of this chapter.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-1090.** Annexations by municipalities.

A county development impact fee ordinance imposed in an area which is annexed by a municipality is not affected by this article until the development impact fee terminates, unless the municipality assumes any liability which is to be paid with the impact fee revenue.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-2000.** Taxation or revenue authority by political subdivisions.

This article shall not create, grant, or confer any new or additional taxing or revenue raising authority to a political subdivision which was not specifically granted to that entity by a previous act of the General Assembly.

HISTORY: 1999 Act No. 118, Section 1.

**SECTION 6-1-2010.** Compliance with public notice or public hearing requirements.

Compliance with any requirement for public notice or public hearing in this article is considered to be in compliance with any other public notice or public hearing requirement otherwise applicable including, but not limited to, the provisions of Chapter 4, Title 30, and Article 3 of this chapter.

HISTORY: 1999 Act No. 118, Section 1.



## INTERGOVERNMENTAL AGREEMENT BETWEEN BEAUFORT COUNTY AND THE TOWN OF BLUFFTON

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_, 20219, by and between

Beaufort County, South Carolina (“County”), a political subdivision, and the Town of \_\_\_\_\_ (“Town”); This Agreement provides, through Ordinance No. 2020/\_\_\_\_, the impact fee procedures of Section 82-21 *et seq.* of the Beaufort County Code; and an intergovernmental agreement between the County and the Beaufort County Board of Education (“School Board”), for the following:

- (1) The imposition and collection, at the time of issuance of a building permit, of school development impact fees on all new residential development within the Town; and
- (2) The transfer of the school development impact fees from the Town to the County, and then the transfer of the fees from the County to the School Board; and
- (3) If fees are not spent by the School Board within the time limits established by state law and the impact fee procedures in Section 82-21 *et seq.* of the Beaufort County Code, the return of fees collected by the Town so they can be refunded to the appropriate fee payers.

### RECITALS

**WHEREAS**, the South Carolina Legislature has adopted the South Carolina Development Impact Fee Act, S.C. Code §§ 6-1-910 *et seq.* (hereinafter the “Act”) which enables local governments to enact and impose impact fees for public facilities including for public school facilities for grades K-12, in accordance with the Act’s provisions, procedures, and requirements; and

**WHEREAS**, pursuant to the Act, the School Board has directed the preparation of a technical support study entitled the *School Impact Fee Study and Capital Improvement Plan*, prepared by TischlerBise, dated July 27, 2020 (hereafter, the “school support study and CIP”), which is expressly incorporated herein by reference; and

**WHEREAS**, the support study and CIP demonstrates that as a result of population and growth estimates over the next 10 years for the area south of the Broad River (“South Beaufort County School Service Area”), which includes the Town, there will be a need for additional classrooms and other school facilities to accommodate the continued population growth in the South Beaufort County School Service Area; and

**WHEREAS**, the school support study and CIP establishes reasonable level of service standards, land use assumptions, methodologies, service units, system improvement costs, and formulas for determining the impacts of new residential development in the South Beaufort County School Service Area, and a proportionate school development impact fee for new residential development; and

**WHEREAS**, pursuant to the school support study and CIP, school facility system improvement needs have been identified in the South Beaufort County School Service Area, and a capital improvements plan prepared; and

**WHEREAS**, the Town is wholly located within the South Beaufort County School Service Area;  
~~and as are~~  
~~the Town of \_\_\_\_\_ and portions of the County which have been annexed into the City of Hardeeville;~~  
~~and~~

**WHEREAS**, pursuant to the Act, the County has adopted the Impact Fee Procedures Ordinance, codified at Section 82-21 *et seq.* of the County Code; and

**WHEREAS**, the County has prepared and adopted the School Development Impact Fee Ordinance (Ordinance No. 2020/ ); and

**WHEREAS**, pursuant to the Act, and to ensure the school development impact fees established in Ordinance No. 2020/\_\_\_\_, are imposed and collected uniformly within the South Beaufort County School Service Area, the Towns of \_\_\_\_\_ and \_\_\_\_\_ and the City of Hardeeville have all has opted into Ordinance No. 2020/\_\_\_\_, and will impose school development impact fees within their corporate limits; and

**WHEREAS**, pursuant to S. C. Code § 6-1-20, the County and Town (collectively, the “parties”) are authorized to enter into this Intergovernmental Agreement; and

**WHEREAS**, the County has the power and authority, pursuant to the Act, to enact, impose, and collect school development impact fees, including collecting school development impact fees from the Town as specified in this Intergovernmental Agreement; and

**WHEREAS**, the County and the Town agree that all school development impact fees collected in accordance with this Agreement shall ultimately be transferred to the School Board for the purpose of funding new school facility system improvements needed in the South Beaufort County School Service Area as a result of new residential development, or if necessary be refunded to the appropriate feepayers; and

~~**WHEREAS**, the Town of \_\_\_\_\_ and the City of Hardeeville (with respect to annexed portions of~~

~~the County) have entered into similar intergovernmental agreements with the County for the collection and transfer of fees to the School Board and for fee refunds to the appropriate fee payers, if necessary; and~~

**WHEREAS**, the County states that this Agreement is authorized by and is in accordance with S.C. Code §§ 4-9-40 and 4-9-41; and

**WHEREAS**, the Agreement, upon its execution by the parties, shall be on file with the Clerk to the Council of Beaufort County and the Clerk of the Town of Bluffton.

**NOW, THEREFORE**, the parties to this Agreement do agree as follows:

### **SECTION 1. Title**

This Intergovernmental Agreement shall hereafter be referred to as the “Agreement.”

### **SECTION 2. Purpose and Intent**

The purpose of this Agreement is to ensure:

- (1) School development impact fees are imposed on new residential development uniformly within the South Beaufort County School Service Area, including new residential development within the Town; and
- (2) The Town collects school development impact fees at time of building permit, places them in a segregated, interest-bearing trust account, then transfers them to the County before they are then transferred to the School Board for school facility system improvements in accordance with Ordinance No. 2020/\_\_\_ and the impact fee procedures in Section 82-21 *et seq.* of the County Code; and
- (3) The provisions of Section 82-33(b)(3) in reference to affordable housing units is recognized, adopted, and supplemental as follows:
  - (a) no fees will be levied on any affordable housing units developed by the Town or on Town property via a public/private partnership or joint venture.
  - (b) The impact fee discount for Area Medium Income (AMI) from 80% to 90% will be 50% and the discount for AMI between 91% and 100% will be 40%.
- ~~(2)~~(4) If the School Board fails to expend the fees within the time limits established by state law and the impact fee procedures in Section 82-21 *et seq.* of the County Code, the unspent fees are then returned to the Town by the School Board so they can be refunded to the appropriate fee payers.

### **SECTION 3. References to County Ordinances**

This Agreement expressly incorporates by reference Beaufort County Ordinance No. 2020/\_\_\_\_ and the impact fee procedures in Section 82-21 *et seq.* of the County Code. Any substantive amendments to these ordinances related to Ordinance No. 2020/\_\_\_\_ shall have the express prior agreement of the Town.

### **SECTION 4. Duration, Extension, and Termination of Agreement**

#### **(1)Duration and Extension of Agreement**

The Agreement shall remain effective from the date of its execution by the parties for a period of not less than 10 years unless it is terminated by mutual agreement of the parties. If not terminated prior to or at the end of the 10-year period, it shall continue in effect.

#### **(2)Termination of Agreement**

- (a) The Agreement may be terminated prior to the expiration of the 10-year period set forth in (1) above only by the mutual agreement of the parties.
- (b) The Agreement may be terminated after the expiration of the 10-year period set forth in (1) above by the unilateral action of either party to the Agreement, provided that such termination action may only occur after the party seeking termination provides notice to the other party to the Agreement at least 90 days prior to taking such action and notices, schedules, and holds at least one hearing at which the other party is given notice and has an opportunity to be heard.
- (c) Following notice and an opportunity to be heard as set forth in (b) above, the party seeking termination may, by appropriate action, terminate the Agreement.

### **SECTION 5. Amendments to the Agreement**

The Agreement may be amended only by the mutual consent of the parties and in the same manner as its original adoption; provided, however, that the County may adjust the amount of any school development impact fees as set forth in the Ordinance No. 2020/\_\_\_\_, without the prior agreement of the Town if the County:

- (1) Prepares a new or updated technical support study and capital improvement plan;
- (2) Adopts an amendment to Ordinance No. 2020/\_\_\_\_; and
- (3) The amount of the impact fee adjustment does not change the school development impact fees by more than 50 percent from the fee amounts set forth in Ordinance No. 2020/\_\_\_\_.

~~(3)~~(4) This adjustment may be done only once during the term of this Agreement.

## SECTION 6. Responsibilities of the Town

- (1) The Town shall be responsible for the calculation and collection of the school development impact fee within its jurisdiction from all new non-exempt residential development, in accordance with the Act, Ordinance No. 2020/\_\_\_\_, and the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (2) The amount of the school development impact fee shall be based upon the fee in effect at the time of building permit issuance, as established in Ordinance No. 2020/\_\_\_\_.
- (3) No building permit for new residential development shall be issued unless the school development impact fees are paid in full by the applicant, unless the developer has properly asserted and received one or more Developer Rights pursuant to the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (4) The Town shall forward any request made for an exemption or waiver of the development impact fees to the County Director of Planning who shall forward the request to County Council for approval or denial. The Town shall then collect or exempt or waive the fee based on the direction of County Council.
- (5) Upon the collection of a school development impact fee, the Town shall deposit such fees in a segregated, interest-bearing trust account which is subject to appropriate accounting controls. All interest earned and accruing to the account shall become funds of the account, subject to the same limitations and restrictions on use and expenditure of funds that are applicable to school development impact fee funds.
- (6) The Town shall transfer to the County the school development impact fees that have been collected by November 1 of each year.
- (7) Annually or, if deemed advisable, more frequently, the Town shall prepare an annual report in accordance with the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (8) All school development impact fee funds collected by the Town shall be restricted in their appropriation and use in accordance with the Act, Ordinance No. 2020/\_\_\_\_, the impact fee procedures in Section 82-21 *et seq.* of the County Code, the intergovernmental agreement between the County and School Board dated \_\_\_\_\_, 2020, and this Agreement.
- (9) All school development impact fee funds returned to the Town from the School Board due to the School Board's failure to expend the fees within the time limits established by

state law and the impact fee procedures in Section 82-21 *et seq.* of the County Code, shall be refunded to the appropriate fee payers.

- (10) To compensate the Town for the collection and administration of the school development impact fees, the Town shall be authorized to withhold an amount equal to one percent of the school development impact fee revenues collected.

## **SECTION 7. Responsibilities of the County**

- (1) The County shall be responsible for receipt of school development impact fee funds transferred by the Town to the County and shall deposit such funds into a segregated interest-bearing trust account subject to appropriate accounting controls.
- (2) Upon receipt of a request for an exemption or waiver of the development impact fees from the Town, the County Director of Planning shall forward the request to County Council for approval or denial. If approved, the County shall notify the Town of the extent of the waiver granted. If a full waiver is granted, no impact fees are due. If a partial waiver is granted, the remaining amount must be paid prior to the issuance of a building permit. If denied, the fees shall be paid in full.
- (3) School development impact fee funds collected by the Town and transferred to the County shall only be transferred by the County to the School Board in accordance with Ordinance No. 2020/\_\_\_\_, the intergovernmental agreement between the County and School Board dated\_\_\_\_\_, 2020, and the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (4) The County shall be responsible for interpretation of Beaufort County Ordinance No. 2020/\_\_\_\_, and the impact fee procedures in Section 82-21 *et seq.* of the County Code.

## **SECTION 8. Governing Law**

This Agreement, and its interpretation and performance, shall be governed and construed by the applicable laws of the State of South Carolina.

## **SECTION 9. Conflict**

To the extent of any conflict between other County ordinances and this Agreement, this Agreement shall be deemed to be controlling. This Agreement is not intended to amend or repeal any existing County or Town ordinances.

## **SECTION 10. Cooperation Between and Among the Parties**

The County and Town agree to cooperate with each other in all respects regarding the matters

addressed in this Agreement.

#### **SECTION 11. Severability**

If any section, subsection, sentence, clause, phrase, or portion of this Agreement is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such section, subsection, sentence, clause, phrase, or portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions of this Agreement.

#### **SECTION 12. Effective Date**

This Agreement shall become effective immediately on the date of approval by both parties; provided, however, that collection of the school development impact fees for new development within the Town shall begin on the date that all municipalities in the service area and the County have entered into the intergovernmental agreements required by Ordinance No. 2020/\_\_\_\_, and the County and School Board have entered into the intergovernmental agreement required by Ordinance No. 2020/\_\_\_\_.

[Signatures on Next Page]

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**COUNTY COUNCIL OF  
BEAUFORT COUNTY**

By: \_\_\_\_\_  
Joseph F. Passiment, Chairman

**ATTEST:**

\_\_\_\_\_  
Sarah Brock, Clerk to Council

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**TOWN OF BLUFFTON**

By: \_\_\_\_\_  
Lisa B. Sulka, Mayor

**ATTEST:**

\_\_\_\_\_  
Stephen Steese, Town Manager



## INTERGOVERNMENTAL AGREEMENT BETWEEN BEAUFORT COUNTY AND THE TOWN OF BLUFFTON

**THIS AGREEMENT** is made and entered into this \_\_\_\_ day of \_\_, 2021, by and between Beaufort County, South Carolina (“County”), a political subdivision, and the Town of \_\_\_\_\_ (“Town”). This Agreement provides, through Ordinance No. 2020/\_\_\_\_, the impact fee procedures of Section 82-21 *et seq.* of the Beaufort County Code and an intergovernmental agreement between the County and the Beaufort County Board of Education (“School Board”), for the following:

- (1) The imposition and collection, at the time of issuance of a building permit, of school development impact fees on all new residential development within the Town; and
- (2) The transfer of the school development impact fees from the Town to the County, and then the transfer of the fees from the County to the School Board; and
- (3) If fees are not spent by the School Board within the time limits established by state law and the impact fee procedures in Section 82-21 *et seq.* of the Beaufort County Code, the return of fees collected by the Town so they can be refunded to the appropriate fee payers.

### RECITALS

**WHEREAS**, the South Carolina Legislature has adopted the South Carolina Development Impact Fee Act, S.C. Code §§ 6-1-910 *et seq.* (hereinafter the “Act”) which enables local governments to enact and impose impact fees for public facilities including for public school facilities for grades K-12, in accordance with the Act’s provisions, procedures, and requirements; and

**WHEREAS**, pursuant to the Act, the School Board has directed the preparation of a technical support study entitled the *School Impact Fee Study and Capital Improvement Plan*, prepared by TischlerBise, dated July 27, 2020 (hereafter, the “school support study and CIP”), which is expressly incorporated herein by reference; and

**WHEREAS**, the support study and CIP demonstrates that as a result of population and growth estimates over the next 10 years for the area south of the Broad River (“South Beaufort County School Service Area”), which includes the Town, there will be a need for additional classrooms and other school facilities to accommodate the continued population growth in the South Beaufort County School Service Area; and

**WHEREAS**, the school support study and CIP establishes reasonable level of service standards,

land use assumptions, methodologies, service units, system improvement costs, and formulas for determining the impacts of new residential development in the South Beaufort County School Service Area, and a proportionate school development impact fee for new residential development; and

**WHEREAS**, pursuant to the school support study and CIP, school facility system improvement needs have been identified in the South Beaufort County School Service Area, and a capital improvements plan prepared; and

**WHEREAS**, the Town is wholly located within the South Beaufort County School Service Area; and

**WHEREAS**, pursuant to the Act, the County has adopted the Impact Fee Procedures Ordinance, codified at Section 82-21 *et seq.* of the County Code; and

**WHEREAS**, the County has prepared and adopted the School Development Impact Fee Ordinance (Ordinance No. 2020/ ); and

**WHEREAS**, pursuant to the Act, and to ensure the school development impact fees established in Ordinance No. 2020/\_\_\_\_, are imposed and collected uniformly within the South Beaufort County School Service Area, the Town has opted into Ordinance No. 2020/\_\_\_\_, and will impose school development impact fees within their corporate limits; and

**WHEREAS**, pursuant to S. C. Code § 6-1-20, the County and Town (collectively, the “parties”) are authorized to enter into this Intergovernmental Agreement; and

**WHEREAS**, the County has the power and authority, pursuant to the Act, to enact, impose, and collect school development impact fees, including collecting school development impact fees from the Town as specified in this Intergovernmental Agreement; and

**WHEREAS**, the County and the Town agree that all school development impact fees collected in accordance with this Agreement shall ultimately be transferred to the School Board for the purpose of funding new school facility system improvements needed in the South Beaufort County School Service Area as a result of new residential development, or if necessary be refunded to the appropriate feepayers; and

**WHEREAS**, the County states that this Agreement is authorized by and is in accordance with S.C. Code §§ 4-9-40 and 4-9-41; and

**WHEREAS**, the Agreement, upon its execution by the parties, shall be on file with the Clerk to the Council of Beaufort County and the Clerk of the Town of Bluffton.

**NOW, THEREFORE**, the parties to this Agreement do agree as follows:

**SECTION 1. Title**

This Intergovernmental Agreement shall hereafter be referred to as the “Agreement.”

**SECTION 2. Purpose and Intent**

The purpose of this Agreement is to ensure:

- (1) School development impact fees are imposed on new residential development uniformly within the South Beaufort County School Service Area, including new residential development within the Town; and
- (2) The Town collects school development impact fees at time of building permit, places them in a segregated, interest-bearing trust account, then transfers them to the County before they are then transferred to the School Board for school facility system improvements in accordance with Ordinance No. 2020/\_\_\_ and the impact fee procedures in Section 82-21 *et seq.* of the County Code; and
- (3) The provisions of Section 82-33(b)(3) in reference to affordable housing units is recognized, adopted, and supplemental as follows:
  - (a) no fees will be levied on any affordable housing units developed by the Town or on Town property via a public/private partnership or joint venture.
  - (b) The impact fee discount for Area Medium Income (AMI) from 80% to 90% will be 50% and the discount for AMI between 91% and 100% will be 40%.
- (4) If the School Board fails to expend the fees within the time limits established by state law and the impact fee procedures in Section 82-21 *et seq.* of the County Code, the unspent fees are then returned to the Town by the School Board so they can be refunded to the appropriate fee payers.

**SECTION 3. References to County Ordinances**

This Agreement expressly incorporates by reference Beaufort County Ordinance No. 2020/\_\_\_ and the impact fee procedures in Section 82-21 *et seq.* of the County Code. Any substantive amendments to these ordinances related to Ordinance No. 2020/\_\_\_ shall have the express prior agreement of the Town.

**SECTION 4. Duration, Extension, and Termination of Agreement****(1) Duration and Extension of Agreement**

The Agreement shall remain effective from the date of its execution by the parties for a

period of not less than 10 years unless it is terminated by mutual agreement of the parties. If not terminated prior to or at the end of the 10-year period, it shall continue in effect.

## **(2) Termination of Agreement**

- (a) The Agreement may be terminated prior to the expiration of the 10-year period set forth in (1) above only by the mutual agreement of the parties.
- (b) The Agreement may be terminated after the expiration of the 10-year period set forth in (1) above by the unilateral action of either party to the Agreement, provided that such termination action may only occur after the party seeking termination provides notice to the other party to the Agreement at least 90 days prior to taking such action and notices, schedules, and holds at least one hearing at which the other party is given notice and has an opportunity to be heard.
- (c) Following notice and an opportunity to be heard as set forth in (b) above, the party seeking termination may, by appropriate action, terminate the Agreement.

## **SECTION 5. Amendments to the Agreement**

The Agreement may be amended only by the mutual consent of the parties and in the same manner as its original adoption; provided, however, that the County may adjust the amount of any school development impact fees as set forth in the Ordinance No. 2020/\_\_\_\_, without the prior agreement of the Town if the County:

- (1) Prepares a new or updated technical support study and capital improvement plan;
- (2) Adopts an amendment to Ordinance No. 2020/\_\_\_\_; and
- (3) The amount of the impact fee adjustment does not change the school development impact fees by more than 50 percent from the fee amounts set forth in Ordinance No. 2020/\_\_\_\_.
- (4) This adjustment may be done only once during the term of this Agreement.

## **SECTION 6. Responsibilities of the Town**

- (1) The Town shall be responsible for the calculation and collection of the school development impact fee within its jurisdiction from all new non-exempt residential development, in accordance with the Act, Ordinance No. 2020/\_\_\_\_, and the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (2) The amount of the school development impact fee shall be based upon the fee in effect at the time of building permit issuance, as established in Ordinance No. 2020/\_\_\_\_.

- (3) No building permit for new residential development shall be issued unless the school development impact fees are paid in full by the applicant, unless the developer has properly asserted and received one or more Developer Rights pursuant to the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (4) The Town shall forward any request made for an exemption or waiver of the development impact fees to the County Director of Planning who shall forward the request to County Council for approval or denial. The Town shall then collect or exempt or waive the fee based on the direction of County Council.
- (5) Upon the collection of a school development impact fee, the Town shall deposit such fees in a segregated, interest-bearing trust account which is subject to appropriate accounting controls. All interest earned and accruing to the account shall become funds of the account, subject to the same limitations and restrictions on use and expenditure of funds that are applicable to school development impact fee funds.
- (6) The Town shall transfer to the County the school development impact fees that have been collected by November 1 of each year.
- (7) Annually or, if deemed advisable, more frequently, the Town shall prepare an annual report in accordance with the impact fee procedures in Section 82-21 *et seq.* of the County Code.
- (8) All school development impact fee funds collected by the Town shall be restricted in their appropriation and use in accordance with the Act, Ordinance No. 2020/\_\_\_\_, the impact fee procedures in Section 82-21 *et seq.* of the County Code, the intergovernmental agreement between the County and School Board dated \_\_\_\_\_, 2020, and this Agreement.
- (9) All school development impact fee funds returned to the Town from the School Board due to the School Board's failure to expend the fees within the time limits established by state law and the impact fee procedures in Section 82-21 *et seq.* of the County Code, shall be refunded to the appropriate fee payers.
- (10) To compensate the Town for the collection and administration of the school development impact fees, the Town shall be authorized to withhold an amount equal to one percent of the school development impact fee revenues collected.

## **SECTION 7. Responsibilities of the County**

- (1) The County shall be responsible for receipt of school development impact fee funds transferred by the Town to the County and shall deposit such funds into a segregated interest-bearing trust account subject to appropriate accounting controls.

- (2) Upon receipt of a request for an exemption or waiver of the development impact fees from the Town, the County Director of Planning shall forward the request to County Council for approval or denial. If approved, the County shall notify the Town of the extent of the waiver granted. If a full waiver is granted, no impact fees are due. If a partial waiver is granted, the remaining amount must be paid prior to the issuance of a building permit. If denied, the fees shall be paid in full.
- (3) School development impact fee funds collected by the Town and transferred to the County shall only be transferred by the County to the School Board in accordance with Ordinance No. 2020/\_\_\_\_, the intergovernmental agreement between the County and School Board dated \_\_\_\_\_, 2020, and the impact fee procedures in Section 82-21 et seq. of the County Code.
- (4) The County shall be responsible for interpretation of Beaufort County Ordinance No. 2020/\_\_\_\_, and the impact fee procedures in Section 82-21 *et seq.* of the County Code.

## **SECTION 8. Governing Law**

This Agreement, and its interpretation and performance, shall be governed and construed by the applicable laws of the State of South Carolina.

## **SECTION 9. Conflict**

To the extent of any conflict between other County ordinances and this Agreement, this Agreement shall be deemed to be controlling. This Agreement is not intended to amend or repeal any existing County or Town ordinances.

## **SECTION 10. Cooperation Between and Among the Parties**

The County and Town agree to cooperate with each other in all respects regarding the matters addressed in this Agreement.

## **SECTION 11. Severability**

If any section, subsection, sentence, clause, phrase, or portion of this Agreement is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such section, subsection, sentence, clause, phrase, or portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions of this Agreement.

## **SECTION 12. Effective Date**

This Agreement shall become effective immediately on the date of approval by both parties;

provided, however, that collection of the school development impact fees for new development within the Town shall begin on the date that all municipalities in the service area and the County have entered into the intergovernmental agreements required by Ordinance No. 2020/\_\_\_\_, and the County and School Board have entered into the intergovernmental agreement required by Ordinance No. 2020/\_\_\_\_.

[Signatures on Next Page]

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**COUNTY COUNCIL OF  
BEAUFORT COUNTY**

By: \_\_\_\_\_  
Joseph F. Passiment, Chairman

**ATTEST:**

\_\_\_\_\_  
Sarah Brock, Clerk to Council

**APPROVED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**TOWN OF BLUFFTON**

By: \_\_\_\_\_  
Lisa B. Sulka, Mayor

**ATTEST:**

\_\_\_\_\_  
Stephen Steese, Town Manager



## **Attachment 4**

### **Proposed Motion**

**Reconsideration of an Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Purpose of Imposition and Collection, at the Time of Issuance of a Building Permit, of School Development Impact Fees on all New Residential Development within The Town**

*"I move to approve the Intergovernmental Agreement between Beaufort County and the Town of Bluffton for the Purpose of Imposition and Collection, at the Time of Issuance of a Building Permit, of School Development Impact Fees on all New Residential Development within The Town."*