

School Impact Fee Study and Capital Improvement Plan

Prepared for:
Fort Mill School District

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EXECUTIVE SUMMARY

The Fort Mill School District retained TischlerBise to prepare an update to its school impact fees. Impact fees are one-time payments used to construct system improvements needed to accommodate new development. An impact fee represents new growth's proportionate share of capital facility needs. 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, impact fees may not be used for operations, maintenance, replacement of infrastructure, or correcting existing deficiencies.

FORT MILL SCHOOL DISTRICT SCHOOL IMPACT FEE OVERVIEW

The Fort Mill School District has seen significant residential growth over the past several years and with it increased enrollment. This growth is expected to continue in the future. The District first implemented school impact fees in 1996. Since adoption in 1996, the State of South Carolina enacted new impact fee enabling legislation. Any changes to the Fort Mill School District impact fees requires a study that complies with the new enabling legislation.

The updated Fort Mill School District school 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) and land for school sites. Level-of-service standards are derived using 2017-2018 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

A credit is included in the impact fee to account for outstanding debt on existing school facilities. Further detail on the approach, levels of service, costs, and credits is provided in the body of this report.

SOUTH CAROLINA DEVELOPMENT IMPACT FEE ACT

The State of South Carolina grants the power for cities and counties to collect impact fees on new development pursuant to the rules and regulations 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 improvements plan as well as prepare an 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 impact fees on residential dwelling units.

Based on the findings of the study, certain developments may be exempt from 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 impact fees. A housing affordability analysis in support of the development impact fee study is published as a separate 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 land owners must include the pro rata portion of interest earned while on deposit in the impact fee account.

The Fort Mill School District is also responsible for preparing and publishing an annual report describing the amount of impact fees collected, appropriated, and spent during the preceding year. Subsequent to adoption of a development impact fee ordinance, the Planning Commission will again be required to review and update the 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 Fort Mill School District will not be empowered to recommend additional projects eligible for impact fee funding or charge higher maximum allowable impact fees until the development impact fee study and capital improvement plan have been updated.

CONCEPTUAL IMPACT FEE CALCULATION

In contrast to project-level improvements, 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 particular type of 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 population growth, and the increase in population can be estimated from the average number of students per housing unit. The second step in the 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 per student. The third step in the 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

There are three general methods for calculating development impact fees. The choice of a particular 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 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 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.

PROPOSED IMPACT FEE SCHEDULE

As documented in this report, the Fort Mill School District has complied with the South Carolina Development Impact Fee Act and applicable legal precedents. Impact fees 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. 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 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 allowable” 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 York 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 1 provides the maximum allowable school impact fees for the Fort Mill School District. For a single family unit, the maximum supportable fee amount is \$18,158 per unit. For a multifamily unit, the maximum supportable impact fee amount is \$12,020.

Figure 1: Maximum Allowable School Impact Fees

Maximum School Impact Fees: Fort Mill School District				
	<i>Elementary</i>	<i>Middle</i>	<i>High</i>	<i>Maximum Fee</i>
	<i>(PK-5)</i>	<i>(6-8)</i>	<i>(9-12)</i>	
Single Family	\$7,348	\$4,791	\$6,019	\$18,158
Multifamily	\$4,978	\$3,167	\$3,875	\$12,020

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 impact fees. The term “student generation rate” refers to the number of non-charter, public school students per housing unit within the Fort Mill 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 Fort Mill School District were developed by TischlerBise, based on data provided the Catawba Regional Council of Governments and Dr. H. Dale Holden. Dr. Holden has provided Fort Mill School District with planning services since 2000 that are primarily related to managing student growth. These services have included short and long-range enrollment projections, as well as the development of attendance area plans at the elementary, middle and high school levels. In addition, he has assisted the District with determining each school’s program capacity based how it is currently being used for instruction. Shown in Figure 2 below, the Catawba Regional Council of Governments provided counts on housing units by type within the boundary of the Fort Mill School District. The housing unit types that will be used in the impact fee calculations are (1) Single Family and (2) Multifamily. Public school students by school level and housing type were developed by Dr. Holden, based on geo-coded pupil data from the Fort Mill School District.

Figure 2: Fort Mill School District Public School Students by Housing Unit Type

	Housing Unit Type		Total
	Single Family*	Multifamily**	
Elementary School	6,268	1,092	7,360
Middle School	2,995	505	3,500
High School	3,693	608	4,301
	12,956	2,205	15,161

Housing Units	Housing Unit Type		Total
	Single Family*	Multifamily**	
	25,303	6,485	31,788

Source: Housing unit estimates are from Catawba Regional Council of Governments. Student information was compiled by Dr. Dale Holden based on geo-coded data obtained from the Fort Mill School District

*Includes mobile homes
**Includes townhomes

Next, using the totals above, student generation rates by housing unit type are calculated by dividing the number of students in each type of unit by the total number of housing units in the Fort Mill School District. Figure 3 indicates that a single family unit is estimated to generate a total of .512 students, with .248 in elementary grades, .118 in middle school grades, and .146 in high school grades. A multifamily unit is estimated to generate .340 students per unit.

Figure 3: Public School Students in Fort Mill School District by Housing Unit Type

	Housing Unit Type	
	Single Family*	Multifamily**
Elementary School	0.248	0.168
Middle School	0.118	0.078
High School	0.146	0.094
TOTAL	0.512	0.340

Source: TischlerBise
*Includes mobile homes
**Includes townhomes

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.”

Enrollment projections are based on Dr. Dale Holden’s 5-year projections for the Fort Mill School District. As shown in Figure 4, current enrollment is 15,113. By the 2022-2023 school year, the Fort Mill School District is projected to have a total enrollment of 19,847, an increase of 4,734 students. Conversations

with School District staff and Dr. Holden indicate these projections are conservative. For example, the Council of Government prepared enrollment projections in 2015 that projected total enrollment by the 2026-2027 school year to be 27,033, which is approximately 3,400 students more than Dr. Holden’s projections. Because a projection of students beyond 5 years is need to determine debt service credits (discussed later in this Report), TischlerBise utilized a straight-line projection based on the average annual increase over years 1 through 5. Utilizing this approach, the 10-year increase in students is estimated at 9,469 and the 20-year increase is estimated at 18,939 students. Yearly detail by school level is provided below.

Figure 4: Projected Fort Mill School District Enrollment

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2027-2028	2032-2033	2037-2038	10-Year Change	20-Year Change
	Base Yr	1	2	3	4	5	10	15	20		
Elementary	7,303	7,605	7,928	8,247	8,564	8,823	10,343	11,863	13,383	3,040	6,080
Middle	3,486	3,802	4,059	4,404	4,689	5,094	6,704	8,314	9,924	3,218	6,438
High	4,324	4,590	4,824	5,128	5,552	5,930	7,535	9,140	10,745	3,211	6,421
TOTAL	15,113	15,997	16,811	17,779	18,805	19,847	24,582	29,317	34,052	9,469	18,939

**Enrollment projections in years 1-5 based on 2018 Dr. Holden Projections. Years 6-20 are based on a straight-line projection using the average annual increases from years 1-5.*

CAPITAL IMPROVEMENT PLAN

OVERVIEW OF CURRENT SCHOOL FUNDING ARRANGEMENTS

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.”

The construction of schools is largely the responsibility of each School District. In the case of the Fort Mill School District, the District is 100 percent 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) but limits those bonds to 8% of assessed property values within the District. The District also collects impact fees on new construction of residential units within the District boundaries. The current fee is set at \$2,500 per home. The District has traditionally used impact fee revenue to reduce the amount of principal the District needs to bond. In order to lessen the burden on existing residents and businesses of funding growth-related school capacity needs, the District has determined that the current impact fee structure needs to be updated to reflect current levels of service and costs.

BUILDING AND SITE LEVEL-OF-SERVICE STANDARDS

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 qualified a professional using generally accepted principles and professional standards.”

This section provides current inventories of elementary, middle, and high schools in the Fort Mill School District. The data contained in these tables are used to determine infrastructure standards for school buildings and sites on which the impact fees are based.

Elementary Schools

The inventory and current levels of service for Fort Mill School District elementary schools are shown below in Figure 5. As indicated in Figure 5, elementary school buildings have a total of 946,336 million square feet of building floor area on 227.45 acres. Total enrollment in all elementary schools for the 2018 school year is 7,303 and total permanent capacity is 8,400. In the 2018 school year, elementary school

utilization percentages range from a low of 73 percent at Riverview and Springfield to a high of 104 percent at Gold Hill. Utilization for the entire elementary school inventory is 87%.

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 5). 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 are shown for buildings and land for elementary schools at the bottom of Figure 5. Levels of service are calculated by dividing the amount of infrastructure by total enrollment and capacity. (For example, 946,336 square feet of school building space is divided by a permanent capacity of 8,400 students to arrive at 112.66 square feet per student.) Because District elementary schools are currently below capacity, levels of service differ when calculated based on enrollment and capacity. For example, the building square footage level of service is 129.58 square feet per student when based on enrollment versus a level of service of 112.66 square feet per student when based on capacity.

Current levels of service are:

Land: 0.0271 acres per student

Buildings: 112.66 square feet per student

Figure 5: Fort Mill School District Elementary Schools

Facility	Building Sq Ft	Acreage	2018 Enrollment	Permanent Capacity	Utilization
Riverview Elementary	120,000	36.40	733	1,000	73%
Fort Mill Elementary	92,000	18.36	849	900	94%
Gold Hill Elementary	107,336	28.12	939	900	104%
Orchard Park Elementary	92,000	19.12	773	900	86%
Springfield Elementary	92,000	25.80	660	900	73%
Pleasant Knoll Elementary	101,500	21.14	724	900	80%
Sugar Creek Elementary	101,500	27.61	822	900	91%
Tega Cay Elementary	120,000	26.10	826	1,000	83%
Doby's Bridge Elementary	120,000	24.80	977	1,000	98%
TOTAL	946,336	227.45	7,303	8,400	87%

<i>Elementary School Levels of Service</i>	<i>Building SF</i>	<i>Land</i>
LOS per Student (current enrollment)	129.58	0.0311
LOS per Student (current capacity)	112.66	0.0271

Source: Fort Mill School District

Middle Schools

The inventory and current levels of service for middle schools are shown in Figure 6. As indicated in Figure 6, middle school buildings have a total of 652,850 square feet of gross floor area on approximately 178 acres. Total enrollment in all middle schools for the 2018 school year is 3,486 and total permanent capacity 4,600. Utilization percentages for individual schools are calculated by dividing enrollment by capacities. Overall, middle schools are operating at 76 percent capacity for the 2018 school year; utilization rates range from a low of 64 percent at Springfield to a high of 84 percent at Pleasant Knoll.

Levels of service are shown for buildings and land for middle schools at the bottom of Figure 6. 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 6). Levels of service are calculated by dividing the amount of infrastructure by capacity (652,850 square feet of school building space is divided by middle school total capacity of 4,600 students to arrive at 141.92 square feet per student).

Current levels of service are:

Land: 0.0387 acres per student

Buildings: 141.92 square feet per student

Figure 6: Fort Mill School District Middle Schools

Facility	Building Sq Ft	Acreage	2018 Enrollment	Permanent Capacity	Utilization
Fort Mill Middle School	125,000	27.54	608	900	68%
Gold Hill Middle School	125,000	42.18	709	900	79%
Springfield Middle School	122,000	38.70	580	900	64%
Banks Trail Middle School	125,850	31.60	746	900	83%
Pleasant Knoll Middle School	155,000	37.82	843	1,000	84%
TOTAL	652,850	177.84	3,486	4,600	76%
Middle School Levels of Service			<i>Building SF</i>	<i>Land</i>	
LOS per Student (current enrollment)			187.28	0.0510	
LOS per Student (current capacity)			141.92	0.0387	

Source: Fort Mill School District

High Schools

The inventory and current levels of service for high schools are shown in Figure 7. As indicated in Figure 7, high school buildings have a total of 783,770 square feet of gross floor area on approximately 185 acres. Total enrollment in all high schools for the 2018 school year is 4,324 and total capacity is 4,800. Utilization percentages for individual schools are calculated by dividing enrollment by capacities. Overall, high schools are at 90 percent capacity for the 2018 school year; utilization rates range from a low of 88 percent at Nation Ford to a high of 92 percent at Fort Mill.

Levels of service are shown for buildings and land for high schools at the bottom of Figure 7. 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 7). Levels of service are calculated by dividing the amount of infrastructure by capacity (783,770 square feet of school building space is divided by high school total capacity of 4,800 students to arrive at 163.29 square feet per student).

Current levels of service are:

- Land: 0.0386 acres per student
- Buildings: 163.29 square feet per student

Figure 7: Fort Mill School District High Schools

Facility	Building Sq Ft	Acreage	2018 Enrollment	Permanent Capacity	Utilization
Fort Mill High School	418,279	109.00	2,214	2,400	92%
Nation Ford High School	365,491	76.40	2,110	2,400	88%
TOTAL	783,770	185.40	4,324	4,800	90%

High School Levels of Service	Building SF	Land
LOS per Student (current enrollment)	181.26	0.0429
LOS per Student (current capacity)	163.29	0.0386

Source: Fort Mill School District

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 8 lists the capacity-related projects the Fort Mill School District has planned for the next five years. The Catawba Ridge High School is currently under construction. Other school capacity projects are planned as part of a bond referendum the District has planned for the Spring of 2018. In addition to maintenance projects and technology improvements, the School District has two elementary schools planned in the next five years, as well as a new middle school. Three additional school sites are also part of this referendum. As indicated in Figure 8, new school construction will add 5,400 additional student seats.

Figure 8: Fort Mill School District Planned Capacity Projects

Facility	Timeframe	Permanent Capacity	Cost
Elementary School #10	SY20-21	1,000	\$42,278,388
Elementary School #11	SY20-21	1,000	\$44,623,878
Middle School #6	SY21-22	1,000	\$53,646,800
Elementary School Site	SY20-21	N/A	\$4,380,375
Middle School Site	SY21-22	N/A	\$3,796,328
Flex Combo School Site	SY20-21	N/A	\$6,759,844
Catawba Ridge High School	SY19-20	2,400	\$118,837,089
TOTAL		5,400	\$274,322,702

FUTURE CAPACITY PROJECTION

Section 6-1-960(5) of the South Carolina Development Impact Fee Act requires:

“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.”

Section 6-1-960(7) of the South Carolina Development Impact Fee Act requires:

“the projected demand for system improvements required by new service units projected over a reasonable period of time not to exceed twenty years.”

The Fort Mill School District’s permanent capacity is 17,800 student seats. By school type, permanent capacity is as follows: elementary school – 8,400; middle school – 4,600; and high school – 4,800. Based on the 2017-2018 enrollment, current permanent capacity utilization is 87% for elementary schools, 76% for middle schools, and 90% for high schools.

As the School District’s student enrollment increases, new development will demand additional school infrastructure. If the permanent student seats currently being constructed and identified in the District’s upcoming bond referendum are constructed, these student seats will **serve some** of the demand placed on the School District by new development. As shown in Figure 9, 2,000 elementary school student seats are planned over the next ten years. **Without any additional student seats, elementary schools will utilize 127% of their permanent capacity** at the end of ten years. Planned elementary student seats will reduce permanent capacity utilization from 127% to 102%. In summary, the planned elementary capacity expansions over the next five years are not enough to serve projected demand over the next ten years, indicating that additional student seats will be needed in years 6-10.

Figure 9: Planned Elementary School Capacity Utilization

<i>Elementary Schools</i>				
<i>School Year</i>	<i>Projected Enrollment</i>	<i>Planned Student Stations*</i>	<i>Total Student Stations*</i>	<i>Utilization</i>
2018-2019	7,605	0	8,400	91%
2019-2020	7,928	0	8,400	94%
2020-2021	8,247	2,000	10,400	79%
2021-2022	8,564	0	10,400	82%
2022-2023	8,823	0	10,400	85%
2023-2024	9,127	0	10,400	88%
2024-2025	9,431	0	10,400	91%
2025-2026	9,735	0	10,400	94%
2026-2027	10,039	0	10,400	97%
2027-2028	10,343	0	10,400	99%
2028-2029	10,647	0	10,400	102%
10-Yr Change	3,042	2,000		

Utilization Without New Student Stations: 127%

*Based on current permanent student stations and planned permanent student stations.

As shown in Figure 10, 1,000 middle school student seats are planned over the next ten years. **Without these planned student seats, middle schools will utilize 153% of their permanent** capacity at the end of ten years. Planned middle school student seats will reduce permanent capacity utilization from 153% to 125%.

Figure 10: Planned Middle School Capacity Utilization

<i>Middle Schools</i>				
<i>School Year</i>	<i>Projected Enrollment</i>	<i>Planned Student Stations*</i>	<i>Total Student Stations*</i>	<i>Utilization</i>
2018-2019	3,802	0	4,600	83%
2019-2020	4,059	0	4,600	88%
2020-2021	4,404	0	4,600	96%
2021-2022	4,689	1,000	5,600	84%
2022-2023	5,094	0	5,600	91%
2023-2024	5,416	0	5,600	97%
2024-2025	5,738	0	5,600	102%
2025-2026	6,060	0	5,600	108%
2026-2027	6,382	0	5,600	114%
2027-2028	6,704	0	5,600	120%
2028-2029	7,026	0	5,600	125%
<i>10-Yr Change</i>	3,224	1,000		

Utilization Without New Student Stations: 153%

*Based on current permanent student stations and planned permanent student stations.

As shown in Figure 11, 2,400 high school student seats are planned over the next ten years. **Without these planned student seats, high schools will utilize 164% of their permanent** capacity at the end of ten years. Planned high school student seats will reduce permanent capacity utilization from 164% to 109%. In summary, the planned high capacity expansions over the next five years are not enough to serve projected demand over the next ten years, indicating that additional student seats will be needed in years 6-10.

Figure 11: Planned High School Capacity Utilization

<i>High Schools</i>				
<i>School Year</i>	<i>Projected Enrollment</i>	<i>Planned Student Stations*</i>	<i>Total Student Stations*</i>	<i>Utilization</i>
2018-2019	4,590	0	4,800	96%
2019-2020	4,824	2,400	7,200	67%
2020-2021	5,128	0	7,200	71%
2021-2022	5,552	0	7,200	77%
2022-2023	5,930	0	7,200	82%
2023-2024	6,251	0	7,200	87%
2024-2025	6,572	0	7,200	91%
2025-2026	6,893	0	7,200	96%
2026-2027	7,214	0	7,200	100%
2027-2028	7,535	0	7,200	105%
2028-2029	7,856	0	7,200	109%

10-Yr Change 3,266 2,400

Utilization Without New Student Stations: 164%

*Based on current permanent student stations and planned permanent student stations.

SCHOOL IMPACT FEE CALCULATION

METHODOLOGY

The Fort Mill School District school impact fee methodology is based on current average public school student generation rates, level-of-service standards, and local costs. The school 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 impact fee revenue to expand or provide additional 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 fees. Costs for school buildings (including contents), land for school sites, and District-owned buses are included in the fee. Finally, credits for future principal payments on existing debt is included.

SERVICE/BENEFIT AREA

TischlerBise recommends a District-wide impact fee service area. Although each school has an attendance zone, capacity needs exist throughout the District. In addition, attendance zones are redrawn in order to better utilize District resources, as facility capacity changes.

CONSTRUCTION COSTS

Construction costs were provided by the Fort Mill School District. For elementary and middle schools, the cost assumption is based on estimates developed by the District’s construction management firm, Cumming Corporation, an industry-leading, multi-faceted project management and cost consulting firm. The firm employs registered architects, professional engineers, certified professional cost estimators, among other professionals involved in large-scale construction projects. The cost assumption for high schools is based on actual costs incurred for the high school currently under construction, which is managed by the Cumming Corporation. As shown in Figure 12, the construction cost assumptions are \$348 per square foot for elementary schools, \$346 per square foot for middle schools, and \$305 per square foot for high schools. It should be noted that the Fort Mill School District is responsible for 100 percent of new school construction costs.

Figure 12: Construction Cost Assumptions

Site	Cost	Square Feet	Cost/Per Sq. Ft.
Elementary School #10	\$42,278,388	125,000	\$338
Elementary School #11	\$44,623,878	125,000	\$357
Weighted Average Total	\$86,902,266	250,000	\$348
Middle School #6	\$53,646,800	155,000	\$346
High School	\$118,837,089	390,000	\$305

Source: Fort Mill School District

LAND COSTS

The Fort Mill School District anticipates the need to purchase land for future school sites to accommodate school capital needs brought about by new residential development in the District. School District staff provided acreage and sales price data for recent land purchases totaling approximately 248.49 acres at a cost of approximately \$21.65 million. As shown in Figure 13, the weighted average cost per acre used in this study is \$87,129 per acre. These parcels provide a representative sample of land prices throughout the District, which is critical since the District’s capacity needs are Districtwide. In addition, this results in a cost per acre assumption that is reflective of *actual* land purchases over the last six years. In other words, it is a perfectly reasonable approximation of expected land costs and may actually be on the conservative side. If anticipated land purchases were identified and made public as part of this study, it would likely have the effect of reducing the District’s negotiating leverage and result in an even greater cost per acre assumption.

Figure 13: Land Cost Assumptions

<i>Site</i>	<i>Year</i>	<i>Original Cost</i>	<i>Acres</i>	<i>Total Cost Per Acre</i>
Riverview Elementary	2012	\$2,550,000	52.47	\$48,599
Museum (Banked Site)	2013	\$1,900,000	39.22	\$48,445
White (Banked Site)	2015	\$4,630,000	51.43	\$90,025
Fort Mill Reserve (Banked Site)	2016	\$1,560,000	15.46	\$100,906
Mack (Banked Site)	2016	\$2,000,000	18.72	\$106,838
Buchanan Property (Banked Site)	2017	\$3,965,500	30.83	\$128,625
Eubanks Property (Banked Site)	2017	\$5,045,250	40.36	\$125,000
		\$21,650,750	248.49	\$87,129

Source: Fort Mill School District

CREDITS FOR FUTURE PRINCIPAL PAYMENTS ON EXISTING SCHOOL IMPROVEMENTS

Because the Fort Mill 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 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 impact fee. This credit for outstanding debt is credited to residential development at a rate of 64.7%, which is the residential percentage of the overall taxable value of real property within the Fort Mill School District.

School District staff provided outstanding debt for Fort Mill School District. As shown in Figure 14, outstanding debt from school capacity expansion projects allocated to residential development is estimated at approximately \$287.6 million. Annual principal payments are divided by student enrollment in each year to determine a per student credit. For example, in the 2018-2019 school year, the total principal paid by the residential tax base (\$14,437,805) is divided by projected enrollment of 15,997 for a payment per student of \$903. 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 3.5%. The total net present value of future principal payments per student is \$9,347. This amount is subtracted from the gross capital cost per student to derive a net capital cost per student.

Figure 14: Credit for Future Principal Payments on Existing Debt

<i>School Year</i>	<i>Principal Payments*</i>	<i>Projected Enrollment</i>	<i>Total Credit per Student</i>
2018-2019	\$14,437,805	15,997	\$903
2019-2020	\$11,794,810	16,811	\$702
2020-2021	\$12,370,640	17,779	\$696
2021-2022	\$13,942,850	18,805	\$741
2022-2023	\$15,615,345	19,847	\$787
2023-2024	\$16,372,335	20,794	\$787
2024-2025	\$17,003,160	21,741	\$782
2025-2026	\$17,614,575	22,688	\$776
2026-2027	\$18,371,565	23,635	\$777
2027-2028	\$19,484,405	24,582	\$793
2028-2029	\$20,267,275	25,529	\$794
2029-2030	\$20,995,150	26,476	\$793
2030-2031	\$21,697,145	27,423	\$791
2031-2032	\$18,843,875	28,370	\$664
2032-2033	\$19,477,935	29,317	\$664
2033-2034	\$10,552,570	30,264	\$349
2034-2035	\$9,242,395	31,211	\$296
2035-2036	\$9,536,780	32,158	\$297
Total	\$287,620,615		\$12,392
	Discount Rate		3.5%
	Net Present Value		\$9,347

Source: Fort Mill School District

*Principal payment credits are adjusted to reflect the percentage of Fort Mill School District residential assessed base, which is 64.7%**

CREDITS/OFFSETS

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”

Credit for Existing and Future Debt Principal

The Fort Mill School District plans a referendum in 2018 to fund future school capacity construction. To ensure that new development does not “double pay” through the impact fee and again through future property tax payments, a credit is included for principal payments on this future debt. A credit is not

necessary for interest payments because interest costs are not included in the impact fee. This credit for future debt is credited to residential development at a rate of 64.7%, which is the residential percentage of the overall taxable value of real property within the Fort Mill School District.

School District staff provided the projection of the planned bond issue for Fort Mill School District. As shown in Figure 15, projected future debt from school capacity expansion projects allocated to residential development is estimated at approximately \$96.8 million. Projected annual principal payments are divided by student enrollment in each year to determine a per student credit. For example, in the 2019-2020 school year, the total projected principal paid by the residential tax base (\$2,775,630) is divided by projected enrollment of 16,811 for a payment per student of \$165. To account for the time value of money, annual payments per student are discounted using a net present value formula based on the projected interest rate of 3.5%. The total net present value of future principal payments per student is \$2,544. This amount is subtracted from the gross capital cost per student to derive a net capital cost per student.

Figure 15: Credit for Principal Payments on Future Debt

School Year	Principal Payments*	Projected Enrollment	Total Credit per Student
2019-2020	\$2,775,630	16,811	\$165
2020-2021	\$3,050,605	17,779	\$172
2021-2022	\$2,626,820	18,805	\$140
2022-2023	\$3,545,560	19,847	\$179
2023-2024	\$3,723,485	20,794	\$179
2024-2025	\$2,607,410	21,741	\$120
2025-2026	\$2,723,870	22,688	\$120
2026-2027	\$2,875,915	23,635	\$122
2027-2028	\$2,992,375	24,582	\$122
2028-2029	\$3,167,065	25,529	\$124
2029-2030	\$3,325,580	26,476	\$126
2030-2031	\$3,212,355	27,423	\$117
2031-2032	\$3,380,575	28,370	\$119
2032-2033	\$13,182,625	29,317	\$450
2033-2034	\$15,515,060	30,264	\$513
2034-2035	\$16,310,870	31,211	\$523
2035-2036	\$11,865,980	32,158	\$369
Total	\$96,881,780		\$3,657
Discount Rate			3.5%
Net Present Value			\$2,544

Source: Fort Mill School District

*Principal payment credits are adjusted to reflect the percentage of Fort Mill School District residential assessed base, which is 64.7%**

Credit for Excess Revenue

In addition to credits for existing and future contributions to debt principal payments, TischlerBise also evaluated the extent to which new development may contribute to school capital facility construction through other revenue sources.

The Fort Mill School District funds new school construction through its debt millage, which is currently set at 115 mills. A credit, intended to offset this annual contribution of debt millage for future principal payments on existing and future, is discussed above. The Fort Mill School District also has a property tax dedicated to operations, which is currently set at 184.2 mills. However, the majority of homes within the District are owner-occupied and qualify for the 4% assessment rate, and do not pay this operating millage to the District. Further, the District does not use this property tax for capital construction. Therefore, a credit for additional revenue that contributes to the cost of system improvements is not required.

SCHOOL IMPACT FEE INPUT VARIABLES

Factors used to derive the Fort Mill School District’s school impact fees are summarized in Figure 16. 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 and land, 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: $\$39,161$ [building construction] + $\$2,359$ [land] = $\$41,521$ 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 revenue credits. Continuing with the elementary school example, the calculation is as follows: $\$41,521$ [gross capital cost per student] - $\$9,347$ [credit for future payments on existing debt service principal] – $\$2,544$ [credit for future payments on future debt service principal] = $\$29,629$ net local capital cost per student. The same approach is followed for middle and high schools.

Figure 16: School Impact Fee Input Variables

Public School Students per Housing Unit	School Level			TOTAL
	<i>Elementary (PK-5)</i>	<i>Middle School (6-8)</i>	<i>High (9-12)</i>	
Single Family	0.248	0.118	0.146	0.512
Multifamily	0.168	0.078	0.094	0.340

Current Level of Service Standards			
	<i>Elementary</i>	<i>Middle</i>	<i>High</i>
Permanent Building Square Feet per Student	112.66	141.92	163.29
Total Cost per Square Foot	\$348	\$346	\$305
Total Building Construction Cost per Student	\$39,161	\$49,121	\$49,755
Acreage per Student	0.0271	0.0387	0.0386
Land Cost per Acre	\$87,129	\$87,129	\$87,129
Land Cost per Student	\$2,359	\$3,368	\$3,365
Total Gross Capital Cost per Student	\$41,521	\$52,489	\$53,120
Credit for Future Debt Principal	(\$2,544)	(\$2,544)	(\$2,544)
Credit for Existing Debt Principal	(\$9,347)	(\$9,347)	(\$9,347)
Total Net Local Capital Cost per Student	\$29,629	\$40,598	\$41,229

MAXIMUM SUPPORTABLE SCHOOL IMPACT FEES

Figure 17 shows the schedule of maximum supportable impact fees for the Fort Mill School District. The 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 impact fee.

For example, for a single family unit, the elementary school portion of the fee is calculated by multiplying the student generation rate of .248 by the net local capital cost per elementary student of \$29,629, which results in \$7,348 per single family unit. This is repeated for the other school levels. Totals for the three school levels of the fee are added together to calculate the total fee per single family unit of \$18,158 (\$7,348 + \$4,791 + \$6,019 = \$18,158). This is repeated for the multifamily housing type.

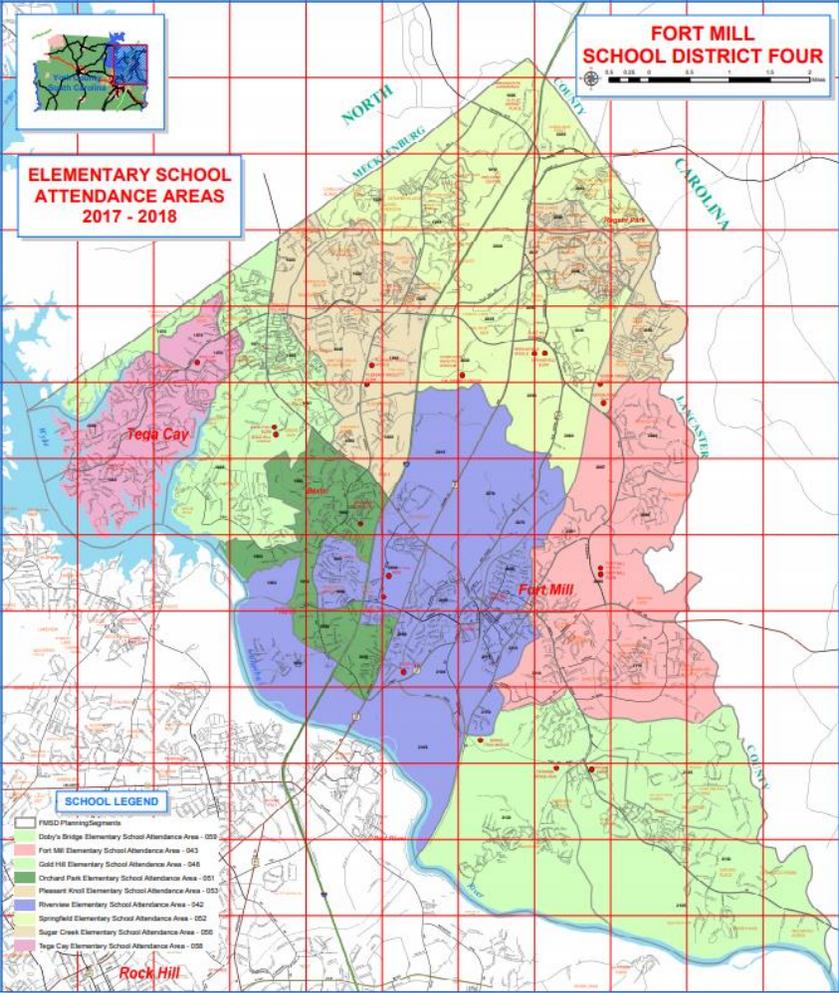
Figure 17: Maximum Supportable School Impact Fees

Maximum School Impact Fees: Fort Mill School District				
	<i>Elementary</i>	<i>Middle</i>	<i>High</i>	
	<i>(PK-5)</i>	<i>(6-8)</i>	<i>(9-12)</i>	<i>Maximum Fee</i>
Single Family	\$7,348	\$4,791	\$6,019	\$18,158
Multifamily	\$4,978	\$3,167	\$3,875	\$12,020

APPENDIX A – HOUSING AFFORDABILITY ANALYSIS

In accordance with South Carolina Development Impact Fee Act (Code of Laws of South Carolina, Title 6, Article 9, Chapter 1), this chapter estimates the effects of imposing the proposed school development impact fee on the affordability of housing in the Fort Mill School District. The analysis will examine the current household income and housing expenses that burden an average household in the District. 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 District. This analysis includes all households in the Town of Fort Mill, the City of Tega Cay, and the unincorporated areas of York County in the District.

Image A1. Fort Mill School District



Source: Fort Mill School District

South Carolina Development Impact Fee Act

Affordable housing is defined in South Carolina Development Impact Fee Act as housing to families whose incomes do not exceed 80 percent 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 percent of the median income. Therefore, the analysis uses the US Housing and Urban Development’s (HUD) criteria that housing should be 30 percent or less of a household’s income. The cost of housing is “moderately burdensome” if its cost burden is over 30 percent and “severely burdensome” if the ratio is over 50 percent.

PROPOSED SCHOOL IMPACT FEE

The school impact fees found in Figure A1 are new development’s fair share of the cost to provide additional school capacity in the Fort Mill School District. The District may recommend and York 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 Fort Mill School District (i.e. the proposed impact fee amount). If the County Council were to choose a lower impact fee amount, the results presented in this report would improve.

Figure A1. Proposed School Impact Fee

Maximum School Impact Fees: Fort Mill School District				
	<i>Elementary</i>	<i>Middle</i>	<i>High</i>	
	<i>(PK-5)</i>	<i>(6-8)</i>	<i>(9-12)</i>	<i>Maximum Fee</i>
Single Family	\$7,348	\$4,791	\$6,019	\$18,158
Multifamily	\$4,978	\$3,167	\$3,875	\$12,020

HOUSING STOCK

Listed in Figure A2, there are a total of 22,442 housing units in the Fort Mill School District. Of the total, over 96 percent are occupied, while 829 units are vacant. Additionally, there are 16,914 owner-occupied households and 4,699 renter-occupied households. The majority (86 percent) of the housing in the District is single family units.

Figure A2. Fort Mill School District Housing Stock Characteristics

Units in Structure	Owner-Occupied		Renter-Occupied		Renter & Owner Combined					
	Persons	Hsehlds	Persons	Hsehlds	Persons	Hsehlds	Hsg Units	PPHH	PPHU	
Single family [1]	47,426	16,625	6,246	2,255	53,672	18,880	19,380	2.84	2.77	
2 to 4	268	166	1,444	698	1,712	864	892	1.98	1.92	
5 or more	233	123	4,017	1,746	4,250	1,869	2,170	2.27	1.96	
Total	47,927	16,914	11,707	4,699	59,634	21,613	22,442	2.76	2.66	
							Vacant HU	829		
							Occupancy Rate	96.31%		
Summary by Type of Housing	Totals									
	Persons	Hsehlds	Hsg Units	PPHH	PPHU	Hhld Mix	Hsg Mix			
Single Family [1]	53,672	18,880	19,380	2.84	2.77	87%	86%			
Multifamily [2]	5,962	2,733	3,062	2.18	1.95	13%	14%			
Total	59,634	21,613	22,442	2.76	2.66	100%	100%			

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

[2] Includes all other types

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

HOUSEHOLD INCOME

The purchasing power of Fort Mill School District 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 2016 the median annual household income for the District was \$83,365. By using the US Bureau of Labor Statistics' CPI Calculator, the current household income is estimated at \$87,218. The annual income for a household making 80 percent of the District's median is \$69,775, or \$5,815 per month.

Figure A3. Median Household Income

Median Annual Household Income (2016)	Median Annual Household Income (2018)	Household Income Factor	80% of Median Annual Income	Monthly Income
\$83,365	\$87,218	80%	\$69,775	\$5,815

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates; U.S. Bureau of Labor Statistics CPI Calculator

COST OF HOMEOWNERSHIP

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

Furthermore, monthly household costs vary across the District. To address this variation, the analysis takes a conservative approach and uses the highest cost between the three jurisdictions (Town of Fort Mill, City of Tega Cay, and unincorporated areas). As a result, this approach captures an above average monthly expenditure for an average home in the District. 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 District in 2016 was \$240,500 (US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates). With the US Bureau of Labor Statistics' CPI Calculator, the current home value is estimated to be \$251,617. As there has been time for the few existing impact fees in the District to affect the local housing market, it is assumed the existing impact fees are captured in the median home value.

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 ($\$251,617 \times 20\% = \$50,323$). The loan amount for the mortgage is determined by subtracting the down payment from the purchase price ($\$251,617 - \$50,323 = \$201,293$). An interest rate of 4.25 percent is assumed for the home purchase based on a survey of competitive interest rates in Fort Mill (www.bankrate.com). The monthly mortgage payment is \$990.

Property Tax

To calculate annual property tax, homes in the District that are permanent residences are subject to 4 percent assessment ratio and a property tax millage rate. Of the three jurisdiction, the City of Tega Cay has the highest millage rate of 0.2788 and is applied to the median home value. Assumed in the analysis, annual property tax for the average valued home is \$2,806 ($\$251,617 \times 4\% \times 0.2788 = \$2,806$).

Stormwater Management Fee

In the Fort Mill School District, the City of Tega Cay has the highest stormwater management fee. The fee to operate and maintain the stormwater management system is \$96 per year for a housing unit.

Solid Waste Collection Fee

The annual collection fee for curbside trash pickup and recycling services is the highest in the unincorporated areas of the District. The solid waste collection fee is estimated to be \$240 per year.

Water, Sewer, and Electric Utilities

By using data provided in York County's Water and Sewer Financial Planning and Rate Study (2017), the estimated monthly charges for water and sewer are calculated. On average, a household uses 151 gallons

of water per day. By combining the water usage with the highest water rate in the District (found in the unincorporated areas), a monthly charge for water of \$30.23 is estimated. On average, a household generates 150 gallons of wastewater per day. The average wastewater flow is combined with the highest rate in the District (found in the Town of Fort Mill) to estimate a monthly charge of \$38.45.

Additionally, for an average household that uses 1,000 kilowatts of electricity per month, Duke Energy charges \$107.13.

Telephone, Cable, and Internet Utilities

Comporium is a provider of telephone, cable, and internet in the Fort Mill School District. From their website, the three services costs \$134.99 per month (www.comporium.com).

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 the District is estimated to be \$930 per year (www.insurance.com).

Monthly Payment

By compiling the month obligations, it is estimated that the monthly cost for homeownership is \$1,640. At the end of this chapter the monthly costs are listed in Figure A6.

COST OF RENTING

The cost of renting a home in the Fort Mill School District is estimated with data provided by the US Census Bureau. In 2016, the median gross rent (including all utilities and rental insurance) in the District is estimated to be \$1,030. With the US Bureau of Labor Statistics' CPI Calculator, the current cost of renting is estimated to be \$1,078.

COST BURDEN ANALYSIS

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 Fort Mill School District.

Scenario 1: Baseline Conditions

Figure A4 summarizes the cost burden analysis for residents purchasing or renting a median valued home without the proposed school development impact fee included. Based on the results, both owner-occupied and renter-occupied housing cost burden are below the limit of affordability for households whose income is 80 percent of the District's median income.

Figure A4. Scenario 1: Cost Burden Analysis without Proposed Impact Fee

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$5,815	\$1,640	28.2%
Renter-Occupied	\$5,815	\$1,078	18.5%

Scenario 2: Baseline Condition + Proposed Impact Fee

In the second scenario, the proposed school impact fee is included into the cost burden analysis to highlight the effects the fee has on housing affordability. Indicated in Figure A3, 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 school impact fee is a based on housing type, the owner-occupied housing unit will be assessed the fee for single family units (\$18,158) and the renter-occupied housing unit will be assessed the fee for multifamily units (\$12,020). This will be replacing the current school impact fee of \$2,500.

The analysis takes a conservative approach and assumes the purchase price of the median home is raised by the increase in the impact fee. This ultimately increases the household’s mortgage payment and property tax, see Figure A6. For renter-occupied housing units, the analysis assumes that the impact fee increase will be recouped by the landlord through an increase in monthly rent. The fee will be recouped over 30 years, thus increasing the monthly rent by \$26.

Listed in Figure A5, the monthly costs for owners and renters increases with the proposed school impact fee. The cost burden ratio for owner-occupied homes increases by 1.3 percentage points and for renter-occupied homes the cost burden ratio increases by 0.5 percentage points. Although the monthly cost burdens increase, it is still considered affordable for households with an income of 80 percent of the median to purchase or rent in the Fort Mill School District.

Figure A5. Scenario 2: Cost Burden Analysis with Proposed Impact Fee

Condition	Monthly Income	Monthly Cost	Cost Burden
Owner-Occupied	\$5,815	\$1,717	29.5%
Renter-Occupied	\$5,815	\$1,104	19.0%

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 proposed increase to the Fort Mill School District’s development impact fee would not create an additional burden large enough to exceed the cost burden criteria established by the US Housing and Urban Development Department.** As noted, this analysis takes a conservative approach and applied the highest monthly cost between the three jurisdictions. Also, it is assumed that proposed impact fees are absorbed entirely by the home occupants. However, in some cases, impact fees result in land values to decrease placing the burden on land owners and not on the future home owners or renters.

Figure A6. Cost of Homeownership

	Monthly Payment Calculation	
	Scenario 1 Baseline Condition	Scenario 2 Baseline Condition + Impact Fee
Purchase Price	\$251,617	\$267,275
Down Payment	\$50,323	\$53,455
Loan Amount	\$201,293	\$213,820
Loan Length (Years)	30	30
Loan Length (Months)	360	360
Yearly Interest Rate	4.25%	4.25%
Monthly Interest Rate	0.35%	0.35%
Monthly Payment	\$990.24	\$1,051.87
Property Tax - County (per month)	\$62.74	\$66.64
Property Tax - City (per month)	\$74.65	\$79.29
Property Tax - School Debt (per month)	\$96.45	\$102.46
Stormwater Management Fee	\$8.00	\$8.00
Solid Waste Collection Fee	\$20.00	\$20.00
Water, Sewer & Electric Utilities	\$175.81	\$175.81
Telephone, Cable & Internet Utilities	\$134.99	\$134.99
Homeowners Insurance	\$77.50	\$77.50
Monthly Cost	\$1,640.38	\$1,716.56