

Impact Fee FAQ



What is an impact fee?

- A one-time fee to build NEW construction. The fee is based upon a legally defensible study to determine the impact of growth on district capacity and the per-child cost to build new facilities to accommodate growth.

What is the impact fee value in Clover School District?

- The maximum allowable fee as presented by the *Tischler-Bise* report on July 22, 2019 is \$15,014 for single family homes, \$9,828 for mobile homes, and \$7,420 for multi-family units. These revised figures were generated from the *CSD Capital Building Plan* the Board approved June 17, 2019. The *Capital Building Plan* specified more definitive timelines and costs associated with the new schools needed based on growth.

Who generally pays the impact fee?

- In most places, the builder pays the impact fee.

Will the builder pass on the impact fee to the buyer?

- Yes, it is likely the cost of the impact fee will be added to the final price of the NEW construction. Buyers would amortize the cost of the home throughout the loan.

What is the effect of an impact fee on the average buyer?

- An impact fee of \$15,014 with a 30-year mortgage would cost the buyer approximately \$41.70 per month on the average mortgage payment.

Does an impact fee apply when an individual buys or sells an existing home?

- No, impact fees only apply to NEW construction.

What are allowable uses for impact fees in Clover School District?

- Impact fees are allowable for additional classroom space, land for new schools, furniture/fixtures for new schools, administrative space due to growth, and buses needed for additional students.

What are non-allowable uses for impact fees?

- Impact fees may not be used for maintenance or repairs of existing facilities, operating costs, improvements to correct existing problems with facilities.

Why is Clover School District seeking an ordinance with the County Council for an impact fee?

- CSD is growing by 3% per year (between 250-300 students on average). A detailed study of the planned developments for CSD shows approximately 4300 new homes have been approved for the next five years creating the need for at least three new schools. Growth is expected to continue beyond the next 5 years but it is uncertain what that growth rate will be.

Is an impact fee permanent?

- No, an impact fee amount is only good for five years. The fee is based on the district's current growth data and current capacity needs during that five year period only. A new impact fee study must be done before the next five year cycle. If the district does not have continued growth or new capacity needs, the impact fee may decrease or may not be justified.

How does the Clover School District raise funds to build new schools when growth occurs?

- The general way to obtain capital funds for new schools is to propose a bond referendum where the community votes to allow the district to borrow a specific amount of money for new facilities. The money borrowed is paid back by the taxpayers a 20-year period.

How will an impact fee help Clover and Lake Wylie residents?

- The concept of an impact fee is that growth pays for growth. The impact fee would provide a revenue source outside of taxing current citizens to build new schools. Collecting impact fees on NEW construction will give CSD a down payment for the known future facilities and equipment needs generated by growth and lower the bond referendum and impact of new taxes for current residents.

How will an impact fee affect the affordability of homes in Clover and Lake Wylie?

- According to the U.S. Bureau of Labor Statistics' CPI Calculator, the current median household income in the CSD attendance area was estimated at \$67,532. The independent study by *Tischler-Bise* concluded that the proposed impact fee does not exceed the cost burden criteria established by the US Housing and Urban Development Department for renters or home owners. The cost burden takes into account the annual income for a household making 80% of the District's median income.

What was the average cost of NEW construction in the CSD area?

- As documented by MLS, there were 193 NEW construction homes purchased in the last 365 days (pulled July 8, 2019). The average closing price of those homes was \$366,018, with the highest price \$719,900 and the lowest price \$169,900. An impact fee may raise the value of all homes. Only two new construction homes sold for under \$200,00 during this same time period and five new construction homes sold for under \$260,000. *These data only represent new construction homes listed through MLS.*