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Negotiated impact fee step in right direction

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Beaufort County and school district officials want to charge \$6,000 per home to help pay for new schools under new county development agreements. They'd like to see municipalities join them.

The idea looks good and addresses a big hole in the state's impact fee law. That law allows local governments to collect impact fees for public projects, such as roads, fire protection, parks and libraries, but does not allow impact fees to build new schools.

The state law doesn't affect negotiated contracts between local governments and developers -- development agreements.

But there are problems with this approach. Here in southern Beaufort County, most of the new building is happening in areas covered by existing development agreements. Unless Bluffton officials -- and developers -- are willing to reopen those contracts and renegotiate the terms, this new idea won't affect thousands of homes already approved but not yet built. Only about 11 percent of southern Beaufort County is not already approved for development, according to the Southern Beaufort County Regional Plan.

Would developers be willing to do that? Developers have renegotiated development agreements to take on more fees, especially for roads. But there are no guarantees. Real estate and home builder organizations historically have opposed impact fees because they say they increase housing costs when developers pass the fees on to homebuyers. The proposal also calls for charging \$2.50 per square foot of commercial space.

The idea makes more sense for northern Beaufort County, where little of the large-scale building seen here has taken place to date.

That's not to say we don't support the idea, but we need to be realistic about its impact here. State lawmakers and local officials need to push for a better solution, ideally the ability to collect school impact fees on all new construction. Unless developers surprise us with a willingness to renegotiate existing agreements, this idea brings relatively little funding opportunity in southern Beaufort County.

Another idea from the S.C. Realtors Association gets us closer to the goal. The group has proposed a "real estate development district," essentially a special tax district where local governments would levy a fee on annual property tax bills to pay for specific public projects, including new schools. Nick Kremydas, the association's executive director, said the districts could cross jurisdictional lines and wouldn't necessarily have to include contiguous areas.

What the idea does for home builders and Realtors is get the impact fee away from the purchase price of a home. Property owners would still pay, but wouldn't see what are essentially impact fees included in the price of a new home.

The idea has some merit and bears watching in the upcoming legislative session, especially if Kremydas and others are right that there's no way the legislature will allow school impact fees.

Like impact fees, such special tax districts would likely need the cooperation of multiple jurisdictions to try to make sure everyone pays their share of public services costs. But existing development agreements would need to be considered. Some include language that limits any new fees. When the county successfully negotiated road impact fees for Sun City Hilton Head, it looked to a provision in state law that allows new local laws to apply to a development if they are essential to the public health, safety or welfare. Would that work for new schools?

As for the \$6,000 fee, we hope school district and county officials have that dollar figure right. Development agreements are not easy things to negotiate and once signed off can be hard to reopen.

The amount came from the work of a committee of Beaufort County Council and Beaufort County Board of Education members, who analyzed school infrastructure needs, demographic data and bond repayment schedules to decide on the figure.

County Council Vice Chairman Skeet Von Harten is right that it brings consistency to the county's position as it negotiates such fees.

"It's not going to be something for one guy and something for another guy," Von Harten said. "I'm going to use that figure."

But that brings us back to the thousands of homes under existing development agreements. What's the solution there?

We haven't seen that addressed, and it certainly needs to be, especially in southern Beaufort

County.

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