



# Homebuilders' study says new construction pays for itself

---

A study released Thursday by the Charleston Trident Home Builders Association suggests that new development in the Charleston region pays for itself within seven years, negating the need for impact fees. The study was rolled out the day after the S.C. General Assembly approved legislation that would allow Dorchester District 2 to charge builders an impact fee of up to \$2,500 per home.

By Molly Parker  
[mparker@scbiznews.com](mailto:mparker@scbiznews.com)  
*Published Feb. 13, 2009*

A study released Thursday by the Charleston Trident Home Builders Association suggests that new development in the Charleston region pays for itself within seven years, negating the need for impact fees.

The study was rolled out the day after the S.C. General Assembly approved legislation that would allow Dorchester District 2 to charge builders an impact fee of up to \$2,500 per home.

"People think that housing doesn't pay its way. People think existing-home owners are subsidizing new-home owners. That's not true," said Elliot Eisenberg, senior economist with the National Association of Home Builders, which conducted the study on behalf of the local chapter.

But Sen. Mike Rose, R-Summerville, who sponsored the legislation, said rapid growth over the years in Dorchester County has financially hamstrung the school district, forcing it to serve more students without adequate funding to keep up with infrastructure demands.

The district currently needs to build 15 additional schools, Rose said.

"It's real simple," Rose said. "Whoever creates the problem should pay for the problem. People here do not want to tax themselves for new people."

But the homebuilders association's study says it is the other way around: At the end of the day, it's new development that subsidizes existing development.

"People are misinformed about the benefits of home construction," Eisenberg said. "That's what is important to clear up."

The study estimates that each new single-family home costs local governmental agencies a combined \$22,282, and each multifamily unit costs \$13,815. That includes the provision of police and fire services, roads, sewers and schools — the most costly expenditure — for the new residents.

It also posits that the construction of 3,425 single-family units and 1,824 multifamily units in one year in the Charleston market would generate \$82.8 million in new taxes for governmental bodies.

The study takes those figures to conclude that all debt incurred by municipalities, counties and schools in providing the extra services would be paid off within seven years of the completion of a development.

The study says that operating surpluses would be available after the seven years to finance other projects or reduce taxes.

After 15 years, the homes will generate a cumulative \$433.6 million in revenue, compared with \$374.3 million in costs, including annual current expenses, capital investment and interest on debt.

Rose said he had not seen the study; but he questioned its usefulness, as Dorchester District 2 is clearly in need of new buildings and without the money to build them. In this economic climate, he said the chance of the state's paying for new school buildings is slim to none. The school could ask voters to approve a bond referendum, but such efforts have failed in the past.

"Impact fees are not a silver bullet, not a panacea, but it's one funding source among others," Rose said. "Right now, it's nonexistent for schools. And that's ludicrous."

Under current state law, municipalities and counties can charge builders limited impact fees to pay for roads, sewers, firehouses and other services.

Rose's legislation applies to only District 2. That's because the political will doesn't exist to make it a statewide law, he said. Earlier in the week, the Senate Finance Committee defeated a bill from Rose that would have extended the ability to leverage impact fees to all S.C. school districts.

Critics have questioned the constitutionality of the passage of legislation that applies to a specific school district. State law prohibits lawmakers from writing laws pertaining to one county or municipality, but Rose said that rule does not extend to schools.

The bill is expected to be ratified and sent to the governor next week. Sanford spokesman Joel Sawyer said his office has not made a determination about the bill but will "take a close look" when it hits Sanford's desk.

*Reach Molly Parker at 843-849-3144.*



**Print**