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Impact-fee vote has Horry's fingers crossed

If measure passes, county hopes state will alter law

By David Klepper
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Marge DeWolfe moved into her new Carolina Forest home Sunday from the Chicago suburbs because: "No. 1, the climate, and No. 2, the low taxes."

No one is talking about raising DeWolfe's taxes, but officials are discussing charging the owners of new homes an impact fee, essentially a cover charge billed to developers and passed along to new property owners. The fee would cover the cost of extending county roads, police, fire and other services to new homes and businesses.

On Nov. 2, Horry County voters face an impact-fee advisory referendum. The ballot question will not settle the issue, but if it passes, county officials hope to use the results as leverage with state lawmakers to relax the impact-fee laws.

If that happens, officials and developers opposed to the fee agree that impact fees would change tax rates, public services and the way community growth is paid for.

Cities and counties across the nation have increasingly turned to impact fees as an alternative to property taxes. More than half of the nation's communities of 25,000 residents or larger charge impact fees. Local utility companies have charged fees for years.

Officials say impact fees are a user fee: As the Strand grows, so does the demand on county services. Officials say it comes down to a simple question: Who's going to pick up the tab?

"Do you want higher property taxes, or do you want impact fees?" County Council Chairwoman Liz Gilland asked.

Real estate agents and developers say the fees would drive up home costs and cause taxes to increase for everyone as property values go up to reflect the fee.

"It's another tax," said Rachel Broadhurst of Century 21 Broadhurst realty. "It's another way for government to get money."

The amount of the impact fee - as well as how it is levied and how the revenue is used - will determine the true effect of impact fees, economists say.

In Beaufort County, the average home buyer pays an impact fee of about \$800 for roads, recreation and libraries. In Fort Mill, the school district charges an impact fee of \$2,500 per lot to pay for new schools. The national average for impact fees, in communities that levy them, is \$4,000.

No one expects the fees to be that high in Horry County. The impact-fee amount hasn't been decided yet. It could be a percentage of value or a flat fee. Officials are waiting on the results from the referendum before discussing those options.

The lack of any clear proposal concerns Broadhurst, who said the referendum question might seem tempting to voters, but it offers few specifics.

"People are going to see 'Do you think developers should pay?' and they're going to say '... Yeah!'" she said. "But it's too broad and vague."

Under the current state law, fees can be levied in high-growth areas, and the revenue can be spent only on certain

capital costs in those areas. Fees cannot pay for salaries or education. Fort Mill uses its fees for schools, a decision that has not yet been challenged in court.

In Horry County, impact-fee proposals that follow the state law have failed repeatedly.

The state impact-fee law favors developers by putting too many restrictions on local governments, said County Councilman Harold Worley, a former state legislator.

Worley said that if the referendum passes, the results would be used to bolster support for a broader, more flexible impact fee that could pay for a variety of county services.

If the fee is too steep, developers say it could stifle growth and hurt the economy. A study by the National Association of Home Builders found that an extra \$1,000 in home price keeps up to 950 families from being able to afford the home.

"When you keep adding fees, there comes a point when you can put your housing costs out of the market," said Tom Maeser of the Fortune Academy of Real Estate.

Officials say growth has driven up home prices. Horry County's median home price rose by \$15,000 in the past year.

Gilland said some special-tax districts in the area, the Murrells Inlet-Garden City Beach fire district and the Socastee Recreation District, have higher taxes than surrounding areas, yet growth has increased there in recent years.

"Impact fees won't stop any growth," she said.

Growth has not slowed in either Fort Mill or Beaufort. Both were among the 10-fastest growing areas in South Carolina in 1990, and both remain on that list today.

"Impact fees went into effect here in August of 1997," said Bob Ormseth, spokesman for Fort Mill School District. "We're still one of the fastest-growing areas in the state."

Horry County is growing even faster, thanks to new residents such as DeWolfe, who liked Horry County's low property taxes. Now that she is a resident, she said she would support impact fees if it meant keeping her property taxes low.

WHAT IS AN IMPACT FEE? | A fee levied on new development - homes, businesses, and maybe building additions - or any new construction that puts an added burden on county services, such as police, fire, roads, libraries or recreation.

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