

City
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Housing Affordability Analysis

In Support of the Development
Impact Fee Study Update Report

Fort Mill, SC



Final Document

March 31, 2025

HOUSING AFFORDABILITY ANALYSIS

The South Carolina Development Impact Fee Act (Code of Laws of South Carolina, Title 6, Article 9, Chapter 1) requires preparation of a report that estimates the effect of imposing development impact fees on the affordability of housing in the jurisdiction. The analysis must be presented to Town Council prior to the adoption of a development impact fee ordinance that includes fees for residential development. The housing affordability analysis that follows considers the effect of impact fees updated in 2025 for three categories — parks and recreation, fire protection, and municipal facilities and equipment — on affordable housing in the Town of Fort Mill.

The discussion is organized under eight general headings: maximum allowable impact fee, definition of affordable housing, personal income profile, housing supply, cost of homeownership, cost of renting, cost burden analysis, and conclusion. Calculations in the report were performed using a calculator or Microsoft Excel software, and results presented in the report were generally rounded to zero decimal points for brevity.

Maximum Allowable Impact Fee

Maximum allowable impact fees are presented in the *Development Impact Fee Study Update Report for Fort Mill, SC* dated March 31, 2025. Town Council may apply a discount rate to the maximum allowable impact fees presented in the report to provide a reasonable fee for continued residential and non-residential investment, or to ensure impact fees collected do not exceed the cost of providing capital facilities identified to accommodate new development. The amount of a discount rate is solely a policy decision for Town Council and may vary by impact fee category.

The *Development Impact Fee Study Update Report for Fort Mill, SC* dated March 31, 2025, contemplates a discount rate for the maximum allowable impact fees presented in the report. Specific discount rates have not been established for the three categories at this time. Therefore, this analysis assumes the most conservative condition (maximum allowable impact fee amounts) for assessing the effect of proposed impact fees on affordable housing in Fort Mill. It is expected the cost burden analysis presented in this report would improve if the Town Council incorporates a discount rate in their program.

Definition of Affordable Housing

The South Carolina Development Impact Fee Act defines affordable housing as “housing affordable to families whose incomes do not exceed 80% of the median income for the service area or areas within the jurisdiction of the government entity”. The Act is silent on a preferred methodology for examining housing affordability for families whose income does not exceed 80% of the median income. This analysis assumes a cost burden ratio of 30% to calculate housing affordability for these families, which is consistent with criteria used by the US Housing and Urban Development Department (HUD).

Personal Income Profile

Personal income and wealth represent the ‘purchasing power’ of residents in the Town of Fort Mill to secure housing. Real estate developers study income levels and income patterns to make development decisions, such as whether to build for-sale or rental housing. Residents’ income and personal wealth also have a significant impact on the transition to homeownership.

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Compensation in the Town of Fort Mill is represented by household income, which includes all wages, tips, and bonuses earned from employment, as well as retirement income earned from a pension plan or retirement account. Households include all residents living in the home, related or unrelated. Average household income is reported by place of residence, which represents the purchasing power for employees that reside in the Town of Fort Mill.

The median annual household income reported for the Town of Fort Mill is \$127,537 (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table B19013). The annual household income assumed for a family making 80% of the reported median is \$102,030 (i.e., $\$127,537 \times 0.80 = \$102,030$). Monthly household income for these families is \$8,503 (i.e., $\$102,030 / 12 \text{ months} = \$8,503$).

Housing Supply

Housing unit estimates for the Town of Fort Mill are published by the US Census Bureau. Current data estimates there are 10,311 total housing units in the town (US Census Bureau, Five-Year Estimates, 2019-2023 American Community Survey, Table DP04). 9,974 of the units are reported occupied, and 337 of the units are reported vacant. The preference for housing types and neighborhood styles varies across the jurisdiction. This section focuses on two general housing categories: owner-occupied homes and renter-occupied homes.

Owner-Occupied Homes

Owner-occupied homes are occupied by the owner of the unit. They are site-built homes, typically purchased using a mortgage. Owner-occupied homes represent the dominant housing type in Fort Mill. Current data estimates there are 8,419 owner-occupied homes in the town (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table DP04). This represents approximately 84% of all occupied housing units reported (i.e., $8,419 / 9,974 = 84\%$).

Housing unit estimates for the Town of Fort Mill report 57 for-sale homes are available for new residents (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table B25004)*. This includes unoccupied or vacant homes for sale (50), sold units not yet occupied (0), and units used for seasonal, recreational, or occasional uses (7). These homes represent 0.55% of the total housing units reported in the town. None of these homes would be subject to development impact fees at the time of sale.

Note:

* = There were 101 housing units listed as "other vacant" in the American Community Survey that were not identified as either owner-occupied homes or rental homes. These homes would also be available to new residents. These homes represent 0.98% of the total housing units reported in the town.

Renter-Occupied Homes

A rental home is occupied by a tenant through lease agreement, which gives the tenant the right to use the rental property for a period of time, usually one calendar year. Current data estimates there are 1,555 occupied rental homes in Fort Mill (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table DP04). This represents approximately 16% of all occupied housing units in the town (i.e., $1,555 / 9,974 = 16\%$).

Housing unit estimates for Fort Mill report 179 rental homes are available for new residents (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table B25004)*. This includes unoccupied site-built

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homes, mobile homes, apartments, townhomes, etc. for rent (179) or rented units not yet occupied (0). These homes represent 1.74% of the total housing units in the town. None of these homes would be subject to development impact fees at the time of rent.

Note:

** = There were 101 housing units listed as "other vacant" in the American Community Survey that were not identified as either owner-occupied homes or rental homes. These homes would also be available to new residents. These homes represent 0.98% of the total housing units reported in the town.*

Cost of Homeownership

The cost of owning a home is represented by ten general categories: purchase price; Town development impact fees; York County School District 4 development impact fee; mortgage payment; property tax; storm water management fee; solid waste collection fee; water, sewer and electric utilities; telephone, cable and internet utilities; and homeowners insurance. Costs within the ten general categories may vary depending on the size, condition, and location of a home in the town. Data and assumptions used for the analysis are summarized below.

Purchase Price

The median home value was used to estimate the purchase price of a home. The American Community Survey estimates the median value of all homes in the Town of Fort Mill is \$457,000. (US Census Bureau, 2019-2023 American Community Survey, Five-Year Estimates, Table B25077). For comparison, the home-listing website Redfin approximates the typical home sale value in Fort Mill is \$499,999 based on 27 transactions completed in February 2025 (data pulled on March 31, 2025). Home sale prices are down 11.5% compared to the same time last year per the website.

This analysis assumes a purchase price of \$499,999 for a home in Fort Mill to be more aggressive in the sensitivity analysis for home affordability (i.e., a priority on recent sales activity versus town-wide median home values).

Town Development Impact Fees (Existing System)

The Town of Fort Mill collects development impact fees for three categories — parks and recreation, fire protection, and municipal facilities and equipment — on all new residential dwelling units built in Fort Mill. The purchase price of a home used for the housing affordability analysis assumed the influence of all three impact fee categories applicable to residential development (at their current levels) were already reflected (presumably incorporated by the developer) in the purchase price of a newly-constructed home since the Town's development impact fee system was adopted in 2014.

School Development Impact Fee (Current System)

York County School District 4 collects a development impact fee for all new residential dwelling units built in Fort Mill. The purchase price of a home used for the housing affordability analysis assumed the influence of the school district's impact fee (at its current level) was already reflected (presumably incorporated by the developer) in the purchase price of a newly-constructed home since their impact fee system was adopted in 2018.

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Mortgage Payment

A conventional, fixed-rate 30-year mortgage was assumed to estimate typical monthly costs of principle and interest on a home loan. The down payment for a loan was assumed to be 20% of the purchase price (i.e., $\$499,999 \times 20\% = \$100,000$). The loan amount for the mortgage was determined by subtracting the down payment from the purchase price (i.e., $\$499,999 - \$100,000 = \$399,999$). An interest rate of 6.77% (APR) was assumed for the home purchase based on a survey of competitive interest rates in the United States (www.bankrate.com). Based on a loan amount of $\$399,999$, the monthly payment for a 30-year fixed mortgage is $\$2,600$.

Property Tax

A homeowner in the Town of Fort Mill pays property tax using a millage rate of 0.2396 (quoted from the York County Assessor's Office website) per $\$1,000$ of value. An assessment ratio of 4% is applied to the full property value (per State Law) for calculating tax payments on properties that have been domiciled (i.e., declaring the property as the owner's primary legal residence). For this analysis, annual property taxes for a home valued at $\$499,999$ were assumed to be $\$4,792$ (i.e., $\$499,999 \times 0.04 \times 0.2396 = \$4,792$). A monthly estimate for property taxes is $\$399$ (i.e., $\$4,792 / 12 = \399).

Storm Water Management Fee

The Town of Fort Mill collects an annual storm water management fee for the operation and maintenance of the Town's storm water management system. The analysis assumes a fee of $\$72$ per year for a residential dwelling unit in accordance with the Town's Storm Water Management Ordinance.

Solid Waste Collection Fee

The Town of Fort Mill collects an annual solid waste collection fee for curbside trash pickup and recycling services. The analysis assumes a fee of $\$276$ per year in accordance with the Town's current utility rate schedule.

Water, Sewer & Electric Utilities

The Town of Fort Mill collects water and sewer utility fees to offset costs for the draw and distribution of water and the collection and treatment of sanitary sewer waste in the town. This analysis assumes a fee of $\$50$ per month for residential water service and $\$66$ per month for residential sewer service in accordance with the Town's annual budget. Monthly electric costs for a home were estimated to be $\$110$ per month ($\$0.0984$ per KWh $\times 1,119$ KWh per month used on average = $\$110$) (www.electricitylocal.com/states/south-carolina/fort-mill/).

Telephone, Cable & Internet Utilities

Comporium provides telephone, cable, and internet service in Fort Mill. Their website publishes a promotional one-year cost of $\$91$ per month for combined cable, telephone, and internet service for new customers (www.comporium.com).

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Homeowners Insurance

Homeowners insurance provides financial protection against natural disasters. It generally insures the home and the items within it. The price of homeowners insurance varies, influenced by the location of the home, deductible levels, and the insurance company providing the policy. The average cost of homeowners insurance in Fort Mill was estimated to be \$2,018 per year (www.insurance.com/south-carolina-homeowners-insurance).

Monthly Payment

Based on the foregoing, the monthly payment for a home of median value in the Town of Fort Mill was estimated to be \$3,513 for the baseline condition. A worksheet for estimating the monthly homeowner payment is included in an appendix of the report.

Cost of Renting

The cost of renting a home was estimated using information published by the US Census Bureau. The median gross rent (including all utilities and rental insurance) in the Town of Fort Mill was estimated at \$1,437 (US Census Bureau, 2019-2023 American Community Survey, Table B25064).

The Town of Fort Mill collects development impact fees for three categories — parks and recreation, fire protection, and municipal facilities and equipment — on all new residential dwelling units built in Fort Mill. The median gross rent of a home used for the housing affordability analysis assumed the influence of all three impact fee categories applicable to residential development were already reflected (presumably incorporated by the property owner) in the median gross rent of a home since the Town's development impact fee system was adopted in 2014.

York County School District 4 collects a development impact fee for all new residential dwelling units built in Fort Mill. The median gross rent of a home used for the housing affordability analysis assumed the influence of the school district's impact fee (at its current level) was already reflected (presumably incorporated by the property owner) in the median gross rent of a home since their impact fee system was adopted in 2018.

Cost Burden Analysis

Cost burden for affordable housing was measured as the ratio between payments for housing (including property taxes, fees, utilities, and insurance) and reported gross household income (US Housing and Urban Development Department, 2009). A cost burden analysis for the Town of Fort Mill was prepared for residents that purchase homes and residents that rent homes.

The South Carolina Development Impact Fee Act defines affordable housing as "housing affordable to families whose incomes do not exceed 80% of the median income for the service area or areas within the jurisdiction of the government entity". Annual household income assumed for a family making 80% of the reported median in Fort Mill is \$102,030. Monthly household income for these families is \$8,503 (i.e., \$102,300 / 12 months = \$8,503). A cost burden ratio of 30% was used to calculate housing affordability for the town (US Housing and Urban Development Department, 2009).

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Scenario 1: Baseline Condition (Existing Impact Fees Collected)

Table 1 summarizes the cost burden analysis for residents purchasing or renting a home in Fort Mill with the influence of the existing development impact fees (cost and category for both the town and school district) included. More information on average monthly household income and the cost of homeownership or renting a home is provided earlier in the report.

Table 1: Cost Burden Analysis with Existing Town Impact Fees

Condition	Monthly Income	Monthly Cost ^	Cost Burden
Owner-Occupied	\$8,503	\$3,513	41.31%
Renter-Occupied	\$8,503	\$1,437	16.89%

Note:

^ = calculations for the monthly cost of an owner-occupied housing unit are summarized in the appendix of the report.

Based on Table 1, owner-occupied housing in the Town of Fort Mill is not affordable to families whose income does not exceed 80% of the Town's median income. Renter-occupied housing remains affordable to Town residents using the same cost burden threshold.

Scenario 2: Anticipated Condition (Update to Existing Town Development Fees Collected)

Scenario 2 considers the cost burden for residents purchasing or renting a newly-constructed home in Fort Mill with the new development impact fees (maximum allowable) applied as presented in the *Development Impact Fee Study Update Report for Fort Mill* dated March 31, 2025. It is assumed a discount rate may be applied to these fees in the future. However, the analysis assumes the most conservative condition at this time — maximum allowable impact fees — for assessing the effect of the new development impact fee amounts on affordable housing in Fort Mill. The cost burden analysis presented in this report may improve with the adoption of discount rates for each impact fee category by the Town Council. Table 2 summarizes maximum allowable impact fees presented in the *Development Impact Fee Study Update Report for Fort Mill* dated March 31, 2025.

Table 2: Maximum Allowable Impact Fees

Ownership Category	Max. Allowable Impact Fee
Parks & Recreation	
Owner-Occupied	\$1,735
Renter-Occupied	\$1,005
Fire Protection	
Owner-Occupied	\$585
Renter-Occupied	\$339
Municipal Facilities & Equipment	
Owner-Occupied	\$972
Renter-Occupied	\$563
All Impact Fees Combined	
Owner-Occupied	\$3,292
Renter-Occupied	\$1,907

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Table 3 summarizes the difference between existing and new development impact fees considered for the cost burden analysis. The total fee amount (all three categories combined) for an owner-occupied housing unit (single family attached for detached) could increase up to \$467 assuming the maximum allowable impact fees presented in the *Development Impact Fee Study Update Report for Fort Mill* dated March 31, 2025. The total fee amount (all three categories combined) for a renter-occupied housing unit (apartment) could decrease by \$250, assuming the maximum allowable impact fees presented in the same report.

Table 3: Difference in Existing and Proposed Town Impact Fees

Condition	Existing	New	Difference
Owner-Occupied	\$2,825	\$3,292	+ \$467
Renter-Occupied	\$2,157	\$1,907	- \$250

Table 4 summarizes the cost burden analysis for residents purchasing or renting a home with the potential increase caused by the Town's proposed development impact fees.

Table 4: Cost Burden Analysis with New Town Impact Fees

Condition	Monthly Income	Monthly Cost ^	Cost Burden
Owner-Occupied @	\$8,503	\$3,515	41.33%
Renter-Occupied #. %	\$8,503	\$1,430	16.82%

Notes:

^ = calculations for the monthly cost of an owner-occupied housing unit are summarized in the appendix of the report.

@ = the analysis for Table 4 assumed the difference (+\$467) between existing town development impact fees and new town development impact fees presented for all three categories (combined) in the *Development Impact Fee Study Update Report for Fort Mill* dated March 31, 2025.

= the analysis for Table 4 assumed the difference (-\$250) between existing town development impact fees and new town development impact fees presented for all three categories (combined) in the *Development Impact Fee Study Update Report for Fort Mill* dated March 31, 2025.

% = the monthly credit for rental housing assumes a 36-month period for the property owner to share the cost-savings with the tenant (i.e., \$250 savings / 36 months = \$6.95 per month, rounded to \$7 per month).

Based on Table 4, owner-occupied housing in the Town of Fort Mill continues to be unaffordable for families whose income does not exceed 80% of the median income assuming the proposed development impact fee increases added to the purchase price (see the methodology described in the notes for Table 4). Renter-occupied housing remains affordable to Town residents with the proposed development impact fee increases added using the same cost burden threshold.

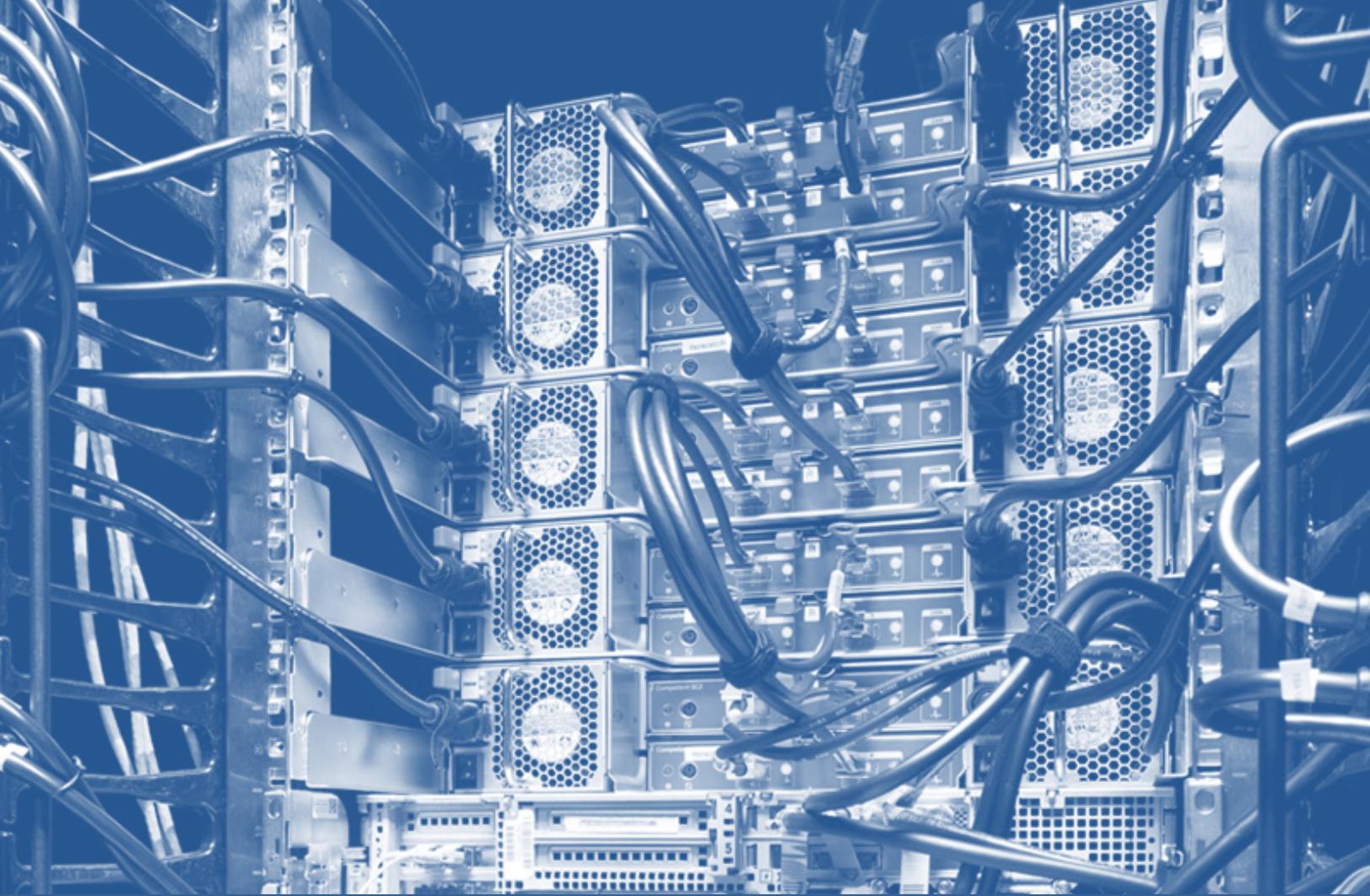
Conclusion

The South Carolina Development Impact Fee Act requires preparation of a report that estimates the effect of imposing development impact fees on housing affordability in the jurisdiction. Based on this analysis, the cost burden to purchase a newly-constructed home in Fort Mill (owner-occupied) for "families whose incomes do not exceed 80% of the median income" exceeds the 30% threshold established by the US Housing and Urban

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Development Department for both the existing and new development impact fee system scenarios. The increase in cost burden attributed to the new development impact fees — assuming the worst-case condition, maximum allowable fees are applied — is approximately 0.02% (absolute change) for purchasing a home.

Based on this analysis, the cost burden to rent a home in Fort Mill (renter-occupied) for “families whose incomes do not exceed 80% of the median income” does not exceed the 30% threshold established by the US Housing and Urban Development Department for either the existing or new development impact fee system scenarios. A decrease in cost burden attributed to the new development impact fees — assuming the worst-case condition, maximum allowable fees are applied — is approximately 0.07% (absolute change) for renting a home.



Appendix

Housing Affordability Analysis in Support of a Development Impact Fee Study Update in Fort Mill, SC

Cost of Homeownership Worksheet

	Monthly Payment Calculation	
	Scenario 1 (Existing Impact Fees)	Scenario 2 (Proposed Impact Fees)
Purchase Price ^A	\$499,999	\$500,466
Down Payment ^B	\$100,000	\$100,093
Loan Amount ^C	\$399,999	\$400,373
Loan Length (Years)	30	30
Loan Length (Months)	360	360
Yearly Interest Rate ^D	6.77%	6.77%
Monthly Interest ^E	0.6%	0.6%
Monthly Payment ^F	\$2,600.00	\$2,602.00
Property Tax (per month) ^G	\$399	\$399
Storm Water Management Fee ^H	\$6	\$6
Solid Waste Collection Fee ^I	\$23	\$23
Water, Sewer & Electric Utilities ^J	\$226	\$226
Telephone, Cable & Internet Utilities ^K	\$91	\$91
Homeowners Insurance ^L	\$168	\$168
Monthly Cost	\$3,513	\$3,515

Notes:

A = Purchase price was approximated from the typical home sale value in Fort Mill reported by Redfin, which was based on 27 transactions completed in February 2025 (data pulled on March 31, 2025). The change in maximum allowable development impact fees supported by the 2025 Fort Mill Development Impact Fee Study Update Report (proposed values minus existing values) was added to the purchase price of a home in Scenario 2.

B = Down payment assumed to be 20% of the purchase price.

C = Loan amount equals purchase price minus down payment.

D = Interest rate based on survey of competitive rates in the region (www.bankrate.com).

E = Yearly interest rate divided by 12 months.

F = Monthly payment assumed for 30-year mortgage at 6.77% interest rate (www.bankrate.com).

G = Property tax estimated using information from the York County Assessors Office website. Assumed the residence was domiciled as the head of household's primary residence. Value increased in Scenario 2 to reflect increase to purchase price associated with the increased development impact fees.

H = Annual Storm Water Management Fee for Fort Mill (\$72) divided by 12 months.

I = Annual Solid Waste Collection Fee for Fort Mill (\$276) divided by 12 months.

J = Average individual monthly utility rates for a residential dwelling unit assumed as follows: Water - \$49.78 per month, Sewer - \$66.48 per month, and Electric - \$110.10 per month.

K = Average individual monthly rates for a residential dwelling unit assumed as follows: Promotional bundle for basic cable, phone, and internet (\$90.99)

L = Homeowner insurance based on survey of competitive rates in the region (www.insurance.com/south-carolina-homeowners-insurance). Annual bill estimate (\$2,018) divided by 12 months.

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