

Fiscal Impact of Projected Population Growth in Anderson County, South Carolina 2008-2028



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Purpose of Fiscal Impact Assessment

- The Anderson County Planning Department estimates that population will increase from 193,725 in 2008 to 279,285 by 2028
- Determine the costs and revenues associated with future population growth
 - Residential Growth Does Not Always Pay For Itself
 - Budget Planning
 - Manage and Prepare for the Effects of Growth

Our Approach to FIA

- Interviews with Anderson county officials and department staff to determine estimates of...
 - Housing prices
 - Population growth
 - Capital projects needed in response to growth
- Per-capita multiplier method
 - Predicts expenses for population growth based on historical per-capita data

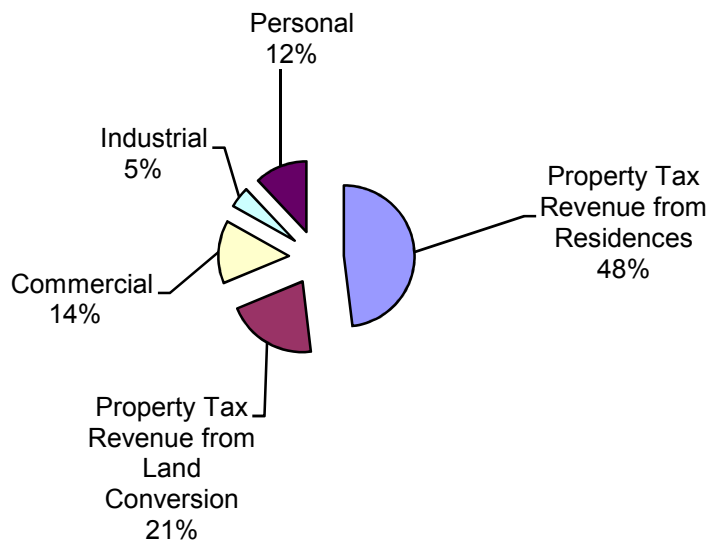
Baseline Model Assumptions

	Single Family Housing	Multi Family Housing
• Housing occupancy rates	98%	90%
• Per-Unit occupancy rates	2.26	2.26
• Percentage of population occupying	95%	5%
• Average Market Value	\$160,000	\$100,000
• Population Growth Rate: 1.864		
• Housing Inflation Rate: 3%		

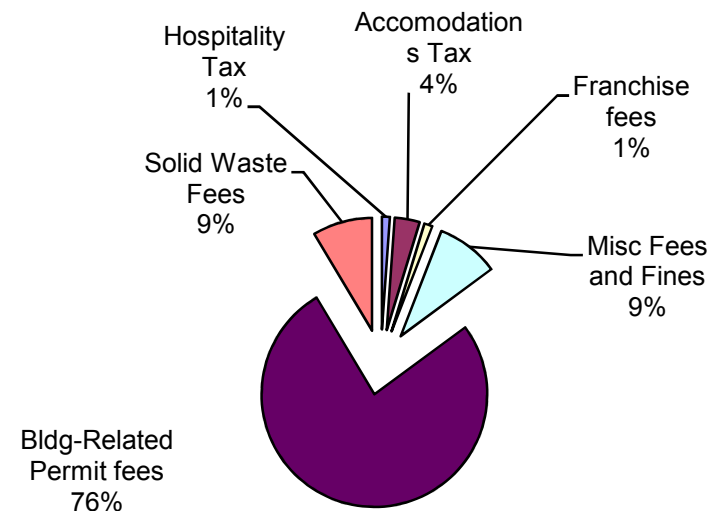
Sources of Revenue From Population Growth

- Property tax revenue
- Non tax revenues – permits, fines, and fees
- Increases in local business activity
- The structure of revenue does not change much over time as a result of growth

2008 Estimated Structure of Property Tax Revenue Associated with Projected Growth (\$1,152,567)

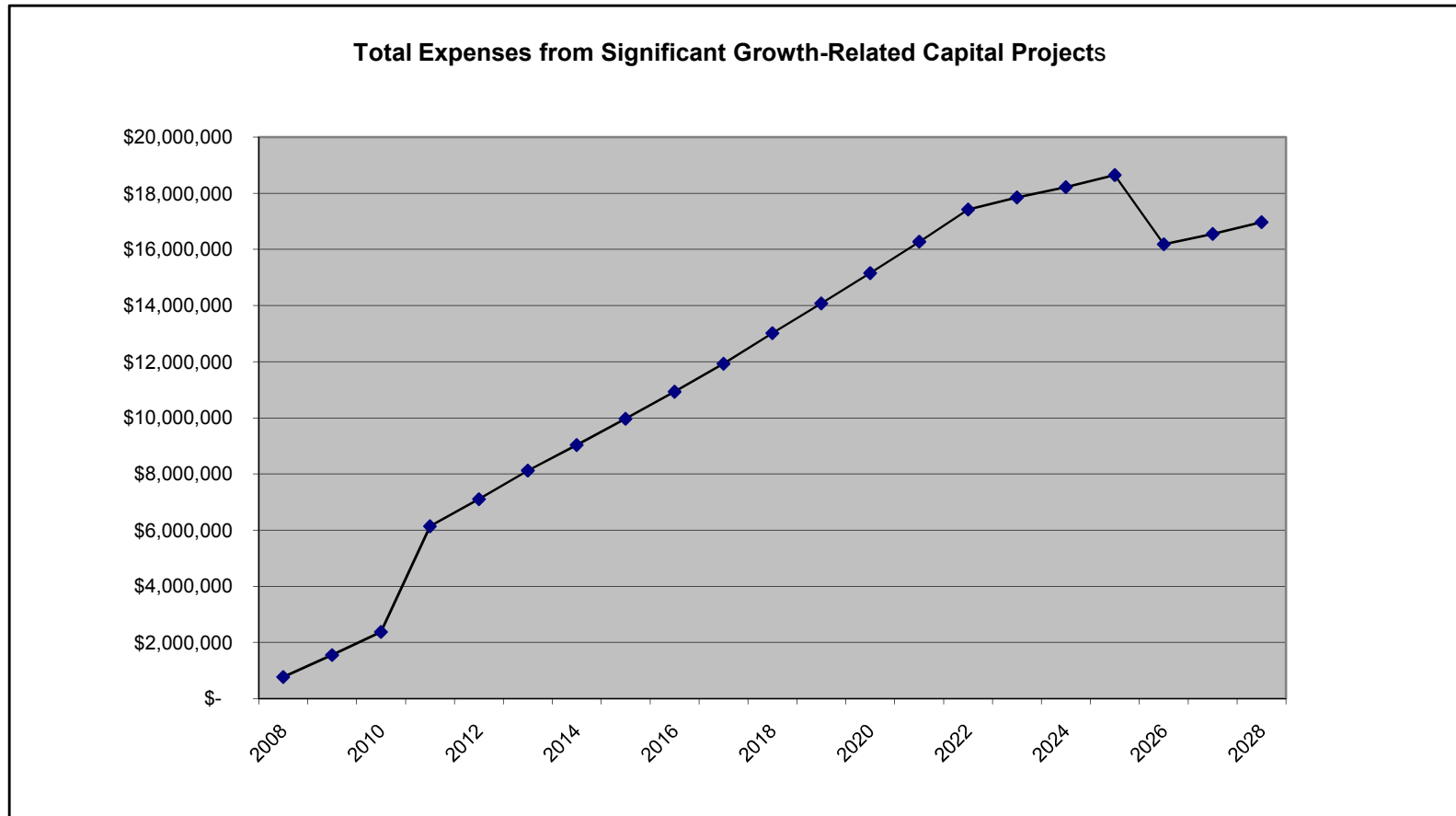


2008 Estimated Structure of Non-Property Revenues Associated with Projected Growth (\$1,088,137)



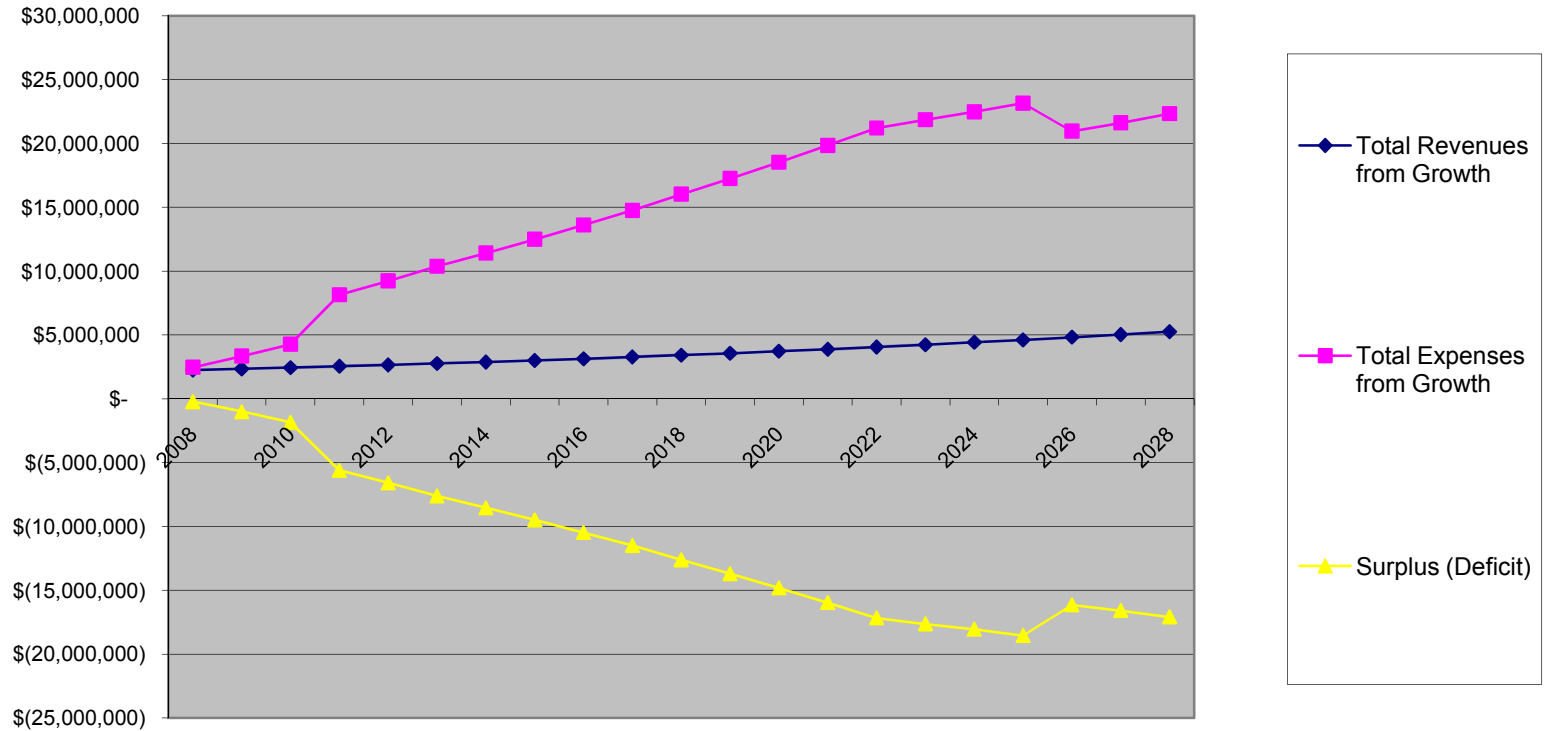
Expenses from Growth Related Capital Projects

- According to county departmental staff, planned expenses attributable to new population growth include: bridge and road construction, new fire stations, waste management facilities, and a new jail facility
- Assumes 15 year bond financing with a 4% interest rate



Will Growth Pay For Itself?

Comparison of Total Revenues and Total Expenses Associated with Projected Growth



Alternative Scenarios

	Baseline Scenario	Scenario One	Scenario Two	Scenario Three
	<i>ACDP Population Projections; \$160k average housing value</i>	<i>Additional Ten Percent Population Growth</i>	<i>Additional Twenty Percent Population Growth</i>	<i>Housing Value of \$200k; ACDP Population Projections</i>
2008 Surplus (Deficit)				
Total	\$ (218,009)	\$ (116,249)	\$ (14,490)	\$ 94,473
Per-Capita	\$ (1.1)	\$ (0.6)	\$ (0.1)	\$ 0.5
Per-Household	\$ (2.5)	\$ (1.2)	\$ (.2)	\$ 1
Per New Resident	\$ (62)	\$ (30)	\$ (3)	\$ 27
Per New Household	\$ (140)	\$ (68)	\$ (8)	\$ 61
2028 Surplus (Deficit)				
Total	\$ (17,083,816)	\$ (17,411,104)	\$ (17,738,393)	\$ (16,270,123)
Per-Capita	\$ (61)	\$ (57)	\$ (53)	\$ (58)
Per-Household	\$ (138)	\$ (128)	\$ (120)	\$ (132)
Per New Resident	\$ (3,374)	\$ (3,127)	\$ (2,920)	\$ (3,214)
Per New Household	\$ (7,627)	\$ (7,067)	\$ (6,600)	\$ (7,264)

Conclusion

- Tax revenues are expected to generally cover the increased operating expenses for local government
- Revenues generated from growth will not likely be sufficient to cover capital expenditures
- A scenario of declining housing prices would make budget deficits even larger

Possible Solutions

- Service Quality (Cost) Decreases
- Assign costs to those who are creating the expense
 - Impact fees / Development exactions
 - Special tax districts
- Additional Taxes, Fees, and Charges
- Growth Management
 - Urban service boundaries
 - Comprehensive land use planning