



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3938 Introduced on February 23, 2021
Author: Tedder
Subject: SC Inclusionary Housing Act
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Gallagher
Impact Date: February 26, 2021

Fiscal Impact Summary

This bill establishes the South Carolina Inclusionary Housing Act, which allows counties and municipalities to adopt and use voluntary strategies to increase the development of affordable housing for low- and moderate-income families, termed an inclusionary housing policy. If a county or municipality adopts an inclusionary housing policy, they must provide developers the option to pay a fee in lieu of including affordable units within their overall development. Since this bill is permissive, the number of local governments that will elect to adopt an inclusionary housing policy is unknown. The resulting expenditure impact from developing and implementing the policy and the revenue impact from potential fees resulting from fee in lieu payments is undetermined.

Explanation of Fiscal Impact

Introduced on February 23, 2021

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

This bill establishes the South Carolina Inclusionary Housing Act to allow counties and municipalities to adopt and use voluntary strategies to increase the development of affordable housing for low- and moderate-income families, termed an inclusionary housing policy.

This bill allows a municipality or county with a population of over 50,000 to adopt a voluntary inclusionary housing policy to:

- establish the sales or rental price for a new multifamily or single-family home, and
- require a new multifamily or single-family home be designated for sale or rent as affordable housing.

An inclusionary housing policy cannot require more than 25 percent of housing units be sold or rented as affordable housing, can only apply to developments containing five or more units, and

must provide developers the option to pay a fee in lieu of including affordable units within their overall development. This bill also requires counties and municipalities adopting an inclusionary housing policy to offer developers economic incentives.

This bill allows counties and municipalities to adopt an inclusionary housing policy. Since this bill is permissive, the number of local governments that will elect to adopt an inclusionary housing policy is unknown, and the resulting expenditure impact from developing and implementing the policy is undetermined.

Local Revenue

This bill allows a county or municipality with a population of over 50,000 to adopt an inclusionary housing policy. An adopted policy must provide developers the option to pay a fee in lieu of including affordable units within their overall development. Revenue from these fees must be placed in a housing trust fund, which may be used for construction, rehabilitating, or repairing affordable housing.

Based on 2019 estimates from the Census Bureau, the following 24 counties and seven municipalities have a population over 50,000:

County	2019 Census Bureau Population Estimate
Aiken County	170,872
Anderson County	202,558
Beaufort County	192,122
Berkeley County	227,907
Charleston County	411,406
Cherokee County	57,300
Darlington County	66,618
Dorchester County	162,809
Florence County	138,293
Georgetown County	62,680
Greenville County	523,542
Greenwood County	70,811
Horry County	354,081
Kershaw County	66,551
Lancaster County	98,012
Laurens County	67,493
Lexington County	298,750
Oconee County	79,546
Orangeburg County	86,175

Pickens County	126,884
Richland County	415,759
Spartanburg County	319,785
Sumter County	106,721
York County	280,979

Source: U.S. Census Bureau. County Population Totals 2010-2019.

Municipality	2019 Census Bureau Population Estimate
Charleston City	137,566
Columbia City	131,674
Greenville City	70,635
Mount Pleasant Town	91,684
North Charleston City	115,382
Rock Hill City	75,048
Summerville Town	52,549

Source: U.S. Census Bureau. Annual Estimates of the Resident Population for Incorporated Places in South Carolina 2010-2019.

This bill may generate additional revenue from developers opting to pay a fee in lieu of including affordable housing units in their development complex. However, the amount of revenue generated from these fees will depend on the number of counties and municipalities that elect to adopt an inclusionary housing policy, the fee amount imposed by the county or municipality, and how many developers elect to pay a fee in lieu of including affordable units. Since this bill is permissive, the number of local governments that will elect to adopt an inclusionary housing policy is unknown, and the resulting revenue is undetermined.

Frank A. Rainwater, Executive Director