

FISCAL IMPACTS OF DEVELOPMENT

2024



The Fiscal Impact of Development

All real estate development impacts local government finance through costs and revenues.



Costs include...

Water and sewer infrastructure and maintenance: Reaching residents with water and sewer lines & cost to maintain.

Road infrastructure and maintenance: Building out new roads to reach residents & cost to maintain.

Police, fire, and schools: Costs associated with providing and reaching the population with these important municipal services.



Revenues include...

Sales Tax: Commercial activity and associated sales tax revenue.

Property Tax: Property taxes associated with assessed values of the land.

Understanding the Balance

The balance of costs and revenues determines what impact the development has on the municipality, whether positive or negative.



Fiscal Impact Analysis



Fiscal impact analysis can be used to assess the costs and revenues associated with development, ultimately promoting development that yields higher revenues.

Conventional Assumptions

Would assert that each new resident or job will add the same amount of public costs



Regardless of whether they live and work in a sprawling, low-density development...

...or a high-density, walkable urban one.



Detailed Analysis

However, to understand the full cost and revenue associated with different types of development, more in-depth analysis may include considerations for:

1. Development density
2. Location
3. Initial capital costs
4. Long-term capital costs
5. Operations & maintenance costs

Fiscal Impact Analysis

Depending on the purpose, fiscal impact analyses can consider the varied costs between different types of development, including:

- Different development patterns (urban vs suburban)
- Long-term life cycle costs and inherited obligations
- Infill development and redevelopment
- Greenfield development and infill development

Applying the Findings

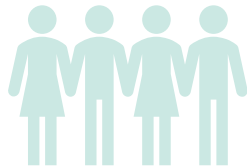
Applying the findings from a fiscal impact analysis can help to encourage development patterns that improve property values-leading to improved revenue streams, and in turn may also:

Cost less for upfront infrastructure

Reduce the costs of ongoing delivery of services

Generate several times more tax revenue per acre

These savings can be **reinvested** in the community through improved quantity and quality of service delivery.



Supporting TOD

Understanding the true fiscal costs and revenues can ultimately lead to **better decision making and regulations supportive of TOD**. Localized values consistent with service areas provide the most accurate results for fiscal impact analyses.

Fiscally informed decision making is supportive of TOD and can lead to:

**Efficient use of
land and
infrastructure**

**A greater mix of
uses and housing
choices**

**Neighborhoods
and communities
focused on
human-scale,
mixed-use centers**

**A balanced,
multi-modal
transportation
system providing
increased
transportation
choice**

**Well-defined
community edges**

*(agricultural greenbelts,
wildlife corridors, or
greenways permanently
preserved for farming or
open space)*

A Tool for the LCRT Corridor

Using the tool

- Development patterns differ across the LCRT corridor which spans municipal and county boundaries.
- This fiscal impact tool was created to compare **two different development programs for the same site.**
- It can illuminate the different in **suburban** (often existing) style development patterns with **more dense urban infill TOD** patterns.

Enter Scenario 1

Enter Scenario 2

Fiscal Calculator

Municipality	North Charleston	Select from drop down
Project name	Suburban Existing	Project name
Custom total sales tax revenue (optional)		Replace default sales tax

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1du		\$ -
Residential: Attached, low-medium density	1du		\$ -
Residential: Attached, medium-high density	1du		\$ -
Residential: Attached, medium-high density, subsidized	1du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft		\$ -
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1room key		\$ -
Municipal revenue subtotal			\$ -
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

Municipality	North Charleston	Select from drop down
Project name	TOD Potential	Project name
Custom total sales tax revenue (optional)		Replace default sales tax

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1du		\$ -
Residential: Attached, low-medium density	1du		\$ -
Residential: Attached, medium-high density	1du		\$ -
Residential: Attached, medium-high density, subsidized	1du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft		\$ -
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1room key		\$ -
Municipal revenue subtotal			\$ -
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

Red	User entry
Grey	Automatically populated

Percent difference in municipal revenues: (Scenario 2 compared to Scenario 1)	Infrastructure cost considerations:
#DIV/0!	\$0
Disclaimer	
<p>This tool focuses on the difference in development patterns for a single site rather than development patterns across an entire city. To get a complete picture of the municipal costs and revenues associated with different types of development, the varying costs of schools, police, solid waste, cultural services, and public health should be considered. This tool does not estimate these costs because they require a view of the larger context and development patterns, rather than development on a single site. For example, while a single site may have a greater population and therefore more cost related to the school system, analyzing alternatives could show that the population would otherwise be more dispersed throughout the city regardless, incurring the same cost for the school aged population total, but a greater cost for bussing the students. The tool provides the costs associated with infrastructure that is critical to successful TOD which includes improved access / road networks, and structured parking. These costs are most likely to be shared between the developer and municipality, especially as ways to incentivize TOD patterns where no such patterns exist today. This tool isn't intended to be a final tax bill or revenue forecast. Values are calibrated to May/June 2024, whenever possible. All values have been rounded to the nearest \$1,000 to avoid indicating a greater degree of certainty.</p>	

Tool Inputs

- Revenues:** The tool estimates revenues associated with property tax and sales tax for different development types.
- Costs:** The tool provides the costs associated with infrastructure that is critical to successful TOD which includes improved access / road networks, and structured parking.

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft		\$ -
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ -
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

Revenues

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft		\$ -
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ -
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

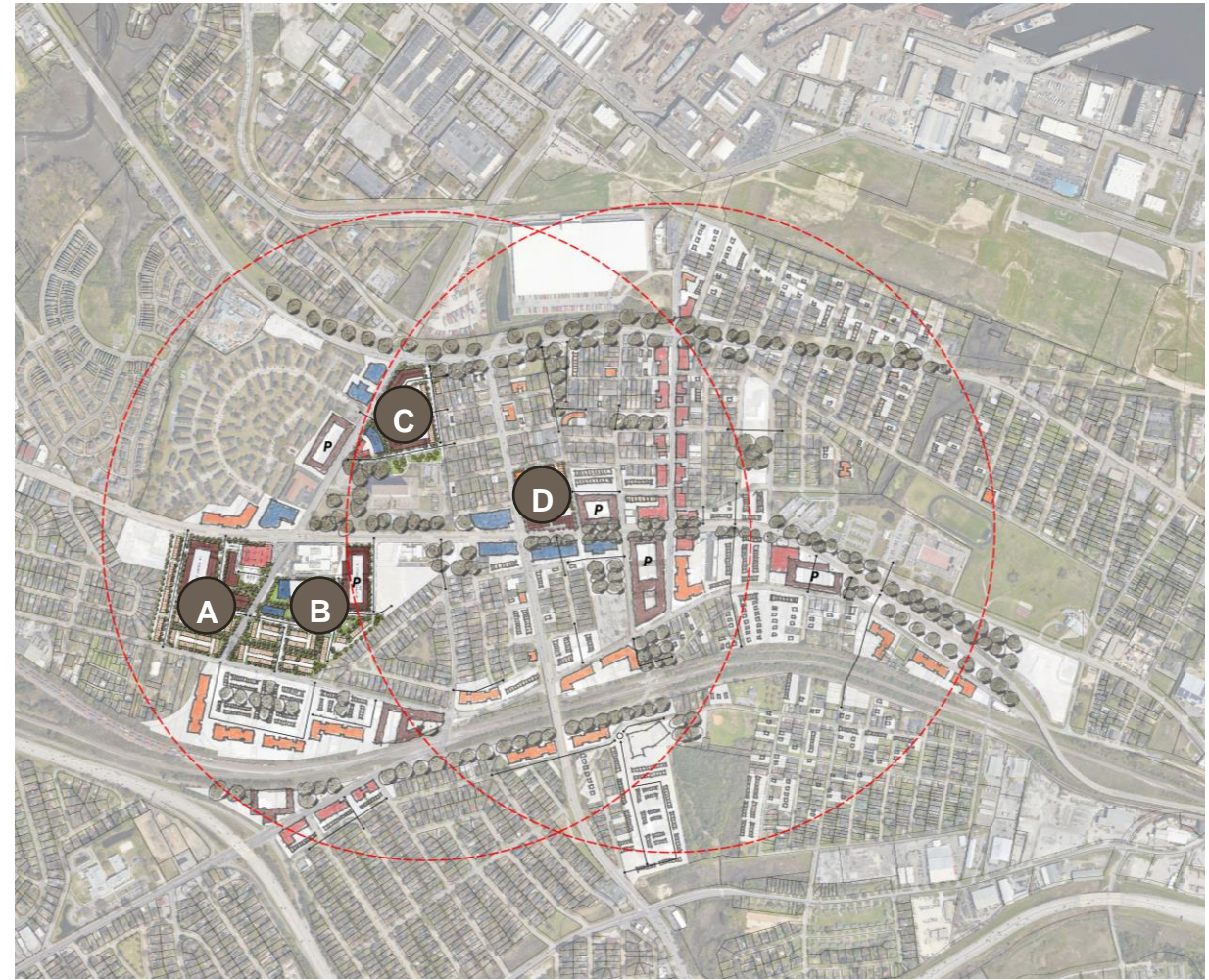
Select development costs

These **costs** are most likely to be shared between the developer and municipality, especially as ways to incentivize TOD patterns where no such patterns exist today.

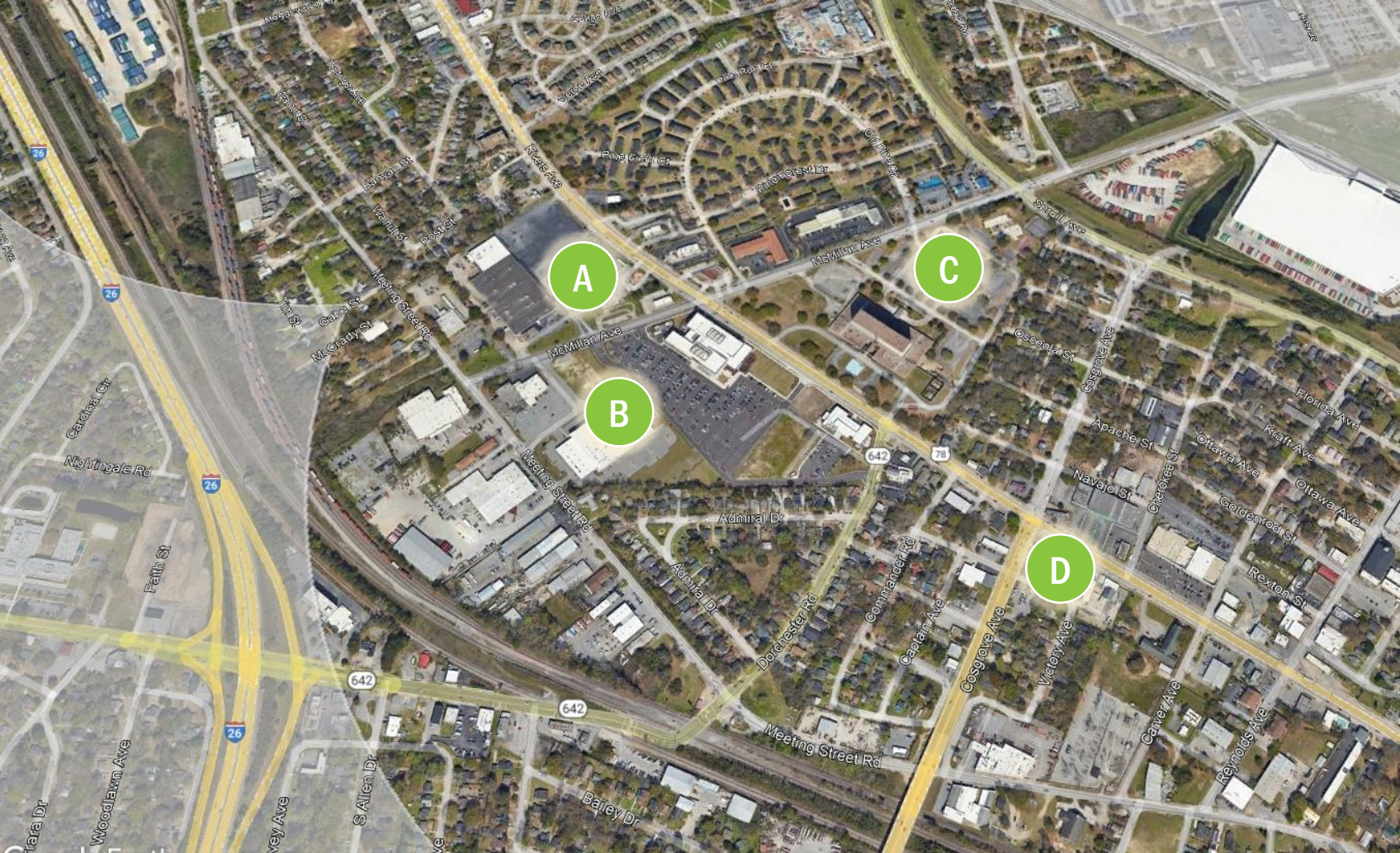
Illustrating the future

- Sites that are more likely to develop in the next 20 years were identified along the LCRT corridor.
- Focusing on a few catalyst sites in each station area can help spur TOD and concentrate efforts, multiplying impact.
- In consultation with local experts and stakeholders, the project team focused in on the **Dorchester and Reynolds station areas** to conceptualize catalytic projects.

Dorchester and Reynolds Station Areas Conceptual Framework Plan



Rivers at Dorchester and McMillan



- A** Vacant Former K-Mart
- B** Teddie E. Pryor Social Services Building
- C** Navy Hospital Adjacent Parking Redevelopment
- D** CARTA Superstop (Future Redevelopment Site)

Priority Development Scenarios



A

Vacant Former K-Mart

B

Teddie E. Pryor Social Services Building

C

Navy Hospital Adjacent Parking Redevelopment

D

CARTA Superstop (Future Redevelopment Site)

A- Vacant Former Kmart Site (~16 acres)

Current (2024)



Potential Future Scenario



EXISTING

0.19 FAR

- ❑ 125,000 sf General Retail
- ❑ 12,000 sf Government Services (USPS)

POTENTIAL

0.97 FAR

- ❑ 42,000 sf Grocery Store
- ❑ 536 Residential Units (mix of townhomes and apartments)
- ❑ 45,000 sf Commercial
- ❑ 745 Covered Parking spaces

A Fiscal Impact Analysis

Existing Conditions

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft	125	\$ 857,000
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 857,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

**\$857,000
Revenues**

TOD Scenario

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du	130	\$ 248,000
Residential: Attached, medium-high density	1 du	366	\$ 1,181,000
Residential: Attached, medium-high density, subsidized	1 du	40	\$ 84,000
Office	1k sqft		\$ -
General retail	1k sqft	45	\$ 308,000
Grocery	1k sqft	42	\$ 293,000
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 2,114,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall	745	\$ 21,233,000
New 24' roadway with water and sewer	1 linear foot	3300	\$ 3,630,000
Select development costs subtotal			\$ 24,863,000

**\$2,114,000
Revenues**

Percent difference in municipal revenues: (Scenario 2 compared to Scenario 1)	Infrastructure cost considerations:
147%	\$24,863,000

147% increase in municipal revenue, however the municipality may decide to partner with the developer in offsetting the potential \$24.8 million dollar investment in parking and improved street connectivity.

B- Teddie E. Pryor Social Services Building (~16.5 Acres)

Current (2024)



Potential Future Scenario



EXISTING

0.16 FAR

- ❑ Multi-story government service facility
- ❑ 86,000 sf Logistics Industrial
- ❑ 30,000 sf General Retail

POTENTIAL

1.07 FAR

- ❑ 393 Total Residential Units (mixture of townhomes and apartments)
- ❑ 163,000 sf Office
- ❑ 105,000 sf Commercial
- ❑ 1,290 Covered Parking Spaces 15% shared (~600 included to replace existing parking area)

B Fiscal Impact Analysis

Existing Conditions

TOD Scenario

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft	30	\$ 206,000
Grocery	1k sqft		\$ -
Industrial	1k sqft	86	\$ 380,000
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 586,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du	113	\$ 215,000
Residential: Attached, medium-high density	1 du	224	\$ 723,000
Residential: Attached, medium-high density, subsidized	1 du	56	\$ 118,000
Office	1k sqft	163	\$ 637,000
General retail	1k sqft	105	\$ 719,000
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 2,412,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall	690	\$ 19,665,000
New 24' roadway with water and sewer	1 linear foot	2300	\$ 2,530,000
Select development costs subtotal			\$ 22,195,000

**\$586,000
Revenues**

**\$2,412,000
Revenues**

Percent difference in municipal revenues: (Scenario 2 compared to Scenario 1)
312%

Infrastructure cost considerations:
\$22,195,000

312% increase in municipal revenue, however the municipality may decide to partner with the developer in offsetting the potential \$22.2 million dollar investment in parking and improved street connectivity.

C - Navy Hospital Adjacent Parking (~8.5 acres)

Current (2024)



Potential Future Scenario



EXISTING

0.0 FAR

- ❑ Surface Parking

POTENTIAL

0.65 FAR

- ❑ 295 Total Residential Units (mixture of townhomes and apartments)
- ❑ 133,000 sf Commercial / Office
- ❑ 553 Parking Spaces (15% Shared, additional 120 are just to replace existing spaces)

C Fiscal Impact Analysis

Existing Conditions

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft		\$ -
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ -
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

With no residential or commercial uses on the site itself, the tool does not calculate the value of the existing parking lot alone.

TOD Scenario

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du	63	\$ 120,000
Residential: Attached, medium-high density	1 du	186	\$ 600,000
Residential: Attached, medium-high density, subsidized	1 du	46	\$ 97,000
Office	1k sqft	72	\$ 281,000
General retail	1k sqft	61	\$ 418,000
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 1,516,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall	553	\$ 15,761,000
New 24' roadway with water and sewer	1 linear foot	2900	\$ 3,190,000
Select development costs subtotal			\$ 18,951,000

**\$1,516,000
Revenues**

Infrastructure cost considerations:
\$18,951,000

\$1,516,000 in yearly municipal revenue, however the municipality may decide to partner with the developer in offsetting the potential \$18.9 million dollar investment in parking and improved street connectivity

D - CARTA Superstop (~4.6 acres)

Current (2024)

Potential Future Scenario



EXISTING

0.0 FAR

- ❑ 3,000 General Retail
- ❑ 5,000 Residential
- ❑ 13,500 Light Industrial

POTENTIAL

0.32 FAR

- ❑ 165 Total Residential Units (mixture of townhomes and apartments)
- ❑ 26,000 sf Commercial
- ❑ 56 Surface Parking Spaces (not street, or contained in residential) (15% Shared)

D Fiscal Impact Analysis

Existing Conditions

Development program: Suburban Existing			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du	3	\$ 2,000
Residential: Attached, low-medium density	1 du		\$ -
Residential: Attached, medium-high density	1 du		\$ -
Residential: Attached, medium-high density, subsidized	1 du		\$ -
Office	1k sqft		\$ -
General retail	1k sqft	3	\$ 21,000
Grocery	1k sqft		\$ -
Industrial	1k sqft	13.5	\$ 60,000
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 83,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall		\$ -
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot		\$ -
Select development costs subtotal			\$ -

**\$83,000
Revenues**

TOD Scenario

Development program: TOD Potential			
Land use	Unit	Count	Cost/Revenue
<i>Municipal revenue</i>			
Residential: Detached, single-family	1 du		\$ -
Residential: Attached, low-medium density	1 du	75	\$ 143,000
Residential: Attached, medium-high density	1 du	72	\$ 232,000
Residential: Attached, medium-high density, subsidized	1 du	18	\$ 38,000
Office	1k sqft		\$ -
General retail	1k sqft	26	\$ 178,000
Grocery	1k sqft		\$ -
Industrial	1k sqft		\$ -
Hotel	1 room key		\$ -
Municipal revenue subtotal			\$ 591,000
<i>Select development costs</i>			
Parking, surface lot	1 parking stall	55	\$ 275,000
Parking, structured lot	1 parking stall		\$ -
New 24' roadway with water and sewer	1 linear foot	800	\$ 880,000
Select development costs subtotal			\$ 1,155,000

**\$591,000
Revenues**

Percent difference in municipal revenues: (Scenario 2 compared to Scenario 1)	Infrastructure cost considerations:
612%	\$1,155,000
Disclaimer	

612% increase in municipal revenue, and without any parking garages required, and minimal street network improvements, the cost of the infrastructure improvements can likely be accommodated fully by the developer.