



# OVERVIEW: Chatham County's Education Impact Fee

## WHAT IS THE SCHOOL IMPACT FEE?

The impact fee is one of the county's few alternatives to the property tax for meeting revenue needs to increase school capacity. The fee is collected from builders to fund the impact of development on school facility needs.

The county first received authority from the General Assembly to collect the fee in 1987, but did not begin collecting it until 1999. In 1996, a study was conducted to determine the impact of new houses on schools. The county had not updated the study until this year, but the commissioners asked for the update due to major increases in school construction costs, which have nearly doubled since 1996.

## QUICK FACTS

- It has funded 17 projects during that period, including Virginia Cross Elementary, a new cafeteria at Jordan Matthews and the purchase of land for a new high school. See list on back page.
- Through 2020, an estimated \$42.7 million will be needed for debt service on projects recently completed or underway.
- The current impact fee level is based on outdated construction costs from 1996.
- State law does not allow the county to vary the fee based on home price or income of the buyer. Square footage is not legally an option either, because the county can't show the linkage between the number of students and square footage of housing.
- However, the county can consider the number of bedrooms as an option for varying the fee to be more equitable.
- The county also can vary WHEN the fee is collected, such as when the permit is obtained or later in the process.
- The maximum levels of the fee allowed in the study (see back side) are maximum authorized limits, not a proposal by the Board of Commissioners. The commissioners are seeking public input to guide any decision made on changing the fee.

## FUNDS FOR SCHOOLS 1999-2009

**\$15.6 million**

## DEBT PAYMENTS 2010-2020

**\$42.8 million**

## KEY QUESTIONS

- **HOW TO PAY FOR SCHOOLS?** If additional revenues are needed for new schools, should Chatham County increase the impact fee or increase property taxes to pay for new school construction? If residents do not like either option, what suggestions do they have for meeting school facility needs for students?
- **SHOULD THE FEE VARY BY TYPE OR BEDROOMS?** Should the county base the impact fee on the number of residential bedrooms, the only legal option to link the fee to home size or affordability? Or, should it continue to use the type of housing (single or multi-family) as the basis for the fee?
- **WHEN SHOULD THE FEE BE COLLECTED?** Should the impact fee be collected when the building permit is obtained or at some other point, such as when the certificate of occupancy is granted? Or should it be a combination of one or more options?



**VIRGINIA CROSS ELEMENTARY IN SILER CITY** required major funding from the education impact fee.

<b>Impact of Chatham County Education Impact Fee</b>	
<b>REVENUE COLLECTED 1999-2009</b>	<b>\$14,223,114</b>
<b>Including interest earned</b>	<b>\$15,596,911</b>
<b>SCHOOL PROJECTS FUNDED: 1999-2009</b>	
Bonlee Cafeteria	\$93,674
Bonlee Covered Bus Area	\$15,210
Bonlee Wastewater Project	\$35,000
Chatham Middle Modular Units	\$45,575
Jordan Matthews Furniture & Equipment in Modulares	\$10,077
Jordan Matthews Modular Units	\$104,170
JS Waters Covered Bus Area	\$4,940
New High School Land Purchase	\$1,237,625
North Chatham Mobile Unit Door & Sidewalk	\$10,435
North Chatham Modular Units	\$29,200
Northwood Furniture & Equipment for Mobile Unit	\$5,356
Northwood Modular Units	\$118,888
Perry Harrison Furniture & Equipment	\$337
Perry Harrison Modular Units	\$80,048
Siler City Elementary Modular Units	\$45,571
Silk Hope Modular Units	\$45,571
Virginia Cross/Jordan Matthews Debt	\$2,239,248
<b>TOTAL SPENT FOR ALL PROJECTS</b>	<b>\$4,120,922</b>
<b>RESERVED FOR DEBT ON SCHOOLS</b>	<b>\$11,475,989</b>
<b>FUTURE SCHOOL DEBT NEEDS 2010-2020</b>	
for completed or projects underway *	
FY 2010	\$3,920,053
FY 2011	\$3,849,107
FY 2012	\$3,778,158
FY 2013	\$3,707,211
FY 2014	\$3,636,263
FY 2015	\$3,565,316
FY 2016	\$3,494,368
FY 2017	\$4,377,021
FY 2018	\$4,264,474
FY 2019	\$4,155,382
FY 2020	\$4,046,291
<b>TOTAL SCHOOL CAPITAL NEEDS THROUGH 2020</b>	<b>\$42,793,644</b>

*\*Future debt needs include Virginia Cross Elementary, Jordan Matthews Cafeteria, Northwood renovations & Middle School at Briar Chapel*