

Beaufort Co.'s gated communities are raising their one-time homebuyers' fees by thousands

BY MARY DIMITROV UPDATED JANUARY 15, 2023 10:20 AM



Beaufort County has multiple gated living communities. Head Island Real Estate Brokers, Collins Group Realty, *The Island Packet*

Some Beaufort County private communities have doubled or tripled their one-time initiation fees in the past three years, costing new homeowners tens of thousands of dollars more and raising the bar for who can afford to live there.

Two of Bluffton's premier communities, Colleton River Club and Belfair, have had the largest increases and now charge more than any other neighborhood simply for the right to buy a home there and access its amenities. Colleton River Club's initiation fee went from \$30,000 in 2021 to \$90,000 this year. Belfair's fee more than doubled from \$29,500 to \$70,000 over the same period.

Initiation fees, also known as transfer fees, are one-time, non-refundable fees homeowners pay the community, often a gated neighborhood, when they buy a home. This fee is different from recurring monthly or annual dues, commonly known as property or homeowners association fees, many neighborhoods charge to pay for expenses such as security, landscaping and the maintenance of amenities such as swimming pools, clubhouses and golf courses.





REAL ESTATE NEWS

In many other communities, the one-time fee is a percentage of the purchase price, meaning those who buy the most expensive homes pay higher initiation fees. Examples of popular neighborhoods that use this method are Hilton Head Plantation, Victoria Bluff and Heritage Lakes.

The communities with the highest initiation fees — Colleton River Club, Belfair, Berkeley Hall, Oldfield, Haig Point Club, Long Cove, Callawassie, Wexford, Palmetto Bluff and Moss Creek — on average had increases of over 107% in the past three years, according to a survey by The Island Packet and Beaufort Gazette.

The increases show how vital it is that prospective buyers do their homework beyond the list price and condition of a home before making a purchase, and also just how much more exclusive some neighborhoods are becoming in expensive areas.

“Your transfer fee and annual fee are baked into your cost. If you’re going to figure out your mortgage, you have to add (that) to your mortgage, and your taxes,” Realtor Peter Geary said. “That’s a lot of money, so what happens is you can’t afford as much [house].”

For those moving to a gated community, transfer fees already ran into the tens of thousands of dollars before the recent increases — which far outpaced inflation.

For Beaufort County resident Hiyaguha Cohen, high POA and transfer fees immediately ruled out some communities as she and her her husband searched for a home in spring 2022.

“Some communities were a disappointment,” she said. “I won’t say a surprise, but a disappointment that they were so off the charts.” Cohen ended up purchasing in Westbury Park, one of the many communities that charge a transfer fee of .25 or .50 of 1% of the purchase price of the home.

The average price of a home in Beaufort County is \$485,000, meaning at .25 of 1% of the sale price, the buyer would pay a one-time transfer fee of \$1,212.

Sometimes there are additional transfer fees, such as the Hilton Head Island transfer fee that buyers must pay on top of individual community transfer fees. That fee is .25 of 1% of the sale price for real estate purchased on Hilton Head and fee generates about \$4.2 million each year for the Town’s Land Acquisition Program.

“One thing I’d be asking people is do they feel that they’re getting a substantial amount for the fees they’re paying?” she said. “I think that really colors how much people are willing to pay if they have the budget.”

The newspapers contacted spokespeople at the top 10 communities charging the highest transfer fees in Beaufort County. Most declined to discuss why they charge these fees, where the money goes and why they are going up so quickly.

Colleton River spokesperson Elizabeth Turner attributed the increases to changes in the housing market and new community developments. Colleton River has the highest transfer fee in the area.



“The increase of the initiation fee and annual dues is a direct reflection of the price upsurge of homes in the local area,” she said in an emailed statement. Belfair General Manager Ken Kosak agreed. Belfair has the second-highest transfer fee in the area. “This increase in initiation fee coincides with the rise in home values over the years and the replacement cost or new construction increases for various goods and services,” Kosak said in an emailed statement.

- Since 2021, Belfair’s median sale price increased from \$879,000 to \$1,275,000, according to market reports. That’s a 45% change in home prices compared with a 137% increase in transfer fees.
- Colleton River has seen its median sales price increase from \$980,000 to \$1,540,000 since 2021, according to market reports. That’s a 57% change in home price compared with a 200% raise in transfer fee.
- Moss Creek, on the other hand, has seen its median sales price and transfer fee both increased by about 30% since 2021. The median sales price went from \$467,500 to \$615,000, and the community’s transfer fee increased from \$23,000 to \$30,000, according to market reports.

‘IT IS A BIG JUMP’

While the unprecedented home sales in the past two years may provide reason for the climbing fees, it also causes some to question whether the raises are necessary.

“Imagine the velocity of money when it’s turned over and turned over and turned over,” Geary said, speaking about how an initiation fee is charged every time a property is sold. “How do they not have more money than they’ve ever had, given the last two years we’ve had, right?”

Realtor Chip Collins said it could mark a shift from communities charging homeowners special assessments to collecting money upfront. Special assessments are when communities periodically levy funds for improvement projects, such as to fund a clubhouse renovation.

“Assessments are not favorable typically because sometimes they come as a surprise,” he said. “There’s the other side of that coin, too. Some people like to hang onto their money and they favor special assessments.”

They could also be trying to lower insurance rates, according to Realtor Mark Mayers.

“It is a big jump, there’s no question, but what they look at, too, is the more capital reserves, the lower their insurance rates,” he said. “They do analyze that and say, ‘Which is better for homeowners long term? To raise the initiation fee so we have a capital fund, and then this way we have lower insurance costs.’”

When asked why they raised prices, Oldfield Realty agent Danielle Strock said she couldn’t pinpoint one reason for the raise. Oldfield Realty sells in Oldfield, but isn’t responsible for raising fees.



“I don’t know too much other than it’s [partially] to keep in line with the other communities,” she said. “We are an amenity-rich community,” including a fitness center, equestrian center, fishing and hunting, racket sports, a dog park, pools and dining options.

A CLUB MEMBERSHIP FEE

Both transfer and POA fees go toward community projects, such as maintaining a community golf course; enhancements, such as a new club houses; infrastructure improvements, and clubhouse renovations, according to area real estate agents.

Transfer fees can also boost the community’s preparedness for a natural disaster, according to Realtor Julie Timms.

“It also helps ... if we have a catastrophe like we did in 2016 with [Hurricane Matthew],” Timms said. “When you have something that you’re not anticipating, then you’ve got the capital reserve funds to go and fix it immediately.”

Some have said the first people in these communities had to pay to build the streets and other infrastructure, and that new homeowners should have to pay for that, too.

But many local real estate agents framed initiation fees simply as the price to join a golf club.

“In other words, the people who live there don’t pay for the golf course.” Geary said. “When you join Colleton River, Wexford, Long Cove, Berkeley Hall, Belfair, you join a club, so it’s not really a transfer fee as much as it’s a club membership fee.”

He points out that some communities, like Sea Pines, which don’t have an initiation fee have public golf courses.

“You want to go into Atlantic Dunes [golf course] in Sea Pines, it’s in gorgeous shape, but they’re charging [\$160], a round and Harbour Town [golf course] is charging [\$335] a round” Geary said. “Those courses have such name recognition, people are willing to pay for that.”

Increasing initiation fees increasingly make private communities exclusive havens for the wealthy, but that was already the clientele for many of them, according to Timms.

“You’re not looking at a gated community if you’re worried about nickels and dimes,” she said, acknowledging she was being facetious. “When you’re looking at something, you look at what you can afford, and you don’t want to be with [a real estate agent] who’s not gonna tell you about those fees.”

Timms keeps a list of community fees on her agency’s website. Collins does as well, so that clients aren’t surprised when they see them, he said.



“You don’t want to find at the closing table that there’s [more] of your sales price that you have to come up with,” Timms said.

Geary said another impact he sees is older buyers choosing not to buy in communities with high transfer fees because they likely won’t see their investment.

“They’re getting out like crazy. They’re just forcing them out with [increased fees],” he said. “You’re getting much younger couples ... in their 40s and their 50s who’ve made money.”

THE RANKINGS

The Island Packet and Beaufort Gazette collected information about fees from REsides, the Hilton Head area’s multiple listing service, as well as real estate agents, community websites and spokespersons to determine the highest fees in Beaufort County. They are recent as of 2023, unless otherwise noted.



A map of gated communities on Hilton Head. www.hiltonhead.com

Here are the top 10 communities:

1. COLLETON RIVER CLUB, BLUFFTON

Colleton River Club’s initiation fee is \$90,000, which tripled in the past three years, up 200%. It is \$20,000 higher than the second highest local initiation fee. It was \$30,000 in 2021 and \$60,000 in 2022.



The community also has a \$27,125 annual homeowners fee, according to the Hilton Head MLS. This is an increase from \$23,565 last year.

In total, buyers will pay at least \$117,125 in fees during their first year. Spokesperson Turner pointed toward the club’s enhanced amenities package.

“[The package] will include the addition of a new Athletic Center with a poolside Café, eight pickleball courts, four bocce courts, a new tennis complex with six HarTru courts, as well as renovations and additions to all levels of the Dye Clubhouse,” the statement said. “The enhanced dining at the Dye Clubhouse will better optimize the amazing golf course and water views with the addition of a rooftop lounge and will be available to our Members almost every day of the week.”

Unlike some communities, Colleton River has two golf courses, which Geary says might be why the fee is so high.



One of Colleton River’s two signature gold courses. Colleton River is surrounded by water on three sides and bordered by an 1,100 acre nature preserve, according to their website.
Colleton River

“Colleton River has two golf courses in it, one’s a Pete Dye and the other is a Jack Nicklaus,” Geary said. “They’re gorgeous, and they’re in great shape, and they’re great golf courses. And when you join Colleton River, you join that club.” The community had 42 sales last year, according to market reports; therefore, it made at least \$2.5 million in transfer fees.

2. BELFAIR, BLUFFTON



Belfair’s initiation fee is \$70,000, which more than doubled — or went up 137% — in the past three years. It is the second-highest local initiation fee. It was \$29,500 in 2021 and \$40,000 in 2022.

Belfair has a \$20,588 annual fee, according to Kosak, the spokesperson. It jumped about \$1,500 from last year.

In total, buyers pay at least \$90,588 in fees in their first year.

“The initiation fee goes 100% into our Capital Reserve Fund for community upkeep and related capital projects for the POA, such as paving and roadworks, Storm water drainage, course and amenity repair and replacement projects and new amenities for the POA such as pickleball,” Kosak said in a statement.



Belfair is a private gated golf community in Bluffton. *Belfair*

The community had 49 sales last year, according to market reports; therefore, it made at least \$1.9 million in transfer fees.

3. BERKELEY HALL, OKATIE

Berkeley Hall’s initiation fee is \$65,000, which almost tripled in the past, three years, up 183%. It was \$23,000 in 2021 and \$40,000 in 2022.



Berkeley Hall has a \$24,320 annual fee, according to the Hilton Head MLS. The annual fee increased about \$2,000 last year and another \$2,000 the year before.

In total, buyers pay at least \$87,626 in fees in their first year.



A rainbow over Berkeley Hall, the Berkeley Hall Club is a gated golf community in Bluffton. *Berkeley Hall Facebook*

The community had 41 sales last year, according to market reports; therefore, it made at least \$1.6 million in transfer fees.

Berkeley Hall spokesperson Alex Madeiros said no one was available for comment.

4. OLDFIELD, OKATIE

Between the club initiation fee and the community initiation fee, Oldfield’s initiation fee is \$50,000.

It nearly doubled — up 78% — from 2022, when it was \$28,000.

With a \$10,744 annual fee, according to Oldfield Realty, buyers are paying at least \$60,744 in their first year.





Oldfield is a private gated golf community in Bluffton JB McCabe *Oldfield*

The community had 24 sales last year, according to market reports; therefore, it made at least \$672,000 in transfer fees.

5. HAIG POINT CLUB, HILTON HEAD ISLAND

Haig Point Club's initiation fee is \$50,000, which more than doubled — up 150% — in the past three years. It also requires buyers pay an added 1% of the sales price. It was \$20,000 in 2021 and \$30,000 in 2022.

With \$30,759 annual dues according to the Hilton Head MLS, buyers pay at least \$80,759 in fees in their first year. The annual fee almost doubled since 2022, when it was \$16,600.

Market reports don't say how many sales Haig Point had last year.

A Haig Point Club spokesperson didn't return messages requesting to comment.

6-8 (TIED). LONG COVE, HILTON HEAD ISLAND

Long Cove's initiation fee is \$35,000, an increase of 75% in the past three years. It was \$20,000 in both 2021 and 2022.





Long Cove is a private gated golf community on Hilton Head Island. *Long Cove Facebook*

With an annual fee of \$16,458, according to the Hilton Head MLS, buyers pay at least \$51,484 in fees in their first year. The annual fee increased by about \$1,500 since 2021.

The community had 37 sales last year, according to market reports; therefore, it made at least \$740,000 in transfer fees.

A Long Cove spokesperson did not return messages requesting comment.

CALLAWASSIE, CALLAWASSIE ISLAND

Callawassie’s initiation fee is \$35,000, which nearly doubled — up 94% — in the past three years. It was \$18,000 in 2021 and \$25,000 in 2022.





The Callawassie River Club is a private gated golf community in Okatie *Callawassie River Club*

With annual fees of \$15,741, according to the Hilton Head MLS, buyers pay at least \$50,741 in fees in their first year. The annual fee increased about \$1,000 since 2022.

The community had 36 sales last year, according to market reports; therefore, it made at least \$900,000 million in transfer fees.

Callawassie spokesperson Lindsey Cooler declined to comment.

WEXFORD, HILTON HEAD ISLAND

Wexford’s initiation fee is \$35,000. It went up 75% since it was \$20,000 in 2021. It was \$35,000 in 2022.

However, Wexford has the third-highest annual fee of \$18,860, which is paid quarterly, according to the Hilton Head MLS. This fee increased about \$2,000 since 2021. In their first year, buyers pay at least \$53,860.



The community had 25 sales last year, according to market reports; therefore, it made at least \$875,000 in transfer fees.

Wexford River Club spokesperson Kathryn Clemmons declined to comment.

9-10 (TIED). PALMETTO BLUFF, BLUFFTON

Palmetto Bluff’s initiation fee is \$30,000, which was a \$10,000 increase — up 50% — in the past three years. It was \$20,000 in 2021 and 2022.



Palmetto Bluff is Bluffton’s largest private residential community

Between the club and trust assessment, Palmetto Bluff had annual fees of \$9,410 in 2022, according to their fee sheet. The annual fees nearly stayed the same since 2021, but they could face a raise this year.

In total, buyers pay at least \$39,410 in fees in their first year.

The community had 91 sales last year, according to market reports; therefore, it made at least \$1.8 million in transfer fees.

Palmetto Bluff spokesperson Alex Malloy declined to comment.

MOSS CREEK, HILTON HEAD ISLAND

Moss Creek’s initiation fee is \$30,000, which went up 30% from \$23,000 in 2022.



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With an annual fee of \$7,032, according to its website, buyers pay at least \$37,032 in fees in their first year. The annual fee increased about \$1,000 since 2021.

The community had 65 sales last year, according to market reports; therefore, it made at least \$1.9 million in transfer fees.

A Moss Creek spokesperson did not return messages seeking comment.



Moss Creek is a private gated golf community on Hilton Head Island *Moss Creek*

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