



# **ATTAINABLE HOUSING**

## *Resource Guide*

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# I. INTRODUCTION:

## ***Attainable Housing in The Lowcountry: A Resource Guide***

The Charleston Metro Chamber of Commerce has made attainable housing one of its legislative priorities. This resource guide serves as a summary of Attainable Housing policy to date. It includes policy recommendations, a timeline, past studies, and news stories about successful Attainable Housing Policy in different regions.

The cost and availability of housing have become a regional issue impacting employers and employees. These factors contribute to longer commute times and make employee retention more challenging. To accommodate projected growth and allow businesses to thrive, our region needs more housing supply, more choices, better proximity to transit and job centers, and more attainable options at every income level.

Wages and population are rising in the Charleston region at impressive rates. However, these rates cannot keep up with the rise in median home sale prices and rental rates. Typical residents now spend 57% of their income on housing and transportation while low-income residents spend 71% of their income on the same. In comparison, the government recommends spending no more than 30% of your income on housing.

Over the years public, private, and non-profit entities have partnered to find solutions to the attainable housing crisis. The timeline will show progress, but there is still much more to be done. The business community is an influential voice to bring attention to the issues and push solutions across the finish line.

The Charleston Metro Chamber of Commerce recommends four guiding principles when determining if the Chamber will support policy on Attainable Housing:

- 1. Policies that increase supply**
- 2. Policies that decrease the cost**
- 3. Policies that encourage free market solutions**
- 4. Policies that support unique limited government solutions where the free market is unable to perform**

## II. DEFINITIONS:

- ADU<sup>2</sup>**.....Accessory Dwelling Units; any unit added on to a single family home where an additional person or family could live
- Affordable housing<sup>1</sup>** .....generally refers to housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.
- Area median income<sup>1</sup>** .....Used to define income eligibility, the AMI is determined on an annual basis by HUD.
- Attainable housing<sup>1</sup>** .....Generally a more inclusive term to describe affordability at a range of different area median incomes. It is usually used to talk about housing where the housing cost and utilities makes up no more than 30% of the gross household income for households earning up to 120% of the City’s median area income.
- BCDCOG<sup>1</sup>** .....Berkeley Charleston Dorchester Council of Governments
- CHA<sup>1</sup>**.....Charleston Housing Authority
- CLT<sup>1</sup>**.....Community Land Trust
- CMCC<sup>1</sup>**.....Charleston Metro Chamber of Commerce
- Displacement<sup>1</sup>** .....residents can no longer afford to live in their neighborhood and move elsewhere. This is often a result of the impact of increasing housing prices in a neighborhood caused by neighborhood reinvestment and major infrastructure investments.
- Gentrification<sup>1</sup>** .....There is no singular definition, the common thread includes changing neighborhoods, increased development, rising housing costs and residential turnover
- HCD<sup>1</sup>**.....The Department of Housing and Community Development
- Housing Choice Vouchers<sup>2</sup>** .....formally called Section 8, a form of subsidized affordable housing in which families who qualify (usually 50% or less than the AMI) may be provided with government funding to pay a portion of their rent.
- HUD<sup>1</sup>**.....the U.S. Department of Housing and Urban Development is a cabinet level agency that oversees federal programs designed to help Americans meet their housing needs. HUD seeks to increase homeownership, support community development, and increase access to affordable housing free from discrimination.
- LIHTC<sup>2</sup>**.....Low income housing tax credits; A housing developer who agrees to reserve a portion of units in a new apartment building for people who are low income and charge them lower than market rent in these units will receive a tax credit for the difference in rent per unit.
- NIMBY (Not-In-My-Backyard)<sup>1</sup>** .....Describes the phenomenon in which residents of a neighborhood designate a new development or change in occupancy of an existing development as inappropriate or unwanted for their local area.

**NOAH<sup>2</sup>**..... Naturally occurring affordable housing; housing that is available on the regular market, open to anyone and happens to be affordable to many families

**PP&S<sup>1</sup>**..... Department of Planning, Preservation, & Sustainability

**Public housing<sup>1</sup>**..... decent and safe rental housing owned by a housing authority and made available to eligible low-income households, the elderly, and persons with disabilities. Housing authorities have the discretion to establish eligibility preferences to reflect the needs in its own community.

**RAD<sup>1</sup>**..... Rental Assistance Demonstration

**STR<sup>1</sup>** ..... Short Term Rental

**Subsidized affordable housing<sup>2</sup>** .... Housing that is made affordable through nonprofit or government subsidies

**T&T<sup>1</sup>** ..... Department of Traffic and Transportation

**TIF<sup>2</sup>** ..... Tax Increment Finance

**TOD<sup>1</sup>** ..... Transit Oriented Development

**TRC<sup>1</sup>** ..... The Technical Review Committee reviews site plans and subdivisions for compliance with the City of Charleston codes.

**Workforce housing<sup>1</sup>**..... Housing where the housing cost and utilities makes up no more than 30% of the gross household income for a moderate-income household. Workforce housing is generally used to refer to housing for households who make between 80% and 120% of the Area Median Income.

**Zoning<sup>1</sup>** ..... a way of organizing a city into sections. This means only certain types of building or land usages will be allowed on that lot - often known as permitted land use.

1. [www.charleston-sc.gov/DocumentCenter/View/25791/Housing-for-a-Fairer-Charleston-Report](http://www.charleston-sc.gov/DocumentCenter/View/25791/Housing-for-a-Fairer-Charleston-Report)
2. [www.strongtowns.org/journal/2018/3/30/17-head-scratcher-housing-words-defined](http://www.strongtowns.org/journal/2018/3/30/17-head-scratcher-housing-words-defined)

### III. SAMPLE HOUSING TRUST FUND ORDINANCE

Ordinance NO. \_\_\_\_\_

AN ORDINANCE OF CHARLESTON COUNTY RELATING TO THE ESTABLISHMENT AND FUNDING OF A LOCAL HOUSING TRUST FUND CALLED THE LOWCOUNTRY HOUSING FUND. TO LIFT THE LIMIT ON REGULAR PROPERTY TAXES UNDER CHAPTER (\_\_\_\_\_) FOR HOUSING FOR LOW, VERY LOW, AND EXTREMELY LOW INCOME HOUSEHOLDS; PROVIDING FOR THE EXPIRATION OF THE ADDITIONAL MILLAGE INCREASE AT THE END OF TWENTY YEARS; AND PROVIDING FOR IMPLEMENTATION OF PROGRAMS WITH FUNDS DERIVED FROM THE TAXES AUTHORIZED, AND IN LINE WITH PARAMETERS SET FORTH IN THE WILLIAMS C. MESCHER LOCAL HOUSING TRUST FUND ENABLING ACT.

**WHEREAS**, supporting safe, decent, affordable housing for lower income residents, and providing access to problem-solving resources are essential to tackling the housing crisis in Charleston County;

**WHEREAS**, a healthy community is one in which all members have access to basic needs such as safe, decent, and affordable housing;

**WHEREAS**, private enterprise and investment has not produced, without government assistance, the needed construction of sanitary, decent, and safe residential housing that people with lower incomes can afford to buy or rent.

**WHEREAS**, more affordable housing options near employment centers are good for the environment, preventing long commutes and traffic congestion and increase the quality of life for citizens;

**WHEREAS**, households face a financial burden when housing costs (including utilities) exceed 30 percent of household income. As of 2019, 1 in 3 households in Charleston County pay more than 30% of their household income on housing costs, causing a financial burden for their families;

**WHEREAS**, the Charleston County Affordable Housing Task Force concluded its 18-month study in April 2019 and deliberation about housing affordability and found 78,000 additional housing units are needed between now and 2030, with 26,000 of those designated as affordable. This study shows that 2,600 new affordable units are needed each year in the Charleston metro however current funding available for affordable housing does not allow for this number of units to be built.

**WHEREAS**, 59% of renters in Charleston County earning between \$35,000-\$50,000 are spending more than 30% of their income on housing costs;

**WHEREAS**, 85% of renters in Charleston County earning between \$20,000-\$35,000 are spending more than 30% of their income on housing costs;

**WHEREAS**, 92% of renters in Charleston County earning less than \$20,000 are spending more than 30% of their income on housing costs;

**WHEREAS**, workers would have to earn \$21.50/hour to afford a two bedroom apartment in Charleston County;

**WHEREAS**, the William C. Mescher Local Housing Trust Fund Enabling Act (S.C. Code of Laws Section 31-22-10) allows for the creation of local and regional affordable housing trust funds and also provides the parameters for how a housing trust fund in South Carolina can be organized.

**WHEREAS**, many non-profit and for-profit affordable housing developers are not building more affordable units in Charleston County because the funding is not available. Nationally, local and regional housing trust funds have leveraged private and public dollars with frequent ratios of \$3-\$1 to \$6-\$1 in additional funding leveraged;

**NOW THEREFORE, CHARLESTON COUNTY COUNCIL DOES ORDAIN:**

**Section 1. Definitions:** The following terms used in this ordinance shall have the definitions stated below:

1. "Affordable housing" means residential housing for rent or sale that is appropriately priced for rent or sale to a person or family whose income does not exceed eighty percent of the median income for the local area, with adjustments for household size, according to the latest figures available from the United States Department of Housing and Urban Development (HUD).
2. "Homeless housing" means emergency, transitional, or permanent residential housing shelter for a person needing special assistance and shelter because he is homeless as defined by HUD or consistent with another definition of homelessness under which a person may receive federal financial assistance, state financial assistance, or another supportive service.
3. "Local housing trust fund" (LHTF) means a local government fund separate from the general fund established by the governing authority of a local municipality or county government with one or more dedicated sources of public revenue and authorized expenditures as provided in this chapter.
4. "Regional housing trust fund" (RHTF) means a multi-jurisdictional government fund separate from the general fund and established jointly by the governing authorities of one or more municipalities or county governments with one or more dedicated sources of public revenue and authorized expenditures as provided in this chapter.
5. "Special needs housing" means housing or shelter provided by private or public entities including privately operated elderly housing, nursing homes, community residential care facilities, and other special needs population housing facilities regardless of purpose or type of facility.
6. Extremely low income as defined by the US Department of Housing and Urban Development (HUD) is a single person or family earning 30% of the area median income.
7. Very Low income as defined by the US Department of Housing and Urban Development (HUD) is a single person or family earning 50% of the area median income.
8. Low income as defined by the US Department of Housing and Urban Development (HUD) is a single person or family earning 80% of the area median income.

**Section 2. Authorization of Millage Increase on Additional Regular Property Taxes:**

Charleston County Council shall raise the millage rate by 2 mill in 2021 through 2041 for collection in 2022 through 2042 respectively. The millage rate increase would raise approximately \$8,000,000 million per year totaling an estimated \$160,000,000 in aggregate over a period of twenty years.

**Section 3. Millage Increase Revenue**

All revenues collected from the millage increase authorized pursuant to this ordinance shall be deposited in the Lowcountry Housing Fund to be used as set forth in Sections 4 and Sections 5 of this ordinance.

**Section 4. Administration: Use of Proceeds**

1. All of the funds from the millage increase shall be used to pay for the creation, rehabilitation, and preservation of affordable housing for extremely low, very low, and low-income households. See the chart below to show the max 80% AMI per persons in a household for the Charleston-North Charleston MSA in 2019. Income Limits are updated annually by HUD.

<b>FY 2019 Income Limit Area:</b>	<b>Persons in Household</b>	1	2	3	4	5	6
Charleston-North Charleston, SC MSA	Income (80 AMI) Income Limits:	\$43,650	\$43,850	\$56,100	\$62,300	\$67,300	\$72,300

2. The funds will be deposited into the Lowcountry Housing Fund (LHF) which will be established as a local housing trust fund (LHTF). The LHF can be expanded into a regional housing trust fund with the adoption of subsequent enabling ordinances and multi-jurisdictional funding.
3. The Lowcountry Housing Fund shall be Administered by a qualified non-profit organization (Administrator) who has the capacity to:
  - a. Publicly announce the availability of funds;
  - b. Create and maintain funding applications and processes;
  - c. Review applications for funds to determine project eligibility;
  - d. Assist applicants with development plans;
  - e. Make funding decisions;
  - f. Provide compliance monitoring and loan servicing
4. The Administrator of the Lowcountry Housing Fund shall provide an annual accounting report of funds to Charleston County Council. This report must be made available to the public.
5. The Administrator of the Lowcountry Housing Fund will enter a mutually agreed upon operating agreement with Charleston County. The operating agreement will contain the parameters of the revolving loan fund including the range of loan terms and rates for projects.
6. The majority of the annual funding for the Lowcountry Housing Fund will be allocated and distributed through the revolving loan fund to support public-private partnerships to build new housing or for the rehabilitation and preservation of existing affordable housing. It is also understood that there are specialized needs where housing trust fund dollars will be allocated to meet specific housing challenges that the revolving loan fund is not designed to meet. The following three Set-Aside funds are designed to (a) encourage homeownership (b) preserve homeownership through critical health and safe repairs for existing homeowners (c) provide quality rental housing for the most financially vulnerable population for households earning 30% AMI or less. These three set-asides will receive an annual allocation of funding in the amounts stated below and have up to three years to administer the funding for the fiscal year for which it is received. Should the balance of set aside not be allocated within a three-year period, the funds shall return to the Administrators' revolving loan fund account.
  - a. **Soft Second Mortgage Program Set-aside:** In an effort to encourage and support homeownership for first-time homebuyers earning up to 80% AMI in Charleston County, a soft-second mortgage program shall be created to provide forgivable, second position subordinated mortgages for homebuyers in Charleston County. The Lowcountry Housing Fund shall set aside an annual \$1,000,000 from the fund for the use of provide soft second mortgages. The Soft Second Mortgage Program shall be administered by the Charleston County Community Development Division. Income-certified homebuyers can qualify for a forgivable mortgage up to \$30,000 available at the closing of a home to assist the homebuyer. All soft second mortgages shall come with a 10-year affordability period that allow the mortgage to be fully forgiven if the homeowner stays in their home for 10 years or resales the home to a household earning 80% AMI or less.
  - b. **Emergency Repair and Owner-Occupied Set-aside:** Emergency repair and Owner-occupied repair projects for income-qualified homeowners in Charleston County shall be administered by the Charleston County Community Development Division. The OOR set-aside amount shall be \$500,000 annually. It is understood that this Division of Charleston County government operates the existing owner-occupied and emergency repair programs for Charleston County through other funding sources and will be cost effective to allow this division to continue to facilitate that programming with these additional dollars that shall be used for the direct construction and administration of those programs.

- c. **Housing Choice Voucher Program Set-aside:** Understanding the need for attainable housing for households earning 30% AMI and below combined with the financial challenge with providing housing through public-private partnerships without a housing choice voucher program in place to make sure those developments are financially sustainable, the Lowcountry Housing Fund shall set aside \$1,000,000 annually to the Charleston County Housing Authority to provide Housing Choice Vouchers that are prioritized for households earning 30% AMI or less.

## **Section 5. Key Parameters from the William C. Mescher Local Housing Trust Fund**

### **Enabling Act - S.C. Legislature Chapter 22 Section 31**

This section provides key parameters from the SC Housing Trust Fund Enabling Legislation that are important to highlight as key components to how the Lowcountry Housing Fund should operate. The entire enabling legislation is applicable to the Lowcountry Housing Fund and should be referenced as guidance for the fund.

### **S.C. Legislature Chapter 22 SECTION 31-22-30 (D)**

A local government operating an LHTF or RHTF may allocate funds to a program that promotes the development or rehabilitation of affordable housing as defined in this chapter. Regarding the distribution of funds from an LHTF or RHTF, preference must be given to a program or project that promotes the development or rehabilitation of affordable housing for an individual or family with an annual income at or below fifty percent of the median income for the local area, adjusted for family size according to current data from HUD, the development or rehabilitation of special needs housing, or the development or rehabilitation of homeless housing.

### **S.C. Legislature Chapter 22 SECTION 31-22-30 (E)**

LHTF or RHTF funds may be used to match other funds from federal, state, or private resources, including the State Housing Trust Fund. A local government shall seek additional resources for housing programs and projects to the maximum extent practicable. A local government shall administer its housing trust fund through new or existing nonprofit organizations to encourage private charitable donation to the funds. Where an LHTF or RHTF receives such a donation, the donation must be used and accounted for in accordance with the provisions of this chapter.

### **S.C. Legislature Chapter 22 SECTION 31-22-30 (F)**

An LHTF or RHTF established, utilized, or funded under this chapter must provide an annual report to the local government that created the fund. The local government shall require the LHTF or RHTF to provide an accounting of its funds each year. This report must be made available to the public by posting on the appropriate website of the local government.

## IV. RESOURCES

### **Federal**

[HUD-Removing Barriers to Affordable Housing](#)  
[Using Public Land to Defray the Cost of Affordable Housing](#)  
[Affordable Housing Toolkit for Counties](#)

### **State**

[SC Housing](#)  
[2019 South Carolina State of Homelessness Report](#)

### **Local Government**

[Housing for a Fairer Charleston Report](#)  
[City of Charleston Affordable Housing Bond Strategy](#)  
[The Value of Placemaking](#)  
[2020 Consolidated Plan](#)  
[The Future of Affordable Housing in the city of Charleston](#)  
[Plan West Ashley Overviews and Implementation](#)

### **Organizations**

[Regional Housing Trust Fund Proposal](#)  
[Avery Center Disparities Report](#)  
[Charleston Metro Region Housing Attainability Crisis: Facts & Figures](#)

### **Literature**

[The Color of Law](#) by Richard Rothstein  
[Households and Housing: \*Choice and Outcomes\*](#) by Clark and Dielleman

### **Videos**

[Can Factory-Built Homes Help Solve The Housing Crisis?](#)  
[Researcher proposes how to solve the U.S. affordable housing crisis](#)  
[Why is There an Affordable Housing Crisis?](#)

### **Success stories**

[Charlotte may have cracked the code on affordable housing. Here's how](#)  
[Want to own an apartment building? Buy a distressed hotel for pennies on the dollar](#)  
[New affordable housing planned on Chas. peninsula](#)