

### 3. Housing

#### 3.1 Type & Mix

The next two tables provide information on the current mix and change of housing types in North Charleston, as well as the occupancy characteristics of the city's housing markets. Table 3.1.1 shows a large increase (77.5%) in single-family detached housing from 1990 to 2000. Most other housing unit categories experienced either a decline or only a slight growth over the decade. This increase led to a much higher proportion of single-family, detached housing in North Charleston. This housing type comprised approximately one third of the housing stock in 1990, whereas it increased to nearly one half of North Charleston's housing in 2000. Estimates for 2006 show the largest percentage growth in multi-family units since 2000, and a significant decline in mobile homes and trailers.

**Table 3.1.1 – Types of Housing Units in North Charleston, 1990-2000 & 2006\***

Housing Units	1990		2000		2006*		Percent Change	
	Units (#)	% of Total	Units (#)	% of Total	Units (#)	% of Total	1990-2000	2000-06
Single-family (detached)	7,887	33.5%	13,999	47.1%	19,705	50.5%	77.5%	40.8%
Single-family (attached)	2,009	8.5%	2,032	6.8%	1,971	5.0%	1.1%	-3.0%
Duplex	1,555	6.6%	1,525	5.1%	1,678	4.3%	-1.9%	10.0%
Multi-family	7,542	32.1%	7,584	25.5%	12,347	31.6%	0.6%	62.8%
Mobile Home or Trailer	4,399	18.7%	4,589	15.4%	3,335	8.5%	4.3%	-27.3%
Other	135	0.6%	18	0.1%	0	0.0%	-86.7%	-100.0%
<b>TOTAL</b>	<b>23,527</b>		<b>29,747</b>		<b>39,036</b>		<b>26.4%</b>	<b>31.2%</b>

Source: U.S. Census 2000 SF3; U.S. Census 1990 STF3; \*Estimates from 2006 American Community Survey

The large increase in single-family housing reported above has helped shift tenure of the city's housing stock. As shown in the next table (3.1.2) the largest category of housing shifted from multi-family rental housing in 1990, to owner-occupied single-family housing in 2000. North Charleston' home ownership percentage improved from 37.6% in 1990 to 46.2% in 2000. The ratio of homeowners to renters in North Charleston is still far lower than national and state ratios - South Carolina's statewide ownership in 2000 was 72.2%, and the national percentage was 66.2%. However, North Charleston is showing a positive trend towards improvement in this category. The 2006 American Community Survey estimates that 46.8% of North Charleston's housing units in 2006 were owner occupied, showing a slight continuation of this trend towards an improved homeownership ratio.

**Table 3.1.2: Types of Housing Units by Tenure, City of North Charleston**

Type of Unit	1990		2000	
	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied
Single-family, detached	23.3%	10.2%	<b>33.0%</b>	14.1%
Single-family, attached	1.8%	6.8%	1.9%	4.9%
Multi-family	0.8%	<b>37.9%</b>	1.0%	29.6%
Mobile Home or Other	11.8%	7.5%	10.3%	5.2%
TOTAL	37.6%	62.4%	46.2%	53.8%

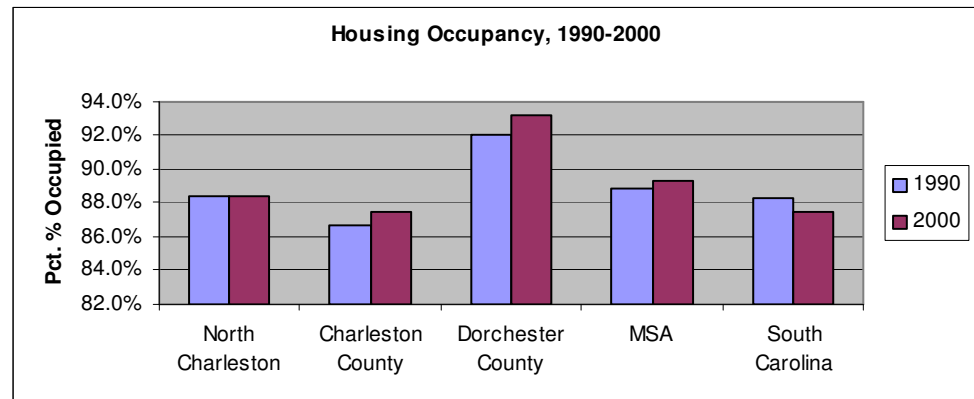
Sources: U.S. Census 2000 SF3, Table H32, and Census 1990 STF3, Table H022

Another aspect to note is mobile homes. In 2000, mobile homes accounted for over 15.5% of the housing stock in North Charleston. Although this percentage declined slightly from its 19.3% share in 1990, mobile homes were still locating in the city in the 1990s - the number of mobile homes increased in the city by 4.3% over the decade. Estimates from the 2006 American Community indicate that there has since been a decline in the percentage of mobile homes to 8.5% in 2006.

### 3.2 Occupancy

As shown in the following chart (Figure 3.2.1), South Carolina occupancy rates dropped from 1990 to 2000, while the Charleston-North Charleston Metropolitan Area, Charleston County, and Dorchester County improved. Although North Charleston stayed at same rate of 88.4%, Dorchester and Charleston Counties improved over the decade. Dorchester County has a much higher occupancy rate (93%) than Charleston County (87%); this is likely due in part to younger age of Dorchester County's housing stock, and its higher percentage of owner-occupied housing.

Despite the appearance from the graph of a stable occupancy ratio from 1990-2000, this is only relative to the amount of existing housing. The next table (3.2.1) shows there was actually a significant increase (26.4%) in vacant housing during that 10-year span. The large increase in overall housing during the same time period resulted in a stable occupancy rate, while North Charleston's vacant housing increased in actual numbers. On the



positive side, this table also shows a large increase in owner occupied housing, helping to close the gap on renter-occupied housing. While the American Community Survey shows a continued decrease in renter-occupied units in 2006, there is a corresponding increase in the estimated vacancy rate, up to 13.7%.

**Table 3.2.1 – Housing Occupancy in North Charleston**

Category	1990		2000		2006	
<b>Total Housing Units</b>	<b>26,614</b>		<b>33,649</b>		<b>39,036</b>	
<b>Occupied, Total</b>	23,527	88.4%	29,747	88.4%	33,699	86.3%
Owner Occupied	8,849	33.2%	13,757	40.9%	15,780	40.4%
Renter Occupied	14,678	55.2%	15,990	47.5%	17,919	45.9%
<b>Vacant</b>	3,087	11.6%	3,902	11.6%	5,337	13.7%

Source: 1990 & 2000 Census, SF3; 2006 American Community Survey

### 3.3 Age & Condition

The next table reports the age of North Charleston's housing stock. Approximately half of North Charleston's housing was built before the city's incorporation in 1972, and half built since then. The decades of the 1960's, 70's and 80's and 90's each have over 5,000 homes still in existence, making up the largest bulk of the city's housing (62.5%). The 2000's had so far produced 5,496 homes as of the 2006 estimates below, increasing the percentage of new homes in the overall housing stock.

**Table 3.3.1: North Charleston Housing by Year Built, 2006\***

Year of Construction	#	%
Built 2005 or later	789	2.0%
Built 2000 to 2004	4,707	12.1%
Built 1990 to 1999	5,280	13.5%
Built 1980 to 1989	7,549	19.3%
Built 1970 to 1979	6,537	16.7%
Built 1960 to 1969	5,084	13.0%
Built 1950 to 1959	4,904	12.6%
Built 1940 to 1949	2,810	7.2%
Built 1939 or earlier	1,376	3.5%
<b>Total Units, 2006*</b>	<b>39,036</b>	<b>100.0%</b>

U.S. Census, 2006 American Community Survey; \*Estimates

Housing built prior to 1950 makes up just over 10% of the housing stock, according to the most recent estimates, so it is imperative that the remaining structures from this era are preserved as much as possible. More information about the city's historic structures is provided in Chapter 6, Cultural Resources.

\*It should be noted that national standards regulating lead paint went into effect in 1979. Therefore, housing built pre-1979 has the possibility of containing lead paint. Based on 2006 estimates, 53% of North Charleston's housing stock was built prior to lead paint regulations. North Charleston should consider an effort or program to inspect its older housing for presence of lead paint.

Although there is not a truly accurate way of determining substandard housing, a lack of plumbing and/or kitchen facilities in a home is a typical measure to go by. Table 3.3.2 reports housing units without these facilities in North Charleston, the region, and the state. The proportion of homes without plumbing or kitchens is very low (around 1%), and is generally in line with the proportion in the counties, region and state.

**Table 3.3.2: Plumbing and Kitchen Facilities, 1990-2000; City, County, State Comparisons**

Housing Unit Characteristic	North Charleston	Charleston County	Dorchester County	Charleston MSA	South Carolina
<b>2000</b>					
Percent Lacking Complete Plumbing Facilities	0.89%	0.86%	0.77%	0.85%	1.03%
Percent Lacking Complete Kitchen Facilities	1.04%	1.07%	1.14%	1.04%	1.15%
<b>1990</b>					
Percent Lacking Complete Plumbing Facilities	0.73%	0.80%	1.72%	1.01%	1.42%
Percent Lacking Complete Kitchen Facilities	0.83%	0.82%	1.25%	0.91%	1.13%

Sources: U.S. Census 2000 SF3, Tables H47&H50; 1999 STF3, Tables H042 & H064

### 3.4 Household Size

The average household size in North Charleston was 2.51 for all types of housing units in 2000, which is lower than Dorchester County (2.72), higher than Charleston County (2.42), and approximately the same as South Carolina (2.53). There is little to no difference in household size between owner occupied housing (2.52) and renter occupied housing (2.50) in North Charleston, which differs from the counties and the state where there are greater differences in size between owner-occupied households and renter-occupied households. Estimates of household size in 2006 show a small reduction since 2000 in owner-occupied housing, from 2.52 to 2.44.

**Table 3.4.1: Household Size, 2000 & 2006**

	2000 Census				2006* Estimate			
	North Charleston	Charleston County	Dorchester County	South Carolina	North Charleston	Charleston County	Dorchester County	South Carolina
Owner Occupied	2.52	2.53	2.8	2.59	2.44	2.39	2.88	2.57
Renter Occupied	2.50	2.25	2.47	2.37	2.50	2.23	2.51	2.40
<b>All Housing Units</b>	<b>2.51</b>	<b>2.42</b>	<b>2.72</b>	<b>2.53</b>	<b>2.47</b>	<b>2.33</b>	<b>2.79</b>	<b>2.52</b>

U.S. Census 2000 SF1, Table H12; \*2006 American Community Survey

The Census defines overcrowded housing as having an average of 1.01 or more persons per room; and severely overcrowded as having 1.51 or more per room. North Charleston had a higher percentage of overcrowded and severely overcrowded housing units in 2000 than Charleston County, Dorchester County, and South Carolina.

**Table 3.4.2 – Comparison of Overcrowded Housing Units by Tenure, 2000**

Occupants Per Room	North Charleston		Charleston County		Dorchester County		South Carolina	
	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied
1.01 to 1.50 (overcrowded)	5.6%	2.4%	3.3%	1.2%	3.7%	1.7%	4.0%	1.6%
1.51 or More (severely overcrowded)	3.2%	1.2%	2.1%	0.6%	1.6%	0.6%	2.0%	0.6%

Source: U.S. Census 2000 SF3, Table H20

### 3.5 Housing Costs

The next two tables show rental and homeowner costs in North Charleston, compared with its counties and state. North Charleston clearly has a much lower cost of living when compared to countywide living in Charleston and Dorchester Counties. Table 3.5.1 shows gross rent costs. Only 11.2% of North Charleston's rental units are \$750 per month or more, compared to 27.3% and 21.8% in Charleston and Dorchester Counties; and only 1.7% of North Charleston's units are over \$1,000 per month. The median rental price throughout South Carolina (\$510 per month) is only slightly less than North Charleston's (\$517).

**Table 3.5.1: Gross Rent (per month)**

Gross Rent	North Charleston		Charleston County		Dorchester County		South Carolina	
	Units	%	Units	%	Units	%	Units	%
<b>Less than \$250</b>	1,118	7.7%	2,979	6.6%	745	9.3%	41,447	10.9%
<b>\$250 to \$499</b>	5,603	38.6%	11,318	25.2%	2,227	27.8%	140,707	37.1%
<b>\$500 to \$749</b>	6,162	42.5%	18,344	40.9%	3,375	42.1%	139,071	36.7%
<b>\$750 to \$999</b>	1,375	9.5%	7,611	17.0%	1,089	13.6%	40,644	10.7%
<b>\$1,000 or More</b>	241	1.7%	4,628	10.3%	578	7.2%	17,413	4.6%
<b>Total Units w/ Cash Rent</b>	14,499	100.0%	44,880	100.0%	8,014	100.0%	379,282	100.0%
<b>Median Gross Rent</b>								
<b>Year 2000 (In 2006 Dollars)</b>	\$605		\$708		\$665		\$597	
<b>2006</b>	\$721		\$797		\$754		\$640	
<b>% Change, 2000-06</b>	19.2%		12.6%		13.4%		7.2%	

Source: U.S. Census 2000 SF3, Tables H62 & H63; American Community Survey 2006

The next table reports median property value (Table 3.5.2). In 1990, North Charleston property values were much lower than the counties and the Metropolitan Statistical Area, and slightly lower than state values. Although property values rose 27.5% in the city by 2000, this rate was much lower than the surrounding areas. Year 2000 property values in North Charleston were well below the region, counties and state in proportion than in 1990. Charleston County property values rose by a striking 77.5% in ten years, and now are significantly higher than North Charleston.

**Table 3.5.2: Median Property Value**

	1990 (In 2006 \$\$)	2000 (In 2006 \$\$)	2006	% Change
<b>North Charleston</b>	<b>\$91,005</b>	<b>\$88,039</b>	<b>\$121,700</b>	<b>33.73%</b>
Charleston County	\$113,834	\$152,429	\$229,800	<b>95.20%</b>
Dorchester County	\$117,525	\$122,459	\$162,200	<b>38.15%</b>
Metropolitan Area	\$110,903	\$130,537	\$179,900	<b>62.21%</b>
South Carolina	\$93,628	\$111,102	\$122,400	<b>30.73%</b>

Source: U.S. Census 1990 & 2000; American Community Survey 2006

**Housing Cost Burden**

The Census defines 'cost burdened' as spending 30% or more of one's income on housing. 'Severely cost burdened' is spending 50% or more on housing. Analyzing the incidence of cost burdening in a community helps to identify the need for affordable housing and other supportive programs for low-income households. Table 3.5.3 shows the percentage of housing units that are cost burdened or severely cost burdened in North Charleston, the Metropolitan Statistical Area, and South Carolina.

This table shows that North Charleston residents spend slightly less percentage of their income on housing costs than the region, and slightly more than the state (both in rental and owner-occupied housing). This trend is also true of cost burdened households – a North Charleston has a slightly greater proportion of cost burdened households than South Carolina, and slightly less proportion than of the region. However, North Charleston has a greater percentage of 'severely' cost burdened households than in both the region and state. For North Charleston's owner-occupied housing, 9.4% of households are severely cost burdened, compared to 8.7% in the region, and 7.4% in the state. In the other category, 21.2% of North Charleston's renter-occupied households are severely cost burdened, compared to 12.7% in the region, and 18.3% in the state.

**Table 3.5.3 – Comparison of Cost Burden by Tenure**

Housing Costs as a % of Household Income, 1999	Specified Owner-Occupied Housing Units	Specified Renter-Occupied Housing Units
<b>North Charleston</b>		
Less than 30% (not cost burdened)	76.9%	58.8%
30% to 49% (cost burdened)	11.3%	20.0%
50% or more (severely cost burdened)	9.4%	21.2%
Median selected monthly housing costs as a % of 1999 household income	18.3%	25.6%
<b>Charleston - N. Charleston MSA</b>		
Less than 30% (not cost burdened)	77.5%	58.3%
30% to 49% (cost burdened)	13.8%	21.6%
50% or more (severely cost burdened)	8.7%	12.7%
Median selected monthly housing costs as a % of 1999 household income	19.0%	25.9%
<b>South Carolina</b>		
Less than 30% (not cost burdened)	80.3%	61.9%
30% to 49% (cost burdened)	10.4%	19.8%
50% or more (severely cost burdened)	7.3%	18.3%
Median selected monthly housing costs as a % of 1999 household income	17.5%	24.4%

Source: Census 2000, SF3, Tables H69, H70, H94, & H95



### 3.6 Affordable Housing Needs

#### **Area Median Income (AMI)**

Area Median Income (AMI) is the standard measure of affordable housing need and the basis for many federal housing subsidy programs. The US Department of Housing and Urban Development (HUD) calculates annual AMI levels for Metropolitan Statistical Areas (MSA) and States. These figures determine the eligibility of applicants for housing subsidies as well as the share of rent covered. Household income is typically referred to in terms of percentage of AMI. For example, in a state or region with an Area Median Income of \$50,000, a family earning 50% of AMI would earn \$25,000 per year. HUD uses the following classifications to rank the need of families against regional income levels:

**Low Income** – Families at or below 80% of AMI

**Very Low Income** – Families at or below 50% of AMI

**Extremely Low Income** – Families at or below 30% of AMI

For the year 2007, HUD calculates an Area Median Income for the Charleston-North Charleston MSA as \$56,400. AMI levels are further calibrated by family size, as provided in Table 3.6.1 below.

**Table 3.6.1 – AMI Income Limits by Family Size - Charleston-North Charleston MSA, 2007**

Family Size	Low Income (80% AMI)	Very Low Income (50% AMI)	Extremely Low Income (30% AMI)
1 Person	\$31,550	\$19,750	\$11,850
2 Person	\$36,100	\$22,550	\$13,500
3 Person	\$40,600	\$25,400	\$15,200
4 Person	\$45,100	\$28,200	\$16,900
5 Person	\$48,700	\$30,450	\$18,250
6 Person	\$52,300	\$32,700	\$19,600
7 Person	\$55,900	\$34,950	\$20,950
8 Person	\$59,550	\$37,200	\$22,300

Source: U.S. Department of Housing and Urban Development

According to HUD, “A home is affordable when it costs the residing household no more than 30 percent of its annual income. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.” These HUD income threshold levels can be used to calculate the affordable monthly housing payment for families at each AMI level. Using

the 30% of household income standard, Table 3.6.2 provides the affordable monthly housing payment by family size. These figures are derived from 2007 HUD income thresholds by taking 30% of each AMI amount and then dividing by 12 for a monthly rent.

**Table 3.6.2 - Affordable Monthly Housing Payment by Family Size - N. Charleston MSA, 2007**

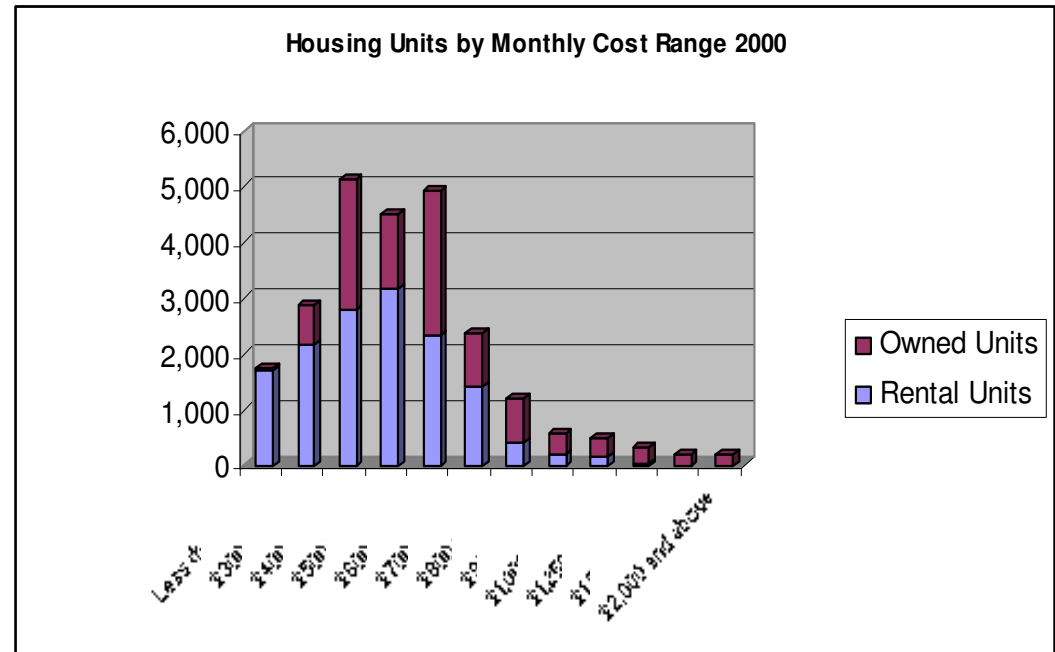
Family Size	Low Income (80% AMI)	Very Low Income (50% AMI)	Extremely Low Income (30% AMI)
1 Person	\$789	\$494	\$296
2 Person	\$903	\$564	\$338
3 Person	\$1,015	\$635	\$380
4 Person	\$1,128	\$705	\$423
5 Person	\$1,218	\$761	\$456
6 Person	\$1,308	\$818	\$490
7 Person	\$1,398	\$874	\$524
8 Person	\$1,489	\$930	\$558

In order to determine the need for affordable housing across both rental and owner-occupied housing, it is necessary to calculate equivalency rates for mortgage payments and monthly rent. While the census bureau categorizes rental housing units are by gross monthly rent and housing costs, the inventory of owner-occupied housing units is categorized by housing value. For the purpose of this study, housing values for owner occupied units were converted to an equivalent monthly rental cost by including a 7% interest rate on a 30 year mortgage with 5% down payment, 1.25% property taxes, 0.2% insurance costs, \$166 for monthly utilities, and a tax write-off assuming a 28% tax rate. Table 3.6.3 provides equivalency rates between home values and monthly gross rent costs.

**Table 3.6.3 - Home Value and Gross Rent Equivalency**

Home Value	Less than \$19,999	\$20,000 to \$39,999	\$40,000 to \$59,999	\$60,000 to \$69,999	\$70,000 to \$89,999	\$90,000 to \$99,999	\$100,000 to \$124,999	\$125,000 to \$149,999	\$150,000 to \$174,999	\$175,000 to \$199,999	\$200,000 to \$299,999	\$300,000 or more
Gross Rent	Less than \$300	\$300 to \$399	\$400 to \$499	\$500 to \$599	\$600 to \$699	\$700 to \$799	\$800 to \$899	\$900 to \$999	\$1,000 to \$1,249	\$1,250 to \$1,499	\$1,500 to \$1,999	\$2,000 and above

Utilizing this equivalency calculation between gross rent and home value, an inventory of existing affordable housing units can be tabulated. Table 3.6.4 provides the number of available rental and owner-occupied housing units by each monthly housing cost category at the time of the 2000 census. It should be noted that not all housing units are tabulated for gross rent and housing value within the census. In the 2000 census, 9.3% of the total rental units did not include a reported gross rent. Furthermore, 26.4% of the owner-occupied housing units did not include a reported value in the 2000 census. Thus, there are a substantial number of owner-occupied units that are not included within the census housing cost inventory for the City of North Charleston.

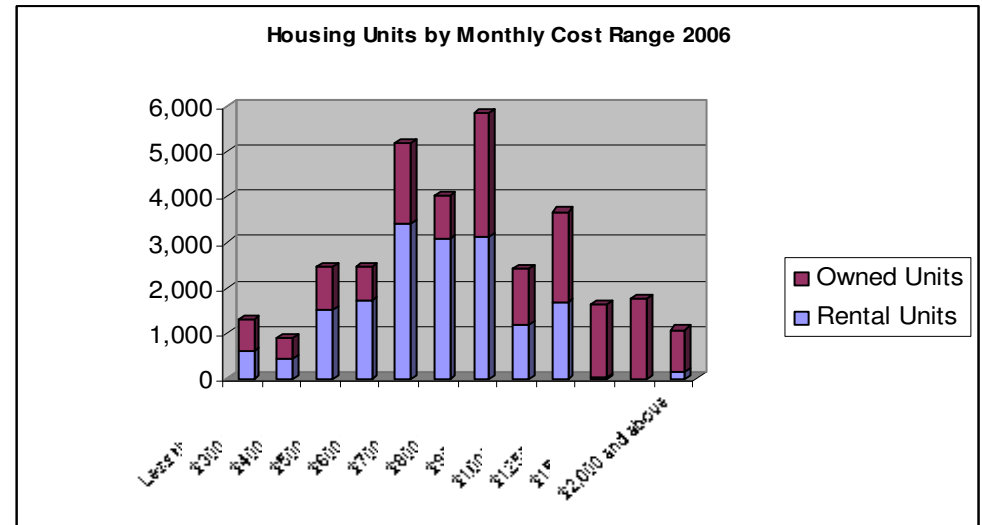


**Table 3.6.4 – Inventory of Housing Units by Monthly Housing Costs – City of North Charleston, 2000**

Monthly Cost of Housing	Rental Units	%	Owned Units	%	Total Units	%
Less than \$300	1,725	11.9%	31	0.3%	1,756	7.1%
\$300 to \$399	2,185	15.1%	705	7.0%	2,890	11.7%
\$400 to \$499	2,811	19.4%	2,297	22.7%	5,108	20.7%
\$500 to \$599	3,160	21.8%	1,338	13.2%	4,498	18.3%
\$600 to \$699	2,315	16.0%	2,610	25.8%	4,925	20.0%
\$700 to \$799	1,436	9.9%	945	9.3%	2,381	9.7%
\$800 to \$899	427	2.9%	788	7.8%	1,215	4.9%
\$900 to \$999	199	1.4%	376	3.7%	575	2.3%
\$1,000 to \$1,249	167	1.2%	340	3.4%	507	2.1%
\$1,250 to \$1,499	50	0.3%	297	2.9%	347	1.4%
\$1,500 to \$1,999	18	0.1%	208	2.1%	226	0.9%
\$2,000 and above	6	0.0%	192	1.9%	198	0.8%
<b>TOTAL</b>	<b>14,499</b>	<b>100.0%</b>	<b>10,127</b>	<b>100.0%</b>	<b>24,626</b>	<b>100.0%</b>

Source: US Census 2000

Next, Table 3.6.5 provides a comparable table of the number of available rental and owner-occupied housing units by each monthly housing cost category at the time of the 2006 American Community Survey (ACS). As compared to census figures, the ACS housing inventory includes a higher proportion of reported housing costs for both rental and owner-occupied housing units. However, the sample size used to compute these costs is much smaller in the annual ACS data than comparable census figures. This smaller sample size creates a much larger potential margin of error.



**Table 3.6.5 – Inventory of Housing Units by Monthly Housing Costs – City of North Charleston, 2006**

Monthly Cost of Housing	Rental Units	%	Owned Units	%	Total Units	%
Less than \$300	601	3.5%	726	4.6%	1,327	4.0%
\$300 to \$399	465	2.7%	436	2.8%	901	2.7%
\$400 to \$499	1,530	9.0%	937	5.9%	2,467	7.5%
\$500 to \$599	1,744	10.2%	741	4.7%	2,485	7.6%
\$600 to \$699	3,427	20.1%	1,740	11.0%	5,167	15.7%
\$700 to \$799	3,081	18.1%	950	6.0%	4,031	12.3%
\$800 to \$899	3,122	18.3%	2,714	17.2%	5,836	17.8%
\$900 to \$999	1,173	6.9%	1,259	8.0%	2,432	7.4%
\$1,000 to \$1,249	1,667	9.8%	2,012	12.8%	3,679	11.2%
\$1,250 to \$1,499	51	0.3%	1,585	10.0%	1,636	5.0%
\$1,500 to \$1,999	0	0.0%	1,765	11.2%	1,765	5.4%
\$2,000 and above	173	1.0%	915	5.8%	1,088	3.3%
<b>TOTAL</b>	<b>17,034</b>	<b>100.0%</b>	<b>15,780</b>	<b>100.0%</b>	<b>32,814</b>	<b>100.0%</b>

Source: American Community Survey, 2006

Table 3.6.6 provides the distribution of households by household income in 2000 and 2006. Each income bracket has a corresponding monthly payment ability based on the standard of 30% of household income dedicated to housing costs. This monthly payment ability has been linked to an approximate affordable housing cost range. Both of the highest income brackets have increased their share of the households between 2000 and 2006. However, the lowest income brackets have retained a large proportion of total households. Households earning less than \$15,000 comprise almost a quarter of the total households surveyed in both 2000 and 2006. These figures correspond to the relatively high rate of poverty in North Charleston in both 2000 (23.2%) and 2006 (21.9%), reported earlier in this document.

**Table 3.6.6 – Household Income Distribution and Affordable Monthly Housing Costs – North Charleston, 2000-2006**

HH Income	Monthly Payment Ability	Approx. Affordable Cost Range	Households 2000	% 2000	Households 2006	% 2006
Less than \$10,000	\$0 to \$250	Less than \$300	4,656	15.6%	4,780	14.2%
\$10,000 to 14,999	\$250 to \$374	\$300 to \$399	2,473	8.3%	3,283	9.7%
\$15,000 to \$19,999	\$375 to \$499	\$400 to \$499	2,752	9.2%	2,206	6.5%
\$20,000 to \$24,999	\$500 to \$624	\$500 to \$599	2,684	9.0%	2,688	8.0%
\$25,000 to \$29,999	\$625 to \$749	\$600 to \$799	2,718	9.1%	2,033	6.0%
\$30,000 to \$34,999	\$750 to \$874	\$800 to \$899	2,314	7.8%	2,516	7.5%
\$35,000 to \$39,999	\$875 to \$999	\$900 to \$999	2,169	7.3%	2,099	6.2%
\$40,000 to \$49,999	\$1,000 to \$1,249	\$1,000 to \$1,249	2,984	10.0%	2,082	6.2%
\$50,000 to \$59,999	\$1,250 to \$1,499	\$1,250 to \$1,499	2,296	7.7%	3,631	10.8%
\$60,000 or more	\$1,500 or more	\$1,500 or more	4,765	16.0%	7,261	21.5%

Source: US Census 2000, American Community Survey 2006

Finally, Tables 3.6.7 and 3.6.8 provide a correlation between the income of households living in North Charleston and the available housing units at each affordable cost range in 2000 and 2006 respectively. By comparing the actual income levels of households to the number of available units, a deficit or surplus can be calculated for each price range of housing units. Due to the large proportion of households earning the lowest income levels, there is a deficit of housing units affordable for the poorest households in both 2000 and 2006. Since the private market is unlikely to supply housing at the lowest cost ranges, there remains a clear need for housing subsidies for low income households in the City of North Charleston. In the year 2000, many households could afford a greater housing cost among the upper income brackets. However, much of this ability to sustain housing cost increases appears to have been eroded between 2000 and 2006 as median gross rents increased 19% and median home values increased 38%. While the current housing market crash has

likely caused a reduction in housing costs in 2007, stagnant income levels have increased the housing cost burden among many households.

**Table 3.6.7 - Affordable Housing Needs – City of North Charleston, 2000**

HH Income	Households	Monthly Payment Ability	Approx. Affordable Cost Range	Rental Units	Owned Units	Total Units Available	Deficit / Surplus
Less than \$10,000	4,656	\$0 to \$250	Less than \$300	1,725	31	1,756	-2,900
\$10,000 to 14,999	2,473	\$250 to \$374	\$300 to \$399	2,185	705	2,890	417
\$15,000 to \$19,999	2,752	\$375 to \$499	\$400 to \$499	2,811	1,074	3,885	1,133
\$20,000 to \$24,999	2,684	\$500 to \$624	\$500 to \$599	3,160	1,338	4,498	1,814
\$25,000 to \$29,999	2,718	\$625 to \$749	\$600 to \$799	3,751	3,555	7,306	4,588
\$30,000 to \$34,999	2,314	\$750 to \$874	\$800 to \$899	427	788	1,215	-1,099
\$35,000 to \$39,999	2,169	\$875 to \$999	\$900 to \$999	199	376	575	-1,594
\$40,000 to \$49,999	2,984	\$1,000 to \$1,249	\$1,000 to \$1,249	167	340	507	-2,477
\$50,000 to \$59,999	2,296	\$1,250 to \$1,499	\$1,250 to \$1,499	50	297	347	-1,949
\$60,000 or more	4,765	\$1,500 or more	\$1,500 or more	24	400	424	-4,341

Source: US Census 2000

**Table 3.6.8 - Affordable Housing Needs – City of North Charleston, 2006**

HH Income	Households	Monthly Payment Ability	Approx. Affordable Cost Range	Rental Units	Owned Units	Total Units Available	Deficit / Surplus
Less than \$10,000	4,780	\$0 to \$250	Less than \$300	601	726	1,327	-3,453
\$10,000 to 14,999	3,283	\$250 to \$374	\$300 to \$399	465	436	901	-2,382
\$15,000 to \$19,999	2,206	\$375 to \$499	\$400 to \$499	1,530	937	2,467	261
\$20,000 to \$24,999	2,688	\$500 to \$624	\$500 to \$599	1,744	741	2,485	-203
\$25,000 to \$29,999	2,033	\$625 to \$749	\$600 to \$799	6,508	2,690	9,198	7,165
\$30,000 to \$34,999	2,516	\$750 to \$874	\$800 to \$899	3,122	2,714	5,836	3,320
\$35,000 to \$39,999	2,099	\$875 to \$999	\$900 to \$999	1,173	1,259	2,432	333
\$40,000 to \$49,999	2,082	\$1,000 to \$1,249	\$1,000 to \$1,249	1,667	2,012	3,679	1,597
\$50,000 to \$59,999	3,631	\$1,250 to \$1,499	\$1,250 to \$1,499	51	1,585	1,636	-1,995
\$60,000 or more	7,261	\$1,500 or more	\$1,500 or more	173	2,680	2,853	-4,408

Source: American Community Survey 2006

### **3.7 Affordable Housing Providers**

#### **North Charleston Housing Authority**

The North Charleston Housing Authority (NCHA) maintains several housing programs including units of public housing as well as tenant-based rent voucher programs, such as the HUD Section 8 program. The NCHA public housing program, consisting of 671 units, began in 1984 with the acquisition of North Park Village (formerly George Legare Homes) and the opening of the newly built Three Oaks, Liberty Hill Place and Buskirk Street Housing for the Elderly. The NCHA currently has 214 eligible households on their waiting list for public housing. An ACC authority administers the HUD Section 8 housing voucher program in North Charleston (See section 3.8). The North Charleston housing voucher program issues 2,025 vouchers that subsidize housing costs for eligible households. The waiting list for vouchers has been closed since 2004. However the waiting list is expected to reopen briefly in 2008.

Public housing was established to provide rental housing for eligible low-income families, the elderly, and persons with disabilities. In most cases, the resident may stay in public housing as long as they comply with the lease. Eligibility for public housing extends to “low income” families (incomes at 80% of AMI), “very low-income” families (incomes below 50% of AMI), and “extremely low income” families (incomes below 30% of AMI). Eligibility is based on annual income, qualification as an elderly or disabled person, and U.S. citizenship or immigration status. Rent for public housing is referred to as the Total Tenant Payment (TTP) program, which is based on 30% of a family’s annual income less some specific deductions.

The NCHA public housing program has embarked on a number of initiatives, directed at enhancing the quality of affordable housing for residents living in our public housing communities. The NCHA supports innovative redevelopment strategies, such as the Hope VI program, which funds the rehabilitation of older distressed public housing units into mixed-income communities. In November of 2001, under the leadership of Executive Director George Saldana, NCHA received a \$35 million Hope VI Grant from the Department of Housing and Urban Development to revitalize the 533 units at North Park Village, the largest public housing site in South Carolina. This initiative will result in public/private partnerships that will replace the existing community with a unique mix of family, elderly and market rate rental units, as well as single-family home sites.

A crucial component of the Hope VI Grant is the conversion of the 68 public housing units at the former Three Oaks development to homeownership housing stock. To add new life to the change taking place there, the community has been renamed to Oakleaf Estates. These public housing units are being renovated and will be sold to NCHA public housing residents and Section 8 Housing Choice Voucher beneficiaries through a Lease Purchase Program. Again, this



effort offers an additional pool of affordable housing for the citizens of North Charleston and proceeds from the sale of the units will be used to fund future affordable housing initiatives.

### **Coalition on Housing and Homelessness**

The Coalition on Housing and Homelessness is the ongoing advocacy organization dedicated to affordable housing and homelessness issues. The organization was first established as the Mayor's Council on the Homeless Mentally Ill in the mid 1980s and renamed the Mayor's Council on Homelessness shortly thereafter. In order to address the organization's founding purpose of providing for mentally ill homeless persons affected by the de-institutionalization movement of the 80s, the group assisted in the purchase of a mobile psychiatric crisis unit. The organization expanded its mission to include affordable housing following the displacement and housing crisis caused by Hurricane Hugo.

The Coalition on Housing and Homelessness has focused many efforts on increasing the supply of affordable housing through innovative funding mechanisms. The coalition participated in the development of the South Carolina Housing Trust Fund as well as the Lowcountry Housing Trust in order to establish regular funding mechanisms for affordable housing. Likewise, the coalition has helped to ensure that funds generated from the Enston Home Fund be applied to affordable housing needs. The coalition has also supported regulatory reforms to encourage affordable housing such improved development review and special exemptions for affordable housing.

### **Lowcountry Housing Trust**

The Lowcountry Housing Trust (LHT, formerly the Charleston Housing Trust) is an independent 501(c)3 non-profit corporation that provides capital to assist non-profit organizations, government entities, and private developers in developing affordable housing in the Charleston-Berkeley-Dorchester Tri-County area. The Trust, which grew out of the widely recognized Mayor's Council on Homelessness and Affordable Housing, was created to foster a regional approach to the need for housing. LHT provides funding for the construction or rehabilitation of affordable housing in Berkeley, Charleston, and Dorchester Counties.

The Lowcountry Housing Trust is a regional non-profit organization established to provide a dedicated ongoing source of funding for the production and preservation of affordable housing. LHT receives and leverages funding from several sources, including local, state, and federal government and private donors. These funds are made available to eligible projects through zero and low-interest loans awarded through a competitive application process. The funds can be used for predevelopment costs, site acquisition, construction funding, and gap financing for affordable housing serving citizens with incomes primarily below 80 percent of the Area Median Income (AMI). LHT raises and pools funds from public and private sources and awards them to developers who are addressing recognized community needs and have the

capacity to produce or rehabilitate affordable housing. Financial and technical assistance is available to affordable housing developers and municipalities through a variety of loan, incentive, and development programs.

The mission of LHT is to assist non-profit and for profit developers to construct a full spectrum of housing that is truly affordable to the prospective occupants, to open up realistic opportunities for homeownership and to encourage new rental housing for families who are not ready for homeownership. LHT accomplishes its mission by providing education on the need for affordable housing, advocating for the removal of regulatory barriers to affordable housing production, encouraging the inclusion of affordable housing in local developments, and the financing of affordable housing projects. LHT actively promotes policies that reduce unnecessary regulatory barriers to affordable housing production; supports experienced affordable housing developers; and works to increase the capacity of newcomers

### **Habitat for Humanity**

Charleston Habitat for Humanity is a locally run affiliate of Habitat for Humanity International, a nonprofit, ecumenical Christian housing organization. CHFH was founded in 1989 by local citizens that were concerned with the large quantity of people living in substandard housing. Since it's founding, Charleston Habitat for Humanity has built 57 homes, housing 285 people. Habitat for Humanity works in partnership with people in need to build decent, affordable housing. The houses then are sold to those in need at no profit and with no interest charged. Volunteers provide most of the labor, and individual and corporate donors provide money and materials to build Habitat houses. Partner families themselves invest hundreds of hours of labor - "sweat equity" - into building their homes and the homes of others. Their mortgage payments go into a revolving Fund for Humanity that is used to build more houses. In addition to helping build affordable housing, Habitat for Humanity administers a program for homeowner home rehabilitation.

### **Mercy Housing**

Mercy Housing is a national nonprofit developer of affordable housing with 1,160 employees nationwide. This organization constructs new affordable housing as well as purchases and rehabilitates existing housing. Through the affiliated Mercy Services Corporation, the organization also provides property management for affordable housing developments. The Mercy Loan Fund is a financing mechanism for providing loans to non-profit housing developers. Mercy Housing will partner with local non-profit housing developers by providing financing and support. In the City of North Charleston, Mercy Housing teamed up with The Communities Group (TCG) to finance the construction of the Marshside Village development.

### **The Communities Group: TCG Development**

As the urban revitalization, affordable housing, and economic development arm of The Communities Group, **TCG Development Services, LLC, (TCGD)** carries out a variety of real estate development activities that include neighborhood revitalization, homeownership development, tax credit development, commercial and mixed-use development, and other affordable housing programs. TCGD is the lead developer/planner, homeownership developer and/or financial advisor for 11 of the 92 HUD HOPE VI projects in the country. TCG has partnered with the North Charleston Housing Authority in the redevelopment of some of its public housing stock.

### **Metanoia Community Development Corporation**

Metanoia Community Development Corporation (CDC) is a faith-based organization that provides for the construction and maintenance of affordable housing as well as providing home ownership counseling. In 2005, Metanoia entered into partnership with the Nehemiah Community Revitalization Corporation, one of South Carolina's leading non-profit housing developers. Nehemiah helped Metanoia finance the initial rehabilitation of two homes for community homeowners. From there, Metanoia became a Community Housing Development Organization and gained grants from the City of North Charleston, the State of South Carolina, and the Lowcountry Housing Trust Fund to either build new or rehabilitate additional homes.

## **3.8 Homelessness**

Homeless shelters provide crucial emergency housing for the most vulnerable and lowest income residents. Because many of the homeless suffer from multiple afflictions such as substance abuse and mental illness, it is important to include social services within homeless care programs. This holistic, comprehensive approach is referred to as a continuum of care. The US Department of Housing and Urban Development (HUD) provides some support to homeless service providers through its Continuum of Care Homeless Assistance Program.

Assessing the extent of the homelessness problem is inherently difficult given the problem of counting transient populations. Under the HUD Continuum of Care program, housing and service providers are required to participate in an annual point in time count of the people who are homeless in their community. This count is conducted every two years during the last two weeks of January. At this time, homeless service providers tally the population in shelters and volunteers attempt to locate unsheltered homeless individuals. The 2007 South Carolina Homeless Count found a total of 6,759 homeless individuals statewide on the day of the survey, January 25<sup>th</sup>. Of this homeless population identified, it is estimated that approximately 80% were adults and the remaining 20% were children under 18. Under the HUD definition of homelessness, 398 homeless individuals were identified in Charleston County and 40 in Dorchester County.

### **Charleston Crisis Ministries**

Although Charleston Crisis Ministries is located within the City of Charleston, it helps serve homeless care needs throughout the metro area. Charleston Crisis Ministries evolved out of an ecumenical non-profit group called "Charleston Interfaith Crisis Ministry." The organization has expanded into a multiple-service agency providing a range of needed services ranging from emergency assistance through counseling and case management to self-reliance programs. Now the state's largest provider of services to homeless people, it operates a "one-stop shopping" program based on the conscious realization that public transportation is limited in Charleston, and it's difficult for poor and homeless people to get around to decentralized services.

The agency's shelter services started in a community center, moved to a YMCA, and came in 1986 to its current facility in an inner-city neighborhood once the home of an auto-parts warehouse and which was leased for \$1 a year from a grocery corporation until November of 1992 when the property was given to them. This building houses both the Men's Shelter, a two-dormitory operation providing primarily night shelter (although it also opens during the day in bad weather) to as many as 170 homeless men; and the Family Shelter and Day Center, offering shelter and case management to as many as 80 single mothers and children. Crisis Ministries also operates social service programs aimed at breaking the cycle of homelessness including mental-health, substance-abuse treatment, and job training programs.

### **Homeless Veterans Programs**

The Good Neighbor Center is a non-profit, tax-exempt organization under Federal Charter 501-3c. The Good Neighbor Center provides transitional housing for homeless veterans in the Charleston and North Charleston metro area. Their primary mission is to assist homeless veterans in their efforts to reclaim, rebuild and rediscover their lives and happiness, and to help them become productive self-sufficient members of the community. The vast majority of residents are single; most come from a poor and disadvantaged environment; and approximately half have substance abuse issues. The Good Neighbor Center facility is a former motel that was abandoned after Hurricane Hugo. After intensive repairs, it was initially established to provide emergency shelter and outreach services for the general homeless population. In the mid-1990s, the center established its target mission of serving homeless veterans.

The Chesapeake Health Education Program provides transitional housing and services for homeless veterans. In 1998, CHEP established a transitional housing program at the former Naval Base in Charleston, South Carolina. The program is unique since it utilizes a portion of a deactivated military installation as a resource for homeless veterans. Once CHEP signed a contract with the South Carolina Redevelopment Authority for the lease of the buildings, the houses were renovated, fully furnished and then opened to veterans referred by the VA medical center. The houses consist of 4 duplex former officers' units that provided 40 beds per day as an innovative model for a "veterans only" housing program. The result is now a community known as Veterans Villas.

The CHEP program at Charleston works with the local VA Medical Center to provide housing for patients with few financial resources and no place to live. Most are known to have substance abuse problems, which make the likelihood of finding a clean living environment almost impossible. The establishment of Veterans Villas on the naval base gave hope to the entire local area.

### **Faith Based Homeless Services**

Several social services for the homeless in the Charleston-North Charleston MSA are provided through private faith-based charities. Ministries such as Little Bethel Reformed Church operate homeless shelters as well as a variety of social services. Food programs are the most common service provided to the homeless by faith-based organizations. In North Charleston, such programs include the following:

- *Midland Park Community Ministry* - Food Services, After School Program, Emergency Food, Food Pantry, Latino Latina Outreach, Clothing Assistance / Medical assist on site by another organization
- *New Tabernacle Second Missionary* - Food Services, Emergency Food, Emergency Church,
- *Canaan Missionary Baptist Church* - Emergency Food, Food Pantry,
- *Celebration Station* - Food Services, After School Program, Emergency Food, Food Pantry
- *Chariot of Fire Ministry* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *Deer Park Baptist Church* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *Emanuel Holiness Church of Deliverance* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *Little Bethel Reformed Church* - Food Services, Emergency Food, Emergency Church, Food Pantry, Homeless Shelter
- *Lovely Mountain Baptist Church* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *Mt. Moriah Missionary Baptist Church, Inc* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *New Frances Brown United Methodist Church* - Food Pantry
- *North Charleston Church of God/House of Hope* - Food Services, Emergency Food, Emergency Church, Food Pantry
- *Remount Baptist Church* - Food Pantry
- *The Salvation Army* – Charleston Food Services, Emergency Food, Emergency Church, Food Pantry
- *Union Baptist Church* – Food Services, Emergency Food, Food Pantry

### **3.9 Affordable Housing Programs**

#### **Community Development Block Grant Program**

The Federal Community Development Block Grant (CDBG) program was established in 1974 when a series of categorical assisted housing programs were effectively folded into a block grant directly to larger urban areas and to states for distribution to smaller places. The grants are restricted to benefiting lower income persons. Grants are not restricted to housing, but the fact that the source of initial funding superceded housing programs established a political claim in favor of housing uses. Because of the flexibility that the grant recipients have in using the CDBG funds, entitlement communities must submit a Consolidated Plan to the United States Department of Housing and Urban Development (HUD) stating how the anticipated CDBG funding would be used for specific projects over a five-year period.

#### **HOME Investment Partnerships Program (HOME)**

The HUD HOME program provides formula grants to States and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2 billion among the States and hundreds of localities nationwide. Within the City of North Charleston, HOME funds were applied to the construction of the Oak Leaf affordable housing development.

HOME funds are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The program's flexibility allows States and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits.

States are automatically eligible for HOME funds and receive either their formula allocation, or \$3 million, whichever is greater. Local jurisdictions eligible for at least \$500,000 under the formula (\$335,000 in years when Congress appropriates less than \$1.5 billion for HOME) also can receive an allocation. Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their State. Congress sets aside a pool of funding, equivalent to the greatest of \$750,000 or 0.2 percent of appropriated funds, which HUD distributes among insular areas.

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. Public housing agencies may use HOME funds to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with their Consolidated Plan and justified under local market conditions. This assistance may be renewed.

### **Section 8 Housing Choice Voucher Program**

Under the HUD Section 8 Housing Choice Voucher program, tenant-based vouchers increase affordable housing choices by allowing low-income families to choose and lease affordable privately owned rental housing. According to HUD, the Public Housing Authority (PHA), who usually administers the program, pays the owner the difference between 30 percent of adjusted family income and a PHA determined payment standard or the gross rent for the unit, whichever is lower.

Eligibility for the Section 8 Voucher program extends to "very low-income" families (incomes below 50% of AMI).<sup>8</sup> The Housing Choice Voucher Program is essentially the same program but it is administered by DCA under agreements with local governments. The program was created by the Housing and Community Development Act of 1974 and is funded by HUD.

As a national trend, housing vouchers are now the preferred housing subsidy program for low-income households. Housing vouchers have the advantage of allowing residents choice in where they live, providing that a landlord is willing to participate in the program. Vouchers can also alleviate some of the problems of concentration of poverty associated with large high-density public housing complexes. Local housing authorities are also freed of the responsibility to maintain subsidized housing under voucher systems. However, careful administration of Section 8 programs is necessary in order to ensure that housing conditions are adequate and families are not re-concentrated.

The City of North Charleston currently maintains 2,025 housing vouchers with 1,876 households placed in housing and another 110 voucher holders searching for housing. The waiting list for vouchers in North Charleston has been closed since 2004. However, the housing authority anticipates that the waiting list will be briefly re-opened in 2008.

**Supportive Housing Programs for the Elderly (Section 202) and for Persons with Disabilities (Section 811)**

Low-income elderly households are served through the Supportive Housing for the Elderly (Section 202) program, and low-income disabled households are provided assistance through the Supportive Housing for Persons with Disabilities (Section 811) program.

The Section 202 and 811 programs provide interest-free capital advances to private, nonprofit sponsors for the construction or rehabilitation and operation of residential projects (and their related support services) for the low-income and elderly/disabled to live in an independent environment. The advances do not have to be paid for 40 years as long as they serve the designated purpose. Residents in a Section 202 residence must meet the "very low-income" threshold (within 50% of AMI) and have at least one person who is 62 years or older in the household. Similarly, tenants in a Section 811 household must also meet the "very low-income" threshold and have at least one person who is 18 years or older with a physical or mental disability. In North Charleston, the Marshside Village development is an example of a HUD 202 program. This development contains 47 one-bedroom units and one two-bedroom unit for a resident police officer.

**South Carolina State Housing First Time Homebuyer Program**

The South Carolina State Housing First Time Homebuyer Program makes purchasing a home more affordable for low-to-moderate income families and individuals by offering a fixed, below market interest rate mortgage loan. South Carolina State Housing also offers up to \$4,000 to assist eligible borrowers with their down payment and closing costs.

**Low Income Housing Tax Credit (LIHTC) Program**

Created by the Tax Reform Act of 1986 to help offset the loss of accelerated depreciation for low-income rental housing, the LIHTC program was the only new construction program to replace the "Section 8 New Construction/Substantial Rehabilitation" program that was terminated in the early 1980s. Originally required to maintain low-income occupancy for 15 years, the period of performance was extended to 30 years in 1991.

The LIHTC program is implemented by the Internal Revenue Service (IRS) through state housing finance agencies. The IRS allocates the tax credits to states, which then allocate the credits to owners of eligible rental properties.

Tax credits must be used for new construction, rehabilitation, or acquisition and rehabilitation of low-income rental housing. The tax credit is a dollar for dollar reduction in the federal income tax liability of the owner, thereby reducing the



amount of federal income tax the owner must pay. The LIHTC program not only provides for new housing construction, but also provides incentives for owners to maximize occupancy in their developments.

According to the IRS, "20% or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 50% or less of AMI or 40% or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 60% or less of AMI." Rent for housing under the LIHTC program is based on 30% of a family's annual income, less any deductions.<sup>17</sup> Owners must comply with the established IRS regulations regarding applicant, resident, and unit eligibility or risk losing the credits.

North Charleston contains several examples of subsidized housing developments constructed with the aid of the Low Income Tax Credit program. Examples include Alston Lake (36 tax credit units, 36 public housing units), Birchwood Apartments (32 tax credit units, 32 public housing units), the Phoenix (7 tax credit units, 9 public housing units), the Manor (56 tax credit units), and Horizon Village (99 tax credit units, 126 public housing, and 25 market-rate units).

### **3.10 Affordable Housing Strategies**

There are several strategies for expanding the supply and quality of affordable housing that can be applied within the City of North Charleston. Given the scope of affordable housing needs in the city, it is advisable to apply a combination of strategies for maximum effectiveness. Many of the innovative funding mechanisms for affordable housing are already in place through the Lowcountry Housing Trust, which serves as a national model for financing affordable development. In addition to pursuing multiple tools to encourage affordable housing, it is also important to work with adjacent local governments and regional entities in order to address housing needs on a regional scale. This regional approach helps to avoid the phenomenon of concentration of low-income housing.

#### **Voluntary Inclusionary Zoning**

"Inclusionary zoning" involves regulations that seek to encourage the development and maintenance of affordable housing within a given community. While mandatory set asides of affordable housing are not permitted under South Carolina law, incentives for affordable housing within new developments may be a valuable tool for increasing the stock of low-cost housing. The term *inclusionary* stands in contrast to *exclusionary* zoning regulations, which are frequently enacted by communities seeking to *exclude* low-income housing. For example, many local governments fail to provide zoning categories for multi-family development or land zoned for dense development. Other common exclusionary measures consist of large minimum lot sizes and excessive building requirements, which mandate expensive materials and construction techniques. Currently the city of North Charleston has several categories for multi-family housing as well as

adequate land zoned for dense development. As the city considers additional design guidelines and architectural requirements, the effect of these regulations on housing costs must be considered.

Local governments enact *inclusionary* zoning to require or establish a voluntary goal for new residential developments to earmark a proportion of housing units for lower-income households. That is, inclusionary zoning relies on the private homebuilding industry to assist in meeting community needs for affordable housing. Over recent years more and more communities concerned with affordability perceive inclusionary zoning as a productive approach to meeting real housing needs. The affordable housing programs of California, Montgomery County, Maryland, and Massachusetts have been particularly insightful models for progressive inclusionary zoning. These programs incorporate five elements that are recommended for effective inclusionary zoning: designated size of the inclusionary percentage set-aside; income targeting of the housing; alternatives to construction of affordable units on site; length of affordability; and developer incentives.

The first element to implementing an effective inclusionary zoning program requires counties and municipalities to set the size of the development, by total number of housing units, which should be regulated or included in the inclusionary housing program. Montgomery County, Maryland's Moderately Priced Dwelling Unit ordinance (MPDU) is one example of an inclusionary percentage provision. It requires developers of more than 50 residential units, or whatever minimum project size would cover at least 50% of all housing units built or rehabilitated in the municipality over the previous ten years (which ever is the smaller), to construct detached residential units and set aside 12.5 to 15 percent of all units for price-controlled sales over 20 years, in exchange for density bonuses of 20 to 22 percent; the exact numbers are determined on a sliding scale relative to project size. Subdivisions in large lot zoning categories, which are not normally served by public water and sewer, are exempt from the requirement because higher densities are difficult to achieve when installing well and septic systems.

Next, effective inclusionary zoning regulations should target specific income segments. Setting a target income involves defining what incomes the affordable housing program seeks to help and setting a percentage of affordable housing units that should be made affordable for this set income class. These income segments are based on the HUD definitions for Area Median Income in each given region (See Section 3.6 for AMI definition and current median income for the Charleston-North Charleston MSA). In California, the vast majority of inclusionary zoning ordinances provide set-asides for low-income and moderate-income families, while about half target very-low income families. Regulations should allow for flexibility in applying income targets to individual developments. For example, the City of Richmond in the San Francisco Bay Area offers developers the option of providing 10 percent of the units to very low-income households, 15 percent of the units to low income households, or 17 percent of the units to moderate-income households.

Another successful strategy for implementing inclusionary zoning is to provide options for developers to donate money to build affordable housing units or build affordable housing off site from their development. The most common alternatives to onsite construction are in-lieu fees and land dedications. Also, developers are sometimes permitted to build affordable housing off-site or receive credit for excess affordable units built in previous projects. Many of these practices have been successful in adding affordable housing units in California.

Retention of affordable housing stock is one of the most important elements of an inclusionary zoning program. Monitoring and compliance mechanisms are necessary in order to track affordable units within mixed-income developments. Requirements for long-term maintenance as affordable units can prevent owners and landlords from reselling or re-renting units at market rate. Most inclusionary zoning systems do allow for affordable units to be eventually converted to market-rates.

#### *Inclusionary Zoning for North Charleston's Ordinance*

Inclusionary zoning is recommended for North Charleston as a tool for generating more affordable housing units throughout the city. The most appropriate area of the current zoning ordinance would be the Planned Development District (PDD) because this type of zoning allows flexibility in the parameters of proposed developments in this district. A voluntary program of providing affordable housing as a percentage of housing units in exchange for incentives is recommended. The percentage of housing units and the types of incentives that will be provided to the developer for meeting the required percentage should be determined during the upcoming revisions to the zoning ordinance.

Additionally, it is recommended that a Mixed Use Redevelopment (MUR) zoning district be added to the zoning ordinance to allow market flexibility in redeveloping depressed or vacant areas of North Charleston. In this zoning district, it is also recommended that inclusionary zoning be used to create more affordable housing units. The provision of affordable housing units as a percentage of the total housing units should be required in the MUR regulations. This will help create affordable housing opportunities in and near areas that are likely to be in the greatest need of lower housing costs. As with the PDD district, the percentage of affordable units should be determined during the zoning ordinance update. Because the percentage will be a requirement, the MUR regulations would not necessarily include developer incentives; however, some flexibility here might eliminate some concerns that the affordable housing requirement would stagnate redevelopment. It is hoped that requiring a percentage of affordable homes in areas eligible for MUR, that it will help greatly in preventing displacement of lower income residents from those areas.

### **Developer Incentives**

Developer Incentives provide a market-based mechanism for encouraging the construction of affordable housing. Many of these incentives may be included within the inclusionary zoning ordinance.

Density Bonuses the most common form of compensation for affordable housing requirements. These bonuses allow developers to build at a higher density than residential zones typically permit in exchange for the inclusion of affordable units within the development. Alternately, the developer may be permitted to purchase density credits by paying into a local housing trust fund, such as the Low Country Housing Trust. Massachusetts's zoning law recommends that the percentage of affordable units may be increased up to 15% of the covered residential development and the developer/builder shall receive a density bonus of up to 22% (based on a sliding scale).

Design flexibility is another method of encouraging developers to offer affordable housing. It is important for affordable housing units to fit within the context of their surrounding neighborhoods. Mixed-income developments should strive to have units be indistinguishable from market-rate units. One such regulatory tool is to require identical or similar exteriors while allowing variations in internal features in order to facilitate financial feasibility for developers. Also, it is important that design guidelines within a zoning ordinance do not add excessive costs to construction and maintenance of housing.

Another developer incentive is the provision of fee waivers, which reduce or waive the fees levied on new development projects where affordable housing is included. Regulations may be set up to reimburse permit fees to a builder upon certification that the dwelling unit is affordable. Tap-in fees for public utilities such as water and sewer may also be reduced for affordable housing developments. For example, partnerships between non-profit housing developers and utility providers such as the North Charleston Sewer District could create reduced sewer fees for affordable units.

Fast track permitting provides another possible incentive for developers to include affordable housing. This system can expedite affordable housing developments to help reduce costs and time delays in the construction permitting process. The creation of a "one-stop-shop" resource center for affordable housing permitting as well as pre-approved design standards may also facilitate the development of affordable housing and reduce potential opposition.

### **3.11 Foreclosure and Subprime Lending**

Current events in the housing market and mortgage finance industry have the potential to exert substantial impacts upon neighborhood stability in North Charleston. The effect of declines in the housing market combined with the subprime lending crisis may lead to increased foreclosures among economically vulnerable communities in North Charleston. These trends threaten to reverse some of the gains in homeownership that the city has achieved over the past several years. Further, the potential exists for concentrations of mortgage defaults that would be damaging to neighborhood stability.

The growth in subprime lending has been a key aspect of the housing market decline nationwide. Subprime mortgages are home loans with relatively high interest rates and often higher up-front fees. Subprime mortgages are primarily marketed toward borrowers whose credit ratings, down payment, or income are insufficient to qualify for conventional prime mortgages. Thus, recipients of subprime loans are among the most economically vulnerable to potential declines in the real estate market. Over the past ten years, subprime loans, zero-down-payment, and other exotic mortgages have increased as a proportion of overall lending. Subprime lending increased from 10 % of total mortgage originations in 1998 to 23 % in 2005.<sup>1</sup> Among the third-party lenders tracked by Loan Performance, interest-only loans increased from 5% of all loans in 2001 to 35% in 2005.

While subprime loans have allowed many people to reach homeownership, they have also left homeowners vulnerable to market declines. As variable interest rates reset, homeowners may not be able to refinance their loans if the value of their home's market value has declined. Thus, the growth in subprime lending has led to increases in foreclosures throughout the nation. Several studies have indicated that the rate of foreclosures in the subprime market far exceeds that of conventional mortgages.<sup>2</sup> The Center for Responsible Lending estimates that the rate of foreclosures will reach nearly 20% for loans originated between 2005 and 2006.<sup>3</sup> In the Charleston-North Charleston MSA, an estimated 18% of the loans originated in 2006 were projected to end in foreclosure.

The growth in subprime lending also has the potential to have concentrated negative impacts on some neighborhoods in North Charleston. Several studies have indicated that minority communities have experienced a disproportionate share

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<sup>1</sup> Schloemer, et. al., *Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners.*, Center for Responsible Lending, 2006.

<sup>2</sup> Immergluck, D., *From the Subprime to the Exotic.* Journal of the American Planning Association. Winter, 2008.

<sup>3</sup> Schloemer, et. al., 2006.

of foreclosures.<sup>4</sup> Likewise, minorities receive a disproportionate share of subprime loans. According to Dataplace.org, 54.9% of the 2004 refinance loans to African Americans in the Charleston-North Charleston MSA were originated from subprime lenders, as compared to 60% among Hispanics and 25.5% among whites.

As foreclosures occur in spatially concentrated areas, there are negative side effects for the entire neighborhood. Aside from the loss of equity and home ownership that occurs with a foreclosure, surrounding properties are also impacted. Concentrated foreclosures have been shown to decrease the value of surrounding properties, increase crime, and add municipal service costs.<sup>5</sup>

### 3.12 Future Housing Needs

Table 3.10.1 provides housing needs for the future, based on the population growth projected for North Charleston between 2000 and 2030. The proportion of housing types has been projected based on the mix of housing in 2000. However, the mix of housing types is likely to change as the city undergoes redevelopment. For example, the proportion of manufactured housing inside the city is likely to decline as older mobile home parks are redeveloped. Likewise, the growing trend toward townhome development is likely to increase the city's share of multi-family housing.

**Table 3.11.1 – Future Housing Needs 2000-2030, City of North Charleston**

Housing Type	2000	2005	2010	2015	2020	2025	2030
Single-family (detached)	13,999	16,693	19,411	20,005	20,626	21,275	21,951
Multi-family (includes townhomes & duplexes)	11,141	13,285	15,448	15,921	16,415	16,932	17,470
Mobile Homes	4,607	5,494	6,388	6,584	6,788	7,001	7,224
TOTAL	29,747	35,472	41,247	42,509	43,829	45,208	46,645

<sup>4</sup> Apgar, W., & Duda, M. *Preserving Homeownership: Community Development Implications of the New Mortgage Market*. Chicago: Neighborhood Housing Services of Chicago. 2004.

<sup>5</sup> Apgar, W. and Duda, M., *Collateral Damage: The Municipal Impact of Today's Mortgage Foreclosure Boom*. Homeownership Preservation Foundation, 2005.

### **3.13 Housing Goals and Policies**

Goal 3.1: Promote the stability and maintenance of established residential neighborhoods.

- ❑ Policy: Prevent encroachment of incompatible land uses into established residential districts.
- ❑ Policy: Support home repair and maintenance programs, such as the Metanoia CDC and Charleston Area CDC homeowner maintenance programs.
- ❑ Policy: Support neighborhood organizations.
- ❑ Policy: Provide tax exemptions for senior citizen homeowners in order to allow them to maintain their homes and remain in the community.
- ❑ Policy: Provide incentives to developers for infill development, including both new construction and rehabilitation of existing structures.
- ❑ Policy: Require cost participation for recipients of home rehabilitation program who do not have significant financial need.

Goal 3.2: Preserve the character of historic neighborhoods within North Charleston

- ❑ Policy: Support local historic preservation organizations
- ❑ Policy: Conduct a historic resources inventory in order to identify potential historic districts.
- ❑ Policy: Encourage eligible historic homes to register with local and national historic preservation programs.
- ❑ Policy: Support the designation of worthy residential areas as neighborhood historic districts.
- ❑ Policy: Ensure that infill development is compatible with the character of historic neighborhoods.

Goal 3.3: Improve the ratio of owner-occupied housing to renter-occupied housing

- ❑ Policy: Increase the stock of owner-occupied, multi-family housing developments (condominiums, townhouses, live-work units).
- ❑ Policy: Provide credit counseling in order to educate residents about home ownership opportunities.
- ❑ Policy: Provide programs to aid homeowners negatively impacted by sub-prime lending and declines in the housing and mortgage credit markets.
  - Action: Create a program to buy down the interest on adjustable rate mortgages for homeowners vulnerable to foreclosure.

Goal 3.4: Significantly reduce blight and the amount of abandoned properties in North Charleston's neighborhoods

- ❑ Policy: Strictly enforce property and building codes.
- ❑ Policy: Increase penalties for absentee landlords and abandoned properties
- ❑ Policy: Identify neighborhoods with significant vacant and abandoned properties for potential redevelopment.

- ❑ Policy: Encourage demolition and redevelopment of vacant substandard housing that cannot be rehabilitated
- ❑ Policy: Provide counseling and assistance to property owners faced with foreclosure, condemnation, and demolition.
- ❑ Policy: Create a land bank to manage the redevelopment of abandoned, dilapidated, and tax delinquent properties.
- ❑ Policy: Work with non-profit housing developers to promote redevelopment of tax delinquent properties.
- ❑ Policy: Continue to utilize innovative funding for residential redevelopment, such as Tax Increment Financing (TIF).

Goal 3.5: Reduce the amount of sub-standard mobile home or multi-family developments.

- ❑ Policy: Improve site design and building standards for manufactured and mobile homes.
- ❑ Policy: Discourage additional trailer park developments beyond the current stock.
- ❑ Policy: Plan for the long-term redevelopment of mobile home parks into conventional stick-built housing.
- ❑ Policy: Promote redevelopment of substandard public housing complexes into viable mixed-income communities.

Goal 3.6: Maintain the affordability of North Charleston's housing stock

- ❑ Policy: Continue to provide zoning for a wide variety of housing types, sizes, and costs.
- ❑ Policy: Ensure an adequate amount senior housing to accommodate the growing senior citizen population.
- ❑ Policy: Ensure an adequate stock of workforce housing (teachers, police officers, firemen, city staff, etc.)
- ❑ Policy: Utilize federal and state housing assistance programs, such as CDBG and HOME funds for the construction of quality affordable housing.
- ❑ Policy: Provide incentives for the inclusion of affordable housing within new developments
- ❑ Policy: Provide financial support for housing trust funds in order to facilitate the development of affordable housing
- ❑ Policy: Use inclusionary zoning to generate a larger stock of affordable housing units  
Action: Require a percentage of affordable housing units for developments within the recommended Mixed-Use Redevelopment zoning district.

Goal 3.7: Support market-based strategies for providing affordable housing

- ❑ Policy: Provide developer incentives for affordable housing, such as density bonuses and fee waivers for developments that reserve a proportion of units for affordable rates.
  - Action: Revise the Planned Development District to create inclusionary zoning on a voluntary basis, by providing developer incentives for those that meet a percentage requirement for affordable housing units.
- ❑ Policy: Utilize tax credit programs such as the Low Income Housing Tax Credit to fund affordable housing development
- ❑ Policy: Promote public/private partnerships with affordable housing developers.



Goal 3.8: Provide quality housing for the lowest-income populations and special needs populations

- ❑ Policy: Support non-profit affordable housing developers such as Habitat for Humanity and Mercy Housing
- ❑ Policy: Provide emergency shelters, transitional housing, and social services for the homeless population.
- ❑ Policy: Provide substance-abuse treatment programs in order to prevent homelessness.
- ❑ Policy: Support providers of emergency housing for domestic violence and abuse.

Goal 3.9: Encourage the development of mixed-income communities

- ❑ Policy: Support the redevelopment of distressed public housing complexes into mixed income communities using HOPE VI funds.

Goal 3.10: Mitigate the negative impacts of foreclosure on economically vulnerable neighborhoods

- ❑ Policy: Work with programs such as the South Carolina Foreclosure Initiative to provide credit counseling and agency referrals to residents threatened by foreclosure.
- ❑ Policy: Intervene early to stabilize neighborhoods affected by high foreclosure rates.
  - Action: Track foreclosures within North Charleston and identify “hot spots” of high foreclosure rates.
  - Action: Explore programs for refinancing and restructuring the loans of residents threatened by foreclosure.