

Home Builders Association of South Carolina

Affordable Housing in South Carolina What is Affordable Housing? What is the Need? Perspectives

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Laws Eliminating Redlining



- **Housing Act of 1937**
 - HOLC created “Residential Security Maps” for 239 US cities
 - Ranked A (affluent, white) through D (poor, minority)
 - Set the standard for all lenders in deciding which communities had access to capital
- **Ended by the FHA in 1950, but continued among private lenders**
 - Drove urban decay and crippled revitalization efforts
 - Entire neighborhoods with no access to mortgage borrowing
 - Led to “slum lords” who took over vast numbers of properties at bargain prices
- **Fair Housing Act of 1968 made discrimination in housing practices illegal**
 - Lenders, landlords, realtors cannot refuse to sell, rent or negotiate based on any bias
- **Community Reinvestment Act (“CRA” @ 1977) ended redlining for good**
 - Goes beyond prohibiting discrimination
 - Defines “Assessment Areas” where lenders must lend and invest

Common Definitions



- Affordable Housing - generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.
- Low to Moderate Income ("LMI") – low income is defined as 50% of the Area Median Income ("AMI"). Moderate Income is defined as 50.01% - 80%% of AMI.
- Workforce Housing - workforce housing is most commonly intended for households with incomes between 80 and 120% of AMI.
- Cost Burdened – paying more than 30% of income for housing
- Shelter Poverty - the condition where one's high housing costs make it impossible to cover other essential household expenses (SC Housing 2019 Report). This gap is filled by public assistance, friends & family, and charities.

<u>County</u>	<u>Median Income</u>	<u>50% AMI</u>	<u>80% AMI</u>	<u>120% AMI</u>
Greenville	\$ 74,900	\$ 37,450	\$ 59,920	\$ 89,880
Richland	\$ 72,600	\$ 36,300	\$ 58,080	\$ 87,120
Charleston	\$ 81,000	\$ 40,500	\$ 64,800	\$ 97,200
Horry	\$ 57,400	\$ 28,700	\$ 45,920	\$ 68,880

The **Economic Conundrum** we face is how do we reconcile construction costs that are rising at a rate much greater than wage increases over the last ten years?

Statistics: South Carolina (SC Housing)



Exhibit 1: Statistics for South Carolina, 2000 and 2019

	2000	2019	Change
Total Population	4,012,012	5,148,714	+28.3%
Median Household Income	\$37,082	\$56,227	+51.6%
Median Gross Rent	\$510	\$922	+80.8%
Median Single-Family Home Value	\$94,900	\$179,800	+89.5%
Home Value / Household Income	2.56	3.20	+25.0%
Consumer Price Index Non-Shelter	165.7	234.2	+41.3%

Source: 2000 Decennial Census, 2019 American Community Survey, Bureau of Labor Statistics

4 SOUTH CAROLINA HOUSING NEEDS ASSESSMENT

31% SC households in
shelter poverty



**Over
140,000
renters**

SPEND MORE THAN
HALF THEIR GROSS
INCOME ON RENT

Challenges = Opportunities!



Greenville News

NEWS

Greenville housing authorities recommend 10,000 more affordable units by 2030

[Macon Atkinson](#) Greenville News

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Housing is an essential need and an estimated 50,000 Greenville city and county households, most of who are under the age of 35, spend more than 30% of their income on it, a key point in a presentation offered Thursday to a group of city and county leaders.

The presentation was actually the unveiling of a plan, itself the work of Indianapolis-based consultant Thomas P. Miller & Associates, whose purpose is to bring solutions to the various challenges facing city and county leaders in an area that might need 15,000 affordable housing units by 2030, according to growth projections.

The plan, launched by the Greenville Housing Fund and the Greenville County Development Authority, is meant to preserve existing affordable housing options and create more of them, identify areas best suited to accommodate a variety of affordable housing types, expand diverse housing initiatives and build the sort of partnerships that will empower communities to meet the need.

THE WALL STREET JOURNAL

GREENVILLE, S.C.—The pandemic is accelerating growth in midsize cities, positioning them to lead the charge in the nation's economic rebound.

Even before Covid-19, these rising stars—such as Greenville, Des Moines, Iowa, and Provo, Utah—had been quietly building out vibrant economies in the shadow of bigger metropolises. During the pandemic, they have drawn workers and businesses with large and affordable homes, ample access to outdoor space and less congestion.

They also have a mix of high-tech jobs and old-line industries, including manufacturing and finance, that turned out to be more resistant to the downturn. They came through the year with fewer job losses and service cuts, and made quicker recoveries.

"They offer a lot of things you can't really get in the big city," said Mark Vitner, senior economist with Wells Fargo & Co. "They're more affordable, and it's so much easier to live there. And all of these industries are poised to do very well."

The pandemic-fueled flow of jobs and residents out of New York, San Francisco and other large coastal cities will subside and likely eventually reverse, economists say. But the [economies in some of these smaller metro areas have staying power](#).

In Greenville, the seasonally adjusted unemployment rate was 4.3% in March, well below the national rate of 6.0% that month, according to the Labor Department. The national unemployment rate rose to 6.1% in April.

"The Charleston Metro Chamber projects that we need more than 2,600 affordable housing units per year for the next 10 years to even keep up with growth in the area." The Post and Courier, May 19, 2021.

MYRTLE BEACH, S.C. (WPDE) — "Hospitality workers in Myrtle Beach said they can't catch a break as they deal with a worker shortage causing them to be overworked. That's on top of being able to barely afford rent in the city because the prices just keep rising. A restaurant server said she and other hospitality workers have fallen into a vicious cycle." (04/27/2021)

Augusta Heights - Greenville



Urban with LIHTC & New Market Tax Credits



Multi-Family
Multi-Use
Low Income
Workforce



Spartanburg's Northside



Single Family Residential/Duplexes



Parkside @ Verdae Greenville





Blythewood, SC



Proposal: Affordable Housing Equity Equivalent Fund Overview



- \$40 million for the creation of a state-wide non-competitive **Affordable Housing Equity Equivalent Fund**.
- Would invest up to 20% of the development cost into any affordable rental housing development.
 - Investment would be an interest free, deferred loan at 0%, maturing in 10 years for projects in urban areas and 15 years for developments in rural areas with a balloon note due.
 - The funding would be invested in a non-competitive process on a first come first serve basis until the fund is exhausted, then in ten (10) years the program can start over re-investing.
- For homeownership development, the equity fund would set aside 25% of the fund to be used to provide 90% construction financing at 0%.
- Funding availability will eliminate the need for out-of-state, for-profit, investors entering the market to fill the financing gap.