



*City of Charleston
South Carolina*

Clerk of Council Department

WILLIAM S. COGSWELL, JR.
MAYOR

JENNIFER B. COOK
CLERK OF COUNCIL

COMMUNITY DEVELOPMENT COMMITTEE AGENDA

A meeting of the Community Development Committee will be held at **3:00 p.m., Thursday, February 20, 2025**, at City Hall, 80 Broad Street and via Conference Call at 1-929-205-6099, Access Code: 759694505. The agenda will be as follows:

- Invocation

a. Public Participation

Any person who speaks at a Community Development meeting shall conduct himself or herself in a manner appropriate to the decorum of the meeting and is asked to observe Section 2-28 (a) of the Code of the City of Charleston, Rules of Decorum. Violation of the Rules of Decorum may result in the forfeiture of audience before the Committee and/or removal from the meeting.

Citizens can participate virtually by telephone or leave comments for the Committee by completing the form at <http://innovate.charleston-sc.gov/comments/>. If requesting to speak by telephone, please provide your name and telephone number. Requests to speak at the meeting and comments must be received by 12:00 p.m., Thursday, February 20, 2025.

b. Approval of Minutes

- i. December 19, 2024

c. Old Business

- i. Presentation of rapid housing options and potential action

d. New Business

- i. Cunningham Avenue Discussion
- ii. Presentation and approval of the City of Charleston Accommodations Tax Revenue Housing Impact Analysis
- iii. Update on Comprehensive Plan Amendment for the Waterfront Redevelopment District- Planning, Preservation & Sustainability

e. Miscellaneous Business

Adjourn

In accordance with the Americans with Disabilities Act, people who need alternative formats, ASL (American Sign Language) Interpretation or other accommodation please contact Janet Schumacher at (843) 577-1389 or email to schumacherj@charleston-sc.gov three business days prior to the meeting.

To: Julia Copeland
From: Melissa Cruthirds

Date: May 25, 2023

RE: Summary of Bill S. 284, A-Tax / Affordable Housing

Summary

- The City can spend up to 15% of its A-Tax revenues on workforce housing.
- The City can use A-Tax revenue to finance bonds for workforce housing
- Before the City can use the A-Tax revenues for workforce housing, it must develop and present a Housing Impact Analysis
- The Comp Plan may need to be amended to solicit input from certain entities in its housing analysis

Background

The Governor signed S. 284 on May 19, 2023. This bill allows local governments to use up to 15% of our annual local accommodations tax revenue on Affordable Housing. This law sunsets on December 31, 2030.

Analysis of S. 284

"Workforce housing" means residential housing that is appropriately priced for rent or sale to a person or family whose income falls within **30% and 120% of the median income** for the local area, with adjustments for household size, according to the latest figures from HUD.

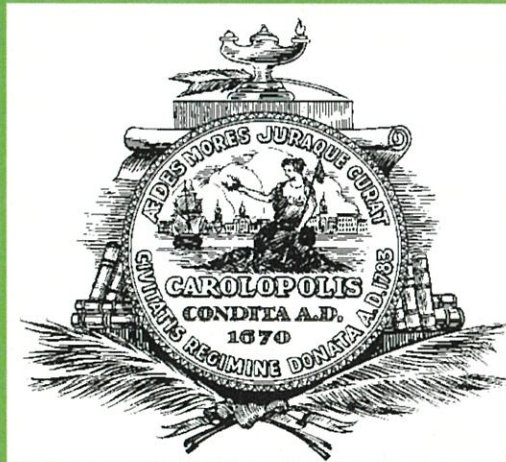
- Can spend up to 15% of annual A-Tax on development of workforce housing.
 - **This must include, but is not limited to, programs to promote home ownership.**
- A-Tax revenues can be spent as a tourism-related expenditure:
 - First \$25,000 → general revenues (this did not change)
 - 5% of balance → general revenues (this did not change)
 - 30% of balance → special fund for advertising and promotion of tourism (this did not change)
 - Allocations to this special fund must be spent within 2 years of receipt (this did not change)
 - Unless 2/3 affirmative vote to carry forward if the funds are used exclusively for waterfront erosion **or development of workforce housing, which must include, but is not limited to, programs to promote home ownership.**
 - Remaining balance → tourism-related expenditures (a list of items that qualify)
 - This bill adds to the list of items that qualify as tourism-related expenditures: **development of workforce housing, which must include, but is not limited to, programs to promote home ownership**, but not more than 15% of A-Tax revenues

- Bonds. Can use A-Tax revenue to finance bonds for **workforce housing that includes programs to promote home ownership.**

- **Housing Impact Analysis**
 - If we use A-Tax funds on workforce housing, we have to prepare a housing impact analysis ("A-Tax Housing Analysis").
 - **Funds will not be disbursed** to the City for purposes of development of workforce housing **until we provide the A-Tax Housing Analysis.**
 - The A-Tax Housing Analysis **must be provided to City Council, the DOR, and the Tourism Expenditure Revenue Committee before an ordinance** to adopt the comp plan is considered by City Council (**before 1st reading**) and to City Council prior to giving 2nd reading to the ordinance.
 - The "ordinance" refers to the ordinance to adopt the comprehensive plan. We can adopt single elements of the comprehensive plan.
 - The comprehensive plan must include "a housing element," and which must include its own analysis ("Comp Plan Housing Analysis"). (This has not changed.) However, this bill adds additional language that **"the planning commission must solicit input for this analysis from homebuilders, developers, contractors, and housing finance experts."**
 - Looking at our Comp Plan, I don't see that we solicited input from these entities, other than we had several community meetings. So, if our Comp Plan Housing Analysis did not solicit input from these entities, then it appears we may need to do so and revise this element of the comp plan.
 - If we *did* include input from these entities in the Comp Plan Housing Analysis, then I presume we do not need to do anything for this particular requirement.
 - However, we still need to do the A-Tax Housing Analysis, which is described below. The A-Tax Housing Analysis must be presented before adoption of the Comp Plan in order to use the A-Tax revenues for workforce housing. There is no requirement that the A-Tax Housing Analysis be *included* in the Comp Plan; it just must be presented to those entities before adoption of the Comp Plan. **If we have already adopted the comp plan, then can we just amend the Comp Plan to include this A-Tax Housing Analysis?**

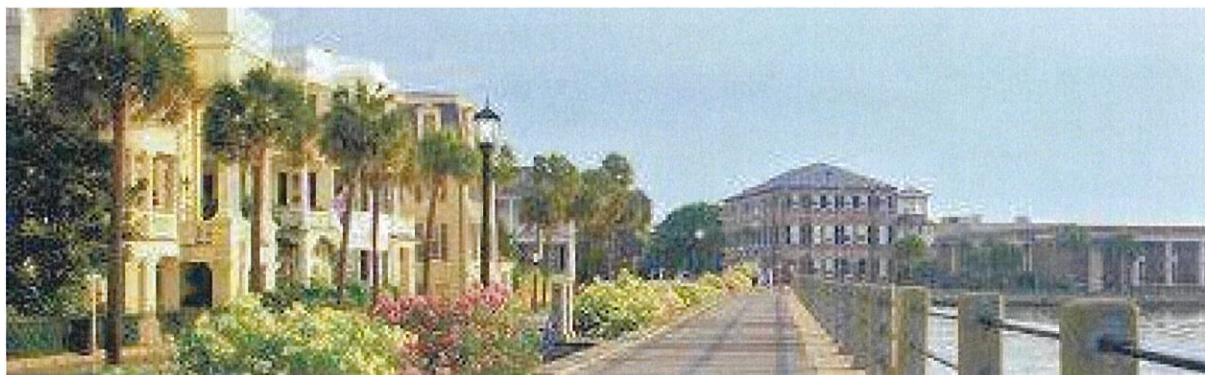
- The **A-Tax Housing Analysis** has very specific requirements. It **must include**:
 - information about the effect of the ordinance (adopting the comp plan) on housing, including:
 - the cost of developing, construction, rehabilitating, improving, maintaining, or owning single-family or multifamily dwellings;
 - the purchase price of new homes or the fair market value of existing homes;
 - the cost and availability of financing to purchase or develop housing;
 - housing costs (defined below), which must include:
 - reasonable estimates of the effect of the ordinance on housing costs, expressed in dollar amounts.
 - a brief summary of, or worksheet demonstrating, the computations used in determining the dollar amounts.
 - If it is not possible to make an estimate expressed in dollar amounts, then the analysis must include a statement setting forth the reasons for the local government's determination; and
 - descriptions of both the immediate effect and, to the extent ascertainable, the long-term effect of the ordinance on housing costs.
 - the density, location, setback, size, or height development on a lot, parcel, land division, or subdivision; and
 - an analysis of the relative impact of the ordinance (adopting the comp plan on low- and moderate-income households.
- The A-Tax Housing Analysis must be based on costs associated with the development, construction, financing, purchasing, sale, ownership, or availability of a median-priced single-family residence. However, the analysis may include estimates for larger developments as part of an analysis of the long-term effects of the ordinance.
- Definition of "Housing costs"
 - for housing occupied by the owner means:
 - the principal and interest on a mortgage loan that finances the purchase of the housing;
 - the closing costs and other costs associated with a mortgage loan;
 - mortgage insurance;
 - property insurance;
 - utility-related costs (power, heat, gas, light, water, and sewage);
 - property taxes; and
 - if the housing is owned and occupied by members of a cooperative or an unincorporated cooperative association, fees paid to a person for managing the housing
 - for rented housing means:
 - rent; and
 - utility-related costs, if not included in the rent.

CITY OF CHARLESTON HOUSING IMPACT ANALYSIS



City of Charleston's housing impact analysis for Senate Bill S284, now known as Act 57, which allows for Accommodations Tax (ATAX) to support local workforce housing.

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Purpose Statement

The purpose of the Housing Impact Analysis is to examine the current state of housing in the City of Charleston in response to identified topics required for Act 57. This analysis will serve as a compliment to the City of Charleston's Comprehensive Plan which will be amended to adopt this analysis into the overall housing plan. Per Act 57, the analysis requires specifics to include the economic impact of the tourism industry, development and construction costs for all housing, preservation of housing, and the long-term impact of Act 57 on the housing industry in our State and local communities.

Executive Summary

The Tourism Industry is a vital component of Charleston's economy. According to the Office of Tourism Analysis at the College of Charleston, in 2020, 7.68 million visitors chose Charleston as a destination. While this represented a three (3%) percent increase since 2019, tourism spending rose over 32%, from \$9.67 billion to \$12.82 billion during the same period.

The city of Charleston's continued growth is predicated upon increasing the development and preservation of diverse housing options that are both affordable and accessible for the workforce. The City of Charleston has prepared and implemented the goals in the following plans: the 2020-2025 Consolidated Plan, the Housing for a Fairer Charleston Plan and the Comprehensive Plan (City Plan, 2021) which address land use, resiliency, transportation, employment and housing needs. The city of Charleston facilitates the implementation of these goals through proven programs and strategies of the Housing and Community Development Department, which are outlined in this analysis. The priority needs include:

- Improving Affordable Housing Options
- Expanding Economic Opportunities
- Providing for Suitable Living Environments
- Improving the Capacity of Housing and Service Providers in the community.

With rising costs related to the acquisition land and the development of housing in the City of Charleston, rapid population growth and wages remaining low, workforce housing is

crucial for our citizens and our economy. The lack of available affordable housing results in persons living further away from their places of employment, which increases their housing and transportation cost burden. These conditions will also have a direct effect on retaining a workforce within the city as employees seek employment closer to where they can afford to live.

The City of Charleston is also currently engaged with Bloomberg Associates to develop a Strategic Housing Goals Roadmap through the year 2030. It is a comprehensive effort analyzing historic, current, and potential data to develop aggressive but attainable housing goals to be accomplished from 2024 – 2030. The roadmap will establish six (6) overarching goals along with sub-goals. This strategic plan coupled with existing and new revenue streams will allow the City of Charleston to address the most crucial affordable housing needs for the upcoming years.

The City of Charleston is at a pivotal point with a dire need to ensure the development and preservation of diverse housing options that are both available and affordable for the workforce. The passage of Senate Bill S284, now known as Act 57, enables local governments to use up to fifteen (15%) percent of their Accommodations Tax (ATAX) to support local workforce housing developments and programs. The influx of this dedicated and ongoing capital from ATAX, estimated at potentially \$2 Million annually, will have a long-term and positive impact on the housing industry in the Charleston community by enhancing housing development, leveraging opportunities and keeping housing cost affordable to the end-buyer or renter.

As part of the ATAX Housing Impact Analysis requirement, we have included additional information specific to the programs and strategies coupled with historical data which are the direct results of the implementation of the Comprehensive Plan.

Included in this analysis:

- Overview of Current Programs and Strategies
- Challenges that Impact Housing in the City of Charleston
- Employment Analysis
- Housing Market Analysis
- Development and Construction Costs
 - For Sale Units
 - Overview of the Homeownership Program
 - Rental
 - Preservation
 - Overview of the Rehabilitation Program(s)
 - Average costs and historical results for the Rehabilitation Program
 - Long Term Impact of the Ordinance

Introduction and Background

To strategically address housing needs and barriers, the City of Charleston adopted the Comprehensive Plan approved by Charleston City Council in October 2021. The plan quantified the need for an additional 16,351 affordable housing units by 2030 in the City of Charleston. The 10-year comprehensive plan details a guide for land use planning, policy and investment through 2030.

Based on the Comprehensive plan the City of Charleston's Department of Housing and Community Development (HCD) implemented strategies that have proven successful for building new affordable housing for persons and households in the workforce at various income levels, preserving existing housing and reducing homelessness. HCD is responsible for:

- Creating, facilitating, and implementing activities and programs which stimulate community and economic development.
- Expanding the supply of available and affordable housing.
- Stimulating the construction and rehabilitation of housing for persons of very low, low, and moderate incomes within the City of Charleston

The City of Charleston's ATAX Housing Analysis specifically evaluates the challenges to providing workforce housing, how the challenges are and continue to be addressed, and the impact that South Carolina Senate Bill S284, now known as Act 57, will have on the city of Charleston's workforce by facilitating affordable housing through a new dedicated and ongoing funding source. Our analysis includes specific challenges the city of Charleston faces and the programs the Department of Housing and Community Development has instituted to address the challenges of bringing equitable housing solutions to our community.

Current Programs and Strategies

Development Programs

Homeownership Initiative Program

The City of Charleston's Homeownership Initiative (HI) was designed to create affordable home ownership opportunities for low- and moderate-income families and stimulate revitalization. The Initiative is a partnership between the City of Charleston, non-profit and for-profit developers.

The program provides housing opportunities for persons and households earning from fifty (50%) percent to one hundred and twenty (120%) of the Area Median Income, that have not owned a home in three years and can qualify for financing to secure a first mortgage. The City of Charleston preserves the affordability of these homes by recording a ninety-year (90) Restrictive Covenant. To date, one hundred and thirty-three (133) households have

purchased a home, and seventy-four (74%) percent of those households were one hundred (100%) percent AMI or below.

The City of Charleston acquires the vacant parcel or dilapidated home and uses the value of the acquisition and investment in pre-development costs to reduce the amount of the first mortgage secured by the end-buyer. These homes are constructed or reconstructed by development partners who enter into a Transfer and Development Agreement with the City of Charleston.

Land Acquisition and Development

The City of Charleston contracts with a local Real Estate firm to secure in-fill lots and vacant parcels to facilitate the development of for-sale and rental housing. Over the last five years, the City of Charleston has acquired three (3) lots. Additionally, parcels of land have been donated to the City of Charleston by landowners to assist in increasing the amount of housing. A Request for Proposal is released to secure a development partner.

Preservation

Housing Rehabilitation Programs

The City of Charleston's Rehabilitation and Preservation Programs have been in place since 1975. The City of Charleston conducts outreach and community engagement in neighborhoods throughout the City of Charleston to ensure moderate, low, and very low-income residents are aware and take advantage of the programs. The City of Charleston HCD allocates funding from the Community Development Block Grant, Home Investment Partnerships Programs and Housing Opportunities for Persons with Aids to facilitate housing rehabilitation programs. Rehabilitation programs preserve existing housing, allow legacy residents to remain in their homes, create additional housing by repairing dilapidated housing that can be used for rental occupancy for low/moderate income residents. Residents are provided either deferred and/or repayable loans based on their economic status and repairs are facilitated by qualified local contractors who are selected through a formal bid process.

Funding

The City of Charleston leverages Federal, State, local and private funding to create and preserve housing. Such financing includes loans from financial institutions, entitlement grants and competitive/collaborative grants and non-federal dollars. Significant funding and other incentives are required to facilitate both the production of new housing and to preserve existing housing. Furthermore, to ensure affordability for the incomes who have the greatest need for housing; grant subsidies and other forms of financial assistance is required. Below are funding sources being used and explored by the City of Charleston Housing and Community Development Department.

Fee-In-Lieu: The City of Charleston's zoning code allows unlimited residential density in zoning districts for mixed-use and workforce housing if developers commit at least twenty (20%) percent of total units for workforce housing (up to 80% AMI households). In lieu of the on-site units, the developer can make a land contribution or pay an in-lieu fee. The City of Charleston dedicates all revenues from the fees to funding affordable housing.

- **Franchise Fees** – Fees paid into the general fund from other revenue sources of the City of Charleston, which can be used for affordable housing.
- **City of Charleston Affordable Housing Bond:** A \$20 million affordable housing bond was approved by Charleston voters in 2017. The funding was allocated to affordable housing projects in the City of Charleston and is expected to create 630 affordable rental units.
- **New Market Tax Credits:** The City of Charleston is exploring the New Market Tax Credit (NMTC) with Ryan Research, LLC to generate capital for the Homeless to Hope Fund. NMTC is used to finance and invest in underserved communities. It uses Community Development Entities (CDE) that demonstrate a commitment to serving and providing capital to low-income communities.
- **Impact Fund:** HCD is in the preliminary stages of discussion with HI Mark Capital to establish an affordable housing impact fund of \$50 Million. Currently, the Letter of Intent is under review.
- **Entitlement Grants:** The City of Charleston is approaching its 50th year as a HUD funded entitlement city. During the 2022-2023 program year, the City of Charleston was awarded \$843,628 in Community Development Block Grant (CDBG) funds, \$595,344 in HOME Investment Partnerships Program (HOME) funds, \$1,065,785 in Housing Opportunities for Persons with AIDS funds (HOPWA) and \$1,977,676 HOME Investment Partnerships – American Rescue Plan (HOME-ARP) funding to fulfill its mission in the areas of affordable housing; both rental and ownership, community revitalization, health and human services and economic development initiatives.
- **Sub-recipient Funding:** The City's Department of Housing and Community Development awards sub-recipients on an annual basis funding derived from HUD through the Community Development Block Grant (CDBG), HOME and HOPWA grants. HCD collaborates with local housing and service providers by providing grant funds, grant oversight monitoring and regular reporting to the U. S. Department of Housing and Urban Development (HUD). Funds are awarded on an annual basis through a competitive application process and approval by Charleston City Council. Sub-recipient grants facilitate addressing priority needs of the community which includes but are not limited to rent, utility, and mortgage assistance, youth programs, down payment assistance, Fair Housing workshops, critical home repairs, and housing construction.

The Department of Housing and Urban (HUD) Development investment of HOME Investment Partnerships Program funding resulted in over \$1M in leveraged funding. The Community Development Block Grant Fund leveraged over \$10M in additional

funding and the Housing Opportunities with Persons with Aids leveraged over \$300,000 dollars. The investment of federal funding and other leveraged resources resulted in three hundred twenty-four thousand, six hundred and sixty-one (324,661) persons benefiting from services rendered.

- **Competitive Grants:** HCD seeks additional grant funding opportunities as a department and through collaboration with both internal and external partners to address housing and critical needs of the City of Charleston.

Challenges that Impact Housing in the City of Charleston

The City of Charleston addresses specific challenges through proven programmatic solutions for the development and preservation of housing. The city has cultivated public and private partnerships to ensure affordable workforce housing. Some of the challenges that impact housing in the city of Charleston include income disparities causing households to become cost burdened, unavailability of diverse housing to meet the needs of the changing population, and the population is increasing at a faster rate than housing production. An influx of funds provided via ATAX would allow the city of Charleston to strategically address the challenges outlined below.

Income

The Area Median Income (AMI) Limits are updated annually and published in June. Below are the 2024 – 2025 AMIs limits for the city of Charleston. The AMI for a four (4) person household is \$105,000.

Area Median Income Limits City of Charleston Effective June 1, 2024							
Household Size	30% Extremely Low Income	50% Very Low Income	60% Low Income	65% Low Income	80% Workforce Housing	100% Median Family Income	City of Charleston Homeownership Initiative Income Limit 120%
1	\$22,100	\$36,800	\$44,160	\$47,840	\$58,900	\$73,600	\$88,320
2	\$25,250	\$42,050	\$50,460	\$54,665	\$67,300	\$84,000	\$100,920
3	\$28,400	\$47,300	\$57,760	\$61,490	\$75,700	\$94,600	\$113,520
4	\$31,550	\$52,550	\$63,060	\$68,315	\$84,100	\$105,100	\$126,120

According to the 2022 U. S. Bureau of Labor Statistic, Wages & Employment by Occupation Survey data only 33,230 of 356,150 (9%) employees in Charleston earn above 80% AMI, leaving ninety-one (91%) percent of the workforce to fall into moderate, low, and very low-income ranges.

Cost Burdened Households

There is a lack of decent affordable homes across the Tri-County Region. Affordable homes are defined as homes that do not cost a household more than thirty (30%) percent of their gross income for rent or a mortgage payment. However, high home values and rents result in much of the housing stock being out of an affordable range for large portions of the population. Approximately twenty-seven (27%) percent of owners and forty-seven (47%) percent of renters are currently cost-burdened, pointing to a difference between the housing supply and residents' income. From one hundred (100%) percent and below the Area Median Income level, there is a considerable lack of affordable units.

Typology of Housing

Household sizes are decreasing, and single-person households are increasing in the city of Charleston. Currently, 49% of the housing types in the region are single-family, detached. This housing type may not be as desirable or affordable for many workforce households. More affordable, alternative housing types, known as the *missing middle*, such as townhouses, row houses, duplexes, and apartments comprise only 31% of the region's housing stock. Increasing production of more diverse housing types would allow the changing population more potential to secure affordable housing.

Population Growth

The City of Charleston is the largest jurisdiction in South Carolina by population reaching 150,227 residents according to the 2020 U.S. Census. It has also led to growth in the Low Country Coastal region for the previous decade.

Jurisdiction	% Change in population 2010-2015	% Change in Population 2015 - 2020
Charleston (City)	9%	14%
Charleston MSA	11%	7%
Hilton Head	11%	4%
Savannah MSA	8%	7%

The land area of the peninsula is only eight (8) square miles. With rising housing costs and scarcity of areas to build, the population of the city on the peninsula is trending downward. Other areas of the city are where the growth is forecasted to occur.

	2010 Census Demographics	2020 Census Demographics	Population Estimates 2023	Population Estimates 2024
City of Charleston	120,083	150,227	159,333	162,499
West Ashley	54,239	67,873	70,680	71,648
Peninsula	34,636	33,644	36,156	36,867

James Island	17,847	21,595	21,865	21,893
Johns Island	5,266	11,884	13,501	14,208
Daniel Island/Cainhoy	8,095	15,231	17,131	17,883

(Source: U.S. Census Bureau, decennial census data & American Community Survey data)

Employment and Income Analysis for Charleston

The city of Charleston, being voted “favorite city” eleven (11) years in a row by Travel and Leisure magazine, relies heavily on its tourism related workforce to support ongoing economic growth. According to the U.S. Bureau of Labor Statistics (December 2023), the Arts, Entertainment, and Accommodations business sector provides the highest percentage, approximately 23%, of all jobs in the City of Charleston, and 12.28% of the workforce in the Leisure and Hospitality Industry. However, twenty-three (23%) percent, commute to work from outside the Metropolitan Statistical Area (MSA), suggesting a lack of affordable housing within the city of Charleston.

Professional, scientific, management, administrative and waste management services comprise an additional 20% of the jobs in the city, and educational services, health care and social assistance are almost 19% of the total jobs in the City.

The Average Annual Salary across all occupations is \$54,700, however sixty-four (64%) percent of the incomes fall below the average salary. The average hourly wage for the MSA is \$26.34, which is 11.5% below the nationwide average of \$29.76.

According to the 2023 National Low Income Housing Coalition, the South Carolina Fair Market Rent (FMR) for a two-bedroom apartment is \$1,117. To afford this, the household would need to make \$44,674 annually making the state per hour housing wage \$21.48 per hour. However, for the Charleston MSA, the per hour housing wage would be \$29.48 making it the most expensive area in the state. The hourly wage for Charleston equates to \$61,320 annually, falling well below the Area Median Income (AMI) of \$105,100.

Occupation Title	2022 Total Employment	2022 Median Annual Salary	2022 Average Annual Salary	2022 Average Hourly Wage
All Occupations	356,150	\$42,820	\$54,790	\$26.34
Architecture and Engineering Occupations	7,860	\$82,070	\$88,000	\$42.31
Arts, Design, Entertainment, Sports, and Media Occupations	3,710	\$46,010	\$54,590	\$26.25
Building and Grounds Cleaning and Maintenance Occupations	11,560	\$30,380	\$32,650	\$15.70
Business and Financial Operations Occupations	18,550	\$71,140	\$78,980	\$37.97
Community and Social Service Occupations	4,060	\$46,570	\$49,580	\$23.84
Computer and Mathematical Occupations	10,660	\$91,230	\$96,800	\$46.54
Construction and Extraction Occupations	14,440	\$46,410	\$49,070	\$23.59
Educational Instruction and Library Occupations	17,890	\$50,300	\$55,910	\$26.88
Farming, Fishing, and Forestry Occupations	200	\$38,330	\$40,770	\$19.60
Food Preparation and Serving Related Occupations	38,700	\$26,590	\$28,680	\$13.79
Healthcare Practitioners and Technical Occupations	24,330	\$73,550	\$88,310	\$42.46
Healthcare Support Occupations	11,660	\$33,680	\$36,280	\$17.44
Installation, Maintenance, and Repair Occupations	15,540	\$48,290	\$51,530	\$24.77
Legal Occupations	3,290	\$61,650	\$86,230	\$41.46
Life, Physical, and Social Science Occupations	2,420	\$62,500	\$70,090	\$33.70
Management Occupations	22,570	\$98,770	\$113,620	\$54.63
Office and Administrative Support Occupations	45,340	\$38,580	\$41,910	\$20.15
Personal Care and Service Occupations	8,830	\$27,870	\$31,460	\$15.13
Production Occupations	20,450	\$46,610	\$49,450	\$23.77
Protective Service Occupations	7,200	\$41,270	\$44,430	\$21.36
Sales and Related Occupations	35,040	\$32,030	\$43,560	\$20.94
Transportation and Material Moving Occupations	31,850	\$35,620	\$40,530	\$19.49
Source: U.S. Bureau of Labor Statistics, Wages & Employment By Occupation Survey 2022, released 4/2023				

The Chart above illustrates that salaries are predominantly inadequate to rent or acquire housing. According to the 2022 U. S. Bureau of Labor Statistics, Wages & Employment by Occupation Survey data only 33,230 of 356,150 (9%) employees in Charleston earn above 80% AMI, leaving ninety-one (91%) of the workforce to fall into moderate, low, and very low-income ranges.

Employers consider housing availability and affordability essential for attracting and retaining qualified employees. This analysis illustrates the dire need in the City of Charleston for diverse and affordable housing options to support our workforce and maintain a thriving economy.

From 2010 to 2018 Charleston's median home value increased 24%, from \$248,200 to \$308,100 and the median rent increased 23%, from \$840 to \$1,032. Over the same period median income went up 31%, going from \$49,448 in 2010 to \$64,599 in 2018. In the latest report published by the Charleston Realtors Association (June 2024) a median sales price of \$707,450 for a single-family detached home and \$430,000 for a townhouse/condo. Generally, a household's mortgage borrowing capacity is three (3) times the annual salary. The chart below provides the median wages by industry along with the maximum mortgage they would qualify for:

Industry	Median Hourly Wage in SC	Annual Salary	Maximum Mortgage Amount
Nursing Assistants	\$17.28	\$35,942.40	\$107,827.20
Registered Nurses	\$38.60	\$80,288.00	\$240,8643.00
Salesperson	\$14.23	\$29,598.40	\$88,795.20
Fast Food	\$13.00	\$27,040.00	\$81,120.00
Food Prep Supervisor	\$18.61	\$38,708.80	\$116,126.40
Teacher	\$20.67	\$42,993.60	\$128,980.80
General Office Clerk	\$16.98	\$35,318.40	\$105,955.20
Laborer/Mover	\$17.88	\$37,190.40	\$111,571.20

At the current median sales prices (for Charleston), a household would need to have a minimum annual income of \$236,000 for a single-family home or \$144,000 for townhouse/condo to qualify for a mortgage. However, the 100% AMI level effective as of June 1, 2024, for the city of Charleston is \$105,100 for a household of four (4) leaving a significant affordability gap for the workforce population. The city of Charleston addresses these gaps through subsidies, partnerships with non-profit organizations and financial institutions to offer downpayment assistance, and with developers to keep costs as low as possible.

Housing Market Analysis

Despite a steadily growing housing supply, over the last decade in the City of Charleston, median rent and home sales prices have seen significant increases while household incomes are not sufficient or increasing at the rate needed. The Charleston region is the 28th most expensive place to buy a home in the entire country, according to a 2021 Urban Land Institute report. The home sales data published as of June 2024 by the Charleston Realtors Association illustrates the increasing affordability gap in a dramatic way.

Type of Dwelling	Median Sale Price	Annual Income Required	20% Down Payment	Monthly Payment (APR of 6.9%)
Single Family Detached	\$707,450	\$235,816	\$141,490	\$4,266
Townhome/Condo	\$430,000	\$150,000	\$90,000	\$2,589

Note: This is housing in the Charleston region, inclusive of market rate and affordable housing.

The chart above illustrates the current housing market sales for all homes; however, the chart below captures what is considered affordable for specific Area Median Income (AMI) percentile groups for the city of Charleston.

Affordability Chart for Workforce Housing – Based on the June 1, 2024, Income Limits for the City of Charleston. The chart below shows the maximum affordable monthly housing cost by AMI level for the City of Charleston. The maximum affordable monthly housing cost should not exceed thirty (30%) percent of a household's gross income to not be cost burdened.

Maximum Monthly Housing Cost by Household Size and AMI Percentile										
Household Size	30% AMI	Maximum Monthly Housing Cost	50% AMI	Maximum Monthly Housing Cost*	60% AMI	Maximum Monthly Housing Cost*	65% AMI	Maximum Monthly Housing Cost*	80% AMI	Maximum Monthly Housing Cost*
1	\$22,100	\$553	\$36,800	\$920	\$44,160	\$1,104	\$47,840	\$1,196	\$58,900	\$1,473
2	\$25,250	\$631	\$42,050	\$1,051	\$50,460	\$1,262	\$54,665	\$1,367	\$67,300	\$1,683
3	\$28,400	\$710	\$47,300	\$1,183	\$57,760	\$1,444	\$61,490	\$1,537	\$75,700	\$1,893
4	\$31,550	\$789	\$52,550	\$1,314	\$63,060	\$1,577	\$68,315	\$1,708	\$84,100	\$2,103

Based on the median sales prices, significant subsidies are required to provide homeownership opportunities to the workforce population of Charleston.

To tackle the affordability gap, the City of Charleston continues to prioritize affordable housing by expediting the development process, collaborating with local for profit and non-profit developers, and providing permanent subsidies to first-time homebuyers and seeking additional funding opportunities. ***The additional capital from ATAX will be critical to expand the access to workforce housing programs of both for sale and rental units and the preservation of existing units.***

Development and Construction Costs

The city of Charleston creates and preserves affordable housing by infusing capital for development, home ownership subsidies, and construction. These costs saw significant increases due to the pandemic which made the challenge of affordability more difficult. In addition, the density, location, setback, size and height development on a lot, parcel, land division, or subdivision is determined by zoning code and applicable location. The costs below are for homeownership opportunities and preservation of existing housing. ATAX funds would facilitate an increase in these programmatic solutions for the workforce population.

For Sale

The average development costs of an Affordable For-Sale Home are approximately \$300 per square foot. The City of Charleston has a total of 158 workforce for-sale homes under development in the 80% - 120% AMI ranges, which are scheduled to be completed from 2024 – 2027.



Location and Name	Type of Home	# of Homes	AMI Level	Start/Completion Date	Total Development Cost	City Funds Committed
5 Porter, 79 Cooper, and 83 Hanover	Single Family Duplex	3	120%	2024	\$1,141,910	\$95,460
1555 Juniper Street	Single Family (Attached)	10	120%	2024	\$3,700,000	\$3,700,000
Bermuda Point	Single Family (Attached)	40	80%, 100% 120%	2024	\$6,800,000	\$1,400,000
1345 Rutledge	Single Family Duplex	3	80% and below	2024/2025	\$1,000,000	TBD
52 Kennedy	Single Family Duplex	2	120%	2025	\$700,000	\$700,000
Point Hope (Cainhoy) Workforce Townhomes	Single Family (Attached)	20	120%	2025	\$7,000,000	TBD
Dogwood Townhomes	Single Family (Attached)	80	80-120%	2025	\$21,274,492	\$1,300,000

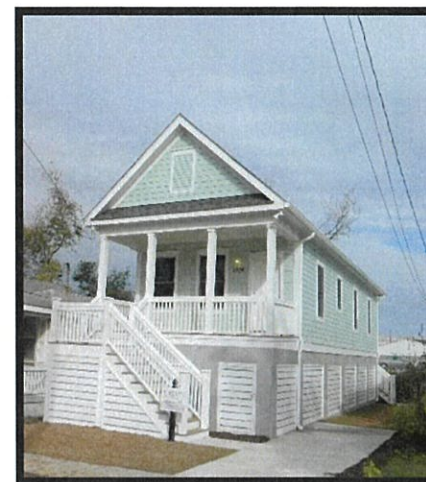
Homeownership Program

Through the First-Time Homeownership Program, the city of Charleston has facilitated the completion and sale of over 133 homes to individuals and families. This program is facilitated through the acquisition of vacant parcels and dilapidated structures by the City of Charleston.

These parcels are transferred to for-profit and non-profit development partners to create newly constructed or renovated homes that are sold to first-time homebuyers.

These homes are made affordable through a permanent subsidy, which reduces the amount of the first mortgage secured by the end buyer.

Below is an example of funding and payment breakdown for a seventy-five (75%) percent AMI household. To provide affordable homeownership, permanent subsidies are required and range from eighty (\$80,000) to one hundred twenty (\$120,000) thousand dollars.



Occupation	Teacher
Household Size	1
AMI	75%
# of Units	1
# of Bedrooms	3
Appraised Value	650,000.00
Resale Price	294,403.00
First Mortgage from Bank	193,000.00
Down Payment from Buyer	4,785.00
Closing Costs	11,173.00
Total City Subsidy	96,618.00
Payment and Insurance	1,126.30
Escrow	233.00
Monthly Payment	1,359.30

The City of Charleston will continue to ensure affordable and sustainable homeownership through our Homeownership Program. With the influx of additional capital from ATAX, efforts under this program will be expanded as follows:

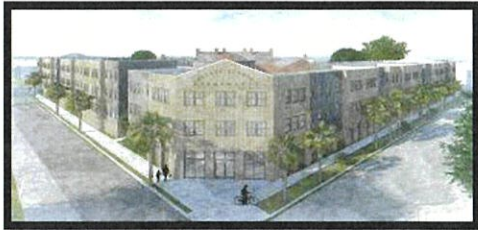
- Increase production of affordable and workforce homes through continued collaboration with housing partners.
- Ensure affordability through developer negotiations, leveraged funding.
- Ensure covenants are in place to preserve affordability and create a path of stability through generational wealth.

Rental

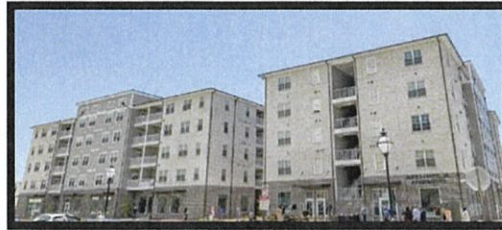
The City of Charleston has a total of 1079 units in development, which are scheduled to be completed between 2024 – 2027. As outlined in the Comprehensive plan, diverse rental opportunities are needed for the spectrum of affordability throughout the City of Charleston. Current projects not only address very low, low, moderate, and workforce populations, but they also address senior populations and people experiencing homelessness. These populations are vital to the workforce and economy of the City of Charleston.

Location and Name	# of Homes	AMI Level	Start/Completion Date
NIRE @ Romney Street	4	60 - 80%	2023/2024
James Lewis Jr	62	60% and below	2023/2024
Archer School	88	30-90%	2023/2024
569-571 King Stree	4	60-80%	2023/2024
Fisburne Street	4	60-120%	2024/2025
36 Cooper	4	60-120%	2024/2025
1890 Ashley River Rd	6	60-80%	2024/2025
One80 Place	70	30-60%	2024/2025
Esau Jenkins Village	72	60% and below	2024/2025
Heriot Street	23	80%	2025
Lowline Affordable Housing	55	30-80%	2024/2025
Gateway Development Project	69	60% and below	2024/2025
3 - 9 Cunningham Ave	98	30-80%	2025
Grove at Johns Island	90	60% and below	2024/2025
Lee Street Senior Housing	106	30-60%	2026
275 Huger Street	82	80-120%	2026
Grove at Johns Island II (Senior Housing)	60	60% and below	2026
Verdier Townhomes	182	30-120%	2026/2027

With the rising development costs and high level of subsidies needed for homeownership, increasing affordable rental options will be crucial to meeting the housing needs of the City of Charleston's diverse workforce. The city has a few developments underway and will continue to facilitate and expand on these opportunities for workforce housing and other specialized populations such as 50 and above communities.



Archer School Apartments



James Lewis, Jr. Apartments

Cost for Preservation of Housing

The cost to preserve existing housing is determined by the degree of disrepair coupled with potential historical requirements. Costs can reach over \$300.00 a square foot for a substantial rehabilitation and \$15 per square foot for a roof replacement.

Rehabilitation programs that preserve existing housing and allow legacy residents to remain in their homes not only combats gentrification but also creates generational wealth.

In addition, repairing dilapidated housing for low/moderate income rental occupancy provides affordable options to the city's workforce.

The cost for rehabilitation is dependent on both the level of repair needed and historical/architectural requirements. The city of Charleston utilizes Community Development Block Grant (CDBG) and HOME Investment Partnerships Program funds to provide zero (0%) to three (3%) percent interest on both deferred and deferred/forgivable loans. The costs to repair are kept as low as possible through a competitive Request For Proposal (RFP) process and partnerships with non-profits to perform the repairs.

- Roof replacement – An average roof replacement costs \$20,000.
- Limited Substantial rehabilitation – The average limited substantial rehabilitation costs \$100,000.
- Substantial rehabilitation – The average substantial rehabilitation costs between \$150,000 to \$450,000.

Historical Rehabilitation Data

Program Year	Number of Preservation Projects	# of People Served	# of Roof Replacements	# of Limited Substantial	# of Substantial	# of 60% AMI or Below Households	# of 100% AMI or Below Households
2019-2020	27	52	25	0	3	10	23
2020-2021	21	31	19	1	1	12	21
2021-2022	12	19	10	2	0	7	10
2022-2023	18	33	10	0	8	16	17
Totals	78	135	64	3	12	45	71



Before



After

Long Term Impact

Implementation of the Comprehensive plan has proven results as outlined throughout this analysis. The influx of capital from ATAX, estimated at potentially \$2 Million annually, will provide an ongoing and long-term ripple effect by facilitation of affordable housing development, leveraging opportunities, and keeping housing cost affordable to the end-buyer or renter.

Based on \$2 Million annually, the Accommodation Tax (ATAX) could potentially facilitate the following over the next five (5) years:

1. Creation of approximately sixty-five (65) to one hundred (100) homes for its workforce.
 - **Note:** (Assuming a fifty (50%) percent allocation (\$5 Million), and based on current costs and historical leveraging of funds)
2. Retain/preserve five (5) to one hundred twenty-five (125) existing affordable housing through the rehabilitation programs.
 - 125 (Roof Replacements)
 - 25 (Limited Substantial)
 - 5 – 17 (Substantial Rehabilitation)
 - **Note:** (Assuming a fifty (25%) percent allocation (\$2.5 Million), and based on current average costs)
3. Provide twenty-one (21) to thirty-one (31) homes to first-time homebuyers.
 - **Note:** (Assuming a fifty (25%) percent allocation (\$2.5 Million), and based on current average costs)
4. Ensure long-term affordability of one hundred (100%) percent of homes created and preserved through fifty (50) to ninety (90) year restrictive covenants.

In addition, the City of Charleston will continue to programmatically address affordable housing challenges by:

- Stimulating and streamlining the development of Affordable Housing through an expedited process and fee structure.

- Advocating for zoning changes to increase the development of affordable housing including density requirements, diverse typologies of housing, and increasing fee-in-lieu calculation.
- Continuing partnerships to identify available land for acquisition and development of affordable housing.
- Securing and leverage funding for the creation of housing that will be attainable for the city of Charleston's workforce.
- Supporting the administration of rental, mortgage and utility assistance programs through collaboration with non-profit partners.
- Collaborating with Affordable Housing developers to ensure an increased speed to market for both rental and ownership.

The fifteen (15%) percent utilization of the Accommodation Tax (ATAX) will support critical steps and strategies of the creation and preservation of workforce housing in the City of Charleston. Access to this ongoing dedicated funding source will allow the City of Charleston to leverage existing affordable and workforce housing funding to ensure our citizens live close to where they work thus continuing to grow a thriving economy and support continued growth in tourism dollars.

Appendix

- American Community Survey: <https://www.census.gov/programs-surveys/acs>
- City of Charleston's Comprehensive Plan: <https://www.charleston-sc.gov/DocumentCenter/View/31227/Final-City-Plan-Adopted-October-12-2021>
- City of Charleston Consolidated Plan: <https://www.charleston-sc.gov/DocumentCenter/View/7400/2020-Consolidated-Plan-?bidId=>
- City of Charleston Zoning Ordinance: <https://library.municode.com/sc/charleston/codes/zoning?nodeId=ZOORCHSOCA>
- Charleston Regional Development Alliance: <https://www.crda.org/local-data/labor-employment/>
- Charleston Trident Association of Realtors, Local Market Report: <https://ctarmls-public.stats.showingtime.com/docs/lmu/x/CharlestonCounty?src=page>
- Charleston Trident Association of Realtors, Housing Market Activity Report: <https://ctarmls-public.stats.showingtime.com/docs/hso/x/report?src=page>
- Housing Affordability Policy in the Charleston Metro Area, Anderson Economic Group: <https://www.andersoneconomicgroup.com/housing-affordability-in-the-charleston-metro-area/>
- Palmetto State Housing Study 2023: <https://www.schousing.com/home/Palmetto-State-Housing-Study>
- Redfin City of Charleston Housing Sales: <https://www.redfin.com/city/3478/SC/Charleston/housing-market>
- Travel and Leisure Magazine: <https://americas.uli.org/research/housing/>
- Urban Land Institute – Americas: <https://americas.uli.org/research/housing/>
- U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Comprehensive Housing Market Analysis, Charleston-North Charleston, South Carolina: <https://www.huduser.gov/portal/publications/pdf/CharlestonNorthCharlestonSC-CHMA-23.pdf>