

Editorial: Affordable Housing Shortage Needs Work at Local, State and Federal Level

By the Editorial Staff, The Post and Courier, April 5, 2021

Many of us have watched as rents and housing prices in the Charleston region have soared so dramatically that we might think we're somehow unique in our struggle to ensure that workers can find affordable places to live. If so, we would be wrong.

As the new 2021 South Carolina Housing Needs Assessment documents, almost one of every four renters in the state was paying more than 50% of their income on rent in 2019. The situation likely worsened last year, given the pandemic. Meanwhile, the number of home sales pending in December for less than \$100,000 was down 33% from the previous year. As The Post and Courier's David Slade reported, the average worker's wage in 40 of our 46 counties was too low to afford a two-bedroom apartment.

"This is not just a big-city challenge. It's a suburban challenge. It's a rural challenge," said Bryan Grady, who authored the assessment. "There are a lot of moving parts, but there's the basic question of can the people who make your community what it is afford to live in your community? In a lot of cases, for a lot of reasons, the answer is no."

While the solutions to this problem largely lie on the local level, where zoning decisions about height, density and infrastructure are made, the state and federal government can help. Although our state government is doing little, a new initiative pending in Congress looks promising, particularly for homeowners in rural areas and places where property values aren't rising as fast.

The proposed Neighborhood Homes Investment Act would create a federal tax credit to cover the cost difference between building or renovating a home in these areas and the price at which it could be sold. The legislation would incentivize new construction and also help existing homeowners make repairs and remain in their homes.

Supporters say it could help revitalize about 500,000 homes and create \$100 billion in development revenue over the next decade; about 22% of the nation's metro areas and 25% of our rural areas would meet the qualifications for help. These areas have poverty rates that are 130% or greater than their metro or state rate, have incomes below 80% of their area's median income and have home values below the metro or state median value.

U.S. Sen. Tim Scott of South Carolina is among a bipartisan group of six senators who have signed onto the legislation, which President Joe Biden also has included in his American Jobs Plan. "Homeownership is an important part of the American Dream, and for far too long too many people have had to face an uphill climb to owning their own property," Mr. Scott said. "The Neighborhood Homes Investment Act will help first time homebuyers across the United States further their dreams of being homeowners."

Other parts of President Biden's sweeping infrastructure proposal also could address housing affordability, but the Neighborhood Homes Investment Act would help some homeowners modernize their property without taking a big loss if they had to sell it anytime soon. "It certainly would help the more rural and distressed areas of the state," Mr. Grady said.

Investors, not the government, would bear the risk; no credit would be disbursed until rehabilitation work is done and the home is occupied by an eligible homeowner, currently defined as homeowners making less than 140% of their area's median income. The legislation is designed so residents of targeted communities get the help; the credit would be capped at either 35% of the total development costs or 80% of the median home price.

But even if new help arrives on the federal level, that's no reason for cities and counties in the Charleston region and beyond to take their feet off the gas to address housing affordability locally.

Affordable housing long has been a challenge here, and the scope of the problem only seems to be growing. For instance, a new study commissioned as part of Charleston's Comprehensive Plan has found the need for an extra 16,351 affordably priced homes and apartments in the city of Charleston alone over the next decade — if the city hopes to meet its housing demand for residents in all income brackets. As we've noted before, that's the equivalent of 80 projects the size of Joseph Floyd Manor.

So Charleston County Council must continue to follow through on plans to create a new countywide housing fund that would help finance new, affordable projects, and Charleston City Council also must look for ways to do more, including raising fees on developers who opt out of including affordable units in their new projects.

And North Charleston, Mount Pleasant, Goose Creek and other municipalities must look at options either to subsidize or support — perhaps through planning and zoning tweaks — more affordable projects in their communities. That work has been ongoing but must continue with even more urgency.