



Housing Crisis in Charleston County

Problem

Thousands in our community cannot afford to live here. 40% of homeowners and 57% of renters in Charleston County spend more than 30% of their monthly income on housing cost. Over 211,000 families have to decide between paying rent or mortgage and buying groceries or putting money away for their children's college education. High housing cost forces many out of cities into areas far from where they work and in unincorporated areas. In Mount Pleasant, 18,000 people commute to work each day. Most of them cannot afford Mount Pleasant housing.

As the population continues to increase in the Lowcountry, the high demand for housing will continue to drive up prices. The average rent for a two-bedroom apartment in Charleston County is currently \$1,037 per month. In order to afford this monthly rent, one needs to earn \$19.84 per hour or \$41,489 per year. A person earning minimum wage in South Carolina would need to work 110 hours a week to afford that two-bedroom apartment. That's almost 16 hours a day.

These numbers are not theoretical. North Charleston has the highest eviction judgement rate (16.5%) of any community in the country. For the county as a whole, 9.3% of Charleston's renter households are formally evicted every year. That is roughly one in ten renter families. When families lose their housing, the results are devastating.

Solution

A proven best practice to address the lack of affordable housing is an Affordable Housing Trust Fund (HTF) which is a dedicated source of funding for the creation, rehabilitation, and preservation of affordable housing. HTF's are established by elected governmental bodies (at the city, county, or state level). A source or sources of public revenue are dedicated, by ordinance or law, to a distinct fund with the express purpose of providing affordable housing. There are more than 780 housing trust funds in cities, counties, and states that generate more than \$1.5 billion a year for affordable housing.

The William C. Mescher Local Housing Trust Fund Enabling Act (S.C. Code of Laws Section 31-22-10) allows for the creation of local and regional affordable housing trust funds.

A regional housing trust fund (RHTF) is defined as, "a multi-jurisdictional government fund separate from the general fund and established jointly by the governing authorities of one or more municipalities or county governments with one or more dedicated sources of public revenue and authorized expenditures" (William C. Mescher Local Housing Trust Fund Enabling Act).



Housing Action Plan

***These steps will be followed in sequential order**

Step 1: Create a Regional Housing Coalition to implement the Housing Action Plan with participation from the City of Charleston, City of North Charleston, Town of Mount Pleasant, Charleston County, non-profit and for profit stakeholders.

Step 2: Convene the Regional Housing Coalition meeting within 75 days

Step 3: Meet with national housing trust fund expert, Michael Anderson, from the Center for Community Change.

Step 4: Using the attached Regional Housing Trust Fund Proposal as a base, construct a Regional Housing Trust Fund proposal for adoption.

Step 5: Present the proposal to the councils of: the City of Charleston, City of North Charleston, Town of Mount Pleasant, and Charleston County by October 2018, and if necessary, champion the passage of local legislation for the passage of the RHTF

Step 6: Champion a dedicated source of annual funding for the RHTF.

Step 7: Report to the community at the Community Problems Assembly on November 5th on how your local body will fund the RHTF.

Step 8: Identify other ways to increase the availability of affordable housing as suggested by previous task forces and coalitions.

Step 9: Create a long term plan to encourage the building of affordable housing.



Regional Housing Trust Fund Proposal

I. Goal

The goal of the Regional Housing Trust Fund is to establish a dedicated local funding source for the creation, rehabilitation, and preservation of affordable housing for those in our community earning 50% or less of the area median income.

II. Introduction

In short, the Regional Housing Trust Fund (RHTF) will provide more opportunities for the development of affordable housing in Charleston County, The City of Charleston, the City of North Charleston, and the Town of Mount Pleasant. This fund will be replenished annually to incentivize and subsidize affordable housing developments in the Greater Charleston Area.

III. Dedicated Revenue Sources

Nearly all successful housing trust funds have a dedicated revenue source. Funding can come from a variety of places. CAJM recommends the establishment of a Regional Housing Trust Fund (RHTF) with potential dedicated revenue sources, including, but not limited to the following:

1. General Budget Allocation
2. Bond
3. Commercial Impact Fee
4. Parking Revenue
5. Document Recording Fee
6. Grants
7. Accommodation Tax
8. Residential Impact Fee
9. Private Sources

Target Funding Amount: At least \$15 million in seed money for the regional housing trust fund and \$15 million annually in public funds.

IV. Leveraging

- HTF's are successful because of their flexibility. The public money allocated to the HTF is a down payment that is backed by sources of public and private funds. This is called leveraging, because the money in the HTF attracts public and private funds from a variety of sources that would not be available without the trust fund
 - Sources Leveraged by the Housing Trust Fund



- Governmental bonds
- Grants
- State Funding
- Federal Funding
- Low Income Housing Tax Credits
- Philanthropic Donations
- Bank Loans
- According to the Center for Community Change, the average amount of public and private funds leveraged for every \$1 in the HTF is \$8.50. The HTF offers a huge return on investment. For example a HTF with an annual allocation of \$15 million has the potential to leverage at least \$127.5 million dollars annually once it is fully operating.
 - Examples from across the country,
 - In 2004, the Milwaukee Housing Trust Fund used a \$5 million allocation and leveraged \$25 million in other funding to create 200 units of housing. The construction of these new homes resulted in: 200 jobs created during constructions, \$1.2 million in new fee and tax revenue, and \$10 million into the local economy.
 - After construction: 94 jobs remained, \$760,000 in new fee and tax revenue, and \$4.4 million in the local economy
 - In five years, the Connecticut Housing Trust fund used \$57 million in allocations and leveraged \$519 million in other federal, state, local, and private funding to create 2,200 units
 - This led to over 4,000 jobs created
 - \$14 million in recurring state and local revenue
 - Hundreds of millions in economic activity
 - In South Carolina, in two years, the Midlands Housing Trust Fund awarded \$642,023 in awards, which leveraged more than \$25 million in funding from other public and private sources to create 198 affordable homes for low and moderate income individuals.

V. Oversight Board

- **An oversight board consisting of**
 - Representation from the City of Charleston, City of North Charleston, Town of Mount Pleasant, Charleston County, non-profit and for-profit stakeholders
 - The oversight board will be responsible for supervising the funding and have authority to recommend changes.

VI. Administration

- Administration of the regional housing trust fund will be through an existing non profit, one possibility being the South Carolina Community Loan Fund. The South Carolina Community Loan Fund was established as an affordable housing trust fund and has the capacity to administer this fund.
- The selected nonprofit will provide services, including the following:
 - Announce the availability of funds through issuing requests for proposals (RFPs)
 - Create and maintain funding applications and processes;



- Review applications for funds to determine project eligibility;
 - Assist applicants with development plans;
 - Make recommendations for funding award decisions to the Oversight Board
- The selected non-profit will provide an annual accounting report of funds to the City of Charleston, City of North Charleston, Town of Mount Pleasant, and Charleston County. This report must be made available for the public

VII. Eligible Uses and Applicants

- Eligible Uses:
 - New construction
 - Rehabilitation
 - Adaptive reuse
 - Acquisition of land and homes
 - Transitional or emergency housing
 - Preservation of assisted housing
 - Weatherization
 - Emergency repair
- Eligible applicants include: governmental subdivisions, community development corporations, local housing authorities, community action agencies, and non-profit housing organizations.
- For profit entities are eligible to apply for funding from the RHTF if affordability of the housing included is guaranteed, through deed restrictions or agreement, with the RHTF for a period of at least 30 years.

VIII. Distribution of Funds

- Disbursements of funds from the RHTF shall be made in the form of grants or loans for uses and activities identified as eligible under this program.
- The Fund contribution will not exceed more than 50% of the total project, or program, cost. The required match and what will be allowed as match, and under what terms, will be determined by the administering agency.

IX. Income Targeting

- The RHTF will give a preference to programs or projects that promotes the development or rehabilitation of affordable housing for an individual or family with an annual income at or below 50% of the area median income for the local area, adjusted for family size, according to current data from HUD.