SC HOUSING
Financing Housing. Building SC.

South Carolina Housing Needs Assessment

Volume 1: State Overview

August 2019

Table of Contents

About SC Housing

SC Housing is a self-sustaining housing finance agency committed to ensuring that South Carolinians have the opportunity to live in safe, decent, and affordable housing. Agency operations are supported by a funding base that includes fees and other revenue earned through the administration of agency programs.

Vision
All South Carolinians have the opportunity to live in safe, decent and affordable housing.

Mission
Create quality affordable housing opportunities for the citizens of South Carolina.

The Beginning of a Conversation

This initial volume of our 2019 South Carolina Housing Needs Assessment presents some hard truths regarding the challenges that citizens, and our state as a whole, face in the housing market. The reality is that the cost of housing is increasing in our State and the amount of money that people earn to pay for housing is not. Even at a time where the economy as a whole is performing well, there are an increasing number of individuals and families who are struggling to meet their basic need for shelter. According to the most recent federal data, over a quarter of a million households in South Carolina spent more than half their income on housing.

In recent years, South Carolina's coastal and metropolitan counties have seen rapid population and economic growth that has pushed much of the existing housing stock out of reach of the average income earner. Meanwhile, rural areas have suffered from disinvestment resulting in affordable, yet often substandard, housing far from employment opportunities. These market conditions are the result of decades of social and economic changes and will likely intensify as a result of population growth. In fact, according to the Office of Revenue and Fiscal Affairs, the population of South Carolina is projected to grow by over 600,000 people by the year 2030. Going forward, this population growth will drive up housing costs in major cities, seasonal housing development will strain markets in coastal communities, and vacancy and disinvestment will challenge our rural communities and urban neighborhoods.

The need for affordable housing in South Carolina is substantial. SC Housing is constantly seeking new and better ways to address our state's need for affordable housing by working with our housing advocates and partners to ensure that all South Carolinians have access to safe, quality, and affordable housing. In working to achieve this vision, SC Housing was able to help finance 853 affordable housing units across the state through the Low-Income Housing Tax Credit (LIHTC) program in Fiscal Year 2018. We also assisted another 692 households with funds for needed health and safety repairs to their homes. Additionally, SC Housing funded 797 mortgages for low and moderate-income homebuyers in homebuyers, largely through the issuance of tax-exempt mortgage revenue bonds. We have also kept thousands of families out of foreclosure through the SC HELP program. Further, we continue to strengthen demand and stabilize housing prices by offering an unprecedented $15,000 in down

payment assistance in select areas. SC Housing also administers U.S. Department of Housing and Urban Development (HUD) programs benefitting tens of thousands of low-income renters annually.

While we are working on innovations that stimulate development and support leveraging of state, federal, and community resources to meet the needs described in this report, partnerships are the key to maximizing our collective impact. Therefore, SC Housing is actively pursuing public-private partnership opportunities with a broad range of organizations, inclusive of local governments, community groups, faith-based institutions, developers, financial institutions, researchers, and other stakeholders who share our vision for safe, quality, and affordable housing for every South Carolinian. We are confident that these partnerships will give way to new approaches for accelerating affordable housing development while holistically addressing the other related conditions that come in to play when individuals and families find themselves in "shelter poverty."

SC Housing hopes to increase our state's affordable housing stock by encouraging the development of new and rehabilitation of existing affordable housing units for each and every community. There must be a comprehensive effort by all parties to make real change happen and help low-income South Carolinians who have not experienced the full fruits of a growing economy achieve self-sufficiency. SC Housing is looking to lead that effort by convening a broad range of partners to learn from one another and develop innovative approaches tailored to the unique conditions of local communities. We encourage an ongoing conversation about how best to meet the housing needs of a growing and changing state and hope that you find this report useful.

Respectfully submitted,

Bonita Shropshire

Bonita Shropshire
Executive Director

About This Volume

The last statewide assessment of South Carolina's housing needs was commissioned by SC Housing and published in 2002. Since that time, our population has increased from 4.1 million to 5.1 million as the state has weathered economic and natural disasters alike. The market for, as well as financing and production of, housing has undergone dramatic changes in South Carolina and beyond. As part of its mission to create quality affordable housing opportunities for the citizens of the state, SC Housing seeks to ensure its policies are evidence-based to serve the people of the state as effectively and efficiently as possible, as well as to provide data and insights to residents of South Carolina regarding housing issues.

This report serves as an overview of patterns and trends in, and related to, the affordability and availability of housing, both for the state as a whole and its constituent counties. A single document cannot include all possible information, particularly at the neighborhood level, but throughout, relevant data sources are identified to facilitate further analysis.

Data Summary

Cost Burden

One quarter of South Carolina renters experience **severe cost burden**, meaning that they spend more than half their gross income on rent or have no income at all.
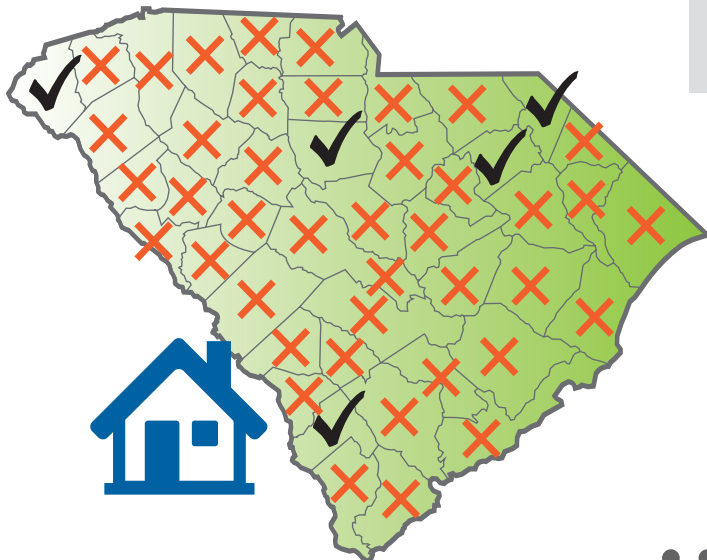
Rental Affordability

In 41 of 46 counties statewide, **the average South Carolina renter cannot afford a basic two-bedroom apartment without overextending their budget**. Only five counties (Darlington, Fairfield, Hampton, Marlboro and Oconee) are considered to be affordable.

Eviction Crisis

South Carolina has, by far, the **highest rate of evictions** in the United States. This leads to severe housing instability for impoverished tenants.

Housing Shortage

There are about 72,000 subsidized housing units in South Carolina, **which only serves one out of every five low-income renters statewide.**

Homelessness

Over 4,000 South Carolinians were counted as experiencing homelessness last January, but this is only a small fraction of the affected population.

Shelter Poverty

Excessively high housing costs cause 32 percent of South Carolina households, including more than half of all renters, to come up short in meeting their most basic needs, such as food, clothing, and transportation.

This shortfall, known as shelter poverty, imposes a cost on the state of South Carolina of **$8.4 billion** that is borne by public assistance, private charity, or personal deprivation.
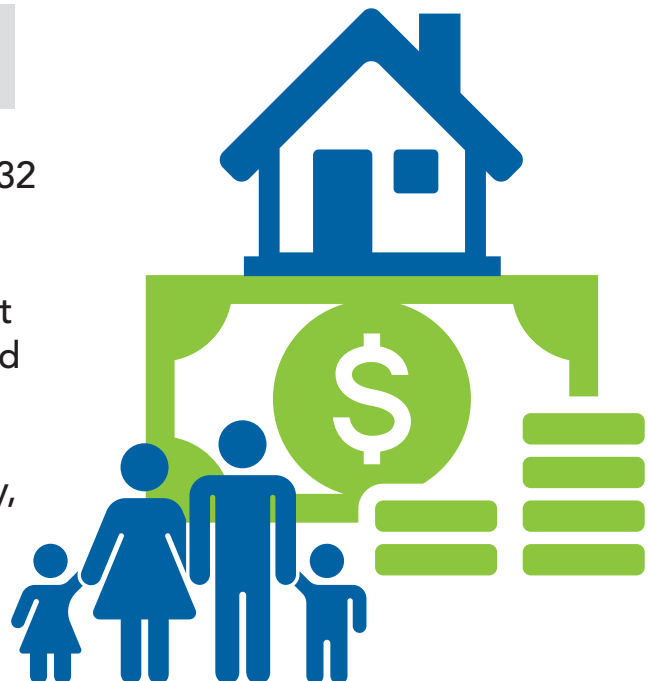
Statewide Trends - Cost Burden

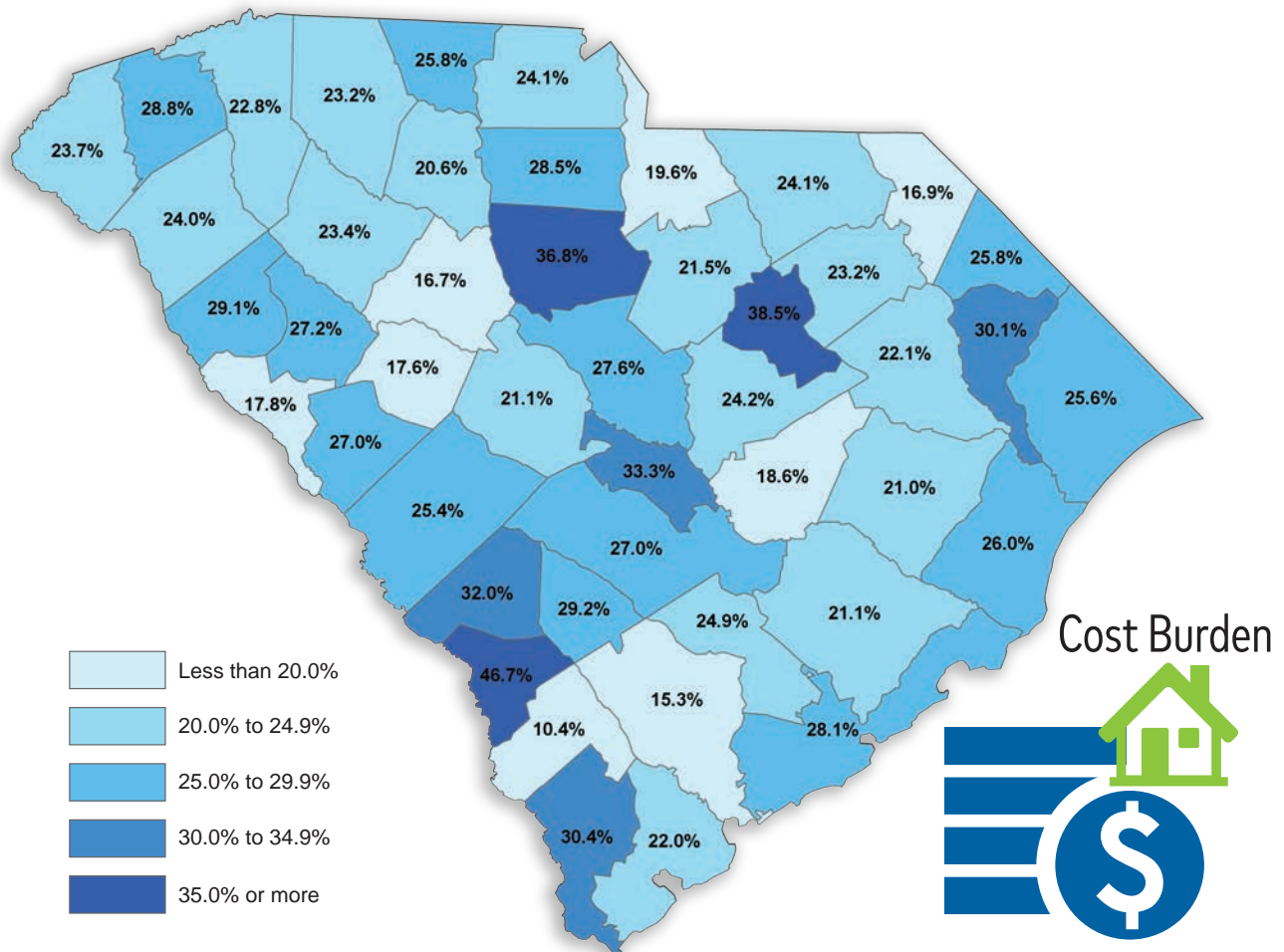**One quarter of South Carolina renters experience severe cost burden, meaning that they spend more than half their gross income on rent or have no income at all.**
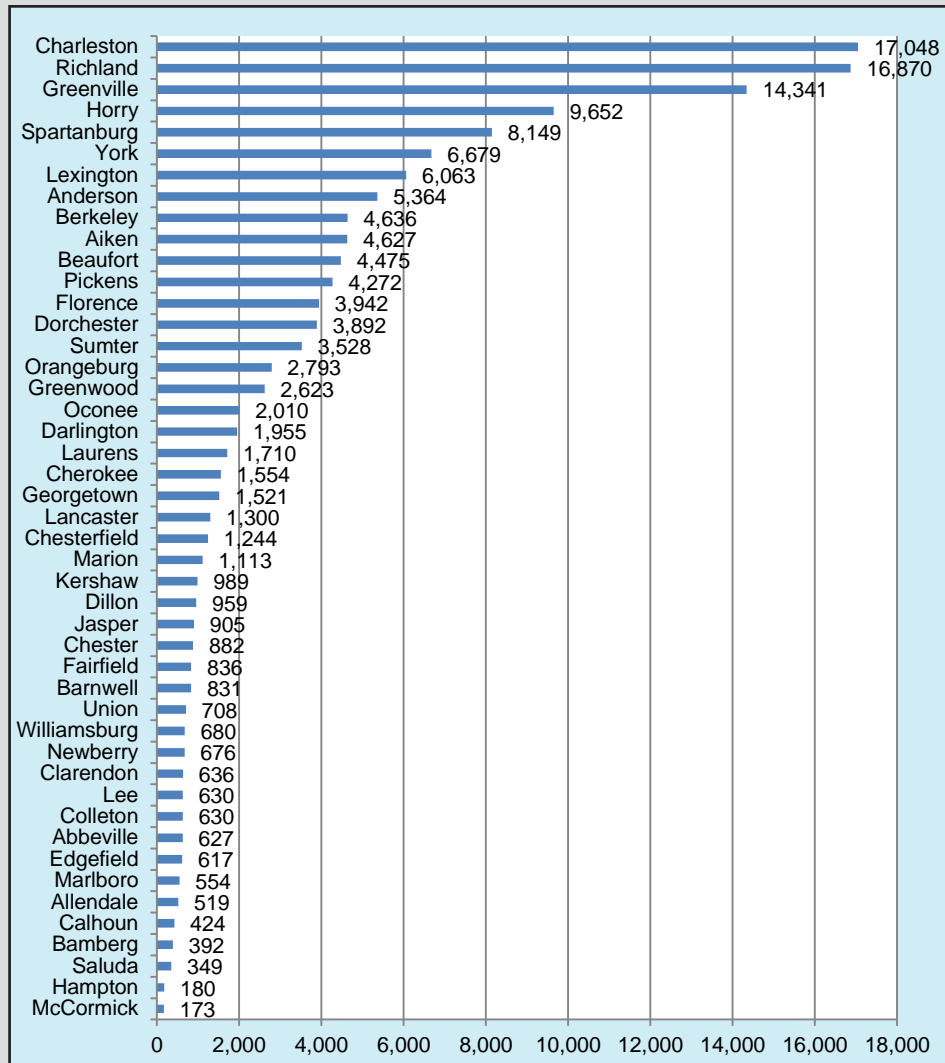
Exhibit 1: Rate of Severe Renter Cost Burden by County

Cost Burden

Legend:
- Less than 20.0%
- 20.0% to 24.9%
- 25.0% to 29.9%
- 30.0% to 34.9%
- 35.0% or more

Source: U.S. Census Bureau American Community Survey (2013-2017 Five-Year Estimates)

Severe renter cost burden, defined as a household spending at least half of income on rent and utilities or not having any income at all, was experienced by 144,558 households statewide, according to the 2013-2017 American Community Survey (ACS). This represents one quarter of all renters in South Carolina. That rate varies widely across the state, however; while this figure is only 10 percent in Hampton County, it is a staggering 47 percent in Allendale County. Six other counties reported a rate of at least 30 percent (Lee, Fairfield, Calhoun, Barnwell, Jasper, and Marion). HUD Comprehensive Housing Affordability Strategy (CHAS) data show that at least 73 percent of extremely low-income (ELI) renters experienced severe cost burden, as did 33 percent of very low-income (VLI) renters (see Exhibit 3).

Exhibit 2: Number of Severely Cost Burdened Renter Households by County

County	Number
Charleston	17,048
Richland	16,870
Greenville	14,341
Horry	9,652
Spartanburg	8,149
York	6,679
Lexington	6,063
Anderson	5,364
Berkeley	4,636
Aiken	4,627
Beaufort	4,475
Pickens	4,272
Florence	3,942
Dorchester	3,892
Sumter	3,528
Orangeburg	2,793
Greenwood	2,623
Oconee	2,010
Darlington	1,955
Laurens	1,710
Cherokee	1,554
Georgetown	1,521
Lancaster	1,300
Chesterfield	1,244
Marion	1,113
Kershaw	989
Dillon	959
Jasper	905
Chester	882
Fairfield	836
Barnwell	831
Union	708
Williamsburg	680
Newberry	676
Clarendon	636
Lee	630
Colleton	630
Abbeville	627
Edgefield	617
Marlboro	554
Allendale	519
Calhoun	424
Bamberg	392
Saluda	349
Hampton	180
McCormick	173

Source: U.S. Census Bureau American Community Survey (2013-2017 Five-Year Estimates)

Exhibit 3: Level of Renter Cost Burden by Percent of Area Median Income (AMI)

Household income	Severe Burden (>50% of income)	Moderate Burden (30-49% of income)	No Burden (<30% of income)	Total
Extremely low income (0-30% AMI)	102,105 (73.0%)	14,735 (10.5%)	23,110 (16.5%)	139,950
Very low income (31-50% AMI)	34,480 (32.6%)	44,080 (41.7%)	27,120 (25.7%)	105,680
Low income (51-80% AMI)	8,240 (6.9%)	48,810 (40.7%)	62,865 (52.4%)	119,915
Moderate income (81-100% AMI)	1,185 (2.1%)	9,315 (16.5%)	45,905 (81.4%)	56,405
Above area median income	740 (0.5%)	5,465 (3.7%)	141,940 (95.8%)	148,145
Total	**146,750 (25.7%)**	**122,405 (21.5%)**	**300,940 (52.8%)**	**570,095**

Source: HUD CHAS data (2011-2015)

Statewide Trends - Rental Affordability

In 41 of 46 counties statewide, the average South Carolina renter cannot afford a basic two-bedroom apartment without overextending their budget.

Exhibit 4: Gap between Average Hourly Renter Wage and Two-Bedroom Housing Wage by County

Rental Affordability

Legend:
- No wage gap
- $0.01 to $1.99
- $2.00 to $3.99
- $4.00 to $5.99
- $6.00 or more
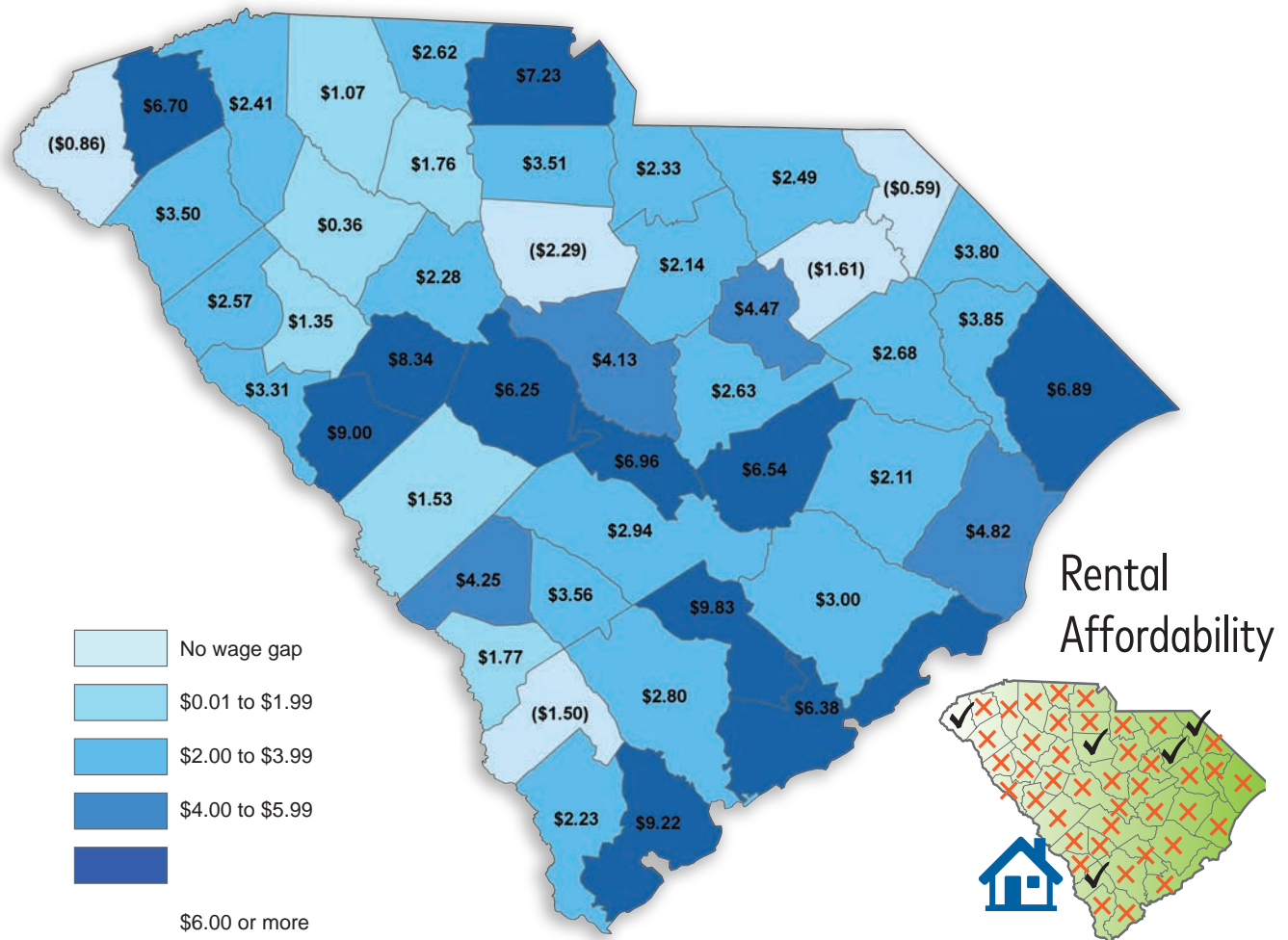
Source: National Low Income Housing Coalition (NLIHC) Out of Reach Report, 2019
Note: 2019 data for McCormick County are not available; 2018 data are shown.

The average South Carolinian seeking to rent a two-bedroom apartment at HUD fair market rent without spending more than 30 percent of their income must make $17.27 per hour, which NLIHC calls the "housing wage," but the average hourly wage of a South Carolina renter is only $13.25. Both figures vary by county; housing wages range from $13.23 in many rural counties to $21.96 in Beaufort, while average renter wages range from $6.69 in Clarendon to $20.73 in Fairfield. This means only five counties are considered to be affordable for the average renter, while such wages can only barely cover half the rent in some areas. Another NLIHC report notes that there are only 45 affordable and available housing units for every 100 extremely low-income households statewide.

Exhibit 5: Chart of Average Wages and Housing Wages, Selected Counties

County	Mean Renter Wage	Shortfall in Wages
Dorchester	$11.67	$9.83
Beaufort	$12.75	$9.22
Edgefield	$7.07	$9.00
Saluda	$10.10	$8.34
York	$12.54	$7.23
Calhoun	$11.49	$6.96
Horry	$11.03	$6.89
Pickens	$9.94	$6.70
Clarendon	$6.69	$6.54
Charleston	$15.12	$6.38
Lexington	$12.20	$6.25
Georgetown	$10.60	$4.82
Lee	$8.76	$4.47
Barnwell	$8.98	$4.25
Richland	$14.31	$4.13
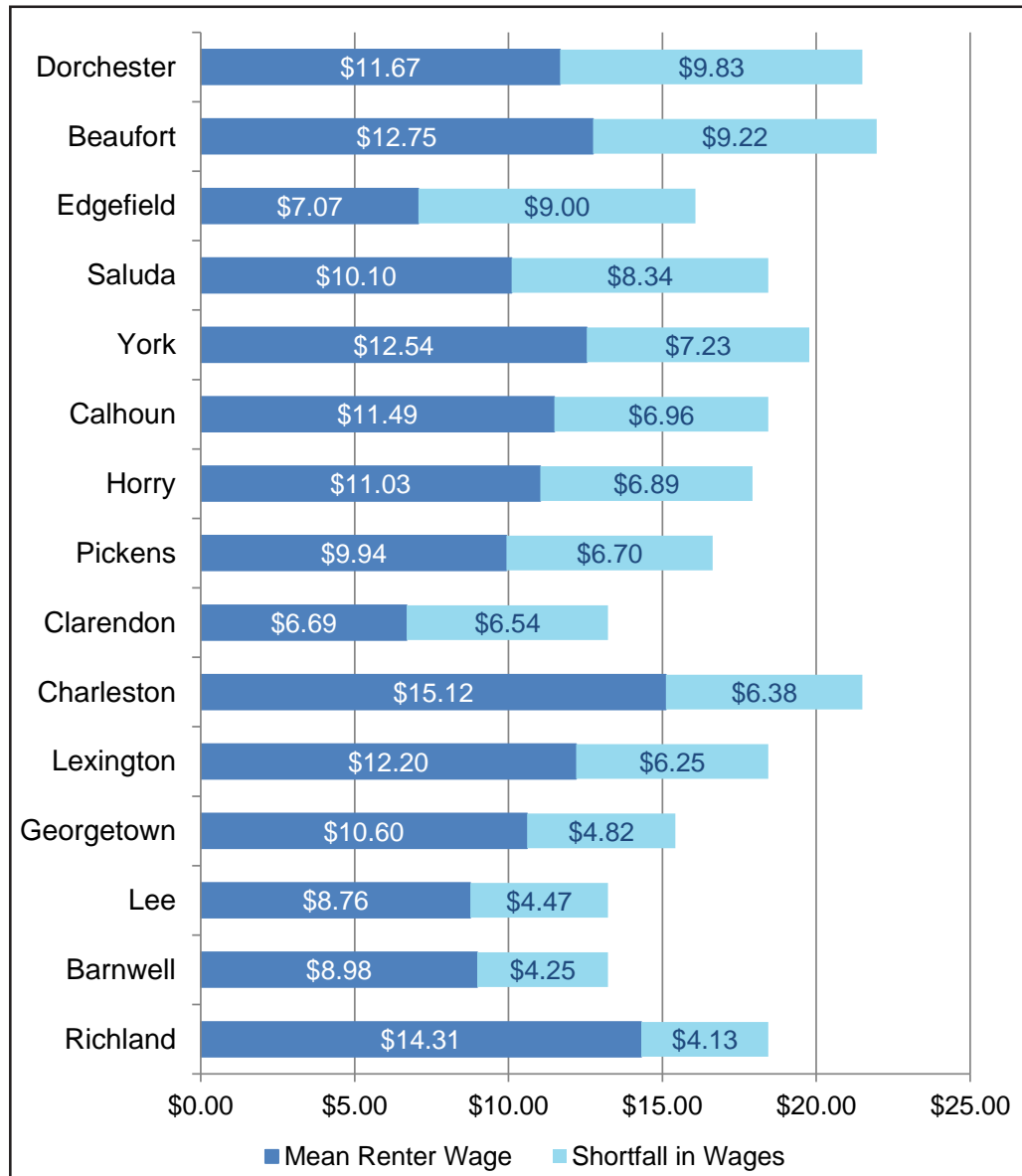
Source: National Low Income Housing Coalition (NLIHC) Out of Reach Report, 2019

This chart shows the 15 counties with shortfalls in housing wages above the statewide average of $4.02 per hour. The counties experiencing severe affordability challenges are situated in fast-growing metropolitan areas where rents are growing quickly and distressed rural communities where limited opportunities for middle-class jobs make available housing unaffordable.

Statewide Trends - Eviction Crisis

South Carolina has, by far, the highest rate of evictions in the United States. This leads to severe housing instability for impoverished tenants.

Exhibit 6: Evictions per 1,000 Rental Households by County
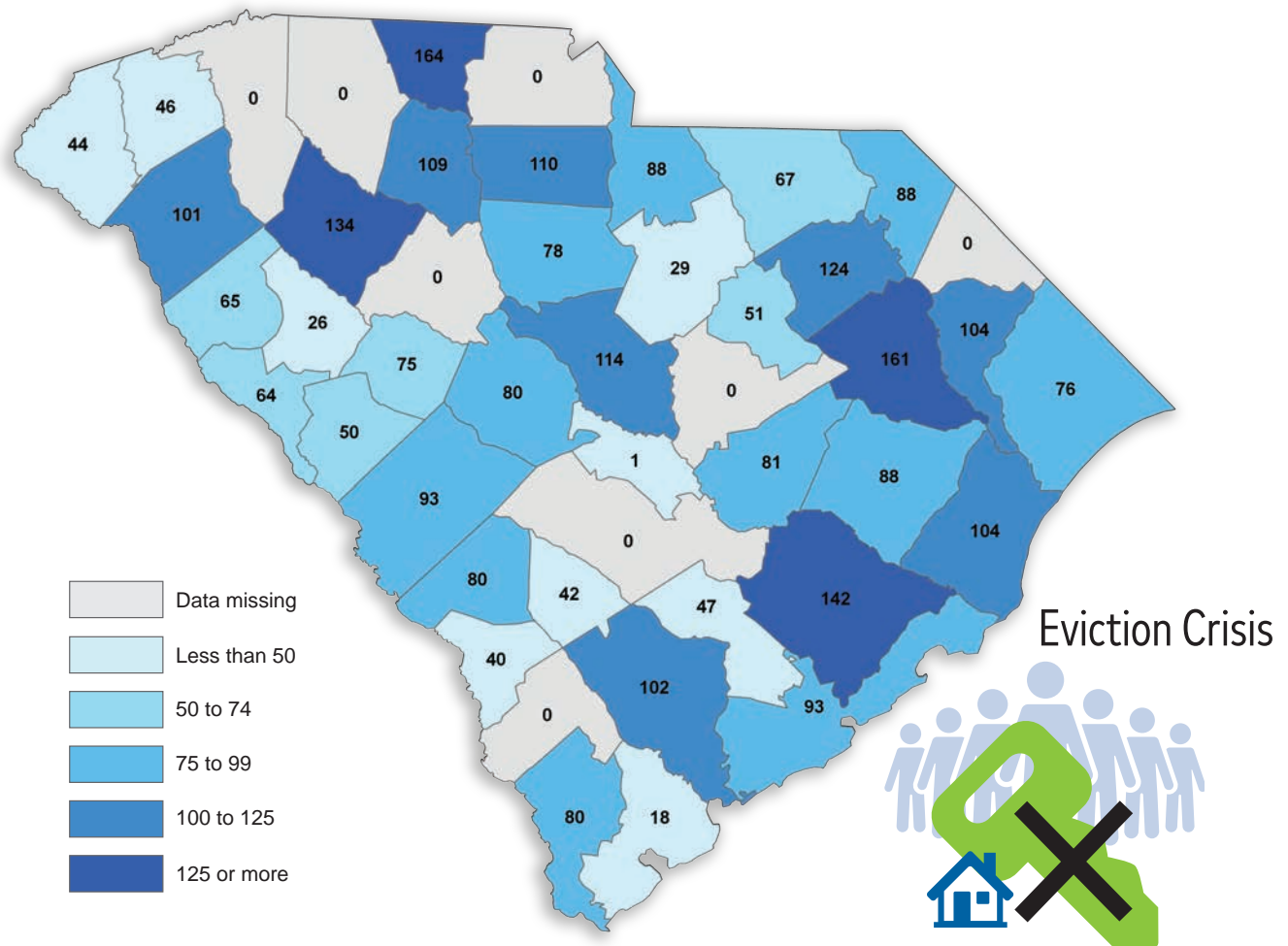
Data missing
Less than 50
50 to 74
75 to 99
100 to 125
125 or more

Eviction Crisis

Source: Eviction Lab, Princeton University (2016 data)
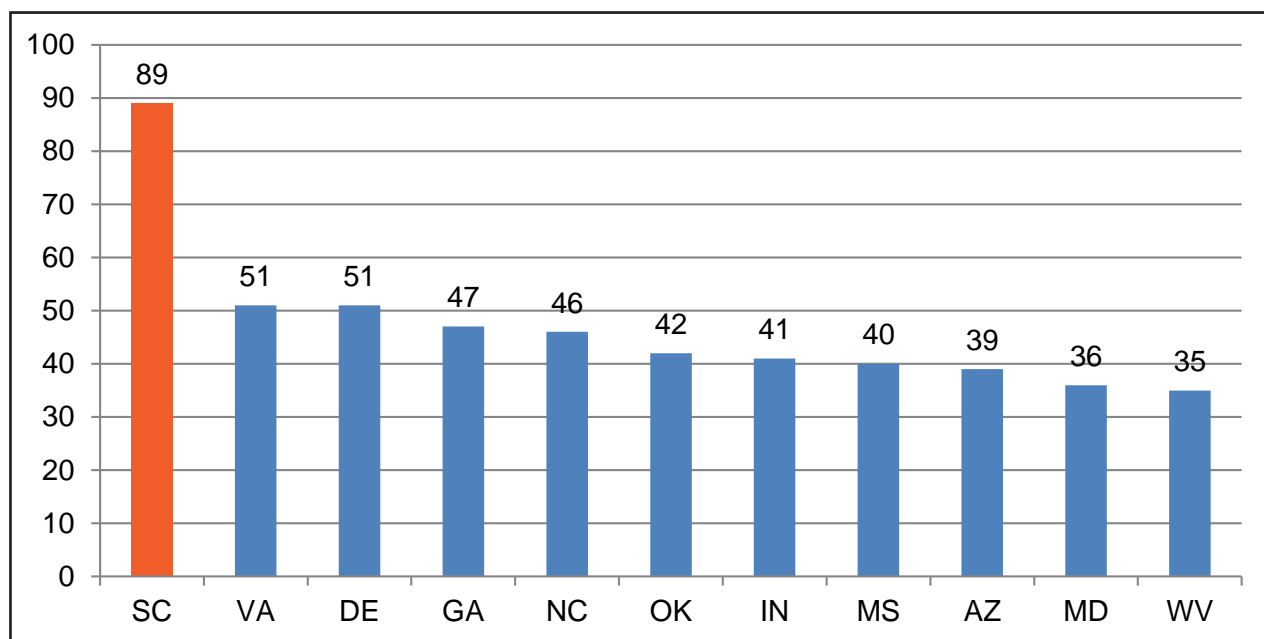*Note: Data are incomplete or missing in many jurisdictions.*

The Palmetto State faces nothing short of an eviction crisis. Overall, there were 86,682 eviction filings statewide in 2016; 41,099 evictions were completed. In other words, for every 1,000 renter households statewide, 187 received a notice and 89 were forcibly removed. These figures are dramatically higher than any other state in the country; Delaware and Virginia, the states with the next highest rate, had 51 evictions per 1,000 renters. Among the state's counties, Florence had the most eviction filings (391), while Cherokee had the most removals (164). Among the nation's large cities, North Charleston had the highest eviction rate; among medium-sized places, St. Andrews in unincorporated Richland County, topped the list. While data are not available for all cities or counties, as such analysis requires extensive collection of public records from many local authorities, they suggest that tenants are being removed at an exceptionally high rate.

Exhibit 7: Evictions per 1,000 Renter Households by State (Top 10)

Source: Eviction Lab, Princeton University (2016 data)
Note: Data are incomplete or missing in many jurisdictions.

Exhibit 8: Evictions per 1,000 Renter Households by City or Place (Top 10)

Large (>100K people)		Medium (20-99K people)		Small (<20K people)	
Name	Rate	Name	Rate	Name	Rate
North Charleston, SC	165	St. Andrews, SC	207	Robin Glen-Indiantown, MI	407
Richmond, VA	114	Petersburg, VA	176	West Monroe, MI	372
Hampton, VA	105	Florence, SC	167	Homestead Base, FL	292
Newport News, VA	102	Hopewell, VA	157	East Gaffney, SC	286
Jackson, MS	88	Portsmouth, VA	151	Wolf Lake, MI	272
Norfolk, VA	87	Redan, GA	140	Promised Land, SC	263
Greensboro, NC	84	Horn Lake, MS	119	Aetna Estates, CO	260
Columbia, SC	82	Union City, GA	117	Falkland, NC	257
Warren, MI	81	East Point, GA	113	Waterloo, IN	244
Chesapeake, VA	79	Anderson, SC	112	Ladson, SC	240

In total, 29 of the 50 highest small place eviction rates are found in South Carolina.

Source: Eviction Lab, Princeton University (2016 data)
Note: Data are incomplete or missing in many jurisdictions.

Why does eviction matter?

- Decreased academic performance in children
- Decreased job performance and productivity
- Increased physical and mental health challenges
- Increased risk of homelessness and severe poverty

Source: Eviction Lab, Princeton University

Note: This research uses data from Eviction Lab at Princeton University, a project directed by Matthew Desmond and designed by Ashley Gromis, Lavar Edmonds, James Hendrickson, Katie Krywokulski, Lillian Leung, and Adam Porton. The Eviction Lab is funded by the JPB, Gates, and Ford Foundations as well as the Chan Zuckerberg Initiative. More information can be found at evictionlab.org.

Statewide Trends - Housing Shortage

There are about 72,000 subsidized housing units in South Carolina, only enough for about one in five low-income renters statewide.

Exhibit 9: Subsidized Rental Housing Units per 100 Low-Income Renters by County
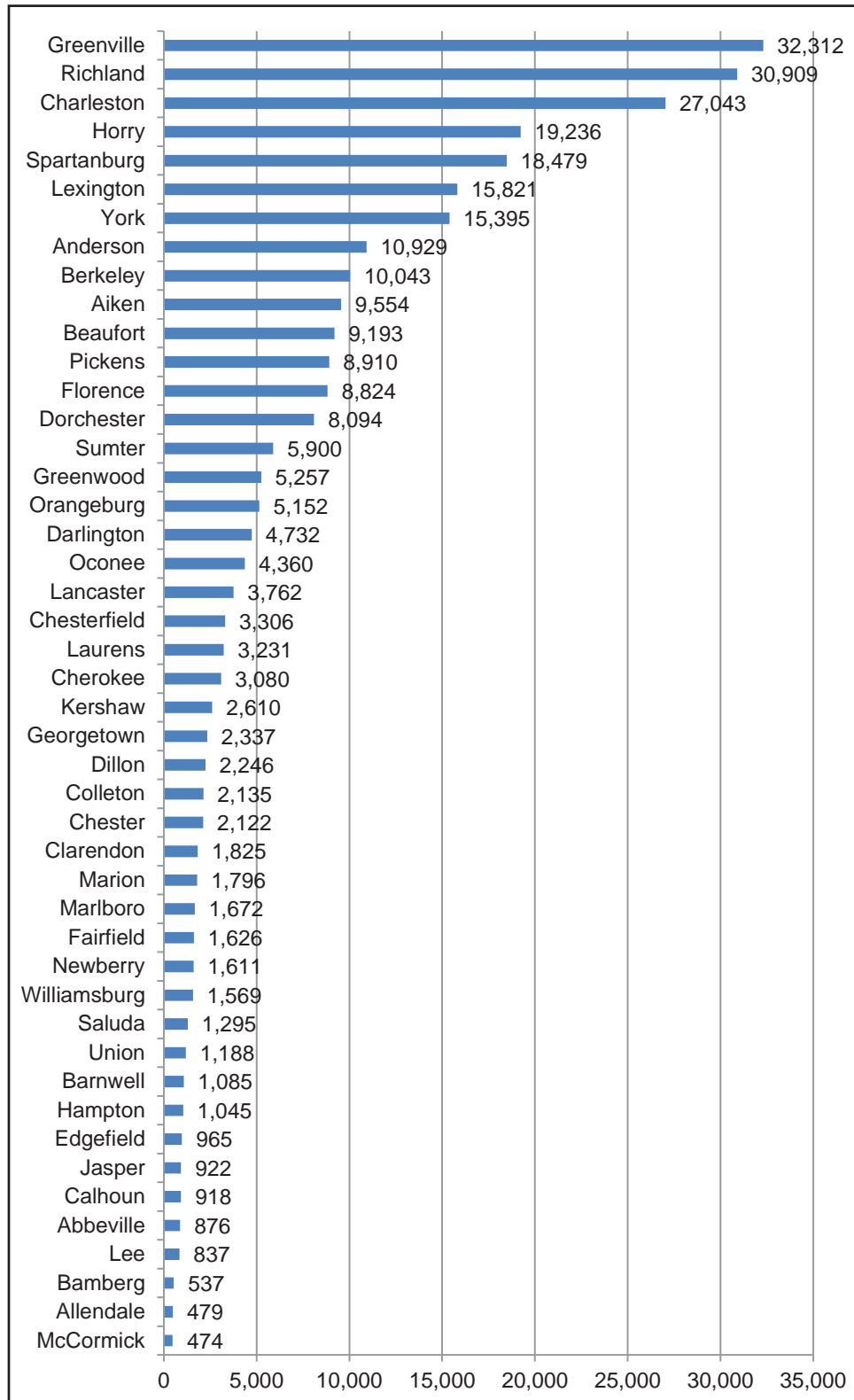

Housing Shortage

Less than 15
15 to 19
20 to 24
25 to 29
30 or more
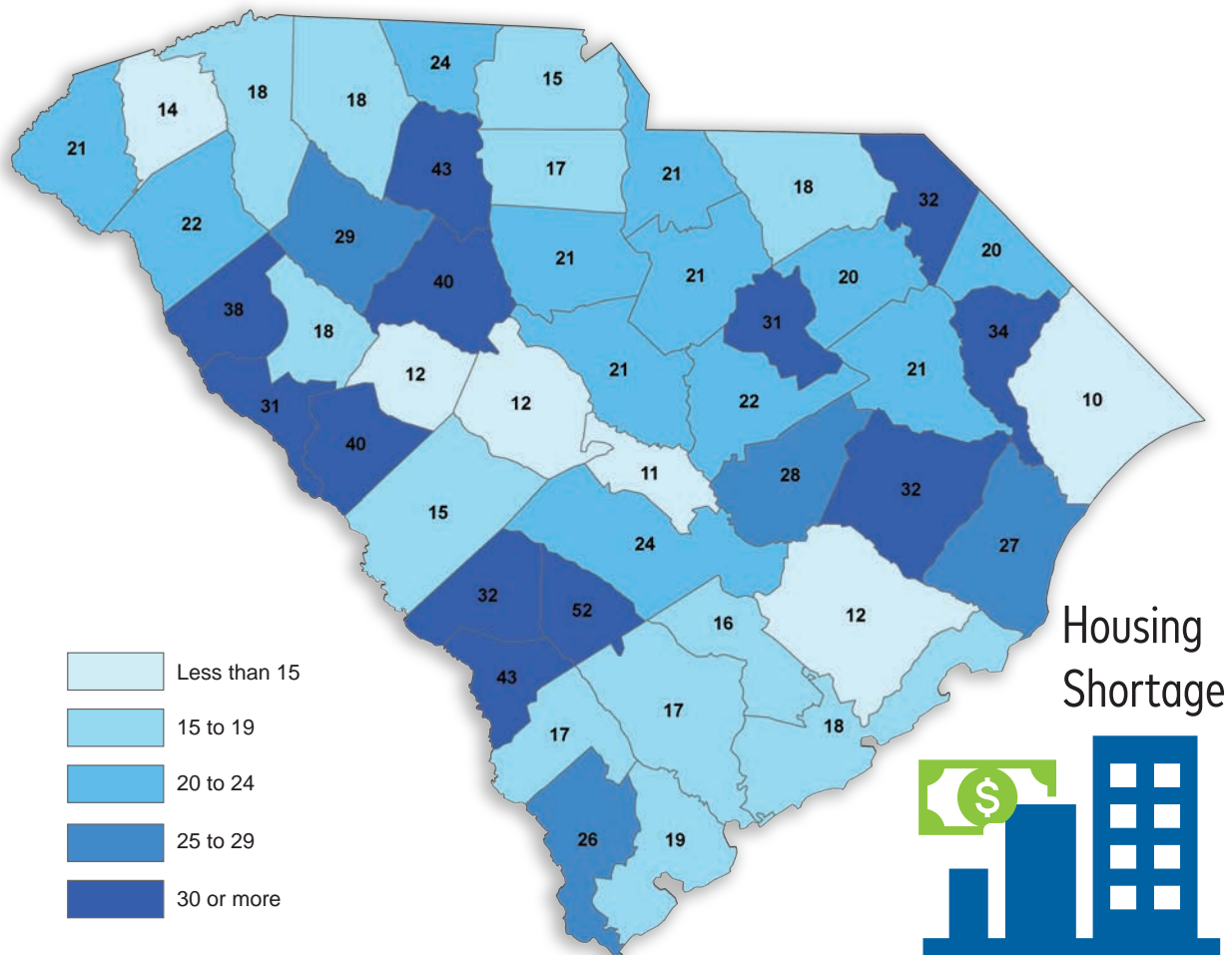
Sources: National Housing Preservation Database, HUD CHAS data (2011-2015)

There are 72,022 rental housing units at 1,549 projects or sites with federal affordability restrictions statewide. This includes recipients of funding from HUD or U.S. Department of Agriculture (USDA) Rural Development programs plus projects receiving LIHTC financing but excludes Housing Choice Vouchers or other tenant-based assistance. This is only enough affordable housing to serve one in five low-income South Carolina renters,

and only one county (Bamberg) can serve even half of this population. On the other end of the spectrum, Horry County can only serve a tenth of low-income renters with its stock of subsidized units. In aggregate, Greenville (32,312), Richland (30,909), and Charleston (27,043) are the counties with the highest number of unsubsidized low-income renter households; all but three counties statewide have a shortage of at least 800 units.

Exhibit 10: Low-Income Renter Households Living in Unsubsidized Housing by County

County	Value
Greenville	32,312
Richland	30,909
Charleston	27,043
Horry	19,236
Spartanburg	18,479
Lexington	15,821
York	15,395
Anderson	10,929
Berkeley	10,043
Aiken	9,554
Beaufort	9,193
Pickens	8,910
Florence	8,824
Dorchester	8,094
Sumter	5,900
Greenwood	5,257
Orangeburg	5,152
Darlington	4,732
Oconee	4,360
Lancaster	3,762
Chesterfield	3,306
Laurens	3,231
Cherokee	3,080
Kershaw	2,610
Georgetown	2,337
Dillon	2,246
Colleton	2,135
Chester	2,122
Clarendon	1,825
Marion	1,796
Marlboro	1,672
Fairfield	1,626
Newberry	1,611
Williamsburg	1,569
Saluda	1,295
Union	1,188
Barnwell	1,085
Hampton	1,045
Edgefield	965
Jasper	922
Calhoun	918
Abbeville	876
Lee	837
Bamberg	537
Allendale	479
McCormick	474

These figures indicate the number of renter households in each county that are eligible for housing assistance but do not live in an assisted unit.

Sources: National Housing Preservation Database, HUD CHAS data (2011-2015)

Statewide Trends - Homelessness

Over 4,000 South Carolinians were counted as experiencing homelessness last January, but this is only a small fraction of the affected population.

Exhibit 11: Point-in-Time (PIT) Count of Homeless Persons by Continuum of Care, 2013-2019

Continuum of Care	2013	2014	2015	2016	2017	2018	2019
SC Upstate Continuum of Care	2,308	1,636	1,961	1,829	1,317	1,185	1,401
Midlands Area Consortium for the Homeless	2,007	1,588	1,468	1,350	1,200	1,205	1,215
Total Care for the Homeless Coalition	1,496	1,317	1,319	1,322	974	1,092	1,153
Lowcountry Continuum of Care	733	516	606	550	425	451	403
State Total	**6,544**	**5,057**	**5,354**	**5,051**	**3,916**	**3,933**	**4,172**
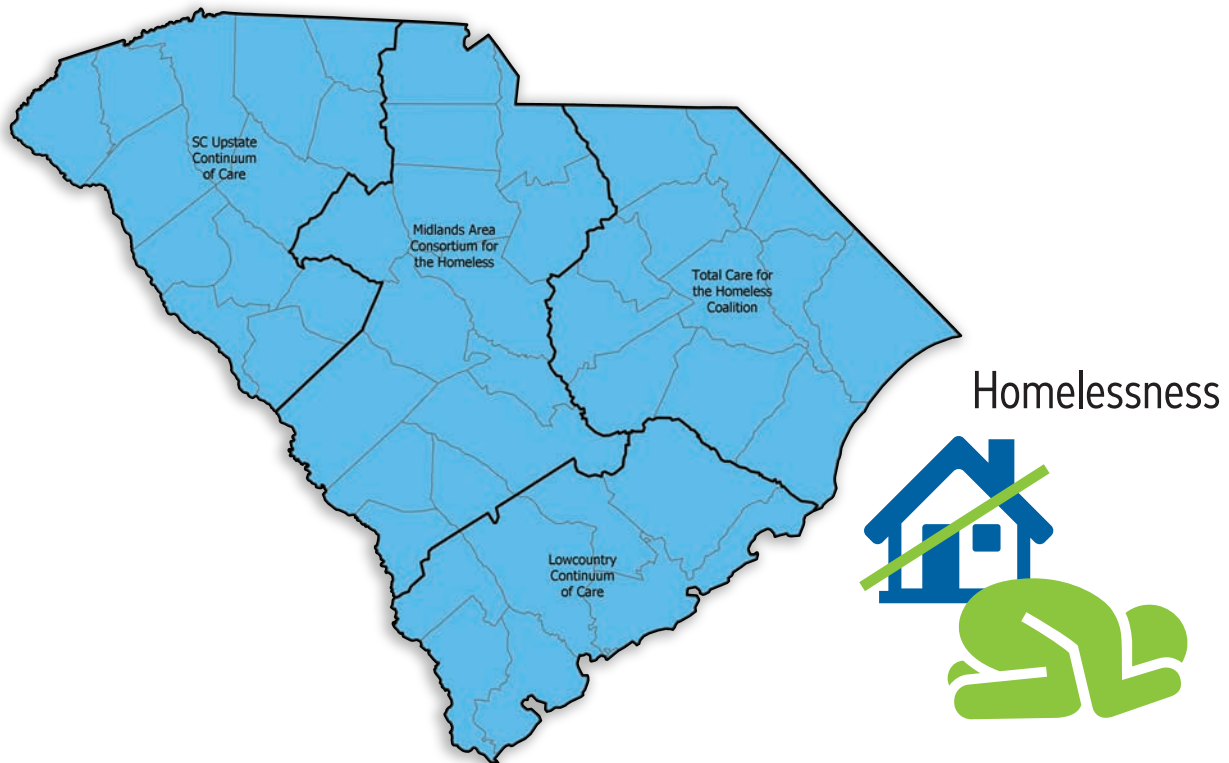
Sources: HUD Annual Homeless Assessment Report, South Carolina Interagency Council on Homelessness

A total of 4,172 individuals statewide were counted as living in shelters or on the streets on a single night last January. This is up somewhat from 3,933 in 2018, but down dramatically from a recent high of 6,544 in 2013. This Point-in-Time Count represents only a fraction of South Carolinians experiencing homelessness, however. According to the 2019 South Carolina State of Homelessness Report from the South Carolina Interagency Council on

Homelessness, 11,338 individuals were identified as having accessed temporary housing services from federally funded providers between October 1, 2016, and September 30, 2017. Notably, 23 percent of adults experiencing homelessness were veterans. This is still not a complete count, though, as it does not include individuals not receiving aid or those served solely by organizations not receiving federal funds.

The data in this report indicate there are two types of counties in particular need of assistance: high-growth areas with a shortage of new development and distressed housing markets that require rehabilitation investment.

Exhibit 12: Map of South Carolina Market Conditions
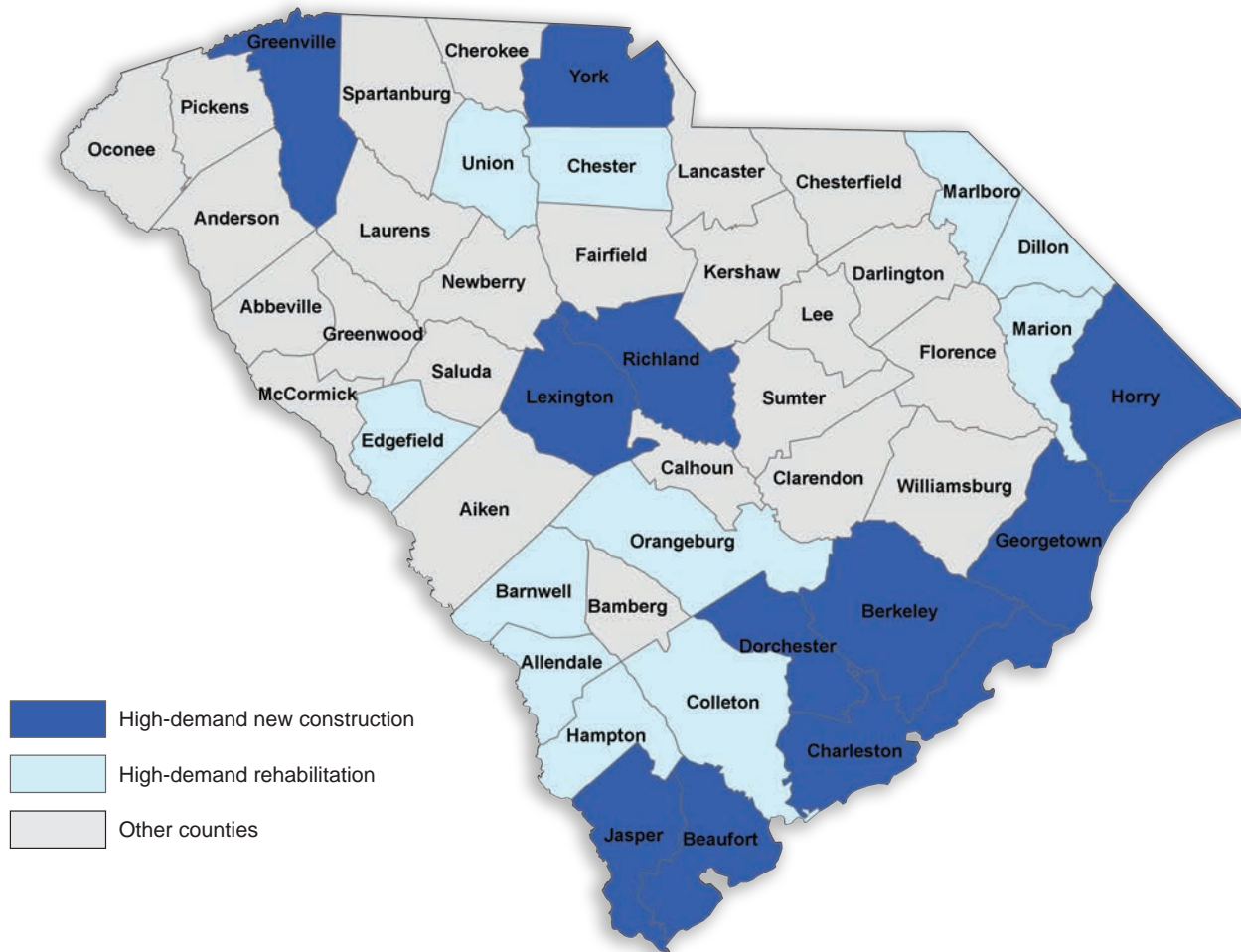
Source: Author's calculations and analysis

A statistical analysis considered six factors relevant to local housing conditions: current rent levels, growth or decline in rents, rental vacancy rate, number of individuals identified as homeless, projected population change, and age of the housing stock. Eleven counties were identified as having real estate markets where affordability was likely to be a particularly serious challenge going forward; these are counties along the coast and in major metropolitan areas. Likewise, eleven counties were shown to be most in need of concerted stabilizing reinvestment. These counties are more rural in character and largely located in the southern and northeastern portions of the state.

Shelter Poverty - The Numbers

Shelter poverty is the condition where one's exceedingly high housing costs make it impossible to cover other essential household expenditures.

When referencing housing affordability, the standard metric of housing costs as a percentage of income was used to show how distorted a household's budget can become. While this is a quick calculation to make, it is imperfect and incomplete. A full consideration of a household's essential expenditures, based on its composition and location, and the degree to which housing costs interfere with its ability to make ends meet, would be preferable. While

the idea of shelter poverty has been written about in academic literature, the data necessary to compute it effectively have been elusive. Now, using de-identified responses to the 2013-2017 American Community Survey (ACS) and a 2016 report commissioned by the United Way Association of South Carolina, it is possible to generate estimates of how many households statewide are burdened by their housing costs and to what extent.

Exhibit 13: State Overview of Shelter Poverty

Tenure	Count of Households	Shelter Poor Households		Depth of Shelter Poverty	
		Number	Rate	Total	Average
Renters	588,828	297,619	50.5%	$4,738,603,150	$15,922
Mortgagors	744,271	143,980	19.3%	$2,146,854,288	$14,911
Other Owners	525,228	143,701	27.4%	$1,501,790,059	$10,451
Total	1,858,327	585,300	31.5%	$8,387,247,497	$14,330

Source: Author's calculations and analysis

In total, there are 585,300 South Carolina households experiencing shelter poverty, or 31.5 percent of those for whom an estimate could be computed, based on 2013-2017 ACS data. Excessively high housing costs lead those in shelter poverty to be $8.4 billion short in meeting their most basic needs, ranging from food and clothing to child care.

## A lack of affordable housing costs the State of South Carolina $8.4 billion every year.

To put this figure in perspective, this means that the average household in shelter poverty experiences a shortfall of $14,330 per year, or $275 per week, due to their housing costs. This averages out to $1,714 for every South Carolinian. This gap is filled with public assistance, help from friends and family,

or charity; sometimes, it is not filled at all, compromising the current and future health and security of families statewide. Either way, **the cost is largely borne by the taxpayer**. State government expended more than $2.2 billion from its general fund last fiscal year for health and social service provision according to the Department of Administration; this largely goes toward Medicaid and other programs that provide care for those who cannot afford it themselves.

Conditions vary substantially based on the nature of one's housing. Just over half (51 percent) of renters experience shelter poverty; meanwhile, 19 percent of homeowners with a mortgage and 27 percent of homeowners without a mortgage experience shelter poverty. Even without a monthly payment, related expenses including insurance, taxes, and utilities are enough to cause distress for many in the last group, who are disproportionately likely to be older adults on fixed incomes.

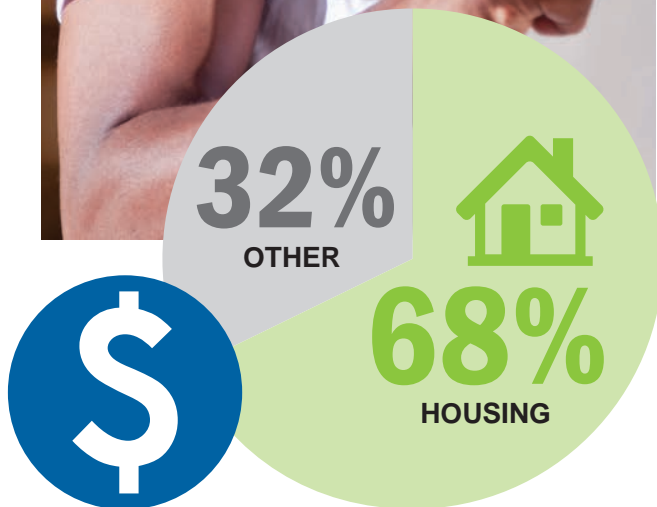## Exhibit 14: Percent of Households Experiencing Shelter Poverty by Public Use Microdata Area (PUMA), 2013-2017

Source: Author's calculations and analysis
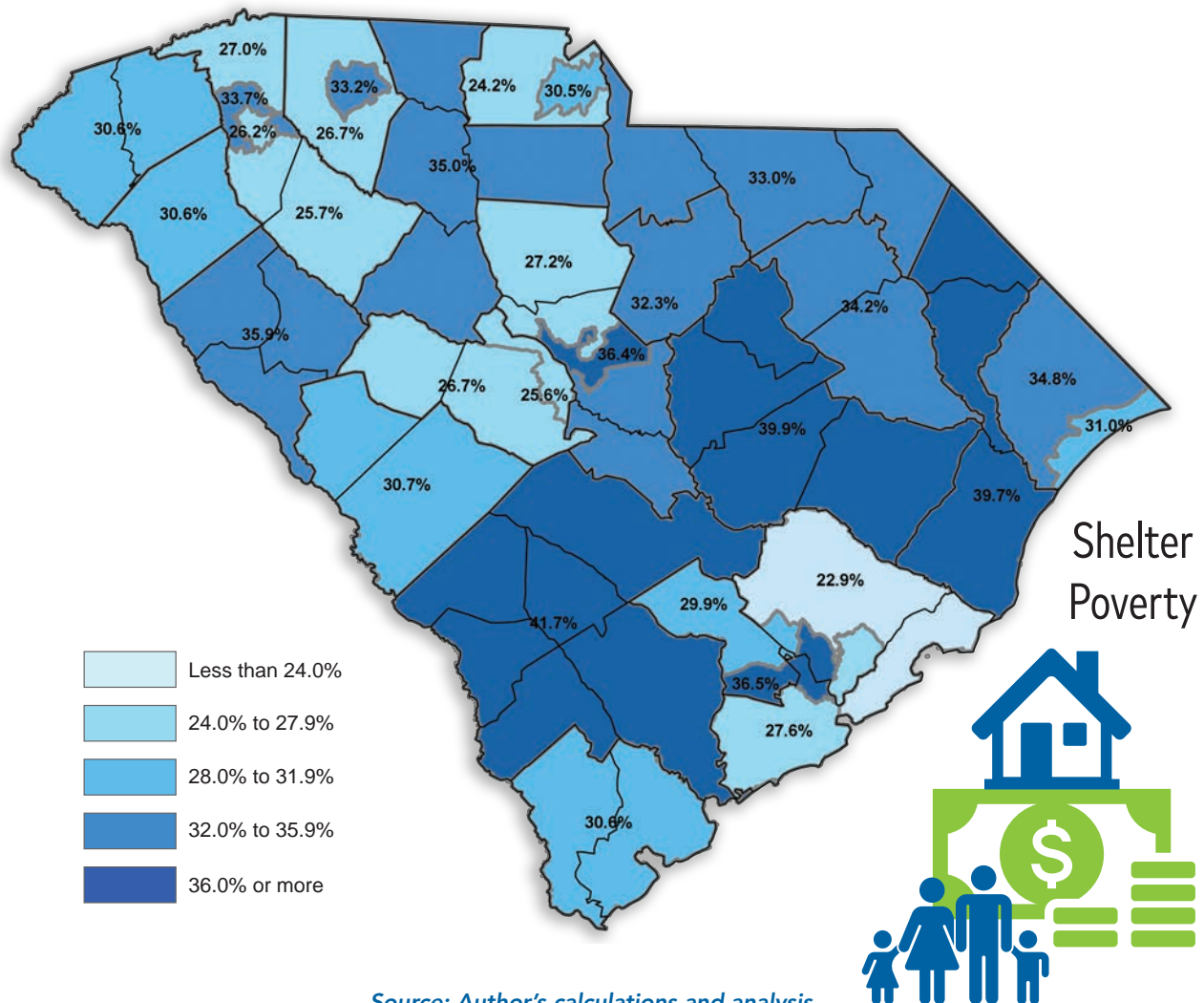
These data can be broken down geographically into 30 regions designated by the U.S. Census Bureau. At least 23 percent of households in each region cannot make ends meet. This degree of economic distress is a reality everywhere in South Carolina. The three regions with the highest prevalence of shelter poverty were largely rural in character and are situated along the Interstate 95 corridor, while suburban areas tended to fall below the state average. Meanwhile, the depth of shelter poverty is generally highest in urban areas, particularly in and around Charleston.

Shelter Poverty - The People: Working Young Adult

32% OTHER

68% HOUSING

The stories in this report are fictitious accounts based upon actual deidentified responses by South Carolina residents to the American Community Survey, a product of the U.S. Census Bureau. However, information such as age, race, income, occupation, and veteran status reflect information volunteered by the respondents.

I'm 28 years old. I've been a South Carolinian my whole life, and I live in Columbia. I work full time, year round, in construction, but I'm only making a little over $20,000 per year. I went to college for a little while, but my mom got sick and I had to drop out to take care of her. I live alone, and I found a pretty cheap little house to rent … but it's not in great shape, so the utility bills are really high. Because of that, two-thirds of my paycheck goes toward keeping a roof over my head, which makes it hard to take care of everything else. I drive a pretty beat-up truck that'll hopefully hang on for another year or two. Otherwise, I cut back where I can or ask my cousin for help when I need it.

Because so much is spent on housing, remaining income for basic expenses like food, clothes, and transportation is **$6,679** short of what is needed. This must rely on public assistance, private charities, or friends and family to make ends meet, or he might do without. This is money that would absolutely be spent on helping him become more self-sufficient and propel the state's economy, but a lack of safe, decent, and affordable housing keeps hard workers like this young man trapped in a bad situation.

Shelter Poverty - The People: Fixed-Income Elderly

My wife and I live in Spartanburg County. I'm 84 years old. I fought in Korea and served my country for many years, but after all that, I came back home. I don't get around as well as I used to, but I manage. We live on Social Security, which comes out to about $23,000 a year for the two of us. We own our home, but we're still making payments on it, and it needs a lot of work. We keep warm in the winter with heat from propane tanks. All in all, pretty much everything goes toward keeping a roof over our head. We get a lot of help from our kids and our church and our friends in town, but it's rough. I wish my wife and I could take care of ourselves.

Every dollar that comes in for this couple—and more—goes toward housing. Based on their income and housing costs, the two of them come up **$24,010** short of covering their needs—over $2,000 per month. While it's great that so many people care about them, they're not able to have the dignity in retirement that we all hope for at their age. Seniors on fixed incomes, including many veterans, often struggle financially for this very reason.

106%
HOUSING

Shelter Poverty - The People: Small Business Manager

I'm 43 years old, and I manage a diner in a small town here in South Carolina. Anyone who's ever run a small business knows that it is hard work. Between my girlfriend and me, we make about $34,000 per year. I own my home, but even though we don't live in the city, it's still expensive; the mortgage and all the bills add up to about $1,800 a month. I'm not looking for a handout, but it's difficult to make things work sometimes.

Even for those who do everything the right way, it can be hard to make ends meet. Because of how much he spends on housing, this business manager earns **$10,696** less than what is necessary to cover all the basics, even though he works an astounding 75 hours a week. Even though increasing housing costs in urban centers gets more attention from the national media, rural areas have substantial challenges as well, and they often do not have the same level of resources to devote to them.

37% OTHER

63% HOUSING
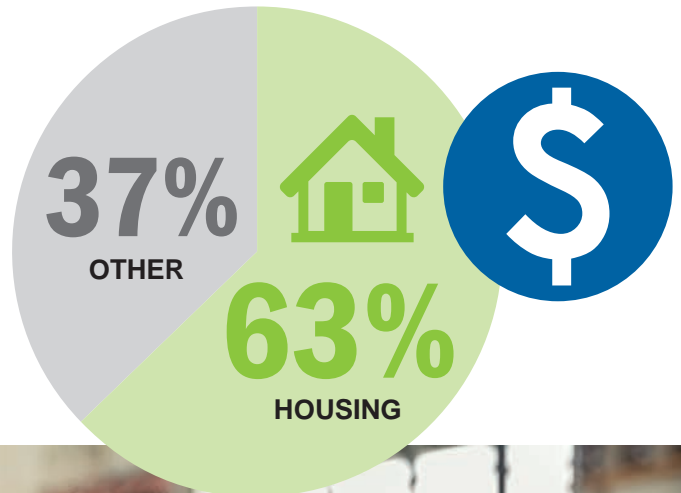
Shelter Poverty - The People: Single-Parent Family

I'm 26, and I live in North Charleston with my two little girls. It can be hard to find good work in this economy, but I managed to find a spot working the night shift at the hospital. I love my job, but it's exhausting, and some days I barely see my kids. The pay is alright, about $32,000 a year, but it's a tight squeeze. I don't have a car; I kick in a few bucks a week so my co-workers get me home and back, but otherwise I'm riding the bus to get around. I rent half a duplex for $675 a month, and electric is another $200 or so. Things are alright now, but if anything goes wrong, I don't know what I'll do.

This family's situation illustrates how the way we typically think about housing affordability might not tell the full story. She's not paying much more than 30 percent of her income on rent and utilities, but according to the United Way report, she's **$12,466** short of what she and her girls need to live a stable, self-sufficient life. If she has family or friends to watch the kids, that helps, but it's still not enough to cover the essentials, let alone anything else.

67% OTHER

33% HOUSING
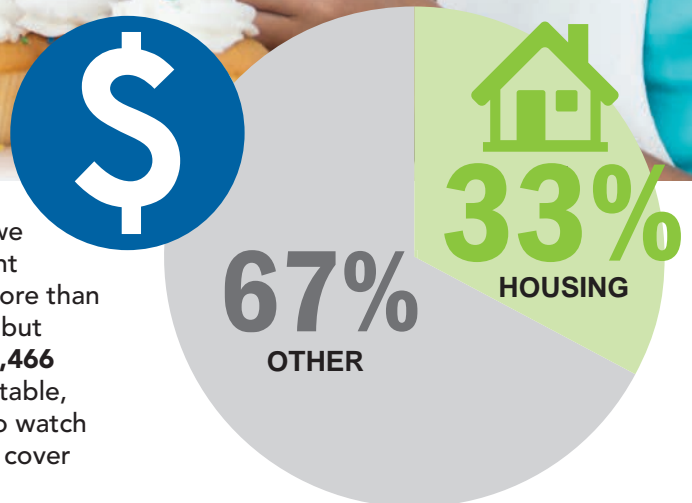
Shelter Poverty - The People: Multigenerational Family

I'm 64 years old and I live in Horry County—inland, away from all the hustle and bustle of the beach. It's been a really hard few years. First my husband passed away, then my daughter got hooked on pain pills. She and my grandkids live with me while she gets clean. I'm not able to work anymore, so all five of us live on what I get from disability and money she makes from odd jobs. Altogether, it's only about $20,000 per year. I own the place myself, no mortgage on it, but covering the utilities and the taxes and everything else costs a bunch, and I can't take care of it as well as I used to.

28% HOUSING

72% OTHER
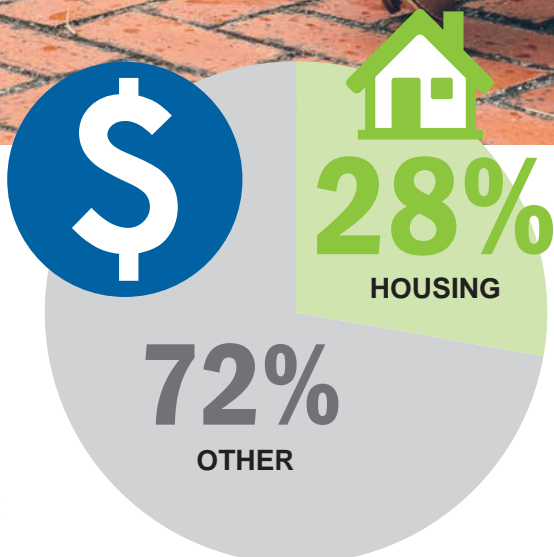
This woman's family has a lot of challenges before even thinking about housing conditions. Her household would need **$26,554** more to cover all of their needs, and that doesn't even include her daughter's treatment. The struggling young mother needs a supportive housing environment that helps her defeat addiction and prepares her to make a living again. The disabled grandmother needs to be able to spend her golden years in a decent, affordable home.

The Path Forward

The current programs administered by SC Housing and other federal, state, and local authorities are integral to promoting and maintaining South Carolinians' access to affordable housing options, but they are a limited resource. SC Housing's competitive ("9 percent") LIHTC program that attracts so much interest from communities and housing developers is only able to produce several hundred rent-restricted housing units per year. The South Carolina Housing Trust Fund, which seeks to address a wide array of housing needs ranging from structural repairs to owner-occupied homes to development of group homes to support individuals experiencing addiction and mental illness, receives less than $20 million annually to spend statewide. SC HELP has exhausted its allotment of federal funds and can no longer accept applications from distressed homeowners facing foreclosure.

While SC Housing is continually committed to doing the most good with the resources it has—by working with communities and stakeholders to improve existing programs and develop new ones—the current policies and resources in place to address the lack of affordable housing are insufficient; **in South Carolina, there are only enough rent-restricted housing units to serve one out of every five low-income tenant households**. Meanwhile, middle-class households able to buy are finding themselves priced out of many markets, even with the support of federal programs like the USDA Single Family Housing Guaranteed Loan Program and down payment assistance from SC Housing.

To ensure that all South Carolinians have the opportunity to live in safe, decent, and affordable housing —the central vision of the Authority—we all must be willing to innovate at the state and local level. It is worth noting that we are not alone in facing these issues. Across the nation, communities are crafting policies that respond to these challenges in a way that accommodates their local context. There is much we can learn from others in figuring out how our state will cope. **Government cannot do this alone, but neither can the private sector.**

That said, SC Housing is endeavoring to stretch the tools we already have and leverage our funds with other resources to maximize our impact. Alongside this report, we are releasing a discussion draft of our 2020 Qualified Allocation Plan, which is designed to better target competitively awarded tax credits to high-need populations and geographies. Beyond this, we are working on other initiatives, including:

- Developing new ways of increasing investor interest in LIHTCs, increasing SC Housing's impact
- Encouraging greater use of non-competitive "4 percent" LIHTCs paired with tax-exempt bonds
- Integrating our programs better with emerging and potential outside sources of financing
- Improving competitiveness of our mortgage offerings to meet dynamic market conditions
- Undertaking an agency-wide strategic planning initiative to ensure evidence-based policymaking
- Supporting passage of H. 3998, the Workforce and Senior Affordable Housing Act

These are, however, piecemeal solutions. We are continually considering innovative strategies for serving the housing needs of South Carolina while being a proper steward of our limited resources and encourage suggestions on how we can do so.

More broadly, there is much that can be done to address these issues outside the Authority's confines. Some possibilities, such as permitting localities to implement inclusionary zoning ordinances, have been debated in the state legislature. While controversial, programs of this sort can ensure that redeveloping neighborhoods maintain the existence of affordable housing.

SC HOUSING INITIATIVES TO MAXIMIZE OUR IMPACT

| Develop new ways of increasing investor interest in LIHTCs | Encourage use of non-competitive "4 percent" LIHTCs paired with tax-exempt bonds | Integrate with emerging and potential outside sources of financing | Improve competitiveness of our homeownership offerings to better meet market conditions | Undertake agency-wide strategic planning initiative |

Another option for reducing housing costs might be to allow the production of more housing units in areas of high demand and/or near employment centers. This is typically accomplished by eliminating land use regulations that prohibit developers from building certain types of housing. It is worth noting that fewer than 30 percent of South Carolina households include a child; young adults and empty nesters have housing preferences that may not be served by current development patterns.

Approaches for improving access to homeownership include the creation and support of "third way" tenancy options, such as community land trusts, that would maintain housing affordability or rent-to-own options that would enable renters to build equity until they can buy a home.

Additionally, recent research supports the deployment of "Housing First" approaches to homelessness that stabilize their housing situation before attempting to address other issues that may have contributed to their predicament. Cities where this has been implemented have not only seen dramatic reductions in homelessness, but also budget savings from reduced hospitalizations and incarcerations. There are also many options for reducing evictions, such as implementation of rent escrow programs.

Finally, cities and counties can simply integrate housing more deeply into their comprehensive planning processes and consider how they can ensure that their workforce can afford to live in their community. **None of these policies are a panacea.** That being said, it is possible to make progress toward ensuring that South Carolinians can afford a safe, stable home.

Message from the Chief Research Officer

This publication is, as the cover states, simply the first volume of an ongoing assessment of the state's housing needs. There will be additional reports that broaden and deepen understanding of the themes discussed in this document. This is part of an overall effort by SC Housing to implement evidence-based policy and inform relevant stakeholders of the challenges facing the state.
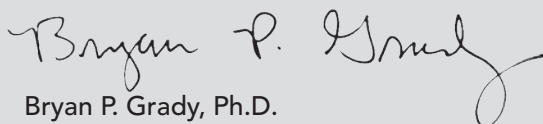
Additional volumes may include, but are not necessarily limited to, the following:

- Evaluation of similar data sources at a smaller geographic scale, particularly with respect to the state's larger urban areas, to identify relevant neighborhood-level correlations
- Evaluation of similar data sources with a focus on subpopulations of interest to SC Housing and the state at large, such as older adults, veterans, persons with disabilities, etc.
- Quantification of "spatial mismatch," the phenomenon of low-income households being unable to live near employment centers due to housing and transportation challenges

I encourage you to reach out to us as a resource for the collection and curation of data relevant to the housing challenges faced by the State of South Carolina and its local communities. These reports are designed not to be the final authoritative word on the subject, but to be the beginning of a conversation on the state's housing challenges. **We are eager to hear what you have to say.**

Until next time,

Bryan P. Grady, Ph.D.
Chief Research Officer
Bryan.Grady@SCHousing.com

SCHousing.com
CONNECT WITH US
Find us on Facebook: **/SCStateHousing**
Follow us on Twitter: **@SCStateHousing**

EQUAL HOUSING
OPPORTUNITY