Berkeley-Charleston-Dorchester Housing Needs Assessment

February 2014

Prepared collaboratively by:
Charleston County Zoning & Planning Department and
Berkeley Charleston Dorchester Council of Governments (BCDCOG)

To access the Executive Summary, please visit
http://www.charlestoncounty.org/Departments/Planning/index.htm.

2014 Housing Needs Assessment

Advisory Committee

The Advisory Committee, comprised of representatives from the organizations listed below, met regularly throughout 2012-2014 to draft the Housing Needs Assessment.

Berkeley-Charleston-Dorchester Council of Governments
Berkeley County Government
Charleston County Government
City of Charleston
City of North Charleston
Dorchester County Government
South Carolina Community Loan Fund (formerly Lowcountry Housing Trust)
Town of Mount Pleasant

Focus Group

A draft of the Housing Needs Assessment was sent to Focus Group members for review and commentary prior to finalizing the Housing Needs Assessment.

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Tracy Doran, SC Affordable Housing Coalition

Special thanks to the Charleston Trident Association of Realtors (CTAR) and Permar, Incorporated for providing valuable data on the local housing market.

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Introduction

> **The Housing Needs Assessment:**
> - Identifies current and emerging housing trends and needs;
> - Generates a greater understanding of local housing issues; and
> - Provides direction for addressing housing-related issues.

As the tri-county (Berkeley, Charleston, and Dorchester) region's population has grown in recent years, housing costs have increased and the availability of homes affordable to existing and new residents that are located close to employment centers and existing public facilities and services has declined. As a result, in 2009, the Charleston County Planning Commission created an Affordable Housing Committee to address the provision of affordable and workforce housing consistent with the recommendations of the Charleston County Comprehensive Plan. The Committee represents a variety of groups including several County Planning Commission members; representatives from the City of Charleston, City of North Charleston, Town of Mount Pleasant; SC Community Loan Fund (formerly Lowcountry Housing Trust); Berkeley Charleston Dorchester Council of Governments (BCDCOG); for-profit and non-profit developers; and County staff.

The Committee, as well as Charleston County Council, recognized the need to have a current assessment of housing in the region. County Council requested on March 11, 2011 that the BCDCOG conduct a regional housing needs assessment to identify current and emerging housing needs and trends in the region; generate a greater understanding of local housing issues; and provide direction to the BCDCOG, local jurisdictions, and all interested stakeholders for addressing housing-related issues. Release of new Census data enabled the team to update demographic information to correspond with the market data to conduct the market analysis in 2013. The Charleston County Zoning and Planning Department offered assistance and technical support in late 2012 to complete the document in a timely manner.

A thriving region is weakened by an unaffordable housing market that fails to meet the needs of its residents. Housing is linked to business, economic development, tourism, health, neighborhood vitality, community, education, the environment, transportation, and land use. **Without a viable housing strategy to guide regional decision-making, housing costs will continue to increase and the region's housing stock will continue to become less and less affordable to the region's residents.**

What happens if the **housing affordability crisis** is not addressed?

If the housing issues facing the region are ignored, residents will continue to migrate to the outskirts of the region where fewer employment centers exist, public transportation is unaccessible, and public facilities are scarce. This outward migration from the urban core where services and amenities exist creates unintended sprawl, which increases commuting costs, strains public infrastructure, increases traffic congestion, and negatively impacts the quality of the environment. Local jurisdictions, and ultimately taxpayers, are left burdened with costs from the unintended consequences of sprawling development. **As outlined in the Housing Needs Assessment, a collaborative effort of local governments, housing providers, community leaders, private sector businesses, non-profit organizations, and other key stakeholders is required to address the housing affordability crisis the region is facing and plan for the future of our community.**

"Would you tell me, please, which way I ought to go from here?" asked Alice. "That depends on where you want to get to," said the Cat.

- Lewis Carroll, *Alice's Adventures in Wonderland*

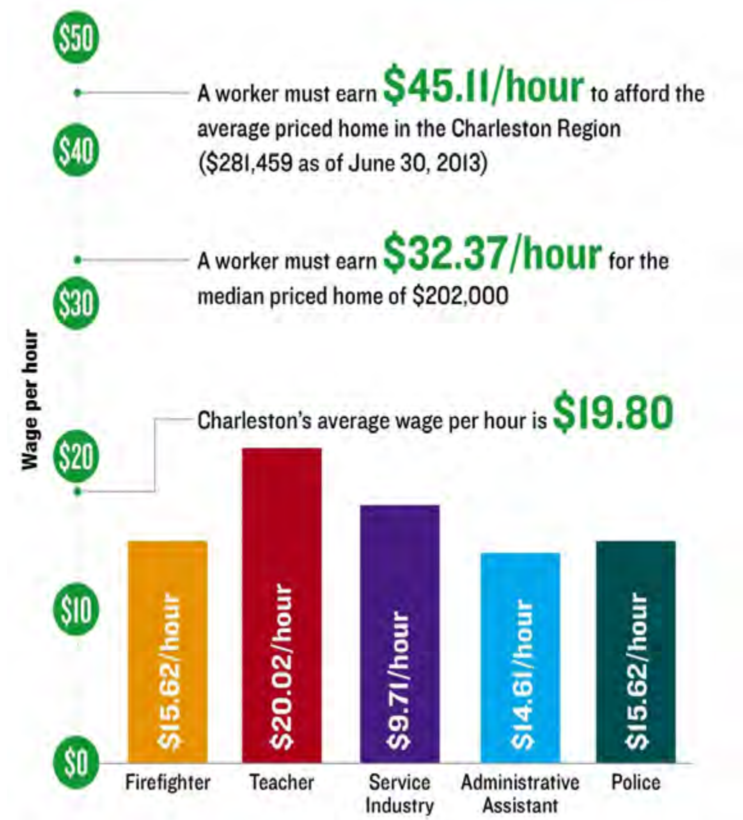
Since 1990, the region's population has increased exponentially, growing 31 percent, or by almost 158,000 people, to a total population of 664,607 in 2010. Based on recent growth trends and development approvals by local jurisdictions, the BCDCOG projects that the region's population will grow by an additional 16 percent, or by 106,393 people, to a total population of 771,000 by 2025.[1]

As the regional population has grown, the availability of homes for sale or rent that are affordable to existing and new residents has not kept pace due to an expensive housing market and discrepancies between wages and home prices. Residents are left with fewer options and many are only able to afford homes that are not in close proximity to employment centers and existing public facilities and services.

As defined by the US Department of Housing and Urban Development, housing is considered "affordable" when a household pays less than 30 percent of monthly income on monthly housing expenses, which include mortgage, rent, utilities, taxes, insurance, etc. As exhibited by the ***Regional Housing Affordability*** figure below and the ***Faces of Housing Affordability*** on page 8, many members of the community, such as fire fighters, teachers, police officers, waitresses, and administrative personnel, cannot afford to purchase or rent housing in the region. This alarming fact confirms that the region is indeed facing a **housing affordability crisis.**

1 Berkeley-Charleston-Dorchester Council of Governments, 2013.

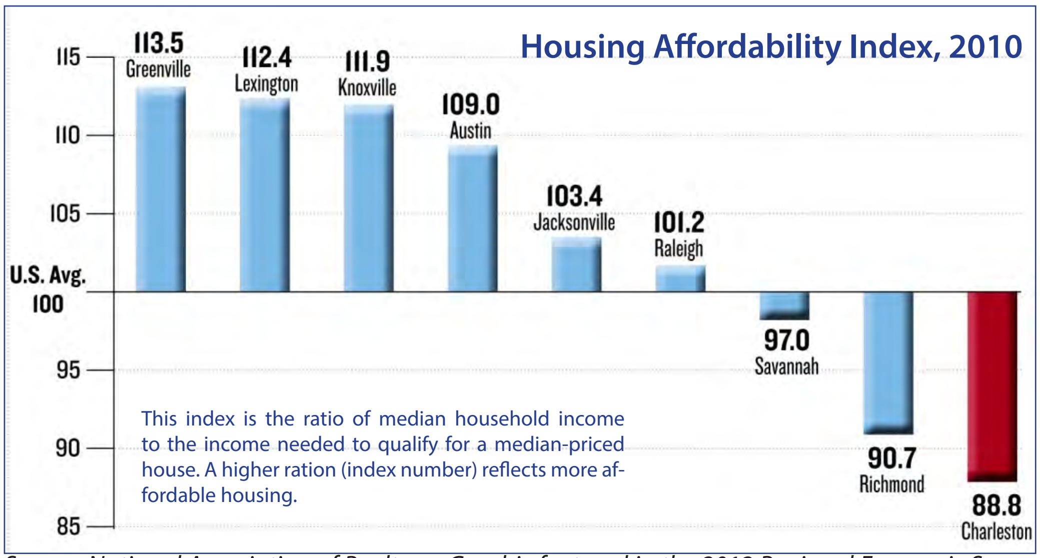
Regional Housing Affordability



Source: Lowcountry Housing Trust, Center for Business Research. Graphic featured in the 2013 Regional Economic Scorecard (produced annually for the community by the Charleston Regional Development Alliance).

The region is a desirable place to live and an attractive area for economic developers to relocate their industries; however, the region is currently not competitive when compared to similar cities such as Austin, Raleigh, Greenville, or Savannah. As exhibited by the ***Housing Affordability Index*** below, housing in the Charleston area is less affordable when compared to competitor cities, which **negatively impacts our ability to attract new industries.**

In the past decade, the region has been fortunate to have a growing, diversifying economy. Many new residents have relocated to the region for job opportunities afforded to them by the expansion of knowledge-based sectors such as aerospace/aviation, advanced security and information technology, biomedical, and energy systems. While many of these industries pay growing wages, the region's economy is largly service-based, and many residents are left unable to afford much of the housing stock. **Housing affordability greatly impacts the ability to retain existing businesses and attract new industries.**



Source: National Association of Realtors. Graphic featured in the 2012 Regional Economic Scorecard (produced annually for the community by the Charleston Regional Development Alliance).

Issues & Trends

Lack of housing that is affordable to the majority of residents

- Approximately 33% of homeowners and 50% of renters are **living in housing they cannot afford.**
- Wage gaps in the region are contributing to unaffordable housing costs. While average wages in the region have grown almost 20% since 2005, the region's average wages are **only 85% of the national wage AND a household making the regional median household income cannot afford to purchase an average priced home.**

Lack of affordable housing located near employment centers and public facilities

- **69% of the region's population (457,862 residents) DO NOT live near accessible public transportation.** This means over 450,000 residents are most likely spending much of their income on high housing AND commuting costs.
- The majority of **employment opportunities are located in areas where housing is least affordable.**

Lack of diverse housing options

- 61% of the housing types in the region are single-family, detached; however, with household sizes decreasing and single-person households increasing, **this housing type may not be as desirable in the future.**
- More **affordable, alternative housing types such as townhouses, rowhouses, and apartments comprise only 27% of the region's housing stock.** This is not amenable to small household sizes or the renting population.

Regulatory Barriers

- Local zoning regulations often **unintentionally encourage low-density, single-family/single-lot development resulting in higher priced housing and auto-dependent communities.**
- The Biggert-Waters Flood Insurance Reform Act of 2012 will result in **drastically increased flood insurance rates**, which will impact the affordability of housing in the region.

Lack of an active collaborative partnership

- A collaborative partnership among housing advocates, policy makers, non-profit organizations, developers, and private businesses is **necessary to address local housing issues and plan for the future.**

Faces of Housing Affordability

Housing affordability affects a diverse group of people, varying from minimum-wage workers and young professionals to elderly residents living on fixed incomes. Pictured below are examples of real people in our community that **could not afford the average priced home or average rent in the region when they were searching for housing.**

Amy, an architect

Emnet, a United States Marine

Angela, a bus driver

Kimberly, a County employee

John, a fireman

The Paradiso Family, contractors

Paul and Stephanie, young professionals

Lisa, an administrative assistant

Photos courtesy of Chris and Cami Photography, LLC via South Carolina Community Loan Fund

Guide to the Housing Needs Assessment

The first section of this document, ***Issues and Trends in Housing***, identifies the five most pressing issues and trends in housing that are currently affecting the region or will affect it in the near future. These issues and trends were identified based on an assessment of available demographic and housing market data at the local, state, and national levels. Each issue or trend is described utilizing supporting data. Measurable ***goals and strategies*** to address these issues can be found on pages 14-16. The issues/trends, goals, and strategies included in this document were developed through coordination with private developers and industries, nonprofit organizations, and government agencies. The information gathered at the 2013 Housing Summit was also utilized. For more information on the 2013 Housing Summit, refer to Appendix A.

The second section of this document, the ***Community Profile***, presents an overview of the region's residents, including demographic, economic, and social characteristics. The majority of the data is from the American Community Survey, 2007-2011 Five Year Estimates. The third section of this document, the ***Housing Market Analysis***, provides insight into the existing housing inventory, the local housing market, and future needs for the region based on both national and local trends. Data was utilized from a variety of sources including the American Community Survey, 2007-2011 Five Year Estimates, and the Charleston Trident Association of Realtors (CTAR) Multiple Listing Service (MLS). Key conclusions based on data analysis are summarized in the beginning of the ***Housing Market Analysis*** and appear throughout the section in red text. It is important to note that both "averages" and "medians" are used when providing regional data due to the lack of available raw data.[2] Much of the data presented in this document is gathered and analyzed by outside agencies such as the U.S. Census Bureau and the Bureau of Labor Statistics. Some variables are only provided as averages, while others are only provided as medians. To encompass the greatest diversity of data sources, this document utilizes both measures.

To better assess the local housing market and identify the most and least affordable areas in the region, analysis of several regional attributes was crucial. Four study subareas were established using Census Tract boundaries, MLS boundaries, transportation infrastructure, and geographic characteristics. These four study subareas, including the Regional Center, Suburban, Rural, and Beach Communities, are useful in better understanding the region's demographics and identifying areas where housing issues are most prevalent. A description of the subareas and a map showing their locations and boundaries is included in the ***Community Profile*** on page 19.

2 An "average" indicates a midpoint in a set of values; however, it can be greatly influenced by outliers. A "median" is described as the numeric value separating the higher half of a sample of values from the lower half. Median is better suited for skewed distributions to derive a central tendency.

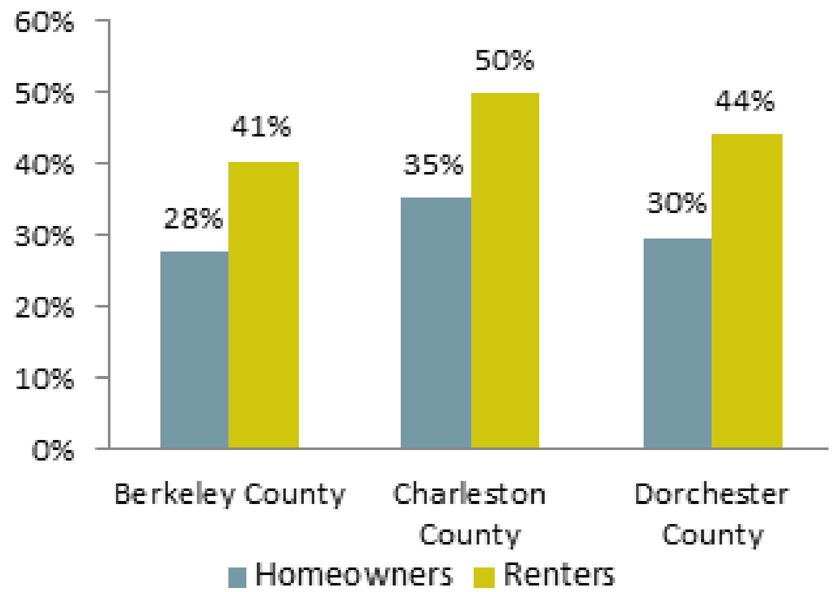
Issues and Trends in Housing

1. Lack of housing that is affordable to the majority of residents

Approximately one-third of homeowners and one-half of renters in the region are living in housing they cannot afford (see *Figure 1*), due in part to the relatively low wages paid by industries in the region.

- While average wages in the Charleston region have grown almost 20 percent since 2005, the region's average wages are only 85 percent of the national average.[3]
- The average hourly wage for the region is $19.80, which is less than the wage necessary to rent a two bedroom apartment or purchase the average priced home.[4]
- A household making the regional median household income ($51,332)[5] cannot afford to purchase the average priced home ($265,806)[6] and nearly 125,200 households in the region make less than the regional median household income.

Figure 1: Proportion of Homeowners and Renters Spending more than 30% of Monthly Income on Housing (2011)



Source: American Community Survey, 2007-2011

- As illustrated in ***Table 1***, residents must make at least 110 percent of the median household income (MHI) to afford an average priced home in the most affordable part of the region (Berkeley County excluding Daniel Island). The income necessary greatly increases based on the location of the home and type (single-family detached, attached, or multi-family).

Table 1: Income Necessary to Afford Average Priced Homes

	Average Sales Price	Necessary % of MHI	Necessary Income
Region	$265,806	173% of MHI	$88,804
Berkeley County	$214,334	139% of MHI	$71,351
Berkeley County (without Daniel Island)	$173,000	113% of MHI	$58,005
Charleston County	$314,207	204% of MHI	$104,717
Charleston County (without Beach Communities)	$278,003	181% of MHI	$92,911
Dorchester County	$176,931	115% of MHI	$59,032

Note: MHI is an acronym for Median Household Income. The MHI in 2011 was $51,332 for the region.
Source: Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

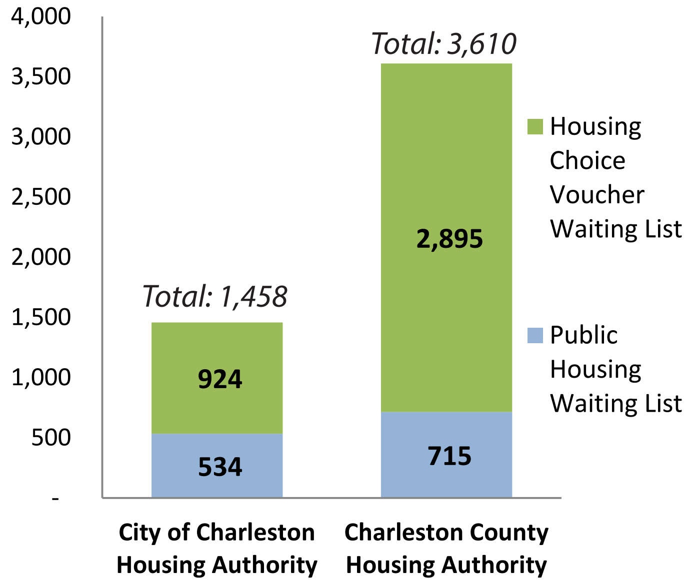
3 2013 Regional Economic Scorecard. The Regional Economic Scorecard is produced annually for the community by the Charleston Regional Development Alliance. To download the full report, visit www.crda.org/economicscorecard.

4 Ibid.

5 American Community Survey, 2007-2011 Five-Year Estimates.

6 Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012. Note: As of June 30, 2013, the average priced home cost had increased to $281,459 according to data from the Charleston Trident Association of Realtors.

Figure 2: Housing Authority Waiting Lists



Source: City of Charleston Housing Authority (January 2014); Charleston County Housing Authority (January 2014).

- Due to the lack of housing that is affordable to residents, local housing authorities have extremely long waiting lists. ***Figure 2*** demonstrates the high volume of residents on waiting lists in Charleston County and City of Charleston Housing Authorities. **With these two organizations alone, 5,068 residents are waiting for safe, affordable housing.** Due to the high demand and limited stock of affordable housing, it can take two years or more for these organizations to find housing for the residents on their waiting lists.

- Due to the many higher education institutions in the region, approximately 55,000 students reside here.[7] Students should have access to affordable, rental homes near schools and work.

The Aging Population

38 percent of the regional population is age 45 and older and 12 percent of the population is over 65 years old.[8] As residents age, income levels typically decline. Maintaining low housing costs as healthcare costs typically increase will be important as the region's residents continue to age. Elderly residents also benefit from public transportation as they age and can no longer drive. Locating affordable housing near public transportation infrastructure will be crucial as the number of older residents increases in the future.

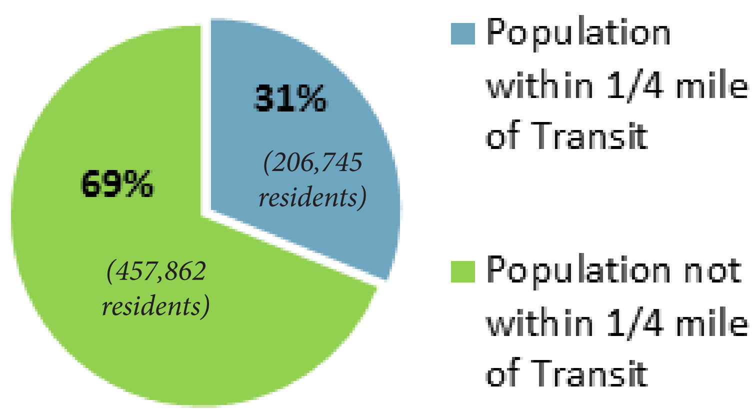
Not only will affordable housing need to be provided for its aging residents, but also diverse housing options will be necessary. Some residents may want to downsize as they no longer have children or spouses. Others may require assisted living.

7 Center for Business Research, Charleston Metro Chamber of Commerce, 2012.
8 American Community Survey Five-Year Estimates, 2007-2011.

2. Lack of affordable housing located near employment centers

The lack of affordable housing located near employment centers and a lack of transportation options results in residents driving further to find housing they can afford, which can increase living expenses by up to 15 percent, increase traffic congestion, excessively burden transportation infrastructure, and negatively impact economic development and the quality of the environment.

Figure 3: Public Transportation Accessibility in the Region



Source: ESRI Business Analyst via U.S. Census Bureau, 2010

Residents are most likely to utilize public transportation when located within 1/4 mile of a bus or train stop, and nearly 70% of the region's residents DO NOT live near public transportation.

- The majority of employment opportunities are located in areas where housing is least affordable. Additionally, once commuting costs have been included in overall housing costs, housing is not affordable in any of the three counties.
- On average, residents in the region travel twenty-five minutes to work.[9]
- Over two-thirds of residents DO NOT live within a quarter mile of public transportation, as indicated in Figure 3; therefore, they must drive to work, services, etc.[10] These transportation costs can increase overall housing expenses up to 15 percent and result in increased traffic congestion and increased wear and tear on infrastructure that ultimately increases costs to local jurisdictions.[11]

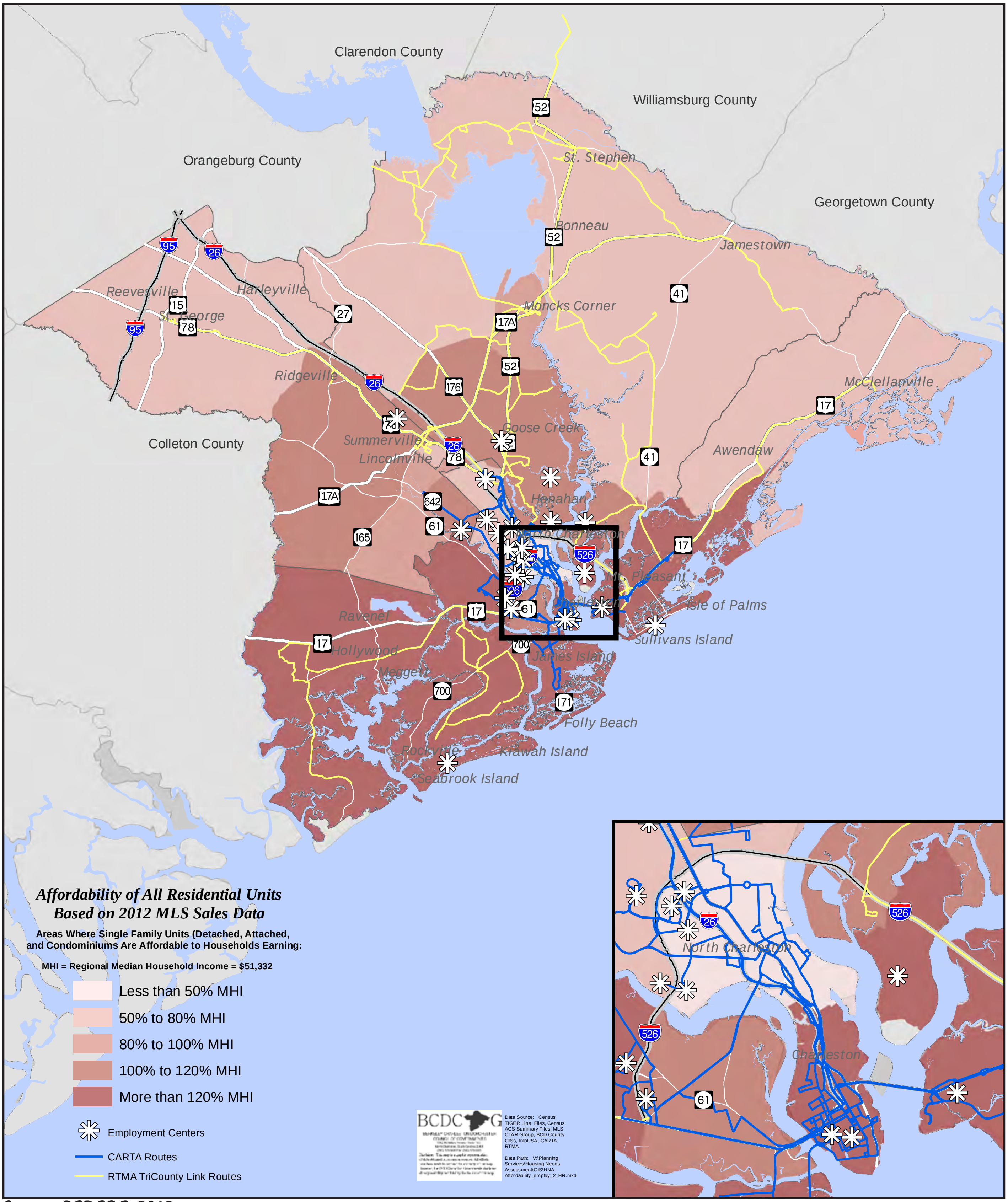
Only 31% of the region's residents live within 1/4 mile of public transit; therefore the majority of residents are most likely paying up to 15% more in housing costs due to transportation costs.

- As illustrated in ***Figure 4*** on page 10, the most affordable homes (shown in light shades of pink) are located in the rural parts of the region, as well as in parts of North Charleston, meaning residents must sacrifice being near employment and services to afford housing. This increases their transportation costs, which drives up their living costs even further.

- Employment centers, indicated by white stars map, are primarily along the two main interstates, I-26 and I-526. Public transportation routes are focused in the region's center with some extension into suburban areas. In the future, housing that is affordable should be developed near existing employment centers and public transportation infrastructure to allow residents to live near where they work and minimize transportation costs.

9 American Community Survey, 2007-2011 Five-Year Estimates.
10 ESRI Business Analyst via U.S. Census Bureau, 2010.
11 Center for Neighborhood Technology, Housing + Transportation Affordability Index, 2013.

Figure 4: Housing Affordability Map

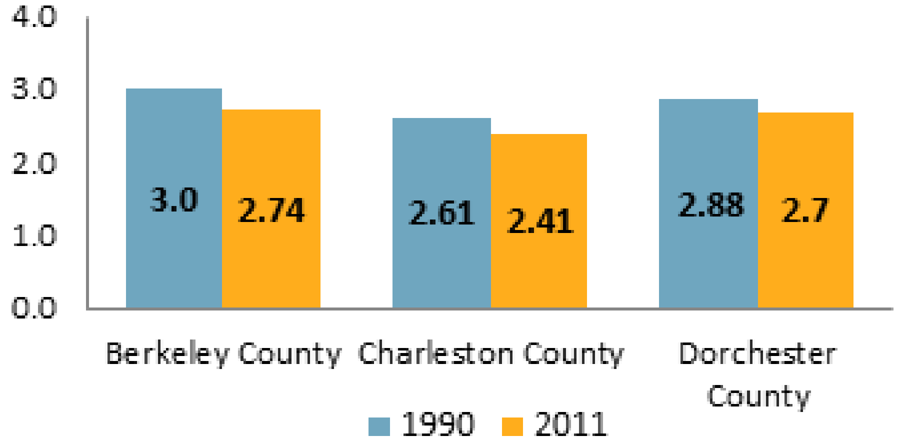


Source: BCDCOG, 2013.

3. Lack of diverse housing options

The current housing stock, which consists of mainly single-family detached homes, is not compatible with future housing trends. Due to decreasing household sizes and changing housing preferences, communities will need to provide more diverse housing options that are affordable to residents and located near employment centers, public transportation, and retail and other services.

Figure 5: Average Household Size



Sources: U.S. Census Bureau, 1990; American Community Survey, 2007-2011.

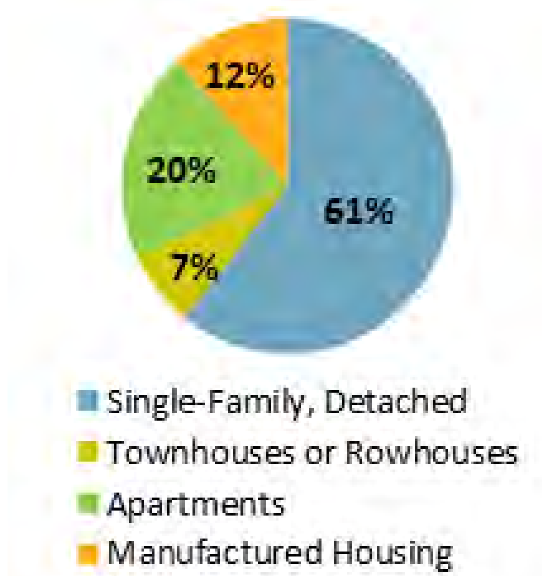
- Marriage and birth rates have been steadily decreasing in recent years resulting in shrinking household sizes. By 2025, single-person households are expected to equal family households nationally, and by 2050, they will exceed the number of family households.[12]

- As illustrated in ***Figure 5***, average household sizes in each of the three counties have decreased since 1990. As depicted in ***Figure 6***, the majority of the region's housing stock is comprised of single-family detached homes. Most of these homes have three or more bedrooms. Housing type alternatives, such as apartments and townhouses, comprise only 20 percent and 12 percent of the housing stock, respectively.[13] As households become smaller, alternative housing types will be necessary.

- As energy costs increase, smaller, energy-efficient homes are more and more appealing, especially to younger generations.

- The demand for rental properties will continue to increase. Older residents prefer not to have the burden of home maintenance that comes with homeownership, and younger residents often prefer the mobility afforded by renting.

Figure 6: Housing Types in the Region



Source: American Community Survey, 2007-2011.

12 Family households are defined as a married couple or single parent and at least one child. Nonfamily households are defined as single-person households or households of multiple unrelated individuals. U.S. Census Bureau, *Census Briefs*, 2013.

13 American Community Survey, 2007-2011 Five-Year Estimates.

4. Regulatory barriers

Regulations at all levels of government often unintentionally discourage the provision of housing that is affordable to residents and raise housing costs for individuals.

- Local zoning regulations often encourage low-density, single family/single lot development resulting in higher priced housing and environments where residents are forced to drive to commercial services, offices, employment, parks, public transportation, etc.

- Local zoning incentives intended to encourage development of housing that is affordable to households earning 120 percent or below of the median household income have rarely been utilized by developers in the past.[14] However, the City of Charleston has had success with innovative regulations that require private developers to include affordable homes in large developments in certain zoning districts. Often times, density bonuses incentivize this type of development. Charleston County and other jurisdictions are adopting similar regulations.

- Many federal housing policies are focused on homeownership; however, renting is becoming more prevalent not only as a preference but as the only option as mortgages become harder to obtain and people prefer the mobility afforded to renting. Policies must be balanced to benefit both homeowners and renters.

The Biggert-Waters Flood Insurance Reform Act of 2012

Every home with a mortgage that is located within a flood zone is required to have flood insurance. 76,702 flood insurance policies exist regionwide, and 10,876 (14%) of those policies are subsidized. The vast majority of those policies (66,413) are located within Charleston County. Many older homes (built pre-1973) have been receiving subsidized rates; however, changes in federal regulations due to the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012 will result in many older homes that are built below Base Flood Elevation (BFE) losing their subsidies and being forced to pay thousands more for insurance. Overall, there was a 5 percent increase to policies nationwide due to the need to create a reserve fund for large disasters. These price increases greatly impact the cost of housing in the region. ***Figure 7*** provides an example of the varying rates facing homeowners in the Lowcountry.

Figure 7: Example of Flood Insurance Premiums in an AE Flood Zone

EXAMPLE	Below BFE (4 FT)	BFE (8 FT)	Above BFE (10 FT)
Flood Insurance Costs per Year	$17,500	$7,000	$3,500

Note: The vast majority of flood insurance policies in the region are located in the AE flood zone.
Source: FEMA, National Flood Insurance Program, 2013.

14 Charleston County Zoning and Planning Department, 2013.

5. Lack of an active collaborative partnership

Currently, several organizations and agencies exist in the region that are either entirely or partially dedicated to area housing policies and provisions; however, there is no coordinated effort.

- The housing affordability crisis that is facing the region cannot be solved by one organization, sector, or governmental agency. The public, private, and non-profit sectors must form a collaborative partnership and work together to develop strategies to meet the demand for housing that is safe and affordable. An abbreviated list of housing stakeholders can be found below.

- Housing advocates should also partner with local economic development experts to address the wage discrepancies that contribute largely to housing unaffordability in the area and attract employers that will pay higher wages. Educational institutions should also be engaged to promote opportunities that will better equip residents with the job skills necessary to fill positions paying higher wages.

- Forming an active partnership among regional housing stakeholders could decrease the likelihood of duplicative or ineffective housing efforts and increase the efficiency of carrying out the housing strategies recommended in this document.

List of Regional Housing Stakeholders

BB&T
Berkeley County Government
Berkeley Habitat for Humanity
Berkeley-Charleston-Dorchester Council of Governments
Charleston Area Community Development Corporation
Charleston County Government
Charleston County Human Services Commission
Charleston Habitat for Humanity
City of Charleston
City of Folly Beach
City of Goose Creek
City of Isle of Palms
City of North Charleston
Connelly Builders
Dorchester County Government
Dorchester Habitat for Humanity
Douglas Company
East Cooper Habitat for Humanity
Episcopal Diocese Community Housing Development Organization
Federal Home Loan Bank of Atlanta
First Federal
Governor's Office of Economic Opportunity - Weatherization Assistance Program
Homeownership Resource Center
Humanities Foundation
Lowcountry Housing & Economic Development Foundation
Metanoia Community Development Corporation
Nehemiah Community Revitalization Corporation
Pastors, Inc.
Regions Bank
Rural Mission
SCHousing.com
Sea Island Habitat for Humanity
South Carolina Bank and Trust
South Carolina Community Loan Fund (formerly Lowcountry Housing Trust)
South Carolina State Housing Finance and Development Authority
TD Bank
Town of Awendaw
Town of Hollywood
Town of McClellanville
Town of Ravenel
Town of Sullivan's Island
Town of Summerville
Trident Urban League
US Department of Housing & Urban Development, Office of Community Planning & Development
USDA Rural Development
Wells Fargo

Note: This list is not exhaustive. Many more organizations may exist that provide housing resources. Organizations provided by the Lowcountry Housing Trust Affordable Housing Development Handbook, 2013.

Goals and Strategies

Goal 1

Increase the proportions of both owner- and renter-occupied housing in the region that are affordable to households earning below 120 percent of the median household income ($61,598) and are located in close proximity to employment centers and existing public infrastructure, as identified in *Our Region, Our Plan*, by at least ten percent by 2020.

Strategy 1

The Berkeley-Charleston-Dorchester Council of Governments will adopt a resolution to work with jurisdictions and agencies to implement the goals and strategies contained in the Berkeley-Charleston-Dorchester Housing Needs Assessment and present the document to BCDCOG Member Governments prior to the 2014 Housing Summit.

Strategy 2

Following the adoption of the Berkeley-Charleston-Dorchester Housing Needs Assessment, the SC Community Loan Fund (formerly Lowcountry Housing Trust) will coordinate with the Charleston County Planning Commission Housing Affordability Subcommittee to establish a Regional Housing Taskforce, comprised of local jurisdictions, BCDCOG, and non-profit and private organizations, to implement the strategies set forth in this document.

Strategy 3

The SC Community Loan Fund (formerly Lowcountry Housing Trust) will continue to host an annual Tri-County Housing Summit to continue the discussion of providing housing that meets the needs of all residents, as well as to benchmark the region's efforts in diversifying housing options that are affordable to households earning below 120 percent of the median household income ($61,598).

Strategy 4

No later than January 1, 2015, a regional housing coordination office will be established to carry out the following actions:

- **Coordinate local housing efforts**
    - Work with the regional housing taskforce to encourage public/private partnerships between local jurisdictions, developers, communities, non-profit organizations, and financial institutions to advocate for and increase the provision of housing that is affordable to residents;
    - Assist local jurisdictions with drafting, adopting, and implementing ordinances and programs that incentivize the development of diverse housing options that are affordable to residents and are located near employment centers and existing transportation corridors. Examples of incentives include bonus densities, reduced lot size and parking requirements, accessory dwelling units, land banking, reduced property tax assessments for affordable homes, streamlined permitting processes, permit fee exemptions, and tax increment financing districts;
    - Establish and maintain a region-wide community land bank for affordable housing purposes; and
    - Assist local jurisdictions with developing an inventory of areas that are optimal for housing redevelopment to encourage infill development and utilization of existing public facilities.

- **<u>Provide technical assistance, education, advocacy, and compliance</u>**
    - Provide technical assistance and education to local jurisdictions and developers regarding the development of and financing options for housing that is affordable to residents;
    - Create long-term outreach and education programs to increase awareness of affordable housing issues among the public and local officials to mitigate barriers to affordable housing such as zoning, public perception, and financing;
    - Track compliance with housing regulations to ensure new housing developments with affordable components remain affordable to future residents (both homeowners and renters) and provide assistance with enforcement of housing affordability regulations;
    - Provide workshops and technical assistance for local developers and planning staff members regarding financing and construction of homes that are affordable to residents; and
    - Identify the type of housing (renter- vs. owner-occupied; single-family vs. multi-family, etc.) needed in the region for households earning 120 percent of the MHI ($61,598) or less.
- **<u>Provide assistance with housing-related funding programs</u>**
    - Coordinate with local governments that manage US Department of Housing & Urban Development (HUD) funding to prioritize requests for funding of housing projects that are located near employment centers, public transportation, and community assets by awarding higher scores on application evaluations, and incorporate goals and strategies of the Housing Needs Assessment into applicable HUD-required housing plans; and
    - Assist local organizations in the region in applying for housing-related grants.
- **<u>Advocate for public transportation improvements</u>**
    - Coordinate with public transportation providers to improve current transportation routes and explore transportation alternatives such as bus rapid transit and light rail that link a greater proportion of the population with employment centers and services;
    - Coordinate with CARTA and Tri-County Link to adjust bus routes and create more than one transportation HUB to serve and encourage use by more riders along major transportation corridors to lower transportation costs; and
    - Coordinate with governmental agencies, non-profit organizations, and the business community to actively support local legislative efforts to fund new transportation opportunities.

Strategy 5

No later than January 1, 2016, the regional housing coordination office will convey the housing priorities in state policymaking by carrying out the following actions:

- Engage the Affordable Housing Coalition of South Carolina, Palmetto Affordable Housing Forum, CTAR, Home Builders Association, etc. to identify and support innovative funding mechanisms for diversifying housing affordability; and
- Create a legislative packet that addresses the impacts of the following issues on housing affordability:
    - Flood insurance rate increases due to the Biggert-Waters Flood Insurance Reform Act of 2012; and
    - Amendments to the Fair Housing Rules by the US Department of Housing & Urban Development (HUD).

Goal 2

Increase the average hourly wages and salaries in the region paid by existing industries, encourage the recruitment of businesses and industries that pay the wages necessary to afford housing ($32.37/hour), and train residents to obtain higher paying jobs through coordination with the Charleston Regional Development Alliance (CRDA) and local Economic Development Departments.

Strategy 1

The regional housing coordination office, through utilization of the regional housing taskforce, will collaborate with economic development partners to recruit more businesses that pay high wages, locate near existing housing and public facilities, and provide employer benefits and training opportunities.

Strategy 2

The regional housing coordination office, through utilization of the regional housing taskforce, will coordinate with the local school districts, higher education institutions, and local industries to strengthen the quality of curricula in the region's schools, provide more opportunities for technical and on-the-job training, and improve career opportunities for local residents to obtain employment in target industries that often pay higher wages.

Community Profile

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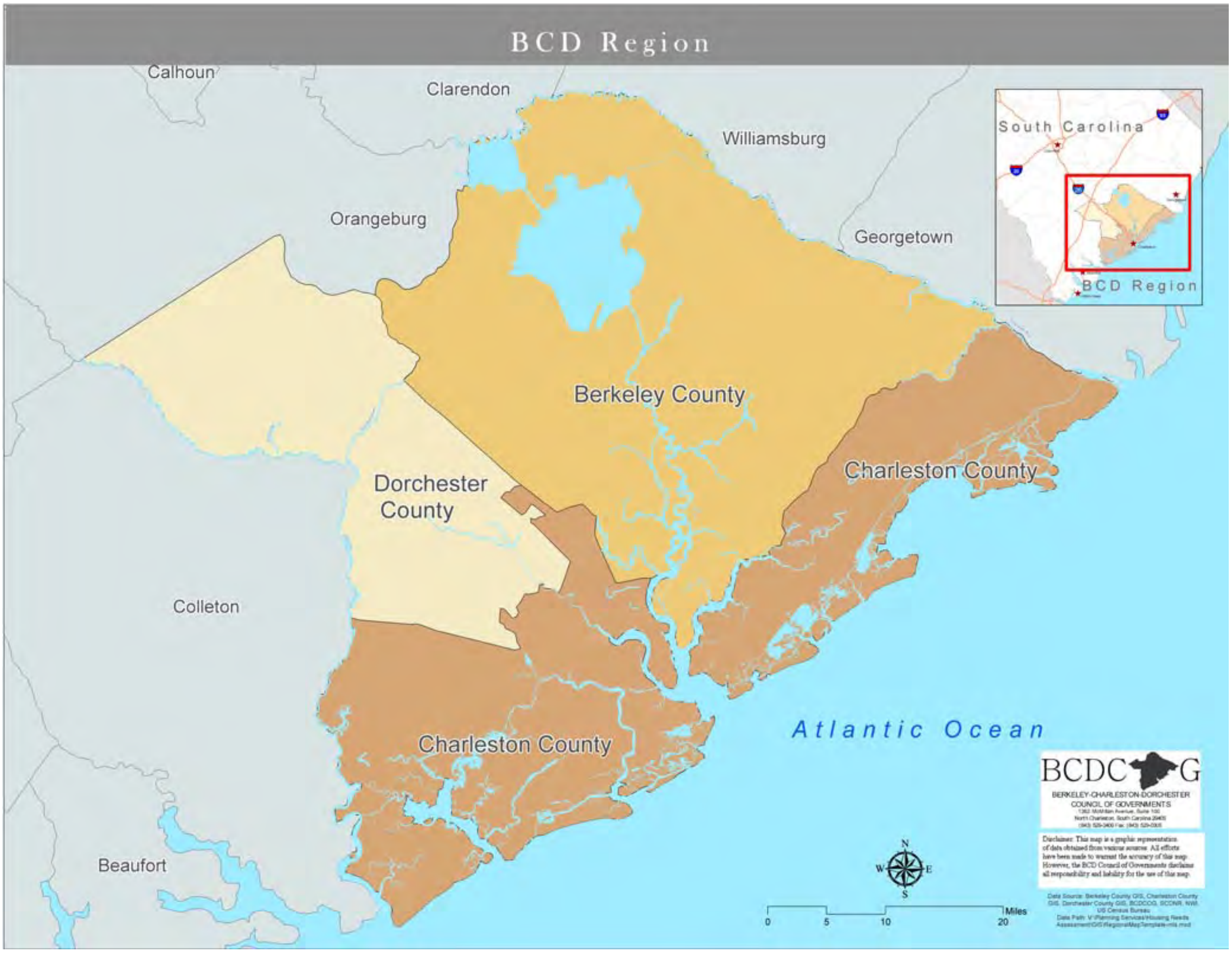
Geographic Location

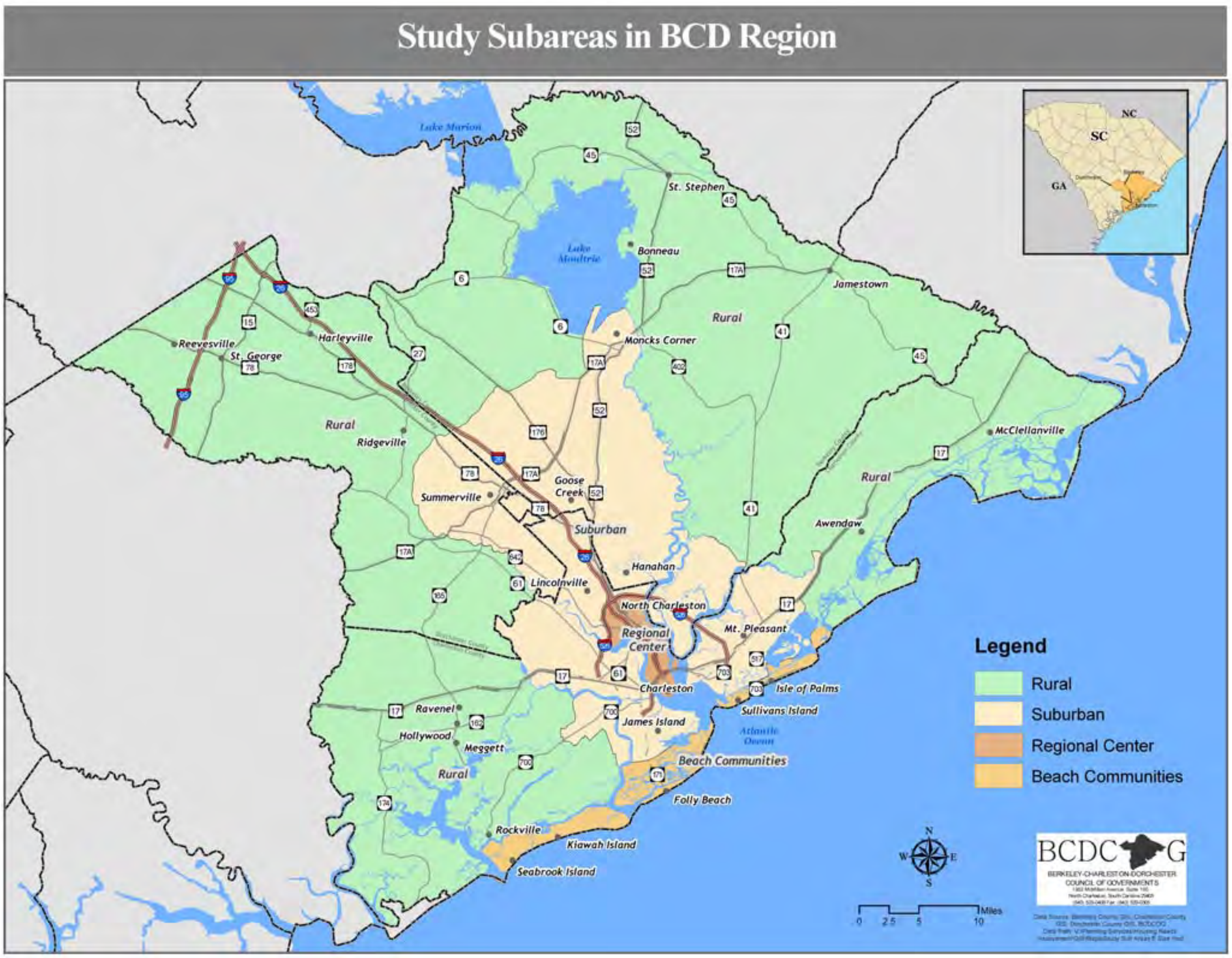
Berkeley, Charleston, and Dorchester Counties together form the region. Located on the eastern coast of South Carolina, the entire region encompasses 2,592 square miles of land.

FIGURE 1: MAP OF REGION



For the purpose of this assessment, four study subareas were established using Census Tract boundaries, Multiple Listing Service (MLS) area boundaries, transportation infrastructure, and geographic characteristics. These four study subareas, as illustrated in ***Figure 2***, are: **Regional Center**, which encompasses a portion of the Interstate 26 corridor through the Charleston "Neck" to the peninsula; **Suburban**, which includes more developed areas surrounding the Regional Center; **Rural**, which includes less developed areas outside of the Suburban study area; and the **Beach Communities**, which include Dewees Island, the Towns of Seabrook Island, Kiawah Island, and Sullivan's Island, and the Cities of Isle of Palms and Folly Beach.

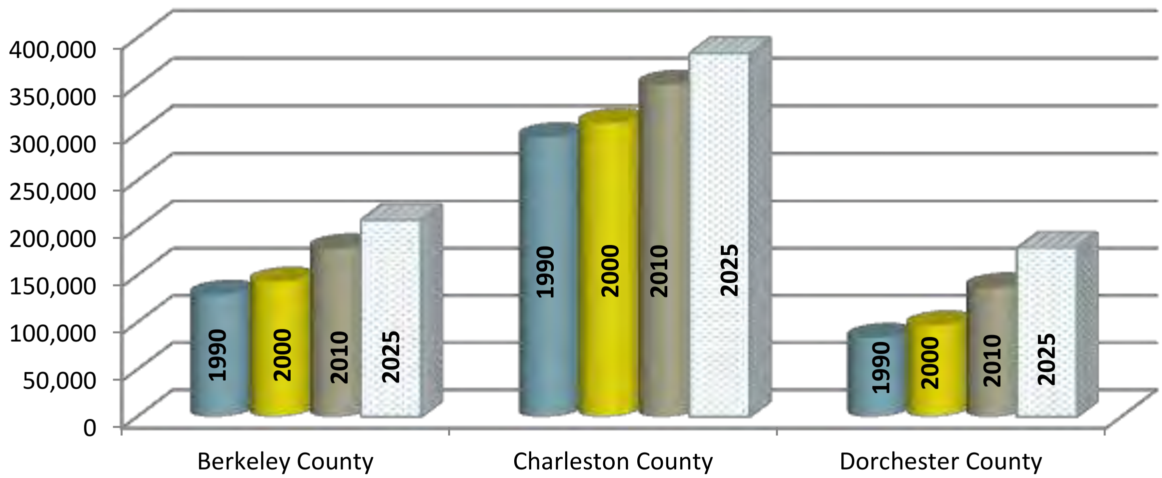
FIGURE 2: MAP OF STUDY SUBAREAS



Population

The region's population has flourished, growing approximately 31 percent, or by 157,732 people, to 664,607 between 1990 and 2010. From 2000 to 2010, the regional population increased by over 115,500 residents (approximately 21 percent). ***Figure 3*** demonstrates the population growth for the three counties from 1990 to 2010, as well as the 2025 projected population.

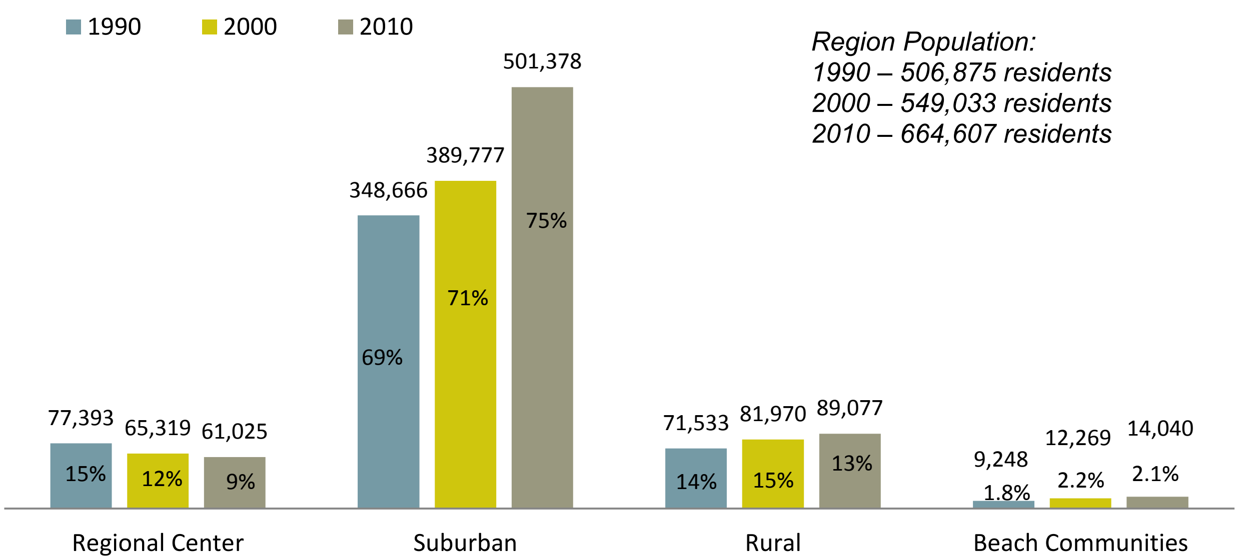
FIGURE 3: POPULATION GROWTH BY COUNTY, 1990-2025



Sources: U.S. Census Bureau, 1990, 2000, 2010; BCDCOG (2025 projection)

Figure 4 depicts the population change from 1990 to 2010 in the four study subareas. Since 1990, a majority of the population has lived in the Suburban subarea. Despite having a greater population density, the proportion of residents living in the Regional Center subarea has decreased from 15 percent to nine percent over the past twenty years as the Suburban subarea population grew from 66 percent to nearly 72 percent. The populations of the Rural and Beach Communities subareas increased slightly over the same time period.

FIGURE 4: POPULATION DISTRIBUTION BY SUBAREA, 1990-2010

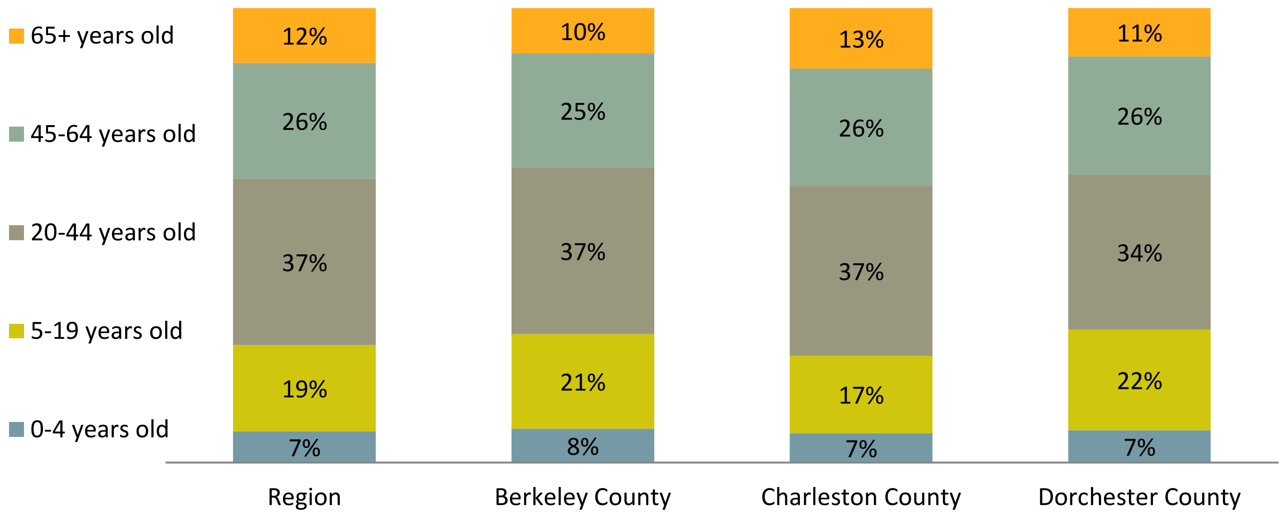


Note: The percentages indicate the proportion of the total regional population for each subarea for the given year. Source: ESRI Business Analyst via U.S. Census Bureau, 1990, 2000, 2010

Age

The median age of residents in the region is 35.4 years. ***Figure 5*** indicates the distribution of residents: under 4 years old (babies and toddlers); 5 to 19 years old (youth); 20 to 44 years old and 45 to 64 years old (working age); and over 65 years old (seniors). As demonstrated below, the age distributions are very similar across the region and three counties, with the largest percent of the population in the working age groups (20 to 44 years old and 45 to 64 years old).

Figure 5: Age Distribution of Population, Region, 2011

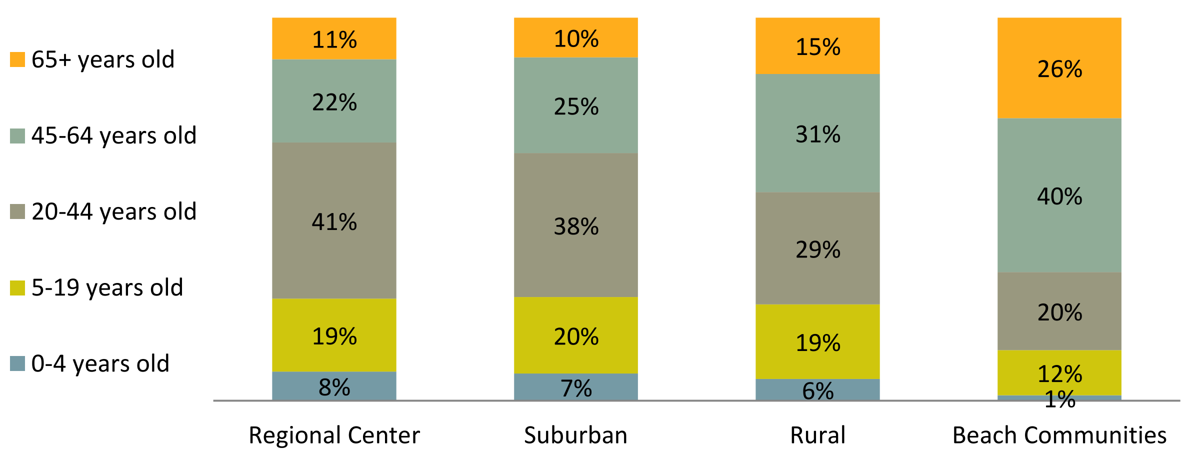


Total Population: ***655,456*** ***174,679*** ***346,981*** ***133,796***

Note: The percentages indicate the proportion of the total population that corresponds with the noted age group. Source: American Community Survey, 2007-2011

As depicted in ***Figure 6***, the age distributions of most subareas are similar to those of the region and three counties. The exception is the Beach Communities subarea, which has far fewer children, age 0 to 19 years old (13 percent), and a larger population of seniors, age 65 years old and over (26 percent), than the region or counties.

Figure 6: Age Distribution of Population by Subarea, 2011

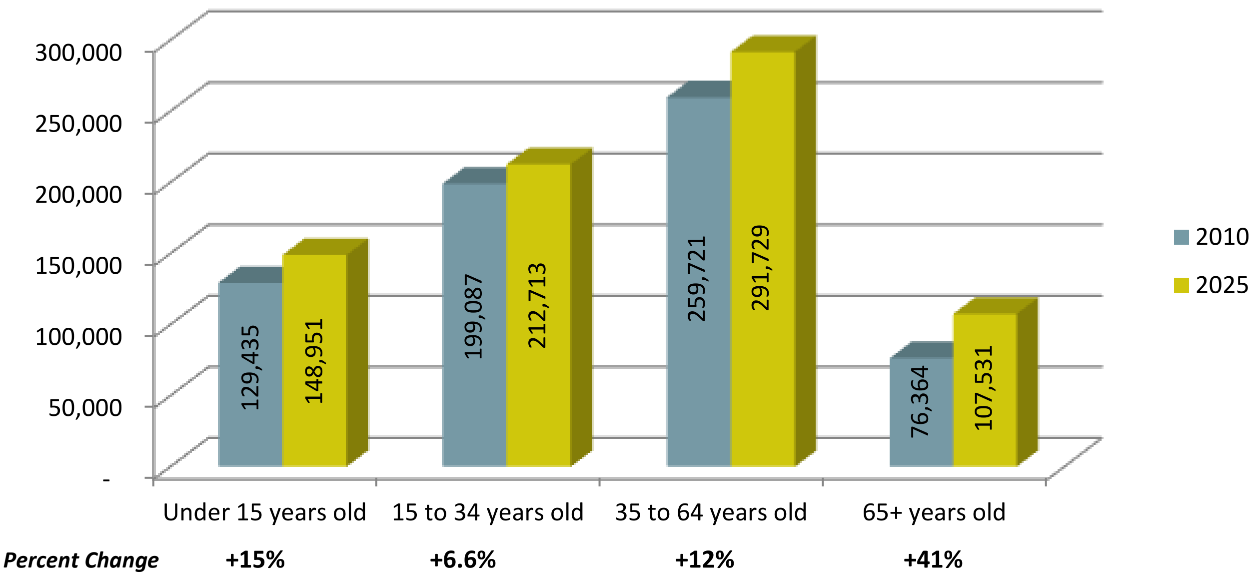


Total Population: ***70,128*** ***485,909*** ***88,143*** ***11,276***

Note: The percentages indicate the proportion of the total subarea population that corresponds with the noted age group. Source: ESRI Business Analyst via American Community Survey, 2007-2011

As the region has grown, certain age groups have increased in population more than others. In ***Figure 7,*** the distributions of age groups in 2010 are adjusted to reflect projected growth by 2025. As depicted, residents 35 to 64 years of age are projected to continue as the largest portion of the population in 2025, followed by residents 16 to 34 years of age, residents under 15 years of age, and residents 65 years of age and older. However, the population 65 years and older is projected to see the largest proportionate increase (41 percent) between 2010 and 2025.

FIGURE 7: PROJECTED GROWTH OF AGE GROUPS, REGION, 2010-2025

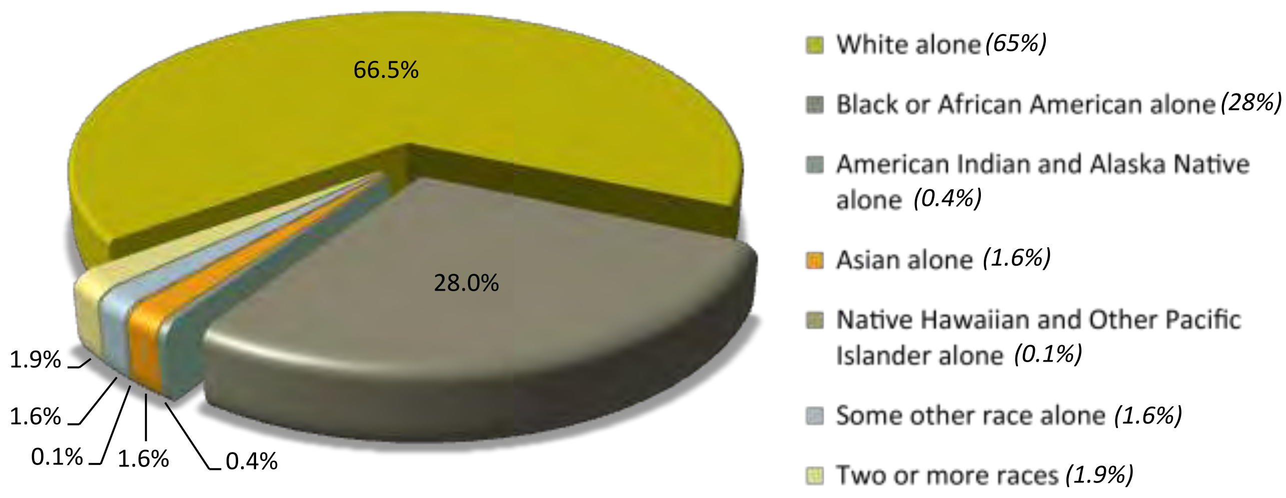


Note: The 2025 data was compiled by applying the weighted overall growth rate to age groups based on the 2000-2010 growth. Source: U.S. Census Bureau, 2010; 2025 projection by BCDCOG

Race and Ethnicity

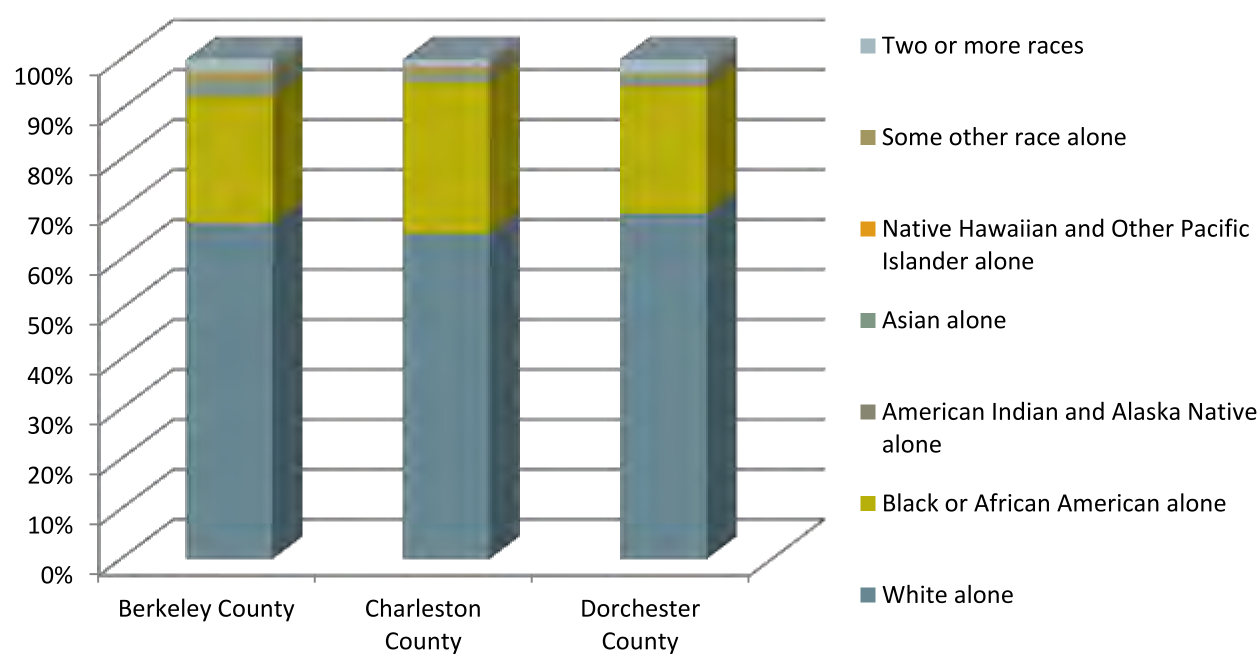
Figure 8 depicts the racial composition of the region. The racial compositions of each of the three counties are similar to that of the region, as depicted in ***Figure 9***. Dorchester County has a slightly less diverse population (69 percent of the population is white alone) compared to both Berkeley and Charleston counties, where 67 and 65 percent of the population is white alone, respectively.

FIGURE 8: RACIAL COMPOSITION OF REGION, 2011



Source: American Community Survey, 2007-2011

FIGURE 9: RACIAL COMPOSITION BY COUNTY, 2011

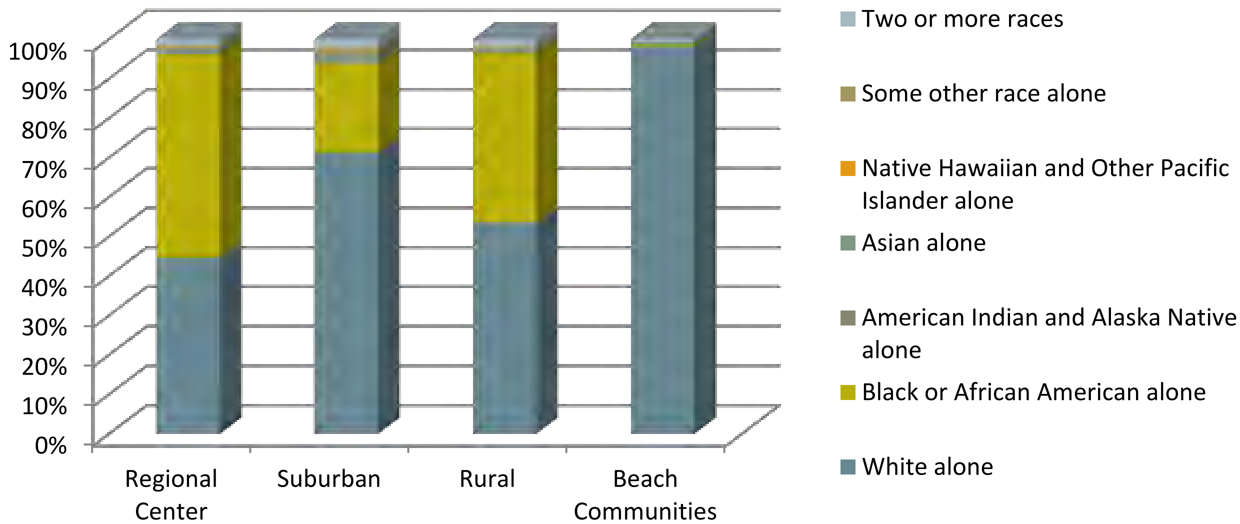


Source: American Community Survey, 2007-2011

Population diversity in the subareas is somewhat different from both the counties and region (see ***Figure 10***). The populations of the Beach Communities and Suburban subareas are predominantly

White, non-Hispanic (98 percent and 72 percent, respectively), while the population of the Regional Center is predominantly African American (52 percent).

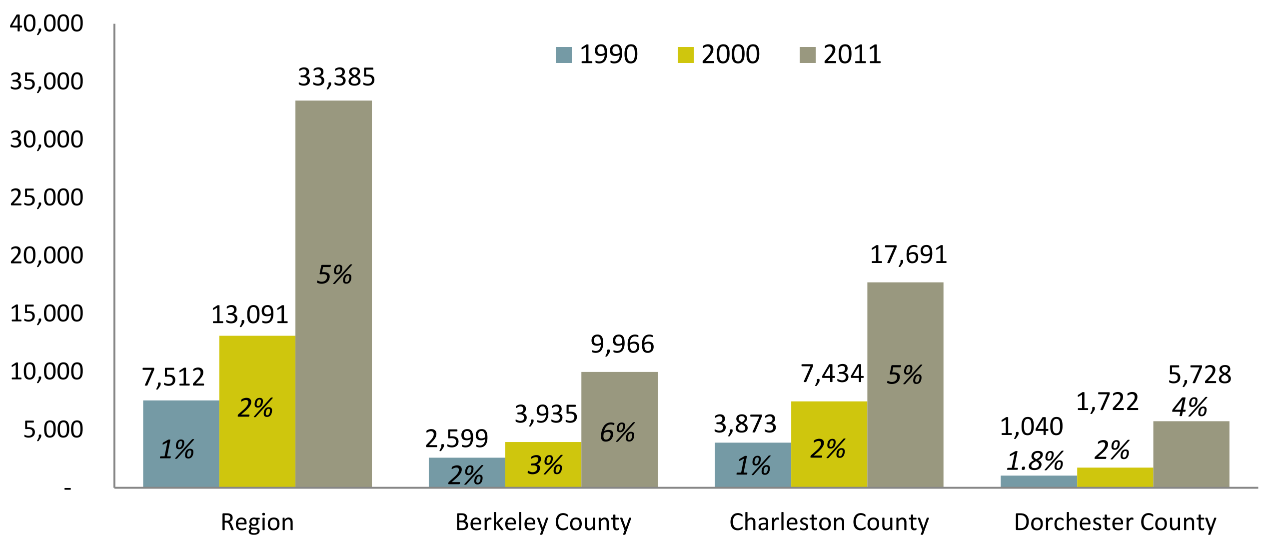
Figure 10: Racial Composition by Subarea, 2011



Source: ESRI Business Analyst via American Community Survey, 2007-2011

The Hispanic or Latino population represents the fastest growing ethnic group in South Carolina. The total number of Hispanics or Latinos in the state increased from 95,076 residents in 2000 to 222,550 in 2011, a 134 percent increase. In the region, the Hispanic or Latino population increased from 13,091 Hispanics or Latino residents in 2000 to 33,385 residents in 2011, a 155 percent increase. ***Figure 11*** illustrates the growth of the Hispanic or Latino population in the region and three counties from 1990 to 2011. Historically, this population has been underrepresented in U.S. Census data; therefore, these percentages could actually be higher in some areas of the region.

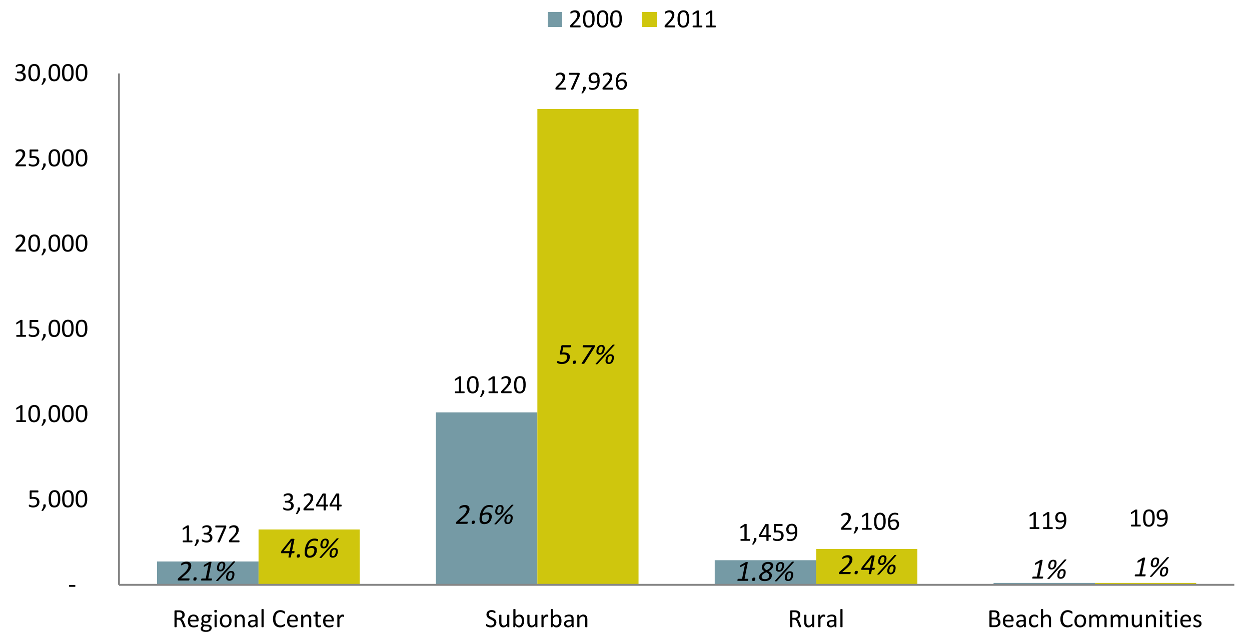
Figure 11: Hispanic or Latino Population, Region, 1990-2011



Note: The percentages represent the proportion of the geographic location's population that identifies as Hispanic or Latino.
Sources: U.S. Census Bureau, 1990, 2000; American Community Survey, 2007-2011

The geographic disbursement of Hispanics or Latinos varies based on subarea, as depicted in ***Figure 12***. The majority of the Hispanic or Latino population resides in the Suburban subarea.

FIGURE 12: HISPANIC OR LATINO POPULATION BY SUBAREA, 2000-2011

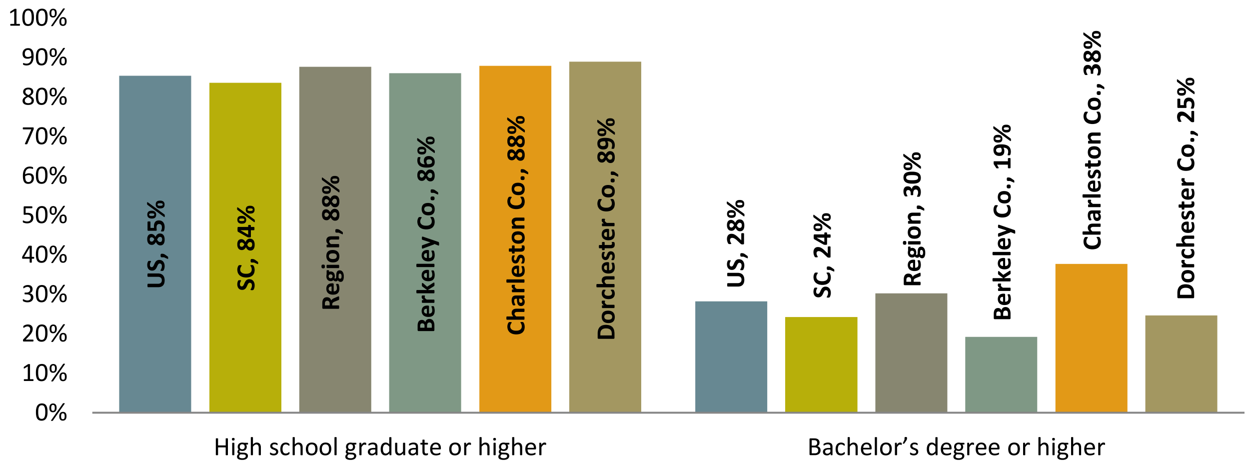


Note: The percentages represent the proportion of the geographic location's population that identifies as Hispanic or Latino.
Sources: ESRI Business Analyst via U.S. Census Bureau, 2000 & American Community Survey, 2007-2011

Educational Attainment

Compared to both the United States and South Carolina, the region has a higher percentage of residents over 25 years of age that are high school graduates and those with a bachelor's degree or higher, as depicted in ***Figure 13***. The percentage of residents that have graduated from high school in the three counties is similar to that of the region; however, there is some deviation in the percentages of the counties' populations that have earned bachelor's degrees or higher education levels. Regionally, 12 percent of the residents 25 years and older do not have a high school diploma or equivalent and 70 percent do not have a bachelor's degree or higher. The region may not be retaining its educated population due to the lack of employment opportunities that pay competitive wages partnered with a lack of housing options that are affordable to recent graduates.

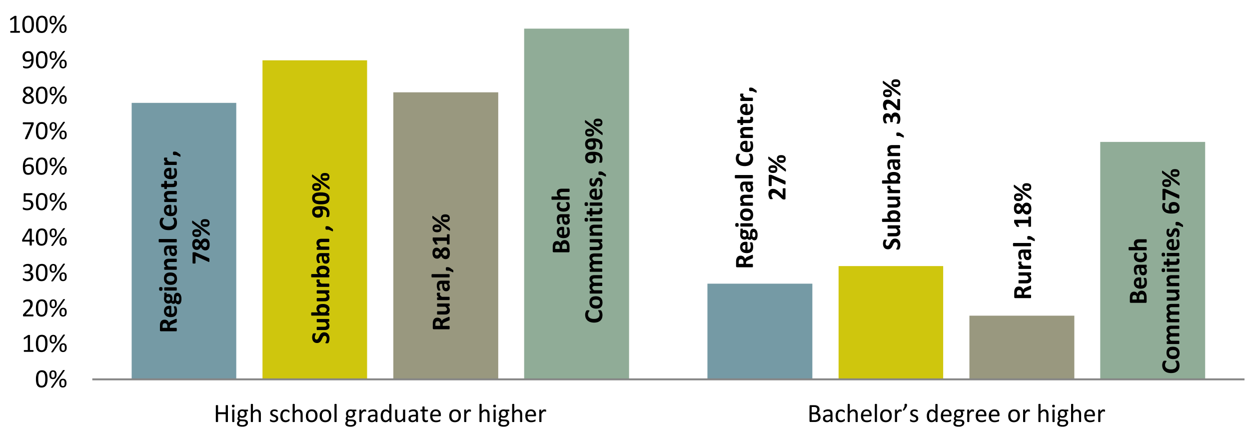
Figure 13: Educational Attainment, 2011



Source: American Community Survey, 2007-2011

Educational attainment varies more among the four subareas, as depicted in ***Figure 14***. The majority of residents in all four subareas hold high school diplomas. Two-thirds of residents in the Beach Communities subarea have bachelor's degrees or higher while 32 percent of the Suburban subarea residents, 27 percent of Regional Center residents, and 20 percent of Rural subarea residents have bachelor's degrees or higher.

Figure 14: Educational Attainment by Subarea, 2011



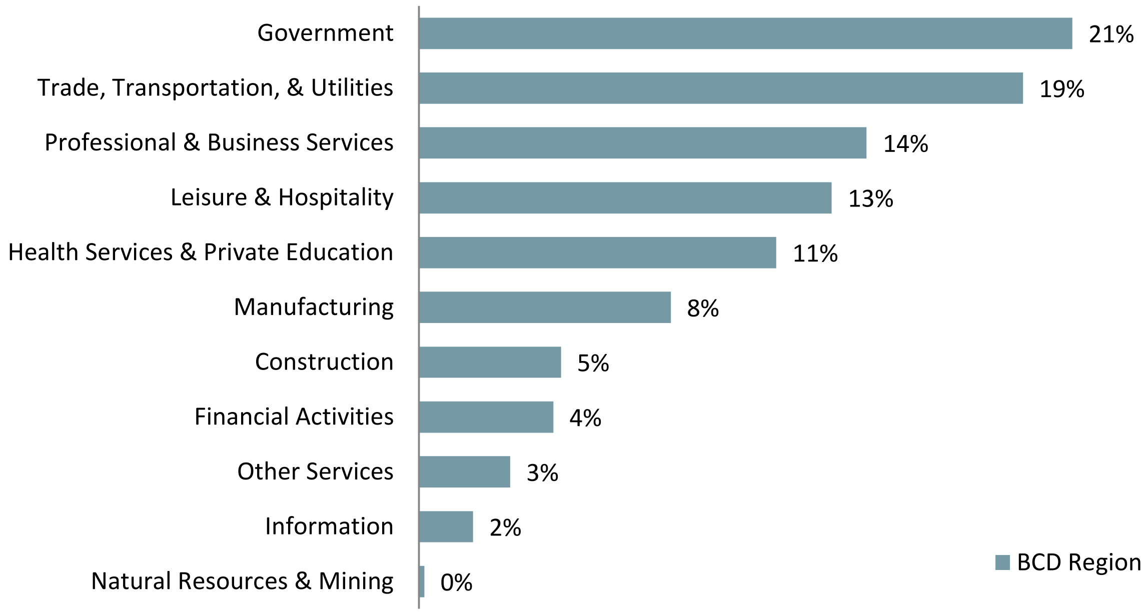
Source: ESRI Business Analyst via American Community Survey, 2007-2011

Labor Force

Approximately two-thirds (67 percent) of the region's population 16 years of age or older participate in the labor force. Likewise, approximately two-thirds of the population in each of the three counties participates in the labor force. However, participation rates vary in the four subareas. [1] The Beach Communities and Regional Center subareas have lower participation rates (56 and 57 percent, respectively) than the participation rates in the Rural and Suburban subareas.[2]

As shown in ***Figure 15***, most of the region's labor force is employed by government agencies or work in trade, transportation, and utilities; professional and business services; leisure and hospitality; or health services and private education.

FIGURE 15: TOTAL EMPLOYED BY INDUSTRY, REGION, 2011

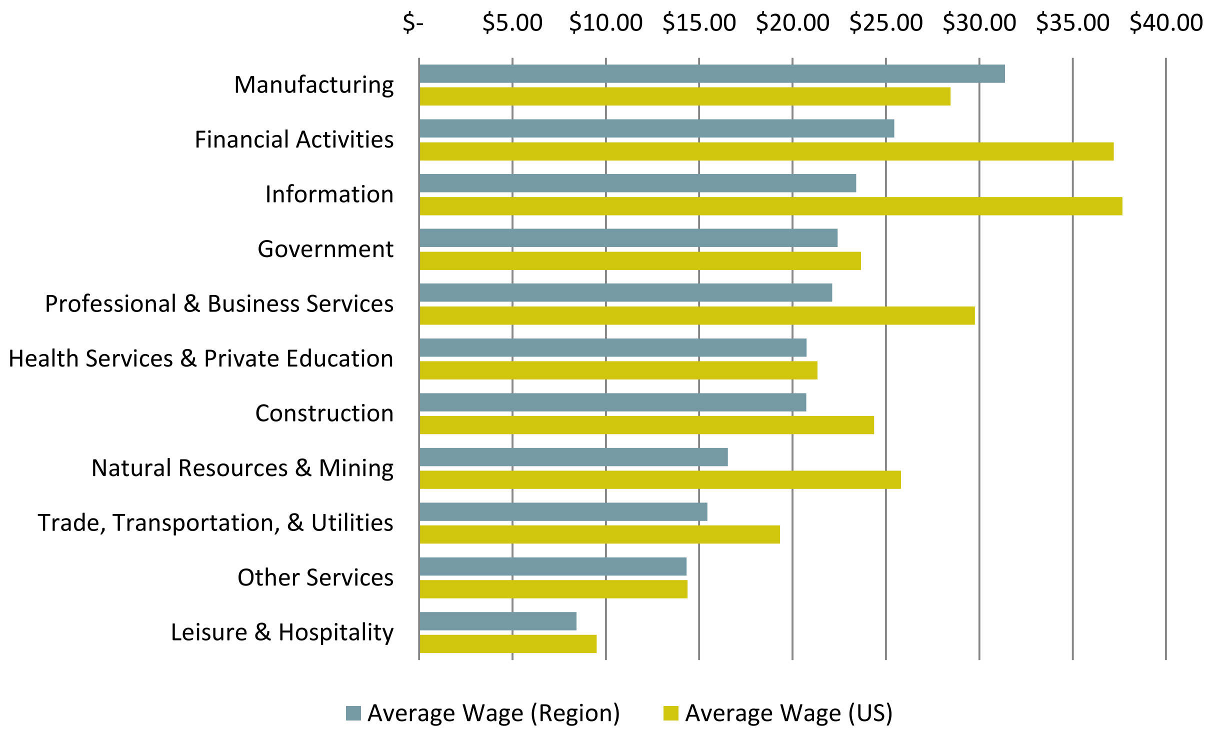


Source: Charleston Regional Competitiveness Center via Bureau of Labor Statistics, 2011

[1] American Community Survey, 2007-2011.
[2] ESRI Business Analyst via American Community Survey, 2007-2011.

Figure 16 illustrates the average wage per hour for all industries in the region compared to the United States average. With the exception of manufacturing, all of the regional hourly wages fall below the national average, as depicted in ***Figure 17***.

FIGURE 16: AVERAGE WAGE PER HOUR COMPARISON, REGION VS. UNITED STATES, 2011

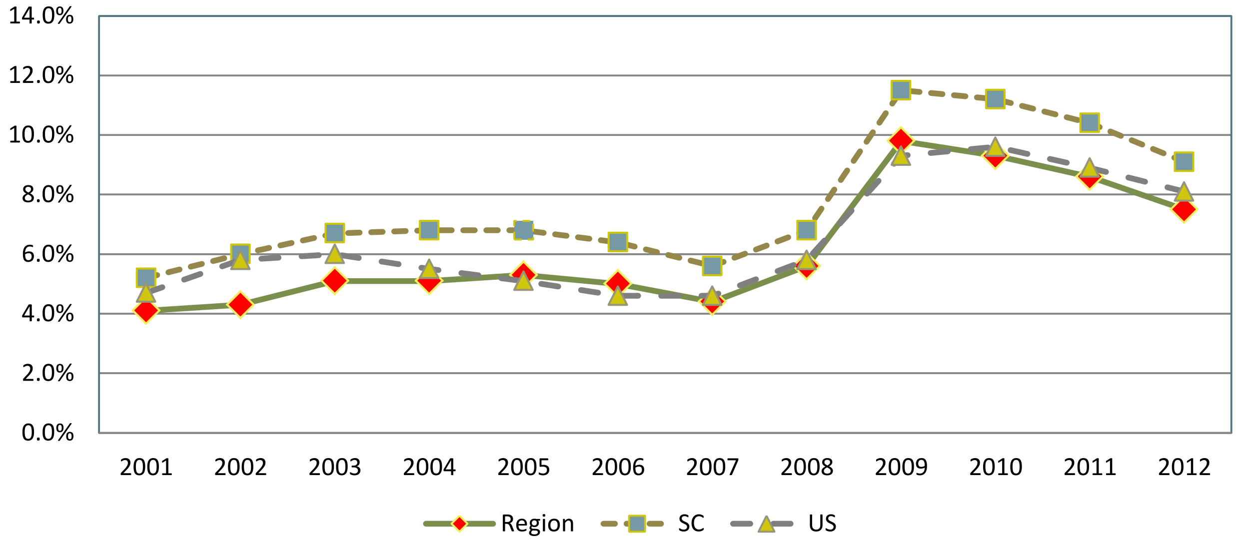


Note: The Leisure & Hospitality average wage does not include tips, which provides supplemental income to some workers in this industry. Source: Charleston Regional Competitiveness Center via Bureau of Labor Statistics, 2011

Unemployment

Figure 17 below depicts the historical trend of unemployment for the region. The unemployment rate increased sharply beginning in 2008 and remained high until 2010 when the rate steadily began decreasing. This mimics the national unemployment rate, which also increased greatly following the financial recession that began in 2008.

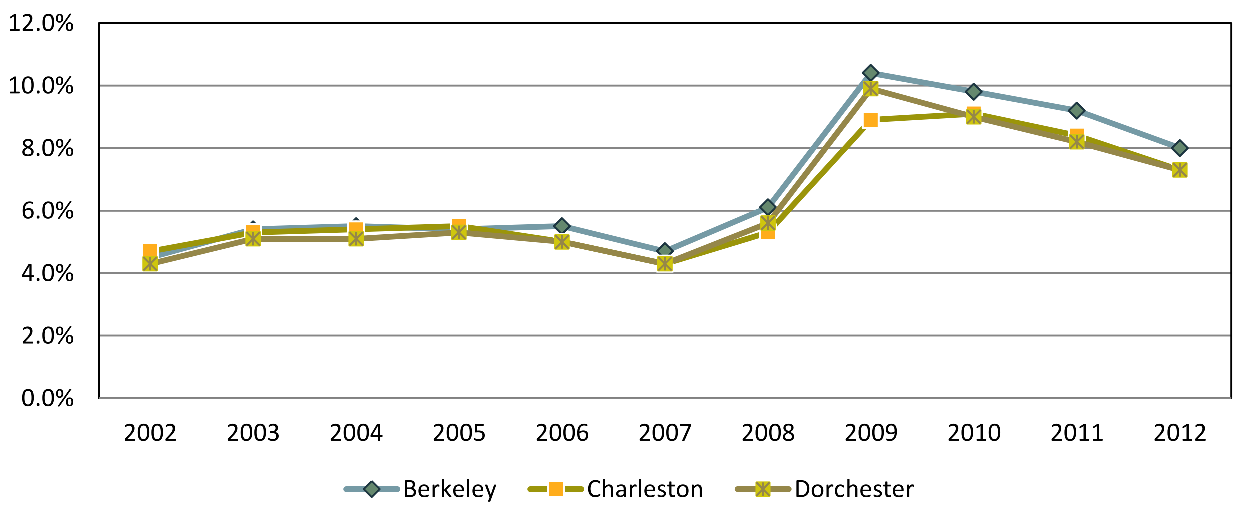
FIGURE 17: UNEMPLOYMENT, REGION, 2001-2012



Source: *Bureau of Labor Statistics, 2001-2012*

Figure 18 indicates the unemployment rates for each county in the region from 2002 to 2012. As depicted, the unemployment rates are very similar; however, Berkeley County remained consistently higher than Charleston and Dorchester Counties from 2006 to 2012.

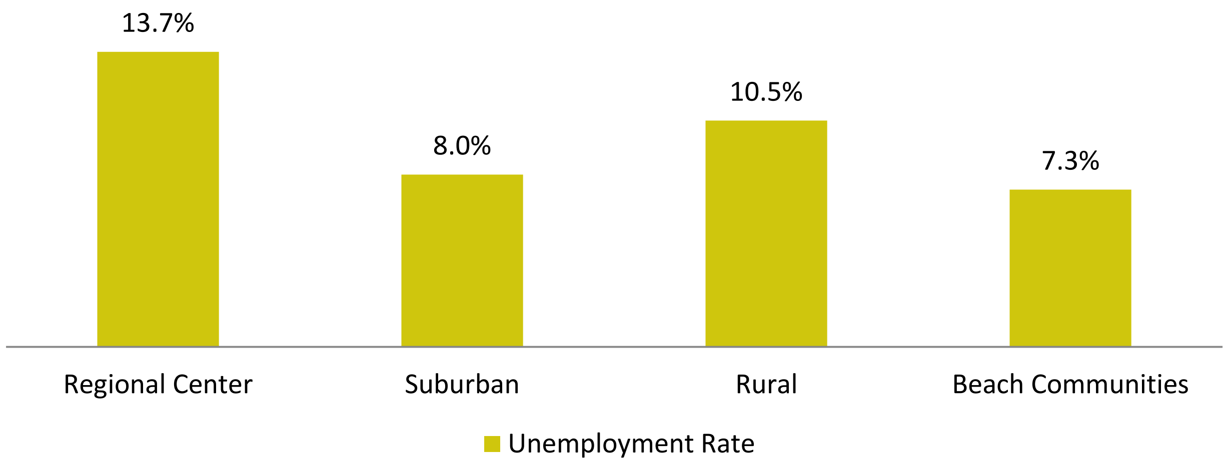
FIGURE 18: UNEMPLOYMENT BY COUNTY



Source: SC Department of Employment and Workforce, 2002-2012

Figure 19 indicates the unemployment rates in the subareas, as of 2011. The majority of the population lives in the Suburban subarea; however, that subarea has the lowest unemployment rate (approximately eight percent) of the four subareas. Conversely, the Regional Center subarea, which houses only nine percent of the region's population, has the highest unemployment rate (nearly 14 percent).

FIGURE 19: UNEMPLOYMENT RATE BY SUBAREA, 2011

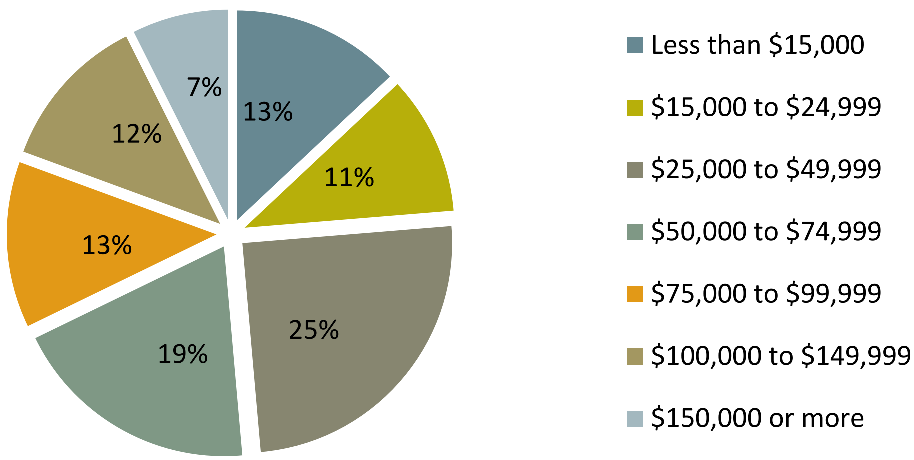


Source: ESRI Business Analyst via American Community Survey, 2007-2011

Household Income

Figure 20 depicts the distribution of median household incomes (MHI) in the region. Almost half the region's households earn less than $50,000 per year, which is less than the median household income of the region ($51,332). In the region, residents must earn a household income of $64,000 to afford a housing unit of median sales value ($192,000). To rent a housing unit with a median gross rent of $899 for the region, a household must earn $35,924.

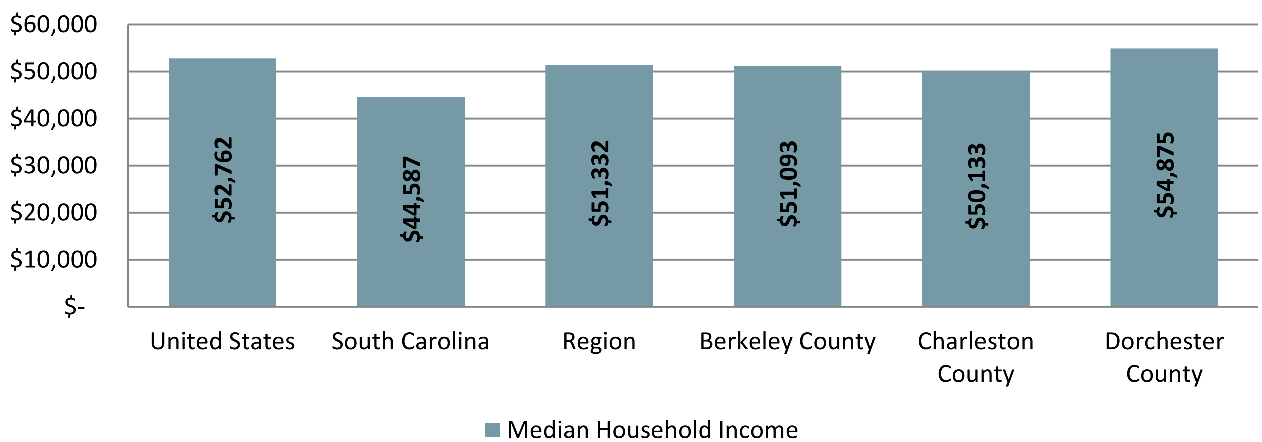
Figure 20: Distribution of Median Household Income, Region, 2011



Source: American Community Survey, 2007-2011

Figure 21 demonstrates the MHI for the nation, state, region, and counties. The region's MHI ($51,332) is fifteen percent higher than that of South Carolina and only slightly lower than that of the United States. Dorchester County has the highest median household income ($54,875), although there is little disparity between the Median Household Income of the three counties.

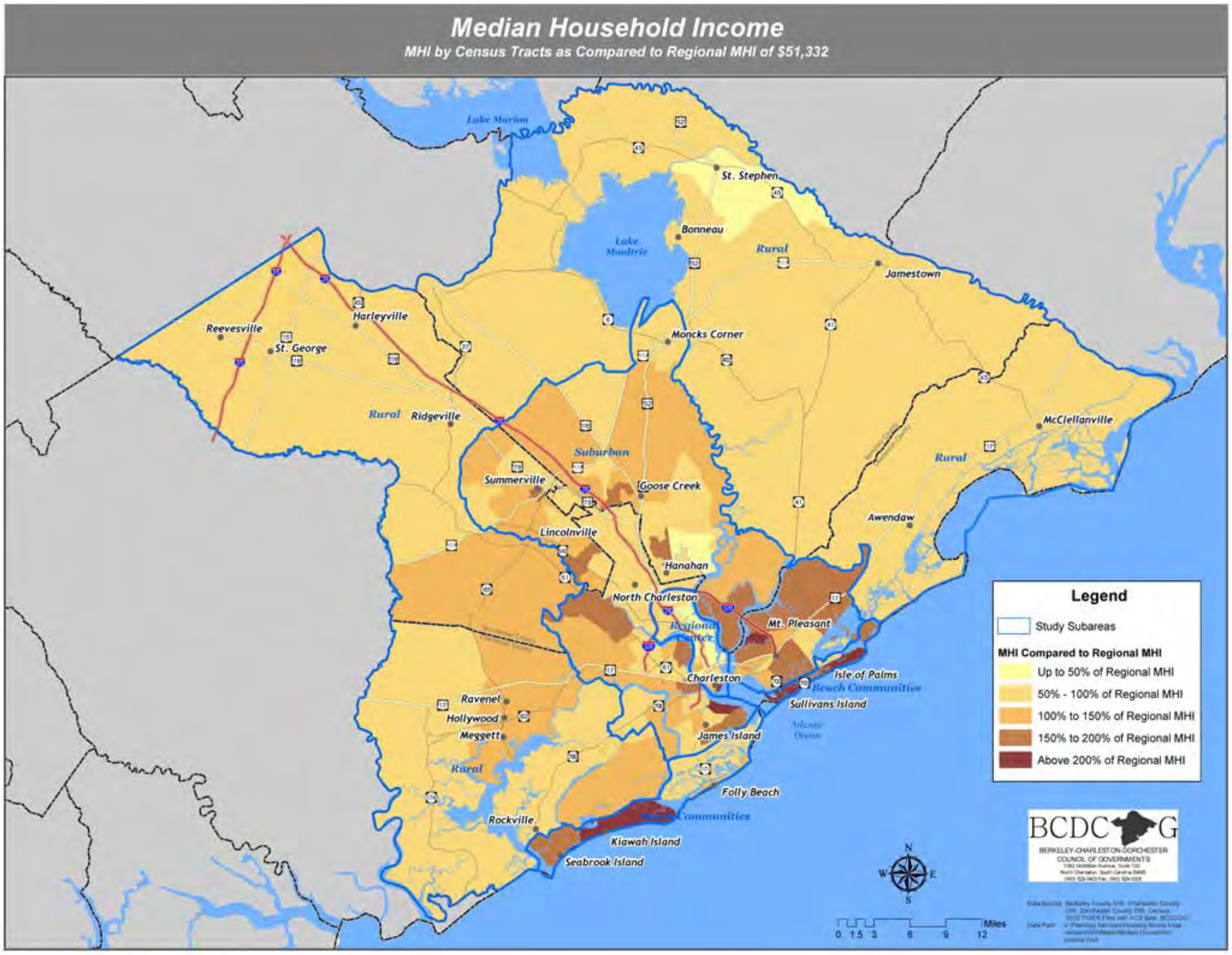
Figure 21: Median Household Income, 2011



Source: American Community Survey, 2007-2011

Figure 22 illustrates the median household income by Census tract as a portion of the region's household median income (MHI), depicting where there are concentrations of wealth. Households in areas with an MHI below $51,332 (100% of the regional MHI) most likely have less income to dedicate to housing expenses. ***Table 1*** describes the income ranges as depicted on the map.

FIGURE 22: MAP OF HOUSEHOLD INCOME DISTRIBUTION, 2011



Source: American Community Survey, 2007-2011

TABLE 1: INCOME LEVELS OF HOUSEHOLDS, 2011

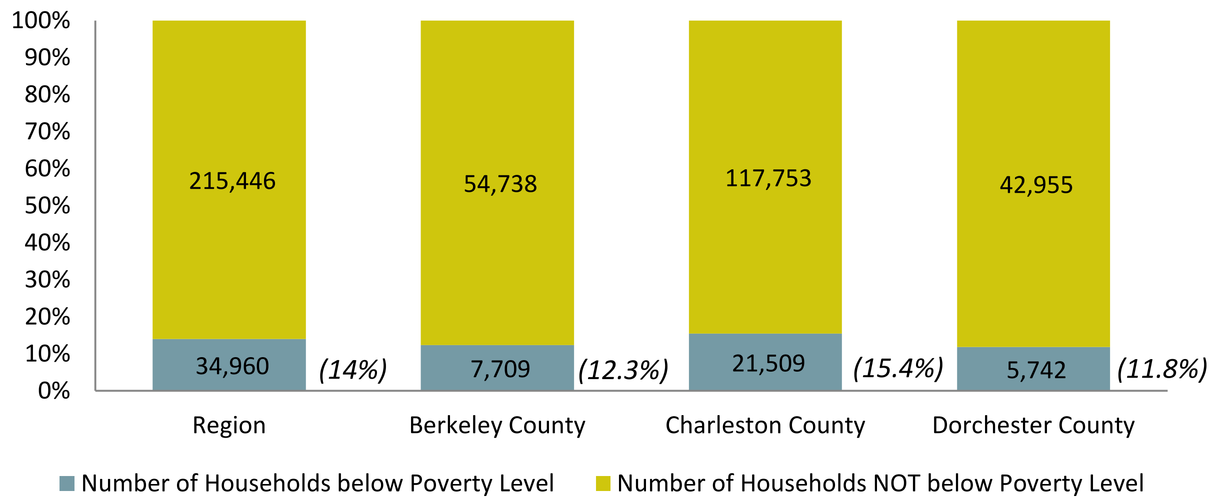
Median Household Income (MHI)	Annual Income Range of Household
Less than 50% of MHI	$0 to $25,666
50-80% of MHI	$25,666 to $41,066
80-100% of MHI	$41,066 to $51,332
100-150% of MHI	$51,332 to $76,998
150-200% of MHI	$76,998 to $102,664
More than 200% of MHI	Greater than $102,664
Note: The Median Household Income is $51,332.	

Source: American Community Survey, 2007-2011

Poverty

The entire region is composed of 250,406 households. ***Figure 23*** shows the percentage of households with incomes below the poverty level in the region and three counties from 2007-2011. In 2011, the poverty guideline for a family of three was $18,530.[3] Of the three counties, Charleston County has the highest number and percentage of households in poverty.

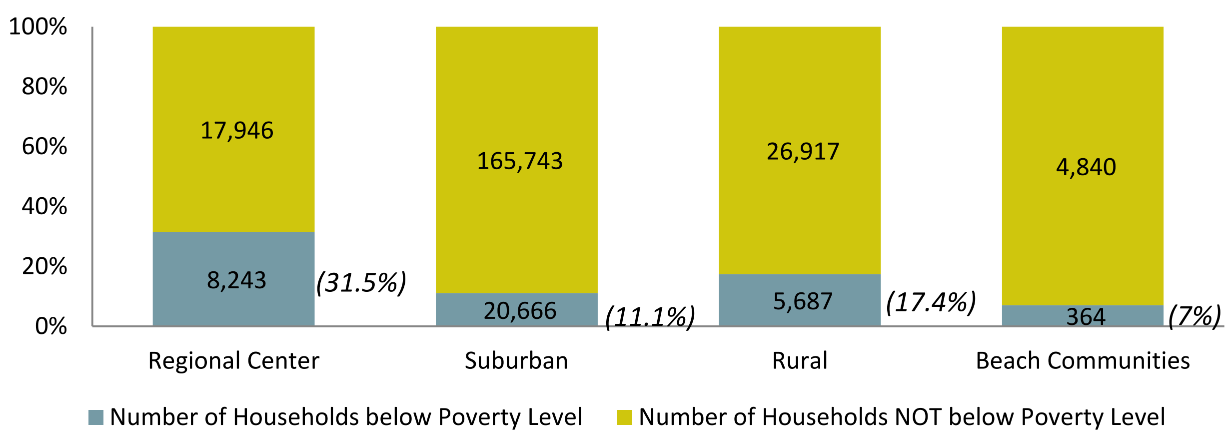
FIGURE 23: NUMBER OF HOUSEHOLDS WITH INCOMES BELOW POVERTY LEVEL, REGION, 2011



Note: The percentages depict the proportion of total households in each geographic location with incomes that fall below the poverty level. Source: American Community Survey, 2007-2011

As depicted in ***Figure 24***, the Regional Center subarea has the highest percentage of households below the poverty level (nearly 32 percent). The Beach Communities subarea has the lowest number of households with incomes below the poverty level (seven percent).

FIGURE 24: NUMBER OF HOUSEHOLDS WITH INCOMES BELOW POVERTY LEVEL BY SUBAREA, 2011



Note: The percentages depict the proportion of total households in each geographic location with incomes that fall below the poverty level. Source: ESRI Business Analyst via American Community Survey, 2007-2011

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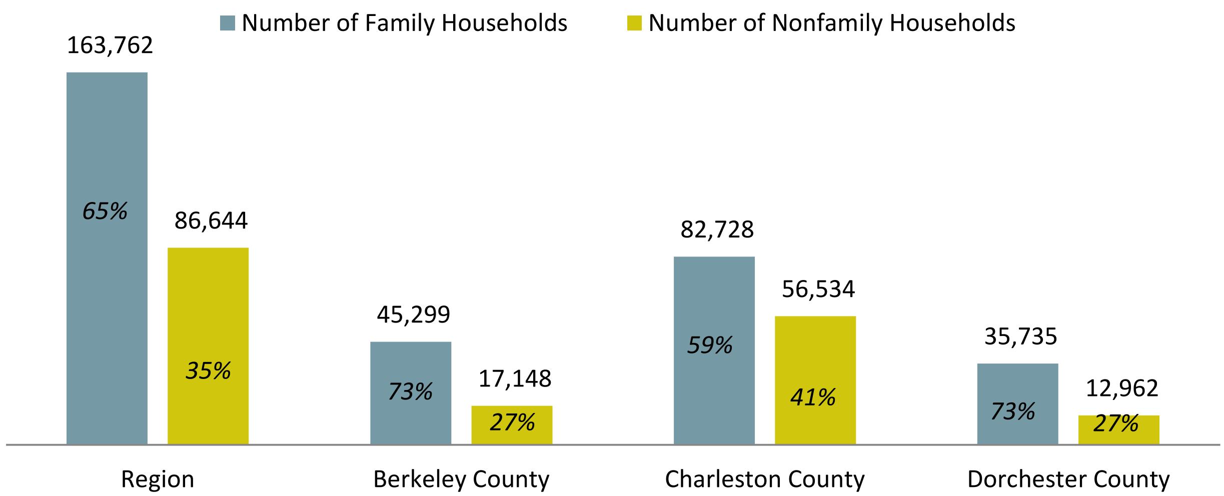
[3] U.S. Department of Health and Human Services, 2011.

Household Size and Composition

Of the 250,406 households in the region, the majority are family households. Family households are defined as a married couple or a single parent and at least one child. Nonfamily households are defined as single-person households or households of multiple unrelated individuals. ***Figure 25*** indicates the household types in the region and three counties. Charleston County has the greatest number and proportion of nonfamily households (41 percent).

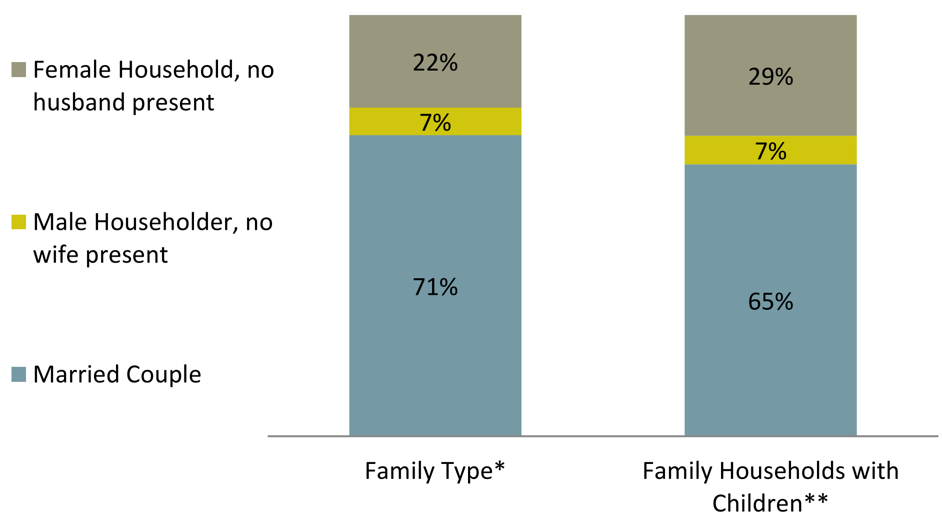
Figure 25: Household Type, Region, 2011



Note: Percentages indicate the proportion of total households in each geographic location. Source: American Community Survey, 2007-2011.

Of the 163,762 family households in the region, 72,912 (approximately 45 percent) have children under the age of 18 years. The majority of the family households (71 percent) are married couples. 22 percent of family households have female householders with no husband present. Of these female-headed households, over half (58 percent) have children under 18 years of age. ***Figure 26*** further illustrates the type of family households, as well as the type of households with children.

Figure 26: Family Household Characteristics, Region, 2011

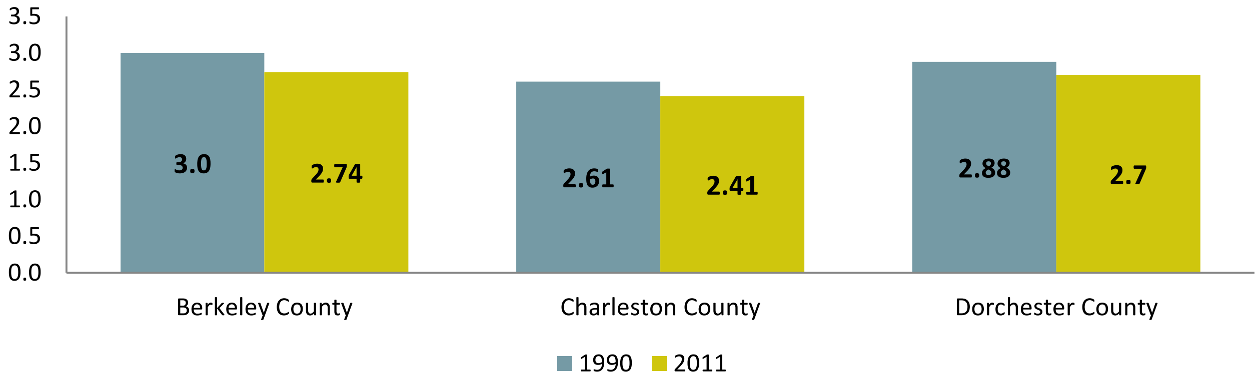


**"Family Type" is based on the total number of family households (163,762).*
***"Family Households with Children" is based on the total number of family households with children in the region (72,912).*
Source: American Community Survey, 2007-2011

The four study subareas are also primarily comprised of family households. The Rural subarea has the greatest proportion of family households of the four subareas (72 percent). The Regional Center is nearly split in half with 49 percent of the households categorized as "family households" and 51 percent categorized as "nonfamily households".

Figure 27 demonstrates the average persons per household in the three counties. The average household size for the Region in 2011 was 2.55 persons. As noted, household sizes in all three counties have decreased since 1990, which follows the national trend of decreasing household sizes.

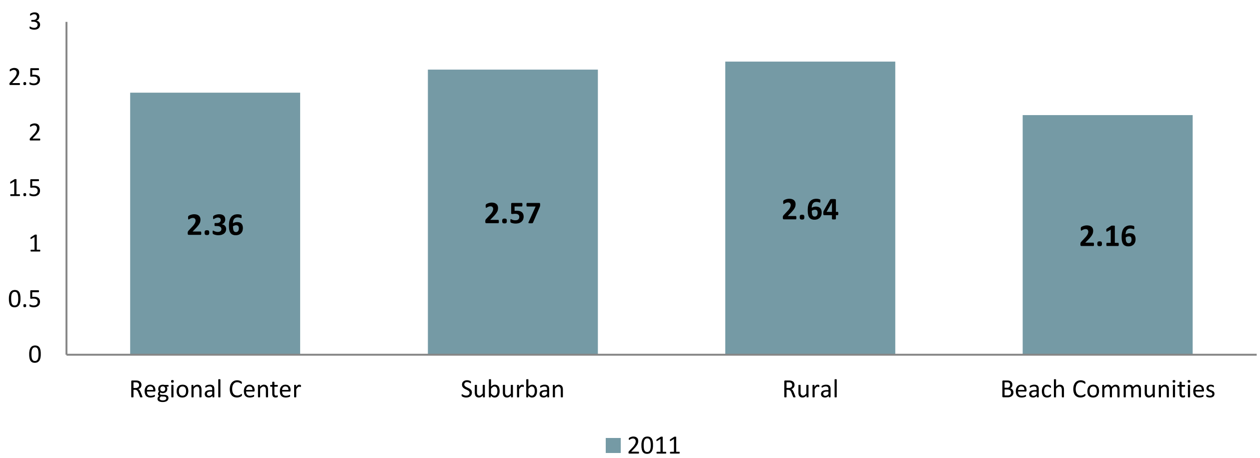
FIGURE 27: AVERAGE PERSONS PER HOUSEHOLD BY COUNTY, 1990 TO 2011



Source: American Community Survey, 2007-2011

As depicted in ***Figure 28***, the Beach Communities subarea has the smallest household size (2.16 average persons per household) of the four subareas, while the Rural subarea has the largest household sizes (2.69 average persons per household), followed by the Suburban and Regional Center subareas.

FIGURE 28: AVERAGE PERSONS PER HOUSEHOLD BY SUBAREA, 2011

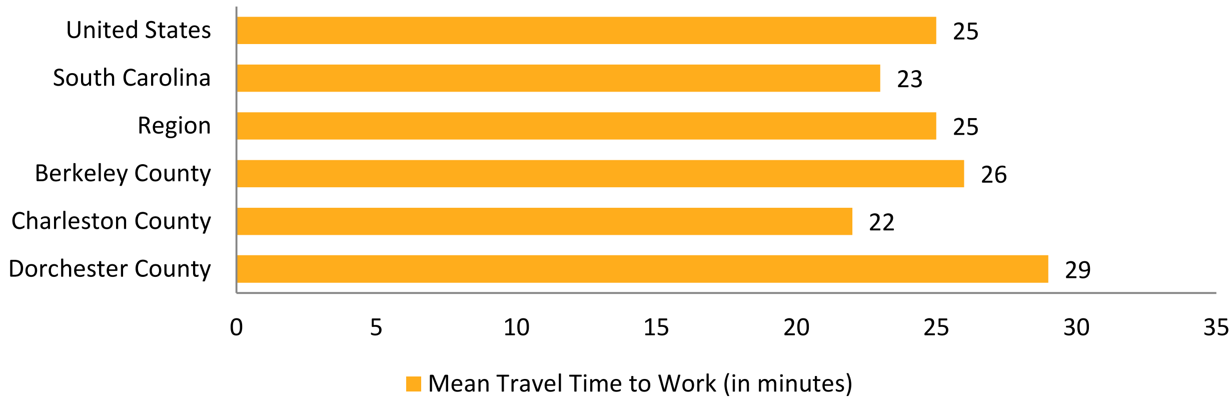


Source: ESRI Business Analyst via American Community Survey, 2007-2011

Transportation

For a better understanding of where the region's population lives and works, as well as the related transportation costs and burdens, the following figures exhibit commute times, daytime population changes, and access to public transportation. ***Figure 29*** depicts the mean travel time to work for the region's residents, which is comparable to the national average (both twenty-five minutes). Residents in Dorchester County have the longest travel time to work (29 minutes).

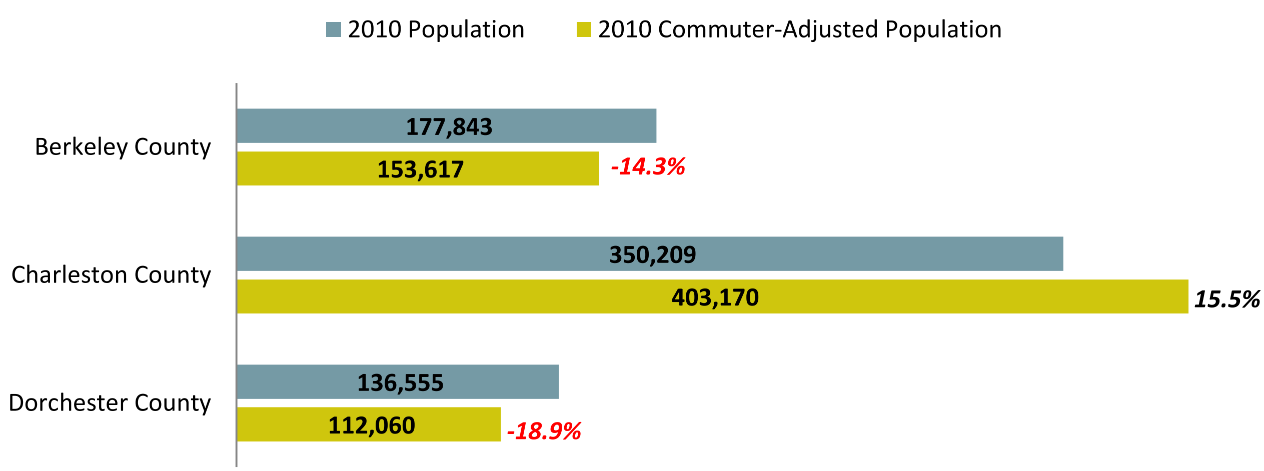
Figure 29: Mean Travel Time to Work (in minutes), 2011



Source: American Community Survey, 2007-2011

As demonstrated in ***Figure 30***, Charleston County's commuter-adjusted daytime population increases nearly 16 percent, or by 53,000 people, while the daytime populations of both Berkeley and Dorchester counties decrease by 14 percent and almost 19 percent, respectively**.**

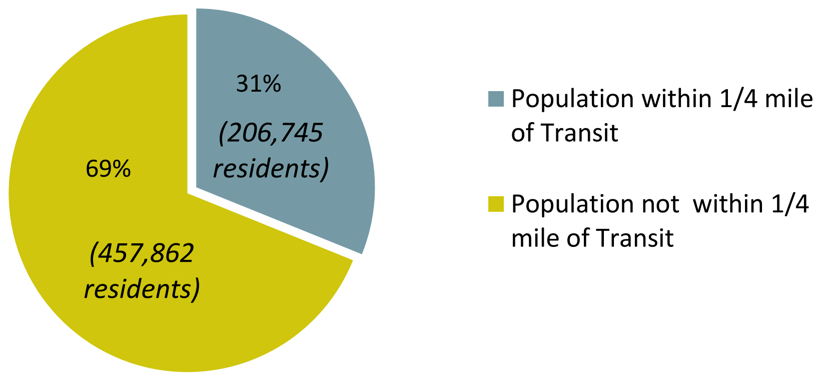
Figure 30: Daytime Population by County, 2010



Note: The percentages indicate the change in population during the daytime. Sources: U.S. Census Bureau, 2010; American Community Survey, 2006-2010

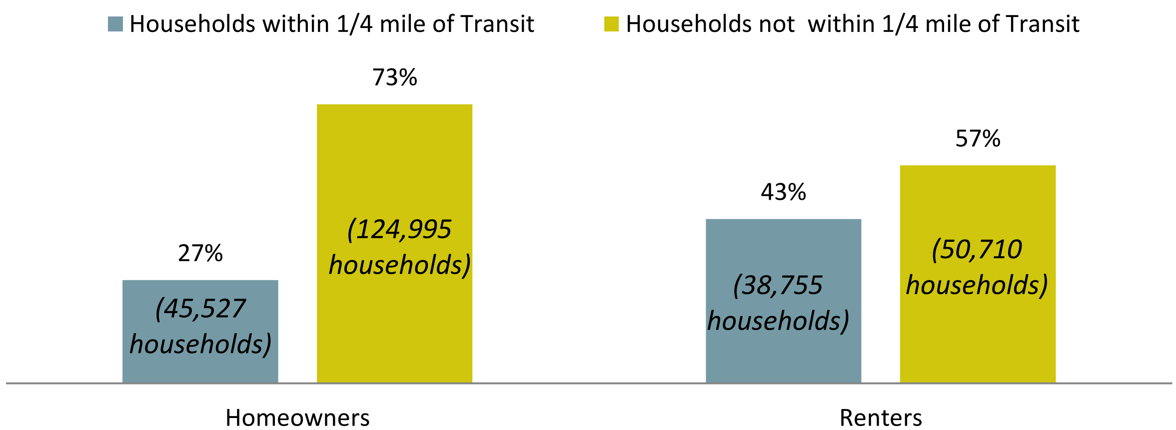
The region currently has two under-utilized public transportation systems: Charleston Area Regional Transportation Authority (CARTA), which provides bus service within the Suburban and Regional Center subareas; and Tri-County Link, which provides bus service within the Suburban and Rural subareas. ***Figure 31*** below demonstrates the population residing within one-quarter mile of a bus stop or route, which represents potential ridership. As depicted in ***Figure 32***, a greater proportion of renters have access to public transit compared to homeowners.

FIGURE 31: POPULATION LOCATED WITHIN ¼ MILE OF TRANSIT, 2010



Source: ESRI Business Analyst via U.S. Census Bureau, 2010

FIGURE 32: HOUSEHOLDS LOCATED WITHIN ¼ MILE OF TRANSIT, 2010



Source: ESRI Business Analyst via U.S. Census Bureau, 2010

Housing Market Analysis

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Introduction

To truly understand the housing issues facing the region, stakeholders and decision makers should understand the existing conditions and the local housing market. The Housing Market Analysis consists of data that demonstrates the existing housing inventory and its characteristics, assesses the local housing market based on recent sales data, and identifies the future housing needs based on new construction sales, building permit data, and projections from federal agencies.

This section emphasizes the correlation of home prices and gross rents to household income to indicate affordability of housing for the region's residents. However, several other factors affect housing affordability. The last section of the Housing Market Analysis briefly addresses the other housing issues that drive up housing costs for residents, including but not limited to lending issues, foreclosure rates, local taxation, and varying utility costs. Assessing the affordability of housing is multi-faceted, and this assessment will hopefully ignite organizations in the region to further delve into the topics addressed in this document and further articulate the costs and issues that are contributing to the housing affordability crisis in the region.

Key Findings

As the data analysis progressed, significant findings and conclusions were identified throughout the document. These findings have been summarized below. More in-depth data is provided in the following pages.

- The region needs more diverse housing options such as townhouses, duplexes, and apartments to provide different levels of housing affordability and accommodate shrinking household sizes as well as the changing lifestyle preferences of younger generations and the Baby Boomers.
- A higher proportion of smaller sized homes (less than 3 bedrooms) are needed to provide different levels of housing affordability and accommodate shrinking household. Additionally, as energy costs increase, smaller, energy-efficient homes are more and more appealing, especially to younger generations.
- There is a large gap between the wages in the region and the price of homes (including taxes, insurance, utilities, etc.) as evidenced by the following:
  - A household making the regional median household income ($51,332) cannot afford to purchase the median or average priced home;
  - Nearly 125,200 households in the region (almost 50% of the total number of households in the region) make less than the regional median household income; and
  - Residents must make at least 110% of the median household income to afford an average priced home in the most affordable part of the region (Berkeley County excluding Daniel Island). The income necessary greatly increases based on the location of the home and type (single-family detached, attached, or multi-family). See pages 73-82 for a more in depth analysis of home prices and rents.
- The median household incomes of renters in the region and three counties is consistently less than needed income to afford a rental unit. The greatest disparity between median household income and the income needed to afford a rental unit is seen in Charleston County.
- Slightly greater proportions of both owners and renters spend more than 30% of their incomes on housing in Charleston County than in Berkeley and Dorchester Counties; however, the relative affordability in housing in Berkeley and Dorchester Counties decreases when increasing commuting/transportation costs are incorporated. It is important to note that renters in all three counties dedicate a larger percentage of monthly income to housing costs, indicating a greater lack of affordability in rental units.
- Of the four subareas, the greatest concentration of households paying more than 30% of their incomes on housing costs is the Regional Center.
- The Suburban and Regional Center subareas, where the majority of renter-occupied units exist, also have the highest concentrations of renters paying more than 50% of income towards housing expenses.

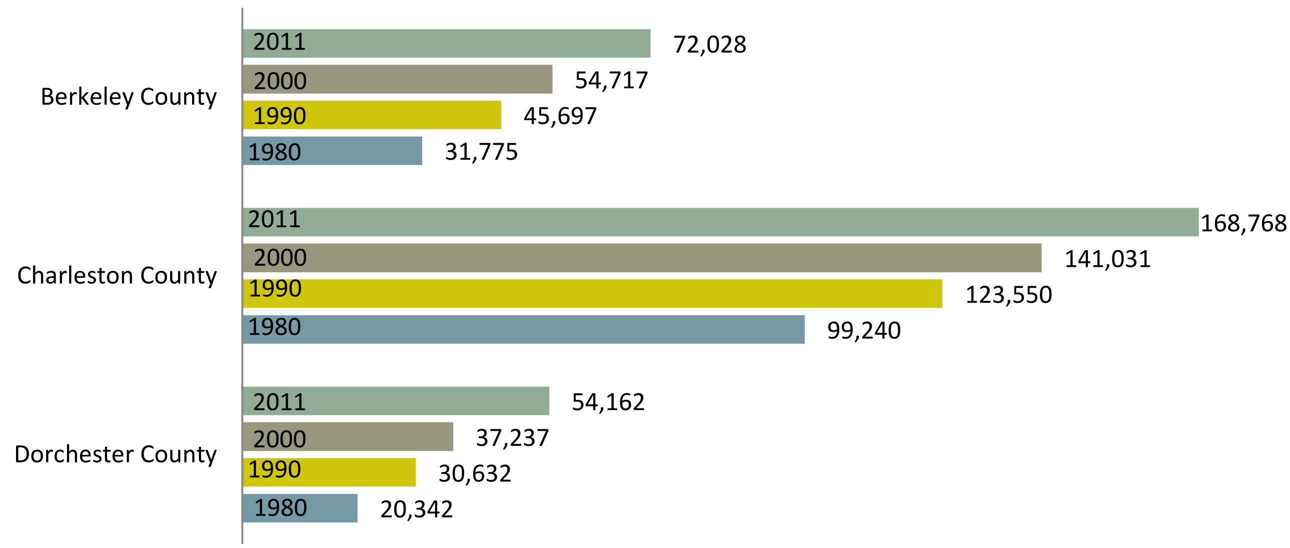
- As shown on the maps on pages 70-72, homes in the Rural subarea are the most affordable in the region. However, this subarea is located far from employment centers and services, and there is little public transportation available. Homes in these areas become less affordable when transportation costs, which can add up to 15% to living costs, are factored in. Additionally, locating housing away from employment centers and services increases traffic congestion, thus increasing costs for government agencies to maintain roads and other public infrastructure.
- In both Berkeley and Dorchester Counties, the most affordable housing is in the rural parts of the counties, far from employment centers and public facilities and services.
- In Charleston County, the majority of housing is only affordable to households earning more than 120% of the median household income ($61,598). The most affordable housing is found in the City of North Charleston and the Awendaw/McClellanville areas.
- In only six areas of the region were a majority of sales affordable to households earning 100% of the region's median household income ($51,332). Many of these areas are located in the Rural subarea. These six areas, based on MLS area boundaries, include:
    - Awendaw/McClellanville;
    - North Charleston;
    - Rural Dorchester County above Four Holes Swamp;
    - Dorchester County portion of North Charleston/Lower Summerville/Ladson;
    - Rural Berkeley County; and
    - Moncks Corner/Pinopolis.
- The average sale price of homes in all four subareas was unaffordable to households earning below 120% of the median household income ($51,332).
- 2012 MLS sales data indicates that single-family attached units and condominium units are more affordable, compared to single-family detached units; however, single-family detached homes comprise the majority of the region's existing housing stock.
- Most affordable single-family detached homes are located in the Suburban and Rural subareas. Residents living in these areas are paying higher transportation costs, inadvertently increasing living expenses.
- Much of the residential growth has been occurring outside of transit service areas and employment centers, which increases transportation costs for residents in these residential growth areas. The location of residential growth away from employment centers and services, coupled with a lack of a comprehensive public transportation system, leads to increased traffic congestion and increased operating costs for government agencies responsible for maintaining roads and other public infrastructure.
- Only an estimated 591 (5.4%) of the single-family units permitted between 2009 and 2012 will be affordable to households earning the region's median household income.
- Many of the forecasted residential growth areas are located away from employment centers and services, thus increasing transportation costs for both residents and government agencies and increasing traffic congestion.
- A large percentage of high cost loans for housing in the region is another indicator of the gap between wages and housing costs.
- The recent changes to flood insurance policies will increase housing costs for several households in all three counties. Charleston County homeowners will be greatly affected, as over 65,000 flood insurance policies exist in the County.
- While the three counties have relatively low property taxes when compared to other parts of the country, additional fees charged by municipalities and special districts may be increasing housing costs for residents.
- Utility costs vary greatly; however, they can greatly impact housing costs. Utility costs in an area should remain competitive to ensure residents are receiving fair rates. Upgrading homes to be more efficient can also lessen housing costs for residents.

Housing Inventory

Distribution of Housing

In 2011, 294,958 housing units existed in the region. The total number of housing units has consistently increased in all three counties since 1980, as depicted by ***Figure 1*** below.

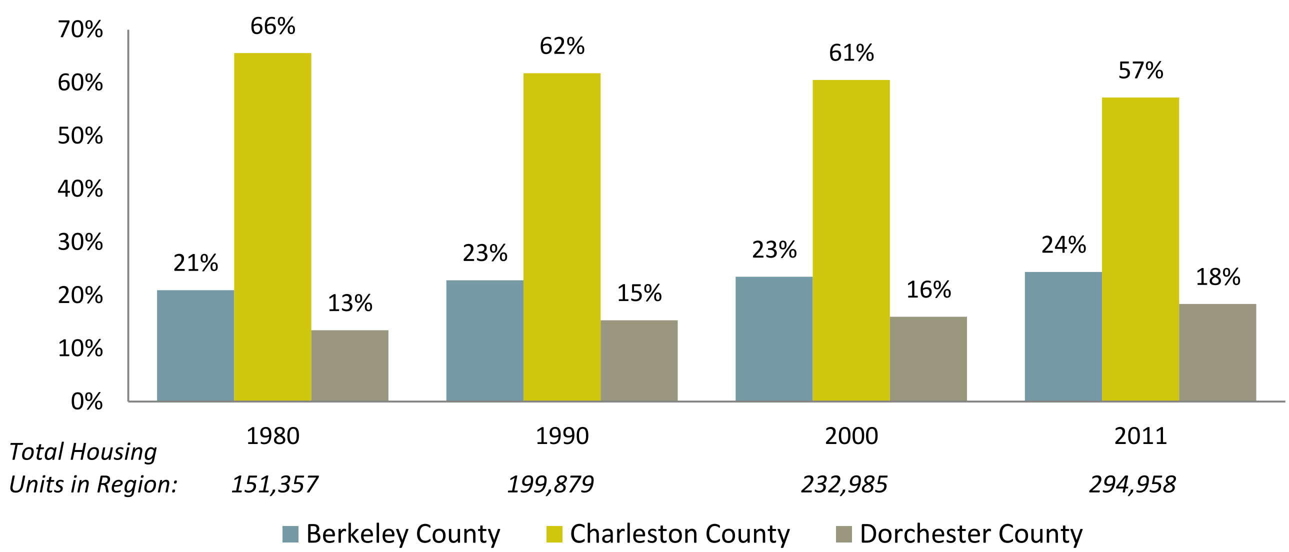
FIGURE 1: TOTAL HOUSING UNITS BY COUNTY, 1980-2011



Source: U.S. Census Bureau, 1980, 1990, 2000; American Community Survey, 2007-2011

As of 2011, the majority (57 percent) of housing units in the region were located in Charleston County, as depicted in ***Figure 2***. Since 1980, the proportion of regional housing units in Charleston County has decreased, while the proportions of housing units located in Berkeley and Dorchester Counties have increased.

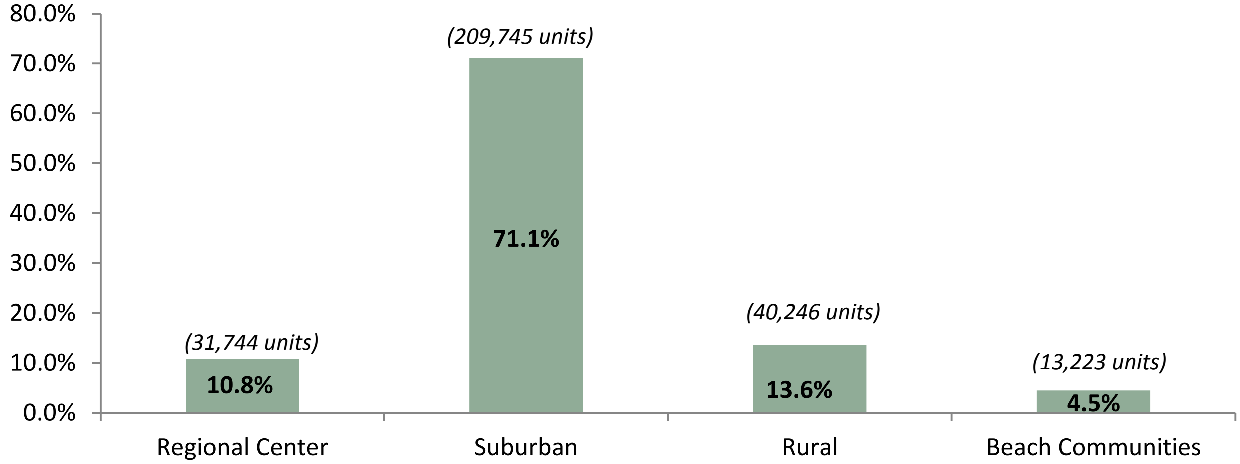
FIGURE 2: DISTRIBUTION OF HOUSING UNITS IN REGION BY COUNTY, 1980-2011



Source: U.S. Census Bureau, 1980, 1990, 2000; American Community Survey, 2007-2011

Of the four study subareas, the Suburban subarea contains the majority of the housing stock (nearly 68 percent), as indicated in ***Figure 3***. The Rural subarea contains nearly 17 percent of all housing units, while the Regional Center and Beach Communities subareas contain only ten percent and four percent of all units respectively.

FIGURE 3: DISTRIBUTION OF HOUSING UNITS BY SUBAREA, 2011

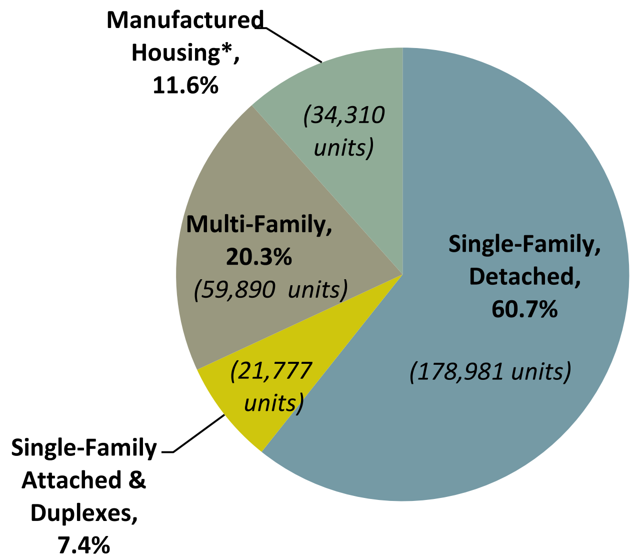


Source: ESRI Business Analyst via American Community Survey, 2007-2011

Housing Types

Across the region, the majority (61 percent) of housing units are single-family detached residences. Multi-family housing (apartments), single-family attached (townhouses and duplexes) units make up approximately 28 percent of the housing stock, while almost 12 percent of the housing stock is manufactured housing. ***Figure 4*** indicates the distribution of housing types in the Region.

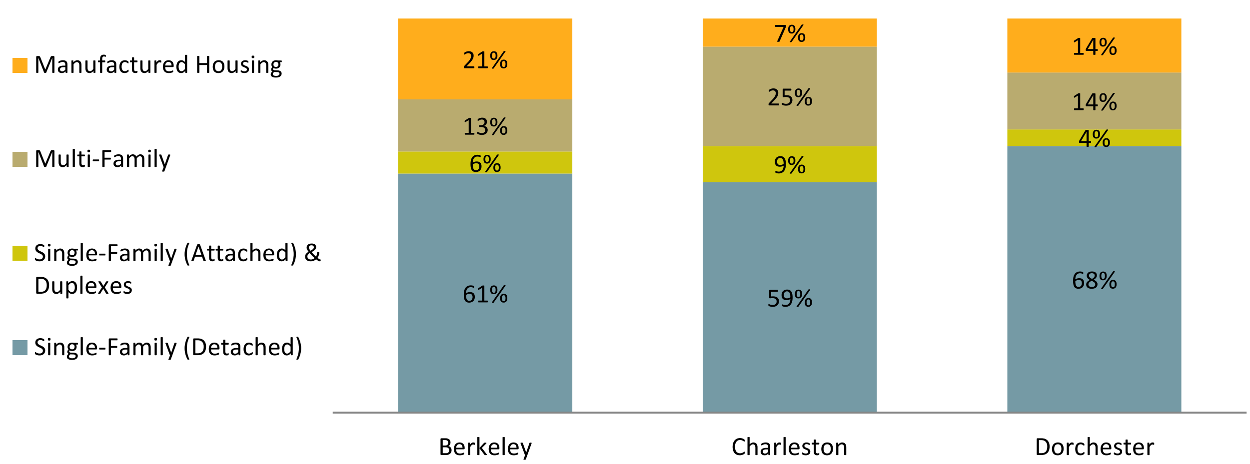
FIGURE 4: HOUSING TYPES IN REGION, 2011



**Note: Manufactured housing includes mobile homes, boats, RVs, and vans. Source: American Community Survey, 2007-2011*

Single-family, detached units are the most prevalent housing type in all three counties as well, as depicted in ***Figure 5***. Of the three counties, Charleston County has the most diverse housing stock – a quarter of the housing units are multi-family. Manufactured housing, specifically mobile homes, has traditionally served as an alternative form of housing for those who cannot afford single-family detached homes, particularly in the rural areas of the region. Regionally, Berkeley County has the highest proportion (21 percent) of manufactured housing.

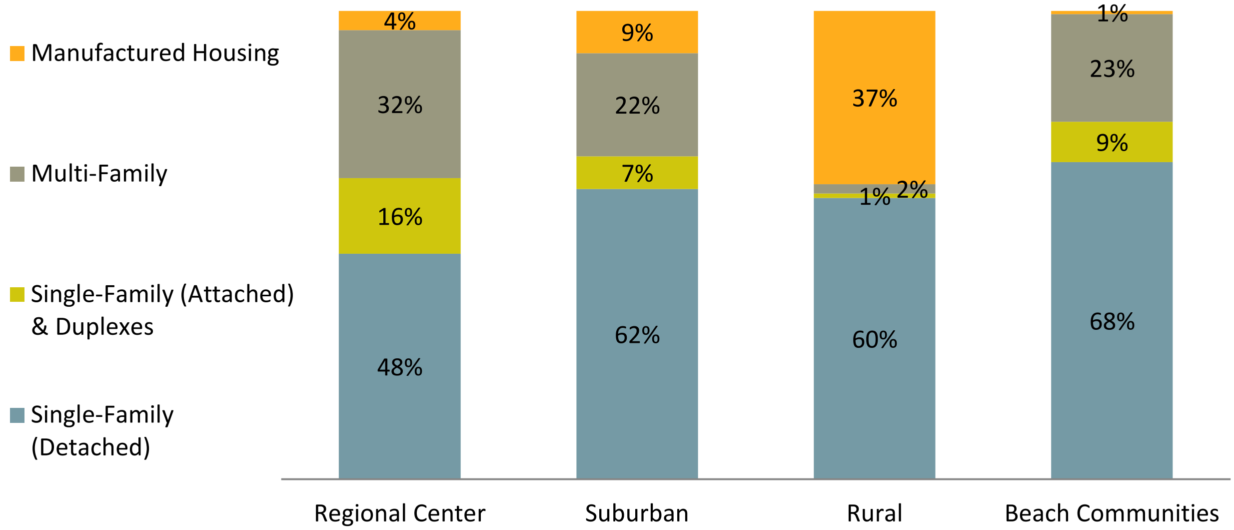
FIGURE 5: HOUSING TYPES BY COUNTY, 2011



Note: Manufactured Housing includes mobile homes, boats, RVs, and vans. Source: American Community Survey, 2007-2011

Figure 6 below illustrates the diversity of housing types by subarea. Single-family detached housing units comprise the majority of housing in all subareas except the Regional Center. Multi-family and single-family, attached units are more prevalent in the Regional Center subarea. The Rural subarea has the highest percentage of manufactured housing (37 percent).

FIGURE 6: HOUSING TYPES BY SUBAREA, 2011



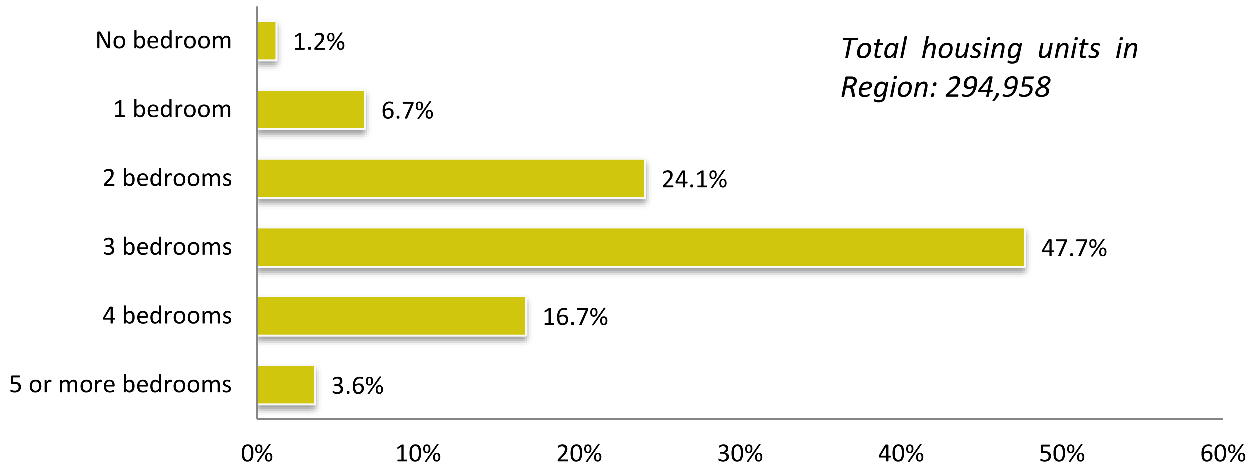
Note: Manufactured Housing includes mobile homes, boats, RVs, and vans. Source: ESRI Business Analyst via American Community Survey, 2007-2011

The region needs more diverse housing options such as townhouses, duplexes, and apartments to provide different levels of housing affordability and accommodate shrinking household sizes as well as the changing lifestyle preferences of younger generations and the Baby Boomers.

Housing Size

As evidenced in ***Figure 7***, an overwhelming majority of homes (approximately 72 percent) in the region have two or three bedrooms and very few "studio" or efficiency unit homes (no bedrooms) exist. A significant proportion of owner-occupied units have three to four bedrooms (81.2 percent), while the majority of renter-occupied units have one to three bedrooms (90.7 percent).

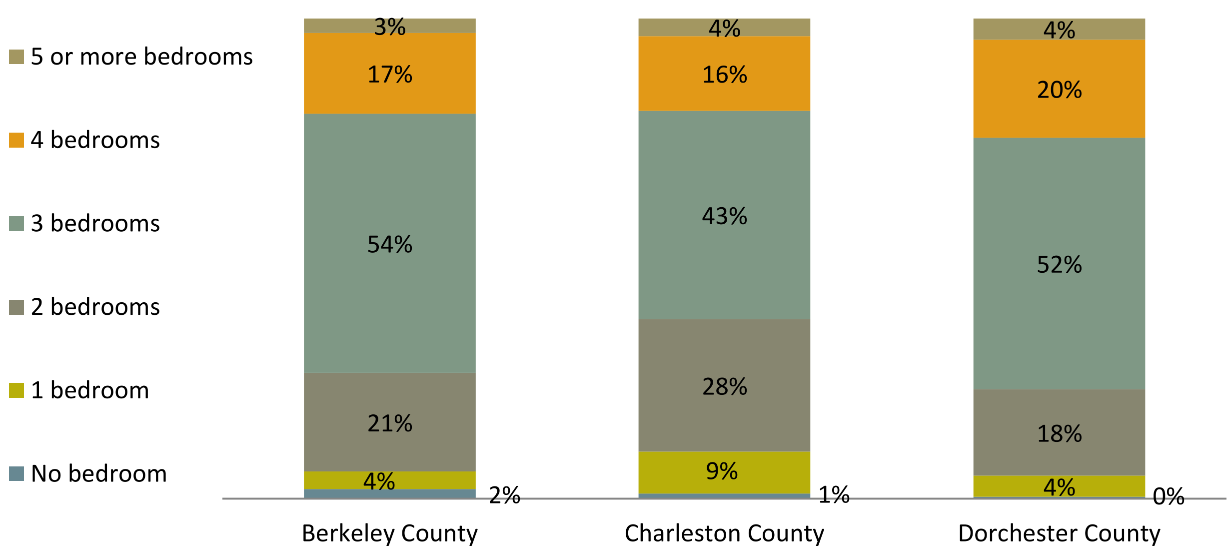
FIGURE 7: HOUSING SIZE BY BEDROOM COUNT, REGION, 2011



Source: American Community Survey, 2007-2011

In all three counties, homes with three or more bedrooms are most populous, as illustrated in ***Figure 8***. Regionally, Charleston County has the highest proportion of homes with two bedrooms or less (38 percent).

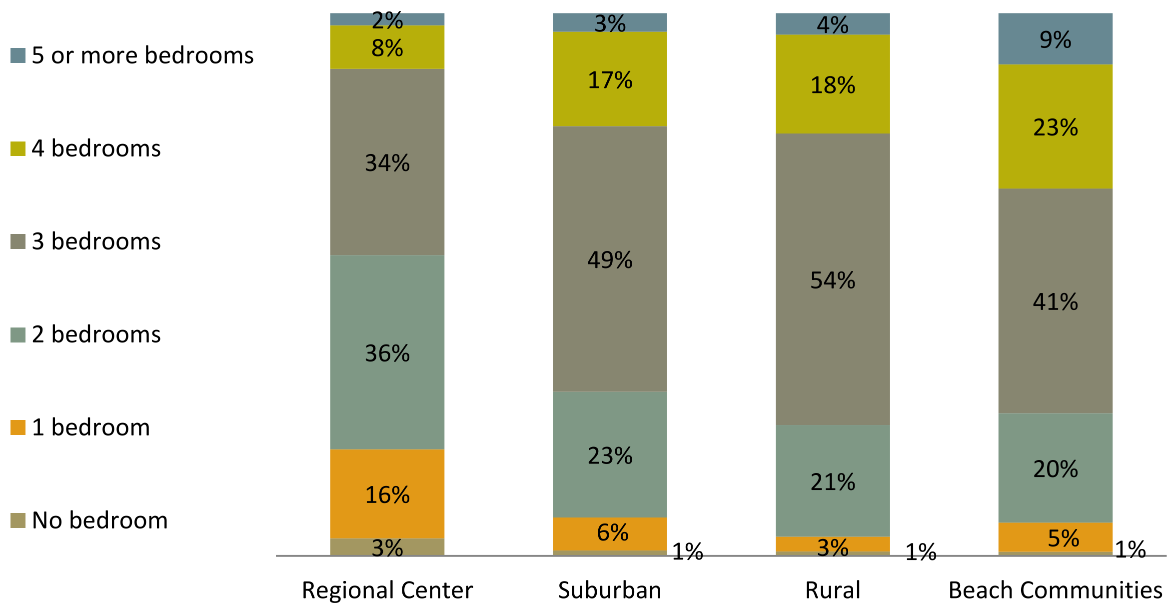
FIGURE 8: HOUSING SIZE BY BEDROOM COUNTY BY COUNTY, 2011



Source: American Community Survey, 2007-2011

The Regional Center and Suburban subareas are comprised of mostly two- to three-bedroom homes; whereas, the Beach Communities subareas has a larger proportion of four or more bedroom homes (31 percent), as depicted in ***Figure 9***.

FIGURE 9: HOUSING SIZE BY BEDROOM COUNT BY SUBAREA, 2011



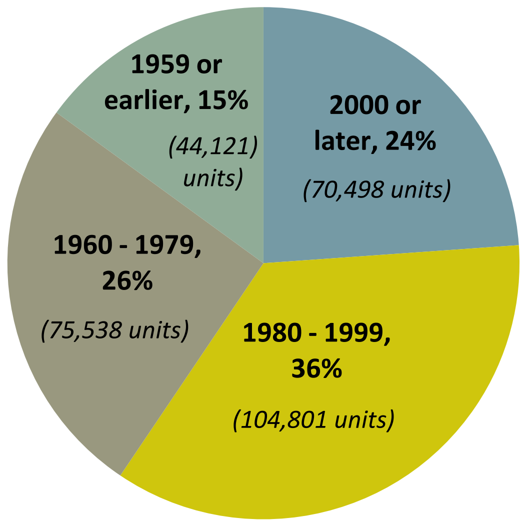
Source: ESRI Business Analyst via American Community Survey, 2007-2011

A higher proportion of smaller sized homes (less than 3 bedrooms) are needed to provide different levels of housing affordability and accommodate shrinking household sizes as well as the changing lifestyle preferences of younger generations and the Baby Boomers. Additionally, as energy costs increase, smaller, energy-efficient homes are more and more appealing, especially to younger generations.

Age of Housing Stock

The majority (approximately 60 percent) of the region's housing stock was constructed after 1980, as illustrated in ***Figure 10***. Only fifteen percent (approximately 44,000 units) of the existing regional housing stock was built prior to 1960.

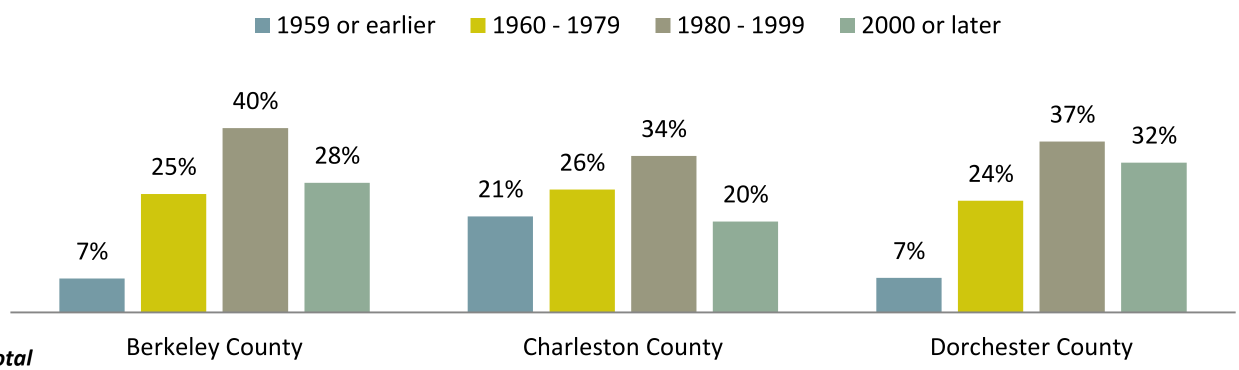
FIGURE 10: AGE OF HOUSING STOCK BY YEAR BUILT, REGION, 2011



Source: American Community Survey, 2007-2011

Figure 11 shows the age of housing stock by county. Over two-thirds of the housing stock in both Berkeley and Dorchester Counties was built post-1980. In Charleston County, approximately 54 percent of the housing stock was constructed after 1980. It can be deduced that housing built prior to 1980 may be in need of some sort of rehabilitation or renovation to ensure safe, livable conditions, although data on the need for rehab is not available.

FIGURE 11: AGE OF HOUSING STOCK BY YEAR BUILT BY COUNTY, 2011



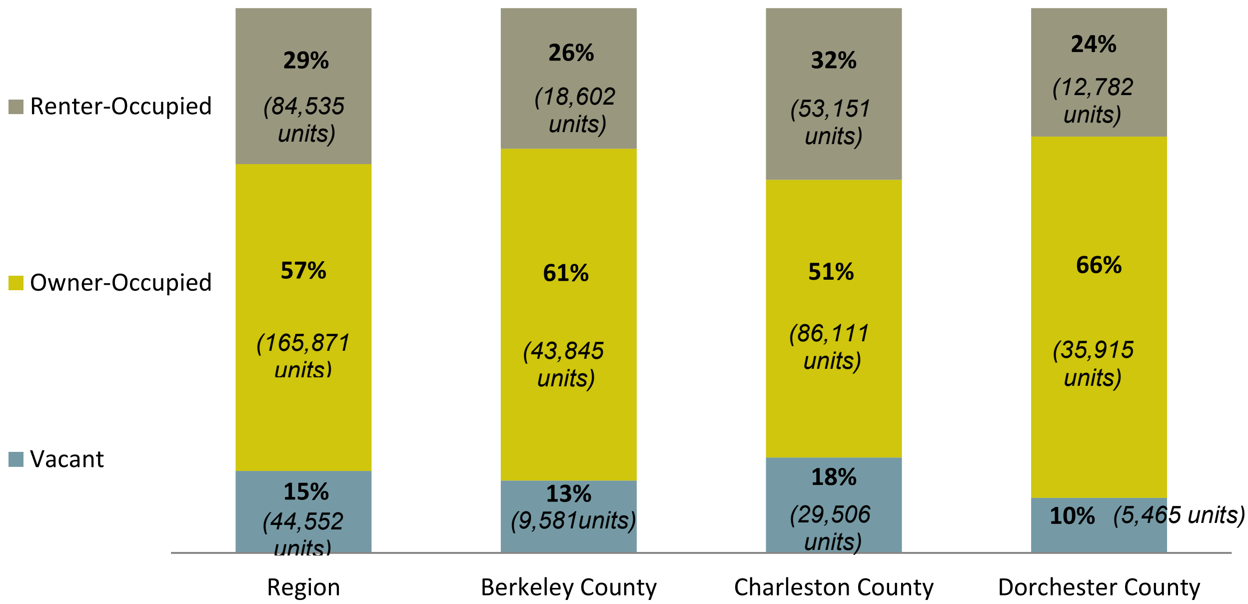
Total Housing Units: ***72,028*** ***168,768*** ***54,162***

Source: American Community Survey, 2007-2011

Housing Tenure

Of the total 294,958 homes in the region, nearly 85 percent (250,406 homes) are occupied. The majority of homes are owner-occupied. This is particularly true in Berkeley and Dorchester Counties, as indicated by ***Figure 12***, Housing Tenure. Charleston County has the highest number of vacant units due to the large number of seasonal units, which are included in this classification, located in the Beach Communities.

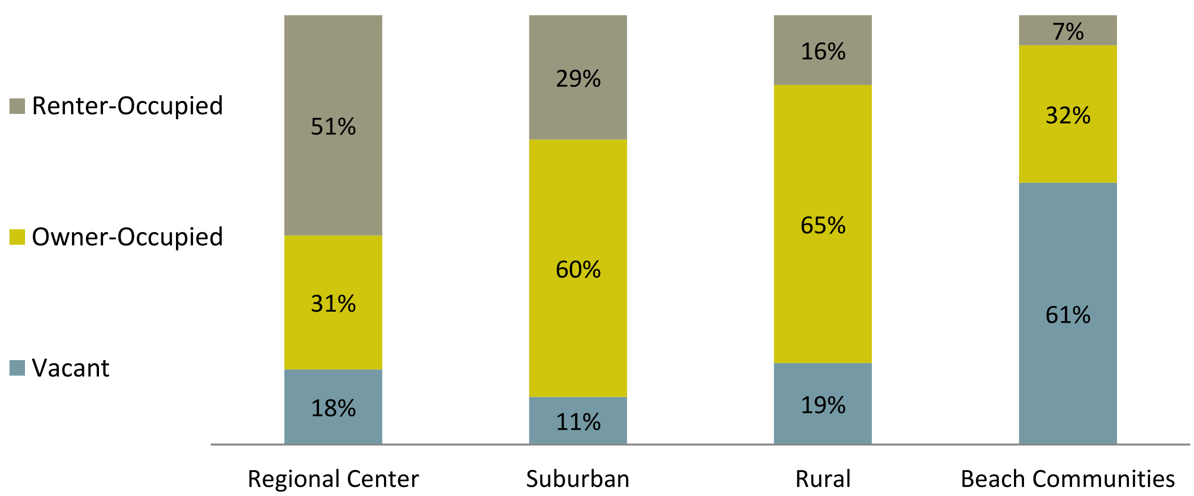
FIGURE 12: HOUSING TENURE, REGION, 2011



Source: American Community Survey, 2007-2011

Figure 13 depicts the housing tenure in the subareas. The Beach Communities subarea is comprised mostly of vacant units, due to seasonal units (second homes and vacation rentals) being included in this classification. The Regional Center has the most renters (51 percent), while the Suburban and Rural subareas are primarily comprised of homeowners (59 and 66 percent respectively).

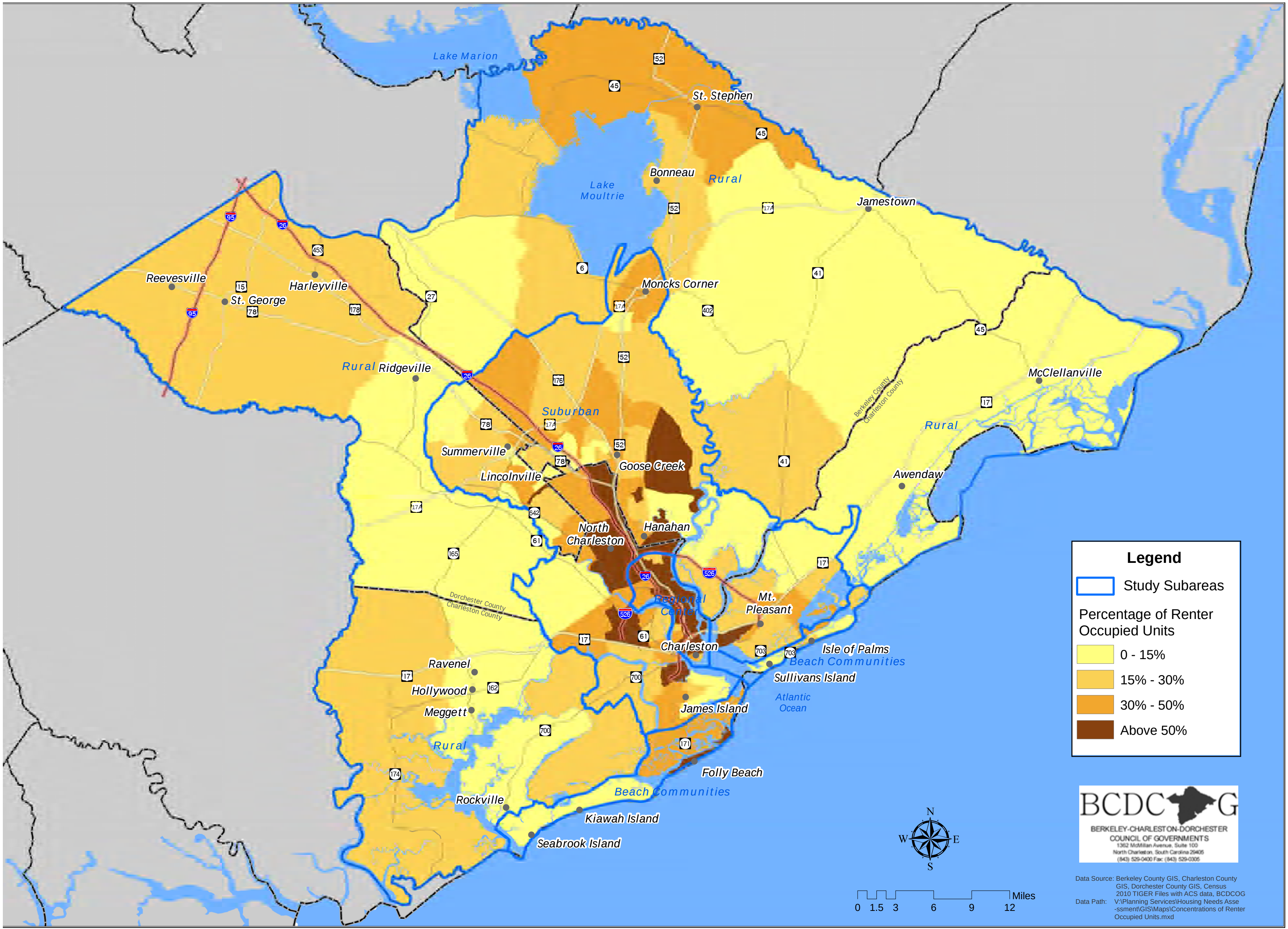
FIGURE 13: HOUSING TENURE BY SUBAREA, 2011



Source: ESRI Business Analyst via American Community Survey, 2007-2011

Map 1 illustrates the concentrations of renter occupied units in the region by Census tract. As illustrated, the Regional Center subarea has the highest concentration and the Rural subarea has the lowest.

Map 1: Concentrations of Renter-Occupied Units, 2011

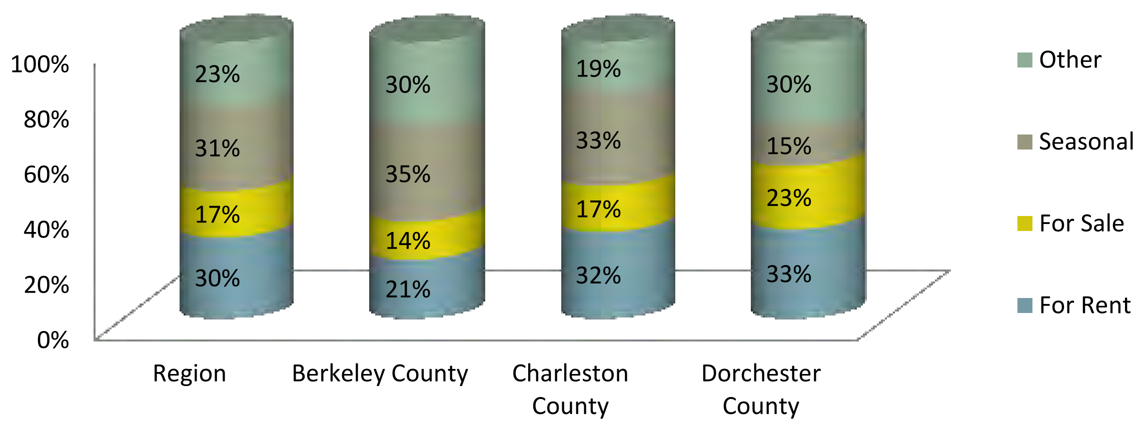


Source: American Community Survey, 2007-2011

Housing Vacancy

In total, 44,552 units in the region were vacant as of 2011. ***Figure 14*** indicates the different types of vacant units in the region and three counties. Seasonal units and rental units comprise the majority of vacant units in the region (31 and 30 percent respectively). Approximately one-third of the vacant units in Berkeley and Charleston Counties are classified as seasonal, which means the units are used as second homes or vacation rentals. Charleston and Dorchester Counties have the highest percent of vacant units for rent.

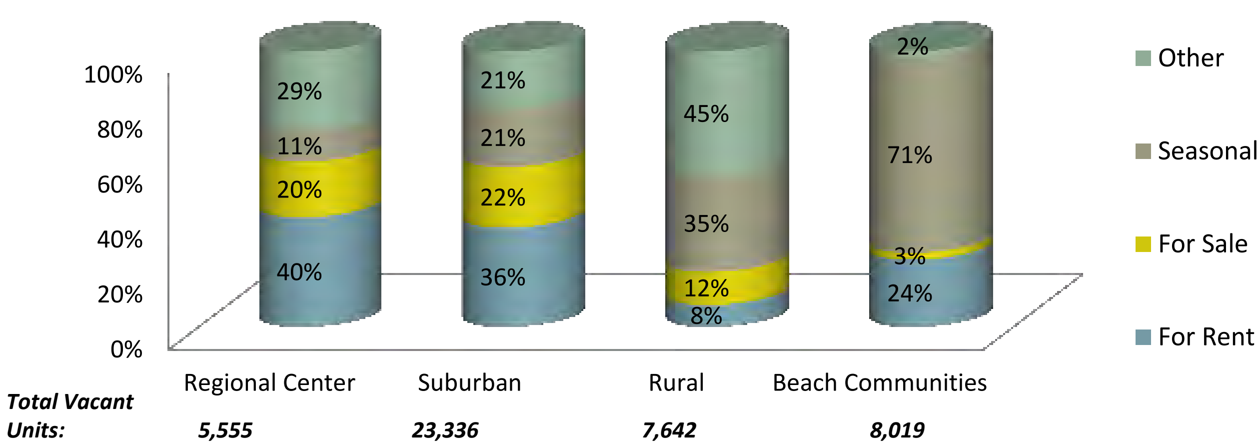
FIGURE 14: VACANT HOUSING TYPE, REGION, 2011



Note:"Other" vacant housing type refers to migrant housing or owner-occupied units that are: under repair or being renovated; not for rent or sale; used for storage; or homeowner is elderly and currently residing with relatives or in a nursing home. Foreclosure properties could be included in, but not limited to, this category (U.S. Census Bureau).
Source: American Community Survey, 2007-2011

Vacant unit types vary based on subarea, as depicted in ***Figure 15***. 71 percent of vacant units in the Beach Communities subarea are seasonal, either second homes or vacation rentals. The majority of vacant units available for rent are located in the Regional Center and Suburban subareas. In the Rural subarea, 45 percent of vacant units are classified as "other," which includes units that are currently under repair, not for rent or sale, used as storage, or not currently occupied by the owner.

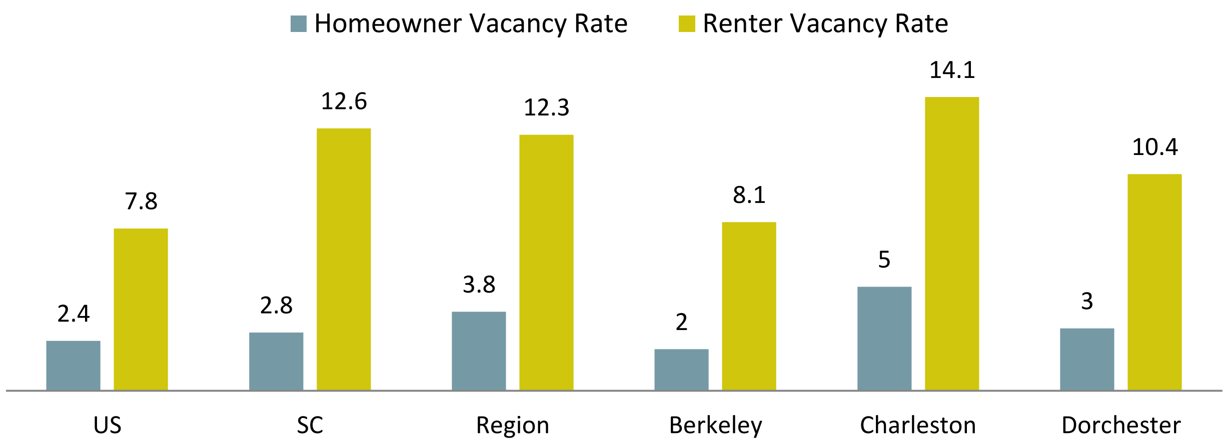
FIGURE 15: VACANT HOUSING TYPE BY SUBAREA, 2011



Note: "Other" vacant housing type refers to migrant housing or owner-occupied units that are: under repair or being renovated; not for rent or sale; used for storage; or homeowner is elderly and currently residing with relatives or in a nursing home. Foreclosure properties could be included in, but not limited to, this category (U.S. Census Bureau).
Source: ESRI Business Analyst via American Community Survey, 2007-2011

Vacancy rates represent the proportion of total vacant available housing based on the total number of livable, but unoccupied units in an area. Lower vacancy rates indicate that there are fewer units available for purchase or rent. ***Figure 16*** depicts the homeowner and renter vacancy rates in the region and three counties. The United States and South Carolina vacancy rates have also been added for comparison. Charleston County has the highest vacancy rates for both homeowners and renters (5 and 14.1 respectively), which means more units are available for rent or purchase in Charleston County than in Berkeley or Dorchester Counties.

FIGURE 16: HOMEOWNER AND RENTER VACANCY RATES, 2011

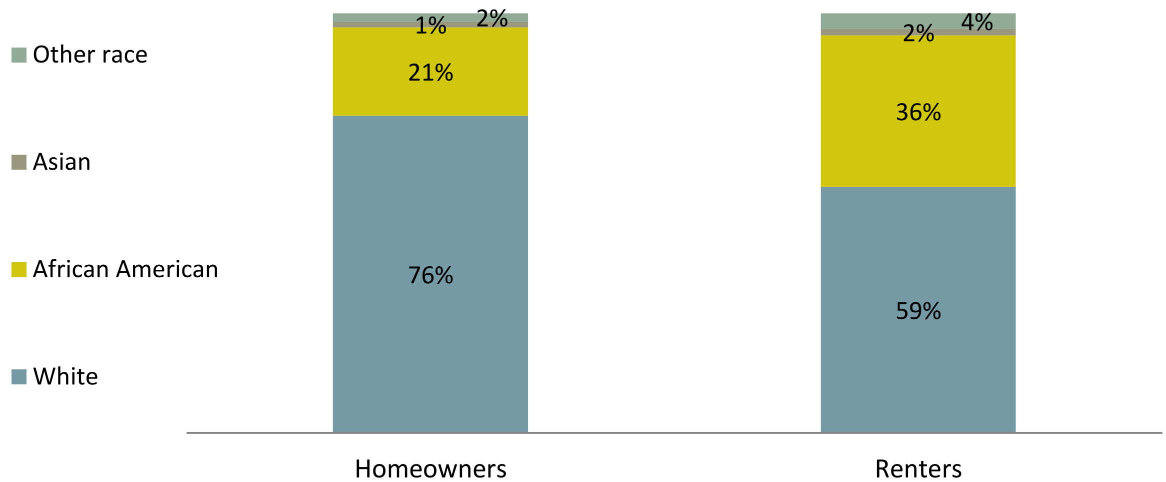


Source: American Community Survey, 2007-2011

Profile of Housing Occupants

Homeowners and renters tend to have different characteristics, thus making the profile of typical housing occupants important. ***Figure 17*** illustrates the racial composition of homeowners and renters in the region. Approximately 76 percent of homeowners are White, non-Hispanic and 21 percent are African American. Renters have a more diverse representation; 59 percent of renters are White, non-Hispanic, while over one-third are African American.

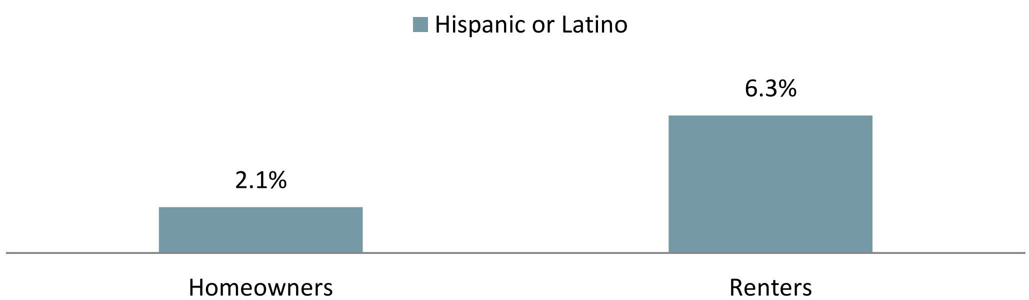
FIGURE 17: RACIAL COMPOSITION OF OCCUPANTS, REGION, 2011



Note: "Other race" includes American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, and two or more races. Source: American Community Survey, 2007-2011

Of the total population in the region, approximately two percent of homeowners and six percent of renters are Hispanic or Latino, as illustrated in ***Figure 18***.

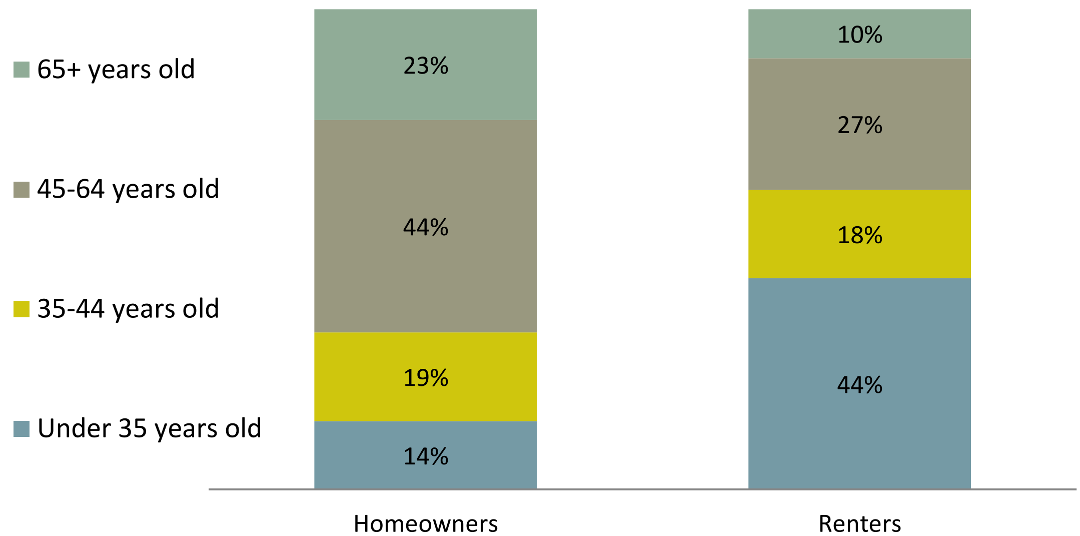
FIGURE 18: PROPORTION OF HOMEOWNERS AND RENTERS OF HISPANIC OR LATINO ORIGIN, REGION, 2011



Source: American Community Survey, 2007-2011

Analysis of the age of occupants indicates that homeowners in the region tend to be 45 years or older, while renters tend to be under 45 years of age, as depicted in ***Figure 19***. A small proportion of homeowners (14 percent) are under the age of 35 years old and an even smaller proportion of renters (10 percent) are 65 years or older.

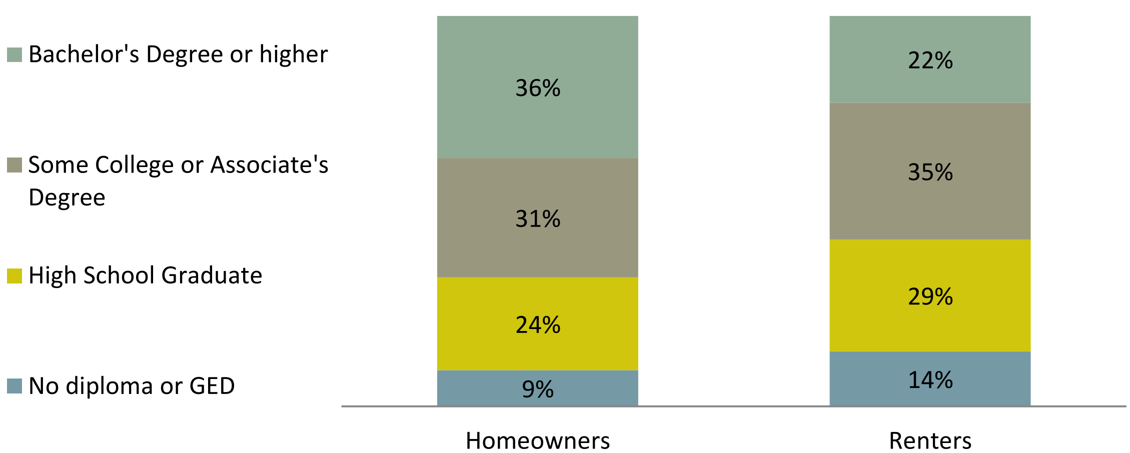
FIGURE 19: AGE OF OCCUPANTS, REGION, 2011



Source: American Community Survey, 2007-2011

Figure 20 depicts the educational attainment of both homeowners and renters in the region. As evidenced below, 24 percent of homeowners and 29 percent of renters are high school graduates. 67 percent of homeowners and 57 percent of renters have some college education, an Associate's Degree, or a Bachelor's Degree or higher level of education. Nine percent of homeowners are not high school graduates compared with 14 percent of renters.

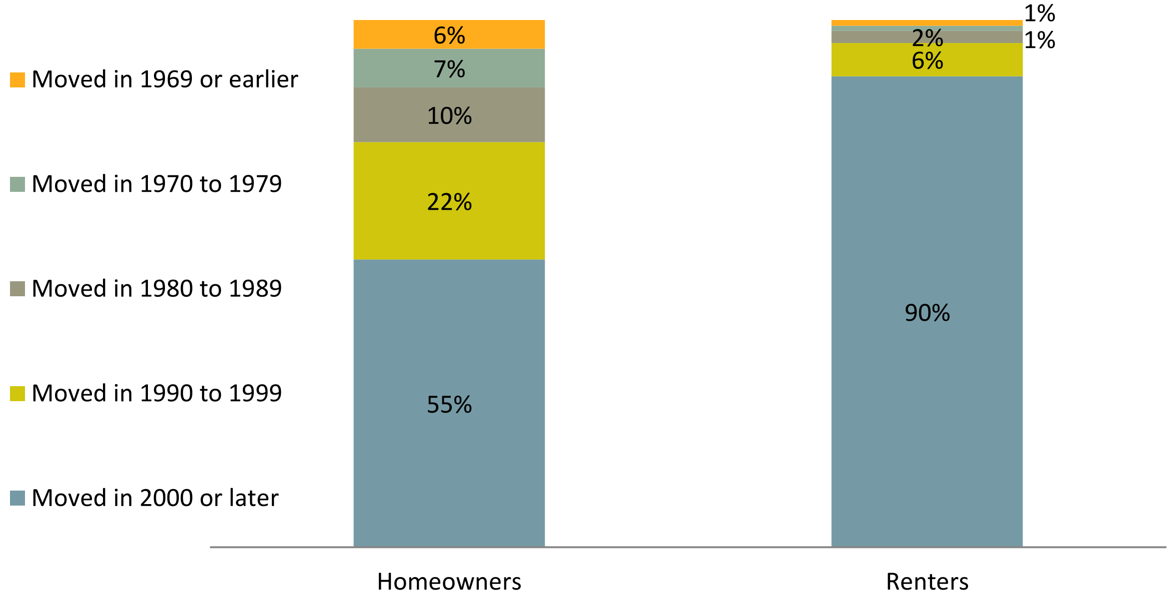
FIGURE 20: EDUCATIONAL ATTAINMENT OF OCCUPANTS, REGION, 2011



Source: American Community Survey, 2007-2011

Homeowners tend to reside in the same location for longer periods of time than renters in the region, as evidenced in ***Figure 21***. Only 10 percent of the region's renters have lived in the same unit for ten years or more compared with 45 percent of homeowners.

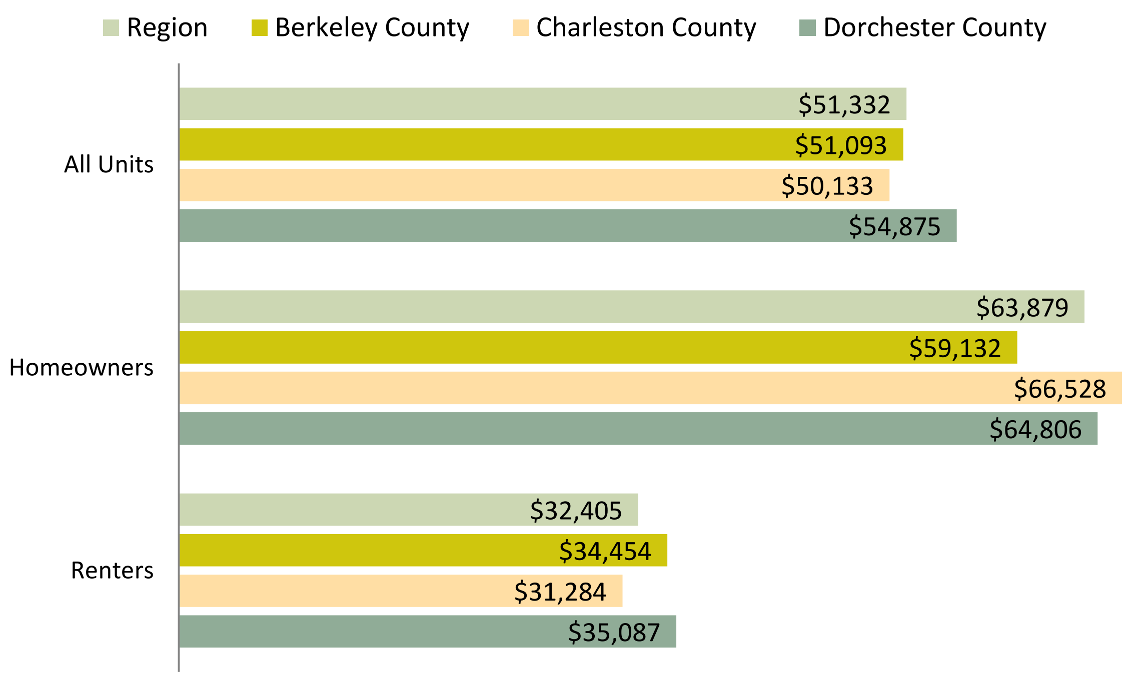
FIGURE 21: YEAR OCCUPANT MOVED INTO UNIT, REGION, 2011



Source: American Community Survey, 2007-2011

Figure 22 depicts the median household income (MHI) for all units, homeowners, and renters in the region and three counties. Renters consistently have lower household incomes than homeowners in the region. While the median household income for all units in the region was $51,332, the median household income for owner-occupied households ($63,879) was nearly twice that of renter-occupied households ($32,405).

Figure 22: Median Household Income, 2011



Source: American Community Survey, 2007-2011

There is a large gap between the wages in the region and the price of homes (including taxes, insurance, utilities, etc.) as evidenced by the following:

- ***A household making the regional median household income cannot afford to purchase the median or average priced home;***

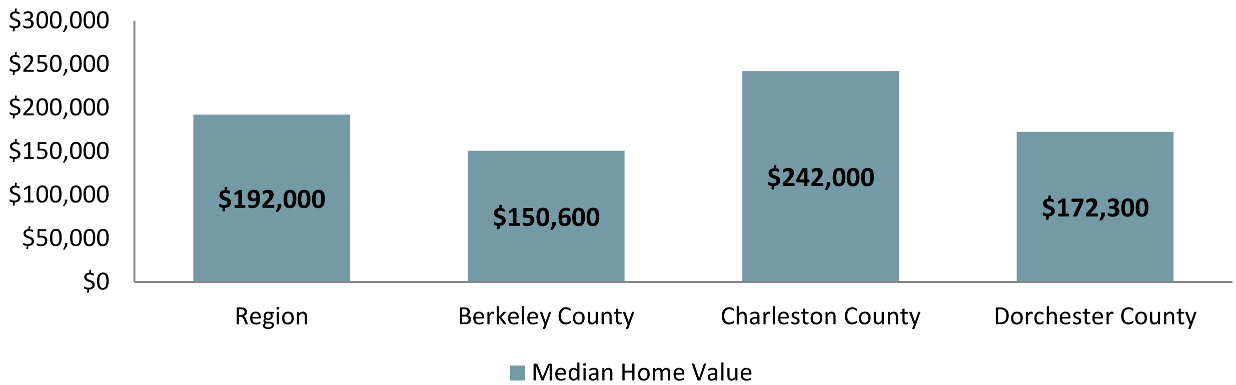
- ***Nearly 125,200 households in the region (almost 50 percent of the total number of households in the region) make less than the regional median household income; and***

- ***Residents must make at least 110% of the median household income to afford an average priced home in the most affordable part of the region (Berkeley County excluding Daniel Island). The income necessary greatly increases based on the location of the home and type (single-family detached, attached, or multi-family). See pages 73-82 for a more in depth analysis of home prices and rents.***

Home Values

The American Community Survey collects information on home values based on self-reported assumptions. While these figures may not accurately reflect market value, it does provide a basis for conducting a comparison of housing costs versus incomes. ***Figure 23*** below indicates the self-reported home values for the region and three counties.

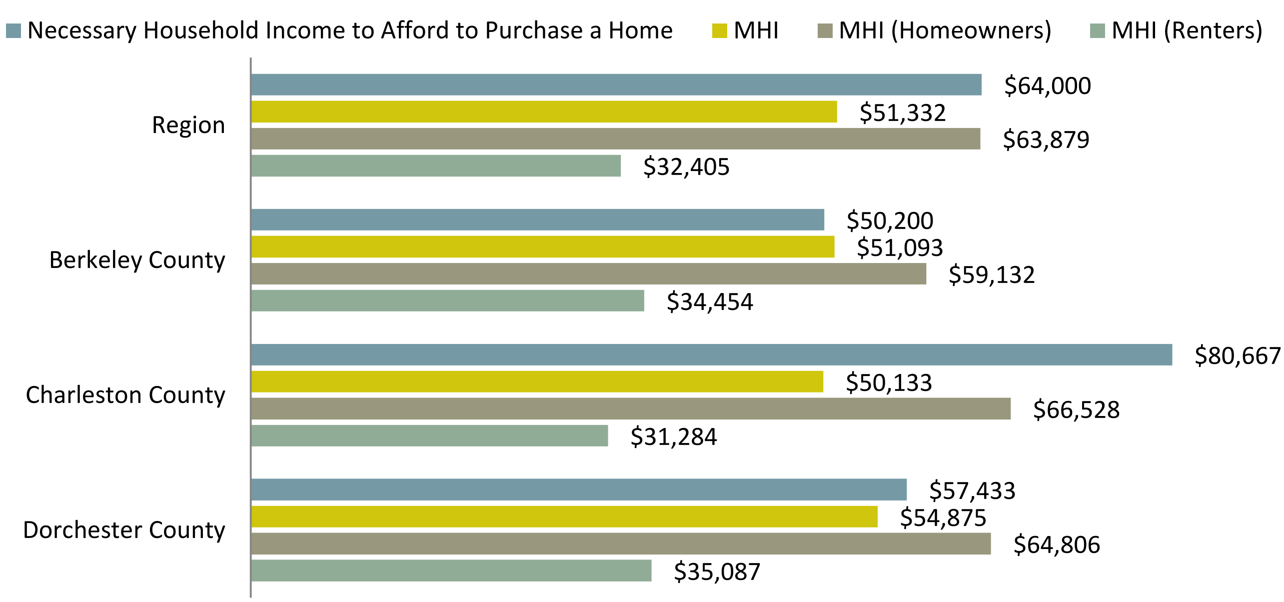
FIGURE 23: MEDIAN HOME VALUES, REGION, 2011



Source: American Community Survey, 2007-2011

A generally accepted practice to calculate the income necessary to afford to purchase a home is that the total cost of the home should not exceed three times the household income. Applying this principle, ***Figure 24*** indicates the household income necessary to afford to purchase a home of median home value. The necessary income has been compared to the actual median household income for each geographic area. Because homeowners and renters have very different household incomes, these have been added for comparison. Berkeley County is the only county in which the MHI is greater than the household income necessary to afford to purchase a home. The median household incomes of Charleston County residents are much lower than the income needed to afford to purchase a home in Charleston County. The median household incomes of homeowners in both Berkeley and Dorchester Counties are higher than the household income needed to afford to purchase a home; however, the median household incomes of renters in all three counties is far below what is needed to afford to purchase a home.

FIGURE 24: HOUSEHOLD INCOME RELATIVE TO MEDIAN HOME VALUE, 2011

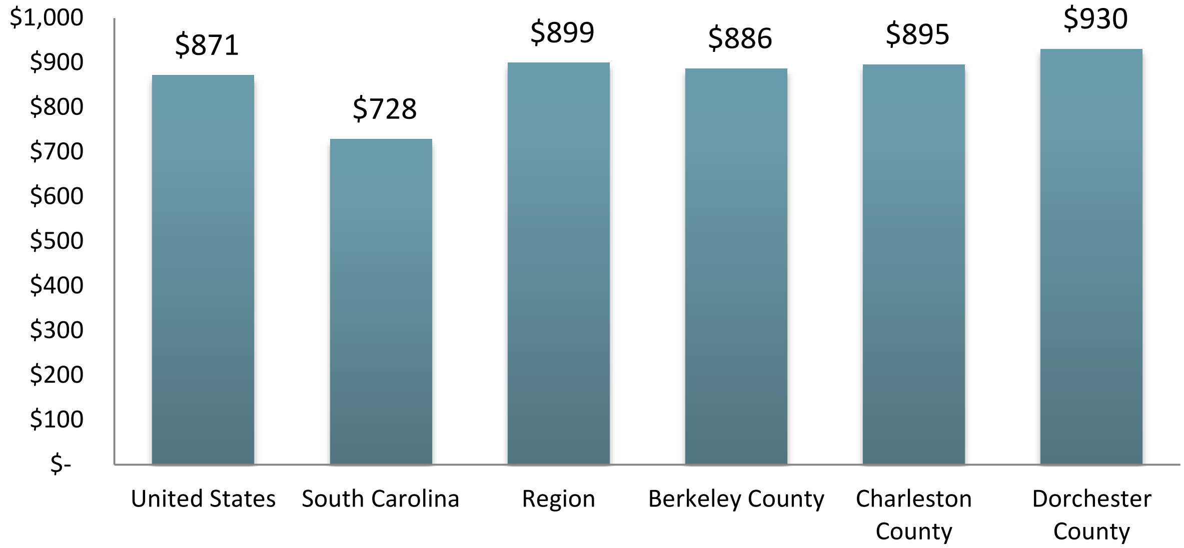


Note: MHI is an acronym for Median Household Income. Source: American Community Survey, 2007-2011

Median Gross Rent

Median Gross Rent includes the monthly rent and utilities. As depicted in ***Figure 25***, the region and all three counties have higher median gross rents than both the United States and South Carolina. Dorchester County has the highest median gross rent ($930). This could be a reflection of Dorchester County having a greater proportion of privately rented properties in the form of single-family detached units, which tend to have higher rents.

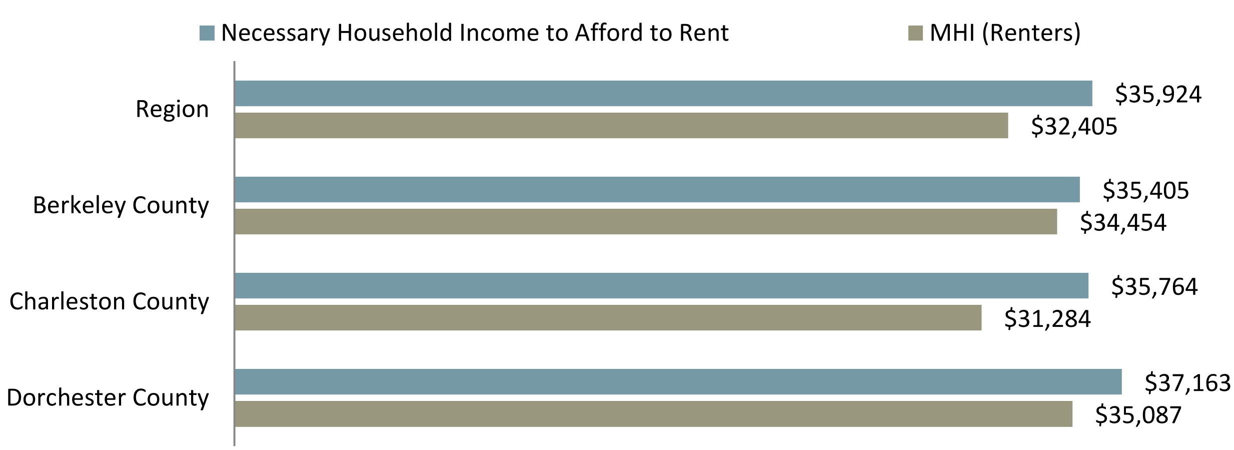
FIGURE 25: MEDIAN GROSS RENT, 2011



Source: American Community Survey, 2007-2011

To be considered affordable, annual rental costs, including utilities, should not exceed 30 percent of the occupant's annual income. ***Figure 26*** compares the household incomes needed to afford a rental unit in the region and three counties to the actual median household incomes for renters.

FIGURE 26: HOUSEHOLD INCOME RELATIVE TO RENTAL UNIT AFFORDABILITY, 2011

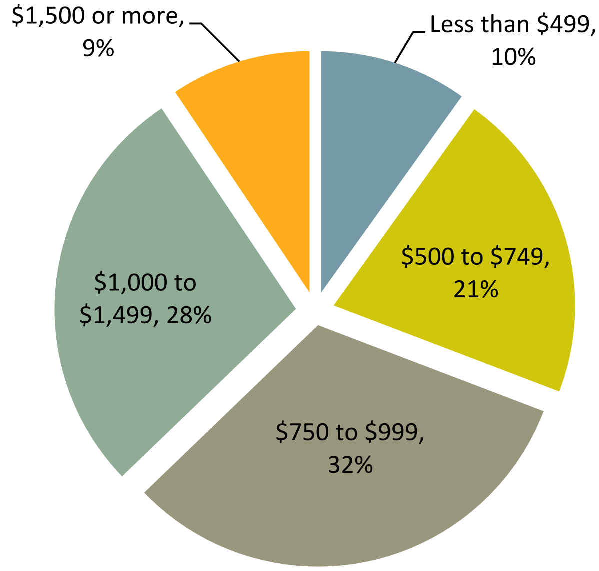


Note: MHI is an acronym for Median Household Income. Source: American Community Survey, 2007-2011

The median household incomes of renters in the region and three counties is consistently less than needed to afford a rental unit. The greatest disparity between median household income and the income needed to afford a rental unit is seen in Charleston County.

At least 37 percent of renters in the region are paying more than the regional median gross rent ($899), as illustrated in ***Figure 27***. This is a higher proportion of the population than both the state and national averages (47 percent and 62 percent, respectively).

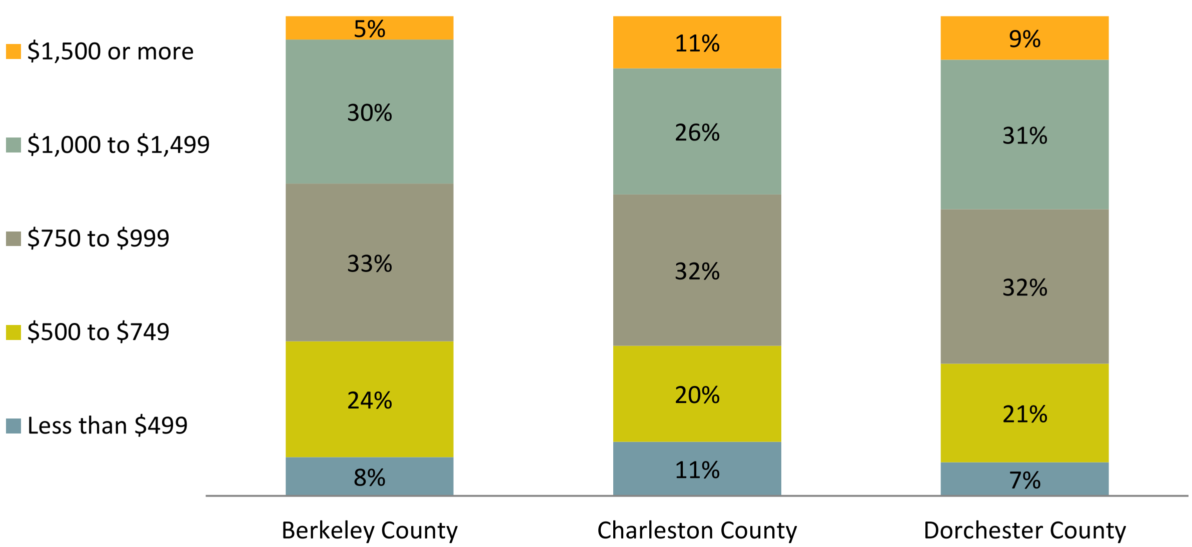
FIGURE 27: GROSS RENT, REGION, 2011



Source: American Community Survey, 2007-2011

The vast majority of renters in each of the three counties pay more than $750 in gross rent costs, as well, as illustrated in ***Figure 28***. Charleston County has the highest proportion of renters paying more than $1,500 in gross rent (11 percent).

FIGURE 28: GROSS RENT BY COUNTY, 2011



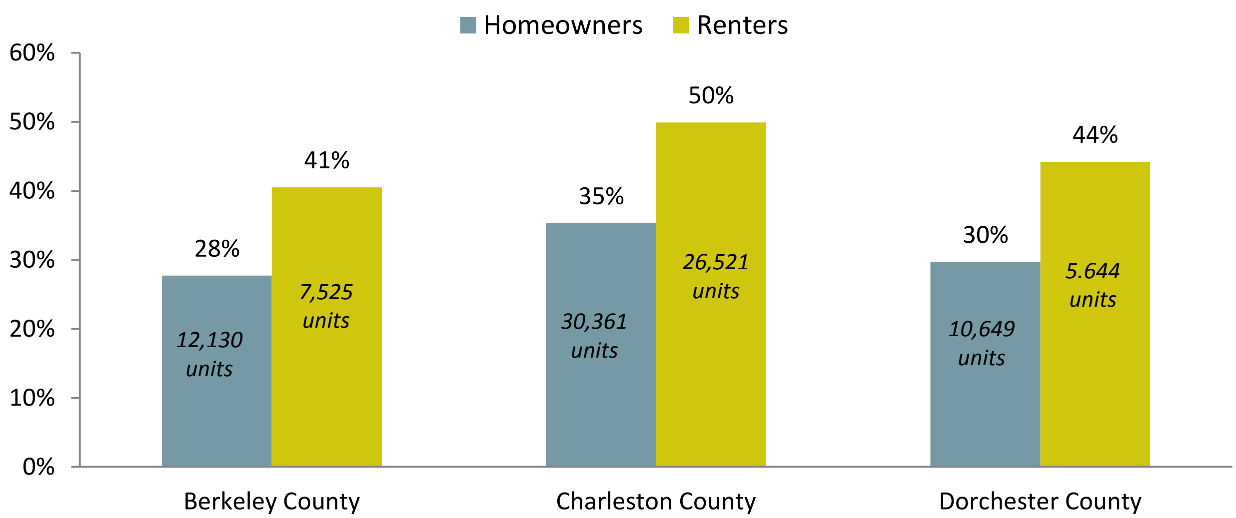
Source: American Community Survey, 2007-2011

Housing Costs as a Percentage of Household Income

Nationally, a threshold of 45 percent of monthly income for housing and transportation costs has been established as "affordable." Assessing the number of households spending 30 percent or more on housing costs provides a better measure of how many households face the issue of unaffordable housing.

The percentage of homeowners and renters spending more than 30 percent of monthly income on housing costs in the three counties is demonstrated below in ***Figure 29***.

FIGURE 29: PROPORTION OF HOMEOWNERS AND RENTERS SPENDING MORE THAN 30% OF MONTHLY INCOME ON HOUSING COSTS BY COUNTY, 2011



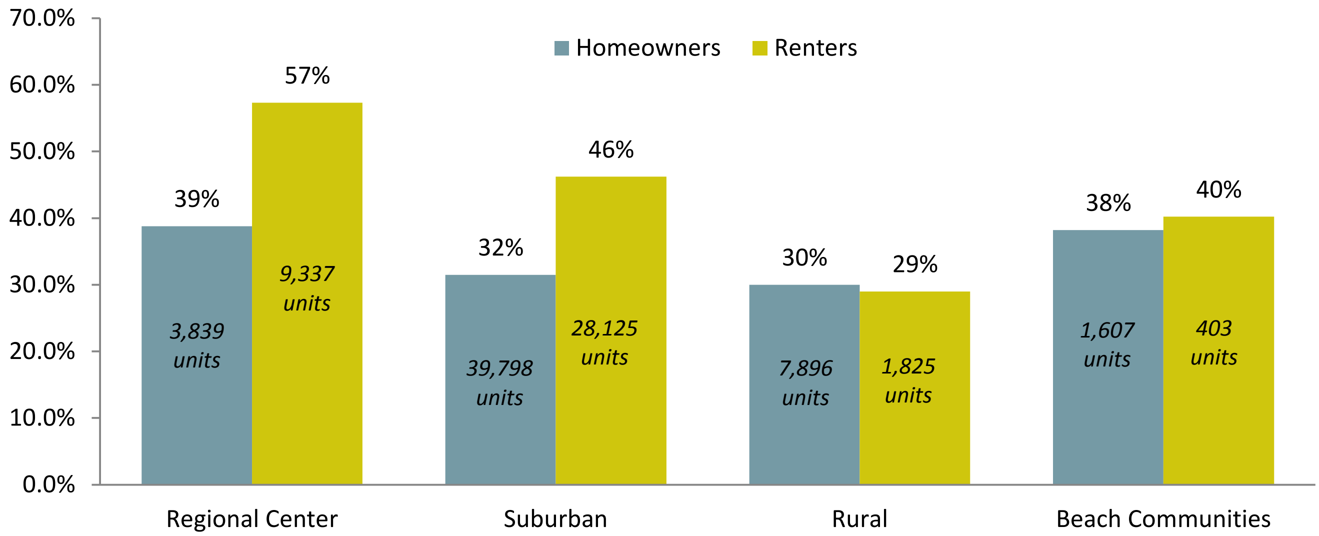
Source: American Community Survey, 2007-2011

Slightly greater proportions of both owners and renters spend more than 30 percent of their incomes on housing in Charleston County than in Berkeley and Dorchester Counties; however, the relative affordability of housing in Berkeley and Dorchester Counties decreases when increasing commuting/transportation costs are incorporated. It is important to note that renters in all three counties dedicate a large percentage of monthly income to housing costs, indicating a greater lack of affordability in rental units.

In the region, many households "drive to qualify" – this means residents live further from the region's employment centers because housing prices are lower and appear more affordable. However, the additional costs for commuting translate to increased overall housing costs. As stated above, a threshold of 45 percent of monthly income for housing and transportation costs have been established as "affordable". Therefore, it is worthwhile to look at housing costs in terms of geographic distribution of households within the region.

Figure 30 indicates the percentage of households (both homeowners and renters) paying 30 percent or more of monthly income on housing costs in the subareas. Slightly greater proportions of owner-occupied households in the Regional Center and Beach Communities subareas (39 and 38 respectively) spend more than 30 percent of income on housing costs than the other two subareas. A majority (57 percent) of renter-occupied households in the Regional Center subarea and a large proportion (46 percent) of renter-occupied households in the Suburban subarea spend more than 30 percent of income on housing costs.

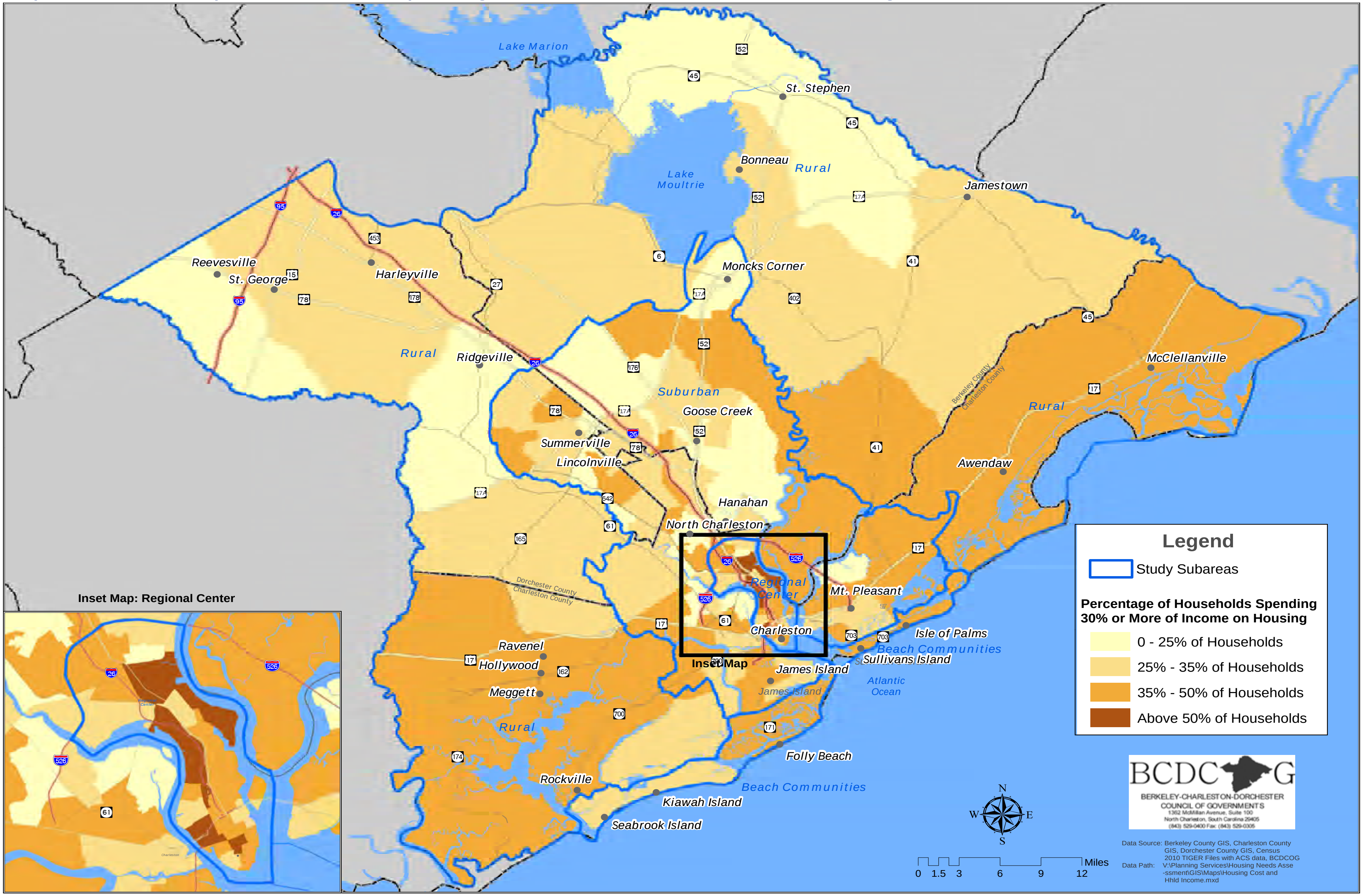
FIGURE 30: HOUSEHOLDS SPENDING MORE THAN 30% OF MONTHLY INCOME ON HOUSING COSTS BY SUBAREA, 2011



Source: ESRI Business Analyst via American Community Survey, 207-2011

To further illustrate where (by Census tract) housing is unaffordable, the following maps have been provided. ***Map 2*** illustrates concentrations of owner-occupied households paying more than 30 percent of income on housing costs. The Regional Center subarea has the greatest concentration of households paying more than 30 percent of their incomes on housing costs. ***Map 3*** illustrates concentrations of renter-occupied households paying more than 50 percent of income on housing costs. The Suburban and Regional Center subareas, where the majority of renter-occupied units exist, also have the highest concentrations of renters paying more than 50 percent of income towards housing expenses.

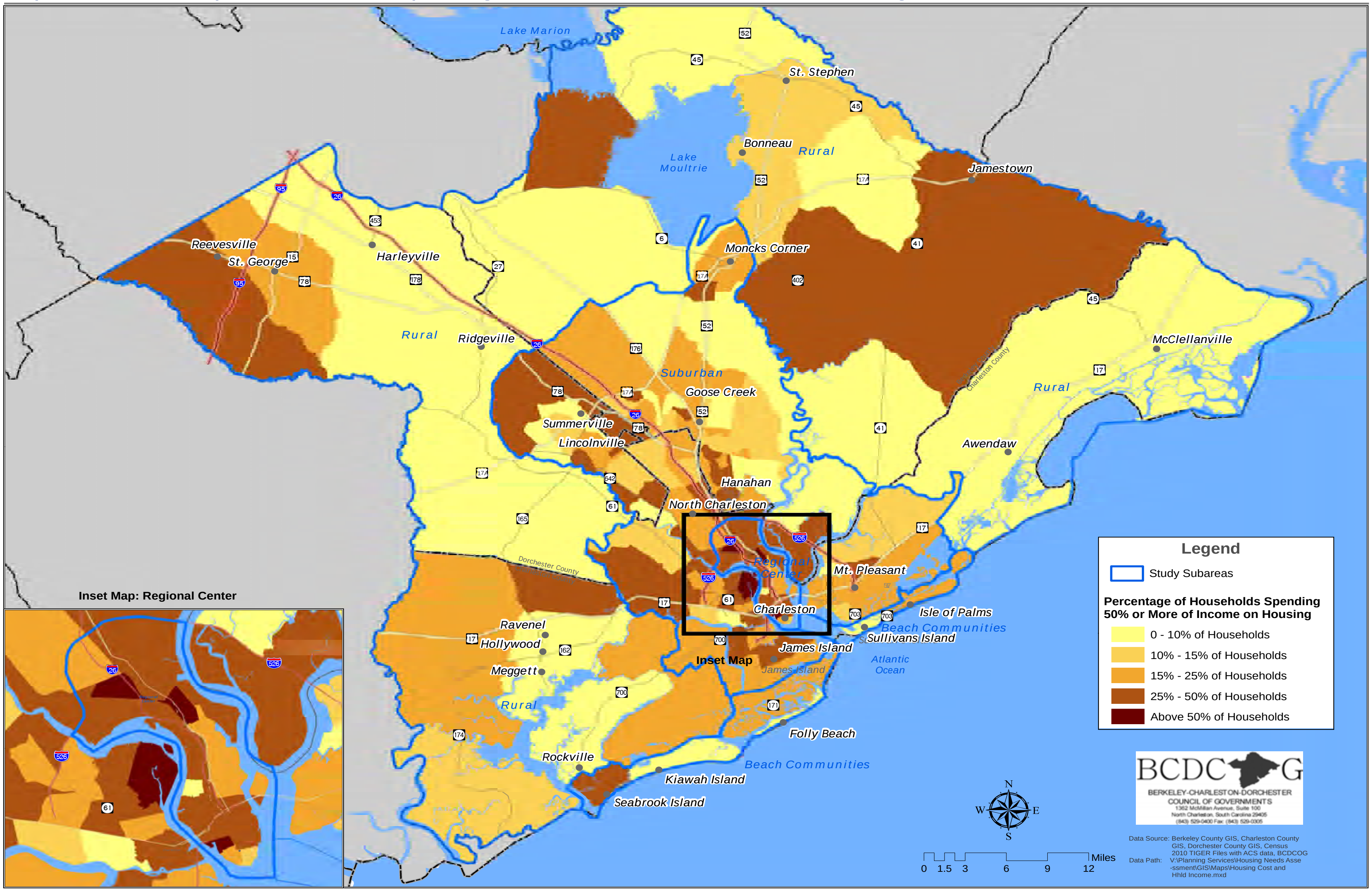
Map 2: Owner-Occupied Households Spending More Than 30% of Income on Housing Costs



Source: American Community Survey, 2007-2011

The greatest concentration of households paying more than 30 percent of their incomes on housing costs occurs in the Regional Center subarea.

Map 3: Renter-Occupied Households Spending More Than 50% of Income on Housing Costs



Source: American Community Survey, 2007-2011

The Suburban and Regional Center subareas, where the majority of renter-occupied units exist, also have the highest concentrations of renters paying more than 50 percent of income towards housing expenses.

Housing Market Assessment

The region not only experienced unprecedented growth from 1995 to 2005, but housing prices grew proportionately and despite the housing bubble burst in 2007, the gap between incomes and housing affordability did not lessen. U.S. Census Bureau data was utilized in previous sections of this study to depict demographics, housing, and financial characteristics of the region's households. The following assessment section utilizes data from other sources to illustrate the regional housing market and areas of opportunity to purchase or rent for households making below 120 percent of the region's median income.

The Target Market

Specifically, the housing market assessment seeks to identify housing opportunities that are affordable and have existed or currently exist for households earning less than 120 percent of the region's median income. ***Table 1*** below identifies a breakdown of the target income ranges and typical professions that pay wages within the income levels identified above. It is important to note that most of these income ranges are not eligible for subsidized housing opportunities.

Table 1: Target Market

Median Household Income (MHI)	Annual Income Range	Typical Professions *(Note: this is not an extensive list.)*
Below 50% of MHI	up to $25,666	Hospitality; Recreation; Retail; Personal Services; Landscapers; Sales
50-80% of MHI	$25,666 to $41,066	Healthcare Support Workers; Farming, Fishing, and Forestry; Automotive Service Workers; Real Estate, Development, and Construction; Office and Administrative Support; Sales Workers; Security; Maintenance and Repair Workers
80-100% of MHI	$41,066 to $51,332	Health Services; Government; Educators; Arts and Entertainment; Utility and Industrial Workers
100-120% of MHI	$51,332 to $61,698	Business and Financial Operations; Healthcare Practitioners; Manufacturing; Computer, Architecture, & Engineering Professionals
Note: the Median Household Income (MHI) is $51,332 for the region.		

Source: U.S. Bureau of Labor Statistics, June 2013

Sales Market

Market activity can be measured in multiple ways. Listings and inventories are indicators of the local housing supply, while demand is indicated by sales and days on the market. To best understand the region's sales market, Multiple Listing Service (MLS) data from the Charleston Trident Association of Realtors (CTAR) was assessed.

Figure 31 indicates the new listings and closed sales for the region from 2007 to 2012. Both listings and closed sales dropped rapidly from 2007 to 2008. As the number of sales slowly regained momentum, the number of listings remained relatively flat, reducing the overall "supply" of homes for sale.

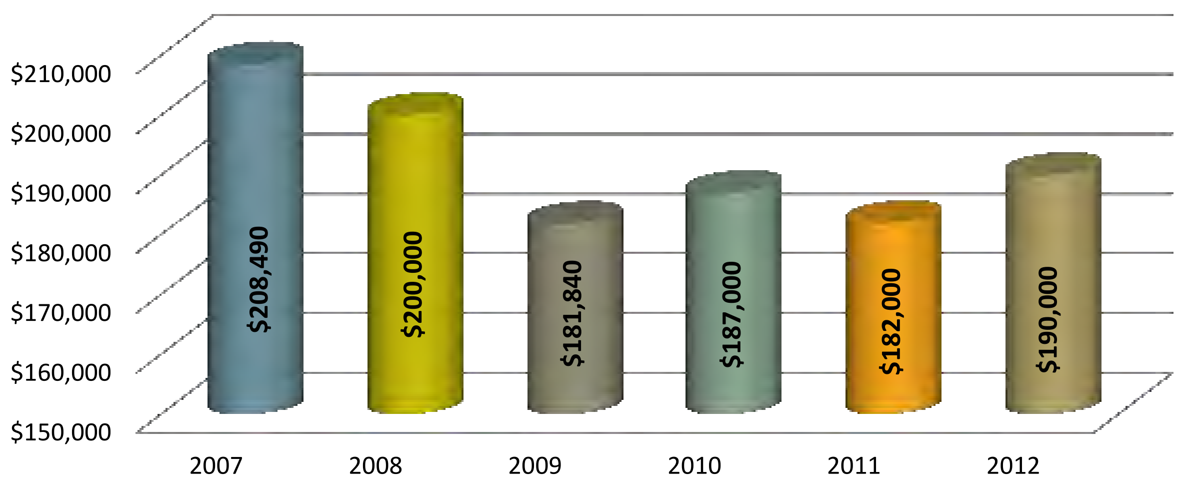
FIGURE 31: NEW LISTINGS AND CLOSED SALES, REGION, 2007-2012

Source: Charleston-Trident Housing Market Annual Reports, 2011-2012, Charleston Trident Association of Realtors

Price Trends

Figure 32 shows the median sales prices in the region from 2007 to 2012, as tracked and compiled by CTAR. The region's median sales prices started decreasing after the housing bubble burst in 2007. Since then, prices have remained relatively stable with slight increases, but have not returned to the 2007 median sales price ($208,490). The median sales price increased 4.4 percent from $182,000 in 2011 to $190,000 in 2012; however, the 2012 median sales price was nearly nine percent less than the median sales price in 2007 ($208,490).

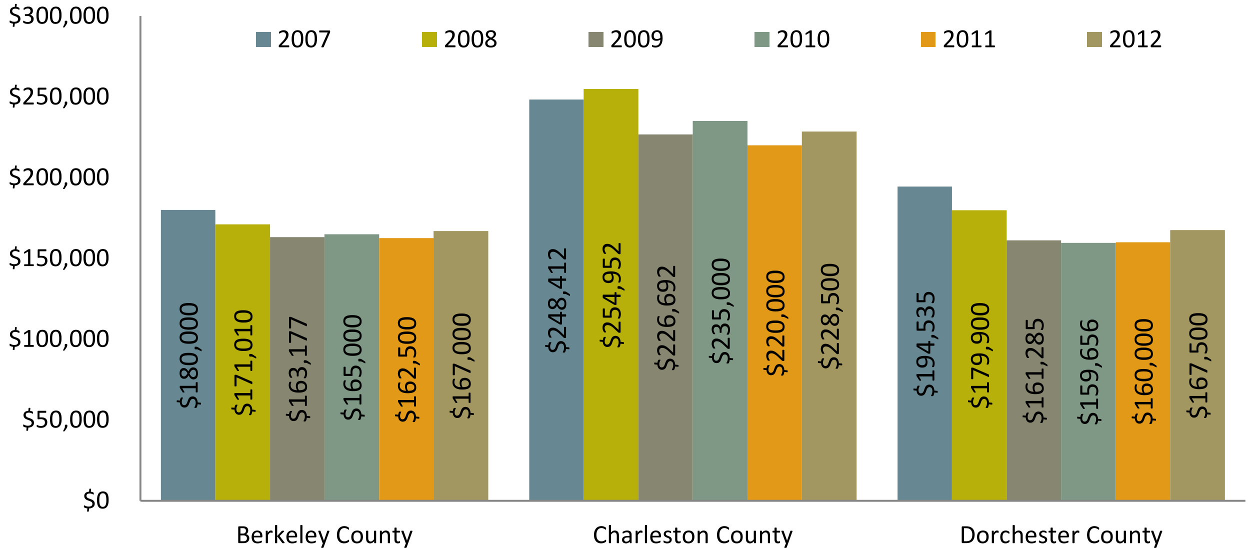
FIGURE 32: MEDIAN SALES PRICES, REGION, 2007-2012



Note: Colleton County is included in the CTAR's regional reporting. Source: Charleston-Trident Housing Market Annual Report, 2012, Charleston Trident Association of Realtors

From 2007 to 2012, the median sales prices of homes in Charleston County consistently exceeded those in both Berkeley and Dorchester Counties, as well as the region. ***Figure 33*** below depicts fluctuating median sales prices in the three counties. As illustrated, in 2008, the median sales price in Charleston County increased while those of Berkeley County, Dorchester County, and the region began to decrease. In Dorchester County, median sales prices continuously dropped from 2007 to 2010, with a slight rebound in 2011. Berkeley County's median sales prices remained fairly consistent after an initial drop in sales prices in 2007 and 2008.

Figure 33: Median Sales Prices by County, 2007-2012

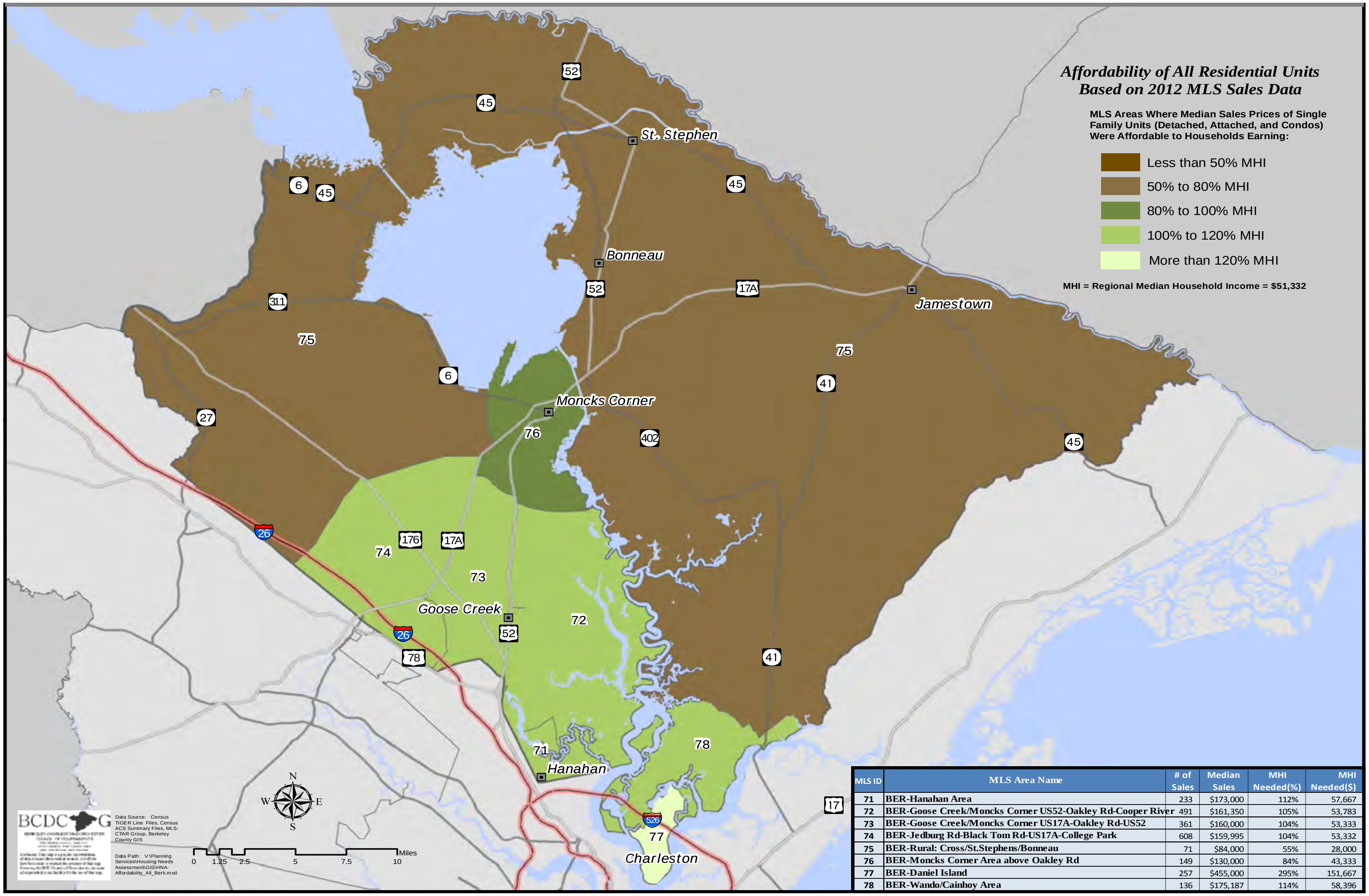


Source: Charleston-Trident Housing Market Annual Report, 2012, Charleston Trident Association of Realtors

Housing affordability differs in all three counties. The following maps demonstrate the housing affordability of all units for each county based on 2012 MLS closed sales data. Areas are distinguished based on the cost of sold homes measured as a percentage of the regional MHI, as indicated in the legend of each map. To better understand the data, tables have been included which indicate the number of sales in 2012, the median sales prices, and the income necessary to afford to purchase a home in the specific geographic area (based on MLS study areas).

As shown on the following maps, homes in the Rural subarea are the most affordable in the region. However, this subarea is located far from employment centers and services, and there is little public transportation available. Homes in these areas become less affordable when transportation costs, which can add up to 15 percent to living costs, are factored in. Additionally, locating housing away from employment centers and services increases traffic congestion, thus increasing costs for government agencies to maintain roads and other public infrastructure.

Map 4: Housing Affordability in Berkeley County, 2012

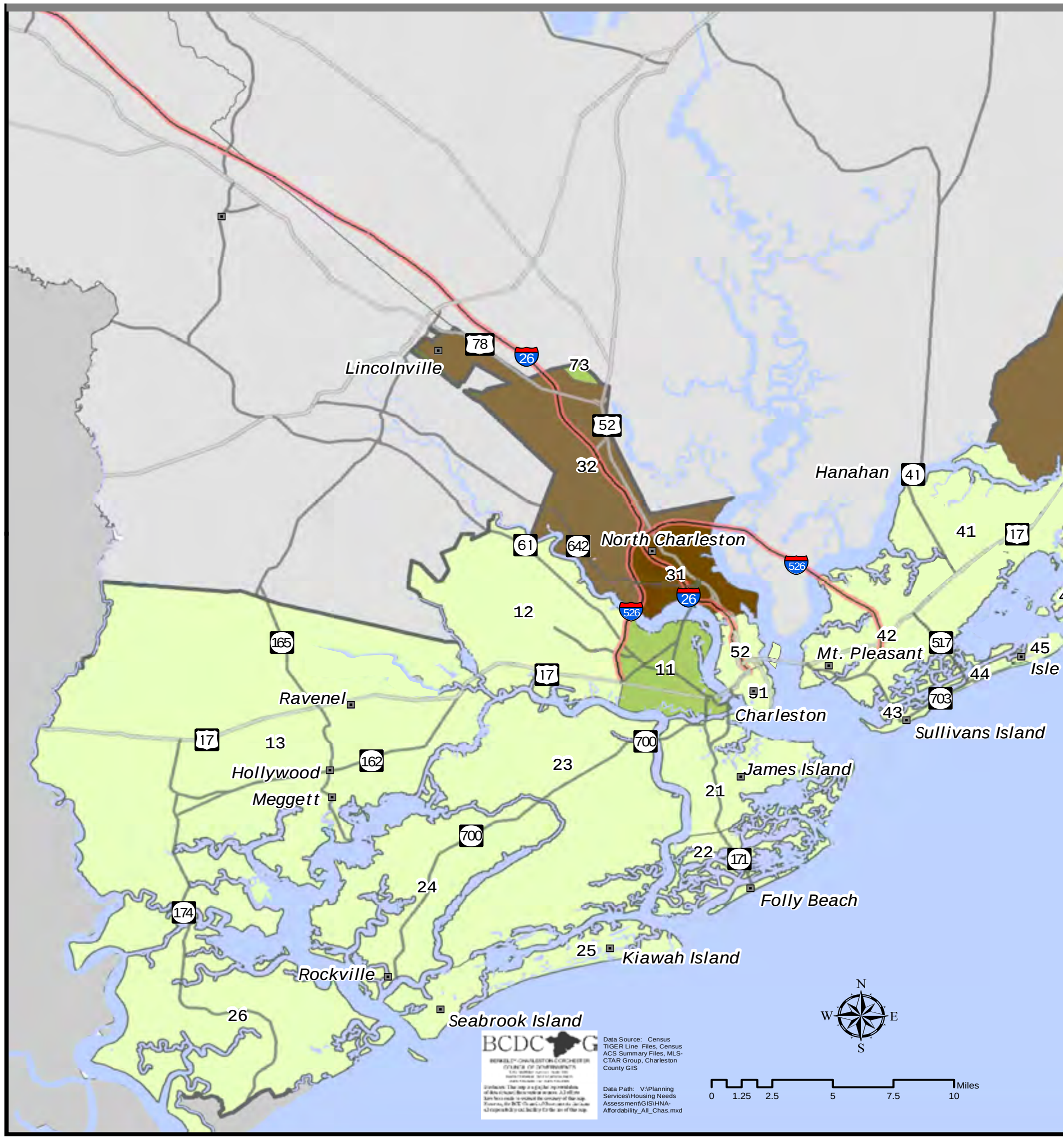


MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed(%)	MHI Needed($)
71	BER-Hanahan Area	233	$173,000	112%	57,667
72	BER-Goose Creek/Moncks Corner US52-Oakley Rd-Cooper River	491	$161,350	105%	53,783
73	BER-Goose Creek/Moncks Corner US17A-Oakley Rd-US52	361	$160,000	104%	53,333
74	BER-Jedburg Rd-Black Tom Rd-US17A-College Park	608	$159,995	104%	53,332
75	BER-Rural: Cross/St.Stephens/Bonneau	71	$84,000	55%	28,000
76	BER-Moncks Corner Area above Oakley Rd	149	$130,000	84%	43,333
77	BER-Daniel Island	257	$455,000	295%	151,667
78	BER-Wando/Cainhoy Area	136	$175,187	114%	58,396

Source: Charleston Trident Association of Realtors, MLS, 2012

In Berkeley County, the most affordable housing is in the rural parts of the county, far from employment centers and public facilities and services.

Map 5: Housing Affordability in Charleston County, 2012

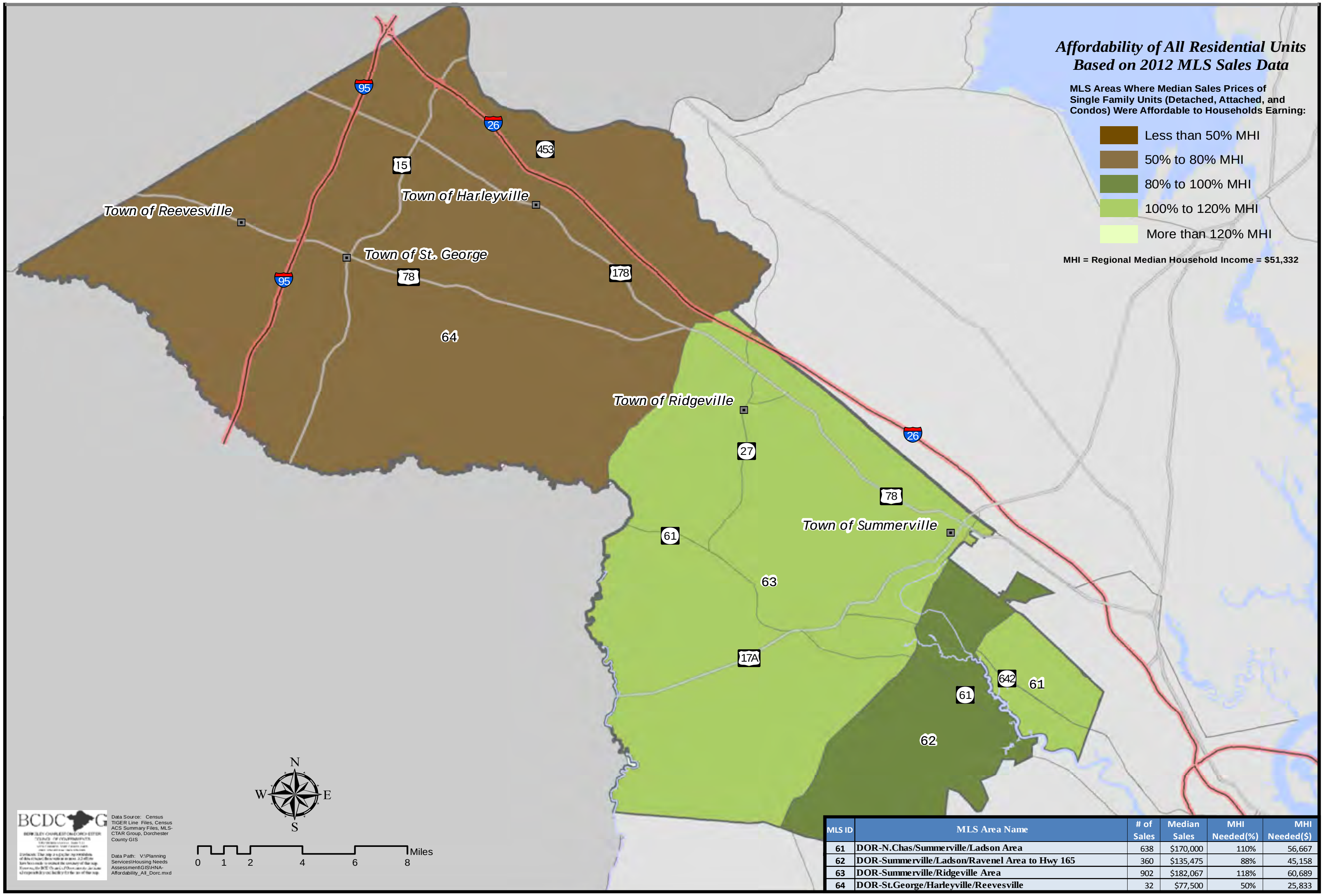


MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed(%)	MHI Needed($)
11	CHS-W.Ashley inside I-526 to Ashley River	406	$183,250	119%	61,083
12	CHS-W.Ashley outside I-526 to Rantowles	768	$188,987	123%	62,996
13	CHS-Rural W.Ashley-Ravenel/Hollywood/Meggett	100	$209,641	136%	69,880
21	CHS-James Island	571	$207,000	134%	69,000
22	CHS-Folly Beach Area to Battery Island	103	$425,000	276%	141,667
23	CHS-Johns Island	370	$197,367	128%	65,789
24	CHS-Wadmalaw Island	16	$411,500	267%	137,167
25	CHS-Kiawah & Seabrook Islands	146	$455,000	295%	151,667
26	CHS-Edisto Island	26	$348,000	226%	116,000
31	CHS-N.Charleston Area inside I-526	231	$60,000	39%	20,000
32	CHS-N.Chas./Summerville outside I-526	672	$116,497	76%	38,832
41	CHS-Mt.Pleasant North of IOP Connector	905	$296,000	192%	98,667
42	CHS-Mt.Pleasant South of IOP Connector	885	$317,500	206%	105,833
43	CHS-Sullivan's Island	43	$1,330,000	864%	443,333
44	CHS-Isle of Palms	91	$555,000	360%	185,000
45	CHS-Wild Dunes	107	$690,000	448%	230,000
46	CHS-Dewees Island	3	$520,000	338%	173,333
47	CHS-Awendaw/McClellanville Area	23	$115,000	75%	38,333
51	CHS-Peninsula Chas. inside of crosstown	363	$475,000	308%	158,333
52	CHS-Peninsula Chas. outside of crosstown	171	$230,000	149%	76,667

Source: Charleston Trident Association of Realtors, MLS, 2012

In Charleston County, the majority of housing is only affordable to households earning more than 120% of the median household income ($61,598). The most affordable housing is found in the City of North Charleston and the Awendaw/McClellanville areas.

Map 6: Housing Affordability in Dorchester County, 2012



MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed(%)	MHI Needed($)
61	DOR-N.Chas/Summerville/Ladson Area	638	$170,000	110%	56,667
62	DOR-Summerville/Ladson/Ravenel Area to Hwy 165	360	$135,475	88%	45,158
63	DOR-Summerville/Ridgeville Area	902	$182,067	118%	60,689
64	DOR-St.George/Harleyville/Reevesville	32	$77,500	50%	25,833

Source: Charleston Trident Association of Realtors, MLS, 2012

Similar to Berkeley County, the most affordable areas in Dorchester County are located in the rural areas of the County, far from employment centers and public facilities and services.

Recent Sales

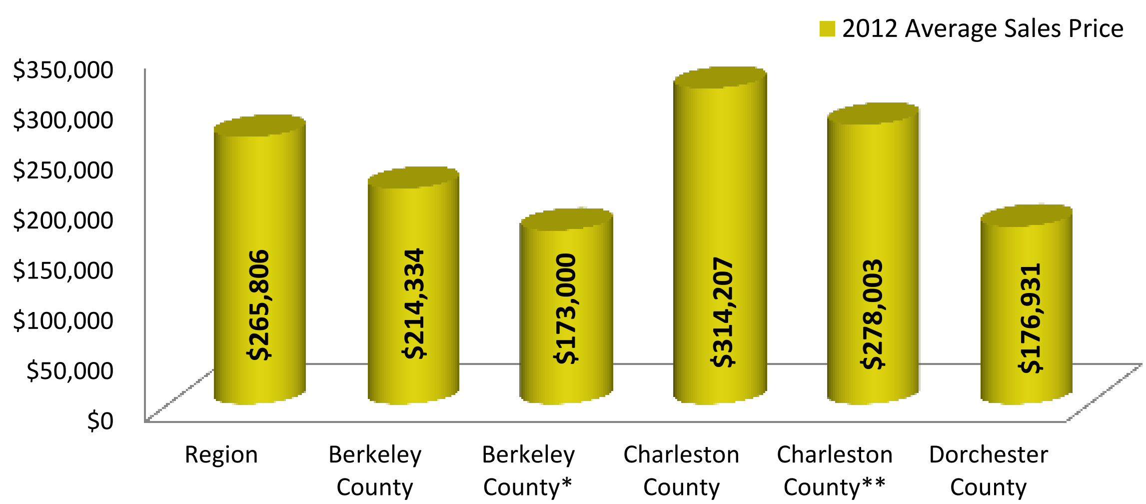
An assessment of regional closed sales in 2012 indicates that approximately one-half of over 10,000 homes sold were not affordable to households earning less than 125 percent of the MHI ($64,165). Furthermore, to afford an average priced home in the region in 2012, a household would need to earn approximately $88,800 (173 percent of the MHI).

A majority of sales in only six areas of the region were affordable to households earning 100 percent of the region's median household income ($51,332). Many of these areas are located in the Rural subarea. These six areas, based on MLS area boundaries, include:

- ***Awendaw/McClellanville;***
- ***North Charleston;***
- ***Rural Dorchester County above Four Holes Swamp;***
- ***Dorchester County portion of North Charleston/Lower Summerville/Ladson;***
- ***Rural Berkeley County; and***
- ***Moncks Corner/Pinopolis.***

Figure 34 illustrates the average sales prices of homes in the region and three counties in 2012. ***Table 2*** further depicts these prices relative to the percentages of median household income necessary to afford an average priced home in each county and the region. The range of average prices across the jurisdiction is also listed to exhibit the variation between the most and least expensive areas in each county and the region.

FIGURE 34: AVERAGE SALES PRICE, REGION, 2012



**Sales in Daniel Island have been removed.*
***Sales in beach communities have been removed.*
Source: Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

TABLE 2: AVERAGE SALES PRICE, REGION, 2012

Jurisdiction	Average Sales Price	Necessary % of MHI	Range of Average Prices	Most Affordable Areas	Least Affordable Areas
Region	$265,806	173% of MHI	$88,503 to $411,500	North Charleston Neck Area	Sullivan's Island
Berkeley County	$214,334	139% of MHI	$103,506 to $540,676	Rural/Upper County	Daniel Island
Berkeley County (without Daniel Island)	$173,402	113% of MHI	$103,506 to $284,245	Rural/Upper County	Wando/Cainhoy
Charleston County	$314,207	204% of MHI	$88,503 to $1,509,131	North Charleston Neck Area	Sullivan's Island
Charleston County (without Beach Communities)	$278,003	181% of MHI	$88,503 to $411,500	North Charleston Neck Area	Wadmalaw Island; City of Charleston Peninsula below US 17
Dorchester County	$176,931	115% of MHI	$101,638 to $192,623	St. George/Upper County	Summerville/ Ridgeville

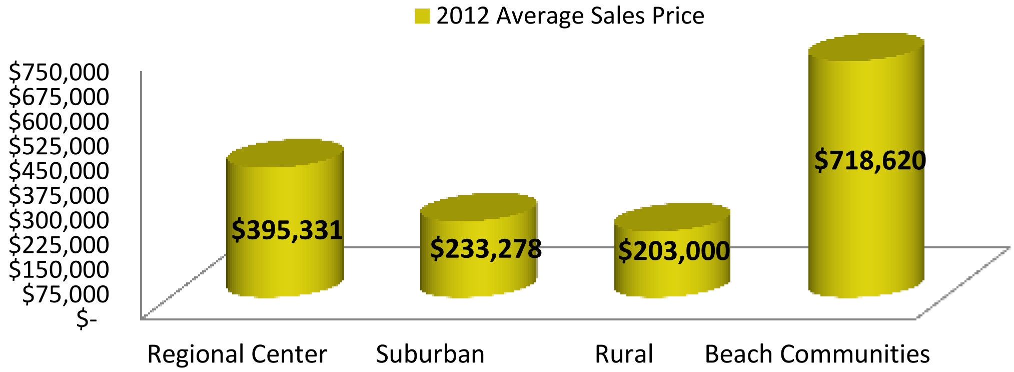
Source: Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

Within each county, the affordability of housing varies. As noted above, the average home price within Charleston County was not within the range of "affordable" – households needed to earn twice the median household income overall in 2012 to afford an average priced home. Even without the Beach Communities subarea, a household needed to earn 181 percent of the MHI to afford the average priced home sold in 2012. Berkeley County's average home price was slightly lower, requiring only 173 percent of the MHI. Excluding Daniel Island sales from Berkeley County lowered the average home sale price to $173,000, which requires 113 percent of the region's median household income. Dorchester County is consistently within the affordable range, requiring a household income of 115 percent of the MHI.

The average price of homes in all four subareas was unaffordable to households earning below 120 percent of the MHI ($61,598).

Figure 35 demonstrates the average sales prices for study subareas based on 2012 closed sales. ***Table 3*** further illustrates the affordability of housing based on average sales for the four study subareas. As noted, the Suburban and Rural subareas are the most affordable (requiring 151 percent and 132 percent of the MHI respectively). The Beach Communities subarea is very unaffordable – the average sales price was $718,620 in 2012 (467 percent of the MHI). The Regional Center subarea is also unaffordable as it requires 257 percent of the MHI to afford an average priced home ($395,331).

FIGURE 35: AVERAGE SALES PRICE BY SUBAREA, 2012



Source: ESRI Business Analyst via Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

TABLE 3: AVERAGE SALES PRICE BY SUBAREA, 2012

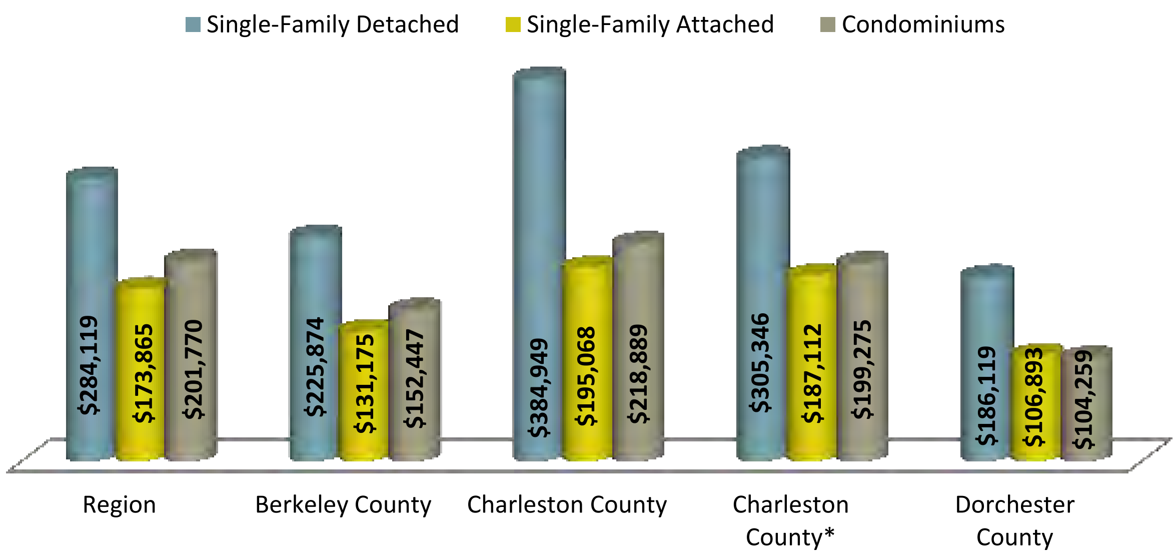
Study Subarea	Average Sales Price	Necessary % of MHI	Range of Average Prices	Most Affordable Areas	Least Affordable Areas
Regional Center	$395,331	257% of MHI	$88,503 to $656,659	North Charleston Neck Area	City of Charleston Peninsula below US 17
Suburban	$233,278	151% of MHI	$113,106 to $540,676	North Charleston outside I-526	Daniel Island
Rural	$203,000	132% of MHI	$101,638 to 679,327	St. George/Upper Dorchester County	Wadmalaw Island
Beach Communities	$718,620	467% of MHI	$483,470 to $1,509,131	Folly Beach	Sullivan's Island

Source: ESRI Business Analyst via Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

Affordability by Housing Type based on Recent Sales

Housing affordability varies based on the type of housing desired. Single-family detached, single-family attached (such as a duplex or townhouse), and condominiums are sold within various price points. ***Figure 36*** illustrates the variation among average sales prices by housing type. ***Table 4*** below indicates the average sales price of each housing type based on closed sales in 2012.

FIGURE 36: AVERAGE SALE PRICE BY HOUSING TYPE, REGION, 2012



**Sales in the beach communities have been omitted.*
Source: Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

Average sales prices are typically much higher for single-family detached housing units compared to single-family attached units (such as duplexes or townhouses) or condominiums. The relative affordability for all types of housing does not deviate from the overall trend that housing region-wide is unaffordable to those earning below 120 percent of the median household income ($61,598).

TABLE 4: AVERAGE SALES PRICE BY HOUSING TYPE, REGION, 2012

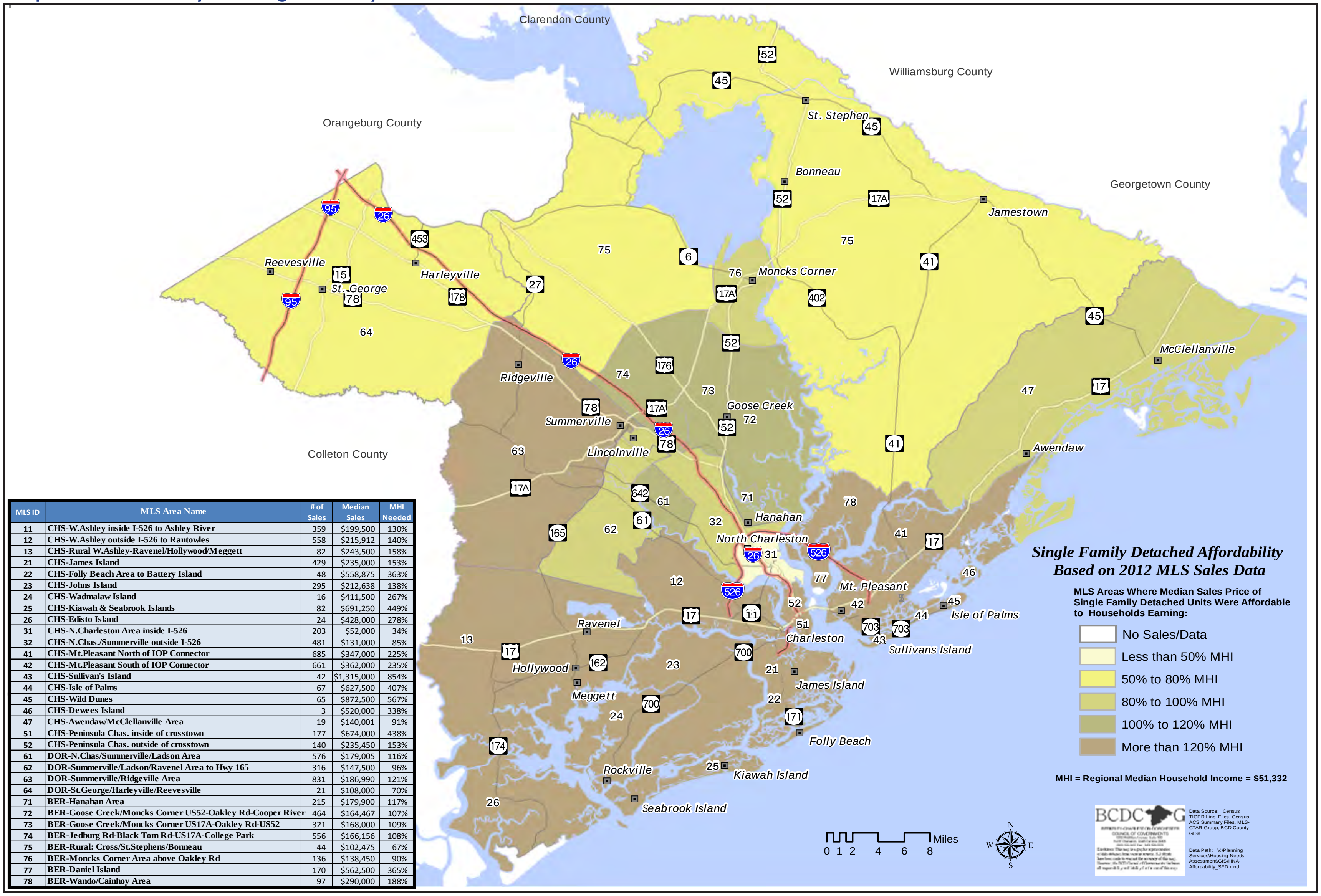
Jurisdiction	Single-Family Detached		Single-Family Attached		Condominium	
	Average Sales Price	Necessary % of MHI	Average Sales Price	Necessary % of MHI	Average Sales Price	Necessary % of MHI
Region	$284,119	184% of MHI	$173,865	113% of MHI	$201,770	131% of MHI
Berkeley County	$225,874	147% of MHI	$131,175	85% of MHI	$152,447	99% of MHI
Berkeley County *(without Daniel Island)*	$183,405	119% of MHI	$96,585	63% of MHI	$94,844	62% of MHI
Charleston County	$384,949	227% of MHI	$195,068	127% of MHI	$218,889	142% of MHI
Charleston County *(without Beach Communities)*	$305,346	198% of MHI	$187,112	122% of MHI	$199,275	129% of MHI
Dorchester County	$186,119	121% of MHI	$106,893	69% of MHI	$104,259	68% of MHI

Source: Multiple Listing Service Closed Sales, Charleston Trident Association of Realtors, 2012

The following maps further illustrate the MLS areas that contain the most affordable homes, by housing type [single-family detached units (***Map 7***), single-family attached units (***Map 8***), and condominium units (***Map 9***)], sold in 2012, based on MLS data and regional MHI. Data tables have been provided on each map to indicate the number of sales in 2012, as well as the median sales prices and income necessary to afford a median-priced home. As illustrated, no sales data is available for many of the rural parts of the region.

2012 MLS sales data indicates that single-family attached units and condominium units are more affordable, compared to single-family detached units; however, single-family detached homes comprise the majority of the region's existing housing stock.

Map 7: Affordability of Single-Family Detached Homes, 2012

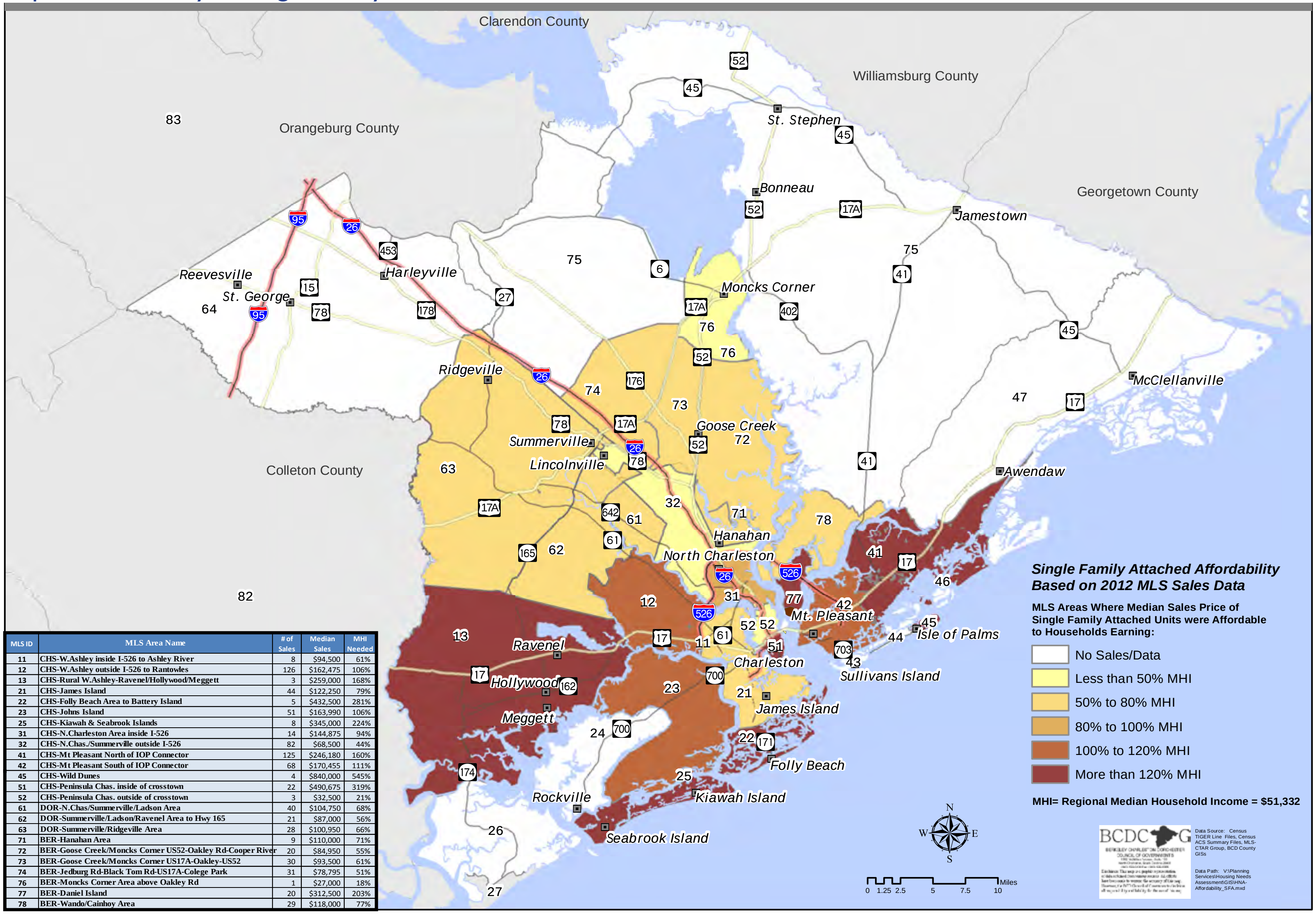


MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed
11	CHS-W.Ashley inside I-526 to Ashley River	359	$199,500	130%
12	CHS-W.Ashley outside I-526 to Rantowles	558	$215,912	140%
13	CHS-Rural W.Ashley-Ravenel/Hollywood/Meggett	82	$243,500	158%
21	CHS-James Island	429	$235,000	153%
22	CHS-Folly Beach Area to Battery Island	48	$558,875	363%
23	CHS-Johns Island	295	$212,638	138%
24	CHS-Wadmalaw Island	16	$411,500	267%
25	CHS-Kiawah & Seabrook Islands	82	$691,250	449%
26	CHS-Edisto Island	24	$428,000	278%
31	CHS-N.Charleston Area inside I-526	203	$52,000	34%
32	CHS-N.Chas./Summerville outside I-526	481	$131,000	85%
41	CHS-Mt.Pleasant North of IOP Connector	685	$347,000	225%
42	CHS-Mt.Pleasant South of IOP Connector	661	$362,000	235%
43	CHS-Sullivan's Island	42	$1,315,000	854%
44	CHS-Isle of Palms	67	$627,500	407%
45	CHS-Wild Dunes	65	$872,500	567%
46	CHS-Dewees Island	3	$520,000	338%
47	CHS-Awendaw/McClellanville Area	19	$140,001	91%
51	CHS-Peninsula Chas. inside of crosstown	177	$674,000	438%
52	CHS-Peninsula Chas. outside of crosstown	140	$235,450	153%
61	DOR-N.Chas/Summerville/Ladson Area	576	$179,005	116%
62	DOR-Summerville/Ladson/Ravenel Area to Hwy 165	316	$147,500	96%
63	DOR-Summerville/Ridgeville Area	831	$186,990	121%
64	DOR-St.George/Harleyville/Reevesville	21	$108,000	70%
71	BER-Hanahan Area	215	$179,900	117%
72	BER-Goose Creek/Moncks Corner US52-Oakley Rd-Cooper River	464	$164,467	107%
73	BER-Goose Creek/Moncks Corner US17A-Oakley Rd-US52	321	$168,000	109%
74	BER-Jedburg Rd-Black Tom Rd-US17A-College Park	556	$166,156	108%
75	BER-Rural: Cross/St.Stephens/Bonneau	44	$102,475	67%
76	BER-Moncks Corner Area above Oakley Rd	136	$138,450	90%
77	BER-Daniel Island	170	$562,500	365%
78	BER-Wando/Cainhoy Area	97	$290,000	188%

Source: Charleston Trident Association of Realtors, MLS, 2012

Most affordable single-family detached homes are located in the Suburban and Rural subareas. Residents living in these areas are paying higher transportation costs, inadvertently increasing living expenses.

Map 8: Affordability of Single-Family Attached Homes, 2012

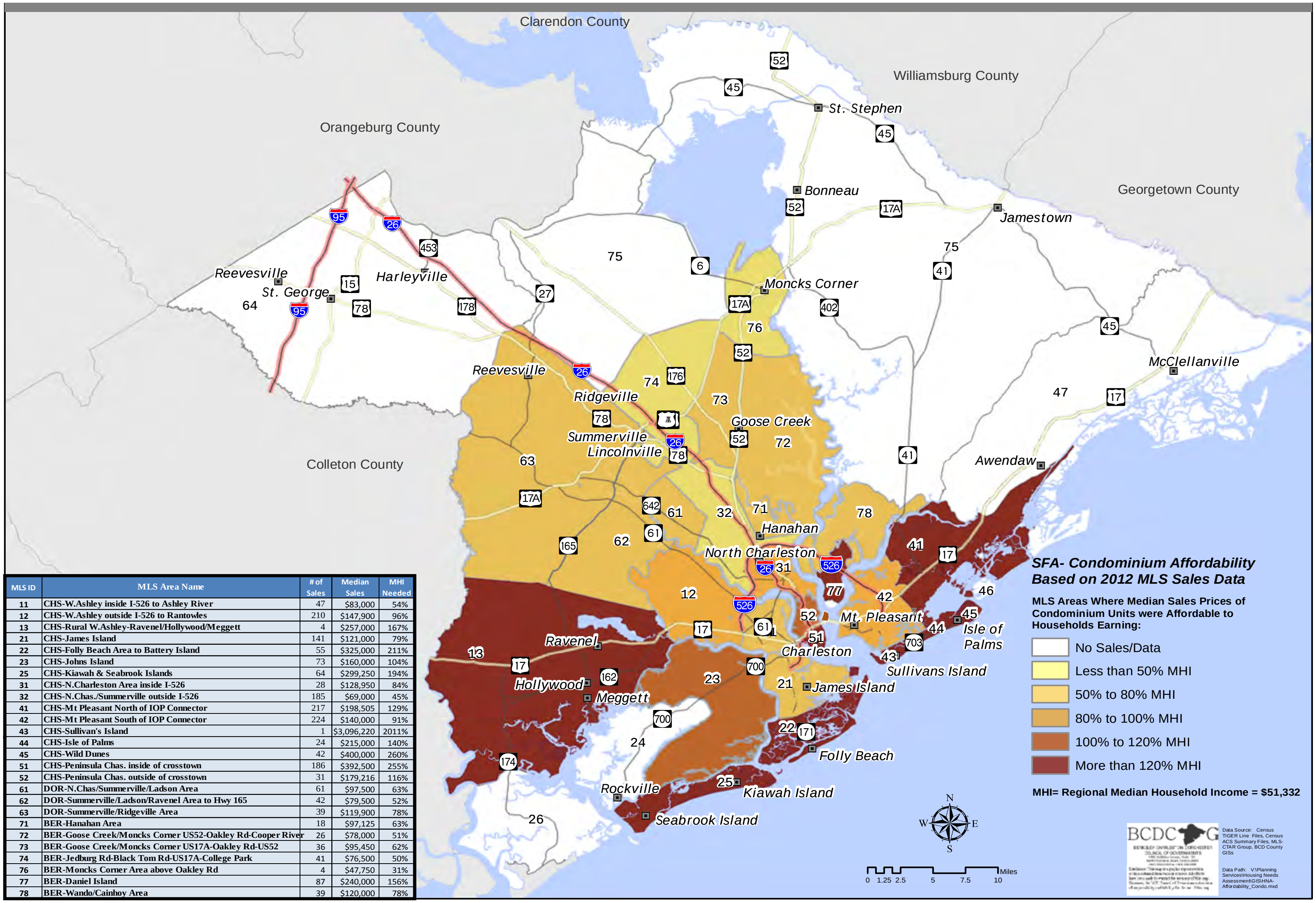


MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed
11	CHS-W.Ashley inside I-526 to Ashley River	8	$94,500	61%
12	CHS-W.Ashley outside I-526 to Rantowles	126	$162,475	106%
13	CHS-Rural W.Ashley-Ravenel/Hollywood/Meggett	3	$259,000	168%
21	CHS-James Island	44	$122,250	79%
22	CHS-Folly Beach Area to Battery Island	5	$432,500	281%
23	CHS-Johns Island	51	$163,990	106%
25	CHS-Kiawah & Seabrook Islands	8	$345,000	224%
31	CHS-N.Charleston Area inside I-526	14	$144,875	94%
32	CHS-N.Chas./Summerville outside I-526	82	$68,500	44%
41	CHS-Mt Pleasant North of IOP Connector	125	$246,180	160%
42	CHS-Mt Pleasant South of IOP Connector	68	$170,455	111%
45	CHS-Wild Dunes	4	$840,000	545%
51	CHS-Peninsula Chas. inside of crosstown	22	$490,675	319%
52	CHS-Peninsula Chas. outside of crosstown	3	$32,500	21%
61	DOR-N.Chas/Summerville/Ladson Area	40	$104,750	68%
62	DOR-Summerville/Ladson/Ravenel Area to Hwy 165	21	$87,000	56%
63	DOR-Summerville/Ridgeville Area	28	$100,950	66%
71	BER-Hanahan Area	9	$110,000	71%
72	BER-Goose Creek/Moncks Corner US52-Oakley Rd-Cooper River	20	$84,950	55%
73	BER-Goose Creek/Moncks Corner US17A-Oakley-US52	30	$93,500	61%
74	BER-Jedburg Rd-Black Tom Rd-US17A-Colege Park	31	$78,795	51%
76	BER-Moncks Corner Area above Oakley Rd	1	$27,000	18%
77	BER-Daniel Island	20	$312,500	203%
78	BER-Wando/Cainhoy Area	29	$118,000	77%

Source: Charleston Trident Association of Realtors, MLS, 2012

Single-family attached homes offer greater affordability options, and there were greater concentrations of affordable units sold in the Regional Center and Suburban subareas closer to employment centers. Few single-family attached homes exist in the Rural subarea.

Map 9: Affordability of Single-Family Attached Condominium Homes, 2012



MLS ID	MLS Area Name	# of Sales	Median Sales	MHI Needed
11	CHS-W.Ashley inside I-526 to Ashley River	47	$83,000	54%
12	CHS-W.Ashley outside I-526 to Rantowles	210	$147,900	96%
13	CHS-Rural W.Ashley-Ravenel/Hollywood/Meggett	4	$257,000	167%
21	CHS-James Island	141	$121,000	79%
22	CHS-Folly Beach Area to Battery Island	55	$325,000	211%
23	CHS-Johns Island	73	$160,000	104%
25	CHS-Kiawah & Seabrook Islands	64	$299,250	194%
31	CHS-N.Charleston Area inside I-526	28	$128,950	84%
32	CHS-N.Chas./Summerville outside I-526	185	$69,000	45%
41	CHS-Mt Pleasant North of IOP Connector	217	$198,505	129%
42	CHS-Mt Pleasant South of IOP Connector	224	$140,000	91%
43	CHS-Sullivan's Island	1	$3,096,220	2011%
44	CHS-Isle of Palms	24	$215,000	140%
45	CHS-Wild Dunes	42	$400,000	260%
51	CHS-Peninsula Chas. inside of crosstown	186	$392,500	255%
52	CHS-Peninsula Chas. outside of crosstown	31	$179,216	116%
61	DOR-N.Chas/Summerville/Ladson Area	61	$97,500	63%
62	DOR-Summerville/Ladson/Ravenel Area to Hwy 165	42	$79,500	52%
63	DOR-Summerville/Ridgeville Area	39	$119,900	78%
71	BER-Hanahan Area	18	$97,125	63%
72	BER-Goose Creek/Moncks Corner US52-Oakley Rd-Cooper River	26	$78,000	51%
73	BER-Goose Creek/Moncks Corner US17A-Oakley Rd-US52	36	$95,450	62%
74	BER-Jedburg Rd-Black Tom Rd-US17A-College Park	41	$76,500	50%
76	BER-Moncks Corner Area above Oakley Rd	4	$47,750	31%
77	BER-Daniel Island	87	$240,000	156%
78	BER-Wando/Cainhoy Area	39	$120,000	78%

Source: Charleston Trident Association of Realtors, MLS, 2012

In 2012, condominiums sold at more affordable prices across all parts of the Regional Center and Suburban subareas. Few condominiums exist in the Rural subarea. Condominiums offer a more affordable option for residents.

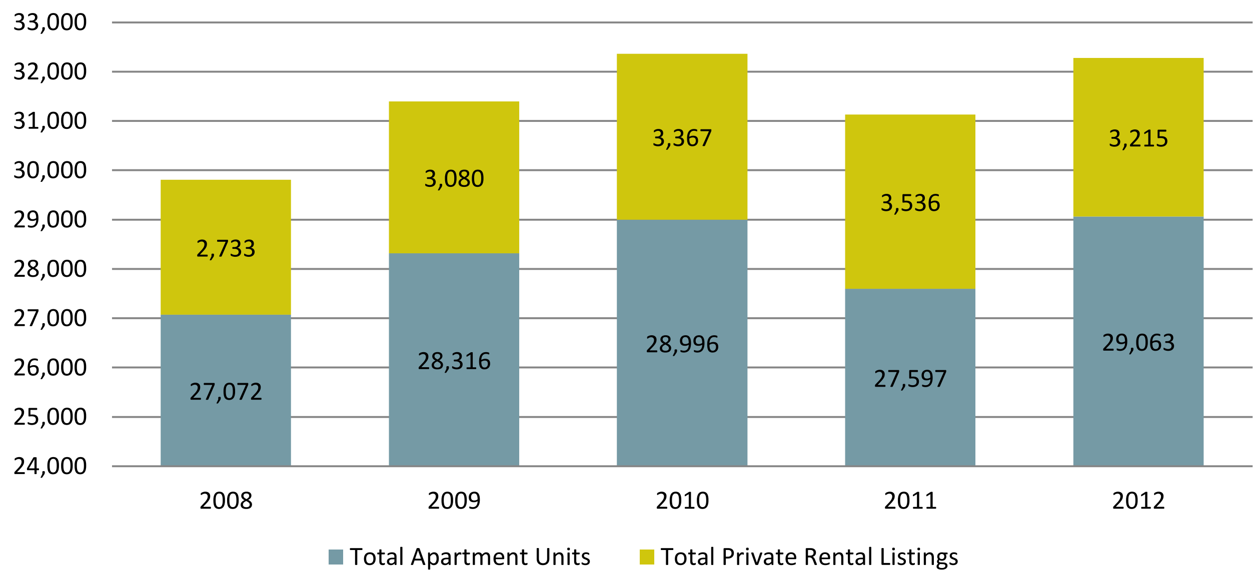
Rental Market

Households may be deterred from pursuing homeownership for a variety of reasons: high debt; insufficient cash for down payment requirements; nonexistent or poor credit history; or high interest rates that result in high monthly payments. Other households choose to rent for a variety of other reasons; therefore, it is important for rental properties to be available at affordable prices as well.

In 2011, 29 percent (84,535) of housing units in the region were renter-occupied according to the American Community Survey 2007-2011 Five-Year Estimates. While there is no organization that tracks all rental units and rent history, data from AptIndex.com and the Multiple Listing Service (MLS) includes information on subsets that provide insight on the rental market. Real Data, which publishes AptIndex.com, reports data by submarkets that cover the entire region including: Central (the Regional Center subarea), Goose Creek, James Island, Mount Pleasant, North Charleston, Summerville, and West Ashley (all located in the Suburban subarea). The data reported is for apartment complexes with greater than fifty units. The MLS rental inventory consists of rental properties listed by private owners, but not all private rental properties are included. Data for these submarkets is looked at as a sample to observe trends that have occurred in the rental market.

Despite the conversion of several apartments into condominiums in the mid-2000s, the inventory of apartment units tracked by Real Data has increased overall by 13 percent since 2001. Following a loss of 2,500 apartment units in 2005-2006, which were subsequently replaced with construction of 2,698 apartment units between 2007 to 2008, the inventory has steadily increased. Today, more than 29,000 apartments (within complexes) in the region are identified as part of the regional inventory tracked by AptIndex.com. In addition to the apartment complex units identified on AptIndex.com, approximately 3,000 rental properties are listed by private owners each year through the MLS. ***Figure 37*** below illustrates the rental unit inventory sample reported by both sources.

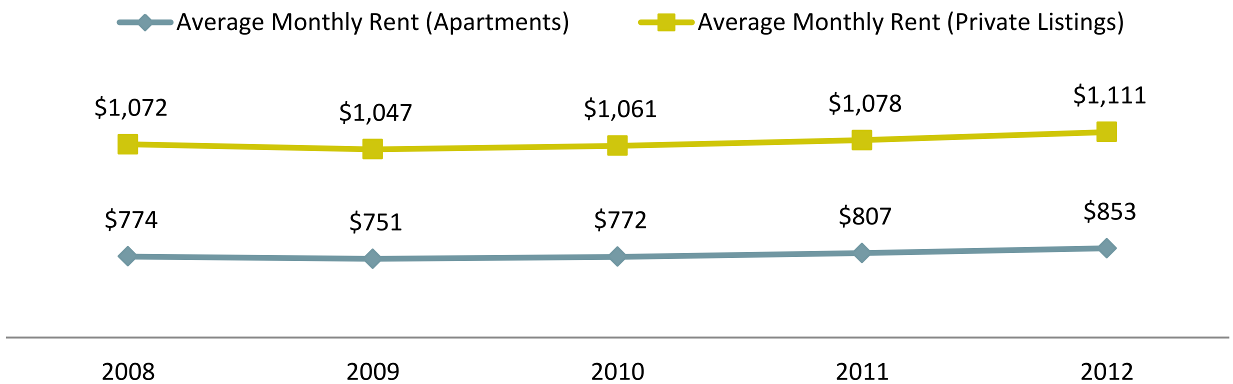
FIGURE 37: RENTAL UNIT INVENTORY SAMPLE, 2008-2012



Note: Figures are based on rental inventories as reported by AptIndex.com and MLS. This is only a sample of the rental unit inventory of the entire region. Source: Real Data Apartment Index, AptIndex.com, 2008-2012; Permar Incorporated, March 2013; CTAR MLS December 2012

As depicted in ***Figure 38***, monthly rental costs have remained fairly consistent between 2008 and 2012. Average rental costs in the larger apartment complexes are highest in Mount Pleasant and James Island, where average rents for both two- and three-bedroom units exceed $1,000 per month; this is approximately 25 percent more than the overall regional average of $842, as reported by AptIndex.com. Analysis of MLS rental data indicates that privately rented properties tend to have higher monthly rents; however, these properties may include single-family detached homes, which lead to higher rents. The average apartment unit, reported by AptIndex.com, is 980 square feet compared to an average of 1,400 square feet for private rentals listed on MLS.

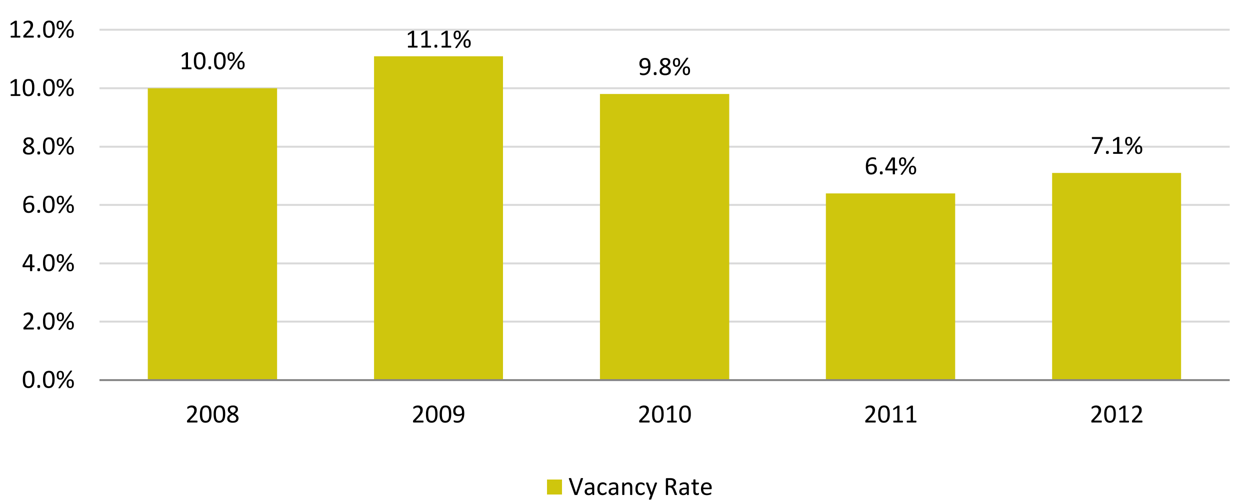
FIGURE 38: TREND IN MONTHLY RENT, RENTAL UNIT SAMPLE, 2008-2012



Note: Rents are associated with rental inventory sample as reported by AptIndex.com and MLS. This is not representative of all rental units in the region. Source: Real Data Apartment Index, AptIndex.com, 2008-2012; Permar Incorporated, March 2013; CTAR MLS December 2012.

As previously noted, construction of multi-family housing units has continued to increase throughout the region. As the supply remains steady, gross rents should remain competitive. Vacancy rates are often indicative of the supply and demand of housing. ***Figure 39*** below indicates the vacancy rates based on the rental units represented in the sample provided by AptIndex.com. It is important to note that the overall vacancy rate among rental units, as reported by the American Community Survey, was higher (12.3 percent), indicating a higher vacancy rate for units in smaller complexes and/or private rental properties.

FIGURE 39: VACANCY RATES OF RENTAL UNIT SAMPLE, 2008-2012



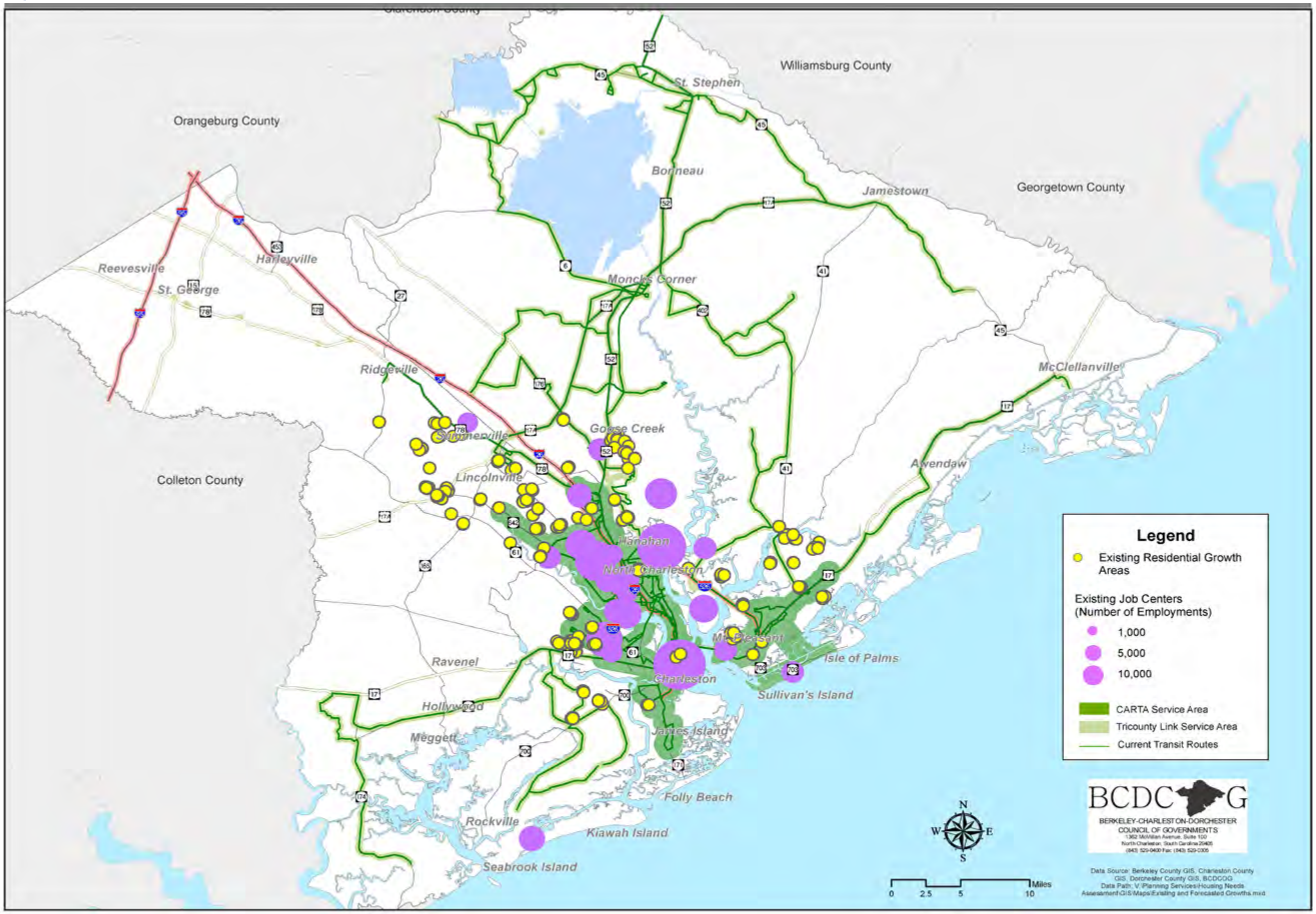
Source: Real Data Apartment Index, AptIndex.com, 2008-2012; Permar Incorporated, March 2013.

Current Growth

As the population has increased in recent years, growth has taken place in several different parts of the County. ***Map 10*** illustrates concentrations of building permits issued for both residential and nonresidential development between 2009 and 2012, along with InfoUSA business database points (those with substantial employee counts). To demonstrate where existing transportation infrastructure is available, current urban and rural transit service areas have been illustrated on the map.

Much of the residential growth has been occurring outside of transit service areas and employment centers, which increases transportation costs for residents in these residential growth areas. The location of residential growth away from employment centers and services, coupled with a lack of a comprehensive public transportation system, leads to increased traffic congestion and increased operating costs for government agencies responsible for maintaining roads and other public infrastructure.

Map 10: Current Growth Areas



Source: BCDCOG, 2013

Historically, the growth has been occurring outside of transit service areas and existing employment centers. This sprawling development is resulting in increased traffic costs for residents, local jurisdictions, and taxpayers.

Future Housing Needs

Projected Demand

The U.S. Department of Housing and Urban Development (HUD) provides estimates of housing needs every five years. In 2010, HUD estimated a need for nearly 11,045 additional single-family homes in the region by 2014. As seen in ***Table 5***, it was also estimated that almost half (49 percent) of that demand would be for homes affordable to households making less than $67,000 per year (130 percent of the MHI), i.e., priced less than $200,000.

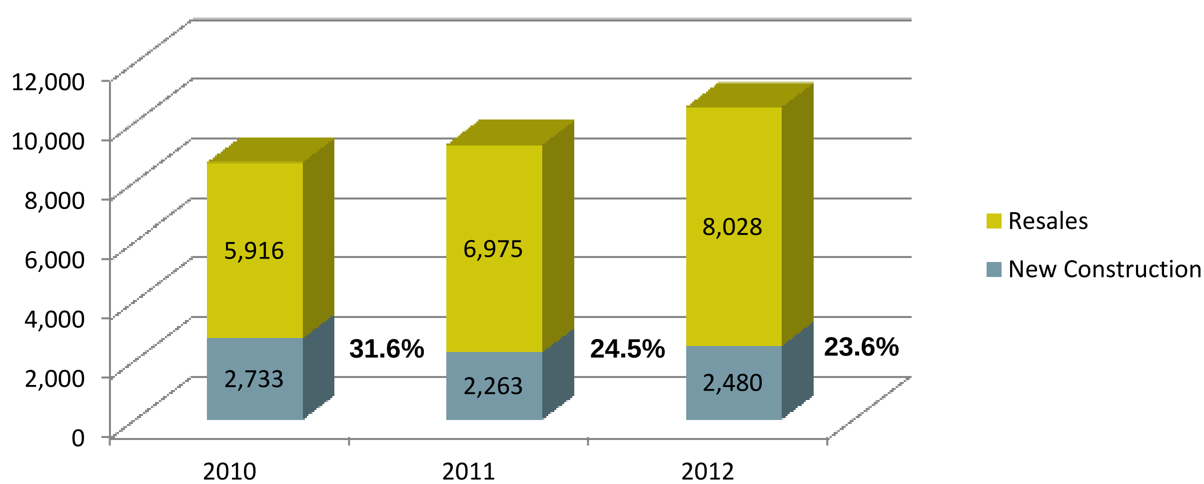
Table 5: Estimated Demand for New Single Family Homes, Region, 2011-2014

Price Range	Units of Demand	Percent of Total	Approximate Percentage of MHI
$100,000 to $139,999	1,550	14%	91% of MHI
$140,000 to $199,999	3,875	35%	130% of MHI
$200,000 to $249,999	1,650	15%	162% of MHI
$250,000 to $299,999	1,100	10%	195% of MHI
$300,000 to $399,999	1,100	10%	260% of MHI
$400,000 to $699,999	890	8%	455% of MHI
$700,000 to $999,999	660	6%	649% of MHI
$1,000,000 and greater	220	2%	--
Total	**11,045**	**100%**	**--**

Source: U.S. Department of Housing and Urban Development, 2010

Two sources were researched to determine whether HUD's projected demand for new single-family homes will be fulfilled by 2014. The Charleston Trident Association of Realtors (CTAR) reports the volume of sales attributed to new home construction as a percentage of total sales in the market. As total sales have increased in the past few years, the relative proportion of sales for new home construction has decreased. Nonetheless, sales of new construction within the first three of the five-year period amounted to approximately 7,475 or approximately 67 percent of the demand estimated by HUD. Assuming this trend continues, new construction will fulfill or exceed the demand estimated by 2014.

Figure 40: New Construction Sales as a Portion of Total Reported Sales, 2010-2012

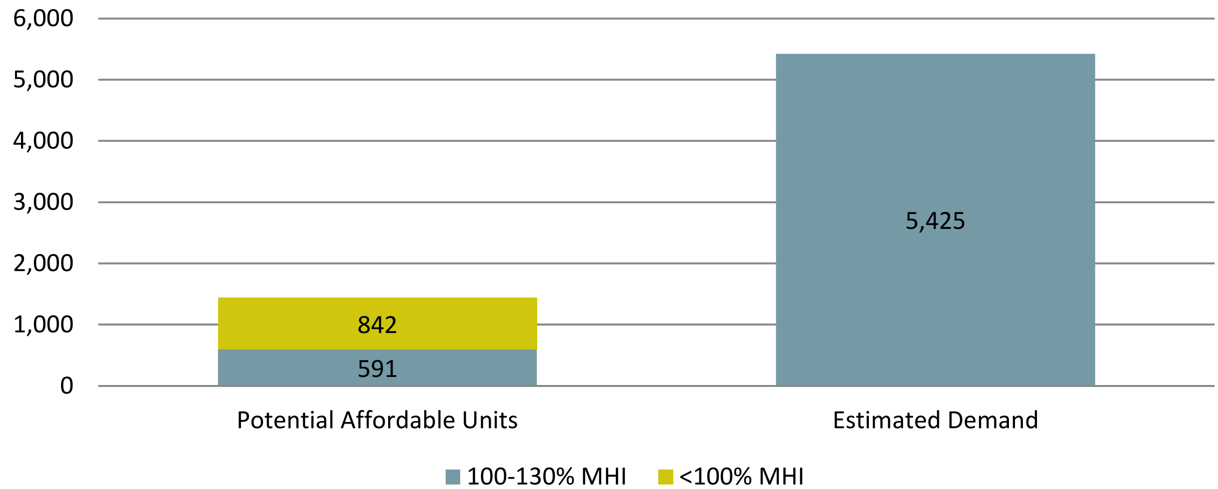


Source: Multiple Listing Service, Charleston Trident Association of Realtors, 2010-2012.

Likewise, according to building permit records, provided to the Berkeley-Charleston-Dorchester Council of Governments (BCDCOG) by each jurisdiction in the region, approximately 7,629 single-family housing units (detached and attached) were permitted for construction between 2009 and 2011 (those theoretically constructed and sold between 2010 and 2012). An additional 3,277 building permits were issued in 2012 for a total of 10,906 new homes. As a result, and assuming all permitted units are constructed, the demand estimated by HUD will be met by the end of 2013.

However, these homes may not be affordable to the population. Based on construction costs constituting 45 percent of total market rate pricing, the median market value of new construction may range from $138,228 to $399,698 for a single-family attached home and from $368,888 to $466,437 for a single-family detached home. More specifically, however, only an estimated 591 (5.4 percent) of the single-family units permitted between 2009 and the end of 2012 will be affordable to households earning the region's median household income. An additional 842 (7.7 percent) will be sold at a price affordable to households earning up to 130 percent of the region's median household income. These 1,433 units constitute only slightly more than one-quarter (26.4 percent) of the demand for single-family homes to be constructed within the range of affordability for households earning up to 130 percent of the MHI.

Figure 41: Estimated Supply of New Construction Affordable to Households Earning less than 130% of MHI ($66,731)



Source: 2009-2012 Building Permit Data from Jurisdictions, Berkeley-Charleston-Dorchester Council of Governments.

Only an estimated 591 (5.4 percent) of the single-family units permitted between 2009 and the end of 2012 will be affordable to households earning the region's median household income.

In 2010, HUD also estimated a potential demand for 2,265 rental units by 2014, as depicted in ***Table 6***.

Table 6: Estimated Demand for Market-Rate Rental Housing, Region, 2011-2014

Number of Bedrooms	Price	Units of Demand	Percent of Total	Approximate Percentage of MHI
Studio	$600 or greater	25	1%	42% of MHI
1 Bedroom	$735 to $934	680	30%	59% of MHI
1 Bedroom	$935 or greater	230	10%	66% of MHI
2 Bedroom	$925 to $1124	830	37%	72% of MHI
2 Bedroom	$1125 or greater	280	12%	79% of MHI
3+ Bedrooms	$1050 to $1249	110	5%	81% of MHI
3+ Bedrooms	$1250 or greater	110	5%	88% of MHI
Total	--	**2,265**	**100%**	**--**

Source: U.S. Department of Housing and Urban Development, 2010

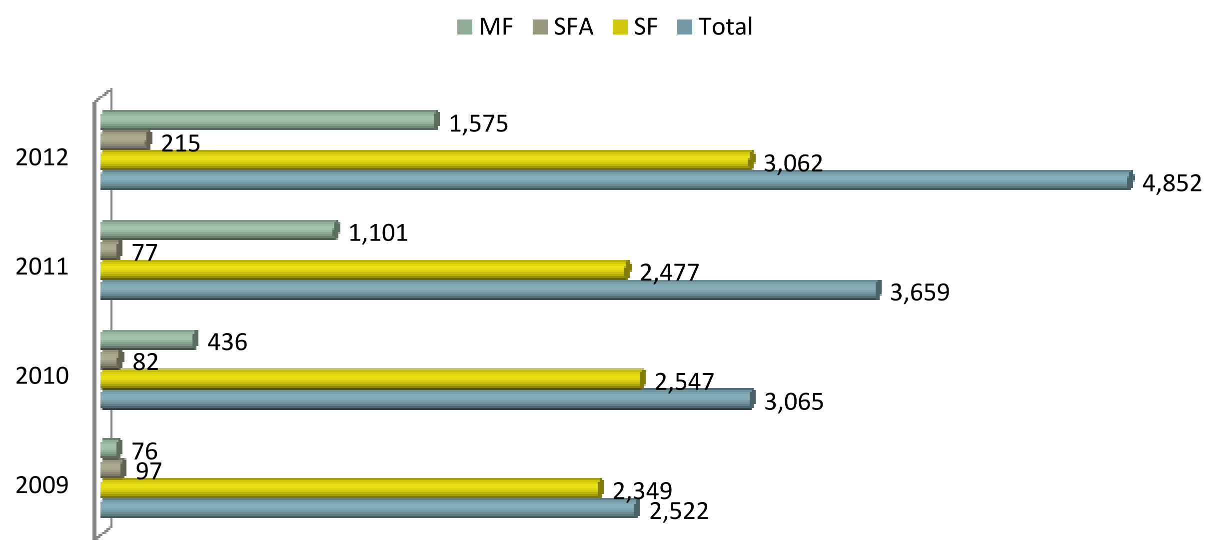
Per AptIndex.com, approximately 840 apartment complex units (37.8 percent of the estimated demand) have been constructed since 2010. Currently, there are another 2,439 apartment units under construction. With these units, and another 4,793 in the pipeline, the estimated demand for market rate rentals will be met. Unfortunately, there are no sources that identify what the rents for these units will be; however, with supply meeting projected demand, average rental prices should remain competitive, but may not be affordable.

Long Term Demand

As part of the region's ongoing transportation planning process, future population and households are projected based on existing building permit trends, municipal reports of approved and anticipated developments, as well as extrapolations of population growth. Analyzing this information within the region's travel demand model during the regional plan initiative, Our Region, Our Plan, it has been projected that an average of approximately 2,950 households will be added to the region annually over the next thirty years.

While the MLS reports indicate an annual average of 2,492 newly constructed units have been sold over the past few years, building permit data indicates higher numbers of total construction, particularly for multi-family units. Note that single-family attached units, which have potential for affordable homeownership, constitute a very minor proportion of the total units permitted.

Figure 42: Regional Building Permits, 2009-2012



Source: BCDCOG, 2009-2012

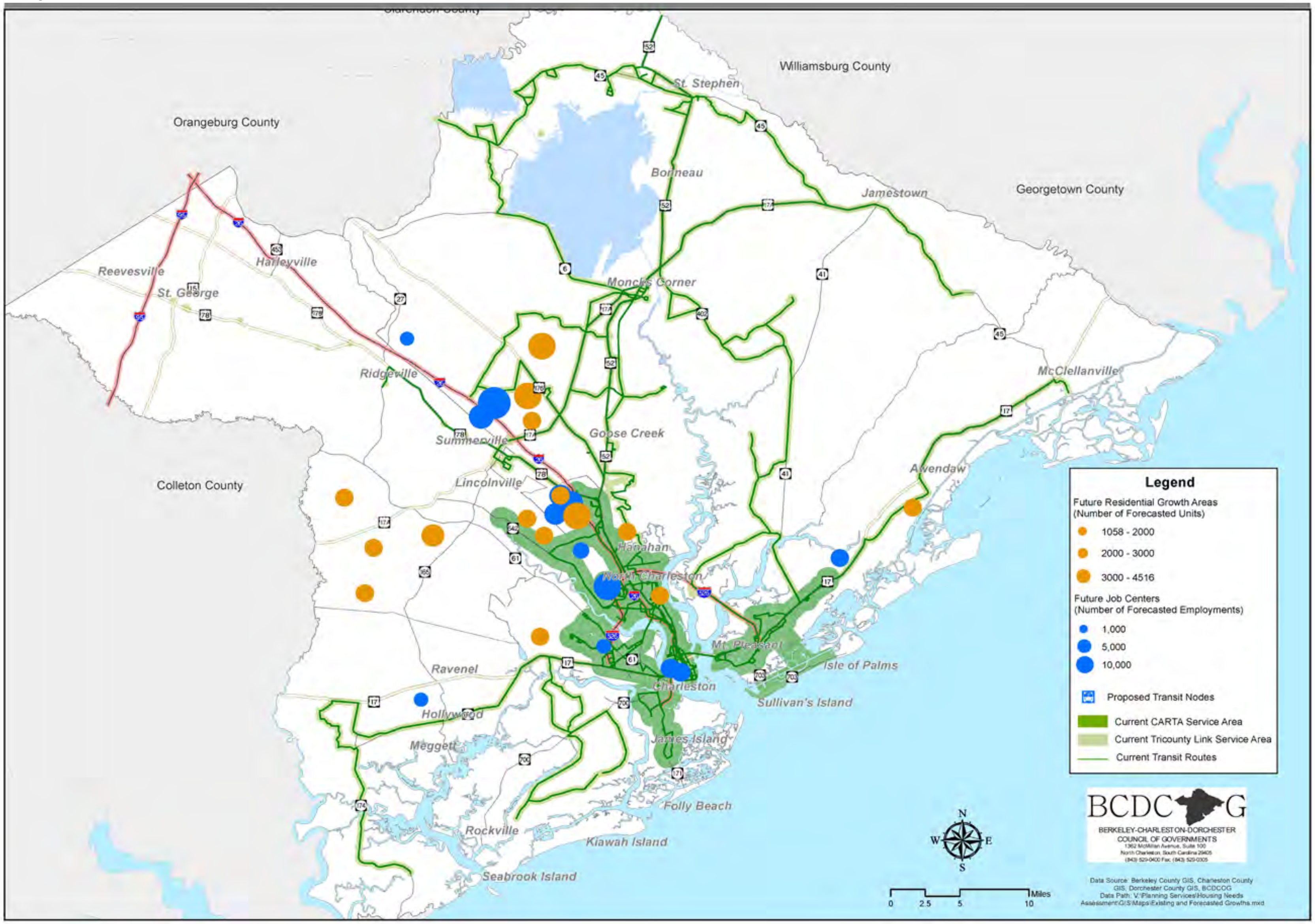
Assuming the building permit activity continues on the same trajectory and the projected demand for housing units by type will be similar to the existing housing stock distribution, it can be extrapolated that the annual demand for 1,770 single-family detached, 218 single-family attached, and 599 multi-family housing units will be met, even exceeded; however, as previously noted, these homes may not be affordable to the region's residents.

Forecasted Growth Areas

Map 11 illustrates areas identified as approved for high residential and employment growth by jurisdictions. This information has been compared with “centers” and “nodes” identified in the regional plan, *Our Region, Our Plan.* Future housing development should occur near existing and future job centers and transit service areas to be most affordable to residents and keep transportation costs low. Unfortunately, some of the future residential growth areas that have been forecasted are not located in areas that would maximize existing services, amenities, and employment opportunities.

Many of the future residential growth areas that have been forecasted are located away from employment centers and services, thus increasing transportation costs for both residents and government agencies and increasing traffic congestion.

Map 11: Forecasted Growth Areas



Source: BCDCOG, 2013

Forecasted growth centers are far from existing infrastructure, services, and employment centers. Transportation costs will drive up housing costs for residents residing in the outskirts of the region as well as costs to local jurisdictions and taxpayers.

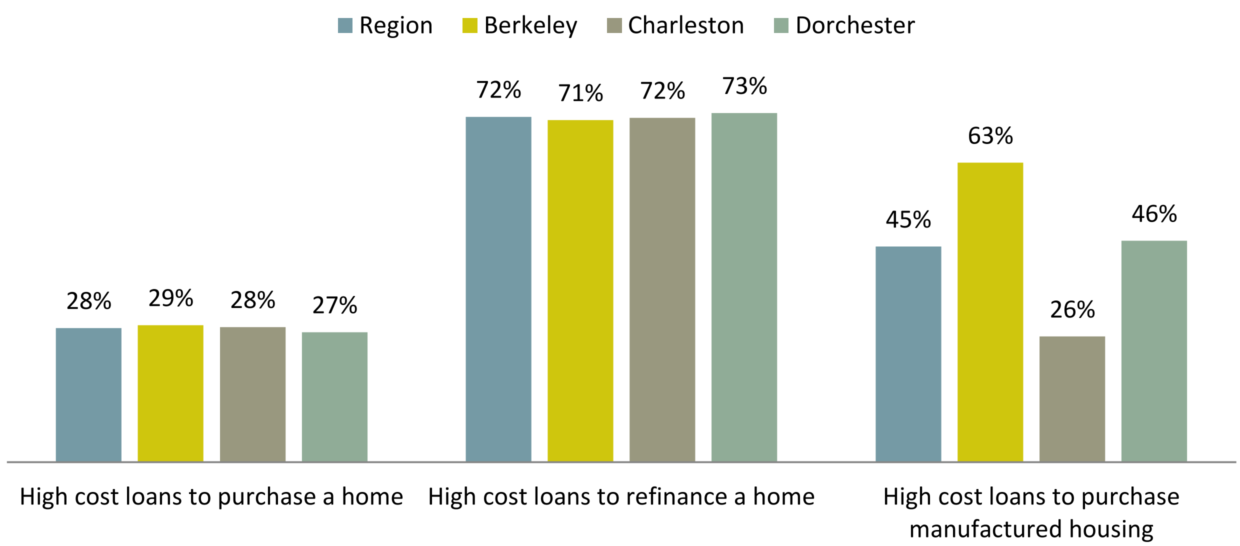
Other Housing Issues

The affordability of housing is affected by a variety of other factors. For residents with little to no credit, high cost/subprime lending can perpetuate the problem of housing that is unaffordable. Since the housing crash in 2007, foreclosure rates increased in the region. As the housing market has been slowly rebounding, foreclosure rates have decreased. Foreclosed properties may actually be an opportunity for more housing options that are affordable. A housing issue unique to the Lowcountry is the abundance of heirs' property, which can be expensive for owners to maintain or potentially sell due to legal issues with property ownership. Regulatory barriers such as high property taxes and flood insurance rates can also increase one's housing costs, greatly affecting affordability. An area's utility costs and whether or not competitive rates exist can also impact housing costs. These factors are very different and impact both homeowners and renters in diverse ways.

Lending Issues: High Cost/Subprime Loan Activity

When individuals have little or nonexistent good credit, they often are limited to high cost/subprime loans available to them for home purchases. High cost/subprime loans are high risk loans that often have high default rates and high annual percentage rates (APRs). These loans may include predatory loan terms such as significant interest rate increases, negative amortization, and balloon payments. After the housing market crash in 2007, many of these loans resulted in foreclosures. ***Figure 40*** indicates the percentage of high cost loans in the region and three counties. The data addresses loans used for the purchase of a home, to refinance a home, or to purchase manufactured housing.

FIGURE 40: HIGH COST LOAN ACTIVITY BY COUNTY, 2011



Note: High cost loans are defined as loans with a reported rate spread. The rate spread on a loan is the difference between the annual percentage rate (APR) and the estimated average prime offer rate (APOR). Source: PolicyMap via Home Mortgage Disclosure Act (HDMA) data, 2011.

The majority of high cost loans were created to refinance homes. Berkeley County has a higher percentage of high cost loans for manufactured housing (62.5 percent) compared to Charleston and Dorchester Counties; however, Berkeley County also has the highest number of mobile homes in the region.

A large percentage of high cost loans for housing in the region is another indicator of the gap between wages and housing costs.

Foreclosure Rates

Since the housing market crashed in 2007, foreclosure rates have been high across the country. Some areas were affected more than others. Foreclosures affect not only families but also neighborhoods, resulting in loss of financial resources, broken social connections, and increased stress. ***Table 7*** depicts the foreclosure rates for the three counties as of February 2013. In the first quarter of 2013, approximately seven percent of residential real estate sales were bank-owned properties or real-estate owned (REO) properties. Statewide, the Region had the most REO sales of the major metropolitan areas, with just over three hundred sales. The average price of REO sales in the first quarter of 2013 was $142,607.[1]

TABLE 7: FORECLOSURE RATES BY COUNTY, 2013

	Berkeley	Charleston	Dorchester
February 2013	1 in every 323	1 in every 505	1 in every 289

Source: RealtyTrac, <www.realtytrac.com>, February 2013.

Heirs' Property and Land Ownership Issues

In most of the rural parts of Berkeley, Charleston, and Dorchester Counties, several properties exist as "heirs' property." Much of this land has historical roots as it was purchased by African-Americans after the Civil War, and it has been passed down from generation to generation. With no written wills to delineate ownership, these properties often have several owners. When property owners (one or more) wish to develop, subdivide, or sell heirs' property, troubles arise as it can be difficult for all owners to agree or be identified.

Heirs' property is problematic for residents. They may be living on the heirs' property in housing that is not affordable or fit for occupation; however, because there is little to do with the land, they are stuck. Legal fees can be expensive and beyond personal means. Without the income generated from selling existing property, residents find it difficult to afford new property or housing or obtain financing for rehabilitation.

The non-profit organization, Center for Heirs' Property, is dedicated to assisting owners of heirs' property. They provide free legal advice on how to solve issues related to heirs' property, creating wills to ensure heirs' property is not being created accidentally, as well as encourage owners of heirs' property to use sustainable land use practices.[2]

Insurance

As a coastal region, natural disasters are often a threat to residents. Much of Charleston County as well as parts of Berkeley and Dorchester counties are located in flood zones. All homes located in flood zones with mortgages require flood insurance through FEMA and the National Flood Insurance Program. In 2012, the Biggert-Waters Flood Insurance Reform Act was passed that requires FEMA to take immediate steps to eliminate a variety of existing flood insurance subsidies. As a result, flood insurance premium rates for many property owners will increase. ***Figure 41*** indicates the number of flood insurance policies by county, as well as the type of policies, subsidized or unsubsidized. As indicated, Charleston County residents will be greatly affected by the changes to the flood insurance program. Subsidies will eventually be eliminated for the following types of properties: non-primary residences, severe repetitive loss properties, business properties, and properties that have incurred flood-related damages where claims payments exceed the fair market value of the property. Policy rates will increase when one or more of the following circumstances occur:

- Change in ownership;
- Lapse in insurance coverage;
- Issuance of new or revised flood insurance rate map; or
- Substantial damage or improvement to a building occurs.

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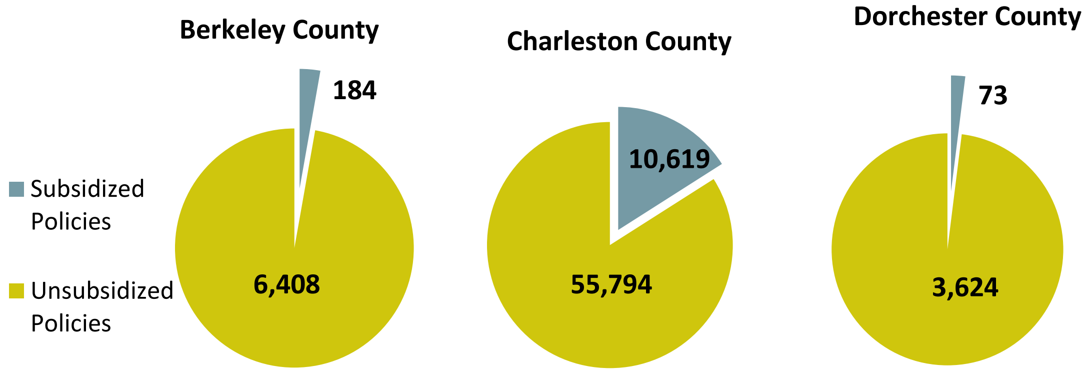
[1] "Bank-owned Foreclosure Sales Rise more than 30% across South Carolina," *Charleston Regional Business Journal*, May 30, 2013.
[2] Center of Heirs' Property, <www.heirsproperty.org>.

FIGURE 41: FLOOD INSURANCE POLICIES BY COUNTY, 2013



Total Policies:	6,592	66,413	3,697

Source: FEMA, National Flood Insurance Program, June 30, 2013.

Many of the subsidized policies are for homes built prior to 1973 (when the first federal flood maps were adopted). These older homes are at the greatest risk of having greatly increased premiums, as these homes often do not conform to current Base Flood Elevation (BFE) standards. ***Figure 42*** demonstrates an example of flood insurance premiums based on conformity with BFE standards.

FIGURE 42: EXAMPLE OF FLOOD INSURANCE PREMIUMS IN AE FLOOD ZONE

EXAMPLE	Below BFE (4 FT)	BFE (8 FT)	Above BFE (10 FT)
Flood Insurance Costs per Year	$17,500	$7,000	$3,500

Note: The vast majority of flood insurance policies in the region are located in the AE flood zone.
Source: FEMA, National Flood Insurance Program, 2013.

The federal government recognizes that the drastic increase in premiums poses a problem for thousands of residents, and legislators are working to find ways to gradually implement the changes addressed in the Biggert-Waters Reform Act. Regardless, these changes will heavily influence the affordability of housing for current and future residents of the region.

In addition to expensive flood insurance premiums, wind and hail insurance also increases housing costs for residents. As a coastal region prevalent with tropical storms and hurricane threats, wind and hail insurance is necessary but can be expensive. For residents living even closer to the coast in Charleston County specifically, this additional insurance can increase housing costs even more.

The recent changes to flood insurance policies will increase housing costs for several households in all three counties. Charleston County homeowners will be greatly affected, as over 65,000 flood insurance policies exist in the County.

Taxation

While much of the unaffordability of housing in the region can be attributed to an expensive housing market, taxation and regulations can also impact affordability. Property taxes, or millage rates, vary based on location. South Carolina has the 45th highest median property tax of all fifty states.[3] ***Table 8*** indicates the millage rates (or taxes) that property owners are responsible for in each county to depict the varying additional costs for homeowners. As demonstrated, Dorchester County has the highest County Base Millage Rate (0.0769). Berkeley and Charleston counties are comparable in County Base Millage Rates (0.05 and .053, respectively).[4]

TABLE 8: COUNTY MILLAGE RATES, 2011

Berkeley County Millage Rates	
County Base Millage Rate	0.05000
Municipal Millage	
St. Stephen	0.09600
Charleston	0.07880
Summerville	0.06240
Moncks Corner	0.06140
Hanahan	0.05390
Goose Creek	0.03650
Jamestown	0.03000
Bonneau	0.02000
School District Millage	0.19040
Other Millages not included in County base	
Sangaree (road maintenance)	0.05000
Goose Creek Park & Playground (recreation)	0.01100
Charleston County Millage Rates	
County Base Millage Rate	0.0530
Municipal Millage	
Lincolnville	0.09360
North Charleston	0.09000
Charleston	0.07880
Summerville	0.06240
Awendaw	0.03860
McClellanville	0.03840
Mount Pleasant	0.03830
Folly Beach	0.03240
Sullivans Island	0.02780
Isle of Palms	0.02290
School District Millage	0.12650
Other Millages not included in County base	

[3] Tax Foundation, 2006-2010 Five Year Average, Property Taxes.
[4] South Carolina Association of Counties, *South Carolina Property Tax Rates by County*, December 2011.

North Charleston PSD Operating (water/sewer & recreation)	0.08800
St. Andrews PSD Operating (water/sewer & recreation)	0.05540
James Island PSD Operating (water/sewer)	0.05010
St. Pauls Fire District (fire)	0.04550
Awendaw Fire District (fire)	0.02910
St. Johns Fire District and Bond (fire)	0.02270
East Cooper Fire District (fire)	0.01910
St. Andrews PPC Operating (recreation)	0.01740
Cooper River PPC (recreation)	0.01430
North Charleston Fire District (fire)	0.01120
James Island PSD Bonds (water/sewer)	0.00380
St. Pauls Fire Bond	0.00310
West St. Andrews Fire Deficit, prior years (fire)	0.00310
West St. Andrews Fire District (fire)	0.00310
Dorchester County Millage Rates	
County Base Millage Rate	0.07690
Municipal Millage	
Harleyville	0.09440
North Charleston	0.09000
St. George	0.08480
Ridgeville	0.07790
Summerville	0.06240
School District Millage	
Dorchester 4	0.26740
Dorchester 2	0.21390
Other Millages not included in County base	
Fire districts (fire)	0.01500

Source: South Carolina Association of Counties, South Carolina Property Tax Rates by County, December 2011

While the three counties have relatively low property taxes when compared to other parts of the country, additional fees charged by municipalities and special districts may be increasing housing costs for residents.

Utility Costs

Utility costs vary greatly based on location, and consumers often have little choice in deciding providers. Lawmakers and the private sector can greatly influence utility costs in an area, inadvertently affecting the housing costs for residents.

In 2012, the U.S. average retail price of electricity for residential use was 11.88 cents per kilowatthour. South Carolina's average retail price of electricity for residential use was 11.77 cents per kilowatthour, just slightly below the national average. While South Carolina is below the national average retail price, its average retail price is the 18th most expensive when compared to all fifty states. From 2011 to 2012, the average retail price in South Carolina increased from 11.05 to 11.77 cents per kilowatthour.[5] Rates alone do not result in high energy costs. Insufficient housing that is in need of weatherization can quickly drive up energy costs for renters and homeowners.

The region has several water and wastewater providers. Rates have been consistently increasing. Charleston Water System, one of the largest providers in the region, announced that in 2014, water rates will increase by an average of 4.5 percent, while wastewater rates will increase by an average of 4.75 percent.[6] Other than practicing water conservation, there is little consumers can do to negate expensive water and wastewater rates.

Utility costs vary greatly; however, they can greatly impact housing costs. Utility costs in an area should remain competitive to ensure residents are receiving fair rates. Upgrading homes to be more efficient can also lessen housing costs for residents.

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[5] United States Department of Energy, United States Energy Information Administration, *Electric Power Annual 2012,* December 2013.
[6] Charleston Water System, <www.charlestonwater.com>, January 2014.

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Appendix A: 2013 Housing Summit

2013 Housing Matters
A Tri-County Housing Summit

LOWCOUNTRY HOUSING TRUST
making housing happen

The first annual **Tri-County Housing Summit**, organized by Lowcountry Housing Trust with the assistance of the Charleston County Planning Commission Affordable Housing Committee as well as representatives from various jurisdictions in the region, was held on May 17, 2013 at the Trident Technical College Complex for Industrial and Economic Development. The day was full of discussion and interaction—beginning with a panel discussion of "how housing matters" to the business community, non-profit organizations, and government agencies. The afternoon was engaging as the Keynote Speaker, Mitchell Silver, discussed emerging trends and issues that fueled the final session—facilitated discussions that focused on finding solutions to housing issues in the Lowcountry.

Emerging Demographic and Housing Trends

Mitchell Silver, AICP, City of Raleigh, NC

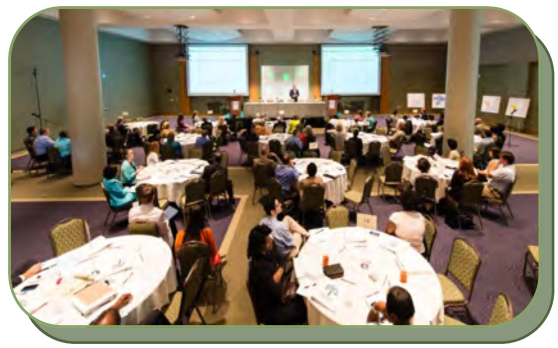
- **Increasing Population**: 52.4% of the United States population will live in the South by 2030; 62 million Americans DO NOT live in urbanized areas.
- **Decreasing Household Sizes**: The number of single-person households will equal the number of family households by 2025 and surpass them by 2050.
- **Graying of America**: The population aged 65 and over (Baby Boomer generation) is increasing. This group wants the ability to "age in place," and the implications of an increased senior population has long-lasting effects.
- **Increasing Diversity**: By 2043, there will be NO majority population in the United States due to declining birth rates among the White population and consistently higher birth rates among the Hispanic population.
- **Changing Generational Housing/Lifestyle Preferences**: Different generations have different preferences regarding the environment they want to live in:
    - Baby Boomers (born 1946—1964) want the ability to age in place.
    - The majority of Generation X (born 1965—1981) lives in the suburbs.
    - Generation Y and Z (born 1981—present) prefer urban lifestyles and enhanced mobility.

Housing Solutions: Identifying Issues and Strategies

Facilitated Discussion led by Daniel Clark, AmericaSpeaks

Participants identified **housing issues** in the region including:

- Discrepancies between wages/salaries and cost of living;
- Demographic shifts;
- Lack of skilled workforce, transportation options, and public/private collaboration;
- Perception of affordable housing, multi-family/apartment housing, etc.; and
- Land use regulations—low residential densities, lack of mixed use communities and lack of housing types needed for future generations



Participants also identified **housing strategies** that could be undertaken by the business community, non-profit organizations, and government agencies such as:

Business Community:

- Hire locally
- Partner with schools and non-profits to train area residents to increase accessibility to livable wage jobs

Non-Profit Organizations:

- Educate residents about credit and home maintenance
- Be active in crafting transportation, land use, and housing policies

Government Agencies:

- Incentivize private development of affordable housing
- Streamline permitting/regulatory processes

Next Steps:

The task now is to complete a regional Housing Needs Assessment that incorporates the results from the Housing Summit and identifies effective strategies for producing the number and kinds of housing needed and locating housing to maximize existing infrastructure and minimize travel costs. It will take a collective effort of planners, developers, employers, lenders, and elected officials with support from local advocacy groups to move our region away from the present reality...the one in which at least 50% of the households in the region cannot afford the median priced home ($190,000 in 2012) and even more cannot afford the average priced home ($262,968 in 2012).

To access additional Housing Summit materials and follow up on future housing initiatives, please visit:
www.lowcountryhousingtrust.org