Affordable & Workforce Housing Incentives

CHARLESTON COUNTY GOVERNMENT

NOVEMBER 14, 2022

1

Overview & History

- In 2014, County Council adopted the regional housing needs assessment, the goals of which included:
  - Increasing the proportions of both owner- and renter-occupied housing in the region that are affordable to households earning below 120% of the median household income; and
  - Increasing 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.

2

Overview & History (cont'd)

- In 2017, County Council created a Special Housing Subcommittee to study, review, and evaluate housing matters and report to County Council.
- In 2018, the Special Housing Subcommittee created an Affordable Housing Task Force to make recommendations to the Special Housing Subcommittee regarding actionable and sustainable objectives to affordable housing for those households with incomes at 120% or less of the Area Median Income.

3

Affordable Housing Task Force

- Members included representatives from: the finance and employment sector; hospital systems; non-profit housing development and funding organizations; for profit housing development groups; real estate; community development organizations; faith-based organizations; and regional coordination agencies.
- Met eight times between January 15, 2019 and the June 13, 2019 final report.
- The final recommendations were presented for information purposes and were to be placed on a future Finance Committee meeting agenda.

4

Key Issues

1. Scale of the need is huge: Affordability of housing in the County includes residents paying more than 30% of their incomes towards housing.

2. The overall supply of housing units must be increased to meet demand:
   - 78,000 units are needed between now and 2030;
   - 5,200 net new housing units per year; 2,600 of those should be affordable based on income level; and
   - Also need to focus efforts on maintaining, preserving, and rehabilitating existing affordable units.

3. One or more sustained sources of funding paired with policy changes will be needed to be successful.

5

Recommended Goal and Strategies

Goal:

The County should lead by example in addressing the affordability of housing through public investment, policy framework, and increased housing supply.

Strategies:

1. Greater sustained public investment in affordable housing.
2. A policy framework that allows for affordable housing.
3. Increase the supply of housing inventory to meet demand.

6

AFFORDABLE HOUSING TASK FORCE RECOMMENDATIONS

	Immediate Steps	Short-Term Steps	Long-Term Steps
Funding Sources and Leveraging of Funds	• Approve a Yellow Sheet to increase property taxes by one mill beginning in FY21 *(one mill = approx. $3.7 million; $4 on a $100,000 if charged at 4% and $6 at 6%)* AND commit approx. $750,000 of those funds for grants for Owner Occupied Rehabilitation of affordable units (in house grants) and grant the remainder to the SC Community Loan Fund (SCCLF) annually.	• Issue a directive to staff to work with the Chamber of Commerce and CRDA to approach municipalities for additional mill increases (or other recurring funding sources) to be granted to the SCCLF. *(Continue/expand the Task Force)*	• Issue a directive to staff to work with the Chamber of Commerce and CRDA to approach the private sector, academic institutions, and existing businesses for funding and land; Funding to be granted to the SCCLF; Land to be granted to a developer, non-profit group, or Land Trust with a relationship with the SCCLF to provide financing construction or rehabilitation. *(Continue/expand the Task Force)*
Leveraging Funds	• Issue a directive to staff to develop an inter-agency agreement (for Council's approval) between the County and the SC Community Loan Fund, a 501(C)3 non-profit Certified Community Development Financial Institution (CDFI) with expertise in affordable housing and capacity to leverage funding, enabling the granting of the County funds described above to the SC Community Loan Fund. ○ SCCLF will leverage the County funding with other funding for profit and non-profit developers of affordable housing via a revolving loan fund for new construction (owner and renter occupied units) and rehabilitation of existing units. ○ Require that all funds be used for affordable housing projects located in Charleston County (unincorporated and incorporated areas). ○ Require that SCCLF provide an annual report regarding the use of the funds each fiscal year.		
Policy Solutions **Note: Already underway as part of the ZLDR Comprehensive Review Project.*	• Approve Ordinances* to: ○ Improve existing density incentives for affordable units, including the Rural Area; ○ Increase residential density in the Urban/Suburban Area; ○ Allow duplexes and townhouses by-right in single-family zoning districts in the Urban/Suburban Area; ○ Remove limiting requirements on accessory dwelling units in the Urban/Suburban Area; ○ Reduce parking requirements; ○ Allow alternative development standards in the Urban/Suburban zoning districts for affordable units; and ○ Streamline fee/application cost waivers and permit processing (zoning, building, and stormwater).	• Issue a directive to staff to coordinate with the Chamber of Commerce and CRDA to create an educational campaign regarding what affordable housing really means to develop community buy-in. • Issue a directive to staff to educate the public regarding the reassessment process and rates.	• Issue a directive to staff to work with the Chamber of Commerce and CRDA to coordinate with municipalities and other public agencies to utilize publicly owned land for development of mixed income communities.

JUNE 13, 2019

7

2020 Affordable Housing Funding Referendum

- On August 11, 2020, Council voted to approve Funding Resolution Referendum questions proposing a 2-mill tax levy for 20 years to fund a Local Housing Trust Fund and proposing the issuance of general obligation bonds payable from the 2-mill levy maturing over twenty (20) years:
  - Question 1: Shall Charleston County Council Levy a two mill tax in Charleston County to fund a Local Housing Trust Fund to Finance affordable housing initiatives operated by Charleston County or jointly operated by the County and other private or governmental entities?
    - *Failed (51% to 49%)*
  - Question 2: Shall Charleston County Council issue not exceeding $130M of general obligation bonds of Charleston County, payable from the levying of two mil tax described in Question1 above, maturing over a period not to exceed twenty (20) years, to fund initiatives as described in Question 1 above?
    - *Failed (52% to 48%)*

8

Since 2020, County Council…

- Created the Housing and Neighborhood Revitalization Department, which administers a range of programs and services with the objective of investing in affordable home opportunities and promoting the stability of Charleston County neighborhoods; and
- Adopted amendments to the Zoning and Land Development Regulations Ordinance (ZLDR) and Fee Ordinance to incentivize development of affordable and workforce housing (implementing the policy recommendations of the Task Force).

9

Policy Amendments

- Part of an on-going project to overhaul the County's ZLDR.
- Included amendments to the building permit and stormwater approval processes and fees.
- The Planning Commission review began in December 2020 and they made their final recommendation on July 19, 2021.

10

Planning Commission Workshop & Meeting History

December 14, 2020 Workshop: Staff presented the first overview of the proposed amendments.

Jan. 11 and Feb. 8, 2021 Workshops: The Planning Commission discussed the proposed overall amendments and amendments to Chapters 1 – 4.

March 8, 2021 Meeting: The Planning Commission unanimously recommended approval of the overall amendments and the amendments to Chapters 1 – 4 (vote: 8 to 0, Chavis absent).

March 8, 2021 Workshop: Staff presented the proposed amendments to incentivize development of affordable and workforce housing for the first time.

April 19, 2021 Workshop: Staff presented the proposed amendments for ZLDR Chapter 5 and Art. 6.1 – 6.4.

May 10, 2021 Meeting: The Planning Commission unanimously recommended approval of the amendments to Chapter 5 (vote: 8 to 0, Miller absent).

May 10, 2021 Workshop: The Planning Commission continued to discuss the proposed amendments to Art. 6.1 – 6.4 and staff introduced the amendments proposed for Art. 6.5 – 6.8.

June 14, 2021 Workshop: The Planning Commission continued to discuss the proposed amendments to Art. 6.1 – 6.4 and Art. 6.5 – 6.8 and staff introduced the amendments proposed for Chapter 8.

June 28, 2021 Workshop: The Planning Commission continued to discuss the proposed amendments to Chapters 6 and 8, and staff introduced the amendments proposed for Chapters 10 and 12.

June 28, 2021 Meeting: The Planning Commission recommended approval of the proposed amendments to Chapters 6, 8, 10 and 12 (vote: 8 to 0, Gandy absent).

July 19, 2021 Workshop: The Planning Commission discussed the proposed amendments to Chapter 9 and Appendix A.

July 19, 2021 Meeting: The Planning Commission recommended approval of the proposed amendments to Chapter 9 and Appendix A (vote: 8 to 0, Floyd absent.

11

Amendments to Address Affordable & Workforce Housing

Increase the overall housing supply by:

- Allowing a variety of housing types by-right in the single-family zoning districts in the Urban/Suburban Area;
- Allowing alternative development standards in the Urban/Suburban zoning districts; and
- Amending Accessory Dwelling Unit Requirements.

Incentivize affordable and/or workforce housing units by:

- Improving density bonuses;
- Reducing parking requirements;
- Streamlining application permit processing (Zoning/Planning, Public Works, and Building Inspections Departments); and
- Waiving or reducing development permit fees (Zoning/Planning, Public Works, and Building Inspections Departments).

12

Policy Amendments to Increase the Overall Housing Supply

- Allow a variety of housing types (duplexes, townhouses, triplexes, fourplexes) by-right in the single-family zoning districts in the Urban/Suburban Area;
- Allow alternative development standards in the Urban/Suburban zoning districts for affordable and workforce units (smaller minimum lot size in R-4; increase M-12, CC, and IN zoning district densities to 16 dwelling units/acre for properties in the Urban/Suburban Area); and
- Amend Accessory Dwelling Unit requirements to:
  - Delete the requirement to have 1.5 times the minimum lot size to have an accessory dwelling unit in the Urban/Suburban Area; and
  - Remove the accessory dwelling unit size limitation of 800 square feet in the Urban/Suburban Area.

13

Policy Amendments to Increase the Overall Housing Supply (cont'd)

- Early in the process, staff suggested increasing the density of the R-4 Zoning District (in the Urban/Suburban Area) from 4 dwellings/acre to 6 dwellings per acre to help increase the housing stock.
  - This met with significant opposition from the community as the majority of the unincorporated property in the Urban/Suburban Area is zoned R-4; therefore, this change did not move forward.
  - Instead, the Planning Commission recommended allowing alternative housing types by-right and allowing more flexible dimensional standards.
  - Ultimately, County Council approved the flexible dimensional standards recommended by the Planning Commission and allowed alternative housing types *only if approved through the special exception process*.

14

Policy Amendments to Incentivize Affordable and/or Workforce Housing

15

AFFORDABLE/WORKFORCE HOUSING ZLDR INCENTIVES PRIOR TO OCT. 2021: SEC. 6.4.19 (BY-RIGHT)

Zoning District	Maximum Density	Minimum Lot Area
AG-10*	1du/5ac	1 acre
AG-8	3du/ac	8,000 SF
AGR* and RR-3	3du/ac	8,000 SF
S-3	4du/ac	8,000 SF
R-4	6du/ac	4,000 SF

**Not applicable to properties on Wadmalaw or Edisto Islands*

At the time, the ZLDR allowed these density increases by-right if all units were affordable as defined in the ZLDR: "In the case of dwelling units for sale, housing in which mortgage, amortization, taxes, insurance, and condominium or association fees, if any, constitute no more than twenty-eight percent (28%) of the annual household income for a household earning no more than eighty percent (80%) of the area median income, by household size, for the metropolitan statistical area as published from time to time by the U.S. Department of Housing and Community Development (HUD) and, in the case of dwelling units for rent, housing for which the rent and utilities constitute no more than thirty percent (30%) of the annual household income for a household earning no more than eighty percent (80%) of the area median income, by household size for the metropolitan statistical area as published from time to time by HUD."

16

Changes to the Incentives

- Allow density bonuses based on the percentage of affordable ***and/or workforce*** units provided.
- Affordable Dwelling Units (AFUs) defined per current ZLDR (definition shown on previous slide).
- Workforce Dwelling Units (WDUs) defined per current Comprehensive Plan (add this definition to the ZLDR): "Housing affordable to low and moderate income families (those earning up to 120% of the Charleston-North Charleston Metropolitan Statistical Area (MSA) median family income, as defined in the schedule published annually by the U.S. Department of Housing and Urban Development)."

17

PREVIOUS VS. NEW ZLDR INCENTIVES: RURAL AREA

Previous ZLDR Incentives		
Zoning District	Maximum Density	Minimum Lot Area
AG-10*	1du/5ac	1 acre
AG-8	3du/ac	8,000 SF
AGR* and RR-3	3du/ac	8,000 SF
S-3	4du/ac	8,000 SF
R-4	6du/ac	4,000 SF

New Density, Intensity, and Dimensional Standards: Rural Area			
Zoning District	Maximum density when at least 50% of dwelling units qualify as AFUs and/or WDUs:	Maximum density when 100% of dwelling units qualify as AFUs and/or WDUs:	Minimum Lot Area
AG-10*	1du/7ac	1du/5ac	1 acre
AG-8	1du/4ac	1du/ac	14,500 square feet
AGR* and RR	2du/ac	4du/ac	14,500 square feet

**Not applicable to properties on Wadmalaw or Edisto Islands.*

- Only single-family dwelling units allowed.
- Development in AG-10 to comply with AG-10 dimensional standards.
- Development in AG-8, AGR, and RR to comply with R-4 dimensional standards.

18

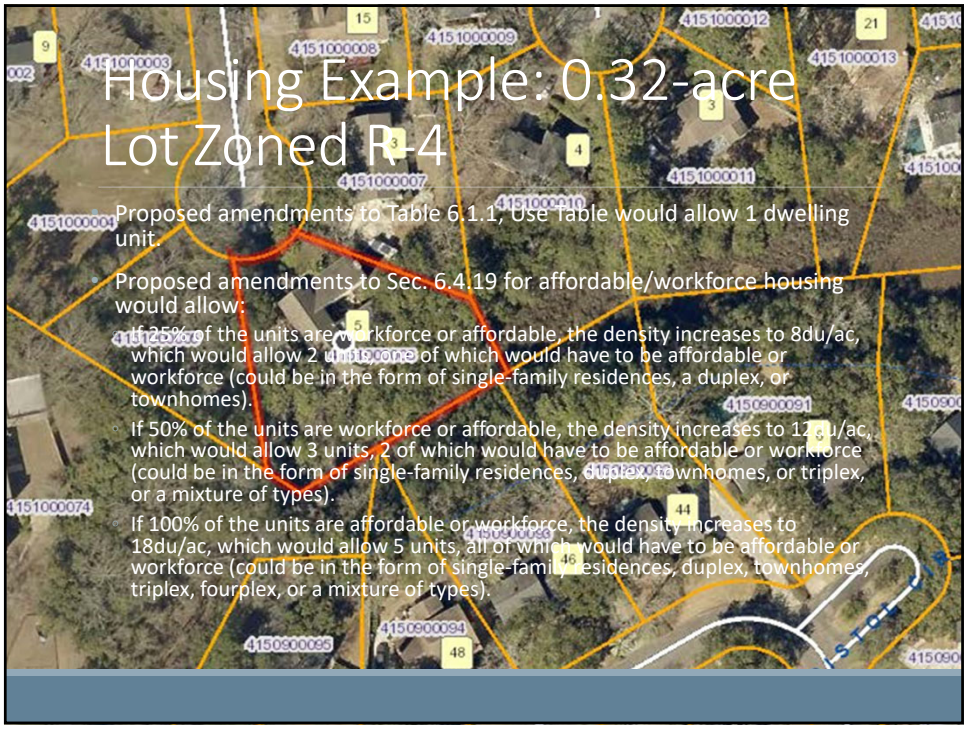
PREVIOUS VS. NEW ZLDR INCENTIVES: URBAN/SUBURBAN AREA

Previous ZLDR Incentives		
Zoning District	Maximum Density	Minimum Lot Area
AG-10*	1du/5ac	1 acre
AG-8	3du/ac	8,000 SF
AGR* and RR-3	3du/ac	8,000 SF
S-3	4du/ac	8,000 SF
R-4	6du/ac	4,000 SF

New Density, Intensity, and Dimensional Standards: Urban/ Suburban Area				
Zoning District	Maximum Density when at least 25% of dwelling units qualify as AFUs and/or WDUs:	Maximum Density when at least 50% of dwelling units qualify as AFUs and/or WDUs:	Maximum Density when 100% of dwelling units qualify as AFUs and/or WDUs:	Minimum Lot Area
S-3	4du/ac	5du/ac	7du/ac	8,000 square feet
R-4, MHS, RO, GO, NC	8du/ac	12du/ac	18du/ac	4,000 square feet
UR, CC, IN	20du/ac	24du/ac	28du/ac	No minimum lot size

- Development in S-3, R-4, MHS, RO, GO, and CN: All types of dwelling units except multi-family allowed ***by special exception approval***; dimensional standards of R-4 apply.
- Development in UR, CC, and IN: All types of dwelling units allowed; dimensional standards of UR apply.

19



Housing Example: 0.32-acre Lot Zoned R-4

- Proposed amendments to Table 6.1.1, Use Table would allow 1 dwelling unit.
- Proposed amendments to Sec. 6.4.19 for affordable/workforce housing would allow:
  - If 25% of the units are workforce or affordable, the density increases to 8du/ac, which would allow 2 units, one of which would have to be affordable or workforce (could be in the form of single-family residences, a duplex, or townhomes).
  - If 50% of the units are workforce or affordable, the density increases to 12du/ac, which would allow 3 units, 2 of which would have to be affordable or workforce (could be in the form of single-family residences, duplex, townhomes, or triplex, or a mixture of types).
  - If 100% of the units are affordable or workforce, the density increases to 18du/ac, which would allow 5 units, all of which would have to be affordable or workforce (could be in the form of single-family residences, duplex, townhomes, triplex, fourplex, or a mixture of types).

20

Accessory/ Workforce Dwelling Unit Requirements

- Must be integrated throughout the development and have the same exterior appearance as market rate units.
- Must be provided within each phase of development.
- Studio units must be at least 500 SF in size and no more than 50% of the affordable or workforce dwelling units may be provided in the form of studio units.
- Exterior appearance must be indistinguishable from market-rate units.
- Interior features must be functionally equivalent to market-rate units although the finishes and materials need not be identical.
- Must be comparable to the market-rate units in terms of improvements related to energy efficiency.

21

Accessory/ Workforce Dwelling Unit Requirements (cont'd)

- Must be deed restricted to remain affordable for at least 20 years from the date of issuance of the certificate of occupancy (the recorded deed shall be submitted prior to the final site plan review approval or final plat recording, as applicable).
  - Resale shall be limited by deed restriction to the original sales price, adjusted for inflation, and to a purchaser eligible, for a period of not less than 20 years after the issuance of the certificate of occupancy (the increase permitted for inflation shall be based upon the increase in the Consumer Price Index).
  - If, while occupying an affordable or workforce unit, a household's income increases to an amount beyond that permitted in the definition of affordable/workforce unit, the household shall not be required to vacate the unit. However, if/when the household does vacate the premises, the unit shall be sold to a qualifying household, pursuant to the requirements of the ordinance, for the period the unit is deed restricted as an affordable or workforce unit.

22

Rent Requirements

- Rents must be based on the schedule of Fair Market Rents for the MSA as published annually by HUD.

Final FY 2021 & 2020 Fair Market Rents (FMRs) by Unit Bedrooms					
Year	Efficiency	1-Bedroom	2-Bedroom	3-Bedrrom	4-Bedroom
FY 2021 FMR	$1,000	$1,059	$1,207	$1,544	$2,010
FY 2020 FMR	$907	$1,035	$1,179	$1,535	$2,012

- The minimum lease term for rental units is 31 days.
- Units cannot be short-term rented.

23

Affordable/ Workforce Dwelling Unit Plan

- Affordable/Workforce Dwelling Unit Plan required for developments that include market-rate units and affordable/workforce units. Must be submitted as part of all subdivision and site plan review applications and include:
  - The number and form (townhouse, etc.) of market-rate, affordable, and workforce units.
  - The total number of owner and renter occupied affordable/workforce units.
  - The number of bedrooms in each unit.
  - The square footage of each unit.
  - The location of each type of unit within the development.
  - A detailed description of how the developer will ensure compliance with the ordinance throughout the term of affordability.

24

Affordable & Workforce Housing Affidavit

- The owners of properties containing affordable and workforce units must sign and submit an affidavit that verifies understanding of and compliance with the requirements of the ordinance as part of the initial site plan review or subdivision plat application and at the following times:
  - On an annual basis, by June 30th of each year.
  - At least 30 days prior to closing on an affordable/workforce unit.
  - At least 30 days prior to a new tenant occupying a affordable/workforce unit.
  - Any time a lease for an affordable/workforce unit is renewed.

Failure to comply with the ZLDR requirements for affordable and workforce housing units is considered a violation subject to the provisions of ZLDR Chapter 11, Violations, Penalties, and Enforcement, which may result in, but not be limited to, the issuance of tickets and penalties including fines.

25

Parking Reductions: Affordable & Workforce Housing Units

Land Use	Current Requirements	Proposed Requirements for AFUs/WDUs
AFUs and WDUs: Single-family detached and attached, and duplexes	2 spaces per unit	1 space per unit
AFUs and WDUs: Multi-family, triplexes, and fourplexes	1.5 spaces per 1-bedroom unit; 2 per 2-bedroom unit; and 2.5 per 3-bedroom or larger unit	1 space per studio or 1-bedroom unit; 1.5 per 2-bedroom unit; and 2 per 3-bedroom or larger unit*

**If development is located within 1,200 feet of an approved CARTA, TriCounty Link, or LCRT stop, the following apply: 1 space per studio, 1-bedroom unit, 2-bedroom unit; and 1.5 spaces per 3-bedroom+ units.*

26

Process & Fee Ordinance Changes: Zoning/Planning, Building Inspections Services, and Stormwater/ Public Works

- Streamlined the review processes in all three departments to prioritize review/approval of applications that include affordable and/or workforce dwelling units.
- **Zoning/Planning Department Fees:**
  - Waive zoning permit fees, site plan review application fees, planned development zoning district and amendment application fees, and subdivision application fees.

27

Building Inspections Services Fees

- Reinspection. When a reinspection fee is required, an additional fee of $75.00 will be charged for each inspection. ***This fee shall be reduced to $37.50 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Minimum permit or inspection fee .....$50.00. ***This fee shall be reduced to $25.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Floodplain management compliance inspection .....100.00. ***This fee shall be reduced to $50.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Hazardous occupant permits .....100.00. ***This fee shall be reduced to $50.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Structural moving permit fee .....100.00. ***This fee shall be reduced to $50.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Demolition permit fee .....50.00. ***This fee shall be reduced to $25.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***
- Construction in flood zones/filing fee .....$20.00. ***This fee shall be reduced to $10.00 for developments that contain affordable and/or workforce dwelling units pursuant to Sec. 6.4.19 of the ZLDR.***

28

Fee Ordinance Changes: Public Works Dept.

Plan Review Fee – Stormwater*	Fee
Single Family Residential (SFR)	$100
Non-SFR (Disturbed Area)	
≤ 0.5 acres	$100
> 0.5 acres ≤ 1.0 acres	$200
> 1.0 acres	$500 base fee plus $200 per additional acre
Master Drainage Plan Review	$500
Major Modification	$500 base fee plus $200 per additional acre of increased disturbed area
Variance Request	$250
*Affordable and Workforce Housing**	***50% of above fee schedule***

**The stormwater permit application review fee has been simplified by basing it on disturbed area rather than permit type and removing the max (cap) fee of $2,000 so that the total fee is proportional to the size of the development.*

Plan Review Fee – Encroachment Permits	Fee
Single Family Residential (SFR)	$35
Utility (non-SFR)	$100
Subdivision (Individual Permit per encroachment)	$250
Industrial/Commercial (Individual Permit per encroachment)	$500
*Affordable and Workforce Housing**	***50% of above fee schedule***
Abandonment Fee	$500

29

Experience & Next Steps

- One special exception application for alternative housing types in a single-family residential zoning district has been received; it was disapproved by the BZA.
- No applications for development utilizing the incentives for affordable/workforce housing have been received.
- ZLDR amendments are currently in process to increase the limit for workforce dwelling units from 120% of the AMI to 150% of the AMI for projects located in the Urban/Suburban Area.

30

Thank you!

Joel H. Evans, PLA, AICP, Zoning & Planning Dept. Director

Andrea N. Melocik, AICP, Deputy Director

31