



AFFORDABLE HOUSING AD HOC COMMITTEE MINUTES

APRIL 17, 2018

12:06 A.M.

COUNTY SQUARE – CONFERENCE ROOM D

Ad Hoc MEMBERS

MR. ENNIS FANT, SR., CHAIRMAN

MR. RICK ROBERTS **ABSENT**

MR. LYNN BALLARD

OTHER COUNCIL MEMBERS PRESENT

BOB TAYLOR

XANTHENE NORRIS

BUTCH KIRVEN

FRED PAYNE

Pursuant to the Freedom of Information Act, notice of the meeting date, time, place and agenda was posted on the bulletin board at the County Square and made available to the newspapers, radio stations, television stations and concerned Citizens.

ATTENDEES

Joe Kernell, County Administrator

Doug Dent, Interim Director, GCRA

Joe Smith, Operations Manager, GCRA

Meg McCauley, Senior Loan Officer & Assistant to the Executive Director, GCRA

Charles Buki, CZB

Item (1) **CALL TO ORDER** Chairman Ennis Fant, Sr.

Item (2) **APPROVAL OF MINUTES**

ACTION: Councilor Ballard moved to approve the minutes of the September 17, 2017 Affordable Housing Ad Hoc Committee meeting.

Motion carried unanimously by Committee members present.

Item (3) **PRESENTATION – Affordable Housing Study (Final Report)**

Chairman Fant stated the Affordable Housing Study had been a 7-month process with a lot of time and effort put into the study. He added there were a number of people who worked together to bring the project to fruition and the study would not have taken place without the visionary leadership of Chairman Butch Kirven, County Administrator Joe Kernell, the Greenville County Redevelopment Authority and the Hollingsworth Foundation.

Mr. Fant introduced Doug Dent, Interim Director of GCRA, and asked him to give a brief history of the Affordable Housing Initiative.

Mr. Dent stated there was a need for affordable housing in Greenville County. The subject of affordable housing was broad; it was not just one thing. Mr. Dent stated Charles Buki would present his findings and GCRA would present some suggestions at the end of the presentation. He introduced Charles Buki with CZB.

Charles Buki stated Greenville County had a growing population and with that population, a growing demand; with a growing demand, there was a demand / supply relationship. A significant percentage of the County's working population had wages that were not quite keeping pace with rising housing costs, and were not likely to continue to keep pace in the future.

Mr. Buki stated there were challenges for the elderly and single parents, but the issue did not stop there. He added there was a full landscape of challenges for the County, including first responders. The subject of affordable housing was very complex and often misunderstood. A range of partnerships was imperative in order for Greenville County to be out in front of the issue.

Mr. Buki stated Greenville County has a population of 419,415 which consisted of 155,353 households, 170,677 housing units, with a median household income of \$52,683 and a median home value of \$147,479. Mr. Buki stated around \$49,160 was needed to purchase a home in Greenville County. The median rent was \$787 and the income needed to rent a home in the County was \$28,332. He stated all these figures were "high level numbers" and the real story was embedded in how the figures related to one another. Mr. Buki added there were 21,567 households in poverty which translated to a family of 4 earning less than \$23,550 per year.

Mr. Buki suggested Council think of the County in terms of the very near future: a population of 500,000, with 175,000 or more households, 200,000+ or more housing units, 45,000 households earning less than \$25,000 per years and 30,000 poor households. He stated Council also needed to question the implications of 75,000 more people expected to move to the area. With the influx of people, more housing units would be built; where would these units be built and what infrastructure would be required. Mr. Buki asked Council how the County would handle possibly 50% more poor families and 5,000+ severely impoverished households.

Mr. Buki asked where the 75,000 new people who were expected to move to area were coming from and what were their expectations; what kinds of housing units would be built and what kinds of infrastructure would be required. The number of households in poverty would increase, as well. Mr. Buki stated there were approximately 5,000 households in extremely dire circumstances.

Of Greenville County's 155,353 total households, 69% (108,297) were owners and 31% (47,056) were renters; the figures were what would be expected in a vibrant, high-performing county such as Greenville. Some jurisdictions were higher, some lower.

Mr. Buki stated all statistics revealed from this point on excluded the City of Greenville.

Within the County only, 23% of households earn < \$25,000 per year, 24% earn \$25,000 - \$50,000 per year, 19% earn \$50,000 - \$75,000 per year and 34% earn \$75,000 - \$150,000 per year. As far as "buying power" for a home, the numbers run 1% of households earning < \$25,000 per year, 11% of households earning \$25,000 - %50,000 per year, 18% of households earning \$50,000 - \$75,000 per year and 70% of households earning \$75,000 - %150,000 per year.

The average hourly wage needed to afford a basic apartment in Greenville County was \$13.62 (excluding City of Greenville) and \$13.81 (including the City of Greenville). The numbers were slightly lower for Spartanburg County (\$12.48) and Laurens County (\$11.91), significantly higher for Mecklenburg County, NC (\$16.91) and Orange County, NC (\$16.79) and even higher for Wake County, NC (\$17.12) and Charleston County, SC (\$17.83).

An individual earning \$7.25 per hour (minimum wage) in Greenville County could only afford a maximum monthly rent of \$419.00, which left a monthly gap of \$368.00 per month or \$4,417.00 per year. An individual earning \$13.62 per hour could afford a maximum monthly rent of \$787.00 per month which left no monthly or yearly gap. Mr. Buki stated either public policy would have to close the gap at the front end, or the market would close the gap at the back. Mr. Buki stated Greenville County was about 9,432 units short of what would be considered "affordable housing" and the amount was expected to increase by 461 units annually. People were forced to pay more money for substandard housing.

Mr. Buki stated households earning less than \$25,000 per year would find it very difficult to secure decent housing that was affordable; however, for those earning \$30,000 or more per year would be able to secure decent affordable housing. These households would not get their apartment of first choice, but would be able to find basic rental housing that was affordable. For every increment above \$30,000, they would have access to more options in better locations throughout the County. He added that it was not until a household earned \$50,000 that homeownership was within striking distance and it was not until a household earned \$75,000 that homeownership was truly a viable option. Mr. Buki stated there were 14,185 renter households with a yearly income of \$50,000 - \$75,000 per year, who were possible candidates for homeownership, but there was too little desirable product in their price range (\$135,000 - \$235,000).

Mr. Buki stated subsidy was needed to help low wage families afford rent; otherwise there would be declining property condition the County would have to confront. Subsidy was also needed to help moderate wage families afford to buy; otherwise they would consume too any of the available rentals, and then eventually move or commute from other areas.

Mr. Buki stated the next question the County needed to address was who would settle where. Also, the County needed to determine what was needed in the area such as infrastructure. Housing costs vary by location. The median home value in Greenville County (excluding the City of Greenville) was \$147,479 and the median household income was \$52,683 with an income ratio of 2.7994. He added that areas with an income ratio greater than 3.00, such as Asheville at 4.7168, were struggling.

In Greenville County, Mr. Buki stated approximately 60,000 households were able to afford \$1,111 per month in rent; lower than the amount a for-profit developer would receive if the property was put on the market, sold and the developer broke even. Many households could not afford housing in Greenville County and moved to Spartanburg County where they could get a larger home, and possibly a new home, for less money. Mr. Buki stated there were two markets in Greenville County: approximately 100,979 Households (65%) were able to find a good home at an affordable price as well as a lot of home for the money while 54,374 households (35%) would struggle to find housing that was both good quality and affordable.

Mr. Buki stated in Greenville County, 64,428 professional, two-income households with massive earning power were able to pay far less than what the market required for a good-sized house, 48,172 working income families who were not poor and not upwardly mobile would always find good, decent housing they could afford without a bad commute but 44,753 very low and low income households would have difficulties finding good decent housing they could afford.

Generally, Greenville County had a very affordable housing market. The main geographic exception was the City of Greenville; otherwise housing was quite affordable and rarely attached to a long commute. Mr. Buki added that the main demographic exception was those households with an annual income of less than \$25,000. Despite being generally affordable, about 45,000 households did not earn enough to afford median rents of about \$800 per month. Mr. Buki stated there was an especially acute shortage of units affordable to the lowest income households with a current shortage of about 9,432; the number was expected to increase by 461 yearly unless new, low-cost units came online at the same pace the local economy produced low-wage jobs. Mr. Buki stated the elderly, the single and the single parent households suffered the most.

Mr. Buki stated the County needed to consider two recommendations: reduce cost burdens and upgrade physical conditions. If the County followed these recommendations, it would translate into three thrusts of work: preserve existing stocks, promote home ownership and increase rental supplies. He added it was recommended the County follow these recommendations over a sustained period of time and GCRA was the perfect entity to lead the effort.

In order to preserve and upgrade existing stocks, there must be rehabilitation grants for home owners that targeted homes built from 1940 to 1979; this would provide for 100 owner grants in the amount of \$5,000 each for a total of 20 years (\$500,000 per year). Good landlords must also be assisted in improving their properties; targeting the same type of homes and issuing 500 grants in the amount of \$2,500 per year for a total of 20 years (\$1,250,000 per year). Mr. Buki stated the County must ensure that GCRA had the financial capacity to administer these efforts by contributing \$175,000 on an annual basis.

To promote home ownership, households with incomes between \$35,000 - \$55,000 should be given second mortgage consideration for homes built from 1940 - 1979. Mr. Buki stated there should be 25 owner loans/grant awarded annually in the amount of \$20,000 for 20 years (\$500,000 per year). To help good home owners improve their properties, 25 rehabilitation owner grants also awarded annually in the amount of \$50,000 each for 20 years was needed (\$1,250,000 per year). Mr. Buki stated that, again, the County needed ensure that GCRA had the financial capacity to administer these efforts by contributing another \$175,000 on an annual basis.

Mr. Buki stated in order to increase new rental housing, there was a need to facilitate development to production volume and the County would have to view itself as an investor or a lender, would need to reduce permitting challenges and provide incentives. He added the goal would be to average 25 new rental units annually for 20 years at \$125,000 per unit and ensure GCRA had the financial capacity to administer these efforts by contributing approximately \$312,500 annually.

Mr. Buki stated the County's contribution would be about \$7 million per year and over the next 5 years about \$35 - 36 million. He added that some potential sources of income would be the Community Development Block Grant (CDBG), County bonds, tenant income, tax credits and/or investments from the new Housing Trust Fund and private contributions / philanthropy. Mr. Buki stated the Federal Government and State Governments were not seen as playing substantial roles in any way.

Councilor Kirven asked if there was any data regarding how many home buyers would go to Spartanburg County to purchase a new home.

Mr. Buki stated Laurens County was also an area where home buyers could get more house for less money than in Greenville County. The commute times were much longer. He stated he did not have exact data with him. Mr. Buki stated Greenville County should hope Spartanburg County did not become more livable but added he felt Spartanburg County was figuring things out and would be able to give Greenville County competition.

Councilor Kirven stated another "hot" topic for Greenville County was the availability of public transportation and the inability for lower income level residents to get to jobs across the County. He asked would it help to provide transportation to these workers.

Mr. Buki stated congestion should be anticipated. Jurisdictions across the country took different routes regarding transportation needs. Some areas looked at Incentive structure, land use regulations and zoning to co-locate commercial office and housing in a small space; this underscored the importance of mixed-use developments. Other jurisdictions were more transient-oriented and others were a combination of the two.

Councilor Kirven asked if the study factored in workers in lower paying jobs that may be students, part-time workers or those residing with others in lower paying jobs where there was a combining of incomes.

Mr. Buki stated many students were indiscriminate about where they lived. He added that the data presented discounted for students, for the most part. Mr. Buki stated the data indicated it took about \$13.00 per hour to rent a decent unit; that figure could account for two (2) workers earning that much together. Two people earning \$9.00 per hour each have the ability to participate in the housing market with their combined income. He stated that Greenville County was ideal for a couple living together, or married, with combined incomes and disastrous for a single person.

Councilor Kirven stated he was very intrigued about rehabbing older structures and bringing them up to code.

Mr. Buki stated there were 20,000 older ranch homes scattered throughout the County and most were in need of major upgrades. He stated that many of the homes had negative equity and the owners were unable to borrow money to upgrade. Mr. Buki stated that concentrating on ranch houses build from the late 1950's to the early 1980's would have the highest impact: great economic development and tax base as well as great affordable housing.

Councilor Ballard asked how the suggested amount of \$7 million would be dispersed.

Mr. Buki stated it should be used to either create or upgrade 675 units a year; the units would be new rentals, existing rentals, new home construction and upgrading existing homes. He stated he realized that \$7 million was a large amount of money, but, it was a realistic amount that could be strategically perceived and implemented to get a "high bang for the buck."

Councilor Ballard stated the study revealed that the individuals who were in a desperate housing situation were usually not married.

Mr. Buki agreed and stated a married couple earning more than \$35,000 each in Greenville County enjoyed a high quality of life, their first house was not "house of choice" but would grow in value, they would sell in 7 – 8 years with transaction fees that were not crippling, and they would be able to move up.

Councilor Fant asked Mr. Buki to discuss the difference between low-income housing and affordable housing.

Mr. Buki stated affordable housing was defined as follows: housing for moderate income households actively participating in the workforce. He defined low-income housing as follows: housing which relied on rental certificates or high-rise public housing. Affordable housing could also be defined as an individual's monthly income divided by three (3) to give an indication of the amount of house payment they could afford.

Councilor Taylor stated housing costs and rents should align with the salaries.

Mr. Buki agreed and stated Greenville County's land costs were very inexpensive compared to Atlanta, Charlotte and Raleigh. Engineers living in Greenville County were paid so well and housing and land were so inexpensive compared to other areas; they could spend far less than the suggested 1/3 of their salary and purchase a much larger home than they could in other areas of the country.

Councilor Fant stated approximately 1/3 of the new jobs created in Greenville County would pay less than \$25,000 per year. With no increase in housing subsidies on the horizon, what would happen to the segment of the population earning less than \$25,000 per year who were single.

Mr. Buki stated they individuals would move often, they would be taken advantage of by some landlords, they would end up with degraded physical conditions, roads with cheaper housing would get clogged and there would be more demand for mobile home developments.

Councilor Payne stated the study was very revealing. He stated the fact that GCRA was leading the study was a good example. He stated it was one of best organizations for community development. If the County could provide additional money, GCRA would be able to do much more. He added that rehabbing older homes was a good idea as well as the County allowing more options on the site of an existing residential structure. Mr. Payne stated other cities, such as Charleston, allowed apartments in single-family dwellings, carriage house rentals, mother-in-law suites, garage apartments, etc.

Mr. Buki agreed options such as Mr. Payne described were very good ideas.

Councilor Payne stated the "tiny home movement" and other similar units should also be considered.

Mr. Buki stated the County's zoning and building regulations certainly needed to be studied to see where innovative ideas could be used to provide more housing options at lower costs.

Councilor Payne commended the Affordable Housing Ad Hoc Committee for its hard work as well as Chairman Kirven for supporting the committee. He added the encouragement of marriage from a socio-economic point of view was very interesting. Mr. Payne stated he had heard there were four ways to ensure an individual would have a good chance of never being on poverty: get an education, get a job, get married and have children. Mr. Payne stated the mobility of the County's population remained a problem and needed to be addressed. He stated the County just received a grant to study automated vehicles. Mr. Payne stated Senator Tim Scott has worked for several years to establish "Opportunity Zones" throughout the State and several had been identified in Greenville County such as Nicholtown and West Greenville. Opportunities to spend money on housing in lower income areas would be made available.

Councilor Taylor stated Greenville County was preparing for a mixed-use development on the County Square site. He stated there was vacant land close-by that could be used for affordable housing or low-income housing, given the plans for County Square. The residents could also easily get to jobs in the area as well as shopping, schools, etc.

Doug Dent thanked everyone in attendance. He stated for 40 years, GCRA has reinvested HUD monies from the Federal Government into affordable housing. He added they receive about \$3.5 million per year. Mr. Dent stated that over the years, GCRA loaned the money rather than gave it away and currently brought in almost as much money as was received each year from the Federal Government. Even if the "Washington money" went away, GCRA had enough money to attack some of the problems, but not all. He added they needed the County's help. The Mill Villages would not be in existence today and able to provide housing without GCRA, along with Brutontown and Freetown. Mr. Dent stated GCRA had made some progress in rebuilding infrastructure for affordable housing but had a long way to go. He stated GCRA could certainly use the County's support in the area of regulatory upgrades and the acquisition of land. He stated land was available but was rapidly disappearing.

Councilor Fant stated Council all wanted what was good for Greenville County. He asked how the County could come up with the money that was needed.

Doug Dent stated it was clear a sustainable source of income was very important. Money diverted from filing fees and other fees, bonds, housing trust funds, investment opportunities, etc. Finding a way to get the private sector involved, such as a consortium of banks, could also be very beneficial; there was just not enough public money to fix the problems.

Councilor Norris stated she lived in Nicholtown which was becoming very problematic. There were a number of people leaving the area to find more affordable housing as most of the homes were selling for \$200,000 or more. She added people of color were leaving historically minority areas and this concerned her.

Councilor Payne stated the State of South Carolina had a housing loan fund but the money was not available to GCRA; however, the money was available to other community partners.

Doug Dent stated GCRA was not eligible as it was a county agency.

Councilor Payne asked how closely the housing entities that were trying to solve the problem of affordable housing worked together. He also asked why the study excluded the City of Greenville. Mr. Payne stated the people living in the City of Greenville were obviously part of the problem and the gentrification Councilor Norris spoke of was coming from the City.

Councilor Norris stated the influx of people moving to the City of Greenville and being able to buy in the area; that was what was happening.

Doug Dent stated it was possible for all the entities to work together, but, the County was so much larger than the city alone which made the problem was much bigger. He applauded the City of Greenville for its efforts and innovative approach. Mr. Dent stated Mr. Buke had already completed a study for the City of Greenville and the fact that the same consultant was used was certainly a step forward. He stated GCRA and the County wanted to work with the City of Greenville, but, there were some legal jurisdictional issues to be dealt with from a Community Development Block Grant standpoint.

ACTION: Councilor Ballard moved to adopt the Affordable Housing Study and move it forward to full Council for approval.

Motion carried unanimously by committee members present.

Item (4) **ADJOURNMENT**

ACTION: Councilor Ballard moved to adjourn.
The meeting adjourned at 12:30 p.m.

Respectfully Submitted:

Jessica Stone
Deputy Clerk to Council