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More for-profit developers needed for affordable housing

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By Dennis Quick,
Quick Notes

The Lowcountry Housing Trust and Charleston Water System have a nice little incentive package for private developers. Last March, the two entities announced a program that reduces or delays impact fees so developers can save a few bucks building homes working-class folks can afford.

Under the program, developers can save \$500 per unit on water impact fees and another \$500 per unit on wastewater impact fees, and don't have to pay either until the units are ready to be connected to Charleston Water's water and wastewater systems.

This helps developers build housing in the "very-low-income," "low-income" and "moderate-income" categories, all of which are defined by percentages of the area's median household income, which, for Charleston County is \$55,900.

Very-low-income housing is defined as being affordable to households making 30% or less of the area median income, which equates to a monthly payment of roughly \$430. Low-income housing is defined as being affordable to those making 30% to 50% of the median income, or monthly payments of \$430-\$700. Moderate-income housing is affordable to those making 80%-120% of the area median income, or roughly \$1,120-\$1,680 a month.

You can learn more about the incentive by visiting www.lowcountryhousingtrust.org.

Saving as much as \$1,000 per housing unit certainly is no chump change, especially if a developer is building an apartment or townhouse community.

So far, the affordable housing incentive program has saved \$54,000 in impact fees, according to the Lowcountry Housing Trust.

Nonprofit affordable housing developers like Charleston Affordable Housing, Humanities Foundation, Charleston Habitat for Humanity, Metanoia, Charleston Area Community Development Corp. and others work regularly with the trust and are familiar with the incentive. It helps them to provide homes for teachers, police officers, workers, folks holding down two jobs to make ends meet and others who lack the \$307,793—the average sales price, according to the Charleston Trident Association of Realtors—for a Charleston-area home.

I've wailed about the need for affordable housing before in these pages and will continue to do so. That need isn't going away. The average Lowcountry income of \$33,040 a year, according to the U.S. Bureau of Labor Statistics, lags behind the rising cost of living, which includes escalating apartment rents and for-sale home prices.

For-profit developers could pack a hefty punch in the affordable housing fight. Not only would they bring additional building expertise to the table, but their sheer numbers would strengthen the cause.

I realize a for-profit developer has a lot to consider before deciding to build homes for moderate- and low-income families. Land costs, building materials costs, labor costs and other costs tend to make affordable housing a losing deal financially for developers out to make a profit.

Reducing impact fees, which the Charleston Water Systems-Lowcountry Housing Trust incentive does, makes affordable housing a sweeter deal for the for-profit developers.

Another way to make affordable housing sweeter, or at least financially bearable, for profit-seeking developers is for them to work together on affordable housing projects. They could pool their resources, share the expenses and pursue as a team affordable housing initiatives. Participating developers could get rewarded with tax breaks.

I'll go farther into the deep end. Maybe the participating for-profits could form a nonprofit that qualifies for federal and state housing grants.

And since I'm already half mad, I'll make the madness whole by suggesting that local businesses contribute money to a housing fund so their employees, particularly the ones earning hourly wages, can live fairly close to where they work. The fund could help

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both for-profit and nonprofit developers build affordable housing.

What I've just spouted might be a fountain of crazy ideas, but the fact is the lack of affordable housing is a problem (dare I say crisis?) here and across the nation. It's almost to the point where there is no such thing as a crazy idea, especially when nonprofits like the Lowcountry Housing Trust have to get ever more creative to get funding from ever-tightening federal and state purses.

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