

## Home prices out of reach

October 1, 2007  
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Julie Poland and her husband, Jack, moved to the Charleston region a little over a year ago. They were looking to spend about \$200,000 on a three-bedroom home, with a “bonus” room over the garage.

The Polands’ real estate agent informed them Summerville was their best bet, and sold them a lot in Wescott Plantation. While the neighborhood is nice, Julie Poland said, she would have preferred to live near her son and daughter-in-law, who rent in Mount Pleasant, or by her job on Daniel Island to cut down on commute time. But homes in both markets were out of the couple’s reach.

A study released earlier this month suggests the Polands’ housing struggle is a story played out time and again in the Charleston region as the area grows and sprawls.

Compiled jointly by the Lowcountry Housing Trust and the Charleston Metro Chamber of Commerce, the report paints a picture of the regional housing market as one that is quickly outstripping most residents’ incomes, forcing people to live farther from work and threatening to overload the area’s infrastructure.

“The trend appears to be that we’re getting worse, not better,” said Mary Graham, the chamber’s senior vice president of public policy, speaking to about 100 business leaders in downtown Charleston earlier this month during the half-day Developers Council Growth Forum.

As it stands, Poland has to arrive at Daniel Island School, where she teaches kindergarten, by 6:30 a.m. and wait 12 hours to leave, or else battle rush-hour traffic that generally makes the 20-mile commute over an hour long.

“I’m at work right now because there’s no point going home,” she said one recent afternoon several hours after school had let out. “Leaving now, it would be a waste of time.”

### **Debunking stereotypes**

The study, Graham said, debunks the stereotype that the high-value average costs are simply a reflection of the large second-home and vacation market here, an excuse she often hears used to brush off discussions of the local housing dilemma that weighs on the vast middle class.

That market does exist and is growing, she said, but it is not to credit for the huge spike in average home prices over the past decade. Nor is the housing situation a problem only for the bottom echelon of wage earners, noted Tammie Hoy, executive director of the Lowcountry Housing Trust.

The aim of the study, they said, is to get the affordable-housing need on the business community’s radar screen by framing it as an economic development issue, and to encourage regional cooperation as the population continues to expand.

The National Association of Home Builders’ recently released second-quarter Housing Affordability Index ranked the Charleston region 128 out of 215 metropolitan areas in terms of housing affordability, judged by overlaying median housing prices with median incomes.

### **Off-kilter numbers**

Those economic barometers have long been off-kilter in zip codes containing coveted beachfront or downtown parcels, in part because of the second-home/vacation market, which has grown about 5% over the last five years, Graham said. And to be certain, home prices increased the most dramatically in the traditionally upper-crust communities of Mount Pleasant and Daniel Island, as well as on the Peninsula, the report shows.

But the numbers suggest that residents looking to buy in traditionally blue-collar and bedroom communities such as North Charleston, West Ashley, Summerville and Goose Creek also felt the pinch.

“Affordability issues are happening all across the region,” Graham said.

In 2000, 48% of homes sold went for less than \$140,000, compared to 2006 when less than 17% were sold in that same price range. Last year, nearly half of homes went for between \$140,000 and \$250,000; roughly 34% of homes sold for above \$250,000, compared to about 19% in 2000.

The household median income did increase about 12.7% since 2000 to about \$44,560 today, but that still ranks below the U.S. median household income of \$48,271.

As of June 2007, only about 40% of households had enough income to buy a house of the average regional sales price of \$306,098 based on the assumption that families or individuals should not spend more than 29% of their income on housing, the report shows.

“We have two hurdles to hop over,” Hoy said. “One is there’s a stigma in the market of affordable housing, where people assume that means it’s government subsidized or that you’re not working, or you’re on welfare, or that it’s unattractive and creates crime. The other hurdle is to make it happen, to physically build affordable housing in an area that’s on the coast in a desirable place to live.”

In some cases, the regional trends are encouraging unconventional buying patterns.

Taylor Blanks, for instance, is a recent College of Charleston graduate just entering the professional world and beginning to eye the real estate market. He is determined, however, to live downtown for its social appeal and proximity to his job in Mount Pleasant, where he works as an equity trader for Automated Trading Desk.

“I can’t afford to buy a home where I want to live, so when I do buy a house, I probably won’t live in it,” he said.

Taylor plans to eventually purchase a home in a place such as Summerville or James Island, where he believes he could maximize his rental income while still building equity.

### **A serious social issue**

John Knott, CEO of The Noisette Co., called the local housing market a “serious, serious social issue in this region.”

Noisette is poised to build 5,000 to 7,000 housing units at the old Charleston Naval Complex as part of its mixed-use design.

Knott envisions his project becoming the region’s urban core, a concept he said is sorely needed in the current market.

“I believe it is up to the business community to help solve this problem,” he said.

But that can be easier said than done. Development issues have been firing up municipal government meetings across the region as of late. Hundreds of people crammed into a recent Dorchester County meeting to both protest and support the proposed adequate public-facilities ordinance that would essentially require developers to pay for infrastructure improvements.

Noisette’s proposal, though recently agreed upon with the North Charleston City Council, has also created a stir as the company outlines the money it will need from tax-increment financing bonds to build a new infrastructure system.

The I’On group’s pitch to build an additional 57 homes at Snee Farm prompted a lawsuit by some residents who claim the company is infringing on their deed-granted green space.

Dozens of neighbors on both sides of the issue attended a recent Town Hall meeting rife with accusations and emotion as Town Council voted in favor of a rezoning request that will allow the development.

I’On Chief Operating Officer Mark Lipsmeyer said afterward that development plans across the region have become ticklish as space tightens.

“It’s a constant battle,” he said. “People continue to move to this area of the county and this city, and that’s the way it’s going to be. The city and infrastructure needs to accommodate the growth in some fashion.”

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