

South Carolina Inclusionary Zoning

FAQ's about the proposed Bill aimed at helping Working Class Families and Individuals in SC

What is the purpose of this Bill?

As State Enabling Legislation, this Bill would allow all jurisdictions within the state of South Carolina the ability to enact their own Inclusionary Zoning policy, if they so choose.

What is Inclusionary Zoning?

Inclusionary zoning promotes the development of housing for working families and individuals that are often employed in professions that are integral to a community's success, but may not be as financially rewarding—such as teachers and police officers. It is important that individuals from all economic strata have an opportunity to live in the City they serve if they choose.

Inclusionary Zoning is a tool for creating affordable housing opportunities that requires developers to rent or sell a percentage of their new housing units at below-market prices to families and individuals with qualifying incomes. In exchange, developers are typically offered incentives to help offset the cost of these units, such as density or height bonuses, fee reductions, expedited permitting, tax abatements and others.

Why is Inclusionary Zoning important?

The State of South Carolina is faced with a housing crisis! Inclusionary Zoning promotes highly effective mixed-income developments by creating affordable places for families to live and work. Research demonstrates that among the best things society can do for families and children with lower incomes is to enable them to live in neighborhoods with greater opportunities for education, jobs, public safety, and amenities such as parks, libraries and access to public transit. Mixed-income neighborhoods, which are both racially and economically integrated, not only create a diverse workforce but a vibrant community.

To whom does this Bill apply?

As state legislation, this Bill is proposed to give any jurisdiction within the state of South Carolina the ability to create their own Inclusionary Zoning ordinance, if they so choose. Upon passage of this Bill, local municipalities and counties can add Inclusionary Zoning to their ordinances. Their new ordinance would then apply only to new housing developments within their city or county limits. Each municipality would have the opportunity to customize its own Inclusionary Zoning ordinance to fit the specific needs of their community.

Will jurisdictions be forced to add Inclusionary Zoning or will it be voluntary?

No. Jurisdictions will not be forced to add Inclusionary Zoning, it is completely voluntary. This Bill is simply enabling legislation that expands opportunities for local jurisdictions in South Carolina to utilize this tool.

What are the important details of the Bill?

The Bill states that any local Inclusionary Ordinance will be required to include the following:

- At least one bonus shall be offered to a developer to help offset the cost and promote a successful program
- No more than 30% of housing units can be mandated as affordable housing
- Residents qualify for the housing if their income doesn't exceed 120% of the Area Median Income (AMI) in "high cost" counties, or 80% AMI or below in other jurisdictions
- A "fee in lieu" option shall be offered to a developer who does not want to include affordable units in their overall development to allow for more flexibility

"Inclusionary Zoning would give chances to a substantial share of people with lower incomes and wealth to live in opportunity-rich areas otherwise affordable only to people with greater means."

What does affordable housing mean?

Each jurisdiction may define affordable or workforce housing slightly differently, but the general benchmark for affordably priced housing is that it cost no more than 30% of a household's income. This includes rent, mortgage payments and utilities regardless of their level of income. Housing costs greater than 30% of a household's income means that other expenses such as health care, school supplies for children, food and other critical needs will be difficult to meet.

The Area Median Income (AMI) is a statistic generated by the U.S. Department of Housing and Urban Development (HUD) for purposes of determining the eligibility of applicants for certain Federal housing programs. This metric is also commonly used for local housing program eligibility as it varies by geographic location and is updated each year. Typically, 80% AMI and below is the most common benchmark for affordable housing, but in some communities with extremely high land costs, the 80% to 120% AMI is considered essential for workforce housing.

For homeownership, an affordable mortgage would be calculated at three times a person's or household's annual income. For example, a person earning 80% of AMI for a household of four in Charleston, SC is \$52,800; therefore, $\$52,800 \times 3 = \$158,400.00$. This illustrates the amount of house this family can afford and housing stock for a family of four is almost non-existent at this price in the Charleston area.

Why are developers being offered incentives for Inclusionary Zoning?

Many studies that assessed the performance of existing Inclusionary Zoning policies nationwide conclude it works best when the requirements are offset with a benefit for developers. If the value of the offset reduces the expense of the subsidized housing, a finding of little measurable effects on the housing market is just what you would expect. Maintaining the rate of development is important because it doesn't alter the supply of housing and maximizes the builder's potential to create more housing units that would also include affordable housing.

What is a "fee in lieu" and why is it included as an option for developers?

A "fee in lieu" option is another proven tool that typically allows both the developer and the local jurisdiction more flexibility in implementing this program. This tool gives developers the option to pay a comparable fee instead of constructing the subsidized units directly in their development. "Fee in lieu" funds can then be used to facilitate affordable housing development elsewhere, where the local jurisdiction deems it most important. This fee is set by the local government and is most effective when it is comparable to what it would cost the local jurisdiction to purchase land and build a similar home.

Are other communities utilizing Inclusionary Zoning as a tool to create more housing options?

Yes, nearly 500 municipalities across the country have adopted Inclusionary Zoning rules of one kind or another.

Whom may I contact for more information?

If you have questions, concerns or suggestions to strengthen the Bill you may reach out to Debby Waid at the South Carolina Community Loan Fund at debby@sccommunityloanfund.org or (843) 737-6153.

Leaders at the City of Charleston are also partnering on this bill, you may also reach out to Geona Shaw Johnson, the Director of the City of Charleston's Housing and Community Development Department, with any questions, concerns or suggestions to strengthen the Bill at johnsong@charleston-sc.gov or (843) 724-3768.

My local jurisdiction is interested in supporting this Bill, how may we help and what is the time line?

Being state legislation, it will be important for cities in South Carolina to demonstrate their support for the Bill and discuss this with their local leaders. Resolutions of support and letters of support would be much appreciated by the end of January 2017, to the contacts above. Thank you.

**We urge communities to consider a resolution of support and/or provide a letter of support from a city leader.
Your support of the Bill is essential to its success.**