

Housing Affordability Policy in the Charleston Metro Area

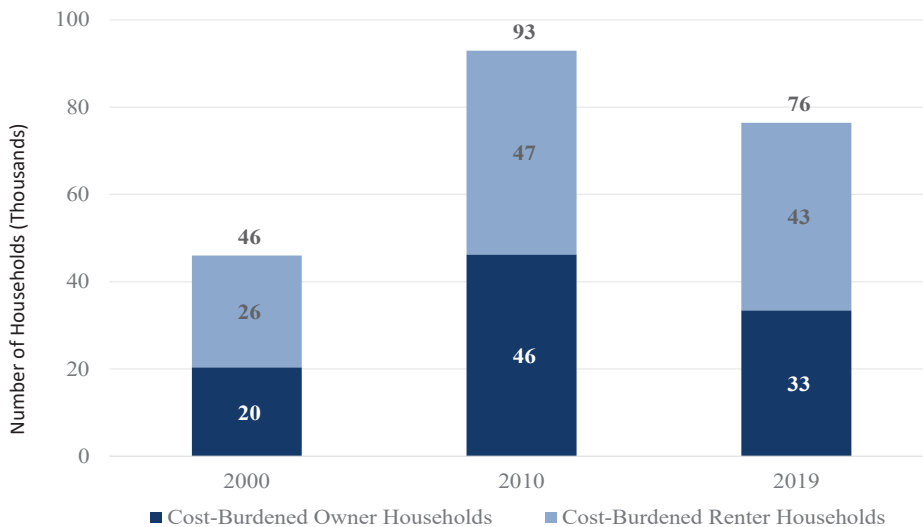
Commissioned by the Charleston Trident Association of REALTORS®
January 2022

Like other expanding metro areas, Charleston faces growing concerns about housing affordability. More than 40% of residents recently surveyed by the Charleston Planning Commission expressed concern about being able to stay in their homes due to rising costs. As the issue has grown more pressing, policymakers and stakeholders have proposed or implemented solutions that include zoning reform, developer in-lieu fees, and the establishment of an affordable housing trust fund.

CTAR retained Anderson Economic Group to analyze U.S. housing market data and gauge housing affordability in the Charleston metro area. AEG conducted a thorough analysis of housing policy proposals and case studies to identify and evaluate potential solutions based upon feasibility and likely impact. Three key findings follow.

1. 76,000 Charleston metro area households were classified as housing cost burdened in 2019.

Figure 1: Number of Cost-Burdened Households by Tenure in the Charleston Region, 2000-2019



Source: AEG analysis of base data from the U.S. Census Bureau.



For more information, see the full report, "Housing Affordability Policy in the Charleston Metro Area," January 2022.



Anderson Economic Group, LLC is a respected research and consulting firm specializing in economics, public policy, finance, business valuation, and industry analysis.

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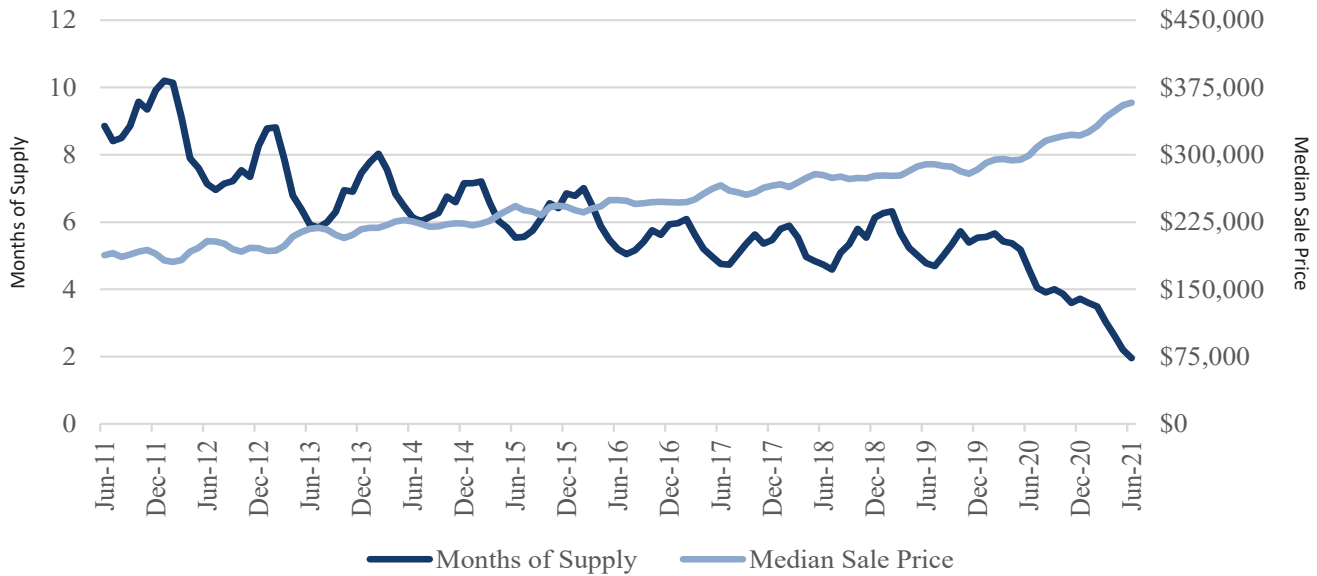
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2. Charleston metro area home sale prices rose by 12.5% in 2021, and rents rose by 14%.

Figure 2: Months of Supply and Median Home Sale Price in the Charleston Region, 2011-2021



Source: AEG analysis of Multiple Listings Service data provided by CTAR.
 Note: Figures shown above reflect three-month moving averages.

3. Local policymakers could increase the Charleston metro area’s housing supply and decrease pressure on prices by:

- ❶ expanding the use of accessory dwelling units
- ❷ increasing funding for affordable housing
- ❸ zoning for greater residential density

Table 1: Housing Policy Proposal Feasibility and Potential Impact

Policy Proposal	Implementation Barriers	New Market-Rate Units	New Affordable Units
Expand use of accessory dwelling units	low	500-750	500-750
Upzone low-density areas	high	1,000-1,500	n/a
Encourage transit-oriented development	medium	250-500	n/a
Revisit in-lieu fee rate	low	n/a	100-200
Establish an affordable housing trust fund	high	n/a	4,000-4,500
Utilize land banking	medium	100-200	100-200
Levy a short-term rental tax	medium	n/a	100-200
Total	n/a	1,850-2,950	4,800-5,850

Source: AEG review of qualitative and quantitative data from various news, government, and other sources.