

Berkeley County, SC

Abbreviated Analysis of Impediments to Fair Housing Choice

March 30, 2021



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## Section I: Introduction

The ***Analysis of Impediments to Fair Housing Choice (AI)*** is an internal analysis of factors that may be potentially preventing access to fair housing choice in the community. Understanding the impediments to fair housing choice is an important step in addressing housing needs. This report is meant to provide information to decision makers in the community and assist in guiding the use of grant funds and other resources that target affordable housing.

In *Section II* the county's community demographics and economic characteristics are discussed. This section looks for the relationship between race or ethnicity and income. A household's income is a major component of access to affordable housing and a relationship between income and race may point to an impediment to fair housing choice.

*Section III* focuses on the housing profile of the county. The cost and availability of units for both renters and homeowners are analyzed to determine if the housing stock meets the needs of the community. Additionally, construction patterns are addressed to look at future housing development.

Lending practices and statistics are discussed in *Section IV*. The demographics of applicants and information about loan denials are analyzed to determine if the lending market is contributing to impediments to fair housing choice.

In *Section V*, the impact of local policies is discussed. While well-intentioned, there are often unintended consequences to policies that may contribute to impediments to fair housing choice.

Lastly, *Section VI* takes the information gathered in the report to identify potential impediments to fair housing choice. This section takes qualitative data, quantitative data, and local knowledge to provide focus for housing programs to impact fair housing choice in the most efficient and effective way possible.

## Section II: Community Profile

A key component in understanding impediments to fair housing choice is understanding the demographics of the County. Berkeley County is located to the north of Charleston County and is primarily suburban and rural. The county was first established in 1682 and many of the challenges it faces are a result of demographic, social, political, and economic issues going back over 300 years.

### Race and Ethnicity

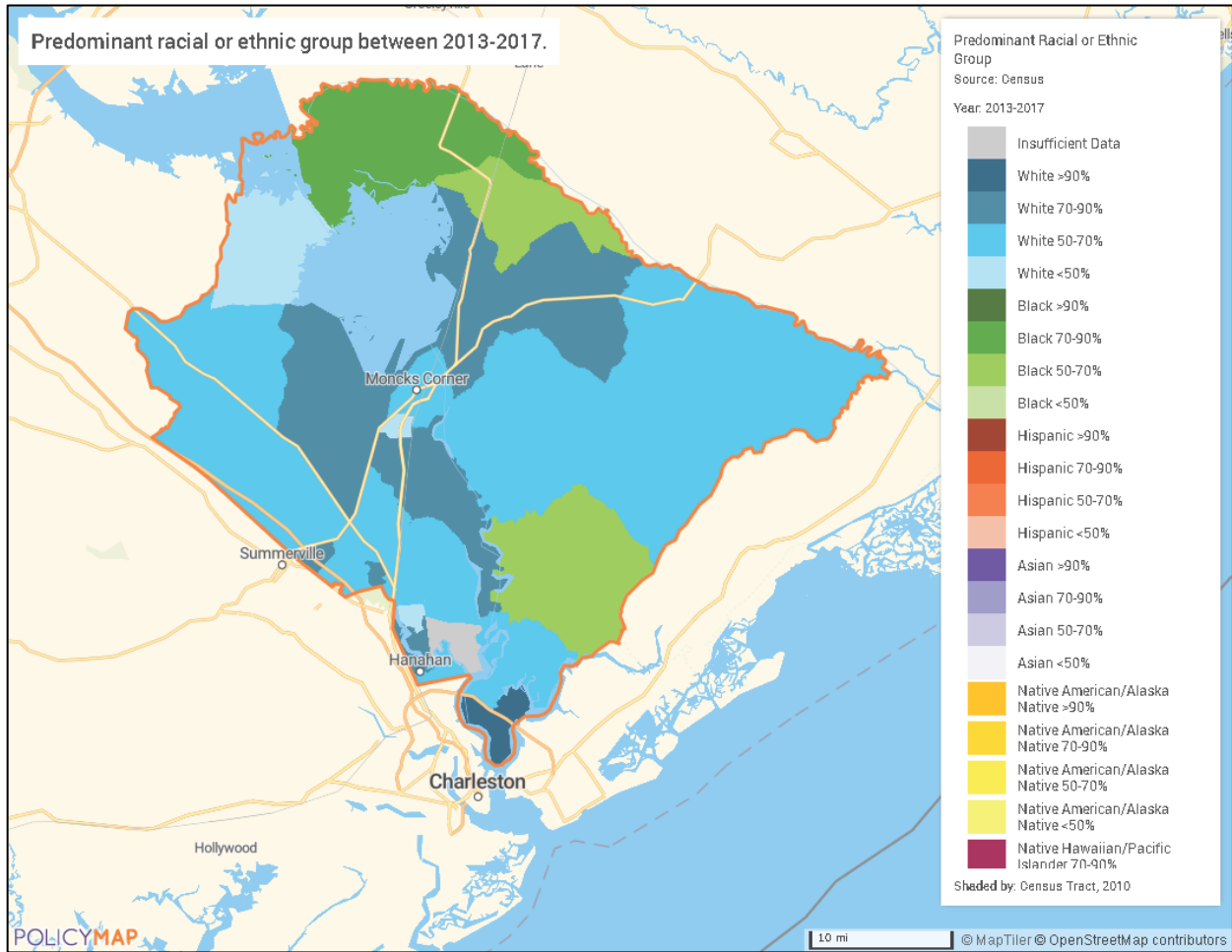
The population of Berkeley County has steadily grown since the early 20<sup>th</sup> Century. Since 2010, the population increased by over 37,000 people, or nearly 21%. White residents make up most of the population with 66.6%. Black residents are the second largest group with 24%. In many cases there is a relationship between race or ethnicity and reduced access to fair housing choice, particularly when there is a correlation between race/ethnicity and income, poverty, and other economic factors.

*Table: Population by Race and Ethnicity (DP05)*

	Population	Percent
<b>Total Population</b>	215,044	100.0%
<b>Race</b>		
<b>White</b>	143,238	66.6%
<b>Black</b>	51,660	24.0%
<b>American Indian and Alaska Native</b>	947	0.4%
<b>Asian</b>	4,766	2.2%
<b>Native Hawaiian and Other Pacific Islander</b>	195	0.1%
<b>Other Single Race</b>	6,736	3.1%
<b>Multiracial</b>	7,502	3.5%
<b>Ethnicity</b>		
<b>Hispanic</b>	14,206	6.6%
<b>Not Hispanic</b>	200,838	93.4%
Source: United States Census Bureau ACS 2015-2019 (DP05)		

Countywide Black residents make up approximately one-quarter of the population but in several areas Black residents make up over half the population. These areas are primarily in rural areas, particularly in the northern portion of the County. One key issue that HUD has identified is areas of racial or ethnic concentrations of poverty and the relationship between financial characteristics and location will be discussed later in this document. Areas of racial concentration are one key component of this analysis and they are present in Berkeley County.

Map: Predominant Race

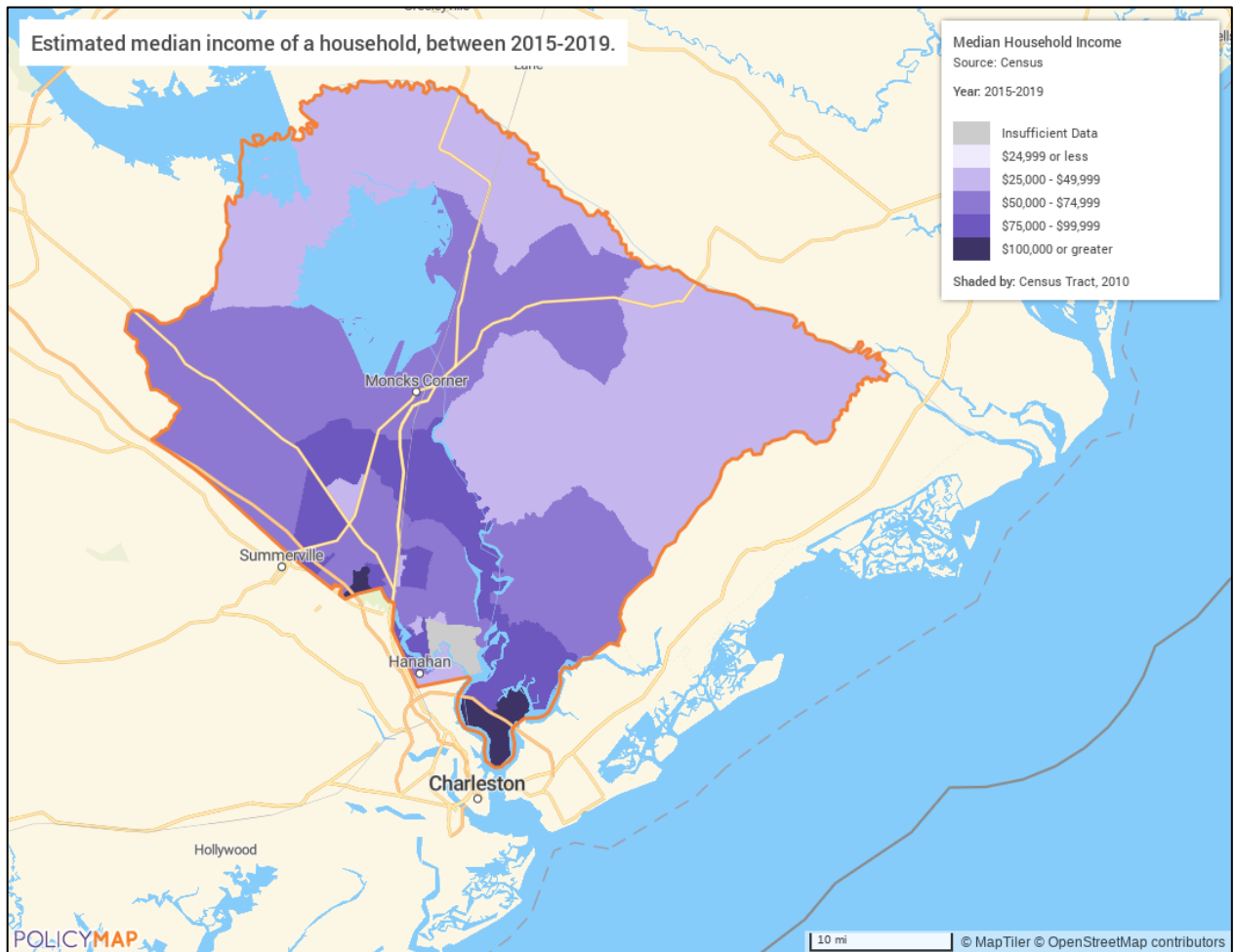


Source: United States Census Bureau ACS 2015-2019 via PolicyMap

## Income and Poverty

Due to the correlation between race and geography it is important to determine if there is a similar correlation between income and geography. The following map shows the median household income by census tract. The areas with higher median household income overlap with areas with a relatively large White population. Additionally, the three tracts that are majority Black also have lower median household incomes.

Map: Median Household Income



Source: United States Census Bureau ACS 2015-2019 via PolicyMap

The difference in income between different racial and ethnic groups supports the above map that shows a discrepancy between areas with a large Black population and White population. Black residents have the lowest median household income, nearly \$20,000 less than the median income and \$30,000 less than the median household income for White residents.

*Chart: Household Median Income by Race/Ethnicity*



Source: United States Census Bureau ACS 2015-2019 (\$1903)

Income and poverty are closely related. In Berkeley County the countywide poverty rate is 11.9% but there are differences between groups. Nearly 20% of Black residents and Hispanic residents are in poverty, compared to 8.7% of White residents. The presence of areas of racial concentration and relatively high rates of poverty for Black residents means those areas may meet HUD’s definition of a Racially/Ethnically Concentrated Area of Poverty (R/ECAP<sup>1</sup>).

*Table: Poverty by Race and Ethnicity*

	<b>Population Below Poverty Level</b>	<b>Percent Below Poverty Level</b>
<b>Countywide</b>	25,080	11.9%
<b>White</b>	12,189	8.7%
<b>Black</b>	9,916	19.5%
<b>American Indian and Alaska Native</b>	114	12.1%
<b>Asian</b>	430	9.2%
<b>Native Hawaiian and Other Pacific Islander</b>	0	0%
<b>Multiracial</b>	792	11.2%
<b>Hispanic</b>	2,663	19.4%
Source: United States Census Bureau ACS 2015-2019 (DP05)		

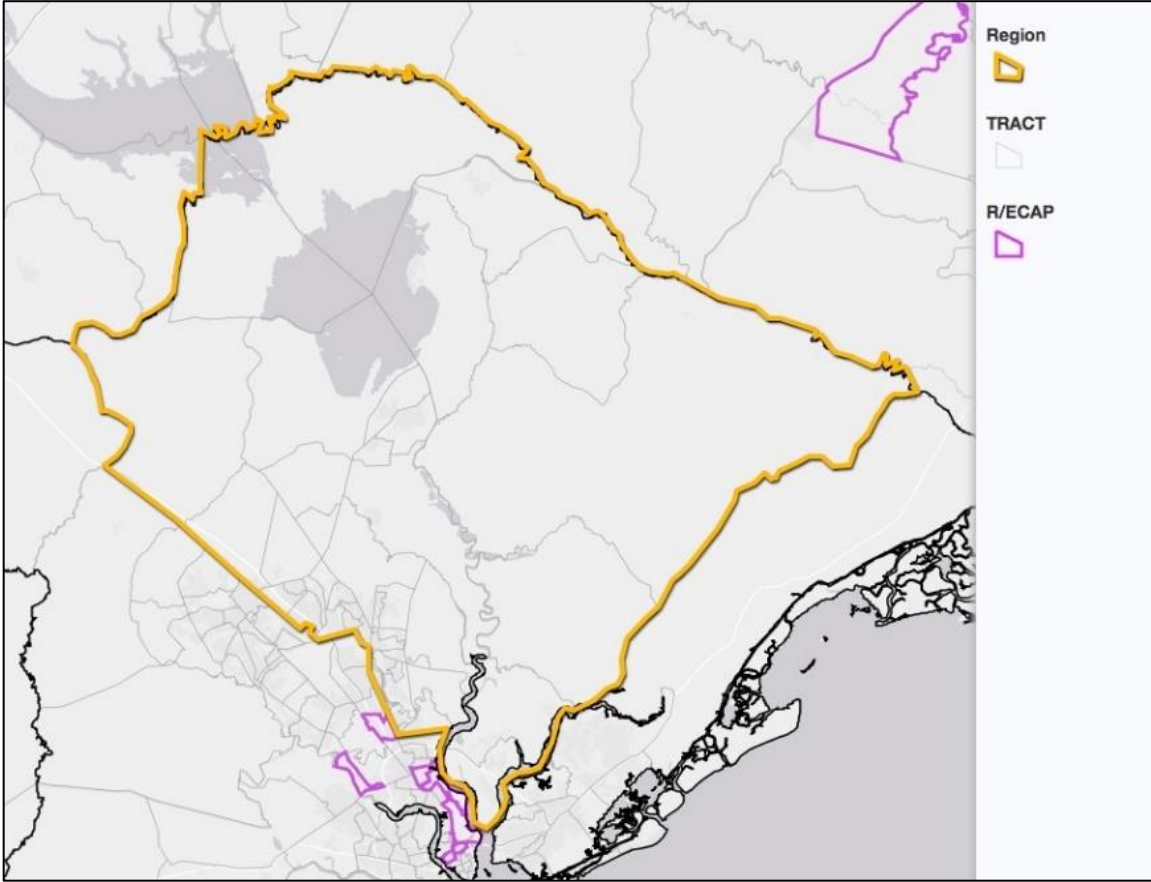
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<sup>1</sup> HUD defines a RECAP as a census tract with a non-White population of 50% or more and either a poverty rate of 40% or greater, or is three or more times the average tract poverty rate for the metropolitan/micropolitan area.



According to the most recent data available there are no tracts in Berkeley County that are R/ECAPs. However, the areas with a high concentration of Black residents and low incomes are areas that warrant particular care to ensure that there are not disproportionately high housing problem rates or a prevalence of impediments to fair housing choice.

Map: R/ECAP Tracts



Source: Department of Housing and Urban Development AFFH Mapping Tool (AFFHT0007)

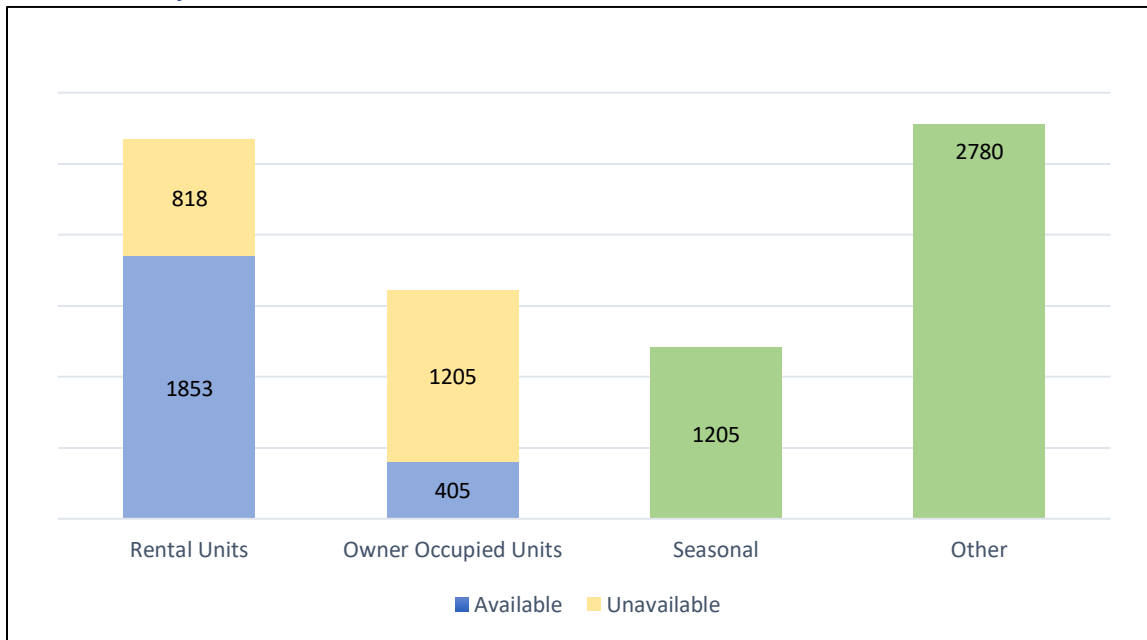
## Section III: Housing Profile

The availability of housing in a variety of types, sizes, and costs is imperative for access to fair housing choice. For a community to attract and maintain a population there must be housing available for all types of families of all income levels, both for renters and homeowners.

### Vacancy

In Berkeley County, there are over 8,250 vacant units. The largest vacancy category is “Other”, which is primarily made up of units that are unfit for human habitation or the ownership is unknown. The second largest group is rental units, approximately 70% of which are available but do not have any tenants currently. This may be due to several issues, including unit sizes that do not match consumer needs and unit costs beyond a household’s ability to pay. There are also a significant number of seasonal units that are only occupied part time.

Chart: Status of Vacant Units



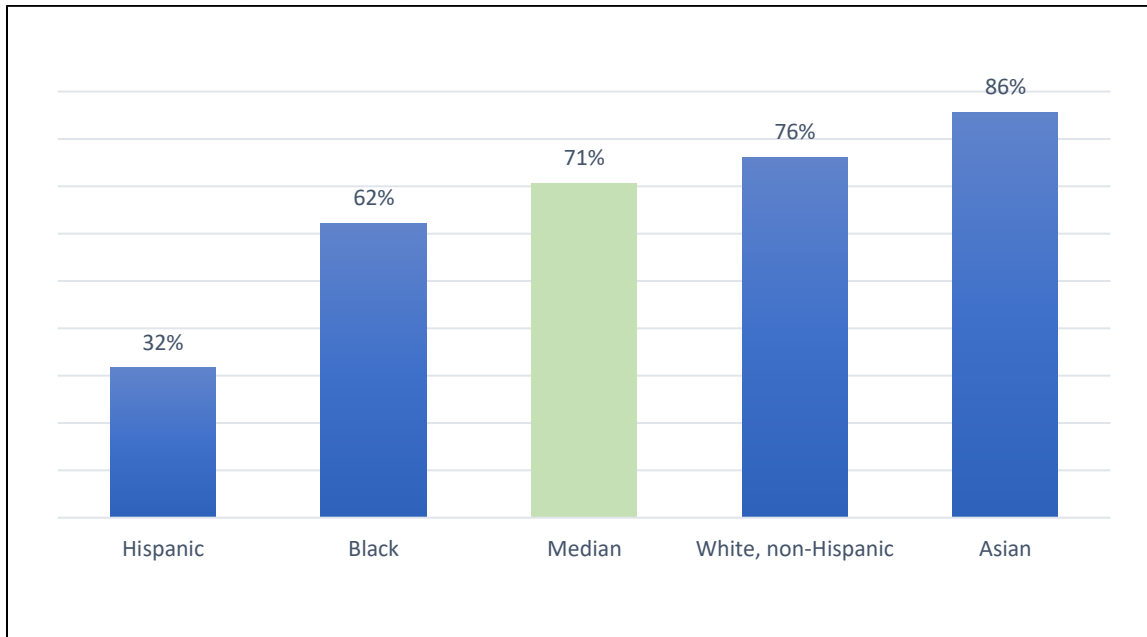
Source: United States Census Bureau ACS 2015-2019 (B25004)

Data note: Available are for rent or for sale, Unavailable are rented or sold (not occupied).

## Housing Tenure

Home ownership is a key component of securing multi-generational wealth and stability. Disparities in access to home ownership can be an impediment to fair housing choice, particularly when it is linked to race or ethnicity. In Berkeley County, approximately 71% of households live in owner-occupied units. Both Hispanic and Black households report a home ownership rate that is lower than the countywide average. It is important to identify potential causes of this discrepancy to increase access to affordable units.

*Chart: Percent of Population Living in Owner-Occupied Units by Race/Ethnicity*

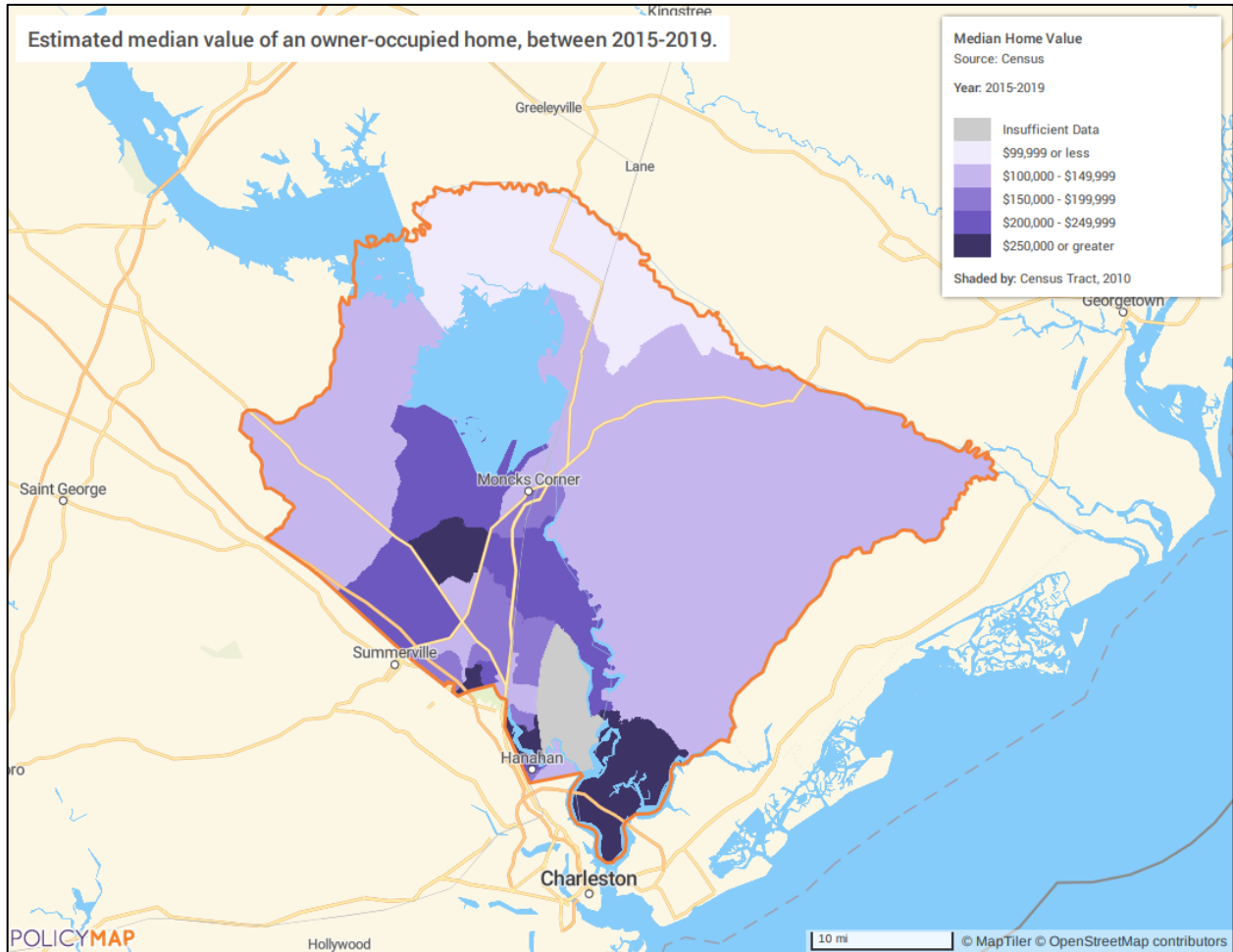


Source: United States Census Bureau ACS 2015-2019 (B25003)

## Owner-Occupied Units

The price of owner-occupied units appears to be closely related to geography. Areas that are close to Charleston County have a much higher median home value than those located in the northern rural areas. Tracts on the western edge of the County near prominent highways also report relatively high median home value.

Map: Median Value

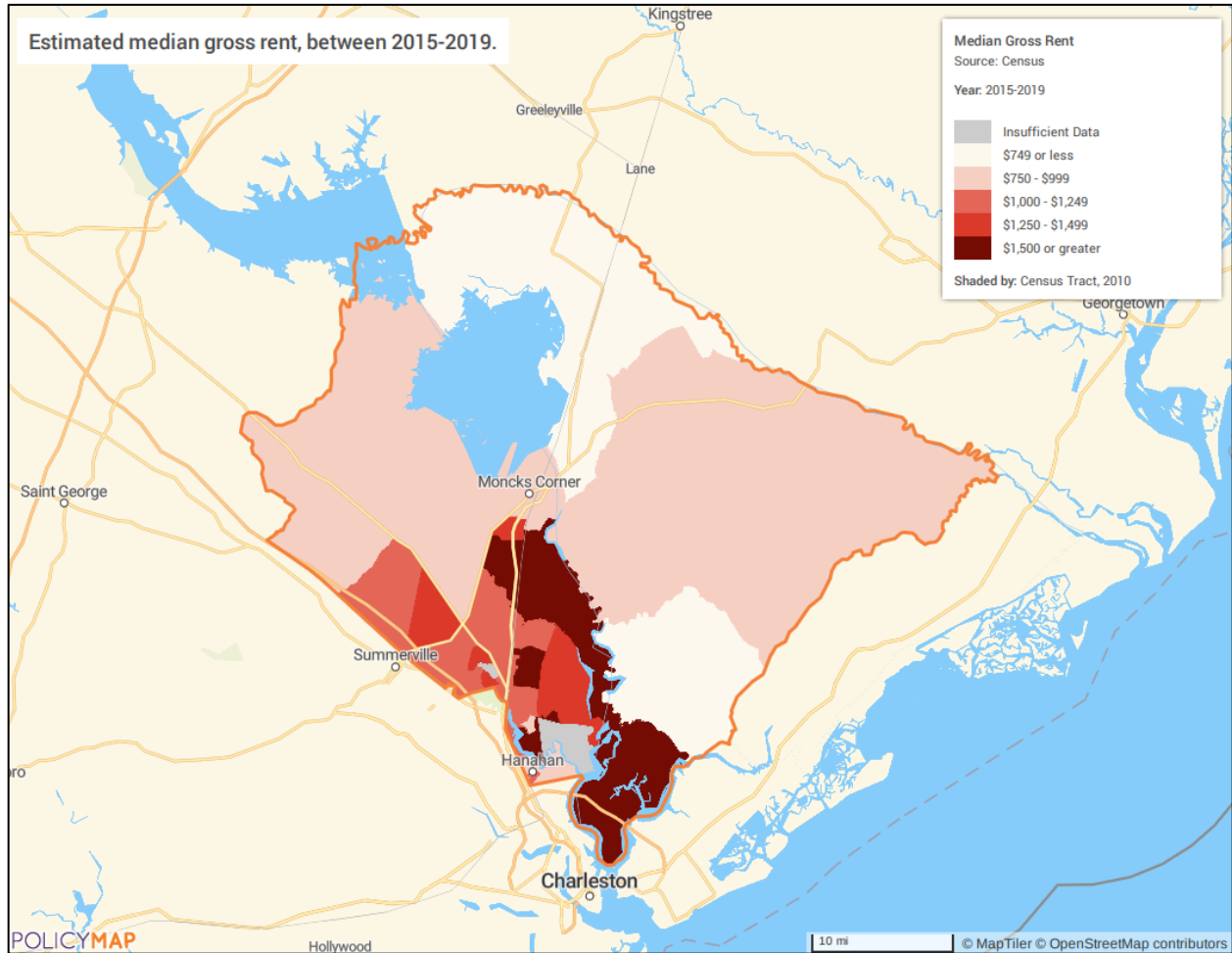


Source: United States Census Bureau ACS 2015-2019 via PolicyMap

## Renter Occupied Units

Like owner-occupied units, the median rent is closely related to geography. The median rent in Berkeley County is \$1,109. Tracts that are close to Charleston County have a much higher median rent than those located in the northern rural areas. As noted above, the northern tracts have a relatively large Black population and lower household income.

Map: Median Rent

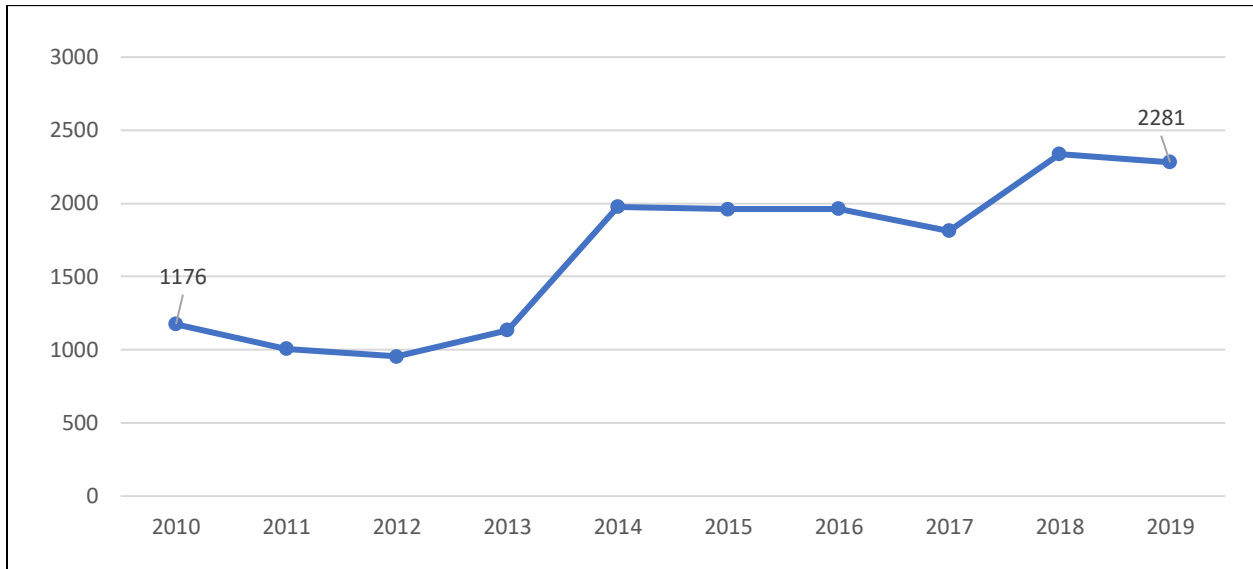


Source: United States Census Bureau ACS 2015-2019 via PolicyMap

## New Construction

In Berkeley County, the total residential permits issued for new construction has been increasing since 2010. The lowest number of permits issued was in 2012 when only 955 permits were issued, and the highest number was issued in 2018 when 2377 were issued. The production of new affordable units is an important component in providing housing choice for the community.

*Chart: Total Residential Construction Permits Issued from 2010 to 2019*



Source: US Census Bureau, Building Permits Survey

Housing units that are part of multi-unit developments are significantly more affordable than single-unit properties. In Berkeley County, it costs less than half to produce a unit of housing in a duplex than a 1-unit property. It is even more affordable when units are part of complexes larger than five units. These multi-family developments can provide affordable housing for both homeowners and rental units, that would not be possible with only single-family developments.

*Chart: Price Per Unit by Housing Type (2010-2019)*



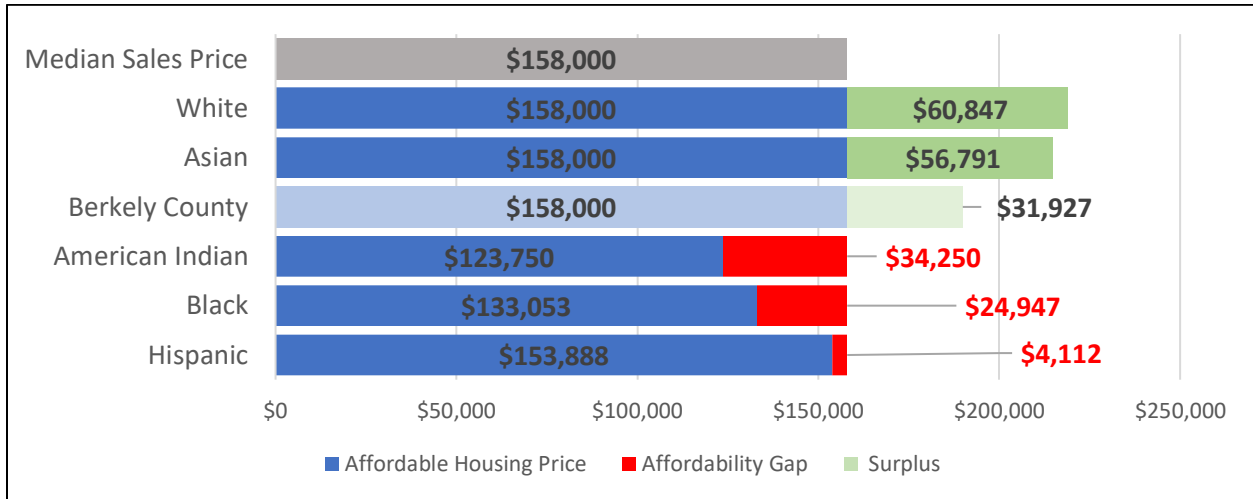
Source: US Census Bureau, Building Permits Survey

Data Note: From 2010-2019 there were 12,656 1-unit permits issued and 3,909 5+ unit permits issued. Berkeley County had very few permits issued for 2-units (40 units) and no 3-4 units from 2010-2019.

## Affordability Gap

The homeowner affordability gap is the difference between the median home value and what is affordable for residents earning the median income by race or ethnicity. In Berkeley County, a household with median earnings would have a surplus when purchasing a home at the median sales price, but that is not true for all groups. Black, Hispanic, and American Indian households have a median income that is not sufficient to afford a median priced home in the County.

Chart: Affordability Gap



Source: United States Census Bureau ACS 2015-2019



## Section IV – Lending Analysis

Countywide lending practices were analyzed using data gathered from lending institutions in compliance with the Home Mortgage Disclosure Act (HMDA). The HMDA was enacted by Congress in 1975 and is implemented by the Federal Reserve Board as Regulation C. The intent of the Act is to provide the public with information related to financial institution lending practices and to aid public officials in targeting public capital investments to attract additional private sector investments.

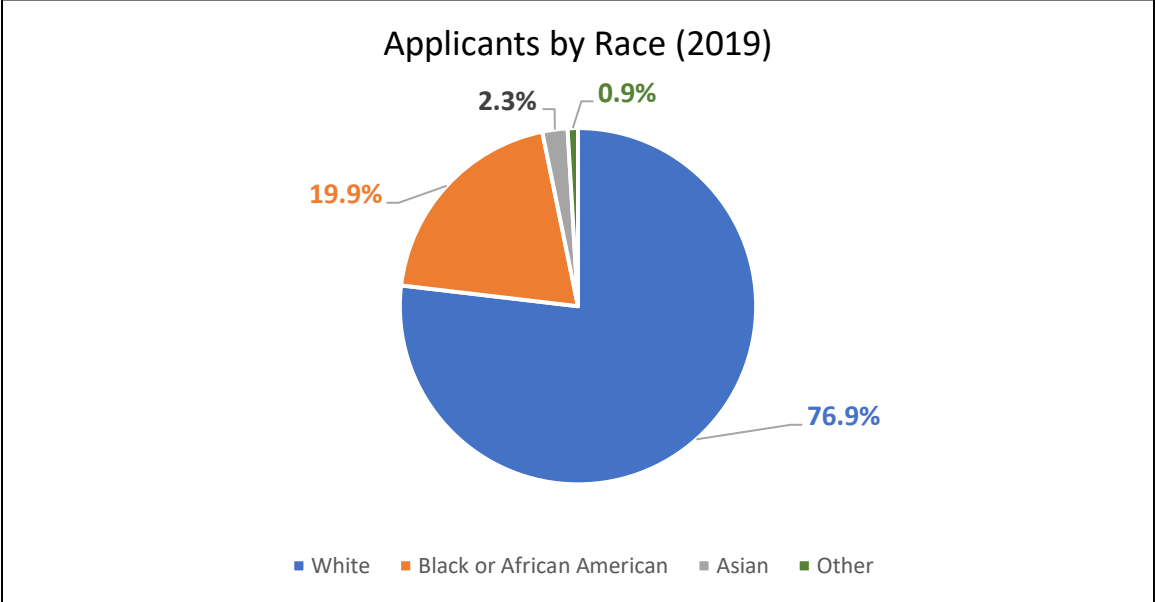
Since enactment of the HMDA in 1975, lending institutions have been required to collect and publicly disclose data regarding applicants including: location of the loan (by Census tract, City, and MSA); income, race and gender of the borrower; the number and dollar amount of each loan; property type; loan type; loan purpose; whether the property is owner-occupied; action taken for each application; and, if the application was denied, the reason(s) for denial. Property types examined include one-to-four family units, manufactured housing and multi-family developments.

HMDA data is a useful tool in accessing lending practices and trends within a jurisdiction. While many financial institutions are required to report loan activities, it is important to note that not all institutions are required to participate. Depository lending institutions – banks, credit unions, and savings associations – must file under HMDA if they hold assets exceeding the coverage threshold set annually by the Federal Reserve Board, have a home or branch office in one or more metropolitan statistical areas (MSA), or originated at least one home purchase or refinancing loan on a one-to-four family dwelling in the preceding calendar year. Such institutions must also file if they meet any one of the following three conditions: status as a federally insured or regulated institution; originator of a mortgage loan that is insured, guaranteed, or supplemented by a federal agency; or originator of a loan intended for sale to Fannie Mae or Freddie Mac. For-profit, non-depository institutions (such as mortgage companies) must file HMDA data if: their value of home purchase or refinancing loans exceeds 10 percent of their total loan originations or equals or exceeds \$25 million; they either maintain a home or branch office in one or more MSAs or in a given year execute five or more home purchase, home refinancing, or home improvement loan applications, originations, or loan purchases for properties located in MSAs; or they hold assets exceeding \$10 million or have executed more than 100 home purchase or refinancing loan originations in the preceding calendar year.

It is recommended that the analysis of HMDA data be tempered by the knowledge that no one characteristic can be considered in isolation but must be considered in light of other factors. For instance, while it is possible to develop conclusions simply based on race data, it is more accurate when all possible factors are considered, particularly in relation to loan denials and loan pricing. According to the Federal Financial Institutions Examination Council (FFIEC), “with few exceptions, controlling for borrower-related factors reduces the differences among racial and ethnic groups.” Borrower-related factors include income, loan amount, lender, and other relevant information included in the HMDA data.

The share of applications and percentage of loan application denials for traditional home purchase loans in Berkeley County varies by race/ethnic groups. Most applicants in 2019 were White at 76.9%. Black applicants represented 19.9% of all home purchase applications, but Black residents make up 24% of the population. This points to a potential impediment to fair housing choice for Black households.

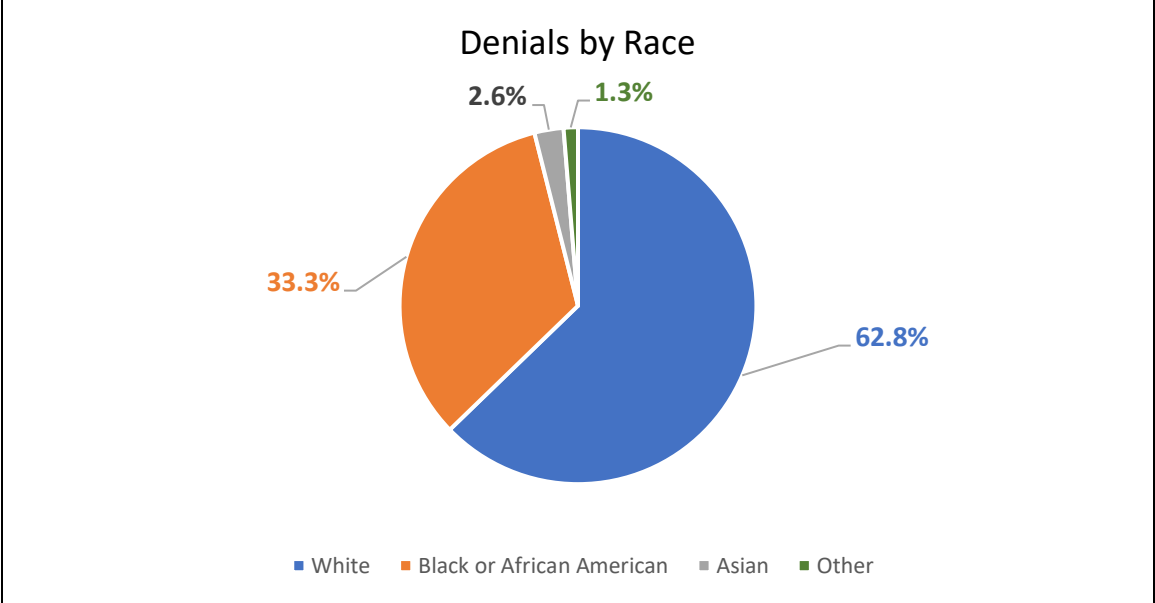
Chart: Applicants by Race



Source: HMDA

In addition to a lower application rate Black residents report a higher denial rate. Of the 2,162 denials in 2019 one-third were Black applicants. Asian represented a similar percentage of the applicants and denials, 2.3% and 2.6%, respectively.

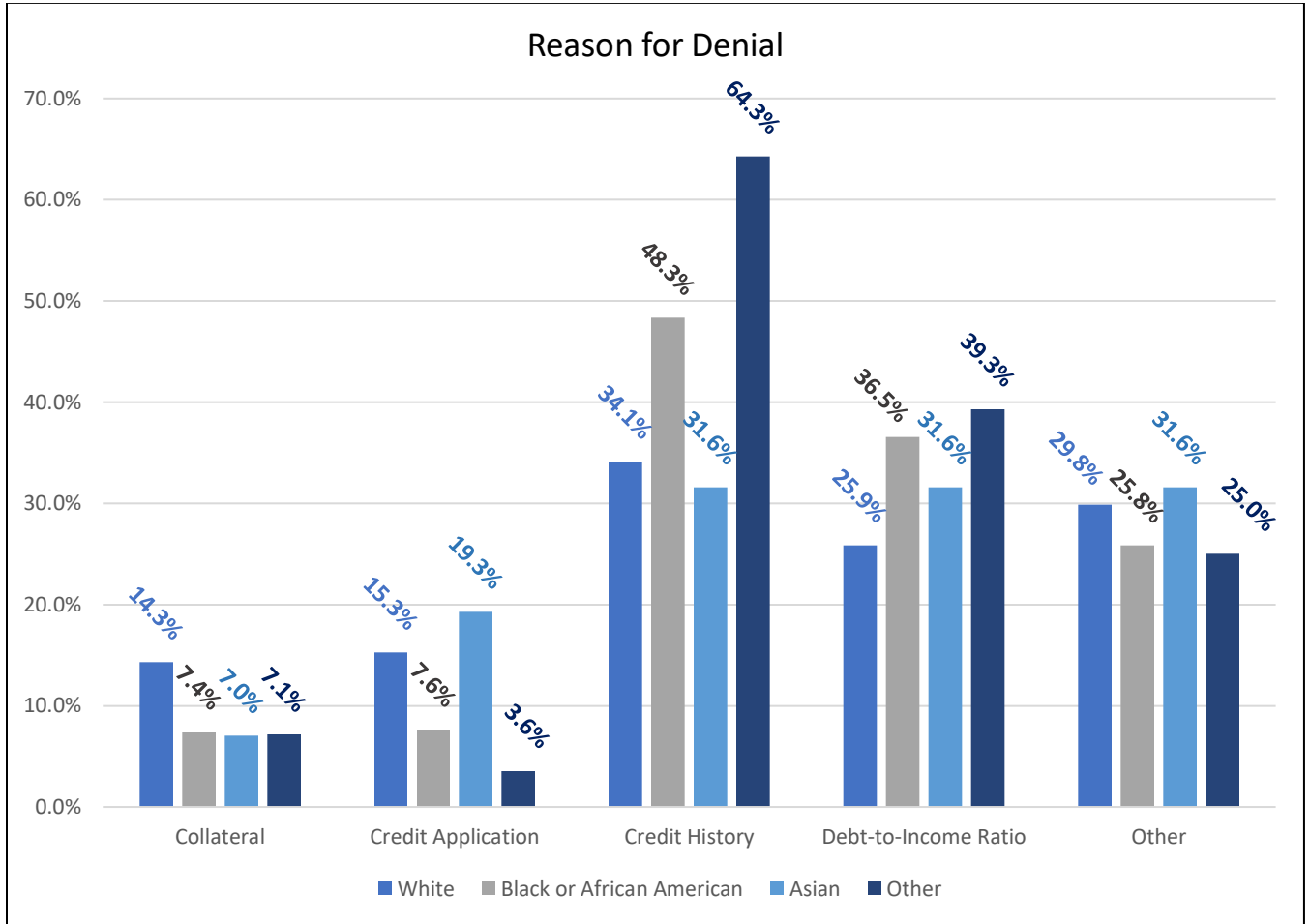
Chart: Denials by Race



Source: HMDA

Overall, the reason for denial varies by race. White and Asian residents report similar reasons for denial across each reason. Residents who are Black or one of the small racial groups tend to be denied due to their credit history at disproportionate rates.

Chart: Reasons for Denial



Source: HMDA

## Section V – Public Programs and Policies

Berkeley County has implemented several important public policies to address the housing needs of Berkeley County residents and demonstrate its commitment to expanding affordable housing in the community. Key public policies that have and can continue to make positive impacts on the affordable housing market include:

1. Incentives for Housing Preservation and Renovation – The County has enacted a Special Property Tax Assessment Ordinance for rehabilitating historic properties (Ordinance 19-04-08). This supports the county’s policy to protect existing communities and neighborhoods from physical deterioration.
2. Sustainable Infrastructure Funding – The Transportation Sales Tax program was enacted to help support street infrastructure to accommodate new housing. This program can reduce the cost of constructing new housing.
3. Progressive Planning Approach – The One Berkeley Comprehensive Plan incorporates scenario planning. This approach considers community desires and the impacts and trade-offs to provide more informed decision-making. County planning policies also support a range of residential lot sizes and diverse housing types that can result in a wider range of home values.
4. Presence of Intergovernmental Cooperation – Many jurisdictions lack intergovernmental cooperation that can result in a disconnect between services and facilities. The county practices coordination planning with the Berkeley County School District to anticipate the need for additional school facilities.
5. Encourage Housing Density – The 2018 Comprehensive Plan Update encourages clustering of residential lots through a density bonus approach, and low-density development supports diverse housing choices. New residential development planning policies also emphasizes linkages to public transportation that will enable better access to employment opportunities.
6. Availability of an Affordable Housing Financing Mechanism - The Lowcountry Housing Trust (LHT) finances the production of affordable housing. Today, financing offered by LHT includes development loans for affordable housing, including land acquisition, predevelopment, infrastructure, construction, and mini-perm loans. The county also promotes other housing partnerships and home buyer education programs.
7. Commitment to Reducing Regulatory Barriers – The County Council and Planning Commission are working to identify and reduce regulatory barriers to affordable housing.

## Section VI - Summary of Identified Impediments

This analysis of impediments examines barriers to fair housing choice and outlines specific actions to address these barriers in Berkeley County and the county's municipalities. The major impediments to fair housing choice are presented in two categories:

- Fair Housing-Related Impediments
- Affordable Housing-Related Impediments

### Fair Housing-Related Impediments

This analysis has identified several current impediments to fair housing choice. The current findings identified in this analysis to fair housing choice are:

1. Income Inequality - There is a significant race/ethnicity income inequality in the county.
2. High Percentage of Renters Who Are Cost Burdened – The 2019 Census reported that 45% of the county's renters are paying more than 30% of their household income towards housing.
3. High Number of Vacant Housing Units – There are 7,217 vacant housing units in the county, representing 13.1% of the county's 2020 housing supply. This vacancy rate is more than double the national average of 6.5% and represents a strong disconnect between the demand for rental housing and supply and/or condition of housing.
4. Wait Lists for Section 8 Housing Units. – At present, there are no section 8 housing units available. Furthermore, the section 8 waiting list in North Charleston closed in May 2019.

### Affordable Housing Impediments

1. Low Median Household Income - The county has the lowest median household income in the Tri-County region, resulting in residents paying a higher percentage of their incomes for housing.
2. Decline in Affordability - Rental rates are increasing faster than median household income, resulting in a decline in affordability. The lack of affordable housing can be a deterrent to the location of new industries.
3. Increasing Single Family Home Values Impacts Affordability - Single-family home prices are increasing at a rapid rate. Although the U.S. Census ranks Berkeley County in the top 100 fastest-growing counties in the U.S., the average single-family home price has increased by over \$103,000 and more than 40% since 2015 according to the Charleston Trident Association of Realtors. This rapid increase in home values result impacts the ability for renter households to afford home purchase. While the average townhome price has also increased by 17.2% over the same five-year period, townhomes remain, on average, more than 30% less than the average single-family home.

Table: Average for Sale Housing Values 2015 - 2020

<b>Year</b>	<b>Single-Family Detached Average Sales Price</b>	<b>Average Townhouse-Condo Average Sales Price</b>	<b>Average Townhouse-Condo vs. Average Single-Family Sales Prices</b>
<b>2015</b>	\$258,497	\$206,249	79.8%
<b>2016</b>	\$262,824	\$183,648	69.9%
<b>2017</b>	\$273,904	\$196,538	71.8%
<b>2018</b>	\$297,766	\$210,731	70.8%
<b>2019</b>	\$311,312	\$210,706	67.7%
<b>2020</b>	\$362,452	\$241,303	66.6%
<b>2015 – 2020 Change</b>	<b>\$103,955</b>	<b>\$35,054</b>	<b>---</b>
<b>% Change</b>	<b>40.2%</b>	<b>17.2%</b>	
Source: Charleston Trident Association of Realtors.			