Greenville County, South Carolina Affordable Housing Study

Prepared for the Greenville County, South Carolina

czb LLC | Alexandria, Virginia

March, 2018

GCRA
Greenville County Redevelopment Authority

Greenville County

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Greenville County, South Carolina Housing Analysis

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Greenville County, South Carolina Affordable Housing Analysis

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Key Numbers[1]

	Greenville County (***including*** the City of Greenville, SC)		Greenville County **(not including the City of Greenville, SC)** (The numbers in this column are czb estimates only)
Population (2016)	482,191		419,415
Households (2016)	182,466		155,353
Total All Housing Units (2016)	201,551		170,677
Median Household Income (2016)	$51,595		$52,683
Median Income for OWNER Households (2016)	$66,730		$66,137
Maximum Home Buying Power for Median Income Existing Owner (2016)	$200,190		$198,411
Median Income for RENTER Households (2016)	$30,440		$30,031
Maximum Affordable Rent for Median Income Existing Renter (2016)	$846		$834
Poverty Rate (2016) (1)	14.27%		13.89%
People in Poverty (2016)	68,809		58,250
Est. No. Households in Poverty (2016)	26,038		21,576
Median Home Value (2016)	$160,900		$147,479
Estimated Income Needed to Buy a Home (2)	53,633		49,160
Ratio of Median Value to Median Household Income (2016)	3.1185		2.7994
Estimated No. Home Owners (2016)	119,890		**108,297**
Home Ownership Rate (2016)	65.71%		69.71%
Estimated No. of Renter Households (2016)	62,576		**47,056**
Estimated Median Monthly Rent (2016)	$798		$787
Estimated Income Needed to Rent (3)	$28,728		$28,332
Est. No. Cost-Burdened Renter Households w Annual Incomes < $20,000 (2016)	14,723		11,156
Est. No. Cost-Burdened Home Owner Households w Annual Incomes < $20,000 (2016)	7,251		6,354
Total No. Cost-Burdened Households w Annual Income < $20,000 (2016)	21,974		17,510
Est. No. Families in Poverty w Children Headed by Single Female (2016)	6,360		5,470
Est. No. Families in DEEP POVERTY (<50% of poverty level) (2016)	5,522		4,740

Notes for Above Table

1. Poverty rates are calculated in different ways, including the 1963 official measure and later the supplemental measure. Figures shown here reflect the official measure which is established by by tripling the inflation-adjusted cost of a minimum food diet in 1963 and adjusting for family size, composition and the age of the householder.
2. 95% loan amortized over 30 years @ 4.00% (no PMI; insurance and taxes combined and rounded up to .02) and adjusted to account to down payment and estimated closing cost requirements.
3. Total monthly rent x 36

About Key Baselines

Households and Land

- In Greenville County, *inclusive* of the City of Greenville, there are about 607 people per square mile, or about 230 households. A household can be a single person, a person taking care of children or of parents, or any collection of people under one roof. In adjoining Spartanburg County, there are about 136 households per square mile; in Laurens, it's only 35. Differing population densities have differing implications for a county's economic future, from the capacity to afford infrastructure, to land development potential. In Greer, there are about 466 households/sq.mi. and in the City of Greenville that figure rises to 2,180. In an average square mile in the City of Greenville, where median income is $45,360, the resulting annual gross income among residents is about $43M. In an area the same size in Greer, it's about $22M, and across the rest of the County outside of the City of Greenville, it's about $11M.[2] Varying levels of total income result in different economic development conditions.
- There are 155,353 households living in Greenville County *not living in the City of Greenville*. Countywide there are 170,677 housing units not including those in the City of Greenville. *At any moment in time, it is estimated that 15,324 housing units of varying tenure are not occupied, either as they are excess supply, or they are second/vacation homes.* This is a generalized excess supply rate of 8.9%.

Income

- The county's median household income of $51,595 is 9.8% higher than the state median. This figure is <u>inclusive of the City of Greenville</u>. After excluding the City of Greenville, the county's median household income is $52,683.
- Applying a ratio of 1:3.5 (based on 4% mortgage amortized over 30 years), the <u>typical</u> Greenville County household *not in the City of Greenville* can afford a home that costs <u>about</u> $185,000; more liberal underwriting could enable a higher income to home value ratio.
- The poverty rate in the county - 13.89% means that *about* 14 of every 100 Greenville County households are living at or below the poverty level, down from 16.6% in 2000; about 25,000 Greenville County households (24,820) are living in poverty. This translates to about 21,576 households. Of these, about 4,740 are in what the US Census defines as being in *deep poverty*, *where annual incomes are less than half of poverty level income*.

	Greenville County		County Excluding the City of Greenville, SC
Median HH Income	$51,595		$52,683
Median Owner Income	$66,730		$66,137
Total Owner HHs	119,890		**108,297**
Median Renter Income	$30,440		$30,031
Total Renter HHs	62,576		**47,056**
Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates and czb Calculations			

Making Sense of Housing Numbers

What is Affordable?

Housing is affordable when a household's monthly housing costs (for rent, or a mortgage payment, plus related expenses such as insurance and property taxes) are no more than one third of that household's gross monthly income. For example, a household earning $36,000 a year can afford rent - or a total housing payment -up to of $1,000 per month. Working the other direction from minimum wage ($7.25) at full time (2,080 hours a year) for an annual income of $15,080, the maximum affordable monthly housing payment would be $419.[3]

Hourly Wage	Full Time @ 2080 Hrs/Yr	Monthly	1/3 Monthly Gross
NA	50,000	4,167	1,389
NA	36,000	3,000	1,000
7.25	15,080	1,257	419

While the "rule of thirds" (one-third of a household's monthly gross income equals the maximum affordable monthly rent (or mortgage payment)) has become etched in housing policy, it is actually a moving target best understood as a general rule of thumb. It is not a firm and clear line depicting a purely binary reality on one side of which a housing payment is unaffordable, and on the other side it is.[4] The rule of thirds is a general method for predicting the probability of on time full remittance of a housing payment due each month.[5] The one-third rule is also the line where the expense of paying rent can begin to crowd out a household's capacity to afford other high priority items.

This line has more importance the lower one's income. The table immediately below provides some illustrations, and shows that if a **minimum wage household** can find a $787/month apartment - which is the median rent across the county *not factoring in City of Greenville rents*, it will have $470 leftover after rent each month to cover transportation, utilities, food, clothing, taxes, and all other expenses.

Hourly Wage	Monthly	Annual	Affordable Rent	Median Rent in Greenville County (NOT FACTORING IN City of Greenville rents)	Gap	Left for Remaining Expenses
11.25	1,950	23,400	650	787	-137	1,163
9.25	1,603	19,240	534	787	-253	816
7.25	1,257	15,080	419	787	-368	470
Source: czbLLC calculation based on 2016 ACS data.						
Note: Median Greenville County monthly rent is $798 when INCLUDING the City of Greenville, SC.						

The table below shows that in Greenville County, where median rent (not including the City of Greenville) is $787/month, a household earning any less than $25,000 a year will struggle to find a decent place to live that they can afford, and a household earning less than $50,000 will struggle to become a homeowner. For the single earner household, an hourly wage of $13.62

is needed to be able to afford a basic apartment in Greenville County today (outside the City of Greenville). The household with $25,000- $50,000 income can rent but is unable to buy.[6]

			HHs (**EXCLUDING** THE CITY OF GREENVILLE, SC)			Unit Count	
					108,297	108,297	
OWNER Households in Greenville County **EXCLUSIVE** of the inventory in the City of Greenville							
Low	High	Value (L)	Value (H)				
0	4,999	0	14,997		2,077	3,098	1,021
5,000	9,999	15,000	29,997		1,415	2,119	704
10,000	14,999	30,000	44,997		3,469	2,474	-995
15,000	19,999	45,000	59,997		4,582	3,303	-1,279
20,000	24,999	60,000	74,997		4,777	4,399	-378
25,000	34,999	75,000	104,997		9,599	12,782	3,183
35,000	49,999	105,000	149,997		13,486	22,110	8,624
50,000	74,999	150,000	224,997		22,410	28,094	5,684
75,000	99,999	225,000	299,997		16,654	13,680	-2,974
100,000	149,999	300,000	449,997		17,347	9,671	-7,676
150,000		450,000			12,481	6,567	-5,914
			HHs (**EXCLUDING** THE CITY OF GREENVILLE, SC)			Unit Count	
					47,056	44,053	
RENTER Households in Greenville County **EXCLUSIVE** of the inventory in the City of Greenville							
Low	High	Rent (L)	Rent (H)			44,053	-3,003
0	4,999	0	139		3,450	161	-3,289
5,000	9,999	139	278		3,068	784	-2,284
10,000	14,999	278	417		4,534	1,522	-3,012
15,000	19,999	417	556		4,317	2,822	-1,495
20,000	24,999	556	694		4,390	5,965	1,575
25,000	34,999	694	972		6,918	16,057	9,139
35,000	49,999	972	1,389		7,339	12,091	4,752
50,000	74,999	1,389	2,083		6,846	3,594	-3,252
75,000	99,999	2,083	2,778				
100,000	149,999	2,778	4,167		6,194	1,057	-5,137
150,000		4,167	0				
					155,353		

There are 44,063 households in Greenville County today with annual incomes less than $25,000. That's 24.1% of the county, about one in four. Of these, 36,079 live in the County *but not in the City of Greenville,* about one in five (23.2%). At $25,000 a year, the maximum affordable monthly rent for these households is $694.[7]

	Pct HHs w Annual Incomes < $25,000	Maximum Affordable Monthly Rent	Median Rent	Hourly Wage Needed to Afford Median Rent
Charleston County SC (incl City of Charleston, SC)	23.29%	694	1,030	$17.83
Wake County, NC (incl City of Raleigh, NC)	14.49%	694	989	$17.12
Mecklenberg County, NC (incl City of Charlotte, NC)	19.22%	694	977	$16.91
Orange County, NC (incl Town of Chapel Hill, NC)	18.82%	694	970	$16.79
Greenville County SC (incl City of Greenville, SC)	24.10%	694	798	$13.81
Greenville County SC **(excl City of Charleston, SC)**	23.20%	694	787	$13.62
Spartanburg County, SC (incl City of Spartanburg, SC)	27.30%	694	721	$12.48
Laurens, SC	32.90%	694	688	$11.91
Source: czbLLC calculation based on 2016 ACS data.				

			HHs (**EXCLUDING** THE CITY OF GREENVILLE, SC)			Unit Count	
					36,079	26,647	-9,432
OWNER Households in Greenville County **EXCLUSIVE** of the inventory in the City of Greenville							
Low	High	Value (L)	Value (H)				
0	19,999	0	59,997		11543	10994	-549
20,000	24,999	60,000	74,997		4777	4399	-378
			HHs (**EXCLUDING** THE CITY OF GREENVILLE, SC)			Unit Count	
RENTER Households in Greenville County **EXCLUSIVE** of the inventory in the City of Greenville							
Low	High	Rent (L)	Rent (H)				-8,505
0	19,999	0	556		15369	5289	-10,080
20,000	24,999	556	694		4390	5965	1,575
Source: czbLLC calculation based on 2016 ACS data.							

This shows a present day shortage of -9,432 housing units affordable to Greenville County households (exclusive of the City of Greenville, SC) earning less than $25,000 a year. This is best understood as mainly a shortage of low cost rentals (-8,505) and low cost ownership options (-927). This may be collectively understood as a catch up gap.

Each year, the Greenville County economy generates considerable job growth. Approximately 2,728 new jobs are created annually in the county according to the Greenville Area Development Corporation.[8] Of these, 954 are low wage service sector jobs (janitorial, food and beverage, hotel and restaurant) These 954 new job holders will impose some measure of demand on the existing supply of low cost rental housing. This means the current deficit of -9,432 low cost units will grow unless the supply of affordable housing for low wage workers *keeps pace*. Annual growth of the shortage of low cost units can be understood as a "keep up" gap.[9] Calculating the exact number of housing units affordable to the county's low wage workers that would have to be placed in service to keep pace is difficult. It can be estimated however that about 534 new units will be needed each year to keep pace *including those needed in the City of Greenville. Since roughly 17% of the workforce of both the County and the City is in the service sector, about 28,271 service sector workers are in the County but not the city, or about 86% of the total. It can be roughly estimated that about 461 new housing units affordable to low wage workers will be needed annually, in addition to the volume of catch up work needed to address existing shortages.*

	Greenville County		Greenville County EXCLUSIVE of the City of Greenville, SC
Total Workforce	198,773		172,508
Percent in Service Sector	16.49%		16.39%
Estimated Number in Service Sector	32,778		28,271
			86%
Estimated Keep Up Demand	534		461
Rounded Maximum Affordable Monthly Rent			$700
Estimated Monthly Break Even Rent on Typical 850 Sq.Ft. Apartment			$1,200
Annual Rent Subsidy Needed/New (Additional) Low Wage HH			$6,000
Total New Annual Rental Subsidy Needed			$2,763,436
Source: czbLLC calculation based on 2016 ACS data (Estimated percent of employed people age 16 years or older who were in service occupations between 2012-2016)			

Blended together, any household with an annual income of less than $25,000 in Greenville County is today and will likely be be hard-pressed in the near future to find a decent and safe apartment they can afford to rent. If the cost of bringing a typical 2 bedroom apartment on-line - either by way of a gut rehabilitation or new construction - is such that the rents the market must charge to break even are about $1,200 a month, and the average maximum rent affordable to a low-income Greenville County household is about $700, then a $500/mo gap means that about $2.7M/yr in <u>new annual rental subsidy (compounded) will be needed</u>. It may well go unmet, but it will be needed. Be mindful that this is inanition to the costs of addressing any of the existing deficit of -9,432 catch up units.[10]

Many Overlapping Submarkets

Making sense of housing numbers across a large area is more than just aggregate supply minus aggregate demand. It means having to wrestle with the fact that Greenville County is not a single market, *but many*. Some of the county's submarkets overlap with others, such as Greenville's and Spartanburg's, or the many submarkets within the City of Greenville, such as Downtown. Others overlap city and even county lines, such as in Greer (Greenville and Spartanburg) or Fountain Inn (Greenville and Laurens). Others exist in more rural isolation.

As an example, one set of housing conditions exists in Mauldin alongside a completely different set of conditions just a few miles away in Fountain Inn. Because these two example communities share workers and residents - and thus overlap - they also combine to form a larger, blended market. Substitute Spartanburg and Greer, and the same complexities apply in another location. Drill down more deeply into just Mauldin, and there are submarkets within. Likewise, thousands work in the City of Greenville but commute to Spartanburg's suburbs in order to find suitably priced housing.[11] Indeed, as the City of Greenville has become prohibitively expensive for many working households, affordability is achieved by some by virtue of a relatively short commute outside the city. When all of the many markets and submarkets are taken as a whole, there are two parallel housing storylines in Greenville County.

1. **The first is that Greenville County offers some of the best quality housing for the money in America and, overall, is quite affordable.** In general, Greenville is a very affordable housing market overall for any household with nearly any combination of two full time workers. A household may not get their first choice, especially if their combined annual income is less than $50,000, but <u>about 70% of all Greenville County households can *and do* find spacious, good quality housing near good schools in the county without having to cope with an odious commute</u>. The key reason for the County's generally affordable housing market is an abundance of very inexpensive land that facilitates low development costs, a very low regulatory burden, and the county's historic tendency to fiscalize land use. Another way to understand this is to take the minimum wage worker paid the same $7.25 wage and put them in any other housing market in the United States. $7.25/hour translates to $15,080 a year. In Johnstown, Pennsylvania that is more than enough to afford to buy a median priced home of $39,900, and within striking distance of median rent. The same $15,080 in Seattle is no match for a rental market where a typical one bedroom apartment rents for $2,000/mo and the median home value is $697,000 (2016).

2. Nevertheless, despite Greenville County being generally affordable to the majority its residents, **a significant number of households simply don't earn enough money to secure decent housing in the open market.** Among the 30% for whom the housing market is cost-burdensome, there are more than 30,000 Greenville County households (<u>exclusive</u> of the City of Greenville, *and <u>exclusive</u> of students*) that live on less than $25,000 a year. Of these, more than 23,000 are especially vulnerable households that are elderly or are headed by a single parent. For them, basic, decent housing of any sort that they can afford is in very short supply. The essential problem for anyone earning less than $25,000 a year is that the absolute most these households can afford - about $700 a month for rent - is far less than the private market can ever charge (for production and later, proper management and protection of collateral).[12] <u>The key reason for the persistent affordable housing problems faced by some households in Greenville County is low wages in combination with low partnering rates</u>.

Two-Income Households

A major factor shaping Greenville County's affordability challenge is the outsize influence two income households impose on the housing market, especially when combined with a large, low-skill workforce. These two points - that 70% of the county's households are going to be able to find good quality housing in the county they can readily afford, and 30% are not - in no way describes all of the more nuanced realities of housing in Greenville County; *a full understanding of the housing market requires deeper exploration outside the scope of this project*. But, in a clear and concise way, these two points do constitute valuable and sufficient short hand for county officials to think about what kind of a response, or set of responses, may be most appropriate for Greenville County at this time.

Pct	HHs	Estimated # Greenville County HHs
70%	108,747	Able to affordable decent and safe housing on the open market
30%	46,606	Unable to secure decent and safe housing at a cost they can afford
	155,353	
Source: czbLLC calculation		

So generally affordable is Greenville County, in fact, that one of the paradoxes of the market in the county is that a sizable number of the 70% with enough income to secure housing on the market actually pay considerably less than the 30% of their monthly income for housing they can easily afford. In other words, many Greenville households make more than they need to live well in Greenville County. Consequently, these households get a lot house per dollar, and their income-to-housing cost ratios are very favorable.[13] Because many households in Greenville County are able to pay little to get a lot - many workers are earning good and often great salaries and marrying others doing the same - they consume housing supplies that would ordinarily be accessible to households earning less. This leads to what can be characterized as *down ladder pressure*.

As shown, there are 29,828 households in the county (excluding the City of Greenville, SC) earning at least $100,000 annually who are home owners. These are households that can conservatively afford homes worth at least $300,000. An estimate of their buying capacity shows that there are only 16,238 total housing units in the county priced to match the substantial purchasing power of these households. The shortage of more than 13,000 units priced for these upper income - and usually two-earner households - means their housing demands are being met by lower priced units. In turn, households in the middle - those earning between $25,000 and $75,000 annually - wind up competing for their housing needs against higher income earners; this is a battle they cannot win. What results is pressure on lower cost supply, of which there is too little. The paradox is higher income households pay less for good housing in Greenville County than they can afford, and lower income households pay more for sometimes substandard housing than they can afford. In other words, higher income households in Greenville County get a lot of house for not much money and meanwhile have something left over, and often, a considerable amount. Indeed this is true not only for *higher income households as we generally think of them, but middle and most working income households as well.*

Lower income households, by contrast, get little house for whatever money they have, and are so cost-burdened that not only is nothing left over, they are spending for housing what they otherwise might allocate to food and clothing and transportation, to say nothing of education and savings.

What's so crucial to understand is that for Greenville County, this a problem of low incomes more than high housing costs, and, as such, constitutes a challenge that is possibly insoluble by housing policy and housing dollars alone. How this will be "felt" by Greenville County is through a growing number of physically degraded homes (and toxic absentee owners) that will eventually emerge in the inventory in response to limited purchasing power.[14]

Housing Value to Income Ratios

In addition to the 70-30 split in Greenville, there are several other important ways to understand Greenville County's housing market.

The ratio of housing value to household income is an important one. When the median value of all homes in a market is between three (3:1) and four (4:1) times that market's median household income, it is stable and also generally affordable. This in fact is exactly where the overall Greenville County market is in 2017, with an overall ratio of 2.79 to 1 (County *not including the City not Greenville* (5.24)) and 3.11 to 1 including the City of Greenville.

Markets with ratios of less than 3:1 - that is, median housing price to median annual household income - are exceedingly affordable. With prevailing mortgage rates at less than 5%, a ratio of less than 3:1 is an indication of a soft market, where demand is nominal and, more importantly, confidence in some locales can sometimes be low. In such markets, the problem to solve is too little demand and too little reinvestment activity. There are parts of the county - just west of the City of Greenville for example, where this true.[15] For all intents and purposes though, the Greenville County housing market overall - taking into consideration the impact of the City of Greenville - is healthy and affordable.

Now, this does not mean that in low-ratio markets, there aren't households struggling to afford housing. A lack of enough income is a lack of enough income in any market. As noted, a lack of enough income in Detroit where, for example, a house can be purchased for $40,000 is a very different problem than a lack of enough income in San Francisco where it takes $1M or more to buy a home in even the least desirable parts of the city.

In the case of the former, low incomes are more the problem, whereas in the latter, high housing costs are. To reiterate, for Greenville County overall, when a household cannot find a quality home they can afford, the culprit is far less a problem of expensive housing, than of too little income deriving from too little formal education and too few marketable (demanded) skills.[16] Addressing housing cost burdens is a sound way to improve the chances for upward mobility, but alone will not cure the underlying dilemma, which is earning power.[17]

As noted, when the value of a home is more than three times annual household income, the expense of paying for that home can begin to crowd out a household's capacity to pay for other high priority items such as health care. When this happens, the probability increases that rent payments by tenants become late and mortgage default rates among buyers increases.

To reiterate, the Greenville County ratio of 3.11 (inclusive of the City of Greenville which is a much stronger market by comparison) is an indication that on balance - which means this is not perfectly true in every instance while also being true in general - housing is affordable and the market is healthy.

Now, what is true in Greer, or Simpsonville, or Travelers Rest, is not necessarily true in the City of Greenville. And when it comes to housing costs and incomes and how they relate to one another, what is true in West Greenville is not necessary the same as for elsewhere in the city. For example, the table below shows varying ratios across the county.

	Median Home Value	Median HH Income	Value:Income Ratio
San Francisco, CA	858,800	87,701	9.7924
Seattle, WA	484,600	74,458	6.5084
Chapel Hill, NC	390,300	65,373	5.9704
City of Greenville	237,800	45,360	5.2425
Asheville, NC	212,000	44,946	4.7168
Charlotte, NC	178,000	55,599	3.2015
Greenville County SC (incl City of Greenville, SC)	160,900	51,595	3.1185
Greer	149,400	47,933	3.1169
Greenville County SC **(excl City of Creenville, SC)**	147,479	52,683	2.7994
Simpsonville	153,900	59,201	2.5996
Mauldin	154,800	63,071	2.4544
Buffalo, NY	72,600	33,119	2.1921
Source: US Census/PolicyMap and czbLLC calculations (period 2012-2016)			

When ratios of value to income rise above 4:1, housing tends to become unaffordable not just for low wage households, but for moderate income workers as well, such as first responders and young teachers. This is not the case in Greenville County overall, but it is very much the case in the City of Greenville, where the ratio is 5.24, and it is going to be the case in the County more broadly unless teacher and first responder incomes go up at rates able to keep pace with rising housing costs, or, alternatively if funds are invested on the supply side to close affordability gaps in the future.

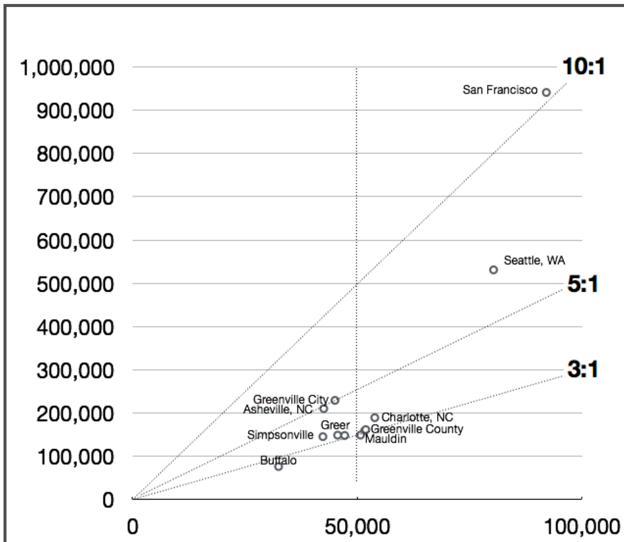
Once above a 5:1 ratio, significant confidence has emerged that housing in that particular market has become an excellent investment vehicle beyond the imputed value of occupancy, whereupon the Greater Fool imposes demand (an expectation) for a return on an investment that in turn becomes a self-reinforcing factor in setting price. This is the case in the City of Greenville, and is likely to soon be so in neighboring Asheville.

In other words, buyers in such circumstances purchase for more than an expectation of imputed value since they see housing as a commodity, whereupon their calculations and decisions serve to confirm their presumptions. Reinvestment rates increase, and places become better maintained. As a place becomes nicer, more households become more attracted to it. The greater the attraction, the greater the demand. The greater the demand, the higher the price. The higher the price, the more signifiant the affordability challenge.

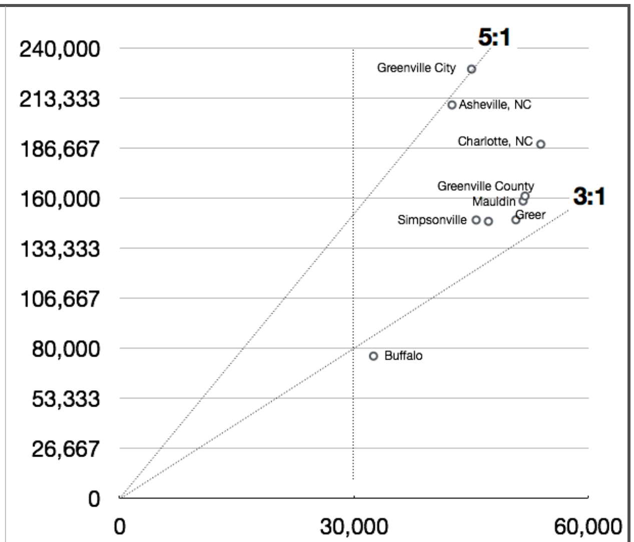
The best hedge against an affordability problem is either for a market to more resemble Buffalo and Detroit (excess supply and insufficient confidence) than Raleigh or Charlotte or Charleston or - increasingly as it becomes more desirable - Greenville County, or to bank some of the positive net increment and entrust it as a future housing subsidy for cohorts that may someday be priced out.[18]

A paradox of housing markets and value-to-income ratios is that the higher the value - which results in a strong tax base, and thus a capacity for reinvestment in roads and schools and parks and other quality of life amenities - the greater the affordability challenge for the service sector workers on which all markets in some measure absolutely depend. Cities and counties have a mandate to maintain a high quality of life; yet as this is achieved and maintained, the very low income households who help make hotels and restaurants and hospitals function, can get priced out. Without an explicit aim to counter the variance between rising housing costs and flat wages, low income workers face substantial cost burdens.

Downtown vibrancy in Greenville, for example, hinges on tourism and restaurants and hotels, which in turn rely on $8-$10/hr labor to clean rooms, wash dishes, buss tables, and tend bar. But even at $9/hr - or $18,720 a year, which is above what many Downtown Greenville businesses pay service workers - maximum affordable rent of $520/mo is infeasible for the private market to deliver without subsidy. In markets like Greenville County's, these challenges aren't yet harshly impacting first responders and teachers, though eventually that is quite possible. Presently though, as noted, they impose real burdens on the county's service sector workers (postal clerks, teachers aides, radiology technicians, hotel and restaurant workers), and, should the county's trajectory of economic growth continue, it is only a matter of time before teachers and first responders also find themselves priced out of good housing options.



Greenville County in Relation to Markets Across the County



Markets within the Greenville Region with some National Context

In very high cost housing markets, such as in the San Francisco Bay Area, or in Seattle and surrounding King County, or in Austin, TX or Boston, or Washington, DC, Home Value to Income ratios commonly have the 5:1 ratios and higher, as shown in the tables above illustrating 2015 incomes and values. At the other end, where demand is exceedingly weak, such as in western NY (Buffalo and Rochester), ratios are less than 3:1.

Source: US Census/PolicyMap and czbLLC calculations (2015)

Greenville County's Distribution of Incomes

Greenville's estimated 2016 population is 482,191 inclusive of the City of Greenville. As of the 2010 census there were 176,531 households when the population was 451,225. A straight line projection suggests that Greenville County's 2020 population - exclusive of the City of Greenville, SC - will be 437,148 comprised of 158,128 households.

Greenville County INCLUSIVE OF CITY OF GREENVILLE			
	Population	HH Size	Households
2010 Census	451,225	2.56	176,531
2016 Estimate	482,191	2.64	182,466
2020 Estimate/Projection	502,835	2.70	186,211
Source: czbLLC calculation based on 2016 ACS data as shown by PolicyMap			

Greenville County EXCLUSIVE OF CITY OF GREENVILLE			
	Population	HH Size	Households
2010 Census	392,816	2.60	150,932
2016 Estimate	419,415	2.70	155,353
2020 Estimate/Projection	437,148	2.76	158,128
Source: czbLLC calculation based on 2016 ACS data as shown by PolicyMap			

CITY OF GREENVILLE, SC			
	Population	HH Size	Households
2010 Census	58,409	2.28	25,599
2016 Estimate	62,776	2.32	27,113
2020 Estimate/Projection	65,687	2.34	28,098
Source: czbLLC calculation based on 2016 ACS data as shown by PolicyMap			

STATE OF SOUTH CAROLINA			
	Population	HH Size	Households
2010 Census	4,625,364	2.57	1,801,181
2016 Estimate	4,834,605	2.63	1,839,041
2020 Estimate/Projection	4,974,099	2.67	1,863,321
Source: czbLLC calculation based on 2016 ACS data as shown by PolicyMap			

The estimated median household income is $51,595 when factoring IN the City of Greenville, SC and $52,683 when not. This means that half of the county's households (77,677), exclusive of the City of Greenville, SC, have income greater, and half have income below. It means that a household earning $105,366 a year is at 200% of the county's median income, and a household at $26,342 is at 50% of the county's median.

GREENVILLE COUNTY EXCLUSIVE OF THE CITY OF GREENVILLE, SC			
	Households	Median Income	HH Above/Below
2016 Estimate	155,353	$52,683	77,677
Percent of County Median (excl City of Greenville, SC)		Income	Max Affordable Mo Rent
50% County Median		26,342	732
80% County Median		42,146	1,171
100% County Median		52,683	1,463
200% County Median		105,366	2,927
Source: czbLLC calculation based on 2016 ACS data as shown by PolicyMap			

Relating a given household's annual income to the area's median is the standard way to describe affordability. The entire framework for federal and state housing policies and programs hinges housing assistance on a calculation of income as a percentage of the area's median. A household at 80% of the median is generally considered to be moderate income. One at 50% is considered low-moderate to low income. And at 30% very low income. *And the lower the percent the greater the housing need.*

Median Household Income (NOT including the City of Greenville, SC)				**$52,683**
Hourly Wage	Annual	Maximum Affordable Rent	% of Median Income	
	$100,000	$2,778	190%	Upper Middle
	$60,000	$1,667	114%	Middle
	$52,683	$1,463	100%	Moderate
	$40,000	$1,111	76%	Moderate
$17.25	$35,880	$997	68%	Moderate
$15.25	$31,720	$881	60%	Low Moderate
$13.62	$28,332	$787	54%	Low Moderate
$13.25	$27,560	$766	52%	Low Moderate
$9.25	$19,240	$534	37%	Low
$7.25	$15,080	$419	29%	Very Low
Source: US Census and czbLLC calculations				

In the above table, the example $9.25/hr worker has an annual income of 19,240 and can afford to pay $534 in monthly rent. That is not enough to secure decent and safe housing in Greenville County where the median rent is $787/month and rising (this figure is exclusive of the City of Greenville, SC), and apt to rise faster than the rate at which service sector wages will. To afford an apartment in Greenville County right at the median price point - $787 - a household needs an annual income of $28,332, or at least 54% of the county's median income. How does this compare to other markets?

- In San Francisco, the nation's most expensive rental housing market, a single wage earner household needs to make $78.75/hr to afford median rent. In the City of Greenville that figure is $16.22/hr. Across Greenville County overall, discounting for the City of Greenville, SC, that figure is $11/hr.

This doesn't mean the $10/hr wage earner in Greenville County isn't hard-pressed to secure decent housing; rather that market conditions in Greenville County - expensive though they are for someone at $10/hr - in no way resemble genuinely expensive markets such as San Francisco, Austin, Seattle, or Boston, and should not be understood as such.

San Francisco Median HH Income				87,701
San Francisco Median Rent				4,550
Ratio of Median Rent to Annual Income				5.19%
Hourly Income Needed to Afford Median Rent				78.75
Minimum Wage	Annual Income	% of Median	Max Affordable Rent	Rent Shortfall/mo
11	22,880	26%	636	-3,914
City of Greenville Median HH Income				45,360
City of Greenville Median Rent				937
Ratio of Median Rent to Annual Income				2.07%
Hourly Income Needed to Afford Median Rent				16.22
Minimum Wage	Annual Income	% of Median	Max Affordable Rent	Rent Shortfall/mo
7.25	15,080	33%	419	-518
Greenville County NOT Including the City of Greenville, SC				52,683
Greenville County Median Rent Exclusive of City of Greenville, SC				787
Ratio of Median Rent to Annual Income				1.49%
Hourly Income Needed to Afford Median Rent				13.62
Minimum Wage	Annual Income	% of Median	Max Affordable Rent	Rent Shortfall/mo
7.25	15,080	29%	419	-368
Source: US Census and czbLLC calculations				

An alternative way to develop an even better understanding of affordability across Greenville County is to take the total number of county households and from it, create five groups of roughly the same size, and then spread them more or less evenly across the income spectrum, as tabulated by the US Census, shown here.[19]

Q	L	H	Affordable Monthly Rent Range		Affordable House Purchase Range		Number of HHs in Greenville County	Pct
Q5	100,000	183,201	2,778	5,089	350,000	641,204	33,158	21.3%
Q4	60,000	99,999	1,667	2,778	210,000	349,997	29,270	18.8%
Q3	40,000	59,999	1,111	1,667	140,000	209,997	33,387	21.5%
Q2	22,500	39,999	625	1,111	78,750	139,997	29,570	19.0%
Q1	0	22,499	0	625	0	78,747	29,968	19.3%
Total Households 2016								155,353
Total Population 2016								419,415
Estimated Average Household Size								
Source: US Census and czbLLC calculations **(NOT including the City of Greenville, SC)**								

By describing the County *not in terms of median income and a household's distance from the median*, but instead, as shown in the table above, in terms of what a household earns and whether they are in the bottom, 2nd, 3rd, 4th, or top quintile, can often make housing markets easier to understand.[20]

A household in the bottom quintile (Q1) (earning less than $22,500 a year) is a household that is going to struggle in *any county in America.* This includes Greenville. A Q1 household will tend to be single wage earners - often a single parent- the elderly on a fixed income, students, or those with income from sources other than wages, such as SSI (Supplemental Security Income) or SSDI (Social Security Disability Insurance). Workers in Q1 households in Greenville County will tend to be Dunkin Donut cashiers working at GSP International Airport, janitorial custodians at the Embassy Suites on Verdae Boulevard, and assisted living aides working throughout the region. Wage earners in Q1 households will almost never earn more than $9.50 an hour in Greenville County, unless they are part time workers. Others in this quintile will be students, the elderly, and those with limited capacity to work. Q1 households will tend to have very nominal savings and a high liquid asset poverty rate.[21] And in Greenville County, with roughly one in every five households (18.4%) having zero net worth, most of the county's Q1 households - *except students* - and some Q2 households, are not just income poor, but wealth poor.[22] As GCRA and the county's elected officials begin to evaluate public policies regarding housing and land use, the role not only of income but wealth and the capacity to own an asset become important considerations. From a housing perspective, the pressing matter for Q1 households is their capacity to participate in the economy in a meaningful way. In this vein, important questions may be asked. Are there enough jobs in the county for low-skilled residents? What do those jobs pay? What are the requirements to obtain those jobs? What interventions can help connect the county's low wage labor force to existing jobs? What are the transportation implications for low wage workers? Are the jobs that do exist near housing and near jobs and near essential services? What are the conditions of the housing that low wage workers can afford, or in many cases can't but are paying for anyway in the form of high and sometimes exceedingly high percentages? For Q1 households, housing *is* an issue, and a critical one requiring attention. But while dollars from local Greenville County sources combined with changes in local land use policies that encourage mixed-income development will have a positive impact on Q1 households, the larger problem for these residents is job readiness in a county among the nation's best at job creation for highly trained and educated workers.

Households in the second (Q2) quintile (earning between than $22,500 - $39,999 a year) are almost always working full-time jobs. Not infrequently, they work more than one. In fact it is not uncommon for Q2 households to have a Dad working full time and a Mom working full time, each perhaps holding down more than one job to make home ownership work. These households are often forgotten in housing policy, yet they exemplify those who President Clinton spoke about when, during a presentation to the Democratic Leadership Council, he said "The American dream that we were all raised on is a simple but powerful one: If you work hard and play by the rules, you should be given a chance to go as far as your God-given ability will take you."[23] Where workers in Q3 households are teachers and first responders, and thus on the radar of every city and county council in America, Q2 households are dental hygiene assistants and assistant managers at Chick-Fil-A and are frequently overlooked because they seem to be doing fine. For these households, moving from stable rental situations to home ownership opportunities should be a funded Greenville County policy goal. It also needs to be understood that a major - and critically important - reason that Q2 households are in the second quintile and not Q1, is the combination of marriage/partnership *and* work, a combination that allows for savings for a downpayment and the ability to afford a mortgage. The overwhelming majority of job holders in Q2 are in relatively low paying jobs, but by marriage and by holding down more than one, these earners cut their housing costs nearly in half. They grow household earning capacity by virtue of what their spouse brings home. Someone earning $9/hr cleaning guest rooms at the Aloft Hotel in Greenville who lives alone will earn but $18,720 annually and be able to afford not more than a $520/mo apartment, or by themselves no more than a mortgage of $65,000. But, if that exact same worker marries someone earning just minimum wage ($7.25/hr - $15,080), their combined annual household income expands to $33,800, placing them squarely in the second quintile. Their *combined* capacity means they can afford $938/mo in rent, more than enough to find a good apartment in the county. They can also now afford to carry a mortgage on a $120,000 home, which, while in short supply, illustrates in stark relief the role marriage/partnership can have in a housing market. From a public policy perspective in Greenville County, Q2 households are easily overlooked - they have enough to get by, but barely, and certainly not enough to build wealth without policies that help make that a reality.[24]

Q3, or third quintile households in Greenville County have annual income between $40,000 and $60,000. They are the county's police officers, fire fighters, and school teachers. They constitute a large percentage of hospital workers, mechanics, plumbers, electricians, store managers, body shop employees at BMW, cost estimators at Lockheed, and operations supervisors at Norfolk Southern.[25] These are the county's bread and butter on whose labor the county's economic engine utterly depends, which is why ensuring these households choose to live in the county is so essential. <u>Some are college educated and some are not, but all are highly skilled</u>. This is where the county's scout leaders and ministers, PTA members and Little League coaches come from. For these households, able to afford rents between $1,100-$1,700/mo, the capacity to find a good apartment near their jobs in the county is not in jeopardy at the present time. But there is a shortage of homes to buy that are priced for these households - between $140,000 and $220,000.[26] This means they will tend to rent longer than they otherwise might, and thus "consume" apartments that would otherwise be rented by households with slightly lower incomes. It also means that if they don't find ownership opportunities suitable to their taste and purchasing power, they will buy outside the county, impacting transportation and ultimately the county's competitiveness. For these and other reasons, this is where public policy as it relates to housing typically becomes complex. The "justification" for assisting lower wage households with affordability challenges is generally a categorical imperative, and also wise by utilitarian measures, for it reduces congestion by enabling lower wage households to live closer to employment. Such reasoning becomes less applicable the higher the income, however. In Greenville County, precisely because housing overall is so affordable, Q4 and Q5 households don't have to spent all they can to secure really good homes, so they don't. Consequently, they consume housing that Q3 households might, and the private sector, finding more developer profit at slightly higher price points, undersupplies single family home ownership options to would-be Q3 buyers. The long story short is that potential Q3 buyers rent longer, and thus constrain the supply of good rental housing otherwise affordable to Q2 households. Meanwhile, the likelihood of a substantial inventory of single family detached homes throughout the county becoming renter-occupied grows, adding to submarket softness in some locales, and contributing to a lower-than-necessary level of average household wealth in the county.[27]

Q4 and Q5 households have sufficient incomes to fully participate in the housing market in Greenville County. Only a very small number of blocks in the City of Greenville and subdivisions in the county are out of reach for these households. The public policy imperative for Q4 and Q5 households in Greenville County is to ensure they retain their presently high levels of confidence in housing as an investment. Here the county will need to double down on good land use planning, good urban design, good architecture, good place-making, and good quality of life infrastructure investments.

Greenville County's Important 70-30 Storyline

In sum, it is estimated that *about* 70% of the county's households - 108,747 - are doing well enough that their annual income is absolutely sufficient to participate in the housing market, securing decent and safe housing on their own. They may not be able to always live in their home of first choice, or become an owner, but they can find good, safe, and decent housing options. The other 30% - 46,606 - are going to have difficulty obtaining decent housing.

The latter thirty percent will either pay more than a third of their income for housing, or live in substandard housing, or both. And - *and this is the part that should concern County officials* - in just a decade this will translate into more than 50,000 units that, to be affordable, are likely to be slowly deprived of proper upkeep. Bear in mind that when housing is not readily affordable, the consequence is not homelessness per se (though this number rises as affordability declines), but housing conditions that become owned and managed to meet purchasing power.[28] The county that fails to address affordability today is the county that has distress tomorrow. When broken down a bit further, the following takeaways emerge.

- **About 60,000 households (62,428) have annual incomes of at least $60,000**. For these households, their monthly gross income is enough to afford between $1,667 and $5,089 (and sometimes more) in monthly rent, which means few if any rental units anywhere in the County will be out of reach. With only a very small number of exceptions, these households are able to purchase a home in nearly every submarket in the county. **In short, there are no housing affordability challenges for these Q4 and Q5 households in Greenville County.**

- Similarly, **at the other end of the spectrum, nearly 30,000 (29,968) households are in *acute* housing trouble,** with maximum affordable rent at $625 in a county where median contract is $787/month. Generally speaking, these are minimum wage workers or the elderly who, even when fully employed, cannot make rent. This is not a function of the worker failing to do all they can; it is a housing market out of sync with a labor market. **For these**

households, there is great need for a larger supply of decent affordable rental housing, especially through the rehabilitation of existing properties.

- Between these two ends is the middle of the Greensboro County housing market (minus the City of Greenville, SC), comprised of **another 62,957 households generally able to rent but who aren't quite able to make the reach to home ownership without help of significant overextension.** At the top of this middle are households earning roughly $40,000 - $60,000 a year: teachers, first responders, store managers, and those at the middle bottom approximately making between 20,000 and $40,000. Developers of housing typically find greater profit at higher price points than this latter group can afford. **For these households, there is a substantial need for lower priced first time buyer products priced between $175,000 and $200,000, and good rental options for between $750-1,250/month.**

Context

Data suggest that Greenville County has three possible futures. While external forces out of the County's control can exert powerful influences, which scenario is ultimately realized will be largely a function of what actions the county proactively takes in terms of 1) regulating land use, 2) establishing housing policies that address emerging affordability issues, 3) addressing long-standing (legacy) issues of persistent poverty throughout, and 4) tackling the county's existing - *and growing* - income and wealth divide.[29]

Possible Future # 1 is a general continuation of the county's latest trends.

- The centerpiece of this scenario is sustained job growth along the 85 corridor, much of it reliant on a well-educated labor force at the top, and the rise of the City of Greenville as a cultural hub able to help employers recruit and retain talent from competing regions. This future continues present development patterns - mainly low-density sprawl - largely to the east of Greenville's circumferential beltway, but in general, throughout. Increasingly marketable greenfield development opportunities for higher end residential development north of Traveler's Rest and around the Cleveland area may be seized. Growth towards and around Greer, and anywhere within 30 minutes of the sweet spot equidistant between Michelin NA and BMW Manufacturing will be immensely profitable. In this future - provided major macroeconomic factors continue unchanged - the likeliest blend of scenarios will result in sustained demand for housing throughout the county where $60,000 annual household income is more than enough to purchase or rent excellent quality housing across most of the county without a problematic commute.

- This scenario depends on many factors, including relatively low cost greenfield sites, continued county subsidy for infrastructure, the City of Greenville remaining the centerpiece of the Upcountry economy, continued redevelopment creativity in the textile crescent, and an eventual shift towards a kind of development that does not continue to erode the county's marketability as a beautiful place to recreate.[30] This future depends greatly on low wage labor to keep the arithmetic profitable of both pad/big box/franchise-based sprawl, and downtown tourism. It also depends, and each year will depend to a greater degree, on preservation of the County's proverbial Golden Goose - undeveloped green space that is conserved. And it will hinge on the level of regional cooperation with Spartanburg County increasing even as Greenville itself, becomes more competitive. Collaboration on infrastructure that supports aerospace, energy, the bio-sciences, and automotive industries will likely be critical.

- In this future, there is little to no drop-off in the region's capacity to compete for a sustained corporate presence by medium and large nationals and multinationals, little to no unexpected emergence of a more resurgent Birmingham or Charlotte or Nashville, a continued tight housing market and possible Amazon HQ2 in Atlanta or Nashville, and no unanticipated Rust Belt renaissance.[31] In other words, all else being equal, the County is poised to continue to add almost 3,000 jobs every year and, of these, about 950 will pay minimum wage and, therefore, have specific and somewhat predicable housing implications.

- This scenario could become varied in numerous ways. One is that high end job growth tails off, but tourism and retiree settlement remain strong, or even grow. Both have implications for land use, water and air pollution and quality of life, and relative degrees of reliance on the service sector. More tourism means more hotel and restaurant workers at locations where affordable housing won't be feasible (financially or politically). More retirement community development means more health care workers, changing commuting patterns, reduced reinvestment in housing by an older population, and a more tax-resistant political center, the impact of which may impact fiscal capacity.

- This scenario - <u>continued prosperity</u> - also hinges on the foundations of county strength remaining: a strong countywide public elementary and secondary school system, growing GTC and Tri County (Technical College) capacity, GSP expansion, a strong civic commitment to the Greenville County community by large employers, and a continuation of investments in the very high quality of life that the county offers, and which is, dollar for dollar, in a much better position that anything western NC, northern Georgia, or eastern Tennessee has to offer.

In Possible Future # 2, the local economy continues to create jobs, *but more slowly*.

- In this possible future, Greenville County continues to remain competitive for businesses that rely on highly skilled workers. However, in this scenario, Spartanburg gains on Greenville while regional strength is eclipsed by even greater demand for Charlotte or Atlanta or Nashville than those markets now enjoy. Concurrent with this possible future, development along 85 continues, but with a reduced volume of retail, and fewer housing starts in Greenville County. In this scenario, the private market may gravitate further to the upper end where the margins are better, and developer creativity is less necessary to turn a profit. It may also migrate to where the county offers the better deal on infrastructure subsidies and more incentives to home buyers, be it Greenville County or Spartanburg County.

- This becomes a more likely scenario if Greer and Spartanburg continue to improve their city's fiscal capacities, thus beginning to be more marketable destinations in their own right. For example, whether the economy stays hot or becomes tempered, Greer, while small, has already proven it knows how to become a legitimate destination, having successfully begun to distinguish itself from the garden variety strip development that dominates Hampton Boulevard, thus better leveraging its close proximity to BMW. Likewise, while three decades behind Greenville, Spartanburg may well emerge as a major urban force in the Upcountry economy in the years ahead, creating a new market for middle class and upscale housing more to the east than has been the case. Just as Greenville County offers significantly more house for the money than anything in the Atlanta or Charlotte markets, Spartanburg County may soon be able to make the same argument vis a vis Greenville. This may affect how housing demand is satisfied and how land values are impacted. In this future, job growth is less robust but even at half the current rate, more than 1,500 new jobs a year are likely to be created, and they will have a sizable impact on housing demand.

- It is not so much that the economy is softer, than that Spartanburg continues to grow in appeal, both to employers and prospective residents.

- The surest way to facilitate a softening of the Greenville County economy is for Greenville County institutions to Balkanize. The two great strengths of the county capable of enabling it to compete nationally are the City of Greenville's urban qualities and the county's still undeveloped tracts of land that are assets in their current, undeveloped form as natural amenities. Weaken either and the whole begins to be less than the sum of its parts.

Possible Future # 3 is where the regional economy softens somewhat.

- In the short run, the probability for a downturn is very slight.[32] Still, the future looked only rosy for the Rust Belt in 1965. And in 2007 it seemed that housing prices in Atlanta and Phoenix and Miami had nowhere to go but up, only to become markets swimming in negative equity just 24 months later. A question is whether Birmingham, Nashville, Chattanooga, Atlanta, Charlotte, Greenville-Spartanburg and other mid-south cities and their regional partners have built economies to last, which is another way of asking whether these and similarly situated regions that are strong today have learned some of the lessons of the Rust Belt.
  - Is the Greenville-Spartanburg economy diverse enough?

- Is it investing enough in the public realm - public schools, public parks, public trails?
- Are municipal budgets sized to adequately cover future benefits claims?
- Are city and county governments sufficiently ahead of infrastructure's cost curves?
- Are communities catching up on the many and expensive legacy costs of the old textile and agribusiness economies, from pocket blight to poverty, to racial disparities in wealth and income?
- Do local governments - municipal and county - have genuinely collaborative decision-making tools and habits in place in the form of land use regulations and development codes to ensure smart tradeoff decisions are likely to be made long into the future?
- Are city and county governments cooperating as they do in the case of Seattle-King County or Austin-Travis or Alexandria/Arlington VA, or are they more mimicking the city-county clashes typical of Ohio and Pennsylvania and other regions in trouble?

- No Rest Belt city in 1970 could say yes to these questions; none thought it necessary, either.

- To the detriment of the county's long term vitality, land-consumptive sprawl - the single, least valuable way to grow in the long run, and the costliest to maintain - continues to be the dominant development pattern across virtually all of Greenville County. Indeed the most valuable land in the county is in the City of Greenville and in the City of Greer, places with urban densities and complexities. Valuable open space between the Greenville and Asheville is not being conserved at an optimal rate, and so land values remain sub-optimal. Demand for housing is being satisfied more to the southeast of Greenville than the west, exactly where expensive infrastructure isn't, a pattern that reflects a resistance to channeling demand to the west of the City of Greenville, where infrastructure investments have already been made; such a posture will increase the chances of persistent concentrations of poverty there.

- Though generally low, poverty in the county is high enough and concentrated enough where it is located that it will remain an expensive challenge in any future, but an even harder one to tackle if the economy weakens.[33] The absence of coherent land use policies amid a growing affordability challenge means the profitability of marginal trailer parks in response will only increase. The County should expect pressure for mobile home park development to increase, as will pressure to look the other way in the face of substandard existing parks.

- As Nevada, Utah, and Colorado make ever more convincing cases that technology investments there make increasing sense, and as Cincinnati, Pittsburgh, Birmingham, and Chattanooga continue to reinvent themselves, the competition for technology sector expansion is only going to become more pronounced. Hard as it may be to imagine given current prosperity, if Greenville County is the least bit complacent, there is no guarantee that it will not become the next Toledo or Akron, markets with stubborn housing problems Greenville neither wants nor needs and today can prevent.

Which of these futures to consider is not the point. What matters is that in each of these scenarios, *and in all of their many knowable and unforeseeable permutations*, there are several constants for Greenville's leadership to bear in mind when considering the county's housing challenges.

- Housing across most of the county today is very reasonably priced, but it masks a troubling reality: there are 44,063 households in the county (inclusive of the City of Greenville, SC) with annual incomes below $25,000 (36,079 *exclusive* of the City ion Greenville, SC), and 26,912 with annual incomes below $20,000 in the County not including the City of Greenville. Effectively that's 27,000 low income households in Greenville County separate of those in the City of Greenville who are either paying more for housing than they can afford, or renting or buying substandard conditions. In either case the local economy is not functioning optimally for them, and this has a cost.

- As lower income households - those in Q1 and at the bottom of Q2 - struggle to find good homes they can readily afford - the market will provide them, but in a substandard condition and in geographically concentrated ways, resulting in a range of costs (impacts sometimes referred to as *negative externalities*) that will reduce the economic strength of the county.

- As land continues to be consumed by low density, auto-oriented development that in turn is shaped by current sprawl-inducing land use norms and building codes no longer in use in the most successful regional economies, the Golden Goose of Upcountry - the County's natural setting in the Piedmont and in the foothills of the Blue Ridge Mountains - will be jeopardized, thus possibly constraining the county's otherwise promising future.[34]

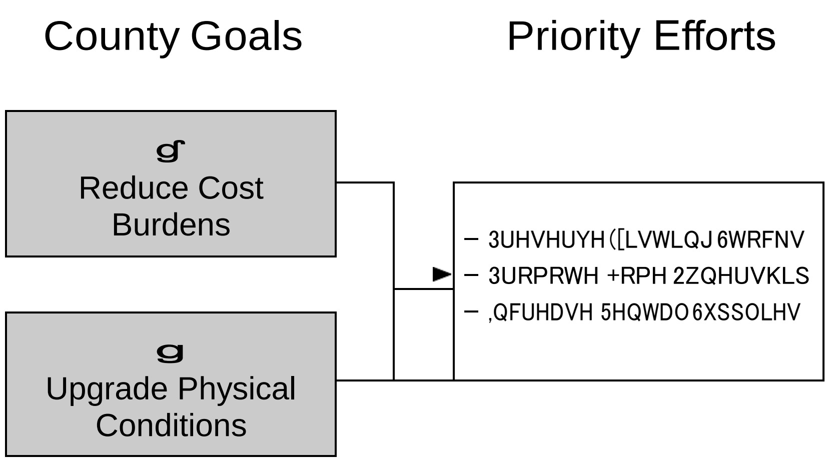
The question facing Greenville County is whether it is wants to address the housing challenges faced by lower income households in an otherwise affordable market, and what lengths it is willing to go to achieve such goals within the context of an ever-more desirable and competitive county setting.

Recommendations

To address the affordability challenges facing low and moderate income Greenville County households, it is imperative to start with a set of baselines. From these baselines, a set of recommended potential interventions can be considered. It is recommended that Greenville County, working with the Redevelopment Authority (GCRA) and in partnership with other organizations - from providers such as the Greenville Housing Authority, Homes of Hope, Inc., and Habitat for Humanity of Greenville County, to the new affordable housing trust fund just launched by the City of Greenville - begin to address its market inefficiencies as recommended here.

Greenville County should give highest priority to achieving - in tandem when possible - two interrelated goals: <u>reducing cost burdens</u> for low and moderate income households, and <u>improving conditions</u> of currently affordable housing stocks. These goals should be achieved through three priority efforts.

1. Preservation and improvement of existing stocks.
2. Helping qualified low and moderate income working households employed in Greenville County become home owners in the County.
3. Adding to the supply of affordable rental housing through new rental housing development.



Priority 1 - Preserving and Upgrading Existing Affordable Housing Stocks

It is important to reduce the housing cost burdens faced by the estimated 26,069 households in the County (exclusive of the City of Greenville) whose annual incomes are between $10,000-$24,999. These are *working* households. It is also important that the conditions in which many of these households currently live be upgraded.

These households are comprised of an estimated 12,828 owners and 13,241 renters. These are households who already have housing, but who either pay more for their housing than they can readily afford, or the housing they are resigning in is in substandard condition, or both. It is recommended that the County therefore establish two initiatives.

A. First. the County should work through GCRA to set and achieve the goal of providing rehabilitation grants on a first-come-first-serve basis to existing home owners in need of upgrades.

   Highest preference should be given to owners of homes built in the county between 1940 and 1959; second to those owners of homes built between 1960 and 1979, as homes built in these periods account for the least desirable units in the market, and thus the ones most likely to flip to absentee ownership in the near term.

   Low income, owner-occupants of post war housing in the county are typically challenged to maintain their homes in a marketable condition. It benefits the county for these homes to be upgraded. In effect, this action constitutes an insurance policy against on-going unit degradation, and becomes a hedge towards increasing the likelihood of continued owner occupancy.

   The county should fund GCRA to enter into conditional rehabilitation agreements with qualified owners applying receive up to $5,000 to make improvements overseen by county building code officials. In exchange, GCRA would enter into contractual equity-sharing agreements with owners where, upon sale, Greenville County - or GCRA as its agent - can recover its investments first.

   - It is recommended that this be administrated by GCRA, and a goal of providing 100 grants of $5,000 each per year for 20 years be established.

   - It is anticipated that this would constitute a $500,000 annual commitment to owner-occupied rehabilitation assistance. It would be secured by the future value of homes upon sales.

B. The County should help existing rental property owners make upgrades to their properties while holding rents affordably steady so that existing renters can stay in their units.

   Such an effort will help existing rental property owners not financially able to upgrade their properties do so without having to subsequently raise rents to cover improvements costs. As in the program to help owner occupants, highest preference should be given to rental property owners of homes/apartment complexes built between 1940 and 1979. Whether single family or multifamily, these units constitute a significant county resource of existing affordable housing, and also a potential liability requiring attention.

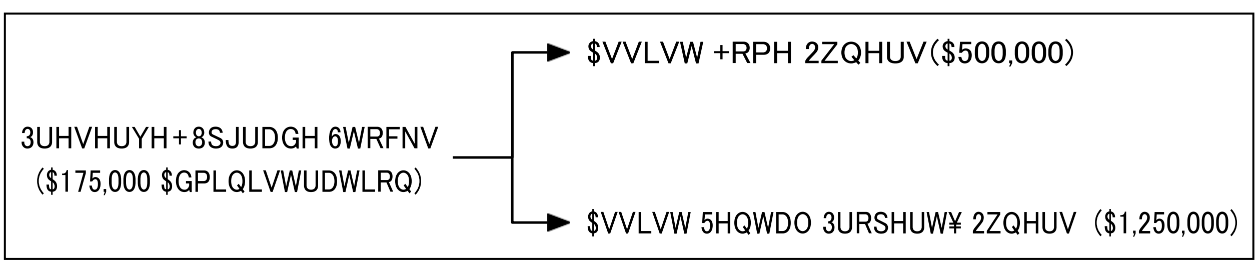
   In exchange for financial assistance to rental property owners, the county would require rents to be reset to the 30% threshold of resident income, with dedicated units leased exclusively to households with incomes below $25,000. In exchange for keeping rents affordable - below market rate - owners would not have to repay loans (which would convert to grants) so long as owners continue to operate their apartments, and be in continual compliance with basic codes for a period of ten years, so a similar duration acceptable to the County. After 10 years or some other period, loans would convert to grants. Subsequent mark to market conversions would be offset by the County obtaining a first right of refusal to purchase in such an eventuality.

- It is recommend that this be administrated by GCRA utilizing funds provided by the county, and that a goal of providing 500 grants of $2,500 each per unit per year for 20 years be set.

- It is anticipated that this would constitute a $1,250,000 annual commitment of rental rehabilitation assistance. Loans would be secured by the property, and would convert to grants after 10 years of compliance.[35]

C. The annual total of both Priority 1 efforts combined - $1.75M - should be administered by GCRA. It is expected that an additional 10%, or approximately $175,000 per year, be budgeted for GCRA administrative expenses for these efforts.

PRIORITY 1: Preserving and Upgrading Existing Affordable Housing Stocks		
ANTICIPATED USES		
A	Help existing owners stay in homes (100 units)	500,000
B	Help existing rental property owners upgrade (500 units)	1,250,000
C	Subtotal (annual)	1,750,000
	Anticipated Administrative Fees @ 10%	175,000
	TOTAL ANNUAL COUNTY COMMITMENT TO PRESERVATION	1,925,000
POSSIBLE SOURCES		
	CDBG, HOME, Housing Trust Fund, or Other	1,750,000
	Local Philanthropy	175,000
TOTAL ANNUAL RESOURCES FOR PRIORITY 1 PRESERVATION		**1,925,000**



Priority 2 - Home Ownership for Low-Moderate and Moderate Income Households

As a second priority, the County should commit to helping low and moderate income households with annual incomes between $35,000 and $55,000 become home owners. These are households who are working full time. There are generally able to find rental options in the open market and have some savings. However these households need homes priced between $120,000 and $190,000 for them to become viable buyers. So long as these households remain priced out of homeownership in the county where they work, they will continue to rent and thus consume a valuable housing resource therefore unavailable to lower income households. They will thus also fail to build home owner equity. To preempt that, they will buy outside the county, thereby depriving Greenville of their capital while adding to congestion. By facilitating home ownership in Greenville County for these households, transportation pressures decrease and affordability increases. Therefore two initiatives are recommended.

A. Part of the challenge is the short inventory of new homes affordable to first time low and moderate income buyers. Greenville's private sector is capable of producing a high quality home for sale between $135,000 and $165,000, but lot and construction costs mean that resulting units are going to be smaller than buyers today want, or that the market would be satisfied with from an appraisal point of view. Providing loans of $25,000 that would convert to grants would allow builders to deliver a new, 1,100 SF three bedroom, two bath home for approximately $135,000; $20,000 would facilitate the development of a 1,200 SF home for $150,000, and $15,000 would enable a developer to offer a 1,300 SF home for $165,000.

   - It is recommended that such an incentive program be funded by the County using general funds or bond or similar resources and be administrated by GCRA with the goal of providing 25 loans each year that convert to grants of $20,000 (on average) and do so for a period of 20 years.
   - It is anticipated that this would be a $500,000 annual commitment to new home ownership opportunities for households earning between $35,000 and $55,000 a year.

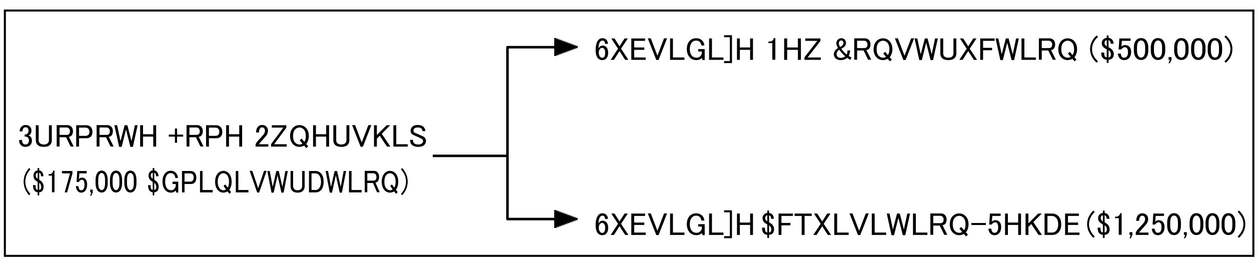
B. The other part of the challenge is preventing a decline in the quality of existing owner-occupied homes, and taking steps to prevent a flip to absentee ownership. Presently, there are 37,610 single family, owner-occupied homes in the County (exclusive of the City of Greenville) built between 1940 and 1979. These are the least appealing properties in the county and thus the most likely to flip, and thus the portion of the inventory where the greatest return on an investment is possible in terms of stabilization. On average, these homes will be worth $182,000 in their current condition, but are very likely to need need improvements that prospective buyers may well factor into potentially discounted offers.[36] Upgrades to kitchens and baths, heating and cooling systems, windows and doors, weatherization investments, and roofs are going to be in order in many instances. Overdue upgrades costing as much as $50,000 can bring total development costs to more than $230,000 ($182,000 + $50,000), requiring annual household incomes of at least $65,000, unless additional subsidy or modified underwriting become tools utilized by the County.

   - It is recommended that this effort be administrated by GCRA and that a goal of providing 25 loans that convert to grants of $50,000 (on average) per year for 20 years be set.

   - This would be a $1,250,000 annual commitment to home ownership opportunities for households earning between $35,000 and $55,000 a year, and would have the important impact of ensuring owner occupancy of an important stock of county homes.

C. The annual total of both goals combined - $1.75M - would be administered by GCRA. It is expected that an additional 10%, or approximately $175,000 per year, be budgeted for GCRA administrative expenses for these efforts.

PRIORITY 2: Home Ownership for Low-Moderate and Moderate Income Households		
ANTICIPATED USES		
A	Subsidize new construction for home ownership (25 units)	500,000
B	Subsidize acq-rehab of existing homes for new home ownership (25 units)	1,250,000
C	Subtotal (annual)	1,750,000
	Anticipated Administrative Fees @ 10%	175,000
	TOTAL ANNUAL COUNTY COMMITMENT TO PRESERVATION	1,925,000
RECOMMENDED SOURCES		
	Bond, TIF, Housing Trust Fund, or Other	1,750,000
	Local Philanthropy	175,000
TOTAL ANNUAL RESOURCES FOR PRIORITY 2 LOW MOD HOME OWNERSHIP		**1,925,000**



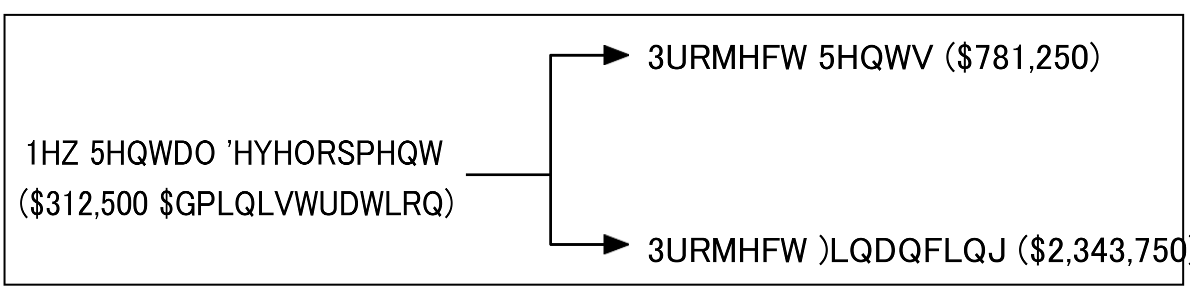
Priority 3 - New Rental Supplies

The County should begin to invest in efforts that result in a steady increase in the supply of rental housing that is affordable to low-wage working households. Sometimes this can be done by working with the private sector to address regulatory burdens. Other times it can be done by working with the Housing Authority or other providers.[37]

A. Greenville County should establish a goal of developing or facilitating the development (or redevelopment) of one new, mixed-income, multifamily rental project annually. The goal should be to average 25 newly built two bedroom rental units (averaging 850 square feet) each year. These will have an expected development cost of $125,000 each (inclusive of acquisition) for an annual development expense of approximately $3.M. It is anticipated that rents would cover roughly 25% of the project, the $2.4M balance paid by a combination of county bonds or CDBG funds, possible assistance from new Housing Trust Fund, and LIHTC equity as available.[38]

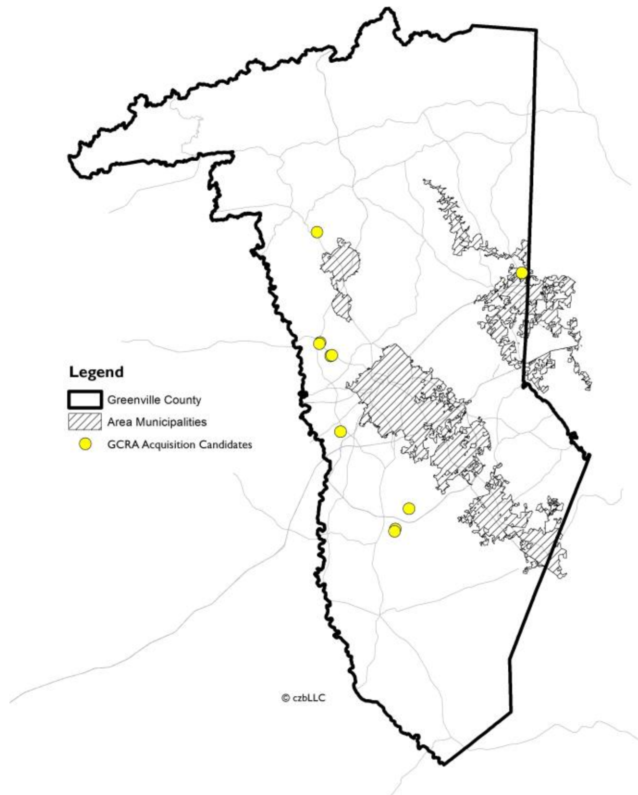
B. The annual total of both goals combined - $3.125M - could be administered by the County through GRCA, provided administrative costs estimated at 10% ($312,500) were resourced. If the new City of Greenville Housing Trust Fund (HTF) is operational in 2018, then it would be a logical entity to have a prominent role in this aspect of the county's housing strategy.

PRIORITY 3: New Rental Supplies		
ANTICIPATED USES		
A	Subsidized development of 25 new rental units @ $125,000 ea ($147/SF)	3,125,000
B	Anticipated Administrative Fees @ 10%	312,500
	TOTAL ANNUAL COUNTY COMMITMENT TO NEW RENTAL DEVELOPMENT	3,437,500
RECOMMENDED SOURCES		
1	Tenant Income @ 25% TDC	781,250
2	Debt/Equity from LIHTC/Other @ 75%	1,757,813
3	Debt/Equity from new Greenville Housing Trust @ 25%	585,938
4	Local Philanthropy	312,500
	TOTAL ANNUAL RESOURCES FOR NEW RENTAL HOUSING	3,437,500



The following are sites where new, infill development of new rental housing may make sense for GCRA to consider in collaboration with Greenville County.

Parker Road + Pittman Circle
East Settlement + Ridge Road
Carr Road + Morningwood Lane
Langford Road + 276
Edgemont Avenue + Cothran
Blakely Avenue + Carr Road
Antioch Church + Parkston Road
Country Club Road + Arlington
Pender Drive + Staunon Bridge



These priority efforts - (1) helping existing owners stay and improve their homes; (2) helping existing rental owners upgrade their units in exchange for affordable rents; (3) new homes for new low and moderate income buyers; (4) homebuyer assistance for acquiring and rehabilitating existing homes and for new construction; and (5) new rental housing development - will require a considerable commitment of resources. Such a commitment is unlikely to materialize if housing affordability for low and moderate income workers is not a priority. It is estimated the County will need to deploy approximately $8.537M per year in direct and indirect housing development activities for each of the next 20 years to properly address the county's considerable existing and anticipated affordable housing challenges.[39]

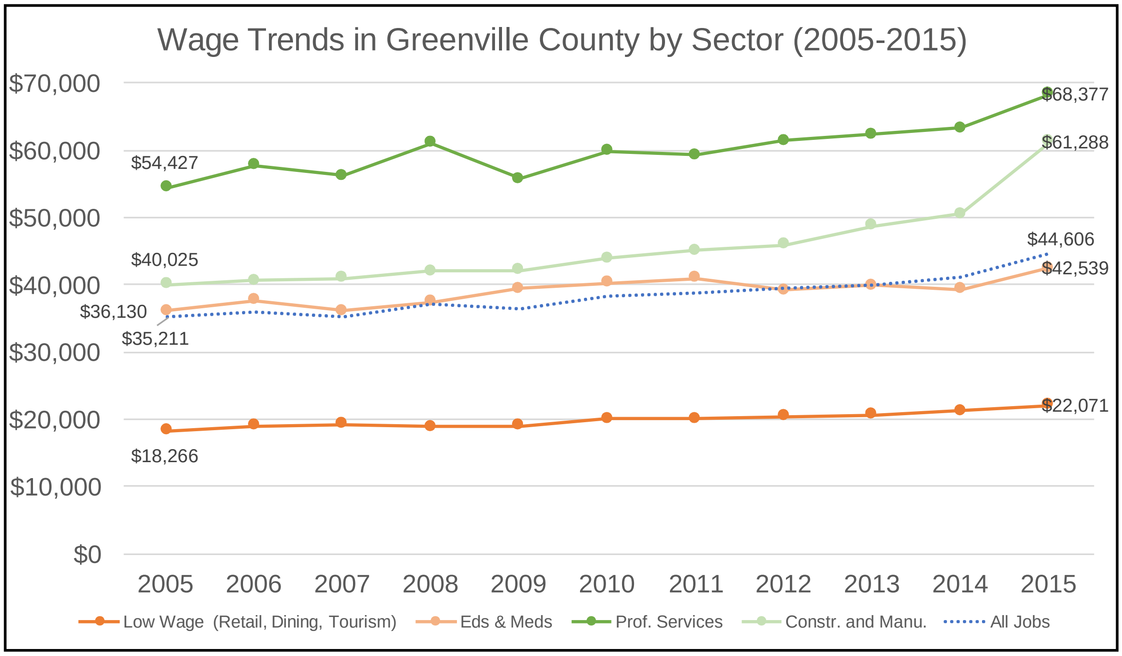
ANNUAL RECOMMENDED USES		
1	Help existing owners stay in homes	500,000
2	Help existing rental property owners upgrade	1,250,000
3	Subsidize new construction for home ownership	500,000
4	Subsidize acquisition-rehabilitation of existing homes for new home ownership	1,250,000
5	Subsidized new rental units	3,125,000
		6,625,000
	GCRA Administration (est)	662,500
	Anticipated Total ANNUAL Resources Needed	7,287,500
	Estimated total HHs assisted per year	675
FIVE (5) YEAR RESOURCE NEED		**36,437,500**

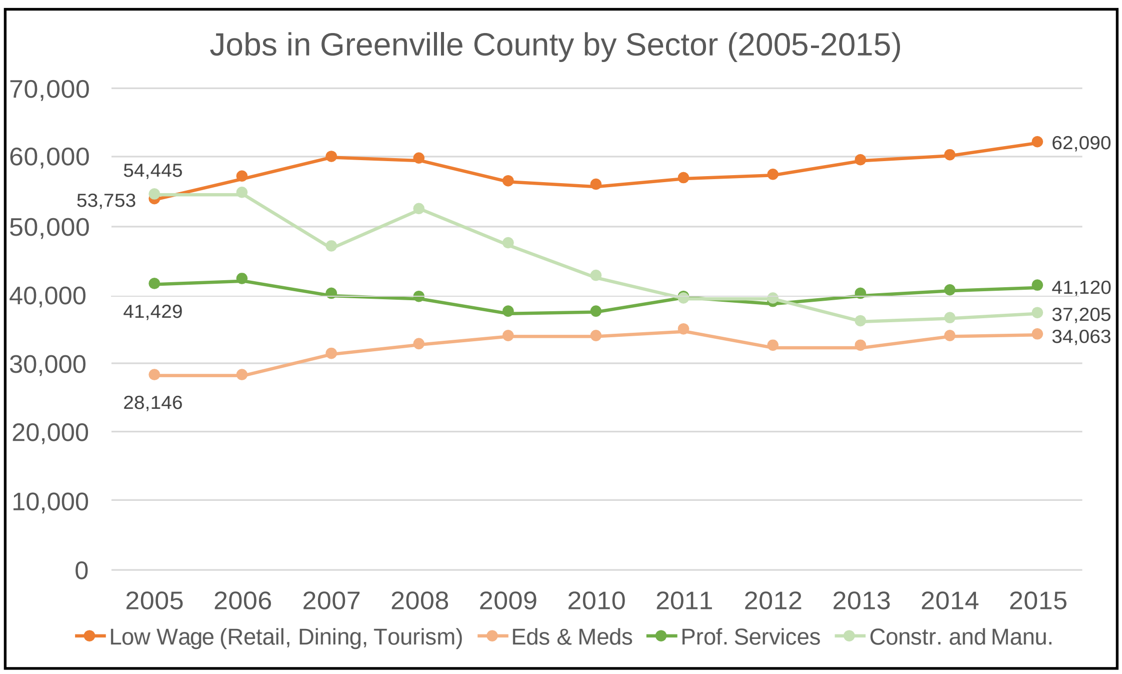
ANNUAL POTENTIAL SOURCES		
1	CDBG	1,750,000
2	COUNTY BOND/Dedicated TIF Proceeds/Other	1,750,000
3	TENANT INCOME	781,250
4	DEBT/EQUITY (tax credits and/or investments from the new Housing Trust Fund)	2,343,750
5	PRIVATE CONTRIBUTIONS/PHILANTHROPY	662,500
		7,287,500
FIVE (5) YEAR RESOURCE NEED		**36,437,500**

Policy uncertainty is present at the federal and state levels. Low Income Housing Tax Credits are not sure to survive, nor is CDBG. The County should begin to examine local capacity (ability and willingness) to invest in a housing trust fund operationalized to invest in affordable housing on a county-wide, if not region-wide, basis, either through a dedicated line item commitment in the county's annual budget, a transfer tax, or an equity pool consisting of local corporate investments.

Appendices

Sources for subsequent charts and tables: US Census





Notes

[1] ACS Demographic and Housing Estimates (2012-2016 American Community Survey 5-Year Estimates)

[2] The average home owner in the City of Greenville lives in a home build on land worth an estimated $149,567 per acre. In Greenville County that figure is estimated to be $37,913 including the city's value, and $32,571 not including the City off Greenville. If a developer aimed to acquire five city acres and build 45 homes, their land costs could be estimated to be about $747,834. Buying five acres outside the city could be estimated to cost $162,853, on average. For the development in the city, the land/unit costs in such a scenario would be $16,618, whereas in the county outside the city, it would be $3,619.

[3] There are many ways of calculating housing affordability; they span the views of numerous organizations (from the National Association of Realtors to the US Department of Housing and Urban Development) and countries. In general, the rule of one-thirds holds. For further reference, consult the MIT Center for Real Estate, the Joint Center for Housing at Harvard University, or the Terner Center for Housing Innovation at the University of California at Berkeley.

[4] It is important to note that when a household is confronted with housing costs that exceed what is considered affordable - and thus becomes *cost burdened* - it's not that such households suddenly move to some place that is affordable where they are no longer cost burdened. Rather, they simply pay more for housing than they can readily afford. They do so by cutting back on other household expenses. This is crux of being poor from a housing cost perspective. As property appreciates in a local market at rates faster than incomes for lower-wage earners grow, the Hobson's Choice that low income households confront is perilous: pay more for rent instead of saving, pay more for rent instead of taking care of the car, et cetera. Unable to save (that is, unable to get ahead), and unable to get ahead of the cost curve of auto maintenance (as one example), poor households can almost never join the economic mainstream because housing costs consume so much of a family's monthly budget.

[5] When housing costs exceed one-third of a household's gross monthly income, the probability of an on-time, full payment of rent begins to taper. This is a probability that, over half a century of lending, has led banks to manage default (non payment) risk by lending no more than an amount that can be amortized by payments that are less than one-third of the borrow's monthly gross income. When the monthly expense of repaying a loan exceeds one-third of the borrow's gross monthly income, lenders rely on a second form of risk management, which is not lending more than 80% of the value of the property being purchased. By requiring a borrower to put a large amount of their own money at risk, banks reduce the chances that the borrower will fail to honor their mortgage obligations. For further reference, consult the National Association of Realtors Affordability Index. Other methods of risk management also factor into lender considerations, of course, such as the quality of the collateral, the nature and predictability of income, and credit history.

[6] At minimum wage worker earning $7.25/hr who works full time (2,080 hours a year) will earn $15,080. At these wages, $419/mo rent is the maximum that is affordable. To afford $787/mo, an annual income of $28,332 is needed, or $13.62/hr.

[7] Just as in the City of Greenville, SC, where *down ladder pressure* impacts affordability, in Greenville County *minus the City of Greenville, SC*, a shortage of affordable buyer opportunities for households with incomes between $35,000 and $75,000 - which roughly translates into more demand for rental stocks in the $1,000 - $2,000/mo range - becomes a bottleneck in the overall market.

[8] Dataset: ACS PUMS 5 Year Estimate. Sources: US Census and Greenville Area Development Corporation

[9] Marriage and household formation rates, as well as other factors, will impact the resulting size of the keep up challenges. If 100% of 954 new low wage jobs are held by workers who move into the county and who live alone, then that will mean additional demand by a measure of 954. If 20% of those jobs are held by students already living in one student housing arrangement or another, and all remaining workers are in-movers to the county, but 30% of them co-house with someone else already employed and already consuming housing, it can be estimated that about 534 new housing units will be needed.

[10] If a new affordable unit could be developed for an average of $100,000 the total development cost to fully catch up would be about $1.5B

[11] In Greenville County (including the City of Greenville, SC) there are approximately 217,000 people working (that is, are employed) over the age of 16, of whom 183,000 work *inside the County.* Greenville County has 220,000 jobs, and 37,000 of them are held by workers who commute into the county from someplace else (Spartanburg, Laurens, et.al. in SC, or from NC or Georgia). Source is 2015 ACS and 2015 County Business Pattern data.

[12] czbLLC estimates that a modest, new two-bedroom (850 sq.ft.) apartment will have to be leased for about $1,200/month (average countywide) for the owner to break even. This is based on prevailing borrowing rates, equity and collateral requirements, certain assumptions about borrow/developer balance sheet strength, location of development, and cost of labor and materials. Likely B/E rent will be higher in some jurisdictions than others. If a tenant for one of these units is a service sector worker earning, for example, $9.25/hr - and with annual full time wages at $19,240, their rent ($1,500) would exhaust nearly 100% of their entire monthly income. Indeed a $1,500 rent - requiring $4,500/month in gross income - means the break even threshold for rents for a new apartment in the County is out of reach for any households with annual income of less than $54,000.

[13] A substantial issue is that as households pay less for housing than they would in other markets, the key question will be whether excess *housing dollars* (dollars that would otherwise be spent procuring housing) are being reinvested back into the housing stocks (additions, upgrades, capital replacements, et/c), or not. Future permit data can provide insights into the level of confidence in local housing markets, especially in the context of income to housing price ratios.

[14] As tenants (demand) have less and less pressure they can apply on landlords (supply), and offer less of a return to rental property owners, owners will strip properties of proper maintenance.

[15] In such submarkets, the problem to solve is too little demand, and not enough wealth building opportunity. Such circumstances will often be mis-diagnosed as in need of more affordable housing. When households cannot afford housing in weak or low demand situations the problem for those households is low incomes and, usually, poverty, *not* a shortage of affordable housing.

[16] Because the nature of the county's economy is substantially reliant on a low skill-low wage labor force, investments in reducing the cost of housing are needed. Fortunately, land and development costs in the county are not excessive, so progress is possible.

[17] This may require a more robust economic development thrust by the region, possibly in the form of more effective workforce development strategies.

[18] Amply resourcing the new housing trust fund with some form of a captured increment of a larger principal is a way to do this. For example, by creating a housing TIF, real estate appreciation that outpaces wage growth could provide a valuable source of housing assistance.

[19] $183,201 is the lower limit of the top 5%

[20] See Equality of Opportunity Project: http://www.equality-of-opportunity.org/assets/documents/movers_paper1.pdf

[21] The Corporation for Economic Development defines the liquid asset poverty rate (LAPR) as the percentage of an area's households with enough liquid assets to cover basic expenses for three months in the event of a job loss. The LAPR for the State of South Carolina is 43.8% sixth worst in the United States. Greenville County's is 37.5% (Source: US Census)

[22] This figure expressly includes the City of Greenville, SC

[23] William Jefferson Clinton, 42nd President of the United States to the Democratic Leadership Council on December 3, 1993 at the Sheraton Washington Hotel, Washington, DC.

[24] These dilemmas are shared by many Q3 households.

[25] Source: 2016 National Occupational Statistics Survey; Bureau of Labor Statistics as compiled by Infomentum for the UpstateSCAlliance

[26] Source: Greater Greenville Association of Realtors® Multiple Listing Service MLS™

[27] Notably, when BMW decided to open a plant in the US, the decision to locate in Greenville-Spartanburg instead of Omaha (the two finalists) came down in no small measure to the $115M in incentives provided by local government. (Moretti, 2013).

[28] Real estate is the result of development which carries a sum of expenses known as *total development costs (TDC)*. These costs are comprised of the expense of acquiring and holding and preparing land plus the cost of materials and labor and technical expertise and the expense of financing. These costs, TDC, are paid for with equity from project owners and debt that developers accrue from lenders. A finished, ready-to-lease project then is transferred to an owner who has the combined responsibilities of repaying any debt and equity obligations, plus leasing and managing the new property. The ability of tenants to pay the rent asked determines occupancy rates and gross potential income; if tenant purchasing power fails to keep pace with real estate costs, owners eventually come to a crossroads: *raise the rent to cover rising costs or reduce the quality of property stewardship to meet the purchasing power of tenants.* In Greenville County, where the bulk of poverty-related housing challenges trace to the most vulnerable (elderly, single parents not meaningfully a part of the mainstream economy, e.g.) incomes are not going to keep pace with escalating real estate values. In this circumstance, owners will still find profit, not through well-managed units leased to financially stable households but through deferred maintenance of units rented to the most vulnerable. While one of the consequences of deferred maintenance is relatively affordable rents, the other is declining principle value (collateral) of the unit(s), declining comparables, an undermined tax base, and increased code enforcement expenses.

[29] The divide noted here is not the issue of worker pay-to-CEO salary ratio, but rather the spatial distribution of households across the county with what impacts on infrastructure, air and water quality, land use and resulting aesthetic degradation of the county, and how all the downstream costs affect long term county marketability and competitiveness. These are best addressed in the County's long range land use/comprehensive plan and accompanying zoning regulations.

[30] Greenville County's developers and homebuilders, like Atlanta's and Charlotte's, tend to deliver "development" in the form of signature suburban subdivisions that are more gaudy and contrived than cohesive places in their own right. More housing per square mile - not less - is the key to enduring value.

[31] "The highly politicized fight to yank a planned Georgia tax cut for Delta Air Lines following its decision to drop an NRA discount could make Atlanta a less attractive candidate for Amazon's second headquarters, say some experts." USAToday (March 1, 2018) https://www.usatoday.com/story/tech/2018/03/01/amazon-second-headquarters-atlanta-nra-georgia-delta-airlines-gun-control/382331002/. This is relevant to the economic future of the Greenville-Spartanburg region insofar as the unexpected can arise, thwarting or enhancing regional ambitions.

[32] As of December, 2017 bond and long term interest rates are beginning to show signs of a softening equities market, and higher mortgage expense. A $100,000 loan at end of 2017 interest rates (3.92%) amortized over 30 years will cost $473/month. At 5%, that monthly figure jumps to $537.

[33] Addressing Congress in 1962, about a year after the United States emerged from a recession, President Kennedy said: "Pleasant as it may be to bask in the warmth of recovery… the time to repair the roof is when the sun is shining."

[34] Residential densities between 7-25 du-a (dwelling unit per acre) on one hand, and greater than 1/20th du-a constitute a sweet spot where undeveloped, conserved land becomes a value-enhancing asset and developed areas have enough compaction to support services and infrastructure costs.

[35] An example would be an owner of a small 12 unit property could apply for $30,000 in upgrades that convert to a grant after 10 years. In exchange for what would in effect be a zero percent loan, owners would upgrade properties to code and maintain rents at affordable levels.

[36] Source: Greater Greenville Association of Realtors® Multiple Listing Service MLS™

[37] GCRA need not develop so much as consider buying, then owning and managing where it can generate revenue while ensuring good quality low cost units remain in service.

[38] At this date (Spring, 2018) it is unclear how Congress will greet the Trump Administration's proposed FY19 budget, nor whether presently on-going tax code revision efforts will impact allocations for the Low Income Housing Tax Credit. Therefore assumptive reliance on CDBG or LIHTC proceeds is strongly discouraged.

[39] Each year, the Greenville County economy generates considerable job growth. Approximately 2,728 new jobs are created annually in the county. Of these, 954 are low wager service sector jobs (janitorial, food and beverage, hotel and restaurant, e.g.) That's 954 new job holders that will impose some measure of demand on the existing supply of low cost rental housing. This means the current deficit of 14,716 low cost units will keep getting larger unless supply increases. Annual growth of the shortage of low cost units can be understood as a "keep up" gap. Not all of the workers who fill these 954 new jobs will be new county residents; some will be current residents. Not all will remain sole wage earner for their households, some will marry or double or triple up with other earners. And not all will only work these jobs; some will hold down multiple jobs. If 30% of these new jobs are held by existing residents and/or by those working multiple jobs, and/or by those doubling and tripling up, approximately 675 units will need to be preserved or created annually to chip away at the existing and growing deficit of affordable housing.