USING INCLUSIONARY ZONING TO GENERATE AFFORDABLE HOUSING

Due to limited supply and ever-increasing demand, housing has become more and more expensive in Charleston and many peer cities, increasing racial and economic segregation. Inclusionary zoning is one policy that can help maintain a place in Charleston and other cities for people at all levels of wealth. By mandating that a percentage of new housing constructed remain below market rates, inclusionary zoning would ensure that as Charleston’s population increases, new mixed-income housing helps mitigate displacement.

INCREASED HOME VALUES AND RISING RENT:

As cities like Charleston attract new affluent residents, increasing demand for housing puts strain on the local housing market, which drives up the cost of living. For low-income individuals, increased home values and rising rent makes it more difficult to buy or rent housing, increasing the risk of housing insecurity and displacement. In Charleston between 2012 and 2022, median gross rent city-wide increased by nearly $500 as median household income grew by more than $20,000, adjusted for inflation. In other words, during a period in which the city welcomed tens of thousands of new affluent residents, the cost of living and the typical Charlestonian’s income both increased dramatically.

CHALLENGES OF SINGLE-FAMILY ZONING:

Single-family zoning and low-density development limit the supply of housing; wealthier newcomers can afford to outbid existing residents on the housing that’s on the market, and new amenities raise property taxes for everyone. It then becomes more expensive for existing residents to remain in their homes or find new housing in the area.

Resources:

- “Inclusionary Housing,” Grounded Solutions Network.
- “Inclusionary zoning considered in SC: Here’s what it is and how it might help Greenville,” Genna Contino, Greenville News (2022).
- “5 Things to Know About the Gentrification Bomb That Was Dropped on Black Charleston, SC.” The Moguldom Nation (2020).

“Housing justice is more than just providing units of housing. In the historic landscape of the Charleston area, it’s about preserving neighborhoods and creating inclusive spaces for people from all walks of life.”

– Craig Logan, Executive Housing Fellow, Charleston Metro Chamber of Commerce

– Authored by Simon Palmore

MEDIAN GROSS RENT IN CHARLESTON, 2012 & 2022

Source: American Community Survey 1-year estimates, 2012 and 2022
INCREASING RACIAL & ECONOMIC SEGREGATION:

The impact of these market dynamics has disproportionately displaced historic Black communities and low-income residents. The resulting demographic change is stark: between 1990 and 2022, the proportion of Black residents in Charleston dropped from over 40% to under 20%, while the white population increased from under 60% to over 70%. Furthermore, while Charleston grew in population by more than 30,000 residents between 2012 and 2022, the number of people below the poverty line decreased by around 4,000, showing that low-income people have been displaced from the city. And while North Charleston initially served as a source for more affordable homes, displaced residents from Charleston along with additional new residents have similarly increased the cost of rent and home values, further displacing historic residents. While the decreased rates of poverty in Charleston may seem promising on their surface, the data don’t suggest that low-income people have simply become more prosperous; rather, they suggest that Charleston’s low-income communities have been pushed increasingly far from the region’s urban core, leaving them less connected to transit and jobs. Their underlying poverty remains unabated.

POLICY INTERVENTION: INCLUSIONARY ZONING

The human cost of displacement and the loss of culture and history that accompanies it are reminders that without policy interventions, economic growth and development can come at the expense of the people and communities who lack the means to compete with new populations and their wealth. Inclusionary zoning in Charleston would require a percentage of new development to be made affordable to those who make less than Charleston’s Average Median Income (AMI). As Craig Logan of the Charleston Metro Chamber of Commerce says, “Inclusionary zoning [will] foster mixed-income communities and ensure the integration of affordable housing options into the broader urban or suburban landscape.” Research on inclusionary zoning programs in the cities where they exist show that they can be effective in generating affordable housing, particularly when there’s an enforcement mechanism and municipalities have enough staff to work with developers on implementing inclusionary zoning into their projects.

While inclusionary zoning alone won’t stop displacement, it can be an effective complement to other affordable housing strategies, such as the construction of publicly funded, fully affordable housing. As Charleston grows to accommodate new residents, inclusionary zoning can ensure that new development includes space for low- and moderate-income Charlestonians, which, alongside ensuring enough housing supply across the board, can help mitigate displacement and segregation. Currently, inclusionary zoning is illegal in South Carolina, and it would be possible in Charleston and other cities only if expressly legalized by the South Carolina General Assembly.