

Spartanburg utilizing inclusionary development to build housing options for all income levels

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City including affordable housing requirements as part of development agreements



As the national economy continues to strengthen, Spartanburg remains well-positioned to continue what has been perhaps the most robust period of economic expansion in its history. On the development front, progress can be seen across the city. From several large residential projects currently underway to a drawing board that includes another downtown hotel and more than \$200 million in new public buildings, we are going to see major projects underway in the city for years to come.

The wave of growth includes projects in neighborhoods where growth has been slow for decades. Both the Northside and Southside communities are seeing significant new residential investment, while the Highland neighborhood is primed for the same following the completion of its master plan earlier this year.

Of course, such progress doesn't come without some concerns about the potential for rising housing costs, property taxes, and displacement. The City is trying to stay ahead of these concerns by utilizing a number of tools, including championing inclusionary development and, in some cases, structuring development deals that require projects to include affordable housing.

What is inclusionary development?

In short, inclusionary development ensures that lower income people are able to afford some of the units in a new development or neighborhood that would otherwise only house market rate housing by including a mix of market-rate, affordable/workforce, and/or subsidized units. By including such a mix, inclusionary development ensures that longtime residents have new options to remain in their neighborhood even as some new units with price points that may be higher than average become available. The goal is to ensure communities retain their character and keep people from being "priced out" of their neighborhood while bringing new and needed housing stock online.

It can be a difficult balance. Often, communities find themselves trying to reverse engineer that balance after years of fast growth sends property values and resulting taxes skyrocketing. At that point, many people who have lived their entire lives in a neighborhood sell their homes or can no longer afford the soaring rents and move. The end result is a community that becomes more homogenous and less culturally and socio-economically diverse.

It is not surprising that people are concerned about that prospect in the Northside and Southside neighborhoods, given their excellent locations.. Both communities are located adjacent to Downtown Spartanburg and close to Spartanburg Regional Medical Center and Spartanburg Community College's downtown campus, to name just two important institutions. Ensuring that people of all income levels have equitable access to all of Downtown Spartanburg's employment and education opportunities, social services and entertainment options and amenities is a priority for the City, and inclusionary development is a major tool in maintaining and enhancing that access.

South Carolina, unlike most states, does not allow local governments to use zoning to require affordable housing be included in residential developments. That leaves it up to local governments and developers to work together on a "case by case basis to include a certain number of affordable units" in a project, said Chris Winston, spokesman for S.C. Housing, a state agency that finances and supports affordable housing opportunities statewide.

Winston said that Charleston, in particular, has been pushing for legislation that would allow municipalities to utilize inclusionary zoning to help achieve their affordable housing goals. Without such zoning as a tool, few examples of inclusionary developments statewide exist, making Spartanburg a leader in the concept. Spartanburg has been able to get developers to include affordable units voluntarily in their otherwise-market-rate developments by making it a condition of their development agreement with the City.

Inclusionary development projects in Spartanburg

One example is Northside Townhomes, currently under construction at the corner of Howard and Raindrop streets in the heart of the Northside. The project represents the first multi-family residential development in the Northside Initiative undertaken by a Spartanburg-based developer. Led by Northside residents in partnership with the Northside Development Group and the City of Spartanburg, the Northside Initiative's master planning process highlighted the need for high-quality, mixed-income housing in the historic neighborhood.

Helping to fill that need, Northside Townhomes will add 47 3-bedroom, 3.5-bathroom townhomes in the first of three phases. Upon completion, the project ultimately will include approximately 130 units, a quarter of which will be reserved for affordable housing to help ensure the Northside community remains an affordable place to live for all families even as it increasingly attracts new residents. Construction on the first phase began in October 2020 and is expected to be completed by the end of this year.

Three other examples:

- Across the street from Northside Townhomes, at the corner of Howard and College streets, 500 Northside Station is nearing completion. This \$17 million multi-family housing development will include 90 units of 1, 2, or 3 bedroom apartments, 81 of which will be affordable and nine of which will be market-rate.
- Downtown, at the corner of Kennedy and Union streets on the former site of Cannon Roofing, a 132-unit development will soon break ground. Ten percent of the units will qualify as affordable.
- The same developer behind Northside Townhomes recently on the city's Southside started the conversion of the historic Mary H. Wright Elementary School into 53 apartments, which will consist of 1-, 2- and 3-bedroom apartments. Twenty percent of the units will qualify as affordable/workforce housing and be available only to people making up to 60 percent of area median income. The makeup of that project was finalized following a lengthy public engagement process that included a number of City-held public hearings and meetings the developer held with Southside residents. Construction began in March and is expected to be completed in the first quarter of 2022.

Altogether, these four projects will bring 150 new affordable/workforce units to the city limits.

“We will continue to push as hard as we can for inclusionary housing components when developers approach us with residential opportunities,” City Manager Chris Story said. “It is an important tool for us. We are committed to building stronger neighborhoods — an essential component of that is mixed-income housing. We must have housing that is accessible to people at all income levels.”