

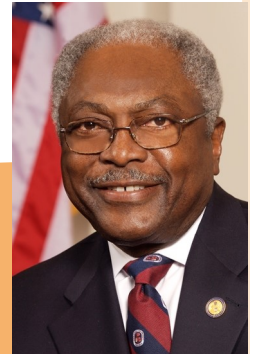


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Representing the 6th District of South Carolina

A BETTER DEAL ON AFFORDABLE HOUSING

June 2018



Evictions

Foreclosures

Affordable & Public Housing

In my last newsletter I laid out the devastating impact the new Republican tax law would have on middle-income Americans, and I offered some proposals for *a better deal*. I've heard from a large number of you expressing grave concerns that the new tax law would make the affordable housing crisis worse. Unfortunately, it will. According to Novogradac & Company, because of the Republican tax law's adverse impact on low-income housing tax credits, 235,000 fewer affordable housing units—nearly twenty percent—will be built over the next ten years.



Meanwhile, according to the Post & Courier, in South Carolina, the cost of rent rose at twice the rate of income over the last few years, which has undoubtedly contributed to North Charleston and Columbia being ranked the #1 and #8 cities for eviction by the Princeton-backed,

EvictionLab.org. South Carolina evicts families from their homes at a rate four times higher than the national average. In this newsletter, I propose *a better deal* on affordable housing.

Home ownership and safe and secure housing are central to stabilizing communities and building family wealth. Martin Luther King, Jr. often spoke of the beloved community, and in the title of his last book, he asked a poignant question, "Where Do We Go From Here: Chaos or Community?"

Today, fifty years after King's death, that question still looms large. The results of recent studies are ominous. Skyrocketing evictions, steady foreclosures, fewer affordable housing units and increased rent to live in public housing at a time when wages have not kept pace are raw deals that could create the 'perfect storm' of chaos. America's and South Carolina's families deserve *a better deal*.



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A BETTER DEAL ON EVICTIONS

The evictions problem: An eviction occurs when a landlord expels renters from a property the landlord owns, usually due to a late or missed rental payment. EvictionLab.org, led by Princeton professor Matthew Desmond, collected and analyzed 83 million court-ordered eviction records from 2000-2016. Their findings are stunning:

- South Carolina evicts families at a rate four times higher (8.87%) than the national average (2.34%)
- South Carolina has among the worst ranked large, mid-size and small cities in the country for evictions (see chart)

A raw deal for working families: According to the Post & Courier, rent in the region has risen at twice the rate of income since 2011. Meanwhile, 11 million families already spend more than half their income on rent, putting eviction just one high electric bill or medical expense away from happening.

North Charleston’s uniquely low eviction fees result in landlords using the court system as a rent collection technique. The filing fee (\$40) and legal ejection (\$10) for an eviction in N. Charleston makes it possible for landlords to evict tenants for just \$50. In other places around the country those same costs range from \$200-\$300. Moreover, S.C. Legal Services was only able to assist 458 cases of the more than 86,000 filed in 2016. 41,000 of those cases resulted in people being ordered to leave their homes.

A better deal on evictions: The federal government should collect and analyze eviction data on a national basis so that we can fully understand the problem and target resources to those communities most in need. We must invest in legal aid and emergency assistance, because far too many families are suffering with the severe legal, health and employment consequences of eviction over relatively small sums of money.

At the state and local level, South Carolina should consider strengthening tenants’ rights, including, among other things, rent stabilization and repair cost deductions. We should ensure a right to counsel, raise the absurdly low eviction fees and crack down on abusive, predatory evictors. We also must further explore the root causes of the affordable housing crisis and address the rising income inequality that plagues our country. However, the only long-term solution to the evictions crisis is having enough affordable housing in all communities.



Rank	Location	Rate
Large Cities		
1	North Charleston	16.5%
8	Columbia	8.22%
Mid-Size Cities		
1	St. Andrews	20.66%
3	Florence	16.65%
10	Anderson	11.21%
12	Goose Creek	11.06%
14	Socastee	10.69%
18	Aiken	10.03%
23	Myrtle Beach	9.57%
Small Cities & Rural Areas		
4	East Gaffney	28.56%
6	Promised Land	26.32%
10	Ladson	24%
11	Quinby	23.13%
13	Harleyville	20.2%
14	Dentsville	19.01%
15	Gayle Mill	18.3%
16	Springdale	18.2%
18	Hanahan	17.84%
20	Sangaree	17.46%
21	Centerville	17.43%
22	South Congaree	17.29%
24	Ravenel	17.08%
25	Marion	16.85%

A BETTER DEAL ON FORECLOSURES

The foreclosures problem: A foreclosure occurs when homeowners are forced to abandon their homes because a bank or lending agency repossesses their property. More than nine million families lost their homes due to foreclosure or short sale from 2006-2014. Although a one-time event, foreclosure can be a nightmare that never ends for many of those families, wrecking years of their lives and destroying their future.

While foreclosures are broadly in decline all over the country, several recent studies show South Carolina continues to struggle with higher than average foreclosures. For example:

- South Carolina's foreclosure rate has remained persistently high, ranking seventh worst in the country according to credit reporting agency, Experian.
- One in every 1,120 homes in South Carolina was in foreclosure as of March 2018, with most foreclosure categories up more than 20%.
- According to Attom Data Solutions, Columbia, SC was among the top-ten highest foreclosure rate cities in the country at 1.05%.



A raw deal for struggling homeowners: As we now know, the foreclosure crisis disproportionately harmed black and Latino families, who were more likely to be targeted by predatory lenders. In fact, the National Bureau of Economic Research found that African American families were 105 percent more likely and Latino 78 percent more likely than white borrowers to have high-cost mortgages.

While white families had mostly recovered from the Great Recession by 2013, the racial wealth gap continued to worsen through 2016 and even today, median incomes for black and Latino households have yet to reach 2007 levels. It is shocking how many working families, particularly those that have been through foreclosure, continue to lag economically behind where they were a decade ago.

A better deal on foreclosures: We must invest more resources in mortgage modification and assistance programs that give struggling homeowners and lenders greater flexibility. As coastal states, like South Carolina, continue to struggle, we should explore codifying the recently streamlined grace and forbearance plans for disaster-affected homeowners.

Congress should also renew the provision of law that prevented forgiven mortgage debt from being taxed, particularly in hard-hit areas. Lastly, we must stop the relentless attacks on the Consumer Financial Protection Bureau, which is charged with protecting consumers from the kind of predatory lending that led to the financial crisis.

A BETTER DEAL ON AFFORDABLE & PUBLIC HOUSING

The Republican tax law will result in fewer affordable housing units: By reducing the corporate rate from 35 to 21 percent, the new tax law also reduces the benefits of the Low Income Housing Tax Credit. As a result, fewer investors and developers will finance affordable housing projects and 235,000 fewer units will be built over the next ten years. That is a decline of roughly 20 percent and would mean the loss of more than 262,000 jobs. As South Carolina grapples with the increasing problem of high rents and housing prices, we can ill afford this dramatic decrease in affordable housing

The Trump Administration has proposed tripling the rent & slashing public housing funds: In April,

HUD Secretary Ben Carson proposed tripling the rent and imposing work requirements on those living in public housing, despite the fact that less than ten percent of current housing aid recipients are nonworking, able-bodied adults, according to research from the Urban Institute. The Administration also proposed cutting \$8.8 billion from HUD, despite billions in deferred maintenance and only 1 in 4 eligible families currently receiving assistance.

A better deal on affordable and public housing: Democrats have offered several bills to improve the Low Income Housing Tax Credit, and I am currently drafting legislation to restore the 235,000 units that would be lost due to the Republican tax law. I hope my Republican colleagues will join me in correcting this unintended consequence.

Democrats have proposed *a better deal*, which takes a comprehensive approach to funding public housing developments and revitalizing neighborhoods with \$70 billion over the next five years. Democrats will increase investments in affordable housing through HUD's



HOME program, which provides flexible funding for states and communities to create more affordable housing units and for HUD's elderly and disabled housing programs. Moreover, we are committed to making long-overdue repairs, empowering residents, creating ladders of opportunity and seeking community-based solutions.

RENT ↑ 2X
the rate of income
The Post & Courier (2017)



TOP #1 N. CHARLESTON, SC
#8 COLUMBIA, SC
evicting cities in the United States
The Eviction Lab at Princeton

NEW TAX LAW ↓
235,000 units
affordable housing
262,000 jobs
over the next 10 years
Novogradac & Company, LLP