



Office of the County Administrator

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MEMORANDUM

TO: County Council Members

FROM: Joe Kernell

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RE: Proposed Workforce and Affordable Housing Incentive Policies

This memorandum is to provide some background on the proposed revisions to the County’s policies for providing incentives for qualifying developments that reserve workforce and affordable housing units. The Finance Committee has reviewed and approved two separate policies covering proposed incentives for County Council consideration: one for “Workforce Housing”; and another covering “Affordable Housing.”

In October 2022, County Council recognized a growing deficit in workforce and affordable housing options in Greenville County. As you are aware, the County is currently operating under a combined workforce/affordable housing incentive policy adopted back in 2022. This new proposal seeks to replace the 2022 policy with revised separate workforce and affordable housing incentive policies. Using two policies recognizes the different markets for the two types of housing units and relies on the County’s past experiences with the 2022 policy to establish a new platform for targeted incentives specifically for each type of housing.

The existing policy was adopted in 2022, largely in response to requests for tax abatements or special source credits from market rate developers who were willing to agree that approximately 20% of their units would be set aside for rent at reduced rents for working individuals and families earning below Greenville’s Area Median Income (AMI). However, once the policy was approved, Greenville County received multiple inquiries from developers who were developing 100% affordable housing developments seeking a 70% abatement that was part of the current policy. Many of these developers were already receiving state and federal low-income housing tax credits (“LIHTCs”), the requirements of which would include restrictions as to tenant AMI and rent levels already more stringent than those of the 2022 policy.

After much discussion, it was determined in order to provide more flexibility to Council in granting approval to projects, and to more precisely target the two different types of housing developments (i.e., traditional affordable housing developments and hybrid market rate/workforce housing projects) the original policy should be bifurcated into two separate policies.

The first is a new workforce housing policy that focuses on having workforce housing included within otherwise market rate developments. In order to qualify for the incentives under the new workforce housing policy, developers would be required to commit to having at least 20% of the units in a new development dedicated for individuals/families at or below 120% AMI. The workforce policy is designed to incentivize a focus on units being set aside for tenants at or below 80% AMI. The abatement would be given as a special source revenue credit (“SSRC”), the level of which would be tiered in step with the percentage of housing units that would qualify as “Workforce Housing Units” under the policy. A 20% SSRC would be given for a 20% Workforce Housing Unit commitment, and the SSRC level would increase to up to 50% for a 100% Workforce Housing Unit commitment. The SSRC would extend for up to 20 years. By targeting higher AMI tiers, this policy is intended to target a hole in the marketplace between truly affordable or low-income housing and market rate housing, by incentivizing developers who would otherwise simply develop market rate housing to reserve a portion of their development for working tenants whose incomes don’t allow them to qualify for low-income housing units, but who may still otherwise struggle to find good housing within their means given the rising cost of housing in the area.

The second policy is focused strictly on 100% affordable developments that have AMI ranges from 30% to 70% AMI, with a focus on AMI of 70% or less, and that include supportive services as part of the development, such as financial literacy classes, parenting classes, basketball courts, or playgrounds. For these developments, the abatement would also take the form of a SSRC of up to 50% for up to 20 years. These AMI levels have been reduced below those of the policy adopted in 2022 in the hope of stretching some developers below the base line requirements of LIHTCs, and the requirement of supportive services has been added to attract developments that will provide a higher quality of life and more opportunity for advancement to their residents.

In both policies, the minimum investment would be the same, (\$7.5 million), a mix of bedroom size options are necessary, and rent rolls and yearly reports to the County Administrator would be required. It is the hope that by bifurcating the original policy into two separate policies, the projects that meet the original intent of incentivizing market rate developers to include workforce housing would have a more streamlined process for Council approval, and the projects that are 100% affordable, and likely also receiving state and federal low income housing tax credits, would be incentivized to put more thought and investment into the development to ensure the best outcome for future residents and their neighbors.