What are Zoning Laws, and How Are They Affecting Housing Prices in Charleston?

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Figure 1: Faith Roberts with Walking Women Welfare, hands out food, feminine hygiene products and clothing to women who are living at the Economy Inn on Saturday, Sept. 26, 2020, in North Charleston. (Grace Beahm Alford)
Introduction
Housing prices in the Charleston community have seen a steady increase that started in the middle of the pandemic. In 2021 housing prices all across the country skyrocketed. Although we can see from figure 2 that sale prices for homes have slowly started to recover starting in 2022, the median sale prices for homes in Charleston continue to rise (figure 3). Why are the sale prices of homes in Charleston continuing to increase? What is being done to help alleviate the problem? In this report, I will answer these questions and many more to attempt to understand Charleston’s zoning laws and how they affect the Charleston community.

What is the problem, and how is it affecting the Charleston community?
The Charleston community is negatively affected by this increase in housing sale prices in many ways. According to the US Census Bureau, approximately 13.8% of Charleston’s population (approximately 56,997 people) is living in poverty (U.S. Census Bureau). This percentage is above the national poverty rate of 11.6% from the 2020 census (U.S. Census Bureau). The median household income in Charleston is about $70,807 per year, assuming that the average person is paid the same amount every month for a year, that means that the median household income in Charleston is $5,900 per month (U.S. Census Bureau). Chase Banking states on its website that up to at most 30% of your monthly income should go toward your house (Chase). This includes things like renter’s insurance and paying initial deposits. Using this logic, the median Charlestonian should spend a maximum of $1,770 on housing. However, that is not the case. The median monthly housing cost for people with a mortgage in Charleston is $1,863, which is $1,116 over the maximum the average person should spend.

These high housing prices are not without consequences. Reportedly, the number of people experiencing homelessness in South Carolina has increased by 18% between 2020 and 2021 (Rademaker). Aaron Comstock, the founder of Uplift Charleston, says there could be anywhere from 15,000-20,000 people in the area who are homeless. Although 90% of the homeless population are single adults, many children...
are experiencing homelessness in the Charleston area, with the average age of children being eight years old (Rademaker).

How is the price of a house determined?
Looking at the basics, two main things affect housing prices: supply and demand.

Demand:
Millennials are entering the prime age for buying their first homes, and they are the fastest-growing portion of homebuyers in the nation right now (Labinjo). More millennials are buying homes right now than any other age group (Freddie Mac). In the Charleston metro area, 23.9% of the population are millennials (Holy City Sinner).

Supply:
Not only has there been a massive increase in the number of people looking to buy houses, but there are also fewer options for these first-time home buyers. Using public data, Freddie Mac states on their website that “In 2020, we estimate that there were only 65,000 new entry-level homes completed—less than one-fifth of the entry-level homes constructed per year in the late 1970s and early 1980s.” Entry-level homes are homes that are smaller and cheaper than other houses on the market and are meant for people who are buying a home for the first time. Starter houses used to make up about 40% of the housing market in the 1980s but dropped to 7% in 2019 (Freddie Mac). Figure 5 shows how the percentage of new entry-level homes being built has decreased over time. Notice that there has been a steady decrease since as early as the 1960s.

With the increase in demand and the decrease in supply, housing prices are continuing to increase at a steady pace. This can be seen more clearly in figure 1 which graphs the increase in housing prices in the U.S. over the past year. Considering the current circumstances, housing prices are not predicted to go down for at least the next decade.

Why can’t we just build more houses?
Apart from the shortage of construction labor and the rising prices of supplies, another major contributing factor is keeping
us from meeting the housing demand. Laws that restrict what kinds of buildings can be built in a specific area (such as single-family zoning laws) are one of the largest contributing factors to today's housing prices (Freddie Mac), especially in metropolitan areas such as the city of Charleston. These laws include height restrictions, minimum lot sizes, parking requirements, and zoning laws. In figure 6 we can see that after the Great Recession, fewer and fewer starter homes were being built. This trend continues today and is a contributing factor to why homes are becoming less and less affordable. Zoning laws are exacerbating this problem by making it harder and harder to build affordable homes.

Along with laws regarding minimum lot sizes and height restrictions, these laws keep housing prices high. These laws were created by the rich to make the wealthy wealthier and make the lower class poorer. They also promote urban sprawl and essentially create gated communities. These laws promote exclusion and make it harder for us to meet the rising demand for houses in the present day.

**How do these laws affect different people in the Charleston community?**

Although this problem affects many people in the Charleston community, some people are affected more than others. Due to the nature of how these laws are written, non-white people living in poverty experience the most negative effects while wealthy white people are the least affected by the issues created by these laws. One group of people who live on Folly Beach in Charleston are currently protesting against new laws that will put more regulations on short-term residents. There seems to be a large amount of support for this campaign to “Keep Folly Folly”. 100% of the Folly population is white according to the U.S. Census Bureau in 2020. Point2 reports that 84% of people living in Folly Beach work white-collar jobs and the average family owns 3 vehicles. Based on these numbers alone it seems that the majority of the people who are opposed to these new laws meant to lower housing prices fall into the category of

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**Why were these laws created in the first place?**

Zoning laws were originally written to keep poor black families out of white communities. The United States is the only country that has these laws about single-family zones (Manville). Single-family zoning laws prohibit the construction of duplexes and allow only detached single-family homes to be built.
wealthy, white residents. Anonymous testimonies on the Folly United website cite that some of the main reasons why they are against the idea of implementing these laws are due to loss of property value. Wealthy property owners are not the only ones who are unhappy with the law concerning home owners in Charleston. On the other side of this argument, Aaron Comstock calls the city of Charleston to action, saying that the government needs to allocate more resources toward helping homeless people. He states that the city needs to do more to promote affordable housing and build transition houses for people who are experiencing homelessness (Rademaker).

What is currently being done to fix the problem?

Although everything mentioned previously is public information, the City of Charleston does not make it easy to put the pieces together. The original map of zoning laws provided by the city of Charleston (City of Charleston) does not clearly show the areas where the different zones are located. It is unnecessarily hard to read and the roadways are disproportionate and make it even more difficult to interpret. Even the keys for the zones are cryptic and the only way you can understand them is if you comb through the hard-to-read legislation, which directs you to another article to interpret what the legislation says. These steps make it even more difficult for everyday citizens to interpret and understand the zoning laws of Charleston. Figure 7 shows the version of the map that the City of Charleston shows on its website. Figure 8 is the map that I created to better depict the zoning laws. Figure 9 is a zoomed-in version of figure 8 to show more details of the peninsula of Charleston. A large percentage of land on the peninsula looks to be part of what is considered “diverse residential zones” which allow for buildings such as duplexes. However, after looking into the specifics, these zones still enforce minimum lot sizes, which increase the prices of these homes as well, although diverse residential zones have smaller minimum lot sizes than single-family residents zones.
President Biden’s administration released a statement in May of 2022 stating that they have a plan to close the housing supply gap. Their plan includes incentivizing reform of exclusionary zoning laws and regulations. They also plan on boosting the housing supply. The Biden administration plans on spending up to 5 billion dollars on this plan which they claim will reduce housing costs across the country (the White House).

**Conclusion**

There are many reasons why sale prices for homes in Charleston are continuing to steadily rise. One major contributing factor is the rules and regulations created to prevent smaller, starter homes from being built. A massive increase in demand and a slowly decreasing supply have caused the ultimate rise of housing prices in Charleston. Although some of these problems are magnified in the Charleston community due to the high population density and tourism market, this is a problem that is nationwide. Some say that we should get rid of these rules to make more affordable housing for everyone, but some say that altering these laws interferes with their rights. With the president’s plan to lower housing prices, we can only wait to see whether this problem is something that will be resolved in our lifetime.
Works Cited


