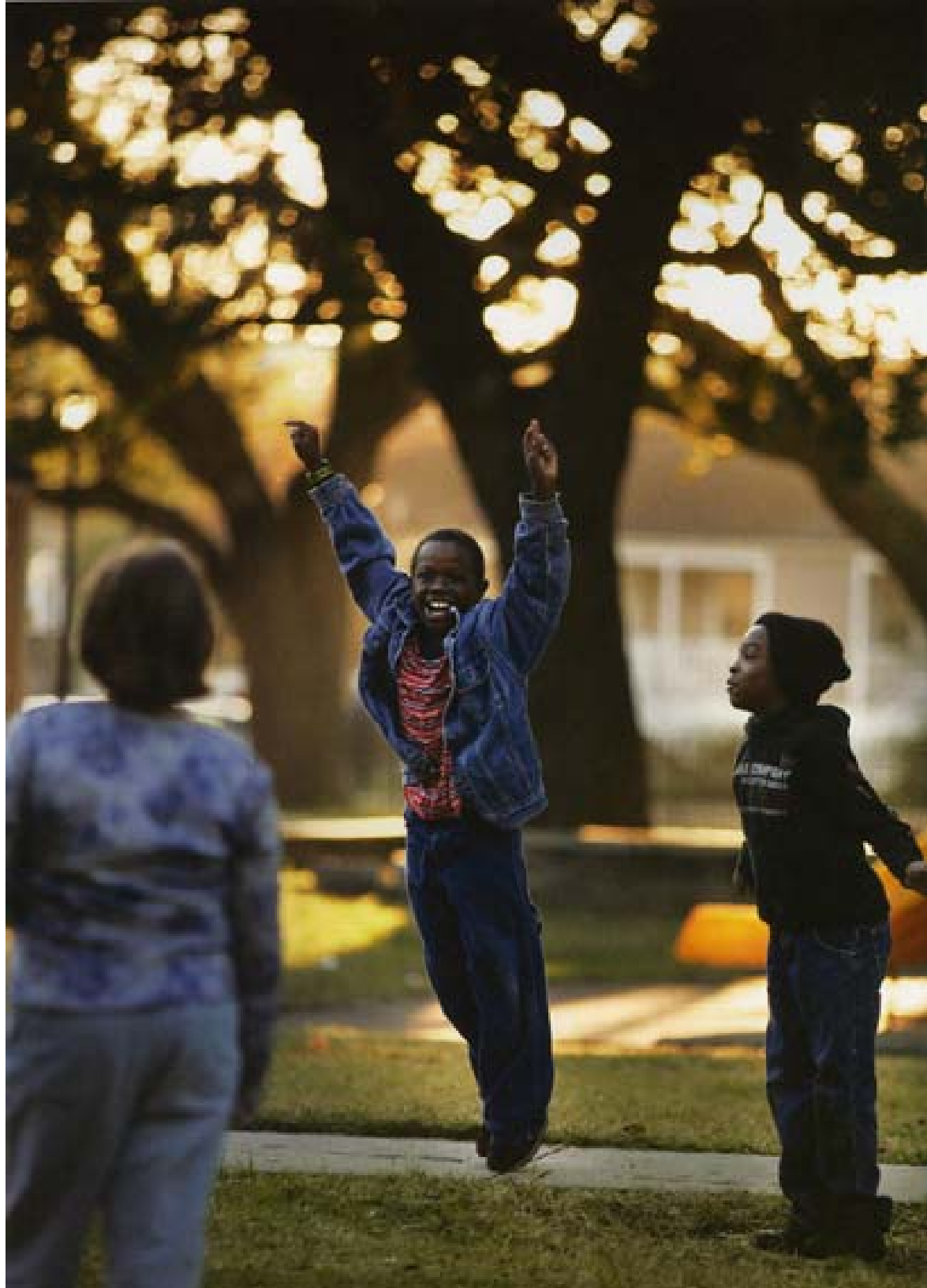


A place to dream





For 70 years, we have been called the Housing Authority, but these days, the name misses the point. We are in the business of creating homes – affordable homes where people can raise families and where children can play, learn and dream. Times have changed, and circumstances have made it necessary for us to go in new directions to meet our goals. We made great strides in the past 20 years using new ideas to meet old needs. We would like to share with you how we have done it.



Prologue

TWENTY YEARS AGO, THE CHARLESTON HOUSING AUTHORITY TOOK A LEAP OF FAITH. Federal money to build housing had dried up almost completely. Regulations were choking progress. And the number of people in need was growing. Something had to change.

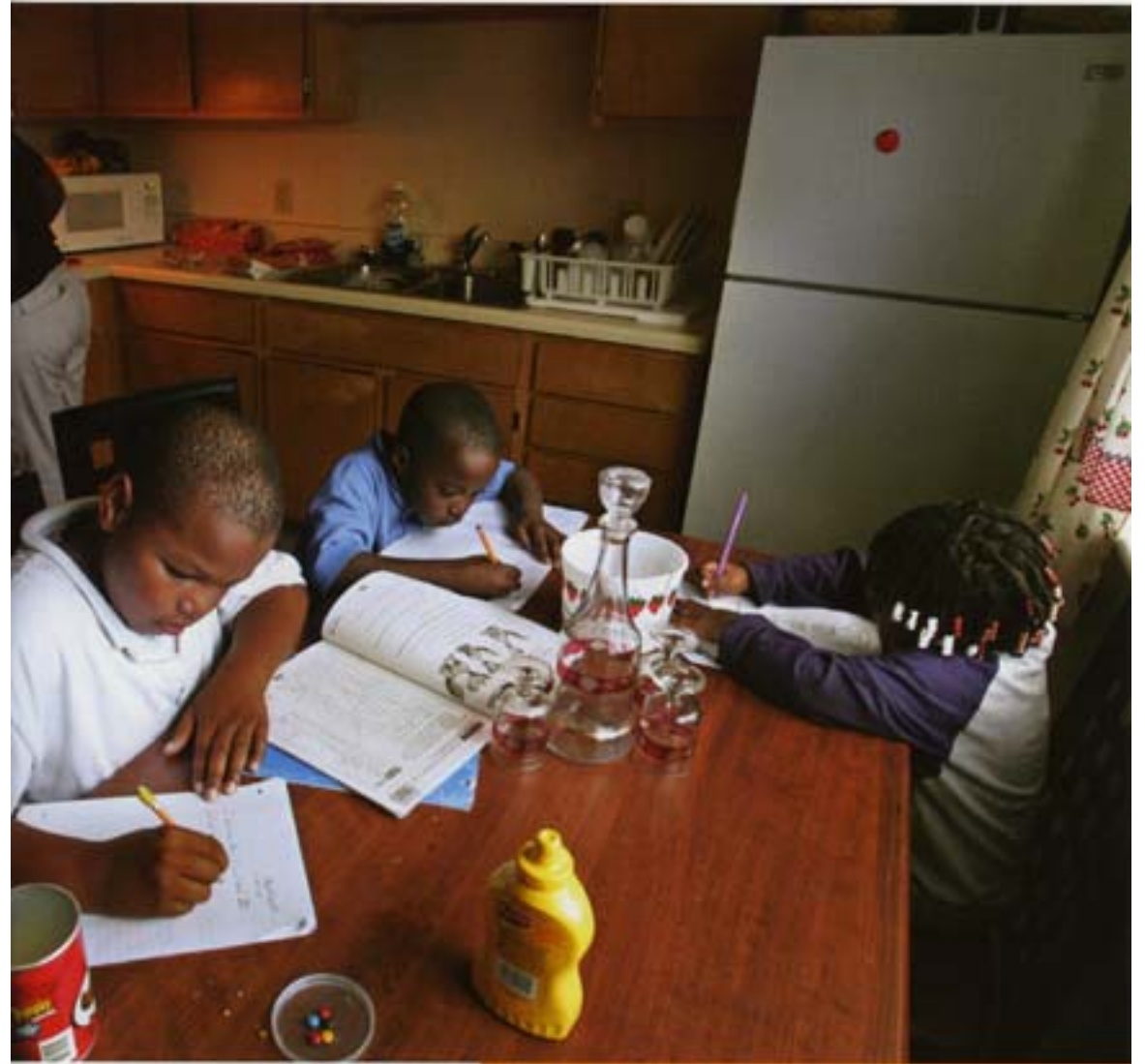
The Authority had an image in mind – the image of small children learning to walk, starting to read and throwing fastball after fastball until they knew they could hit the sweet spot over home plate.

The Authority could picture those children falling asleep in school because they had shared a dirty, drafty room with eight other children. They could picture children with no place to hang their clothes and no place to dream about becoming the president.

Or they could picture them in a decent, safe home with room to read, a place to sleep and the peace of mind that comes with calling a place “home.”

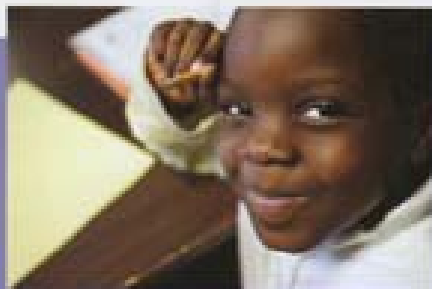
In the end, the choice was clear. They agreed to change from an agency that simply maintained government housing to one that would increase the number of low and moderate income housing units by a third over the next 20 years.

The Charleston Housing Authority board wrote the rule book as they went. They are presenting this report to encourage others to step out with confidence and know the satisfaction of providing children a safe place to sleep and dream of greater things.



A home with room to study,
to cook and to be a family.

First Steps



THE CHARLESTON HOUSING AUTHORITY IS BIGGER THAN SOME AND SMALLER THAN OTHERS, but its history seems familiar to most. In the early days, it used federal money to address dismal housing problems.

For decades, things improved steadily. The Housing Authority built and managed neighborhoods so that fewer and fewer economically disadvantaged children had to live in houses without plumbing, electricity or insulation – houses they shared with multiple families.

But as Charleston's needs changed, the Housing and Urban Development standards did not. They said "no" to funding scattered-site housing which had proven very successful for the community.

They said "no" to converting some low income efficiency apartments into low income family apartments to meet Charleston's needs.

Eventually they said "no" to funding just about anything innovative.

The number of people in poverty was growing. The cost of new construction was soaring. And gentrification was threatening those low and moderate income residents who did own homes.

The only thing that had not changed was the mission of the Housing Authority – to provide decent, safe housing for the community's low and moderate income citizens.

Providing decent, safe housing for families at different places in their walk through life.



Changing Gears



THE CHARLESTON HOUSING AUTHORITY WAS OPEN TO TRYING SOMETHING NEW. Earlier, they had been approached about becoming a conduit for bond financing. The plan hadn't gone through, but the board was intrigued by the possibilities.

Shortly after, the City of Charleston had asked the authority to establish a revolving construction loan account to help the city build single-family houses for low and moderate income families to purchase. That one did happen, and it was a success.

The Authority was ready to change, but there was no instruction manual. So the staff started at the beginning by clearing the way for change legally. It helped write state legislation clarifying the housing authority's role independent of the federal government. It was enacted in 1985.

The board's first move in a new direction was a big one. The year before CHA had made an arrangement with the City of North Charleston. The Authority owned two large residential developments in North Charleston. It turned over the George Legare Homes to the city for \$1 and sold Ben Tillman Homes for \$2.6 million.

The homes had not been in their jurisdiction, and the board was eager to redirect its resources and efforts to meet the needs of its own community.

In scattered site housing, our families are part of the community.



Growing Money



THE CHARLESTON HOUSING AUTHORITY KNEW THAT \$2.6 MILLION WOULD NOT GO FAR TOWARD BUILDING HOUSING. So in 1987, it designated that money to establish the Charleston Housing Finance Agency to build scattered site housing; rehabilitate existing housing for low and moderate income citizens; and provide construction and mortgage loans to organizations working to provide housing for low and moderate income citizens.

That was the beginning.

They wanted the money to stretch as far as possible, so they started offering non-profits tips on lasagna making: If an organization wanted to build low and moderate income housing, the Housing Finance Agency offered to be "layer one" in the finance package. Many lending institutions and grant makers don't like being "layer one," but they willingly signed up after the Housing Finance Agency had committed. Other layers followed.

Lasagna became the dish of the day.

It didn't take long for opportunities large and small to present themselves.

- In 1991, CHFA acquired a building from HUD, invested \$17,000 in it and secured \$37,000 from other sources. The investment resulted in four two-bedroom units that are transitional housing for formerly homeless families.
- In 1992, CHFA authorized a construction loan of \$165,000 to Volunteers of America to help develop 50 affordable efficiency apartments in urban Charleston.
- In 1994, CHFA purchased a 420-unit apartment complex in the Charleston suburbs from the Resolution Trust Corporation for \$684,000. Units are rented at slightly below market rate for qualified tenants.

The list goes on and on, and there has not been a single default by any agency in its obligations to CHFA. The number of low and moderate income housing units has increased by 1,200 since its establishment. The fund's corpus has also grown to more than \$8 million.



Credibility

AS THE FUND HAS GROWN, SO HAS THE CREDIBILITY of the Charleston Housing Authority and the Housing Finance Agency. Residents are pleased that there are more housing opportunities. The community has embraced new ideas like scattered site housing. And financial institutions are delighted not just with the solid business of CHA but also with the Authority's integrity.

When the Authority approached the Bank of America in 1999 about a special initiative called Project 2000, the bank

didn't balk. They approved an \$11 million interest-only loan for the Authority to purchase 300 units scattered throughout the city. The loan eventually grew to \$17 million. The units are being restored and made available to low and moderate income families at rates just below what the market was demanding.

The Authority's ownership of the large Ashley Oaks apartment complex provided collateral for the loan, but the Authority's business record was also a factor in the bank's decision.



These Charleston Cottages provide transitional housing for formerly homeless persons. The design won an Honor Award from the American Institute of Architects.



Community Support



IT IS NOT UNUSUAL FOR A COMMUNITY TO DISTANCE ITSELF from the economically disadvantaged and to pass along associated problems to its housing authority. The Charleston Housing Authority has worked consistently to secure and maintain its community support. That support has been invaluable.

It starts with Charleston Mayor Joseph P. Riley Jr. One of his goals for Charleston is to maintain diversity despite gentrification. "We are all better off when we're part of humanity," he said. "A neighborhood is more vibrant when the young people shooting hoops might be the son of a teacher, the son of a cafeteria worker at The Citadel and a medical student. Each learns from the others."



The non-profit sector is also enthusiastic about CHA. Floy Work, who for 10 years was director of a shelter for homeless people, said, "Our authority saw the connection between homelessness and affordable housing. They knew that, if we don't have homes, we must create them. And they did. They did what was right."

Even the hard-to-please preservationists respect the Charleston Housing Authority's approach in building and restoring properties with sensitivity to the historic and architectural aspects of Charleston. Jonathan Poston of the Historic Charleston Foundation praised the restoration of the 1930s Robert Mills Manor in downtown Charleston; scattered site housing in town and in the suburbs; and the Authority's \$2 million office building.

The Housing Authority works with community partners who offer families skills they need to dream big.

The Enston Home

There is no such thing as routine business for a housing authority. There is certainly nothing routine about the The William Enston Home in Charleston – not the way it looks, and not the way the Charleston Housing Authority made it work as housing for elderly, homeless, mentally ill and low and moderate income people.

The story of the Enston Home, however, involved strategies that might apply in Small Town USA or Rural America. Here are some highlights:

In a vital part of Charleston across the street from an elementary school and only a few blocks from a large city park, the Enston Trust held a tree-shaded piece of property with attractive brick duplexes housing 58 families. The Trust was charged with providing shelter for low income residents, but maintenance was becoming a problem. The buildings with plaster walls and ornate mantels were growing more and more dilapidated.

The Charleston Housing Authority saw an opportunity and agreed to purchase the property for \$486,000 with the promise of renovating it and adding more housing. The Enston Trust agreed to subsidize living costs for 19 families there for the next 15 years.

The plan was ambitious and costly. It got even more costly as problems appeared like Formosan termites and bad drainage. Eventually, the cost came to \$5.4 million.

The Authority was able to complete it with creative financing. While there are now precedents for projects like this (indeed there is software available to help housing authorities in such projects), CHA was plowing new ground when it made its way through the process of securing money and credit for Enston Home. Here are some of the highlights:

- To position itself better for tax credits, CHA formed WEH Inc., a non-profit corporation to co-own and manage the property. The Authority's chief executive officer is president and its chief financial officer is treasurer. Neither is paid by the partnership, but WEH receives a seven percent management fee for its services.
- WEH Inc. applied for and received federal tax credits to help fund the restoration.
- WEH Inc. syndicated the tax credits and thus was able to attract Carolina Power and Light as a limited partner for 15 years – the length of the tax credits.
- WEH Inc. borrowed money from the Housing Authority's Housing Finance Agency to purchase the property.



- The Housing Finance Agency also provided a line of credit of \$1.5 million for bridge financing.
- WEH secured historic tax credits.

The rest of the funding came from loans from the Charleston Housing Authority, the U.S. Department of Housing and Urban Development, the S.C. Department of Mental Health, the S.C. State Housing, Finance and Development Authority, and First Federal Savings and Loan of South Carolina.

Creative financing will allow the Charleston Housing Authority to construct 13 more cottages and complete a dream conceived in the 1880s by the William Enston family. Ground was broken in July of 2005. Before the end of 2006, these modest cottages for persons of modest means will be occupied.

When the compliance period expires in 15 years, CHA will step in to insure this unique property remains in the public realm.



After the Authority restored The Enston Home which is listed on the National Register of Historic Places, work began to add more homes and complete the original building scheme conceived more than 100 years ago. The new units will be compatible with both the original mission and the original architecture.



What's Next?

THE CHARLESTON HOUSING AUTHORITY broke new ground in the last 20 years. The next 20 years will require much deeper digging.

Very likely, the population will continue to shift in Charleston as more affluent people move into the community and more low and moderate income people risk being forced out. The work of keeping Charleston diverse will become even more challenging.

Private industry, which can turn a small piece of downtown property into huge profits, cannot be expected to produce affordable housing here. Nonprofits can be expected to focus their work outside of Charleston proper where property is less expensive and construction is less complicated.

If new affordable housing and modest apartments are to be offered in Charleston, the Charleston Housing Authority might be the only entity to do it. For 20 years, CHA has welcomed organizations asking for help in providing housing for low and moderate income families. In the next 20 years, CHA will have to seek out more opportunities on its own.

That means CHA, with its solid financial track record, will have to take more risks in financing affordable housing projects. It means the Authority will search harder for and purchase modest properties to keep them in the public realm.

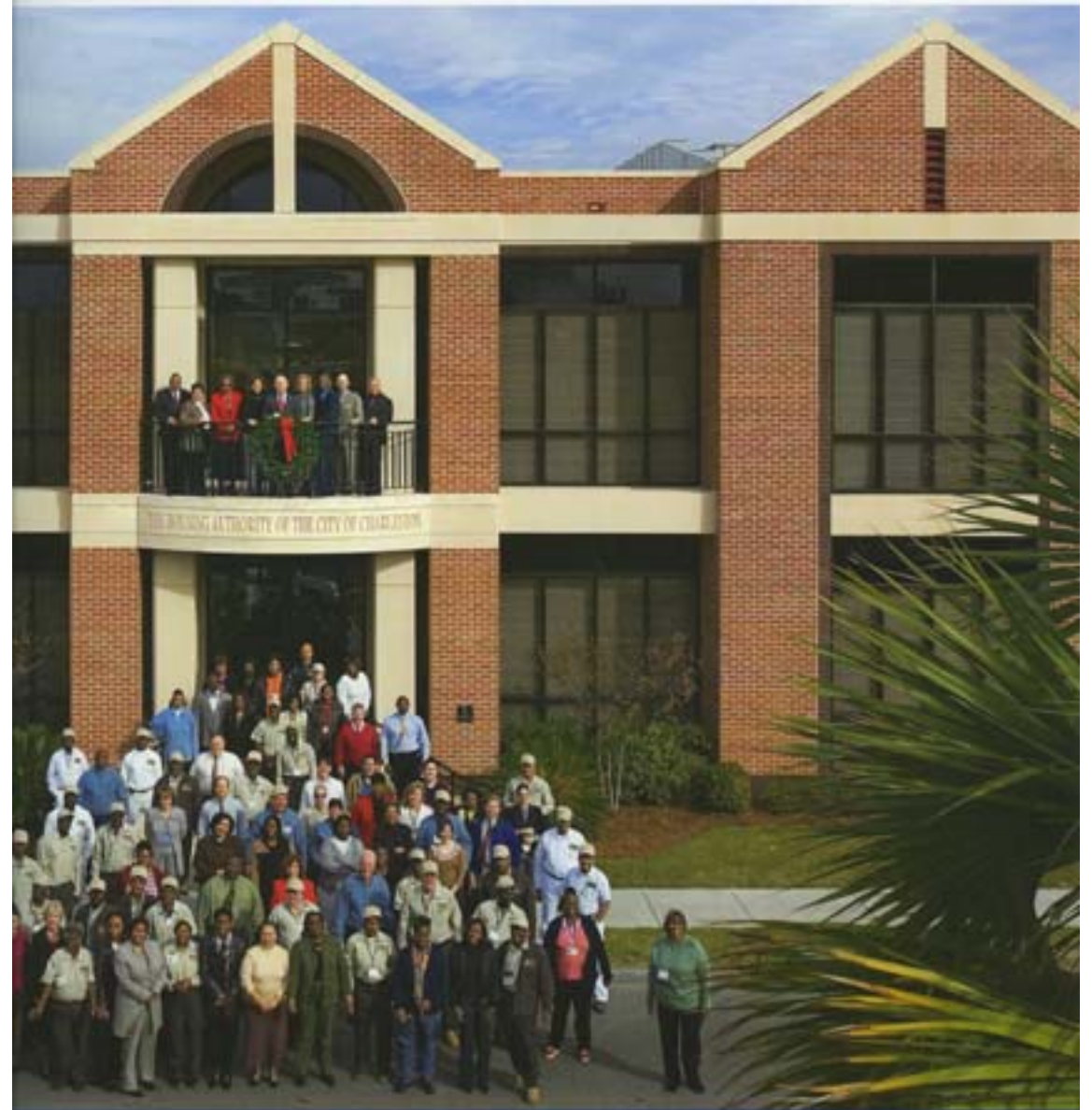
Again, CHA is at a turning point. In the next few years, several ongoing projects will be completed. Credit and collateral assignments will be freed up. A city bond issue will be done. The Authority will spend this year assessing the community's housing needs and planning the best way to act aggressively to meet those needs.

Charleston is a beautiful community known for its noteworthy historic architecture and picturesque waterfront. Its beauty also has to do



with its people – old and young, professionals and blue-collar workers.

Over the next 20 years, the Charleston Housing Authority will dig deeper in its resolve to insure that the wide-ranging special people who are Charleston have a safe, decent place to call home.



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