


Jackson County, North Carolina

February 13, 2023

Jackson County Housing Needs Assessment

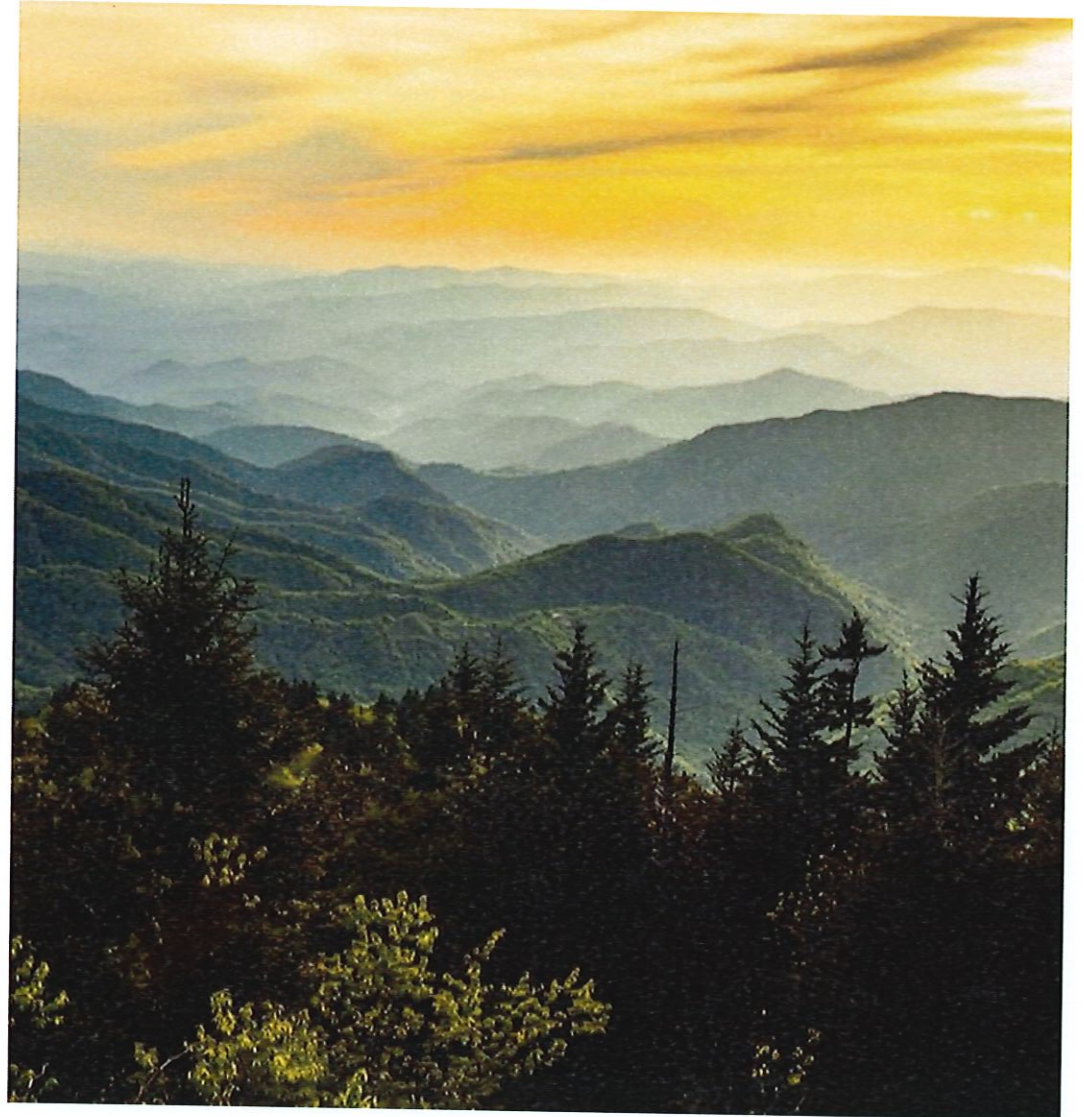
Board of Commissioners Work Session

 **UNC** | SCHOOL OF GOVERNMENT
Development Finance Initiative



Meeting Agenda

- Review Housing Needs Assessment Findings
- Discuss Housing Need Assessment Questions
- Review Next Steps





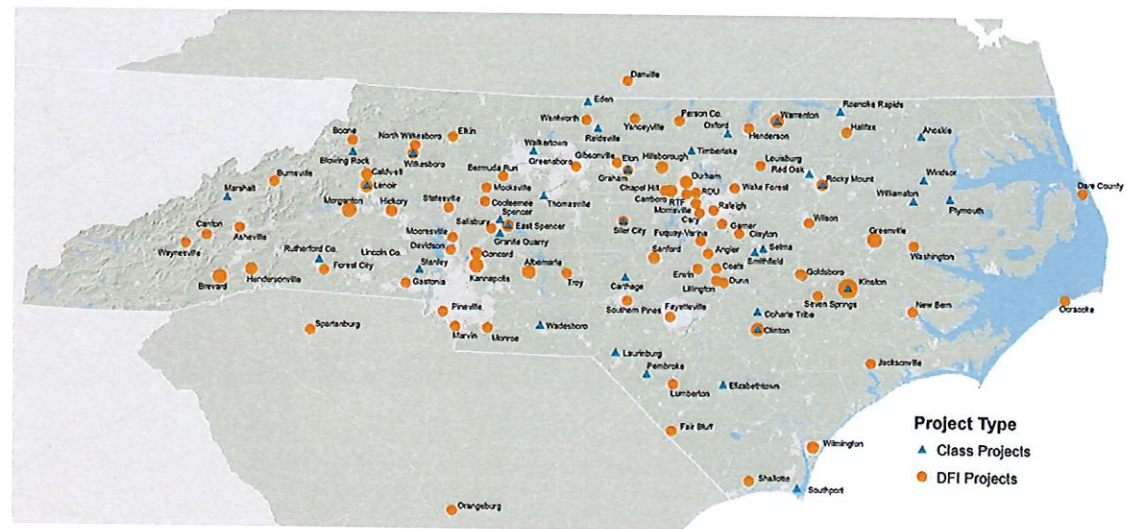
SCHOOL OF GOVERNMENT

Development Finance Initiative

DFI, a program of UNC Chapel Hill's School of Government (SOG), partners with local governments to attract private investment for transformative projects by providing specialized finance and development expertise.

SOG is the largest university-based local government training, advisory, and research organization in the United States, and serves more than 12,000 public officials each year.

Values: Nonpartisan, policy-neutral, responsive

Project Team

Project Lead: Sara VanLear

Analyst: Rebekah Mixon

Assistant Director (Housing and Revitalization): Sarah Odio

Development Advisor: Rory Dowling

Phase 1: Opportunity Site Identification

In order to identify affordable housing development opportunities, DFI will conduct:

1. Stakeholder Engagement

- Goal: inform County's priorities for future affordable housing development

2. Housing Needs (Market) Assessment

- Goal: determine demand for different housing types based on economic drivers and current housing supply

3. Site Suitability Analysis

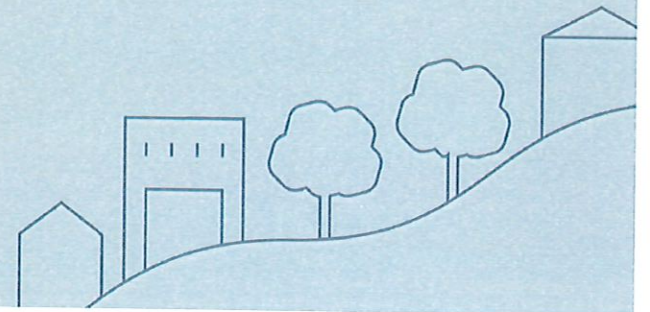
- Goal: identify sites that meet County's priorities for future affordable housing development

4. High-Level Site and Financial Feasibility

- Goal: for each site identified (up to 4), determine type and scale of housing development possible; and to
- estimate potential private funding sources and identify minimum funding gap for each scenario

Potential Phase 2: Site-specific pre-development services and development partner solicitation.

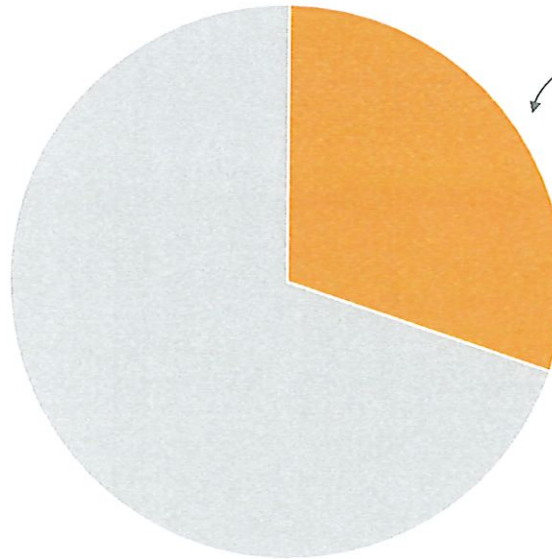
Affordable Housing



What is affordable housing?

Families are cost burdened when over 30% of their annual income is spent on **housing-related expenses**.

Families living in affordable housing have more income than cost burdened households to cover other expenses like childcare, health care, transportation, or food.



Housing expenses include rent plus utilities or mortgage, insurance, and property taxes plus utilities.

Affordable housing is either...

NOT restricted by income

- Known as unsubsidized or naturally occurring affordable housing (NOAH)
- Affordable due to quality, type, or location
- Residents vulnerable to changes in the market

Restricted by income

- Funding source or contract imposes restrictions on affordability or income eligibility
- Publicly owned and managed
- *or* Privately owned and managed (with or without public participation)

40% of Jackson County households are Low-to-Moderate Income (LMI).



Source: HUD CHAS & ACS Microdata (2020)

What household incomes are considered LMI?

Jackson County AMI for a four-person household: **\$73,700**

*Income limits by AMI (annual)**

AMI	One Person	Two Person	Three Person	Four Person
30% <i>Extremely Low Income</i>	\$15,300	\$17,500	\$19,700	\$21,800
50% <i>Very Low Income</i>	\$25,500	\$29,200	\$32,800	\$36,400
60% <i>Low Income</i>	\$30,600	\$35,000	\$39,400	\$43,700
80% <i>Low-to-Moderate Income</i>	\$40,800	\$46,600	\$52,500	\$58,200

*Numbers are rounded from original data source.

Source: HUD 2023

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Source: HUD 2023

Who is low-to-moderate income in Jackson County?

Jackson County Area Median Incomes (AMI) – One Person Household

	30%	50%	60%	80%
Income (annual)	\$15,300	\$25,500	\$30,600	\$40,800
1-BR Affordable Rent (per month)	\$410	\$680	\$820	\$1,100

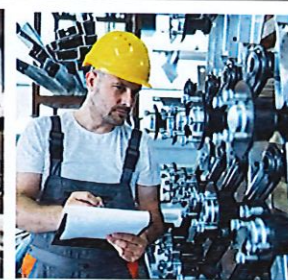
Average current rental rate is \$2,000/month.



Senior Resident
(Social Security Income)



Waitstaff

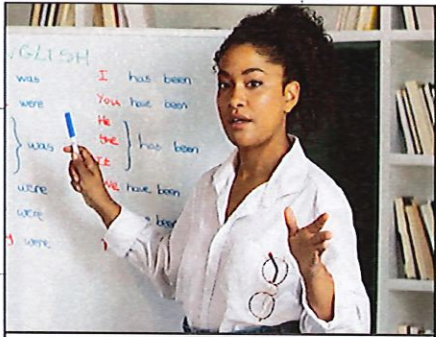
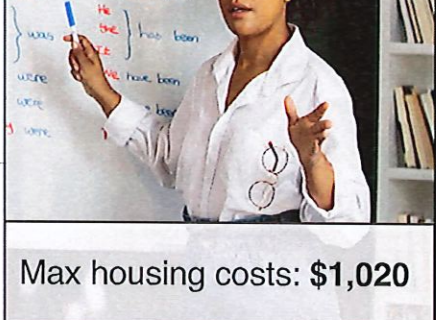


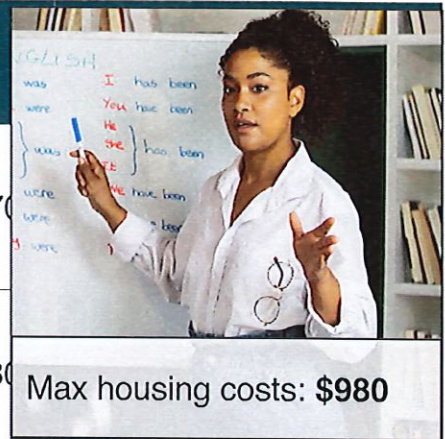
Paper Mill
Machinist



Elementary
School Teacher

Elementary School Teacher Example

AMI	One Person	Two Person	Three Person	
30% <i>Extremely Low Income</i>		\$17,500	\$19,700	
50% <i>Very Low Income</i>		\$29,200	\$32,800	
60% <i>Low Income</i>	Max housing costs: \$1,020	\$35,000	\$39,400	\$43,700
80% <i>Low-to-Moderate Income</i>	\$40,800	\$46,600	\$52,500	\$58,200



*Numbers are rounded from original data source.

Source: HUD 2023

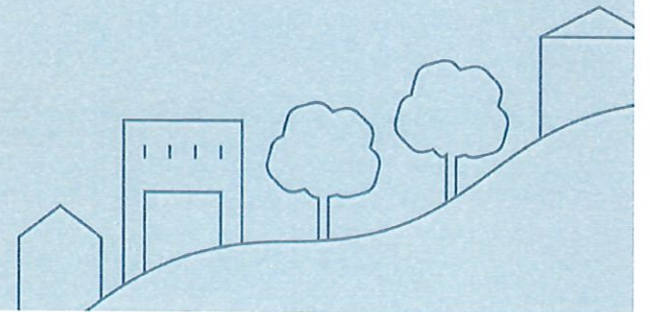
Who can Jackson County assist?

State constitution and statutory requirement enables Jackson County to support the development of housing units for low-to-moderate income households under the following circumstances:

- Housing for “low income” or “poor”
 - 20% of total units are income-restricted to households earning less than 60% AMI
- Housing that serves a public purpose:
 - “only when the planning, construction, and financing of decent residential housing is not otherwise available”
 - because “private enterprise is unable to meet the need.”
- Housing units that are income-restricted to households earning up to 80% AMI
- Housing that meets funding source requirements (for example, federal Low Income Housing Tax Credit program requirements)
- No authority exists to aid unrestricted (or market rate) housing units

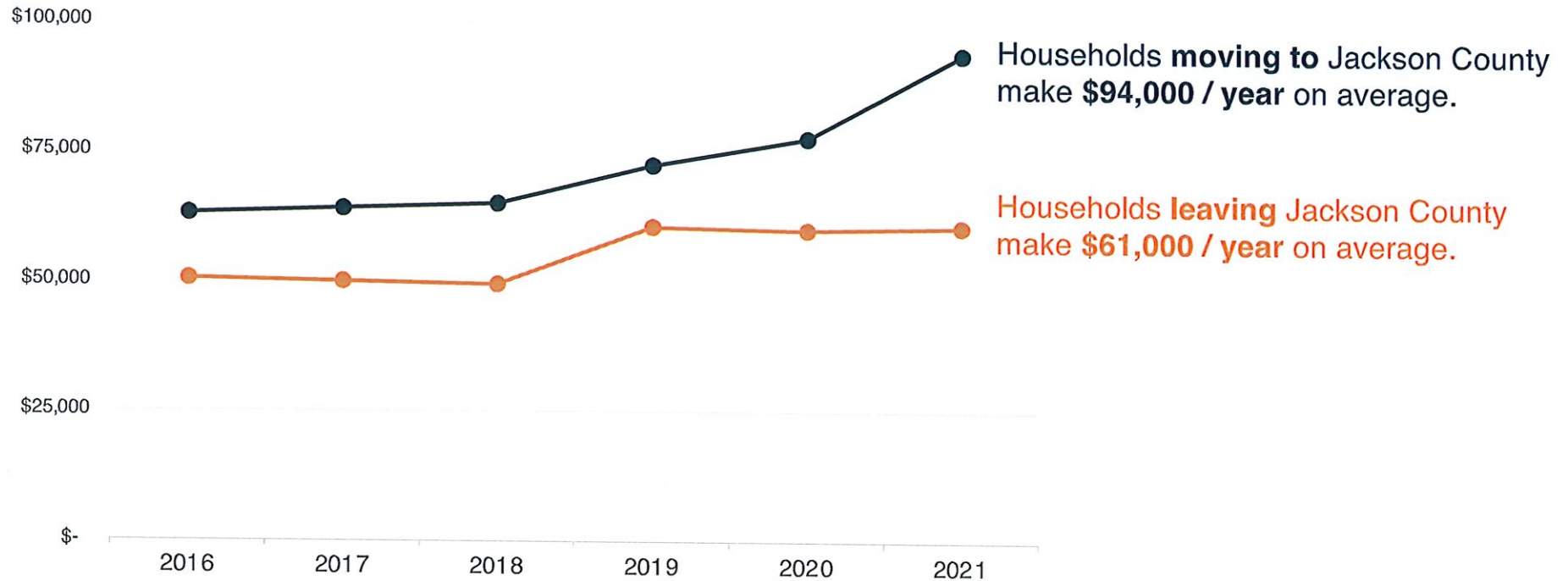
Source: Tyler Mulligan, Local Government Support for Privately Owned Affordable Housing, Coates Canons Law Blog (May 16, 2022).

Demographic & Economic Changes



New households moving to Jackson County earn higher incomes on average.

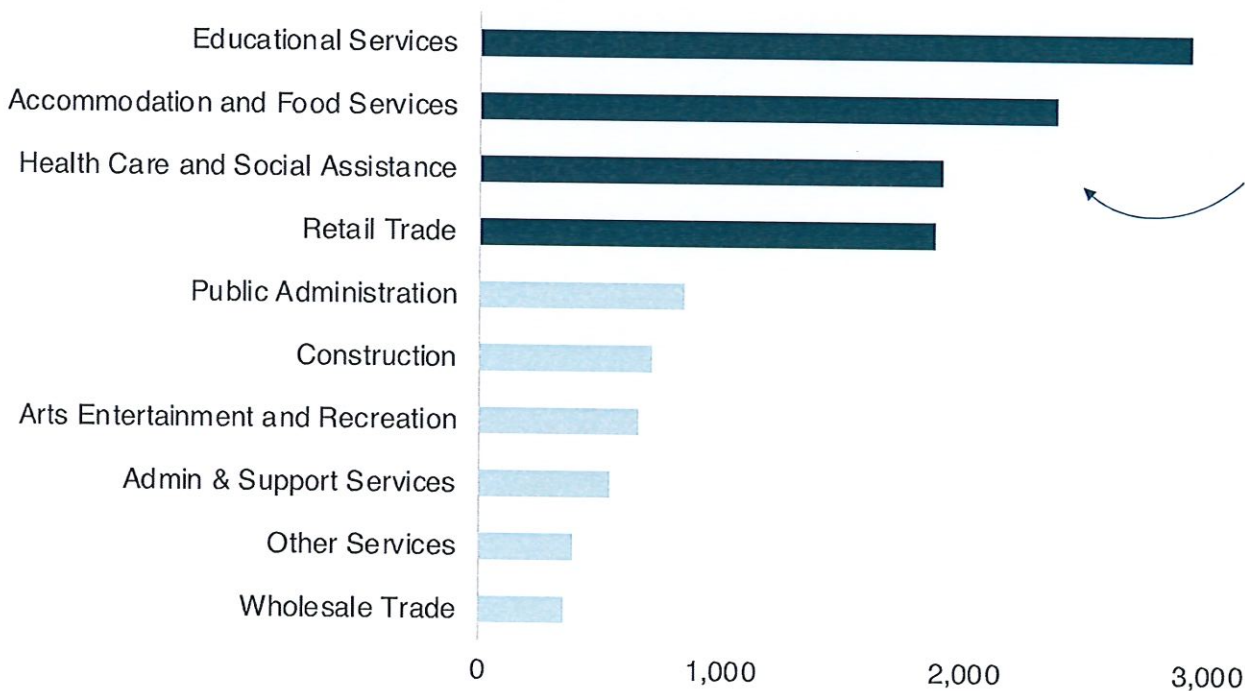
Average income of incoming and outgoing residents in Jackson County



Source: IRS SOI & Census Population Estimates

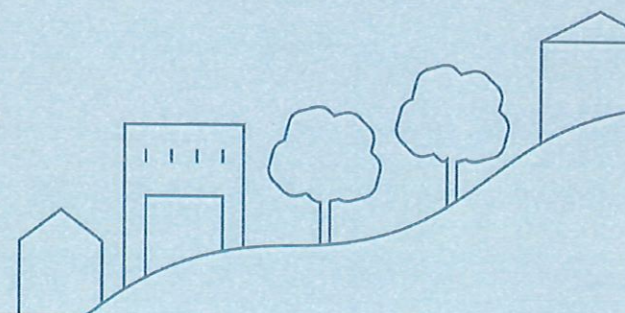
Industry growth in the county is led by low-wage jobs.

Top 10 employing industries in Jackson County in 2022



Average pay among Jackson County's largest industries is between \$25,000-\$55,000 (less than 80% AMI).

Housing Need



Summary of key affordable housing terms:

Low-to-Moderate Income (LMI) Households

- Households who earn an area median income (AMI) of 80% or below

Cost Burden

- Burden: households who spend 30% or more of their annual income on housing-related costs
- Severe Burden: households who spend more than 50% of their annual income on housing related costs

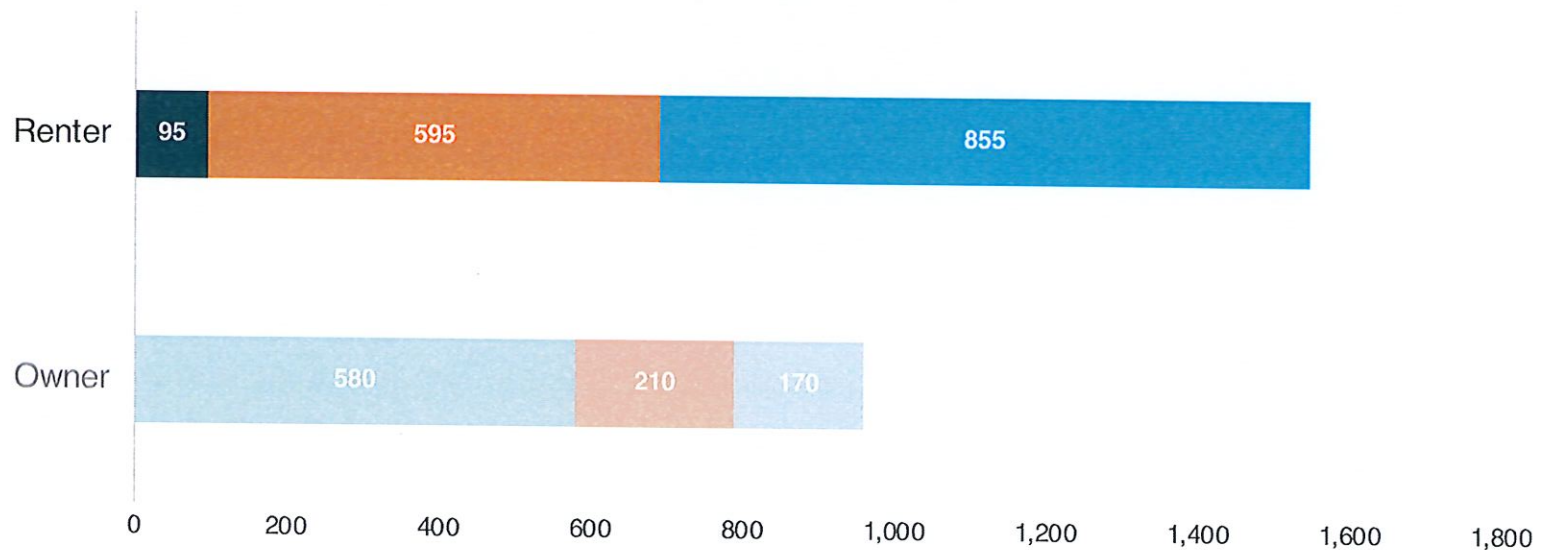
Housing Need

- Households who are cost burdened
- Households who live in units without plumbing or kitchen facilities
- Households who live in units with more than 1.5 people per room

93% of cost burdened LMI renters are families and single households.



Cost burdened LMI households by type (excluding Cullowhee):



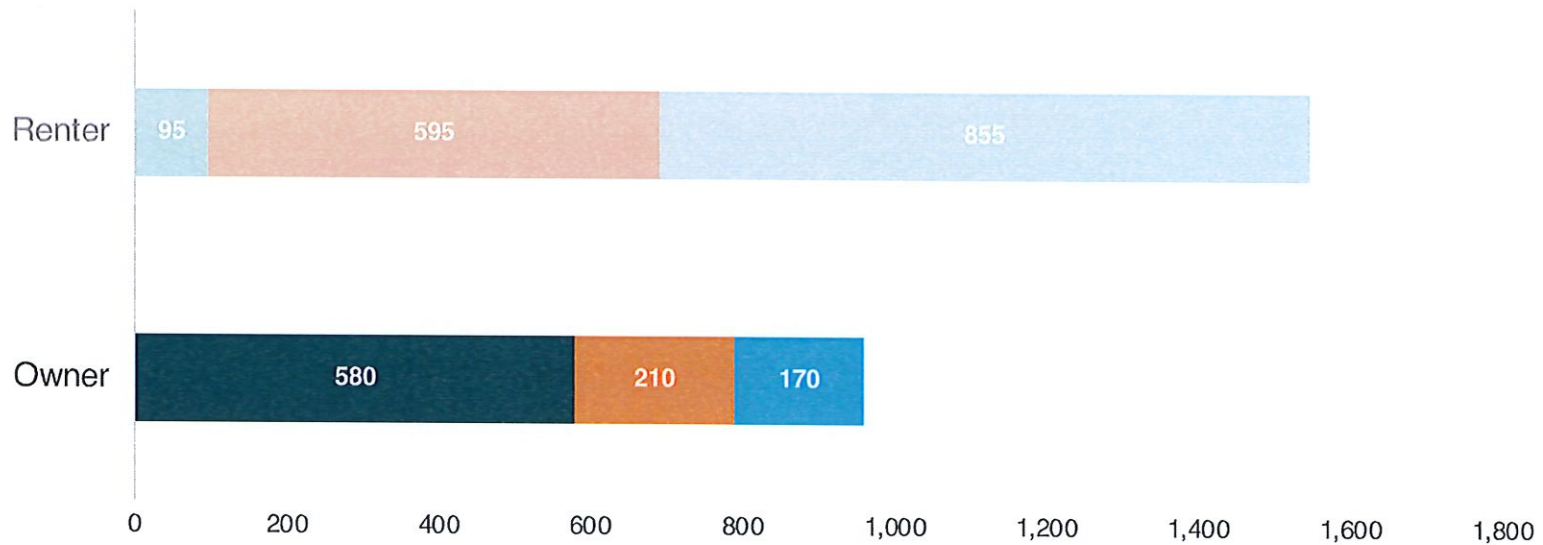
Cost burden is defined by HUD as households who spend over 30% of household income on housing-related costs.

Source: HUD CHAS & ACS Microdata (2020)

60% of cost burdened LMI homeowners are senior households.



Cost burdened LMI households by type (excluding Cullowhee):

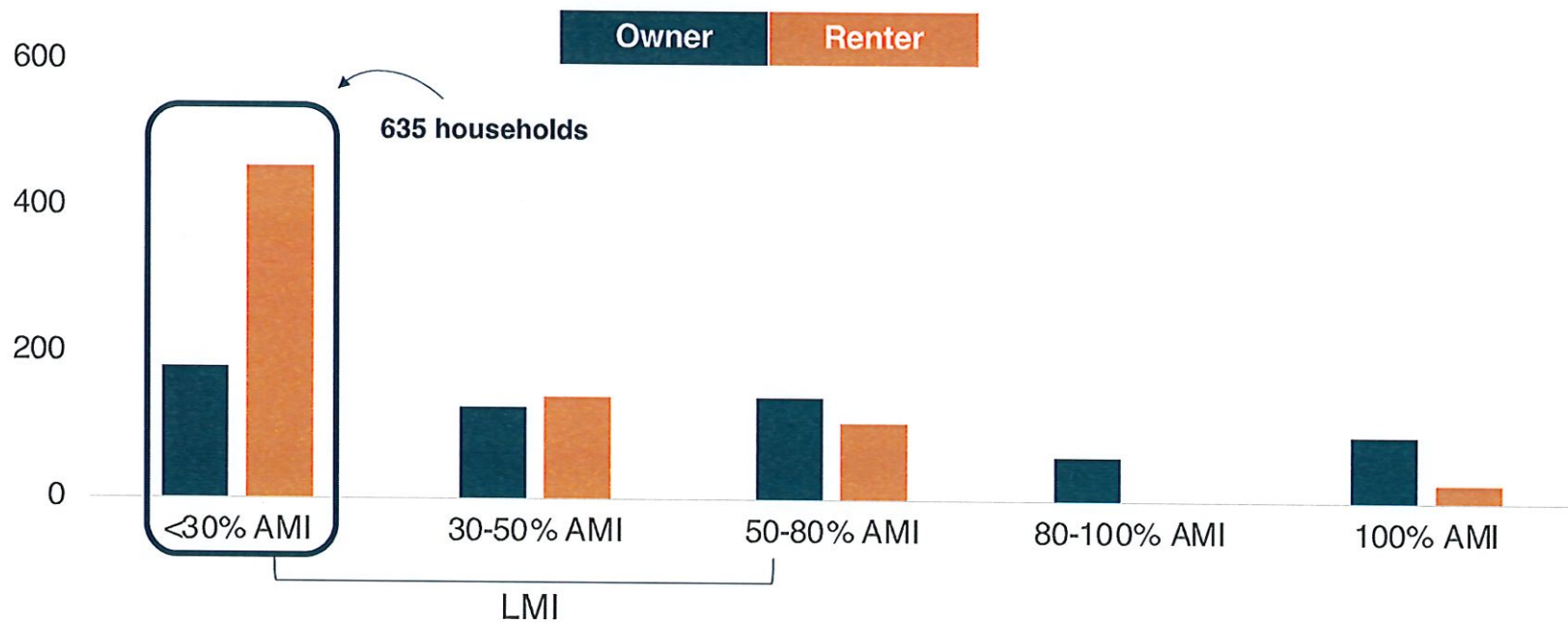


Cost burden is defined by HUD as households who spend over 30% of household income on housing-related costs.

Source: HUD CHAS & ACS Microdata (2020)

At least 700 LMI renters and 500 LMI owners have severe housing needs.

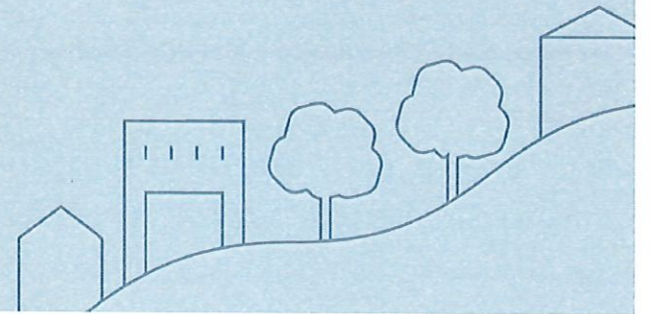
Households with 1 of 4 severe housing problems in Jackson County excluding Cullowhee



Households with severe need are defined by HUD as households with 1 of 4 severe housing problems: Spending over half of household income on housing-related costs, living in units without complete kitchen or bath facilities, or living with more than 1.5 people per room.

Source: HUD CHAS & ACS Microdata (2020)

Housing Supply Constraints



Jackson County's housing supply is constrained by:

Seasonal Use Homes

*Cashiers and rural areas
outside of the municipalities*



Student Housing

Cullowhee

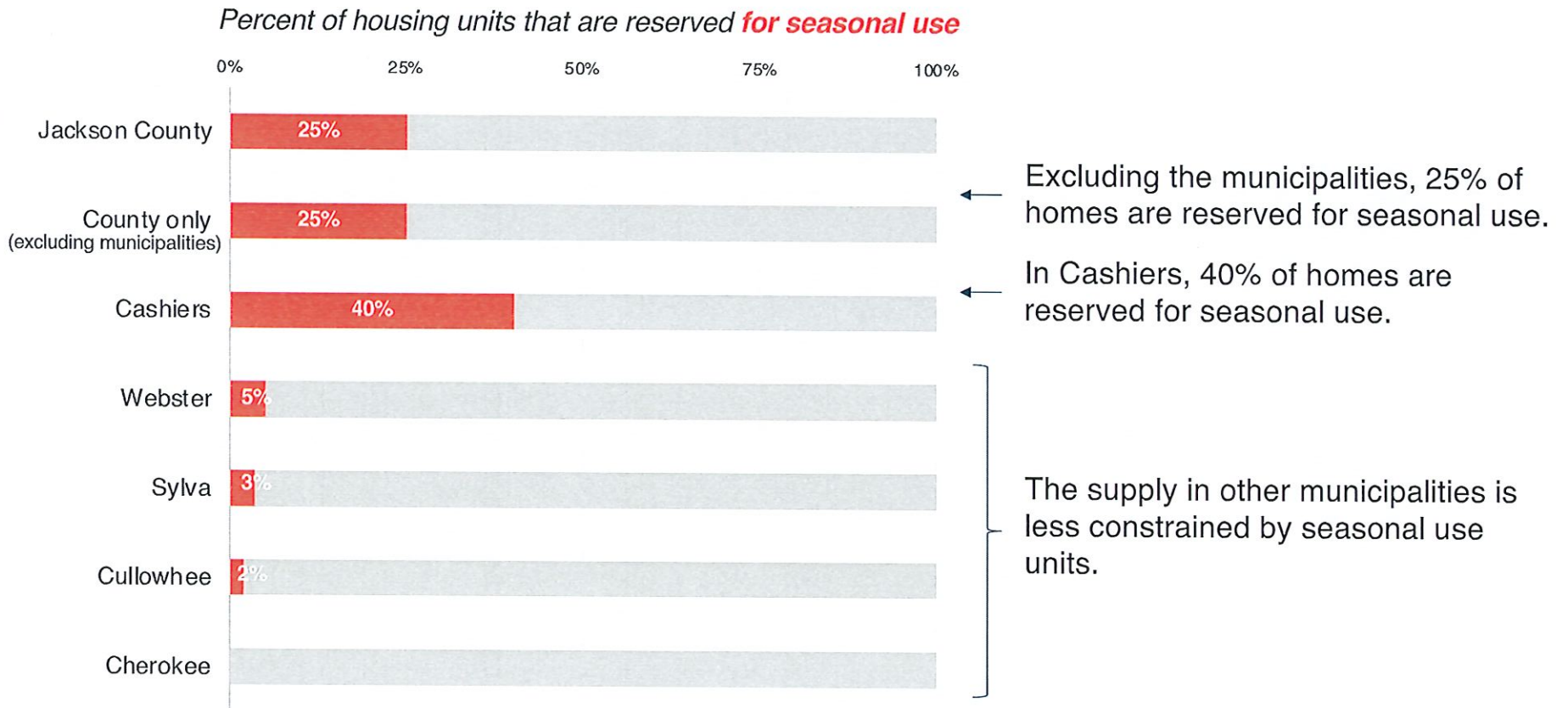


Low Quality and Other Supply Constraints

Sylva, Cullowhee, and County



1 in 4 housing units are for seasonal use.

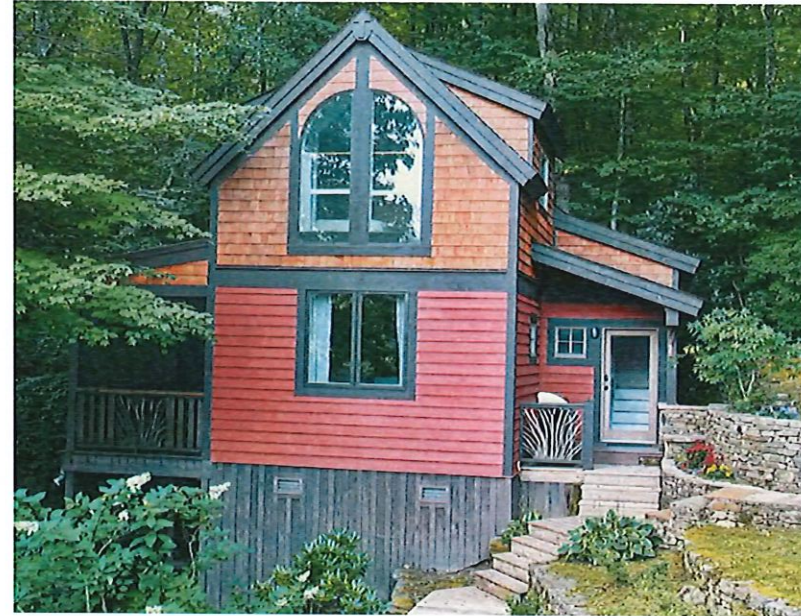


Source: ACS 2022 (5-year estimates)

New single-family homes built in Cashiers and Hamburg tend to be large and higher cost.

Since 2017, half of Jackson County's new single-family homes have been concentrated in Cashiers and Hamburg (over 800 homes).

- Average development cost: \$1.3M
- Average size: 4,400 square feet
- Average cost of land: \$200,000-\$230,000 per acre



AirBnb in Cashiers

Source: DFI analysis of Jackson County permit data

Nearly all new multifamily development is student-oriented housing in Cullowhee.

- Since 2017, 32 of the 34 new multifamily developments in Jackson County were for new student-oriented units in Cullowhee.
- Approximately 6,500 WCU students live off campus in Cullowhee and the surrounding area. Student renters compete with non-student renters for housing.



The Husk, built in 2019, is a student oriented rental community in Cullowhee. Units are approximately \$1,800/month (affordable to 100-120% AMI) and are rented out by the bedroom.

Sources: Jackson County Building Permit Data, WCU, CoStar

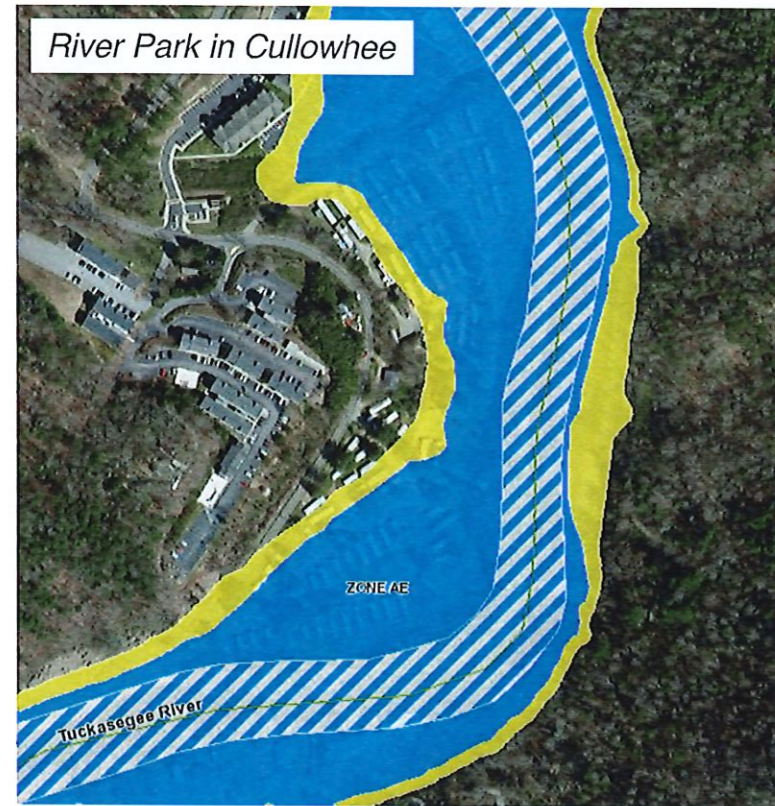
The largest municipalities have the highest rate of vacant and off-market housing units.

Location	% of units vacant and off-market	Median year built of rental units
County <i>Excluding municipalities</i>	7% (1,700)	1991
Cherokee	9% (100)	1982
Cullowhee	15% (300)	2004
Sylva	17% (200)	1979
Webster	15% (30)	1986



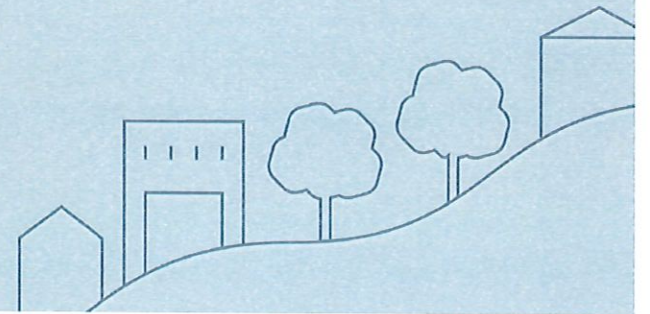
A third of the county's naturally affordable units are mobile homes.

- Nearly 4,000 households own or rent a mobile home in Jackson County.
- At least 30 mobile home communities are in the flood zone, putting approximately 300 units at risk of flood damage.



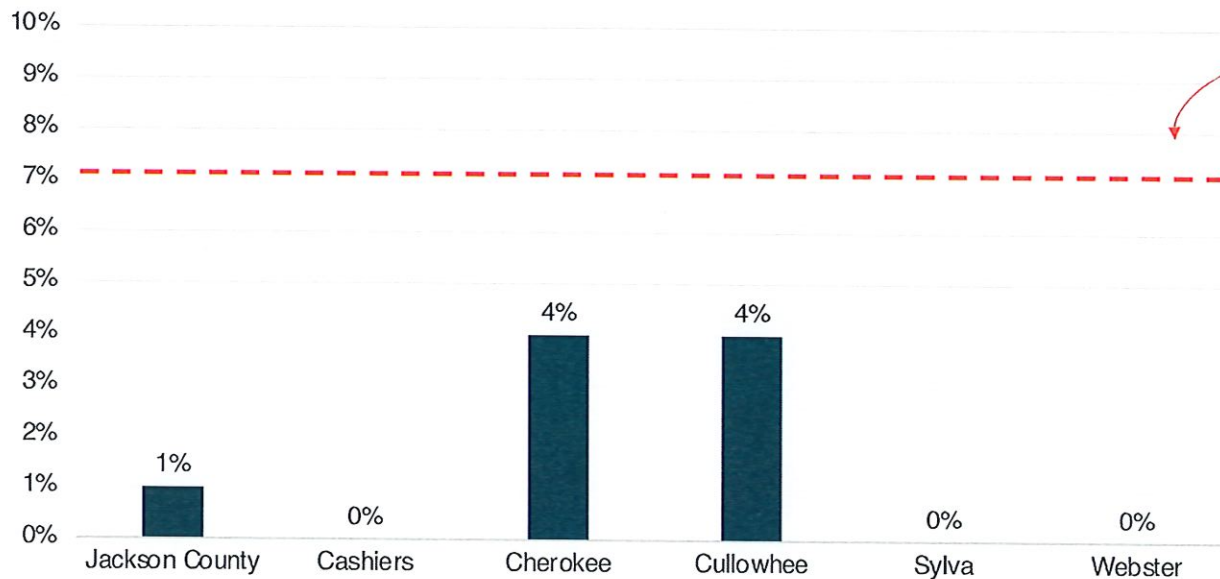
Source: HUD CHAS & ACS Microdata (2020), ACS 2022 (5-year estimates) and DFI GIS analysis

Navigating the Current Housing Market



Limited housing supply has fostered low vacancy rates across the county.

Estimated rental vacancy rate by municipality



Markets with sufficient supply tend to have vacancy rates at around 7% to account for natural turnover.

Vacancy rates shown here are for units being advertised for sale or for rent to year-round tenants, and do not include short term rentals or vacant/off market units. This data represents averages across several years.

Source: ACS 5-Year Estimates (2022)

Households need to earn more than \$80,000/year to afford the average rent in Jackson County.

Cashiers



\$4,500 / month

3 Bedrooms

Cullowhee



\$2,300 / month

3 Bedrooms

Sylva



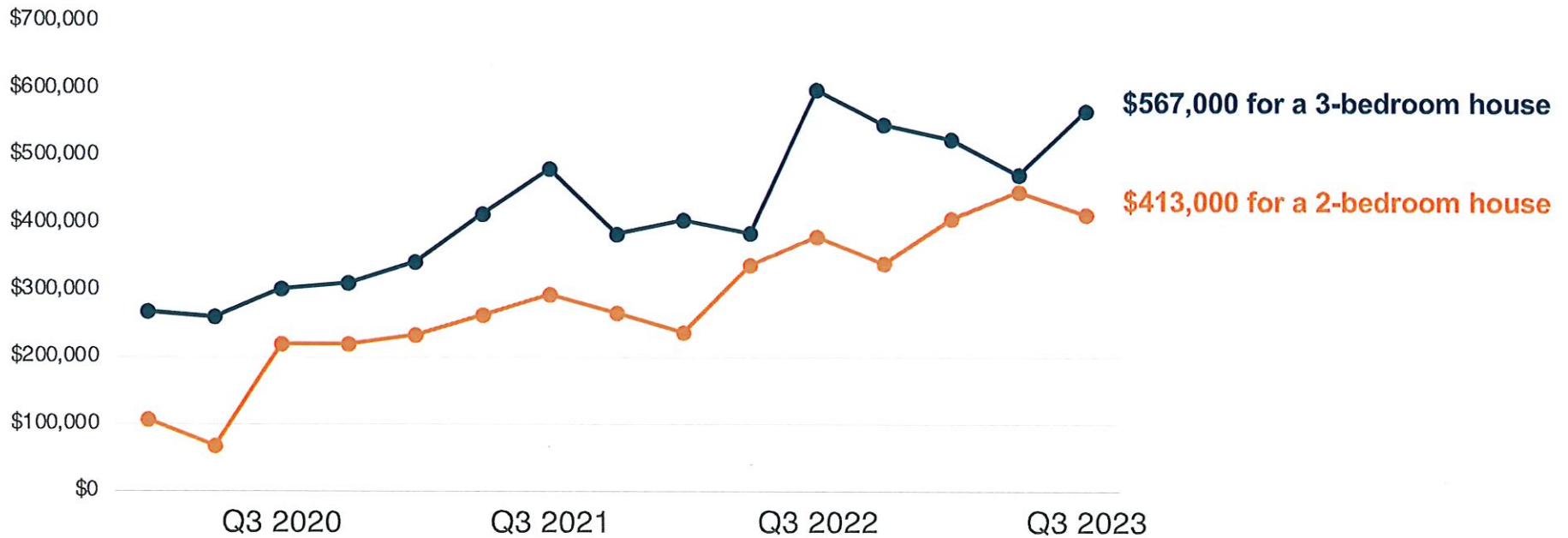
\$1,900 / month

3 Bedrooms

Source: Zillow and Apartments.com (December 2023)

Since 2020, the average sale price for a single-family home has almost doubled.

Average sale price of single family homes



Note: these data are not adjusted for inflation and do not account for other housing market factors such as inflation or housing availability.

Source: Redfin

Today, households need an est. annual income of \$163,000 to purchase the average home on the market.

Homebuying Costs	2020	2024
Interest Rate	2.80%	6.9%
Median Home Sold Price	\$302,000	\$570,000
Downpayment	\$21,140	\$39,900
Monthly Mortgage Costs	\$1,154	\$3,491
Monthly Taxes, Insurance	\$378	\$713
Est. Annual Income Needed	\$59,000 <i>80% AMI</i>	\$163,000 <i>220% AMI</i>

Source: FreddieMac.com and Realtor.com

Summary of Key Takeaways

- **LMI households represent over 40% Jackson County's households, and more than 1,200 households have severe housing needs.**
- **Housing supply is constrained by seasonal-use units, low quality or off-market homes, and student housing. These constraints have contributed to a market with low vacancy and rising prices.**
 - On average, the county's largest municipalities have a near 0% homeownership and below 1% rental vacancy rate.
 - Available rentals are affordable to households earning more than \$80,000/year.
 - Today, households need an annual income of approximately \$163,000 to purchase the average home.
- **The number of LMI households with housing needs will likely grow based on the following demographic and economic shifts in Jackson County:**
 - Net migration of out-of-state, higher income households
 - Economic growth driven by low-wage jobs

Key Questions

- Do these findings reflect what you have seen and/or heard from residents in the county?
- Are any of the findings presented today surprising or unexpected?
- What questions do you have about these findings?

Next Steps

- DFI identifies up to 4 sites with Jackson County staff and BOC input
- DFI conducts site and financial feasibility analyses on each site
- DFI will present findings to Jackson County staff and BOC

