

Chapter 9. Housing

9.1 Summary of Existing Housing Stock

Values and Affordability

Studies have demonstrated that the Asheville Metropolitan Statistical Area (includes Buncombe, Haywood, Henderson and Madison Counties) has the most expensive housing of any MSA in the state, both in absolute terms and relative to median incomes (National Association of Home Builders Housing Opportunity Index, 2002 & 2004; Coldwell Banker Housing price survey 2002.). House prices have continued to increase more rapidly in the Asheville area than elsewhere in the state.

According to a *Housing Market and Needs Assessment* prepared in 2005 for the Asheville Regional Housing Consortium (Bay Area Associates), rents in the Asheville MSA are high relative to incomes, although not the highest in the state. While many single persons and single parents work two or more jobs to be able to afford housing, most low-income households end up paying more than they can afford for housing.

“Cost burden” is determined by calculating the percentage of household income spent for mortgage costs, insurance, taxes and utilities (owners) or gross rent and utilities (renters). According to the U.S. Department of Housing and Urban Development (HUD), households spending more than 30% of their income for these costs are considered to be “cost-burdened.” Households spending more than 50% are considered to be “severely cost-burdened.”

According to the most recent information available from the North Carolina Housing Finance Agency, there were approximately 1,090 cost-burdened homeowners, and 453 cost-burdened renters in Madison County in 2005. This represents about 18% of homeowners and 24% of renters respectively.

Recent trends in increased overnight tourism and an influx of part-time residents have made housing affordability more of an issue in Madison County and the western North Carolina region as a whole. The North Carolina Multiple Listing Service (MLS) reports that the average home sales price for 2000 was \$173,753 for Asheville-Buncombe County. By June, 2009 the average sales price in the Asheville-Buncombe County area had increased to \$253,852. In Haywood County, the average home sales price in June, 2009 was \$179,457. Recent average home sales price data for Madison County was not available from MLS. The average sales price in Madison County is likely between Haywood’s and Buncombe’s values.

The U.S. Census Bureau collects assessed property values from counties and computes median and average housing values based on these data. In 2000, the median value of owner occupied housing units in Madison County was \$94,600, which was about 87% of North Carolina’s median value of \$108,300 and 79% of the median value across the United States (\$119,600).

Values in Mars Hill are higher than the county values for this entire time period, and more closely match the median values for the state.

Median Assessed Values of Owner-Occupied Housing Units			
	1980	1990	2000
Hot Springs	\$20,800	\$30,400	\$65,600
Mars Hill	41,700	65,300	112,300
Marshall	20,600	42,900	86,000
Madison County	27,300	47,800	94,600
State of NC	36,000	65,800	108,300
United States	47,200	79,100	119,600

Source: U.S. Census Summary File 3 (1980, 1990, 2000)

The Census Bureau (American Community Survey) for the period 2005-2007 estimates the median value of owner-occupied homes in Madison County at \$145,700. For this same period for the state of North Carolina, the median value for these types of homes was \$136,800 and for the United States it was \$181,800.

Housing Characteristics

A lot of housing was built between 1990 and 2000 – 2,055 units – representing an increase of almost 27% in housing stock in this ten-year period. According to the Census Bureau there were 9,722 housing units in the year 2000. Of these, 1,722, or nearly 18%, were vacant and 681 (7%) were seasonally-occupied (see table below). There was a slight increase in the number and percentage of seasonal and vacant housing units from 1990 to 2000. By July 1, 2008, there were an estimated 10,858 housing units in Madison County – an increase of almost 12% over eight years, and a slower rate of growth that was seen in the previous decade.

Madison County Housing Characteristics				
	1990		2000	
	No. Units	Percent	No. Units	Percent
Owner-occupied	5050	77.8%	6,130	76.6%
Renter-occupied	1438	22.2%	1,870	23.4%
Total occupied	6488	100%	8,000	100%
Vacant	1,179	15.4%	1,722	17.7%
Seasonal	441	5.8%	681	7.0%
Total Housing Units	7,667		9,722	

Source: U.S. Census, Summary File 3

Types, Ages and Conditions of Structures

Two-thirds of the housing units in 2000 were single family homes. Manufactured homes accounted for nearly 28% of county housing units. Less than 5% were multifamily structures.

One reason for the relative dearth of multifamily units is the limited availability of public water and sewer service outside the three municipalities of Marshall, Mars Hill and Hot Springs.

Types of Housing Units in 2000		
Units in Structure	Number of Units	Percent
1, Detached	6412	66.0%
1, Attached	104	1.1%
2 (Duplex)	131	1.3%
3 or 4	168	1.7%
5 to 9	50	0.5%
10 to 19	66	0.7%
20 to 49	48	0.5%
50 or more	13	0.1%
Mobile Home	2699	27.8%
Boat, RV, or Van	31	0.3%
Total Housing Units	9722	

Source: U.S. Census 2000 Summary File 3

A little over half of the homes in Madison County (5,594 homes) were built prior to 1980 and 37% (3,984 homes) were built before 1970. Homes built before 1972 are more likely to have lead present, and consequently present a higher risk of causing elevated blood lead levels to their occupants, children in particular. These older homes often have higher levels of deterioration and are more likely to have asbestos present.

Additionally, 1,415 houses, or 14.6%, were built before 1940. These housing units may reveal severely inadequate electrical, plumbing and/or structural deficiencies. They may also contain aging single-pane windows and inadequate insulation, leading to inefficient heating and cooling. This overall lack of energy efficiencies can lead to higher heating and cooling costs, further straining limited budgets for low to moderate income families.

In the year 2000, the Census reported that 120 housing units (0.1%) lacked complete plumbing facilities and 94 units lacked complete kitchen facilities. Most homes in Madison County are heated by individual, rather than public utility, systems: 61% of the homes in Madison County are heated by fuel oil or kerosene; 9.5% rely on bottled, tank, or LP gas; 10.2% of county homes are heated with wood; and approximately 1% are heated by utility gas, coal or coke, solar or "other" fuel. About 20% of the homes have electric heat. Two homes have no heating source at all.

Household Size

Average household size decreased in Madison County in the years from 1980-2000, from 2.72 to 2.34 occupants per household. This reflects similar trends at the state and national levels, although Madison’s average household size is slightly smaller than the average size across North Carolina and the U.S.

Average Household Size (persons per household)			
	1980	1990	2000
Hot Springs	2.64	2.40	2.13
Mars Hill	2.39	2.19	2.10
Marshall	2.43	2.34	2.12
Madison County	2.72	2.48	2.34
North Carolina	2.78	2.54	2.49
United States	2.75	2.63	2.59
Source: U.S. Census Summary File 1 (1980, 1990, 2000)			

9.2 Projected Future Housing Needs

According to the projections from the State Data Center, Madison County’s population is expected to grow at a fairly steady rate, with estimates of about 23,630 in the year 2020 and 25,000 by 2030. Using the average household size in the year 2000, an estimated 10,098 housing units will be needed in 2020 and 10,684 will be needed in 2030 to house the residents of the county. Since the trend in household size is for smaller households over time, the number of housing units needed may be a little more than these estimates.

It is important to have a variety of housing choices located in a variety of places that match the needs of county residents. Some of these needs include:

- Providing more homes near places of employment;
- Housing for single people, young couples, workers, families, elderly individuals and couples;
- More affordable housing choices for county residents;
- Housing that fits in with the rural character of the county;

Different types of housing suit different stages in life. Providing a variety of housing choices allows people to age “in place” and maintain social and community connections through their stages of life.

Affordable Housing

A lack of affordable housing has been identified as a critical issue in Madison, as well as in other counties in the region. In-migration and the growing popularity of the area as a location for second homes and retirement have increased housing and land values in recent decades. Coupled with the relatively lower incomes of Madison County residents to others in the region, increasing housing costs put a disproportionate stress on local residents’ budgets.

Available Affordable Housing

Madison County and the three incorporated towns within the County have some nice public housing stock, but the number of units cannot address the housing needs of all the low income residents of the County. The current inventory of public housing units is as follows:

- The **Madison County Housing Authority** has 40 units of housing for low income residents. The Housing Authority also administers the Section 8 housing voucher program for the County. There are 191 Section 8 vouchers allotted to Madison County.
- The **Hot Springs Housing Authority** has 16-one bedroom apartments; 20 two-bedroom apartments and 14 three-bedroom apartments.
- **Marshall's Housing Authority** has 20 one-bedroom; 15 two-bedroom; 6 three-bedroom; and 4 four-bedroom apartments.
- **Mars Hill Housing Authority** has 20 one-bedroom; 42 two-bedroom; 24 three-bedroom and one four-bedroom apartments in Mars Hill.
- Mashburn Gap Apartments in Marshall provides 32 one-bedroom and 2 two-bedroom units of subsidized apartment housing for seniors who may or may not be disabled. These are part of a USDA Rural Development grant-funded program.

Madison County also has an active chapter of **Habitat for Humanity** that has built 19 homes since 1989.

The **Community Housing Coalition of Madison County** is a federally-designated Community Housing Development Organization (CHDO; designated in 2008), and is able to develop and assist with affordable housing development efforts. It recently received a Community Development Block Grant (CDBG) to build capacity in the Coalition for providing affordable housing. It has also received HOME fund grants for the past three years, which has enabled it to coordinate and fund emergency repairs for low-income residents. The organization has also been working with Land-of-Sky Regional Council on a CDBG scattered-site grant that is helping four homeowners make renovations to their homes.

HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted area median income. Any household receiving HUD assistance must have an income that does not exceed 80 percent of the area median income.

Eligible activities under the HOME program include single-family housing construction, multi-family housing construction, owner-occupied rehabilitation, special needs housing and pre-development loans. Madison HOME funds are used for owner-occupied rehabilitation projects. HOME-assisted rental housing must comply with certain rent limitations which are published each year by HUD. The program also establishes maximum per unit subsidy limits (for multi-family projects) and maximum purchase-price limits (for single-family units).

Federal Low-Income Housing Tax Credits now finance virtually all the new affordable rental housing being built in the United States.¹ Housing Credit rental properties are privately owned and privately managed. In exchange for the financing provided through the tax credit, owners agree to keep rents affordable for a period of 15 to 30 years for families and individuals with incomes at or below 60% of the local median income. The North Carolina Housing Finance Agency monitors the properties during the compliance period to ensure that rents and residents' incomes do not exceed federal limits and that the properties are well maintained. Owners are eligible to take a tax credit equal to 9 percent of the "Qualified Cost" of building or rehabilitating the property (excluding land). The tax credit is available each year for 10 years, as long as the property continues to operate in compliance with program regulations.

Barriers to Affordable Housing

Local regulatory policies can have a profound impact on the development, or lack thereof, of affordable housing. Local regulations may disallow or make it cost-prohibitive to construct affordably priced housing. Examples include subdivision regulations that mandate large lots and set backs, zoning designations that limit or ban multifamily housing and/or mobile homes, building codes that require expensive materials and high development fees associated with infrastructure improvements.

Current zoning regulations in Madison County specify minimum lot sizes of 80,000 s.f. for Residential-Open Space (ROS), 40,000 s.f. for Residential-Agricultural (RA) and Residential (R-1) and 20,000 for Residential-Resort (R-2). These large lot sizes are barriers to affordable housing due to higher costs for land and infrastructure. Most property, outside the main transportation corridors and towns, is zoned RA. The County recently approved changes to the Planned Unit Development (PUD) regulations to allow for greater flexibility in site design, types of housing units and including some non-residential uses. The developer may also request greater density than two dwelling units per acre (up to four units per acre), if it is for a conservation-based subdivision design.

Policies that serve to exclude affordable housing development may evolve from the desire of local officials to maximize property tax revenues in their jurisdiction. In other instances they may reflect residents' fears of lower property values and higher crime rates sometimes associated with the proximity of affordable housing developments. This local opposition is sometimes referred to as "NIMBY," an acronym for "Not In My Back Yard."

Other barriers to affordable housing within Madison County include the high cost of land available for development and mountainous terrain that makes water and sewer infrastructure extensions more difficult and expensive. Public water and sewer service is limited to areas

¹ *Mountain Landscapes Initiative* – see www.mountainlandscapesnc.org (Southwestern Planning and Economic Development Commission, the Community Foundation of Western North Carolina and The Lawrence Group Architects of North Carolina, Inc. , 2008).

including and immediately surrounding the towns, along with a few areas served by small community systems.

9.3 Strategies to Improve Housing Options and Affordability

(1) Develop a Range of Housing Choices

9.3.1 Revise the Zoning Ordinances to allow greater density in places near towns, employment centers and infrastructure and consider providing incentives for the development of affordable housing.

Local policies and regulations can promote the development of affordable housing. Examples include zoning changes to allow or encourage higher density development, multi-family dwellings, and a mix of housing types within subdivisions. Some local governments, including Buncombe County, also offer permit fee reductions or rebates and down payment assistance.

The Future Land Use Map identifies areas where infrastructure exists or is planned by showing areas around each town, and also shows where employment and community centers are recommended. Higher density and a greater range of housing choices should be encouraged in these areas.

In healthy housing markets with solid property values, local governments may see some success by using “inclusionary zoning” rules or incentives to encourage more affordable housing. Developers commit to build a certain number of lower-priced homes and are compensated by being allowed to build more units in a project than zoning would otherwise have allowed. This approach has recently grown in popularity since state governments have less for money for housing options in the face of huge budget shortfalls.

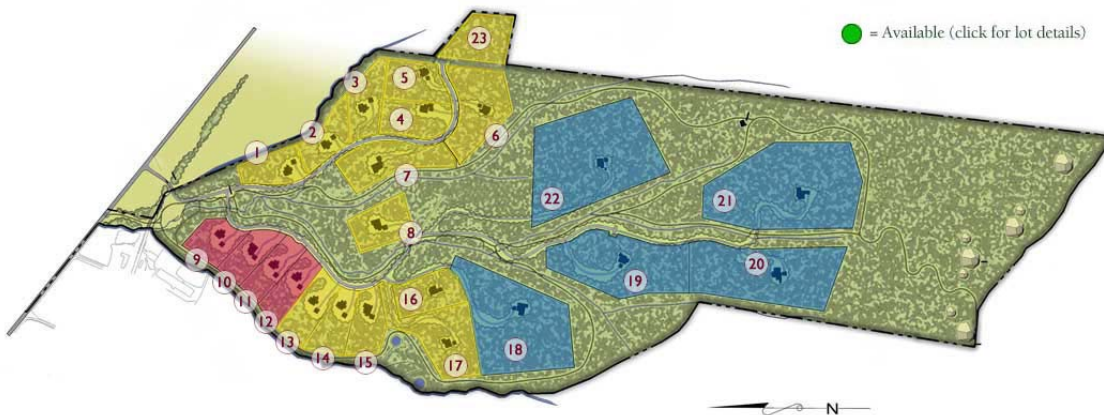
From Henderson County's Land Development Code (§200A-63, p. 80):

SR 3.6. Dwelling, Accessory Residential

- (1) Maximum Number Permitted Per Lot. No more than one (1) *accessory dwelling* shall be permitted on a single deeded *lot* in conjunction with the principal *dwelling unit*.
- (2) Structure Requirements.
 - a. An *accessory dwelling* may be attached, within, or separate from the principal dwelling.
 - b. The *principal use* of the *lot* shall be a detached or attached dwelling, built to the standard of the Henderson County Housing Code. *Manufactured homes* are permitted as *accessory dwellings* where such are permitted as a *principal use* in the general use zoning district. *Mobile homes, park model homes and recreational vehicles* shall not be used as *accessory dwellings*.
- (3) Size. A detached accessory dwelling shall be housed in a building not exceeding 50 percent of the gross floor area of the principal dwelling or 1,200 square feet, whichever is greater; the structure may be a dwelling only or may combine a dwelling with a garage, workshop, studio or similar use.
- (4) Accessibility. The accessory dwelling shall not be served by a driveway separate from that serving the principal dwelling unless the accessory dwelling is accessed from a rear alley or side road and the principal dwelling is accessed from a road.
- (5) Location. A detached accessory dwelling shall be located in the established rear yard and shall meet the standards for the applicable building and lot type.

9.3.2 Revise the Zoning and Subdivision Ordinances to allow for conservation-based subdivisions and clustering of housing units.

Since it is so important to county residents that the county's heritage and rural character be preserved as the County develops and grows, conservation-based design and clustering should be allowed and encouraged for new subdivisions and neighborhoods. Conservation subdivisions design around key natural features, conserve common open space, and cluster homes on only part(s) of a parcel that are most suitable for development. These types of subdivisions usually cost less to develop because infrastructure costs are less than in standard subdivisions. Below is one example – Drover's Road in Fairview, NC, designed by Equinox Environmental, Inc..



9.3.3 Partner with developers who can utilize housing tax credits to create affordable housing.

Local governments can partner with non-profit and for-profit developers who can utilize housing tax credits to create affordable development. An example of this partnership would be partnering with the Community Housing Coalition or with another development entity to obtain HOME and CDBG funds to extend infrastructure to affordable developments and/or enable higher densities.

9.3.4 Partner with Mars Hill, Marshall and Hot Springs to develop water and sewer infrastructure.

Madison County should partner with the towns to plan and provide funding for water and sewer infrastructure in areas where higher density and more affordable housing is desired. Possible areas to consider are along US25-70 near Marshall, around the intersection of 25-70 and NC213, along NC213 between Marshall and Mars Hill and near Mars Hill, and along US19 on the east side of Mars Hill.

9.3.5 Establish a Housing Trust Fund and fund it annually.

Housing Trust Funds are another tool employed by some state and local governments to increase the stock of affordable housing. These funds are directly appropriated by the jurisdiction on an ongoing basis and can be used for the development of new housing or to preserve the stock of affordable housing already in place. Buncombe County established a Housing Trust Fund in 2005 and contributes a portion of its annual budget to the fund each year (the County-City task force recommended 1 cent per \$100 of total assessed property values, or approx. \$1.7 million in 2005).

9.3.6 Support the Community Housing Coalition of Madison County (with staff support, matching funds)

The Community Housing Coalition is eligible to receive grant funds from HUD and other sources to develop housing and to assist with related efforts. The Coalition is identifying projects and priorities through its housing plan and will need support to implement projects. It will need county support to competitively seek HOME, CDBG and other grant funds to fund housing projects.

(2) Housing Retention and Asset Building

9.3.7 Raise awareness about savings, loan and education programs for lower income individuals.

Individual Development Accounts (IDAs) are matched savings accounts designed to enable lower income individuals to enter the economic mainstream. Typically these programs are a partnership between a local non-profit and a financial institution. The non-profit recruits participants and provides financial counseling. The participant then begins saving in an IDA at the designated financial institution and each dollar is matched by the non-profit or another community organization or local government. These funds may be used for first time homeownership. The North Carolina Housing Finance Agency (NCHFA) has realized that even when individuals participate in the IDA program for a number of years, they still may not be able to afford a home. The NCHFA has established an IDA loan pool that can provide up to \$25,000 in gap financing to allow ownership. They may also provide \$1,000 grants as a match to IDA savings.

Homeownership and Education Counseling in the region is provided by OnTrack Financial Education and Counseling (www.cccsofwnc.org). Formerly known as Consumer Credit Counseling of WNC, the private, non-profit organization has provided education, counseling and debt management programs since 1975.

9.3.8 Encourage/support the formation of community land trusts.

The County and Community Housing Coalition should consider the viability/feasibility of community land trusts as a way to provide affordable housing in the county. If deemed viable, the County should modify its zoning and subdivision regulations to allow land to be used in a way that is consistent with the way a Community Land Trust works (see description below). The County should also consider donating public land to a local Community Land Trust and help identify land that would be suitable for this type of land use.

Community Land Trusts are an increasingly popular tool for creating affordable housing opportunities. They offer a way to lessen the cost of housing and incorporate an ethic of land stewardship for the long term. A Community Land Trust (CLT) owns land and leases it at a nominal fee to individuals who own the buildings on the land. This significantly lowers the cost of ownership by virtually eliminating the price of the land. Community Land Trusts provide access to land and housing to people who otherwise are denied access because they cannot afford them and they preserve the affordability of housing for the long term. CLTs exist in both urban and rural areas; some rural ones hold land to preserve farming and forestry operations and to provide affordable housing. There are currently approximately 200 CLTs in the U.S. and at least six in North Carolina:

- Burnsville Land Community, Inc.;
- Community Home Trust in Orange County (<http://communityhometruster.org/>);

- Durham Community Land Trustees, Inc. (<http://www.dclt.org/>);
- Davidson Housing Coalition (<http://www.davidsonhousing.org/>);
- Cape Fear Housing Land Trust;
- Countywide Community Development Corporation in Brunswick County.

From the E.F. Schumacher Society (www.schumachersociety.org/cmlt.html):

“A **Community Land Trust (CLT)** is a form of common land ownership with a charter based on the principles of sustainable and ecologically-sound stewardship and use. The land in a CLT is held in trust by a democratically-governed non-profit corporation. Through an inheritable and renewable long-term lease, the trust removes land from the speculative market and facilitates multiple uses such as affordable housing, village improvement, commercial space, agriculture, recreation, and open space preservation. Individual leaseholders own the buildings and other improvements on the land created by their labor and investment, but do not own the land itself. Resale agreements on the buildings ensure that the land value of a site is not included in future sales, but rather held in perpetuity on behalf of the regional community.

The first community land trust was formed in 1967 in Albany, Georgia by Robert Swann and Slater King, seeking a way to achieve secure access to land for African American farmers. The movement has grown to include over 200 community land trusts throughout the US and is widely understood as the best model for developing permanently affordable homeownership opportunities in regions of escalating land prices. A new National Community Land Trust Association has formed to respond to the growing needs of its member organizations.”

Other Links:

Community Land Trust Network: www.cltnetwork.org

Equity Trust, Inc.: www.equitytrust.org

Lincoln Institute of Land Policy: www.lincolninst.edu

9.3.9 Continue to be actively involved in the Asheville Regional Housing Consortium and encourage Mars Hill, Marshall and Hot Springs to get involved.

Madison County is part of the Asheville Regional Housing Consortium, which was formed in 1992. The consortium's jurisdiction is the counties of Buncombe, Henderson, Madison and Transylvania, the same four counties covered by the Land-of-Sky Regional Council. The counties and towns involved were accustomed to working together on issues such as land use, clean water and transportation. A total of fourteen of the nineteen units of general local government within the area are members and nine are actively involved in affordable housing production.

(3) Ensuring Safe and Healthy Housing Conditions

9.4 Minimum Housing Standards

9.4.1 Develop and adopt a Minimum Housing Code.

Yancey, Buncombe and Henderson counties as well as other WNC jurisdictions have developed and adopted Minimum Housing Codes to ensure safe and sanitary housing conditions. The codes are typically focused on rental units and are put in place to protect the health and safety of tenants. Minimum Housing Codes set standards for structural conditions, plumbing, heating and electrical systems, ventilation, use and minimum amount of space, maintenance, insect and rodent control, and other things as deemed appropriate. They also define responsibilities of owners and occupants related to upkeep and maintenance and specify penalties for non-compliance. These codes can make a difference in the safety and are critical to ensuring that rental housing is maintained

Selected Resources:

Asheville Regional Housing Consortium Housing Market and Needs Assessment (Bay Area Economics, Inc., 2005). See <http://www.buncombecounty.org/common/planning/HMandNA.pdf>

The **North Carolina Housing Coalition** is a private, non-profit advocacy and resource organization working for decent, affordable housing that promotes self-determination and stable communities for low- and moderate-income North Carolinians. The Coalition works to increase investment in quality affordable homes so that working families and individuals, persons with disabilities, people in crisis, and fixed-income seniors may live with opportunity and dignity. See www.nchousing.org.

The **National Low Income Housing Coalition** is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes. See www.nlihc.org for more information.

Enterprise Community Partners, Inc. has developed a comprehensive guide – *Housing Development Step-By-Step* (http://www.enterprisecommunity.org/resources/tutorials/housing_development/). This tutorial is designed to equip nonprofit organizations with the appropriate information and tools to improve, or expand, their affordable housing production systems. It can also assist nonprofit developers in evaluating alternative housing production methods and "scaling up" their pipeline. Enterprise's broad experience developing affordable housing and providing technical assistance to more than 500 community development corporations (CDCs) and municipal agencies across the country is reflected in this tool.