

Housing Market Study and Affordable /Workforce Housing Strategic Vision

Beaufort County, NC



Prepared by:



ECU

**RESEARCH, ECONOMIC
DEVELOPMENT & ENGAGEMENT**



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Introduction

Project Purpose and Affordable Housing Strategic Vision:

The East Carolina University Office of Economic and Community Engagement is collaborating with Beaufort County, NC, to conduct in-depth research on affordable housing. This research project provides a comprehensive evaluation of the housing challenges faced by the working population in Beaufort County. The research involves analyzing demographic data, housing market information, environmental conditions, and employment-related factors to identify the specific barriers to affordable housing for residents. The research involves exploring the unique characteristics and needs of the working population, such as age, household composition, income levels, and employment sectors driving the economy. Through examination of the local housing market and employment landscape, the research project has generated evidence-based recommendations to guide policymakers, stakeholders, and housing advocates in developing targeted strategies and solutions to improve access to affordable housing for the workforce in Beaufort County.

Through this collaborative effort, Beaufort County may address the specific housing needs of its workforce with data-driven insights and recommendations. The research conducted by ECU informs and advises policymakers about the current state of affordable housing for the workforce and identify areas where interventions and support are necessary. By focusing on employment-related factors and analyzing the housing market dynamics, the project aims to uncover opportunities for the development of affordable housing options that cater to the specific needs of the county's workforce. The goal is to enhance the well-being and prosperity of the workforce in Beaufort County by creating sustainable and inclusive housing solutions that improve housing affordability and support the county's economic growth.

Executive Summary:

The Affordable Workforce Housing Strategic Vision Project for Beaufort County, North Carolina, addresses the region's critical housing affordability dilemma. With a median income of \$51,894 and median housing costs of \$770 for rent and \$1,315 for a mortgage, a sizable share of the population is burdened by housing expenses. Thus, to afford the median monthly mortgage of \$1,315 as identified above, a household income cannot be less than \$52,596. And those earning \$30,792 or less experience considerable challenges in obtaining affordable rental options. These findings highlight the urgent need for targeted actions to close the housing affordability gap in Beaufort County.

Furthermore, the population of Beaufort County is declining due to outmigration and having a mature population. This affects housing choice availability for younger populations as many do not have funds sufficient to buy available housing when available in the county. In the past decade, Beaufort County has seen a population decrease of 6.5 percent. This demographic transition emphasizes the fundamental need of tackling housing affordability in order to attract and retain a diverse workforce and ensure the county's long-term economic vitality.

Housing that is affordable is not readily available in the county, resulting in Beaufort's entry level and critical workforce populations to seek housing elsewhere. Beaufort County Commissioners have recognized this problem and are seeking guidance with this study to address this issue. This study provides supporting data, program, and policy steps for initiation to address these needs.



Beaufort County Overview

History

Beaufort County, located in eastern North Carolina, has a long and diverse history. It was originally inhabited by Native American tribes, and English settlers who arrived in the late 17th century. Bath, the first incorporated town in North Carolina, served as the colonial capital. The area played a role in the American Revolution and saw action during the Civil War. After the war, the county's economy shifted from agriculture to industries like lumber and fishing. In the 20th century, tourism and manufacturing became important sectors. Today, Beaufort County is a thriving community that preserves its history while embracing modern development (Srikanth, 2018).

Geography

According to the size, Beaufort County, NC is the fifth-largest county in North Carolina. Covering an area of approximately 958 square miles (2,480 square kilometers), it is a sizable county with a mix of rural landscapes, coastal plains, and waterways. The county is home to municipalities, each contributing to its unique character. Washington, the county seat, is a charming historic town situated on the northern bank of the Pamlico River. Other prominent municipalities include Belhaven, a quaint waterfront town renowned for its boating and fishing opportunities, and Bath, one of North Carolina's oldest towns, boasting well-preserved colonial architecture and a rich maritime heritage. Other municipalities include Aurora, Chocowinity, Pantego, and Washington Park (*Beaufort 2023*).

Topography and Climate

The terrain of Beaufort County is diversified, with areas of coastal plains, rivers, and wetlands. The Pamlico Sound to the east and the Pamlico River to the south border the county, which is located in eastern North Carolina. The county is also host to a few waterways, notably the Pamlico River, which runs along the eastern boundary of the county into the Pamlico Sound. The Pungo River is another significant river in Beaufort County, running through the southern portion of the county before flowing into the Pamlico Sound. The Tar River, while not entirely located in the county, does have some of its headwaters in the northern part of the county. It is an important waterway in the region and eventually flows into the Pamlico Sound. The majority of the landscape is made up of low-lying, flat Coastal Plains. Sandy beaches and barrier islands eventually take over the land in Beaufort County's easternmost region (*Beaufort 2023*).

Beaufort County, NC experiences a humid subtropical climate, typical of the southeastern United States. The county's climate is influenced by its coastal location and proximity to the Atlantic Ocean. The county experiences a moderate amount of rainfall all year round, with the summer months often being the wettest. The Atlantic hurricane season, which lasts from June to November, can bring hurricanes and tropical storms to the area. Overall, Beaufort County experiences temperate winters, hot, humid summers, and nice transitional seasons. The coastal influence adds an element of moderation to the temperature extremes compared to inland areas of North Carolina (*Climate in Beaufort County, North Carolina - sperling's best places*).



Workforce Housing Taskforce Meeting

On July 12, 2023, the ECU project team met with Beaufort County Commissioners, community leaders, stakeholders, developers, and residents to discuss the issue of affordable housing at the Workforce Housing Taskforce Meeting. After meeting with Beaufort County merchants and residents, County Commissioners discovered that those who owned businesses were willing to expand their business operations if they could locate more workers. The lack of housing availability has resulted in population loss in Beaufort County. County Commissioner and Housing Taskforce Chairman, John Rebholz, expanded on some of the essential workforce compensation issues faced. For example, beginning teachers earn approximately \$45,000 annually. This means that monthly housing costs cannot exceed \$1,125 to meet affordability housing cost ratios with housing to not exceed 30% of income. Social workers starting salaries begin at \$40,000 annually and Paramedics start at \$43,000. These positions are essential to a community's survival. Professionals in these positions and others cannot afford housing in the Beaufort County communities' where they work. During the July 12, 2023, agreement there was consensus that Beaufort County needed to take steps to create housing for these critical employees so that they do not have to commute from adjacent counties. Beaufort County is experiencing out migration and in order to support the community's economy it is essential to keep these workers in Beaufort County, where they can reside and spend their money.

This is a nationwide issue, not just a Beaufort County issue. Muhammad Damar, the proprietor of a downtown restaurant and a property owner in the community, explained that it was challenging to recruit and retain staff. His employees cannot afford the gas for the 45-minute commute to work, nor can they afford to reside in Beaufort County. When queried about the average rent, Mr. Damar explained that \$700 [per month in rent] is a thing of the past and that the current average is [at least] \$1,000 per month. Why is this so? Supply is a major factor. Geographic obstacles play a major influence in Beaufort County's affordability. Numerous existing residences that could be renovated are ineligible due to their location within the 100-year flood plain. Not only is this a problem for existing residences, but an estimate from the tax office revealed that at least 60 percent of Beaufort County's land is in the 100-year flood plain. Locations of properties within the floodplain presents an issue if the renovation costs exceed 50% of the properties values.

During the meeting, several residents commented on the inability to entice young people to the county was heavily emphasized. Comments on the needed support for those with an "entrepreneurial spirit" and who desire to establish their own businesses were offered. This highlights the significance of accommodation for business recruitment in Washington and Beaufort County. Brad Hufford, the Executive Director of the Beaufort County Economic Development office stated that the office fields numerous RFIs (Requests for Information) from large industries inquiring about the availability of labor to supply their businesses. He made several observations summarized in the following comments. He observed that industries are less likely to be in regions with small concentrations of labor force residents. Brad felt that to in order to expand Beaufort's employment base, the housing base must expand. The housing market in Beaufort cannot compete with neighboring counties that have a significantly larger base of affordable multifamily housing. Beaufort County is losing employees to other regions, thereby diminishing its tax base, and reducing the amount of money that could be spent locally.



Demographic Analysis

Population Statistics

The total population of Beaufort County is 44,898 people, with a median age of 46.7 years based upon the most recent Census Bureau 5-year estimate. The age group with the largest population is 60 to 64 years, with 3,754 individuals. The 55 to 59 years age group closely follows with 3,331 people. Other significant age groups include 65 to 69 years (3,530 people) and 45 to 49 years (2,973 people). The increasing population in the older age groups, such as 60 to 64 years and 65 to 69 years, suggests that the population is characterized primarily by residents that are of the retiring age group.

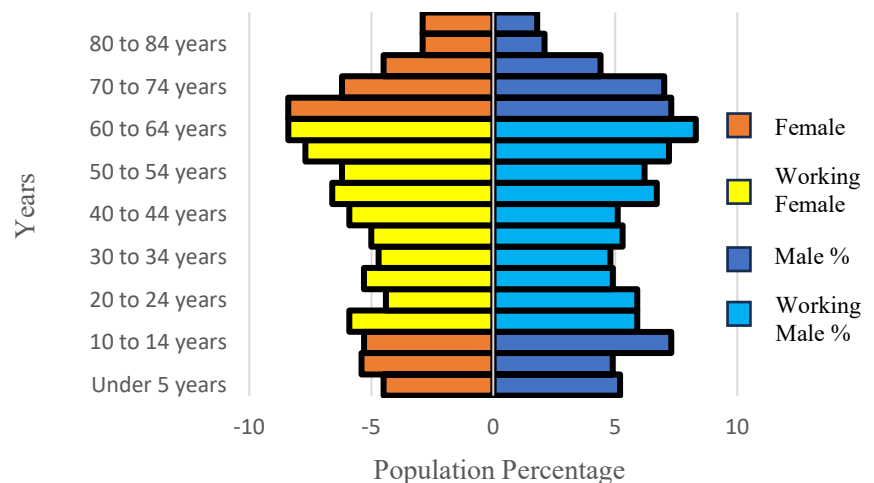
The age groups of individuals under 5 years to 44 years have population totals ranging from 2,168 to 2,488. The older age groups, from 70 years and above, have declining populations, with the 85 years and over group being the smallest at 1,051 individuals (*S0101: AGE AND SEX 2021*).

The majority of the Beaufort County population identify as one race, with 29,817 as White and 10,303 as Black or African American. There are also smaller groups: 168 American Indian/Alaska Native, 166 Asian, 16 Native Hawaiian/Pacific Islander, and 2,352 Some Other Race. Additionally, 1,830 individuals identify with two or more races, reflecting the county's diverse population (*P1: RACE 2020*).

Total Population: 44,898

Median Age: 46.7 years

Beaufort County Population Pyramid (2021)



Analyzing the population distribution across working-age groups (e.g., 25 to 64 years) provides insights into Beaufort County's labor force and helps identify workforce development needs. Communities with larger populations in the younger working-age brackets (e.g., 25 to 34 years) may have a more vibrant workforce, while areas with larger populations in the older working-age brackets (e.g., 45 to 54 years) may have experienced professionals with valuable experience and expertise.



Family Status and Income

Beaufort County has a total of 18,579 households, out of which 66.4% are families and 33.6% are non-family households. The income distribution in Beaufort County displays a wide spectrum of households spanning diverse income brackets. The data further breaks down household income levels. These figures offer insight into the income diversity within the county, shedding light on its economic dynamics. The poverty landscape of Beaufort County has also been examined. Of which, the data shows that a considerable number of individuals in Beaufort County find themselves below the poverty index.

Income Distribution

The income distribution in Beaufort County is characterized by a range of households across various income brackets. The largest proportion of households fall within the \$50,000 to \$74,999 income range, accounting for 18.7% of households. The second-largest category is the \$100,000 to \$149,999 income range, with 14.3% of households. There is also a significant 37.5% of households with incomes below \$35,000 (*S2503: FINANCIAL CHARACTERISTICS 2021*).

Poverty and Median Income

The data indicates that 5,035 individuals in Beaufort County are below the poverty index, making up 27.1% of households according to Census data. Also, 9,029 individuals have incomes at or below the median income level. The poverty index is a term defined by the U.S Department of Health and Human Services and is dependent on whether someone lives in the District of Columbia and the forty-eight contiguous states or Alaska. It also changes based on household size. For North Carolina, the poverty index of a 3-person household is an income at or below \$24,860 and individually the threshold is at an income level at or below \$14,580 (Poverty guidelines 2023).

Poverty Level for Individuals and Households	
Individual	\$14,580
3-Person Household	\$24,860

The income profile suggests that Beaufort County has a diverse economic landscape with a mixture of income levels. While there are households with higher incomes, there is also a significant population below the poverty threshold and at or below the median income level. This indicates the presence of income disparities and potential socioeconomic challenges within the county (*S2503: FINANCIAL CHARACTERISTICS 2021*).

Comparison to State

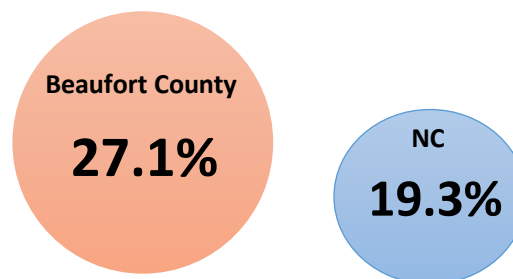
When comparing Beaufort County's income statistics to the state average, the median income for Beaufort's population falls below the median and mean income levels of North Carolina. The median income in Beaufort County is \$51,894, compared to \$61,972 for North Carolina. The mean income in Beaufort County is \$68,762, while the state's mean income is \$86,804.



The lower median and mean incomes in Beaufort County compared to the state average could suggest a lower overall economic prosperity or potential differences in job opportunities and industries. These factors influence the availability of housing, access to services, and the overall quality of life for residents (*S2503: FINANCIAL CHARACTERISTICS 2021*)

Understanding the income distribution and poverty levels is crucial for policymakers, community organizations, and local governments to address economic inequality and develop targeted initiatives to support those in need. It also highlights the importance of promoting economic growth, job creation, and providing resources to uplift individuals and families in lower-income brackets.

Percent of Households Below Poverty Index



Household and Family Types

The analysis of household and family types in Beaufort County, NC reveals important insights into family characteristics, size, and their impacts on income and affordability. According to the most recent data for households and families in Beaufort County, there is a

total of 18,579 households, with an **average household size of 2.4 persons**. Among these households, the majority (8,863) are married-couple family households, followed by 737 male householder family households, 2,745 female householder family households, and 6,234 non-family households.

Family sizes also vary across different household types. On average, family households in the county have a size of 3.0 persons. Married-couple families have an average size of 2.9 persons, while male householder families have an average size of 2.7 persons. Female householder families have the highest average size of 3.1 persons. Non-family households tend to be smaller, with an average size of only 1.2 persons.

Average Household Size: 2.4 persons

Families with Children Under 18: 3,795 (25.4%)

Average Family Size: 3 persons



The presence of children in households is a key factor to consider. In Beaufort County, **there are 3,795 households with children under 18 years, accounting for 25.4% of all households** (*S1101: HOUSEHOLDS AND FAMILIES 2021*).

When examining income and its distribution by family characteristics, it becomes apparent that different family sizes and the number of earners have an impact on the median income levels. For example, 2-person families represent 55.6% of families in Beaufort County, with a median income of \$62,652. Similarly, 3-person families account for 21.2% and have a median income of \$54,953, while 4-person families make up 17.0% and have a higher median income of \$87,832. The proportion of families decreases for larger family sizes, with 5-person families comprising 4.0%, 6-person families at 1.6%, and 7-or-more person families representing 0.7% of the total.

Number of People in Family	Percent in Poverty
2 people	7.45%
3 or 4 people	20.2%
5 or 6 people	30.1%
7 or more people	71.6%

Figure 1, (*S1702: POVERTY STATUS IN THE PAST 12 MONTHS OF FAMILIES 2021*)

When considering the number of earners within families, it is observed that 34.9% of families have a single earner, while 33.1% have two earners. Families with no earners constitute 24.5%, and families with three or more earners make up 7.5% of the total. The median income levels follow this trend, with the highest median income of \$105,650 associated with families having three or more earners.

33.1% = Number of children who receive SSI, Public cash assistance income, or food stamps/SNAPS by household

Finally, income distribution by family type shows varying percentages across income brackets. For example, 18.7% of households have an income between \$50,000 and \$74,999, representing the largest category. On the other hand, the lowest income bracket of less than \$10,000 is dominated by 6.7% of households. The distribution of income by family type reflects similar trends, with different percentages for families and non-family households (*S1903: MEDIAN INCOME IN THE PAST 12 MONTHS... 2021*).

Figure 2, (*B09010: RECEIPT OF SUPPLEMENTAL SECURITY INCOME (SSI)... 2021*)



Demographic Key Takeaways

Aging Population: The median age of Beaufort County is 46.7 years, which is much higher than the national average, indicating an aging population (U.S. Census Bureau, 2020). This demographic development has significant ramifications for housing requirements. Older people may require accessible and age-friendly homes, and some retirees may be on fixed incomes, so affordability is an important consideration.

Income Distribution: Approximately 37.5% of Beaufort County households have incomes less than \$35,000, indicating a significant share of lower-income households (U.S. Census Bureau, 2021). Those with lesser wages may find it difficult to buy decent homes. Affordable housing can help bridge economic gaps and offer stable housing for low and moderate-income residents.

Poverty Rate: According to the data, 27.1% of Beaufort County residents are considered below the poverty threshold, suggesting a considerable level of poverty when compared to the North Carolina rate of 13.4% (U.S. Census Bureau, 2020). Affordable housing is critical to poverty reduction since it ensures that housing expenditures do not absorb an excessive part of a household's income.

Income Disparities: Compared to the State: Beaufort County's median income of \$51,894 is lower than North Carolina's overall median income of \$61,972 (U.S. Census Bureau, 2021).

Household Types: There are 8,863 married-couple family homes, 737 male householder family households, 2,745 female householder family households, and 6,234 non-family households in Beaufort County (U.S. Census Bureau, 2021). This demonstrates that cheap housing should accommodate to the demands of varied family compositions, ensuring that families, singles, and couples may all live comfortably.

Family Sizes: In Beaufort County, family households average 3.0 people, while non-family households average only 1.2 people (U.S. Census Bureau, 2021). To ensure sufficient living circumstances for all residents, affordable housing must take into account the space requirements of different family sizes.

Income Distribution Within Families: Median income levels differ depending on family size, with 2-person families earning \$62,652, 3-person families earning \$54,953, and 4-person families earning \$87,832 (U.S. Census Bureau, 2021). Families with numerous income earners had higher median incomes. Understanding these income dynamics is essential for developing affordable housing policies that take into account the financial conditions of various family types.



Employment and Income

Beaufort County's employment opportunities play a crucial role in the economics and quality of life in the community. These characteristics delves into the crucial connection between employment, income levels, and the need for affordable housing programs. Recognizing the significance of a stable and sustainable workforce, this section explores the challenges faced by individuals and families in Beaufort County in securing affordable housing options that are in close proximity to their job and align with their income levels.

Beaufort County, NC, is home to a diverse and vibrant workforce that drives economic growth and community development. However, as the cost of living continues to rise, the availability of affordable housing options becomes increasingly limited, putting a strain on the financial well-being and quality of life for many residents.

Major Industries

Beaufort County, North Carolina, has a diverse economy supported by several significant industries that drive regional employment and economic activity. The manufacturing sector, which includes boat and shipbuilding, timber products, food processing, and textile manufacturing, plays a crucial role. These industries provide numerous employment opportunities and significantly contribute to the economic output of the county. The retail sector thrives in the county, catering to the shopping requirements of the local

population through a variety of grocery stores, clothing stores, restaurants, and car dealerships. Education is a significant industry, with schools, colleges, and educational institutions employing teachers, administrators, and support personnel. With a focus on residential, commercial, and infrastructure initiatives, construction drives economic activity and employment. The government and public administration sector of Beaufort County consists of local government offices, law enforcement agencies, and administrative departments, creating employment opportunities in administrative, public service, and policymaking positions. Lastly, the county's natural beauty and historical sites attract visitors, resulting in a thriving tourism and recreation industry that supports hotels, restaurants, marinas, and outdoor recreation providers. Understanding the significance and composition of these main industries is necessary for developing targeted strategies to promote economic growth, job creation, and affordable housing in Beaufort County, North Carolina (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*).

Top 5 Industries	
1. Educational services	23.8%
2. Manufacturing	13.7%
3. Construction	10.6%
4. Retail	8.8%
5. Public Admin	6.8%



Employment and Affordability

The data on industry and median earnings in Beaufort County, NC for 2021 provides valuable insights into the local job market and the income needed to meet specific financial obligations. The median earnings for the full-time, year-round civilian employed population aged 16 years and over were reported to be \$41,680. These earnings are fundamental to understanding affordability in the region, especially in relation to housing expenses.

To afford the median mortgage in Beaufort County, an individual would need an annual income of \$52,596. This figure indicates the financial challenges some residents may face in homeownership, considering that the median earnings fall slightly below the required amount. Addressing the housing affordability gap is crucial to support the financial well-being of residents in the county (*S2414: INDUSTRY BY SEX AND MEDIAN EARNINGS IN THE PAST 12 MONTHS... 2021*)

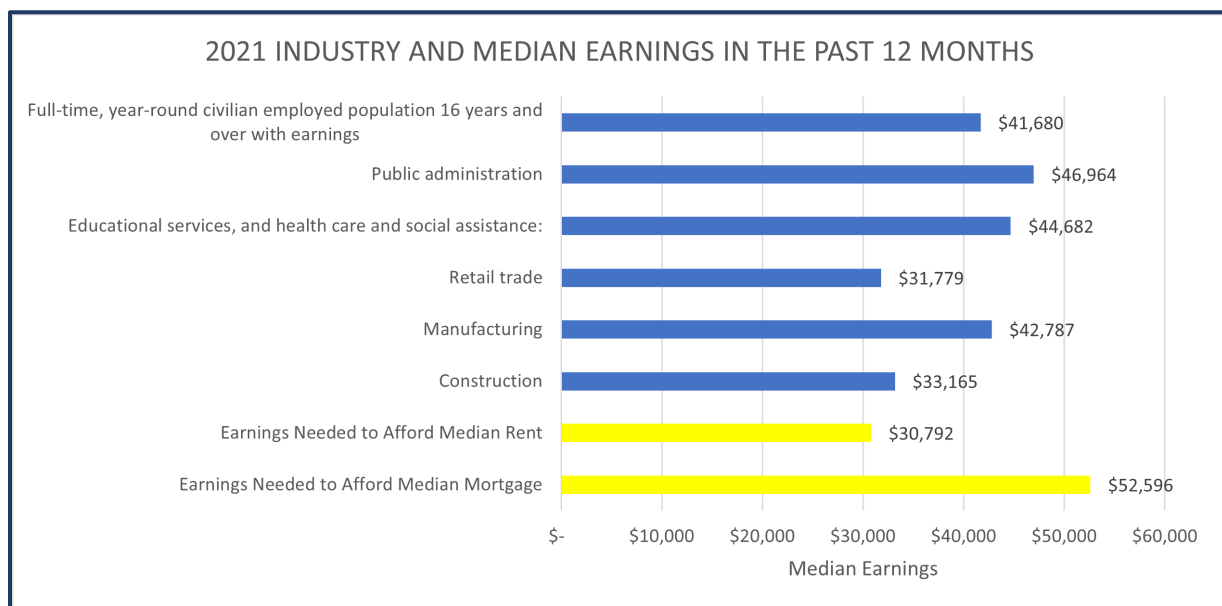


Figure 3, (*S2414: INDUSTRY BY SEX AND MEDIAN EARNINGS IN THE PAST 12 MONTHS... 2021*)

Selected Economic Characteristics

Looking further into the employment market and earnings in Beaufort County, median earnings were studied for major industries and compared with the affordability of the housing supply. The employment status data for Beaufort County, NC provides an overview of the labor force and income distribution within the region as of 2021. The population aged 16 years and over was reported to be 36,946, with 54% of individuals actively in the labor force. Among the civilian labor force, approximately 50.4% were employed, while the unemployment rate stood at 6.7%, higher than North Carolina's 5.3%.

In determining the workforce class, the majority of the civilian employed population (73.80%) worked in private wage and salary positions, while 18.80% were government workers, and 7.30% were self-employed in their own businesses. The number of unpaid family workers was minimal at 0.10%.



Analyzing the income and benefits statistics, the median household income in Beaufort County was reported to be \$51,894, with a mean household income of \$68,762. The income distribution within households showed that the largest percentage (18.70%) fell into the \$50,000 to \$74,999 bracket. Moreover, 65.60% of households had earnings, with a mean earnings value of \$69,084. This demonstrates the presence of a mature population within the county.

Median Household Income	\$51,894
Average Household Income	\$68,762

Social Security played a sizable role in supporting residents, with 45.50% of households receiving Social Security income, averaging \$20,611. Retirement income was reported for 26.30% of households, with a mean value of \$30,137. Additionally, 14.30% of households received Food Stamp/SNAP benefits in the past 12 months.

Looking at family income, the median income was higher than the median household income at \$65,060, with a mean family income of \$83,052. The \$50,000 to \$74,999 income range was the largest category, comprising 20.30% of families.



Per capita income for Beaufort County was \$29,322, indicating the average income per individual. For nonfamily households, the median income was \$24,927, and the mean income was \$38,750.

In terms of earnings, the median earnings for workers were \$32,342, with male full-time, year-round workers earning a higher median income at \$48,550 compared to female full-time, year-round workers with a median income of \$35,076.

Overall, the data suggests that Beaufort County, NC has a diverse workforce, with the majority employed in private wage and salary positions. The median household and family incomes indicate a relatively stable economic situation, with a sizable portion of Beaufort County wages for families falling into the \$50,000 to \$74,999 income bracket. For non-family households, majority of the population (50.1%) have a median income under \$25,000. However, it is essential to consider the cost of living in the region when assessing the overall economic well-being of its residents. Additionally, the unemployment rate at 6.7% indicates that there may be room for improvement in employment opportunities and job growth in the county (*DP03: SELECTED ECONOMIC CHARACTERISTICS 2021*).

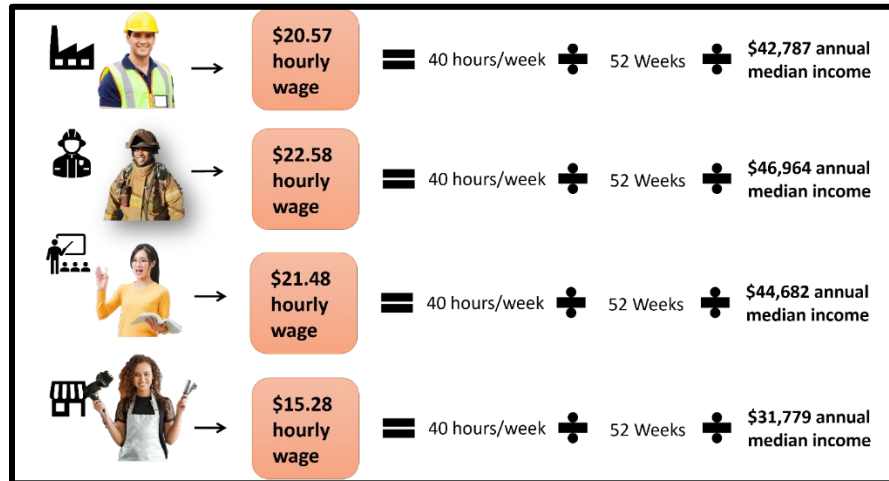
Affordability Gap for Critical Workers

The provided data shows the median income for workers in different industries and shows how wages contribute to the problems that key workers face. The information shows how different income levels in different fields can cause problems, especially when it comes to housing costs.

When looking at the bigger picture, these differences in wages are connected to the problem of living costs. Housing costs can have a big effect on the financial health of the workforce in both industrial and retail trade.

Because there are few choices, many workers may find themselves in a position where they have to spend a big chunk of their income on housing. The information in the graph gives an innovative idea of how much these workers might have to pay, especially in places with high housing costs.

The figures in the graph illustrate the importance of housing affordability for workers. Many workers have limited options: either they can either spend a sizable chunk of their income on housing, which could be more than the recommended 30%, or they can look for more affordable housing in nearby counties, potentially leading to them finding work in other counties as well.



The graph above demonstrates the median income for the large workforce populations by industry. The top of the graphic represents the manufacturing industry. As of 2021, the average median income for an employee in the manufacturing industry is \$42,787 per year, translated to \$20.57 per hour. In summarizing the various occupations, the highest median earner comes from the Public Administration, with earnings of \$22.58 per hour and the lowest median earner is retail trade workers, going home with a median income of \$15.28 per hour. This data is a crucial indicator of the relationship to affordability of housing and the cost burden on these workers. As a result of limited options, many households are forced to spend 50% of a household income on housing or live in an adjacent county, where housing is affordable (DP03: SELECTED ECONOMIC CHARACTERISTICS 2021).

Commuting Data

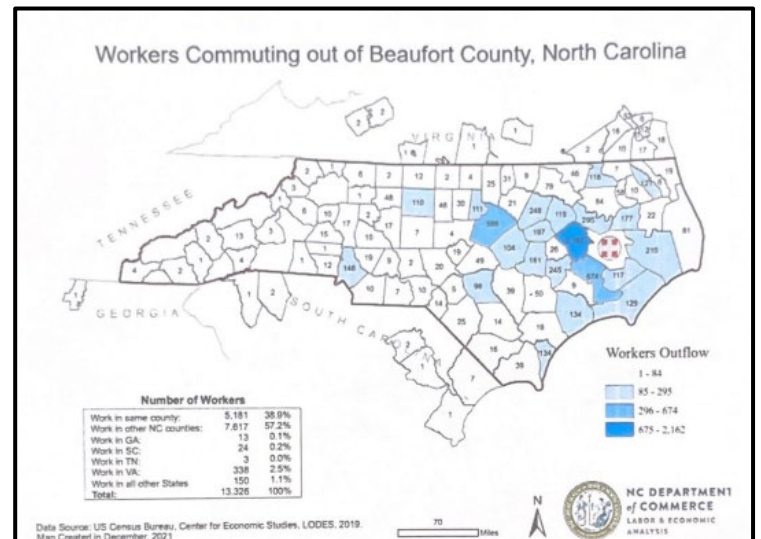
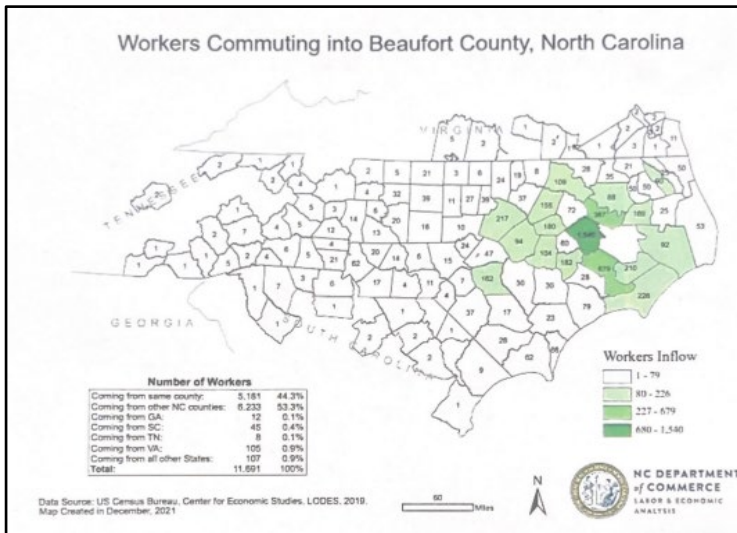
In Beaufort County, North Carolina, a total of 15,778 workers are engaged in daily commutes to their places of employment. The data reveals interesting patterns in commuting times among the county's workforce compared to neighboring Edgecombe County, Halifax County, and the state as a whole. Notably, Beaufort County stands out with a higher percentage (27.8%) of workers who have commute times of less than 10 minutes. This figure surpasses both Edgecombe County (19.9%) and the state of North Carolina (13.0%), indicating a substantial number of residents have conveniently short travel distances to their workplaces. However, when examining the proportion of workers with commutes lasting between 10 to 29 minutes, Beaufort County (35.6%) falls closer to the state average (53.9%), whereas Edgecombe County boasts the highest rate at 53.3%. Beaufort County (28.7%) also displays a slightly higher percentage of workers with commutes ranging from 30 to 59 minutes compared to



Edgecombe County (22.0%) and Halifax County (24.5%), but it aligns with North Carolina's overall rate of 27.1%. Interestingly, Beaufort County sees a greater share of its workers (7.9%) enduring commutes lasting 60 minutes or more than Edgecombe County (4.8%) and Halifax County (7.9%), though the state average remains higher at 6.0%. These statistics provide valuable insights into the commuting patterns within Beaufort County, highlighting its unique characteristics and indicating the need for further analysis to understand the underlying factors contributing to these trends, such as housing affordability and other socioeconomic considerations (*S0801: COMMUTING CHARACTERISTICS BY SEX 2021*).

Travel Time to Work	Beaufort County, NC	Edgecombe County, NC	Halifax County, NC	North Carolina
Total Workers:	15,778	17,680	16,328	4,887,692
Less than 10 minutes	27.8%	19.9%	31.6%	13.0%
10 to 29 minutes	35.6%	53.3%	36.0%	53.9%
30 to 59 minutes	28.7%	22.0%	24.5%	27.1%
60 minutes or more	7.9%	4.8%	7.9%	6.0%
Longer than 30 minutes	36.7%	26.8%	32.4%	33%

Figure 4, (*S0801: COMMUTING CHARACTERISTICS BY SEX 2021*)



Owner of the Mulberry restaurant and property owner for housing developments, Muhammed Damar, attended the introductory Workforce Housing Taskforce meeting and provided his opinion on the housing need. He stated that “all businesses could benefit from a larger supply of employees, which can only happen with a larger supply of housing for them to move into. Along with the cost of commuting, many employees find homes elsewhere and take their employment elsewhere as well.”



In Beaufort County, North Carolina, the higher commute times experienced by a sizable portion of the workforce appear to be closely related to the pressing need for affordable housing. With a substantial percentage of workers enduring commutes lasting 30 minutes or more, it suggests that many individuals are residing in more distant areas to find housing options that fit within their budget constraints. This situation is often compounded by housing costs in Beaufort County, which may be high compared to neighboring areas. Consequently, workers may opt to live in more affordable counties or regions, resulting in longer travel times to reach their workplaces. The lack of affordable housing options near major job centers or urban areas could be further contributing to these extended commutes, as workers seek more reasonably priced homes farther away from their places of employment. Additionally, the state of transportation infrastructure and the distribution of job opportunities within the county could also be influencing the longer commute times experienced by workers. By implementing strategies to increase the availability of affordable housing near job centers and improving transportation options, the county can help reduce commute times and enhance the well-being of its residents. These strategies could help alleviate the impact of extended commutes on the local workforce, improve overall quality of life and support the local economy.

Employment Trends

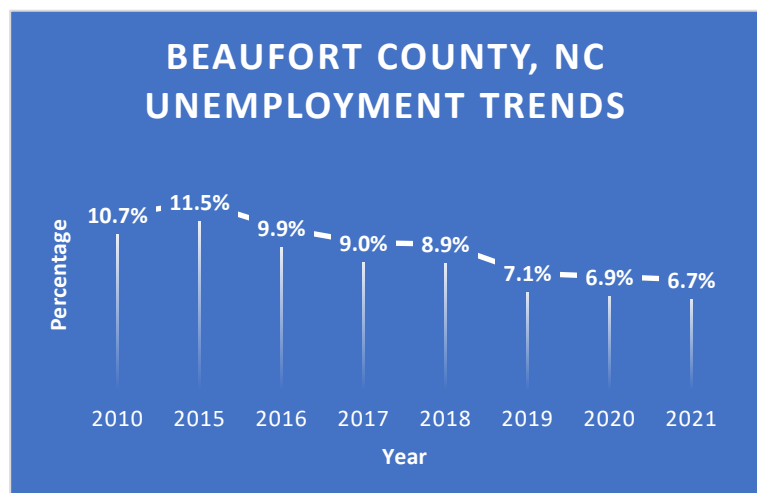
In the pursuit of understanding the complex challenges surrounding affordable housing in Beaufort County, North Carolina, local employment trend data was explored as a key component. This section delved into the intricate relationship between housing affordability and the job market dynamics within the county. By examining the past employment landscape, this study aims to shed light on its direct impact on housing accessibility for the community's residents.

Unemployment Rate

The table presents a historical overview of the unemployment rate in Beaufort County over the years, offering valuable insights into the local employment landscape. Upon analysis, it becomes evident that the county experienced a gradual decline in unemployment rates during the specified period.

In the earlier years, 2010 and 2015, the unemployment rate was relatively high, recorded at 10.7% and 11.5%, respectively. However, from 2016 onwards, the county exhibited signs of economic recovery, as the unemployment rate started to decrease consistently. In 2016, it dropped to 9.9%, followed by 9.0% in 2017, and 8.9% in 2018.

Notably, the year 2019 marked a significant improvement, with the





unemployment rate falling to 7.1%, reflecting a positive trend in the local job market. Despite the economic challenges brought about by the COVID-19 pandemic in 2020, Beaufort County demonstrated resilience, with the unemployment rate slightly increasing to 6.9%. Despite this minor setback, the rate remained low compared to previous years. The year 2021 saw further progress, with the unemployment rate declining to 6.7%. This decline indicated a hopeful economic outlook for the county, suggesting potential growth opportunities for both the local workforce and employers (*DP03: SELECTED ECONOMIC CHARACTERISTICS 2021*).

Employment Trends and Affordable Housing Needs

Attracting Job Seekers: A lower unemployment rate signifies a thriving job market, making Beaufort County an attractive destination for job seekers. As individuals relocate to the area in search of employment opportunities, the demand for housing rises, potentially driving up rental prices and home values.

Wage and Housing Cost Balance: A decrease in unemployment often leads to wage growth as businesses compete for skilled workers. While higher wages are beneficial, they can also result in housing affordability challenges if housing costs do not align with the wage increase. Affordable housing options become essential to ensure that the local workforce can find homes within their budget.

Preventing Displacement: As the job market strengthens and employment opportunities grow, areas may experience gentrification and housing market pressures, leading to the displacement of existing low-income residents. Affordable housing initiatives can help protect vulnerable populations from being forced out due to rising housing costs.

Supporting Local Economy: A stable workforce with adequate housing options is crucial for the long-term health of the local economy. When workers can find affordable housing near their workplaces, it reduces commuting times and costs, which benefits both employees and employers.

Industry Trends

The highlighted rows in the table provide insights into the key industry trends in Beaufort County, NC, over the years 2010, 2015, and 2020, along with the corresponding percentage changes. These employment trends have a significant connection to the need of affordable housing in the region.

❖ **Full-Time Employment Growth:** The data indicated a significant 10% increase in the full-time, year-round civilian employed populations between 2010 and 2020. This growth in the workforce population has driven up the demand for housing, putting pressure on the housing market and affordability (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*).

❖ **Industry Declines:** Several industries experienced declines between 2010 and 2020. Agriculture, forestry, fishing, hunting, and mining saw a substantial decrease of 39%, and retail trade also experienced a significant decline of 18%. Such declines in industries results in job losses and economic challenges for workers, increasing the need for affordable housing options for those affected (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*).



❖ **Industry Growth:** Some industries witnessed notable growth during this period. The professional, scientific, and management, and administrative and waste management services sector saw a remarkable 78% increase, while finance and insurance, and real estate and rental and leasing also experienced a 32% increase. These growth sectors could attract new workers to the area, driving up housing demand and affecting affordability (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*).

❖ **Healthcare and Public Administration:** The educational services, and health care and social assistance sector, along with public administration, experienced steady growth. This growth corresponded to an increased need for housing for healthcare workers, teachers, and public servants (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*)

Industry Trends in Beaufort NC	2010	2015	2020	% Change
Full-time, year-round civilian employed population 16 years and over	13,171	12,850	14,543	10%
Agriculture, forestry, fishing and hunting, and mining:	1,074	951	659	-39%
Construction	1,594	810	1,688	6%
Manufacturing	2,121	2,491	2,397	13%
Wholesale trade	310	374	312	1%
Retail trade	1,258	1,168	1,030	-18%
Transportation and warehousing, and utilities:	585	537	496	-15%
Information	91	171	120	32%
Finance and insurance, and real estate and rental and leasing:	716	558	943	32%
Professional, scientific, and management, and administrative and waste management services:	522	629	927	78%
Educational services, and health care and social assistance:	3,004	2,988	3,356	12%
Arts, entertainment, and recreation, and accommodation and food services:	474	681	586	24%
Other services, except public administration	701	732	911	30%
Public administration	721	760	1,118	55%

Figure 4, (*S2404: INDUSTRY BY SEX FOR THE FULL-TIME... 2021*)



Housing Market

Overview

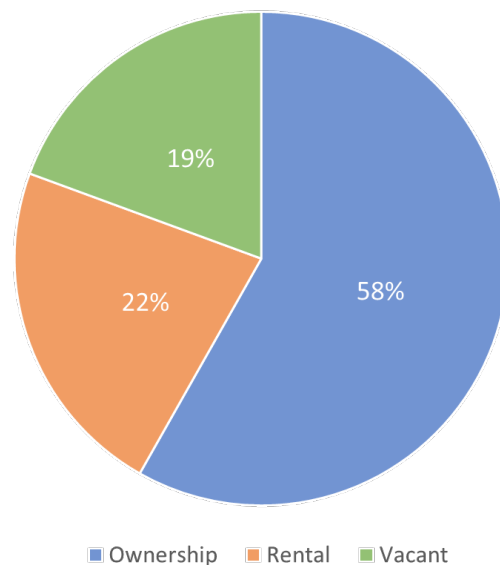
There is a complex story that forms from the dynamic terrain of Beaufort County's housing market, highlighting specific challenges and opportunities in the areas of home supply and affordability. An in-depth review of the relationships between vacancy rates, housing conditions, mortgage rates, land values, and real estate trends reveals a complicated but interconnected pattern that shapes the county's housing environment. In the context of housing unit growth, the increasing demand for residents raises concerns about housing demand and the potential imbalance of supply. This overview looks into vital statistics, shedding light on the complexities of Beaufort County's housing sector and providing understandings into the need for affordable housing alternatives. This examination aims to provide a comprehensive perspective on a critical issue that resonates within the community, from exploring the effects of vacancy rates to assessing housing conditions, understanding the connection among land value and cost-effectiveness, and revealing real estate price trends.

Vacancy and Housing Supply

When the data on Beaufort County's housing supply is examined, it becomes clear that the future construction of affordable housing requires careful attention. The total number of housing units increased little in both 2020 and 2021, indicating moderate expansion in the housing sector. The steady number of unoccupied apartments, however, demands special attention, rising from 4,660 in 2020 to 5,713 in 2021. This increase in vacancies could indicate a potential mismatch in the county's housing supply and demand. (S2504: PHYSICAL HOUSING CHARACTERISTICS... 2021)

It is worth noting that when the vacancy rate was provided to the Beaufort County council and the local population, the vacancy rate was believed to be lower. This impression points to a potential discrepancy between official Census calculations and community observations, emphasizing the significance of precise data collection and analysis for informed decision-making. Because Beaufort County does not account for vacant homes, it would take a lot of resources for the county to quantify the vacancy rate. Unfortunately, a lack of statistics limits the full understanding of this information discrepancy.

Housing Characteristics





Housing Conditions

Analyzing housing conditions is vital when considering the need for affordable housing in Beaufort County. Using published Census data sources, the report identifies substandard living conditions that the working population face, such as incomplete plumbing, kitchen facilities, and utility sources. High housing costs including maintenance leave certain populations with few choices in housing. Some of these substandard conditions may affect the health and safety of citizens in Beaufort County. Assessing the existing housing supply has identified the urgent need of the community and serves as evidence in the journey to provide safe workforce housing.

Based on the data provided by the U.S Census, the current housing situation in Beaufort County, North Carolina, highlights the urgent need for affordable housing solutions. With more than 5,000 units built before 1980, the housing stock is showing signs of aging, according to Census data on housing age. For working populations looking for housing options in the county, this aging housing presents potential challenges in terms of maintenance and upkeep costs (*S2504: PHYSICAL HOUSING CHARACTERISTICS... 2021*)

2021 Housing Age		
YEAR STRUCTURE BUILT	Owned	Rented
2020 or later	9	0
2010 to 2019	831	306
2000 to 2009	2344	487
1980 to 1999	4450	1374
1960 to 1979	3215	1776
1940 to 1959	1519	910
1939 or earlier	1004	354

The availability of utility services can be considered as a key factor when looking to expand the housing supply. New development, especially high- or medium density construction, must include central utility services, which encompasses services such as water, sewer, gas, and fiber optics. Currently, only 12% of homes in Beaufort County use centralized utility services. Analyzing the existing heating services, it is no surprise that the majority of housing developments are serviced through electric and tank gas (81.1%), but there is still a large supply of housing that is subject to substandard heating sources. Homes that utilize subpar heating sources such as wood, kerosene, or no heating source make up 6.7% of homes (*S2504: PHYSICAL HOUSING CHARACTERISTICS...2021*)

Additionally, primary indicators of substandard housing conditions, such as incomplete kitchen and bathroom facilities (134), lack of telephone service (755), and incomplete plumbing facilities (101), emphasizes how urgent it is to address these shortcomings (*S2504: PHYSICAL HOUSING CHARACTERISTICS...2021*). The negative effects of subpar housing on residents' health, security, and general well-being highlight the necessity of focused interventions to enhance living conditions. Given these factors, it is evident that Beaufort County is facing significant challenges in meeting the demand for affordable housing for its working populations.

These challenges not only affect the individuals and families living in subpar housing but also have broader implications for the overall development and prosperity of Beaufort County. It is vital for local authorities to prioritize affordable housing initiatives and collaborate with relevant stakeholders to ensure that everyone has access to safe and adequate housing options.



Mortgage and Rental Rates

In summary, for income affected residents in this project is their inability to afford the market's current mortgage and rental rates. While housing costs may vary in different cities and areas of Beaufort County, a growing segment of the workforce experiences issues with housing affordability living in the county. In addition, most households have other expenses that further affect their financial well-being.

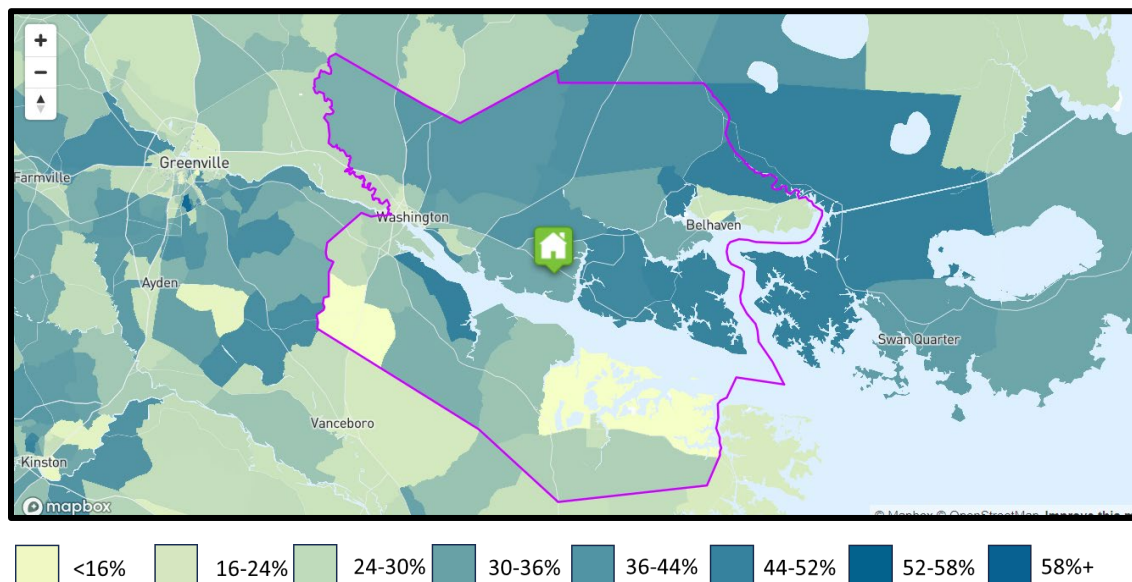
Median Rent: \$770

Median housing cost with mortgage: \$1,315

(S2506: FINANCIAL CHARACTERISTICS FOR HOUSING UNITS WITH A MORTGAGE 2021)

(DP04: SELECTED HOUSING CHARACTERISTICS 2021)

The map below, illustrates that a significant portion of worker incomes in Beaufort County are being spent on housing costs. This population is experiencing a housing cost burden. When rent or mortgage payments consume a sizable percentage of a households income, it leaves less money available for other essential needs such as food, healthcare, education, and transportation. Also, when rapidly rising rent and mortgage costs outpace wage growth, it becomes increasingly difficult for workers to afford suitable housing options. If housing costs are consistently rising faster than income levels, it indicates a need for more affordable housing solutions.



CNT. (n.d.). The H+T index Beaufort County, NC. H+T Affordability Index. <https://htaindex.cnt.org/map/>



GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI)		
Occupied units paying rent (excluding units where GRAPI cannot be computed)	4629	4629
Less than 15.0 percent	335	7%
15.0 to 19.9 percent	670	14%
20.0 to 24.9 percent	810	17%
25.0 to 29.9 percent	632	14%
30.0 to 34.9 percent	264	6%
35.0 percent or more	1918	41%
Not computed	702	(X)

(DP04: SELECTED HOUSING CHARACTERISTICS 2021)

The table above paints a collective picture of how much residents are strained when it comes to affording rental units in Beaufort County. ***The table shows that as of 2021, 47 percent of renters spend more than 30 percent of their annual income on housing.*** Spending more than 30 percent of a salary on rent will put a strain on finances, limit savings, and lower quality of life. It may result in debt buildup and limit career and lifestyle options. Housing instability arises, and establishing credit can be difficult. Rent overspending might also stall progress toward long-term goals. These individuals are likely thinking about moving elsewhere, where they can afford rent, all other essential purchases, and improve their quality of life.

Land Value

Land value plays a significant role in the affordability of housing. The cost of land is one of the primary factors influencing the overall cost of housing development, and it can have a direct impact on the affordability of homes in a particular area. It is also one of the variables that local governments can choose to become involved in to lower costs for residents. Just like many coastal regions, Beaufort County experiences higher land costs. Increased demand for real estate, combined with limited availability of land due to the presence of the ocean and natural barriers, contributes to higher land prices.

Real Estate Prices in Beaufort County: Trends and Analysis

In the pursuit of addressing affordable housing in Beaufort County, it is essential to examine the prevailing trends in property values. Data obtained from the Beaufort County tax assessor sheds light on various aspects of real estate prices in the county. These insights are crucial for understanding the current landscape and formulating informed recommendations for the County Commissioners.

Below is information provided by the Beaufort County Tax Assessor's Office

1. Overall Property Value Trends

Property values in Beaufort County have exhibited distinct fluctuations over the past few years. Since 2018, sales values have been on an upward trajectory, indicating a trend of increasing property values. This trend is quantified through the Sales Ratio Report, which demonstrates a consistent rise in sales values:



2018: Sales Ratio of 100.6 (Base)

2019: Sales Ratio of 98.71 (2% decrease from the previous year)

2020: Sales Ratio of 95.77 (3% decrease)

2021: Sales Ratio of 89.94 (6% decrease)

2022: Sales Ratio of 81.01 (10% decrease)

2023: Sales Ratio of 65.89 (19% decrease)

The ongoing year (2023) indicates a slowdown, with a Sales Ratio around sixty-four. This trend implies that property values have surged, with properties now being sold at higher prices compared to their assessed values.

2. Geographic Variation in Housing Valuation

Geographical disparities play a significant role in property valuation. The color-coded map detailing housing locations by valuation provides insight into these disparities. Areas in proximity to water bodies might exhibit different price ranges due to factors like scenic views and waterfront access. The map serves as a visual representation of how geography influences property values across Beaufort County.

3. Average Cost of Land

The *average cost of land per ½ acre* in Beaufort County varies depending on location and property type. A snapshot of these costs includes:

- Rural or Belhaven/Chocowinity lots: **\$20,000**
- Washington or Bath area lots: **\$30,000**
- Cypress Landing or similar non-waterfront lots: **\$60,000 to \$80,000**
- Rural waterfront lots around Aurora: **\$50,000 to \$65,000**
- Waterfront around Bayview or Blounts Creek: **\$100,000+**
- In-town and specific areas of Bath: **\$200,000+**

4. Average Assessed Value of Residential Properties

The average assessed value for improved residential properties in Beaufort County, excluding certain categories, currently stands at **\$154,197**. Notably, the median assessed value is **\$115,000**. Assessed values are relatively stable between tax revaluation years unless significant changes or improvements are made to the property. Newer high-grade homes, including double-wide mobile homes, contribute to the overall increase in property values.

5. Factors Influencing Property Values

Factors that influence property values in Beaufort County align with general real estate dynamics. Parameters such as soil type, perk ability, flood hazard potential, and location significantly impact property values. In some cases, these factors can also exclude properties from the market until certain issues are addressed.

6. Median Sales Price of Homes

The median sales price of homes in Beaufort County is a key indicator of affordability. According to the 2022 Sales Ratio Study, the average sales price was **\$235,000**, and the median price was **\$210,000**. This data highlights the market's range in terms of affordability and demonstrates a correlation with the assessment values outlined earlier.

7. Neighborhood Variation in Property Values



Property values can vary across different neighborhoods in Beaufort County. Geographic location, amenities, and proximity to water bodies all contribute to these variations. The aforementioned color-coded map offers insights into the areas with notably higher or lower property values.

8. Average Size of Residential Properties

The average size of non-singlewide residential properties in Beaufort County is 1750 square feet. Over the years, **the average home size has increased from 2050 square feet in 2010**, partly due to the construction of higher-end homes and the development of smaller subdivisions.

9. Property Taxes and Value Correlation

Property taxes in Beaufort County correlate with property values. As the Sales Ratio data has demonstrated, property values have been on the rise. Additionally, commercial property values, particularly in retail, have increased, while the prevalence of double-wide and modular homes has risen.

10. Sanitary Sewer Availability and Housing Production

While there is no specific study on the impact of sanitary sewer availability on property values, it can be assumed that this factor, like other amenities and utilities, affects property values. However, there is no comprehensive tracking of this concern at a large scale.

In summary, the insights gained from these questions and answers provide a comprehensive overview of real estate prices in Beaufort County. The data indicates a general increase in property values, geographic variations, average property sizes, and potential factors influencing property values. Understanding these trends is crucial for shaping strategies to address affordable housing in the county.

Below, with the help of United County – Respress Real Estate, we have received MLS data on land values in the City of Washington, NC. (Brook, 2023)

Land Price Statistics	23-Jun	22-Jun	% Chg	2023 YTD	2022 YTD
Absorption Rate	11.96	13.75	-13.02	12.55	13.36
Average List Price	\$132,263	\$96,716	36.75	\$119,912	\$113,604
Median List Price	\$65,000	\$64,950	0.008	\$65,000	\$60,000
Average Sale Price	\$48,210	\$64,904	-25.72	\$74,625	\$95,539
Median Sale Price	\$36,900	\$40,000	-7.75	\$40,750	\$50,000
Average CDOM	133	216	-38.43	176	255
Median CDOM	56	119	-52.94	79	124

1. **Average and Median List and Sale Prices:** The substantial increase in average list prices by 36.75% and the slight increase in median list prices by 0.008% suggests that a small number of properties might have experienced substantial price increases, disproportionately affecting the average. The modest increase in the median could indicate that the majority of properties have not undergone such pronounced price changes. The significant decrease in both average sale prices by -25.72% and median sale prices by -7.75% suggests that properties are being sold at lower prices than initially listed. This discrepancy signals the buyers affordability challenges but is normal when negotiating the cost of land.



The cost of land is a major factor in determining how affordable housing is in a particular location. One of the main factors that affects how much it costs to build a house or a housing development is the price of the land. Here are some ways that land prices may affect the cost of housing:

Construction Costs: Land prices directly affect the cost of construction. Higher land prices mean that developers and builders need to invest more to acquire the land on which they plan to build. This increased initial investment can drive up the overall construction costs, which are then passed on to buyers or renters in the form of higher home prices or rents.

Average construction cost of new homes:
\$150-170 per square foot, *not including land cost.*

Supply and Demand: In areas with limited available land for development, such as Beaufort County, high demand for housing can drive up land prices.

Affordability Index: The affordability of housing is often measured by an affordability index, which considers factors such as median home prices, mortgage rates, and local incomes. When land prices rise significantly, the overall cost of homes in an area also rises, which can negatively impact the affordability index. This can lead to a situation where a larger percentage of the population cannot afford to buy or rent homes within the city. Below is the formula to find the Housing Affordability Index. This is calculated by dividing the median household income by the qualifying income, then multiplying it by 100. The qualifying income comes from the calculation of earnings needed to afford housing mortgage with current interest rates. A ratio of 100 indicates that median- family income is just sufficient to purchase the median-priced home. According to the Federal Reserve Bank of San Francisco, when the ratio falls below 100, the typical household has less income than necessary to purchase the typical house. (Federal Reserve Bank of San Francisco, 2003)

$HAI = (\text{Median Household Income} / \text{Qualifying Income}) * 100$
 $98.7 = (\$51,894 / \$52,596) * 100$ for Beaufort County NC

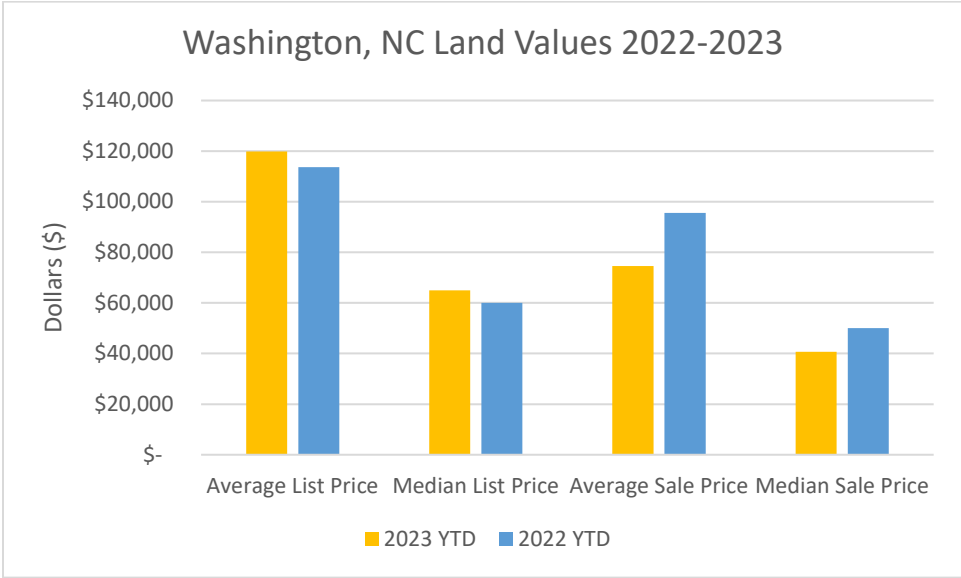
The Housing Affordability Index (HAI) has a value of 100 when the family with median income is able to afford a median-priced pre-existing residential property. A greater numerical value of the index signifies a bigger proportion of households with the financial capacity to acquire residential properties. In Beaufort County, the index is 98.7, which indicates that a family with median income is less able to purchase a median-priced home.

Rental Market: High land prices can also have impact on the rental market. Property owners and property managers factor in their costs, including property taxes, when setting rental rates. If land prices



increase, property taxes may also rise, leading to higher rents to cover these expenses. This can place additional financial strain on renters, particularly those with lower incomes.

Average Land Sale Price saw a drop of 25% from June 2022 to June 2023



Brook, A. (2023, July 27). United Country Respress Real Estate: Market Summary, Beaufort Residential.

The cost of land per acre plays a significant role in estimating project costs and viability when a town wants to build affordable housing. By land size, tax assessor Lloyd Salter uncovered in the stakeholder meeting that the average cost of land in Beaufort county runs anywhere from **\$20,000 to \$35,000 for half an acre lots** and even up to \$60,000 to \$80,000 for waterfront properties. Here is how the price of land may affect the construction of affordable housing units:

Feasibility: The price of land per acre can have an effect on whether or not a project to build affordable homes is possible. If the price of land is too high, it might be hard for the town or developers to build affordable housing units while still paying for the cost of buying land and building them. If the price of land is high, builders might have to think about higher-density designs like multi-story buildings or townhouses to make a development.

Location: The land's location is also particularly important, especially in Beaufort County. Prices for land can be quite different based upon proximity to existing services, amenities, cities, transportation hubs, etc. Cheaper land in more remote places might cost less up front, but it could also lead to increased transportation costs and decreased access to essential services.

Government Support: To support the building of affordable homes, governments often offer incentives, grants, or subsidies. The application of these tools may vary and with proper application



can make a development financially feasible. *See the recommendations sections for ways government can incentivize and speed up construction for developers.*

See Appendix X for Beaufort County land prices by lot.



Barriers to Affordable Housing

The supply of affordable housing is a key question for communities. In addition to factors outlined previously, many times, barriers exist that impede the development and availability of affordable housing. These barriers can vary from community to community. The lack of needed supply of affordable housing is often a result of multi factors such as: community opposition, available areas for development, economic conditions, and physical conditions that create barriers to development. All of these factors can affect cost making housing out of reach for first time homebuyers and lower wealth renters. Addressing these barriers often requires a multifaceted approach that involves collaboration between local governments, community organizations, developers, and other stakeholders.

Community Opposition

The development of affordable housing is significantly influenced by community opposition and the phenomenon commonly known as NIMBYism (Not In My Backyard). These dynamics frequently result in project delays or potential cancellations as a consequence of legal disputes, regulatory obstacles, with community opposition expressed to local authorities to reject necessary permits and authorizations. The presence of opposition is often realized at the rezoning process to allow greater land use densities. Many prefer land use designations that allow larger lot development which limits multi-family and medium and small lot developments that often cater to the needs of working populations. This constrains the possibilities for affordable housing initiatives. Moreover, significant opposition campaigns, especially in a small community have the ability to create adverse public impressions of affordable housing, prolonging the spread of misconceptions concerning the possible impact on property values, crime rates, and the overall character of neighborhoods.

The presence of negative perceptions can potentially deter developers from engaging in affordable housing projects inside communities characterized by strong NIMBYism, hence limiting the pool of professional developers who are prepared to undertake such ventures. In order to overcome these problems, it is important to establish a method of communication that is both transparent and inclusive with the community. By actively integrating locals, debunking misconceptions, and incorporating them in the planning process, it is possible to cultivate endorsement for affordable housing programs and facilitate more knowledgeable discussions concerning the benefits they offer to communities. The launch of collaborative efforts that involve the active participation of local governments, developers, nonprofits, and people has the potential to effectively address the existing disparity between opposition and the pressing demand for affordable housing. This inclusive approach can facilitate the development of more equitable and efficient solutions.

Fears that affordable/workforce may lead to concerns expressed by those in opposition such as increased crime, reduction in property values, and other undesirable effects is commonly expressed. The development of affordable /workforce housing in the presence of community opposition requires political capital and will to take positive efforts to establish housing for the segment of the population that is impacted most.



Key Areas for Development (Zoning and Land use Control)

Housing costs are a direct reflection of the cost of land and the requirements for public infrastructure to serve the human environmental needs. Thus, higher densities (more units per acre) are required to defray the land and upfront development costs. This often requires location of developments within municipalities that can provide sanitary sewer and stormwater drainage facilities. Additionally, these developments are near areas of services and conveniences used by the public. With this approach the ECU team approached communities with available resources and willingness to share their thoughts on collaboration and interest in this study.

Through collaboration with Mike Dail, the Director of Community & Cultural Services at the City of Washington, Mr. Dail provided with information outlining viable locations within The City of **Washington for the implementation of high and medium-density development. Mr. Dail and his colleagues successfully surveyed a total area of 370.94 acres under the city's authority.** Although certain regions may not be suitable for residential development, they offer a diverse range of possibilities for examination by the city and county.

Considering the aforementioned factors, it is important to acknowledge that certain geographical areas in the City of Washington were identified, although they may not fully satisfy the requisite criteria for the construction of residential units. There are several constraints that may impede the development of a particular piece of land, including the presence or absence of a sanitary sewer system, exorbitant land prices, geographical restrictions, or the absence of vacant land (due to factors such as tree covering or existing utilities). Land area and applicable development standards also impacts development opportunities. It is important to note that a high-density housing developments require a minimum lot size ranging between 10,000 ft² to 30,000 ft² per acre. The following are instances of a few provided geographical places.

See the full document in Appendix X



The map depicted on the left illustrates a land area measuring 3.04 acres, which warrants further examination. The site is situated at the intersection of Brown Street and Cowell Farm Road, positioned in the vicinity of ECU Health Beaufort Hospital. The designated zoning classification for the area is office and institution, hence allowing for potential utilization of the land for multi-family residential development purposes. Although it is not situated in the immediate downtown area, this location falls within the official city boundaries of Washington and by care is within a brief 5-minute commute from downtown.

In areas where housing growth is influenced by environmental variables and the availability of services, the acquisition of property for housing purposes will be more challenging. Housing developments might utilize property recommended for office and institutional purposes. The planning department of The City of Washington has provided a map document, located in the appendix, identifying tracts that could be utilized for the development of medium to high density housing. This document presents an area of approximately 370 acres deemed appropriate for various purposes. However, desired outcomes for future land use are not a guarantee of higher density development with rezoning approvals if required. Also, there is no guarantee that the development will be for affordable housing development. This does represent the opportunity for further evaluation of identified sites for development feasibility and considering factors such as: geographical location, soil suitability, land cost, political will, and available services. These evaluations should also include a willingness to explore partnerships by and between Beaufort County and the City of Washington for the next steps in affordable housing development. The City of Washington may complete additional small area planning to identify future locations that are receiving areas for high-density residential development.



This plot exemplifies terrain that is unlikely to be fit for residential construction. This site has less desirability as a residential property due to its close proximity to the Washington-Warren Field Airport, which may not be seen optimal for families seeking a suitable living environment.

Access to Utilities & Septic Limitation

When planning for new housing developments, or any development of significant size, access to two essential infrastructure systems is required: transportation and access to utilities. Utilities refer to essential services such as water, electricity, sewage, and natural gas that are necessary to residential communities. After speaking with the Washington Public Works director, Hope Woolard, she advised on the capacity and limitations of utility services in Beaufort County. The recent discussion with the Washington Public Works Department provided significant insights pertaining to the accessibility of crucial services inside Beaufort County. The department's observations offered substantial details about the region's current service infrastructure and its prospective effects on the growth of affordable housing.

Overview of Services and Limitations

As per the Washington Public Works Department director Hope Woolard, the provision of services by the city of Washington includes not only the municipal boundaries but also extends to regions falling within its Extraterritorial Jurisdiction (ETJ) and the neighboring city of Chocowinity and Bath. Furthermore, there are ongoing initiatives aimed at expanding these essential services to neighboring cities in Beaufort County. Nevertheless, it is crucial to acknowledge that outside of these designated regions, the predominant method of waste treatment in the county is through the utilization of septic tank systems. The presence of septic systems imposes constraints on the feasible sites for the development of high-density housing, thus limiting the available locations.



Waste and Wastewater Infrastructure

The city of Washington has made significant investments in its water infrastructure, resulting in a reputable ability to deliver water services to its citizens and support the growth of various developments. According to Woolard, an official from the Washington Public Works Department, the provision of water supplies for newly developed areas is not expected to be a significant obstacle. The urban area has a prominent level of preparedness in meeting the requirements of expanding populations in this aspect.

Nevertheless, the scenario concerning wastewater services shows a different depiction. The present capacity for wastewater is 3.65 million gallons per day. Currently, the department observes an average daily usage of around 2.5 million gallons, suggesting a **utilization rate of approximately 68%** for the existing wastewater systems. It is important to note that the county of Beaufort also experiences a lot of rain, leading to water inflow and infiltration, known as I&I, which can lead to pressure on the sanitary capacity due to voids in the system. This implies that there exists a certain level of stress on the wastewater infrastructure, particularly as the utilization nears the maximum capacity of the system. This highlights the value of planning and effective administration to increase the sustained capacity of wastewater services in order to accommodate future development.

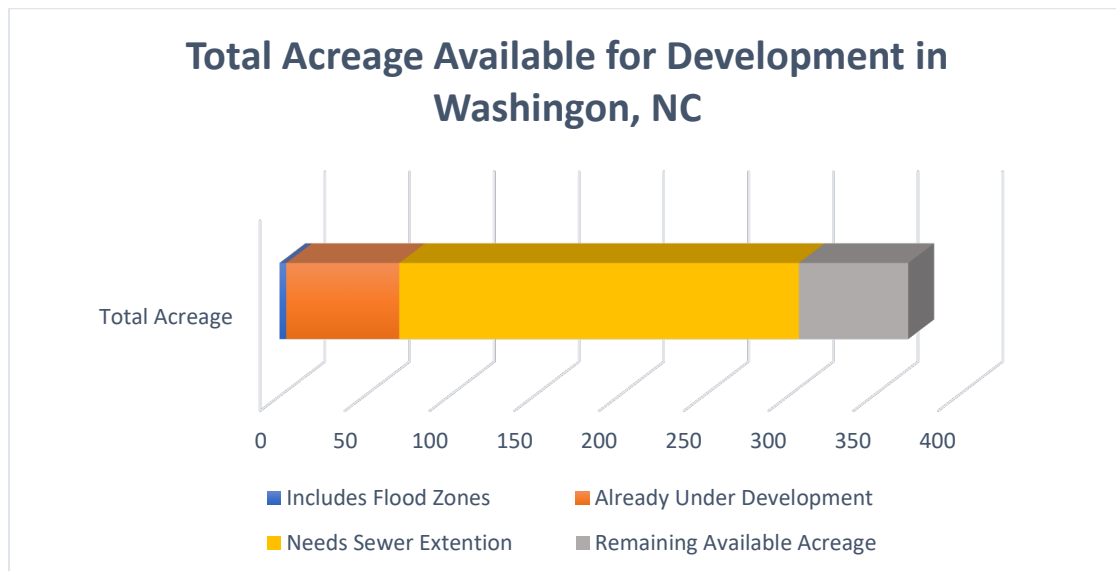
A document from the Washington Planning Department identifying properties with zoning to support higher density residential development was shared with Mrs. Woolard. She was able to provide feedback on the ability to serve the sites with utilities. Some of these areas she noted were already under development, in a flood zone, or would need an extension of sewer lines.

Plots Designated as Possible High-Density Development

Requires Sewer Extension: 5

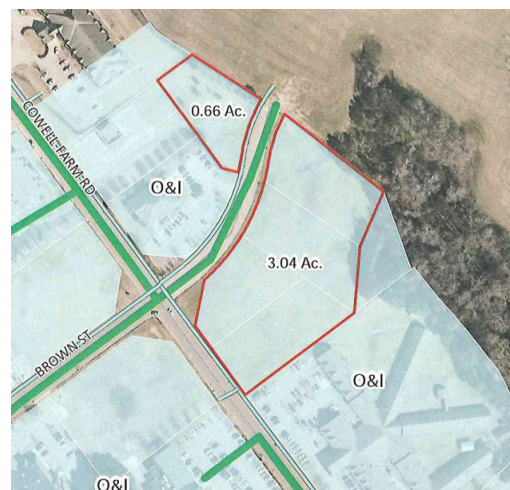
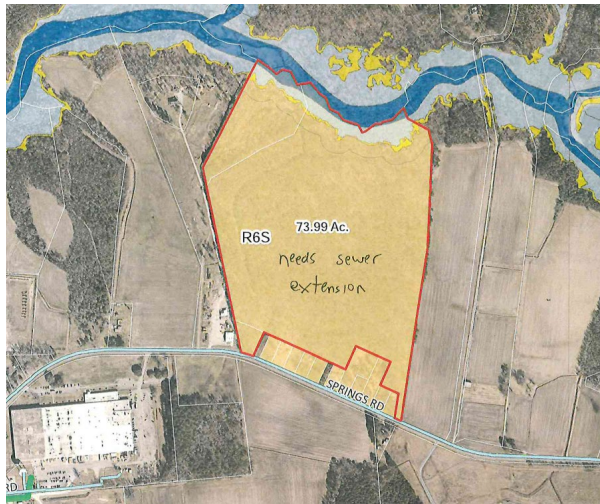
Already Under Development: 3

Includes a Flood Zone: 2



For high density residential development, these areas require access to sanitary sewer. Sanitary sewer has to readily be available in the areas to be cost effective. In some areas sewer extension may be

required, which can be quite expensive. Due to sewer capacity the City of Washington is the likely location for development. Based upon information learned it may be necessary for the City of Washington to initiate a Small Area Plan study as an element of the Comprehensive Plan that identifies future areas for high-density residential development. This may also identify areas suitable for sanitary sewer test areas, where the city extends major sewer lines that serves future growth areas including medium and high-density residential development.





Critical Gaps

Missing Needs

Affordable Housing Supply: The data highlights that the cost of living is rising, and affordable housing options are becoming limited. There is a need for the development of affordable housing units that align with the income levels of the workforce. The cost of land, construction, and other factors influencing housing prices should be considered when planning and implementing affordable housing projects.

Income-Adjusted Housing Costs: While the median household income in Beaufort County seems relatively stable, the cost of housing, particularly when considering mortgages, is often higher than what many residents can afford. Strategies are needed to bridge the gap between income levels and housing costs, ensuring that housing expenses remain within reasonable proportions of residents' earnings.

Affordability Index and Housing Affordability: The Housing Affordability Index reveals that the median-income family is not able to purchase a median-priced home in Beaufort County. This indicates a need to explore ways to make housing more affordable for the local workforce, whether through government incentives, grants, subsidies, or other means.

Rental Market Pressure: With rising land prices, the rental market may also be affected, leading to higher rents to cover increased property taxes and other costs. This can create challenges for renters, especially those with lower incomes. It is important to address affordable rental options to ensure that the workforce can find suitable housing within their financial means.

Location and Transportation: Geographic disparities in property values and the impact of proximity to job centers and amenities should be considered. Affordable housing should be strategically located to provide easy access to employment opportunities and essential services, minimizing transportation costs and time spent commuting.

Employment and Job Growth: While the county has diverse industries and employment opportunities, the unemployment rate remains a concern. Efforts to improve housing affordability will lead to more businesses setting up shop in Beaufort County. Leading to job growth, and workforce development, which will allow residents achieve higher income levels and enhance their ability to afford housing.

Commute Times and Housing: The longer commute times indicate that some workers are living farther away from their workplaces due to affordability challenges. This emphasizes the need for affordable housing options in closer proximity to job centers to reduce commute times and improve the overall quality of life for residents. This may result in a continued loss of population for Beaufort County as folks move to communities with both employment and housing opportunities.

Collaboration and Partnerships: Addressing affordable housing requires collaboration among local authorities, developers, non-profit organizations, and other stakeholders. Partnerships can bring together resources, expertise, and innovative solutions to tackle the housing affordability issue collectively.

Sustainable Solutions: It is important to develop sustainable solutions that consider long-term economic growth, environmental impact, and social well-being. Strategies that promote economic diversity, education, and local employment opportunities can contribute to a healthier housing market.



Education and Financial Literacy: Promoting financial literacy and education can empower residents to make informed decisions about housing options, mortgages, and rentals. This can contribute to more financially stable households that are better equipped to manage housing costs.

In summary, the missing needs for the citizens of Beaufort County revolve around the urgent need for more affordable housing options that are in closer proximity to job centers, taking into account the income levels of the local workforce. It is essential to address the housing affordability gap and collaborate across sectors to develop sustainable solutions that improve the financial well-being and quality of life for residents.



Recommendations

How to approach the challenge. Collaborative Options to address affordable/workforce housing needs in Beaufort County

This housing market research for Beaufort County reveals a lack of available housing for essential professions and within the county. Many within these professions make less than the median income for the county and cannot afford the average sales price of housing nor average rents. There is a shortage of housing for these populations. Market data points to a significant lack of housing to serve the working populations that are employed in critical professions in the county such as: public and human services, retail establishments, manufacturing sectors, and craft boat making to name a few. Additionally, Beaufort County has realized a loss of population as reported by the most recent 2020 Census. Combining these factors with median income, population age, workforce travel data, and in person interviews, it is apparent that the trajectory for Beaufort County's workforce sustainability is one that requires intervention if the county's employment base is to retain talent.

This predicament is not unique to Beaufort County and experienced by many communities nationally. Historically, efforts to provide Affordable housing has long been a major focus of city governments. However, with recent changes in community dynamics following the COVID-19 pandemic, county governments are increasingly finding the need to develop programs in this all-important basic human need. Economic Developers are primarily led by county agencies, (although that is also changing with the growth of municipal based economic development offices and multijurisdictional entities). County Economic Development offices see the need to expand the foundations of economic development from business retention/expansion programs, development of workforce, small business development support efforts, incentives, streamlined governmental processes for permits and creating a strong infrastructure network. Economic Developers realize that the community must have a supply of readily available affordable housing for the prospective and future workforce. If quality affordable/workforce housing is not available, the community is instantly out of consideration for new industry establishments and existing industry expansions. “ To foster and enhance community competitiveness, the local government must assume the role of managing partner. It must be prepared —on an ad hoc basis—to foster networks among key community stakeholders to address both long-term and emerging issues that affect the health and the competitiveness of the community in the economic marketplace” (**James H. Johnson, Jr., page 15**). This new paradigm is one that community leaders all agree must receive attention.

Availability of Affordable Housing has become increasingly important to provide needed housing for prospective business interests. “It has become one of many quality-of-life attraction factors necessary in the recruitment and retention of business competitiveness and innovation. New business will be attracted to communities with the most appropriate combination of factors and existing businesses will expand for the same reason” (**Stuart Meck, FAICP, Terry Moore, FAICP; and James Ebenhoh, AICP page 8**).

Beaufort County has taken the lead realizing an uncertain future if the current course is maintained. As a result of this research a key foundational recommendation is that ***Beaufort County take steps to develop a multilayered affordable /workforce housing program to include partnerships with municipalities within the county***. Initially this will involve the county bringing representatives of the various communities together to identify strategies that they might all jointly pursue. Second, because land for higher density development and associated land costs are key factors for housing affordability in Beaufort county, the county and participating jurisdictions must immediately identify receiving areas for medium and high-density future housing developments. This should involve re-examination of adopted future land use plans and modifying land use plans to encourage higher density developments in key areas where infrastructure is available or can be extended. These housing developments involve more units per acre thus requiring sanitary sewer. In these considerations it is important for the participating



units of local government be committed and accept that the pathway may be difficult and foster public objections when considering where to locate higher density developments.

Throughout the nation communities wrestle with rezoning applications and development proposals that increase density near existing communities. In recent years, many communities committed to examine land development processes, plans, and procedures in an effort to reduce impediments to affordable and lower housing costs. With housing bidding wars brought on by COVID, and short supplies of housing, the cost gap for working families grew significantly and outclasses the entry level workforce populations ability to purchase and rent housing.

There have been many studies and well documented findings on the new housing crisis. On December 20, 2022, the American Planning Association (APA), the national membership and research organization for Urban Planners, published research on the effects of zoning policies to housing affordability. The APA adopted and published guidance for Planners and Policy members with the publication, **Equity in Zoning Policy Guide**. The guide presented many policy guidance recommendations to guide Planners and Administrators in addressing affordability. One key finding in the study determined that “large lot zoning, minimum house size requirements, higher parking minimums, and higher open space requirements make property more expensive and limit the number of low-income households who can afford to use, own, or occupy neighborhoods with those benefit.” (**Equity in Zoning Policy Guide, page 7**). Additionally, based upon recent data, the study also found that “Nationally, it is estimated that 3.79 million housing units are needed to address the current housing supply crisis.” (**Equity in Zoning Policy Guide, page 16**) The takeaways from these and other discussions requires communities to reassess both local policies and initiatives to address the needs for housing that is affordable for the workforce.

Multi-Layered Approach

Successful affordable housing programs employ several tools to provide housing for low to moderate income families and individuals. Many communities seek to increase opportunities to produce housing that is affordable for persons with incomes below the median income. This approach is for both renters and first-time homebuyers. NC General Statute 160 D-1311 provides broad authorities to local governments to undertake activities that provide housing for the benefit of low-and moderate-income persons.

For conversational purposes, the approach to creating affordable housing programs is best divided into two approaches, identified herein:

- 1. Efforts to increase the supply of housing that is affordable in a community and,**
- 2. Development of programs to assist future first-time homebuyers.**

Increasing the Supply of Available Housing that is Affordable.

Construction costs are constant, meaning that the cost of materials and labor is the same regardless of the income group for which housing is developed. In order to make housing more affordable many communities participate with incentives to bring down the cost of housing to the consumer. This is accomplished by a variety of funding options that will be identified later in this project. There are several approaches to cost reductions in both owner and rental housing. Some strategies are discussed below:

- 1. Assembly of land.** Land is one aspect of housing where many local governments choose to become involved. Many communities will develop a data base of existing public land, determine its suitability for development and dedicate it for the purpose to develop affordable housing. This can be done for both rental and homeownership projects. Land can be assembled from foreclosures, land that is in the public ownership without an intended future use, or even land that



is purchased for affordable / workforce housing development. Many communities choose to work in a public private partnership for the development of an affordable housing development and reduce or limit the cost of land when sold to the end user.

- 2. Participation in the cost of infrastructure.** With any housing development infrastructure is required to serve the site human and environmental service needs (electricity, water, sanitary sewer, storm water drainage, internet, roads). These costs are added to the bottom-line housing cost. Many successful affordable housing programs will utilize various methods to either share or subsidize these costs with the goal of reducing housing costs.

Of particular note, in discussions with the City of Washington Planning Director, there are areas that may be suitable for greater density development. Serving these areas with sanitary sewer may require evaluation. If it is determined that upgrades are needed for sanitary sewer systems, one option that might be considered would be for the County of Beaufort and City of Washington to extend sewers in an area that would facilitate growth and housing opportunities. Sanitary sewer test areas can have the effect of spurring development activity that pays for the extension overtime with renewed growth opportunities. These conversations require the utility provider to study the best way to serve the desired growth areas and to consider the costs associated with such extensions. If such extensions are determined feasible, units of government might work together to fund extensions and establish a future land use development pattern through a future land use plan amendment that reflects desired outcomes. In many instances the area studied may include a larger geographic area involving several hundred acres, thus facilitating future growth in an area beyond a single project or single land use.

- 3. Reducing permitting fees.** Many local governments opt to reduce some permitting, plan review, and other fees associated with affordable/workforce housing development. This may marginally reduce costs. There may be disagreements in this approach from the development community with suggestions that fees be reduced for all similar development projects. However, it is a popular approach to cost reductions for affordable/workforce housing development.
- 4. Public/Private Partnerships.** The provision of affordable/workforce housing involves many participants. Many question the involvement of local governments into the production of housing suggesting that “the market will adjust to the needs and provide what is needed.” The research completed in this project demonstrates that the private market is not currently providing housing for critical employment professions that are critical to the economy in Beaufort county. Even with the implementation of affordable housing tools outlined, it takes partnerships with developers and contractors in the private market to make affordable/workforce housing a reality. Public/Private partnerships are useful in the development of housing that serves this market. Partnerships can be created for the development of both rental and first-time homebuyer housing. A community might provide land to a developer that develops housing for first-time homebuyers and or lower income renters. The Low-Income Housing Tax Credit (LIHTC) program is one program used in many communities to produce affordable rental housing. LIHTC developments are not public housing developments and are no different from conventional multifamily developments. Successful participation in the LITC program involves some form of local commitment (land, funds, provision of infrastructure, application support). Similarly, with the development of first-time homebuyer housing developments, there are several funding sources that can be combined when collaborating with a private developer. The end result is a reduction in sales prices or rents when a variety of incentives are used with a private development partner such as: land subsidies, contributions to the costs of construction, and assistance to homebuyers upfront purchase costs.



- 5. Preservation of the Existing Housing Stock.** Within any community there are homes that require renovation or housing rehabilitation. Some homes may be worthy of saving before removal due to neglect. Preservation of existing housing accomplishes several things that contribute to affordability. Preservation allows a family to maintain housing for occupancy and avoid future demolitions, provides families with limited financial resources with an opportunity to maintain or obtain housing, maintains existing housing stock, allows for creative conversion efforts to homeownership. Funds dedicated to housing rehabilitation assistance are cost effective ways to maintain housing. Additionally consistent application of code enforcement programs can be structured to involve acquisition and rehabilitation leading to conversion of housing that was once dilapidated into affordable housing opportunities in a community.

Homeownership Programs to Assist First-Time Homebuyers

The research has shown that from available data and trends nationally, within the state, and locally that the cost of housing for entry level workforce populations is out of reach. Additionally, efforts to provide housing requires a layered approach. There is no one solution that can be employed that will address the issue alone. Assistance to individuals who seek homeownership specifically must be part of any affordable/workforce housing program. These programs must be combined with the efforts identified above to increase the available supply of affordable/workforce housing. Individual assistance to help first-time homebuyers who are employed in the professions discussed must be part of the local program. Many times, individuals who receive assistance are many more times likely to reinvest in the community that provided homebuyer assistance. The section below will discuss some ways that a community might assist a first-time homebuyer in purchasing a home.

- 1. First-Time Homebuyer education programs.** Programs that teach first-time homebuyers steps to homeownership are vital to becoming a homebuyer. They are successful in allowing homebuyers to maintain housing and avoid foreclosure. There are many published articles on the success of Homeownership Education Courses (HEC) and First-Time Homebuyer Education Courses. The results of one HUD study found the following: “A number of prepurchase HEC programs appear to have helped borrowers avoid delinquency or defaults. In particular, a large-scale 2013 study considered nearly 75,000 borrowers: 18,258 participants in HEC programs provided by NeighborWorks America’s national network of agencies matched with 56,298 borrowers using Experian credit reports and other records. Most of the participants studied were first-time homebuyers, young, and earning modest incomes. The study matched participants with similar borrowers who did not receive HEC using a more rigorous method that included extensive data on borrowers’ backgrounds, such as their Experian credit files. This study is also important because it included a substantial number of nonprofits from across the nation, not just a few agencies, and the participants all received HEC following a consistent framework, the NeighborWorks standards. According to the study, NeighborWorks participants — both first-time homebuyers and repeat buyers — were one-third less likely to become 90 or more days delinquent during the 2 years after they obtained their loans.” **(HUD User)** Other studies cite similar successes. Many lending programs designed for first-time homebuyers require successful completion of such courses by borrowers. HUD Certified Homeownership counselors are available in many communities and offer courses.
- 2. Downpayment Assistance programs.** Closing costs, loan origination fees, and downpayments are a challenge for many lower income homebuyers. Cities and counties have found it beneficial to offer programs through a variety of funding sources (federal, state, and local). Design of Downpayment Assistance programs varies by communities. Most communities will offer downpayment assistance as a percentage of the costs, or a flat amount based upon program



funding available. Most programs target buyers with incomes less than the median income which is adjusted by family size. Additionally, completion of a First-Time Homebuyer education course is required in most programs to receive assistance.

3. **Secondary Mortgage programs.** Secondary mortgage programs by design “buy down” the cost of a primary or first mortgage for a first-time homebuyer that with an income less than the median or moderate-income level for the area. The sales price of a home remains the same but with a second mortgage, a third-party funder provides funds that reduce the borrowers primary mortgage by the amount provided by the second mortgage. For example, a home offered for sale at \$120,000, a government sponsored agency provides \$25,000 to the first-time homebuyer’s purchase of an eligible home, such that the borrower qualifies and finances \$95,000 with a conventional lender as the principal mortgage and the \$25,000 provided by the government sponsored agency is a second mortgage. The \$25,000 loan may be deferred if the homebuyer remains in the home for a specified number of years or the borrower may begin to repay the \$25,000 loan after a specified period during the life of the loan (all dependent upon the design of the program).

Funding Options

Resources for local governments to undertake activities beyond Federal and State mandates are limited. Nationally, the most popular and used federal funding sources used by communities for housing efforts (not related to housing authority activities), are the Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) programs. CDBG funds are granted by the U.S. Department of Housing and Urban Development (HUD) to entitlement cities, directly by formula allocation and to non-entitlement communities through the state agencies. Entitlement communities are cities with populations of 50,000 persons or more and/ or in some limited cases, cities that are part of an urbanized area as determined by HUD with populations that exceed 50,000 persons. Communities with populations less than the 50,000-person threshold and counties must apply for funding through the CDBG program administered by the NC Commerce Department.

However, the state of NC’s CDBG program limits grant awards to economic development activities. Within NC there are 532 cities within 100 NC counties, all vying for limited resources. In addition, there are 24 CDBG entitlement communities and only ten cities that receive HOME funds directly from HUD. Communities such as Beaufort County and the municipalities within the county are all non-entitlement communities. Therefore, they do not receive an annual allocation of federal funds for housing needs and must apply to the state for funding. Beaufort County and the municipalities must compete with the other 608 non-entitlement communities in NC for limited funding. Funding for these communities in the 2022 State CDBG program was \$49,393,313 and \$26,648,420 HOME funding. Funded grant awards are primarily multi-year grants with awards just around \$1 million. As mentioned previously, state CDBG funds are primarily awarded for economic development projects. With the exception of direct federal funds to Public Housing Authorities, so funding for discretionary housing activities in NC cities and counties is woefully limited and housing needs remain unaddressed. Programs for discretionary spending in communities that can used to develop or retain housing is only available in limited categories from agencies such as the NC Housing Finance Agency and US Department of Agriculture. But the needs far outweigh available resources.

For affordable/workforce housing efforts continuity in funding is necessary to make any appreciable impacts to identified needs. Annual funding for housing when received can leverage



outside private investment and further public resources. Consistency in funding, approach, and programming is essential.

One option for Beaufort County to consider is the creation of a Consortium under the Federal HUD funded HOME program. The HOME Program was created in 1992 by the Cranston Gonzalez Affordable Housing Act of 1990. The program provides funding for affordable housing programs in communities that serve low to moderate income families. It is a direct formula allocated grant to geographically connected units of government. Geographically connected units are those that enter a joint cooperation agreement for program funding purposes. The consortium, if eligible, receives annual funding and uses those funds exclusively for affordable housing activities that serve populations with incomes less than 80% of the area median income as adjusted by family size.

The program provides needed continuity for housing activities. The following counties, Craven, Beaufort, Jones, and Washington have been determined preliminarily eligible for funding under the program (HUD verification needed). Funding of just over \$616,000 could be possible if a consortium were determined eligible and formed. ECU Economic Engagement and Economic Development staff is prepared to provide additional information should this be of interest.

In addition, Beaufort county might consider the following programs to create resources around affordable/workforce housing.

- A. **Section 504 Home Repair Program/ Single Family Housing Repair Loan and Grant Program**, administered by the US Department of Agriculture (USDA). This program provides funds used to repair and maintain owner occupied housing in rural communities for very low elderly income homeowners.
- B. **Multi-Family Guaranteed Rural Rental Housing Program**, offered by the USDA. Program funds are provided to developers developing or rehabilitating multifamily rental housing for low- and moderate-income tenants in rural areas.
- C. **Housing Preservation Grant Program (HPG)**. Provides funding to qualified organizations that repair or rehabilitate housing occupied by very low and low-income families in rural areas.
- D. **Waste and Water Disposal Direct Loan and Grant Program** offered by USDA. The program is designed to develop water and waste disposal systems in areas with populations less than 10,000.
- E. **NC Home Advantage Mortgage Program** offered by NC Housing Finance Agency (NCHFA). The program provides downpayment assistance to eligible homebuyers.
- F. **Community Partners Loan Pool (CPLP)** offered through the NCHFA. The program is a loan pool offering a zero-inter, deferred second mortgage for eligible homebuyers.
- G. **NC Home Advantage Tax Credit** program offered through the NC Housing Finance Agency. The program allows eligible buyers to receive a federal tax credit of 30% of the mortgage interest paid annually.
- H. **Water and Waste Disposal Revolving Fund** offered through USDA. The program provides qualified non-profits with revolving loan funds to finance extensions, improve water, and waste water disposal systems in rural communities.
- I. **NC Community Development Block Grant-Infrastructure** program, administered by the NC Commerce Division. Provides funding for infrastructure development for qualified low-income communities.
- J. **Clean Water State Revolving Fund (SRF)** administered through the NC Department of Environmental Quality. Provides low interest loans to local governments to fund wastewater collection and treatment facilities.
- K. **Economic Catalysis Program** provided by the Golden Leaf Foundation. Provides funds to support public infrastructure projects in rural tobacco-dependent and economically distressed



communities where support is not available from other sources and job creation opportunities are at risk without Golden Leaf Foundation support.

- L. **Local General Obligation Bonds** for a specific issue such as infrastructure improvements (sanitary sewer, roads) and affordable housing or revitalization efforts. Bonds are an innovative way to address community issues for funding growth and affordable housing. The downside is they can be controversial in communities that have no previous experience with bond initiatives.
- M. **Local Government Advisement and Representation Organizations.** These are Washington DC based firms that provide advisement to communities on federal funding programs for community initiatives.



Conclusion

Key Findings

- ❖ **Ageing Population and Income Dynamics:** The demographic data highlights that Beaufort County has a sizable proportion of its population in older age groups, primarily those aged 60 to 69 years. This suggests that a substantial portion of the population may be nearing retirement or already retired. For the workforce population, this demographic trend may indicate a potential shortage of younger workers, which can impact economic growth and the need for affordable housing suitable for the working-age population. [See page 5 for more.](#)
- ❖ **Income Disparities and Family Characteristics:** The income distribution data reveals a wide spectrum of income levels within Beaufort County, with a considerable portion of households falling below the poverty threshold or having incomes at or below the median income level. Additionally, the data breaks down income levels by family characteristics, showing that family size and the number of earners within families significantly affect median income levels. This information underscores the importance of tailoring affordable housing solutions to accommodate families of varied sizes and income situations within the workforce population. [See page 6 for more.](#)
- ❖ **Income Affordability Gap:** The data highlights a significant gap between the median income of workers in Beaufort County and the income required to afford the median mortgage. To afford the median mortgage, an individual would need an annual income of \$52,596, whereas the median earnings for full-time, year-round civilian employed individuals in the county are reported as \$41,680. This income affordability gap indicates that many workers may struggle to find affordable housing options within their means, potentially leading to financial stress and housing insecurity. [See page 12 for more.](#)
- ❖ **Commute Length and Housing Affordability:** The data on commuting patterns in Beaufort County suggests that a substantial portion of the workforce endures commutes lasting 30 minutes or more. Longer commutes can be indicative of workers seeking more affordable housing options in distant areas. The lack of affordable housing near job centers could contribute to these extended commutes. This situation may also lead to workers residing in neighboring counties where housing costs are more manageable but require longer commutes. Addressing housing affordability near major employment hubs is crucial to reduce commute times and improve overall quality of life for residents. [See page 13 for more.](#)
- ❖ **Employment Trends and Housing Demand:** The employment trends in Beaufort County show both growth and decline in various industries. The notable increase in the full-time employed population between 2010 and 2020, along with growth in certain sectors like professional services and healthcare, has driven up the demand for housing. Conversely, declines in industries such as agriculture and retail trade could result in job losses and economic challenges for workers, making affordable housing options essential for those affected. As the county's economy diversifies and evolves, ensuring affordable housing options for the workforce becomes increasingly important to maintain economic stability and well-being. [See page 16 for more.](#)
- ❖ **Housing Conditions:** Many residents in Beaufort County face substandard living conditions, including incomplete plumbing, kitchen facilities, and utility sources. Over 5,000 units in Beaufort County were built before 1980, presenting many challenges in terms of maintenance and



upkeep costs. The lack of centralized utility services in a majority of homes further compounds the issue. These substandard conditions can adversely affect residents' health and well-being, emphasizing the urgent need for safe and affordable workforce housing. [See page 19 for more.](#)

- ❖ **Land Value:** Land value plays a significant role in the affordability of housing. Beaufort County, like many coastal regions, experiences higher land costs due to factors such as increased demand for real estate and limited land availability. High land prices directly impact the overall cost of housing development, making it more challenging to provide affordable housing options. Geographic disparities in housing valuation also contribute to variations in property values across the county. [See page 21 for more.](#)
- ❖ **Community Opposition and NIMBYism:** The development of affordable housing in Beaufort County is often hindered by community opposition and the phenomenon of "Not In My Backyard" (NIMBYism). This opposition can lead to project delays and legal disputes, making it challenging to obtain necessary permits for affordable housing developments. Strong opposition campaigns can perpetuate misconceptions about affordable housing's impact on property values, crime rates, and neighborhood character. Addressing these barriers requires transparent communication with the community, debunking misconceptions, and involving locals in the planning process to build support for affordable housing initiatives. [See page 27 for more.](#)
- ❖ **Key Areas for Development:** Housing costs are closely tied to land prices and infrastructure requirements. To defray land and development costs, higher housing densities (more units per acre) are necessary. Identifying suitable locations for high and medium-density development is crucial. Collaboration with city officials, like Mike Dail, has revealed potential areas for development within The City of Washington. However, not all identified land is suitable due to factors such as the absence of sanitary sewer systems, high land prices, geographical restrictions, or lack of vacant land. Planning for development opportunities should consider factors like location, soil suitability, land cost, political will, and available services. Collaborative partnerships between Beaufort County and the City of Washington are essential for exploring and evaluating these opportunities. [See page 28 for more.](#)
- ❖ **Access to Utilities and Septic Limitations:** Access to essential utilities such as water, electricity, sewage, and natural gas is crucial for housing developments. While the City of Washington has made significant investments in water infrastructure, wastewater services face challenges, with utilization rates approaching capacity. Rainfall exacerbates the situation due to water inflow and infiltration. The presence of septic systems in some areas limits feasible locations for high-density housing. Planning for increased wastewater capacity and expansion of sanitary sewer systems for the future is essential. [See page 30 for more.](#)



The Bottom Line

The problems Beaufort County faces has a solution, but it requires a collective understanding of the bottom line. There are numerous causes that have contributed to the county's affordability concerns, but the crux problem is much simpler, the median income and the median cost of living are not aligned. When looking into an amortization loan for fixed a 30-year mortgage, at the current interest rate of 7.6 percent and a \$10,000 down payment, median income household making \$51,894 cannot afford to pay more than \$190,000 for a home. The median sale price of a home in Beaufort County, according to the tax assessment, is \$210,000, with an average of \$235,000. Due to the scarcity of housing supply, the median and average price of homes is not affordable for households earning the median income. As of 2021, the median rent is \$770 per month, resulting in a yearly gross rent expense of \$9,240. Rent is out of reach for families earning \$30,000 per year. With 27.1% of households earning less than an annual income of \$25,000, a sizable proportion of households cannot pay the median rent of \$770 per month. These figures have also been compounded by the rising cost of living since 2021, one new press real estate report reported median home sales that are up to \$255,000 (*Beaufort County, North Carolina real estate market report 2023*). Households earning the median income and below, which encompasses 50% of the population cannot afford to live in Beaufort County, leaving them no other option than to seek a new community to live in. This is the core problem that this community faces.

Based upon the market analysis, housing is needed for interested, eligible homebuyers with incomes at or near the median income for Beaufort County and must be below \$180,000 in sales price. Additionally, rental homes are needed with rents below the citizen reported \$1,200 monthly and median rents identified by the U.S. Census of \$770.00 monthly. Actual numbers of units needed are dependent upon several external factors such as population growth, economic development recruitment, growth in wages, and changes to the existing housing supply (renovations and demolitions).

Call-to-Action

Beaufort County, North Carolina has a dynamic, diversified community that is steeped in history and blessed with a beautiful environment. It is a place that embraces the essence of small-town communal living, from the scenic coastline to Washington's busy historic downtown. While Beaufort County is a very desirable area to live, the county faces a significant problem: a scarcity of affordable homes.

Across the country, a major dilemma is looming as hardworking families, who are critical to the success of the local economies, find themselves unable to meet the most basic of needs: a place to live. This is being experienced globally as home costs are being driven up while wages stagnate, widening the affordability gap even more.

Beaufort County has taken the first critical step in identification of the need and agreeing to explore partnership opportunities to address this critical need. This analysis identifies steps and recommendations that Beaufort County use to close the gap and ensure a brighter future for all citizens as well as the success of the county.



Proposed Action Plan (next steps)

- A. Identify an entity (County or Municipality) to lead efforts in developing a program and approach to the affordable/workforce housing needs of Beaufort County. Work should target individuals and families with incomes at or below the median income adjusted by family size and those of targeted workforce populations with incomes not served by newly constructed housing in Beaufort County.
- B. The Lead Entity should develop an adopted multi-layered and multi-jurisdictional partnership program of work that will be pursued leading to the development of more housing that is affordable in Beaufort County.
- C. Identification of areas where Beaufort County communities determine are most feasible for development of Affordable / Workforce housing. These areas will be areas that the decision makers support actions leading to the development of Affordable /Workforce housing. This may involve commitments to make improvements to required infrastructure and examination with amendments to land use policies. Also, this should include development of infrastructure growth areas for the purposes of establishing new housing developments of higher-density and multi-family residential development. This should result in the creation of small area plans as part of adopted comprehensive plans.
- D. Identify local funding commitments to be used exclusively for affordable housing development.
- E. Inventory public land that may be suitable for affordable housing development.
- F. Identify funding grant funding programs that will be pursued in the development of affordable housing initiatives established as part of B. above.
- G. Review local policies and consider amendments to reduce the development costs for community approved affordable housing developments.
- H. Consider creation of a HOME Consortium with the Beaufort, Craven, Jones, Washington counties and the municipalities within the identified counties.
- I. Pool local resources such as land identified in E. above for partnering with an approved developer under the Low-Income Housing Tax Credit program.



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SEE APPENDIX FOR
ADDITIONAL
INFORMATION AND
RESOURCES