

EXECUTIVE SUMMARY

A Housing Needs Assessment of Wilkes County was completed in the summer of 2020. The study considered various demographic, economic, and housing metrics, as well as other factors that impact and influence housing. This Executive Summary highlights key findings from the full report.

Study Areas

The primary focus of this report was on Wilkes County, referred to in this report as the Primary Study Area (PSA). However, supplemental analysis was conducted on the towns of Wilkesboro and North Wilkesboro and the Balance of Wilkes County. Maps of the study areas are included on pages two and three of the report.

Demographics

Overall Population and Household Growth have been Positive in the County since 2000 and Both are Expected to Continue to Grow through at Least 2025 – The PSA (Wilkes County) experienced a significant increase in the number of households between 2000 and 2010, though this growth lagged behind the overall state. Over the past decade (2010 to 2020), the PSA’s total households increased by 533, or by 1.9%. Between 2020 and 2025, the PSA’s number of households is projected to increase by just over 300 households, or by 1.1%. This projected household growth will likely add to the demand for housing.

It is Projected that most of the Growth in the Overall County will Occur Among Households ages 75 and Older Between 2020 and 2025, Followed by Households Between the Ages of 65 and 74 – The number of senior households ages 65 and older are expected to increase by nearly 1,200 over the next five years. This positive growth indicates that senior-oriented housing needs will likely increase over the next several years. Wilkes County, like most parts of the country, has a large base of Baby Boomers that have been and will continue to age in place. Many of these senior households will likely want or require different housing to meet their changing housing needs as they age.

Most of the Household Growth by Size is Projected to Occur Among Smaller Household Sizes (One- and Two-Person Households), Leading to a Greater Need for Smaller Housing Units – Between 2020 and 2025, virtually all of the *renter* household growth is expected to occur among one-person households, while most of the *owner* household growth is expected to occur among one- and two-person households. Therefore, it is anticipated that future housing product will require the introduction of smaller unit types, such as studio through two-bedroom units.

More than 6,800 Households in Wilkes County are Considered Cost Burdened (Paying Disproportionately High Shares of Their Income Toward Housing Costs), Indicating that Affordable Housing will be an Important Part of Meeting the Area's Housing Needs – Among the *renter* households in the PSA (Wilkes County), a total of 3,071 (42.0%) are cost burdened and 1,758 (24.0%) are *severe* cost burdened. The PSA's share of *severe* cost burdened *renter* households slightly exceeds the state average. A total of 3,790 (18.0%) *owner* households are cost burdened, while 1,436 (6.8%) are *severe* cost burdened. The towns of Wilkesboro and North Wilkesboro generally have higher shares of cost burdened *renter* households than the overall county. Therefore, affordability remains an important component of the local housing market.

Most of the Projected Renter Household Growth is Projected to Occur among Middle-Income Households (Earning Above \$40,000), Leading to Greater Demand for Market-Rate Rental Product – Between 2020 and 2025, the greatest change in *renter* households by income within the county is a projected increase among households earning between \$60,000 and \$99,999 annually, adding 277 households (32.0% increase). Overall, households earning between \$40,000 and \$99,999 annually are projected to increase by 25.5%, adding 476 households. These characteristics and trends indicate a growing need for residential rental units that will appeal to middle-income households.

Projected Growth Among Higher Income Owner Households will Drive Demand for Higher Priced For-Sale Product (Priced at \$200,000+) – Wilkes County has a very large share (43.3%) of *owner-occupied* households earning \$60,000 or more annually. These households are projected to increase by 1,807, reflecting an 18.5% increase between 2020 and 2025. As such, this growth will contribute to the increased demand for higher priced for-sale housing generally priced over \$200,000.

Economics

Wilkes County Employment is Distributed Among a Variety of Professional (white collar) and Labor/Service (blue collar) Jobs with a Diverse Base of Wages which Ultimately Leads to a Variety of Housing Needs – Within Wilkes County, the largest three employment sectors (Retail Trade, Health Care & Social Assistance and Educational Services) comprise just over 45.0% of the county's employment base, representing over 10,500 jobs. Of Wilkes County's 23,367 jobs in 2020, over 2,900 (12.5%) were in the Educational Services sector, which is notably higher than the statewide average of 8.0%. The typical annual wage within the Healthcare & Social Assistance sector ranges from \$26,680 to \$73,830, while the typical annual wage is \$42,530 for Educational Instruction and Library Occupations and \$33,430 for Sales and Related Occupations (which encompasses Retail Trade). This broad mix and range of wages by occupations contribute to the diverse range of household income levels in the market, which ultimately contribute to a broad mix of housing needs among residents. Household incomes have been considered in the housing gap estimates, shown later in this section.

The Tens of Millions of Dollars in Public and Private Sector Investment Either Planned or Underway Should Contribute to the Economic Growth of the Area for the Foreseeable Future – Numerous private sector business expansions are either under way or planned for the area, in addition to over \$65 million in public funds that will be invested in the area’s small businesses, infrastructure, and airport operations between 2020 and 2023. With these investments, it is likely that the local economy will continue to improve and expand for the foreseeable future. It is believed that the lack of pad-ready sites or newer existing industrial buildings in the market has limited industrial business creation. In terms of when business operations are expected to return to pre-COVID-19 levels in Wilkes County, 50.0% of the 12 employers surveyed as part of this report either did not know or did not expect business to return to normal within the next six months. However, one-third (33.3%) of respondents had either not been impacted or had already recovered, while just 16.7% of respondents (two employers) expected business to return to normal within three to four months. Continuing efforts to monitor and possibly assist economic activity as a result of the impact of COVID-19 should be considered.

Housing Supply

There is Very Limited Availability Among the Multifamily Rental Housing Supply in the County, Indicating a Need for Additional Rental Housing – There are only three vacant units identified among the 871 rental units surveyed, resulting in a combined occupancy rate of 99.7%. This is an extremely high rate for rental housing and a clear indication of a housing need in the subject market. Pent-up demand exists among the affordable rental alternatives, as all of the Tax Credit projects maintain a wait list, with up to 75 households on one wait list. Seven out of the nine government-subsidized projects surveyed maintain a wait list, with up to 10 households on any one wait list. According to a representative of the Northwestern Regional Housing Authority, there are approximately 549 Housing Choice Voucher holders within the housing authority’s jurisdiction.

While Projected Household Growth Among Higher Income Households will Increase the Demand for Higher Priced Product, the Lack of Lower Priced Product (Priced Under \$200,000) Indicates a Likely Housing Need for Such Product – When compared with the overall 22,487 owner-occupied units in the PSA (Wilkes County), the 186 *available* units represent a vacancy/availability rate of 0.8%. This is an extremely low rate and an indication of a likely shortage of for-sale housing. While there appears to be a shortage of for-sale housing product at all price points, the *available* inventory of housing product by price range appears to be more balanced than the recent historical sales. The larger share of homes priced over \$200,000 among the available product should allow the community to attract and retain higher income households that may seek higher priced, larger and more modern for-sale housing. This is particularly important given the growth that is projected to occur in the county among higher income households. Meanwhile, with less than 100 available units priced under \$200,000, it may be difficult for low-income households, including first-time homebuyers, to find affordable housing. This represents a housing need and development opportunity in the market.

Recommendations

Based on the findings contained in this report, we have provided an outline of possible recommendations and opportunities that exist in Wilkes County, North Carolina.

The Housing Needs and Opportunities of the County are Diverse and Significant, and Efforts Should be Placed on a Broad Based Approach to Address Housing – Based on the survey of area multifamily rentals and for-sale housing alternatives, there is a clear lack of available housing in the county. This is particularly true for rental housing serving households with income of up to 80% of Area Median Household Income (generally earning below \$47,000 a year). Regardless, as our housing gap estimates show (end of this Executive Summary), the depth of the housing needs among all levels of affordability is significant for both rental and for-sale housing product. As such, there are a variety of residential development opportunities within the county. Based on demographic characteristics and trends, much of the housing that is needed should be designed to meet the needs of smaller families, Millennials (ages 20 to 40), empty nesters (ages 55 to 64) and seniors (ages 65 and older). This would include unique amenities and designs that will appeal to younger households, unit size considerations for families, and accessibility and convenience for older adults and seniors. In the cases for both seniors and young adults, walkability may play a big part to the success of future housing. Therefore, housing developed in or near the larger towns in the county, as well as along or near public transportation routes, would be best positioned for success. Based on the current composition and projected changes among household types, including household sizes, it is anticipated that a majority of the *rental* units that will be needed will consist of one- and two-bedroom units and *for-sale* housing will primarily require one- to three-bedroom units. Based on the inventory of more modern housing alternatives in the market, it is anticipated that most market-rate rents for new, well-designed product will likely start at \$1.30 per square foot and new for-sale housing could expect to start around \$120 to \$150 per square foot, though the finishes, features, level of customization, unit/land size and location can enable rent/price premiums over these numbers. Given the financial challenges often associated with the development of affordable housing alternatives, the local government may want to explore initiatives (e.g. gap financing, infrastructure assistance, reduced development fees, density bonuses, etc.) to help make the development of such housing more viable.

With Nearly 10,000 Commuters Traveling into Wilkes County on a Daily Basis for Work, Efforts should be made to Attract these Commuters as Potential County Residents – Nearly 10,000 people working in Wilkes County commute from outside the county on a daily basis. While many factors contribute to the decision of why someone may or may not live in Wilkes County, it is reasonable to conclude that given the county's lack of *available* rental and for-sale housing, the lack of housing choices within the county likely limit the county's ability to attract many of these commuters from becoming permanent residents. Therefore, for the county to grow both demographically and economically, it will be important that additional residential product be added to the market and that the county market the attributes of the county to the prospective residents currently living elsewhere in the region. Additionally, the county may want to work with local employers to help identify these potential residents and develop an outreach program to market living in Wilkes County to employees (both existing and prospective).

Efforts should be made to Support the Renovation and Rehabilitation of Existing Housing Structures in the County – Wilkes County has a relatively large inventory of housing built prior to 1980, particularly rental housing. Based on the age of this product, the substandard housing conditions cited in this report, and our personal observations of the market, there are some housing units that appear to be suffering from deferred maintenance and disrepair. The government should explore securing/offering grants and other financial resources that they can make available to residential property owners to assist them with home repairs, to get properties to meet code, or to assist in the removal of blight. Such assistance could be targeted to lower income households that have limited resources to address housing repairs. These can be in the form of a revolving low-interest loan and/or a forgivable grant. Residential property maintenance and code enforcement should remain priorities within the county.

Market the Housing Needs and Development Opportunities within the County to Prospective Developers and Investors – As shown in this report, there is potential support for several hundred new residential units in the county. Because the housing needs cover a broad spectrum of housing, development opportunities within the county should appeal to a variety of developers (e.g. homebuilders and developers of apartments, developers of market-rate and/or affordable housing alternatives, and developers of senior and/or family housing). With more than 30 potential sites identified in the market (see page 101), Wilkes County offers numerous opportunities with both vacant parcels for new construction projects and existing buildings that could represent adaptive reuse projects. It is recommended that the county promote the development potential (number of units) that exists in the market and the sites for potential development to developers and investors of real estate. Marketing could be conducted through local websites and social media (government, chamber of commerce, economic development department, etc.), trade shows and industry magazines, as well as through networking opportunities.

Efforts to Address Housing Issues and Needs Should Also be Developed with Economic Initiatives and Plans – Wilkes County experienced a loss of jobs since 2017 and experienced a slight increase in the unemployment rate from 3.8% in 2018 to 4.1% in 2019, before the COVID-19 pandemic created a greater increase in unemployment to 6.8% as of June 2020. While several public and private sector economic initiatives are underway or planned, the local economy faces some challenges. Based on input from several local employers and our inventory of the existing housing supply, it is believed that the lack of available housing is limiting the county's ability to grow (e.g. attracting and retaining employees). Given these economic and housing characteristics, it will be important that local officials consider efforts to address housing and economic conditions *concurrently*, as each segment impacts the other.

Housing Gap Estimates

We prepared housing gap estimates for various levels of affordability for both rental and for-sale product. These estimates took into account projected household growth, the existing supply of available product, replacement or conversion of existing housing, commuters from outside the county, and households “stepping down” into lower priced product. The following table summarizes the approximate potential number of new residential units that could be supported in Wilkes County over the next five years.

Wilkes County Housing Needs Estimates (2020 to 2025)			
Housing Segment (Rent/Price)		Number of Units*	Priority
Rentals	Subsidized Rental Housing (<\$750/Month Rent)	351	High
	Affordable Workforce Rental Housing (\$750-\$1,174/Month Rent)	379	High
	Market-rate Rental Housing (\$1,175+/Month Rent)	265	Moderate
For-Sale	Entry-Level For-Sale Homes (<\$113,000 Price Points)	418	High
	Mid-Range For-Sale Homes (\$113K-\$175K Price Points)	576	High
	High-End For-Sale Homes (\$176K+ Price Points)	517	High

*Number of units assumes product is marketable, affordable and in an appropriate location. Variations of product types will impact the actual number of units that can be supported. Additionally, incentives and/or government policy changes could encourage support for additional units that exceed the preceding projections.

As the preceding table illustrates, the need for both rental and for-sale housing is large and covers all levels of affordability. As such, housing development and preservation should encompass the entire spectrum of affordability. The preceding estimates are based on current government policies and incentives, recent and projected demographic trends, current and anticipated economic trends, and available and planned residential units. Any notable changes in the preceding factors could alter the degree of housing needs of the market. Numerous factors impact a market’s ability to support new housing product. This is particularly true of individual housing projects or units. Certain design elements, pricing structures, target market segments (e.g. seniors, workforce, families, etc.), product quality and location all influence the actual number of units that can be supported. The estimates shown in the preceding table provide the approximate number of units that could potentially be supported. As such, the preceding estimates should be used as a guideline for establishing housing priorities and goals for Wilkes County.