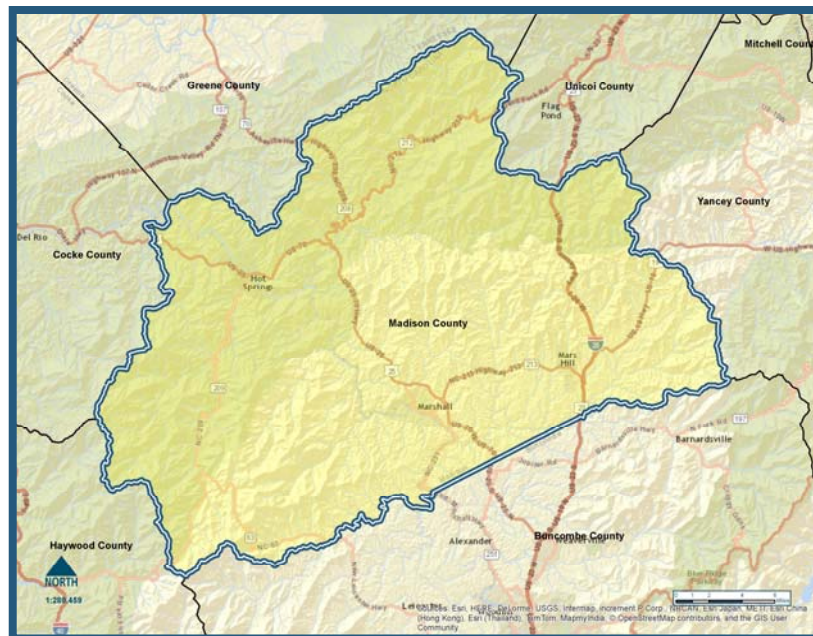


Madison County

Housing Needs Assessment



MADISON COUNTY

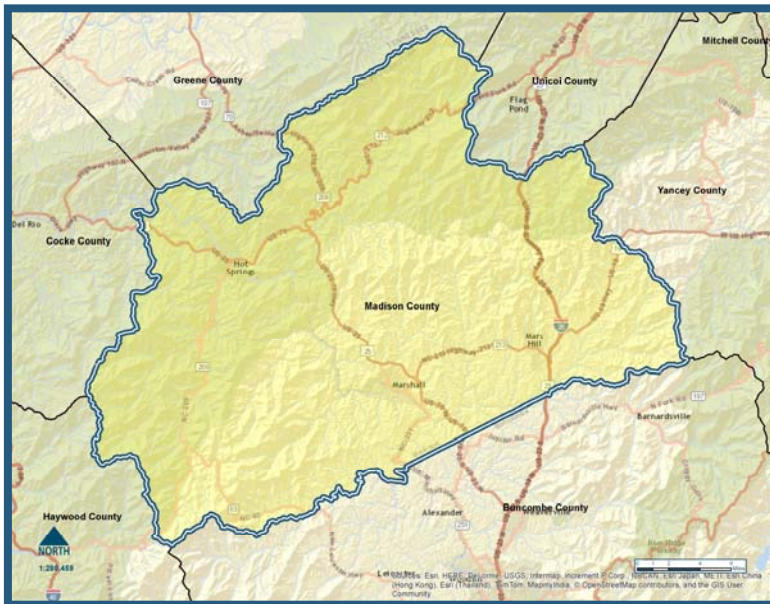
A. INTRODUCTION

The focus of this analysis is to assess the market characteristics of, and to determine the housing needs for, Madison County. To accomplish this task, Bowen National Research evaluated various socio-economic characteristics, inventoried and analyzed the housing supply (rental and owner/for-sale product), conducted stakeholder interviews, evaluated special needs populations and provided housing gap estimates to help identify the housing needs of the county.

To provide a base of comparison, various metrics of Madison County were compared with overall region. A comparison of the subject county in relation with other counties in the region is provided in the regional analysis portion of the overall Housing Needs Assessment.

B. COUNTY OVERVIEW

Madison County is located within the northern portion of the study region. It encompasses a total of 452 square miles. Primary thoroughfares within the county include Interstate Highway 26, U.S. Highways 19, 23, 23A, 25 and 70. Notable natural landmarks and public attractions include Pisgah National Forest, Appalachian Trail Hiking Trails, Mars Hill University, and Ebbs Chapel Performing Arts Center. The county had a 2010 total population of 20,764 and 8,494 total households. The town of Marshall serves as the county seat, while other notable towns include Hot Springs and Mars Hill. The primary employment sectors and their corresponding shares of the county's total employment are Educational Services (11.4%), Manufacturing (9.1%), Public Administration (8.0%) and Retail Trade (7.9%). Additional details regarding demographics, economics, housing, and other pertinent research and findings are included on the following pages.



C. DEMOGRAPHICS

This section of the report evaluates key demographic characteristics for Madison County. Through this analysis, unfolding trends and unique conditions are revealed regarding populations and households residing in the county. Demographic comparisons provide insights into the human composition of housing markets.

This section is comprised of three major parts: population characteristics, household characteristics, and demographic theme maps. Population characteristics describe the qualities of individual people, while household characteristics describe the qualities of people living together in one residence.

It is important to note that 2000 and 2010 demographics are based on U.S. Census data (actual count), while 2015 and 2020 data are based on calculated projections provided by ESRI, a nationally recognized demography firm, and American Community Survey. The accuracy of these projections depends on the realization of certain assumptions:

- Economic projections made by secondary sources materialize;
- Governmental policies with respect to residential development remain consistent;
- Availability of financing for residential development (i.e. mortgages, commercial loans, subsidies, Tax Credits, etc.) remains consistent;
- Sufficient housing and infrastructure is provided to support projected population and household growth.

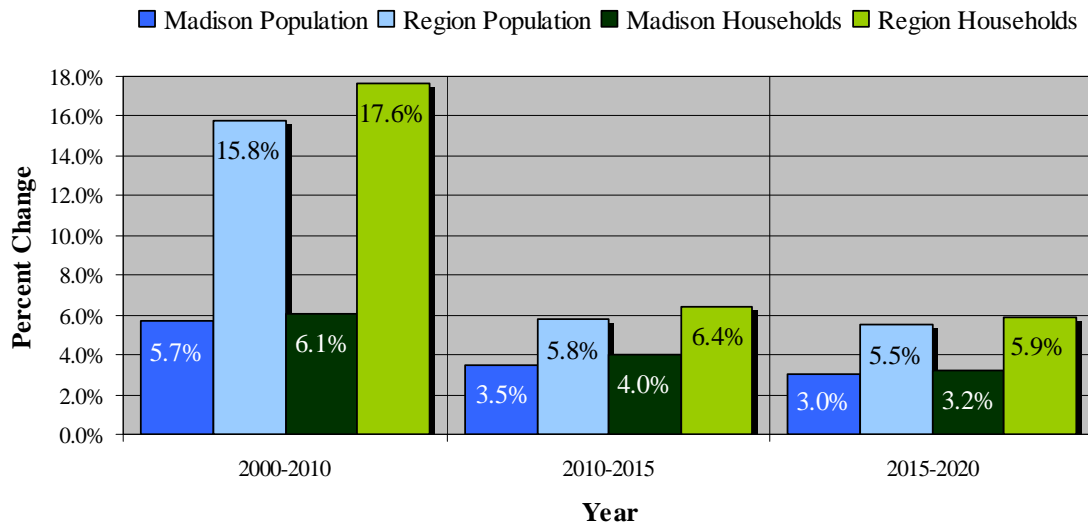
Significant unforeseen changes or fluctuations among any of the preceding assumptions could have an impact on demographic projections.

Overall population and household trends in Madison County and the region are shown in the following table:

	Total Population		Total Households	
	Madison County	Region	Madison County	Region
2000 Census	19,647	344,472	8,005	143,510
2010 Census	20,764	398,912	8,494	168,748
Change 2000-2010	1,117	54,440	489	25,238
Percent Change 2000-2010	5.7%	15.8%	6.1%	17.6%
2015 Projected	21,498	421,899	8,835	179,521
Change 2010-2015	734	22,987	341	10,773
Percent Change 2010-2015	3.5%	5.8%	4.0%	6.4%
2020 Projected	22,134	445,283	9,116	190,027
Change 2015-2020	636	23,384	281	10,506
Percent Change 2015-2020	3.0%	5.5%	3.2%	5.9%

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Madison County/Region Population & Household Trends



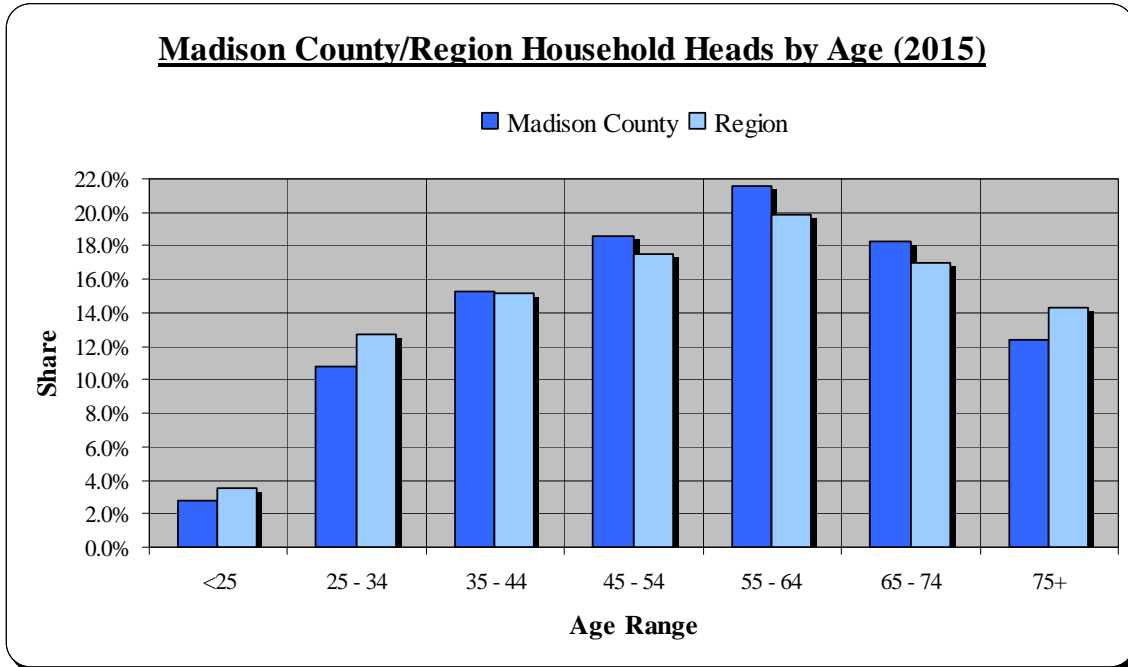
Madison County experienced an increase in both population and households between 2000 and 2010. They are projected to increase by 734 (3.5%) and 341 (4.0%), respectively, between 2010 and 2015. Between 2015 and 2020, it is projected that they will increase by 636 (3.0%) and 281 (3.2%), respectively. These positive projected demographic trends are expected to be just over one-half of the projected trends within the region.

The distribution of households by age for Madison County is compared with the overall region in the table below.

		Household Heads by Age						
		<25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
Madison County	2010	255 (3.0%)	937 (11.0%)	1,396 (16.4%)	1,697 (20.0%)	1,849 (21.8%)	1,300 (15.3%)	1,060 (12.5%)
	2015	249 (2.8%)	958 (10.8%)	1,356 (15.3%)	1,647 (18.6%)	1,907 (21.6%)	1,619 (18.3%)	1,099 (12.4%)
	2020	246 (2.7%)	950 (10.4%)	1,280 (14.0%)	1,612 (17.7%)	1,900 (20.8%)	1,907 (20.9%)	1,221 (13.4%)
	Change 2015-2020	-3 (-1.2%)	-8 (-0.8%)	-76 (-5.6%)	-35 (-2.1%)	-7 (-0.4%)	288 (17.8%)	122 (11.1%)
Region	2010	6,352 (3.8%)	22,274 (13.2%)	27,174 (16.1%)	31,960 (18.9%)	33,116 (19.6%)	24,596 (14.6%)	23,276 (13.8%)
	2015	6,281 (3.5%)	22,772 (12.7%)	27,357 (15.2%)	31,366 (17.5%)	35,669 (19.9%)	30,438 (17.0%)	25,638 (14.3%)
	2020	6,226 (3.3%)	23,091 (12.2%)	27,543 (14.5%)	31,080 (16.4%)	37,629 (19.8%)	35,434 (18.6%)	29,024 (15.3%)
	Change 2015-2020	-55 (-0.9%)	319 (1.4%)	186 (0.7%)	-286 (-0.9%)	1,960 (5.5%)	4,996 (16.4%)	3,386 (13.2%)

Source: 2000 Census; 2010 Census; ESRI; Urban Decision Group; Bowen National Research

It is projected that by 2015, the largest share (21.6%) of households by age in Madison County will be within the 55 to 64 age cohort. Between 2015 and 2020, it is projected that the number of households between the ages of 65 and 74 will increase the most, adding 288 (17.8%) households during this time. Households age 75 and older are projected to increase by 122 (11.1%) between 2015 and 2020.

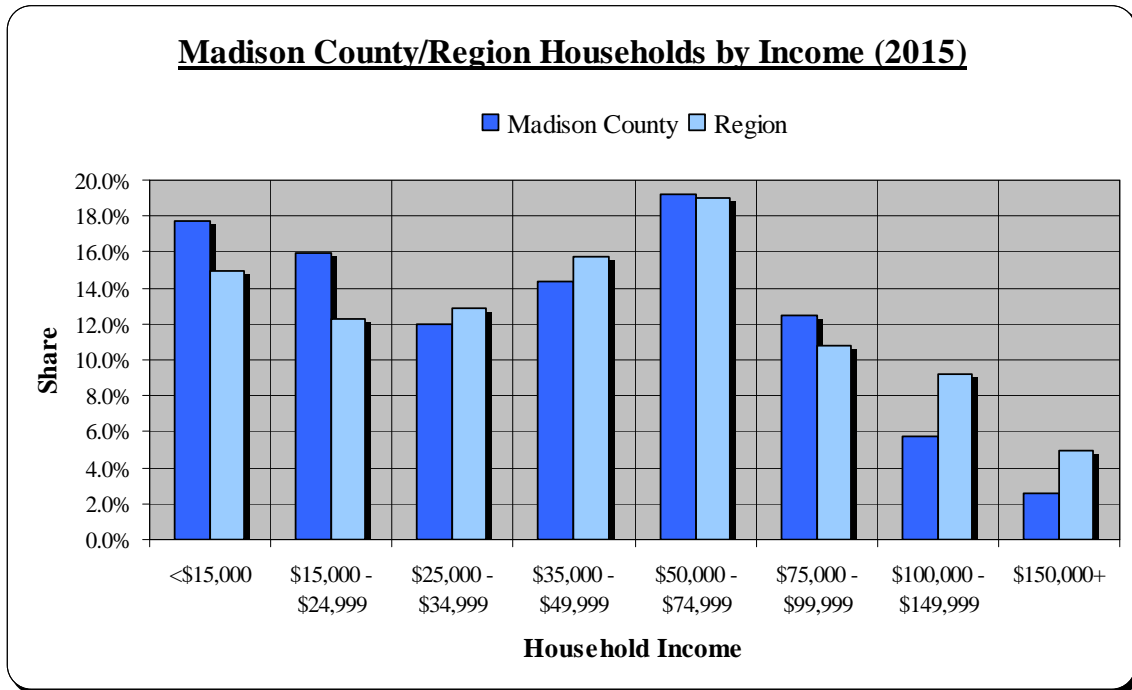


Households by income for selected years are shown in the following table:

		Households by Income								Total
		<\$15,000	\$15,000 - \$24,999	\$25,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000- \$149,999	\$150,000+	
Madison County	2015	1,561 (17.7%)	1,402 (15.9%)	1,063 (12.0%)	1,271 (14.4%)	1,701 (19.2%)	1,107 (12.5%)	501 (5.7%)	230 (2.6%)	8,835 (100.0%)
	2020	1,701 (18.7%)	1,343 (14.7%)	1,112 (12.2%)	1,344 (14.7%)	1,797 (19.7%)	1,017 (11.2%)	543 (6.0%)	259 (2.8%)	9,116 (100.0%)
	Change	140 (9.0%)	-59 (-4.2%)	49 (4.7%)	74 (5.8%)	96 (5.7%)	-90 (-8.1%)	42 (8.4%)	28 (12.3%)	281 (3.2%)
Region	2015	26,973 (15.0%)	22,124 (12.3%)	23,236 (12.9%)	28,217 (15.7%)	34,090 (19.0%)	19,434 (10.8%)	16,434 (9.2%)	9,012 (5.0%)	179,521 (100.0%)
	2020	27,648 (14.5%)	23,576 (12.4%)	24,058 (12.7%)	30,943 (16.3%)	35,461 (18.7%)	20,226 (10.6%)	18,169 (9.6%)	9,954 (5.2%)	190,035 (100.0%)
	Change	674 (2.5%)	1,453 (6.6%)	823 (3.5%)	2,725 (9.7%)	1,371 (4.0%)	792 (4.1%)	1,734 (10.6%)	942 (10.5%)	10,514 (5.9%)

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2015, it is projected that nearly one-half of Madison County households will have annual incomes below \$35,000. It is projected that between 2015 and 2020, the greatest increase in households by income level in Madison County will be among those with incomes below \$15,000, while most household income segments are expected to experience some level of growth. This will likely add to a broad range of housing needs over the next few years.



Households by income and tenure for selected years are shown below:

		Renter Households by Income								
		<\$15,000	\$15,000 - \$24,999	\$25,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000 - \$149,999	\$150,000+	Total
Madison County	2015	681 (31.1%)	496 (22.7%)	262 (12.0%)	285 (13.0%)	322 (14.7%)	141 (6.4%)	0 (0.0%)	0 (0.0%)	2,187 (100.0%)
	2020	650 (28.6%)	451 (19.9%)	451 (19.9%)	298 (13.1%)	281 (12.3%)	144 (6.3%)	44 (1.9%)	0 (0.0%)	2,272 (100.0%)
	Change	-30 (-4.5%)	-45 (-9.1%)	142 (54.0%)	13 (4.6%)	-41 (-12.8%)	3 (2.3%)	44 (100.0%)	0 (0.0%)	85 (3.9%)
Region	2015	15,446 (26.5%)	10,300 (17.7%)	9,758 (16.8%)	8,525 (14.7%)	8,674 (14.9%)	2,908 (5.0%)	1,919 (3.3%)	656 (1.1%)	58,185 (100.0%)
	2020	15,532 (25.0%)	11,262 (18.2%)	11,262 (18.2%)	10,165 (16.4%)	8,767 (14.1%)	3,070 (5.0%)	2,135 (3.4%)	910 (1.5%)	62,011 (100.0%)
	Change	86 (0.6%)	962 (9.3%)	411 (4.2%)	1,641 (19.2%)	93 (1.1%)	161 (5.5%)	216 (11.2%)	255 (38.8%)	3,826 (6.6%)

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

		Owner Households by Income								
		<\$15,000	\$15,000 - \$24,999	\$25,000 - \$34,999	\$35,000 - \$49,999	\$50,000 - \$74,999	\$75,000 - \$99,999	\$100,000- \$149,999	\$150,000+	Total
Madison County	2015	880 (13.2%)	906 (13.6%)	801 (12.0%)	986 (14.8%)	1,379 (20.7%)	966 (14.5%)	501 (7.5%)	230 (3.5%)	6,648 (100.0%)
	2020	1,051 (15.4%)	891 (13.0%)	709 (10.4%)	1,046 (15.3%)	1,517 (22.2%)	872 (12.7%)	499 (7.3%)	259 (3.8%)	6,844 (100.0%)
	Change	171 (19.4%)	-14 (-1.6%)	-92 (-11.5%)	60 (6.1%)	138 (10.0%)	-93 (-9.6%)	-2 (-0.4%)	28 (12.3%)	196 (2.9%)
Region	2015	11,528 (9.5%)	11,824 (9.7%)	13,478 (11.1%)	19,692 (16.2%)	25,417 (20.9%)	16,526 (13.6%)	14,515 (12.0%)	8,357 (6.9%)	121,336 (100.0%)
	2020	12,116 (9.5%)	12,314 (9.6%)	13,889 (10.8%)	20,777 (16.2%)	26,694 (20.9%)	17,156 (13.4%)	16,033 (12.5%)	9,044 (7.1%)	128,024 (100.0%)
	Change	588 (5.1%)	491 (4.1%)	411 (3.1%)	1,085 (5.5%)	1,278 (5.0%)	630 (3.8%)	1,519 (10.5%)	687 (8.2%)	6,688 (5.5%)

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The largest share (31.1%) of renter households in 2015 is projected to be among households with incomes below \$15,000 while the largest share (20.7%) of owner-occupied households at this same time will be among those with incomes between \$50,000 and \$74,999. Between 2015 and 2020, the greatest renter household growth is projected to occur among households with incomes between \$25,000 and \$34,999, and among homeowners with incomes also below \$15,000, with notable homeowner growth also projected to occur among households with incomes between \$50,000 and \$74,999. The large increase in owner households making below \$15,000 annually is primarily attributed to senior homeowners aging in place and reaching retirement age and thereby experiencing a decline in income.

Given the large and growing base of older adult households in the region, it is important to evaluate the demographic trends of households by tenure and income for senior householders. The data is presented for the county for 2015 and 2020 in the following tables.

Ages 55 and Older Household Income	Renter Households				Owner Households			
	2015		2020		2015		2020	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< \$15,000	241	31.1%	219	28.6%	495	13.2%	610	15.4%
\$15,000 - \$24,999	176	22.7%	152	19.9%	509	13.6%	518	13.0%
\$25,000 - \$34,999	93	12.0%	136	17.8%	450	12.0%	412	10.4%
\$35,000 - \$49,999	101	13.0%	100	13.1%	554	14.8%	608	15.3%
\$50,000 - \$74,999	114	14.7%	94	12.3%	775	20.7%	881	22.2%
\$75,000 - \$99,999	50	6.4%	49	6.3%	543	14.5%	507	12.7%
\$100,000 - \$149,999	-	0.0%	15	1.9%	282	7.5%	290	7.3%
\$150,000+	-	0.0%	-	0.0%	129	3.5%	150	3.8%
Total	774	100.0%	765	100.0%	3,736	100.0%	3,975	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Ages 62 and Older Household Income	Renter Households				Owner Households			
	2015		2020		2015		2020	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< \$15,000	168	31.1%	153	28.6%	353	13.2%	438	15.4%
\$15,000 - \$24,999	122	22.7%	106	19.9%	364	13.6%	372	13.0%
\$25,000 - \$34,999	65	12.0%	95	17.8%	322	12.0%	296	10.4%
\$35,000 - \$49,999	70	13.0%	70	13.1%	396	14.8%	436	15.3%
\$50,000 - \$74,999	79	14.7%	66	12.3%	554	20.7%	633	22.2%
\$75,000 - \$99,999	35	6.4%	34	6.3%	388	14.5%	364	12.7%
\$100,000 - \$149,999	-	0.0%	10	1.9%	201	7.5%	208	7.3%
\$150,000+	-	0.0%	-	0.0%	92	3.5%	108	3.8%
Total	540	100.0%	536	100.0%	2,670	100.0%	2,855	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Ages 75 and Older Household Income	Renter Households				Owner Households			
	2015		2020		2015		2020	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
< \$15,000	71	31.1%	48	28.6%	111	13.2%	146	15.4%
\$15,000 - \$24,999	52	22.7%	34	19.9%	114	13.6%	124	13.0%
\$25,000 - \$34,999	28	12.0%	30	17.8%	101	12.0%	99	10.4%
\$35,000 - \$49,999	30	13.0%	22	13.1%	125	14.8%	146	15.3%
\$50,000 - \$74,999	34	14.7%	21	12.3%	174	20.7%	211	22.2%
\$75,000 - \$99,999	15	6.4%	11	6.3%	122	14.5%	121	12.7%
\$100,000 - \$149,999	-	0.0%	3	1.9%	63	7.5%	69	7.3%
\$150,000+	-	0.0%	-	0.0%	29	3.5%	36	3.8%
Total	230	100.0%	169	100.0%	840	100.0%	953	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on the data from the preceding page, the primary older adult household growth between 2015 and 2020 is projected to occur among many of household *income* segments. As a result, there will likely be a growing need through at least 2020 for additional renter and owner housing at a variety of price points that meets the needs of the county’s senior population.

Population by race for 2010 (latest race data available) is shown below:

		Population by Race						Total
		White Alone	Black or African American Alone	Asian Alone	Some Other Race Alone	Two or More Races		
Madison County	Number	20,035	240	70	150	269	20,764	
	Percent	96.5%	1.2%	0.3%	0.7%	1.3%	100.0%	
Region	Number	353,718	19,967	3,653	13,732	7,842	398,912	
	Percent	88.7%	5.0%	0.9%	3.4%	2.0%	100.0%	

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The largest share of population by race within the county is among the “White Alone” segment, which represents 96.5% of the county’s population, which is above the region’s average.

Population by poverty status for years 2006-2010 is shown in the following table:

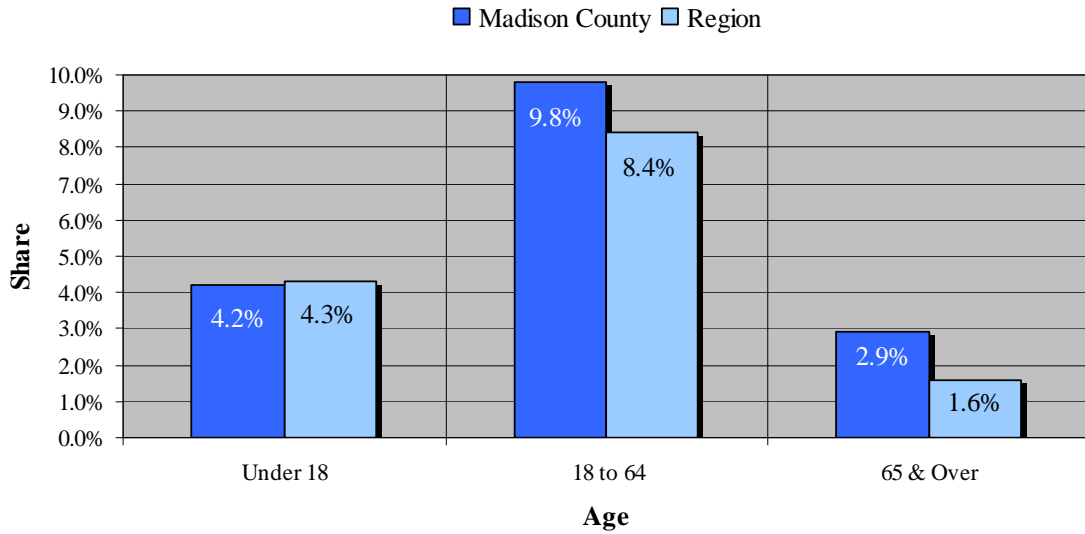
		Population by Poverty Status						Total
		Income below poverty level:			Income at or above poverty level:			
		<18	18 to 64	65+	<18	18 to 64	65+	
Madison County	Number	867	2,044	596	3,485	10,683	3,089	20,764
	Percent	4.2%	9.8%	2.9%	16.8%	51.5%	14.9%	100.0%
Region	Number	17,106	33,329	6,304	65,171	212,420	64,583	398,912
	Percent	4.3%	8.4%	1.6%	16.3%	53.2%	16.2%	100.0%

Source: U.S. Census Bureau, 2006-2010 American Community Survey; Urban Decision Group; Bowen National Research

A total of 3,507 of the county’s population lives in poverty. A total of 867 children (under the age of 18) within the county live in poverty, representing one in five children. Approximately 2,044 of the county’s population between the ages of 18 and 64 lives in poverty, while 596 of seniors age 65 and older live in poverty.

The following graph compares the share of population by age group with incomes below the poverty level for the county and state.

Population Below Poverty Level by Age (2006-2010)



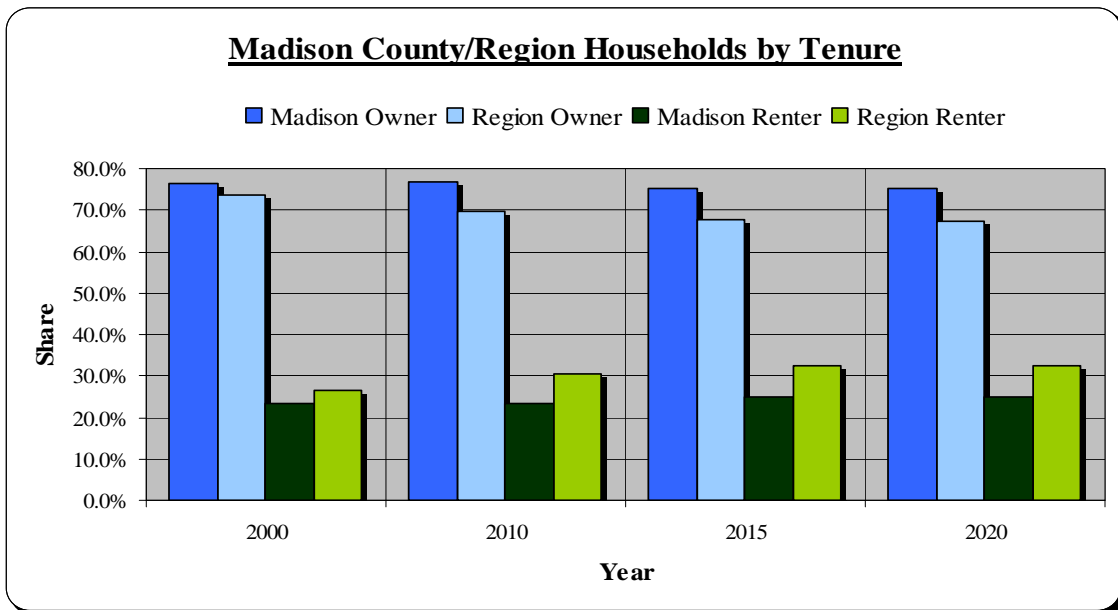
Households by tenure for selected years for the county and state are shown in the following table:

		Households by Tenure							
		2000		2010		2015		2020	
	Household Type	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Madison County	Owner-Occupied	6,134	76.6%	6,514	76.7%	6,648	75.2%	6,844	75.1%
	Renter-Occupied	1,871	23.4%	1,980	23.3%	2,187	24.8%	2,272	24.9%
	Total	8,005	100.0%	8,494	100.0%	8,835	100.0%	9,116	100.0%
Region	Owner-Occupied	105,693	73.6%	117,511	69.6%	121,336	67.6%	128,018	67.4%
	Renter-Occupied	37,817	26.4%	51,237	30.4%	58,185	32.4%	62,009	32.6%
	Total	143,510	100.0%	168,748	100.0%	179,521	100.0%	190,027	100.0%

Source: 2000 Census; 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the county, the share of owner-occupied households was over 75% in 2000 and 2010, while the share of renter-occupied households has been under 25%. It is projected that between 2015 and 2020, the number of owner-occupied households will increase by 196 (2.9%) and the number of renter-occupied households will increase by 85 or by 3.9%. As such, demand for additional housing originating from owner-household growth will outpace renter-household growth by more than a two-to-one margin.

The following graph compares household tenure shares for 2000, 2010, 2015 and 2020:

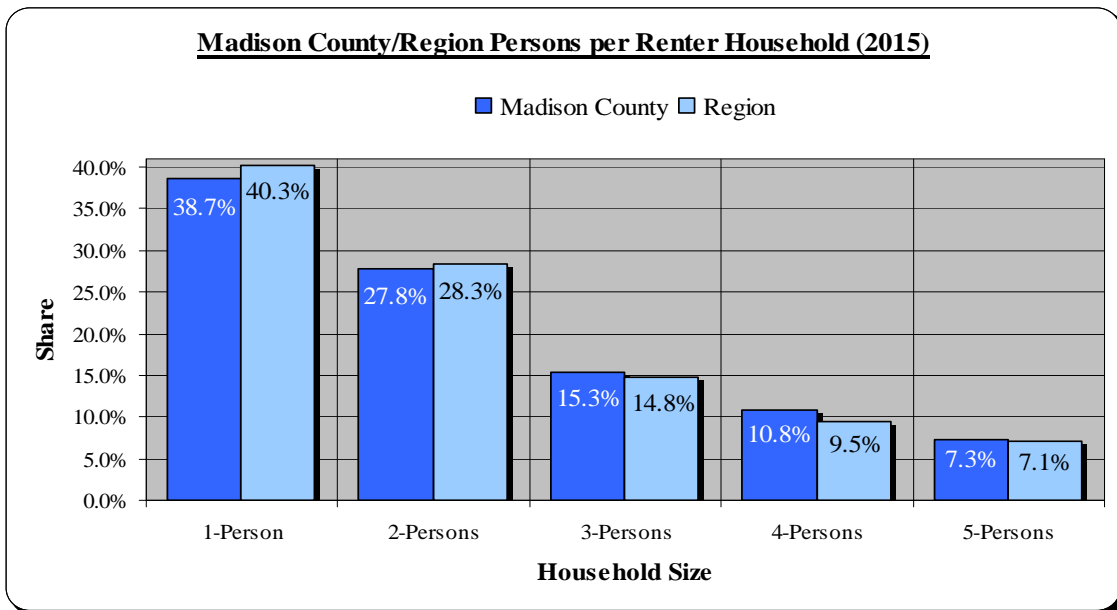


Renter households by size for selected years are shown in the following table:

		Persons Per Renter Household						Median Household Size
		1-Person	2-Person	3-Person	4-Person	5-Person	Total	
Madison County	2010	759 (38.3%)	556 (28.1%)	302 (15.3%)	218 (11.0%)	145 (7.3%)	1,980 (100.0%)	1.83
	2015	847 (38.7%)	609 (27.8%)	335 (15.3%)	236 (10.8%)	160 (7.3%)	2,187 (100.0%)	1.81
	2020	885 (39.0%)	627 (27.6%)	348 (15.3%)	242 (10.7%)	169 (7.4%)	2,272 (100.0%)	1.80
	2015-2020 Change	38 (4.5%)	18 (3.0%)	13 (3.9%)	6 (2.5%)	9 (5.6%)	85 (3.9%)	-
Region	2010	20,359 (39.7%)	14,680 (28.7%)	7,554 (14.7%)	4,965 (9.7%)	3,679 (7.2%)	51,237 (100.0%)	1.72
	2015	23,427 (40.3%)	16,488 (28.3%)	8,593 (14.8%)	5,537 (9.5%)	4,140 (7.1%)	58,185 (100.0%)	1.69
	2020	25,224 (40.7%)	17,416 (28.1%)	9,175 (14.8%)	5,806 (9.4%)	4,387 (7.1%)	62,009 (100.0%)	1.66
	2015-2020 Change	1,817 (7.8%)	928 (5.6%)	582 (6.8%)	269 (4.9%)	247 (6.0%)	3,824 (6.6%)	-

In 2015, the combined share of the county's renter households with one- and two-persons was 66.5%, while three-person or larger renter households will represent over 30% of the total renter households. Note that one-person households are projected to experience the greatest growth between 2015 and 2020, increasing by 38, or 4.5%. The median household size is expected to remain essentially unchanged from between 2015 and 2020.

The following graph compares renter household size shares for the county and state in 2015:



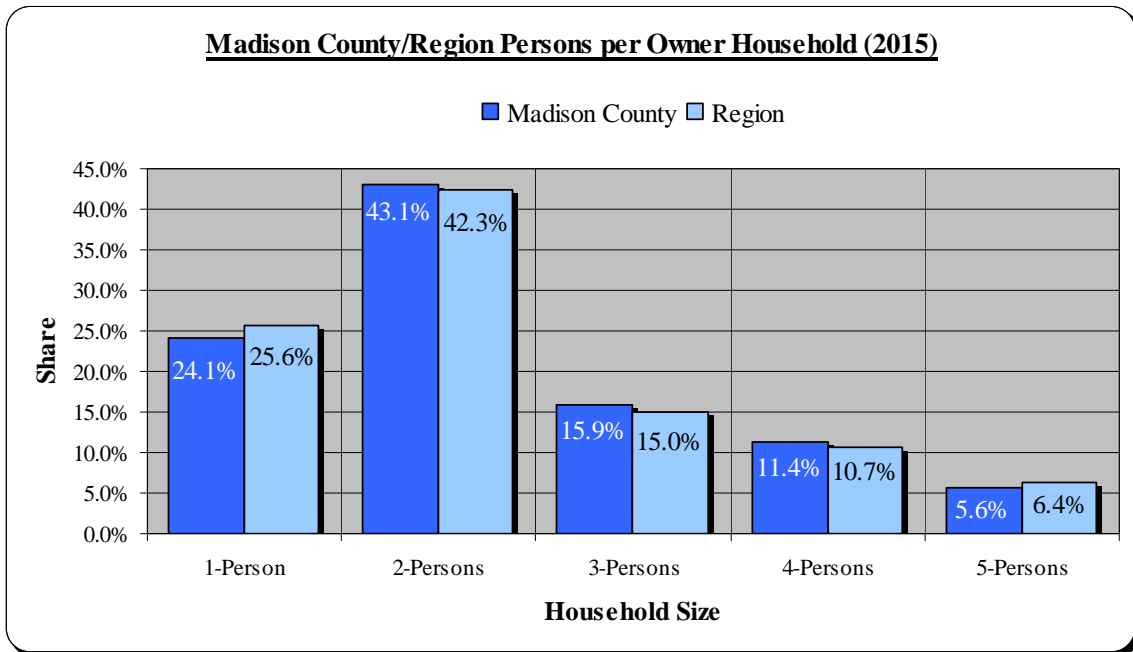
Owner households by size for selected years are shown on the following table:

		Persons Per Owner Household						Median Household Size
		1-Person	2-Person	3-Person	4-Person	5-Person	Total	
Madison County	2010	1,538 (23.6%)	2,838 (43.6%)	1,028 (15.8%)	751 (11.5%)	360 (5.5%)	6,514 (100.0%)	2.21
	2015	1,599 (24.1%)	2,867 (43.1%)	1,057 (15.9%)	755 (11.4%)	371 (5.6%)	6,648 (100.0%)	2.20
	2020	1,663 (24.3%)	2,934 (42.9%)	1,092 (16.0%)	770 (11.3%)	385 (5.6%)	6,844 (100.0%)	2.20
	2015-2020 Change	64 (4.0%)	67 (2.3%)	35 (3.3%)	15 (2.0%)	14 (3.8%)	196 (2.9%)	-
Region	2010	29,657 (25.2%)	50,304 (42.8%)	17,419 (14.8%)	12,690 (10.8%)	7,441 (6.3%)	117,511 (100.0%)	2.16
	2015	31,101 (25.6%)	51,336 (42.3%)	18,195 (15.0%)	12,962 (10.7%)	7,742 (6.4%)	121,336 (100.0%)	2.15
	2020	33,231 (26.0%)	53,736 (42.0%)	19,298 (15.1%)	13,538 (10.6%)	8,216 (6.4%)	128,018 (100.0%)	2.15
	2015-2020 Change	2,130 (6.8%)	2,400 (4.7%)	1,103 (6.1%)	576 (4.4%)	474 (6.1%)	6,682 (5.5%)	-

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Generally, one- and two-person owner-occupied households in 2015 are projected to each represent a combined 67.2% of the owner-occupied household base within the county. At the same time, approximately 16% of the county's owner-occupied households will consist of three-persons, over 11% will be four-persons, and nearly 6% will be five-person or larger. These shares are not expected to change much through 2020.

The following graph compares owner household size shares for the county and region in 2015:



Residents of the county face a variety of housing issues that include such things as lacking complete kitchen and/or indoor plumbing, overcrowding (1.01 or more persons per room), severe overcrowding (1.51 or more persons per room), cost burdened (paying over 30% of their income towards housing costs), severe cost burdened (paying over 50% of their income towards housing costs), and potentially containing lead paint (units typically built prior to 1980).

The following table summarizes the housing issues by tenure for Madison County. It is important to note that some occupied housing units have more than one housing issue.

Housing Issues by Tenure				
Housing Issue	Renter-Occupied		Owner-Occupied	
	Number	Percent	Number	Percent
Incomplete Plumbing	0	0.0%	32	0.5%
Overcrowded	102	4.9%	65	1.1%
Severe Overcrowded	12	0.6%	0	0.0%
Cost Burdened	636	30.8%	1,404	22.9%
Severe Cost Burdened	199	9.6%	726	11.8%

Sources: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Notes: Some housing issues overlap with other issues

The greatest housing issue facing residents appears to be associated with cost burden. The high share of cost burdened households indicates that many area residents are paying a disproportionately high share of their income towards housing costs, which is likely due to a lack of affordable housing.

D. ECONOMICS

As economic conditions and trends can influence the need for housing within a particular market, the following is an overview of various economic characteristics and trends within Madison County.

The distribution of employment by industry sector in Madison County is compared with the region in the following table.

NAICS Group	Employment by Industry (Employees)			
	Madison County		Region	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing & Hunting	154	2.4%	2,090	1.0%
Mining	0	0.0%	145	0.1%
Utilities	72	1.1%	549	0.3%
Construction	296	4.7%	11,460	5.2%
Manufacturing	574	9.1%	18,891	8.6%
Wholesale Trade	83	1.3%	7,349	3.4%
Retail Trade	501	7.9%	24,464	11.2%
Transportation & Warehousing	139	2.2%	4,359	2.0%
Information	75	1.2%	2,671	1.2%
Finance & Insurance	87	1.4%	5,054	2.3%
Real Estate & Rental & Leasing	123	2.0%	5,922	2.7%
Professional, Scientific & Technical Services	227	3.6%	10,754	4.9%
Management of Companies & Enterprises	2	0.0%	218	0.1%
Administrative, Support, Waste Management & Remediation Services	463	7.3%	16,789	7.7%
Educational Services	716	11.4%	10,852	5.0%
Health Care & Social Assistance	432	6.9%	17,371	7.9%
Arts, Entertainment & Recreation	77	1.2%	2,526	1.2%
Accommodation & Food Services	134	2.1%	14,188	6.5%
Other Services (Except Public Administration)	297	4.7%	11,453	5.2%
Public Administration	505	8.0%	13,768	6.3%
Nonclassifiable	1,345	21.3%	37,742	17.3%
Total	6,302	100.0%	218,615	100.0%

*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the County. These employees, however, are included in our labor force calculations because their places of employment are located within the County.

The labor force within the county is very diversified and balanced with no industry sector representing more than 11.4% of the overall county's employment base. The largest employment sectors in the county are within Educational Services (11.4%), Manufacturing (9.1%), Public Administration (8.0%) and Retail Trade (7.9%).

The following table illustrates the mean hourly wages by occupation for Madison County:

Occupation	2014 Estimates	
	Employment	Hourly Wage (Mean)
Education, Training, and Library Occupations	780	\$18.25
Office and Administrative Support Occupations	610	\$15.81
Healthcare Support Occupations	420	\$12.30
Home Health Aides	340	\$9.91
Sales and Related Occupations	340	\$12.67
Cashiers	240	\$9.25
Production Occupations	240	\$17.34
Transportation and Material Moving Occupations	220	\$12.90
Building & Grounds Cleaning & Maintenance Occup.	200	\$10.87
Construction and Extraction Occupations	200	\$14.75
Personal Care and Service Occupations	190	\$10.00
Healthcare Practitioners and Technical Occupations	160	\$21.68
Food Preparation and Serving Related Occupations	160	\$9.99
Management Occupations	150	\$38.40
Installation, Maintenance, and Repair Occupations	140	\$19.46
Community and Social Services Occupations	100	\$16.21
Protective Service Occupations	90	\$14.55
Landscaping and Groundskeeping Workers	90	\$9.63
Janitors and Cleaners, Except Maids and Housekeeping	80	\$10.52
Bookkeeping, Accounting, and Auditing Clerks	80	\$13.85

Source: LEAD (Labor & Economic Analysis Division) of the North Carolina Dept. of Commerce (2014)

The largest number of persons employed by occupation was within job sectors that have mean hourly wages generally between \$10 and \$18. Assuming full-time employment, these wages yield annual wages of around \$20,000 to \$36,000. As a result, there is likely a great need for housing priced at \$900 per month or lower.

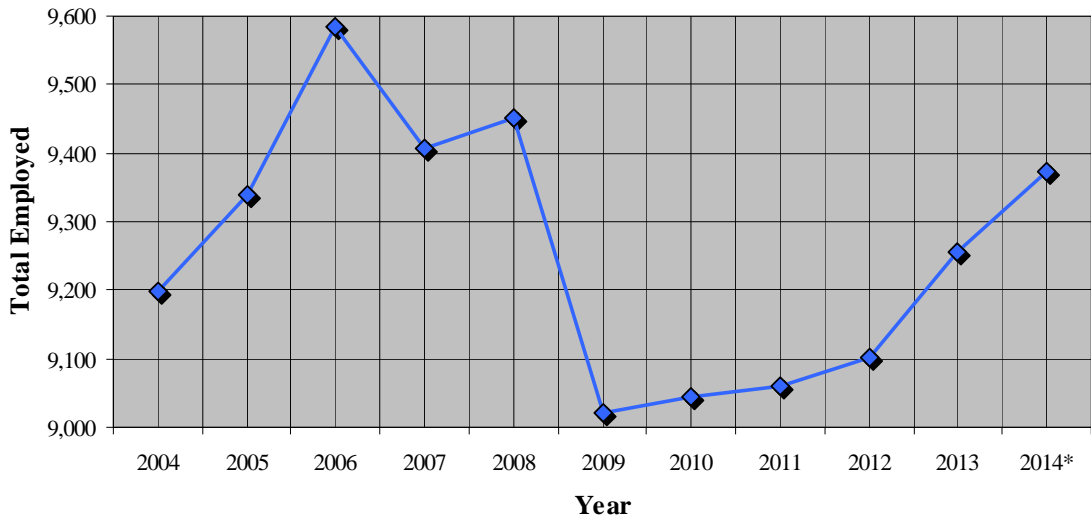
The following illustrates the total employment base for Madison County, the region, North Carolina, and the United States.

Year	Total Employment							
	Madison County		Region		North Carolina		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2004	9,199	-	173,140	-	4,031,081	-	139,967,126	-
2005	9,338	1.5%	176,817	2.1%	4,123,857	2.3%	142,299,506	1.7%
2006	9,584	2.6%	183,324	3.7%	4,261,325	3.3%	145,000,043	1.9%
2007	9,406	-1.9%	184,292	0.5%	4,283,826	0.5%	146,388,369	1.0%
2008	9,451	0.5%	185,863	0.9%	4,280,355	-0.1%	146,047,748	-0.2%
2009	9,022	-4.5%	179,061	-3.7%	4,107,955	-4.0%	140,696,560	-3.7%
2010	9,045	0.3%	181,324	1.3%	4,138,113	0.7%	140,457,589	-0.2%
2011	9,060	0.2%	182,849	0.8%	4,183,094	1.1%	141,727,933	0.9%
2012	9,103	0.5%	186,023	1.7%	4,271,315	2.1%	143,566,680	1.3%
2013	9,255	1.7%	188,921	1.6%	4,318,319	1.1%	144,950,662	1.0%
2014*	9,373	1.3%	191,285	1.3%	4,368,455	1.2%	146,735,092	1.2%

Source: Department of Labor; Bureau of Labor Statistics

*Through August

Madison County Total Employment



Madison County lost more than 500 jobs, representing 5.9% of its employment base between 2006 and 2009, which is a greater percent decline than experienced in the overall region. The county's employment base has increased in each of the past five years.

Unemployment rates for Madison County, the region, North Carolina and the United States are illustrated as follows:

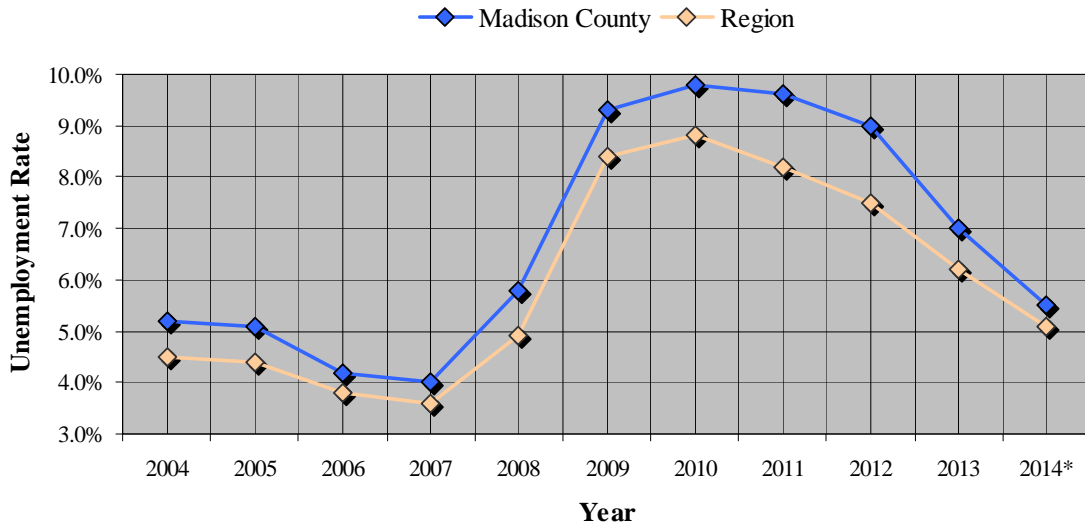
Year	Unemployment Rate			
	Madison County	Region	North Carolina	United States
2004	5.2%	4.5%	5.5%	5.6%
2005	5.1%	4.4%	5.3%	5.2%
2006	4.2%	3.8%	4.8%	4.7%
2007	4.0%	3.6%	4.8%	4.7%
2008	5.8%	4.9%	6.3%	5.8%
2009	9.3%	8.4%	10.4%	9.3%
2010	9.8%	8.8%	10.8%	9.7%
2011	9.6%	8.2%	10.2%	9.0%
2012	9.0%	7.5%	9.2%	8.1%
2013	7.0%	6.2%	8.0%	7.4%
2014*	5.5%	5.1%	6.5%	6.5%

Source: Department of Labor, Bureau of Labor Statistics

*Through August

The unemployment rate in Madison County has remained between 4.0% and 9.8%, slightly above the state average since 2004. After reaching a decade high unemployment rate of 9.8% in 2010, the county's unemployment rate has declined in the county in each of the past four years.

Madison County/Region Unemployment Rate



The ten largest employers within the Madison County area are summarized as follows:

Employer Name	Business Type
Madison County Schools	Education
Mars Hill College	Education
Madison County	County Government
Ingles Markets Inc.	Grocers
Printpack Inc.	Packaging Solutions
Hot Springs Health Program	Health Services
Madison Manor Nursing Home	Health Care
Blue Ridge Group Homes	Health Services
Elderberry Health Care	Health Care
French Broad Electric	Cooperative Utility

Source: ACCESSNC, North Carolina Economic Data and Site Information, 2014 1st quarter

According to the representative with the Madison County Economic Development Board, the Madison County economy is slowly growing. The representative stated that about 60% of the workforce travel to Buncombe County/Asheville area to work. He mentioned that it is a short drive, about 25 minutes, and there are many more job opportunities in that area.

In October of 2014, Mars Hill University held a groundbreaking ceremony for its next building project, a three-story, state-of-the-art complex, designed to hold classrooms and retail spaces. The Troy and Pauline Day Hall is the planned future home of Mars Hill's undergraduate business program which continues to be the largest department at the university. The new complex will sit on the corner of Main Street and College Street in Mars Hill and is expected to be completed by summer 2016. In October of 2013, Mars Hill announced funding for the Ferguson Health Sciences Facility which

will house the university's planned bachelors of nursing program. Construction for this project will begin in spring of 2015.

In November of 2014, Plow & Hearth announced that it is planning a \$4.5 million expansion at its Madison County headquarters to consolidate operations, add 25 new jobs and expand by 84,000 square feet. The plans include warehouse space for Plow & Hearth and headquarters for its sister company, Viva Terra. Plow & Hearth began with a small retail store in Madison in 1980. Its parent company, PH International, is one of the largest employers in Madison County.

The representative from Madison County Economic Development Board said that Mars Hill is an area where development is currently popular. He commented that there is water and sewer services available for new construction and because of this, a new BoJangles restaurant and a 48-unit apartment complex are being built. Mars Hill University is planning a new building project as well. In 2007, the North Carolina Department of Environment and Natural Resources (NCDENR) placed a moratorium on any water extensions by the town of Marshall for two reasons: inadequate water supply capacity and failing distribution system with inadequately sized lines that were longer than 1,000 feet in length. Because of this moratorium, there is not much new construction in the town of Marshall.

Tourism:

There are over 50,000 acres of national forest and wild rivers in Madison County. The Pisgah National Forest along the Blue Ridge Parkway and the Cherokee National Forest with its whitewater, waterfalls and winding footpaths feature provide attractions and recreational opportunities. This Blue Ridge attraction in Western North Carolina is also home to the world's oldest river, the French Broad River. There are also natural mineral water baths in the town of Hot Springs. There numerous outdoor recreational opportunities like hiking, rafting, bicycling, fishing and in the winter there is skiing, snowboarding and tubing.

There is also indoor entertainment with many musicians and local artists at local venues, studios, galleries and festivals throughout the year. The Spring events are the Fiddler' Tribute Concert, Trailfest, Madison Championship Rodeo, and French Broad River Festival, Many of these events have been planned for the area for the past 15 to 17 years. The Summer events are the Southern Appalachian Repertory Theatre, Madison County Championship Rodeo, Bluff Mountain Festival, Marshall Rodeo, Hot Dogget 100 Bicycle Ride, Skirmish at Warm Springs Encampment (Civil War reenactment), and the Blackberry Festival. Fall events scheduled for the area are the French Broad Brew Fest, Art on the Island Festival, Bascom Lamar Lunsford Music Festival, Madison County Heritage Festival and Madison County Fair.

According to North Carolina Tourism Department of Commerce, domestic tourism in Madison County generated an economic impact of \$32.53 million in 2013. Also in 2013, Madison County ranked 70th in travel impact among North Carolina's 100 counties. More than 310 jobs in Madison County were directly attributable to travel and tourism. Travel generated a \$6.19 million payroll in 2013.

The representative stated that tourism is very important and is a major source of revenue for many businesses in the area like motels/hotels, restaurants and retail. Many people who come to the Asheville area for vacations, take smaller day trips to Madison County for rafting, hiking, skiing, or renting a mountain cabin.

WARN (layoff notices):

According to the North Carolina Workforce Development website (www.nccommerce.com), there have been no WARN notices of large-scale layoffs or closures reported for the Madison County area since January 2013.

E. HOUSING SUPPLY

This housing supply analysis considers both rental and owner for-sale housing. Understanding the historical trends, market performance, characteristics, composition, and current housing choices provide critical information as to current market conditions and future housing potential. The housing data presented and analyzed in this section includes primary data collected directly by Bowen National Research and from secondary data sources including American Community Survey (ACS), U.S. Census housing information and data provided by various government entities and real estate professionals.

The housing structures included in this analysis are:

- **Rental Housing** – Multifamily rentals, typically with three or more units were inventoried and surveyed. Additionally, rentals with two or fewer units, which were classified as non-conventional rentals, were identified and surveyed. Other rentals such as vacation rentals, mobile homes, and home stays (a single bedroom or portion of a larger unit) were also considered in this analysis.
- **Owner For-Sale Housing** – We identified attached and detached for-sale housing, which may be part of a planned development or community, as well as attached multifamily housing such as condominiums.
- **Senior Care Housing** – Facilities providing housing for seniors requiring some level of care, such as adult care facilities, multi-unit assisted facilities and nursing homes were surveyed and analyzed.

For the purposes of this analysis, the housing supply information is presented for Madison County and compared with the region. This analysis includes secondary Census housing data, Bowen National Research’s survey of area rental alternatives and senior care facilities, and owner for-sale housing data (both historical sales and available housing alternatives) obtained from secondary data sources (Multiple Listing Service, REALTOR.com, and other on-line sources). Finally, we contacted local building and planning departments to determine if any residential units of notable scale were currently planned or under review by local government. Any such units were considered in the housing gap estimates included later in this section.

The following table summarizes the surveyed/inventoried housing stock in the county. This is a sample survey/inventory and does not represent all housing in the county. However, we believe this housing survey/inventory is representative of a majority of the most common housing categories offered in the county.

Surveyed Housing Supply Overview				
Housing Type	Units	Vacant Units	Vacancy	Price Range
Multifamily Apartments	177	0	0.0%	N/A
Non-Conventional Rentals	N/A	3	N/A	\$600-\$800
Home Stays	N/A	4	N/A	\$250-\$350
Vacation Rentals	N/A	50	N/A	\$2,970-\$18,855
Mobile Home Rentals	488*	N/A	N/A	\$450-\$500
Owner For-Sale Housing	589**	252	2.2%*	\$12,000-\$2.6 Mil.
Senior Care Housing	116	7	6.0%	\$3,986+
<i>Independent Living</i>	0	-	-	-
<i>Multi-Unit Assisted Housing</i>	0	-	-	-
<i>Adult Care Homes</i>	56	7	12.5%	\$3,986+
<i>Nursing Homes</i>	60	0	0.0%	\$5,322+

*Based on 2011-2013 American Community Survey

**Units sold between 2010 and 2014

N/A – Not Available

With the exception of the adult care homes, all housing segments appear to have vacancy rates of 6.0% or lower. This indicates that these housing segments are in high demand. While the adult care homes have a vacancy rate of 12.5% this is not considered an unusually high vacancy rate for this type of senior care housing. Overall, the county’s housing market is performing well, as demand is strong for virtually all housing alternatives. The lack of any vacancies among the surveyed multifamily rental housing likely indicates that there is a shortage of such housing within the county.

a. Rental Housing

Multifamily Rental Housing

We identified and personally surveyed five conventional housing projects containing a total of 177 units within the county. This survey was conducted to establish the overall strength of the rental market and to identify trends in rental housing. These rentals have a combined occupancy rate of 100.0%, an extremely high rate for rental housing. It is important to note that our survey illustrates occupancy rates that only factor in physical vacancies, which are vacant units that are currently ready to rent and does not account for economic vacancies, which are vacant units that cannot be rented due to a variety of factors (e.g. units being renovated or prepared for future occupants, uninhabitable units, etc.). Definitions of each housing program are included in *Addendum D: Glossary of the Asheville, North Carolina Region Housing Needs Assessment*.

Managers and leasing agents for each project were surveyed to collect a variety of property information including vacancies, rental rates, design characteristics, amenities, utility responsibility, and other features. Projects were also rated based on quality and upkeep.

The distribution of surveyed rental housing supply by product type is illustrated in the following table:

Surveyed Multifamily Rental Housing				
Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit/Government-Subsidized	1	34	0	100.0%
Government-Subsidized	4	143	0	100.0%
Total	5	177	0	100.0%

As the preceding table illustrates, these rentals have a combined occupancy rate of 100.0%. This is an extremely high occupancy rate and an indication that there is very limited availability among larger multifamily apartments in Madison County. In fact, these projects have wait lists of up to 100 households, which provides evidence that there is pent up demand for multifamily rental housing in the Madison County area. It is of note that we did not identify any market-rate multifamily supply in the county. It appears that all multifamily rentals operate under the Tax Credit or HUD programs, and that market-rate rental housing is primarily among non-conventional rentals (e.g. houses, duplexes, etc.) or mobile homes.

There are five multifamily projects that were surveyed in Madison County that operate with a government-subsidy. The distribution of units and vacancies by bedroom type among government-subsidized projects (both with and without Tax Credits) in Madison County is summarized as follows.

Subsidized Tax Credit					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	32	94.1%	0	0.0%
Two-Bedroom	1.0	2	5.9%	0	0.0%
Total Subsidized Tax Credit		34	100.0%	0	0.0%
Government-Subsidized					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	46	32.2%	0	0.0%
Two-Bedroom	1.0	58	40.6%	0	0.0%
Three-Bedroom	1.0	22	15.4%	0	0.0%
Three-Bedroom	1.5	12	8.4%	0	0.0%
Four-Bedroom	1.5	5	3.5%	0	0.0%
Total Subsidized		143	100.0%	0	0.0%

The surveyed government-subsidized projects in Madison County operate under a variety of programs including the HUD Sections 202 and 811 programs, as Public Housing and the Rural Development Section 515 program. Overall, there are no vacant government-subsidized units in Madison County, resulting in a combined 100% occupancy rate. This is an extremely high occupancy rate. Of the five subsidized projects in the market, four maintain waiting lists with up to 100 households. As such, there is clear pent-up demand for housing for very low-income households in Madison County.

The following is a distribution of multifamily rental projects and units surveyed by year built for Madison County:

Year Built	Projects	Units	Vacancy Rate
Before 1970	2	97	0.0%
1970 to 1979	0	0	-
1980 to 1989	2	46	0.0%
1990 to 1999	1	34	0.0%
2000 to 2005	0	0	-
2006	0	0	-
2007	0	0	-
2008	0	0	-
2009	0	0	-
2010	0	0	-
2011	0	0	-
2012	0	0	-
2013	0	0	-
2014*	0	0	-

*As of December

The largest share of apartments surveyed was built prior to 1970, with all surveyed units built prior to 2000. All of these apartments are occupied. While there have been no new units added to the county's inventory in over 15 years, there is currently a 48-unit LIHTC project under construction that is scheduled for completion sometime in 2015.

Representatives of Bowen National Research personally visited each of the surveyed rental projects within Madison County and rated the quality of each property. We rated each property surveyed on a scale of "A" (highest) through "F" (lowest). All properties were rated based on quality and overall appearance (i.e. aesthetic appeal, building appearance, landscaping and grounds appearance).

The following is a distribution by quality rating, units, and vacancies for all surveyed rental housing product in Madison County.

Government-Subsidized			
Quality Rating	Projects	Total Units	Vacancy Rate
B	4	143	0.0%
B-	1	34	0.0%

All of the surveyed multifamily properties were rated either "B" or "B-", indicated that the existing multifamily supply is generally considered to be in good condition.

Non-Conventional Rental Housing

Madison County has a large number of non-conventional rentals which can come in the form of detached single-family homes, duplexes, units over storefronts, etc. As a result, we have conducted a sample survey of non-conventional rentals within the county. Only three individual vacant units were identified and surveyed in the county. While this does not include all non-conventional rentals in the market, we believe these properties are representative of the typical non-conventional rental housing alternatives in the market.

The following table aggregates the vacant non-conventional rental units surveyed in Madison County by bedroom type.

Surveyed Non-Conventional Rental Supply				
Bedroom	Vacant Units	Rent Range	Median Rent	Median Rent Per Square Foot
One-Bedroom	1	\$750	\$750	\$1.11
Two-Bedroom	0	-	-	-
Three-Bedroom	2	\$600 - \$800	\$700	\$0.60
Four-Bedroom+	0	-	-	-
Total	3			

As the preceding table illustrates, the rents for non-conventional rentals identified range from \$600 to \$800. The median rents are \$750 for a one-bedroom unit and \$700 for a three-bedroom unit, with a median rent per square foot range of \$0.60 to \$1.11.

Most non-conventional rentals require tenants to pay all utilities. As a result, tenants are likely paying an additional \$100 to \$200 in utility costs on top of the rental rates. When also considering that the non-conventional rentals are more than 20 years old and their amenity packages are relatively limited, it would appear the non-conventional rentals represent less of a value than most multifamily apartments in the market. However, given the relatively limited number of vacant units among the more affordable multifamily apartments, many low-income households are likely forced to choose from the limited number of non-conventional housing alternatives.

Vacation Rental Housing

Madison County has a large number of vacation rentals which can come in the form of cabins, detached single-family homes, condominiums, etc. As a result, we have conducted a sample survey of vacation rentals within the county. Overall, a total of 50 individual vacant units were identified and surveyed. While this does not include all vacation rentals in the market, we believe these properties are representative of the typical vacation rental housing alternatives in the market.

The following table aggregates the 50 vacant/available vacation rental units surveyed in the county by bedroom type. It should be noted that while vacation rentals are typically rented on a daily or weekly basis, we have shown all rents on a monthly basis to more easily compare with other rental options in the market.

Surveyed Vacation Rental Supply			
Bedroom	Vacant Units	Rent Range	Median Rent
One-Bedroom	17	\$2,970 - \$5,775	\$4,500
Two-Bedroom	15	\$3,015 - \$5,670	\$4,275
Three-Bedroom	12	\$3,300 - \$9,450	\$4,838
Four-Bedroom+	6	\$3,750 - \$18,855	\$8,063
Total	50		

Source: www.homeaway.com; Bowen National Research

*Monthly Rents (most rentals are rented on a daily or weekly rate, but were converted to a monthly rent for an easier comparison with long-term rentals)

As the preceding table illustrates, the rents for vacation rentals identified range from \$2,970 to \$18,855. The median rents are \$4,500 for a one-bedroom unit, \$4,275 for a two-bedroom unit, \$4,838 for a three-bedroom unit, and \$8,063 for a four-bedroom or larger unit.

The rental rates of vacation rentals are significantly higher than most conventional multifamily apartments and non-conventional rentals surveyed in the county. Generally, such rentals are four times higher than conventional rentals, essentially eliminating this type of housing as a viable long-term housing alternative to most area renters. However, due to this rent differential, such housing may appeal to owners of traditional, long-term conventional rentals who may want to convert their housing to vacation rentals. This is addressed in the case study portion of the *Asheville, North Carolina Region Housing Needs Assessment*.

Home Stay Rentals

A home stay rental is generally considered a bedroom that are rented to tenants and typically excludes a full rental unit. Tenants in the home stay rental often have shared access to common areas such as bathrooms and kitchens. Madison County has a small number of home stay rentals. As a result, we have conducted a sample survey of home stay rentals within the county.

Overall, a total of four individual vacant home stay rental “units” were identified and surveyed. While this likely does not include all home stay rentals in the market, we believe these properties are representative of the typical home stay rental housing alternatives in the market. The following table aggregates the four home stay rental units surveyed in the county by bedroom type.

Surveyed Home Stay Rental Supply		
Vacant Units	Rent Range	Median Rent
4	\$250 - \$350	\$313

As the preceding table illustrates, the monthly rents for home stay rentals identified range from \$250 to \$350. The median monthly rent for the surveyed home stay units is \$313.

The rental rates of home stay rentals are generally lower than most multifamily apartments surveyed in the county, which is not surprising since such rentals are limited to a single room with shared access to common areas (e.g. bathrooms, kitchens, etc.). Most home stay rentals are roommate situations where residents have their own bedroom but must share kitchen, living and bathroom areas. Most rentals include all basic utilities in the rent, with many rentals also offering cable television and Internet as part of the rent. A large number of the rentals are fully furnished, but offer few project amenities such as swimming pools or other recreational features. Most rentals allow residents access to laundry facilities. Leases are often flexible, typically month-to-month in duration. Unlike most conventional apartments or private non-conventional rentals, home stays have the unique element of matching personal preferences with roommates. For example, many properties advertise that they are looking for smoke-free/smokers, pet friendly/no pet, male/female or other types of tenants. Such preferences or restrictions likely limit the type of residents that can be accommodated at such rentals. Given these preferences and restrictions, along with the fact that the home stay rentals can typically only accommodate one- or two-person households, home stays likely have a limited ability to meet the needs of most area renters.

Mobile Home Parks

Bowen National Research identified six mobile home parks in Madison County through secondary resources, such as www.mhvillage.com, the county tax department/assessor, and CraigsList. Upon identification of these parks, which is not a comprehensive list, we conducted a sample windshield survey to evaluate the quality of select parks and their neighborhoods, and we attempted to conduct telephone interviews with park operators.

According mobile home park operators, typical mobile home rents range from \$450 to \$500 per month, which are among some of the lower mobile home rents in the region. Based on a windshield survey of select mobile home parks in the county yielded overall “C-” quality and neighborhood ratings, indicating that these mobile home parks and their neighborhoods are in fair to poor condition.

b. Owner For-Sale Housing

Bowen National Research, through a review of the Multiple Listing Service information for Madison County, identified both historical (sold since 2010) for-sale residential data and currently available for-sale housing stock.

There were 589 homes sold and 252 homes currently available in Madison County. Approximately, an average of 112 homes are sold each year within Madison County. The 252 available homes in Madison County represent 6.9% of all identified available for-sale homes in the region. The following table summarizes the available and recently sold (since January 2010) housing stock for Madison County.

Madison County - Owner For-Sale/Sold Housing Supply		
Type	Homes	Median Price
Available	252	\$270,445
Sold	589	\$168,000

Source: Multiple Listing Service and Bowen National Research

The historical data includes any home sales that occurred within the county from January 2010 to November 2014. It is our opinion that an evaluation of sales activity after 2009 is representative of true market conditions following the recession.

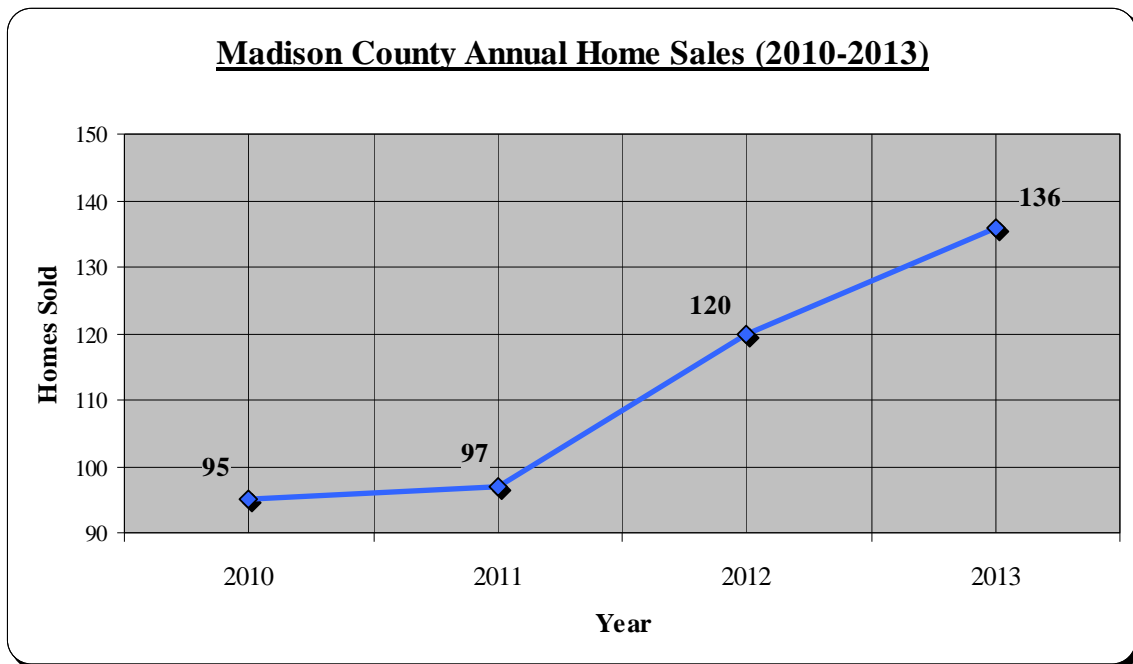
The following table includes a summary of annual for-sale residential transactions that occurred within Madison County since 2010. It should be noted that the 2014 full year sales projection is based on actual sales through November of that year.

Madison County				
Owner For-Sale Housing by Year Sold				
Year	Units Sold		Median Price Sold	
	Number	Change	Price	Change
2010	95	-	\$165,000	-
2011	97	2.1%	\$167,000	1.2%
2012	120	23.7%	\$165,000	-1.2%
2013	136	13.3%	\$167,500	1.5%
2014	159*	16.9%	\$171,000	2.1%

Source: Multiple Listing Service and Bowen National Research
 *Full year projections based on actual sales through Nov. 21, 2014

Excluding the partial year of 2014, annual residential for-sale activity within the county has ranged between 95 in 2010 and 136 in 2013. The annual sales activity has grown each of the past four full years. The county is currently on pace to sell approximately 159 residential units for all of 2014. The county has experienced fluctuations in median sales prices over the past three years, but has trended upward in 2013 and 2014. The positive trends among sales volume and sales prices, although modest, are good indications of a healthy and stable for-sale housing market in Madison County.

The following graphs illustrate the overall annual number of homes sold and median sales prices over the past four years for Madison County from 2010 to 2013 (2014 was excluded due to the fact that only partial year data is available):



Madison County Annual Median Sales Price (2010-2013)



The following table summarizes the inventory of *available* for-sale housing in Madison County and the region.

	Available Owner For-Sale Housing						
	Total Units	% Share of Region	Low List Price	High List Price	Average List Price	Median List Price	Average Days On Market
Madison County	252	6.9%	\$39,900	\$2,300,000	\$343,583	\$270,445	339
Region	3,669	100.0%	\$19,900	\$10,750,000	\$451,391	\$290,418	244

Source: Multiple Listing Service and Bowen National Research

Within Madison County, the available homes have a median list price of \$270,445, which is more than the region median list price of \$290,418. The average number of days on market for available product in Madison County is 339, which is significantly longer than the region average of 244.

The table below summarizes the distribution of available for-sale residential units by price point for Madison County.

List Price	Available Owner For-Sale Housing by Price Point					
	Madison County			Region		
	Median Price	Units	Share	Median Price	Units	Share
<\$100,000	\$79,900	26	10.3%	\$79,700	190	5.2%
\$100,000 - \$199,999	\$158,975	63	25.0%	\$159,900	821	22.4%
\$200,000 - \$299,999	\$249,900	56	22.2%	\$249,900	934	25.4%
\$300,000 - \$399,999	\$357,000	50	19.8%	\$350,000	543	14.8%
\$400,000 - \$499,999	\$448,000	16	6.4%	\$450,000	319	8.7%
\$500,000+	\$695,000	41	16.3%	\$797,200	862	23.5%

Source: Multiple Listing Service and Bowen National Research

Madison County Available For-Sale Housing by Price



One-fourth of the available for-sale supply in Madison County is priced between \$100,000 and \$199,999. These homes would generally be available to households with incomes between \$30,000 and \$60,000. More than a fifth of the available product is priced between \$200,000 and \$299,999, indicating that there is a good base of homes generally affordable to households with incomes between \$60,000 and \$100,000. Only 10.6% of all available homes are priced below \$100,000, which would be generally affordable to households with incomes under \$30,000. Based on our on-site evaluation of the county's housing stock and an analysis of secondary data on such housing, it appears that much of the housing inventory was built prior to 1970 and of fair quality. As a result, while it may be deemed that there is some for-sale product available to lower-income households, such product likely requires additional costs for repairs, modernization and maintenance, which may be difficult for many low-income households to afford.

c. Senior Care Facilities

The subject county, like areas throughout the country, has a large senior population that requires a variety of senior housing alternatives to meet its diverse needs. Among seniors, generally age 62 or older, some individuals are either seeking a more leisurely lifestyle or need assistance with Activities of Daily Living (ADLs). As part of this analysis, we evaluated four levels of care that typically respond to older adults seeking, or who need, alternatives to their current living environment. They include independent living, multi-unit assisted housing, adult care homes, and nursing care. These housing types, from least assisted to most assisted, are summarized below.

Independent Living is a housing alternative that includes a residential unit, typically an apartment or cottage that offers an individual living area, kitchen, and sleeping room. The fees generally include the cost of the rental unit, some utilities, and services such as laundry, housekeeping, transportation, meals, etc. This housing type is also often referred to as congregate care. Physical assistance and medical treatment are not offered at such facilities.

Multi-unit Assisted Housing With Services (referred to as *multi-unit assisted* throughout this report) is a housing alternative that provides unlicensed care services along with the housing. Such housing offers residents the ability to obtain personal care services and nursing services through a home care or hospice agency that visit the subject site to perform such services. Management at the subject project arrange services that correspond to an individualized written care plan.

Adult Care Homes are state licensed residences for aged and disabled adults who may require 24-hour supervision and assistance with personal care needs. People in adult care homes typically need a place to live, with some help with personal care (such as dressing, grooming and keeping up with medications), and some limited supervision. Medical care may be provided on occasion but is not routinely needed. Medication may be given by designated, trained staff. This type of facility is very similar to what is commonly referred to as “assisted living.” These facilities generally offer limited care that is designed for seniors who need some assistance with daily activities but do not require nursing care.

Nursing Homes provide nursing care and related services for people who need nursing, medical, rehabilitation or other special services. These facilities are licensed by the state and may be certified to participate in the Medicaid and/or Medicare programs. Certain nursing homes may also meet specific standards for sub-acute care or dementia care.

We referenced the Medicare.com and North Carolina Division of Health Service Regulation websites for all licensed senior care facilities and cross referenced this list with other senior care facility resources. As such, we believe that we identified most, if not all, licensed facilities in the county.

Within the county, a total of two senior care facilities were surveyed containing a total of 116 beds. These facilities are representative of the typical housing choices available to seniors requiring special care housing. It should be noted that family adult care homes of six units or less were not included in this inventory. The following table summarizes the surveyed facilities by property type.

Surveyed Senior Care Facilities				
Project Type	Projects	Beds	Vacant	Vacancy Rate
Independent Living	0	0	-	-
Multi-Unit Assisted Housing	0	0	-	-
Adult Care Homes	1	56	7	12.5%
Nursing Homes	1	60	0	0.0%
Total	2	116	7	6.0%

The Madison County senior care market is reporting overall vacancy rates between 0.0% (nursing homes) and 12.5% (adult care homes). Combined, the surveyed senior care facilities have a 6.0% vacancy rate. The 12.5% vacancy rate among the adult care homes is not unusually high for such housing, particularly in a rural market. The lack of available nursing home units indicates that there is possible demand for additional beds of nursing care. There were no independent living or multi-unit assisted housing units identified in the county, which may indicate a potential opportunity for such housing in the county.

The base monthly fee for adult care homes start at around \$3,986 a month and nursing care facilities have a base monthly fee starting at \$5,322. The adult care home fees are higher than most in the region, while the nursing home beds fees are among the lowest.

d. Planned & Proposed Residential Development

In order to access housing development potential, we evaluated recent residential building permit activity and identified residential projects in the development pipeline for Madison County. Understanding the number of residential units and the type of housing being considered for development in the county can assist in determining how these projects are expected to meet the housing needs of the area.

Based on our interviews with local building and planning representatives, it was determined that there was one housing project planned within Madison County. Mars Hill Commons Apartments is a Tax Credit project under construction on Mars Hill Commons Lane in Mars Hill. Mountain Housing Opportunities and Partnership Property Management are the developers of this 48-unit project that will consist of one-, two- and three-bedroom units when completed in the summer of 2015.

F. HOUSING GAP ESTIMATES

Bowen National Research conducted housing gap analyses for rental and for-sale housing for the subject county. The **housing gap** estimates include new household growth, units required for a balanced market, households living in substandard housing (replacement housing), and units in the development pipeline. This estimate is considered a representation of the housing shortage in the market and indicative of the more immediate housing requirements of the market. Our estimates consider four income stratifications. These stratifications include households with incomes of up to 30% of Area Median Household Income (AMHI), households with incomes between 31% and 50% of AMHI, between 51% and 80% of AMHI, and between 80% and 120% of AMHI. It is important to note that this analysis does not consider the potential housing gap for households with incomes above 120% of AMHI. As such, there is another segment of housing needs that is not quantified in this report. This analysis was conducted for family households and seniors (age 55+) separately. This analysis identifies the housing gap (the number of units that could potentially be supported) for the county between 2015 and 2020. Broader **housing needs** estimates, which include household growth, cost burdened households, households living in substandard housing, and units in the development pipeline, were provided for the *overall region* and is included in the *Asheville, North Carolina Region Housing Needs Assessment*.

The demand components included in the housing gap estimates for each of the two housing types (rental and for-sale) are listed as follows:

Housing Gap Analysis Components	
Rental Housing	Owner Housing
<ul style="list-style-type: none"> • Renter Household Growth 	<ul style="list-style-type: none"> • Owner Household Growth
<ul style="list-style-type: none"> • Unit Required for Balanced Market 	<ul style="list-style-type: none"> • Unit Required for Balanced Market
<ul style="list-style-type: none"> • Substandard Housing 	<ul style="list-style-type: none"> • Substandard Housing
<ul style="list-style-type: none"> • Pipeline Development* 	<ul style="list-style-type: none"> • Pipeline Development*

*Includes units that lack complete indoor plumbing and overcrowded housing

**Units under construction, permitted, planned or proposed

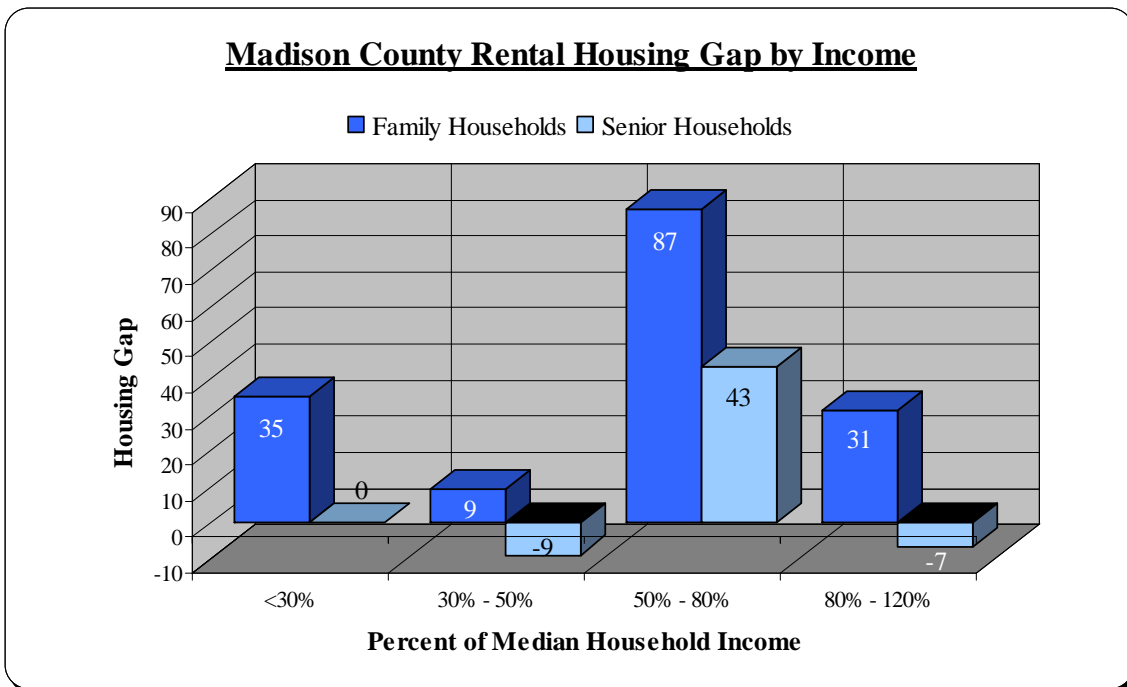
The demand factors for each housing segment at the various income stratifications are combined. Any product confirmed to be in the development pipeline is deducted from the various demand estimates, yielding a housing gap estimate. This gap analysis is conducted for both renters and owners, as well as for seniors (age 55+) and family households. These gaps represent the number of new households that may need housing and/or the number of existing households that currently live in housing that needs replaced to relieve occupants of such things as overcrowded or substandard housing conditions. Data used for these various demand components originates from the demographic analysis portion of this study.

Rental Housing Gap Analysis

The tables below summarize the rental housing gap estimates by the various income segments for family and senior households.

Demand Component	Rental Housing Gap Estimates – Family Households				
	Percent Of Median Household Income				
	<30% (<\$15,000)	30%-50% (\$15,000- \$24,999)	50%-80% (\$25,000- \$34,999)	80%-120% (\$35,000- \$75,000)	Total
New Households (2015-2020)	-8	-21	99	-7	63
Balanced Market	22	15	7	19	63
Substandard Housing	21	15	15	19	70
Development Pipeline	0	0	-34	0	-34
Total Housing Gap	35	9	87	31	162

Demand Component	Rental Housing Gap Estimates – Senior Households				
	Percent Of Median Household Income				
	<30% (<\$15,000)	30%-50% (\$15,000- \$24,999)	50%-80% (\$25,000- \$34,999)	80%-120% (\$35,000- \$75,000)	Total
New Households (2015-2020)	-22	-24	43	-21	-24
Balanced Market	11	8	7	10	36
Substandard Housing	11	7	7	4	29
Development Pipeline	0	0	-14	0	-14
Total Housing Gap	0	-9	43	-7	27



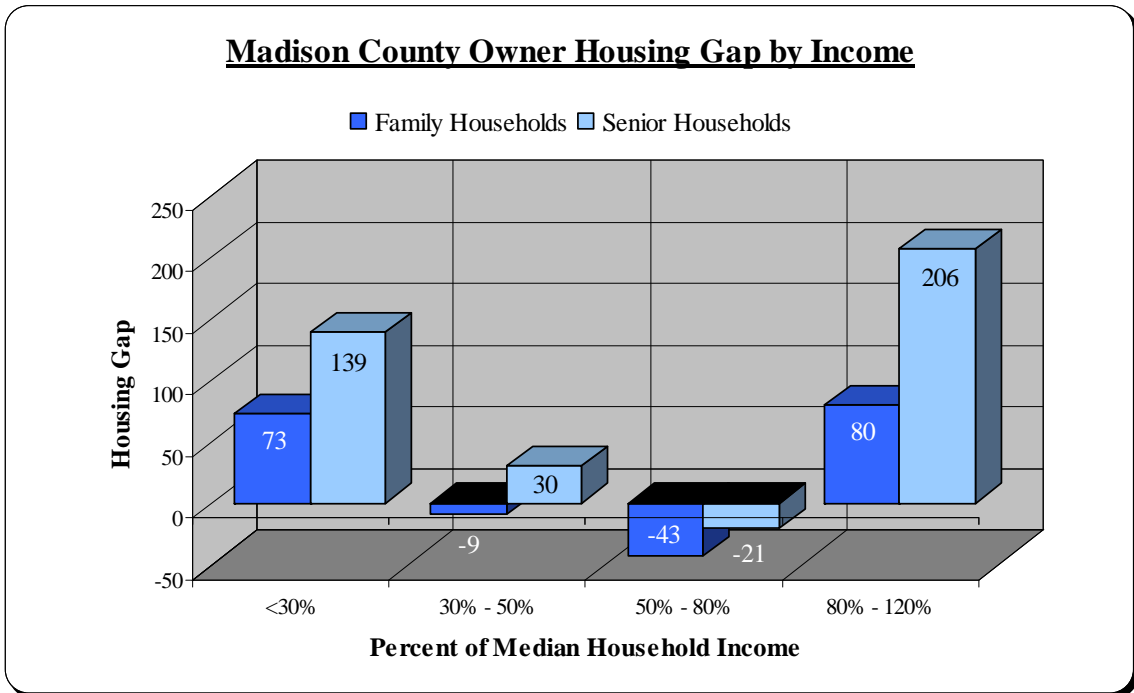
Based on the preceding table, the largest are rental housing gap by income level is within the 50% to 80% AMHI level among both families and seniors. The housing gap for family rentals is six times greater than the senior rental housing gap.

Owner Housing Gap Analysis

The tables below summarize the *owner* housing gap estimates by the various income segments for family and senior households.

Demand Component	Owner Housing Gap Estimates – Family Households				
	Percent Of Median Household Income				
	<30% (<\$15,000)	30%-50% (\$15,000- \$24,999)	50%-80% (\$25,000- \$34,999)	80%-120% (\$35,000- \$75,000)	Total
New Households (2015-2020)	56	-23	-54	38	17
Balanced Market	12	10	8	30	60
Substandard Housing	5	4	3	12	24
Development Pipeline	0	0	0	0	0
Total Housing Gap	73	-9	-43	80	101

Demand Component	Owner Housing Gap Estimates – Senior Households				
	Percent Of Median Household Income				
	<30% (<\$15,000)	30%-50% (\$15,000- \$24,999)	50%-80% (\$25,000- \$34,999)	80%-120% (\$35,000- \$75,000)	Total
New Households (2015-2020)	115	9	-38	160	246
Balanced Market	17	15	12	30	74
Substandard Housing	7	6	5	16	34
Development Pipeline	0	0	0	0	0
Total Housing Gap	139	30	-21	206	354



As shown in the preceding owner housing gap analysis, the greatest housing gap for families and seniors with incomes between 80% and 120% of AMHI.

Senior Care Housing Need Estimates

Senior care housing encompasses a variety of alternatives including multi-unit assisted housing, adult care homes, and nursing homes. Such housing typically serves the needs of seniors requiring some level of care to meet their personal needs, often due to medical or other physical issues. The following attempts to quantify the estimated senior care housing need in the county.

Senior Care Housing Need Estimates	
Senior Care Housing Demand Component	Demand Estimates
Elderly Population Age 62 and Older by 2020	6,058
Times Share* of Elderly Population Requiring ADL Assistance	X 7.4%
Equals Elderly Population Requiring ADL Assistance	= 448
Plus External Market Support (20%)	+ 90
Equals Total Senior Care Support Base	= 538
Less Existing Supply	- 216
Less Development Pipeline	- 0
Potential Senior Care Beds Needed by 2020	= 322

ADL – Activities of Daily Living

*Share of ADL was based on data provided by the U.S. Centers for Disease Control and Prevention's *Summary Health Statistics for U.S. Population National Health Interview Survey 2011*

Based upon age 62 and older population characteristics and trends, and applying the estimated ratio of persons requiring ADL assistance and taking into account the existing and planned senior housing supply, we estimate that there will be 322 households with a person requiring assisted services that will not have their needs met by existing or planned senior care facilities by the year 2020. Not all of these estimated households with persons age 62 and older requiring ADL assistance will want to move to a senior care facility, as many may choose home health care services or have their needs taken care of by a family member. Regardless, the 322 seniors estimated above represent the potential need for additional senior care housing in the county.

G. STAKEHOLDER SURVEY & INTERVIEWS

Associates of Bowen National Research solicited input from more than 40 stakeholders throughout the region. Their input was provided in the form of an online survey and telephone interviews. Of these respondents, 10 serve the Madison County area. Considered leaders within their field and active in the community, they represent a wide range of industries, including government, economic development, real estate, and social assistance. The purpose of these interviews was to gather input regarding the need for the type and styles of housing, the income segments housing should target, and if there is a lack of housing or housing assistance within the region. The following is a summary of the key input gathered.

Respondents were asked to rank the *type* of housing having the greatest need within the county. All housing types, with the exception of student, were ranked almost evenly as being needed, including rental, for-sale, single-person/young professional, senior independent living, homeless, special needs, and senior care. Respondents indicated that the housing *style* most needed in the area is apartments, followed by single-family homes and manufactured housing/mobile homes. When asked to rank the need for housing for each income level, respondents evenly ranked incomes of less than \$25,000 and incomes between \$25,000 and \$50,000 with the greatest need. The most significant housing issues within the county, as indicated by respondents, are rent burdened/affordability, lack of public transportation, and substandard housing.

Respondents were asked to prioritize funding types that should be utilized or explored in the county. “Other” homeowner assistance and “other” rental housing assistance were given the highest priority, followed by Tax Credit financing and project-based rental subsidy. While no respondents provided a type of “other” assistance that should be offered, one respondent indicated that there is a need for additional Public Housing within the county. When asked what common barriers or obstacles exist as it relates to housing development in the county, the cost of land and availability of land were most commonly cited. Two respondents commented that a lack of funding is also a problem. One respondent noted that while the mountainous terrain of the region is a draw, it also creates challenges, and strategies for land acquisition and density should be explored.

If a respondent was knowledgeable about homelessness in the county, they were asked to rank the need for housing for various homeless groups. Homeless individuals, families, and veterans were ranked the highest in terms of housing need. Respondents indicated that the most needed type of housing to serve the homeless population is increased Voucher assistance, followed by emergency shelters. The most commonly cited obstacles to developing homeless housing were the high cost of development/lack of funding, lack of housing assistance/social services, NIMBYism and governmental “red tape”. Multiple respondents believe there is a need for increased supportive service programs and permanent supportive housing for area homeless persons.

If a respondent was knowledgeable about special needs groups in the county, they were asked to rank the need for housing for various special needs groups. The most commonly indicated groups were persons with mental illness, persons with physical/developmental disabilities, persons suffering from alcohol/ substance abuse, and ex-offenders. Respondents believe that transitional housing, group homes, and emergency shelters would best serve these populations. The lack of community support and funding (specifically, the loss of the HUD 811 program and the continuum of care new construction bonus) were cited as the most common obstacles to developing special needs housing.

H. SPECIAL NEEDS HOUSING

Besides the traditional demographics and housing supply evaluated on the preceding pages of this section, we also identified special needs populations within Madison County. This section of the report addresses demographic and housing supply information for the homeless population and the other special needs populations within the county.

Madison County is located within HUD’s designated Continuum of Care (CoC) area known as *North Carolina Balance of State (BoS)*. CoCs around the United States are required to collect data for a point-in-time during the last week of each year. The last published as *North Carolina BoS* point-in-time survey was conducted in January 2014. This includes count of persons who are classified as homeless, as well as an inventory of the housing specifically designated for the homeless population.

According to a representative with the North Carolina Coalition to End Homelessness Madison County does not have an active homeless service sector and as such has never reported a sheltered or unsheltered PIT count. A representative from Pisgah Legal Services stated that it’s hard to estimate how many people in Madison County are homeless and there is only one shelter in the county however it is for domestic violence victims. Madison County could benefit from a small shelter facility with no more than five beds to assist the few people who become homeless. Several other representatives with the local housing authorities that serve Madison County stated that there is a need for shelter services as they get people who are homeless coming in looking for immediate assistance and there is none available. There is a need for more permanent housing in the area as much of the product typically affordable to the

homeless population is often old and in substandard condition. Additionally, there is a need for subsidized housing as the three housing authorities in the area that administer Section 8 have extensive waiting lists. Furthermore, Mountain Housing Opportunities is in the process of developing the first LIHTC development, Mars Hill Commons, in Madison County which will consist of 48-units and is set to open in 2015. While not specifically for the homeless, the project will create an affordable housing option that is currently lacking in the area.

The following table summarizes the various special needs populations within the county that were considered in this report.

Special Needs Populations			
Special Needs Group	Persons	Special Needs Group	Persons
HIV/AIDS	14	Persons with Disabilities (PD)	3,686
Victims of Domestic Violence (VDV)	419	Elderly (Age 62+) (E62)	6,058
Persons with Substance Abuse (PSA)	13	Frail Elderly (Age 62+) (FE62)	448
Adults with Mental Illness (MI)	1,921	Ex-offenders (Parole/Probation) (EOP)	35
Adults with Severe Mental Illness (SMI)	13	Unaccompanied Youth (UY)	9
Co-Occurring Disorders (COD)	322	Veterans	1,435
Multi-Generational Households (MGH)	334		

The largest number of special needs persons is among the elderly (age 62+), persons with disabilities, adults with mental illness, and veterans. According to our interviews with area stakeholders, housing alternatives that meet the distinct demands of the special needs population are limited. Notable facilities are offered by Pisgah Legal Services, Smokey Mountain Center, Disability Partners, Western North Carolina AIDS Project, My Sister’s Place, Black Mountain Homes for Youth & Children, Church of the Holy Spirit, Salvation Army-Clyde, Western Highland LME, Blue Ridge Homes- Madison, and October Road, Inc., and various senior care facilities. It should be noted that while most of these facilities and organizations are located in Buncombe County services are offered to persons residing within Madison County.

According to various services providers knowledgeable about housing for various homeless and special needs groups in Madison County the most needed are transitional housing, group homes, and emergency shelters. It was also noted that housing for persons with mental illness, persons with physical/developmental disabilities, persons suffering from alcohol/ substance abuse, and ex-offenders were in great need.

I. CONCLUSIONS

Overall demographic trends are projected to be positive within Madison County over the next five years, which is expected to contribute to the continued strength of the housing market within the county during this time period. Based on our analysis, it appears that the housing gap (housing need) is broad, spanning all income and tenure (renters and owners) segments, and includes both families and seniors. Some key findings based on our research of Madison County are summarized as follows:

- **Population & Households** – Between 2015 and 2020, the population is projected to grow by 636 (3.0%), which is just over one half the growth rate (5.5%) of the overall region. During this same time, household growth of 281 (3.2%) is projected to occur in the county, which is slightly more than half the region’s projected growth rate of 5.9%.
- **Household Heads by Age** – Madison County’s senior households age 65 and older will increase by 410 (13.1%) between 2015 and 2020, adding to its anticipated need for senior-oriented housing. This projected growth will likely lead to a need for additional family-oriented and/or workforce housing.
- **Households by Income and Tenure** – While the greatest projected *renter* household growth (142, 54.0%) between 2015 and 2020 will be among those with incomes between \$25,000 and \$34,999, the largest share (31.1%) of *renter* households will be among those making less than \$15,000 by 2020. The greatest *owner* household growth (171, 19.4%) during this time is projected to occur among those making less than \$15,000. Approximately, two-thirds of the projected growth among the owner households making less than \$15,000 is attributed to seniors reaching retirement age and experiencing decreases in their incomes. Notable growth is project to occur among homeowners making between \$50,000 and \$74,999, which is expected to add 138 households, which represents a 10.0% increase.
- **Rental Housing** – Madison County has a relatively limited supply of rental alternatives. All multifamily rental units we identified and surveyed are occupied and a limited number of non-conventional rentals, home stays and mobile home rentals were identified as being available for rent. Of the more than 100 affordable (Tax Credit and government-subsidized) units in the county, all are occupied and have wait list as high as 100 households. This occupancy rate and the long wait lists maintained at these projects indicate that there is pent-up demand for affordable housing in the county. Based on the housing gap estimates, it appears that the greatest projected rental housing needs will be for those with incomes between 50% and 80% of AMHI, even with a new Tax Credit project in the development pipeline.

- **Owner Housing (for-sale)** – For-sale housing prices have increased in three of the last four years (including 2014), while the number of homes sold annually has increased in each of the past three years. The for-sale housing market is considered to be strong. While the largest share (25.0%) of available for-sale housing is among product priced between \$100,000 and \$199,999, a nearly equal share (22.2%) of all available product is priced between \$200,000 and \$299,999. These shares of available supply are similar to the entire region. Based on the housing gap estimates, it appears that the greatest housing gap for owner housing will be for households with incomes between 80% and 120% of AMHI.
- **Senior Care Facilities** – Senior housing reported an overall occupancy rate of 94.0% (6.0% vacant). This is a relatively high occupancy rate. As shown in the housing needs estimates, it is believed that an additional 322 senior care beds will be needed to meet the future needs of area seniors.
- **Special Needs Populations:** While there are many special needs populations within the county that likely require housing assistance, it appears that the largest special needs populations in the county are the elderly (age 62+), persons with disabilities, adults with mental illness, and veterans.

J. SOURCES

See the *Asheville, North Carolina Region Housing Needs Assessment* for a full listing of all sources used in this report.