

Section 1

Overview

The Housing element of the Pearl River County Comprehensive Plan addresses the creation, maintenance, and conservation of housing for all residents of the county. As Pearl River County plans for the future, it is essential to provide and encourage access to safe, quality, affordable housing and to absorb the growing residential population of Pearl River County in a manner that maintains the natural, cultural, and economic resources of the County. This element of the Plan analyses the existing conditions, strengths, weaknesses, and future demands of housing in Pearl River County. An analysis of key needs and goals and strategic recommendations promote the groundwork for housing the County's residents.

Section 2

Existing Conditions

2.1 History and Context

In analyzing Pearl River County's housing stock, it is important to consider the shifts in housing production that occurred since the 1970s. Prior to hurricane Camille in 1969, speculative development was virtually nonexistent in the County. Residential development outside of Picayune and Poplarville consisted of scattered village communities and single-family houses on large, multi-acre agricultural lots. A small number of New Orleans area residents owned second homes in isolated, wooded recreation areas. When Camille destroyed the County's Tung trees, land owners turned to a variety of agricultural uses for their land. Many of these new agricultural endeavors failed, and the mid-late 1970s saw foreclosure on large tracts of farmland, which often were purchased by speculative developers. In the southern portion of the county, south of McNeill, developers began to construct subdivisions inspired by the agricultural setting, with single-family homes on expansive lots.

The next big shift in housing production again came from speculative developers. In the mid-1990s, inexpensive land prices and cost of living in Pearl River County spurred development of communities for urban Louisiana and Mississippi Gulf Coast transplants. A number of residential subdivisions were built catering to the expected tastes of this demographic: single family homes averaging 2500 square feet, 1-acre lots, and locations within easy accesses of major commuter routes. The market for this type of home remained strong through the 1990s, and real estate and construction became a major segment of the local economy. According to the 2000 US Census, the number of total housing units in Pearl River County had grown to 20,610, up from 15,793 in 1990.

According to the 2000 Census, the majority of residents lived in the same house in 2000 as they did in 1995 (56.4 percent). Of those who were living in different homes, 21.6 percent moved from within the county, 5.1 percent moved from within the state, and 16.2 percent moved into the county from a different state, suggesting Pearl River County's regional draw even before Katrina.

Hurricane Katrina occurred at a point when new housing production in Pearl River County was targeted at new, middle-class residents from outside of the county. As a consequence, the county proved an ideal refuge for families choosing to relocate from heavily damaged areas of the coast. The residential subdivisions easily absorbed new residents, which in turn fueled the construction of more residential subdivisions that followed the same general designs and targeted the same consumers. As a result, the the housing stock of Pearl River County currently contains an abundance of single-family units in large residential subdivisions.

The upsurge in housing production in the county made Pearl River County one of the fastest growing counties in the country in the first decade of this century. The U.S.

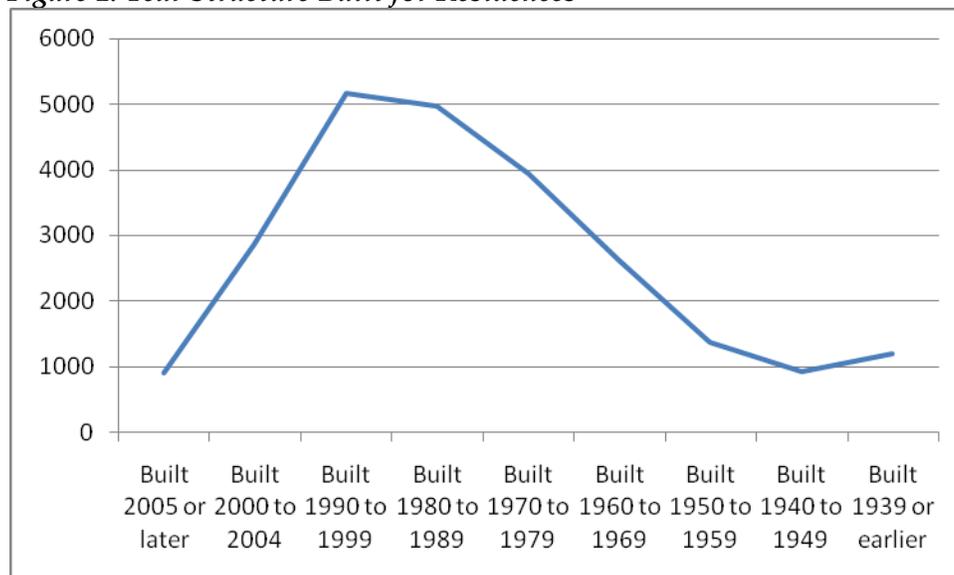
Census reported that Pearl River County ranked as the seventh fastest growing county in terms of new housing units created from July 2005 to July 2006. With a growth rate of 9%, the county's total housing units rose from 22,521 in 2005 to 24,539 in July 2006.

2.2 Housing Characteristics

Housing development has occurred mostly in the southern portion of the County, south of the McNeill community. However, the speculation boom in the years before and after Katrina stimulated development in some northern parts of the County.

The housing stock in Pearl River County consists largely of homes built from the 1970s to the 1990s, as indicated in Figure 1.

Figure 1: Year Structure Built for Residences



Source: US Census 2005-2007 American Community Survey 3-Year Estimates

The overwhelming majority of housing in Pearl River County consists of single-family homes. Homes in residential subdivisions built after 1990 are generally situated on lots between 1-1.5 acres. Houses generally contain 3 bedrooms and follow traditional floor plans. Homes in more rural areas, particularly in the northern portion of the County, are typically smaller and are not within residential subdivisions built by developers.



Figure 2: Typical single-family subdivision home.



Figure 3: Rural home in the northern portion of the County.

According to the US Census, the majority of Pearl River County homes have three bedrooms (51percent). Only a very small percentage of homes are without plumbing (0.4 percent) and without kitchen facilities (0.2 percent).

2.3 Housing Costs and Affordability

According to the 2005-2007 Census estimates, the median value of owner-occupied housing units was \$114, 600, up significantly from \$76,500 in 2000. The median gross rent for a home in Pearl River County was estimated to be \$625 in 2005-2007. The 2000 homeownership rate in Pearl River County is 75.8%, down from 79.8% in 2000. Table 1 indicates the changes that have occurred in housing costs and homeownership; 2005-2007 figures indicate the post-Katrina housing situation in the County.

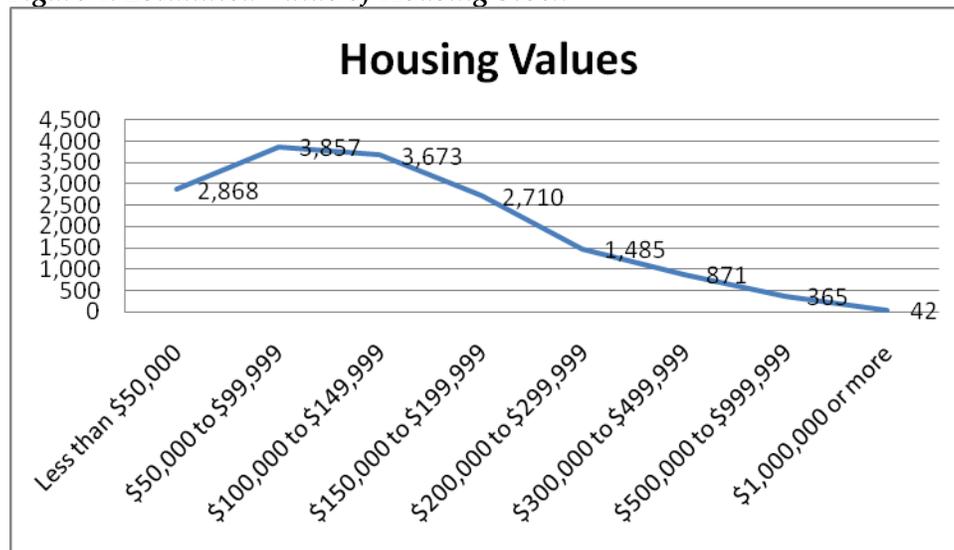
Table 1: Housing Costs and Tenure

	2005-2007	2000	1990
Occupied housing units	20,942	18,078	13,760
Owner-occupied	15,871	14,426	10,888
Renter-occupied	5,071	3,652	2,872
Homeownership Rate	75.8%	79.8%	79.1%
Median Value	\$114,600	\$76,500	\$44,600
Median Gross Rent	\$625	\$421	\$290

Source: US Census 2005-2007 American Community Survey 3-Year Estimates

The housing stock in Pearl River County is heavily concentrated in the \$50,000-\$150,000 range. The majority of homes in the County are reported to have a value of less than \$150,000. Figure 4 illustrates the distribution of housing values in Pearl River County.

Figure 4: Estimated Value of Housing Stock



Source: US Census 2005-2007 American Community Survey 3-Year Estimates

2.5 Regional Context

In comparison to neighboring Mississippi counties, Forrest, Hancock, and Lamar Counties, Pearl River County has a high rate of homeownership but is not affordable

based on median income. Household income in Pearl River County is near the bottom of this cohort in terms of income, and it has a high percentage of households whose residents are in need of affordable housing (for greater explanation see Section 4.3).

However, unlike Forrest County, which shares comparable income and affordable housing need rates, Pearl River County has a home ownership rate of 75.8 percent. Table 2 provides a detailed comparison of Pearl River County and neighboring counties.

Table 2: Housing Statistics for Pearl River and Neighboring Counties

	Pearl River County	Forrest County	Hancock County	Lamar County
Population	55,084	77,097	41,567	45,959
Median Income	\$35,817	\$32,393	\$53,126	\$67,054
Housing Units	23,960	32,386	21,532	16,445
Occupancy Rate	87.4%	90.3%	80.8%	91.2%
Homeownership Rate	75.8%	57.5%	70.3%	76.7%
Median Value	\$114,600	\$89,400	\$146,400	\$135,200
Median Gross Rent	\$625	\$591	\$658	\$706
Percent of Households with Affordable Housing Need	32.2%	33.3%	23.1%	23.1%
Projected Population Growth from 2007	26.2%	18.5%	26.6%	41.2%

Source: US Census 2005-2007 American Community Survey 3-Year Estimates

Note: Estimates for Stone County were not available.

Section 3

Forecast of Future Conditions

3.1 Overview

To prepare for Pearl River County’s future housing needs, it is necessary to anticipate the growth and development that will occur. Population growth in the County has recently been erratic, reflecting the effects of hurricane Katrina. Longer-term projections suggest a steadier growth rate.

3.2 Population Projections

The population of Pearl River County was estimated to stand at 55,084 in 2007 by the U.S. Census Bureau. The Mississippi State Institutions of Higher Learning released population projections in September 2008 that forecast growth for all Mississippi Counties. These projections indicate an expected 26% growth in the population by 2025. The proportion of residents over 65 years of age is expected to increase substantially, almost doubling. A breakdown of these statistics is provided in Table 3.

Table 3: Population Projections by Age Group

	2007	2015	2020	2025	Increase from 2007 to 2025
Under 19	15,194	14,477	16,953	17,330	14.1%
20-44	18,257	20,943	21,653	21,806	19.4%
45-64	14,207	15,735	15,742	15,964	12.4%
65+	7,426	10,897	12,719	14,434	94.4%
Total	55,084	64,135	67,067	69,534	26.2%

Source: Mississippi State Institutions of Higher Learning

3.3 Projected Housing Demands

Using the average household size (2.55 people per unit) and the current supply of housing units in the County (23,960 units), the projected demand for future units was calculated and is laid out in Table 4.

Table 4: Projected Housing Demand

	2015	2020	2025
Projected Population	64,135	67,067	69,534
Projected Housing Unit Need	1,191	2,341	3,308
Percentage Increase Needed (from 2007 level)	5.0%	9.8%	13.8%

Source: Mississippi State Institutions of Higher Learning

Given the great increase in senior population, it is anticipated that housing for seniors will be a pressing issue for Pearl River County.

Section 4

Needs and Goals

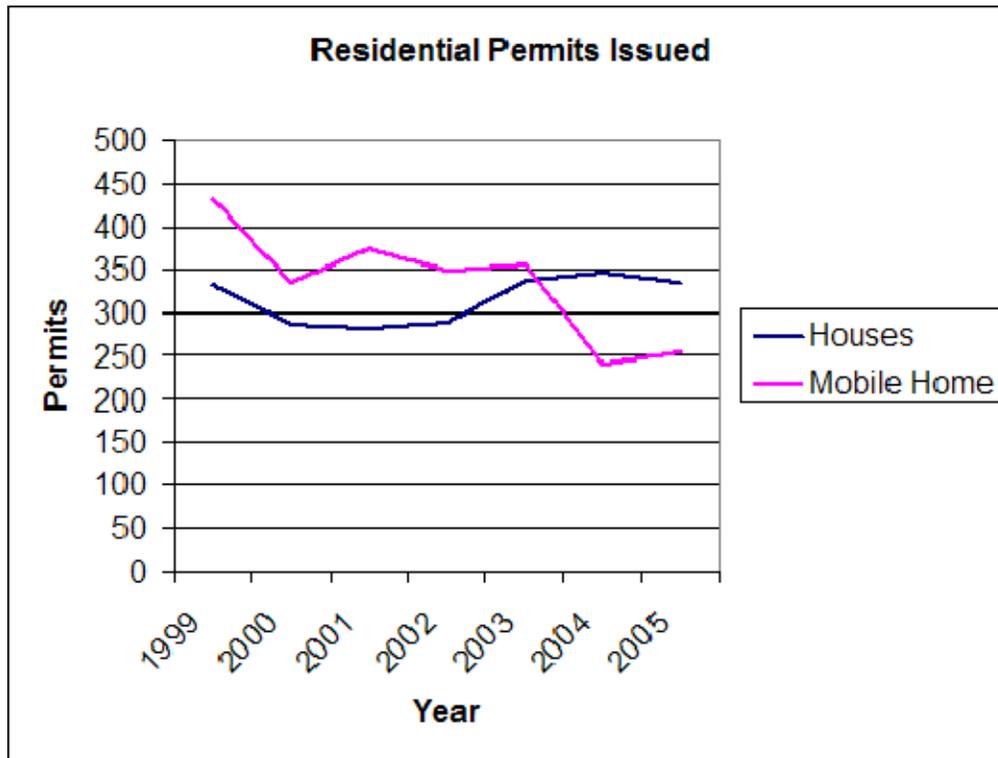
4.1 Overview

Based on the current and projected amount of housing in Pearl River County presented in Sections 2 and 3, needs and goals have been identified for future planning and development of housing.

4.2 Housing Demand

As discussed in Section 3.3, sources project a demand for an additional 3,308 housing units in Pearl River County by the year 2025. Recent trends in the real estate market highlight some of the issues that Pearl River County will face in the coming years with respect to meeting the demand for housing of a broad range of residents with different housing needs. Real estate development, construction, and related services have come to comprise a major segment of the local economy. The number of units sold in Pear River county grew steadily from 2003 to 2006.

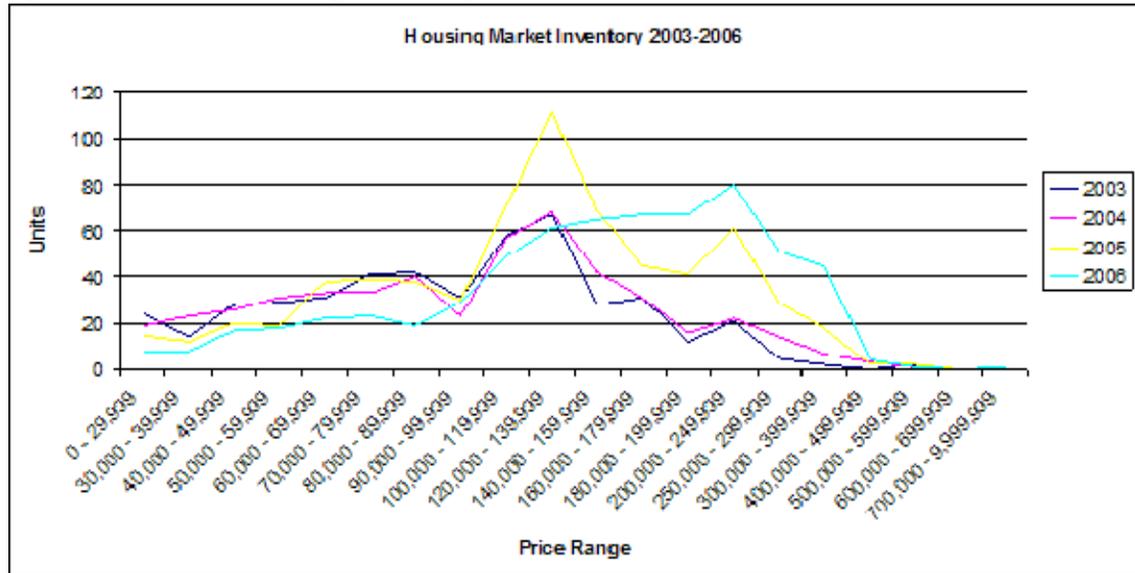
Figure 5: Residential Construction Permits



Source: Pearl River County Planning Department

The real estate market reflects the shift in housing stock that has occurred in recent years. The bulk of the inventory on the market has shifted to more expensive homes. Figure 6 illustrates the total number of units for sale in Pearl River County across the spectrum of asking prices.

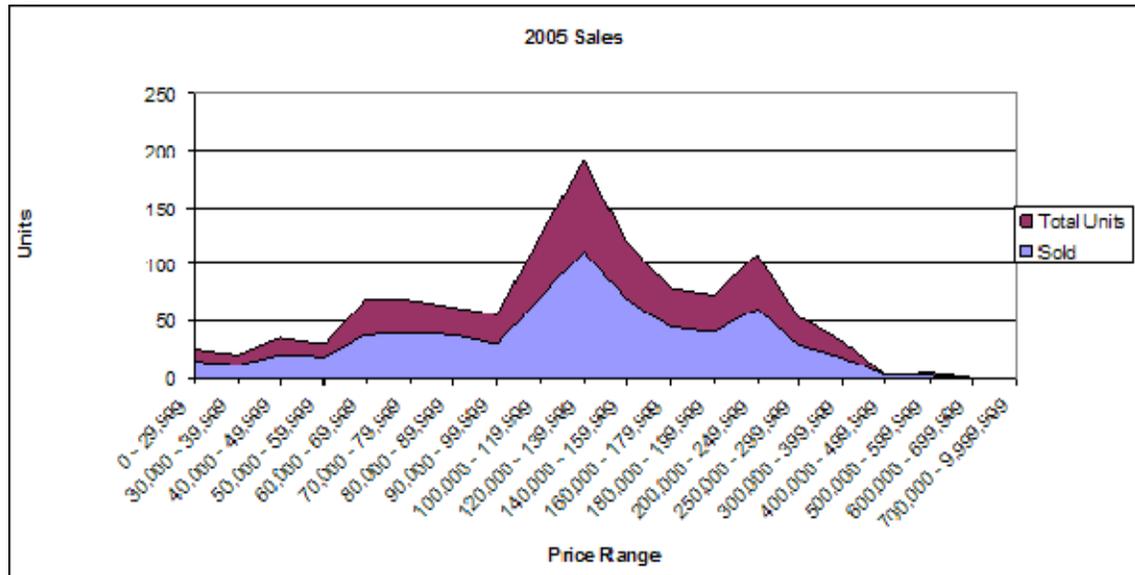
Figure 6: For-Sale Housing Inventory 2003-2006.



This shift to less affordable homes for sale does not reflect the overall housing stock of occupied homes, as described in Section 2.3. This discrepancy reflects two possible situations in Pearl River County: new residents are of a substantially higher income level; and/or the supply of available homes does not meet the current housing needs.

The consensus of the real estate community is that the shift in new housing stock toward homes priced over \$200,000 has left a gap in the important \$100,000-\$150,000 price range. Homes in this lower price range, typically purchased by first-homebuyers, retirees, and lower-middle income residents, are perceived to be lacking in the housing stock. Real Estate professionals concur that speculative development overestimated the market for higher-price homes, to the detriment of the moderate-priced home market. Community input reinforces the concern for affordable housing and a perceived mismatch between the current real estate inventory and market demand for moderately priced homes. However, inventory and sales data indicate that in recent years, homes in an affordable range of \$70,000-\$150,000 have not sold at a faster rate than more expensive homes. (See Figure 7) This discrepancy may indicate that affordably priced homes are not perceived to have the desired characteristics for that segment of the market.

Figure 7: 2005 Real Estate Sales



Source: (Judy Pippin)

4.3 Affordable Housing Need

Affordable housing is an important issue in Pearl River County. As presented in Section 2, there is a greater proportion of residents in need of affordable housing in Pearl River County than in several neighboring counties.

The majority of homeowners, over 60 percent, pay less than 30 percent of their monthly income on the mortgage or rent. However, nearly 40 percent of households in Pearl River County are estimated to be paying over 30 percent of their income on housing, which is considered an indicator of need for affordable housing according to the standards of the U.S. Department of Housing and Urban Development (HUD).

Renters in the County are hit the hardest and represent the segment of the residential population in greatest need of affordable housing. It is estimated that post-Katrina, nearly half of renters in Pearl River County are spending more than 30 percent of their income on rent.

Table 5: Percent of Income Spent on Housing

Tenure	Number of Households	Percent of Households
Housing Units with a mortgage	3,420.00	39.9%
Housing unit without a mortgage	964.00	13.2%
Renter-occupied units	2,365.00	46.6%

Source: US Census 2005-2007 American Community Survey 3-Year Estimates

In addition, housing prices have been rising steadily in the county. The median residential sale price in 2006 is more than double the 2000 median average value. Self-reported valuations for new constructions rose 30% between 1999 and 2005. The median sale price of a home in Pear River County rose over 60% between 2003 and 2006.

Year	Average new construction valuation	Median residential sale price	Average residential sale price
2006		\$155,000	\$164,532
2005	\$119,414	\$126,900	\$136,382
2004	\$104,344	\$104,750	\$126,435
2003	\$98,223	\$95,500	\$103,875
2002	\$91,935		
2001	\$87,217		
2000	\$88,464		
1999	\$91,534		

4.4 Housing Administration and Development Processes

While there are some effective administration processes guiding housing development in place, Pearl River County is relatively free of management structures to guide the development and affordability of housing.

There is currently no zoning in the unincorporated portions of Pearl River County. Current subdivision regulations set basic standards for a variety of development features, such as roads, emergency access, and stormwater. Subdivision plan review is required by the Planning department. In 2007, building codes were adopted to provide basic safety features in new construction.

4.5 Community Goals

In order to guide future planning and development decisions, community goals were developed. These goals provide fundamental principles and objectives for meeting the future housing needs of Pearl River County.

Housing Goal 1

Pearl River County will have affordable housing choices for residents of all ages and income levels.

Housing Goal 2

Housing development in Pearl River County will be in keeping with, and enhance the local rural, small-town character.

Housing Goal 3

Housing development will be planned in concert with facilities and infrastructure planning in order to meet basic services.

Housing Goal 4

Residents of Pearl River County will maintain the freedom and government support to build homes for themselves and their family.

Housing Goal 5

Pearl River County will promote development of residential neighborhoods that offer an inclusive mix of options for residential and transportation preferences.

Section 5

Recommendations & Implementation

5.1 Overview

Based on the analysis in Sections 2 and 3, and the needs and goals identified in Section 4, this section provides targeted recommendations and implementation strategies for addressing future housing planning and development in Pearl River County.

5.2 Geographic Distribution of Housing

As development increases to meet future housing needs, certain areas in the County are best suited for more intensive, large-scale development. Future development should be encouraged in and adjacent to existing communities in order to take advantage of existing infrastructure and to preserve, where possible, the rural and natural landscape from which the county derives its treasured character.

Development in recent years has focused on the southern portion of the County, particularly near Picayune. In addition, large residential subdivisions extending north along Highways 59 and 11 provide other nodes of development around which future subdivisions should be located. The County should encourage development in these areas, while maintaining Pearl River County residents' autonomy in housing development, which is an important community value.

5.3 Meeting Projected Demands

Meeting the projected housing demands will require both construction of new housing units and an increase in the affordability of at least a portion of that new inventory. It is anticipated that the current need for moderately priced homes – as opposed to the now ubiquitous \$300,000+ homes – will continue, and therefore meeting the projected housing demand will require the construction of moderately priced single-family homes. It is recommended that the County maintain an ongoing dialogue with developers and employers in order to encourage the development of housing that is economically appropriate for the County's residents. In addition, the development of multi-unit housing should be a priority for meeting the housing needs of lower income and elderly residents.

5.4 Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) definitions for "affordable housing" include the following.

- Moderate-income housing: housing that is affordable to households with incomes between 50% and 80% of the median income for county or primary metropolitan statistical area (\$15,500-\$24,800 in PRC).
- Low-income housing: housing affordable to households with incomes between 30% and 50% of the median income (\$9,300-\$15,500 in PRC).

- Extremely low-income housing: housing affordable to households with incomes less than 30% of the median income (less than \$9,300 in PRC).
- “Affordable” housing is that which the rent and utilities or mortgage, amortization, taxes, and insurance constitute no more than 30% of the gross annual household income (For example, \$375 in monthly costs for a low-income household in PRC earning \$15,000/year.)

In addition to the needs of these groups, the sector of the housing market that is in shortest supply is homes in the \$100,000-\$150,000 range, which are affordable to residents around the county’s median income level. Because of the County’s low population density and population, as well as its commitment to freedom of housing choice, the large-scale development of housing by the County is not a recommended option. Rather, partnerships with for-profit and non-profit developers provide possible options for meeting future housing development needs.

Nonprofit Developers

National and local nonprofit developers have a very important role in the development of affordable housing. According to Fannie Mae, 13% of all federally supported housing (excluding public housing) is developed by nonprofit developers. With the support of state and local entities, the role of nonprofit developers most likely exceeds this figure. Nonprofit developers can provide the needed expertise, administration, and resources for development that are not readily available to county governments.

A successful local example of a nonprofit development project is Mississippi Non-Profit Housing Inc.’s (MNPH) 100-unit subdivision in Heidelberg, MS. This 22-acre development expanded on an existing subdivision. Funding was secured from a host of sources: Miss. Home Corp. provided a \$61,000 loan; the Housing Assistance Council provided a \$44,444 loan; HOME (see below) through the State of Mississippi funded a \$500,000 grant to reduce principal mortgages by \$12,000-\$15,000 each; Sec. 502 direct single-family program and Jasper County Bank made \$1,760,000 loans to buyers.

For-Profit Developers

The County or nonprofits developing housing can greatly benefit from partnering with for-profit developers. The public/nonprofit party benefits from the experience, staff, and financial resources of the private partner. Private developers can be enticed by a host of benefits from partnering with a nonprofit or public developer: access to publicly owned sites, support from community members, public financing, favorable debt sources, and attractive tax allocations (see LIHTC).

5.5 Funding

Funding of for-profit development is necessarily linked to the health of local, regional, and even national credit markets. As such, the County’s role in this process is limited, though the use of regulatory incentives, as discussed above, may provide needed

assistance to developers. The County can play a more active role in the development and/or provision of affordable housing, which involves a variety of public and public-private initiatives, some of which are outlined below.

- **Section 8 Rental Assistance Programs:** Administered, by HUD, the Section 8 Rental Voucher Program increases affordable housing choices for very low-income households by allowing families to choose privately owned rental housing. The public housing authority (PHA) generally pays the landlord the difference between 30% of household income and the PHA-determined payment standard—about 80% to 100% percent of the fair market rent. According to KnowledgePlex, the well-regarded resource center for affordable housing and community development, in 2004 less than .8% of the rental units in Pearl River County received a subsidy from the Multifamily Assistance and Section 8 programs. The Mississippi Regional Housing Authority VIII in Gulfport has jurisdiction over Pearl River County and coordinates Section 8 services.
- *Section 8 Homeownership Program:* In 2001, HUD expanded its rental assistance program to support homeownership for low-income households. This program can be particularly beneficial for rural residents, as the affordable housing stock in rural areas is often very limited. The local housing authority has the option to participate in this program and will receive vouchers that can be distributed to individuals. Housing authorities are charged with promoting their own criteria for eligibility. This program is not widely used, and it is greatly facilitated by nonprofit organizations who serve as a conduit between low-income residents and the voucher-granting authorities.
- *Low-Income Housing Tax Credit:* LIHTC is a tax credit created under the Tax Reform Act of 1986 that gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans. Developers must apply to receive a portion of the State's allocated tax credits. Several institutions have programs that raise capital for and invest funds in LIHTC projects, such as LISC's National Equity Fund.
- *HOME Investment Partnership Programs:* Provides federal grants, through HUD to states, units of local government, and Indian tribes to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. The funds may be used for site acquisition, site improvements, demolition, housing rehabilitation, new construction, relocation and for assistance to first-time homebuyers. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2 billion among the States and hundreds of localities nationwide. Funds are provided to local communities, often in partnership with nonprofits.
- *MAHDF:* The Mississippi Affordable Housing Development Fund was established by the State of Mississippi to help finance housing for low to moderate income

households. Eligible borrowers include nonprofit corporations, partnerships, for-profit corporations, public housing authorities, planning and development districts, and limited equity cooperatives. Funds can be used for: construction loans for new owner-occupied or rental housing; pre-development, site control, site development; and the rehabilitation loans for owner-occupied and rental properties.

- *Rural Rental Housing Program*: Known as Section 515, this program is administered by the USDA's Rural Housing Service. Rural Rental Housing Loans are direct, competitive mortgage loans made to provide affordable rental housing for very low-, low-, and moderate-income families; the elderly; and persons with disabilities. This is primarily a direct mortgage program, but its funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, and profit or nonprofit corporations. Applicants wishing to apply for assistance must contact the Rural Development State Office serving the place in which they desire to submit an application for rural rental housing
- *HOPE II and III*: Hope for Homeownership of Multifamily Units (HOPE II) and Hope for Homeownership of Single-Family Homes (HOPE III) provide grants to private nonprofit organizations and public agencies working with private nonprofits to allow these organizations to finance eligible homebuyers' direct purchase and rehabilitation of eligible properties. Properties must be owned by HUD, Veterans Administration, Farmers Home Administration, Resolution Trust Corporation, or state or local governments. This program is particularly relevant to Pearl River County, as single family residences are a traditional component of the built character, and multi-unit housing will be increasingly promoted in urban areas.

5.6 Regulations and Planning

There are a variety of planning tools that the County can use to achieve its housing goals. The granting of building permits and the application of the building code compose the most immediate way in which the County can encourage or discourage certain housing development. It is recommended that the County continue its current housing permitting program in order to ensure that minimum safety requirements are being met in the production of new housing. In addition, as development picks up, it is essential that the County continue an efficient process of reviewing and granting permits for development.

Subdivisions regulations are one the County's strongest regulatory tools with regard to the development of housing. In place since 1963, subdivision regulations set out dimensional, safety, and infrastructure requirements for newly developed neighborhoods. Subdivisions offer the County an excellent opportunity to encourage high quality residential neighborhoods. It is recommended that the County encourage developers to build developments in the conservation subdivision style. Broadly defined, such subdivisions include large portions of commonly held open

space available to all of the community's residents for recreation, as well as for essential environmental purposes, such as stormwater retention. Dimensional requirements normally applied to subdivisions can be negotiated with the County in exchange for development that conserves open space and grants residents of the subdivision an environment that is truly fitting of Pearl River County's exceptional rural character.

The Pearl River County Board of Supervisors has expressed a desire to maintain a rural atmosphere for the majority of the County. The best method of maintaining rural style development and allowing small communities to grow in an orderly method is through land use regulations. Zoning is the most commonly used form of land use regulation. Land use regulations can be developed to maintain the rural nature of agricultural and timber lands while allowing the traditional homesteading of those rural lands. Such regulations can also force denser housing development to be focused into communities where public services and amenities are provided in order to focus county resources and conserve the rural lands.