AGENDA

Tuesday, March 25, 2025: 3:00 PM
Town Council Work Session
C. Michael Haney Community Room: Southern Pines Police Department
450 W. Pennsylvania Ave

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. TOWN MANAGER'S COMMENTS

4. COUNCIL UPDATES AND DISCUSSION

a. Update on Housing Supply Project

Planning staff will update Town Council on the work completed so far to implement housing supply goals and policies in the 2040 Comprehensive Plan. The update will include a summary of lessons learned so far from the ad hoc housing supply focus group and presentation of planning staff's next steps.

b. FY 25-26 Budget Introduction: Revenue forecasts and discussion regarding Waste Fees

Staff will share some preliminary information about the FY 25-26 budget, including recommended fees for solid waste services.

c. Council Appointments

In December, Council discussed revisiting the appointment of a Treasurer in March. Councilwoman Petersen currently serves in this role.

d. Planning Department Update

Planning staff will briefly update the Town Council on agenda items coming in April. Staff will also follow-up on last month's presentation about the Planning Department's administrative fees, and brief the Council on Senate Bill 314.

5. ACTION ITEMS

a. Appearance Commission Appointment

Appoint Jerrilyn Crowell to the Appearance Commission.

b. Historic District Commission Appointment

Elizabeth Oettinger's first term on the Historic District Commission expired on February 8, 2025. Ms. Oettinger is interested in serving a second term. Planning staff is requesting Town Council consider re-appointing Ms. Oettinger to the HDC for a second consecutive term to expire on March 24, 2029.

c. Approve Budget Ordinances #3109 & #3110

Budget amendments involving SBITA adjustments, appropriation of insurance proceeds toward police vehicles, and moving money from Facilities to Fleet for necessary repairs at the Town fueling area.

d. Request to Approve Selection of an Audit Firm for FY25

Staff have reviewed six proposals for Auditing Services for the next three fiscal years and recommend Council acceptance of a proposal submitted by the firm of Mauldin & Jenkins.

6. COUNCIL ROUNDTABLE

7. CLOSED SESSION

a. Closed Session to discuss a personnel matter

Town Manager Parsons requests a Closed Session under N.C.G.S. §143-318.11(a)(6). There will be no formal action requested to be taken once Council returns to Open session.

8. ADJOURNMENT

Meetings/work sessions of the Southern Pines Town Council are now available on the Town's YouTube channel. Video of the Town Council meetings will be live streamed on the channel for viewing either during the meetings or after they have concluded. Please note, the video is provided only for the purposes of viewing the meetings; public comments or questions are not accepted via the live stream. To receive notifications when new content is published, please "subscribe" to the Town's channel at https://bit.ly/3hXx2Qk

MEMO

To: Town Council **From:** Alaina Mallette, Senior Planner
James Broadwell, Planner I
Mason Mattox, Planner I

Date: March 25, 2025
Re: Proposed Pathways to Support Housing Supply and Affordability

I. 2040 COMPREHENSIVE PLAN: 2025 HOUSING SUPPLY IMPLEMENTATION PROJECT VISION

The Comprehensive Plan policies 7.1 and 7.5 (*Support Housing Diversity and Promote Workforce Housing*) charge the town to foster conditions for current and future Southern Pines residents to attain affordable, quality shelter. The policies are a response to housing supply becoming less attainable over time with new housing options sprawling into rural and natural areas. Staff have been and intend to continue working alongside local stakeholders to identify and implement strategies to foster new housing development and preserve existing units; fundamentally, setting goals for increased housing supply and increased diversity of housing options through local regulatory reforms in the short-term while developing a housing action plan that highlights goals, policies, and actions for gaining workforce housing in the medium- and long-term.

II. SET TOWN COUNCIL GOALS FOR THE 2025 HOUSING SUPPLY PROJECT

Planning staff have drafted some proposed goals for the 2025 Housing Supply Project. Staff invite the Town Council to discuss these goals, and modify them as they see fit. These will be 2025 Housing Project's goal posts moving forward.

1. Catalyze 30 <u>new</u> housing units for those making between 80% and 120% of the median household income (i.e., workforce housing; currently, between approx. $67,000 and 100,000 per year—a dwelling unit between $230,000 and $340,000 and/or rent between $1,675 and $2,500) via regulatory reform.
2. Protect <u>existing</u> affordable housing units, alongside adjacent organizations, by fostering critical home repairs and upgrades.
3. Expand flexibility and incentivize new infill and greenfield opportunities for different housing types and densities to integrate into the existing community (land-use flexibility, mixed-use structures, etc.).
4. Foster housing expansion in a way that does not diminish the community character of Southern Pines. All future housing should comply with the design characteristics described in the 2040 Comprehensive Plan for each character district.
5. (*Reserved for any goals that Council would like to add*)

III. DATA

Bowen National Research conducted a 21-county housing needs assessment, and the Moore County Economic Development Partnership, the Mid Carolina Regional Association of Realtors, and the Moore County Chamber of Commerce pulled out the data from Moore County (see the Pilot's summary article). Planning staff wanted to disaggregate even further and compare the county housing gaps and demographic trends to those of Southern Pines (see Attachment 1). Some key takeaways are described below.

- Based on Bowen National Research data, the 2020 census data, and projected growth rates, **the estimated housing unit gaps for Southern Pines by 2029** are **583 rental units** and **1,767 for-sale units** (see Attachments 1 and 2 for more detailed information).
- Data show that a greater proportion of Moore County's population is residing in Southern Pines, over time, with **Southern Pines growing at double the rate of Moore County between 2010 and 2020**. Between 2023 and 2028, Moore County is projected to grow 4.2% (or 3,577 people in 1,824 new households) and the **Southern Pines is projected to grow 8.2% (or 1,122 people in 605 new households)**.
- The median age of folks in the county, including Southern Pines, is rising, however, the Town has an estimated decrease in the population 75 years and older while the **population between 25 and 44 as well as birth and 9 years old are increasing**. Southern Pines appears to be attracting younger families compared to the County, as a whole.
- As of 2023, it is estimated that the median maximum affordable purchase price in Southern Pines is $286,539 (beyond which the household becomes housing burdened), which is roughly $130,000 less than the median sale price. **Those wishing to own a home in Southern Pines are finding it increasingly more unaffordable over time**, and this affordability gap is larger than that seen in the County, as a whole.
- Between 2010 and 2023 estimates, **3.6% more Southern Pines households were renters**. In Moore County, Bowen National Research found that market-rate rentals are at a healthy vacancy rate while **government subsidized rentals are significantly undersupplied** at 0.8% vacancy rate.
- Since 2010, the **Southern Pines is estimated to have taken on more housing units with 3 dwellings or more, i.e., multi-family housing**, with a jump from 25% of housing in 2010 to 34% of housing in 2023. Moore County's shares of multifamily housing were estimated to be, relatively, unchanged with 9% in 2010 and 11% in 2023.
- According to data from Habitat for Humanity of the NC Sandhills and a local homebuilder, the **price per square foot to build a home in Southern Pines is about $170 for affordable housing builds and $185 for market-rate housing builds**. Similar market-rate housing builds cost a developer ~$176 per square foot in Aberdeen; ~$158 per square foot in Harnett County; and ~$150 per square foot in Hoke County. According to Habitat, affordable housing builds for tiny homes cost a developer about $330 per square foot.
- From 2015 and 2024, the highest concentrations of demolitions and condemnations were in Downtown Southern Pines (including adjacent areas) and West Southern Pines. Though condemned properties represent homes beyond repair, it signals where substandard housing may be. According to Bowen National Research, **1,057 people in Moore County live in substandard housing, particularly in housing with incomplete plumbing and kitchen facilities or housing that is overcrowded**.

IV. TOWN COUNCIL ACTION ON POTENTIAL PATHWAYS FORWARD REQUESTED

Staff research, the focus group meetings, and follow-on analyses between staff and focus group members have informed possible pathways to help address the housing shortage in Southern Pines. Before continuing forward, staff wish to solicit feedback from the Town Council on five possible pathways outlined below. The focus group (and their networks) and staff would like to know, in the context of maintaining community character, which pathways the council feel are most appropriate. Each of these pathways may make sense for different parts of Town, which has already been determined by the 2040 Comprehensive Plan (see maps following each pathway). However, if the Town Council would like to pilot any pathway in one area prior to expanding to all areas envisioned by the Comprehensive Plan, then that feedback would be particularly helpful moving forward.

Planning supports any and all of the following pathways, and is willing to tackle each of them if the Town Council wishes to prioritize each. If Planning staff take on all pathways, then staff resources will be divided and distributed between members of the team, and Council may expect a longer waiting time on deliverables as some pathway—particularly the non-regulatory pathways—will require coordination and significant grassroots groundwork to organize all relevant stakeholders. If Council prioritizes a few pathways and perhaps tables others for next year or beyond, then deliverables are likely to be received more expeditiously.

Lastly, Planning staff want to take a moment to share our gratitude to the following individuals and the entities they represent for offering their valuable time and insights to discuss housing supply in Southern Pines. Their input has guided Planning staff to the five pathways below without which Planning would not have the full picture of barriers and realities facing the housing stock, existing and future. Planning staff have invited the focus group members to attend the work session meeting. Several members have graciously agreed to attend and answer questions. Please note that those of us preparing this memo as well as Planning Director BJ Grieve, Assistant Town Managers Mike Cameron and Jessica Roth, Town Manager Reagan Parsons, Town Engineer James Michel, and Communications Specialist Gerald Ostlund have also provided input on the proposed pathways.

Attendee	**Organization**
Amie Fraley	Habitat for Humanity of the NC Sandhills
Andrew Lyons	First Bank
Bob Koontz	KoontzJones Design
Colin Webster	ASCOT
Farrah Newman	Habitat for Humanity
Kellie Adams	Everything Pines Partners
Natalie Hawkins	Moore County Economic Development Partnership
Ryan Paschal	Pineland Homes and Fifteen Pinecones, LLC
Sandra Barnhart	Mid Carolina Regional Association of Realtors
Sandra Dales	Sothern Pines Land and Housing Trust
Seth Mabus	Moore County Home Builders Association
Travis Green	Moore HL Properties

PATHWAY 1: Increase Density for Duplexes, Townhomes, and Stacked Complexes, Including Pre-Approved, Expedited, and Streamlined Options and Incentives. In our RM-1, RM-2, CB, and RS-1 districts, the UDO currently precludes higher density, primarily, due to minimum lot sizes and dimensions; restrictive standards for duplex, triplex, and quadplex development (especially as related to our town's subdivision regulation); and height restrictions. These limiting factors often prevent higher density endeavors from reaching fruition. Further modifying our UDO to enable higher density development under certain conditions (e.g., smaller minimum lot sizes, density bonuses, pre-reviewed designs, modifying the authorized land use table, etc.) and in certain areas may be an effective way to increase housing options that are affordable and diverse.

Challenges with this pathway are: 1) maintaining community character, 2) avoiding exploitation of unanticipated loopholes, 3) navigating pushback from the community, 4) integrating development with the natural environment, and 5) meeting the increase in utility and traffic demands. Regarding character, pre-approved architectural designs for two-family dwellings may be made available for development in some residential districts in lieu of conditional zoning to permit appropriate two-family homes in areas previously zoned for single-family homes. Regarding unpredictability in entitlement reviews for larger developments, the Town may consider, amongst other alternatives, pre-approved architectural standards for residential buildings built to the residential code for 3- and 4-family dwelling units—thus exempting them from Town Council AR review process.

Other key questions include:

- Where should the Town focus increased density at this time (e.g., what districts, zones, or infill areas are best suited for higher density)? See Map 1 of areas where the Comprehensive Plan calls for increased density. Should the Town facilitate housing development on underused, vacant, or condemned publicly-owned land and/or privately-owned land?
- What percentage under Median Household Income (MHI) should be prioritized? For instance, the town could prioritize regulatory solutions for low-income households (i.e., those making less than 50% MHI, approx. $42,000 per year or less) who could afford a new home under $144,000; for households between 30% and 80% following Habitat for Humanity criteria (i.e., between approx. $25,000 and 67,000 per year) who could afford a new home between $86,000 and $230,000; or workforce housing for households making between 80% and 120% (i.e., between approx. $67,000 and 100,000 per year) who could afford a home between $230,000 and $340,000.
- For proposed duplexes, townhomes, tri- and quadplexes, is there interest in pre-approving and incentivizing specific design standards in certain areas of town (e.g., infill areas, see Map 5) to permit more administrative reviews?
- What standards from Fire and Building Codes need to be considered prior to creating and pre-reviewed/approved options?

If the council pursues this pathway towards solutions (primarily via UDO text amendments), staff assess a moderate to high level of public controversy, but that the possible solutions possess a high chance of positive effects, in the area of new development to help mitigate the housing shortage. Rather than encourage more multifamily construction of five units or more, this pathway allows staff to focus on missing middle housing options that a more likely to retain the character of character districts where the 2040 Comprehensive Plan promotes them. In this pathway, staff would focus on balancing increased density with the protection of community character.

Map 1 Map of proposed priority areas for housing supply reform Pathway 1, based on the 2040 Comprehensive Plan character districts. Duplexes (stacked and side-by-side), townhomes, and stacked tri- and quadplexes are envisioned in the Downtown Adjacent (i.e., light blue areas), West Southern Pines (i.e., burnt orange areas), and Complete Communities (i.e., cream-colored areas) character districts (see Plan pages 70 to 75). Golf Course character districts (i.e., mustard brown areas) envision duplexes and townhomes, but not stacked tri- and quadplexes. Suburban Settlements character district (i.e., dark blue areas) envision townhomes, but not the other missing middle housing options. 3 undeveloped tracts are called out (i.e., Knollwood, McMurray, and Waynor-Airport).

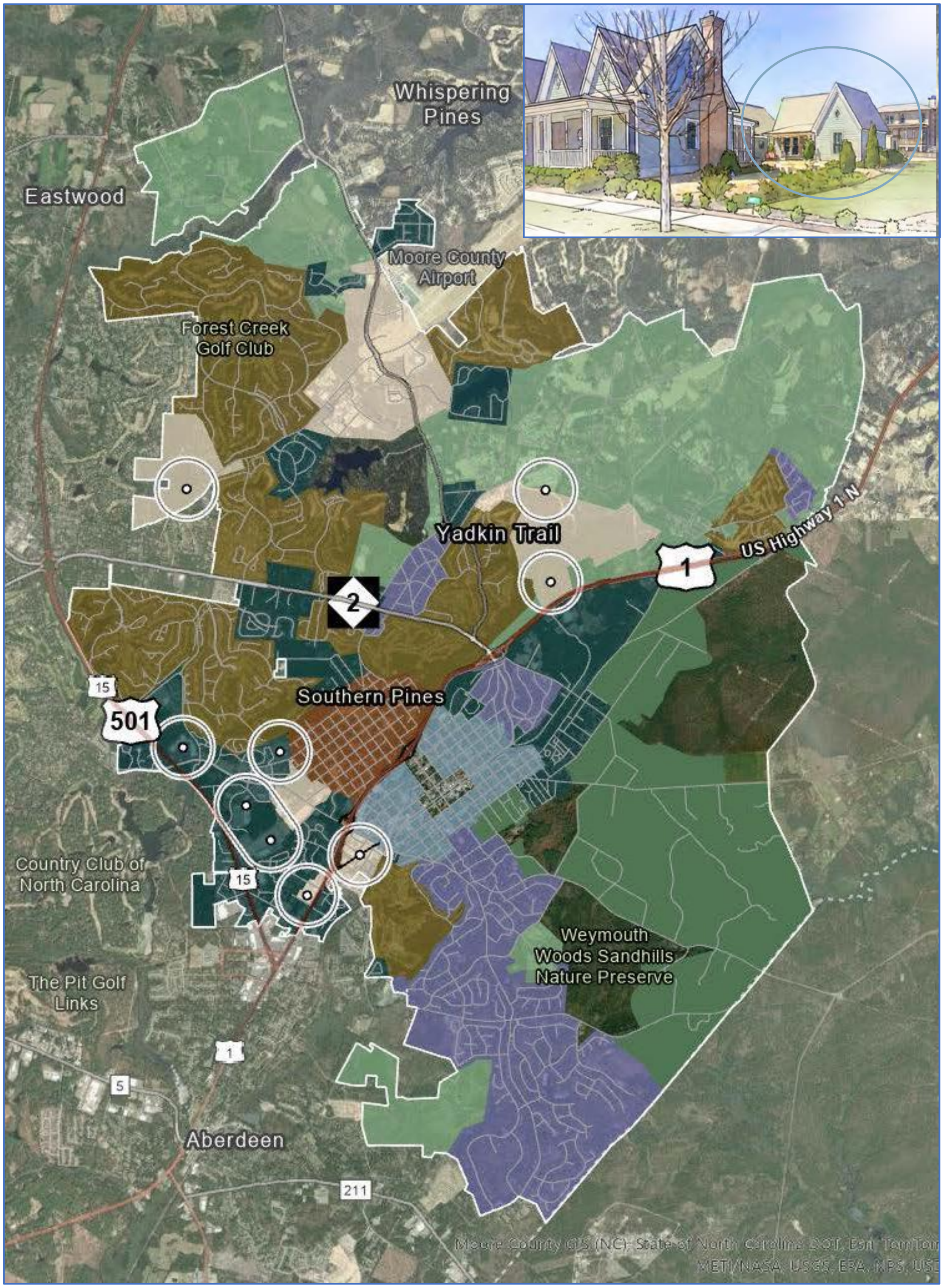
PATHWAY 2: Create More Land Use Flexibility for Non-Conventional Housing, Including Pre-Approved, Expedited, and Streamlined Options and Incentives. Our UDO holds potential to expand land use options for innovative construction that may catalyze more affordable and more diverse housing options. The following are a few limitations that presently exist:

- Only one Accessory Dwelling Unit (ADU) is permitted alongside a primary residential structure in residential districts;
- Residential ADUs are limited on religious institution property, with only one ADU allowed as a parsonage;
- Setbacks are a limiting factor for ADUs;
- Despite limiting tourist homes to specific districts, the Town has had difficulties preventing homeowners from using ADUs as short-term rentals rather than long-term affordable rental housing;
- No subdivision regulation currently exists in our UDO to create "sub-lots" or multiple dwellings on religious institution-owned land;
- Unpredictability and cost of legislative and quasi-judicial entitlement reviews, including the costs associated with fees and engineered or architect-created designs, that have uncertain outcomes which creates an additional risk for developers;
- Manufactured homes and home parks are limited to Rural Residential neighborhoods and modular housing, panelized housing, 3D-printed housing, and mass timber constructed housing are not included in the table of authorized land uses; and
- Live-work units are most feasible in urbanized core of Town (i.e., Downtown) where there is a demand for small boutique, walk-in businesses, and (at present) less feasible in in other activity centers within Town, which are more auto-oriented.

The Town may consider a pre-approved, expedited, and/or streamlined permitting processes. For instance, a handful of selected designs vetted by the Inspections and Fire Departments (i.e., "pre-approved") are added to a Town pre-approved non-conventional residential portfolio (see C. Raleigh website, Groveland, FL, and Kirkland, Washington, for examples) from which potential developers could select a design and proceed directly to permitting. Additionally, innovative residential construction technologies, such as panelized or modular housing, might be appropriate in some parts of town. Another consideration would be to waive review and permitting fees for those using pre-approved entitlements, which may help small developers more easily secure financing. Some additional regulations that could be modified in the UDO to allow for more non-conventional housing uptake would be to remove parking minimums for ADUs and amend or remove minimum lot sizes per dwelling unit. See Maps 2, 3, and 4 for priority areas by housing type (i.e., for ADUs, courtyard cottages, and live-work units, respectively).

Source: Homebuilder's Guide to Offsite Construction

If the council pursues this pathway, staff assess a moderate level of controversy, with a moderate level of positive effects; this pathway may prove effective if enough landowners, religious institutions, and/or currently unknown land use options buy in to creating more housing units with the added flexibility.



Map 2 Map of proposed priority areas for housing supply reform <u>Pathway 2 accessory dwelling units</u>, based on the 2040 Comprehensive Plan character districts. All character districts, except Legacy Landscape and Downtown envision accessory dwelling unit residential development. Character districts shown include Downtown Adjacent (i.e., light blue areas), West Southern Pines (i.e., burnt orange areas), Complete Communities (i.e., cream-colored areas), Golf Course (i.e., mustard brown areas), Suburban Settlements (i.e., dark blue areas), Horse Country (i.e., dark green areas), Rural Living (i.e., light green areas), and the Hamlets (i.e., purple areas) character districts.

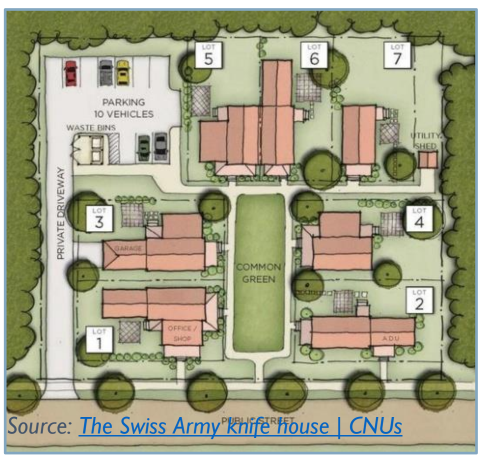
Map 3 Map of proposed priority areas for housing supply reform Pathway 2 courtyard cottages, which may include panelized, modular, and other offsite-constructed housing, based on the 2040 Comprehensive Plan character districts. Character districts shown include West Southern Pines (i.e., burnt orange areas), Complete Communities (i.e., cream-colored areas), and Rural Living (i.e., light green areas) character districts.

Map 4 Map of proposed priority areas for housing supply reform Pathway 2 live-work units (i.e., traditional neighborhood design), based on the 2040 Comprehensive Plan character districts. Character districts shown include Downtown (i.e., dark brown areas), Downtown Adjacent (i.e., light blue areas), West Southern Pines (i.e., burnt orange areas), and Complete Communities (i.e., cream-colored areas) character districts.

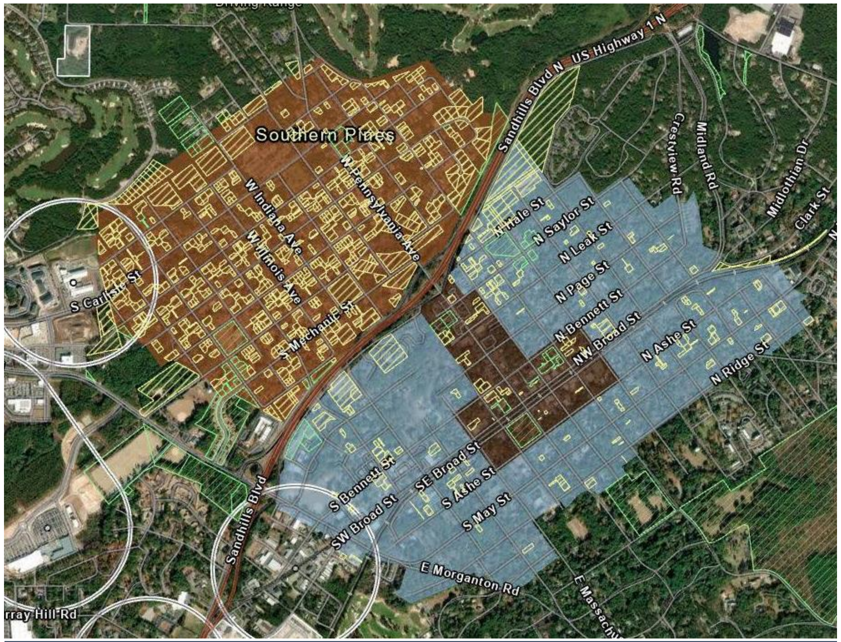
PATHWAY 3: Create Pre-Reviewed/Approved, Expedited, or Streamlined Entitlement Options/Incentives for Subdivision.
The major subdivision process is more rigorous than the Minor Subdivision process to ensure a multitude of design standards, safety standards, comprehensive plan vision, and community character are adhered to for larger projects. This can create financial obstacles for small-to-medium sized developers. A standardized list of pre-reviewed subdivision options which would only require administrative review could—under carefully established conditions—fast-track subdivision timelines for developers while ensuring that good design is retained. The main challenge here would be finding enough tracts where a pre-reviewed entitlement option could work, considering that every parcel is different with its unique site constraints and opportunities. How many projects have the right existing conditions to accommodate pre-reviewed plats is undetermined at this time.

Chapter 6 of the Town's Unified Development Ordinance contains modified and incentivized standards for different development patterns, including cluster subdivisions, conservation subdivisions, small single-family lot patterns, and traditional neighborhood development (i.e., live-work units). However, the standards for those development patterns are rarely used by the development community. Conservation and cluster subdivisions make sense for greenfield development while small single-family lot patterns and traditional neighborhood development make sense for infill areas (see Maps 5 and 6). Planning staff, in concert with another 2040 Comprehensive Plan implementation project, can look into opportunities to link updated Chapter 6 development patterns with pre-approved entitlement options.

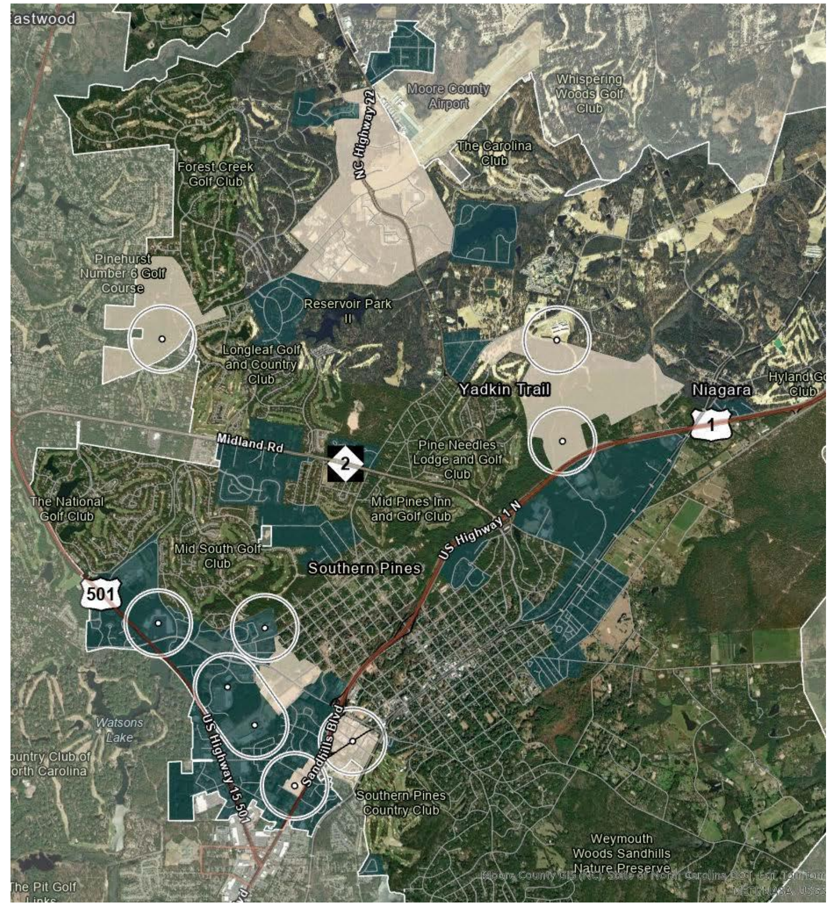
If the council pursues this pathway (i.e., creating a list of subdivision pre-approved plat options, affordable unit incentives, revitalizing Chapter 6 development patterns regulations, and/or other similar avenues), staff assess a relatively low level of controversy with each project, due to the potential for administrative review, with a moderate level of positive effects. This pathway would incentivize the use of a pre-reviewed option for subdivision that meets a list of carefully considered criteria. A base option would still be preserved for those not interested in using the incentivized subdivision track option.



Source: The Swiss Army knife house | CNUs



Map 5 Map of proposed priority areas for housing supply reform Pathway 3 infill areas, based on the 2040 Comprehensive Plan character districts (see pages 84 and 85). Character districts shown include Downtown (i.e., dark brown areas), Downtown Adjacent (i.e., light blue areas), and West Southern Pines (i.e., burnt orange areas) character districts. Parcels shown in yellow and green hashed areas represent Moore County's assessed parcel classification of either commercial or residential vacant for privately-owned parcels and publicly-owned parcels, respectively.



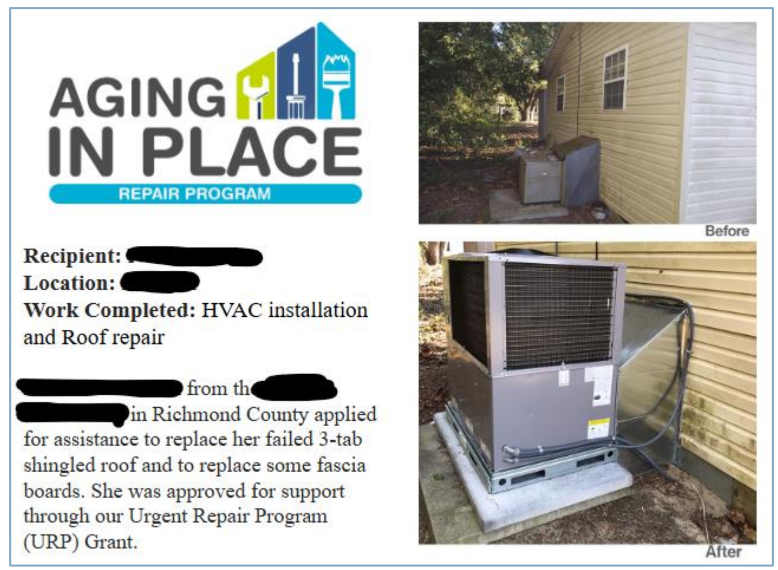
Map 6 Map of proposed priority areas for housing supply reform Pathway 3 greenfield development, based on the 2040 Comprehensive Plan character districts (see pages 84 and 85). Character districts shown include Complete Communities (i.e., cream-colored areas) and Suburban Settlements (i.e., dark blue areas) character districts.

PATHWAY 4: Preserve the Existing Housing Stock with Local Partners.
Though less explored thus far in the current project, preserving the stock of existing affordable housing is key aspect of 2040 Comprehensive Plan Policies 7.1 and 7.5. Many older homes in town require critical repairs and upgrades to remain an existing affordable unit. Without attention placed on keeping these units livable for the current resident, the housing supply issue will continue to grow. When homes become too expensive to repair, residents are often forced to sell and move. Subsequently, a buyer may demolish the existing home to re-build a new home priced well above the benchmark of affordability.

Partnering with Habitat for Humanity, the Southern Pines Land and Housing Trust, Central Pines Regional Council, Moore County, and other organizations may create more opportunities for upfitting existing homes in Southern Pines. Preventing the loss of existing homes for lower income residents, by extension, aids those families by allowing them to build equity and wealth for their families in a home that they already own.

If the council pursues this pathway (by partnering with adjacent organizations to apply for grants and/or other funding options for critical home repair), staff assess a relatively low level of controversy, with a moderate-to-high level of positive effects; balancing efforts between new development and existing community assets and character would also produce a more holistic approach to the issue, and especially for Southern Pines' long-time residents.

Source: Habitat for Humanity of the NC Sandhills



Source: Habitat for Humanity of the NC Sandhills

PATHWAY 5: Consider Taking a Leadership Role in the Creation of a Housing Action Plan Through Partnership Opportunities with Tri-Cities Leaders (and Beyond), Moore County Economic Development Partnership, Financing Institutions, and Others.

Similar to the previous pathway, opportunities may exist beyond local regulatory reform. The Town and region do not currently have a housing action plan nor a housing funding strategy to build new homes nor to preserve or convert existing homes. Planning staff may begin conversations with key stakeholders to inventory financial tools and programs available to the Town to develop a housing supply and/or infrastructure funding strategy (see Hood River, OR example). A comprehensive funding strategy may include communities within the tri-cities area, Moore County communities as a whole, or multiple counties (see Wisconsin example).

The Town may want to pursue public-private partnerships to fund the construction and preservation of local housing, which is linked to proposed Pathway 4. The Southern Pines Land and Housing Trust is already working on a similar mission on a smaller scale, and the Town could consider playing an appropriate role when SPLHT develops and preserves affordable housing in the community. The 2040 Comprehensive Plan encourages the Town to support the creation of a non-profit community land trust or land bank that serves the entire region that acquires, holds, leases, or sells property for things like affordable housing. For instance, land may be owned by the land trust, but the home is bought and sold at a more affordable price. Cooperatives and shared equity models may also be an alternative that opens up additional pathways to housing.

Small-scale developers may have barriers to entry for building housing products other than single-family housing. A potential program could expand small-scale developers' entrepreneurial opportunities through training and concierge services from staff to promote the success of their broadened portfolio of housing projects. Furthermore, faith-based organizations may have land development potential as well as support of their communities for developing a housing project, but may lack the training needed to design a successful project.

Furthermore, innovative residential construction technologies, such as panelized or modular housing, might be appropriate in some parts of town. The offsite construction ecosystem is different from the site-built ecosystem, and may require the networking and economic development resources to establish a pilot program (see C. of Jackson, MS example). There may also be opportunities to work with Sandhills Community College and local high schools to develop new training programs and learning opportunities, including continuing education, for individuals interested in residential building and associated trades (see Waterloo, IA example).

The two main challenges with this pathway are 1) willingness and availability of resources from others to engage in conversation about a broader solution, and 2) demand on staff resources to organize and engage potential key players. Staff assess a moderate level of controversy, with a moderate-to-high level of positive impacts.

V. ATTACHMENTS

1. Town of Southern Pines Housing Needs Assessment
2. Moore County Housing Needs Assessment (digital link, if needed)
3. Housing Supply Focus Group Kick-Off and Follow-Up Meeting Summaries
4. Letter from Habitat for Humanity of the NC Sandhills

VI. CONCLUSIONS

Data, the 2040 Comprehensive Plan, and anecdotal evidence indicate that the Town of Southern Pines, and the region as a whole, has a housing supply gap and a housing price gap that should be addressed with both regulatory reform and non-regulatory action plans or programs. Planning staff have outlined several pathways to doing such, each with their own level of complexity and different timelines for deliverables. By this time next year, staff hope to have some initial regulatory reforms in place as well as work towards a local or regionally-focused housing action plan. In any and all pathways, education and outreach will be essential to the success of the reform or plan.

Furthermore, for either regulatory or non-regulatory pathways, Planning staff and the focus group plan to propose deliverables that balance community character and more efficient housing development. We realize that Southern Pines' character is what makes it a desirable place to live, work, and play, and we are all committed to maintaining that character. Staff recommend that the Town Council consider each pathway and consider what specific, measurable, achievable, and time-bound goals they would like the Planning staff to prioritize in the upcoming year (see staff's suggested goals in Section II of this memo). These will become staff's "marching orders," and will allow us to provide quarterly (or more frequent) updates on project progress and success.

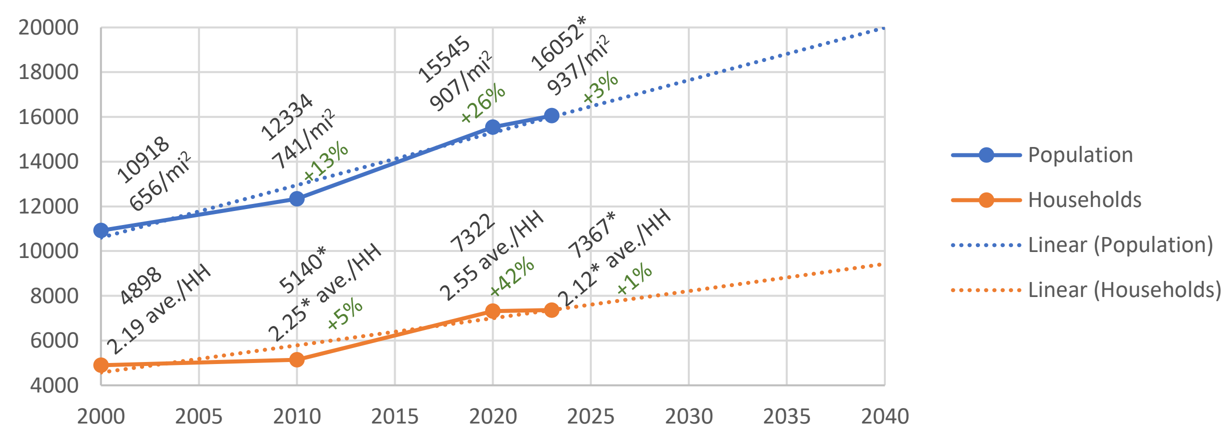
The Town of Southern Pines and Moore County are experiencing significant population growth with a greater proportion of the County's population residing in Southern Pines over time. Southern Pines grew at double the rate of Moore County between 2010 and 2020.

POPULATION

The population of the Town of Southern Pines[1] ("Town") was 15,545 in 2020, and was estimated to be 16,052 in 2023. Chart 1 shows the population trend in the Town from 2000 into 2040, which is projected to be 19,990 people (assuming a linear 1.5% annual growth rate). From 2000 until the 2020, the Town has experienced noteworthy population growth, up 42% (i.e., 4,627 people in 2424 households) during that period, or roughly 2.1% annually without compounding the data. In 2010, the Town's population was 14% of Moore County's population, and grew to 17% in 2020—demonstrating that a greater portion of the total households in the County are choosing to reside in Southern Pines. Between 2010 and 2020, Southern Pines' population grew at double the rate of all Moore County (including the Town), with Moore County's rate growing 13% while Southern Pines' grew at 26%, or roughly 1.3% and 2.6% annually, respectively, without compounding the data.

Changes in the population density of the town are another means of gaining a perspective on growth. In 2000, the Town's population density was 656 persons per square mile. This figure was 907 persons per square mile in 2020, according to the 2020 Census. Moore County as a whole had a population density of 147.2 persons per square mile in 2023. Population density is, admittedly, not uniform throughout the Town nor the county. Some areas have and will continue to have a much higher concentration of people than others. Furthermore, the density values reinforce how urbanized the Town (excluding the ETJ) is in relation to the County.

CHART 1. Population and Household Changes and Projecstions in the Town of Southern Pines Excluding ETJ; 2000 to 2023 (Estimates)



Source: U.S. Census Bureau Decennial Census and 5-Year American Community Survey Estimates.
**All estimates are shown with an asterisk.*

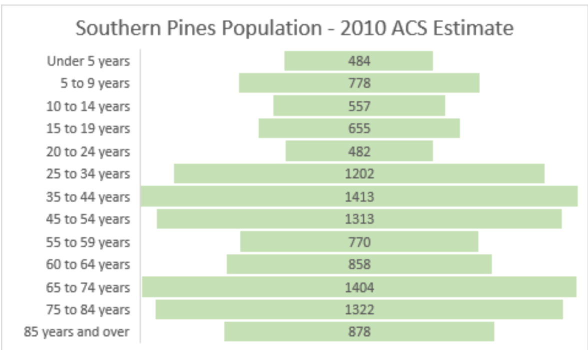
[1] All Census data for the Town of Southern Pines excludes the extra-territorial jurisdiction (ETJ).

The rate of median age rising is less in the Town of Southern Pines when compared to Moore County, and the Town appears to be attracting more young families.

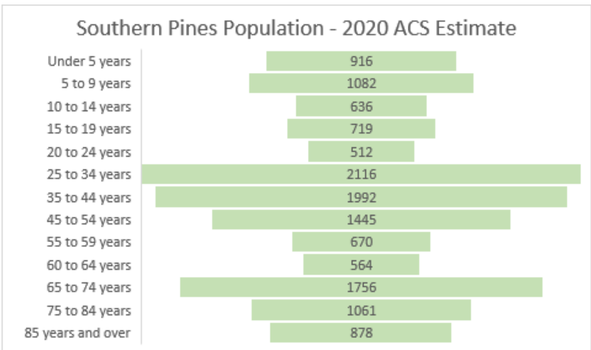
Population by Age

The median age of the Town increased from 43.8 to 44.5 (i.e., 0.7 years) between 2000 and 2020 while the county's median age grew from 41.9 to 44.1 (i.e., 2.2 years) during the same period. According to Bowen National Research's Core Study, Moore County's greatest projected growth is in households headed by individuals 75 years old and older, followed by heads 65 to 74 years old; and households headed by people under 45 years old are projected to decrease. However, estimates for population within Southern Pines shows a decrease in population above 75 years old and between 55 and 64, and the highest growth in population growth between 25 and 44 years old. It is also estimated that 736 more children between ages birth to 9 were in Southern Pines. In summary, the Town of Southern Pines appears to be attracting young families.

CHART 2. Population (Estimated) Pyramid Comparison in the Town Excluding ETJ Between 2010 and 2020



Source: U.S. Census Bureau 5-Year American Community Survey Estimates



Source: U.S. Census Bureau 5-Year American Community Survey Estimates

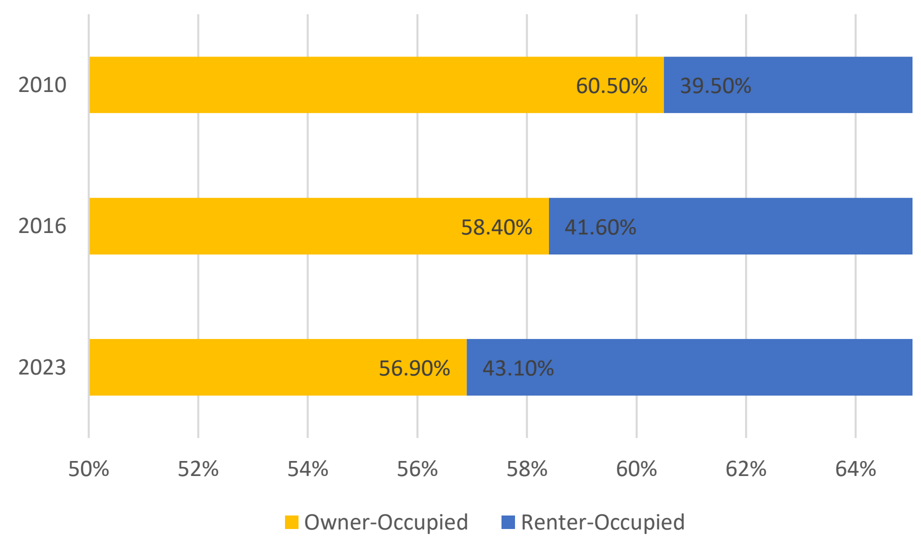
Between 2010 and 2023 estimates, 3.6% more households were renters.

Households

Chart 1 also shows the number of households in the town between 2000 and 2023 with a projection out to 2040. Between 2000 and 2010, there was a 5% increase in households, and an even larger increase of 42% between 2010 and 2020. This trend (larger households, and more of them) may be due to more families moving to the area, despite the 2023 estimate showing average household size decreasing. The reason for that decrease is unknown at this time. The household projection anticipates an additional 2,061 households, assuming a linear growth rate of 1.6%, or an estimated 121 households per year.

Chart 3 shows the percentage of owner-occupied versus renter-occupied households in the Town in 2000, 2016, and 2023, suggesting that a larger portion of households are becoming renters over time. According to Bowen National Research, Moore County has three-quarters of households that are owner-occupied with the remaining quarter renter-occupied. Moore County has a larger portion of the total households owning their homes than the Town, which appears to have more renters, proportionally, and are likely to continue to gain more demand for rental units. The Town currently has 6 ongoing housing projects with 10+ units, with a total of 1,170 new dwelling units.

CHART 3. Portion of Owner-Occupied Versus Renter-Occupied Households in the Town Excluding ETJ in 2000, 2016, and 2023 (Estimated)



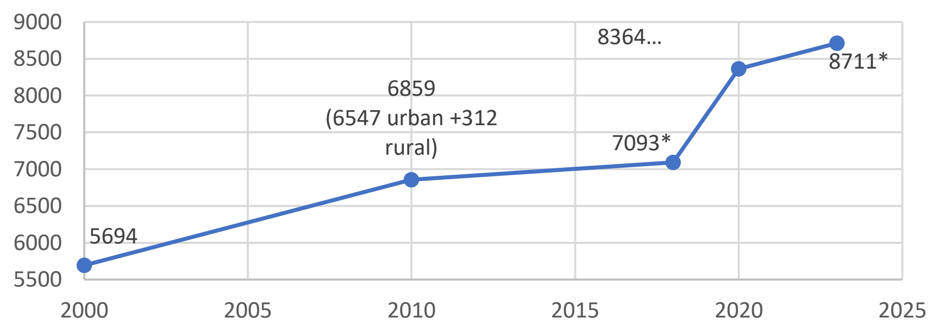
Source: U.S. Census Bureau 5-Year American Community Survey Estimates

Based on a linear projection using U.S. Census Bureau data, an estimated additional 2,061 households will be needed in the Town by 2040, or an estimated 121 households per year. Based on Bowen National Research's data and accounting for Southern Pines' portion of the population and growth rate, there is an estimated total housing gap of 2,350 units needed by 2029, or 392 dwelling units per year.

HOUSING

Chart 4 examines the total number of housing units reported in the Census in the Town between 2000 and 2020, with American Community Survey estimates for 2018 and 2023. The whole Town showed a net increase of 1,165 units (i.e., 117 units per year, on average) during the decade from 2000 to 2010, an increase of 20%. The town further gained 1,505 units (i.e., 151 units per year, on average), or 22%, from 2010 to 2020. Based on a linear projection using U.S. Census Bureau data (as seen in Chart 1), an estimated additional 2,061 households will be needed by 2040 based on projections, or an estimated 121 households per year.

CHART 4. Total Housing Units in the Town Excluding ETJ; 2000 to 2020 with 2018 and 2023 Estimates



Source: U.S. Census Bureau Decennial Census and 5-Year American Community Survey Estimates.
**All estimates are shown with an asterisk.*

According to Town records, from 2019 through the end of 2024, permits were issued and completed for 957 new residential structures in the Town as a whole, which translates to approximately 96 per year during that period. The average estimated cost of new residential structures for this period was $399,539, with a median of $250,000. The average residence was constructed between 3,300 and 3,700 square feet.

According to Town records, from 2019 through the end of 2024, permits were issued for 290 residential additions, with a median estimated cost of $33,384. The average square footage added was approximately 1,540 square feet. In the same time period, there were 194 permits issued for residential accessory structures, which includes things such as pool houses, detached garages, carports, workshops, and storage sheds. The median cost of an accessory structure from this period was $20,500, with an average of 825 square feet. Additionally, only 9 permits were issued for 9 manufactured homes in this time period, or 1.5 manufactured homes per year.

CHART 5. Residential Building Permits Issued in the Town Including ETJ; Between January 2019 and December 2024

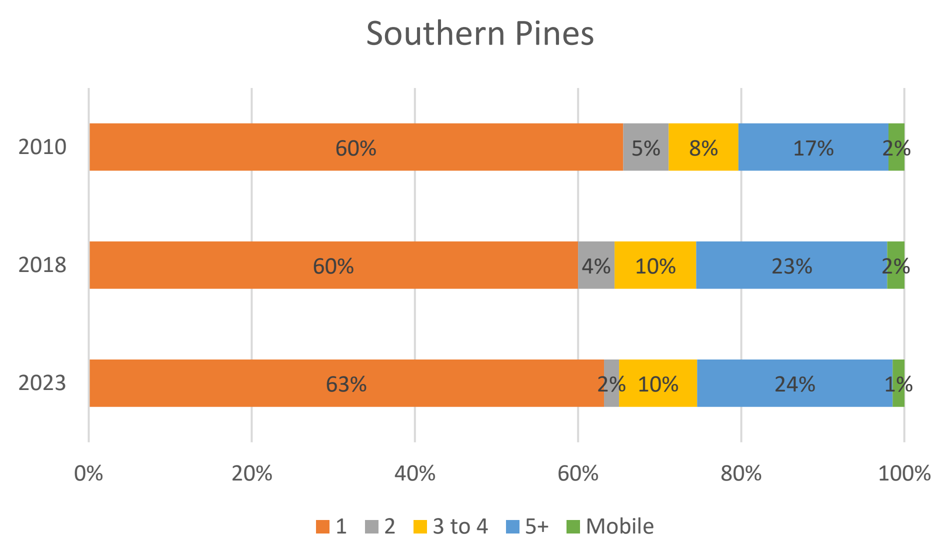
Category	No. Permits Issued	Average Cost	Median Cost	Average (ft^2)	Median (ft^2)
New Residential Structures	957	$339,539	$250,000	3,717	3,391
Residential Additions	290	$84,938	$33,384	1,537	280
Residential Accessory Structures	194	$44,203	$20,500	825	528
Demolitions	82	N/A	N/A	N/A	N/A

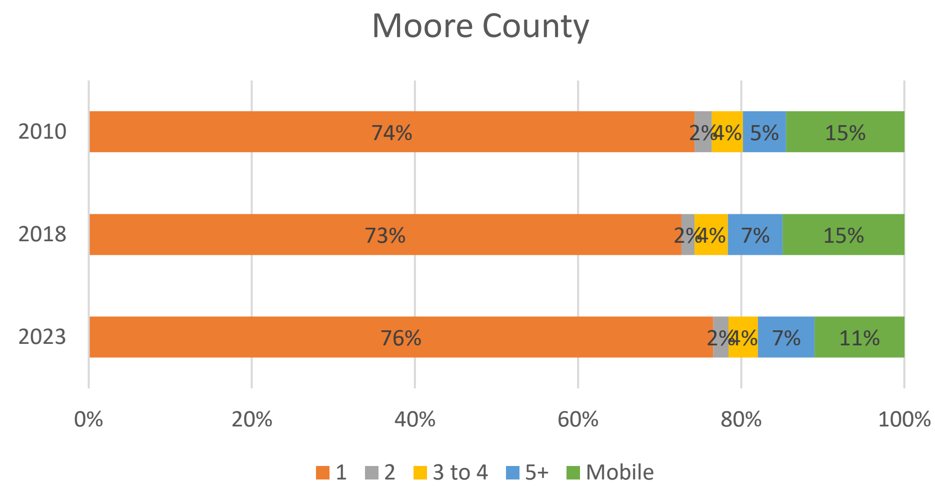
Manufactured Homes	9	N/A	N/A	N/A	N/A

Most of the housing in the Town is estimated to be either single family (attached or detached) residential units or multifamily housing (with five dwelling units or more).

Chart 6 illustrates the mix of different types of structures. Most of the housing in the Town is estimated to be either single family (attached or detached) residential units or multifamily housing with more than five dwelling units, which amounts to two-thirds and one-quarter of the total stock, respectively. It is worth noting that the percentage of two-family housing units is estimated to have dropped between 2010 and 2023. Moore County's shares of multifamily housing were, relatively, unchanged with 9% in 2010 and 11% in 2023 (estimates). Furthermore, there is an estimated drop in manufactured housing, which historically has been considered to be more affordable than stick-built housing. Is should be noted that the values are small and, therefore, might have been a significant sampling error in estimations, as the data's margins of error suggest.

CHART 6. Estimated Housing Units by Number of Units in Structure in the Town Excluding ETJ and County; 2010, 2018, and 2023 (Estimates)





Source: U.S. Census Bureau 5-Year American Community Survey Estimates

Bowen National Research found that government-subsidized rentals are significantly undersupplied in Moore County.

Rental Housing Vacancy

$$\textit{Vacancy Rate} = \frac{\textit{Numberof Days Vacant}}{\textit{NumberofRentable Days}}$$

Housing vacancy rates reflect the availability of rental housing. A rental vacancy rate of 5% is generally considered healthy, and vacancy rates over or under 5% indicate an oversupply and undersupply, respectively. In Moore County, Bowen National Research also found that market-rate rentals are at a healthy vacancy rate while tax-credited rentals are somewhat oversupplied at 7% vacancy rate and government subsidized rentals are significantly undersupplied at 0.8% vacancy rate. Bowen National Research has offered to supply the town with Town-level data from their survey research.

Housing Affordability

A measure of housing affordability can be obtained by plugging census income figures into a formula to derive an acceptable mortgage loan amount for a given community and comparing that to housing prices. This is done by multiplying the town's median household income by 28%, which is a recommended ratio of income spent on a mortgage, though anything less than 28% is ideal. People who spend more than 30% of their household income on housing costs are considered housing cost burdened and those who spend more than 50% on their household income are considered severely housing cost burdened.

The affordable housing ratio is then multiplied by another 30%, which estimates taxes and insurance on the mortgage payment. When the second value is subtracted from the first value, the result is the maximum principal and interest payment that should be allowed. Lastly, that value is multiplied by a value within a factor table subject to different loan terms, such as length of loan and rates, to get the affordable mortgage amount (see the example below used to calculate the maximum recommended loan amount based on household income).

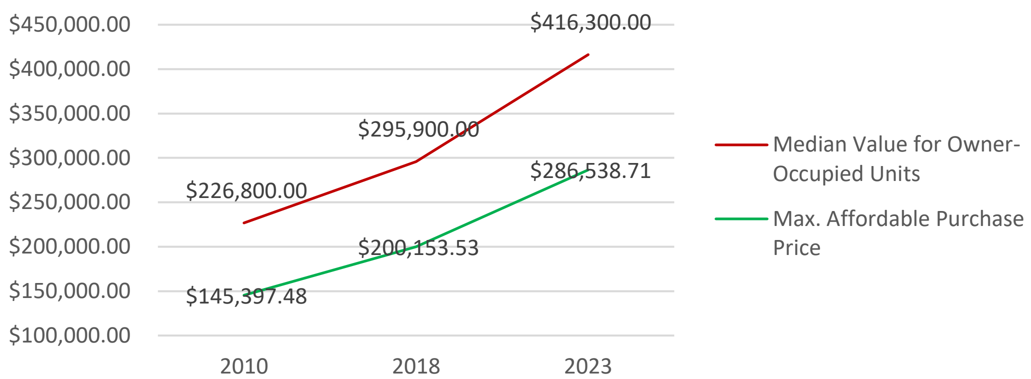
2023 Estimated Median household income **\$83,681 per year**	*Total gross monthly income* **\$83,681 / 12 = \$6,973**	*Total gross monthly income multiplied by the standard affordable housing ratio of 28%* **\$6,973 x 0.28 = \$1,952**	*Multiply gross affordable housing income by estimated housing taxes and insurance (30% standard)* **\$1,952 x 0.3 = \$585**

Subtract estimated taxes and insurance from affordable gross monthly housing income **\$1,952 − \$585** **\$1,367**	*Divide the affordable housing income by a sample factor of \$4.77, representing the value of each mortgage dollar for a 30-year loan with a 4% mortgage rate* **\$1,367 / \$4.77 = \$287**	*Multiply the affordable housing income adjusted for loan terms by \$1,000 to get the maximum mortgage loan amount recommended* **\$287 x \$1,000 = \$287,000**

Essentially, if this maximum affordability value calculated from the median household income is greater than the median value for all owner-occupied units, then the housing market can be assumed to be affordable. If not, then housing values can be assumed to be greater than the population's ability to afford them, and people who do purchase homes beyond their maximum affordability value become cost-burdened. In 2020, it is estimated that housing was unaffordable in the Town by a housing price gap of \$129,762. Using data from the Bowen National Research study, the 2023 median household income in Moore County was \$71,125, which calculates to a maximum affordable purchase price of \$249,476. According to the same study, the median home value was \$345,609, which creates an affordable housing price gap of \$96,133.

In the Town and based on median household income and median housing sale value, there is an estimated gap in affordability of around $130,000 while the county has an estimated gap of $96,000. Around 600 workforce housing units are needed by 2029 to meet the workforce housing supply gap, or about 100 workforce housing units per year.

CHART 7. Housing Affordability Calculations for the Town Excluding ETJ; 2010, 2018, and 2023 Estimates

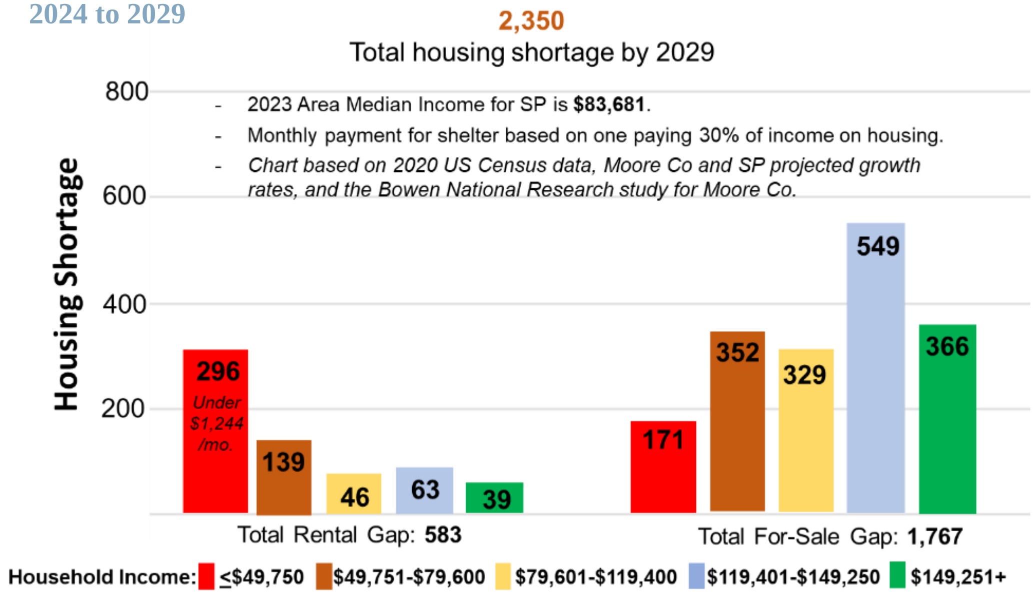


Source: U.S. Census Bureau 5-Year American Community Survey Estimates

Housing Shortage Based on Income Affordability

Bowen National Research estimated housing gaps (i.e., potential number of new housing units that are needed) in Moore County using household projects (2024 to 2029) and field survey data of housing alternatives in the area. More details about their analysis can be found in the [Moore County housing needs data summary] (pages 26 and 27). The Town of Southern Pines (excluding ETJ) is about 17% of the county's population and has a projected 8.2% growth rate between 2023 and 2028 compared to Moore County's projected 4.2% growth, according to the U.S. Census Bureau. With this information, Planning staff assumed that about 30% of Bowen National Research's projected total county housing gap estimates (accounting for projected growth and percentage of the population) would be provided within the Town. This estimates the total housing gap at 2,350 units in the Town, or 583 rental units and 1,767 for-sale units between 2024 and 2029, which have been broken down by household income in Chart 9. For reference, workforce housing is encompassed by the brown and yellow bars.

CHART 8. Housing Shortage Projection by Income in Town Excluding ETJ; 2024 to 2029



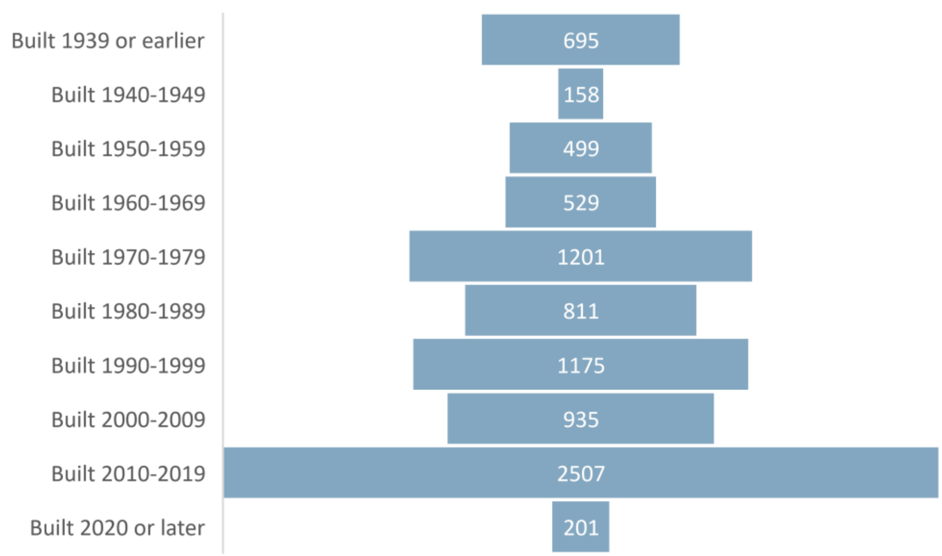
Source: Bowen National Research

Between 2015 and the end of 2024, the highest concentrations of demolitions and condemnations were in Downtown Southern Pines, Downtown Adjacent neighborhoods, and West Southern Pines. Though condemned properties represent homes beyond repair, it signals where substandard housing may be. According to Bowen National Research, 1,057 people in Moore County live in substandard housing, particularly in housing with incomplete plumbing and kitchen facilities or housing that is overcrowded.

Housing Quality

Chart 10 examines the estimated number of housing units by the years those units were built. There is a substantial quantity of older housing stock that was built between 2010 and 2019, followed by the '70s and '90s. In 2013, the estimated median age of housing stock was 1982; estimated to be 1990 in 2018; and estimated to be 1994 in 2023. It should be noted that these numbers have some degree of inaccuracy, as they are estimates. However, this data along with Chart 4, illustrate the rate at which new housing is being constructed in the Town. The chart also gives the Town an idea of the number of housing units that are aging and may require repairs or improvments.

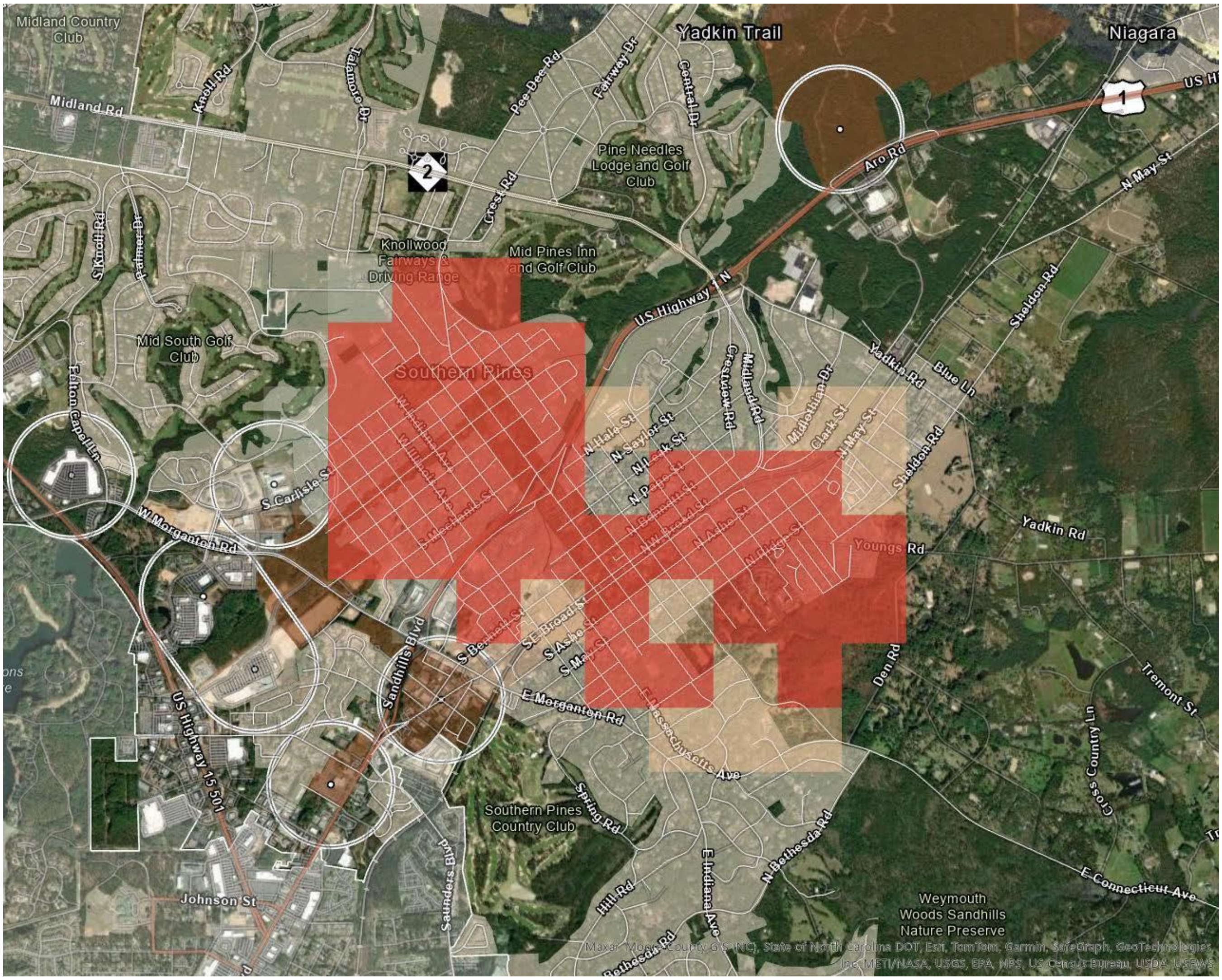
CHART 10. Housing Year Structure Built in the Town Excluding ETJ; 2023 (Estimates)



Source: U.S. Census Bureau 5-Year American Community Survey Estimates

According to Town building permit records, from 2019 through the end of 2024, 82 demolition permits were issued (both residential and commercial), which—in most cases—subsequently became new housing or commercial development. The most prevalent reason provided for seeking demolition permits was the high cost of maintenance of the building. According to the Code Compliance Officer, between 2017 and 2022, there were three existing homes that received complaints about the quality of the home that, ultimately, were minor requiring some revitalization. Between 2017 and 2021, there were 16 homes that were condemned, an average of 4 homes per year. The greatest concentration of these condemned and demolished buildings were located in West Southern Pines, Downtown Southern Pines, and Downtown Adjacent neighborhoods.

MAP 1. Hotspots of Demolitions and Condemnations; Between 2017 and 2019



Source: Town of Southern Pines

11

Follow-Up Summary and Requests

One sentence takeaway	*An improved subdivision process for missing middle will likely address many barriers to entry for smaller builders, especially if a "pre-approved" track is created, as their skill-level is not a barrier rather their ability to finance and take on up-front costs and risk.*
Quote of the meeting	*"We hope Town Council recognizes that we want to keep out-of-towners out of town… and bring local folks into the game… while also keeping community character."*

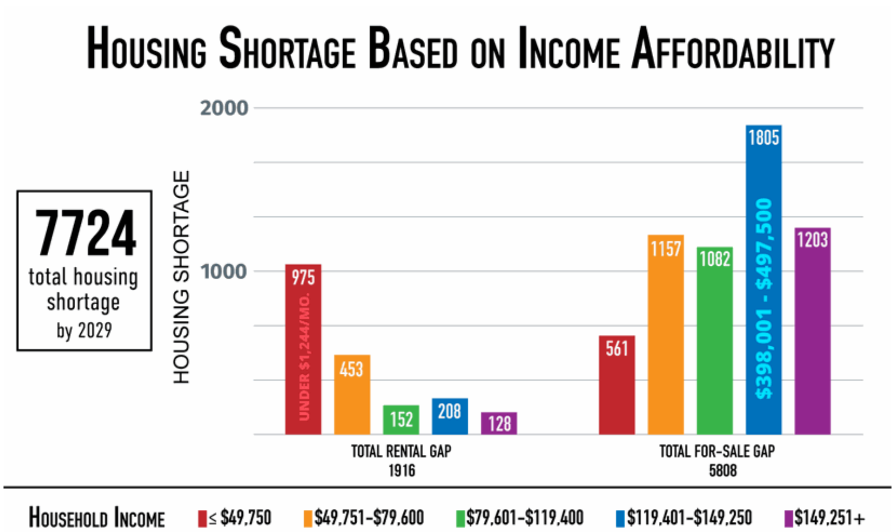
Pathway 1 Feedback: Increasing Density with Duplexes, Townhomes, and Stacked Complexes

1. **Reducing or Removing Minimum Lot Size, Fully or in Specific Circumstances**. Without min lot sizes, developers can maximize density while also avoiding development in sensitive areas like wetlands (i.e., conservation subdivision). Rather than use minimum lot size, the Town can establish a density calculation (e.g., X dwellings per acre for RS-1). Although increased density is a goal, there need to be appropriate design standards on small lots. Offering higher density (i.e., density bonus, conditional zoning flexibility, etc.) should not come at the cost of community character.
2. **Add Triplex and Quadplexes to UDO**. Three-family and four-family dwellings were included in the North Carolina Residential Building Code, and thus should be added to the authorized land use table a separate land uses from multifamily development.
3. **Reduce Minimum Setbacks**. Setbacks are geared towards single-family detached housing on large lots, which prevents higher density where there is existing infrastructure. An important factor to consider when considering the reduction of setbacks is Fire Code requirements for housing separation, which is typically dependent on fire district (i.e., location), fire flow, and building access.

   Sprinkler systems were discussed and how having a 13D sprinkler system could allow for more density. However, most sprinkler system installers work on commercial systems, not residential systems. Local plumbers have the skill to do it, but it increases their insurance costs. A local example was discussed in which a 13d system was installed, but there was no maintenance plan and most households assume their system works, but have not had them tested to be sure. Regardless, Fire and Building Code requirements could be clearer to the development community, so they can assess options.
4. **Support/Incentivize Local, Small-Scale Builders in Building Missing Middle Housing**. Rather than a large, out-of-town developer coming in to build large complexes, how do we all small-scale, local developers to take on construction of missing middle housing? The standards need to be simple enough to understand, and sufficient outreach needs to be done to communicate opportunities once they are available.
5. **Incentivize Grid-Style Street Development**. How do we get back to a "grid" street system in greenfield areas as opposed to the curvilinear and cul-de-sac patterns? This pattern exists in downtown, and is envisioned to continue in the areas surrounding downtown and West Southern Pines. They are also expected to be in Complete Community Character districts, which are a mix of greenfield and greyfield areas. Is the Town willing to support municipal service districts (MSDs), tax increment financing (TIF) districts (note: difficult to do in NC), development agreements, or other avenues for

incurring costs to build new infrastructure? New public-private partnerships may offer solutions, which could be financed by municipal bonds and grants (e.g., Community Development Block Grant). An example was provided to purchase Knollwood Tract and build out the grid, then sell land to developers to build the residential and commercial sites.

6. **Prioritize Specific Median Household Incomes**. We need to know what range of housing we are prioritizing at this point in time. 30%-50% of area median household income is part of the criteria for low-income financing programs like the low-income housing tax credit; 30%-80% is what Habitat for Humanity uses for its programs; and 80%-120% is generally considered the workforce housing range. The table below shows the Pilot's graph of Moore County's housing shortage based on the Bowen National Research study, but the gaps look slightly different for the Town of Southern Pines.



Source: The Pilot, "The graph details projected gap levels based on income affordability levels, with the highest projected gap for rentals priced below $1,244 and for-sale units priced between $398,000-$497,500. Data from Bowen National Research."

Pathway 2 Feedback: Increase Housing Supply with Non-Conventional Development

1. **Accessory Dwelling Units (ADUs)**. The setback requirements and risk of ADUs becoming short-term rentals are major challenges. ADUs would help (1) relocate families while their main home is repaired, and (2) provide long-term rental income to a family or provide aging in place opportunities for legacy homesteaders. However, permanent occupancy needs to be the goal rather than short-term rentals.
2. **Live-Work Units**. Proximity of first-floor retail to business centers in the tri-cities areas is critical to site feasibility studies. In other words, it is harder to find workable small-businesses in areas outside downtowns as there isn't sufficient retail traffic. Furthermore, current housing and retail development assume auto-oriented preference, thus creating sprawl. Additionally, boutique businesses do not appear to be in high demand, currently, but may be as urban cores begin to grow. Knollwood Tract was an example of a location with opportunity to build live-work units, if infrastructure can be completed as part of a public-private partnership.

Pathway 3 Feedback: Create a Pre-Approved Entitlement Process for Subdivision

1. **Missing Middle Opportunities**. Major Subdivision process is cumbersome and a barrier for small homebuilder entry into missing middle housing construction. A sublots subdivision option for duplex, townhomes, and quadplexes allows small homebuilders to enter the game. These sublot subdivisions can be scaled with added conditions depending on the number of dwelling units proposed and land available. Sublots could be a pre-approved entitlement model.
2. **Incentivize Missing Middle with a Streamlined Process**. Incentives are win-win opportunities for the Town and developer if acceptable criteria (e.g., building plantings, architectural design, etc.) are in place. For the pre-approved entitlement, the criteria should be backed into the pre-reviewed subdivision option and scale according to the size of parcel. Up to 20-lot subdivision should be considered for a pre-approved track. Reduced open space requirements should be a part of the conversation. Some examples of incentives include:
    - Allowing density on developable areas while protecting development-constrained areas as open space (i.e., conservation subdivision); and
    - Allowing density bonuses in exchange for character-defining site design (the county and Aberdeen do density bonuses, but there is not a lot of uptake).
3. **Financial Implications for Condos and Townhomes**. It is neither better or worse to have pre-approved entitlement options. Banks tend to keep things simple, and boil down lending to the developers' numbers. However, lending for condo-style development does appear to be slightly different and more complicated than a townhome development where land, building, and airspace are conveyed. The bank may have a "pay-down" per condo unit where the developer has to pay back some of the money lent. Furthermore, the "condo" real estate term is problematic from an appraisal perspective. Avoiding that term makes the process smoother, mainly on the insurance side.

Pathway 4 and 5 Feedback: Preserve the Stock and Regional Housing Action Plan

1. **Reduction of Fees for Repairs and Affordable Housing**. Reduced (i.e., subsidized) fees may incentivize repairs for existing housing and construction of affordable housing.
2. **Incentivize Affordable Housing and/or Require it Through Inclusionary Zoning**. Create a pre-approval entitlement that is conditioned on providing affordable housing or mandate affordable housing through "inclusionary zoning". These create opportunities to mix housing and land uses, which arguable creates more vibrant communities.
3. **Create a Housing Agency, Land Trust, and/or Land Bank.** An entity that is the marriage of public and private interests may provide additional opportunities to preserve the stock, build affordable housing, incentivize infill, etc. Alexandria, VA, had "forgivable second trust" to help with home costs; for instance, a $200k house would have $160k mortgage thanks to $40k help from the trust, which was forgiven if the homeowner stayed there 5 years.
4. **Pursue Grants**, such as the Community Development Block Grants.

Attendee	**Organization**
Alaina Mallette	Town of Southern Pines
Andrew Lyons	First Bank
Bob Koontz	KoontzJones Design
Colin Webster	ASCOT
Farrah Newman	Habitat for Humanity
James Broadwell	Town of Southern Pines
Kellie Adams	EVERYTHING PINES PARTNERS
Mike Cameron	Town of Southern Pines
Natalie Hawkins	Moore County Economic Development Partnership
Seth Mabus	Moore County Home Builders Association
Travis Green	Moore HL Properties

Follow-Up Summary

One sentence takeaway	*How do we foster density with dignity in a limited land environment and with both developers' risk concerns and uncertain legislative discretion in local review processes?*
Quote of the meeting	*"People work in our county, but can't afford to live here."*

List of Factors Impacting Housing Supply

1. **Military's Basic Allowance for Housing**. The Military's Basic Allowance for Housing will likely continue to keep market rates higher in Southern Pines.
2. **Limited Land Availability**. There is a finite amount of land—especially land without environmental and other development constraints—left for new development.
3. **"Not in My Back Yard" Pushback, i.e., NIMBYism**. For housing supply, residents' perception that increased density will inherently be bad; therefore, warranting their opposition. The Town should operate under the assumption that NIMBYism against density—in terms of various housing types, designs, and lot layouts—may reduce the likelihood of adopting policies or regulations that create more housing supply.
4. **Generalized Building Costs**

18-20%	land costs
6-10%	permitting expenses
3-6%	financing expenses
50%	construction costs
7%	state, federal, and local taxes
8-15%	developer profits

5. **Generalized Income and Housing Affordability**. According to U.S. Census Bureau's ACS 5-Year Estimates, Southern Pines has a median household income (MHI) of $83,681. Using the general rule-of-thumb that a household should not spend more than 30% of their income on housing, then the median price for rental stock should be around $2,092 per month for rent and the estimated median mortgage value should be around $286,539. Moore County's MHI is $78,057, including the Tri-Cities and other urbanized areas.
6. **Uncertainty in Interest Rates**. Lenders' interest rates impact housing prices, and future rates are uncertain. For reference, a home buyer with an average credit score rating looking to purchase a $285,000 home with 0% down, can assume a 30-year conventional loan with a 7.125% fixed interest rate or a 15-year conventional loan with a 6.99% fixed interest rate. The former adds $406,235 to the cost of owning a home while the latter adds $175,812 to the cost of owning the home.
7. **Price elasticity.** Buyers seem to be price elastic in Southern Pines. For instance, a 10% drop in price has a higher demand of the market, even if the housing quality is lower.

Potential Southern Pines Housing Goals

1. **Increase housing supply that has a $1,000 to $1,500 monthly cost**, for rent or ownership. Rate of desired increase and time frame to be determined.
2. **Improve and maintain partnerships** between the Town, homebuilders/developers, Realtors, design professionals, finance institutions, Tri-Cities/Moore County decision-makers and planners, appraisers, and regional development organizations. More specific, measurable, and time-oriented goals to be determined.
3. **Reduce the possibility of urban sprawl** into more rural areas of the county, including Carthage and Whispering Pines. More specific, measurable, and time-oriented goals to be determined.
4. **Maintain new and existing single-family housing options** within Moore County (i.e., avoid addressing the housing supply situation with more multifamily housing, exclusively). More specific, measurable, and time-oriented goals to be determined.
5. **Support local organizations in their efforts to address affordable housing supply**, including, but not limited to, Southern Pines Land and Housing Trust and Habitat for Humanity. More specific, measurable, and time-oriented goals to be determined.
6. **Ensure that new development**, including infill development, **incorporates multi-modal connectivity into its design**, including greenways and open space that allow for walking, biking, and other modes of transportation. More specific, measurable, and time-oriented goals to be determined.
7. **Create opportunities for more accessory dwelling unit construction**. More specific, measurable, and time-oriented goals to be determined.
8. **Look for opportunities to collaborate with religious institutions to develop vacant land into housing and community centers**. More specific, measurable, and time-oriented goals to be determined.
9. **Create opportunities for infilling old and vacant buildings with either housing or community-serving facilities**, such as community centers. More specific, measurable, and time-oriented goals to be determined.
10. **Engage with existing data and studies to better understand the housing supply gap** in Southern Pines, the Tri-Cities, and Moore County—especially the Carolina Core Region 2024 Housing Needs Assessment—and use this information to inform and educate the public. More specific, measurable, and time-oriented goals to be determined.

Possible Regulatory Changes Mentioned

1. "Standard Issue" subdivision models that can be administratively approved
2. Duplex sub-lots being added as subdivision options
3. Increase density in RM-1 and RM-2
4. Incentivize ADUs
5. Incentivize housing on church-owned land
6. Eliminate min lot sizes in certain overlays or districts

Themes and Takeaways

1. According to NC Chamber, there is a **deficit of 764,478 dwelling units in North Carolina**, and the state is **projected to increase by 218,160 households between 2024 and 2029**.
2. **20% Cost Gap.** Construction (including infrastructure) costs, regulatory requirements, interest rates, etc. are causing an increase in mortgage/rent costs of about 20% more than it should be. Reducing costs, where possible, will lower costs to the consumer.
   - **Infrastructure**. Infrastructure is expensive to build, especially roads. Is there an appetite for government-subsidized infrastructure and/or prioritizing that capital improvement? We should not reduce our infrastructure standards as that likely will create additional medium- and long-term maintenance costs for HOAs and the Town (i.e., life cycle costs).
3. **Define Affordable Unit and Establish Targets.** What price point for housing does the town consider "affordable"? How many affordable units do we need to create in the Southern Pines jurisdiction, given limited land availability? Determine early. For example, X% of the housing market will be within Y price range.
   - **Sub-$300k Housing Target Suggested.** Less than 2,000 heated square-foot homes with between $105 and $110 cost per square foot. This target may not be possible to achieve with traditional single-family detached under current and projected conditions. Duplex and townhomes may be able to meet this target. See "Montana Miracle."
   - **SB 388.** Affordable housing language in this bill might be a good model to reference.
   - **Funding.** Federal grants for constructing or maintaining affordable housing have long response times that do not fit into the ideal design and construction timeline.
4. **What housing products is the Town Council willing to accept?** The Planning Department needs to present housing alternatives to the Town Council, and gauge their willingness to support such alternatives. Furthermore, the Town Council should agree on a definition for "affordable housing," or at least select a range of housing types or prices that are the targeted goals for this phase of the housing supply project. It will be helpful for Town Council to see the designs of differently-cost products.
   - A "standard issue" development design list that follows administrative review and approval was highly appealing. Is a "standard issue 20-lot major subdivision" or something similar to that, which can be administratively approved contingent on other requirements being met (RCW, wetland, etc.), acceptable? Are duplexes and townhomes, including triplexes, quadplexes, etc., by-right in RM districts?
   - **Setting Expectations.** The Town Council, buyers, and the community should be aware of what the quality may look like for new housing at different price points. The building code permits homebuilders to build at extremely low standards.
5. **Mix Housing Types (i.e., integrate price points in all neighborhoods) and Appraisal challenges**. Neighborhoods with a mixture of single-family, townhomes, duplexes, etc. are a viable option if the subdivision is big enough. **Appraisal Challenges**. With mixed housing types, this will create an issue when it comes to appraising. Need an appraiser perspective in this housing supply discussion.
6. **Location.** Increased density should be in appropriate areas, and should prevent sprawl of high-density options like apartment complexes and additional single family detached

housing in the Town's ETJ and rural Moore County. Consider capital improvements in those appropriate areas.

7. **Public Perception of Increased Density**. There's a stigma about density that must be overcome to achieve this vision. Those in the housing development ecosystem would like to remove some of the subjectivity within the local development approval process.
   - **Vertical/"Go up not out" Alternative.** Allow for higher stories where density in concentrated.
   - **NIMBYism.** To counter NIMBYism, information and education should be available to the public and Town Council. "Right now, we're letting the 3% with big mouths control policy for the other 97%."
8. **Regulations**. Some regulations are impeding small-scale home builders, and inadvertently, enabling the larger entities to control the market. How can the Town incentivize buildings, or all scales, to build affordable units?
9. **Preserve the stock.** The existing housing, particularly older homes, need to be maintained, and, in some instances, renovated. This scope may need to be addressed in a subsequent phase of the housing supply project, but should continue to keep this in mind.
10. **Data collection/Joint Fact Finding**. Multiple parties are willing to share financial data to assist with a compelling argument. However, anonymity and confidentiality is preferred.

Attendee	Organization
Alaina Mallette	Town of Southern Pines
Amie Fraley	Habitat for Humanity
Andrew Lyons	First Bank
BJ Grieve	Town of Southern Pines
Bob Koontz	KoontzJones Design
Colin Webster	ASCOT
Farrah Newman	Habitat for Humanity
Gerald Ostlund	Town of Southern Pines
James Broadwell	Town of Southern Pines
James Michel	Town of Southern Pines
Kellie Adams	EVERYTHING PINES PARTNERS
Mike Cameron	Town of Southern Pines
Ryan Paschal	Pineland Homes Fifteen Pinecones, LLC
Sandra Barnhart	Mid Carolina Regional Association of Realtors
Sandra Dales	Sothern Pines Land and Housing Trust
Seth Mabus	Moore County Home Builders Association
Travis Green	Moore HL Properties

Future Invitee	Organization
Liz Giri and/or other appraisers	Village Appraisers, LLC and/or other entities
Natalie Hawkins	Moore County Economic Development Partnership President

Disclaimer about data sharing

The only way the data sharer can attempt to claim confidentiality is to write “TRADE SECRET” on the material being shared. The Town will not defend the data sharer’s claim of confidentiality if a public information request comes in, but can pause the execution of such request once the data sharer submits evidence of a request for a “protective order” from a court. If the judge rules in the data sharer’s favor, then the Town would be able to deny a public information request for that information on the basis of confidentiality and trade secret statutes (see below).

§ 132-1.2. Confidential information. Nothing in this Chapter shall be construed to require or authorize a public agency or its subdivision to disclose any information that:
(1) Meets all of the following conditions:
a. Constitutes a “trade secret” as defined in G.S. 66-152(3).
b. Is the property of a private “person” as defined in G.S. 66-152(2).
c. Is disclosed or furnished to the public agency in connection with the owner's performance of a public contract or in connection with a bid, application, proposal, industrial development project, or in compliance with laws, regulations, rules, or ordinances of the United States, the State, or political subdivisions of the State.
d. Is designated or indicated as “confidential” or as a “trade secret” at the time of its initial disclosure to the public agency.

§ 66-152. Definitions. As used in this Article, unless the context requires otherwise:
(1) “Misappropriation” means acquisition, disclosure, or use of a trade secret of another without express or implied authority or consent, unless such trade secret was arrived at by independent development, reverse engineering, or was obtained from another person with a right to disclose the trade secret.
(2) “Person” means an individual, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, association, joint venture, or any other legal or commercial entity.

(3) “Trade secret” means business or technical information, including but not limited to a formula, pattern, program, device, compilation of information, method, technique, or process that: a. Derives independent actual or potential commercial value from not being generally known or readily ascertainable through independent development or reverse engineering by persons who can obtain economic value from its disclosure or use; and b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The existence of a trade secret shall not be negated merely because the information comprising the trade secret has also been developed, used, or owned independently by more than one person, or licensed to other persons. (1981, c. 890, s. 1.)
(emphasis added by Planning staff)

March 17, 2025

Town of Southern Pines Council

1185 W. Pennsylvania Ave.

Southern Pines, NC 28387

Dear Town Council,

I hope this letter finds you well. I am writing to express my concern and offer suggestions regarding the ongoing need for affordable housing in the tri-city area. As the cost of living continues to rise, many individuals and families are finding it increasingly difficult to secure safe, stable, and attainable housing. I believe it is important that we come together as a community to explore solutions that will address this challenge effectively.

There are several strategies that could be pursued to help produce affordable housing and ensure that our community remains accessible to all residents. I would like to share a few potential approaches for consideration:

1. **Incentivizing Attainable Housing Development**
   The town could consider offering tax incentives or subsidies to developers who commit to building attainable housing. These financial incentives can lower the cost of development and make it more attractive for private developers to build projects that include affordable units.
2. **Expanding Zoning Flexibility**
   Modifying zoning laws to allow for higher-density development or mixed-use buildings can help create more affordable housing options. Allowing for accessory dwelling units (ADUs), tiny homes, or multi-family homes in areas traditionally zoned for single-family residences could significantly increase housing stock. Implementing density bonuses for developers who incorporate affordable units in their projects is another effective measure.
3. **Utilizing Public Land for Affordable Housing**
   If the town owns land that is currently underused or vacant, this could be repurposed for affordable housing projects. By developing on public land, the cost of land acquisition is minimized, and the town can exert more control over the affordability of the resulting housing. Public-private partnerships could be explored to maximize these opportunities.

2268 NC Hwy 5
Aberdeen, NC 28315
910-295-1934

4. **Revitalizing Existing Buildings**
   In addition to new construction, there are opportunities to convert existing structures such as abandoned or underutilized commercial buildings into residential units. These adaptive reuse projects can preserve the character of the town while meeting the growing demand for attainable housing.
5. **Promoting Housing Cooperatives and Nonprofit Developments**
   Encouraging the creation of housing cooperatives or supporting nonprofit organizations focused on affordable housing development can provide long-term, stable housing options. These models often allow for greater community involvement and can ensure that housing remains affordable for generations.
6. **Development Exaction fee for Mitigation Banks focused on Affordability**
   This is a fee attached to new developments that would help offset development costs for work force housing. Buyers will be subject to income and asset limitations along with working full time in Moore county and earning the majority of their income here.

I believe that by taking a multi-pronged approach, we can make meaningful strides in ensuring that everyone in our community has access to affordable, quality housing. I urge the town leadership to engage in ongoing dialogue with community members, developers, and affordable housing experts to create a comprehensive plan that addresses the current housing crisis while ensuring long-term sustainability.

Thank you for your attention to this matter. I look forward to seeing the town's efforts in addressing affordable housing and would be happy to engage further in any conversations or meetings about these potential solutions.

Sincerely,

F. Newman

Farrah Newman, Programs Director

2268 NC Hwy 5
Aberdeen, NC 28315
910-295-1934

Town of Southern Pines
General Fund
Schedule of Revenues
2025-2026

	ACTUAL 2021-2022	ACTUAL 2022-2023	ACTUAL 2023-2024	BUDGET 2024-2025 as of 07/01/24	BUDGET 2024-2025 as of 03/01/25	EXPECTED REVENUES 2024-2025	**BUDGET 2025-2026**
AD VALOREM TAXES:							
Current	$ 11,531,201	$ 12,195,939	$ 12,826,110	$ 13,063,496	$ 13,063,496	$ 13,063,496	**$ 13,373,612**
Delinquent	23,234	12,115	5,994	8,000	8,000	8,000	**7,000**
Penalties & Interest	17,039	16,872	15,091	4,000	4,000	4,000	**4,000**
TOTAL AD VALOREM TAXES	11,571,474	12,224,926	12,847,195	13,075,496	13,075,496	13,075,496	**13,384,612**
OTHER TAXES & LICENSES:							
Short-Term Rental Property Tax	66,444	67,830	81,587	68,000	68,000	85,688	**75,000**
Solid Waste Disposal Tax	11,716	12,389	12,952	10,500	10,500	12,500	**12,000**
Privilege/Beer - Wine License	2,715	3,050	3,010	2,400	2,400	2,400	**2,400**
Alcoholic Beverage Ctrl	284,148	286,565	282,779	225,000	225,000	280,000	**280,000**
Municipal Vehicle Tax	62,785	66,060	66,565	61,150	61,150	65,000	**65,000**
TOTAL OTHER TAXES	427,808	435,894	446,893	367,050	367,050	445,588	**434,400**
UNRESTRICTED INTERGOVT REVENUE:							
Article 39 Sales Tax - 1%	2,268,220	2,471,668	2,688,357	2,349,973	2,349,973	2,364,522	**2,476,082**
Article 40 Local Sales Tax - 1/2%	1,164,585	1,278,266	1,337,057	1,205,008	1,205,008	1,212,701	**1,259,969**
Article 42 Local Sales Tax - 1/2%	1,121,405	1,223,297	1,332,902	1,162,996	1,162,996	1,170,250	**1,225,868**
Article 44 1/2%-Hold Harmless	1,091,738	1,200,409	1,223,153	1,126,046	1,126,046	1,133,718	**1,171,767**
Beer and Wine Tax	61,941	72,341	80,171	60,000	60,000	62,500	**60,000**
Video Programming	117,054	146,857	136,851	145,000	145,000	145,000	**145,000**
Utilities Franchise/Sales	1,121,630	1,137,338	1,253,352	1,000,000	1,000,000	1,000,000	**1,000,000**
TOTAL UNRESTRICTED INTERGOVERNMENTAL	6,946,573	7,530,176	8,051,843	7,049,023	7,049,023	7,088,691	**7,338,686**
RESTRICTED INTERGOVT REVENUE:							
Powell Bill Allocation	481,723	484,069	546,561	546,500	546,500	606,431	**606,431**
State Aid Library	7,241	8,314	9,729	9,000	9,000	10,022	**9,000**
Library Grants	0	47,604	0	0	0	11,282	**0**
Recreation Grants	0	6,750	3,750	750	750	2,000	**0**
FEMA Revenue	0	0	8,892	0	0	0	**0**
On-Behalf of Pymts. - Fire	13,401	13,456	13,660	0	0	0	**0**
Fire Grants	44,655	0	326,317	379,207	379,207	354,772	**379,207**
Planning Grants	0	0	16,250	55,000	55,000	34,500	**24,250**
Police Grants	10,060	2,500	7,469	0	0	43,800	**46,250**
TOTAL RESTRICTED INTERGOVERNMENTAL	557,080	562,693	932,628	990,457	990,457	1,062,807	**1,065,138**
PERMITS AND FEES:							
Inspections	468,957	740,151	848,694	325,000	325,000	756,223	**500,000**
Planning	90,658	82,385	76,990	80,000	80,000	90,000	**100,000**
Homeowner Recovery Fee	2,800	2,860	2,780	2,500	2,500	3,600	**3,500**
Zoning Fees	17,750	17,900	17,300	20,000	20,000	18,000	**20,000**
Street Department	50,321	46,776	68,630	60,000	60,000	60,000	**60,000**
Fire	1,955	650	28	0	0	0	**0**
Public Works	71,417	48,816	89,381	55,000	55,000	75,000	**60,000**
Police Department	7,450	11,366	7,777	10,000	10,000	5,000	**10,000**
TOTAL PERMITS AND FEES	711,308	950,904	1,111,580	552,500	552,500	1,007,823	**753,500**

Town of Southern Pines
General Fund
Schedule of Revenues
2025-2026

	ACTUAL 2021-2022	ACTUAL 2022-2023	ACTUAL 2023-2024	BUDGET 2024-2025 as of 07/01/24	BUDGET 2024-2025 as of 03/01/25	EXPECTED REVENUES 2024-2025	**BUDGET 2025-2026**
SALES AND SERVICES:							
Library	42,230	48,760	54,170	50,000	50,000	60,000	**60,000**
Recreation Fees	170,234	241,308	311,935	195,000	195,000	300,000	**280,000**
Police Extra Duty	42,255	29,115	78,525	55,000	55,000	55,000	**45,000**
Fire Extra Duty	55,058	1,755	3,570	5,000	5,000	3,000	**3,000**
Rents	300	1,425	2,520	0	0	5,300	**0**
Facility Rental - Recreation	33,758	55,875	55,838	50,000	50,000	65,000	**50,000**
Court Facilities Fee	0	0	0	0	0	0	**0**
Disposal Fee/Recycling Fee	1,075,124	1,593,317	1,662,454	2,052,900	2,052,900	2,200,000	**2,676,273**
TOTAL SALES AND SERVICES	1,418,959	1,971,555	2,169,012	2,407,900	2,407,900	2,688,300	**3,114,273**
INVESTMENT EARNINGS:	27,348	696,618	982,683	400,000	400,000	650,000	**500,000**
OTHER:							
Surplus Property Sales	33,028	87,792	49,480	70,000	70,000	80,000	**50,000**
Lease Revenue	365,285	393,712	337,676	312,607	312,607	324,479	**327,153**
Miscellaneous Revenue	93,193	112,681	161,645	50,000	50,000	115,915	**50,000**
Demolition Liens	3,700	1,800	1,650	0	0	1,050	**0**
Fire Donations	2,500	245	275	108,000	108,000	2,500	**2,500**
Court Costs	6,011	2,239	1,737	2,500	2,500	2,500	**2,500**
Cemetery	1,250	3,625	4,675	1,000	1,000	1,750	**1,000**
Fire District Revenue - Escrow	132,081	0	0	0	0	86,384	**60,148**
Fire District Revenue	449,158	468,150	463,145	460,000	460,000	545,760	**500,000**
Donations	34,080	23,424	17,304	8,000	8,000	28,000	**12,000**
TOTAL OTHER REVENUE	1,120,286	1,093,668	1,037,587	1,012,107	1,012,107	1,188,338	**1,005,301**
OTHER FINANCING SOURCES							
Transfer - ARPA Revenue Rplcmnt	0	3,922,210	0	0	0	0	**0**
Financing Proceeds Leases/SBITA's	52,629	168,099	290,454	192,120	192,120	414,153	**94,550**
Financing Proceeds	0	0	0	400,000	0	0	**0**
TOTAL OTHER FINANCING SOURCES	52,629	4,090,309	290,454	592,120	192,120	414,153	**94,550**
TOTAL REVENUES AND OTHER FINANCING SOURCES	22,833,465	29,556,743	27,869,875	26,446,653	26,046,653	27,621,196	**27,690,460**
FUND BALANCE [(ADD TO)/USE OF]:	**(1,396,830)**	**(5,609,829)**	**1,855,893**	**4,102,049**	**5,138,304**	**2,584,043**	**4,514,820**
REVENUES AFTER ADDITIONS/ REDUCTIONS FROM FUND BALANCE	$ 21,436,635	$ 23,946,914	$ 29,725,768	$ 30,548,702	$ 31,184,957	$ 30,205,239	**$ 32,205,280**

Southern Pines
NORTH CAROLINA

FY 25-26 BUDGET

Environmental Services

March 25, 2025

On January 1, 2025, the Town began its new contract with Meridian for garbage & recycling services.

Based on the contract, we forecast total expenditures for garbage and recycling collection & disposal to be around $2M.

The Town provides solid waste services to approximately 7,600 residential homes and just over 400 small businesses.

The Town established its new environmental services division in FY 24. This team of 7 employees collects yard debris twice a month from residential neighborhoods and also picks up bulk items and white goods, as needed.

We have completed our first full year of providing these services. We forecast total expenditures for the upcoming year to be around $1.2M or about $15 per month for each customer.

By being creative, innovative, and adaptable, we can find the best path forward. It's the Southern Pines Way

Residential Solid Waste Fees

The following fees are proposed for residents, based on:

- weekly curbside garbage collection (or back door, if eligible) of one garbage cart
- In single-family neighborhoods, we collect yard debris twice a month from the curb. We also collect bulk items and white goods at the curb (once a week or as needed).

Residential customers currently pay $21/month, which represents 75% of the costs to provide these services; the Town covers the remaining 25%. Assuming this same model is continued, this subsidy will cost the Town $765k next year. If desired, this subsidy could be reduced by increasing the cost recovery percentage.

Recommended Supplemental Fee for Two Garbage Carts/Week:

- One-time fee of $75 to acquire the second cart (first cart provided at no cost)
- $6.25/month (72 customers currently @ $6/month)

Description	100%	90%	80%	75%
Monthly Residential Customer Fee	$33.75	$30.50	$27.00	$25.25
Change from Current $21.00	$12.75	$9.50	$6.00	$4.25
Annual Subsidy Cost to Town	--	$288k	$606k	$765k
FY 25-26 Tax Rate Equivalent (in pennies)	--	0.62	1.31	1.66
Annual Customer Savings for Subsidy	--	$39	$81	$102
Monthly Customer Savings for Subsidy	--	$3.25	$6.75	$8.50

Fees for Commercial Services

The Town provides services to just over 400 small businesses. The cost to provide these services will be $27.50 per month, which is an increase of $2 and is based on our contract terms with Meridian. Based on Council policy of recovering 100% of the costs, FY 25-26 fees will be:

- $27.50 per commercial business per month for one garbage cart
- $8.00 per month supplemental fee to have a second cart collected (10 customers currently)

We currently charge a one-time fee of $75 to acquire the second cart, which is based on the Town's actual costs to purchase these carts. We don't recommend any changes to this fee.

Fees for Recycling Subscription

Effective January 1, 2025, Southern Pines transitioned to a subscription-based recycling service. Subscribers are provided a 95-gallon cart, which is collected *every other week*. Meridian bills the Town a fixed cost per month based on a tiered number of customers and this includes collection & disposal. We are currently billed at the highest tier outlined in the contract (1,951+customers). Recommended fees for the upcoming year (no change from current):

Residential subscribers: $10 per month (1 or 2 carts)
Commercial subscribers: $10 per cart per month (maximum of 2 carts)
One time charge to acquire 2nd cart (residential & commercial): $75

By The Numbers: Southern Pines Recycling Subscription as of March 20, 2025

Subscribers: 2,000
Subscribers who have opted in for a 2nd recycling cart: 98
40: customers who initially opted-in and later canceled. There are a variety of reasons for for this but the most commonly cited is that the cart is too big and/or difficulty storing both the garbage and recycling carts.

How does the subscription service work?

- Subscribers are provided 1 recycling cart, which is collected at the curb every other week.
- Subscribers may add a 2nd cart for a one-time $75 fee to acquire the cart. Commercial customers then pay $10/cart/month; residential customers pay a flat $10/month, whether they have one or two carts collected.
- Subscribers may discontinue the service at any time by contacting the Utility Billing department.
- The Town is divided into an "A route" and a "B route" to distinguish the weeks that the bi-weekly service is provided. Currently, both routes are collected on Fridays for all customers.

Received
OCT 29 2024
Administration
Town of Southern Pines

Town of Southern Pines, Chartered 1887, North Carolina, The Mid South Resort, Internationally Recognized for Program Excellence

DATA SHEET FOR APPOINTMENT TO COMMITTEES, COMMISSIONS AND BOARDS

COMMITTEE, COMMISSION, OR BOARD IN WHICH INTERESTED: Appearance Commission

NAME: Jerrilyn (Jeri) Crowell TELEPHONE: 910-692-5286 h 301-908-6946 c

ADDRESS: 1376 Valley View Rd. S Pines 28387 EMAIL: jeri6946@yahoo.com

EDUCATIONAL BACKGROUND

Bachelor of Science

Several semesters Accounting

EMPLOYMENT

JOB TITLE: Currently Retired; formerly Director Budget Office

EMPLOYER: Department of Health & Human Services - US Govt

CIVIC AND PROFESSIONAL ACTIVITIES: Formerly Kiwanis - Maryland

Board of Directors - Home Owners Assoc. (Md.) Volunteer - Sunrise Theater

Volunteer past 15 years - Habitat for Humanity - NC Sandhills; Treasurer - Hab. 2

PAST MEMBERSHIP IN ORGANIZATIONS AND OFFICES HELD:

Treasurer - Susanna Wesley Circle - SPUMC (S. Pines United Methodist Church)

Head of Memorial Reception Cmte - SPUMC

ANY ADDITIONAL INFORMATION AND COMMENTS:

DATE: 10-12-24 SIGNATURE: Jerrilyn Crowell

PLEASE RETURN TO: Administration
125 SE Broad Street
Southern Pines, NC 28387

admin@southernpines.net

Your application will remain on file 12 months from the date of completion

PA 40

Agenda Item

To: Reagan Parsons, Town Manager

From: BJ Grieve, Planning Director

Subject: Historic District Commission Reappointment – Elizabeth Oettinger

Date: March 25, 2025

I. REQUEST:

The Planning Director requests that Elizabeth Oettinger be considered for reappointment to serve on the Historic District Commission for a second successive term to expire on March 24, 2029.

II. BACKGROUND:

Ms. Oettinger was appointed to serve her first term on the Historic District Commission from February 9, 2021 to February 8, 2025. Ms. Oettinger's participation is appreciated by both her fellow Commission members and Planning staff.

III. LEGAL REVIEW:

In accordance with UDO §8.16.1(B), the Historic District Commission shall consist of seven (7) members, all of which shall be resident citizens.

- *The Commission currently consists of seven (7) active members who reside in Town.*
- *Ms. Oettinger currently resides in Town and is thereby eligible for reappointment as a member of the Commission.*

In accordance with UDO §8.16.1(C), HDC members shall be appointed for four-year staggered terms. Members may be appointed to not more than two (2) successive complete terms but may be eligible for reappointment after one year has elapsed from the date of termination of the second term.

- *Upon appointment, Ms. Oettinger will serve her second successive complete term to expire on March 24, 2029.*

BJ Grieve

From:	Cindy Williams
Sent:	Monday, March 17, 2025 8:29 AM
To:	BJ Grieve
Cc:	Mason Mattox
Subject:	FW: HDC - Elizabeth Oettinger's Reappointment
Attachments:	Elizabeth Oettinger - reappointment memo.docx

Good morning BJ,

Please see Elizabeth's email below and the attached memo re: her reappointment.

Sincerely,

Cindy Williams
Planning Department
Town of Southern Pines
801 SE Service Rd.
Southern Pines, NC 28387
(910) 692-4003

From: swervin77 (null) <swervin77@aol.com>
Sent: Sunday, March 16, 2025 10:22 PM
To: Cindy Williams <CWilliams@southernpines.net>
Subject: Re: HDC

Ha, good to know! And sure, I will re-up for another term =)

> On Mar 14, 2025, at 10:58 AM, Cindy Williams <CWilliams@southernpines.net> wrote:
>
> Good morning Elizabeth!
>
> Your first term on the Commission expired in February. Please let me know if you are interested in serving a second term (hopefully!).
>
> **Cindy Williams**
> Planning Department
> **Town of Southern Pines**
> 801 SE Service Rd.
> Southern Pines, NC 28387
> (910) 692-4003

ORDINANCE #3109
AMENDING THE 2024/2025 FISCAL YEAR BUDGET

BE IT ORDAINED AND ESTABLISHED by the Town Council of the Town of Southern Pines in work session assembled this 25th day of March, 2025 that the Operating Budget for the Fiscal Year 2024/2025 be and hereby is amended as follows:

DEPARTMENT	LINE ITEM	CODE	INCREASE	DECREASE
Fleet	Contractual Services	10-580-4500	$15,000	
Facilities Maintenance	Capital – Buildings/Structures	10-640-7405		$15,000
Police-Admin & Patrol	Capital – Motor Vehicles	10-511-7402	45,000	
General Fund	Miscellaneous Revenue	10-355-0000	45,000	

I certify that this ordinance was adopted by the Town Council of the Town of Southern Pines at its meeting of March 25, 2025 as shown in the minutes of the Town Council for that date.

____
Elizabeth Robertson, Town Clerk

ORDINANCE #3110
AMENDING THE 2024/2025 FISCAL YEAR BUDGET

BE IT ORDAINED AND ESTABLISHED by the Town Council of the Town of Southern Pines in work session assembled this 25th day of March, 2025 that the Operating Budget for the Fiscal Year 2024/2025 be and hereby is amended as follows:

DEPARTMENT	LINE ITEM	CODE	INCREASE	DECREASE
Police Admin	Capital – Other Equipment	10-511-7403	$85,850	
IT	Capital – Software/Comp Equip	10-430-7401	188,556	
General Fund	Lease Financing	10-692-1000	28,000	
General Fund	SBITA Financing	10-692-1050	27,867	
Fire	Leased Equipment	10-530-2200		$9,666
IT	Contractual Services	10-430-4500		7,213
General Fund	Other Fin Source-Leases/SBITA	10-397-0100	222,033	
General Fund	Fund Balance Appropriations	10-397-1000	91,361	

I certify that this ordinance was adopted by the Town Council of the Town of Southern Pines at its meeting of March 25, 2025 as shown in the minutes of the Town Council for that date.

Elizabeth Robertson, Town Clerk

MEMO

To: Town Council
From: Tess Brubaker-Speis, Finance Director

Date: 03/21/25
Re: Audit Proposals and Recommendation FY 25
Attached: Mauldin Jenkins Proposal

The finance department reviewed and considered audit proposals from six audit firms in the past few months. Three of those firms were not heavily debated due to them only handling small local government units for this type of work. Reflecting on our Town's size, we did not feel comfortable with the thought of any of these three handling the more complex job our audit would require. The three other firms, Martin Starnes, Sharpe Patel and Mauldin & Jenkins were then compared for viability.

The finance department evaluated the firms based on cost, team size, other government unit audits handled by the firms, allotted time needed, projected timeframe needed to complete the audit, process of the audit, and technical assistance offered throughout the year. Firms were asked to propose terms for a three-year assignment in an effort to create some continuity and not have Finance staff performing the additional work associated with potentially onboarding a new Audit firm each and every year.

After our evaluation, the finance department believes that Mauldin & Jenkins will be the strongest choice for our Town's needs. Their firm audits more governments in the Southeast than any other firm, including over 180 cities. Their proposal indicates their intent to meet our timeline requirements for audit and financial statement completion. Our finance team also spoke with the finance team at Moore County, who indicated that Mauldin & Jenkins currently performs the County's audit. They had positive things to say about the firm and their quality of work.

Attached you will find the audit proposal from Mauldin & Jenkins for your review. Our finance team did have some follow up questions that were answered satisfactorily. Once you have examined the proposal yourselves, please let me know if you see anything concerning or if you have any questions you would like to have addressed.

Lacking any concerns, staff would respectfully request **a Motion to enter into agreement with Mauldin & Jenkins to perform the FY25 Audit services for the Town of Southern Pines.**

Thank you

MAULDIN & JENKINS
mjcpa.com

Town of Southern Pines, North Carolina

Cost Proposal to Provide Audit Services

Fiscal Years June 30, 2025, through 2027

Mauldin & Jenkins Certified Public Accountants
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Going Further.

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Transmittal Letter

February 14, 2025

Town of Southern Pines, North Carolina
Attn: Tess Brubaker-Speis, Finance Director
P.O. Box 870
Southern Pines, NC 28388

Ladies and Gentlemen:

Mauldin & Jenkins is pleased to submit a qualifications package including cost estimates to provide annual financial and compliance auditing services for **Town of Southern Pines, North Carolina** (the "Town"). It is our understanding that the Town is requesting proposals from qualified firms of certified public accountants to establish a contract for the professional services of a Certified Public Accountant (the "auditor") for financial and compliance audits. The contract for such audit services will be for the fiscal year ended June 30, 2025, and ending with the fiscal year ended June 30, 2027, subject to annual review and the annual availability of an appropriation for audit services by the Town.

As requested by the Town, we have enclosed on the following pages an all-inclusive maximum fee for the financial and compliance audit services for the fiscal years noted above. This sealed cost proposal contains all pricing information relative to the performance of the audit. The total all-inclusive maximum price for the fiscal years ending June 30, 2025, through 2027 is as follows:

Fiscal Year Ending June 30,	All-Inclusive Fee
2025	$62,000
2026	$64,000
2027	$66,000

As a Director at Mauldin & Jenkins, LLC, I am certified and authorized to represent Mauldin & Jenkins, empowered to submit the bid, and authorized to sign a contract with the Town. Our total all-inclusive maximum price for providing annual financial auditing services to the Town is contained on the following pages. We appreciate the opportunity to propose, and we look forward to hearing from you.

Sincerely,
MAULDIN & JENKINS, LLC

LBagasala

LeAnn Bagasala, CPA
Director

1. Type of Audit Programs Used

After performing our review of your present accounting systems, we will use Firm manuals specifically designed for governments to develop audit programs tailored to the Town which incorporate the requirements set forth above. **The programs we use are standard governmental audit programs developed by Thompson Reuters Checkpoint. The Practitioner's Publishing Company, or PPC, programs are able to be tailored to each specific client, given the specific needs and services. The programs will then be used to develop the necessary audit procedures to conduct the Town's audit.** We anticipate that these procedures will enable us to express our professional opinion that the financial statements of the Town present fairly, in all material respects, the financial position and results of operations of the Town in conformity with accounting principles generally accepted in the United States of America. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities exist which might prohibit us from expressing an unqualified opinion or if any other circumstances are encountered that require extended services, we will promptly advise the Town. No extended services will be performed unless they are authorized in contractual agreement or in an amendment to the agreement.

Upon completion of the above phase of planning the audit, we will prepare a letter of items we will need to conduct the final audit fieldwork. The requested items will be tailored to the Town based on our understandings of the Town's operations. This "letter" is provided through a workflow program called Suralink. This is a secure, cloud based interactive model which allows both sides to comment, upload attachments, and see progress of the files provided. This prevents the duplication of requests or instances where clients have been asked to provide the same item multiple times. We have been using the program over the past several years and have received numerous comments from clients on how efficient this has made the process. The list can be modified to show only outstanding items, allowing the preparation listing to transform into a "live" open items list.

For final audit fieldwork, we will schedule our visits with the Town's management. We will then begin an unfragmented process of auditing the Town.

Upon completion of the audit fieldwork, we will draft copies of all respected reports. If the Town would not mind, we like to prepare such reports while continuing to work at the Town's offices. We find this process to be more efficient than returning to our office. This allows us to incorporate Town officials in various deliberations that are important to the conclusion of the overall process. Meetings with various officials will probably be held at that time.

Formal meetings will be conducted with the various parties upon the drafting of all reports. We will meet as needed to everyone's satisfaction.

2. Use of Statistical Sampling

Our approach to auditing relies heavily on the use of audit sampling as provided in Statement on Auditing Standards No. 39, *Audit Sampling,* as amended by SAS No. 111. We would plan to utilize audit sampling whenever a decision is made to apply a specific audit procedure to a representative sample of items within the account balance or class of transactions with the objective being reaching a conclusion about the entire balance or class.

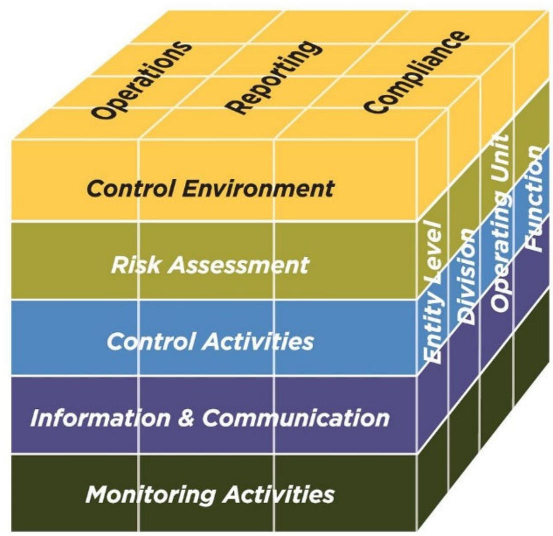
We anticipate using audit sampling on the following types of audit tests:

(1) Substantive tests of details of balance sheet account balances.
(2) Substantive tests of details of transactions.
(3) Tests of controls
(4) Tests of compliance with laws and regulations

Our use of audit sampling will be based on the guidance in SAS 39 and SAS 111 and the AICPA Audit and Accounting Guide - Audit Sampling.

3. Use of Automated Processes and Internal Control Testing Methods

For purposes of an audit of the financial statements and statutory, regulatory and contractual compliance, the Town's control structure consists of the following five elements as they relate to the Town's ability to conduct operations and use resources in accordance with management's authorization and consistent with laws, regulations, contracts and policies, and to record, process, summarize, and report financial data consistent with assertions embodied in the financial statements: the control environment; risk assessment, control activities, information and communication processes/systems, and monitoring.



The internal control structure and its policies and procedures are an important source of information about the types and risks of potential material misstatements that could occur in the financial statements and violations of statutory, regulatory and contractual requirements. This information is essential for effective audit planning and in designing effective and efficient audit tests.

In our understanding of Town's internal control structure, we will obtain knowledge about:

- How internal control structure policies, procedures and records are designed;
- Whether internal control structure policies, procedures and records have been placed in operation, i.e., whether Town is using them;
- Whether internal control structure policies, procedures and records are designed effectively, i.e., whether they are likely to prevent or detect material misstatements or compliance violations on a timely basis;
- Whether internal control structure policies, procedures and records are operating effectively.

Auditing standards generally accepted in the United States of America require the auditor to document our understandings of the internal control structure elements. The form and extent of documentation is flexible. Generally, the more complex an entity's internal control structure and the more extensive the procedures performed to obtain the understanding, the more extensive our documentation should be. In addition to memos, we plan to use specific designed forms and questionnaires to document our understanding of the internal control structure.

Recent changes in auditing standards, known as the risk assessment standards, denote that the auditor is not required to test internal control so as to rely on them to reduce other test work, but do not allow for only inquiry procedures related to internal control. We are required, and will perform, other procedures, such as walkthroughs and observation, related to controls over significant financial statement and audit assertions.

4. Use of Computer Audit Specialists

Artificial Intelligence (AI)

Mauldin & Jenkins is excited to be one the **first accounting firms in the Southeast to utilize an artificial intelligence tool as part of our audit process** – the Ai Auditor from MindBridge. The Ai Auditor allows for us to scan 100% of your transactions and provide new risk-based insights during the audit (such as anomalous transaction patterns found). These risk-based insights can be opportunities to correct mistakes or point to areas where there may be malicious activity. As part of our audit methodology, Ai systems are becoming what sampling used to be. Sampling was a coping mechanism for big data; the new coping mechanism for big data is Artificial Intelligence (AI). As the amount of data in the Town increases, tools like these are more and more necessary to ensure we can provide you the highest quality audits and advice.

The MindBridge Ai Auditor was selected as one of the top new products by Accounting Today Magazine.

The Achilles' heel of auditing has always been sampling — the inability to look at more than a portion of the information available to the auditor. Advances in artificial intelligence and advanced data analytics raise the possibility of incorporating more — and eventually all — of a company's data into the audit, and for pioneering that, MindBridge Auditor Analytics' Ai is a Top New Product this year."
- Accounting Today Magazine

At the start of the engagement during our planning phase, we will assess the computer systems used by the Town and plan how to utilize the Ai Auditor along with our trial balance software. This knowledge and utilization of our trial balance software will decrease time spent in initial file setup, trial balance setup, and data integrity testing. This approach and utilization of both programs will allow for more effective audits resulting in a fast sort, filter and analysis of transactions in a population, and provide for drilling down on those items that have the highest risk. Examples of uses of extraction and data analysis in our audit approach are as follows:

- Full coverage, 100% transaction analysis;
- Use of transaction analysis to provide new risk-based insights during the audit (such as anomalous transaction patterns found) and allow for directed audit effort of unusual or outlier transactions;
- Analyzing general ledger detail transactions and journal entries for effective and efficient testing of all activity for the fiscal year as compared to the prior year;
- Summarizing disbursements for a period by dollar range and compare to policy guidelines for complying with certain attributes (approvals and signature requirements, etc.);
- Searching check register listings for unrecorded items or checks written during the fiscal year;
- Converting bank or investment activity statements to Excel to provide for a quick listing of deposits for an entire period/year;

- Converting vendor file information to Excel and comparing employee files with addresses for any similar or unusual items related to vendor files;
- Downloading trial balances, detail journals, and selected transaction files into our software;
- Quick reporting and dashboards for the engagement team.

The trial balance downloaded will then be used to agree to the ultimate draft of the Town's financial statements ensuring that all adjustments and balances are brought forward into the financial statements and providing a clean audit trail for review and support of the Town's financial statements.

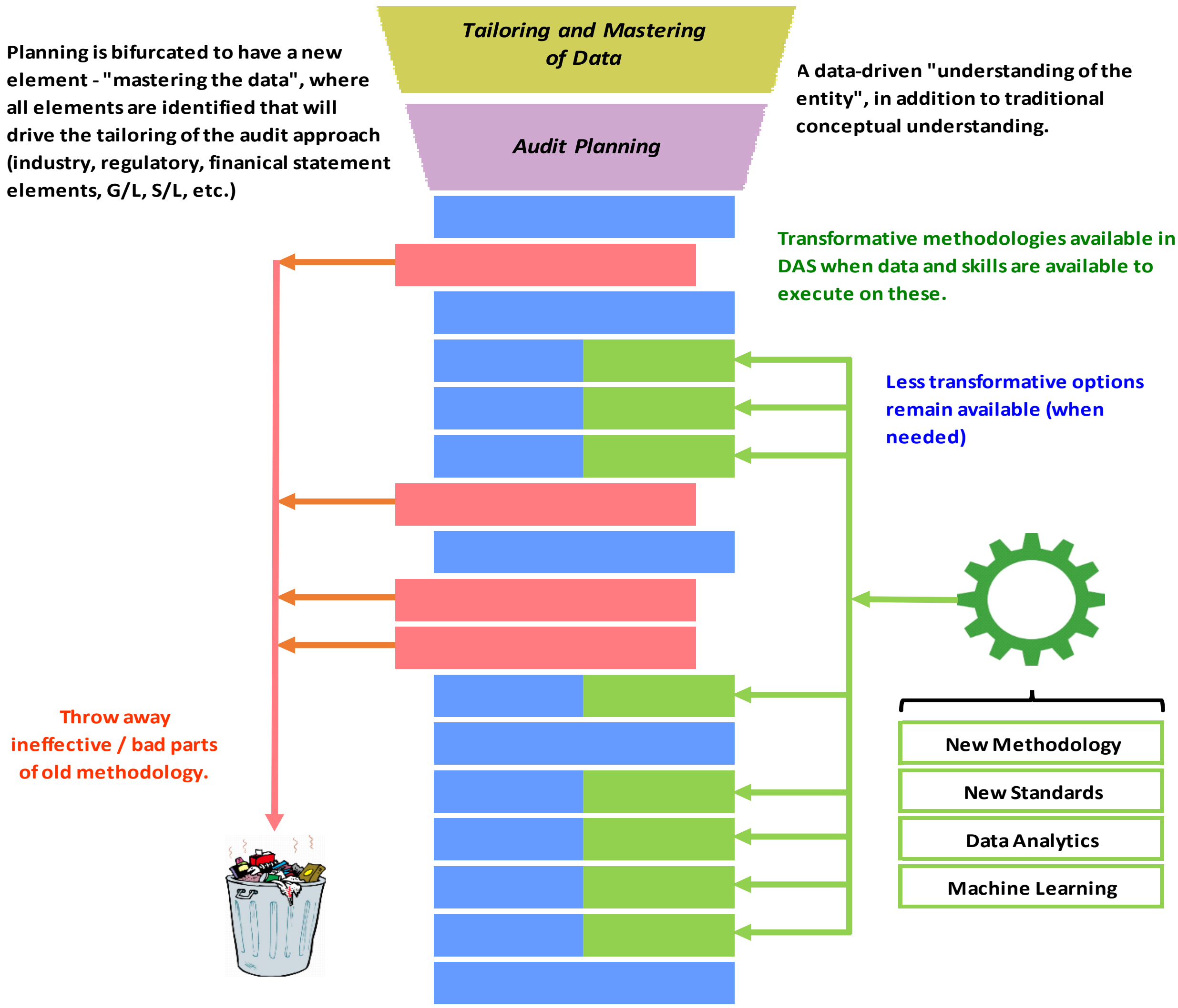
Should the Town desire a need for our Ai Auditor software for non-audit purposes, we would be happy to assist management with our expertise in data analysis.

Dynamic Audit Solution in Development

Mauldin & Jenkins is one of only 38 of the top 100 CPA firms in the nation who have invested in the AICPA's new revolutionary audit tool and methodology – the Dynamic Audit Solution (DAS). The DAS is a transformational audit methodology brought to life through an innovative, cloud-based technology solution. It includes the AICPA evolving the auditing standards and creating new innovative audit methodologies to advance the financial statement audit using evolving technologies. This project is on-going and was started in 2018. It is estimated to be completed in the next one to two years. Below is a picture of how the audit methodology will involve: the addition of a step prior to or during the planning phase of the audit in which we will "tailor and master" the auditee's data, remove old, outdated audit procedures, and add transformational audit procedures (data analytics, AI, and Machine Learning).

The DAS will be an interactive tool with a "guided audit engagement process." The auditee and auditor will both have access to the tool with requests for information being made through the tool along with responses and uploaded data. The confirmation process, including the use of confirmation.com, will be integrated with the DAS tool. Both auditee and auditor would be able to see progress and status updates using the tool creating a collaborative environment for bringing the audit to conclusion. Many functions, forms, and even financial statements within the tool will be "smart" forms, with data being input only once and populating in many places throughout the audit documentation – making for an efficient and effective audit. Given the timeframe of the request for proposal, it is expected that this transformational new audit tool will be utilized on the audit of the Town in later years of the initial contract period.

The following diagram attempts to illustrate the above thoughts.



5. Organization of the Audit Team

Below is the proposed engagement team and the estimated percentage of the time each member will spend on the audit:

Partner/Director	15%
Manager	30%
Professional Staff	55%
	100%

6. Information Contained in Management Letters

At the conclusion of the audit, we will issue a letter to management that includes our comments and recommendations for improving the Town's financial management and accounting processes. In addition, we prepare a document that we refer to as our Auditor's Discussion and Analysis (AD&A). In conjunction with the management letter, the AD&A includes many of the required communications that between the independent auditor and management of the government as well as those charged with governance. Information that we prepare in our AD&A includes:

(1) A summary of the audit and end result (i.e., type of opinions issued, any reportable conditions found, etc.)
(2) A brief outline of the financial statements and related notes.
(3) Some high-level financial analysis that includes examining revenue and expenditure trends in the Town's General Fund as well as some historical information regarding major revenue streams, fund balances, etc.
(4) Recommendations for improvement (these are typically the items communicated in the management letter).
(5) Information for consideration in future periods that will impact the Town's financial statements and accounting processes. As an example of the type of information we include in this section, we have advised all of our governmental clients about the implementation of GASB 75 and 77 which significantly changed the financial accounting and reported for OPEB plans and tax abatements, respectively.

Overall, our management letters and Auditor's Discussion and Analysis reflect our belief that we view ourselves as true advisors and not just auditors – our success is tied to yours.

7. Assistance from the Town's Staff

The audit is an annual process that we know the Town prepares for each year. However, we also know that the regular, on-going operations and day-to-day requirements do not stop just because the annual audit is occurring. The assistance that will be requested from the Town staff will be clearly communicated by Mauldin & Jenkins during the preliminary/interim procedures to allow for maximum lead time so that our requests can be met with as little disruption to the Town's operations as possible.

Our expectation for assistance from the Town staff includes the following: preparation of cash, investment, debt, and other audit confirmations; provision of access to the Town's system or response to requests to provide reports, reconciliations, queries, etc.; preparation of certain elements of the Annual Comprehensive Financial Report (transmittal letter, organization chart, etc.); and availability via telephone, video conference, and in-person to respond to various questions and inquiries.

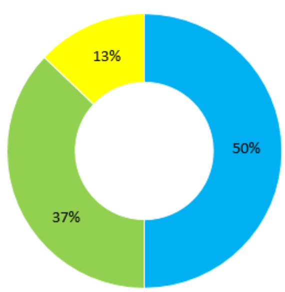
Our Request List Management Software – Suralink

For all of our governmental audit engagements, we use Suralink. Suralink is the leader in PBC request list management software, helping all of our audit teams stay on track throughout the engagement and improving the overall client experience.

Prior to our visit to the Town's offices for interim/planning work, we will create an account for the Town. We can add as many people to the Town's account as requested – and even have the ability to limit which people can see which items in the portal for security of sensitive information.

All requests for the audit will run through Suralink which our audit team members will update throughout fieldwork. Our periodic audit status meetings will start with a review of the Suralink portal and a general discussion of the progress to date. Suralink will provide a summary status that looks similar to the diagram below and will also include details of the specific items for each category.

Request Summary
Outstanding - 50%
Fulfilled - 13%
Returned - 0%
Accepted - 37%



Total Requests	
Accepted: 33	Returned: 0
Outstanding: 43	Fulfilled: 12

By using Suralink, we will (1) eliminate inefficient and unsecured email exchange of audit information; (2) ensure that all members of the Mauldin & Jenkins team as well as the Town's team remain on the same page throughout the conduct of the audit; and (3) encourage the efficient assignment of audit tasks on both the audit team and client team for the engagement.

8. Tentative Audit Schedule

Upon being notified of obtaining the audit contract with the Town, we would schedule with management of the Town the timing and scheduling of events as needed. At this time, we do not feel that specific scheduling should be considered fixed. All scheduling of the engagement would be conducted at the Town's convenience. We are aware of the timetable set forth in the request for proposal and fully intend and expect to satisfy the Town's time requirements.

We understand that delays in the audit process could occur at the Town level and also the auditor level. We will work with management to adjust timelines, as needed, if these delays do occur. We have the ability to pull additional resources on the audit team to help complete the audit if necessary.

Proposed Segmentation of Audit Engagement and Level of Staff Assigned

Our professionals, who are knowledgeable with respect to audit requirements for governmental entities, will be assigned based on their expertise with respect to each segment. Our audit is enhanced by our utilization of advanced technology tools. With those tools we continue to evolve and modernize our audit process. Our audit procedures, related documentation and quality review will be segregated by each segment as follows based on our review of the Town's prior financial statements, budgets, request for proposal, and other information available:

The following time frames are estimates based on our understandings with the Town as to its desires. We at Mauldin & Jenkins would be flexible in the timing of certain events as requested by the Town. As noted in the table below, we want to work with Town personnel in an effective manner. We intend to do a great deal of planning and tailoring of our approach from our initial visits. We do not want our clients to feel that they have to reinvent the wheel every time we ask for something. However, to make this process cost the Town as little as possible (both in dollars and their individual time), it is important to start only when ready and avoid auditing a moving target. The table on the following page attempts to depict the timing and key elements of the planned audit process.

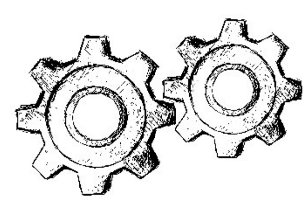
Timing of Audit Process & Procedures - Town of Southern Pines, NC						
Segments	**May**	**Jun**	**July**	**Aug**	**Sept**	**Oct/Nov**
Segment I - Planning and Interim Procedures						
Ongoing consultation on major issues & developments throughout the year, and greater discussions as year end approaches (such as new GASB standards).						
Meet management to discuss audit risks and scopes.						
Engagement team planning meetings and performance of interim audit procedures.						
Gain understanding of significant processes & key controls.						
Perform testing of key controls with goal of reducing substantive audit testing.						
Determine nature, timing and extent of substantive tests to be performed.						
Finalize audit plan based on results to-date.						
Segment II - Final Audit Fieldwork Procedures						
Perform substantive tests (detail testing of respective general ledger/trial balance accounts, and final analytical procedures & key ratios & relationship of financial data).						
Conduct a final evaluation of risk assessments.						
Conduct of progress meetings with management as needed and as often as desired.						
Prepare draft annual comprehensive financial report (ACFR) and draft of audit reports, findings, management letter comments, and any other deliverables.						
Meeting with management to discuss draft deliverables and final completion and presentation time frames.						
Segment III - Review, Completion & Delivery Procedures						
Upon management's review, delivery of ACFR, internal control reports, and management letter to management.						
Presentation of audit deliverables to the governing board.						

Segment I - Planning and Interim Procedures:

- Meet with the prior auditor to review prior year workpapers and obtain appropriate prior year information;
- Obtain a signed engagement letter for the financial and compliance audit;
- Prior to our planning visit, creation of an "Interim Procedures PBC" listing in Suralink, our request list management software (more information about Suralink in the section immediately following).
- Meet with Town management to discuss the scope of the audit, timing of our work, and preparation of client schedules, and to address any concerns;
- Review previously issued and interim financial reports, comment letters, monitoring reports, and other supporting workpapers;
- Familiarize ourselves with the organizational structure of the Town.
- Read minutes of Town meetings;
- Review the Town's current year budget, as adopted and revised;
- Review debt agreements, and other various documentation;
- Gain an understanding of the Town's accounting policies and procedures, including the financial and other management information systems utilized by the Town;
- Obtain an in-depth knowledge of the EDP equipment, software and systems in use;
- Obtain interim financial data from the general ledger for establishing the appropriate coding in M&J's trial balance software and Artificial Intelligence (Ai) program;
- Utilize Ai program and interim data to perform analytical reviews to determine critical areas and assess risks;
- Perform a preliminary evaluation of the internal control structure at the account and assertion level;
- Design and perform applicable tests of controls related to the financial statements and internal accounts;
- Make fraud inquiries and assessing the risks of material misstatement;
- Obtain a list of cash, investment, receivables, debt, and selected revenue accounts for confirmation purposes, as applicable;
- Determine audit strategies for balance sheet and operating statement accounts based on audit risk;
- Obtain a preliminary schedule of expenditures of Federal awards to initiate planning and internal control testing for the Single Audit;
- Prepare year-end audit programs;
- Meet with appropriate Town personnel to discuss the results of our preliminary audit work; and,
- Finalize the "Final Fieldwork PBC Listing" and upload to Suralink.

Segment II - Final Audit Fieldwork Procedures:

- Utilize Ai program on final general ledger data and scan transaction for unusual transactions, data, or analytical relationships;
- Use data scanned above in various substantive analytical reviews of account balances (such as reasonableness tests, trend analysis, and predictive tests) to reduce other substantive tests of details;
- Test the valuation, restrictions and cut-offs of cash and investment balances, as applicable;
- Test receivable cut-offs and balances, including an analysis of subsequent receipts;



- Test cut-off and valuation of inventory;
- Review and testing supporting documentation for the allowance for doubtful accounts, any material prepaid items and other assets;
- Vouch capital asset additions and deletions, analyzing charges for appropriate accounting and testing depreciation;
- Test accounts payable cut-offs and balances, including an analysis of subsequent disbursements;
- Test accrued payroll, compensated absences, claims payable, and other accrued liability cut-offs and balances;
- Review actuarial methodologies, assumption, and census data and determine the appropriateness and accounting of the pension and OPEB liabilities;
- Test debt balances and debt covenant compliance;
- Test compliance with applicable laws and regulations;
- Test the classification of net position (unrestricted, restricted and net investment in capital assets) and fund balance (nonspendable, restricted, committed, assigned, unassigned);
- Perform analytical procedures and substantive testing of revenues and expenditures/expenses;
- Obtain and auditing the final schedule of expenditures of Federal awards;
- Complete compliance tests for the major programs selected for testing as required by the Uniform Guidance, as applicable;
- Review the PBC listings in Suralink for any outstanding items and hold and end of fieldwork exit conference with management.

Segment III - Review, Completion & Delivery Procedures:

- Review workpapers to ensure quality and thoroughness of audit procedures;
- Summarize the results of audit procedures;
- Obtain attorney letters;
- Evaluate commitments, contingencies and subsequent events;
- Propose audit adjustments;
- Summarize and evaluating passed audit adjustments;
- Evaluate compliance exceptions;
- Prepare draft financial statements and related note disclosures;
- Perform financial condition assessment procedures;
- Prepare drafts of audit opinions and management letter;
- Deliver drafts of audit opinions and letters to appropriate client officials;
- Finalize all reports and management letter;
- Obtain signed representation letter and the Town's approval of the final financial statements;
- Submit the data input form, financials and other required documents to the LGC;
- Draft the Data Collection Form and obtaining the Town's approval;
- Hold final exit conferences and presentations with appropriate Town officials.

Remote Audit Approach As Requested

Governmental organizations are choosing remote audits with increasing frequency, and Mauldin & Jenkins is very effective in working from a remote environment. The spring of 2020 brought an increasing demand for remote audits due to the spread of COVID-19 and the inability for work to be conducted on site. However, even before the complexities brought on by the spread of COVID-19, many organizations opted for remote audits for a variety of reasons. It will be the Town's preference whether to conduct the audit remotely, but should you desire this service delivery option, Mauldin & Jenkins is trained to conduct remote audits while maintaining all professional standards.

Remote audit engagements offer significant advantages over those that follow a more traditional format: faster results, less disruption, and reduced stress for governmental finance personnel. Current technology allows our clients and their audit teams to stay in regular communication, securely share information, and collaborate effectively. Our staff professionals have grown accustomed to being provided read-only access to client systems to run reports, view purchase orders, invoices, reconciliations, etc. As a result, work that used to require extended on-site time can be performed anywhere, easing the burden on the audit process for both the auditor and auditee.

Though audits can still require some on-site time, reconfiguring the Town's audit engagement to maximize efficiency and to take advantage of technological tools can dramatically reduce the amount of time spent on-site. While the remote audit can generate far less disruption for the organization undergoing the audit, it does not necessarily reduce client contact very much – or even at all. As we leverage the technological tools at our disposal (Suralink, Zoom, LeapFILE, Google Hangouts, etc.) we maintain consistent contact with our clients throughout the process and find that in many ways, communication between our teams and clients are as good, if not better, in the remote working environment than during traditional onsite engagements.

A successful audit experience requires careful planning, timely preparation and strong communication, regardless of where the work takes place. That is especially true for a remote engagement, so preparing for this type of audit sometimes helps organizations identify ways to improve their internal data management strategies – a welcome bonus! We are proud of the strong governmental practice we've built and it's upon that foundation that we can leverage these technological tools to conduct remote audits as the environment demands or the client chooses.

9. Audit Cost and Proposed Fees

TOWN OF SOUTHERN PINES, NORTH CAROLINA
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2025 FINANCIAL STATEMENTS

	On-site Interim	On-site Fieldwork	M&J Office	Total	Hourly Rates	Total
Partner/Director	12	12	24	48	$400	$ 19,200
Managers	16	32	50	98	300	29,400
Professional Staff	32	32	80	144	200	28,800
Subtotal	60	76	154	290		77,400
Out-of-pocket expenses:						
Meals and lodging						3,200
Transportation						1,600
Mauldin & Jenkins discount from standard fees and expense						(20,200)
Total all-inclusive maximum price for 2025 financial audit						$ 62,000

Year Ending	Estimated
June 30, 2026	$ 64,000
June 30, 2027	66,000

10. Important Notes to be Considered

Note (1) – Unlimited Correspondence: It is Mauldin & Jenkins' policy to not charge for simple discussions and conversations that occur between the governmental entity and Mauldin & Jenkins that are only simple discussions (i.e., a phone call to ask certain questions that do not require additional research).

Note (2) – Free Periodic/Quarterly Continuing Education: As noted in our technical proposal, we provide free quarterly continuing education classes to our clients. This could amount to approximately $3,000 of annual savings for the Town's finance department per person.

Note (3) – Additional Services: If it should become necessary for the Town to request Mauldin & Jenkins to provide any additional services (such as bond issuances, etc.), then such additional work shall be performed only if set forth in an addendum to the contract between the Town and Mauldin & Jenkins.

Note (4) – No Hidden Fees or Costs: The pricing schedules contain all pricing information relative to performance of the audit as required by the Town including all reimbursement for travel, lodging, communications, etc. Our estimated number of hours and the associated fee estimate indicated are based on our professional judgment and experience with similar governmental entities. So long as there are no significant changes in the operations or the number of major programs of the Town and or the scope of services requested or significant problems requiring additional time, our quoted fees will not change.

Note (5) – Single Audit: We have reviewed the Town's Request for Proposal (RFP) as well as the Town's prior year financial statements available on the Town's website. In order to provide the Town with the most competitive pricing that we can, our all-inclusive fixed fee proposal includes the provision for single audits performed on one major federal or state program. For each additional major federal and/or state program, there will be an additional cost of $6,000-$9,000 per program.

11. Summary of Audit Costs Sheet

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit – Town of Southern Pines Financial Audit (includes personnel costs, travel, and on-site work):

Fiscal Year 2024-2025:	$ 62,000
Fiscal Year 2025-2026:	$ 64,000
Fiscal Year 2026-2027:	$ 66,000

2. Extra Audit Services

   $ ________ per hour — $ N/A

3. Financial Statement Preparation — $ Included in above
4. Single Audit Services (if necessary) — $ See #10
5. Other (explain)

   ________________ $ ________

6. Other (explain)

   ________________ $ ________

TOTAL $ 192,000

FIRM: Mauldin and Jenkins, LLC	Primary Contact: LeAnn Bagasala
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Raleigh, NC 27609	Fax: N/A
	E-mail: lbagasala@mjcpa.com
	Date: 252-531-1162

Closing

We appreciate the opportunity to serve the Town of Southern Pines, North Carolina. We believe Mauldin & Jenkins is the "right" firm for the Town. Our experience and knowledge will allow us to work with management in the interim audit period to make sure the audit gets off to a great start and that items are available and ready to exceed the deadlines noted in the Town's RFP. **We are committed to providing the resources and skills needed to ensure timely reporting in accordance with the State's policy as well as the Town's RFP**. We would be very pleased to share our experience and understanding of governmental accounting and operations for the benefit of the Town.

We would greatly appreciate you recommending us for your audit needs. Should you or anyone at the Town have any questions with regards to this proposal or about Mauldin & Jenkins, please feel free to contact any of us.

MAULDIN & JENKINS

CPAs & ADVISORS

(252) 531-1162

www.mjcpa.com