CITY OF ASHLAND

HOUSING NEEDS ANALYSIS

A Technical Supporting Document to the Housing Element of the

City of Ashland Comprehensive Plan

Prepared by the City of Ashland Community Development Department

Approved by the Ashland City Council [date]

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EXECUTIVE SUMMARY

The 2012 Housing Needs Analysis provides a summary of housing and demographic trends within the City of Ashland in an effort to allow the City to meet the population's housing needs in the future.

Ashland combines a small town atmosphere with the cultural and educational opportunities of a larger urban center. Entrepreneurs and small business, artisans, students and families have all come to Ashland to enjoy the lively town center, the mild climate and sense of community. Tourism and students have been essential to the evolution of Ashland's character by supporting the town's two largest industries, the Oregon Shakespeare Festival and Southern Oregon University.

In the last twenty years, there has been a shift toward a more service- and retail-oriented economy throughout the area. While this has been a national trend, this trend in Ashland has also been impacted by the migration of middle- and upper-income "Baby Boomers" and retirees from California and the Midwest to Southern Oregon, attracted by the mild climate and the relatively more affordable cost of living. As a nationally recognized retirement destination and the home of Southern Oregon University, the demographics of Ashland differ from cities of comparable size due to a higher concentration of students and elderly residents.

The City of Ashland has long worked to maintain a compact urban form and provide multimodal transportation options to allow residents to use less energy and spend less money to get around, whether by making fewer or shorter car trips, or using other less expensive modes of transportation like bicycling, walking, or transit. Given transportation costs typically represent the second highest household expense, following housing, it is expected that through a decrease in transportation costs as a result of efficient urbanization, and improved multi-modal transportation options, the City can continue to improve the overall affordability of living in Ashland.

The traditional measure of housing affordability used by housing providers, lenders, and most consumers recommends that housing should cost less than 30% of income and it is this measure that is used in this analysis to be consistent with this established standard. Although the Housing Needs Model used to conduct this analysis does utilize a combined housing + transportation cost level of affordability, it is important to note that savings in transportation costs are certainly a mitigating factor in evaluating the total affordability of housing choices.

This report is intended to provide an evaluation of housing trends in Ashland since the last detailed housing assessments were completed including the 2002 Housing Needs Analysis and the 2007 Rental Needs Analysis. The following is a review of those trends, a brief summary of

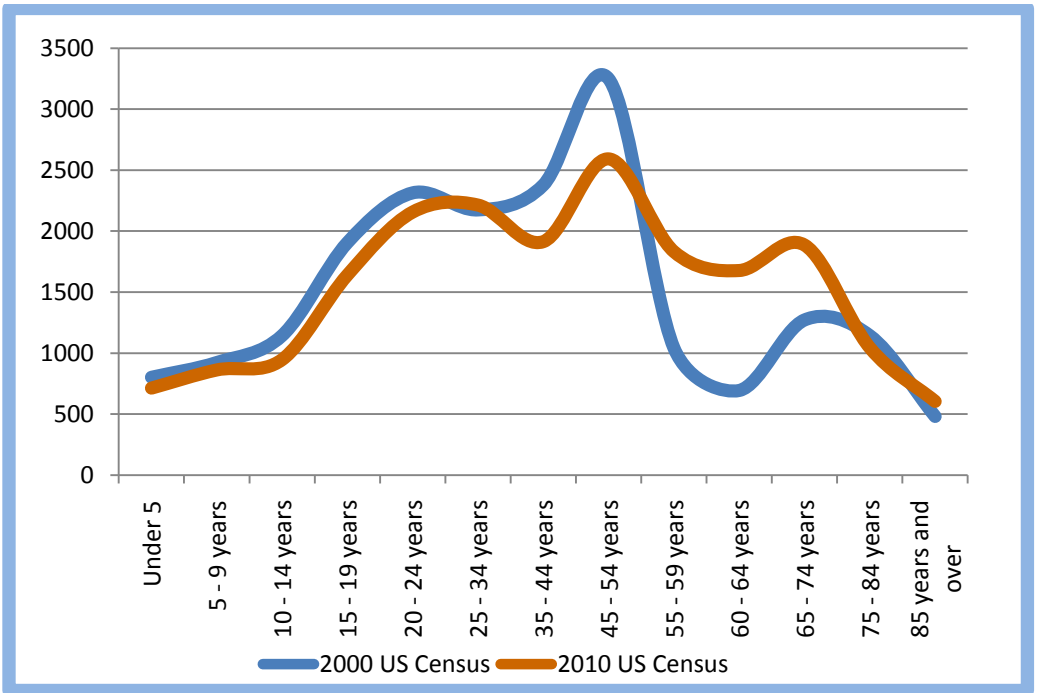
steps the City has taken to address the findings, recommended actions identified in the prior housing assessments, and an evaluation of what the results of those actions have been. The 2012 Housing Needs Analysis does not establish new policy but rather provides technical information and a framework for future discussions in relation to the City's future housing needs.

Findings

Ashland is growing-but relatively slowly: The City of Ashland has grown in population from 16,234 in 1990 to 20,078 in 2010 according to the US Census. This 0.79% historical growth rate is largely consistent with the City's Comprehensive Plan and Jackson County's population estimate for the City of Ashland that predicts the population will continue to grow at an average annual rate of approximately 0.75% between 2005 and 2060. Between 1990 and 2000 Ashland's population grew by 20% while the population grew by only 2.8% in the decade between 2000 and 2010. This marked disparity in population growth between these past two decades may suggest that the actual annual growth rate is trending toward a diminishing growth rate and if that proves to be the case it will be a trend which bears close monitoring.

Growth has not occurred evenly in all age groups: The population growth rate of individuals 65 years old and older grew at a faster rate in Ashland than in the rest of the State, while the population of individuals between the ages of 35 and 44 actually declined. In the last decades Ashland has also seen a substantial decrease in the population of nearly all age groups between 15 and 55 (one exception was the 25-34 age groups which saw a 3.4% increase between 2000 and 2010). The populations of age groups 55 years old and older see growth.

Figure 1. Ashland Persons per Age Cohort 2000-2010



This trend of an aging citizenry should persist into the future as the largest population growth has been and will continue to be in the age groups represented by the large baby boom cohort. This group which was in their 40"s and 50's in 2000, and their 50's and 60's in 2010, (where those groups saw increases of 110% and 85% respectively), will be in their 70's and 80's by 2020. Overall the forecast for the State of Oregon anticipates there will be 53% more elderly in 2020 than in 2010[1]. Given Ashland's desirability as retirement destination such trending indicates Ashland will likely see a continuation of this trend.

Fewer households own housing in Ashland compared to other areas: The 2010 Census showed 51% of Ashland households own their homes and 49% are in renter occupied housing. Ashland has a lower percentage of homeowners and a higher percentage of renters than Jackson County with a 63.3% ownership rate, the State of Oregon with a 63.8% ownership rate or the Nation as a whole with at 66.6% homeownership rate. The 2000 Census data showed 52.3% of housing units in Ashland were owner occupied and 47.7% of units were renter occupied. One factor that may influence this regional rental/owners disparity may be the presence of the University, which increases the student age population and number of renter households relative to the rest of the region.

The fastest growing employment sectors in Ashland do not pay enough for a household to afford fair market rents: Retail and Service are the fastest growing employment sectors in Ashland. The average monthly earnings from jobs in the Retail sector ($2420) and Service sector ($2271)[2] are insufficient to afford fair market rents in Ashland when measured as spending less than 30% of one's income on housing costs. However, this trend is not specific to Ashland; in general wages have been outpaced by housing costs for at least the past decade.

The number of low-income households has decreased since 2000 after having increased between 1998 and 2000: Between 2000 and 2010 the estimated number of families and individuals living below the poverty level has decreased from 12.5% to 11.5% and from 19.6% to 18.8% respectively. Although the decrease is slight, it may signal a reversal in a trend identified in the 2002 Housing Needs Analysis which found an increase of 2.7% in the estimated number of low-income households between 1998 and 2001. The 2010 Census now reports a decrease in the number of households who report having an annual income of less than $75,000 a year while the number of households reporting an income of over $75,000 has increased.

Housing sales prices in Ashland have decreased over the last decade after increasing nearly 50% between 1998 and 2001, but still remain higher than the regional average: Housing prices in the early part of the decade rose precipitously, and by 2007 at the height of the housing boom, the average home price in Ashland was $438,750. With the fall out of the housing market

[1] *OREGON'S DEMOGRAPHIC TRENDS February 2010, State Office of Economic Analysis*
[2] Q4 2011 – Oregon Employment Department for Jackson County

in 2008 and the ensuing foreclosure crisis, housing prices in most areas fell drastically. Housing prices also fell in Ashland during the recession, though not as significantly as in other parts of the county. According to the Roy Wright Appraisal Service the average sales price in Ashland in 2012 was $282,000[3].

The median home sales price in Ashland is not affordable to households with median incomes: the 2012 median household income for a family of four in the Medford/Ashland Metropolitan Statistical Area is $58,500. In order to afford a median priced home in Ashland a household would have to earn $75,000 a year. Only 23.8% of the population reports having an income over $75,000 a year, while 50% of the ownership housing stock is targeted to this group. It appears there is an excess of ownership housing on the market at price ranges which are not commensurate with the earning capability of the majority of the population in the region. Comparing the area median income to the median housing cost is an accepted industry wide standard of determining affordability, however as noted previously a significant portion of Ashland's new population is comprised of retirees who may have low incomes, yet have sufficient assets to purchase a home. The comparison between median incomes and median housing sales price does serve to illustrate the level of affordability of the housing market for working households with limited assets.

The largest dwelling unit gap exists for households earning less than $10,000 annually: The findings of the Housing Needs Model for the City of Ashland using 2010 Census Data shows that the City lacks an adequate number of rental units affordable to those residents with the lowest incomes; those making less than $10,000 a year. Households making 30% of the Area Median Income or less make up approximately 12.2% of all Ashland households. Only 3.05% of the City's rental housing stock (approximately 152 units) is considered affordable to this population. The City's current need for rental housing in a price range affordable to those with the lowest income is estimated to be 955 units; this leaves a gap of approximately 803 units needed to house these very low income households. Housing Units affordable to these populations, which include predominantly households under the age of 35, and to a lesser extent over the age of 55, could be offset by Housing Choice (formerly section 8) Vouchers. The 729 households under the age of 35 that report having an income of under $10,000 a year may be due in part to the presence of Southern Oregon University, which includes a high percentage of non-traditional students.

Ashland has a large deficit of affordable owner-occupied housing units: The 2002 HNA found that 46% of Ashland households earning below the median income could not afford to purchase a house in Ashland. This number has grown to approximately 57% of Ashland households; over half of the current population cannot afford to purchase a home in Ashland. As a University town it is reasonable to assume that a number of student households that fall into this income bracket are not presently in the market to purchase a home pending graduation from

[3] http://www.roywrightappraisal.com/xSites/Appraisers/RoyWrightAppraisal/Content/UploadedFiles/MONTHLY%20STATS.pdf

School and obtaining permanent employment, which may be reflected in the higher proportion of rental units within Ashland when compared to the County or State. For residents earning below the median income seeking to purchase housing the Housing Needs Model shows that there is a deficit of housing stock costing less than $279,300, only 22% of all housing units for sale in Ashland, while there is a surplus of 2,255 units above that price.

Few multi-family units were built between 2001 and 2010: Between 2000 and 2010, 19.6% of all building permits issued were issued for multiple family units (two-family units to five or more)The 2002 HNA found that only 9% of the building permits issued between 1990 and 2001 were for multi-family housing types.. Though single family units tend to get developed at a rate twice that of multi-family units, the City has seen a significant increase in the development of multi-family units in the past ten years. However, not all of the newly built multi-family units were rental units, and many rental units were lost in the same period to condominium conversion.

Ashland is falling short of providing the housing types identified in the 2002 Housing needs analysis: The 2002 HNA found that more single-family units were being built than was estimated to be needed, while both multi-family housing and government assisted housing types were either falling short or not being built at all. It is clear that single-family ownership housing development remains the most prevalent type of housing development within Ashland, while the housing types most needed, including multi-family rentals and government assisted housing are not being developed in accordance with needs.

Ashland has a relatively small inventory of land zoned for multi-family housing: The 2011 Buildable Lands Inventory identified an existing capacity for up to 1,384 Multi-family units within the Urban Growth Boundary. The Housing Needs Model anticipates up to 1,759 multi-family housing units will be needed to satisfy the anticipated demand for multi-family units by the year 2040. Without changes to allowable densities, increases in mixed use developments, or an increase in land zoned for multi-family the City may exhaust the supply of land available for multi-family housing by the year 2034.

Potential Strategies

Following is a summary of potential land use strategies for addressing key housing issues identified in the 2012 HNA. These strategies are included primarily to provide a framework for future discussions in relation to the City's future housing needs. They do not serve to establish new policy direction, or compel any specific action, by the City. Elected and appointed officials may choose to further consider such potential strategies to inform future policy decisions necessary to adequately plan for and balance the needs of the community with regard to housing,

Encourage more multi-family housing: Consider policies that will increase the development of multi-family housing and provide more affordable rental housing to meet the needs of the population. The 2002 HNA also recommended an increase in multi-family housing, in the last decade the historic development of multi-family rental housing has continued to be insufficient to satisfy demand despite some significant developments such as resulted from the City's

partnership with the Housing Authority of Jackson County in developing 60 units of affordable rental housing.

Suggestion: *Increase the land supply*. The BLI data suggest that the City has capacity for about 1,384 multi-family dwellings whereas it is anticipated that 1,759 units will be needed by 2040. One approach to encourage apartment development is to designate more land for higher concentrations of residential units (High and Medium Density zones).

Suggestion: *Promote development of residential units in commercial and employment zones.* The BLI assumes commercial developments within employment and commercial zones would only utilize 50% of their allowable residential capacity on average. Increasing the prevalence of mixed use developments (beyond the 50% expectation) will effectively increase the net supply of land and the total capacity for multi-family units.

Suggestion: *Consider restricting uses in certain zones to apartments*. The building permit data suggest that a significant amount of land designated for high-density multi-family housing has been developed as single-family attached types that are owner occupied units. Designating certain lands for rental units would encourage development of apartments.

Suggestion: *Examine opportunities for reductions in parking requirements for the provision of apartments meeting certain conditions*. Studies have shown that the number of vehicles per household is lower in areas that are more conducive to walking and have greater access to transit (City of San Diego Feb. 2011). A unit's size and level of affordability are additional conditions that could be further evaluated in consideration of needed parking and reduced parking requirements.

Suggestion: *Consider policies that encourage redevelopment or adaptive reuse of structures.* The location of rental units is also important. Increasing the supply of rental units near employment centers and the University will make these units more attractive.

Suggestion: *Develop more government-assisted housing in coordination with established housing providers*: The data show a need for nearly 800 dwelling units that are affordable to households with annual incomes of $10,000 or less. About 30% of these households, however, are in the 18-24 age range and another 25% are age 65 or over. The data suggest the City would need to develop as many as 50 units per year for the next 20 years to address this need. Given the number of total housing units developed in the City in any given year is typically less than 100, it is unlikely such a target could be met. A more realistic target would be a target based on a percentage of total units developed in collaboration with local housing organizations, which would be 10-15 units annually.

Encourage more affordable single-family housing types. The average sales price of a single-family residence was over $282,000 in 2012. Following are some approaches that can increase more affordable single-family housing types for a range of households:

Suggestion: *Evaluate land use incentives to provide for small lots intended for small unit development*. The data show a strong correlation between lot size, unit size and housing cost. The City could consider reductions in minimum lot sizes in certain residential zones to specifically promote the development of smaller dwelling units.

Suggestion: *Evaluate land use requirements to reduce barriers for manufactured housing*. The City has identified a need of 2.4% of all future housing to be manufactured homes in subdivisions and manufactured homes in parks. Revising existing policies to more readily enable the placement of manufactured homes is one potential approach to allowing more affordable single family housing. The City is presently considering such changes in the draft Unified Land Use Ordinance that would reduce such barriers for manufactured housing.

Suggestion: *Evaluate land use incentives to promote affordable single family housing*. The City could evaluate existing density bonus allocations to better incentivize the voluntary inclusion of affordable single family housing in future developments

Suggestion: *Consider allowing Accessory Residential Units as a permitted use in single family zones*. The integration of ARUs into existing neighborhoods provides for small dedicated rental units serving single or two person households, and could also be a resource for more affordable housing types. The City could consider ways to reduce regulatory barriers to promote the voluntary inclusion of ARUs in future developments and existing neighborhoods.

Suggestion: *Reduce development fees for low-income projects*: The City could undertake a careful review of the components of housing cost and calculate the percentage of total unit cost that is a result of development fees. As the City presently waives a number of fees for affordable housing the City may also consider the establishment of a cap on fees waived in any given year.

City Accomplishments

Following the Completion of the 2002 Housing Needs Analysis and Housing Action Plan the City has completed a number of actions that directly address the recommendations identified in the prior analysis including the following:

- Developed land use policies and incentives to encourage the development of affordable and needed housing types;
    - Passed annexation and zone change ordinance requirements to require the inclusion of affordable housing in new developments of a type commensurate with the market rate units provided and deed restricted for a period of 60 year (Ashland Land Use Ordinance 18.106.030).
    - Passed condominium conversion ordinance requirements that help preserve multi-family rental housing and affordable housing deed restricted for a period of 30 years per resolution 2006-13.
    - Passed minimum density ordinance requirements to ensure multi-family zoned properties are developed at a minimum of 80% the base density and are thus not developed as large single family lots.
    - Passed an ordinance amendment permitting small accessory residential units to be located on small lots in multi-family zones.

- Developed more government-assisted housing
    - Coordinated with the Housing Authority of Jackson County to develop 60 new units of government assisted affordable rental housing and assisted the project through joint acquisition of land, CDBG awards, and reduced development fees.

- Reduced development fees for low-income projects
    - Amended the City's Affordable Housing System Development Charge waiver program to ensure a minimum period of affordability of 30 years for assisted units.
    - Amended the City's Community Development and Engineering fee waiver program to make affordable units automatically eligible for the waivers.

- Developed a Housing Trust Fund framework for the dedication of resources to assist the City in meeting housing needs.

- Developed Organizational Capacity for Affordable Housing
  - Dedicated General Fund and Community Development Block Grant (CDBG) resources to maintain a full time Affordable Housing Program staff position to work with providers of affordable housing to develop more government assisted housing locally;
  - Prioritized the use of CDBG funds to support the development of affordable housing consistently awarding the funds to projects that increase the supply of affordable housing

City efforts, in collaboration with the local organizations providing affordable housing, have resulted in over 10% of all housing units developed since 2002 being secured as affordable to low-moderate income households. This percentage equates to a total of 178[4] units secured as affordable over the last decade.

[4] See chart "Affordable Units per year" in Appendix D

Section I - Introduction

The housing needs analysis serves as to provide technical information to help inform the Housing Element of the City of Ashland's Comprehensive Plan. The purpose of undertaking an analysis of housing needs is to increase the probability that needed housing types will be built and to ensure that the city has a suitable amount of land to meet the housing development needs.

> *A housing needs analysis should include a comprehensive analysis of factors affecting housing needs and an up-to-date knowledge of trends affecting housing... Such factors along with household income and cost information, affect the need for various housing types in a community.*[5]

The housing needs assessment contained in this report will be used by the City of Ashland Community Development Department, the Ashland Housing and Human Services Commission, Planning Commission, and City Council to assist in evaluating strategies to address housing needs in Ashland. The overarching goal is to ensure the development of a stable supply of housing for current and future residents of Ashland at all income levels, and household types.

More specifically, this report is intended to present an evaluation of housing trends in Ashland since the last detailed assessment was completed in 2002, and project current and future housing needs based on 2010 Census data, community questionnaires, and the Housing Needs Model created by the Oregon Housing and Community Services Department for use by City's in Oregon to evaluate housing need. Specifically, the report:

- Describes socioeconomic characteristics and trends that affect housing;
- Describes recent housing development trends;
- Describes housing condition, tenure, and sales;
- Assesses trends in jobs/housing location;
- Quantifies housing needs by type and density, and compares it with household incomes and other factors.

Background - Oregon Planning Requirements for Housing

Oregon Revised Statutes (ORS) 197.296 contains two key objectives. These relate to housing and land, as follows:

> Housing: Ensure that development occurs at the densities and mix needed to meet a community's housing needs over the next 20 years;

[5]Adams, B. and Smith, E. et al. *Planning for Residential Growth: A workbook for Oregon's Urban areas*. Transportation Growth Management Program, Salem, Oregon, June 1997. Pg 25.

Land: Ensure that there is enough buildable land to accommodate the 20 year housing need inside the urban growth boundary (UGB).

The City of Ashland is not required by state planning requirements to undertake a periodic review of housing need since ORS 197.296 only applies to communities with a population of 25,000 or more. However, as a guide to providing for the current and future housing needs of its citizenry, a housing needs analysis is a valuable tool. A housing needs analysis provides elected and appointed officials and city staff with the necessary data to make decisions that balance the needs of the community with regard to housing, redevelopment, annexation and growth management, the preservation of farm land and rural areas with the need to accommodate population growth and economic development. This analysis reviews current conditions and sets the framework for future policy discussions regarding housing needs.

Housing Need versus Housing Demand

Establishing the basis to evaluate **Housing Need** reflects the broad mandate of the Statewide Planning Goals and Guidelines, Goal 10 Housing that requires communities plan for housing that meets the needs of households at all income levels. Thus, Goal 10 implies that everyone has a housing need. Standards utilized by public agencies that provide housing assistance (primarily HUD), identify several need components: financial need, housing condition, crowding, and needs of special populations.

Housing Market Demand is what households demonstrate they are willing to purchase or rent in the market place. Growth in population leads to a demand for housing units that is usually met primarily by the construction of new housing units by the private sector based on developer's best judgments about the types of housing that will be absorbed by the market.

It is the role of cities under Goal 10 to adopt and implement policies that will encourage the provision of housing units that meet the needs of all residents. It is unlikely that the housing market in any area will provide housing to meet the needs of every household. However, it is incumbent upon the jurisdiction to endeavor to meet the basic housing needs of its citizenry.

At the extreme there is homelessness: some people do not have any shelter at all. Close behind follows substandard housing (with health and safety problems), space problems (the structure is adequate but overcrowded), and economic and social problems (the structure is adequate in quality and size, but a household has to devote so much of its income to housing payments that other aspects of its quality of life suffer).

Moreover, while some housing is government assisted housing, public agencies do not have the financial resources to meet but a small fraction of that need. New housing does not and is not likely to fully address all these needs because housing developers, like any other business, typically try to maximize their profits.

In conducting the Housing Needs Analysis the following definitions of common terms are utilized:

- **Decent Housing**: The term decent housing speaks to the physical condition of housing units. Housing that includes bathroom facilities, electricity, basic plumbing and heating and is free of open exterior holes or cracks, and infestation is considered decent housing. One measure of safe and decent housing is the Housing Quality Standards (HQS) checklist developed by HUD (see appendix D).

- **Safe Housing**: Prior to 1927 there were no building codes, with the evolution of homeowner's insurance and the fallout of multiple tragedies due to fire, many communities adopted Uniform Building Codes to create safety standards and regulate the building industry to ensure that such tragedies were averted. In the 1990's the ICC (International Code Council) codes were adopted in most states across the country in an effort to standardize the accepted safety of residential and commercial buildings nationwide. An un-safe building is one that fails to meet the minimum standards established in by the building codes adopted by the community. Inversely Safe Housing would be a unit in compliance with those minimum standards.

- **Affordable Housing**: In general terms affordable housing refers to a household's ability to find housing within their financial means. The standard measure of affordability as defined by the U.S. Department of Housing and Urban Development (HUD) is when the cost of rent and utilities (gross rent) is less than 30% of household income. When gross rent levels exceed 30% of income, particularly by a large percentage, it places a significant burden on household finances. Householders who pay more than 30% of their income toward housing costs are called "Cost burdened". Householders who pay more than 50% of their income toward housing costs are called "severely cost burdened". When households are housing "cost burdened" their ability to pay for the other necessities of life are compromised. There are four broad terms that are commonly used when talking about housing affordability.

    - **Workforce Housing**: the term "workforce housing" generally refers to housing for that segment of the population that earns too much to qualify for government assisted ownership and rental programs, but too little to purchase units without assistance or afford to rent without experiencing cost burden. This population often falls into the 80% to 120% of Area Median Income (AMI) category.
    - **Affordable Housing**: As stated previously this term refers to a household's ability to find housing within their financial means. HUD defines housing affordability is housing costs that are 30% or less of a households income.
    - **Low-Income Housing**: refers to housing which is targeted to households making below a certain income level, between 80% and 30% AMI. These units are typically mandated by their funding mechanisms to rent or sell at a rate which is

below market rate and which theoretically would be affordable to a household at the targeted income level.

- **Subsidized Housing**: refers to housing which is targeted to those with the lowest incomes of 30% AMI and below, and is made affordable due to a "subsidy" to buy down the rental cost.

Table 1.1

2011-2012 HUD Income Guidelines								
Income Level	Number of Persons in Family							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8+**
Extremely Low Income (30%)	12300	14050	15800	17550	19000	20400	21800	23200
Low Income (50%)	20500	23400	26350	29250	31600	33950	36300	38650
Income at 60% of Median	24600	28080	31620	35100	37920	40740	43560	46380
Moderate Income (80%)	**32800**	**37450**	**42150**	**46800**	**50550**	**54300**	**58050**	**61800**
Median Income (100%)	41000	46800	52700	58500	63200	67900	72600	77300
Income at 120% of Median	49200	56160	63240	70200	75840	81480	87120	92760

- **"Needed housing":** As used in ORS 197.307, "needed housing" means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including the following housing types:
  - Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
  - Government assisted housing;
  - Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
  - Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

A common assumption concerning the impact of growth management policies is that by limiting the supply of developable land, such policies reduce the supply of housing. Basic economic theory suggests that if housing supply is low relative to demand, than the price for it will be high, reducing its affordability. However, this is a simplistic view. Housing prices are determined by a variety of complex factors, such as the price of land, the supply and types of existing housing, the demand for housing, the amount of residential choice in the region, and household mobility. Further in a community like Ashland, that is an attractive destination for both tourism and retirement, the "demand" for housing in the community is not isolated to the existing residential base. Rather national market forces are also factors in establishing local housing prices as the potential buyers of Ashland's housing stock come from many areas around the country.

A report by the Brookings Institution Center on Urban and Metropolitan Policy entitled "The Link between Growth Management and Housing Affordability: The Academic Evidence," by Chris Nelson, Rolf Pendall, Gerritt Knapp and Casey Dawkins. The report, a comprehensive

review of the academic literature on the link between growth management and housing affordability, found that:

> **Market demand, not land constraints, is the primary determinant of housing prices**. Whether growth management programs are in place or not, the strength of the housing market is the single most important influence on housing prices. For example, Portland's growth in housing prices is more attributed to increase housing demand, increased employment and rising incomes than to its urban growth boundary.
>
> However, both traditional land use regulations and growth management policies can raise the price of housing, but they do so in different ways:
>
> - Traditional zoning and other planning and land use controls limit the supply and accessibility of affordable housing, thereby raising home prices by excluding lower-income households. Such policies, already widespread in the U.S., include requirements for low-density, rules on minimum housing size, or bans against attached or cluster homes.
> - Growth management policies improve the supply and location of affordable housing and accommodate other development needs, thereby increasing the desirability of the community and thus the price of housing. However, higher housing prices are often offset by lower transportation and energy costs and better access to jobs, services, and amenities.
>
> Since housing prices may increase in any land use environment, the decision for local governments is between good and bad regulation to improve housing choice. Traditional land use practices tend to zone for low-density, expensive homes that exclude lower-income households. Good growth management policies tend to incorporate policies that increase housing densities, mandate a mix of housing types, and promote regional fair share housing.[6]

Housing Needs Analysis Organization

Following the introduction are sections presenting population trends and forecasts, rental housing and ownership housing development trends, forecasts based on population growth, affordability needs, and employment trends with relation to population changes and housing needs. The analysis details the City's existing housing inventory, its current gaps and surpluses in consideration of future housing need projections based on the data from the Housing Needs Model, and reconciles those projections with existing land inventory within the City's Urban Growth Boundary. Lastly the needs analysis will identify possible policy options for future consideration relating to the housing and land use needs of the population well into the future.

[6] The Brookings Institute, 2002.

Section II - Framework for the Needs Analysis-Community Context

Oregon Housing and Community Services (OHCS) and the Department of Land Conservation and Development (DLCD) worked together to identify data and methodology gaps in implementing the State's housing goal. The result is the Oregon Housing Model, which specifically links income and age to housing need and affordability. The analysis uses this housing model as a starting point for projecting Ashland's housing needs to 2040. The analysis will examine Ashland's housing stock in conjunction with the 2011 Buildable Lands Inventory (BLI) and will then evaluate Ashland's housing need by type and price.

This analysis has been compiled using the following data sources:

- U.S. Census Data
- Analysis of current market conditions
- Community and property owner/manager questionnaire
- The Housing Needs Model
- Coordinated Population Projections from Jackson County
- Population Data from Portland State University's Population Research Center
- Employment data from the Oregon Employment Department
- Housing and Development data from the City of Ashland and Jackson County
- All other citations and resources are referenced in the footnotes and attached bibliography.

Historic Population Trends

Incorporated in 1874, Ashland had a population of just 300. Located on a stage line with established woolen and lumber mills, the economy of the city at that time was predominantly agricultural. By 1900 the City had grown to 3,000 residents. Ashland became the division point for the Southern Pacific's San Francisco-Portland rail line. The city experienced a population boom with the coming of the rail road. In 1899 a normal school was established. Over time the institution became known as Southern Oregon State College and eventually Southern Oregon University. The University has helped attract diverse populations to the community contributing to both the economic and cultural development of the community.

Between 1900 and 1950 the population grew steadily to 7,739. Then with the emergence of the timber industry in the Rogue Valley, the city once again experienced a population boom almost doubling in size to 12,342, by 1970. The decade between 1970 and 1980 saw heavy migration to Oregon from other states, in that time the City's population increased by approximately 2,600 people. By the late 1970's the main economic support for the Ashland community came from the

growth of the tourism industry spurred by the popularity of the Oregon Shakespeare Festival. The travel/tourism industry helped to establish a base for the hospitality industry, retail shops, and restaurants, as well as other cultural and artistic venues. By 1980, population growth tapered off as the City experienced the impacts of a statewide recession and the decline in the timber industry. The city long known for its cultural attractions and quality of life became an ideal spot for retirees. At the same time, mills were closing taking with them the living wage jobs that they provided to many area families. Despite the presence of Southern Oregon State College, the number of people aged 15-29 began to decrease.

Jackson County has a retirement population that exceeds the state average.[7] This is especially true of Ashland which has been an attractive area for retirees. A demographers report completed for the Ashland School District by Portland State University's Population Research Center noted that; "the largest population growth has been and will continue to be in age groups represented by the large baby boom cohort." In 2000 there was an influx of people in the 40-50 age range, and it is estimated that by 2020 the age will range from 60-70.[8] This trend, illustrated in Table 1.1 below, is seen in retirement communities throughout the nation as the Baby Boomers, America's largest generation ages. This has had a disproportionately greater impact on areas like Ashland and the rest of Southern Oregon, as they are popular areas for retirement. It is expected that the retirement population will continue to grow, at the same rate or faster than it has in the past two decades. The impact of a significant retiree population has had a marked affect on several aspects of the Ashland community. The needs of a largely older, retired population have significantly affected the types of employment found in Ashland and surrounding areas. There has been a significant increase in the number of health care, medical, and support service jobs due to this trend. Similarly, the rise in retail and service sector jobs is associated with this trend. Unfortunately these new employment opportunities on average offer relatively low wages. While the increase of the retirement population has created a demand for low wage jobs, it has also driven up the cost of living, specifically with regard to real estate. Lastly, the Ashland School District Demographer's report[9], as mentioned above, surmised that the increase in retirement age residents and the high cost of living is cited as having an impact on local school enrollment. Consistent with the demographers reports projecting decreasing enrollment Ashland's elementary, middle and high schools have all lost enrollment in the past decade from 3,255 students enrolled in K-12 in Fall of 2001 to an enrolment of 2,721 this last year.

[7] Southern Oregon Workforce Housing Summit, February 2006, pg. 23.
[8] Population Research Center, Portland State University, Ashland School District Population and Enrollment Forecasts 2009-10 to 2018-19, (Demographer Report), December 2008, Pg. 7.
[9] Ibid.

Table 2.1

Ashland Population by Age Group[10]								
	1990	**% of total**	**2000**	**% of total**	**2008**	**% of total**	**2010**	**% of total**
Under age 5	793	4.8%	802	4.1%	1,315	6.3%	1068	5.3%
Age 5-9	5,391	33.2%	923	4.7%	1,065	5.1%	1002	5%
Age 10-14			1,144	5.9%	951	4.6%	1206	6.0%
Age 15-19			1,906	9.8%	1,613	7.8%	1655	8.2%
Age 20-24			2,314	11.9%	2,251	10.8%	1885	9.4%
Age 25-34	5,126	31.5%	2,174	11.1%	2,873	13.8%	2248	11.2%
Age 35-44			2,378	12.2%	2,096	10.1%	1918	9.5%
Age 45-54	1,545	9.5%	3,249	16.6%	2,072	10.0%	2694	13.4%
Age 55-59	551	3.3%	1,042	5.3%	1,822	8.8%	1806	9.0%
Age 60-64	595	3.6%	694	3.6%	1,318	6.3%	1406	7.0%
Age 65-74	1,279	7.8%	1,272	6.5%	1,671	8.0%	1562	7.8%
Age 75-84	771	4.7%	1,143	5.9%	1,279	6.2%	1259	6.3%
85 and over	184	1.1%	481	2.5%	456	2.2%	394	2.0%
Total Population	**16,234**	100%	**19,522**	100%	**20,782**	100%	**20,103**	100%
Total Population 55 and older	**3,380**	**20.8%**	**4632**	**23.8%**	**6546**	**31.6%**	**6,427**	**32%**

Economic Conditions

As noted in the narrative above, the City's economic development grew out of its location along major transportation routes, agricultural pursuits, and natural and cultural resources. As industries based on natural and agriculture resources waned, those farm and factory/mill jobs were replaced by predominantly service sector employment and health care driven by a shift in the population toward an older demographic (see table 1.2 above). Often these service sector jobs offer lower wages, fewer benefits, and less steady employment. The 2006-2010 American Community Survey 5-year estimates the median household income for the City of Ashland at $40,140. This is lower than the median household income of Jackson County as a whole which is estimated to be $44,142, and significantly lower than the median income of the average American household, at $51,914. Similarly, the percentage of families and individuals living below the poverty level is substantially greater in Ashland than in Jackson County, in the State of Oregon or in the rest of the Nation. See table 1.2 below for details.

[10]United States. Bureau of the Census. 2006-2010 American Community Survey 5-Year Estimates and 1990, 2000 statistical abstract of the United States.

Table 2.2

Percent in Poverty				
Household type	**Ashland**	**Jackson County**	**State of Oregon**	**United States**
Percentage of families in poverty	11.5%	9.9%	9.6%	10.1%
Percentage of Individuals in poverty	18.8%	14.0%	14.0%	13.8%

Source: 2006-2010 American Community Survey 5-year Estimates

According to 2000 Census Data[11] the highest proportion of low- and moderate-income households are found in the central areas of the city north of Siskiyou Blvd, primarily in census tracks 19.1, 19.2 and 18.4. This area has a larger proportion of the city's multi-family properties and is located near the University. Census data does not separate out the student or seasonal population so no conclusions can be drawn about how the student population affects these census tracts. Census data does show however that these census tracts have the highest percentage of minority populations and can be considered a concentration of minority population in the city with 18, 15, and 15 percent minority populations in each census tract respectively.

It is well documented that college towns tend to have higher poverty rates according to the U.S. Census due to the impact of students that live off campus (students who live in dormitories are not included in the poverty rate calculation) and this trend in Ashland is consistent with other college towns in Oregon. According to the 2007-2011 ACS the City of Corvallis shows 28.9% of people living below the poverty level while the City of Eugene shows that 21.5% of people are living below the Federal poverty level. While the presence of students living off campus in the community has been shown to skew the census poverty rates within a city, the impact of SOU students are somewhat diffused throughout the Medford-Ashland metropolitan statistical area (MSA) which has a population of just over 200,000. Consequently the student population living within the Ashland Community represents approximately 12% of the population of Ashland (which is approximately 20,000), since many of the students list mailing addresses that are elsewhere in the MSA. (See table 3.2 on page 27 for a breakdown of student population by mailing address).

Income in Oregon has been below the national average for the last quarter of a century. There are four basic reasons that income has been lower in Oregon and Jackson County than in the U.S.

- Wages for similar jobs are lower;
- The occupational mix of employment is weighted toward lower paying occupations;
- A higher proportion of the population in Jackson County consists of seniors who receive only social security;
- Due to a higher proportion of seniors in the population, there is a lower proportion of working age residents.[12]

[11] 2010 Census information at that level is not yet available.
[12] City of Ashland, Planning Department, Economic Opportunities Analysis 2007.

Table 2.3

Household Income 2000-2010				
	Number of households (2000)	**Percentage of households (2000)**	**Number of households (2010)**	**Percentage of households (2010)**
All Households	8,552	100%	9,339	100%
Less than 10,000	1,173	13.7%	906	9.7%
$10,000 to $14,999	918	10.7%	677	7.2%
$15,000 to $24,999	1,300	15.2%	1,203	12.9%
$25,000 to $34,999	1,090	12.7%	1,286	13.8%
$35,000 to $49,999	1,141	13.3%	1,490	16.0%
$50,000 to $74,999	1,309	15.3%	1,553	16.6%
$75,000 to $99,999	789	9.2%	779	8.3%
$100,000 to $149,999	545	6.4%	819	8.8%
$150,000 to $199,999	166	1.9%	294	3.1%
$200,000 or More	121	1.4%	332	3.6%
Median Income	**$32,670**		**$40,140**	

Sources: U.S Census Bureau 2000 and 2010 Census data

Employment

Census counts estimate that 16,564 residents are 16 years old and older; of that number 10,322 are in the labor force. The unemployment rate in Ashland at the time of the American Community Survey 2006-2010 5-year estimates was 8.1%. However, current Oregon Employment Department data shows the unemployment rates for Jackson County in March of 2012 were 10.6% down from 11.3% in March of 2011. The unemployment rate for the State of Oregon is slightly higher than that of the rest of the country; though significantly lower than that of Jackson County at 8.6%.

Between 2000 and 2007 Jackson County added 10,246 jobs, twelve percent over the seven year period. Growth slowed in early 2008 and in October 2008 the country began to post year to year job losses. By 2010, employment had fallen below its 2004 level, mainly due to the loss of 9,550 jobs between 2007 and 2010.[13] In a recent press release, the Oregon Employment Department stated. "As the recovery from the Great Recession continues, unemployment rates continue their slow downward drift. Unlike Oregon overall, job growth has yet to resume in the Rogue Valley. But we were in a deep hole and it will take a number of years to gain back all of the jobs lost. As government sectors are continuing to grapple with revenue losses, these sectors are poised for continued job cuts."[14] Though all sectors of the economy have experienced severe job losses and contraction, the public sector, construction and the hospitality industry, three major employment sectors in the region and in Ashland have been hard hit by the recent economic downturn. It would be difficult to estimate the true impact that the economic downturn has had on the employment trends in the City of Ashland at this time. However, it is easy to surmise that there is a delicate balance to an economy based on health care, education, tourism, and

[13] Current Employment by Industry," Oregon Employment Department, OLMIS. Average annual non-farm employment in Jackson County was 83,910 in 2007, 75,640 in 2008, and 74,360 in 2010.
[14] Recent Trends: Region 8, Guy Tauer, Published April 1, 2012, Oregon Employment Department, Worksource qualityinfo.org

recreation. Industries that rely on discretionary income often are the first to suffer in an economic downturn. Within the City of Ashland the hospitality industry, food service, retail trade, and entertainment top the list of industries in which a majority of area residents are employed. See table 1.4 below.

Table 2.4

Employment and Industry				
Industry	**Ashland**	**Medford**	**Jackson County**	**State of Oregon**
Education Services, Health Care, Social Assistance	27.9%	20.1%	21.1%	**20.9%**
Arts, Entertainment, Recreation, Accommodation, and food service	16.6%	11.7%	10.5%	**9.2%**
Retail Trade	11.9%	18.2%	16.3%	**12.3%**
Professional, Scientific, Management, Administrative, waste management	13.1%	8.9%	9.1%	**10.0%**
Manufacturing	4.9%	8.8%	8.8%	**11.8%**
Construction	4.8%	6.1%	7.3%	**7.0%**
Finance, Insurance, Real Estate, Rental and Leasing.	**3.3%**	**6.9%**	**5.5%**	**6.4%**

Source: Bureau of the Census. 2006-2010 American Community Survey 5-Year Estimates.

Table 2.4 shows that the predominant industries in Medford and Ashland are largely similar, but that the macro-economies of Jackson County and the State of Oregon as a whole show a more equitable distribution of employment throughout several diversified industries, though all employment within the state relies heavily on Education, Health Care, and Social Assistance. All of the predominant industries in the state show a particular vulnerability toward the housing and stock market's collapse and the ensuing economic downturn. This no doubt accounts for the State of Oregon having one of the highest unemployment rates in the country.

Many Ashland Residents are employed outside of the City, and conversely many employees of Ashland businesses live outside of the Ashland Community. The 2006-2010 American Community Survey estimates that 68.6% of workers 16 years old and older commute an average of 16 minutes to get to their place of employment. The majority of those commuting to work drove alone, 6.2 percent carpooled, 1.3 percent took public transportation, and 18 percent used other means. The remaining 13.3 percent worked at home. This number has grown since 2000, when 65.2% of workers reported commuting to work. Workers who routinely commute to work put added strain on both the environment through the production of pollution and the demand for fossil fuels, and public infrastructure such as roadways and parking. In the 2006 Workforce Housing Summit Workbook, Guy Tauer, Regional Economist with the Oregon Employment Department stated "Many communities and businesses have realized that their future economic prosperity is dependent on being able to provide adequate and affordable housing for their workforce, and have taken a proactive approach to dealing with this impending crisis." [15]

Community Visions and Values

In April 2009, the Ashland City Council began work on goals to guide the City's work for the next 18 to 24 months. To guide their goal setting, the City Council first defined their values. They described, in positive terms, the things they use to make decisions about what is good for the

[15] Southern Oregon Workforce Housing Summit, February 2006.

community and good for the City of Ashland as an organization. As members of the Ashland City Council, we value:

- **Participatory government.** We value government that is open, accessible, honest and democratic. We value responsive and visionary leadership by elected officials. We have professional, high quality staff. We seek to be efficient and effective with public funds. Our citizens are engaged with their local government as volunteers and in critical community decisions.

- **Natural Environment.** Our town is part of nature's community. We seek to enhance the quality of water, land, air, and wildlife. We actively support energy conservation and alternative energy generation. Our parks and open spaces provide habitat for plants and animals and access to nature for our residents.

- **Responsible Land Use**. We value sustainable use of land, water, energy, and public services; our architectural heritage; and buildings with quality design and construction. We value a vibrant downtown, Lithia Park and strong neighborhoods. We support transit, bicycling, and walking throughout our land use plans.

- **Free Expression**. We invite the exchange of diverse ideas. We value the social, economic, and creative contributions of the arts, cultural activities, and community events.

- **Diversity**. We are a welcoming community that invites and respects the individuality and contributions of all people.

- **Economy**. We value an economy that creates wealth for all. We strive to nurture homegrown business and to connect local consumers to local products. Our economy supports arts and culture, connects to Southern Oregon University, and supports high quality public services. We value a business community in tune with the environment and that provides good wages and economic choices for individuals and families.

- **Distinctiveness**. Ashland is a unique part of the Rogue Valley. We depend on partnerships in our community and region to meet many of the needs of our residents. At the same time, we value our ability to develop innovative approaches and to chart our own course.

- **Education**. We value lifelong education. We value the social, economic, cultural, and civic contributions of strong, integrated educational institutions.

- **Basic Needs**. We believe each person needs public safety, water, sanitation, adequate food, clothing, housing, transportation, and health care.

- **Community**. We believe Ashland is a unique and special place. Residents participate in community life and feel a sense of belonging. Community gardens, neighborhoods,

schools, volunteerism, and events bring our residents together. Residents look out for each other and support those in need.

What objectives do housing policies try to achieve?

The development of new housing units is primarily driven by the private market and are built and owned privately. While land use powers of local governments can impact the development of certain housing types, the primary role of local governments has been on regulation to promote public health and safety and to provide for the installation of infrastructure. Housing policies work to address housing in four categories:

- *Community Life*. From a community perspective, housing policy is intended to provide and maintain safe, sanitary and satisfactory housing with efficiently and economically organized community facilities to service it. In other words, housing should be coordinated with other community and public services. Although local policies do not always articulate this, they are implicit in most local government operations. Comprehensive plans, zoning, subdivision ordinances, building codes, and capital improvement programs are techniques most cities use to manage housing and its development. Local public facilities such as schools, fire and police stations, parks, and roads are usually designed and coordinated to meet demands created by housing development.
- *Social and equity concerns*. The key objective of social goals is to reduce or eliminate housing inadequacies affecting the poor, those unable to find suitable housing, and those discriminated against. Communities address this goal through working to provide safe, satisfactory housing opportunities to all households, at costs they can afford, without regard to income, race, religion, national origin, family structure, or disability.
- *Design and environmental quality*. The location and design of housing affect the natural environment, residents' quality of life, and the nature of community life. The objectives of policies that address design and environmental quality include neighborhood and housing designs that: meet household needs, maintain quality of life, provide efficient use of land and resources, reduce environmental impacts, and allow for the establishment of social and civic life and institutions. Most communities address these issues though local building codes, comprehensive land use plans, and development codes.
- *Stability of production*. Housing is a factor in every community's economy. The cyclical nature of housing markets, however, creates uncertainties for investment, labor, and builders. The International City Manager's Association suggests that local government policies should address this issue, although most community policies do not. Moreover, external factors beyond the control of local governments (e.g. interest rates, cost building materials, etc.) that bear upon local housing markets tend to undermine the effectiveness of such policies.

Section III - Housing Trends & Existing Conditions

Analysis of historical development trends provides insights into how the local housing market is working. The housing type, mix, and density of past trends are key variables in forecasting future land need. To undertake such an analysis the following parameters are established:

- Determine the time period for which the data must be gathered.
- Identify types of housing to address (all needed housing types).
- Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

In completing this analysis the City reviewed the housing mix and density of development that occurred from 2000 through 2011 (as the 2002 HNA reviewed that data through 2001). This long term analysis provides greater insight into the functioning of the local housing market than would a typical five year period given fluctuation especially in consideration of the national housing market collapse following the subprime mortgage crisis that began in 2008.

Table 3.1 shows the actual type distribution of new housing units developed between 2000 and 2011.

Table 3.1

Housing mix by Permit Issued 2000-2011			
Housing Type	Buildings	Units	Percent of Units
Single-Family	1159	1159	80.3%
Two-Family	19	38	2.6%
Three and Four-Family	14	45	3.1%
Five or More	30	202	13.9%
Total	1222	1444	100%

Source: U.S. Census Bureau data 2000 and 2010

According to Census Data, Ashland added 1,444 new dwelling units between 2000 and 2011. This is a 16% increase in the total number of dwellings over 10 years. This rate of unit growth is down from 26% in the previous ten year period. As seen in the table above (Table 3.1), the trend identified in both the 2002 HNA and the 2007 RNA, of single family development over multi-family development has continued.

Residential Construction Trends

Housing development trends identified in the 2002 HNA have persisted. Namely single family housing development has continued to outstrip the development of multi-family housing by a

significant margin. The need for multi-family housing continues to grow, while the development of multi-family housing continues to lag. Rental units in price ranges affordable to those with the lowest incomes are in the most demand. Lastly, ownership housing affordable to those making median income to 120% of Area Median Income in Ashland despite recent gains is still out of reach.

Single Family

In 2000 the estimate of one-unit detached, and one-unit attached dwelling units represented 65.3% of the housing stock. The 2008-2010 ACS estimates that one-unit attached and detached units make up 71.9% of the City's housing stock. This is an increase of 6.6% over the past decade. There has been and continues to be a clear trend of the development of single-family housing types over all other housing types.

Multi-family

The 2008-2010 ACS estimates that Ashland's housing stock is made up primarily of single family units, with only 29.4% multi-family units. This disparity in the development of single family versus multi-family development is shown in table 3.1 above.

Condominium Ownership

Conversion of existing apartments to ownership units within Ashland requires that the current residents have first right of refusal and additionally may trigger a requirement that up to 25% of the units converted are affordable. The Affordable Housing Program parameters under resolution 2006-13 establish that rental apartments converted into condominiums which are to be affordable must be sold to households earning 80% AMI for a period of not less than 30 years. Since 2003, ninety-two units have converted from rental units to condo-minimized ownership units. Twenty-eight of those units which have converted have been deed restricted as affordable. In that same period sixty-three new Condominium units have been developed. Since 2008 no new condominium units have been built or converted.

Retirement and assisted living

The City of Ashland has three large retirement/assisted living facilities and one nursing home. Altogether these facilities comprise 293 dwelling units and maintain an average occupancy rate of approximately 82%. These facilities were developed primarily in the 1980's and early 1990's. No new facilities have been developed in the last decade.

Group housing

The City currently has a total of five group homes for youth and special needs populations able to accommodate up to 28 individuals. The University has four group housing complexes on campus offering a total of 1070 beds. The university is currently in the process of building a new residence hall which is estimated to house over 700 people within two separate buildings.

However, these new beds will not increase capacity but will replace existing beds currently available in other complexes whose space will be converted to other uses.

Southern Oregon University (SOU) housing and enrollment

As mentioned in the section on group housing above, SOU maintains four group housing complexes with the current capacity to house 1,070 individuals. SOU also maintains two large scale multi-family developments, Old Mill Village Phase I and II, which constitutes their family housing units. These two rental complexes are comprised of 130 and 35 units respectively and offer a range of 1 bedroom units to 4 bedroom units with a base capacity to house approximately 384 individuals. SOU also maintains approximately 28 single family houses varying in size from studio to 4-bedroom. Taken altogether SOU has the ability to house approximately 1,490-1,520 individuals. In fall of 2012, SOU had a total enrollment of 6,336 students (exclusive of dual high school credit students). Of that total 912 student resided in dormitories, 125 students resided in family student housing (this total does not include family members who are not currently enrolled students who also reside in the family housing complexes), and 2,376 students resided in non-college owned housing within the City of Ashland. The remaining 2,923 students resided outside of Ashland. Table 3.2 below provides a breakdown of the areas where the majority of SOU students reside.

Table 3.2

Southern Oregon University Fall 2012 Enrolled Student Population by Mailing Address		
Place of Residence*	**Number of Students**	**Percentage**
SOU Dormitories	912	14%
SOU Family Housing	125	2%
Ashland	2,376	38%
Medford	843	13%
Areas outside of Medford and Ashland	2,080	33%
Total	**6336**	**100%**

*Place of residence is determined by mailing address (Source-SOU Institutional Research Center Fall 2012)

Table 3.3

2006-2010 ACS 5-Year Estimates Housing Units by Type					
Units In Structure	2000 Estimate	2000 %	2010 Estimate	2010 %	% Change
Total Housing Units	**9,071**	**100%**	**10,230**	**100%**	**12.8%**
1-Unit, detached	**5,375**	**59.3%**	**6,503**	**63.6%**	**21%**
1-Unit, attached	**544**	**6.0%**	**853**	**8.3%**	**56.8%**
2 Units	**458**	**5.0%**	**526**	**5.1%**	**14.8%**
3-4 Units	**641**	**7.1%**	**530**	**5.2%**	**-17.3%**
5-9 Units	**609**	**6.7%**	**513**	**5.0%**	**-15.8%**
10-19 Units	**380**	**4.2%**	**405**	**7.3%**	**6.6%**
20 or More Units	**821**	**9.1%**	**746**	**7.3%**	**-9.1%**
Mobile Home	**225**	**2.5%**	**154**	**1.5%**	**-31.6%**

Table 3.4

Homeownership/Rental Rate Comparison				
	% Renters 2000	% Owners 2000	% Renters 2010	% Owners 2010
Ashland	47.7%	52.3%	49%	51%
Jackson County	33.5%	66.5%	36.7%	63.3%
State of Oregon	35.7%	64.3%	36.2%	63.8%

U.S. Census Bureau

Income and Affordability of Housing

Housing costs are influenced by several factors, including: lot size, land cost, availability of materials, labor, interest rates, and supply and demand. Housing choice is often driven by a household's income. Similarly, income is a key indicator of a households' ability to find and retain safe, decent housing. Income is also the main determinant in most householders' housing choice. A household which is cost burdened by a rent or mortgage payment (an amount which requires 30% or more of a household's income) is less stable and more susceptible to losing that housing should some disruption to employment, health crisis or other unexpected circumstance arise. These vulnerable households can then fall into homelessness, or require state or federal assistance to become stable again. The ability of a household to afford monthly rent or mortgage costs is a determining factor in where a householder chooses to live. Often the household will forego other housing priorities, such as square footage, bedroom size, household amenities, commute time to work, and other quality of life choices due to housing affordability.

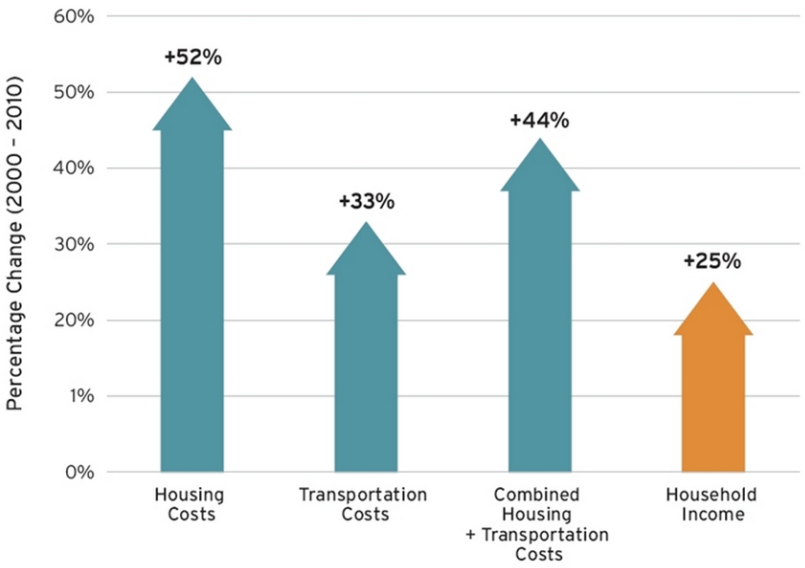
Renter households are two times more likely to be cost burdened than owner households. Approximately 2,737 or 63% of renter households in Ashland experience cost burden, while only 1,352 or 48% of homeowners experience cost burden from housing costs. This can be attributed in part to a higher percentage of low-income rental households than owner households. In 2000, 37% of Ownership households paid less than 15% of their incomes toward mortgage costs, while a full 45% of renters paid more than 35% of their incomes toward housing costs.[16] In the ensuing decade the rapid rise in housing values has substantially increased the costs of homeownership, but even with that increase homeowners as a group still tend to experience less cost burden than renters.

As seen in Section II- Framework for Housing Needs-Community Context, the City of Ashland has a higher percentage of families and individuals living below the poverty level than Jackson County or the State of Oregon as a whole, however this is not unusual for a city with a large population of college students. The City also has a higher proportion of lower paying service sector jobs and a higher percentage of seniors in the population than in other parts of the County or State. These factors may contribute to the large percentage of households experiencing cost burden.

[16] 2006-2010 American Community Survey 5-Year Estimates and 2000 Census.

According to the State Housing and Community Services Department, housing cost in 1990 was increasing at a rate of 9% while household income increased at an annual rate of 2%. Between 2000 and 2010 median mortgage costs for homeowners in Ashland went up by 53%. Rental costs for Ashland residents increased 47% in that same period. While median Household income increased by only 22.9%.[17] This long term trend of housing and transportation costs outstripping incomes has exacerbated the demand for affordable housing throughout the state. The increasing need for affordable housing units has taxed the traditional methods of funding affordable housing and cannot be sustained into the future should the trend continue.

Chart 3.1
Rising Housing and Transportation Costs vs. Incomes for the Median-Income Household in the Largest 25 Metro Areas
(costs and income are not adjusted for inflation)



Source: Housing + Transportation (H+T) Affordability Index applied to 2000 Census data and 2006-2010 American Community Survey data (Center for Neighborhood Technology and Center for Housing Policy).[18]

Rental Units

2008-2010 ACS estimates that 48.2% of all occupied housing units or 4,498 are renter occupied units. Fair Market rents for Jackson County as established by the Department of Housing and Urban Development mandate the maximum amount that projects developed using Low Income Housing Tax Credits (LIHTC) or Tax-Exempt bonds are allowed to charge. These amounts correspond to the HUD income guidelines for that area. In 2012 the Fair Market rent for a two bedroom unit was $807 a month. In order for an individual to afford a rental unit at that rate, and not experience cost burden, they would need to earn $15.13 an hour. Currently the 2008-2010 ACS estimates that the median income for a worker in Ashland is $19,042 per year or $9.92 an hour. Currently a HUD regulated two bedroom unit in Ashland is mandated to rent for $590 a month.

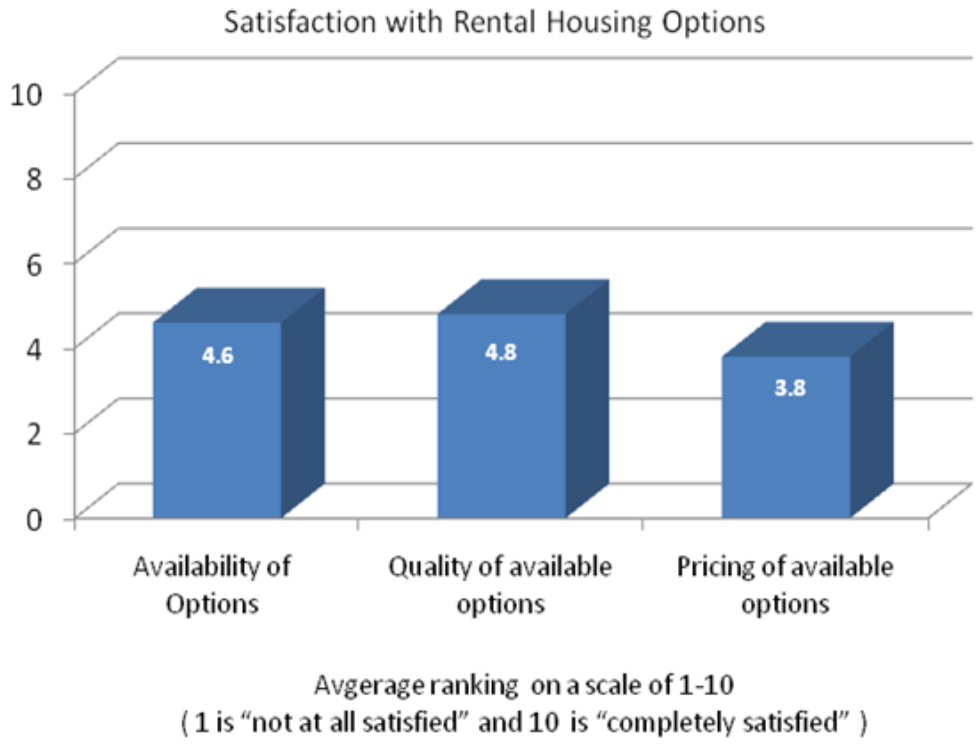
In 2012 the City of Ashland posted a questionnaire on the City's website that looked at specific housing related questions some of which corresponded to questions posed in the 2007 Rental Needs Analysis' random call survey conducted by Riley Research. The City also sent out a

[17] Ibid.

business reply mailer to a selected list of rental property owners and property management companies compiled from two sources; the City's business license registry(which included all businesses who rent six or more units), and the list of rental properties developed by SOU planning students in 2007. The information gathered from the community questionnaire and the direct mailing are cited throughout this document.

One question posed asked respondents to rate rental housing options in three areas on a scale of one to ten. Of the 110 respondents that answered the question, the majority believed that the availability of rental options, the quality of rentals, and rental pricing were all less than satisfactory. While the majority of the respondents felt that rent availability and quality were somewhat satisfactory, the overwhelming majority of respondents felt that rental pricing was unsatisfactory.

Chart 3.2



Extremely-Low Income (Less than 30% of Area Median Income): As shown in Chart 3.2 below, the findings of the Housing Needs Model for the City of Ashland using 2010 Census Data, the City of Ashland has a shortage of rental units affordable to those residents with the lowest incomes; those making less than $10,000 a year. According to the Housing Needs Model, only 3.05% of the City's rental housing stock meets the needs of this population at approximately 152 units. The City's current need for rental housing in a price range affordable to those with the lowest income is estimated to be 955 units; this leaves a gap of approximately 803 units to meet the needs of these very low income households. Housing Units affordable to these populations, which include predominantly households under the age of 35 and to a lesser

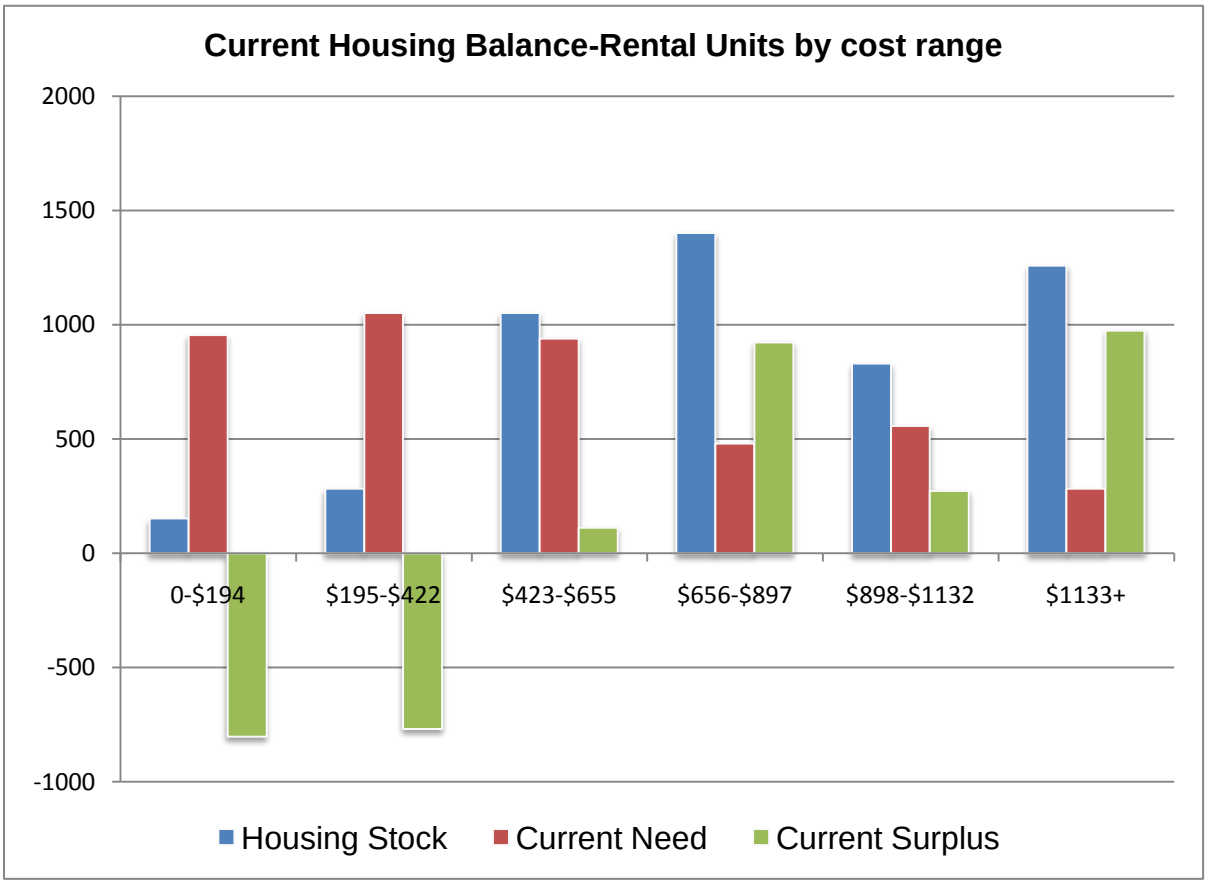
extent over the age of 55, could be offset by Housing Choice (formerly section 8) Vouchers. The 729 households under the age of 35 that report having an income of under $10,000 a year may be due in part to the presence of Southern Oregon University, which includes a high percentage of non-traditional students. Currently there are approximately 100 households who receive a rental subsidy voucher from the Department of Housing and Urban Development to offset housing costs. There are 142 project based subsidized rental units located within the City of Ashland. Of these units 73 are set to expire within the next 5 years and the waiting list for portable vouchers through the Housing Authority of Jackson County is approximately three to four years out. Households making 30% of the AMI or less make up approximately 12.2% of all Ashland households.

Low-Income (Between 30% and 50% of Area Median Income): The current supply of housing units affordable to low-income populations represents approximately 5.68% of the City's rental housing stock or 283 units. The current estimated need for housing affordable to this income group is 1,052 units; leaving a gap of approximately 769 units. The proportion of households represented by this income group is fairly evenly dispersed though all age groups and represents 11.3% of all households.

Moderate Income (Between 50% and 80% of Area Median Income): The current supply of housing units affordable to moderate income populations represents approximately 49.3% of the City's rental housing stock or 2,453 units. This is by far the majority of the City's rental housing stock, however at the low end of the income scale (50%) nearly half of the units that fall in this rental category would not be affordable. The need for rental units at this price point is in far less demand as the current need is estimated to be 1,420 units, leaving a surplus of 1,034 rental units affordable to people making between 50 and 80 percent of the AMI.

Median Income and above (100% and above): The current supply of housing units affordable to the population making above 80% AMI represents approximately 42% of all rental housing units. At 2,088 units, rental housing units in this price range (approximately $898-over $1,133 a month) are in the least demand, with current need estimated to be approximately 840 households able to afford units in this price range, creating a surplus of 1,248 units. The surplus in units may be due to the fact that households that are able to afford a higher rent may be opting for a unit below that which that household may be able to afford, thereby exacerbating the deficit of rentals at the lower end of the income scale.

Chart 3.3



Ownership Units

Extremely-Low Income (Less than 30% of Area Median Income): An individual making 30% of AMI or $12,300 a year according to the 2012 HUD income guidelines would be able to afford to purchase a housing unit for a maximum of $51,115. There is very little availability of housing at this income level, Rogue Valley Habitat for Humanity provides housing targeting extremely low-income households, but with the extremely low purchase price the private market is unable to provide ownership units at this level. Some Mobile and Manufactured home units in a park might be within this price range.

Low-Income (Between 30% and 50% of Area Median Income): The Housing Needs Analysis estimates that there are 150 existing units available for $72.3 thousand and below, and an estimated need of 401 units at this level. This leaves a gap of 251 ownership units affordable to households earning 30%-50% of the AMI.

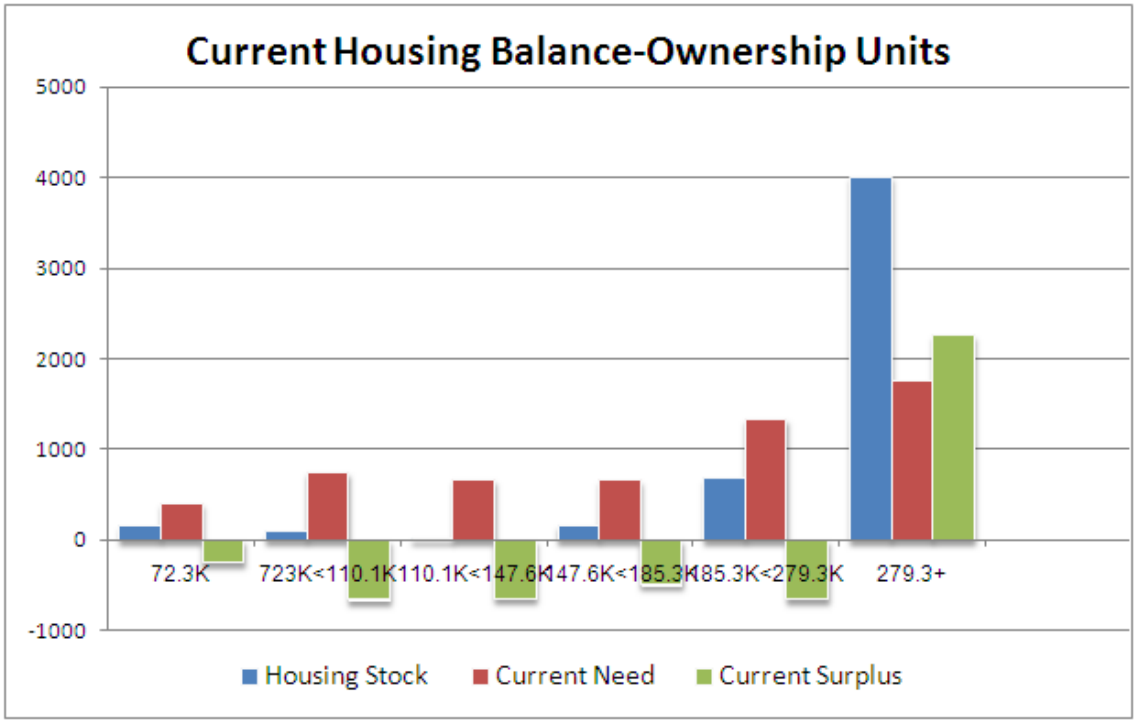
Moderate Income (Between 50% and 80% of Area Median Income): The number of ownership units available that are affordable to people making 50% to 80% of AMI is estimated to be approximately 260. The estimated need for ownership units costing between $72K-$185.3K is

2,070. The units at the high end of the price scale would be unaffordable to those earning below 50% of AMI.

Median Income: There is a limited supply of ownership units affordable to those earning median income. According to the National Association of Home Builders Affordable Housing Price Calculator[18], a household making the median income for the Medford/Ashland area could afford to purchase a house for $163,126. The calculator assumes a 20% down payment, current interest rates on a 30 year fixed loan assuming a 90% loan to value ratio. The Housing Needs Model estimates that there are approximately 410 units available between $185,300 and below. While many households earning median income could qualify for a loan to purchase a house at the lower end of the scale, those same households would be cost burdened it they had to pay a mortgage on a housing unit of over $163,000.

Over 78% of the City's ownership housing stock consists of units which cost $279,300 and above, while the demand for housing units in that price range is only about 1,750 households. From Chart 3.3 below it is clear that the private market has provided a surplus of high cost housing, over 2,255 units, while the remaining 22% of the housing stock available for sale costing less than $279,300 is in such demand that there is a housing gap of 3,147 units. The highest demand is for those units affordable to households making the 100% AMI to 120% AMI at approximately 1,332 households.

Chart 3.4



[18] National Association of Homebuilders affordability calculator: http://www.nahb.org/generic.aspx?genericContentID=78355

While it is clear that it is not profitable for the private market to build housing targeting those households at the 50% of AMI and below, housing units targeting 50% to 100% AMI while slightly more feasible still require some incentive and subsidy to make the development financially viable . Further, these units will have to compete with units of a similar price in the nearby markets of Talent, Phoenix, and Medford, which while requiring a longer commute time, can often offer more household amenities for the same or even a lower price. At the same time the only entities that can provide ownership housing targeting moderate and low-income households are affordable housing providers, which utilize federal, state and local tax credit and subsidy programs in order to develop such units. These entities are few in a small region like Southern Oregon and must compete with the rest of the state for funding. Capacity building for these affordable housing entities can be difficult as affordable housing financing can be a complex and highly competitive process, and more so in a time of shrinking federal and state funding for such programs.

Buildable land supply

Land supply affects land price and by extension, housing price. Statewide Planning Goal 10, and ORS 197.296, requires communities to maintain a 20-year supply of buildable residential land within their Urban Growth Boundaries. The City of Ashland's supply of buildable lands was recently quantified in the 2011 Buildable Lands inventory adopted in November 2011.

The land availability component of a Buildable Lands Inventory needs to be compared to the expected demand for various housing types to ensure minimum 20 year availability. This Housing Needs Analysis provides a detailed assessment of precisely what mix of housing types will be needed through 2040 (see Table 7.1). Using this projected housing type need, and correlating it to the land availability in each Comprehensive Plan designation we can ascertain whether sufficient land will be available over the next 20 years or longer.

Table 3.5

Housing demand /capacity comparison by unit type			
Existing Dwelling Unit Capacity (2010 BLI)	SFR	Multi-family	Totals
	1469	1384	2853
Needed Units per Housing Gap Analysis through 2040	1557	1759	3316
Deficit by 2040	-88	-375	-463
Annual units needed through 2040	55.6	62.8	118.4
Total Year Supply	**26.4**	**22.0**	**24.1**

The City estimates vacant buildable lands in all designations that allow residential uses have a total capacity of 2,853 dwelling units within the urban growth boundary. It is important to note that the inventory of available land includes a significant number of small lots within the City limits that can only accommodate 2-4 additional units given their size. The need for larger developments of multifamily housing (5+ units) requires larger undeveloped properties of the type that are typically located outside the City Limits, yet within the Urban Growth Boundary. The estimate of dwelling unit capacity includes a 50% reduction for residential on Commercial and Employment Lands as such units are not required and it is unlikely that all future commercial development will incorporate a residential component. As demonstrated in Table 3.5 this capacity would accommodate approximately 22 years of multi-family housing growth, and 26.4 years of single family development.

Distribution of these potential housing units on available buildable lands based on comprehensive plan designation is more fully detailed below.

Table 3.6

Future Needed Unit Distributed by Comprehensive Plan Designation				
Comprehensive Plan	**Net Buildable Acres**	**Existing Dwelling Unit Capacity (2011 BLI)**	**Dwelling Units by Type distributed into existing capacity**	
			SFR	**Multi-family**
Airport	Per Airport Master Plan	0	0	0
Commercial	15.8	252	0	252
Croman Mill	62.8	340	0	340
Downtown	2	53	0	53
Employment	105.1	221	0	221
HC	1.4	15	0	15
HDR	8.9	162	0	162
Industrial	12.1	0	0	0
LDR	38.1	70	70	0
MFR	30.8	323	0	323
NM	17.7	118	100	18
SFR	214	875	875	0
SFRR	48	103	103	0
SOU	19.5	SOU Master Plan	0	0
Suburban R	42.3	311	311	0
Woodland	4.3	10	10	0
Totals	**622.8**	**2853**	**1469**	**1384**

Note: *Expected Dwelling Units* on Commercial and Employment Lands have been reduced by 50% from what would be permitted as such units are not required.

Section IV - Ashland's Housing Inventory

Single Family and Manufactured housing, detached

2010 ACS estimates that there are 10,203 total housing units within the City of Ashland. Of that total 6,710 are 1 unit detached, and 46 are Mobile home units on individual lots. Between 1990 and 2010 there has been a marked increase in the supply of attached and detached single family units. Between 1990 and 2000, the number of single family detached units increased by 52%, between 2000 and 2010 that increase was 21%. While the number of mobile home units in the City decreased by 1.5%. (See Table 3.3 on page 24).

Manufactured housing units in parks

As mentioned above the number of mobile home units located in the City has decreased in recent years after remaining fairly consistent. Between 1990 and 2000 the number of mobile home units in the City increased by 18%, then between 2000 and 2010 the number of mobile home units decreased by 9% for an overall 20 year decrease of 1.9%. There are currently two mobile home parks within the City. A park formerly located across the street from "Upper Pines", known as "Lower Pines" was sold and the purchasers redeveloped the land in to a mixed use commercial development, the loss of this park may account for the decrease in units between 2000 and 2010.

Multiple or single-family units, attached*;*

2010 ACS estimates that there are 810 1- unit attached, 424 duplexes (2-units), and 2,194 units of three or more, down from 2,451 just ten years earlier. All together multi-family and single family attached housing types make up 38.2% of the total housing stock. Another trend which is highlighted in the Table 3.3 on page 24 has been the decrease of medium and large scale multi-family developments. The number of multi-family units consisting of more than 4 housing units has decreased significantly between 1990 and 2005. Complexes consisting of between 5 and 19 saw a decrease of 2% between 1990 and 2000, similarly complexes consisting of more than 20 units saw a 9.1% decrease between 2000 and 2010. This is due in part to the conversion of multi-family rental properties to saleable condominium units, caused by the high land values of the past decade within the City of Ashland. In 2006, the City passed a condominium conversion ordinance in an effort to mitigate the loss of existing affordable and market rate rental properties which were not being replaced by the market.

In 2007, a comprehensive inventory of multi-family housing units was completed by Southern Oregon University. This inventory also took into account additional uses of properties located in these multi-family zoned areas. This inventory allowed the City to see patterns of development within these areas. One pattern that stood out from the data collected was that single family units on single parcels were the most common housing type found in these multi-family zones. Single

family homes comprised one third of all housing units in these zones. This highlights another predominant problem with the development of multi-family properties, the majority of the property zoned for multi-family, higher density development does not build out as such contributing to a lack of more affordable housing types.

Government assisted housing (below market-rate housing)

Most people think of government assisted housing as Public housing or subsidized housing through the Housing Choice Voucher (formerly known as the Section-8 program) program However, there are several different avenues in which the government assists developers to provide affordable housing. Many large scale developments utilize a combination of funding sources in order to complete a project. Detailed below are a few of the most prevalent types of government assisted housing programs:

Low-income Housing Tax Credit Program (LIHTC): The Federal Low-Income Housing Tax Credit Program assists both for-profit and non-profit housing developers in financing affordable housing projects for low-income families and individuals. Some local developers of affordable housing are eligible to apply to Oregon Housing and Community Services which allocates funds based on a statewide Consolidated Plan. The City of Ashland has two projects totaling 66 units developed using LIHTCs and expects to see another six unit tax credit project developed in the near future.

Public Housing Assistance-Section 8 Housing Choice Voucher Program: The Housing Authority of Jackson County is the local provider of HUD funded housing programs such as the Housing Choice Voucher program and the Public Housing program. Currently the Housing Authority receives approximately 1,390 Housing Choice Vouchers for all of Jackson County. Just over 100 of those vouchers are provided to City of Ashland residents. There are no public housing units in Jackson County.

Home Program: The City of Ashland is not currently a participating jurisdiction for HUD's HOME funds. Some local developers of affordable housing are eligible to apply to Oregon Housing and Community Services which allocates funds based on a statewide Consolidated Plan.

USDA Rural Development Mutual Self Help Home Loans/SHOP: The Department of Agriculture's Rural Development offers several loan options to assist low to moderate income households attain homeownership. In recent years the City of Ashland has awarded Rogue Valley Community Development Corporation CDBG funds to help leverage funds and initiate two Self help homeownership projects comprising 30 units that utilized funds from Rural Development programs. Rogue Valley Community Development Corporation has utilized Self Help Ownership Program (SHOP) grant funds awarded to Community Frameworks from HUD on these projects. Similarly USDA Rural Development also offers low-interest loans and grants to assist low to moderate income homeowner's complete health and safety repairs on their homes. The City also contains three large scale multi-family projects financed with Rural

Development loan funds. All together these units account for 153 units of below market rate and subsidized housing within the City.

Community Development Block Grant Funds (CDBG): The City of Ashland is a Participating Jurisdiction for the Community Development Block grant program and as such receives an annual allocation of funding from the Department of Housing and Urban Development to undertake a variety of activities including the provision of affordable housing. The City has often prioritized the use of CDBG funding in support of affordable housing projects.

Table 4.1

Government Assisted Rental Units						
Property Name	**Property Type**	**Assistance Type**	**Number of Units**	**Number of Assisted Units**	**Income Limit**	**Contract Expiration Date**
Ashley Garden	Family	RD	40	20	60%	RD
Ashley Senior	Senior	RD	62	41	60%	RD
Stratford	Family	Section 8	51	17	100%	RD
Chief Tyee	Family	Section 8	32	29	30%	7/31/09[19]
Donald E. Lewis	Senior	Section 8	40	40	30%	5/11/10
Star Thistle	Disabled	Section 8	12	12	50%	9/30/09
Sun Village	Family	Section 8	12	12	30%	1/20/13
Takilma Village	Family	Section 8	14	14	60%	8/31/09[20]
Johnston Manor	Senior	Section 8	34	34	60%	12/26/08[21]
TOTAL			***297***	***219***		

Seasonal Units

The City of Ashland has a thriving tourism industry. Consequently many housing units in the City are utilized on a seasonal rather than year round basis. It is difficult to discern the actual number of seasonal and vacation rental units there are in the City, due to the proliferation of unregistered units, however the City does keep a database of businesses registered as travelers accommodations located within the City. In May of 2012 a total of seventy five businesses have registered with the city as having a traveler's accommodation or vacation rental units; these units come in many forms, from hostel, motels, and hotels, to individual cottage units and bed and breakfasts. Many of these housing units represent units not meant for year round occupancy, so although counted by census in the housing total, they are counted as vacant units. Between 2000 and 2010 the number of these units has doubled, and they now represent 3.8% of the City's housing stock. These units will not contribute to the overall housing inventory available to meet the types of housing need quantified in this analysis.

[19] The owners of the Chief Tyee complex opted out of their HUD contract in 2009. This complex is no longer mandated to be affordable although it was initially developed using HUD funding.
[20] The owners of the Takilma Village complex opted out of their HUD contract in 2010.
[21] The owners of the Johnston Manor complex opted out of their HUD contract in 2009. This complex is no longer mandated to be affordable although it was initially developed using HUD funding.

Owner Occupied Units

Owner occupied units represent 51.6% of all occupied dwelling units. There are 4,856 owner-occupied dwelling units in Ashland occupied by approximately 10,210 individuals. The average household size for owner-occupied dwelling units is 2.10 people per unit.

Renter Occupied Units

Renter occupied units represent 48.4% of all occupied dwelling units. There are 4,553 renter-occupied dwelling units in Ashland occupied by approximately 8,907 individuals. The average household size for renter-occupied dwelling units is 1.96 people per units, slightly less than the household size of the average owner occupied unit.

Housing Age and Condition

The majority of housing in Ashland, 59.6%, was built prior to 1979; with 16.6% or 1,695 units being built prior to 1939. Despite the relative age of much of the housing stock, there are very few units which lack basic amenities. Only 1.9% of all occupied housing units lacked complete plumbing or kitchen facilities. 47.6% of all housing units were built between 1970 and 2000, with the most new building activity taking place between 1990 and 2000.[22] Though there are many other factors that contribute to housing considered to be substandard those factors are not accounted for in the Census information. There is little other comprehensive data to gain an accurate picture of substandard housing conditions within the City.

Lead Based Paint Hazards: The age of the housing unit is a leading indicator of the presence of lead –hazard, along with building maintenance. Lead was banned from residential paint in 1978. Of the 10,319 total housing units in the City of Ashland 68% (7,000) were built prior to 1980. The 1999 national survey found that 67% of housing built before 1940 had significant LBP hazards. This declined to 51% of houses built between 1940 and 1959, 10% of houses built between 1960 and 1977 and just 1% after that.[23] Based on those estimates, over 3,300 homes pose potential lead-based paint hazards in Ashland.

Vacancy Rates

Between 2000 and 2010 vacancy rates for rental and ownership units have remained relatively unchanged. At 4.2% and 1.0% respectively, rental and ownership vacancy rates in 2010 are relatively low. Survey results, census data, and American Community Survey (ACS) estimates show that the vacancy rates in Ashland typically range between 3% and 4%. A recent survey/questionnaire conducted in 2012 by the City showed the current rental vacancy rate to be 1%. This rate is below that of the overall rate for Jackson County at 3% and for the state of

[22] United States. Bureau of the Census. 2006-2008 American Community Survey 3-Year Estimates.
[23] Clickner, R. et al. (2001) National Survey of lead and Allergens in Housing, Final Report, Volume 1: Analysis of Lead Hazards. Report Office of Lead Hazard Control, US Department of Housing And Urban Development.

Oregon as a whole at 5.6%. The overall impact of a low vacancy rate is that there are fewer options in the rental market when people are looking for a unit to rent.

Housing Value

Housing value is a key indicator of housing affordability. The housing market has been extremely volatile in the past decade since the last Housing Needs Analysis was completed. However, despite a housing boom and the ensuing bust that played out in the intervening decade, the findings of this recent effort are much the same as they were in 2002.

In the decade since the last HNA was completed housing costs within the City of Ashland have grown at a rate much faster than that of Jackson County, and the State of Oregon as a whole. The 2002 HNA reported an average home price of $277,742, which was an increase of 50% from 1998 (MLS reported and average sale price of $187,258 at that time). At the height of the housing boom in 2007 the median price for an existing home in Ashland was $438,750; by April of 2012 the median price for an existing home was $282,500; a reduction of 36% in a five year period. [24] So while home prices rose precipitously, they fell equally so, ending with the City's housing price at a 14 year gain of 50.9%.

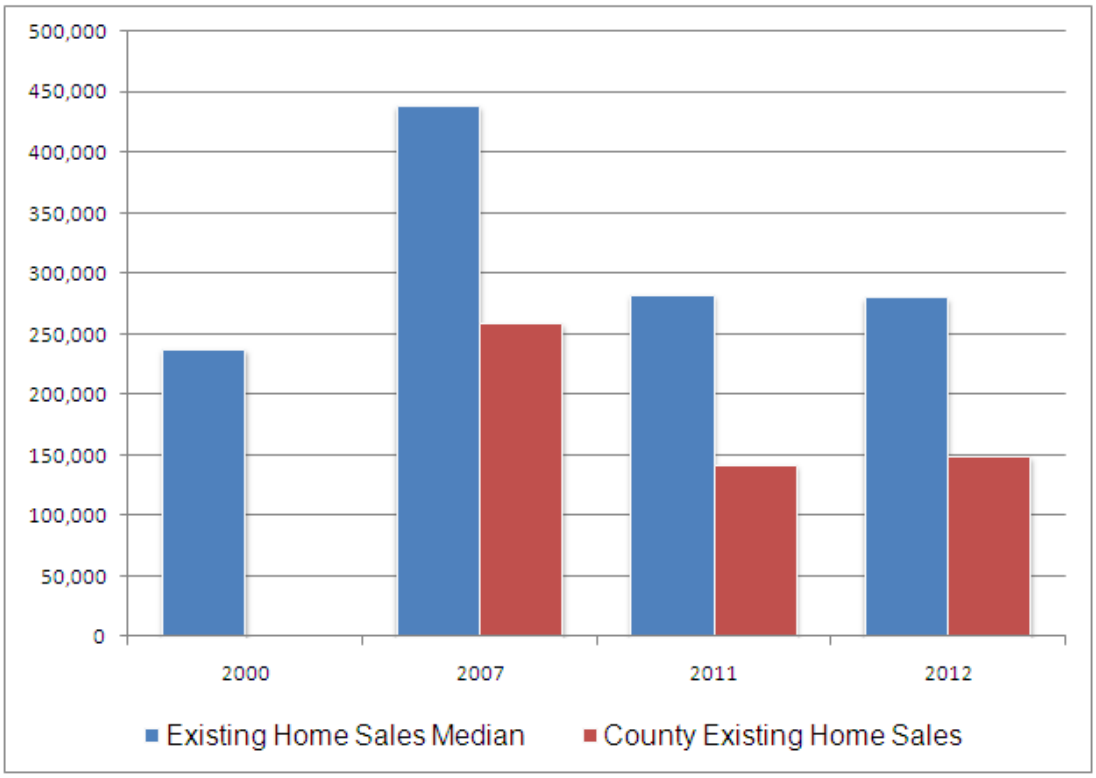
Owner Occupied unit values: According to the 2006-2010 ACS 5-year estimates, the Median Home price for Ashland is $408,400 while the individual median income for workers is $19,042. In order to afford a home in Ashland at the median price a household would have to earn $75,000 a year, which is well above Median Household, Median Family and Median worker's income at $40,140, $52,940, and $19,042 respectively. In 2011, the average sales price according to the Roy Wright appraisal service, was $285,000, while this number is substantially lower than the median compiled by the census in 2010, it is still out of reach for households earning the median income in Ashland. The 2012 median household income for a family of four in the Medford/Ashland Metropolitan Statistical Area is $58,500. In order to afford a home in Ashland at the 2011 median price a household would have to earn $75,000 a year. Only 23.8% of the population reports having an income over $75,000 a year, while 50% of the ownership housing stock is targeted to this group. Conversely for a home to be affordable to a median household with an income of $58,500 a house could cost no more than $220,000. At this price there are 31 units out of 212 currently listed as available for sale within Ashland.

Residential Home Sales: Recent data from the Southern Oregon Multiple Listing Service (SOMLS) show that the median residential sale price of a home in Ashland has dropped considerably since the peak of the housing boom in 2007 by 36.2%; from a high of $438,750 to a low in 2012 of $282,500. The 2010 Census estimates the median home price at $408,400, which may reflect the market at a higher point when census data was collected, than the more recent SOMLS data.

[24] SOMLS Home sale statistics.

Chart 4.1

Existing Home Sales-Ashland/Jackson County



Section V - Housing Needs

Projecting Ashland's Housing need

Section III looked at housing and economic trends that effect housing demand in Ashland. Section IV evaluated the existing housing stock targeted to various demographic groups within the population. This section will assess the City's housing stock based on the current needs and those likely to persist or arise into the future. Section I, makes the distinction between housing need and housing demand. Housing demand is housing that the market built or is likely to build in the future. Housing need is based on the broad mandate of Goal 10 that requires communities plan for housing that meets the needs of households at all income levels. This section focuses on two specific need components: housing needs by housing type and density as implied by households' ability to afford housing, and the needs of special populations.

Methodology

The following analysis uses a methodology suggested by *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* produced by the Transportation and Growth Management Program (TGM). The steps outlined in that document have been followed where feasible. City staff also contracted with former State of Oregon Economist, Richard Bjelland, to update the Housing Needs Model he created for Oregon Housing and Community Services (OHCS) and which has been used as a basis for projecting housing needs throughout the state in numerous Housing Needs Analysis. The Housing Needs Model utilized a methodology based on housing tenure, price, and housing type choices to determine housing needs, rather than a market or demand driven approach which was commonly used to define housing needs for an area. Rather than looking at historic housing production trends then projecting them forward, the Housing Needs Model looks at the age/income demographic of a study area and projects those demographic trends into the future as the market driven method will show development trends, those historic trends may not have been meeting the housing needs of the population to begin with . Where needed data obtained from the Housing Needs Model was supplemented with data obtained from a City conducted survey of property owners and an online questionnaire, and census data comparisons.

Populations Projections

The components of population change are births, deaths, and migration. In compiling data on population rates for the city of Ashland four main sources of data were used. The Certified population counts provided by Portland State University's Population Research Center, the 2005-2010 American Community Survey 5-year estimates, 2010 Census, and the coordinated population estimates through Jackson County's Comprehensive Plan.

The primary indicator of future housing need is the projected population growth and the demographics of that population. The City's Comprehensive Plan projects an approximate population growth rate of 0.75% per year. This equates to approximately 187 new residents per year. Tables 5.1 and 5.2 below look at population change over the past two decades and compares the differences in the population projections between the PSU population Research Center and the U.S. Census data with the Comprehensive Plan Projections. The Census data from the twenty year period is in line with the City's comprehensive plan projections for population growth, while the PSU population counts based on the 2000 Census estimates a slightly (though not significantly larger) growth rate across the board. It is also clear from the tables below that the City of Ashland grows at a much slower rate than that of Medford or the County as a whole. If the trend continues into the next three decades then Ashland's population should grow by approximately 6,000 and be slightly below the 28,670 projected by the County's coordinated population estimate.

Table 5.1

City	1990	2000	% Change 1990-2000	2010	% Change 2000-2010	Average Annual growth rate
Ashland	16,234	19,532	20%	20,078	2.8%	.79%
Medford	46,951	63,154	34.5%	74,907	18.6%	1.98%
Jackson County	146,389	181,269	23.8%	203,206	12.1%	1.29%

U.S.Census. Historic AAGR (average annual growth rate)

Table 5.2

City	Estimate July 1, 2010	Census April 1, 2000	Change 2000-2010	% Change 2000-2010	Average Annual growth rate
Ashland	21,460	19,522	1,938	9.9%	0.9%
Medford	77,485	63,687	13,798	21.7%	2.2%
Jackson County	207,745	181,269	26,476	14.6%	1.5%

PSU Population Research Center data estimate based on 2000 Census Data

Table 5.3

Age Groups	1990		2000			2010			Average Annual growth rate
	Population	% of total pop.	Population	% of total pop.	Percent Change from 1990	Population	% of total pop.	Percent Change from 2000	
Under 19	6,184	38%	4,775	24.5 %	14.6%	4,931	24.5%	3.3%	0.33%
20-24			2,314	11.9 %		1,885	9.4%	-18.5%	-1.85%
25-34	5,126	31.5%	2,174	11.1 %	-11.2%	2,248	11.2%	3.4%	0.34%
35-44			2,378	12.2 %		1,918	9.5%	-19.3%	-3.13%
45-54	1,545	9.5%	3,249	16.6 %	110%	2,694	13.4%	-17.1%	3.72%
55-64	1,146	6.9%	1,736	8.9%	51.5%	3,212	16%	85%	9.01%
65-74	1,279	7.8%	1,272	6.5%	-0.5%	1,562	7.8%	22.8%	1.11%
75+	955	5.8%	1,624	8.4%	70.4%	1,653	8.3%	1.8%	3.65%
Total population	16,234	100%	19,522	100%	20.3%	20,103	100%	3%	1.19%

U.S. Census Bureau

Age of Householder and age of projections

There is a direct correlation between age of householder, income of householder and housing type. For example, an individual 35 years old to about 65 years old earning area median and above is more likely to move from rental housing to ownership housing because that individual has the means to purchase housing and the ability to maintain that housing and live independently. Similarly, households that are considered moderate income and below (80% AMI) have higher rental rates due to an inability to purchase housing despite other factors including ability to maintain that housing and to maintain an independent lifestyle. Those populations considered elderly move from homeownership to renter as they lose the ability to maintain their housing units and an independent lifestyle.

As shown in table 5.3 above, the group represented by ages 25-44 in 1990 was the largest age group at 31.5%. A decade later that population counted toward the 45-55 age group, which grew in that ten year period by 110% accounting for the aging of the existing population, but also an in-migration of a substantial number of peoples in that age group. In that same period the City saw a distinct shift, from a population more evenly distributed between all age groups to a population more heavily populated by peoples in age groups of 45 years old and older. The last decade saw these age groups grow by double digits while younger age groups experienced little or even negative growth (-11.2 in the 35-44 age group). By 2010 nearly all age groups under 45 years old saw negative growth rates, with the exception of age groups under 19 years and 25 through 24. However, these age groups grew at a rate of less than one third of the overall annual average population growth, while age groups represented by 55-64 year olds grew at a rate nearly 10 times that of the general population. These projections show that the trend pointed out

in the 2002 HNA still bears out; though the Ashland population is growing at a steady (albeit slow) rate, this growth is not divided evenly across all age groups.

If this trend of aging households in Ashland continues into the future, housing addressing the needs of those populations 75 years old and older will need to be developed. Such as housing that accommodates aging in place and includes ADA accommodations. The housing needs of elderly populations could also require units with less square footage, fewer bedrooms and reduced landscape maintenance. Lastly, as householder's age, homeownership becomes less economically advantageous, elderly homeowners may opt to sell their homes and rent instead. These factors could increase the demand for rental housing as this segment of the population ages.

Theoretically, as older householders move out of existing single family units, the ownership housing freed up will serve as more affordable options for the next generations moving out of rentals and into homeownership. But if these population trends continue that may not be the case. For as those existing households age out of their current residences the population replacing them, those households 44 years and under, are showing growth rates below that of the general population and in some instances negative growth rates, which will lead to less demand for and a surplus of existing ownership units.

The population is projected to grow by 8,567 individuals over the next 30 years. The Housing Needs Model estimates that the City will need to add 2,657 new housing units to accommodate the increased populations. If the trends of the past few decades bear out, the majority of these new housing units will be targeted to older households.

Housing ownership by age of householder

The 2012 to 2022 Ashland School District Enrollment Forecast shows a long term trend of declining birth rates within the Ashland School district. Similarly the forecast shows a general declining population of younger households with children over the last decade and partially attributes this to an inability of young families with children to afford housing in Ashland.[25] The school district demographic report also cites low birth rates and in-migration of householders 45 years old and older as other factors which contribute to the general aging of the Ashland population and consequently the reduction in school district enrollment.[26] These trends point to an increasing percentage of ownership housing being occupied by older householders. It is clear in table 5.4 below that the two biggest factors in determining homeownership are income and age of householder. As household income increases among all age groups so too does the rate of homeownership. This is also true of age, showing older householders with the highest percentages of homeownership despite income.

[25] Ashland School District. Ashland School district Enrollment Forecasts 2009-10 to 2018-19. Portland State University Populations Research Center. December 2008, page 1.
[26] Ashland School District. Ashland School District Population and Enrollment Forecasts 2012-13 to 2021-22. page 12.

Table 5.4

Percentage of Homeownership by Age and Income, 2010 HNM

Household Income	Age of Head of Household						
	15-25	25-35	35-45	45-55	55-65	65-75	75+
<10K	2.9%	7.9%	16.0%	25.0%	43.0%	46.1%	40.0%
10<20K	3.6%	12.7%	25.0%	37.0%	47.0%	61.0%	56.2%
20<30K	6.0%	16.6%	36.0%	45.0%	54.0%	73.2%	67.1%
30<40K	7.9%	23.9%	48.0%	53.7%	60.0%	74.4%	70.1%
40<50K	10.8%	32.9%	58.1%	62.4%	80.0%	91.0%	84.0%
50<75K	22.5%	49.9%	72.0%	82.9%	88.6%	92.1%	91.2%
75K+	32.0%	75.0%	83.0%	92.0%	96.0%	97.0%	93.0%

Household Income

The Oregon Housing Needs Model Methodology states that "household income is the key variable in determining the affordability component of housing need and is strongly correlated with housing tenure". The Housing Needs Model estimates that there is currently a significant gap of housing units at price ranges affordable those with the lowest incomes and surplus of housing units affordable to those making above the area median income. Households who experience cost burden are more vulnerable and at a higher risk of homelessness. As seen in tables 5.4 and 5.5 age and income are the two biggest factors in housing choice. Table 5.4 above shows the relationship between age and income on homeownership rates; homeownership rates rise with increasing income and as householder's age. Whereas the relationship of age and income to rental units is the converse; as incomes and ages rise rental rates decrease.

Table 5.5

Percentage of Renters by Age and Income, 2010 HNM

Household Income	Age of Head of Household						
	15-25	25-35	35-45	45-55	55-65	65-75	75+
<10K	97.1%	92.1%	84.0%	75.0%	57.0%	53.9%	60.0%
10<20K	96.4%	87.3%	75.0%	63.0%	53.0%	39.0%	43.8%
20<30K	94.0%	83.4%	64.0%	55.0%	46.0%	26.8%	32.9%
30<40K	92.1%	76.1%	52.0%	46.3%	40.0%	25.6%	29.9%
40<50K	89.2%	67.1%	41.9%	37.6%	20.0%	9.0%	16.0%
50<75K	77.5%	50.1%	28.0%	17.1%	11.4%	7.9%	8.8%
75K+	68.0%	25.0%	17.0%	8.0%	4.0%	3.0%	7.0%

Income Projections

Household income is difficult to predict. Based on past trends, incomes are expected to increase (Median Household Income increased by 22.9% over the past decade).

Poverty Status

In 2000 12.5% of Ashland families, and 19.6% of all individuals lived below the federal poverty level. By 2010 those numbers have declined slightly to 11.5% and 18.8% respectively.

Household Size and composition

Household size within the City of Ashland has been decreasing slowly over the past two decades. Currently the average household size is estimated to be 2.08 persons per unit for owner-occupied households and 2.06 for renter households. The 2000 census estimated the average household size of owner-occupied units to be 2.30 and for renter occupied units to be 1.98. The average estimated household size for all housing types was 2.14. The Housing needs model uses a current household size of 2.119 and for forecasting purposes uses the same estimate.

The 2007 RNA conducted property interviews with five property managers and from that information and the information gathered from a needs analysis conducted concurrently, Ferrarini and Associates determined that the greatest need in Ashland at that time was for the development of more studio apartments followed by a need for a relatively modest number of one bedroom and three bedroom units. The analysis also showed that there was an oversupply of two-bedroom rental units. The following table is from that report and illustrates their findings.[27]

Table 5.6

City of Ashland Rental Housing Need by Unit Type RNA 2007

Type	Demand	Supply	Net Need
Studio	1,039	392	647
1 Bedroom	1,290	1,188	102
2 Bedroom	872	1,676	(804)
3+ Bedroom	900	846	54
Total	4,102	4,102	0

Source: US Census and Ferrarini & Associates[28]

An updated analysis of household size and type found much the same thing. There is a definite lack of studio units for the growing percentage of 1-person households among both renter and owner-occupied households, both of which grew at two and three times the rate respectively of the total populations of all renter and owner households. This could be attributed to three factors; the disproportionate growth of older households, a nearly 50% reduction in the number of 1-room dwelling units between 2000 and 2010, and the disparate increase in one and two person households. One factor that is estimated to have a substantial impact on the housing market is the steep decline of all owner occupied households larger than two individuals. These findings were further substantiated in the property owner and manager questionnaires sent out by

[27] City of Ashland Rental Needs Analysis. Ferrarini & Associates, Inc 2007.
[28] Ibid.

the City in early 2012 which showed that studios were most in demand, while two bedrooms were in least demand.

Table 5.7

Housing Units by Room Size					
Rooms	2000	% 2000	2010	%2010	% Change
1 Room	493	5.4%	247	2.4%	-49.9%
2 Room	692	7.6%	515	5.0%	-25.6%
3 Room	870	9.6%	1,252	12.2%	43.9%
4 Room	1,856	20.5%	2,043	20.0%	10.1%
5 Room	1,822	20.1%	2,168	21.2%	19%
6 Room	1,498	16.5%	1,601	15.7%	6.9%
7 Room	827	9.1%	1,387	13.6%	67.7%
8 Room	624	6.9%	521	5.1%	-16.5%
9 or More	389	4.3%	469	4.8%	20.6%

U.S. Census Bureau

Table 5.8

Owner Occupied Units by Household Size					
HH Size	2000	2000%	2010	2010%	% Change
Total	4,456	100	4,856	100%	9%
1-person	1,117	25.1%	1,460	30.1%	30.7%
2-person	1,946	43.7%	2,212	45.6%	13.7%
3-person	647	14.5%	623	12.8%	-3.7%
4-person	532	11.9%	412	8.5%	-22.6%
5-person	157	3.5%	103	2.1%	-34.4%
6-person	45	1.0%	34	.7%	-24.4%
7 or more	12	0.3%	12	.2%	0%

U.S. Census Bureau

Table 5.9

Renter Occupied housing by household size					
HH Size	**2000**	**2000%**	**2010**	**2010%**	**% Change**
Total	4,081	100%	4,553	100%	11.6%
1-person	1,722	42.2	2,086	45.8%	21.1%
2-person	1,361	33.3%	1,336	29.3%	-1.8%
3-person	594	14.6%	646	14.2%	8.8%
4-person	262	6.4%	305	6.7%	16.4%
5-person	90	2.2%	118	2.6%	31.1%
6-person	33	.8%	41	.9%	24.2%
7 or more	19	0.5%	21	0.5	10.5%

U.S. Census Bureau

Table 5.10

Estimate of Rental Units Needed by Household Size and Type[29]					
Needs Analysis	**No. of HH**	**Studio**	**1 Bedroom**	**2 Bedroom**	**3+ Bedroom**
1-person	2,086	1,252	834		
2-person	1,336		601	601	134
3-person	646			291	355
4-person	305			31	274
5-person	118				118
6-person	41				41
7-person	21				21
Demand	**4,553**	**1,252**	**1,435**	**923**	**943**
Supply		255	1,506	3,647	4,822
Surplus/Deficit		**(997)**	**71**	**2,724**	**3,879**

U.S. Census Bureau

[29] Estimated household preferences based on percentages from the 2007 RNA-derived from Riley Research community survey. (60%-studio, 40% & 45%-1bdrm, 45%,40% & 10%-2bdrm, 10%,60%,90%&100%-3+bdrm)

Section VI - Baseline forecast of Housing Demand

This section concludes with a baseline forecast of housing demand. The baseline forecast represents our best estimate of how the market will perform over the next twenty years. The forecast assumes no changes in current City policy. In summary it is intended to provide a rough estimate of what the housing market will build in Ashland over the next twenty years.

The forecast relies on the County's coordinated population forecast as its foundation but also utilizes assumptions about average household size, persons in group quarters, and housing trends from a variety of sources including prior year's census information and the Housing Needs Model.

Table 6.1

Table 6.1-Baseline forecast of Housing Demand 2010-2040			
Variable			**Value**
	Current	Future	Change
Population	20,078	28,670	8,492
Persons in Group Quarters	961	1,450	489
Occupied DU	9,409	12,962	3,553
Single Family Dwelling Units			
Percent Single Family DU	71.9%	73.9%[30]	
Number of Single Family DU	7,356	9,591	2,235
Persons in single family HH[31]	14,933	20,141	5,208
Aggregate Vacancy Rate	2.5%		
Total New Single Family needed			**2,235**
Multiple Family Dwelling Units			
Percent Multi-Family DU	26.6%	25.5%	
Number of Multiple-family DU[32]	2,720	3,311	591
Persons in Multiple-Family HH	5,522	6,985	1,463
Aggregate Vacancy Rate	2.5%		
New Multiple-Family DU			**591**
Totals			
Total occupied dwelling units	-		
Aggregate HH size	2.03	2.1	
Vacant dwelling units	-	583	
Total new Dwelling units needed	-	2,657	
Dwelling units needed annually			88.6

Table 6.1 is a baseline forecast of housing demand. That is to say that the table extrapolates the housing mix that would occur in the future based on past trends and market demand. The

[30] Future projections based on 2009ACS units by tenure and HNA Template 2-projected future housing status as of 2040.
[31] Persons in household is calculated using aggregate household size per 2006-2010 ACS, the occupancy of the unit is not determined to be either rental or ownership households.
[32] Ibid.

forecast utilizes data from two sources; the 2010 Housing Needs Model (which uses the county coordinated population projection) estimates for housing occupancy, household size, and vacancy rate, and the 2007-2009 American Community Survey estimates of total population in occupied housing units by tenure by units in structure (see appendix). This projection is solely based on housing demand and past trends, and predicts what the housing market demand would provide in the next 20 year period. To base the housing needs of future populations upon historic trends would be to continue the inequities of the past into the future, and that is not the goal of this needs analysis. Instead, the needs analysis will use this baseline forecast to show how development trends within the city could be modified in order to meet the needs of the population rather than the demands of the private market.

Housing needs by type and density

We begin our analysis of housing need by reviewing the housing needs identified in the City's 2002 HNA. The results show some profound differences between identified need by type and permits issued by type. The number of single-family permits issued in the decade between the last HNA and this current effort shows that the number of Single Family units continues to be developed at a rate nearly double that of multi-family.

The 2002 study identified needed housing for the 20-year period between 2000 and 2020. At this point, the City is one-fifth of the way through that planning period. While some differences between identified need and what housing has been built can be explained by the cyclical nature of the housing market, the development of the most needed housing types, low-cost ownership and affordable rentals, have a decreased margin of return when compared to the development of market rate housing. The City could explore more creative funding sources including alternative public- private funding and tax credits. In Summary, the City is continuing to fall short of providing needed housing types as identified in earlier studies.

The baseline forecast is a forecast of housing demand. Other data presented in Section III, suggest that the market has not been meeting the housing needs of many Ashland residents and workers, as the increase in housing and transportation costs have continued to outpace increases in wages. In summary, the financial need is substantial and a large deficit of lower cost units exists several points should be kept in mind when interpreting this data:

- Because all of the affordability guidelines are based on median family income, the percentage of households meeting the income criteria are comparable in all jurisdictions. For example, 36% of households earn 80% of the area median income. Thus, the income guidelines provide a rough estimate of financial need and may mask other barriers to affordable housing such as move-in costs, competition for housing from higher income households, and availability of suitable units.
- The ratios applied in the HUD income guidelines are defined such that somewhere around 40% of households will always be considered low income. Ashland will add

more than 8,492 households between 2010 and 2040. Assuming 36% of these new households are considered low-income by HUD, about 3,057 of these new households will be low-income.

Table 6.2

Rental Units needed by Type			
Type	**Demand**	**Supply**	**Net Need/Surplus**
Studio	1,252	255	-997
1-Bedroom	1,435	1506	71
2-Bedroom	923	3647	2,724
3+ Bedroom	943	4,822	3,879

Housing Affordability

The standard measure of affordability as defined by the U.S. Department of Housing and Urban Development (HUD) is when the cost of rent and utilities (gross rent) is less than 30% of income. When gross rent levels exceed 30% of income, particularly by a large percentage, it places a significant burden on household finances. Householders who pay more than 30% of their income toward housing costs are called "Cost burdened". Householders who pay more than 50% of their income toward housing costs are called "severely cost burdened". When households are housing "cost burdened" their ability to pay for the other necessities of life are compromised.

Historically a large percentage of renters in Ashland expend more than 30% of their income on housing costs. The 2009-2010 American Community Survey data showed that 63% of renters in Ashland were cost burdened, of the 4,313 renter households in Ashland 2,714 pay more than 30% of their income toward housing costs. This is a 10% increase in the number of renters who were identified as housing cost burdened by the 2000 Census at 56%. The Housing Needs Model estimates that the City needs 1,163 units targeting those with those lowest incomes, with rents below $195 a month, 1,166 units with rents between $195-422, and 243 units with rents between $423-655. It is expected that the City will have a surplus of all units with rents at $656 and above. The Housing Needs Model shows that the majority of the rental units will need to be targeted to those households earning 50% AMI and below. (See appendix)

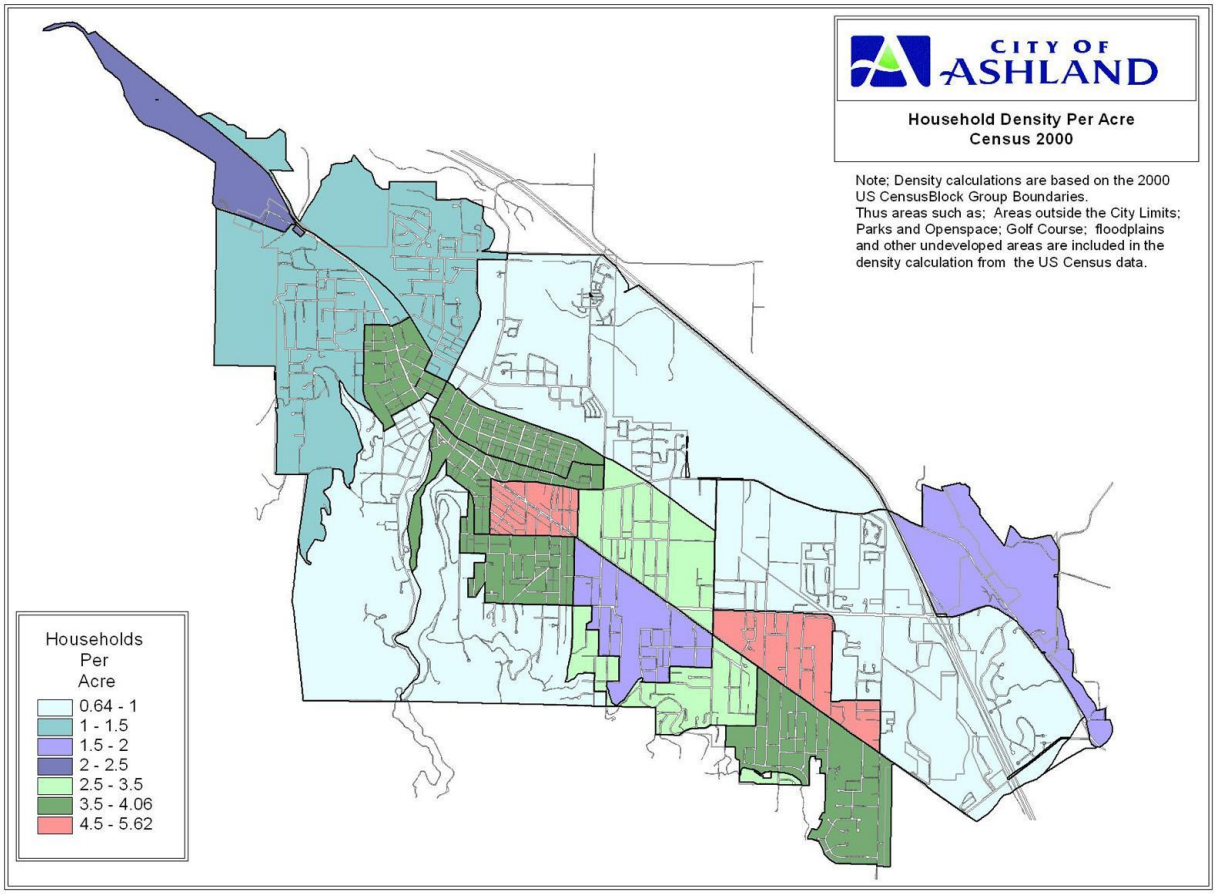
Homeowners experience less cost burden than renters, but there continues to be a deficit of housing for moderate to above median income households and a surplus of units targeting those earning $75,000 a year and above, which is less than 25% of the population. The Housing Needs Model estimates that the City will need; 402 housing units available under $72.3k, 950 units with

sale prices between $72.3k-110.1k, 916 units with sale prices between $110.1k-147.6k, 745 units with sale prices between $147.6k-185.3k, and 1,594 units with sale prices between $185.3k-279.3k. The majority of the ownership units will be targeted to those making the area median income to 120% of the AMI. The model assumes a surplus of units priced at $279.3k and above. (See appendix)

Housing Density

Figure 6.1on page 50, show housing density in terms of units per acre mapped by census block. The City is comprised primarily of land zoned for single family dwelling units. Due to the high cost of land in the City of Ashland, most developments maximize the allowable density. One exception is land zoned for multi-family development. Though there is more land zoned for single family development, land zoned for multi-family developments is often developed as single family attached due to market forces, high end multi-family developments such as condominiums and townhouses are more economically attractive to private market developers looking to maximize density and profits. This has made it difficult for non-profit and for-profit developers to construct affordable and market rate multi-family rental complexes which were shown to be the housing type most in demand by the 2007 RNA. Similarly many of the existing affordable and market rate units are HUD expiring use properties, once the HUD contract has expired the rental units can convert to market rate rentals or be condo minimized.

Figure 6.1



The findings of the Housing Needs Model and an analysis of income and housing cost indicate that:

- Without a significant down payment a median income household cannot afford to purchase a median cost home in Ashland.
- The largest dwelling unit gap exists for households earning less than $10,000 annually.
- The city needs approximately 803 additional units costing less than $200 per month. These units fall in the category of government assisted housing.
- Only 232 owner-occupied units in Ashland are valued, under $110,000 or about 4.5% of all owner occupied units. The small number of owner-occupied units valued under $110,000 limits ownership options in Ashland for households earning less than $40,000 annually.

In summary, the evaluation of housing mix, density, and affordability suggests that the City should plan for a larger share of multiple family housing, and for a greater number of single family housing types on smaller lots. Housing tenure remained fairly constant at 52% and 48%

respectively for owners and renters, though the ownership rate for Ashland is lower than that of the surrounding areas it is similar to other communities which contain universities.

Figure 6.2
Owner Occupied units by affordability

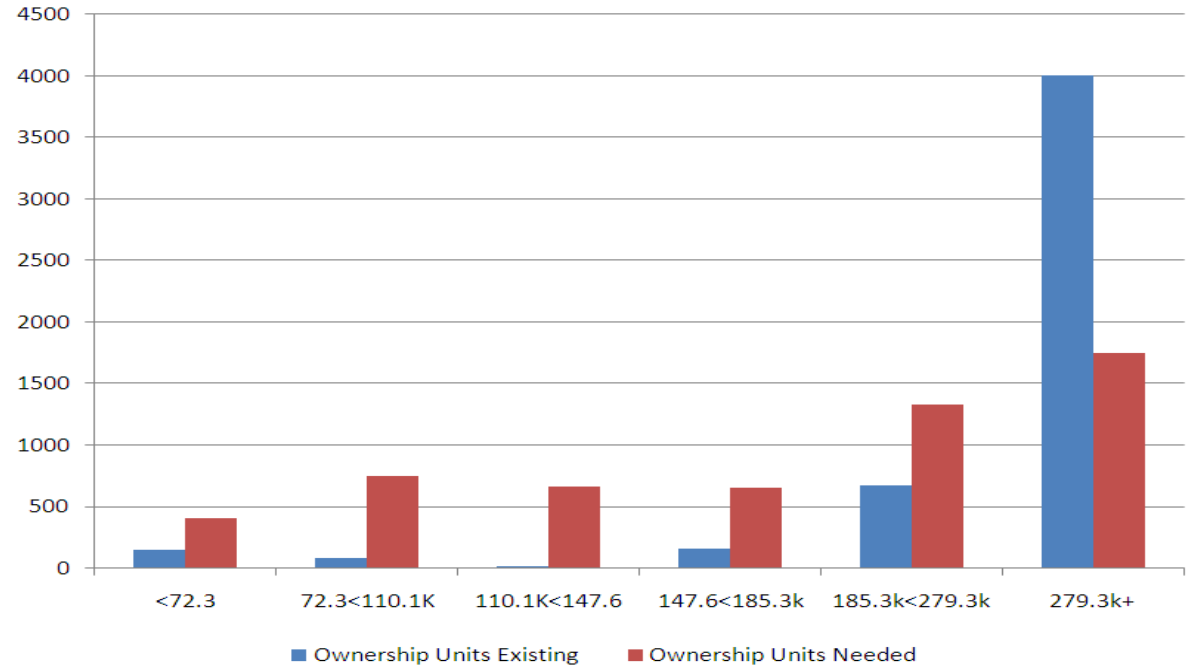
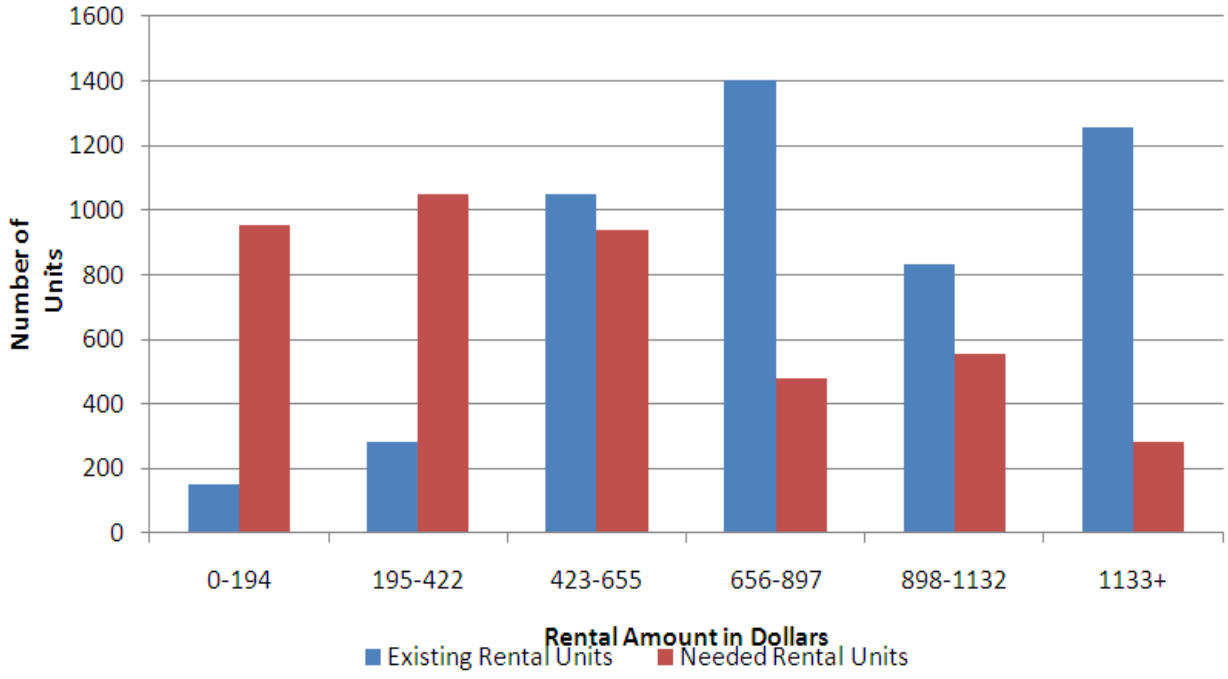


Figure 6.3
Rental Units needed by affordability



Housing needs of special populations

Oregon Housing and Community Services (OHCS) identify several "special populations" that have housing needs distinctly different than the general population. These include the frail and elderly, farm workers, peoples with disabilities, persons recently released from state institutions, and persons infected with the HIV virus, among others. The housing needs of these special populations are highly dependent on individual circumstances. It is not uncommon for the same individual to be classified into two or more of the categories. As such, it is very difficult to develop an estimate of the number and type of housing units needed to accommodate these special populations. In this section we estimate the number of persons with such disabilities and provide projections based on data provided by the 2010 Needs Analysis Priorities for Special Needs Populations compiled by OHCS.

Senior housing

The 2010 Needs Analysis Priorities for Special Needs Populations completed by OHCS to prioritize funding for new affordable housing units throughout the state looks at the number of housing units available to and the population of various special needs households by County. The OHCS Needs Analysis Priorities for senior housing is detailed in Table 6.3 below.

Table 6.3

Senior Housing vs. Population (Jackson County)				
Special Needs population	**Existing Units Available**	**Population**	**% of Housing Available**	**Housing Gap**
Elderly	1,119	8,047	13.9%	6,928
Frail Elderly	8	919	0.9%	911

Section IV-Ashland's Housing Inventory, details the number of existing retirement and assisted living units within the City. The 2010 Housing Needs Model estimates that a total of 257 new units will need to be added to the City's existing stock to house populations' ages 65 years old and older. Of those units 83 rentals and 174 ownership units will be needed to accommodate the housing needs of seniors.

Special needs housing

The 2010 Needs Analysis Priorities for Special Needs Populations completed by Oregon Housing and Community Services to prioritize funding for new affordable housing units throughout the state looks at the number of housing units available to various special needs households by County. The OHCS Needs Analysis Priorities for Special Needs Populations estimates that there are very few housing units currently in existence throughout the county for people who could be categorized as having special needs. See table 6.4 below for details.

Table 6.4

Special Needs Housing vs. Population (Jackson County)				
Special Needs Population	**Existing Units Available**	**Population**	**% of Housing Available**	**Housing Gap**
Alcohol & Drug Rehab	54	4,440	1.2%	4,386
Chronically Mentally Ill	47	2.842	1.7%	2,795
Developmental Disability	44	794	5.5%	750
Domestic Violence	33	170	19.3%	137
Farm workers	77	3,735	2.1%	3,658
HIV/AIDS	4	136	2.9%	132
Physically Disabled	44	497	8.9%	453
Released Offenders	0	194	0.0%	194

As seen in the table above there is currently a significant housing gap to serve special needs populations. If a proportionate percentage of the population were to be extrapolated forward to the 2040 population projection for the County, peoples with special needs would be an estimated 6.3% of the County's population or 11,031 people. As the population increases it is evident that the number of housing units available to serve populations with special needs will continue to fall far short of the need for such housing unless a concerted effort to develop housing is encouraged.

Housing Stock available to persons with Disabilities

Census data reports that 2,379 people five years old and older with disabilities resided in Ashland in 2000. Peoples with Disabilities made up 12.8% of the population at that time. The 2010 Census and the 5-year American Community Survey estimates do not provide updated information about peoples with disabilities. However, as the City of Ashland has a greater percentage of the population which is 50 years old or older it can be expected that as the population ages housing that meets the changing needs of the population will need to be provided. Currently the extent of housing stock available to peoples with disabilities is not known. However four complexes representing 148 units dedicated as affordable housing for seniors and peoples with disabilities are identified on the preservation property list and which are nearing the end of their designated term of affordability. .

Housing Stock available to persons with HIV/AIDS

Information on the housing stock available for persons with HIV/AIDS is currently unavailable for the Medford/Ashland MSA. State of Oregon department of health services records show that there are 149 people with HIV/AIDS living in Jackson County.[33] The number of people with

[33] State of Oregon, Department of Health Services Website: http://www.oregon.gov/DHS/ph/hiv/data/docs/Livingcounty.xls

HIV/AIDS living within the City of Ashland is not known. Consequently, the City does not prioritize or track the development of housing stock available to persons with HIV/AIDS.

Homeless Needs

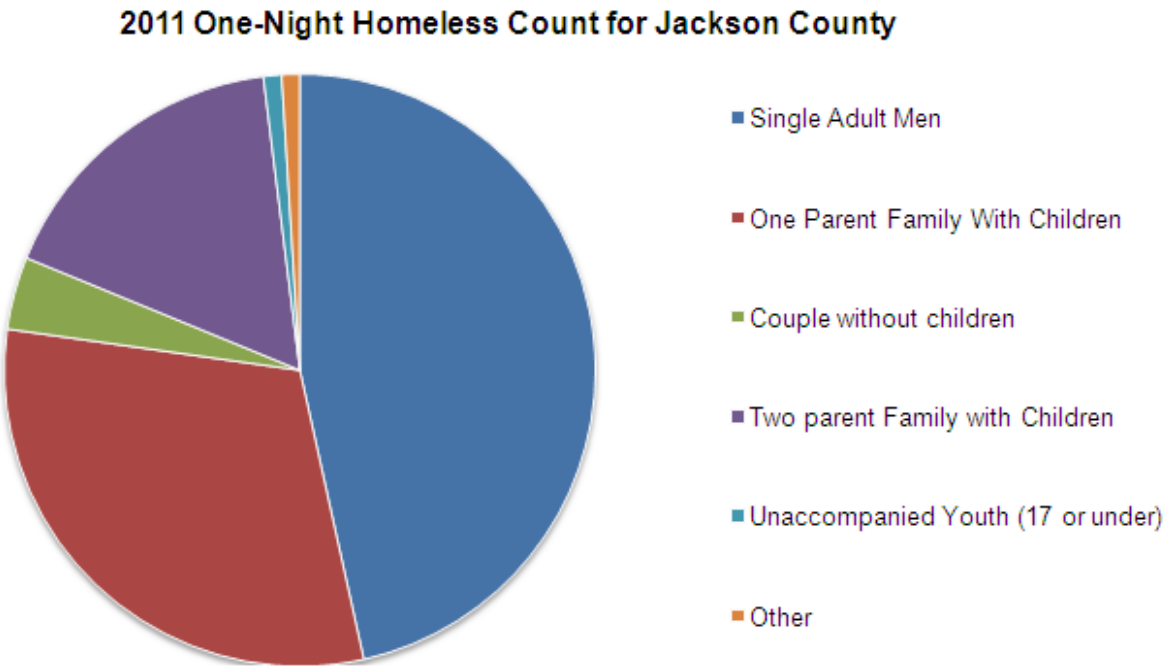
It is estimated that in 2008, 1 in every two hundred people in the state of Oregon was homeless. Data from the Point in Time homeless Count conducted across the State of Oregon and throughout the U.S. in January 2008 showed that Oregon has the highest concentration of homeless people of any state at .54 percent or 20,653. The 2011 Point in Time homeless count for Jackson County totaled 1,049 people. Totals are not broken out per jurisdiction but are for the entire Continuum of Care region. Of the 1,049 respondents 39% identified themselves as chronically homeless (continuously homeless for a year or more or had at least four episodes of homelessness in the past three years), 48%, or 502 respondents were families with children. The majority of the respondents 26% cited "couldn't afford rent" as the reason for leaving their last living arrangement.

Ashland School District

An article published in the *Ashland Daily Tidings* reported on a rise in poverty in rural areas. Specifically, the article cited dramatically increased poverty rates among children in areas deeply affected by the recession including Medford and Ashland.[34] The Ashland School District reported that for the 2010-2011 school year 84 children currently attending school within the district report being homeless. This number is up from 62 the previous year.

[34] Hammond, Betsy. "Rural Students most likely to live in poverty Some Southern Oregon districts see high rates." Ashland Daily Tidings 01 Dec. 2009.

Figure 5



Oregon Housing and Community Services receive federal and state resources to be used to support services for homeless populations. They include: Emergency Housing Account, Emergency Shelter grants, State Homeless Assistance Program, Shelter Plus Care, and Supplemental Assistance for Facilities to Assist Homeless. Additionally, under the Federal Continuum of Care program administered by HUD, local governments and agencies can apply for federal funding for programs and services to prevent and combat homelessness. The Jackson County Continuum of Care has been the recipient of McKinney Vento funds since 2000. The City of Ashland does not directly receive any funds to assist homeless persons or persons at risk of becoming homeless, and there is no longer a local organization that provides services to homeless populations; however City of Ashland residents can access available services, programs and funds through ACCESS, Inc. the regional Community Action Agency that serves Jackson and Josephine Counties. Similarly, many non-profit agencies that provide housing or support services for homeless populations are eligible to apply for funds through OHCS or through the Jackson County Continuum of Care.

In 2007, Interfaith Care Community of Ashland (ICCA), the sole provider of homeless services located within the City of Ashland at that time, closed its Ashland location and consolidated its operations to that agency's Medford office. Since the loss of ICCA the City passed an ordinance to set up an emergency shelter in times of inclement weather. Several local faith based

organizations and Peace House, a local non-profit, offer weekly hot meals, showers, and occasionally a place to sleep. Though there are limited local housing resources for the City's homeless populations, there are several organizations that provide emergency shelter, transitional housing, and other resources and supportive services for homeless individuals in Medford, but many of the City's homeless lack the transportation resources to get to those providers in Medford which is 19 miles away.

Rental units at price ranges affordable to those with the lowest incomes (>$10,000 a year) would serve to reduce homelessness. The 2010 Housing Needs Model shows this population has the greatest need for housing. It is known that households who experience cost burden, those who pay a disproportionate percentage of wages toward housing costs, are the most vulnerable, and have an increased risk for falling into homelessness. Similarly, individuals and families transitioning from homelessness often have little or no ability to pay housing costs. These individuals and families need housing that is either subsidized or extremely affordable in able to work toward stabilization and self-sufficiency.

Section VII - Meeting Housing Needs

Housing Distribution Strategy

In order to meet housing needs of the community over the planning period (Through the year 2040), some modification in the current distribution of housing that is being developed by the demand driven market will be required. The proposed modification is shown in Table 7.1 below.

Table 7.1

Housing Type Distribution						
Housing Type	Total Housing Units Needed in 2040	Estimate of Existing Units[35]	Future Needed/Gap	Final Target Distribution of Housing by Type in 2040	Current Approx. Distribution by Type[36]	Needed Distribution to meet future unit need
Single Family	8,913	7,356	1,557	65.80%	80.26%	45.50%
Manufactured DU in Park	325	154	171	2.40%	-	5.0%
Duplex Units	420	526	-106	3.10%	2.63%	N/A
Tri-Quad Units	569	530	39	4.20%	3.12%	1.1%
5+ Multi-Family	3,319	1,655	1,655	24.50%	13.99%	48.4%
Total	13,545	10,230	3,315	100%	100%	100%

This distribution modification is further exemplified by the 2010 Housing Needs Model outputs for unit type based on income and affordability. Based on Census data for income, the City needs many more low cost rental units, which are often multi-family units and government assisted housing units whether through tax-credits, loans, or subsidies in the form of project based or portable housing vouchers. The City has a deficit of ownership units below $279k. The Housing Needs Model shows a total deficit of 2,719 ownership units affordable to people making below $75,000 annually.

In order to achieve the desired distribution by 2040, the City will need to balance the development mix in favor of multi-family units over that of predominantly single family units which has historically prevailed. The City will need to substantially increase its stock of multi-family units in order to meet the desired distribution by 2040, skewing the development of such units beyond parity with the development of single family units to close the gap.

[35] From 2006-2010 American Community Survey.
[36] Number derived from Census Building Permit Data 2000-2011. See Appendix for details.

Table 7.2

Estimate of Income and Affordability - Housing Needs Model 2010			
Rentals/monthly rent	**Number of Existing Units**	**Current Needed Units**	**Current Surplus/Gap**
0-$194	152	955	-805
$195-422	283	1,052	-769
$423-655	1,052	940	112
$656-897	1,401	480	922
$898-1132	830	557	273
$1133+	1,258	283	975
Total	**4,976**	**4,266**	**710**
Ownership Unit Values			
<$72.3k	150	401	-251
$72.3k<110.1k	82	749	-667
$110.1k<147.6k	18	665	-648
$147.6<185.3k	160	656	-497
$185.3k<279.3k	676	1332	-656
$279.3k+	4004	1750	2255
Total Units	**5089**	**5552**	**-463**

Challenges and Potential Strategies

The following challenges and objectives are derived primarily from the City of Ashland Comprehensive Plan Housing Element. The goals and priorities outlined in the Comprehensive plan remain the guiding principles for housing policy within the community. The potential strategies contained in this section are offered as a menu of items for further consideration and are not conclusions of fact.

To the degree the 2010 Housing Needs Model projections accurately predict Ashland's future housing needs, then City may be faced with the following challenges over the next 20 years:

- How and where to zone and "protect" land for affordable rental and ownership housing as well as multiple-family housing at all levels.
- How to encourage developers to build what Ashland needs (by price/affordability), rather than the products they are comfortable building or which yield the greatest profit.
- How to continue to create and sustain Ashland's great neighborhoods.
- House to create a variety of housing types and incomes in neighborhoods.
- How to encourage effective partnerships to increase funding for low-income housing and provide responsive, coordinated and effective housing choices and service.

Challenge

To provide for the needs of the expected population growth in Ashland over the next 20 years and maintain a diversity of income, cultural, and age groups in Ashland's population, consistent with other plan goals.

Objectives

Strive to maintain a diversity of population groups in Ashland, especially if increased growth pressure leads to more expensive housing. Concentrate on population groups that are important to Ashland's character, such as students, artists and actors, employees of the city, school district, and college, service personnel who work in the tourism industry, hourly wage earners in local industries, and local residents who have not retired and live on fixed income. (Ashland Comprehensive Plan)

Potential Strategies

The City may consider ways to encourage;

- Rental housing at rates affordable to low to moderate income households,
- Ownership housing opportunities that are targeted to the 76% of the population that earns less than $75,000 a year,
- More housing types targeted to seniors and peoples with disabilities,
- More studios and one bedroom units,
- More multi-family housing types,
- Manufactured housing in parks and on single family lots.
- Work with affordable housing providers to apply for tax credits for low-income housing.
- Explore options for use of public property in support of workforce housing.

Challenge

To ensure a variety of dwelling types and provide housing opportunities for the total cross-section of Ashland's population, consistent with preserving the character and appearance of the city. (Ashland Comprehensive Plan)

Objectives

Conserve land and reduce the impact of land prices on housing to the maximum extent possible. (Ashland Comprehensive Plan)

Potential Strategies

- Encourage the development of vacant available lots within the urban area,
- Consider mixed uses wherever they will not disrupt an existing residential area,
- Support efforts for rehabilitation and preservation of existing housing and neighborhoods,
- Consider allowing and encouraging accessory apartments in new and existing, neighborhoods as an outright permitted activity in single family zones,
- Consider restricting the development of detached single family residential units in multi-family zones.
- Explore alternative public/private funding strategies such as tax credit or bond funding.
- Prioritize the retention of vulnerable properties through renewal of HUD/USDA funding.
- Explore vertical housing tax credits for mixed use developments.

Challenge

49% of homeowners with mortgages, 14% of homeowners without mortgages, and 63% of renter households spent more than 30% of household income on housing costs. The local economy does not provide wages that are commensurate with housing costs.

Objectives

In order to provide for the long-term self-sufficiency of Ashland's low- and moderate-income households, the issue of affordable housing must be addressed in a comprehensive manner. In addition to the land use related actions already identified, the following actions may help meet the objectives of decreasing the percentage of households who experience cost burden.

Potential Strategies

- Provide more economic opportunities for Ashland residents by improving the local economy and attracting more "family wage" jobs,
- Support efforts of affordable housing providers, including; the Housing Authority of Jackson County, Rogue Valley Habitat for Humanity, Access, Inc. Ashland Community Land Trust, and Umpqua Community Development Corporation. To provide affordable housing, financial assistance, and services to Ashland low and moderate income, elderly, and special needs households,
- Dedicate Community Development Block Grant funds as projects and needs arise,
- Work with employers to better understand the demographics and housing preferences of their workforce.
- Promote an urban form and transportation system that reduces household transportation costs.
- Remain award of federal and state legislation related to housing.

Conclusion

The identification of a set of land use policies that will lead to the development of more balanced housing inventory while achieving other community goals is difficult at best. Ashland however, is not the only community in Oregon, or the United states that is facing housing affordability problems. A considerable body of literature exists on land use policy and affordable housing that summarizes approaches that communities have used to address the housing affordability issue.

In general, communities should review policies to ensure that they do not create barriers to or exclude any housing types, and they reduce the cost of housing.

Below is a brief summary of some of the policy approaches that communities can consider to address housing affordability.

- Remove public policy barriers that impede the construction of needed housing, or efficient use of land. To the degree evidence is found that the market wants to build

needed housing types or densities but is kept from doing so by public policies, the City could review policies to amend or repeal such ineffective policies.

- Provide Incentives: Incentives are measures that increase the likelihood that developers will provide needed housing or use land efficiently as a result of reduced costs. To the degree that evidence is found that the market might be willing to build a certain type or density of housing, but there remains uncertainty about the success in the market place and/or current economic conditions for such development are less than optimal, the City may explore incentives likely to remove such uncertainty
- Explore cost reducing measures including costs of public services and facilities, development fees, and other processing costs. An example of a less commonly considered incentive includes working with neighborhood groups to address concerns. If successful, this can reduce costs of lengthy appeals to the developer.
- Review development standards? Lot size typically impacts the price of lots, the size of housing units allowed and the overall price of housing units.
- Evaluate minimum lot sizes and setbacks, maximum heights and lot coverage of all zones.
- Evaluate compatibility standards, particularly for multiple-family developments and infill sites.
- Evaluate incentives for the development of smaller units.

The public sector typically does not produce housing directly. Therefore, estimates of the likely effect of these measures should be qualified by some uncertainty about exactly how the private sector will respond. For example, if higher density requirements or mandatory design standards are perceived by the development community (designers, builders, lenders) as unprofitable or unmarketable, the desired housing may not get built in the community. For this reason, jurisdictions should seek a balance in adopting regulations and try to redirect, not stifle market forces that produce most of a community's housing.

Appendix

Table A-1

Housing demand /capacity comparison by unit type

	SFR	Multi-family	Totals
Existing Dwelling Unit Capacity (2010 BLI)	1469	1384	2853
Needed Units per Housing Gap Analysis through 2040	1557	1759	3316
Deficit by 2040	-88	-375	-463
Annual units needed through 2040	55.6	62.8	118.4
Total Year Supply	**26.4**	**22.0**	**24.1**

Table A-2

Future Needed Unit Distributed by Comprehensive Plan Designation

Comprehensive Plan	Net Buildable Acres	Existing Dwelling Unit Capacity (2011 BLI)	Dwelling Units by Type distributed into existing capacity	
			SFR	Multi-family
Airport	Per Airport Master Plan	0	0	0
Commercial	15.8	252	0	252
Croman Mill	62.8	340	0	340
Downtown	2	53	0	53
Employment	105.1	221	0	221
HC	1.4	15	0	15
HDR	8.9	162	0	162
Industrial	12.1	0	0	0
LDR	38.1	70	70	0
MFR	30.8	323	0	323
NM	17.7	118	100	18
SFR	214	875	875	0
SFRR	48	103	103	0
SOU	19.5	SOU Master Plan	0	0
Suburban R	42.3	311	311	0
Woodland	4.3	10	10	0
Totals	**622.8**	**2853**	**1469**	**1384**

Note: *Expected Dwelling Units* on Commercial and Employment Lands have been reduced by 50% from what would be permitted as such units are not required.

Table A- 3a
Housing Units by Type 2002-2011

Year Permit Issued	Mixed Use – above commercial	Multi-Family	Accessory Residential Units	New Condominium Units (not including mixed use)	Group Homes
2002	3	-	-	-	**30 (SOU)**
2003	2	-	-	-	
2004	2	-	-	-	
2005	4	26	6	8	
2006	22	5	4	48	
2007	13	2	2	7	
2008	9	2	8	0	
2009	0	1	1	0	
2010	0	60	4	0	
2011	3				**209 (SOU)**
Total	**58**	**96**	**27**	**63**	**239**

Table A-3b

Units per Year by Type 2002-2011 Data on single family and multi-family development derived from Census data						
Year Permit Issued	Single Family	Multi-Family	Accessory Residential Units	Condominium Conversions	Group Homes	**Manufactured Homes**
2002	99	9	-	-	30 (SOU)	**1**
2003	125	64	-	14	0	
2004	103	55	-	4	0	
2005	128	43	6	22	0	
2006	47	57	4	34	0	
2007	52	11	2	8	0	**1**
2008	20	12	8	10	0	**0**
2009	25	1	1	0	0	**0**
2010	34	10	4	0	0	
2011	24	6	2	0	209 (SOU)	
Total	**657**	**268**	**27**	**92**	**209**	**2**

Table A-4

Comprehensive Plan	# of Parcels	Net Buildable Acres
Airport	9	Per Airport Master Plan
Commercial	52	15.8
Croman Mill	31	62.8
Downtown	17	2
Employment	114	105.1
HC	10	1.4
HDR	48	8.9
Industrial	6	12.1
LDR	83	38.1
MFR	115	30.8
NM	77	17.7
SFR	552	214
SFRR	27	48
SOU	19	19.5
Suburban R	50	42.3
Woodland	30	4.3
Totals	1240	622.8

Source: Table 3.3 from the BLI: Buildable acres: UGB & City Limits

Table A-5

Ashland's largest employers		
Business	**# of Employees**	**% of Population**
Southern Oregon University	Approx. 750	3.6%
Ashland Community Hospital	410	1.9%
Oregon Shakespeare Festival	398	1.9%
Ashland Public Schools	350	1.6%
City of Ashland	229	1.1%
Butler Ford	Approx. 160	0.7%
Pathway Enterprises, Inc.	130-150	0.6%
Ashland Food Co-Op	130	0.6%
Pro Tool	Approx. 100	0.4%
Linda Vista	Approx. 75	0.3%
Albertsons	72	0.3%
Plexis	Approx 70	0.3%
Safeway	65	0.3%
Town and Country Chevrolet	50	0.2%
Cropper Medical	50	0.2%
Bi-Mart	45	0.2%

Source: City of Ashland, Chamber of Commerce website: www.ashlandchamber.com.

Table A-6

Population Projections

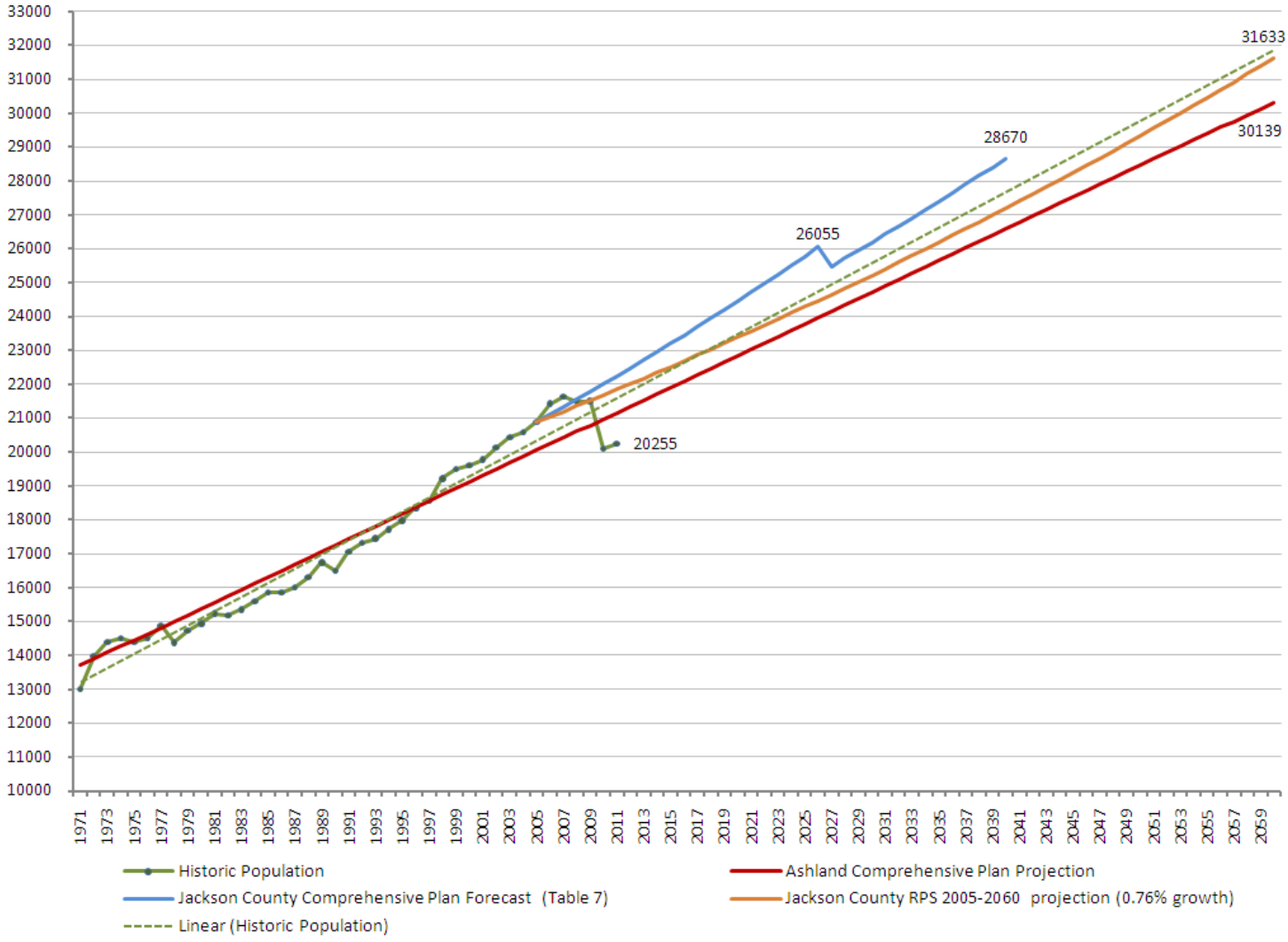


Table A-7

Housing Units Covered by the City of Ashland Affordable Housing Program				
Year Deed Restricted	**Number of Units**	**Period of affordability (in years)**	**Units that have expired or paid off**	**Affordability Trigger**
1992	5	20	5	SDC Deferral
1993	0	0	0	N/A
1994	14	20	8	SDC Deferral
1995	4	20	3	SDC Deferral
1996	6	0	6	N/A
1997	12	20	11	SDC Deferral
1998	14	20	13	SDC Deferral
1999	10	20	9	SDC Deferral
2000	9	20	6	SDC Deferral
2001	1	20	0	SDC Deferral
2002	1	20	0	SDC Deferral
2003	3	20	1	SDC Deferral
2004	19	20-99	1	SDC/CDBG/Condo Conversion/Land Trust
2005	8	20-99	0	SDC/CDBG/Condo Conversion/Land Trust
2006	19	20-99	0	SDC/CDBG/Condo Conversion/Land Trust
2007	12	20-99	0	SDC/CDBG/Condo Conversion/Zone Change/OHCS/Land Trust
2008	6	99	0	SDC/CDBG/Annexation/Land Trust
2009	8	99	0	SCD/Annexation/Land Trust
2010	9	60-99	0	SDC/Annexation/Land Trust/CDBG
2011	60	60	0	SDC/CDBG/Annexation/OHCS
2012	0	0	0	N/A
2013	6	60	0	SDC/CDBG/Annexation/OHCS
Total Units	**226**		**63**	
Total Units Remaining in Program				**163**