

CITY OF ASHLAND

Housing and Income Data

Excerpts from the City of Ashland Consolidated Plan 2005-2009 and 2002 Housing Needs Analysis

Housing Costs

As of the 2000 census, the median value of all owner-occupied housing in Ashland was \$188,400 – higher than the median value in Jackson County and higher than that of Oregon State. Monthly owner costs, with and without a mortgage, are shown below along with median household gross rent as of the census.

Housing Costs, 2000

Type of Cost	Ashland	County	State
Median value owner-occupied	\$188,400	\$140,000	\$152,100
Median monthly owner costs			
With mortgage	\$1,193	\$1,006	\$1,125
Without mortgage	\$367	\$281	\$303
Median gross rent	\$582	\$597	\$620

Source: US Census.

Housing costs have been escalating steadily in Ashland and in Jackson County. The median owner value of houses in Jackson County in 1970 was \$62,488. The number doubled in the next ten years, to \$128,994 in 1980, and has been climbing since.¹

Housing Costs have continued to appreciate in the double digits in Ashland. In 2003 The Ashland median home cost was \$285,300, and in 2004 the median home in Ashland sold for \$334,500. This represents an appreciation of 17% in a single year. During this same period Jackson County as a whole saw a 18% increase in housing costs. Talent, Ashland's nearest neighbor, had the highest housing cost increase in the county with a 39% change. Currently median value homes in Talent are \$247,900. Eagle Point had the next highest increase of 33%, followed by East Medford (21%), Phoenix (20%), Central Point (17%) and West Medford (17%). Thus the belief that Ashland's housing costs are going up disproportionately to the region are unfounded. The dramatic housing costs increases are occurring regionally although in terms of actual housing costs Jacksonville and Ashland remain approximately \$100,000 more expensive than neighboring communities.

Rental Costs and Vacancies

The median gross rent in 2000 was \$582, up 10% from the 1990 census. Recent low interest rates have made it possible for people who were paying high rents to buy – sometimes with the assistance of first-time homebuyer programs.

The 2000 census found the rental vacancy rate in Ashland was 4.7%. The 2001 *Ashland Railroad Property Master Plan* mentions the possibility of inclusion of affordable housing in the mixed-use area of the plan. The current low vacancy rates underscore the need to seriously consider affordable rental opportunities in housing planning.

¹ HUD SOCDS, based on US Census data adjusted for 1999 dollars.



HOUSING AFFORDABILITY

The cost of housing is generally considered to be affordable when it equals no more than 30% of household income, including expenditures for utilities. Escalating housing and utilities costs have forced many households to pay considerably more for housing than is affordable or even feasible. While housing costs are increasing, income is not increasing at the same rate. The following cost comparison was prepared by HUD using the 2000 census. (All costs are adjusted to 1999 dollars.) The table reflects a major drop in values in the 1980s and early 1990s caused, in part, by the impact of Federal environmental policies on the logging industry. It also demonstrates the significant increases in housing values that most communities in Oregon experienced in the late 1990s.

**Median Income and Housing Costs, Ashland
(1999 Dollars)**

Year	Median Income		Median Housing Measures	
	Household	Family	Gross Rent	Owner's Value
1970	\$16,669	\$37,692	\$421	\$62,488
1980	\$30,401	\$40,122	\$461	\$128,994
1990	\$31,680	\$43,246	\$510	\$140,087
2000	\$32,670	\$49,647	\$563	\$182,273
Change 1970-2000	96%	32%	34%	192%

Source: US Census, HUD.

From Table 20, it is evident that the increase in Ashland's median cost of housing between 1970 and 2000 exceeded median family and median household income during the same period. Median household income grew by 96%, median family income grew by 32%, median gross rent grew by 34% and the median owner's value (with considerable change) grew by 192%. While household income grew more than gross rent, it did not keep pace with the value of housing.

The following table shows the relationship between modest housing costs (Fair Market Rents set by HUD based on actual area housing costs) and the income required to afford that housing in the Medford-Ashland area. These estimates are prepared annually by the National Low Income Housing Coalition (NLIHC).

Housing Costs and Income, Medford-Ashland Area

Housing/Income Factor	Number of Bedrooms				
	Zero	One	Two	Three	Four
Fair Market Rent (FMR)*	\$440	\$523	\$657	\$956	\$984
Income needed to afford	\$17,600	\$20,920	\$26,280	\$38,240	\$39,360
Hourly wage required to afford (working 40 hours/week)	\$8.46	\$10.06	\$12.63	\$18.38	\$18.92
Hours per week at minimum wage (\$7.05) in Oregon	48	57	72	104	107

*HUD 2004 FMR.

Source: National Low Income Housing Coalition. (2004). *Out of Reach 2004: America's Housing Wage Climbs*.

The estimated annual income of renter households in the Medford-Ashland area in 2004 was \$28,584. If a household did earn that amount, it would have been able to afford a 2-bedroom unit (at 30% of their income) at a cost of \$714 – just a little more than the Fair Market Rent for that 2-



bedroom unit. However, half of all renter households would not be able to afford this unit. A person earning minimum wage in Oregon would have to work 72 hours a week for the unit to be affordable. Even two members in the household working full-time at minimum wage would barely be able to afford the cost of the two-bedroom unit.

The National Low Income Housing Coalition determined the “housing wage” in the Medford-Ashland area to be \$12.63 an hour. This is the amount a full-time (40-hour per week) worker would have to earn to afford a 2-bedroom apartment at the area’s fair market rent. That is 179% of minimum wage.

The Area Median Income in the Medford-Ashland area in FY 2005 was \$52,100. Clearly, housing becomes less affordable as income falls. The following are designated low-income levels and the corresponding income for a family of four in relation to the 2005 AMI.

2005 Low Income Ranges and Affordable Housing Costs Medford-Ashland Area

Definition	Percent of AMI	Income Limit	Maximum Monthly Housing Costs
Extremely low income	to 30% of AMI	\$15,650	\$392
Very low income	to 50% of AMI	\$26,050	\$652
Other low income	to 80% of AMI	\$37,500	\$938

Notes: HUD estimated AMI (Area Median Income) for the Ashland/Ashland area was \$52,100 in 2005.

Source: HUDUSER, *HUD FY 2005 Income Limits*, February 2005.

Extremely low-income households (those with incomes at or below 30% of area median income) are hard-pressed to find housing they can afford, are more likely to live in unsuitable housing or in overcrowded conditions, and are at risk of homelessness. Meeting the cost of housing leaves little for child care, medical insurance or basic health care, adequate food, and other necessities.

Jobs have been shifting from goods production, with relatively higher wages, to service sector positions, with relative lower wages. For example, the average wage in Jackson County in 2003 for persons working in retail food and beverage stores (2,053 people) was \$20,491 a year. The average gas station wage was \$14,290, one of the lowest paying jobs. People working in nursing and residential care facilities earned on average, \$18,465 a year in the County. The average local government job (over 7,000 employees) paid \$32,698 a year.²

The Table, Budgeting for Poverty in the United Stated (next page) illustrates how difficult it is for the lowest income households (those living in poverty) to budget for daily expenses. This was taken from an analysis of national costs and expenditures prepared by the Catholic Campaign for Human Development.³ The budget starts with an annual income of \$18,810 per year – a national figure for a household of four living in poverty in 2004. As the table shows, families living in poverty have insufficient income to meet their daily living expenses.

² Oregon Labor Market Information System (OLMIS). *Jackson County 2003 Covered Employment and Wages Summary Report*.

³ www.usccb.org/cchd, 2005.



Budgeting for Poverty in the United States, 2004

Item	Source	Amount
Annual Income (for a family of 4 living in poverty)	US Census, <i>Current Population Survey, Annual Social and Economic Supplement</i> , 2004.	\$18,810
Rent	DOL, Bureau of Labor Statistics, <i>Consumer Expenditures Survey</i> , February 2004	-5,274 \$13,536
Utilities	DOL, Bureau of Labor Statistics, <i>Consumer Expenditures Survey</i> , February 2004	-2,350 \$11,186
Transportation	DOL, Bureau of Labor Statistics, <i>Consumer Expenditures Survey</i> , February 2004	-4,852 \$6,334
Food	DOL, Bureau of Labor Statistics, <i>Consumer Expenditures Survey</i> , February 2004 (assuming food stamps for the majority)	-4,815 \$1,519
Health Care	DOL, Bureau of Labor Statistics, <i>Consumer Expenditures Survey</i> , February 2004 (assumes health insurance through employer)	-793 \$726
Child Care	US Dept. of Agriculture, Center for Nutrition Policy and Promotion, <i>Expenditures on Children by Families</i> , April 2004 (assumes subsidy of $\frac{3}{4}$ of real cost)	-2,030 \$-1,304

Source: Catholic Campaign for Human Development, *Poverty USA*, 2004.

The expenditures noted above assume a substantial subsidy in the form of food stamps and child care as well as employer-paid health insurance. The list leaves out toiletries, school supplies, shoes, clothes, holiday gifts, education, life insurance, furnishings, recreation, cleaning supplies, entertainment, birthdays, and other expenses.

Affordability Mismatch

Comparing the cost of housing and the ability of households to meet the cost is one measure of mismatch in supply and demand. Another is the actual allocation of those units. Units are not generally allocated on the basis of need – even if units are rented or sold at a price affordable to low-income households, households with low incomes are not necessarily occupying the units.

Using the 2000 census, HUD provided an analysis of the availability of units priced within range of low-income households and compared that with the income of the occupants. Just under half of the rental units within the appropriate affordability range for extremely low-income households were actually occupied by households with incomes in that range in 2000: there were 400 rental units with rents affordable to households with incomes at or below 30% of Area Median Income. Of those units, 48% were occupied by households with incomes in that range. The remainder was occupied by households with higher incomes. Within the low- to moderate-income range, 69% of the units were occupied by households with the appropriate affordability range.

Far fewer owner-occupied units were actually available and occupied by households within the appropriate income ranges. There were no owner-occupied units valued within range of households with incomes at or below 30% of Area Median Income. There were just 220 units with values within range of households with earnings below 50% of AMI, and just 46% of those were actually occupied by households with incomes below 50% of AMI. The others were occupied by households with higher incomes.



Affordability Mismatch, Ashland 2000

Housing Units by Affordability	Rentals	Owned*
Rent/price affordable at <30% AMI		
Units in price range	400	N/A
Occupants at <30% AMI	48%	N/A
Vacant units for rent/sale	14	N/A
Rent/price affordable at 31%-50% AMI		
Units in price range	659	220
Occupants at <30% AMI	69%	46%
Vacant units for rent/sale	73	0
Rent/price affordable at 51%-80% AMI		
Units in price range	2,305	96
Occupants at <30% AMI	69%	45%
Vacant units for rent/sale	84	0

*Includes units for sale.

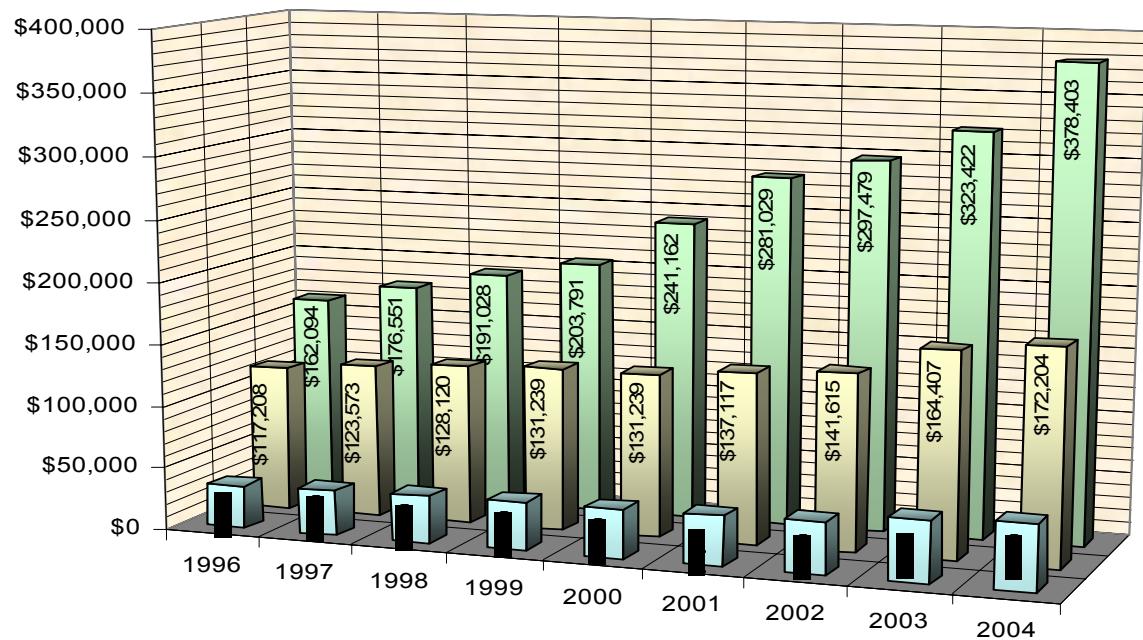
Source: HUD 2000 CHAS data.



The chart below demonstrates that a household earning the median income (100%AMI) can not afford to purchase a market rate home in Ashland. Given the high cost of housing many households earning median income (and up to 140%AMI) chose to look for housing ownership opportunities in other communities or are over burdened by housing costs. The chart further demonstrates that the disparity between increases in housing cost and wages creates a larger and larger barrier to ownership for households at Median Income. Given the difficulty of households with median incomes or greater face in purchasing housing it is obviously extremely difficult for the low- and moderate-income household to meet the cost of housing in our community.

Housing Cost compared to Median Income

Housing Cost - Income Comparison



■ Median Income (Family of 4)

■ Purchasing Power (Median Income family, spending 30% of household income on a 30 year loan with \$20,000 down at 7% interest)

■ Average Home Sales (median not available)

Average Home Sales Data provided by Roy Wright Appraisal Service;

Median Income from the Department of Housing and Urban Development for the Medford- Ashland Metropolitan Service Area



BARRIERS TO AFFORDABLE HOUSING

Ashland has seen a gradual increase in population in recent years as people relocate to the area, attracted by the mild climate and quality of life – often for the purpose of retirement. This influx of people, many with equity from sales of homes in other areas of the country in hand, has contributed to the rise in price of both land and housing in Ashland. This pressure provides less incentive for development of affordable housing, either on the periphery or in central Ashland. Although infill development of existing established neighborhoods will continue in the coming years, much of the new affordable housing development opportunities are anticipated to be met by undeveloped properties either on the periphery brought into the city through annexations, or through zone change applications and residential components of commercial development. Specifically the unincorporated area south of East Main Street between Walker Ave and Tolman Creek Road will provide a significant amount of housing over the next 20 years. Additionally areas that are zoned for employment such as the Railroad Property and Croman Mill site will accommodate a considerable amount of mixed use development.

A number of impediments to affordable housing were identified as part of the Housing Needs Analysis. Following is a summary of the implications of housing trends in Ashland:

- ***The number of affordable units in Ashland causes households to compete against each other for housing.*** This has important implications for those households in the lowest income groups. These groups are less able to afford housing and as a result, less able to compete for housing. Moreover, households with higher incomes can choose to live in housing below what is considered the maximum amount affordable to them.
- ***Land zoned for multiple family is being used for single family units.*** This is important because it reduces the amount of land available for higher density rental housing.
- ***Housing costs are forcing Ashland workers to live in other communities.*** People that live in communities other than the place they work are less likely to perceive a stake in the community. This has implications for many public services. It also increases the percentage of people that commute. Low-income households are less able to afford the transportation costs associated with commuting.
- ***Land price appears to be a decreasing factor in total housing cost.*** The ratio of permit value to land value has steadily decreased since 1990. In 1990, the ratio of permit value to land value was 1.42. This increased to 2.13 in 2001. Thus, while land is a factor in housing costs, other factors appear to have a greater influence on total housing cost than land alone. Land cost, however, is still a significant issue and is continuing to increase. The average assessed value of an existing vacant residential lot designated for single-family use in 2002 was about \$125,000, with a range between \$90,000 to \$600,000 depending on size and location.



- ***Housing costs may be contributing to reductions in School enrollment.*** While the data do not allow a direct correlation between school enrollment and housing cost, young families tend to have lower incomes than older families. The Census data underscore this trend: between 1990 and 2000, the number of persons aged 25 to 34 increased 4% and the number of persons aged 35 to 44 decreased 21%. During the same period, the number of persons between 45 and 54 increased more than 50%. In short, this implies that families are being forced to live in other communities. These demographic trends suggest school enrollments may decrease. Decreases in enrollments will lead to a corresponding decrease in school revenues since a portion of school revenues are allocated on a per student basis.

- Note: *The Enrollment Projection Update* completed by the Ashland School Districts in October 2002 underscores this point in several places within the report.

“Ashland, with the most expensive homes in southern Oregon, is losing families with children to neighboring communities and is likely to continue to do so (pg 20).”

“ Ashland is losing families with children to communities with more affordable housing. This trend, which has been evident for several years, is accelerating in tandem with skyrocketing property values – despite the city’s commitment to fighting it. Those moving to Ashland are primarily empty nesters, drawn by the high quality of life. They are coming with equity they have accumulated in even more expensive housing markets and they are driving prices up. The exodus of people in their prime child bearing years, combined with the aging of the American population, suggests that the City of Ashland may continue to grow and prosper while school enrollment declines.(pg 29)”

“Housing costs in Ashland have skyrocketed causing families with children to move to other communities (pg 38)”

- ***Housing costs may place greater demands on transportation systems and parking (i.e. with more people commuting).*** Data from the 1990 Census indicate that one-third of Ashland residents worked in another community. While data from the 2000 Census on commute patterns are not yet available, it seems unlikely that this figure would decrease. As stated previously, the rapid increase in housing costs is making it difficult for many households to find affordable housing in Ashland.
- ***Housing costs may limit economic development.*** The location decisions businesses make are based on a variety of factors. Community characteristics such as schools and housing cost are among those factors. High housing costs may place Ashland at a competitive disadvantage to other communities in the region.

