

Note: Anyone wishing to speak at any Planning Commission meeting is encouraged to do so. If you wish to speak, please rise and, after you have been recognized by the Chair, give your name and complete address for the record. You will then be allowed to speak. Please note that the public testimony may be limited by the Chair and normally is not allowed after the Public Hearing is closed.

**ASHLAND PLANNING COMMISSION  
STUDY SESSION  
AUGUST 28, 2012  
AGENDA**

- I. **CALL TO ORDER:** 7:00 PM, Civic Center Council Chambers, 1175 E. Main Street
  
- II. **ANNOUNCEMENTS**
  
- III. **PUBLIC FORUM**
  
- IV. **DISCUSSION ITEMS**
  - A. Draft Housing Needs Analysis
  - B. Business Retention and Expansion Survey Update
  
- V. **ADJOURNMENT**

**CITY OF  
ASHLAND**



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Community Development office at 541-488-5305 (TTY phone is 1-800-735-2900). Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title 1).

# Memo

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DATE: 8/28/2012

TO: Planning Commission

FROM: Linda Reid, Housing Program Specialist  
Brandon Goldman, Senior Planner

RE: Housing Needs Analysis Update 2012

## Purpose

This memorandum presents a summary of the methodology used to update of the City's Housing Needs Analysis (HNA).

Upon adoption, the updated HNA becomes a technical supporting document to the Ashland Comprehensive Plan and will provide a basis for future legislative decisions. The City of Ashland is not held to state planning requirements to undertake a periodic review of housing need as the Oregon Revised Statutes (ORS197.296) only applies to communities with a population of 25,000 or more. However, as a guide to providing for Ashland's current and future housing needs an updated Housing Needs Analysis, in combination with a Buildable Lands Inventory, is a useful tool in evaluating the appropriate distribution of units by housing type in consideration of changing demographics. Together these documents can be used to assist elected and appointed officials and staff by informing policy decisions with regard to population growth, housing development, economic development, redevelopment, annexation and overall growth management.

## Background

In 2002, ECONorthwest prepared a Housing Needs Analysis which detailed housing and demographic inconsistencies within the Current housing stock and projected future need based on the Oregon Housing and Community Services Housing Needs Model. In 2007 a Rental Needs Analysis was completed to assess the needed rental housing types based on demographic information about Ashland households including size, age, and incomes. This Rental Needs Analysis supplemented information in a Housing Needs Analysis. All of these studies attempt to project future land needs relative to the existing supply of land suitable for development.

## Methodology

The 2012 HNA, attached to this memo, aims to quantify projected housing needs through the year 2040, and compares those demographic needs with the currently available lands within the City's Urban Growth Boundary. This comparison provides the factual basis to answer the questions of *"how much residential single family and multi-family land is presently available?"*, *"how many residential dwelling units can be accommodated on Ashland's remaining developable lands?"* and, *"is there enough appropriately zoned land to accommodate Ashland's future population?"*

The HNA update was completed using the Housing Needs Model, which specifically links income characteristics to the need for various housing types by price, density, and location throughout the

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community. The Housing Needs Model used to derive future projections was initially created by the State of Oregon as a tool for communities throughout the state to ensure that projections of future housing needs were driven by the demographics of the study area as opposed to simply projecting past trends in housing production forward. The standard practice in Oregon had historically been to extrapolate forward the past 5 or more years in housing production as the basis for determining a region's future housing requirements. While this market or demand driven approach was commonly used to define the housing "needs" for an area, the true housing "needs" of that area's population may not have been addressed. Using the most recent US Census and American Community Survey data regarding age demographics, household sizes, household wages and incomes, and local housing prices (rental and ownership) are some of the inputs used in determining housing "needs" in this model. Local housing markets are frequently not a "perfect" market where the "demand" or supply is in equilibrium and balance with the "need". In many regions, the new housing supply is a function of what the local builders are inclined or able to produce, which may not be what the households in the region actually need or desire and can afford without being cost burdened.

The HNA uses this housing model as a starting point for projecting Ashland's housing needs to 2040. The HNA incorporates data from the 2011 Buildable Lands Inventory (BLI) and evaluates Ashland's housing need by type and price to available land designated by Zone within the City's UGB. This HNA has also utilized data from:

- The Housing Needs Model
- U.S. Census Data
- Analysis of current market conditions
- Community and property owner/manager questionnaire
- Population Data from Portland State University's Population Research Center
- Coordinated Population Projections from Jackson County
- Employment data from the Oregon Employment Department
- Housing and Development data from the City of Ashland and Jackson County
- City of Ashland 2002 Housing Needs Analysis & 2007 Rental Needs Analysis

Staff analyzed data from the aforementioned sources, used projections from the Housing Needs Model, compared them to historic development trends and suggested modifications based on the development mix needed to meet the future housing needs. Additionally, staff related the needed housing type and affordability projections to the potential number of dwelling units that could be accommodated on available lands within the existing UGB by zoning and Comprehensive Plan designation.

## Results

The 2012 HNA provides a projection of housing need based on past, current, and future demographic trends and relates the housing needs of those future populations to the reality of Ashland's available land inventory based on data from the BLI. The HNA then recommends strategies to achieve the desired outcome to meet projected future needs by housing type, tenure, and cost.

The August 28<sup>th</sup> Planning Commission study session is an opportunity to familiarize the Commission with the HNA update. An ordinance amending the Comprehensive Plan to include the HNA as a technical supporting document will be presented to the Housing and Planning Commissions at public hearings for review and recommendation in September and October respectively. The HNA and proposed ordinance will then proceed to the City Council for final adoption.

## Attached:

2012 Housing Needs Analysis Update  
Housing Commission Minutes, July 25, 2012



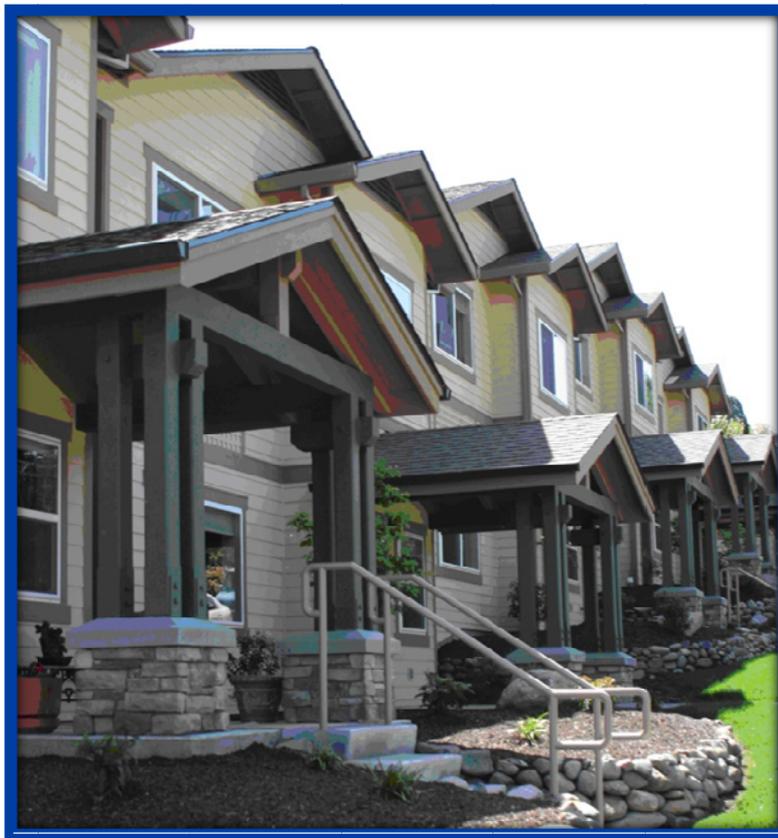
# CITY OF ASHLAND



## HOUSING NEEDS ANALYSIS

WORKING DRAFT August 28, 2012

2012



A Technical Supporting Document to the Housing  
Element of the City of Ashland Comprehensive Plan

Prepared by the City of Ashland Community Development Department

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# EXECUTIVE SUMMARY

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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. 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.

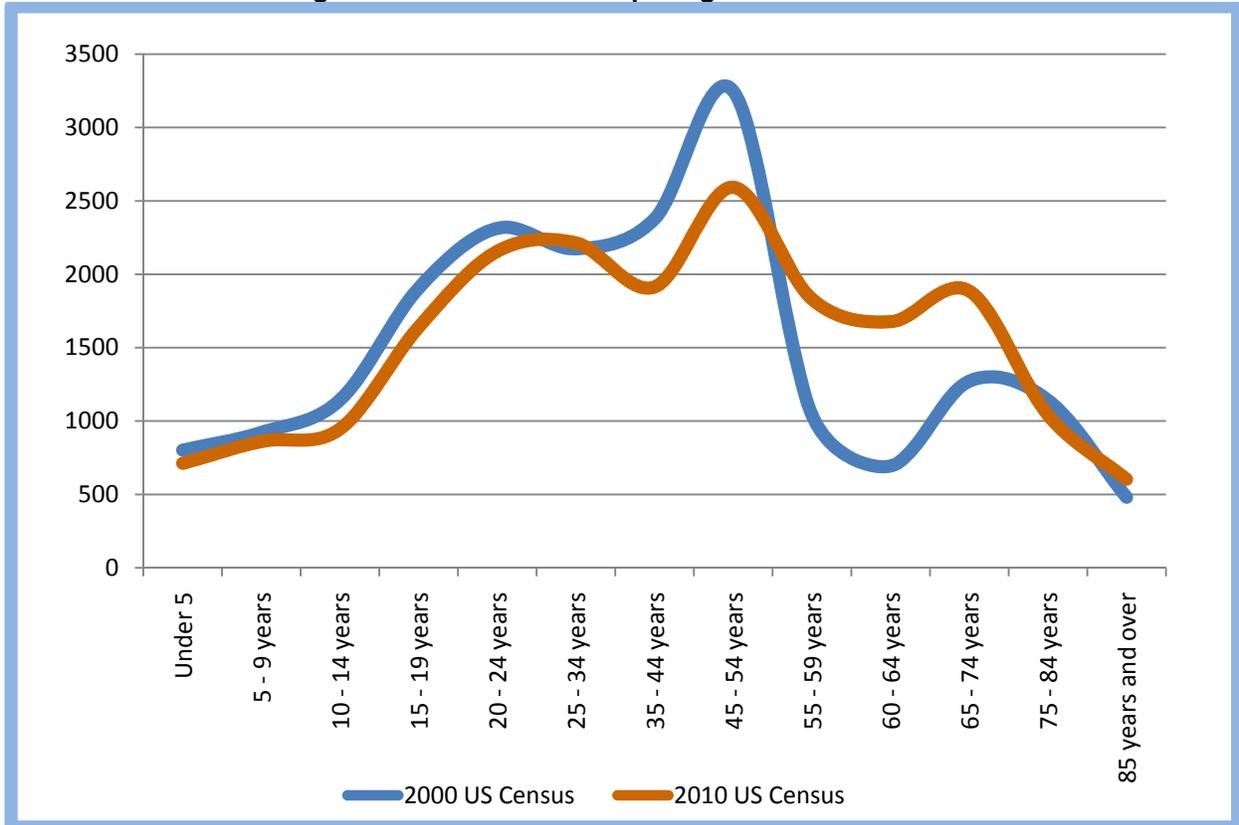
## Findings

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**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 with the exception of that age group of 85 years old and older.

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 (*Source: OREGON'S DEMOGRAPHIC TRENDS February 2010, State Office of Economic Analysis*) anticipates there will be 53% more elderly in 2020 than in 2010. 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. This regional rental/owners disparity could be affected by the presence of the University which increases the student age population that is typically in the market for rental housing, but also shows a greater demand for rental units 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:** Individuals employed in the fastest growing employment sectors in Ashland, services and retail jobs; do not make enough money to pay fair market rent in Ashland. However, this trend is not specific to Ashland; in general wages have been outpaced by housing costs since the 1980's.

**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 increased nearly 50% between 1998 and 2001 and have remained higher than the regional average:** Housing prices in the early part of the decade rose precipitously, and in 2001 this trend was just getting started. In 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 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, 85 housing units sold in Ashland in 2011 the average sales price was \$285,000.

**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 is clear that 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.

**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. 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:** The 2002 HNA found that only 9% of the building permits issued between 1990 and 2001 were for multi-family housing types. Between 2000 and 2010, 19.6% of all building permits issued were issued for multiple family units (two-family units to five or more). 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.

Implications of previous housing trends:

- The number of affordable units in Ashland causes households to compete against each other for housing.
- Land zoned for multiple-family is being consumed for single family ownership units such as townhomes and condominiums.
- Housing costs are forcing Ashland workers to live in other communities
- Housing costs may be contributing to reductions in school enrollment.
- Housing costs may place greater demands on transportation systems and parking (i.e. with more people commuting).
- Housing costs may limit economic development

## Recommendations

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Following is a summary of potential land use strategies for addressing key housing issues identified in the 2012 HNA.

***Encourage more multi-family housing:*** Promote policies that will increase the development of multi-family housing and provide more affordable rental housing and to meet the needs of the population. The 2002 HNA also recommended an increase in multi-family housing, and in the last decade the historic development of multi-family rental housing has continued to be insufficient to satisfy demand.

**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:** 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:* 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:

**Suggestion:** *Zone more land for small lot development.* The data show a strong correlation between lot size and housing value. The City could consider reductions in minimum lot sizes in certain residential zones, or could take an approach like the City of Corvallis, which requires a certain percentage of small lots (lots between 2,500 and 3,500 square feet) within subdivisions and planned unit developments.

**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.

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

**Suggestion:** *Reduce development fees for low-income projects:* The City should conduct a careful review of the components of housing cost and calculate the percentage of total unit cost that is a result of development fees.

## City Accomplishments

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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:

- Develop 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
  - Passed condominium conversion ordinance requirements that help preserve multi-family rental housing and affordable housing.
  - 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.
- Develop 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.
- Reduce 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,
- Develop 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 have been secured as affordable to low-moderate income households. This percentage equates to a total of 178<sup>1</sup> units secured as affordable over the last decade.

## Section I - Introduction

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The housing needs analysis serves as a background report to 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.*

### ***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; 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 policy discussions on housing needs.

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<sup>1</sup> See chart "Affordable Units per year" in Appendix D

## ***Purpose-Housing Need versus Housing Demand***

No one would argue that that everyone should have access to decent, safe and affordable housing, but what does that really mean? Historically the evolution of housing and the housing market have not always provided those basic elements of housing which many of us now take for granted. The market has not always had an incentive or a mandate to provide those basic elements nor was there always agreement on what constituted decent, safe, or affordable when applied to housing units.

- **Decent Housing:** The term decent housing speaks to the physical condition of housing units. Housing that lacks bathroom facilities, electricity, basic plumbing and heating and is free of open exterior holes or cracks, and infestation. 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.
- **Affordable Housing:** 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.
- **"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;.

## *Growth Management and Housing Affordability*

While state policy does not make a clear distinction between need and demand, it is instructive to make such a distinction based on housing policy:

**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. Thus, Goal 10 implies that everyone has a housing need. However standards defined 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.

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.<sup>2</sup>

The housing needs assessment contained in this report will be used by the City of Ashland Community Development Department and the Ashland Housing Commission to develop a set of 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

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<sup>2</sup> The Brookings Institute, 2002.

Housing Needs Model created by former Oregon Housing and Community Services Economist Richard Bjeeland. 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.

### ***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. Next the analysis will detail the City's existing housing inventory, its current gaps and surpluses with future housing need projections based on the data from the Housing Needs Model and reconcile those projections with existing and proposed land inventory. Lastly the needs analysis will propose possible policy options for insuring that the City meets the housing and land use needs of the population well into the future.

# Section II - Framework for the Needs Analysis-Community Context

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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. By the mid 1990's an alarming trend of elementary school closures swept the city as families moved away in search of living wage jobs and affordable housing in neighboring cities.

Jackson County has a retirement population that exceeds the state average.<sup>3</sup> 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.<sup>4</sup> 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, as mentioned above, the increase in retirement age residents and the high cost of living has created a situation whereby families are finding housing and/or employment elsewhere, which is having an impact on local schools.

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<sup>3</sup> Southern Oregon Workforce Housing Summit, February 2006, pg. 23.

<sup>4</sup> Population Research Center, Portland State University, Ashland School District Population and Enrollment Forecasts 2009-10 to 2018-19, (Demographer Report), December 2008, Pg. 7.

**Table 2.1**

<b>Ashland Population by Age Group<sup>5</sup></b>								
	<b>1990</b>	<b>% of total</b>	<b>2000</b>	<b>% of total</b>	<b>2008</b>	<b>% of total</b>	<b>2010</b>	<b>% of total</b>
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	<b>3,380</b>	<b>20.8%</b>	<b>7,881</b>	<b>40%</b>	<b>8,618</b>	<b>41%</b>	<b>6,427</b>	<b>32%</b>

### *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. These factors contributed greatly to a decrease in living wage jobs within the city, prompting many young families to seek employment elsewhere and lowering the median income of the area significantly. 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 individual 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.

<sup>5</sup>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<sup>6</sup> 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 tracts 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 account for 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.

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.<sup>7</sup>

<sup>6</sup> 2010 Census information at that level is not yet available.

<sup>7</sup> City of Ashland, Planning Department, Economic Opportunities Analysis 2007.

**Table 2.3**

<b>Household Income 2000-2010</b>				
	<b>Number of households (2000)</b>	<b>Percentage of households (2000)</b>	<b>Number of households (2010)</b>	<b>Percentage of households (2010)</b>
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%
<b>Median Income</b>	<b>\$32,670</b>		<b>\$40,140</b>	

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

### ***Employment***

Census counts estimate that 16,564 residents are over 16 years and over; 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.<sup>8</sup> 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."<sup>9</sup> Though all sectors of the economy have experienced severe job losses and contraction, the public sector, construction and the hospitality industry, three major employers 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

<sup>8</sup> 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.

<sup>9</sup> Recent Trends: Region 8, Guy Tauer, Published April 1, 2012, Oregon Employment Department, Worksource qualityinfo.org

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 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**

<b>Employment and Industry</b>				
<b>Industry</b>	<b>Ashland</b>	<b>Medford</b>	<b>Jackson County</b>	<b>State of Oregon</b>
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 as a whole and the State of Oregon 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 markets 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 business 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. The City of Ashland continues to experience issues with traffic congestion, pedestrian safety, and parking. The lack of housing which is affordable, accessible, and located near employment options continues to strain the city's resources and hamper its economic development. 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.”<sup>10</sup>

In 2011 the Ashland City Council Adopted an Economic Development strategy which was the result of an extensive public process guided by two sub-committees appointed by the Mayor and confirmed by the Council. The subcommittees consisted of representatives from the business community, economic professionals, regional and state economic development agencies and community stakeholders.

The Economic Development strategy identifies several strengths and weaknesses in the current economic environment. Namely, the City’s primary economic industry which once consisted of mill/factory work has been replaced by tourism. The nature of tourism in the region is seasonal and the wages are traditionally low.

Two factors stand out as having an adverse impact upon the potential for economic development in Ashland; housing affordability, particularly the lack of workforce housing and the limited land supply for industrial development.<sup>11</sup> The City adopted a Buildable Lands Inventory update in 2011 which has since determined that the current supply of developable commercial lands is greater than the land need projected by the EOA<sup>12</sup> (*Appendix Table A4*).

### ***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 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.

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<sup>10</sup> Southern Oregon Workforce Housing Summit, February 2006.

<sup>11</sup> Economic Opportunity Analysis for the City of Ashland, Eco-northwest, 2007.

<sup>12</sup> City of Ashland, Planning Department, Buildable Lands Inventory 2001, pg 11.

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. In other words, communities have an obligation 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 through 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-most do not. Moreover, external factors (e.g. interest rates, cost building materials, etc.) that bear upon local housing markets tend to undermine the effectiveness of such policies.
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# Section III - Housing Trends & Existing Conditions

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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
<b>Single-Family</b>	1159	1159	80.3%
<b>Two-Family</b>	19	38	2.6%
<b>Three and Four-Family</b>	14	45	3.1%
<b>Five or More</b>	30	202	13.9%
<b>Total</b>	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 type 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***

The City allows conversion of existing apartments to ownership units only in cases where 25% of the units converted are affordable and where the current residents have first right of refusal. The Affordable Housing Program parameters under resolution 2006-13 establish that rental apartments converted into condominiums are to be affordable at the 80% income level 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 63 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 care homes***

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 1272 beds. The university is currently in the process of building a new residence hall which is estimated to house over 800 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.

**Table 3.2**

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

**Table 3.3**

<b>Homeownership/Rental Rate Comparison</b>				
	% Renters 2000	% Owners 2000	% Renters 2010	% Owners 2010
<b>Ashland</b>	47.7%	52.3%	49%	51%
<b>Jackson County</b>	33.5%	66.5%	36.7%	63.3%
<b>State of Oregon</b>	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 a 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. Ability of a household to afford monthly rent or mortgage costs will, for the most part, also be the 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 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.<sup>13</sup> 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. 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 contribute to the large percentage of households experiencing cost burden.

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%.<sup>14</sup> This long term trend of housing 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.

### **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 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

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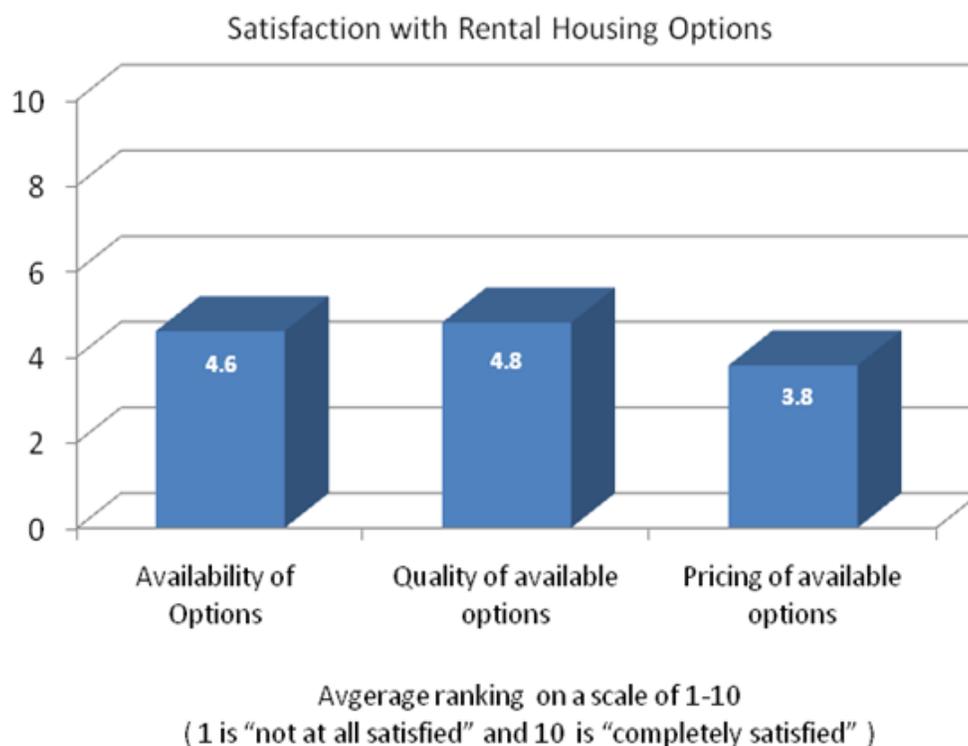
<sup>13</sup> 2006-2010 American Community Survey 5-Year Estimates and 2000 Census.

<sup>14</sup> Ibid.

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 answering the question posed, 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 3.1**



***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 Analysis, 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 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

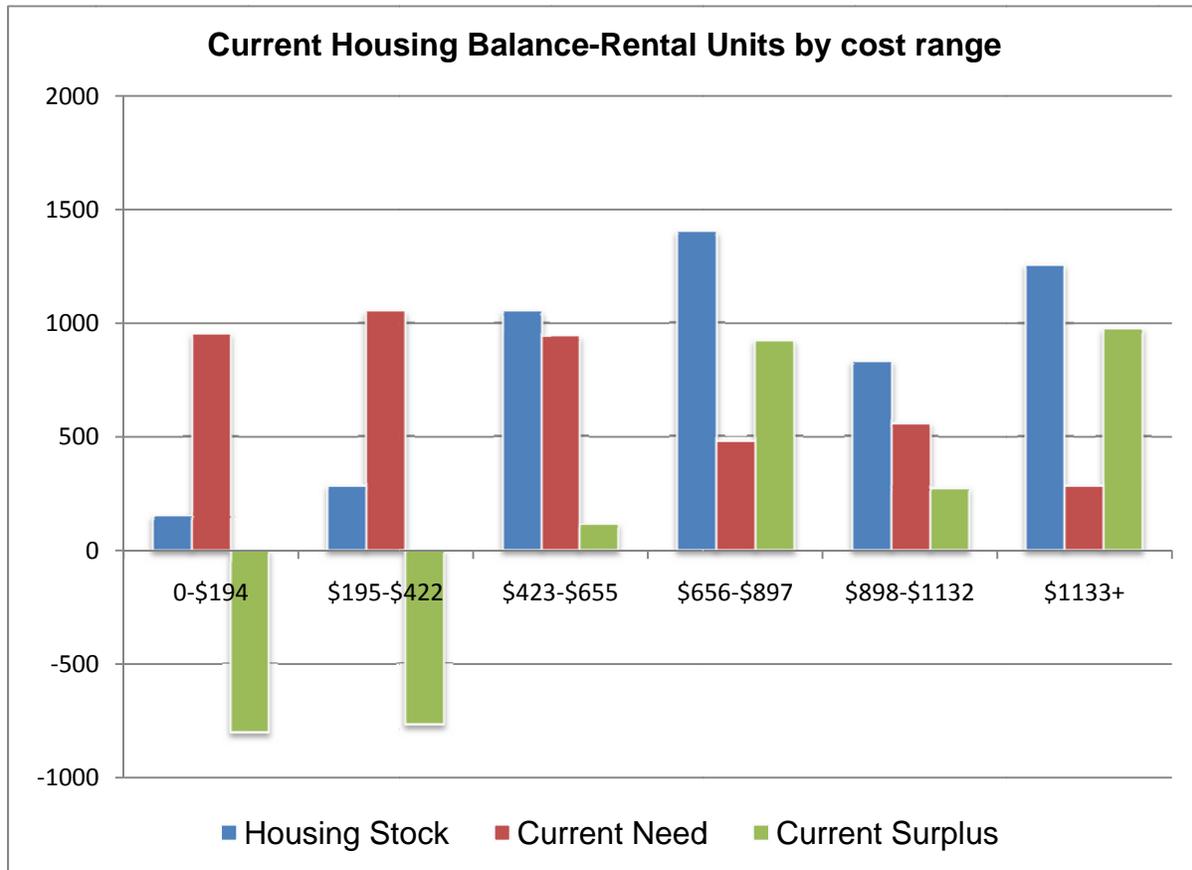
households under the age of 35 that reports having an income of under \$10,000 a year may be due in part to the presence of Southern Oregon University, which includes a high percentage of non-traditional students. Currently there are approximately 100 households who receive a rental subsidy voucher from 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 3.2



**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 a 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.

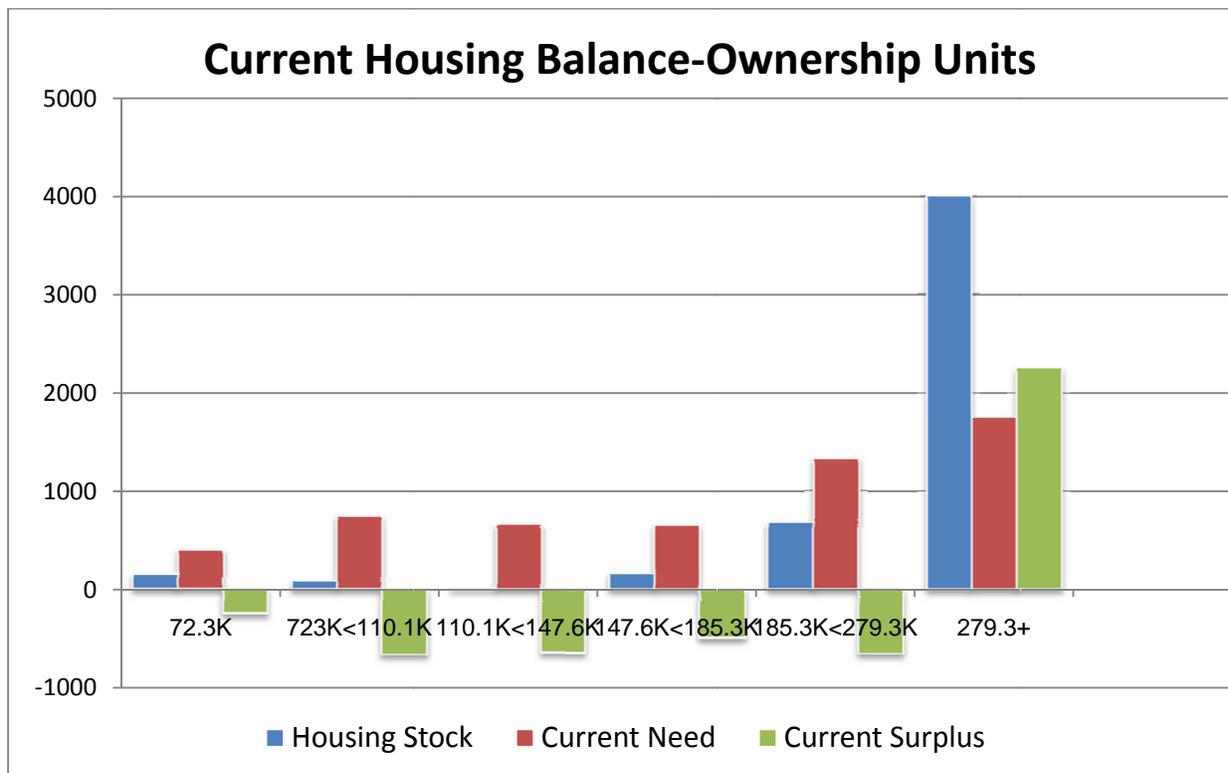
***Moderate Income (Between 50% and 80% of Area Median Income):*** The number of ownership units available that are affordable to people making 50% to 80% of AMI is estimated to be approximately 260. The estimated need for ownership units costing between \$72K-\$185.3K is

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<sup>15</sup>, 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 if 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 of costing \$279,300 and above, while the demand for housing units in that price range is only 1,750. 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 1,332.

**Chart 3.3**



<sup>15</sup> 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 requires some incentive and subsidy to make the development feasible. 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 house 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 the funds. 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 3.4**

<b>Housing demand /capacity comparison by unit type</b>			
<b>Existing Dwelling Unit Capacity (2010 BLI)</b>	<b>SFR</b>	<b>Multi-family</b>	<b>Totals</b>
	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
<b>Total Year Supply</b>	<b>26.4</b>	<b>22.0</b>	<b>24.1</b>

The City estimates vacant buildable lands in all designations that allow residential uses have a total capacity of 2853 dwelling units within the urban growth boundary. This estimate 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 3.4 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 3.5**

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
<b>Totals</b>	<b>622.8</b>	<b>2853</b>	<b>1469</b>	<b>1384</b>

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

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## **Single Family and Manufactured housing, detached**

2010 ACS estimates that there are 10,203 total units 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 3.2 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 remained fairly consistent over the previous 10 year period between 1990 and 2000. 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 3.2 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 the 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 that were 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 1390 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 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 and 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 <sup>16</sup>
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 <sup>17</sup>
Johnston Manor	Senior	Section 8	34	34	60%	12/26/08 <sup>18</sup>
<b>TOTAL</b>			<b>297</b>	<b>219</b>		

### **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 units represent units not meant for year round occupancy, so although counted by census in the total housing, these units 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.

<sup>16</sup> 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.

<sup>17</sup> The owners of the Takilma Village complex opted out of their HUD contract in 2010.

<sup>18</sup> 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.

## **Rental Units**

Renter occupied units represent 48.4% of all occupied dwelling units. There are 4553 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.<sup>19</sup> 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.<sup>20</sup> 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

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<sup>19</sup> United States. Bureau of the Census. 2006-2008 American Community Survey 3-Year Estimates.

<sup>20</sup> 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.<sup>21</sup> 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 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.

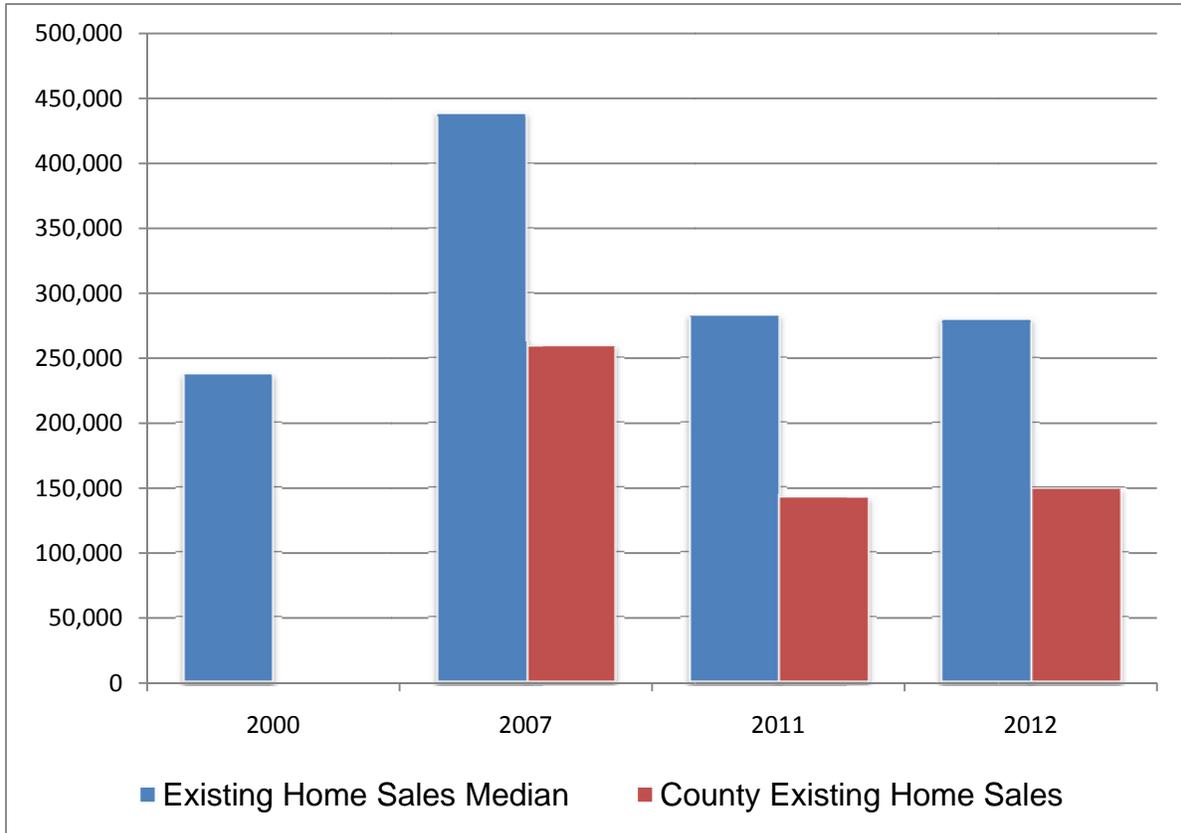
***Residential Home Sales:*** Recent data from the Southern Oregon Multiple Listing Service (SOMLS) shows that the median residential home sale price of a home in Ashland has dropped considerably since the peak of the housing boom in 2007 by 36.2%; from a high of \$438,750 to a low in 2012 of \$282,500. 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.

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<sup>21</sup> SOMLS Home sale statistics.

**Chart 4.1**

**Existing Home Sales-Ashland/Jackson County**



# Section V - Housing Needs

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## **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	AAGR
<b>Ashland</b>	16,234	19,532	20%	20,078	2.8%	.79%
<b>Medford</b>	46,951	63,154	34.5%	74,907	18.6%	1.98%
<b>Jackson County</b>	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	AAGR
<b>Ashland</b>	21,460	19,522	1,938	9.9%	0.9%
<b>Medford</b>	77,485	63,687	13,798	21.7%	2.2%
<b>Jackson County</b>	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	%	% Chang e	2010	%	% Chang e	AAGR
<b>Under 19</b>	6,184	38%	4,775	24.5%	14.6%	4,931	24.5%	3.3%	0.33%
<b>20-24</b>			2,314	11.9%		1,885	9.4%	-18.5%	-1.85%
<b>25-34</b>	5,126	31.5%	2,174	11.1%	-11.2%	2,248	11.2%	3.4%	0.34%
<b>35-44</b>			2,378	12.2%		1,918	9.5%	-19.3%	-3.13%
<b>45-54</b>	1,545	9.5%	3,249	16.6%	110%	2,694	13.4%	-17.1%	3.72%
<b>55-64</b>	1,146	6.9%	1,736	8.9%	51.5%	3,212	16%	85%	9.01%
<b>65-74</b>	1,279	7.8%	1,272	6.5%	-0.5%	1,562	7.8%	22.8%	1.11%
<b>75+</b>	955	5.8%	1,624	8.4%	70.4%	1,653	8.3%	1.8%	3.65%
<b>Total population</b>	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 targeting those populations 75 years old and older will need to be developed. That is housing that accommodates aging in place and ADA accommodations. The housing needs of elderly populations could also require units with less square footage and fewer bedrooms and with little to no landscape maintenance. Lastly, as householder's age, homeownership becomes less economically advantageous and often homeowners opt to rent. Consequently the market for large single family houses on large lots could decline as the largest segments 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.<sup>22</sup> 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.<sup>23</sup> 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.

**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

<sup>22</sup> Ashland School District. Ashland School district Enrollment Forecasts 2009-10 to 2018-19. Portland State University Populations Research Center. December 2008, page 1.

<sup>23</sup> Ashland School District. Ashland School District Population and Enrollment Forecasts 2012-13 to 2021-22. page 12.

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 slightly (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.<sup>24</sup>

<sup>24</sup> City of Ashland Rental Needs Analysis. Ferrarini & Associates, Inc 2007.

**Table 5.6**

<b>City of Ashland Rental Housing Need by Unit Type RNA 2007</b>			
<b>Type</b>	<b>Demand</b>	<b>Supply</b>	<b>Net Need</b>
Studio	1,039	392	647
1 Bedroom	1,290	1,188	102
2 Bedroom	872	1,676	(804)
3+ Bedroom	900	846	54
<b>Total</b>	<b>4,102</b>	<b>4,102</b>	<b>0</b>

Source: US Census and Ferrarini & Associates<sup>25</sup>

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 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**

<b>Rooms</b>	<b>2000</b>	<b>% 2000</b>	<b>2010</b>	<b>%2010</b>	<b>% Change</b>
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

<sup>25</sup> Ibid.

**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 <sup>26</sup>					
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
<b>Demand</b>	<b>4,553</b>	<b>1,252</b>	<b>1,435</b>	<b>923</b>	<b>943</b>
<b>Supply</b>		255	1,506	3,647	4,822
<b>Surplus/Deficit</b>		<b>(997)</b>	<b>71</b>	<b>2,724</b>	<b>3,879</b>

U.S. Census Bureau

<sup>26</sup> Estimated household preferences based on percentages from the 2007 RNA-derived from Riley Research community survey. (60%-studio, 40% & 45%-1bdm, 45%,40% & 10%-2bdm, 10%,60%,90%&100%-3+bdm)

# 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 years census information and the Housing Needs Model.

**Table 6.1**

<b>Table 6.1-Baseline forecast of Housing Demand 2010-2040</b>			
<b>Variable</b>			<b>Value</b>
	Current	Future	Change
<b>Population</b>	20,078	28,670	8,492
Persons in Group Quarters	961	1,450	489
Occupied DU	9,409	12,962	3,553
<b>Single Family Dwelling Units</b>			
Percent Single Family DU	71.9%	73.9% <sup>27</sup>	
Number of Single Family DU	7,356	9,591	2,235
Persons in single family HH <sup>28</sup>	14,933	20,141	5,208
Aggregate Vacancy Rate	2.5%		
Total New Single Family needed			<b>2,235</b>
<b>Multiple Family Dwelling Units</b>			
Percent Multi-Family DU	26.6%	25.5%	
Number of Multiple-family DU <sup>29</sup>	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			<b>591</b>
<b>Totals</b>			
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			<b>88.6</b>

<sup>27</sup> Future projections based on 2009ACS units by tenure and HNA Template 2-projected future housing status as of 2040.

<sup>28</sup> 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.

<sup>29</sup> Same as above.

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 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. However, housing market demand does not correlate to the housing needs of the community, as can be seen from the table. The housing market would continue to provide a surplus of single family housing units further intensifying the need for multi-family housing and housing that is affordable to the majority of Ashland's residents. 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 should 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, particularly in multiple family housing, the development of the most needed housing types, low-cost ownership and government assisted and affordable rentals, lack the funding and support to develop at the levels that the community needs. These trends will continue, as long as the private market is driven by profit and the federal budget for affordable housing continues to be reduced. In Summary, the City is continuing to fall short of providing needed housing types as identified in earlier studies.

The baseline forecast however, is a forecast of housing demand. Other data presented in Section III, suggest that the market is not meeting the housing needs of many Ashland residents and workers. The continued disparity in the increase in housing costs compared to the increase in wages has aggravated the problem. Moreover, even if housing prices increase at a slower rate, the types of jobs forecast to grow in Ashland will not allow workers to afford housing. 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**

<b>Rental Units needed by Type</b>			
<b>Type</b>	<b>Demand</b>	<b>Supply</b>	<b>Net Need/Surplus</b>
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

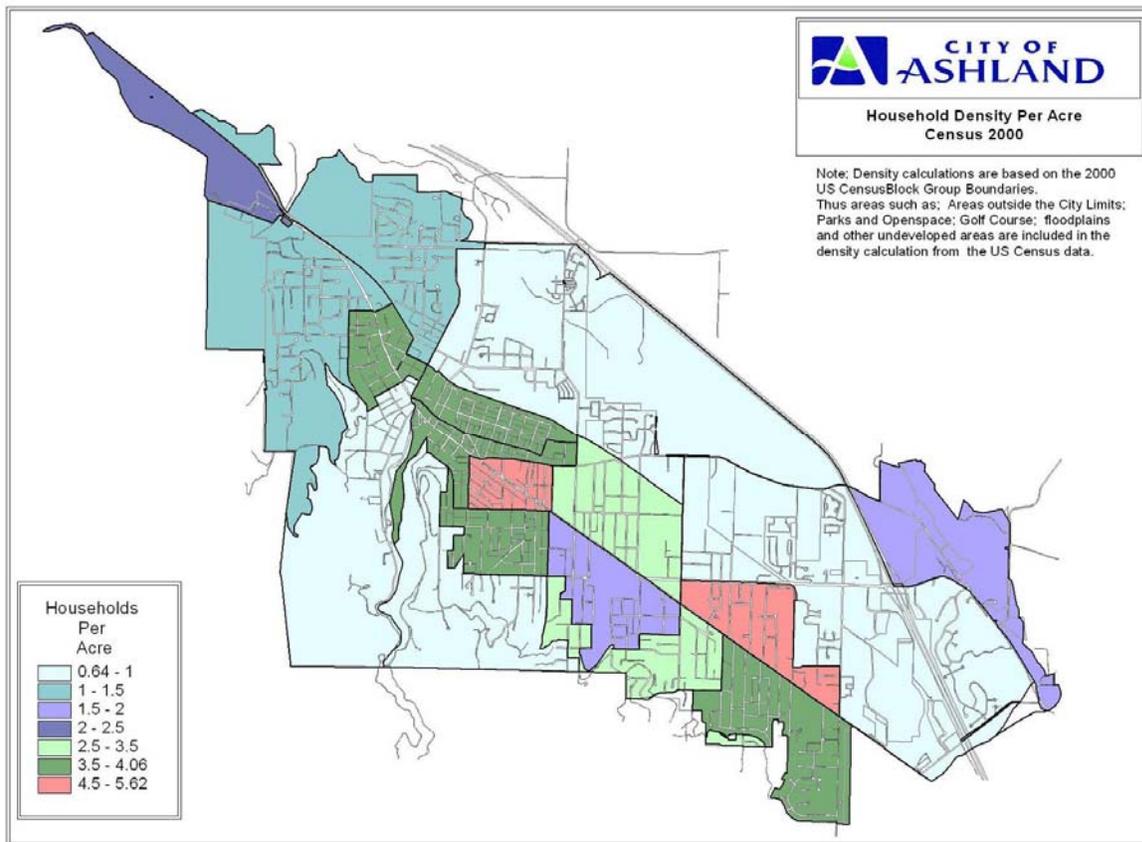
were identified as housing cost burdened by the 2000 Census at 56%. The Housing Needs Model estimates that the City needs 1,163 units targeting those with those lowest incomes, with rents below \$195 a month, 1,166 units with rents between \$195-422, and 243 units with rents between \$423-655. It is 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 6.1 on 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. 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 complexes which was shown to be the housing type most in demand by the 2007 RNA within the city. Similarly many of the existing affordable and market rate units are HUD expiring use properties, once the HUD contract has expired the units can convert to market rate rentals or be condo minimized.

Figure 6.1

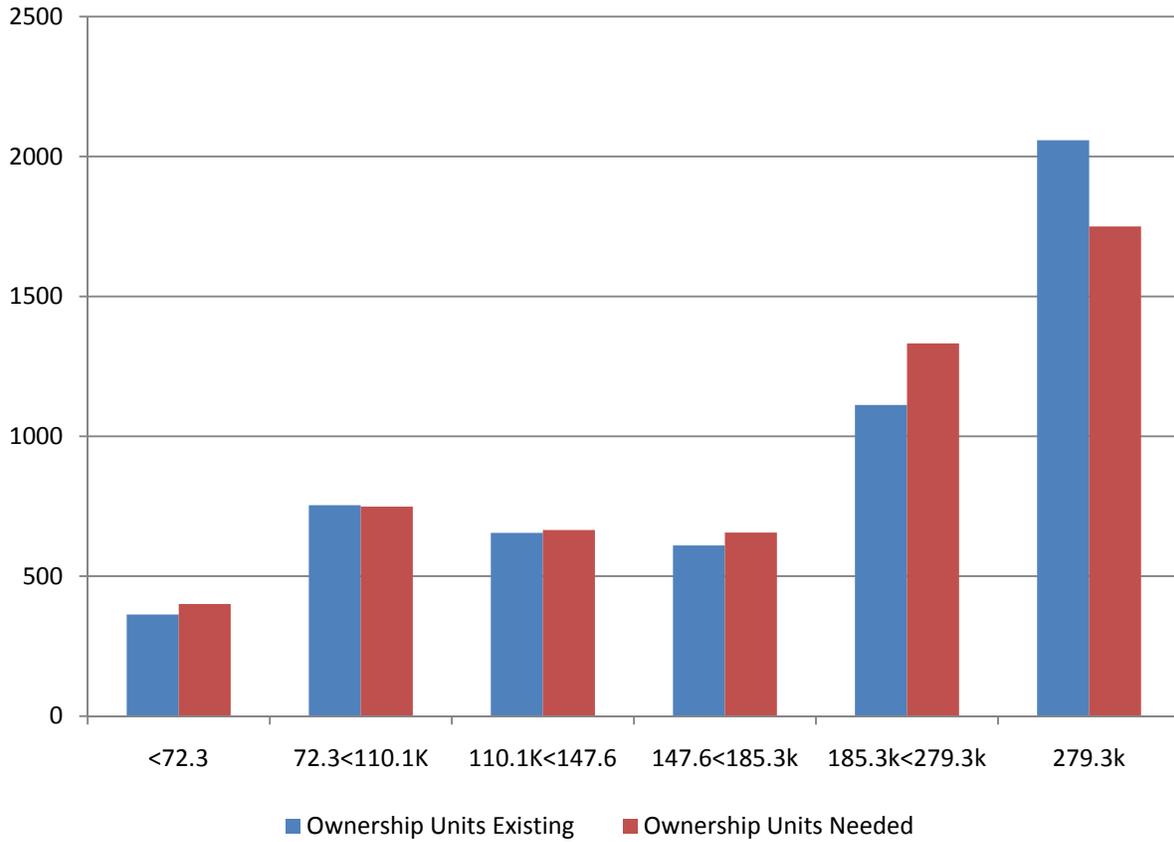


The findings of the Housing Needs Model and an analysis of income and housing cost indicate that:

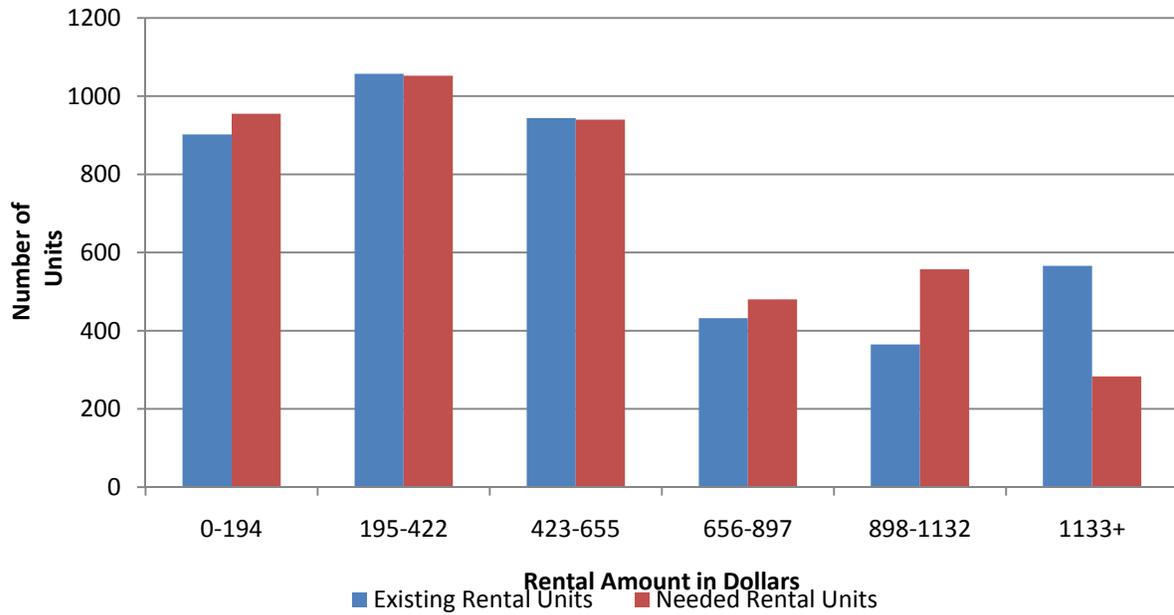
- A median family household cannot afford to purchase a home in Ashland.
- The largest dwelling unit gap exists for households earning less than \$10,000 annually.
- The city needs approximately 803 additional units costing less than \$200 per month. These units fall in the category of government assisted 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, our evaluation of housing mix, density, and affordability suggests that the City continues to struggle with issues of affordability and needs to 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.

**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 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 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**

<b>Senior Housing vs. Population</b>				
<b>Special Needs population</b>	<b>Existing Units Available</b>	<b>Population</b>	<b>% of Housing Available</b>	<b>Housing Gap</b>
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 that there are very few housing units currently in existence throughout the county for the majority of the people who could be categorized as having special needs. See table 6.4 below for details.

**Table 6.4**

<b>Special Needs Housing vs. Population (Jackson County)</b>				
<b>Special Needs Population</b>	<b>Existing Units Available</b>	<b>Population</b>	<b>% of Housing Available</b>	<b>Housing Gap</b>
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 5 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 designated for seniors and peoples with disabilities are listed on the preservation property list which are in danger of expiring as dedicated affordable housing for seniors and peoples with disabilities.

**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.<sup>30</sup> The number of people with 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.

<sup>30</sup> State of Oregon, Department of Health Services Website:  
<http://www.oregon.gov/DHS/ph/hiv/data/docs/Livingcounty.xls>

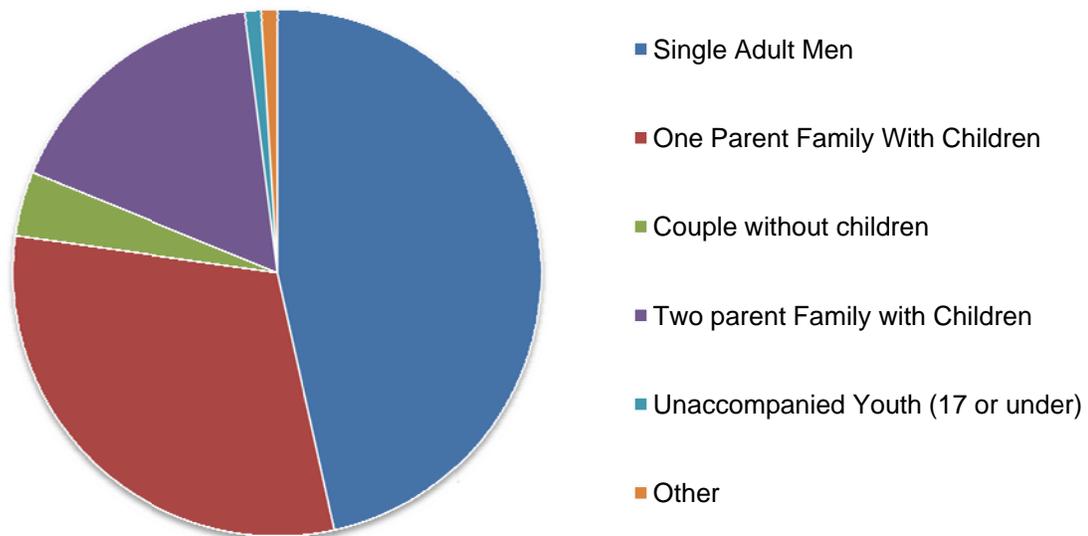
### *Homeless Needs*

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” at 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.<sup>31</sup> 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. Figure 5

**2011 One-Night Homeless Count for Jackson County**



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

<sup>31</sup> Hammond, Betsy. “Rural Students most likely to live in poverty Some Southern Oregon districts see high rates.” *Ashland Daily Tidings* 01 Dec. 2009.

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 Continuum of Care has been the recipient of McKinney Vento funds. 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 CAP 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 Oregon Housing and Community Services 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, 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 including 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 resources for or have transportation 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 <sup>32</sup>	Future Needed/ Gap	Final Target Distribution of Housing by Type in 2040	Current Approx. Distribution by Type <sup>33</sup>	Needed Distribution to meet future unit need
<b>Single Family</b>	8,913	7,356	1,557	65.80%	80.26%	45.50%
<b>Manufactured DU in Park</b>	325	154	171	2.40%	-	5.0%
<b>Duplex Units</b>	420	526	-106	3.10%	2.63%	N/A
<b>Tri-Quad Units</b>	569	530	39	4.20%	3.12%	1.1%
<b>5+ Multi-Family</b>	3,319	1,655	1,655	24.50%	13.99%	48.4%
<b>Total</b>	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 modify 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 by beyond parity with the development of single family units to close the gap.

<sup>32</sup> From 2006-2010 American Community Survey.

<sup>33</sup> Number derived from Census Building Permit Data 2000-2011. See Appendix for details.

**Table 7.2**

<b>Estimate of Income and Affordability - Housing Needs Model 2010</b>			
<b>Rentals/monthly rent</b>	<b>Number of Existing Units</b>	<b>Current Needed Units</b>	<b>Current Surplus/Gap</b>
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
<b>Total</b>	<b>4,976</b>	<b>4,266</b>	<b>710</b>
<b>Ownership Unit Values</b>			
<\$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
<b>Total Units</b>	<b>5089</b>	<b>5552</b>	<b>-463</b>

**Challenges and Recommendations**

Challenges

To the degree the 2010 Housing Needs Model projections are accurate representations of 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.

Goals

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)

Increase owner-occupied households to comparable levels with county and state ownership averages.

### **Recommendations**

The City needs to look 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.

### **Challenges**

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.

### **Recommendations**

- 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.

### **Challenges**

The local economy does not provide wages that are commensurate with housing costs.

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.

## **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.

## **Recommendations**

- 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.

## **Conclusion**

The identification of a set of land use policies that will lead to development of more affordable housing 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 (1) they do not create barriers or exclude to any housing types, and (2) 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 Barriers: Barriers to construction of needed housing or efficient use of land are those that public policy has imposed. A jurisdiction would select measures in this category if it has evidence that the market wants to build needed housing types or densities but is kept from doing so by public policies. The City should review policies to weed out ineffective policies, obsolete design standards unnecessarily burdensome permitting processes and inadequate or inappropriate zoning.*

- *Provide Incentives: Incentives are measures that increase the likelihood developers will provide needed housing or use land efficiently as a result of reduced costs. A community would select measures in this category, if it has evidence that the market might be willing to build a certain type or density of housing, but there is uncertainty about the success in the market place and/or current economic conditions for such development are less than optimal.*
- *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.*
- *Require Performance: These measures are mandatory plan policies and code requirements affecting development. A jurisdiction would select measures in this category if it has evidence that the market is not likely to respond, at the level of incentive that a community can provide.*
- *The public sector is not directly producing the housing. 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. In the case of up-zoning for higher densities, this may result in no housing development instead of housing at lower densities. 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. In many cases, requirements should be applied uniformly on all developments so that no particular development gains a competitive advantage. This will encourage developers to find ways to produce the product within market constraints.*
- *Review development standards? Lot size typically impacts the price of lots and may affect the size of housing units allowing 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.*

## Appendix

**Table A-1**

**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
<b>Total Year Supply</b>	<b>26.4</b>	<b>22.0</b>	<b>24.1</b>

**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
<b>Totals</b>	<b>622.8</b>	<b>2853</b>	<b>1469</b>	<b>1384</b>

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**

<b>Housing Units by Type 2002-2011</b> Data Derived from City Database (EDEN)					
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)
<b>Total</b>	<b>58</b>	<b>96</b>	<b>27</b>	<b>63</b>	<b>239</b>

**Table A-3b**

<b>Units per Year by Type 2002-2011</b> 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)	
<b>Total</b>	<b>657</b>	<b>268</b>	<b>27</b>	<b>92</b>	<b>209</b>	<b>2</b>

**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
<b>Totals</b>	<b>1240</b>	<b>622.8</b>

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

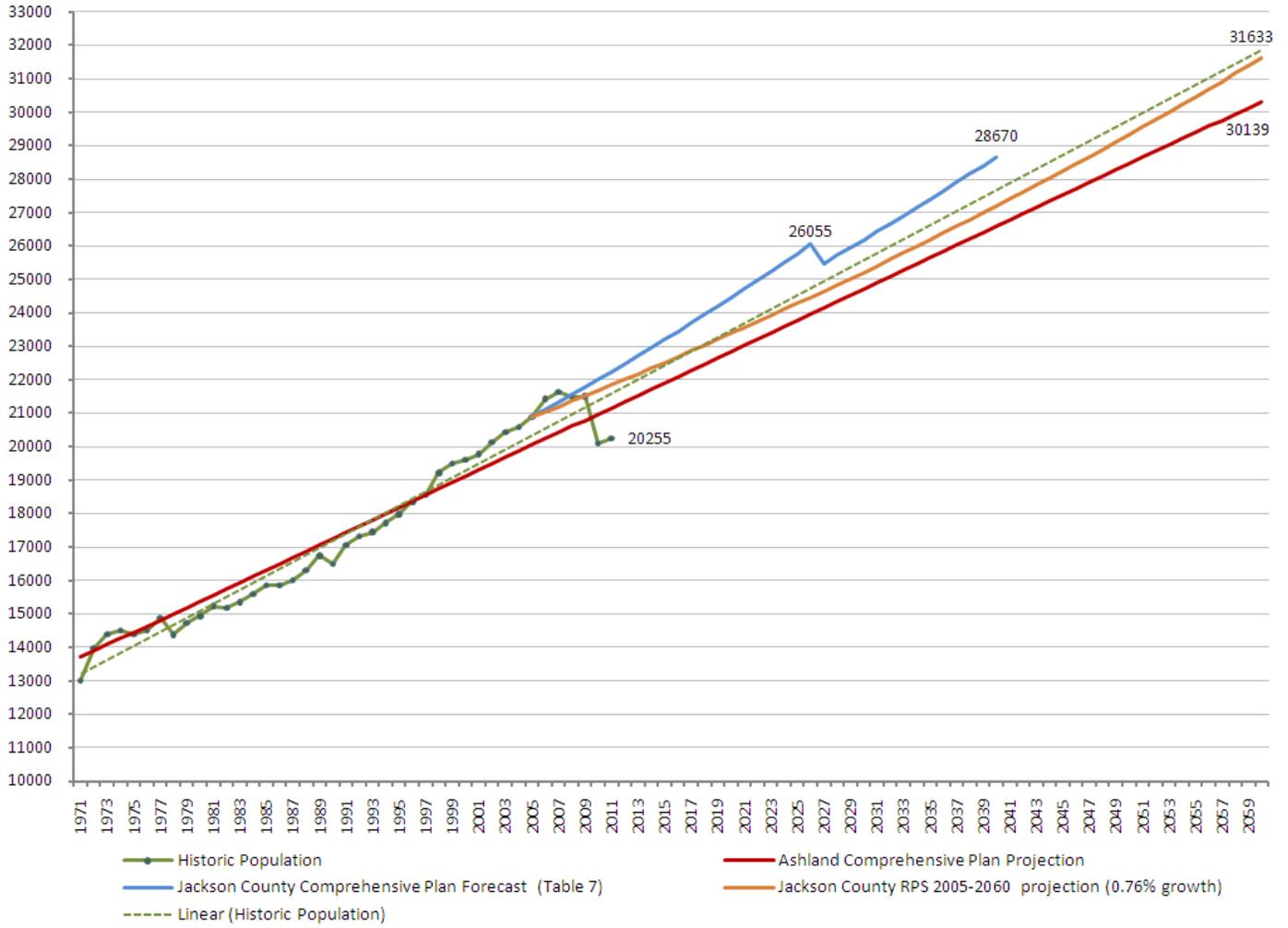
**Table A5**

<b>Ashland's largest employers</b>		
<b>Business</b>	<b># of Employees</b>	<b>% of Population</b>
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](http://www.ashlandchamber.com).

**Table A6**

**Population Projections**



**CITY OF  
ASHLAND**  
ASHLAND HOUSING COMMISSION  
DRAFT MINUTES  
July 25, 2012

**CALL TO ORDER**

Chair Regina Ayars called the meeting to order at 4:30 p.m. at the Council Chambers located at 1175 East Main St. Ashland, OR 97520.

<b>Commissioners Present:</b>	<b>Council Liaison</b>
Regina Ayars	Carol Voisin
Brett Ainsworth	
Barb Barasa	<b>Staff Present:</b>
Evan Lasley	Linda Reid, Housing Specialist
Ben Scott	Brandon Goldman, Senior Planner
<b>Commissioners Absent</b>	
Richard Billin	

**APPROVAL OF MINUTES**

Lasley/Scott m/s to approve the minutes of the June 27, 2012 regular Housing Commission meeting. Voice Vote: All Ayes minutes were approved as presented.

**FAIR HOUSING ORDINANCE REVIEW/UPDATE**

Reid presented the Fair Housing Ordinance draft having received it back from the City Legal Department. Most of the changes were minor with the exception of section "N" Fair Housing Officer. The Legal Department suggested that the City Attorney, the City Administrator, the Municipal Judge and the Director of Development meet together and discuss who should be the designated Fair Housing Officer and serve in that role. Currently it is the City Attorney. Since that meeting has not taken place the agenda item has been bumped from the August City Council meeting and Reid is not sure when it will go forward. Reid will bring it back to the Housing Commission once the amendment has been made. At this point all Fair Housing complaints that come to the City get evaluated by Reid and then are referred to BOLI with the State or to HUD with the Federal Government. Reid did not believe that the City Attorney has had to act in this capacity in the past.

**PRELIMINARY REVIEW OF THE DRAFT 2012 HOUSING NEEDS ANALYSIS**

Reid explained that the Housing Needs Analysis serves a couple of purposes. This report gives the City a look at what the housing needs and demands are within the community and match those up with our inventory of land. ORS 197.267 requires that cities of a certain size undertake a Housing Needs Analysis periodically. Ashland is not large enough to be compelled to do a Housing Needs Analysis; we do it so we can help the elected and appointed officials plan and prepare for housing needs, stated Reid.

This draft will be presented next to the Planning Commission at a study session followed by a public hearing at both the Housing Commission and the Planning Commission and then on to the City Council. This analysis will be useful in terms of reviews with planning actions and would be adopted by the City Council as an appendage to the Comprehensive Plan. This draft is still in the preliminary stages but Reid would like some feedback from the Commissioners.

The Commissioners discussed the potential land use strategies for addressing key housing issues identified in the 2012 Housing Needs Analysis. One topic discussed was the evaluation of parking requirements and potential reductions to promote smaller unit sizes. Goldman said a recent change to parking standards was made city wide with the Pedestrian Places Overlay Zone. A unit 500 square feet or less does not need additional parking spaces and an increase to on street parking was made. An allowance was also made allowing seven bike parking spots to substitute for automobile parking which would most benefit places such as apartments.

The Commissioners inquired if Southern Oregon University expects to fill all the new Dormitory rooms being built off of Walker Street. They questioned the need for so many units taking into consideration the current enrollment. The college owns many private rental properties which are not included in the count and would this create vacancies with those homes when the dorm room are filled asked the Commissioners? Goldman stated that none of the SOU owned units are indicated in their 2020 master plan as going into market rate housing. Reid stated that Census data used to compile the housing information in the Housing Needs Analysis does take into account SOU multi-family rental properties and counts the dorms as group housing.

The Commissioners agreed when Reid presents this draft to City Council she needs to focus on the recommendations that staff is making in order to help address the housing issues. What kind of housing are we going to need to accommodate the future population of Ashland?

The Housing Needs Analysis shows that homeownership rates in Ashland lag behind that of Medford, Jackson County and the State of Oregon. Ownership and rental rates are more of a 50/50 split in Ashland rather than a 60/30 ownership to rental rate which is the average for the County and the State.

The chart on page 65 of the HNA shows a simple breakdown of existing units. If development continues as it has historically, the City will be looking at a deficit of rental units by 2040. The main purpose of the chart is to determine if the City has enough land in each zone to accommodate the development of needed housing types.

The Commissioners will take the opportunity to continue to review the Housing Needs Analysis and then get back with Reid with any comments or recommendation of changes. After that it will go to a public review before the Planning and Housing commission.

### **CLAY STREET REVIEW DISCUSSION**

The Commissioners reviewed the three options for the property located at 360 Clay Street.

- Land Bank until current land values increase.
- Sell the land for Market Value
- Solicit a proposal for an affordable/mixed-income development

The Commissioners recommended that Reid does a survey of housing providers to see what their future plans might be. At one point Jackson County Housing Authority was interested in developing the property.

Reid said that Oregon Housing announced their 2012 consolidated funding cycle awards last week. Access was fully funded for their six unit Hyde Park project located in Ashland on Dollarhide. The Southern Oregon region received a large amount of the funding. Reid said a wide variety of funding is available through the State of Oregon, HUD (Federal Government), Oregon Trust fund money, Home Money, low income tax credits, Oregon affordable tax credits.

After Reid surveys the Housing providers the Commissioners will discuss at next month's regular meeting in August the options and make a recommendation to go to the City Council.

**Scott/Lasley** m/s to move the Housing Commission meeting to the Siskiyou Room at the department of Community Development and Engineering located at 51 Winburn Way. Voice vote; All Ayes, motion passed. The meeting will be at 4:00 p.m.

**SECONDARY GOAL DISCUSSION**

Two of the Housing Commission secondary goals are looking at multi-family zoning and manufactured housing. The Commissioners are concerned about the obstacles preventing home owners from building affordable units.

The Commissioners discussed the possibility of restricting Single Family Homes in Multi-Family zones. Goldman explained that in 2004 the City passed a minimum density ordinance for Multi-Family zones. It states that an applicant would need to build out at 80 percent the base density at a minimum. He suggested asking the people who own property in Multi-Family zones if they would have a concern with an added limitation.

Goldman gave an update on the vacant land inventory in Ashland. R-3 is a High Density Residential zone and R-2 is Multi-Family Residential. Goldman said there is roughly 40 acres of vacant land available in those two zones to meet the City's multi-family needs.

**LIAISON REPORTS DISCUSSION**

**Council** –No report

**Staff-** At the August regular Housing Meeting City Recorder Barbara Christianson and City Attorney, David Loman will be giving a presentation on Commission ethics and rules.

**AUGUST 22<sup>ND</sup>, 2012 MEETING AGENDA ITEMS**

Housing Trust Fund  
Clay Street property options  
Fair Housing Ordinance Options

**UPCOMING EVENTS AND MEETINGS**

First Reading of the Fair Housing Ordinance, City Council-Aug 7<sup>th</sup>, 2012

**Next Housing Commission Regular Meeting**

August 22, 2012 4:00-6:00 PM in the Siskiyou Room located at the Community Development and Engineering Building at 51 Winburn Way, Ashland Oregon.

**ADJOURNMENT** - The meeting was adjourned at 6:10 p.m.

*Respectfully submitted by Carolyn Schwendener*

# Council Communication

## June 5, 2012 – Business Meeting

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### Economic Development Strategy – Quarterly Update

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**FROM:**

Bill Molnar, Director, Community Development, molnarb@ashland.or.us

**SUMMARY**

In conjunction with the adoption of the Economic Development Strategy in July of 2011, the Council requested implementation updates on a quarterly basis as the project moves from strategy development and adoption to active implementation. A report and summary of the findings from the Chamber of Commerce Business Retention and Expansion Survey (BR&E) will be the primary area of focus for this quarterly update. The report focuses on information received through in-depth interviews with local businesses by business leaders that seeks to identify specific issues and challenges to business health and growth. The BR&E program taps the information collected through in-person interviews to facilitate problem solving and increase communication between businesses and policymakers. The survey also helps the chamber and city identify business needs for expansion in terms of workforce skills, physical space, and infrastructure. The report concludes by suggesting that in order to address local business needs and concerns highlighted by the survey, additional follow-up will be necessary as a means by which local businesses can formally clarify and communicate their issues.

**BACKGROUND AND POLICY IMPLICATIONS:**

The Economic Development Strategy was approved by Council on July 19, 2011. As part of the adoption, Council directed Staff to provide quarterly updates on the implementation of the Strategy, particularly with regards to the status of “priority one” action items, which include:

- 1) Conduct a Business Retention & Expansion Survey  
- **On Track** – Presentation to Council June 2012
- 2) Designate City Staff “point of contact”  
- **Complete** – Community Development Director for remainder of FY 2011-12
- 3) Formalize relationships and roles for Strategy implementation among major partners  
- **Pending** - Informal initial coordination between regional partners initiated by Jackson County
- 4) Maximize impact of existing City Economic Development, Cultural and Sustainability grant process  
- **Complete** – In February, 2012, Council passed a resolution adopting goals, criteria and requirements for annual grant process. The Budget Committee has requested a more simplified grant process and staff will present ideas to the City Council in early fiscal year 2013.
- 5) Evaluate the use of Urban Renewal Districts  
- **Feasibility Study Complete** – Council to discuss next steps in summer 2012



6) Improve the land use development process

- **Complete - On Going** – Goal update presented to Council January 18, 2012. Community Development and Planning Commission are working on a Unified Land Use Code (Siegel Recommendation) that would address the Economic Development Strategy priority action regarding timeliness, predictability and potential impacts of development process to economic development projects.

The attached quarterly report provides a description of the work to date on priority one actions, as well as a brief update on other priority two and three actions where activity was initiated by City staff or in coordination with local community partners.

**FISCAL IMPLICATIONS:**

N/A

**STAFF RECOMMENDATION AND REQUESTED ACTION:**

Staff recommends Council accept the quarterly report as presented, and request that staff provide additional direction or information as needed.

**SUGGESTED MOTION:**

N/A

**ATTACHMENTS:**

- Quarterly Report
- 2012 Business Retention and Expansion Survey - Executive Summary
- Report of the Findings of the 2012 Ashland Business and Retention Survey, by Rebecca L. Reid
- Memo from Mayor Stromberg regarding SOU class quality of life presentation



# 2012 Business Retention and Expansion Survey

## Executive Summary

Ashland's Business Retention and Expansion program has been in place since 2006 when the Ashland Chamber of Commerce and the City of Ashland first surveyed local businesses to learn about their challenges, goals and successes in doing business in Ashland. The program's principal objectives are to identify issues, facilitate problem solving and increase communication between businesses, the Chamber and policymakers. Through the BR&E survey the Chamber and the City identify business needs for expansion in terms of workforce skills, physical space, and infrastructure. Where needed, the program follows up on urgent local business issues, or "Red Flags," that may jeopardize the health and/or retention of a given business. The Chamber's Rapid Response Team works with businesses, and where necessary, local agencies and government, to assist in the resolution of issues.

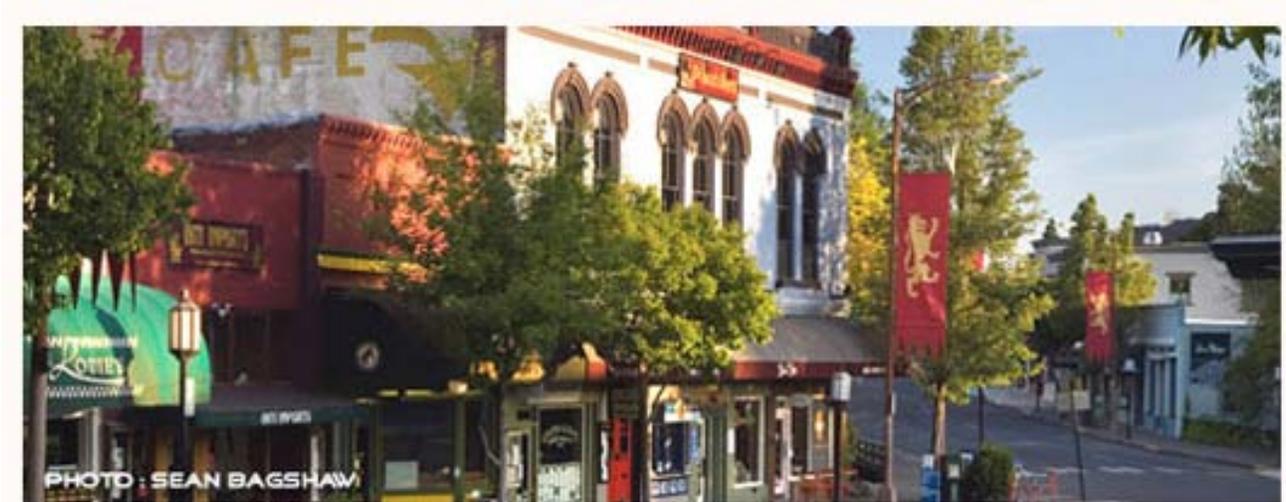
Key findings of Ashland's 2012 Business Retention and Expansion Survey are:

1. The advantages of doing business in Ashland centered on the City's quality of life, natural and cultural assets, and its small-town feel. Disadvantages principally related to the relatively small labor pool and its lack of specialized and technical skills.
2. While some businesses endured hardships through the recent recession most maintained or increased their sales.
3. Local businesses took pride in their employees, loyal customers and "weathering the storm" during the recent recession.
4. Businesses struggled with difficulties of hiring qualified and skilled workers. Most pointed to the need for more technical, sales and marketing training, for both current employees and for the local workforce.
5. Over the past three years businesses reported that they increased purchases from regional sources and increased their sales to external markets.
6. Expectations for the future were optimistic. Most businesses looked forward to gains in employment, sales, customers and profits over the next three years.
7. Nearly half the businesses were expecting to expand physically over the next three years. The majority had concerns about their ability to expand in their present location due to conditional use permits, zoning restrictions or lack of space.
8. Businesses urged a streamlining of the local land use process and felt the effort would support future business development.

9. Interest in sustainable business programs and practices was prevalent across businesses.
10. Businesses were interested in deepening their connections with regional companies and institutions, particularly with SOU, RCC and SOREDI.

The information and feedback collected through the 2012 BR&E interview will help to clarify and refine the City of Ashland's Economic Development Strategy and to better guide programs of the Ashland Chamber of Commerce. To the extent possible, businesses' needs and concerns will be addressed by both the City and the Chamber, through existing or new programs, and through informed political and community discourse.

# Report on the Findings of the 2012 Ashland Business and Retention Survey



Prepared by Rebecca L. Reid, Consultant

For the City of Ashland and the Ashland Chamber of Commerce

*May 2012*



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## Introduction

Since 2006 Ashland businesses have been surveyed periodically through a Business Retention and Expansion (BR&E) program developed by the Ashland Chamber of Commerce and funded through the Chamber and the City of Ashland. The centerpiece of the program is an in-depth interview with local businesses by business leaders that seeks to identify specific issues and challenges to business health and growth. The BR&E program taps the information collected through in-person interviews to facilitate problem solving and increase communication between businesses and policymakers. The survey also helps the Chamber and City identify business needs for expansion in terms of workforce skills, physical space, and infrastructure. Where needed, the program follows up on urgent local business issues, or “Red Flags,” that may jeopardize the health and/or retention of a given business. The Chamber’s Rapid Response Team works with businesses, and where necessary, local agencies and government, to assist in the resolution of issues.

The Chamber’s BR&E program is coordinated through its Leadership Team, a group of business leaders, City officials, Chamber staff and consultant. Through a series of meetings the team identified the program’s objectives, developed the interview instrument, selected businesses, and invited and trained local business leaders to conduct the personal interviews. Eighteen leaders completed 32 hour-long interviews<sup>1</sup> between January and March 2012.

As in previous BR&E surveys, the 2012 instrument sought to provide the Chamber and City with actionable information about the business community such as: basic information about the business (such as age, employment and occupation levels); workforce needs and training; linkages between local and regional businesses; indicators of business activity in the past and expectations for the future; challenges to business success; and business needs for physical expansion and infrastructure. Additionally, the 2012 survey queried businesses about the importance of sustainability and about their interest in specific conservation and sustainability programs. Unlike earlier surveys, the 2012 instrument posed many open-ended questions and encouraged businesses to respond in detail. As a result, comments were grouped into general categories or themes in order to summarize the spirit of diverse answers, as well as to protect the anonymity of the participating businesses. The 2012 Ashland BR&E Survey is located in Appendix B.

Additionally, the 2012 BR&E interviews collected business comments on priorities and actions addressed in the City’s Economic Development Strategy.<sup>2</sup> Due to the importance of this feedback, the report organizes the findings of the BR&E interviews by ten topics relating to the City’s strategy:

- a. Advantages and challenges of growing a business in Ashland;*
- b. Successes and challenges over the past recessionary years;*
- c. Businesses’ suggestions about ways to make Ashland’s economic future healthier;*
- d. Educational and skill needs and/or gaps in the existing workforce;*
- e. Educational and professional development needs and resources or support for business owners and their leadership teams;*
- f. Types of investment capital needed or desired for business growth;*
- g. Future physical growth needs, challenges or barriers to growth ;*

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<sup>1</sup> The city contracted for 25 completed interviews with businesses.

<sup>2</sup> City of Ashland, “Economic Development Strategy, Enhancing Economic Strength in Community,” adopted by Ashland City Council, July 2011.

- h. Needs unique to first, second and third stage businesses;*
- i. Dependence on other local and regional businesses for success;*
- j. The significance or importance that businesses place on sustainable business operations and decisions and their interest in pursuing it further.*

The BR&E team selected businesses across key local industrial sectors, including professional and technical services, specialty manufacturing and retail, health care, arts and entertainment, and accommodations and food services.<sup>3</sup> Furthermore, in line with the City’s economic development strategy, the team sought to interview businesses with characteristics identified in the City’s economic development strategy, such as those that:

- Are committed to operating their business and living in Ashland
- Rely on and earn a competitive advantage from innovation, creativity, design and technology in their operations for new product development, creation or expansion of niche markets, process improvements, etc.
- Produce specialty and value added goods or services with a market beyond our local economy
- Purchase from the local and regional economy for supply or provide goods or services that reduce the need of the community to purchase goods or services from outside of region
- Produce a wide variety of different types of products and services, emphasis on businesses that:
  - Use local design, engineering and pre-production development with larger scale production occurring elsewhere;
  - Are locally-based top leadership/decision making team with some operation functions possibly occurring elsewhere;
  - Employ an educated, creative and innovative workforce;
  - Access and benefit from high speed broadband internet services;
  - Have limited need for large outdoor storage, large scale production facilities or significant off-site water or energy needs for local operations;
  - See quality of life as a key business and personal measure of success.

The organization of this report follows the informational needs of the City of Ashland as it refines its economic development strategy, and of the Ashland Chamber of Commerce as it develops its programs to support Ashland’s businesses and the community at large. To gain a feel for feedback from the businesses interviewed, answers and comments to open-ended questions are featured end of each section. Major sections of the report are:

- I. General Overview of Selected Businesses
- II. Advantages of Growing Business in Ashland (*Item “a”*)
- III. Disadvantages and Challenges of Growing a Business in Ashland (*Item “a”*)
- IV. Impacts of the Recession and Businesses’ Challenges and Successes (*Items “b” and “f”*)
- V. Future Business Growth, Expansion and Barriers (*Item “g”*)
- VI. Workforce and Professional Development Needs (*Items “d” and “e”*)
- VII. Needs by Business Stage (*Item “h”*)
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- IX. Sustainability (*Item “j”*)
- X. Ideas for a Healthy Economic Future (*Item “c”*)
- XI. Conclusions

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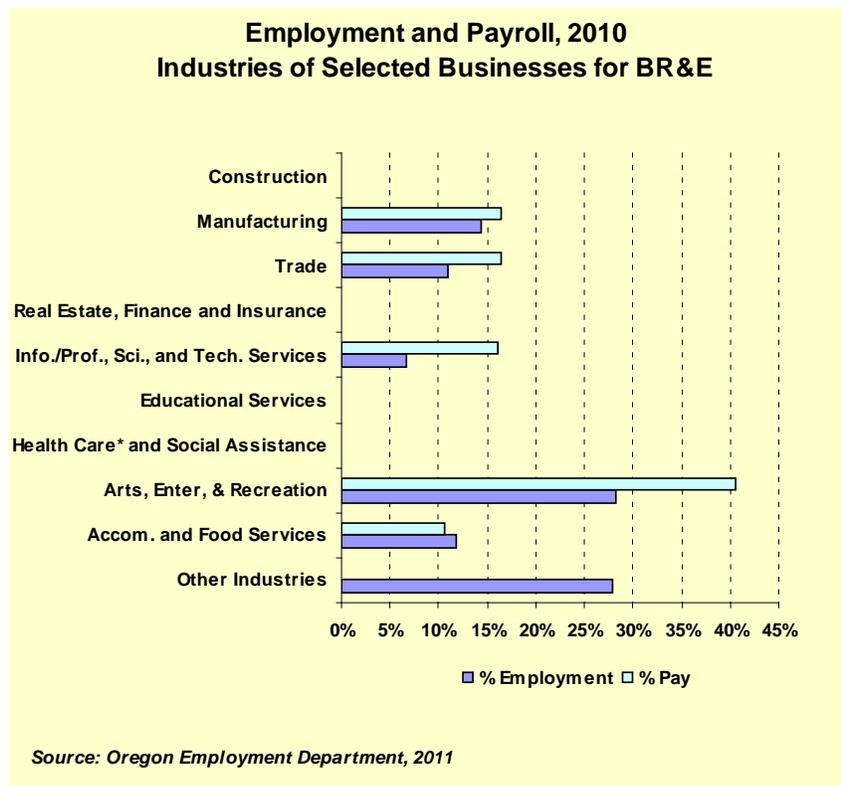
<sup>3</sup> A list of the Ashland businesses interviewed may be found in Appendix A.

## I. General Overview of Selected Businesses

One objective of the BR&E interview was to collect basic (and confidential) information about each business and their employees. Taken as a whole, employment of selected businesses totaled 2,230 and accounted for 19% of Ashland’s total employment and 23% of its payroll in 2010.<sup>4</sup> Over one quarter of employees and 40% of payroll of selected firms worked for businesses in the arts, entertainment and recreation sector. Businesses allocated to the “Other” category accounted for another quarter of employment. This category includes companies that were located beyond the city limits, or those whose confidentiality would be compromised by reporting them in their specific industries. Several businesses that were located outside Ashland city limits were also included in this category. A high priority in the selection of businesses was to interview high-skill, technology-oriented companies. According to the employment data, 7% of employment and 16% of payroll of selected businesses related to firms in information, professional, scientific and technical services. Most of these companies are small, yet pay higher wages than the group as a whole.

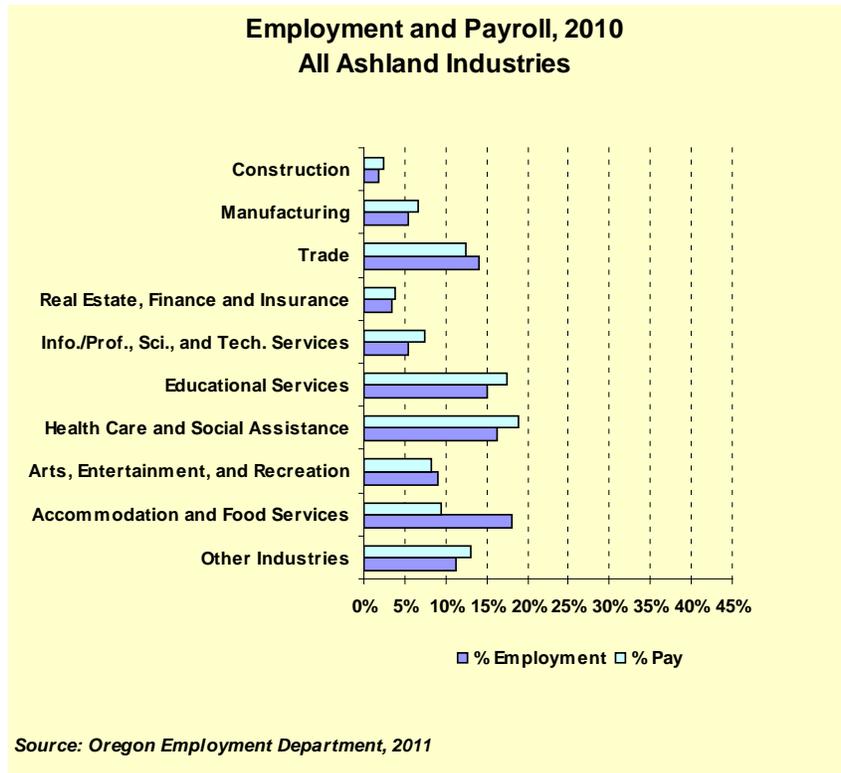
Throughout the presentation of results of this survey it is important to note that the sample of businesses surveyed is representative of the distribution of neither Ashland’s businesses nor its industries. Comparing Graph 1 to Graph 2, it is clear that the City’s employment is distributed across more sectors, such as construction, real estate and finance, and educational and health services than is employment of the selected BR&E businesses. As discussed in the introduction, businesses with specific profiles were selected for this year’s BR&E program rather than attempting to draw a “representative sample” of Ashland’s business.

**Graph 1.**



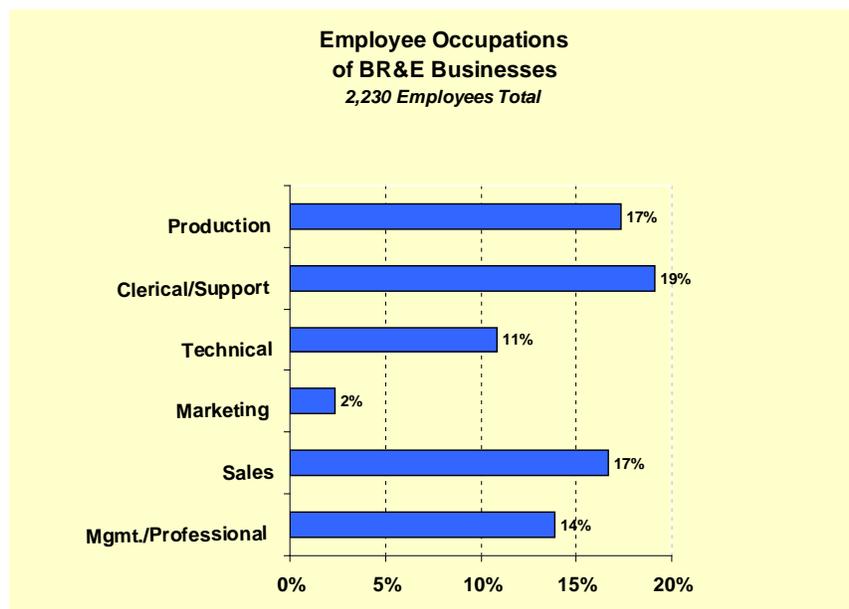
<sup>4</sup> Employment and payroll data is based on records of selected businesses from the Oregon Department of Employment. Access to this confidential data was granted to the City of Ashland and this project for “planning purposes.”

**Graph 2.**



Because learning about employees’ skills and training needs is an important objective of this survey, businesses were asked about the kinds of occupations in which their employees worked (Graph 3). Over half of the employees of BR&E businesses worked in a clerical, sales or production occupations. Higher-skill jobs, such as those in management and technical occupations, were held by 14% and 11% of employees, respectively.

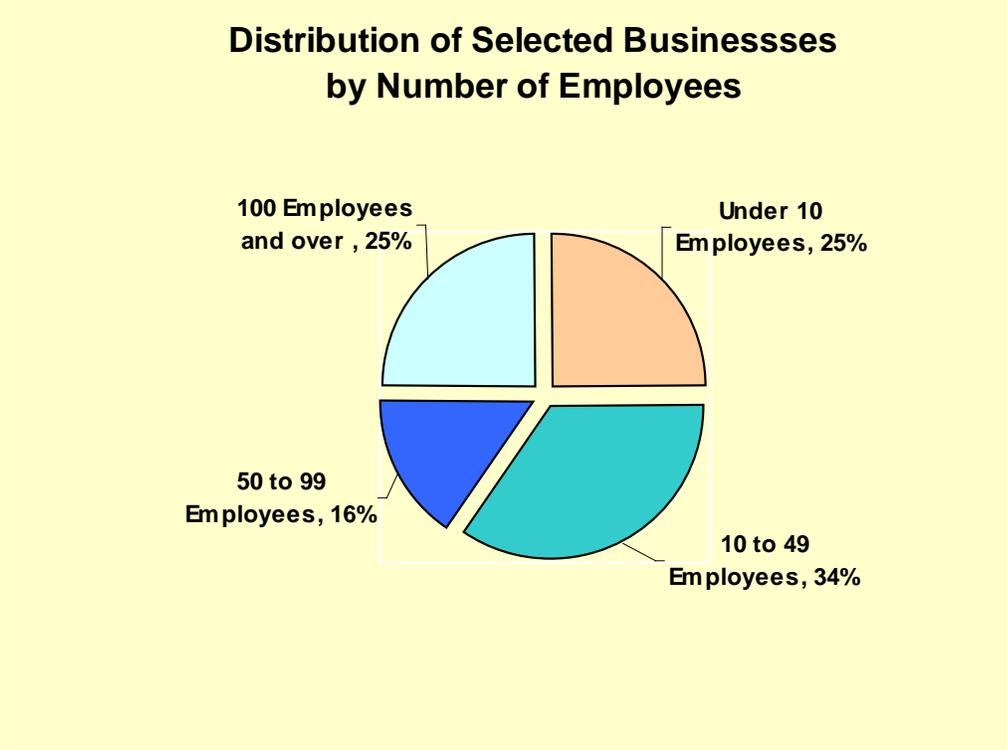
**Graph 3.**



Where employees of Ashland businesses live and where they work are important questions to officials planning for the City’s future land use needs. Nearly two out of three businesses estimated that at least half of their employees lived in Ashland. Alternatively, over half of BR&E business reported that they employed workers at locations outside the City, principally within the Rogue Valley. Still, over 80% of the 2,230 employees working for selected businesses worked in Ashland.

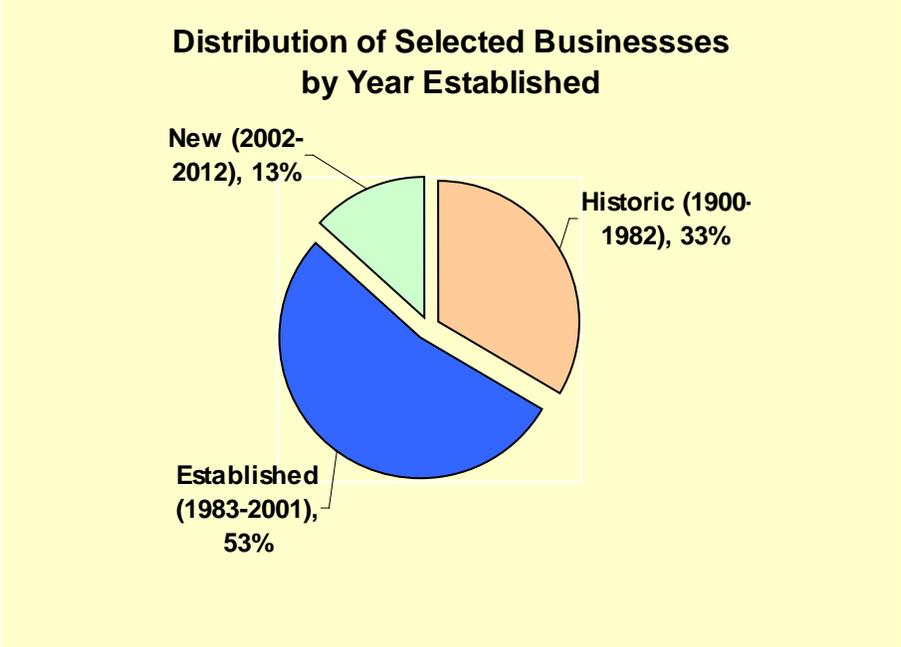
In addition to information about businesses’ employees, characteristics of the businesses themselves were recorded. Measured by employment, the sizes of businesses were well-distributed across small, medium and large companies. About 25% of the firms employed 10 or fewer workers, and another 25% accounted for over 100 employees (Graph 4).

**Graph 4.**



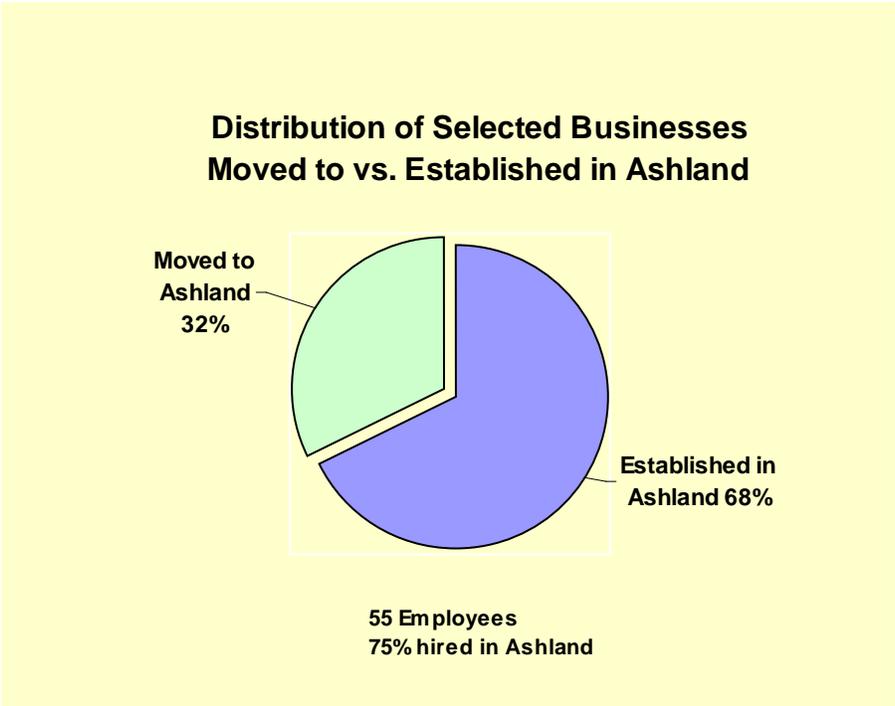
Similarly, the survey sample encompassed a cross-section of businesses by age (Graph 5). Just over half were “Established” companies, founded between 1983 and 2001. Another third were long-standing, “Historic” businesses established prior to 1983. The remaining 13% were “New” companies. Section VII of this report examines the needs of businesses depending on the stage (or age) of their business.

**Graph 5.**



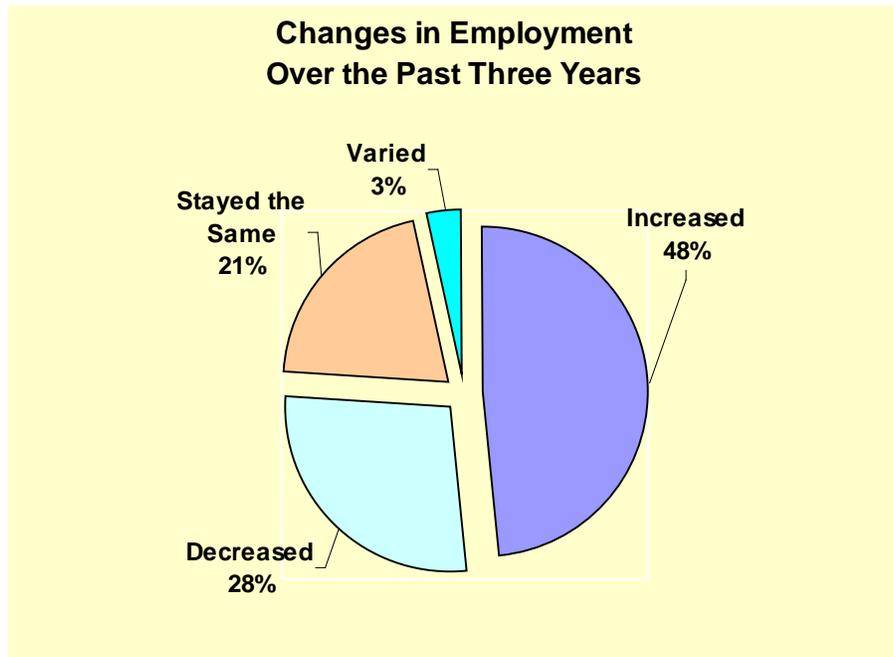
Aside from mere curiosity about the history of businesses that relocated to Ashland, an important question is whether companies also moved their employees with them or if they hired employees locally. The one-third of BR&E businesses who relocated to Ashland reported that they hired 75% of their workforce locally at the time that they moved (Graph 6).

**Graph 6.**



Finding out how local businesses fared the recent recession is a central question of the 2012 BR&E survey. While this issue is addressed fully in Section IV, it is clear from Graph 7 that most businesses either maintained or increased their levels of employment in the recent past. Less than a third reported cuts in employment.

**Graph 7.**



## **II. Advantages of Growing a Business in Ashland (*Item “a”*)**

Throughout the survey, businesses mentioned advantages of living and doing business in Ashland, or talked about what attracted them and kept them in Ashland. About half of the businesses pointed to the City’s quality of life, including its livability, small-town feel, beauty and opportunities for outdoor recreation. About one in four businesses cited benefits of being located close to friends and relatives. Others described Ashland’s cultural attractions, the educational system, and living in a “college town” as important to them personally. More business-related advantages mentioned included the Ashland Fiber Network (“Connection is better than in Denver”) and close proximity to other related businesses. Several companies appreciated their loyal customers and employees.

## **III. Disadvantages and Challenges of Growing a Business in Ashland (*Item “a”*)**

Across responses to numerous open-ended questions, businesses pointed to challenges they faced in doing business in Ashland. Most issues mentioned echoed those of the earlier 2006 and 2008 Ashland BR&E surveys. Grouped into four themes, businesses listed challenges involving the local and regional workforce; the relatively small local market for their products or services; local land use processes and policies; anti-business sentiments; and “Miscellaneous” challenges.

The most-frequently mentioned challenges for local businesses concerned labor hiring and skills issues. Many acknowledged the region's relatively small labor pool, particularly for higher-skill and technical workers. This limitation made finding qualified employees difficult. In the case of lower-skill or minimum-wage workers businesses complained that employees often lacked "a good work ethic" or the "willingness to work." Section VI discusses businesses' needs for workforce skills and training.

Many businesses referred to real or perceived issues related to local policies and politics. A number of business owners commented on land use and zoning policies that were "difficult to navigate," or offered remarks like "the City says it wants to grow business but makes it too hard." Some businesses expanded their concern beyond City Hall to say that "the City and community are anti-business."

On the other hand, not all businesses experienced challenges with the land use process. Several noted that the process "Didn't go too bad," and "Getting approved went fine...approved on the first pass through." In fact, across the businesses interviewed the local land use permit process was rated favorably. On a scale of 1 to 5 (1= "Very Important") respondents rated the importance of the land use process an average of 2.2 and its adequacy an average of 2.1 (1= "Very Adequate"). Nearly three out of four businesses felt that the City's land use process was "Adequate-to-Very Adequate."

The majority of businesses judged the small-town feel and quality of life as an advantage to living and doing businesses in Ashland. However, many faced the down-side of smaller markets, not only for specialized or skilled labor, but for those selling to local and regional customers. Disadvantages reported included more competition for customers and visitors; lower incomes of locals; finding local manufacturing resources; and the need to adjust to seasonal fluctuations in business activity.

Other disadvantages of doing businesses were listed in this and past surveys. Several companies complained about panhandling and other homeless issues downtown or on their property, the lack of affordable housing for employees, and the inadequacy of cell phone service in south end of town. Concern about limited space for business expansion was also expressed and is discussed more fully in Section V.

### **Other Business Comments, Advantages**

"There is an amazing sense of community one gets from living and working here."

Moved business here because ...

"Such things as the food co-op"

"We wanted a place with a university"

"Microbreweries"

"We wanted a place away from the big city"

## **Disadvantages**

“Haven't found resources here, especially suppliers or manufacturers”

“Difficulty of recruiting technical talent”

“Challenges of filling scientific and technical positions”

“Lack of south Ashland cell phone tower limits our company”

“I would like to expand, but there is no place to go”

“Less disposable income in the valley”

## **IV. Impacts of the Recession and Businesses' Challenges and Successes (Items “b” and “f”)**

### **Challenges and Impacts of Recession (Item “b”)**

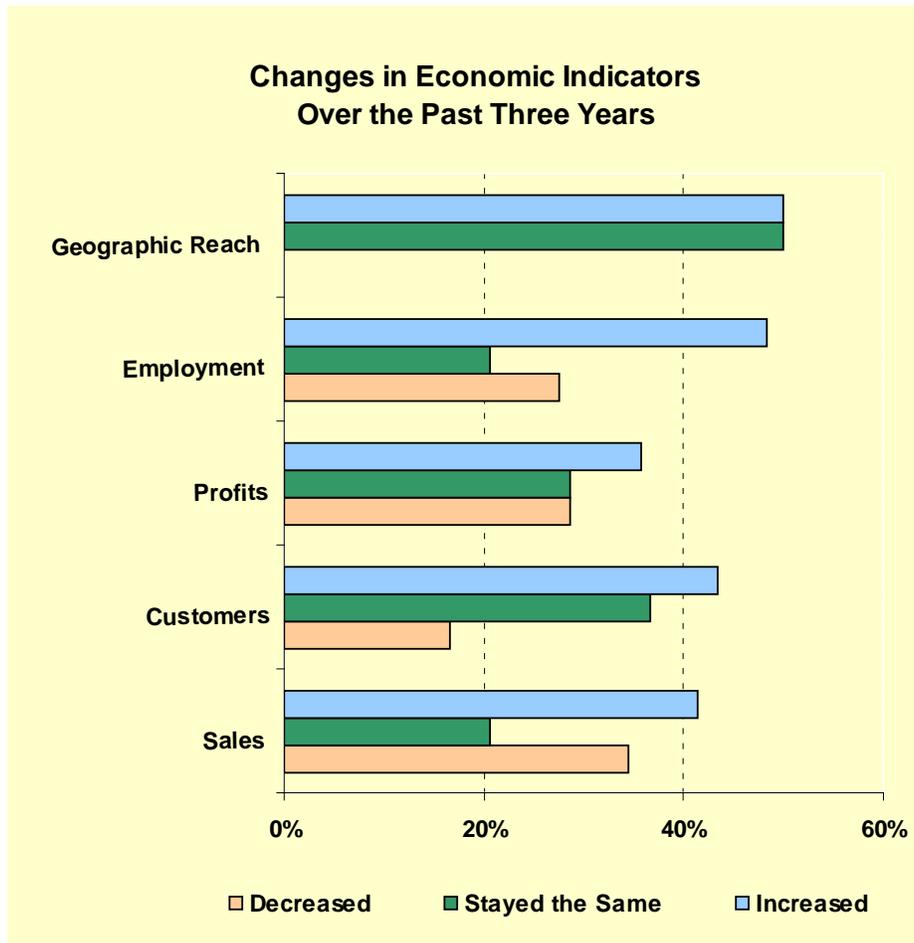
During an economic slowdown economy-wide demand for goods and services, investment in capital and incomes decline. This economic contraction affects business activity in most industrial sectors and creates uncertainty about the future for both workers and businesses. Since the recent recession led to economic distress throughout the nation, the BR&E team wanted to find out the impact of the slowdown on local businesses. Businesses reported on changes in indicators of business activity such as recent shifts in employment, sales, market reach and profits. Additionally, interviewers asked open-ended questions about the general and local impacts, the challenges and the successes businesses experienced during the recession. These quantitative and qualitative measures provide a well-rounded picture of the impact of the recession on the selected businesses and their industries.

The recent economic slowdown negatively affected around 30% of local businesses (Graph 8). A third experienced a decline in sales, and a lesser 29% reported decreases in employment and profits. However, close to 40% of businesses reported increases in sales, employment and customer volume. Changes in market or geographic reach were decisive; businesses either successfully extended their markets during the slowdown or lost some of their geographic reach.

Over half the responses to questions about the impact of the recession on their business were negative (Table 1). About one third of the businesses pointed to simply lack of demand or increased economic uncertainty. Some narrowed their comments to point to challenges with downsizing or making changes in production.

Impacts were felt both from the national and local markets of the selected companies. Not surprisingly, these companies reported some kind of decline in business activity, either through sales, volume of customers, or size of market. A number of businesses responded to these challenges by scaling back production or sales activity, downsizing, or increasing efficiencies. Businesses mentioned impacts such as slowed demand for their products, traveler spending declines, and the need to downsize their company. Other businesses reported challenges adjusting to reduced government or foundation funding or donations.

**Graph 8.**



However, nearly a third of the answers also showed that businesses took the opportunity during the slowdown to make internal changes. Many listed that they developed marketing and business plans, refined their vision, and worked to retain their good employees. They became “leaner and meaner” to “weather the economic storm.”

Specific impacts that businesses faced locally were increased competition from related businesses and decreased traveler spending. A few businesses mentioned that their local market was less affected by the slowdown than were their national markets. Several experienced the benefits of hiring from a better local labor pool. Challenges businesses faced locally focused on finding good-quality, skilled labor, and for some, finding workers who "were willing to work." Other local challenges included dealing with increased seasonal fluctuations in business, and geographically-limited cell phone service.

**Table 1.**

<b>Impacts and Challenges of the Recession</b>	<b>Overall</b>	<b>Local</b>
<b>Impacts</b>		
Decrease in business activity	✓	✓
Scaled back/downsized/became leaner	✓	✓
Business growth	✓	✓
Varied impacts + and -	✓	✓
No change or challenges	✓	✓
Less funding or donations	✓	✓
Local less affected than national economy		✓
Increased competition		✓
Travel/Spending down		✓
Easier to hire		✓
<b>Challenges</b>		
Economy/Lack of demand/Uncertainty	✓	✓
Marketing/Sales/Business plan/Defining vision	✓	✓
Worker issues/Finding skilled labor	✓	✓
Problems resulting from downsizing	✓	
Keeping employees content	✓	
Wearing too many hats	✓	✓
No challenges	✓	✓
Local government/Ordinances		✓
Increased competition		✓
Seasonal fluctuations more pronounced		✓
Limited cell phone service		✓

**Other Business Comments, Challenges of the Recession**

“Despite economy they have continued to grow.”

“Business has not slowed but the downturn has caused them to become better business people”

“They encouraged creativity in cutting costs to offset the downed economy.”

“Local conditions have very little impact except for the availability and quality of employee hires is better.”

“Uncertainty by people/customers nationwide; Some of our retailers have gone out of business.”

“Greater negative impact from local economy...(due to) less disposable income in the Valley.”

**Impacts of the Recession**

“The local slowdown...lots of small businesses cutting costs.”

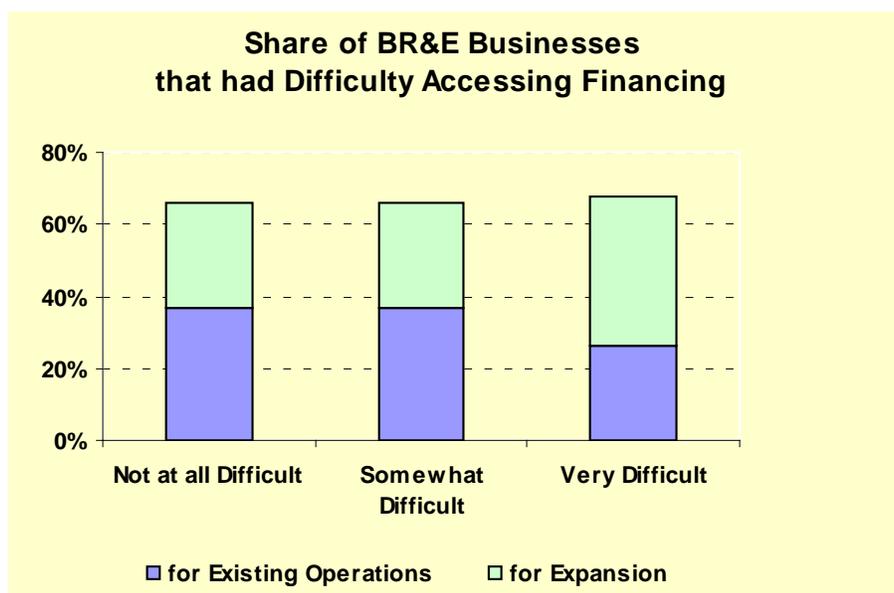
“They have not upgraded (*infrastructure*) or other costly items in an effort to keep costs down.”

## Need for Investment Capital (Item “f”)

While interest rates have been historically low, investment has lagged and business financing has been difficult to access across the country since the recession began. Interviewers asked whether local business experienced financing issues. Just over half of the businesses rated the level of difficulty accessing credit (Graph 9). Nearly two-thirds of these reported that financing was “Somewhat-to-Very Difficult” to access for existing operations. Funding for expansion proved to be more challenging for the majority of these businesses: 70% said that financing was “Somewhat-to-Very Difficult” to secure for business growth or expansion.<sup>5</sup>

In spite of over one-third of businesses expressing difficulty accessing financing, tight credit conditions were not mentioned as an impact or challenge of doing business nor of the recent recession. Additionally, no businesses listed the need to address financing issues in response to future challenges or in their ideas for fostering future economic growth (Sections V and X, respectively).

**Graph 9.**



### Other Business Comments on Financing Difficulties

“We have a very good relationship with our bank. No barriers at the present moment.”

“Process was lengthier, though not negatively impacted”

“Slower growth, passed up opportunities, reduced scale of production”

“We haven’t grown as quickly as we would have liked.”

“We missed opportunities that we could have taken advantage of”

“Local financing is not available.”

<sup>5</sup> 38% of businesses expanded sales, and 44% hired more employees over the past three years (Graph 8).

## Businesses' Successes during the Recession (Item "b")

As businesses adapted to the challenges and impacts of the recession, they had also had successes to report (Table 2). Around 40% of selected businesses reported increases over the past three years in business activity indicators such as employment, sales, customers, and geographic reach. Between 25% and 30% reported no changes in the indicators, many adding that simply weathering the economic downturn was a success. A number of businesses reported that economic slowdown led them to focus on internal challenges, such as developing a business or marketing plan, defining a vision. Pride in their employees and loyal customers during challenging time was expressed by a quarter of businesses.

**Table 2.**

<b>Business Successes</b>	<b>Overall</b>	<b>Local</b>
New or improved quality of products and services	✓	
Using new technologies	✓	
National exposure	✓	
Growth/Market expansion	✓	✓
Still in business/Weathered downturn/Debt free	✓	✓
Loyal customers	✓	✓
Internal planning	✓	✓
Employee training and work ethic	✓	✓
Meeting community needs		✓
Improvements in property/Infrastructure		✓
Employees willingness to work together as a team		✓

### Other Business Comments, Successes

"Despite economy they have continued to grow."

"Developed a business strategy; Employees work together--a great team."

"Saw growth in community support"

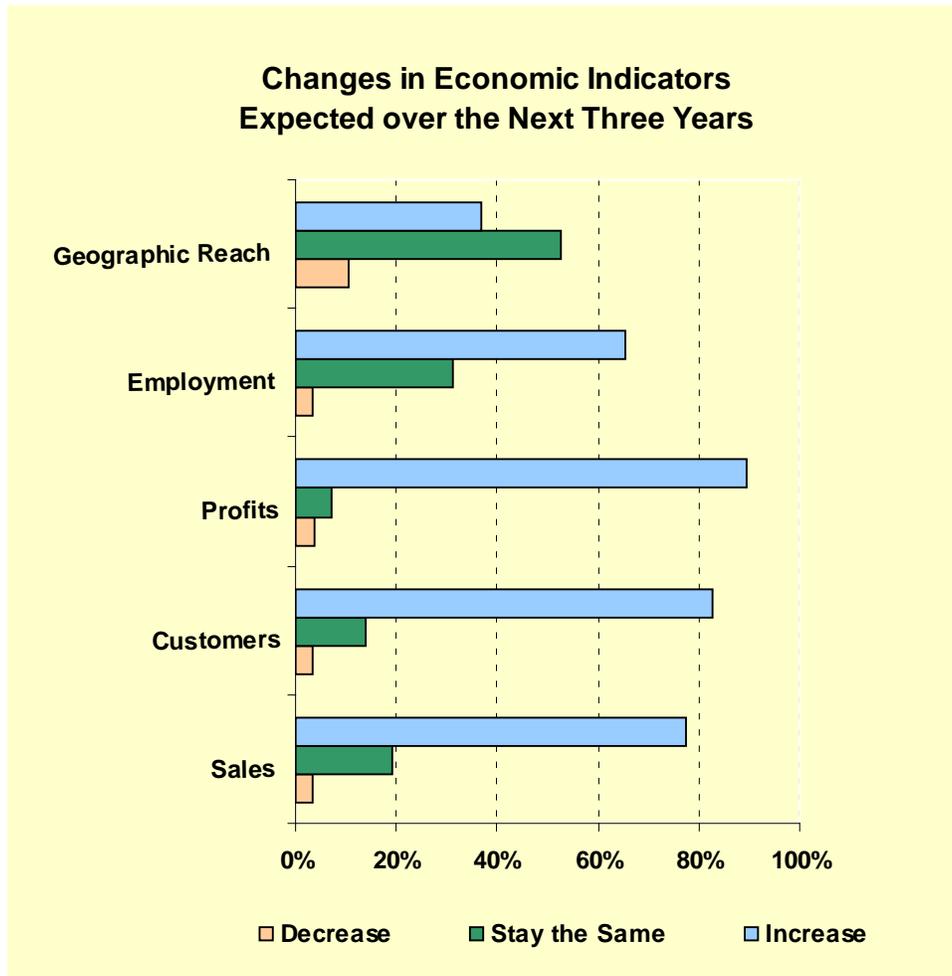
"Yes, they encouraged creativity in cutting costs to offset the downed economy"

"Easier to hire"

## V. Future Business Growth, Expansion and Barriers (Item “g”)

Looking to the future survey participants expressed very optimistic expectations for their business (Graph 10). With the exception of extending their geographic reach, the majority of companies anticipated growth in indicators of businesses success over the next three years. Most decisive is the ninety percent of businesses that expect their profits to grow.

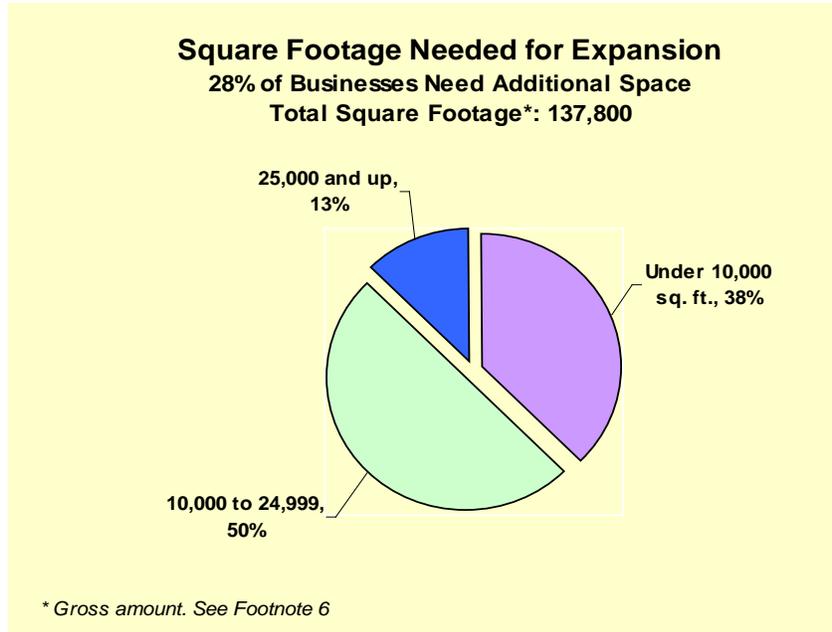
**Graph 10.**



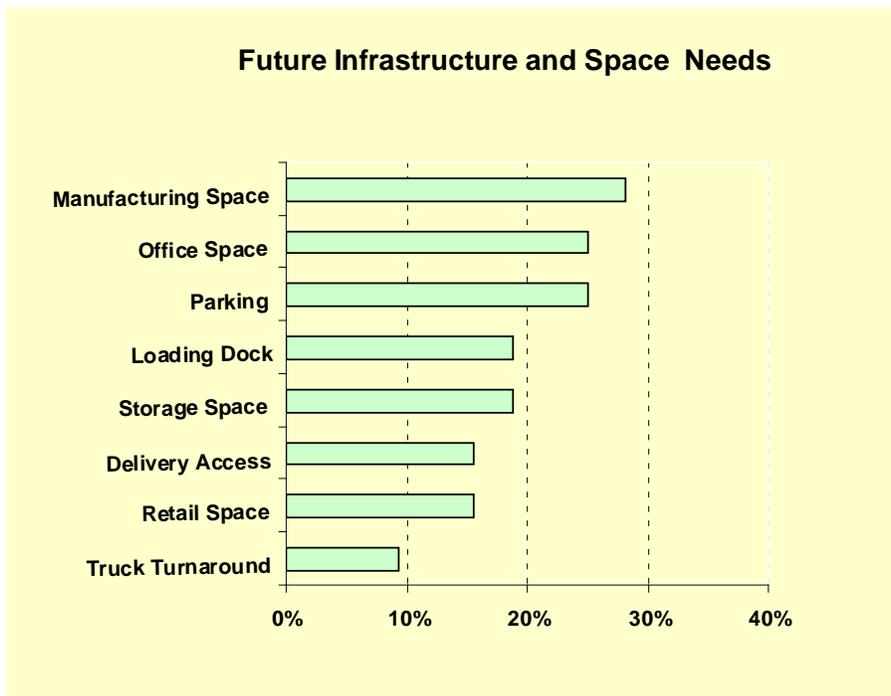
Consistent with this optimistic view are the 41% of businesses who are considering expanding physically over the next three years, most of which intend to stay in Ashland. However, 66% are concerned that the present location of their business does not provide for future expansion. Reasons for concern that businesses cited included limitations of conditional use permits; lack of adjoining land; costs of extending utilities; and issues with zoning and/or the land use permit process.

Twenty-eight percent of businesses reported that they needed additional land for their future building needs (Graph 11). Summed across businesses space needs totaled 137,800 square feet, or an average of 15,311 per business. Space needs varied from 10,000 to 24,999 sq. ft. for half of the expanding companies, and 13% anticipated needing over 25,000 square feet. Manufacturing, office space and parking were kinds of space needs that one quarter to one third of businesses expected to need (Graph 12).

**Graph 11.**



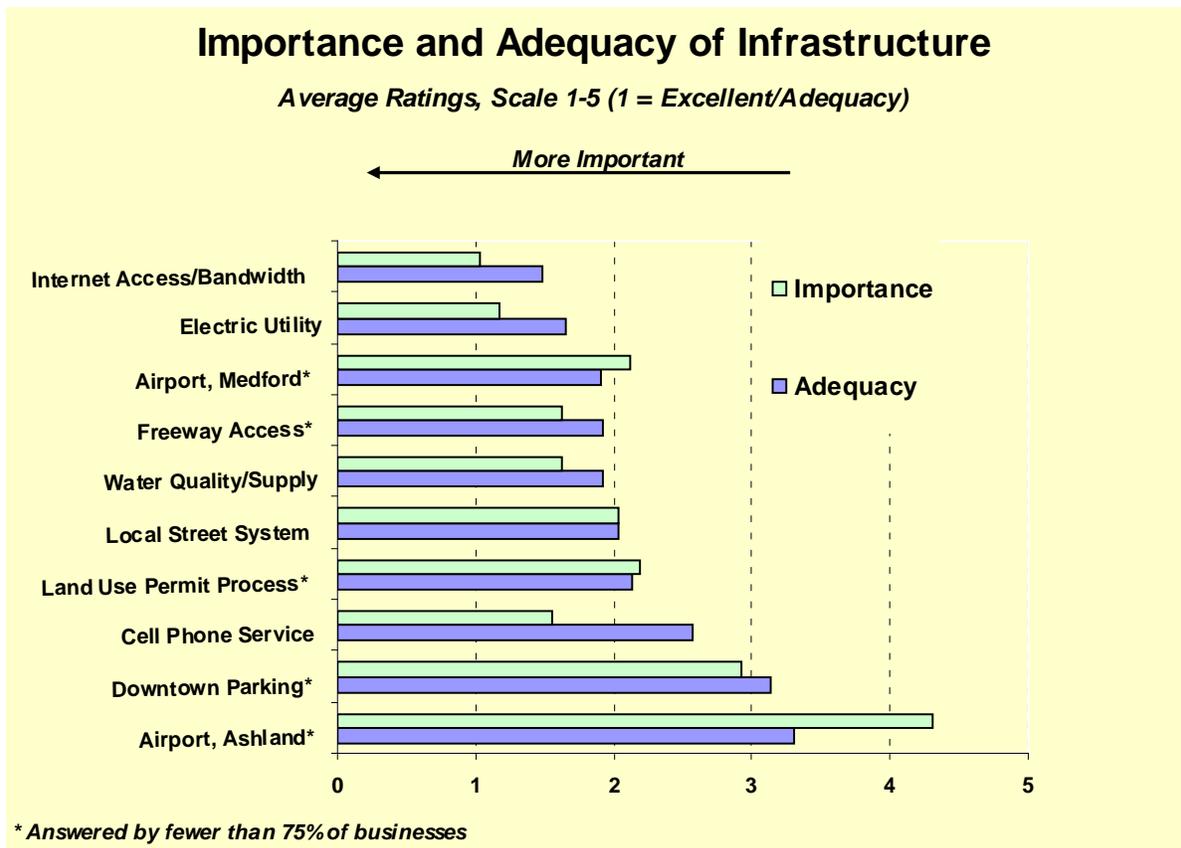
**Graph 12.**



Looking ahead to supporting future economic health, interviewers asked businesses to rate the importance and adequacy of various aspects of the City’s infrastructure to their business’ success (Graph 13). On a scale of 1 to 5, where 1=Very Important/Very Adequate, Internet access and electricity were deemed ‘Very Important’ by most businesses, with average scores close to “1.” The

adequacy of both was similarly rated “Very Adequate.” Freeway access and water quality and supply were rated on average “Somewhat-to-Very Important,” but their adequacy was rated closer to ‘Somewhat Adequate.’ In contrast to specific complaints about parking elsewhere in the interview, overall businesses rated parking as “Adequate” and of average importance. The greatest gap between importance to businesses and adequacy deemed by businesses was for cell phone service. Some businesses complained that the poor quality of service was a significant challenge to doing business in Ashland.

**Graph 13.**



The City’s land use and permit laws and processes received conflicting feedback throughout the interview. On average businesses rated its importance as “Somewhat Important,” and its adequacy as “Somewhat Adequate.” Positive comments about the process included “Didn’t go too bad,” and “Getting approved went well—approved on the first pass-through.” On the other hand, concerns about the land use process, the conditional use system, and City zoning were expressed across survey questions. Reference to these concerns were made in response to open-ended questions about the disadvantages and challenges of doing business in Ashland, regulations that inhibit businesses’ ability to grow, and recommendations for assuring Ashland’s future economic health. Across various survey questions, about 20% of businesses expressed concern about the real or perceived challenges of navigating the City’s land use process or that “City ordinances hinder growth.”

Reflecting their overall optimism, businesses listed their future goals and challenges. Most businesses seemed to set their sights on increasing sales or other measures of business activity (Graph 10). Beyond these specific goals noted were: raising guest satisfaction; growing larger dealer networks;

expanding uses of technology; or innovating more. Several businesses focused on sustainability goals such as seeking more sustainability solutions and being carbon-neutral by 2030. Challenges of reaching their goals centered on economic uncertainty, competition, maintaining staff through growth, adapting to changing technology, and concern about the City’s land use processes.

### **Other Business Comments, Infrastructure**

“AFN is critical to business”

“Local Streets adequate--tough for trucks coming off interstate 5”

“Cell phone: Cannot get good cell service to conduct work”

### **Goals and Challenges in the Future**

“Fulfill environmental sustainability goals”

“Grow 50-100% revenue; grow profits yield high margin”

“Retooling and relearning given huge technology shifts”

“Zoning regulations--the City says it wants to grow business but makes it too hard”

“There is a perception that the City is anti-business “

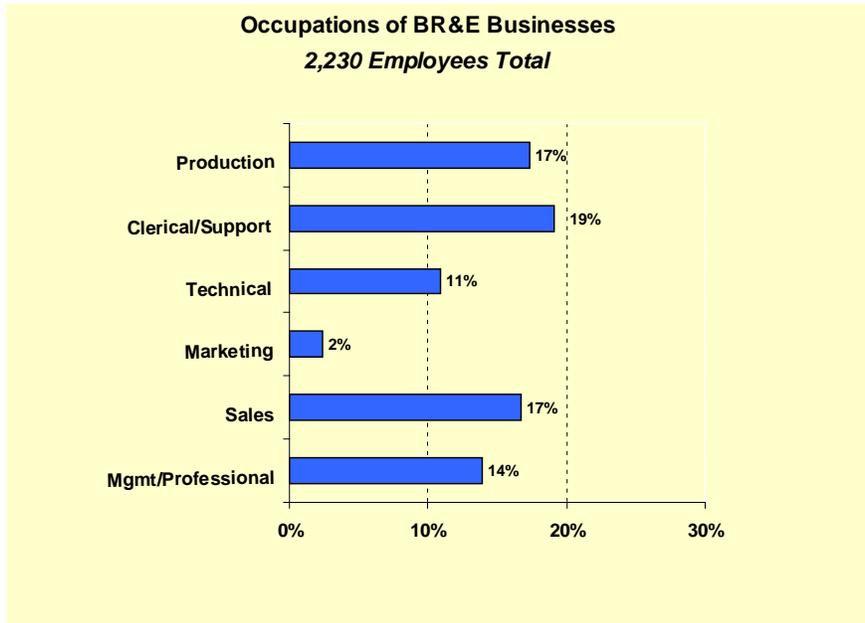
“Local tax is pretty high, (would be better in Medford). High price for office space. We make a choice to pay more in Ashland. Wish we had incentive”

## **VI. Workforce and Professional Development Needs (*Items “d” and “e”*)**

Employment in BR&E businesses was well-distributed across major occupational groups (Graph 14). Of the 2,230 employees represented by surveyed firms, over 50% of employees worked in occupations that were low-skill, such as clerical and sales, or mid-skill, such as production. Over one-third of employment of BR&E businesses fell into high-skill technical, management and professional occupations.

A recurring issue throughout the survey centered on the challenges of hiring skilled or qualified employees. The area’s small labor pool was noted as a disadvantage of doing business in Ashland, particularly for technical, specialized and production workforce skills. Businesses pointed to the need to improve local workforce and skills gaps as an important step toward fostering future economic growth.

**Graph 14.**



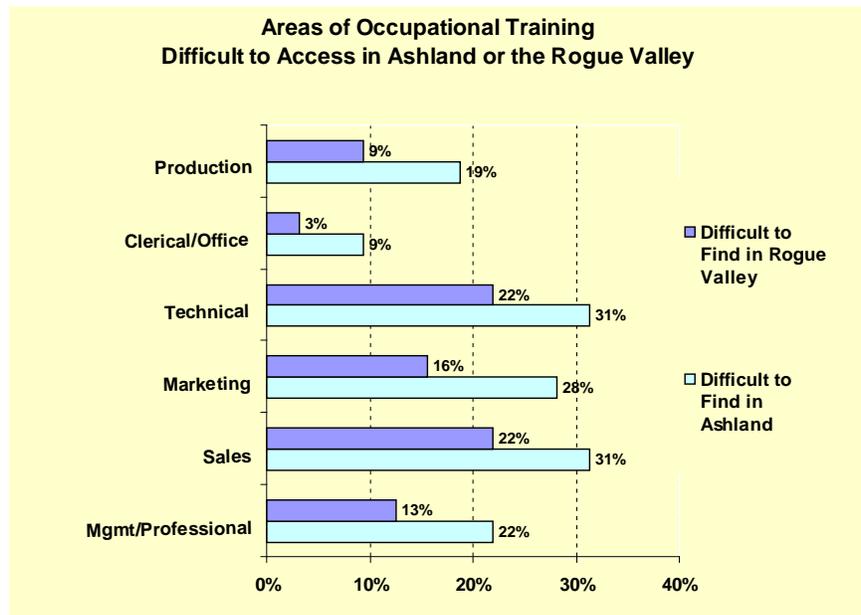
Local businesses reported that additional training could serve as one way of addressing their workforce needs. Except for clerical occupations, many businesses (40% to 66%) reported that the remaining occupational skills were important to the success of their business. Additionally, more training was needed in each of these areas (Graph 15). The need for additional technical training in particular was expressed in responses throughout the interview. Over three quarters stated that technical training in particular was “Very Important” to their current operations and future growth. Management, sales and marketing occupations were other areas that about 70% of business rated as “Very Important” to their business success.

**Graph 15.**



Accessing skills training for their current employees proved to be another challenge for many local businesses (Graph 16). Clearly, finding training resources in Ashland proved more difficult than in the larger Rogue Valley region. Still, for over one-fifth of the businesses technical and sales training were difficult to find both in Ashland and in the region. Less than 20% of businesses had trouble finding training in clerical, production, management and marketing occupations. To address their training needs businesses recommended stronger ties between businesses and local schools and universities to improve skills of new workers, or to assist in training current employees through continuing education.

**Graph 16.**



**Educational and professional development needs and resources/support for business owners and their leadership teams (Item “e”)**

Business owners and their management staff also need access to professional development resources to upgrade and update their skill, as well as to grow professionally in tandem with their business. Two of three businesses reported that they had taken advantage of locally-provided professional development resources. For the remaining third the most-cited reasons for not tapping local resources included: did not have time for training; could not afford; that the development resources did not fit their needs; and the business owner did not feel the need for further professional development. As noted in Graph 16, only 13% of businesses reported that they were unable meet their management training needs within the Rogue Valley region. Furthermore, when asked if professional training opportunities were offered locally, only 20% of respondents replied that they would “Somewhat-or-Very Likely” utilize them and 46% said it was “Somewhat-to-Very Unlikely” that they would take advantage of these resources.

**Other Business Comments, Workforce Skills and Development**

“We develop everyone in-house, not looking for specific skills but trainable people.”

“(Challenges finding:) engineers: electrical, software, mechanical. They are mostly hiring from Seattle, Detroit, California. If they have a family, they do not want to relocate.”

“Recruiting employees with specific qualifications to relocate to Ashland”

“Since we are a design and development company, it would be helpful to establish a relationship with OIT in Klamath Falls.”

“Training through RCC and SOU is important for technical jobs”

**VII. Business Needs by Business Stage (Item “h”)**

To assess specific business needs by “stage of business,” selected companies were categorized by age (Table 3): “New” companies were established in 2002 or later and make up nearly a third of the selected businesses; over half were “Established” companies founded between 1983 and 2001; and “Historic” firms were those established prior to 1983. They represented 13% of the businesses interviewed. Needs were analyzed by age for physical expansion, infrastructure needs, and employee training.

**Table 3.**

Age of Businesses	% of Businesses	Plan to Expand	Room for Expansion	
			Yes	No
New (2002-2012)	13%	100%	20%	80%
Established (1983-2001)	53%	28%	35%	53%
Historic (1900-1982)	31%	33%	50%	50%
All Selected Businesses	100%	48%	33%	67%

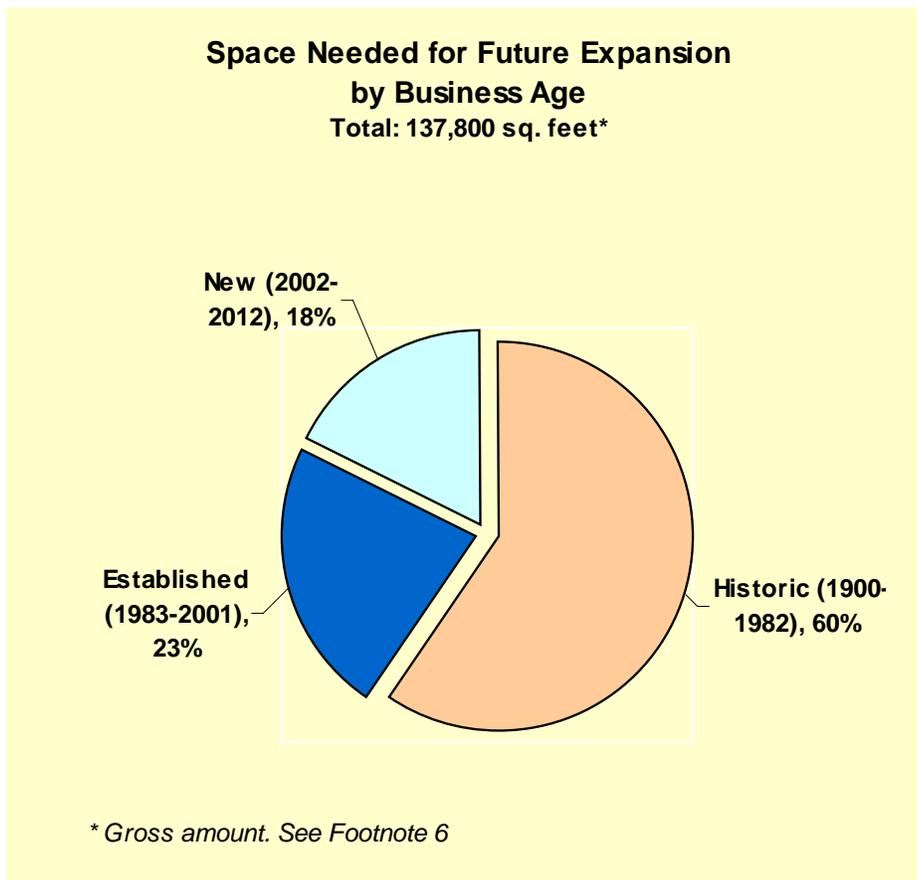
Overall, nearly half of selected businesses (48%) expected to need room for expansion over the next three years. Two-thirds of these judged that there was no room for expansion at their present location. Across all business, total space needs were projected to total 137,800 square feet<sup>6</sup>, an average of 15,300 sq. feet per firm (Table 3, Graph 17). All “New” businesses reported expectations to physically expand in the future. Most did not have room at their current location but estimated needing only 18% of the total space needs of the businesses interviewed. In contrast, a minority of “Established” and “Historic” businesses anticipated future expansion, but together then reported the majority of space needs, 23% and 60% respectively.

The kinds of space and infrastructure businesses needed followed logically from their ages (Graph 18). “New” companies had greater needs across all categories, except for manufacturing space. All “New”

<sup>6</sup> This figure is a gross amount of square footage. Vacated space would need to be netted out to determine the total square footage needed for future businesses expansion in Ashland.

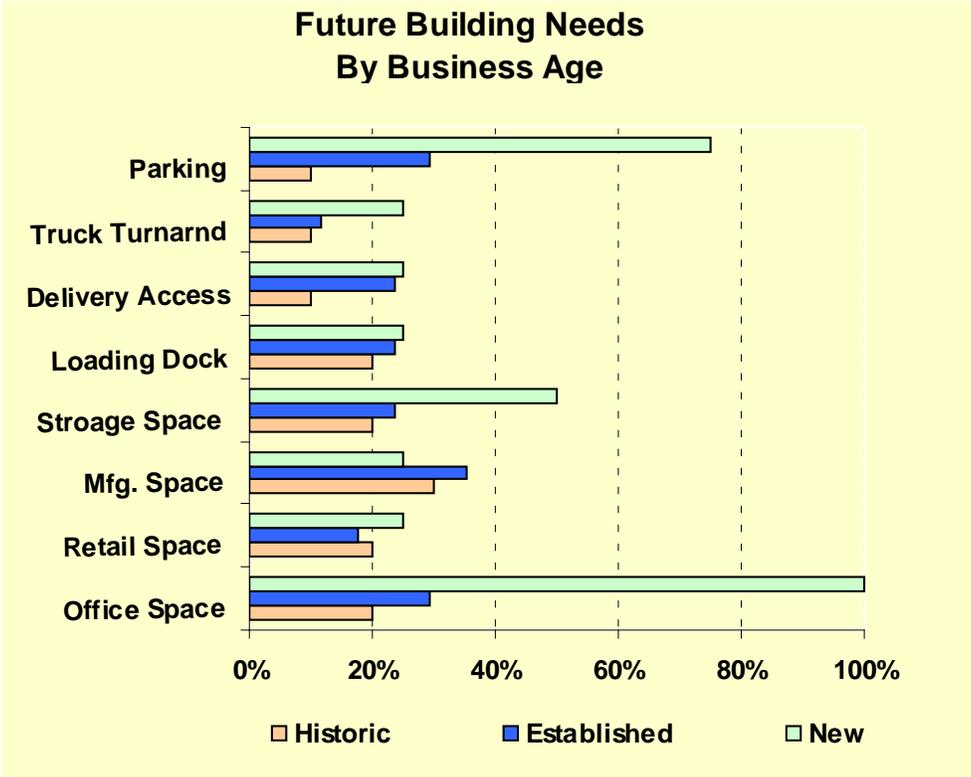
firms also expressed need for more office space, and the majority echoed the need for additional parking and storage space. A higher share of Established” businesses reported needing more manufacturing space and increased delivery access. Like “New” businesses, these companies were looking ahead to the need for more parking space. At the other end of the spectrum were the lower percentages of “Historic” business expressing specific building and infrastructure needs. Only the need for additional retail space was noted by a higher share of older companies.

**Graph 17.**

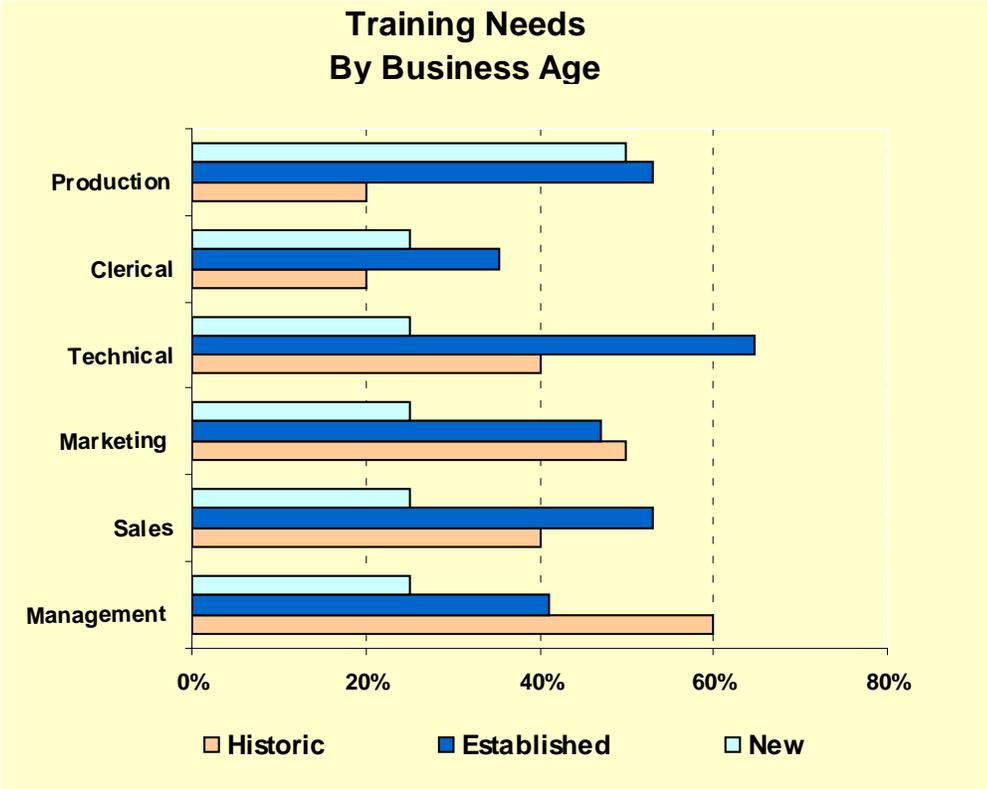


The need for some kind of workforce training was reported by most of the businesses. As discussed in Section VI, with the exception of clerical skills, between 44% and 47% of the businesses confirmed that their employees needed additional training across all queried categories. “New” companies differed considerably from the other two types of businesses (Graph IV). Training in the production occupations was the only category in which a higher percentage of “New” businesses showed interest as compared to the overall sample. Only 25% of these companies felt they needed training in any of the other occupations. A much larger share of “Historical” businesses expressed need for management skills training (60% vs. 44% overall), and to a lesser extent, marketing. “Established” businesses showed interest across all skills training categories except clerical training.

Graph 18.



Graph 19.



## Other Business Comments, Stage of Business

“(Expand) Not at this point in the business' life (Established)”

“If company reaches point of increased production will most likely move to Medford (New)”

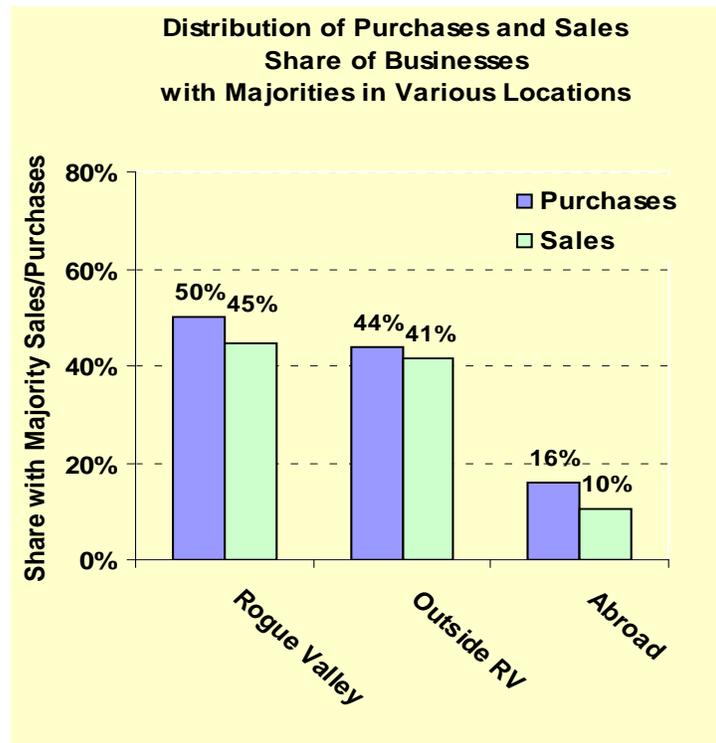
“No available land at existing location to own or move to (Historic)”

## VIII. Supply Chain and Markets (Item “i”)

A central concept of many economic development theories is that for an area to increase its economic “wealth,” whether measured by employment or income, it must increase purchasing linkages with regional businesses, yet have “engines of growth” in industries which “export” out of the area. The notion asserts that local economic development is stimulated and supported by external demand or markets. In Ashland’s case in particular, this external demand may be thought of as both external consumers or as out-of-area consumers coming to Ashland to purchase goods and services on site—visitors.

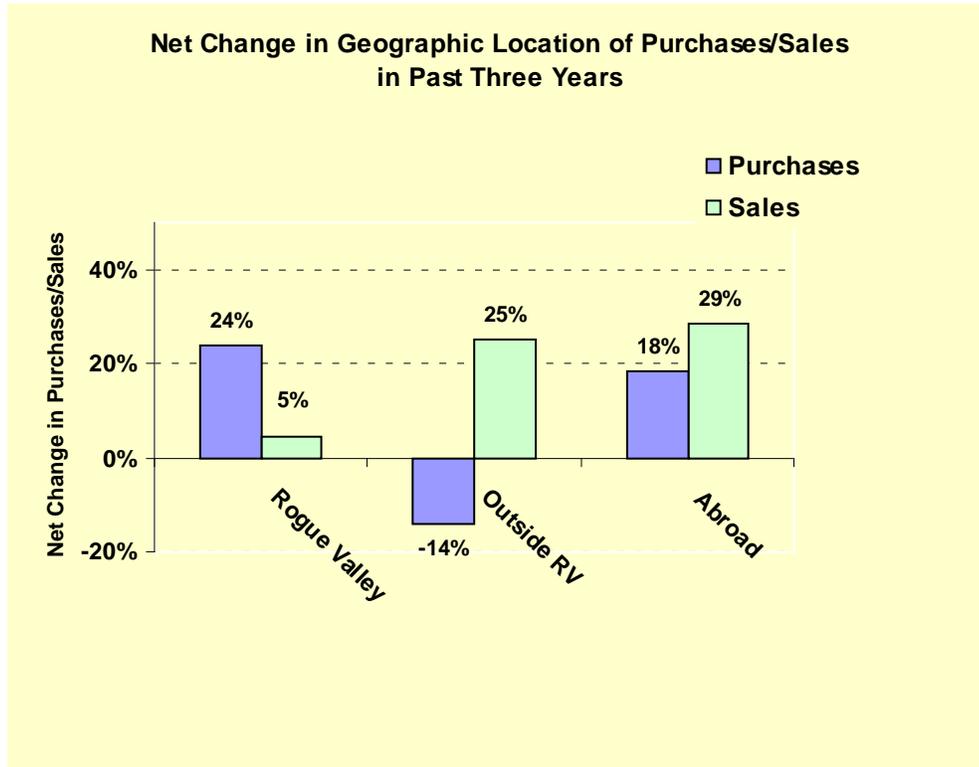
BR&E interviewers asked businesses what share of their purchases and sales came from regional, national or foreign markets, and how the volume of these transactions had changed over the past three years (Graphs 20 and 21). Given the limited size of the Rogue Valley economy, particularly for specialized inputs, and given the growth of on-line sales, it makes sense that half of the companies responded that the majority of their purchases were made through external markets. However, it is notable that a net of 24% companies said they had increased regional purchases over the past three years. In net terms (increases – decreases), local companies cut back purchases domestically, and 18% of businesses (net) said they had increased their purchasing abroad.

**Graph 20.**



What is more, over the past three years the share of firms who increased their sales outside the Rogue Valley grew by a net of 25% nationally and 29% abroad. Whether these net changes continue is a question to address in future BR&E interviews. At this point the findings suggest that key Ashland businesses are strengthening regional linkages through their purchases and augmenting demand for local products through sales to external markets.

**Graph 21.**



Nearly half the companies (47%) reported that at least some part of their business involved manufacturing (including food and wine). All but two stated that at least some of their production occurred in Ashland, and two-thirds of these said that all of their production took place in Ashland. One in five reported manufacturing activities outside of Ashland at such locations as the Rogue Valley, Portland, California, India, China, Taiwan, the Czech Republic, and Hungary.

Across comments made throughout the interview, it is clear that most businesses value using or seeking out local suppliers and/or that they want to extend the market reach for their products and service beyond Ashland.

**Other Business Comments, Supply Chain Challenges**

“Finding new companies to work for, looking beyond local businesses for opportunities”

“Local customer support growing consistently”

“We haven't found resources here, such as suppliers, manufacturers (manufacturing business)”

### Comments, Supply Chain Successes

“Local customer support is growing consistently”

“Projects reaching all over the globe”

“Still growing, becoming nationally-known”

“We buy everything we can locally (manufacturing business)”

### Future Goals

“Reach/move into area of the Rogue Valley that we do not serve”

### Recommendations for Future Growth

“Utilize things we have in place, less outsourcing, outside consultants. We have smart people here”

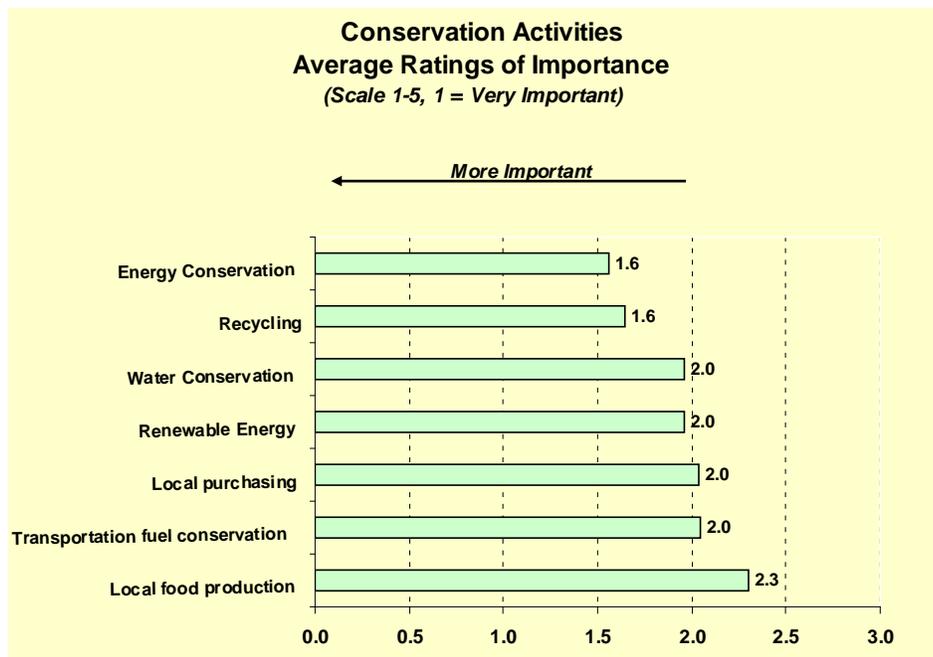
“Hire/contract more with local consulting resources as opposed to those that are out of area”

“Bring in new diverse produce to be grown locally”

### IX. Sustainability (Item “j”)

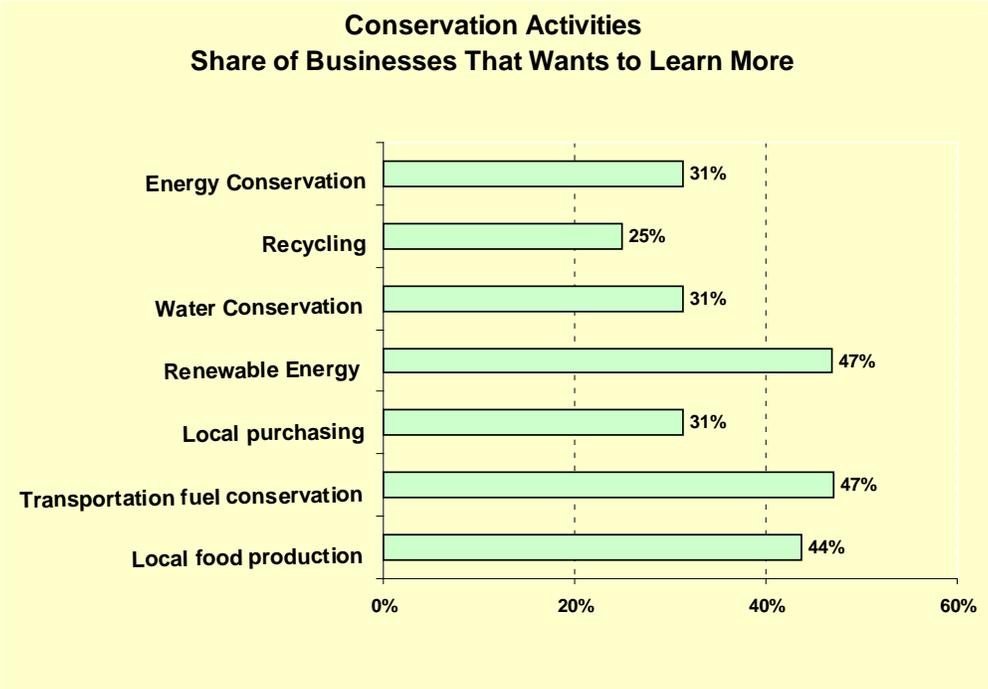
Ashland’s community, businesses and government place high priority on sustainability, whether it means supporting conservation measures at home and work, efficient use of resources, and/or encouraging business operations that are viable long term both economically and environmentally. In the BR&E interview businesses were asked to rate the importance of various City-supported conservation activities (Graph 22). On a scale of 1 to 5, where 1=“Very Important,” most businesses viewed various activities as “Somewhat-to-Very Important.” In particular, energy conservation and recycling programs were rated as “Very Important.”

**Graph 22.**



As another measure of the value of conservation activities to the selected businesses, nearly half were interested in learning more about transportation fuel efficiency, local food production and renewable energy programs (Graph 23). Only one in four businesses requested more information about recycling, likely because this program is well-understood and enjoys wide participation of Ashland’s residents and businesses.

**Graph 23.**



**Other Business Comments, Sustainability**

“They are growing their reputation as a company with strong environmental commitment”

“Employee attitude is to conserve.”

“Renewable energy: more on personal level. Recycling: always dealing with waste material”

“Solar panels are too expensive and would love to see the government help with incentives”

**Recommendations to Foster Future Growth**

“Take a much more aggressive position on long-term viability of what we make and how we steward it in the community”

“More needs to be done on sustainable agriculture and energy”

“Put Ashland on the map for encouraging local & sustainable products”

“Support for biodynamic and sustainability projects”

**Challenges**

“Finding products available locally to meet company goals of sustainability”

## **X. Ideas for a Healthy Economic Future (*Item “c”*)**

At the conclusion of the interview, businesses were invited to share ideas about what they thought could foster a healthy economic future for Ashland. Nearly half offered recommendations about business development: targeting high-tech and/or innovative businesses, promoting existing businesses and the City’s quality of life, attracting businesses that use sustainable practices, embracing tourism as a key part of the economy, and sending the message that “Ashland is interested in business development.”

Nearly one third commented on the City planning policies or politics. Several businesses encouraged addressing Ashland’s anti-growth reputation. Other suggested streamlining the land use and permit processes, or “sending a message” that the City supports the business community. Comments were added acknowledging and supporting the City’s Economic Development Strategy and expressing appreciation for the City’s business outreach efforts through the strategy and the BR&E program.

A third theme supporting future economic health focused on workforce education and training. Suggestions included: improving technical training in schools; preparing students for work through internships and workforce skills training; (the City or Chamber) serving as liaison(s) between SOU, OIT and RCC students and potential local businesses; and providing basic skills and hospitality training to minimum wage and service industry employees.

Cooperation between businesses, the public sector, and education was an additional recommendation made by multiple businesses. Many referred to the potential benefits of networking with Chamber, SOREDI or other Rogue Valley businesses. Some narrowed their comments to urge increased communications and resource-sharing across Ashland-based businesses.

Businesses made other recommendations such as increasing awareness for all arts in the City and addressing its homeless and panhandling issues.

## **XI. Conclusions**

The 2012 Business Retention and Expansion program set out to learn about selected businesses’ experiences during the recession and of doing businesses in Ashland. The Chamber of Commerce and the City of Ashland were particularly interested in their expectations, goals and ideas for the future of their businesses and for the health of the Ashland economy. Important findings of the thirty-two business interviews are:

1. The advantages of doing business in Ashland centered on the City’s quality of life, natural and cultural assets, and its small-town feel. Disadvantages principally related to the relatively small labor pool and its lack of specialized and technical skills.
2. While some businesses endured hardships through the recent recession most maintained or increased their sales.
3. Local businesses took pride in their employees, loyal customers and “weathering the storm” during the recent recession.

4. Businesses struggled with difficulties of hiring qualified and skilled workers. Most pointed to the need for more technical, sales and marketing training, for both current employees and for the local workforce.
5. Over the past three years businesses reported that they increased purchases from regional sources and increased their sales to external markets.
6. Expectations for the future were optimistic. Most businesses looked forward to gains in employment, sales, customers and profits over the next three years.
7. Nearly half the businesses were expecting to expand physically over the next three years. The majority had concerns about their ability to expand in their present location due to conditional use permits, zoning restrictions or lack of space.
8. Businesses urged a streamlining of the local land use process and felt the effort would support future business development.
9. Interest in sustainable business programs and practices was prevalent across businesses.
10. Businesses were interested in deepening their connections with regional companies and institutions, particularly with SOU, RCC and SOREDI.

It is the goal of the BR&E Leadership Team that the information presented in this report help to refine the City's Economic Development Strategy and to enrich programs through the Chamber of Commerce. To the extent possible, businesses' needs and concerns will be addressed by both the City and the Chamber, either through the Chamber's Rapid Response Team, through existing or new programs, or through informed political and community discourse. The BRE program serves as an important effort in reaching out to the City's business community to understand its needs and perspectives. It takes the important step of enhancing communications between businesses and Ashland's community overall.

**Appendix A**  
**Businesses Interviewed**  
**for the 2012 Business Retention and Expansion Program**

**Businesses Interviewed  
for the 2012 Business Retention and Expansion Program**

Ashland Community Hospital ✓	Oregon Cabaret Theatre
Ashland Food Cooperative ✓	Oregon Shakespeare Festival Assn.
Ashland Springs Hotel ✓	Pacific Domes
Bauer Premium Fly Reels	Plexis Healthcare Systems ✓
Brammo Inc. ✓	Professional Tool Manufacturing
Christopher Briscoe & Associates	Project A* ✓
Cropper Medical ✓	Rogue Valley Roasting Company
Dagoba Chocolate ✓	Scienceworks Hands-on Museum
Deux Chats	Ski Ashland
Dotcomjungle	Sky Research ✓
Hakatai Enterprises ✓	Standing Stone Brewing Company ✓
Hassell Fabrication*	Stratford Inn
Illahe Studios and Gallery	The Modern Fan Company
Independent Printing Company	Tree Star ✓
Massif	Weisinger's* ✓
New Horizons Woodworks	Yala/Dreamsacks ✓

✓ Interviewed in 2006

\* Located outside of City limits

## **Appendix B**

### **2012 Ashland Business Retention & Expansion Survey**



## 2012 Ashland BR&E Survey

Ashland Chamber of Commerce and City of Ashland

Survey Date: _____	Interviewer: _____
Person Interviewed: _____	Scribe: _____

### Definitions

**Local** – Within Ashland

**Ashland-based workforce** – Employees physically present at your Ashland operations location

**Business abroad** – Commerce between your business in Ashland and foreign customers/clients

**Regional/Rogue Valley** - Jackson and Josephine Counties

**Total employees or workforce** – All you business's employees (excluding contractor or consultants), regardless of location.

### Business Background

1. In what year was the business established? \_\_\_\_\_

2. Was the business ...

Established in Ashland? Year:\_\_\_\_\_ # of Employees when established? \_\_\_\_\_

Moved to Ashland? Year:\_\_\_\_\_ From Where?: \_\_\_\_\_

How many employees moved with the business to Ashland? \_\_\_\_\_

How many employees were hired locally? \_\_\_\_\_

What were the main reasons you relocated your business to Ashland?

3. How many people does your business currently employ?

In Ashland: \_\_\_\_\_ Outside of Ashland: \_\_\_\_\_ Where? \_\_\_\_\_

4. How many of your employees are: *(Read List)*

<u>Category</u>	<u>#</u>	<u>Or</u>	<u>%</u>
Full-Time	_____		_____
Part-Time	_____		_____
Seasonal	_____		_____
Management	_____		_____
Sales	_____		_____
Marketing	_____		_____
Technical	_____		_____
Clerical/Office	_____		_____
Production	_____		_____
Other: _____	_____		_____

5. What percentage of your employees who work in Ashland also lives in Ashland? \_\_\_\_\_%

**Over the Past Three Years**

6. *(Over the past 3 years)* Have the following increased, decreased or stayed the same for your business:

<u>Past Three Years</u>	<u>Increased</u> ✓	<u>Decreased</u> ✓	<u>Stayed the Same</u> ✓
Sales			
Number of Customers			
Profits			
Employment			
Geographic Reach Where?			

7. *(Over the past 3 years)* How have overall economic conditions impacted your business?

8. *(Over the past 3 years)* How have local economic conditions impacted your business?

i. What have been your business's specific challenges?

1) Overall

2) Locally

ii. What successes has your business experienced?

1) Overall

2) Locally

### Future Plans/Goals over the Next Three Years

9. (Over the next three years) Do you expect the following to increase, decrease or stay the same for your business:

<u>Next Three Years</u>	<u>Increase</u> ✓	<u>Decrease</u> ✓	<u>Stay the Same</u> ✓
Sales			
Number of Customers			
Profits			
Employment			
Geographic Reach Where?			

10. (Over the next three years) What are your goals for your business?

11. (Over the next three years) What specific challenges to you expect to face?

12. What percentage of your purchases for supplies, raw materials and services (*legal, accounting, marketing, etc.*) would you say comes from: (Read List)

Businesses within the Rogue Valley	% _____	<u>Compared to 3 years ago</u> ✓ <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses outside the Rogue Valley Where?	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses Abroad What countries: _____ _____	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same

13. Approximate percentage of your total sales to: (Read List)

Businesses within the Rogue Valley	% _____	<u>Compared to 3 years ago</u> ✓ <input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses outside the Rogue Valley Where?	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same
Businesses Abroad What Countries: _____ _____	% _____	<input type="checkbox"/> Higher <input type="checkbox"/> Lower <input type="checkbox"/> Same

14. For manufacturing businesses: Where specifically is/are your product(s) manufactured?

\_\_\_\_% in Ashland    \_\_\_\_% Where? \_\_\_\_\_    % \_\_\_\_ Where? \_\_\_\_\_

## Workforce Skills & Training

15. What workforce skills do you need for your business and how important are they to your existing and future operations? (*Open-ended, Check/Note all mentioned*)

<u>Skills Areas</u>	<u>Needs</u> ✓	<u>Importance</u> (Rate 1-5, 1=Very Important)
Management	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	_____

16. What specific skills do you have difficulty finding in the local and regional labor force and how important are they to your current operations and future growth plans?

<u>Lacking in Labor Force</u>	<u>Ashland</u> (Local) ✓	<u>Rogue Valley</u> (Regional) ✓	<u>Importance</u> (Rate 1-5, 1=Very Important)
Management	<input type="checkbox"/>	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

17. Approximately how many hours of training do you provide your employees in a “typical year” in the following skill areas?

<u>Skills Areas</u>	<u>Annual Training Time (hours)</u>
Management	
Sales	
Marketing	
Technical	
Clerical/Office	
Production	
Other: _____	

18. In what areas do your existing employees need more training? (Open-ended)

<u>Training Needs</u>	<input checked="" type="checkbox"/>
Management	<input type="checkbox"/>
Sales	<input type="checkbox"/>
Marketing	<input type="checkbox"/>
Technical	<input type="checkbox"/>
Clerical/Office	<input type="checkbox"/>
Production	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>

19. For what areas do you have difficulty finding training resources in Ashland and the Rogue Valley?

<u>Difficult Finding Resources</u>	In Ashland <input checked="" type="checkbox"/>	In the Rogue Valley <input checked="" type="checkbox"/>
Management	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input type="checkbox"/>
Marketing	<input type="checkbox"/>	<input type="checkbox"/>
Technical	<input type="checkbox"/>	<input type="checkbox"/>
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>
Production	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

20. Does your executive, management or ownership team currently access locally-provided professional development resources?  Yes  No

1) If NO, why not?

2) If local professional development training or mentoring opportunities were available locally, how likely would your business utilize them?

Very Likely    1                      2                      3                      4                      5    Very Unlikely

Probe:

21. For what skill areas or services does your business hire consultant/professional services/contractors and where are they located?

<u>Outsourced/Contracted</u>	Ashland ✓	Rogue Valley ✓	Outside the Rogue Valley ✓	From Where?
Professional ( <i>such as accounting, legal, financial, medical, etc.</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Technical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Clerical/Office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

22. What are the main reasons you hire consultants/contractors from outside the region?

## Physical Space and Infrastructure

23. Do you currently  Own /  Lease /  Rent the space you do business in?

24. In the next three years do you plan to:

Own /  Lease /  Rent the space you do business in?

25. Does your current business location provide adequate opportunities for future expansion?

Yes  No

If NO, why not?

If NO, where would you consider expanding...

Within Ashland:

Outside of Ashland:

26. If your business expands physically, what kind of space and facilities will you need?

<u>Building Needs</u>	✓
Size/Sq. Footage	_____
Office Space	<input type="checkbox"/>
Retail Space	<input type="checkbox"/>
Manufacturing/Production Space	<input type="checkbox"/>
Storage	<input type="checkbox"/>
Loading Dock	<input type="checkbox"/>
Delivery Access	<input type="checkbox"/>
Truck Turnaround	<input type="checkbox"/>
Parking	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>

27. In the next three years are you planning to expand or move your business....

No

Yes:

Expand:

At current location in Ashland

To another location in Ashland. Where? \_\_\_\_\_

Some operations outside of Ashland. Where? \_\_\_\_\_

What are the main reasons you would locate these elsewhere?

Move:

To another location within Ashland. Where? \_\_\_\_\_

Out of Ashland. Where? \_\_\_\_\_

What are the key factors for moving your business out of Ashland?

28. Rank the importance of the following systems and infrastructure to your business's existing and future success and rate the condition or adequacy of each.

<u>Infrastructure</u>	<u>Importance</u> (Rate 1-5, 1=Very Important)	<u>Condition or Adequacy</u> (Rate 1-5, 1=Excellent)	<u>Comments</u>
Local street system			
Freeway access			
Water quality & supply			
Internet Access/Bandwidth			
Electric Utility			
Local land use permit process			
Regional airport – Medford			
Local airport – Ashland			
Downtown Parking			
Cell phone service			
Other: _____			

## Access to Capital

29. Over the past three years, *on a scale of 1 to 3*, how difficult has it been for your business to access capital, such as loan financing or credit, for financing....

a) existing operations      and      b) expansion

...And what have been the barriers to accessing funds in each case?

1= *Not at all Difficult*      2=*Somewhat Difficult*      3=*Very Difficult*

<u>Access to Capital for</u>	<u>Difficulty</u>	<u>Barriers to Accessing Capital (list)</u>
a) Existing operations	_____	
b) Business growth or expansion	_____	
Other: _____	_____	

30. If access has been difficult (2 or 3), how has your business been impacted?

31. What specific government regulation, program, policy or tax significantly affects your business's ability to grow and/or be successful?

i. Local

ii. State

iii. Federal

32. What regional information resources, organizations and agencies do you currently access for business assistance, development and training?

33. How important are the following resource conservation activities to your business?  
 .....Would you like to learn more about these activities?

<u>Conservation Activities</u>	<u>Importance</u> <i>Rate 1-5, 1=Very Important)</i>	<u>Want to Learn More</u> ✓
Energy conservation	_____	_____
Renewable energy (solar, wind thermal, etc.)	_____	_____
Water Conservation	_____	_____
Recycling	_____	_____
Local purchasing of goods and services	_____	_____
Local food production	_____	_____
Transportation fuel conservation	_____	_____

34. How can the City of Ashland, the Ashland Chamber of Commerce, SOU and other local and regional agencies and partners support and foster future local economic health?

35. In addition to the topics covered in this survey, what do you think is needed to make Ashland's economic future healthier?

**THANK YOU FOR YOUR TIME**

