Ashland, Oregon
Rental Needs Analysis

May 2007

Prepared for:
City of Ashland

FERRARINI & ASSOCIATES, INC.

Real Estate Advisory Group

DATE: MAY 29, 2007

TO: BRANDON GOLDMAN
             CITY OF ASHLAND

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SUBJECT: ASHLAND RENTAL NEEDS ANALYSIS

Introduction

The City of Ashland retained Ferrarini & Associates to complete a Rental Needs Analysis. The main purposes of this analysis are to:

- Assess the current rental market in the city;

- Forecast future rental housing needs;

- Recommend public policy solutions to the city's housing needs; and

- Establish a methodology for updating the needs analysis on a regular basis in the future, including data sources and methods.

The information in this report is intended to provide the City of Ashland with reliable statistical information on its rental market. This information will help the city develop policies and programs to ensure it is meeting its obligation under Oregon's Statewide Planning Goal 10, which requires local governments to "encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households."

Establishing effective and forward thinking policy for the rental market is important to the people of Ashland. Its renters represent approximately 50% of the city's households, and have done so fairly constantly over the last 16 years.

Report Organization

This report is divided into five sections:

1. Methodology
2. A Profile of the Rental Market from 1990 until Today.
3. A Forecast of Future Market Conditions
4. Policy Considerations
5. Updating Future Forecasts

Attached to the report is a package of exhibits that presents much of the data and analysis gathered through the course of completing research on this subject.

Methodology

This analysis has been completed using the following data sources:

▪ The analysis of historic trends in the rental apartment market is based on census information and interviews with local property management firms.

▪ The analysis of current market conditions is based on a statistically valid survey of Ashland's residents. This survey was administered by Riley Research who used a telephone survey using Random Digit Dialing (RDD) to ensure that a random and representative cross section of Ashland's residents was reached. A total of 449 residents participated. This sample size provides a margin of error of +/- 4.57% at a 95% confidence level. This means that if we were to conduct this survey again with the same sample size, 95 out of 100 times the results would be within roughly 4.6% of the original study. The population included 245 owners (55%) and 204 renters (45%). The margin of error for the renter subgroup is +/- 6.69%, and +/- 6.09% for the owner subgroup.

▪ The forecast of future needs is based on the State of Oregon's Housing Needs Model.

A Profile of the Rental Market

Renter Households

As of the 2000 Census there were 8,552 households living in Ashland, of which 48% lived in a rented home or apartment. As illustrated in Exhibit 2, renters in Ashland belong to every age group, income bracket and household type that exists in the city. Compared to homeowners, renters tend to be younger and less apt to be married. For the purposes of this analysis, these differences are minor because they are likely to have little bearing on creating public policies or programs to assist in the development of rental housing. However, there is one important difference: renters are much less affluent than home owners and their incomes increase at a much more modest rate. Exhibit 4 highlights these differences.

Due to their more modest income levels, a large percentage of renters pay a disproportionately high percentage of their income on their housing expenses (rent and utilities). In the housing industry, the standard measure of affordability is when the cost of rent and utilities (gross rent) is less than 30% of a household's gross income.[1] When gross rent levels exceed 30% of income, particularly by a large percentage, it places a significant burden on household finances. In some cases, households even sacrifice their basic nutrition needs because too much of their other income is used on basic shelter and other necessities.[2]

Research indicates that historically a large percentage of renters in Ashland pay more than 30% of income on rent. In 2000, 56% of Ashland's renters fell into this category. This is significantly higher than the national average of 40%. This statistic is slightly inflated by the inclusion of students who live in Ashland and attend Southern Oregon University. When the estimated number of students who live in Ashland in off-campus housing are taken out of the analysis, the percentage decreases to 50% (Exhibit 10).

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[1]   In the ownership market, the amount of income spent on rent is largely controlled by mortgage underwriting standards. As a result a smaller percent of owners pay more than 30% of income on their housing compared to renters. .

[2]   Oregon Food Bank

Market Conditions

Since 2000, market conditions have been generally favorable for tenants. As illustrated in Figure 1, rental rates have not increased in real, inflation-adjusted terms. Furthermore, average incomes in the area appear to be increasing at a faster rate than either inflation or rent. Collectively these trends should leave renters, on average, better off today than they were when the census was taken in 2000.

Figure 1
Housing, Income and Inflation Changes, 2000-2006
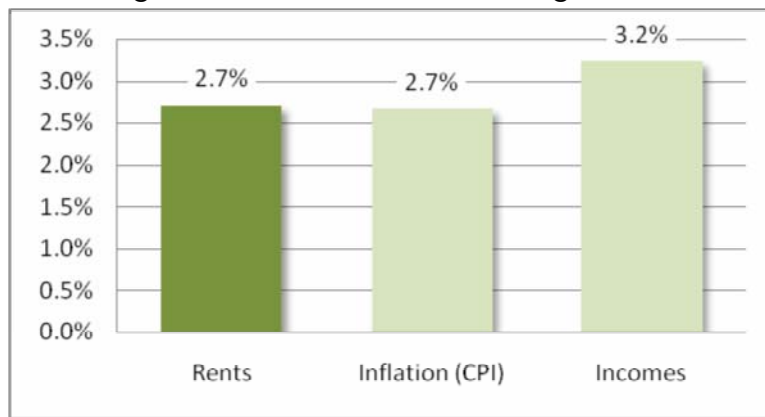
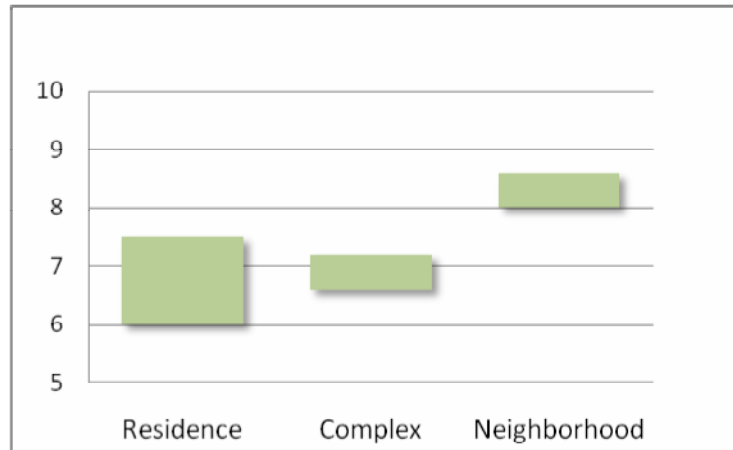SOURCE: US Census and Ferrarini & Associates

The only trend that has not been favorable to renters has been the low vacancy rates prevalent since 2000. According to local property management companies, vacancy rates in Ashland typically range between 3% and 4%, a situation that provides little choice in the market when people decide to move.

Results from the 2007 survey verify that renters are generally better off than they were when the Census was taken in 2000. Approximately 49% of renters are paying more than 30% of their income on rent, down from 56% in 2000.

Furthermore, renters are generally satisfied with renting a home in Ashland. This conclusion is based on a section of the survey that measures renters' level of satisfaction in three broad areas. The survey used a scale of 1-10, with all answers above 5 indicating a positive feeling about the subject. As illustrated in Figure 2, survey results indicate that renters are, on average, very satisfied with their living quarters, the complex or property on which they live, and particularly with living in Ashland.

Figure 2
Renters Level of Satisfaction

SOURCE: Riley Research and Ferrarini & Associates

However, not all demographic groups are satisfied. Exhibits 16 through 25 highlight information on nine age and income groups, including their level of satisfaction and the estimated portion of renters who are rent-burdened (> 30% of income on gross rent). Not surprisingly, an analysis of this data shows households who earn less than $20,000 annually are significantly less satisfied and more rent-burdened than the general population. At the opposite end of the spectrum are households who have annual incomes that exceed $50,000, a group that has virtually no households who pay more than 30% of income on rent and who express high levels of satisfaction. Thus, household income has a direct impact on a renter's level of satisfaction and the likelihood that they are rent burdened.

Table 1
Renters Level of Satisfaction by Income

| | Average Level of Satisfaction | | | | Percent |
	Neighborhood	Building issues	Unit issues	Rental options	Rent Burden
> $20K	7.69	6.43	6.89	7.10	85%
$20K-$30K	8.15	6.60	7.17	7.45	46%
$30K-$50K	8.20	6.86	7.62	7.47	24%
$50K+	8.30	7.03	7.24	7.23	2%
Average	8.11	6.88	7.25	7.34	----

SOURCE: Riley Research and Ferrarini & Associates

Building Trends

From 1990 to 2000, a total of 857 new rental units were added to market, resulting in an average addition of approximately 86 new rental units per year. At the time of the 2000 US Census, there were a total of 4,102 rental housing units available in Ashland. Of that total, 37% were single family homes, 24% were plexes, 38% were complexes with 5 or more units in a structure, and 1% were mobile homes.

Between 2000 and 2006, the total number of rental units in the City decreased. This finding is based on research completed by the City of Ashland which shows production rates for new rental units decreased to approximately 55 units, or 11 units per year between 2001 and 2006, while at least 98 units were taken off the rental market due to condominium conversions. As a result, the market experienced a net loss of 43 units.

Market conditions also suggest that a number of single family homes were also removed from the rental market during this time. This is likely to be true because it would have been more attractive for single-family homeowners to sell their properties rather than keep them as rentals given that the median price of homes more than doubled between 2000 and 2006.

Future Market Conditions

To gain a better understanding of what can be expected in Ashland's rental market in the future, three additional data sources and/or analyses were considered: the ratio of the cost of buying a home to renting a home, interviews with industry experts, and an assessment of the State Housing Model.

Home Cost Ratio

The ratio of owning versus renting a home is important because in a normal market, as home prices increase, rents usually follow suit. However, this has not been the case in Ashland. From 2000 to 2006, the median home price in Ashland increased from $210,000 to $430,000, while rental rates have been flat. As a result:
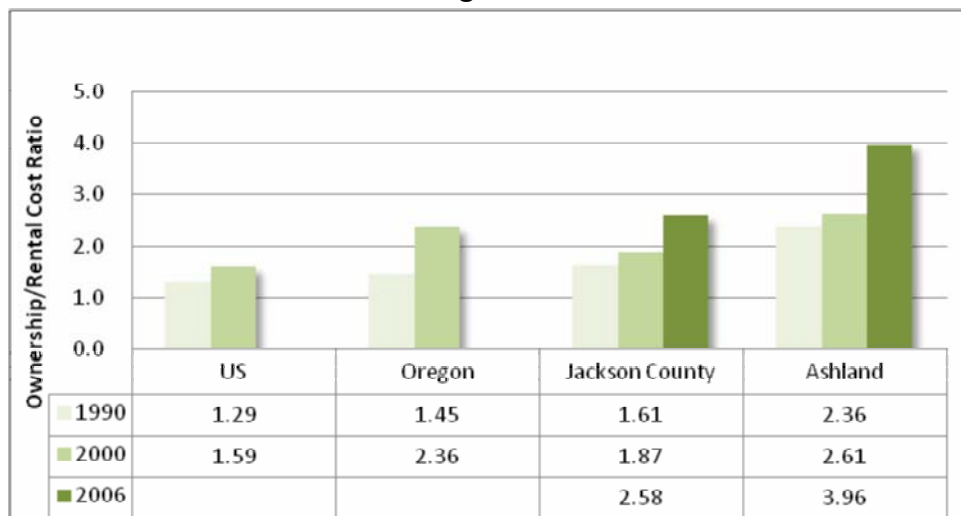
1. The cost ratio of owning to renting is much higher in Ashland. Currently homeowners pay approximately four times the amount renters pay on a monthly

basis, compared to ownership costs that are only 1.5 to 2.6 times higher than the cost of renting in other areas analyzed in this report.

2. The cost ratio of owning to renting in Ashland has been increasing faster than statewide or national ratios. Over the last six years, the home cost ratio in Ashland increased by 52%.

Figure 3
Housing Cost Ratio

	US	Oregon	Jackson County	Ashland
1990	1.29	1.45	1.61	2.36
2000	1.59	2.36	1.87	2.61
2006			2.58	3.96

Source: US Census, Southern Oregon MLS, HUD and Ferrarini & Associates

The implication of these findings is that rental rates in Ashland are likely to increase substantially in the near future. To bring the city's home cost ratio back to what it was in 2000, rents would need to increase by an average of approximately $350 per month. While this magnitude of increase is not likely to be supported by the market in the near-term, there is clearly a lot of room for rental rates to increase while still remaining at a substantial discount from home costs. Under these conditions, the market is expected to begin to trend back toward a lower home cost ratio through increasing rents. Additionally, incomes are not expected to increase at the same pace as rental rates in the near-term. In fact the latest median income estimate for Jackson County[3] produced by HUD indicates income levels in Jackson County decreased[4] slightly in 2007.

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[3] HUD only produces median income estates at the county level. Similar information for the City of Ashland is not available.

[4] Median income in 2006 = $52,900. Median income in 2007 = $52,700.

The expectation that there will be little to no near-term income growth but rapidly increasing rental rates will have two affects on the local market:

1. An increasing number of low-income households will begin to pay more than 30% of their income on gross rent; or

2. An increasing number of households who currently rent in Ashland will move elsewhere to find less expensive housing, particularly Medford.

Expert Interviews

Interviews with five Ashland rental property managers/owners confirm rents have already begun to increase in Ashland and the increasing rental rates impact on all renters (Exhibit 27).

Since early to mid-2006, rental rates have reportedly risen approximately $50-$100 per unit. At an average price of roughly $700, this represents a 7% to 14% increase in less than one year. This increase was attributed to both the high demand for affordable housing and the rapidly rising property values in Ashland.

The experts further indicated that vacancy rates have been low for several years and have dropped even lower in the more recent past. The main reason cited for low vacancies is that new households have continued to move to Ashland but very few new units have been built in the last six years. As such, the consensus among the experts is that rental rates will keep increasing until someone starts building new units in the market.

State Housing Model

To quantify the need for more rental units at various rental levels, the State Housing Model was utilized. The State Housing Model is an analytical tool that was created for the State of Oregon by economist Richard Bjelland. The model compares the number of households that can "afford" to rent at various rent levels to the supply of homes at those rent levels, after accounting for Section 8 vouchers and renters "buying down" in the market.

Based on the current estimate of households by age and income from ESRI, a national demographic data and research organization, and the distribution of rent levels identified in the survey, the State Housing Model indicates that the City of Ashland needs up to 1,300 new rental units priced under $430 per month, equivalent to more than 30% of the current rental housing stock. The model also indicates that there are enough rental units at higher rent levels.

Between 2007 and 2012, the State Housing Model indicates the City of Ashland will need to add approximately 74 new rental units each year to meet the needs of a growing population. As indicated in Table 2, the greatest needs will continue to be for the most affordable units. By 2012, the need for units priced under $430 (in current dollars) is expected to grow to nearly 1,500 units. See Exhibit 25 for details.

Table 2
City of Ashland Rental Housing Needs, 2007-2012

2012					
Rent Range		Analysis		Need	
Start	End	Need	Supply 1/	Net	Cumulative
<	$199	1,060	151	(909)	(909)
$200	$429	961	377	(585)	(1,494)
$430	$664	947	1,230	283	(1,211)
$665	$909	602	1,105	503	(708)
$910	$1,149	540	502	(38)	(746)
$1,150	+	400	778	379	(368)
Total		**4,510**	**4,143**	**368**	**0**

Source: State Housing Model and Ferrarini & Associates

To determine the type of units that will be needed, five property mangers were interviewed and a needs analysis was conducted based on information from the 2000 census (Exhibit 26). Both data sources show that the greatest need in Ashland is for the development of studio apartments followed by a need for a relatively modest number of one bedroom and three bedroom units. The analysis further shows there is an over supply of two bedroom rental units, as illustrated below.

Table 3
City of Ashland Rental Housing Need
By Unit Type

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

Source: US Census and Ferrarini & Associates

Policy Considerations

The analyses contained in this report clearly show there are two principal problems facing the Ashland rental market:

1) There is a lack of rental properties affordable to low-income households; and

2) Market conditions that have not resulted in the development of many rental units in the   recent past.

The lack of rental property production is due to basic market economics. It is simply more profitable to build and sell a multi-family unit as a condominium than it is to rent it as an apartment.

The only way for the development community to have a financial incentive to build multi-family rental properties would be for rental rates to increase, which is detrimental to the overall affordability of Ashland's market.

As a result, any solution to the problem will require balancing affordability while maintaining or promoting a market incentive for apartment development.

To give developers incentive to build affordable rental apartments, the City of Ashland could use direct subsidies to decrease construction costs, including land write downs and lower system development charges. The city could also research obtaining and directing federal Housing and Urban Development funds to assist new development. The city could also reallocate staff resources to grant writing and other efforts to raise outside funds to address the twin problems of affordability and production.

The city could recognize affordable housing as a greater community need worthy of tax credits and create strong policies that would help individual applicants obtain tax credits for their development. The tax credit program is a particularly powerful funding source because the value of the subsidy is usually equivalent to 25%-50% of a project's total development costs.

There are other regulatory tools that may also be considered, including a condominium conversion ordinance, which would limit the number of rental units that could be converted to for-sale properties. These policies are helpful, but they do not address the underlying problem, and do not represent a solution by themselves.

It is apparent that the city does not have an adequate supply of land for multifamily development. Based on the city's 2005 memo from Brandon Goldman to Bill Molnar, the city neither has enough land nor the right kind of land to meet its affordable housing needs. Most of the available sites are small infill lots that would allow the development of only one or two units. These lots are expensive to build on and therefore do not lend themselves well to affordable development. To realize development efficiencies, the city needs parcels large enough to accommodate development with at least 30-60 units.

Adding more land to Ashland's buildable inventory would decrease construction costs in two ways: by lowering land costs in the area and by providing sites large enough to realize development efficiencies. Lower land costs and the ability to build more cheaply could easily lower construction costs by as much as 20% to 30%, which could largely solve the economic problem. However, increasing the amount of developable land in the city should be accompanied by policies that promote or require the inclusion of affordable housing in new development. Without this requirement, the development community will probably build for maximum profit and may not deliver what the community needs.

Future Needs Analysis Updates

The needs analysis should be updated approximately every five years, given normal market conditions. It could be updated more frequently, however, in the event of a major change in the market.

The key to updating the Housing Model is to select the best, most reliable information. The recommended sources to be used in a future update are outlined in Exhibit 28. This document shows sources for the sixteen different variables required to run the State Housing Model and their sources. All of the variables are noted and come from readily available sources, including the census and from data providers such as Claritas or ESRI.

The biggest challenge to completing the model and getting accurate results is characterizing the cost and supply of rental units that exist at the time the analysis is conducted.   The US census typically provides the most detailed and accurate information, but that accuracy diminishes as the census year grows more distant. The easiest, albeit not fully accurate, solution to this problem is to use the most recent census information and adjust it using interviews or proxies that would give an indication about how much rents are increasing. For example, HUD tracks fair market rents annually in Jackson County. It's not Ashland specific data, but would be an indicator for the rental market in the area.

The most accurate and therefore recommended method for updating the supply data is to implement a rental registration program, where rental property information, including, rent, number of units, and housing type, is updated annually. This would allow the city to track both additions and subtractions each year. This data will be invaluable for not only completing an accurate forecast of need, but also tracking how well the city's goals are being met.

Exhibit 1
Tenure
City of Ashland

Ashland 1990 Population, by Tenure

■ Owner occupied ■ Renter occupied

48.4% 51.6%
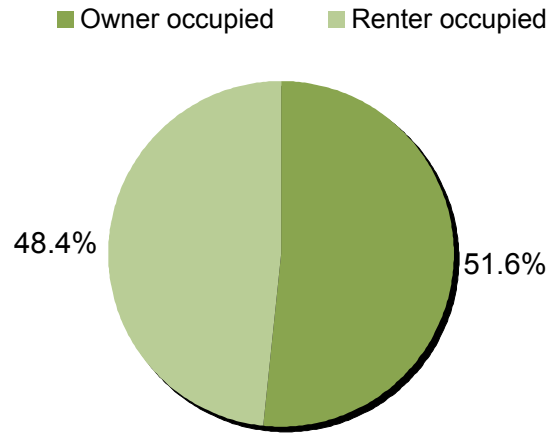
Ashland 2000 Population, by Tenure

■ Owner occupied ■ Renter occupied

48.0% 52.0%
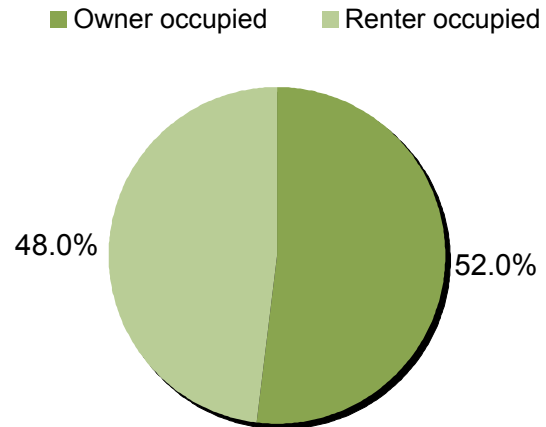
Source: US Census and Ferrarini & Associates

Exhibit 2
Households by Type and Tenure
City of Ashland

Renter Household by Type, 2000

17%

4%

15%

64%

- Married-couple family
- Male householders
- Female householders
- Single People & Roomates

Households Types by Tenure, 2000

70%

60%

50%

40%

30%

20%

10%

0%

- Renters
- Owners

Married-couple family   Male householders   Female householders   Single People & Roomates
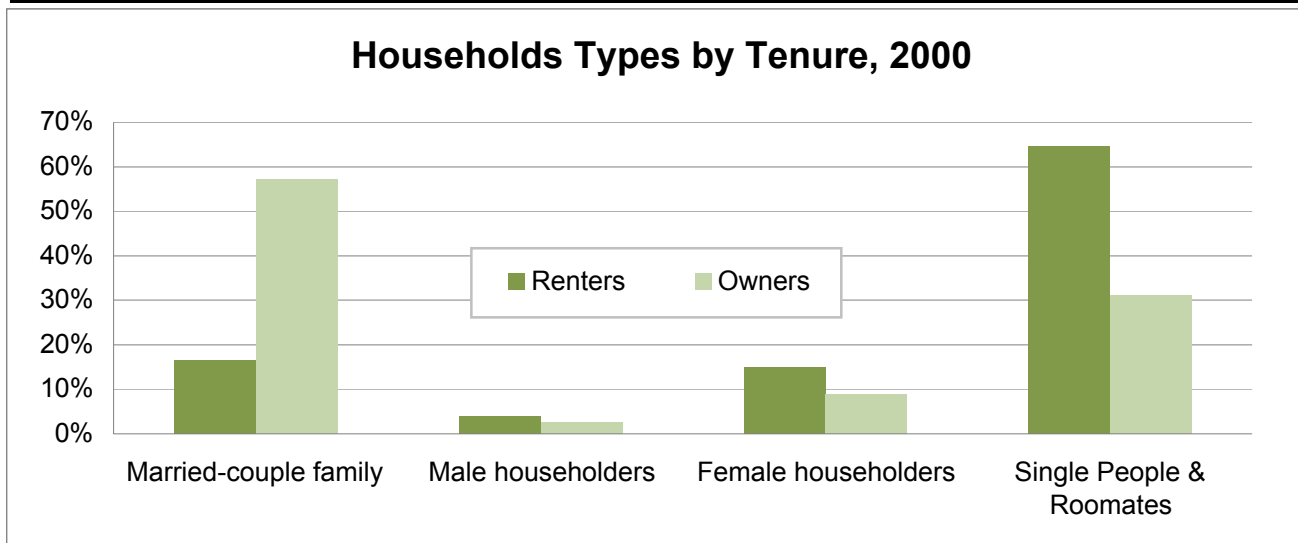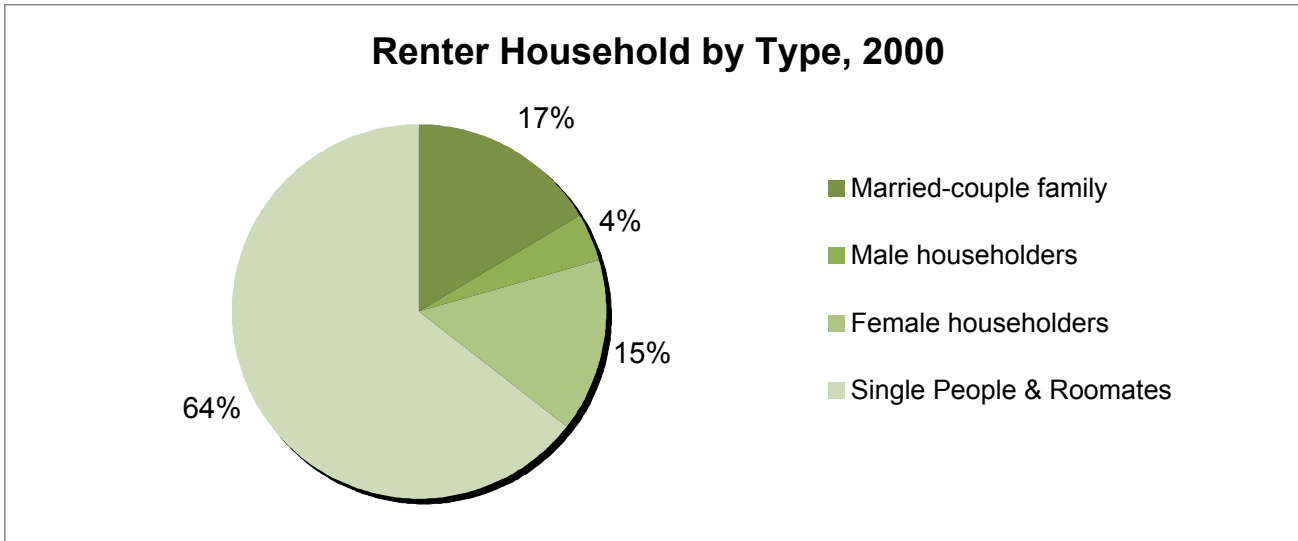
Source: US Census and Ferrarini & Associates

Exhibit 3
Renters by Age
City of Ashland

Ashland's Renters by Age

Legend: 1990, 2000

X-axis: 15 to 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years, 55 to 64 years, 65 to 74 years, 75 years and over

Renters by Age
Ashland and US Average

Legend: Ashland, US

X-axis: 15 to 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years, 55 to 64 years, 65 to 74 years, 75 years and over
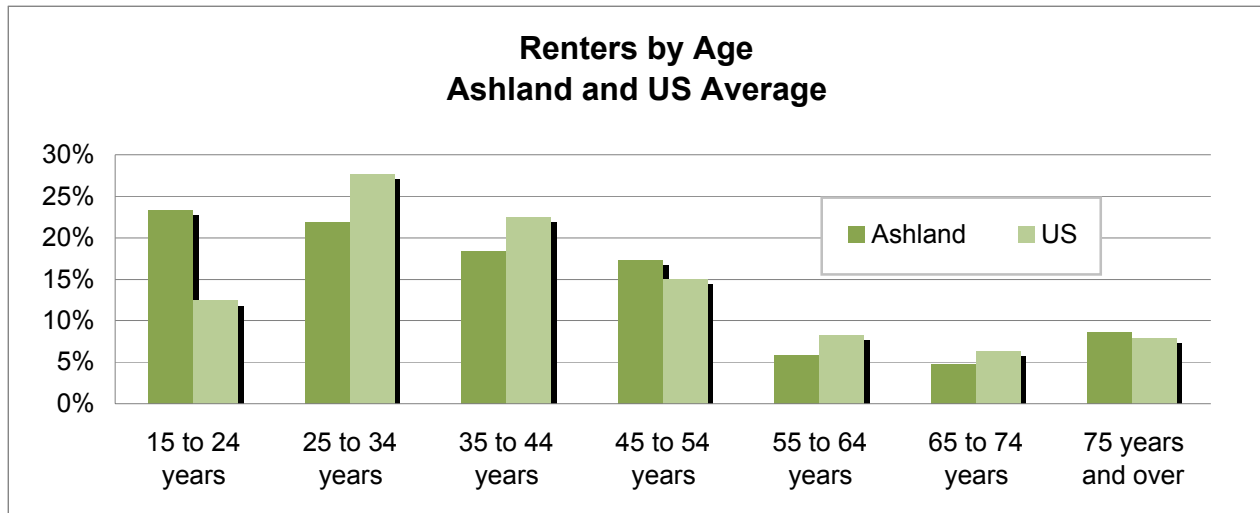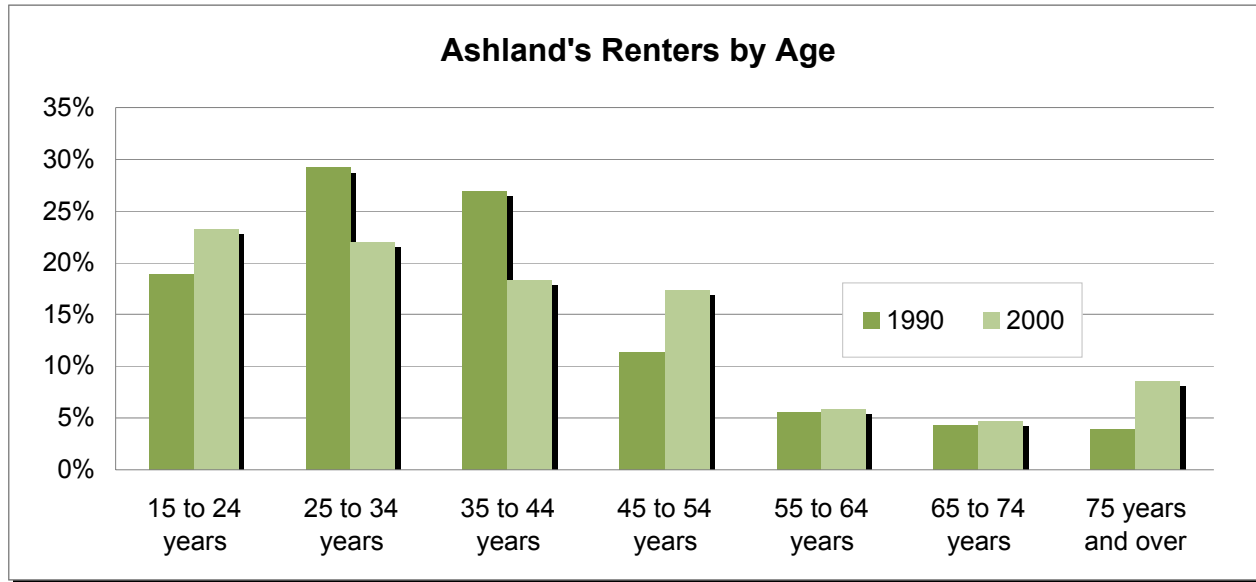
Source: US Census and Ferrarini & Associates

Exhibit 4
Households Income by Tenure
City of Ashland

Ashland Household Income
by Tenure, 2000

Renters
Owners

$80,000

$65,742

$60,000

$53,060

$40,000

$26,576

$20,000

$18,083

$0

Annual Income

Median   Average

Percent Income Increase, 1990-2000

Renters   36.9%

Owners   63.8%

0%   10%   20%   30%   40%   50%   60%   70%
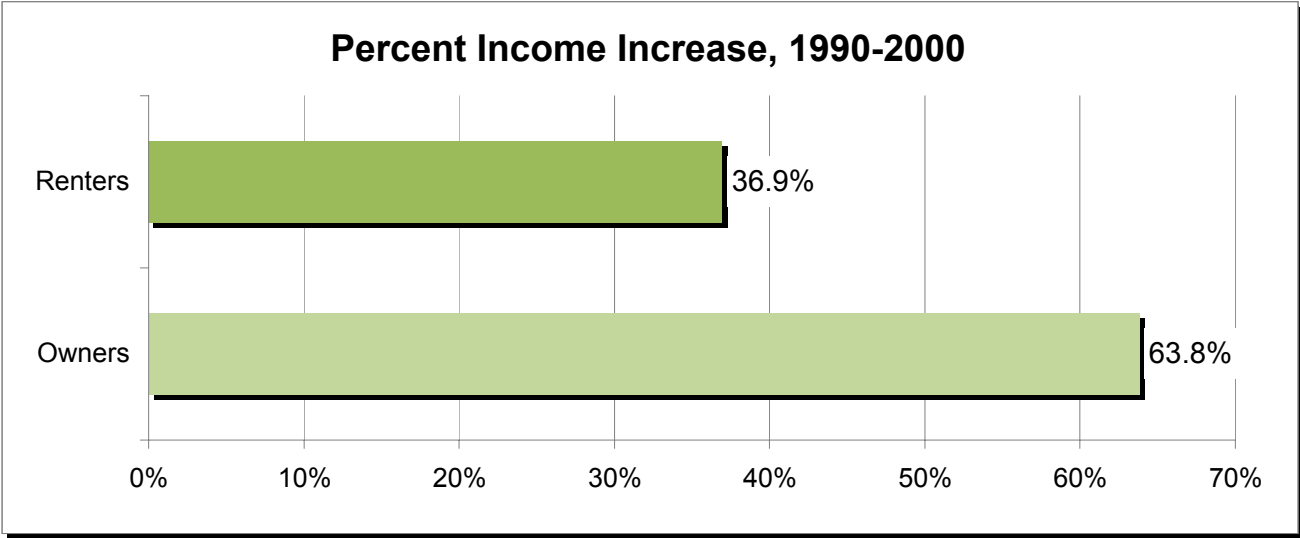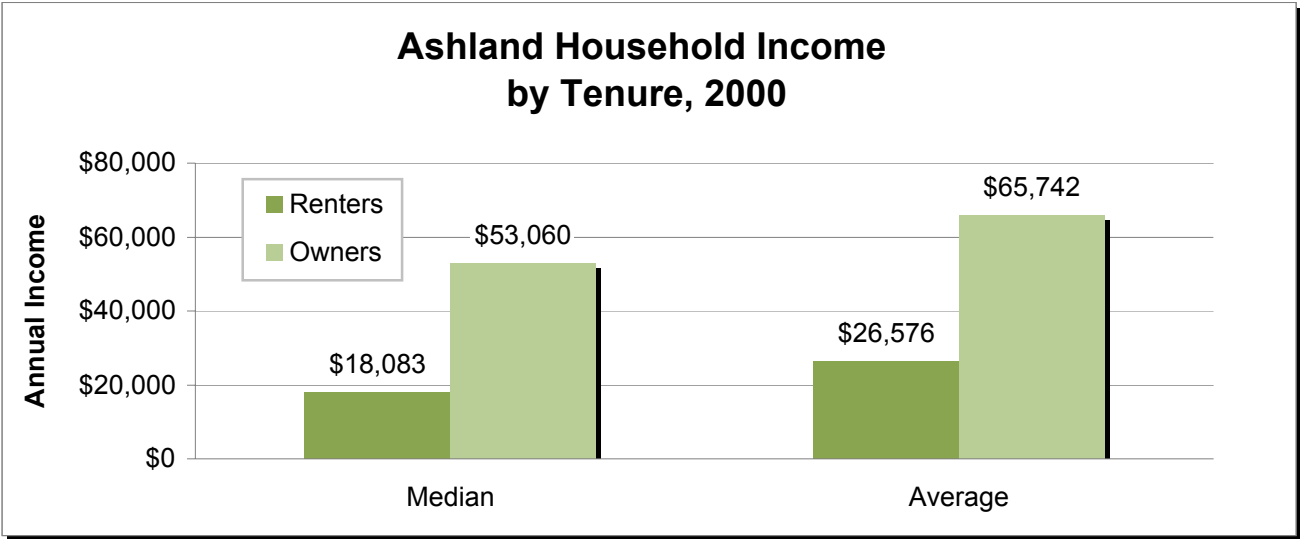
Source: US Census and Ferrarini & Associates

Exhibit 5
Poverty Statistics
City of Ashland

Poverty Rate by Tenure, 2000

Category	Poverty Rate
All Renters	34%
Renters w/o students	21%
Owners	5%

(Axis: 0%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%)

Households Living Below Poverty Level, 2000

- In married-couple families: 21%
- Male householder, no wife present: 7%
- Female householder, no husband present: 22%
- Unrelated individuals: 50%
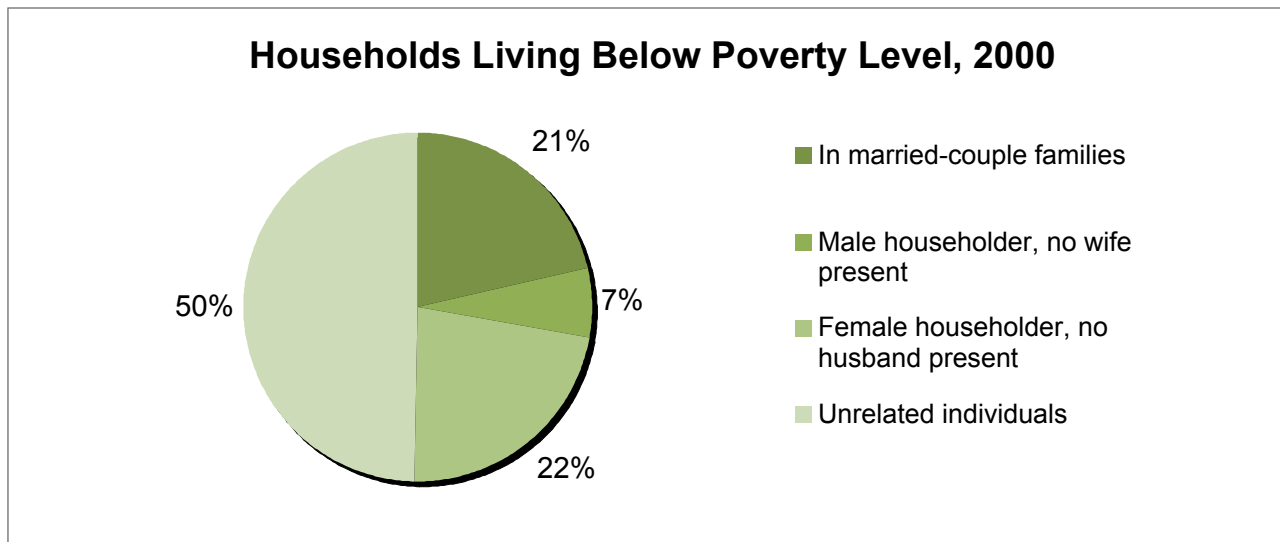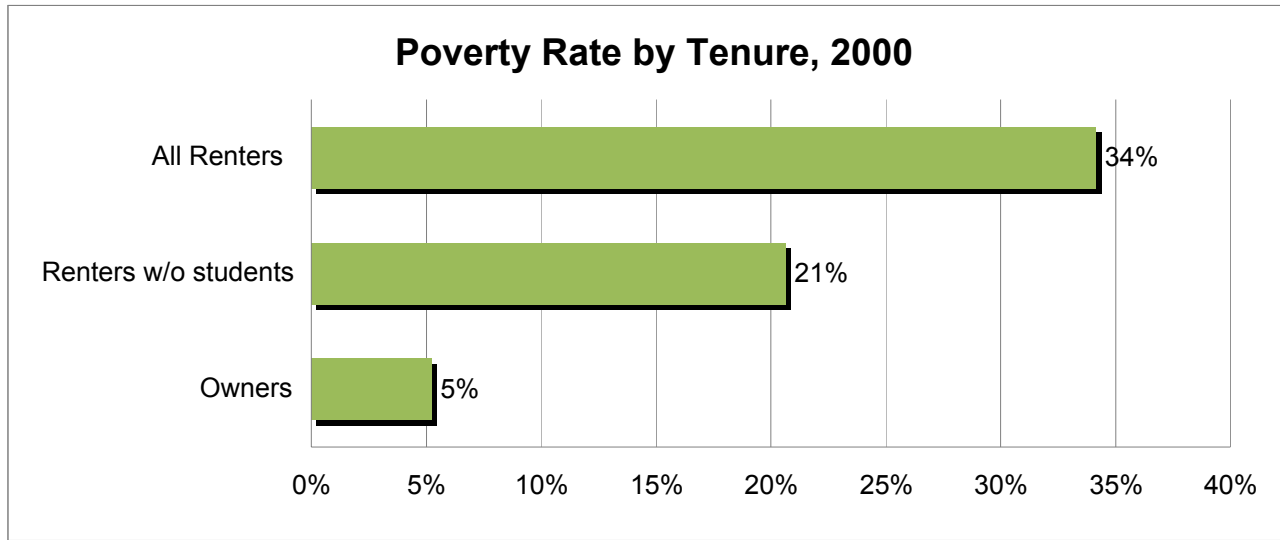
Source: US Census and Ferrarini & Associates

Exhibit 6
Percentage of County Rental Units
City of Ashland

Percent of Jackson County's Rental Units, 1990
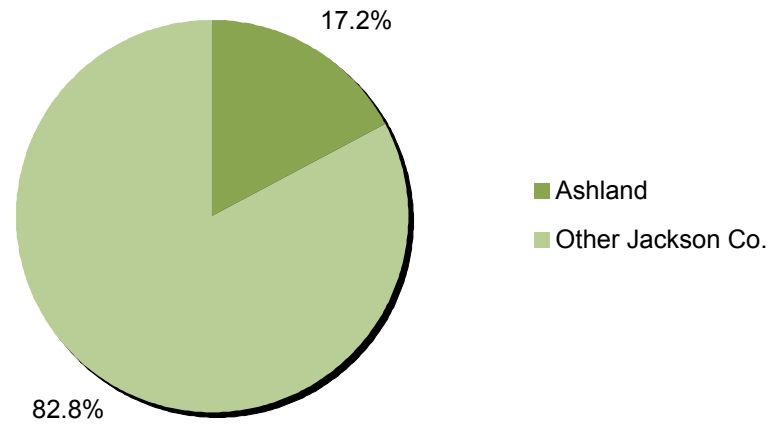
17.2%

- ■ Ashland
- ■ Other Jackson Co.

82.8%

Percent of Jackson County's Rental Units, 2000

17.1%

- ■ Ashland
- ■ Other Jackson Co.

82.9%
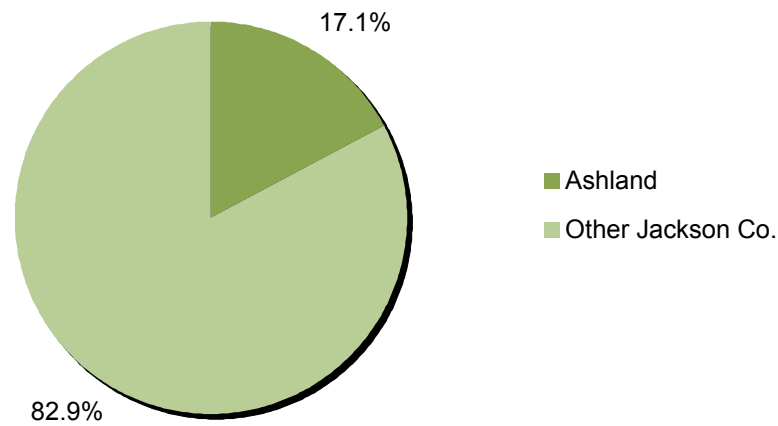
Source: US Census and Ferrarini & Associates

Exhibit 7
Increase in Units
City of Ashland/County/Oregon/US

**Percentage Increase in Units,
1990-2000**

- Owner occupied
- Renter occupied

(Chart showing percentage increase in units for US, Oregon, Jackson Co., and Ashland)
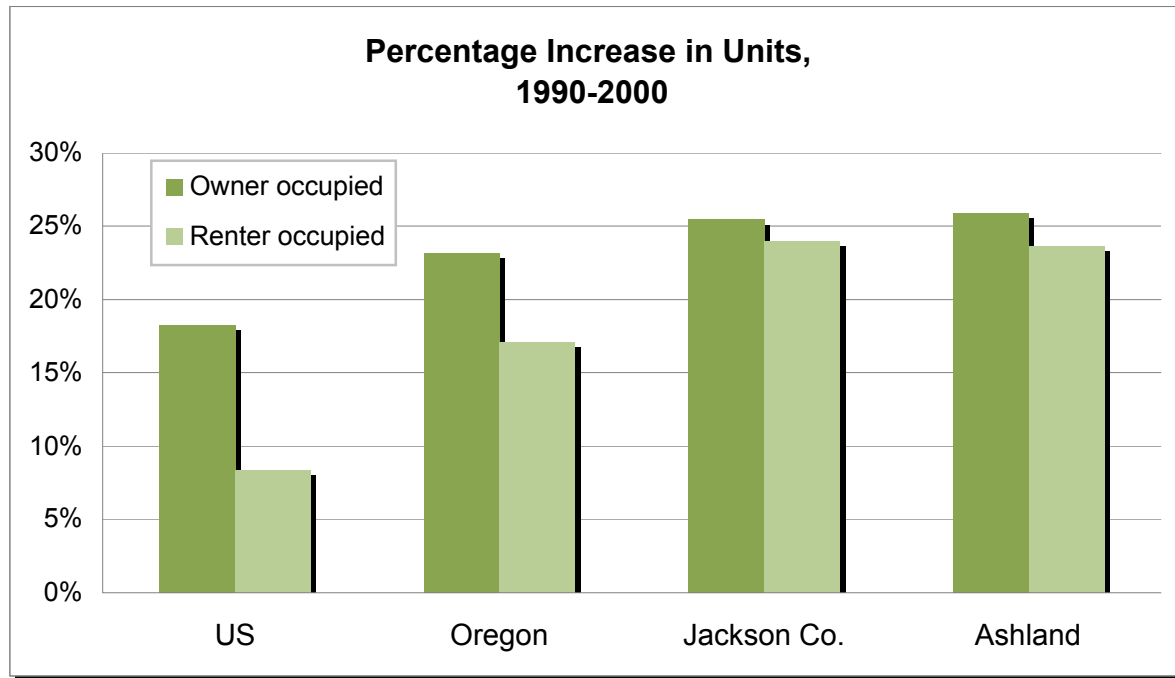
Source: US Census and Ferrarini & Associates

Exhibit 8
Median Rent
City of Ashland/County/Oregon/US

Median Rent, 1990

US: $447
Oregon: $408
Jackson Co.: $413
Ashland: $400

Median Rent, 2000

US: $519
Oregon: $549
Jackson Co.: $520
Ashland: $522
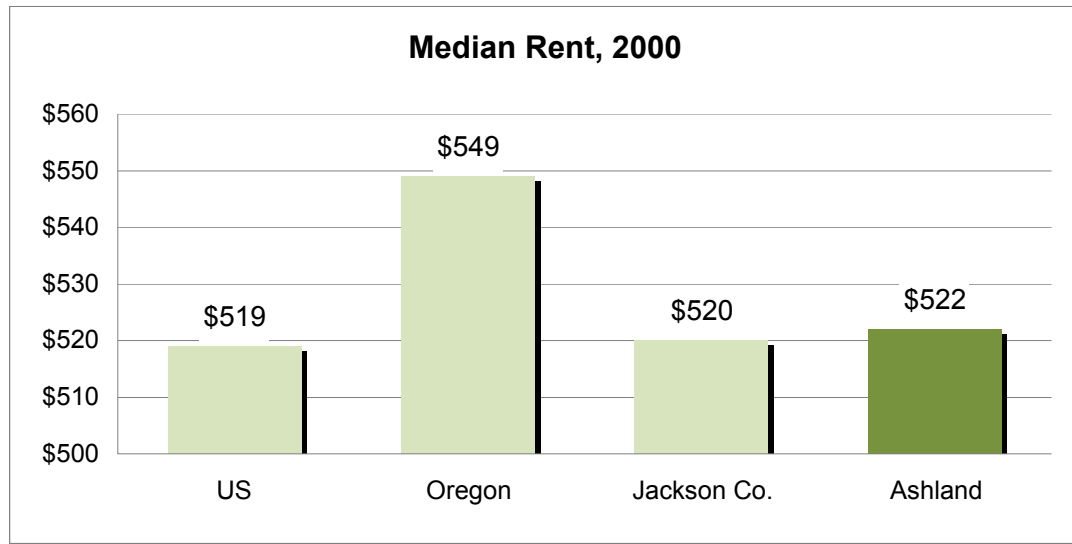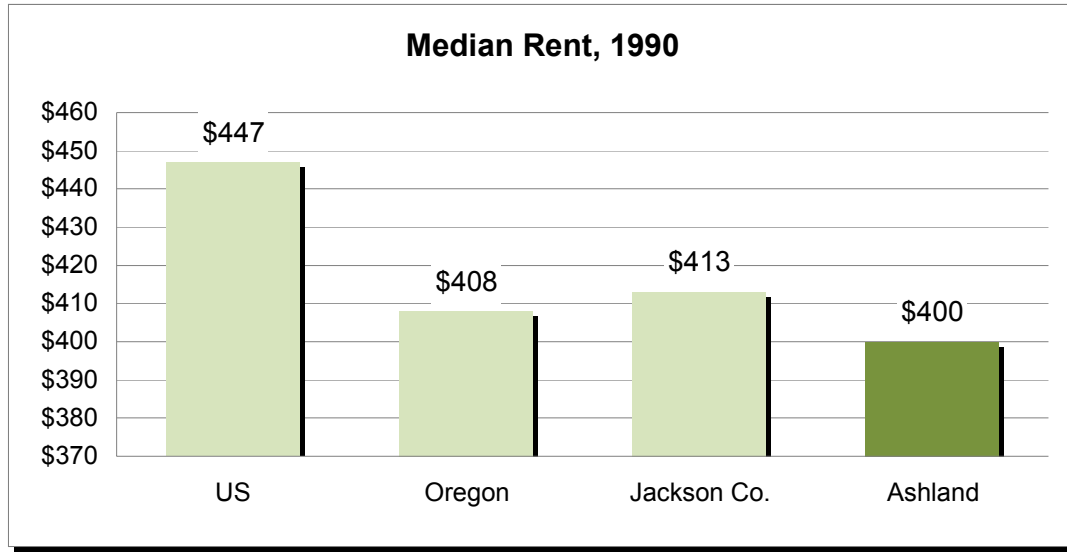
Source: US Census and Ferrarini & Associates

Exhibit 9
Increases in Rent versus Inflation
City of Ashland/County/Oregon/US

Percent Increase in Rents & Inflation, 1990-2000
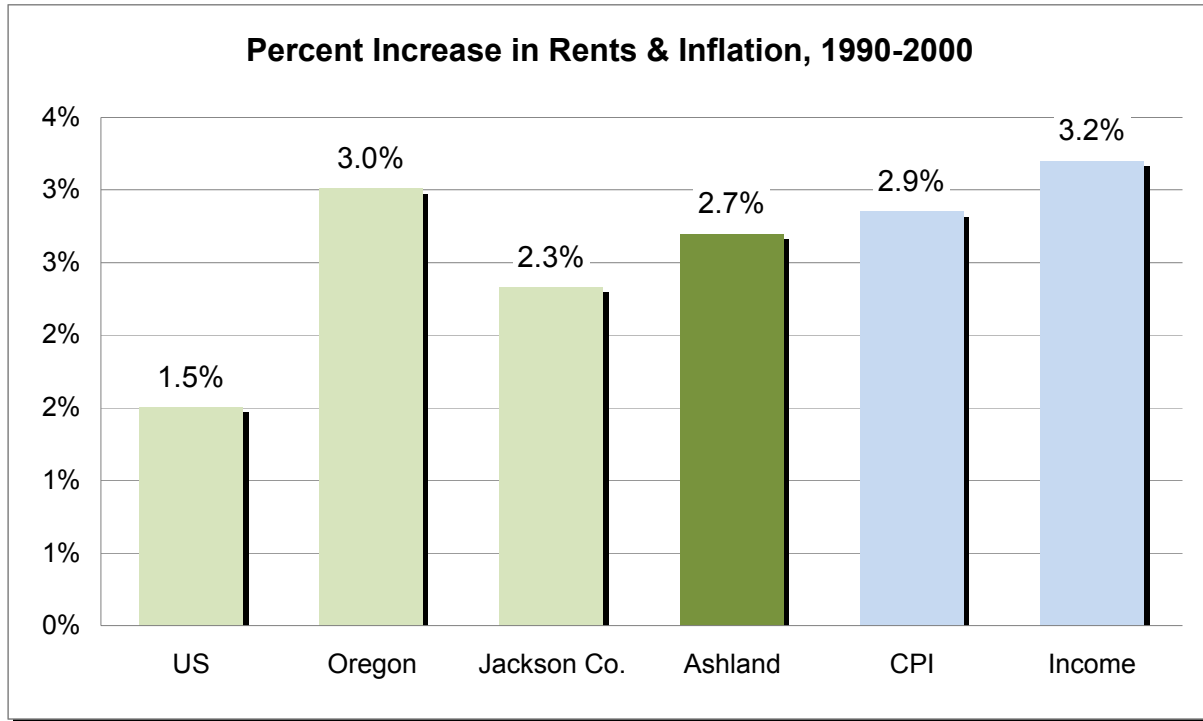
Source: US Census and Ferrarini & Associates

Exhibit 10
Rent Burdened Households (2000)
City of Ashland/County/Oregon/US

Percent of Renters Paying More than 30% of Income on Rent

Category	Percent
US	40%
Oregon	42%
Jackson County	47%
Ashland all households	56%
Ashland w/o students [1]	50%
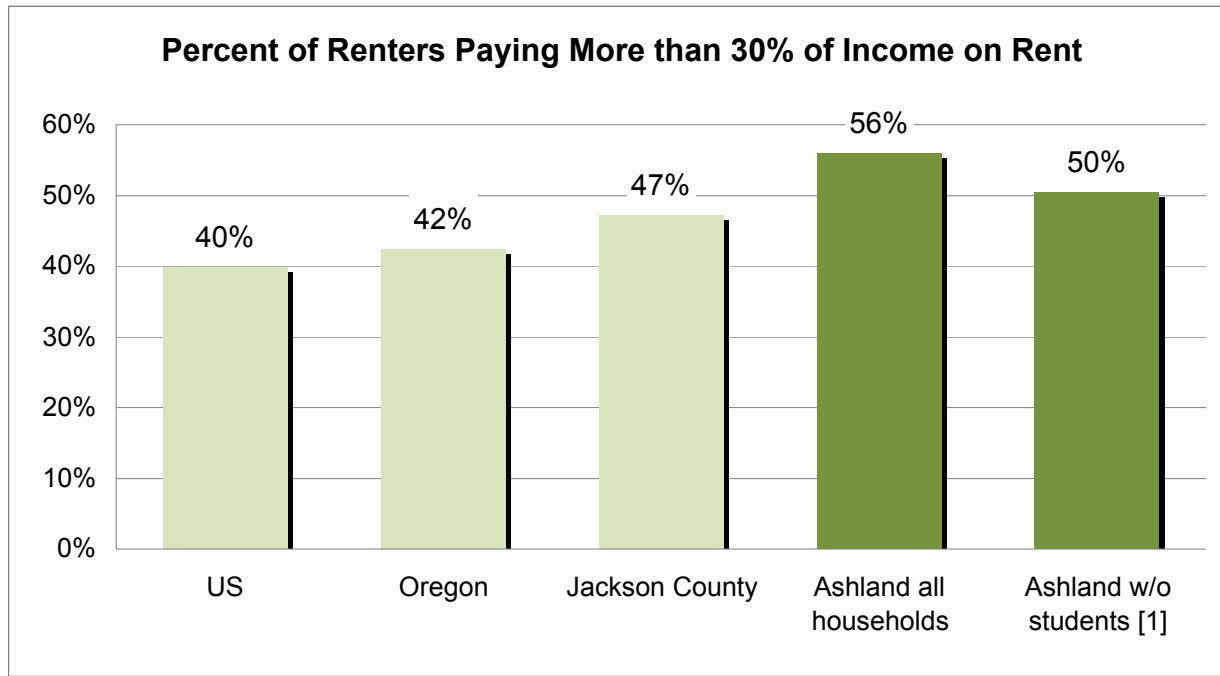
[1] Based on the actual number of students who live off campus but in Ashland according to statistics from Southern Oregon University.

Source: US Census, Southern Oregon University and Ferrarini & Associates

Exhibit 11
2000 to 2006 Trends
City of Ashland

Housing, Income and Inflation Changes, 2000-2006

	Rents	Inflation (CPI)	Incomes	Home Values
Value	2.7%	2.7%	3.2%	12.8%
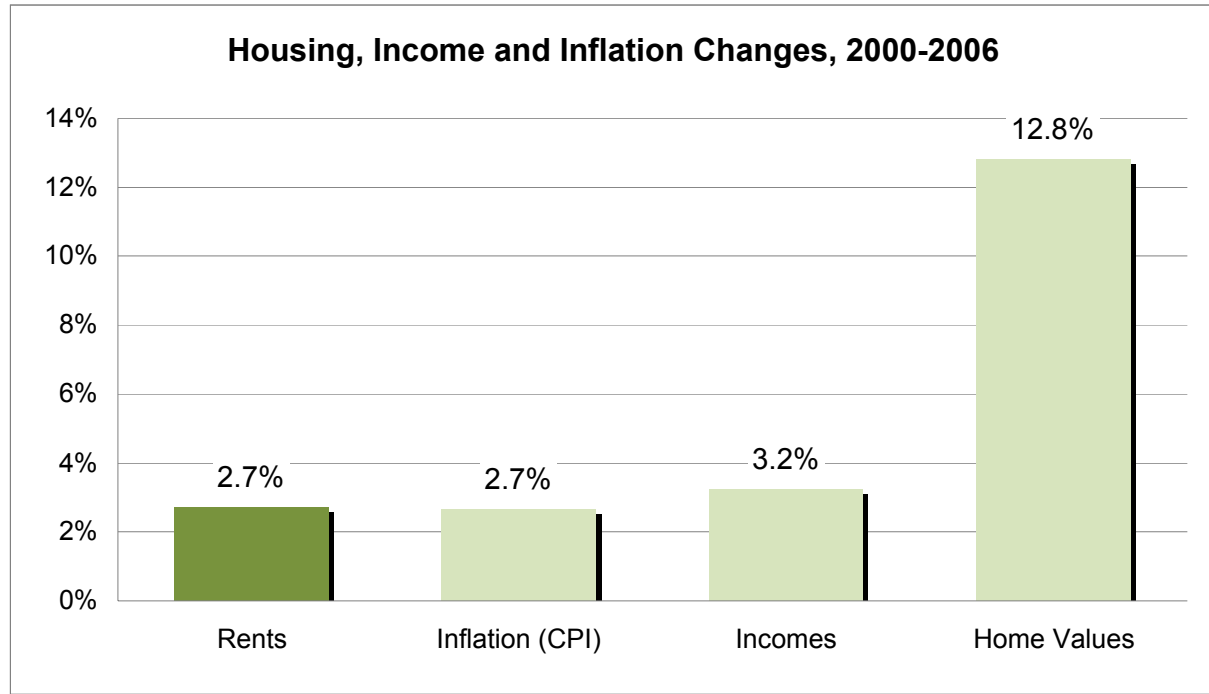
Source: US Census and Ferrarini & Associates

Exhibit 12
Rent Burdened Households (2006)
City of Ashland/County/Oregon/US

Percent of Renters Paying More than 30% of Income on Rent
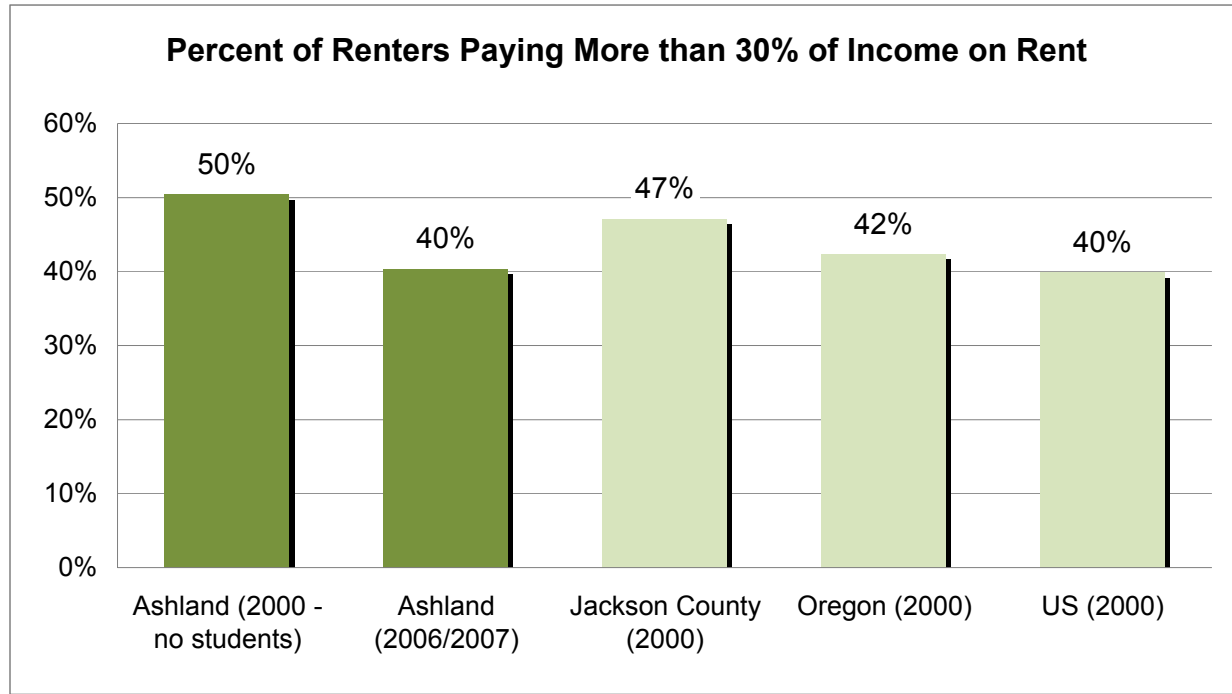
Source: US Census and Ferrarini & Associates

Exhibit 13
Renter Satisfaction Levels Burdened Households
City of Ashland

Renters Level of Satisfaction

10.0			10 = Completely Satisfied
9.5			
9.0			
8.5			
8.0			
7.5			
7.0			
6.5			
6.0			
5.5			5 = Neutral
5.0	Residence	Complex	Neighborhood
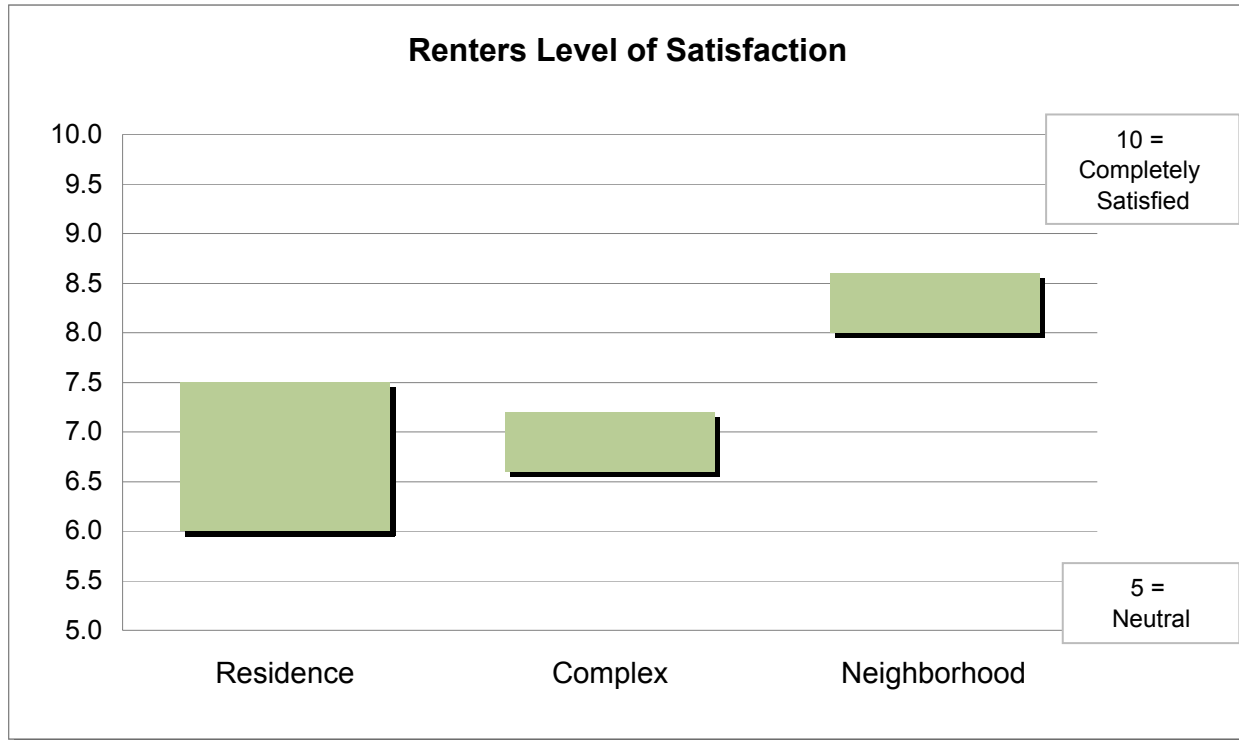
Source: Riley Research Associates and Ferrarini & Associates

Exhibit 14
Housing Cost Ratio
City of Ashland/County/Oregon/US

Housing Cost Ratio

	US	Oregon	Jackson County	Ashland
1990	1.29	1.45	1.61	2.36
2000	1.59	2.36	1.87	2.61
2006			2.58	3.96

51% increase = future rent increase potential

Ownership/Rental Cost Ratio
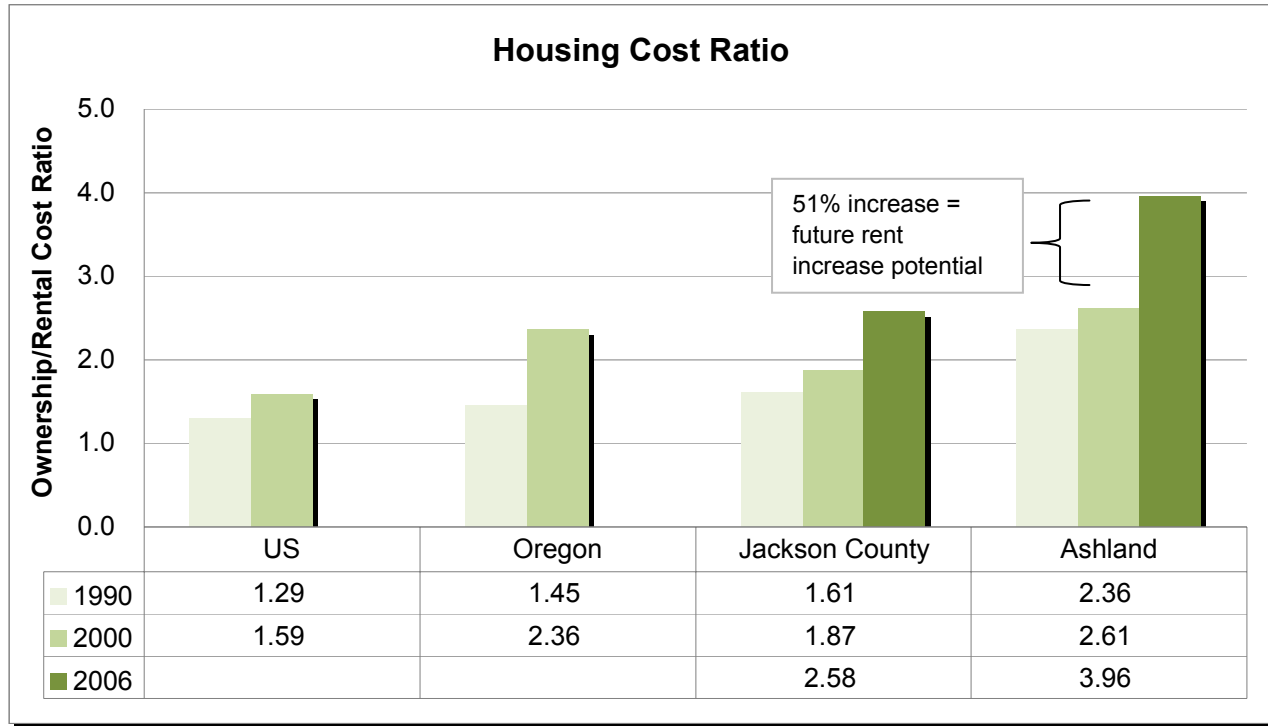
Source: US Census, Riley Research Associates and Ferrarini & Associates

Exhibit 15
Renter Satisfaction Levels Burdened Households
City of Ashland

Ashland Median Rent

Households Under Age 35

General Characteristics	<35 Households	Survey Avg.
Percent renters:	90%	45%
Average monthly rent paid:	$715	$740
Average income:	$31,667	$39,627
Average length of tenure:	18 months	44 months
Top reasons for renting:		

Top Five Reasons for Renting (Under Age 35)

Reason	Percent
Enjoy / prefer community/ area	~42%
Can't afford to own a home	~33%
Attend/ like the schools	~18%
Close to work	~13%
Other	~7%

Type of home rented:

Type of Home Rented (Under Age 35)

- Single family home 54%
- Apartment (5+ units) 26%
- Plex (2 to 4 units) 16%
- Mobile home 0%
- Other 4%
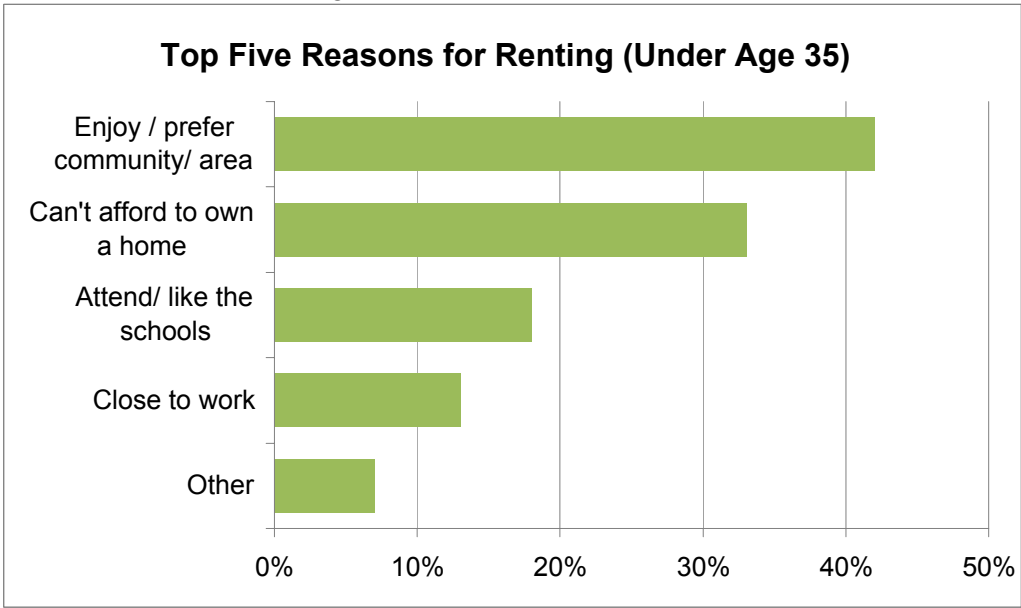
Exhibit 16
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Under Age 35

Future Expectations
Desired type of next home:

Type of Home Preferred for Next Move (Under Age 35)

Single family home 88%

Apartment (5+ units) 4%

Plex (2 to 4 units) 4%

Mobile home 0%

Other 4%

Expected next residence:	<35 Households	Survey Avg.
Outside Ashland		
Rental	23%	23%
Ownership	42%	25%
Inside Ashland		
Rental	23%	32%
Ownership	12%	19%

Levels of satisfaction (1=low, 10=high)

Neighborhood	8.0	8.1
Building issues	6.6	6.9
Unit issues	7.1	7.2
Rental options	7.1	7.3

Problem issues

Percent rent burdened (cens	61%	56%
Percent rent burdened (surv	61%	49%
Percent with Section 8 vouch	2.4%	2.4%

Recently had trouble finding housing in your price range?

Have not looked recently	30%	40%
Yes	**42%**	**38%**
No	28%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 17
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 35 to 55

General Characteristics	35-55 Households	Survey Avg.
Percent renters:	47%	45%
Average monthly rent paid:	$828	$740
Average income:	$59,074	$39,627
Average length of tenure:	37 months	44 months
Top reasons for renting:		

Top Five Reasons for Renting (Age 35-55)

Reason	Percent
Can't afford to own a home	~46%
Enjoy / prefer community/ area	~32%
Close to work	~11%
Attend/ like the schools	~8%
Close to friends or family	~5%

Type of home rented:

Type of Home Rented (Age 35-55)

- Single family home 73%
- Apartment (5+ units) 12%
- Plex (2 to 4 units) 7%
- Mobile home 5%
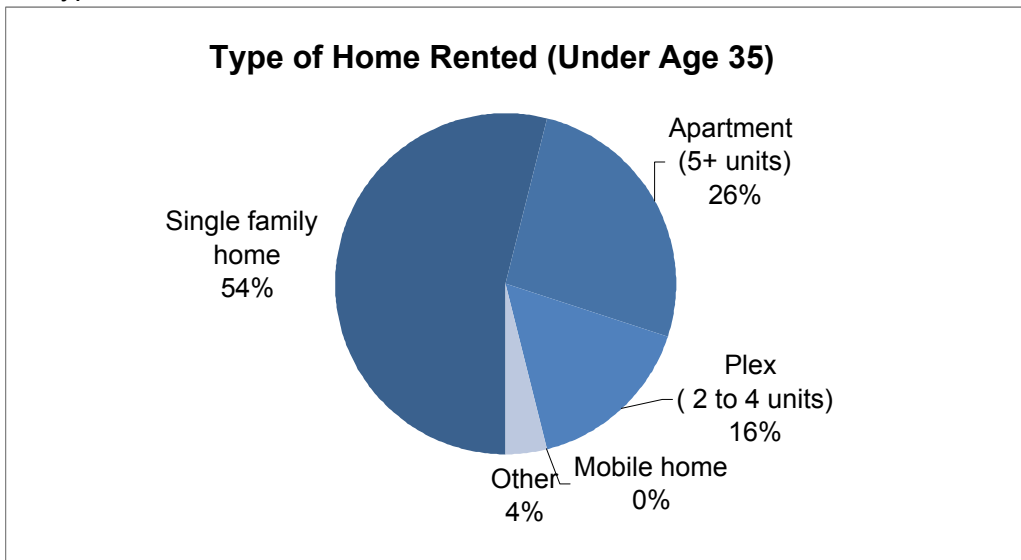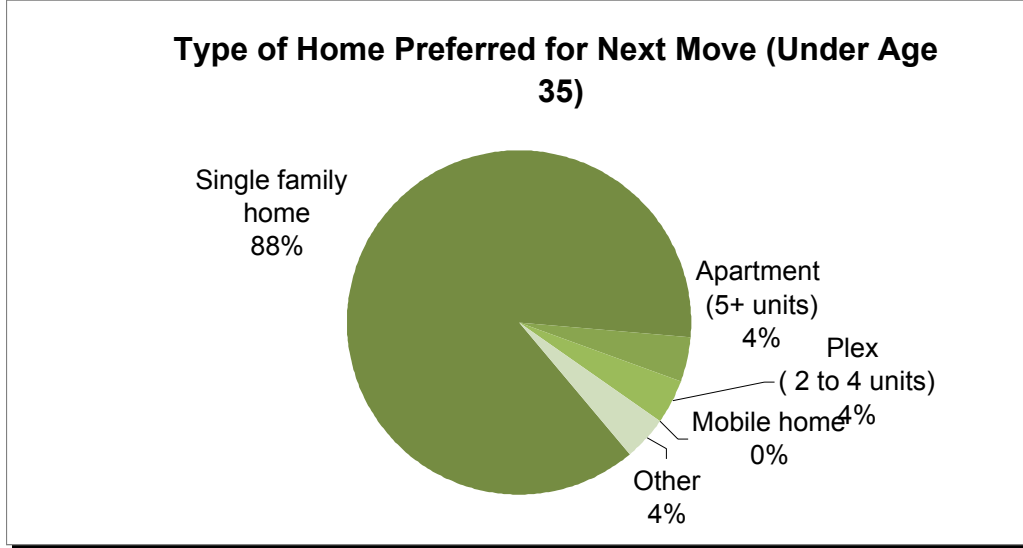- Other 3%

Exhibit 17
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 35 to 55

Future Expectations
  Desired type of next home:

Type of Home Preferred for Next Move (Age 35-55)

Single family home 81%
Apartment (5+ units) 6%
Plex (2 to 4 units) 2%
Mobile home 0%
Other 11%

Expected next residence:	35-55 Households	Survey Avg.
Outside Ashland		
Rental	38%	23%
Ownership	4%	25%
Inside Ashland		
Rental	31%	32%
Ownership	28%	19%

Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.1	8.1
Building issues	6.6	6.9
Unit issues	7.0	7.2
Rental options	7.3	7.3

Problem issues		
Percent rent burdened (cens	48%	56%
Percent rent burdened (surv	44%	49%
Percent with Section 8 vouc	2.4%	2.4%

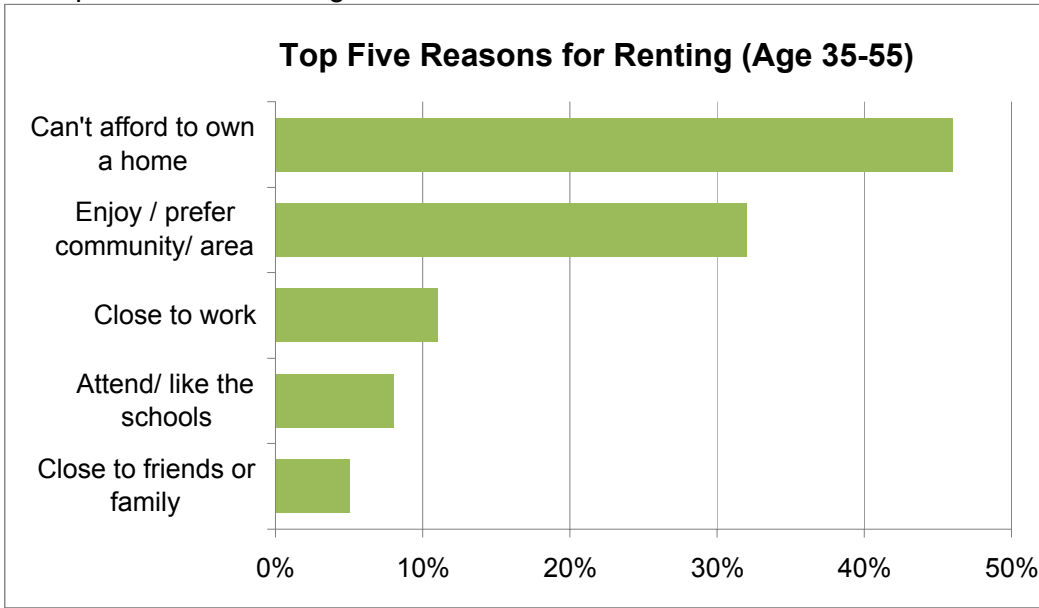| Recently had trouble finding housing in your price range?		
Have not looked recently	59%	40%
Yes	**24%**	**38%**
No	17%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 18
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 55 to 65

General Characteristics	55-65 Households	Survey Avg.
Percent renters:	42%	45%
Average monthly rent paid:	$737	$740
Average income:	$56,429	$39,627
Average length of tenure:	64 months	44 months
Top reasons for renting:		

Top Five Reasons for Renting (Age 55-65)

Reason	Percentage
Enjoy / prefer community/ area	~36%
Attend/ like the schools	~35%
Can't afford to own a home	~28%
Close to work	~22%
Prefer not to own a home	~8%
Other	~3%

Type of home rented:

Type of Home Rented (Age 55-65)

- Single family home 72%
- Apartment (5+ units) 11%
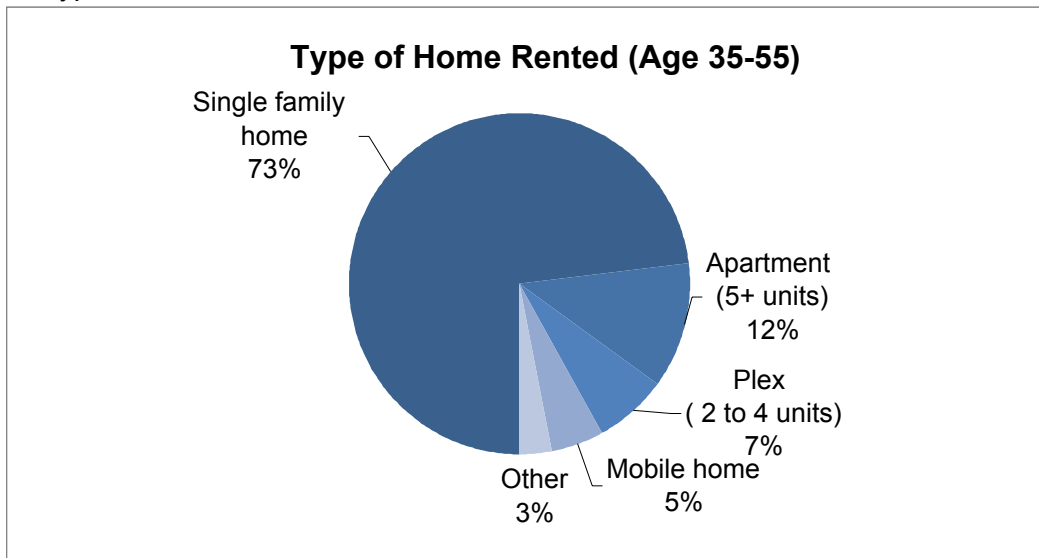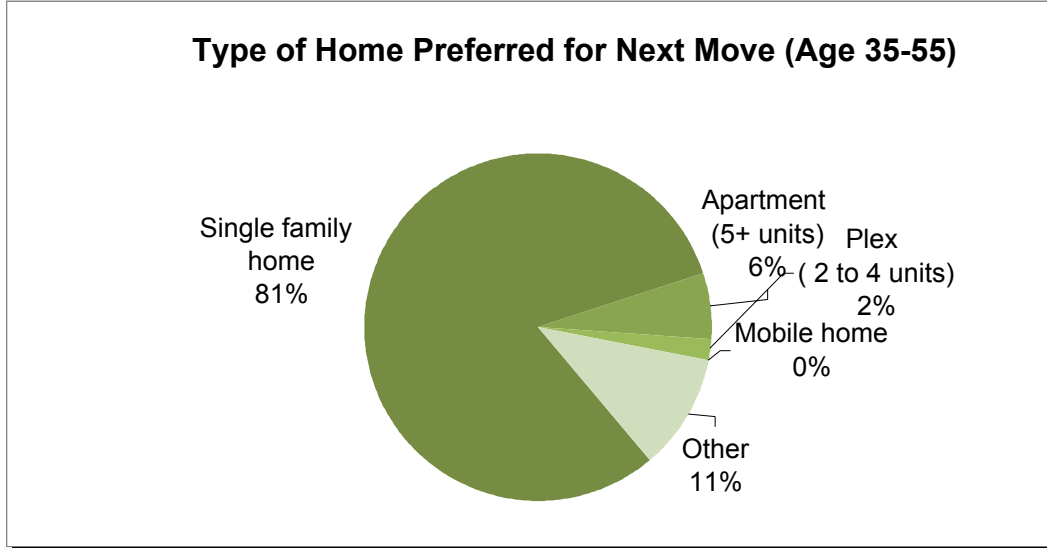- Plex (2 to 4 units) 11%
- Mobile home 1%
- Other 5%

Exhibit 18
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 55 to 65

Future Expectations
Desired type of next home:

Type of Home Preferred for Next Move (Age 55-65)

Single family home 50%

Apartment (5+ units) 14%

Plex (2 to 4 units) 48%

Mobile home 6%

Other 20%

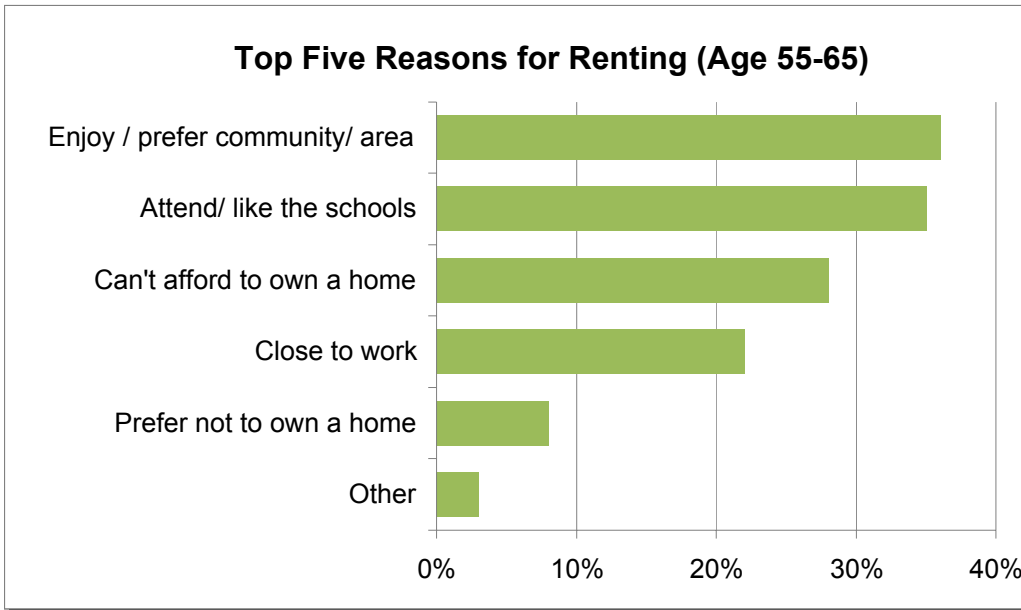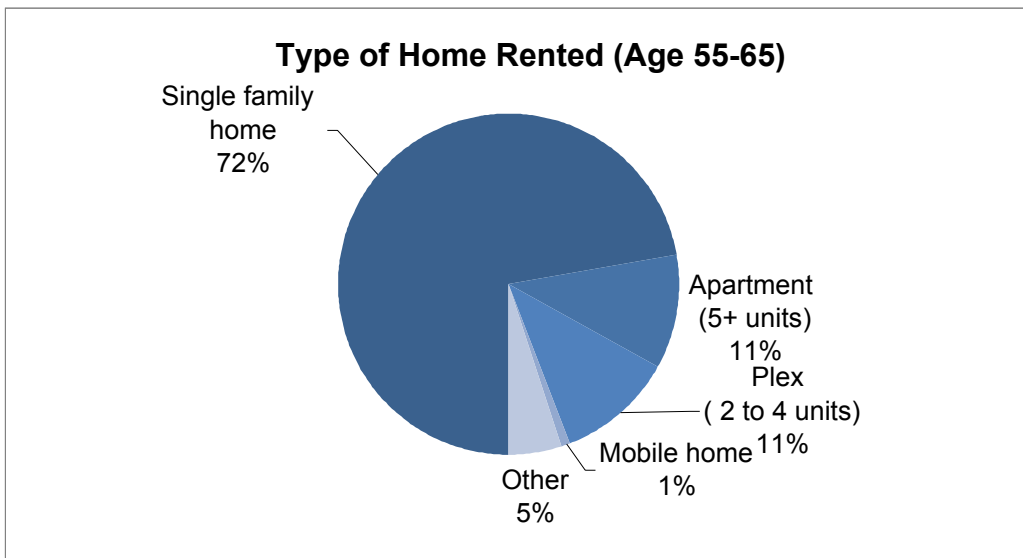| Expected next residence:	55-65 Households	Survey Avg.
Outside Ashland		
Rental	44%	23%
Ownership	15%	25%
Inside Ashland		
Rental	15%	32%
Ownership	25%	19%
Levels of satisfaction (1=low, 10=high)		
Neighborhood	7.9	8.1
Building issues	6.6	6.9
Unit issues	7.1	7.2
Rental options	7.1	7.3
Problem issues		
Percent rent burdened (cens	52%	56%
Percent rent burdened (surv	33%	49%
Percent with Section 8 voucl	2.0%	2.4%
Recently had trouble finding housing in your price range?		
Have not looked recently	61%	40%
Yes	**29%**	**38%**
No	9%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 19
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 65 to 75

General Characteristics	65-75 Households	Survey Avg.
Percent renters:	26%	45%
Average monthly rent paid:	$706	$740
Average income:	$54,692	$39,627
Average length of tenure:	71 months	44 months
Top reasons for renting:		
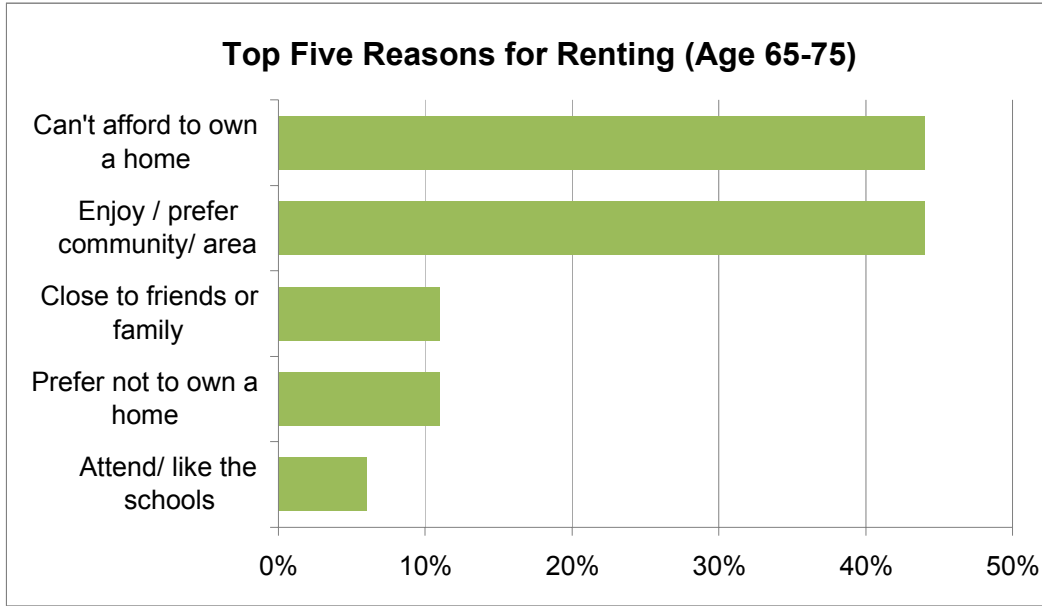
Top Five Reasons for Renting (Age 65-75)

Reason	Percent
Can't afford to own a home	~44%
Enjoy / prefer community/ area	~44%
Close to friends or family	~11%
Prefer not to own a home	~11%
Attend/ like the schools	~6%

Type of home rented:

Type of Home Rented (Age 65-75)

- Single family home 74%
- Apartment (5+ units) 15%
- Plex (2 to 4 units) 1%
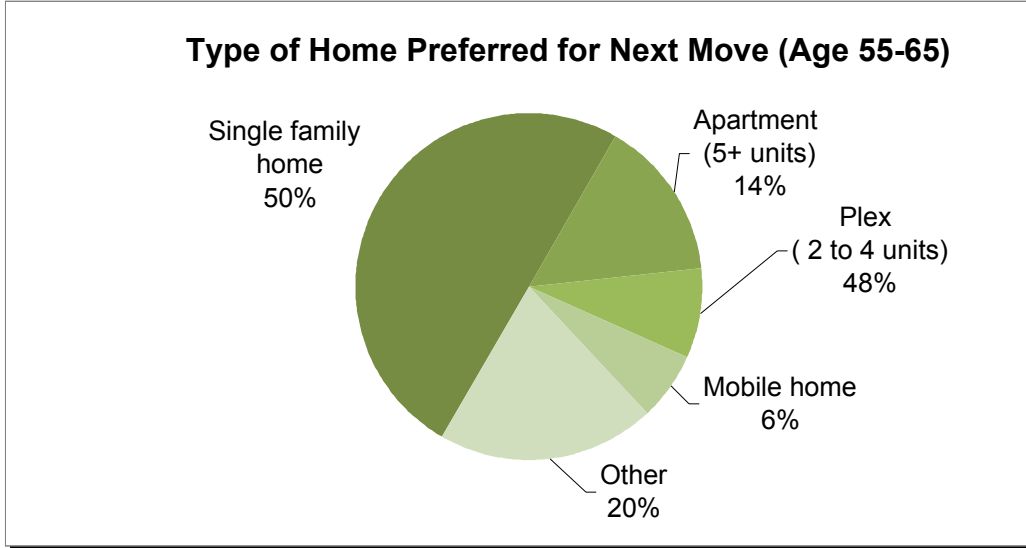- Mobile home 7%
- Other 3%

Exhibit 19
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Age 65 to 75

Future Expectations
   Desired type of next home:

Type of Home Preferred for Next Move (Age 65-75)

Single family home 33%

Apartment (5+ units) 33%

Plex (2 to 4 units) 6%

Mobile home 11%

Other 17%

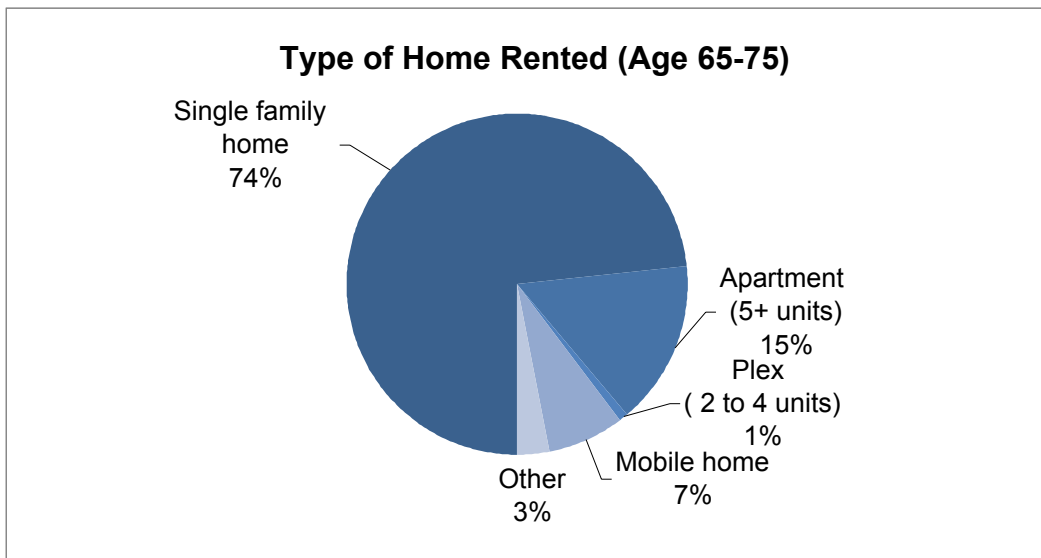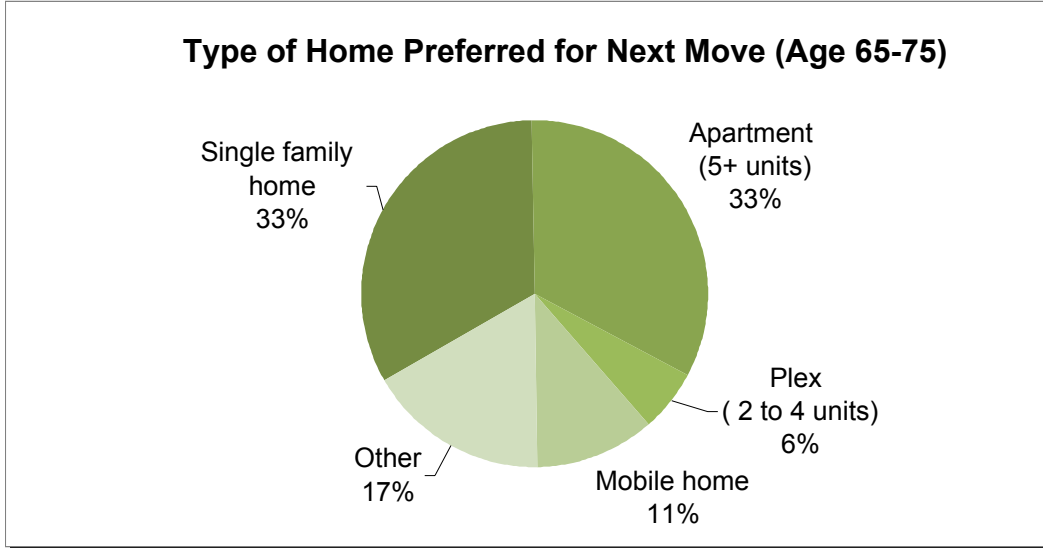| Expected next residence:	65-75 Households	Survey Avg.
Outside Ashland		
Rental	20%	23%
Ownership	10%	25%
Inside Ashland		
Rental	30%	32%
Ownership	41%	19%
Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.0	8.1
Building issues	7.0	6.9
Unit issues	7.2	7.2
Rental options	7.6	7.3
Problem issues		
Percent rent burdened (cens	69%	56%
Percent rent burdened (surv	82%	49%
Percent with Section 8 vouc	n/a	2.4%
Recently had trouble finding housing in your price range?		
Have not looked recently	78%	40%
Yes	**7%**	**38%**
No	15%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 20
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Over Age 75

General Characteristics	>75 Households	Survey Avg.
Percent renters:	20%	45%
Average monthly rent paid:	$906	$740
Average income:	$41,833	$39,627
Average length of tenure:	72 months	44 months
Top reasons for renting:		
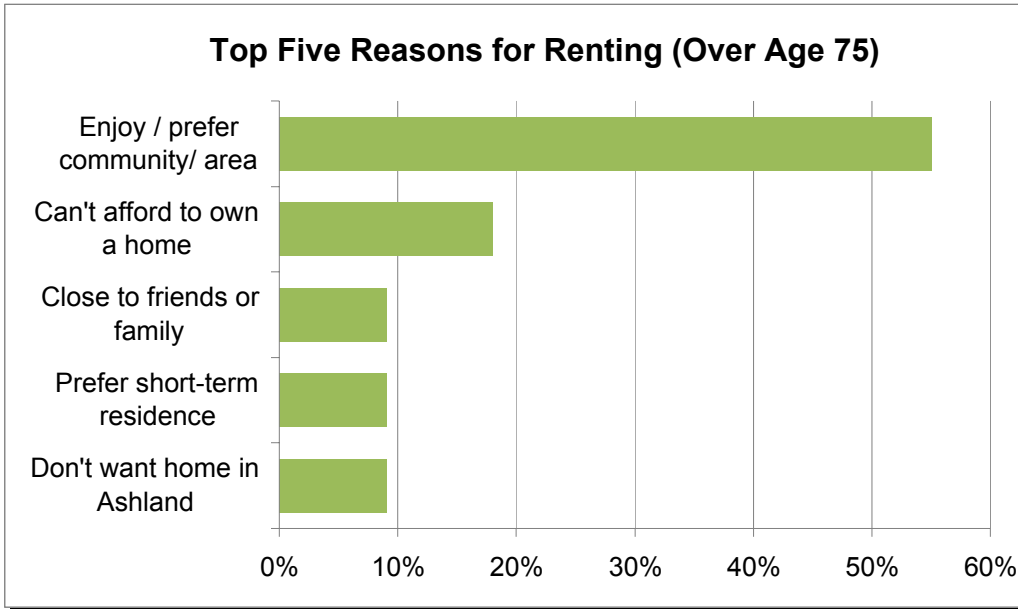
Top Five Reasons for Renting (Over Age 75)

- Enjoy / prefer community/ area
- Can't afford to own a home
- Close to friends or family
- Prefer short-term residence
- Don't want home in Ashland

Type of home rented:

Type of Home Rented (Over Age 75)

- Single family home 69%
- Apartment (5+ units) 22%
- Plex (2 to 4 units) 0%
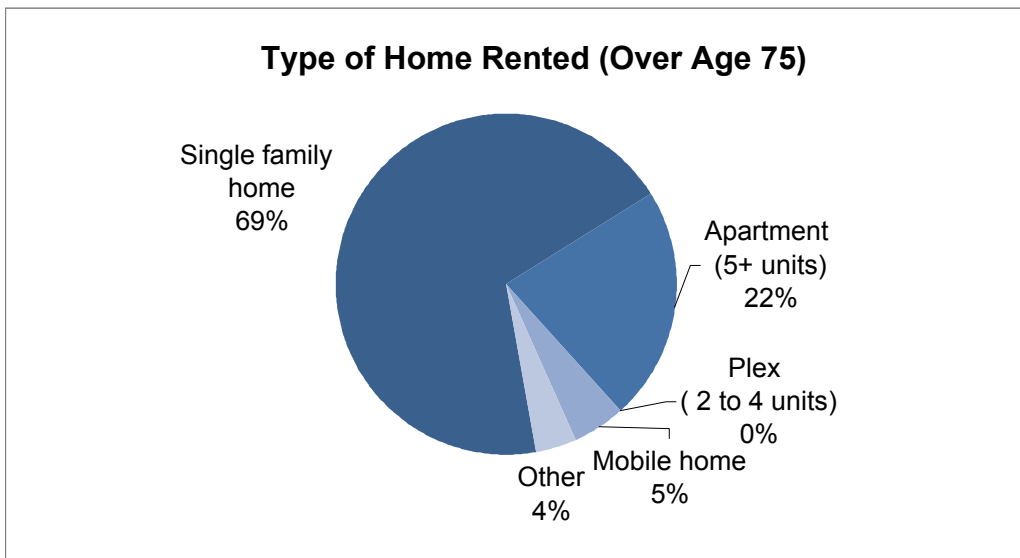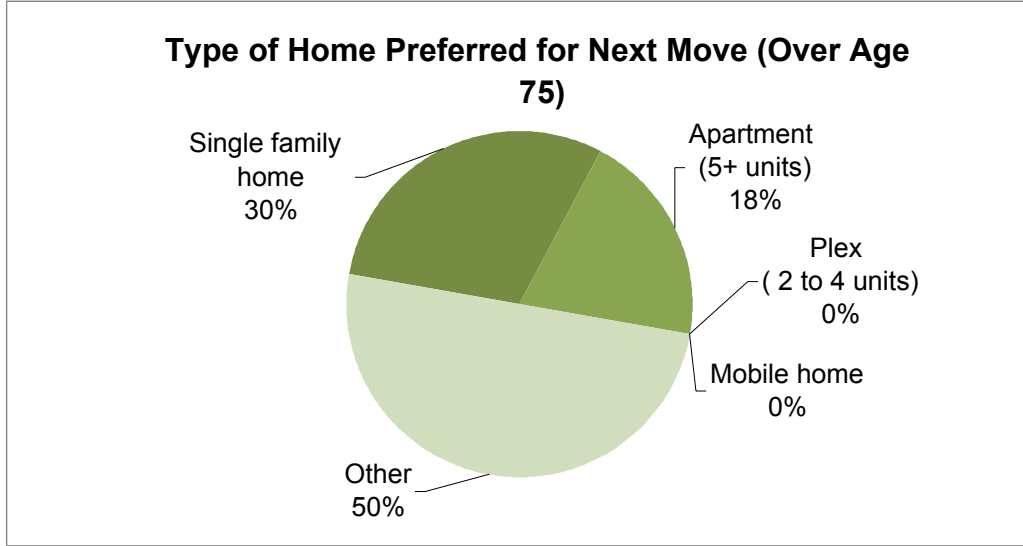- Mobile home 5%
- Other 4%

Exhibit 20
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Over Age 75

Future Expectations
Desired type of next home:

Type of Home Preferred for Next Move (Over Age 75)

Single family home 30%

Apartment (5+ units) 18%

Plex (2 to 4 units) 0%

Mobile home 0%

Other 50%

Expected next residence:	>75 Households	Survey Avg.
Outside Ashland		
Rental	---	23%
Ownership	33%	25%
Inside Ashland		
Rental	67%	32%
Ownership	---	19%
Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.28	8.1
Building issues	7.35	6.9
Unit issues	7.86	7.2
Rental options	7.29	7.3
Problem issues		
Percent rent burdened (cens	60%	56%
Percent rent burdened (surv	33%	49%
Percent with Section 8 vouch	n/a	2.4%
Recently had trouble finding housing in your price range?		
Have not looked recently	71%	40%
Yes	**2%**	**38%**
No	18%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 21
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning Less than $20,000 Annually

General Characteristics	Households < $20k	Survey Avg.
Percent renters:	80%	45%
Average monthly rent paid:	$560	$740
Average income:	$14,946	$39,627
Average length of tenure:	43 months	44 months
Top reasons for renting:		
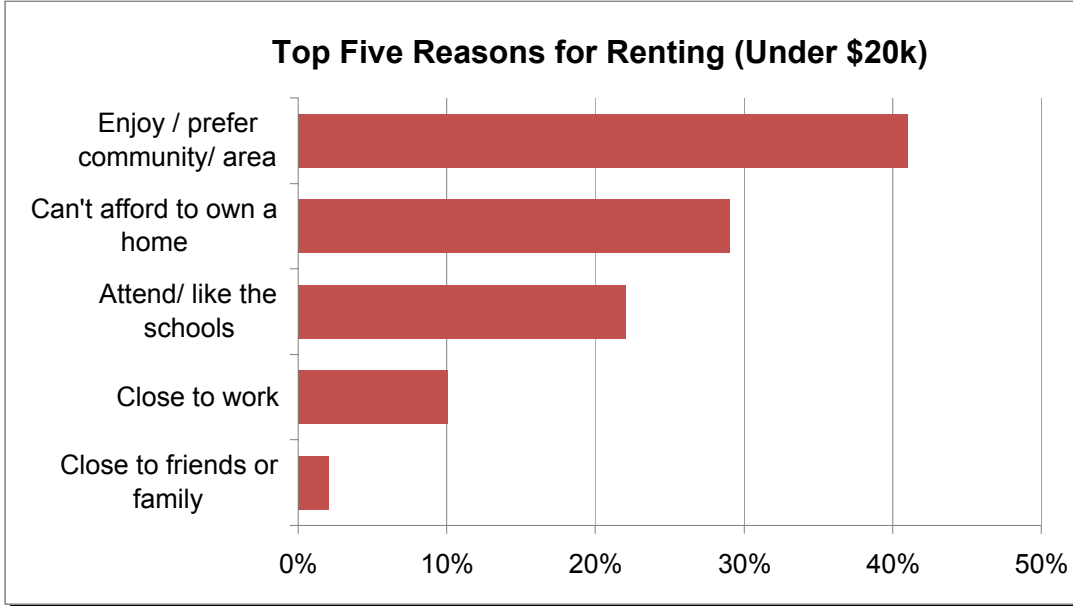
Top Five Reasons for Renting (Under $20k)

Enjoy / prefer community/ area
Can't afford to own a home
Attend/ like the schools
Close to work
Close to friends or family

0% 10% 20% 30% 40% 50%

Type of home rented:

Type of Home Rented (Under $20k)

- Apartment (5+ units) 39%
- Single family home 39%
- Plex (2 to 4 units) 10%
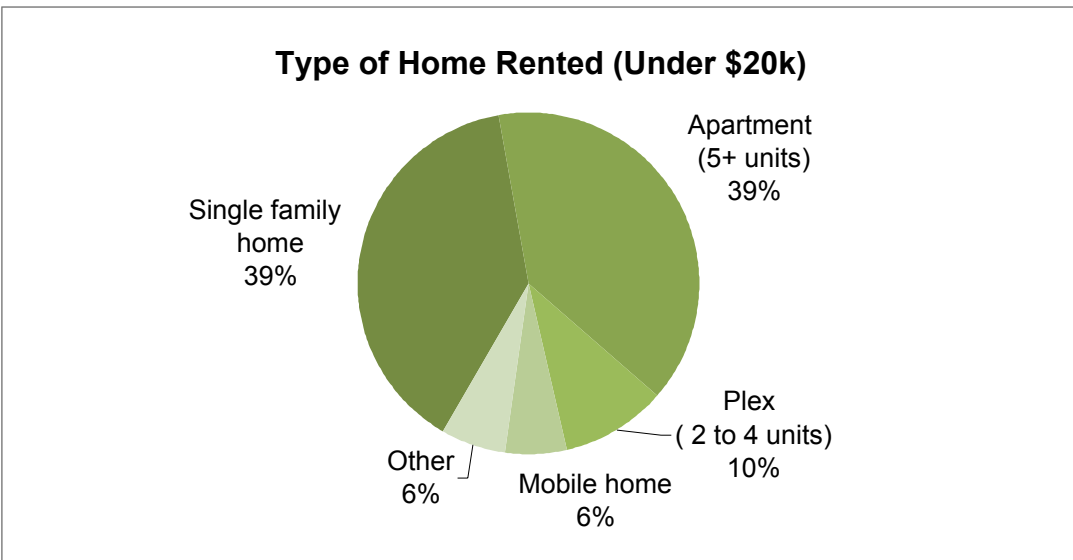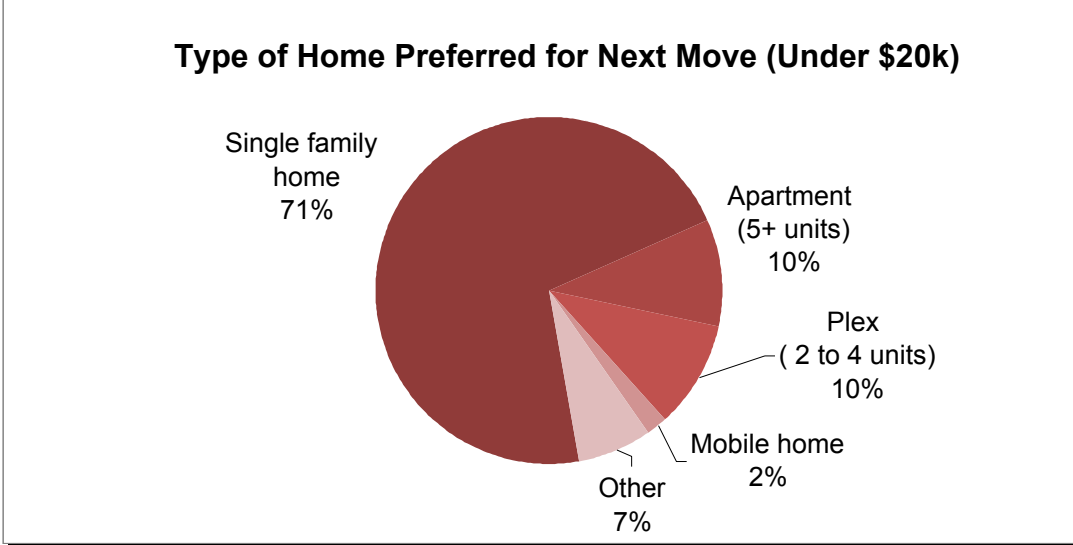- Mobile home 6%
- Other 6%

Exhibit 21
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning Less than $20,000 Annually

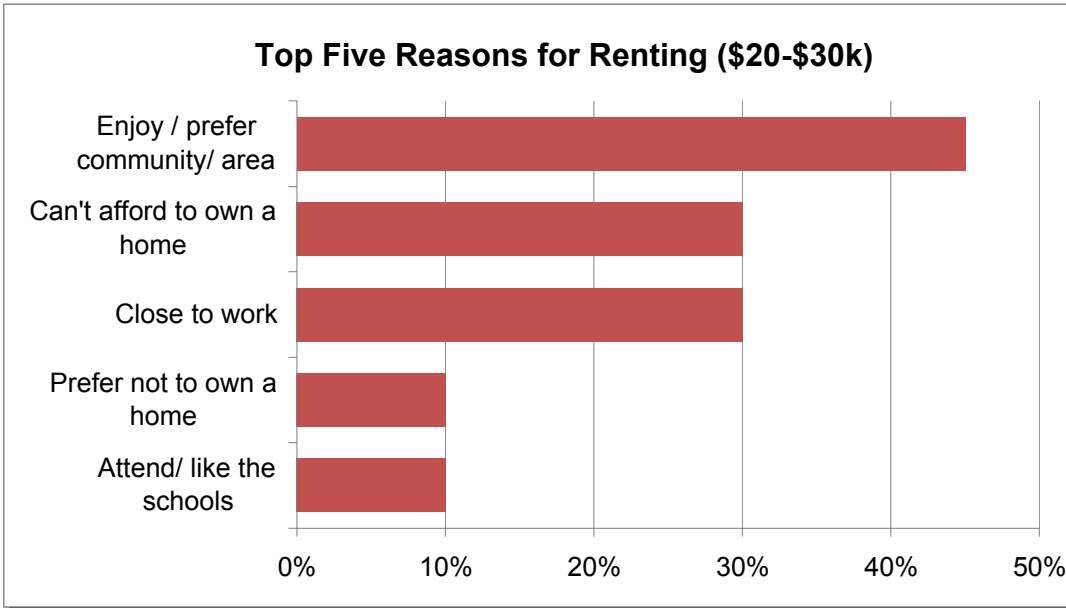**Future Expectations**
Desired type of next home:

Type of Home Preferred for Next Move (Under $20k)

- Single family home 71%
- Apartment (5+ units) 10%
- Plex (2 to 4 units) 10%
- Mobile home 2%
- Other 7%

Expected next residence:	Households < $20k	Survey Avg.
Outside Ashland		
Rental	8%	23%
Ownership	44%	25%
Inside Ashland		
Rental	32%	32%
Ownership	16%	19%

Levels of satisfaction (1=low, 10=high)		
Neighborhood	7.7	8.1
Building issues	6.4	6.9
Unit issues	6.9	7.2
Rental options	7.1	7.3

Problem issues		
Percent rent burdened (cens	85%	56%
Percent rent burdened (surv	89%	49%
Percent with Section 8 vouch	12.0%	2.4%

Recently had trouble finding housing in your price range?		
Have not looked recently	45%	40%
Yes	**41%**	**38%**
No	12%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 22
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning $20,000 to $30,000 Annually

General Characteristics	Households $20-$30k	Survey Avg.
Percent renters:	54%	45%
Average monthly rent paid:	$707	$740
Average income:	$25,000	$39,627
Average length of tenure:	15 months	44 months
Top reasons for renting:		

Top Five Reasons for Renting ($20-$30k)

Reason	Percent
Enjoy / prefer community/ area	45%
Can't afford to own a home	30%
Close to work	30%
Prefer not to own a home	10%
Attend/ like the schools	10%

Type of home rented:

Type of Home Rented ($20-$30k)

- Single family home 56%
- Apartment (5+ units) 14%
- Plex (2 to 4 units) 8%
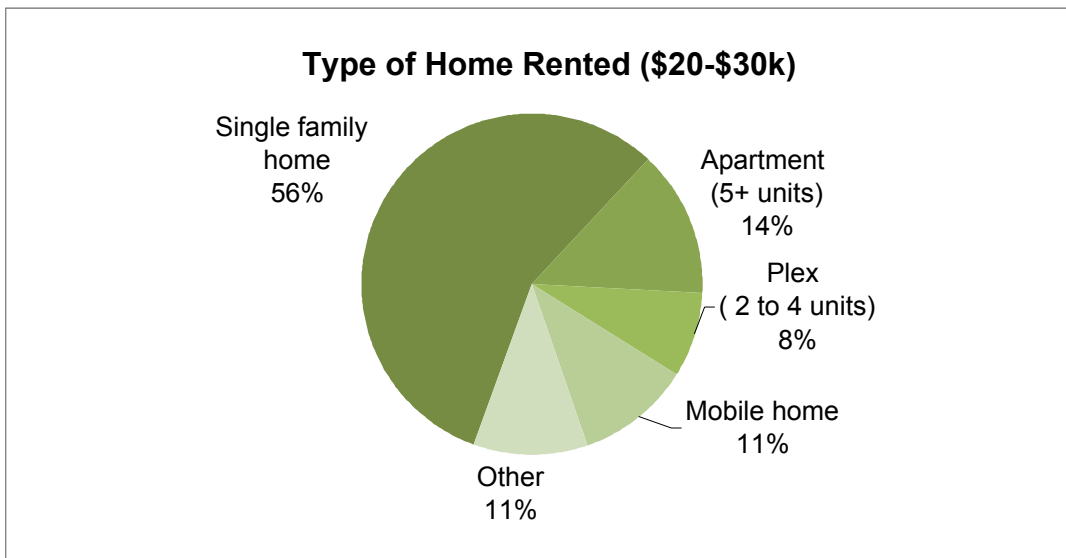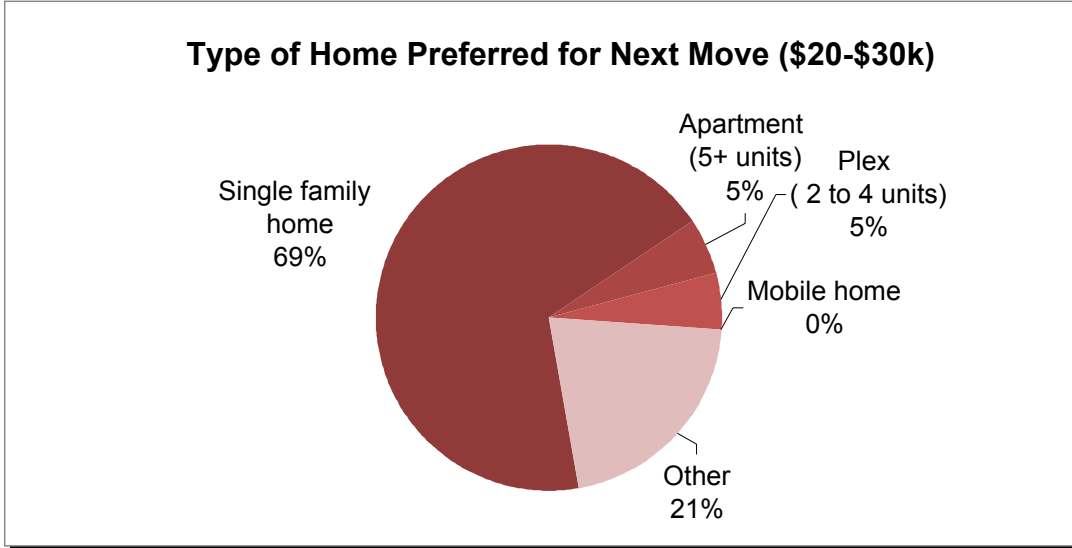- Mobile home 11%
- Other 11%

Exhibit 22
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning $20,000 to $30,000 Annually

Future Expectations
Desired type of next home:

Type of Home Preferred for Next Move ($20-$30k)

Single family home 69%

Apartment (5+ units) 5%

Plex (2 to 4 units) 5%

Mobile home 0%

Other 21%

Expected next residence:	Households $20-$30k	Survey Avg.
Outside Ashland		
Rental	9%	23%
Ownership	36%	25%
Inside Ashland		
Rental	36%	32%
Ownership	18%	19%

Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.2	8.1
Building issues	6.6	6.9
Unit issues	7.2	7.2
Rental options	7.5	7.3

Problem issues		
Percent rent burdened (cens	46%	56%
Percent rent burdened (surv	63%	49%
Percent with Section 8 vouc	n/a	2%

Recently had trouble finding housing in your price range?		
Have not looked recently	43%	40%
Yes	**27%**	**38%**
No	24%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a
statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 23
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning $30,000 to $50,000 Annually

General Characteristics	Households $30-$50k	Survey Avg.
Percent renters:	52%	45%
Average monthly rent paid:	$823	$740
Average income:	$39,300	$39,627
Average length of tenure:	54 months	44 months
Top reasons for renting:		

Top Five Reasons for Renting ($30-$50k)

Reason	
Enjoy / prefer community/ area	40%
Can't afford to own a home	33%
Close to work	14%
Prefer short-term residence	5%
Attend/ like the schools	5%

Type of home rented:

Type of Home Rented ($30-$50k)

- Single family home 75%
- Apartment (5+ units) 12%
- Plex (2 to 4 units) 7%
- Mobile home 2%
- Other 4%

Exhibit 23
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning $30,000 to $50,000 Annually

Future Expectations
  Desired type of next home:

Type of Home Preferred for Next Move ($30-$50k)

Single family home 82%

Apartment (5+ units) 2%

Plex (2 to 4 units) 2%

Mobile home 5%

Other 9%

Expected next residence:	Households $30-$50k	Survey Avg.
Outside Ashland		
Rental	45%	23%
Ownership	8%	25%
Inside Ashland		
Rental	25%	32%
Ownership	21%	19%
Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.2	8.1
Building issues	6.9	6.9
Unit issues	7.6	7.2
Rental options	7.5	7.3
Problem issues		
Percent rent burdened (cens	24%	56%
Percent rent burdened (surv	43%	49%
Percent with Section 8 vouch	n/a	2.4%
Recently had trouble finding housing in your price range?		
Have not looked recently	53%	40%
Yes	**27%**	**38%**
No	20%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates
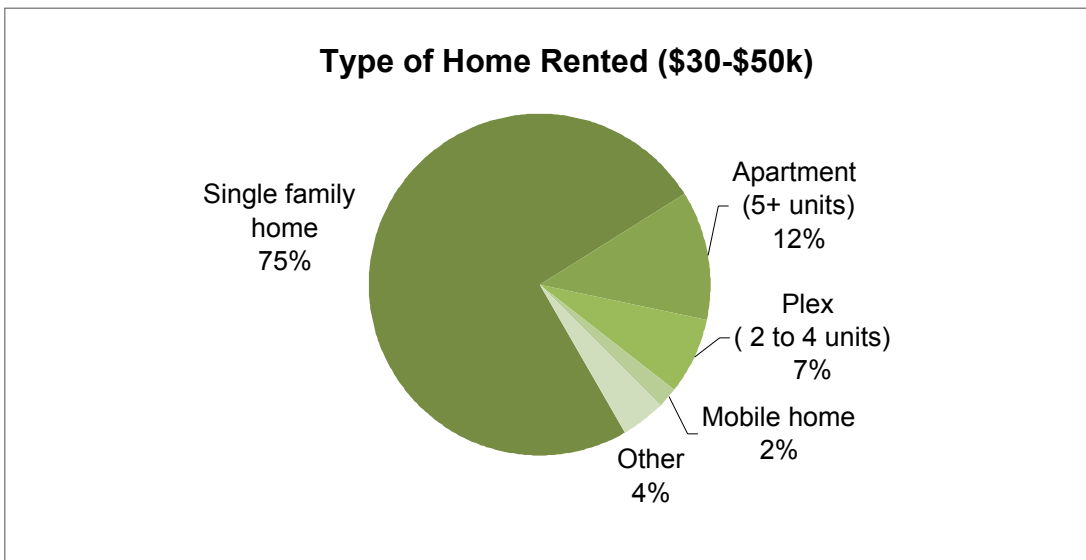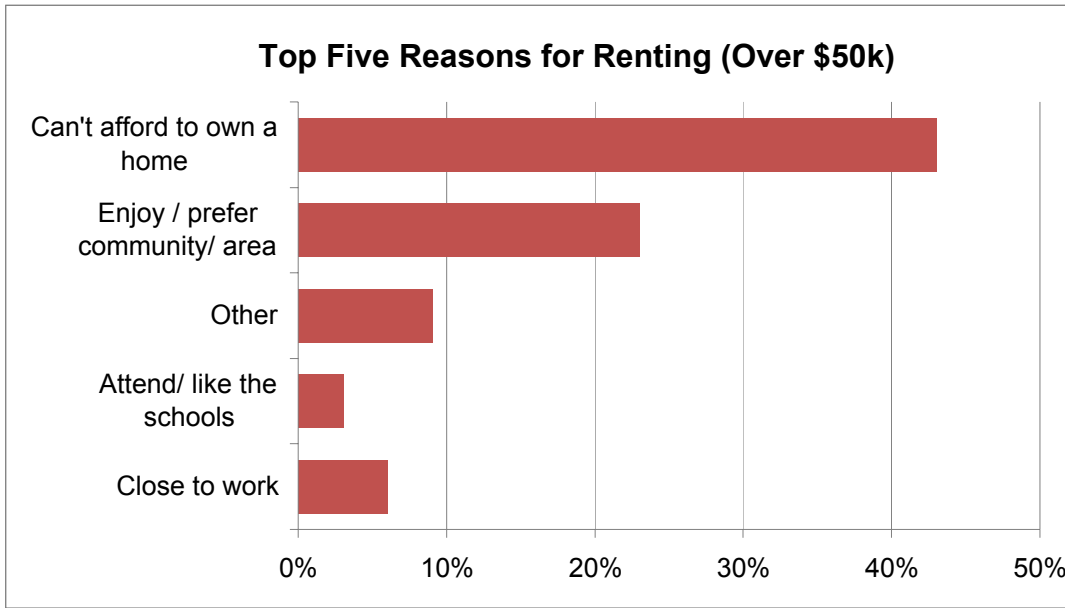
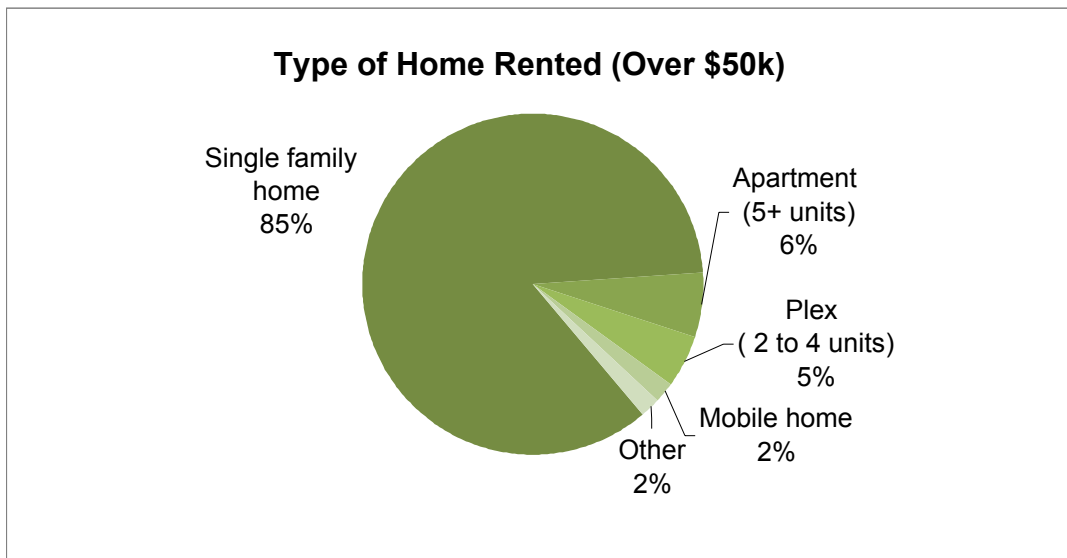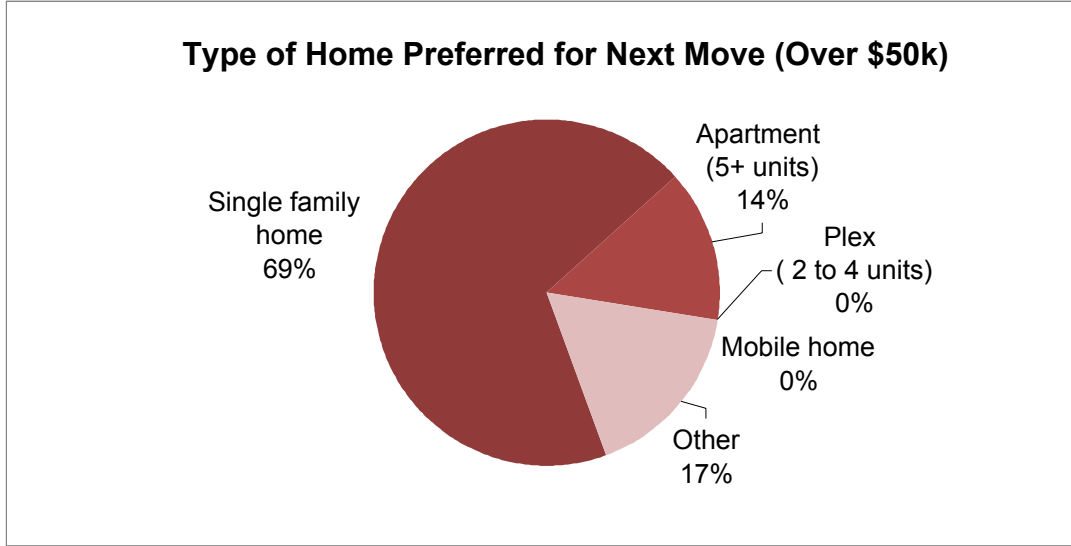**Exhibit 24**
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning More than $50,000 Annually

General Characteristics	Households >$50k	Survey Avg.
Percent renters:	25%	45%
Average monthly rent paid:	$981	$740
Average income:	$84,000	$39,627
Average length of tenure:	40 months	44 months

Top reasons for renting:

Top Five Reasons for Renting (Over $50k)

Type of home rented:

Type of Home Rented (Over $50k)

- Single family home 85%
- Apartment (5+ units) 6%
- Plex (2 to 4 units) 5%
- Mobile home 2%
- Other 2%

Exhibit 24
Summary of Rental Survey Findings by Age Cohort
City of Ashland [1]

Households Earning More than $50,000 Annually

Future Expectations
  Desired type of next home:

Type of Home Preferred for Next Move (Over $50k)

- Single family home 69%
- Apartment (5+ units) 14%
- Plex (2 to 4 units) 0%
- Mobile home 0%
- Other 17%

Expected next residence:	Households >$50k	Survey Avg.
Outside Ashland		
Rental	42%	23%
Ownership	4%	25%
Inside Ashland		
Rental	19%	32%
Ownership	35%	19%

Levels of satisfaction (1=low, 10=high)		
Neighborhood	8.3	8.1
Building issues	7.0	6.9
Unit issues	7.2	7.2
Rental options	7.2	7.3

Problem issues		
Percent rent burdened (cens	2%	56%
Percent rent burdened (surv	3%	49%
Percent with Section 8 vouch	n/a	2%

Recently had trouble finding housing in your price range?		
Have not looked recently	63%	40%
Yes	**18%**	**38%**
No	19%	14%

[1] Due to the number of survey responses, much of the information in this exhibit has a statistical error factor of approximately 15%, except information from the US Census.
Source: Riley Research Associate, US Census and Ferrarini & Associates

Exhibit 25
Summary Results from State Housing Model
Rental Housing Needs for Ashland

2007					
Rent Range				Need	
Start	End	Need	Supply [1]	Net	Cumulative
<	$199	958	151	(808)	(808)
$200	$429	881	377	(504)	(1,312)
$430	$664	876	1,230	354	(958)
$665	$909	555	1,105	550	(408)
$910	$1,149	503	502	(1)	(409)
$1,150	+	369	778	409	0
Total		**4,143**	**4,143**		

2012					
Rent Range				Need	
Start	End	Need	Supply [1]	Net	Cumulative
<	$199	1,060	151	(909)	(909)
$200	$429	961	377	(585)	(1,494)
$430	$664	947	1,230	283	(1,211)
$665	$909	602	1,105	503	(708)
$910	$1,149	540	502	(38)	(746)
$1,150	+	400	778	379	(368)
Total		**4,510**	**4,143**	**368**	

Source: Oregon Housing and Community Services Department and Ferrarini & Associates

Exhibit 26
Needed Housing Units by Type
City of Ashland

Needs Analysis	No. of Households	Est. Household Preferences			
		Studio	1 Bdrm	2 Bdrm	3+ Bdrm
1-person household	1,732	60%	40%		
2-person household	1,328		45%	45%	10%
3-person household	617			40%	60%
4-person household	279			10%	90%
5-person household	88				100%
6-person household	35				100%
7-or-more-person household	23				100%

Needs Analysis	No. of Households	Units Needed			
		Studio	1 Bdrm	2 Bdrm	3+ Bdrm
1-person household	1,732	1,039	693		
2-person household	1,328		598	598	133
3-person household	617			247	370
4-person household	279			28	251
5-person household	88				88
6-person household	35				35
7-or-more-person household	23				23
Demand	4,102	1,039	1,290	872	900
Supply	4,102	392	1,188	1,676	846
Surplus/(Deficit)		(647)	(102)	804	(54)

SOURCE: U.S. Census Bureau Census 2000

Exhibit 27
Summary of Property Management Interviews

Interviewees:

- Dan Latham, Commercial Property Management, 541/482-0326
- Jan Pope, Oaktree Realtors, 800/793-9232
- Tony Crane, Crane Property Management, 541/482-3451
- Dee Thomas, Mainstream Properties, 541/482-8828
- Roberta Claudsen, Southern Oregon Rental Owners Association, 541/772-8128

What is the vacancy rate in Ashland currently?

There was a general consensus among property managers that the vacancy rate in Ashland is low. Four of the five people who were interviewed stated that the vacancy rate is below 5%, the industry standard indicator of a healthy market. Jan Pope indicated that the vacancy rate may be extremely low currently. Based on the sample of projects she manages, all are occupied.

Have vacancy rates been decreasing over the last several years?

- Most property managers indicate vacancy rates have been low for a long while; however, there were indications that vacancy rates have dropped slightly in Ashland in the recent past. The reasons for the low vacancy rate are people moving into Ashland coupled with very limited new construction since 2000.

- The only information that runs counter to most people's impression that vacancy rates have dropped comes from Roberta Claudsen, who runs the Southern Oregon Rental Owners Association. She stated her organizations most recent survey indicates vacancy rates increased to approximately 5.8%. The increase, however, was due to the new apartment projects being built, in Medford. Therefore the increase does not reflect trends in Ashland.

Have much rental rates increases since 2000?

The rental rates in Ashland have been level from 2000 through the beginning of 2006. However in 2006, rental rates began to increase. Tony Crane and Dan Latham

stated that the increase is due, in part, to rising property values in Ashland. Other people interviewed believe the increase is due to growing demand, particularly for affordable housing, and the lack of new construction.

How much have rental rates gone up approximately?

The rate increase is anywhere from $50-$100 per month, depending on the property. Rental rates are being increased when new occupants move in.

How much more do you think they will go up?

The consensus is that rates will keep increasing because of rising property values, low vacancy and increasing demand.

When do you think the market will level out?

When new housing is built. One additional source of rental product is the potential that homes purchased on speculation will enter the rental market when speculators pull out of the market.

Student housing issues discussed with:

- William Smith, Southern Oregon University, 541/552-6999.

Location where students who attend SOU live:

- On campus: 936 students, or 19.5% of the total

- In Ashland , but off campus: 1,273 students, or 26.5% of the total

- Outside Ashland: 2,587 students, or 54.0% of the total

On Campus Options

- Residents halls, which are 70% occupied. The low level of occupancy reflects the fact that overall enrollment in the University is down and dorms are not offering

facilities that students want such as private bathrooms. For board, resident halls typically cost students $300 to $400 per month.

- Family housing in an apartment building SOU owns. This option is very popular. There is typically a waiting list of 100 households which takes 6 months to one year.

Off campus options:

- Rent a house with roommates

- Typically 3 to 4 roommates per house.

- $300-$400 per person for rent.

- Mr. Smith believes there is no real difficulty finding a place to live.

- Most homes that are rented to students are identified via friends.

Exhibit 28
Guidelines for Data Inputs for Future Use of State Housing Needs Model
Rental Market Only

	Variable	Worksheet	Data Source	Comments
1	Historic Interest Rates	Parameters	▪ Freddie Mac	▪ http://www.freddiemac.com/pmms/pmms30.htm
2	Current Population	Unit Calculations	▪ PSU Population Research Center ▪ ESRI & Claritas	▪ Current population estimates from Portland State University's Population and Research Center are the most widely accepted current population figures in the state. ▪ Data service providers like ESRI and Claritas also provide current population estimates. The disadvantage of an ESRI or Claritas estimate is accuracy. These data providers are conducting estimates throughout the US. As a result, they use more simplistic forecast methods. However, the advantage of using data from ESRI or Claritas is they will be consistent with the estimated number of households by age and income cohort, which is used elsewhere in the model. See Variable 10 below. ▪ When determining which data to use, it is recommended that ESRI or Claritas estimates be compared to PSU's estimate. If the estimates are similar and it is determined that ESRI or Claritas age by income data will be used in Variable 10, then the ESRI or Claritas current population estimate should be used. If they are not similar, PSU statistics should be used.
3	Group Quarters	Unit Calculations	▪ US Census	▪ Can be obtained from the US Census or calling facilities classified as group quarters in Ashland directly. This would include occupied senior housing beds and college dorm rooms.
4	Occupied Dwelling Units	Unit Calculations	▪ US Census or surveys	▪ By definition is equal to the number of households.
5	Vacant Units	Unit Calculations	▪ US Census, ESRI, Claritas	▪ US Census provides the most complete information; however, if market conditions have changed since the census, the best information would come from market surveys or interviews with property management companies.
6	Future Population	Unit Calculations	▪ Approved population forecasts ▪ ESRI & Claritas	▪ The best forecast to use depends on the length of the forecast. If a near term (≈ 5 yr) forecast is being completed, then ESRI or Claritas data would be the best. ▪ If a long-term needs analysis is being completed, probably in conjunction with an evaluation of your buildable lands inventory, then the city's official long-term forecast should be used - which is probably contained in the latest version of the city's TSP.
7	Future Persons in Group Quarters	Unit Calculations	▪ US Census ▪ SOU enrollment forecasts	▪ Historic US census data is the only source available that we are aware of. In between years when the census is conducted, the analyst can assume the historic ratio between people living in group quarters and the total population stays constant. In other words, if the population increases by 5% over 5 years, the number of people living in group quarters would also increase by 5%. ▪ However, the population in group quarters in Ashland is driven by student enrollment at Southern Oregon University. As a result, the most accurate method of forecasting group quarters in Ashland is to obtain a forecast for student enrollment from SOU.
8	Future Persons per Households	Unit Calculations	▪ ESRI or Claritas	

Variable	Worksheet	Data Source	Comments
9 Dwelling Units Removed	Unit Calculations	▪ Tax assessor records ▪ Demolition permit date ▪ Data from a rental permit system, if implemented	▪ All three data sources noted to the right would be suitable
10 Age and Income Cohorts	Indicated Units	▪ US Census, ESRI, Claritas	▪ The analyst has a choice to make. The best data to use comes from the US Census. ▪ The US Census information can be accurate for a number of years, as long as income levels do not increase significantly in real terms (relative to inflation). ▪ If incomes increase in real terms, then data from ESRI or Claritas should be considered. ▪ Although ESRI data is used in this report, the state model was run with both ESRI data and census data. The results were found to be nearly identical, which helped alleviate any concern regarding which data to use.
11 Out Factor	Current Need	▪ Anecdotal evidence through interviews	▪ The out factor reflects the estimated percent of households, by income cohort, who choose to spend less than 30% of their income on gross rent. The best example of this dynamic are affluent households who could afford very high rents, but do not pay them because they are able to find a home that suits their needs at a lower cost. ▪ The out factor can only be estimated through interviews with property management companies.
12 Tenant Vouchers	Current Need	▪ Housing Authority of Jackson County	▪ The housing authority of Jackson County tracks tenant vouchers by income and location of residence.
13 Supply Data	Current Supply	▪ US Census ▪ Rental registration data, if implemented ▪ Rent survey	▪ Similar to #10 above, the analyst has a choice to make. The best data would come from rental registration data if the city implements a rental permit program. ▪ If this data is not available, then the US Census data is the best as long as rental rates have not increased in real terms significantly. If rental rates have increased in real terms, then the analyst will have to either (1) adjust the census data based on known rent increases or (2) conduct a rent survey which, if representative, can be extrapolated to the inventory of units in the market.
14 Future Age and Income Cohorts	FutIndicatedUnits	▪ ESRI or Claritas	▪ The state model expresses need in current dollars, so care must be taken when using either ESRI or Claritas data because these data sources account for income growth in their forecast of households by age and income.
15 Out Factor	Future Need	▪ Anecdotal Evidence	▪ See Variable 11 above.
16 Tenant Vouchers	Future Need	▪ Housing Authority of Jackson County	▪ See Variable 12 above.
17 Future Supply	PlanHousgType	▪ Development applications	▪ Existing supply plus new units expected to enter the market.
18 Zoning Description	Zoning Inventory	▪ Current planning documents	

Exhibit 28
Guidelines for Data Inputs for Future Use of State Housing Needs Model
Rental Market Only

Variable	Worksheet	Data Source	Comments
19 Housing Inventory by Land Use Type	Zoning Inventory	▪ GIS analysis using tax assessor records and zoning district polygons.	▪ Tax assessor data may need to be field checked for accuracy. This may be a good job for SOU students.
20 Projected Distribution of New Homes by Price	Allocation	▪ Tax assessor records or information from the Southern Oregon Multiple Listing Service.	▪ Use historic data and expectations about future price appreciation in the market to complete this worksheet.
21 Buildable Land Inventory for Housing	LandNeeds	▪ From City's most up-to-date Buildable Land Inventory	

SOURCES: Richard Bjelland and Ferrarini & Associates