

ECONorthwest

ECONOMICS • FINANCE • PLANNING

Phone • (541) 687-0051
FAX • (541) 344-0562
info@eugene.econw.com

Suite 400
99 W. 10th Avenue
Eugene, Oregon 97401-3001

Other Offices
Portland • (503) 222-6060
Seattle • (206) 622-2403

April 4, 2007

TO: Jackson County Board of Commissioners and Planning Commission
FROM: Bob Parker and Beth Goodman
**SUBJECT: KEY FINDINGS FROM THE ECONOMIC AND HOUSING
COMPREHENSIVE PLAN ELEMENTS**

Jackson County is in the process of updating the housing element of its comprehensive plan. The County contracted with ECONorthwest to assist with the technical aspects of updating the economic and housing elements. County staff asked ECONorthwest to prepare a summary of key findings for the elements, which can provide a starting point for a conversation within the County about potential comprehensive plan policies.

The remainder of this memo presents findings based on technical analysis for the County's draft economic and housing elements of the comprehensive plan.

ECONOMIC FINDINGS

The following are trends affecting Jackson County based on the technical analysis in the updated Economy comprehensive plan element.

- **Jackson County's economy has diversified since 1980.** Between 1980 and 2000, covered employment in the County grew from 42,626 to 73,614, adding 30,988 jobs. Moreover, every sector added jobs during this period. The sectors with the greatest change in share of employment were Services and Retail Trade, adding 22,295 jobs. The sectors that grew slowest during this period were Wholesale Trade, Government, and Manufacturing.

A number of industrial clusters are present in Jackson County: Food and Beverage Production, Logging and Support Services, Wood Products, Metals Manufacturing, Wholesalers, Freight Transportation, Electronic Shopping, and Tourism and Recreation. These clusters represent sectors that may already be present or have the potential to grow in unincorporated Jackson County.¹

- **Services are likely to continue to grow in importance in Jackson County's economy.** Between 1980 and 2005 about three-quarters of employment growth in Jackson County

¹ The School of Business at Southern Oregon University 2007 report titled "Industrial Clusters and Jackson and Josephine Counties."

was in service sectors. The Oregon Employment Department's forecast for Jackson and Josephine Counties projects that this trend will continue, with three-quarters of employment growth in service sectors.

- **Income continues to be lower in Jackson County than the State average.** The median household income in 2005 in Jackson County was \$41,194, compared to the State average of \$42,944. Median household income in Jackson County grew at a faster pace than the State average between 2000 and 2005, growing by 13% compared with the State average of 5%.

Jackson County's per capita income is also lower than the State average. In 2003 Jackson County's per capita income was \$26,617, compared with \$28,734. Between 1980 and 2003, Jackson County's per capita income grew by 54%, compared with the State average of 45%. Residents of Jackson County were more likely to have a greater share of their income from current transfers, as well as dividends, interest, and rent, compared to the State average. The people most likely to have personal income from current transfers and dividends, interest, and rent are retirees.

- **Income is likely to remain lower in Jackson County than the State average.** Continued growth in services is likely to hold Jackson County's wages below the State average. More than three-quarters of growth in employment forecast for Jackson and Josephine Counties for 2004-2014 will be in retail and services. With the exception of Health Care and Social Assistance, the other rapidly growing services had lower average pay than the County's average in 2004. Assuming these services continue to grow with population and tourism remains the same or increases, the County's average income is likely to remain below the State average.
- **Demographic trends are likely to affect the mix of employment in Jackson County.** Jackson County's population grew faster than the State average, especially for people approaching retirement or people already retired. Continued increases in population will drive demand for retail and services, especially services targeted at retirees such as health care.
- **The majority of economic growth is likely to occur within urban areas.** About 97% of the County's covered employment in 2004 was located in the cities in the Bear Creek Valley, including 7% of the County's covered employment that is located in the unincorporated urban area of White City. Put another way, about 10% of the County's covered employment is located in the unincorporated areas of the County. Economic pressures and land use policy suggest that the majority of employment will continue to be concentrated in the core cities, including Ashland, Central Point, Eagle Point, Medford, Phoenix, Talent, and White City.

The following are economic opportunities for economic development in unincorporated Jackson County based on the technical analysis in the updated Economy comprehensive plan element.

- **Population and employment will continue growing in Jackson County.** The majority of population and employment growth is likely to continue concentrating in urban areas, including White City. The State forecasts that Jackson County will grow by nearly 75,000 people between 2005 and 2030. The Oregon Employment Department projects

that employment in Jackson and Josephine Counties will grow by nearly 20,000 jobs between 2004 and 2014.

- **Agriculture continues to be an important factor in Jackson County's economy.** In 2006, Jackson County had approximately \$82 million in total gross sales from agriculture. The agricultural products with the greatest sales in 2002 were fruit, tree nuts, and berries and cattle and calves. Pears continue to be an important crop in Jackson County, with about 6,000 acres devoted to cultivation of pears.
- **Agriculture may provide economic development opportunities in unincorporated Jackson County.** Established high-value crops, such as pears, provide opportunities for continued economic benefit from agriculture. Emerging, higher value crops, such as wine grapes, provide opportunities for economic development. Growth of wine grapes also provides opportunities for wineries, which may attract tourists.
- **Unincorporated Jackson County is likely to attract firms that need to be close to natural resources.** Sectors that need to be close to natural resources are likely to be located in unincorporated Jackson County, such as mining, wood products manufacturing, food processing, or recreation related business and support services.
- **Jackson County may be attractive to multimodal transportation facilities.** Such facilities need direct access to I-5 and large amounts of land. The County has identified a 32.6 acre site on Tolo Road that is the site of a proposed inter-modal hub.
- **White City is likely to have growth in industrial sectors.** White City has the largest concentration of industrial land within most urban parts of the County, including a project ready industrial site. These factors make it likely that White City will have growth in sectors needing industrial land, such as manufacturing.

HOUSING FINDINGS

The following are trends affecting Jackson County based on the technical analysis in the updated Housing comprehensive plan element.

- **The number of housing units increased in unincorporated Jackson County but at a slower rate than in urban areas of the County.** The number of dwelling units in rural unincorporated Jackson County increased by 1,808 (8%) and by 167 units (10%) in White City between 1990 and 2000. The number of dwelling units in urban Jackson County increased by 13,553 (35%) over the same period.
- **The majority of housing developed in unincorporated Jackson County during the 1990's was single-family housing.** Most dwelling units built in unincorporated Jackson County were single-family units in 1990 and 2000. Between 1990 and 2000 the number of manufactured or mobile homes decreased slightly in rural unincorporated Jackson County but increased in White City.

- **Demographic trends will affect housing needs during the planning period.** The two most significant demographic trends in Jackson County (as well as the State and nation) are the aging of the baby-boomers and growth in Hispanic population.

As the baby-boomers retire, their housing preferences are expected to shift from single-family detached housing to high-end multifamily housing or group quarters like active retirement communities.

The impact of increase in Hispanic population is likely to be closely related to their income. If Hispanic residents continue to have lower household income, the need for affordable housing is likely to increase. If Hispanic residents incomes increase over time, their housing needs may become more similar to non-Hispanic households, preferring single-family detached units. The literature indicates that the longer an immigrant remains in this country, the more likely he or she is to purchase a home. Foreign-born people that arrived in the US before 1970 had a higher rate of homeownership than native-born Americans.²

- **Many residents of Jackson County cannot reasonably afford housing in the County.** In 2005, the annual wage necessary to afford a two-bedroom dwelling was \$26,280 (\$12.60 per hour). Nearly one-third of Jackson County residents had an income less than \$26,000 in 2005.

Another measure of housing affordability is the level of cost burden, households that pay 30% or more of their monthly income on housing. Approximately 38% of all households in Jackson County were cost-burdened. Renters experienced cost-burden more frequently than homeowners, 53% of renter households compared with 30% of owner households. Cost burdened households have less money to spend on other necessities, such as food and medical care.

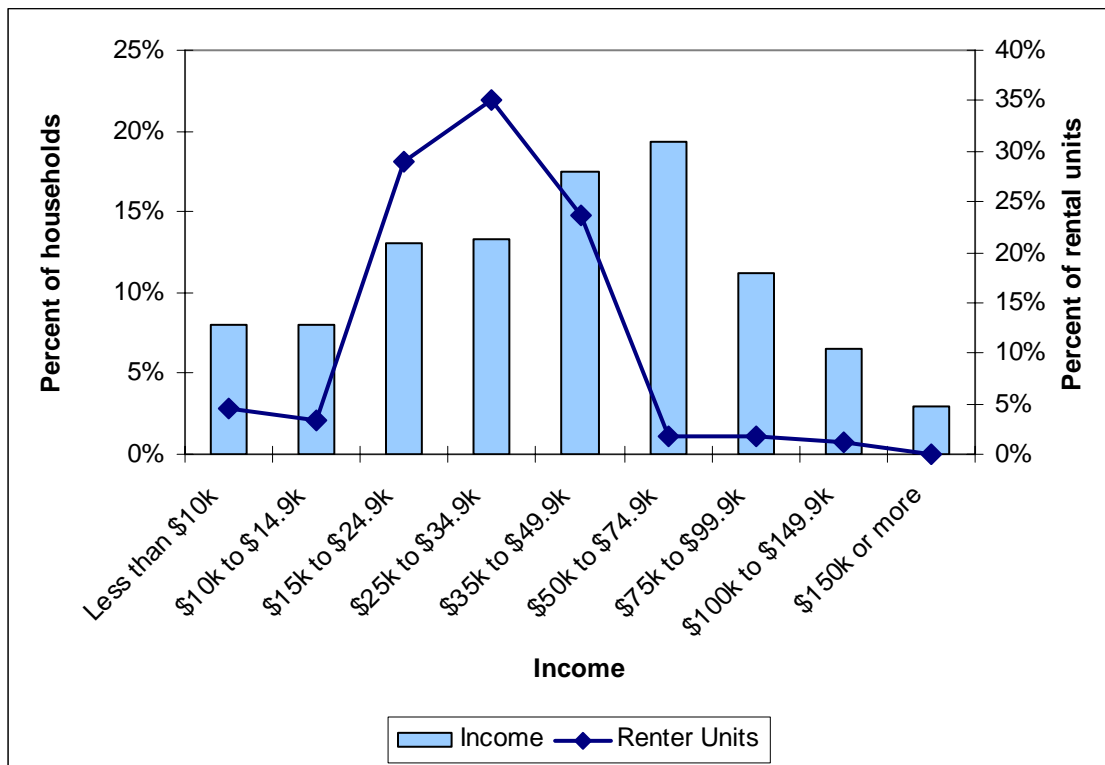
- **Housing has become less affordable since 2002.** The average sales price in Jackson County of a single-family detached residence was more than \$278,000 in 2005, an increase of \$94,500 (51%) between 2002 and 2005. The largest increases in housing prices were in urban areas, especially Ashland and Jacksonville. The median Sales prices in the small cities outside of the Bear Creek Valley and unincorporated Jackson County increased from \$125,000 in 2002 to \$201,500 in 2005, an increase of 61% or \$76,500.
- **Jackson County lacks affordable housing for lower and middle income households.** Jackson County has a significant deficit of affordable housing for households earning less than \$75,000 annually.

Figure 1 shows a comparison between income and number of dwelling units that are available for renters at each income increment. Figure 1 shows that there is a deficit of housing units affordable for households earning less than \$15,000 per year. There is a

² Rodriguez, Gregory. 1999. "Immigrants Today: Where they come from, where they live in the US," Emergences, volume 9 number 2, pp 255-270

surplus of rental units affordable for households earning \$15,000 to \$34,999 annually.³ Jackson County’s vacancy rate is relatively low (7.6% in 2005). It is less likely that the “surplus” unit are vacant and more likely that many of these units are being rented by households earning less than \$15,000 per year, resulting in cost burden for these households.

Figure 1. Comparison of income with rental costs, Jackson County, 2005

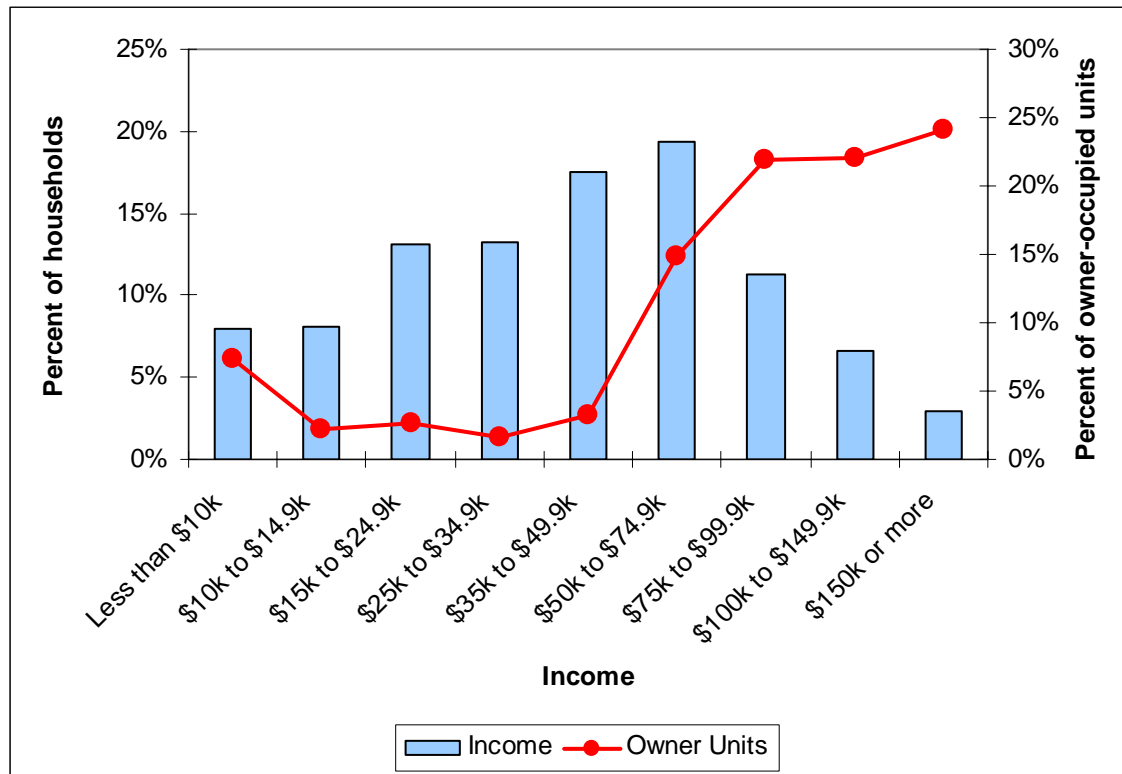


Source: U.S. Census, 2005

Figure 2 shows a comparison of household income with housing ownership prices in 2005. Figure 2 shows a deficit of ownership units affordable to households earning less than \$74,999 annually and a surplus of units affordable to households earning more than \$75,000 annually. Since it is unlikely that these units are vacant, they were probably purchased by households that do not have incomes “sufficient” to purchase these homes. Undoubtedly some of the homes were purchased prior to recent increases in housing prices, meaning that the houses were “affordable” when they were purchased. However, some of the houses were purchased by households with income lower than the threshold to afford these units.

³ There is also a deficit of rental units for households earning more than \$35,000 annually but these households, especially those earning more than \$50,000 are more likely to be homeowners than renters.

Figure 2. Comparison of income with housing prices, Jackson County, 2005



Source: U.S. Census, 2005

POLICY IMPLICATIONS

The following are policy implications of the housing and economic trends and economic opportunities in unincorporated Jackson County.

- **As population grows in rural, unincorporated areas conflict may increase between residential and agricultural uses.** If the County continues to promote agriculture and residential development continues in rural areas, there may be increased conflicts between these land uses. These conflicts have negative implications for both residents and farmers. The County may want to consider policies that buffer residential and agricultural uses.
- **Growth in service sectors is partially responsible for the fact that Jackson County's average household is lower than the state average.** Many of these services are related to tourism. Continued promotion of tourism is likely to result in keeping the County's income lower than the state average. The workers in these service jobs are unlikely to be able to afford housing in urban Jackson County. They may choose to locate in unincorporated Jackson County or an adjacent county. The results include increased pressure on rural housing and increases in commuting. The County may want to consider economic development strategies that promote higher wage jobs, such as manufacturing or high-paying services like health care.

- **White City provides opportunities for industrial development.** Since White City has the largest concentration of industrial land within the urban parts of the County, White City provides opportunities for a variety of manufacturing and other jobs with higher wages. The County may want to consider policies that preserve this land for industrial use and promote development of the land for industrial uses.
- **Affordable housing is difficult to provide in unincorporated areas.** Housing is generally more affordable at higher densities. But housing in unincorporated areas is generally developed at lower densities because of the lack of urban services, such as sanitary sewer. The County is unlikely to be able to promote development of affordable housing in unincorporated areas. The County may want to consider policies to promote affordable housing in White City, where urban-level development densities can be achieved.
- **Affluent early retirees will probably create demand for higher-end housing in high-amenity rural areas.** Retirees and people nearing retirement are typically more affluent than young families with children and can afford to purchase higher-end housing in high-amenity areas. Assuming that Jackson County continues to attract retirees and people nearing retirement, the demand is likely to increase for high-end housing in rural areas with amenities such as sites with good views that are relatively close to services.