



PIMA COUNTY

Workforce Housing Profile

May 2007

INTRODUCTION

Available and affordable workforce housing is a vital component of economic development. As Pima County grows and expands, it is necessary to evaluate available housing options to ensure there is affordable housing for all members of the workforce, especially for individuals in fundamental community occupations such as teachers, police, firefighters, and healthcare workers.

This workforce housing profile provides a concise, accurate reflection of the current available and affordable housing options in Pima County. Examining the existing workforce housing scenario is the first step in meeting the current needs of workforce members and enabling the County to prepare for future housing needs.

Main Findings

- Median household incomes have not increased as rapidly as have housing costs.
- Approximately 43 percent of households earn less than \$35,000 annually, while nearly 60 percent earn less than \$50,000, and there is not sufficient existing housing to meet their price needs.
- In 2005, nearly 60 percent of households could not afford a home at the median sale price of \$234,000.
- Although its rank improved in 2006, Tucson (and surrounding Pima County) was ranked as one of 20 Metropolitan Statistical Areas with the highest rates of house price appreciation in 2005.
- 123,171 households (nearly 35 percent) are currently cost-burdened, meaning they spend more than 30 percent of their income on housing.

Housing costs have increased considerably in the last few years, with the median sale price of a single family home in Pima County leaping from \$133,000 in 2001 to an estimated \$272,800 in 2006. The Median Household Income (MHI) has increased at a significantly slower rate, however, meaning that housing options for many workforce members have become severely unaffordable.

Table 1 - Median Household Income and Median Sales Price, 2000-2006

Year	MHI	SFR Median Sales Price	Price / Income Ratio	Affordability
2000	\$35,223	\$128,000	3.63	moderately unaffordable
2001	\$35,615	\$133,000	3.73	moderately unaffordable
2002	\$37,638	\$142,500	3.79	moderately unaffordable
2003	\$37,818	\$150,000	3.97	moderately unaffordable
2004	\$38,800	\$175,000	4.51	seriously unaffordable
2005	\$41,521	\$234,000	5.64	severely unaffordable
2006 ¹	\$43,006	\$272,800	6.34	severely unaffordable

Source: American Community Survey, 2000-2005; Tucson Association of Realtors; Demographia affordability ratings

Note 1: 2006 projections based on five-year annualized growth rate

Housing & Income Trends

According to the U.S. Census Bureau, the total population in Pima County in 2000 was 843,746. By 2005, the estimated population had increased to 902,720, and the number of households had increased from 332,497 to 365,174. Additionally, in 2005, home owners comprised a little less than two thirds of all households (237,668 of 365,174), while renters accounted for the remaining 127,506 households.

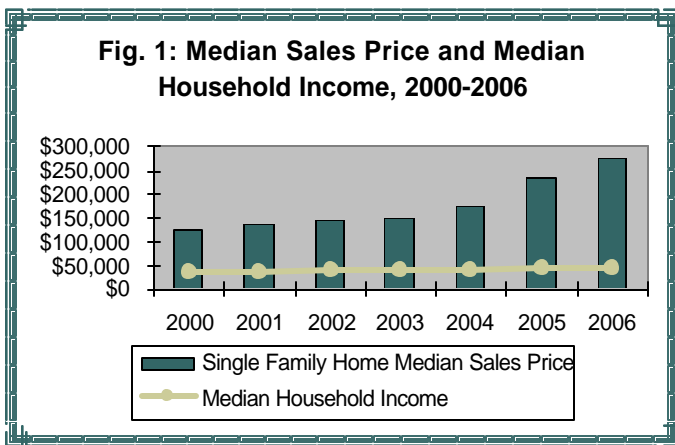
Pima County housing costs have increased over the last five years, with the median sale price of a single family home increasing from \$133,000 in 2001 to an estimated \$272,800 in 2006. While sale prices of single family residences have increased an average of 13.9 percent annually over the last six years, median household income (MHI) has increased at a comparably slower rate, increasing from \$35,615 in 2001 to an estimated \$43,006 in 2006, at an average of 3.4 percent annually.

This disparity has caused the price/income ratio to rise steadily, and it has made housing severely unaffordable for many households, as can be seen in Table 1.

Figure 3 shows affordability for multiple income ranges. High-income households do not face much difficulty in attaining affordable housing, but significant affordability problems exist for households with an annual income of less than \$50,000.

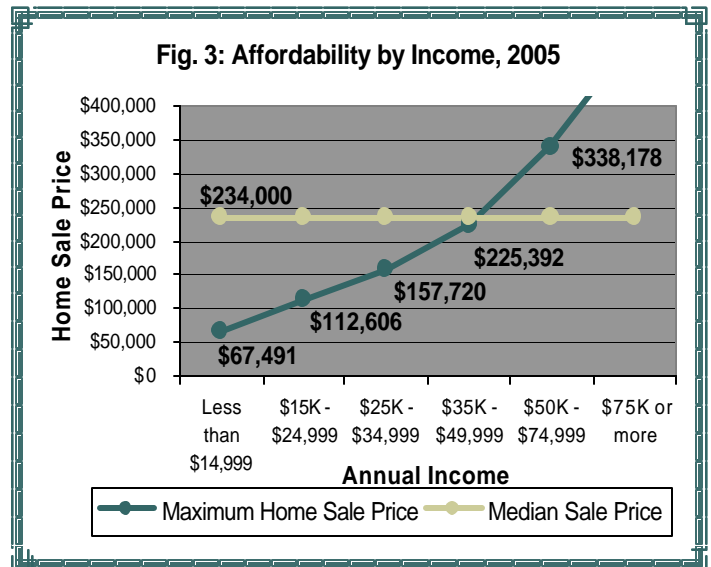
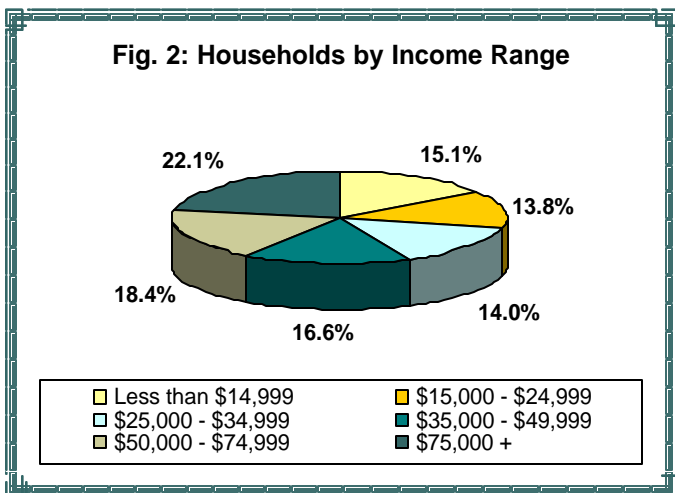
A household that earned the 2005 MHI of \$41,521 could afford monthly mortgage payments of \$1,038 or a home for a sale price of \$187,315.

In comparison, the median sale price of a single family home in Pima County in 2005 was considerably higher, at \$234,000. Furthermore, in 2005, almost 60 percent of all households earned less than \$50,000, meaning they could not afford a home that was more than \$225,392, which is still below the median sale price of \$234,000. Only 40.51 percent of all households were able to afford a median-priced home.



Affordability

Nearly 60 percent of all households in Pima County earn less than \$50,000 annually, while 42.9 percent earn less than \$35,000 annually. Also, approximately 63 percent of households earn between \$15,000 and \$75,000.



In 2005, the Tucson metropolitan statistical area (MSA) earned a ranking among the top twenty MSAs with the highest rates of house price appreciation. Tucson and the surrounding Pima County fared better in 2006, dropping to number 66 on the list, but clearly the rate of housing appreciation in Pima County is still a matter of concern.

Bend, Oregon, earned the number one ranking on the list for the highest house price appreciation in 2006, and numerous other cities in Oregon, Washington, and Utah topped the list.

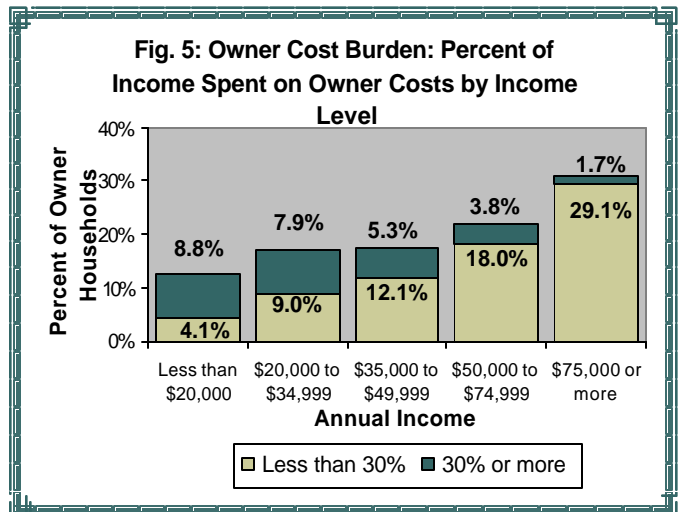
Table 2 - Metropolitan Statistical Areas with the Highest Rates of House Price Appreciation (Percent Change as of Q4 2006)

MSA	Rank ¹	1-Yr.	1-Qtr.	5-Yr.
Bend, OR	1	21.39%	1.73%	104.45%
Wenatchee, WA	2	20.94%	3.46%	61.91%
Provo-Orem, UT	3	19.92%	4.18%	38.59%
Salt Lake City, UT	4	19.76%	3.34%	48.98%
Boise City-Nampa, ID	5	17.94%	1.02%	67.66%
El Paso, TX	6	16.52%	1.59%	47.71%
Flagstaff, AZ-UT	7	16.21%	2.67%	106.92%
Corvallis, OR	8	16.18%	0.86%	52.48%
Mount Vernon-Anacortes, WA	9	16.15%	2.96%	73.46%
Longview, WA	10	16.02%	1.89%	52.58%
Myrtle Beach-Conway-North Myrtle Beach, SC	11	15.83%	0.60%	64.85%
Wilmington, NC	12	15.47%	1.48%	67.70%
Miami-Miami Beach-Kendall, FL (MSAD)	13	15.30%	1.86%	134.62%
Ogden-Clearfield, UT	14	15.30%	3.75%	30.51%
Salem, OR	15	14.73%	1.19%	50.97%
Tacoma, WA (MSAD)	16	14.67%	2.73%	75.90%
Mobile, AL	17	14.66%	1.71%	39.12%
Seattle-Bellevue-Everett, WA (MSAD)	18	14.50%	1.52%	64.62%
Albuquerque, NM	19	14.46%	1.69%	55.12%
Bremerton-Silverdale, WA	20	14.40%	1.12%	83.42%
Tucson, AZ	66	8.60%	1.14%	84.91%

Source: Office of Federal Housing Enterprise Oversight

Note 1: Rankings based on annual percentage change.

According to the 2005 American Community Survey, nearly 35 percent of all households in Pima County (126,171 households) are considered cost-burdened. Of 127,506 households that pay rent in Pima County, nearly half (47.9 percent or 61,020 households) are cost-burdened. In comparison, 27.4 percent of all owner-occupied households (65,151 of 237,668 households) pay more than one third of their income toward housing costs.

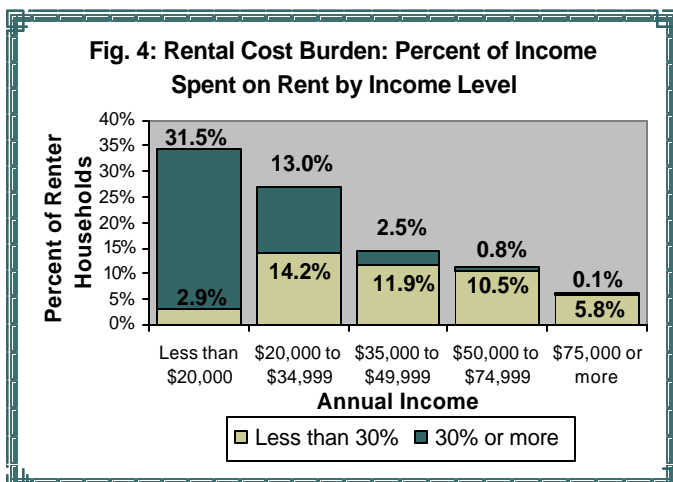


Affordability by Occupation

As Table 3 shows, the median income for many essential occupations is inadequate to make a median-priced, single family home affordable. For instance, the median income of a fire fighter in 2005 was \$26,073, meaning workers in that occupation could afford a home with a maximum sale price of \$121,448. Persons in education, training, and library occupations earned an average of \$29,803 in 2005, meaning they could afford a home priced at \$134,441. The median income of law enforcement workers was \$40,036 in 2005, allowing those workers to purchase a home priced at \$180,638.

The 2005 median income for all employed persons over the age of 16 was \$26,693, which means a person with the median income could not afford to pay more than \$667 per month in rent or afford to buy a home priced higher than \$120,366.

Cost Burden



Widespread sources agree that a household can spend a maximum amount of 30 percent of their income on housing without being considered cost-burdened.

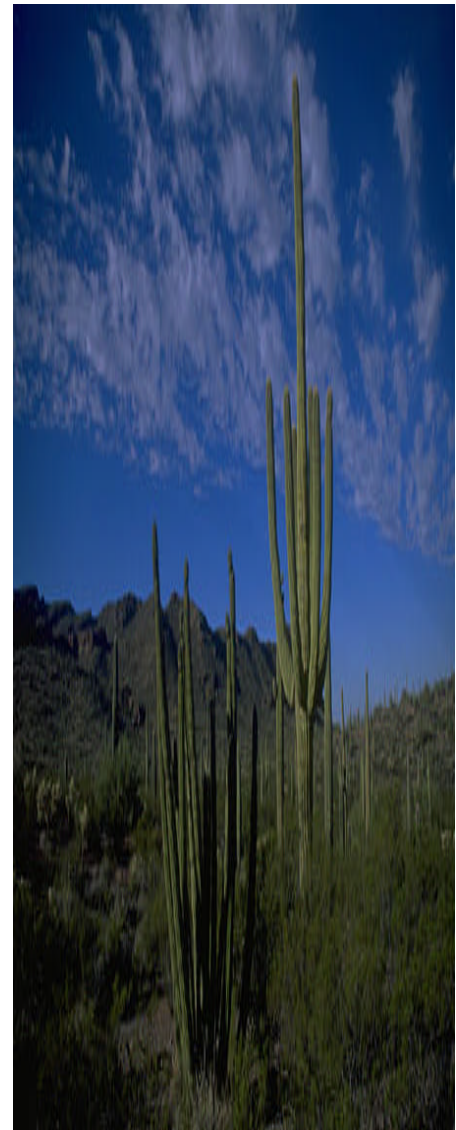
Table 3 - Affordability for Employed Persons in Pima County by Occupation

Occupation	Median Income (2005)	Number Employed	Maximum Monthly Rent¹	Maximum Home Sale Price²
Food preparation & serving related	\$10,032	23,947	\$251	\$45,295
Personal care & service	\$14,549	14,348	\$364	\$65,687
Building, grounds cleaning, maintenance	\$14,722	19,558	\$368	\$66,409
Healthcare support	\$17,534	6,375	\$438	\$79,041
Sales & related	\$22,562	47,688	\$564	\$101,778
Office & administrative support	\$23,074	60,010	\$577	\$104,124
Construction & extraction	\$24,117	29,796	\$603	\$108,816
Transportation & material moving	\$24,752	16,726	\$619	\$111,704
Production	\$25,747	20,447	\$644	\$116,215
Life, physical, & social science	\$25,781	4,790	\$645	\$116,395
Arts, design, entertainment, sports, media	\$26,073	8,392	\$652	\$117,659
Fire fighting & prevention & supervisors	\$26,913	5,661	\$673	\$121,448
Education, training, & library	\$29,803	24,350	\$745	\$134,441
Farming, fishing, & forestry	\$30,137	1,259	\$753	\$135,885
Community & social services	\$31,157	7,041	\$779	\$140,577
Installation, maintenance, & repair	\$33,515	16,111	\$838	\$151,224
Law enforcement workers & supervisors	\$40,036	5,825	\$1,001	\$180,638
Business & financial operations	\$40,402	12,843	\$1,010	\$182,263
Healthcare practitioner & technical	\$46,251	21,061	\$1,156	\$208,609
Computer & mathematical	\$48,111	8,514	\$1,203	\$217,091
Management	\$50,826	36,134	\$1,271	\$229,362
Legal	\$57,784	5,434	\$1,445	\$260,762
Architecture & engineering	\$66,144	11,362	\$1,654	\$298,478
Total employed civilian labor force, ages 16 years & over	\$26,693	407,672	\$667	\$120,366

Source: 2005 American Community Survey

Note 1: Assuming maximum of 30% of income spent on housing.

Note 2: Based on 30-year, 6.25% interest rate mortgage, with 10% down and without taxes and insurance, assuming maximum of 30% of income spent on monthly mortgage payment.



CONCLUSION

As this profile shows, sale prices for single family residences in Pima County have increased considerably in the last few years, but median household incomes have grown at a slower rate. Currently, a majority of households do not have a large enough annual income to be able to afford a median-priced single family residence. In fact, the price-to-income ratio means that a median-priced home is severely unaffordable for a household with the current median household income. Additionally, the fact that more than one third of all households are currently cost-burdened indicates that there is not sufficient housing available at affordable prices.

Affordable workforce housing is indispensable to any region, and Pima County is no exception. As Pima County experiences continued population growth, affordable workforce housing will remain a challenge. After evaluating the existing available and affordable housing shortage, community leaders and elected officials must work together to implement actions that will provide affordable housing options for all community and workforce members.

**Report prepared by: ESI Corporation
May 2007**

Note: All housing projections assume maximum of 30% of income spent on housing. Note 2: Based on 30-year, 6.25%