Wages. The shift in the area's economic base has a direct impact on wages and household incomes. The Oxford area has lost 700 manufacturing jobs, with an average annual wage (in this labor market area) of about $51,000. In exchange, the area has gained 1,300 jobs in accommodation and food service, at an average annual wage of only $14,000. The concentration in lower-wage jobs has an impact on the housing market and the need for affordable housing. There is also potentially a need to diversify the area's economic base to attract more higher-wage jobs that match the skills of the local labor force. There is the need to explore opportunities in technology, health care, and other higher-wage industries.

Commercial Real Estate Markets

While the focus of this market analysis is on housing, the commercial markets were also examined as a part of the overall real estate base and as amenity value in support of sustainable housing and mixed-use development. The area's commercial markets generally benefit from the growth of the University of Mississippi and in the household base as a whole. There is a large and growing medical district, where commercial and medical office uses are concentrated. Downtown Oxford has been very successful, with relatively low vacancy and rising rents, but downtown is highly focused on law offices and eating and drinking. There is a need for more diversity in options for local shopping. There is significant planned, suburban office and retail development at certain locations surrounding Oxford, but it is not clear that this planned development will include more diverse food and other shopping options. This new development is not likely to compete with Downtown, which has its own unique niche as a destination surrounding the Square.

Summary

The Oxford-area employment base is growing, with the University as a key driver. However, the overall economy has become more concentrated in certain low-wage industries like accommodation and food service. Oxford has lost manufacturing industry, although Lafayette County's manufacturing base has remained relatively stable. Nationally, manufacturing has been buffeted by foreign wage competition, but integration of new technologies has led to higher productivity and lower labor requirements. Overall, the economic shifts have had a deleterious impact on wages and household incomes, which in turn impacts the affordability of housing for some workers in Oxford.

Oxford's commercial real estate markets have benefitted from population and job growth in the region. However, rising real estate costs may be pricing out larger industrial uses, which are finding their place in the county. Downtown is successful as a hub for eating and drinking, but Downtown no longer offers other needed shopping and there may be a need to diversify the business mix. There is also the question of highest-and-best reuse for the former Baptist Hospital site.

Existing Housing Market Conditions

This section provides information on existing housing market conditions in Oxford, based on data and input gathered from a variety of sources. Conditions are described in terms of trends in construction and supply, as well as the existing mix of housing within the community of Oxford as well as in the broader Housing Market Area.

Market Area Definition

The Oxford Housing Market Area (OMA) includes the City of Oxford as well as other parts of Lafayette County, Mississippi. The City draws its market base from this broader area as well as inflow from areas outside of the county. Supply trends are discussed for both the City and the greater market area.

Housing Supply Trends

The Oxford Market Area (OMA) had a total of about 25,000 housing units in 2014. Almost 63% (15,680) of those units are in single-family detached housing. About 10% are in multi-family buildings (over 2 units per building). A relatively small share (about 9%) is in multi-family buildings having more than 20 units. However, another 10% are in multi-family structures having 10 to 19 units.

The number of OMA housing units increased by more than 50% since 2000, representing very rapid growth over a relatively short period of time. The number of housing units in mobile homes fell during that period. Much of the growth was concentrated in single-family detached housing, which accounted for more than 75% of the area's 8,400 additional units. However, the number of multi-family units increased at an even faster rate, with the addition of more than 2,200 units. A large share of recent multi-family construction includes student housing, with 2 to 4 beds per unit. If those beds were counted as individual units (since they are separate quarters that share common areas), then multi family growth expands to 6,000 "units" or a 111% increase during the 14 year period.

Table 5. HOUSING SUPPLY TRENDS, OXFORD

HOUSING MARKET AREA, 2000-2014

Units in			2000-2014 Change	
Building	2000	2014	Number	Percent
1-Detached	9,327	15,678	6,351	68.1%
1-Attached	324	605	281	86.8%
2-Duplex	941	1,102	161	17.1%
Multi-Family	2,867	5,075	2,208	77.0%
Mobile/ Boat	3,128	2,561	(567)	-18.1%
TOTAL	16,587	25,022	8,435	50.9%

Sources: Bureau of the Census; Nielsen; and Randall Gross / Development Economics.

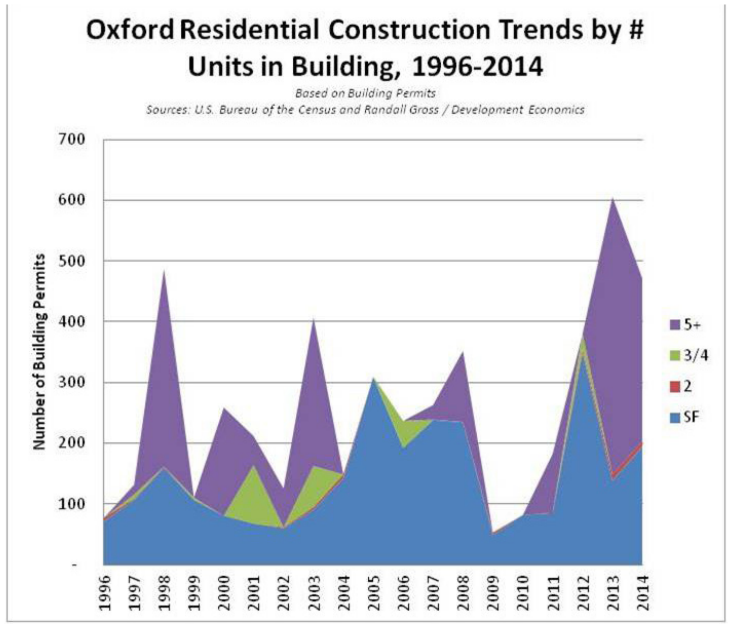

Chart 5

City of Oxford. The city of Oxford accounts for about 46% of the total number of housing units within Lafayette County, or about 11,600. Oxford's housing supply increased by nearly 88% between 2000 and 2014, with the addition of about 5,400 units. Nearly 57% of the housing added in the City during that period was in single-family detached units.

Table 6. HOUSING SUPPLY TRENDS,

OXFORD CITY AREA, 2000-2014				
Units in			2000-2014 Change	
Building	2000	2014	Number	Percent
1-Detached	2,562	5,634	3,072	119.9%
1-Attached	204	394	190	93.1%
2-Duplex	688	952	264	38.4%
Multi-Family	2,417	4552	2,105	87.1%
Mobile/Boat	286	58	(228)	-79.7%
TOTAL	6,157	11,560	5,403	87.8%

Sources: U.S. Bureau of the Census; Nielsen; and Randall Gross / Development Economics.

There were also more than 2,100 multi-family units (having more than 2 units per building) added in Oxford since 2000, most of which were in buildings with 3 to 19 units. Nearly 1,000 units were added in large buildings having over 10 units, although there were also complexes developed with large numbers of smaller buildings (having 3 to 49 units). Again, many of the multi-family units included separate living quarters with shared kitchens for individual students.

Vacancy. Rental vacancy rates are relatively high, on an annualized basis. According to 2010 Census data, more than 22% of the City's housing stock (or 2,400 units) was vacant. For-sale housing vacancy was 8.4%, which is very high compared with most stable housing markets around the country. Rental vacancy was 10.3%, which is 100% above target vacancy rates for commercial rental units. In addition, there were 1,150 seasonal housing units that are vacant on a regular basis. A significant share of this vacancy is oriented to game-day and other occasional visitors. Having a large number of reserved but otherwise vacant units in the market can help inflate prices, thereby reducing affordability for permanent residents.

Construction. Residential construction trends are illustrated in the following chart. Multi-family construction (5+ units per building) peaked in 1998, 2000, 2003, and 2008 with the construction of one or two large apartment projects. However, multi-family construction has reached much higher levels since 2011, and about 600 multi-family units were permitted in 2013 alone. Meanwhile, single-family construction peaked in 1998, 2005, 2008, and 2012, with an upswing continuing through 2013.

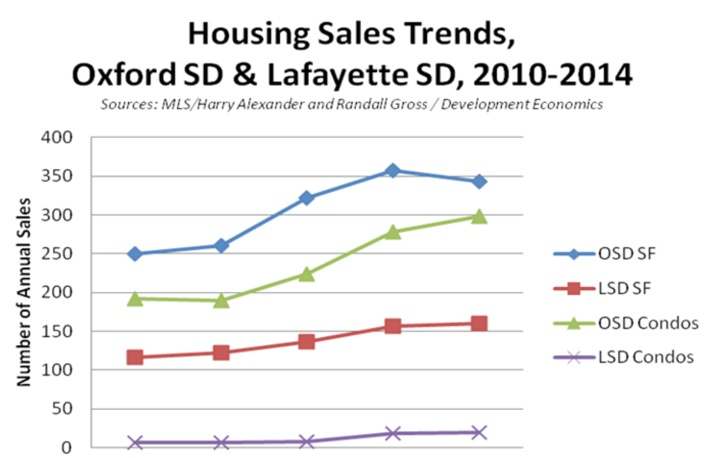

Chart 6

The City counts 1,250 multi-family housing units either planned, under construction or completed since 2013 in Oxford. Of this number, approximately 660 have been completed. Nearly all of this housing is apparently oriented to students, with a total of 3,510 beds (or an average of 2.81 beds per unit).

Among the larger multi-family projects recently completed, planned or under construction is The Retreat at Oxford, a purpose-build student housing (PBSH) complex on Anderson Road with 268 units (1,018 beds) in two phases. Phase 1 was approved in 2012 and has been completed. Phase 2 has 350 beds proposed and submitted for approval in 2015. The Hub at Oxford, on Anchorage Road, has 162 units (582 beds) approved in 2012 and since completed. The Domain on Old Taylor Road (234 units / 642 beds) and The Links (216 / 360) are both currently under construction. There are a growing number of applications for multi-family development submitted to the Oxford Planning Department.

Housing Tenure and Age Demographics

In 2010, about 44% of housing in the Oxford Market Area was renter occupied and the home ownership rate was 56%. However, tenure varied dramatically depending on the age of the householder. About 85% of those aged 15 to 24 rented their dwellings. Only about 520 of the householders in that age group owned their homes, while nearly 3,000 rented. Rental tenure fell to 64% among those aged 25 to 34 - still relatively high, accounting for 2,200 of the 3,500 units occupied by people within that age group. However, among those aged 35 and over, rental tenure levels are significantly lower, and are only 15% for those in the 65 to 74 age group.

Rental tenure increases again for those 75 years or older. Within the 75 to 84 year age group, rental tenure increases to 20%. Nearly 40% of those over age 85 are renters. This statistic is important in considering the role of multi-family development in providing housing for the elderly, whether in rental apartments, condominium, or graduated care facilities.

Table 7. HOUSING TENURE BY AGE GROUP

OXFORD HOUSING MARKET AREA, 2010				
Age Group	Renters	Owners	TOTAL	% Renters
15-24	2,953	524	3,477	85%
25-34	2,222	1,245	3,467	64%
35-44	933	1,724	2,657	35%
45-54	752	2,131	2,883	26%
55-64	500	2,095	2,595	19%
65-74	269	1,482	1,751	15%
75-84	214	858	1,072	20%
85+	175	279	454	39%
TOTAL	8,018	10,338	18,356	44%

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Oxford City Area. A much higher share of housing within the city of Oxford is renter-occupied, at about 62% (in 2010). Nearly 90% of those aged 15 to 24 and 77% of those aged 25 to 34 reside in rental housing. Even among those aged 35 to 44, a majority are renters. About one-quarter of those aged 65 to 74 are renters, but one-half of those over age 85 occupy rental housing. Thus, substantial numbers of people in all age groups, not just student-age populations, live in rental housing in the City of Oxford. It is important to reiterate that many of the City's renters are seniors and other non-student populations, despite the predominance of University students in the rental market.

Table 8. HOUSING TENURE BY AGE GROUP				
OXFORD CITY AREA, 2010				
Age Group	Renters	Owners	TOTAL	% Renters
15-24	2,310	336	2,646	87%
25-34	1,464	441	1,905	77%
35-44	488	477	965	51%
45-54	366	572	938	39%
55-64	227	594	821	28%
65-74	156	433	589	26%
75-84	132	312	444	30%
85+	115	117	232	50%
TOTAL	5,258	3,282	8,540	62%

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Housing Sales and Pricing Trends

Oxford housing sales fell after the financial crisis and the national recession of 2008, but the market has recovered since that time. Single-family sales in the Oxford School District (OSD) increased from about 250 in 2010 to more than 350 in 2013 before falling back a bit in 2014. Meanwhile, single-family sales in the Lafayette School District (LSD) have continued to increase since the recession, from less than 200 in 2010 to 300 in 2014.

Condominium sales in the OSD have increased at a slower pace, from about 110 in 2010 to 160 in 2014. There have been only a handful of condominium sales in the LSD, since there are few condominiums in the county outside of Oxford. The chart on the previous page illustrates overall housing sales trends for single-family and condominium units in the Oxford and Lafayette County School Districts.

Housing Costs and Affordability

Housing price trends and overall affordability were also analyzed. During the past five years, single-family housing prices have been steadily increasing within the Oxford School District (OSD). Median prices were approximately $177,000 in 2011, but had increased to $230,000 by 2014 and $255,000 in the first quarter of 2015.

Housing prices in the City of Oxford are significantly higher than those in other parts of Lafayette County. Within the Lafayette School District, median housing prices were only $134,000 in 2010, increasing to $166,000 by 2014. There has been a drop in housing prices in the county so far in 2015, to a median of about $146,000 in the first quarter. Over this period, LSD (county) home prices have averaged about one-third lower than those in the city of Oxford.

Condominium prices in Oxford increased until 2012 and have flattened out since then to a median price of about $199,000. However, condominium prices in the Lafayette School District have taken an opposite track, declining until 2012 and increasing dramatically since then. By 2014, condominium prices in the City and in the County were relatively similar. Again, there is such a small number of condo sales in the county that the prices are not necessarily a representative indicator of market conditions.

General Affordability

Lafayette County has among the highest housing costs in the state of Mississippi. More importantly, the ratio of housing costs to household income within Lafayette County is by far the highest in Mississippi. This suggests that housing is less affordable, relative to local residents' income, than in most other parts of the state.

As shown below, Lafayette County has median housing costs that are 3.82 times the median household income. This ratio is highest among the high-income counties in the state. By comparison, housing costs in Madison County (Canton – suburban Jackson) are 3.34 times the median income in that county. Jackson County (Pascagoula) has housing costs that are 2.48 times the local median income. As a general rule for home purchases, housing costs should not exceed 2.4 to 2.5 times the median annual household income. Thus, at 3.82, Lafayette County is nearly 53% over the standard for affordability.

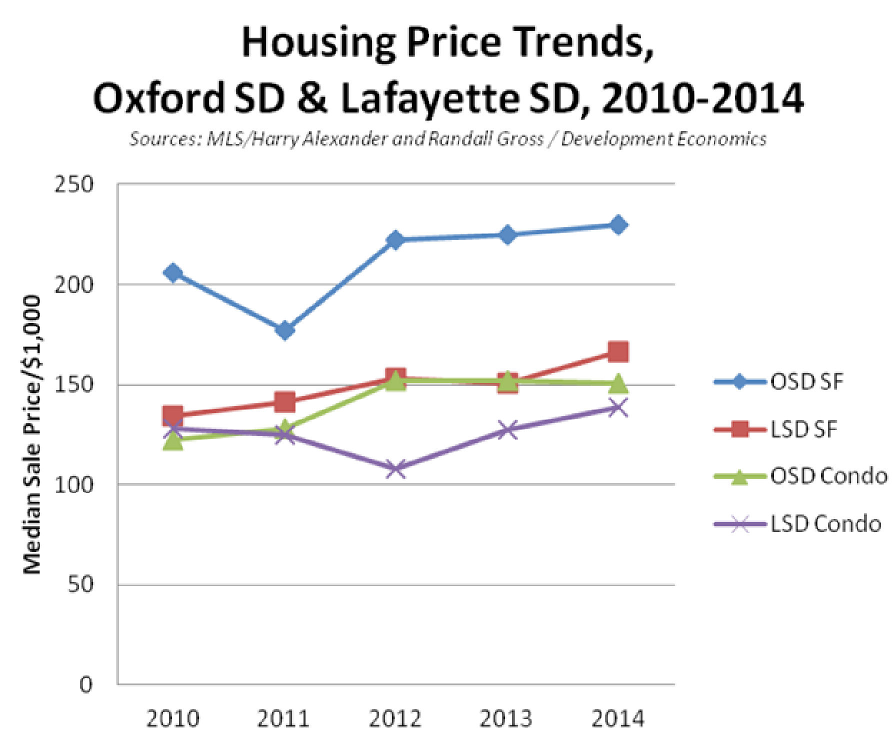

Chart 7

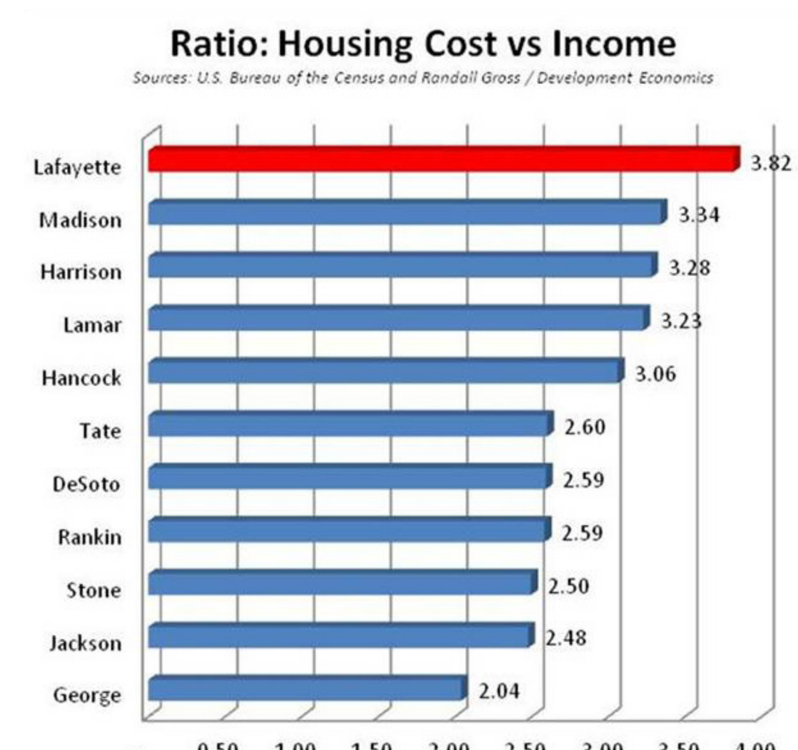

Chart 8

Key Market Drivers

Demographic and employment growth certainly drive the market for housing within the Oxford area. The University of Mississippi plays an exceptionally critical role in the housing market. Growth in enrollment drives demand for off-campus housing where students are not otherwise accommodated on campus. A significant share of the multi-family housing that has been developed in recent years has been oriented to the off-campus student housing market. Most of that multi-family housing has been built as rental housing, but there are also units that are purchased (by parents, for example) to house students. In addition to student-generated demand, the University's growth has also generated for-sale and rental housing demand among faculty and staff. Finally, the University has driven demand for "game day" housing for families, fans and visitors during football game weekends. This housing is not occupied during portions of the year, so the additional housing stock provided by these units does not necessarily address any imbalances in supply and demand in the housing market.

Summary

The Oxford housing market is heavily influenced by growth at the University of Mississippi, which generates demand not only for students, faculty and staff but also for seasonal game-day visitors. Housing market conditions have recovered from the recession and prices are increasing. There is a strong preference for housing (both permanent and seasonal) as close as possible to the Square. As a result, housing prices are one-third higher in Oxford than in surrounding areas of the County and prices peak near the Square. Overall, housing in Oxford is less affordable than nearly all other portions of Mississippi, in terms of the price of housing in comparison to area household income. Certainly game-day visitors, retirement transplants and other niches skew the market. Speculation on land prices near the Square may boost overall construction costs, resulting in higher housing prices. There appears to be an imbalance between supply and demand of certain housing products available for the median working household in the Oxford area.

The University of Mississippi's student body for the fall semester is the largest that the institution has ever seen. UM reports 23,000 students university-wide, which is up 3.6 percent from last fall. The freshman class comes in at 3,800, which is up 6.5 percent from last fall. Many of UM's departments are reflecting this record growth.

To better accommodate the increasing student population, UM is undergoing many capital projects, including a new dining facility, a new home for the School of Medicine and a major renovation of the honors college facility on Sorority Row.

Madeline Faber, Memphis Business Journal, 9-24-2014

Housing Demand

Housing demand was forecast based on demographic projections, student enrollment, and other factors. Demand projections were made for the initial five years of the planning period with the understanding that the housing market will be monitored by the City and result in an annual rolling adjustment of the projections insuring greater accuracy in the assessment of housing market conditions. Affordable housing need was also assessed. Overall demand was compared with the planned development supply in the planning pipeline to assess the demand for additional housing by tenure over the next five to seven years. Key drivers were identified and niche markets forecasted, with input on Oxford's capture by tenure for different products in the regional market.

Oxford Market Area

For the purposes of this analysis, the Oxford Market Area (OMA) is defined as encompassing the city of Oxford and Lafayette County. This area is also equivalent to the Oxford Micropolitan Area, as designated by the U.S. Bureau of the Census. The City draws housing demand largely from within Lafayette County, although there are many who commute from outside the County.

Demographic Forecasts

Market-area households were projected through 2020 by age group and likely housing tenure. The number of households within the OMA is expected to increase by about 1,800 over the next five years, driving demand for housing. The number of households headed by those within the 15 to 24 age group is expected to decline, at least temporarily, due to a baby "bust" that occurred in the mid-1990s through early 2000s (around the time of the 2001 recession and 9/11). However, there will be growth among all other householder age groups.

Table 9. HOUSEHOLD FORECASTS BY AGE AND TENURE

TENURE, OXFORD M.A., 2014-2019

Age	Renters	Owners	Total
15-24	(249)	(44)	(293)
25-34	218	122	340
35-44	230	425	655
45-54	20	55	75
55-64	36	152	188
65-74	77	423	500
75-84	47	188	235
85+	22	34	56
TOTAL	400	1,356	1,756

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

The most significant growth will be among those households headed by those aged 35 to 44, as well as those in the 65 to 74 (elder baby boom) age groups. Other significant growth will occur among those aged 25 to 34 and those aged 75 to 84. The fastest rate of growth will be in households headed by those over 85 years of age, due to the aging of the population and increased longevity.

The City of Oxford is expected to see similar trends, with a decrease in young householders and increases in all other age groups. The 35 to 44 householder age group is expected to experience the largest increase.

Tenure

More than 77% of the anticipated growth in households will occur among those households most likely to purchase housing. The OMA will add about 1,800 owners and 400 renters, not including students. There will be significant increases in homeowners aged 35 to 44 and 65 to 74, as well as among renters aged 25 through 44.

Income

Households were also forecasted by income group for the Oxford Housing Market Area, as illustrated below. The most significant growth in households over the next 5-7 years in the OMA will be among those with household incomes below $15,000. In fact, more than 40% of household growth over the near term will be in low-income households. The growth in lower-income households may relate to the economic shifts favoring low-wage service employment over manufacturing and other high-wage jobs. This projection has implications for development of housing in Oxford, suggesting a need for affordable housing.

Further, there will be a decrease in the number of households with incomes above $125,000 and limited growth among households having incomes from $100,000 to $125,000. There will also be about 1,200 more households with incomes ranging from $15,000 to $100,000. The City will see a similar growth pattern, with significant increase in households having incomes less than $15,000 per year, but fewer households with incomes over $125,000.

Table 10. HOUSEHOLD FORECASTS BY INCOME

GROUP, OXFORD M.A., 2014-2019

Income Group	2014	2019	Change
<$15,000	4,122	4,847	725
$15-$25,000	2,219	2,434	215
$25-$35,000	1,806	2,183	377
$35-$50,000	2,765	3,040	275
$50-$75,000	3,031	3,234	203
$75-$100,000	2,084	2,203	119
$100-$125,000	1,393	1,423	30
$125-$150,000	917	798	(119)
$150-$200,000	812	787	(25)
$200,000+	981	937	(44)
TOTAL	20,130	21,886	1,756

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Rental Housing Demand

An analysis of projected demographic changes, coupled with replacement, vacancy and other factors, was used as the basis for forecasting rental housing demand in the Oxford Market Area.

Table 11. NON-STUDENT RENTAL HOUSING DEMAND

FORECASTS, OXFORD MARKET AREA NICHES, 2015-2020

	Household Income Levels				
Age/Other Factors	<$35k	$35-$50k	$50-$75k	>$75k	TOTAL
Under 34	29	(23)	(2)	(34)	(31)
35-44	112	37	42	40	230
45-54	43	3	1	(28)	20
55-64	40	6	3	(13)	36
65-74	43	16	8	11	77
75-84	36	8	2	1	47
85+	22	1	(0)	(1)	22
Sub-Total	325	46	53	(24)	400
Job Induced	58	43	10	1	112
Replacement					99
Vacancy Factor					31
TOTAL DEMAND					642

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Based on this analysis, there will be demand for about 640 non-student rental housing units by 2020. Demand for the largest share of these units, perhaps as much as 80%, will be generated by households with annual incomes below $35,000 per year. The vast majority of these households will be headed by those within the 35 to 44 age group, although there will be demand generated by households in nearly all age brackets including those over 85 years of age.

Affordable Housing

Definitions of affordable housing vary. The most widely recognized formula for defining affordable housing calculates the affordability benchmark at 30 percent of 80 percent of median household income. This is the definition used in this plan. This formula means that if dollars devoted housing costs exceed 30 percent of a household income that is 80 percent of the area median, the housing is unaffordable. In specific affordable housing programs however, this definition may be adjusted to account for local economic conditions and household size. For example, a high cost area such as Boston or San Francisco may use 120 percent of area median income as a benchmark. For Oxford, housing affordability is indicated below and is based on Lafayette County median household income. (See appendix for current calculations of affordability thresholds.)

Since demand is being generated by households with incomes below $35,000 per year, much of the housing need will be for affordable units. Using a definition of affordability based on the Area Median Income (AMI), there will be a need for about 400 "affordable," non-student rental housing units over the next five to seven years. Some of this need will arise through replacement of demolished or otherwise functionally obsolete housing units.

For-Sale Housing Demand

A similar approach was utilized to forecast the demand for for-sale housing. This analysis forecasted demand for about 740 for-sale units by 2020.

Interestingly, there will be a bifurcated for-sale housing market, with a large share (50%) of demand generated by relatively high-income households earning more than $150,000 per year, with significant demand (33%) also generated by those earning less than $35,000 per year. Middle-income households (with incomes ranging from $35,000 to $150,000) will collectively generate only about 17% of for-sale housing demand, based on analysis of data produced by Nielsen.

Table 12. FOR-SALE HOUSING DEMAND FORECASTS, OXFORD MARKET AREA NICHES, 2015-2020

	Household Income Levels							
Age/Other Factors	<$35k	$35-$50k	$50-$75k	$75-100k	$100-$125k	$125-150k	>$150k	TOTAL
Under34	10	10	3	4	1	(1)	(2)	25
35-44	25	8	9	5	2	(1)	72	122
45-54	15	1	0	(0)	(1)	(3)	4	15
55-64	21	3	1	0	(0)	(3)	19	41
65-74	29	10	5	5	2	(0)	61	111
75-84	18	4	1	1	0	(0)	28	51
85+	24	1	(0)	-	(1)	(0)	32	55
Sub-Total	141	38	20	14	4	(9)	214	421
Placement								281
Vacancy Factor								35
TOTAL DEMAND								737

Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.

Affordable Housing

There will be a need for about 190 to 200 affordable for-sale housing units over the next five to seven years in the Oxford Market Area, again based on Area Median Income (AMI) parameters. Together with the rental units, there will be overall need for about 600 affordable housing units in this market over the next five to seven years.

Off-Campus Student Housing

The need for off-campus student housing was also analyzed. This analysis was constrained by assumptions regarding enrollment growth at the University of Mississippi. Since the University does not generate enrollment projections, any number of assumptions could be made regarding future growth.

Existing Enrollment by Place of Residence

The University of Mississippi student enrollment totaled approximately 16,550 in the 2014-15 academic year. There were about 4,800 students living in campus housing and another 4,700 living in purpose-built student housing (PBSH) developments around Oxford according to inventories of those developments. PBSH is designed specifically to accommodate students in quads or other shared living environments. Another 580 live in non-traditional housing, according to the University. These numbers suggest that about 6,800 students live in other off-campus rentals or other housing somewhere in the region. Thus, the off-campus student population was estimated to total 12,100 in 2014.

These off-campus numbers were disaggregated further in order to identify those living in Oxford itself. In order to do this, the numbers were refined through input from the University of Mississippi and from the 2013 Community Survey data generated by the U.S. Census Bureau. That data suggests that there were 12,400 full-time college students in Lafayette County in 2013 (10,400 undergraduate and 2,000 graduate). In addition, the Census data counted separately the 4,200 students on campus (or within the "University CPD"), for a total of 16,600. This total is roughly equivalent to the University's own totals.

According to the Census Bureau, the City of Oxford (excluding the campus) had 5,900 full-time college students (including 4,400 undergraduates and 1,500 grad students). Thus, including the on-campus students, there were a total of about 10,100 full-time college students living in the city of Oxford. About 2,300 full-time students live in other places in Lafayette County.

These data leave 4,200 students in "other" places or circumstances (outside of the full-time students living in Oxford and Lafayette County). Based on data provided by the University, the 4,200 probably includes 3,200 part-time students and 300 online students (neither of which is included in the Census data). There are about 400 students enrolled in University of Mississippi classes elsewhere (at other campuses) and perhaps about 200 to 300 commuting to Oxford from outside of Lafayette County. Small numbers of commuters drive to the University of Mississippi from as far away as Memphis and Tupelo.

Growth Scenarios

Because students are such a large component of the Oxford housing market, they cannot be ignored in housing demand forecasts. Two growth scenarios were developed in order to understand the possible impacts of the University of Mississippi on future housing demand in the market. A High-Growth scenario projected enrollment growth using a linear regression model, based on trends in the recent past. The Moderate-Growth scenario projects enrollment growth using the same model but based on a longer-term trend yielding growth at about 1/3 the rate of the High-Growth scenario. The share in on-campus University housing and purpose-built off-campus housing was then disaggregated.

Overall, the High-Growth scenario yields demand for 3,040 student beds, including 340 purpose-built units, by 2020. The Moderate-Growth scenario generates demand for 1,620 beds including 130 purpose-built units by 2020. This information fed into an overall supply/demand analysis to determine the net demand for additional student housing beyond planned university and private development already in the planning pipeline.

Overall Supply/Demand Analysis

Demand forecasts were compared with the incoming supply of housing development in the planning and construction pipeline to assess the net demand for additional housing by tenure and type over the next five to seven years. This analysis included student housing as well as non-student demand in the broader Oxford Market Area (OMA). The analysis also disaggregated the need for housing that could be designated as affordable.

For-Sale Housing

As noted, there is gross demand for about 740 for-sale housing units. At present, there are about 730 for-sale housing units in the development queue, according to information generated by the City of Oxford and local developers and based on permit absorption trends.

Thus, demand and supply will be well-aligned in this market over the near-term.

Table 13. HOUSING MARKET DEMAND and SUPPLY FORECAST, OXFORD MARKET AREA, 2015-2020			
Tenure/Type	Gross	Planned/UC	Net Demand
Non-Student			
For-Sale Housing	740	730	10
Affordable	200	-	200
Rental Housing	640	80	60
Affordable	400	-	400
Student Housing - HIGH Growth Scenario			
University	2,700	930	1,770
PBSH/Other	340	870	(530)
NET	3,040	1,800	1,240
Student Housing - MODERATE Growth Scenario			
University	1,490	930	560
PBSH/Other	130	870	(740)
NET	1,620	1,800	(180)
Notes: Oxford Market Area includes City, University, and Surrounding areas of Lafayette County. Planned/UC is average based on total planned and actual permit / absorption trends. High-Growth Scenario based on average 2010-15 Enrollment growth. Mod-Growth based on 2000-15			
Sources: U.S. Bureau of the Census and Randall Gross / Development Economics.			

Affordable. However, there is a need for about 200 affordable home ownership units (based on area incomes), but none of the for-sale housing planned in the area is likely to be priced at levels that meet this need. Thus, there will still be net demand for roughly 200 affordable for-sale housing units in the Oxford market over the next five years.

Rental Housing

The demand analysis forecasted demand for about 640 non-student rental housing units over the next five to seven years. There are an estimated 540 (non-student) rental units planned or otherwise in the development pipeline, yielding net demand for another 60 rental units over the next five years.

Affordable. Again, none of the planned rental units would be considered affordable based on AMI, so there will still be net demand for about 400 affordable rental units in the market by 2020.

Student Housing. There were High-Growth and Moderate-Growth scenarios generated to project demand for student housing in the absence of any State or University-generated enrollment projections. It is the policy of Mississippi not to control enrollment at the University, so there is no enrollment limit projection to benchmark housing development and planning policy as related to students.

High-Growth Scenario. As noted earlier, the High-Growth scenario projects the need for 3,040 beds by 2020 including 2,700 in University housing and 340 in purpose-built student housing (PBSH) off-campus based on historical development patterns. Using information provided by The University of Mississippi, the University will supply about 930 new beds over the next few years, yielding a net demand for another 1,770 beds on campus. Meanwhile, there are 870 PBSH beds planned or under development off-campus, which is 530 more than would normally be the case based on historic development patterns. Ultimately, when the on-campus and off-campus numbers are combined, there is net demand for about 1,240 student beds above and beyond what is currently planned or in the que. The effect is that student housing not supplied by the University will have a spill-over effect in Oxford, where private developers step in to supply that housing off-campus. This approach impacts the Oxford housing market by placing large numbers of multi-family units in or near Oxford's neighborhoods.

Moderate-Growth Scenario. In the Moderate-Growth scenario, there will be a need for another 1,620 student beds by 2020, including 130 PBSH beds. As noted above, the University is planning 930 beds while developers have planned another 870 beds, for a total of 1,800. This scenario would suggest an over-supply of 180 beds by 2020 based on the current development pipeline. The imbalance between on-campus and off-campus student housing is again apparent, with 560 more beds needed on campus and 740 less PBSH beds built off-campus in Oxford.

Impacts on Oxford Housing Market. There are some good reasons for limiting student housing development on the campus of the University of Mississippi. The University has explained that the campus itself is a selling point for attracting the best and brightest students, and massive housing development would likely destroy some of its natural beauty and ambiance. More importantly, construction and operation of student housing costs money, and the State is not in a position to build large numbers of student housing units on the campus of the University of Mississippi. The University's leadership is committed to full freshmen enrollment in campus residence halls (with few exceptions), as well as limited housing for students participating in special programs. Substantial acreage is available for additional growth in freshmen housing, but construction dollars are likely to be directed more toward new classrooms, labs, and faculty/staff offices rather than housing for sophomores, juniors, seniors and graduate students.

The growth of the University certainly helps to propel economic prosperity and demographic growth, and to increase property values, especially in the City's core. At the same time, such unlimited growth leads to negative impacts in terms of housing affordability and large-scale multi-family development near Oxford's low-density neighborhoods. Land speculation associated with high demand for housing and commercial uses in the core, as well as with available land to support PBSH, contributes to construction costs that are passed through to housing consumers. While many of these impacts are concentrated (such as near the Square), there is a ripple effect throughout the housing market. A strong collaborative partnership between the City and the University focused on achieving a sound housing balance appropriately located is a positive means of addressing these matters and is recommended in the implementation section.

Summary

This housing demand analysis indicates continued demographic growth and a growing market for both for-sale and rental housing in the Oxford Market Area. There will be demand over the next five to seven years for nearly 1,400 new housing units to serve the general housing market, not including student housing. Much of this demand is being met in the private sector, based on projects already planned or in the development pipeline. However, none of the proposed projects meets the need for affordable housing, which accounts for a substantial share of overall demand, but particularly in rental housing. By 2020, there will be a need for at least 600 affordable units that would be priced 15% or more below the expected cost of most new housing planned in the area.

Demand for student housing is not easily predictable, since it is difficult to know the degree to which the university's popularity will grow with either resident or non-resident students. The university has been managing growth by increasing ACT and GPA requirements for non-residents, and it has the ability to control additional growth by further increasing academic requirements. The university's goal is to increase enrollment with Mississippi students, and it has implemented initiatives toward that end, understanding that the state's high school population is predicted to decline over the near term. Under a high-growth scenario that assumes growth at the current pace, there will be demand for over 3,000 beds within the next five years. A more moderate scenario still projects demand for more than 1,600 additional beds, as considered distinctly from units.

Pipeline projects would not satisfy demand under the high-growth scenario, but would result in an over-supply under the moderate-growth scenario. More importantly, the University is currently building a relatively small share of the student housing necessary to meet demand, resulting in the need for private developers to supply students housing off-campus. The impacts of development pressures on the housing market may have contributed to the rising cost of construction and reduced affordability to the housing consumer. Rising costs, coupled with a shift in the local economy towards more low-wage service jobs, exacerbates issues with the availability of affordable housing.

Oxford Housing Development Potentials

Based on the demand and supply analyses, the potential for development of different types of housing products in Oxford was examined. This potential results from Oxford's likely capture of the broader Lafayette County market. In reality, the area's housing demand is highly concentrated within the city of Oxford. If land and sites were available, the city would capture a significant share of this demand. This analysis focused on the best product that meets the needs of the market but also accommodates the vision for Oxford as conceptualized by residents and other stakeholders.

Student Housing

The Market Analysis suggests that there could be a potential over-supply of student housing if enrollment at the University of Mississippi does not continue to grow at the same rapid pace of recent years. If all planned and proposed purpose-built student housing is constructed, there could be an over-supply of nearly 200 beds in the market. However, if growth continues apace, there would be net demand for another 1,200 beds within five years. From a pure market perspective, the best locations for this housing are within the city of Oxford and not out in other areas of Lafayette County.

The university is not able to project demand for student housing because of the unpredictability of decisions by either Mississippi or non-resident students. While demand has been growing, even as high school populations have flattened or declined across much of the United States (including Mississippi), there is no assurance that the trend lines now favoring the University will continue upward indefinitely.

Ultimately, it is in both the City's and the University's best interests to work together to ensure understanding of likely demographic and enrollment growth, and assign student housing to locations and as part of mixed-use developments that are less likely to impact neighborhoods negatively. The interface between the University and the City on major corridors should be considered prime locations for mixed-use developments including student housing. The old hospital site or areas to the west of the University along commercial corridors are ideal to accommodate such housing, rather than in isolated residential clusters. The City might also consider a requirement that student housing development include ground-floor retail. Such policies will be explored further in the strategic sections of the plan.

Affordable and Senior Housing

There is a need for affordable housing in Oxford that meets the requirements of working people as well as the growing senior population. The market analysis identified demand for at least 600 affordable housing units including 200 for-sale housing units and 400 rental units in this market. In 2010, seniors (over the age of 65) accounted for 17.9% of all households. But during the next five years, senior households will account for 45% of household growth. At least 36% of the growth in rental demand and 48% of growth in ownership demand will be generated by seniors. As such, there will be demand for about 75 to 100 affordable senior rental units and nearly 200 affordable senior ownership units in this market.

Senior Housing

Despite the perception that much of the multi-family housing in Oxford is built and occupied by students, a good share is occupied by others. Seniors are a prime market for high-quality, affordable rental housing. There are opportunities to develop a senior living community at the former hospital site, within a short distance to the new hospital and various medical services as well as commercial uses. Both rental and for-sale housing can be accommodated in that area as part of a mixed-tenure and mixed-use neighborhood. While the market specifically for graduated care was not analyzed as part of this Market Analysis, it is likely that the need for such facilities will increase with the aging of the population. If not at this site, then other locations should be identified within Oxford for high-quality senior housing and graduated care facilities.

Other Affordable Housing

It is critical for the health of Oxford's neighborhoods that the City ensure that housing needs are being met for at least some of its modest-wage workers, such as service workers who are employed at the city's hotels, restaurants and other service establishments. Since land is increasingly expensive within the city, various programs will need to be developed to help establish incentives and to leverage development of affordable housing. Mixed-use and mixed-income development approaches help to cross-subsidize the cost of affordable housing. Locations should be identified where mixed-use development could be achievable for this purpose. Even then, it is unlikely that the city can accommodate the affordable housing needs of all.

PRIORITY	STRATEGY TYPE	PLAN REF.	ACTIONS	OUTCOMES	MEASURES OF PROGRESS	TIME FRAME	NEXT STEPS	PARTNERS	STATUS
1	Policy	Sec. 2	38. Evaluate and rebalance tree mitigation strategies	Feasible and effective tree mitigation Maintenance of tree canopy	• Revised tree mitigation requirements for new development	ST	• Initiate update as a part of land development code rewrite	BoA, Planning Commission, Tree Board, Staff	
1	Policy	Sec.	39. Develop a landscape strategy appropriate to the plan's place types, particularly in commercial centers and corridors	Better landscaping and preservation of the tree canopy	• Improvements to City policies	IM	• Review and revise landscaping provisions of the development code	BoA, Planning Commission, Tree Board, Staff	
1	Policy	Sec. 4	40. Create building and site design standards for commercial areas outside of the historic districts	Increased development outcomes consistent with Oxford's historic building patterns/ Decreased franchise architecture	• Built development projects reflecting Oxford's historic building patterns and designs • Modified design for generic and franchise architecture	IM	• Draft and test standards	BoA, Planning Commission, Staff	
HOUSING									
1	Mgmt	Sec. 4	41. Create a Housing Committee	Alignment of housing policy and desired development outcomes	• Regular and productive committee meetings	ST	• Establish committee	BoA, Planning Commission, Staff	
3	Policy	Sec. 4	42. Focus student housing In mixed-use nodes especially in the Urban place type categories	Well positioned student housing with walkable access to goods and services	• Constructed projects	OG	• Revise the development code to facilitate the design and location through the urban neighborhood place type.	Staff, Planning Commission	
1	Policy	Sec. 4	43. Reduce overall multi-family zoned land.	Restore the traditional balance in housing development	• Reductional zoned acreage and appropriately located	ST	• Review for potential relocations and reductions	Staff, Planning Commission	
2	Policy	Sec. 4	44. Consider the need and financing opportunities for infrastructure, parking and other requirements for workforce housing	Increased inventory of workforce housing	• Determination of need and feasibility	MT	• Initiate review and dialog • Include in Land Development Code rewrite	Staff, Housing Committee	
2	Proj., Mgmt.	Sec. 4	45. Facilitate inclusionary zoning engagement process	Determination on feasibility and advisability	• Increased inventory of workforce housing	MT	• Revise development code	Planning, Housing Committee, Planning Commission, BoA, specialist consultants	
1	Proj.	Sec. 4	46. Identify locations for affordable/senior housing development.	Map of target locations	• Mapped locations	ST	• Initiate dialog with stakeholders, Housing Authority, and other identified partners	Staff, Housing Committee	

IM = Immediate; OG = Ongoing; ST = Short Term; MT - Medium Term; LT = Long Term
BoA = Mayor and Board of Aldermen; OLCC = Oxford Lafayette Chamber of Commerce; HPC = Historic Preservation Commission

PRIORITY	STRATEGY TYPE	PLAN REF.	ACTIONS	OUTCOMES	MEASURES OF PROGRESS	TIME FRAME	NEXT STEPS	PARTNERS	STATUS
2	Policy	Sec. 4	47. Designation of overlay districts for senior housing	Construction of age-restricted (55+) adult communities, co-housing, and mixed-use housing & affordable units.	• Determine feasibility	ST	• Initiate review	Planning Commission, Staff	
1	Policy	Sec. 4	48. Provide density bonus for those developments which include affordable housing units or requests exceptions	Increased number of workforce housing units	• Increased inventory of workforce housing	ST	• Identify appropriate bonus • Revise development code	Planning Dept.	
2	Proj., Mgmt	Sec. 4	49. Establish housing trust fund.	Capital for and construction of workforce housing	• Establishment of fund • Increased inventory of workforce housing	MT	• Facilitate discussions with developers, City, County and University	University, OLCC, Planning Dept. BoA, Housing Committee	
2	Policy, Proj.	Sec. 4	50. Link regional transit with affordable neighborhoods and mixed use nodes	Transit access to workforce housing	• Established routes an transit stops	LT	• Evaluate existing linkages	Housing Sub-Committee, Planning Dept..	
2	Proj., Mgmt.	Sec. 4	51. Promote increased private lending for workforce hosing	Private loan pool for workforce housing	• Establishment of purposed capital resources	MT	• Facilitate discussions with banks and City on loan pool	University, OLCC, Planning Dept. BoA, Housing Committee	
2	Proj., Mgmt.	Sec. 4	52. Develop incentives for the creation of workforce housing.	Greater housing affordability	• The number of units qualifying as affordable according to the definition used in this Plan	ST	• Decide which incentives will work in Oxford • Incorporate incentives into city policies	BoA, Planning Commission, Staff	
ENVIRONMENT, PARKS & OPEN SPACE									
1	Policy	Sec. 4	53. Minimize the acreage devoted to impervious surfaces.	Enhanced environmental quality and aesthetics, reduced storm water	• Decreased % of impervious surfaces city-wide and per development	LT	• Revise the development code to limit impervious surfaces	BoA, Planning Commission, Staff	
2	Policy	Sec. 4	54. Mitigate the off site impacts of stormwater.	Fewer negative stormwater impacts	• Storm water mitigation consistent with water quality and land conservation practices	OG	• Review current standards for opportunities to improve • Encourage low impact design as a preferred method of stormwater mitigation along with other approved methods	BoA, Planning Commission, Staff	
1	Policy	Sec. 4	55. Protect the aquifer that supplies Oxford's drinking water.	Maintenance of a high quality water supply	• Protected and improved water quality metrics	OG	• Amend development code to require evaluation water impacts of development • Initiate a wellhead protection plan	BoA, Lafayette County, Mississippi State Department of Health, Staff	

IM = Immediate; OG = Ongoing; ST = Short Term; MT - Medium Term; LT = Long Term
BoA = Mayor and Board of Aldermen; OLCC = Oxford Lafayette Chamber of Commerce; HPC = Historic Preservation Commission

Annexation Policy from 2005 Comprehensive Plan

Closely aligned with the issue of timing in the management of growth is the question of annexation or incorporation of areas currently outside of the Oxford city limits. There are numerous reasons for Oxford to consider and expect to annex additional territory. First is the inherent responsibility of municipalities to provide urban services to development that reaches urban densities and produces higher levels of demand. Oxford must also consider annexation in light of the need to provide infrastructure for the location and development of necessary commercial centers to serve a growing population. Annexation is also appropriately considered as a means to guide the form of development, the interconnection of roads, the appearance of gateways, and the relationships and long term compatibility between types of development within the City's adjacent territory.

Annexation should however be very carefully considered, especially as it relates to the financial implications and obligations such annexations may place on the City. It should be noted that residential neighborhoods by and large generate a greater share of the demands for municipal service by comparison with other forms of development. Demand for police and fire protection, parks and recreation, solid waste, libraries (not to mention schools) all are disproportionately higher for a residential population. Typically, the revenues generated from these same residential properties do not cover the cost to provide these services and it is necessary to aggregate the tax base of a larger mix of uses including commercial and industrial properties to provide adequate funding.

6B-1. Annex contiguous vacant land with access to facilities.

The key to annexation is to find the best match between facilities already in place with adequate or excess capacity and areas of contiguous land that are under-developed or undeveloped. Several areas in the immediate environs of Oxford appear to satisfy this criterion. It is important, however, that some restraint is observed in selecting these areas or the size of these areas. The maps at Figures 10, 11, and 13 identify the recommended annexation areas.

6B-2. Annex key areas to provide needed services and promote appropriate growth.

Annexation should in all cases attempt to derive the greatest value possible from the City's investment in infrastructure. In conjunction with any annexation, public infrastructure investment in existing or future capital facilities should be geared to be a catalyst for increased economic development.

2015 Affordable Housing Thresholds

Affordable Housing Calculations

		Average HH	1 Person	2 People	3 People	4 People	5 People	6 People
Median Household Income 2015		$66,400	$37,200	$42,500	$47,800	$53,100	$57,350	$61,600
80% Percent of Median HH Income	80%	$53,120	$29,760	$34,000	$38,240	$42,480	$45,880	$49,280
30% Percent allocated to Housing	30%	$15,936	$8,928	$10,200	$11,472	$12,744	$13,764	$14,784
Maximum monthly allocation for housing to be considered affordable	12	$1,328	$744	$850	$956	$1,062	$1,147	$1,232

HUD Median Income Limits, Lafayette County, Mississippi, 2015