
Clatsop Housing Research

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Housing Prices and Causes

Housing Prices

Oregon Housing and Rental Prices

According to the Office of Federal Housing Enterprise Oversight (2007), Oregon housing prices have been rising faster than the national average.¹ For the period ending on December 31st, 2006, national housing prices experienced a 12.54% 1-year increase, while Oregon prices rose 20.96% annually, with only Hawaii, Florida and Arizona experiencing faster price increases.¹ In the more recent period ending March 31st 2007, the national annual average appreciation rate was only 4.25% (reflecting the weak national real estate market); while Oregon still experienced a 10.77% annual gain in housing prices (Figure A).¹ Oregon was still in the top 10 states for housing appreciation rates in this most recent March 31st report. Since 1980, Oregon home prices have increased 361.52%, while national appreciation was at 309.75% since 1980.¹ The situation is sometimes even bleaker for renters in Oregon, 48.1% of whom spent 30% or more of their household income on rent and utilities in 2005.² That ranking puts Oregon at fourth highest in the nation for this measure, in the same top four states along with California, Florida, and New York.²

¹ Office of Federal Housing Enterprise Oversight (periods ending 12/31/2006 & 3/31/2007). (2007). Housing Price Index.

² American Community Survey. (2005).

Four-Quarter Appreciation by State: HPI

U.S. Four-Quarter Appreciation = 4.3%
(1Q'06 - 1Q'07)

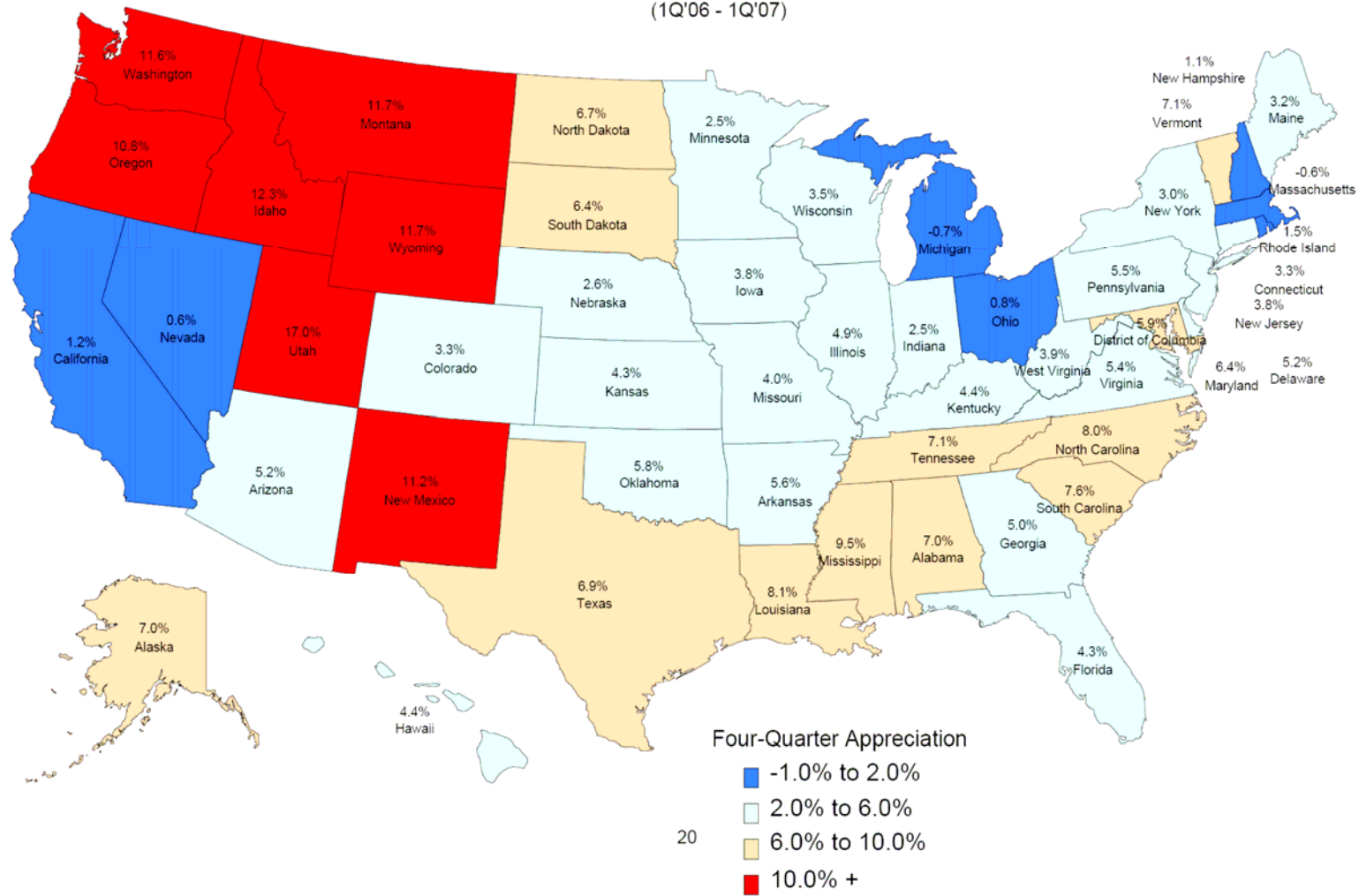


Figure A ¹

Clatsop County Housing and Rental Prices

According to the Clatsop Multiple Listing Service, the average home sold in Clatsop County for \$331,111 in the summer of 2006 and for \$366,087 in the same month in 2007, a 10.56% increase.³ The median home, a better measure of the typical homeowner, sold for \$259,000 in 2006 and for \$290,000 in 2007, an 11.97% increase.³ If the median price from 2006 had risen solely due to inflation, the price would only have been \$267,674 in 2007, so what we are seeing is well beyond an inflation issue. The inflation adjusted appreciation for the median home sold in Clatsop County from 2006 to 2007 was 8.62%!

This is occurring during a well-documented national housing slump fed by a housing market correction coupled with the sub-prime lending fiasco. The average home price nationally increased 4.25% from 2006 to 2007¹ but Clatsop County had a much larger increase in price of 10.56%³, a statistical dead-heat compared to Oregon's increase of 10.77%¹ (Figure B). The increasing prices have translated into the North Coast experiencing some of the highest sale prices in Oregon, with only Curry County experiencing faster growth in the regions tracked by RLMS (Figure C).⁴

³ Clatsop Multiple Listing Service. (2007).

⁴ Fridley, D. (2005). The Price of a Home in Oregon. Oregon Employment Department OLMIS.

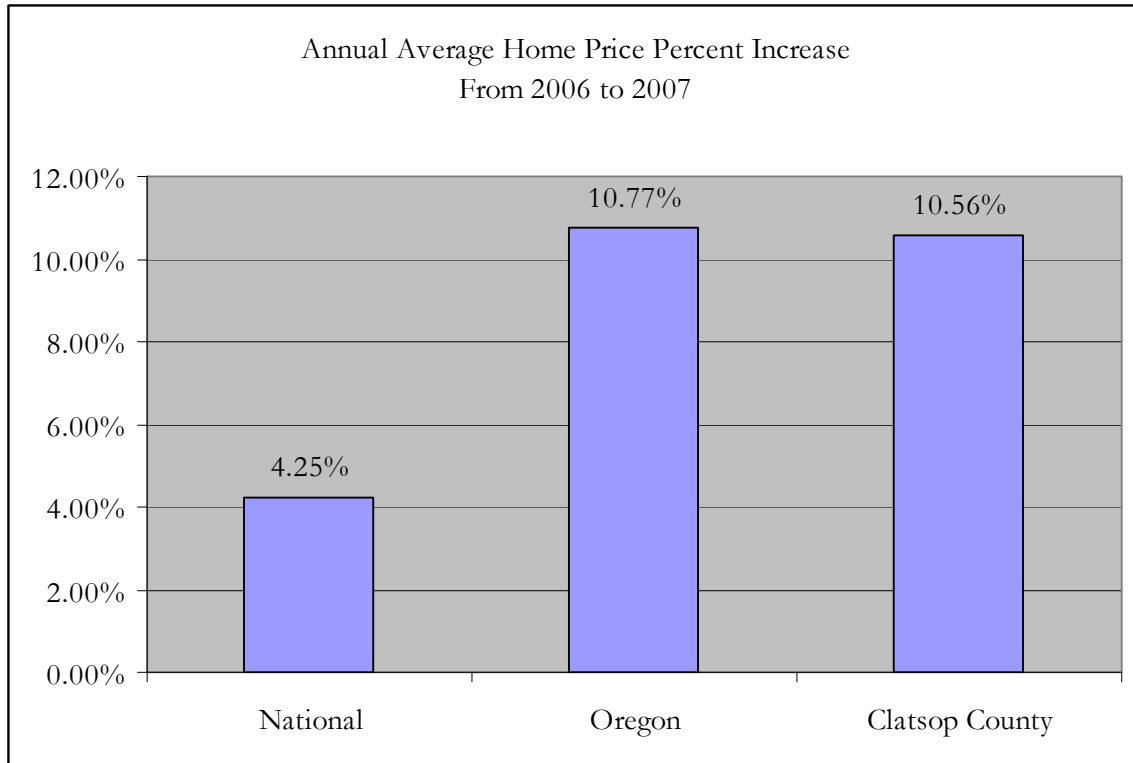


Figure B 3,4,5

⁵ Clatsop County appreciation is from MLS data, which includes new homes, while Oregon and US appreciation is from OFHEO, which does not include new homes.

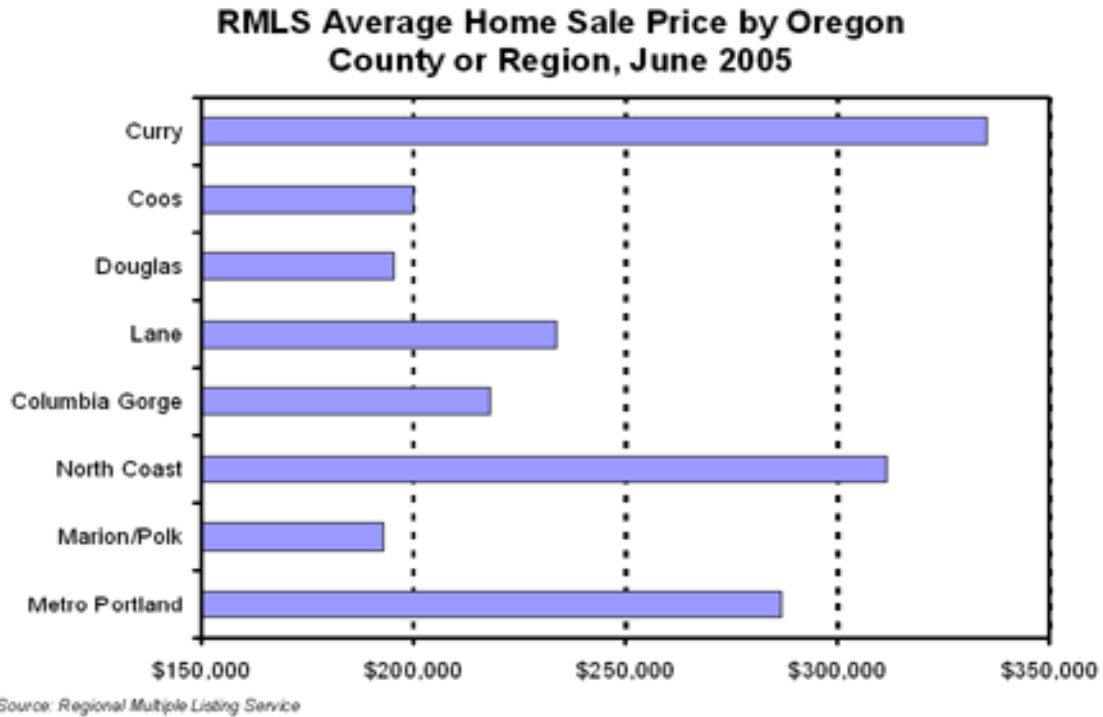


Figure C ⁴

Possible Causes of Price Increases

Population Increases

These housing price increases can be at least partly explained by the increases in Oregon's population, which went from 3,421,399 in 2000 to 3,560,109 in 2005.^{6,2} Clatsop County reflects this statewide growth, increasing from 33,301 people in 1990 to 35,630 in 2000, a 7% increase.^{6,2}

Where is the increased population coming from? According to a U.S. Census Bureau special tabulation,⁷ some of the increase results from international immigration. In 2000, 3,421,399 people lived in Oregon, and of those people there were 289,702 international immigrants living in Oregon.⁷ However, there were 1,552,628 people from other American states, including 443,276 people from California alone (the next largest influx

⁶ United States Census (2000).

⁷ State of Residence in 2000 by State of Birth: 2000. (2000). U.S. Census Bureau, Census 2000, special tabulation.

consisted of 190,295 from Washington State).⁷ On closer examination California had 8,864,255 international immigrants in 2000,⁷ which could explain the spillover from that state into Oregon.

What are the characteristics of the people moving to Oregon, and more importantly, to Clatsop County? It is likely that many new comers were retirees, because although people generally move the most between the ages of 18 and 30, there is still a spike in domestic moves around the age of retirement.⁸ In spite of the increasing population of Clatsop County, enrollment in K-12 schools in Clatsop County has declined, indicating that it is not families with school age children moving in.⁹ Generally Americans moving for retirement purposes choose warmer western states.⁸ A notable exception occurred for California retirees, who tended to favor geographic proximity to California and possibly cost of living factors.⁸ Favorite retirement locations for Californians included Oregon, with 12,000 settling here.⁸

The Office of Economic Analysis projects Clatsop County to grow to 37,162 by 2010, 37,652 in 2015, and to 37,939 by the year 2020.¹⁰ This is not rapid growth, suggesting that population growth might not fully explain the increase in home prices.

Second Homes & Vacation Rentals

Like many resort and retirement communities, Clatsop County's home prices are largely determined by economic conditions for buyers who do not necessarily live in Clatsop County. Some buyers live in Clatsop County but spent their working years elsewhere, where wages and the cost of living might have been dramatically different. Only 2,496 of the total 5,834, or 43%, of the single family residences in Clatsop County are owned by people who live within Clatsop County.¹¹ That is less than half of the single family homes in Clatsop County. As shown in Figure D, this fact is even more pronounced when observing higher end homes; of homes assessed as having a real market value of \$835,000 or more, 679 of 804 were owned by people who had a mailing address that was not located in Clatsop County, which means that only 15% of such upscale homes were locally-owned.¹¹ The single family homes that typical Clatsop County residents would be able to

⁸ He, W. & Schachter, J. (2003). Internal Migration of the Older Population: 1995-2000. Census 2000 Special Reports.

⁹ Oregon Department of Education 2002-2007.

¹⁰ Clatsop County Projection. Office of Economic Analysis, Department of Administrative Services, State of Oregon.

afford according to the HUD standards and the US Census (\$313,000 and below) are locally owned more than half of the time, but only slightly less than half (Figure D).^{11,6,27}

The people who do not live in Clatsop County and own homes (presumably second homes or vacation homes) generally live in Oregon, with 2,490 of 3,444 of such owners (or 72%) living in Oregon.¹¹ Of such property owners living in Oregon, 51% or 1,260 have Portland mailing addresses.^{11,11} Aside from Oregon, many non-local property owners live in Washington (with 90 in Seattle and 118 in Vancouver) and 170 live in California.¹¹ Beyond that, such property owners live in virtually every state and even a few live abroad (Figure F).¹¹

Vacation homes and revenue generated from tourism have always been an import part of life in Clatsop County, particularly in resort communities. In Seaside, although Vacation Rental Dwellings have increased slightly, the number has not increased significantly beyond historic levels (Figure E).¹² Even with recent increases, there were 299 active Vacation Rental Dwelling in Seaside in 2006, while there were 2,769 single family homes in Seaside (1,260 of which were not locally owned and 1,509 were locally owned).^{11,12} These numbers suggest that the impact of vacation rentals is not as large as the potential impact of non-owner-occupied units that may or may not be rented out and utilized for the community's benefit.

The fact that many property owners in Clatsop County live elsewhere is both an opportunity and a challenge. Outside dollars come to Clatsop County's economy when people come to visit, and people who own homes in Clatsop County pay property taxes for services that they generally are not there to benefit from. However, this situation also potentially distorts the local housing market by allowing housing prices to completely depart from what local residents have the ability to pay. The problem is exacerbated by the relatively lower wages paid in Clatsop County, which makes residents unable to compete with homebuyers from outside areas that have higher costs of living and thus correspondingly higher wages. Larger cities have too many dollars chasing too few homes and other goods, driving up their home prices and necessitating higher wages to retain workers. Larger cities also have employers such as Nike and Intel, which support jobs that garner higher wages as well. Clatsop County is a destination for people from these more expensive areas, and therefore is experiencing the same inflationary pressures.

Americans are increasingly realizing that real estate can be just as volatile as the stock market, and this could translate into decreased interest in buying second homes for investment purposes. Local homebuyers earning modest wages would benefit if fewer people from outside areas purchased second homes in Clatsop

County. However, builders and developers might lose money on high-end housing developments that buyers from our local economy wouldn't be able to afford. To move in a more sustainable direction, home builders could focus on meeting the needs of local buyers by building homes that people working in Clatsop County could afford to buy. If we want less volatility and lasting value it makes sense to build for people who live here rather than cater to those who do not.

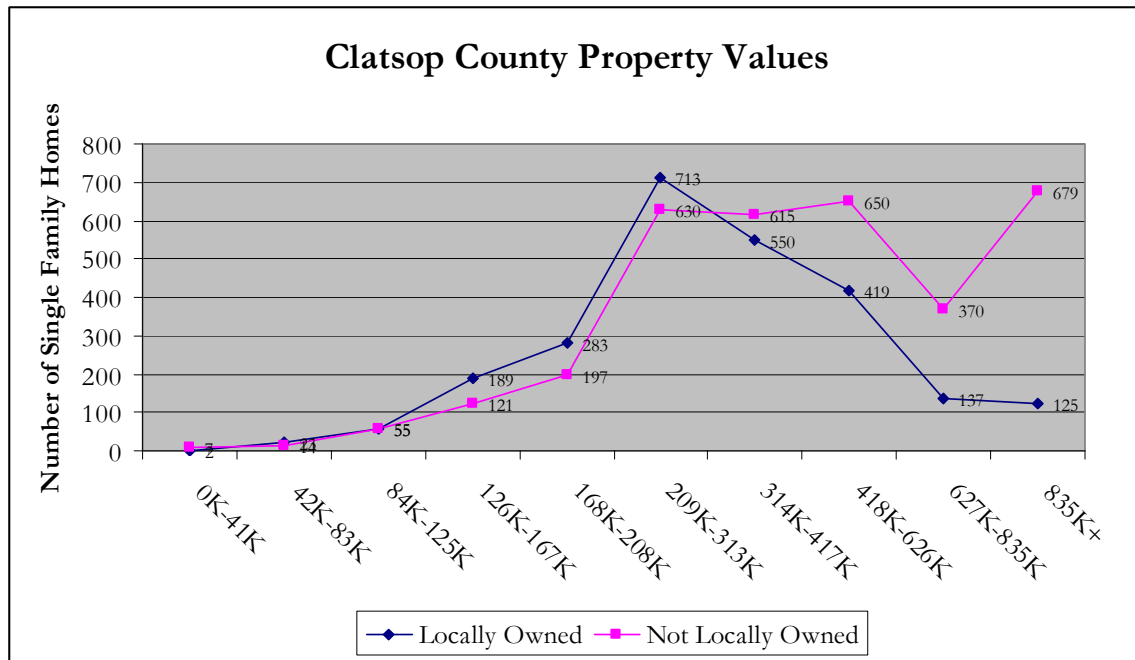


Figure D¹¹

¹¹ Real Property Expert. August 10th, 2007. Clatsop County: Assessment and Taxation Department. If no physical address was on record it was assumed the physical address was in the same city as the mailing address. "Locally Owned" is defined in this analysis as owned by someone who has a mailing address in Clatsop County as determined by the Real Market Export. It is assumed the mailing address is up to date as without it property owners may fail to receive important property tax information.

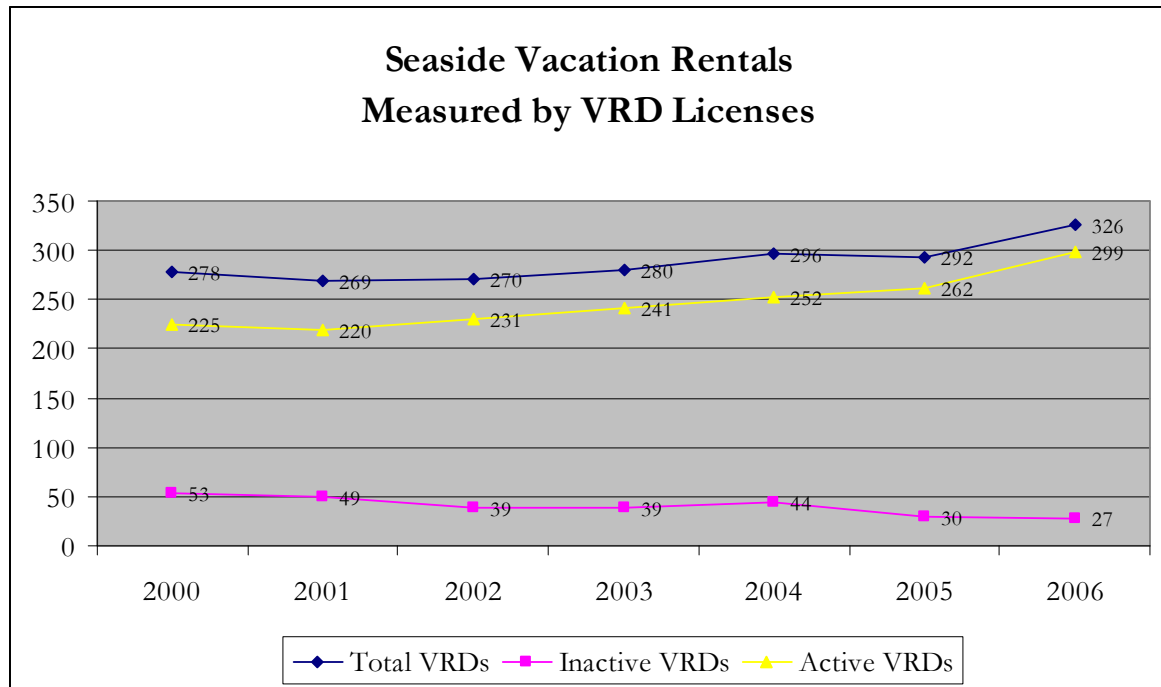


Figure E ¹²

¹² Vacation Rental Dwelling tally sheet, City of Seaside.

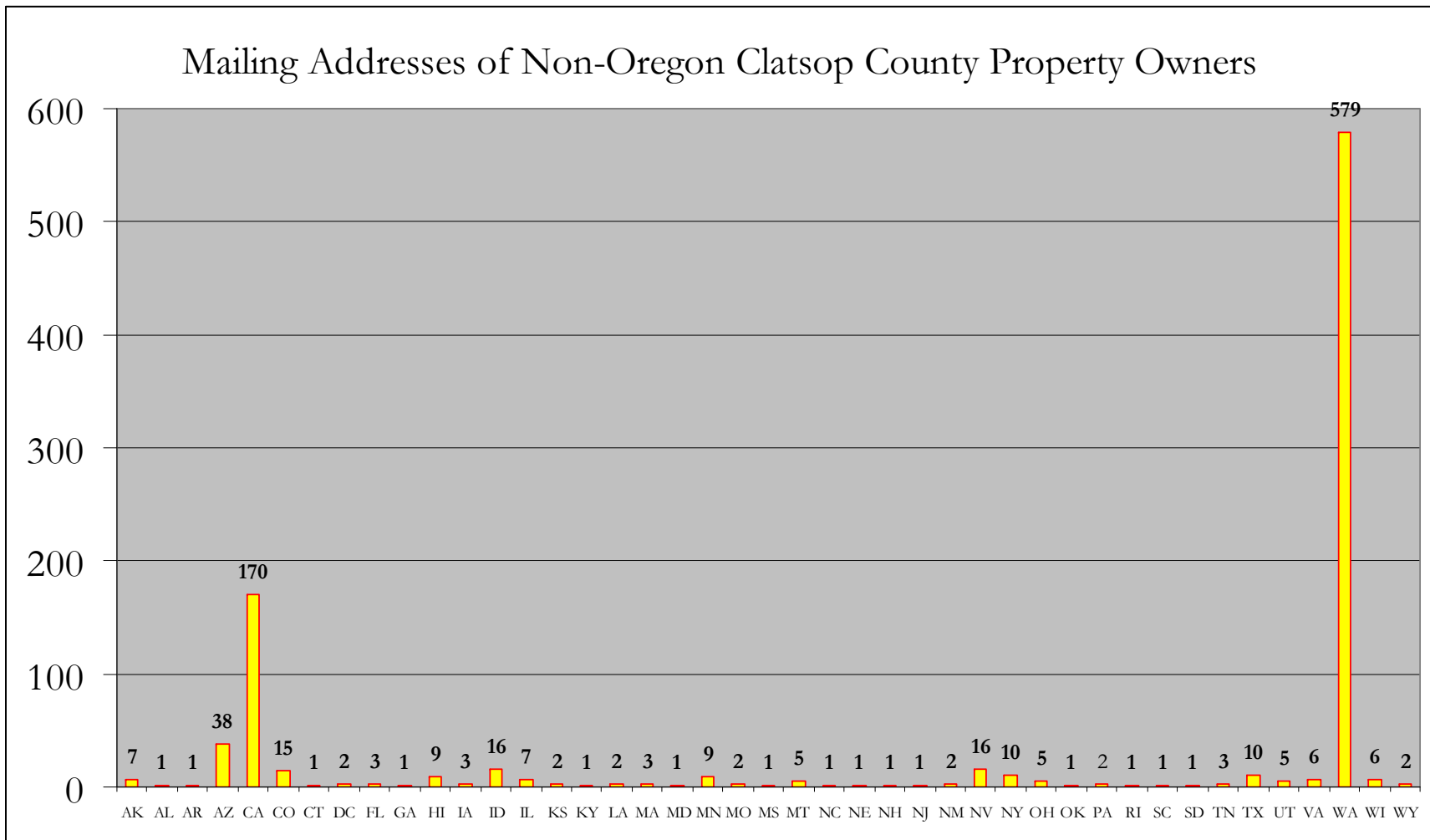


Figure F ²¹

Land Use Policies

Oregon's land use planning system reduces sprawl, preserves open space and improves quality of life. Forest and farmland enjoy protection rare elsewhere in the nation.¹³ There is more efficient transit and better delivery of public services such as water and sewer, keeping taxes low.

However, in times of increased demand for land, some argue that Oregon's land use planning system often translates into high-priced housing. Stanley et al., (1999) asserts that Oregon's urban growth boundaries do not allow the building industry to adequately adjust to increases in home demand, thereby keeping prices artificially high by constricting land supplies and slowing down the industry.¹⁴ If currently there are large numbers of people retiring or buying second homes in coastal retirement communities, this would drive up the demand for homes. If our land use system carefully preserves open space, plans out transit corridors, and generally takes a long-term view of community planning, that does not allow the market to glide seamlessly in and meet demand with more supply. Thus critics assert that Oregon's planning system adds friction to the operation of the economic mechanisms that create housing.

An interesting comparison might be made to San Jose, CA during the economic boom of the 1990's. During that time, businesses and homes went up almost overnight. According to Henton in "Grassroots Leaders for a New Economy," written while Silicon Valley was still in full swing, a streamlined and rapid building permit and application approval process was one of the reasons for San Jose's stellar economic performance and why its star rose so fast.¹⁵ With the benefit of hindsight, however, it is worth wondering if this speedy throwing up of buildings and homes pell-mell contributed more to the rising star or the subsequent crashing star of the tech-boom. Oregon's more measured and careful land use planning system may not allow the market forces to work themselves out as quickly, but it may also promote soft landings rather than the wild volatility in the housing market the nation is currently suffering from.

¹³ Hopkins, S. & Abrams, A. (2005). Oregon's Land Use Planning Program, Housing Policy. American Planning Association Oregon Chapter (OAPA) White paper.

¹⁴ Stanley, S., Edgens, J. & Mildner, G. A Line in the Land: Urban-growth Boundaries, Smart Growth, and Housing Affordability. (1999). The Reason Public Policy Institute. www.rppi.org/ps263.html, accessed 7/27/07.

¹⁵ Henton, (1997). Grassroots Leaders for a New Economy: How Civic Entrepreneurs Are Building Prosperous Communities. San Francisco: Jossey-Bass Inc.

Summary of Increasing Housing Prices

With this in mind, Oregon's Urban Growth Boundaries and exemplary land use planning should not become a scapegoat for our lack of affordable housing. Neither should people from other cities or states, retirees, those who own vacation homes, immigrants, or any other group suffer blame for the problem. To have a vibrant community requires effort and action from everyone. Working towards the goal of having homes everyone can afford to live in is the only thing that will solve the problem.

Wages and the Economy

Employment Breakdown for Clatsop County

Clatsop County's current economic mainstay is the tourism industry, with 3,620 positions in leisure and hospitality in 2005.¹⁶ This translated into 21.9% of workers having leisure and hospitality industry jobs in a 2006 analysis.¹⁷ Service occupations employed 21.4% of workers while sales and office occupations employed 24.8% (service, sale, and office occupations in this case were probably frequently tourism industry related).⁶ Various government jobs employed 15.4% of workers in 2000⁶ and 16.4% in 2006.¹⁷ Education and health services, manufacturing and construction were also important parts of the economy.^{17,6}

The occupation with the largest number of people in Clatsop County was "management, professional and related" with 26.6%.⁶ Farming, fishing, and forestry occupations, once a dominant portion of Clatsop County's economy, employed only 3.0% of workers, with 4.6% in some kind of agriculture, forestry, fishing or hunting industry.⁶ However, manufacturing did include aspects of the forestry and fishing industries, as this category includes paper, wood products and food processing. Major employers include hotels and restaurants, state, county and city governments, the U.S. Coast Guard, school districts, retail stores, hospitals, fish processing plants and paper and wood products businesses.

¹⁶ Report on Poverty 2006. Oregon Housing and Community Services.

¹⁷ Clatsop County Oregon Quick Facts. Oregon Employment Department. Last updated 7/24/07.

Wages in Oregon & Clatsop County

The average per capita income in 2005 in the United States was \$32,289, in Oregon \$32,289 and in Clatsop County, only \$28,854.¹⁸ This creates the appearance of Clatsop County and Oregon having relatively low wages compared to the rest of the country, but Oregon is a relatively rural state and rural areas all tend to have lower incomes. Clatsop County is not so dissimilar to the rest of Oregon, for example. Of the 36 counties in Oregon, Clatsop County ranks only 10th in per capita income, well above the mean (Figure G).¹⁸ The fact that Clatsop County is below average compared to Oregon as a whole probably reflects the higher incomes of the most populated counties (notably the Portland-Metro area). When examining only rural areas, Clatsop County has significantly higher incomes than the average incomes in both U.S. rural areas and Oregon rural areas (Figure H).¹⁸ This does not mean that Clatsop County should not undertake economic development activities, but it is encouraging because it means the area has experienced more success than other locales of similar composition.

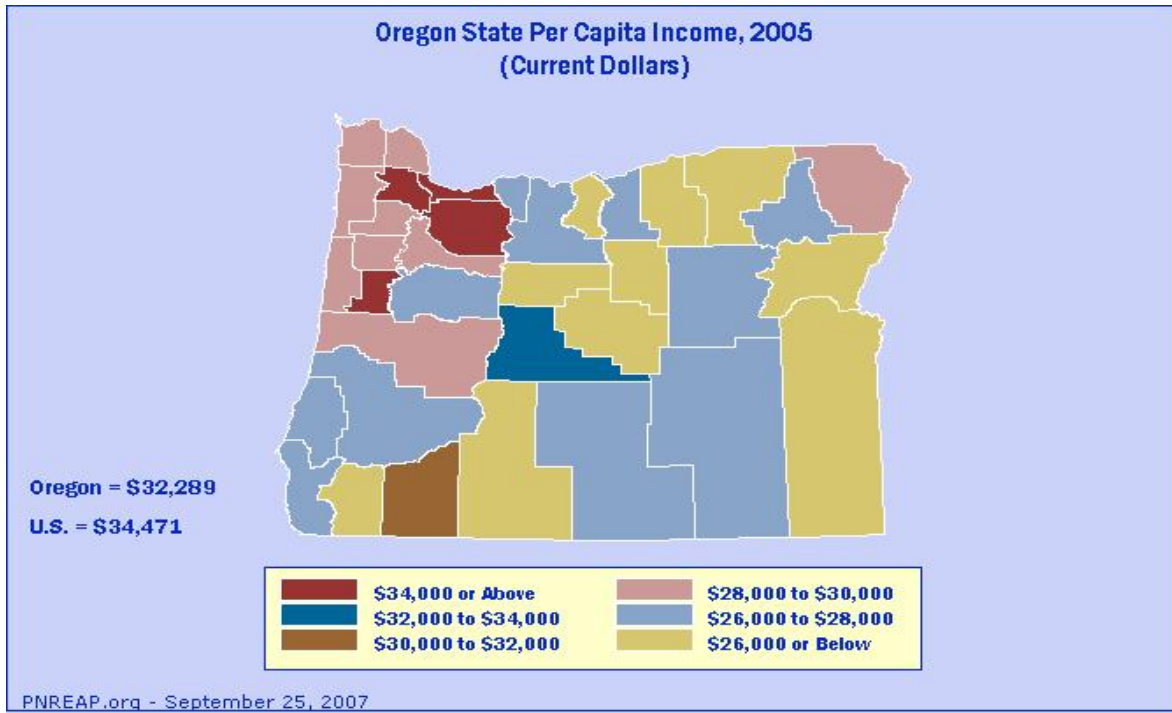


Figure G¹⁸

¹⁸ PNREAP: Comparative Indicators Oregon Per Capita Income by County and Region 1980-2005. Bureau of Economic Analysis, U.S. Department of Commerce.

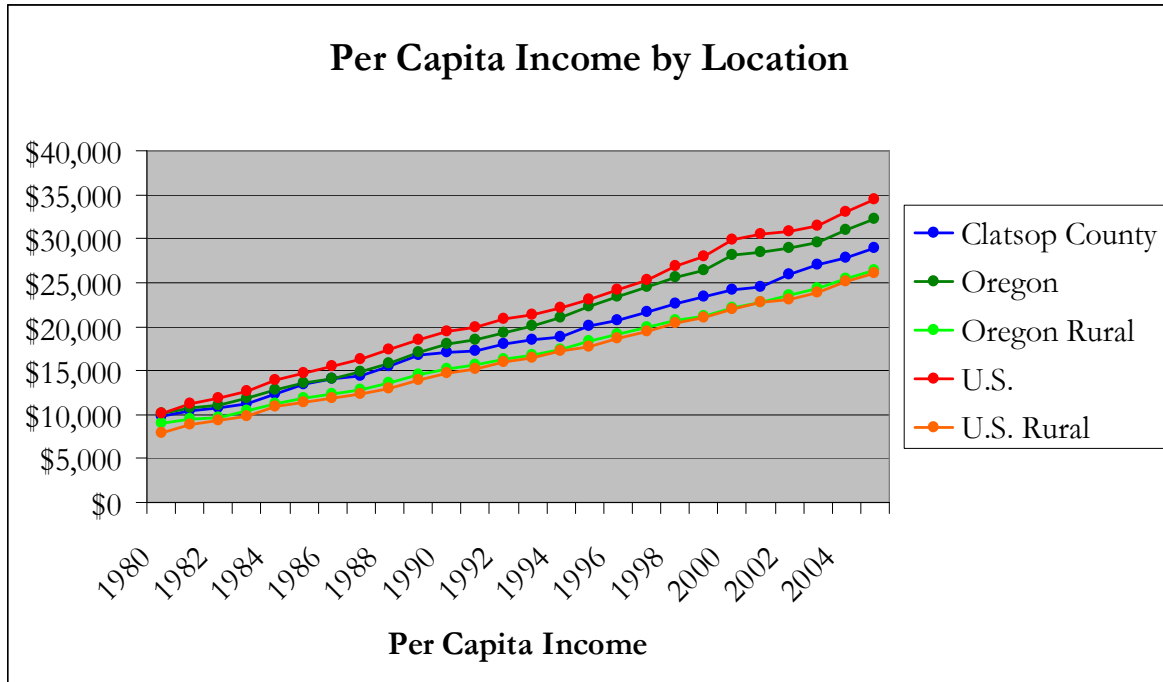


Figure H ¹⁸

Income by Location

According to the U.S. Census, in the year 1999 (the most recent year with the data) Clatsop County had a per capita income of \$19,515.⁶ Gearhart had the highest income of all the incorporated areas, followed by Cannon Beach, Astoria, Seaside, and then Warrenton (Figure I).⁶ This probably reflects not just income but household composition, because when examining median household income, Gearhart has the highest income, followed by Cannon Beach, Warrenton, Astoria and then Seaside (Figure J).⁶

We also know the range of incomes households in Clatsop County had as of 1999.⁶ The majority of Clatsop County residents who work make less than \$20,000 annually (Figure K).⁶ Less than half of all households make more than \$50,000 annually (Figure L).⁶ Those households earning between \$10,000 and \$20,000 annually comprise the largest income bracket, with 2,359 households (Figure L).⁶ Using this information, we can estimate what resources the residents of Clatsop County require to achieve a decent standard of living. This brings us to the discussion about Family Budgets.

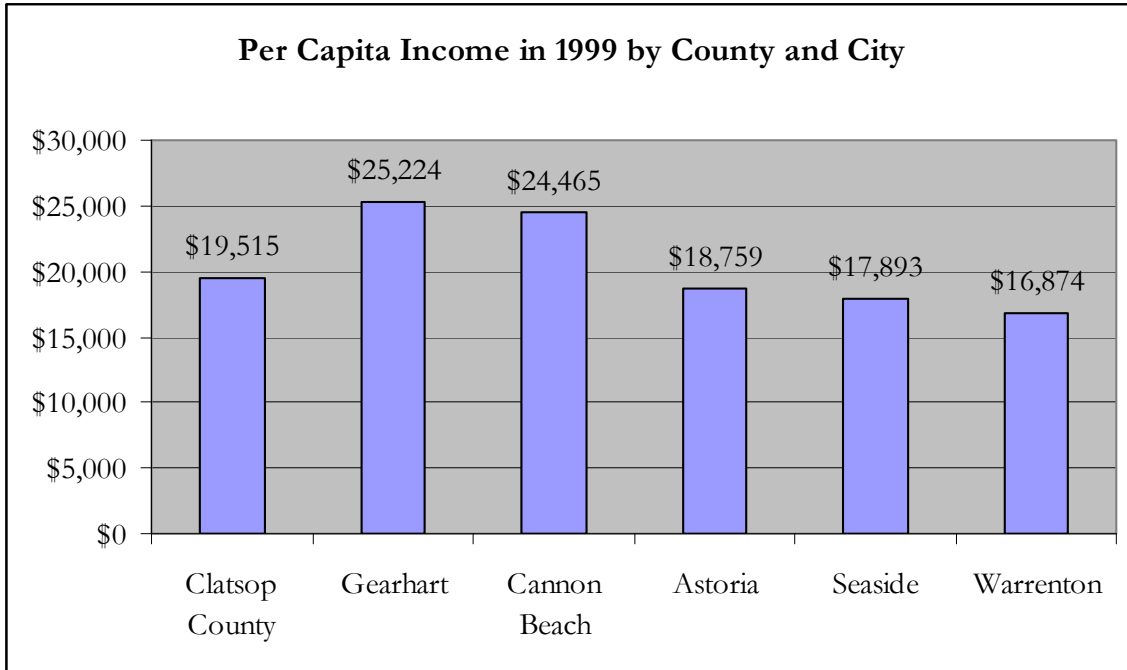


Figure I ⁶

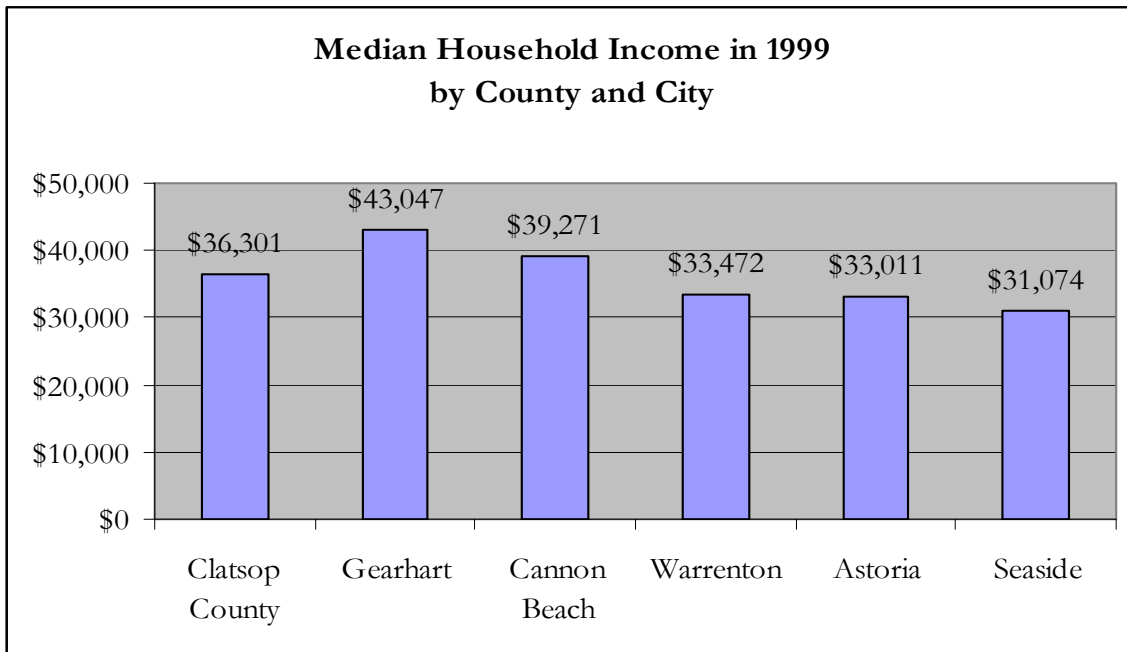


Figure J ⁶

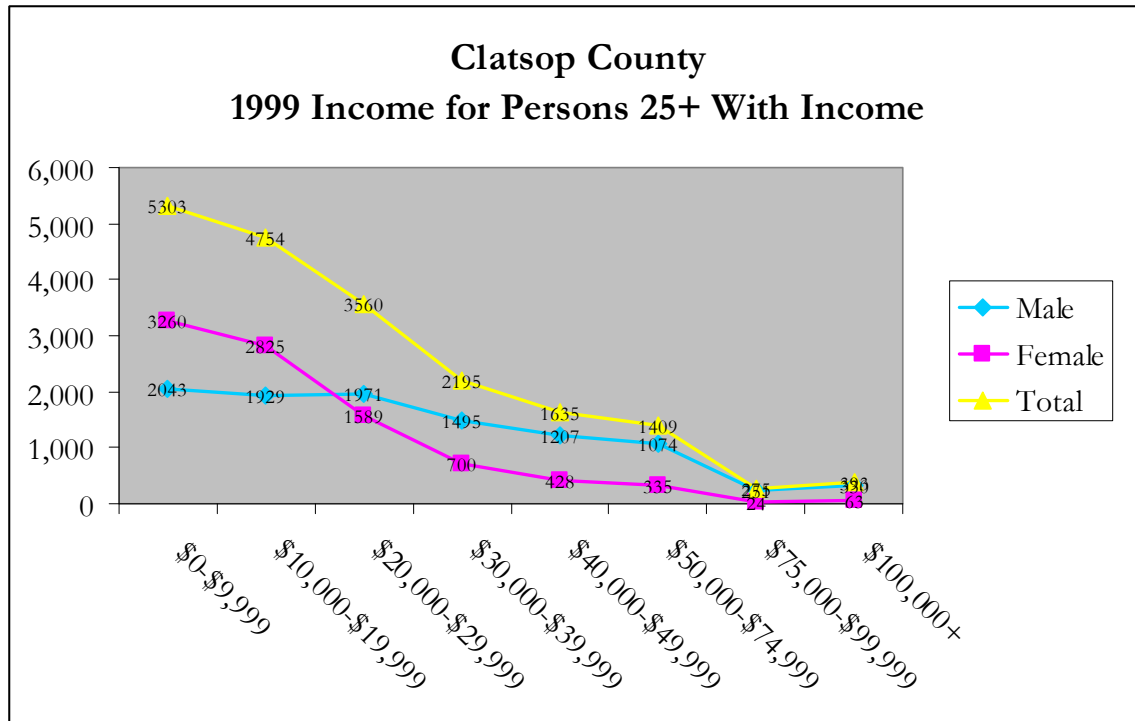


Figure K ⁶

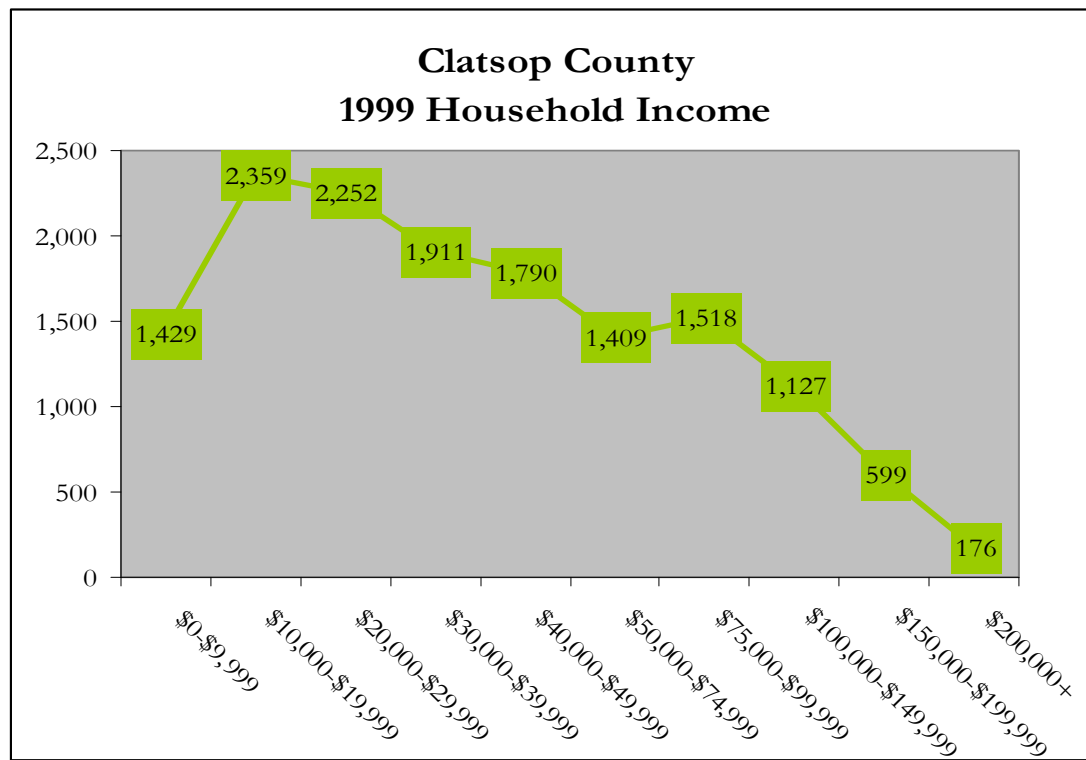


Figure L ⁶

Family Budget: When the Numbers Don't Add Up

Different people in Clatsop County will require different housing solutions. A family of four with two parents working, the young professional who just moved to town, a single parent earning minimum wage, or an elderly person receiving a modest retirement income will all have different housing needs. The different incomes and the corresponding housing needs of people in Clatsop County have been outlined. An attempt was then made to discover how many people of each income level live in Clatsop County, how many units exist with which to meet the needs of those living in Clatsop County, and finally how many of each type of unit would best serve the region's housing needs.

Housing Costs Compared to Wages

The problematic issue is that even while Clatsop County housing prices rise, wages remain relatively flat. While housing prices have certainly increased in Clatsop County, average per capita income remained at \$28,854 according to the most recent data in 2005 (Oregon Employment Department).¹⁸ The state average for wages was \$32,289.¹⁸ As discussed previously, this does reflect the generally lower wages earned by rural locales, but most rural areas also have correspondingly lower costs of living that offset the lower wages. This does not mirror the situation in Clatsop County.

The discrepancy in housing compared to wages is extremely pronounced in Clatsop County, but is a problem found throughout Oregon. According to Fridley (2005), “(i)ncome growth in Oregon falls well short of the appreciation in home prices. Per capita personal income grew at a 6% annual rate during the first quarter of 2005. That was the state's best quarterly showing since a 6.8% gain in the third quarter of 2000. Six percent growth is certainly a good sign for per capita income. However, the home market is priced beyond the reach of some.”

As demonstrated in Figure M, even during periods of declining growth in per capita personal income (PCPI) housing price appreciation (HPI) generally has grown at a faster rate.⁴ According to Fridley (2005), “(i)n the first quarter of 2005, the gap between PCPI growth and HPI appreciation was -6.9%.”²⁴

The Gap Between Oregon Home Price Appreciation and Income Growth Widened

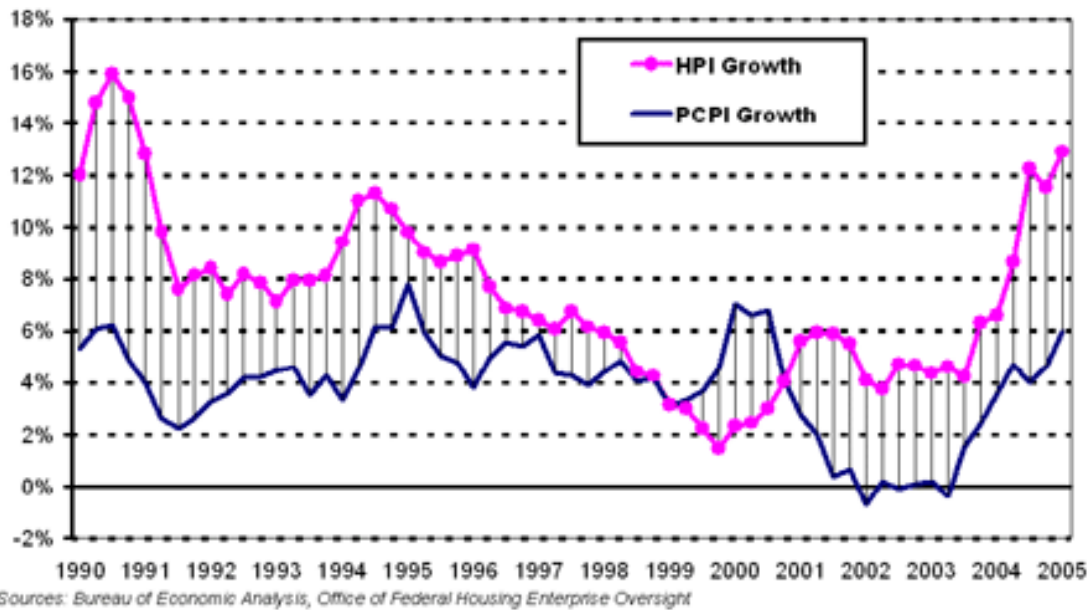


Figure M ⁴

Units Needed According to Clatsop County Population Characteristics

The U.S. Census provides information about household income every ten years. As discussed previously, most Clatsop County households earn less than \$30,000 annually (Figure N).⁶ The standard to determine affordability in the housing industry is that a household can afford to pay about 30% of their income for housing costs.¹⁹ Based on the annual household incomes of the residents of Clatsop County, the range of housing costs required to reasonably and affordably house the residents can be deduced (see Figure O).

The costs determined in Figure O could consist of either rent or a house payment and be considered affordable. It is beyond the informational resources available at this time to know how many residents would want to purchase a home or would prefer to rent if either option was available in their household's price range. Some people have spotty credit and cannot secure a home loan or prefer rental living. The different options for either affordable home prices or rent payments are shown in Figure P.⁶

¹⁹ United States Department of Housing and Urban Development 2007

<i>Clatsop County Households by Income Group in 1999</i>	
Annual Income Range	Number of Households
\$0 - \$9,999	1,429
\$10,000 - \$19,999	2,359
\$20,000 - \$29,999	2,252
\$30,000 - \$39,999	1,911
\$40,000 - \$49,999	1,790
\$50,000 - \$74,999	1,409
\$75,000 - \$99,999	1,518
\$100,000 - \$149,999	1,127
\$150,000 - \$199,999	599
\$200,000+	176
Total Households	14,741

Figure N ⁶

<i>Clatsop County Affordable Annual & Monthly Housing by Income Group</i>			
Annual Income Range	Affordable Rent or House Payments (30% of Income)		Number of Households
	Annual Housing Costs	Monthly Housing Costs	
\$0 - \$9,999	\$0 - \$3,332	\$0 - \$278	1,429
\$10,000 - \$19,999	\$3,333 - \$6,665	\$278 - \$555	2,359
\$20,000 - \$29,999	\$6,666 - \$9,999	\$556 - \$833	2,252
\$30,000 - \$39,999	\$10,000 - \$13,332	\$834 - \$1,111	1,911
\$40,000 - \$49,999	\$13,333 - \$16,665	\$1,112 - \$1,388	1,790
\$50,000 - \$74,999	\$16,666 - \$24,999	\$1,389 - \$2,083	1,409
\$75,000 - \$99,999	\$25,000 - \$33,332	\$2,084 - \$2,777	1,518
\$100,000 - \$149,999	\$33,333 - \$49,999	\$2,778 - \$4,166	1,127
\$150,000 - \$199,999	\$50,000 - \$66,665	\$4,167 - \$5,555	599
\$200,000+	\$66,666 +	\$5,555 +	176
Total Households			14,741

Figure O ^{6, 19}

<i>Clatsop County Housing Units Needed by Income Group: Rental or Home Purchase</i>			
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)		Number of Households
	Monthly Rent or House Payment	Home Price	
\$0 - \$9,999	\$0 - \$278	\$0 - \$41,000	1,429
\$10,000 - \$19,999	\$278 - \$555	\$42,000 - \$83,000	2,359
\$20,000 - \$29,999	\$556 - \$833	\$84,000 - \$125,000	2,252
\$30,000 - \$39,999	\$834 - \$1,111	\$126,000 - \$167,000	1,911
\$40,000 - \$49,999	\$1,112 - \$1,388	\$168,000 - \$208,000	1,790
\$50,000 - \$74,999	\$1,389 - \$2,083	\$209,000 - \$313,000	1,409
\$75,000 - \$99,999	\$2,084 - \$2,777	\$314,000 - \$417,000	1,518
\$100,000 - \$149,999	\$2,778 - \$4,166	\$418,000 - \$626,000	1,127
\$150,000 - \$199,999	\$4,167 - \$5,555	\$627,000 - \$835,000	599
\$200,000+	\$5,555 +	\$835,000 +	176
Total Households			14,741

Figure P ^{6,19,20}

Existing Units in Clatsop County

Clatsop County's Assessment and Taxation Department maintains property tax information for all property in Clatsop County. The Real Property Export for Clatsop County homes was used to determine how many homes exist at various real market values (Figure Q & Figure R).²¹ Additionally, as Clatsop County has many homes purchased for recreational and vacation use and not for residence, homes owned by people residing in Clatsop County and homes owned by people not residing in Clatsop County were separated out so that the number of homes actually available to residents of Clatsop County to live in could be determined (Figure Q through Figure X).²¹

Because the properties in the Real Property Export are organized by mailing address it is not possible to determine exactly how many properties are within city limits or which ones are in fact in the county's jurisdiction without mapping out each address and comparing it to a map showing city and county boundaries (something beyond the scope of this paper). Thus it is important to keep in mind that in the following tables determined by the Real Property Export it is addresses and not actually the number of residents within each area that is reflected. For example, the number of people with a Seaside address is known but how many people who have a Seaside address and reside in the county's jurisdiction outside the urban growth boundary was not determined. Nevertheless, the numbers were broken down according to the city listed for the physical address of the property.²¹

Existing Units: All Clatsop County Addresses

<i>Clatsop County Existing Housing Units</i>	
Annual	Affordable Monthly Rent or Home Price (30% of Income)

²⁰ Karl's Mortgage Calculator used 8/28/2007: <http://www.ieacle.ie/mortgage/>. I assumed a 7% interest rate, no money down, with a 30-year term.

²¹ Real Property Export. August 10th, 2007. Clatsop County: Assessment and Taxation Department. If no physical address was on record it was assumed the physical address was in the same city as the mailing address. "Locally Owned" is defined in this analysis as owned by someone who has a mailing address in Clatsop County as determined by the Real Market Export. It is assumed the mailing address is up to date as without it property owners may fail to receive important property tax information.

Income Range	Home Value	# Existing Homes	# Locally Owned Existing Homes	# Non-Locally Owned Existing Homes
\$0 - \$9,999	\$0 - \$41,000	9	2	7
\$10,000 - \$19,999	\$42,000 - \$83,000	37	23	14
\$20,000 - \$29,999	\$84,000 - \$125,000	112	55	55
\$30,000 - \$39,999	\$126,000 - \$167,000	308	189	121
\$40,000 - \$49,999	\$168,000 - \$208,000	480	283	197
\$50,000 - \$74,999	\$209,000 - \$313,000	1343	713	630
\$75,000 - \$99,999	\$314,000 - \$417,000	1165	550	615
\$100,000 - \$149,999	\$418,000 - \$626,000	1069	419	650
\$150,000 - \$199,999	\$627,000 - \$835,000	507	137	370
\$200,000+	\$835,000 +	804	125	679
Total Units		5834	2496	3338

Figure Q ²¹

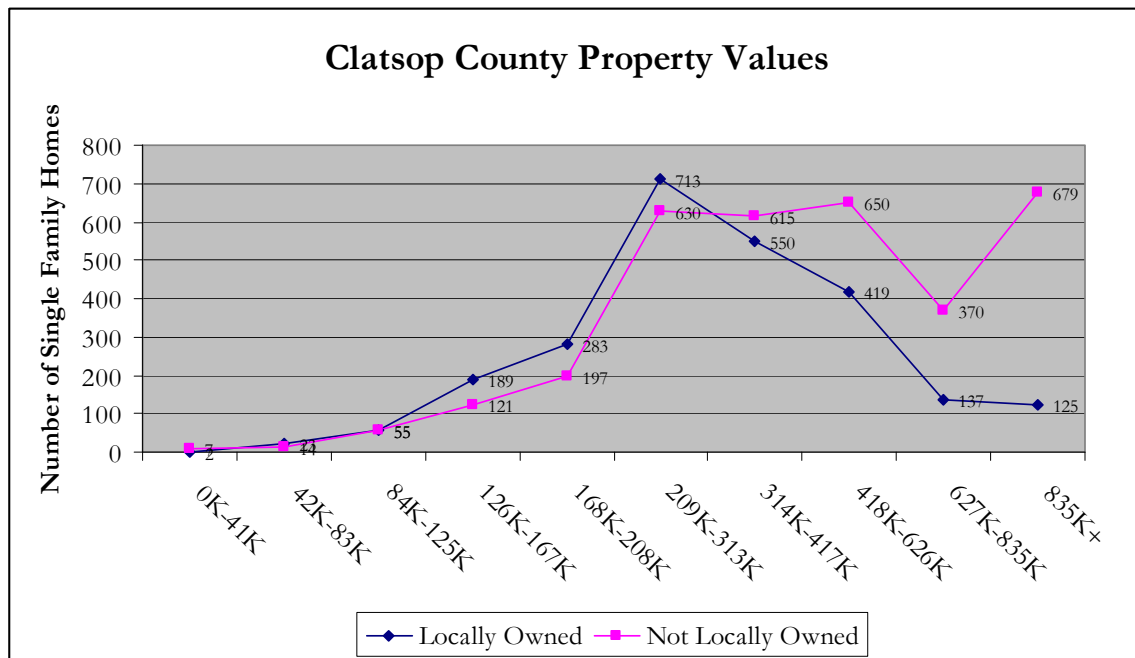


Figure R ²¹

Existing Units: Cannon Beach Addresses

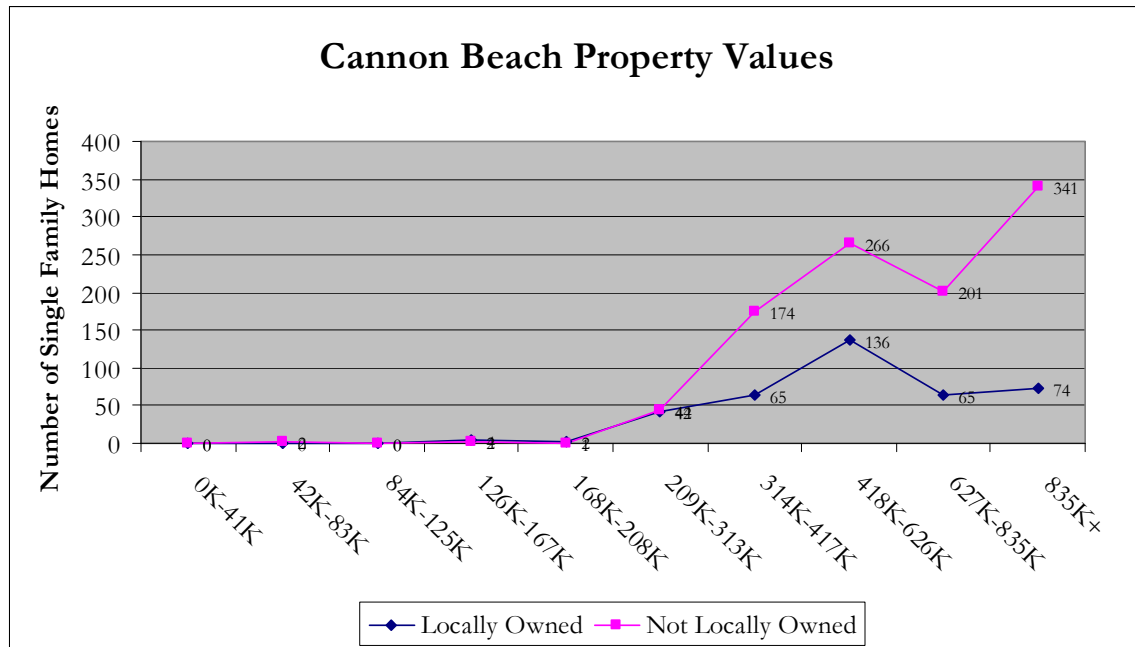


Figure S ²¹

Existing Units: Seaside Addresses

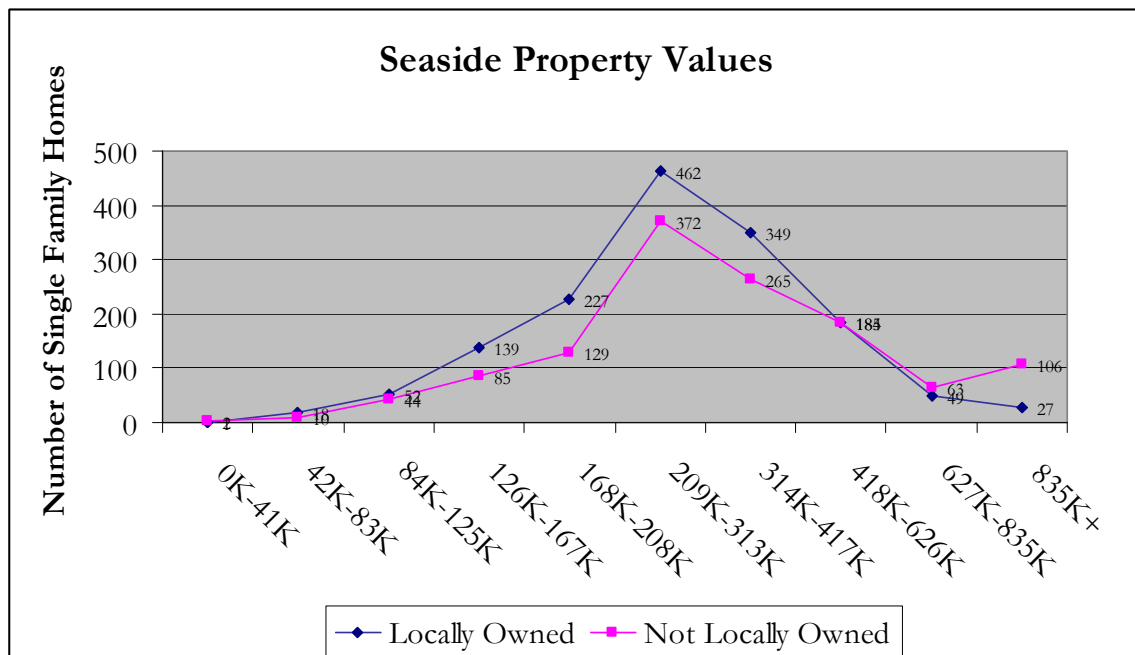


Figure T ²¹

Existing Units: Gearhart Addresses

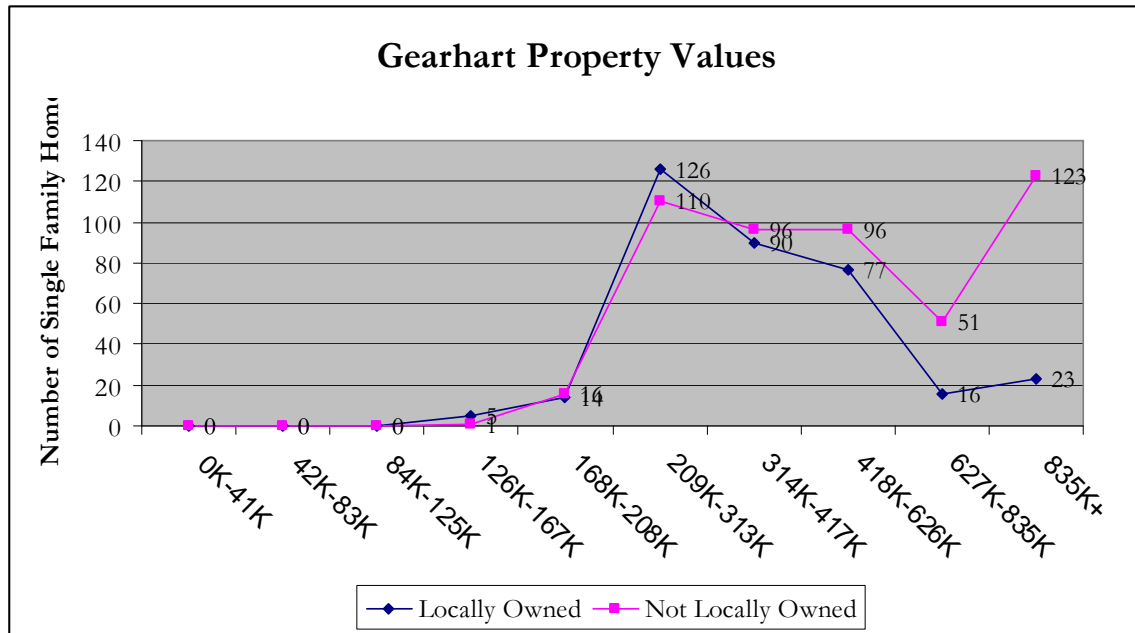


Figure U ²¹

Existing Units: Warrenton Addresses

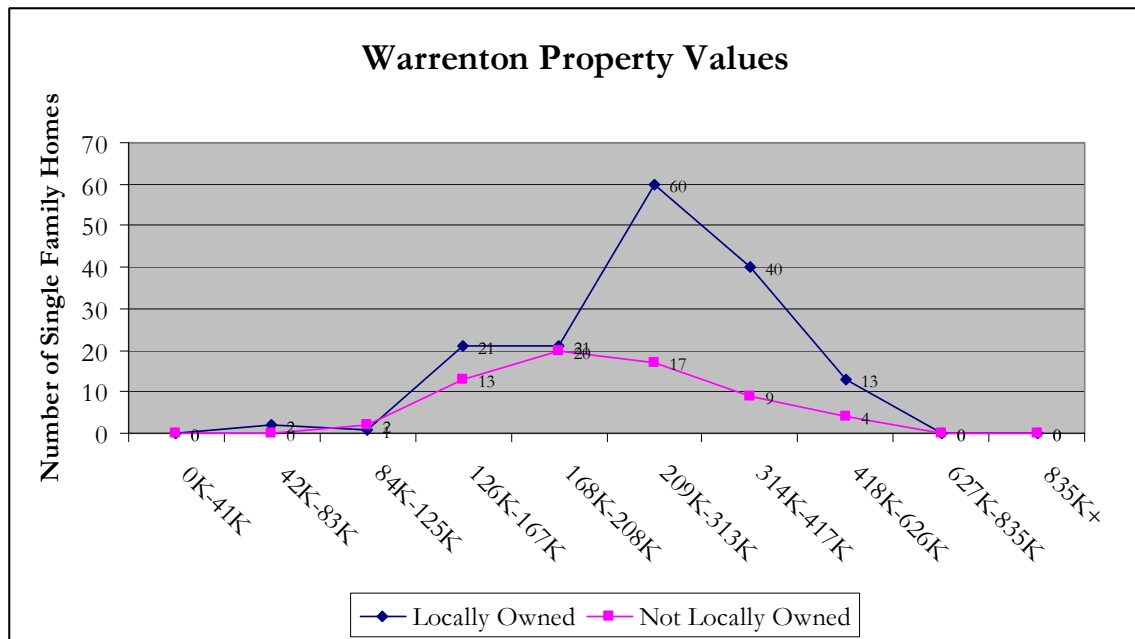


Figure V ²¹

Existing Units: Astoria Addresses

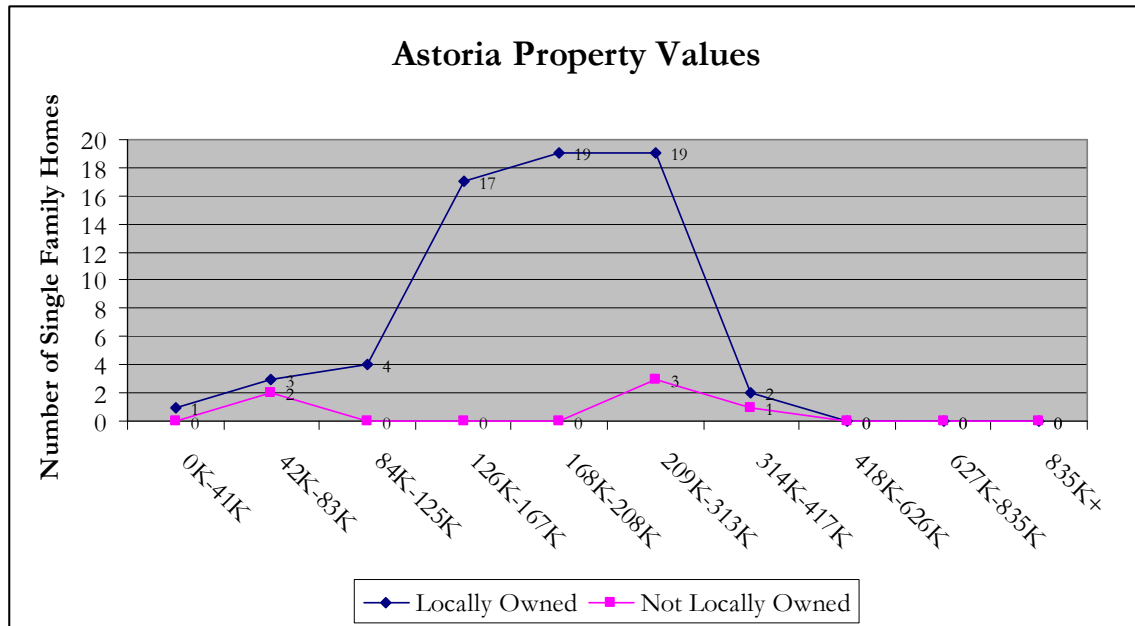


Figure W ²¹

Existing Units: Other Addresses

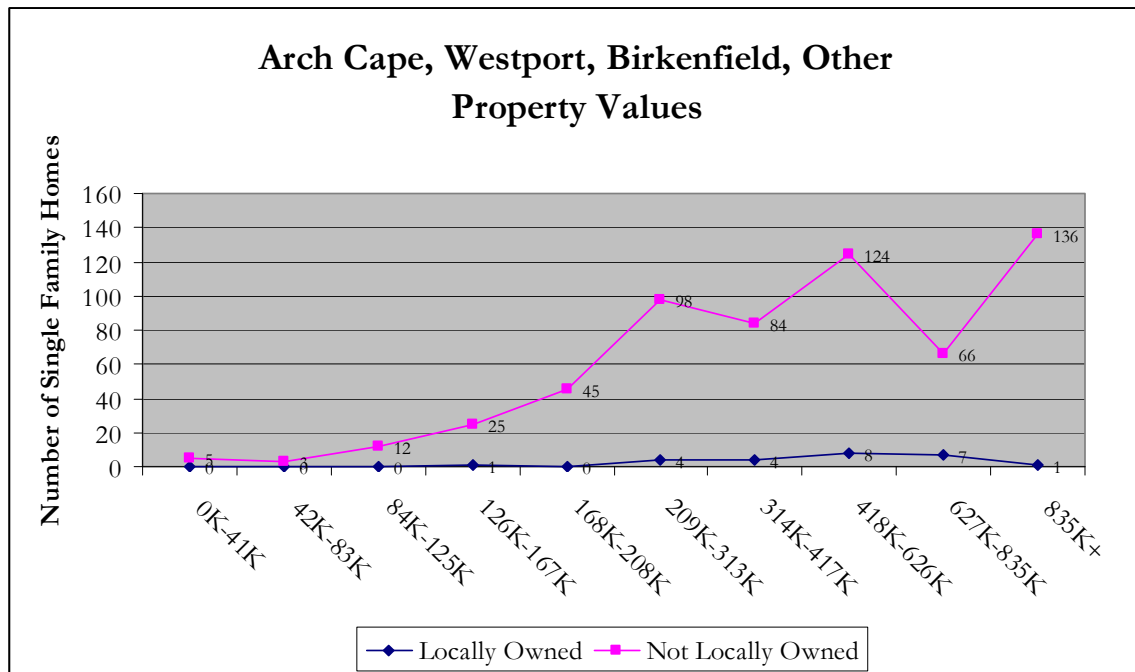


Figure X ²¹

Existing Compared to Needed Single Family Homes in Clatsop County

The existing single family homes (as determined under the section “Existing Units in Clatsop County”) can be compared to the number of single family homes needed (as determined under the section “Units Needed According to Clatsop County Population Characteristics”).^{6,19,20,21} This comparison was done using both all existing homes in Clatsop County (Figure Y) and only locally owned single family homes (Figure Z). If only locally owned homes are considered, the number of homes available to meet the needs of Clatsop County residents drops considerably as shown when comparing Figure Y and Figure Z.

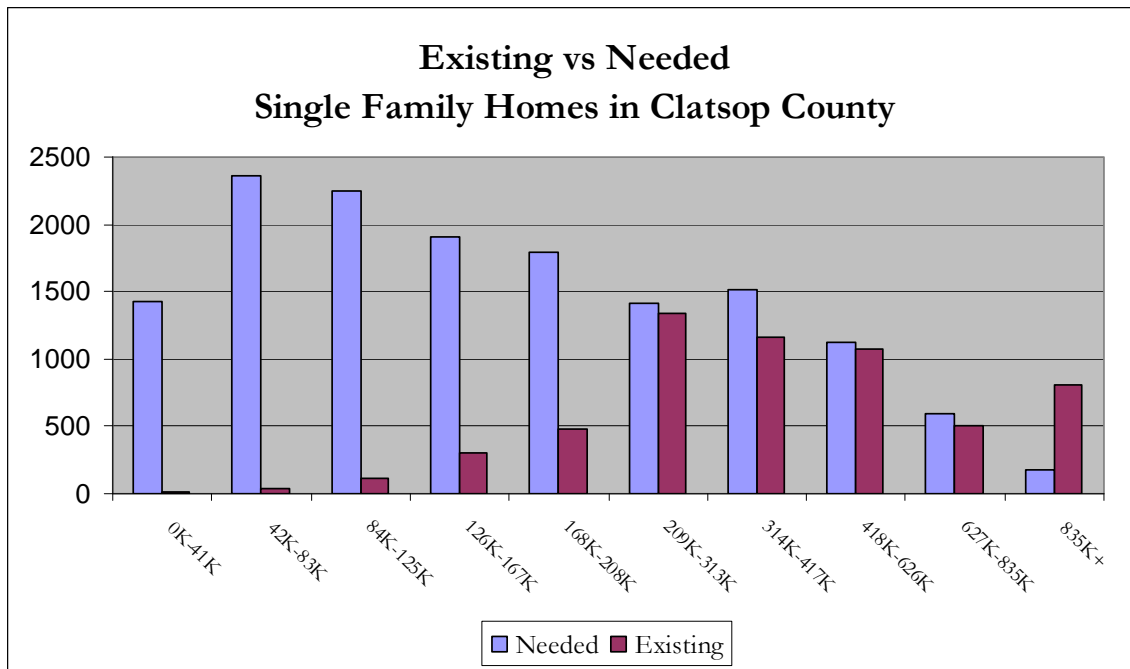


Figure Y ^{6,19,20,21}

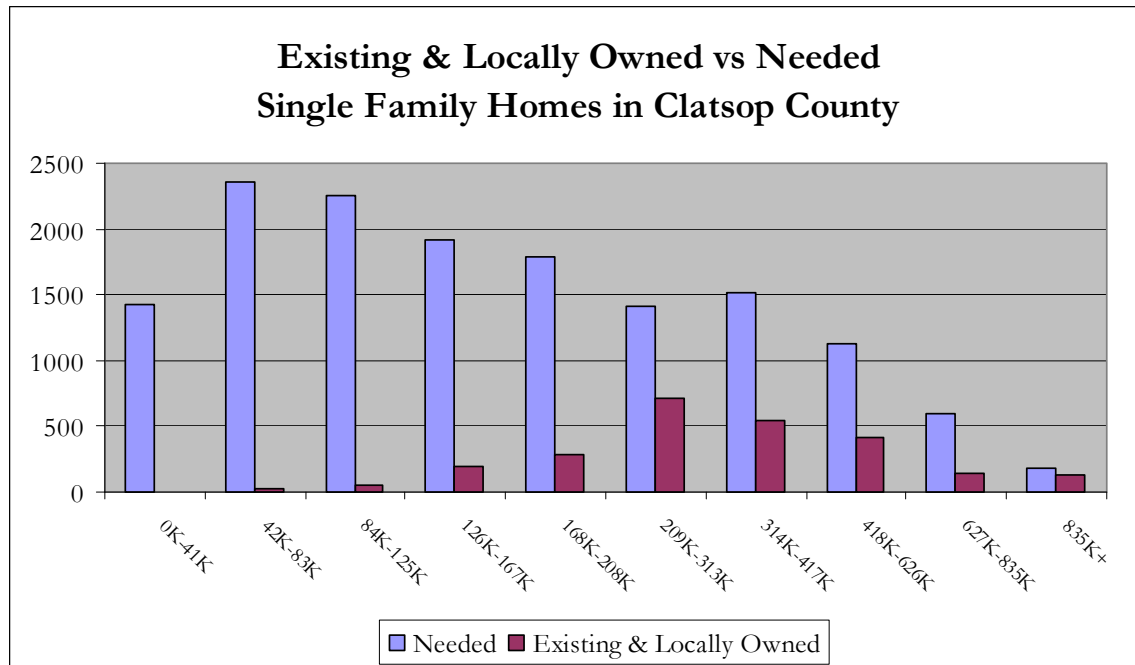


Figure Z 6,19,20,21

Additional Units Needed in Clatsop County

The table below (Figure AA) shows a summary of the number of locally owned single family homes compared with the units needed for Clatsop County as a whole (as determined above in the section “Units Needed According to Clatsop County Population Characteristics”). The number of additional units needed by necessity uses the assumption that everyone lives or should live in a single family home (because data for the number of existing apartment or multifamily units was not available and gathering this data was beyond the capabilities and timeframe of this project).²¹ Obviously this is unrealistic as some people prefer to rent or have such low-incomes that having single family homes would be prohibitively expensive. For the purpose of this analysis though, these imperfections were momentarily suspended so some number of homes needed could be arrived at. The number of single family homes needed in Clatsop County in Figure AA below therefore makes more sense for the income ranges where purchasing a single family home makes sense, while it is still undetermined how many additional apartment units the community needs.

For practical purposes, a theoretical breakdown of the number of homes each city and the county would need to add in order to better serve the needs of Clatsop County residents was created as shown in Figure CC through Figure DD. The breakdown is based on the total number of additional homes needed (by income range) as shown in Figure AA compared to the current population distribution in Clatsop County

(Figure BB).^{6,20,21,26} The theoretical breakdown would therefore distribute the additional homes needed according to current population patterns in Clatsop County.

Clatsop County Including Cities: Additional Housing Units Needed

<i>Clatsop County: Additional Housing Units Needed (Existing & Locally Owned)-(Needed)</i>				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Monthly Rent or House Payment	Home Value	# Locally Owned Single Family Homes	# of Additional Homes Needed
\$0 - \$9,999	\$0 - \$278	\$0 - \$41,000	2	1427
\$10,000 - \$19,999	\$278 - \$555	\$42,000 - \$83,000	23	2336
\$20,000 - \$29,999	\$556 - \$833	\$84,000 - \$125,000	55	2197
\$30,000 - \$39,999	\$834 - \$1,111	\$126,000 - \$167,000	189	1722
\$40,000 - \$49,999	\$1,112 - \$1,388	\$168,000 - \$208,000	283	1507
\$50,000 - \$74,999	\$1,389 - \$2,083	\$209,000 - \$313,000	713	696
\$75,000 - \$99,999	\$2,084 - \$2,777	\$314,000 - \$417,000	550	968
\$100,000 - \$149,999	\$2,778 - \$4,166	\$418,000 - \$626,000	419	708
\$150,000 - \$199,999	\$4,167 - \$5,555	\$627,000 - \$835,000	137	462
\$200,000+	\$5,555 +	\$835,000 +	125	51

Figure AA^{6,20,21}

<i>Number of Clatsop County Residents by Location: 2006</i>							
Income	Clatsop County Total	Unincorporated Areas	City of Astoria	City of Warrenton	City of Gearhart	City of Seaside	City of Cannon Beach
Total Residents	37,045	13,690	9970	4460	1095	6,165	1665
Percent of Total	100%	37%	27%	12%	3%	17%	4%

Figure BB²⁶

Clatsop County: Additional Housing Units Needed

<i>Clatsop County Unincorporated Areas: Additional Housing Units Needed [(Existing & Locally Owned)-(Needed)]*(% Current Population in Unincorporated Areas)</i>				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Unincorporated Areas	# of Additional Homes Needed in Unincorporated Areas
\$0 - \$9,999	\$0 - \$41,000	1427	37%	527

\$10,000 - \$19,999	\$42,000 - \$83,000	2336	37%	864
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	37%	813
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	37%	637
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	37%	558
\$50,000 - \$74,999	\$209,000 - \$313,000	696	37%	258
\$75,000 - \$99,999	\$314,000 - \$417,000	968	37%	358
\$100,000 - \$149,999	\$418,000 - \$626,000	708	37%	262
\$150,000 - \$199,999	\$627,000 - \$835,000	462	37%	171
\$200,000+	\$835,000 +	51	37%	19

Figure CC 6,20,21,26

City of Cannon Beach: Additional Housing Units Needed

<i>City of Cannon Beach Additional Housing Units Needed</i> [(Existing & Locally Owned)-(Needed)]*(% Current Population in Cannon Beach)				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Cannon Beach	# of Additional Homes Needed in Cannon Beach
\$0 - \$9,999	\$0 - \$41,000	1427	4%	57
\$10,000 - \$19,999	\$42,000 - \$83,000	2336	4%	93
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	4%	88
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	4%	69
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	4%	60
\$50,000 - \$74,999	\$209,000 - \$313,000	696	4%	28
\$75,000 - \$99,999	\$314,000 - \$417,000	968	4%	39
\$100,000 - \$149,999	\$418,000 - \$626,000	708	4%	28
\$150,000 - \$199,999	\$627,000 - \$835,000	462	4%	19
\$200,000+	\$835,000 +	51	4%	2

Figure DD 6,20,21,26

City of Seaside: Additional Housing Units Needed

<i>City of Seaside Additional Housing Units Needed</i> [(Existing & Locally Owned)-(Needed)]*(% Current Population in Seaside)				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Seaside	# of Additional Homes Needed in Seaside
\$0 - \$9,999	\$0 - \$41,000	1427	17%	243
\$10,000 - \$19,999	\$42,000 - \$83,000	2336	17%	397
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	17%	373
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	17%	293
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	17%	256

\$50,000 - \$74,999	\$209,000 - \$313,000	696	17%	118
\$75,000 - \$99,999	\$314,000 - \$417,000	968	17%	165
\$100,000 - \$149,999	\$418,000 - \$626,000	708	17%	120
\$150,000 - \$199,999	\$627,000 - \$835,000	462	17%	79
\$200,000+	\$835,000 +	51	17%	9

Figure EE 6,20,21,26

City of Gearhart: Additional Housing Units Needed

<i>City of Gearhart: Additional Housing Units Needed</i> <i>[(Existing & Locally Owned)-(Needed)]*(% Current Population in Gearhart)</i>				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Gearhart	# of Additional Homes Needed in Gearhart
\$0 - \$9,999	\$0 - \$41,000	1427	3%	43
\$10,000 - \$19,999	\$42,000 - \$83,000	2336	3%	70
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	3%	66
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	3%	52
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	3%	45
\$50,000 - \$74,999	\$209,000 - \$313,000	696	3%	21
\$75,000 - \$99,999	\$314,000 - \$417,000	968	3%	29
\$100,000 - \$149,999	\$418,000 - \$626,000	708	3%	21
\$150,000 - \$199,999	\$627,000 - \$835,000	462	3%	14
\$200,000+	\$835,000 +	51	3%	2

Figure FF 6,20,21,26

City of Warrenton: Additional Housing Units Needed

<i>City of Warrenton: Additional Housing Units Needed</i> <i>[(Existing & Locally Owned)-(Needed)]*(% Current Population in Warrenton)</i>				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Warrenton	# of Additional Homes Needed in Warrenton
\$0 - \$9,999	\$0 - \$41,000	1427	12%	171
\$10,000 - \$19,999	\$42,000 - \$83,000	2336	12%	280
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	12%	264
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	12%	207
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	12%	181
\$50,000 - \$74,999	\$209,000 - \$313,000	696	12%	84
\$75,000 - \$99,999	\$314,000 - \$417,000	968	12%	116
\$100,000 - \$149,999	\$418,000 - \$626,000	708	12%	85
\$150,000 - \$199,999	\$627,000 - \$835,000	462	12%	55

\$200,000+	\$835,000 +	51	12%	6
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Figure GG 6,20,21,26

City of Astoria: Additional Housing Units Needed

<i>City of Astoria: Additional Housing Units Needed</i> <i>[(Existing & Locally Owned)-(Needed)]*(% Current Population in Astoria)</i>				
Annual Income Range	Affordable Monthly Rent or Home Price (30% of Income)			
	Home Value	# of Additional Homes Needed	Percent of Current Population Living in Astoria	# of Additional Homes Needed in Astoria
\$0 - \$9,999	\$0 - \$41,000	1427	27%	385
\$10,000 - \$19,999	\$42,000 - \$83,000	2336	27%	631
\$20,000 - \$29,999	\$84,000 - \$125,000	2197	27%	593
\$30,000 - \$39,999	\$126,000 - \$167,000	1722	27%	465
\$40,000 - \$49,999	\$168,000 - \$208,000	1507	27%	407
\$50,000 - \$74,999	\$209,000 - \$313,000	696	27%	188
\$75,000 - \$99,999	\$314,000 - \$417,000	968	27%	261
\$100,000 - \$149,999	\$418,000 - \$626,000	708	27%	191
\$150,000 - \$199,999	\$627,000 - \$835,000	462	27%	125
\$200,000+	\$835,000 +	51	27%	14

Figure HH 6,20,21,26

Clatsop County Family Budget

The numbers make obvious the fact that many working families, disabled and elderly people on fixed incomes and even people earning relatively high wages cannot afford to live in Clatsop County. Oregon Housing and Community Services (OHCS) recently released a report summarizing the economic position of families in Clatsop County.¹⁶ The report details the amount of money required for various families to maintain a basic standard of living in Clatsop County (Figure II).¹⁶

The analysis goes a step farther and outlines how attaining the standard of living outlined in the basic family budget fares when considering Clatsop County's average monthly wage of \$2,360 (Figure JJ).¹⁶ Two average wage earners with one child easily met the basic family budget, but if that same family had two children only 85% of the basic family budget could be afforded.¹⁶ In 1999, the annual median household income was \$36,301 or \$3,025 monthly.⁶ Generally this income required two workers. With two adults in a household earning \$3,025 monthly, even one child in the family meant that the basic family budget could not be met.^{16,6}

Even worse, about 25% of households make less than \$20,000 annually or \$1,666 or less monthly.⁶ This means that the current median household income cannot support families given the current cost of living.

The situation is even worse if we consider the scarcity of housing assistance available to such families. As shown in Figure KK, for the two-parent family of four with one wage earner, the household's net income is negative after paying for the basic family budget until the wage earner makes at least a \$17.00 hourly wage.¹⁶ The help available for families not earning enough to support the basic family budget (such as subsidies and government programs) runs out once the families make a \$13.00 hourly wage. The households earning between \$13.00 and \$16.00 for wages cannot qualify for any help or support but are still not making ends meet.¹⁶ Obviously the situation is unacceptable when hardworking community members cannot meet their basic living expenses.

2005 Clatsop County's basic family budget

Basic family budget/ month	1 adult and 1 child	1 adult and 3 children	2 adults and 1 child	2 adults and 3 children
Housing	\$602	\$871	\$602	\$871
Food	\$303	\$580	\$479	\$722
Child care	\$543	\$1,073	\$543	\$1,073
Transportation	\$381	\$381	\$535	\$535
Health care	\$239	\$249	\$324	\$360
Other necessities	\$281	\$450	\$335	\$494
Taxes	\$421	\$573	\$364	\$246
Basic family budget needed/month	\$2,770	\$4,177	\$3,182	\$4,301
Basic family budget total/annual	\$33,240	\$50,124	\$38,184	\$51,612
Hourly wage needed for basic family budget	\$15.98	\$24.10	\$18.36	\$24.81
Poverty threshold	\$12,830	\$19,350	\$16,090	\$22,610
% Of basic budget	38.6%	38.6%	42.1%	43.8%

Figure II ¹⁶

2005 Clatsop County wages and the basic family budget

	1 worker	1 worker	2 workers	2 workers
Average monthly wage (AMW) *	\$2,360	\$2,360	\$4,720	\$4,720
	1 adult and 1 child	1 adult and 3 children	2 adults and 1 child	2 adults and 3 children
Self sufficiency wage (SSW) **	\$2,770	\$4,177	\$3,182	\$4,301
Difference (AMW-SSW)	-\$410	-\$1,817	\$1,538	\$419
Wages as % of self sufficiency	85.2%	56.5%	148.3%	109.7%

* Source: Oregon Covered Employment and Wages 2005
 ** Based on basic family budget for Clatsop County

Figure JJ ¹⁶

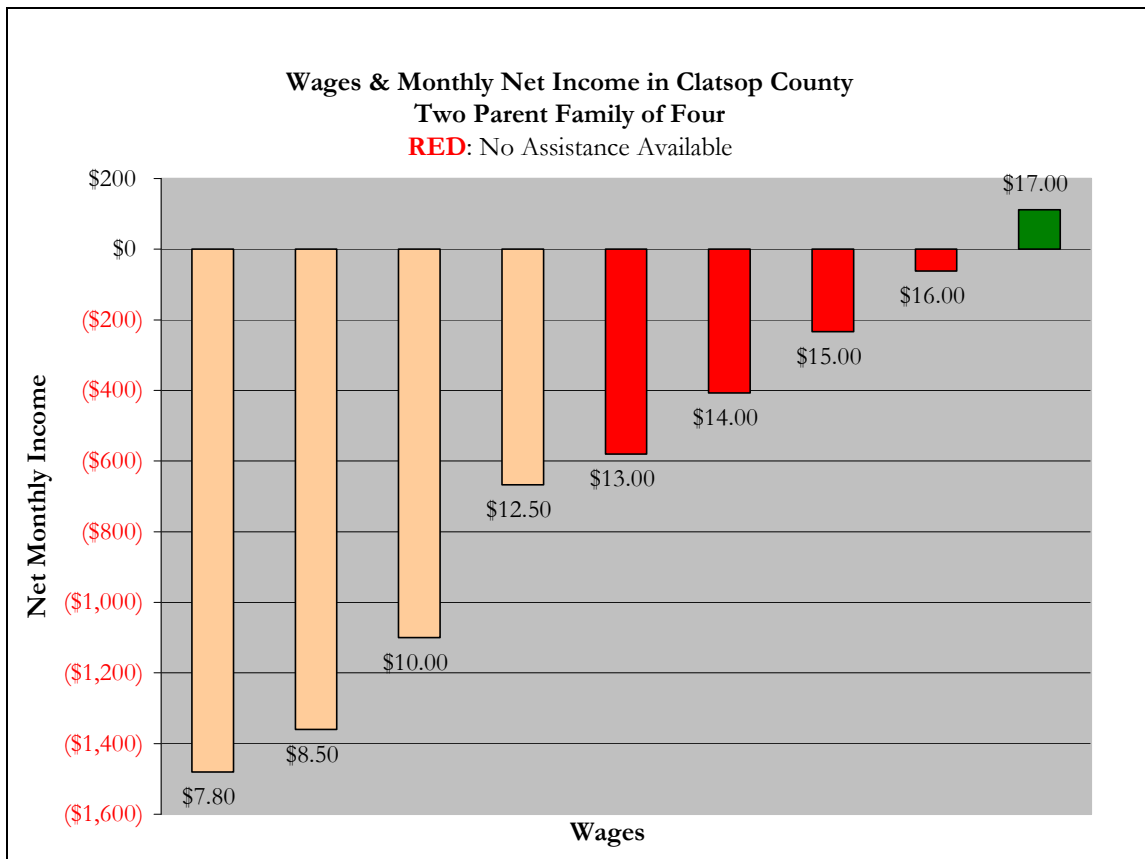


Figure KK ¹⁶

Housing Shortage Economic Impacts

Transportation

In areas that lack workforce housing, transportation issues result as the workforce attempts to commute in from other areas. According to Levinson (1998) “residences in job-rich areas and workplaces in housing-rich areas are associated with shorter commutes.”²² Similarly, if there are no viable housing options that near workplaces, a longer commute will become necessary.²² There are many examples of failure and success in achieving a balance between jobs and housing. For example in Toronto, Canada in the 1970’s and 1980’s there was an office building boom, but traffic problems were averted by building more housing downtown for workers.²³ This can result in increased demands on transportation systems, more traffic and pollution, and a lower quality of life for workers who use more of their time stuck in traffic.

Labor Shortages & Lack of Services

A lack of housing options near jobs can result in longer commutes for workers, and if the commute is prohibitive or there are no viable housing options even with a commute, the supply of labor available to businesses can be compromised. Labor shortages stemming from people unable to find housing near available jobs that they can afford can result in a stagnant economy. According to an analysis by staff at the World Bank, if the market for some reason cannot meet the demand for housing with an increase in supply, the supply of labor will also be affected.²⁴ This means that if for any reason there are not enough homes for the workforce, the economy will fail to reach full potential, with “potentially major macroeconomic costs.”²⁴ The effect is the same for an automaker that doesn’t have enough steel, when a carpenter runs out of wood or a hotel runs out of workers: the business cannot thrive. There is already anecdotal evidence of this economic

²² Levinson, D. (1998). Accessibility and the Journey to Work. Journal of Transport Geography 6(1): 11-21.

²³ Nowlan, D. & Stewart. (1991). “Downtown Population Growth and Commuting Trips: Recent Toronto Experience. Journal of the American Planning Association 57(2)

²⁴ Mayo, S. & Stein, J. (1988). Housing and Labor Market Distortions in Poland: Linkages and Policy Implications. The World Bank Policy Planning and Research Staff, Infrastructure and Urban Development Department.

effect as local businesses have reported problems with turnover and unfilled job openings because workers cannot find a place to live.

Additionally, if such jobs cannot be filled because there is no nowhere for workers to live, the community can suffer from a critical lack of services. Some jobs that do not command a high enough wage in order to afford to live in Clatsop County include health care workers such as nurses, police officers, teachers, seafood processors, and service workers. This will either eventually drive up wages or reduce the services available to those who live in Clatsop County.

The Loss of Working Families

According to the Oregon Department of Education, Clatsop County has seen a significant decrease in the K-12 student population since 2002 (see Figure LL below).²⁵ This has occurred in all of the Clatsop County School Districts, even while the total population of Clatsop County rises (Figure MM).^{25, 26} As noted previously, it is also interesting to note that Warrenton did experience a small increase in students between the 2005-06 and 2006-07 school years, indicating that there may be some relationship between Warrenton's slightly lower cost of living and increasing number of school aged children.^{17,25}

²⁵ Oregon Department of Education 2002-2007.

²⁶ Portland State Population Research Center. 2006.

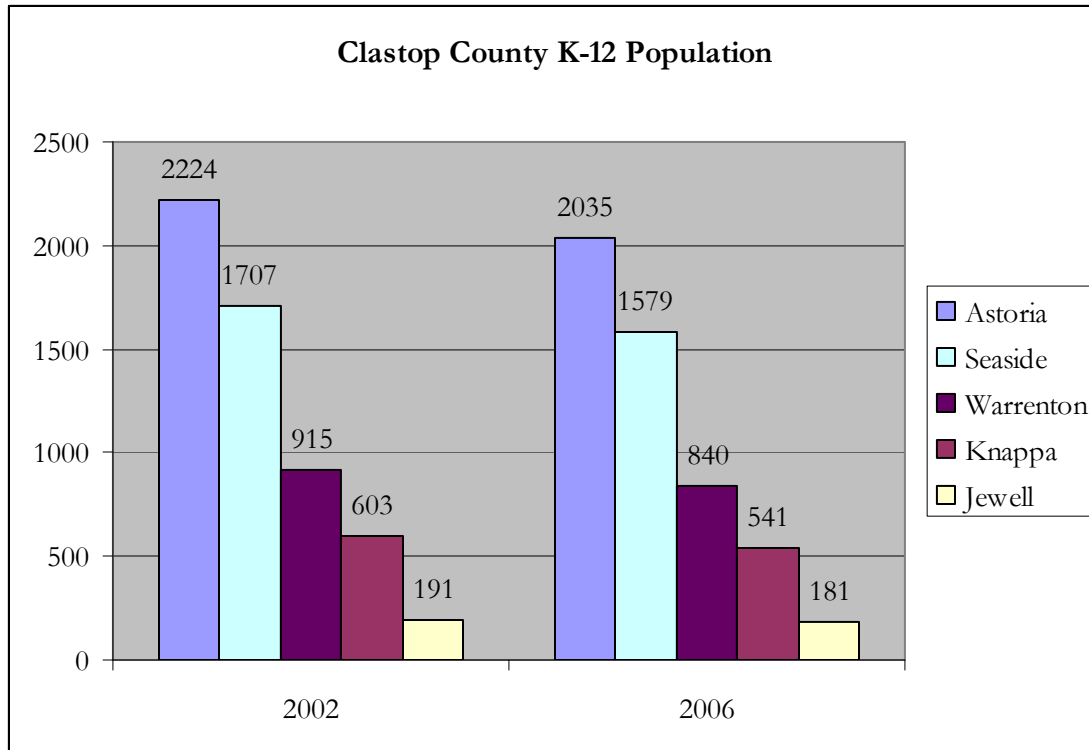


Figure LL²⁵

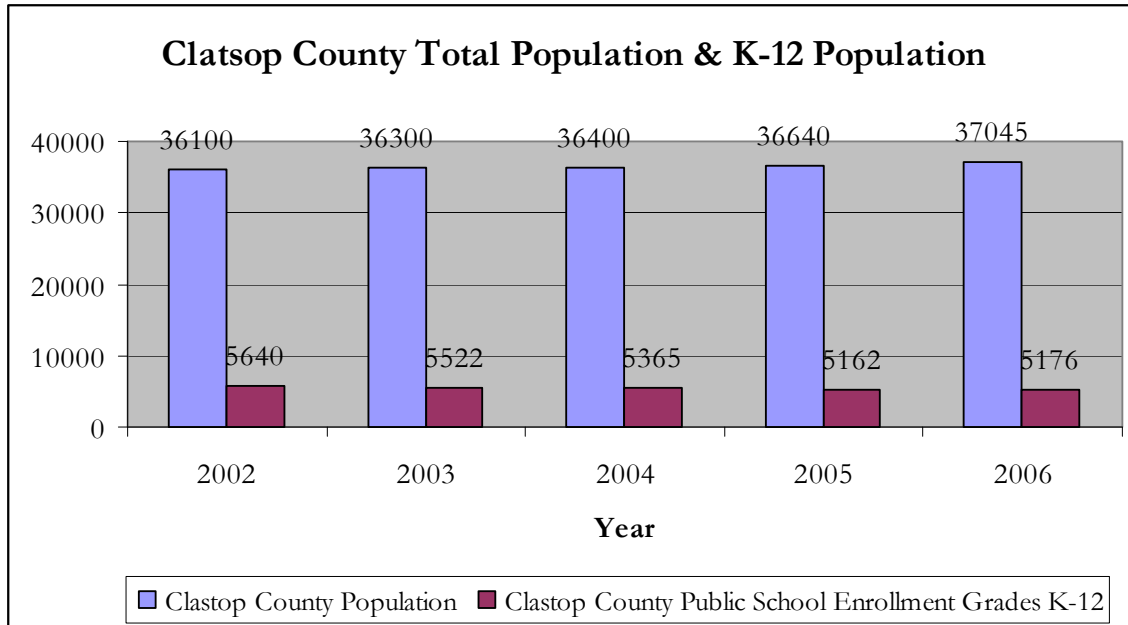


Figure MM^{25, 26}

Summary of Economic Consequences

The increasingly expensive home prices in Clatsop County might just work themselves out eventually. The higher prices might spur more construction, for those who can pay at least. Businesses that can turn a very high profit will always be able to pay the higher wages for workers to live locally. However, with the population projected to continue current growth trends, the housing market might never fully “work itself out.” The American Economist John Maynard Keynes (1883-1946) had a famous quote: “In the long run, we are all dead.” Keynes argued that market forces sometimes take so long to fix an economic problem that only proactive intervention will solve the problem. Keynes did not think it was acceptable to do nothing while people were struggling. It makes sense to work on solutions to the problem before we end up with a chronic shortage of workers, an exodus of local families, few services and a stunted economic capacity.

Solutions

Defining Income Levels

For discussion and implementation purposes, the formulas developed by Housing and Urban Development (HUD) will be utilized for income level definitions. Income can be divided into levels that reflect what percentage of the median income each household earns. HUD uses the median income for each county (see Figure NN below) and extrapolates from that the median income for a family of four.²⁷ A formula then changes the median income according to family size so that different family sizes are taken into account.²⁷ HUD publishes these tables annually. The most recent estimate of Clatsop County’s median income is \$50,800; however, HUD used last year’s median income of 53,900 for calculation purposes because the median income fell and they did not want to necessitate denying services to those who only just qualified for their housing assistance programs last year.

<i>Clatsop County Oregon Income Levels</i>								
# In Household	1	2	3	4	5	6	7	8

²⁷ United States Department of Housing and Urban Development 2007

30% of Median	\$11,300	\$12,900	\$14,550	\$16,150	\$17,450	\$18,750	\$20,050	\$21,300
50% of Median	\$18,850	\$21,550	\$24,250	\$26,950	\$29,100	\$31,250	\$33,400	\$35,550
60% of Median	\$22,620	\$25,860	\$29,100	\$32,340	\$34,920	\$37,500	\$40,080	\$42,660
80% of Median	\$30,150	\$34,500	\$38,800	\$43,100	\$46,550	\$50,000	\$53,450	\$56,900
100% of Median	\$37,700	\$43,100	\$48,500	\$53,900	\$58,200	\$62,500	\$66,800	\$71,100

Figure NN ^{18,27}

Possible Solutions

Solutions to a lack of workforce housing will necessarily vary depending on what households are able to pay. Some possible approaches and what incomes would be able to benefit are outlines below (Figure OO).

<i>Housing Solutions by Income Level</i>			
% of Area Median Income	Typical Income Source	Available Public Assistance	Possible Housing Solution
30%	SSI Retirement TANF	Rental vouchers, Project-based RA, LIHTC with vouchers only, local support	<u>Rental</u> - Rental assistance in some form is essential, project-based or vouchers
50%	Employment Other	Rental assistance, LIHTC units, local support	<u>Rental</u> - Rental unit in "affordable" project with or without rental assistance
60%	Employment	LIHTC units Homeownership - Down payment Assist, low int. loans, sweat equity programs, local support	<u>Rental</u> - unit in LIHTC project without rental assistance <u>Homeownership</u> - sweat equity program, various affordable purchase products, i.e. land trust, deed restricted purchase (single family or condominium)
80%	Employment	Rental - no direct assistance <u>Homeownership</u> - Down payment Assist, low int. loans, sweat equity programs, local support	<u>Rental</u> - market rental unit or Mixed income projects using tax exempt bonds <u>Homeownership</u> - various affordable purchase products, i.e. land trust, deed restricted purchase (single family or condominium)
100%	Employment	Rental - None <u>Homeownership</u> - Low interest loans, local support	<u>Rental</u> - private rental properties <u>Homeownership</u> - various affordable purchase products, i.e. land trust, deed restricted purchase (single family or condominium)
130%	Employment	Rental - None <u>Homeownership</u> - Low interest loans, local support	<u>Rental</u> - private rental properties <u>Homeownership</u> - various affordable purchase products, i.e. land trust, deed restricted purchase (single family or condominium)

Figure OO