

Coos County, Oregon Housing Analysis and Action Plan



Prepared for United Way of Southwest Oregon
Funding Provided by Oregon Community Foundation



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Acknowledgements

FUNDERS AND COLLABORATIVE PARTNERS

Oregon Community Foundation

Advanced Health

United Way of Southwestern Oregon (In-kind)

City of Coos Bay

Confederated Tribes of Coos, Lower Umpqua and
Siuslaw Indians

Wild Rivers Coast Alliance

Coquille Indian Tribe Community Fund

Jordan Cove

Banner Bank

City of Bandon

City of Myrtle Point

The Mill Casino (In-kind)

Coos Bay Rotary

Coos County

Coos Curry County Housing Authority

Coos Maintenance LLC

Habitat for Humanity

Oregon Coast Community Action

Rental Owners Association of SW Oregon

Southern Coos Hospital

NeighborWorks Umpqua

Coast Community Health Center

Umpqua Community Property Management

Waterfall Clinic

Walmart

DHS (In-Kind)

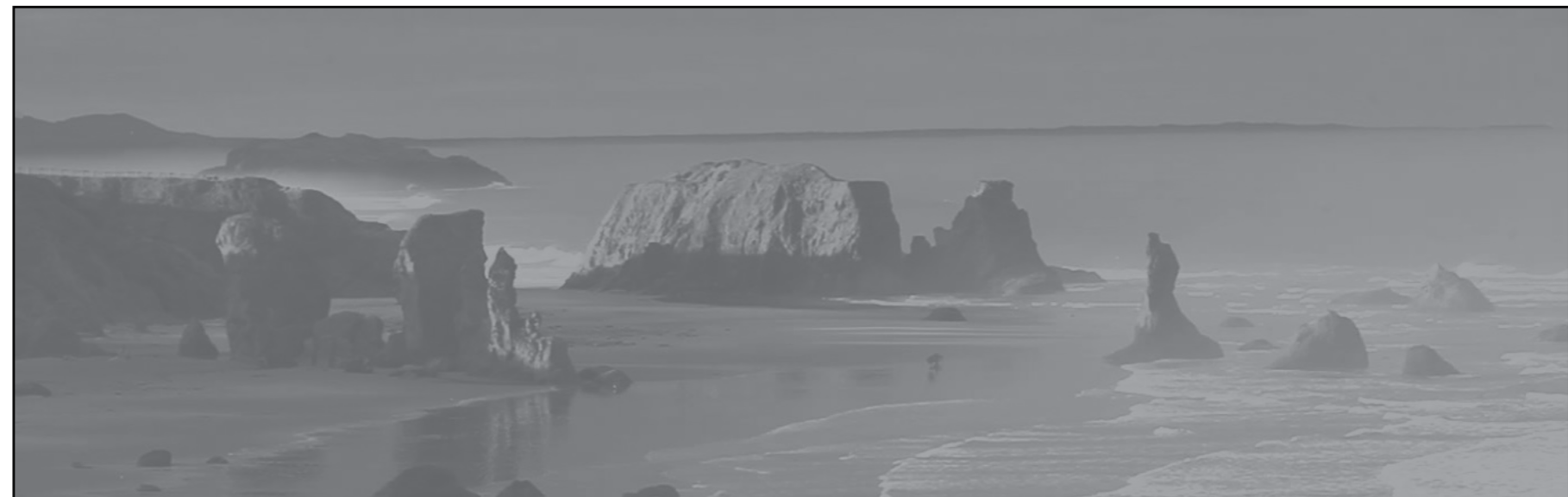
DATA AND INFORMATION CONTRIBUTORS

Coos County Tax Assessor

Oregon Bay Properties

FCR Housing Survey

SCDC Oregon's South Coast Profile



Key Numbers To Keep in Mind

48

79%

15.5%

401

73

98%

\$35,000+

Avocado

County population is not growing; the economy is adding fewer jobs, incomes are not keeping pace with development costs, and most important of all, a lot of people in Coos County are getting much older

PART 1

COOS COUNTY MARKET CONTEXT

Demographically and economically, Coos County has been challenged since before the turn of the century.

The county has remained relatively static in terms of population growth since its peak in 1980. Simultaneously, the number of employed persons has steadily decreased since a high in the 1980s and has fallen by more than 6% since 2000 while the percent of the population over the age of sixteen in the labor force declined by 7% over the same period. Today, only 50.5% of those over the age of sixteen are in the labor force compared to 62% for Oregon and 63.5% for the US. This creates an economic challenge for the county - fewer residents in the workforce supporting an ever greater number of residents that don't work (e.g. retired, unemployed, not looking for work, etc.). On the housing front, it further erodes the number of households that can afford housing.



BY THE NUMBERS, 2000/2016

	COOS COUNTY		OREGON	
	2000	2015	2000	2015
POPULATION	62,779	62,944	3,421,399	3,982,267
% CHANGE	↑ 0.2%		↑ 16.4%	
AGE	43.1	48.2	36.3	38.1
% CHANGE	↑ 11.8%		↑ 7.7%	
MEDIAN HOUSEHOLD INCOME	\$31,542	\$39,110	\$40,916	\$53,270
% CHANGE	↑ 23.9%		↑ 30.2%	
<small>INFLATION ADJUSTED</small>	\$44,497	\$39,110	\$57,722	\$53,270
% CHANGE	↓ -12.0%		↓ -7.7%	
MEDIAN HOUSE VALUE (Owner Occupied)	\$94,900	\$169,900	\$152,100	\$247,200
% CHANGE	↑ 79.0%		↑ 62.5%	
EMPLOYED PERSONS	25,187	23,537	1,742,638	1,832,620
% CHANGE	↓ -6.6%		↑ 5.2%	
PERCENT OVER 16 IN LABOR FORCE	54.3	50.5	65.2	62.0
% CHANGE	↓ -7.0%		↓ -4.9%	

Vibrant and forward looking in many respects



Poised in many respects to be a lasting destination



Making investments with potentially lasting positive impacts



Some evidence of residential risk taking



But the vulnerabilities are truly extensive



Significant Underclass



Self Management Problems

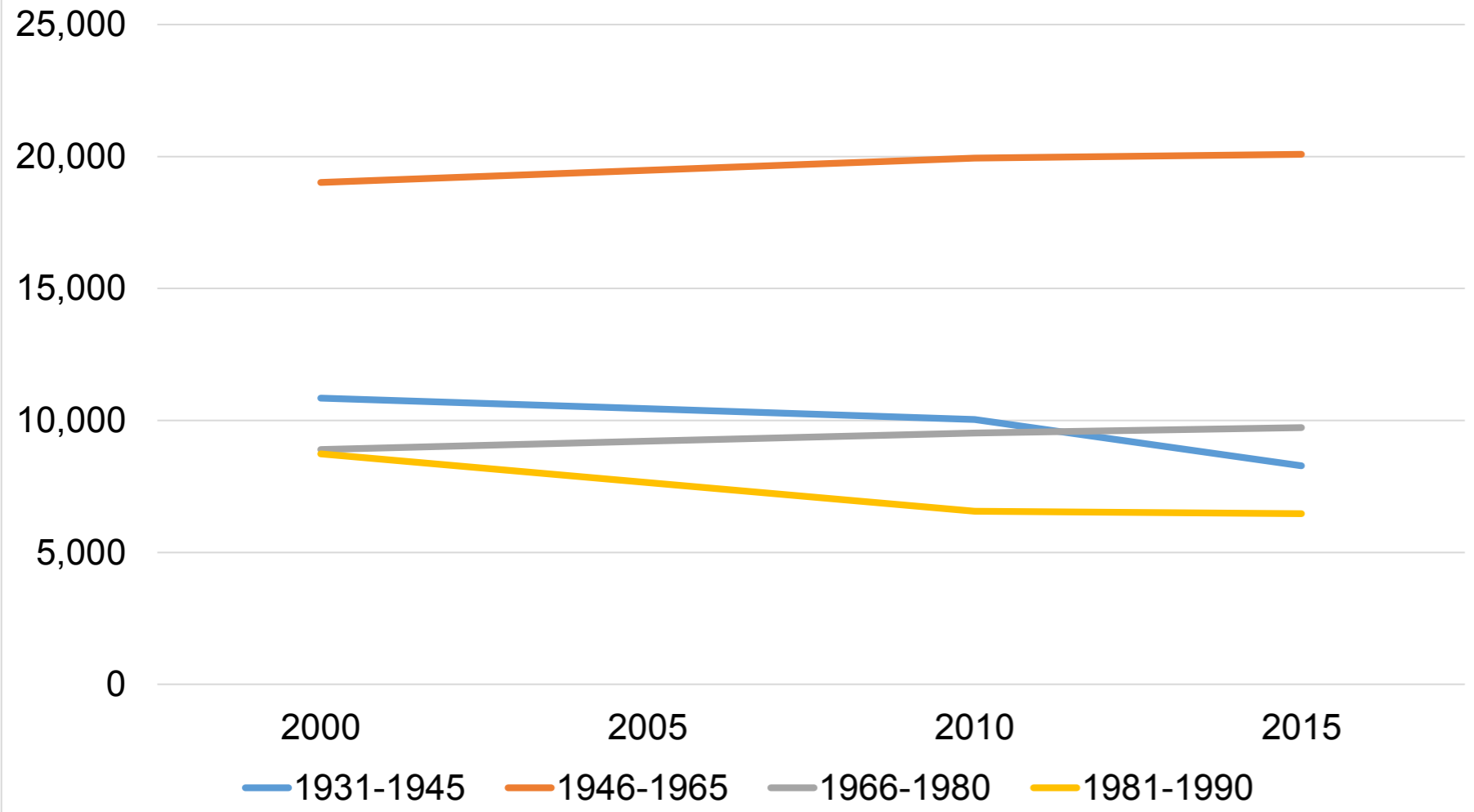


Profit from Poverty



Disposition Challenges

Coos Co. Population by Years Born (2000-2015)





Significant Underclass

Self Management Problems

Profit from Poverty

Disposition Challenges

What kind of a county are you hoping to be?

Indeed, too many older households have been staying too long in too many homes that have had too few upgrades.

Not enough income (purchasing power) from the younger families Coos County does have to get into a “stuck” market where development costs are high.



Too many older households have been staying too long in too many homes that have had too few upgrades.

Not enough income (purchasing power) from the younger families Coos County does have to get into a “stuck” market where development costs are high.

Housing costs have increased significantly despite a static population and declining workforce.



This is partially attributable to

A mirroring of national real estate trends

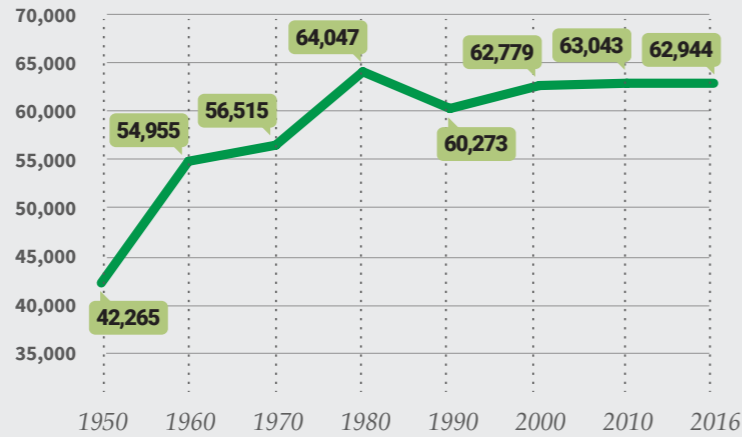
Increased recognition of the area’s geographic beauty

Ongoing speculation in the vacation house market that is slowly discovering the south coast of Oregon

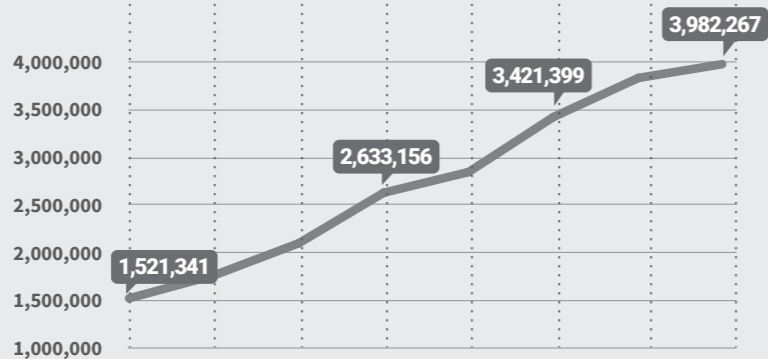
The real estate market in Coos County reflects the local economic conditions - the substantial increase in median sales price that occurred during the real estate boom of the early 2000s receded slightly after the Great Recession but not to the attainable level noted in 2000. The increase in median sales price since 2012 has the current median sales price near the record high noted in 2007.

Population, 1950-2016

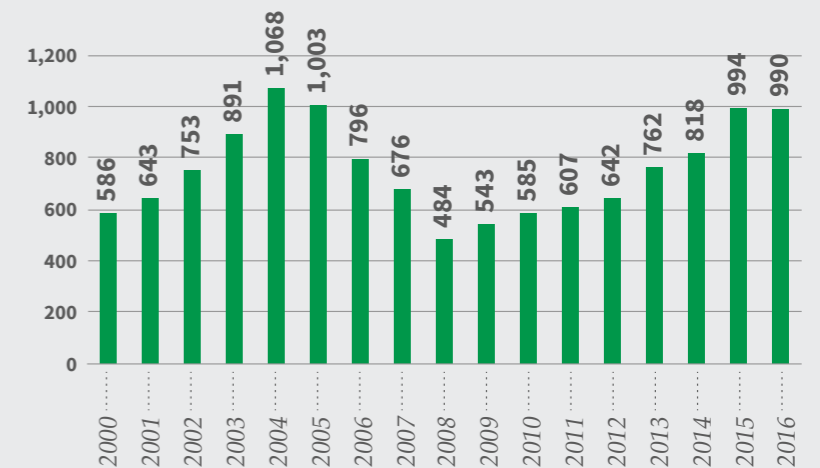
COOS COUNTY



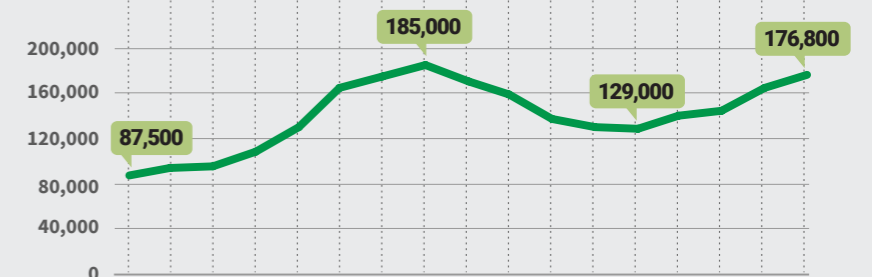
OREGON



Residential Sales, 2000-2016



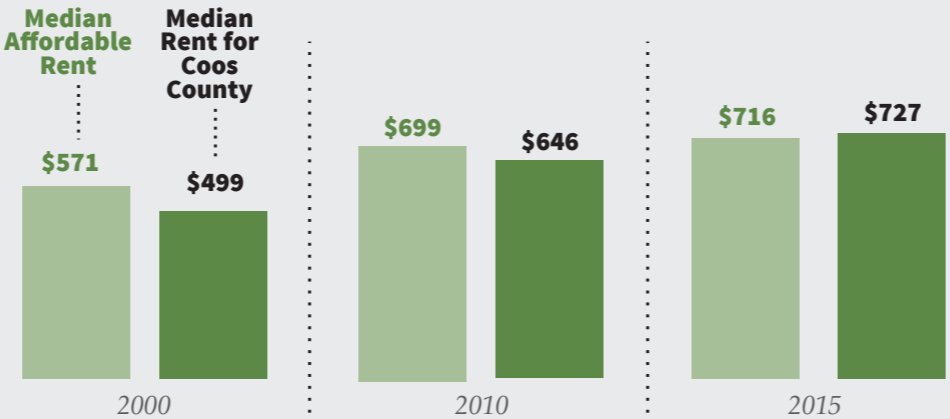
Median Sales Price, 2000-2016



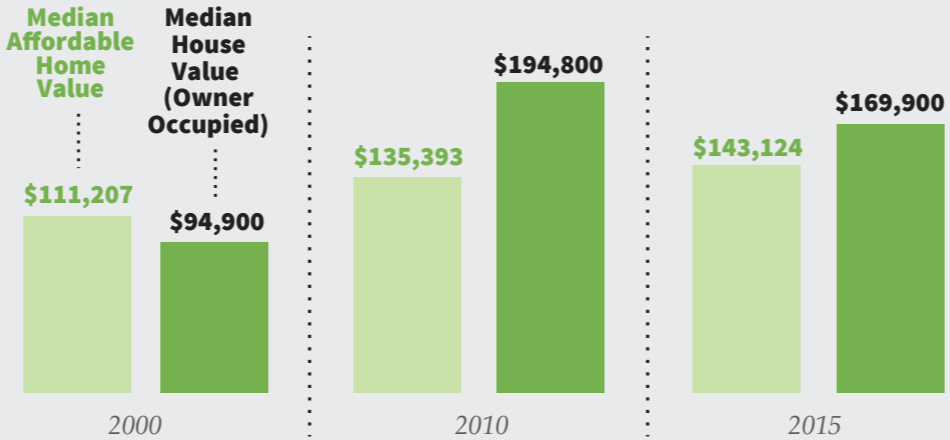
Older owners want to age in place, and those wanting to move can't get their asking price, are staying longer, and while staying, aren't making improvements.



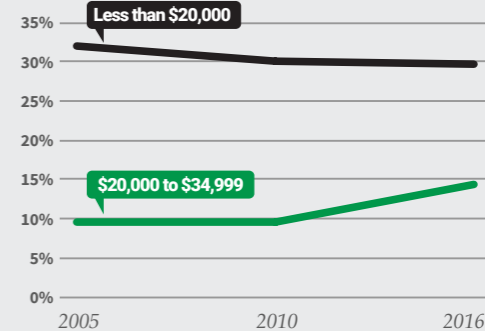
Coos County Renter Affordability, 2000-2016



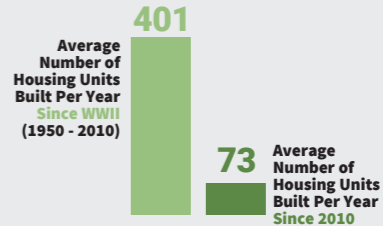
Coos County Owner Affordability, 2000-2016



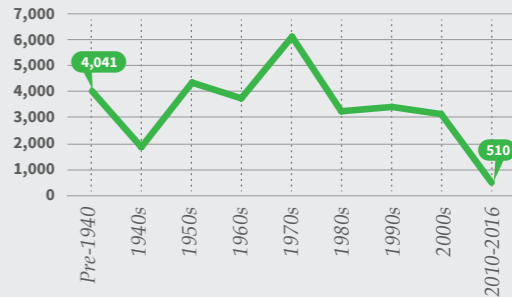
Renter Occupied, Cost Burdened (greater than 30% of household income)



Number of Housing Units Built Per Year in Coos County

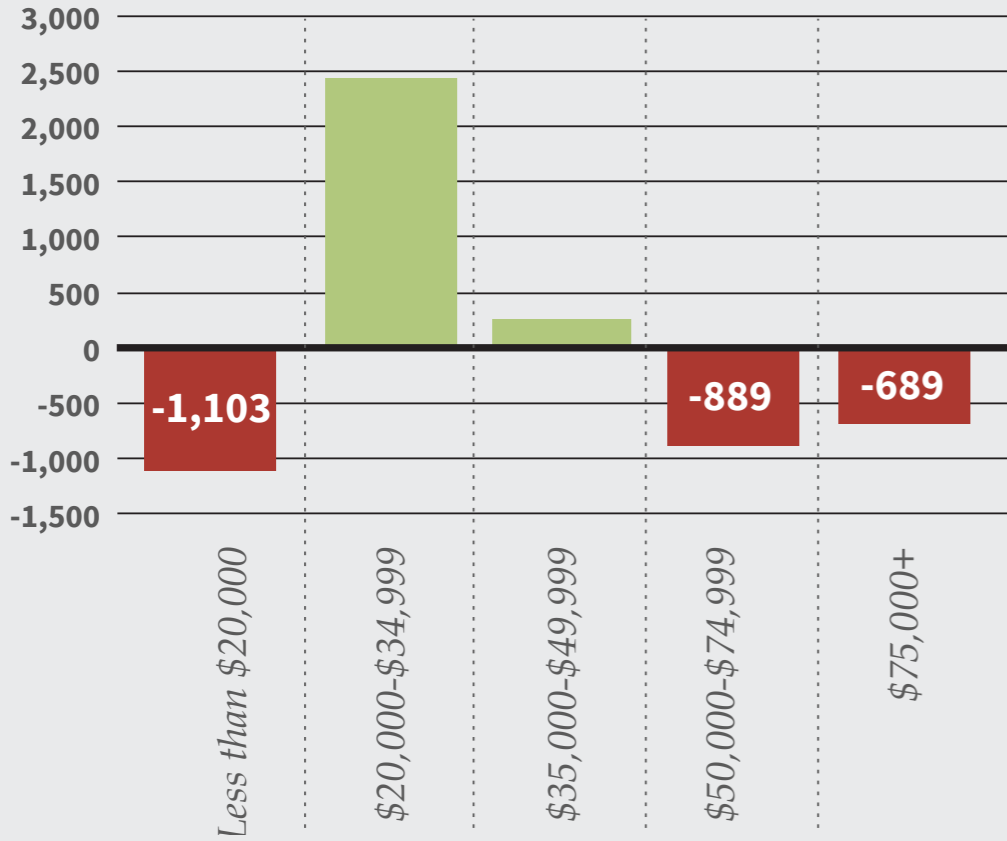


Housing Units Built by Decade, 1940-2016

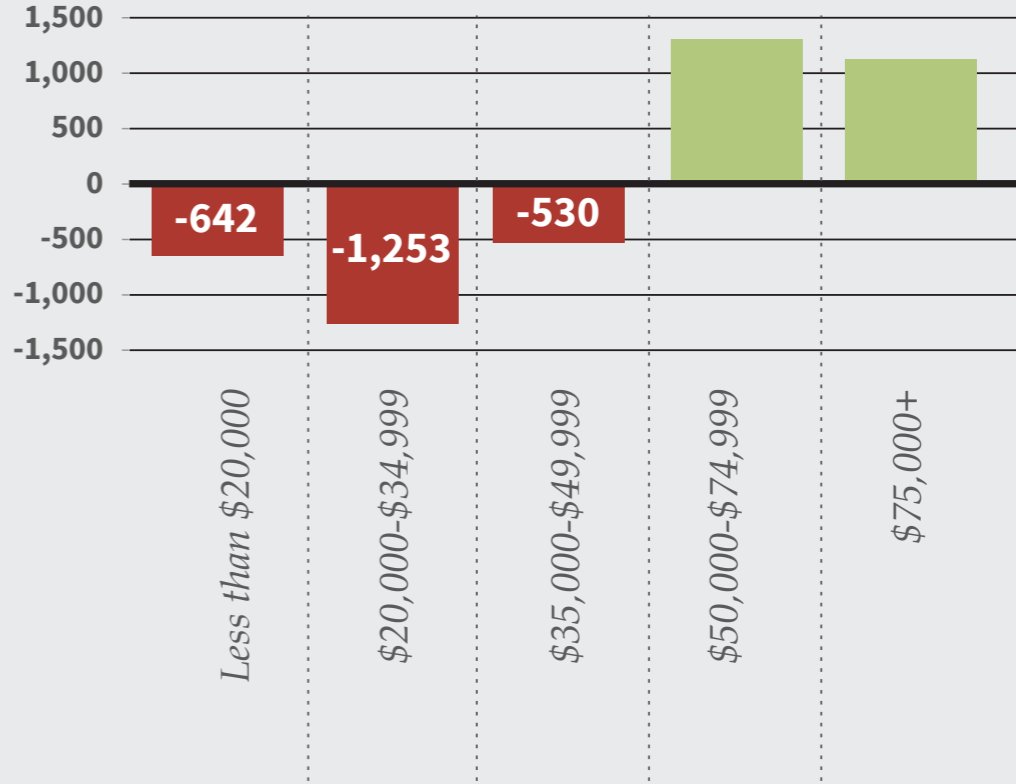


Seller's are asking prices that renters hoping to buy simply cannot afford, so they continue to rent, move away, or figure this out before coming and choose to stay away. Landlords have steady income and no incentive to make upgrades.

Gap between Renter Households and Rental Units for Households at Each Income



Gap between Owner Households and Owner Units for Households at Each Income





1980-2010

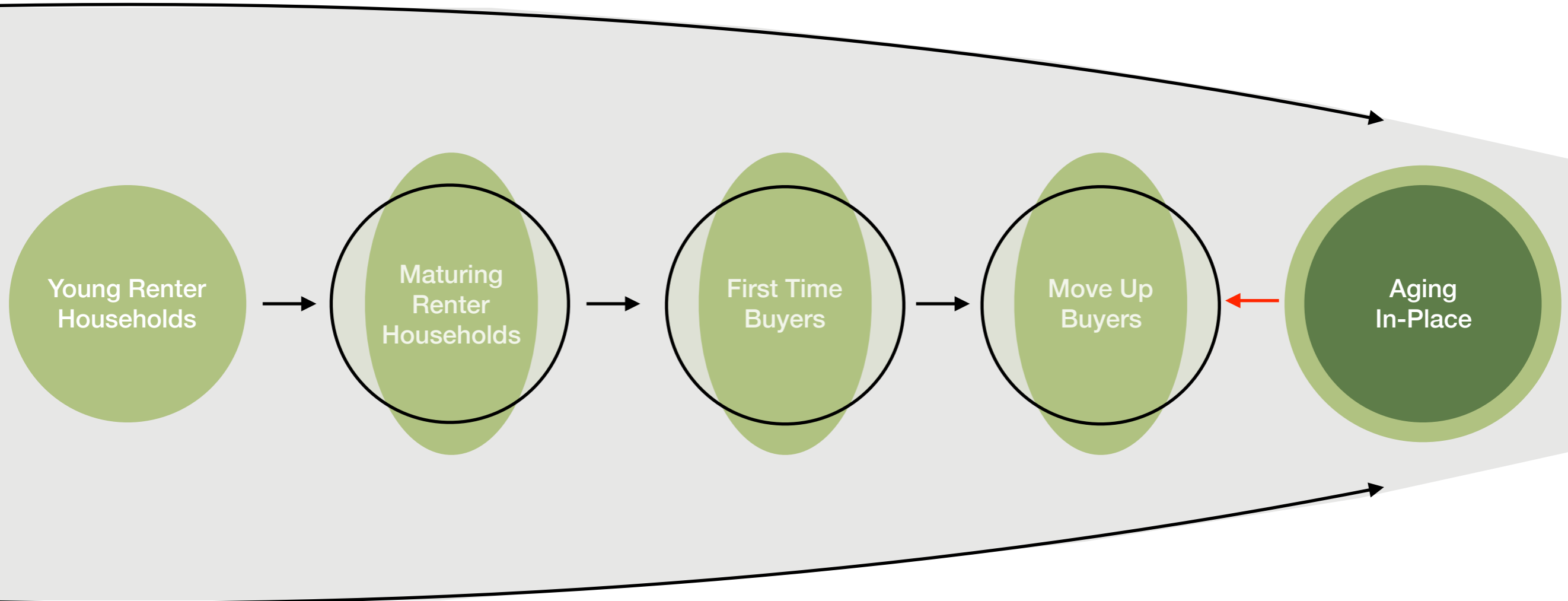
Supply and Demand More or Less in Balance Across the Pipeline

Price to Income Ratio ~ 3:1

2010 - Present

Supply Becoming Constrained at Various Junctures

So Prices Rise Where Demand Exceeds Supply Which is Where Demand Gets Backed Up



Seasonal Rentals Reduce Supply
Aging Owners Not Moving Reduces Supply

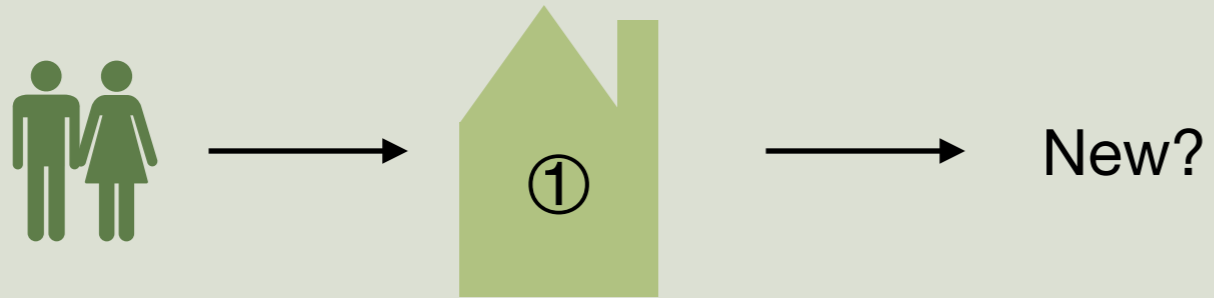
Owners of Rental Property Have an Incentive to Raise Rents and a Disincentive to Maintain Property

Price to Income Ratio > 4:1

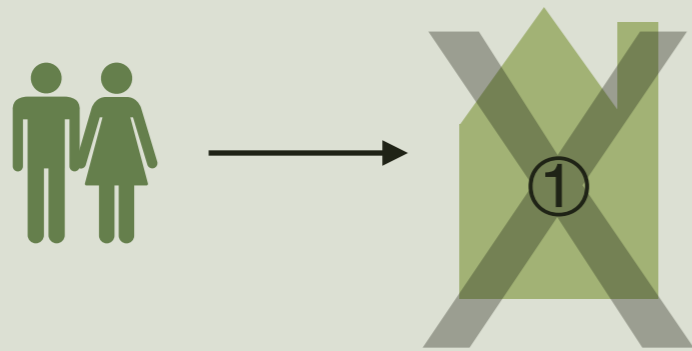
Landlords have steady income and no incentive to make upgrades.



Stock-Flow-Invest



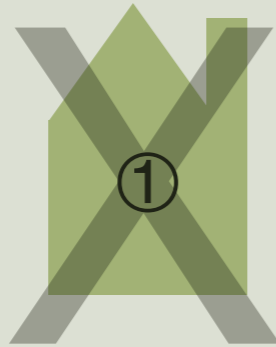
Stock-Flow-Invest



New?

No....we are not building
because you cannot afford
what it costs us

Stock-Flow-Invest



New?

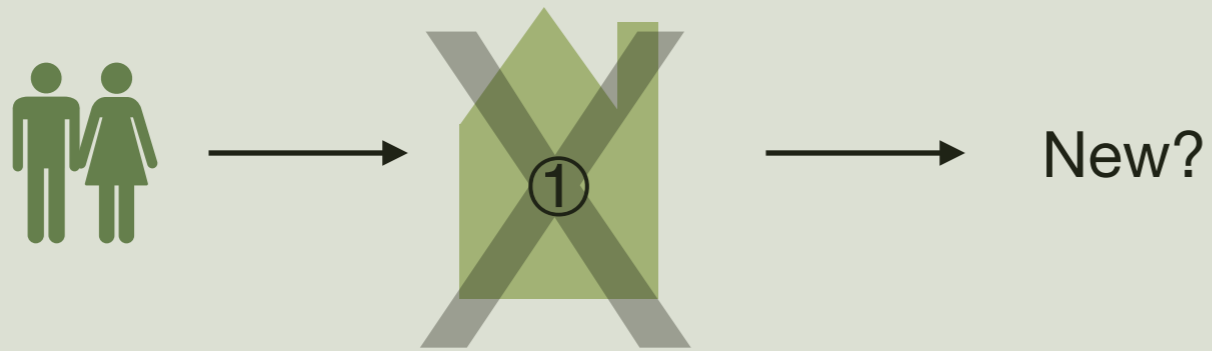
No....we are not building because you cannot afford what it costs us



Old?



Stock-Flow-Invest

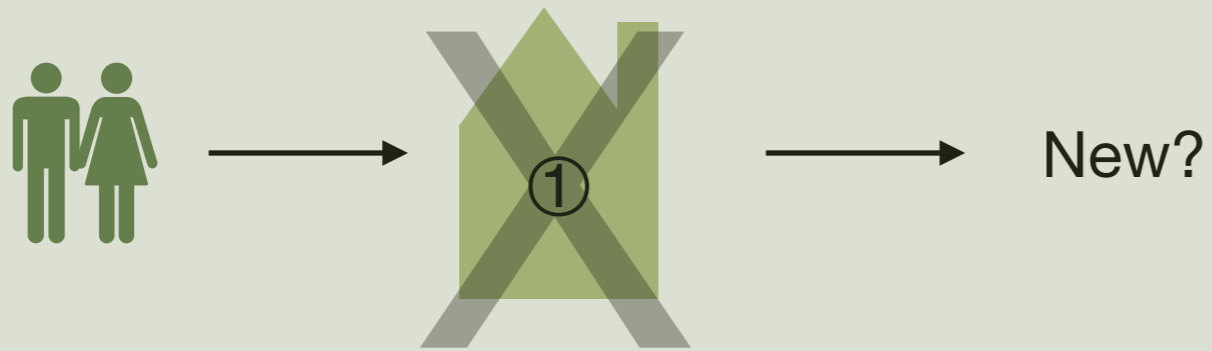


No....we are not building because you cannot afford what it costs us



No....we are staying put unless you can pay more, which you can't, besides... we haven't changed out the 1970 avocado green kitchen appliances either

Stock-Flow-Invest



No....we are not building because you cannot afford what it costs us

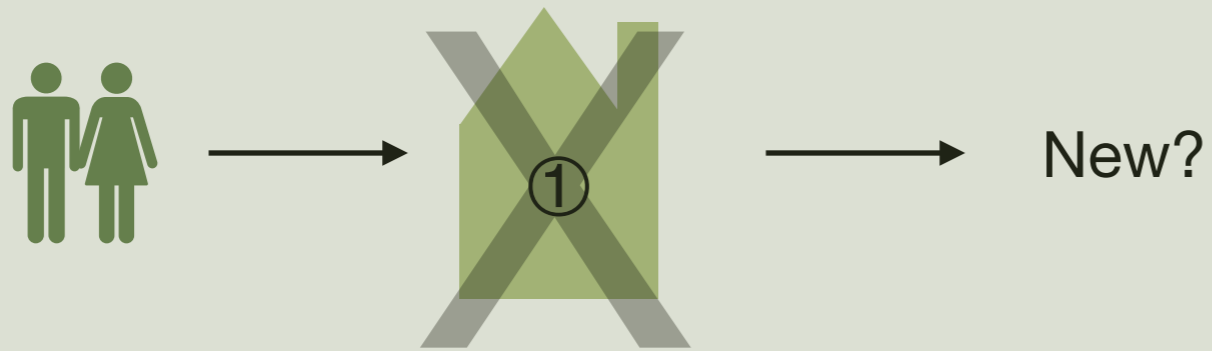


No....we are staying put unless you can pay more, which you can't, besides... we haven't changed out the 1970 avocado green kitchen either



Any?

Stock-Flow-Invest



No....we are not building because you cannot afford what it costs us



No....we are staying put unless you can pay more, which you can't, besides... we haven't changed out the 1970 avocado green kitchen either



You are in luck! But...it'll cost ya, and...well....see for yourself



How much?



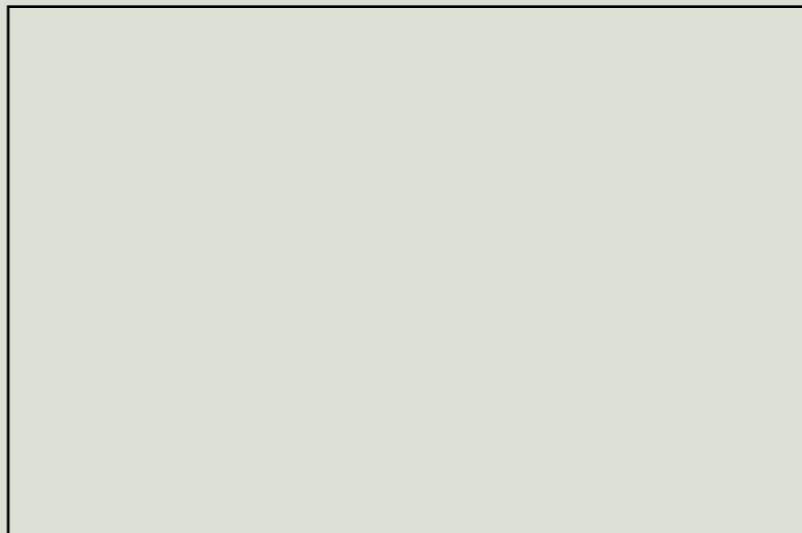
Landlord: Whatever I can get!




Some stay and become cost burdened where they are, occupying a unit others with less income could use



Some bite hard and will do this, rewarding owners for decades of disinvestment



Some will become frustrated with their options and leave, and their departure will cement aging and disinvestment



Minimum Rent to Charge to Break Even
(Free Land) (on average)
Across Coos County for 800 SF apartment
\$1,300/month

- \$708/mo

Maximum Affordable Rent - \$592/month

Single Renter @ Minimum Wage (\$21,320)




Minimum Rent to Charge to Break Even
(Free Land) (on average)

.....
Across Coos County for 800 SF apartment
\$1,300/month

- **\$316/mo**

.....
Maximum Affordable Rent - \$1,084/month

Two Renters @ Minimum Wage (\$42,640)



Minimum Sale Price to Charge to Break
Even (on average)
Across Coos County for 1,200 SF homes
\$235,000

.....

- \$35,000 or - \$250/mo

.....

Afford \$200,000 home

Two Renters @ Minimum Wage (\$42,640)



\$1,300/mo

Can't afford to buy

Hospital Support Staff

Consuming marginal rentals, dissatisfied,
and imposing downward pressure

\$1,100/mo

Two Renters @ Minimum Wage (\$42,640)

\$1,300/mo

Can't afford to buy

**Hospital Support Staff
1st Responders/Teachers**

Consuming marginal rentals, dissatisfied,
and imposing downward pressure

Can't afford to rent

Service Sector

\$800/mo

Sufficient supply for buyers making \$75,000 or more (\$300,000); little supply for renters earning less, and generally crappy rental stocks in between. The market is STUCK.

Few WANT to buy these, and sellers won't sell for less



\$50,000



\$100,000



\$200,000

Nature of Coos County economy, large volume of shabby homes, sellers who won't sell for a price buyers can afford and want to pay, older households without next stage of life housing options, zoning impediments, and higher profit at higher price points

PART 2

FACTORS INFLUENCING THE STATE OF HOUSING IN COOS COUNTY

The Coos County housing narrative is essentially framed by a series of interconnected and very complex influences, all of which impact the region beyond just housing.

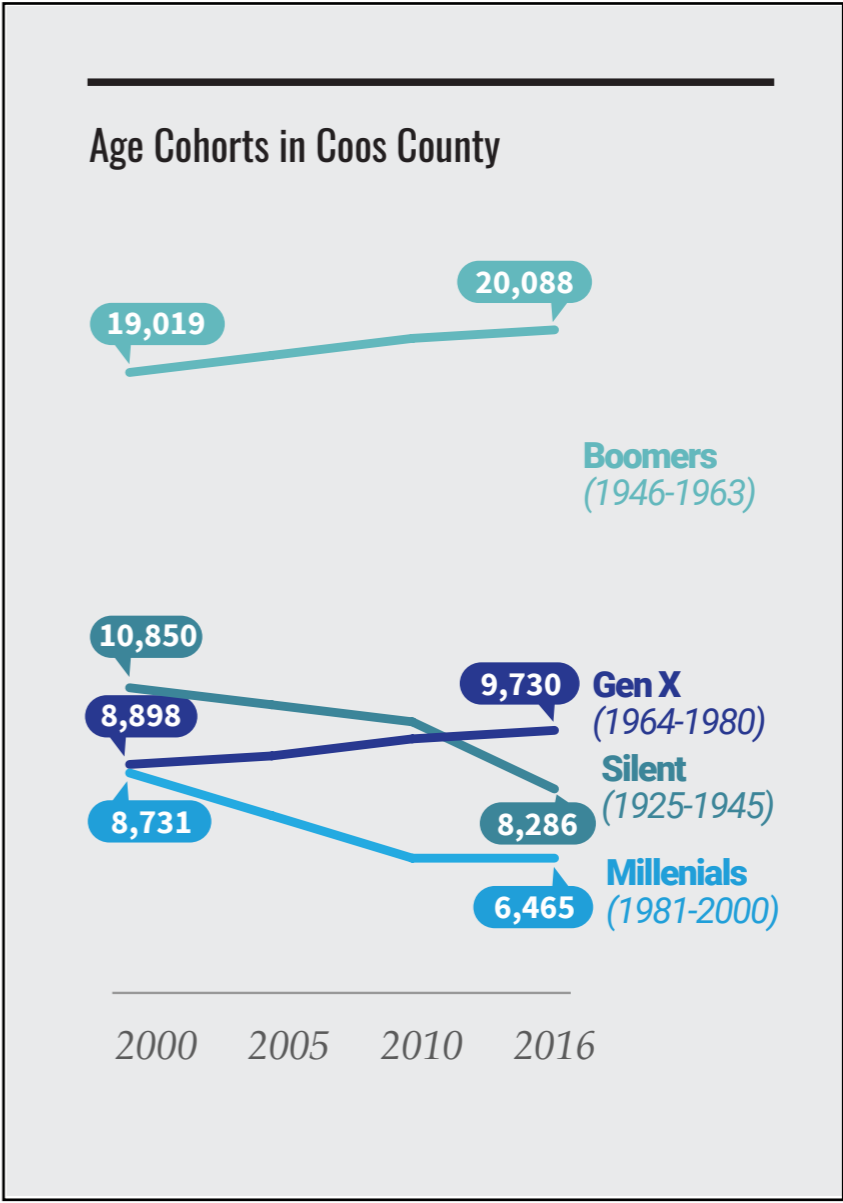
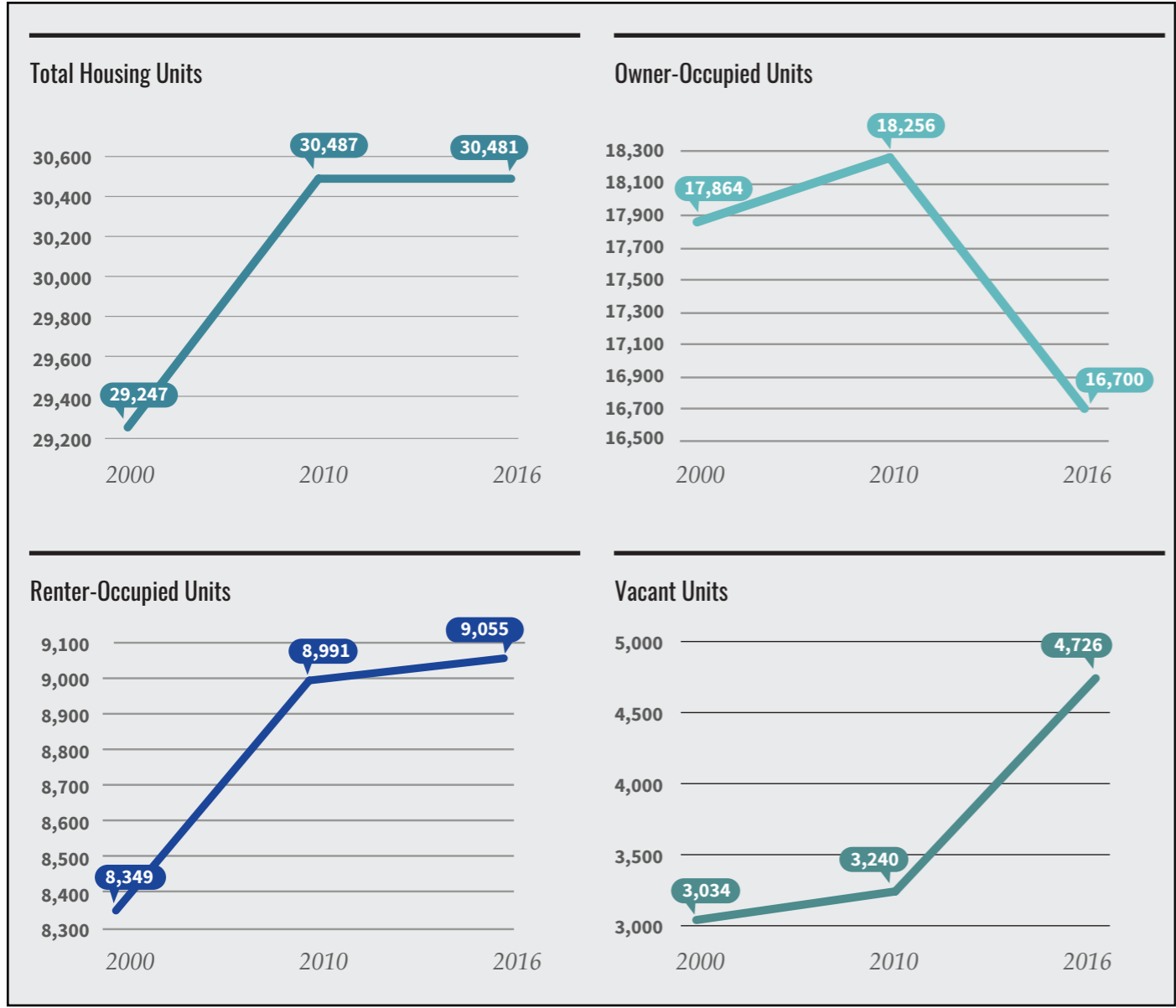
Housing tends to be one of the most visible and precise indicators of a community's success or failure and is typically evaluated through the lens of quality, availability and affordability. The research and analysis that follow attempt to categorize these influences into five topic areas that can be easily accessed for review and ultimately addressed by the community.

In most cases, these influences upon a community are longstanding and have likely been the topic of many regional discussions over the years. How a community responds to these influences matters greatly in its ability to move forward. In some cases, the challenges confronting Coos County are not unique to only this region but impact similarly sized communities throughout America. But in all cases, the challenges are certainly difficult to address and how and why each community tackles them must be uniquely tailored to their particular economic, political and social context.

- 1 A SLOWLY EVOLVING REGIONAL ECONOMY
- 2 THINGS ARE **LOOKING A BIT RUNDOWN** IN MANY NEIGHBORHOODS
- 3 THE COUNTY'S **POPULATION IS STEADILY AGING** AND IS STYMIED BY A LACK OF MOBILITY
- 4 **ZONING CODES AND DEVELOPMENT FEES** ARE ALL STICKS AND NO CARROTS
- 5 **NEW HOUSING PRODUCTION HAS BEEN CURTAILED** BY THE DECLINE OF THE LOCAL CONSTRUCTION INDUSTRY AND THE REALIZATION OF THE FINANCIAL STRENGTH OF THE EMERGING COASTAL VACATION ECONOMY



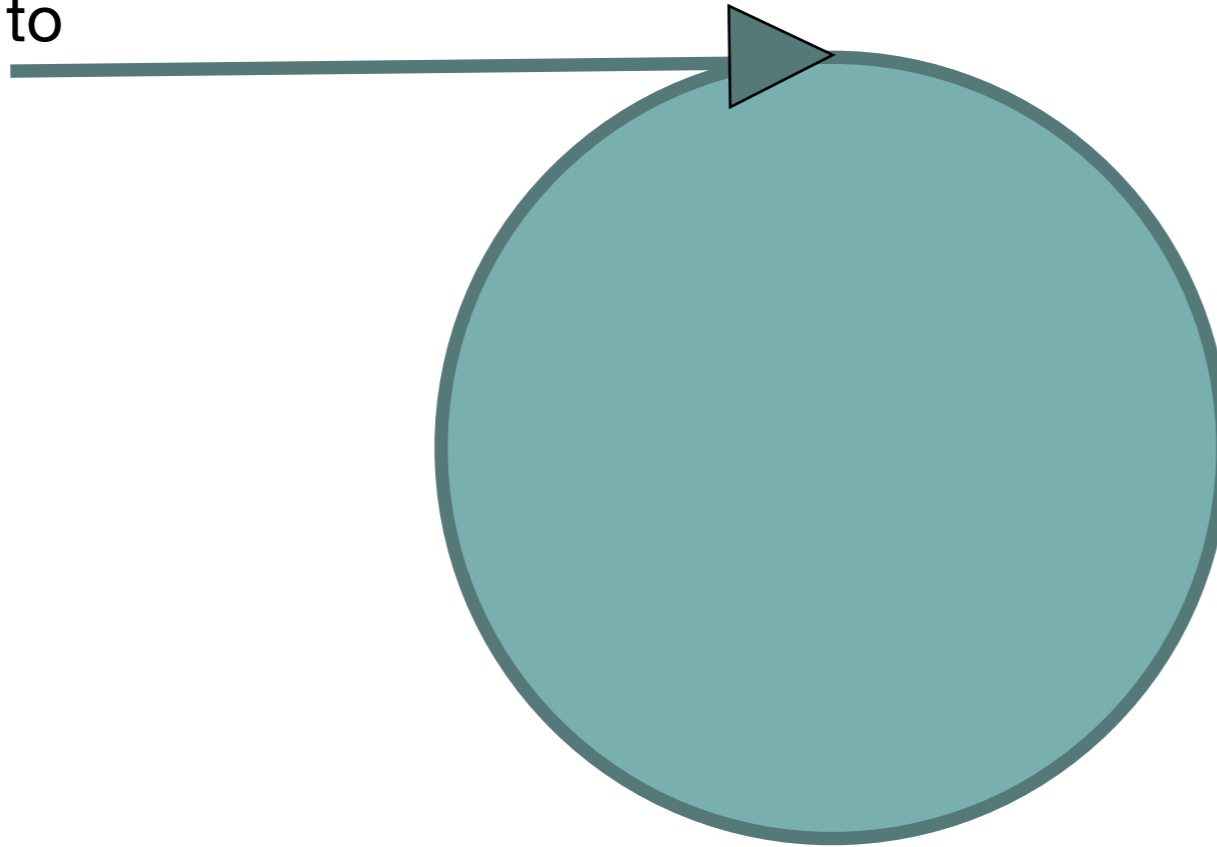
Sizable numbers of units being converted to second homes and held vacant combined with fewer and fewer new units coming on line, making it impossible for moderate income renters to move up, tightens the bottom so lower wage workers are really hurt.



Between 2000 - 2016 Coos County lost 1,000+ owner units; rising prices reflect this shortage

Starting with incomes that are simply lower than what can afford a developer's break even, a feedback loop is in effect in Coos County

Falling *per capita*
income relative to
development
expense



Starting with incomes that are simply lower than what can afford a developer's break even, a feedback loop is in effect in Coos County

Falling *per capita* income relative to development expense

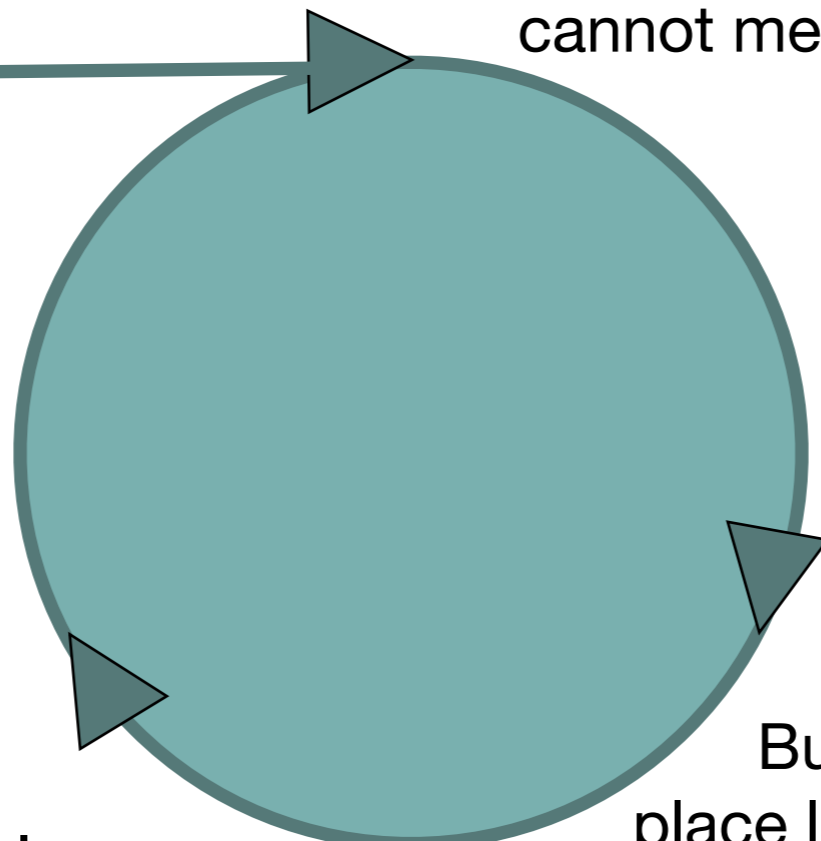
Cost gap developers cannot meet

2 Income HHs

Shift in demand from aspiring to obtain new to settling for existing

Value : Income Ratios rising

But existing owners are aging in place longer than in the past, and their homes are not always marketable



Some new affordable rental + some new affordable ownership + some rehabilitated rental + some rehabilitated owner-occupied homes.

PART 3

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.



TAKING ACTION ON HOUSING ISSUES



Gaps



Employers



Capacity



Partnership








Ladder

There are going to be costs

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.

TAKING ACTION ON HOUSING ISSUES






				
Gaps	Employers	Capacity	Partnership	Ladder
Financing \$250-\$350 Month for Renters	Equity	Systems	Stakeholders	Multiple Types Multiple Locations
\$30,000 - \$60,000 for Buyers				

Incomes matter, and employers are major ingredients in future success

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.

TAKING ACTION ON HOUSING ISSUES






TAKING ACTION ON HOUSING ISSUES				
				
Gaps	Employers	Capacity	Partnership	Ladder
Financing	Equity	Systems	Stakeholders	Multiple Types
\$250-\$350 Month for Renters				Multiple Locations
\$30,000 - \$60,000 for Buyers				

The capacity to spend what is raised will be a critical element to address

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.

TAKING ACTION ON HOUSING ISSUES






				
Gaps	Employers	Capacity	Partnership	Ladder
Financing \$250-\$350 Month for Renters	Equity	Systems	Stakeholders	Multiple Types Multiple Locations
\$30,000 - \$60,000 for Buyers				

Many organizations and institutions will have to come together

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.

TAKING ACTION ON HOUSING ISSUES




				
Gaps	Employers	Capacity	Partnership	Ladder
Financing \$250-\$350 Month for Renters	Equity	Systems	Stakeholders	Multiple Types Multiple Locations
\$30,000 - \$60,000 for Buyers				

Various projects across many markets will be needed

TAKING ACTION

There is no single approach that can fully address, let alone resolve, the housing issues that plague Coos County.

TAKING ACTION ON HOUSING ISSUES

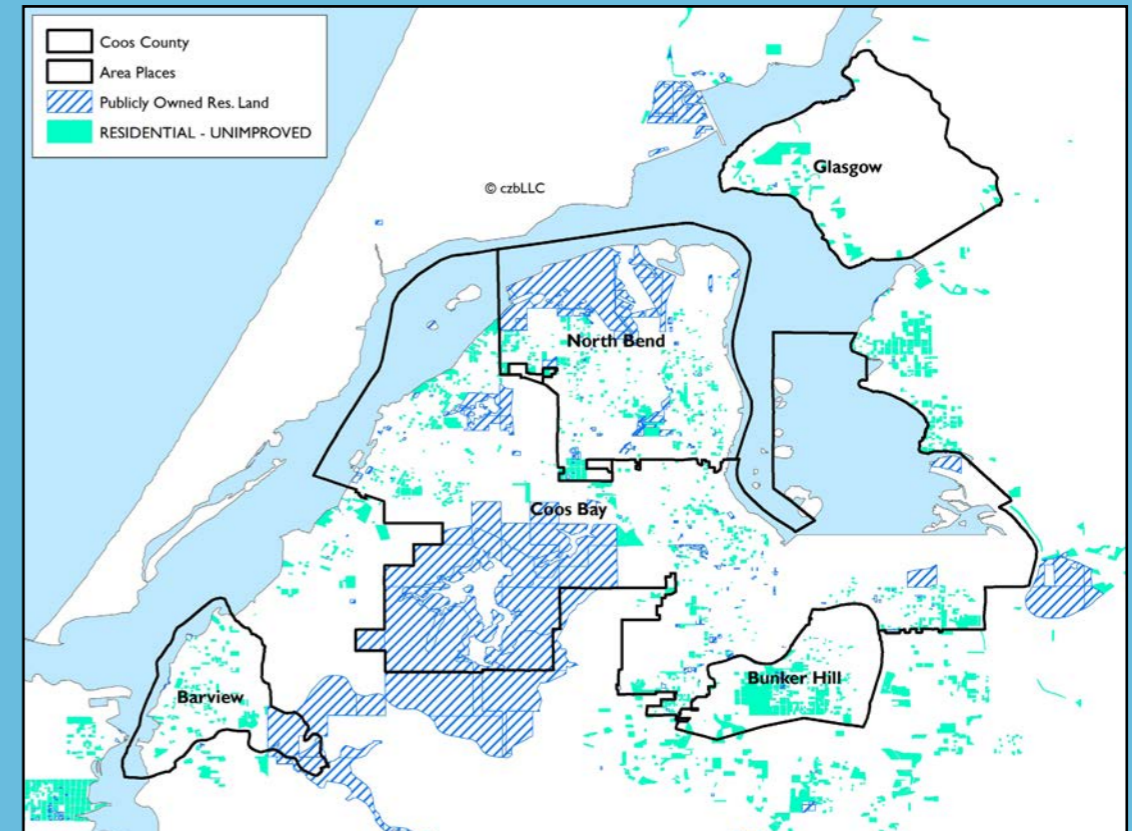
				
Gaps	Employers	Capacity	Partnership	Ladder
Financing \$250-\$350 Month for Renters	Equity	Systems	Stakeholders	Multiple Types
\$30,000 - \$60,000 for Buyers				Multiple Locations

Strategically done, a little at a time, to loosen the market

The South Coast Development Council identified the following employers in their South Coast Profile as those based in Coos County with 250+ employees:



and



But if everyone comes together, this challenge can be tackled



Key Numbers To Keep in Mind

48

79%

15.5%

401

73

98%

\$35,000+

Avocado

Key Numbers To Keep in Mind

48	Median Age
79%	Increase in Median Price 2000
15.5%	Vacancy Rate
401	Yearly Starts 1950-2010
73	Yearly Start 2010-Present
98%	2018 Population Compared to 1980
\$35,000+	Probable Per Unit Subsidy (+ land/inf)
Avocado	



If everyone comes together across Coos County, this challenge can be successfully tackled



You will have to think very differently to undertake housing work not as housing work but as economic development - stewarding and deploying resources quite strategically



SOURCES AND USES STATEMENT

RECOMMENDED USES	TEN YEAR TOTAL (2020-2030)			Cost to Buyers	Approximate Lot Size	Acres/ Unit	Total Acres	Avg Acres/Yr
	New Units (Cottage Units)	Rehab Units (Existing Units)	TOTAL					
Development of Affordable Housing for Teachers and First Responders - Ownership Opportunities								
OWNER	60	60	120	\$200,000	50' x 110'	0.13	7.50	0.75
Development of Affordable Rental Units for Service and Tourist Sector Workers								
	New Units	Rehab Units	TOTAL	Monthly Rent	Approximate Unit Size	Acres/ Unit	Total Acres	Avg Acres/Yr
RENTAL	60	60	120	\$1,000	Variable	0.08	9.23	0.92
	New Units	Rehab						TOTAL
10 Year Total	120	120						240
# of Years	10	10						10
Annual Production	12	12						24
Subsidy Per Unit	\$35,000	\$45,000						\$40,000
Annual Subsidy	\$420,000	\$540,000						\$960,000
10 Year Total								\$9,600,000

RECOMMENDED SOURCES		Annual	10 Years
General Fund (1.3%) or Bond	Local Commitment by Residents of Coos County to Solving the Problem	\$300,000	\$3,000,000
CDBG (Redirect)	Local Commitment by Residents of Coos County to Solving the Problem	\$135,000	\$1,350,000
Nonprofits	Commitment by Local Nonprofit Service Agencies	\$125,000	\$1,250,000
School System	Commitment by Local Employers	\$75,000	\$750,000
Private Partners	Commitment by Private Citizens/Companies	\$75,000	\$750,000
Medical Community/ Hospital	Commitment by Local Employers	\$150,000	\$1,500,000
State	State Commitment by OHCS	\$100,000	\$1,000,000
TOTAL		\$960,000	\$9,600,000

\$40,000/unit subsidy (on average) x however many units you are able to do

	New Units	Rehab	TOTAL
10 Year Total	120	120	240
# of Years	10	10	10
Annual Production	12	12	24
Subsidy Per Unit	\$35,000	\$45,000	\$40,000
Annual Subsidy	\$420,000	\$540,000	\$960,000
10 Year Total			\$9,600,000

1,745 units short (for HHs < \$20,000) x \$40,000 = \$70M

And no Thomas is *not* available for adoption

