

Florence home prices skyrocket

THE ASSOCIATED PRESS

FLORENCE — By some accounts this Lane County coastal town was one of the nation's top retirement communities. Now real estate agents and others say it is on the verge of pricing itself out of business.

It is running out the workers in the service-based economy, dashing the dreams of would-be owners and pushing renters out of the area altogether.

In some areas that's a boom or bubble. Not here.

"We have a housing crisis in Florence," said developer James Genereaux, whose four-stage, moderately priced Park Village project sports a waiting list 100 people long. "When prices go up 40 percent, you drive the median income in Florence — \$30,000 a year — right out of the market."

Florence prices went up an average of 40 percent between April 2004 and April 2005, 33 percent from June 2004 to June 2005.

The reasons include low interest rates, houses bought and sold as investments and retiring baby boomers.

California retirees are selling their \$500,000 homes there and bringing their cash here.

"People are being squeezed," said Tawfik Adhab, an appraiser with Pacific Valuation Group in Eugene who specializes in the western Lane County market. He estimates that area rents have risen \$50 in the last six months alone.

"At this point, anyone who wants to rent in Florence is going to have to start looking at trailer parks," he said. "It's really bad. The locals can't afford to live in their own town anymore. Anything under \$250,000 is a bargain."

Florence Realtor Dale Saari, who blames a shortage of buildable property caused by strict land use laws, says it wasn't uncommon to see 700 or 800 properties on the market a year or two ago. By the beginning of 2005 the number had plummeted to about 108.

"We have people call every week who say 'We'd like to buy something under \$150,000,'" Saari said. "We don't even keep the names anymore."

Justin Goldsmith, an Oregon State Police trooper, was transferred to Florence from Eugene this year with his wife and two

young children.

They figured the equity in Eugene would get them into a house in Florence without too much trouble. They figured wrong.

"We looked at a place with about the square footage we wanted at around \$180,000. They'd talked it up as being a pretty nice place. It was junk. Unbelievably bad," Goldsmith said.

They found Park Village, which still offers new homes for less than \$200,000, and found a rental.

Enough of Genereaux's first phase houses were snapped up and flipped for \$50,000 profit that he restricted the second, third and fourth phases to owner-occupied homes only.

That bumped the Goldsmiths up on the waiting list, so in about three months they'll move into a 1,412-square-foot home priced at \$191,000 — and thank their lucky stars.

Florence is almost out of buildable land, and there aren't enough city services extended to developable land in the urban growth boundary to keep up with the demand.

"There are some new projects on the horizon, but I don't see anything that's going to be a \$150,000 home," said Andy Johnson, owner of Coldwell Banker Coast Real Estate. "Anything new is going to be upward of \$250,000 to \$300,000, minimum."

"It wouldn't be healthy for things to keep going up and up forever," Johnson said. "It would become a Malibu, California."

There are signs of market resistance.

Listings rose from 108 at the start of the year to around 180 recently, a sign that buyers are balking.

"Sellers are expecting the moon," Adhab said.

But he said it could be short-lived.

"Speculators have descended on greater Florence in droves," he said.

The crisis has some worried that their town is becoming a reserve for the rich.

The school district lost 81 students, and the revenue that comes with them. It's a clear indicator that young people are getting bounced from town, said Saari.

IN BRIEF

Utility tax measure awaits governor's approval

SALEM — Money that utilities collect from their customers to pay taxes will have to be given back if the taxes wind up not being owed under a bill winning final legislative approval Monday.

The Senate unanimously endorsed House amendments to the measure, sending it to Gov. Ted Kulongoski.

Kulongoski spokeswoman Holly Armstrong said the governor agreed with the concept behind the bill but hadn't decided whether

to sign it.

Backers of the measure estimated that bill could save residential customers of the state's two biggest electric utilities — Portland General Electric and PacifiCorp — about \$5 to \$6 a month.

Under the measure, if a utility paid less tax than the money it collected from ratepayers for estimated taxes, an automatic rate adjustment would take effect to refund the difference to customers.

Sen. Vicki Walker, D-Eugene, said major utilities collect about \$150 million from ratepayers each year for estimated taxes they end up not paying.

—The Associated Press

Downtown: Shoppers pick local stores over malls

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and Rowell Brokaw architects, have shown their confidence in and support of downtown by buying property and setting up their offices in the city's core.

About a year and a half ago, the Ulum Group, a Eugene-based public relations agency, bought the building in downtown and moved there from leased space in the Citizens Building.

"It's a vote of confidence (in downtown) but also a vote of support wanting to walk the talk of being a supporter of an economically viable and strong downtown," said principal owner Jenny Ulum.

The Ulum Group represents Whole Foods' local project, has supported campaigns to open downtown streets that were once part of a pedestrian mall, and has done work for Downtown Eugene Inc., a downtown advocacy organization.

But the public relations firm bought its 6,000-square-foot Oak Street building as a means to invest in the business and accommodate its future growth, Ulum said.

Architects Greg Brokaw and John Rowell share Ulum's sentiments. They teamed up with Kazem Oveissi to buy a 10,000-square-foot building on Broadway. Oveissi uses about 5,000 square feet on the ground floor for his imported rug shop, while the architecture firm opened a 2,800-square-foot office on the building's third floor in January.

"We're big believers in downtown," Brokaw said. "Our attitude about downtown is if you don't have a strong downtown in Eugene, there is no there there."

That excitement of redevelopment is shared by the half-dozen retailers that have recently moved downtown.

"We've seen more businesses enter downtown than any year since we moved to Eugene (in 1994)," said Ken Herrin, who owns the paper goods store LetterHead with his wife.

The owner of the Footloose Massage Center, Bobbi Wood, said she's glad to be part of the effort to revitalize downtown, too.

With its cushy couches, foot basins handmade by a local potter, and tea house atmosphere, Footloose is "an oasis in the heart of Eugene," Wood said.

June was a busy month for downtown store openings. Vintage Home Design & Furnishings opened in a storefront in the former Aster Building, now known as Park Place. The store offers a mix of new and restored furnishings, artfully displayed in vignettes of bedrooms, kitchens and sitting rooms.

Many of the new downtown retailers mentioned a growing national trend that seems to be taking hold here as well: shoppers are interested in going to neighborhood and downtown

boutiques instead of frequenting covered malls.

Before Lisa and Norman Read opened their lingerie shop, Freudian Slip, they looked at Oakway Center, the Meridian and Fifth Street Market. But the couple said they're glad they chose their location along the stretch of shops from Full City Coffee to Cafe Zenon.

"Downtowns in the Northwest seem to be the place where you find the more eclectic boutiques," said Lisa Read, who hails from Seattle.

Unlike many other downtown retailers, Bob Wolfe, owner of the Oregon Wine Warehouse, was aware before signing his lease of the possibility for major redevelopment along West Broadway.

Wolfe said that developers twice offered to buy the former Wilson Music House building that houses his business, but the owners declined.

"They wanted to hold onto the property, and they liked the idea of it becoming a groovy wine bar instead of being turned into condos," Wolfe said.

The spartan tasting room, where custom-made sheet-music shelves are precisely the right height for wine displays, is only open on weekends. But Wolfe hopes soon to get clearance to serve light appetizers and to add weekday evening hours.

The concept of offering fine wines with an Oregon focus in a casual atmosphere appears to be catching on, Wolfe said.

"Just being open Friday through Sunday, we've been in the black every weekend," he said. "We've more than covered wages, goods and advertising."

Wolfe has operated a mail-order business, the Oregon Pinot Noir Club, for more than 11 years. When he added the shop and tasting room, he considered the proximity to the Atrium, which houses government employees, and Oregon Research Institute's plans to build a \$20 million headquarters in a former Sears building.

But, for now, this section of downtown "is definitely a mixed bag," Wolfe said. "There's a homeless junkie population that hangs out near here," he said. "Those kids would camp out and could be loud and occasionally violence breaks out."

Wolfe said he squares his broad shoulders and escorts these people out of his store, saying, "this isn't the place to be."

The talk of major redevelopment along Broadway does inspire hope for the long-term, Wolfe said.

"I think a lot of us 30- to 50-somethings are getting more interested in an urban lifestyle," he said, citing the examples of the Pearl District and the Hawthorne neighborhood in Portland. "All these places are booming with people age 30 to 50 who want to live downtown, and I think Eugene could too," he said.

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