

The jobs are there, the houses are not

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BEND, OREGON – Nearly seven years ago, Preston Callicott, the CEO of Bend-based software company Five Talent Software, offered a job to a software developer. The man moved from out of state to Bend, along with his wife and baby.

When Callicott asked the employee how he was settling into life in Central Oregon, Callicott was shocked by the answer. The employee had not been able to find a home that was both affordable and fit his family's needs. They had been living in a hotel for weeks.

Callicott and his family decided to take an impromptu vacation. While they were away, the new employee and his family lived in Callicott's home while they continued searching for a home of their own.

Callicott is not the only employer in Central Oregon to hear stories of their well-paid employees not being able to find housing. The shortage of housing in Central Oregon has begun to affect the recruitment and retainment of workers, a problem that employers and economic developers fear could deeply impact the region's long-term economic health.

"We can't compete with other regions that have more housing available or that's cheaper," Scott Aycock, the community and economic development manager of the intergovernmental group Central Oregon Intergovernmental Council (COIC), said.

Aycock said that Central Oregon's housing shortage has made COIC realize that affordable housing is key to economic development.

"If we care about people's ability to stay in their jobs, they need housing," Aycock said. "Employers understand that ... if their employees have insecure housing, the businesses have insecure employees."

"Workforce housing" is a term often used to describe housing, whether rental or owned, that is affordable to middle class workers. Typically, workforce housing is considered affordable to people who make between 60 to 100 percent of an area's median, or average, income. In Central Oregon, workforce housing is considered affordable for families who earn between 80 and 175 percent of area median income (AMI), or between \$40,000 and \$90,000 a year.

People whose incomes fall within that range make up the majority of Bend's

workforce, but housing affordable to those wage earners is in increasingly short supply, according to a report on mid-market housing published by ECONorthwest, a Portland-based economic consulting firm, in February 2017.

Historically, Central Oregon's supply of workforce housing came from a process known as "filtering," in which older homes, once sold for high prices, depreciate in value and become available to middle- and lower-income earners.

The ECONorthwest report, which provides an overview of the mid-market housing landscape in Bend, said that filtering can no longer provide an adequate supply of workforce housing in Central Oregon, given the region's huge population increases and rising housing costs.

The existence of a healthy supply of workforce housing is considered to play a lynch-pin like role in an area's housing supply, and for good reason: when it is in short supply, the entire housing market is pressured: people whose earnings are on the lower spectrum will likely rent cheaper housing, which in turn affects

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people who stay in the shelters must be sober when they arrive and cannot bring their pets with them.

So, finding housemates via Craigslist, in a town where people are used to living independently "becomes a nice enough option. Better than shelter, better than camping," Kelley said.

Those various options get stitched together – shelter for a few months, a housemate situation for a few months, "to fill the gap between homelessness and their own apartment," she said.

"People come in thinking they're going to be living in a tent for a year and a half," Kelley said. "It ends up feeling hopeful."

Central Oregon's current housing crisis has its roots in the recession.

Unemployment surged to 25 percent. Nearly all housing construction ceased – between 2009 and 2012, no permits for multi-family housing were issued; less than 100 permits for single-family homes were issued each year in Bend during that time.

The region's population, however, continued to grow: 3,100 people moved to Deschutes County during the recession.

Housing construction began to rebound in 2012 and the housing crisis Central Oregon experiences today is a classic story of supply and demand.

Since 2012, according to a report by economic consulting firm ECONorthwest, the median price of homes has grown, on average, by 14 percent each year in Bend. The median sale price of a home in Bend, according to the

Redmond-based real estate company Beacon Appraisal Group, was \$418,000 in 2017, a 39 percent increase from 2016. In Redmond, home sale prices increased by 52 percent, to \$306,000. In Sisters, a town with the population of about 2,600 people, the median home price is \$365,000.

"If you see something (for sale) in the mid-two hundreds, it's pending within an hour," Brant Kucera, the city manager of Sisters, said. "It's nuts."

According to The ECONorthwest report, a homebuyer would need to make approximately \$81,000 a year to afford an average-priced home in Bend. The city's median income is \$59,400.

"Nobody has that," Jim Long, the former manager of Bend's affordable housing program, said.

For renters, the prospects of finding affordable housing are equally grim, if not more so. Nearly 80 percent of renters are rent burdened, meaning more than a third of their incomes go toward rent.

The vacancy rate is considered to be less than 1 percent. Rent for a one-

bedroom apartment in Bend can be as high as \$1,200 a month, exceeding what the median renter can afford.

Years ago, Central Oregon was a place where housing was affordable, and even people in poverty could get by. For families that have experienced poverty for generations, today's housing crisis poses a new threat.

Jennifer Summerton is an advocate with the Family Access Network (FAN), a social service agency that provides basic needs to school children and their families.

"Everything," Summerton said. "It's the gamut of whatever they face."

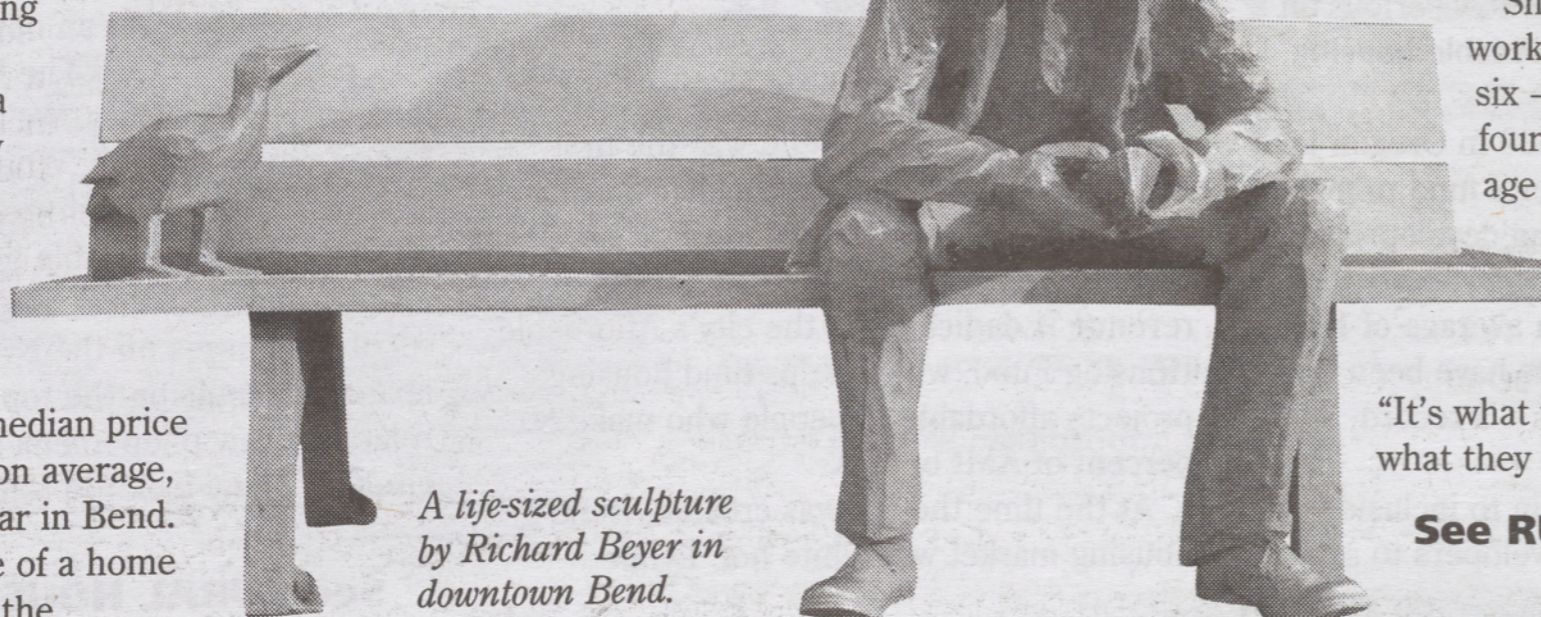
That can be as simple as getting free school supplies or clothes to applying for the Oregon Health Plan, finding a doctor or a counselor, applying for utility or rental assistance, or finding a new place to live.

Summerton, like other FAN advocates, works in two schools; in Summerton's case, Redmond's John Tuck Elementary School and Tom McCall Elementary School.

She is currently working with a family of six – two parents and four children under the age of 8 – who live in a studio apartment. Both parents work full-time at minimum wage jobs.

"It's what they can afford and what they can find," she said.

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A life-sized sculpture by Richard Beyer in downtown Bend.

CENTRAL OREGON

DESCHUTES COUNTY

Living in poverty: 13.9 percent*

Mean renter wage: \$13.06**

Renters paying more than half their income in rent: 1 out of 4

Homeless: 687

Students experiencing homelessness: 895 at some point in the 2016-17 school year (School counting criteria include couch-surfers, and others in unstable living situations)

BEND

Living in poverty: 12.4 percent

Homeless: 659

REDMOND

Living in poverty: 20 percent

Homeless: 329

SISTERS

Living in poverty: 15.4 percent

Homeless: 50

LA PINE

Living in poverty: 21.1 percent

Homeless: 169

CROOK COUNTY

Living in poverty: 17.7 percent

Mean renter wage: \$14.85

Renters paying more than half their income in rent: 1 out of 3

Homeless: 50

Students experiencing homelessness: 81 at some point in the 2016-17 school year

PRINEVILLE

Living in poverty: 25.7 percent

Homeless: 89

JEFFERSON COUNTY

Living in poverty: 20.3 percent

Mean renter wage: \$11.45

Renters paying more than half their income in rent: 1 out of 5

Homeless: 34

Students experiencing homelessness: 140 at some point in the 2016-17 school year

MADRAS

Living in poverty: 25.2 percent

Homeless: 58

Sources: 2012-16 American Community Survey five-year estimates, Census Bureau Oregon Housing Alliance 2017 Point in Time Homeless Count of sheltered and unsheltered, not including those at risk of losing housing (numbers are widely considered an undercount)