

EDITORIAL

Future looking brighter for depressed Oregon timber industry

After a year of high interest rates that stalled new home construction and forced the curtailment or closure of Oregon lumber and plywood mills economists for the forest industry say they see the light at the end of the tunnel. It's still some distance off, but it's coming.

The sequence of events that forced national home construction starts from a high in 1979 of 1.7 million units to a low in 1980 of 1.3 million units is probably familiar to most people. It started with the Federal Reserve Board actions to restrict the flow of money in this country in an effort to slow inflation. They did this by raising interest rates, making it more costly to borrow money.

Interest rates on home mortgage loans took a corresponding jump. In 1979 a conventional home loan could be obtained at a little over 9 percent interest. In 1980 the home loan interest jumped to over 14 percent. This forced many perspective home buyers out of the market. By comparing national housing starts between the two years we can say at least 400,000 perspective buyers changed their minds about buying at the higher interest rates.

With such a drastic reduction in the number of homes being built, the demand for lumber, plywood and other building products plummeted. Without a market for their products, mill managers in Oregon were forced to slow production by curtailing the number of hours the mill operated or completely closing the mill.

Seniors need paper

The Vernonia Senior Center needs your recyclable newspapers. Call 429-3912 for pick up.

VHS B ball game rescheduled

The Vernonia boys basketball game scheduled for 8 pm Saturday, February 14, has been changed. The JV team will play at 1 pm and the varsity will play at 3 pm.

The change was made to help meet the needs of both schools. The early game will allow the juniors to decorate the gym for the Valentine's dance that evening. It will begin at 8 pm and end at 11 pm.

We apologize for the inconvenience this change may cause our patrons.

R. Randall Aultman
Principal
Vernonia High School

Companies could not afford to pay wages and overhead without money coming in from the sale of products.

That scenario has put mill workers out of work and on unemployment insurance. It has reduced income to other businesses in the community like restaurants, theaters, retail

fulfill their dream. Those people must be added to the 2 million who need housing in 1981. The pressure cooker keeps building and that demand must be answered.

But these future home buyers will have to realize that they are purchasing housing and housing

low interest rate are gone. He says new financing schemes will allow families to obtain that dream home, but without the great financial leverage that home buying included in the past.

One new financing method would have the buyer share the gains made in appreciating home values with the institution providing the loan. The home buyer would be given a lower interest rate but give up part of the appreciation.

A graduated payment schedule might help the young couple trying to buy a home. The rates would be low in the first years, then as the family income increases the payments would increase as well. There are variable interest rates where the rate is reviewed and adjusted at intervals, ground leases, joint ownerships and other new purchase schemes.

New loan agreements and a "pressure cooker" of demand for housing make Herbst believe that 1981 will see 1.6 million new housing starts. That would be a fair year for the forest industry. And he expects 1982 to be even better. With records set for housing starts in later years.

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PUBLIC FORUM

outlets and so on. It has reduced the amount of income flowing to state government and played a role in the state's budget deficit in 1980. And it kept families all over the country from obtaining that American dream, a home of their own.

But industry economists say the end is in sight. They expect the first six months of 1981 to continue to drag along at the present rate. But in the second half of this year they see housing starts increasing again. And that means increased orders for Oregon lumber and plywood. According to Bob Herbst, vice president for marketing for Western Wood Products Association, "We're headed in the right direction."

One of the reasons housing starts must pick up in 1981 and beyond is because of the "pressure cooker" of demand that has been created for housing. Herbst explains that there are roughly 2 million families that will need housing in each year of the 1980s. In 1980 over 700,000 of those people wanting housing could not

alone. No longer will it be a financial investment as well. Herbst explains that what happened in 1980 had nothing to do with the basic economics of supply and demand.

It was caused by government efforts to deal with an overheated inflationary economy. This same thing occurred in 1974-75, 1970, 1966-67 and other downturns in the past. In fact it has happened seven times since World War II. But this time Herbst says it has been allowed to go so far that there is no returning to the world we knew. We have seen, in 1980, the end of an era.

Herbst believes the days of buying a home with a low down payment and

Fishhawk Lake annexation hearings set

Notice is hereby given that the Board of County Commissioners, under the provisions of ORS 198.850 intends to hold a public hearing on the 25th day of February, 1981 at the hour of 2 pm in the Columbia County Extension meeting room, main floor, Columbia County Courthouse, St. Helens, Oregon regarding Order No. 4-81, declaring its intent to proceed with the annexation to the district of

Fishhawk Lake Estates-Mist-Birkenfeld RFPD Annexation. The new boundaries as proposed by the district are to include Division 1 of Fishhawk Lake Estates which lies within Clatsop County, described as: T6N, R6W, Sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 27. The area is shown on the vicinity map below; the area proposed to be included is that area contained within the heavy black line:



At this hearing, public testimony will be received concerning the proposed annexation.

Robert M. Hunt
Chairman,
Board of County Commissioners

PUBLIC ANNOUNCEMENT

Effective Feb. 1, 1981 personal charge accounts will no longer be accepted at Brunsmann's True Value hardware store.

The Management

Zone change hearing scheduled

The Vernonia City Council will hold a Public Hearing on Monday, February 16, 1981 in the City Library on the request by C.E. Miller for a zone change to extend the commercial zone in the city from River Street north to Nehalem Street and from the alley between First and Second Avenues east to California Street; from Alder Street in Riverview north to 100 feet on the north side of Knott Street.

Don Dunaway
City Recorder

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