

**Housing** from 9A

**"I displaced a lot of people this year"**

"Houses here have finally started appreciating considerably," Nivilinszky said. "Owners are going, 'Huh, I can finally get my money back and be done with it.' That's the attitude."

The owners are recouping their investment back in two ways, the first being selling their properties outright.

The homeowner who sank their savings into a home in 2008 can sell their homes at the current higher prices, balancing their savings after years of paying interest on mortgages.

The problem is, those homes were being rented out to low-wage workers.

"An owner contacts us and says, 'Hey, I'm selling my house. Tell the renters to vacate the house before it closes.' So, we have to give 60-day notices to those folks to leave. In 60 days, we're scrambling to find another property for those folks to move into."

This is why the properties Nivilinszky manages don't go up on websites and the newspaper when they become available for rent. Nivilinszky is shuffling his renters around.

"I'm trying to find a house for someone who's being told to vacate their home because it's being sold," he said. "It has displaced a lot of people this year. A lot."

The vast majority of those being evicted are families, Nivilinszky said, the makeups of which vary: Children, single parents, married couples. Only a few are retirees who are being displaced, many of whom came from out of town and are renting solely to get their feet planted in the city until they decide what home they want to buy.

Because of all the selling, rentals have dried up.

"I would say we have probably 20 to 25 percent less homes available in the rental market today than in the last 18 months," Nivilinszky said. "And these are single family homes, not buildings or anything. ... And there's nothing to replace them."

But that's not to say that business isn't booming in the housing sector. Florence, along with the rest of the world, is experiencing a housing bubble.

"They're getting into the \$250,000 range," Rodet said. "And they're selling. I just had a friend put their home up for sale and the same day they had four offers. They sold it with a 15-day turnaround, paid with cash. There was another person who sold in a week. Unless something is so overpriced that it sits on the market for a while, homes are going pretty damn quick."

Because current homes are sell-

ing so rapidly, retirees are turning to building their own homes.

"Everybody is busy," Rodet said about the current state of construction. "You could be a lousy contractor and still be busy. There are a lot of new homes being built."

Retirees are able to afford building homes because of another aspect of the current housing bubble.

"People are moving here from out of state or out of town. We still have good prices for real estate for those who are coming in from California. I don't know when the last time you visited California, but I don't know if you can find a place for less than \$650,000," Rodet said.

He said that a family member recently purchased a home in Costa Mesa that was built in the 1950s and hadn't been upgraded since.

"There was nothing new in there, and they paid \$625,000," Rodet said.

People flip their house in California, take the cash, and buy or build a home to their liking in Florence.

Building is where Dan Lofy of Lofy Construction comes in. He's been in the thick of building new homes for out-of-towners, and the homes he's building are expensive.

"In 2008, the standard figure to build a home was about \$135,000 to \$155,000," he said. The lowest you can get now is around \$175,000, and that would be a terrible house."

One of the reasons the prices are so high is because people are looking for different styles.

"A lot of the older homes have lower pitched roofs and they're a ranch style, while the newer homes are more of a Tuscan style," Lofy said. "They have the tall doors."

Higher ceiling and taller doors mean more material costs. And materials are rapidly rising, even beyond the prices at the highest peaks of the 2000-era housing bubble.

"Materials are going up," Lofy said. "When you have all these disasters, the hurricanes and the

fires, that puts a big damper on wood and materials. It's supply and demand. And they haven't even started rebuilding yet. So, when they really start cranking up and rebuilding those homes, you're going to see lumber go crazy. It will get worse."

Lofy has been in the business for over 30 years and he's seen this happen before. Lumber isn't what worries him, though. It's plywood.

"I purchase lots of plywood," he said. "In 2006 sheets of plywood were about \$17 a sheet. They had hurricanes and a month later they were over \$70. Right now, they're close to \$30. I think you'll probably see \$100 a sheet at the peak. For a good-sized house, you'll need about 300 sheets of plywood. That's \$30,000, just in sheet goods."

And it's not just the hurricanes. The housing bubble began long before the recent natural disasters, and the increase in home production had already put a burden on material supply.

Lofy is also being saddled with new federal regulations from the Occupational Safety and Health Administration (OSHA), which increase labor costs.

"A few regulations that have come out have had a big impact. Right now, if you get a guy on a roof, he has to be tied off with safety gear. ... We have to put stainless steel safety rings on the roof. If anybody goes up on the roof, they have to have something to tie off to," he said.

The safety rings weren't the expense for Lofy, as they are only \$70 dollars apiece. But installing the rings, coupled with hooking up to them on a daily basis, takes time. Time increased labor, which then increased price.

The higher prices seen now for new homes is just the tip of the iceberg.

**"It's an apology letter"**

As prices go up, the low-wage workers have been priced out of the market, a fact that isn't lost on Lofy.

"Even my daughter is having a hard time," he said. "They're having a hard time trying to save the

money to put down to buy a house. The percentage you have to have to put down is really hard for younger couples to come up with."

A couple without children, both working 40 hours a week at the minimum wage of \$10.25 an hour, will bring in approximately \$42,000 a year before taxes.

If the couple has no debt, including car payments, medical bills or student loans, and is able to afford a down payment of \$10,000 with a 30-year fixed mortgage, the couple can afford a home worth \$121,300, paying \$762 a month.

But these types of starter homes are few and far between in Florence. The average home price in the city is \$235,900, according to realty site Zillow.com. At that rate, the couple would have to put a down payment of \$45,000 to purchase a home, and still have a monthly payment of \$1,269.

But at the minimum wage, the couple is only bringing in \$1,777 a month before taxes. And this assumes that the couple can find full time employment, which many people are having difficulty finding on the Oregon coast.

So, the workers have to rent. However, the rentals that do remain are seeing prices increase dramatically.

This is the second way homeowners are recouping their investments.

"People who are hanging onto their properties are going, 'Well if you got nothing available, why am I raising my rents \$25 and \$50? I want \$100. I want \$150,'" Nivilinszky said.

He pointed out that this isn't

because of greed. Since the crash of 2008, these homeowners have been taking considerable financial hits.

"Their rental income has been flat for the last 8 years, but their expenses have been going up every year. So now they're going, 'Well, I need to capitalize on that before it busts again.' I get emails from owners every day asking why the rent hasn't been raised. And they're dictating to me what they want to do," he said.

Nivilinszky said that anything available for rent today is \$100 or \$200 more expensive than what it was nine months ago. He sees this leading to a vicious cycle, particularly when tenants move out because of the high rent.

"It takes a year to 18 months to recoup one month's vacancy in a rental," he said. "If you're raising your rents to \$1,250 a month and they vacate, now you have a month's vacancy where the owner's not getting \$1,250. How

do you make \$1,250 up? You raise the rents even more."

And because there's nowhere else to go, the renters will pay it.

"I can tell you, when we send out a rental increase, it is not a standard, sterilized form. It's an apology letter. 'I'm sorry, we just got a call, this is what the owner wants. We don't initiate this. It's just being dictated to us.' And that's the nature."

It puts a stress on relationships between homeowners and renters.

Nivilinszky said he ensures that all homes under the Coastal Property Management umbrella are in pristine condition before taking homes on as rental properties. Hundreds of photographs are taken, and the owners and renters must maintain those standards. If a problem occurs with the house, such as plumbing or electrical malfunctions, most often the owner must pay for it.

See **HOUSING 11A**

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