

Housing from 10A

If the owner or the renter does not accept these standards, Nivilinszky said he refuses their business.

"I will not work with an owner who will not make repairs. That's the bottom line, and we're pretty quick to identify who is a responsible owner and who wants to do things right. I probably refuse half," he said. "If I see any signs of mold, or shoddy repairs, I won't do it. I'm not going to be his savior to fix it all up so he can sell it."

However, there's an onus on the renters as well. They must also work to upkeep the property and tell Nivilinszky when there is a problem. But what about standard issues, such as the general wear and tear of living in a home? This has created some friction between owners and tenants as well.

In the past, renters were blasé when it came to fixing minor issues. They weren't always vocal about the problems in the past; semi-leaky faucets, an electrical outlet that doesn't work. Tenants just lived with it.

Or they were scared. "The mindset used to be, 'I don't want to call the property manager or the landlord with these problems because they'll kick me out,'" Nivilinszky explained.

Now that the rents are going up, tenants are becoming more demanding. Tensions get frayed.

"When you're paying \$1,250 for a home that 18 months ago went for \$950, you should not have to deal with outlets that fall out of the wall and faucets that drip," Nivilinszky said.

The tenants want problems fixed immediately.

"Owners who decided to put their home on the market and plant a realtor sign in the yard get a little frustrated when all of a sudden, tenants are saying, 'Hey, we've got this problem now.'"

This leads to an entirely new set of issues, as many craftspeople left town for other work years ago and never came back. Now that homes are selling and being built, trades people are in high demand.

Nivilinszky is finding he has to pull craftspeople from Eugene just to get work done.

While it would be better to have them move back into the community, Rodet has his doubts that will be happening any time soon.

"I know that some contractors are looking for employees. You can see them advertising in the paper. Their ad is in there for a long time. It's not just we don't have the bodies, we don't have the bodies of the people that want to get up in the morning, go to work, not mess around, put 40 hours in and not complain. A lot of guys just aren't brought up that way," he said.

Rodet believes that the way to conquer this problem is by introducing craftwork to high schoolers, so they get involved with the business and see its potential. However, this solution would take time.

Even if craftspeople were to come to Florence, they would still have difficulty finding a home.

While there is good money to be had in the industry, according to Rodet, the current housing market could prove too high a cost for them.

The way to fix that, Rodet and Nivilinszky believe, is by having more rentals. But, while the city is working on plans to bring rentals to the community, no complexes are currently being built.

"If I had money, I would build multi-unit housing — fourplexes or eightplexes," Nivilinszky said. "They would be filled in a heartbeat. ... There's nothing available. People are just stuck with where they're at. So, they're hunkering down and hoping to brave it out. And if you're in a rental, you do your best to stay in it because you don't have any options."

"Significantly out of balance"

"I hope that the bubble bursts," Nivilinszky said, but then he stopped himself. "No, I hope rental units are built, and then the bubble bursts."

Getting the rental units built before the bubble bursts is vital, Nivilinszky believes, because once that happens, investors won't build. They had been bitten before in 2008.

"Today, builders and investors are looking at that as a sad example. That's why there's nothing going on today," Nivilinszky said. "Everybody is holding their cards close to their vest. They're not investing because they're not sure how long this bubble is going to last. Some realtors say, 'This will go on for another two, three years,' and others are not sure. They just want to make their money today."

Rentals are risky. Large rental properties cost millions of dollars, so investors look for the safe bets.

"People make their own pri-

vate decisions for their investment portfolio as to where they're going to make money that matches their risk tolerance," Reynolds said. "And then the builders are doing the same thing. They're going to build for those projects that seem the least risk for them. Lenders are going to lend easily on things that are less risky. And multi-unit housing is much riskier from an underwriting perspective than just a single-family home. And that risk increases as you go from a single-family dwelling to a second home to a townhome, condos, apartments and low-income housing. The low-income funding has been drying up since the '90s."

If the investors begin major construction and the bubble bursts, they may be out millions of dollars for the entire project.

It's a race against time. Build the rentals before the bubble bursts.

Exactly when the housing bubble will burst — or even if there is one — is in hot debate. While some observers, including those who predicted the 2008 crash, firmly believe the country is in the midst of a bubble, other organizations like Freddie Mac believe that the market is only "significantly out of balance," not a bubble.

While the debate goes on in the U.S., globally countries are officially calling this a bubble — and there are signs that it's bursting.

In Australia, the housing market had seen extreme rises in prices. In two separate articles this month, the Daily Mail reported a "tiny" one bedroom home in Melbourne hit the market for a "whopping" \$2.2 mil-

lion, after the owners bought it for \$875,000.

The Daily Mail also reported that, "Australia's 'golden housing years' are officially over with a full-blown crash expected if rates increase too quickly or not enough."

In the U.S., the housing crisis is spreading coast to coast. According to a Seattle Times report earlier this month, one of the major contributors to Seattle's housing problem is that no one is moving out of homes, creating a housing shortage and higher prices.

And this week, Oregon's Josephine County Board of Commissioners declared an official housing emergency in hopes to free up state assistance and suspend building rules.

Florence is merely a symptom of a national and global crisis.

So is there good news for the city?

"I'm happy it's not raining and the sun is out right now," Nivilinszky said. "And that's what makes this town one hell of a community to be in. When the sun comes out, life is good."

Though he categorically believes there is a housing bubble, and that it's hurting the economy, Nivilinszky said he hoped that this article would not be too pessimistic.

Lofy has the answer to that.

"I think the City of Florence really has its s**t together," he said. "The city is the best place to get a permit. If you go outside the city, like Lane County, it takes forever to get a permit. Florence is one step ahead. Other cities aren't thinking that way," he said.

In 2015, Reynolds, along with Mayor Joe Henry and the newly-seated Florence City Council,

created a plan to correct Florence's housing crisis and increase economic development. Many of those plans involved bringing living-wage jobs to the people in the community. This includes partnerships with economic drivers in the region, county organizations and reaching out to other entities.

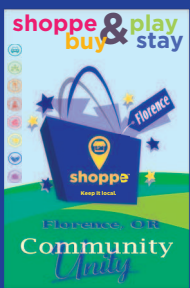
Most recently, the city formed the Housing and Economic Opportunity Project to gather information on needed housing types and to review the city's processes for building and permitting.

But, as Reynolds points out, these are typically not the purview of a city.

"The city has a foundation of being a great place to build, work and play, but traditionally all that happens in the private market," she said. "Because of the recession, that makes it more and more difficult for change to happen. That's where we're at as a city today. What is our community support for what the city is doing? What are they seeing as our role in this multifaceted, challenging situation? We don't have an answer on that. We don't know where we should be sending public dollars in what has traditionally been a private issue for housing."

Those questions are still being discussed between the city and its residents as the City of Florence strives to continue to be a city in motion.

Editor's Note: In Part IV of this series, Siuslaw News will explore county and regional solutions to the housing crisis, and how the City of Florence is working to bring sustainable change to the area's economy and housing market.



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