

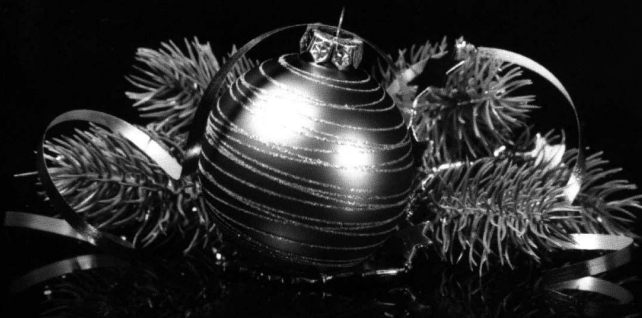
Holiday Open House

Friday, December 1st 9am-5pm
Saturday, December 2nd 10am-1pm

Drawings & Refreshments

Florence in Bloom

1234 Rhododendron Drive
Florence, OR



Housing from 1A

Along with tourism, Florence was now a retirement community, and in 2004, the moniker paid off. In 2004, the City of Florence was awarded the "Best Place to Retire" from Frommer's Travel Guide. The ranking made national news, including publication of the list in the online version of USA Today.

Retirees came to the town in droves. "I think this town is still touted as an excellent retirement community, and it is," Nivilinszky said. "I came here from Chicago. Just the very word Oregon wouldn't even roll off my tongue. What the heck is in Oregon? But my wife grew up here. And I just knew that's where I wanted to be. There are a lot of different coastal towns, but Florence seems to have more of a charm. The pace of the town is very relaxed, and you think 'Wow, I could get used to this.' It's still an excellent retirement community, and that's what I see. A lot of retirees."

People came for various reasons. Some came here to actually retire, but others came just to flip homes. What better investment than the best place to retire? Looking to supplement their income, retirees began building and buying properties left and right.

"They thought, 'Oh, this is quick and fast money,'" Nivilinszky said. "Buy it for a year and make \$20,000. That was the mindset back in 2007."

The biggest construction came

in single-family homes for the retirees, but the City of Florence also began building infrastructure, including plans for the Pacific View Business Park.

"I have a long list of projects that were completed and the city was growing and expanding," Reynolds said. "We added a lot of housing units. We added all the condos, multiple duplexes and quads. We had the Habitat for Humanity project. The Northwood Apartments were built. The city was just seeing the importance for workforce housing."

Investors bet on Florence, except the market wasn't as healthy as they thought. At the time, nobody knew about sub-prime mortgages, false AAA-rated bonds and a lack of government oversight on the shadow banking system.

"When they overextended themselves back in 2008, they were borrowing from Peter to pay Paul to get that next project going because everything was going very fast," Nivilinszky said.

"And then it all imploded."

"These goals were not followed through"

When the housing bubble burst in 2008, it laid waste to the housing market and economy, plunging the U.S. into one of the worst economic crises the world had ever seen.

"People got stuck with properties that quickly depreciated. They paid \$230,000 in the mid-2000s and the prices dropped to \$180,000 after the crash," Nivilinszky said.

The booming construction

industry also took a major hit, which drained the local economy.

Dana Rodet, owner of Rodet Construction Co., Inc., saw this first hand.

"Back when the economy went south, a lot of guys left," Rodet said. "There were a lot of contractors who were building new homes and, when the new home market went south, some of them tried to get into remodel or repair. There just wasn't enough of that going around either. Some of us managed to stay busy and some didn't. Some just left town. They couldn't do anything."

As people left and home prices depreciated, the City of Florence ran into financial hardships. With low-valued homes and high-wage jobs disappearing, taxes tanked.

"With the recession hitting the country and local economy, the City of Florence began to take a much harder look at its finances beginning in 2009," Reynolds' report read. "These tough conversations led to a reduction in workforce in the years following 2009. Although the City Council set goals for economic development initiatives, these goals were not followed through with resources for adoption due to the city placing a high priority on building its financial reserves."

About the period, Reynolds said, "You cannot stress enough that in 2008 we had a major financial market bust that was primarily related to housing and mortgages. And we were definitely not immune to it. We as a city had to be good stewards of the money we had during that time as well."

Many of the city's development projects fell through. For example, a planned development on a 17-acre lot on Highway 101 was planned that would have provided scores of rental units to the area. But after the crash, the company went bankrupt. Rumors spread about its demise, with residents thinking it, along with other big projects, were stopped because the city wanted to halt growth and keep the "small town feel" Florence had cultivated.

Reynolds said that couldn't be further from the truth.

"There's sometimes the feeling that the city made it so the community won't grow," she said. "The issue is so much broader than putting a kibosh on projects or not allowing it to happen. There were many things in the works that just ended up not working financially for people due to the

bust. I could see that the rumors started to spin."

While projects like the Pacific View Business Park were completed, many others were not.

Growth came to a standstill.

However, depending on one's point of view, there was a silver lining to all of the city's troubles. Because of the crash, living in Florence suddenly became affordable for low-income earners.

"The homeowners said, 'Well, crud, I've got to hang on to the home until we recover,'" Nivilinszky said. "I'm just going to rent it." And so, it flooded the market with all of these rentals."

This is how the young families who work at seasonal stores and businesses were able to survive in Florence.

"It takes a middle-income community to support the retirement community," Nivilinszky said. "It does. There's just no way around it. If we're not doing things to provide for the mid-income services, we're shooting ourselves in the foot. Retirees aren't looking for jobs. They're already situated."

Because of the overabundance of rentals and the low rents that accompanied them, these low-wage workers were able to live in Florence and help bolster the tourist economy.

But that doesn't mean there was equilibrium between the low-income workers and the retirees. The retirees were losing money.

"The money they were getting in rent was not even paying the mortgage," Nivilinszky said. "And they would be subsidizing every month for that mortgage payment because rents just did not cover the mortgage — because they bought at the peak."

In the eight years prior to the current rental crisis, Nivilinszky only raised rents three times for three different properties.

"I've kept rents flat, or lowered rents to keep tenants," Nivilinszky said. "I saw signs in the market that said, 'If we have someone capable and taking care of the property, I would rather make it affordable for them so they can stay, than keep nickel and diming them and make them want to leave.'"

While the tenants weren't getting "nickeled and dimed," the homeowners were. That is, until the economy recovered.

This is when Florence's current housing crisis began.

See **HOUSING 10A**

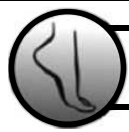
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2. The most photogenic pet will be selected by our panel of judges.
3. All pets and the grand prize winner will be featured in the December 6th issue.
4. You may also enter by mail. Simply fill out this contest form, and send it and payment along with a labeled photo of your pet to:

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- * Prize may not include items from contest sponsors
- * Pets that have won in the past are not eligible to win.

