

Cannon Beach Housing Report

November 12, 2013

- Council Goal
- Educate and Raise Awareness
- Basis for Future Planning

Rent Burdened & Extremely Burdened

- Housing “Affordability” - 30% of a household gross income
- “Rent Burdened” – pay more than 30% of gross income
- “Extremely Rent Burdened” – pay more than 50% of gross income
- 70% of households in Cannon Beach are rent burdened.

- Housing statistics and government funded housing program are based on this concept of AMI.
- Area Median Income (AMI) is the midpoint in the family-income range for a specific geographical area.
- The AMI in Clatsop County in 2013 is approximately 53K.
- Affordable housing sponsored by government programs generally serves households that are at 50% or below AMI. Sometimes, but not often, government funded housing will serve 60% and below AMI.

Illustrations of AMI and rent burden

- A family of four (4) earning 100% of AMI earns approximately \$53,000. If this family spent 30% of their income on housing, they would have to find housing in for \$1,325 a month.
- A family of 4 in Clatsop County must earn \$27,800 or below to qualify for affordable housing. The \$27,800 is approximately 50% of the AMI for Clatsop County for a family of four.
- A single person must earn under approximately \$19,000 or less annually to qualify for government funded affordable housing.

Statistics

- Of the 242 renter households in Cannon Beach, 180 households (74%) earn 60% AMI or less.
- Of the 180 renter households earning 60% AMI or less, 146 households (81%) are also rent burdened, meaning that they spend more than 30% of their income on rent.

Income/ housing costs

- If someone earns \$18.00 an hour in Cannon Beach and works a 40 hour week, their annual income is \$34,560. If that individual was not “rent burdened”, they would pay 30% or less for housing. 30% of \$34,560 is \$10,368 which comes to \$864 a month which should be used for housing. This family would most likely not qualify to live in either of the affordable housing developments in Cannon Beach so they would either have to live out of the City or be “rent burdened”, meaning that they pay more than 30% of their earnings on housing.

Housing options in Cannon Beach

- 28 homes/ condos sold in Cannon Beach between 2007 – 2013 for under \$250,000.
- 25% (7) of the 28 homes/ condos were condos.
- The \$250K number was chosen because that is the price of a home a family of four, making 100% of the average median income (AMI) could afford. A middle income family in Cannon Beach earning approximately \$50,000 should spend 30% of that income on housing. 30% of \$50,000 is \$15,000 which is \$1,250 a month. To keep the monthly cost to \$1,250, the family could purchase a home for no more than \$250,000 which assumes a \$50,000 (20%) down payment.

Shortage of Long-Term Rentals

- There is little to no data on this segment of the housing structure.
- Unlike most cities, there is no long-term rental property management company in Cannon Beach.

- Elk Creek Terrace Apartments (page 12 of Report)
 - 36 units, serving those making 54% AMI or less.
 - Placed into service in 1994

- Shorewood Apartments (page 13 of Report)
 - 34 units, serving those making 54% AMI or less.
 - Placed into service in 1997

The "Middle-Income Challenge"

- “Low-income” is defined as earning 50% or below AMI.
Those making minimum wage to \$15.00 an hour.
- “Middle-income” is defined as earning 51% - 100% AMI.
Those making \$16.00 - \$25.00 an hour or \$30K - \$50K annually.
* Government, federal and state, funded affordable housing developments, by law, cannot serve families earning 60% or higher AMI.

What we don't know...

- The number and income of the work force commuting to the City because of the high housing prices.
- The number of low-income and middle-income commuters is necessary to make educated decisions about the work force housing need in Cannon Beach.

What Can City Councils do?

- Make Changes to the Zoning Code.
- Make public land available for affordable housing.
- Waive costs associated with the development process.
- Offer a credit enhancement.
- Use affordability covenants in conjunction with development incentives.
- Offer Predevelopment funds: \$70,000 - \$100,000.
- Offer Political support for funding applications.

Recommendation – Where to go from here?

- Create a Cannon Beach Housing Task Force. (page 17 of Report)
- Retain the services of an outside firm to conduct an employment survey.

Orientation to Report

- Interview Comments
- Housing Policies in Comprehensive Plan
- Map of possible available land
- Market Analysis