

February 14, 2016

Senator Diane Rosebaum
Senator Ted Ferrioli
Senator Brian Boquist
Senator Ginny Burdick
Senator Lee Beyer

RE: SB 1573

Dear Senators:

My name is Terry Stewart and I am licensed Real Estate Broker in the state of Oregon. I have been in the real estate business for over 34 years. I am writing in support of SB 1573.

I started my career working with builders in the late 1970's until the Oregon lumber industry collapsed. I lasted until 1983 and then moved to California was licensed there. During my 10 years as a California broker I worked through various markets including the Regan Boom of the 80's; the end of the Cold War which resulted in 38% of the nation's job loss occurring in California (defense industry) in the late 80's; the world stock market crash (Black Monday) in 1987; the Savings and Loan crisis and closure of the FSLIC of 1986-89; the junk bond crash in 1989; the mass elimination of corporate middle management jobs in the early 90's and the LA riots of 1992. I returned to Oregon in late 1992 and continued to work through the dot-com bubble of 1999; the 9-11 terrorist attack, the immediate stock market crash and the recession of 2001-2002; and finally the world financial collapse of 2008 and subsequent recession that lasted through 2011.

I have sold homes in just about every market there is, both good and bad, with interest rates as high as 18 % and as low as 3.5%. With every crisis, recession and collapse there has been a recovery. People went back to work, builders built and the homes were bought and sold. But, what I have seen occur in Oregon over the past 3 years is a housing situation that is frightening and furthermore, I do not see this one working itself out without your attention and intervention.

During the last financial crisis, many builders went bankrupt. Those that remained built very few homes between 2008 and 2013. College graduates, renters and new families that would have bought homes during that time either could not find employment or held off purchasing out of fear. Many people lost their homes through foreclosure and short sale, but a large amount of those homes were bought by investors. Even though there was a still a large supply of homes available in 2012-2013, they were quickly snapped up as the economy started to recover and people went back to work.

The problem is that there were relatively few new homes built over a 4 to 5 year period and little land was being developed for future construction, but the demand continued to grow. New families, new graduates as well as those that lost homes during the crisis came back in the market to buy. Couple that with a large increase of people moving in from out of state and we are in a bleak housing shortage.

The supply of homes has been ridiculously low for the past 2 years and is getting worse by the month. Prices are skyrocketing and will continue until the supply of homes increase to meet the demand. The new normal for the past 2 years is writing 5-10 offers for each customer trying to purchase a home.

Those lucky enough to secure a home often are forced to pay 10's of thousands over value and must have the cash to pay the difference in the appraised price to even hope to have an offer accepted. First-time buyers with limited cash don't have a chance. They cannot compete. Many have given up.

In the meantime, I have been trying to assist several land owners with annexation. Their property is located within the urban growth boundary, have utilities available and part of their city's comprehensive plan. Each time their property annexation has been put on the ballot, it has been voted down by a small margin. The actual voter turn-out is low, but the opposition is very organized and vocal against growth. Many of the protestors are not from the city and there is much misinformation.

Anti-growth is one thing, but this situation is ridiculous. If anyone hopes to have their children be able to afford to purchase a home in any of our metropolitan areas, something has to be done. I encourage you to pass SB 1573. These are properties that have been slated to be annexed into city limits as needed and they are certainly in need now.

Sincerely,

Terry Stewart, Broker
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