



## **Tillamook County Board of Commissioners**

Bill Baertlein, Chair  
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TTY Oregon Relay Service

February 6, 2020

**TO:** The Honorable Nancy Nathanson, Chair  
House Committee on Revenue

**FROM:** Bill Baertlein  
Tillamook County Commissioner

**RE:** House Bill 4047, Testimony in Support with Amendment

I currently serve as the Chair of the Tillamook County Board of Commissioners, liaison to the Tillamook County Housing Commission, Board Member of Northwest Seniors and Disability Services, Board Member of a Tri County Community Action Team, Board Member and Finance Committee Chair of the Columbia Pacific Coordinated Care Organization, Board Member and Chair of the Tillamook County Lightwave Intergovernmental Broadband Agency, and many others.

Even though Tillamook County is at capacity for tourism, I support HB 4047 with amendment. We can all agree that tourism is good for Oregon's economy. Having said that, it also comes at a very significant cost to our rural communities in the form of lost or inadequate housing.

In 2019, our Tillamook County Housing Commission contracted with FCS Group to perform a Housing Needs Analysis for Tillamook County. The report found that our total housing unit inventory is 18,789, of which 7,308 units are second homes and short-term vacation rentals owned by folks living outside of Tillamook County. This equates to 44% of our housing stock that is not available to our workforce. Our current rental vacancy rate is 0%. I have attached pages 9 and 10 of our Housing Needs Analysis as reference.

At this time, Tillamook County cannot expand tourism, which is a key economic driver in our community, because we have no housing available for those working in and supporting the tourism industry. To make matters worse, the impacts of our housing crisis are not only affecting our tourism industry. Our schools, Tillamook County government, cities, mental health clinics, and businesses, such as the Tillamook County Creamery, Tillamook Country Smoker, Pacific Seafood, Adventist Health Hospital, Hampton Lumber, and other employers, have all reported that employee recruitment and retention is a critical issue because of our housing shortage.

HB 4047 makes permanent the tax increase that was set up to serve the needs of the sports community. Now it is time to amend HB 4047 to serve the needs of Oregonians whose lives are negatively impacted by the tourism industry due to the loss or lack of affordable and workforce housing. Respectfully, I would like to suggest an amendment to HB 4047 that would allocate 30% of the tax to housing in the county where the tax was collected. These funds would support a housing fund within the county for the development of affordable and workforce housing.



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Currently, cities and counties may already use up to 30% of the funds they collect for the needs of their community. In Tillamook County, the voters directed us to use our 30% to fund roads that the tourists use. The 30% is spelled out in statute for cities and counties but not for the State of Oregon. If the cities and counties can use their 30% for roads, why can't the State of Oregon use 30% to support much-needed affordable and workforce housing initiatives to overcome the losses due to tourism?

Thank you for your time and the opportunity to submit testimony.

Sincerely,

A handwritten signature in blue ink that reads "Bill Baertlein".

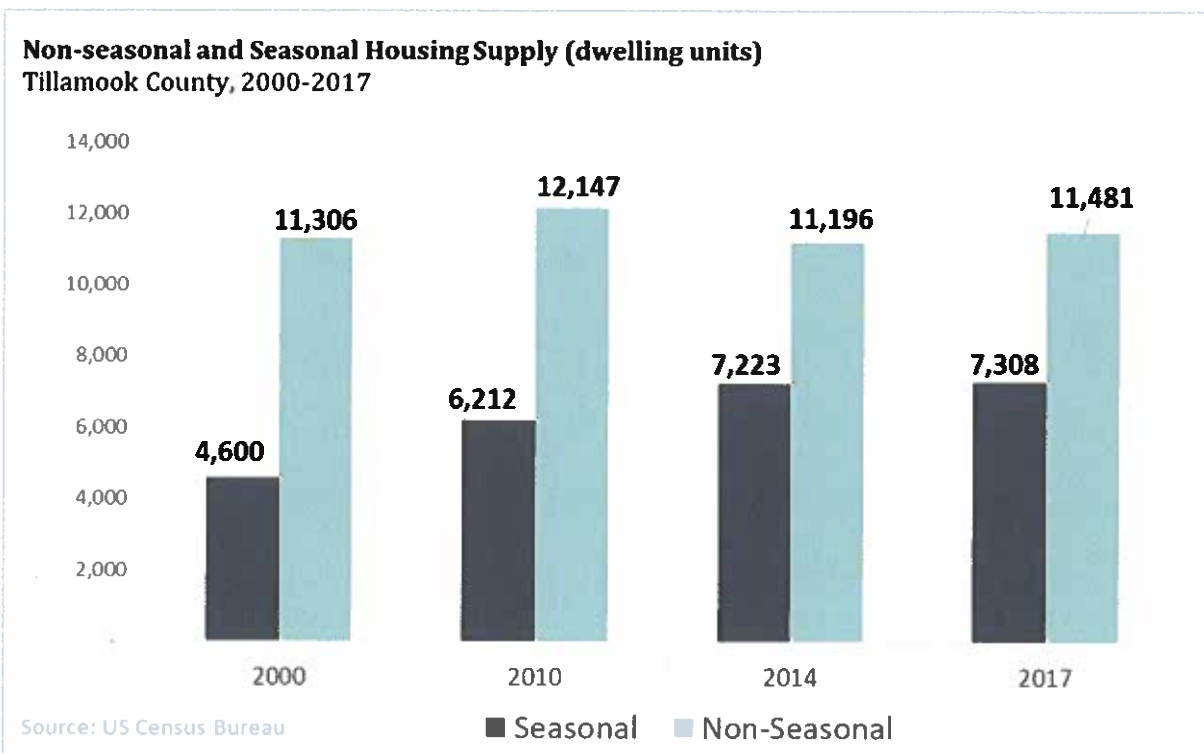
Bill Baertlein  
Tillamook County Commissioner

## Seasonal Housing Inventory and Vacancy Rates

The prior housing study that was prepared for Tillamook County, *Creating a Healthy Housing Market for Tillamook County*, March 2017 (by CZB), noted that the housing market in Tillamook County has two distinct parts. There is a **coastal market** with strong demand from upper-income households, investors, second home buyers and retirees. And there is an **interior market** concentrated largely around Tillamook and other inland communities, such as Bay City. This market has a relatively older and less expensive housing inventory, which is more attainable to local residents. The demand for both seasonal housing and year-round non-seasonal demand is rising, as indicated in **Exhibit 2.6**.

Of Tillamook County’s 18,789 total housing units, 44%, were classified as having “seasonal ownership” in 2017, up from 38% in 2010, according to the U.S. Census American Community Survey.

Exhibit 2.6



The seasonal housing inventory varies significantly by location, with the City of Tillamook, Bay City and Cloverdale having the lowest rates of seasonal homeownership and coastal resort areas such as Rockaway Beach and Manzanita having the highest levels at 74% and 87%, respectively.

As shown below in **Exhibit 2.7**, the vacancy rates for non-seasonal (year round rental housing) is well below 1% in all areas and near zero in Cloverdale, Gribaldi, Hebo, Nehalem, Neskowin and Wheeler. In comparison, the statewide average housing vacancy rate was 9.3% in 2017.

Exhibit 2.7 Vacancy Rates by Housing Type



### Housing Construction Permitting Activity

During the past decade new housing construction in Tillamook County has been dominated by single family housing. Despite falling sharply following the recession, the county has issued an average of 117 single family permits annually for new construction since 2007. Issuance of new permits has picked up since its low of 2013 (**Exhibit 2.8**).

Housing production has not nearly kept up with the pace of demand. Between 2007 and 2017, about 120 new dwellings were added throughout Tillamook County annually with the vast majority as second homes. Most new housing construction has occurred in coastal “resort” towns, such as Manzanita, Neskowin, Pacific City and Rockaway Beach, where 66%-80% of the total housing stock is now owned by part-time residents. During this same time frame, it is estimated that about 80-90 existing dwelling units were converted to seasonal units or short-term vacation rentals each year. As such, the permanent year-round housing inventory in Tillamook County has been decreasing at a time when nearly 60 households were moving into the county each year.