

Renting versus buying a home is a conversation I have with people many times being a Realtor. There are a lot of factors that go into this decision such as: do you plan to stay in the community for multiple years; have you gotten your personal finances in a place; are you able to save funds for home ownership repairs; financially does it make sense to purchase; and is your job security strong? These are just a few of the questions that people need to weigh before making a 15 to 30 year financial commitment. As someone who purchased their first home in early 20's and owns rentals, I love Real Estate for many reasons as an investment.

Today I wanted to look a little at our local market in terms of average mortgage cost for first time buyers versus what a similar home costs to rent. I requested that Tanya Torres with Mann Mortgage provide information on what an FHA mortgage total (including property taxes and homeowner's insurance) payment would be for a 3 bedroom and 1 bath home. She crunched the numbers and at a current mortgage rate of 3.875% (4.7% APR) with a purchase price of \$265,000 a buyer's monthly payment would come in at \$1,675.

Trio Property Management reported that a similar home would cost \$1,200 to \$1,600 in monthly rent. The math between renting and buying can get fuzzy. We know locally both rents and home prices have gone up steadily over the last number of years. With a rental, the cost to get into the home is typically lower as there is a security deposit, but not a down payment. When repairs are needed or appliances break, the landlord foots the bill, not the tenant. On the flipside, equity is not gained when renting a home.

Many times, people ask me what the housing market going to do or essentially, how quickly will they build equity. I unfortunately do not have a crystal ball, and no one knows exactly what will happen. However, historically housing prices trend up for 7 to 8 years and then have a correction. Rent prices tend to have a steadier trend upwards but they can decline when local economies struggle or an increase in housing

UPCOMING PROGRAMS

OCTOBER 3 – NEW ZONING REGULATIONS FROM HB 2001

The last Legislative Assembly approved House Bill 2001, which makes several changes to local land use law, in many case requiring that cities allow certain multifamily dwellings in zones that are designated for single family residences. Kaarin Knudson, a local architect, Mark Rust, a Senior Planner for Springfield, and Laurie Hauber, a Legal Aid attorney, have been invited to discuss the impacts of this legislation.

OCTOBER 17 Todd Hamilton, newly appointed Superintendent of the Springfield School District will give us his view of the upcoming school year. Mr. Hamilton has supported a number of community partnerships aimed at addressing the social, emotional and learning needs of students. This intentional partnership with community organizations is something that Hamilton appreciates about Springfield and will continue to build upon moving forward.

PUBLIC CALENDAR

All items are tentative and subject to change. For current information, click on the agency name which will redirect you to the appropriate web site.

City of Springfield Council

225 Fifth Street
Springfield, OR 97477
(541)726-3700

October 7, 2019

Work Session 6:00 p.m.

Budget Committee Process

Regular Session 7:00 p.m.

Metro Plan Amendment and Zone Change (3rd Reading)

PH ROW Vacation (5th and T Streets) (1st Reading)

PH Anderson Street Annexation (1st Reading)

PH Supplemental Budget 1

October 14, 2019

Work Session 5:30 p.m.

HUD Consolidated Planning Process

Abatement Warrants

October 21, 2019

Work Session 6:00 p.m.

CDAC Interviews

Regular Session 7:00 p.m.

ROW Vacation (5th and T) 2nd Reading

Anderson Street Annexation 2nd Reading

PH Abatement Warrants (1st Reading)

PH Ordinance (Dogs) (1st Reading)

PH Ordinance (Bees) (1st Reading)

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October 28, 2019

Work Session 5:30 p.m.

Solid Waste Code Update

Lane County Board of Commissioners

125 Eighth Avenue

Eugene OR 97401

(541)682-4203

October 8, 2019 (10:30 a.m.)

Work Session --Census/Redistricting

Work Session – Electoral Security

October 9, 2019

Work Session – Equity

October 15, 2019 (9:00 a.m.)

P&P Relocation Update

Work Session – Local Access Roads

Work Session Conestoga Housing at 18th and Taylor
Springfield TSP (1st Reading and Work session)

October 16, 2019

Work Session – Aerial Spraying

October 22 – NO MEETING

October 29 – 9:00 a.m.

P&P Relocation Property Purchase

Work Session – AOCC Participation

Work Session – Mercury Total Maximum Daily Load

Lane Transit District

3500 E. 17th Avenue

Eugene, OR 97403

(541)687-5555

October 22, 2019

Special Board Meeting – 5:30 p.m.

School District 19 Board of Directors

640 A Street

Springfield, OR 97477

(541) 726-3201

October 14, 2019

Board Meeting 7:00 p.m.

Springfield Utility Board

250 A Street

Springfield OR 97477

(541)746-8451

October 9, 2019

Board Meeting 6:00 p.m.

Willamalane Park and Recreation District

320 S. 32nd Street

Springfield, OR 97478

(541)736-4544

October 9, 2019

Board Meeting – 6:30 p.m.

Lane Regional Air Protection Authority

1010 Main Street

Springfield, OR 97477

(541)735-1056

October 10, 2019

Board Meeting 12:15 p.m.

RECENT MEETINGS

SEPTEMBER 12 – METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

It may say flushable, but it isn't! That is the word from Michelle Molina, Operations Manager of the Eugene-Springfield Metropolitan Wastewater Commission's Water Pollution Control Facility. That was one of the key takeaways from the September 12 presentation to the Springfield City Club by her and Todd Miller, an Environmental Management Analyst. Every week, she said, plant staff take a large truck to the landfill filled with wipes and similar items that get stuck in the plant's headworks, forming a mesh that covers the entry to the treatment system. There is no standard for what is "flushable," she said, and all these wipes gum up the treatment plant, do not deteriorate, and must be manually removed. "You can't even water jet them," she said.

The headworks is the entry point to an extensive treatment train(see Figure 1), that includes aeration to remove odor, and digestion by bacteria to remove solids, followed by disinfection using sodium hypochlorite

in lieu of dangerous chlorine gas, before the resulting water is discharged into the Willamette. The plant also has a tertiary treatment system but does not need to use it because the first two stages of treatment leave the water adequately treated.

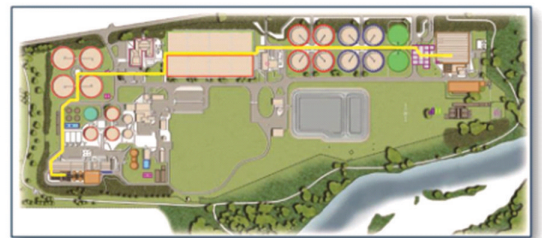


Figure 1: Water Pollution Control Facility



Mr. Miller described the history of the current plant, which replaced two separate plants operated by the cities of Springfield and Eugene, in 1984. The two cities were fortunate because after the Clean Water Act was adopted in 1972, federal funding for treatment facilities became available.

While the two cities would have had to fund the full cost if they repaired the existing separate plants, the federal government would pay 80 percent of the cost of a regional plant. Both cities concurred that the solution was obvious. Now, the regional system, shown in Figure 2, includes the plan and an extensive system of pipes which collect sewage from the two cities local sewer pipes and convey it to the plant for treatment.

The regional system is a unique partnership formed by the City of Springfield, the City of Eugene and Lane County. It has no employees of its own. It uses about 77 employees of the City of Eugene to operate the treatment plant, and about a dozen employees of the City of Springfield to manage the administration of the system and its large capital program.

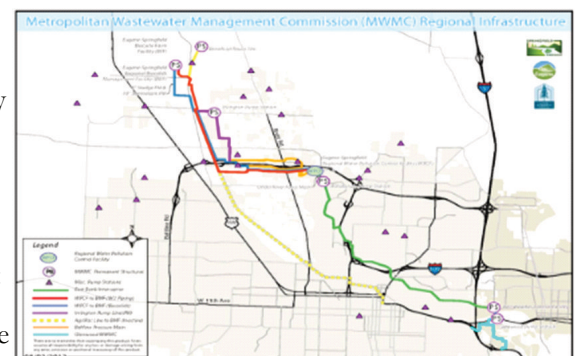


Figure 2: Regional System

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The system is funded by sewer fees imposed on residents of the two cities. These fees cover 90 percent of system costs, with Systems Development Charges making up 6 percent. Regional spending is primarily for capital investments to maintain the \$450 million in assets. Capital spending and debt service make up almost 60 percent of spending, while 30 percent is in system operations and 9 percent in administration.

Mr. Miller pointed to several innovative approaches by the regional system to use almost everything that comes down the sewer pipe. Solids that are not removed during treatment at piped to a facility north of Eugene where they are dried and then sold to grass seed farmers who apply them to the land as fertilizer. Excess water is piped to a plantation of poplar trees where it supports their growth. (The trees are harvested on a 12-year cycle for a variety of purposes). Methane gas, which is a byproduct of the treatment process, provides power for about half of plant operations. While at present, excess methane is burned off, Ms. Molina discussed a project now underway which will allow the full methane output of the plant to be put into the NW Natural system to provide natural gas to its customers.

Operating the system is not without its challenges, however. The impact of rainy weather is a major challenge. The average daily flow into the plant is 30 million gallons per day. But the plant is designed to a capacity of 227 million gallons per day, because during the rainy season a substantial amount of storm water infiltrates through the pipes in each city and ends up being conveyed to the plant. Mr. Miller pointed to the fact that the plant's permit expired a dozen years ago. EPA and DEQ have continued the permit administratively because they cannot navigate the changing standards for environmental impact and have inadequate resources to complete reviews on a timely basis. Ms. Molina pointed to the risk of increased levels of pharmaceuticals in the waste stream. There is no reasonably effective way, she said, to remove these complex biological substances from the stream, thus they pass through the system and end up in the water of our rivers.

SEPTEMBER 19 – RENT REGULATION UNDER SENATE BILL 608

When SB 608 was passed and signed by the Governor, it was cast as either rent control which would insure tenants' rights, or the death of the residential rental industry. Based on the remarks by experts at the September 19 Springfield City Club it is neither. Jon van Landingham and Jim Straub provided not only an analysis if the new law, but also the back story of how it was developed.

There are two aspects to the changes adopted in SB 608. First, the ability to evict tenants is limited. After the first year of tenancy, no cause evictions are prohibited, except in cases of owner-occupied housing with two rental units or less. Second, increases in rent are restricted to an amount equal to 7 percent plus the change in the consumer price index, except for building less than 15 years old, in which case the limit does not apply. The limitation on increases also does not apply if the landlord is providing reduced rent as part of a subsidy program.

While no cause evictions are restricted, the law also created four new bases under which a landlord may evict a tenant. These include: Landlord or family member move-in, substantial repair or renovation, demolition, and removal from residential use. If a landlord evicts for one of these reasons, in addition to 90 day's notice they must be relocation expenses in the amount of one month's rent. The historic reasons for eviction for cause – non-payment of rent, violation of the rental agreement, outrageous conduct remain unchanged under the new law.

Rent regulation has a long history in Oregon, dating from the 1980's, when a Springfield group, "Fair Share" attempted to persuade the legislature to adopt rent control. The response from the industry was a statewide prohibition on rent control in 1985. Since then, numerous attempts to reverse that decision were not successful. When the Democrats achieved a "supermajority" in the 2018 election, it became more likely that some form of rent regulation might be enacted. According to Mr. Straub, the Speaker of the House, Tina Kotek, approached him because she wanted to try to work out something that landlords could accept.

Mr. Straub gave a description of how the current law came to be crafted, as a response not only to concerns expressed by tenants, but as a way of addressing the fact that out of state investors were ousting local investors and seizing a predominant place in the rental market. He said there are several "carve-outs" designed to help small, local landlords. While he indicated he remains opposed to the changes, he acknowledged that he was directly involved in detailed negotiations with the Speaker in discussions which led to the draft that was finally approved. Mr. Straub, who is the Legislative Director of the Oregon Rental Housing Association, concluded that it was better for the rental industry to help craft the best bill possible, rather than stay on the sidelines and complain. One of the major successes from the landlord perspectives, was the retention of no cause for eviction within the first year of a tenancy. The legislative changes do not affect the ability of landlords to impose deposits for various reasons but do restrict the number and type of fees (fees are not refundable, while deposits are).



**Minutes
Board of Directors
Springfield City Club
August 6, 2019 – LRAPA offices**

Present:

Merlyn Hough Bob Fondren Len Goodwin Therese Lang
Carolyn Miller Nick Nelson

Absent: Kristin Denmark, Terry Beyer, Callie Barry Elliott, Mackenzie Karp

Guests: Joe Leahy

The meeting was called to order at 11:35 a.m.

On a motion by Bob, seconded by Carolyn, the minutes for June 2019 and July 2019 were approved unanimously.

Merlyn requested that future minute drafts be circulated in pdf format, as the Word format is being rejected by some spam filters.

Carolyn reported that she had met with League of Women Voters officials to discuss the conflict in our meeting dates. (Both organizations meet on the first and third Thursdays of each month). She advised that the League will reschedule first Thursday meetings in September, October and November to the second Thursday. Unfortunately, City Club has had to change its first Thursday meetings in September and November to accommodate the Hilton Garden schedule, and those meetings will once again conflict with the League.

Bob presented the July Financial report. On motion by Len, seconded by Therese, both the June and July financial reports were approved unanimously.

Len reported that he had experienced problems with the Payment Card Industry Data Security Standards recently. Quarterly scans of our system are required to assure compliance with the standards. Compliance is required if we use the ProcessNow app provided by Banner Bank for payment processing. If he continues to experience difficulties, he may explore switching to either Square or PayPal, since those two organizations provide their own PCI compliance testing.

Mackenzie provided, by way of Joe, copies of the new posters she created. Joe will arrange to have them copied.

She also announced she must resign from the Board because of the work requirements of her new position. That leaves the Board with two vacancies. After discussion, it was agreed that Carolyn will talk to Cheryl Eyster and extend an invitation for her to join the Board and Joe will talk to Heather Murphy about her interest in joining the Board.

The Board discussed how to increase diversity in the Board. The consensus is that first we must increase diversity in attendance, and that might be accomplished by finding programs that appeal to a more diverse audience.

The Board reviewed programs.

The program scheduled are:

August 22nd, with Mr. DeFazio.

September 12: Metropolitan Wastewater Management Commission

September 19: John Van Landingham and Jim Straub on rent stabilization legislation.

Kristin will talk to the School Board about having Superintendent Hamilton on either October date that is convenient.

Joe will pursue setting a date with Mark Garber to discuss local press.

There appear to be no statewide ballot issue in November, so we will explore programs on work readiness and CTE, possible inviting the Springfield Chamber, District 19 and private employer using work ready staff (Johnson Crushers was given as an example). Therese will explore the possibility of a program on the arts in Springfield.

No new updates on the statewide consortium of City Clubs.

Therese will write a column on the local arts scene for the September newsletter (due August 23).

There being no further business, the meeting was adjourned at 12:25 p.m.

Respectfully submitted,

Len Goodwin,
Secretary

developments impact supply and demand. Our local market is one where there is more demand than supply in both homes for sale and homes for rent. This scenario is caused by a variety of reasons including, increase in population, lack of buildable land, increase cost of construction, and a market where both rent increases and housing prices rising been meet by the consumer. As our community goes forward the ability to provide affordable housing will continue to be top priority for the city governments, local businesses and our local population. A focus on continuing to create a strong economy with higher wages and more opportunity should dovetail with the focus on housing.

Ultimately, it is a personal decision on whether to rent or buy.

Nick Nelson,
Director



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