

## Coast trust tries to turn tide on home prices

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Oregonian The Lincoln Community Land Trust will put this house in Lincoln City up for sale soon -- at well below its market value -- as part of its effort to offer affordable housing on the Oregon coast, known for its expansive views and expensive home prices.

NEWPORT -- Just about everybody here has a story about the lack of affordable housing on the coast:

The five teachers in one year who accepted positions then resigned before even starting; the new business that had to delay opening after half of its workforce quit; the mental health worker who relocated from the Midwest, then ended up living in his motor home -- all because they couldn't afford housing.

But soon, there will be one less tale -- and one more affordable home.

In the coming weeks, the **Lincoln Community Land Trust** will put its first property on the market, offering it to the first qualified buyer at a price just over half of what the nonprofit has invested and well below its market value.

It's the first land trust house on the Oregon coast, a small, but significant step in helping the average working class family realize the dream of owning a home, said Bill Hall, Lincoln County commissioner and land trust board president.

"In 20 years, home prices have doubled, but wages were up only 26 percent," Hall said. "The land trust is needed. There are so many people who want to live here. There is more demand for housing, even in this market, than good affordable housing available."

The Lincoln Community Land Trust formed about two years ago. Using money from Federal Neighborhood Stabilization Program, the nonprofit bought a house in foreclosure for \$175,000, then invested an additional \$67,000 in improvements. When it goes on the market, it will be with a listing price of about \$140,000. The house was appraised at \$204,500 before improvements.

It's not every day someone is willing to put a chunk of money into a house, then turn around and sell it for a bit more than half the investment. But the bargain doesn't come without strings.

The land trust retains ownership of the land itself. The buyer will have to meet certain income criteria and will have to qualify for a mortgage just like anyone else, plus attend homeowner's classes. And when it's time to sell, there'll be more rules.

"They agree when they are ready to sell, they will sell to someone that meets the income requirements," Hall said. "That's key. Not only is it creating affordable housing, but keeping it over the long term. They can get back what they put into it, plus 2 percent appreciation per year. The idea is that you do have a chance to build some equity, but if we go through another spike like we did, someone can't reap a windfall."

Land trusts have been around since the 1960s, when the first was formed in rural Georgia as a means of providing homes for farmhands, said Benjamin Baggett, director of the Lincoln Community Land Trust.

"Since then, the land trust model has grown to 243 in the United States," Baggett said. "Ten percent of those are in the Pacific Northwest. It has also gone international with land trusts in England, Australia and Kenya."

In Oregon, there are about a half-dozen land trusts, including a second organization on the coast, **NeahCasa** which is still working to acquire its first house. The Portland area **Proud Ground** is the largest in the state with 112 houses. It offers houses ranging from \$100,000 to \$140,000 in an area where the median home price is \$250,000.

Lincoln County's biggest challenge will be acquiring property at affordable prices, said Kathy Armstrong, deputy director of Proud Ground.

"It's so much more expensive and sought after there," Armstrong said. "The more expensive the land is, the more it's going to take to make the home affordable. I think it's really encouraging that a coastal community has their first house. It's important that in these destination locations that the people who work there can afford to own their own home there."

The median home price in Lincoln County is reported to be about \$226,000, Hall said. But that figure is deceptive, he said.

"Depending on the condition and location, the two- or three-bedroom house most people are looking for is likely to be on the market more in the \$300,000 and above range. Anything decent at all in Newport or Lincoln City is going to set you back a good penny."

The high cost of housing isn't only hard on homebuyers, but employers, too, Hall said.

About three years ago, the county thought it had found a promising candidate for its finance director opening. City officials flew him here and offered the job with a salary of \$80,000, almost exactly what he was getting in Iowa, Hall said. But after house hunting, he'd changed his mind. "They had a very nice house in Iowa that cost \$150,000 and here they found they could get a nice doublewide for \$150,000."

Although the first house isn't on the market yet, Hall is encouraging prospective buyers to start the application process. And it may not be long before there's a second house. The first came with an extra lot and the nonprofit has already started the process of subdividing it for house No. 2.

"It's fantastic," Hall said. "It's gone from being something abstract and theoretical to being an honest-to-goodness house with land and a roof. And now that we have house number one with number two on the way, I expect the momentum to increase dramatically. It's huge."

-- **Lori Tobias**

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