
Central Oregon Workforce Housing Needs Assessment

July 2006

Prepared for:

**Central Oregon Regional Housing Authority
dba Housing Works**

Prepared by:

**Rees Consulting, Inc.
Crested Butte, Colorado**

In Collaboration with:

**RRC Associates, Inc.
Boulder, Colorado**

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Sponsored by:

**Bank of the Cascades
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EXECUTIVE SUMMARY

CENTRAL OREGON WORKFORCE HOUSING NEEDS ASSESSMENT

The Central Oregon Regional Housing Authority (dba Housing Works) and its community partners sponsored this study on workforce housing needs in Crook, Deschutes and Jefferson counties. The study found that there is an imbalance between the demand for and supply of workforce housing in Central Oregon and a mismatch between prices and household incomes.

Key findings include:

- Home prices have been rising and are no longer affordable for most members of the workforce;
- Growth in demand for workforce housing has been outpacing the production of units;
- Employers are being negatively affected by problems that can be directly attributed to the insufficient availability of affordable workforce housing;
- Growth in demand for workforce housing will continue yet will not be balanced with construction of affordably-priced units given development now underway in the pipeline.

This report was prepared utilizing information from numerous sources including a survey of 118 private- and public-sector employers in the region, interviews and published data from the following:

- Central Oregon Association of Realtors;
- 2003 US Economic Census;
- Central Oregon Rental Owners Association;
- Bratton Appraisal Group, LLC;
- US Department of Housing and Urban Development;
- Economic Development for Central Oregon (EDCO);
- Oregon Housing and Community Services; and
- Worksource Oregon Employment Department.

Population

Growth in the population is fueling demand for housing. The region's population now surpasses 182,000. Since 2000, the region's population has grown by approximately 28,630 persons. Deschutes is the fastest growing county in Oregon. While population growth has been slower in Crook and Jefferson counties, it has exceeded the state average for four out of the last five years.

Income

Approximately 37% of the region's households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes ($\leq 80\%$ AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between. Approximately 21% of the region's households have incomes in the moderate range (81% - 120% AMI) while 42% are middle- to upper-income households.

Housing Affordability

In the region, the maximum affordable purchase price for low-income households ranges from approximately \$110,000 in Jefferson County to \$134,000 in Deschutes County. The most that low-income households ($\leq 80\%$ AMI) can afford to pay in rent is \$889 in Crook County, \$1,058 in Deschutes County and \$870 in Jefferson County.

Employment, Unemployment and Job Growth

Between 2000 and 2005, employers in Central Oregon produced 12,240 new non-farm jobs. This equates to an average increase of 2,448 jobs per year. In 2005, Central Oregon experienced widespread economic gains. Deschutes County led the state in job growth followed closely by Crook County. While growth in employment has not been as robust in Jefferson County as in its neighboring Central Oregon counties, unemployment was low and gains in jobs are expected with several commercial and residential developments underway.

Since 2003, the unemployment rate has been declining in all three counties. It has recently reached levels where labor shortages are being reported, particularly for certain types of positions including accountants, skilled technicians, engineers, entry-level production employees and workers skilled in the construction trades.

Job growth and the demand for workforce housing that it generates is expected to continue into the foreseeable future.

- The Worksource Oregon Employment Department forecasts that Central Oregon will have the fastest job growth in the state -- 24.4% between 2004 and 2014. This equates to approximately 17,520 additional jobs or an average of 1,752 jobs per year.
- 94% of employers surveyed as part of this study indicate they plan to have a net increase in jobs in the next three years.
- Economic Development of Central Oregon (EDCO) is working on approximately 50 business expansion and recruitment prospects which combined could generate 1,400 new jobs.

Numerous commercial, industrial, residential and mixed-use projects have been recently approved for development or are now being planned. These developments will generate jobs that fuel demand initially for housing for construction workers followed by demand from permanent on-site employees. These developments include:

- Eight destination resorts;
- Major residential subdivisions in Bend, Sisters, Prineville, LaPine, Redmond, and unincorporated Jefferson County;
- Expansion of aircraft manufacturers and aviation-related facilities;
- Retail growth in Prineville's downtown area, construction of a Wal-Mart Supercenter in Redmond and the possible location of one in Bend, potential construction of a Lowe's and Home Depot in Redmond, the second phase of the Old Mill in Bend and a new commercial subdivision in Sisters;
- Construction of a correctional facility east of Madras;
- Development of the Desert Rise Industrial Park in Redmond and two business parks in Sisters with a total of 40 lots;
- Construction of a 30-bed rehabilitation center in Bend and expansion of Oregon Dental Services in Redmond;
- Expansion of Fuqua Homes in Bend; and
- Development of a water park in Redmond.

While jobs will be produced at all wage levels, many will be low-paying positions in retail, hospitality/recreation services, and residential support. Only a portion of the residential development underway will house the workforce. Much of the housing being constructed will be occupied by retirees and other residents who are not members of the workforce, or used as vacation properties. These units will generate demand for workforce housing both on site (maintenance, domestic service, etc.) and indirectly through stimulation of retail trade and commercial services.

Impacts on Employers

The insufficient availability of housing that is affordable for the workforce is negatively affecting employers in Central Oregon. Half of those surveyed felt it is the most critical problem or one of the more serious problems in the region. Another third felt it is a moderate problem. Relatively few felt it was one of the region's lesser problems (10%) or not a problem (7%).

Opinions about the extent to which the availability of affordable workforce housing is a problem vary somewhat by county. Employers in Crook County are most likely to feel it is a critical or serious problem (64%), followed by responses from Deschutes County (57%). In contrast, only 28% of the employers surveyed in Jefferson County felt the availability of affordable workforce housing was a critical or serious problem and 28% felt it was not a problem or a lesser problem.

Employers in Prineville, where growth in retail and services sectors is being spurred by multiple large-scale residential developments, are the most likely to feel that the availability of affordable workforce housing is a critical or serious problem.

Employers were asked to indicate the type and frequency of problems that have been experienced in the past two years that "could be attributed to the price or availability of

workforce housing.” Having unfilled jobs was the more frequently mentioned type of problem, often followed by having unqualified applicants and employee turnover. Applying survey results to total employment resulted in an estimate of approximately 5,200 unfilled jobs.

Consequences associated with not being able to find qualified employees to fill needed positions or operating at less than optimal employment levels are numerous. An employer’s competitiveness, profitability, service levels, customer satisfaction, hours of operation, and product innovation capacity can all be negatively affected by workforce housing deficiencies.

The availability of affordable workforce housing is not just a problem for low-wage employees but can affect all categories of workers. On average, employers felt that retail/service clerks have the most difficulty. The second highest rating, however, was assigned to entry-level professionals and 23% of employers surveyed indicated that upper management had moderate to major difficulty locating housing in the region.

Some employers do not acknowledge the relationship between workforce housing and unfilled jobs. They indicate that their positions are unfilled due to deficiencies in the labor force (no applicants, unqualified applicants, etc.) Other employers, however, see a correlation between an insufficient labor force and the lack of affordable workforce housing.

Even though employers are reporting difficulties finding qualified employees, few (8% of those surveyed) have provided housing assistance in the past two years. There is a high degree of uncertainty regarding the likelihood that employers will be providing increased levels of housing assistance to their employees in the future. While nearly half of the employers surveyed indicated they are not willing to support housing for employees, almost as many (42%) indicated they are uncertain.

Homeownership Market

While the homeownership rate in 2000 was relatively high at 72% compared with 66% for the nation as a whole and 64% for Oregon, the price of homes today suggests that a much lower percentage of employees will be able to afford to buy in the future. This should create a shift in the characteristics of the region with proportionately fewer residents owning their homes.

In 2005, the median price for homes ranged from a low of \$90,000 for a manufactured home in Jefferson County on less than one acre to \$394,250 for a single-family home in Sisters. Manufactured homes are the least expensive option for homeownership. While condominiums and townhomes are typically more affordable than single-family homes, high-end townhomes in Bend are now priced above the median for single-family homes.

Home prices in Central Oregon are climbing upward. The median price for all types of units in all areas of the region has increased by approximately 40% to 100% since 2003. Overall, the escalation in home prices throughout the region averaged about 65%. Although home prices in Crook and Jefferson counties are lower than in Deschutes County, they are increasing at similar rates.

Residential real estate prices are continuing to escalate this year. The median prices of single-family homes listed for sale in April were 40% (Jefferson County) to 90% (Redmond) higher than the median prices of homes sold in 2005. This suggests that the upward climb in the cost of homes is getting steeper.

Approximately 1,600 residential units were listed for sale during the last week of April 2006. This equated to an inventory of about 2.6 months based on 7,500 units sold in 2005. Just over 25% of the listings were in the \$500,000 to \$1 million price range. The median price for single-family homes was nearly \$560,000 in the Sisters area and approximately \$456,000 in the Bend area. Prices in Crook and Jefferson County used to be very similar but the median in Crook is now over \$93,000 higher than in Jefferson County. There were few listings under \$200,000 – only 15% of the total.

Incomes and home prices in Central Oregon are incongruent. The mismatch between what residents can afford to pay for housing and what homes cost to buy is pronounced. In all areas of the region except Jefferson County, it would take an income more than twice the median income to buy a home at the median price. In the Sisters area, an income of 379% AMI would be needed to afford a home listed for the median price.

Median List Prices and Median Incomes Compared

	Affordable Price 100% AMI	Median Price All Residential	% AMI Needed to Afford Median Price
Deschutes County	\$167,400	\$425,000	254%
Bend/Tumalo/Alfalfa	\$167,400	\$471,268	282%
Redmond/Terrebonne	\$167,400	\$391,050	234%
Sisters Area	\$167,400	\$634,700	379%
Crook County	\$140,800	\$322,500	229%
Jefferson County	\$137,700	\$185,000	134%

Rental Market

The rental market in Central Oregon is generally strong with low vacancy rates and rising rents. While the supply of rental units has, for the most part, kept up with demand in recent years with construction of new units in response to the in-migration of renters, there are indications that this has changed. Demand continues to be strong as evidenced by declining vacancy rates, yet growth in the supply of rental units is not likely to continue at recent levels. Rents should continue to increase as the imbalance between rental supply and demand grows.

In the past year, the supply of rental units edged up while the demand jumped up. Growth in the number of rental units is likely to remain flat in the foreseeable future and there may even be a decline due to a combination of factors:

- Condominium conversions in Bend;
- The price of land zoned for high-density development having reached the level that makes apartment development unprofitable;

- No planned apartment construction other than the eventual development of approximately four acres in Prineville;
- Rising mortgage interest rates that makes it more difficult to purchase a home thereby forcing employees to rent; and
- Competition from high-end construction.

In Deschutes County, rents start at around \$525 for a one-bedroom apartment and range up to an average of around \$1,200 for a four-bedroom house. Rates are lower in both Crook and Jefferson Counties. Based on a comparison of single-family homes, rents are about \$150 per month less in Prineville and from \$200 to \$400 less in the Madras/Culver area.

Vacancy rates in Central Oregon are low and declining. As a general rule, when vacancy rates are below 7%, markets are considered tight and construction of additional units is warranted. Prineville had the lowest vacancy rate in early 2006 of any community in the region at 3.9%. The rate was also very low in Madras and, in Sisters, all of the 34 rental units surveyed were occupied.

Redmond had the highest vacancy rate but, at 7.6%, it still reflected a strong market where the supply is so limited relative to demand that increases in rents should be expected. Vacancy rates have been declining from 10.6% in 2004 to 6.8% in 2006. The combined overall vacancy rate for the Bend area decreased from 5.8% in 2004 to 2.8% in 2005.

Gap/Demand Analysis

Demand for workforce housing was estimated by examining population and employment growth between 2000 and 2005, vacant jobs in 2006, new jobs projected through 2008 and the replacement of employees who will retire in the next three years. Population growth in the past five years generated demand for 11,368 units. Much of this demand was not generated by members of the workforce, however, but rather by retirees and other non-employed persons. Between 2000 and 2005, job growth created demand for 9,057 units of workforce housing which equated to about 80% of total demand.

During the same five-year period, approximately 8,230 units of workforce housing were produced. This resulted in a deficit of 827 workforce housing units in the region as a whole. The deficit was actually larger in Deschutes County (1,493 units) but was partially addressed by residential development in both Crook and Jefferson counties.

By 2008, approximately 9,460 workforce housing units will be needed to address the deficit generated between 2000 and 2005, fill vacant jobs and sustain growth.

Workforce Housing Demand by AMI

Source of Demand	Crook	Deschutes	Jefferson	Region
Workforce Deficit 2000 – 2005 (surplus)	(256)	1,493	(404)	827
Unfilled Jobs, 2006	105	1,404	129	1,637
New Jobs, 2006 - 2008	489	5,359	717	6,565
Replacement of Retirees, 2006 - 2008	96	306	28	431
Total*	434	8,562	470	9,460

Demand by AMI	Crook	Deschutes	Jefferson	Region
≤ 50% AMI	85	1,550	82	1,722
51% - 80% AMI	78	1,584	91	1,760
81% - 100% AMI	46	1,010	48	1,078
101 - 120% AMI	49	856	50	974
121% + AMI	175	3,570	198	3,935
Total*	434	8,571	470	9,469

* Note that the totals vary slightly due to rounding.

Of the total, approximately 3,480 units will be needed to house low-income workforce households (incomes ≤80% AMI). Another 2,050 units will be needed for moderate-income workforce households (81% to 120% AMI). Given that current home prices are generally far above what is affordable for these income groups and that there are few vacant rental units with almost no apartment construction planned for the near future, proactive strategies will be needed to address this need.

Recommendations

Develop a common definition for workforce housing that specifies the income levels that are not served by the free market and, therefore, should be targeted by public-sector and non-profit initiatives. Monitor home prices and rents to make adjustments over time to the income levels that should be targeted.

Consider a variety of tools and techniques in combination for providing workforce housing as growth continues. Comprehensive strategies that target multiple income levels, provide both ownership and rental opportunities and use a combination of incentives, regulatory reform, public/private partnerships and mandates to mitigate housing demand generated by new development are recommended.

Involve employers in the development of strategies for providing workforce housing. Include an education component since survey comments suggest that some employers do not acknowledge the correlation between the availability of affordable workforce housing and having an adequate labor force.

Enhance information systems to better monitor the supply and cost of housing and the demand for workforce housing generated by new development. Specifically:

- Modify building permit and Assessor records to include the number of units for apartments and other multi-unit projects under single ownership so that the supply of rental units can be monitored.
- As the number of sales increases in Crook and Jefferson Counties with additional residential development, modify the MLS to divide the counties into sub-markets as is done in Deschutes County.
- Conduct apartment vacancy and rent surveys during the summer peak employment season, as well as during the winter or fall.
- Develop a standardized format for display of home sales data so that changes and trends can be easily discerned; the quarterly reports now produced by the Central Oregon Association of Realtors provide the detailed information that could be graphed and summarized in user-friendly formats.
- Obtain job projections for all significant developments proposed within the three-county region and compile them quarterly into a consolidated report that forecasts employment and associated workforce housing demand.
- Make County Assessor data more accessible, ideally through inclusion on web sites, as has become a common practice in many counties around the country.

INTRODUCTION

Purpose of the Study

The Central Oregon Regional Housing Authority (CORHA) and its community partners sponsored this study on workforce housing in Deschutes, Crook and Jefferson counties to determine the extent that rising housing costs relative to incomes and the availability of housing near place of employment are negatively affecting the region's economy. This report considers multiple indicators including the ability of employers to hire and retain qualified employees, the number of unfilled jobs in the region and plans for continued development that will generate additional demand for affordable workforce housing. It provides estimates of the number of workforce housing units needed at present and in the near future to sustain the operations of private- and public-sector employers throughout the region, and provides information to better understand how workforce housing needs should be addressed.

Workforce Housing Defined

For the purposes of this study, workforce housing is defined as residential units that are occupied or likely to be occupied by at least one person who works in the Central Oregon region. It includes both publicly-subsidized and free-market housing. This definition is based on use of the home, not how the unit was or may be produced.

The workforce included employees, business owners and self-employed persons at all income levels. This report will examine the demand for and supply of housing within ranges from low through moderate, middle and upper incomes expressed as percentages of the Area Median Income (AMI), an estimate published annually for each county. The extent to which housing is available at rent and purchase prices that are affordable for these income groups will be assessed. Housing is considered to be affordable when the monthly housing payment does not exceed 30% of the household's gross income. This affordability test is appropriate for all areas including Central Oregon. When housing prices are high, other costs of living are also likely to be high and residents must have sufficient residual income after their housing payment to afford groceries, medical care, utilities, transportation and other necessities.

This study does not examine the housing needs of retirees, persons with special needs, and other individuals who do not work.

Organization and Content of the Report

This report consists of seven sections as described below:

- I. POPULATION, INCOME AND AFFORDABILITY -- Examines the growth in the region's population, the incomes of its households and the housing prices that are affordable given income levels in the region.
- II. ECONOMIC ANALYSIS -- Provides employment estimates for the region as a whole and each municipality (zip code area), job growth (both historical and projected), planned development and commuting.
- III. EMPLOYMENT IMPACTS -- Analyzes the extent to which the availability of affordable workforce housing is affecting employers. This section also examines the potential willingness of employers to help employees find and acquire housing in the future.
- IV. THE HOMEOWNERSHIP MARKET -- Examines the current cost, escalation in price and availability of single-family homes, manufactured homes and condominiums/townhomes.
- V. THE RENTAL MARKET -- Examines the inventory of rental units in the region and covers rents and vacancy rates, both current and over time.
- VI. GAP/DEMAND ANALYSIS -- Analyzes the relationship between housing supply and demand, and considers the impact that planned job growth will have on the demand for additional workforce housing.
- VII. CONCLUSIONS AND RECOMMENDATIONS -- Presents a synopsis of the key findings made throughout the report and provides recommendations on actions that could be taken to address identified needs.

Sources Used

A combination of primary research, secondary/published data and interviews were utilized in the preparation of this report.

Secondary Data:

The following sources are referenced in the report:

- 2000 Census, SF 1 and SF 3 and CHAS tabulations
- Central Oregon Association of Realtors
- 2003 US Economic Census and ES 202 employment and wage data
- Central Oregon Rental Owners Association
- Bratton Appraisal Group, LLC

- US Housing Market Conditions, 4th Quarter 2005, US Department of Housing and Urban Development
- Economic Development for Central Oregon
- Oregon Housing and Community Services
- Worksource Oregon Employment Department

Key Informant Interviews

Telephone interviews were conducted with municipal and county planning staff, representatives of economic development agencies and chambers of commerce, rental property managers and realtors.

Employer Survey

A written mail out/mail back survey was distributed to 1,000 employers in the three-county region. The survey contained 15 questions plus two queries for comments. A total of 118 completed surveys were returned for a response rate of 11.8%.

As shown on the following table, almost half of the surveys were from employers in Deschutes County. The rest of the surveys were about evenly divided between Crook and Jefferson counties. A variety of private and public-sector employers responded; all industrial sectors are represented in the sample.

Employer Survey Responses

	Crook County	Deschutes County	Jefferson County
Bar/restaurant and retail	17.2	11.1	11.5
Construction	10.3	11.1	7.7
Education and government	13.8	7.9	30.8
Finance/banking & professional services	10.3	23.8	19.2
Lodge/hotel & RE, prop mgt	13.8	7.9	0.0
Mfg./Wholesale	27.6	17.5	7.7
Service, entertainment, other	6.9	20.6	23.1
	100%	100%	100%
Number of Responses	29	63	26

I. POPULATION, INCOME AND AFFORDABILITY

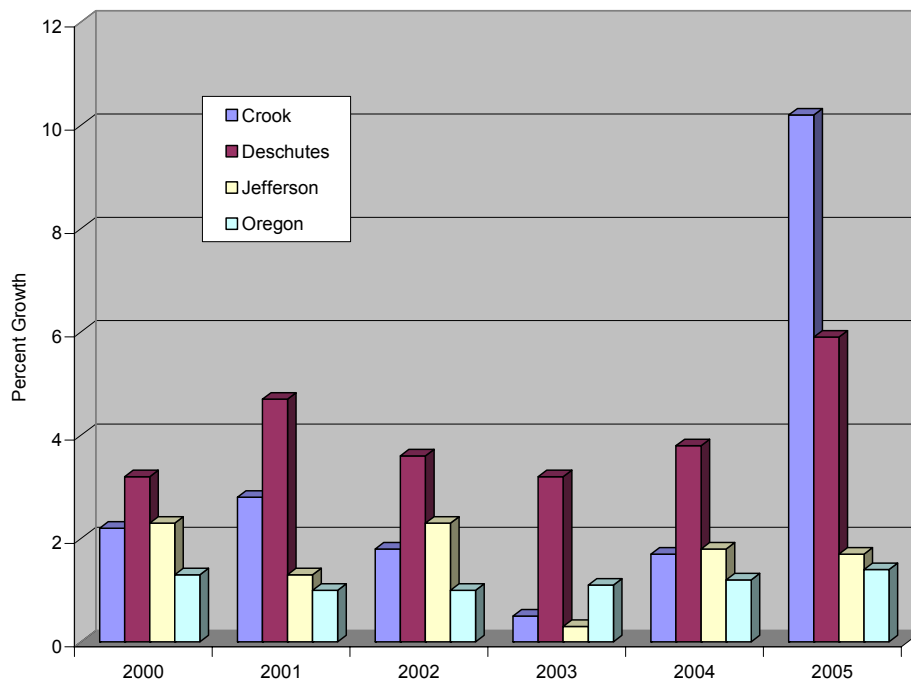
This section of the report examines the population in Central Oregon, their incomes and affordable housing costs.

Population

It is important to consider changes in the population first in this analysis of workforce housing since persons moving into the region are stimulating job growth in many sectors, particularly construction, retail and services. According to the Regional Economist for the Worksource Oregon Employment Department, Central Oregon has the highest net in migration in the state (29 new residents for every 1,000 in population in 2004) and that "migration to the area is the driving force behind expansion." Many residents move to Central Oregon for the quality of life; the availability of jobs is secondary to the climate, recreational opportunities and general lifestyle the region has to offer.

Deschutes has been the fastest growing county in Oregon. While population growth has been slower in Crook and Jefferson counties, it has exceeded the state average for five out of the last six years. In 2005, Crook County had the highest growth rate in the state with a gain of just over 10% from 2004.

Population Growth, 2000 – 2005



Source: Worksource Oregon Employment Department

The region's population now has a population of nearly 187,000. Since 2000, the region's population has grown by approximately 33,300 persons.

Population Growth, 2000 - 2005

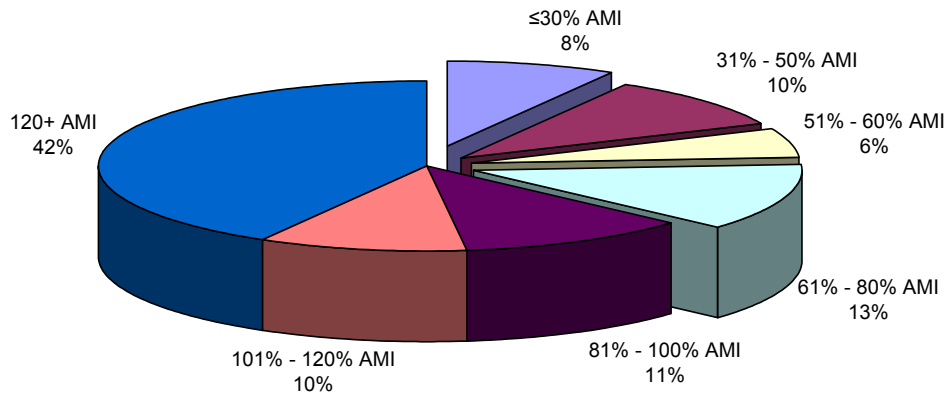
County/Municipality	2000	2004	2005	Difference 2000 - 2005
Crook County	19,182	20,650	22,775	3,593
Prineville	7,356	8,640	8,782	1,426
Unincorporated	11,826	12,010	13,993	2,167
Deschutes County	115,367	135,450	143,490	28,123
Bend	52,029	65,210	67,605	15,576
Redmond	13,481	18,100	18,774	5,293
Sisters	959	1,490	1,553	594
Unincorporated	48,898	50,650	55,558	6,660
Jefferson County	19,009	20,250	20,600	1,591
Culver	802	850	860	58
Madras	5,078	5,430	5,491	413
Metolius	635	789	798	163
Unincorporated	12,494	13,180	13,451	957
Region Total	153,558	176,350	186,865	33,307

Sources and Methodology: US Census for 2000 Population; Portland State University, Center for Population and Census for 2004 population estimates and 2005 county population estimates, and Rees Consulting estimate for 2005 municipal population derived by applying the growth rate between 2003 and 2004 to the 2004 population figures.

Incomes

Approximately 37% of the region's households have incomes equal to or less than 80% AMI and meet the Department of Housing and Urban Development (HUD) definition of extremely low, very low or low income. Another 21% have incomes in the moderate range (81% - 120% AMI) while 42% are middle- to upper-income households. These 2000 Census figures are expressed as a percentage of the median; therefore, they tend to change very slowly over time.

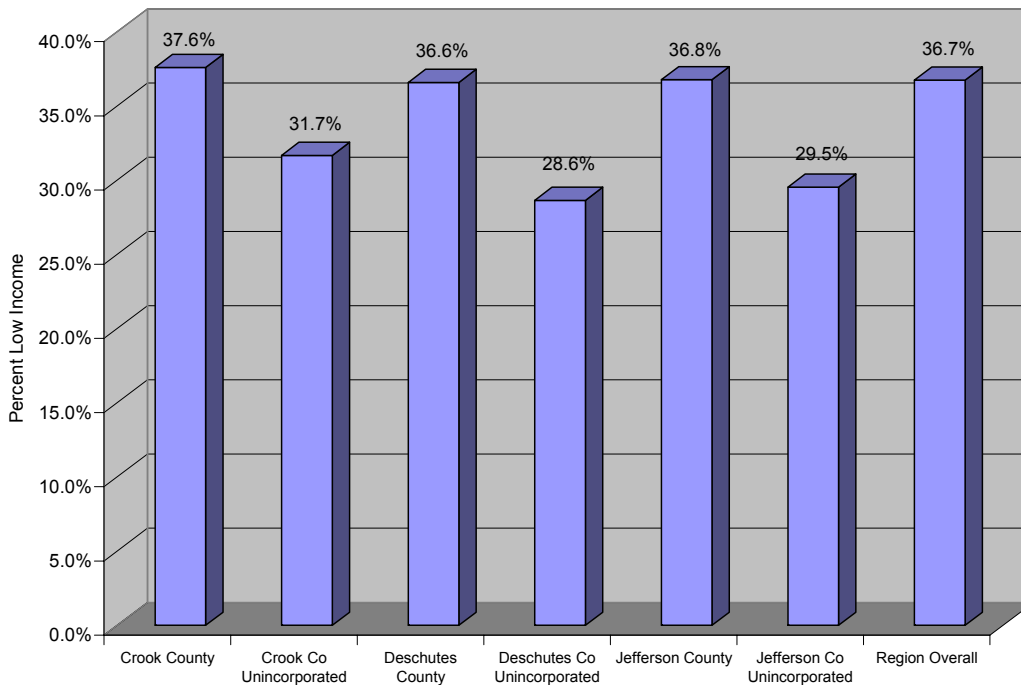
Central Oregon Income Distribution by Area Median Income (AMI)



Source: 2000 Census, CHAS tables

The percentage of households with low incomes ($\leq 80\%$ AMI) is very similar in all three counties and, in each county, the unincorporated areas have proportionately fewer low-income households than the average for the county overall.

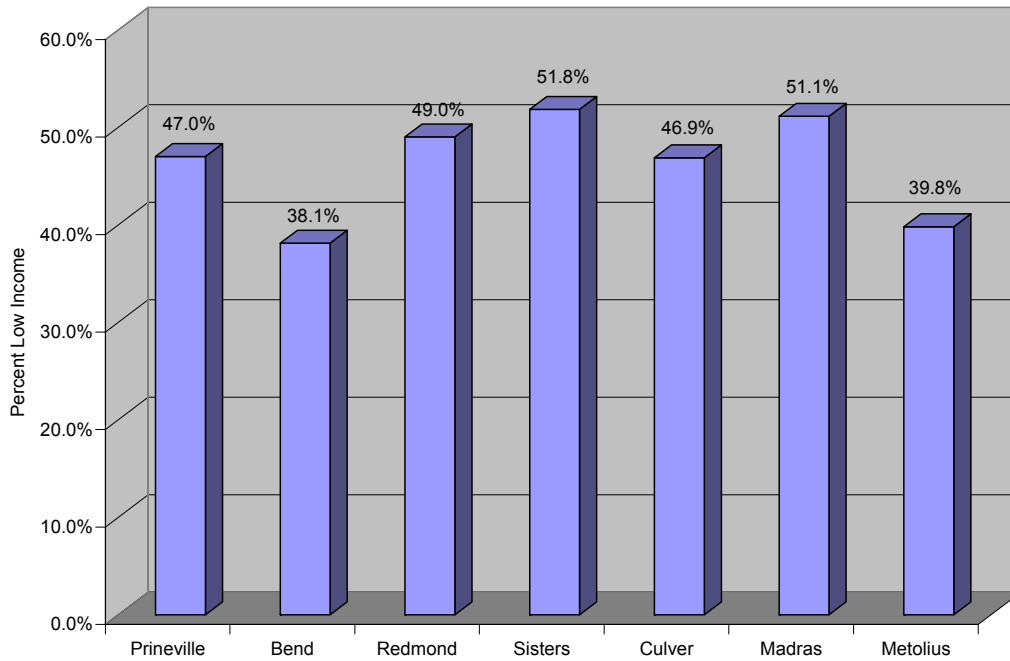
Low-Income Households by County



Source: 2000 Census, CHAS tabulations

There is greater variation among communities in the region. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%), with the other communities falling somewhere in between.

Low-Income Households by Community



Source: 2000 Census, CHAS tabulations

The following table provides detailed information on income levels in each community and county.

Incomes by Community and County
Shading Denotes Low Income

AMI	≤30%	31% - 50%	51% - 60%	61% - 80%	81% - 100%	101% - 120%	120%+
Crook Co. Unincorp.	6.4%	9.7%	5.1%	10.4%	10.1%	11.8%	46.4%
Prineville	11.1%	14.1%	8.8%	12.9%	11.3%	10.8%	30.9%
Crook Co. Total	8.2%	11.4%	6.6%	11.4%	10.6%	11.4%	40.4%
Deschutes Co. Unincorp.	6.2%	7.1%	4.4%	10.9%	10.1%	10.0%	51.3%
Bend	9.0%	10.7%	5.4%	13.0%	12.4%	10.1%	39.3%
Redmond	11.0%	12.1%	8.7%	17.2%	13.3%	9.8%	27.9%
Sisters	11.8%	12.1%	10.3%	17.6%	10.3%	6.8%	31.1%
Deschutes Co. Total	8.4%	9.7%	5.6%	12.9%	11.8%	10.0%	41.7%
Jefferson Co. Unincorp.	5.1%	7.7%	2.9%	13.9%	9.8%	11.8%	48.8%
Culver city	8.6%	13.7%	7.0%	17.6%	10.5%	12.9%	29.7%
Madras city	13.7%	13.4%	6.9%	17.1%	11.4%	7.7%	29.7%
Metolius city	9.5%	7.6%	3.8%	19.0%	11.4%	12.3%	36.5%
Jefferson Co. Total	7.9%	9.5%	4.2%	15.1%	10.3%	10.7%	42.2%
Region Total	8.3%	9.9%	5.6%	13.0%	11.4%	10.3%	41.6%

Source: 2000 Census, CHAS tabulations

Affordability

Housing is generally considered to be affordable when the monthly payment (rent or PITI – principal, interest, taxes and insurance) does not exceed 30% of a household's gross income. Income figures for each county in 2006 have been used to calculate the maximum affordable rent and purchase price for each county by AMI. These income figures are published annually for each county by HUD and vary by household size; the estimates for three-person households were used since the average size of households in the region varies from 2.5 in Deschutes County to 2.8 in Jefferson County.

In the region, the maximum affordable purchase price for low-income households ranges from approximately \$110,000 in Jefferson County to \$134,000 in Deschutes County.

Incomes and Affordable Housing Costs, 2006

Shading denotes maximum affordable price for low-income households.

	Income	Affordable Rent	Affordable Principal/Interest Payment	Max. Mortgage	Affordable Purchase Price
Crook County					
30%	\$13,300	\$332.50	\$266.00	\$40,000	\$42,100
40%	\$17,800	\$445.00	\$356.00	\$53,500	\$56,300
50%	\$22,250	\$556.25	\$445.00	\$66,900	\$70,400
60%	\$26,700	\$667.50	\$534.00	\$80,300	\$84,500
80%	\$35,550	\$888.75	\$711.00	\$106,800	\$112,400
100%	\$44,500	\$1,112.50	\$890.00	\$133,800	\$140,800
120%	\$53,400	\$1,335.00	\$1,068.00	\$160,500	\$168,900
Deschutes County					
30%	\$15,900	\$397.50	\$318.00	\$47,800	\$50,300
40%	\$21,160	\$529.00	\$423.20	\$63,600	\$66,900
50%	\$26,450	\$661.25	\$529.00	\$79,500	\$83,700
60%	\$31,740	\$793.50	\$634.80	\$95,300	\$100,300
80%	\$42,350	\$1,058.75	\$847.00	\$127,300	\$134,000
100%	\$52,900	\$1,322.50	\$1,058.00	\$159,000	\$167,400
120%	\$63,480	\$1,587.00	\$1,269.60	\$190,700	\$200,700
Jefferson County					
30%	\$13,050	\$326.25	\$261.00	\$39,200	\$41,300
40%	\$17,400	\$435.00	\$348.00	\$52,300	\$55,100
50%	\$21,750	\$543.75	\$435.00	\$65,400	\$68,800
60%	\$26,100	\$652.50	\$522.00	\$78,500	\$82,600
80%	\$34,800	\$870.00	\$696.00	\$104,600	\$110,100
100%	\$43,500	\$1,087.50	\$870.00	\$130,800	\$137,700
120%	\$52,200	\$1,305.00	\$1,044.00	\$156,900	\$165,200

II. ECONOMIC ANALYSIS

An understanding of the economy is crucial to the assessment of demand for workforce housing – the number, type and location of jobs that are being created to a great degree dictates the number, location and price of homes needed to house the labor force and support a sustainable economy.

This section of the report examines the economy in Central Oregon including:

- current employment estimates and recent growth in employment;
- job projections;
- employment and wages by community;
- seasonality in employment; and
- commuting.

Employment -- Current Estimates and Recent Growth

Central Oregon's economy has become less dependent on forest products, agriculture and tourism and increasingly diversified with manufacturing, high technology and services. With the area's rapid population growth in recent years, construction-related employment has expanded rapidly. The economic downturn that plagued much of the country in the early part of this decade barely affected this fast-growing region. As of January 2006, the University of Oregon Index of Economic Indicators reported four straight months of overall gains.

Between 2000 and 2005, employers in Central Oregon produced 12,240 new non-farm jobs. This equates to an average increase of 2,448 jobs per year.

Non-Farm Employment, 2000 - 2005

	2000	2005	Gain 2000 - 2005	Avg. Annual Gain
Crook	6,310	6,690	380	76
Deschutes	52,580	64,410	11,830	2,366
Jefferson	6,360	6,390	30	6
	65,250	77,490	12,240	2,448

Source: Worksource Oregon Employment Department

The employment estimates presented above represent only about 85% of total employment in the region. Total employment therefore totaled approximately 91,165 in 2005.

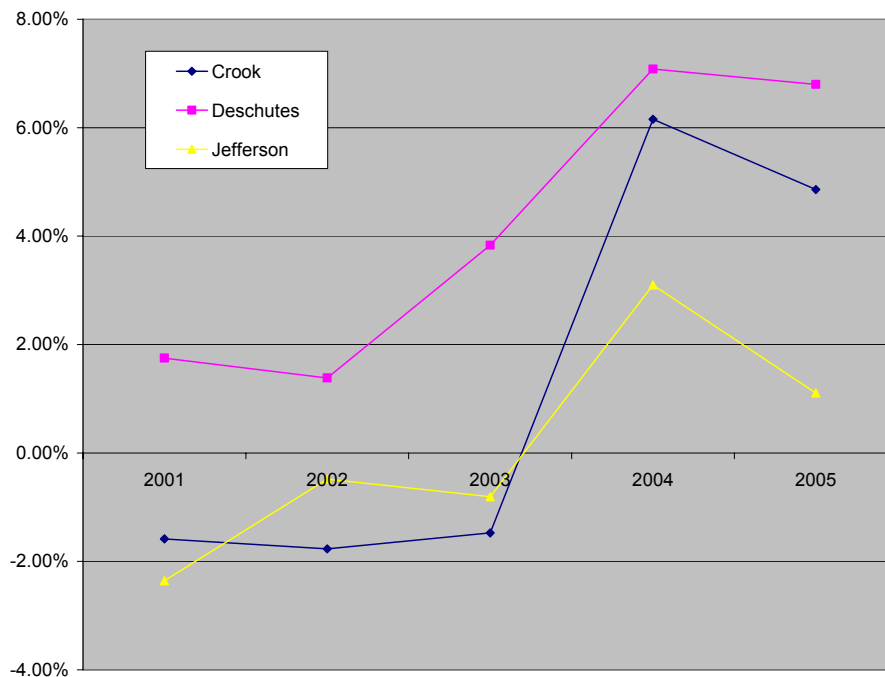
To derive total employment in 2006, the growth rates for 2004 and 2005 were averaged then applied to the 2005 estimate. This results in a total average employment estimate of approximately 97,000 for 2006.

Estimated Total Employment, 2006

	Crook	Deschutes	Jefferson	Total
Non-farm Employment, 2005	6,690	64,410	6,390	77,490
Total Employment, 2005	7,871	75,776	7,518	91,165
Annual Growth Rate (avg. of '04/'05)	5.51%	6.94%	2.10%	6.40%
Total Estimated Employment, 2006	8,304	81,035	7,676	97,015

While the rate of job growth in 2005 did not match the stellar rates of 2004, it was nonetheless impressive and above state averages. The slowdown in the rate of growth may continue into the near future as labor shortages become more common and the amount of new development stabilizes at levels that can be supported by the construction industry. The number of jobs added each year, however, could equal previous years even with a decline in the rate of growth.

Rate of Change in Non-Farm Employment, 2000 – 2005



Source: Worksource Oregon Employment Department

2005 Economic Performance by County

In 2005, Central Oregon experienced widespread economic gains. Deschutes County led the state in terms of job growth followed closely by Crook County. While growth in employment has not been as robust in Jefferson County as in its neighboring Central Oregon counties, unemployment was low and gains in jobs are expected with several commercial and residential developments underway.

Crook County had:

- The second-fastest employment growth in the state with the addition of 310 jobs;
- Unemployment at a historic low;
- Redevelopment of downtown Prineville; and
- Successful residential real estate developments.

Deschutes County experienced:

- The strongest job growth in the state; since 2001, growth averaged 4.7% per year and added 10,910 jobs, which is second only to the Portland area;
- An unemployment rate that reached lows not seen in almost 40 years; and
- Growth in construction spurred by a strong real estate market coupled with gains in financial services, professional/business services, leisure and hospitality, retail and health services.

Jefferson County had:

- Unemployment at 6.1%, its second-lowest in the past 15 years;
- 70 jobs created primarily in construction and professional/business services, which equated to a growth rate of 1.1%; and
- Commencement of work on a correctional facility east of Madras which, in combination with several other planned commercial and residential developments, suggests strong job growth in the future.

An article entitled *Central Oregon Posts Strong Economic Numbers*, April 10, 2006 by Steve Williams, the Regional Economist for the Worksource Oregon Employment Department, is an excellent source for more detailed information on the region's economy in 2005.

Employment and Wages by Community

While there appears to be a popular belief that wages are significantly higher in Bend than in the rest of the region, the average wage earned is not. According to 2003 County Business Patterns data published by the US Census Bureau, the average annual wage is higher in Culver and Prineville than in Bend. This is likely due to the mix of jobs in each community (a higher percentage of retail in Bend) and is not an indication of wage differentials for specific positions.

Employment and Wages by Community, 2003

	Number of Establishments	Number of Employees	Annual Payroll in \$1000	Avg. Annual Wage/Salary
Crook County	437	4,775	124,084	\$25,986
Prineville area	401	4,435	133,562	\$30,115
Deschutes County	5,150	47,322	1,320,743	\$27,910
Bend area	3,784	36,483	1,050,031	\$28,781
Sisters area	309	2,085	48,365	\$23,197
Redmond area	827	7,329	186,475	\$25,443
Jefferson County	365	4,024	112,198	\$27,882
Madras/Metolius area	234	3,134	90,084	\$28,744
Culver area	35	349	11,723	\$33,590

Source: US Census Bureau, CenStats, County Business Patterns

Note: Data for communities is based on zip code boundaries, not city limits.

As with most employment-related estimates, the total number of employees varies by data source. The above table excludes data on self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees. A more comprehensive source for total employment is the Workforce Oregon Employment Department (see page 9).

Unemployment

Since 2003, the unemployment rate has been declining in all three counties. It has recently reached levels where labor shortages are being reported, particularly for certain types of positions including accountants, skilled technicians, engineers and entry-level production workers.

Labor Force and Unemployment (By County of Residence)

	2001	2002	2003	2004	2005
Crook County					
Civilian labor force	8,731	8,787	8,850	9,082	9,309
Unemployed	731	808	843	745	625
Unemployment rate	8.4%	9.2%	9.5%	8.2%	6.7%
Employed	8,000	7,979	8,007	8,336	8,684
Deschutes County					
Civilian labor force	63,437	65,632	68,412	71,064	74,288
Unemployed	4,061	5,006	5,213	4,771	4,054
Unemployment rate	6.4%	7.6%	7.6%	6.7%	5.5%
Employed	59,376	60,626	63,199	66,293	70,234

Jefferson County	2001	2002	2003	2004	2005
Civilian labor force	8,727	8,815	8,858	8,945	9,089
Unemployed	589	602	630	589	556
Unemployment rate	6.7%	6.8%	7.1%	6.6%	6.1%
Employed	8,138	8,213	8,228	8,356	8,533

Source: Worksource Oregon Employment Department

Based on February 2006 estimates, unemployment rates continue to decline in Crook and Deschutes counties. They rose slightly in Jefferson County but this should be a short-term trend given development that is underway in the county.

Unemployment Rates, February 2005 and 2006

	Feb-05	Feb-06
Oregon	7.50%	6.50%
Crook County	8.60%	7.80%
Deschutes County	7.30%	6.10%
Jefferson County	7.90%	8.50%

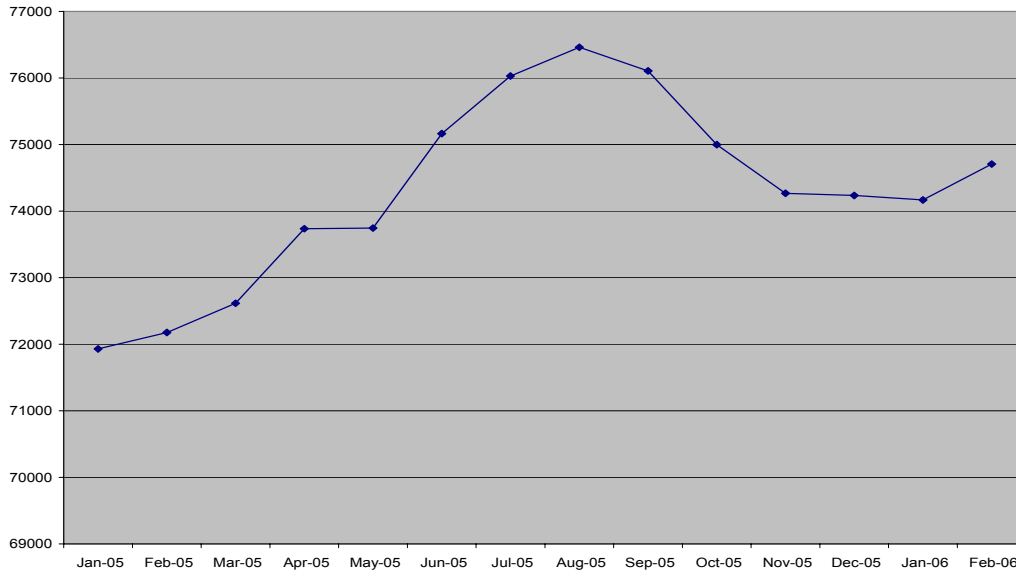
Source: Worksource Oregon Employment Department

Seasonality in Employment

Seasonal variation in employment levels affects workforce housing demand and the viability of options for addressing that demand. If the workforce is highly seasonal or transient and creates fluctuations in demand for housing, developing housing to meet peak periods is generally not feasible.

Seasonality in the number of persons working in the region is largely attributed to the construction, hospitality and leisure industries. In Deschutes County, about 5,000 more jobs exist in the summer than in the winter.

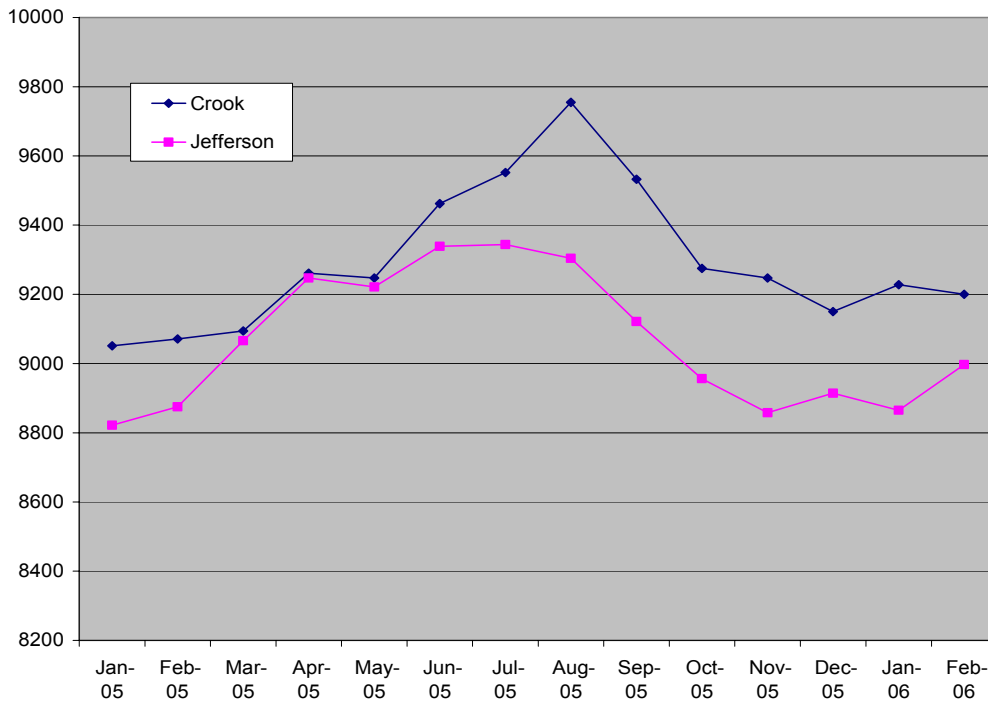
Non-Farm Employment in Deschutes County by Month



Source: Worksource Oregon Employment Department

The seasonality pattern in Crook and Jefferson Counties is similar to that in Deschutes County, with peaks during the summer months and a difference of approximately 700 employed persons in Crook County and 480 in Jefferson County between the lowest and highest employment months.

Non-Farm Employment in Crook and Jefferson Counties



Source: Worksource Oregon Employment Department

Job Projections

According to the Worksource Oregon Employment Department, Central Oregon is projected to have the fastest job growth in the state in the 10-year period between 2004 and 2014. Employment is forecasted to grow 24.4%, which equates to approximately 17,520 additional jobs by 2014. On an average basis, approximately 1,752 jobs will be created each year. This compares with an average increase of 2,448 jobs per year experienced between 2000 and 2005, and a gain of 4,481 jobs between 2004 and 2005.

The Regional Economist for the Worksource Oregon Employment Department indicated that this projection for growth in jobs takes into consideration planned development, historical patterns, and limitations on the rate at which development can occur. These limitations include the capacity of governments to approve projects and ability of the construction industry to build them. This projection, however, appears conservative for multiple reasons in addition to recent jobs gains, including results of the employer survey, employment estimates associated with projects on which Economic Development for Central Oregon (EDCO) is currently working, and the number and size of projects that are in the development pipeline.

Employer Survey

Employers were asked to indicate how their employment will change in the next three years. Most employers plan to add jobs; 94% of employers surveyed indicate they plan to have a net increase in jobs. Combined, these employers plan to offer 540 jobs on a net basis. Only 2% indicated they anticipate a net decrease in jobs. These employers are located in Crook County and anticipate offering 20 fewer jobs in the next three years.

Employment Change in Three Years

	Additional Jobs	Decrease in Jobs
Crook County	147	20
Prineville	147	20
Deschutes County	334	0
Bend	304	0
Sisters	5	0
Redmond	23	0
Jefferson County	50	0
Madras	20	0
Culver	30	0
Metolius	0	0
Other	6	0
TOTAL	540	20

Source: Employer survey

Economic Development for Central Oregon (EDCO) Prospects

EDCO is working on approximately 50 business expansion and recruitment prospects. Combined, these employers could generate 1,400 new jobs. While most of the prospects are local companies who have potential to expand (30 of the 50), the roughly 20 prospects that EDCO is recruiting to relocate into the region would create the most jobs (approximately 1,040 of the 1,400).

Projects in Development Pipeline

A lengthy list of various types of development projects was compiled using information obtained from interviews of chamber of commerce representatives and municipal/county planners and a summary of newspaper articles prepared by the Regional Economist.

Destination Resorts

Eight destination resorts have been approved or are in the advanced planning stage. These resorts will immediately generate construction jobs and will produce numerous permanent positions over time, many of which will be low-wage jobs.

- Brasada Ranch, an 1,800-acre destination in the works near Powell Butte in Crook County is under development with 900 units on lots that will average about ½ acre in size, and a golf course, which is scheduled for completion in summer of 2006.
- Cascade Highlands, a 706-acre resort planned for development in the southwest area of Bend will have 379 single-family homes, 210 multifamily units, a 300-room resort hotel and 15,000 square feet of retail space.
- Caldera Springs, bordering Sunriver Resort, was approved last year with 300+ platted residential lots (primarily single-family lots) on 390 acres. The development will include a 9-hole golf course, restaurant and meeting facility (Lake House), pool and fitness center. Recent lots released for sale started in the mid-\$200,000's.
- Pronghorn Resort, a high-end 640-acre resort under development between Bend and Redmond with 400 lots and villas wholly owned, 76 shared units with a price range of \$400,000 to \$2 million and two golf courses; the resort will employ about 250 when completed in 2008.
- Shevlin Park, a potential 370-acre destination resort with 1,500 homes, a golf course and retail stores on the northwest side of Bend; the project is currently pending.
- Brooks Resources, Taylor Northwest and Eagle Crest Resort are planning an 820-acre development in Madras with up to 2,000 homes and

an 18-hole golf course; the development will target residents more than visitors and second home owners.

- Thornburgh Resort Co. LLC has submitted an application for a destination resort west of Redmond with three new golf courses and 1,000 homes creating an average of 1,457 full-time equivalent jobs each year from 2004 to 2015 including direct, indirect and induced jobs. Upon completion in 2015, the resort projects 518 full-time equivalent operations jobs on site.
- Seven Peaks is being planned for the former Remington Ranch in Crook County's Powell Butte area. The destination resort will have three golf courses, 800 residential units, and employ 300 persons when completed. Groundbreaking could take place in early 2007.
- Jefferson County is currently undergoing an update to their comprehensive plan which will include the proposal to allow destination resorts to be located in the county.

Residential Development

- Buena Vista Custom Homes, one of the fastest-growing builders in the nation and one of the biggest builders in the Portland area, is entering the Bend market with the purchase of 455 building lots at four locations and plans to build up to 70 homes in Bend this year.
- Portland-based Renaissance Homes plans to enter the Bend market and build up to 270 homes and 30 townhomes in the next one to two years.
- Orion Greens Golf Course in Bend has been purchased and plans are in place to redevelop the golf course into a high-end subdivision.
- Village at Cold Springs is under construction in Sisters. The 400 units will range from 6,000 square foot single-family homes to multi-family units in six-plexes.
- Saddle Stone, an 85-lot single-family subdivision, is planned but not yet approved in Sisters.
- Village Meadows, an 80-unit subdivision, is proposed for Sisters.
- Sisters Rezoning: Proposed rezoning of 20 acres from light industrial to residential.
- Two market-rate single-family subdivisions totaling over 400 lots are under review in La Pine.
- The City of Redmond has over 700 residential lots pending approval and/or final plat, 133 of which are from applications in 2006. Some of the larger pending plats include Summit Crest (207 lots), Brooktree PUD (135

lots), Parkland PUD (84 lots), Forked Horn Butte (63 lots) and Hawley Estates (53 lots). In 2005 Aspen Creek subdivision (103 lots) was platted, replacing an existing mobile home park.

- Jefferson County indicated major residential activity including: a 160-lot subdivision that is currently going through the planning commission phase; Canyon View subdivision, which was platted six or seven years ago, but final phases of construction are just being completed (about 100 lots total); and Country View subdivision, which includes about 15-20 lots, is under construction.
- Primary residential development activity in Prineville includes:
 - Ochoco Point, a PUD approved in 2004 that is presently under construction by Pahlisch Homes and includes 247 single-family homes on about 60 acres – starting sales prices in the \$200,000's;
 - Crystal Springs (Elkhorn Development) includes 98 lots platted in 2004 starting the first phase of construction (most lots have been sold);
 - Ironhorse development (Brooks Resources) is in the planning stage. This is a mixed-use development that will include up to 2,951 homes (about 2,300 single-family and 550 apartment and townhome units), 300+ acres of parks and open space, a site for a future school and a small amount of retail/office space. Phase I has been submitted and will include 361 single-family lots and 2 apartment lots;
 - Stoneridge Terrace includes 60 single-family lots that are currently under construction;
 - Western Sky Subdivision is a pending development in which 35 single-family lots will replace 55 mobile home lots (on which 20 to 25 mobile homes presently reside);
 - Assorted smaller developments amounting to 71 single-family lots (Aspen Heights and Ochoco Ridge) recently completed and under construction and 8 townhomes recently developed with the potential for 10 more (Pinkston Estates); and
 - A pending application for residential development on 259 acres owned by Colson & Colson south of town.

Aircraft Manufacturing and Aviation-Related

- Redmond Airport Terminal Expansion: expansion of the terminal to more than twice its current size to accommodate increasing passenger traffic.
- Epic Air/Aircraft Investor Resources: expansion of manufacturing operations in Bend with employment growing eventually growing from 100 to 300-400 employees with creation of 100 to 150 jobs in 2006.
- Lancair Company: Continued expansion in Bend of this aircraft manufacturer with the addition of approximately 100 jobs.

Retail

- Prineville: Continued expansion of retail and commercial services in Prineville's downtown area spurred by residential development.
- Wal-Mart: Construction of a Supercenter in Redmond; the existing Wal-Mart will be closed upon completion of the Supercenter (240,000 square feet).
- Lowe's and Home Depot: Sites being considered in Redmond.
- Wal-Mart: Construction of a Supercenter on north side of Bend; if approved, the existing store on the south end of the city would remain open.
- The Old Mill: Phase two development of this retail center with an estimated creation of 100 additional jobs.
- 84 Lumber Company: A new store in Redmond
- A Korean tractor company has purchased and partitioned land for a new facility in Prineville, but no applications have been submitted (est. 160 jobs).
- Green Ridge: Planned development of a 7-lot commercial subdivision on the highway in Sisters; the project has been approved and construction is expected soon.

Manufacturing and Miscellaneous

- Deer Ridge Correctional Facility: Development of a prison east of Madras that will generate 400 jobs upon completion in 2007, 60% of which will be filled with local residents while 40% will be filled with employees who transfer into the region.
- Desert Rise Industrial Park: Development of City-owned land on the east side of Redmond with an estimated 2,000 jobs on site at build-out.
- Sun Ranch Business Park: a 21-lot industrial/commercial park under development in Sisters with construction starting this year. Residential units are also planned but will require changing of the City's code.
- Three Sisters Business Park: a 19-lot industrial/commercial park approved in Sisters with development starting later this year. As with the Sun Ranch Business Park, residential units (live/work, second-story apartments, etc.) are planned.
- US Forest Service Parcel: Redevelopment of a 90-acre parcel on the western edge of Sisters; about 60 to 70 acres are suitable for development. Plans will take one to two years to complete.

- Cascade Healthcare Community: Construction of a 30-bed rehabilitation center in Bend.
- Oregon Dental Services: Creation of 120 new jobs in the next two to three years in Redmond.
- Fuqua Homes: Expansion of the Bend company that builds manufactured homes with 70 new jobs created.
- Water Park: Development of a 40,000 square-foot water park and 200-room upscale hotel in Redmond near the fairgrounds; the water park will employ 200 from Memorial Day through Labor Day.
- Hotel O: Construction of a seven-story hotel with 57 suites in downtown Bend.
- IdaTech: Expansion of this fuel cell manufacturer with 30 jobs added over three years including 2005.

Commuting

Commuting among Central Oregon's workforce is common and can be viewed from two perspectives – where residents work and where workers live. The first method measures where residents are employed. For example, the 2000 Census found that 80.4% of Crook County's residents who are employed work in Crook County (see table below). The second method measures the percentage of the employees that live in the county in which they work – 84.5% of persons who work in Crook County also live there.

Commuting in Central Oregon Counties

	Where Residents Work	Where Workers Live
Crook County	80.4%	84.5%
Deschutes County	94.2%	93.2%
Jefferson County	75.6%	85.5%

Source: 2000 Census

Deschutes County houses the highest percentage of its employees (93.2%) and has a relative balance between in- and out-commuting (the percentage of residents working in the county – 94%, is similar to the percentage of workers living in the county – 93%). In other words, approximately 6% of employees *living* Deschutes County commute out for work elsewhere while roughly 7% of the persons *working* in Deschutes County travel in for work from homes outside of the county.

Due to the size of the population and the number of jobs in the county relative to its neighbors, however, Deschutes County imported more workers than the other

counties and saw the largest number of residents leave its borders for work. Jefferson County has the greatest difference between in- and out-commuting and on a net basis provides housing for employees who work outside of the county.

The employer survey provides greater detail although it is based on a small sample. It found that the majority of employees live in the county in which they work. Over 85% of the persons working in Deschutes County also live there with approximately 56% residing in Bend. Nearly 85% of Crook County employees reside in Prineville. Jefferson County has the highest percentage of in-migration for work with nearly 14% of employees living in Redmond. As job growth increases in Jefferson County (see Development Summary later in this section of the report) workforce housing will need to keep pace since it does not appear that there is a surplus at this time.

Where Employees Live by County

Place of Residence	Place of Work		
	Deschutes County	Jefferson County	Crook County
Bend	55.8%	8.0%	3.5%
Sisters	5.9%	0.5%	0.1%
Redmond	23.5%	14.0%	9.2%
Prineville	5.3%	5.7%	84.4%
Madras	1.6%	37.6%	1.8%
Culver	0.4%	27.9%	0.4%
Metolius	0.3%	2.9%	0.4%
La Pine	2.9%	0.7%	0.0%
Warm Springs	0.2%	1.1%	0.0%
Outside of area	0.3%	0.0%	0.0%
Other	3.8%	1.4%	0.1%
	100%	100%	100%
Number of Businesses	68	25	27
Number of Employees	3,671	367	1,291

Source: Employer survey

It is interesting to note commuting into and out of Redmond. The city houses a relatively low percentage of persons who are employed there (approximately 53%) but is the home to a sizable percentage of employees who work elsewhere – 23% of Culver's workers, 15% of Sisters' employees and 10% of the persons who work in Bend live in Redmond. There is significant cross-commuting between Redmond and Bend. Redmond's central location is likely a significant factor affecting commuting patterns,

Where Employees Live by Community

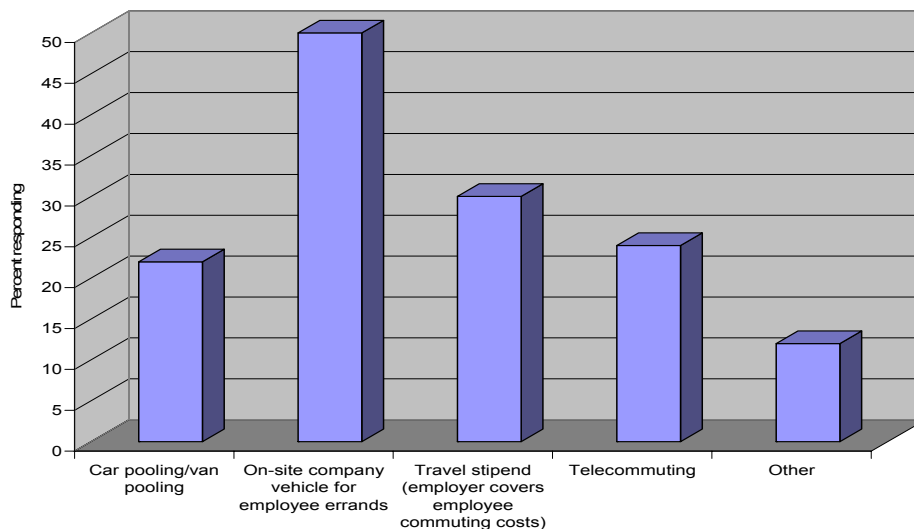
Place of residence:	Place of Work						
	Bend	Sisters	Redmond	Prineville	Madras	Culver	Metolius
Bend	76.7%	19.3%	19.2%	3.5%	14.5%	0.3%	0.0%
Sisters	3.8%	63.0%	0.7%	0.1%	1.0%	0.0%	0.0%
Redmond	10.0%	15.3%	52.9%	9.2%	7.3%	22.6%	0.0%
Prineville	2.5%	0.6%	11.9%	84.4%	8.0%	3.0%	0.0%
Madras	0.9%	1.3%	3.2%	1.8%	55.2%	17.0%	0.0%
Culver	0.4%	0.0%	0.4%	0.4%	7.5%	53.7%	0.0%
Metolius	0.1%	0.0%	0.9%	0.4%	1.1%	3.4%	75.0%
La Pine	4.2%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Warm Springs	0.3%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%
Outside of area	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.7%	0.5%	10.9%	0.1%	2.1%	0.0%	25.0%
Number of Businesses	44	8	15	27	17	7	1
Number of Employees	2,337	192	1,134	1,291	200	163	4

Source: Employer survey

Commuting Options

Employers were asked for information on commuting options given to employees that might make it easier for them to locate affordable housing by lessening their need to live near their place of work or reducing the cost of their travel between work and home. Providing a company-owned vehicle that employees can use for errands if they choose to car pool/ride share to work is the option most frequently offered. Almost 30% of those who provide commuting options provide a travel stipend to at least some of their employees. Telecommuting is limited; 28 of the 6,660 persons working for the employers surveyed (.4%) telecommute at least occasionally.

Work Commute Options



III. WORKFORCE HOUSING'S IMPACTS ON EMPLOYMENT

This section of the report examines the effects that the availability and cost of workforce housing are having on employers in the region. It covers:

- Perceptions about the extent to which the availability of affordable workforce housing is a problem;
- The types of problems that employers have been experiencing that could be attributed to the price or availability of workforce housing;
- The types of employees that seem to be most affected by the cost of housing in the region; and
- The provision of housing assistance by employers to employees.

This evaluation is based primarily on the results from a survey conducted of 118 private and public-sector employers. Combined, these employers provide work for approximately 6,660 persons on a year-round basis with employment increasing to 8,190 during the peak summer period.

Employment among Survey Participants

	Year-Round Employees	Summer Seasonal Employees	Winter Seasonal Employees
Crook County	1,398	743	12
Prineville	1,398	743	12
Deschutes County	4,000	704	89
Bend	2,670	145	50
Sisters	202	263	6
Redmond	1,120	294	33
Jefferson County	331	107	70
Madras	218	27	16
Culver	109	80	54
Metolius	4	0	0
Other	43	25	0
Total	5,772	1,579	171

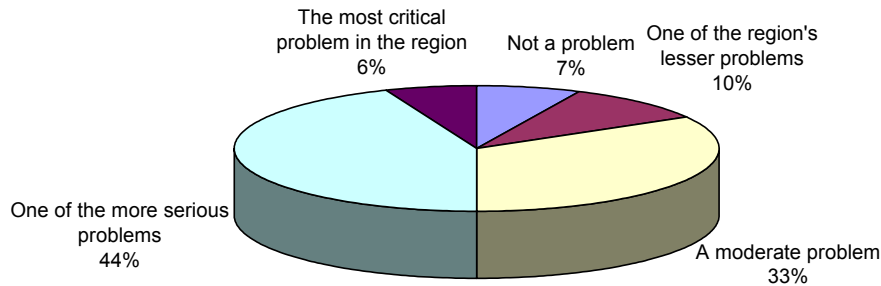
Findings from the survey are supplemented with information obtained from interviews of representatives of economic development entities including chambers of commerce, Economic Development of Central Oregon and the Workforce Oregon Employment Department.

Extent of Problem

The survey asked employers the extent to which they feel the availability of affordable workforce housing is a problem. Half of those surveyed felt it is the most critical problem or one of the more serious problems in the region. Another third felt it is a moderate problem. Relatively few felt it was one of the region's

lesser problems (10%) or not a problem (7%).

Availability of Affordable Workforce Housing



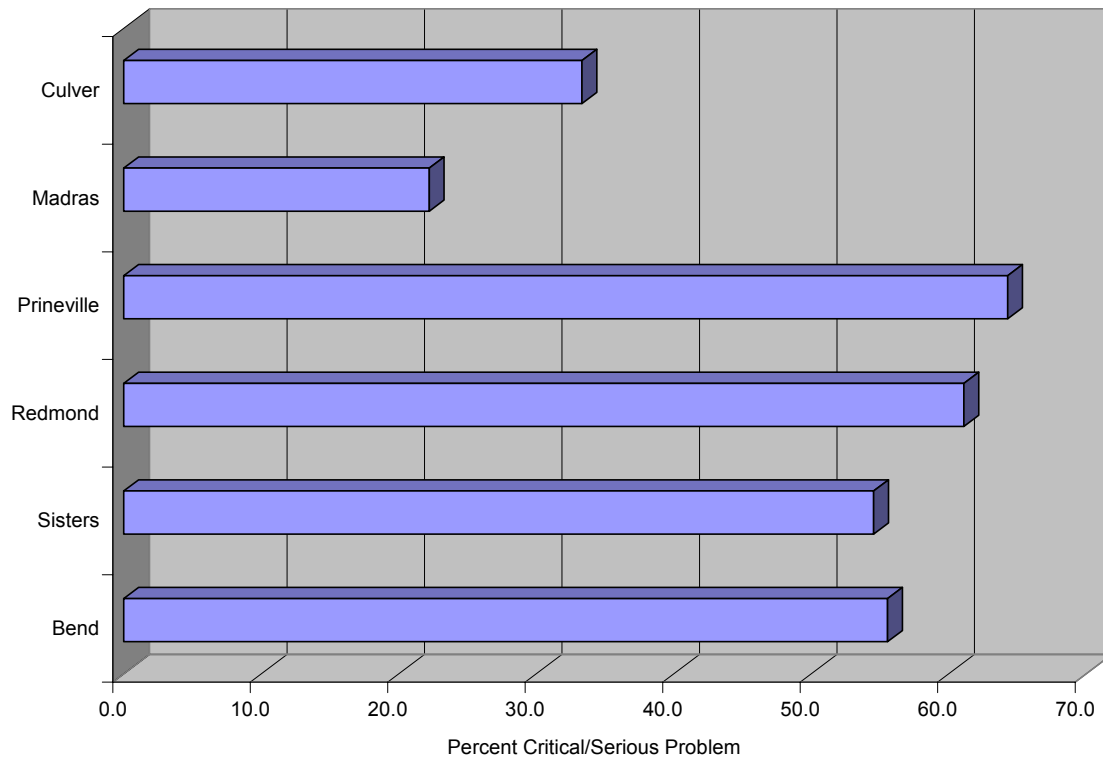
Opinions about the extent to which the availability of affordable workforce housing is a problem vary somewhat by county. The situation in Crook and Deschutes counties is generally similar, while employers in Jefferson County differ considerably in their perceptions about workforce housing. Employers in Crook County are most likely to feel it is a critical or serious problem (64%) followed by responses from Deschutes County (57%). In contrast, only 28% of the employers surveyed in Jefferson County felt the availability of affordable workforce housing was a critical or serious problem, and 28% felt it was not a problem or a lesser problem.

Availability of Affordable Workforce Housing by County

	Deschutes County	Jefferson County	Crook County
Not a problem	3.3	12.0	7.1
One of the region's lesser problems	8.3	16.0	7.1
A moderate problem	31.7	44.0	21.4
One of the more serious problems	50.0	24.0	60.7
The most critical problem in the region	6.7	4.0	3.6
	100%	100%	100%

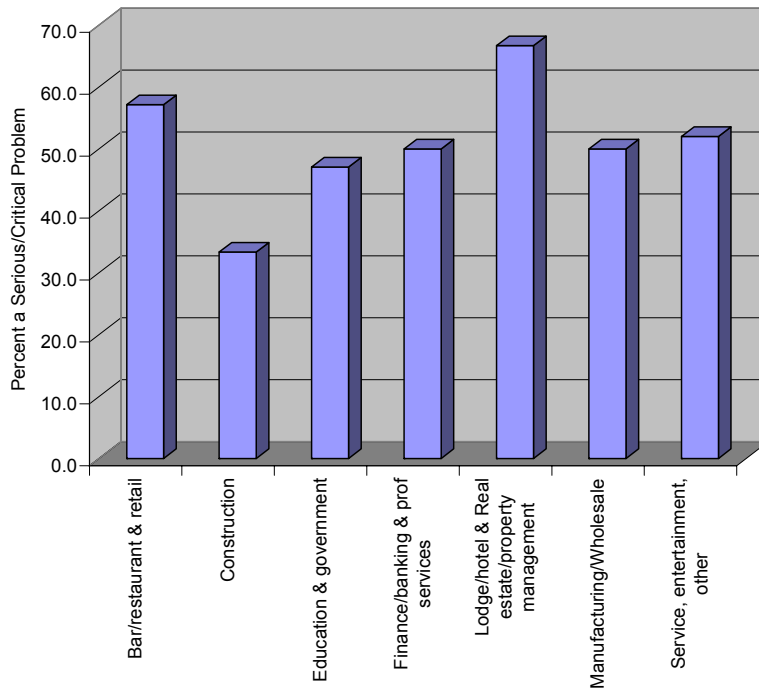
There is also considerable variation by community in terms of the extent to which employers feel that the availability of affordable workforce housing is a problem. Employers in Prineville, where growth in retail and services sectors is being spurred by multiple large-scale residential developments, are the most likely to feel that it is a critical or serious problem. While employers throughout Deschutes County are likely to feel that the availability of affordable workforce housing is a problem, those located in Redmond rate the severity of the problem slightly higher than those in Bend.

Madras appears to be well positioned relative to the rest of the region for the job growth that the new correctional facility will bring; only 22% of employers surveyed felt that the availability of affordable workforce housing is a serious problem (none felt critical) and nearly 30% felt that it is not a problem or a lesser problem.

Availability of Affordable Workforce Housing by Community

There appears to be variation in the extent to which employers consider the availability of affordable workforce housing to be a problem based on the type of employer. Although the sample size is small in each industrial classification, the industries that employ some of the lowest-paid hourly wage workers are the most likely to consider workforce housing to be a serious or the most critical problem in the region. In contrast, construction-related employers are the least likely to feel that workforce housing is a problem. The construction industry typically pays the highest wage for hourly employees.

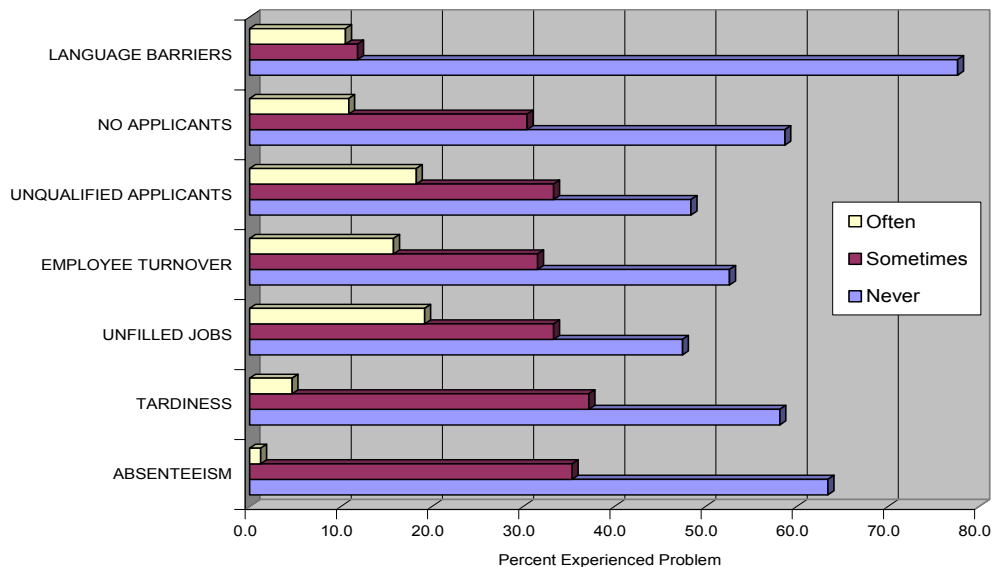
Availability of Affordable Workforce Housing by Type of Employer



Type of Problems

Employers were asked to indicate the type and frequency of problems that have been experienced in the past two years that “could be attributed to the price or availability of workforce housing.” Having unfilled jobs was the more frequently mentioned type of problem that occurred, often followed by having unqualified applicants and employee turnover. Language barriers have infrequently been a problem for employers.

Problems Attributed to Price/Availability of Housing



The types of problems attributed to workforce housing deficiencies vary by county, with unqualified applicants being more prevalent in Deschutes County, with its high tech and aircraft/aviation-related employers, than in Crook or Jefferson Counties. In both Crook and Jefferson Counties, over half of the employers surveyed often or sometimes had unfilled jobs that they attributed to availability and/or cost of workforce housing.

**Percent Experiencing Problems Attributed to
Price/Availability of Housing, by County**

	Crook County	Deschutes County	Jefferson County
Absenteeism	45.0%	37.5%	16.7%
Tardiness	42.9%	45.2%	21.1%
Unfilled Jobs	56.0%	56.9%	54.5%
Employee Turnover	43.5%	54.3%	40.9%
Unqualified Applicants	41.7%	62.5%	47.4%
No Applicants	33.3%	43.5%	52.4%
Language Barriers	18.8%	20.5%	26.7%

Note: Percent responded "sometimes" or "often" to having experienced problems attributed to the price or availability of workforce housing.

Unfilled Jobs

A total of 556 unfilled jobs were reported in the employer survey, which equates to a ratio of .097 unfilled jobs for every person now employed (556 unfilled jobs to 5,709 year-round employees). Many of the unfilled jobs (300 of the 556) were reported by a single business in Redmond which has indicated it has suffered from a lack of applicants and unqualified applicants during its expansion. This business had 752 employees as of the date of the survey. If this employer is not considered because of its abnormally high number of unfilled jobs, the ratio of unfilled to filled positions ranges from .039 in Crook County to .054 in Deschutes County. Applying these ratios to total jobs in the region (97,015 as of 2006) results in an estimate of approximately 5,200 unfilled jobs. Information on the number of unfilled jobs in Portland and other areas of the country is not available for comparison since the estimate for Central Oregon was generated using a survey of employers in the region.

Unfilled Jobs by Type and County

	Total Unfilled Jobs	Crook County	Deschutes County	Jefferson County
TOTAL	556	54	478	18
Bar/restaurant	42	0	40	2
Construction	18	2	16	0
Education	8	0	8	0
Finance/banking	24	0	22	2
Govt., transportation, public utilities	28	13	5	6
Professional services	16	6	10	0
Lodging/hotel	14	0	12	0
Real estate/prop. mgmt.	8	3	5	0
Personal/commercial services	3	0	0	3
Rec./entertainment	5	0	5	0
Retail sales	13	3	10	0
Mfg. or wholesale trade	43	27	14	2
Other	334	0	331	3

Source: Employer survey

As of the third week of May 2006, 891 employers had job postings with the regional office of the Workforce Oregon Employment Department. Combined, these employers were offering approximately 3,000 jobs. The Employment Department was unable to estimate the percentage of total job vacancies that these posted jobs represent but felt that the number of approximately 5,000 total unfilled jobs in the region derived using results from the employer survey was believable.

Consequences

Consequences associated with not being able to find qualified employees to fill needed positions or operating at less than optimal employment levels are numerous. An employer's competitiveness, profitability, service levels, customer satisfaction, hours of operation, and product innovation capacity can all be negatively affected by workforce housing deficiencies.

Turnover has recently come to the forefront of employer concerns. A "Power Morning" recently hosted by the Bend Chamber of Commerce focused on retention and featured the region's Workforce Analyst for the Worksource Oregon Employment Department. She indicated that an employee making \$8 per hour will cost an employer \$5,333 to replace, taking into account the costs of advertising and recruiting for the position, overtime salaries for fill-in employees, training and lost productivity. For an employee making \$45,000 per year, the cost to replace him or her is at least \$116,000.

Workforce housing can also force costly relocations. A supplier of pond liners for golf course and resort projects recently announced that it is moving its

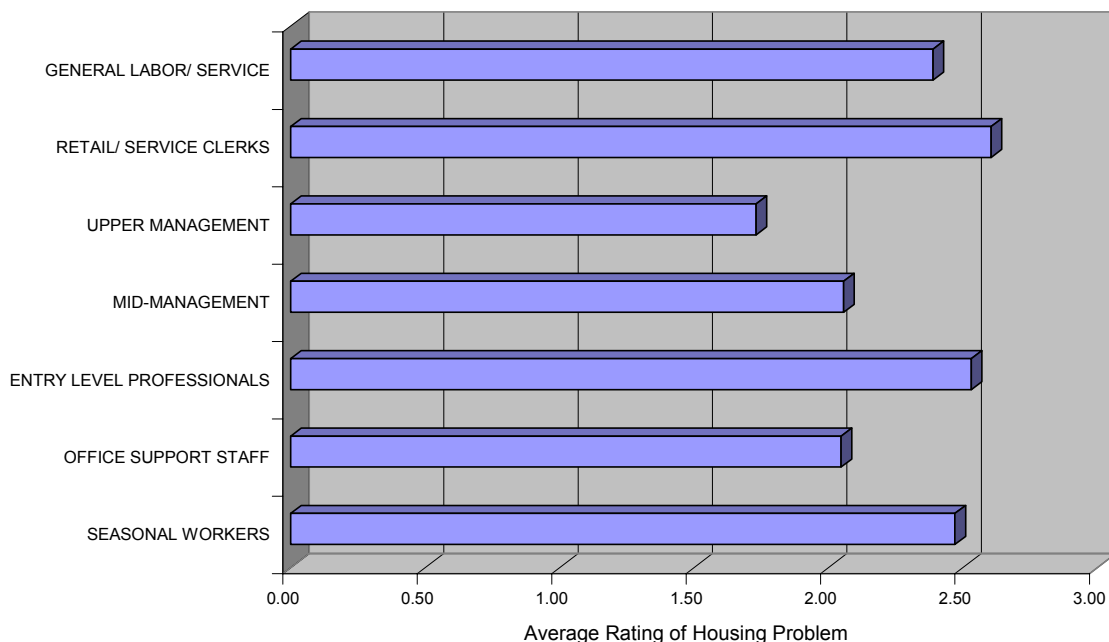
manufacturing plant and 16 employees from Bend to Prineville in December of 2006, and cited affordable land and housing for employees as the primary factor for its relocation.

From a question on the employer survey that asked for comments, it is obvious that some employers do not fully grasp or acknowledge the relationship between workforce housing and unfilled jobs. They indicate that their positions are unfilled due to deficiencies in the labor force (no applicants, unqualified applicants, etc.). Other employers, however, acknowledge the correlation between the availability of affordable workforce housing and the availability of employees. In beautiful, safe, high-amenities areas like Central Oregon, having an inadequate labor force can usually be most directly attributed to the cost and availability of housing.

Type of Employees Affected

The employer survey asked for an indication as to which employees have the greatest difficulty locating housing. The results indicated that the availability of affordable workforce housing is not just a problem for low-wage employees but can affect all categories of workers. On average, employers felt that retail/service clerks have the most difficulty. The second highest rating, however, was assigned to entry-level professionals. These professionals typically earn salaries far higher than some of the other employees who have less difficulty locating housing, such as office support and general labor.

Average Rating -- Difficulty Finding Housing by Type of Employee



A more detailed examination of the data reveals the same pattern – that low-wage employees (seasonal workers, retail/service clerks, general labor/service) are more likely to have a major problem locating housing, but that entry-level professions also have a high degree of difficulty and even the highest-paid executives often experience a moderate to major problem finding housing. Of employers surveyed, 34% indicated mid management and 23% responded that upper management had moderate to major difficulty locating housing in the region.

Difficulty Finding Housing by Type of Employee

	SEASONAL WORKERS	OFFICE SUPPORT STAFF	ENTRY LEVEL PROFESSIONALS	MID-MANAGEMENT	UPPER MANAGEMENT	RETAIL/SERVICE CLERKS	GENERAL LABOR/SERVICE
1 - No Problem	41.2	46.9	34.4	47.2	67.3	36.8	50.0
2	11.8	21.9	15.6	18.9	9.6	7.9	11.1
3 – Moderate	17.6	15.6	26.6	20.8	9.6	23.7	5.6
4	17.6	10.9	9.4	7.5	9.6	21.1	16.7
5 - Major Problem	11.8	4.7	14.1	5.7	3.8	10.5	16.7
	100%	100%	100%	100%	100%	100%	100%

Employer-Assisted Housing

The survey quizzed employers about their current and potential provision of housing assistance for employees. Employer-assisted housing can take many forms, ranging from a one-time provision of services or money to monthly subsidies of rent or mortgage payments. In tight labor markets, it is not uncommon for employers of all types to provide housing assistance, though those who provide essential services tend to be the first to find it necessary to help their employees secure affordable places to live.

Of the 116 employers who responded to the question, nine (or 8%) indicated they had provided housing assistance to employees in the past two years. Approximately 1% of year-round persons employed by survey participants (66 out of 6,661 employees) received some type of housing assistance in the previous two years. Based on the types of assistance that employers have been providing, it appears that rental housing for employees is a problem they must address. Employers have been master leasing units and purchasing units that they then rent to their employees. None of the employers surveyed have provided down payment assistance although there are conventional mortgage programs that allow it.

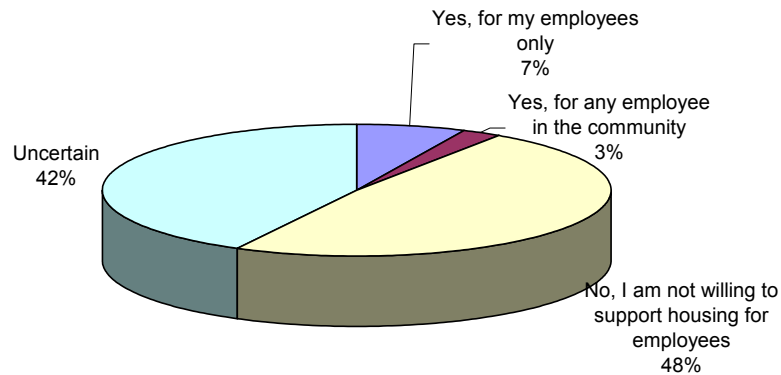
Employees Receiving Housing Assistance

Type of Assistance	Year-round employees	Seasonal employees
Purchased units to rent to employees	20	0
Master leased units rented to employees	15	0
Down payment assistance	0	0
Provide rent subsidy support	3	0
Assist with employee housing search	24	0
Other assistance	4	4
Total year-round employees assisted	66	4

The most frequently provided type of housing assistance was helping employees with their search for housing, which is typically a low cost service absorbed by the general operating budget. This service is often provided by employers who recruit from outside of their area and may or may not be an indication that employer-assisted housing efforts will be expanded in the future.

There is a high degree of uncertainty regarding the likelihood that employers will be providing increased levels of housing assistance to their employees in the future. While nearly half of the employers surveyed indicated they are not willing to support housing for employees, almost as many (42%) indicated they are uncertain.

Willing to Assist with Workforce Housing



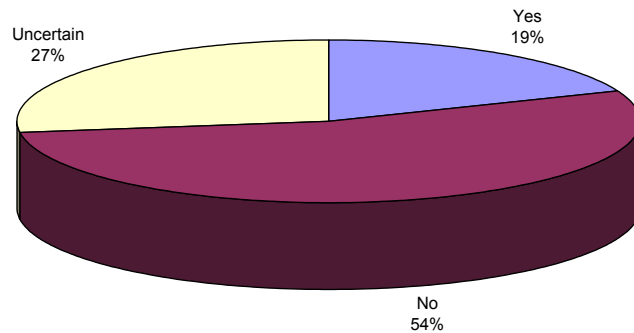
Interestingly, while employers in Jefferson County tend to feel that the availability of affordable workforce housing is less of a problem than employers in the other two counties, they are slightly more willing to assist with workforce housing in the future.

Willing to Assist with Workforce Housing by County

	Crook County	Deschutes County	Jefferson County
Yes, for my employees	7.1	8.1	8.0
Yes, for any employee	0	3.2	4.0
No	39.3	51.6	48.0
Uncertain	53.6	37.1	40.0
	100%	100%	100%

Since employer-assisted housing is not widespread in Central Oregon, the survey also asked employers to indicate if they would like to learn more about opportunities to assist employees with housing. Again, there was a high degree of uncertainty and, while nearly 20% indicated they would like to learn more, over half are not interested. If only those who want to learn more ultimately provide housing assistance, the number of employers doing so in the region could more than triple.

Want to Learn about Providing Employee Housing Assistance



Employers in Crook and Jefferson Counties differ in their desire to learn more about employer-assisted housing opportunities. Deschutes County employers are in the middle.

Want to Learn about Employee Housing Assistance, by County

	Deschutes County	Jefferson County	Crook County
Yes	21.0	12.0	24.1
No	51.6	64.0	44.8
Uncertain	27.4	24.0	31.0
	100%	100%	100%

There is variation within Deschutes County. While a high percentage of employers in Bend want to learn about opportunities to assist employees with housing (second only to employers in Prineville), a relatively high percentage of

employers in Redmond indicated they did not want to learn more. In line with their responses to other questions, employers in Madras and Culver have little interest in learning about employer-assisted housing.

Want to Learn about Employee Housing Assistance, by Community

	Bend	Sisters	Redmond	Prineville	Madras	Culver
Yes	23.9	18.2	21.1	24.1	11.1	16.7
No	47.8	54.5	57.9	44.8	61.1	66.7
Uncertain	28.3	27.3	21.1	31.0	27.8	16.7
	100%	100%	100%	100%	100%	100%

Retiring Employees

Employers were asked to indicate the number of employees who will be retiring from jobs that will be retained, thereby creating the need to hire replacements. This was done because employees who will be needed to fill vacated positions will generate additional demand for workforce housing. Approximately 33% of employers surveyed now employ a combined total of 48 persons who will retire within three years.

Number of Employees Retiring

	# of Employees Retiring
Crook County	25
Prineville	25
Deschutes County	20
Bend	15
Sisters	0
Redmond	5
Jefferson County	2
Madras	2
Culver	0
Metolius	0
Other	1
TOTAL	48

Source: Employer survey

IV. THE HOMEOWNERSHIP MARKET

This section of the report examines recent and current prices of single-family homes, manufactured homes and condominiums/townhomes. It covers:

- Current housing prices;
- Escalation in housing prices by area and unit type, 2003 through 2005;
- Price increases in 2006;
- Sales activity; and
- Availability of homes for purchase by area and price range.

Much of the information referenced in this section of the report was supplied by the Central Oregon Association of Realtors. Please note that the data provided by the Central Oregon Association of Realtors is for the areas in and around communities; it is not a measure of prices or availability with city limit boundaries.

Housing Prices

In 2005, the median price for homes ranged from a low of \$90,000 for a manufactured home in Jefferson County on less than one acre to \$394,250 for a single-family home in Sisters. There is a consistent pattern of variation in pricing throughout the region. The areas in rank order from the most expensive to the least are: Sisters, Bend, Redmond, Crook County, then Jefferson County.

2005 Median Price by Area and Unit Type

	SF Homes	Condos/TH's	Manufactured
Bend	\$279,900	\$286,300	\$149,500
Redmond	\$198,915	\$186,000	\$120,000
Sisters	\$394,250	\$255,750	\$179,000
Crook County	\$149,275	N/A	\$102,950
Jefferson County	\$133,500	N/A	\$90,000

Source: Central Oregon Association of Realtors

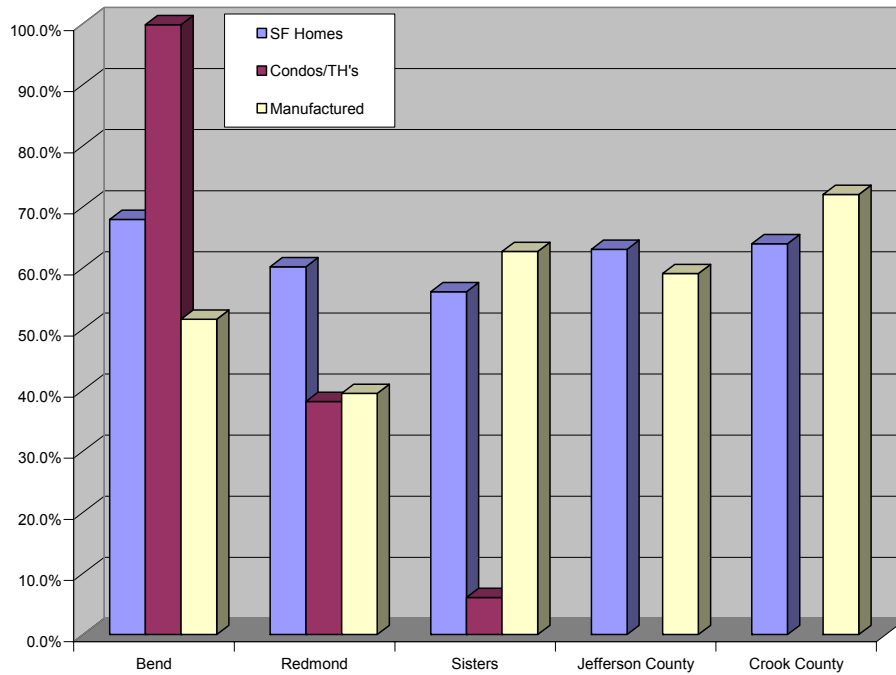
Single-family homes were priced in the range of 45% (Crook County) to 120% higher (Sisters) than manufactured homes. Condominiums and townhomes are generally more expensive than manufactured homes but priced lower than single-family homes. The exception is in Bend, however, where high-end townhomes built in 2005 and into this year have moved the median price for the condo/townhome category above that for single-family homes.

Escalation in Housing Prices

Home prices in Central Oregon are climbing upward and have been for years. The following graph focuses on changes from 2003 through the first quarter of 2006, a time period in which economic conditions were similar to those of today and into the foreseeable future.

The median price for all units in all areas of the region has increased by approximately 40% to 100% since 2003. While the increase in the median price of condos/townhomes in Sisters was lower, it was due to fluctuations in the small sample rather than a market adjustment. Overall, the escalation in home prices throughout the region averaged about 65%. It should be noted that a comparison of median prices is not a measurement of appreciation in the value of individual properties but rather an indication of increasing housing costs due to a combination of price appreciation and construction of higher-end homes.

Change in Median Prices by Area and Unit Type 2003 – 1st Qtr. 2006



Source: Central Oregon Association of Realtors

Although home prices in Crook and Jefferson Counties are lower than in Deschutes County, they are increasing at similar rates. The median price for single-family homes has actually increased more in Crook and Jefferson Counties than in Redmond and Sisters.

More detailed information in both tables and graphs is provided on the change in home prices for each type of unit.

Single-Family Homes

The increase in single-family home prices was relatively consistent throughout the region, ranging from a low of 56% in Sisters to a high of 68% in Bend.

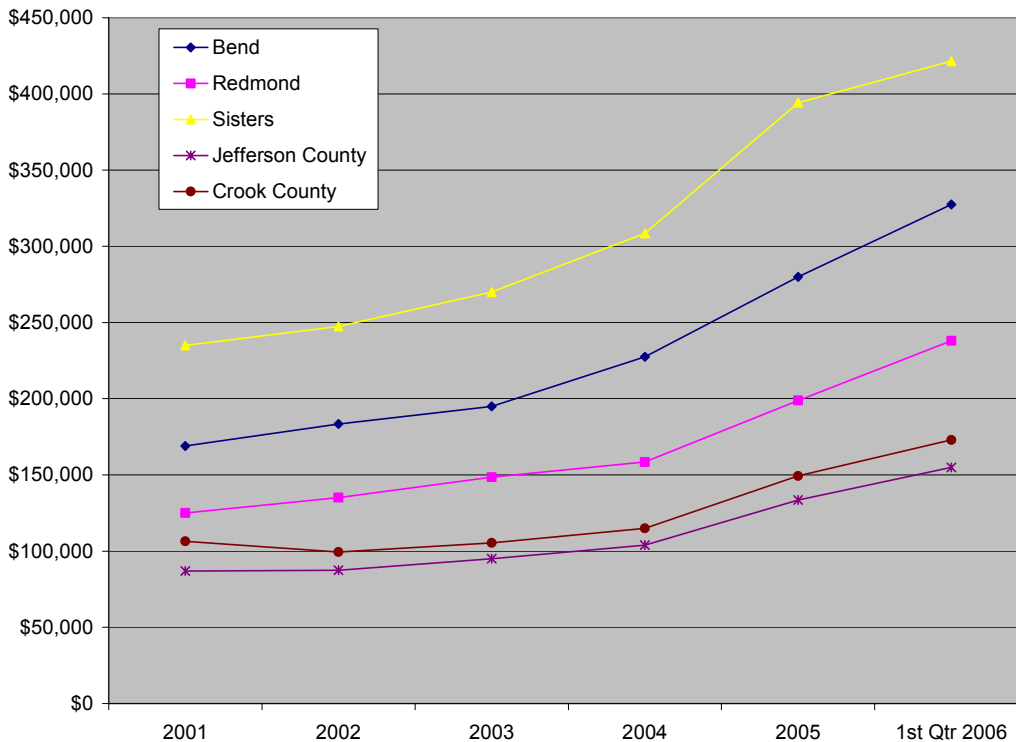
Change in Single-family Home Prices, 2003 – 1st Qtr. 2006

	2003	2004	2005	1st Qtr 2006	% Change
Bend	\$195,000	\$227,500	\$279,900	\$327,500	67.9%
Redmond	\$148,567	\$158,500	\$198,915	\$238,000	60.2%
Sisters	\$270,000	\$308,500	\$394,250	\$421,500	56.1%
Jefferson County	\$95,000	\$104,000	\$133,500	\$154,900	63.1%
Crook County	\$105,450	\$114,928	\$149,275	\$172,900	64.0%

Source: Central Oregon Association of Realtors

While median prices in Crook and Jefferson Counties are catching up to those in Sisters and Redmond, the differences are still large. Prices of single-family homes in Sisters are the highest, but may not remain so because they are increasing slower than elsewhere in the region. The development of destination resorts throughout the region could alter the price relationship in the region within a few years as high-priced homes are built in Crook County.

Median Prices – Single-Family Homes, 2003 through 1st Qtr. 2006



Source: Central Oregon Association of Realtors

Condominiums and Townhomes

There is wide variation in the region in the rate by which prices have escalated for condominiums and townhomes, largely due to changes in the inventory. Construction of high-end townhomes in Bend has forced the median price to

double since 2003, the highest increase in the region for any unit type. Median prices in Sisters have fluctuated due to the small number of units in the community. The increase of 38% in Redmond is more representative of the general price change in condominiums and townhomes in the region.

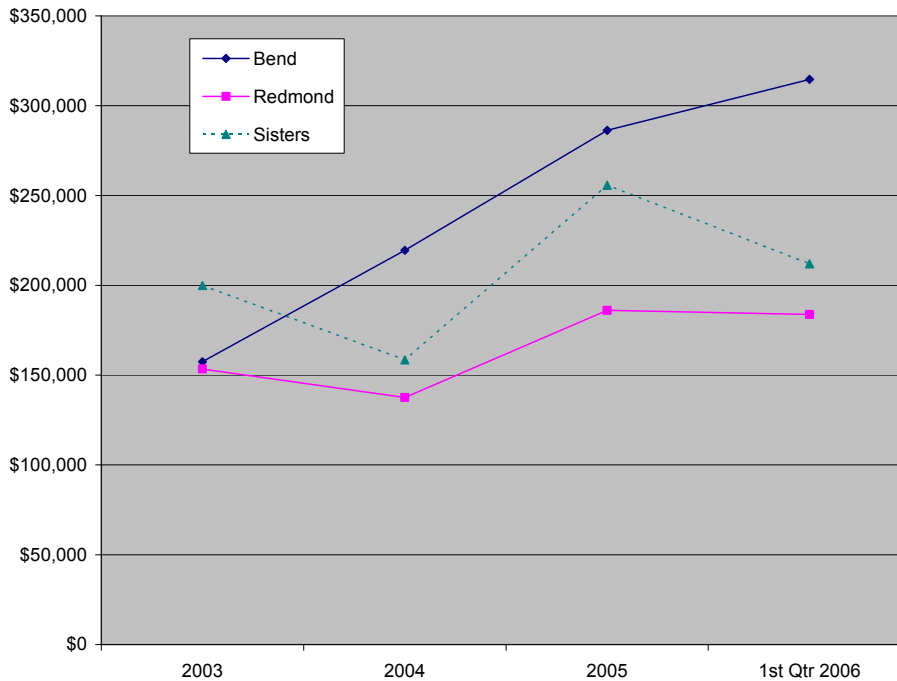
Change in Condo/Townhome Prices, 2003 – 1st Qtr. 2006

	2003	2004	2005	1st Qtr 2006	% Change
Bend	\$157,450	\$219,500	\$286,300	\$314,650	99.8%
Redmond	\$153,450	\$137,500	\$186,000	\$183,755	38.2%
Sisters	\$199,860	\$158,500	\$255,750	\$212,000	6.1%
Jefferson County				\$132,903	N/A

Source: Central Oregon Association of Realtors

Realtors report that the price of land available for high-density residential development in Bend has escalated rapidly and is now priced so high that developers are forced to build luxury townhomes rather than more affordable apartments or condominiums. Given this, the steep line in price shown on the following graph will likely continue.

Median Prices –Condominiums and Townhomes, 2001 – 1st Qtr. 2006



Source: Central Oregon Association of Realtors

Manufactured Homes

Manufactured homes on lots of less than one acre in size are often the most affordable opportunity for homeownership. Prices have been escalating steadily throughout the region with the big jump in 2005 compared with the previous year.

The increase has been similar to that of single-family homes in most of the region but the jump in Crook County was second only to the gain in the condo/townhome category in Bend.

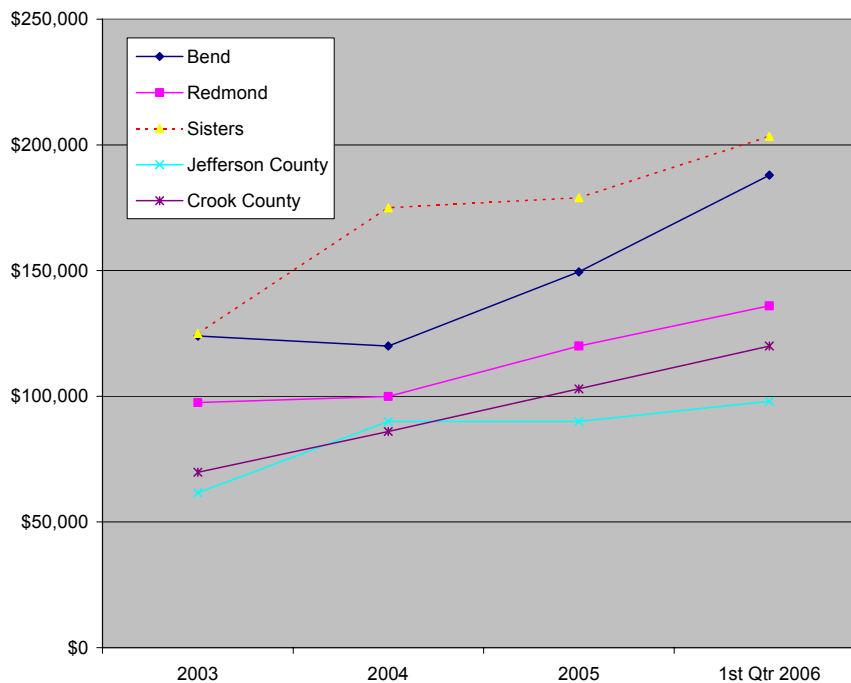
Change in Manufactured Home Prices, 2003 – 1st Qtr. 2006

	2003	2004	2005	1st Qtr 2006	% Change
Bend	\$124,000	\$120,000	\$149,500	\$188,000	51.6%
Redmond	\$97,500	\$99,900	\$120,000	\$136,000	39.5%
Sisters	\$125,000	\$175,000	\$179,000	\$203,389	62.7%
Jefferson County	\$61,600	\$90,000	\$90,000	\$98,000	59.1%
Crook County	\$69,750	\$86,000	\$102,950	\$120,000	72.0%

Source: Central Oregon Association of Realtors

The upward trend is steady in all areas except Sisters where, again, the small number of units creates the illusion of fluctuations in price appreciation.

Median Prices – Manufactured Homes, 2003 – 1st Qtr. 2006



Source: Central Oregon Association of Realtors

Price Increases in 2006

Residential real estate prices are continuing to escalate this year. The median prices of single-family homes listed for sale in April were 40% (Jefferson County) to 90% (Redmond) higher than the median prices of homes sold in 2005. These figures are in the same range as the price gains of the past three years combined. Although it was still early in the summer and real estate sales season

and prices may be adjusted downward in order for units to actually sell, the differences between current list prices and the median prices of homes sold in 2005 suggest that the upward climb in the cost of homes is getting steeper.

Single-Family Homes 2005 Sales and 2006 Listings Compared

	2005 Sales	4/26/06 Listings	% Change
Bend	\$279,900	\$455,500	62.7%
Redmond	\$198,915	\$377,134	89.6%
Sisters	\$394,250	\$559,011	41.8%
Crook County	\$149,275	\$279,900	87.5%
Jefferson County	\$133,500	\$186,500	39.7%

Source: Central Oregon Association of Realtors and Rees Consulting, Inc. calculations.

Sales Activity

Sales activity is an easy measurement to monitor and one of the first indications that the overall market is slowing down or heating up. It is also an indication of the number of units that could be absorbed and the share of the market that proposed developments must capture.

In 2005, the Multi-Listing Service for Central Oregon (MLSCO) documented the sale of over 7,500 residential units. Just over 48% of the sales were for properties in the Bend area. Approximately 69% of total sales were for single-family homes.

Number of Units Sold by Type, 2005

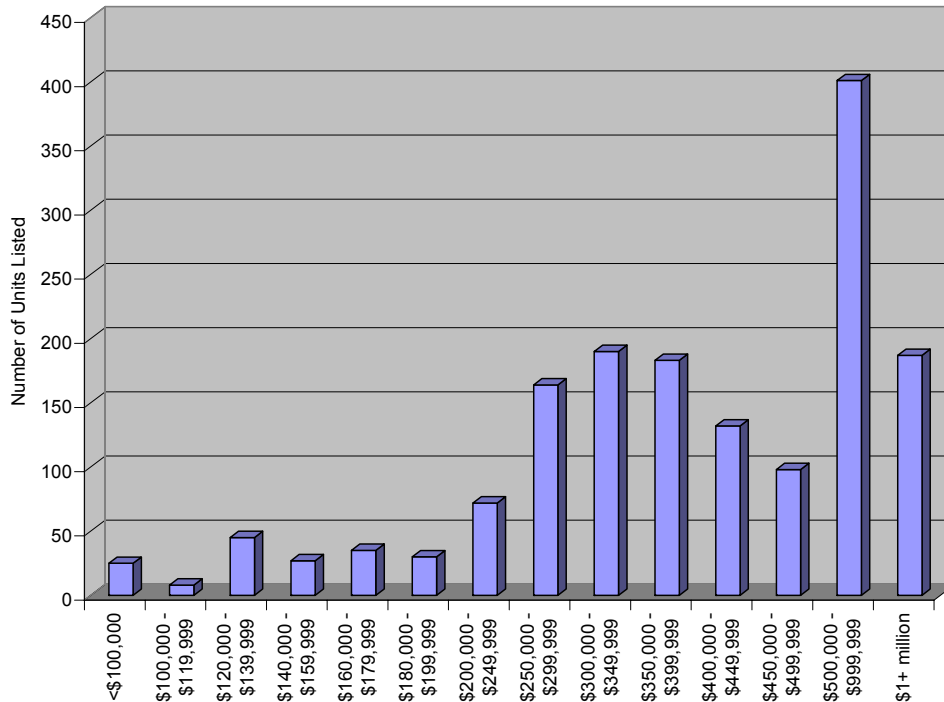
	SF Homes	SF w/Acreage	Condos/TH's	Manf.	Manf./w acreage	Total	% of Total
Bend	2,849	353	218	126	101	3,647	48.3%
Redmond	1,178	135	101	55	45	1,514	20.1%
Sisters	162	63	38	12	11	286	3.8%
Sunriver	213	55	100	35	29	432	5.7%
Three Rivers S.	126	183	N/A	13	207	529	7.0%
LaPine	124	60	N/A	31	25	240	3.2%
Jefferson County	167	60	N/A	31	25	283	3.7%
Crook County	353	142	N/A	21	100	616	8.2%
Total	5,172	1,051	457	324	543	7,547	100.0%
% of Total	68.5%	13.9%	6.1%	4.3%	7.2%	100.0%	

Source: Central Oregon Association of Realtors

Availability

Approximately 1,600 residential units were listed for sale during the last week of April 2006. Just over 25% of the listings were in the \$500,000 to \$1 million price range.

**Residential Listings by Price Range
April 25/26, 2006**



Source: Central Oregon Association of Realtors

The median price for single-family homes was nearly \$560,000 in the Sisters area and approximately \$456,000 in the Bend area.

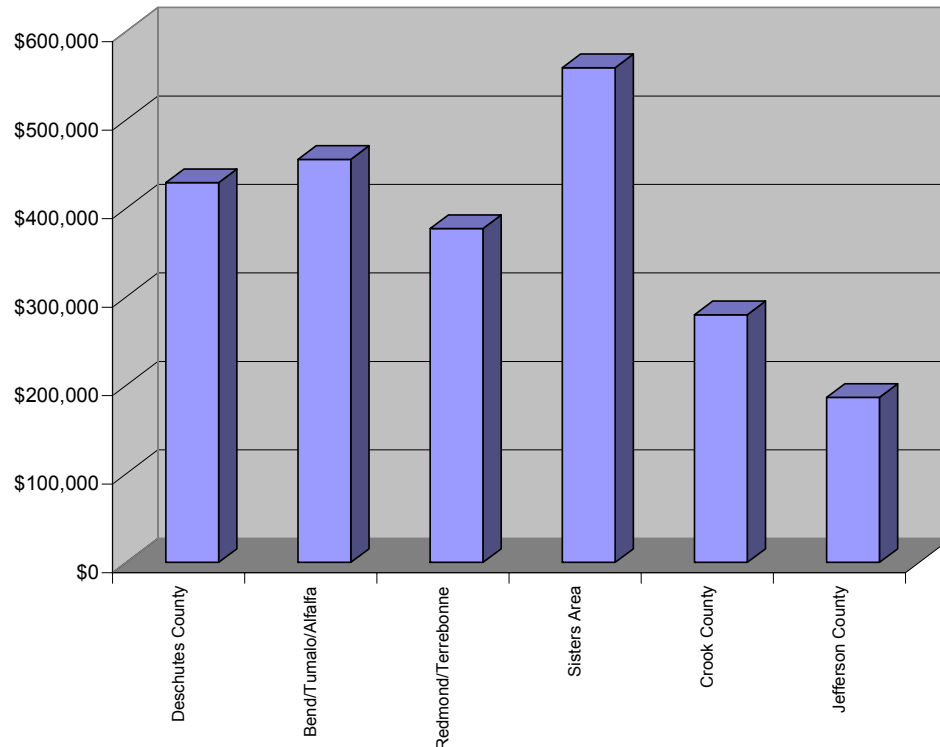
**Median Price by Unit Type and Location
Active Listings as of 4/25/06**

Type of Unit	Deschutes County	Bend/Tumalo /Alfalfa	Redmond/ Terbonne	Sisters Area	Crook County	Jefferson County
Residential	\$429,000	\$455,500	\$377,134	\$559,011	\$279,900	\$186,500
Condos/TH's	\$344,900	\$475,000	\$299,900	\$377,250	N/A	\$167,400
Manufactured	\$179,900	\$250,000	\$167,000	\$275,000	\$124,900	\$225,000
Res. w/ Acreage	\$749,900	\$994,744	\$767,480	\$887,000	\$694,500	\$349,000
Manf w/ Acreage	\$239,900	\$374,450	\$393,750	\$384,900	\$248,550	\$298,500
All Types	\$425,000	\$471,268	\$391,050	\$634,700	\$322,500	\$185,000

Source: Central Oregon Association of Realtors

The following graph uses the list prices of single-family homes to illustrate the price differential throughout the region. The most significant change is the relationship between prices in Crook and Jefferson Counties. In 2005, the median price of single-family homes sold in Crook County was just \$15,775 more than in Jefferson County. The median price difference for homes listed in April had climbed to \$93,400, reflecting the growth occurring in the Prineville area.

**Median Price of Single-Family Homes by Location
Active Listings as of 4/25/06**



Source: Central Oregon Association of Realtors

Approximately 89% of the residential units listed for sale were located in Deschutes County. This may shift with additional residential growth in Crook County. The rate at which development of planned destination resorts occurs will significantly impact listings in the region. If units are developed quickly, the number of listings will increase.

Affordability

Incomes and home prices in Central Oregon are not aligned – home prices are far higher than what residents making typical income for the region can afford. The mismatch between what residents can afford to pay for housing and what homes cost to buy is pronounced.

In all areas except Jefferson County, the median price is more than double the amount that is affordable for households with incomes at 100% AMI. In Sisters, the region's most expensive location for real estate, an income of nearly 380% of the median is required to afford the median-priced residential unit.

Median List Prices and Median Incomes Compared

	Affordable Price 100% AMI*	Median Price All Residential**	Percent AMI
Deschutes County	\$167,400	\$425,000	254%
Bend/Tumalo/Alfalfa	\$167,400	\$471,268	282%
Redmond/Terrebonne	\$167,400	\$391,050	234%
Sisters Area	\$167,400	\$634,700	379%
Crook County	\$140,800	\$322,500	229%
Jefferson County	\$137,700	\$185,000	134%

Source: Central Oregon Association of Realtors

* 2006 income for three-person households

** Listings active as of April 26, 2006

As shown on the following table, there are relatively few listings under \$200,000 (15% of the total).

Residential Listings by Price Range and Community April 25/26, 2006

All Residential	Deschutes County	Bend/ Tumalo/Alfalfa	Redmond/ Terrebonne	Sisters Area	Crook County	Jefferson County	Region
<\$100,000	19	1	1	0	3	3	25
\$100,000 - \$119,999	6	1	0	0	0	2	8
\$120,000 - \$139,999	34	4	15	0	0	11	45
\$140,000 - \$159,999	18	2	1	0	4	5	27
\$160,000 - \$179,999	24	5	2	0	5	6	35
\$180,000 - \$199,999	14	2	0	0	7	9	30
\$200,000 - \$249,999	50	10	12	2	12	10	72
\$250,000 - \$299,999	137	42	35	7	24	3	164
\$300,000 - \$349,999	179	102	42	4	9	2	190
\$350,000 - \$399,999	179	94	53	13	3	1	183
\$400,000 - \$449,999	126	75	30	10	5	1	132
\$450,000 - \$499,999	94	59	21	4	4	0	98
\$500,000 - \$999,999	372	225	64	32	25	4	401
\$1+ million	172	110	24	18	15	0	187
Total	1,424	732	300	90	116	57	1,597
% of Total	89.2%	45.8%	18.8%	5.6%	7.3%	3.6%	100%

Source: Central Oregon Association of Realtors

Homeownership Availability by Income

Homeownership opportunities are extremely limited for low-, moderate- and even middle-income households in Central Oregon. In both Deschutes and Crook Counties, 92% of all residential real estate listings are priced above what is affordable for households earning 120% AMI. Jefferson County is the region's most affordable area, yet only 42% of the residential units listed for sale are affordable for households making 120% AMI or less.

Deschutes County

- Only 121 listings are affordable for households with incomes at or below 120% AMI, which equates to about 8% of total listings.
- Most of the units that are for sale at affordable prices are condominiums, townhomes or manufactured homes. Only 13 single-family residences were listed for sale at prices affordable for up to 120% AMI.
- 53 units were for sale at prices that were potentially affordable for low-income households (\leq 80% AMI), most of which were condominiums/townhomes.

Deschutes County – Homeownership Availability by AMI

AMI	60%	80%	100%	120%	121+%
Max. Afford.Price	\$100,300	\$134,000	\$167,400	\$200,700	>\$200,700
SF Homes	1	1	5	6	918
Condos/TH's	15	16	3	1	99
Manufactured	1	6	10	6	16
SF w/Acreage			3	4	256
Manf. w/Acreage	2	11	12	18	60
Total	19	34	33	35	1,349
Percent of Total	1.3%	2.3%	2.2%	2.4%	91.8%

Crook County

- While prices are lower in Crook County than in Deschutes County, housing affordability is no better.
- Only 9 units or 8% of total units listed were affordable for households with incomes of up to 80% AMI.
- Crook County has very few condominium/townhome units which are typically the least expensive option for homeownership; none were listed for sale.

Crook County – Homeownership Availability by AMI

AMI	60%	80%	100%	120%	121+%
Max. Afford. Price	\$84,500	\$112,400	\$140,800	\$168,900	>\$168,900
SF Homes	1	1	0	2	35
Condos/TH's					N/A
Manufactured	0	0	0	0	0
SF w/Acreage	0	1	0	0	51
Manf. w/Acreage	0	0	0	4	18
Total	1	2	0	6	104
Percent of Total	0.9%	1.8%	0.0%	5.3%	92.0%

Jefferson County

- 24 residential units listed for sale were affordable for households with incomes at or below 120% AMI, which equates to 42% of the total.
- Half of the units that were affordable for up to 120% AMI were manufactured homes.
- Only four units were affordable for low-income households.

Jefferson County – Homeownership Availability by AMI

AMI	60%	80%	100%	120%	121+%
Max. Afford. Price	\$82,600	\$110,100	\$137,700	\$165,200	>\$165,200
SF Homes			2	4	15
Condos/TH's			1	2	1
Manufactured	1	3	8	2	0
SF w/Acreage					11
Manf. w/Acreage				1	6
Total	1	3	11	9	33
Percent of Total	1.8%	5.3%	19.3%	15.8%	57.9%

V. RENTAL MARKET ANALYSIS

This section of the report examines rental units, rents and vacancy rates in Central Oregon. Three sources of information have been used to compile this section of the report:

- An annual survey conducted by the Central Oregon Rental Owners Association in cooperation with CORHA, dba Housing Works, on all types of rental units throughout the three-county region. The complete survey can be obtained at www.housing-works.org.
- A periodic survey of apartment properties in Bend conducted by the Bratton Appraisal Group, LLC. Information on the same 800 apartments is collected each time the survey is conducted. For the complete survey see www.brattonappraisal.com.
- Interviews of rental property managers.

Rental Inventory

In April 2000, approximately 6,450 units were renter-occupied in the region, which equated to 27.6% of total occupied units. The percentage of units that are rentals is relatively low while the homeownership rate of 72% is high; the nation had a homeownership rate of 66% in 2000 and in Oregon, 64% of households lived in homes they owned.

Rental Units by Location, 2000

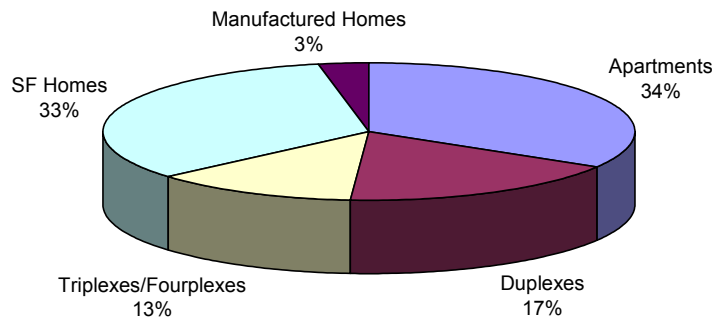
Location	Total Occupied Units	Renter-Occupied	% Renter-Occupied
Crook County	7,354	1,896	25.8%
Prineville	2,842	1,076	37.9%
Deschutes County	45,595	12,628	27.7%
Bend	21,049	7,710	36.6%
Redmond	5,378	2,084	38.8%
Sisters	381	143	37.5%
Jefferson County	6,727	1,932	28.7%
Culver	254	69	27.2%
Madras	1,752	839	47.9%
Metolius	209	65	31.1%
Region Total	59,676	16,456	27.6%

Source: 2000 Census

Madras had the highest proportion of rental units, nearly 10 points higher than Bend, the community with the next highest percentage of rental units.

The Central Oregon Rental Owners' Association conducts an annual survey that covers about 18% of the rental units in the region. According to this sample, the rental supply in the region is diverse with a wide mix of all unit types.

Rental Units by Type



Source: Central Oregon Rental Owners' Association

Construction of apartments and other rental units has historically been cyclical in the region. A boom occurred in the 1970's followed by very little activity in the 1980's. The 1990's witnessed a renewed interest in rental development. In the early part of this decade, construction of rental units continued with development of apartment complexes in Bend and to a lesser degree in Redmond, and construction of duplex, triplex and entry-level single-family homes in Redmond, Prineville and Madras. Many of these units were purchased by investors taking advantage of ARM (adjustable rate mortgage) and interest only financing that offers low monthly payments while properties are held as rentals; owners are anticipating returns on their investments through appreciation more than through cash flow. A representative of the Central Oregon Rental Owners' Association estimated that roughly 400 to 700 new rental units were added each year to the inventory during the past five years.

In the past year, the supply of rental units edged up while the demand jumped up. The rental inventory is no longer expanding at the rates witnessed in the 1990's and early part of this decade. Growth in the number of rental units is likely to remain flat in the foreseeable future and there may even be a decline due to a combination of factors:

- A wave of condominium conversions is occurring in Bend where rental units are being lost to homeownership.
- Prices of land zoned for multi-family residential have increased to the level that it is no longer financially feasible to build apartments (approximately \$400,000 per acre in the Bend area); condominiums and townhomes are being developed instead on high-density parcels.
- No large apartment projects are planned for construction in the foreseeable future other than as part of the Ironhorse development in

Prineville, which includes two lots totaling approximately 4.25 acres for apartments. Their construction is not planned for phase 1.

- The escalating price of homes has prompted landlords to cash out. Property managers have noted, particularly since the beginning of this year, the sale of rental units to owner occupants. The inventory of single-family homes is most likely to be affected by this recent trend.
- Development of destination resorts and single-family residential will further curtail rental construction. The amount of construction activity that can occur in the region at any given time is limited by both the amount of work that contractors and subcontractors can perform and the ability of local governments to process applications and building permits, and inspect construction activity. High-end development that generates larger returns on investment will win out over the construction of rental units.
- Rising mortgage rates will also contribute to the curtailment of rental unit construction yet have little impact on high-end development.

Rents

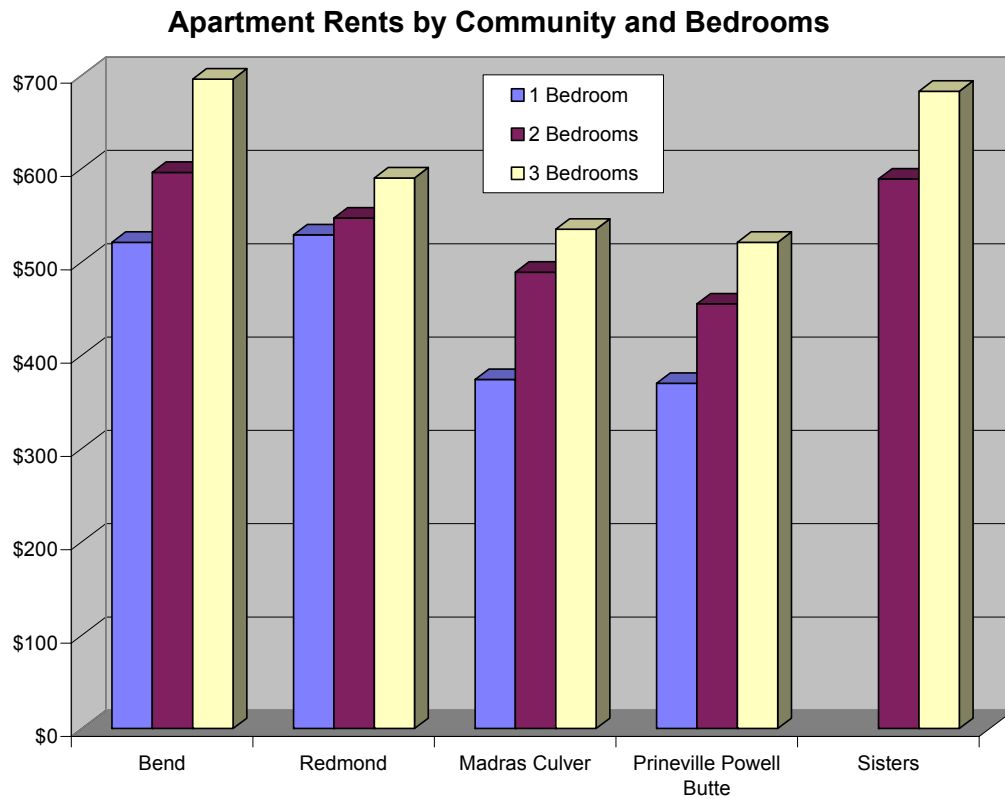
In Deschutes County, rents start at around \$525 for a one-bedroom apartment and range up to an average of around \$1,200 for a four-bedroom house. Rates are lower in both Crook and Jefferson Counties. Based on a comparison of single-family homes, rents are about \$150 per month less in Prineville and from \$200 to \$400 less in the Madras/Culver area.

Rent Rates by Unit Type and Community

Apartments	Bend	Redmond	Madras Culver	Prineville Powell Butte	Sisters
1 Bedroom	\$521	\$529	\$374	\$370	N/A
2 Bedrooms	\$596	\$547	\$489	\$455	\$589
3 Bedrooms	\$696	\$590	\$535	\$521	\$683
SF Homes					
1 Bedroom	\$601	\$617	\$375	\$417	N/A
2 Bedrooms	\$791	\$703	\$555	\$647	N/A
3 Bedrooms	\$965	\$991	\$672	\$748	N/A
4 Bedrooms	\$1,161	\$1,200	\$718	\$967	N/A

Source: Central Oregon Rental Owners' Association, 2006 Survey

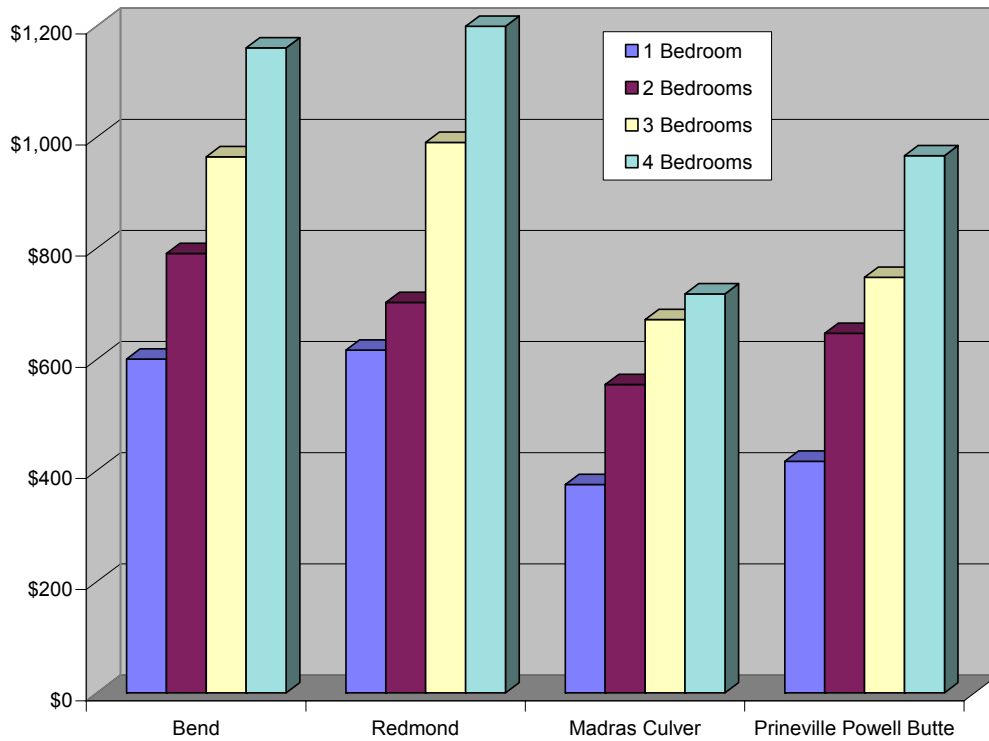
The following chart illustrates the variation in rents throughout the region. Rents are highest in Bend and Sisters. Rents in Redmond are almost equal to those in Bend, especially for one- and two-bedroom apartments. Rates in Prineville and Madras/Culver are lower than in Deschutes County.



Source: Central Oregon Rental Owners' Association

It is interesting to note that rents for apartments in Crook and Jefferson counties are similar whereas rates for single-family homes are higher in Prineville than in the Madras/Culver area. The higher rents for single-family homes in Prineville are likely the result of the addition of new homes into the inventory and the increased demand for rental housing resulting from the recent surge in residential and commercial development.

Single-Family Home Rents by Community and Bedrooms

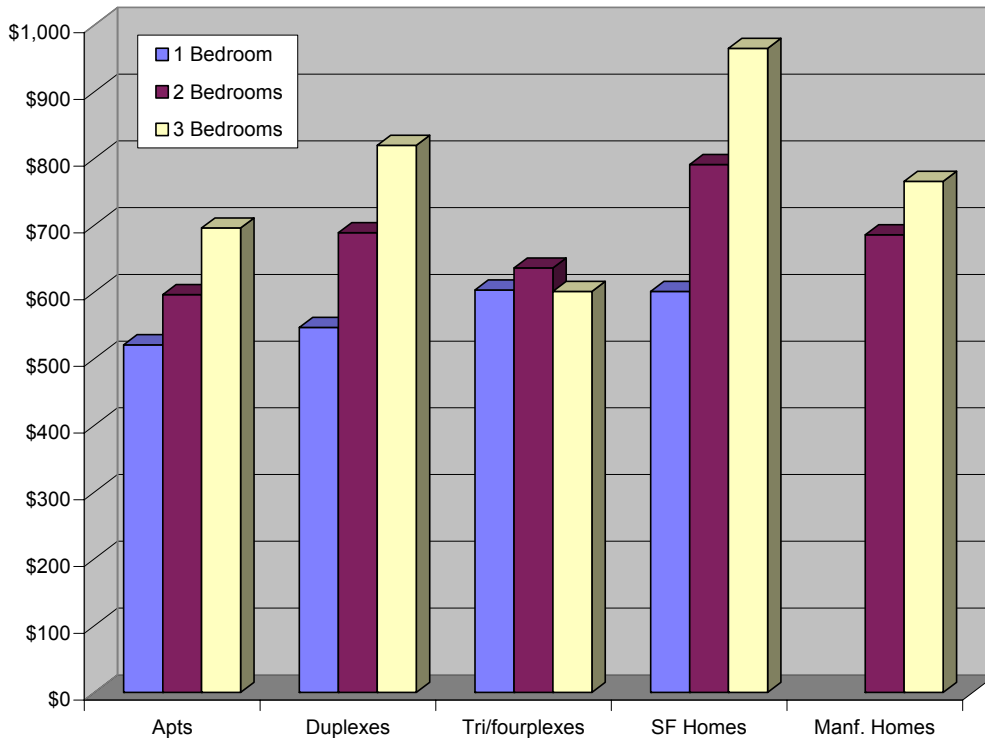


Source: Central Oregon Rental Owners' Association

Variation in Rents by Unit Type

Rents escalate from apartments, which have the lowest rates, to single-family homes, with the highest average rates. Manufactured homes rent for about the same as duplex units. Rents for the Bend area are used to illustrate the difference in rents by unit type since it has the largest sample.

Rents by Unit Type and Bedrooms, Bend

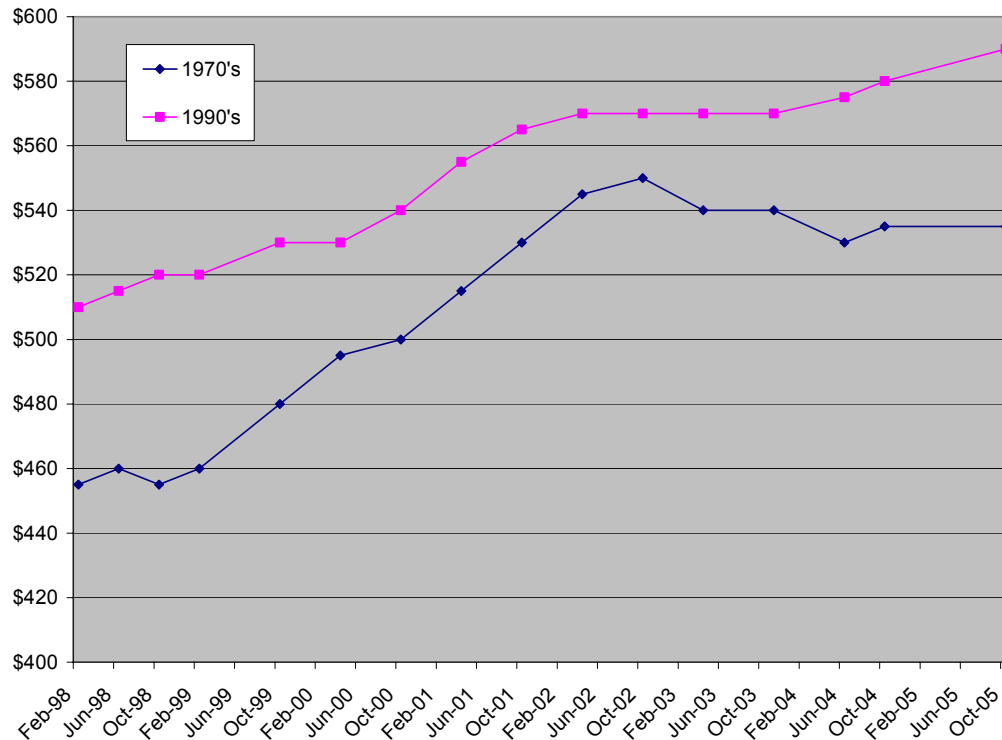


Source: Central Oregon Rental Owners' Association

Variation in Rents by Age of Unit

The survey conducted by Bratton Appraisal Group of apartments in Bend is used to show the difference in rates according to the age of units. Rents for units built in the 1990's are significantly higher than those for units built in the 1970's – about \$60 per month when last measured in October 2005. Note: rent rates are calculated based on a per-complex average (i.e. not weighted for # of units in complex).

Average Rents, 2-Bedroom Apartments in Bend



Source: Bratton Appraisal Group, LLC

Change in Rental Rates

The above graph also serves to illustrate the change in rental rates. Between February 1998 and October 2005, the average rents for two-bedroom apartments increased 16% (units built in 1990's) to 18% (units built in 1970's). Rates rose sharply in 2000 through early 2002 then leveled somewhat. Among newer apartments, rents started rising again in 2004 and continued through 2005. Property managers report that the escalation in rents is picking up in 2006 with increases anticipated of up to 15% over 2005 levels, and that discounts and concessions were widespread a few years ago but started disappearing about one year ago and now are uncommon.

Affordable Rentals

While rents are increasing, the average rates charged during the first quarter of 2006 for apartments were generally affordable for households earning 50% AMI. Average rents for single-family homes are not, however. Only homes with one bedroom, which are a small percentage of single-family rentals, were affordable for households with incomes at 50% AMI. Rents for two bedroom homes were affordable for households with incomes at approximately 60% AMI in Deschutes and Crook Counties and just over 50% AMI in Jefferson County. Households would need to have incomes of close to 80% AMI to afford the average rents for

homes with three bedrooms in Deschutes County. Approximately 70% AMI would be needed in Crook County and about 55% AMI in Jefferson County.

**Average Rents Compared to Affordable Rents
(Shading denote rents affordable at 50% AMI)**

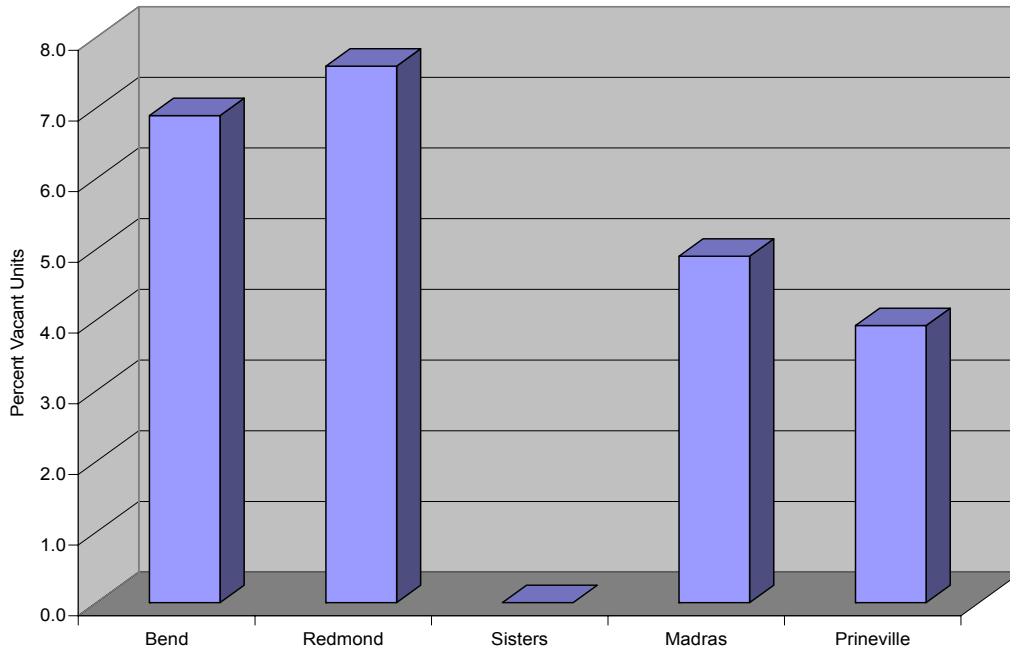
Affordable Rents	Bend	Redmond	Madras Culver	Prineville Powell Butte	Sisters
50% AMI	\$661	\$661	\$544	\$556	\$661
100% AMI	\$1,322	\$1,322	\$1,088	\$1,112	\$1,322
Apartments	Bend	Redmond	Madras Culver	Prineville Powell Butte	Sisters
1 Bedroom	\$521	\$529	\$374	\$370	N/A
2 Bedrooms	\$596	\$547	\$489	\$455	\$589
3 Bedrooms	\$696	\$590	\$535	\$521	\$683
SF Homes					
1 Bedroom	\$601	\$617	\$375	\$417	N/A
2 Bedrooms	\$791	\$703	\$555	\$647	N/A
3 Bedrooms	\$965	\$991	\$672	\$748	N/A
4 Bedrooms	\$1,161	\$1,200	\$718	\$967	N/A

Vacancies

Vacancy rates in Central Oregon are low and declining. As a general rule, when vacancy rates are below 7%, markets are considered tight and construction of additional units is warranted. Prineville had the lowest vacancy rate in early 2006 of any community in the region at 3.9%. The rate was also very low in Madras and, in Sisters, all of the 34 rental units surveyed were occupied.

Redmond had the highest vacancy rate but, at 7.6%, it still reflected a strong market where the supply is so limited relative to demand that increases in rents should be expected.

Overall Vacancy Rate by Community, 1st Quarter 2006



Source: Central Oregon Rental Owners' Association

Vacancy rates have been declining. The region experienced an overall double-digit rate in 2004 and 2005 but the rate had dropped by 3.5 percentage points by early 2006. The pattern was similar in most communities with fluctuations due primarily to increases in supply from new construction.

Vacancy Rates by Community, 2004 – 2006

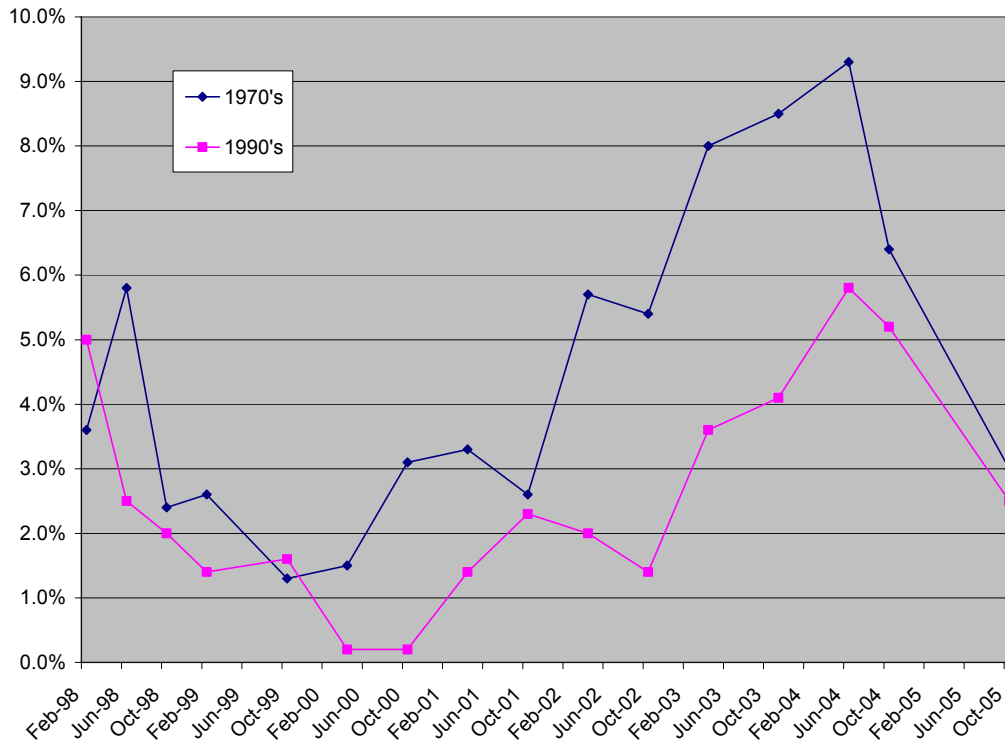
	2004	2005	2006
Bend	11.2%	8.4%	6.9%
Redmond	9.7%	11.7%	7.6%
Sisters*	0.0%	50.0%	0.0%
Madras	6.6%	13.1%	4.9%
Prineville	7.9%	10.6%	3.9%
Total Units	3880	3137	3664
Vacant Units	411	322	248
Overall Vacancy Rate	10.6%	10.3%	6.8%

Source: Central Oregon Rental Owners' Association

* Note: The small size of the sample in Sisters is likely the cause of what appears to be a widely fluctuating vacancy rate.

The survey conducted by Bratton Appraisal Group of apartments in Bend also documents a recent sharp drop in vacancies. While rates rose from 2002 into 2004 due to new construction that outpaced growth in demand, apartment availability has since decreased to levels seen late in the last decade. The combined overall vacancy rate for the Bend area decreased from 5.8% in 2004 to 2.8% in 2005.

Vacancy Rates for Apartments in Bend, February 1998 – October 2005



Source: Bratton Appraisal Group, LLC

It should be noted that there are differences in the vacancy rate reported for Bend by the Bratton Appraisal Group, which was 2.8% in late 2005, and the Central Oregon Rental Owners' Association, which indicated Bend's overall rate was 6.9% in early 2006. These differences could be attributed to several factors including variation in:

- Types of units surveyed: Bratton surveys only apartment complexes with five or more units whereas the Central Oregon Rental Owners' Association surveys single-family homes, duplexes, tri/fourplexes and manufactured homes in addition to apartments.
- Survey timing: Bratton last surveyed in October 2005 while the Central Oregon Rental Owners' Association conducted their research in the first quarter 2006.
- Sample composition: Bratton surveys the same 800 units each time whereas the sample generated by the Central Oregon Rental Owners'

Association varies each year (3,880 units in 2004, 3,137 in 2005 and 3,664 in 2006).

Both surveys are generally in line with the US Department of Housing and Urban Development (HUD), which reported that rental market conditions were tight in the Bend market area (Deschutes County) and the vacancy rate was below 4% in the fourth quarter of 2005. It is interesting to note that, while the two local surveys show different vacancy rates, the rents they report tend to be very similar.

VI. GAP/DEMAND ANALYSIS

In this section of the report, residential and commercial growth are compared to determine the extent to which the relationship between housing supply and demand is changing. It includes information on unfilled jobs and plans for job growth in order to estimate the demand for additional workforce housing to accommodate labor force in-migration. This analysis will help determine how the existing deficiency might change in the future and inform a strategy for keeping up with housing demand as growth occurs.

Housing Demand Generated by Population Growth, 2000 - 2005

Population growth since 2000 has generated demand for nearly 11,370 housing units. On average, this equated to demand for 2,274 housing units per year.

Population and Housing Demand

County/Municipality	Population Change 2000 - 2005	Persons per Unit	Housing Demand Generated
Crook County	1,824	2.57	710
Prineville	1,426	2.55	559
Unincorporated	398	2.57	155
Deschutes County	25,221	2.5	10,088
Bend	15,576	2.42	6,436
Redmond	5,293	2.54	2,084
Sisters	594	2.41	246
Unincorporated	3,758	2.5	1,503
Jefferson County	1,597	2.8	570
Culver	58	3.16	18
Madras	413	2.78	148
Metolius	163	2.97	55
Unincorporated	962	2.8	344
Region Total	28,642		11,368

Sources and Methodology: US Census for 2000 Population and average household size estimates, Portland State University, Center for Population and Census for 2004 population estimates, and Rees Consulting estimate for 2005 population derived by applying the growth rate between 2003 and 2004 to the 2004 population figures.

Housing Demand Generated by Job Growth, 2000 – 2005

Between 2000 and 2005, employers in Central Oregon produced a net increase of 14,400 jobs. This job growth in the past five years generated demand for approximately 9,057 workforce housing units.

The number of employees per household was estimated from the 2000 Census by estimating the number of households in each county that have at least one worker; the average ranges from 1.55 to 1.62 in the three-county area.

Average Employees per Household by Place of Residence: 2000

	Crook County	Deschutes County	Jefferson County
Total households	7,358	45,633	6,758
Family households with at least one worker	4,555	27,393	4,510
Non-senior non-family households	1,116	9,659	1,009
Total households with workers	5,671	37,052	5,519
% of households with workers	77.1%	81.2%	81.7%
Labor force population	8,764	58,836	8,918
Employees per household*	1.55	1.59	1.62

Source: 2000 US Census; tabulations by Rees Consulting and RRC Associates, Inc.

*Estimated number of employees per household for households with at least one employee.

Dividing the growth in the workforce in each county between 2000 to 2005 by the estimated number of employees per household in each county results in a total estimated demand for 9,057 housing units.

Housing Demand from Growth in Employment, 2000 - 2005

	Crook County	Deschutes County	Jefferson County	Total/ Overall
2000 total employees	7,424	61,859	7,482	76,765
2005 total employees	7,871	75,776	7,518	91,165
Gain in employees (2000 to 2005)	447	13,917	36	14,400
Employees per unit	1.55	1.59	1.62	1.59
Workforce Housing Demand	288	8,753	22	9,057

Source: Worksource Oregon Employment Department for employment estimates, 2000 Census for employees per unit, Rees Consulting calculation of housing demand.

Demand from Unfilled Jobs in 2006

Filling positions that are vacant requires in-migration. Unemployment levels are so low that there are fewer residents looking for jobs than there are open positions. About half of the jobs unfilled as of the date of the survey had recently become vacant while others had been vacant for longer periods due to difficulties filling the positions (lack of applicants and unqualified applicants being the most frequently cited reasons).

In the following table, the ratio of unfilled jobs to total jobs surveyed was applied to total employment to generate an estimate of total unfilled jobs in the region. It was then assumed that 50% would be filled from residents living in the region. The remaining 50% would require in-migration of employees who in turn generate demand for additional workforce housing. The result is an estimate that approximately 1,637 housing units priced to be affordable for workforce households are needed to fill vacant jobs.

Estimate of Housing Needed to Fill Vacant Jobs

	Crook	Deschutes	Jefferson	Region
Total Estimated Employment, 2006	8,304	81,035	7,676	97,015
Total Jobs Surveyed (year round)	1,398	3,248	331	4,977
Unfilled Jobs Surveyed*	54	178	18	250
Unfilled:Filled Job Ratio	0.039	0.055	0.054	.050
Total Unfilled Jobs (ratio applied to total employment)	324	4,457	415	5,196
Filled by Existing Residents	162	2,228	207	2,598
In-migration of Employees	162	2,229	208	2,598
Employees/Housing Unit	1.55	1.59	1.62	1.59
Housing Demand Generated	105	1,404	129	1,637

Note: Total employment estimate for 2006 rounded to reflect that the numbers are based on a series of assumptions.

* Excludes one employer in Redmond due to its unusually high number of unfilled jobs.

Demand from New Jobs

Of employers surveyed, 94% indicated they plan a net increase in jobs in the next three years. Combined, these employers plan a net gain of 540 jobs. Only 2% indicated they anticipate a net decrease in jobs. These employers anticipate offering 20 fewer jobs in the next three years.

The ratio of additional jobs to filled jobs was then applied to total current employment to estimate the net increase in jobs in the next three years. The average number of employees per workforce household was then applied to the total gain in employment to derive an estimate that 6,565 additional workforce housing units will be needed in the region to fill jobs projected by employers.

Estimate of Housing Needed to Fill New Jobs, 2006 - 2009

	Crook	Deschutes	Jefferson	Region
Total Estimated Employment, 2006	8,304	81,035	7,676	97,015
Total Jobs Surveyed	1,398	3,248	331	4,977
Net Gain in Jobs Surveyed	127	340	50	517
New Jobs:Filled Job Ratio	0.091	0.105	0.151	0.104
Total Increase in Jobs (ratio applied to total employment)	756	8,509	1159	10,423
Employees/Housing Unit	1.55	1.59	1.62	1.59
Housing Demand Generated	489	5,359	717	6,565

Source: Employer survey and Rees Consulting, Inc. estimates

According to the Worksource Oregon Employment Department, Central Oregon is projected to have the fastest job growth in the state over the next 10 years at 24.4%, which equates to approximately 17,520 additional jobs between 2004 and 2014. New jobs that are likely to be created by 2014 will generate demand for approximately 11,020 units of workforce housing based on an average of 1.59 employees per housing unit. It should be noted that these estimates for future growth are significantly lower than the growth in jobs experienced in the last three years.

Demand from Replacement of Retirees, 2006 through 2008

Approximately 33% of employers surveyed now employ a combined total of 48 persons who will retire within three years and will need to be replaced. The new employees will generate demand for approximately 430 housing units.

Estimate of Housing Needed to Fill Jobs Vacated by Retirees, 2006 - 2009

	Crook	Deschutes	Jefferson	Region
Total Estimated Employment, 2006	8,304	81,035	7,676	97,015
Total Jobs Surveyed	1,398	3,248	331	4,977
Employees Retiring	25	20	2	47
Retiring Employees:Filled Job Ratio	0.018	0.006	0.006	0.009
Total New Employees Needed (ratio applied to total employment)	149	486	46	682
Employees/Housing Unit	1.55	1.59	1.62	1.59
Housing Demand Generated	96	306	28	430

Consolidated Estimate of Workforce Housing Demand

From 2000 through 2005, job growth in the region generated demand for an estimated 7,714 workforce housing units. Demand from overall population growth was higher at 11,368 units spurred by the in-migration of retirees and others not holding jobs in the region.

At present, there is demand for approximately 1,687 workforce housing units that are needed to accommodate the in-migration of employees to fill vacant positions. In the next three years, forecasts indicate there will be additional demand generated for 6,565 units to support job growth and 431 units for employees who will fill positions vacated by retiring workers.

Summary of Housing Demand

Source of Demand	Crook	Deschutes	Jefferson	Region
Population Growth, 2000 - 2005	710	10,088	570	11,368
Job Growth, 2000 - 2005	288	8,753	22	9,057
Vacant Jobs	105	1,404	129	1,637
New Jobs	489	5,359	717	6,565
Replacement of Retirees	96	306	28	431

Workforce housing demand is far greater in Deschutes County than the rest of the region. Demand generated by job growth since 2000 has been higher in Crook County than in Jefferson County, but growth in demand in the two counties should be similar during the next three years.

Supply of Workforce Housing

County Assessor records were used to analyze residential construction and to determine the number of units that have been built in the past five years for the workforce. This process required subtracting units used as vacation properties and those occupied by seniors.

Increase in Workforce Housing, 2000 – 2005

	Crook	Deschutes	Jefferson
Total	900	11,837	840
% Local Ownership	80.2%	77.1%	64.9%
# Local Ownership	721	9,132	545
Seniors	24.6%	20.5%	21.9%
# Senior Occupied Units	177	1,872	119
Workforce Housing Units	544	7,260	426

Source: Estimated from County Assessor data

These estimates may overstate the actual number of units built between 2000 and 2005 that are occupied by at least one employee. While households with a senior householder (age 65+) were subtracted, no adjustment was made for early retirees and other households that do not include an employee who works in the region.

Demand and Supply Compared

Population

Housing development has not kept pace with population growth. In the region as a whole, there was a difference of approximately 970 units between the demand generated by population growth and the number of units built. Most of this deficit occurred in Deschutes County; residential growth in Crook County has roughly matched population growth. The population was able to grow without a corresponding increase in residential units because vacancy rates among rental units were high and there was a relatively large inventory of units for sale. Both have decreased since 2000, leaving few units available to absorb growth in the future.

Growth in Population and Housing Supply Compared

	Crook	Deschutes	Jefferson	Region
Total Resident Housing Demand	710	10,088	570	11,368
Total Resident Housing Produced	721	9,132	545	10,398
Difference (Deficit)	11	(956)	(25)	(970)

Workforce

Most of the deficit that developed between supply and demand between 2000 and 2005 was the result of demand generated by growth in the workforce outpacing the construction of workforce housing. In the past five years, a deficit in workforce housing of approximately 827 units was generated. The deficit was generated entirely within Deschutes County. New residential development in

both Crook and Jefferson Counties was able to partially address the deficit in Deschutes County but, as a result, more employees must commute across county lines.

Growth in Workforce and Workforce Housing Compared

	Crook	Deschutes	Jefferson	Region
Workforce Housing Demanded	288	8,753	22	9,057
Workforce Housing Produced	544	7,260	426	8,230
Difference (Deficit)	256	(1,493)	404	(827)

Workforce Housing Units Needed by AMI

In Central Oregon, approximately 9,460 workforce housing units will be needed by 2008 in order to:

- make up for the deficit in workforce housing development that occurred between 2000 and 2005;
- provide housing for employees to move into the region to fill vacant positions; and
- provide housing so that the labor force can grow through in-migration to sustain planned business expansion and job growth.

Workforce Housing Demand by AMI

Source of Demand	Crook	Deschutes	Jefferson	Region
Workforce Deficit 2000 – 2005 (surplus)	(256)	1,493	(404)	827
Unfilled Jobs, 2006	105	1,404	129	1,637
New Jobs, 2006 - 2008	489	5,359	717	6,565
Replacement of Retirees, 2006 - 2008	96	306	28	431
Total*	434	8,562	470	9,460

Demand by AMI	Crook	Deschutes	Jefferson	Region
≤ 50% AMI	85	1,550	82	1,722
51% - 80% AMI	78	1,584	91	1,760
81% - 100% AMI	46	1,010	48	1,078
101 - 120% AMI	49	856	50	974
121% + AMI	175	3,570	198	3,935
Total*	434	8,571	470	9,469

* Note that the totals vary slightly due to rounding.

Of the total, approximately 3,480 units will be needed to house low-income workforce households (incomes ≤80% AMI). Another 2,050 units will be needed for moderate-income workforce households (81% to 120% AMI).

These estimates by AMI were derived by applying the income distribution shown in the POPULATION, INCOME AND AFFORDABILITY section of this report to total demand. It is appropriate to assume that the income of the region's employee households will be similar to the distribution by AMI that existed when the 2000 Census was conducted. The types of jobs that are available today and that will be offered in the future are similar to those filled in 2000; there has not been a significant shift in the composition of the region's economy to cause a major change in the distribution of incomes.

VII. CONCLUSIONS AND RECOMMENDATIONS

This study, sponsored by the Central Oregon Regional Housing Authority and its community partners, has found that there is an imbalance between the demand for and supply of workforce housing in Central Oregon and a mismatch between prices and household incomes. It utilized information from numerous sources including a survey of private- and public-sector employers in the region to reach these conclusions.

Key findings include:

- Home prices have been rising and are no longer affordable for most members of the workforce;
- Growth in demand for workforce housing has been outpacing the production of units;
- Employers are being negatively affected by problems that can be directly attributed to the insufficient availability of affordable workforce housing;
- Growth in demand for workforce housing will continue yet will not be balanced with construction of affordably-priced units given development now underway in the pipeline.

Population

Growth in the population is fueling demand for housing. The region's population now surpasses 182,000. Since 2000, the region's population has grown by approximately 28,630 persons. Deschutes is the fastest growing county in Oregon. While population growth has been slower in Crook and Jefferson Counties, it has exceeded the state average for four out of the last five years.

Income

Approximately 37% of the region's households have incomes equal to or less than 80% of the Area Median Income (AMI), and are therefore considered to be low income. The percentage of households with low incomes ($\leq 80\%$ AMI) is very similar in all three counties. Bend has the lowest percentage of low-income households (38%) and Sisters has the highest (52%) with the other communities falling somewhere in between. Approximately 21% of the region's households have incomes in the moderate range (81% - 120% AMI) while 42% are middle- to upper-income households.

Housing Affordability

In the region, the maximum affordable purchase price for low-income households ranges from approximately \$110,000 in Jefferson County to \$134,000 in Deschutes County. The most that low-income households ($\leq 80\%$ AMI) can afford to pay in rent is \$889 in Crook County, \$1,058 in Deschutes County and \$870 in Jefferson County.

Employment, Unemployment and Job Growth

Between 2000 and 2005, employers in Central Oregon produced 12,240 new non-farm jobs. This equates to an average increase of 2,448 jobs per year. In 2005, Central Oregon experienced widespread economic gains. Deschutes County led the state in job growth followed closely by Crook County. While growth in employment has not been as robust in Jefferson County as in its neighboring Central Oregon counties, unemployment was low and gains in jobs are expected with several commercial and residential developments underway.

Since 2003, the unemployment rate has been declining in all three counties. It has recently reached levels where labor shortages are being reported, particularly for certain types of positions including accountants, skilled technicians, engineers, entry-level production employees and workers skilled in the construction trades.

Job growth and the demand for workforce housing that it generates is expected to continue into the foreseeable future.

- The Worksource Oregon Employment Department forecasts that Central Oregon will have the fastest job growth in the state -- 24.4% between 2004 and 2014. This equates to approximately 17,520 additional jobs or an average of 1,752 jobs per year.
- 94% of employers surveyed as part of this study indicate they plan to have a net increase in jobs in the next three years.
- Economic Development of Central Oregon (EDCO) is working on approximately 50 business expansion and recruitment prospects which combined could generate 1,400 new jobs.

Numerous commercial, industrial, residential and mixed-use projects have been recently approved for development or are now being planned. These developments will generate jobs that fuel demand initially for housing for construction workers followed by demand from permanent on-site employees. These developments include:

- Eight destination resorts;
- Major residential subdivisions in Bend, Sisters, Prineville, LaPine, Redmond, and unincorporated Jefferson County;
- Expansion of aircraft manufacturers and aviation-related facilities;
- Retail growth in Prineville's downtown area, construction of a Wal-Mart Supercenter in Redmond and the possible location of one in Bend, potential construction of a Lowe's and Home Depot in Redmond, the second phase of the Old Mill in Bend and a new commercial subdivision in Sisters;
- Construction of a correctional facility east of Madras;

- Development of the Desert Rise Industrial Park in Redmond and two business parks in Sisters with a total of 40 lots;
- Construction of a 30-bed rehabilitation center in Bend and expansion of Oregon Dental Services in Redmond;
- Expansion of Fuqua Homes in Bend; and
- Development of a water park in Redmond.

While jobs will be produced at all wage levels, many will be low-paying positions in retail, hospitality/recreation services, and residential support. Only a portion of the residential development underway will house the workforce. Much of the housing being constructed will be occupied by retirees and other residents who are not members of the workforce, or used as vacation properties. These units will generate demand for workforce housing both on site (maintenance, domestic service, etc.) and indirectly through stimulation of retail trade and commercial services.

Impacts on Employers

The insufficient availability of housing that is affordable for the workforce is negatively affecting employers in Central Oregon. Half of those surveyed felt it is the most critical problem or one of the more serious problems in the region. Another third felt it is a moderate problem. Relatively few felt it was one of the region's lesser problems (10%) or not a problem (7%).

Opinions about the extent to which the availability of affordable workforce housing is a problem vary somewhat by county. Employers in Crook County are most likely to feel it is a critical or serious problem (64%), followed by responses from Deschutes County (57%). In contrast, only 28% of the employers surveyed in Jefferson County felt the availability of affordable workforce housing was a critical or serious problem and 28% felt it was not a problem or a lesser problem.

Employers in Prineville, where growth in retail and services sectors is being spurred by multiple large-scale residential developments, are the most likely to feel that the availability of affordable workforce housing is a critical or serious problem.

Employers were asked to indicate the type and frequency of problems that have been experienced in the past two years that "could be attributed to the price or availability of workforce housing." Having unfilled jobs was the more frequently mentioned type of problem, often followed by having unqualified applicants and employee turnover. Applying survey results to total employment resulted in an estimate of approximately 5,200 unfilled jobs.

Consequences associated with not being able to find qualified employees to fill needed positions or operating at less than optimal employment levels are numerous. An employer's competitiveness, profitability, service levels, customer satisfaction, hours of operation, and product innovation capacity can all be negatively affected by workforce housing deficiencies.

The availability of affordable workforce housing is not just a problem for low-wage employees but can affect all categories of workers. On average, employers felt that retail/service clerks have the most difficulty. The second highest rating, however, was assigned to entry-level professionals and 23% of employers surveyed indicated that upper management had moderate to major difficulty locating housing in the region.

Some employers do not acknowledge the relationship between workforce housing and unfilled jobs. They indicate that their positions are unfilled due to deficiencies in the labor force (no applicants, unqualified applicants, etc.) Other employers, however, see a correlation between an insufficient labor force and the lack of affordable workforce housing.

Even though employers are reporting difficulties finding qualified employees, few (8% of those surveyed) have provided housing assistance in the past two years. There is a high degree of uncertainty regarding the likelihood that employers will be providing increased levels of housing assistance to their employees in the future. While nearly half of the employers surveyed indicated they are not willing to support housing for employees, almost as many (42%) indicated they are uncertain.

Homeownership Market

While the homeownership rate in 2000 was relatively high at 72% compared with 66% for the nation as a whole and 64% for Oregon, the price of homes today suggests that a much lower percentage of employees will be able to afford to buy in the future. This should create a shift in the characteristics of the region with proportionately fewer residents owning their homes.

In 2005, the median price for homes ranged from a low of \$90,000 for a manufactured home in Jefferson County on less than one acre to \$394,250 for a single-family home in Sisters. Manufactured homes are the least expensive option for homeownership. While condominiums and townhomes are typically more affordable than single-family homes, high-end townhomes in Bend are now priced above the median for single-family homes.

Home prices in Central Oregon are climbing upward. The median price for all types of units in all areas of the region has increased by approximately 40% to 100% since 2003. Overall, the escalation in home prices throughout the region averaged about 65%. Although home prices in Crook and Jefferson counties are lower than in Deschutes County, they are increasing at similar rates.

Residential real estate prices are continuing to escalate this year. The median prices of single-family homes listed for sale in April were 40% (Jefferson County) to 90% (Redmond) higher than the median prices of homes sold in 2005. This suggests that the upward climb in the cost of homes is getting steeper.

Approximately 1,600 residential units were listed for sale during the last week of April 2006. This equated to an inventory of about 2.6 months based on 7,500 units sold in 2005. Just over 25% of the listings were in the \$500,000 to \$1 million price range. The median price for single-family homes was nearly \$560,000 in the Sisters area and approximately \$456,000 in the Bend area. Prices in Crook and Jefferson County used to be very similar but the median in Crook is now over \$93,000 higher than in Jefferson County. There were few listings under \$200,000 – only 15% of the total.

Incomes and home prices in Central Oregon are incongruent. The mismatch between what residents can afford to pay for housing and what homes cost to buy is pronounced. In all areas of the region except Jefferson County, it would take an income more than twice the median income to buy a home at the median price. In the Sisters area, an income of 379% AMI would be needed to afford a home listed for the median price.

Median List Prices and Median Incomes Compared

	Affordable Price 100% AMI	Median Price All Residential	% AMI Needed to Afford Median Price
Deschutes County	\$167,400	\$425,000	254%
Bend/Tumalo/Alfalfa	\$167,400	\$471,268	282%
Redmond/Terrebonne	\$167,400	\$391,050	234%
Sisters Area	\$167,400	\$634,700	379%
Crook County	\$140,800	\$322,500	229%
Jefferson County	\$137,700	\$185,000	134%

Rental Market

The rental market in Central Oregon is generally strong with low vacancy rates and rising rents. While the supply of rental units has, for the most part, kept up with demand in recent years with construction of new units in response to the in-migration of renters, there are indications that this has changed. Demand continues to be strong as evidenced by declining vacancy rates, yet growth in the supply of rental units is not likely to continue at recent levels. Rents should continue to increase as the imbalance between rental supply and demand grows.

In the past year, the supply of rental units edged up while the demand jumped up. Growth in the number of rental units is likely to remain flat in the foreseeable future and there may even be a decline due to a combination of factors:

- Condominium conversions in Bend;
- The price of land zoned for high-density development having reached the level that makes apartment development unprofitable;
- No planned apartment construction other than the eventual development of approximately four acres in Prineville;
- Rising mortgage interest rates that makes it more difficult to purchase a home thereby forcing employees to rent; and

- Competition from high-end construction.

In Deschutes County, rents start at around \$525 for a one-bedroom apartment and range up to an average of around \$1,200 for a four-bedroom house. Rates are lower in both Crook and Jefferson Counties. Based on a comparison of single-family homes, rents are about \$150 per month less in Prineville and from \$200 to \$400 less in the Madras/Culver area.

Vacancy rates in Central Oregon are low and declining. As a general rule, when vacancy rates are below 7%, markets are considered tight and construction of additional units is warranted. Prineville had the lowest vacancy rate in early 2006 of any community in the region at 3.9%. The rate was also very low in Madras and, in Sisters, all of the 34 rental units surveyed were occupied.

Redmond had the highest vacancy rate but, at 7.6%, it still reflected a strong market where the supply is so limited relative to demand that increases in rents should be expected. Vacancy rates have been declining from 10.6% in 2004 to 6.8% in 2006. The combined overall vacancy rate for the Bend area decreased from 5.8% in 2004 to 2.8% in 2005.

Gap/Demand Analysis

Demand for workforce housing was estimated by examining population and employment growth between 2000 and 2005, vacant jobs in 2006, new jobs projected through 2008 and the replacement of employees who will retire in the next three years. Population growth in the past five years generated demand for 11,368 units. Much of this demand was not generated by members of the workforce, however, but rather by retirees and other non-employed persons. Between 2000 and 2005, job growth created demand for 9,057 units of workforce housing which equated to about 80% of total demand.

During the same five-year period, approximately 8,230 units of workforce housing were produced. This resulted in a deficit of 827 workforce housing units in the region as a whole. The deficit was actually larger in Deschutes County (1,493 units) but was partially addressed by residential development in both Crook and Jefferson counties.

By 2008, approximately 9,460 workforce housing units will be needed to address the deficit generated between 2000 and 2005, fill vacant jobs and sustain growth.

Workforce Housing Demand by AMI

Source of Demand	Crook	Deschutes	Jefferson	Region
Workforce Deficit 2000 – 2005 (surplus)	(256)	1,493	(404)	827
Unfilled Jobs, 2006	105	1,404	129	1,637
New Jobs, 2006 - 2008	489	5,359	717	6,565
Replacement of Retirees, 2006 - 2008	96	306	28	431
Total*	434	8,562	470	9,460

Demand by AMI	Crook	Deschutes	Jefferson	Region
≤ 50% AMI	85	1,550	82	1,722
51% - 80% AMI	78	1,584	91	1,760
81% - 100% AMI	46	1,010	48	1,078
101 - 120% AMI	49	856	50	974
121% + AMI	175	3,570	198	3,935
Total*	434	8,571	470	9,469

* Note that the totals vary slightly due to rounding.

Of the total, approximately 3,480 units will be needed to house low-income workforce households (incomes ≤80% AMI). Another 2,050 units will be needed for moderate-income workforce households (81% to 120% AMI). Given that current home prices are generally far above what is affordable for these income groups and that there are few vacant rental units with almost no apartment construction planned for the near future, proactive strategies will be needed to address this need.

Recommendations

Develop a common definition for workforce housing that specifies the income levels that are not served by the free market and, therefore, should be targeted by public-sector and non-profit initiatives. Monitor home prices and rents to make adjustments over time to the income levels that should be targeted.

Consider a variety of tools and techniques in combination for providing workforce housing as growth continues. Comprehensive strategies that target multiple income levels, provide both ownership and rental opportunities and use a combination of incentives, regulatory reform, public/private partnerships and mandates to mitigate housing demand generated by new development are recommended.

Involve employers in the development of strategies for providing workforce housing. Include an education component since survey comments suggest that some employers do not acknowledge the correlation between the availability of affordable workforce housing and having an adequate labor force.

Enhance information systems to better monitor the supply and cost of housing and the demand for workforce housing generated by new development.

Specifically:

- Modify building permit and Assessor records to include the number of units for apartments and other multi-unit projects under single ownership so that the supply of rental units can be monitored.
- As the number of sales increases in Crook and Jefferson Counties with additional residential development, modify the MLS to divide the counties into sub-markets as is done in Deschutes County.
- Conduct apartment vacancy and rent surveys during the summer peak employment season, as well as during the winter or fall.
- Develop a standardized format for display of home sales data so that changes and trends can be easily discerned; the quarterly reports now produced by the Central Oregon Association of Realtors provide the detailed information that could be graphed and summarized in user-friendly formats.
- Obtain job projections for all significant developments proposed within the three-county region and compile them quarterly into a consolidated report that forecasts employment and associated workforce housing demand.
- Make County Assessor data more accessible, ideally through inclusion on web sites, as has become a common practice in many counties around the country.

APPENDIX

2006 Income Figures by Household Size

% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Deschutes								
30%	\$12,350	\$14,100	\$15,900	\$17,650	\$19,050	\$20,450	\$21,900	\$23,300
40%	\$16,480	\$18,800	\$21,160	\$23,520	\$25,400	\$27,280	\$29,160	\$31,040
50%	\$20,600	\$23,500	\$26,450	\$29,400	\$31,750	\$34,100	\$36,450	\$38,800
60%	\$24,720	\$28,200	\$31,740	\$35,280	\$38,100	\$40,920	\$43,740	\$46,560
80%	\$32,950	\$37,650	\$42,350	\$47,050	\$50,800	\$54,600	\$58,350	\$62,100
Crook								
30%	\$10,350	\$11,850	\$13,300	\$14,800	\$16,000	\$17,150	\$18,350	\$19,550
40%	\$13,840	\$15,800	\$17,800	\$19,760	\$21,360	\$22,920	\$24,520	\$26,080
50%	\$17,300	\$19,750	\$22,250	\$24,700	\$26,700	\$28,650	\$30,650	\$32,600
60%	\$20,760	\$23,700	\$26,700	\$29,640	\$32,040	\$34,380	\$36,780	\$39,120
80%	\$27,650	\$31,600	\$35,550	\$39,500	\$42,650	\$45,800	\$49,000	\$52,150
Jefferson								
30%	\$10,150	\$11,600	\$13,050	\$14,500	\$15,650	\$16,800	\$18,000	\$19,150
40%	\$13,520	\$15,440	\$17,400	\$19,320	\$20,880	\$22,400	\$23,960	\$25,520
50%	\$16,900	\$19,300	\$21,750	\$24,150	\$26,100	\$28,000	\$29,950	\$31,900
60%	\$20,280	\$23,160	\$26,100	\$28,980	\$31,320	\$33,600	\$35,940	\$38,280
80%	\$27,050	\$30,900	\$34,800	\$38,650	\$41,750	\$44,850	\$47,950	\$51,000

Source: Oregon Housing and Community Services

Employment by Industrial Sector

Bend MSA (Deschutes County) Labor Force and Industry Employment

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Labor Force Status (Household Data)					
Civilian labor force	63,437	65,632	68,412	71,064	74,288
Unemployed	4,061	5,006	5,213	4,771	4,054
Unemployment rate	6.4%	7.6%	7.6%	6.7%	5.5%
Employed	59,376	60,626	63,199	66,293	70,234
Nonfarm Payroll Employment (Establishment Data)					
Total nonfarm payroll employment	53,500	54,240	56,320	60,310	64,410
Total private	46,050	46,600	48,670	52,480	56,540
Natural resources, mining, and construction	4,520	4,720	5,300	6,020	6,860
Manufacturing	5,500	5,350	5,240	5,650	5,880
Durable goods	4,910	4,660	4,520	4,920	5,060
Wood product manufacturing	1,990	1,910	1,800	1,810	NA
Trade, transportation, and utilities	10,850	10,900	11,210	11,740	12,550
Wholesale trade	1,140	1,160	1,310	1,420	1,530
Retail trade	8,440	8,530	8,750	9,180	9,830
Transportation, warehousing, and utilities	1,270	1,200	1,160	1,150	1,190
Information	1,430	1,450	1,520	1,520	1,600
Financial activities	3,410	3,520	3,840	4,290	4,810
Professional and business services	4,790	4,840	5,150	5,950	6,540
Educational and health services	6,090	6,410	6,640	6,960	7,470
Leisure and hospitality	7,820	7,750	8,040	8,500	8,860
Accommodation and food services	6,340	6,320	6,600	6,880	7,270
Other services	1,650	1,670	1,730	1,850	1,990
Government	7,450	7,640	7,650	7,830	7,870
Federal government	850	860	890	900	880
State government	1,030	1,050	1,030	1,110	1,150
Local government	5,580	5,730	5,730	5,830	5,830
Local education	3,490	3,580	3,480	3,420	3,390

Source: Worksource Oregon Employment Department

Jefferson County Labor Force and Industry Employment

	2001	2002	2003	2004	2005
Labor Force Status (Household Data)					
Civilian labor force	8,727	8,815	8,858	8,945	9,089
Unemployed	589	602	630	589	556
Unemployment rate	6.7%	6.8%	7.1%	6.6%	6.1%
Employed	8,138	8,213	8,228	8,356	8,533
Nonfarm Payroll Employment (Establishment Data)					
Total nonfarm payroll employment	6,210	6,180	6,130	6,320	6,390
Total private	3,690	3,700	3,620	3,770	3,830
Natural resources and mining	50	40	30	40	40
Construction	90	100	100	110	120
Manufacturing	1,540	1,510	1,540	1,650	1,660
Wood product manufacturing	1,140	1,030	1,030	1,120	1,110
Trade, transportation, and utilities	880	900	820	840	880
Wholesale trade	240	220	210	200	200
Retail trade	550	580	520	530	560
Transportation, warehousing, and utilities	100	100	90	110	120
Information	30	20	20	20	20
Financial activities	160	160	150	140	150
Professional and business services	90	130	170	150	170
Educational and health services	180	200	200	200	180
Leisure and hospitality	520	490	450	470	460
Other services	160	140	140	140	150
Government	2,520	2,490	2,520	2,550	2,570
Federal government	160	160	160	170	170
State government	190	210	180	160	170
Local government	2,170	2,120	2,180	2,220	2,230
Indian tribal	970	980	1,010	1,030	1,020

Source: Worksource Oregon Employment Department

Crook County Labor Force and Industry Employment

	2001	2002	2003	2004	2005
Labor Force Status (Household Data)					
Civilian labor force	8,731	8,787	8,850	9,082	9,309
Unemployed	731	808	843	745	625
Unemployment rate	8.4%	9.2%	9.5%	8.2%	6.7%
Employed	8,000	7,979	8,007	8,336	8,684
Nonfarm Payroll Employment (Establishment Data)					
Total nonfarm payroll employment	6,210	6,100	6,010	6,380	6,690
Total private	4,860	4,720	4,710	5,080	5,380
Natural resources and mining	150	160	160	160	160
Construction	210	230	250	280	340
Manufacturing	1,330	1,190	1,140	1,240	1,310
Wood product manufacturing	1,190	1,080	1,010	1,100	1,150
Trade, transportation, and utilities	1,630	1,550	1,530	1,680	1,740
Wholesale trade	60	70	810	820	840
Retail trade	1,320	1,260	480	510	520
Transportation, warehousing, and utilities	260	220	230	350	380
Information	30	30	30	30	40
Financial activities	160	160	170	180	200
Professional and business services	250	260	270	310	300
Educational and health services	520	580	580	590	600
Leisure and hospitality	420	430	420	450	530
Other services	150	140	160	170	170
Government	1,350	1,380	1,300	1,300	1,310
Federal government	350	350	340	340	340
State government	240	250	210	210	210
Local government	770	790	750	750	770

Source: Worksource Oregon Employment Department

Open-Ended Comments from Employer Survey

Why positions are unfilled

- ◆ Employer will not hire any more people and we NEED the help
- ◆ Gearing up for summer, lack of applicants
- ◆ Inadequate housing, just became available
- ◆ Just became available
- ◆ Just became available
- ◆ Just became available
- ◆ Just became available
- ◆ Just became available, looking for experienced production, looking for MSEE engineers
- ◆ Lack of applicants
- ◆ Lack of applicants
- ◆ Lack of applicants
- ◆ Lack of applicants (2), just became available (2)
- ◆ Lack of applicants (2), just became available (2)
- ◆ Lack of applicants that can afford to work part-time in the off-season, which can be quite slow due to lack of guests. One of these positions just opened up.
- ◆ Lack of applicants, illegal drug abuse, extreme absenteeism/no come to work, lack skills for higher tech jobs
- ◆ Lack of applicants, not due to housing
- ◆ Lack of applicants, still ramping up the business, difficulty with amount of applicant flow, and quality of applicant
- ◆ Lack of experience
- ◆ Lack of qualified applicants
- ◆ Lack of qualified applicants
- ◆ Lack of qualified applicants
- ◆ Lack of qualified applicants, lack of worker flexibility
- ◆ Lack of qualified, semi-skilled laborers
- ◆ Lack of skilled techs
- ◆ Lack of technical skills - no vocational training
- ◆ Must have state license to qualify
- ◆ New position
- ◆ No applicants
- ◆ Normal turnover
- ◆ Not enough trained applicants and position is only half time
- ◆ Quality of applicant
- ◆ Recruitment in process
- ◆ Recruitment period has not closed yet
- ◆ Seeking right person
- ◆ Skilled positions - not due to housing
- ◆ Some positions have just become available, others are lack of qualified applicants
- ◆ Unqualified applicants
- ◆ Unqualified workers in our area - a lot coming from the valley like Salem and Portland
- ◆ We have been revising the job description and are currently hiring
- ◆ We have one vacancy that just occurred to a promotion and restaffing of job duties

Additional comments about housing issues

- ◆ Affordable housing is available from about two miles west of Sunriver.
- ◆ Cost of living does not match income. Housing costs are too high and incomes are too low.
- ◆ Even though the demand for semi-skilled labor may be high, the housing and commute dissuades them from moving here.
- ◆ Housing for us does not appear to be an issue. We lack qualified/licensed applicants.
- ◆ Housing/rent is too expensive! Everything goes up except wages/minimum wage!
- ◆ I am more concerned about entry level housing prices in general.
- ◆ I have had to live in shared housing because I can't find a 1 BR apt. in Redmond.
- ◆ I was recently told there is a need for housing for folks with criminal histories and recently released prisoners.
- ◆ In our area there is little, if any, available housing for reasonable rent for low wage scale beginning employees.
- ◆ Many employees have roommates just so they can afford to live. Some also live in small travel trailers.
- ◆ Need a shuttle to downtown Bend because there isn't enough parking
- ◆ Only that we need more housing that employees making \$11.80 to \$14.00 per hour can afford.
- ◆ Our employees have not experienced any problems with housing opportunities.
- ◆ Our state salaried employees are fortunate to earn above minimum wage so they're not as impacted as some workers.
- ◆ Real estate prices are ridiculous, a combination of greed and fear. I have lived in Sisters for 34 years.
- ◆ The Camp Sherman area is very affluent; affordable housing is few and far between yet we are too far for people to travel, especially in winter.
- ◆ The cost of housing in central Oregon far exceeds wages. Something must be done!
- ◆ There is no parity between cost of living and median wage. I am amazed at how the area continues to grow.
- ◆ This survey was difficult to fill out and most of it didn't apply to school staff.
- ◆ We are a new and small business; these issues may affect us a lot more later
- ◆ We are very small and our challenges are smaller; however, as a business organization (chamber) we know affordable housing is a growing issue.
- ◆ We pay our best employee \$18 an hour. He has a family and can't afford a house of his own.
- ◆ With housing prices on the rise, it's going to get harder to find people for entry level jobs.