



CITY OF
West Linn

Memorandum

Date: April 1, 2009

To: Planning Commission

From: Peter Spir, Associate Planner

Subject: Exhibits for CDC-09-04

Please find attached two exhibits. One is from Michael Robinson, Attorney, on behalf of his client. The other exhibit is from Ernie Platt of Oregon Home Builder's Association.



**Home Builders Association
of Metropolitan Portland**

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www.hbapdx.org

Fax Cover

April 1, 2009

TO: Peter Spir
FAX 503 656-4106

FROM: Ernie Platt

CC: Michael Robinson
FAX 503 346-2264

RE: West Linn file CDC 09-04
Planning Commission, April 15, 2009

4 pages total

Peter, please place the attached material on housing market data in the planning commission file for the April 15, 2009 meeting and in the official planning department file for this application.

Thank you.



Housing Market Data

Foreclosures Started show how many loans enter foreclosure process each quarter. The data come from the National Delinquency Survey conducted by the Mortgage Bankers Association (MBA). The survey is based on a sample of more than 44 million mortgage loans serviced by mortgage companies, commercial banks, thrifts, credit unions and others.

Subprime Foreclosures Started, % of Subprime Loans is the rate of subprime loans entering foreclosure process every quarter.

Total Foreclosures Started, % of All Loans is the rate of loans (both prime and subprime) entering foreclosure process each quarter. On the chart, spikes in both subprime and total foreclosure rates indicate financial distress times when more and more homeowners cannot afford to make mortgage payments and end up losing their homes (recession, job losses, re-sets to higher mortgage payments, etc). According to the MBA survey, the national rate of foreclosure starts is currently at the highest level ever.

Total Permits is the number of single-family and multifamily housing units authorized by residential building permits each quarter. Building permits constitute the only residential construction data the Census Bureau reports down to the state level. The 2006-2007 precipitous decline in the number of permits reflects an unprecedented contraction in residential construction.

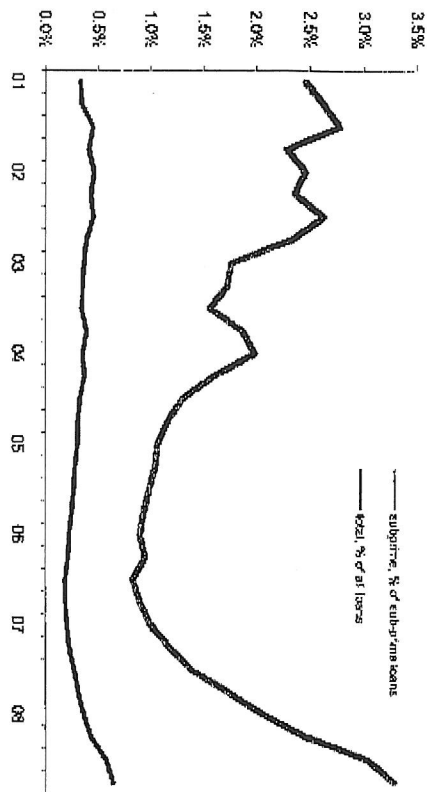
OFHEO Purchase Only House Prices is a weighted repeat-sales index that is designed to measure average price changes in repeat sales of the same properties. This information is obtained from repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975. The index is set to 100 in 1991 Q1. Positive changes in the OFHEO index indicate rising house prices, and the negative changes reflect price declines. In 2007 the national price index registered price declines for the first time. The OFHEO price chart helps understand the magnitude of price changes at the state level by displaying them next to the national index.

Home Ownership Rate is the share of owner-occupied among all occupied housing units. The homeownership rate that is below average and/or declining suggests a problem with affordability. The recent decline in homeownership can also be attributed to rising costs and difficulties in obtaining home financing. The homeownership rate chart compares state and national rates. The home ownership rates come from the U. S. Census Bureau.

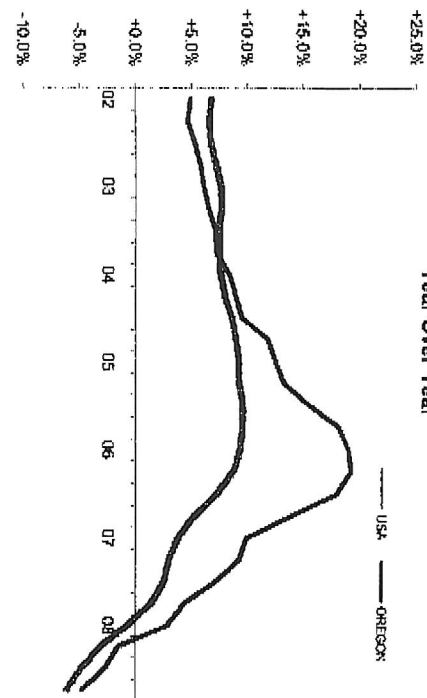
Year Over Year changes show percentage changes in housing data from the same quarter a year ago.

OREGON

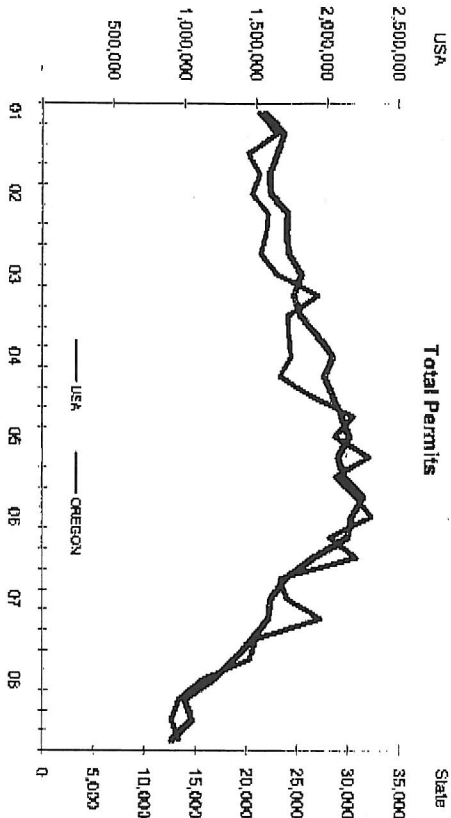
Foreclosures



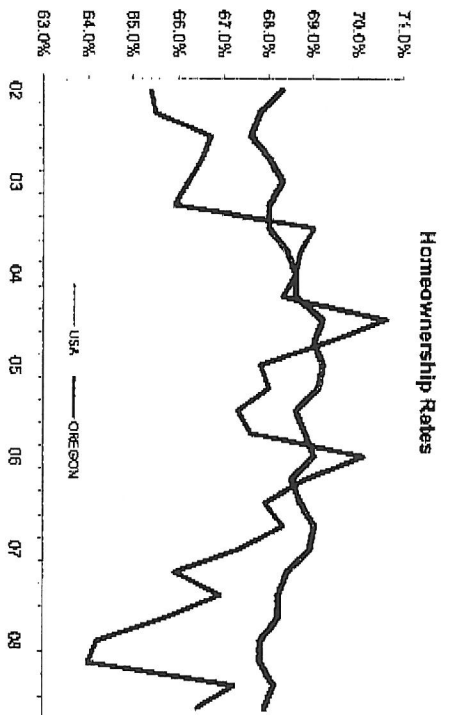
OFHEO Purchase Only House Price Year Over Year



Total Permits



Homeownership Rates



OREGON

Quarter	Subprime foreclosures started		Total foreclosures started		Total permits		FH/FEO Purchase Only House Prices		Home Ownership Rate	
	% of sub-prime loans	Year over year	% of all loans	Year over year	# Units SAAR	Year over year	1991Q1=100, NSA	Year over year	Percent	4 quarter change
2001Q1	2.5%	+70.6%	0.3%	+57.1%	21,278	+1.1%	183.7	+3.9%	ND	NA
2001Q2	2.6%	+49.6%	0.3%	+44.7%	23,106	+17.6%	186.3	+3.9%	65.5%	NA
2001Q3	2.8%	+95.7%	0.4%	+88.2%	20,242	+1.9%	189.7	+4.6%	66.8%	NA
2001Q4	2.3%	-18.5%	0.4%	+33.7%	21,348	+14.1%	192.1	+5.1%	65.2%	NA
2002Q1	2.5%	-0.1%	0.5%	+39.9%	20,592	-3.2%	192.7	+4.9%	65.4%	#VALUE!
2002Q2	2.4%	-9.8%	0.4%	+24.3%	22,216	-3.9%	194.9	+4.6%	65.5%	0.0%
2002Q3	2.6%	-5.3%	0.5%	+0.7%	21,970	+8.5%	199.7	+5.3%	66.7%	-0.1%
2002Q4	2.3%	+2.0%	0.4%	-5.0%	21,449	+0.5%	203.2	+5.8%	66.5%	1.3%
2003Q1	1.8%	-28.5%	0.4%	-21.3%	23,109	+12.2%	204.4	+6.1%	66.2%	+0.8%
2003Q2	1.7%	-27.2%	0.4%	-17.1%	27,173	+22.3%	207.6	+6.5%	65.9%	+0.4%
2003Q3	1.8%	-40.6%	0.3%	-23.9%	24,172	+10.0%	213.9	+7.1%	69.0%	+2.3%
2003Q4	1.9%	-20.1%	0.4%	+0.3%	24,265	+13.1%	217.8	+7.2%	68.7%	+2.2%
2004Q1	2.0%	+13.2%	0.4%	-2.4%	24,450	+5.8%	221.6	+8.4%	68.6%	+2.4%
2004Q2	1.6%	-7.3%	0.4%	+3.9%	23,361	-14.0%	226.3	+9.0%	68.3%	+2.4%
2004Q3	1.3%	-16.8%	0.3%	-4.9%	26,499	+9.6%	234.3	+9.5%	70.6%	+1.6%
2004Q4	1.2%	-38.3%	0.3%	-20.9%	30,594	+26.1%	243.6	+11.9%	69.3%	+0.6%
2005Q1	1.1%	-46.9%	0.3%	-13.9%	28,782	+17.7%	249.4	+12.6%	67.8%	-0.8%
2005Q2	1.0%	-34.7%	0.3%	-17.3%	32,127	+37.5%	256.5	+13.3%	68.0%	-0.3%
2005Q3	1.0%	-24.4%	0.3%	-17.8%	28,797	+8.7%	270.9	+15.6%	67.3%	-3.3%
2005Q4	0.9%	-19.5%	0.2%	-19.8%	30,813	+0.7%	287.9	+18.2%	67.6%	-1.7%
2006Q1	0.9%	-15.7%	0.2%	-26.8%	32,358	+12.4%	296.9	+19.0%	70.1%	+2.3%
2006Q2	0.9%	-9.6%	0.2%	-23.8%	28,218	-12.2%	305.9	+19.3%	68.8%	+0.8%
2006Q3	0.8%	-16.2%	0.2%	-30.5%	30,861	+7.2%	319.6	+18.0%	67.9%	+0.6%
2006Q4	0.9%	-4.0%	0.2%	-24.7%	23,392	-24.1%	327.9	+13.9%	68.3%	+0.7%
2007Q1	1.0%	+11.5%	0.2%	-9.4%	24,021	-25.8%	326.3	+9.9%	67.3%	-2.8%
2007Q2	1.2%	+24.0%	0.2%	+4.3%	27,367	-3.0%	334.2	+9.3%	65.9%	-2.9%
2007Q3	1.4%	+67.4%	0.3%	+44.3%	20,986	-32.0%	342.3	+7.1%	66.9%	-1.0%
2007Q4	1.7%	+93.5%	0.3%	+67.4%	20,345	-13.0%	341.9	+4.3%	65.7%	-2.6%
2008Q1	2.1%	+108.0%	0.4%	+79.4%	15,707	-34.6%	335.4	-1.8%	64.2%	-3.1%
2008Q2	2.5%	+111.9%	0.4%	+91.6%	13,381	-51.1%	329.0	-2.6%	64.0%	-1.9%
2008Q3	3.0%	+120.8%	0.6%	+111.4%	12,647	-39.7%	332.9	-2.7%	67.2%	+0.3%
2008Q4	3.3%	+90.7%	0.6%	+103.8%	13,385	-34.2%	325.5	-4.8%	66.4%	+0.7%

SAAR = Seasonally Adjusted Annual Rate.

NSA = Not Seasonally Adjusted.

Sources:

Foreclosures started as a percentage of loans: Mortgage Banker's Association.
 Single family permits: U.S. Census Bureau, Manufacturing and Construction Division.
 Purchase Only House Price Index: U.S. Office of Federal Housing Enterprise Oversight.
 Homeownership rate: U.S. Census Bureau, Housing and Household Economic Statistics Division.

Dear Mr. Spir:

Please place this email and the attachment (a Yahoo news story entitled "US Home Price Drops Set Records in Jan." dated March 31, 2009) before the Planning Commission at the April 15, 2009 public hearing and in the official Planning Department file for this application.

Thanks very much.

Mike

<<yahoo article.PDF>>

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4/1/2009

US home price drops set records in Associated Press Jan.

By ALAN ZIBEL, AP Real Estate Writer 1 min ago

WASHINGTON – Home prices sank by the sharpest annual rate on record in January, and the pace continues to accelerate, but there were a handful battered metro areas where price declines slowed, according to data released Tuesday.

The Standard & Poor's/Case-Shiller index of home prices in 20 major cities tumbled by a record 19 percent from January 2008. It was the largest decline since the index started in 2000. The 10-city index dropped 19.4 percent, also a new record.

All 20 cities in the report showed monthly and annual price declines, with 13 posting new annual records. Prices dropped by more than 10 percent in 14 cities.

"There are very few bright spots that one can see in the data," David Blitzer, chairman of S&P's index committee, said in a prepared statement. "Most of the nation appears to remain on a downward path."

But in Cleveland, Los Angeles, Las Vegas and Washington D.C. — areas all ravaged by foreclosures — annual price declines eased.

Six cities, including Minneapolis, Charlotte, Seattle and New York, showed smaller price declines in January compared to December.

Faring the best were Dallas, Denver and Cleveland with annual price declines around 5 percent in January.

Last week, the National Association of Realtors said sales of previously occupied homes unexpectedly jumped in February by the largest amount in nearly six years as first-time buyers took advantage of deep discounts on foreclosures and other distressed properties, the National Association of Realtors said last week. Some economists say that could help moderate declines.

"We still think there is a good chance the rate of (price) decline will slow through the spring as existing home sales stabilize and perhaps pick up a bit, but foreclosures are weighing heavily on prices," wrote Ian Shepherdson, chief U.S. economist at High Frequency Economics.

Prices in the 20-city index have plummeted 29 percent from their peak in summer 2006, while the 10-city index has fallen 30 percent. Prices have sunk back to levels not seen since late 2003.

To provide some relief, Congress in February passed a new \$8,000 tax credit for first-time homebuyers and President Barack Obama is directing \$75 billion to a new foreclosure prevention plan.

But the success of those efforts could well depend on how far the U.S. economy falls. While sales are showing some signs of stabilization, some economists expect prices to keep falling for the rest of this year — and maybe even longer.

"We continue to believe that it is unlikely that we are anywhere near a bottom in nationwide home prices," wrote Joshua Shapiro, chief economist at MFR Inc.

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