Housing Affordability in Washington

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Community Services and Housing Division

October 27, 2017
Washington’s economy is growing...

[Graph showing Real GDP growth from 2013Q1 to 2015Q3 for the US and WA, with WA growing by +8.0% and US growing by +5.8% over the same period.]
New Private Housing Units Authorized by Building Permits for Washington (left)
Resident Population in Washington (right)

Sources: U.S. Bureau of the Census
fred.stlouisfed.org

myf.red/g/dPa2
Since 2005: Population +19%, Housing units +14%

Source: American Community Survey 1-Year Estimates, WA State
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B25001&prodType=table
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0101&prodType=table
Deficit of new housing units necessary to maintain 2016 ratio of people to housing units

Housing unit deficit: 99,834

Source: American Community Survey 1-Year Estimates
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP04&prodType=table
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B25001&prodType=table
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0101&prodType=table
## Washington’s rental vacancy rates are below average

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>United States</td>
<td>8.2%</td>
<td>6.8%</td>
<td>6.3%</td>
<td>5.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>California</td>
<td>5.9%</td>
<td>4.5%</td>
<td>3.9%</td>
<td>3.3%</td>
<td>3.3%</td>
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<tr>
<td>Massachusetts</td>
<td>5.8%</td>
<td>4.5%</td>
<td>4.0%</td>
<td>3.5%</td>
<td>4.0%</td>
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<tr>
<td>Oregon</td>
<td>5.6%</td>
<td>4.7%</td>
<td>3.6%</td>
<td>3.6%</td>
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<td>Texas</td>
<td>10.6%</td>
<td>8.5%</td>
<td>7.3%</td>
<td>7.0%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Washington</td>
<td>5.8%</td>
<td>5.3%</td>
<td>4.2%</td>
<td>3.3%</td>
<td>3.2%</td>
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<tr>
<td>Clark County</td>
<td>8.2%</td>
<td>3.4%</td>
<td>2.4%</td>
<td>2.2%</td>
<td>3.0%</td>
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<tr>
<td>Clallam County</td>
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<td>11.3%</td>
<td>6.1%</td>
<td>3.5%</td>
<td>1.8%</td>
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<tr>
<td>King County</td>
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<td>4.1%</td>
<td>2.5%</td>
<td>2.6%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Pierce County</td>
<td>6.6%</td>
<td>5.4%</td>
<td>5.7%</td>
<td>3.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Spokane County</td>
<td>4.0%</td>
<td>7.2%</td>
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<td>3.7%</td>
<td>3.7%</td>
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<tr>
<td>Yakima County</td>
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<td>4.5%</td>
<td>5.1%</td>
<td>3.6%</td>
<td>2.2%</td>
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<tr>
<td>Island County</td>
<td>6.7%</td>
<td>6.5%</td>
<td>0.9%</td>
<td>2.8%</td>
<td>2.7%</td>
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<tr>
<td>Whatcom</td>
<td>3.9%</td>
<td>5.5%</td>
<td>4.10%</td>
<td>1.80%</td>
<td>1.8%</td>
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<tr>
<td>Seattle</td>
<td>4.0%</td>
<td>3.5%</td>
<td>1.2%</td>
<td>2.7%</td>
<td>2.5%</td>
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<tr>
<td>San Francisco</td>
<td>4.4%</td>
<td>2.8%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Houston</td>
<td>15.9%</td>
<td>11.2%</td>
<td>7.2%</td>
<td>7.7%</td>
<td>7.7%</td>
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</table>

Source: American Community Survey 1-Year Estimates
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP04&prodType=table
Rents are growing with the economy, but middle & low income growth lags

- Median rent: +18%
- Median income: +3%

Low incomes (bottom 20% of households)

Department of Commerce
Cost burden is a problem for middle- and lower-income households in Washington.
Where are Cost-Burdened Households?

High costs of living drives cost-burden in some areas

Urbanized Areas
1. Bellingham, WA
2. Mount Vernon, WA
3. Marysville, WA
4. Olympia–Lacey, WA
5. Wenatchee, WA
6. Spokane, WA
7. Longview, WA–OR
8. Portland, OR–WA
9. Yakima, WA
10. Kennewick–Pasco, WA
11. Lewiston, ID–WA

Urban Puget Sound
A. City of Seattle
B. Bremerton Urbanized Area
C. East King County
D. South King County
E. City of Tacoma
F. Seattle Urbanized Area (multi-part)

Cost-Burdened Households, 2011
- 25% or less
- 26% - 30%
- 31% - 35%
- 36% - 40%
- 41% or more

Source of data and geographies: CHAS 2007-2011
Recap and Moving Forward

Housing production has not kept pace with population growth:

- Jobs/People moving into the state
- Very low vacancy rates statewide
- High land costs
- Construction industry hobbled by recession not capable of meeting demand
- Local land use and other regulations may limit the number and types of units that can be built
- Infrastructure not keeping pace with growth
The Affordable Housing Advisory Board’s Housing Affordability Response Team (HART) Recommendations
Among HART Recommendations:

• Provide stable and dependable funding for affordable housing.
  • Fully funded and predictable Housing Trust Fund
  • Encourage and incent local levies
  • Address impact of commercial state prevailing wages

Why Housing Matters

Housing is most Americans’ largest expense. Decent and affordable housing has a demonstrable impact on family stability and the life outcomes of children. Decent housing is an indispensable building block of healthy neighborhoods, and thus shapes the quality of community life. Better housing can lead to better outcomes for individuals, communities, and American society as a whole. In short, housing matters.

2002 Millennial Housing Commission “Meeting our Nations Housing Challenges”
What is affordable housing? How is it funded?

Percent of Area Median Income

- No Income
- 50%
- 100%
- 150%
- 200%

- Washington Housing Trust Fund
- Local Government & Housing Authorities
- Housing Finance Commission
- Private Sector
- Subsidies (Section 8)
- Federal Programs and Subsidies
- Insurance/Mortgage Tax Deductions

Department of Commerce
“Low-Income” Is...

2017 Spokane County "Low-Incomes"

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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<tbody>
<tr>
<td>100%</td>
<td>$46,000</td>
<td>$52,600</td>
<td>$59,200</td>
<td>$65,700</td>
<td>$71,000</td>
<td>$76,300</td>
<td>$81,500</td>
<td>$86,800</td>
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<tr>
<td>80%</td>
<td>$36,800</td>
<td>$42,050</td>
<td>$47,300</td>
<td>$52,550</td>
<td>$56,800</td>
<td>$61,000</td>
<td>$65,200</td>
<td>$69,400</td>
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<tr>
<td>60%</td>
<td>$27,600</td>
<td>$31,560</td>
<td>$35,520</td>
<td>$39,420</td>
<td>$42,600</td>
<td>$45,780</td>
<td>$48,900</td>
<td>$52,080</td>
</tr>
<tr>
<td>50%</td>
<td>$23,000</td>
<td>$26,300</td>
<td>$29,600</td>
<td>$32,850</td>
<td>$35,500</td>
<td>$38,150</td>
<td>$40,750</td>
<td>$43,400</td>
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<tr>
<td>Fed Poverty</td>
<td>$12,060</td>
<td>$16,240</td>
<td>$20,420</td>
<td>$24,600</td>
<td>$28,780</td>
<td>$32,960</td>
<td>$37,140</td>
<td>$41,320</td>
</tr>
<tr>
<td>30%</td>
<td>$13,800</td>
<td>$15,800</td>
<td>$17,750</td>
<td>$19,700</td>
<td>$21,300</td>
<td>$22,900</td>
<td>$24,450</td>
<td>$26,050</td>
</tr>
</tbody>
</table>
“Affordable Rent” is Affordable?

Spokane 4-Person Household Historical AMI

2017 HUD Rents for a 3-Bedroom Apartment
Fair Market Rent $1,250
30% of 50% AMI $854
30% of 30% AMI $512

2013 Alice 4-Person Survival Budget
Income: $48,814
Rent: $778

30% of Median
50% of Median
80% of Median
100%/Median


$0 $10,000 $20,000 $30,000 $40,000 $50,000 $60,000 $70,000
Heat Map

- **Blue:** less crime/code violation
- **Red:** more crime/code violation
- **Bold Outline:** contains 8+ foreclosed homes
REO Turnover

Blue – Trustee Notice to Trustee Deed
(AKA: Foreclosure Period)
139 Days on Average

Red – Trustee Deed to Property Sale
(AKA: REO Period)
123 Days on Average

Approx. 50% of REO Properties Sell

REO Status for 180+ Days = “Latent”
Increased risk of Troubled Property
City of Spokane
Affordable Housing Programs

• Multifamily Housing Program (HOME)
  – Preserve & expand the supply of affordable rental housing below 50% AMI

• Single Family Rehabilitation (CDBG)
  – Restore safe & healthy housing for homeowners below 80% AMI

• Document Recording Fees (2060/2163/etc)
  – Build/renovate multifamily housing. Help homeless.

• Foreclosure strategies
  – Foreclosure registry, buy FHA default loans, receivership, property donation, legislation to speed secure/foreclose.
Sprague Union Terrace  Completed in 2013
• 37 Apartments
• 3 Street-Level Retail Bays
• Community Room
• Studio, 1, & 2-Bedrooms
• Affordable to 30%, 50% & 60% AMI

1 S Madelia  Completed in 2017
• 36 Apartments & Townhomes
• Community Room
• 1, 2 & 3-Bedrooms
• Affordable to 30%, 40%, 50% & 60% AMI
Why Mixed-Use Matters

Mixed-use buildings combining residential units and retail can be a kind of Swiss Army knife for neighborhood development; they can host multiple small businesses, and they’re well suited to the kinds of loft spaces favored by affluent younger renters – the kind who love to patronize local small businesses.

Money Magazine, Sept. 15, 2017
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