



BRINGING WASHINGTON HOME

2010 AFFORDABLE HOUSING REPORT



WASHINGTON STATE
HOUSING FINANCE
COMMISSION

Opening doors to a better life



washington low income
housing alliance

INTRODUCTION TO THE DATA

In this year's Affordable Housing Report, we see a picture of the economic downturn. Unemployment and persistent wage stagnation combine with low, but not low enough, home and rental prices to keep Washington's low income working families and vulnerable residents locked out of safe, decent, affordable housing.

While in a very few areas rents have become slightly less unaffordable for workers earning the mean wage in their regions, they remain too high for many low-income households and are particularly unaffordable for those in the Eastern balance of the state.

Homelessness saw a slight decrease in last year's report, but in this year's report is at or above 2007 levels in nearly every region in Washington. As always, those who are disabled, retired, or live on a veteran's pension cannot afford to rent an average priced one-bedroom apartment without additional assistance.

Finally, while home prices have dropped across the country, incomes remain flat, and those residents who make the median income are still unable to afford to own a home in any region of Washington state.

The next year is sure to bring further challenges for low-income people in Washington state. Nationwide, more than half of the labor force was unemployed or underemployed for some period since the beginning of the recession in 2007.¹ With just over 30% of working families living at 200% of poverty in 2009,² we see underemployment taking its toll on Americans' ability to afford the basics like food and shelter. Meanwhile, here in Washington, our state's economy is returning from the largest employment deficit since the Great Depression, at a rate slower than any of the past four recessions.³

When faced with un- or under-employment, Washington residents have in the past turned to public structures like the Basic Health Plan and food assistance to help stretch their decreased incomes and stave off homelessness. But in the face of declining revenues, the legislature has made cuts to these and other programs since 2009, and significant cuts are expected in the 2011-2013 biennium. The full effect of these cuts remains to be seen, but at a minimum, we can expect that those who this report has shown to struggle in the past will continue to struggle as Washington's economy makes its slow return from the Great Recession.

1. Roberts, Brandon, Povich, D. and Mather, M. Great Recession Hit Hard at America's Working Poor: Nearly 1 in 3 Working Families in United States are Low-Income. The Working Poor Families Project, Winter 2010-2011.

2. Ibid.

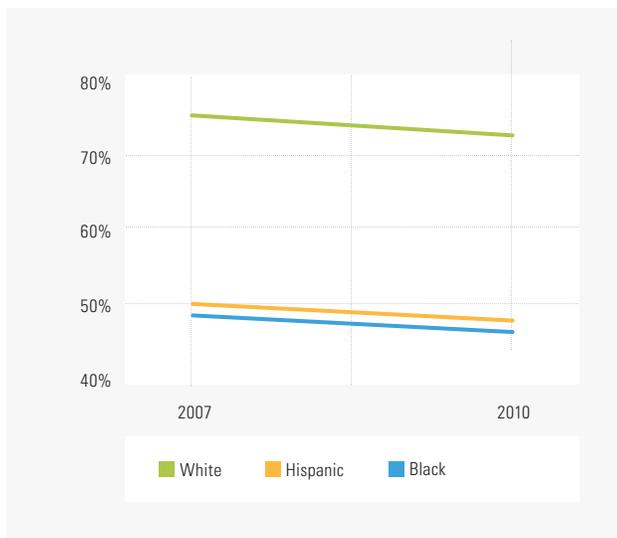
3. Washington State Economic and Revenue Forecast Council. Economic & Revenue Update. December 13, 2010.

FOCUS ON FORECLOSURE:

IMPACTS OF UNEMPLOYMENT AND DISPARATE LENDING PRACTICES ON WASHINGTON RESIDENTS' ABILITY TO OWN THEIR OWN HOMES

Washington state foreclosures have continued to increase. According to RealtyTrac, in October 2010, 6,346 foreclosures were filed — one in every 440 homes. This placed Washington the 10th highest state in the nation for foreclosure filings.¹

National Homeownership Rates



1. RealtyTrac. Accessed online at www.realtytrac.com November 10, 2010.

2. The Cost of Bad Lending in Washington. Center for Responsible Lending, August 2010. Accessed online at <http://www.responsiblelending.org/mortgage-lending/tools-resources/factsheets/washington.html> November 10, 2010.

3. Bureau of Labor Statistics. Accessed online at www.bls.gov November 10, 2010.

4. Washington State Employment Security Department. Washington State Employment Situation Report for March 2010. Accessed online at www.workforceexplorer.com/article.asp November 10, 2010.

RACIAL DISPARITY IN LENDING AND FORECLOSURES

African-American and Latino communities were particularly hard hit by the continuing wave of foreclosures, further increasing a long-standing gap in homeownership rates between whites and communities of color. Among whites, the homeownership rate in 2010 was 74.4%. Homeownership among African-Americans was only 46.2%, and for Latinos 47.8%.

Disturbing trends in lending practices appear to be facilitating the growth of this gap in homeownership. Mortgage data from the Home Mortgage Disclosure Act showed that in 2009 African-Americans and Latinos were more likely to be turned down for a mortgage than white consumers, even after controlling for variables such as income and property location. Those who were approved received a disproportionately large number of subprime mortgages, again even after controlling for relevant variables such as income and credit scores.

Having received such a disproportionately large number of subprime mortgages, it is not surprising that nearly 8% of both African-American and Latino recent borrowers lost their homes, in comparison to 4.5% of white borrowers.²

As unemployment accounts for a greater share of foreclosures, communities of color are likely to continue to be disproportionately impacted due to higher rates of unemployment. For the third quarter of 2010, while the white unemployment rate was 8.5% nationally, Latinos and African Americans were unemployed at 12% and 16.3% respectively.³ In Washington, African Americans were unemployed at a rate of 16.7 percent, while the White unemployment rate was 9.5 in the first quarter of 2010.⁴

UNEMPLOYMENT

When the foreclosure crisis began in 2007 – 2008, the trend was tied to sub-prime mortgages. When Washington state began to catch up to the rest of the nation with a surge in foreclosures, there was widespread expectation that the crisis would be behind us by the end of 2012, after a wave of foreclosures on subprime mortgages made between 2003 and 2007 passed. That expectation has changed, as unemployment has become the cause of an increasing share of foreclosure. According to RealtyTrac, unemployment is now the leading cause of foreclosure.

Washington state unemployment mirrors the national average, with the statewide unemployment rate hovering between nine and ten percent in October and November of 2010. Also like the rest of the country, recovery is taking place slowly. According to the state's Economic and Revenue Forecast Council, "not only is the state coming back from the largest employment deficit since the Great Depression, it is coming back at a slower rate than any of the past four recessions." Since this recession started, the state has lost 194,000 jobs, and regained only 17,000.¹ Slow job growth and persisting unemployment are likely to mean increased foreclosure rates into the future.

PROJECTION

Recovery hopes for declining foreclosures remain distant. This is in part due to the high projected unemployment rates, which are expected to remain above 9% nationally in 2011. Additionally, 14.9% of Washington homeowners owe more than their home is worth and another 5.4% are within 5% of being in a negative equity position. The Center for Responsible Lending projects 132,092 foreclosures in Washington State from 2009 – 2012.²

1. Washington State Economic and Revenue Forecast Council. *Economic & Revenue Update*. December 13, 2010.

2. *The Cost of Bad Lending in Washington*.

TERMS TO KNOW

Affordable housing is considered such when a homeowner pays no more than 30% of income on monthly mortgage payments, insurance, taxes, and utilities; and a renter pays no more than 30% of income on rent and utilities.

Cost burdened means a renter or homeowner pays more than 30% of his or her income towards housing costs, including utilities.

Median income is the income level where an equal number of people or households have incomes above or below that line.

Low income refers to households with incomes at 80% or less than the local median income (adjustments are made for family size). Households living with incomes at less than 50% of the local median are considered very low income.

Fair Market Rent is a dollar amount set annually by the US Department of Housing and Urban Development to indicate the cost of renting the average apartment in a given market.

STATE WIDE

Number of Families	1,624,980	Below Poverty Line	8%
Median Annual Income	\$49,158	Number of Homeless Individuals	22,794
Cost Burdened Owners	34%	Number of Homeless Families	10,695
Cost Burdened Renters	47%		



REGIONAL ANALYSIS

In every region of Washington State, our most vulnerable residents are still shut out of the rental market unless another subsidy is made available to them.

When it comes to other low income renters, the picture looks similarly bleak. High rents and stagnant incomes across the state have forced families and individuals who rent to make tough choices between necessities like food and medicine, and keeping a roof overhead.

Over the last five years, homeownership has become nearly impossible for workers in the most common fields in every region of Washington.

ABOUT THIS REPORT

The purpose of this report is to give an annual snapshot of the state of affordable housing in Washington. This report divides Washington State into ten regions based on geographic and demographic similarity. By using these regions, we are better able to provide an analysis of the major indicators of affordable housing need at a level that reflects local and regional trends and conditions.

Regions are divided along county lines, with **King, Clark, Snohomish, Pierce,** and **Spokane** Counties comprising their own distinct regions. The other regions are composed as follows:

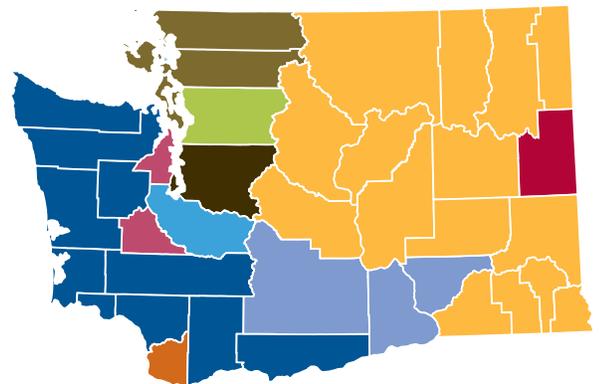
North Sound — Island County, San Juan County, Skagit County, and Whatcom County.

West Balance — Clallam County, Cowlitz County, Grays Harbor County, Jefferson County, Klickitat County, Lewis County, Mason County, Pacific County, Skamania County, and Wahkiakum County.

Other Puget Sound Metro — Kitsap County, Thurston County.

East Balance — Adams County, Asotin County, Chelan County, Columbia County, Douglas County, Ferry County, Garfield County, Grant County, Kittitas County, Lincoln County, Okanogan County, Pend Oreille County, Stevens County, Walla Walla County, and Whitman County.

Yakima Tri-Cities — Benton County, Franklin County, and Yakima County.

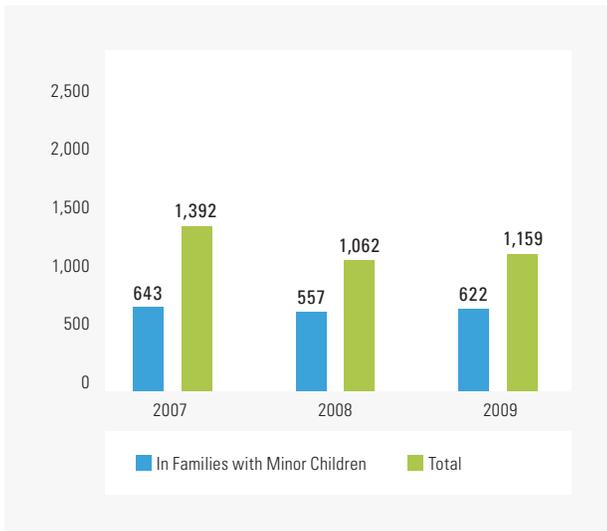


CLARK COUNTY



Number of Families	108,536	Below Poverty Line	8%
Median Annual Income	\$50,199	Number of Homeless Individuals	1,159
Cost Burdened Owners	35%	Number of Homeless Families	622
Cost Burdened Renters	51%		

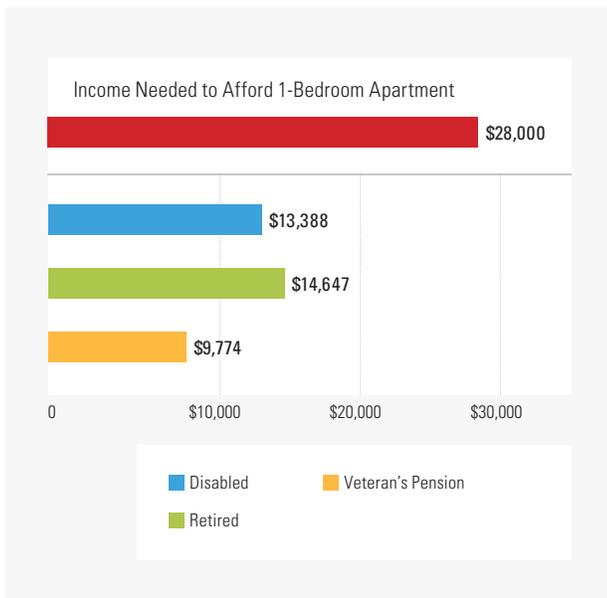
One Night Count of Homeless People



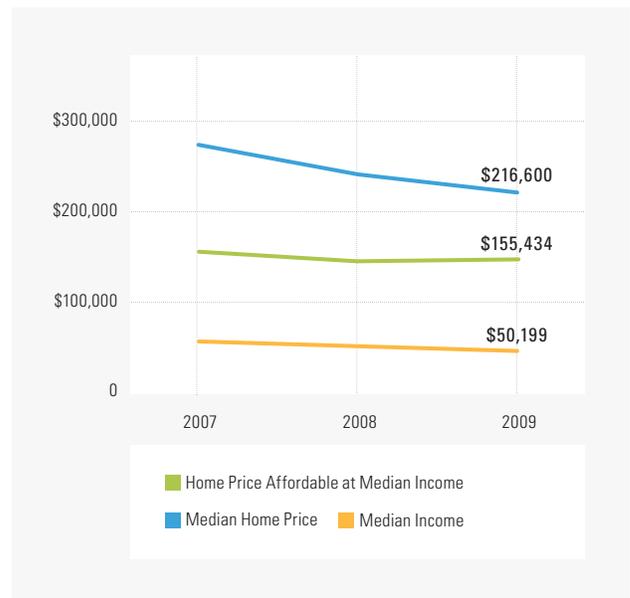
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

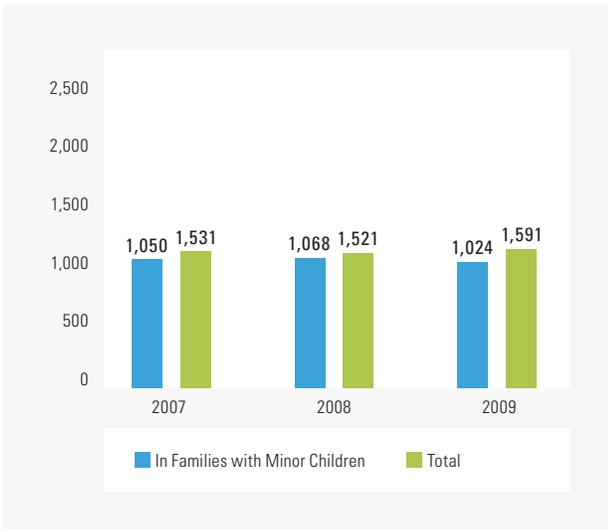


EAST BALANCE



Number of Families	106,515	Below Poverty Line	11%
Median Annual Income	\$38,066	Number of Homeless Individuals	1,591
Cost Burdened Owners	21%	Number of Homeless Families	1,024
Cost Burdened Renters	45%		

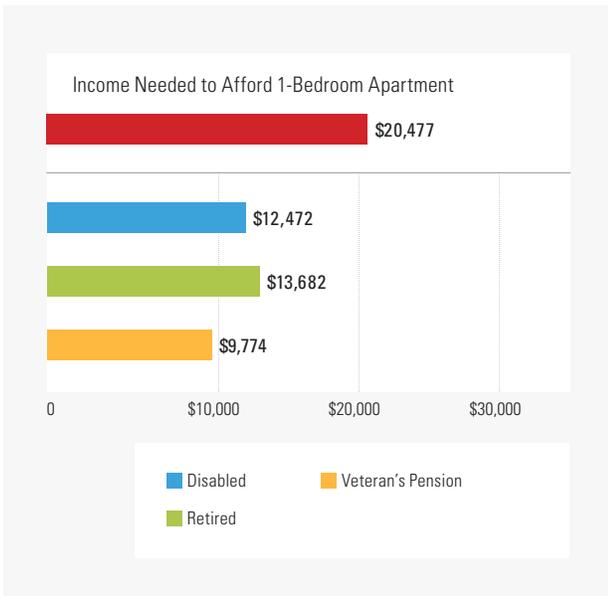
One Night Count of Homeless People



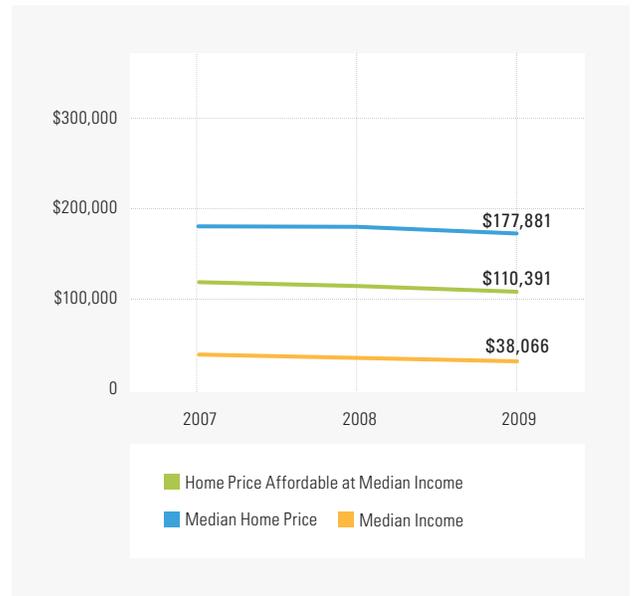
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

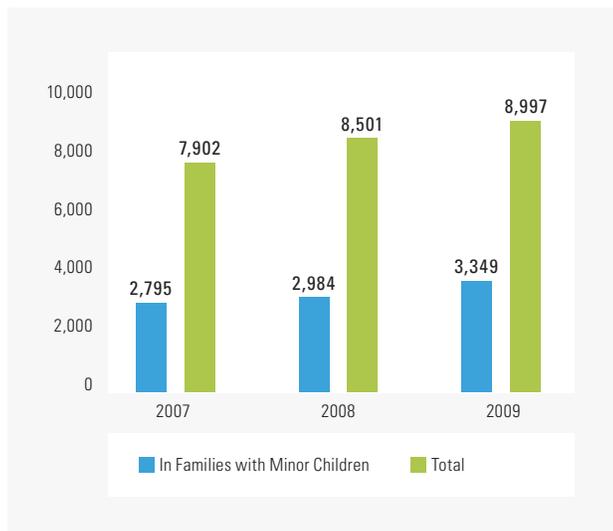


KING COUNTY



Number of Families	454,248	Below Poverty Line	6%
Median Annual Income	\$62,810	Number of Homeless Individuals	8,997
Cost Burdened Owners	36%	Number of Homeless Families	3,349
Cost Burdened Renters	45%		

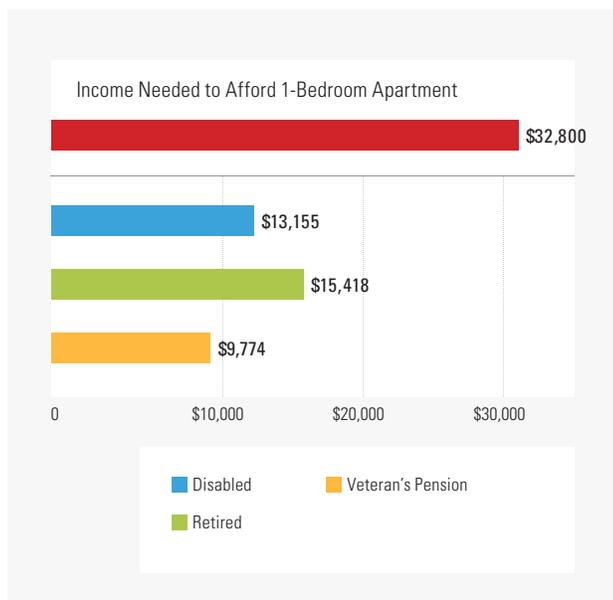
One Night Count of Homeless People



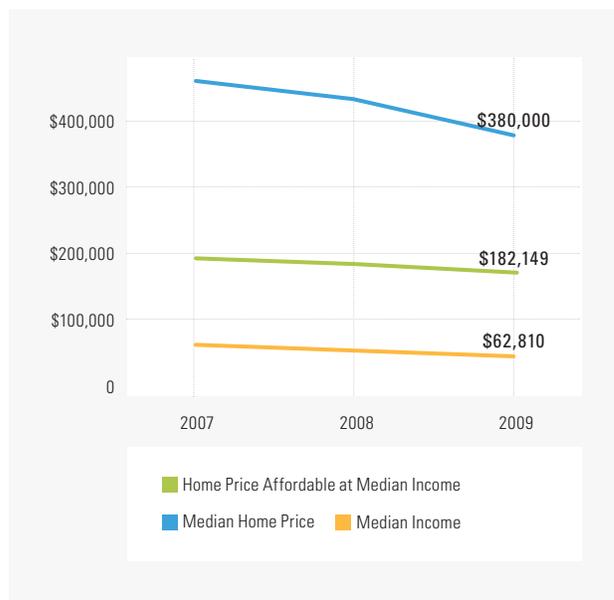
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

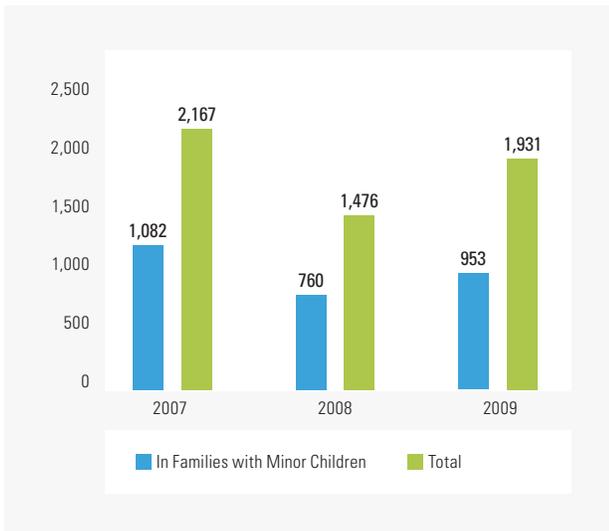


NORTH SOUND



Number of Families	96,134	Below Poverty Line	6%
Median Annual Income	\$48,749	Number of Homeless Individuals	1,931
Cost Burdened Owners	36%	Number of Homeless Families	953
Cost Burdened Renters	49%		

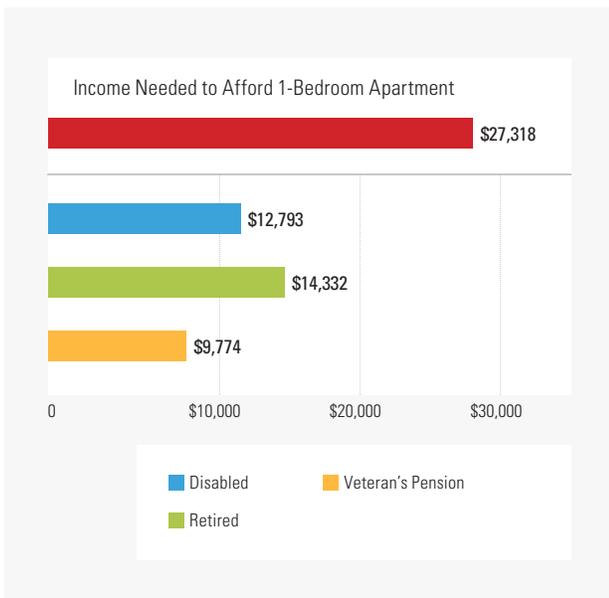
One Night Count of Homeless People



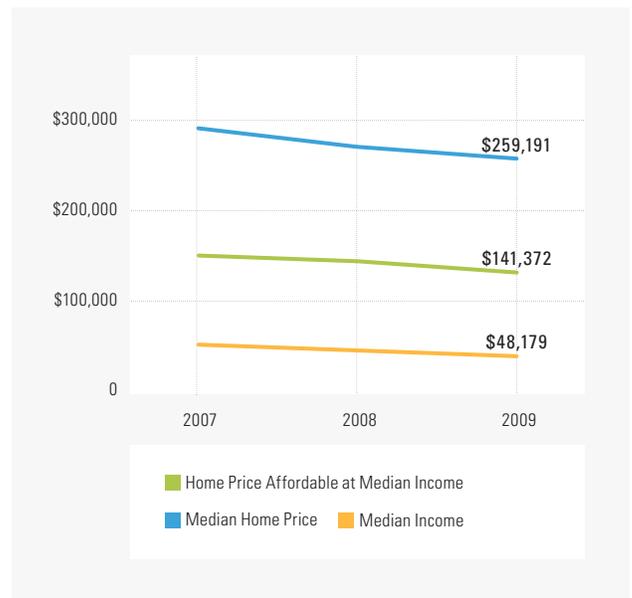
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

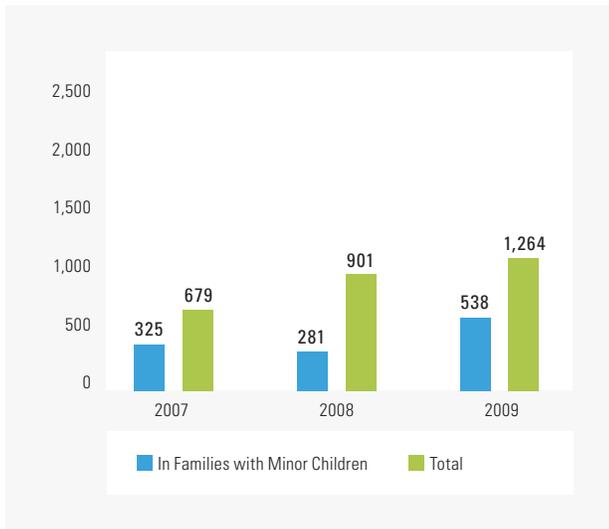


OTHER PUGET SOUND METRO



Number of Families	126,223	Below Poverty Line	6%
Median Annual Income	\$56,399	Number of Homeless Individuals	1,264
Cost Burdened Owners	30%	Number of Homeless Families	538
Cost Burdened Renters	55%		

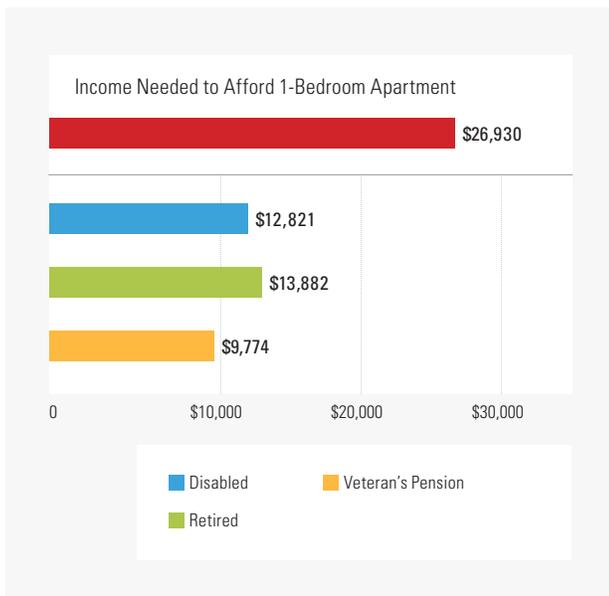
One Night Count of Homeless People



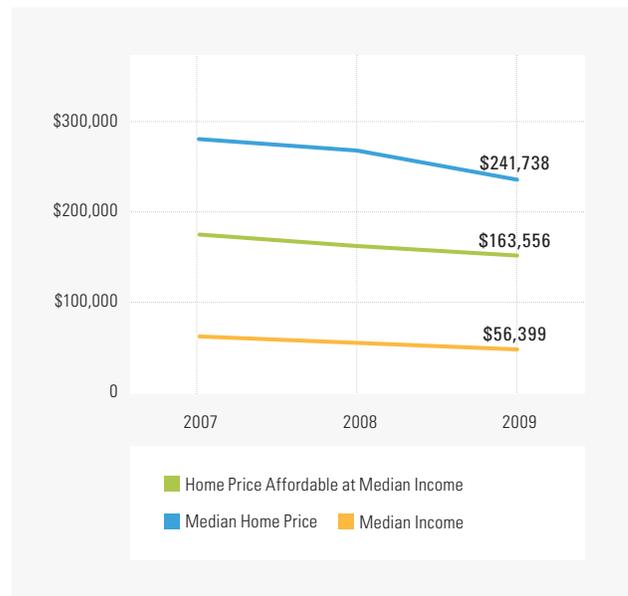
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

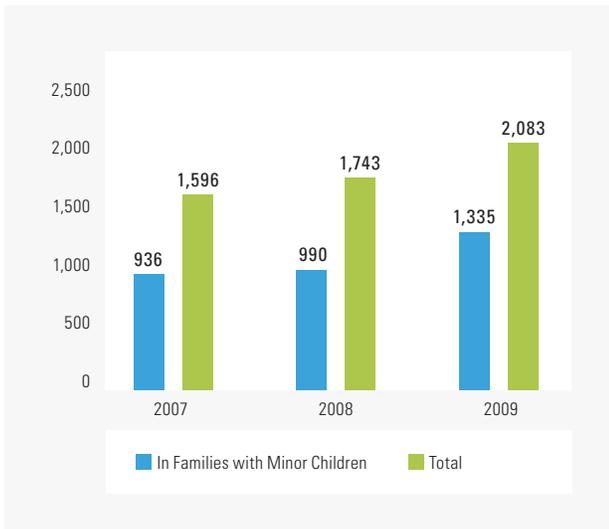


PIERCE COUNTY



Number of Families	202,765	Below Poverty Line	9%
Median Annual Income	\$51,399	Number of Homeless Individuals	2,083
Cost Burdened Owners	37%	Number of Homeless Families	1,335
Cost Burdened Renters	48%		

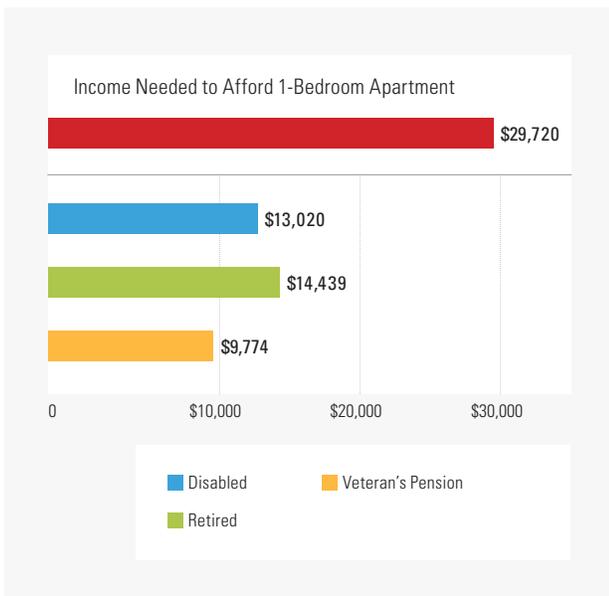
One Night Count of Homeless People



Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

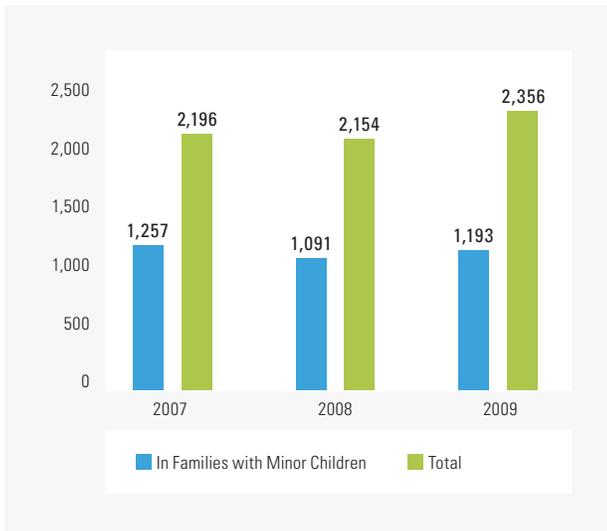


SNOHOMISH COUNTY



Number of Families	179,173	Below Poverty Line	7%
Median Annual Income	\$60,353	Number of Homeless Individuals	2,356
Cost Burdened Owners	38%	Number of Homeless Families	1,193
Cost Burdened Renters	48%		

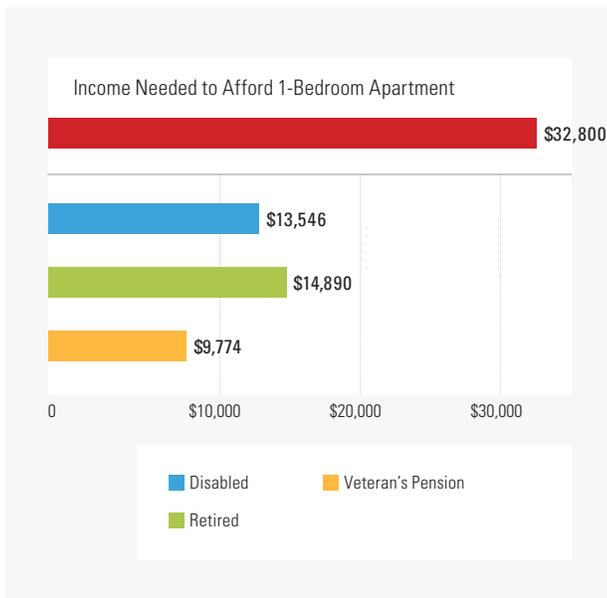
One Night Count of Homeless People



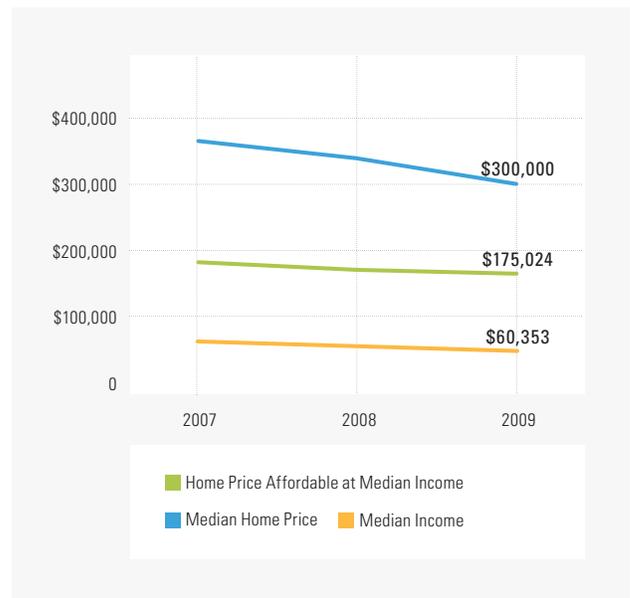
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

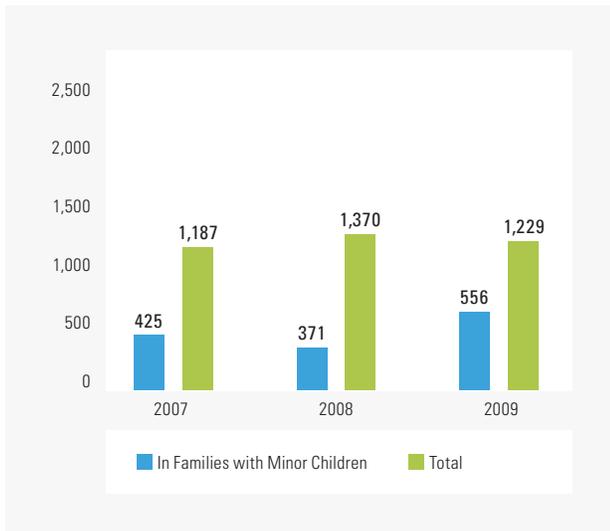


SPOKANE COUNTY



Number of Families	118,077	Below Poverty Line	10%
Median Annual Income	\$42,196	Number of Homeless Individuals	1,229
Cost Burdened Owners	29%	Number of Homeless Families	556
Cost Burdened Renters	49%		

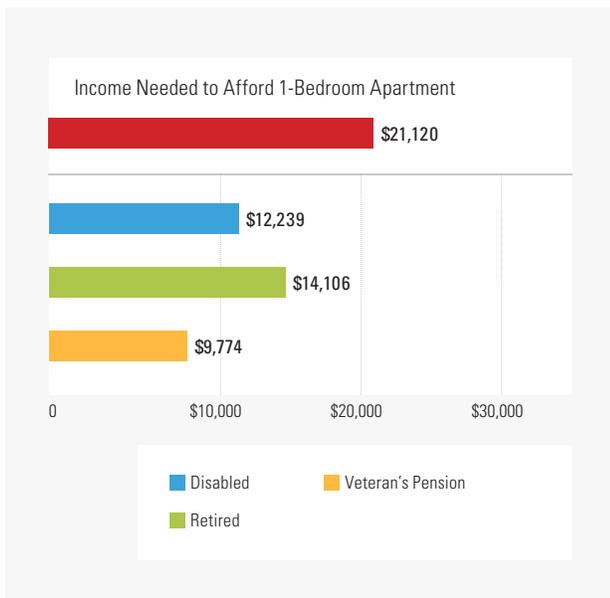
One Night Count of Homeless People



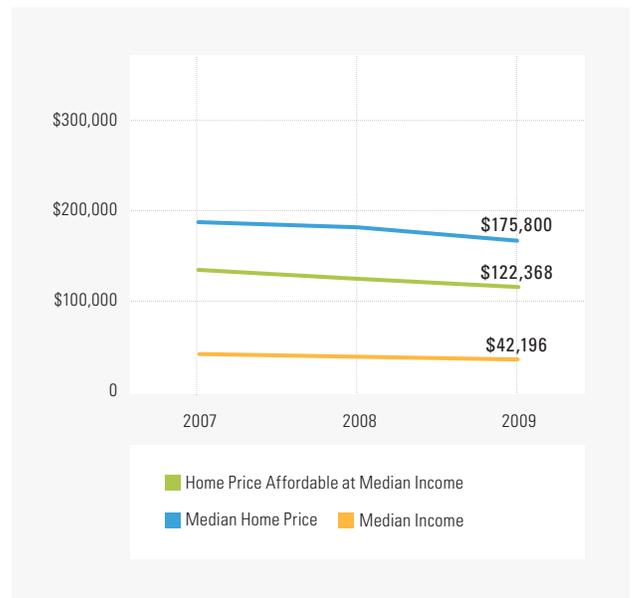
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

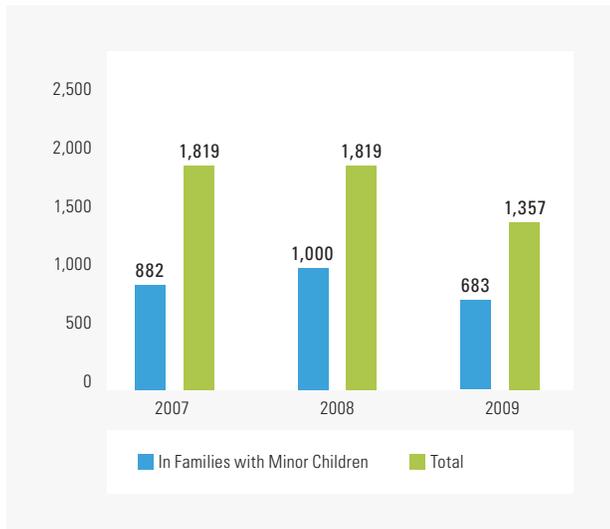


WEST BALANCE



Number of Families	114,317	Below Poverty Line	11%
Median Annual Income	\$41,359	Number of Homeless Individuals	1,357
Cost Burdened Owners	38%	Number of Homeless Families	683
Cost Burdened Renters	45%		

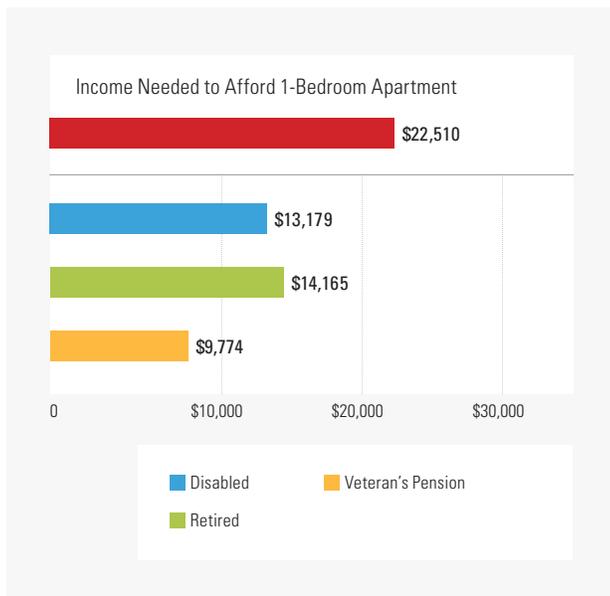
One Night Count of Homeless People



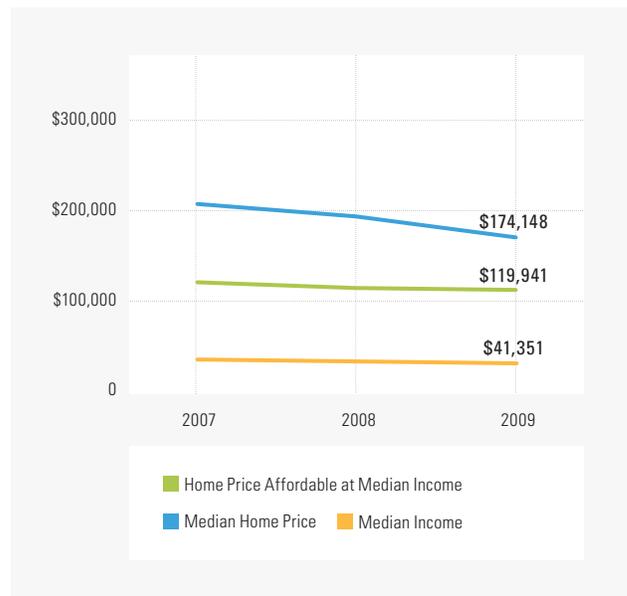
Market Rents are Out of Reach



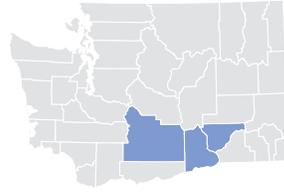
Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership

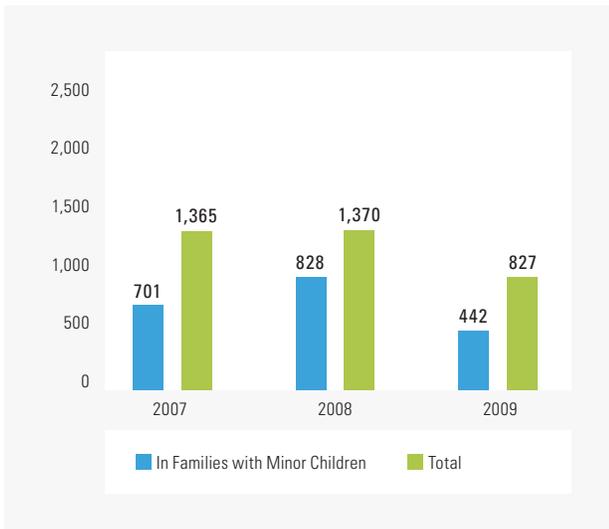


YAKIMA TRI-CITIES



Number of Families	118,992	Below Poverty Line	13%
Median Annual Income	\$39,972	Number of Homeless Individuals	824
Cost Burdened Owners	24%	Number of Homeless Families	442
Cost Burdened Renters	46%		

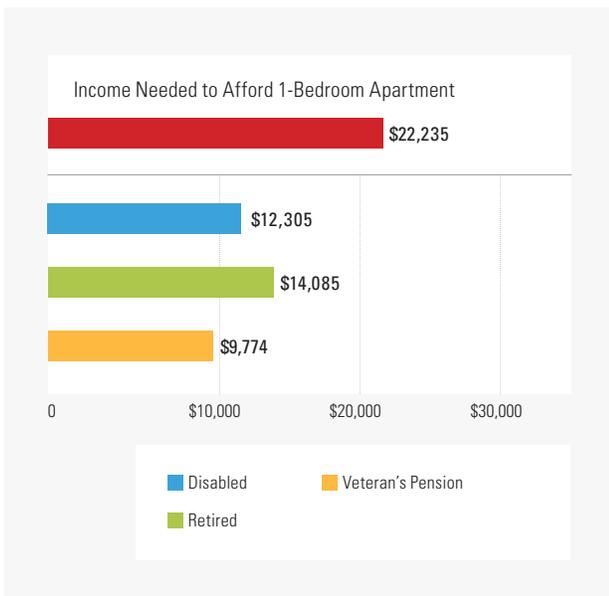
One Night Count of Homeless People



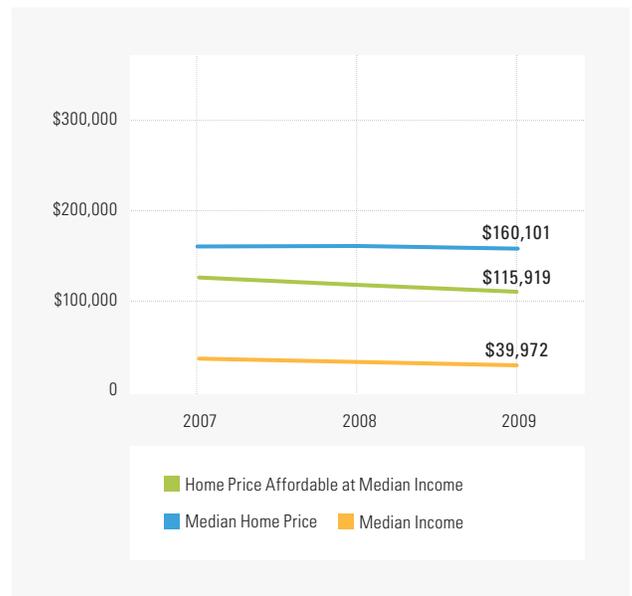
Market Rents are Out of Reach



Renting a Stretch for Vulnerable People



Median Income Earners Priced Out of Ownership



SOURCES CONSULTED

Bureau of Labor Statistics
Center for Responsible Lending
National Low Income Housing Coalition Out of Reach Report
Point in Time Count of Homeless People
RealtyTrac
Social Security Administration
US Bureau of the Census American Communities Survey
Washington State Center for Real Estate Research
Washington State Department of Veterans Affairs
Washington State Economic and Revenue Forecast Council
Washington State Employment Security Department
Washington State Office of Financial Management
Working Poor Families Project



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Opening doors to a better life

1001 Second Ave, Suite 2700, Seattle, WA 98104



washington low income
housing alliance

1402 Third Ave, Suite 709, Seattle, WA 98101