State of Washington
HOUSING NEEDS ASSESSMENT

Executive Summary
January 2015
EXECUTIVE SUMMARY

This study is a snapshot of housing affordability in Washington

The Housing Needs Assessment was commissioned by the diverse, governor-appointed membership of the Washington State Affordable Housing Advisory Board to create an unbiased accounting of housing affordability in Washington. It is meant to serve as a foundation for current and future policy discussions. In future years this study can be replicated to understand trends and the effectiveness of policy decisions and investments.

Housing affordability is a problem in Washington State

Thirty-six percent (936,260) of Washington’s households are cost-burdened. More than 390,000 households (15.2%) are severely cost-burdened. In fact, the proportion of the lowest-earning households (earning less than 30% of the state’s median family income) that are severely cost-burdened is greater than those who can reasonably afford their housing.

Obviously, homelessness is another critical affordability problem one step beyond cost burden. While homelessness is not captured in cost-burden data, it is discussed in the Housing Needs Assessment.

Cost burden exists for all households earning below the median family income

Households earning less than 50 percent of the median family income are very likely to be cost-burdened

<table>
<thead>
<tr>
<th>% of Median Family Income</th>
<th>Total households</th>
<th>In affordable units</th>
<th>Cost-burdened*</th>
<th>Severely cost-burdened**</th>
<th>% Cost-burdened***</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 30%</td>
<td>297,775</td>
<td>63,905</td>
<td>38,635</td>
<td>195,235</td>
<td>78.54%</td>
</tr>
<tr>
<td>30 - 50%</td>
<td>278,455</td>
<td>77,325</td>
<td>106,750</td>
<td>94,380</td>
<td>72.23%</td>
</tr>
<tr>
<td>50 - 80%</td>
<td>400,845</td>
<td>202,490</td>
<td>137,605</td>
<td>60,750</td>
<td>49.48%</td>
</tr>
<tr>
<td>80 - 100%</td>
<td>275,350</td>
<td>177,130</td>
<td>77,770</td>
<td>20,450</td>
<td>35.67%</td>
</tr>
<tr>
<td>&gt;100%</td>
<td>1,350,135</td>
<td>1,145,450</td>
<td>180,880</td>
<td>23,805</td>
<td>15.16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,602,560</td>
<td>1,666,300</td>
<td>541,640</td>
<td>394,620</td>
<td>35.97%</td>
</tr>
</tbody>
</table>

* housing costs are 30% - 50% of household income | ** housing costs are >50% of household income | *** housing costs are >30% of household income
Affordability varies by region

There are housing affordability problems in every county in Washington, but the size and nature of the problem varies by region due to differences in housing costs and incomes.

For example, in Pierce County a four-person household needs an income of $54,160 (75.5 percent of the local median family income) to afford to rent a three-bedroom apartment. That same apartment in Benton County would be affordable to a household earning $40,600 (60.8 percent of the local median family income).

To account for these regional differences, the Housing Needs Assessment and Housing Needs Geographic Profiles describe affordability by counties and by sub-county areas, when data is available.

The private housing market does provide some affordable housing

Although most households with incomes below 50 percent of the state’s median family income are cost-burdened, many households earning above 80 percent can find affordable market-rate housing.

Similarly, 53.8 percent of owner-occupied housing units across the state are affordable to a household earning the median family income.

These statistics can also be viewed from another angle – what income does it take to afford the typical rent or the median valued home?

How much of the median family income (MFI) must a four- or one-person household earn to afford fair market rent?

- **4 people / 3 bedrooms**
  - Fair Market Rent: $1,337
  - Max Affordable Home Value: $53,463 (73.3% of MFI)

- **1 person / 1 bedroom**
  - Fair Market Rent: $770
  - Max Affordable Home Value: $30,814 (60.4% of MFI)

How much of the owner-occupied housing stock can the median family income afford to buy?

- Max Affordable Home Value: $287,812

COST-BURDENED: when a household pays more than 30% of its income for housing expenses

FAIR MARKET RENT: an estimate (which includes certain utilities) used by HUD to set standards for its programs

MEDIAN FAMILY INCOME: adjusted for household size and published by HUD for states, counties and large urban areas

AFFORDABLE: when a household pays no more than 30% of its income for all housing costs
Affordability is a considerable problem for lower-income households

For extremely low- and very low-income households, Washington State has a deficit of 327,136 affordable and available housing units.

In other words, for every 100 extremely low- and very low-income households, only 51 units are affordable and available to them.

The remaining 49-unit gap represents households in the state who are paying more for housing than they can reasonably afford.

Since 2000, incomes in the state have declined by 2.4 percent but median rents have increased 7.8 percent in real dollars. This means that housing affordability in the state has been a growing problem over the past decade.

Subsidized housing programs are attempting to close the gap

In Washington State, 118,092 units of subsidized rental housing have been built using state, local, federal and private capital funds. In addition to these physical units, 40,169 tenant-based rent vouchers are in circulation across the state.

Currently, at least 7,303 affordable units are in the development process, but 12,663 of the existing units are at risk of being converted to market-rate housing by 2017 due to expiring affordability agreements.

In addition, a significant unmet need remains for special groups with limited incomes such as seniors, people with physical and cognitive disabilities, families, victims of domestic violence and the homeless.

The state has a deficit of affordable and available housing units for extremely and very low-income households

<table>
<thead>
<tr>
<th>% of Median Family Income</th>
<th>Households</th>
<th>Affordable &amp; Available Units</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 30%</td>
<td>353,472</td>
<td>100,098</td>
<td>-253,375</td>
</tr>
<tr>
<td>0% - 50%</td>
<td>672,946</td>
<td>345,811</td>
<td>-327,136</td>
</tr>
</tbody>
</table>

Only 28 affordable units are available for every 100 extremely low-income households

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Affordable Housing Advisory Board – 2015 Housing Needs Assessment – www.commerce.wa.gov/housingneeds

EXTREMELY LOW-INCOME: households that earn 0% - 30% of the median family income

VERY LOW-INCOME: households that earn 30% - 50% of the median family income

AFFORDABLE: when a household pays no more than 30% of its income for all housing costs

AVAILABLE: a unit that is vacant and priced affordably, or one that is currently occupied by a household at or below the defined income threshold
Population growth over the next five years will be largely driven by low-income households

Washington State’s above-average economic and job growth is forecasted to continue, resulting in continued population increases. Most of that growth will be driven by low-income households.

<table>
<thead>
<tr>
<th>% of Median Family Income</th>
<th>2012</th>
<th>2019*</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 30%</td>
<td>353,472</td>
<td>412,108</td>
<td>16.59%</td>
</tr>
<tr>
<td>30% - 50%</td>
<td>319,474</td>
<td>367,941</td>
<td>15.17%</td>
</tr>
<tr>
<td>50% - 80%</td>
<td>476,372</td>
<td>533,526</td>
<td>12.00%</td>
</tr>
<tr>
<td>80% - 100%</td>
<td>290,625</td>
<td>291,141</td>
<td>0.18%</td>
</tr>
<tr>
<td>&gt;100%</td>
<td>1,180,052</td>
<td>1,141,730</td>
<td>-3.25%</td>
</tr>
<tr>
<td>Total</td>
<td>2,619,995</td>
<td>2,769,743</td>
<td>5.72%</td>
</tr>
</tbody>
</table>

*adjusted for inflation

The affordable housing gap is shrinking, but very slowly

The number of housing units priced for low-income households is forecasted to grow at a similar but slightly faster rate than the number of low-income households.

If these forecasts are applied to the current affordable housing gap, Washington State will have a gap of 43 affordable and available housing units per 100 extremely low- and very low-income households in 2019.

This represents a slight decrease from the 2012 gap of 49 units per 100 households.

If the current status quo in Washington remains unchanged, it will take at least 30 years for the gap in affordable and available housing to close.