



**State of Washington**  
**HOUSING NEEDS ASSESSMENT**

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**Executive Summary**  
*January 2015*



# EXECUTIVE SUMMARY



## This study is a snapshot of housing affordability in Washington

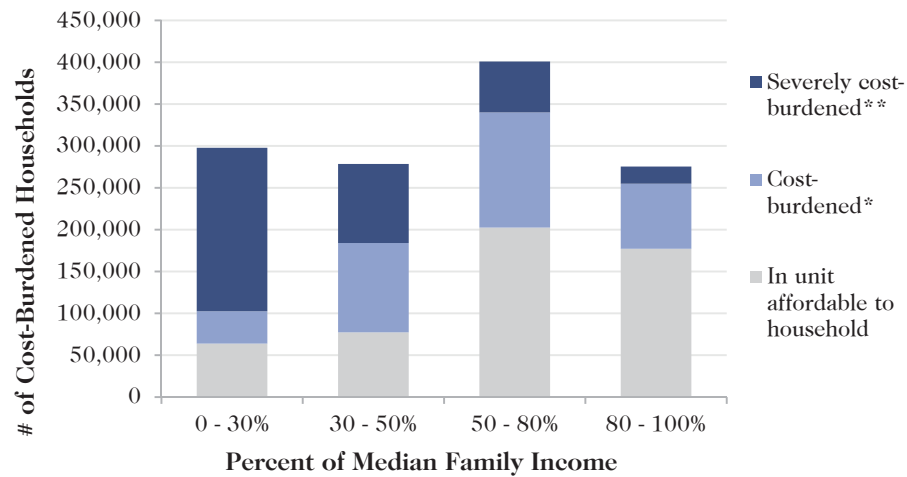
The *Housing Needs Assessment* was commissioned by the diverse, governor-appointed membership of the Washington State Affordable Housing Advisory Board to create an unbiased accounting of housing affordability in Washington. It is meant to serve as a foundation for current and future policy discussions. 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



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

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

**SEVERELY COST-BURDENED:**  
when a household pays more than 50% of its income for housing expenses

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

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

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

\* housing costs are 30% - 50% of household income | \*\* housing costs are >50% of household income | \*\*\* housing costs are >30% of household income

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

**MEDIAN FAMILY  
INCOME:**  
adjusted for  
household size  
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urban areas

**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

## 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.

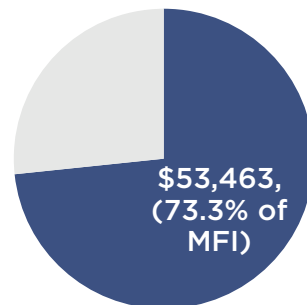
Similarly, 53.8 percent of owner-occupied housing units across the state are affordable to a household earning the median family income.

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

The minimum annual income required to afford the fair market rent for a three-bedroom unit ranged from \$31,360 in Ferry County to \$62,040 in King County. To afford to purchase the median home, the annual income required ranged from \$33,028 in Garfield County to \$118,502 in San Juan County.

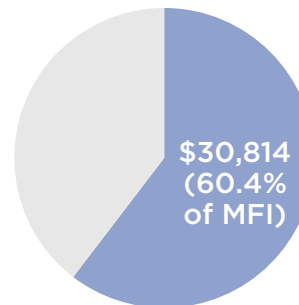
*How much of the median family income (MFI) must a four- or one-person household earn to afford fair market rent?*

**4 people / 3 bedrooms**  
Fair Market Rent: \$1,337



■ required income

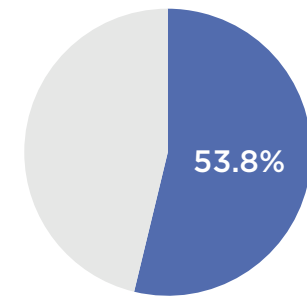
**1 person / 1 bedroom**  
Fair Market Rent: \$770



■ required income

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

Max Affordable Home Value: \$287,812



■ % of homes that are affordable

## 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.

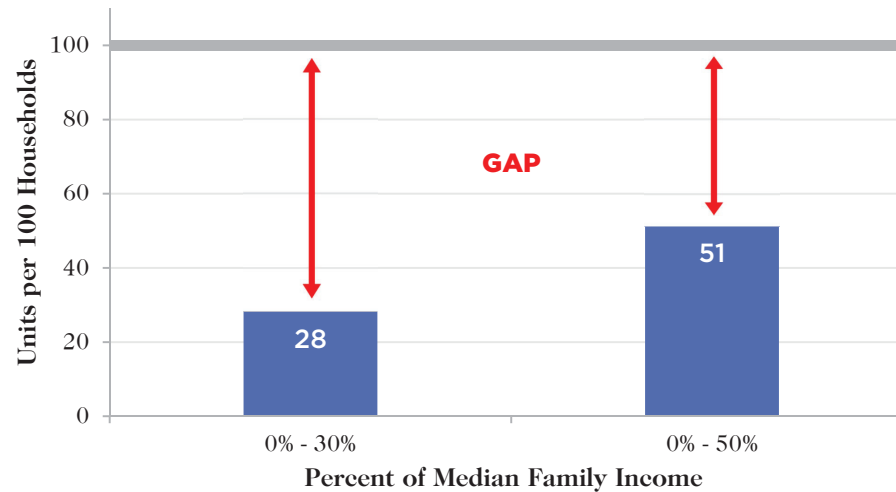
The remaining 49-unit gap represents households in the state who are paying more for housing than they can reasonably afford.

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.

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

% of Median Family Income	Households	Affordable & Available Units	Gap
0% - 30%	353,472	100,098	-253,375
0% - 50%	672,946	345,811	-327,136

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



## 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.

**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

**LOW-INCOME:** households that earn 80% or less 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

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

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## 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.<sup>1</sup> Most of that growth will be driven by low-income households.

Population growth is forecasted to increase as household income decreases

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

\*adjusted for inflation

## The affordable housing gap is shrinking, but very slowly

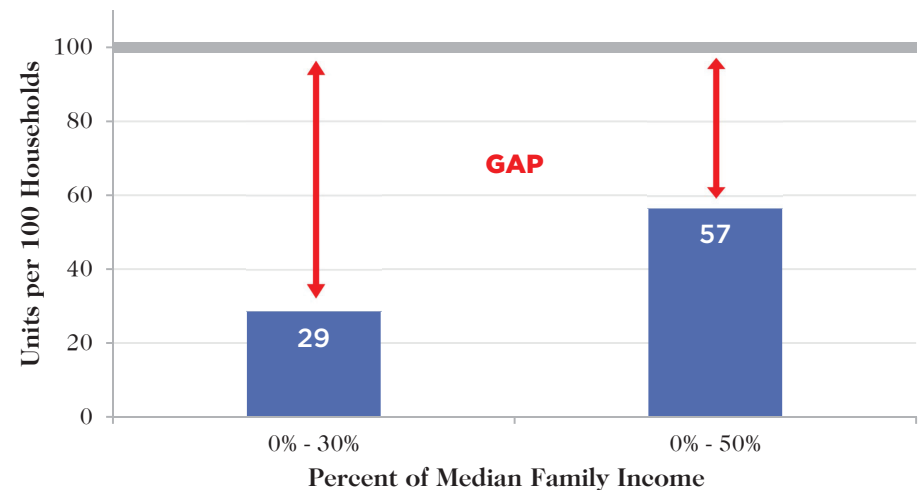
The number of housing units priced for low-income households is forecasted to grow at a similar but slightly faster rate than the number of low-income households.

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.

Only 29 affordable units will be available for every 100 extremely low-income households in 2019



1. The Nielsen Company, 2014.