

Community Council

# Affordable Housing Data & Measurement Report

**AFFORDABLE HOUSING IMPLEMENTATION TASK FORCE  
INVENTORY, DATA & MEASUREMENT SUBCOMMITTEE**

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## Introduction

This report provides information regarding affordable housing in our region: Columbia and Walla Walla counties and the Milton-Freewater area. The purpose of the report is to provide a shared set of measurements and data sources for understanding and describing affordable housing in our region.

We hope that all local jurisdictions, governmental entities, nonprofit and for-profit housing providers, and service agencies in our region adopt these measurements and data sources as they seek to assess and address affordable housing issues. We believe that by using the same measurements and data sources, local jurisdictions and organizations will be better able to develop shared understandings of the challenges we face, and build collaborative solutions to address those challenges. This effort recognizes that the issue of affordable housing is regional in scope, and by working together, local jurisdictions can implement policies and programs that create more access to safe and affordable housing.

In 2019, the Affordable Housing Study Committee recommended the development of a shared set of affordable housing measurements that address the full range of need, using publicly available data. During the study process, the study committee found that different jurisdictions, housing developers, and service providers use different data sources and different calculations to measure affordable housing within their service areas. As a result, there are often conflicting understandings of what affordable housing is, who has access to affordable housing, and where the gaps are. Lack of shared understanding can frustrate important conversations about community wellbeing and stymie efforts to develop collaborative solutions. The study committee concluded that it is important to use consistent, transparent, and shared methods of measuring affordability that help us understand and address the full spectrum of housing needs in our region.

The Affordable Housing Implementation Task Force Subcommittee on Inventory, Data & Measurement spent two years researching, compiling, and interpreting data on affordable housing. They worked with local stakeholders and national experts to identify sound measurements and reliable data sources. Their research was presented to the Affordable Housing Data & Measurement Advisory Group, which reviewed their work for accuracy and suitability. Members of the Advisory Group also provided interpretation of some of the data.

The purpose of this report is to share the outcomes from the Affordable Housing Data & Measurement Advisory Group meeting. This report identifies shared language and tools for housing stakeholders to use in the region, incorporating feedback from the advisory group. The report is also a tool for facilitating community conversations as well as a resource for jurisdictions as they engage in work around issues of affordable housing.

## Definition of Affordable Housing

When a household spends no more than 30% of their gross income on housing costs, including utilities.

-Department of Housing and Urban Development (HUD)

According to the Department of Housing and Urban Development (HUD), housing is affordable when a household spends no more than 30% of their gross income on housing costs, including utilities. This definition of affordable housing is used widely by governmental agencies, public service providers, and housing developers at the national, state, and local levels.

The term “affordable housing” is often misused to refer only to housing units that are subsidized by the government, such as Section 8 Housing Choice Vouchers, or project-based housing that residents must qualify for based on their incomes. Because affordable housing is defined as the relationship between income and housing costs, it can be used to assess housing affordability at any income level or home price.

## Definition of Unaffordable Housing

**Cost-burdened:** When a household spends more than 30% of their gross income on housing costs, including utilities.

**Severely Cost-burdened:** When a household spends more than 50% of their gross income on housing costs, including utilities.

-Department of Housing and Urban Development (HUD)

According to the Department of Housing and Urban Development, a household is “cost-burdened” when it pays more than 30% of its gross income on housing costs, including utilities. A household is considered “severely cost-burdened” when it spends more than 50% of its gross income on housing costs, including utilities.

These definitions are widely used by federal, state, and local agencies to describe unaffordable housing. The population that is cost-burdened and severely cost-burdened is reported annually by the American Community Survey.

## Income Type

Income Type	Definition	Columbia County, 2019	Umatilla County, 2019	Walla Walla County, 2019
Median Household Income	The median income for all households in a defined area. Households can be composed of just one person, or many unrelated people living together. Tabulated by ACS annually (Table S1901); 2019 is the most recent data.	\$53,423	\$54,699	\$57,858
Median Family Income	The median income for all families in a defined area. Families are composed of two or more people who are related by marriage, birth, or adoption, and live together. Tabulated by ACS annually (Table S1901); 2019 is the most recent data.	\$85,021	\$64,956	\$72,479
Area Median Income	The median income in a county as calculated by HUD, annually. AMI is based on median family income, as tabulated by the ACS, and adjusted by the Consumer Price Index. AMI is synonymous with HUD's MFI. AMI is used to calculate Income Limits by household size.	\$56,660	\$65,600	\$67,100

There are a number of ways to calculate the median income of an area; the most frequently used calculations are: Median Household Income, Median Family Income, and Area Median Income. **For the purpose of assessing affordable housing, the Inventory, Data & Measurement Subcommittee recommends using Area Median Income (AMI).**

The Department of Housing and Urban Development (HUD) calculates the AMI of each county annually by adjusting the American Community Survey's Median Family Income according to the Congressional Budget Office's projection of the Consumer Price Index (CPI), rounded to the nearest \$100. HUD AMI is used to calculate **Income Limits by Household Size**, which are used to determine eligibility for housing assistance programs by federal, state, and local agencies.

We recommend using AMI for affordable housing calculations because the data is widely used and updated annually. Further, because AMI values typically fall somewhere between Median

Household Income and Median Family Income, they represent a reasonable compromise between Median Household Income and Median Family Income. Median Household Income tends to be a lower value because it is based on all households in an area, including single-person households. Median Family Income is typically a higher value because it is based only on families – which are always at least two related individuals – in an area.

While we recommend using AMI, in some instances, Median Household Income may be preferred over AMI. This is the case when working within the framework of Washington State’s growth management planning. Median Household Income can also be a useful measurement when describing a geographic area for the purpose of a grant or report.



## Data Sources

Data	Oregon	Washington
<b>Median Home Price</b>	Zillow/(Umatilla) County Assessor	<i>Washington State's Housing Market Reports</i> , Washington Center for Real Estate Research (WCRER) <ul style="list-style-type: none"> <li>released quarterly</li> </ul>
<b>Current Home Price</b>	Multiple Listing Service	
<b>Apartment Rental Rate</b>	Zillow provided apartment data until fall 2021.	<i>Washington State Apartment Market Reports</i> , (WCRER) <ul style="list-style-type: none"> <li>released biannually</li> <li>includes apartment vacancy rates for certain locations</li> </ul>
<b>Fair Market Rent</b>	Fair Market Rent Documentation System (HUD) <ul style="list-style-type: none"> <li>county level available for all areas</li> <li>Walla Walla MSA also available</li> </ul>	
<b>Median Household Income</b>	American Community Survey (ACS) <ul style="list-style-type: none"> <li>2019 is most recent data</li> </ul>	
<b>Area Median Income</b>	Department of Housing and Urban Development (HUD) <ul style="list-style-type: none"> <li>released annually in April</li> </ul>	
<b>Population</b>	Population Research Center at Portland State University <ul style="list-style-type: none"> <li>provides both current estimates and 40-year projections</li> <li>released annually in December</li> </ul>	Washington State Office of Financial Management <ul style="list-style-type: none"> <li>provides estimates and rates of change</li> <li>released annually in June</li> </ul>

Selecting data sources requires a balance of accuracy, relevance, and availability. With two states and multiple jurisdictions to include, universally accessible information is not always possible. Some sources that provide information for all jurisdictions are the Multiple Listing

Service (MLS), the Department of Housing and Urban Development (HUD), and the American Community Survey (U.S. Census). Where possible, we recommend using those sources.

For information that is not available from the universal sources - or for more current information - the table above includes resources for each state. In Washington, the Washington Center for Real Estate Research (WCRER) provides multiple housing reports per year and the Office of Financial Management estimates current populations and rates of change over time. For Oregon, Zillow, the Umatilla County Assessor's office, and the Portland State University's Population Research Center are good resources for data.

## Affordable Mortgage Calculation

<b>Affordable Mortgage Calculator</b>		
<b>Monthly Mortgage</b>		
Median Sales Price, Walla Walla County, 2020	\$305,500	Source: <i>Washington Center for Real Estate Research</i>
Down Payment	\$15,275	5% of total price
Loan Amount	\$290,225	Price less 5% down payment
Interest Rate	4.5%	For 30 years
Monthly Mortgage Payment	<b>\$1,471</b>	Calculation: PMT(.045/12,360,-290225)
<b>Annual Housing Expenses</b>		
Mortgage Payments	\$17,652	Monthly mortgage * 12
Property Tax	\$3,818	.0125 * sales price
Mortgage Insurance	\$2,466	.0085 * loan amount
Home Insurance	\$885	.0029 * sales price
Annual Housing Costs	\$24,821	PITI (Principle, Interest, Taxes, Insurance)
Monthly Housing Costs	\$2,068	PITI/12
<b>Monthly Income Needed</b>	<b>\$6,894</b>	Monthly costs are 30% of income
<b>Annual Income Needed</b>	<b>\$82,736</b>	Monthly Income * 12

Mortgage calculations are used to determine how much income is needed to afford a particular home price. Because mortgage calculations include a number of inputs and assumptions, different calculations can vary significantly. This table provides a set of reasonable parameters that can be used to calculate housing affordability. Rationale for the inputs and assumptions are:

- Down payment: A 5% down payment is a reasonable amount because it is slightly higher than the minimum required by a Federal Housing Administration (FHA) loan

(3.5%), but not so high as to be out of reach for first-time homebuyers. Not every first-time homebuyer qualifies for a FHA loan, but they may qualify for a home loan with a slightly higher down payment of 5%. While a 20% down payment is required if the borrower seeks to avoid mortgage insurance, a 20% down payment is not a reasonable assumption in our current climate where home prices are at historic highs and lenders tend to require much less.

- Interest rate: 4.5% is a reasonable interest rate at this time. Interest rates are currently at historic lows (as low as 2.8%), but the general consensus among mortgage lenders and housing analysts is that mortgage rates will eventually go up. A 4.5% rate provides a reasonable cushion between historic lows and expected near-term increases.
- Loan term: A 30-year fixed-rate mortgage is standard. Though some borrowers may opt for 15- or 20-year mortgages, the longer term is more common. Because a 30-year mortgage distributes the loan over a longer time period, it allows for lower monthly payments than 15- or 20-year mortgages.
- Property Tax: Many mortgage calculations fail to include the cost of property tax, which can add significantly to the monthly costs of owning a home. Property tax rates vary between jurisdictions and within jurisdictions.
  - 1.25% is a reasonable property tax rate for Walla Walla County, based on a consideration of rates throughout the county. 1.25% is around the mid-range for Walla Walla County.
  - 1.19% is a reasonable property tax rate for Columbia County, according to the Columbia County Tax Assessor's office. While some property owners pay up to 1.4% and some as low as 1.0%, most pay just under 1.2%.
  - 1.3% is a reasonable property tax rate for Milton-Freewater, according to the Umatilla County Assessor's office.
- Mortgage insurance: Mortgage insurance rates vary considerably. 0.85% is a reasonable rate for mortgage insurance, because it is the standard Federal Housing Administration (FHA) rate. Because the majority of first-time homebuyers are eligible for FHA loans, this rate is reliable. Since this mortgage calculation includes a 5% down payment (as opposed to 20%), the borrower would need to pay mortgage insurance until the loan-to-value ratio is less than 80%.
- Home insurance: Like property tax, home insurance is often left out of mortgage calculations, even though it is required by all lenders, is a regular part of the cost of homeownership, and adds significantly to the monthly payment. According to a large

insurance broker in the Walla Walla Valley, 0.29% is a reasonable rate for home insurance in our region.

- Mortgage to Income Ratio: based on the definition of affordable housing, monthly house payments should not exceed 30% of monthly income.

To determine the home price that is affordable to a particular income, the same mortgage parameters can be used.

## Housing Affordability

<b>Affordable Home Price by Income Type and Location</b>			
	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Area Median Income</b>
Columbia County, 2019	\$53,423	\$85,021	\$56,660
Columbia County Affordable Home Price	\$204,955	\$326,180	\$217,374
Umatilla County, 2019	\$54,699	\$65,956	\$67,100
Umatilla County Affordable Home Price	\$209,850	\$253,037	\$257,426
Walla Walla County, 2019	\$57,858	\$72,479	\$67,100
Walla Walla Affordable Home Price	\$221,970	\$278,063	\$257,426

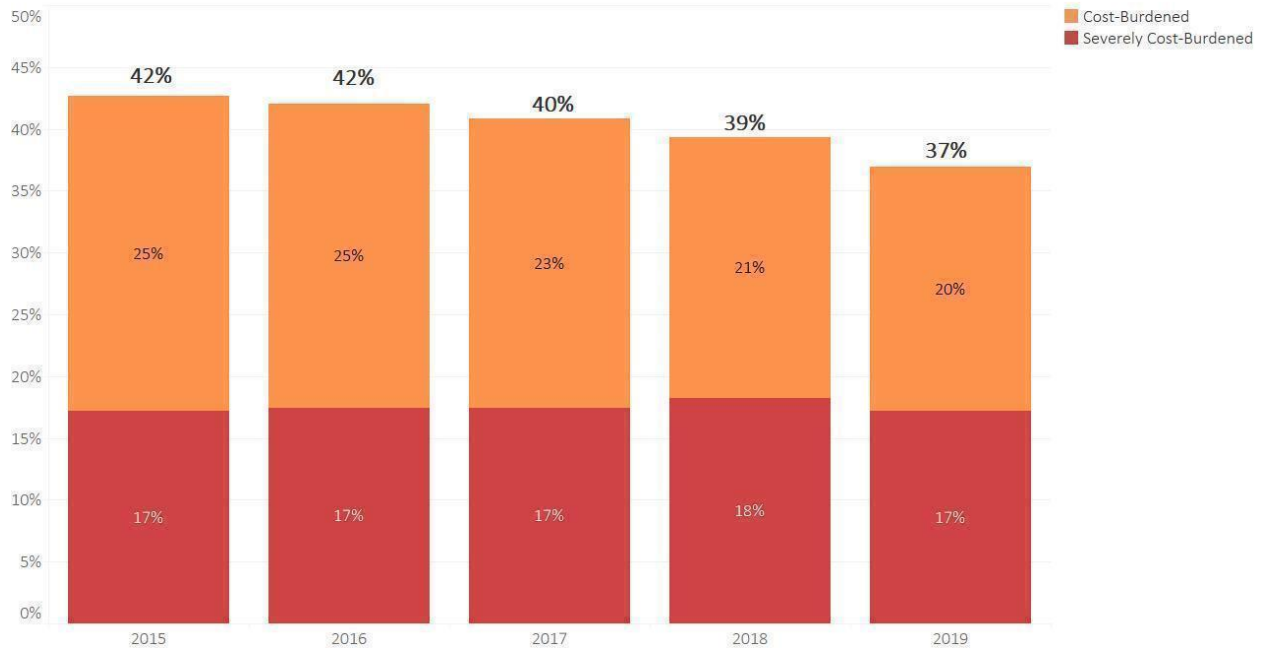
The determination of an affordable home price varies significantly based on the type of income used. For example, if we use Median Household Income for Columbia County 2019, we calculate an affordable home price of \$204,955. However, if we use Median Family Income, we get an affordable home price of \$326,180, which is 60% higher.

The calculations in this table are based on the affordable mortgage calculator shown above.

## Cost-Burdened Households

Percentage of the Region's Households\* that Are Cost-Burdened, 2015-19

Source: ACS, Table B2091 5 Year Estimates, 2015, 2016, 2017, 2018, 2019. \*Households that pay rent or a mortgage.



The percentage of households in our region that are cost-burdened has remained high for the past five years, though the numbers have declined slightly. Notably, the percentage of households that are severely cost-burdened (more than 50% of their income is spent on housing costs) has remained relatively stable, while the percentage that is cost-burdened (but not severely cost-burdened) has declined slightly over the past five years.

Closer examination of the data shows that the percentage of cost-burdened homeowners has declined more than the percentage of cost-burdened renters. For example, in our region the percentage of cost-burdened homeowners declined from 34.72% in 2015 to 22.03% in 2019; whereas in 2015, 52.52% of renters were cost-burdened, and in 2019 the rate was also 52.52%.

One explanation for the decline in the percentage of homeowners who are cost-burdened is lower interest rates. During this time period, mortgage rates have been at historic lows, ranging from around 3.0% to just under 5%. Homeowners may be refinancing their mortgages to take advantage of lower rates and reduce their monthly payments, and new homeowners are able to purchase homes at low rates. Rental prices have been increasing during this time period, which may help to explain why the percentage of cost-burdened renters has not decreased, even though wages have increased.

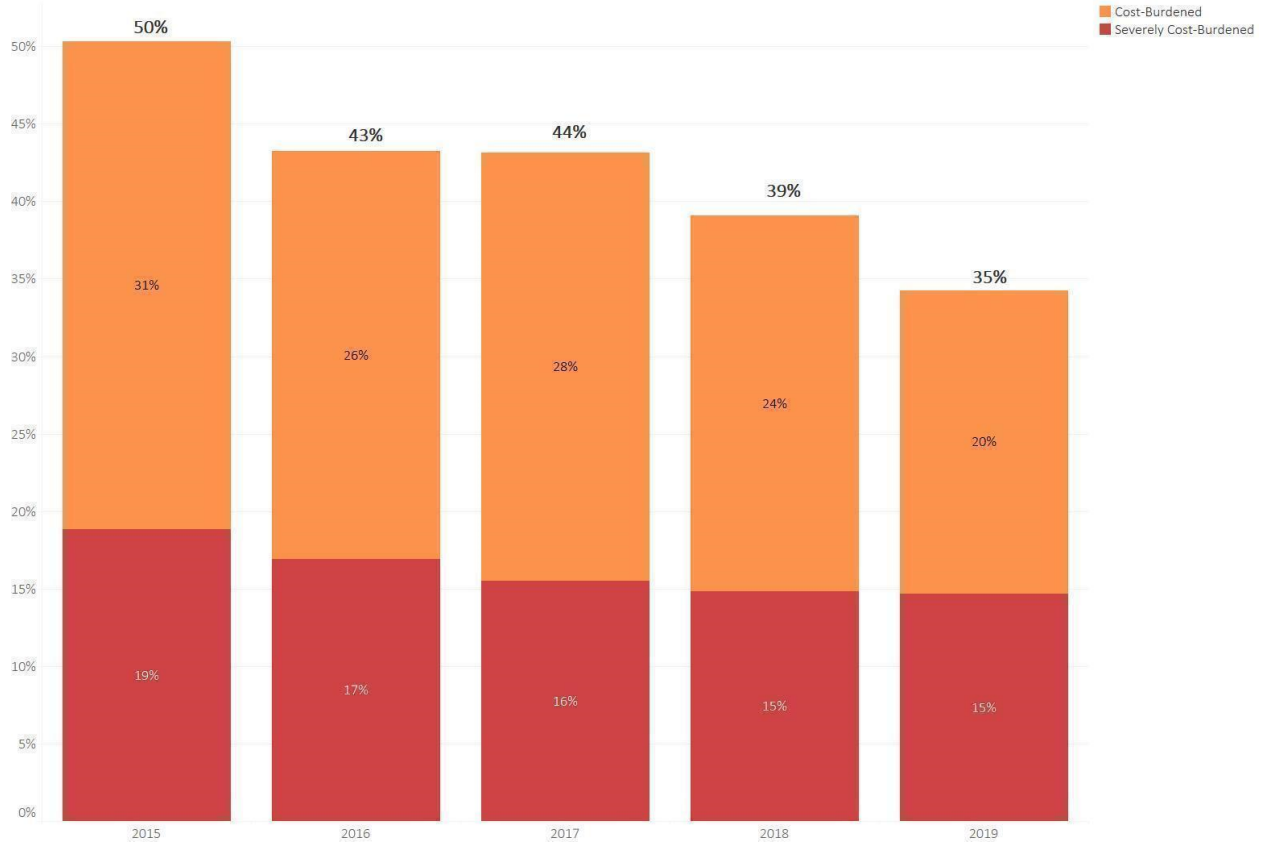
To calculate the percentage of cost-burdened and severely cost-burdened residents, we include only households that pay rent or mortgages. Though there are households that do not pay rent

or mortgages, we have excluded them from the calculation because including them would underestimate the percentage of households struggling with housing costs.

The following three graphics show the percentage of households that are cost-burdened in the region by geographic area.

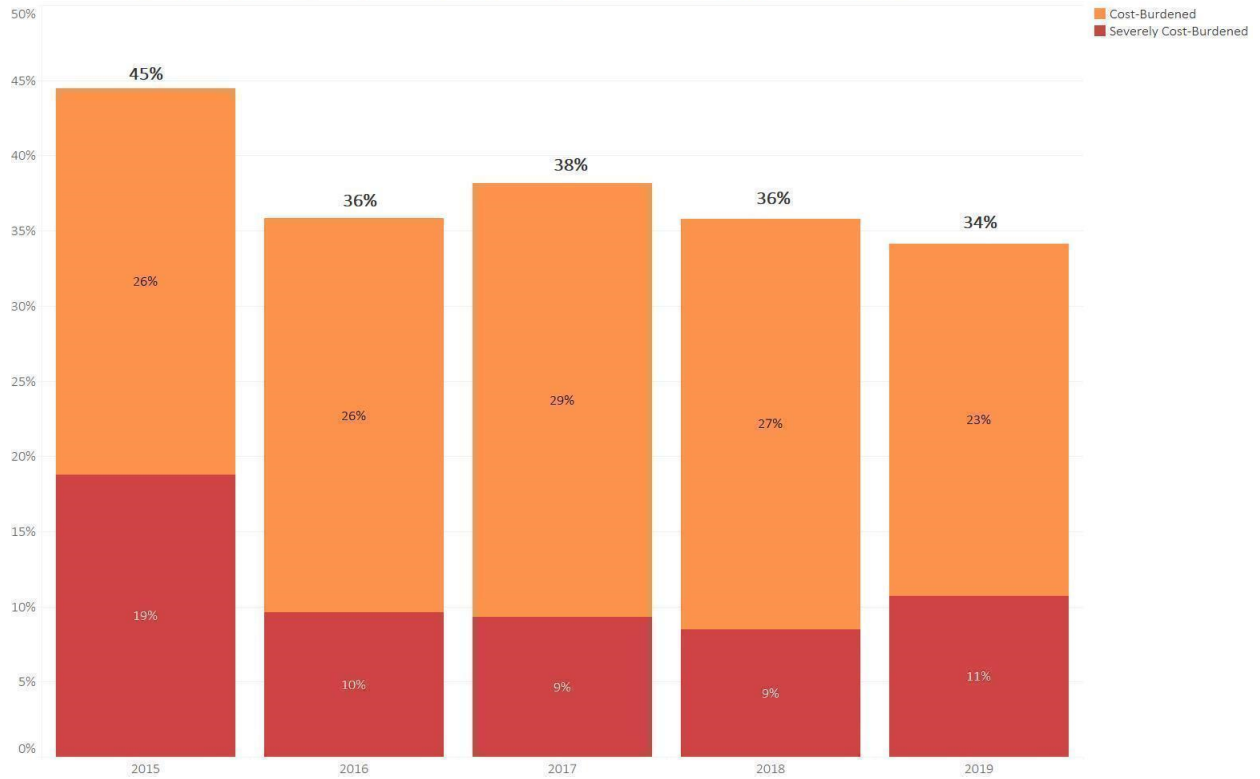
Percentage of Columbia County Households\* that Are Cost-Burdened, 2015-19

Source: ACS, Table B2091 5 Year Estimates, 2015, 2016, 2017, 2018, 2019. \*Households that pay rent or a mortgage.



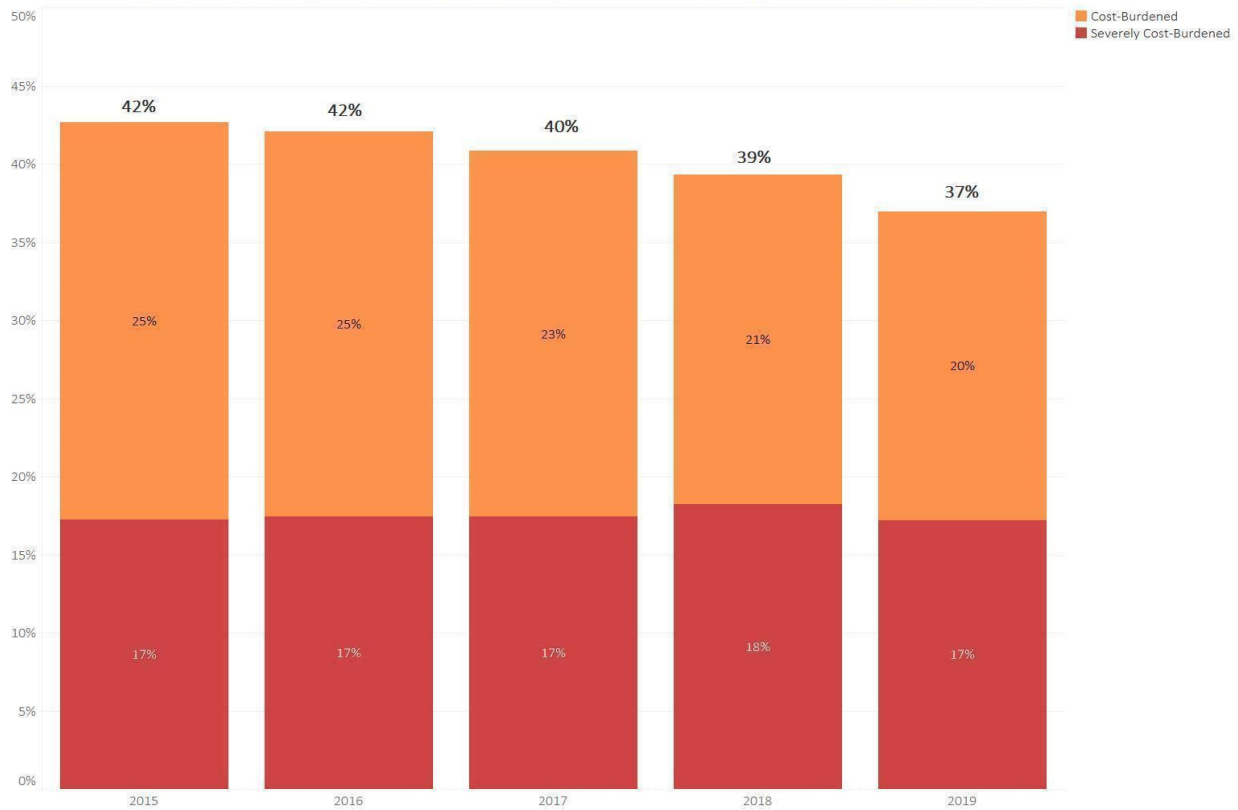
### Percentage of Milton-Freewater Households that Are Cost-Burdened\*, 2015-19

Source: ACS, Table B2091 5 Year Estimates, 2015, 2016, 2017, 2018, 2019. \*Households that pay rent or a mortgage.



### Percentage of Walla Walla County Households\* that Are Cost-Burdened, 2015-19

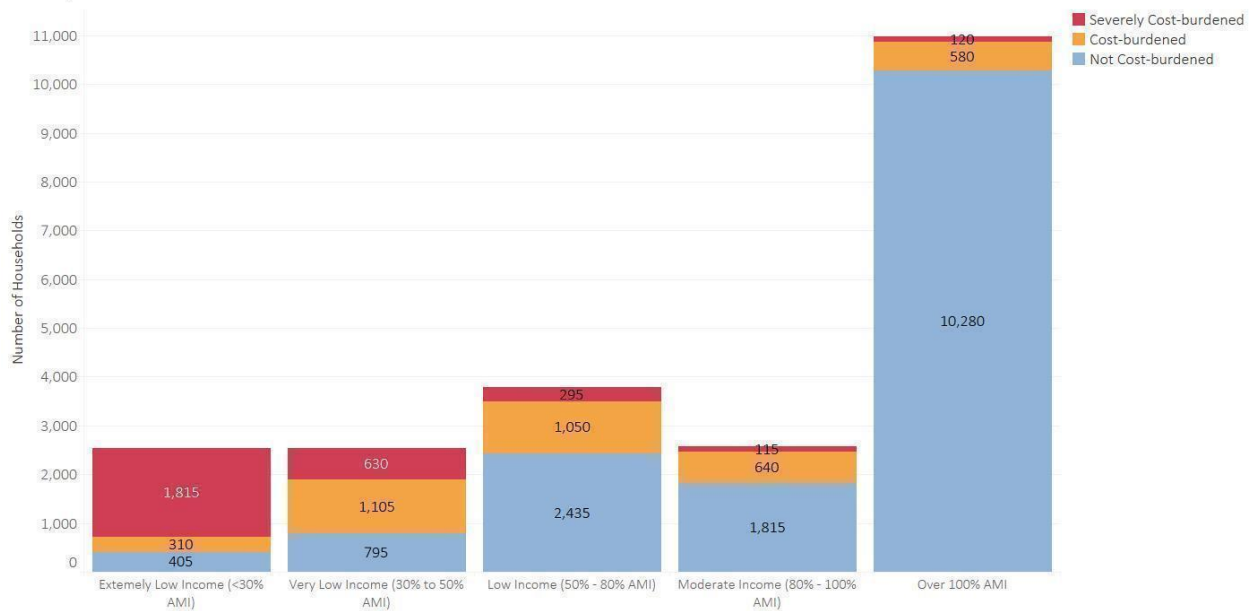
Source: ACS, Table B2091 5 Year Estimates, 2015, 2016, 2017, 2018, 2019. \*Households that pay rent or a mortgage.





### Cost-burdened and Severely Cost-burdened Households by Income Level, Walla Walla County

Source: *Comprehensive Housing Affordability Strategy (CHAS) 2013-2017*, Department of Housing and Urban Development



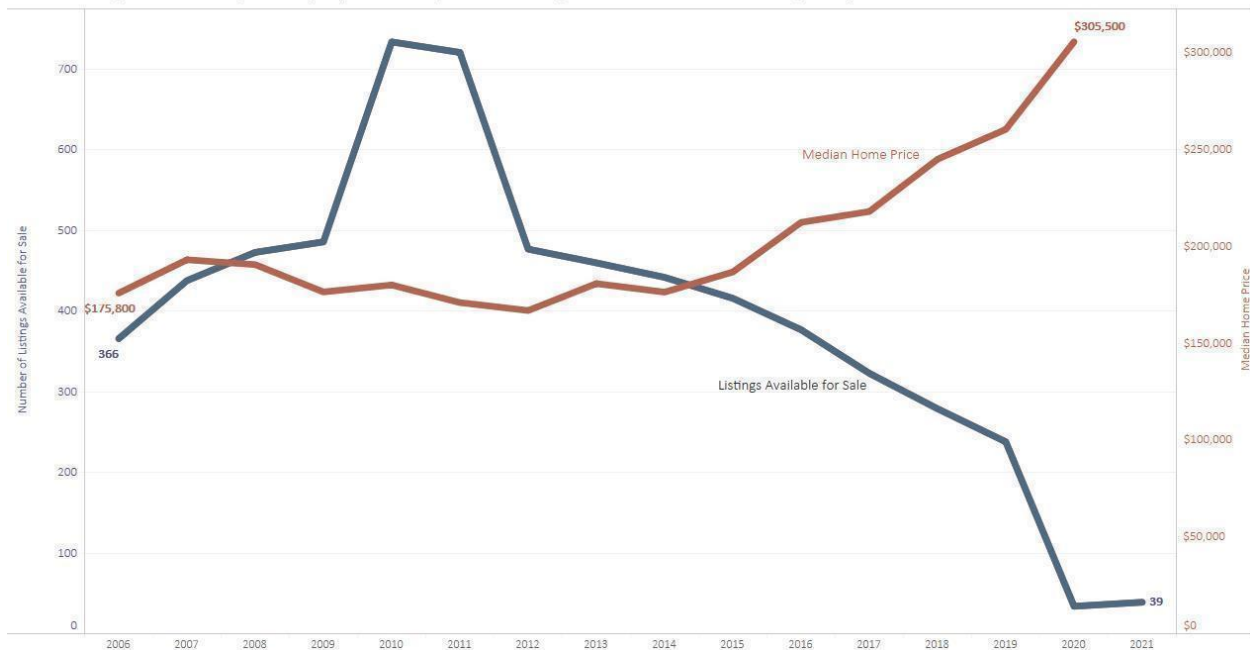
Generally, the lowest-income households are disproportionately cost-burdened and severely cost-burdened. For example, in Walla Walla County approximately 84% of extremely low-

income households in the county are cost-burdened or severely cost-burdened. The higher the income a household earns, the less likely it will be cost-burdened. For example, approximately 29% of moderate-income households in the county are cost-burdened or severely cost-burdened.

## Homeownership Market

Listings Available for Sale and Median Home Price, Walla Walla County

Source: Washington State's Housing Market Report, Q1 2006-2021; Q4 2020. Washington Center for Real Estate Research (WCRER).



Within the housing market, there tends to be an inverse relationship between the number of homes available for sale and the price of homes; when the supply of homes decreases, the price of homes increases. Until recently, Walla Walla County typically had about 400 homes for sale (at the end of the first quarter of the year). Between 2009 and 2012, the number of listings increased significantly – to over 700 per quarter – as a result of the Great Recession. During that period, many homeowners faced foreclosure and/or were forced to sell their homes. The median home price declined slightly during that period. Since 2014, the number of listings began to decline, and in the fourth quarter of 2020 there were only about 34 homes for sale in the county. The significant drop in listings from 2019 until the present reflects the impact of the COVID-19 pandemic and public health orders to shelter in place. The median home price in Walla Walla County began to increase in 2015, and has continued to do so.

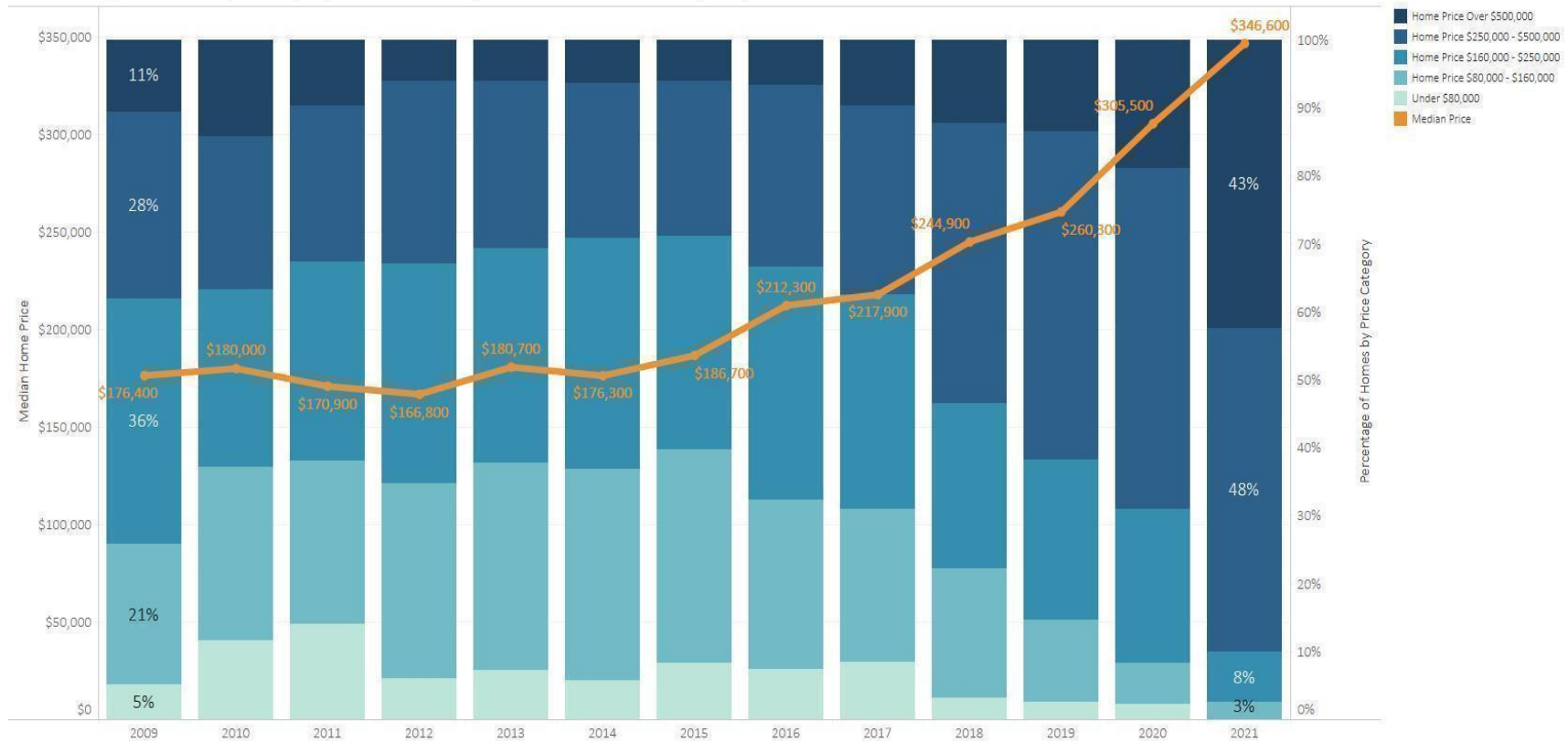
The implications of the tight housing market are significant. As the median home price continues to increase, there are few options for first-time home buyers who typically buy homes at the less expensive end of the inventory. Since home prices are high, many potential first-time buyers are not able to take advantage of historic low interest rates.

With fewer homeownership opportunities, more residents are forced into the rental market, and renters tend to stay in their units longer for lack of options. As a result, there is increased pressure on the rental market, where prices continue to rise and vacancy rates now hover around 1%, locally.

## Median Home Price

Median Home Price and Percentage of Homes by Price Category, Walla Walla County 2009-2021

Source: *Washington State's Housing Market Report, Q1 2009-2021*. Washington Center for Real Estate Research (WCRER).

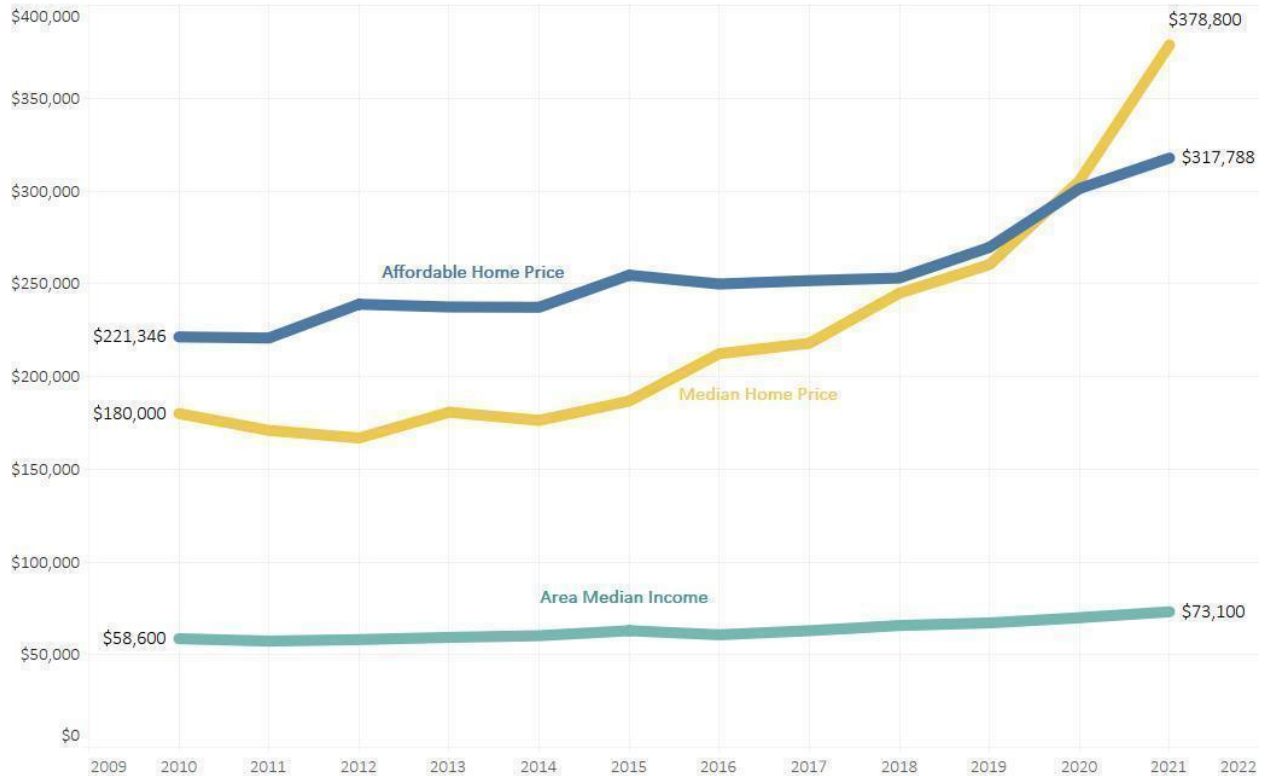


As the median home price in Walla Walla County has increased steadily since 2015, the overall composition of the housing market has shifted as well. During the first part of the decade, there was a large portion of homes that sold for under \$250,000 (70% in 2015). By the end of the decade, there were significantly fewer homes that sold for under \$250,000 (31% in 2020). By 2020, 69% of the homes sold cost more than \$250,000, compared to just 37% of homes in 2010.

When the median home price rises significantly, as it has done in Walla Walla County over the past several years, home buying becomes a luxury. When this happens, the housing market contributes even further to wealth stratification where owners are able to build equity and renters are not.

Median Home Price, Area Median Income, and Affordable Home Price, Walla Walla County

Source: HUD Office of Policy Development and Research Income Limit Lookup Tables; *Washington State's Housing Market 2015-2020, 2021 Q2*, Washington Center for Real Estate Research.



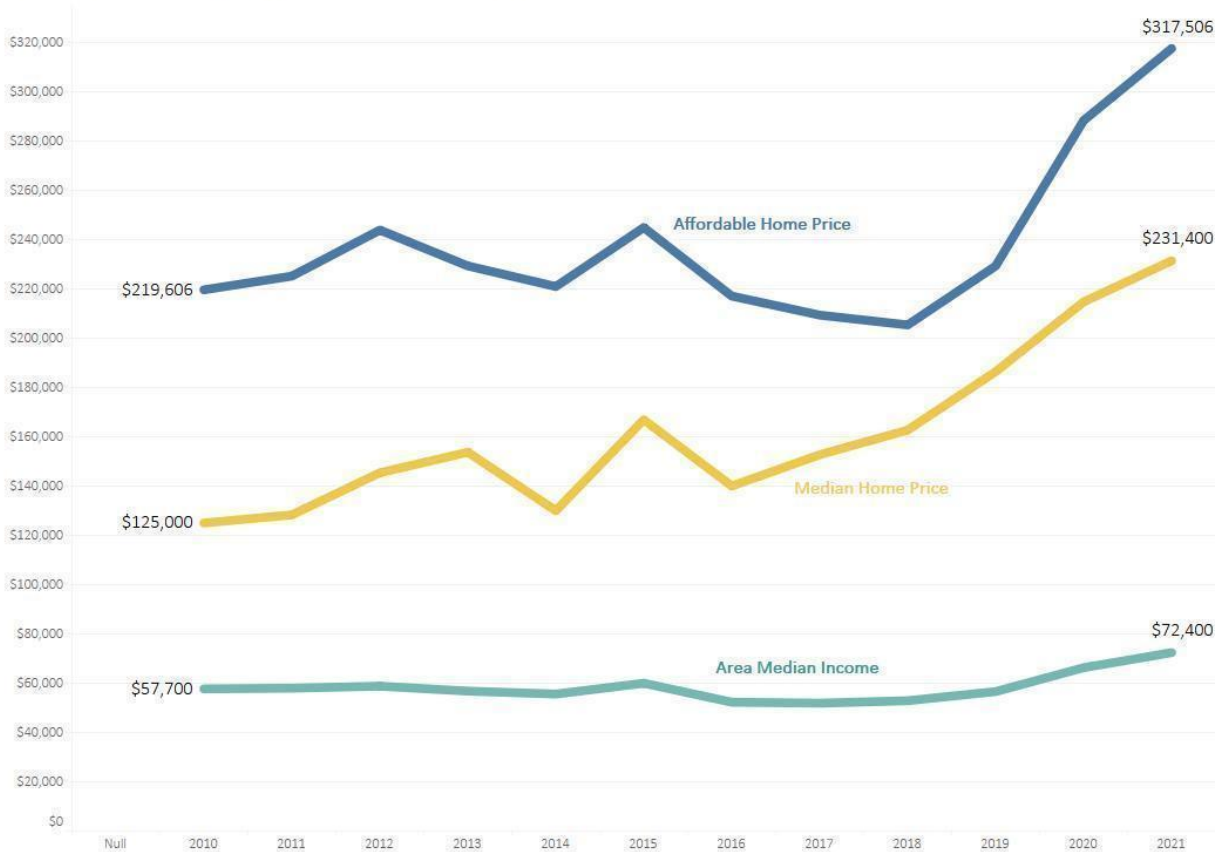
From 2010 until recently, the median price home was comfortably within reach of households earning the Area Median Income (for a family of four) in Walla Walla County. Since 2020, however, the median home price has been out of reach for households earning the Area Median Income. This is because increases in income have not kept up with the increase in the median home price in Walla Walla County; from 2010 to 2021 the AMI increased 25% while the median home price increased 110%.

Low interest rates over the past decade (under 5%) have helped to keep homes affordable to middle-income households. However, despite record low interest rates in 2021 (3%), the median price home was no longer affordable to such households in Walla Walla County. Increasing home prices during a period of record low interest rates suggests that housing

affordability will become an even more significant problem in the future when interest rates increase.

Median Home Price, Area Median Income, and Affordable Home Price\*, Columbia County

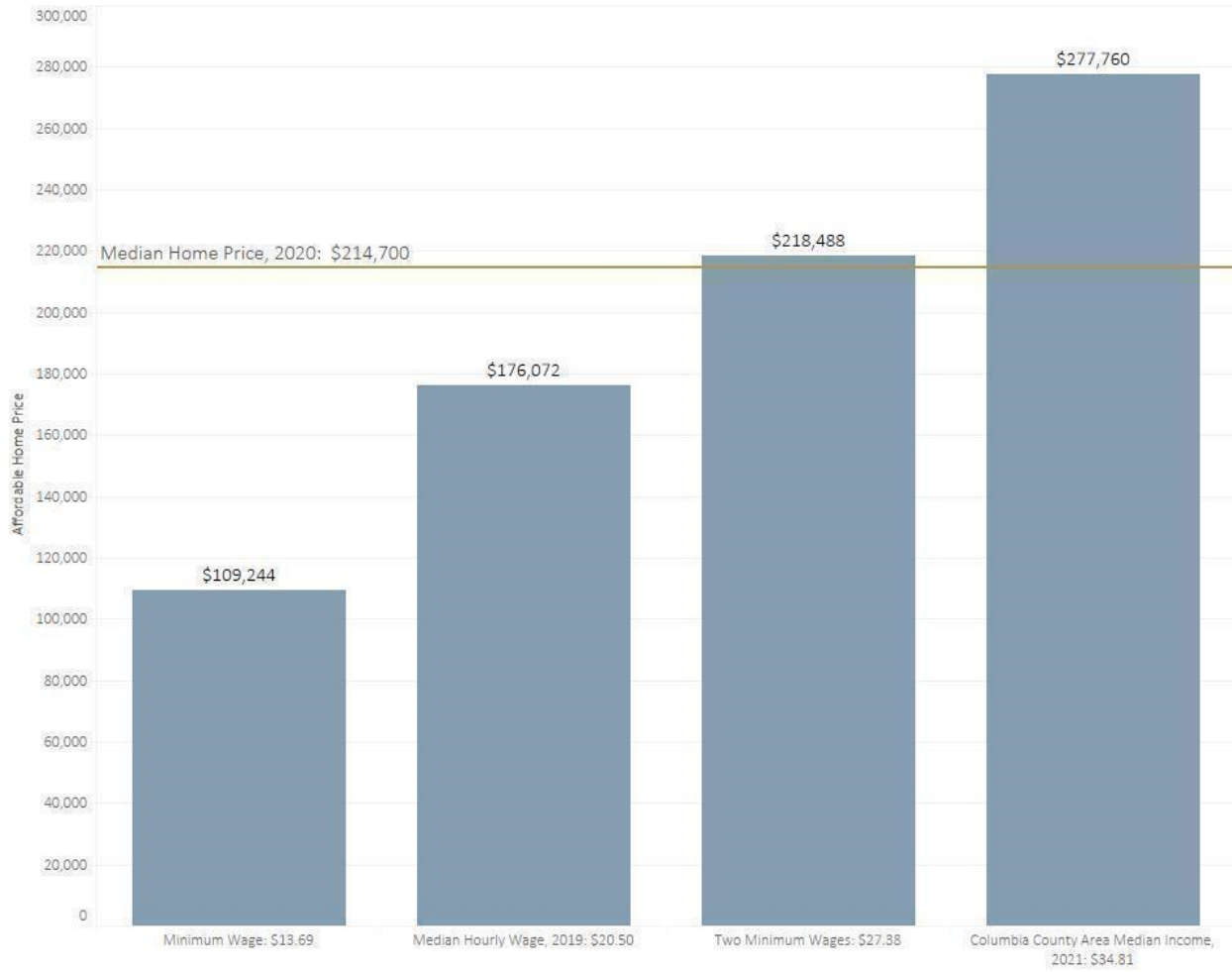
Source: HUD Office of Policy Development and Research Income Limit Lookup Tables; *Washington State's Housing Market 2015-2020, 2021 Q2*, Washington Center for Real Estate Research. \*Affordable home price calculated using Freddie Mac average annual 30 year fixed-term interest rate, 5% down payment, 1.19% property tax rate, .85% for mortgage insurance and .29% for homeowners insurance.



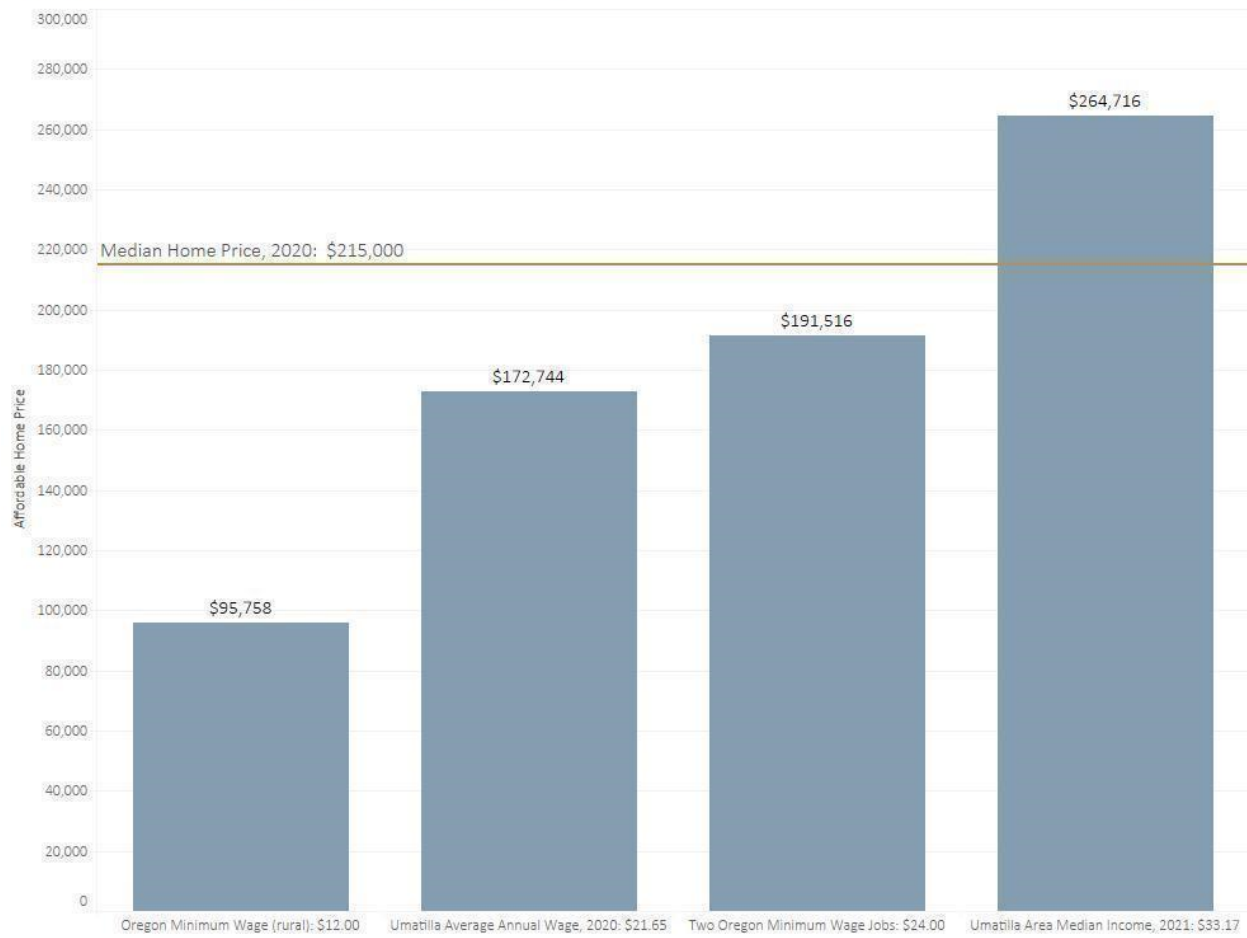
In Columbia County, the median home price has been affordable to households earning the Area Median Income for the past ten years. Though home prices have increased by 85% since 2010 and the Area Median Income has increased only 25%, lower interest rates have helped keep the median home price within reach of middle-income households. If home prices continue to increase more quickly than incomes and interest rates go up, homes in Columbia County will become less affordable.

# Home Prices and Income

Affordable Home Price by Hourly Wage, Columbia County

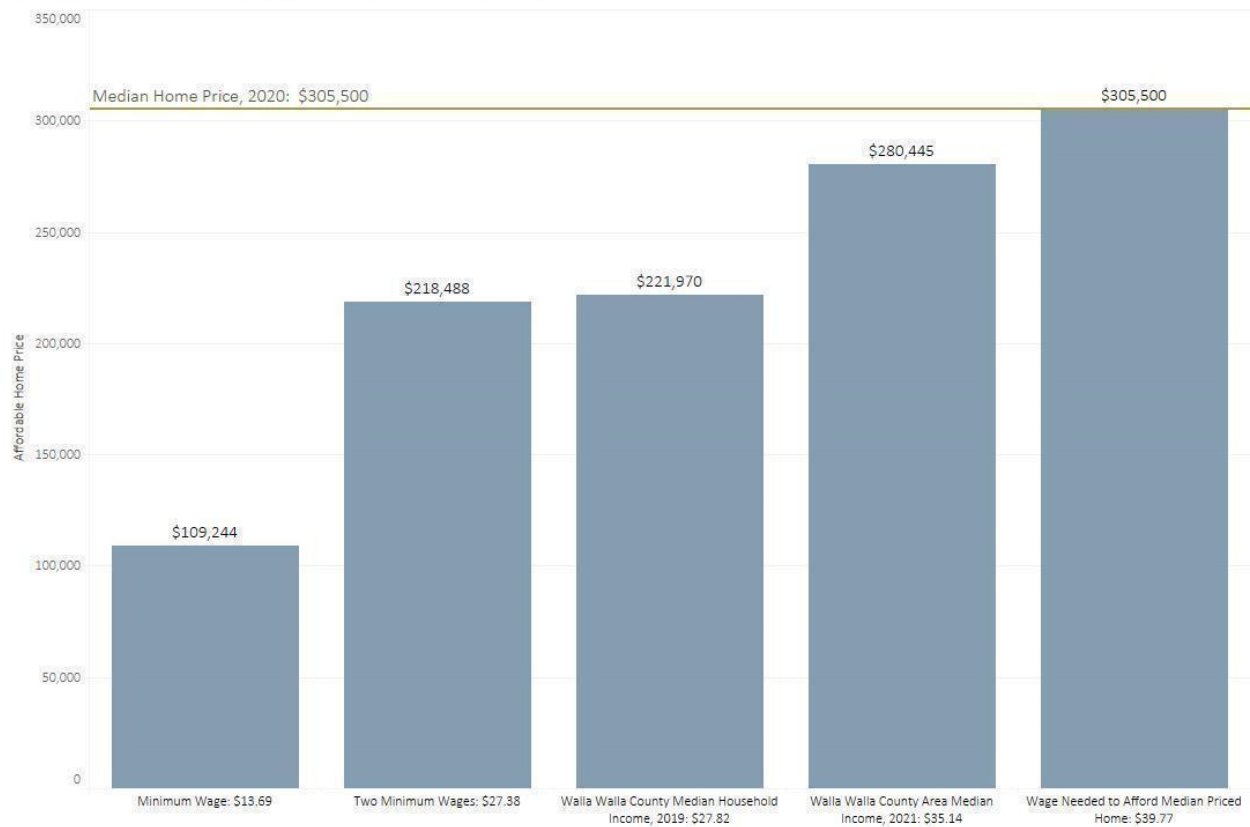


### Affordable Home Price by Hourly Wage, Umatilla County



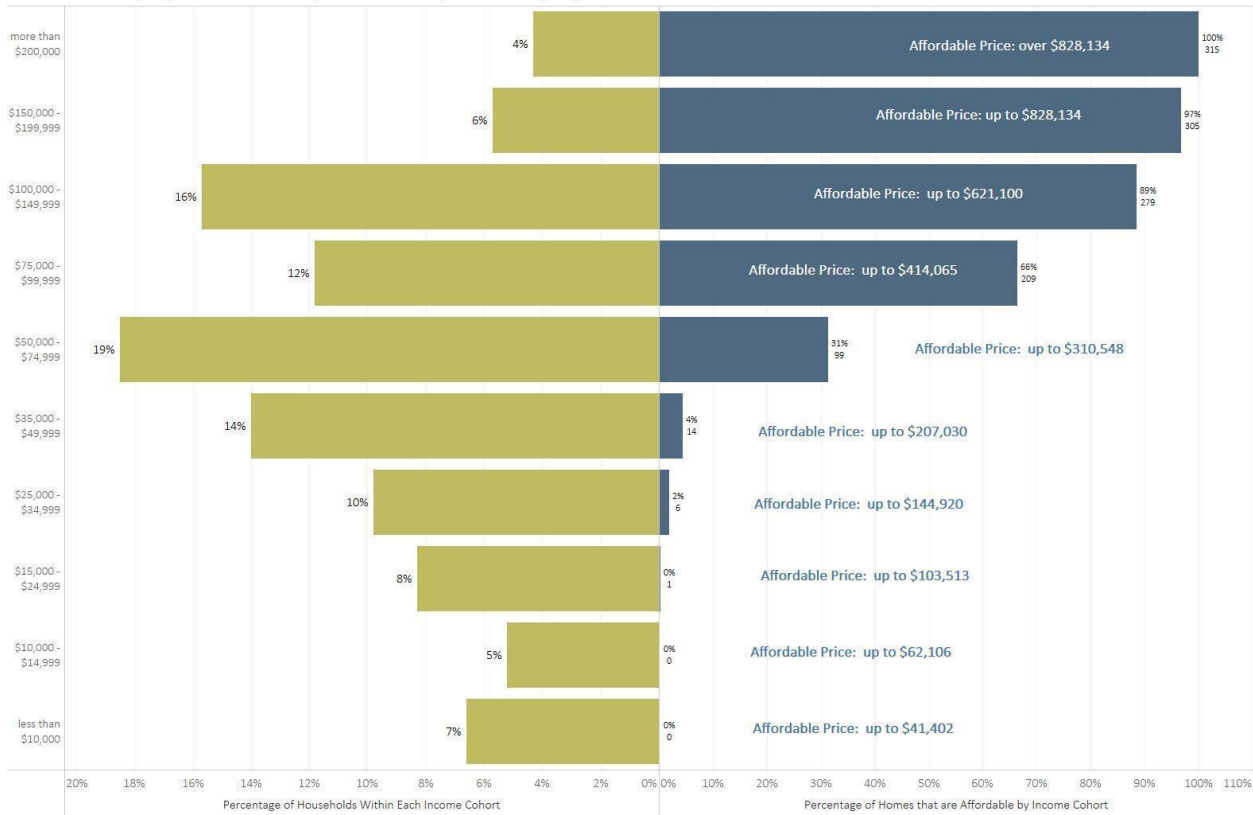


Affordable Home Price by Hourly Wage, Walla Walla County



In Columbia and Umatilla counties, households earning the Area Median Income can afford to purchase the median-priced home in their counties. The same is not true in Walla Walla County, where the median price home is out of reach for households earning the Area Median Income. In Walla Walla County, a household needs to earn at least \$39.77 per hour, or \$82,721 annually to afford the median home price.

Percentage of Affordable Homes by Income Cohort, Walla Walla County 2021  
 Source: ACS Table S1901, 2019; CPI Jan. 2019 to June 2021; MLS Walla Walla County Homes Sold January - July 2021



Looking at the relationship between the Area Median Income and the median home price provides one way to understand housing affordability in an area. However, that type of comparison does not provide a way to understand the extent to which a household’s experience corresponds to the median or deviates from it. Another way to understand housing affordability is to examine the distribution of households within an area by income increments, determine an affordable home price for each income increment, and then identify how many homes are for sale within those affordable price ranges.

In Walla Walla County, income distribution follows a normal curve with slightly more households in the lowest income increment, below \$10,000. 20% of households in Walla Walla County have incomes below \$25,000. Households with incomes of \$25,000 can afford a home price of \$103,513. In 2021, there were no homes for sale that a household with an income less than \$25,000 could afford. 44% of households in Walla Walla County earn less than \$50,000 annually; households earning \$50,000 could afford to purchase only 4% of the homes on the market (14 homes out of 315 homes on the market).

Notes on the data presented:

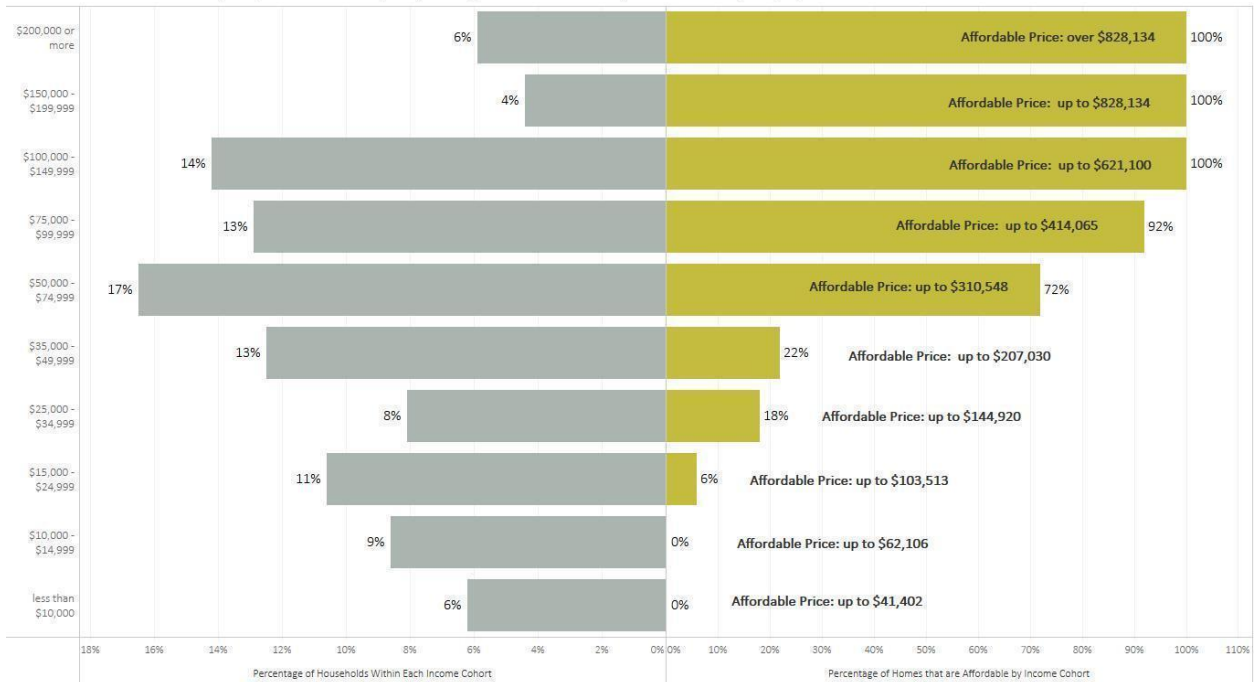
1. Since the most recent available data on household income is from 2019, and we are comparing it to current 2021 house price data, we have adjusted the income increments

by the Consumer Price Index to 2021 dollars. For example, \$25,000 in January 2019 is the equivalent of \$27,115 in July 2021, when the MLS data was gathered. Thus, to calculate what a household earning \$25,000 could afford in 2021, we used the \$27,115 value.

2. Because everyone’s financial situation is different, the calculations represent the ideal scenario, in which there are no other significant debts or financial obligations. In reality, lower-income individuals and families typically have higher financial burdens relative to their incomes, which can be prohibitive to purchasing a home even within an affordable range based on gross income.

Percentage of Affordable Homes by Income Cohort, Columbia County, 2021

Source: US Census ACS Table S1901, 2019; CPI 6/2019 - 6/2021; Multiple Listing Service Columbia County Homes Sold January - August, 2021

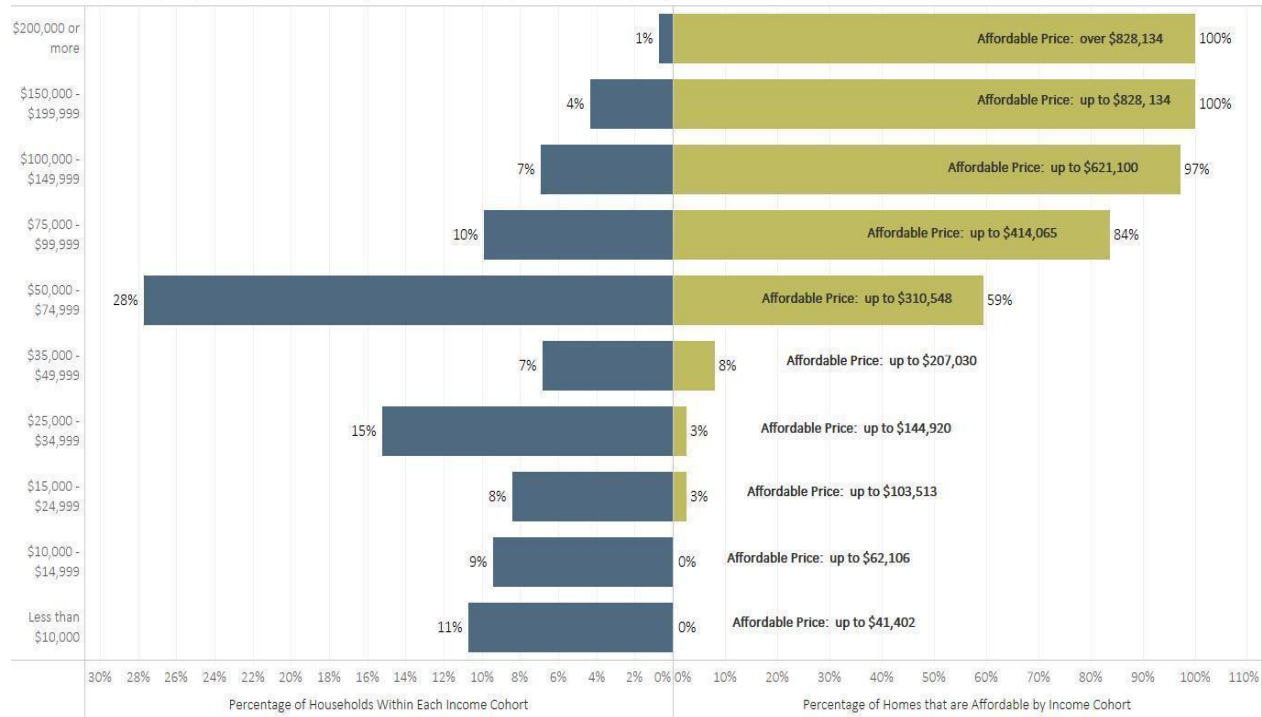


In Columbia County, 26% of households earn less than \$25,000 per year. Households earning \$25,000 per year could afford just three (6%) of the homes on the market during 2021. Almost half (47%) of all households in Columbia County earn less than \$50,000 per year. Households earning \$50,000 could afford a home priced up to \$207,030; in 2021, there were just 11 homes that sold for less than that amount (22% of all homes sold). About 10% of all households in Columbia County earn more than \$150,000 per year, and can afford a home that costs \$621,100. Households earning more than \$150,000 could afford all the homes sold in Columbia County in 2021.

Though there are more expensive homes in Walla Walla County than there are in Columbia County, there are few affordable homes for households earning less than Area Median Income in both counties.

Percentage of Affordable Homes by Income Cohort, Milton-Freewater, 2021

Source: ACS Table S1901, 2019; CPI Jan. 2019 to June 2021; MLS Walla Walla County Homes Sold January - July 2021

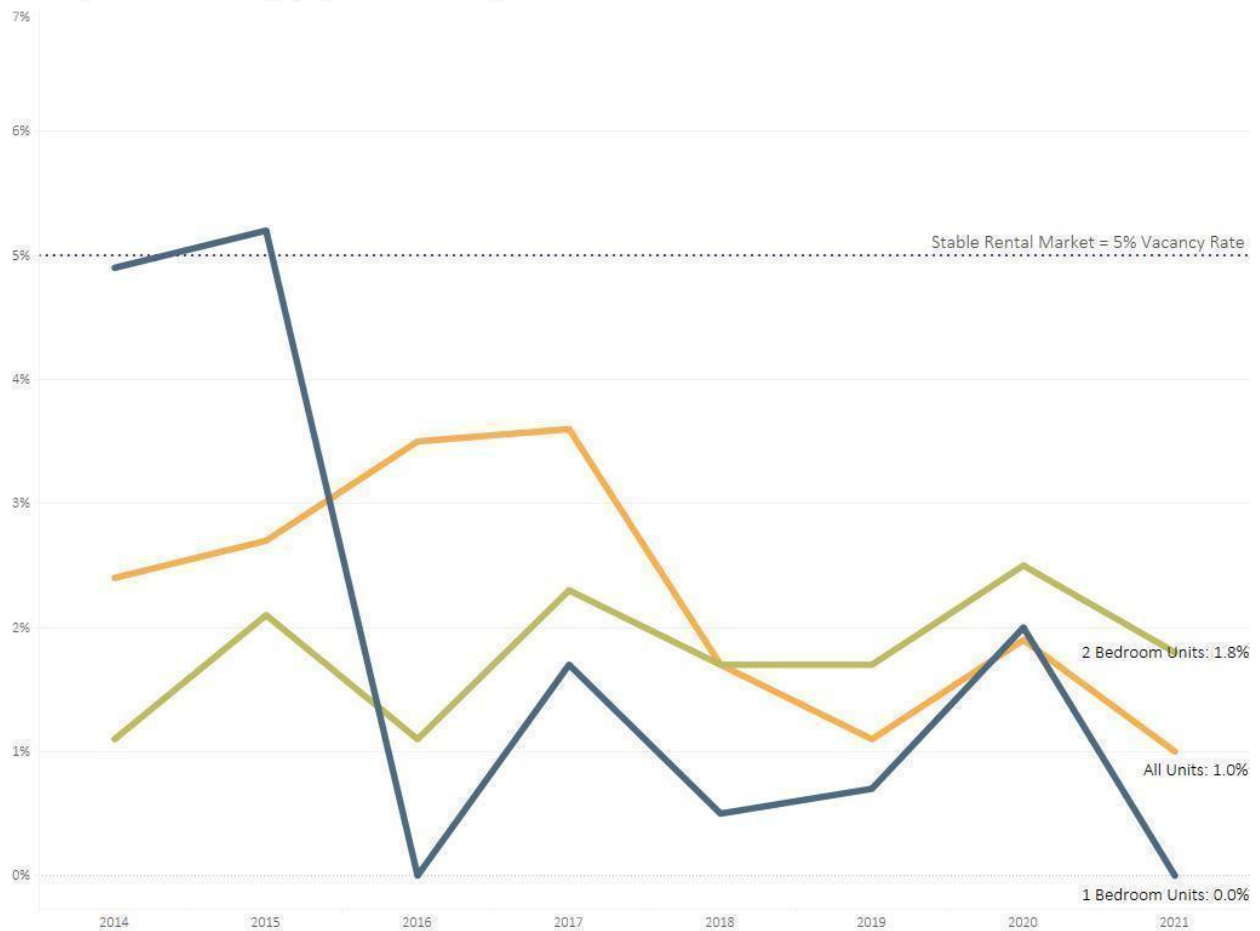


In Milton-Freewater, half of all households earn less than \$50,000 per year; only 8% of homes sold in 2021 were affordable to households earning that much. There were no homes that were affordable to the 20% of the population that earns less than \$15,000 per year. Seven percent of households earn between \$100,000 and \$150,000 annually. The households at the top of that range could afford homes priced up to \$621,100, which includes 97% of all homes sold in Milton-Freewater in 2021.

## Rental Market

### Rental Vacancy Rate, Walla Walla County

Source: *Apartment Market Survey*, Spring 2014-2021. Washington Center for Real Estate Research

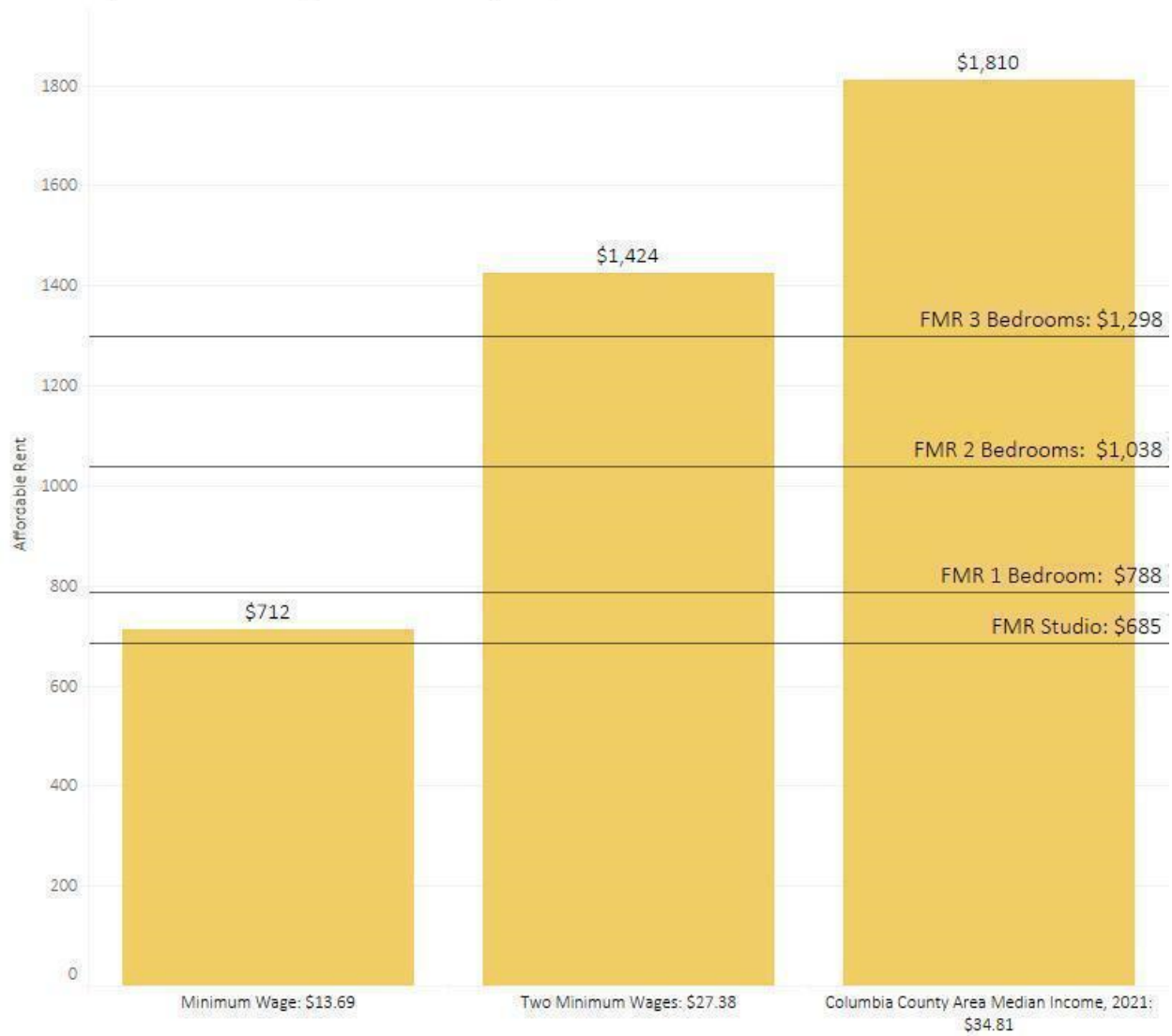


The current supply of rental units does not meet the demand. According to the Washington State Department of Commerce, a market with a 5% rental vacancy rate is considered stable, because it “indicates a balance between housing supply and demand.” Yet vacancy rates in our region have remained far below that threshold since 2015. Multiple barriers to homeownership, including increasing costs, mean that people are staying in rental units longer than they might otherwise choose, further increasing demand on the rental market.

## Rental Affordability

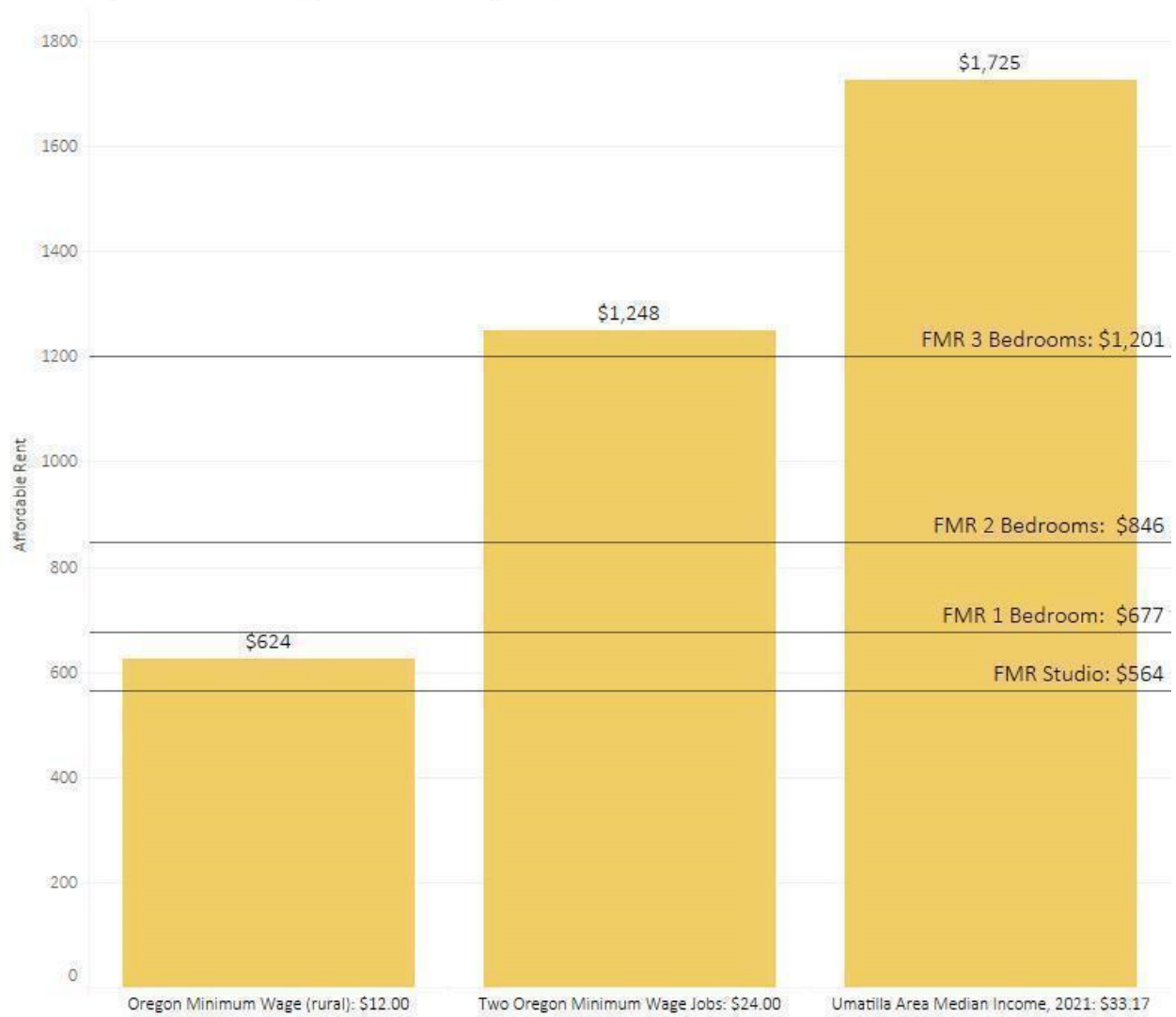
Affordable Rent by Hourly Wage, Columbia County

Source: Department of Housing and Urban Development, 2021



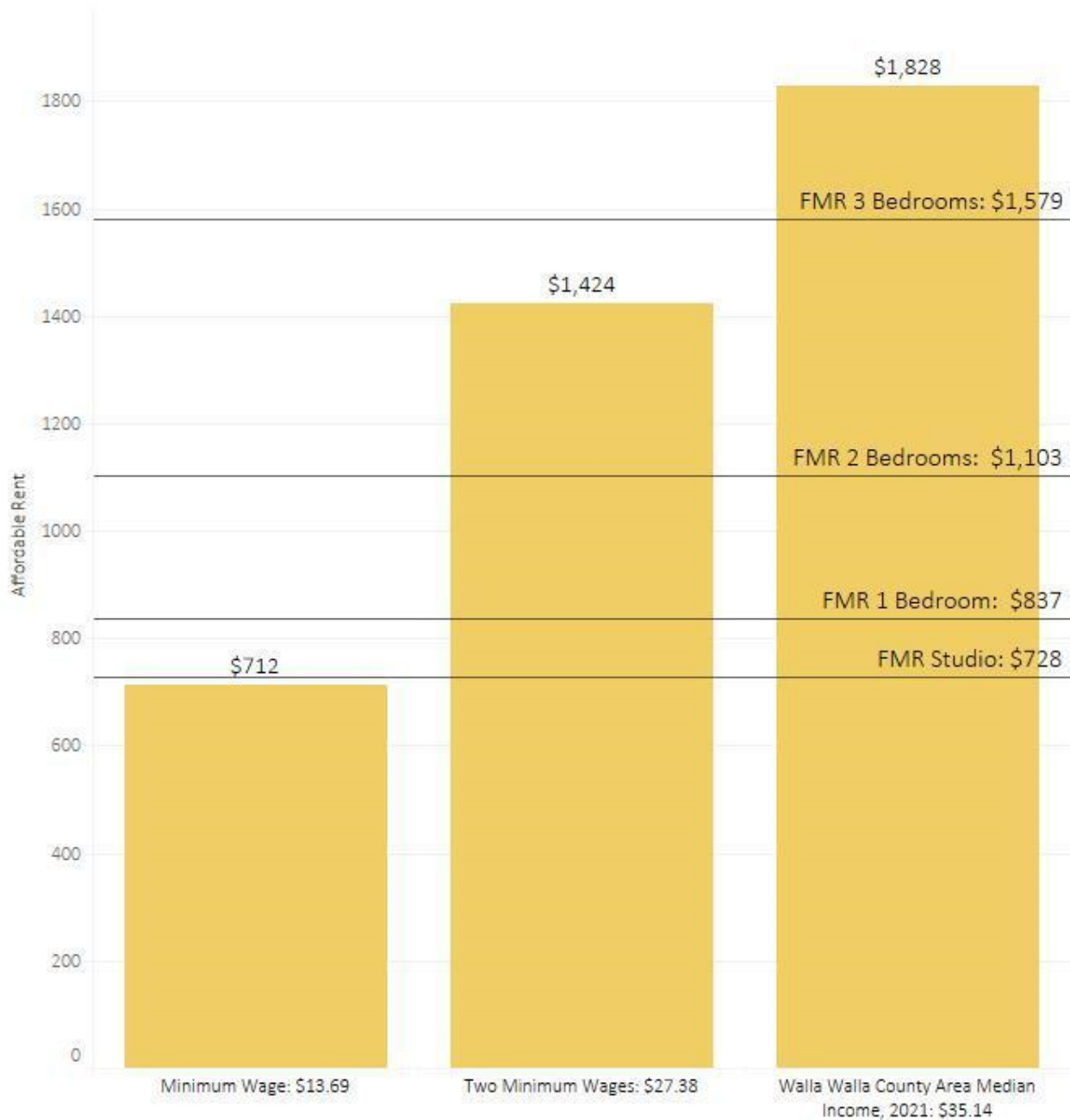
### Affordable Rent by Hourly Wage, Umatilla County

Source: Department of Housing and Urban Development, 2021



## Affordable Rent by Hourly Wage, Walla Walla County

Source: Department of Housing and Urban Development, 2021



Fair Market Rent (FMR) is used by the Department of Housing and Urban Development (HUD) to determine payment standards for many of its housing assistance programs, including the Section 8 Housing Choice Voucher program. Fair Market Rent is calculated annually based on trends in the housing market and inflation. Fair Market Rent is set at approximately the 40<sup>th</sup>

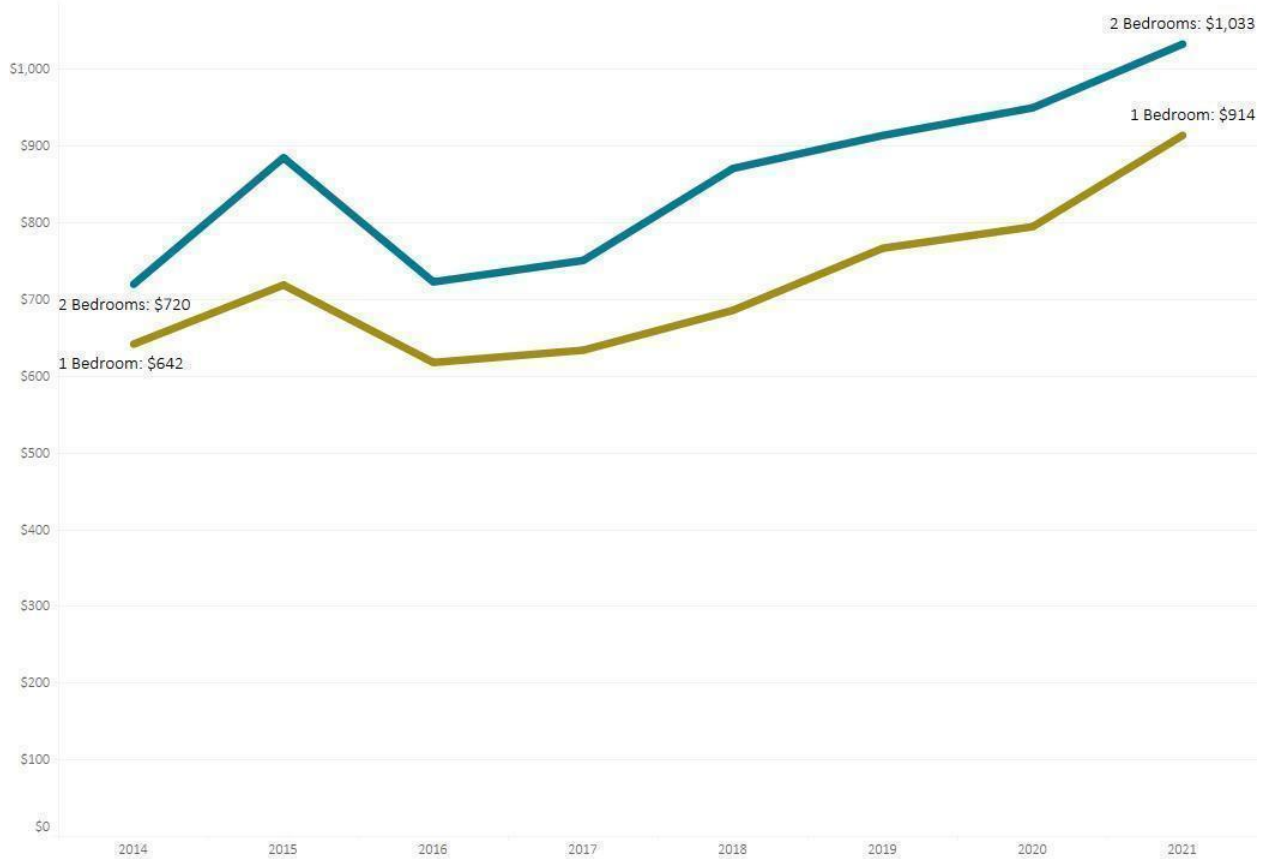


percentile of all standard-quality rents in a geographic area; the calculation excludes low-quality units, subsidized units, and units that are less than two years old. Units that are priced above Fair Market Rent limits are not eligible to Section 8 Housing Choice Voucher holders.

In Columbia and Umatilla counties, Fair Market Rent for a studio unit is affordable for households earning the minimum wage, but just out of reach in Walla Walla County. Households earning the equivalent of two minimum wages can afford units as large as three bedrooms in Columbia and Umatilla counties, but not in Walla Walla County where Fair Market Rent for a three-bedroom unit is \$1,579 (2021).

### Average Rental Rates, Walla Walla County

Source: *Apartment Market Survey*, Spring 2014-2021. Washington Center for Real Estate Research



In Walla Walla County, the price of the average rental unit has increased by about 42% for both two-bedroom units and one-bedroom units since 2014. That is an average annual increase of 6% per year. To afford the average one-bedroom unit in Walla Walla County, a household needs to earn at least \$36,560 per year (or \$17.58 per hour); to afford the average two-bedroom unit, a household needs to earn \$41,320 per year (or \$19.87 per hour).

Robust rental rate information is difficult to obtain because it requires a variety of research methods, including surveys. The Washington Center for Real Estate Research (WCRER) gathers and publishes apartment rental data biannually. WCRER data is derived from a mix of the Apartment Insights survey of 50+ unit developments, field data, and information from appraisers and brokers. WCRER does not collect apartment data for Columbia County.

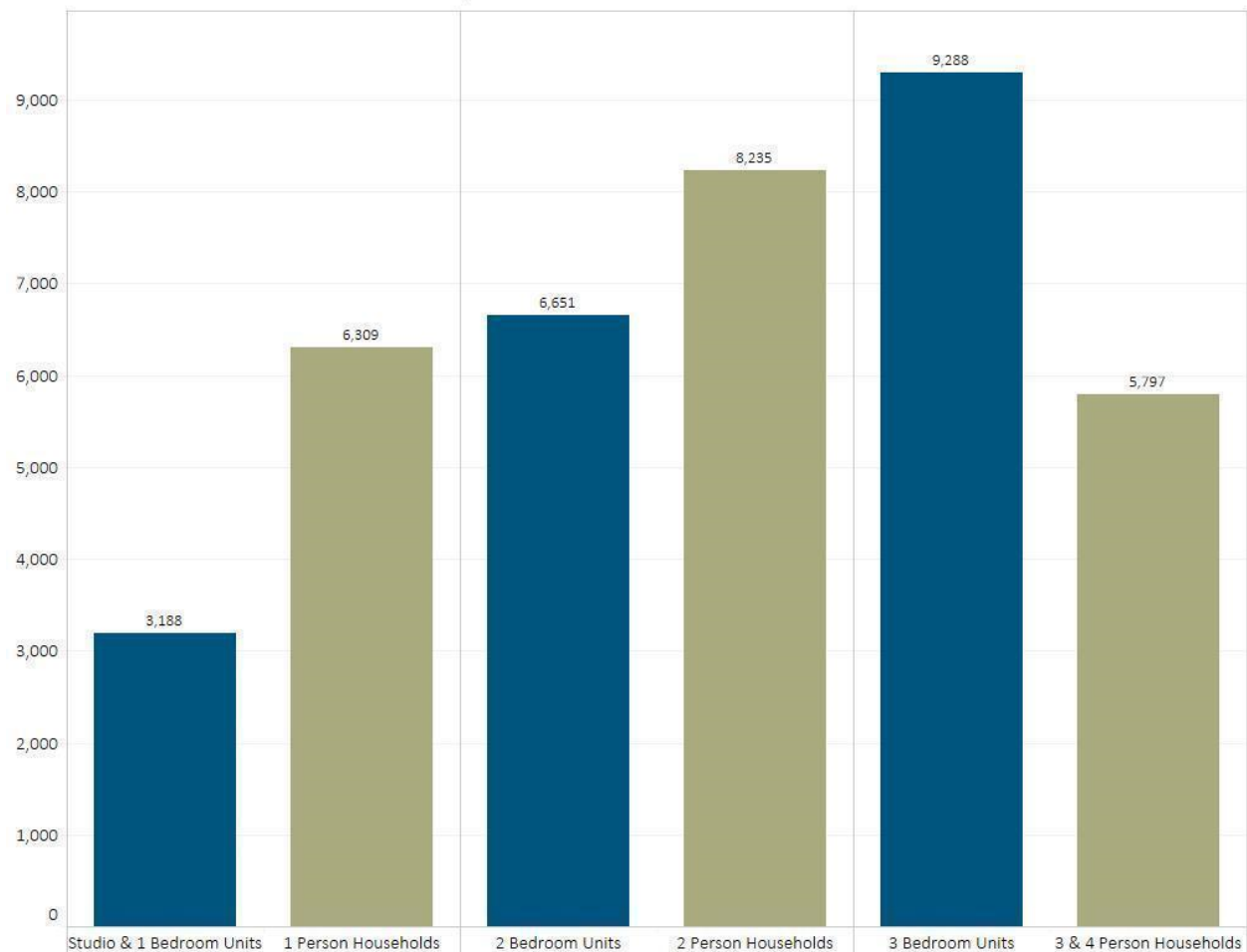
Fair Market Rent can provide an approximation of current rental rates. As noted above, Fair Market Rent is calculated annually by HUD, based on trends in the market and inflation. Fair Market Rent is set at approximately the 40<sup>th</sup> percentile of all standard quality rents in a geographic area, excluding low-quality units, subsidized units, and units that are less than two years old. A comparison of WCRER Apartment data and FMR suggests that the two metrics are

comparable for Spring 2021 in Walla Walla County. For example, according to WCRER, average rent for a one-bedroom was \$914, compared to \$837 for FMR; average rent for a two bedroom according to WCRER was \$1,033, compared to \$1,103 for FMR.

## Housing Mismatch

Number of Units by Number of Bedrooms and Number of Households by Household Size, Walla Walla County

Source: ACS Tables B25041 and B11016 5-Year Estimates, 2019



There is a mismatch between home size and household size in Walla Walla County – there are too few studio and one-bedroom units, and a surplus of three-bedroom units. This suggests that some households may be “over-housed” in the sense that they occupy (and pay for) a larger home than they need. The hypothesis that Walla Walla County does not have enough small units – studios and one-bedrooms—for its population is supported by the Spring 2021 vacancy rate for studios and one-bedroom units, which was 0%. Studio and one-bedroom units are much more likely to be found in multifamily structures than in single-family residences.

The data suggests that there is a significant need for small home options, including multifamily buildings, in our region. Additional small homes could benefit seniors looking to downsize, voucher holders looking for small units, young adults, and couples without children.

## Conclusion

As this report makes clear, affordable housing is increasingly out of reach for far too many households in our region. By looking at the data for different jurisdictions, we see that housing challenges vary by location; and by considering a number of different metrics, we see the housing market is a complex, regional system.

Challenges with housing affordability in one part of the region can put increased stress on affordability in another part. For example, households searching for lower home prices outside the cities of College Place and Walla Walla may contribute to higher housing costs in smaller towns. Further, living far from work or school increases commute times and costs, places environmental strains on our ecosystem, and imposes limits on social activities and civic engagement. High housing costs make it difficult for young families to enter the housing market— despite record low mortgage rates— and place more pressure on an already saturated rental market. Low apartment vacancy rates lead to higher rental costs, further straining household budgets. When prices get too high, housing costs become a barrier to mobility — both upward mobility in terms of building wealth, and geographic mobility in terms of pursuing employment opportunities and community building.

The data in this report also illustrate growing inequity in the distribution of affordable housing. Households at the lower end of the income spectrum are cost-burdened at significantly greater rates than those at the higher end. That creates a disparity in terms of who experiences the benefits of housing, such as enjoying residential and financial stability. If current trends hold, the creation of additional market-rate single-family homes is unlikely to close this gap. More and more, affordable housing is becoming a luxury, and the dream of buying a “starter home” to set down roots and build wealth is increasingly out of reach.

Access to safe and affordable housing is an essential component of economic well-being and social stability. As the data in this report show, housing unaffordability has become entrenched in our region. Broad collaborative action is needed to reverse that trend. The *Affordable Housing Study* facilitated by Community Council provides 28 recommendations to improve access to safe and affordable housing in our region.

Our goal is that the affordable housing metrics shared in this report are used by stakeholders throughout the region as they seek to understand the challenges, set goals, devise strategies, and evaluate progress. We believe that a shared set of indicators and data sources are an important foundation for developing collaborative, cross-jurisdictional, and inter-sectoral solutions.