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Housing in Washington State

March, 2016



Statewide, Commerce strengthens communities.



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**Commerce helps communities build infrastructure,
deliver vital services and grow the economy.**



Planning



Infrastructure



Community
Facilities



Housing



Safety / Crime
Victims



Business
Assistance



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**Administrative
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Local Government

**Office of Economic
Development &
Competitiveness**



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Community Services and Housing Division Organization

Community Economic Opportunities

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Community Services and Housing Division



Primary Customers:

Community based organizations, tribes, local governments

Key Activities:

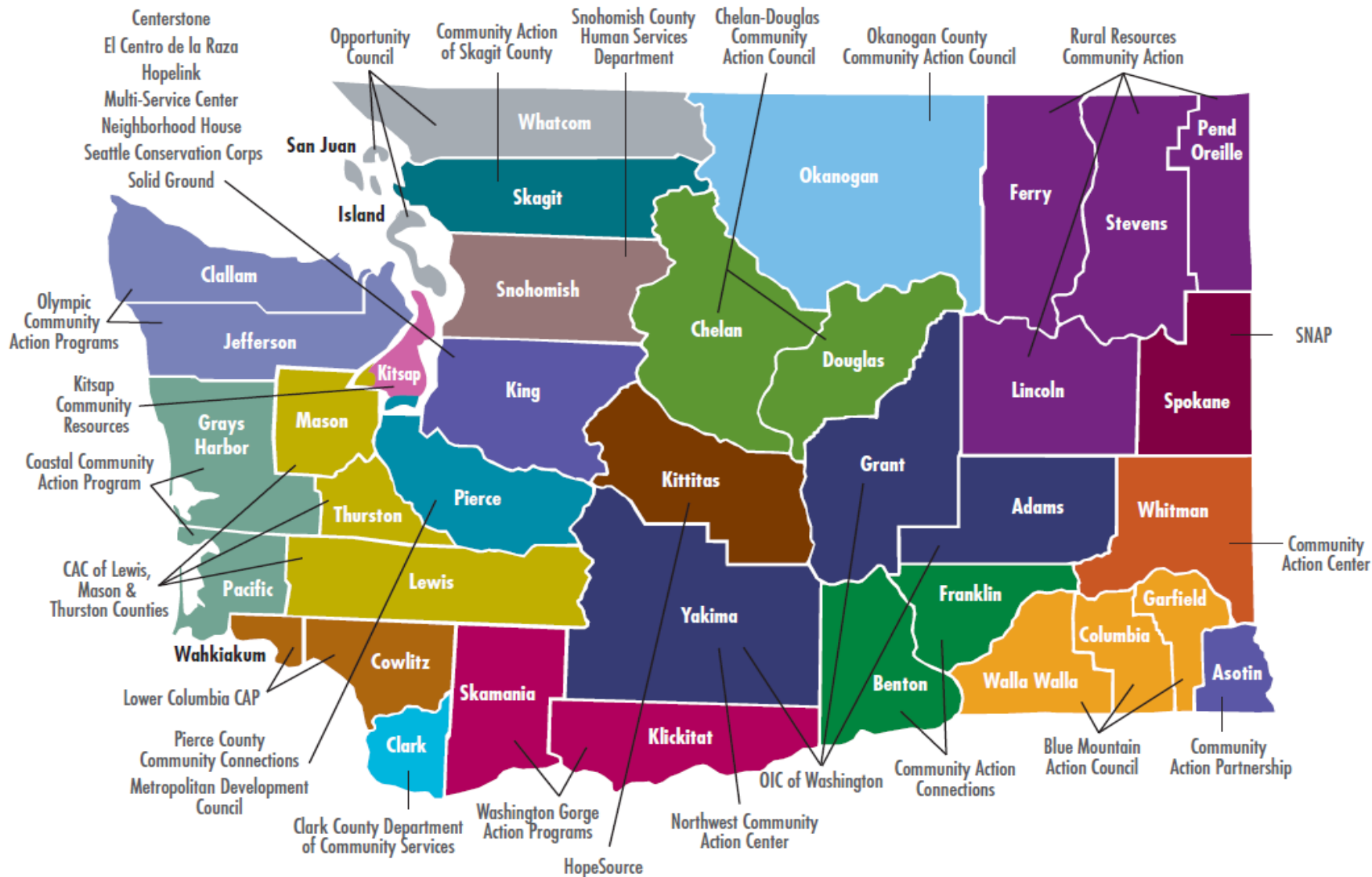
Promote individual and family self-sufficiency and invest in community buildings and property

Address the causes and effects of crime and violence and provide justice assistance

Develop and preserve affordable housing and provide resources to prevent homelessness



Washington Community Action Agencies





Housing Finance

Primary Customers:

Community-based organizations, tribes, local governments, and housing authorities

Key Activities:

Build, preserve, and enhance the safety and efficiency of affordable housing

Programs Include:

- Housing Trust Fund
- HOME (HUD)
- Farmworker Housing Support





Housing Assistance

Primary Customers:

Community action agencies, faith-based organizations, local governments

Key Activities:

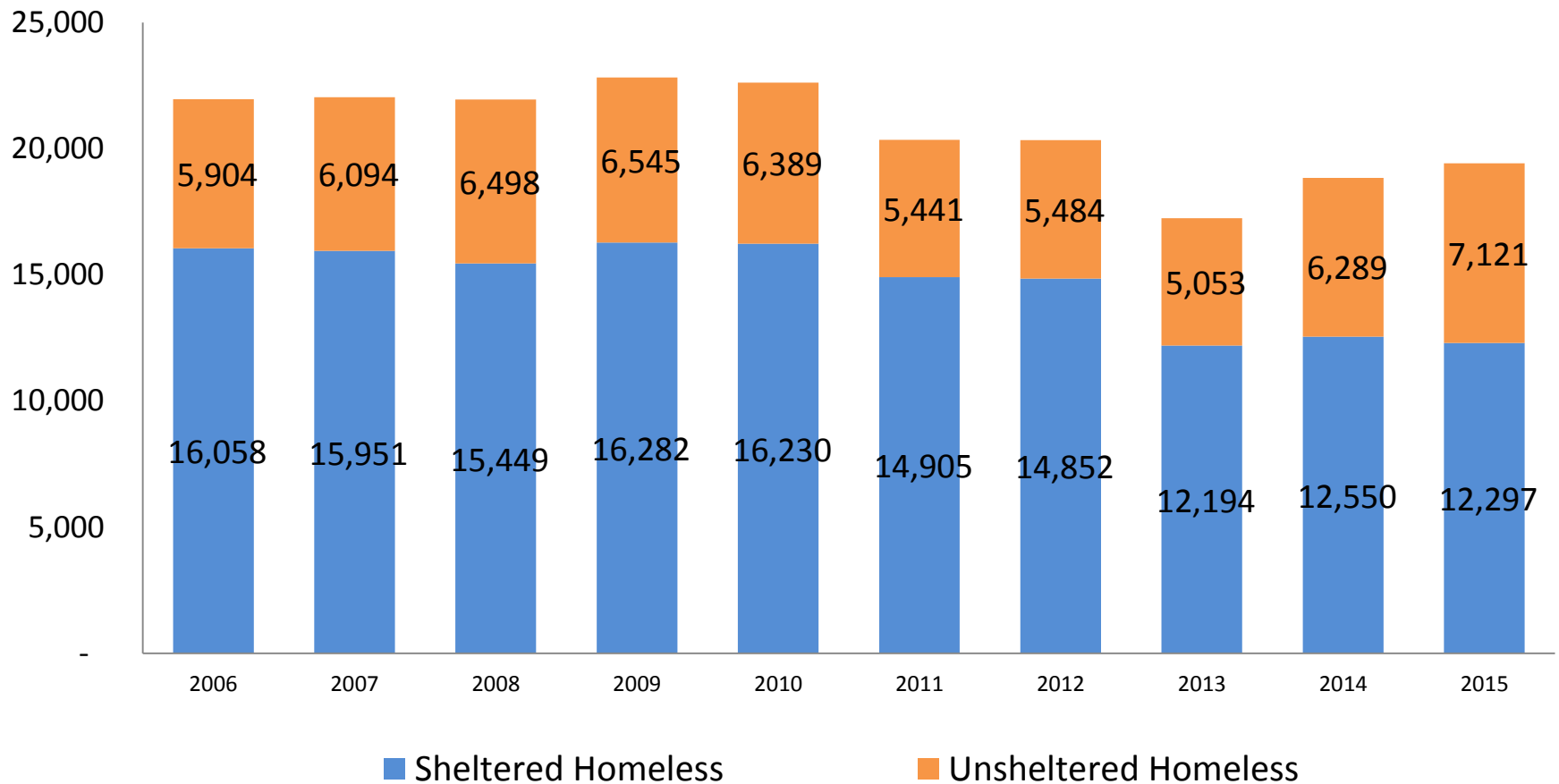
Provide resources to mitigate and prevent homelessness

Programs Include:

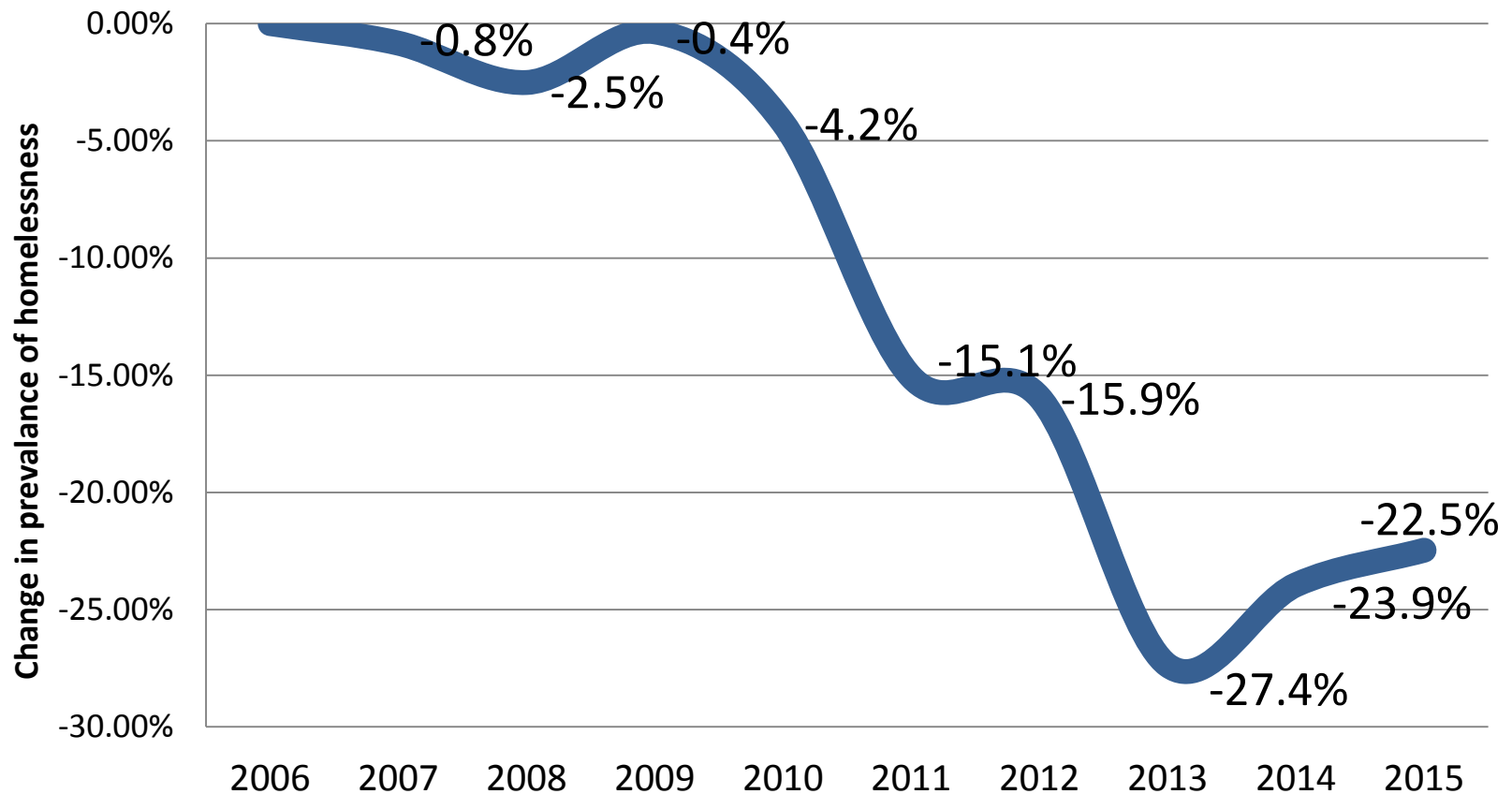
- Consolidated Homeless Grants
- Housing and Essential Needs
- Office of Youth Homelessness Prevention and Protection



Recent trends threaten success begun in 2006

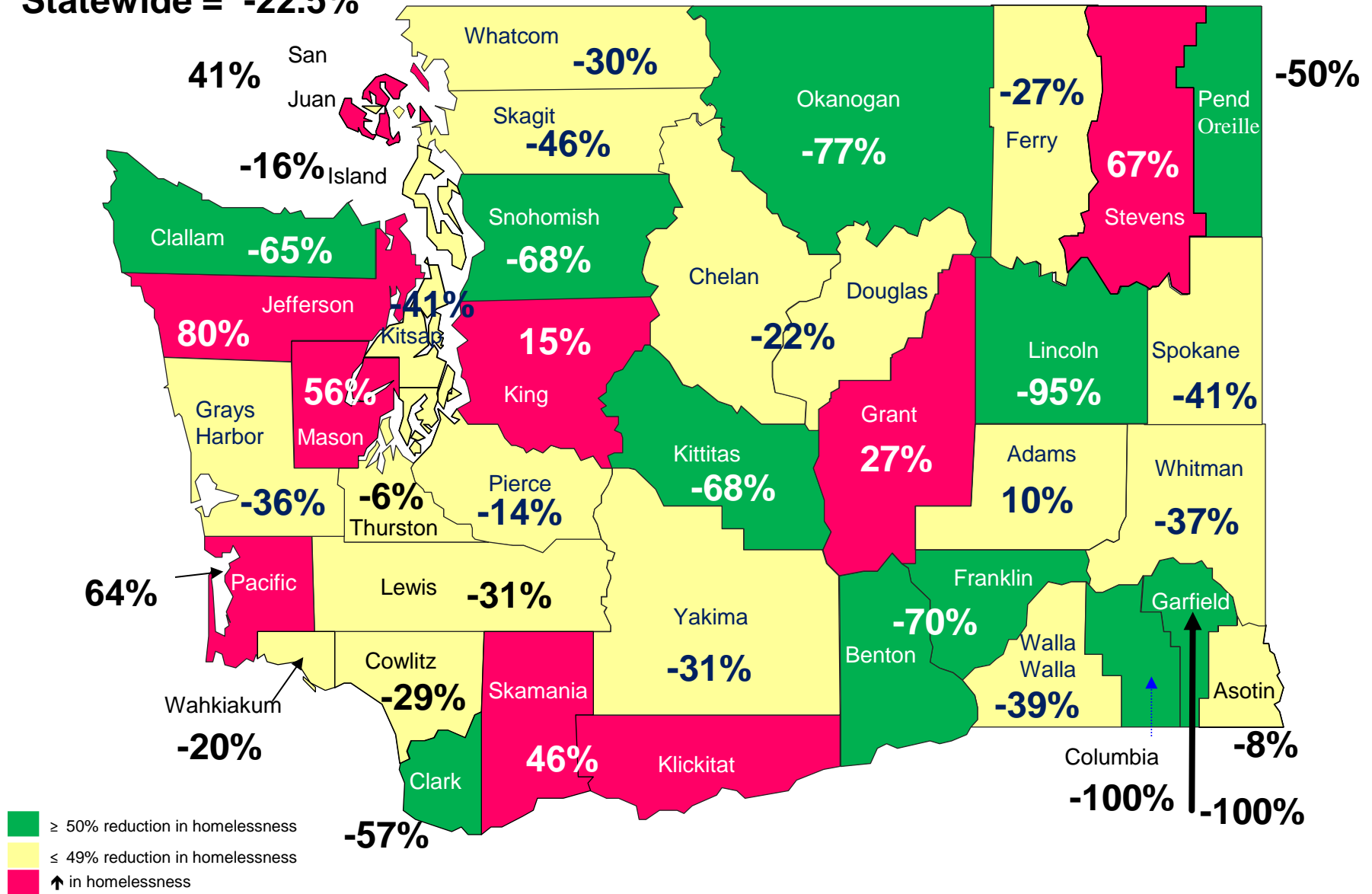


Change in homelessness accounting for population increases (per-capita homelessness)



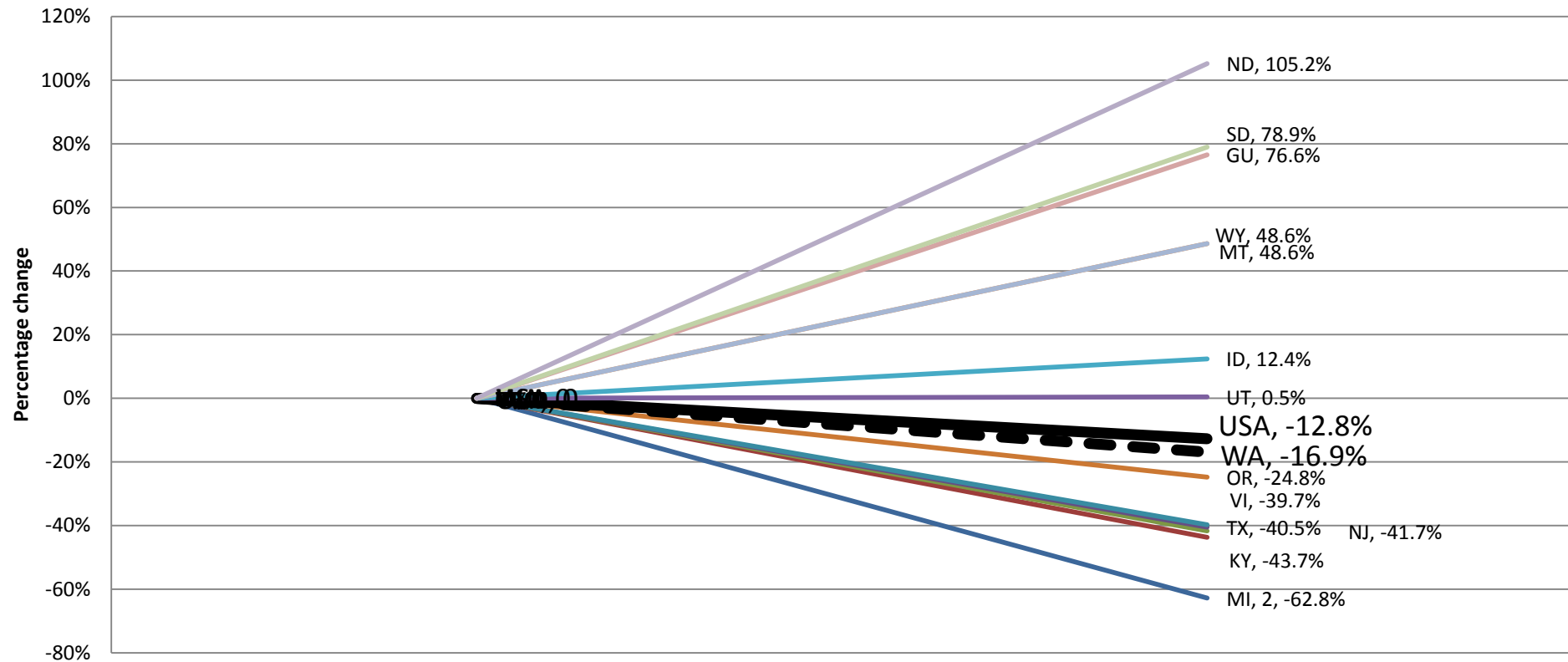
Change in Homelessness Prevalence 2006 - 2015

Statewide = -22.5%



Change in homelessness by state 2007 - 2015

Selected states



Source: Point in Time Counts, HUD 2015 AHAR: Part 1 - PIT Estimates of Homelessness in U.S., 2007 - 2015 Point in Time Estimates by State
<https://www.hudexchange.info/resource/4832/2015-ahar-part-1-pit-estimates-of-homelessness/>



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Major drivers of homelessness



Housing affordability

Inadequate behavioral health supports

Stagnant federal housing investment



Affordability drives increase in homelessness



Every \$100 increase in rent is associated with:

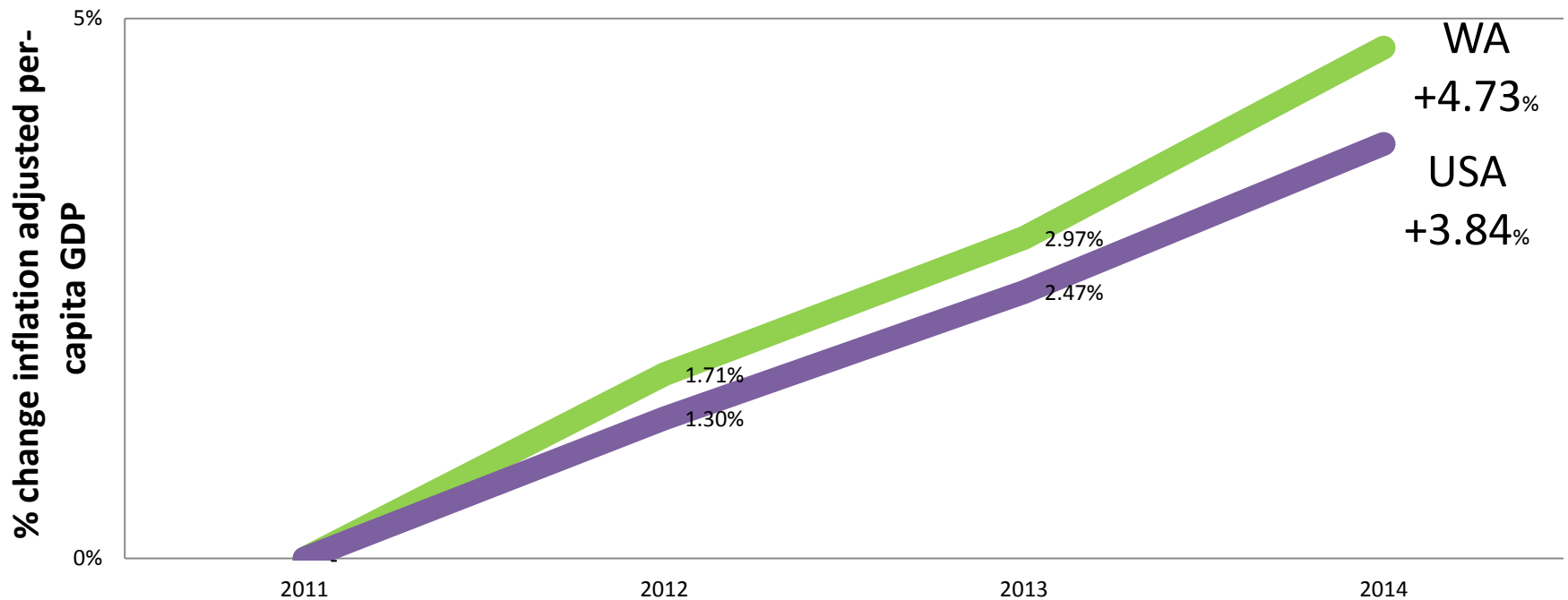
- 6% increase in homelessness in metro areas
- 32% increase in homelessness in non-metro areas

Source: Journal of Urban Affairs, *New Perspectives on Community-Level Determinants of Homelessness*, 2012



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Washington's economy is growing...

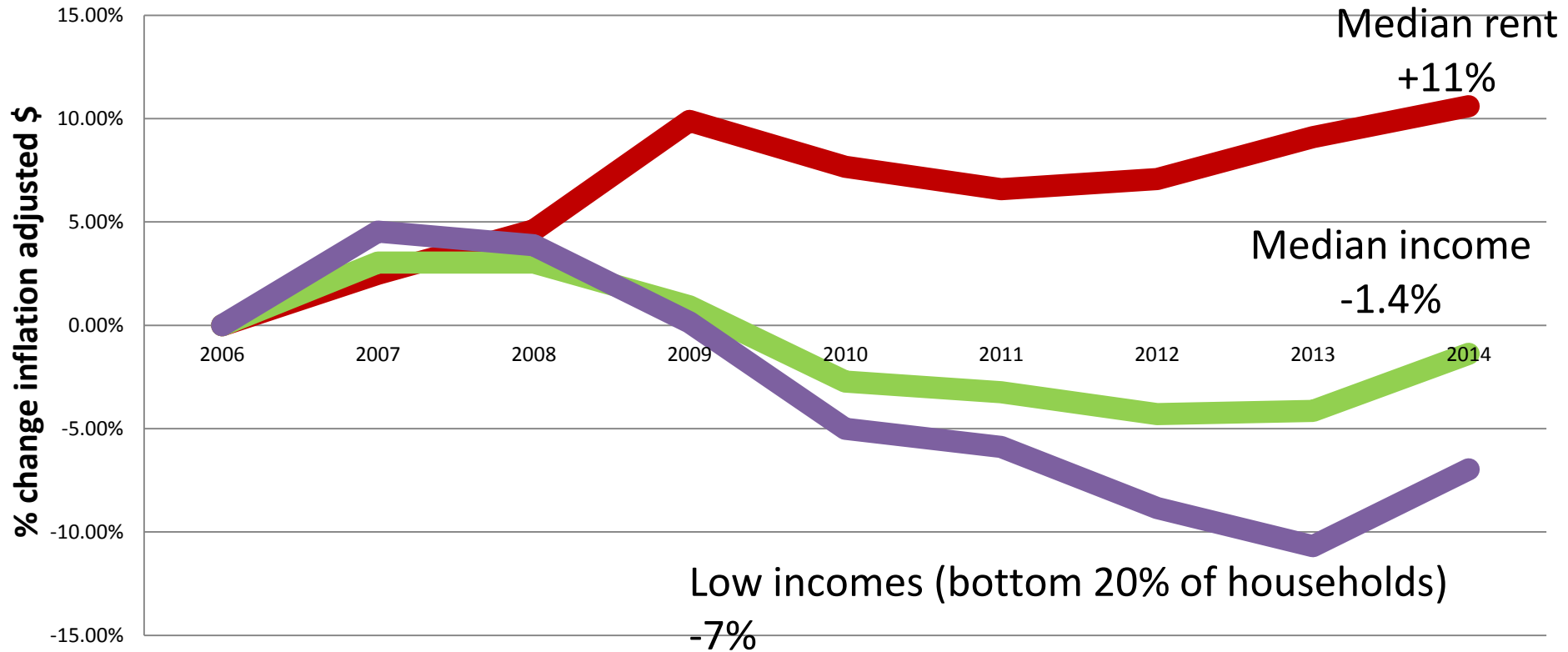


Data sources: Bureau of Economic Analysis Real GDP by State, 2011-2014; Divided by U.S. Census Bureau American Community Survey one-year estimate of population



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Rents are growing with the economy, but middle & low income growth lags



Data sources: U.S. Census Bureau American Community Survey one-year estimates; inflation adjusted using the Bureau of Labor Statistics CPI-U.



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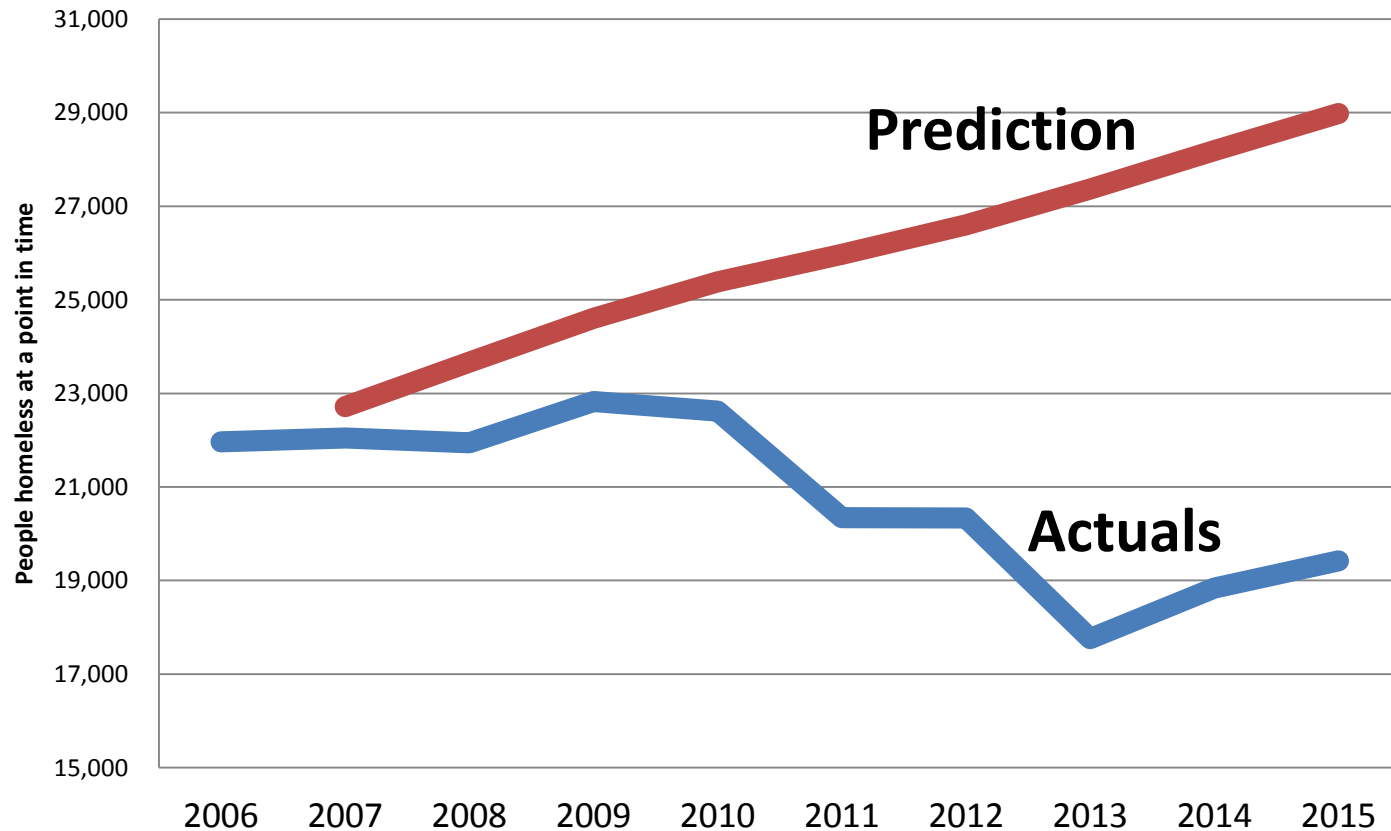
Reforms to homeless system 2006 - 2015

- Sponsored pilots statewide to test new approaches – 2006
- Implemented client-level data systems to measure performance - 2006
- Required coordinated entry to drive prioritization and improve customer experience - 2010
- Created single point of funding/coordination so counties could implement their plans – 2011
- Determined size of housing affordability problem and set a baseline for future performance - 2015



Predictive model vs. actuals – Count of Homeless

Based on changes in rent, unemployment, and population

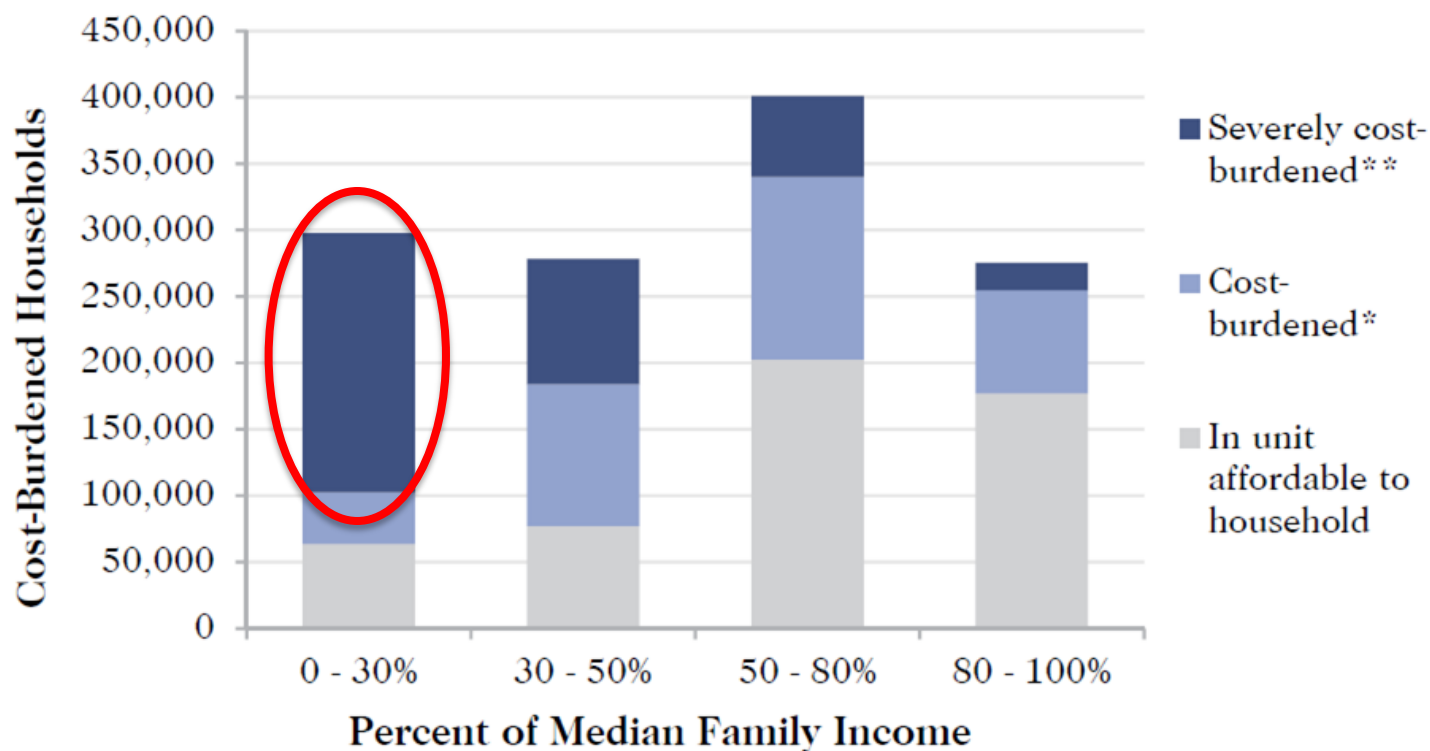


New tools and approaches

- Increased local flexibility to allow more robust shelter diversion and permanent supportive housing – January 2016
- Required counties to have significant capacity to serve unsheltered people – January 2016
- Publish county profiles analyzing local plans, systems, and outcomes – draft Fall 2016, publish 2017



Affordability is swamping much of our work



Source: State of Washington Housing Needs Assessment, January 2015
commerce.wa.gov/housingneeds



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People at high risk of becoming homeless

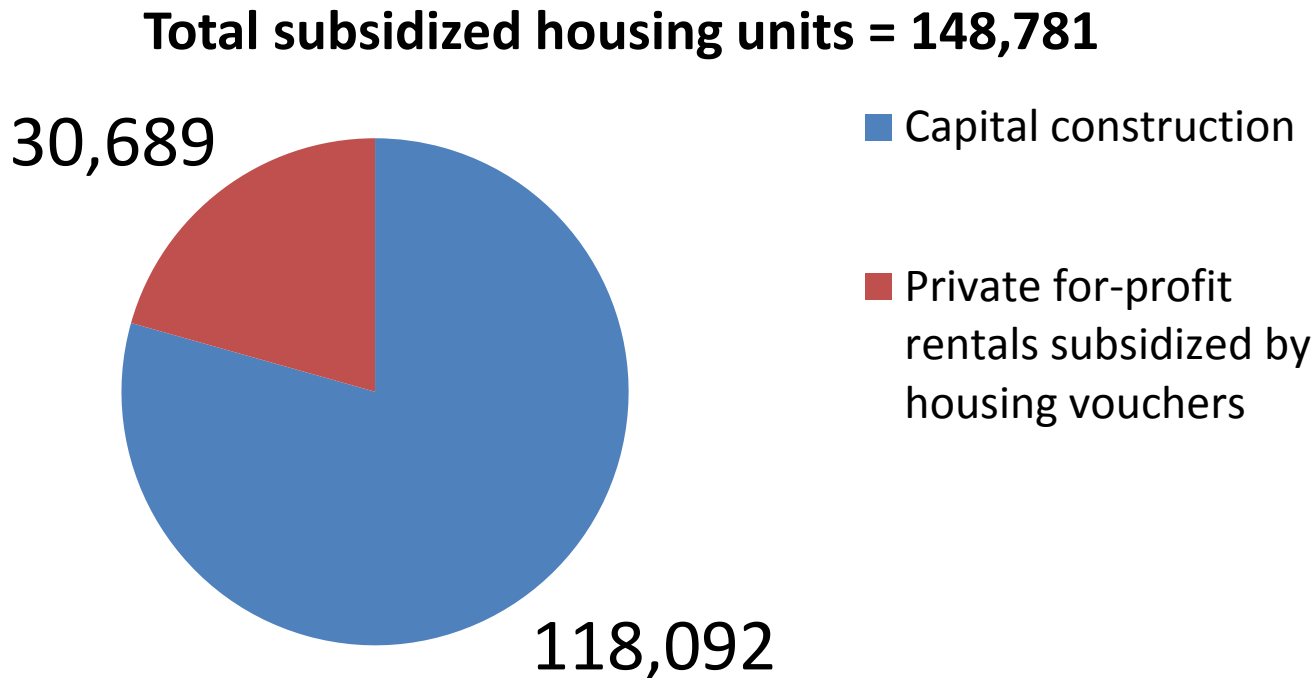
195,235 households:
With incomes less than 30% of
area median income AND
paying more than 50% of their
income for housing

Example: \$18,000* annual income,
paying >\$9,000 for housing

*Incomes vary by region; this is a state average



Inventory versus need for subsidized housing in Washington



Doubling the supply exiting subsidized units would not be enough to assist the 195,235 very low income households with severe cost burdens.



Cost of building housing to address affordability



Subsidized units for very low income people with severe cost burdens:

$\$120,000^* \text{ per unit} \times 195,000 \text{ units} = \23.4 billion

Subsidized units for the 3,000 people forecast to utilize the proposed Medicaid waiver:

$\$120,000^* \text{ per unit} \times 3,000 \text{ units} = \360 million

*Per unit cost from a 2009 study of the Housing Trust Fund. Housing costs have increased, but total state/local cost would be lower due to leverage from other sources.



Homeless housing system



Current system:

- \$172 million per year in operating costs – all fund sources (federal, state, local, private)
- 55,176 people housed
- \$3,124 per person housed

To hold the line:

- Annual spending increases needed to keep pace with population and rent increases: +\$4.8 million each year

To make progress:

- Cost to reduce homelessness by 50%: +\$61 million



Moving forward



- Conversation with local governments on potential of land use changes to improve affordability
- Working with federal government on Medicaid waiver to fund cost saving services connected to housing
- Continue increases in state behavioral health investments





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