



SEATTLE-KING COUNTY ASSOCIATION OF REALTORS®

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Realtors Say Government Officials Can Help Ease Housing Squeeze

Bellevue, Wash. (Jan. 12, 2007) -- Workers in King County earning the median household income of \$64,940 and who hope to buy a home close to their jobs will find very few choices, according to an analysis by the Seattle-King County Association of Realtors® (SKCAR).

Consequently, King County is becoming an “hourglass” community, according to SKCAR officials. The only people who can afford housing here will be the very wealthy and those who qualify for one of the scarce number of subsidized housing units, explained SKCAR Housing Specialist Sam Pace.

The legislature and local governments could be doing more to ease the crunch, the Realtors believe.

Using conventional affordability calculators, a household earning the current median income of around \$65,000 could afford a home priced up to \$256,000. Currently, the median asking price (half cost more, half are less) for single family homes on the market in King County is \$529,950. If using a 35 percent housing expense to gross income for qualifying, a borrower would need to earn around \$130,000. Monthly payments, assuming a 10 percent down payment and interest rates of 6.6 percent, would be approximately \$3,831 according to Mike Welty, a mortgage banker at Home 123 Mortgage in Bellevue.

A survey of current inventory in King County shows there are only 136 single family homes priced under the \$256,000 threshold. That total is about 2.6 percent of the single family homes in the county, according to a search of the Northwest Multiple Listing Service database. (Adding condominiums to the mix yields some relief, but most of the 369 units priced under \$256,000 have two or fewer bedrooms, which many young, growing families say are inadequate for their needs.)

Seventeen of the county’s 39 cities had no inventory of single family homes priced under \$256,000 and another seven cities had only one listing apiece, according to SKCAR’s analysis of Northwest MLS data. (See chart.)

For mid-income working families, the limited choices for housing often means long commutes on congested roads, higher commuting costs and less time with family. For transportation planners and elected officials, the resulting increases in congestion also mean dramatic increases in the cost of transportation solutions.

As daunting as the affordability gap seems, Realtors believe solutions exist – but say they’re tied to having enough housing to meet the demand being created as new jobs are added to the economy.

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"Every working family should have the opportunity to live near where they work," said Daniel Kennedy, president of the Seattle-King County Association of Realtors. "But for more and more workers in King County, that's not an option," he added, noting the mounting shortage of homes that are affordable for typical wage-earners.

Inadequate supply to meet the housing needs for a growing workforce in King County means intense competition for those homes, Kennedy explained. "Workers with higher incomes are able to bid up the prices. The rest of the working families are forced to hit the road to find a place to live, and often that's in some other county," he remarked.

One of the reasons the supply of housing is failing to keep pace with job growth is that local comprehensive plans which control the housing supply are based on unrealistic "Buildable Lands Reports," according to Kennedy. (The Buildable Lands program, adopted as an amendment to the Growth Management Act in 1997, is aimed at determining if six Western Washington counties, including King County, have an adequate supply of residential, commercial and industrial land to meet the growth needs associated with their GMA comprehensive plans.)

SKCAR Housing Specialist Sam Pace, who authored a white paper on King County's buildable lands and has tracked the issue for several years, cites several deficiencies in the county's effort. "King County has yet to come to grips with the lack of actual true capacity for housing," according to Pace, who believes its "desktop exercise" is disconnected from the realities of King County's housing market. "The issues and corresponding legal responsibilities [under the state's Growth Management Act] are simply assumed away," he notes.

Flawed assumptions used in the counties' Buildable Lands reports are partly to blame for the shortages and deteriorating affordability, suggests Pace, who cites the failure to properly analyze infrastructure as "particularly troubling."

"When a family buys a house or a condo in a city, they expect water to come out of a spigot, the toilet to be connected to a sewer system, and the lights to come on when they turn on the light switch," Pace remarked, adding, "None of those things will happen unless there is infrastructure available to serve that family's home. Without such infrastructure in place, the land is not suitable for development – it's not buildable, but the Buildable Lands Report on which our planning is based simply assumes away that reality," he contends. Similarly, he notes, the reports also fail to account for the ways market feasibility and new regulations affect whether or not housing for working families can be built in King County."

SKCAR members and counterparts from other counties and the state association will ask lawmakers to address the crisis during the current session of the Legislature. Some of the Realtors' suggestions for doing so have made it to the governor's desk as consensus recommendations. Those recommendations came from a governor-appointed task force made up of Realtors, builders, environmentalists, state officials, planners, affordable housing advocates and representatives from cities and counties,

Pace and his colleagues at the Seattle-King County association advocate a combination of solutions that preserve single-family neighborhoods, allow multi-family housing opportunities in certain areas, adjust zoning to increase density in small increments, and support innovations in housing designs that cater to changing demographics.

"We need regulations that allow a wider variety of housing choices, along with performance measures that include a better method for balancing jobs and housing needs," said Russell Hokanson, CEO of the Seattle-King County Association of Realtors®.

“Our research shows significant affordability gaps throughout King County – even more than \$1 million in some areas,” Hokanson reports. In Redmond, for example, the gap is almost \$491,000. (The gap is calculated using the median listing price for each city and the “affordable house” priced at \$256,000.)

The Realtor group notes jurisdictions within the county are aggravating the gap because they have consistently failed to meet their GMA housing targets, which are significantly less than the amount of housing needed to balance job growth with housing growth. For example, Hokanson says about half the jurisdictions in the county are failing to keep pace with their targets for housing production under the state’s GMA.

Citing studies by the Puget Sound Regional Council, SKCAR representatives expect Seattle, East King County and the Green River Valley will continue to produce jobs at a much higher rate than housing. This imbalance will result in a spillover demand as moderate income families “drive to qualify,” by heading to outlying areas (and counties) in search of a home they can afford.

Aside from straining the transportation system, SKCAR contends the spillover has considerable economic, social and environmental costs for both individual households and the region.

Relying on flawed data, consistently failing to keep pace with mandated housing targets and being slow to accept innovation in housing styles will not solve the housing crisis, Hokanson emphasizes.

Washington Realtors will be proposing viable solutions during the upcoming legislative session, Hokanson said. “It’s time to say no to flawed data and poor planning. It’s time to say no to arbitrary restrictions on supply that drive up housing costs, increase congestion and place the economic competitiveness of the region at risk. It’s time to stop pretending growth isn’t happening,” he remarked. Instead, he and fellow Realtors will be urging policymakers to “say yes” to creating affordable home choices for hardworking families.

About SKCAR

The Seattle-King County Association of Realtors® is a nonprofit professional trade organization whose members are licensed real estate professionals and affiliated interests. SKCAR actively engages in the legislative, political, legal, and regulatory process in support of economic vitality, homeownership opportunities, housing supply and affordability, private property rights, infrastructure and environmental protection.

Founded in 1908 SKCAR is one of approximately 1,600 local associations/boards of the National Association of Realtors®, the country’s largest trade group. Its members pledge to uphold a strict Code of Ethics and Standards of Practice. Membership is voluntary, and only members may use the term REALTOR®, which is a licensed collective trademark.

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Charts follow

Housing Prices Snapshot - Cities in King County - **Single Family Homes only** (excluding condos)

City	Median Sold Price, SFH, 2004 (Jan-Dec)	Median Sold Price, SFH, 2005 (Jan-Dec)	Median Sold Price, SFH, 2006 (Jan-Dec)	% Change since 2004	Median List Price, SFH (as of 1/8/07)	# listings under \$256,000 ¹	Affordability Gap ²
Algona	\$179,975	\$225,000	\$244,950	36.10%	\$300,000	1	\$44,000
Auburn	\$248,000	\$280,029	\$332,000	33.87%	\$365,000	26	\$109,000
Beaux Arts Village	N/A	\$915,000	\$1,133,000	N/A	N/A	0	N/A
Bellevue	\$431,800	\$537,500	\$629,950	45.89%	\$924,500	0	\$668,500
Black Diamond	\$236,725	\$275,000	\$299,500	26.52%	\$559,975	1	\$303,975
Bothell (King Co)	\$311,090	\$353,000	\$419,950	34.99%	\$529,635	5	\$273,635
Burien	\$240,000	\$275,850	\$317,000	32.08%	\$449,475	2	\$193,475
Carnation	\$348,000	\$375,000	\$438,000	25.86%	\$518,500	1	\$262,500
Clyde Hill	\$955,000	\$1,155,000	\$1,488,000	55.81%	\$1,749,000	0	\$1,493,000
Covington	\$263,370	\$272,000	\$300,000	13.91%	\$387,475	3	\$131,475
Des Moines	\$230,000	\$269,000	\$303,123	31.79%	\$379,950	3	\$123,950
Duvall	\$321,075	\$370,000	\$422,750	31.67%	\$537,500	1	\$281,500
Enumclaw	\$235,000	\$275,000	\$303,450	29.13%	\$448,999	10	\$192,999
Federal Way	\$231,500	\$276,500	\$309,950	33.89%	\$349,950	28	\$93,950
Hunts Point	\$600,000	\$2,232,000	\$2,777,335	362.89%	N/A	0	N/A
Issaquah	\$408,755	\$443,000	\$555,950	36.01%	\$699,950	0	\$443,950
Kenmore	\$335,950	\$400,000	\$461,588	37.40%	\$599,950	0	\$343,950
Kent	\$249,950	\$286,000	\$339,900	35.99%	\$409,950	9	\$153,950
Kirkland	\$380,000	\$448,250	\$530,000	39.47%	\$959,975	0	\$703,975
Lake Forest Park	\$372,475	\$419,000	\$475,000	27.53%	\$544,950	0	\$288,950
Maple Valley	\$265,500	\$302,000	\$386,540	45.59%	\$439,950	2	\$183,950
Medina	\$1,065,000	\$1,662,500	\$1,675,000	57.28%	\$3,493,500	0	\$3,237,500
Mercer Island	\$699,000	\$875,500	\$947,000	35.48%	\$2,250,000	0	\$1,994,000
Milton (King Co)	\$252,000	\$275,000	\$312,250	23.91%	\$324,900	0	\$68,900
Newcastle	\$519,500	\$583,000	\$686,400	32.13%	\$879,800	0	\$623,800
Normandy Park	\$417,000	\$479,000	\$564,500	35.37%	\$614,500	0	\$358,500
North Bend	\$300,000	\$345,500	\$389,500	29.83%	\$515,000	1	\$259,000
Pacific	\$194,950	\$242,000	\$293,100	50.35%	\$319,950	5	\$63,950
Redmond	\$426,000	\$496,975	\$586,750	37.73%	\$746,950	0	\$490,950
Renton	\$285,000	\$328,789	\$382,425	34.18%	\$529,950	4	\$273,950
Sammamish	\$474,975	\$534,000	\$650,000	36.85%	\$799,900	0	\$543,900
SeaTac	\$208,475	\$249,950	\$281,000	34.79%	\$404,475	2	\$148,475
Seattle	\$343,000	\$390,000	\$439,000	27.99%	\$499,888	23	\$243,888
Shoreline	\$280,000	\$322,000	\$360,000	28.57%	\$449,000	1	\$193,000
Skykomish	\$130,250	\$131,500	\$177,500	36.28%	N/A	1	N/A
Snoqualmie	\$374,975	\$451,250	\$483,635	28.98%	\$589,950	0	\$333,950
Tukwila	\$226,000	\$270,000	\$311,250	37.72%	\$425,000	5	\$169,000
Woodinville	\$432,000	\$507,192	\$589,950	36.56%	\$709,000	2	\$453,000
Yarrow Point	\$1,362,500	\$1,291,750	\$1,500,000	10.09%	\$2,995,000	0	\$2,739,000
Total - all areas	\$324,000	\$374,000	\$425,000	31.17%	\$529,950	136	\$273,950

N/A denotes not applicable (sample too small)

¹ Price that is affordable to King County median household income (\$64,940) with \$25,000 downpayment and interest rate of 6.6%

² Difference between median listing price of available inventory and affordable price

As of 1/9/07 there were 5,151 active listings of single family homes in King Co. (23,824 system wide).

Approx.2.6% of single family homes currently offered for sale in King Co are affordable to HH earning \$64,940

Condo Snapshot - Cities in King County - Condos (excludes SFH and cities with 0 or 1 listing under \$256,000)

City	Median Sold Price, Condo, 2004 (Jan-Dec)	Median Sold Price, Condo, 2005 (Jan-Dec)	Median Sold Price, Condo 2006 Jan-Dec	% Change since 2004	Median List Price, All Condos (as of 1/8/07)	# listings under \$256,000 ¹	Affordability Gap ² # in () denotes no gap
Auburn	\$156,000	\$185,990	\$216,990	39.10%	\$248,950	25	(\$7,050)
Bellevue	\$200,000	\$229,195	\$326,000	63.00%	\$374,950	9	\$118,950
Bothell (King Co)	\$195,000	\$196,000	\$235,000	20.51%	\$286,990	8	\$30,990
Burien	\$119,950	\$128,750	\$161,000	34.22%	\$194,725	2	(\$61,275)
Des Moines	\$141,500	\$142,950	\$192,080	35.75%	\$260,190	13	\$4,190
Federal Way	\$132,950	\$135,900	\$169,990	27.86%	\$188,000	59	(\$68,000)
Issaquah	\$216,500	\$229,950	\$315,000	45.50%	\$409,990	7	\$153,990
Kenmore	\$218,500	\$246,950	\$284,750	30.32%	\$225,000	12	(\$31,000)
Kent	\$160,500	\$169,975	\$199,950	24.58%	\$233,450	38	(\$22,550)
Kirkland	\$205,000	\$216,000	\$264,900	29.22%	\$400,000	18	\$144,000
Lake Forest Park	\$155,840	\$199,950	\$208,250	33.63%	\$233,450	7	(\$22,550)
Maple Valley	\$203,000	\$228,500	\$249,950	23.13%	\$309,000	0	\$53,000
Mercer Island	\$230,000	\$265,000	\$379,500	65.00%	\$465,000	0	\$209,000
Normandy Park	\$242,500	\$275,000	\$219,500	-9.48%	\$450,000	1	\$194,000
North Bend	\$180,950	\$196,000	\$209,500	15.78%	\$207,450	2	(\$48,550)
Redmond	\$225,000	\$233,950	\$279,000	24.00%	\$384,900	5	\$128,900
Renton	\$160,500	\$169,900	\$199,950	24.58%	\$279,990	23	\$23,990
Sammamish	\$234,423	\$267,000	\$302,725	29.14%	\$328,990	5	\$72,990
SeaTac	\$171,000	\$156,990	\$161,000	-5.85%	\$205,975	6	(\$50,025)
Seattle	\$237,425	\$260,000	\$289,950	22.12%	\$369,950	107	\$113,950
Shoreline	\$179,975	\$169,990	\$212,500	18.07%	\$268,950	6	\$12,950
Snoqualmie	\$271,975	\$306,500	\$347,250	27.68%	\$318,475	0	\$62,475
Tukwila	\$129,950	\$120,000	\$144,000	10.81%	\$199,950	16	(\$56,050)
Woodinville	\$165,000	\$166,900	\$202,100	22.48%	\$369,900	0	\$113,900
Total - all areas	\$199,997	\$214,950	\$254,950	27.48%	\$338,375	369	\$82,375

N/A denotes not applicable (sample too small)

¹ Price that is affordable to King County median household income (\$64,940) with \$25,000 down payment and interest rate of 6.6%

² Difference between median listing price of available inventory and affordable price

As of 1/9/07 there were 1,378 active listings of condominiums in King County (3,480 system-wide).

Approx. 22% of condos currently for sale in King County are affordable to households earning \$64,940 or less

Cities with 0 or 1 listing and not included in this chart:

Algona, Beaux Arts, Black Diamond, Carnation, Clyde Hill, Covington, Duvall, Enumclaw, Hunts Point, Medina, Milton, Newcastle, Pacific, Skykomish and Yarrow Point