WASHINGTON’S HOUSING ATTAINABILITY CRISIS

How the Housing Shortage Impacts a Family’s Ability to Purchase a Home in Each County

A Building Industry Association of Washington Report
Who We Are

The Building Industry Association of Washington is the voice of the housing industry in the state of Washington. The association is dedicated to ensuring and enhancing the vitality of the building industry for the benefit of its members and the housing needs of the citizens.

To accomplish this purpose, the association's primary focus is to educate, influence and affect the legislative, regulatory, judicial and executive agencies of Washington's government. BIAW offers its membership those services which can best be provided on a statewide basis and disseminates information concerning the building industry to all members and the public.
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Background

The state is experiencing a housing attainability crisis. We’ve begun using the term attainable because the term affordable has become synonymous with government subsidized housing. While it’s an important piece of the housing market for various reasons, we prefer to focus on housing that families can own, also referred to as “market-rate” housing. The term attainable, as defined by the Merriam-Webster dictionary: “capable of being done or carried out” and “possible to get.” Unfortunately, as the key findings above illustrate, Washington is moving further away from homeownership attainability for a majority of the population.

If the supplemental budget passed in the 2022 Legislative Session is any indication, current leadership thinks the solution to the state’s housing crisis is to pump more money into the Housing Trust Fund to build more government-subsidized units that will never be owned by the majority of Washington’s families. This not only drastically reduces opportunities for families to increase household equity and establish intergenerational wealth, it also limits generational mobility. Further, it prevents traditionally marginalized communities from ever breaking the perpetual cycle of poverty.

Various policy solutions exist to combat our housing attainability crisis and increase homeownership opportunities for all Washingtonians. BIAW hopes policymakers will explore the myriad of policy options with us as they consider any and all laws and regulations. Our members truly want to invest in their communities and build homes for families. We need our government leaders help to achieve a more balanced housing market.

Executive Summary

BIAW’s national counterpart, the National Association of Home Builders (NAHB) produces an annual priced-out report for new homes. NAHB’s report focuses primarily on major market and submarkets. To help state and local policy makers better assess the depth of the problem across the new and existing housing market, BIAW compiled a report that captured the same information on a localized level and included the average of all home sales—new and existing.

We utilized NAHB’s methodology to identify what percentage of households in each county could afford a mortgage at the current median home sales price in each county. Secondarily, we calculated the number of households that would be priced-out for each additional $1,000 that is added onto the price of a home.
Key findings:

- Only 15% of Washington households can afford to purchase a median-priced home. That means 85% cannot afford to purchase a home.

- All 39 counties in Washington have more than 50% of households that cannot afford a median priced home in their county.

- 27 of the 39 counties have more than 80% of households that cannot afford the median priced home.

- While King County boasts the highest overall median home prices, the counties least able to afford homes include: Kittitas, San Juan, Skamania, Snohomish, Stevens and Whatcom. In all of these counties, more than 90% of households cannot afford to purchase a home in their county.

Washington State Data

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<tr>
<th>WASHINGTON</th>
<th>🏡 4,068</th>
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<tr>
<td>Median Home Sales Price</td>
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<td>Income Needed to Qualify</td>
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<td>Median Household Income</td>
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- 15% of households can afford to purchase a median priced home under current market conditions
- 85% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price
Methodology

To replicating NAHB’s study, BIAW gathered much of the same data for use in computations. Where the BIAW study differs is the usage of the 30-year Federal Housing Administration (FHA) mortgage loan product, rather than a 30-year conventional loan product. BIAW’s reasoning is that this loan product is easier to qualify for since the barriers to entry into homeownership do not include a 20% down payment and allows for approval with lower credit scores.

BIAW used the FHA’s minimum requirement of a 3% down payment (which then includes private mortgage insurance – PMI – to offset risk of the lender). Assumptions in calculating affordability of mortgages based on median sales price include: borrower holds $0.00 in debt, has a 700-719 credit score, qualifies for a 5.35% interest rate (as of April 20, 2022), and purchases a property without a Home Owners’ Association fee. According to Smart Asset, the average property tax in Washington was $2,325. This is an average and can result in a much lower or much higher tax depending on the county in which the home is located. Similarly, Bankrate provided an average home owner’s insurance rate of $863. Like property taxes, insurance can vary widely on the condition and location of the home. Because many variables are in play, we elected to use the averages of both figures to simply this study.

All other data points listed within this study were gathered from the U.S. Census Bureau, with the exception of current median home sales prices (retrieved from Redfin on April 20, 2022). Calculations for determining required income to purchase the media-priced home for each area were completed in the Mortgage Loan ‘Mortgage Required Income Calculator.’ This was done solely for the ability to change property tax and homeowner’s insurance values, as well as an automatically generated PMI estimate.

Lastly, to calculate ‘priced-out’ figures, we utilized the methodology developed by NAHB. They utilize the income distribution tables from the U.S. Census Bureau to identify the percentage of households that can afford to purchase a median priced home. Using the same data tables, we can assess how many households are priced-out for each additional $1,000 added to the price of a home.

Limitations

Limitations to our findings include the following:

- Interest rates continue to rise each day, and it’s anticipated that the Federal Reserve will increase interest rates further as 2022 progresses. This reduces the buying power of potential home buyers because as rates rise, higher priced homes will fall out of reach for many buyers.

- We pulled the data to run computations on April 20, 2022. If home appreciation continues to rise at historical levels, the housing attainability crisis will continue to get worse.

- Property taxes and insurance rates used in computations were averages. That means for any given county, attainability of homeownership could be worse or better based on the county’s property tax rate and the area’s insurance rate.
County Data

**ADAMS COUNTY**
- Median Home Sales Price: $245,000
- Income Needed to Qualify: $72,504
- Median Household Income: $51,601

- 40% of households can afford to purchase a median priced home under current market conditions
- 60% of households cannot afford to purchase a median priced home under current market conditions

**ASOTIN COUNTY**
- Median Home Sales Price: $340,750
- Income Needed to Qualify: $96,390
- Median Household Income: $53,941

- 18% of households can afford to purchase a median priced home under current market conditions
- 82% of households cannot afford to purchase a median priced home under current market conditions

**BENTON COUNTY**
- Median Home Sales Price: $429,000
- Income Needed to Qualify: $118,405
- Median Household Income: $72,046

- 23% of households can afford to purchase a median priced home under current market conditions
- 77% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price
### CHELAN COUNTY

<table>
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- **Number of Households**: 51
- 11% of households can afford to purchase a median priced home under current market conditions
- 89% of households cannot afford to purchase a median priced home under current market conditions

### CLALLAM COUNTY

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- **Number of Households**: 69
- 14% of households can afford to purchase a median priced home under current market conditions
- 86% of households cannot afford to purchase a median priced home under current market conditions

### CLARK COUNTY

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- **Number of Households**: 314
- 16% of households can afford to purchase a median priced home under current market conditions
- 84% of households cannot afford to purchase a median priced home under current market conditions

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Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

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COLUMBIA COUNTY

- Median Home Sales Price: $227,000
- Income Needed to Qualify: $68,014
- Median Household Income: $61,779

48% of households can afford to purchase a median priced home under current market conditions.
52% of households cannot afford to purchase a median priced home under current market conditions.

COWLITZ COUNTY

- Median Home Sales Price: $370,000
- Income Needed to Qualify: $103,687
- Median Household Income: $58,791

22% of households can afford to purchase a median priced home under current market conditions.
78% of households cannot afford to purchase a median priced home under current market conditions.

DOUGLAS COUNTY

- Median Home Sales Price: $501,500
- Income Needed to Qualify: $136,491
- Median Household Income: $65,730

15% of households can afford to purchase a median priced home under current market conditions.
85% of households cannot afford to purchase a median priced home under current market conditions.
WASHINGTON'S HOUSING ATTAINABILITY CRISIS: HOW THE HOUSING SHORTAGE IMPACTS A FAMILY'S ABILITY TO PURCHASE A HOME IN EACH COUNTY

**FERRY COUNTY**
- Median Home Sales Price: $218,000
- Income Needed to Qualify: $65,768
- Median Household Income: $41,685
- 36% of households can afford to purchase a median priced home under current market conditions
- 64% of households cannot afford to purchase a median priced home under current market conditions

**FRANKLIN COUNTY**
- Median Home Sales Price: $420,000
- Income Needed to Qualify: $116,160
- Median Household Income: $66,904
- 22% of households can afford to purchase a median priced home under current market conditions
- 78% of households cannot afford to purchase a median priced home under current market conditions

**GARFIELD COUNTY**
- Median Home Sales Price: $216,000
- Income Needed to Qualify: $65,270
- Median Household Income: $56,923
- 42% of households can afford to purchase a median priced home under current market conditions
- 58% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

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GRANT COUNTY

Median Home Sales Price $343,800
Income Needed to Qualify $97,151
Median Household Income $59,165

- 22% of households can afford to purchase a median priced home under current market conditions
- 78% of households cannot afford to purchase a median priced home under current market conditions

GRAYS HARBOR COUNTY

Median Home Sales Price $359,000
Income Needed to Qualify $100,943
Median Household Income $50,665

- 19% of households can afford to purchase a median priced home under current market conditions
- 81% of households cannot afford to purchase a median priced home under current market conditions

ISLAND COUNTY

Median Home Sales Price $597,200
Income Needed to Qualify $160,364
Median Household Income $70,765

- 12% of households can afford to purchase a median priced home under current market conditions
- 88% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

- 80
- 72
- 56
Jefferson County

- Median Home Sales Price: $522,500
- Income Needed to Qualify: $141,730
- Median Household Income: $57,693

13% of households can afford to purchase a median priced home under current market conditions
87% of households cannot afford to purchase a median priced home under current market conditions

King County

- Median Home Sales Price: $846,700
- Income Needed to Qualify: $222,605
- Median Household Income: $99,158

17% of households can afford to purchase a median priced home under current market conditions
83% of households cannot afford to purchase a median priced home under current market conditions

Kitsap County

- Median Home Sales Price: $525,000
- Income Needed to Qualify: $142,353
- Median Household Income: $78,969

15% of households can afford to purchase a median priced home under current market conditions
85% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

- Jefferson County: 26
- King County: 970
- Kitsap County: 187

Washington’s Housing Attainability Crisis: How the Housing Shortage Impacts a Family’s Ability to Purchase a Home in Each County
KITTITAS COUNTY
- Median Home Sales Price: $600,000
- Income Needed to Qualify: $161,063
- Median Household Income: $59,703

8% of households can afford to purchase a median priced home under current market conditions.
92% of households cannot afford to purchase a median priced home under current market conditions.

KLICKITAT COUNTY
- Median Home Sales Price: $316,500
- Income Needed to Qualify: $90,340
- Median Household Income: $56,667

21% of households can afford to purchase a median priced home under current market conditions.
79% of households cannot afford to purchase a median priced home under current market conditions.

LEWIS COUNTY
- Median Home Sales Price: $396,500
- Income Needed to Qualify: $110,297
- Median Household Income: $54,970

16% of households can afford to purchase a median priced home under current market conditions.
84% of households cannot afford to purchase a median priced home under current market conditions.

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price
- Kittitas County: 28
- Klickitat County: 25
- Lewis County: 189
LINCOLN COUNTY

Median Home Sales Price: $253,825
Income Needed to Qualify: $74,705
Median Household Income: $58,584

- 34% of households can afford to purchase a median priced home under current market conditions
- 66% of households cannot afford to purchase a median priced home under current market conditions

MASON COUNTY

Median Home Sales Price: $410,000
Income Needed to Qualify: $113,665
Median Household Income: $60,565

- 19% of households can afford to purchase a median priced home under current market conditions
- 81% of households cannot afford to purchase a median priced home under current market conditions

OKANOGAN COUNTY

Median Home Sales Price: $366,000
Income Needed to Qualify: $102,689
Median Household Income: $48,528

- 15% of households can afford to purchase a median priced home under current market conditions
- 85% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price:

- Lincoln County: 15
- Mason County: 53
- Okanogan County: 42

Washington’s Housing Attainability Crisis: How the Housing Shortage Impacts a Family’s Ability to Purchase a Home in Each County
PACIFIC COUNTY

Median Home Sales Price: $327,000
Income Needed to Qualify: $92,960
Median Household Income: $50,873

20% of households can afford to purchase a median priced home under current market conditions
80% of households cannot afford to purchase a median priced home under current market conditions

PEND OREILLE COUNTY

Median Home Sales Price: $437,000
Income Needed to Qualify: $120,401
Median Household Income: $55,021

12% of households can afford to purchase a median priced home under current market conditions
88% of households cannot afford to purchase a median priced home under current market conditions

PIERCE COUNTY

Median Home Sales Price: $552,000
Income Needed to Qualify: $149,089
Median Household Income: $76,438

14% of households can afford to purchase a median priced home under current market conditions
86% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

25
12
550
SAN JUAN COUNTY
Median Home Sales Price $1,072,500
Income Needed to Qualify $278,934
Median Household Income $64,753
- 9% of households can afford to purchase a median priced home under current market conditions
- 91% of households cannot afford to purchase a median priced home under current market conditions

SKAGIT COUNTY
Median Home Sales Price $540,000
Income Needed to Qualify $146,095
Median Household Income $71,021
- 12% of households can afford to purchase a median priced home under current market conditions
- 88% of households cannot afford to purchase a median priced home under current market conditions

SKAMANIA COUNTY
Median Home Sales Price $560,000
Income Needed to Qualify $151,084
Median Household Income $69,296
- 9% of households can afford to purchase a median priced home under current market conditions
- 91% of households cannot afford to purchase a median priced home under current market conditions
SNOHOMISH COUNTY

Median Home Sales Price $752,000
Income Needed to Qualify $198,981
Median Household Income $89,273

10% of households can afford to purchase a median priced home under current market conditions
90% of households cannot afford to purchase a median priced home under current market conditions

SPOKANE COUNTY

Median Home Sales Price $436,500
Income Needed to Qualify $120,276
Median Household Income $60,101

16% of households can afford to purchase a median priced home under current market conditions
84% of households cannot afford to purchase a median priced home under current market conditions

STEVENS COUNTY

Median Home Sales Price $520,000
Income Needed to Qualify $141,106
Median Household Income $54,426

10% of households can afford to purchase a median priced home under current market conditions
90% of households cannot afford to purchase a median priced home under current market conditions
Washington's Housing Attainability Crisis: How the Housing Shortage Impacts a Family's Ability to Purchase a Home in Each County

**THURSTON COUNTY**
- Median Home Sales Price: $505,000
- Income Needed to Qualify: $137,364
- Median Household Income: $75,867
- 19% of households can afford to purchase a median priced home under current market conditions
- 81% of households cannot afford to purchase a median priced home under current market conditions
- Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price: 198

**WAHKIAKUM COUNTY**
- Median Home Sales Price: $308,000
- Income Needed to Qualify: $88,220
- Median Household Income: $54,524
- 30% of households can afford to purchase a median priced home under current market conditions
- 70% of households cannot afford to purchase a median priced home under current market conditions

**WALLA WALLA COUNTY**
- Median Home Sales Price: $402,500
- Income Needed to Qualify: $111,794
- Median Household Income: $60,615
- 26% of households can afford to purchase a median priced home under current market conditions
- 74% of households cannot afford to purchase a median priced home under current market conditions
- Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price: 50

198
5
50
WHATCOM COUNTY

- Median Home Sales Price: $620,000
- Income Needed to Qualify: $166,052
- Median Household Income: $65,420

- 9% of households can afford to purchase a median priced home under current market conditions
- 91% of households cannot afford to purchase a median priced home under current market conditions

WHITMAN COUNTY

- Median Home Sales Price: $345,000
- Income Needed to Qualify: $97,450
- Median Household Income: $42,288

- 18% of households can afford to purchase a median priced home under current market conditions
- 82% of households cannot afford to purchase a median priced home under current market conditions

YAKIMA COUNTY

- Median Home Sales Price: $377,000
- Income Needed to Qualify: $105,433
- Median Household Income: $54,917

- 18% of households can afford to purchase a median priced home under current market conditions
- 82% of households cannot afford to purchase a median priced home under current market conditions

Number of Households priced-out of Homeownership with Each Additional $1,000 Added to Sales Price

- WHATCOM COUNTY: 130
- WHITMAN COUNTY: 47
- YAKIMA COUNTY: 199
Sources


