

Cost burden

Definition of cost burden

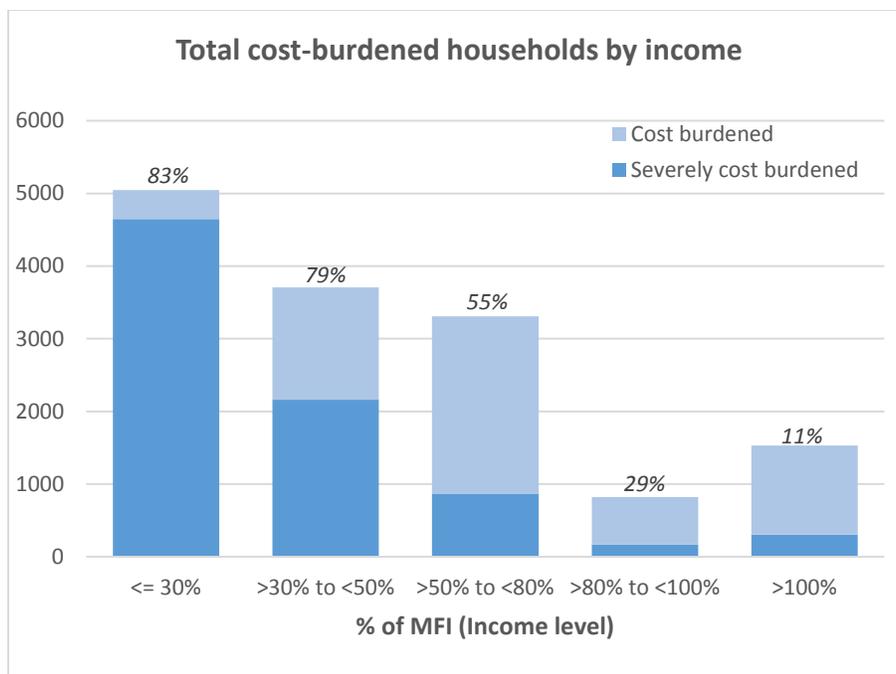
The four housing problems monitored by HUD are complete plumbing, complete kitchen, overcrowding, and cost burden. Among them, cost burden is by far the most prevalent issue in Bellingham. For example, only 0.4% and 1.5% of units lack complete plumbing and complete kitchens, respectively. Meanwhile **19% of all households in Bellingham are cost-burdened and 24% are severely cost-burdened.**¹

<30% of income going to housing	Not cost burdened
30%-50% of income going to housing	Cost burdened
>50% of income going to housing	Severely cost burdened

Cost burden is defined as paying more than 30% of household income for housing (rent or mortgage, plus utilities). Severe cost-burden is defined as paying more than 50% of household income for housing.

Cost burden by income

Not surprisingly, the number of households that are cost-burdened is greatest among those with the lowest incomes. **Of those earning between 0 and 50% of the Whatcom County median family income (MFI), 81% are cost-burdened or severely cost-burdened; a total of 8,750 households.** Eighty-three percent of those with incomes below 30% of MFI are cost-burdened or severely cost-burdened; a total of 6,055 households. The cost burdened percentage drops significantly once household incomes surpass the 80% MFI threshold. Cost burden also differs among renters and homeowners. Among households that rent, 55% are cost-burdened or severely cost-burdened, compared to 28% of owner households.



The percentage figure above each bar in the graph reflects the relative portion of the population within that income bracket with a cost burden or severe cost burden.

¹ All data on this page is from: HUD. Consolidated Planning/CHAS data (2010-2014) Available at: <https://www.huduser.gov/portal/datasets/cp.html>

Cost burden (continued)

Housing cost burden trends

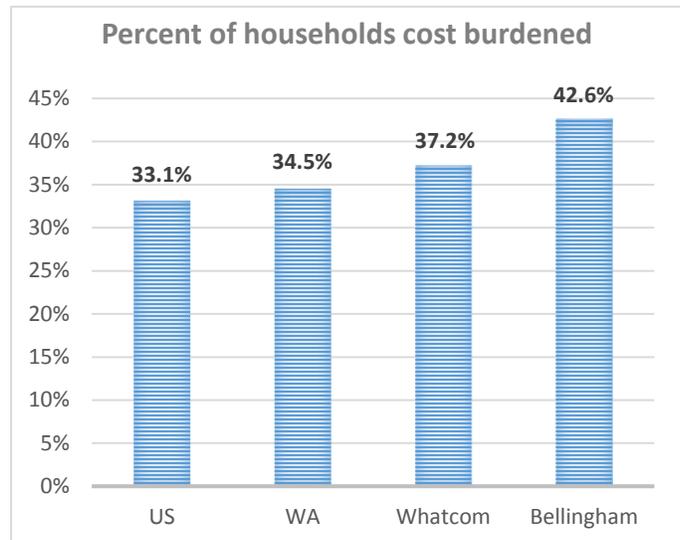
The chart below shows a comparison of cost burdened households from the previous two American Community Surveys (ACS). We can see that the overall number of cost-burdened households has decreased slightly between the 2006-2010 ACS and the 2010-2014 ACS, but **severe cost-burden has increased among households that rent**. The number of cost-burdened and severely cost-burdened households decreased modestly for homeowners in both categories; and the number of severely cost-burdened rental households increased by 475 (8%).

Number of households by cost burden	2006-2010 ACS			2010-2014 ACS		
	Owner	Renter	Total	Owner	Renter	Total
No cost burden	10,260	7,910	18,170	10,950	8,050	19,000
Cost burdened	3,080	4,305	7,385	2,580	3,685	6,265
Severely cost burdened	2,050	5,885	7,935	1,790	6,360	8,150
Data not available	55	400	455	145	295	440
Total	15,435	18,510	33,945	15,460	18,385	33,845

Cost burden comparison

Although housing affordability (the discrepancy between housing prices and income) is a problem nationally and regionally, it affects a higher than average percentage of Bellingham residents. **In Bellingham, nearly 43% of all households are cost-burdened or severely cost burdened.** Nationwide, 33% of all households are cost burdened or severely cost burdened, while in Washington State it is 35% of all households, and in Whatcom County it is 37.2% of households.²

We also compared Bellingham to a group of mid-sized cities with similar characteristics.³ Among these cities, the average cost burden was 37% – higher than national average, but still five percentage points lower than Bellingham’s cost burden. Compared to this group, Bellingham had the highest median home value (by about \$65,000), while it had the same as the average median household income. Interestingly, among this group of comparable cities, the average income was about \$4,800 higher than the state median income, while in Bellingham it is \$1,481 lower. These differences cannot be attributed to population growth alone, since Bellingham’s population growth was below the group’s average.



² HUD. Consolidated Planning/CHAS data (2010-2014). Cost burden overview tables for US, WA, Whatcom County, and Bellingham.

³ A group of six cities were chosen having at least 4 of the 5 following characteristics: Population between 75,000-85,000; A major college or university located in the city; In a rural county at least one hour from a major metropolitan area; With a relatively large population of residents age 20-24, but not more than 35% of the total population; and a Popular retirement destination. These cities are: Asheville, NC; Bend, OR; Chico, CA; Missoula, MT; Ogden, UT; Pullman, WA.