

Housing affordability

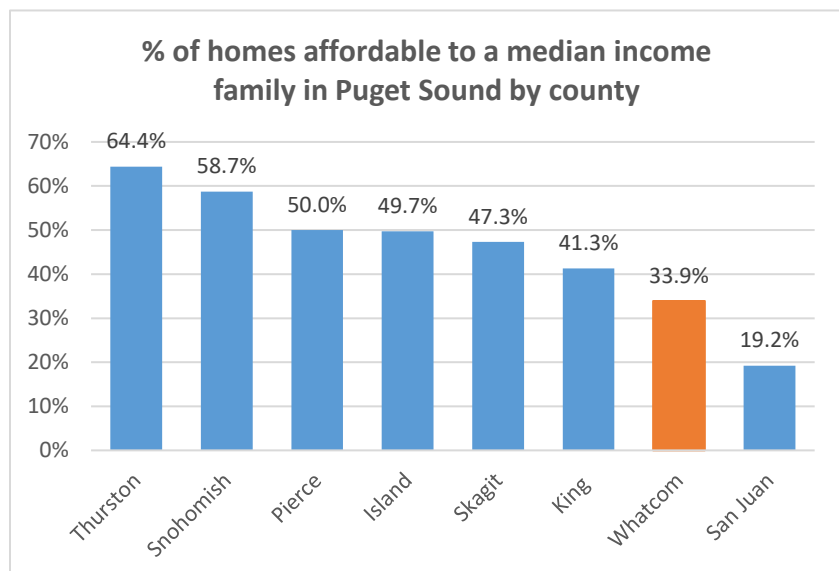
Home ownership

An “affordable” home is one priced such that the mortgage payment plus utilities would cost no more than 30% of income. **Since 2012, the median home price in Bellingham has increased by 26.8%, while the median family income (MFI) has increased just 3.1%.** Lack of homes affordable to low- and moderate-income families (those earning below 50 and 80 percent of median, respectively) has made it increasingly difficult for potential homebuyers to find houses in their price range. In 2016, less than 18% of all houses sold in Bellingham were affordable to a household at 80% MFI making \$55,920 per year. In contrast, 49.6% of all Bellingham households (a total of 16,775) make below 80% MFI.¹

Year	2007	2012	2016
80% Bellingham MFI	\$ 46,560	\$ 54,240	\$ 55,920
Affordable mortgage for 80% MFI ²	\$ 200,124	\$ 238,018	\$ 246,307
Affordable home purchase price	\$ 220,137	\$ 261,819	\$ 270,937
# of homes sold affordable to 80% MFI	196	337	232

Whatcom County is well below the State average for the percentage of homes affordable to a household making median income (100% MFI), at just 33.9% of homes compared to 53.8% of homes statewide.³

About 25,000 homes in Whatcom County are affordable to median-income earners, and there are about 40,000 households earning less than 100% of the county’s median income. In the Puget Sound region, Whatcom County has the



second lowest percentage of homes that are affordable to median-income earners. Among these same counties, it ranks 4th in terms of median home values, but 7th (out of 8) in terms of median family income.

Vacancy rate

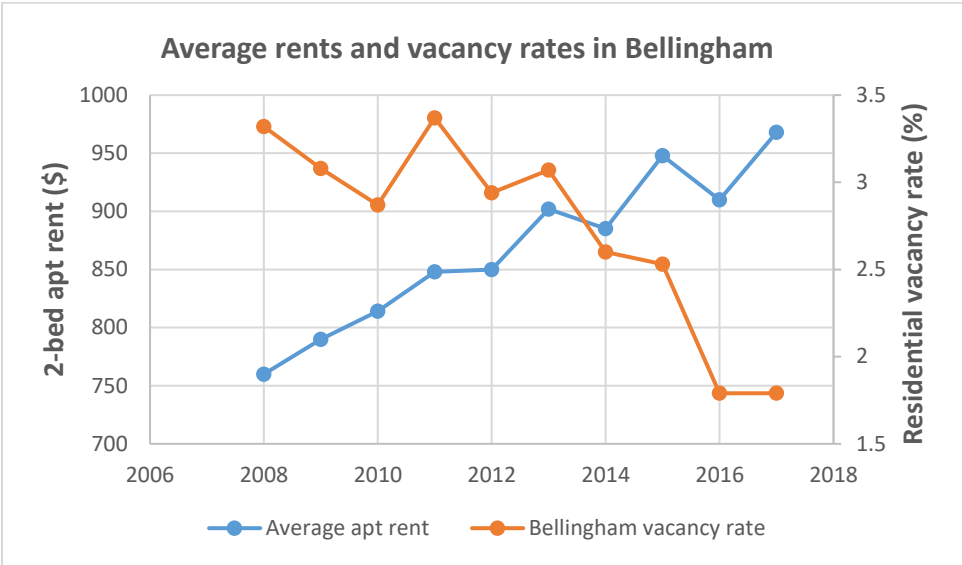
An important contributing factor to the cost of rental housing is vacancy rate. As demand for rental units has risen with population over the past five years, Bellingham has seen a sharp decline in the vacancy rate from 3.3% in 2008 to 1.8% in 2017 (see graph on the following page). Although the state’s vacancy rate has also fallen sharply, **Bellingham’s residential vacancy rate was consistently higher the state’s average rate until 2013. It has been consistently lower than the state average rate since that year.**

¹ HUD. Consolidated Planning/CHAS data (2010-2014). City of Bellingham.

² This assumes 4.5% fixed interest rate and 10% down payment on a 30-year mortgage, minus \$150 per month for utilities. Calculation does not include property taxes or insurance.

³ Calculated using: HUD. Consolidated Planning/CHAS data (2010-2014). Whatcom County and WA State.

Housing affordability (continued)



Rental affordability

For 2017, the Whatcom County area median income (AMI) for a family of three is \$59,040. A household is considered moderate or low-income⁴ when it makes 80% of AMI or less, adjusted for household size. Most households that rent their home make far less, however. The median annual income for a rental household in Bellingham is \$28,084.⁵ Below is an analysis of the expected housing budget and the discrepancy between housing costs and each income level for a family of three, and for the average renter household, at 2017 Fair Market Rents (FMR) for a 2-bedroom apartment. Only households making 80% AMI or above could afford a 2-bedroom apartment at FMR in Bellingham. For a median income renter, the FMR was also unaffordable.

Income level	Monthly income	Affordable housing cost (30% of income - \$150 for utilities)	2-bed apt rent	Difference (rent - affordable housing cost)
30% AMI	\$1,476	\$293	\$968	\$(675)
50% AMI	\$2,460	\$588	\$968	\$(380)
80% AMI	\$3,936	\$1,031	\$968	\$63
100% AMI	\$4,920	\$1,326	\$968	\$358
Average renter income	\$2,340	\$552	\$968	\$(416)

There is a gap between HUD’s FMR in Bellingham compared to the area’s median rents. The area median rent was \$902 during the period of 2011-2015, and has increased since. HUD FMR revised for FY 2018 are \$707 for a studio, \$790 for a 1-bedroom, \$1,028 for a 2-bedroom, and \$1,409 for a 3-bedroom apartment. City staff conducted a rental market study of advertised rental units for a 30-day period in summer 2017 and found the median rental prices to be 105% to 115% of HUD’s FMR, depending on the number of bedrooms. In addition, many of the most affordable units advertised were rooms in a shared house and would not be suitable for a family with children or someone with a housing voucher.

⁴ Depending on the data source, 80% median income is sometimes referred to as ‘moderate-income’ and sometimes referred to as ‘low-income.’

⁵ US Census. 2011-2015 ACS Table S2503: Financial Characteristics