

With a solid, if not dazzling economy and an attractive quality of life, the Spokane area will continue to grow and change. The Task Force has made a start in understanding the challenges of accommodating the housing needs of a growing population in a land base that will remain restricted. By continuing its work, the Task Force can help Spokane avoid the affordability problems that have made the Puget Sound region inaccessible to many people.



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Spokane Affordable Homeownership Workshop

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A. Overview

The Spokane Affordable Homeownership Task Force was convened in early 2007 out of a growing concern with a sudden increase in housing prices in the area, following a long period of sustained affordability. Reasonable housing costs had long been an important feature of the high quality of life in Spokane, and it was easy to see the negative impacts of high prices by looking across the mountains to the increasingly unaffordable markets of the Puget Sound area.

Indeed, forces that had been reducing affordability in the Puget Sound area were moving out across the state, leading to major price increases in rural and small town Western Washington and across the passes to Kittitas and Chelan counties. What was once a problem faced by King County had become a problem for communities housing the majority of Washington's residents.

Across the state, public policy is colliding with market and demographic forces, and the casualty is housing affordability. The Growth Management Act, and its local implementation, has not been able to come to grips with some fundamental economic and social forces:

Disparities in income growth. While the question of income disparities nationally engenders spirited debate, there is no question that the Puget Sound area, and King County in particular, has seen a rapid growth in high wage technology-based jobs. These jobs are often taken by people moving to the state who have the earning power, and often the equity, to pay high prices to live in desirable neighborhoods. Pressure on prices in the Seattle-Redmond axis pushes demand for moderately priced housing to neighboring counties, with a ripple effect to the counties beyond that. Thus, poor housing affordability in King County generates demand in Lewis, Kittitas and Skagit Counties.

Continued preference for detached housing. Local implementation of the GMA has, as an underlying assumption, that Washington residents will gradually shift from detached housing into attached housing in urban centers. Thus, ample capacity for urban center multifamily housing is considered adequate to meet housing demand. But there has been no shift away from detached housing in the past 15 years, and a constricted base of land zoned for detached housing has pushed land prices up dramatically.

Uncoupling of jobs and housing markets. As growth pressures push outward from King County, and as retirees and telecommuters find rural and small town living increasingly attractive, many smaller communities are experiencing a growing demand for housing from people whose ample livelihoods come from outside the local economy. These high-earning transplants push up the cost of local housing beyond what individuals relying on the local job base can afford.

These forces have begun to reach across the open spaces of Central Washington to reach the Spokane area. But as startling as the recent price changes have been, Spokane is still in much better shape than the Puget Sound area and most of Western Washington. Individuals and families of modest means who could not dream of home ownership in the Puget Sound area can still afford a home in Spokane. This does not mean that Spokane will escape the trends of the state, but it does mean that it has a bit more time to counteract them before they arrive with a vengeance.

Spokane leaders can learn from the lessons of Puget Sound and take actions that will help ensure that future residents of the Spokane area have ample housing choices at reasonable prices. The Task Force has explored many of these actions over the past year, and can now begin to refine the details and decide on an implementation plan.

B. Key findings of the Task Force

The economic, market and demographic analyses of the Spokane area suggest that while Spokane remains affordable compared to other areas of the state, the same forces that have driven affordability down elsewhere will arrive in Spokane before long. Following are some more detailed findings from the Task Force's research.

Economic:

Spokane has a solid economy, but wages have been relatively flat for a long time. There is not much on the horizon to indicate that that will change.

Spokane has a large and stable middle income group, but, as compared to the state as a whole, fewer high income households and more low income households.

Sectors such as technology and healthcare that pay reasonably well are tending to grow, while less well-paying sectors such as retail are not growing as fast.

In spite of steady growth, Spokane will not in the foreseeable future become a "superstar" city that attracts lots of very high-wage jobs.

With steady, but unremarkable growth, and slow overall wage growth, the Spokane economy cannot absorb rapidly increasing home prices.

Demographics:

In-migration is the key to understanding population growth and change in Spokane.

A good model for a demonstration program can be found in the City of Kirkland. This program resulted in two excellent projects that were well received in the community. Kirkland will soon adopt ordinances to allow cottages, duplexes and triplexes in single family zones throughout the city. A similar process in the Spokane area could test both the market and community acceptance of housing alternatives selected by the sponsoring jurisdiction.

Demand side. Expand on the findings of the focus groups to explore in more depth the emerging market demands that Spokane can expect within the 125,000 people that will be arriving in the next 20 years. The focus groups researched mostly first-time and lower-income buyers, but much more information is needed on other market segments.

The focus groups tested the appeal of housing alternatives for those with affordability constraints. Of particular interest next will be the market segments looking for alternatives for lifestyle reasons. This would include singles and couples without children, empty-nesters and retirees.

Regulatory issues. There are many planning and regulatory hurdles that stand in the way of housing innovation and making the most efficient use of available land. These issues can be divided into two categories:

Zoning and permitting. Determine the best mechanism to allow innovative housing types to be built as alternatives to existing zoning. Explore the concept of "performance zoning" that seeks to regulate actual impacts, rather than just unit counts and building envelopes.

Practical issues. Innovative housing challenges some basic patterns of development and will require changes in standards for roads, utilities, fire access, setbacks, parking, etc.

Communication. The Task Force has enjoyed the cooperation and participation of a cross section of the community. The communications challenge now is to expand to the broader layers of political and civic leadership in the region. To begin, the Task Force findings and the results of additional research should be presented to city councils, planning commissions and civic groups to start the dialog about "who wants to live here, and why?"

These four tracks can work concurrently and with each other. Demonstration projects provide a context to undertake demand-side research and to explore regulatory alternatives. The communication program provides feedback to the demonstration and regulatory efforts.

Conclusion

Spokane has been noticed. According to the Washington State Department of Licensing, which tracks the trade-in of drivers licenses from other states, 10,000 drivers moved to Spokane County from outside Washington from April 2006 to April 2007. Only 1,400 of these people were from Idaho, and at least five people came from every state in the Union.

The area keeps getting written up as an affordable, attractive place to live, retire or recreate. Spokane has all the attributes that are driving growth in similar cities around the country: affordability, healthcare, recreation, universities.