



## FACT SHEET: AFFORDABLE HOUSING IN SAN JUAN COUNTY

SECOND IN A SERIES OF FIVE

FEBRUARY 2006

### HARD WORKING WAGE-EARNERS IN SAN JUAN COUNTY CAN'T AFFORD TO BUY A HOME HERE.

Unfortunately, this is true for many islanders. The American dream of owning your own home is no longer a possibility for most working families in San Juan County.

**How can this be?** The cost of real estate is now beyond the means of moderate income families (\$48,000 to \$57,000 for a family of four).

**Here are the facts:** In 2005, there was only one home that sold for less than \$200,000 on Orcas Island, two on Lopez Island and three on San Juan Island. Today there are no homes available at that price and only two available for less than \$250,000, one on Lopez Island and one on Orcas Island, both doublewide manufactured homes. Real estate prices overall have increased by 33.8% since this time last year according to the Washington Center for Real Estate Research. How do we compare with neighboring counties? Compare this with the current listings at \$200,000 or less for Island County (39), Skagit County (62) and Whatcom County (63). There are 23 listings for less than \$200,000 in Mt. Vernon alone. (*Figures are from the January Northwest Multiple Listing Service*).

**What can you afford?** Today in San Juan County, if you can find a 10% down, 6% interest, 30 year fixed-rate mortgage, you would need an income of \$62,000 to qualify for the purchase of a \$250,000 home, well above the moderate income range. In addition, there would be closing costs, prepayment of taxes, share of realtor fees, etc. This could amount to an additional \$10,000 or more.

Salaries in San Juan County are low in comparison to the rest of Washington State. Average salary in San Juan County for 2004 was \$25,990 (*Bureau of Economic Analysis*). Neighboring counties average salaries are \$5,000 or more higher. Two workers earning average San Juan County wages would have an income of \$51,980.

**Surely, if you have good credit, a steady job, work hard, and save a portion of your income you can buy a home!** Unfortunately, not in San Juan County.

**The hard facts about good credit:** There is no hope for home seekers with bad credit, but even with excellent credit, the banks will only allow buyers to assume limited mortgage debt. The Housing and Urban Development guidelines place a limit of 30% of your gross income for payment of principal, interest, taxes and insurance.

**A tale of two islanders:** John and Mary are long-time islanders working full time for a combined annual income of \$52,000. Upon starting a family, they found they needed more room, wanted more stability and decided to buy a home. They had a nest egg of \$25,000 (a 10% down payment) but found their income about \$10,000 shy of being able to purchase a \$250,000 home they had found for sale. Over the next year, John and Mary plan to drive a junker car, do without cable TV, shop at outlet stores or do without, and borrow money from their parents in order to increase their down payment to \$50,000 (20%) so their income will qualify them for a loan.

**It still isn't enough.** Even with these lifestyle sacrifices and additional savings, their nest egg of \$50,000 still will fall short of the goal if housing prices rise even a moderate 10%. They will find themselves even further behind in their dream of home ownership. With a 10% increase in price, the home

now costs \$275,000 and their income would have to be \$61,744 with a 20% down payment of \$55,000. Even if their income increases at the annual average of 4%, it will be only \$54,080, still much less than the \$61,744 needed to qualify for a loan.

**When working people are priced out of the housing market, the whole community suffers. As a county we can take a stand for working families and keep our communities healthy and whole.**

#### What can you do help?

- ✓ Stay informed: Go to [www.sanjuanhousingbank.org](http://www.sanjuanhousingbank.org)
- ✓ Share the facts with your family, friends and neighbors
- ✓ Tell your elected officials that affordable housing is important to you
- ✓ Support your local providers of affordable homes (go to [sanjuanhousingbank.org](http://sanjuanhousingbank.org) for links to organizations that are currently working to solve this problem)



*Dedicated to making quality  
affordable homes available  
to working islanders  
in San Juan County*

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*Please read on to become informed.*

**Most working people in the San Juan Islands  
cannot afford to buy a home here,  
no matter how hard they work and try to save money.**

*\* Paid for by Navigating Our Future in collaboration with the Housing Bank Education and Outreach Committee, to keep the people of San Juan County informed about local issues.*

**The shortage of affordable homes in San Juan County hurts the whole community.**

Most working people in the San Juan Islands cannot afford to buy a home here, no matter how hard they work and try to save money. The gap between working incomes and housing prices is too wide. This is a challenge for us all; until we tackle the issue, we are endangering the quality of life we all enjoy in the islands. We need to begin to solve this problem now, before prices get any higher. The Housing Bank in San Juan County will encourage, facilitate and help fund initiatives to create attractive, quality homes that will be affordable for working people in the county.