



STABLE STONES FOR HEALTHY HOMES:



The Building Blocks of
Affordable Housing

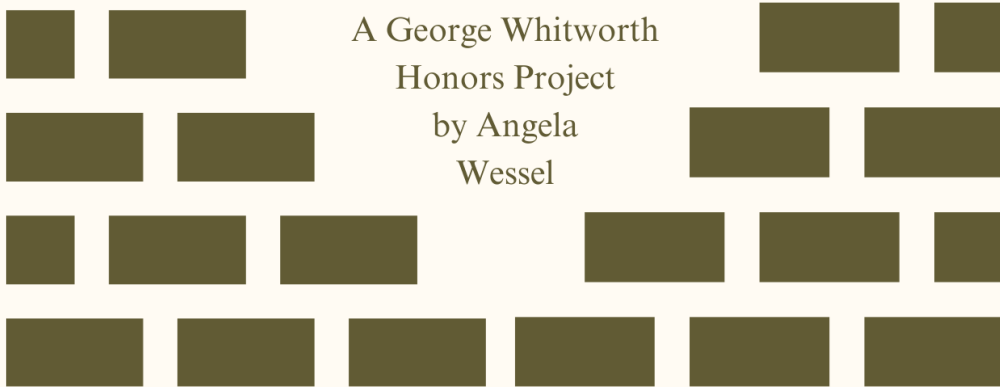


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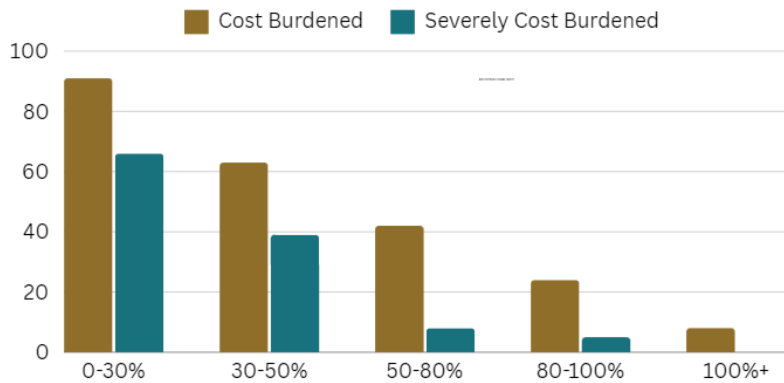
Overview of the Problem

In early 2022, Conor Dougherty published a story in the New York Times entitled, “The Next Affordable City is Already too Expensive.” The city he was writing about was Spokane, Washington. He detailed how as housing crises continue in major cities, more and more people are priced out of their cities and move out into less expensive areas like Spokane, and the influx of new people is causing the same problems to fester and grow in Spokane. Spokane has an immediate housing need; “Five years ago, [a little over half](#) the homes in the Spokane area sold for less than \$200,000, and about 70 percent of its employed population could afford to buy a home, according to a recent report commissioned by the Spokane Association of Realtors. Now fewer than 5 percent of homes — a few dozen a month — sell for less than \$200,000, and less than 15 percent of the area’s employed population can afford a home” (Dougherty, 2022). And local reporters in the Spokesman Review detailed how the median home price in 2022 was \$380,000, 20.8% higher than the median price just the previous year (Edelen, 2022). Research into how to create more affordable housing in Spokane for its growing population is thus a present and pressing need. First time buyers get pushed out of buying housing and into renting, causing rent prices to go up, and more people are priced out of housing altogether into homelessness (Edelen, 2022). Prudent action needs to be taken, and taken soon, in order to prevent growing issues of poverty and homelessness from getting even worse in the city.

What is affordable housing, exactly? Affordable housing is defined as housing costs which do not exceed over 30% of a household's income, or area median income (AMI); if costs exceed 30%, they are considered cost burdened. Why is this number significant? As researcher Gregg Colburn points out, “Homelessness begins to accelerate more rapidly in places where median rent as a percentage of median household income exceeds 32 percent” (Colburn, 2022, p. 57). Thus, there seems to be a direct correlation between households that are cost burdened by unaffordable housing and homelessness. Housing costs that exceed over 50% of a household’s income are considered severely cost burdened (*City*, 2020). In Spokane, 89% of renting households who made 0-30% AMI were cost burdened, and 78% were severely cost burdened (See Figure 1 below) (*City*, 2020). For housing owners, 91% of households who made 0-30% AMI were cost burdened, and 66% severely cost burdened (*City*, 2020). Even for those who made 50-80% AMI, 68% of renters and 42% of owners were cost burdened (*City*, 2020).

Where there is a shortage of housing, the most vulnerable populations will be the ones pushed out. Those who can buy the best housing will do so until there is none available, and then they will buy up lesser degree housing, and so on and so forth. The ones left are those on the bottom of the economic ladder, whose income, without support, is consumed disproportionately by their housing, and who are most vulnerable to enter homelessness. In Spokane County in 2022, about 1500 housing units were built, yet given the population growth rate in the same period, 2900 units were needed to meet housing demand (Thomas, 2022). The vacancy rate in apartments was only 1.4% in 2021, and median rent increased by 10% from May 2021 to May 2022 (Thomas, 2022). With growing demand, however, the people affected by housing costs are not just the most vulnerable; with an influx of new people entering Spokane with greater disposable incomes to spend on housing, Spokane workers are becoming less able to afford a home (see table below).

Cost Burden of Homeowners in Spokane by AMI (Area Median Income)



Cost Burden of Renters in Spokane by AMI (Area Median Income)

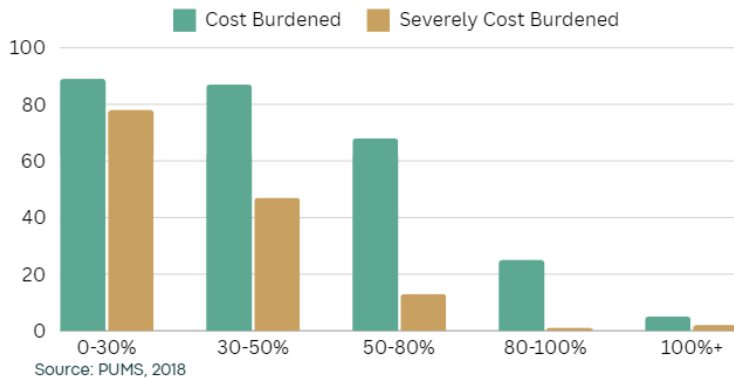


Figure 1 (City, 2020)

HOUSING AFFORDABILITY IN SPOKANE, 2017 VS. 2022

An Influx of out-of-state buyers has contributed to housing costs	2017	2022
Median Price of a Home in Spokane	\$250,000	\$450,000
Percent of Spokane Workers that could afford a median-priced home	70%	15%
Percent of Spokane Homes that Sold for under \$200,000	52%	5%

Source: Spokane Home Builder's Association (SHBA)

Figure 2 (Thomas, 2022)

The problem of housing shortages and housing costs is not isolated to Spokane. Observation of how other cities and countries have approached housing and inevitably intertwined issues of homelessness can inform the approaches we make here in Spokane.

Surrounding Stigma:

What Affordable Housing is Not, and On its Relation to Homelessness

The problem of affordable housing is especially poignant in major west coast cities like Seattle, Portland, Los Angeles, and San Francisco. Why is the problem so prolific in these areas, or what contributes to the high rates of homelessness in these cities in particular? Professor and researcher Gregg Colburn and journalist Clayton Aldern have pointed out in their book, *Homelessness is a Housing Problem*, that as affluence and prosperity increase, so do problems of poverty and homelessness (Colburn, 2022, p. 78). And homelessness is not caused primarily by vulnerabilities like mental illness and poverty or other individual attributes like race or age; instead, their research points out that while these factors increase people's chances of becoming homeless, the true culprit of homelessness is housing costs (Colburn, 2022, p. 54,78). In other words, homelessness is greatest in less affordable cities, even compared to cities with similar or worse populations with individual attributes and vulnerabilities to homelessness and yet have cheaper housing. In short, how affordable our cities are directly affects the most vulnerable populations, increasing the odds that their hardship or difficulty will be the thing to push them out of housing. It is important to remember these groups whenever we talk about affordable housing issues, for they are the ones who will be most directly impacted by our success or failure to create more affordable housing.

It is also important to remember that housing is not a solution to all social ills or problems surrounding homelessness. Housing philosophies like Housing First, which prioritizes giving people a space of their own wherever they are at, are important steps to allowing people the safe spaces to be able to become more stable. However, often the poorest people or ones struggling with mental illness or addiction need additional help. Researchers of Housing First models in the Netherlands point out that treatment should not be directly tied to housing – people deserve to have the same rental protections as others, but their housing situations are made more precarious by being tied to following some treatment plan, and it ultimately destroys trust between treatment and treated when the healthcare provider also controls their housing (Schmit, 2023). Yet having wholistic treatment, catered to the needs of individuals, is also essential. The presence of that type of wholistic treatment, be it physical, mental, social, or otherwise, is an important aspect of helping people to find stability and opportunity for social mobility beyond being focused on their immediate needs. Housing alone will not fix these issues, but it may provide a space where it is more possible for people to face them.

What Does Healthy, Affordable Housing Look Like?

Now that the problem has been established, what might the building blocks of affordable housing be? Different places have approached this problem differently, differing in the scope of the problem they face and the public or private resources available to each. How different places have approached and are approaching affordable housing issues can inform innovative and comprehensive approaches to creating affordable housing in Spokane. Specifically, the actions of organizations within Seattle, the Netherlands, and past actions of Spokane itself can help to inform what cities and organizations can do moving forward.

The problem of a lack of affordable housing in Seattle is extensive. In Seattle, Washington, the median cost for renters increased 45% from 2010 to 2021, and the median value for homeowners increased 54% over the same time period (Larsen, 2024). From 2011 to 2019, for every 2.6 jobs created, only one housing unit was built (Larsen, 2024). Additionally, the estimated number of housing units that will be produced in the city does not come close to the number that is needed for people with lower incomes: as of 2021, 30,000 more homes were needed for households who made below 50% of Seattle's AMI (Larsen, 2024). In short, the problem has been allowed to grow worse and worse, now at such a scale that it is very difficult to combat comprehensively. Recently, a nearly one billion dollar housing levy tax was passed in 2023 toward raising funds for developing affordable housing in the city (Groover, 2023), yet having met with experts like Gregg Colburn and officers at Seattle's Office of Housing, they note that the levy will not be enough to create enough affordable housing given the numbers of housing needed there (G. Colburn and K. Larsen, personal communication, Jan 4 2024). The lesson to be learned from Seattle, then, is chiefly what not to do; we cannot allow the problem to proliferate to such a scale that it becomes exceedingly more difficult to surmount. Actions that prioritize retaining and developing affordable housing at the rate of growth of a community should be given more weight so that the issue does not become unmanageable.

In the Netherlands, the scope and scale of housing and homelessness issues is much lesser than that of most US cities, yet despite that fact, or perhaps because of it, we may have much to learn in their struggles and successes in tackling housing issues. For context of the problem in Netherlands, about 32,000 people were homeless in the country in 2021 (and a growing number with cuts to funding) (Bevan, 2024); for comparison, the [Seattle-King County area alone had roughly 14,000 homeless people](#) in 2023 (Santos, 2024). A problem clearly exists there, but it is much lesser in scale. The present Dutch approach puts emphasis on preventative measures to keep people from falling into homelessness rather than waiting until they do to give them support (Bevan, 2024). Past approaches that looked at housing and homelessness issues more holistically, including and especially care for vulnerable people that supported all areas of their lives, saw great success. In 2009, homelessness decreased by 17,800 in response to these individualized, wholistic care approaches (Bevan, 2024). Specifically, their approaches succeeded because they had "strong financial backing, policy urgency, and cooperation between parties" (Bevan, 2024, p. 4-5). Social support and cooperation between traditionally distinct institutions like healthcare and housing enabled program success. Homelessness was also initially chiefly viewed as a health issue in the Netherlands, but the focus has shifted to it being a

housing issues with policymakers using Housing First approaches (Bevan, 2024). Part of the issues that they have run into is that several structural problems surrounding housing and health overlap, but specific needs are handled by different departments, such as mental health carers, housing associations, health care providers, health insurance companies, and people coming out of prison systems (Bevan, 2024). The Dutch also generally view housing problems as primarily a governmental issue, seeing the presence of private organizations focused on housing and care-based needs as a sign of “decreasing public solidarity” (Bevan, 2024). If the public truly cared about this issue, it would be demanded through government level policy changes. (The American view, in contrast, seems to be that private institutions or ‘the market’ should be first in terms of caring for populations, supplemented where needed by government.) The lessons that can be learned from the Dutch example is that first, reduced issues of housing are possible, and second, that different sectors need to work together when it comes to housing issues. The problem of housing does not exist in a vacuum, and policymakers should consider what groups are in need of housing, what their specific needs are beyond just housing, and how to provide opportunities for wholistic, individualized care for those groups.

The city of Spokane itself has not simply ignored its growing issues of affordability. In 2021, community members came together to create policy recommendations to Spokane City Council regarding affordable housing, a ten-month process which resulted in the Housing Action Plan (*City, 2021, p. iii*). In the same year, the city council adopted an Implementation Plan based on recommendations from that Housing Action Plan in 2021, although it did not adopt all policy recommendations in the same plan (*City, 2021*). Most generally, the policies that the city adopted were directed at increasing residential density along major corridors (often discussed as ‘15 minute walkable cities,’ or housing within half a mile within a major ‘center’ or ‘corridor’) (*City, 2021*). Immediately, they have redefined zoning laws in some residential areas to allow duplexes, implemented a pilot program allowing triplexes and fourplexes in residential areas, and are working to reduce barriers in knowledge and permits for Accessory Dwelling Units (ADUs), where people can sell or develop a self-sufficient portion of their own property (*City, 2021, p. A-1-A-2*). Their long term goals are to make sure everyone has equal access to homeownership, particularly by prioritizing neighborhoods affected by redlining practices to ensure equitable access (*City, 2021, P. A-4*). They are also seeking ways to increase financial incentives for development of mid to low-income housing and lowering permit processing times for the same projects (*City, 2021, p. A-2*). However, problems persist, and further action to ensure that more affordable housing is built and can last will be important to retaining any progress made by these policy changes. What we can learn from the actions already taken by Spokane, though, is that when people pay attention to local issues and make tangible plans to fix them, local governments will respond. Paying attention to policy issues and holding government officials accountable, then, will be key for making progress in affordable housing development.

This brief overview of housing issues in Seattle, the Netherlands, and Spokane has shed a light on how people can and have approached affordable housing issues. First, Seattle revealed the need to battle housing problems in their infancy rather than allowing them to compound. Studies and approaches in the Netherlands revealed needs for collaboration, an alternative approach that emphasizes the role of government as the chief orchestrator of housing issues, and

the importance of having individualized, wholistic care for vulnerable people. Actions already taken in Spokane have shown the power of community action to make tangible change. These insights inform the building blocks of affordable housing.

The Building Blocks of Affordable Housing

A stable home is the starting ground for opportunity. It is a well-known fact that homeownership is a primary builder of wealth for many Americans, but more and more people are becoming priced out of housing. Who are those priced out, and what are the moral implications of this fact?

A study by Harvard professor and researcher Raj Chetty discovered significant connections between family's housing and upward social mobility. Moving to Opportunity was an experimental program providing low-income families access to housing in high-opportunity areas (where there was a high statistical likelihood of social mobility, including things like good schools and mixed incomes of surrounding households). Mental and physical health of the adults involved improved, although there was no significant change in their earnings. More interestingly, though, the children who moved into these neighborhoods had a greater chance of escaping poverty and of increasing their total lifetime earnings (Chetty, 2015). The study found that "efforts to integrate disadvantaged families into mixed-income communities are likely to reduce the persistence of poverty across generations" (Chetty, 2015). Often, concentrated poverty can have negative effects on those already struggling, but by involving them in communities with the resources to care for one another, cycles of poverty can sometimes be broken. Quality housing, then, is a key determinant of upward mobility in American society. If we want to value equal opportunity and liberty for all, then accessible and stable housing options for people of all income levels must be made a priority for governments, organizations, and individual citizens alike.

As it stands, the current lack of affordable housing ensures that there is not equal opportunity for all. In particular, differences in housing rates sorted by individual attributes, such as race and sexual orientation, show disproportionate numbers of people of color and LGBTQ+ people represented in homeless and vulnerable populations (Colburn, 2022, p. 51). In Spokane, neighborhoods that were historically redlined, a practice which drove down property values for black Americans and kept them out of certain neighborhoods altogether, are still more diverse than in other areas (*City*, 2021, P. 47). Unsurprisingly, rates of homeownership by race are far greater for white households (58%) than for households of color (36%) (between 2014-2018) (*City*, 2021, p. 45). The most vulnerable populations, then, are the ones who bear the brunt of unequal opportunity. From this conclusion I draw the first 'building block' of affordable housing policy: any policy which seeks to create affordable housing must consider its impacts on the most vulnerable populations. Wholistic care for the most vulnerable populations should be prioritized as a means to create equal opportunities for all.

The second major 'building block' of affordable housing is changing the public's perceptions of housing and interrelated homelessness issues. Public opinion has a direct impact on governance; we decide on what to prioritize and what to hold our voted-in representatives

accountable to changing. By seeking to understand housing initiatives, people can destigmatize programs and see well-designed ones as necessary structural support rather than viewing them as ‘government handouts.’ Voters within cities should use their voices to uplift all members of that community by supporting affordable housing initiatives, and powerful action will be taken when they do so.

Cooperation and collaboration are two more key ‘building blocks’ of affordable housing policy. Cooperation is needed within all levels of government, including federal, state, county, and city levels. Federal government programs can be used as base support for the specified actions of local governments, whose policies can be more closely catered to the needs and inequalities in their respective communities. Cooperation is also needed with non-profit organizations, who often do the forefront of wholistic care for vulnerable populations, and for-profit developers, without which the scale of housing production needed would not be accomplished. In short, all parts of communities must work in tandem to develop more housing. Collaborative approaches are also necessary; no one program or development type will solve housing issues. Often, nonprofits will focus on a key subset of vulnerable people, such as youth or families, and developers will focus more on middle-ranged income earners. More middle-income housing, forms of denser housing, opportunities for rentals and homeownership, and the like all serve as essential pieces in a complex puzzle. Alone, each can only serve a fragment of the population, but together, these policy changes can make a broader, lasting impact.

The final ‘building block’ which I will highlight in this paper is the need for structural efficiencies within efforts to develop more affordable housing. Several existing infrastructures can continue to be utilized or improved upon to make this goal a reality. Most obviously, to increase development of affordable housing, the funding pool provided by governments can be increased at local and higher levels. Current federal spending largely benefits those with higher incomes:

“Whereas about 7 million low-income renters benefited from federal housing subsidies in 2012, more than 34 million homeowners took mortgage-interest deductions on their federal income taxes. Federal expenditures for direct housing assistance totaled \$47.9 billion in 2012; however, mortgage interest deductions and other homeowner tax benefits exceeded \$220 billion (see Figure 1.2). Moreover, the lion’s share of these tax benefits...go to households with incomes above \$100,000” (Schwartz, 2014).

If this is the case, should not our housing funding also provide opportunities to those across the income spectrum? If it is true that “tax subsidies for homeowner housing benefit affluent homeowners far more than households of more modest means,” taxpayers should be open to policies that expand those opportunities to benefit from their taxes in the realm of housing (Schwartz, 2014).

The funding pool can be increased through different methodologies. Primarily in the US, housing is funded not directly but through ‘subsidies with strings,’ generally in the form of tax credits. The Low Income Housing Tax Credit (LIHTC) has been very effective in developing millions of housing units, although those with the lowest incomes often still cannot afford the units produced, and the stipulations within the subsidy make it very difficult to develop mixed income housing and still receive the tax credit (Shwartz, 2014, p. 156). Also, the fickleness of the market means that demand for the tax credit is not always as high, as during the housing crash in 2008-10, so it is by no means a perfect or comprehensive solution (Schwarz, 2014, p. 156). Direct funding appears in the form of Section 8 housing, whose wait list is far longer than what the government actually provides. Funding can also be made at local state and city levels, as was accomplished with the nearly one billion dollar Seattle tax fund dedicated toward the development of affordable housing in the city. In short, the most tenable options that can be implemented now are not those that will put governments into more debt but ones which reallocate funding and resources toward proven programs, review and get rid of unnecessary zoning and overly stringent permit requirements, and fund self-sufficient organizations that will develop housing.

Even outside government, efficient structures of non-profit and for-profit organizations may increase the scope and long-term sustainability of development efforts. Businesses can use creative approaches to fund affordable housing projects with profits from other areas, or they can develop more mixed income housing projects which avoid creating areas of concentrated poverty or affluence. Non-profits can invest in normative commercial properties or other investments to fund their efforts in the long term rather than relying on stringent grant requirements that they would otherwise have to contend for year by year. Rather than fighting over a limited pool of resources, they can create their own value from which to fund social projects. Perhaps to encourage such changes, public grants could focus on funding investment efforts for organizations committed to the development of affordable housing efforts so that they can become self-sufficient. Continuing tax credit programs and expanding opportunities for more organizations to work in tandem in the community will also be essential to having efficient processes by which affordable housing is developed, both for today and for tomorrow.

Conclusion

The problem of housing is often framed as one of scarcity; there are, simply speaking, not enough housing units to go around. Demand far exceeds supply. However, I contend that we ought to view this issue through a lens of abundance. Yes, there is a scarcity of housing, but the solutions to such scarcity are abundant! Concrete steps can be and have been taken to deal with housing issues, and creativity and collaboration will surely lead to more innovative solutions to new problems as they arise. Substantial change will require action from the whole community, with each person, organization, and level of society doing their part to reduce blockers of social mobility and allowing everyone to flourish.

Rather than viewing housing in the same ‘trickle down’ framework contended for by economist Laffer, perhaps a more constructive perspective would be to look at these issues from the bottom up. As we improve infrastructures and opportunities for those at the bottom of

society, it serves to strengthen society as a whole and provide more people with opportunities for social mobility. The flourishing of the least allows all to flourish.

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