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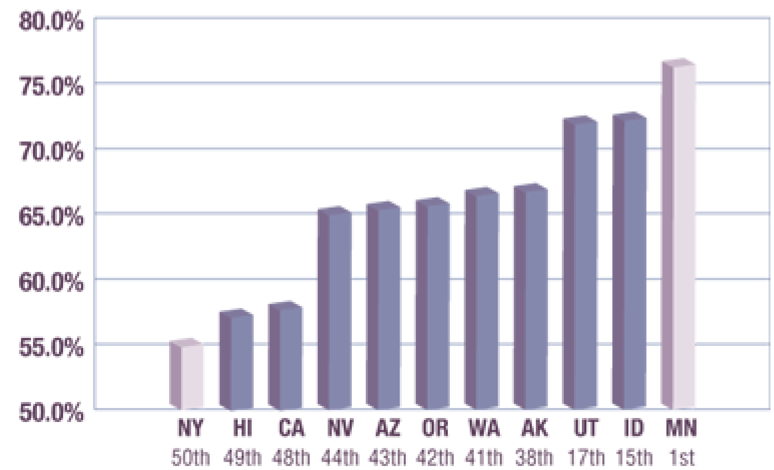
Affordable Housing

Providing affordable rental housing as well as opportunities for homeownership for low- and moderate-income people in the Twelfth District is a huge and increasing challenge. Homeownership is the single largest source of equity for Americans,[29] and low interest rates have helped boost homeownership rates significantly across the country in recent years. The overall homeownership rate for the district has risen as well, climbing from 60.5% in 2000 to 61.7% in 2002.[30] Overall, however, the district significantly lags the rest of the nation in homeownership, with its 61.7% homeownership rate still falling well below the national rate of 67.9%. On an individual state basis, six district states are among the ten states with the lowest rates of homeownership in the nation, led by Hawaii (2nd lowest, with a homeownership rate of only 57.4%) and California (3rd lowest, with a rate of 58.0%).[31] (See Chart 1 for each of the nine district states homeownership rankings. In this and all other charts, the top- and bottom-ranked states in the country are also included for comparison.)

Chart 1

Percentage of Households That Own Their Own Home

(national rank indicated below)

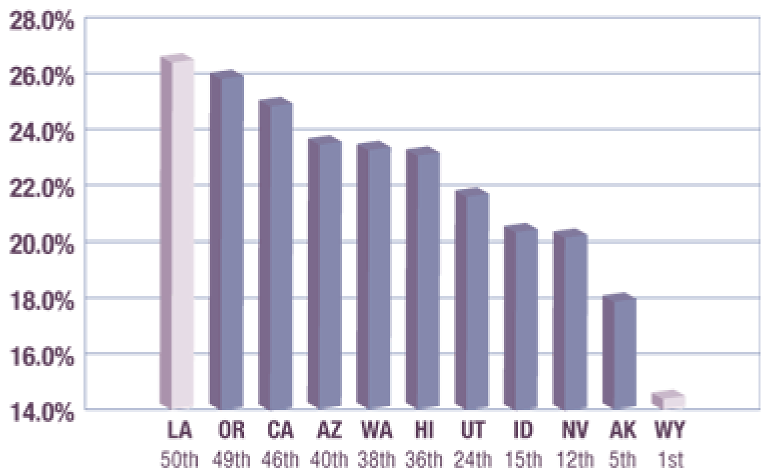


Moreover, rapid home price appreciation in the district, while boosting the overall net worth of homeowners, is increasingly pricing first-time homebuyers out of the market.

Three of the districts states -- California, Hawaii, and Washington -- are among the top 10 states nationwide in terms of the median value of a mortgaged home.[32] In some markets, these price increases are outstripping incomes and only a very small percentage of residents are able to afford the median-priced home. For example, in California, only 19% of households were able to afford the median-priced home in September 2004, compared to 55% of households in the U.S. In Santa Barbara County, California's least affordable region, only 6% of households could afford the median-priced home.[33] Homeownership in Oregon has also become increasingly out of reach -- between 1990 and 2000, the median household income increased by 50.2% while the median value of owner-occupied homes increased by 126.7%.[34]

On the rental side, five district states are among the worst 10 in the nation in terms of the severity of the affordable rental housing problem. Specifically, the entire West Coast (Washington, Oregon, and California), plus Arizona and Hawaii, face some of the most difficult rental housing markets in the nation, with well over one fifth -- and in the case of Oregon and California, more than one quarter -- of their renter households severely cost burdened, meaning that they spend more than 50% of their income on rent.[35] (See Chart 2.)

Chart 2
Percentage of Renter Households Spending More Than 50% of Income on Rent
(national rank indicated below)



Not surprisingly, nine out of the ten most expensive cities for renters are in the Twelfth District, including Seattle, Honolulu, Anchorage, and six cities in California (three in the San Francisco Bay Area).[36] Even in some of the better-ranked states, such as Alaska and Idaho, there are still areas with similar difficulties. For example, Alaska's non-metropolitan areas rank among the top three least affordable non-metropolitan areas, and even in Idaho's Pocatello MSA, 48% of renters are unable to afford the two-bedroom fair market rent.[37] Many district states can be credited with programs to build and preserve affordable rental housing and port homeownership,[38] but finding new and innovative ways to affordably house the districts rapidly-growing population is a paramount concern.

Small Business

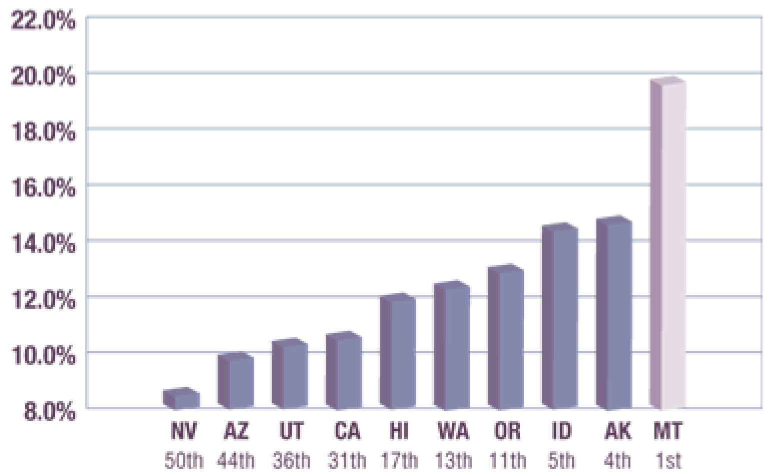
Entrepreneurs and small businesses are not only critical components of the overall economy, but also provide important opportunities for advancement for low- and moderate-income people. They are the second most important source of total household wealth, and are a traditional route into the middle class for many people, including immigrants.[39] For these reasons, supporting existing small businesses and entrepreneurs, especially with financial resources, and fostering the establishment of small businesses where they are less prevalent, are essential community development activities. Looking at the Twelfth District, this sector is quite pronounced in the majority of the nine states, and is very small in a few others.

On one measure, comparing the importance of small business in each state (defined for the purpose of these reports as the share of total employment accounted for by firms with fewer than 10 employees), Chart 3 shows that five district states are in the top 20 in the nation, with Alaska (fourth highest, with a 14.9% share of employment in very small firms) and Idaho (fifth, with a 14.6% share) leading the way. In contrast, based on this measure, Nevada has the least significant small business sector in the country (only an 8.5% share), with Arizona not far behind (44th, with a 9.8% share).[40]

Chart 3

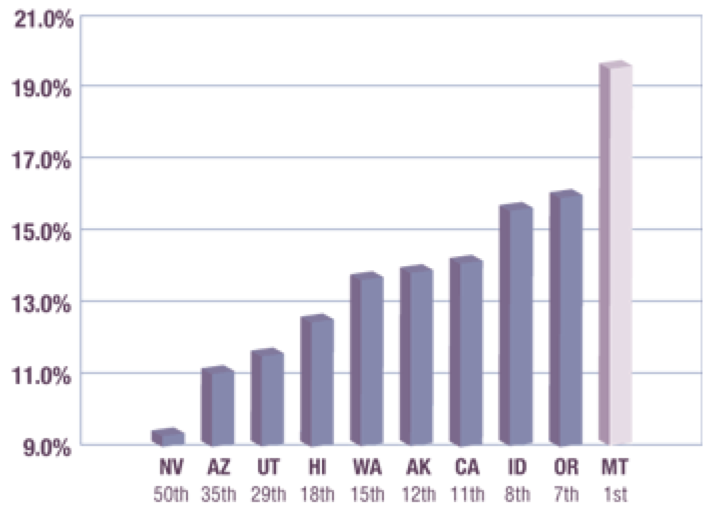
Percentage of Total Employment Attributable to Firms with Fewer than Ten Employees

(national rank indicated below)



Another measure yields a similar result. Comparing the rate of entrepreneurship (the percentage of the labor force that owns their own firm), Chart 4 shows that six district states are in the top 20 in the nation, with especially high entrepreneurship rates in Oregon (seventh highest, with 16.2% owning their own firm) and Idaho (eighth, with 15.8%). Once again, Nevada ranks at the bottom in the nation in its level of entrepreneurship (only 9.3% of the state's labor force owns their own firm).[41]

Chart 4
Percentage of Labor Force That Owns Employer and Non-Employer Firms
(national rank indicated below)

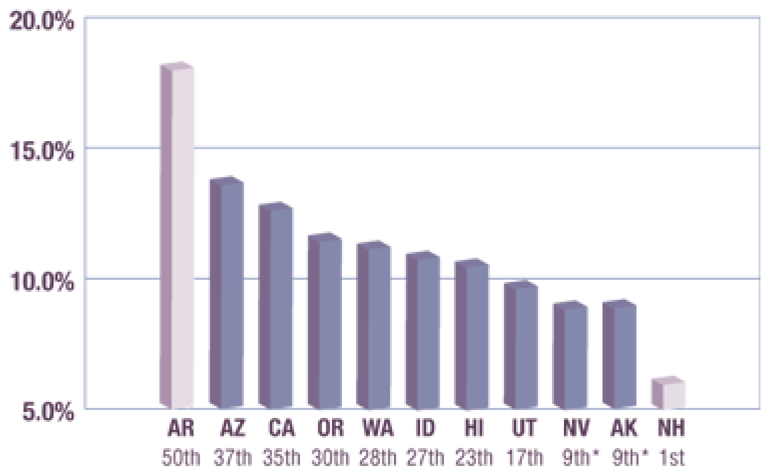


There is evidence in many of the districts states of difficulties faced by entrepreneurs and small businesses in accessing the capital necessary to grow and prosper, and of other obstacles faced by this sector. There is also an array of supportive programs available that attempt to assist those in the sector, but helping existing small businesses and creating an environment conducive to the establishment of new ones are key ongoing community development challenges in the district.

Poverty and Asset Accumulation
The environmental assessments also explore specific issues of poverty and financial stress and provide information on asset accumulation and preservation programs in each state. As exhibited in Chart 5, none of the district states are in the bottom quintile in terms of the share of their residents falling below the poverty level (based on a three-year average from 2001-2003), and only two, Arizona (37th, with a 13.9% poverty rate) and California (35th, with a 12.9% poverty rate) are in the next-to-last quintile. At the other end of the rankings, Nevada and Alaska, with poverty

rates of only 9.0%, are tied for having the ninth-lowest percentage of their populations in poverty in the nation.[42]

Chart 5
Percentage of People in Poverty
(national rank indicated below)



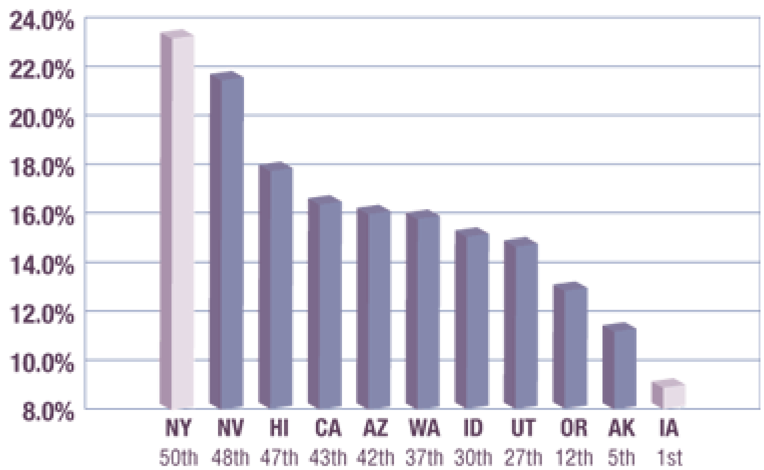
Some argue that a more accurate measure of poverty is to double the official federal poverty levels. Measuring the near-poor in this way still shows similar results. Among the district states, Alaska fares the best, with only 31% of its population living below twice the poverty levels, and Washington, Oregon, and Utah are also better than the national average. The worst-ranking state is California, with 39% of its population living below twice the poverty rate, ranking the state 43rd nationally.[43]

One of CFEDs chief contributions to the analysis of asset accumulation in the U.S. is to generate estimates of levels of net worth. An examination of this data shown in Chart 6 reveals that about half of district states have serious deficiencies in terms of the percentage of households with zero or negative net worth, with four states in the bottom quintile in this measure: Nevada (48th worst level, with 22.0% of households with zero or negative net worth), Hawaii (47th, with 18.1%), California, (43rd, with 16.7%), and Arizona (42nd, with 16.3%). Only Alaska enjoys a high ranking on this measure (5th, with only 11.3% of households with zero or negative net worth), though Oregon is not far behind (12th, with only 13.0%).[44]

Chart 6

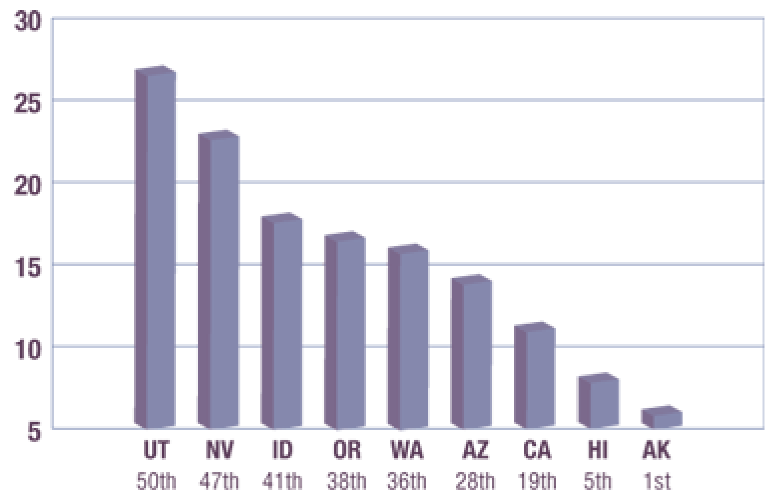
Percentage of Households With Zero or Negative Net Worth

(national rank indicated below)



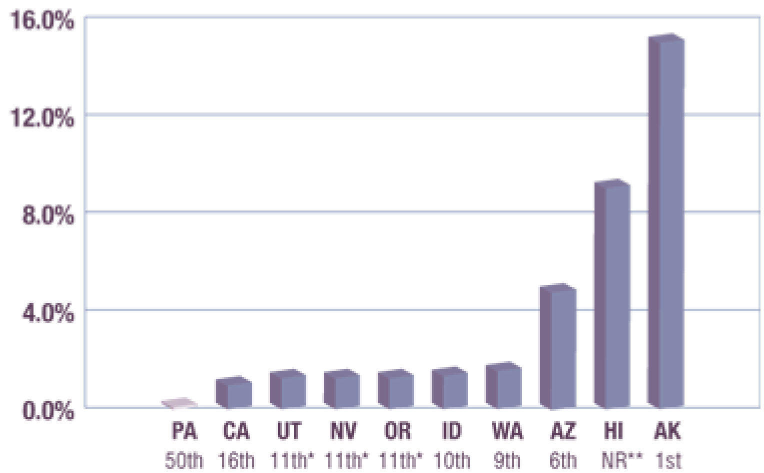
A final telling measure of personal financial stress is the rate of personal bankruptcy filings. On this measure, the district encompasses both the best and the worst states in the nation. In fact, as seen in Chart 7, not only does Utah have the highest rate of personal bankruptcy filings in the national rate that is almost five times that of the best ranked state -- but Nevada is not far behind at 47th. In contrast, Alaska is first in the county in having the best (lowest) rate of filings, followed not far behind by Hawaii (5th).[45]

Chart 7
Personal Bankruptcy Filings per 1000 Households
(national rank indicated below)



Native People and Immigrants
The final topic addressed in the environmental assessments is a specific focus on two groups of special concern to community development practitioners in the West, native people (defined in the reports as American Indian or Alaska Natives, or AIAN, for all states except Hawaii, and as Native Hawaiians/Other Pacific Islander in Hawaii) and immigrants. In total, AIAN individuals and Native Hawaiians make up 2.1% of the total district population, compared to 1.1% overall in the U.S. Chart 8 clearly shows that Alaska leads the way in AIAN share of the population, with AIAN residents accounting for 15.6% of the state's population, trailed by 6th-ranked Arizona, with a 5% share. However, the other five mainland states still have notable AIAN populations, with all eight states ranking in the top two quintiles in this measure. In absolute terms, the AIAN population in California is the nation's largest and Arizona ranks third. Similarly, Hawaii's Native Hawaiian/Other Pacific Islander population represents 9.4% of the state's population, which would rank it near the top in the nation on a combined measure of the concentration of native people.[46]

Chart 8
Percentage of Population That Is American Indian or Alaska Native (AIAN)
(national rank indicated below)



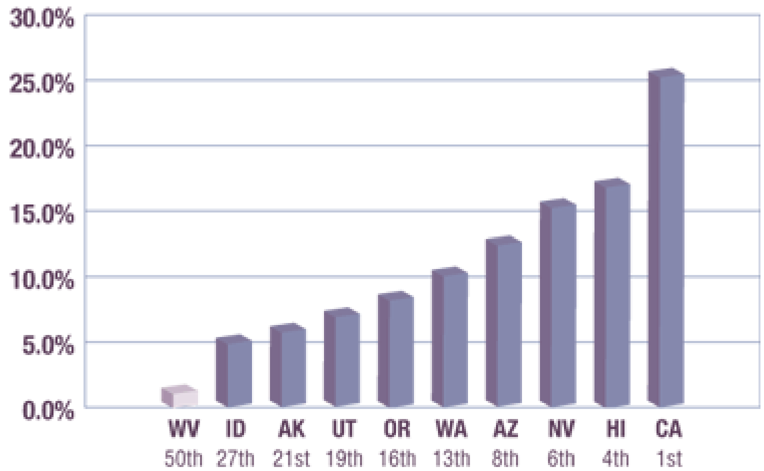
*tied

**Hawaii's AIAN population accounts for 0.3% of total state population; data used in this chart reflects Native Hawaiian/Other Pacific Islander population

The native population faces a number of community development challenges, including a poverty rate twice the national average, far lower educational achievement, higher unemployment, and more serious housing issues.47 While a number of programs and services are specifically targeted to these populations in each state, the disparities are stark and warrant special attention.

As with other areas of the country, portions of the Twelfth District are also magnets for immigrants. Twenty percent of Twelfth District residents are foreign born, and in total, they account for 36% of the total foreign-born population in the nation. As illustrated in Chart 9, California is the clear frontrunner of all the states in immigrant population share, with more than a quarter of its population foreign born. However, three other states -- Hawaii (fourth-largest concentration, with an immigrant share of 17.5%), Nevada (sixth, with 15.8%) and Arizona (eighth, with 12.8%) are not far behind. Even Washington, Oregon, and Utah are in the top half of the country in terms of the concentration of immigrants, with foreign-born people comprising between 7% and 10% of their total populations.[48]

Chart 9
Percentage of Population That Is Foreign Born
(national rank indicated below)



Like Native Americans and Native Hawaiians, the foreign born are more likely to live in poverty and face a number of obstacles, including cultural and linguistic barriers, which hinder their ability to start businesses and find affordable housing. Additional programs for these groups would be especially helpful.

Concluding Thoughts

These environmental assessments highlight the challenges facing the community development field in the Twelfth District: exploding population growth; pockets of economic weakness; increasingly limited homeownership opportunities for low- and moderate-income people; severe shortages of affordable rental housing in many states; unmet demand for capital and other support for entrepreneurs and small business; a huge unfilled need for asset accumulation and preservation strategies for the districts poor; and very specific community development needs for two especially-important groups in the district, the native population and the immigrant population. While daunting, these challenges are not insurmountable. With continued dedication and hard work, together we can make a real difference in the districts low- and moderate-income communities.

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[29] CFED, State Asset Development Report Card (SADRC), 2002, p. 92.

[30] U.S. Census Bureau, Census 2000 and American Community Survey Data.

[31] U.S. Census Bureau, Statistical Abstract of the United States: 2003.

[32] U.S. Census Bureau, 2003 American Community Survey Data, http://www.census.gov/acs/www/.

[33] California Association of Realtors, California's Housing Affordability Index at 19% in September, Down Five Points from Year Ago, November 2004.

[34] Oregon Housing and Community Services, Setting the Standard: 2003-2005 Strategic Plan, p. 12.

[35] National Low Income Housing Coalition, Up Against A Wall, November 2004.

[36] U.S. Census Bureau, 2003 American Community Survey Data.

[37] National Low Income Housing Coalition (NLIHC), Out of Reach 2003, http://nlihc.org/oor2003/.

[38] CFED, SADRC, pp. 129-132.

[39] Ibid, p. 106.

[40] U.S. Census Bureau, County Business Patterns 2001.

[41] CFED, SADRC, p. 107.

[42] U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2003, p. 23; poverty rates are calculated using a 3-year average, 2001 to 2003.

[43] Henry J. Kaiser Family Foundation. Distribution of Total Population by Federal Poverty Level State Data 2002-2003, U.S. 2003, http://www.statehealthfacts.kff.org.

[44] CFED, SADRC, p.91.

[45] American Bankruptcy Institute, Households Per Filing, Rank During the 12-Month Period Ended March 31, 2004, http://www.abiworld.org/statcharts/HouseRank.htm.

[46] U.S. Census Bureau, Census 2000 Data.

[47] Ibid.

[48] Ibid.