

# Communities Count 2008

## Data Updates for July 2009

- Food Bank Usage
- Home/Apt. Markets
- Bankruptcies
- Home Foreclosures
- Unemployment
- Websites & Reports
  - Reclaiming Foreclosed Properties for Community Benefit

Communities Count reports on a set of social and health indicators every three years. **Communities Count 2008** is the fourth such report. One strength of the report is that it contains a stable set of indicators that can show trends over time. Generally, a three year cycle for updating the report has been an efficient approach to making information available for planning, decision-making and guiding action/advocacy. However, the current economic recession, which began in December 2007, has undoubtedly had an impact on many of the indicators reported in **Communities Count 2008**. Even as it went to print, conditions in our communities were changing.

In response to the many requests we have received for more timely information and new information related to the economic downturn, we will be updating our indicators as new data become available. In addition, we will add supplemental data likely to be related to the impact of this recession.

# I. Updates to Communities Count 2008 Indicators

## BASIC NEEDS AND SOCIAL WELL-BEING

### Adequate Food

Last updated: 7/22/2009

Next scheduled update: Oct 2009 for third quarter 2009.

KING COUNTY FOOD BANK USAGE, CALENDAR YEARS 2008 & 2009, by QUARTER Emergency Food Assistance Program								
	New Households Served (unduplicated)		Total Household Visits		New Persons Served (unduplicated)		Total Person Visits	
	2008	2009	2008	2009	2008	2009	2008	2009
<b>Jan* - Mar</b>	31,122	58,375	194,006	245,858	97,037	132,959	450,869	510,604
<b>Apr - June</b>	21,802	24,960	219,450	229,060	50,702	56,541	482,790	518,850
<b>July - Sept</b>	29,580		213,823		64,189		465,883	
<b>Oct - Dec</b>	25,135		221,362		62,324		514,398	
<b>Total</b>	<b>107,639</b>	<b>83,335</b>	<b>848,641</b>	<b>474,918</b>	<b>274,252</b>	<b>189,500</b>	<b>1,913,940</b>	<b>1,029,454</b>

- The need for emergency food assistance continued to grow in the second quarter of 2009. Compared to the same period in 2008, the total number of person visits increased by 36,060.
- Over 30,000 additional households were served by a King County food bank in the first half of 2009, compared to the same period last year, an increase of 57%.
- In the first half of 2009, visits by adults, ages 19 – 54, increased by 33% while visits for children increased 23%, compared to 2008. Visits by adults ages 55+ increased by 24% over the same period in 2008.

\* In January, most King County food banks count all users as “new users” on the first visit of the year. Although a person may have used the food bank in previous year/s, for 2009, all persons and households are counted as new on their first visit of 2009.

*Data on King County food bank usage was provided by Susan Eichbrodt, Program Manager of the Washington State Emergency Food Assistance Program.*

## II. Supplemental Data

### Housing and Apartment Markets

Last updated: 07/17/2009

Next scheduled update for median home prices: Monthly for previous month

Next scheduled update for apartment data: 4<sup>th</sup> quarter 2009

- The price of single family homes and condominiums that sold during June 2009 rose again slightly for the second straight month. According to the Northwest MLS, the median price rose from \$351,500 in May to \$363,116 in June. This is 9.2% below the median price of \$400,000 in June 2008.
- The Washington Center for Real Estate Research surveys apartment managers in March and September on rental costs and vacancies. The vacancy rate in King County rose by almost 3 percentage points from March 2008 to March 2009. In their latest report, they suggest some reasons why vacancy rates have gone up during the current recession:
  - A significant number of new rental units, already under construction when the recession began, have entered the market
  - Population migration into the region has slowed
  - Tenants are opting to rent unsold single family houses instead of apartments
  - Groups of renters are sharing rental units rather than renting individually
- Almost 50% of rental units in King County are studios and one bedroom apartments. In March 2009, the average rent for a one bedroom, one bathroom apartment was \$1003. The average rent for all apartments was \$1065.

<b>Apartment Vacancy Rates and Rents Year-Over-Year Comparison</b>				
<b>March 2008</b>			<b>March 2009</b>	
	<b>Rate</b>	<b>Rent</b>	<b>Rate</b>	<b>Rent</b>
<b>King County</b>	4.1%	\$1026	6.8%	\$1065
<b>Washington State</b>	4.1%	\$897	6.3%	\$930
<b>U.S.</b>	*	*	10.7%	*

*Sources: Northwest Multiple Listing Service and the Washington Center for Real Estate Research.*

# Bankruptcies

Last updated: 07/15/2009

Next scheduled update: Monthly for previous month.

Bankruptcies in King County are generally handled through the Federal Bankruptcy Court in Seattle. Individuals can file under either Chapter 7 or Chapter 13. Businesses usually file under Chapter 11.

**Chapter 7**, entitled Liquidation, contemplates an orderly, court-supervised procedure by which a trustee takes over the assets of the debtor's estate, reduces them to cash, and makes distributions to creditors, subject to the debtor's right to retain certain exempt property and the rights of secured creditors. Because there is usually little or no nonexempt property in most chapter 7 cases, there may not be an actual liquidation of the debtor's assets. These cases are called "no-asset cases." If such a debtor's income is in excess of certain thresholds, the debtor may not be eligible for chapter 7 relief.

**Chapter 13**, entitled Adjustment of Debts of an Individual With Regular Income, is designed for an individual debtor who has a regular source of income. Chapter 13 enables the debtor to keep a valuable asset, such as a house, and to propose a "plan" to repay creditors over time – usually three to five years. Chapter 13 is also used by consumer debtors who do not qualify for chapter 7 relief under the means test.

**Chapter 11**, entitled Reorganization, ordinarily is used by commercial enterprises that desire to continue operating a business and repay creditors concurrently through a court-approved plan of reorganization. The debtor normally goes through a period of consolidation and emerges with a reduced debt load and a reorganized business.

U.S. Bankruptcy Court-Seattle Bankruptcy Filings (All types) Year-Over-Year Comparison											
March			April			May			June		
2008	2009	% change	2008	2009	% change	2008	2009	% change	2008	2009	% change
744	1286	73%	717	1140	59%	749	1103	47%	732	1179	61%

- In a national study<sup>1</sup>, 70% of low- to middle-income households with credit card debt accumulated this debt as a result of drops in income and unexpected expenses, mainly for basic needs, car and home repairs, and medical bills--what is referred to as 'safety net' debt.
- As a result of the economic downturn, more people are likely to be uninsured as unemployment rises and as companies reduce job benefits. Even before the current recession, medical debt appeared to be a factor in 17-55% of all bankruptcies in the nation.<sup>2,3</sup>

<sup>1</sup>Tamara Draut. The Plastic Safety Net: The Reality Behind Debt in America. Demos and the Center for Responsible Lending, October 2005, available on line at [www.demos.org](http://www.demos.org)

<sup>2</sup>Dranove D and Millenson ML. Medical Bankruptcy: Myth Versus Fact, *Health Affairs*, 25, no. 2 (2006): w74-w83; doi: 0.1377/hlthaff.25.w74. (Published online 28 February 2006)

<sup>3</sup>Himmelstein DU, Warren E, Thorne D, Woolhandler S. "MarketWatch: Illness and Injury as Contributors to Bankruptcy." *Health Affairs Web Exclusive*, Feb. 2, 2005.

Additional information on bankruptcies in Western Washington is available on the U.S. courts website. Bankruptcy statistics can be found at <http://www.wawb.uscourts.gov/posts.htm?f=3>

# Home Foreclosures

Last updated: 6/2009

Next scheduled update: Monthly for previous month.

## Foreclosure Overview & Foreclosure Process

### What is Foreclosure?

Foreclosure is a process that allows a lender to recover the amount owed on a defaulted loan by selling or taking ownership (repossession) of the property securing the loan. The foreclosure process begins when a borrower/owner defaults on loan payments (usually mortgage payments) and the lender files a public default notice, called a Notice of Default. The foreclosure process can end one of four ways:

1. The borrower/owner reinstates the loan by paying off the default amount during a grace period determined by state law. This grace period is also known as pre-foreclosure.
2. The borrower/owner sells the property to a third party during the pre-foreclosure period. The sale allows the borrower/owner to pay off the loan and avoid having a foreclosure on his or her credit history.
3. A third party buys the property at a public auction at the end of the pre-foreclosure period.
4. The lender takes ownership of the property, usually with the intent to re-sell it on the open market. Properties repossessed by the lender are also known as bank-owned or REO properties (Real Estate Owned by the lender).

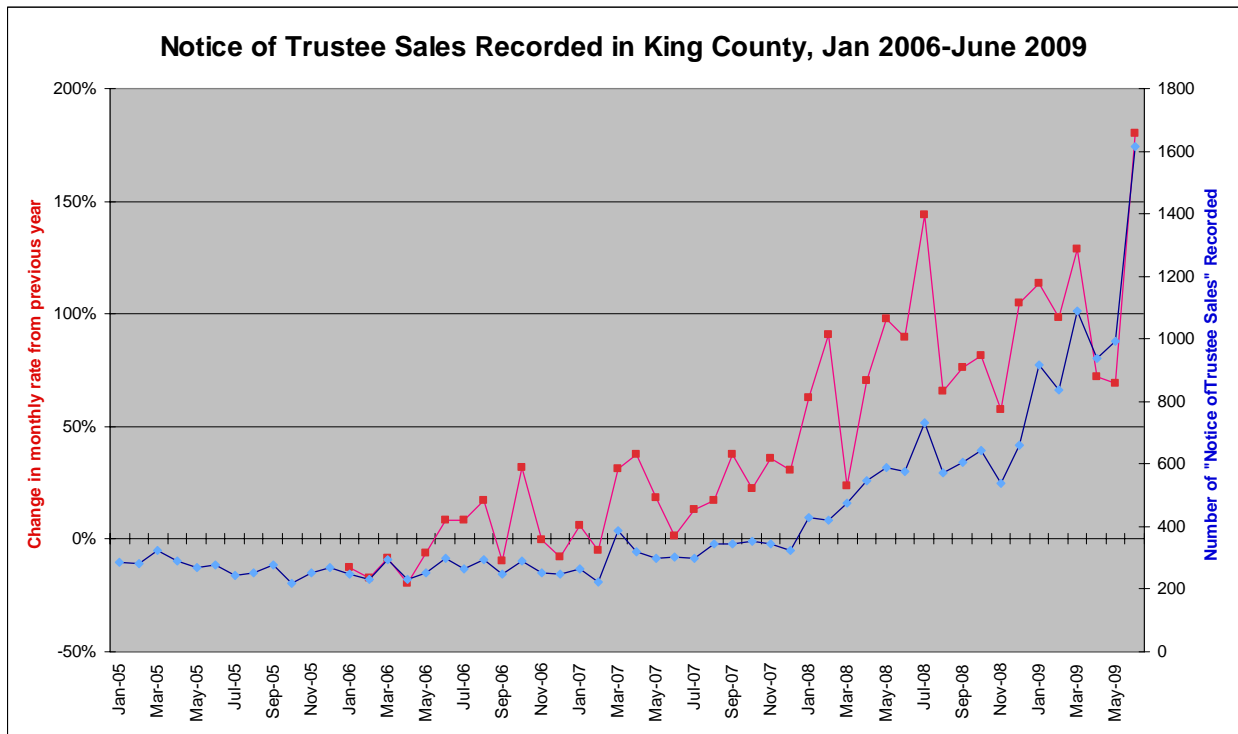
### Major Elements of Washington Foreclosure Include:

1. Mailing and posting the Notice of Default (at least 30 days after default occurs).
2. Setting the Trustee's Sale that includes recording mailing and posting of the Notice of Trustee's Sale (must be done more than 90 days before sale date).
3. Publication - 2 times at specific intervals in the last month before sale.
4. Holding the Sale (Must be at least 190 days after date of first default, 90 days after NTS is posted)
5. Sales can be continued up to 120 days at the will of the lender.

### Measuring/Indicating Foreclosure

The Notice of Trustee Sale (NTS) is filed at least 30 days after the notice of default. There is no single point in the process that the experts call "a foreclosure". All NTS must be recorded with the King County Recorder's Office, but preliminary steps don't have to be. Therefore NTS is usually regarded as the best available marker of foreclosure: it indicates a default that will turn into loss of the property unless something big and costly happens. In Washington, the sale takes place no sooner than 90 days after the NTS is filed, and can be called off at any point if the debt is paid or restructured.

(from <http://www.realtytrac.com/foreclosure/overview.html>)



[last updated: 07/15/2009]

- Foreclosures (NTS) jumped from 992 in May 2009 to 1,615 in June 2009. The year-over-year increase in June was 180%.
- A new PolicyLink tool, "**Reclaiming Foreclosed Properties for Community Benefit**", highlights promising practices that are already underway for localities looking to stabilize their local housing market and prevent blight from spreading.

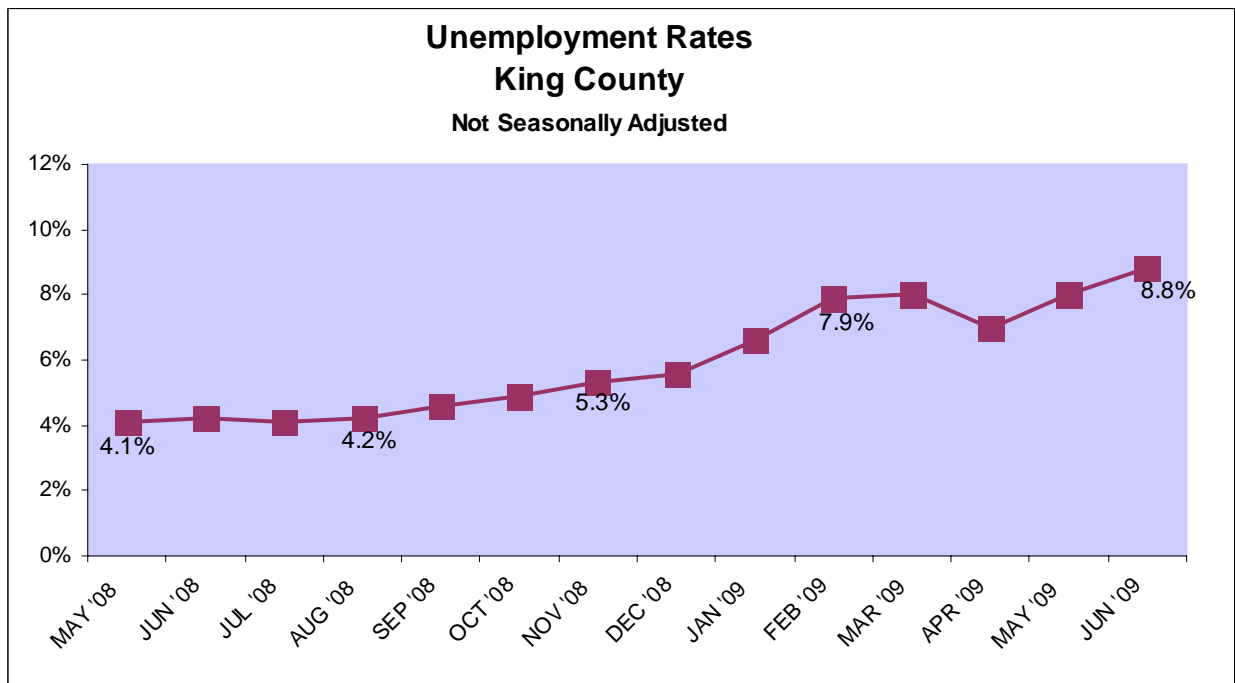
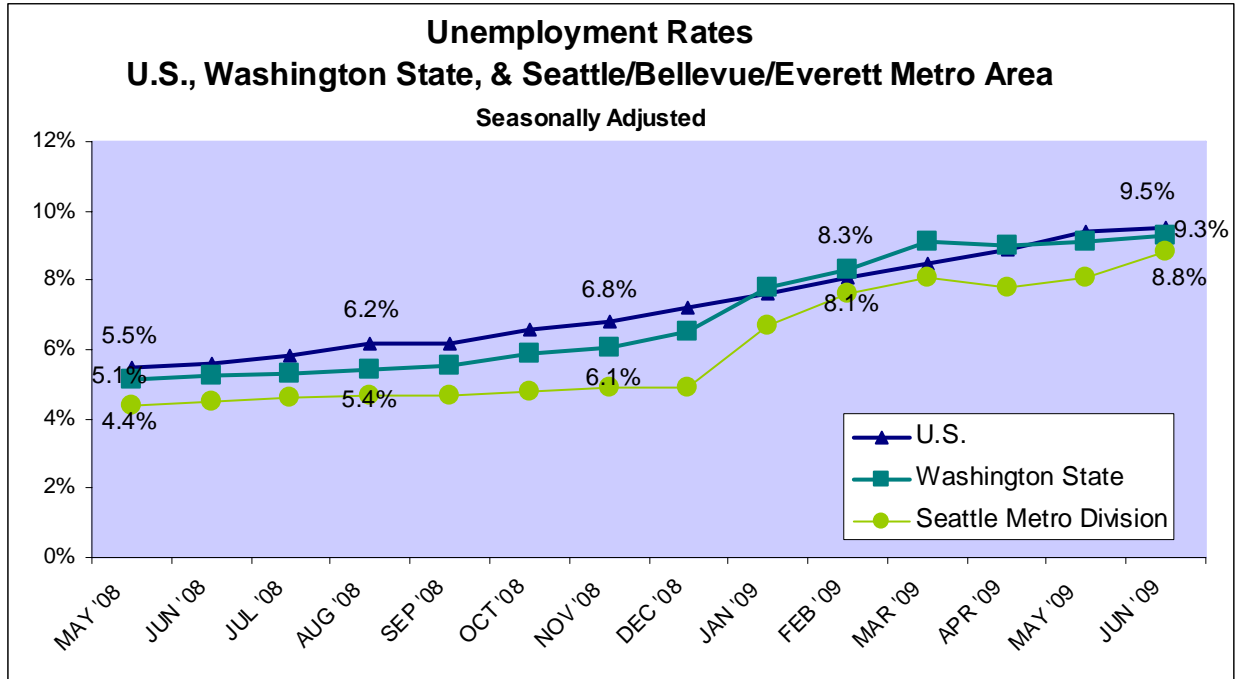
From the King County recorder's website: <http://146.129.54.93:8193/search.asp?cabinet=opr>

Data were queried monthly by 'Notice of Trustee Sale'

# Unemployment

Last updated 07/24/2009

Next scheduled update: Monthly for prior month



King County's unemployment level increased by 11,470 in June resulting in an unemployment rate that moved upward to 8.8 percent. This change reflects a 1.0 percentage point increase over

a revised May estimate of 7.8 percent. Unemployment in the county remains slightly below the level in the state and metropolitan area.

The state unemployment rate increased from 9.1 to 9.3 percent in June. The U.S. unemployment rate reflected a similar increase, shifting upwards from 9.4 percent in May to 9.5 percent in June.

*Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch.*

What does SEASONALLY ADJUSTED mean? (Source: U.S. Bureau of Labor Statistics)

Over the course of a year, the size of the state's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. The effect of such seasonal variation can be very large; seasonal fluctuations may account for as much as 95 percent of the month-to-month changes in unemployment at the national level.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity, easier to spot. For example, the large number of youth entering the labor force each June is likely to obscure any other changes that have taken place relative to May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. The adjusted figure provides a more useful tool with which to analyze changes in economic activity.

### **III. Websites and Reports with Recession-relevant Data**

**United Way of King County**

**Community Assessment: Basic Needs**

<http://www.uwkc.org/kcca/BasicNeeds/BasicNeeds.asp>

**Examining the Health Consequences of the 2008-09 Recession**

<http://www.gwumc.edu/sphhs/about/rapidresponse/Recession.cfm>

**PolicyLink**

[Reclaiming Foreclosed Properties for Community Benefit](#) highlights promising practices that are already underway for localities looking to stabilize their local housing market and prevent blight from spreading.