



## **Communities Count Data Updates**

**July 2011**

### **In this Issue:**

Unemployment rising after several months of decline  
Bankruptcies leveling off  
Pace of foreclosures continue to decline  
Housing prices experience sharp drop off in first quarter of 2011

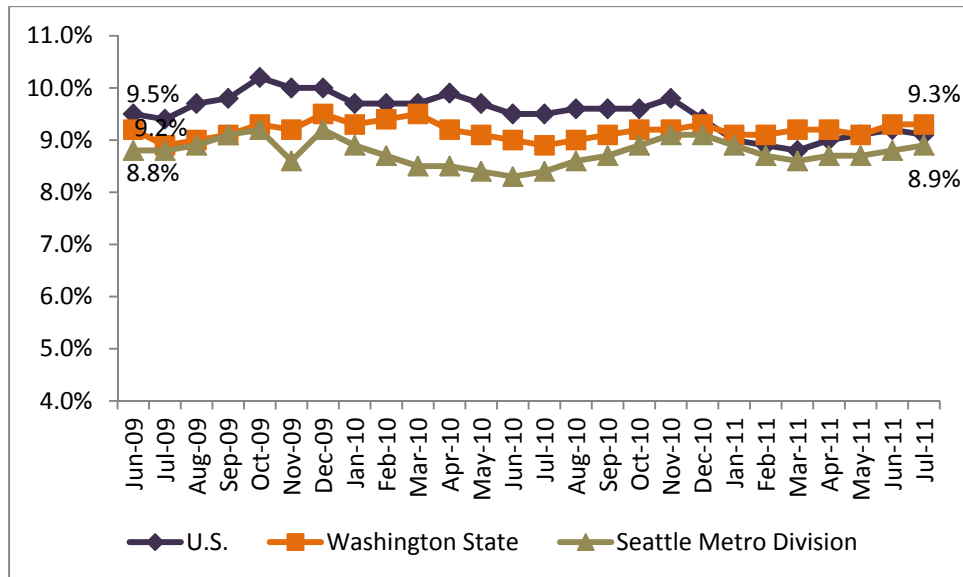
Communities Count is committed to improving community conditions through information advocacy – providing accurate and timely reports on the conditions that matter to King County families and communities in order to stimulate action.

### Unemployment rising after several months of decline

Since July 2010, over 37,000 jobs have been added to Washington's economy. The gains are primarily in the private sector, while government continues to shed jobs due to severe budget cuts. Over two-thirds (70 percent) of the recent job gains have happened in 2011.

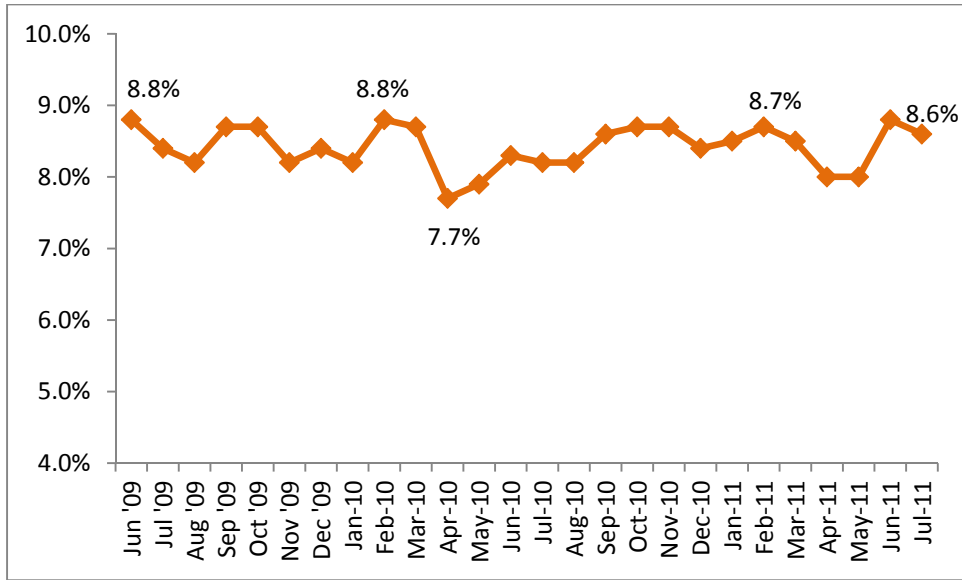
- In July 2011, the unemployment rate in Washington rose slightly to 9.3 percent, just above the national rate of 9.1 percent. The rate for the Seattle metropolitan area increased slightly from 8.8 percent to 8.9 percent during the same time period.
- After several months of decline, the unemployment rate in King County rose to 8.6 percent in June and dropped just slightly to 8.6 percent in July. Over 2,400 fewer people in King County were looking for work in July compared to June.

**Unemployment Rate (Seasonally Adjusted)**  
**U.S., Washington, Seattle Metro Region**  
**June 2009 to July 2011**



Source: Washington Workforce Explorer, accessed August 25, 2011

**Unemployment Rate (NOT Seasonally Adjusted)  
King County  
June 2009 to July 2011**



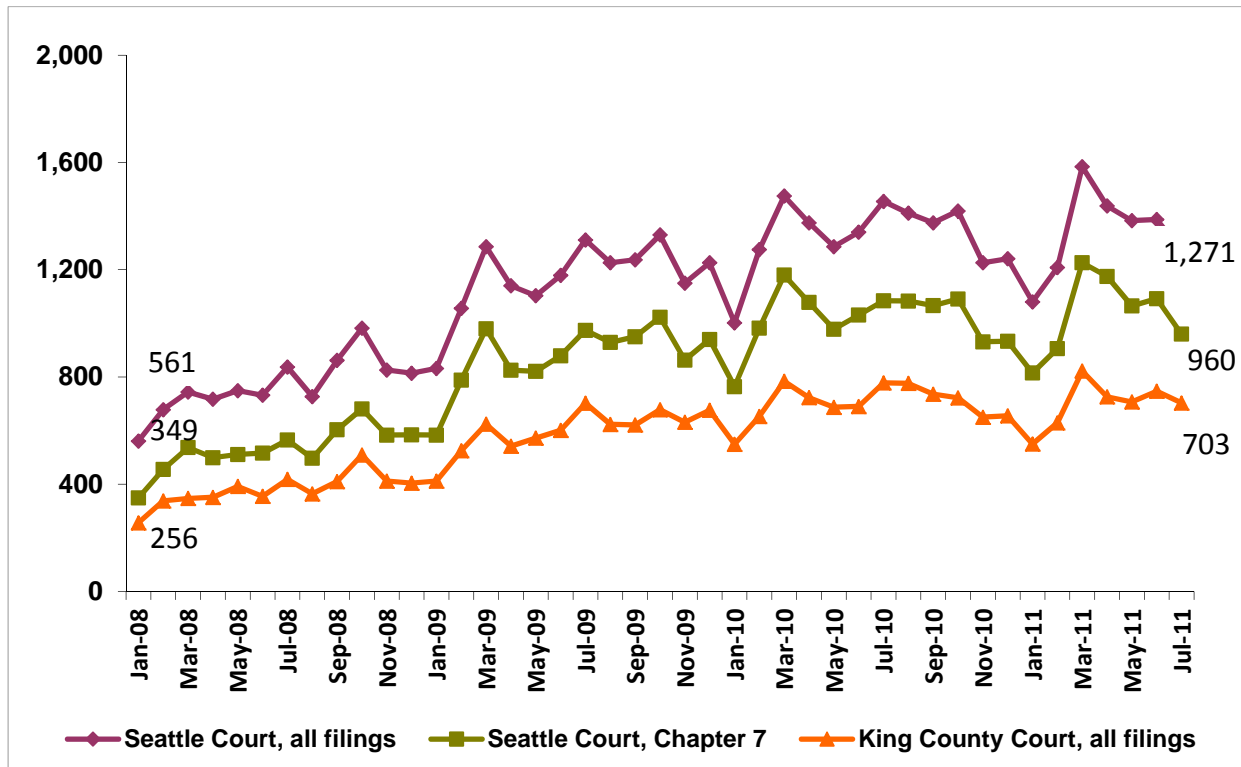
Source: Washington Workforce Explorer, accessed August 25, 2011

### Bankruptcies leveling off

Bankruptcy<sup>1</sup> is a difficult decision that is often an individual's last-resort to resolve financial crises. The consequences of bankruptcy can be significant, leading to poor credit, exposure to higher interest rates, and psychological distress. Filings for bankruptcy in King County and Seattle have steadily risen since January 2008. The majority of these are for Chapter 7 (individual) bankruptcy.

- In July 2011, there were 1,271 bankruptcies filed in Seattle courts and 703 bankruptcies filed in King County courts. The total number of bankruptcies so far in 2011 has increased just 1.6 percent for Seattle, and increased just 0.4 percent for King County compared to the same period last year. This is an improvement from the years immediately following the beginning of the recession, when King County and Seattle experienced double-digit percent increases in bankruptcies.
- Chapter 7 bankruptcies for Seattle totaled 960 in July 2011, representing 77 percent of all filings in the city.

**Number of People Filing for Bankruptcy  
Seattle & King County  
January 2008 to July 2011**



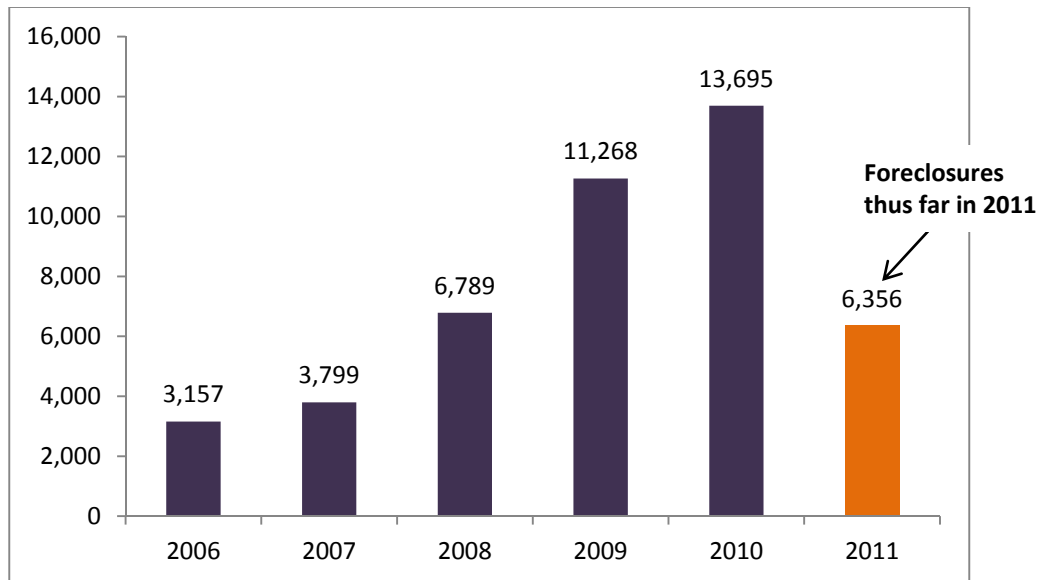
Source: United States Courts, accessed August 20, 2011 (<http://www.wawb.uscourts.gov/posts.htm?f=3>)

### *Pace of foreclosures continue to decline*

The quality and stability of the housing we live in is a critical element to our health and well-being. Families that lack access to stable, affordable, safe, and clean housing are more likely to experience stress and depression, be exposed to unsafe environmental conditions (e.g., mold), and are more likely to be displaced or end up homeless.<sup>2</sup>

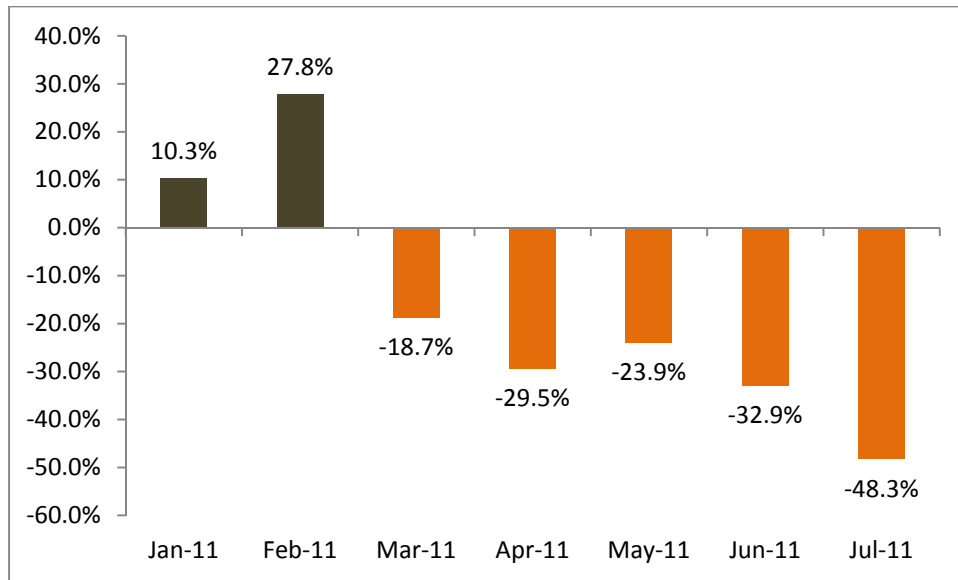
- The chart below shows foreclosure data in King County since before the recession through July 2011. Foreclosures have increased to 6,356 thus far.
- The second chart shows the month-over-month change in foreclosures, which have slowed considerably in the past four months. Foreclosures in July 2011 dropped 48 percent compared to July 2011.

**Foreclosures in King County  
2006 to July 2011**



Source: King County Records Search accessed August 20, 2011 (<http://146.129.54.93:8193/search.asp?cabinet=opr>)

**Month-Over-Month Change in Foreclosures  
King County  
January to July 2011**

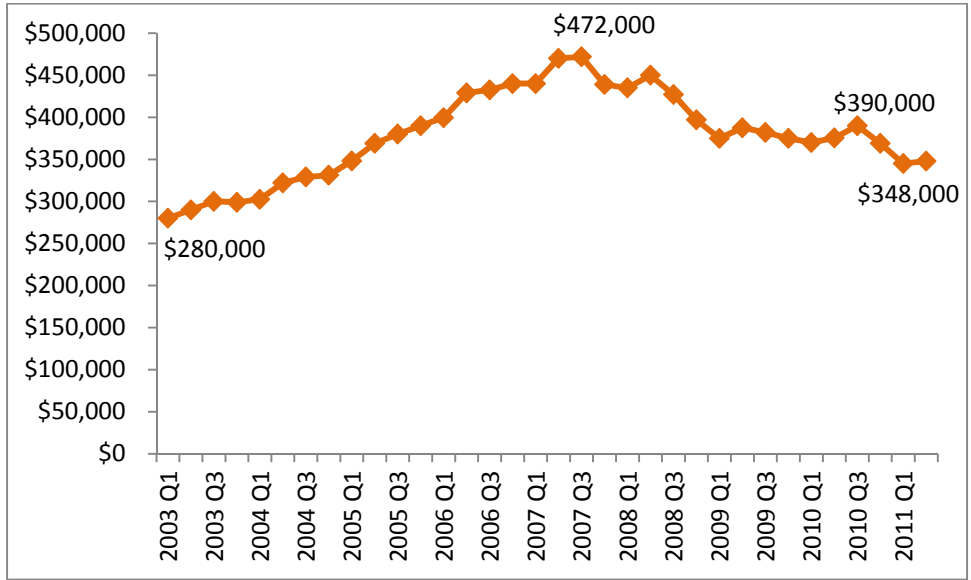


Source: King County Records Search accessed August 20, 2011 (<http://146.129.54.93:8193/search.asp?cabinet=opr>)

**Housing prices experience sharp drop off in first quarter of 2011**

Median home prices continue to decline in King County since their peak in the fourth quarter of 2007 (\$472,000). The region experienced a steep slide in prices recently, dropping from \$390,000 in the third quarter of 2010 to \$348,000 in the first quarter of 2011.

**Median Home Prices  
King County  
2003 (Q1) to 2011 (Q1)**



Source: WSU Center for Real Estate Research (<http://www.wcrer.wsu.edu/WSHM/WSHM.html>)

## TECHNICAL NOTES

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<sup>1</sup> 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.

<sup>2</sup> 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; and (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).

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.