Meet Angel Dawson, HCLT’s new Homeownership Program Manager

The cost to live in Seattle is higher than ever. Last year alone, home prices went up more than 20%, while income remained relatively constant. This is nothing new. Seattle housing prices have increased steadily for the last 50 years. And with prices falling in other parts of the country, the Seattle market is leveling out at best. So this is great for people who bought here ten, or even two years ago. But what about the rest of us? Are we stuck in an endless cycle of rent increases, while paying off other people’s mortgages? Has the dream of homeownership become unattainable for working families? What about our children and grandchildren? At this rate, by the year 2056, only millionaires will be able to crack the impenetrable Seattle housing market.

That’s why I’m proud to be working toward a solution. I worked as a homeownership counselor in Oakland, CA, where I helped lots of families buy homes. But as time passes, prices keep skyrocketing, and purchasing becomes less and less feasible for working people. As the new Homeownership Program Manager with HCLT, I can support families to make homeownership affordable now, and create a legacy of permanently affordable housing stock in the community.

Currently with up to $90,000 in down payment assistance, the HCLT Advantage program can ensure that your family has a monthly payment that is comfortable, while building equity and appreciation. Plus, when you partner with HCLT to purchase your first home, you can feel good, knowing that a family down the road will have the same opportunity. With new funds ready, and new provisions which allow our buyers to purchase condominiums, maybe it’s time to turn your dreams into realities. I look forward to helping you achieve your dreams for homeownership.

A housing market out of balance

Letter from Sheldon Cooper, HCLT Executive Director

As home prices have increased much faster than incomes in recent years, affordability has rapidly declined. This is true even for the middle class. Right now a household making $77,200 (the median income) with $10,000 in savings finds themselves $150,000 short of affording a $400,000 home (the King County median price)! The housing affordability crisis has now penetrated deep into the middle class.

As always, the situation is far more difficult for modest income households. Households making $50,000 (still considered a good income by many), with a $10,000 savings, can only afford a $165,000 house without assistance.

Currently, the King County housing market is only offering adequate homeownership options to households making $115,000 a year or more. The rest of us are stretching like never before to buy a house. Individual “stretching” strategies include working a second or third job, borrowing unaffordable loan amounts, and “driving to qualify”, leading households to purchase in lower cost areas far from employment centers.

Each of these approaches has negative impacts on individual households. More time consumed by work and commuting leaves less time available for family life. High monthly payments erode the ability to save, force tradeoffs between housing and health care, and leave households vulnerable to losing their home through foreclosure if they hit a bump in their financial road.

Households stretched thin also negatively impact our communities. Less free time means less involvement in local community affairs, less involvement in children’s lives, in schools, and less volunteerism. Escalating housing prices...
Comings and goings

September has brought change to HCLT. After nearly three years as our Homebuyer and Membership coordinator, Quinnie Tan has moved on from HCLT to take a position with the Seattle Office of Housing. Her departure leaves a big hole in our family. Quinnie was instrumental in growing HCLT from 1 to 10 homes, helping aspiring buyers become purchase-ready, improving communications with our members, and much more. At the Office of Housing, Quinnie will work on multi-family rental projects, as well as support the Homeownership staff. While her skills and style will be missed in the office, it is always good to have another person at the Office of Housing who is well-versed in community land trusts and the community benefits they bring. And while Angel Dawson has quickly assumed the helm as HCLT’s new Homeownership Program Manager (see Angel’s intro above), Quinnie will still be helping out as HCLT’s volunteer Webmaster. Thank you Quinnie for giving so much of yourself to HCLT!

Becky Andrews has been appointed to fill our vacant Community-At-Large board seat until the Annual Membership Meeting on October 27, where she will stand for election. She has lived in Seattle for six years and graduated from the University of Washington with a law degree and Masters of Public Administration in 2004. She focused her Master’s project on the history of gentrification in Seattle’s Central District. When asked why she wanted to join the HCLT board, Rebecca shared the following: “First, after almost a year in private legal practice, I am eager to begin giving back to the community. I have been interested in social justice, class and race issues for many years, and HCLT works at the intersection of all of these issues. As a Seattle resident, I want to work to maintain a diverse community in Seattle. As the housing prices in our neighborhoods rise, many residents are priced out of the market leading to a homogenous city population.” Welcome Becky!

Grants come in to support HCLT

Hometstreet Bank recently recognized HCLT’s work to create permanently affordable homeownership awarding us one of eight 2006 Community Housing Awards given out in the Northwest. This $10,000 grant will support general operations. Thank you Hometstreet Bank!

Thanks also go out to the U.S. Bancorp Foundation for granting $3,500 to HCLT this year to support our work. The Archdiocese of Seattle’s Catholic Campaign for Human Development contributed funds to HCLT’s effort to combat displacement of low income households from the Rainier Valley in 2006. Thank you CCHD!

Taking Control of Your Credit Score

When you apply for a home loan, a cell phone, insurance and even some jobs, your credit report will be reviewed. Before you apply you should understand your credit, because it is so important. Then you can control how it reflects on you.

One important but little-understood aspect of your credit report is your credit score.

Each of the three credit bureaus (Experian, Equifax, and Trans Union) calculates your credit score based on your personal credit history. Approximately 30 individual factors are used to determine your credit score. Credit scores can range from 300 to 900. Generally, scores of 620 and above are considered acceptable for standard financing options.

There are five broad areas that credit bureaus look at in calculating your credit score. Each area accounts for a certain percentage of your credit score.

- Payment History - Details about credit cards, installment loans (such as car or student loans), and mortgage loans. Any late or missed payments show up in this part of the score, which accounts for about 30% of the total.
- Outstanding Debt - The total amount you owe, and the ratio of your credit balance to your credit limits is factored in for another 30% if you don’t want to lose points for this reason, carry balances below 30% of your available credit on credit card (for example: less than $10 on a $100 credit card, or less than $3,000 on a $10,000 credit card)
- Credit History - How long have you been building a credit history? How long have you had your current accounts on average, this category determines 25% of your score. If you’re new to credit, it takes time to establish a positive credit history.
- Pursuit of new Credit (Inquiries) - Application for new credit and recently opened accounts are looked at for another 10%. Luckily, mortgage inquiries that occur within a 14-day period count as a single Inquiry, so you have the opportunity to comparison shop without harming your credit.
- Types of Credit in Use - The number of accounts and the different types of accounts, such as credit cards, department store cards and installment loans, are considered. This category usually comprises another 10% of your final credit score.

Overall, if you want to improve your credit the best things you can do are pay your bills on time and pay down any high balances on your credit card. Your credit score is calculated based on the information in your credit file at the time the credit score is calculated. Therefore, your credit score can change every time the information in your credit file changes. Great motivation to improve your credit score!