

## **Affordable no longer? Once-inexpensive West Central area sees rising housing costs**

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Patrick Malone knows firsthand what a proposed upscale development can do to property values in a low-income neighborhood.

When he purchased his historic home in West Central Spokane in 1994, investors were snatching up properties at an accelerated rate because of Metropolitan Mortgage & Securities Co.'s planned Summit project. That project would have created an urban village with townhouses, shops and offices.

Two years and many renovations later, Summit never materialized and his home appraised for less than that the \$97,000 purchase price plus improvements.

"We were kind of upside-down in the property at that point," said Malone, a community development specialist for Community Colleges of Spokane and Washington State University.

A decade later, with a different mixed-use development called Kendall Yards taking shape, Malone notices the same speculative purchasing is picking up again.

"They're just buying up single-family homes and re-leasing them," Malone said.

Prices in the once highly affordable neighborhood are rising, creating a scenario that could further revitalize the area but also increase rents and home prices.

While the greater Spokane area has seen steep real estate appreciation in the past two years, some Realtors say the newly dubbed Nettleton's Addition Historic District on the fringe of the Kendall Yards project is particularly popular.

Jim McConnachie, a Re/Max realtor, recently sold three properties in a row within two hours of listing them. The two houses and a vacant lot on West Boone went to three different buyers, including an investor, he said.

About half of the people buying West Central properties from him are investors, he said, and one client has a standing order to purchase properties in the \$90,000 range.

"Right now that's the hottest little area in town," said McConnachie, who also sells downtown condos.

Rob Higgins, executive vice president of the Spokane Association of Realtors, said the increasing cost of starter homes is a problem throughout the area. He looked at five

census tracts within the West Central neighborhood and found that appreciation during the past year was 12.2 percent to 26 percent.

Of the five census tracts, only one had a median sales price under \$100,000, he said, adding that West Central is still comparably affordable.

High rents and rising real estate prices inspired three West Central churches in 2004 to form Jubilee Community & Housing Ministries. The ministry finds investors who are willing to buy homes and either rent or re-sell them (after making renovations) for cost.

The purpose of the spiritual-based project is to build community by decreasing neighborhood turnover, which negatively impacts the community and Holmes Elementary School, and to increase home ownership.

Malone said in the past two years he has looked at about 100 properties for Jubilee. Houses that sold in the mid-to-high \$70,000 range a couple years ago are now selling for \$140,000 to \$160,000, he said, adding, "With no improvements, mind you."

He worries the speculative buying could increase absentee owners, leading to more drug houses and jack up property taxes because appraised values are rising.

Jubilee investors have purchased five homes that rent from \$850 to \$1,100 a month, including phone and utilities. Another house was sold to a family, who paid about \$100,000, or what the home cost two years ago plus the price of renovations.

Dave and Melissa Hammond, a married couple in their mid-20s with a baby, said they looked around at a few properties but because of Jubilee got a nicer home for their money.

Other homes in their price range needed significant upgrades — like new plumbing, Melissa Hammond said.

"It's just hard. If you're starting out, you don't have the cash reserve to do it."

Mark and Judy Newbold bought the home in 2004, upgraded the inside and fenced the backyard to provide a buffer from an alley.

While they invested in the community, they didn't make — and aren't looking for — a profit.

"They're going into the home with an equity situation right off the shoot," Mark Newbold said. "It's really fun."