

Seattle City Council – Workforce and Affordable Housing Program Review: Existing Conditions



Acknowledgments: The Seattle Planning Commission, Office of Housing,
Department of Planning and Development, and Cornerstone Partnership.

Existing Conditions

- How much do lower income households earn?
- How many housing units are in Seattle and how many are rent-restricted?
- What is the current income mix of Seattle households?
- For rented and owned housing:
 - What can lower income households afford to pay?
 - Is existing housing accessible to lower income households?
 - What is available in the marketplace?
- How many households will Seattle add over the next two decades?
- What will be the future demand for affordable housing?



How much do lower income households earn?

A one person lower income household earns between less than \$18,200 and \$45,100 per year. An entry-level teacher in the Seattle School District earns approximately \$42,000 and would be considered low income.

2013 Seattle Income Categories

Names	Household Incomes	1 Person Household Income Ranges	4 Person Household Income Ranges
Extremely Low Income	Less than 30 percent of the median family income (MFI)	< \$18,200	< \$26,000
Very Low Income	Between 30 and 50 percent of the MFI	\$18,201 - \$30,350	\$26,000 - \$43,350
Low Income	Between 50 and 80 percent of MFI	\$30,351 - \$45,100	\$43,351 - \$64,400

Source and notes: HUD 2013.

Housing affordable to households earning between 60-80% of HUD Area Median Family Income (MFI) are sometimes referred to as “workforce housing.” Additionally, the term “lower income” often refers to all people making less than 80% of the MFI.



How many housing units are in Seattle and how many are rent restricted?

Between 2005 and 2012, Seattle added about 29,000 net new housing units. There are approximately 14,000 anticipated additional units that have received building permits but have not yet been built.

The City of Seattle and the Seattle Housing Authority have about 24,000 rent restricted units. This is approximately 8% of the total inventory of housing units. Some of these units are occupied by seniors and the disabled, many of whom are not workforce participants.

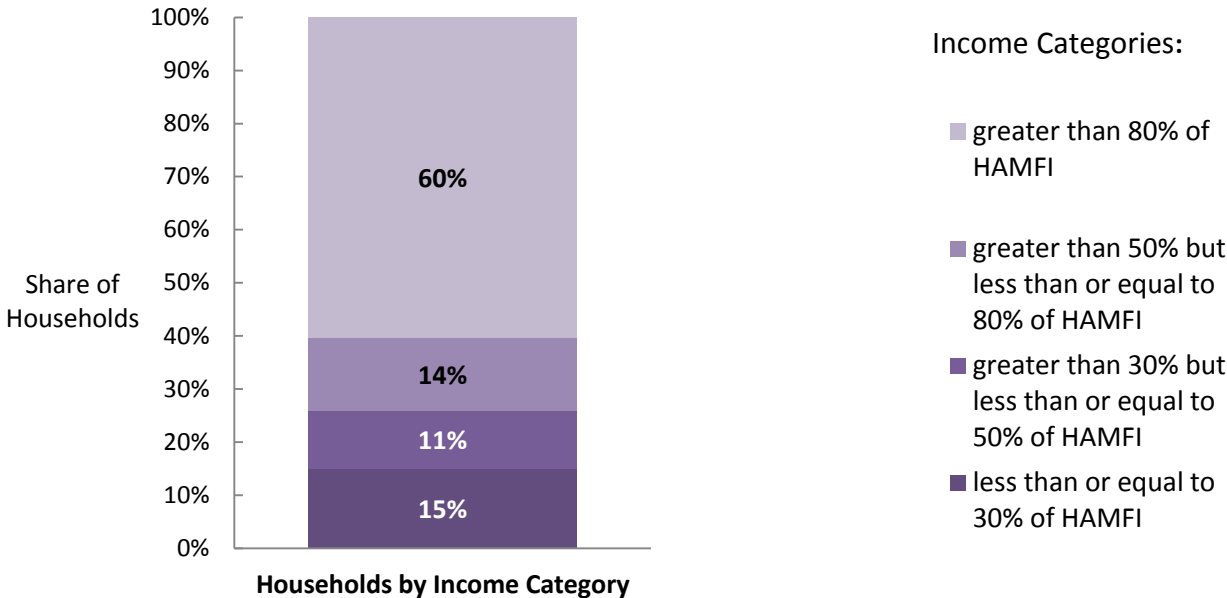
Snapshot of Housing Inventory	
OFM Estimate of Housing Units in Seattle in 2012	312,853
Net New Housing Units Added between 2005 and 2012	29,330
Units That Have Been Permitted But Not Yet Built	13,760
Estimate of Existing Rent Restricted Affordable Housing Created by City Programs or in the Seattle Housing Authority's Inventory	23,773*

* Includes units created through the Multifamily Tax Exemption Program. Does not include tenant-based vouchers.
Sources: The Washington State Office of Financial Management, the Department of Planning and Development, the Office of Housing, and the Seattle Housing Authority.



What is the current income mix of households in the City?

Share of Existing Households within Seattle by Income Category



Data source and notes:

Estimates for household income distribution are from the HUD "CHAS" dataset obtained from the Census Bureau's American Community Survey (ACS) 5-year period (2006-2010). ACS estimates are based on a sample and carry margins of error.

Income categories are based on HUD Area Median Family Income (HAMFI) and are adjusted by household size.



What rent can lower income households afford to pay?

While the average rent of studios may be affordable to some lower income households, average rents for units with one or more bedrooms exceed affordable rents for all lower income household categories.

Affordable Rent by Income Level and Average Rent by Number of Bedrooms

	Extremely Low Income (<30% MFI)	Very Income (30-50% MFI)	Low Income (50-80% MFI)	Average Rents (Seattle)
	Includes basic utilities			Excludes basic utilities
0 bedroom	\$455	\$758	\$1,127	\$1,057
1 bedroom	\$487	\$813	\$1,208	\$1,279
2 bedroom	\$585	\$976	\$1,450	\$1,466 one bath \$1,958 two bath
3 bedroom	\$676	\$1,127	\$1,675	\$2,310
4 bedroom	\$755	\$1,257	\$1,868	Data not available

Sources: Rent Limits based on 2013 Income Limits for Seattle-Bellevue HMFA (HUD Metro Fair Market Rent Area) Dupre+Scott Apartment Advisors, Apartment Vacancy Report, Fall 2013 (20+ unit multifamily rental buildings).

Note: The average rents do not reflect cost of basic utilities, which is a component of housing affordability.



What type of multifamily rental housing – by price and size – does the market provide?

The multifamily rental housing market does provide some studio, one-bedroom, and even two bedroom units at rents affordable to lower income households.

2013 Data - 1+ Unit Properties - Adjusted for time and utilities where needed. City of Seattle data only.

Quartile	Studios		1 Bedroom		2 Bedroom		3 Bedroom		4 Bedroom		5+ Bedrooms	
	# Units	Rent	# Units	Rent	# Units	Rent	# Units	Rent	# Units	Rent	# Units	Rent
Lowest		\$430		\$575		\$640		\$960		\$1,000		\$1,968
25%	2,956	\$887	7,434	\$981	3,899	\$1,262	334	\$1,742	54	\$2,148	15	\$2,792
50%	5,912	\$1,060	14,869	\$1,188	7,798	\$1,540	667	\$2,065	108	\$2,587	30	\$3,473
75%	8,868	\$1,327	22,304	\$1,569	11,697	\$2,003	1,001	\$2,465	161	\$3,161	45	\$4,019
100%	11,822	\$1,704	29,739	\$2,614	15,595	\$3,986	1,334	\$5,278	215	\$6,032	59	\$5,846
# Bldgs	754		1596		2,009		712		210		59	

Source: Dupre+Scott Apartment Rent & Vacancy Survey - 2013. Shading overlayed by City staff.

Legend

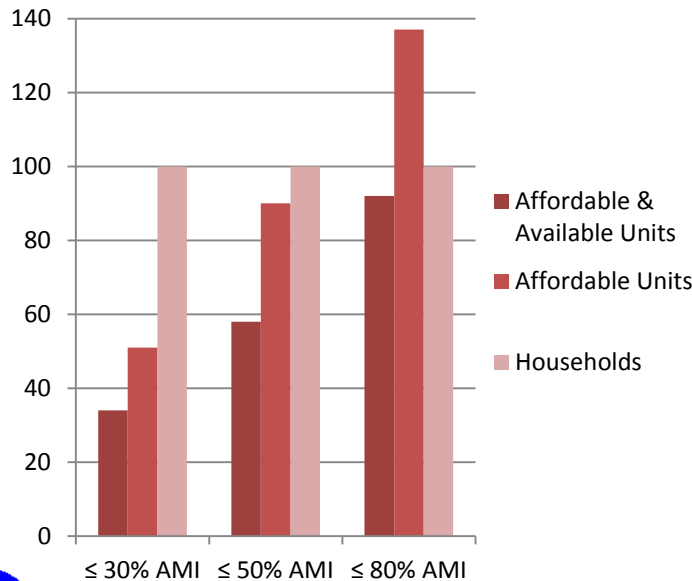
	Affordable to extremely low income (<30% MFI)
	Affordable to very low income (30-50% AMI)
	Affordable to low income (50-80% AMI)



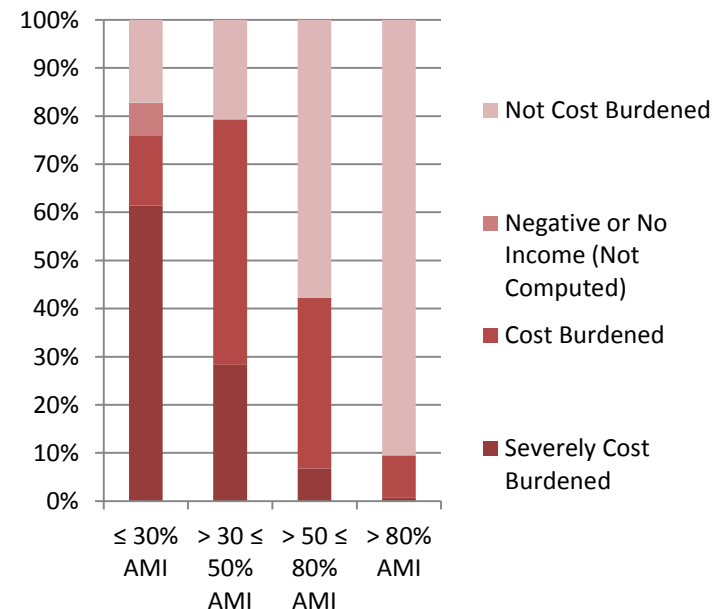
Is existing affordable rental housing accessible to lower income households?

However, affordable units on the market are not always available to lower income households. Consequently, many lower income households are cost burdened. A household is considered “cost burdened” when housing costs, including utilities, are more than 30% of monthly household income.

Affordable & Available Units Per 100 Renter Households



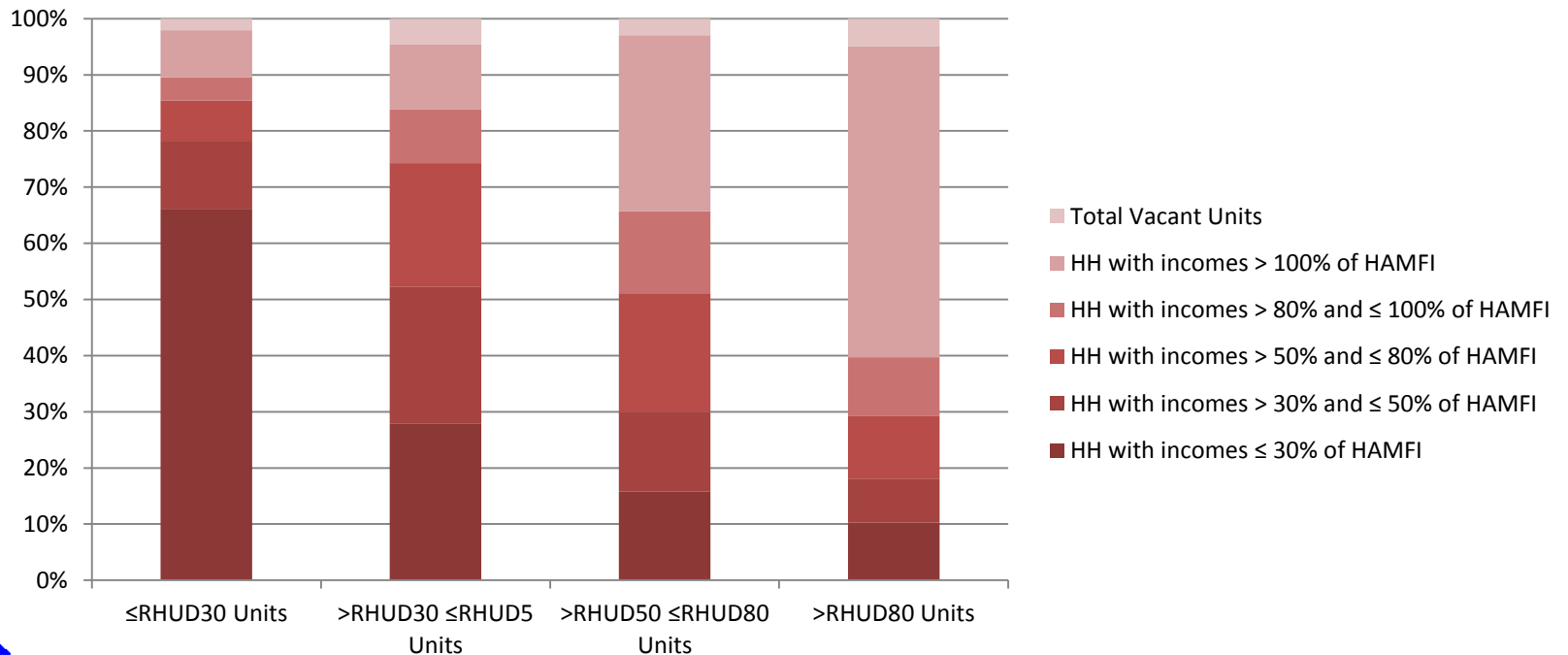
Housing Cost Burden by Income - Renters



What are the income characteristics of the households occupying affordable rental units?

Households that are not lower income households, including households earning more than the area median income, occupy a significant share of affordable housing provided by the market.

Rental Units by Affordability



What can lower income households afford to own?

Affordable Home Price by Income Level

	Ext Low Income (<30% MFI)	Very Low Income (30-50% MFI)	Low Income (50-80% MFI)
0 bedroom	\$67,300	\$112,100	\$166,700
1 bedroom	\$72,000	\$120,270	\$178,704
2 bedroom	\$86,541	\$144,383	\$214,504
3 bedroom	\$100,003	\$166,722	\$247,789
4 bedroom	\$111,690	\$185,953	\$276,341

Notes and sources: Assumptions are 30 year fixed mortgage, property tax 1%, insurance/PMI/HOA 0.5%, 28% front end ratio, 50% of annual salary as down payment. Cornerstone Partnership Calculation. Income levels adjusted by presumed household size based on number of bedrooms.



What type of ownership housing – by price and location – does the market provide?

Depending on the neighborhood, some condominiums are affordable to lower income households.

Median Home Prices in Seattle

Area		All Residential	Residential New Construction Only	All Condominium	Condominium New Construction Only
140	West Seattle	\$375,000	\$439,500	\$269,000	\$295,929
380	Central Seattle SE, Leschi, Mt Baker, Seward Park	\$354,500	\$465,800	\$198,770	
385	Central Seattle SW, Beacon Hill	\$320,000	\$399,975	\$195,000	
390	Central Seattle, Madison Park, Capitol Hill	\$619,000	\$650,000	\$287,500	\$246,900
700	Queen Anne, Magnolia	\$651,000	\$552,000	\$290,000	\$780,000
701	Downtown Seattle	\$715,000		\$415,000	\$889,500
705	Ballard, Greenlake, Greenwood	\$466,000	\$554,000	\$250,000	\$317,245
710	North Seattle	\$470,000	\$672,500	\$175,000	\$239,500
Median Sale Price (Weighted Average) =		\$468,400	\$532,075	\$292,025	\$584,700
Percent change vs. 2012 =		10.6%	21.8%	8.0%	23.4%

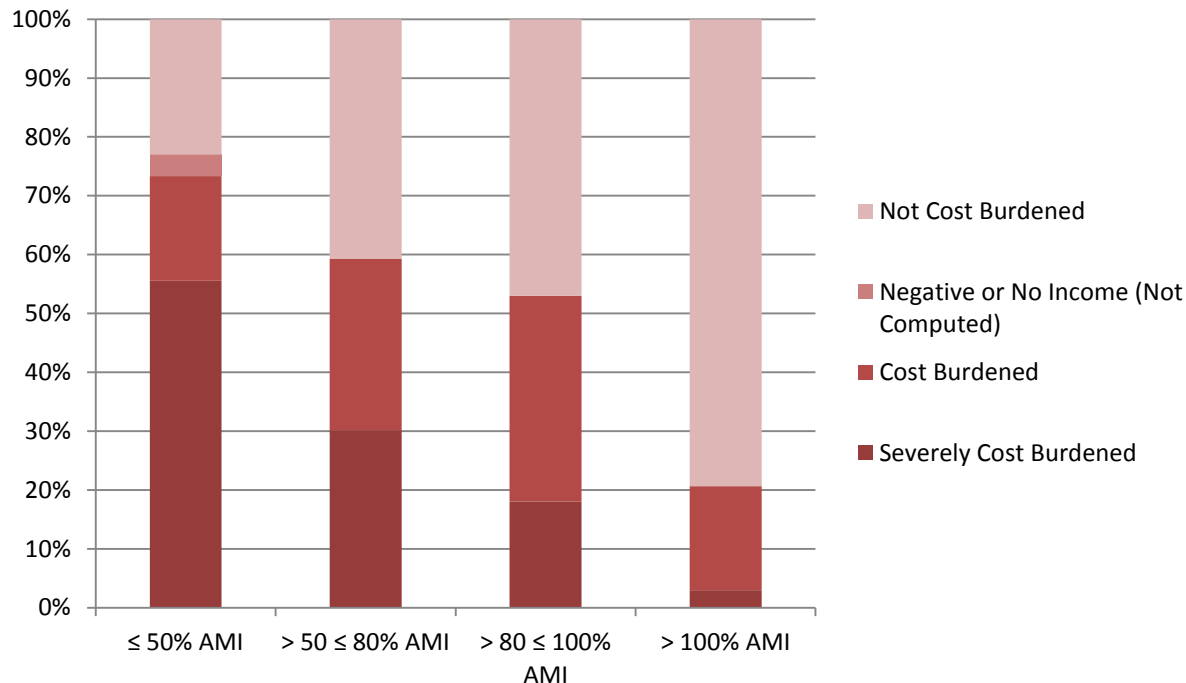
Source: Northwest Multiple Listing Service, January 2014 (Note, “condominium” is a subset of “residential”).



Is existing affordable ownership housing accessible to lower income households?

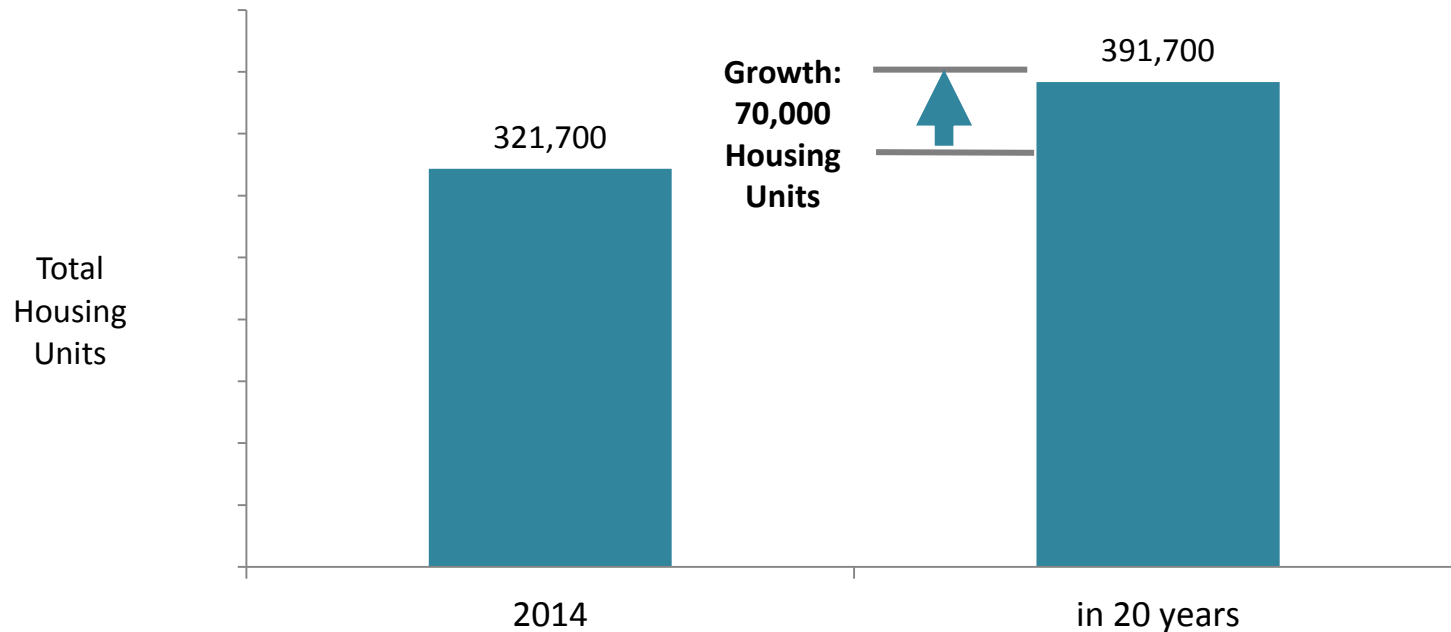
However, lower income households are more likely to consist of cost burdened homeowners.

Housing Cost Burden by Income - Owners



How many households will Seattle add over the next 20 years?

Seattle expects the number of housing units in the city to grow by about 70,000 over the next two decades.

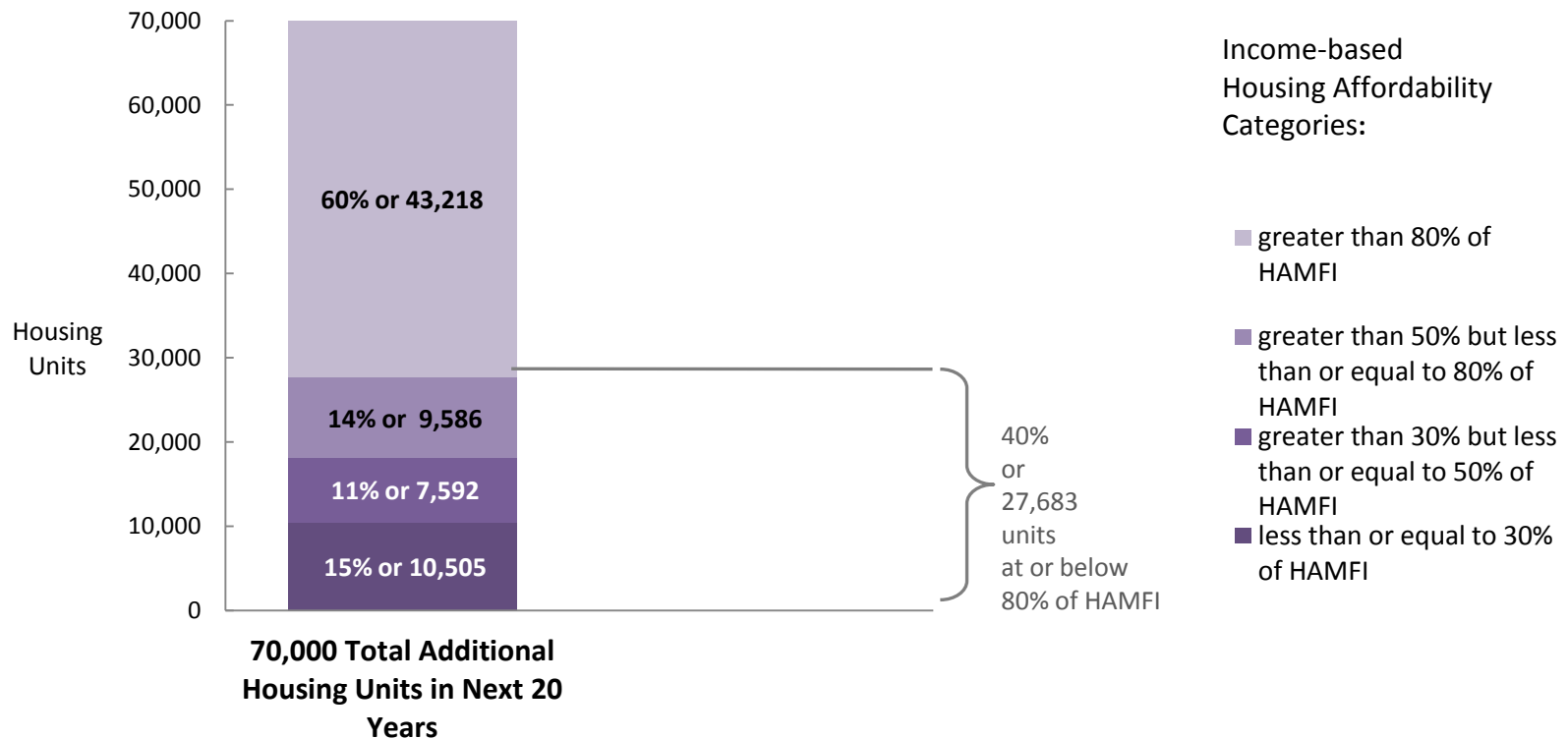


Notes: 2014 estimate is as of beginning of year; includes DPD's estimate of net new housing units since the 2010 Census. The expectation for the addition of approximately 70,000 housing units over the next 20 years is based on the growth projection being using for the Major Update of the Comprehensive Plan.



What will be the future demand for affordable housing?

Assuming that the household income distribution remains the same, Seattle would need to add approximately 28,000 new affordable units over the next 20 years to meet future demand.



Data source and notes: This chart applies income distribution for Seattle from HAMFI income estimates from 2006-2010 ACS "CHAS" data to the 70,000 net new housing units the City expects in Seattle in the next 20 years.

