

King County Benchmarks

2003

Affordable Housing

Highlights

Affordability Improves, Yet 46% of Renters Pay More than They Can Afford

The recent recession has had unusual and contradictory impacts on the housing market in King County. The two-edged sword of low interest rates and high unemployment seem to have widened the gap between those who can afford to buy a home, and those who can barely afford to rent.

On one hand, buying a home, or renting an apartment, has become significantly more affordable for most moderate and middle income households than it was in the late 1990s. Those who already own homes, have seen home values continue to rise during the past few years, although at a slower rate than in the 1995 - 2000 period.

Median income growth has slowed, but has yet to go into negative territory. The most positive trend, however, has been the continued drop in interest rates, staying below 6% for much of 2003. This has allowed many middle income households to buy a home for the first time.

The disturbing news is that, with unemployment at over 7% in the region, more households have drifted into the low and very low income categories - either losing jobs entirely, or finding themselves working at low-paying retail or service jobs. A three-person household supported by two wage-earners, earning the minimum wage, would earn about \$28,800 per year, qualifying them as low income (just over 40% of median income). They could afford about \$720 per month in housing costs - but the average cost of a two-bedroom, 1 bath apartment in King County was \$820 in 2003.

Statistics from the American Communities Survey (ACS), conducted in 2002 by the Census Bureau, are even more sobering. About 114,000 households in King County - nearly 16% of all households - earn less than 30% of median income.* It is not surprising that the ACS found that 46% of all renter households and 32% of owner households pay more than the recommended 30% of their income for housing costs. These percentages are much higher than the 27% of renters and 18% of owners overpaying for housing at the time of the 1990 census.

Other Highlights of the 2003 Housing Indicators

- Among renter households, the greatest need is for affordable housing for those earning less than 30% of median income (under \$20,000). There are 74,300 renter households in this income group, and only about 4,200 market rate units affordable to them.
- The estimate of the total homeless population rose from 6,500 in 2000 to 7,980 in 2002. The homeless estimate for 2003 is not yet available but calls for emergency shelter appear to be down from the high volume of the late 1990s. *(continued on page 16)*

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Same Benchmarks, New Format

The King County Benchmark Program is in its eighth year of publishing an annual report on progress in meeting the Countywide Planning goals. This year it comes to its readers in an experimental format, which will be evaluated in mid-2004. It will consist of five issues, of which this is the third. The Land Use Indicators were published in August and the Economic Development Indicators were published in October. The Transportation and Environmental Indicators will follow in February and April of 2004. All published Benchmark Reports are available on the web at www.metrokc.gov/budget/benchmrk.

What We Are Doing

Collaborative Efforts Among Jurisdictions Increase Affordable Housing Supply

Cities from throughout King County worked cooperatively to craft an interlocal agreement that will be used to allocate funds collected from the new document recording fee that was authorized through State Senate Bill 2060. These funds will be used to support housing development throughout the County. Other local initiatives include:

- Redmond and Kirkland adopted several provisions to promote innovative housing techniques.
- The City of Seattle enacted an ordinance to reduce parking standards for affordable housing projects.
- Land for an affordable housing project was set aside at the Taluswood Master Planned Development in Issaquah through the efforts of ARCH cities. *(continued on page 10)*



There has been a long-term trend in a positive direction, or most recent data shows a marked improvement

Indicator Flags



There has been little significant movement in this Indicator, or the trend has been mixed



There has been a long-term negative trend, or the most recent data shows a significant downturn

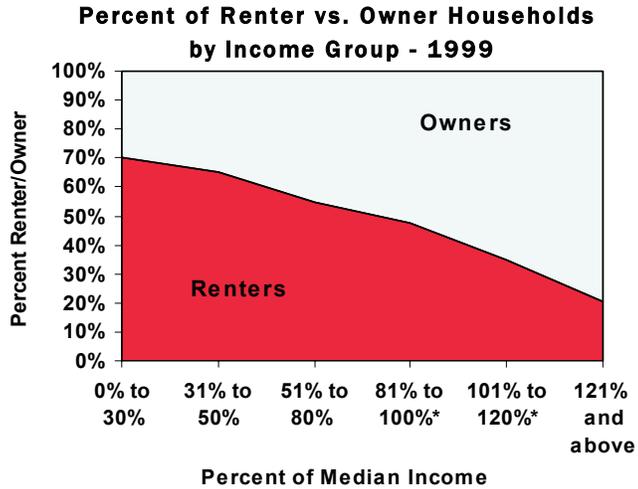


There is insufficient reliable data for this Indicator

*Median income for a typical household as published by H.U.D. for 2003. See table on page two.

**Background Profile
of the Rental Market**

- The universe of renters and the universe of owners are distinct in their income characteristics. Half of renter households earn less than 67% of the median income for King County.
- Because of this differential, an adequate supply of affordable rental housing is crucial to meet the needs of the more than 120,000 rental households that make less than 50% of median income.



Countywide Planning Policy Rationale

"Planning and monitoring for affordable housing should use the median household income for King County indexed by household size, published annually by the U.S. Department of Housing and Urban Development [H.U.D.] Calculations of affordable house prices should assume standard Federal Housing Administration lending criteria and minimum down payments." (AH-5)

2002 - 2003 HUD Income Levels and Housing Costs*

For the affordable home price this table uses a 5% down payment on a 30 yr. mortgage at 6.0% interest. Actual interest rates averaged 6.25% in 2002 and 5.75% in 2003, creating a significant difference in affordability for those two years. That difference is reflected in several of the indicators which follow.

Percent of Median Income		One Person	Two Person	Average Household (2.4 Person)	Three Person	Four Person
30%	Annual Income	\$ 16,350	\$ 18,700	\$ 19,640	\$ 21,050	\$ 23,350
	Affordable Monthly Hsg Payment	\$ 341	\$ 390	\$ 409	\$ 439	\$ 486
	Affordable Rent	\$ 409	\$ 468	\$ 491	\$ 526	\$ 584
	Affordable Home Price	\$ 59,800	\$ 68,400	\$ 71,800	\$ 77,000	\$ 85,400
50%	Annual Income	\$ 27,250	\$ 31,150	\$ 32,710	\$ 35,050	\$ 38,950
	Affordable Monthly Hsg Payment	\$ 568	\$ 649	\$ 681	\$ 730	\$ 811
	Affordable Rent	\$ 681	\$ 779	\$ 818	\$ 876	\$ 974
	Affordable Home Price	\$ 99,700	\$ 113,900	\$ 119,600	\$ 128,200	\$ 142,500
80%**	Annual Income	\$ 43,600	\$ 49,840	\$ 52,336	\$ 56,080	\$ 62,320
	Affordable Monthly Hsg Payment	\$ 908	\$ 1,038	\$ 1,090	\$ 1,168	\$ 1,298
	Affordable Rent	\$ 1,090	\$ 1,246	\$ 1,308	\$ 1,402	\$ 1,558
	Affordable Home Price	\$ 159,500	\$ 182,300	\$ 191,400	\$ 205,100	\$ 227,900
100%	Annual Income	\$ 54,500	\$ 62,300	\$ 65,420	\$ 70,100	\$ 77,900
	Affordable Monthly Hsg Payment	\$ 1,135	\$ 1,298	\$ 1,363	\$ 1,460	\$ 1,623
	Affordable Rent	\$ 1,363	\$ 1,558	\$ 1,636	\$ 1,753	\$ 1,948
	Affordable Home Price	\$ 199,300	\$ 227,900	\$ 239,300	\$ 256,400	\$ 284,900
120%	Annual Income	\$ 65,400	\$ 74,760	\$ 78,504	\$ 84,120	\$ 93,480
	Affordable Monthly Hsg Payment	\$ 1,363	\$ 1,558	\$ 1,636	\$ 1,753	\$ 1,948
	Affordable Rent	\$ 1,635	\$ 1,869	\$ 1,963	\$ 2,103	\$ 2,337
	Affordable Home Price	\$ 239,200	\$ 273,500	\$ 287,100	\$ 307,700	\$ 341,900

*H.U.D. income estimates for 2003 remained the same for 2003 as for 2002, with the recognition that 2002 incomes were undoubtedly lower than H.U.D.'s original estimate, which were published at the beginning of 2002 before the full extent of the recession had been realized. **This table shows a "true 80%" of median income figure for our region. Official H.U.D. income eligibility tables show an "80%" that reflects 80% of the national median income, but is closer to 70% of the King County area's median income.

Outcome: Provide Sufficient Affordable Housing for All King County Residents
Indicator 21: Supply and Demand for Affordable Rental Housing



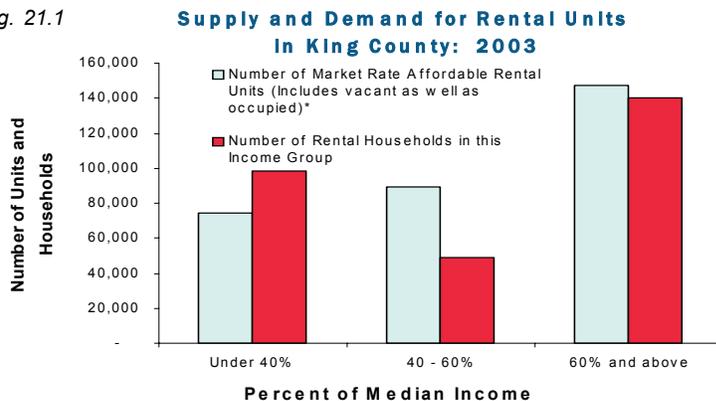
Countywide Planning Policy Rationale

"All jurisdictions shall plan for housing to meet the needs of all economic segments of the population." (AH 1)....Each jurisdiction shall participate in developing Countywide housing resources and programs to assist the large number of low and moderate-income households who currently do not have affordable, appropriate housing. These Countywide efforts will help reverse current trends which concentrate low-income housing opportunities in certain communities, and achieve a more equitable participation by local jurisdictions in low income housing development and services. **Countywide efforts should give priority to assisting households below 50% of median-income that are in greatest need and communities with high proportions of low and moderate income residents (AH-2)**King County shall report annually on housing development, the rate of housing cost and price increases and available residential capacity Countywide." (AH-4)

74,300 households in this lowest income group there are only about 4,200 market rate rental units at a monthly rent that they can afford. This leaves about 70,100 households who must pay more for rent than they can afford.

- There are 70,400 units affordable to those with incomes between 30% and 40% of median income. However, the demand for these units include the 70,100 lowest income households who cannot find housing within their affordable range, as well as the 24,000 households who earn 30% - 40% of median income. This leaves a cumulative deficit of about 23,700 units.

Fig. 21.1



*There are approximately 30,000 subsidized rental units in King County. Most of them are not included in this market rate unit count.

Key Trends

- As in previous years, the greatest deficit in rental housing is for those who earn less than 30% of median income (about \$19,600 for a household of two to three persons). A household supported by a full-time worker earning up to \$10.00 per hour would be in this group.
- Such a household could afford a maximum of \$500 per month in rent. For the

- Much of this deficit of market rate affordable housing is compensated for by about 30,000 units of subsidized housing throughout King County. Some of the subsidized units are in public housing developments or are supplied through rental vouchers (Section 8 units), while others are made available through public/private projects which have a proportion of units guaranteed to be affordable at below-market rates.
- Many of the subsidized units are available to those earning up to 80% of median income, although households between 50% and 80% could often afford market rate units. This policy may limit the supply of subsidized housing for the most needy income groups.
- Unless the supply of subsidized housing is maintained and expanded, particularly for those earning below 30% of median income, tens of thousands of households will remain without housing that they can afford.

Fig. 21.2

Supply and Demand for Affordable Rental Housing: 2003					
Percent of Median Income of HH	Upper Income Break	Affordable Rental Range in 2003**	Number of Market Rate Affordable Rental Units (Includes vacant as well as occupied)***	Number of Rental Households in this Income Group	Cumulative Deficit or Surplus of Supply to Demand (Bottom Number is Equivalent to Vacant Units)
Under 30%	\$ 19,640	Under \$500	4,183	74,300	(70,117)
30 - 40%	\$ 26,200	\$500 - \$700	70,384	24,000	(23,733)
40 - 50%	\$ 31,150	\$700 - \$800	48,825	18,900	6,192
50 - 60%	\$ 39,250	\$800 - \$900	40,135	30,300	16,027
60% - 80%	\$ 45,700	\$900 - \$1100	46,045	22,700	39,372
80% and above	Over \$45,700	Over \$1100	100,884	117,200	23,056
			310,456	287,400	23,056

*This data is updated and estimated from the 2002 American Community Survey, Table 3 "Selected Economic Characteristics, and the 2000 Census: DPT 4 "Selected Housing Characteristics", : **The affordable rental range reflects different household sizes with different incomes and needing different unit sizes. Most units under \$700 are studio or one bedroom units, not suitable for a household of more than 2 persons. These numbers include single family as well as multifamily rentals. *** In addition to the market rate units, there are approximately 30,000 subsidized units available to qualifying low income households.

Outcome: Provide Sufficient Affordable Housing for all King County Residents

Indicator 22: Percent of Income Paid for Housing



Countywide Planning Policy Rationale

"All jurisdictions shall provide for a diversity of housing types to meet a variety of needs and provide housing opportunities for all economic segments of the population. All jurisdictions shall cooperatively establish a process to ensure an equitable and rational distribution of low-income and affordable housing throughout the County..." (FW 28). "The Growth Management Planning Council...shall evaluate achievement of Countywide and local goals for housing for all economic segments of the population. [It] shall consider annual reports prepared under policy AH-5 as well as market conditions and other factors affecting housing development. If the Growth Management Planning Council...determines that housing planned for any economic segment falls short of need for such housing, the Growth Management Planning Council...may recommend additional actions." (AH-6)

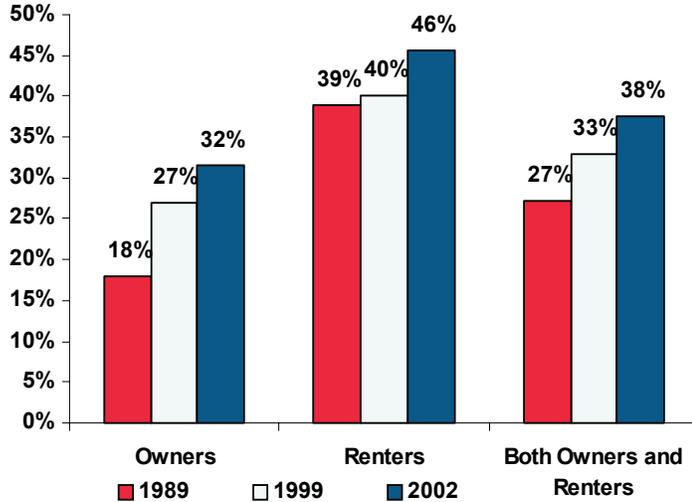
Key Trends

- The percent of households paying more than 30% of their income for housing costs has risen significantly since 1989. Over one-third of all King County households pay more for housing than they can comfortably afford.
- When households - particularly low-income households - pay more than 30% of their income for housing, resources are often diverted from other essentials such as food, health care, utilities, and clothing. These households are also at a greater risk of homelessness.

Renter Households

- In 2002, according to the American Communities Survey, 46% of renters paid more than they could afford in housing costs. Since most renters earn less than the median County income, their budgets are particularly stressed by high housing costs.
- Renters are much more likely than owners to pay more than they can afford for housing costs. In 1999, 40% of all renter households paid more than 30% of their income for housing, compared to 27% in 1989.
- Recent data on rental housing in King County show a high vacancy rate, and little increase in rents over the past two years. Nevertheless, it appears that with high unemployment during this period, more rental households are paying a high proportion of their income for housing.

Percent of Households Paying More than 30% of Income for Housing Costs



1989 and 1999 data is from the decennial census of 1990 and 2000. The 2002 data is from the American Communities Survey (ACS) conducted by the Census Bureau. Because the ACS is a sample survey it is considered somewhat less reliable than the census data.

- This pattern suggests that even with relatively affordable market-rate housing, lower income households are strained to meet their housing costs unless they benefit from some kind of subsidized housing.
- According to the 2000 Census, the lower a household's income is, the more likely it is to pay a high percentage of its income for housing costs. About 74% of renter households in the two lowest income categories (those earning less than half the median income of the County) paid more than 30% of their income for housing in 1999.

Owner Households

- Between the 1990 and the 2000 Censuses, however, the rise in the proportion of households paying more than 30% of their income was sharpest for owner households. The increase was from just 18% of owner households in 1989 to 27% in 1999. It continued to rise to 32% in 2002.
- Although the rise in owner costs is cause for concern, it is less likely to compromise essential needs. Since owner incomes are typically higher (most new home buyers need to earn over 80% of median income), the extra proportion spent on housing usually leaves adequate resources for food, clothing and other necessities. However, it may significantly reduce a household's ability to save for future needs, such as college tuition or retirement.
- 62% of owner households in the two lowest income categories paid more than 30% of their income for housing in 1999.

Outcome: Provide Sufficient Affordable Housing for all King County Resident



Indicator 23: Homelessness

Countywide Planning Policy Rationale

“Countywide programs should provide the following types of housing and related services: 1) Low income housing development, including new construction, acquisition, and rehabilitation; 2) Housing assistance, such as rental vouchers and supportive services; 3) Assistance to expand the capacity of nonprofit organizations to develop housing provide housing related services; 4) Programs to assist homeless individuals and families; 5) Programs to prevent homelessness; and 6) Assistance to low and moderate-income buyers. (AH-2A)

Fig. 23.1

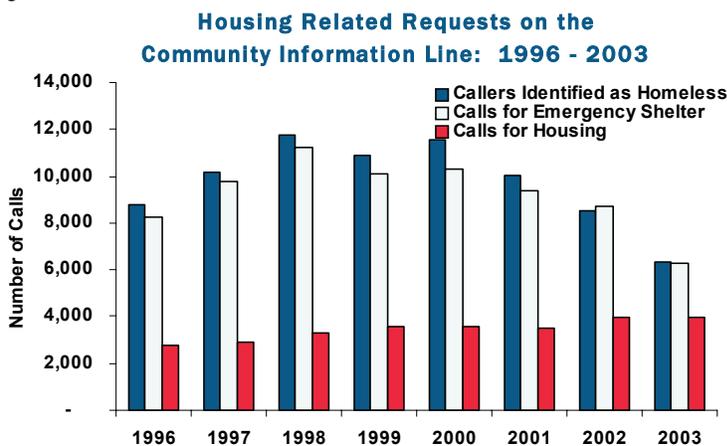
Estimated Number and Percent of Persons who are Homeless			
	2000	2002	2003
Street Count	1085	2,040	1,899
Shelter/Transitional Inventory	4500	4,675	Not yet available
Est. Uncounted*	915	1,265	Not yet available
Total Homeless Est.	6,500	7,980	Not yet available
Percent of Population	0.4%	0.4%	

*This includes an estimate of those missed in the street count, and those living outside of shelters in the balance of the County where no street count is taken.

Key Trends

- The estimate of the total homeless population rose somewhat between 2000 and 2002, but remains at just over 0.4% of the total population. The 2002 street count includes some suburbs not included in the 2000 count.
- However, based on the number of calls received from those identifying themselves as homeless, requesting emergency shelter, or inquiring about housing, it appears that the number of homeless may be declining from the high levels of 1998 - 2000.
- Vacancy rates have climbed and rents have remained relatively stable. A decline in homeless population could be due to the fact that the supply of affordable rental housing has increased in the last two years. It could also mean that those with no prospects of employment during this recession period have left the area.

Fig. 23.2



- Despite improvement in rental affordability, there is clearly a deficit of both market rate and subsidized units for the lowest income groups. (See Indicator 21).
- A major obstacle for finding permanent housing for homeless people is the high cost of moving into a rental unit. An \$855 rental unit (average rent for apartments in King County in 2003) typically requires the first and last months rent, plus a security deposit to move in. Without financial assistance, a homeless person or family would need to save roughly \$2,100 to move into an average-priced apartment.
- The unsheltered population that is dispersed outside Seattle is the least documented segment of the homeless population, although the street count has been extended to limited parts of north and south King County.
- Policy makers use the estimate of the total homeless population as a minimum, rather than as a complete assessment of the magnitude of the problem.

What We Are Doing for the Homeless

- Providing \$1 million annually in operating support to transitional housing programs and rental assistance to homeless families with children, using funds from a state grant. In 2002, these funds housed 380 homeless families for up to 12 months.
- Supplying \$350,000 in federal and county funds for emergency rental assistance, housing counseling, and other services for people at risk of becoming homeless.
- Providing emergency shelter in King County outside of Seattle. \$422,000 in federal funds helped shelter 1,591 homeless households.
- Spending \$3 million annually for permanent supportive housing for homeless persons with disabilities. 550 homeless disabled households were served in 2002.

Outcome: Increase Affordable Home Ownership Opportunities

Indicator 24: Home purchase affordability gap for a) buyers with 80% of median household income (typical first-time buyers); and b) buyers with median income



Countywide Planning Policy Rationale

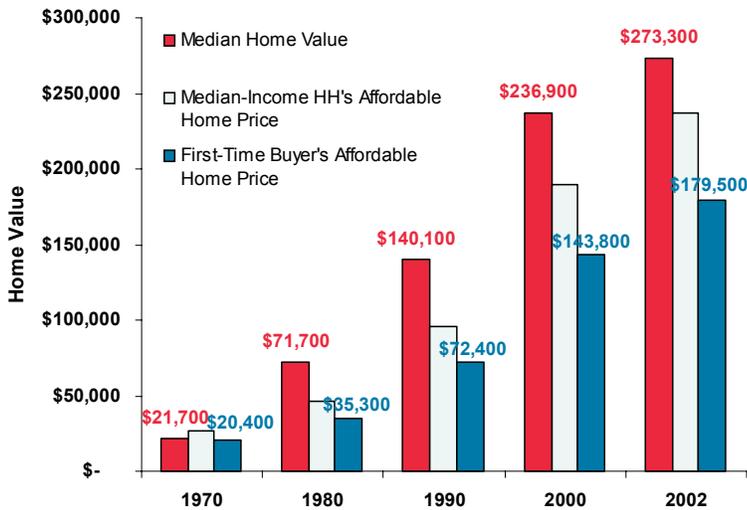
"Within the Urban Growth Area, each jurisdiction shall demonstrate its ability to accommodate sufficient affordable housing for all economic segments of the population. Local actions may include zoning land for development of sufficient densities, revising development standards and permitting procedures as needed to encourage affordable housing, reviewing codes for redundancies and inconsistencies, and providing opportunities for a range of housing types, such as accessory dwelling units, manufactured homes, group homes and foster care facilities, apartments, townhouses and attached single family housing." (AH-1)

Key Trends

- In 2003 the median selling price for all homes in King County - both detached single-family and condos - was \$266,000.
- There remains a gap between the median home value in King County and the amount that either median-income households or first-time buyer households can afford.
- However, the affordability gap has decreased significantly in the past few years, due primarily to falling interest rates. Overall, homes are more affordable in 2003 than they have been over the last 10 - 12 years.

Fig. 24.1

Affordability Gap for Median Income and First-Time Buyer Households: Census Series



The series above (Fig. 24.1) is based on the home values reported by homeowners for each decennial census. It differs somewhat from the median price of all closed home sales reported by the Northwest Multiple Listing Service and used in Fig. 24.2 below. For 2002, the home value reported is based on the American Communities Survey conducted by the Census Bureau.

Gap for Median Income Households

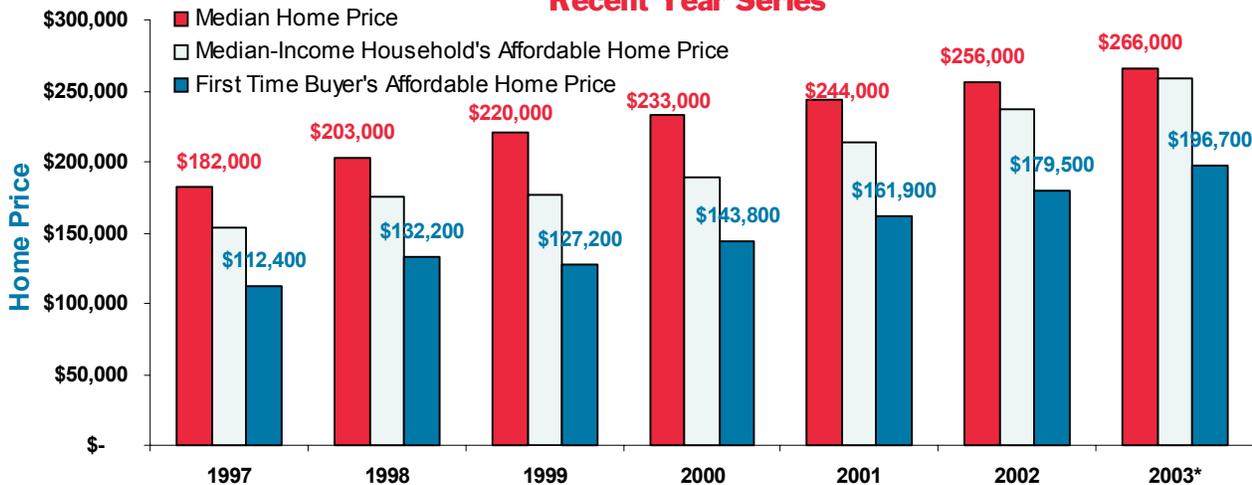
- Based on the Census series (Fig. 24.1), the affordability gap was \$36,400 in 2002, compared to \$47,200 in 2000. In 1990 it was \$44,600, but it represented a much larger proportion of the total home price.
- Not since 1970 could a household with median income easily afford the median-priced home.
- Based on the recent year series (the median of actual home sales reported by Northwest Multiple Listing Service [NW MLS]), the affordability gap for a median income household has nearly closed in 2003.
- In 2003, the NW MLS median-priced home was just \$6,500 more than the price affordable to a median-income household. In 2002, the gap was \$19,100, and in 2000 it was \$30,400.

Fig. 24.2

2003 data for Fig. 24.2 is for the first three quarters of the year.

(continued on page 7)

Affordability Gap for Median Income and First-Time Buyer Households: Recent Year Series



Indicator 24 (continued)

Gap for First-Time Buyer Households

- Typical first-time buyer households, earning about 80% of median income, have faced a \$70,000 to \$95,000 gap between their buying power and the median-priced home over the last 12 years.
- According to the recent year series, the affordability gap for first-time buyers is about the same in dollar amounts in 2003 as it was in 1997 (\$69,000). The gap was almost the same (\$68,000) according to the 1990 Census.
- This gap, however, represents a much smaller percentage of the median-price and of the buyer's income than in did in 1990. In 1990 the median-priced home in King County cost nearly twice what a first-time home-buyer could afford. In 2003, it cost just 35% more than the first-time buyer's affordable price.

For Comparison

- According to Coldwell-Banker's home price comparison index for 2003, a four-bedroom, 2 1/2 bath home in Seattle (Index 102) would cost about the

same as in Minneapolis, MN or Flagstaff, AZ, but much less than in nearly all the communities in the Bay Area, Southern California, greater Boston, Fairfax County, VA, Chicago, New York City, New Jersey, or Vancouver, B.C.

- A home in Seattle would cost more than in most southern or midwestern locations. However, incomes in this region are also proportionately higher. Median household income in King County is about 150% of the national median income.
- A home in Bellevue (Index 144), while cheaper than one in most of the Bay Area, Southern California, or Chicago, would cost about the same as a home in Fairfax County, VA, Toronto, Ontario, San Diego, or Framingham, MA. It would cost more than most other parts of the country.

Outcome: Increase Affordable Home Ownership Opportunities

Indicator 25: Home Ownership Rate



Countywide Planning Policy Rationale

"Countywide programs should provide...low-income housing development, including new construction, acquisition, and rehabilitation; [and]...assistance to low and moderate income home buyers. (AH-2A)

Fig. 25.1

Home Ownership Rate					
Year	1970	1980	1990	2000	2002*
King County (overall)	63%	62%	59%	60%	NA
Seattle / Bellevue / Everett Metropolitan Area*	65%	NA	65%	63%	64%
Washington State	67%	67%	62%	65%	67%
United States	63%	64%	64%	67%	68%

2002 data is from the Current Population Survey (CPS) and Annual Housing Survey (AHS), conducted by the Census Bureau. Because they are sample surveys, they are somewhat less reliable than the decennial census figures.

Key Trends

- There has been a slight increase in homeownership nationwide, in Washington State, and in the Seattle - Bellevue - Everett metropolitan area, according to the Census Bureau's Current Population and Annual Housing Surveys. There is no comparable data for King County as a whole.
- It is likely that King County's home ownership rate has kept pace with the increases in the state and in the metropolitan area, because of continuing low interest rates.
- However, some of the success in maintaining a high ownership rate, has been counterbalanced by the recession, and high unemployment in the King County region.
- For those who are fully-employed, it is easier to buy a home than it has been in many years. But under-employed households may be at risk of losing their home, if they are unable to meet mortgage payments during this recession.

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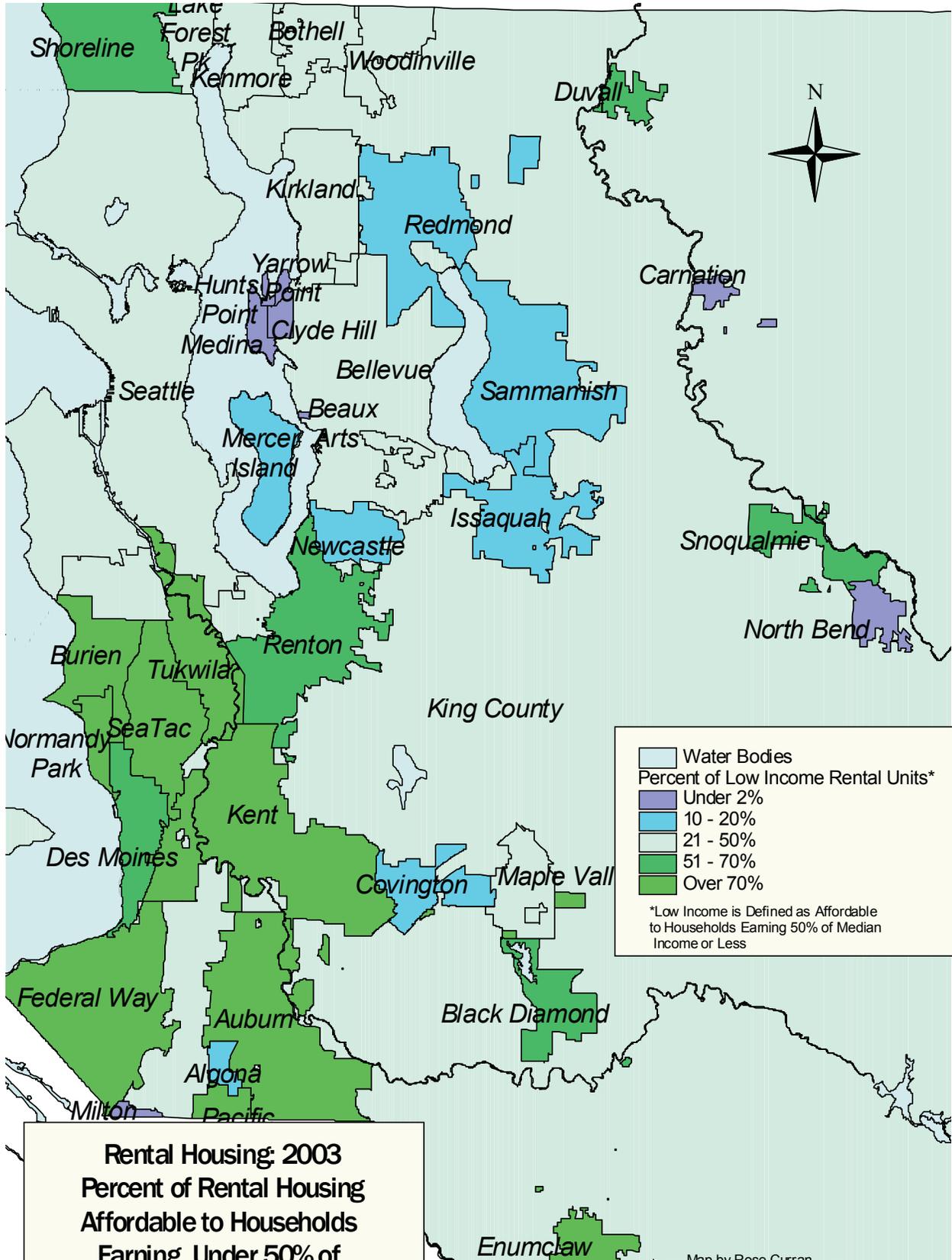
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Map by Rose Curran
Office of Management and Budget
King County 12/17/03
D:/GISdata/RentAff03.apr

Outcome: Provide Sufficient Affordable Housing for All King County Residents



Indicator 26: Apartment Vacancy Rate

Countywide Planning Policy Rationale

"The distribution of housing affordable to low and moderate-income households shall take into consideration the need for proximity to lower wage employment, access to transportation and human services, and the adequacy of infrastructure to support housing development ...avoid over-concentration of assisted housing; and increase housing opportunities and choices for low and moderate-income households in communities throughout King County. Each jurisdiction shall give equal consideration to local and Countywide housing needs." (AH-2)...All jurisdictions shall monitor residential development within their jurisdictions....Housing prices and rents also should be reported...King County shall report annually on housing development, the rate of housing cost and price increases and available residential capacity Countywide." (AH-5)

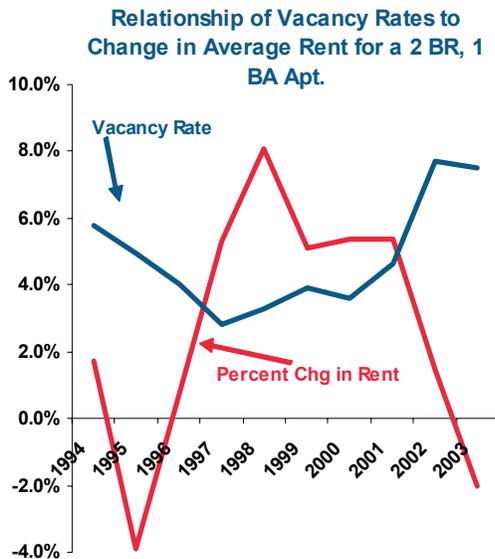
Fig. 26.2

Average Apartment Vacancy Rates in King County Subareas				
	North	South	East	County
1995	4.0%	4.7%	4.5%	5.0%
1997	2.6%	2.5%	2.7%	2.8%
1999	3.6%	3.8%	3.1%	3.9%
2001	4.6%	4.1%	4.3%	4.7%
2003	6.6%	8.1%	7.1%	7.5%

Key Trends

- The average vacancy rate in King County was 7.5% in 2003, down very slightly from the extraordinarily high 7.7% vacancy rate of 2002. A 5% vacancy rate is generally regarded as a normal market rate, but the vacancy rate in King County had dipped below 3% in 1997 - 1998 period.
- High vacancy rates generally mean downward pressure on rents. The average rent for a two bedroom, one bath unit declined slightly from \$ 838 in 2002 to \$821 in 2003. The average rent for all types of units also declined from \$866 in 2002 to \$855 in 2003.
- Fig. 26.1 shows how a lower vacancy rate is correlated with rising rents, while a rising vacancy rate leads to lower rents. A rising unemployment rate also correlates with higher vacancy rates and lower rents, as people move away from the area in search of employment.
- As housing supply catches up with or passes demand, vacancies increase and rents stabilize. The opposite is true during periods like the late 1990s when the demand for rental housing outstripped the supply, and rents rose rapidly.
- Vacancy rates in the sub-regions generally follow the countywide trend, but the swings in vacancy rate appear to be somewhat sharper in the South County. Ballard and Madison/Leschi still had low vacancy rates at 3.8% and 2.2% respectively. However, nearly all other areas of the County had vacancy rates over 6%.

Fig. 26.1



What We Are Doing (continued from page one)

- Affordable housing was developed at several locations in other Master Planned Developments. At Redmond Ridge, over 30 families camped out for up to three days for the opportunity to buy affordable units.
- Work began on the Coast Guard site in Redmond to turn 10 acres of surplus land into a community with market rate, affordable ownership, transitional and shelter units. A day care and neighborhood park will also be located in this new and innovative development.
- Sales began on 70 affordable units at Greenbrier Heights, a project located on surplus County land and supported by the efforts of ARCH, King County and the City of Woodinville. These units surround a newly created community park.
- Funds were awarded by the State to the City of SeaTac for work on a demonstration project to promote urban infill development.
- Cottage Housing continued to attract interest throughout King County with projects and ordinances under consideration in a number of jurisdictions.

Outcome: Promote Affordable Home Ownership Opportunities



Indicator 27: Trend of Housing Costs in Relation to Income

Rate of Increase in Income, Median Home Price, and Average Rent: 1990 - 2003

Year	Median Household Income	Yearly Percent Increase in Median HH Income	Median Home Price (Condo and Single Family)	Yearly Percent Increase in Median Home Price	2 BR / 1 BA Average Rent	Yearly Percent Increase in 2 BR / 1 BA Rent
1990	\$ 36,200		\$ 140,000		\$ 537	
1997	\$ 46,850	3.8%	\$ 182,000	3.8%	\$ 655	2.9%
1998	\$ 50,150	7.0%	\$ 203,000	11.5%	\$ 708	8.1%
1999	\$ 53,200	6.1%	\$ 220,000	8.4%	\$ 744	5.1%
2000	\$ 55,900	5.1%	\$ 233,000	5.9%	\$ 784	5.4%
2001	\$ 61,400	9.8%	\$ 244,000	4.7%	\$ 826	5.3%
2002*	\$ 63,500	3.4%	\$ 256,000	4.9%	\$ 838	1.5%
2003	\$ 65,420	3.0%	\$ 266,000	3.9%	\$ 821	-2.0%

*Median household income for 2002 is an interpolation, based on the fact that H.U.D. overestimated household income in this region for 2002, and maintained the same median income for 2003 as it had published in 2002. Median home price is for both condos and detached single family homes in King County.

Annual Average Increase over Longer Term

	Average Annual Increase in Income	Average Annual Increase in Home Price	Average Annual Increase in Rent
1990-97	3.8%	3.8%	2.9%
1997-03	5.7%	6.5%	3.8%
1990-03	4.7%	5.1%	3.3%

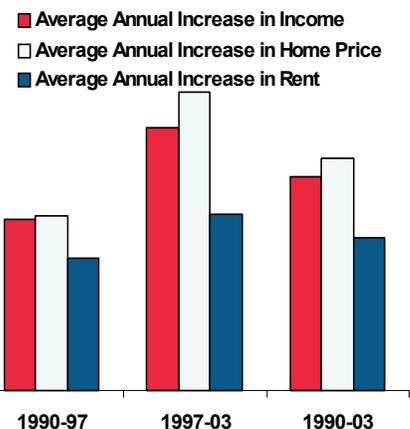
Notes: The yearly percent increase is an annualized rate based on the increase over the previous period. The median home price is for both condos and detached single family homes in King County.

Key Trends

- Over the past two years, home sale prices have risen 4 -5% each year, while household income has risen closer to 3% per year. However, with continued low interest rates, homes are still more affordable than they were in 2000 or 2001.
- On the other hand, rents have actually dropped in 2003. While income has increased at about 3% per year, rents increased just 1.5% from 2001 to 2002 and dropped 2% from 2002 to 2003. The typical rental household earns about 67% of a median income household, and may be at greater risk of unemployment.
- Over the last 13 years (1990 - 2003), the large differentials due to the business cycle average out to a more typical annual rate of change. Incomes increased at an annual average of about 4.7% during this period, home prices increased at a slightly higher rate - about 5.1%, and rents increased at a lower rate - about 3.3%.

Home Ownership Costs

- The median home price for all residences - single family and condo - was \$266,000 for 2003, compared to \$256,000 in 2002, and \$244,000 in 2001. This represents a significant slowing of home price inflation compared to the late 1990s, but given the seriousness of the recession in the northwest, the housing market has shown surprising resilience.



Rental Costs

- The average rent for a two bedroom, one bath apartment in 2003 declined to \$821 from \$838 in 2002. This brings the average rent to about the same level as in 2001.
- There are approximately 98,000 renter households in King County who earn less than 40% of median income. Households earning up to \$13 per hour, or nearly twice the minimum wage, would be in this category. This meant that in 2003, their household income was sufficient to afford about \$650 per month in rent.
- Few one or two bedroom units in King County rented for less than \$650 in 2003. The average rent for a studio was \$668.
- Households requiring a two bedroom, two bath unit would pay an average of \$1,018, while a three bedroom unit would cost an average of \$1,125.

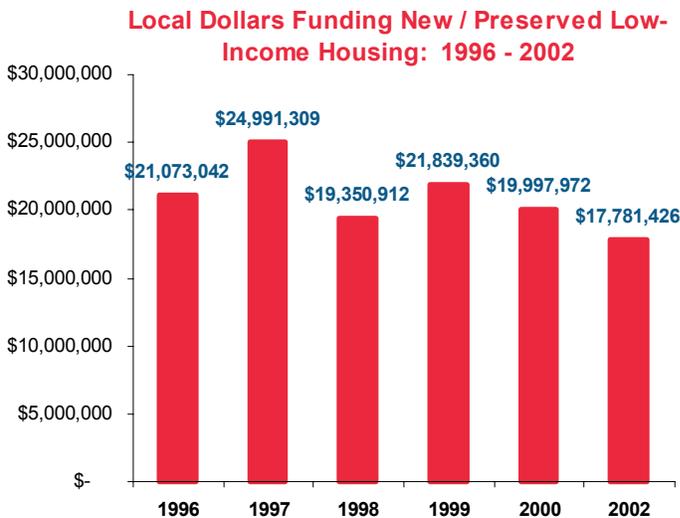
Outcome: Promote Equitable Distribution of Affordable Low-Income Housing in King County
Indicator 28: Public Dollars Spent for Low Income Housing



Countywide Planning Policy Rationale

"All jurisdictions shall share the responsibility for achieving a rational and equitable distribution of affordable housing to meet the housing needs of low and moderate-income residents in King County...The distribution shall... recognize each jurisdiction's past and current efforts to provide housing affordable to low and moderate-income households; avoid over-concentration of assisted housing; and increase housing opportunities and choices for low and moderate-income households...Each jurisdiction shall participate in developing Countywide housing resources and programs to assist the large number of low and moderate-income households who currently do not have affordable, appropriate housing. These Countywide efforts will help reverse current trends which concentrate low-income housing in certain communities, and achieve a more equitable participation by local jurisdictions in low income housing...Countywide efforts should give priority to assisting households below 50% of median income...[a GMPC committee]...shall recommend...new Countywide funding sources for housing production and services; participation by local governments, including appropriate public and private financing, such that each jurisdiction contributes on a fair share basis...Each jurisdiction should apply strategies which it determines to be most appropriate to the local housing market. For example, units affordable to low and moderate income households may be developed through new construction, projects that assure long-term affordability or existing housing, or accessory housing units added to existing structures....Small, fully-built cities and towns that are not planned to grow substantially....may work cooperatively with other jurisdictions and/or subregional housing agencies to meet their housing targets." (AH-2) "Each jurisdiction shall evaluate its existing resources of subsidized and low-cost non-subsidized housing and identify housing that may be lost due to redevelopment, deteriorating housing conditions, or public policies or actions. Where feasible, each jurisdiction shall develop strategies to preserve existing low-income housing and provide relocation assistance to low income residents who may be displaced." (AH-3) "Success will require cooperation and support for affordable housing from the state, federal and local governments, as well as the private sector." (AH-6)

Fig. 28.3



*The KC Consortium spent \$7,407,000 in 2001, but comparable data for Seattle is not available.

Fig. 28.4

	Dollars to Fund New /Preserved Units	Operating Subsidies (Emergency / Transitional Hsg)	Total Dollars	Percent of Pop.	Percent of Total Dollars
Seattle	\$ 9,353,596	\$ 821,571	\$ 10,175,167	32%	52.1%
Auburn	\$ 280,000	\$ -	\$ 280,000	2%	1.4%
KC / Small Cities Consortium	\$ 8,147,830	\$ 929,207	\$ 9,077,037	65%	46.5%
Total Units	\$ 17,781,426	\$ 1,750,778	\$ 19,532,204	100%	100.0%

Fig. 28.5

	Units Funded	ADU's Permitted	Units Created by Other Programs	Units Repaired
Seattle	343	59	146	74
Auburn	24	-		49
KC / Small Cities Consortium	767	33	26	213
Total Units	1,134	92	172	336

Key Trends

- Nearly 1,400 new low income units were created or preserved in King County in 2002.
- 1,134 of these were built or preserved with the help of local public dollars. Other regulatory and incentive programs helped to create an additional 172 affordable units throughout the County. 92 new accessory dwelling units (ADU's) were built.
- In 2001, about 1,312 low income units were funded or added through incentive programs.
- This low income housing was made possible through the expenditure of a total of about \$17.8 million in 2002. This is somewhat lower than the average of about \$21.5 million per year spent between 1996 and 2000.
- Seattle has provided over half of the funding for low-income housing, while the City-County Consortium contributed about 46.5%, and Auburn about 1.4%. Because of Seattle's Housing Levy it has had more local dollars to spend on affordable housing.

Outcome: Promote Equitable Distribution of Affordable Low-Income Housing in King County

Indicator 29: Existing Housing Units Affordable to Low Income Households



Countywide Planning Policy Rationale

"Each jurisdiction shall specify the range and amount of housing affordable to low and moderate-income households to be accommodated in its comprehensive plan [and]... shall plan for a number of housing units affordable to households with incomes between 50 and 80 percent of the County median household income that is equal to 17% of its projected net household growth each jurisdiction shall plan for a number of housing units affordable to households with incomes below 50% of median income that is either 20 percent or 24 percent of its projected net household growth...(AH-2) "All jurisdictions shall... determine annually the total number of new and redeveloped units receiving permits and units constructed, housing types, developed densities and remaining capacity for residential growth. Housing prices and rents also should be reported, based on affordability to four income categories: zero to 50 percent of median income, 50 to 80 percent...80 to 120%...and above 120 percent." (AH-5) "[The GMPC]...shall review local performance in meeting low and moderate income housing needs. The basis...shall be a jurisdiction's participation in Countywide or subregional efforts to address existing housing needs and actual development of the target percentage of low and moderate-income housing units as adopted in its comprehensive plan. (AH-6)

Key Trends

Housing for Low-Income Households

- Countywide, nearly 23% of housing is affordable to those making 50% of median income. In 2002, just 14% of the countywide housing stock was affordable to those earning 50% of median income or less. (See Fig. 29.3)
- About 22% of the population earns less than 50% of the median County income ("low-income"). Another 17% earns 50 - 79% of the median ("moderate income"). To meet demand from these households, the Countywide Planning Policies specify that an equivalent percentage of housing should be affordable to those groups.

(cont. on p. 15)

In the graphs below, the dark blue bar should reach to the yellow line to meet the target for low-income housing. The light blue bar should reach to the red line to meet the target for moderate income housing.

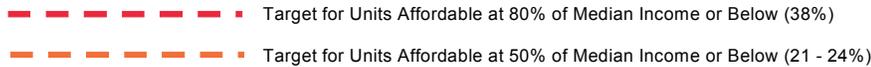
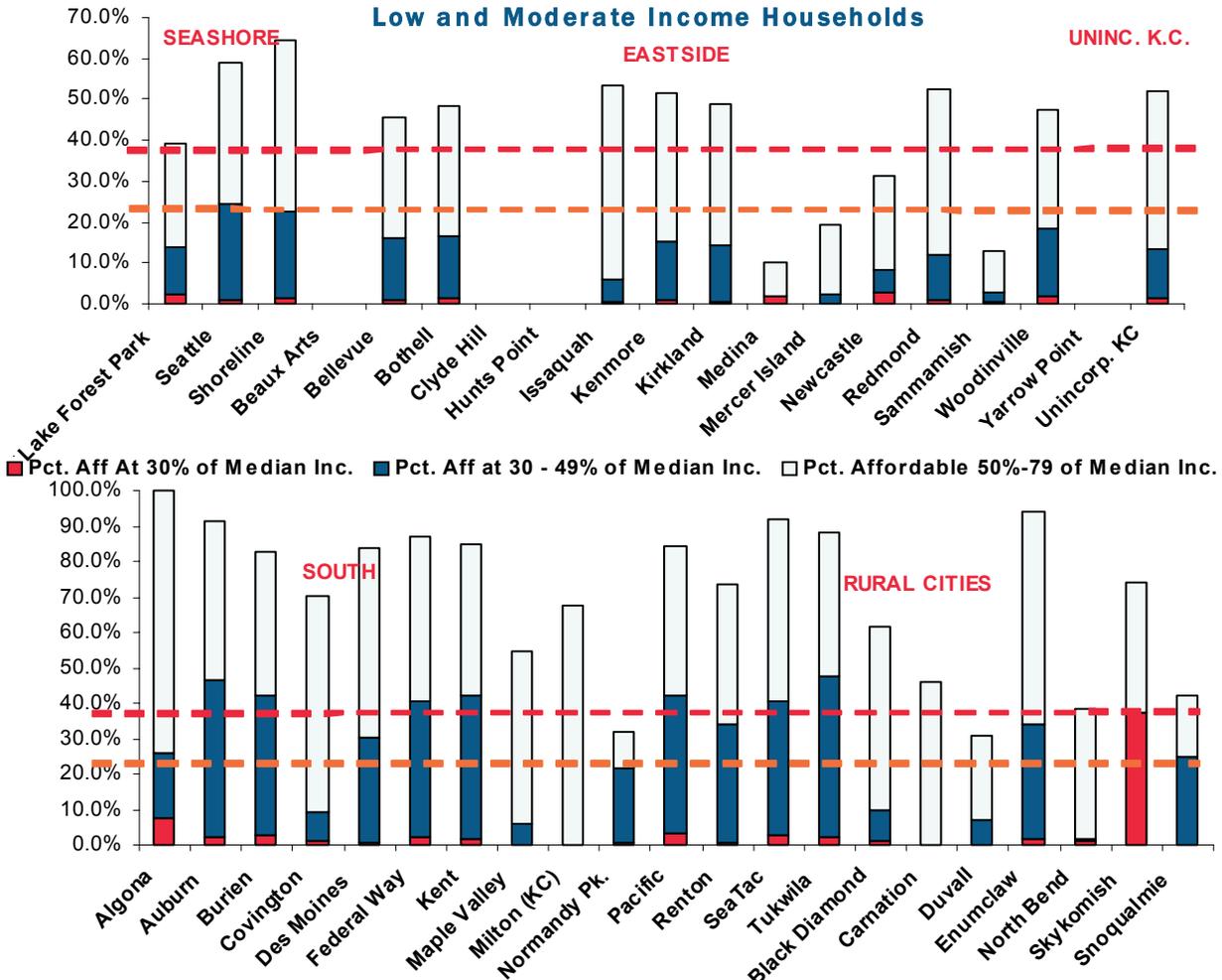


Fig. 29.1

Percent of Housing that is Affordable to Low and Moderate Income Households

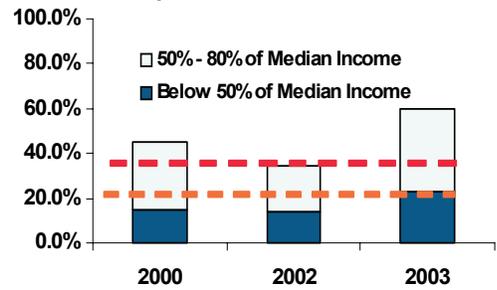


Indicator 29 (continued)

Fig. 29.2

Percent of Affordable Housing Units by City			
	Pct. Aff At 30% of Median Inc.	Pct. Aff at 30 - 49% of Median Inc.	Pct. Affordable 50%-79 of Median Inc.
SEASHORE			
Lake Forest Park	2.5%	11.4%	25.0%
Seattle	1.1%	23.2%	34.9%
Shoreline	1.4%	21.2%	41.7%
EASTSIDE			
Beaux Arts	0.0%	0.0%	0.0%
Bellevue	0.9%	15.3%	29.4%
Bothell	1.2%	15.4%	31.7%
Clyde Hill	0.0%	0.0%	0.0%
Hunts Point	0.0%	0.0%	0.0%
Issaquah	0.3%	5.7%	47.3%
Kenmore	0.7%	14.5%	36.5%
Kirkland	0.4%	13.8%	34.5%
Medina	1.7%	0.0%	8.4%
Mercer Island	0.0%	2.3%	16.8%
Newcastle	2.6%	5.5%	23.0%
Redmond	0.8%	11.2%	40.4%
Sammamish	0.3%	2.6%	9.9%
Woodinville	1.7%	16.5%	29.1%
Yarrow Point	0.0%	0.0%	0.0%
SOUTH			
Algona	7.4%	18.6%	74.1%
Auburn	2.0%	44.4%	45.0%
Burien	2.5%	39.8%	40.3%
Covington	1.0%	8.1%	61.1%
Des Moines	0.5%	29.7%	53.8%
Federal Way	1.9%	38.5%	46.8%
Kent	1.7%	40.7%	42.2%
Maple Valley	0.2%	5.9%	48.8%
Milton (KC)	0.0%	0.0%	67.8%
Normandy Pk.	0.8%	21.0%	10.4%
Pacific	3.3%	39.0%	42.2%
Renton	0.5%	33.5%	39.7%
SeaTac	2.5%	38.0%	51.6%
Tukwila	2.2%	45.5%	40.2%
RURAL CITIES			
Black Diamond	1.2%	8.6%	51.8%
Carnation	0.0%	0.0%	46.0%
Duvall	0.0%	7.0%	24.0%
Enumclaw	1.7%	32.1%	60.4%
North Bend	0.9%	0.7%	36.7%
Skykomish	37.1%	0.0%	37.1%
Snoqualmie	0.3%	24.8%	16.9%
City Total	1.2%	23.7%	36.6%
Unincorp. KC	1.4%	11.8%	39.1%
King County Total	1.2%	21.6%	37.1%

Fig. 29.3 Percent of Affordable Housing Countywide: 2000, 2002 and 2003



- Nearly 16% of King County residents earn less than 30% of median income (“very low income”). They have the greatest difficulty finding housing.
- Sixteen of King County’s forty jurisdictions have sufficient affordable housing for households earning about 50% of median income in 2003.
- Just as in 2002, eleven of the cities with sufficient housing for this income group are in the South County sub-area.
- Outside of South County, only Seattle, Shoreline, Enumclaw, Skykomish, and Snoqualmie meet the 21% target for low income housing. Shoreline and Snoqualmie are new to this group, reflecting an overall increase in affordability.
- Low income housing, remains concentrated in fewer than half of the County’s jurisdictions. No Eastside cities meet the target for existing units affordable to low-income households.

Housing for Moderate Income Households

- Those earning 50 - 79% of median income are considered moderate income households. 30 jurisdictions have sufficient affordable housing for moderate income households. In 2002 just 14 of the jurisdictions had sufficient affordable housing for moderate income households.

Housing for Very Low Income Households

- Over 114,000 households in King County earned less than 30% of median income, or under \$20,000 in 2003. They represent nearly 16% of all King County households. Yet, as Figs. 29.2-4 show, there are very few cities with housing affordable to this group. Countywide, only 1.2% of all housing is affordable to the very low income group.

Highlights (continued from page one)

- The median home price was \$266,000 in 2003, up from about \$256,000 in 2002. Because of low interest rates and rising incomes (for those who remain employed), the affordability gap for a median-income household declined to just \$6,500 from over \$30,000 as recently as 2000.
- The gap also closed for first-time buyers. At \$69,000 it is still large, but it is smaller than the \$90,000 gap seen in 2000. Over one-third of home sales in King County in 2002 - 2003 were affordable to "first-time buyers" - those earning around 80% of median income.
- There was very good news for moderate-income renters. With vacancy rates at about 7.5%, average rents have actually fallen slightly: from \$866 (for all sizes of units) in 2002 to \$855 in 2003.
- There is a generous supply of rental housing affordable to most households earning 50 - 80% of median income. However, below 40% of median income, the availability of affordable units falls off sharply.
- For the first time since beginning this measurement, there was sufficient housing countywide for those earning 50% of median income or higher.
- However, the CPP goal of an equitable distribution of affordable housing remains unfulfilled. The low income housing supply was concentrated in sixteen out of 40 jurisdictions, eleven of them in South County. No Eastside cities had a sufficient proportion of housing for low-income households.
- Nearly 1,400 low income units were created or preserved through the leveraging of local public dollars in 2002, or through regulatory incentives. This represents about 100 more than in 2001.
- Nearly \$18 million local dollars were spent for affordable housing by the 40 King County jurisdictions in 2002. This is about \$2 million less than in 2001, and \$7 million less than the nearly \$25 million spent in 1997. Many of the local dollars spent come from the Seattle Housing Levy, but the King County and Small Cities Consortium contributed nearly half of this year's amount.

The **King County Countywide Planning Policies Benchmark Program** is a program of the Metropolitan King County Growth Management Planning Council. Reports on the 45 Benchmark Indicators are published annually by the King County Office of Budget. A companion to these reports is the **King County Annual Growth Report**. All reports are available on the Internet at <http://www.metrokc.gov/budget/>. For information about the **Benchmark Program**, please contact Rose Curran, Program Manager (206) 205-0715, or e-mail rose.curran@metrokc.gov. The Benchmark Program address is King County Office of Budget, Room 406, King County Courthouse, Seattle, WA 98104.

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Data Sources

Indicator 21: Supply and Demand for Rental Housing

Data Sources: 2000 Census of Population and Housing. 2002 American Community Survey (Conducted by Census Bureau) data for King County (Tables 1 - 4). Other sources include: 1996 American Housing Survey for Seattle-Bellevue-Everett PMSA (King and Snohomish Counties) for income characteristics of renter and owner households; 2002 - 2003 H.U.D. income data for low-income groups; and the 2003 King County Housing Affordability Study, prepared by Dupre + Scott, Inc.

Information on subsidized housing was obtained from the Seattle Office of Housing and from the King County Housing and Community Development Division (KC DCHS). Exact data on the number of subsidized units occupied by various low-income groups is not available. It is estimated that about 80% of subsidized housing is occupied by households under 30% of median income.

Indicator 22: Percent of Income Paid for Housing

Data Sources: 2000 Decennial Census and 2002 American Community Survey. Tables DP-3, Selected Economic Characteristics, and DP-4, Selected Housing Characteristics.

Indicator 24: Affordability Gap

Data Sources: For median household income in King and Snohomish County, H.U.D. income levels by household size, also available at <http://huduser.org/datasets>. For median prices of single family homes and condos sold, *The Central Puget Sound Real Estate Research Report*, published semi-annually. For the percent of homes for sale at various affordability levels, the 2003 King County Housing Affordability Study, prepared by Dupre + Scott, Inc. using data from the Northwest Multiple Listing Service and MetroScan. For median values of homes in census years, the 1970, 1980, 1990 and 2000 Decennial Censuses. For conventional interest rates, the *Summary of U.S Housing Market Conditions* published by H.U.D. and available at <http://huduser.org>. For comparison of affordability throughout the U.S, the *Coldwell Banker Home Price Comparison Index*, published in the Seattle Times, November 2, 2003.

Indicator 26: Apartment Vacancy Rates Data Sources: Rental vacancy rates by sub-areas are based on a twice yearly survey of apartment properties with more than 20 units, by Dupre + Scott, Inc. and published in *The Central Puget Sound Real Estate Research Report*, Vol. 53 and Vol. 54. The vacancy rates have been averaged over the two semi-annual survey periods.

Indicator 27: Trend in Housing Costs vs. Income

Data Source: For median household income in King and Snohomish County, H.U.D. income levels by household size, also available at <http://huduser.org/datasets>. (See table on page two). For average rents and median home prices, *Central Puget Sound Real Estate Research Report*.

Indicator 28: Local Dollars Spent for Low-Income Housing

Data Sources: Data on local dollars spent, and regulatory incentives is supplied by the King County and Small Cities Consortium, by the Seattle Office of Housing, by non-profit housing consortiums (ARCH and REACH), and by individual cities. It was compiled by King County Housing and Community Development Division. Information on units funded, ADU's created, number of units built through regulatory incentives, and units repaired was also supplied by these sources.

Indicator 29: Existing Housing Units Affordable to Low Income Households

Data Sources: For existing housing stock by structure type and tenure type: 2000 Census of Population and Housing, Tables DP-3 and DP-4, updated with King County permit data for 2000 - 2002. 2002 Central Puget Sound Real Estate Research Report for update of rental rates. For 2003 analysis of percentage of both rental and for-sale units that are affordable at various income levels: Dupre + Scott, Inc., *King County Housing Affordability Study (November, 2003)*. H.U.D. income eligibility limits for median income by household size.