AFFORDABLE MIDDLEINCOME HOUSING ADVISORY COUNCIL

THE NEED & THE OPPORTUNITY

THE NEED

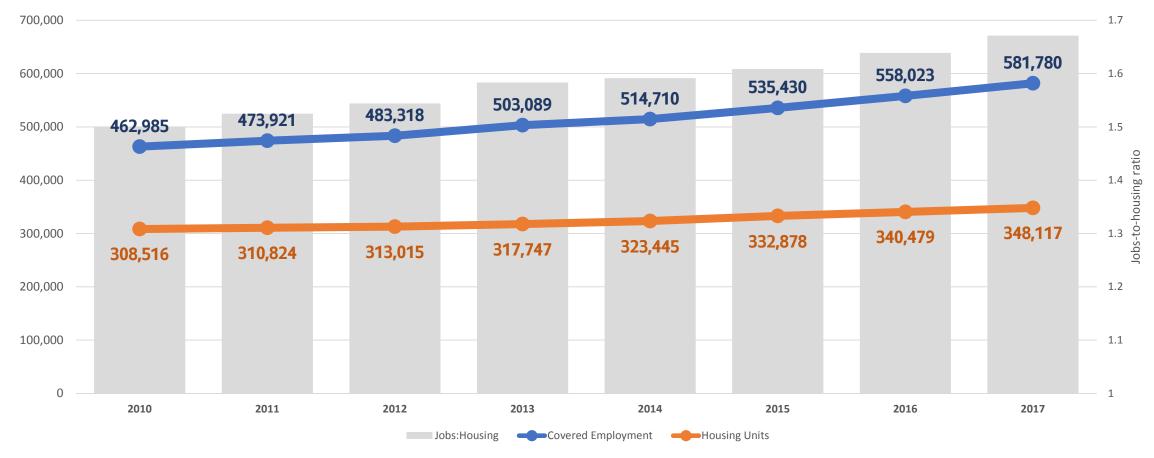
Seattle's recent economic growth has brought tremendous opportunity and prosperity to the region—but it has also created a dire need for more housing choices affordable to low, moderate, and middle-income households. If Seattle is to remain an equitable, welcoming, and just city, we must create more housing options so that people who work in Seattle can live in Seattle and benefit from all our city has to offer. We must preserve a strong community open to working families, including our teachers, firefighters, nurses and thousands that keep our small businesses going.

The Affordable Middle-Income Housing Advisory Council will focus their efforts on creating more rental and ownership housing choices for Seattle's middle-income earners.

AFFORDABLE MIDDLEINCOME HOUSING
ADVISORY COUNCIL

Seattle is growing fast!

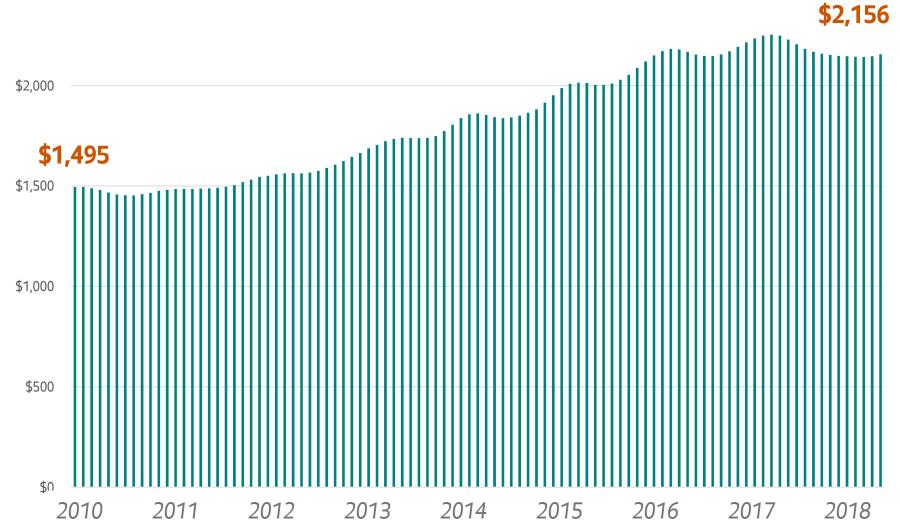
From 2010-2017, **employment** has grown by 25% (46 new jobs per day), while **housing** has grown by only 13% (15 new homes per day).



*Sources: PSRC Quarterly Census of Employment and Wages, WS Employment Security Department, 2018; and Washington State Office of Financial Management, 2018

During that time, we've seen rents go up...

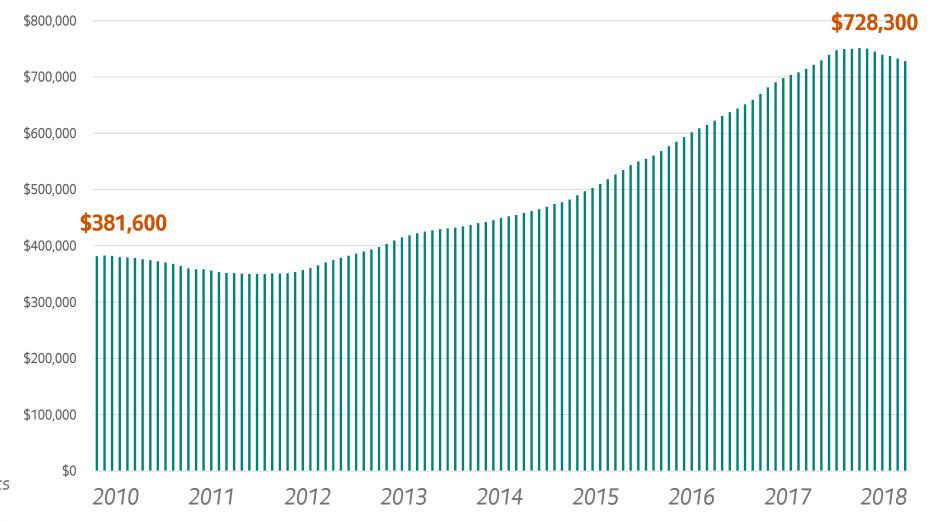
Seattle Multifamily Median Rents, 2010-2018



^{*}Source: Based on Zillow Rent Index, 2010-2018, for Seattle City, which estimates typical asking rents for market rate units. Figures seasonally adjusted but not adjusted for inflation.

...and median home values have nearly doubled.

Seattle Home Values, 2010-2018



^{*}Source: Based on Zillow Home Value Index, 2010-2018, for Seattle City, which estimates median home value for all ownership products (e.g. single-family, condos, townhouses). Figures seasonally adjusted, but not adjusted for inflation.

What does this mean for Seattle's moderate and middle-income households?

What is considered "middle income" in the Seattle area?

120% of AMI for a one-person household is \$87,000

2018 area median income (AMI) for one-person household is \$72,000



\$130,000

\$120,000

\$110,000

\$100,000

\$90,000

\$80,000

\$70,000

\$60,000

\$50,000

\$40,000

annual income

120% of AMI for a fourperson family is \$124,000



2018 area median income(AMI) for a fourperson family is \$103,000

60% of AMI for a fourperson family is \$62,000

*Source: HUD adjusted area median income for Seattle-Bellevue HUD Metro Fair Market Rent Area (King and Snohomish Counties), 2018

60% of AMI for a one-person household is \$44,000

Who are middle income earners in Seattle?

120% of AMI for a one-person household is \$87,000 firefighter **\$78,700** 2018 area median income (AMI) for one-person high school household is \$72,000 teacher \$64,300 dental assistant 60% of AMI for a one-person \$42,700 household is \$44,000

\$130,000 120% of AMI for a fourperson family is \$124,000 two social \$120,000 workers \$124,800 \$110,000 2018 area median \$100,000 income(AMI) for a fourperson family is \$103,000 \$90,000 police officer + stay-at-\$80,000 home parent \$84,700 \$70,000 two minimum wage \$60,000 earners \$62,400 60% of AMI for a four-\$50,000 person family is \$62,000

\$40,000

annual income

*Source: Estimated incomes based on QCEW, non-QCEW, 2017

What is affordable rent to middle-income households?

120% of median income can afford \$2,200 per month

A median one-person household can afford \$1,800 per month



60% of median income can afford \$1,100 per month

\$3,000/mo.

\$2,750/mo.

\$2,500/mo.

\$2,250/mo.

\$2,000/mo.

\$1,750/mo.

\$1,500/mo.

\$1,250/mo.

\$1,000/mo.

\$750/mo.

monthly rent

120% of median income can afford \$2,800 per month



A median income fourperson family can afford \$2,500 per month

60% of median income can afford \$1,400 per month

*Assumptions: 30% of target income toward rent and utilities

What new rental housing has the market produced 2010-2017?

120% of median income can afford \$2,200 per month

A median one-person household can afford \$1,800 per month



average 1-bed \$2,070*

average studio \$1,560* \$3,000/mo.

\$2,750/mo.

\$2,500/mo.

\$2,250/mo.

\$2,000/mo.

\$1,750/mo.

\$1,500/mo.

\$1,250/mo.

\$1,000/mo.

\$750/mo.

average 3-bed \$3,980*

120% of median income can afford \$2,800 per month

average 2-bed \$2,440*



A median income fourperson family can afford \$2,500 per month

60% of median income can afford \$1,400 per month

monthly rent

*This doesn't even include utilities!

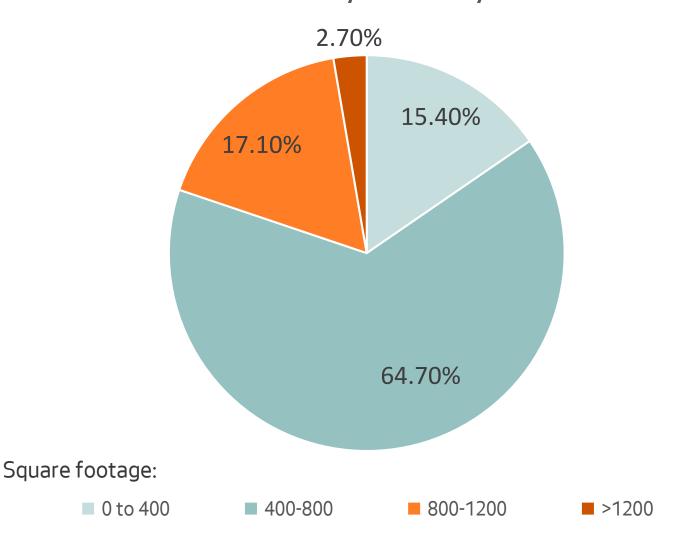
afford \$1,100 per month

60% of median income can

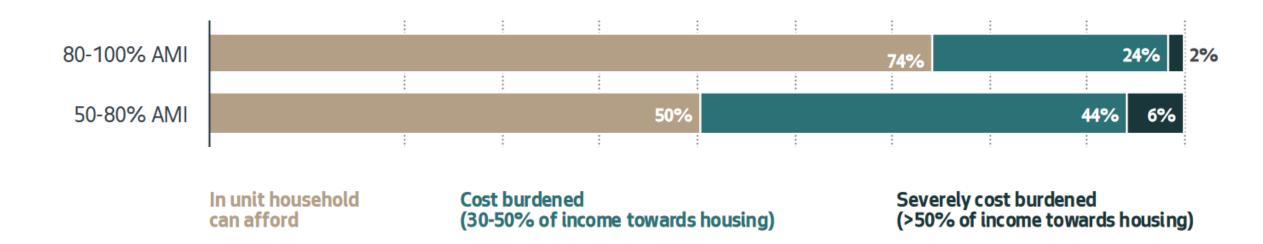
*Source: Dupre + Scott, 2017, average rents for occupied units built between 2010-2017

The market is producing mostly smaller rental housing choices. Since 2010, less than 20% of new multifamily units have been larger than 800 square feet.

Multi-Family Units by Size



Many moderate to middle income rental households are experiencing housing cost-burden.



What is affordable homeownership to middle-income households?

120% of median income can afford a \$333,100 home

A median one-person household can afford a \$275,200 home



60% of median income can afford a \$165,200 home

\$1,000,000

\$900,000

\$800,000

\$700,000

\$600,000

\$500,000

\$400,000

\$300,000

\$200,000

\$100,000

sale price

120% of median income can afford a \$471,7000 home



A median income fourperson family can afford a \$393,000 home

60% of median income can afford a \$235,900 home

*Assumptions: PITI set at 35% of income, 10% down, 5% fixed 30-year

Are homeownership opportunities affordable to middle-incomes?

\$1,000,000 \$900,000 \$800,000 SF house \$934,300 \$700,000 townhouse \$600,000 \$751,800

\$500,000

\$400,000

\$100,000

sale price

condo

\$602,200

120% of median income can afford a \$333,100 home

> A median one-person household can afford a \$275,200 home

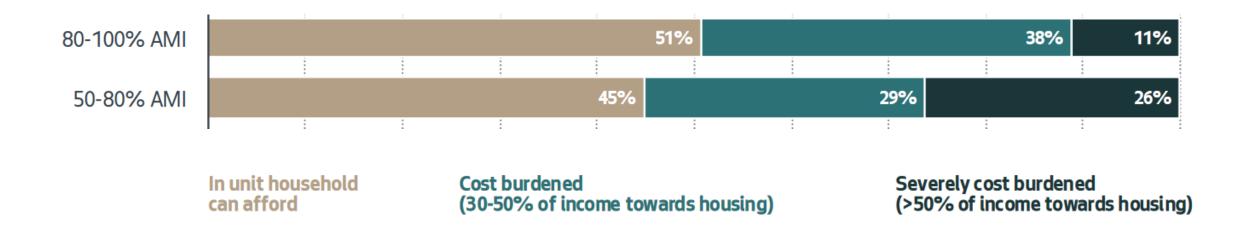
60% of median income can afford a \$165,200 home \$300,000 \$200,000 120% of median income can afford a \$471,700 home

A median income fourperson family can afford a \$393,000 home

60% of median income can afford a \$235,900 home

*Source: King County Assessor, 2018 Seattle home sales

Many moderate to middle income ownership households are experiencing housing cost-burden.



*Source: HUD CHAS, 2010-2014

THE OPPORTUNITY

The Affordable Middle-Income Housing Advisory Council will focus their efforts on creating more rental and ownership housing choices for Seattle's middle-income earners.

The Advisory Council brings expertise in investment and housing development and will make recommendations based on both economic analysis and true and deep engagement with communities and neighborhoods throughout our City.

They will elevate investment strategies and innovative construction models to close the growing gap between housing that City subsidy may support and what the private market is producing—including tools to ensure equitable development in newly designated Opportunity Zones.

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