

2016 Monitoring Report: Affordability of Unsubsidized Rental Housing in Seattle

Prepared by the City of Seattle's Office of Housing and Office of Planning & Community Development

Executive Summary

Average rents—Average rents¹ in unsubsidized rentals in Seattle are too high to be affordable to many renter households.

- Units in medium to large apartment complexes are the most common form of rental units in Seattle. On average, it takes an income of 103% of Area Median Income (AMI) to afford to rent these units.²

Furthermore, less than a quarter of the units in medium to large apartment complexes are affordable to households with incomes at or below 80% of AMI; only 3 percent of units in complexes of this size can be afforded at or below 60% of AMI.

- Units in small apartment complexes and multiplexes are a diminishing share of the rental stock in the city. On average, it takes 79% of AMI to afford units in small apartment complexes, and 81% of AMI to afford units in small multiplexes.

Overall, 53% of units found in small apartment complexes and small multiplexes are affordable to households with incomes at or below 80% of AMI; 13 percent of the units in small apartment complexes and 14 percent of units in small multiplexes are affordable at or below 60% of AMI.

- Renting a single-family house is more expensive; on average, it takes more than 120% of AMI to afford.

Twenty-fifth percentile rents—which provide a sense of the least expensive rents on the market—are not affordable for households with incomes at or below 60% of AMI.

- In both medium to large apartment complexes and in small apartment complexes, 25th percentile rents are out of reach for households with incomes at or below 60% of AMI for all unit sizes.
- In small multiplexes, 25th percentile rents are out of reach for households with incomes at or below 60% of AMI for all unit sizes bigger than a studio.

Variation in rents by unit size (number of bedrooms)—Within each rental property type (medium to large apartments, small apartments, small multiplexes, and single-family houses), greater shares of small units than larger units are affordable to low-income households, even with adjustments for household size in the analysis.

Age of construction is one determinant of rents in Seattle, with units in the newest properties renting for more than units in older properties. In medium to large apartment complexes:

- The average rent for a 1-bedroom unit built between 2010 and 2016 is roughly \$300 higher than the overall average rent for 1-bedroom units, and \$750 more than for a similarly-sized unit in the least expensive age group.

¹ Findings from this report are for gross rents in occupied market-rate rental units. Gross rent includes the cost of rent and basic utilities.

² Medium to large complexes have 20 or more units, small complexes have 5 to 19 units, and small multiplexes have 2 to 4 units.

- The least expensive average rents are in buildings constructed between 1965 and 1979, indicating that factors besides age also play a role.

Location is a key factor influencing rents; average rents vary considerably between neighborhoods in Seattle.

- One-bedroom rents in the most expensive areas average roughly \$500 to \$900 more than rents for similarly sized units in several of Seattle’s least expensive areas.
- Research by Office of Housing staff reveals that multifamily apartment buildings constructed during the 1950s, 1960s, and 1970s are disproportionately located in neighborhoods such as Beacon Hill, Magnolia, Rainier Valley, and White Center that generally command lower market-rate rents

Background

Purpose

This 2016 monitoring report presents and analyzes data on the affordability of unsubsidized rental housing in Seattle in response to City Council’s 2015 Statement of Legislative Intent (SLI 28-1-A-1).

This report adds to the City’s existing data and monitoring efforts on housing affordability. Presently, the City tracks production of income- and rent-restricted housing, which plays a critical role in addressing the needs of low-income households. The City also performs periodic assessments to understand the overall picture of housing affordability and the level of unmet housing needs. These include analyses in the Comprehensive Plan Housing Appendix and the Consolidated Plan for Housing and Community Development.³

Findings from this report may inform the ongoing implementation of policies and programs designed to meet the City’s housing affordability goals. Additionally, the data obtained will support City efforts to monitor displacement risk, equitable development, and progress toward goals in the Comprehensive Plan.

Contents

The monitoring reports analyze affordability in medium to large apartment complexes (with 20 or more units per complex) every year. Units in smaller properties are included every other year starting with this report. In alternate years, monitoring reports will incorporate analyses to be determined based on policy and planning data needs, subject to data cost considerations.

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³ As required by the state Growth Management Act, Seattle’s [Comprehensive Plan, Seattle 2035](#), includes a Housing Appendix that analyzes existing and projected housing needs for all economic segments of the community. The City’s [Consolidated Plan for Community and Economic Development](#) also includes a Housing Market Analysis.

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- Appendix A: Data Sources and Methodology**
- Appendix B: Background on the Broader Housing Supply in Seattle**
- Appendix C: Detailed Table Showing Distribution of Gross Rents by AMI-Based Affordability Level**

Data Sources and Methodology

Surveys of unsubsidized rental properties conducted by Dupre + Scott Apartment Advisors, Inc. provide the main source of data for these monitoring reports. These data are for rents in occupied units. The City purchases customized tabulations from Dupre + Scott designed specifically for these reports.

Based on a commonly used standard, we consider rental housing to be affordable if gross rent (that is, rent plus the cost of basic utilities) consumes no more than 30 percent of household income. Because the main purpose of this report is to evaluate affordability of market-rate rentals, the rents cited in this report are gross rents.

To evaluate the affordability level of market rental units, we identify the minimum income level, as a percentage of Area Median Income (AMI), that a household would need to afford gross rent for the unit. The income levels we cite are based on AMI as published by the U.S. Department of Housing and Urban Development (HUD) and adjusted by household size for the Seattle-Bellevue HUD Metro Fair Market Rent Area (comprised of King and Snohomish counties). When evaluating the affordability of a unit, we factor in the number of bedrooms and assume the following average household sizes: 1.0 person for studios and 1.5 persons per bedroom for units containing one bedroom or more. These are based on standard ratios that HUD assumes for similar analyses of affordability.

Table 1 shows maximum gross rents considered affordable by unit size and for corresponding household sizes at various AMI levels.

TABLE 0-1

2016 HUD AMI-based Income Levels and Corresponding Maximum Affordable Gross Rent						
	50% of AMI		80% of AMI		120% of AMI	
	Annual Income	Max. Affordable Monthly Gross Rent	Annual Income	Max. Affordable Monthly Gross Rent	Annual Income	Max. Affordable Monthly Gross Rent
1 Person / Studio:	\$31,650	\$791	\$48,550	\$1,213	\$75,960	\$1,899
1.5 People / 1 Bedroom:	\$33,900	\$847	\$52,000	\$1,300	\$81,360	\$2,034
3 People / 2 Bedroom:	\$40,650	\$1,016	\$62,400	\$1,560	\$97,560	\$2,439
4.5 People / 3 Bedroom:	\$46,975	\$1,174	\$72,075	\$1,801	\$112,740	\$2,818

Appendix A provides additional detail on the data sources and methodology for this report.

A note about terminology: this report refers to “unsubsidized” and “market-rate” rents interchangeably.

Key Context for Interpreting Findings

- **Findings in this report need to be viewed in context of renter households' incomes and affordable housing needs.** Approximately 53 percent of households in Seattle are renter households. More than half of Seattle's renter households have incomes at or below 80% of AMI; close to half have incomes no higher than 60% of AMI. There are also substantial shares of renter households whose incomes are lower on the income spectrum: about 39 percent of renter households have incomes at or below 50% of AMI and 25 percent of renter households have incomes at or below 30% of AMI.

Renter households' incomes vary markedly by race and ethnicity. Among renter households with a White householder, just under half have incomes at or below 80% of AMI and just under one-third have incomes at or below 50% of AMI. The shares of renter households with incomes at or below these thresholds are much higher for other races. The greatest disparities are found for renter households with a Black or African American householder, nearly 80 percent of whom have incomes at or below 80% of AMI and 64 percent of whom have incomes at or below 50% of AMI.

- **The gross rents described in this report are for *occupied* rental units. In strong rental markets like Seattle's, asking rents tend to be higher than rents charged for occupied units.**
- **Affordability does not equal availability—many market-rate units that are affordable at low-income levels are occupied by higher income households.** Recent analysis by the City has found that about a third of all rental units affordable at 50% of AMI and at 80% of AMI are occupied by households with incomes above those respective AMI levels. After accounting for incomes of renter households and factoring in this phenomenon, the “affordability and availability” analysis found a large shortfall in the number of rental units affordable at 50% of AMI and a smaller, but still substantial, shortage of housing at 80% of AMI.⁴
- **Analysis for the City's Comprehensive Plan update revealed that two-thirds of renter households in the city with incomes below 80% of AMI are cost burdened.**
- **The pace of residential development in Seattle in recent years, although rapid, has not kept up with the pace of population growth, creating increased pressure on housing prices and rents.**
- **Larger multifamily buildings make up an increasing share of the rental housing in the city.** Buildings with 20 or more units comprise almost half of the renter-occupied units in the city and 89 percent of the renter-occupied units built between 2010 and 2015. Additional background on the size and characteristics of Seattle's rental housing stock can be provided in Appendix B.

⁴ See “Affordability and Availability” analysis the Seattle 2035 Comprehensive Plan [Housing Appendix](#). The ACS CHAS data upon which that analysis is based does not distinguish between market-rate and subsidized units.

Findings Based on the Dupre + Scott Survey Data

Affordability of Average, Median, and 25th Percentile Market-Rate Rents

Average rents give us a general sense of the market’s affordability, while median and 25th percentile rents provide insight into the *distribution* of rents. Median rent is the point on the rental spectrum where half of units rent for less money and half rent for more. Rents at the 25th percentile indicate the point where 25 percent of units rent for less and 75 percent rent for more. This metric provides insights into the lower-cost portion of the market.

Table 2 shows average, median, and 25th percentile gross rents by unit size (i.e., by number of bedrooms) for each of the property types that Dupre + Scott surveys (medium to large apartment complexes, small apartment complexes, small multiplexes, and single-family rental homes).⁵

The table also shows the minimum income levels a household would need to afford these rents for different unit sizes within each of these property types. Aggregate figures are provided in the rightmost column to summarize affordability levels of average, median and 25th percentile rents in each property type.⁶

TABLE 2

Average, Median, and 25 th Percentile Monthly Gross Rents in Seattle and AMI-based Income Levels Needed to Afford						
Units in Medium to Large Apartment Complexes (20 or more units per complex):	Studio	1 BR	2 BR	3 BR		Weighted Aggregate (All Unit Sizes)
Average rent	\$1,407	\$1,752	\$2,314	\$2,804		
	89% of AMI	103% of AMI	114% of AMI	119% of AMI		103% of AMI
Median rent	\$1,394	\$1,745	\$2,178	\$2,676		
	88% of AMI	103% of AMI	107% of AMI	114% of AMI		101% of AMI
25th percentile rent	\$1,170	\$1,411	\$1,792	\$2,211		
	74% of AMI	83% of AMI	88% of AMI	94% of AMI		83% of AMI
(table continued on next page)						

⁵The range of unit sizes included is slightly different for multifamily and single-family properties due to the lack of 4-bedroom multifamily units, and the small numbers of single-family houses without a bedroom.

⁶The aggregate statistics were calculated by summing affordability levels that were weighed by the number of units of each size.

TABLE 2 (CONTINUED)

Average, Median, and 25 th Percentile Monthly Gross Rents in Seattle and AMI-based Income Levels Needed to Afford						
Units in Small Apartment Complexes (5-19 units per complex):	Studio	1 BR	2 BR	3 BR		Weighted Aggregate (All Unit Sizes)
Average rent	\$1,125	\$1,300	\$1,723	\$2,417		
	71% of AMI	77% of AMI	85% of AMI	103% of AMI		79% of AMI
Median rent	\$1,136	\$1,280	\$1,726	\$2,426		
	72% of AMI	76% of AMI	85% of AMI	103% of AMI		79% of AMI
25th percentile rent	\$989	\$1,105	\$1,450	\$2,001		
	62% of AMI	65% of AMI	71% of AMI	85% of AMI		67% of AMI
Units in Small Multiplexes (2 to 4 units):	Studio	1 BR	2 BR	3 BRs		Weighted Aggregate (All Unit Sizes)
Average rent	\$983	\$1,272	\$1,636	\$2,381		
	62% of AMI	75% of AMI	80% of AMI	101% of AMI		81% of AMI
Median rent	\$901	\$1,212	\$1,597	\$2,316		
	57% of AMI	72% of AMI	79% of AMI	99% of AMI		79% of AMI
25th percentile rent	\$722	\$1,089	\$1,345	\$2,096		
	46% of AMI	64% of AMI	66% of AMI	89% of AMI		68% of AMI
Single-Family Rentals:		1 BR	2 BR	3 BR	4 BR	Weighted Aggregate (All Unit Sizes)
Average rent		\$1,607	\$2,237	\$2,975	\$3,620	
		95% of AMI	110% of AMI	127% of AMI	138% of AMI	123% of AMI
Median rent		\$1,588	\$2,163	\$2,892	\$3,497	
		94% of AMI	106% of AMI	123% of AMI	133% of AMI	119% of AMI
25th percentile rent		\$1,331	\$1,749	\$2,468	\$2,925	
		79% of AMI	86% of AMI	105% of AMI	112% of AMI	100% of AMI

Source: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D + S 2016 rent survey data for market-rate rental units. Rents for medium to large complexes are from surveys conducted in fall of 2016, while rents analyzed for smaller properties are from spring 2016 surveys, with adjustments for time to approximate fall 2017 rents.

Notes: Figures reflect rent plus estimated cost of tenant-paid utilities. Small numbers of 4-bedroom units in small apartment complexes and small multiplexes, and small numbers of studios in single-family rentals were omitted to streamline analysis.

KEY FINDINGS:

Patterns by property type

The average rents charged in unsubsidized rentals in Seattle are too high to be affordable to many renter households. As noted previously, most renter households in Seattle have incomes at or below 80% of AMI and nearly half have incomes that are 60% of AMI or less.

Although units in medium to large apartment complexes comprise the most common form of rental units in Seattle, the average gross rent charged for these units is too high to be affordable to the majority of renter households in the city.

Twenty-fifth percentile rents—which provide a sense of the least expensive rents on the market—are higher than renter households with incomes of 60% of AMI or less can afford. This is the case regardless of property type.

In Seattle’s medium to large apartment complexes, it takes:

- **103% of Area Median Income (AMI) to afford average market-rate rents, and**
- **83% of AMI to afford the 25th percentile market-rate rent.**

In Seattle’s small apartment complexes, it takes:

- **79% of AMI to afford average market-rate rents, and**
- **67% of AMI to afford the 25th percentile market-rate rent.**

In Seattle’s small multiplex properties, it takes:

- **81% of AMI to afford average market-rate rents, and**
- **68% of AMI to afford the 25th percentile market-rate rent.**

In Seattle’s single-family rentals it takes:

- **123% of AMI to afford average market-rate rents, and**
- **100% of AMI to afford the 25th percentile market-rate rent.**

Patterns by unit size (number of bedrooms)

The average, median, and 25th percentile rents provided by Dupre + Scott indicate that small units are affordable at lower income levels than are larger units. This is true for each of the four property types surveyed.

- **Units with the deepest levels of affordability are studios and 1-bedroom units within small multiplexes and small apartment complexes.**
 - Average rents for these units can be afforded with incomes at or below 80% of AMI.

- Furthermore, 25th percentile rents for these units are affordable to households with incomes only slightly higher than 60% of AMI; or in the case of studios in small multiplexes, with incomes below 50% of AMI.⁷
- **Within more expensive property size categories, there are some small units affordable to low-income households as revealed by the 25th percentile rent statistics:**
 - In medium to large apartment complexes, 25th percentile rents for studios are affordable to households with incomes at or below 80% of AMI
 - Similarly, 25th percentile rents for one-bedroom single-family rentals are affordable with incomes shy of 80% of AMI.

However, 25th percentile rents are out of reach for households with incomes of 80% of AMI for all unit sizes bigger than a studio in small to medium complexes and for all single-family houses with more than one bedroom.

⁷ Small multiplexes, however, are an uncommon housing type in Seattle and studios in small multiplexes are especially rare. This report provides detailed information on the distribution of rents by affordability level beginning on page 12. This includes the percentages and numbers of surveyed units with rents affordable at or below specific AMI thresholds by both property type and number of bedrooms.

Average Rents by Property Age Group and Neighborhood

Average rents by property age group—for 1-bedroom units in 20+ unit apartment complexes

Table 3 shows average gross rents for market-rate units by property age group. One-bedroom units in medium to large apartment complexes are shown, as these are, respectively, the most common unit size and property size in Seattle’s rental market.

KEY FINDINGS:

Not surprisingly, age of construction is one determinant of market-rate rents in Seattle, with units in the newest properties renting for more than units in older properties.

- **The average gross rent for a 1-bedroom unit built between 2010 and 2016 is nearly \$2,100—roughly \$300 higher than the overall average rent for this unit size and property size category, and about \$750 more than for a similarly-sized unit in the least expensive age group.**
- **With the development boom Seattle is experiencing, a large number of new units in large apartment complexes have come onto the market.** Given that new units are a substantial share of the rental stock, they are distorting average rents—a phenomenon that Dupre + Scott refers to as the “skew of the new.”⁸
- **One of the reasons that apartment units in complexes with 20 or more units tend to be less affordable than those in smaller complexes is that a large share of the former are in recently built properties.**⁹ These trends also impact the supply of family-size housing units in the city as described later in this report.

The least expensive rents are found in apartment buildings constructed in 1965 and 1979, indicating that other factors besides age also play a role. Location is one of these factors as discussed in the following subsection.

TABLE 3

1-Bedroom Gross Rents by Age Group Medium to Large Apartment Complexes (20+ units) Seattle, Fall 2016			
Period in Which Building was Constructed	Surveyed Properties	Surveyed Units	Average Gross Rent in Fall 2016
Total:	883	33,625	\$1,752
1900-44	199	3,398	\$1,450
1945-64	129	3,869	\$1,374
1965-79	111	3,224	\$1,317
1980-99	177	5,826	\$1,587
2000-09	102	4,649	\$1,911
2010+	165	12,659	\$2,077

Source: Custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D+S fall 2016 rent survey data.
Notes: Reflects rent plus estimated cost of tenant-paid utilities.

⁸ “The Apartment Vacancy Report Executive Summary,” Vol. 34, No. 2, September 2016, Dupre + Scott Apartment Advisors, Inc.

⁹ Nearly half of the units in complexes with 20 or more units for which D + S collected rent survey data in fall of 2016 were built in or after the year 2000, and nearly a third were built in or after 2010. In contrast, only two percent of the units in smaller properties for which D + S collected survey data in spring of 2016 were built in or after 2000. D + S does not monitor new construction in smaller property categories as closely as it does for medium to large complexes. That said, data from the American Community Survey and King County Department of Assessments also indicate that most housing units constructed in Seattle in recent years have been in large multifamily developments. See Appendix B for more information.

Average rents by neighborhood—for 1-bedroom units in 20+ unit apartment complexes

Table 4 and the accompanying map in Figure 1 provide insights into the way market-rate rents vary by neighborhood within Seattle.¹⁰ As in Table 3, the rent statistics shown are average gross rents for 1-bedroom units in medium to large apartment complexes.

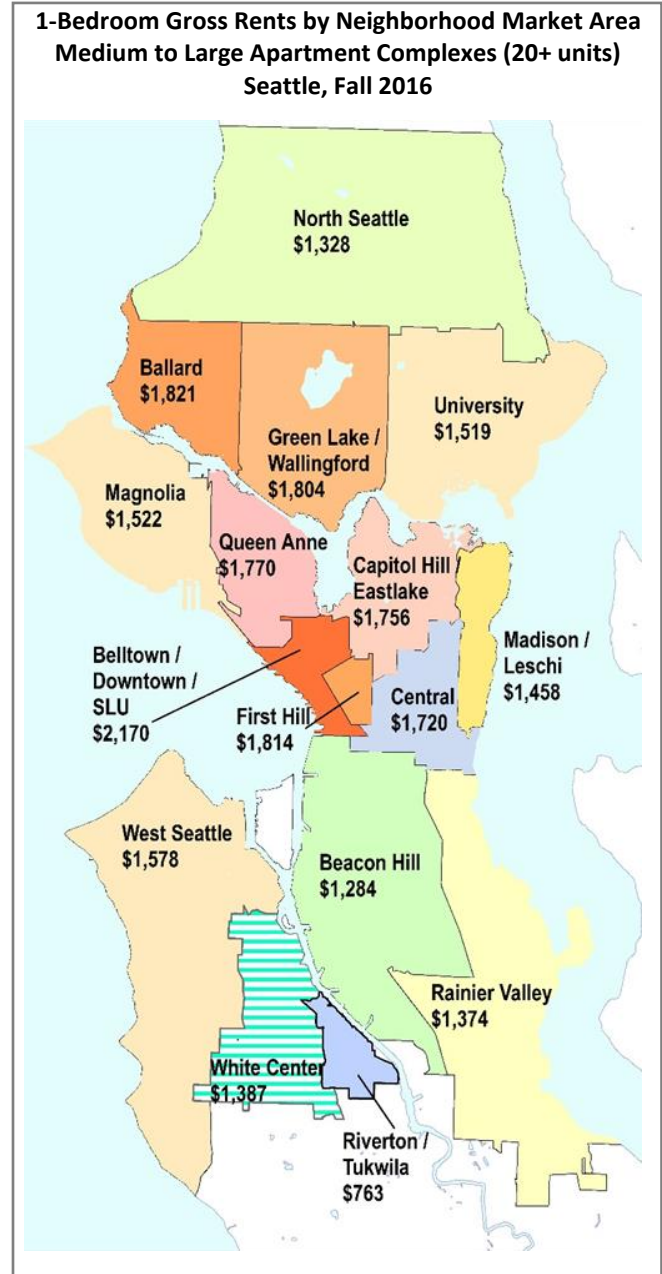
TABLE 4

1-Bedroom Gross Rents by Neighborhood Market Area Medium to Large Apartment Complexes (20+ units) Seattle, Fall 2016			
Dupre + Scott Neighborhood Market Area	Surveyed Properties	Surveyed Units	Average Gross Rent in Fall 2016
Total:	883	33,625	\$1,752
Ballard	30	1,923	\$1,821
Beacon Hill	10	244	\$1,284
Belltown/Downtown/ South Lake Union	97	7,096	\$2,170
Capitol Hill/ Eastlake	175	4,275	\$1,756
Central	42	1,211	\$1,720
First Hill	66	2,480	\$1,814
Green Lake/ Wallingford	62	2,332	\$1,804
Madison/Leschi	6	295	\$1,458
Magnolia	20	698	\$1,522
North Seattle	110	4,479	\$1,328
Queen Anne	106	3,735	\$1,770
Rainier Valley	19	728	\$1,374
Riverton/Tukwila*	2	37	\$763
University	72	1,671	\$1,519
West Seattle	60	2,201	\$1,578
White Center	6	220	\$1,387

Source: Custom data tabulations from D +S fall 2016 rent survey data. Estimates reflect rent plus estimated cost of tenant-paid utilities.

*Survey data for the portion of Riverton/Tukwila with Seattle are limited to two properties and should be interpreted with caution.

FIGURE 1



¹⁰ Based on neighborhood markets that Dupre + Scott uses to report data in the company’s published reports. See www.duprescott.com/help/nehdmaps/.

KEY FINDINGS:

Location is a key factor influencing rents; average rents vary considerably between neighborhood market areas in Seattle.

- **Gross rents for 1-bedroom units in the most expensive areas average between \$1,800 and \$2,200, which is vastly more expensive than the \$1,300 average gross rent for similarly sized units found in several of Seattle’s least expensive areas.**

There are large differences between the \$1,800 to \$2,200 average gross rents for a 1-bedroom apartment in the most expensive market areas (e.g., Belltown/Downtown/South Lake Union, Green Lake/Wallingford, Ballard, and First Hill) and the \$1,300 to \$1,400 average gross rents in the least expensive areas (e.g., Beacon Hill, Rainier Valley, White Center, and North Seattle).

- **While attributes of neighborhoods—such as school quality, public safety levels, transportation convenience; and proximity to jobs, shopping, dining, and cultural institutions—impact market-rate residential rents, the age of the residential rental properties also plays a role.**
 - For example, the Belltown/Downtown/South Lake Union area is among the most expensive areas in the city, in part given that the vast majority of rental housing in this area was constructed recently. The average rent in Capitol Hill/Eastlake, on the other hand, while also high, is moderated by its large amount of older rental housing.
 - Additional research by Office of Housing staff reveals that multifamily apartment buildings constructed during the 1950s, 1960s, and 1970s are disproportionately located in neighborhoods such as Beacon Hill, Magnolia, Rainier Valley, and White Center that generally command lower market-rate rents.

Distribution of Rents by Affordability Level with Detail by Property Type and Unit Size

The four charts that follow in Figures 2 through Figure 5 show the distribution of gross rents by affordability level for each of the property size categories that Dupre + Scott surveys:

- medium to large complexes (with 20 or more units per complex),
- small complexes (with 5 to 19 units per complex),
- small multiplexes comprised of buildings with 2 to 4 units each, and
- single-family rentals.

A separate chart is provided for each property size category.

The first bar in each chart shows the overall affordability profile for units surveyed in that property type. The subsequent bars in each chart disaggregate the survey data to reveal the relative mix and affordability of different *unit sizes* within each property size category. The bars in these charts are color-coded to show the share of units with rents affordable between different AMI-based income thresholds.

The blue brackets indicate the *cumulative share* of units affordable to households with incomes at or below 80% of AMI. A data table within each chart shows the number of surveyed units, overall and by unit size, within each individual affordability category.

The scale for the vertical axis varies between the charts to show detail within each property size class. Despite the similar height of the chart axes, rental units in medium to large apartment complexes in Seattle far outnumber the number of rental units in other property size categories, both with regards to the units for which Dupre + Scott received survey data and in terms of the overall housing stock. As noted in Appendix A, the number of units for which Dupre + Scott gathered survey data does not include the entire market rental housing stock.

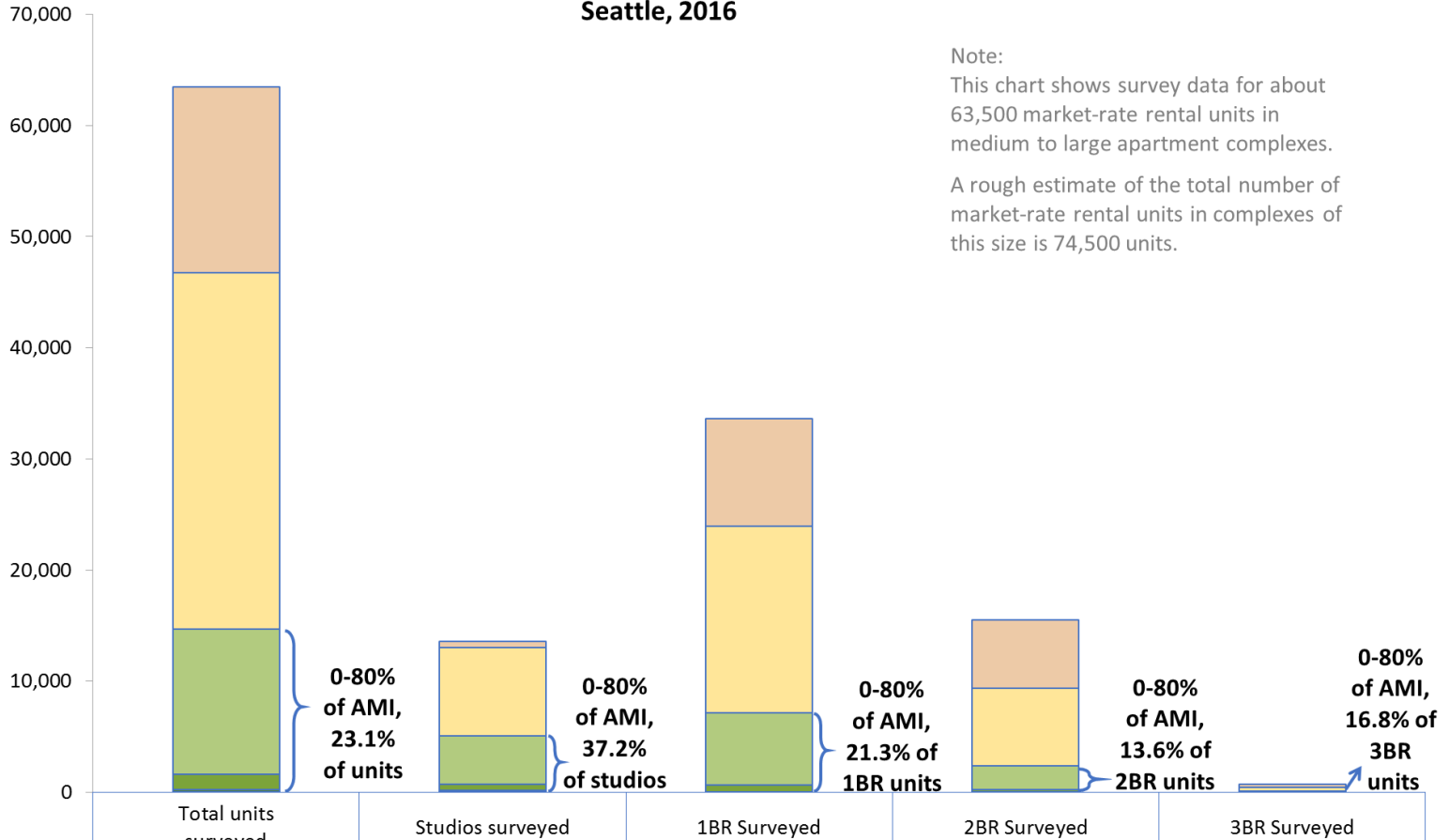
Following the four charts, Table 6 shows percentage shares for each of the affordability categories at or below 80% of AMI.

FIGURE 2

**Affordability Levels of Unsubsidized Rental Units:
Medium to Large Apartment Complexes, Overall and By Unit Size (Number of Bedrooms)
Seattle, 2016**

Affordability Levels
Based on
2016 HUD Area Median
Income (AMI)

- >120% of AMI
- 80-120% of AMI
- 60-80% of AMI
- 50-60% of AMI
- 0-50% of AMI



	Total units surveyed	Studios surveyed	1BR Surveyed	2BR Surveyed	3BR Surveyed
■ >120% of AMI	16,674	558	9,675	6,132	309
■ 80-120% of AMI	32,094	7,986	16,795	7,023	290
■ 60-80% of AMI	13,078	4,365	6,482	2,112	119
■ 50-60% of AMI	1,392	528	626	236	2
■ 0-50% of AMI	211	160	47	4	-

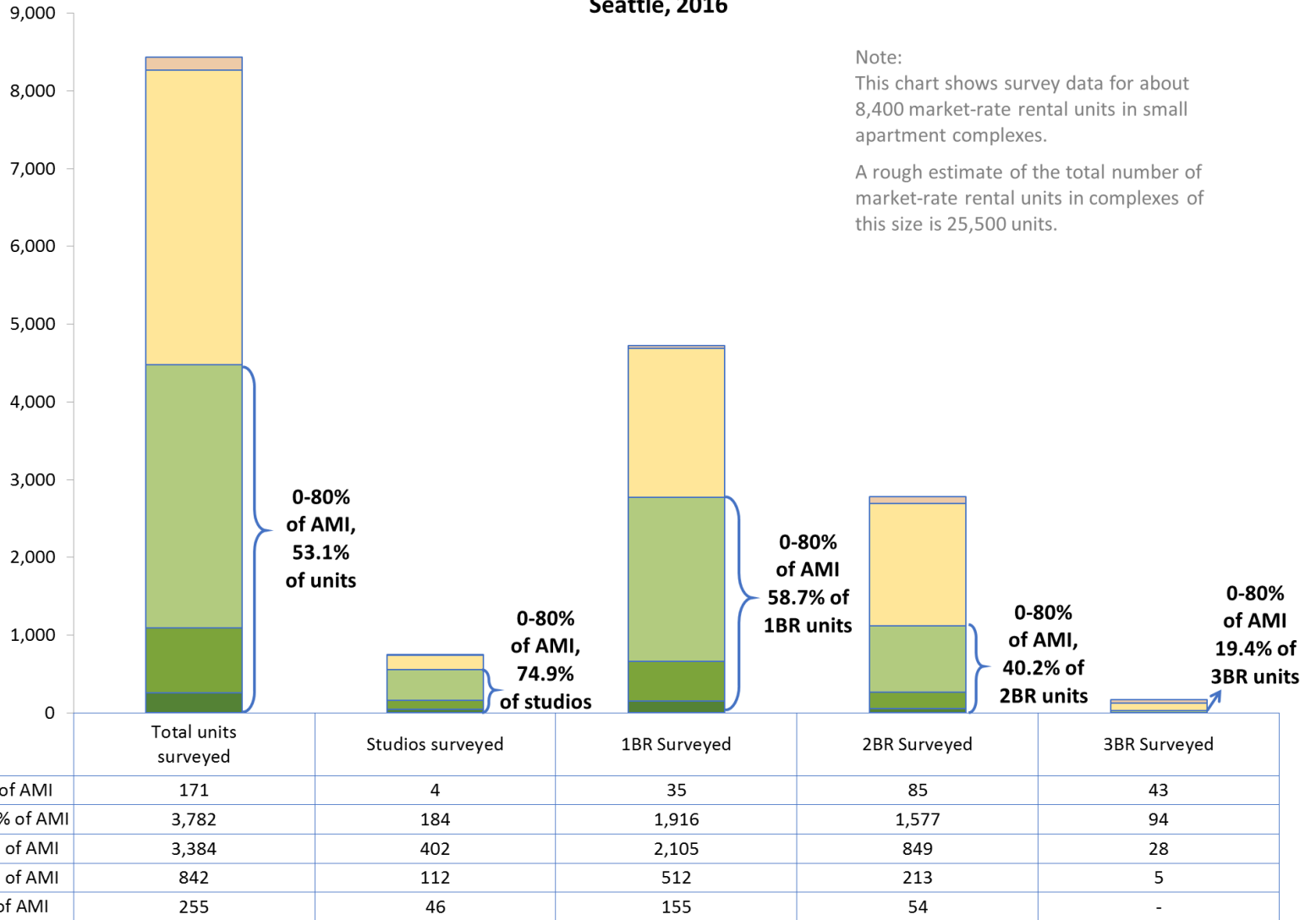
Source and notes: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D + S fall 2016 rent survey data for market-rate units in apartment complexes with 20 or more units. Reflects rent plus estimated cost of tenant-paid utilities.

FIGURE 3

Affordability Levels of Unsubsidized Rental Units: Small Apartment Complexes, Overall and by Unit Size (Number of Bedrooms) Seattle, 2016

Affordability Levels
Based on 2016 HUD Area
Median Income (AMI)

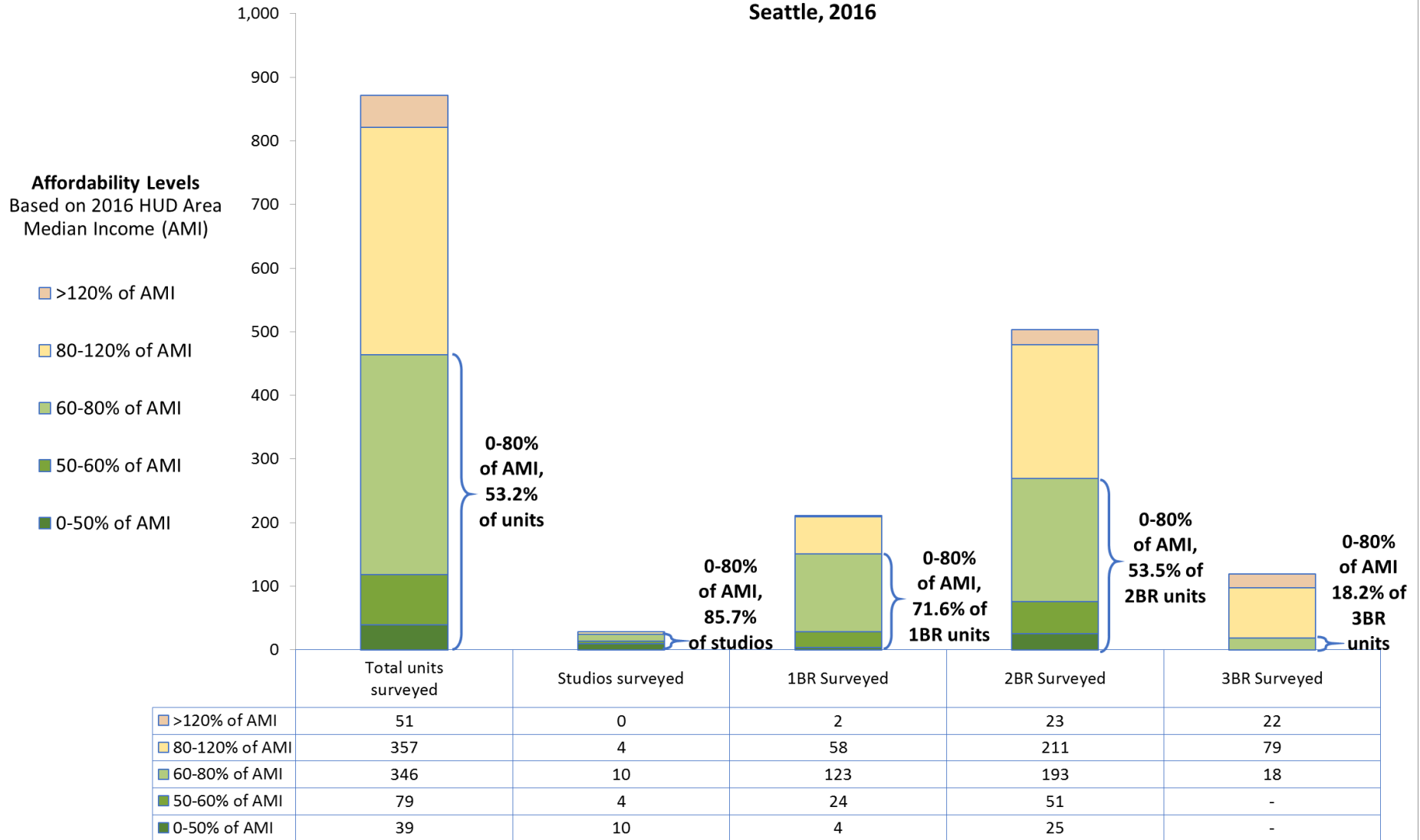
- >120% of AMI
- 80-120% of AMI
- 60-80% of AMI
- 50-60% of AMI
- 0-50% of AMI



Source and notes: City of Seattle analysis of custom data tabulations from Dupre+Scott Apartment Advisors (D + S). Based on D + S spring 2016 rent survey data for market-rate units in apartment complexes with 5 to 19 units, incorporating an adjustment for time to approximate fall 2016 rents. Reflects rent plus estimated cost of tenant-paid utilities.

FIGURE 4

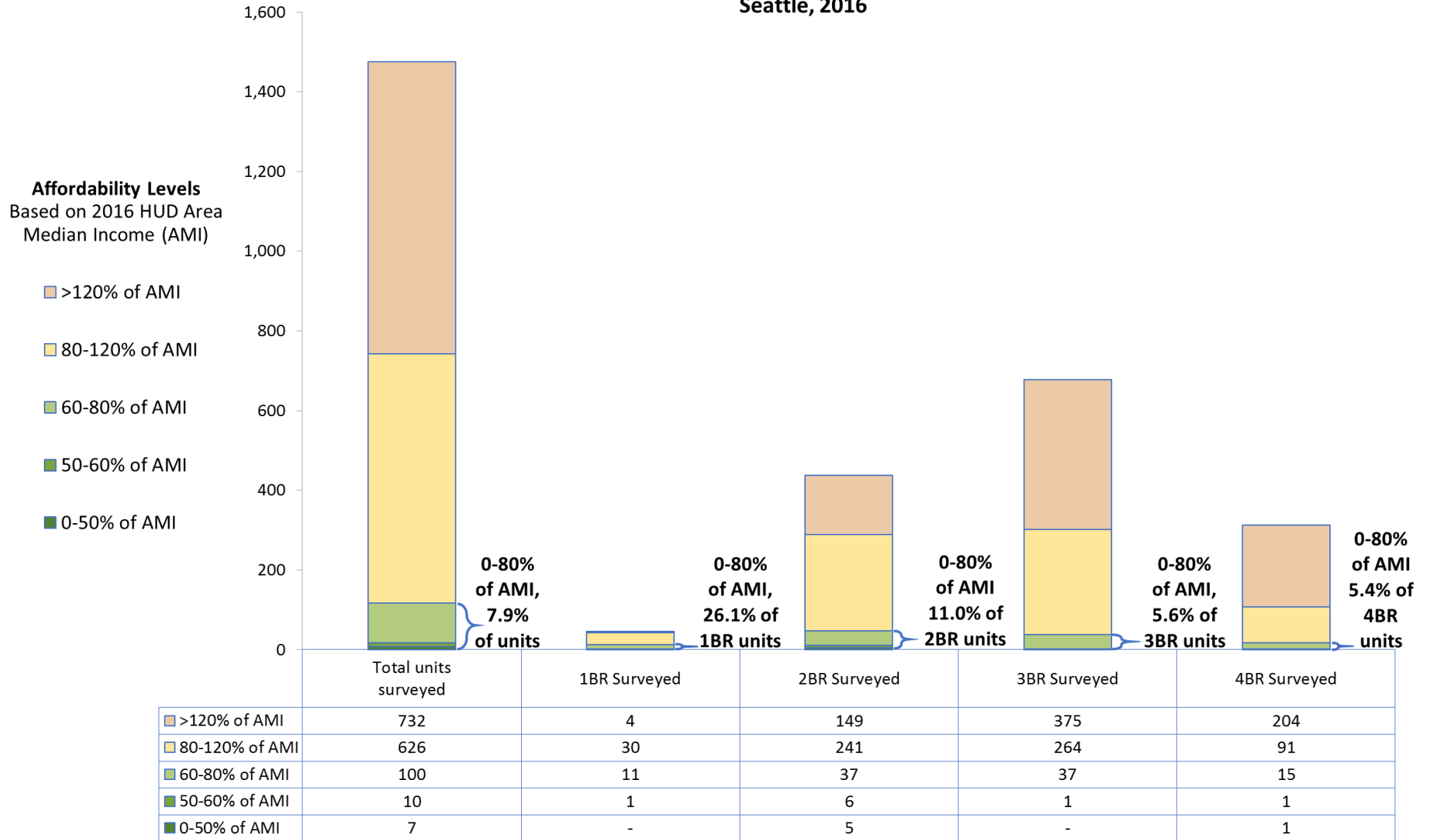
Affordability Levels of Unsubsidized Rental Units: Small Multiplexes (of 2 to 4 Units), Overall and By Unit Size (Number of Bedrooms) Seattle, 2016



Source and notes: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D + S spring 2016 rent survey data for market-rate units in small multiplexes with 2 to 4 units, incorporating an adjustment for time to approximate fall 2016 rents. Reflects rent plus estimated cost of tenant-paid utilities.

FIGURE 5

Affordability Levels of Unsubsidized Rental Units: Single-Family Houses, Overall and By Unit Size (Number of Bedrooms) Seattle, 2016



Source and notes: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D + S spring 2016 rent survey data for single-family rentals, incorporating an adjustment for time to approximate fall 2016 rents. Reflects rent plus estimated cost of tenant-paid utilities.

TABLE 6

Gross Rents by AMI-based Affordability Levels for Units in Market-Rate Apartments, by Property Size Class and Unit Size Seattle, 2016 <i>Shares of Units by Specific Low-Income Affordability Categories*</i>						
	Total	Studio	1 BR	2 BR	3 BR	4 BR
Units in Medium to Large Apartment Complexes (20 or more units per complex):						
Surveyed Units	63,449	13,597	33,625	15,507	720	
Percent of Surveyed Units:						
at or below 50% of AMI	0.3%	1.2%	0.1%	0.0%		
50-60% of AMI	2.2%	3.9%	1.9%	1.5%	0.3%	
60-80% of AMI	20.6%	32.1%	19.3%	13.6%	16.5%	
Units in Small Apartment Complexes (5-19 units per complex):						
Surveyed Units	8,419	748	4,723	2,778	170	
Percent of Surveyed Units:						
at or below 50% of AMI	3.0%	6.1%	3.3%	1.9%		
50-60% of AMI	10.0%	15.0%	10.8%	7.7%	2.9%	
60-80% of AMI	40.2%	53.7%	44.6%	30.6%	16.5%	
Units in Small Multiplexes (2 to 4 units):						
Surveyed Units	861	28	211	503	119	
Percent of Surveyed Units:						
at or below 50% of AMI	4.5%	35.7%	1.9%	5.0%		
50-60% of AMI	9.2%	14.3%	11.4%	10.1%		
60-80% of AMI	40.0%	35.7%	58.3%	38.4%	15.1%	
Single-family Rentals:						
Surveyed Units	1,474		46	438	678	312
Percent of Surveyed Units						
at or below 50% of AMI	0.4%			1.1%		0.3%
50-60% of AMI	0.6%		2.2%	1.4%	0.1%	0.3%
60-80% of AMI	6.8%		23.9%	8.4%	5.5%	4.8%
<p>Source: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D + S). Based on D + S 2016 rent survey data for market-rate rental units.</p> <p>Notes: Rents analyzed for medium to large complexes are from surveys conducted in fall of 2016, while those analyzed for smaller properties are from spring 2016 surveys, with adjustments for time to approximate fall 2017 rents. Analysis reflects rent plus estimated cost of tenant-paid utilities.</p> <p>A more extensive version of this table showing percentage shares for all income categories is in Appendix C.</p> <p>The analysis of affordability by property size and unit size reflected in this report omits very small numbers of 4-bedroom units in small apartment complexes and small multiplexes, and small numbers of studios in single-family rentals. These outliers were omitted to streamline analysis.</p>						

KEY FINDINGS:

MARKET-RATE AFFORDABILITY BY PROPERTY TYPE

In medium to large market-rate apartment complexes:

- Less than a quarter (23 percent) of the apartment units in Seattle's medium to large market-rate apartment complexes are affordable to households with incomes equivalent to 80% of AMI and only a very small share (3 percent) are affordable at 60% of AMI.
- The affordability profile of units in medium to large complexes differs drastically from the income distribution of renter households, nearly half of whom have incomes at or below 60% of AMI.

In small apartment complexes:

- Slightly more than half (53 percent) of the units in Seattle's small market-rate apartment complexes are affordable to households with incomes of 80% of AMI; this is more than twice the share of units within medium and large complexes that are affordable at this income level.
- Still, only 13 percent of units in these complexes are affordable at 60% of AMI.

In small multiplexes:

- Slightly more than half (53 percent) of the market-rate rental units in duplexes and other small multiplexes are affordable to households with incomes of 80% of AMI.
- However, only 14 percent of the units in these types of properties are affordable to households with incomes of 60% of AMI.

In single-family rentals:

- A very small share (about 8 percent) of market-rate, single-family rentals are at 80% of AMI. Even with a solidly middle-class income of 120% of AMI, almost half of market-rate single-family rentals are out of reach.

UNIT SIZES WITHIN DIFFERENT PROPERTY TYPES

Within apartment complexes, 1-bedroom units are, by far, the most common unit size. Studios and 1-bedroom units together make up almost three-quarters of the units in medium to large apartment complexes and 61 percent of the units in small apartment complexes.

The supply of family-sized units is an important consideration for examining variety in the city's market-rate rental stock.

- In Seattle, units with 2 or more bedrooms make up a small share of market-rate apartment units, especially in medium to large complexes with 20 or more units. In medium to large complexes, about one-third of all units have 2 or more bedrooms, and only two percent have 3 or more bedrooms.
- Small apartment complexes and small multiplexes tend to have more bedrooms and are generally more affordable than both medium to large apartment units and single-family rentals. Units in small multifamily properties, are however, an increasingly small share of the rental housing supply in the city, as new residential buildings tend to contain more units than older ones do.

MARKET-RATE AFFORDABILITY LEVELS BY UNIT SIZE WITHIN DIFFERENT PROPERTY TYPES

Within each rental property type (medium to large apartments, small apartments, small multiplexes, and single-family houses), greater shares of small units than larger units are affordable to low-income households. This is the case even with the adjustments in the analysis that factored in household sizes.

In medium to large apartment complexes,

- households with incomes of 80% of AMI can afford market-rate rents for:
 - 37 percent of studios,
 - 21 percent of 1-bedroom units, and
 - 15 to 17 percent of 2-bedroom and 3-bedroom units;
- households with incomes of 60% of AMI can afford market-rate rents for:
 - 5 percent of studios,
 - 2 percent of 1-bedroom units, and
 - less than 2 percent of 2-bedroom and 3-bedroom units.

In small complexes,

- households with incomes of 80% of AMI can afford market-rate rents for:
 - three quarters of studios,
 - close to 60 percent of 1-bedroom units, and
 - about 40 percent of the 2-bedroom units and 19 percent of the 3-bedroom units;
- households with incomes of 60% of AMI can afford market-rate rents for:
 - 21 percent of studios,
 - 14 percent of 1-bedroom units, and
 - 8 percent of 2-bedroom and 3 percent of 3-bedroom units.

Appendices

Appendix A: Data Sources and Methodology

Dupre + Scott Surveys

Dupre + Scott maintains a large database of rental properties and conducts surveys with owners and managers of these properties. Dupre + Scott surveys focus on typical types of market-rate rental properties.¹¹ Dupre + Scott estimates that their survey contact database captures about 99 percent of the units within apartment complexes of 20+ units; and roughly 95 percent of these units within complexes of 5 to 19 units. Their database coverage rate is slightly lower for small apartment complexes because they do not monitor new stock in these properties as actively as track new construction of larger complexes. Dupre + Scott does not estimate coverage rates for units in small multiplexes (of 2 to 4 units) and single-family houses, but notes that their database coverage is much lower for these smaller types of properties.

This report is based on surveys of apartment complexes with 20 or more units conducted in the fall of 2016, and surveys of smaller properties conducted in the spring of 2016.¹² In their fall 2016 survey, Dupre + Scott received information for 63,449 units (comprising 86 percent of the units in the 20+ unit properties in their database). In their spring 2016 survey, Dupre + Scott collected information for 8,434 units in 5 to 19 unit properties (35 percent of the units in their database), 1,476 units in 2- to 4-unit properties, and 872 single-family properties.

Based on Dupre + Scott's estimates of their database coverage and response rates, one can estimate that in Seattle there are approximately 74,500 total market-rate units in medium to large complexes, and approximately 25,500 market-rate units in small apartment complexes. These figures are cited only for general context for purposes of this report.¹³

The tabulations from Dupre + Scott categorize rental units both by the size of the unit (e.g., studio, 1-bedroom, 2-bedroom, etc.) and the number of units in the property where units are located. Findings needed to be presented separately for each of these property size categories due to the variation in Dupre + Scott database coverage rates and survey response rates by property size class. Examining patterns for each property size category also provides valuable insights.

The Dupre + Scott tabulations for this report incorporate certain adjustments. The affordability of rental housing is typically measured based on gross rent, which includes the cost of basic utilities in addition to rent. To provide

¹¹ Accordingly, the data they report from their rent surveys does not include subsidized, tax credit, or other income- and rent-restricted properties. Also excluded are converted or soon-to-be converted condominiums, rental condominiums, retirement homes, penthouses, lofts, and other non-typical rental properties.

¹² D + S surveys apartment complexes with 20 or more units in both the spring and fall, but surveys smaller rental properties in the spring only.

¹³ For each of these property size categories, the total estimate of market-rate units is derived by multiplying the number of units surveyed by the inverse of the survey response rate to the D + S survey and the inverse of the estimated survey contact dataset coverage rate. While technically feasible to weight the data to arrive at aggregated estimates for the affordability levels of units in apartment complexes comprised of 5 or more units, we opted not to do this for a several reasons. One reason is that findings regarding trends would be sensitive to any potential variations over time in the accuracy of D + S' estimates of their databases' coverage rate estimates. Another is that monitoring reports are expected to focus on only the larger complexes in alternate years to facilitate a deeper dive into factors such as neighborhood location and age of buildings.

the City with gross rents, Dupre + Scott added estimated costs of tenant-paid utilities to rents. In cases where survey responses indicated that tenants paid for certain basic utilities, Dupre + Scott adjusted the rents upward to include estimated costs for these utilities by corresponding unit size. The rent adjustments are based on the utility schedule used by SHA for its Housing Choice Voucher program.

Dupre + Scott also adjusted the rents for smaller properties for time, using the percentage increase in average rent between spring and fall of 2016 for units in 20+ unit complexes built before 2000. *Readers should note that due to the adjustments described, the rents presented in this report cannot be compared directly to rents in the reports that Dupre + Scott publishes.*

[Sources for Background Data](#)

General information on Seattle's households and housing units is provided in the Background section near the beginning of this report and in Appendix B. The data cited come from several sources including the Washington State Office of Financial Management, decennial Census and American Community Survey (ACS) estimates from the U.S. Census Bureau, and the "CHAS" special tabulation of ACS data that HUD obtains from the Census Bureau. Data from the King County Department of Assessments are also included for additional context on the age and size of apartment buildings in Seattle.

[Notes and Caveats Regarding Income Levels Based on HUD's Area Median Income](#)

As described briefly in the Background, the income levels that this report uses to evaluate affordability are based on Area Median Income (AMI) as published annually by the HUD and adjusted by household size for the Seattle-Bellevue Metro Fair Market Rent Area.

HUD calculates AMI in order to administer housing programs and set income limits for program eligibility. In doing so, HUD makes certain adjustments to ACS income estimates that cause HUD's AMI figures to vary substantially from income patterns seen in estimates that come directly from the ACS.

Analyzing the ways HUD's AMI figures depart from more direct income estimates is beyond the scope of this report. However, it is important to note that the use of HUD income levels to assess affordability can affect findings. For example, analysis using HUD AMI-based incomes may indicate the existence of greater numbers of affordable units at the smallest and largest ends of the housing-size spectrum than analysis using income categories tied more directly to actual median household incomes. Details are available from the City's demographer in the Office of Planning and Community Development.

Appendix B: Background on the Broader Housing Supply in Seattle

Here we briefly provide some broad context on the overall housing supply in Seattle and general characteristics of rental housing. We include information on recent growth and outline key characteristics of rental housing, and the way rental housing fits into Seattle's broader housing supply

Total Housing Units, Households, Population, and Recent Growth

As of April 2016, the Washington state Office of Financial Management (OFM) estimates that there were 340,479 housing units, 327,188 of which were occupied by households. In April 2016, Seattle contained a total population of 686,800 residents, and a household population of 658,552.

As is often noted by analysts both locally and nationally, Seattle has been at a torrid pace in recent years. Housing growth, while itself rapid, has not kept up with population and household growth, creating increased pressure on housing prices and rents.

In the six years between the 2010 Census and 2016, the OFM estimates indicate that Seattle added nearly 32,000 housing units, which increased the overall housing stock in the city's housing stock roughly 10 percent.

During the same six years, the number of households in Seattle grew even more, increasing by roughly 44,000 or 15 percent. With the number of households growing faster than housing units, the overall housing occupancy rate increased from 92 percent to 96 percent. In those six years, OFM estimates that Seattle's total population swelled by almost 78,000 and the city's household population increased by roughly 75,000. In a reversal from previous decades, the rates at which Seattle has added residents, households, and housing units has exceeded those in the rest of King County.

Note: The most current estimates from OFM indicate that Seattle's overall population increased to nearly 714,000 by April of 2017.

Housing Occupancy and Tenure

The ACS is one of the most comprehensive sources of estimates available on the characteristics of the local population, households, and housing. While the ACS provides very useful information on the overall housing picture and key characteristics of rental housing, it *does not* distinguish between subsidized and market-rate housing.

The Census Bureau refers to the distinction between renter- and owner-occupancy of housing units as "tenure." In Seattle, renter households outnumber households who own their home, and recent decades have seen gradually increasing rates of rentership among households as reflected in the estimates from the Census Bureau shown in Table B-1.¹⁴

The most recent estimates from the ACS, which are from 2015, suggest that the share of the city's households who rent is close to 53 percent, a figure slightly higher than estimated in the 2010 Census.

¹⁴ Annual estimates from the ACS from 2005 to 2009 (which are not shown in the table) indicate that the downward trend in homeownership rates in Seattle was interrupted temporarily during the housing bubble that occurred in the latter half of the 2000s. However, homeownership rates in the city began to decline toward the end of that decade after the housing bubble burst in dramatic fashion.

(The share of the household population living in owner-occupied housing units somewhat exceeded the share in rental units due to the larger average number of persons per household in owner-occupied units.)

As noted in the Comprehensive Plan Housing Appendix, the share of households in Seattle who are renters is likely to increase as multifamily housing units (which are more commonly renter-occupied than owner-occupied) continue to increase as a share of the city's housing stock.

Renter-Occupied Units by Number of Units in Structure and Year Structure Built

The ACS also provides information on renter-occupied units by “number of units in structure” (i.e., the number of units contained in the structures in which the units are located). These estimates provide useful perspective

The ACS also provides cross-tabulations of renter-occupied units by period of construction. As detailed below, most recently constructed rental units are in larger multifamily structures. This is useful context for examining the Dupre + Scott rent data in this report given the correlation between higher rents and recent construction.¹⁵ Per the 2015 1-year ACS estimates:

- Buildings with 20 or more units comprise 49 percent of the renter-occupied units in the city and 89 percent of the renter-occupied units built between 2010 and 2015.

TABLE B- 1

Housing Occupancy and Tenure in Seattle 2015 American Community Survey Estimates		
	Estimate	Percent
HOUSING OCCUPANCY		
Total housing units:	328,358	100.0%
Occupied housing units	311,038	94.7%
Vacant housing units	17,320	5.3%
HOUSING TENURE		
Occupied housing units:	311,038	100.0%
Owner-occupied housing units	144,959	46.6%
Average household size of owner-occupied units	2.39	(X)
Renter-occupied housing units	166,079	53.4%
Average household size of renter-occupied units	1.90	(X)
TOTAL POPULATION:		
Total household population	662,064	96.7%
POPULATION IN HOUSEHOLDS		
Total household population:	662,064	100.0%
In owner-occupied units	346,747	52.4%
In renter occupied units	315,317	47.6%
Source: 2015 ACS 1-Year Estimates, tables B25008 and DP04, U.S. Census Bureau.		
Notes: Unlike estimates from the decennial Census, which provide official counts, ACS estimates are produced to provide estimates on characteristics. As sample-based estimates, ACS estimates carry margins of error.		

TABLE B- 2

Renter Occupied Units in Seattle by Number of Units in Structure 2015 American Community Survey Estimates		
Renter-occupied housing units:	166,079	100.0%
1, detached	25,925	15.6%
1, attached	5,259	3.2%
2 to 4 units	16,911	10.2%
5 to 19	35,775	21.5%
20 or more:	81,682	49.2%
20 to 49	33,149	20.0%
50 or more	48,533	29.2%
Mobile home, boat, RV, van, etc.	527	0.3%
Source: 2014 1-Year American Community Survey estimates, table B2503, U.S. Census Bureau		
Notes: As sample-based estimates, ACS estimates carry margins of error.		

¹⁵These estimates are derived from the 2015 1-year table B25127.

- Buildings with 5 to 19 units comprise 22 percent of renter-occupied units in the city, and only about 3 percent of the renter-occupied units built between 2010 and 2015, compared to roughly 20 percent of the existing renter-occupied housing built before 1960.
- Buildings with 2 to 4 units comprise only about 10 percent of total renter-occupied units in the city, and only about 7 percent of the renter-occupied units built between 2010 and 2015 compared to roughly 13 percent of the existing renter-occupied housing built before 1960.

Data on apartments from the King County Department of Assessments¹⁶ provides additional perspective, indicating that units in large complexes (i.e., with 100 or more units) are a substantial and growing share of the units in apartment complexes with 20 or more units:

- Complexes with 20 or more units contain 76 percent of the apartment units in Seattle and the vast majority of units built in the city since the beginning of 2010.
 - *Of existing units in apartment complexes with 20 or more units, half have 100 or more units.*
 - The proportion of units being built in large projects (with 100 or more units) has been increasing markedly in each of the last three decades.
 - *Of the units in apartment complexes with 20 or more units built since the beginning of 2010, 73 percent have 100 or more units.*

¹⁶ Data are from “Apartment Complexes” file downloaded from the King County Department of Assessments, and analyzed by Office of Housing staff.

Appendix C: Detailed Table Showing Distribution of Gross Rents by AMI-Based Affordability Level

TABLE C- 1

Distribution of Gross Rents by AMI-Based Affordability Level for Units in Market-Rate Apartments, by Property Size Class and Unit Size Seattle, 2016						
Units in Medium to Large Apartment Complexes (20 or more units per complex)						
	Total	Studio	1 BR	2 BR	3 BR	4 BR
Surveyed Units						
Total:	63,449	13,597	33,625	15,507	720	
at or below 50% of AMI	211	160	47	4	-	
50-60% of AMI	1,392	528	626	236	2	
60-80% of AMI	13,078	4,365	6,482	2,112	119	
80-120% of AMI	32,094	7,986	16,795	7,023	290	
More than 120% of AMI	16,674	558	9,675	6,132	309	
Percent of Surveyed Units						
Total:	100.0%	100.0%	100.0%	100.0%	100.0%	
at or below 50% of AMI	0.3%	1.2%	0.1%	0.0%		
50-60% of AMI	2.2%	3.9%	1.9%	1.5%	0.3%	
60-80% of AMI	20.6%	32.1%	19.3%	13.6%	16.5%	
80-120% of AMI	50.6%	58.7%	49.9%	45.3%	40.3%	
More than 120% of AMI	26.3%	4.1%	28.8%	39.5%	42.9%	
Units in Medium to Small Apartment Complexes (5-19 units per complex)						
	Total	Studio	1 BR	2 BR	3 BR	4 BR
Surveyed Units						
Total:	8,419	748	4,723	2,778	170	
at or below 50% of AMI	255	46	155	54	-	
50-60% of AMI	842	112	512	213	5	
60-80% of AMI	3,384	402	2,105	849	28	
80-120% of AMI	3,771	184	1,916	1,577	94	
More than 120% of AMI	167	4	35	85	43	
Percent of Surveyed Units						
Total:	100.0%	100.0%	100.0%	100.0%	100.0%	
at or below 50% of AMI	3.0%	6.1%	3.3%	1.9%		
50-60% of AMI	10.0%	15.0%	10.8%	7.7%	2.9%	
60-80% of AMI	40.2%	53.7%	44.6%	30.6%	16.5%	
80-120% of AMI	44.8%	24.6%	40.6%	56.8%	55.3%	
More than 120% of AMI	2.0%	0.5%	0.7%	3.1%	25.3%	

Table continued on next page.

TABLE C- 2 (CONTINUED)

Units in Small Multiplexes (2 to 4 units):						
	Total	Studio	1 BR	2 BR	3 BR	4 BR
Surveyed Units						
Total:	861	28	211	503	119	
at or below 50% of AMI	39	10	4	25	-	
50-60% of AMI	79	4	24	51	-	
60-80% of AMI	344	10	123	193	18	
80-120% of AMI	352	4	58	211	79	
More than 120% of AMI	47	-	2	23	22	
Percent of Surveyed Units						
Total:	100.0%	100.0%	100.0%	100.0%	100.0%	
at or below 50% of AMI	4.5%	35.7%	1.9%	5.0%		
50-60% of AMI	9.2%	14.3%	11.4%	10.1%		
60-80% of AMI	40.0%	35.7%	58.3%	38.4%	15.1%	
80-120% of AMI	40.9%	14.3%	27.5%	41.9%	66.4%	
More than 120% of AMI	5.5%		0.9%	4.6%	18.5%	
Single-family Rentals						
	Total	Studio	1 BR	2 BR	3 BR	4 BR
Surveyed Units						
Total:	1,473		46	438	677	312
at or below 50% of AMI	6		-	5	-	1
50-60% of AMI	9		1	6	1	1
60-80% of AMI	100		11	37	37	15
80-120% of AMI	626		30	241	264	91
More than 120% of AMI	732		4	149	375	204
Percent of Surveyed Units						
Total:	100.0%		100.0%	100.0%	100.0%	100.0%
at or below 50% of AMI	0.4%			1.1%		0.3%
50-60% of AMI	0.6%		2.2%	1.4%	0.1%	0.3%
60-80% of AMI	6.8%		23.9%	8.4%	5.5%	4.8%
80-120% of AMI	42.5%		65.2%	55.0%	39.0%	29.2%
More than 120% of AMI	49.7%		8.7%	34.0%	55.4%	65.4%
Source: City of Seattle analysis of custom data tabulations from Dupre + Scott Apartment Advisors (D +S). Based on D+S 2016 rent survey data for market-rate rental units.						
Notes: Rents analyzed for medium to large complexes are from surveys conducted in fall of 2016, while rents analyzed for smaller properties are from spring 2016 surveys, with adjustments for time to approximate fall 2017 rents. Analysis reflects rent plus estimated cost of tenant-paid utilities. The analysis of affordability by property size and unit size reflected in this report omits very small numbers of 4-bedroom units in small apartment complexes and small multiplexes, and very small numbers of studios in single-family rentals. These outliers were omitted to streamline the analysis.						