

HOUSING

AFFECTED ENVIRONMENT

INTRODUCTION

South Downtown's residential population has long been an important part of Seattle's urban center. Pioneer Square and Chinatown/International District feature many of Seattle's oldest apartment buildings and a large number of affordable housing units. South Downtown is expected to grow in the coming years under all land use scenarios, adding both jobs and residents.

A key objective of Livable South Downtown planning is to evaluate and protect existing housing resources, particularly those that serve households with below-median incomes. Analysis of housing issues should involve understanding how complex land use, zoning and housing policies and regulations can be guided to successfully maintain affordable housing supplies and historic preservation objectives while accommodating well-situated new developments with housing for a range of incomes. Other important factors include urban design, architectural quality, cultural preservation, public amenities and services and environmental challenges such as noise and air pollution.

HOUSING UNIT COUNTS AND GROWTH TRENDS

South Downtown contains 3,677 dwelling units, and comprises approximately 16% of Downtown's overall housing inventory. Approximately 1,151 (31%) of these units are located in Pioneer Square and approximately 2,526 (69%) are located in the Chinatown/I.D. neighborhood. Only about 25 dwelling units are currently located east of I-5 in the Little Saigon vicinity of Chinatown/I.D.

Prior to 1990, South Downtown had a low housing growth rate, with many units located in older historic buildings, and infrequent development of new buildings. However, between 1990 and 2005, housing growth occurred at a faster pace, leading to a 51% gain in housing unit totals throughout South Downtown. Table 3-8 summarizes the growth since 1990 for Pioneer Square and Chinatown/I.D. and compares it to the amount of growth in the Downtown Urban Center as a whole. These neighborhoods' housing growth only represented 1/8th of Downtown's overall housing growth, as illustrated in Tables 3-9 and 3-10.

Table 3-8
Total Housing Unit Count Per 2000 U.S. Census and DPD Permit Data

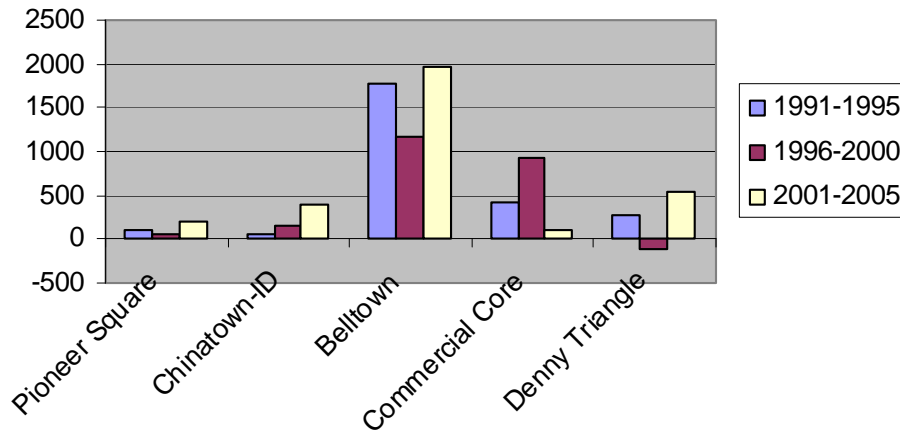
	1990	2000	2006	Total Growth, 1990-2006	Percent Increase, 1990-2006
Pioneer Square	635	797	1,022	387	61%
Chinatown/I.D.	996	1,641	2,230	1,234	24%
TOTAL, Downtown Seattle Urban Center*	7,432	12,852	17,819	10,387	140%

*The totals shown for the Downtown Urban Center include housing within Pioneer Square and Chinatown/I.D.

Many reasons underlie South Downtown's relatively slow pace of residential development. Limits on development capacity related to historic districts and low zoned height and density limits play a role, and industrial zoning in part of the study area prohibits nearly all forms of housing. Aside from regulatory limitations, demand for housing in South Downtown has been weak relative to other parts of Downtown,

as indicated by current market-rate sales prices that remain low. For example, rental rates in newer units in South Downtown are approximately \$1.65 per square foot per month compared to \$2.00 per square foot or more in Belltown (Easton, 2007). Interviews with developers indicate that some are reluctant to invest in South Downtown due to concerns about public safety and the condition of the physical environment. Further, while land costs have been historically lower in South Downtown, development costs in some areas may be higher due to high water tables and soil conditions associated with former tidelands.

**Table 3-9
Housing Unit Growth in Downtown Urban Center Neighborhoods Per Half-Decade, 1991-2005**



**Table 3-10
Net Units Built and Permitted 1991-2005
Seattle Downtown Urban Center**

Neighborhood	Percent of Downtown Growth
Pioneer Square	4.5%
Chinatown/I.D.	7.6%
Belltown	61%
Commercial Core	18%
Denny Triangle	9%
Downtown Urban Center (Total)	100%

Source: DPD, 2007

Interviews with developers also suggest that the area is potentially attractive for future residential and commercial growth, due to its proximity to Downtown amenities, regional transit services, and its historic and cultural neighborhood character. Recent trends in actual and possible development projects indicate an increased level of interest. These include a few conversions of apartments to condominiums, rehabilitation of existing buildings, and construction of new apartment buildings in different parts of Pioneer Square and Chinatown/I.D. west of I-5. No such trend is observed in Little Saigon, where industrial zoning east of 12th Avenue S. is one factor that has limited housing development.

COMPOSITION OF HOUSING IN SOUTH DOWNTOWN

Housing Unit Occupancy

Housing unit occupancy is often divided into three categories: owner-occupied units, market-rate rental apartments, and subsidized apartments. In the South Downtown study area:

- 13% are owner-occupied units
- 20% are market rate rental apartments
- 67% are subsidized rental apartments

As compared to Downtown overall, South Downtown neighborhoods have a higher percentage of subsidized rental units (67%) than other Downtown neighborhoods (38%). Also, condominiums account for just 13% of all South Downtown residential units, as compared to 23% of all units in other Downtown neighborhoods. Table 3-11 summarizes the amount and tenure of housing in South Downtown neighborhoods as compared to the other three Downtown neighborhoods.

Table 3-11
Downtown Housing Units by Tenure

	Pioneer Square* 2006	Chinatown/I.D.* 2006	Other Downtown Neighborhoods (Belltown, Commercial Core, Denny Triangle) 2000**
Homeowner Units	244 (21%)	247 (10%)	2,366 (23%)
Market-Rate Rentals	136 (12%)	584 (23%)	4,069 (39%)
Subsidized Rentals	771 (67%)	1,695 (67%)	3,979 (38%)
Total Units	1,151 (100%)	2,526 (100%)	10,414 (100%)

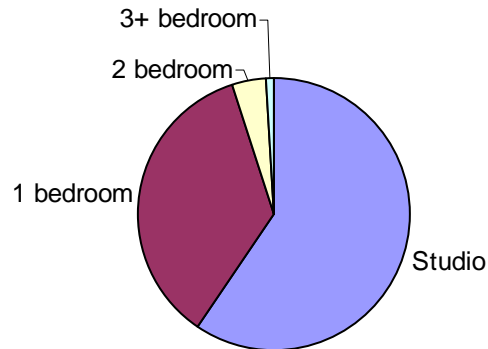
*South Downtown Housing Inventory, Office of Housing, December 2006

**Downtown Height and Density Changes Draft EIS, November 2004, p.3-14

Size of Units

Like much of Downtown, the majority of dwelling units in South Downtown are studio and one-bedroom units, tending to be occupied by single or two-person households rather than larger families (see Table 3-12). The low presence of three-bedroom or larger dwelling units in this study area (only 23 such units counted in the 2000 U.S. Census) reinforces the typical small household sizes.

Table 3-12
Housing Unit Size in South Downtown
2000 U.S. Census



Vacant Residential Buildings in the Chinatown/I.D. Neighborhood

Five historic buildings in the Chinatown/I.D. neighborhood have upper residential floors that remain vacant despite the presence of ground-floor retail uses. Many of these buildings contain single-room occupancy (SRO) units that previously housed working men in past decades. The 1998 *Chinatown/International District Strategic Plan* (the neighborhood plan) identified rehabilitation of historic buildings in this neighborhood as a priority, including the buildings listed in Table 3-13.

Table 3-13
Partially Vacant Buildings in Chinatown/International District

Building	Number of Vacant Residential Units
Eclipse	80
Hip Sing	40
Louisa	149
Kong Yick	28
Milwaukee Hotel	150

Another 245 SRO dwelling units are present in four historic buildings that are in need of significant repairs: the Publix (75 dwelling units, not in use), the Republic Hotel (70 dwelling units), the New American Hotel (54 dwelling units) and the Atlas Apartments (46 dwelling units).

In 2002, staff from Seattle’s Department of Planning and Development, Office of Housing and Office of Economic Development worked together to identify twelve residential buildings in Chinatown/I.D. that are in need of significant repair. Staff met with several property owners to address life safety issues and encourage investment and rehabilitation to active use. Staff had mixed results in working with property owners. Several buildings have family and multi-party ownership structures that complicate decision-making. Also, rehabilitation is costly due to seismic and other existing requirements.

Today, several buildings are now being redeveloped. The Freeman Hotel/Gong Dip Building is being transformed into the new Wing Luke Museum. This historic building contained 60 vacant SRO units. The Hong Kong Building and the Alps Hotel contained 72 and 110 SRO units, respectively, and are being rehabilitated to accommodate a total of 137 units of various sizes. Fifty percent of these units will be affordable to households earning 70% of median income or less for a period of ten years.

Several historic buildings in Pioneer Square also include upper floors that appear to be under-used. However, a survey by City staff and community members in 2006 indicated that, while rehabilitation of some historic buildings is needed, there are few vacant or uninhabitable spaces in Pioneer Square.

This range of existing housing conditions suggests that a Transfer of Development Rights (TDR) program for historic buildings could be a viable strategy. This would allow owners to sell unused development rights from historic buildings and gain resources to support significant rehabilitation. The TDR program could apply to historic areas within the Chinatown/I.D. and Pioneer Square neighborhoods. This topic is discussed further later in this section and in Appendix E to this DEIS.

AFFORDABILITY

Despite its location adjacent to the Downtown office core, South Downtown remains an area where housing is still affordable across a broad range of income levels. A relatively higher number of units are affordable to people at lower income levels in South Downtown than for the Downtown Urban Center overall.

“Affordable housing” simply means housing that people can afford. That typically means a household’s housing costs are no more than 30% of their monthly income if they rent, and no more than 40% of their monthly income if they own. Within South Downtown, approximately thirty-two percent of all units are affordable to people with incomes below 30% of median income. Forty-two percent of units within South Downtown are affordable to people earning between 50% and 80% of median income. Twenty-six percent of all units are affordable to people earning greater than 80% of median income. The U.S. Department of Housing and Urban Development (HUD) defines all housing that is affordable to people earning less than 80% of median income as “low-income,” regardless of whether it is publicly subsidized or market-rate.

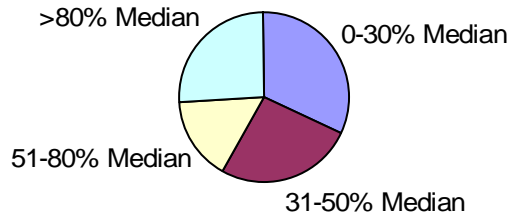
Many people have difficulty finding housing they can afford in areas near where they work. A few examples are retail salespersons, teachers, cashiers, loan officers, janitors, and administrative specialists. Others include retirees and those on fixed incomes or otherwise constrained in ability to earn income. Such individuals and households are common in these neighborhoods (see the Population and Employment section in this chapter for more discussion), which means that retention and rehabilitation of South Downtown’s existing affordable housing stock and construction of additional affordable units is important. The following Table 3-14 and accompanying pie chart show the affordability breakdown of South Downtown’s housing stock.

**Table 3-14
Existing Affordable Units in South Downtown**

Neighborhood	Number of Dwelling Units Serving Households at Income Level (% of Median Income)				Totals
	0-30%	31-50%	51-80%	> 80%	
Pioneer Square	425	201	180	345	1,151
Chinatown/International District	735	764	414	613	2,526
Total in study area	1,160	965	594	958	3,677
Percent of study area	(32%)	(26%)	(16%)	(26%)	(100%)

Median income = as defined by the Seattle-Bellevue HUD Metro Fair Market Rent Area (HMFA)
Source: South Downtown Housing Inventory, Office of Housing, December 2006

South Downtown Housing Affordability 2006



COMPREHENSIVE PLAN AND NEIGHBORHOOD PLAN HOUSING GUIDANCE

Seattle’s Comprehensive Plan

The Comprehensive Plan’s projections for Pioneer Square and Chinatown/I.D. are for approximately 1,000 new households in each neighborhood by 2024 (see the Population and Employment section in this chapter for further discussion).

Comprehensive Plan housing-related goals and policies promote:

- a mix of housing that appeals to a range of ages, incomes, household types and sizes, and cultural backgrounds;
- housing for children and seniors;
- home-ownership opportunities;
- public and private investment in housing resources;
- retention of existing housing units; quality design;
- safe and habitable housing conditions; and
- affordability for a diversity of households.

The Comprehensive Plan specifically states that future growth should accommodate the following affordability levels:

- At least 20% of expected residential growth should be affordable to households earning up to 50% median income.
- At least 17% of expected residential growth should be affordable to households earning between 51% and 80% median income.

Other goals and policies indicate:

- the City’s commitment to “take a leadership role in regional efforts to increase affordable housing preservation and production in order to ensure a balanced regional commitment to affordable housing, while also maintaining the City’s commitment to affordable housing.” (Policy H3).
- the goal to “achieve a mix of housing types that are attractive and affordable to a diversity of ages, incomes, household types, household sizes, and cultural backgrounds.” (Goal HG4).
- a policy of “encourag[ing] greater ethnic and economic integration of neighborhoods [without] displacement of existing low-income residents from their communities [and] allocat[ing] housing subsidy resources in a manner that increases opportunities for low-income households, including ethnic minorities, to choose among neighborhoods throughout the city.” (Policy H16).

These policies articulate the City’s commitment to preservation and production of affordable housing serving diverse populations, including existing low-income and ethnic minority households. The presence of numerous low-income and minority households in Pioneer Square and Chinatown/I.D. underscores the importance of making choices in Livable South Downtown planning that will preserve affordable housing, provide for future affordable housing production in the study area, and define how future development of all kinds will contribute effectively to affordable housing objectives.

It should be noted that land in Chinatown/I.D. and Pioneer Square is relatively affordable compared to other Downtown Urban Center areas. Chinatown/I.D. in particular has several properties that could be candidates for future affordable housing development. Future development could benefit by receiving funds available from City programs to support affordable housing. At the same time, property values would be influenced to some degree by zoning, which may be changed through Livable South Downtown recommendations. The dynamics of real estate markets, zoning and available funding could influence future housing types.

Neighborhood Plans

The Pioneer Square and Chinatown/I.D. neighborhood plans emphasize increased residential development within the neighborhoods. Both plans include goals relating to housing diversity, design and development opportunities.

- The Pioneer Square neighborhood plan promotes residential growth as a key theme for Pioneer Square, encouraging housing opportunities for all incomes while maintaining the area’s historic character.
- The Chinatown/I.D. neighborhood plan supports the diversification of the area’s housing stock with more moderate income and family house and the preservation of existing affordable housing resources.

ENVIRONMENTAL IMPACTS

The evaluation of housing impacts for this programmatic EIS addresses the following topics:

- Relationships between projected residential growth and development capacity for housing
- Housing supply and demand characteristics relating to future growth in the study area
- Potential impacts relating to affordable housing
- Existing programs and trends that will continue to support affordable housing development
- Housing-supportive and protective strategies of the proposed alternatives

Following the Impacts discussion is a listing of possible impact mitigation strategies that could be included to address adverse housing impacts of the alternatives.

RELATIONSHIPS OF PROJECTED HOUSING GROWTH AND ZONED CAPACITY

Alternatives 1, 2 and 3 assume that the amount of residential growth to year 2030 would be approximately 6,000 dwelling units in the study area. This would be a faster growth rate than has occurred in recent decades in this area, but is a plausible growth rate according to DPD's analysis of Downtown growth trends. In fact, it is consistent with other 2030 growth forecasts recently identified by DPD for this vicinity, derived from regional growth forecasts.

DPD's analysis of the capacity within the alternatives' zoning indicates the following total capacity for additional residential growth would result:

- Alternative 1: 7,142 dwelling units
- Alternative 2: 8,319 dwelling units
- Alternative 3: 6,640 dwelling units
- Alternative 4: 4,414 dwelling units

This analysis suggests that zoning under Alternatives 1, 2 and 3 would provide a sufficient amount of additional capacity for future housing development to meet projected residential growth through 2030, and would also have enough capacity for additional residential growth after 2030. It also suggests that retaining the existing zoning pattern, under Alternative 4—No Action, would not provide enough capacity to be able to meet the projected growth of 6,000 additional dwelling units by 2030. These conclusions are not identified as impacts, but are provided to describe planning assumptions and their relationship to development capacity that would be present in the alternative zoning options. Additional details on zoned capacity are provided in the Population and Employment section of this chapter.

CHARACTERISTICS OF FUTURE HOUSING SUPPLY AND DEMAND

Influences on Future Housing Development

Future housing production in the study area neighborhoods will depend on how market forces interact with zoning limits and the economic feasibility of developing new structures. Several observations can be made about these elements that will affect future outcomes.

- **Future housing likely will continue to favor small dwelling sizes.** The expected range will be from studios up to two-bedroom units. This may make it difficult for larger family households to obtain suitable housing in South Downtown.
- **Condominium housing would likely be more feasible than rental housing in new construction.** Recent pro-forma economic study of development conditions in South Downtown

suggests greater profitability for condominium development rather than apartments. Recent conversions of a few buildings to condominiums in Chinatown/I.D., as an indication of the current status of the market, support this finding.

- **Zoned height limits to 125 feet may create uncertainties about building size and construction type.** The pro-forma economic study of development conditions suggests development is economically feasible and profitable for condominiums at 125 feet, and is less feasible for apartment construction. Building to 125 feet would require steel frame construction. However, when compared to a smaller and less costly wood frame building to 85 feet, the 85-foot development scenario is concluded to generate higher rates of investment return.

The actual outcomes of future development will depend on the strength of market demand for new housing in the study area and the equation of costs, risks and returns. If housing prices for new dwelling units are higher than indicated by the pro-forma analysis, building to the maximum of 125 feet would become more feasible and profitable. The pro-forma analysis results might also indicate that additional higher height limits should be considered if the intent is to encourage the achievement of development to the maximum zoned heights.

- **Zone changes would likely increase property values, affecting the ability to realize new affordable housing construction by non-profit developers.** Non-profit developers that have constructed much new housing in the study area in recent years could be negatively affected by zoning with higher height limits. The increased development capacity on affected properties would increase the assumed property value. Due to this property value increase and higher development costs of taller steel-frame buildings, the increase in zoned development capacity could negatively impact feasibility of new development by non-profit developers in portions of the study area.
- **Planned development on the Qwest Field north parking lot would provide at least 400 units of new housing.** The proposed development at this location will include approximately 400 units of new housing, of which 100 are required by purchase and sale agreement to be affordable to households earning 100% of median income for owner-occupied units or 60% of median income for rental units. This amount of new housing in Pioneer Square would help satisfy a portion of the demand for housing in the study area.
- **In zones with higher height limits, hotel/condominium forms of development may be possible.** Areas zoned for allowable buildings heights of 180-240 feet might support a mixed use hotel/condominium form of development, in which residents would enjoy services and amenities available to hotel guests. These developments would be more likely to include higher-cost dwelling units.

Housing Demand Generated by New South Downtown Employment

Total Housing Demand from New Employment

Additional employment growth in South Downtown would generate new demand for housing. Past Downtown zoning analyses inform estimates of this added housing demand. For example, analysis of Downtown housing supply and demand determined an employment factor of approximately 1.65 workers per household (Keyser Marston Associates, 2001). A 1983 survey of Downtown employees indicated that 29% would choose to live Downtown if a dwelling unit was available at an acceptable price and size (Gruen & Gruen, 1983). Using these assumptions, an estimate of total housing demand and Downtown housing demand that could be generated by additional South Downtown employment is calculated for the alternatives, as shown in Table 3-15.

Table 3-15
Estimated Total Housing Demand Generated by New South Downtown Employment to 2030

Alternative	Projected Job Growth per EIS Alternative	Estimated Total New Demand for Housing Units in All Locales	Estimated Demand for Housing Units in the Downtown Area
1, 2 & 3	24,600	14,910	4,320
4 (No Action)	16,600	10,060	2,920

Source: DPD, 2007

Table 3-15 illustrates the relatively similar impacts on total housing demand of Alternatives 1, 2 and 3, and the lesser impacts under the No Action Alternative (Alt. 4) that would be approximately one-third lower.

New Demand for Affordable Housing

A housing analysis for Downtown zoning concluded that approximately 16% of all office worker households would earn less than 80% of the area’s median income (Keyser Marston Associates, 2001). Applying this factor, an estimate of total demand for housing serving households earning 80% or less of median income is calculated for the alternatives, as shown in Table 3-16. These households would be among those that may need some subsidy to afford housing in South Downtown. The table also shows the estimated demand that could be generated for such units in Downtown using the 29% factor explained above.

Table 3-16
Projected Total New Demand for Housing Units
Affordable to Households Earning Less Than 80% Median Income

Alternative	Projected New Total Demand For Affordable Dwelling Units	Downtown’s Portion of the New Demand for Affordable Dwelling Units
1, 2 & 3	2,386	692
4 (No Action)	1,610	467

Source: DPD, 2007

Table 3-16 illustrates the relatively similar impacts on total housing demand of Alternatives 1, 2 and 3, and the lesser impacts under the No Action Alternative (Alt. 4) that would be approximately one-third less.

AFFORDABLE HOUSING IMPACTS

Potential Loss of Existing Affordable Housing in South Downtown

With or without zoning changes, South Downtown is likely to become a more active housing market in the future. This is due to the area’s close proximity to the Downtown office core and transit hub and the resulting probable effects on real estate values. An active market for housing in South Downtown—characterized in part by low vacancies and rising property values—could increase the potential for rent levels to increase and become less affordable. Rent levels that are not guaranteed by regulatory agreement or loan conditions may increase over time. The Seattle Office of Housing considers affordable housing to be at “medium” or “high” risk of rent level changes if:

- A regulatory agreement that guarantees affordability associated with government subsidy will expire within the coming twenty years
- The unit is not subsidized by government funding and is therefore not regulated for affordability.

Using these criteria, approximately 1,102 currently affordable dwelling units in Chinatown/I.D. and 178 currently affordable dwelling units in Pioneer Square are at medium risk or high risk of potential rent increases within the next twenty years (DPD, 2007). Tables 3-17 and 3-18 categorize these units according to their affordability to households at different income levels. Figure 3-20 illustrates the location of the at-risk housing resources.

According to data from the Seattle Office of Housing, approximately 819 dwelling units in Chinatown/I.D. and 630 dwelling units in Pioneer Square are classified as “low” risk for rent changes because they have regulatory agreements to provide affordable housing for more than 20 years, or are in the SHA portfolio. The majority of these low-risk units in each neighborhood serve households earning 50% of area median income or less.

Table 3-17
Chinatown/I.D. Housing Units at Medium or High Risk of Future Rent Level Changes

Risk of Rent Level Change	Number of Dwelling Units Serving Households at Income Level (% of Median Income)				
	0-30%	31-50%	51-65%	66-80%	Total
Medium Risk (regulatory agreement or loan expiration under 20 years)	23	50	0	5	78
High Risk (MFTE agreement needed or long-term funding needed)	0	364	26	104	494
Unsubsidized Rentals	237	176	55	62	530
Totals	260	590	81	171	1,102

SHA = Seattle Housing Authority. MFTE = Multifamily Tax Exemption
Source: DPD, OH, 2007

