**What's changed since the DEIS?**

New information and other corrections and revisions since issuance of the DEIS are described in cross-out (for deleted text) and underline (for new text) format. Entirely new sections or exhibits may be identified by a sidebar callout instead of underline.

# 3.1 HOUSING AND SOCIOECONOMICS.

## 3.1.1 AFFECTED ENVIRONMENT

This section addresses population and housing, both citywide and by neighborhood, including socioeconomic characteristics of households and housing affordability trends. It also reviews the historical context of racial segregation in Seattle. Next, it examines recent ~~historical~~ evidence of physical and economic displacement, wherein households are compelled to move from their homes involuntarily due to the termination of their lease or rising housing costs. Finally, this section evaluates whether there have been any recent historical relationships between displacement and new residential development. This review of the affected environment serves as a baseline for analyzing and comparing the impacts of the three alternatives in 3.1.2 Impacts.

### POPULATION AND HOUSEHOLD CHARACTERISTICS

#### Residents

The Washington State Office of Financial Management (OFM) estimates that Seattle has about 686,800 residents and 325,000 households as of April 2016. Since 2010, the population of Seattle is estimated to have grown by more than 78,000, an increase of nearly 13 percent over six years (OFM 2016). During the same period, the remainder of King County grew by only seven percent.

#### Job Growth and In-Migration

Much of the recent population growth in Seattle can be attributed to rapid in-migration. This is consistent with the city's role as a regional employment and growth center. The American Community Survey (ACS) estimates that more than 55,500 residents moved to Seattle from outside King County during the previous

year.[1] Among these in-migrants, 31,600 moved to Seattle from another state and 9,000 from abroad. Much of this in-migration is fueled by Seattle's rapid job growth in recent years, particularly in the technology sector. The City estimates that 87,600 jobs were added citywide between 2010 and 2015 (City of Seattle 2016).

**New to the FEIS**

*Historical Context of Racial Segregation*, including associated footnotes and Exhibit 3.1–1, is a new section since issuance of the DEIS

## Historical Context of Racial Segregation

A review of historical racial segregation in Seattle provides context for discussion of current demographic patterns and trends. Before the U.S. Congress passed the Fair Housing Act in 1968, realtors and property owners could legally discriminate because of race and national origin. The Puget Sound Regional Council's (PSRC) 2014 Fair Housing Equity Assessment summarizes historical practices that created segregation in Seattle and elsewhere in the central Puget Sound region during the last century. As PSRC notes, "As in other parts of the country, the central Puget Sound region has a history of segregation based on race, national origin, and other characteristics. Practices such as 'red lining' and restrictive covenants on property have had long-lasting impacts on neighborhoods." (PSRC, 2014)

Many communities, including the International District and Central Area in Seattle, were shaped by racially restrictive covenants and redlining. According to Silva (2009), "[t]he popular use of racially restrictive covenants emerged after 1917, when the U.S. Supreme Court deemed city segregation ordinances illegal."[2] However, in the aftermath of the ruling it became popular for private deeds and developer plat maps to include terms that prevented people of minority races, religions, and ethnicities from purchasing a home. Courts determined these forms of exclusion legal at the time because individuals entering into covenant agreements did so of their own volition, whereas segregation ordinances were propagated at state or municipal levels. In Seattle, these covenants were common in neighborhoods where today a large majority of the population is White. Examples include Madison Park, Queen Anne, and Magnolia (Silva, 2009).

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1 *This finding is based on survey data collected between 2011 and 2015. Thus, the estimate reflects the average number of people who moved to Seattle from a location outside of King County per year during this period. These figures represent in-migration only. During the same period, residents also moved out of Seattle. For King County as a whole, the estimated yearly net migration (in-migration minus out-migration) for this period was nearly 14,901 (OFM 2016). However, the number has been increasing over time. Estimated net migration from 2015–2016 was 39,168. Estimates for residential net migration for Seattle only are not available.*

2 *Nevertheless, even following the Supreme Court's ruling, the use of zoning in the United States for purposes of racial segregation persisted for several decades (Rothstein 2017).*

The National Housing Act of 1934 also contributed to the problem of racial segregation. According to Silva (2009) "The Housing Act introduced the practice of "redlining," or drawing lines on city maps delineating ideal geographic areas for bank investment and the sale of mortgages. Areas blocked off by redlining were considered risky for mortgage support, and lenders were discouraged from financing property in those areas." This legislation resulted in intensified racial segregation. Exhibit 3.1–1 is a Seattle real estate map from 1936 that illustrates the mortgage rating areas, which assigned a rating of "definitely declining" or "hazardous" to areas of the city home to racial and ethnic minority populations such as the Central Area, Beacon Hill, and Rainier Valley.

During this time, the Federal Housing Administration (FHA) also institutionalized racism through a practice of denying mortgages based on a borrower's race and ethnicity. Its 1938 *Underwriting Manual* included blatant racial provisions discouraging financing to certain "inharmonious racial groups" or where a change in racial occupancy could lead to instability and reduced value.

Due to these policies, racial and ethnic minority populations in Seattle typically had difficulty obtaining housing in highly rated neighborhoods and an easier time obtaining housing in the central neighborhoods, such as the Central Area, Beacon Hill, and Rainier Valley. As described in the Seattle Municipal Archives, the African American population in Seattle increased greatly between 1940 and 1960, but their growth was mainly confined to the Central Area due to a combination of restrictive covenants, redlining, and realtors' practice of not showing houses in white neighborhoods to people of color (City of Seattle, n.d.).

Various Asian-American populations in Seattle have also experienced overt segregation. In 1886, White Seattleites rioted in opposition to an influx of Chinese workers, forcing the expulsion of some 350 Chinese men, and many others left voluntarily. (Schwantes 1982). However, immigration of Chinese population continued in the latter part of the 19th century and early 20th century. Many Chinese immigrants settled in areas south of Pioneer Square, and were later followed by immigrations of Japanese and Filipino populations. Unwelcome in other areas of the city, distinct and vibrant communities of Filipino, Chinese, and Japanese immigrants formed by the 1930's in and around areas known today as the Chinatown/International District. In a later instance of overt segregation, the Federal Government relocated and interned many Japanese in Seattle during World War II, leading to largescale abandonment of Seattle's "Japantown" community by Japanese populations. And the installation of Interstate 5 during the 1960's through the International District had severe destabilizing effects on the neighborhood. Then, in 1975, Washington State participated in the resettlement of refugees from Vietnam, followed by a second wave of southeast Asian immigrants from Cambodia, Laos, and other areas of Southeast Asia. In the following years, many settled or began businesses just

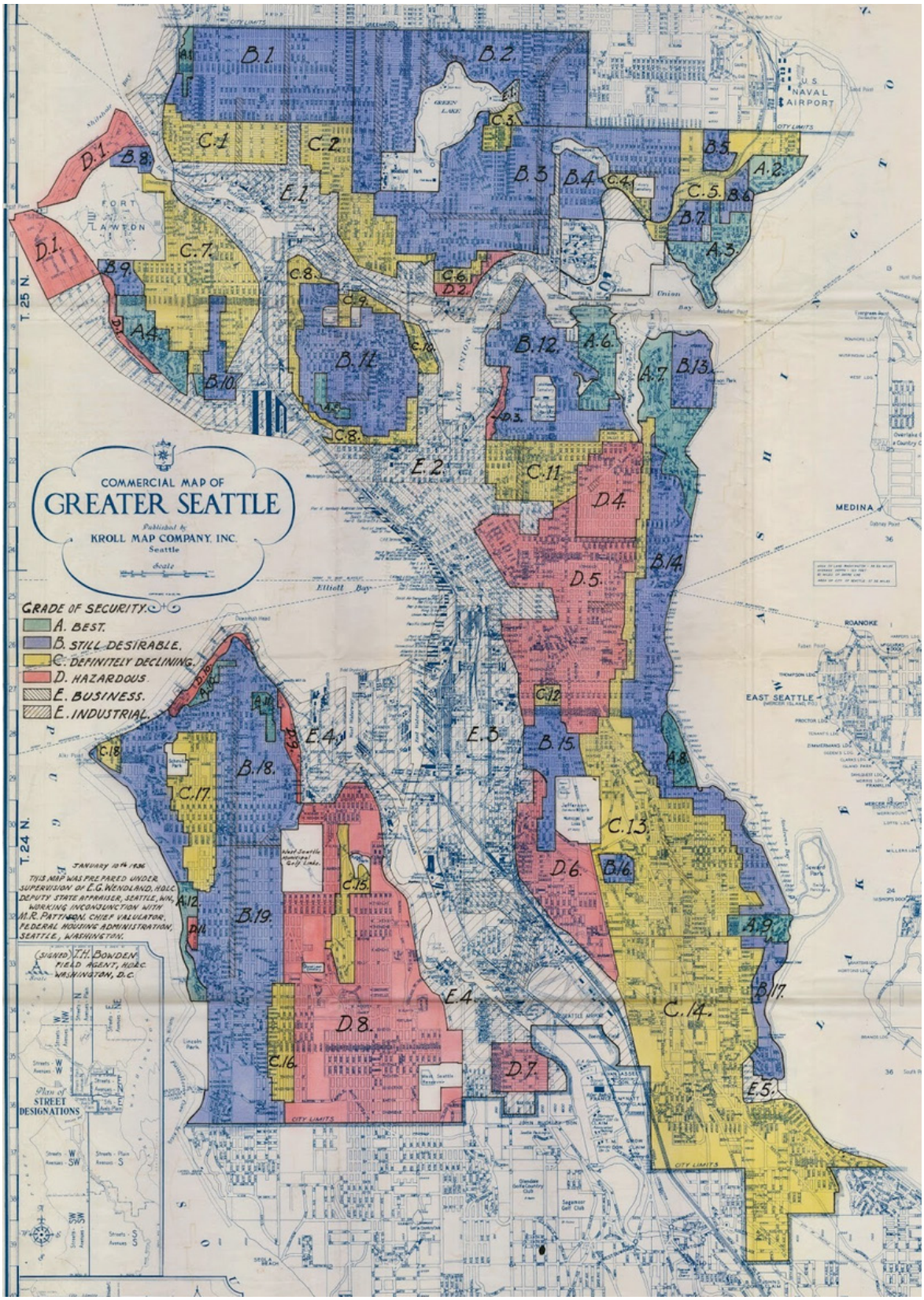


**Exhibit 3.1–1** 1936 Commercial Map of Greater Seattle

west of the new I-5 in an area then characterized by the impacts of major construction and low rents, that is today known as Little Saigon.

Native American populations were also severely discriminated against in Seattle's past, and segregated to certain areas or removed from the city completely. The City of Seattle is Native land of the Coast Salish people, including the Duwamish and Suquamish Tribes. In February 1865, the Seattle Board of Trustees passed Ordinance No. 5, calling for the removal of Indians from the city. Efforts to exclude Indians from the city continued in later years, including the 1893 burning of the Duwamish winter village at the mouth of the Duwamish River (Ott, 2014).

Unlike many other American cities, Seattle never had a municipal zoning ordinance that explicitly discriminated against minority races or ethnicities. However, zoning in Seattle has played a role in segregation of minority populations. The Segregation and Integration section of the City of Seattle's 2017 Affordable Housing Assessment contains a map generated by the City of Seattle to show where racial and ethnic minority populations today live in relationship to how land is zoned in the city. The report finds that, with some exceptions, racial and ethnic minority populations disproportionately live in areas with zoning for multifamily housing or "commercial" zoning (which allows a combination of multifamily housing and commercial uses) (City of Seattle, 2017b). Due to longstanding land use patterns, this zoning is primarily located along, or otherwise in proximity to, major roadways. In general, it is more likely to provide lower-cost housing options in the existing housing stock. As seen in Exhibit 3.1–12 households with a racial or ethnic minority householder are significantly more likely to have incomes below 50 percent of the Area Median Income (AMI) compared to households with a White, non-Hispanic householder. Therefore, racial or ethnic minority populations are more likely to have been pressured economically to locate in areas of the city with lower-cost housing.

Other populations who may experience barriers to the access of housing include disabled persons. Housing that is suitable for persons with disabilities is limited and tends to be in newer buildings that charge higher than average rents. Members of the LGBTQ community also face discrimination that may affect housing options. When there is overlap by more than one of the racial, ethnic or social identities described above, intersectionality can amplify patterns and practices of discrimination.

In more recent years and at present other factors may be contributing to ongoing segregation. Issues such as credit checks, language barriers, and high move-in costs can all have disproportionate impacts on where racial and ethnic minority populations can live.

## Race and Ethnicity

As the city has grown, its racial and ethnic make-up has changed. While the share of people who identify as White has remained steady at around 70 percent since the year 2000, the share of Asian persons increased from 13 percent to 14 percent of the population between 2000 and the latest ACS estimates.[3] During the same period, the share of Black or African American persons decreased from about eight percent to seven percent. Persons who identified as two or more races grew slightly from five to six percent of the population during this period. Persons in other race categories—such as American Indian, Alaska Native, Pacific Islander, and other—held about the same share or declined slightly in their share of population during this period.[4] The share of population who identified as Hispanic or Latino grew from about five percent in 2000 to 6.5 percent in the latest ACS. Seattle has also become a more international city, as about 18 percent of Seattle's population in the latest ACS was foreign born, an increase from 17 percent in 2000. Overall, people of color living in Seattle increased from 32 percent of the population in 2000 to 34 percent in the latest ACS estimates but in the remainder of King County grew even faster.[5] This was true particularly for people under age 18. The number of children of color increased only two percent in Seattle, compared with 64 percent in the balance of King County (City of Seattle 2016, 159).

An analysis of demographic change from 1990 to 2010 at the neighborhood level (City of Seattle 2017b) revealed the following findings:

- Loss of Black population in and around the Central District and in much of Southeast Seattle
- Increasing diversity where people of color have historically been a small share of population
- Increasing Black population shares in and around north Seattle neighborhoods and in parts of West Seattle
- Widespread increase in Hispanic/Latino population, with increasing concentrations in South Park and nearby southwest Seattle neighborhoods.
- Widespread, but not universal, increase in the share of neighborhood populations who are Asian or Pacific Islander

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*3 The 2011–2015 American Community Survey five-year estimates are used for the latest demographic analysis unless otherwise noted.*

*4 Given differences in how the U.S. Census asked about these questions in 1990 versus later censuses, observation about relative shares of population, trends, and Hispanic/Latino ethnicities must be made carefully.*

*5 The Census collects information on Hispanic/Latino ethnicity in a separate question from race. "People of color" encompasses Hispanics and Latinos of any race as well as people who are any race other than white alone.*

## Racial and Ethnic Composition of Neighborhoods

Review of demographic information shows that Seattle continues to exhibit a pattern where minority cultural and racial populations have higher concentrations in certain geographic areas of the city. Exhibit 3.1–2 shows the population in census tracts by the percentage of people of color. The share of the population who are people of color varies significantly by geographic area, with percentages of 50 percent and greater in census tracts near the Central Area, southeast Seattle, South Park, and Westwood–Highland Park.

Exhibit 3.1–3 from the 2017 Assessment of Fair Housing (AFH) shows a similar pattern comparing the share of a neighborhood's population who are people of color with the city's overall percentage share of persons of color. The AFH found that the Seattle neighborhoods can be grouped into three categories based on the percentage of residents who are people of color relative to the percentage of the city's residents who are people of color. Patterns in the first and third group of neighborhoods are generally those contributing the most to segregation levels measured in the dissimilarity index scores.

- Areas where people of color are a larger share of the population (42–89%). These areas are not typically dominated by a single racial/ethnic group but geographically are located south of the Ship Canal and include South Park, High Point, Rainier Valley, Pioneer Square, the International District, First Hill, and the Central Area. They are indicated in blue in Exhibit 3.1–3.
- Areas where people of color are a similar share of the population (28-39%). These areas include Georgetown, North Delridge, the Downtown Core and Belltown, Cascade/Eastlake, the University District, and a large group of neighborhoods in and around Seattle's north end. They are indicated in green in Exhibit 3.1–3.
- Areas where people of color are a smaller share of the population (10–27%). These include neighborhoods predominated by single-family zoning; areas nearer to shorelines and farther from interstates, highways, and arterials; and close-in neighborhoods to the northwest, north, and northeast of Lake Union, with a mix of housing densities and tenures. These areas tend to have the highest housing costs and are indicated in orange in Exhibit 3.1–3.

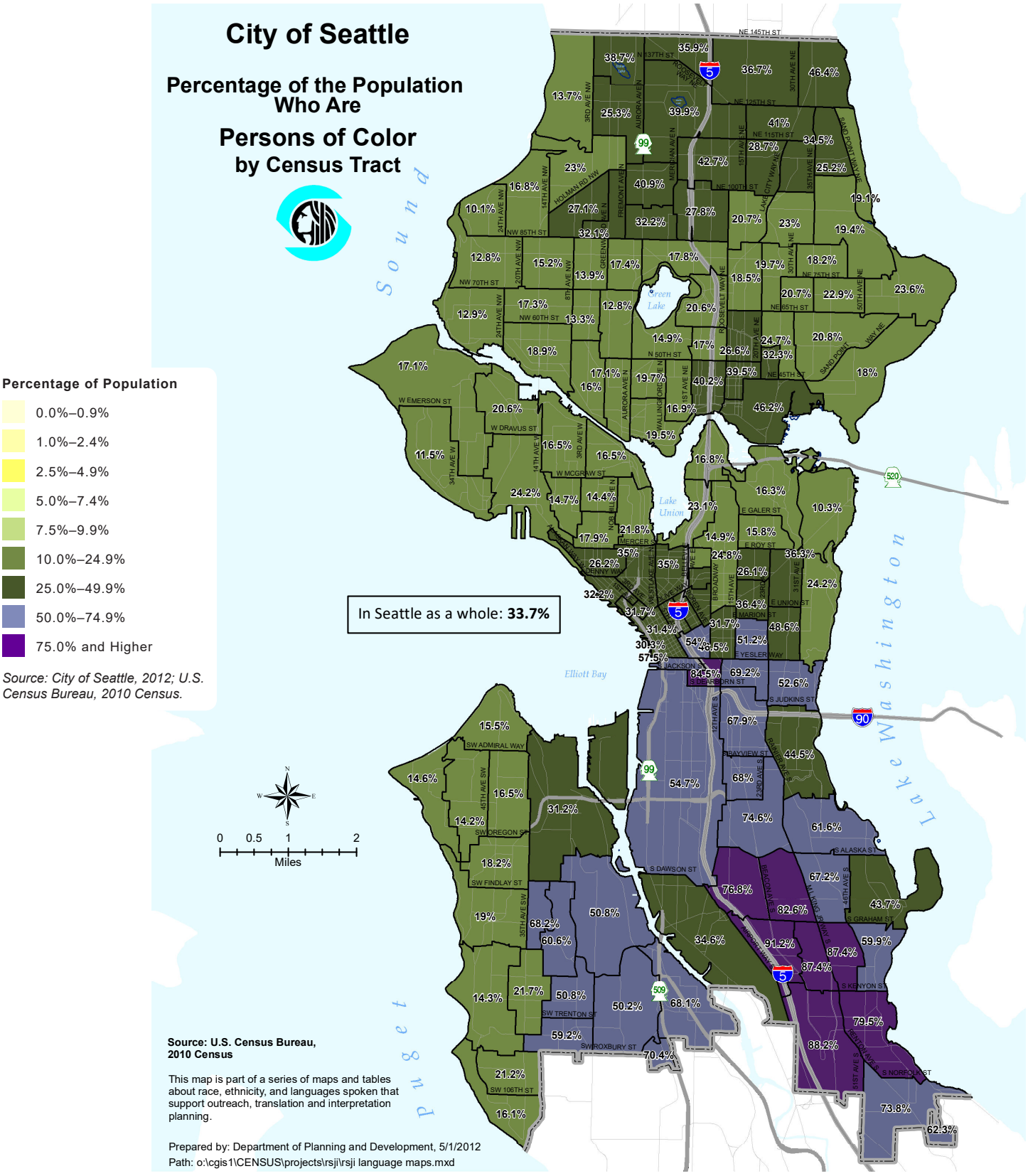



**Exhibit 3.1–2** Percentage of Population Who Are Persons of Color, 2010

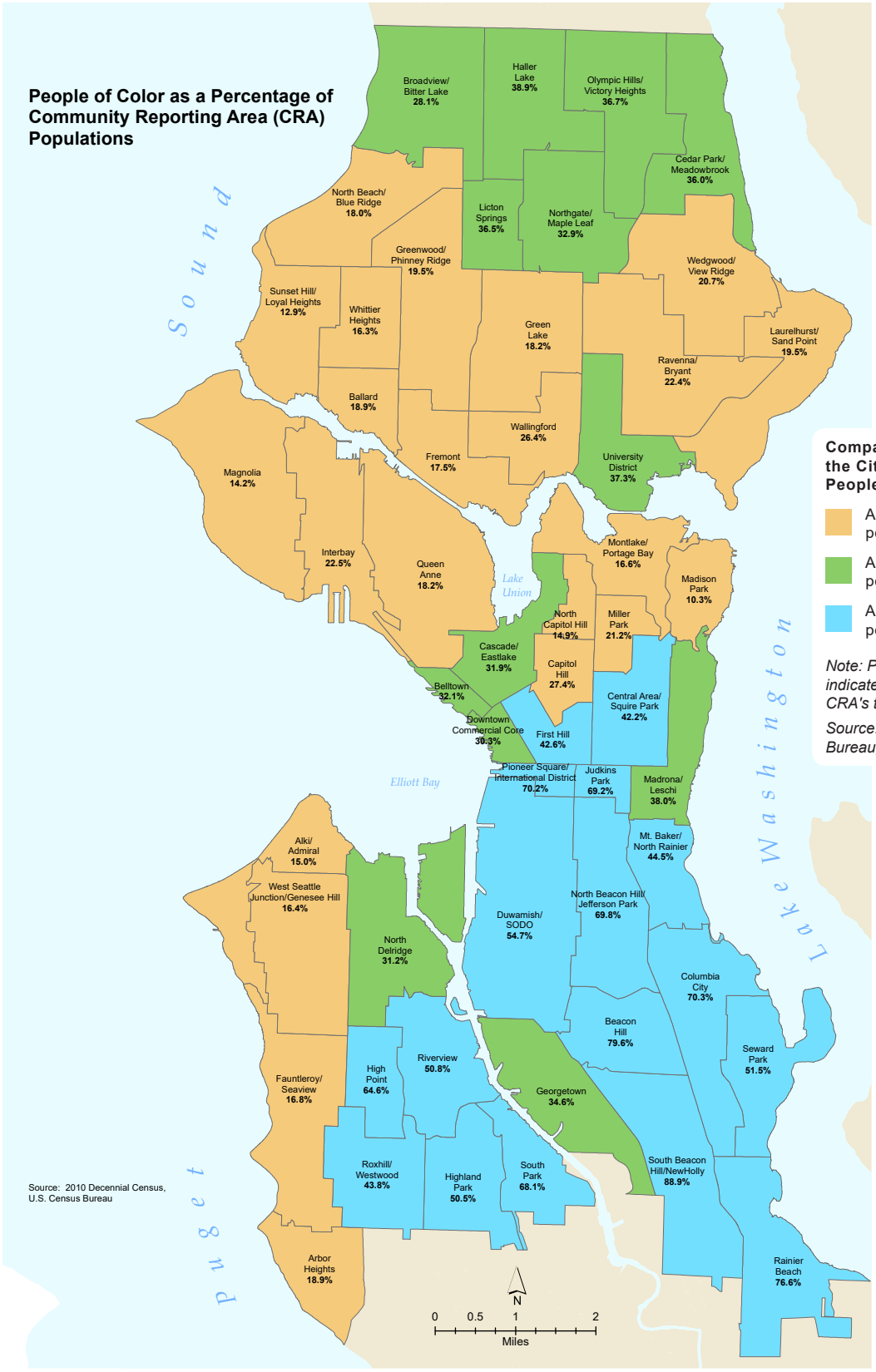


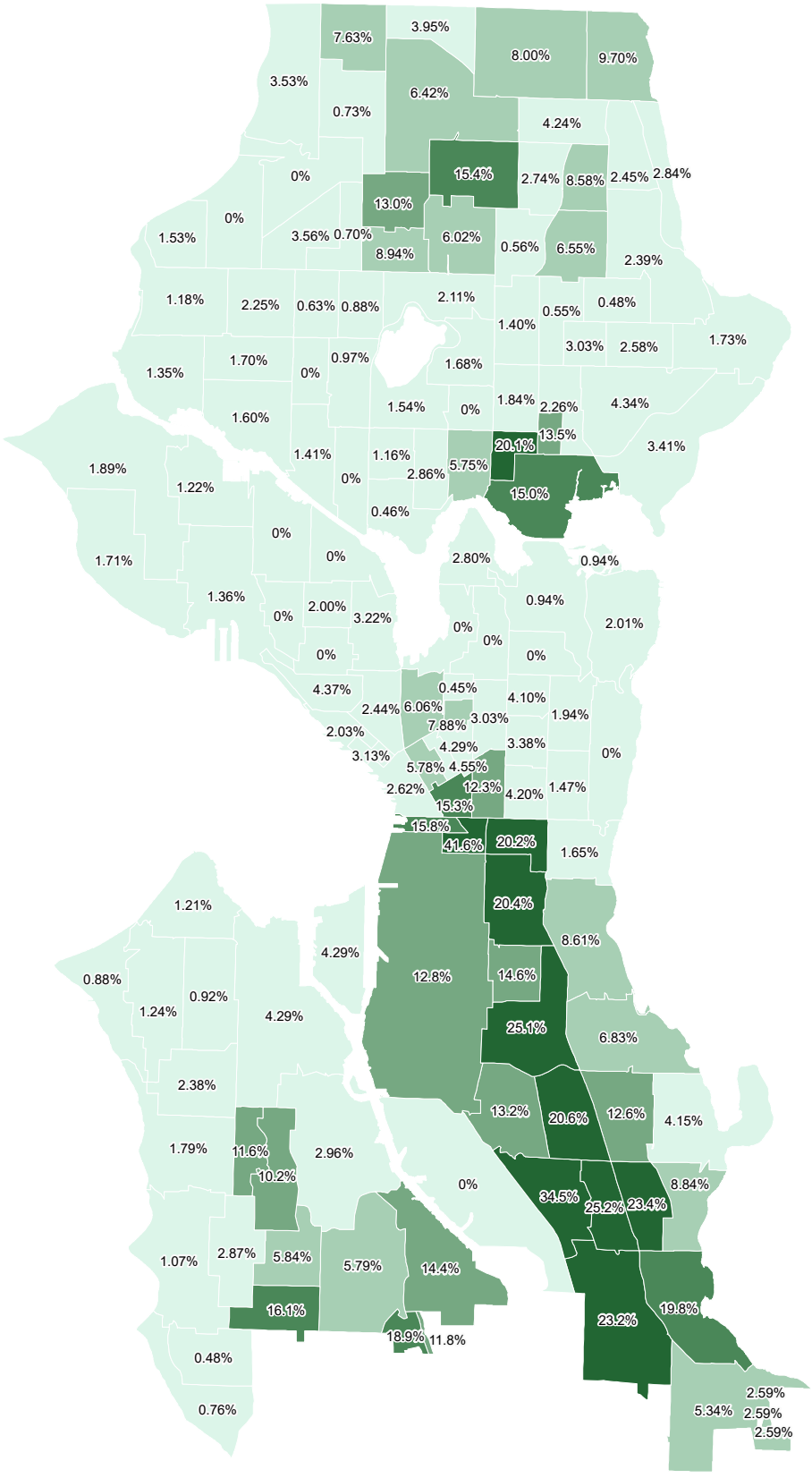

**Exhibit 3.1–3** People of Color as a Percentage of Community Reporting Area (CRA) Population

## New to the FEIS

FEIS Exhibit 3.1–3 is new since issuance of the DEIS

As shown in Exhibit 3.1–4, Census data for limited English-speaking households shows strong concentrations along the southeast side of Seattle in Rainier Valley, further southwest in High Point and Highland Park, and north Seattle in and around the University of Washington, and in Northgate and Victory Heights. In contrast, very few households with limited English proficiency reside in areas such as Fremont that are just northwest of Lake Union and the Ship Canal. Limited English-speaking households are also a small share of the population living along the west side of the city and the Puget Sound shoreline, especially Magnolia and West Seattle. The general geographic patterns for these populations closely resembles the geographic distribution of people of color.

A potential gap in the analysis above is that data cannot disaggregate information on differing immigrant and ethnic communities in the same racial category. In some neighborhoods, demographic change could be even more pronounced if the presence of new immigrant communities, such as East African populations, were viewed as distinct from the African American community that came as part of the Great Migration and WWII. Similarly, the Asian and Pacific Islander racial category is very large, and changes for specific immigrant communities within it could vary substantially




**Percentage of Population**

- 0%–5%
- 6%–10%
- 11%–15%
- 16%–20%
- 21%–42%

*Source: City of Seattle, 2017; U.S. Census American Community Survey 5-Year Estimates, 2011–2015.*

## New to the FEIS

FEIS Exhibit 3.1–4 is new since issuance of the DEIS

**Exhibit 3.1–4** Limited English-speaking Households by Census Tract (Five-year ACS, 2011–2015)

## Trends in the Racial Composition of Neighborhoods

Exhibit 3.1–5 shows changes in shares of the population by race from 1990 to 2010, as analyzed in the City's Assessment of Fair Housing (AFH) submission to HUD in 2017. The percentage share of the population who are Black declined notably in the Central Area and nearby reporting areas. Almost all reporting areas in Seattle saw increases in the percentage of the population who are Hispanic or Latino, with the most notable increase in South Park and nearby areas of southwest Seattle. Most reporting areas saw increases in the share of populations who are Asian or Pacific Islander. All reporting areas north of the Ship Canal and in West Seattle saw reductions in the percentage share of the population by persons who are White.[6]

6 *Exhibit 3.1–5 uses decennial Census estimates from the Brown University Longitudinal Tract Database, a database that adjusts for the change after 1990 in the way that the Census asks about race. The Seattle 2035 Growth and Equity Analysis further explores the historical change in the pattern of Seattle's racial composition (Appendix A) using unadjusted decennial census estimates.*

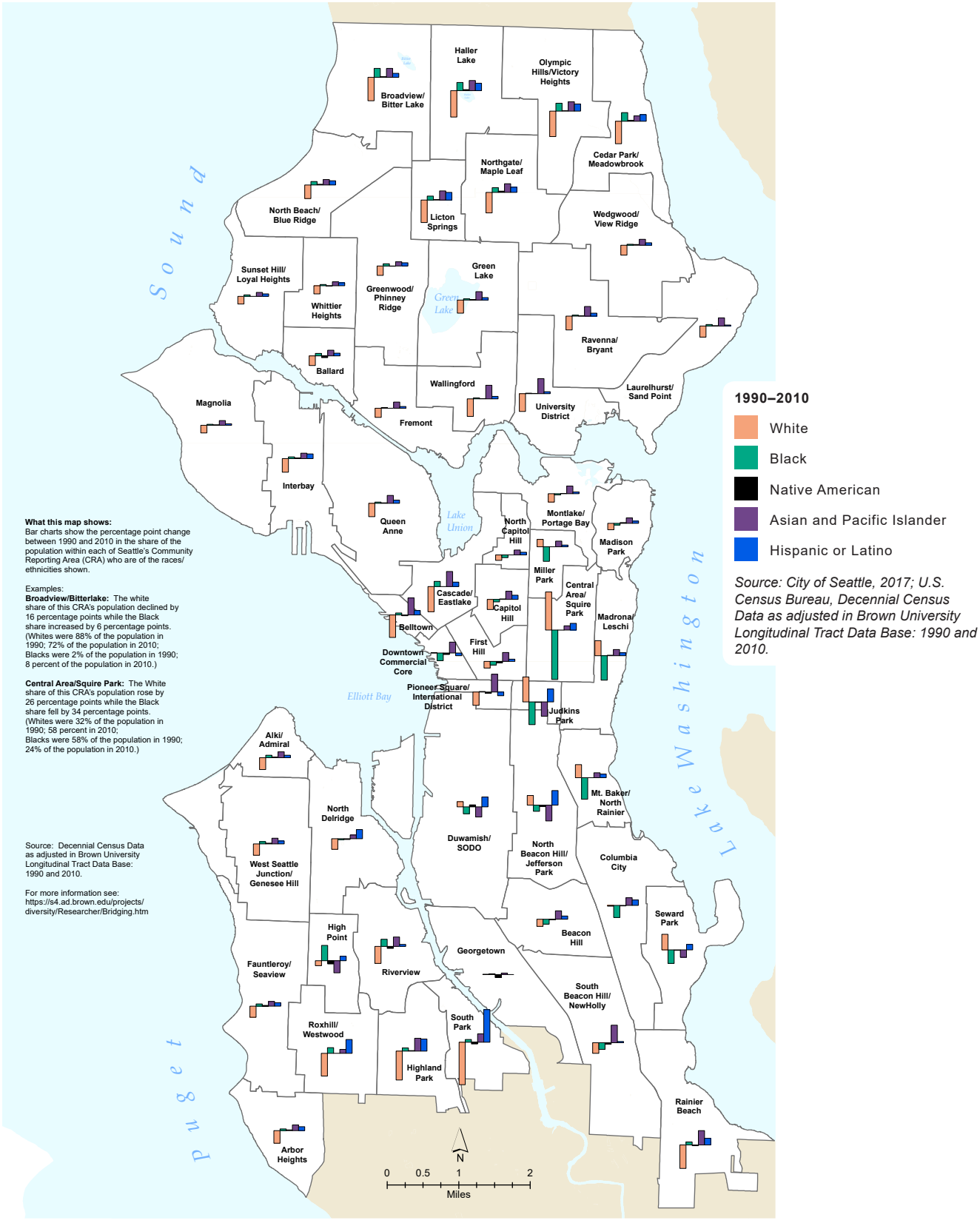



**Exhibit 3.1–5** Change in Shares of Population by Race, 1990–2010

## Age Profile

Exhibit 3.1–6 shows the population distribution by age and sex for all Seattle residents, Seattle residents residing in urban centers, and King County residents. Compared to the age distribution countywide, Seattle has a greater share of young adults in their 20s and 30s. In urban centers, young adults are even more prevalent. As of the 2010 Census, nearly one-half of Seattle's population was aged 18 to 44.

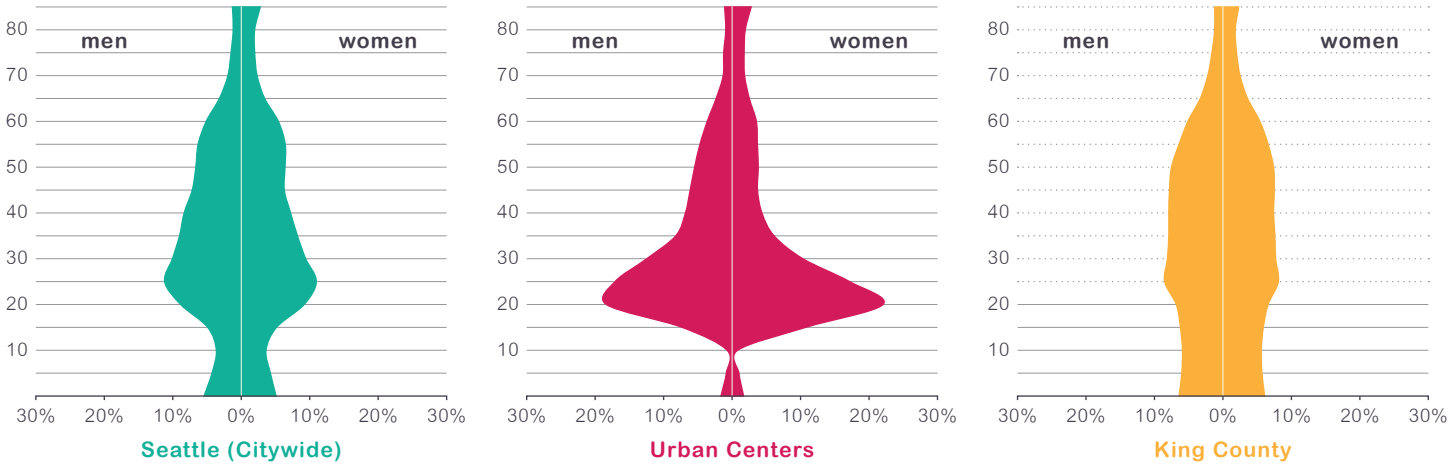



**Exhibit 3.1–6** 2010 Percentages of Population by Age and Sex

*Source: U.S. Census 2010 Summary File 1; City of Seattle, 2016.*

## Household Size and Tenure

According to OFM, Seattle had about 325,000 households in 2016. Between 2010 and 2016, the city gained about 41,500 households, an nearly 15 percent increase. The average household in Seattle has 2.12 persons. This is a slight increase after a period of slow decline in household size, from 2.09 in 1990 to 2.06 in 2010. Household size varies by tenure: 2.39 for owner-occupied households and 1.89 for renter-occupied households.

Exhibit 3.1–7 shows the breakdown of all Seattle households by household size. Forty percent of all households are composed of a person living alone. Thirty-four percent of households include two people. Only a quarter of all households in Seattle have three or more people.

Between the years 2000 and 2010, the share of households citywide that are renter-occupied remained steady at around 52 percent. In the latest ACS estimates, 54 percent of households in Seattle are renter occupied. This recent trend is likely related to the rapid growth in multi-family housing during recent years, which is discussed in more detail below.

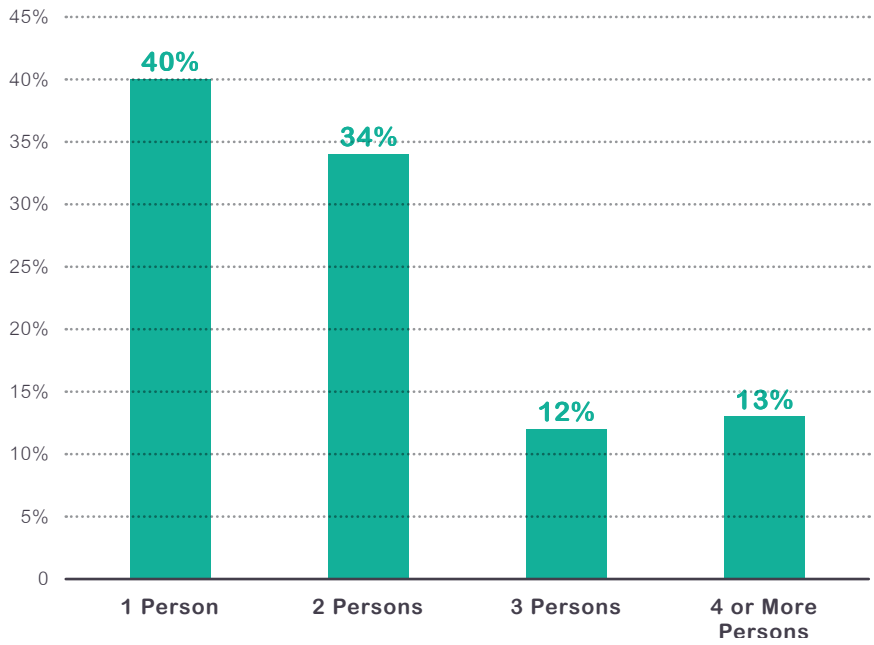



**Exhibit 3.1–7** Seattle Households by Household Size

*Source: U.S. Census American Community Survey 5-Year Estimates, 2011–2015; BERK, 2017.*

## Income and Wealth

The latest ACS estimates the median household income in Seattle to be $70,600. This is roughly equal to the median household income of the Seattle-Tacoma-Bellevue metropolitan area: $70,500. However, per capita income in Seattle was $45,700, compared to $36,900 for the region. This is due to the higher number of single-person households in Seattle compared to the region. In Seattle, family households tend to have higher incomes than non-family households: $102,800 compared to $50,200. This can be explained in part by the large number of non-family households that have only one member. A similar difference can be seen when comparing owner- and renter-occupied households: $107,000 compared to $48,000. The median owner-occupied household income was more than double that of the median renter household in Seattle.

HUD calculates area median income (AMI) based on the median family income in the metropolitan region, sets that to a four-person family, and then makes certain adjustments to calculate a set of income limits for different household sizes in each area. For the year 2016, the Seattle-Bellevue metropolitan area's AMI is $90,300. Exhibit 3.1–8 shows income limits by household size relative to AMI.

**Exhibit 3.1–8** HUD FY2016 Income Limits by Household Size in the Seattle–Bellevue, WA HUD Metro FMR Area

| | PERCENT OF AREA MEDIAN INCOME (AMI) | | | | | |
|---|---|---|---|---|---|---|
| **Household Size** | **30%** | **40%** | **50%** | **60%** | **70%** | **80%*** |
| **1 Person** | $19,000 | $25,320 | $31,650 | $37,980 | $41,145 | $48,550 |
| **2 Persons** | $21,700 | $28,920 | $36,150 | $43,380 | $46,995 | $55,450 |
| **3 Persons** | $24,400 | $32,520 | $40,650 | $48,780 | $52,845 | $62,400 |
| **4 Persons** | $27,100 | $36,120 | $45,150 | $54,180 | $58,695 | $69,300 |
| **5 Persons** | $29,300 | $39,040 | $48,800 | $58,560 | $63,440 | $74,850 |
| **6 Persons** | $31,450 | $41,920 | $52,400 | $62,880 | $68,120 | $80,400 |
| **7 Persons** | $33,650 | $44,800 | $56,000 | $67,200 | $72,800 | $85,950 |
| **8 Persons** | $35,800 | $47,680 | $59,600 | $71,520 | $77,480 | $91,500 |

** HUD 80% of AMI income limit capped by U.S. median family income level.*

*Source: HUD, 2016.*

HUD obtains and publishes special tabulations from the Census Bureau to assist local communities assess housing needs. These tabulations, known as Consolidated Housing Affordability Strategy (CHAS) data, include estimates on the distribution of households by AMI-based income categories. The most recent data available that estimated the numbers of

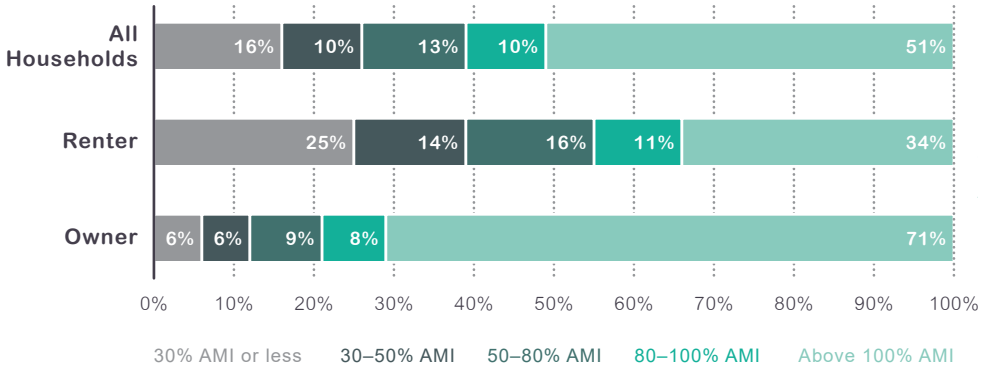


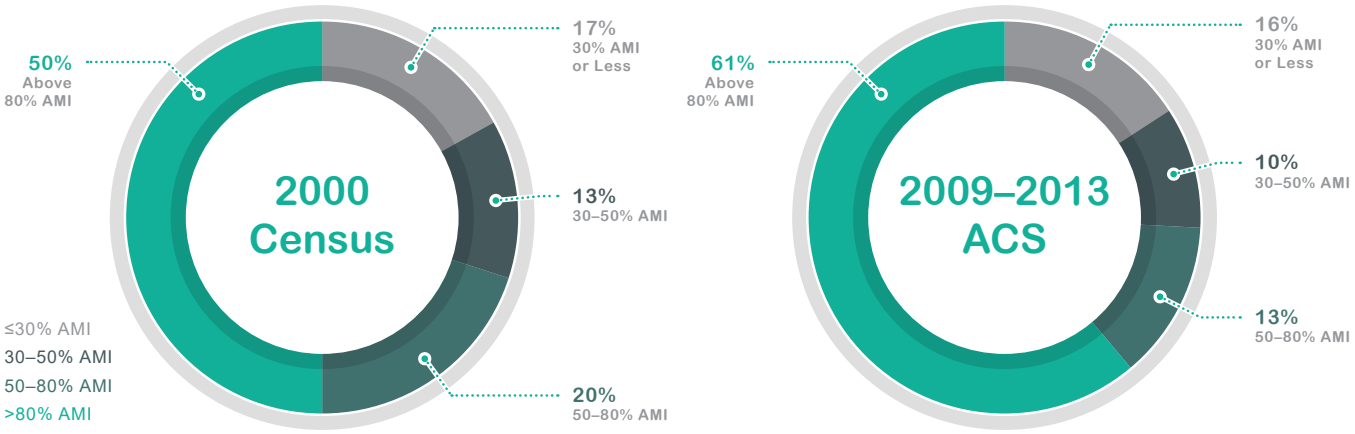

**Exhibit 3.1–9**
Household Income Breakdown by Housing Tenure, 2009–2013 ACS

*Source: U.S. Department of Housing and Urban Development (HUD), Consolidated Housing Affordability Strategy (CHAS) based on ACS Five-Year Estimates; BERK, 2017.*

households by income level reflects data collected between 2009 and 2013. Exhibit 3.1–9 shows the distribution of households in Seattle by income level. A quarter of all renter households had incomes at or below 30 percent of AMI. Fourteen percent of renter households had incomes between 30 and 60 percent of AMI during this period. Owner-occupied households were much more likely to have incomes above 100 percent of AMI.

Household incomes have been changing over time. Exhibit 3.1–10 breaks down Seattle households by income level in 2000 and 2009-2013.[7] During the 2009–2013 period there were considerably more higher-income households than in 2000, while the percentage of households in the moderate- and lower-middle-income categories (i.e., 30–80 percent of AMI) decreased.

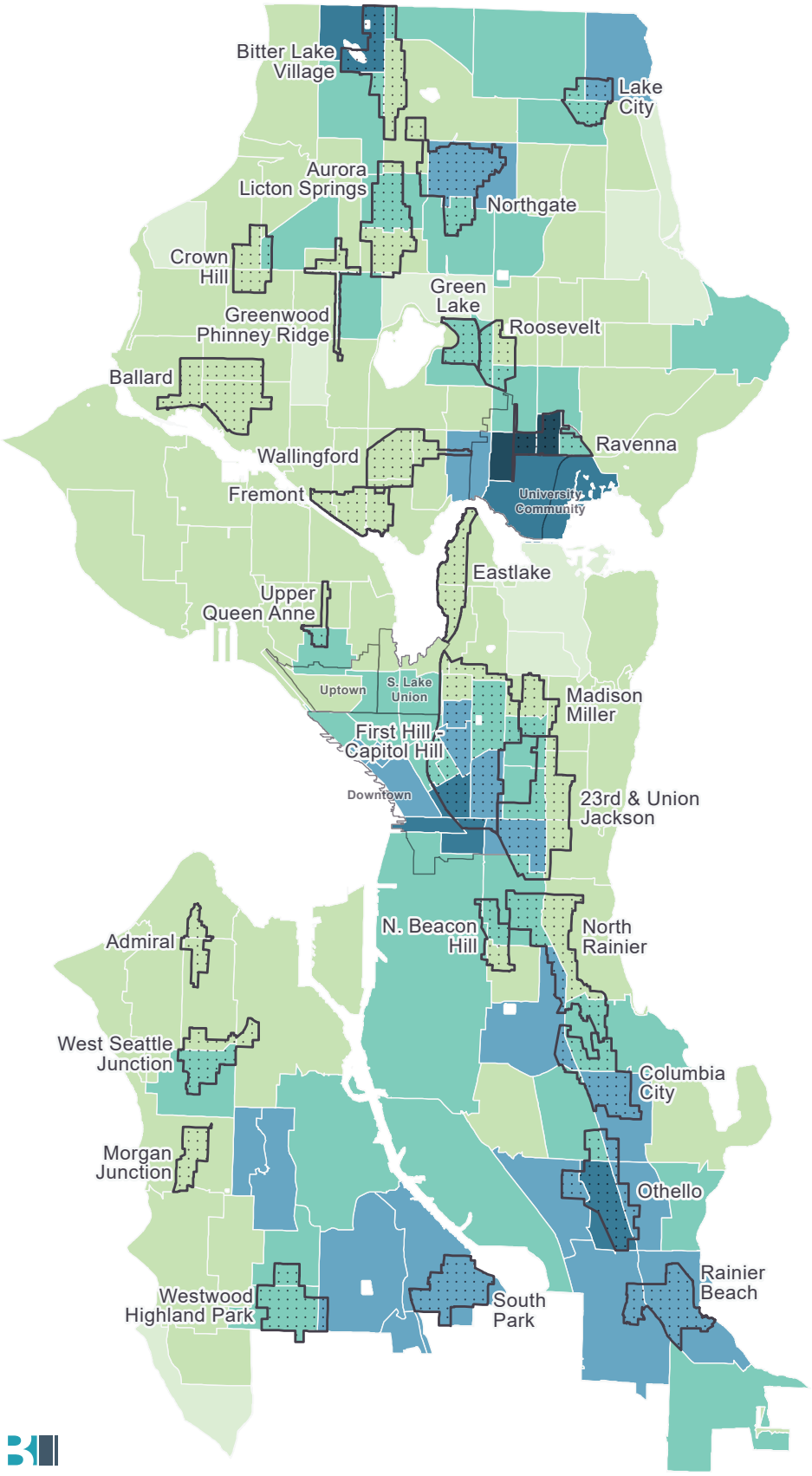
**Exhibit 3.1–10** Share of Total Households by Household Income Level, 2000 and 2009–2013




*Source: HUD CHAS (based on U.S. Census 2000 and ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

7 *The U.S. Census provides guidance on comparing 2013 ACS data to the 2000 decennial census (U.S. Census Bureau 2016). Data for both periods is associated with a margin of error due to reliance on survey data. The scale of change found in this analysis exceeds that which could be explained by margin of error alone.*

**Exhibit 3.1–11**
Percentage of Households with Income at or Below 60% of AMI, 2009–2013 ACS




*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013, U.S. Census Bureau); BERK, 2017.*

The distribution of households by income level varies considerably across the city. Exhibit 3.1–11 shows the percentage of households with incomes of 60 percent of AMI or below based on five-year estimates from the 2009–2013 ACS. This percentage is highest in the University District, parts of Downtown, and several neighborhoods in the southern and northern parts of the city.

Household incomes also vary by household race and ethnicity, as shown in Exhibit 3.1–12. More than 40 percent of households with a householder of color have incomes of 50 percent of AMI or less. This compares to only 21 percent of households with a White, non-Hispanic householder. Among only households with an African American householder, 54 percent have incomes of 50 percent of AMI or less. Only 36 percent of households with a householder of color have incomes above AMI, compared to 57 percent of households with a White, non-Hispanic householder. Only 24 percent of African American households have incomes above AMI.

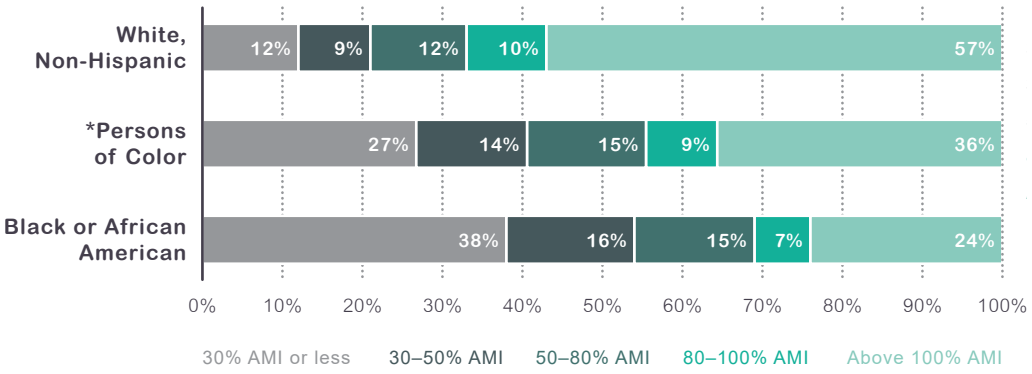



**Exhibit 3.1–12**
Household Income by Race/ Ethnicity of Householder, 2009–2013

**Persons of color includes households with householder who is Hispanic or Latino of any race and households with a householder who is any race other than White alone.*

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

Another indicator of economic inequality is the racial wealth divide. Data at the national level highlight how households of color, especially Black and Hispanic/Latino households, have on average substantially less wealth than White households. In 2013, the median net worth for U.S. households with a non-Hispanic White householder was $132,483, compared to $9,211 for Black householders and $12,460 for Hispanic/ Latino householders (U.S. Census Bureau, 2014). This racial wealth divide is widening. Over the past three decades, the average wealth of White households has grown three times faster than the average wealth of Black households. (Asante-Muhammad, Collins, Hoxie, & Nieves, 2016). Wealth also varies substantially by housing tenure. The median net worth of owner households was $199,557, compared to $2,208 for renter households.

## Key Findings—Population and Household Characteristics

- Past racial segregation influenced where communities of color located in Seattle, and current demographics continue to reflect historic patterns of racial segregation.
- Seattle is growing rapidly due primarily to strong job growth and in-migration.
- Seattle's demographic composition is changing. More people of color are moving to neighborhoods that were once predominantly White.
- ~~, while a~~Areas with historically the highest shares of non-~~w~~White~~s~~ people are losing people of color rapidly.
- In Seattle, young adults in their 20s and 30s are a greater share of the population than this age group in the county as a whole. In Seattle's urban centers, young adults are even more prevalent than in the city as a whole.
- More than a quarter of all renter households have incomes of 30 percent of AMI or below.
- Compared to renters, owner-occupied households are much more likely to have high incomes.
- Since 2000, Seattle has ~~lost~~ experienced a reduction in share of low-income households ~~earning~~ with incomes between 30 and 80 percent of AMI ~~as a share of~~ when compared to total households citywide.
- Households with a householder of color, particularly one who is African American, are much more likely than other households to have low and very low incomes.
- Across the U.S., Black and Hispanic households have considerably less wealth, on average, than non-Hispanic White households. This gap is widening.

## HOUSING INVENTORY

According to OFM, Seattle has about 338,000 housing units as of April 2016. Exhibit 3.1–13 shows the breakdown of these units by building type. About 43 percent of housing units in Seattle are single-family homes, and 48 percent are in larger apartment and condominium buildings with five or more units.

**Exhibit 3.1–13** Housing Inventory by Building Type (Units in Structure), 2016

| Building Type (Units in Structure) | Total Units | Percent of Total |
|---|---|---|
| **1 (Single Family)** | 143,725 | 43% |
| **2 (Duplex)** | 14,652 | 4% |
| **3 or 4** | 16,367 | 5% |
| **5 or more** | 163,272 | 48% |
| **Mobile Homes** | 141 | 0% |
| ***Total Units*** | ***338,157*** | |

*Source: Washington State OFM Custom Data Extract, Sept. 16, 2016; BERK, 2017.*

Between 2010 and 2016, the city gained nearly 30,000 net new units. About 90 percent of these net new units were in multifamily housing structures with five or more units, three percent were in duplexes, three percent were in buildings with three or four units, and four percent were single family homes (OFM 2016b). Exhibit 3.1–14 shows the distribution of housing growth through Seattle by urban village between 1995 and 2015. The great majority (77 percent) of new units occurred in urban centers and urban villages.

**Exhibit 3.1–14** Housing Units in Seattle by Urban Center/Village, 1995–2015

| | 1995 Year-End Total Housing Units | 1996–2015 Housing Units Built (Net) | % Change In Housing Units 1995–2015 | 2015 Year-End Total Housing Units* |
|---|---|---|---|---|
| **Urban Centers** | **47,040** | **33,167** | **71%** | **80,322** |
| Downtown | 10,618 | 13,478 | 127% | 24,347 |
| First Hill–Capitol Hill | 21,562 | 7,907 | 37% | 29,619 |
| Northgate | 3,559 | 1,167 | 33% | 4,535 |
| South Lake Union | 809 | 3,954 | 489% | 4,536 |
| University Community | 6,583 | 3,168 | 48% | 9,802 |
| Uptown | 3,909 | 3,493 | 89% | 7,483 |
| **Hub Urban Villages** | **14,253** | **10,654** | **75%** | **24,505** |
| Ballard | 4,772 | 3,963 | 83% | 9,168 |
| Bitter Lake Village | 2,364 | 1,380 | 58% | 3,257 |
| Fremont | 2,194 | 1,111 | 51% | 3,200 |
| Lake City | 1,391 | 1,138 | 82% | 2,546 |
| Mt. Baker (North Rainier) | 1,568 | 875 | 56% | 2,454 |
| West Seattle Junction | 1,964 | 2,187 | 111% | 3,880 |
| **Residential Urban Villages** | **29,348** | **12,731** | **43%** | **42,174** |
| 23rd & Union–Jackson | 3,342 | 1,979 | 59% | 5,451 |
| Admiral | 847 | 311 | 37% | 1,131 |
| Aurora–Licton Springs | 2,534 | 977 | 39% | 3,454 |
| Columbia City | 1,794 | 1,367 | 76% | 2,683 |
| Crown Hill | 1,125 | 174 | 15% | 1,307 |
| Eastlake | 2,632 | 821 | 31% | 3,829 |
| Green Lake | 1,512 | 860 | 57% | 2,605 |
| Greenwood–Phinney Ridge | 1,244 | 595 | 48% | 1,757 |
| Madison–Miller | 1,639 | 1,159 | 71% | 2,781 |
| Morgan Junction | 1,196 | 220 | 18% | 1,342 |
| North Beacon Hill | 1,171 | 215 | 18% | 1,474 |
| Othello | 1,715 | 1,563 | 91% | 2,836 |
| Rainier Beach | 1,280 | 113 | 9% | 1,520 |
| Roosevelt | 1,031 | 573 | 56% | 1,616 |
| South Park | 975 | 195 | 20% | 1,292 |
| Upper Queen Anne | 1,363 | 377 | 28% | 1,724 |
| Wallingford | 2,158 | 951 | 44% | 3,222 |
| Westwood–Highland Park | 1,790 | 281 | 16% | 2,150 |
| **Manufacturing/Industrial Centers** | **1,298** | **(39)** | **-3%** | **1,065** |
| Ballard–Interbay–Northend | 551 | (15) | -3% | 660 |
| Greater Duwamish | 747 | (24) | -3% | 405 |
| **Inside Centers/Villages** | **90,641** | **56,552** | **62%** | **147,001** |
| **Outside Urban Villages** | **170,972** | **16,503** | **10%** | **189,187** |
| **CITY TOTAL** | **261,613** | **73,055** | **28%** | **336,188** |

** To estimate the 2015 total number of housing units, City staff started with the most recent decennial Census (2010) housing unit count and added the net number new units built since that count was taken. (Net new units built is the number of newly built minus the number of units demolished, based on numbers in the SDCI permit system.) Adding the 1996–2015 permit data in the table to the 1995 total does not match the 2015 total, due to recalibrating the housing unit count from the 2010 decennial Census.*

*Source: City of Seattle 2016, 413.*

## Housing Affordability

Housing affordability is typically expressed as a measure of housing cost in relation to household income. The standard for housing affordability set by HUD is housing costs that amount to 30 percent or less of a household's gross income. Households paying more than 30 percent of their gross income for housing costs may have difficulty affording necessities such as food, clothing, transportation, and medical care and ~~are~~ considered to be "cost-burdened" with respect to housing. Households that pay more than 50 percent of their gross income for housing costs are considered "severely cost-burdened."

Exhibit 3.1–15 shows affordable rents for households in Seattle at different income levels. Rental housing costs include rent and basic utilities. For homeowners, costs include monthly principal, interest, taxes, and insurance; homeowner association dues; and other costs directly related to ownership of a unit.

**Exhibit 3.1–15** Affordable Rents Including Utilities at 30 Percent of Household Income

| | HOUSEHOLD INCOME (PERCENT OF AMI) | | | | | |
|---|---|---|---|---|---|---|
| **Unit Size** | **30%** | **40%** | **50%** | **60%** | **65%** | **80%** |
| **0 Bedrooms** | $475 | $633 | $791 | $949 | $1,028 | $1,213 |
| **1 Bedroom** | $508 | $678 | $847 | $1,017 | $1,101 | $1,300 |
| **2 Bedrooms** | $610 | $813 | $1,016 | $1,219 | $1,321 | $1,560 |
| **3 Bedrooms** | $705 | $939 | $1,174 | $1,409 | $1,526 | $1,801 |
| **4 Bedrooms** | $786 | $1,048 | $1,310 | $1,572 | $1,703 | $2,010 |
| **5 Bedrooms** | $868 | $1,156 | $1,445 | $1,734 | $1,878 | $2,218 |

*Source: HUD, 2016.*

The most recent data about household cost burden is from the 2009–2013 ACS survey period. Exhibit 3.1–16 shows household cost burden by tenure. HUD estimates that 37 percent of all Seattle households are either cost burdened or severely cost burdened. Renter households are significantly more likely to experience cost burden than owner-occupied households. And they are nearly twice as likely to be severely cost-burdened: 20 percent of renter households are severely cost-burdened compared to 11 percent of owner households.

Exhibit 3.1–17 breaks down renter household cost burden by income category. Low- and very-low-income households are most likely to experience cost burden. 83 percent of low-income households spend

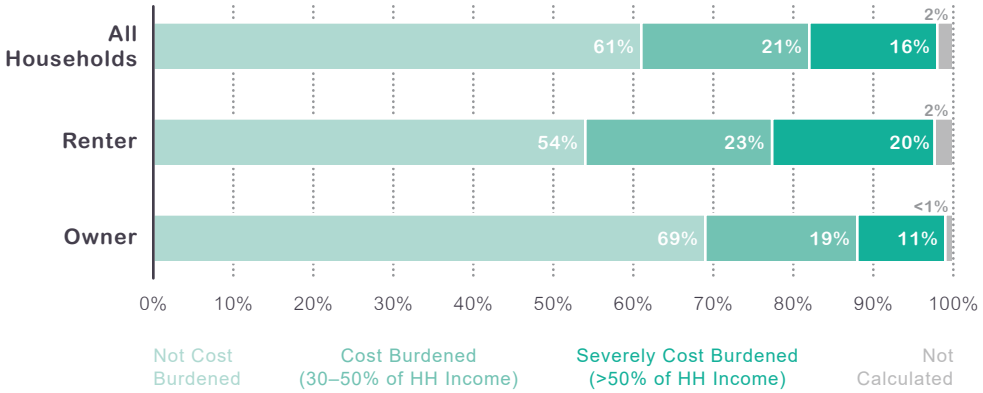



**Exhibit 3.1–16**
Household Cost Burden by Tenure, 2009–2013

*Note: "Not Calculated" refers to households with no or negative income.*

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

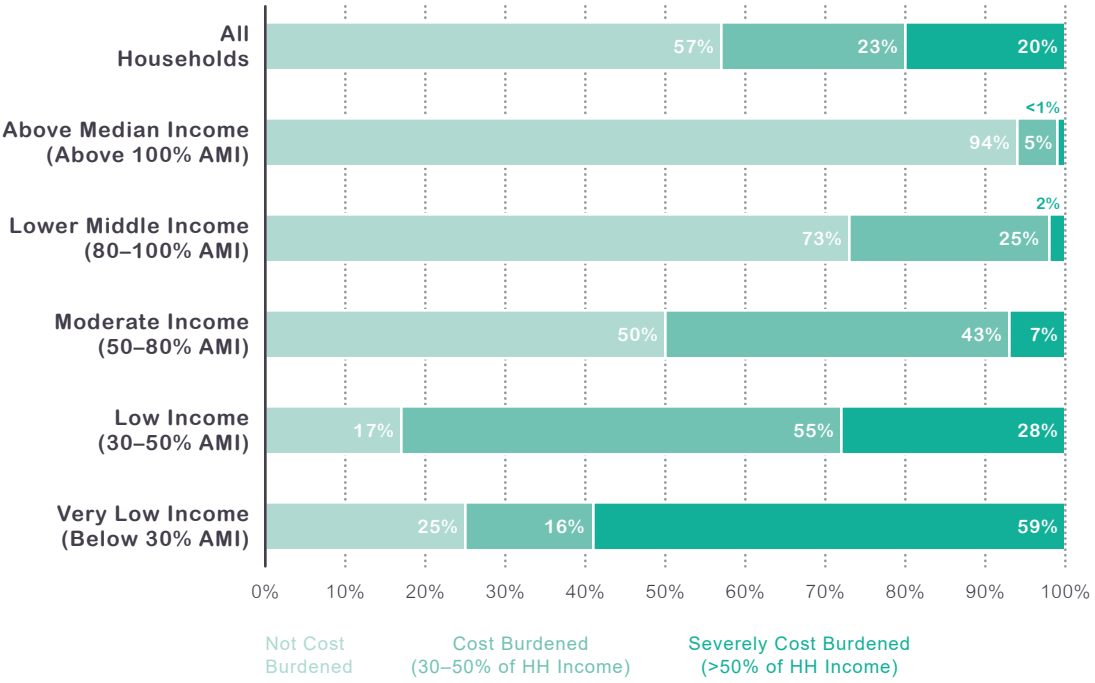



**Exhibit 3.1–17**
Share of Renter Households with Cost Burden, by Income Category

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

more than 30 percent of their income on housing while 28 percent spend more than half their income on housing. Even among households with incomes between 50 and 80 percent of AMI, nearly half experience some kind of burden.

Cost burden also varies by race. Exhibit 3.1–18 shows the percentage of all renter households in major racial and ethnic householder categories by their level of cost burden. While the percentage of households that are cost burdened is relatively high among all renter household types, households with a householder that is White alone and non-Hispanic are the least likely among all racial and ethnic groups to experience cost

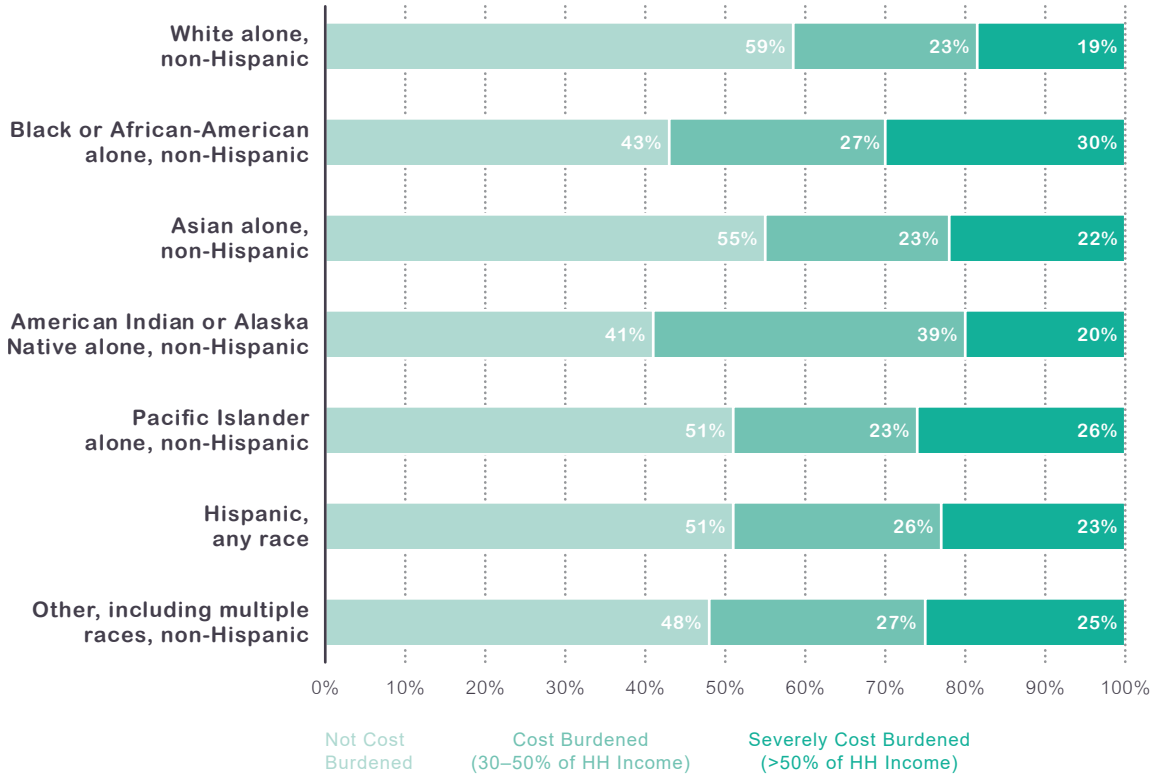



**Exhibit 3.1–18**
Share of Renter Households with Housing Cost Burden, by Householder Race

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); City of Seattle, 2017; BERK, 2017.*

**New to the FEIS**

FEIS Exhibit 3.1–18 is new since issuance of the DEIS

burden. Black householders are most likely to experience severe cost burden (30 percent compared to 19 percent for White non-Hispanic).

Exhibit 3.1–19 compares the share of renter households that experience housing cost burden by income level for the years 2000 and 2009–2013. The percentage of households with cost burden has risen since 2000 in all income categories. This rise in cost burden is most notable among renter households with incomes between 30 and 50 percent of AMI and between 50 and 80 percent of AMI.

**Exhibit 3.1–19** Share of Total Renter Households with Housing Cost Burden, 2000, and 2009–2013

| Income Category | 2000 | 2009–2013 |
|---|---|---|
| **≤ 30% of Area Median Income** | 71% | 75% |
| **> 30% to ≤ 50% of Area Median Income** | 72% | 83% |
| **> 50% to ≤ 80% of Area Median Income** | 36% | 50% |
| **> 80% of Area Median Income** | 6% | 11% |

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

**Exhibit 3.1–20** Share of ~~of~~ Total Renter Households with Severe Housing Cost Burden, 1990, 2000, and 2009–2013

| Income Category | 1990 | 2000 | 2009–2013 |
|---|---|---|---|
| **≤ 30% of Area Median Income** | 55% | 54 % | 59% |
| **> 30% to ≤ 50% of Area Median Income** | 21% | 22% | 29% |
| **> 50% to ≤ 80% of Area Median Income** | 3% | 4% | 7% |
| **> 80% of Area Median Income** | N/A | 1% | 1% |

*Source: HUD CHAS (based on ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

Exhibit 3.1–20 summarizes the shares of households in each income level defined by HUD as severely cost burdened, meaning they spend more than half their income on housing. Percentages have risen in all income categories at or below 80 percent of AMI since 2000.

Rapid increases in rents are one key reason for the rise in the share of renter households that are cost burdened. Between fall 2010 and fall 2016, average monthly rents rose by 55 percent after adjusting for inflation, from $1,104 to $1,715. Rents rise when housing supply is insufficient to meet high demand. In Seattle, high housing demand is being driven in large by rapid job growth in Seattle and increased household preferences for in-city living.

Exhibit 3.1–21 shows inflation-adjusted rents in 2016 dollars and the rate of apartment vacancy. The relationship between housing supply and housing demand is reflected in the fact that, whenever the vacancy rate rose above five percent, inflation-adjusted rents either stabilized or declined. When vacancy rates fell below five percent, rents increased. This shows that maintaining stability in market-rate housing prices depends on sufficient housing supply, even if it does not lead to reductions in prices at the same scale of price increases that periods of housing shortage cause.

While the general relationship between vacancy rate and rents has been consistent throughout the 1997 through 2016 period for which data is available, it is also clear that the rate of increase in rents accelerated significantly starting around 2011. One explanation for this rapid increase in average rents is the prolonged period of low vacancy staring around 2010, indicating that demand for housing has outpaced housing construction over the past six years. However, despite demand outpacing supply, this was also a period of rapid housing construction. Rent for units in new apartment buildings tend to be higher than in older buildings. Exhibit 3.1–22 shows the average gross rent for one-bedroom apartments in medium to large apartment buildings in 2016. Units in

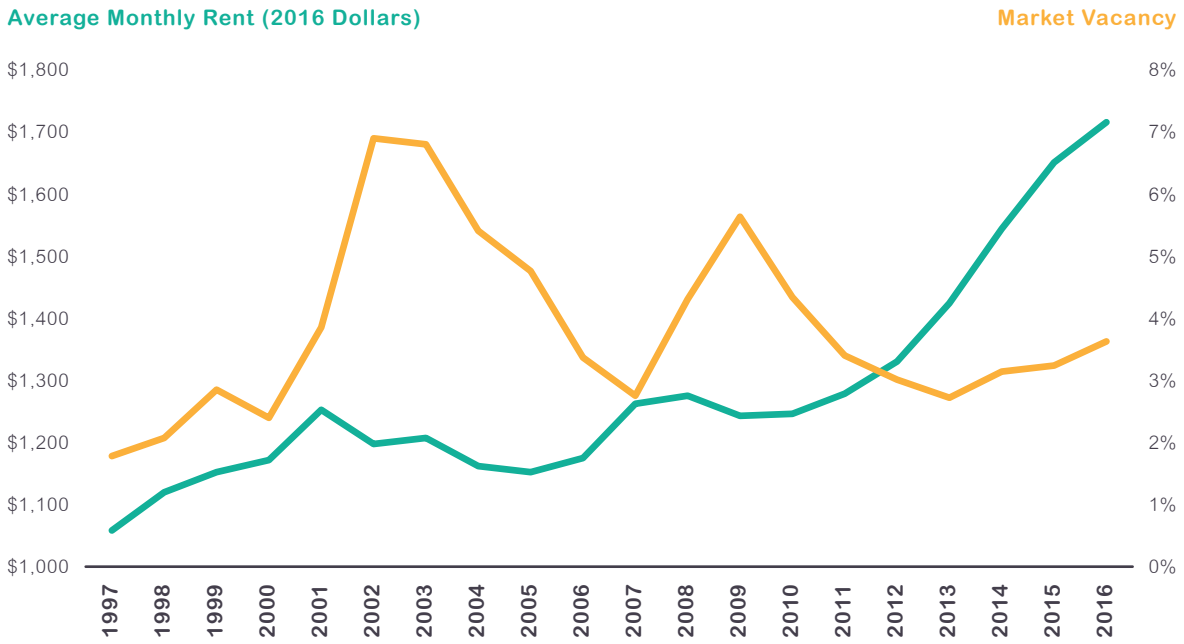



**Exhibit 3.1–21** Average Monthly Rent in 2016 Dollars and Vacancy Rate in Apartment Complexes with 20+ Units, All Unit Types

*Source: Dupre+Scott, 2017; BERK, 2017.*

buildings built 2010 or later rent for $2,077 per month on average. This is $490 more per month than buildings constructed in the 1980s and 1990s, and $760 more than buildings constructed from 1965–1979. This rapid influx of new buildings, in aggregate, can distort the apartment market by pushing up the average of all apartment rents. At the same time, the new supply reduces upward pressure on rents in the remaining housing stock.

**Exhibit 3.1–22** One-Bedroom Gross Rents by Age Group Medium to Large Apartment Complexes (20+ units), Fall 2016

| Period In Which Building Was Constructed | Surveyed Properties | Surveyed Units | Average Gross Rent | % Difference From Average for All 1-Br Units |
|---|---|---|---|---|
| **1900-44** | 199 | 3,398 | $1,450 | -17% |
| **1945-64** | 129 | 3,869 | $1,374 | -22% |
| **1965-79** | 111 | 3,224 | $1,317 | -25% |
| **1980-99** | 177 | 5,826 | $1,587 | -9% |
| **2000-09** | 102 | 4,649 | $1,911 | 9% |
| **2010+** | 165 | 12,659 | $2,077 | 19% |
| ***Total*** | ***883*** | ***33,625*** | ***$1,752*** | ***0%*** |

*Source: Dupre+ Scott, 2017; City of Seattle, 2017; BERK, 2017.*

While much of the newer rental housing in high-demand neighborhoods is currently affordable only to middle- and higher-income households, prior research indicates that new housing production can prevent or reduce negative impacts on housing affordability citywide in a general sense by reducing upward pressure on rents. Without newly constructed housing, more high-income households would compete with low- and moderate-income households for the remaining older housing stock in the market. This increased competition in turn increases upward pressure on all housing costs. Appendix I reviews prior research on the relationships between housing supply and housing costs. This review summarizes studies that quantify how constraints on housing production affect market-rate housing prices, as well as studies showing that increasing the quantity and diversity of housing stock in a high-demand housing market can reduce market-rate housing costs. These research findings suggest that housing costs in high-demand markets increase more rapidly when constraints slow the production of new housing supply.

When considering the impacts of new expensive housing on the housing market, it is also important to consider that this housing is not new forever. As shown in Exhibit 3.1–22, when housing stock ages, it gradually becomes more affordable relative to the remainder of the housing stock. Zuk and Chapple (2016) examined this process of filtering in the San Francisco Bay Area and found evidence that neighborhoods with more market-rate housing production in the 1990s had lower median rents in 2013. However, their review of previous research studies indicates that the rate of filtering is slow in a high-demand market like the Bay Area and therefore limited in its ability to provide affordable housing for low-income households. One plausible explanation for the slow rate of filtering is the fact that housing production is not keeping pace with housing demand.

Notwithstanding the positive effect on housing costs of additional housing supply referenced above, data show that additional housing supply will not fully solve the fundamental problem of insufficient affordable housing to meet the need for such housing among low-income households. While the cost of market-rate rental housing varies by age of housing stock, currently very little market-rate rental housing, whether new or old, is affordable to low- or very-low-income households. The City recently analyzed the affordability of unsubsidized rental housing based on surveys conducted by Dupre+Scott Apartment Advisors. Rental costs examined in that analysis included monthly rents and an adjustment for the cost of tenant-paid utilities (City of Seattle 2017). Exhibit 3.1–23 categorizes the rental housing stock in apartment complexes with 20 or

more units by level of affordability. This analysis finds that, citywide, only three percent of housing units in these market-rate rental buildings are affordable to households with incomes of 60 percent of AMI. Yet, nearly half of all renter households have incomes at or below 60 percent of AMI.

According to ACS, buildings with 20 or more units comprise 49 percent of all renter-occupied units in the city and 89 percent of the renter-occupied units built between 2010 and 2015. Smaller buildings with between five and 19 units account for 22 percent of renter-occupied units in the city. Most of these smaller buildings are older; only three percent were built since 2010. Only about 10 percent of renter households live in buildings with two to four units.

Survey data show that 13 percent of units in small apartment buildings with four to 19 units are affordable to households with incomes 60 percent of AMI or less. Among small multi-plexes with two to four units, 13.5 percent of all units fall in this category. The percentage share of units renting at this affordability level in smaller buildings is significantly higher than among medium to large apartment buildings (three percent).

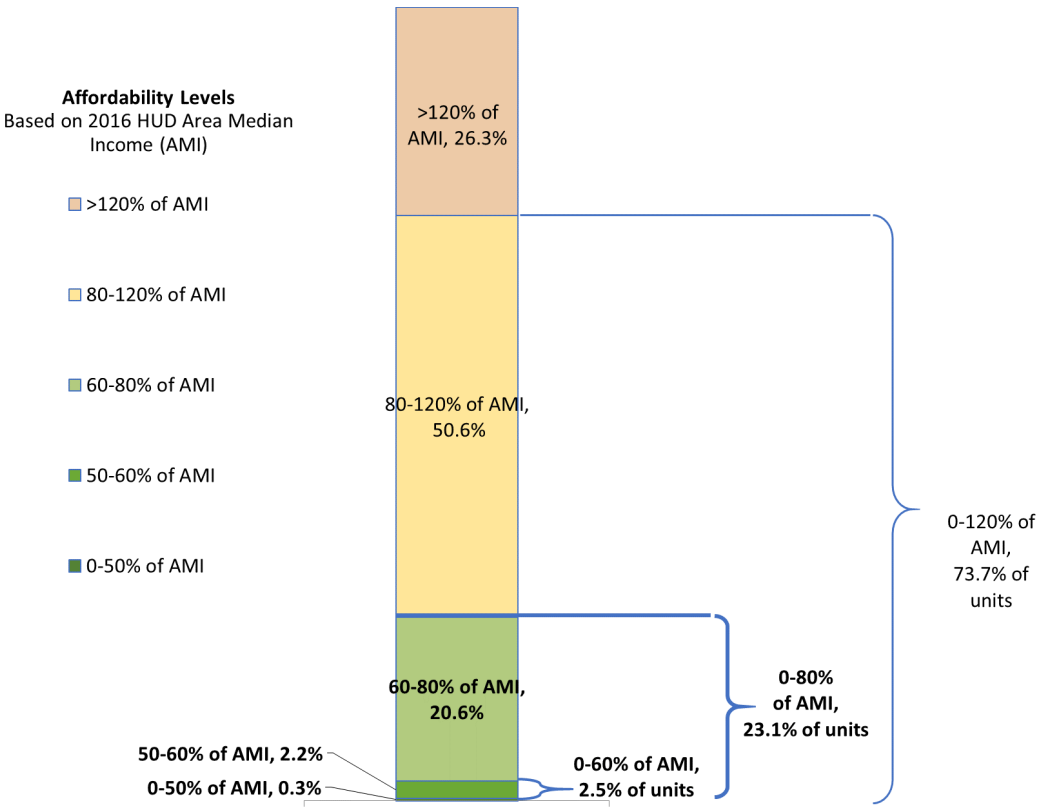



**Exhibit 3.1–23** Affordability Levels of Unsubsidized Rental Units in Apartment Complexes with 20+ Units

*Source: City of Seattle analysis of custom tabulations from Dupre+Scott Apartment Advisors. Based on D+S fall 2016 rent survey data.*

Much of this difference comes from the fact that units in smaller buildings tend to be older, while newer construction comprises a much greater share of all units in medium to large apartment buildings.

This analysis of apartment housing costs shows that, under current conditions, very few low-income households can find unsubsidized market-rate housing (whether newly constructed or old) that is affordable to them. Additionally, many hosueholds able to find affordable housing are likely finding it in a neighborhood with lower housing costs.Exhibit 3.1–24 shows average monthly rents by unit type for 16 different market areas in Seattle. These same data are mapped in Exhibit 3.1–25. While rents differ significantly by area, they have been rising rapidly in all areas. The average annual rate of growth in average rents between 2010 and 2016 ranged between 4.8 percent in Riverton/Tukwila and 12.7 percent in Rainier Valley. Citywide, average rents have increased by 7.8 percent annually since 2010.

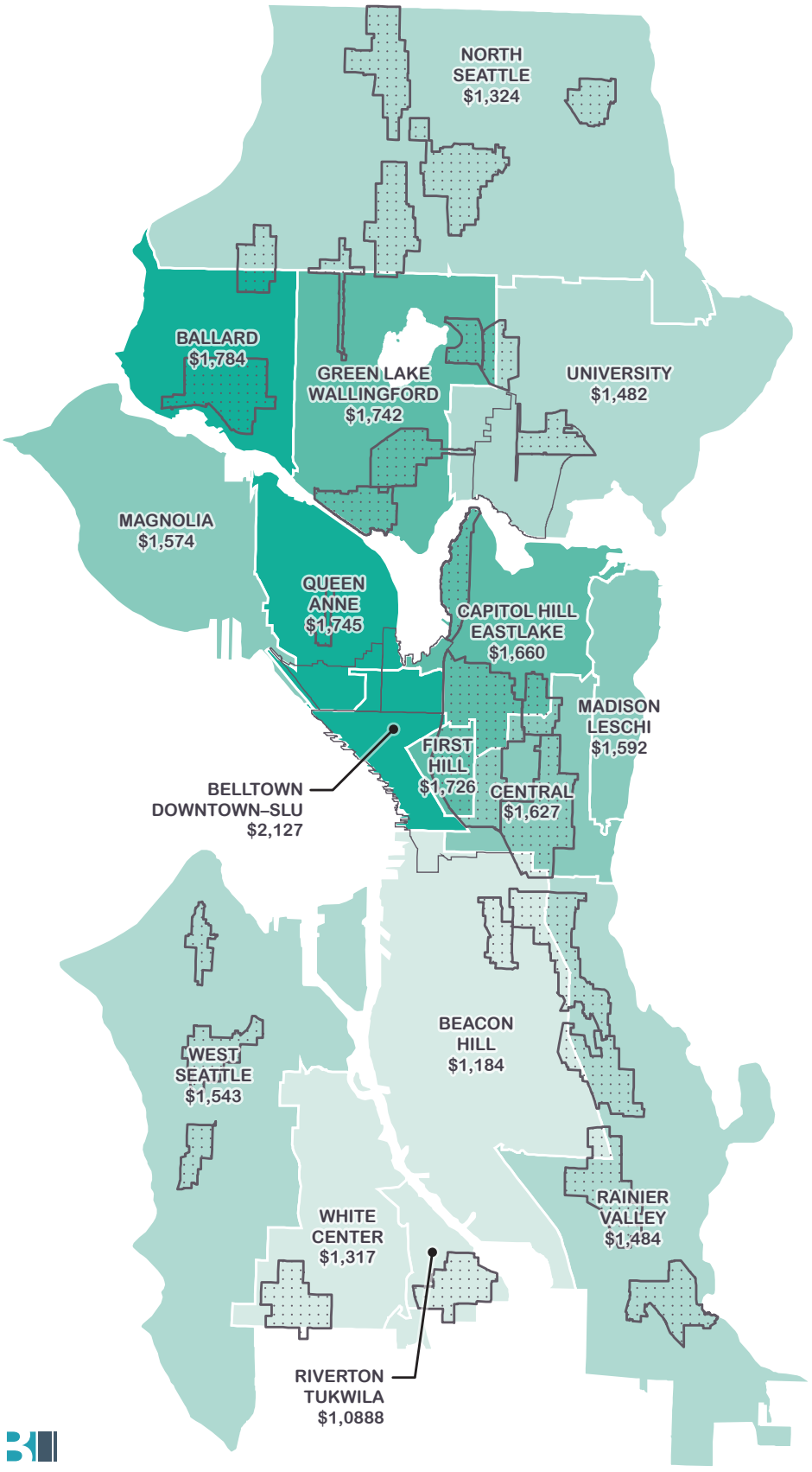
**Exhibit 3.1–24** Average Monthly Rent by Unit Type in Apartment Complexes with 20+ Units, Fall 2016

| Real Estate Market Area | All Units | Studio | 1 Bed | 2 Bed, 1 Bath | 2 Bed, 2 Bath | 3 Bed, 2 Bath | % Difference Compared to City Avg. (All Units) | Compound Avg. Annual Rate of Growth, 2010–2016 (All Units)* | Associated Urban Villages or Centers |
|---|---|---|---|---|---|---|---|---|---|
| Ballard | $1,784 | $1,373 | $1,699 | $1,962 | $2,647 | $2,348 | 4% | 8.1% | Ballard, Crown Hill (part) |
| Beacon Hill | $1,184 | $910 | $1,181 | $1,415 | $1,580 | | -31% | 6.3% | N. Beacon Hill, N. Rainier (part) |
| Belltown, Downtown, S. Lake Union | $2,127 | $1,439 | $2,050 | $2,452 | $3,114 | $4,034 | 24% | 6.5% | Belltown, Commercial Core, Denny Triangle, SLU, Pioneer Square |
| Burien | $1,125 | $780 | $988 | $1,133 | $1,328 | $1,667 | -34% | 5.6% | |
| Capitol Hill, Eastlake | $1,660 | $1,272 | $1,653 | $2,083 | $2,720 | $3,450 | -3% | 7.9% | Capitol Hill, Eastlake, Madison–Miller |
| Central | $1,627 | $1,280 | $1,603 | $1,836 | $2,203 | $2,772 | -5% | 7.2% | 12th Ave, 23rd & Union–Jackson, Chinatown-ID |
| First Hill | $1,726 | $1,238 | $1,708 | $2,173 | $2,956 | $4,081 | 1% | 9.8% | First Hill, Pike/Pine |
| Greenlake, Wallingford | $1,742 | $1,295 | $1,654 | $1,874 | $2,404 | $2,395 | 2% | 6.4% | Fremont, Greenlake, Greenwood–Phinney Ridge (part), Wallingford |
| Madison, Leschi | $1,592 | $1,048 | $1,433 | $1,933 | $2,265 | | -7% | 6.6% | |
| Magnolia | $1,574 | $1,356 | $1,401 | $1,667 | $1,915 | $2,622 | -8% | 8.1% | |
| North Seattle | $1,324 | $1,158 | $1,213 | $1,437 | $1,618 | $1,844 | -23% | 6.2% | Aurora–Licton Springs, Bitter Lake, Crown Hill (part), Greenwood–Phinney Ridge (part), Lake City, Northgate |
| Queen Anne | $1,745 | $1,317 | $1,667 | $2,028 | $2,591 | $3,042 | 2% | 7.4% | Upper Queen Anne, Uptown |
| Rainier Valley | $1,484 | $1,388 | $1,278 | $1,496 | $2,446 | $1,218 | -13% | 12.7% | Columbia City, N. Rainier (part), Othello, Rainier Beach |
| Riverton, Tukwila | $1,088 | $895 | $962 | $1,156 | $1,248 | $1,594 | -37% | 4.8% | South Park |
| University | $1,482 | $1,215 | $1,397 | $1,461 | $2,312 | $2,349 | -14% | 6.7% | Ravenna, Roosevelt, University Campus, University District |
| West Seattle | $1,543 | $1,294 | $1,460 | $1,605 | $2,158 | $2,711 | -10% | 7.4% | Admiral, Morgan Junction, W. Seattle Junction |
| White Center | $1,317 | $981 | $1,126 | $1,313 | $1,467 | $1,635 | -23% | 5.6% | Westwood–Highland Park |
| **CITY OF SEATTLE** | **$1,715** | **$1,305** | **$1,641** | **$1,863** | **$2,436** | **$2,715** | — | **7.6%** | |

** Growth rates not adjusted for inflation.*

*Source: Dupre+Scott, 2017; BERK, 2017.*

**Exhibit 3.1–25**
Average Monthly Apartment Rent by Market Area, Fall 2016




*Source: Dupre+Scott, 2017; BERK, 2017.*

## Key Findings—Housing Inventory

- 37 percent of all Seattle households are either cost burdened or severely cost burdened.
- 83 percent of low-income households are cost burdened.
- Renter households are significantly more likely to experience cost burden than owner-occupied households.
- The percentage of households with cost burden has risen since 2000 in all income categories, and the rise is most pronounced among renter households with incomes between 30 and 80 percent of AMI.
- Average rents have increased rapidly, by 55 percent between 2010 and 2016.
- Only three percent of market-rate apartment units in medium- to large-scale buildings are affordable with an income of 60 percent of AMI, and 13 percent of market-rate apartment units in small buildings are affordable to households with an income of 60 percent of AMI
- Older housing stock is generally less expensive than new housing. For instance: Average rent for one bedroom apartments built in the periods 1900–44, 1945–64, and 1965–79 is 17 percent, 22 percent, and 25 percent less expensive than the citywide average, respectively.
- Average rents vary in the study area, with the highest rents found in Ballard, Green Lake / Wallingford, and Queen Anne.
- Rents have been rising in all areas of Seattle. In the city as a whole, rents have, on average, risen by 7.8 percent annually since 2010, with slowest annual growth in South Park and Westwood–Highland Park, and fastest growth in the Rainier Valley.

## SUBSIDIZED HOUSING

Subsidized housing refers to housing provided to income-qualified households at below market-rate rents. These units are also commonly referred to as "rent- and income-restricted affordable housing" to clarify that the rent is legally restricted to be affordable to a household at a specified level of income, and that households must have incomes at or below the specified level to qualify for the housing. References to "affordable housing" in this chapter refer to subsidized rent- and income-restricted housing.

As of February 2017, the Seattle Office of Housing (OH) estimates there are a total of 28,000 subsidized rent-restricted units in the city, not including Multifamily Tax Exemption (MFTE) units (City of Seattle Office of Housing 2017). While market conditions for housing affordability change over time, subsidized housing is a stable source of units dedicated to providing affordable housing to low-income households. Most subsidized housing, except for MFTE, has a very long term of affordability of 50 years or greater, and when those long-term affordability covenants expire, OH reports that housing affordability covenants are usually extended. The pool of subsidized housing is likely an important factor contributing to the relatively stable share of very-low-income households in Seattle.

Seattle's inventory of subsidized housing is owned and/or funded by various entities and programs. In many cases subsidized units are funded by multiple sources. The primary subsidized housing providers and funding source in Seattle are described below.

### Seattle Housing Authority

The Seattle Housing Authority's (SHA) low-income public housing program manages more than 6,153 public housing units in large and small apartment buildings; in multiplex and single-family housing; and in communities at New Holly, Rainier Vista, High Point, and Yesler Terrace. The Seattle Senior Housing Program has 23 apartment buildings—with at least one in every major neighborhood of the city—totaling approximately 1,000 units. These units offer affordable rent for elderly or disabled residents.

Also known as Section 8, the Housing Choice Voucher Program is a public–private partnership that provides vouchers (housing subsidies) to low-income households for use in the private rental housing market. It is

funded and regulated by the federal government. SHA administers more than 10,100 vouchers, not all of which are used within Seattle.

Among SHA households, 85 percent have very low incomes under 30 percent of area median income. 57 percent of households served are non-white.

## Seattle Office of Housing

OH invests funds from the Seattle Housing Levy and other sources to create and preserve affordable homes. To date, the City has created and preserved nearly 14,000 affordable homes throughout the city. The largest source for the construction and preservation of rent- and income-restricted units comes from the Housing Levy, which has been in place since 1981. Voters renewed the Housing Levy in August 2016 and will provide $290 million for affordable housing over seven years. Levy funds are allocated to affordable housing providers annually on a competitive basis. Funds received through incentive zoning and MHA are allocated concurrently with these Levy funds.

Of the approximately 14,000 housing units in OH's rental program, about 52 percent serve households with very low incomes (30 percent of AMI and below), about 30 percent serve low-income households (31–50 perecent of AMI). Fifty-seven percent of households the OH programs serve are people of color.

## Washington State Housing Finance Commission

The Washington State Housing Finance Commission (WHSFC) allocates federal low income housing tax credits (LIHTC) through two programs: 9 percent LIHTC Program and its Bond/Tax Credit Program which uses multifamily housing bonds and 4 percent tax credit financing through LIHTC. Developers may apply to either program through a competitive process.

## Multifamily Tax Exemption Program

The Multifamily Tax Exemption (MFTE) program provides a property tax exemption to developers and owners of multifamily rental and for-sale residential projects. For rental properties, the property owner is excused from property tax on residential improvements in exchange for rent-restricting at least 20 percent of the units for income-qualified households during the period of exemption. Under State law, the program currently provides a 12-year exemption. The program has resulted in 7,399 rent- and income-restricted units through the 2016 reporting period.

The majority of rent restricted MFTE units serve households with income between 60 and 80 percent of AMI.

**Exhibit 3.1–26** Total MFTE Units in Approved Projects (Inclusive of Market-Rate and Rent- and Income-Restricted Units), 1998–2016*

| MFTE Program Period | Total Units Produced Including Market Rate Units | Rent Restricted Units |
|---|---|---|
| **1998–2002** | 474 | 191 |
| **2002–2008** | 1,176 | 726 |
| **2008–2010** | 5,925 | 1,656 |
| **2011–2015** | 17,487 | 3,934 |
| **2016** | 3,518 | 892 |
| ***Total*** | ***28,580*** | ***7,399*** |

** Based on approved applications, inclusive of rental and for-sale units.*
*Source: City of Seattle, 2017.*

**Exhibit 3.1–27** Total Distribution of MFTE-Restricted Units by Percent of Area Median Income (Rental Only) 1998–2016*

| Income Level | MFTE Restricted Units | Percent of Total |
|---|---|---|
| **0%–60% AMI** | 2,055 | 27.1% |
| **>60% AMI–80% AMI** | 4,699 | 63.5% |
| **>80% AMI–90% AMI** | 695 | 9.4% |
| ***Total*** | ***7,399*** | ***100%*** |

** Based on approved applications.*
*Source: City of Seattle, 2017.*

### Key Findings—Subsidized Housing

- There are approximately 28,000 publicly funded low-income housing units in Seattle.
- Most publicly funded units serve households with incomes 30 percent AMI and below, including 82 percent of SHA units and 52 percent of OH-supported units.
- Publicly funded housing serves a high percentage of households of color, as 57 percent of both SHA and OH supported units are occupied by people of color.
- In addition to publicly funded units, there are currently about 7,400 MFTE rent- and income-restricted units.
- 64 percent of MFTE units serve households with incomes between 60 percent and 80 percent of AMI. The percentage of households receiving housing assistance has not changed significantly in recent years.

## DISPLACEMENT

In the context of housing, displacement refers to a process wherein households are compelled to move from their homes involuntarily due to the termination of their lease or rising housing costs or another factor. This is a different phenomenon than when a household voluntarily makes a choice to move from their home. There are three different kinds of displacement occurring in Seattle. Physical displacement is the result of eviction, acquisition, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing. Economic displacement occurs when residents can no longer afford rising rents or costs of homeownership like property taxes. Cultural displacement occurs when residents are compelled to move because the people and institutions that make up their cultural community have left the area.

The City has some data related to the physical displacement of lower-income households with incomes ~~earning~~ up to 50 percent of AMI. Economic displacement is much more difficult to measure directly. However, analysis of census data can provide important insights and a sense of the extent of displacement that is likely occurring. No formal data currently exists to measure cultural displacement quantitatively, despite signs that it is occurring in some neighborhoods. While previous studies have examined issues like the loss of Black households over time by neighborhood in Seattle (Seattle OPCD 2016; City of Seattle

2017b), those losses could be a result of physical displacement, economic displacement, and/or other factors. The physical or economic displacement of members of a community can also precipitate the cultural displacement of other members of the same community. ~~Therefore, t~~This analysis qualitatively reviews the phenomenon of cultural displacement and considers potential cultural displacement impacts. ~~focuses only on physical and economic displacement.~~

To summarize findings, we reference the Displacement Risk and Access to Opportunity typology. Developed as part of the Seattle 2035 Growth and Equity Analysis, these two composite indices combine data about demographics, economic conditions, and the built environment. The Displacement Risk Index identifies areas of Seattle where displacement of marginalized populations is more likely to occur. It combines indicators of populations less able to withstand housing cost increases or face structural barriers to finding new housing; neighborhood assets and infrastructure; redevelopment potential; and median rents. The Access to Opportunity Index evaluates disparities in certain key determinants of social, economic, and physical well-being. It includes measures related to education, economic opportunity, transit, public services, and public health. (See Chapter 2 for more discussion on these indices or Appendix A for the complete Growth and Equity Analysis.)

## Physical Displacement

Various circumstances can cause physical displacement, including demolition of existing buildings to enable the construction of new buildings on the same site. Another cause is rehabilitation of existing buildings; strong demand for housing can encourage the rehabilitation of existing buildings to attract higher-income tenants. Single-family houses are also rehabilitated, expanded, or replaced with larger houses; redevelopment in these cases tends to result in more expensive units without increasing the supply of housing.

The best data available on physical displacement in Seattle comes from records of households eligible for tenant relocation assistance.[8] Seattle's

8 *Not all households eligible for relocation assistance complete the TRAO application process. Factors complicating the process to complete a TRAO application may include language barriers or mental health. Data on the rate at which TRAO-eligible households complete the application process is not available. It should also be noted that TRAO data does not include all instances of eviction. Therefore, eviction as a cause of physical displacement is beyond the scope of this analysis. Furthermore, no information is available regarding what portion of households receiving TRAO are able to find other housing in the neighborhood or city. However, it is likely that many households displaced from a building also leave the neighborhood or city.*

Tenant Relocation Assistance Ordinance (TRAO) requires developers to pay relocation assistance to tenants with incomes at or below 50 percent of AMI who must move because their rental will:

- Be torn down or undergo substantial renovation
- Have its use changed (for example, from apartment to a commercial use or a nursing home)
- Have certain use restrictions removed (for example a property is no longer required to rent only to low-income tenants under a Federal program)

Between 2013 and 2016, nearly 700 households were eligible to receive assistance through TRAO, about 175 households per year. ~~Appendix A~~ Exhibit 3.1–28 breaks down these households by cause of displacement as well as by neighborhood category with regards to displacement risk and access to opportunity. Citywide, 391 TRAO-eligible households were displaced due to demolition of their rental unit. This is 56 percent of all TRAO-eligible households during the period and about 98 households per year. Areas of the city with high access to opportunity had more TRAO-eligible households in total and more households displaced due to demolition.

**Exhibit 3.1–28** Cause of Displacement Among TRAO-Eligible Households, 2013–2016

| NEIGHBORHOOD CATEGORY | | CAUSE OF PHYSICAL DISPLACEMENT (TRAO ELIGIBLE HOUSEHOLDS) | | | | |
|---|---|---|---|---|---|---|
| Displacement Risk | Access To Opportunity | Demolition | Renovation | Restrictions Removed | Change of Use | Total TRAO~~rao~~ Eligible |
| **High** | **High** | 127 | 62 | 57 | 33 | 279 |
| **High** | **Low** | 13 | 2 | | 2 | 17 |
| **Low** | **High** | 204 | 61 | 25 | 44 | 334 |
| **Low** | **Low** | 47 | 15 | | 6 | 68 |
| ***Total (Citywide)*** | | ***391*** | ***140*** | ***82*** | ***85*** | ***698*** |

*Source: City of Seattle, 2017; BERK, 2017.*

Exhibit 3.1–29 compares TRAO-eligible households for whom demolition was the cause of displacement to the total number of units permitted for demolition by the neighborhood's displacement risk and access to opportunity. Citywide, 17 TRAO-eligible households were displaced due to demolition for every 100 units permitted for demolition. (In other words, approximately 17 percent of units permitted for demolition citywide had tenants with incomes at or below 50 percent of AMI.) However, this ratio varies by the neighborhood's displacement risk and access to opportunity, from 26 in areas with high displacement risk and high access to opportunity

down to just seven in areas with low displacement risk and low access to opportunity. It is notable that areas classified to have low displacement risk and high access to opportunity have a higher ratio than areas with high displacement risk and low access to opportunity. This suggests access to opportunity may be more strongly associated with the likelihood of development activity resulting in displacement than the neighborhood's displacement risk classification.

**Exhibit 3.1–29** Demolitions that Result in Displacement of TRAO Eligible Households Within Income of 50% AMI or Less, 2013–2016

| Displacement Risk | Access To Opportunity | TRAO~~rao~~-Eligible Households Due to Demolition | Units Permitted for Demolition | TRAO~~rao~~-Eligible Households per 100 Units Permitted for Demolition |
|---|---|---|---|---|
| **High** | **High** | 127 | 492 | 26 |
| **High** | **Low** | 13 | 107 | 12 |
| **Low** | **High** | 204 | 1,075 | 19 |
| **Low** | **Low** | 47 | 683 | 7 |
| ***Total (Citywide)*** | | ***391*** | ***2,357*** | ***17*** |

*Source: City of Seattle, 2017; BERK, 2017.*

TRAO records do not cover every instance of physical displacement caused by demolition of a rental unit. For example, the program does not track displacement of households with incomes greater than 50 percent of AMI. In addition, until recently the program did not have mechanisms to deter developers from economically evicting tenants prior to applying for a permit, in order to avoid the obligation to pay relocation benefits, nor did it provide additional assistance to ensure households with language or other barriers can successfully navigate the application process. Finally, this data does not reflect the physical displacement of SHA tenants who receive relocation benefits outside of the TRAO process, generally relating to the redevelopment of public housing.

Some demolitions occur in zones where the developer can replace an existing single-family home with a multi-unit structure such as townhomes or an apartment building. However, many demolitions involve the replacement of one older single-family home with a new single-family home. According to City permit data, between 2010 and 2016 29 percent of all units demolished were in Single Family zones. When excluding downtown zones, 32 percent of all units demolished were in Single Family zones, or 139 demolitions per year on average. This indicates that demand for new single-family homes accounts for nearly one-third demolitions outside downtown.

## Economic Displacement

Economic displacement occurs when a household is compelled to relocate due to the economic pressures of increased housing costs. As discussed in the housing affordability section, market-rate housing costs are largely driven by the interaction of supply and demand in the regional housing market. Lower-income households living in market-rate housing are at greater risk of economic displacement when housing costs increase. This vulnerability disproportionately impacts communities of color. As shown in Exhibit 3.1–12, a disproportionate number of households in communities of color are lower-income compared to White, non-Hispanic households. This disparity is even wider for African American households. These disparities are rooted in Seattle's history of redlining, racially restrictive covenants, and other forms of housing discrimination that contributed to racialized housing patterns and long-lasting wealth inequity due to barriers to homeownership. This history and the economic disparities that remain to this day result in greater risks of economic displacement among communities of color (Seattle OPCD 2016).

Without surveying individual households about their reason for moving, it is impossible to know exactly how many households are displaced due to the economic pressures of rising housing costs. However, using data from the Census and HUD, it is possible to determine if an area has, on net, gained or lost low-income households over time. Economic displacement is one possible explanation for a loss of low-income households over time. Other explanations include change in the income status of remaining households, loss of households due to household members passing away, or change in the demographic composition of the city, such as a greater share of young households with members early in their careers.

Exhibit 3.1–30 compares household estimates by income level from the 2000 Census to conditions captured in five-year estimates from the 2009–2013 ACS. During this period, Seattle gained over 28,000 households in total, an 11 percent increase. The income groups that grew the fastest were households with income above 120 percent of AMI and households with income at or below 30 percent of AMI. Households with income between 30 and 60 percent of AMI also increased in number, but at a slower rate. During this same period, Seattle lost over 12,000 households with income between 60 and 80 percent of AMI. It also lost households with income between 80 and 100 percent of AMI and between 100 and 120 percent of AMI. Overall, Seattle saw an increase in income disparity.

**Exhibit 3.1–30** Change in Number of Households by Income Level, 2000 compared to 2009–2013

| | CITY OF SEATTLE | | REMAINDER OF KING COUNTY | |
|---|---|---|---|---|
| | Change | Percent Change | Change | Percent Change |
| **Total Households** | 28,129 | 11% | 166,529 | 48% |
| **Household Income ≤30% AMI** | 8,193 | 22% | 29,731 | 95% |
| **Household Income >30% to ≤60% AMI** | 3,856 | 9% | 31,832 | 65% |
| **Household Income >60% to ≤80% AMI** | -12,362 | -38% | -3,614 | -9% |
| **Household Income >80% to ≤100% AMI** | -3,487 | -11% | 5,562 | 12% |
| **Household Income >100% to ≤120% AMI** | -1,725 | -7% | 7,661 | 20% |
| **Household Income >120% AMI** | 33,654 | 38% | 95,357 | 67% |

*Source: HUD CHAS (based on U.S. Census 2000 and ACS Five-Year Estimates, 2009–2013); BERK, 2017.*

The remainder of King County also saw an increase in income disparity during this same period, with even more rapid growth among households with income at or below 30 percent of AMI and households with income above AMI. However, unlike Seattle, it also experienced rapid growth among households with income between 30 to 60 percent of AMI and more moderate growth among households with income between 80 and 100 percent of AMI. Like Seattle, the remainder of King County lost households in the 60 to 80 percent of AMI range. Unlike Seattle, the remainder of King County gained households with incomes 100 to 120 percent of AMI.

Exhibit 3.1–31 breaks down these findings based on the Displacement Risk and Access to Opportunity typology. Areas with high displacement risk grew considerably faster than areas with low displacement risk. The areas of Seattle that most rapidly gained very-low-income households (below 30 percent of AMI) are characterized by high displacement risk and low access to opportunity, such as Bitter Lake and Othello. These areas also gained low-income households (30 to 60 percent of AMI) faster than the remainder of the city. Areas with high displacement risk and high access to opportunity also saw strong gains in very-low-income households. But gains among low-income households were slower in these areas. Although these areas gained lower-income households overall, some households in these areas likely experienced economic displacement.

All areas of Seattle lost households with incomes between 60 and 80 percent of AMI at a similarly rapid rate. Areas with low displacement risk

**Exhibit 3.1–31** Percent Change in Number of Households by Displacement Risk and Access to Opportunity Typology, 2000 Compared to 2009–2013

| | High Risk High Access | High Risk Low Access | Low Risk High Access | Low Risk Low Access | Citywide |
|---|---|---|---|---|---|
| **Total Households** | 23% | 19% | 9% | 6% | 11% |
| **Household Income ≤30% AMI** | 29% | 59% | 6% | 20% | 22% |
| **Household Income >30% to ≤60% AMI** | 5% | 21% | 10% | 7% | 9% |
| **Household Income >60% to ≤80% AMI** | -31% | -40% | -38% | -41% | -38% |
| **Household Income >80% to ≤100% AMI** | 5% | -11% | -12% | -15% | -11% |
| **Household Income >100% to ≤120% AMI** | 11% | -18% | -7% | -11% | -7% |
| **Household Income >120% AMI** | 86% | 52% | 34% | 30% | 38% |

*Source: HUD CHAS (based on U.S. Census 2000 and ACS Five-Year Estimates, 2009–2013); City of Seattle, 2017; BERK, 2017.*

generally lost households at this income level just as quickly as those with high displacement risk. This finding also applies to differences in access to opportunity.

Areas characterized by high displacement risk and high access to opportunity, such as First Hill–Capitol Hill, Northgate, Lake City, 23rd & Union–Jackson, and Columbia City, gained households with incomes between 80 and 120 percent of AMI while areas characterized by low access to opportunity and low displacement risk saw losses in this income category. While all areas of the city added households with incomes greater than 120 percent of AMI, those with high displacement risk and high access to opportunity gained these households most rapidly.

It is clear ~~is~~ that income disparity in Seattle has been growing as the city gains more households at the highest and lowest ends of the income spectrum. This is consistent with findings for the remainder of King County as well as studies of income inequality nationwide (Proctor, Semega and Kollar 2016, Pew Research Center 2016). It is therefore likely that trends in Seattle are shaped, at least somewhat, by broader economic trends including the loss of middle-income jobs nationwide. In Seattle, economic displacement of low-, moderate-, and middle-income households is likely also contributing to this citywide change. However, other possible explanations exist too, and the relative contribution of economic displacement is not ~~im~~possible to measure with existing data. For instance, the reduction in households with incomes between 60 and 120 percent of AMI could be due to some households changing in

income status, moving them into a higher- or lower-income category. Some households may have moved voluntarily, for instance to take a job in a different city. Some of the reduction among middle-income (80 to 120 percent of AMI) households might be explained by migration to more affordable cities elsewhere in King County, which saw gains at this income level.

There is also uncertainty about the causes of gains in the number of households at the lowest end of the income spectrum. These trends could be due to the increased availability of rent- and income-restricted housing in Seattle, which has grown steadily over time. Rent- and income-restricted units ensure housing opportunity for low-income households. As of February 2017, OH estimates 28,000 rent-restricted units in the city (City of Seattle Office of Housing 2017). Unfortunately, directly comparable and comprehensive historical data for the year 2000 is unavailable. However, some historical data is available. As noted above, between 1998 and 2016, Seattle gained 7,399 new affordable units through the MFTE program. While some have since converted to market-rate, many of these affordable ~~h~~units still provide housing for lower-income households.

HUD provides directly comparable historical data about the number of households that receive housing assistance from HUD programs (HUD 2017).[9] In 2000, an estimated 12,537 Seattle households received some form of HUD housing assistance. In 2011, 14,388 households received assistance, an increase of 1,851. While reliable data about the income of these households is unavailable, nearly all HUD programs target households with incomes at or below either 30 percent of AMI or 50 percent of AMI. So, a rough estimate of the percentage of low-income households receiving assistance from HUD housing assistance programs is possible by comparing the number of assisted households to the total number of households with incomes at or below 50 percent of AMI. Based on this assumption, about 19 percent of these households received HUD assistance. Comparing HUD-assisted housing data for 2011 to household estimates by income level for the 2009–2013 period indicates the percentage has not changed citywide.

9 *The source of this data is HUD's Picture of Subsidized Housing, a database that aggregates information from nearly all HUD programs that provide for subsidized housing, including those administered by local agencies. The data includes tenant-based vouchers, public housing, and privately project-based housing that receive HUD subsidies. Excluded from this data is housing assisted through HUD's HOME and CDBG programs. In 2016 this database included 20,259 households in Seattle (HUD 2017).*

**Exhibit 3.1–32** Change in in the Number of Households Without HUD Assistance, 2000 to 2009–2013

| Household Income | High Risk High Access | High Risk Low Access | Low Risk High Access | Low Risk Low Access | Total |
|---|---|---|---|---|---|
| **≤50% AMI (Total Change)** | 1,625 | 2,845 | 887 | 1,877 | 7,235 |
| **≤50% AMI (Percent Change)** | 10% | 38% | 4% | 11% | 16% |

*Source: HUD CHAS (based on Census 2000 and ACS Five-Year Estimates, 2009–2013); HUD, 2017; City of Seattle, 2017; BERK, 2017.*

To develop a more accurate estimate of the potential scale of economic displacement in Seattle, it would be best to account for all assisted households and focus instead only on households living in market-rate units. While data limitations prevent an estimate of this number in past years, it is possible to estimate the change in number of low-income households that do not receive HUD assistance by subtracting the number of HUD-assisted households from the total number of households with income at or below 50 percent of AMI. Exhibit 3.1–32 shows the change in this count by the Displacement Risk and Access to Opportunity typology based on an analysis at the census tract level for the years 2000 and 2009–2013. In the city as a whole, tracts in all groups gained households during this period. However, areas with high displacement risk and low access to opportunity gained these households significantly faster than the remainder of the city.

## Housing Development and Change in Low-Income Households

As Seattle grows, many residents are concerned about the potential relationships between new development and economic displacement at the neighborhood scale. Citywide, new development is critical to reduce the housing shortage and the competition for housing that increases housing costs. At the neighborhood scale, growth can also increase the number and diversity of housing choices through the creation of market-rate housing, and growth may also include the addition of rent- and income-restricted housing through subsidized housing investments. In some circumstances, this can make a neighborhood more affordable to low- and moderate-income households than it had been before. However, it is also possible that new development can contribute to economic displacement at the neighborhood scale. This can occur if new housing brings about amenities that make the neighborhood more attractive to higher-income households, driving up rents and housing prices.

While it is hard to predict the impact of new development on economic displacement at the neighborhood scale, it is possible to examine the historical relationship between housing growth and change in the number of ~~low-income~~ households at various income levels. Therefore, in this section we report on a statistical analysis of the correlation between new housing development and the gain or loss of households at various income levels. See the sidebar for a more detailed explanation of correlation analysis.

The analysis in this FEIS reflects several updates. After publication of the DEIS, newer data[10] on household income and demographics became available from the U.S. Census Bureau and U.S. Department of Housing and Urban Development. The FEIS analysis now reflects the most recent Comprehensive Housing Affordability Strategy (CHAS) dataset, which is based on the 2010–2014 ACS.[11] Additionally, the FEIS explores a broader range of income levels than studied in the DEIS. This includes changes in the number of low-income (0–50 percent of AMI), moderate-income (50–80 percent of AMI), middle-income (80–120 percent of AMI), and high-income (>120 percent of AMI) households by census tract. Here we present a summary of this new analysis, which is presented in detail in Appendix M.

### What is Correlation?

*Correlation is a statistical technique used to measure the strength and direction of a relationship between two variables, such as the number of new housing units added in a neighborhood and the change in number of low-income households living in that same neighborhood. This measure of strength is called a "correlation coefficient" (or "r") with a range between -1 and 1.*

*An r value of 1 indicates that the two variables are perfected related. For instance, if our analysis found that every new housing unit was associated with the gain of a low-income household, consistently in every census tract, then our calculation would reveal r=1. Conversely, if the analysis found every new housing unit is associated with the loss of a low-income household, then r=-1. In reality, variation in this relationship from one tract to the next causes r to fall somewhere between -1 and 1.*

*An r value of ±0.7 typically indicates a **strong** relationship between variables. An r value of ±0.5 indicates a **moderate** relationship. An r value of ±0.3 indicates a **weak** relationship. An r value under ±0.3 has no meaningful statistical relationship.*

*The purpose of a correlation analysis is not to prove that changes in one variable (such as the amount of new housing production) contribute to changes in another variable. Correlation is not causation. Rather, the purpose is to determine whether two phenomena are related. Additional analysis would be required to determine why two phenomena are or are not related or whether there is a causal relationship between two phenomena.*

**Note: this sidebar is new to the FEIS since issuance of the DEIS**

10 *This newer data was used to update the correlation analysis only. Other ACS and CHAS data analysis presented in the DEIS have not been updated in the FEIS.*

11 *Correlations involving these datasets rely on housing production data representing the midpoint of the five-year ranges.*

For each income level, the analysis compares changes in the number of households with both overall housing production and specifically market-rate housing production. Accounting for subsidized housing production, including the number of low-income households who are provided housing in these new subsidized units, helps us understand if retention of low-income households in census tracts with substantial housing production was due to subsidized housing created in those tracts during the same period. After accounting for subsidized housing, the correlations highlight the relationship specifically between creation of *market-rate* housing and estimated change in the number of households living in market-rate housing. The FEIS analysis uses more complete and reliable data on subsidized housing production by census tract to do this analysis based on the Office of Housing's data on subsidized housing production and data from the Washington State Office of Financial Management (OFM).[12]

**0–50 and 0–80 Percent of AMI**

Exhibit 3.1–33 summarizes results of the income correlation analysis. It shows that housing production tends to have a positive relationship with changes in low-income households. Similar patterns appear when comparing new housing and changes in households with incomes 0–50 percent and 0–80 percent of AMI. For both groups, total housing production was moderately correlated with gains in low-income households (0.549 and 0.544, respectively). Census tracts with more overall housing growth were somewhat more likely to see increases in the number of households at both 0–50 percent and 0–80 percent of AMI.

When we isolate market-rate housing growth to account for subsidized housing production, we also see a positive relationship with changes in the number of low-income households living in market-rate housing (although weaker, at 0.342 and 0.370, respectively). This suggests that census tracts with more market rate housing production are slightly more likely than tracts with less market-rate housing production to see a gain of low-income households living in market-rate housing.

It is possible the relationship between housing production and change in low-income households depends upon the level of displacement risk and access to opportunity in the neighborhood. Therefore, the data

**New to the FEIS**

DEIS Exhibits 3.1–29 and 3.1-30, and the associated discussion of findings were moved to FEIS Appendix M

12 *Note that subsidized housing provided through the Multi-Family Tax Exemption (MFTE) program is not included. MFTE units could be providing housing for some lower income households during the period of this analysis. MFTE units are an integrated part of market-rate housing development, with a 12-year tenure.*

**New to the FEIS**

FEIS Exhibit 3.1–33 is new since issuance of the DEIS

**Exhibit 3.1–33** Correlation Coefficients between Housing Production and Changes in Low-Income Households

| Household Income | Citywide | High Risk High Access | High Risk Low Access | Low Risk High Access | Low Risk Low Access |
|---|---|---|---|---|---|
| **0–50% AMI** | | | | | |
| All Housing | 0.549* | 0.346* | 0.589* | 0.628* | 0.515* |
| Market-rate Only** | 0.342* | 0.257 | 0.530* | 0.406* | 0.286 |
| **0–80% AMI** | | | | | |
| All Housing | 0.544* | 0.513* | 0.630* | 0.581* | 0.306* |
| Market-rate Only** | 0.370* | 0.389* | 0.625* | 0.408* | 0.042 |
| **50–80% AMI** | | | | | |
| All Housing | 0.129 | 0.285 | 0.276 | 0.180 | -0.203 |
| Market-rate Only** | -0.006 | 0.077 | 0.555* | -0.196 | -0.069 |
| **80–120% AMI** | | | | | |
| All Housing | 0.466* | 0.289 | 0.325* | 0.499* | 0.496* |
| **>80% AMI** | | | | | |
| All Housing | 0.805* | 0.811* | 0.263 | 0.897* | 0.574* |
| **>120% AMI** | | | | | |
| All Housing | 0.736* | 0.776* | 0.132 | 0.847* | 0.372* |

** Indicates a weak, moderate, or strong correlation. All values under ±0.3 indicate no meaningful statistical relationship.*

*** The "Market-rate only" correlation analysis compares the number of new market-rate units built to an estimate of the change in the number of households living in market rate units, for each level of income. This estimate is calculated by subtracting the net change in subsidized units from the net change in households, by income level. Information about level of income served for each subsidized housing unit is not available. Therefore the 50–80% market-rate only correlations are less reliable, since many of the units are likely to be reserved for households at lower income levels and therefore our calculations likely overestimate the number of households at this level living in subsidized housing.*

*Source: HUD CHAS (based on Census 2000 and ACS Five-Year Estimates, 2010–2014); City of Seattle Office of Housing, 2017; OFM, 2016; BERK, 2017.*

were grouped into four categories based on the Displacement Risk and Access to Opportunity typology. ~~While these scatterplots show some variation by area type, in all cases there is a weak positive correlation.~~ As shown in Exhibit 3.1–33, the correlation coefficients vary somewhat by the Displacement Risk and Access to Opportunity typology, though all exhibit the same general pattern for both 0–50 and 0–80 percent of AMI. Whether we look at total or just market-rate housing growth, tracts with more net housing production are not associated with a loss of low-income households. ~~In other words, census tracts with more housing production were slightly more likely to gain households with incomes at or below 50 percent of AMI. This same relationship can be found when comparing housing production to the change in number of households with income at or below 50 percent of AMI who are not assisted by HUD.~~

**50–80 Percent of AMI**

Exhibit 3.1–30 shows that both Seattle and King County experienced a loss in moderate income households between 2000 and 2009–2013. The relationship of housing production and households at this income level might be obscured in the 0–80 percent analysis. Therefore, Exhibit 3.1–33 includes correlation coefficients for the 50–80 percent income level. Results show that there is no statistically significant relationship (positive or negative) between housing production and change in moderate-income households at 50–80 percent of AMI. These findings apply to both total housing production as well as market-rate housing production.[13] In other words, some tracts experiencing a loss in households at this income level had high levels of housing growth, and other tracts had almost no housing growth at all. The decline in Seattle's moderate-income households is consistent with trends elsewhere in King County as shown in Exhibit 3.1–30. This suggests that broader economic forces could be playing a role.

**80–120 Percent of AMI**

Affordability of housing for middle income households that do not qualify for subsidy is also a concern. Exhibit 3.1–30 shows that Seattle lost households at this income level between 2000 and 2009–2013. The historical correlation of overall housing production and change in households with income at 80–120 percent of AMI is similar to the 0–50 and 0–80 percent of AMI levels (0.466). While many Seattle census

*13 See the note under Exhibit 3.1–33 for a discussion of the market-rate only calculations at this income level.*

tracts lost population at this income level, tracts with more housing growth were somewhat more likely to lose fewer or gain households at the 80–120 percent of AMI level.

**>80 Percent of AMI and >120 Percent of AMI**

Finally, the analysis also examines the correlation between housing production and gain or loss of higher income households. Exhibit 3.1–33 shows strong positive correlations between net housing production and changes in households with incomes above 80 percent (0.805) and above 120 percent of AMI (0.736). It is not surprising that census tracts with more newly constructed housing units would gain new households with middle and higher incomes, because many of the newly constructed units would tend to be occupied by households with moderate and high incomes who are in the market for housing in those neighborhoods.

**Summary of Findings**

To summarize, this historical analysis indicates that net new housing production has not been associated with a loss of low-income households at the census tract scale. Conversely, tracts that have received more net new housing production were more likely to see increases in both low- and middle-income households during the period of analysis. This finding applies to households with incomes at 0–50 percent, 0–80 percent, and 80–120 percent of AMI. At 50-80 percent of AMI, housing production is not correlated with changes in the number of households, perhaps in part due in part to broader economic trends related to income disparity. Overall, net new housing development is not correlated with areas experiencing a loss of low-income, moderate-income, or middle-income households. Net new housing development also correlates with areas gaining households with incomes above 80 and 120 percent of AMI.

Additionally, ~~this~~ these findings apply~~ies~~ to tracts in all displacement risk and access to opportunity typologies. While there are examples of census tracts that do not conform to ~~this~~ these general findings, they are not representative of patterns of change seen among census tracts citywide.

Another finding is that very few census tracts in high displacement risk areas experienced a loss of low-income households, and those that did lose these households didn't lose very many. On the other hand, many

census tracts with low displacement risk lost low-income households. This indicates that economic displacement can occur in all areas of the city and may not be more likely to occur in areas classified as high displacement risk.[14]

There are limitations to using change in the number of low-income, moderate-income, or middle-income households as a proxy for economic displacement. For instance, the most recent data available summarizing households' income relative to AMI are for the ~~2009 to 2013~~ 2010–2014 survey period. This period includes final years of the most recent economic recession. Consequently, there may be a greater number of households in low-income categories due to the temporary loss of employment. Additionally, the survey data do not fully reflect the impacts of this most recent period of rapid rent increases and housing production (2011 through 2016). Therefore, it is quite possible that the number of economically displaced low-income households has increased in recent years. However, no available evidence suggests that the general relationship between new housing production and gain/loss of low-income households has fundamentally changed during the last few years. Another limitation is the reliance on survey data which can have a large margin of error at the census tract level, particularly for smaller population groups. To help mitigate this limitation, we do not base conclusions on findings in any single census tract and instead look for patterns observed in many tracts. Finally, it is possible certain kinds of households, such as larger families, may be at greater displacement risk due to the relatively low supply of family-sized rental housing in Seattle. This analysis did not differentiate outcomes by household size or type. It is quite possible that the analysis of net change in low-income households can mask how one type of household (for instance larger households) may be replaced by others (young one or two person households).

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*14 It is important to note that the assessment of displacement risk level for tracts was made based on data collected at the end of this period of analysis. It may not be the case that all areas classified as high displacement risk would have been classified as high displacement risk in the year 2000 due to changing neighborhood characteristics over time.*

## Cultural Displacement

**New to the FEIS**

*Cultural Displacement*, including associated footnotes, *Housing Development and Change in Racial and Ethnic Minority Populations*, and Exhibit 3.1–34, is a new section since issuance of the DEIS

Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses and institutions have left the area. As described in the History of Racial Segregation subsection above, people of color, immigrants and refugees have faced additional barriers to accessing housing in Seattle. Challenges to accessing housing due to segregation and discrimination often mirror challenges to accessing other opportunities, such as job and educational opportunities for these communities. As a result, social networks within racial and ethnic communities may take on a greater importance than for other populations. For communities of color, immigrants, and refugees, social cohesion can often play a bigger role in location decisions than for other populations. Since cultural anchors, gathering spaces, arts organizations, businesses, and religious institutions are not widespread in alternative locations within the region, the presence of these cultural assets can often have added importance to racial or ethnic minority households in their location decisions.

As a result, the disruption of social cohesion and community networks within racial and ethnic communities has the potential to exacerbate direct and economic displacement pressures that exist for broader populations. For example, if neighboring households or community-serving businesses within a racial or ethnic community experience direct or economic displacement, other households within the same racial or ethnic community may face increased pressure to relocate due to cultural factors. Cultural displacement can be reasonably assumed to accelerate or amplify the impacts of other displacement pressures, specifically for racial and ethnic minority populations.

Measuring cultural displacement is difficult since no systematic survey of households exists that asks why they have chosen to relocate. However, some indicators of cultural displacement can be measured at the neighborhood scale. Recall that Exhibit 3.1–5 shows that in neighborhoods including Central Area, Beacon Hill, and Columbia City the percentage shares of racial and ethnic minorities substantially declined between 1990 and 2010. It is also possible to measure the change in the population of racial and ethnic minorities over time to determine where cultural displacement may be occurring. Appendix M features an analysis of housing development and change in racial and ethnic minority populations. A summary of findings follows.

## Housing Development and Change in Racial and Ethnic Minority Populations

One limitation of using change in the number of low-income households as an indicator of economic displacement is that it can overlook other changes at the neighborhood scale, including changes in racial and ethnic minority population. For example, a neighborhood that loses some households with incomes at 0–80 percent of AMI and gains others at the same income level could experience cultural change and displacement even if no aggregate change in the number of low-income households occurred. By analyzing the correlation between housing production and change in racial and ethnic minority populations, it is possible to identify whether a potential relationship between new development and cultural displacement could exist.

Exhibit 3.1–34 shows correlation coefficients measuring the relationship between new housing production and changes in population by major racial/ethnic category for the period of 2000 to 2011–2015. It shows that overall housing growth was moderately correlated with increases in the population of color[15] (0.485). Tracts with more new housing tended to retain or gain people of color. However, the relationship of housing production and demographic change varies substantially by racial and ethnic group.

**Exhibit 3.1–34** Correlation Coefficients between Housing Production and Changes in Population by Major Racial/Ethnic Category

| Race | Citywide | High Risk High Access | High Risk Low Access | Low Risk High Access | Low Risk Low Access |
|---|---|---|---|---|---|
| **Black/African American** | 0.190 | 0.197 | 0.480* | 0.134 | 0.262 |
| **People of Color**** | 0.485* | 0.480* | 0.538* | 0.535* | 0.325* |
| **Hispanic/Latino** | 0.109 | 0.152 | -0.245 | 0.212 | 0.202 |
| **American Indian & Alaska Native** | 0.186 | 0.498* | 0.301* | 0.098 | -0.448 |
| **Asian** | 0.450* | 0.382* | 0.466* | 0.642* | -0.088 |
| **Native Hawaiian or Other Pacific Islander** | -0.090 | -0.138 | -0.165 | -0.051 | -0.133 |
| **Non-Hispanic White** | 0.561* | 0.347* | 0.306* | 0.712* | 0.508* |

** Indicates a weak, moderate, or strong correlation. All values under ±0.3 indicate no meaningful statistical relationship.*

*** People who are a race other than non-Hispanic White.*

*Source: U.S. Census ACS Five-Year Estimates, 2011–2015); City of Seattle, 2017; BERK, 2017.*

15 People with a race/ethnicity other than non-Hispanic White.

### Black/African American Population

No significant correlation exists between new housing production and changes in the Black/African American population (0.190). Housing production varied widely among the census tracts that had fewer Black/African American people in 2011–2015 compared with 2000. Housing growth is not a predictor of the areas that lost Black/African American people. Similar correlation coefficients apply for all neighborhood categories according to displacement and opportunity, except for areas with high displacement risk and low access to opportunity (e.g., Othello, Rainier Beach, Bitter Lake) where the correlation was stronger between housing growth and increases in the Black/African American population (0.480). When interpreting these findings, it is important to remember that different immigrant and ethnic populations can be within the same racial category. So, for example, a neighborhood could lose U.S. born Black population while gaining new foreign-born Black population and see no net loss.

### Hispanic/Latino Population

Likewise, housing production is not correlated with changes in the Hispanic/Latino population (0.109). In all displacement-opportunity categories, the correlation coefficient was between -0.245 and 0.212, suggesting that housing production is not related to changes in the Hispanic/Latino population. It is noteworthy that areas with high displacement risk and low access to opportunity had the only negative correlation coefficient for this ethnic group (-0.245) because this category includes census tracts in the South Park neighborhood where the Hispanic/Latino population grew substantially during this period while housing growth was very low. These findings demonstrate that other factors beyond housing production are more likely to be impacting demographic trends, such as emergence of a new cultural community or loss of a cultural anchor. And while factors like small business affordability and change in commercial space are not reflected in housing data, they are not entirely unrelated phenomena since new housing is frequently in mixed-use buildings that also generate new, usually higher-rent commercial space.

### Other Racial and Ethnic Minority Groups

Other major racial and ethnic groups either had no correlation with housing production or a weak to moderate positive correlation. For the American Indian & Alaska Native and Native Hawaiian & Other Pacific Islander racial groups, new housing was not related to areas that gained or lost population at the citywide level; by displacement–opportunity category the correlation coefficients vary widely (-0.448 to 0.498), likely because those racial groups have fewer people overall and therefore census estimates include much larger margins of error at the census tract scale.

The most recent available data on racial and demographic composition at the neighborhood level reflect conditions between 2011 and 2015. Anecdotal information since the most recent available data gathered from community comments and stories suggests that the trend of losses of racial minority populations in the City's historically largest share minority communities is continuing at present, and has potential to be more significant than can be demonstrated with available data (Wokoma 2017).

### Non-Hispanic White Population

While population change for other racial and ethnic groups tend to show little or no correlation with housing production, changes in the non-Hispanic White population were moderately correlated with net housing production at the census tract level (0.561). A positive correlation is present in all displacement-opportunity categories, though the correlations are stronger in low displacement risk census tracts. Given the relative economic advantages of White households (see Exhibit 3.1–12 and Exhibit 3.1–18) it is expected that areas with more new housing, which tends to cost more than older housing, would correlate with gains in the White population.

## Key Findings—Displacement

Physical displacement results when acquisition, rehabilitation, or demolition of property requires a household to move from their place of residence.

- An average of 98 households under 50 percent AMI were directly displaced by development activity annually, between 2013 and 2016. (This may be an underestimate for reasons noted above.)
- Based on TRAO data, about 17 households under 50 percent AMI were displaced per 100 demolitions.[16]
- Areas classified as having low displacement risk / high access to opportunity had a higher ratio of low-income households displaced, than areas with high displacement risk and low access to opportunity. This suggests access to opportunity may be more strongly associated with the likelihood of development activity resulting in displacement than the neighborhood's displacement risk classification.

Economic displacement occurs when residents can no longer afford escalating housing costs. While it is impossible to know exactly how many households are displaced due to the economic pressures of rising housing costs, ~~data~~ we can analyze changes in the number of lower-income households by neighborhood over time.

- Overall, Seattle has seen an increase in income disparity.
- Between 2000 and 2013, the number of high-income households (above 120 percent of AMI) and very-low-income households (below 30 percent of AMI) grew fastest.
- Seattle lost households with low- to middle-incomes (60-80 percent of AMI, 80-100 percent of AMI, and 100-120 percent of AMI). The remainder of King County lost moderate-income (60-80 percent of AMI) households more slowly, and gained middle-income households (80-120 percent of AMI).
- Areas with high displacement risk and low access to opportunity, such as Bitter Lake and Othello, were the fastest to gain very-low-income households (below 30 percent of AMI) and low-income households (30 to 60 percent of AMI), though it's unclear the extent to which this can be attributed to development of low-income housing.

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16 See discussion on limitations of TRAO data on page 3.42.

- Areas with high displacement risk and high access to opportunity, such as First Hill–Capitol Hill, Northgate, Lake City, 23rd & Union–Jackson, and Columbia City, gained households with incomes between 80 and 120 percent of AMI, while other areas of the city saw losses.
- ~~L~~Overall, loss of low-income households does not correlate with areas of rapid housing development, although this data does not reflect the most recent development boom. Census tracts that experienced more net housing production were more likely to gain low-income households.
- Regardless of Displacement Risk and Access to Opportunity typology, the same relationship can be found when comparing housing production to the change in number of low-income households at the neighborhood scale.
- The creation of subsidized housing is partially responsible for the retention or gain of low-income households in areas that had more housing development.

Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses and institutions have left the area.

- There are indicators that cultural displacement is occurring in Seattle in ways that are specific to racial and ethnic minority populations, and the potential for cultural displacement is heightened for these groups compared to other populations.
- No significant statistical relationship exists between housing production and changes in the population of certain racial and ethnic groups, such as Black/African American people.
- Factors other than new housing production are contributing to cultural displacement in ways that are distinct from displacement of low-income households.
- Gains in the non-Hispanic White population are correlated with net housing production, and those gains in the White population in certain neighborhoods may contribute to cultural displacement

# 3.1.2 IMPACTS

This section evaluates and compares the impacts that the three DEIS alternatives could cause or contribute to by the year 2035 and compares these impacts to those of the Preferred Alternative. Impacts include effects on the supply of new market-rate and income-restricted affordable housing units; how the distribution of growth could increase access to amenities and other neighborhood attributes that contribute to household success by locating housing in high opportunity areas; and the relative potential for displacement, particularly in areas of high displacement risk. For brevity, throughout this section the term "affordable units" will be used to describe rent- and income-restricted affordable housing.

## IMPACTS COMMON TO ALL ALTERNATIVES

### Housing Supply

The alternatives would result in varying impacts to supply of market-rate and affordable units in Seattle. Under all ~~three~~ four alternatives, the study area would have sufficient development capacity to accommodate planned levels of residential growth during the planning period, as shown in Exhibit 3.1–35. Development capacity is a theoretical calculation of the total amount of development allowed under current zoning over an indefinite time horizon (see Appendix G for detail). From this perspective, there is theoretically ample zoning capacity to accommodate the minimum amount of household growth anticipated in the Seattle 2035 Comprehensive Plan. Alternatives 2, ~~and~~ 3, and the Preferred Alternative ~~both~~ provide greater capacity for housing than Alternative 1 No Action and anticipate greater housing growth over 20 years. If very strong demand for housing in Seattle continues over the study period beyond levels anticipated in the growth estimates of the Seattle 2035 Plan, Alternatives 2, ~~and~~ 3, and the Preferred Alternative are better able to accommodate heightened demand for housing. Net new housing supply associated with the action alternatives and Preferred Alternative in 2035 is expected to be about 37 percent greater than Alternative 1.

**Exhibit 3.1–35** Capacity for Housing Growth Compared to Housing Growth Estimate in Study Area

| | Alternative 1 No Action | Alternative 2 | Alternative 3 | Preferred Alternative |
|---|---|---|---|---|
| **Housing Capacity** | 152,329 | 238,222 | 222,302 | 198,015 |
| **Estimated Housing Growth (2015–2035)** | 45,361 | 63,070 | 62,858 | 62,387 |

*Source: City of Seattle, 2017.*

The alternatives also differ based on the nature of the housing capacity provided, which could lead to greater or lesser amounts of certain types of housing units. Exhibit 3.1–36 shows net capacity for housing growth by zone category, and Exhibit 3.1–37 shows a percentage breakdowns. The greatest amount of capacity in all four ~~three~~ alternatives is in the Commercial/Mixed-Use zone categories, though both DEIS action alternatives create about 35 percent greater total capacity. The Preferred Alternative includes somewhat less capacity in this category, but still 16 percent more than No Action. Most housing produced in these zone categories is in higher-density mixed-use developments, usually with retail and commercial uses at the ground floor and apartments above. Pursuant to land use policies established in the Comprehensive Plan, under all the alternatives most of the capacity for new housing would be in this type of housing. However, the action alternatives and Preferred Alternative shift some of the overall share of housing capacity into other zone categories, which may result in more variety of housing types. Both Alternative 2 and Alternative 3 more than double capacity in the Lowrise zone category, ~~increase~~ increasing the share of total capacity for housing growth in the Lowrise zone categories. The Preferred Alternative has the highest percent share in Lowrise (25 percent) among all four alternatives. The action alternatives and Preferred Alternative also provide more capacity

**Exhibit 3.1–36** Net Capacity for Housing Growth by Zone Category

| Zone Category | Alternative 1 No Action | Alternative 2 | Alternative 3 | Preferred Alternative |
|---|---|---|---|---|
| **Residential Small Lot** | 754 | 3,970 | 4,032 | 5,505 |
| **Lowrise** | 20,678 | 49,174 | 42,898 | 54,438 |
| **Midrise & Highrise Residential** | 11,334 | 22,520 | 14,695 | 22,648 |
| **Commercial / Mixed-Use** | 119,563 | 162,558 | 160,677 | 139,258 |

*Source: City of Seattle, 2017.*

**Exhibit 3.1–37** Percent of Total Net Capacity for Housing Growth by Zone Category

| Zone Category | Alternative 1 No Action | Alternative 2 | Alternative 3 | Preferred Alternative |
|---|---|---|---|---|
| **Residential Small Lot** | 0% | 2% | 2% | 2% |
| **Lowrise** | 14% | 21% | 19% | 25% |
| **Midrise & Highrise Residential** | 7% | 9% | 7% | 10% |
| **Commercial / Mixed-Use** | 78% | 68% | 72% | 63% |

*Source: City of Seattle, 2017; BERK, 2017.*

for housing growth in the Residential Small Lot category compared to Alternative 1 No Action. Housing types in the Lowrise and Residential Small Lot zones are more likely to be ground-related like townhouses, rowhouses, duplexes, and small single-family home structures. The action alternatives and Preferred Alternative could result in a greater share of these types of units, which are better suited to families with children and larger households compared to Alternative 1 No Action.

## Commercial Development

The model used to estimate growth in each alternative includes commercial growth as well as residential growth. In zones that allow commercial uses or a mix of commercial and residential uses, the capacity for commercial development is calculated and used to estimate future job growth by urban village and throughout the study area. Where a mix of uses are allowed, the housing and job growth mix is estimated using zone-specific ratios of commercial and residential development derived from historical data. Under the action alternatives and Preferred Alternative, commercial development would generate affordable housing through MHA for commercial development. Estimating future job growth allows for calculation of the amount of affordable housing commercial development would generate through MHA-Commercial requirements. Appendix G has more detail on this methodology.

New commercial development can contribute to the need for rent and income-restricted housing. New commercial development can create new low-wage jobs, directly generating demand for housing affordable to low-income people near those jobs. New commercial development can also create new high-wage jobs, and those high-income earners can patronize other businesses that offer low-wage jobs, thereby indirectly generating demand for low-income housing. While this EIS does not quantitatively analyze the additional need for low-income housing from commercial development in each alternative, it is a consequence of commercial development and a contributing factor to the need for rent- and income-restricted housing documented in the affected environment section of this chapter.

## Housing Affordability

The affordability of market-rate housing would continue to be a concern and a burden for many residents under all three DEIS alternatives and the Preferred Alternative, notwithstanding implementation of MHA. This is a result of economic forces beyond the reach of MHA. Ultimately, housing prices and rents are likely to be driven upward by demand generated by Seattle's strong job market and attractive natural and cultural amenities. Even with substantial new development capacity, Seattle's limited land area would likely continue to contribute to upward pressure on housing costs. Low vacancy rates and tight rental housing inventory contribute to higher rents, especially when demand is fueled by a highly educated, high-wage workforce. However, compared to Alternative 1 No Action, the action alternatives, and Preferred Alternative both provide more development capacity and about 37 percent greater expected housing supply. This additional capacity and supply is likely to reduce upward pressure on rents and housing prices. While this is likely to improve housing affordability at all income levels, the market is not likely to provide housing affordable to those with incomes ~~earning~~ below 60 percent of AMI under any alternative. As noted in Exhibit 3.1–23, most market-rate housing of any age is currently unaffordable to low- and very-low-income households (60 percent of AMI and below). More market-rate housing could reduce the competition for scarce housing among moderate-, middle-, and upper-income households, potentially making more housing available at affordable prices for moderate- and middle-income households, compared to Alternative 1 No Action, though insufficient affordable housing to meet the need for such housing among low-income households would persist. This impact of the action alternatives and Preferred Alternative is notable given the finding in Exhibit 3.1–30 that income disparity is increasing in Seattle and that the city has lost households in the moderate and middle-income levels (60–120 percent of AMI) in recent years.

The distribution of development outlined in the alternatives would also influence cost and affordability in other ways:

- **Land value:** The initial land cost for developers contributes to the total cost of each housing unit. Land values vary across the city, with the highest values found downtown and generally decreasing outward. However, land values are also affected by zoning and access to amenities. Zoning changes under the action alternatives and Preferred Alternative that increase allowed floor area ratio and density of development have potential to reduce land costs per unit.
- **Proximity to transportation and services:** Areas with the greatest proximity to neighborhood amenities, jobs, and transportation tend to

have higher land values and relatively higher housing costs. However, proximity to transit and services also provides households more transportation options that can decrease household spending on transportation.

- **Construction costs:** The cost of construction influences sale and rental prices. Under all alternatives, building material costs would be roughly equal across the city, but the type of construction would not. Generally, taller buildings with steel framing are more expensive to build per square foot than shorter, wood-framed structures. However, this expense can be partially offset by lower land costs per unit since taller buildings allow for more units on the same area of land. Compared to Alternative 1 No Action, both action alternatives and the Preferred Alternative more than double the amount of land area zoned to allow building heights greater than 85 feet (the typical maximum allowed for wood frame construction). Alternative 2 includes about 10 percent more land area zoned for buildings greater than 85 feet compared to Alternative 3. Both action alternatives and the Preferred Alternative also increase the amount of land zoned for more cost-effective wood frame construction, such as Lowrise and Residential Small Lot, as shown in Exhibit 3.1–36.
- **Property Tax:** Property tax increases can affect housing affordability for homeowners by contributing to housing cost burden. Increases in property tax are driven by two factors: new or increased taxes approved by local governments to fund public services, and increasing value of a home that is reflected in a higher assessed value. Homeowners benefit from increased value of their home or land because of an equity increase. However, for homeowners without the intent or ability to access increased equity by selling or refinancing, an increase in home value can be experienced as an impact due to the increased amount of annual tax due. Seniors on fixed incomes and homeowners with low credit scores are groups who may experience increasing home value as an impact. Since the primary driver of home values is high regional demand for housing, the impacts of property tax increases are expected to be similar under all alternatives.

  Action Alternatives 2, 3 and the Preferred Alternative could lead to an incremental impact on housing affordability due to property tax increases in areas where zoning is changed to allow new types of development, such as multi-family in an area previously zoned single family. Market value for tax assessment is determined by analyzing recent sales of comparable properties in the same area. If purchasers are willing to pay more for land due to the ability to develop additional

housing or floor area, higher tax assessments in the area could result. The market dynamics of such a change are difficult to predict and depend on many factors including market strength of an area, and willingness of homeowners to sell. The cost of the MHA affordable housing requirement will also be accounted for in purchasers' willingness to pay and may reduce land values. There is potential for incremental cost burden for homeowners due to increased assessed property value in rezone areas, however this is not considered a significant impact because the economic dynamics are unpredictable and the increased property value also accrues economic benefits to the homeowner.

## New Income-Restricted Affordable Unit Production

For low-income households, the most significant and positive impact on housing affordability will be through the production of new affordable units through MHA[17] or the existing Incentive Zoning (IZ) program. The City estimated the number of new affordable units that would be generated under each alternative as well as the total number expected to be built within the study area. The word "generated" describes MHA or IZ performance units (i.e., those built on- or off-site in new market-rate buildings in the study area) and units funded with MHA or IZ payments generated by new development in the study area. The number of affordable units generated under each action alternative is the direct result of MHA implementation in the study area.

However, MHA has already been implemented in several neighborhoods outside the study area, including Downtown, South Lake Union, and the University District. MHA payments generated by development in these neighborhoods would also fund affordable units in the study area under all ~~three~~ four alternatives. Therefore, this analysis also estimates the total number of new affordable units built in the study area under each alternative, including those generated by growth outside the study areas.

Exhibit 3.1–38 shows the total new affordable units expected to be generated from development in the study area and those expected to be built in the study area. While all alternatives would generate some new rent- and income-restricted units, the action alternatives and Preferred Alternative would generate about 28 times more rent- and income-

17 *As described in Chapter 2, MHA includes two programs: MHA-R for residential development, and MHA-C for commercial development. Under the action alternatives and Preferred Alternative, both residential and commercial development would generate new affordable housing. See Appendix G for details.*

**Exhibit 3.1–38** Estimated New MHA Affordable Housing Units: Generated by Growth in the Study Area and Total Built in the Study Area, 20 Years

| | New Affordable Units Generated by Growth in the Study Area | Total New Affordable Units Generated by Growth Citywide and Built in Study Area |
|---|---|---|
| **Alternative 1 No Action** | 205 | 3,155 |
| **Alternative 2** | 5,717 | 7,513 |
| **Alternative 3** | 5,582 | 7,415 |
| **Preferred Alternative** | 5,633 | 7,418 |

*Source: City of Seattle, 2017; BERK, 2017.*

restricted units. Considering all affordable units built in the study area, the action alternatives and Preferred Alternative are expected to result in 135–138 percent more rent- and income-restricted housing built in the study area compared to Alternative 1 No Action.

Exhibit 3.1–38 ~~shows the estimated number of affordable units generated and built in the study area through MHA and IZ. It~~ also shows the estimated number of affordable units generated by growth citywide and built in the study area. For Alternative 1, the only affordable units generated by growth in the study area would come from the existing IZ program. The action alternatives and Preferred Alternative implement MHA in the study area, resulting in a large increase in the number of units generated by growth in the study area. These units generated include both performance units (those built on- or off-site in new market-rate buildings) and payment units. For analysis purposes, we assume that the distribution of payment units to each urban village is proportional to that urban village's share of the 20-year citywide residential growth estimate in each EIS alternative. More payment units are expected in the action alternatives and Preferred Alternative because more MHA payment funds would be collected if MHA is implemented in the study area. Alternative 1 No Action assumes MHA is implemented only in the Downtown/South Lake Union, University District, and Uptown subareas (see Chapter 2 for details). Alternative 2 is expected to result in 7,513 affordable units, the greatest amount of new affordable housing in the study area. This is 4,370 more affordable units than expected in Alternative 1 No Action. The total for Alternative 3 is just 98 units less than Alternative 2. The total for the Preferred Alternative is 7,418, or about the same as Alternative 3.

Exhibit 3.1–39 shows affordable housing units built in the study area through the performance and payment options with breakdowns by urban village and Displacement Risk and Access to Opportunity typology. The purpose of this exhibit is to provide rough estimates of the total

**Exhibit 3.1–39** Estimated New Affordable Units Built by Urban Village and Displacement Risk and Access to Opportunity Typology, 20 Years

| | PERFORMANCE UNITS BUILT | | | | PAYMENT UNITS BUILT | | | | TOTAL AFFORDABLE UNITS BUILT | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Alt. 1 | Alt. 2 | Alt. 3 | Pref. | Alt. 1 | Alt. 2 | Alt. 3 | Pref. | Alt. 1 | Alt. 2 | Alt. 3 | Pref. |
| **High Displacement Risk & Low Access to Opportunity** | | | | | | | | | | | | |
| Rainier Beach | 0 | 16 | 13 | 15 | 34 | 67 | 59 | 63 | 34 | 83 | 72 | 77 |
| Othello | 0 | 25 | 12 | 13 | 61 | 134 | 104 | 106 | 61 | 158 | 116 | 120 |
| Westwood-Highland Park | 0 | 27 | 18 | 22 | 40 | 92 | 77 | 85 | 40 | 119 | 94 | 107 |
| South Park | 0 | 16 | 13 | 12 | 27 | 63 | 53 | 55 | 27 | 80 | 67 | 68 |
| Bitter Lake Village | 0 | 31 | 30 | 30 | 88 | 149 | 146 | 148 | 88 | 179 | 175 | 177 |
| ***Subtotal*** | ***0*** | ***115*** | ***86*** | ***92*** | ***250*** | ***505*** | ***439*** | ***457*** | ***250*** | ***620*** | ***525*** | ***549*** |
| **Low Displacement Risk & High Access to Opportunity** | | | | | | | | | | | | |
| Green Lake | 0 | 14 | 33 | 28 | 40 | 77 | 118 | 107 | 40 | 91 | 152 | 135 |
| Roosevelt | 15 | 1 | 12 | 9 | 58 | 97 | 123 | 118 | 73 | 98 | 135 | 126 |
| Wallingford | 0 | 38 | 69 | 64 | 67 | 137 | 201 | 192 | 67 | 175 | 270 | 256 |
| Upper Queen Anne | 0 | 16 | 20 | 20 | 34 | 58 | 62 | 63 | 34 | 74 | 83 | 84 |
| Fremont | 0 | 27 | 54 | 49 | 88 | 155 | 199 | 197 | 88 | 182 | 253 | 246 |
| Ballard | 0 | 107 | 123 | 117 | 270 | 536 | 564 | 563 | 270 | 644 | 687 | 680 |
| Madison-Miller | 0 | 18 | 32 | 34 | 54 | 115 | 144 | 151 | 54 | 133 | 177 | 185 |
| Greenwood-Phinney Ridge | 34 | 13 | 14 | 14 | 34 | 59 | 59 | 60 | 68 | 72 | 73 | 74 |
| Eastlake | 0 | 13 | 34 | 20 | 54 | 99 | 144 | 109 | 54 | 112 | 178 | 129 |
| West Seattle Junction | 0 | 6 | 10 | 9 | 20 | 37 | 45 | 43 | 20 | 42 | 56 | 52 |
| Admiral | 16 | 63 | 77 | 67 | 155 | 298 | 325 | 308 | 172 | 361 | 402 | 376 |
| Crown Hill | 0 | 29 | 63 | 47 | 47 | 111 | 173 | 143 | 47 | 140 | 236 | 190 |
| Ravenna (2) | 0 | 45 | 42 | 46 | 92 | 167 | 159 | 169 | 92 | 212 | 201 | 215 |
| ***Subtotal*** | ***65*** | ***390*** | ***584*** | ***523*** | ***1,014*** | ***1,947*** | ***2,319*** | ***2,224*** | ***1,079*** | ***2,337*** | ***2,903*** | ***2,746*** |
| **High Displacement Risk & High Access to Opportunity** | | | | | | | | | | | | |
| Columbia City | 0 | 23 | 17 | 20 | 54 | 118 | 102 | 110 | 54 | 141 | 119 | 130 |
| Lake City | 0 | 23 | 21 | 21 | 67 | 113 | 111 | 113 | 67 | 137 | 133 | 134 |
| Northgate | 0 | 104 | 101 | 100 | 202 | 398 | 387 | 392 | 202 | 502 | 488 | 492 |
| First Hill-Capitol Hill | 0 | 258 | 115 | 155 | 405 | 1,009 | 704 | 797 | 405 | 1,267 | 819 | 952 |
| North Beacon Hill | 14 | 17 | 10 | 14 | 27 | 70 | 53 | 64 | 41 | 87 | 63 | 78 |
| North Rainier | 4 | 31 | 26 | 25 | 67 | 135 | 123 | 123 | 72 | 166 | 149 | 148 |
| 23rd & Union-Jackson | 0 | 71 | 48 | 44 | 108 | 262 | 213 | 214 | 108 | 333 | 261 | 258 |
| ***Subtotal*** | ***18*** | ***528*** | ***339*** | ***380*** | ***931*** | ***2,105*** | ***1,693*** | ***1,812*** | ***949*** | ***2,633*** | ***2,031*** | ***2,192*** |
| **Low Displacement Risk & Low Access to Opportunity** | | | | | | | | | | | | |
| Aurora-Licton Springs | 0 | 30 | 36 | 32 | 67 | 119 | 125 | 122 | 67 | 149 | 161 | 154 |
| Morgan Junction | 0 | 24 | 40 | 28 | 27 | 73 | 105 | 84 | 27 | 97 | 145 | 111 |
| ***Subtotal*** | ***0*** | ***53*** | ***76*** | ***60*** | ***94*** | ***193*** | ***230*** | ***206*** | ***94*** | ***246*** | ***307*** | ***266*** |
| **Outside Villages** | 12 | 284 | 271 | 270 | 771 | 1,393 | 1,377 | 1,396 | 783 | 1,677 | 1,649 | 1,665 |
| **Study Area Total** | **83** | **1,371** | **1,356** | **1,325** | **3,060** | **6,142** | **6,058** | **6,094** | **3,155** | **7,513** | **7,415** | **7,418** |

*For Alternative 1, these numbers reflect affordable homes from MHA payment in areas outside of the study area and Incentive Zoning (IZ) under existing regulations in the study area. MHA estimates assume that MHA payments are allocated proportional to individual areas based on their share of citywide housing growth.*

*Source: City of Seattle, 2017; BERK, 2017.*

quantity of new affordable housing that could be created in each urban village, including affordable housing funded from development outside the study area. Performance units are those built on-site in new market-rate buildings. For Alternative 1 No Action, performance units would be created through the existing IZ program; for the action alternatives, performance units would be created through MHA. Payment units would be built using funds from MHA in all ~~three~~ four alternatives, and additionally funds from commercial development under the existing IZ program in Alternative 1 No Action. For Alternative 1 No Action, payment units would be created using MHA payment funds generated from development in Downtown, South Lake Union, and the U District; for the action alternatives, payment units would be created using funds from development in and outside the study area. As indicated in the discussion of Exhibit 3.1–38, payment units are assumed to be distributed proportionally to urban villages based on their share of citywide growth and are not directly related to the amount of payments generated by development in the urban village.[18]

To demonstrate the measurable benefit of rent-restricted housing for low-income households, Exhibit 3.1–40 compares 2016 average market rents by apartment type to rents for MHA units. MHA unit rents are set by HUD based on a 60 percent of AMI household in the Seattle region.[19] The savings vary considerably by unit type. An MHA studio would rent for $356 less than the average market-rate studio, a 27 percent savings. However, a three-bedroom MHA unit would rent for about $1,300 less than a market-rate unit, a 48 percent savings.

**Exhibit 3.1–40** Market-Rate and MHA Rent Comparison of Costs

| Apartment Type | Average Market Rent (Citywide) | MHA Affordable Rent | Monthly Savings if Living in an MHA Affordable Unit | % Savings Compared to Average Market Rate |
|---|---|---|---|---|
| **Studio** | $1,305 | $949 | $356 | 27% |
| **1 Bedroom** | $1,641 | $1,017 | $624 | 38% |
| **2 Bedrooms, 1 Bath** | $1,863 | $1,219 | $644 | 35% |
| **3 Bedrooms** | $2,715 | $1,409 | $1,306 | 48% |

*Source: Dupre+Scott, 2017; HUD, 2016; BERK, 2017.*

*18 Accordingly, the model assumes that the subareas outside the study area like Downtown/South Lake Union would generate the same amount of MHA payments under all alternatives, but the number of MHA affordable units built in these subareas would vary across alternatives because total MHA payments citywide and total residential growth by urban village both vary across alternatives ~~alterantives~~.*

*19 MHA can also create small rental units at 40 percent of AMI and ownership units at 80 percent of AMI, but the majority are expected to be rental units at 60 percent of AMI.*

## Displacement

This section evaluates the potential for displacement associated with the new housing and commercial growth expected to occur under each alternative during the planning period, 2015–2035. The first part estimates the number of demolished units that could occur as a result of redevelopment activity. The second part estimates physical displacement associated with demolished units. Next, we estimate other forms of physical displacement not expected to vary by alternative. Finally, we discuss potential economic, cultural, and commercial displacement impacts.

### Demolition

As discussed in 3.1.1 Affected Environment, rental and owner-occupied housing units are demolished each year in Seattle as older homes are replaced by newer buildings. Most future growth in the city, under any of the alternatives including Alternative 1 No Action, will involve redevelopment of sites with existing housing and commercial buildings; existing residents and businesses in these buildings will be displaced. Increasing growth in particular zones or urban villages can result in the redevelopment of more sites, increasing potential demolition.

Some, but not all, demolitions result in the displacement of low-income households. This section estimates total demolitions in the study area by the Displacement Risk and Access to Opportunity typology and compares them to net new and affordable unit production. The following section draws on historical trends to estimate the number of physically displaced low-income households as a result of demolition.

Demolitions associated with each alternative fall into three categories. First, there are demolitions for which permits have been issued by the City up to 2015, some of which have occurred. These demolitions have occurred or will occur under all alternatives and are associated with approved building permits that are therefore not subject to MHA requirements. The number of demolitions in this category reflects the rapid pace of growth in recent years and permits in the pipeline.

Second, there are demolitions associated with growth that has not yet been permitted. Estimating the number of demolitions in this category is more difficult. Two different methods are used to provide a range of possible outcomes:

- **Parcel allocation model:** This demolition estimate comes from a redevelopment model that allocates future growth to specific parcels

identified as redevelopable. The number of existing housing units on those parcels is the estimate of demolished units resulting from growth in those urban villages. This method was used to evaluate the three DEIS alternatives.

- **Historical growth trends:** This demolition estimate reflects the historical ratio of net new housing units to demolished units based on actual permit data from 2010–2016 for each zone in Seattle.

Predicting exactly where and when redevelopment will occur is impossible. Including both estimates provides context. The parcel allocation model is based on a detailed parcel-scale analysis; however, it makes assumptions about which parcels are likely to be available for redevelopment. The historical trends method reflects actual recent development trends citywide, but it ignores current conditions in each neighborhood as well as changes in development capacity under the action alternatives. For a more detailed discussion of these methods, see Appendix G.

The third category of demolitions are those expected to occur in Single Family zones with no net gain in housing production. In recent years, 32 percent of demolished units in Seattle outside of downtown have been in Single Family zones, wherein an existing single-family home is replaced by a new single-family home. Both action alternatives rezone areas currently zoned Single Family. An accurate comparison of alternatives must also estimate the number of demolitions that would occur in these single-family areas under Alternative 1 No Action. Between 2007 and 2016, an average of 10.4 demolitions occurred in the proposed rezone areas per year. This analysis assumes that this rate of demolitions would continue under Alternative 1 No Action until 2035. For more detail, see Appendix G.

Exhibit 3.1–41 estimates the number of units that may be demolished in the study area under each alternative between 2015 and 2035 compared to net new units ~~built: market-rate and MFTE,[20] and affordable units produced through either IZ or MHA~~. According to estimates generated using the parcel allocation model, the action alternatives are expected to result in fewer demolitions than Alternative 1 No Action. This is due in part to the expected number of demolitions in Single Family zones that would result in no net gain in housing. However, the historical trends estimates indicate that both action alternatives and Preferred Alternative would result in slightly more demolitions in the study area than Alternative 1 No Action. The rightmost column shows the ratio of net new units to demolished units. This ratio is higher in the action alternatives

~~*20 The Multifamily Tax Exemption (MFTE) program is described in under Mitigation Measures in 3.1.3 Mitigation Measures.*~~

**Exhibit 3.1–41** New Housing Growth Compared to Demolished Units, 2015–2035

| AREA TYPOLOGY | | | DEMOLISHED UNITS | | | |
|---|---|---|---|---|---|---|
| Displacement Risk | Access to Opportunity | Net New Units Built | Already Permitted | Additional (Parcel Allocation Model Estimates) | Additional (Historical Trends Estimates) | Ratio of Net New to Demolished Units* |
| **Alternative 1 No Action** | | | | | | |
| **High** | **High** | 13,800 | 461 | 229 | 715 | 10 |
| **Low** | **High** | 15,028 | 319 | 719 | 810 | 11 |
| **High** | **Low** | 3,700 | 63 | 217 | 401 | 6 |
| **Low** | **Low** | 1,400 | 33 | 227 | 292 | 3 |
| **Outside Urban Villages** | | **11,433** | **358** | **246** | **680** | **9** |
| **Total in Study Area** | | **45,361** | **1,234** | **1,638** | **2,898** | **10** |
| **Alternative 2** | | | | | | |
| **High** | **High** | 21,925 | 461 | 366 | 1,037 | 14 |
| **Low** | **High** | 19,839 | 319 | 828 | 920 | 16 |
| **High** | **Low** | 5,143 | 63 | 60 | 288 | 14 |
| **Low** | **Low** | 1,963 | 33 | 98 | 121 | 13 |
| **Outside Urban Villages** | | **14,199** | **358** | **68** | **665** | **14** |
| **Total in Study Area** | | **63,070** | **1,234** | **1,420** | **3,030** | **14** |
| **Alternative 3** | | | | | | |
| **High** | **High** | 17,899 | 461 | 90 | 777 | 14 |
| **Low** | **High** | 23,880 | 319 | 1,271 | 1,188 | 15 |
| **High** | **Low** | 4,520 | 63 | 82 | 248 | 14 |
| **Low** | **Low** | 2,373 | 33 | 122 | 149 | 13 |
| **Outside Urban Villages** | | **14,186** | **358** | **17** | **661** | **14** |
| **Total in Study Area** | | **62,858** | **1,234** | **1,582** | **3,023** | **14** |
| **Preferred Alternative** | | | | | | |
| **High** | **High** | 18,885 | 461 | Demolition estimate expected to be within the range of Alternatives 2 and 3.** | 841 | 16 |
| **Low** | **High** | 22,592 | 319 | | 1,098 | 17 |
| **High** | **Low** | 4,644 | 63 | | 255 | 16 |
| **Low** | **Low** | 2,088 | 33 | | 129 | 14 |
| **Outside Urban Villages** | | **14,179** | **358** | | **657** | **15** |
| **Total in Study Area** | | **62,387** | **1,234** | | **2,980** | **16** |

** Notes: Estimates of additional demolished units were developed using two different methods described in Appendix G. Ratio of net new to demolished units is based on the already permitted demolitions plus the historical trends estimate of additional demolitions.*

*** The Preferred Alternative includes growth estimates by urban village are (with a few minor exceptions) within the range of growth expected in Alternatives 2 and 3. Similarly, the zoning and built capacity changes are also (with a few minor exceptions) within the range of those in Alternatives 2 and 3. Therefore the amount of demolition expected in the Preferred Alternative is also expected to be within the range of Alternatives 2 and 3.*

*Source: City of Seattle, 2017; BERK, 2017.*

compared to Alternative 1 No Action. This means each unit demolished would result in more new housing under the action alternatives than under Alternative 1 No Action. The Preferred Alternative ratio of net new units to demolished units is higher still than the DEIS action alternatives. Similarly, when compared to the estimates of new affordable housing generated in the study are (Exhibit 3.1–38) the ~~The~~ action alternatives and Preferred Alternative are also expected to provide significantly more new affordable housing units than the number of units to be demolished.

The demolition estimates presented above are for a 20-year timespan. Per year, Alternative 1 No Action is expected to result in between 82 and 145 demolished units within in study area beyond what is already permitted. Alternative 2 is expected to result in between 71 and 151 demolished units per year. Alternative 3 is expected to result in between 79 and 151 demolished units.

## Physical Displacement of Low-Income Households Due to Demolitions

As noted above, some but not all housing units estimated to be demolished by the year 2035 are likely to result in the physical displacement of low-income households. Drawing upon the TRAO analysis in 3.1.1 Affected Environment, we estimate the number of low-income households who could be displaced due to demolitions. Exhibit 3.1–29 presents the ratio of TRAO-eligible households with demolition as reason for displacement to total permitted demolitions by Displacement Risk and Access to Opportunity typology. Exhibit 3.1–42 uses these same ratios and the demolition estimates presented above to estimate physically displaced households with incomes at or below 50 percent of AMI between 2015 and 2035. This table focuses solely on displacement associated with estimated demolitions not already permitted by the City. Already-permitted demolitions do not differ among the alternatives and would not be subject to MHA under any alternative. Removing them from this analysis also allows for better comparison to affordable unit production. As noted in the analysis of TRAO data, these numbers do not reflect displacement of households with incomes above 50 percent of AMI or households who should have received TRAO but did not for various reasons.

The historical trends estimates for both action alternatives and the Preferred Alternative would result in more low-income households experiencing physical displacement than Alternative 1 No Action. This is consistent with the expected number of demolished units in each alternative. However, in all ~~three~~ four alternatives, the number of new affordable units built would exceed the number of displaced low-income

**Exhibit 3.1–42** Estimated Physically Displaced Low-Income Households Due to Demolitions Compared to Affordable Units Built, 2015–2035

| AREA TYPOLOGY | | DISPLACED HOUSEHOLDS ≤50% OF AMI DUE TO DEMOLITIONS NOT ALREADY PERMITTED | | | | |
|---|---|---|---|---|---|---|
| Displacement Risk | Access to Opportunity | Assumed % of Demolished Units Resulting in Displacement* | Parcel Allocation Model Estimate | Historical Trend Estimate | New Affordable Units Built IZ or MHA | Ratio of Affordable Units to Displaced Households ≤50% of AMI |
| **Alternative 1 No Action** | | | | | | |
| High | High | 26% | 59 | 185 | 949 | 5 |
| Low | High | 19% | 136 | 154 | 1,079 | 7 |
| High | Low | 12% | 26 | 49 | 250 | 5 |
| Low | Low | 7% | 16 | 20 | 94 | 5 |
| **Outside Urban Villages** | | **17%** | **41** | **113** | **783** | **7** |
| **Total in Study Area** | | | **278** | **520** | **3,155** | **6** |
| **Alternative 2** | | | | | | |
| High | High | 26% | 94 | 268 | 2,633 | 10 |
| Low | High | 19% | 157 | 175 | 2,337 | 13 |
| High | Low | 12% | 7 | 35 | 620 | 18 |
| Low | Low | 7% | 7 | 8 | 246 | 29 |
| **Outside Urban Villages** | | **17%** | **11** | **110** | **1,677** | **15** |
| **Total in Study Area** | | | **277** | **596** | **7,513** | **13** |
| **Alternative 3** | | | | | | |
| High | High | 26% | 23 | 201 | 2,031 | 10 |
| Low | High | 19% | 241 | 225 | 2,903 | 13 |
| High | Low | 12% | 10 | 30 | 525 | 17 |
| Low | Low | 7% | 8 | 10 | 307 | 30 |
| **Outside Urban Villages** | | **17%** | **3** | **110** | **1,649** | **15** |
| **Total in Study Area** | | | **286** | **576** | **7,415** | **13** |
| **Preferred Alternative** | | | | | | |
| High | High | 26% | Displacement estimate expected to be within the range of Alternatives 2 and 3.** | 217 | 2,192 | 10 |
| Low | High | 19% | | 208 | 2,746 | 13 |
| High | Low | 12% | | 31 | 549 | 18 |
| Low | Low | 7% | | 9 | 266 | 30 |
| **Outside Urban Villages** | | **17%** | | **109** | **1,665** | **15** |
| **Total in Study Area** | | | | **574** | **7,418** | **13** |

** Notes: Assumed percentage of demolitions is based on historical ratio of TRAO eligible households with demolition as the reason for displacement compared to total demolitions, by area category of city. Displaced household estimates are based on low and high estimated of demolitions, by area category, exclusive of demolitions already permitted to occur. Ratio of affordable units to displaced households is based on the high estimate of displaced households.*

*** See note under Exhibit 3.1–41.*

*Source: City of Seattle, 2017; BERK, 2017.*

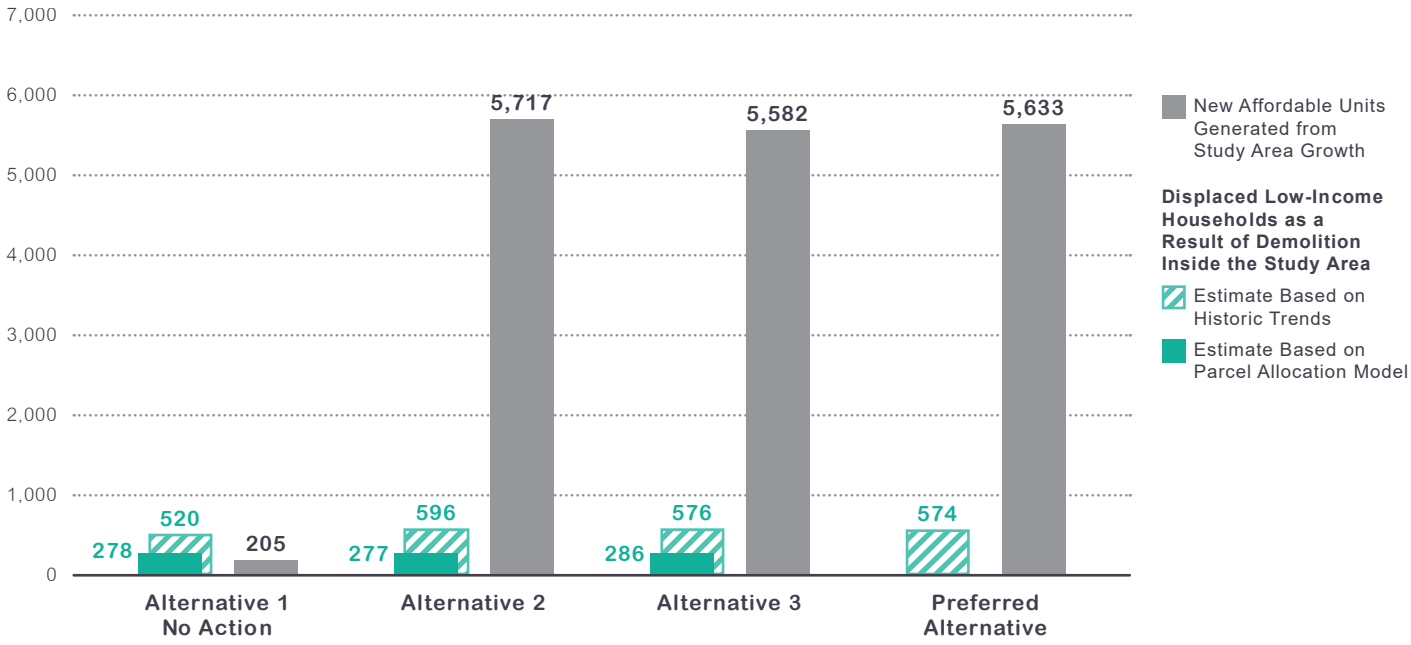


**Exhibit 3.1–43** New MHA and IZ Affordable Units Generated Compared to Displaced Low-Income Households due to Demolition in the Study Area

*Notes: All estimates are for the period 2017–2035. Displacement estimates exclude those related to units already permitted for demolition. Displacement estimated based on parcel allocation model is not available for Preferred Alternative. But estimate would be expected to be within the range of Alternatives 2 and 3.*

*Source: City of Seattle, 2017; BERK, 2017.*

households by a large margin. The rightmost column shows the ratio of new affordable units to the higher historical trend estimate of displaced low-income households. It shows that the action alternatives and Preferred Alternative would provide 13 new affordable housing units in the study area for each low-income household displaced. Alternative 1 No Action provides six new affordable units per displaced low-income household.

The comparison of estimated physically displaced-low income households to new affordable units built in Exhibit 3.1–42 provides a sense of impacts as they may be experienced at the neighborhood scale. Another way to evaluate impacts is to compare the same displacement estimates to the total impact of the alternatives on affordable housing production citywide. Exhibit 3.1–43 visualizes this comparison. This chart includes the number of new affordable units generated from growth inside the study area. Alternative 1 No Action is expected to generate significantly less new affordable housing in the study area than either estimate of displaced low-income households. Both action alternatives and the Preferred Alternative are expected to generate nearly 10 times more new affordable housing than the higher historical trends estimate of displaced low-income households.

## Other Forms of Physical Displacement

As noted above, demolition is only one cause of physical displacement. For instance, property owners may terminate or discontinue the lease of renters in order to renovate an existing unit or change the use of the unit. The alternatives are not expected to have any difference in impacts to these kinds of displacement. However, these kinds of displacement are expected to continue in the future.

As shown previously in Exhibit 3.1–28, TRAO data provides some limited insight into the extent of these kinds of displacement. Additional analysis of TRAO records of displacement that occurred within the study area between 2013 through 2016 indicates than an average of 33 households with income 50 percent of AMI or below are displaced per year for these two reasons. But the number has been increasing over this short period of time. In 2016, 93 low-income households were displaced for these reasons. Nearly all were associated with renovation/rehabilitation permits.

Exhibit 3.1–44 shows the cumulative expected physical displacement of low-income households (income 50 percent of AMI or less) expected during the 20-year planning period, inclusive of displacement due to demolition, renovation, or change of use. The exhibit also includes displacement due to demolitions that are already permitted. The result is a more conservative estimate of physical displacement of low-income households. The total number of low-income households displaced for these reasons is slightly higher under the action alternatives and Preferred Alternative when using the historical trend estimate of demolitions. However, the total amount is still substantially less than the number of new affordable units expected to be generated during the same time period.

## Economic Displacement

The impacts of the ~~three~~ four alternatives on economic displacement are difficult to quantify. However, previous academic research as well as analysis findings discussed in 3.1.1 Affected Environment are relevant to an evaluation of potential impacts. The review of the academic research literature in Appendix I suggests that the increased housing supply provided in Alternatives 2, ~~and~~ 3, and the Preferred Alternative is likely to reduce upward pressure on market-rate housing costs and reduce economic displacement in the city and region overall when compared to Alternative 1 No Action. This research finding is supported by the

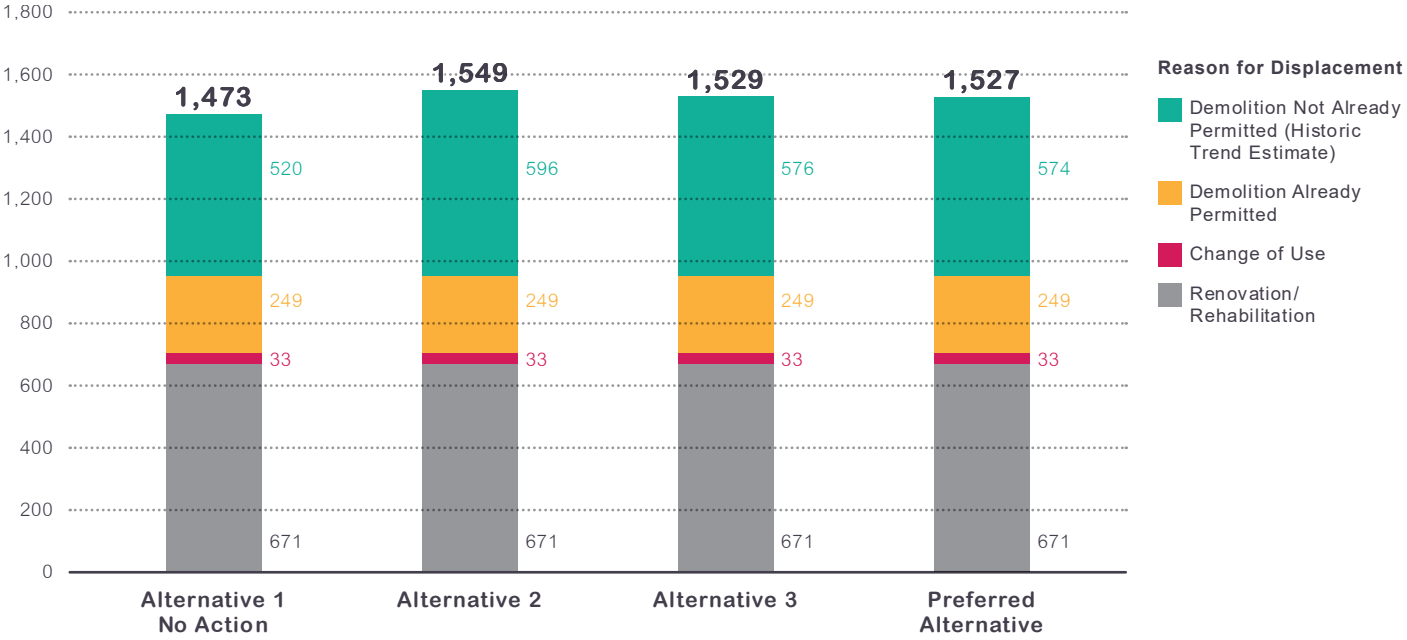


**Exhibit 3.1–44** Cumulative Estimate of Household 50% of AMI or Less Displaced Due to Demolition, Renovation, or Change of Use, 2015–2035

*Source: City of Seattle, 2017; BERK, 2017.*

historical analysis of average apartment rents in Seattle shown in Exhibit 3.1–21, which shows that rents stabilize or decline during periods of high vacancy and increase during periods of low vacancy. The findings in the academic research are also supported by the historical analysis of evidence of potential economic displacement shown in Exhibit 3.1–33, which finds that Seattle neighborhoods with more total housing production were somewhat more likely to see gains in low-income households. This same relationship is found among census tracts in all Displacement Risk and Access to Opportunity categories, and it is also found after accounting for ~~change in households that receive federal housing assistance~~ subsidized housing production during the same period. However, not all tracts show outcomes conforming to this general pattern.

Prior research has also found that the provision of subsidized housing is associated with a decrease in displacement (Zuk and Chapple 2016). This finding suggests that Alternatives 2, ~~and~~ 3, and the Preferred Alternative, which generate substantially more income-restricted affordable units, will reduce future economic displacement compared to Alternative 1 No Action.

Prior research reviewed in Appendix I also indicates that neighborhoods with greater variety of housing types are more likely to provide housing affordable to low-income households. The increased capacity for development in Lowrise and Residential Small Lot zones in Alternatives 2 and 3 has the potential to increase the diversity of housing types in neighborhoods throughout the study area, providing more housing options for more kinds of households. This too has potential to decrease economic displacement pressures.

Impacts at the neighborhood scale could vary from expected impacts for the city as a whole. New development can come with or precipitate amenities that increase demand for housing in a particular neighborhood, potentially increasing housing costs and increasing localized economic displacement. For this reason, there is potential that localized economic displacement pressures could vary by alternative.

## Cultural Displacement

Evaluating the potential impacts of the alternatives on cultural displacement is difficult, but reviewing the dynamics of cultural displacement can provide information about potential impacts. ~~However, e~~Cultural displacement is often precipitated by, and related to, physical and economic displacement. The findings outlined above for direct and economic displacement are also relevant to understanding the potential impacts on cultural displacement.

New development may have direct impacts on existing cultural institutions and businesses through demolition of commercial buildings. ~~But it can also increase the supply of commercial space. This additional supply would be expected to reduce competition for commercial space and the associated upward pressure on rents. This could have the impact of reducing the potential for the economic displacement of existing cultural intuitions and businesses.~~

## ~~Commercial Displacement~~

While this chapter focuses on residential displacement, it is important to note that businesses, institutions, and cultural anchors are also susceptible to displacement due to market pressures. Commercial displacement (including displacement of institutions and cultural facilities) is harder to quantify than residential displacement. Like a household, a business or gathering place can be physically displaced due to demolition. But while we know the number of housing units on

a given parcel, data about the number, type, or other characteristics of businesses spaces across all redevelopment parcels citywide is not available. Small businesses and cultural gathering places are also vulnerable to economic displacement and may be pressured to relocate when rents increase. Yet this is hard to predict because, like households whose income may fluctuate, struggling businesses may also need to relocate even if rents haven't changed.

Physical and economic displacement of households can also precipitate commercial displacement. This is especially true in cultural racial and ethnic minority communities and communities of color where culturally related businesses may struggle if their customer base can no longer afford to live in the neighborhood. Likewise, as discussed in 3.1.1 Affected Environment, displacement of small businesses, religious, and community gathering places, and other cultural institutions displacement can also further destabilize communities of marginalized populations, particularly racial and ethnic minorities.

Distinct from direct and economic displacement analyzed above, there are several ways cultural displacement, can be linked to greater amounts of housing or job growth.

- **Sensitivity to loss of culturally significant businesses or institutions:** As discussed in 3.1.1 Affected Environment, households in racial and ethnic minority communities may place a greater emphasis on the presence of cultural institutions and businesses in their location decision. Participating in the normal marketplace requires explicit cultural sacrifices. For example, people who intend to keep strictly halal or kosher would face limitations to social participation without the presence of cultural businesses. Therefore, loss of even a single cultural business or community institution can magnify cultural displacement impact because of an increased likelihood of subsequent household relocation decisions.
- **Changes in mores and norms:** Introduction of more households or employees in a neighborhood due to development—even when the development causes no direct physical displacement—may disrupt social cohesion of racial and minority communities and contribute to cultural displacement. New residents, employees, and business operators in new developments may have different expectations with regard to noise, aesthetics, language, and other aspects of everyday life. When the presence of new residents changes these mores and norms, existing racial and ethnic minority communities

may feel pressure to relocate. They may also be explicitly threatened by newcomers and the resultant power exchanges (O'Neil, 2017). Frequently these types of interactions are underlined with implicit threats of police or code enforcement actions.

- **Loss of place value:** When members of ethnic and cultural minority communities relocate, the loss of place value is greater than for other communities. Limited alternative locations exist in the region where the cultural businesses, institutions, and culturally significant social supports are present. Therefore, greater social cost results when ethnic and cultural communities relocate than for relocation of mainstream cultural households.

While limited data availability and the complexity of these phenomena make them very difficult to quantify, we can consider the relative likelihood of cultural displacement of racial and ethnic and minority communities that could occur under the alternatives by simply comparing the amount of new residential and commercial development in the areas of the city with highest shares of ethnic and racial minority populations. This assumes that cultural displacement of racial and ethnic minorities is more likely in these neighborhoods due to threat of direct displacement of minority-owned businesses or cultural institutions, and that this threat is independent of direct or economic displacement. The Assessment of Fair Housing (City of Seattle, 2017b) identifies census tracts with sizable shares of multiple racial/ethnic groups, including foreign-born populations as a percentage share of the population. Eight urban villages within those areas are shown in Exhibit 3.1–45 along with growth expected under each alternative.~~residential displacement is a helpful for proxy for understanding where commercial displacement might be more likely.~~

Comparing the total amounts of housing and job growth shows that every action alternative would result in more housing and job growth in urban villages with high percentage shares of racial and ethnic minority populations, and therefore the action alternatives are likely to cause relatively more cultural displacement of racial and ethnic minority populations than Alternative 1 No Action. Of the action alternatives, Alternative 2 would have the most growth in these communities and therefore slightly higher likelihood of cultural displacement than Alternative 3 or the Preferred Alternative. The Preferred Alternative would result in an amount of housing growth between Alternatives 2 and 3, and about the same number of new jobs as Alternative 3.

**Exhibit 3.1–45** Total 20-Year Housing Growth Urban Villages with High Percentage Share Racial and Ethnic Minority Populations

| | HOUSING | | | | JOBS | | | |
|---|---|---|---|---|---|---|---|---|
| **Urban Village** | **Alt. 1** | **Alt. 2** | **Alt. 3** | **Pref.** | **Alt. 1** | **Alt. 2** | **Alt. 3** | **Pref.** |
| **Rainier Beach** | 500 | 681 | 607 | 653 | 500 | 568 | 542 | 559 |
| **Othello** | 900 | 1,361 | 1,072 | 1,186 | 800 | 832 | 829 | 848 |
| **Westwood–Highland Park** | 600 | 939 | 790 | 865 | 100 | 114 | 105 | 113 |
| **South Park** | 400 | 646 | 550 | 462 | 300 | 313 | 313 | 313 |
| **Columbia City** | 800 | 1,205 | 1,049 | 1,217 | 800 | 903 | 870 | 896 |
| **North Beacon Hill** | 400 | 712 | 544 | 683 | 300 | 312 | 309 | 330 |
| **North Rainier** | 1,000 | 1,378 | 1,267 | 1,303 | 3,100 | 3,609 | 3,600 | 3,542 |
| **23rd & Union-Jackson** | 1,600 | 2,668 | 2,195 | 2,272 | 1,000 | 1,132 | 1,132 | 1,103 |
| ***Total*** | ***6,200*** | ***9,590*** | ***8,074*** | ***8,641*** | ***6,900*** | ***7,783*** | ***7,700*** | ***7,704*** |

*Source: City of Seattle, 2017.*

**New to the FEIS**

FEIS Exhibit 3.1–45 is new since issuance of the DEIS

Note that under all alternatives housing and job growth is expected to occur over the 20-year period, and some cultural displacement of ethnic and cultural minority communities could result. The action alternatives result in a relatively small increment of growth in these communities compared to No Action. 72 percent of the Preferred Alternative's residential growth would occur over the 20-year period under Alternative 1 No Action, and 90 percent of the Preferred Alternative's job growth would occur under Alternative 1 No Action.

There is also the possibility that increased commercial development in an area could reduce competition for commercial space and associated upward pressure on rents. This could have the impact of reducing the potential for economic displacement of existing cultural institutions and businesses. Furthermore, Affordable housing developments supported by MHA may have a commercial component in mixed use development which could also provide space for local businesses. From this perspective, the relationship between growth and cultural displacement can vary and is context dependent.

# Key Findings—Impacts Common to All Alternatives

## Housing Supply

- All ~~three~~ four alternatives have sufficient capacity to accommodate planned growth. Alternative 2, ~~and~~ Alternative 3, and the Preferred Alternative are better able to accommodate strong housing growth than Alternative 1 No Action because they increase total capacity for housing.
- Alternatives 2 and 3 provide greater housing capacity and supply lowrise, midrise and residential small lot housing. They also provide a greater share of total housing supply in these housing categories, which has potential to diversify the supply of new housing. The Preferred Alternative provides even greater supply in these categories, and had the greatest potential to provide for a diversity of housing options.

## Housing Affordability

- Alternatives 2 and 3 and the Preferred Alternative would provide increased market-rate housing supply, which is likely to reduce upward pressure on market-rate housing costs compared to Alternative 1 No Action.
- For low-income households, the most significant positive impact on housing affordability will be the production of new income-restricted affordable units.
- While all alternatives result in some new rent- and income-restricted units in the study area, the action alternatives and Preferred Alternative would generate about 28 times more rent- and income-restricted units than Alternative 1 No Action.
- Considering the distribution of total citywide MHA payments, including from development outside the study area, the action alternatives and Preferred Alternative would result in about 135 to 138 percent more rent- and income-restricted units built in the study area compared to Alternative 1 No Action.
- MHA affordable units would provide benefits to low-income households in the form of savings of 27-48 percent from the current average market price for rental housing.
- Increased production of rent- and income-restricted units would disproportionally serve people of color because low-income households are more likely to be households of color and because subsidized housing programs have historically served high percentages of non-white households.

## Displacement

- Alternatives 2 and 3 and the Preferred Alternative could result in more total demolished units than Alternative 1 No Action.
- Alternatives 2 and 3 and the Preferred Alternative would produce more new housing in the study area for every demolished unit—about 14 new units for every demolition compared to 10 under Alternative 1 No Action.
- In Alternatives 2 and 3 and the Preferred Alternative, about 10 rent- and income-restricted units would be generated from growth in the study area for every low-income household (under 50 percent of AMI) physically displaced due to demolition. Alternative 1 No Action would generate far fewer affordable units than Alternatives 2 and 3—and fewer affordable units than low-income households physically displaced due to demolition.
- Based on assumptions about the distribution of affordable units funded using citywide MHA payments, including from development outside the study area, about 13 new affordable units would be built in the study area in Alternatives 2 and 3 and the Preferred Alternative, for every low-income household (under 50 percent of AMI) physically displaced due to demolition, compared to six under Alternative 1 No Action.
- Additional housing supply provided in Alternatives 2 and 3 and the Preferred Alternative would reduce economic displacement pressures compared to Alternative 1 No Action. However, impacts could vary by neighborhood.
- Additional housing and job growth under the action alternatives and Preferred Alternative could incrementally increase the likelihood of cultural displacement of racial and ethnic minority populations compared to Alternative 1 No Action.

# IMPACTS OF ALTERNATIVE 1 NO ACTION

## Housing Supply

Maintaining current zoning, maximum height limits, and maximum FAR limits in the study area would provide enough theoretical capacity for household growth in the study area to accommodate population projected in Seattle 2035. This alternative is expected to result in 45,361 net new housing units, about 37 percent less than the action alternatives.

## Affordable Housing

Housing affordability challenges in Seattle are likely to persist, particularly for low- and moderate-income households. Alternative 1 No Action would not implement MHA in the study area and would result in substantially less affordable housing than the action alternatives. Alternative 1 is expected to add 3,155 new affordable units located throughout the study area as a result of MHA payments generated from development outside the study area and the existing IZ program. This is about 58 percent less new affordable housing than Alternative 2 and 57 percent less than Alternative 3.

## Displacement

Physical displacement of between 278 and 520 low-income households could occur in the study area due to the demolition of existing housing units to provide for expected redevelopment. The lower estimate is slightly higher than expected under the action alternatives, while the high estimate is slightly lower than expected under the Action Alternatives. While all alternatives are expected to result in similar amount of displacement, Alternative 1 No Action would result in substantially fewer new affordable units and less market-rate housing supply per displaced household. Additionally, the smaller growth in housing supply compared to the action alternatives could result in greater upward pressure on housing costs and additional economic displacement under Alternative 1 No Action.

The smaller amount of total growth expected in Alternative 1 No Action, particularly in urban villages with high percentage share of racial and ethnic minority populations, has potential to result in less cultural displacement pressure than the action alternatives and Preferred Alternative.

# IMPACTS OF ALTERNATIVE 2

## Housing Supply

Alternative 2 would increase capacity for new housing growth compared to Alternative 1 No Action. This alternative is expected to result in 63,070 net new housing units, 39 percent more than expected under Alternative 1 No Action and roughly the same as Alternative 3. It also provides the greatest capacity for low-rise and residential small lot housing, and therefore has the greatest potential to provide for additional family-sized housing supply.

As shown in Exhibit 3.1–46, the greatest share of new housing growth (21,925 units, or about 35 percent) is expected in areas with high displacement risk and high access to opportunity. Slightly less housing growth (19,839 units, about 32 percent) would be in areas with low displacement risk and high access to opportunity. Compared to Alternative 3~~2~~, Alternative 2~~3~~ would have about 14 percent more total housing units in high displacement risk and low access to opportunity areas like Rainier Beach, Othello, and Westwood–Highland Park. Conversely, Alternative 2 would have about 17 percent less total new housing in areas with low displacement risk and high access to opportunity like Green Lake, Wallingford, and Madison–Miller. Average housing prices in these areas tend to be among the city's highest, and therefore they are places where additional market-rate housing could moderate high competition for housing for moderate- and high-income households.

**Exhibit 3.1–46** Estimated Total Net New Housing Units by Alternative

| | Alternative 1 No Action | Alternative 2 | Alternative 3 | Preferred Alternative |
|---|---|---|---|---|
| **High Displacement Risk & High Access to Opportunity** | 13,800 | 21,925 | 17,899 | 18,885 |
| **Low Displacement Risk & High Access to Opportunity** | 15,028 | 19,839 | 23,880 | 22,562 |
| **High Displacement Risk & Low Access to Opportunity** | 3,700 | 5,143 | 4,520 | 4,644 |
| **Low Displacement Risk & Low Access to Opportunity** | 1,400 | 1,963 | 2,373 | 2,088 |
| **Outside Urban Villages** | **11,433** | **14,199** | **14,186** | **14,179** |
| **Total in Study Area** | **45,361** | **63,070** | **62,858** | **62,387** |

*Source: City of Seattle, 2017.*

## Housing Affordability

Increasing housing supply has the potential to reduce upward pressure on housing costs and moderate continued increases in average market rents. However, housing affordability challenges are expected to persist, particularly for low- and moderate-income households.

Alternative 2 would implement MHA in the study area, linking new development to the production of new affordable units. This would contribute to the production of 7,513 new affordable units, about 4,358 more affordable units in Alternative 1 No Action, an increase of 138 percent. Total production of affordable units would be just slightly higher than Alternative 3, 98 additional units.

Similar to the differences in the distribution of total new housing supply, areas with high displacement risk and high access to opportunity, such as Columbia City, First Hill–Capitol Hill, and North Beacon Hill are assumed to receive the greatest share of new affordable housing in Alternative 2.[21] This would increase the number of low-income households able to find affordable housing in areas with high displacement risk areas that also provide good access to opportunity.

Conversely, compared to Alternative 3, Alternative 2 would yield fewer rent- and income-restricted MHA housing units in areas with low displacement risk and high opportunity areas like Green Lake,

**Exhibit 3.1–47** Estimated Total MHA and IZ Affordable Housing Units by Displacement Risk and Access to Opportunity

| | Alternative 1 No Action | Alternative 2 | Alternative 3 | Preferred Alternative |
|---|---|---|---|---|
| **High Displacement Risk & High Access to Opportunity** | 949 | 2,633 | 2,031 | 2,192 |
| **Low Displacement Risk & High Access to Opportunity** | 1,079 | 2,337 | 2,903 | 2,746 |
| **High Displacement Risk & Low Access to Opportunity** | 250 | 620 | 525 | 549 |
| **Low Displacement Risk & Low Access to Opportunity** | 94 | 246 | 307 | 266 |
| **Outside Urban Villages** | **783** | **1,677** | **1,649** | **1,665** |

*Source: City of Seattle, 2017.*

*21 As noted in Chapter 2, the distribution of affordable units from MHA payment are more difficult to predict. The alternatives assume that MHA payment units will be distributed according to each urban village's share of total citywide residential growth.*

Wallingford, Madison–Miller, and Ballard. This would result in fewer affordable housing opportunities in neighborhoods where housing costs are among the city's highest and access to opportunity is high.

## Displacement

Alternative 2 is expected to result in the physical displacement of between 277 and 596 low-income households due to demolition of housing units that is not already permitted. The higher estimate is about 15 percent greater than expected under Alternative 1, but the lower estimate is slightly lower than expected under Alternative 1 No Action. Alternative 2 would result in a similar total number of low-income households experiencing physical displacement compared to Alternative 3. The pattern of displacement would vary between these alternatives, with Alternative 2 expected to result in more displacement in areas with high displacement risk.

Compared to Alternative 1 No Action, the additional housing supply in Alternative 2 is expected to reduce upward pressure on market-rate housing costs. Alternative 2 would also generate significantly more income-restricted affordable housing than Alternative 1 No Action. As a result, Alternative 2 is expected to reduce economic displacement compared to Alternative 1 No Action.

To summarize, throughout the city as a whole, there is little difference between Alternative 2 and Alternative 3 in the amount of expected physical displacement of low-income households. Alternative 2 focuses more growth in urban villages with high displacement risk and high access to opportunity. The additional housing supply has the potential to reduce economic displacement pressures in those same neighborhoods. However, new growth also has the potential to attract new amenities that could increase housing demand and potentially increase economic displacement in some neighborhoods, even while reducing economic displacement pressures in the city as a whole.

# IMPACTS OF ALTERNATIVE 3

## Housing Supply

Alternative 3 would increase capacity for new housing growth compared to Alternative 1 No Action. Alternative 3 is expected to result in 62,858 net new housing units, 39 percent more than expected in Alternative 1 No Action and roughly the same as Alternative 2. The greatest share of new housing growth (about 38 percent) would occur in areas with low displacement risk and high access to opportunity like Green Lake, Wallingford, Madison–Miller, and Ballard. As noted above, Alternative 3 would yield more total housing than Alternative 2 in these areas. Given the strong housing demand in these neighborhoods, additional housing could result in more housing opportunities and less upward pressure on housing costs in these areas.

In Alternative 3, about 29 percent of housing growth would occur in areas with high displacement risk and high access to opportunity, such as First Hill–Capitol Hill, North Beacon Hill, and Northgate. This is more than 4,000 fewer total housing units in these areas compared to Alternative 2. Additional housing supply in these neighborhoods could have positive effects because it could reduce competition for market-rate housing, particularly among households in the middle- and upper-income groups. Alternative 3 provides less new housing supply in these areas that could moderate upward pressure on housing costs than expected under Alternative 2. This expected outcome is a result of an intentional guiding of additional growth capacity to urban villages with low displacement risk.

Compared to Alternative 2, Alternative 3 would yield more than 600 fewer total housing units in urban villages with high displacement risk and low access to opportunity, such as Rainier Beach, Othello, and South Park.

## Housing Affordability

Increasing housing supply has the potential to help reduce upward pressure on housing costs and moderate increases in average market rents. However, housing affordability challenges are expected to persist, particularly for low and moderate income households.

Alternative 3 would implement MHA in the study area, linking all new development in the study area to the production of new affordable units. This is expected to contribute to the production of 7,415 new affordable units, or 4,260 more affordable units than expected in Alternative 1 No

Action, an increase of 135 percent. Total production of affordable units in Alternative 3 would be 98 units fewer than Alternative 2.

In Alternative 3, areas with low displacement risk and high access to opportunity, such as Madison–Miller, Wallingford, and Ballard, are assumed to receive the greatest share of new affordable housing, based on assumed distribution based on an urban village's share of citywide residential growth.[22] More rent- and income-restricted housing in these locations would have a positive housing impact because more low-income households could live in areas with high average housing costs and good access to opportunity.

Alternative 3 is estimated to produce fewer new income-restricted affordable units in areas with high displacement risk and high access to opportunity, such as Columbia City, North Beacon Hill, and Northgate, compared to Alternative 2. Income-restricted affordable housing in these locations would have a positive housing impact because it makes housing available to low-income households in areas with high access to opportunity but where housing costs are increasing. Many of these neighborhoods also have historically high percentages of people of color. It may be concluded, therefore, that Alternative 3 provides weaker affordable housing benefits to low-income households in high displacement risk and high access to opportunity areas than Alternative 2.

## Displacement

Alternative 3 is expected to result in the physical displacement of between 286 and 576 low income households due to demolition of housing units that is not already permitted. The higher estimate is about 11 percent greater than expected under Alternative 1, but the lower estimate is slightly lower than expected under Alternative 1. As noted above, Alternative 3 is expected to result in a similar total number of physically displaced low income households as is expected in Alternative 2. By focusing less growth in areas with high displacement risk and high access to opportunity, Alternative 3 is expected to result in less physical displacement of low-income households in these areas. As noted above, this is ~~a~~ an expected outcome of intentional guiding of additional growth capacity, and therefore expected housing growth, to urban villages with low displacement risk.

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*22 As noted in Chapter 2, the distribution of affordable units from MHA payment are more difficult to predict. The alternatives assume that MHA payment units will be distributed according to each urban village's share of total citywide residential growth.*

The greater housing supply compared to Alternative 1 is expected to reduce upward pressure on market-rate housing costs and therefore also reduce pressures that cause economic displacement. Likewise, the greater supply of new affordable units is also expected to reduce the economic displacement of low-income households compared to Alternative 1.

To summarize, throughout the city as a whole there is little difference between Alternative 3 and Alternative 2 in the amount of expected physical displacement of low-income households. Alternative 3 focuses less growth in urban villages with high displacement risk and high access to opportunity. Compared to Alternative 2, the smaller supply of both market-rate housing and new affordable housing in these neighborhoods has the potential to increase economic displacement pressures in those neighborhoods.

## IMPACTS OF THE PREFERRED ALTERNATIVE

**New to the FEIS**

*Impacts of the Preferred Alternative* is a new section since issuance of the DEIS

### Housing Supply

The Preferred Alternative would increase capacity for new housing growth compared to Alternative 1 No Action. It is expected to result in 62,387 net new housing units, 38 percent more than expected in Alternative 1 No Action and just one percent less than Alternatives 2 and 3. The greatest share of new housing growth (about 36 percent) would occur in areas with low displacement risk and high access to opportunity like Green Lake, Wallingford, Madison–Miller, and Ballard. This is slightly lower than Alternative 3 and higher than Alternative 2 or Alternative 1 No Action. Given the strong housing demand in these neighborhoods, additional housing could result in more housing opportunities and less upward pressure on housing costs in these areas.

In the Preferred Alternative, about 30 percent of housing growth would occur in areas with high displacement risk and high access to opportunity, such as First Hill–Capitol Hill, North Beacon Hill, and Northgate. This is about 3,000 fewer total housing units in these areas compared to Alternative 2 and about 1,000 more than Alternative 3. Additional housing supply in these neighborhoods could have positive effects because it could reduce competition for market-rate housing, particularly among households in the middle- and upper-income groups. The Preferred Alternative provides less new housing supply in these areas that could moderate upward pressure on housing costs than expected under

Alternative 2. This expected outcome is a result of moderating growth capacity increases in urban villages with high displacement risk.

Compared to Alternative 2, the Preferred Alternative would yield about 500 fewer total housing units in urban villages with high displacement risk and low access to opportunity, such as Rainier Beach, Othello, and South Park. Compared to Alternative 3, the Preferred Alternative would yield about 100 more units in these areas.

Finally, the Preferred Alternative includes greater capacity in residential small lot and lowrise zones than any of the other alternatives. As a result, it has the greatest potential among the alternatives to support greater housing diversity, including family-sized housing formats such as townhomes and small lot single family homes.

## Housing Affordability

Increasing housing supply has the potential to help reduce upward pressure on housing costs and moderate increases in average market rents. However, housing affordability challenges are expected to persist, particularly for low and moderate income households.

The Preferred Alternative would implement MHA in the study area, linking all new development in the study area to the production of new affordable units. This is expected to contribute to the production of 7,418 new affordable units, about the same as Alternative 3 and 95 units less than Alternative 2. The Preferred Alternative is expected to contribute about 4,260 more affordable units than expected in Alternative 1 No Action.

## Displacement

The Preferred Alternative is expected to result in about the same range of low-income household physical displacement impacts as Alternative 2 and Alternative 3 due to demolition of housing units that is not already permitted. The higher estimate is about 10 percent greater than expected under Alternative 1. The lower estimate of physical displacement is expected to be within the range of Alternatives 2 and 3, which are both lower than Alternative 1 No Action.

By focusing less growth in areas with high displacement risk and high access to opportunity, the Preferred Alternative is expected to result in less physical displacement of low-income households in these areas than would be the case under Alternative 2, and just slightly higher than Alternative 3. As noted above, this is an expected outcome of moderating growth capacity within urban villages that have higher displacement risk.

The greater housing supply compared to Alternative 1 is expected to reduce upward pressure on market-rate housing costs and therefore also reduce pressures that cause economic displacement. Likewise, the greater supply of new affordable units is also expected to reduce the economic displacement of low-income households compared to Alternative 1.

While the Preferred Alternative is expected to reduce economic displacement pressures, there is some potential that it could increase cultural displacement pressures in some urban villages, as discussed previously. Within urban villages at highest risk of cultural displacement, the Preferred Alternative will yield less new housing growth than Alternative 2, and would be expected to have relatively lower cultural displacement impacts.

# 3.1.3 MITIGATION MEASURES

Under all alternatives, including Alternative 1 No Action, housing affordability and displacement would continue to be significant concerns.

## INCORPORATED PLAN FEATURES

MHA requires the production of new affordable housing for households with incomes at or below 60 percent of AMI, mitigating to some extent the impacts of commercial and market-rate residential development in creating a need for affordable housing. By implementing MHA in the study area while increasing development capacity, the action alternatives both provide increased housing supply generally and additional affordable housing, neither of which would occur under Alternative 1 No Action. The differences in affordable housing production are detailed in 3.1.2 Impacts.

The Preferred Alternative moderates development capacity increases in urban villages with high displacement risk. These urban villages have high overlap with areas of the city that have relatively higher percentages of racial and ethnic minority populations. Moderating growth capacity in these areas mitigates the potential for cultural displacement of racial and ethnic minority populations.

## ADDITIONAL STRATEGIES FOR PROVIDING AFFORDABLE HOUSING BEYOND THE PROPOSAL

### Affirmatively Further Fair Housing

OH makes investment decisions for the use of housing funds, including potential MHA funds, based on several criteria. One of the criteria is affirmatively furthering fair housing. This strategy specifically addresses the needs of communities of color and other disadvantaged populations. In addition to increasing housing choice by strategically locating new affordable housing, Office of Housing will also work with private owners to ensure that affordable units are affirmatively marketed to those with higher barriers to accessing housing.

### Affordable Housing Funding Programs

Apart from MHA, several additional sources fund preservation and creation of affordable housing in Seattle. The Federal low-income

housing tax credit (LIHTC) program is the primary source of funding for low-income housing development in Washington State. Locally, the City uses voter-approved Housing Levy funds and contributions from developers through the existing Incentive Zoning program. The City has funded more than 13,000 units since 1981 through its Rental Production and Preservation Program. In August 2016, Seattle voters approved a new Housing Levy that will raise $290 million over seven years. Other programs funded by the current Seattle Housing Levy include:

- Acquisition and Preservation Program: Short-term funding to permit strategic acquisition of property for low-income housing preservation and development
- Operating and Maintenance Program: annual operating and maintenance subsidies for buildings housing extremely low income and formerly homeless residents
- Homeownership Program: low-interest deferred loans to first-time homebuyers and development subsidies for long-term resale restricted ownership housing
- Homelessness Prevention and Housing Stability Program: combination of housing stabilization support services and financial assistance to serve those who are homeless or at risk of homelessness

### ~~Regional Equitable Development Initiative (REDI) Fund~~

In response to the significant investments being made in transit, the public-private Regional Equitable Development Initiative (REDI) Fund was created to help finance the acquisition of property along transit corridors to preserve the affordability of future housing and community facilities. The City participates in the REDI Fund, which uses public funds to leverage private investment, making a total of $21 million available across the region.

## Multifamily Tax Exemption Program (MFTE)

In October 2015, the Seattle City Council passed Ordinance 118505 renewing and expanding the Multifamily Tax Exemption (MFTE) program. MFTE incentivizes builders to rent- and income-restrict 20 percent of housing units in new multifamily structures. In exchange for on-site

affordability, the City provides a partial property tax exemption for up to 12 years. This program is available in all multifamily areas throughout the city.

At least 20 percent of units in buildings containing the minimum number of dwelling units with two or more bedrooms, and 25 percent of units in buildings not containing the minimum number of two-bedroom units, must be affordable and rented to households up to following income levels:

- 40 percent of AMI for congregate residences or small efficiency dwelling units
- 65 percent of AMI for studio units
- 75 percent of AMI for one-bedroom units
- 85 percent of AMI to two-bedroom units
- 90 percent of AMI for three-bedroom and larger units

All ~~three~~ four alternatives in this proposal are expected to see growth in the number of affordable units incentivized through the MFTE program. Between 2011 and 2015, approximately 17 percent of all new units in multifamily buildings built in Seattle between 2011 and 2015 were rent-restricted through this program. It is expected that this program will continue to produce units in all ~~three~~ four alternatives.

## Incentive Zoning

The City has a voluntary Incentive Zoning program that allows participating developers to achieve floor area beyond base density or height in their projects in selected zones and neighborhoods by either providing a modest number of affordable units onsite or by contributing to the City's housing development capital fund. Once MHA is implemented, incentive zoning affordable housing requirements will automatically be satisfied through compliance with MHA, where applicable. Non-housing Incentive Zoning benefits such as open space, childcare, and transfer of development rights remain unchanged with MHA.

The development capacity increases in the action alternatives evaluated above could be implemented with Incentive Zoning if implementation of MHA did not occur. Affordable housing constructed would be considerably less than the under the action alternatives.

## Other Potential New Resources for Affordable Housing

The City, in partnership with other cities, nonprofit housing providers, unions, and advocates, could explore new financial tools to incentivize the preservation of existing rental homes if property owners set aside units in their buildings for low-income tenants.

There is precedent in other high-cost areas, like Silicon Valley, for cities to partner with major employers on affordable housing. The City could further develop partnerships with major local employers to encourage employer-based solutions to expand housing choices close to job centers.

If some combination of the strategies for potential new resources described above are further developed during the planning period, additional mitigation that helps meet affordable housing needs could be achieved.

**New to the FEIS**

*Other Potential New Resources for Affordable Housing* summarizes potential new resources under a single heading—this section replaces the following sections from the DEIS: *Property Tax Exemption with Goal of Preserving Apartment Buildings*, *Local Voluntary Employers Fund*, and *Real Estate Excise Tax for Affordable Housing*

# ADDITIONAL ANTI-DISPLACEMENT MEASURES

## Strengthened Tenant Protections

In August 2016, the City Council passed Ordinance 118755 banning discrimination against prospective tenants who use alternative forms of income to pay rent, such as social security, disability, child support, or unemployment. This expanded existing protections for tenants paying for housing with federal Section 8 vouchers.

## Tenant Relocation Assistance

The Tenant Relocation Assistance Ordinance is designed to help partially mitigate the impacts of physical displacement by requiring developers to pay relocation assistance to tenants with incomes at or below 50 percent of AMI who must move because their rental will:

- Be torn down or undergo substantial renovation
- Have its use changed (for example, from apartment to a commercial use or a nursing home)
- Have certain use restrictions removed (for example a property is no longer required to rent only to low-income tenants under a federal program)

## Strengthen Tenant Relocation Assistance Ordinance

Due to high housing costs, displaced lower-income tenants have difficulty finding replacement housing in Seattle. The TRAO program currently provides a payment of $3,255 to renter households with incomes at ~~earning~~ 50 percent of AMI or less to help them secure new housing. The City could increase the effectiveness of the TRAO program by:

- Providing assistance to tenants with language barriers or those suffering from mental illness or cognitive disabilities.
- Revising the definition of "tenant household." Under the existing definition, all low-income tenants on a lease are treated as members of one household and granted only one quota of relocation assistance, even if they are roommates who do not intend to seek housing together again.
- Seek authorization in State law to increase the eligibility level for TRAO payments from 50 percent of AMI to 80 percent of AMI.

## Seattle Equitable Development Initiative

In 2016, the Office of Planning and Community Development created the Equitable Development Initiative (EDI), a set of strategies that emerged from the Growth and Equity Report, part of the Seattle 2035 Comprehensive Plan update. The EDI involves many different City departments coordinating to address equity in our underserved communities and displacement as Seattle grows. Various EDI strategies are intended to:

- Advance economic mobility and opportunity
- Prevent residential, commercial, and cultural displacement
- Build on local cultural assets
- Promote transportation mobility and connectivity
- Develop healthy and safe neighborhoods

## Other Cultural Displacement Mitigation

**New to the FEIS**

*Other Cultural Displacement Mitigation* is a new section since issuance of the DEIS

Since the potential for cultural displacement of racial and ethnic minority populations is higher for action alternatives, additional mitigation measures may be required. Actions that support the retention of existing cultural businesses or institutions, and actions that would support the creation of new cultural businesses or institutions that support social cohesion in minority racial and ethnic communities may be effective mitigation. Several examples of potential actions, in addition to the Equitable Development Initiative, follow:

- New funding sources could be combined with affordable housing programs administered by Office of Housing to support ground-floor commercial space for culturally significant businesses or cultural institution tenants. In several zones, development regulations require active ground-floor uses such as commercial or institutional uses. New resources could enable OH to partner with non-profit affordable housing providers to include culturally significant businesses or institutions on the ground floor of OH supported housing developments.
- In May 2017, the City of Seattle's Office of Arts and Culture released the report "30 Ideas for the Creation, Activation, and Preservation of Cultural Space," or the CAP report. Implementing strategies in the CAP report could mitigate potential cultural displacement.
- The Office of Economic Development has various programs to support small businesses including racial and ethnic minority small businesses. These include the Only in Seattle grant program, and technical assistance to small business owners. Increased annual allocations for these programs could mitigate cultural displacement.
- New development regulations could be created that require or incentivize a portion of ground floor commercial space to include smaller-sized retail spaces. Smaller retail spaces are more likely to meet the needs of small businesses, including businesses serving racial and ethnic minority populations.

## 3.1.4 SIGNIFICANT UNAVOIDABLE ADVERSE IMPACTS

Implementing MHA cannot meet the entire need for affordable housing. Seattle will continue to face housing affordability challenges. The Seattle 2035 Comprehensive Plan Final EIS found a significant unavoidable adverse impact in the area of housing, stating that Seattle would continue to face a housing affordability challenge under all alternatives studied. The HALA Advisory Committee set a goal of adding or preserving 50,000 housing units by 2025, including 20,000 rent or income-restricted housing units. Implementing MHA in the study area would contribute significantly to meeting this citywide goal by resulting in the generation of more than 5,500 rent- and income-restricted housing units from development in the study area over 20 years. Implementing MHA in the study area would be a step towards mitigating the housing affordability challenge identified in the Seattle 2035 Comprehensive Plan, but it would not fully alleviate the need for affordable housing. Some demolition of housing and displacement of existing residents will occur with or without MHA. Housing costs will continue to be a burden for a segment of the Seattle's population due to high demand and competition for housing generated by a strong job market and attractive natural and cultural amenities. Therefore, even with implementation of MHA in the study area, Seattle will continue to face a significant challenge in the area of housing affordability. This condition is a result of market and economic forces, however, and not an impact of MHA.

MHA has been constructed so that the additional capacity provided through zoning changes can support the additional costs borne by developers for affordable housing. While the City's research and economic studies indicate that program costs are reasonable, developers may experience some financial impact. Whether such costs are absorbed by developers or passed along to users will depend on complex circumstances that vary with individual circumstances and cannot be estimated. These types of financial economic impacts are not elements of environmental review under SEPA.