

Housing Choices

Market Rate Housing Needs & Supply

Presentation to Seattle Planning Commission

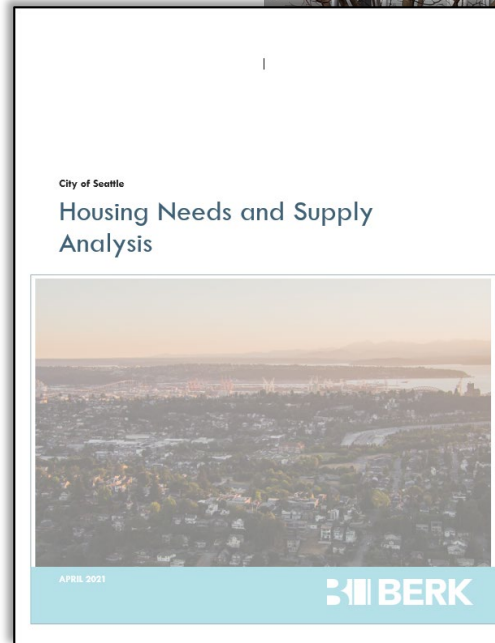
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4/22/21



Agenda

- Background and context
- Market Rate Housing Needs & Supply Analysis
 - Preview findings of forthcoming report
 - Feedback on main takeaways
 - Look forward to potential housing strategies





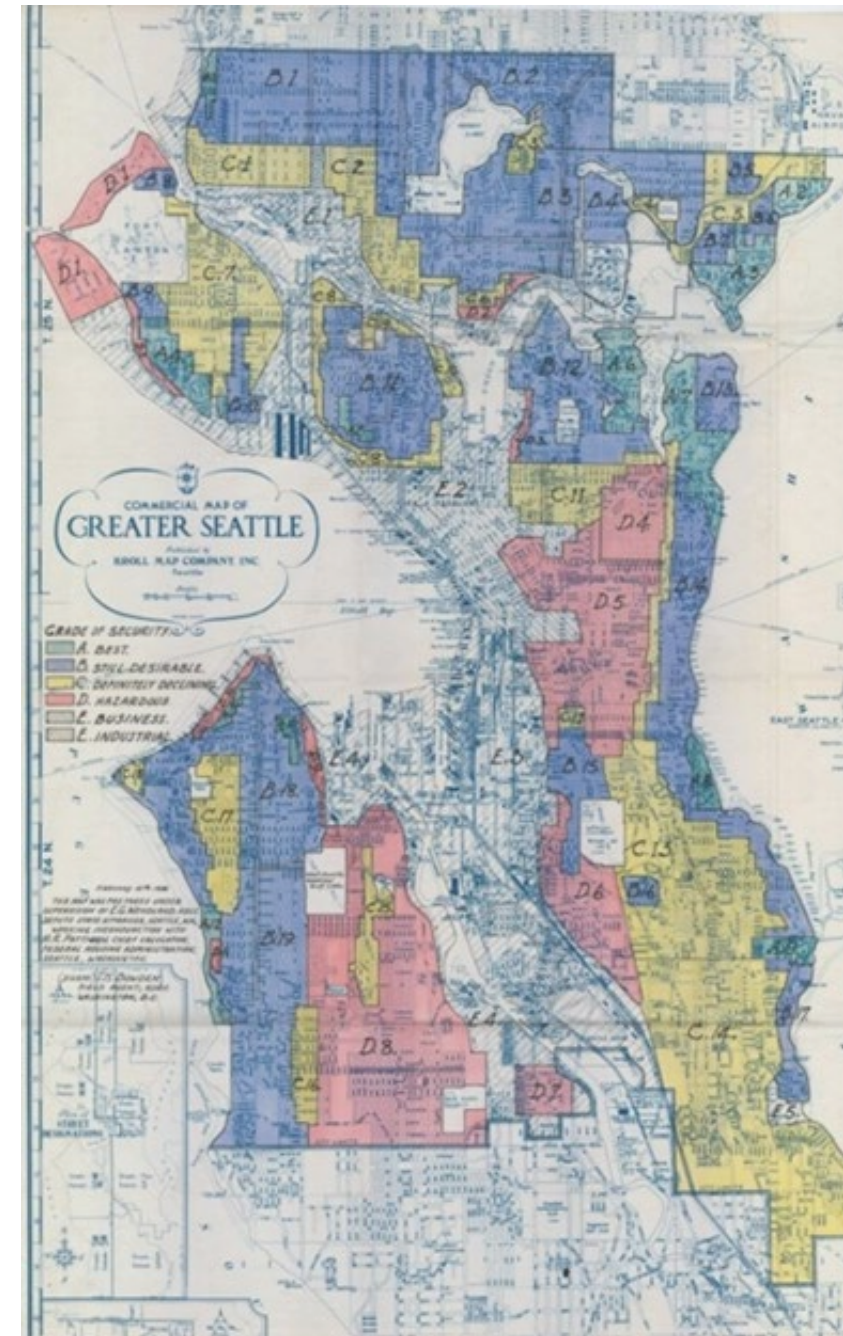
Background

- Funded by a grant from the WA Dept. of Commerce – HB 1923 Housing Grant Program
- Analysis by BERK Consulting
- Focus on market rate housing
- Builds on significant work to date, including:
 - Affordable Middle-Income Housing Advisory Council (AMIHAC)
 - Housing Choices public conversations
- Resource for Comprehensive Plan update and other policy initiatives

Why are we doing this work?

Seattle wants to be an inclusive and welcoming city

- Housing policies and practice have fostered racial and economic exclusion
- Market rate housing cost and availability is a huge barrier to economic mobility
- Shifting the housing market is a necessary part of addressing the housing crisis and rising inequality



What have we heard?

From Housing Choices outreach in 2019,
and other stakeholder engagement

The City should adopt strategies to:

- Increase the supply of housing and reduce the cost of development
- Increase the diversity of units throughout Seattle to allow more people to stay in neighborhoods they love
- Reduce displacement pressure
- Create more homeownership opportunities
- Create more accessible housing options
- Support walkable, complete neighborhoods



Overview of Analysis

Focused on **market-rate** housing needs and supply

Addresses:

- Rental and ownership
- Demographics and income
- Recent trends and current market conditions
- Seattle's role in the county/region
- Future needs and supply out to 2045



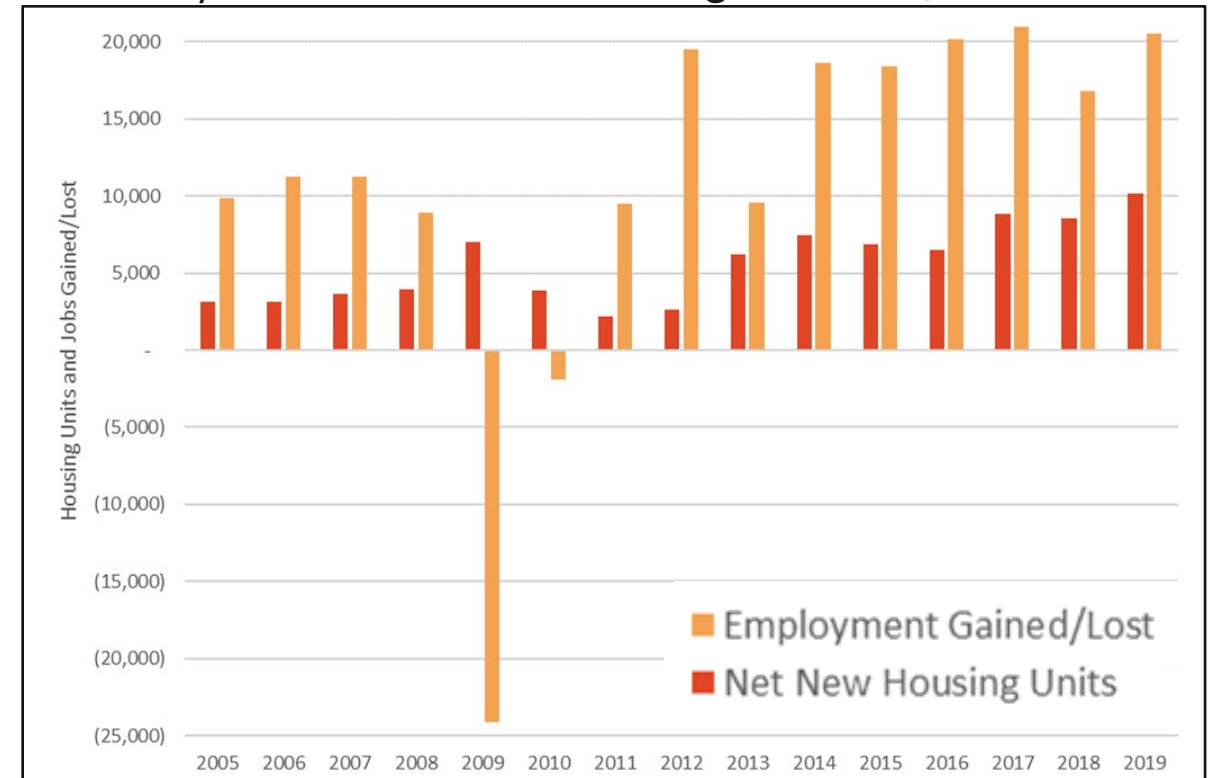
Key Findings

Current market conditions & Recent trends

Despite a historic surge in new construction, housing supply is not keeping pace with demand

Between 2005 and 2019, Seattle would have needed to produce an additional 9,000 housing units to maintain its baseline ratio of jobs to housing units

Net Gain/Loss of Jobs and Housing in Seattle, 2005-2019

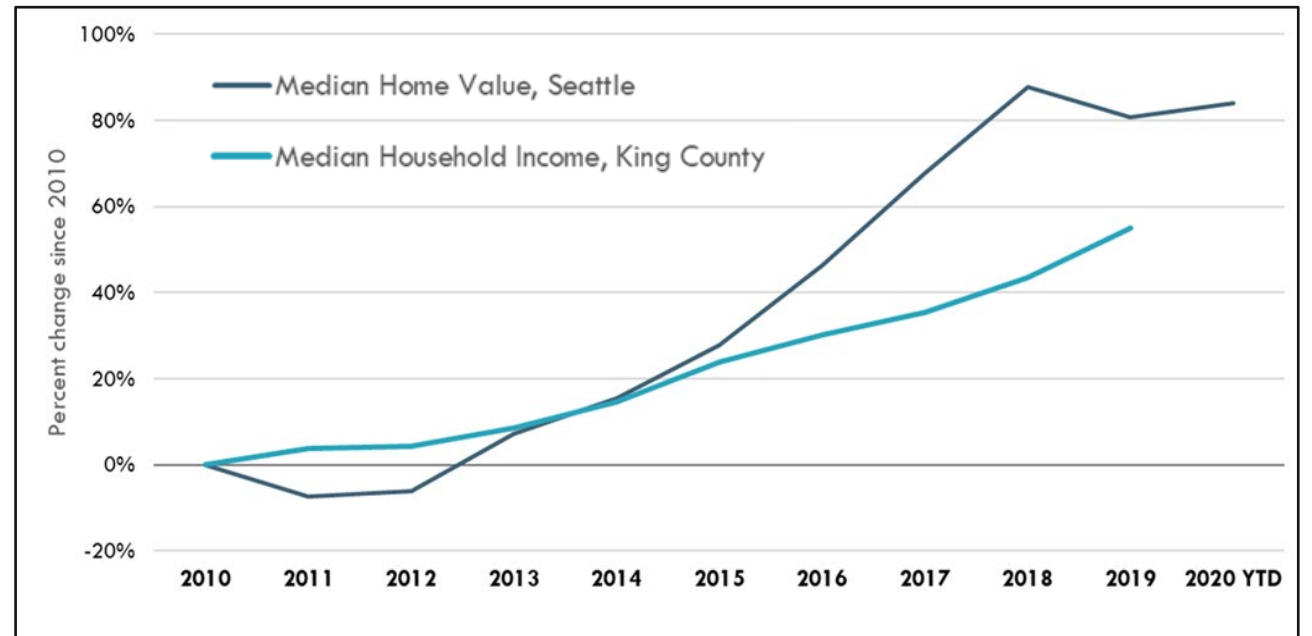


Source: City of Seattle, 2020; Emsi, 2020; BERK, 2020

Housing prices have risen much faster than incomes

Lack of supply and increasing construction costs are driving significant housing cost increases

Change in Single-Family Home Value and Household Income, 2010-2020



Sources: Zillow, 2020; Census ACS 1-Year Estimates, 2010 - 2019; CoStar, 2020; BERK, 2020.

Ownership options have become more scarce and more unaffordable

- The median home price in Seattle is affordable to a household making **170%** of the area median income
- More than **80%** of units built 2010-2019 are rentals



There is a shortage of rental units affordable and available to lower-income households



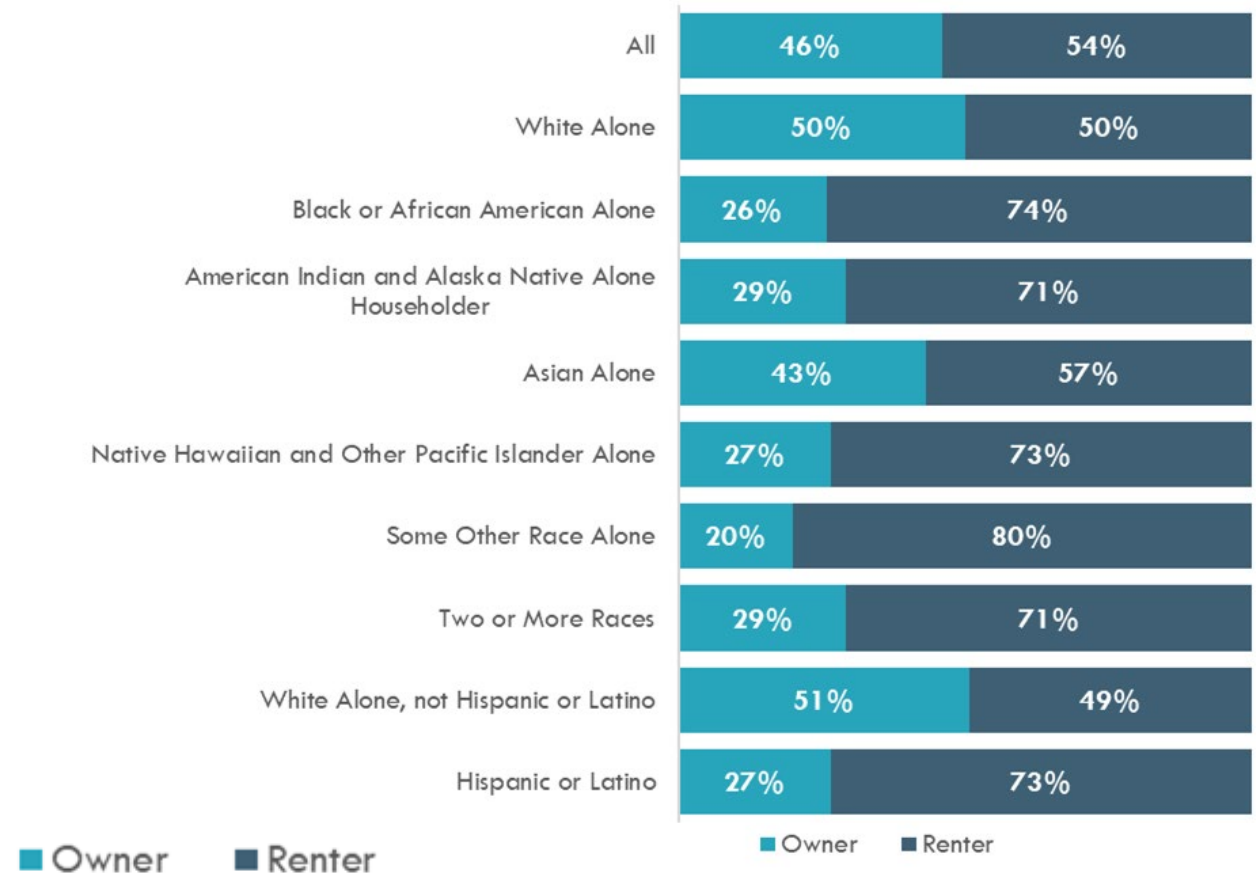
- 21,000 unit gap between need and supply of units that are affordable and available to households with incomes at 80% of AMI
- The average rent in an apartment built in 2010-2019 is 53% more than in apartments built prior to 2010.

There are significant racial disparities in housing

Communities of color fair worse than white residents on key measures, e.g.,

- Homeownership
- Cost burden
- Risk of displacement

Homeownership Rates by Race



Source: HUD CHAS (based on ACS 2013-2017 5-year estimates); BERK, 2020.

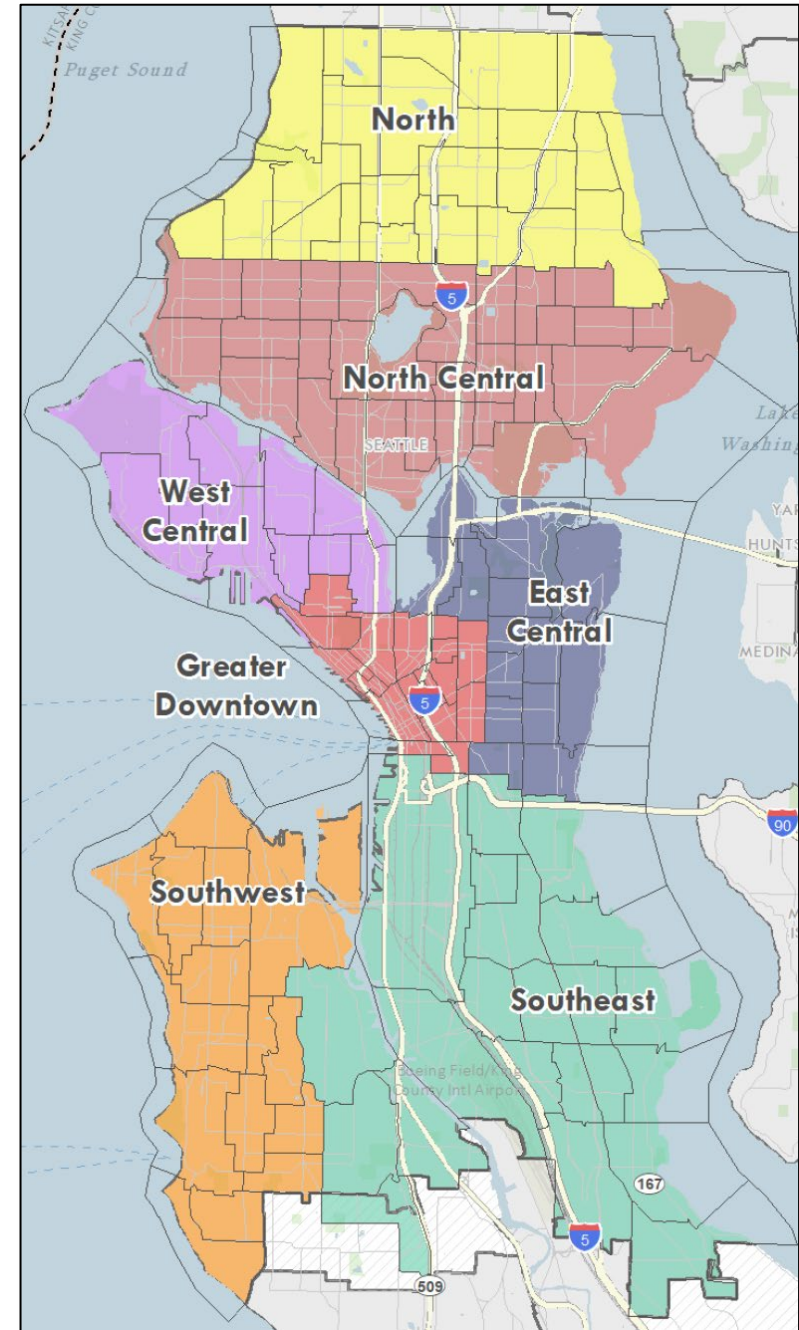
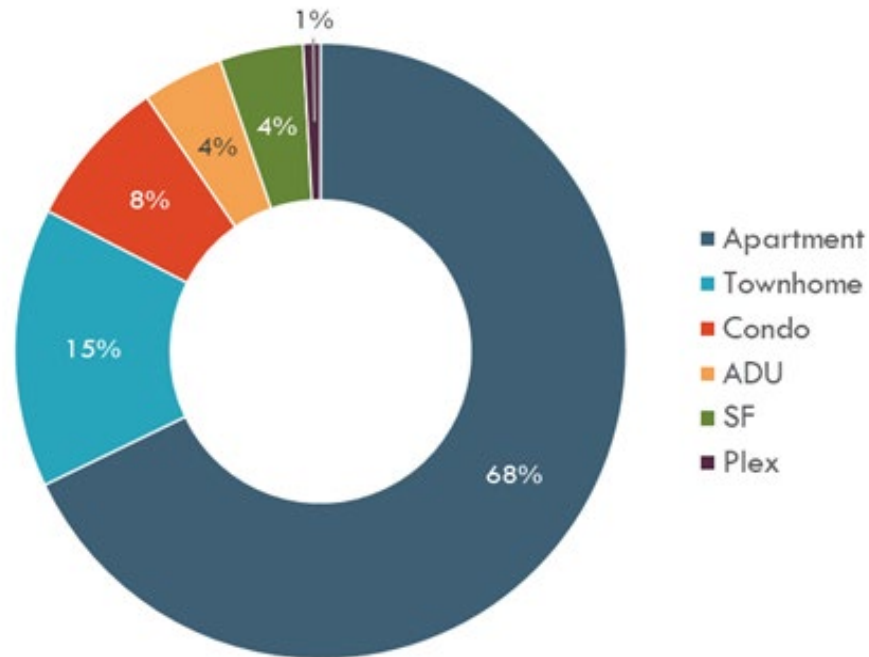
Key Findings

Projections of need and supply
2020 - 2045

Future housing supply based on current zoning, recent trends

- Mostly apartments
- Limited ownership options
- Capacity constraints
- Varied outlook across 8 market areas

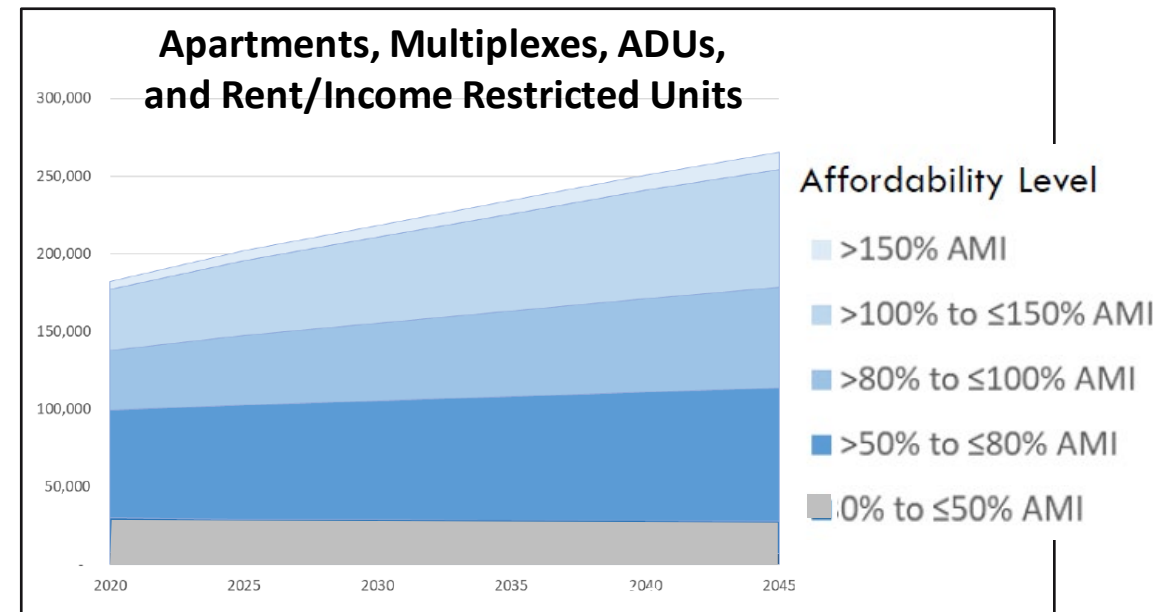
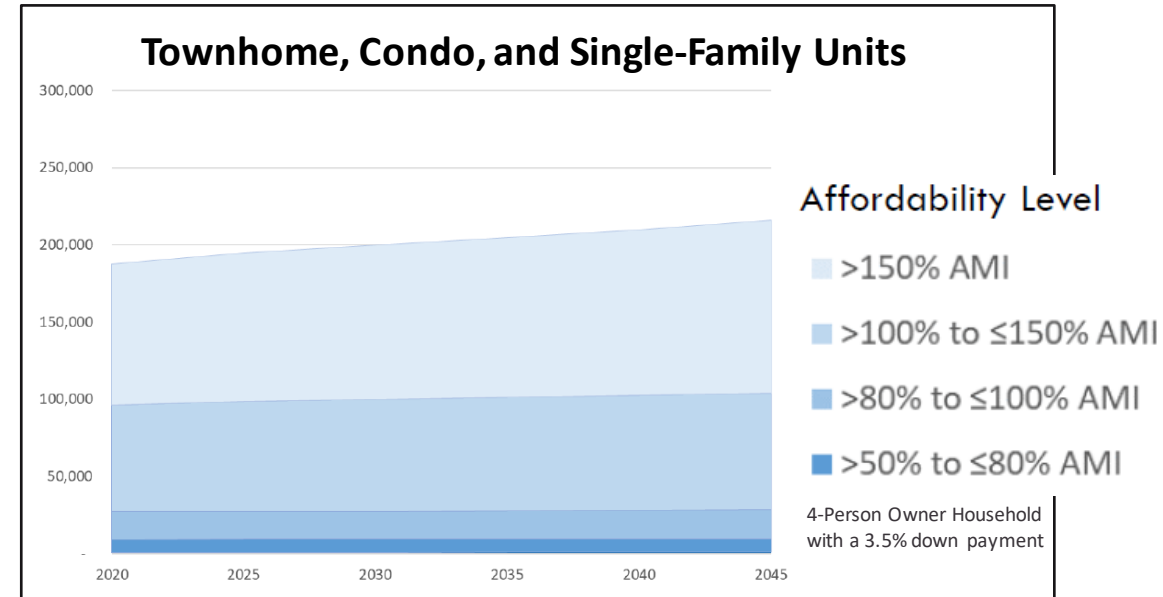
Forecasted New Units by Type 2020-2045



Housing supply is projected to become less affordable

Most new ownership units will only be affordable at over 150% AMI (~\$150,000 per year for a 3-person household)

Most new rental units will only be affordable at over 80% AMI (~\$85,000 for a 3-person household)



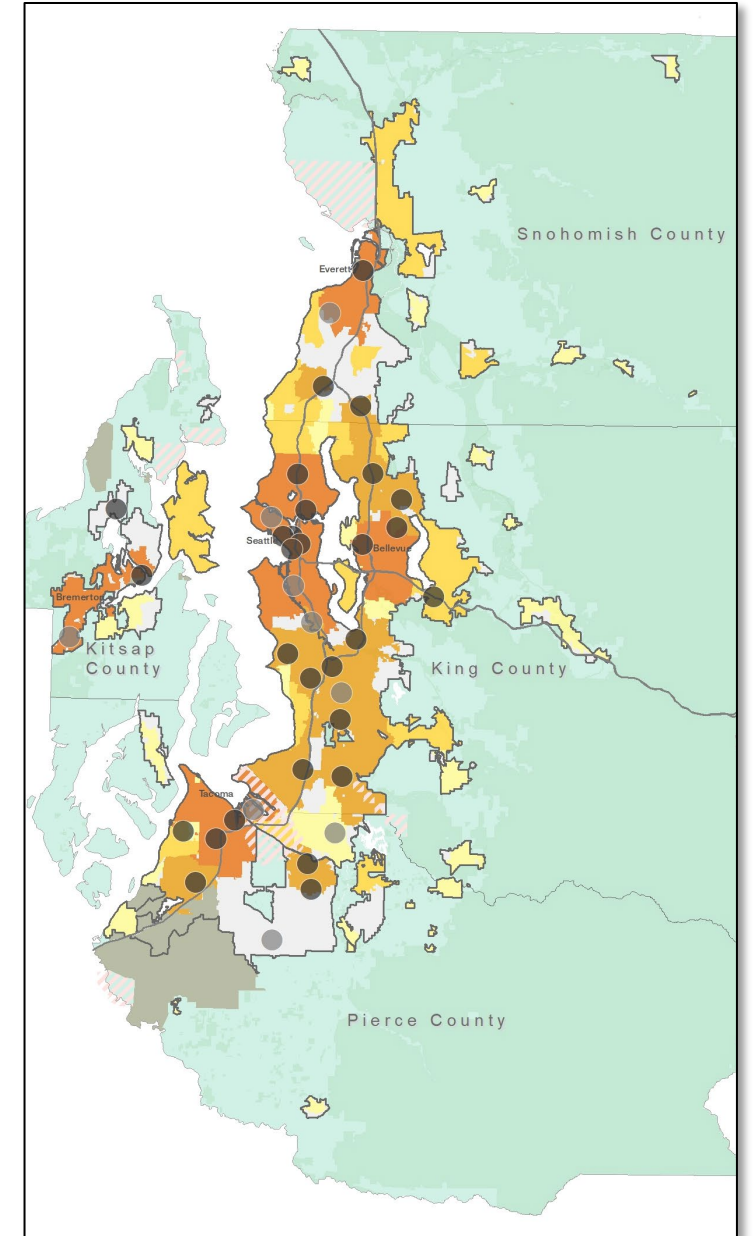
Projections of Housing Need

- 5-year increments out to 2045
- There is no one answer to how much and what type of housing the city will need into the future
- Informed by data, guided by goals and policy
- BERK's approach:
 - Use DRAFT Housing Growth Target for Seattle as starting point
 - **Scenario 1:** Align with Growth Target and Market Trends
 - **Scenario 2:** Higher and More Inclusive Growth

GMA Growth Targets

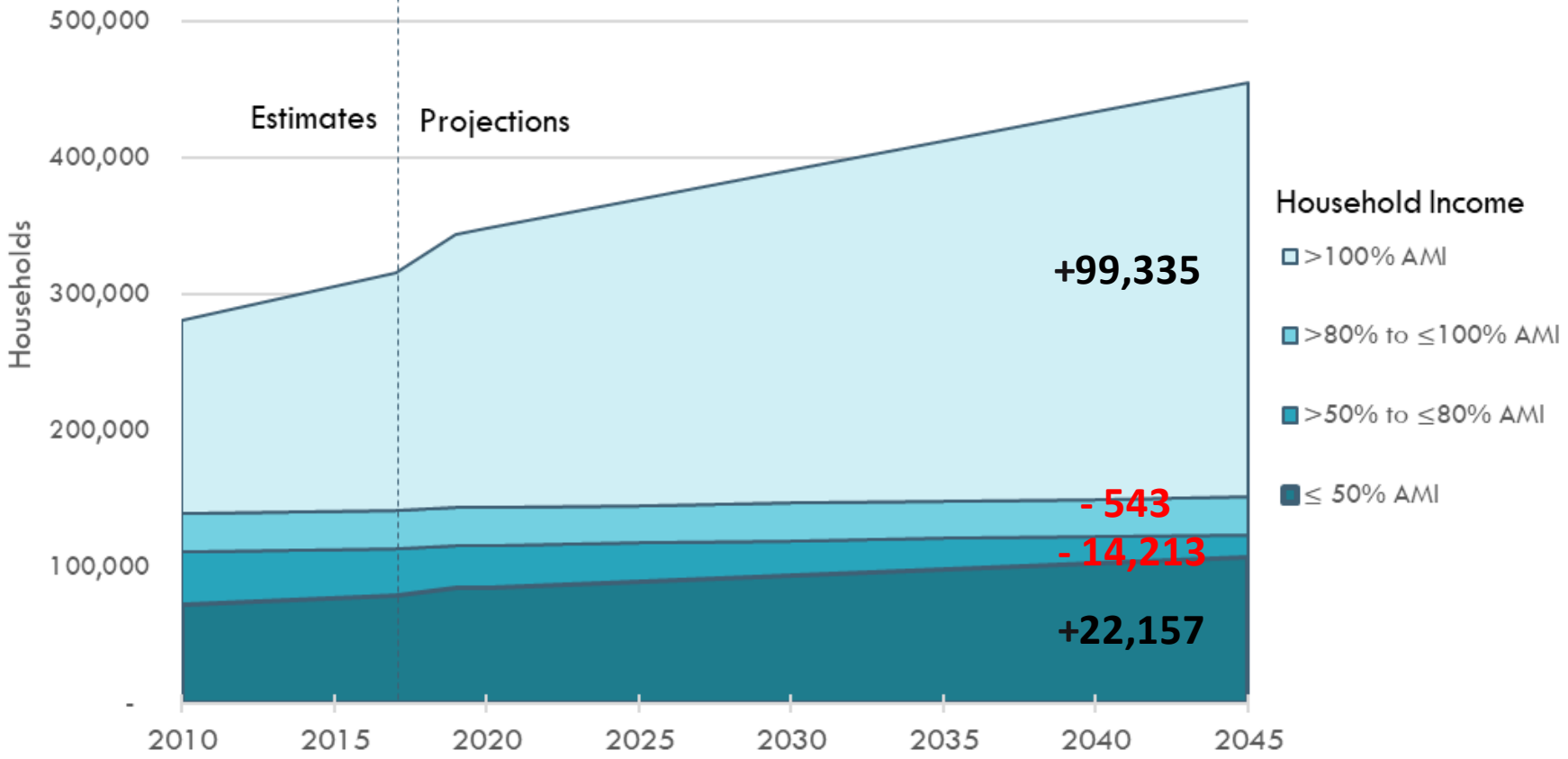
- Countywide Planning Policies update – Draft available online
- What are growth targets?
 - Minimum growth comprehensive plans must accommodate
 - Share of projected regional growth in housing and jobs
- Implement VISION 2050 regional plan
- Seattle's role as a Metropolitan City
- Seattle's *draft* targets for the 2019-2044 period:
 - **112,000 housing units**
 - **169,500 jobs**

Regional Growth Strategy



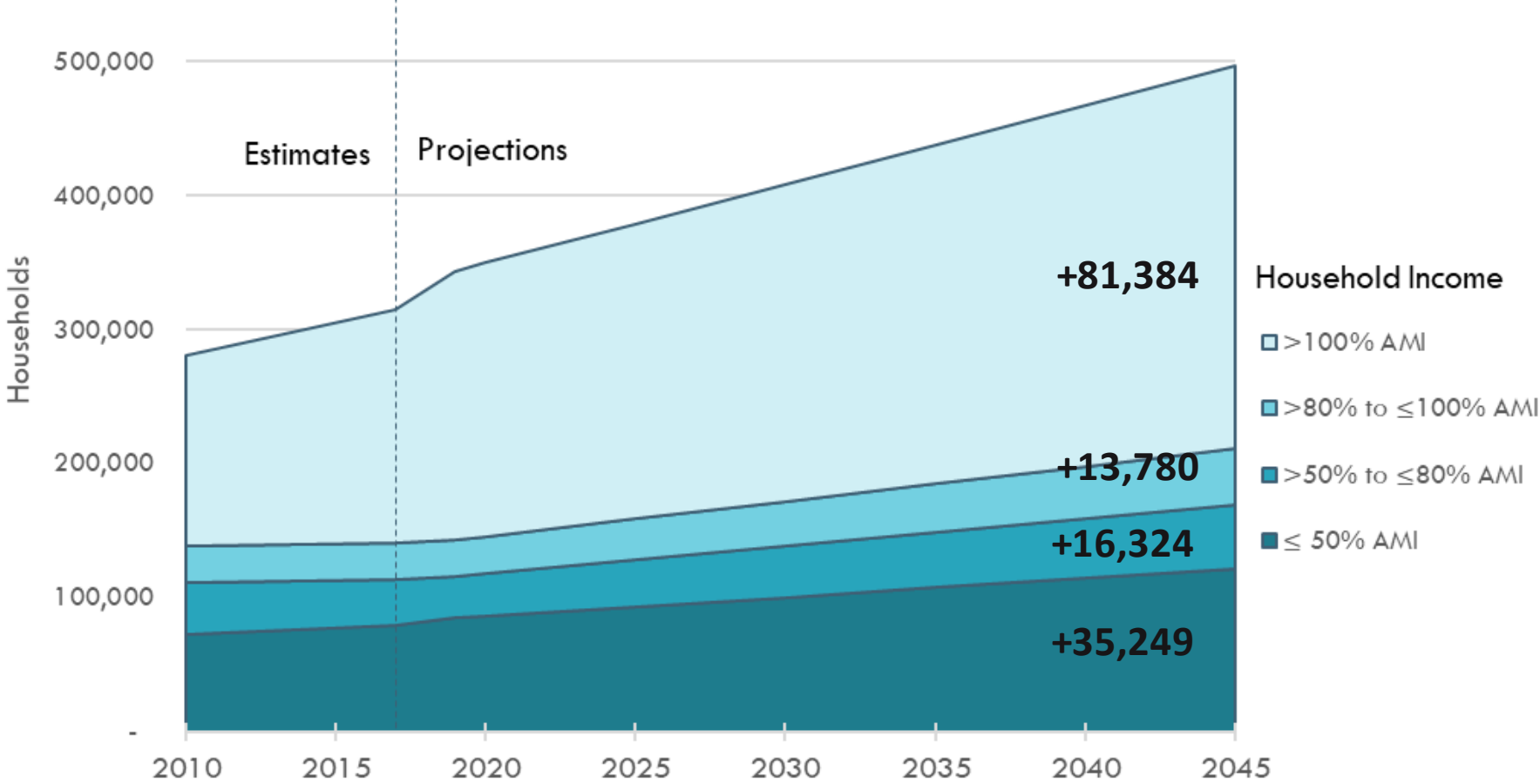
Scenario 1: If nothing changes, Seattle will become increasingly exclusive to higher-income households

Net gain of 112,000 Housing Units
Projected Gain/Loss of Households by Income Level



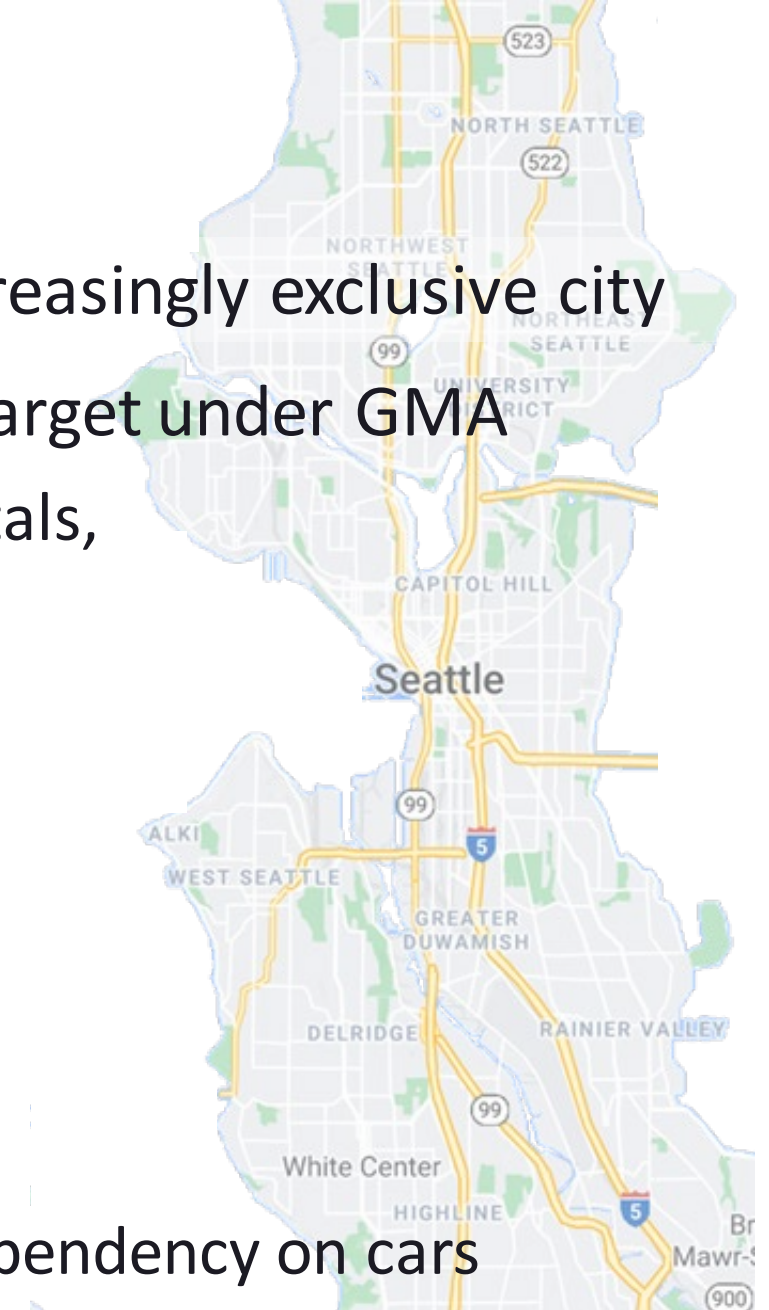
Scenario 2: Planning for more and more diverse housing needs can achieve a more inclusive and affordable city

Net gain of 152,000 housing units
Projected Gain/Loss of Households by Income Level



Key takeaways

1. Without taking action, Seattle will become an increasingly exclusive city
2. We need a lot more housing than our minimum target under GMA
Especially more ownership options, lower-cost rentals, and family-sized units
3. Future actions should also consider broader goals
 - Allow more people to live (and stay) in neighborhoods with high opportunity
 - Reducing displacement pressure
 - More accessible housing options
 - Walkable, complete neighborhoods that reduce dependency on cars



Potential Strategies

Goal: Increase the supply, diversity, and affordability of market rate housing

Housing analysis and public engagement suggest we need to:

- Create more opportunities for housing
- Make permitting faster and more predictable
- Encourage more types of housing
- Address displacement

Opportunities to implement short- and longer-term strategies through:

- Comprehensive Plan update
- Station area planning
- Permit process reform
- Code amendments

Discussion

- Questions and/or feedback on the data and key takeaways?
- What housing strategies are going to be most important over the next 5 years? next 20 years?
- Implications for Comprehensive Plan update?

Next Steps

- Housing Choices Needs and Supply report – Summer 2021
- Comprehensive Plan update launch – Late 2021
- Develop and implement market rate housing strategies - Ongoing

Thank you.

