
Housing Choices

BACKGROUND REPORT AUGUST 2019

Shaping the market to create more options, in more places, for more people.



Overview

Seattle aspires to be a welcoming city where people of all backgrounds feel they belong and have the opportunity to build a stable and fulfilling life. Our current housing crisis represents a major challenge to this vision. The housing crisis affects households in different ways. For many of us, it results in difficult choices about settling for housing that falls short of our needs, forgoing saving, or choosing to leave the communities we love. For lower-income households in Seattle, it is increasingly difficult to afford a home of any kind. The City of Seattle is responding to this crisis through a comprehensive set of strategies aimed at ensuring everyone can find a home that works for them.

Housing Seattle Now

In July 2019, Mayor Jenny Durkan released **Housing Seattle Now**, a plan of action for addressing our housing crisis. The plan adds new resources and builds on recent changes, like implementation of Mandatory Housing Affordability (MHA) requirements and reform of our regulations for accessory dwelling units (ADUs), to address our housing crisis comprehensively.

Housing Seattle Now outlines four priorities:

Increase opportunity and access to family-wage jobs and shared prosperity

Build more housing for our neighbors experiencing homelessness and for low- and middle-income families

Address displacement and prevent eviction so Seattle residents can stay in their current housing and community

Secure new tools and resources for the City to address housing in new, innovative ways

The plan includes dozens of separate actions to expand the City's work. Key items include:

- » **Local Option Financing Bill:** Mayor Durkan has transmitted legislation to implement HB 1406, signed by Governor Inslee in 2019, that gives cities like Seattle the chance to use existing sales tax to build and support new permanent homes for people experiencing homelessness.
- » **MFTE Renewal:** The Multifamily Tax Exemption (MFTE) program, which provides a property tax reduction for new development that creates rent- and income-restricted affordable units, expires in 2019. Mayor Durkan has transmitted legislation to renew and improve this program, which supports mixed-income housing throughout Seattle.
- » **Surplus and Underutilized Properties:** Mayor Durkan is working to dispose of underutilized public properties and is exploring opportunities for using multiple sites for housing.
- » **Affordable Middle-Income Housing Advisory Council:** In 2019, Mayor Durkan convened Seattle's first Affordable Middle-Income Housing Advisory Council to suggest ways to improve housing outcomes for workers and families by developing new investment tools, influencing investments in Federal Opportunity Zones, and reducing construction costs and regulatory barriers. The Advisory Council will issue recommendations in late 2019.
- » **Mercer Street properties:** The City has secured nearly \$300 million in public benefits from the sale of City-owned properties on Mercer Street in South Lake Union, including 175 on-site affordable homes; a 30,000-square-foot community center; \$5 million to combat homelessness; \$78 million to address displacement and build additional housing in communities across Seattle; and \$17 million for transportation projects to improve safety and increase transportation options.

Housing Choices

Seattle has been the nation's fastest growing city in the past decade. We know that we need to build more housing and ensure that new homes meet our communities' current and future needs. As a key element of Mayor Durkan's effort to **build more housing** for low- and middle-income earners, our Housing Choices initiative seeks to create more market-rate housing options, in more places, for more people. Encouraging diverse housing types at various price points is a key building block for strong and welcoming neighborhoods where people can find homes that work for them over the course of a lifetime. While Housing Choices cannot resolve all our housing challenges, this effort plays a unique role in addressing our housing crisis.

As Seattle has grown, competition for housing has increased prices and changed the nature of our housing market. In recent years, the private sector has responded to growing demand for housing by producing thousands of new homes, primarily studio and one-bedroom rental apartments, that have slowed overall rent increases and provided viable housing options for many in our community. Despite this production, demand for housing still exceeds supply, pushing prices upward. Further, new housing in Seattle does not meet the needs of everyone who lives and works here. Together, high prices and limited housing options constrain our housing choices.

The availability of housing options affects us all in different ways at different stages of our lives. Whether you are in an entry-level job, a student or young professional living with roommates, a first-time homebuyer, a family with children, or an older adult looking to downsize after raising kids or retiring, it can be challenging to find housing that meets your unique needs. Ideally, our housing market provides a wide range of options so that each of us can find something that works at different stages of our lives, allowing us to be a part of, and remain in, a community we love.



Housing Choices seeks to advance multiple City goals by:

- » Giving people more affordable housing options
- » Allowing people to stay in the communities they love even as their needs change
- » Creating inclusive communities for workers, families, older adults, artists, people with disabilities, first-time homebuyers, and multi-generational households
- » Letting people live near their jobs or schools, reducing time spent commuting and impacts on the climate
- » Creating more opportunities for people to find stability and build wealth through homeownership
- » Leveraging our transportation investments by accommodating more housing in areas with jobs, transit, and amenities

This background report represents the first step in the *Housing Choices* effort. It summarizes findings from initial analyses to help start a conversation about the private housing market and what we could or should do to help ensure that it better meets our community's needs. The City is now reaching out to hear your perspectives about housing choices, better understand the issues and opportunities, and explore potential responses. In addition to public presentations and targeted outreach to underserved communities, the City has also developed an [online survey](#) to solicit feedback. Your input, along with additional data and analysis, will inform recommendations for addressing key issues which we hope to have available in early 2020.

Historical Context

Seattle’s housing landscape reflects more than just market forces and conditions. It is also the product of decades of public policies and private practices that, throughout the 20th century, often excluded lower-income households, immigrant communities, and people of color from accessing housing and living in certain areas. Like the City’s other planning work, Housing Choices must consider this history, learn from these mistakes, and take steps to redress past injustices along lines of race and class.

From the passage of Ordinance No. 5 in 1865, barring indigenous people from residing within Seattle, to the forced relocation and internment of Japanese and Japanese-Americans during World War II, a long history of exclusion and discrimination has prevented communities of color in our region from accessing housing, ownership, and opportunity.

In 1934, the National Housing Act formalized redlining, the practice of delineating preferred areas for bank investment and residential loans. The Housing Act facilitated segregation and contributed to intergenerational poverty by denying mortgages based on race and ethnicity. Areas with large communities of color were deemed “hazardous” for mortgage investments,

thereby excluding households living there from using government-subsidized loans and discouraging banks from issuing mortgages in these areas. Areas graded highly were predominantly white. For years, redlining limited the options for people of color interested in buying and developing property and building wealth.

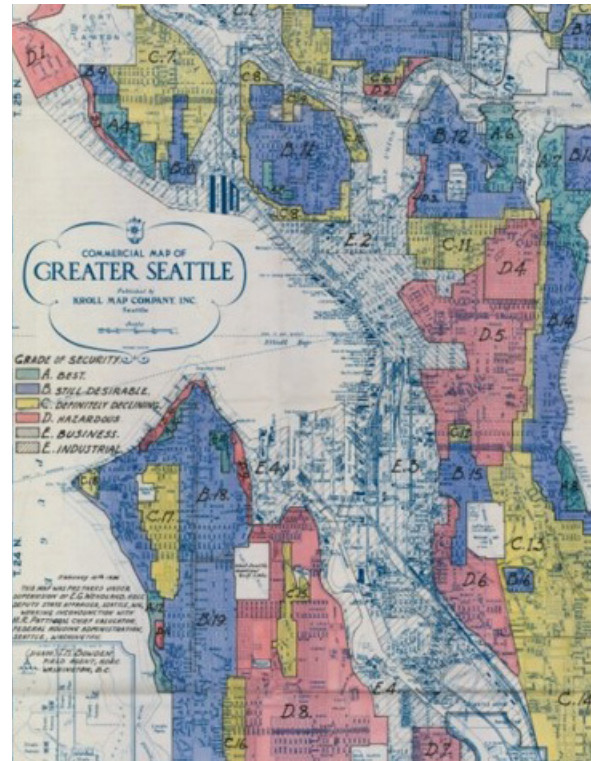
For more on redlining, explore [Mapping Equality: Redlining in New Deal America](#).

Racially restrictive covenants were also used to deny homeownership to people of color. Found in neighborhoods across Seattle, racial covenants were legal clauses written into a property deed restricting who could own or live on the property on the basis of race. They made it difficult or impossible for people of color to find housing outside central neighborhoods like Chinatown and the Central Area, reinforcing patterns of racial segregation that remain today. Racial covenants were ruled unenforceable in 1948, though many realtors continued the practice of refusing to sell to racial and ethnic minorities until the 1960s.

Visit [Segregated Seattle](#) to review a database of racial restrictive covenants in Seattle.

This context is not just a feature of our past. Today’s zoning regulations requiring minimum lot sizes and prohibiting denser housing types also perpetuate racial and economic segregation. Before the introduction of zoning laws, Seattle had no restrictions on where different types of homes could be located. Apartment buildings, flats, and boarding houses were allowed citywide. In the 1920s, Seattle adopted its first zoning ordinance, assisted by Harland Bartholomew, a St. Louis planner who in 1919 said his goal for that city’s zoning plan was to “preserve the more desirable residential neighborhoods” and to prevent movement into “finer residential districts ... by colored people.” Adopted in 1923, Seattle’s first zoning ordinance outlawed multi-unit structures in much of the city and introduced areas reserved exclusively for detached houses. Over time, subsequent planning increased the extent of single-family zoning in Seattle. While recent efforts like the implementation of Mandatory Housing Affordability have started to change this situation, most Seattle land zoned for housing allows only detached houses unaffordable to the majority of our region’s households. Single-family zoning and limits on density encourage large, expensive homes and result in housing scarcity that drives up prices overall. This creates a very high financial bar for entry into many Seattle neighborhoods and disproportionately limits housing access for low-income households and people of color.

Together, past and current housing policy and practices have perpetuated substantial inequities in wealth, ownership, and opportunity, and they continue to create barriers to rectifying these conditions. While this history, and the enduring disparities it has produced, are too great for Housing Choices to fully resolve, we approach this work with an awareness of this legacy and of the comprehensive work we must undertake to redress it.



1936 Home Owners’ Loan Corporation map showing Seattle areas considered “hazardous” for mortgage investments

For more on the racial origins of zoning, see “The Color of Law” by Richard Rothstein, particularly Chapter 3: Racial Zoning, and “The Racial Origins of Zoning in American Cities” by Christopher Silver.

Measuring Affordability

What does it mean for housing to be affordable?

The term "affordable" can mean different things to different people. In this report, we use a common definition that considers the percentage of a household's income that goes to housing costs using the following calculations:

- » A rental rate is considered affordable if a household would not have to spend more than 30 percent of its gross income on rent and utilities.
- » A sale price is considered affordable if a household would not have to spend more than 35 percent of its gross income on housing payments, including mortgage, property taxes, insurance, and condominium dues.

Additionally, some housing includes restrictions on the maximum rent or sales prices and on the incomes of the households that can occupy it to ensure that they continue to be affordable in the long term. These units are called rent- and income-restricted units.

Area median income (AMI) is a measure generated by the U.S. Department of Housing and Urban Development (HUD) of the median household income for different household sizes in a given region. Our region includes King County and Snohomish County. To account for variation in income and housing need among households of different sizes, HUD applies standard adjustments to create distinct AMIs for different household sizes. In 2019, AMI in our region was \$72,400 for a household with one person and \$103,400 for a household with four people.

Expressing a household's income as a percentage of AMI helps us understand how different types of housing serve portions of our population. For example, a four-person household earning \$51,700 annually has an income equal to 50% of AMI. The following table shows the household incomes that correspond to various percentages of AMI.

Income by Household Size and Percentage of AMI

Household Size	30% of AMI	60% of AMI	80% of AMI	100% of AMI	120% of AMI
1 person	\$21,720	\$43,440	\$57,920	\$72,400	\$86,880
2 people	\$24,810	\$49,620	\$66,160	\$82,700	\$99,240
3 people	\$27,915	\$55,830	\$74,440	\$93,050	\$111,660
4 people	\$31,020	\$62,040	\$82,720	\$103,400	\$124,080

The maximum rent or sale price considered affordable for a household depends on its size and income. The following tables show affordable rent and sale prices for different household sizes and incomes as a percentage of AMI.

Maximum Affordable Monthly Rent by Household Size and Income

Household Size	30% of AMI	60% of AMI	80% of AMI	100% of AMI	120% of AMI
1 person	\$543	\$1,086	\$1,448	\$1,810	\$2,172
2 people	\$620	\$1,241	\$1,654	\$2,068	\$2,481
3 people	\$698	\$1,396	\$1,861	\$2,326	\$2,792
4 people	\$776	\$1,551	\$2,068	\$2,585	\$3,102

Maximum Affordable Non-Condo Sales Price

Household Size	30% of AMI	60% of AMI	80% of AMI	100% of AMI	120% of AMI
1 person	\$87,300	\$174,700	\$232,900	\$291,100	\$349,300
2 people	\$99,800	\$199,600	\$266,100	\$332,600	\$399,100
3 people	\$112,200	\$224,500	\$299,300	\$374,100	\$448,900
4 people	\$124,700	\$249,500	\$332,600	\$415,800	\$499,000

What does "cost burdened" mean?

A household is considered cost-burdened if they spend more than 30% of their gross income on housing costs. A household is considered severely cost-burdened if they spend more than 50% of their gross income on housing costs. While some people may voluntarily choose to be cost burdened to get a home that meets their needs, most low-income households are cost burdened because there are few or no affordable options available.

Percentage of Seattle Households Cost Burdened in 2011-2015¹

	Cost Burdened Cost burden > 30%	Severely Cost Burdened Cost burden > 50%
All households	35%	15%
Renter households	42%	20%
Renter households with incomes below 80% of AMI	70%	36%

What do different occupations earn?

Below are average full-time annual incomes for common occupations in the Seattle-Bellevue-Everett region. Incomes in Seattle are likely slightly higher than incomes for the region as a whole. Household incomes may vary substantially from these individual income figures as some people work part time or have multiple incomes in their household.

Income for Common Occupations²

	Annual Income as % of AMI			
	Annual Income	One Earner, One-Person Household	One Earner, Four-Person Household	Two Earners of Same Occupation, Four-Person Household
Software Developer	\$132,900	184%	129%	257%
Civil Engineer	\$95,400	132%	92%	184%
Registered Nurse	\$83,100	115%	80%	161%
Electrician	\$70,700	98%	68%	137%
Teacher	\$66,000	90%	63%	126%
Construction Laborer	\$50,900	70%	49%	98%
Administrative Assistant	\$45,500	63%	44%	88%
Retail Salesperson	\$37,200	51%	36%	72%
Minimum wage earner	\$31,200	43%	30%	60%

1 2011-2015 Comprehensive Housing Affordability Strategy (CHAS)

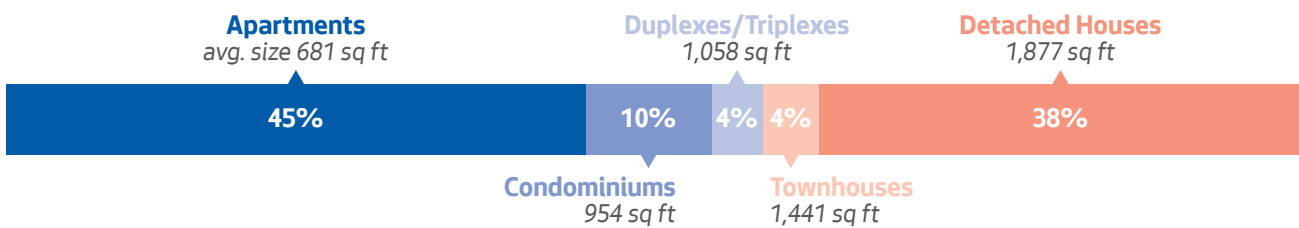
2 US Bureau of Labor Statistics, 2018

Key findings

1 Seattle’s housing stock is predominantly composed of small apartments and detached houses.

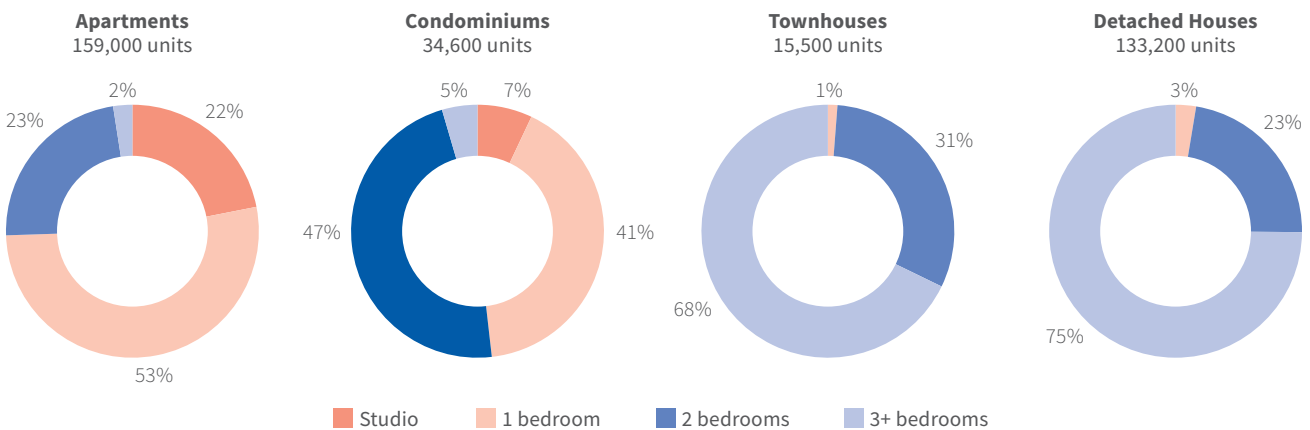
Seattle has about 357,400 homes. About 30,000 are rent- and income-restricted homes. Detached houses and apartments account for 82 percent of all homes. While all apartment units are rented, other types of housing may be occupied by the owner or rented. Twenty-one percent of detached houses and townhouses are occupied by a renter.³

FIGURE 1.1 Number and Average Size of All Homes⁴



Among apartments, 22 percent of units are studios, 53 percent have one bedroom, 23 percent have two bedrooms, and only two percent have three bedrooms or more. Most townhouses and detached houses have three or more bedrooms.

FIGURE 1.2 Number of Bedrooms⁵



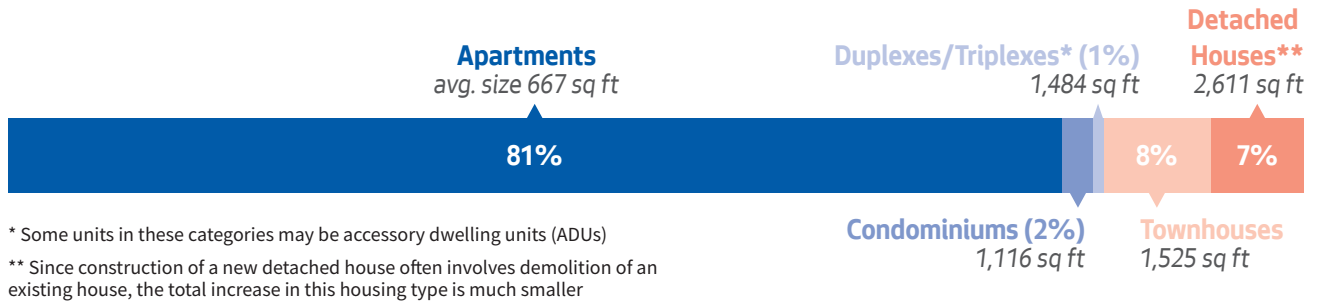
The data presented above include 30,000 rent- and income-restricted homes. Among such homes created with funding from the Office of Housing, 36 percent of units are studios, 29 percent have one bedroom, 16 percent have two bedrooms, and six percent have three bedrooms or more. Another 13 percent are shared living facilities, such as group homes.

³ 2012-2016 American Community Survey
⁴ King County Department of Assessments
⁵ King County Department of Assessments

2 New construction is mostly producing rental apartments.

Since 2010, housing construction in Seattle has produced many apartments and few ownership opportunities. This construction is occurring primarily in already-dense areas of the city with high levels of access to transit and amenities. In 2018, 82 percent of new units were built in designated urban villages.

FIGURE 2.1 Number and Size of Units Built from 2010 through 2018⁶



According to City of Seattle construction permit data, as of April 2019, 18,681 new homes have been permitted but are not yet built. Of those, 2.5 percent are detached houses.

More than 5,200 City-regulated affordable homes are currently in pre-development, in permitting, or under construction as of December 31, 2018.



3 Rental housing has become increasingly unaffordable for most renters.

Rents have increased substantially in recent years. From 2011 to 2018, the inflation-adjusted average rent for a one-bedroom apartment increased 57 percent.⁷

FIGURE 3.1 Average Rent⁸

		Studio	1 Bedroom	2 Bedrooms	3 Bedrooms
Average gross rent*		\$1,570	\$2,050	\$2,750	\$3,000
Household income at which rent is affordable	Necessary annual income	\$62,800	\$82,000	\$110,000	\$120,000
	As percentage of area median income**	87% of AMI for an individual	99% of AMI for 2-person household	118% of AMI for 3-person household	116% of AMI for 4-person household
Rent affordable to households making 80% of AMI		\$1,450	\$1,650	\$1,860	\$2,070
Difference between 80% of AMI and affordable		-\$120	-\$400	-\$890	-\$930

* Rents are based on asking price for listed units in apartments, condos, duplex/triplex, and single-family buildings. Listed prices tend to higher overall rent rates as lower-cost units don't become available as much and often aren't listed broadly.

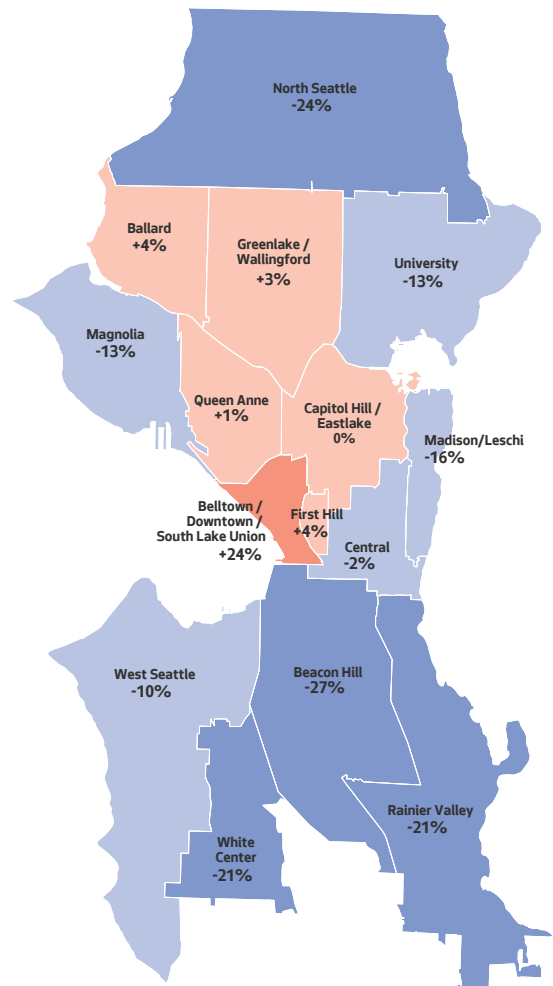
** Area median incomes are 2018 figures and adjusted by household size.

The citywide numbers, however, do not reflect the significant variation in rents based on location, size, age, quality, views, parking, and other building amenities. The average one-bedroom rent in Belltown, Downtown, and South Lake Union is about 24 percent more than the citywide average, while rents in Beacon Hill, Rainier Valley, and North Seattle are about 20 percent less — a difference that reflects both location and the types and quality of units in each area. Low- and middle-income households often have few affordable options in places they desire and may be forced to move farther from their job, schools, and friends.

Though affordable for many households earning between 80 percent and 120 percent of AMI (between \$83,000 and \$124,000 for a family of four), most market-rate rental units are unaffordable for lower-income households and households needing larger units. In 2016, only a very small share (three percent) of apartments in complexes with 20 or more units were affordable at 60 percent of AMI. Less than a quarter (23 percent) were affordable to households with incomes equivalent to 80 percent of AMI. 46 percent were affordable for households with incomes at 100 percent of AMI.⁹ The percentage of units considered affordable has likely increased in the last two years. This trend, however, is due to increases in area median income rather than decreasing rents. **Since most renters have incomes under 80 percent of AMI, this shortage of affordable rental homes leaves numerous households struggling to afford housing.**

Figure 3.2 Variation in Rent by Market Area Compared to Citywide Average

Percentage Difference in One-Bedroom Gross Rents in Medium to Large Apartment Complexes (20+ units) by Market Area Relative to Citywide Mean, Fall 2016

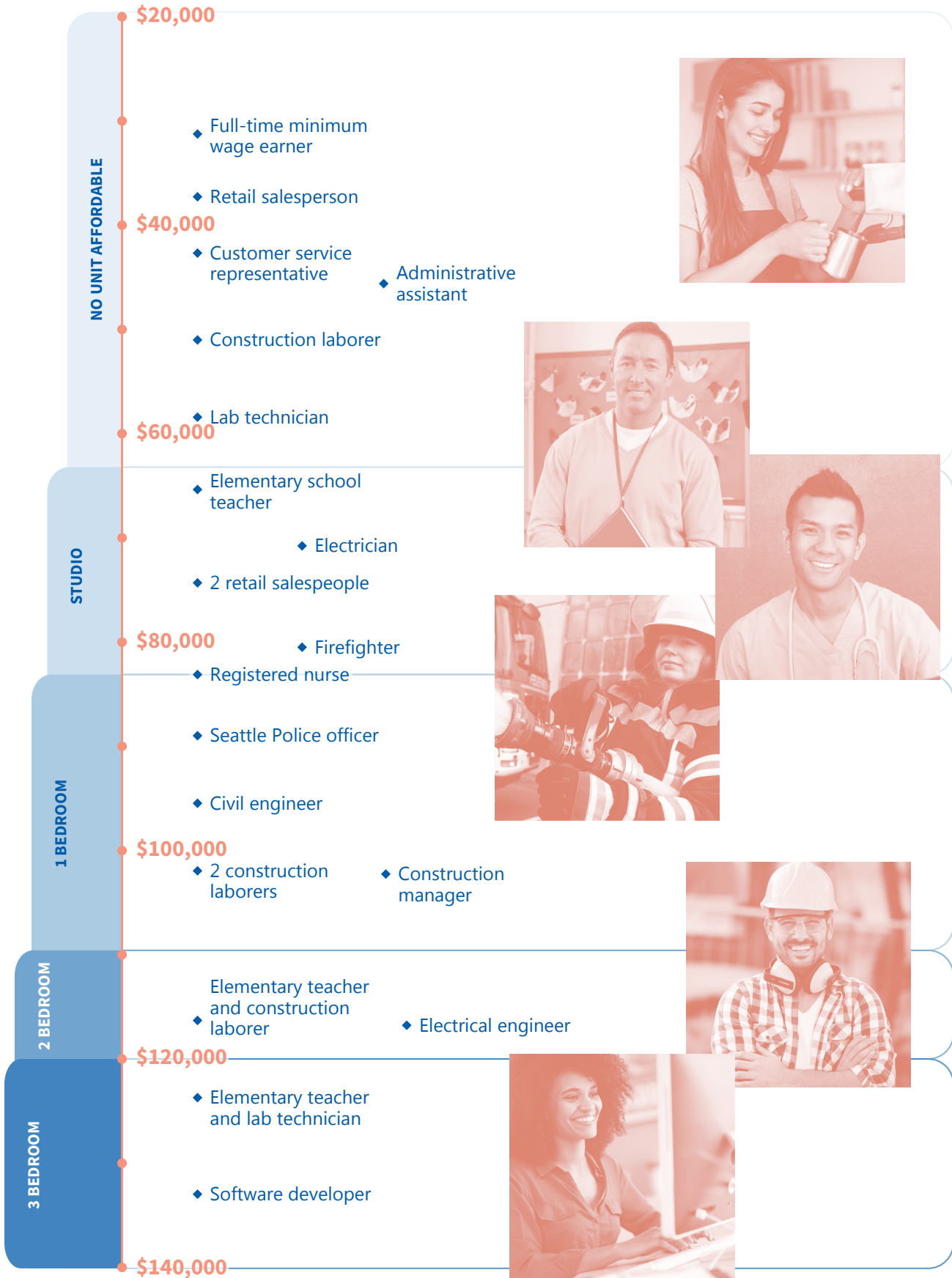


7 Zillow

8 Zillow, May 2019

9 2016 Seattle Unsubsidized Housing Report

FIGURE 3.3 Average Income by Occupation and Rental Housing Considered Affordable¹⁰



¹⁰ Bureau of Labor Statistics Occupational Employment Statistics, industry averages for Seattle-Bellevue-Everett Metropolitan Area in 2018; Zillow

4 Homeownership options are scarce and increasingly expensive.

Despite producing a record number of new rental units, the private market is creating few new homeownership opportunities: just 19 percent of homes built since 2010 were ownership units, and many were new single-family homes replacing existing ones. Due partly to this scarcity, the cost of homeownership has risen markedly. From 2011 to 2018, the inflation-adjusted average sales price for a detached house increased 67 percent. During the same period, the average sales price for a condominium increased 48 percent.¹¹ Generally, a home sale price is considered affordable if a household would not have to spend more than 35 percent of their gross income on the mortgage payment, property taxes, insurance, and condominium dues.

FIGURE 4.1 Median Home Sales Prices¹²

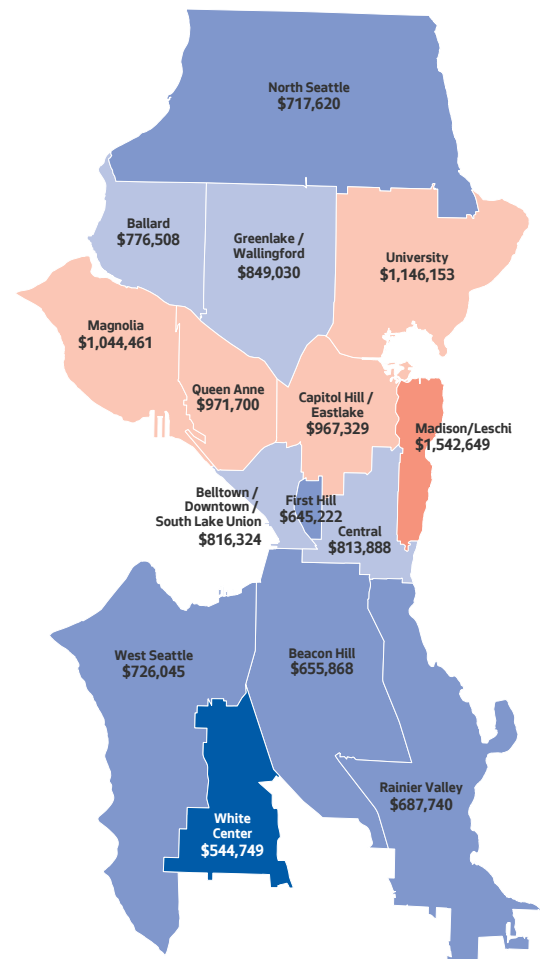
		Detached House	Townhouse	Condo / Co-op
Median 2018 sales price		\$795,000	\$730,000	\$520,000
Household income at which monthly housing costs are affordable	Necessary annual income	\$198,000	\$182,000	\$139,000
	As % of area median income	213% of AMI for family of 3	195% of AMI for family of 3	169% of AMI for family of 2
Sales price affordable to households making 80% of AMI		\$299,300	\$299,300	\$222,200
Difference between 80% of AMI and affordable		-\$495,700	-\$430,700	-\$297,800

Figure 4.2 Average 2018 Home Sales Price by Market Area

Home sales prices also vary widely by location, size, age, quality, views, and other amenities. In 2018, the median sales price for a detached house in Madison/Leschi and Magnolia was over \$1,000,000, compared to less than \$700,000 in Beacon Hill and Southeast Seattle.¹³ Figure 4.2 shows total average sales price for all ownership housing including townhouses and condos.¹⁴

Very few for-sale units are affordable to low- and middle-income households. Only six percent of ownership units sold in 2018 were affordable to households with incomes equivalent to 120 percent of AMI. Only 18 percent were affordable to households with incomes equivalent to 150 percent of AMI.

The financial resources of higher-income households afford them the privilege to purchase the size, type, and location of housing they desire. Some may voluntarily choose to live outside Seattle to purchase a larger home, get specific amenities, or locate near a particular school. In contrast, middle- and especially low-income households have few affordable homeownership options. While some will leave Seattle and their community to find more affordable options and struggle with a longer commute, many people are shut out of homeownership entirely.



11 Northwest Multiple Listing Service

12 King County Department of Assessments

13 Northwest Multiple Listing Service

14 King County Department of Assessments

Recent home prices represent a dramatic shift from a generation ago. From 1988 to 2017, the average price of a Seattle-area home increased from 2.5 times the average income to 5.7 times the average income.¹⁵ While today's low interest rates help reduce mortgage payments, homebuyers nevertheless spend much more of their income to purchase the same home. **Overall, these numbers highlight the stark fact that owning a home in Seattle is no longer affordable to the vast majority of people who live and work here.** Not only are monthly payments challenging, but a down payment of even five percent on the median detached house alone requires \$40,000 — an enormous sum for most households, particularly those paying off student debt or unable to rely on outside support.

This phenomenon is especially troubling given disparities in homeownership by race. Currently, 51 percent of white households in Seattle own their own home, compared to only 24 percent of Black or African-American households.¹⁶ The high cost of ownership thus makes it disproportionately difficult for households of color to access homeownership and the resulting opportunity to build wealth.

New detached houses tend to be much larger than existing homes. Construction of new detached houses typically involves demolishing and replacing smaller, less expensive houses. This results in the loss of a more affordable home, and no increase in the overall housing supply. It also reduces the number of homes available for families seeking an entry-level starter home and for older adults looking to downsize. Townhouse and condominium units have also increased slightly in size but remain substantially smaller and more affordable than detached houses. They also remain relatively more affordable over time as they have limited expansion potential.

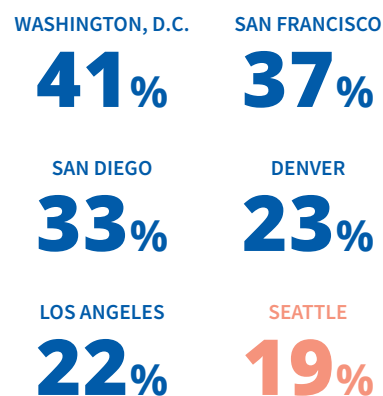
FIGURE 4.3 Average Size and Price of Homes by Year Built¹⁷

Year built	Detached House		Townhouse		Condominium or Co-op	
	Before 2008	2008 or later	Before 2008	2008 or later	Before 2008	2008 or later
2018 median sales price	\$775,000	\$1,169,000	\$683,000	\$760,000	\$496,000	\$715,000

Primarily due to their smaller size, townhouses are less expensive than detached homes. In fact, the price difference between townhouses and detached homes is widening, as new detached homes are substantially larger, and therefore more expensive, than new townhouses.

Condominiums also offer a more affordable alternative for homeownership. But compared to other cities, Seattle has few condos. In 2018, 19 percent of homes for sale in Seattle were condominiums, substantially less than peer cities like Washington, DC (41 percent), San Francisco (37 percent), San Diego (33 percent), Denver (23 percent), and Los Angeles (22 percent).¹⁸ While we are building lots of apartments, just two percent of homes built since 2010 were condos.¹⁹ In 2019, the Washington State Legislature adopted changes to clarify existing condo construction liability laws in order to reduce the amount of litigation most condominium projects experience. This change could increase the number of condos constructed in Seattle.

Figure 4.4 Portion of 2018 Home Sales That Were Condos



While the median condominium remains substantially less expensive than the median detached house, new condominiums are much more expensive than older condominiums. New condominiums have seen a marked increase in sales price despite little change in average size. This is due at least in part to the fact that most new condominiums are located downtown, where land and construction costs are higher and market demand from affluent households is greater.

¹⁵ Harvard University Joint Center for Housing Studies

¹⁶ 2011-2015 Comprehensive Housing Affordability Strategy (CHAS)

¹⁷ King County Department of Assessments

¹⁸ Seattle Times

¹⁹ King County Department of Assessments

5 The supply of housing accessible to people with disabilities is even more limited.

A tally of all accessible units in Seattle does not exist. A nationwide analysis by the U.S. Department of Housing and Urban Development found that one-third of housing in the U.S. is potentially modifiable for a person with a mobility disability, less than five percent accessible for individuals with moderate mobility difficulties, and less than one percent of housing accessible for wheelchair users.

In Seattle, 45 percent of apartment and condo units were built after 1991, the year the Fair Housing Act first began to address the need for accessible housing units in multifamily buildings. The Act requires buildings built after this date with four or more dwelling units to meet certain requirements. In buildings with an elevator, the following accessible regulations apply:

- » accessible entrance and an accessible route to both the building and the unit
- » usable public and common use areas
- » usable doors, light switches, electrical outlets, and thermostats
- » reinforced walls for grab bars
- » usable kitchens and bathrooms

In buildings without an elevator, only ground-floor units must meet the accessibility requirements. Similar rules do not apply to housing with fewer than four units, so fewer accessible detached houses, townhouses, and duplexes/triplexes are available.

People 60 years and older comprise 17 percent of Seattle’s population, and this number is increasing. Those with a disability represent 38 percent of that population segment.²⁰ Unsurprisingly, many people with disabilities or mobility challenges thus struggle to find opportunities that meet their accessibility needs. This scarcity also affects people looking to age in place, particularly lower- and middle-income people who lack the financial resources to substantially modify their housing for accessibility.



ADUs (left) offer flexibility for families seeking to downsize, age in place, house a caregiver, or accommodate family members (left). New apartment buildings (right) include accessible units due to accessible design and construction requirements in the Fair Housing Act.

6 Seattleites — particularly lower-income households and people of color — face continuing displacement pressures.

Residential displacement occurs when existing community members are forced to leave their current homes despite desiring to stay. Three types of *residential* displacement occur in Seattle:

- » **Physical displacement** results from eviction, acquisition, or demolition of property or the expiration of covenants on rent- and income-restricted housing.
- » **Economic displacement** occurs when residents can no longer afford increasing housing costs and must relocate.
- » **Cultural displacement** happens when people are compelled to move when culturally relevant assets and businesses have left their community, or when an influx of new residents results in cultural changes that diminish or erase the previous community's sense of place and belonging.

DISPLACEMENT IN THE CENTRAL AREA

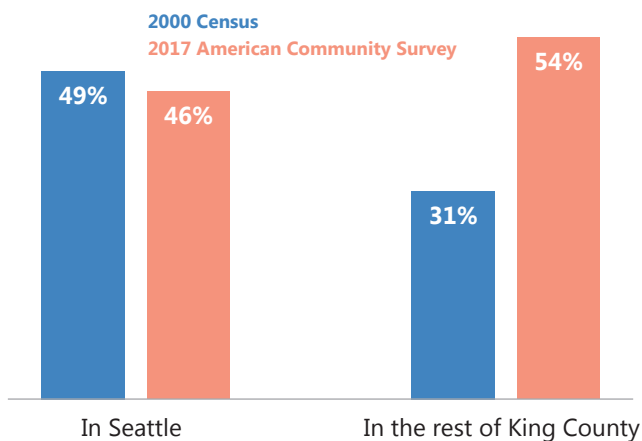
The African American community, who were segregated into the Central Area by earlier decades of redlining and discriminatory lending practices, has faced acute displacement pressures. This includes all three types of displacement.

From 1990 to 2010, the black share of the neighborhood's population dropped from 58 percent to 24 percent, while the white share increased from 32 percent to 58 percent.

Although qualitative and anecdotal evidence abounds, residential displacement is difficult to measure. We generally lack longitudinal data tracking individual households across the region and their reasons for moving. However, indicators suggest that residential displacement is occurring and that insufficient affordable housing choices play a key role.

Figure 6.1 shows that, from 2000 to 2017, the share of children who are people of color declined in Seattle but rose in the rest of King County. These data suggest that, even as the region becomes more diverse, Seattle is losing diversity in our population of children — likely due to a combination of displacement of families of color from Seattle and a shortage of affordable family-sized housing.

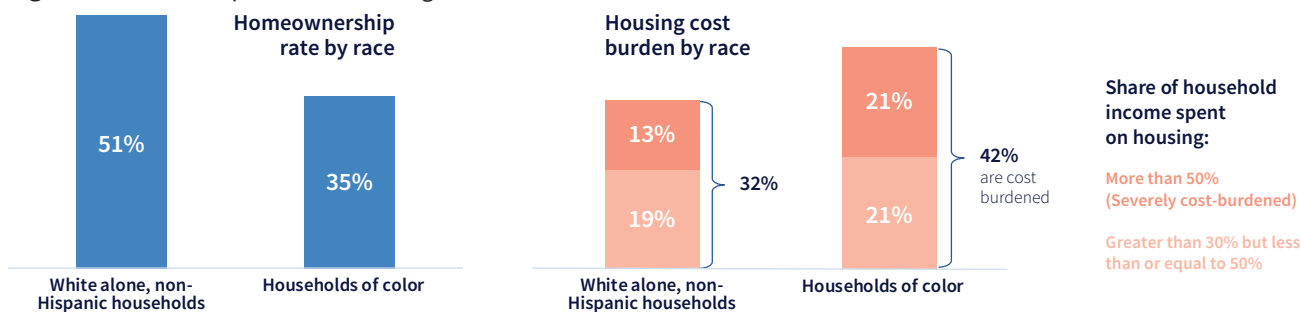
Figure 6.1 Share of Children Who Are People of Color



Further, compared to white households in Seattle, households of color are less likely to own their homes and more likely to be housing cost-burdened — two conditions placing them at greater risk of displacement. Figure 6.2 corroborates the finding that households of color, particularly those with lower incomes, struggle to live and stay in Seattle.

Displacement is a complex phenomenon with many causes and solutions. **More affordable housing choices are part of the solution, but by no means enough to fully address the challenge.** To remain a welcoming and diverse city, we must implement programs and use a fuller range of tools to prevent and mitigate residential displacement — including anti-poverty and community stabilization strategies and investments.

Figure 6.2 Racial Disparities in Housing Persist²¹



21 2011-2015 American Community Survey 5-Year CHAS Estimates.

7 Seattle lacks a diverse range of housing options.

As housing becomes more expensive overall, it is particularly difficult for people to find certain types of housing. **Households with specific needs, like families with children, intergenerational households, older adults looking to downsize, and people with disabilities face acute housing challenges due to a lack of housing choices.**

Together, the findings in this report suggest we especially need more lower-cost rentals, family-sized rentals, smaller and lower-cost ownership options, and more accessible housing opportunities.

While many factors affect housing production, our housing options are constrained in part due to zoning, regulations, and permitting requirements. Regulations and permitting requirements can add time, cost, and risk to development, ultimately making housing more expensive to buy or rent. These constraints particularly burden smaller development projects, like townhouses, duplexes, triplexes, and backyard cottages, where small changes in budget or schedule can have a large impact on overall feasibility.

Limited housing options in Seattle make it difficult for the people who live here to stay here, particularly as their needs change. It is also driving regional challenges. Areas in King County that historically offered the most affordable housing options have also seen the largest price increases, in part due to housing scarcity in Seattle.²² As the last remaining areas of relative affordability become out of reach, more of our friends, family, and neighbors struggle to find housing options that work. Without homes for everyone, our communities become increasingly exclusive over time.

Market-Rate Housing Types in Short Supply

While we need substantial new housing of all types to meet our growing demand, five housing types are in particularly short supply in Seattle.



Townhouses, duplexes, triplexes, and cottages

More family-sized ownership opportunities would make homeownership possible for people at a broader range of income levels and could allow more families and household types to join and stay in Seattle.



Condominiums and co-ops

Condos and co-ops in large buildings represent the most affordable path to homeownership for most people. Condos are particularly scarce in neighborhoods outside the urban core, where they could be less expensive and attract families desiring a more residential environment.

22 Seattle Times, May 8, 2018



Two- and three-bedroom rental homes

Larger rental units provide suitable housing for families with children or multi-generational households. Larger apartments with family-friendly design and amenities located near parks and schools could especially help to fill this need.



Congregate housing

For smaller households struggling to find housing they can afford, one approach is simply to rent a smaller space. Congregate housing — smaller units with shared public space — offers an opportunity to live less expensively, stay housed, and/or save money to support future goals.



Accessible homes

People with disabilities face substantial additional barriers to finding housing. Creating more homes that follow universal design principles helps everyone, including people with permanent and temporary disabilities, people with limited mobility, and older adults who want to age in place.

Ideas Heard in Previous Conversations

The City will host conversations on how best to address our challenges. As we proceed, we recognize the extensive civic dialogue on housing that has unfolded in recent years. The City's housing initiatives have sparked hundreds of conversations about the kind of community we want to be and how we can respond to the crises of affordability, displacement, homelessness, and climate. As one part of this ongoing engagement, Housing Choices builds on previous conversations by focusing specifically on opportunities to expand and improve market-rate housing options.

Key themes that have emerged for improving the private housing market include:

- 1 Simplify rules for smaller projects.** Townhouses, duplexes, triplexes, and detached houses often must meet the same rules as large apartment development. Simpler, clearer rules make smaller projects more feasible.
- 2 Make it easier to create accessory dwelling units.** Accessory dwelling units (ADUs) are separate living spaces within or in the rear yard of a house. ADUs expand housing opportunities in neighborhoods where detached houses are unaffordable to many people. They also offer homeowners flexibility to generate supplemental income, adapt to changing household needs, and accommodate multiple generations on their property. In July 2019, the City adopted [policy changes](#) to encourage more ADU production.
- 3 Make permitting faster and predictable.** Establishing clearer permitting requirements and reducing review times could reduce the cost of construction, particularly for small-scale and lower-cost projects.
- 4 Allow townhouses, duplexes, triplexes, and cottages in more locations.** These housing types provide more affordable family-sized homeownership opportunities and are allowed only in limited areas of Seattle.
- 5 Allow more small apartment units with shared kitchens and common space in more places.** The City could allow smaller apartments with shared common space in more areas of the city that have great access to jobs, transit, and amenities.
- 6 Encourage more family-friendly and age-friendly units in multifamily developments in more locations.** People in different stages of life have different needs for housing, particularly families with children and older adults. Developing more housing that specifically supports these needs, including larger apartments, co-housing, and one-story flats, could allow more people in these stages of life to find housing options that work for them.
- 7 Support the development of more accessible housing units.** Financial or zoning incentives to retrofit existing units or build new accessible units might help increase the number and types of accessible units that are available.
- 8 Strengthen tools to reduce the impact of displacement.** Improving tools, such as the Tenant Relocation Assistance program, that help those affected by direct displacement due to the demolitions of existing housing could help reduce the impacts of increasing housing demand.
- 9 Explore ownership and financial models to help residents create new housing while continuing to live on their property.** Tools, such as low-cost loans, standard plans, or technical support, could help people add housing units to their property while also continuing to live there. These models could allow people struggling with housing costs to remain in place. Mayor Durkan signed an Executive Order in July 2019 to explore how these approaches could help homeowners build ADUs.

We look forward to your feedback on these potential opportunities, as well as your other ideas, as we develop specific recommendations.

Next Steps

This *Housing Choices Background Report* begins a conversation about the state of market-rate housing and how the City can support the development of more housing choices. Throughout 2019, we will seek your feedback on the following questions:

- » What type of housing options would you like to see more of? What qualities should this housing have?
- » In what parts of the city would these options be most helpful?
- » What strategies or actions should we pursue to support the development of more housing options?

The City has developed a short [online survey](#) to gather feedback on these questions. We will also host conversations with community groups, historically underrepresented communities, and industry professionals throughout 2019. If you would like to submit questions and comments directly or if you are interested in hosting a conversation on this topic, please contact Brennon Staley at brennon.staley@seattle.gov.

Housing Choices is one part of the City's comprehensive work on housing. It will unfold in close coordination with Mayor Durkan's Affordable Middle-Income Housing Advisory Committee. We anticipate releasing specific recommendations to increase housing choices in early 2020 based on your input and input from the Mayor's Affordable Middle-Income Housing Advisory Council. To follow this process, visit the [Housing Choices website](#) for more information and to sign up for email updates.

We recognize that the experience of finding and retaining stable, affordable housing can be especially stressful and challenging to people who have been historically excluded from many wealth-building and homeownership opportunities. As we proceed with Housing Choices, we will join partners within the City and in the community to review our work through a racial and social equity lens. Specifically, we will examine how we can conduct outreach and develop strategies and actions that align with equity goals and focus on the specific needs of marginalized communities. Given the history of exclusion and ongoing disparities, this is a vital approach.

Thanks for taking the time to read this report. Together, we can create a city where more people can find homes that meet their needs.





seattle.gov/opcd/housing-choices

Cover Image, top left: Benjamin Benschneider / SHKS Architects



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