

## AFFORDABLE HOUSING INDICATORS

### Outcome: Provide Sufficient Affordable Housing for all King County Residents

#### INDICATOR 23: Homelessness

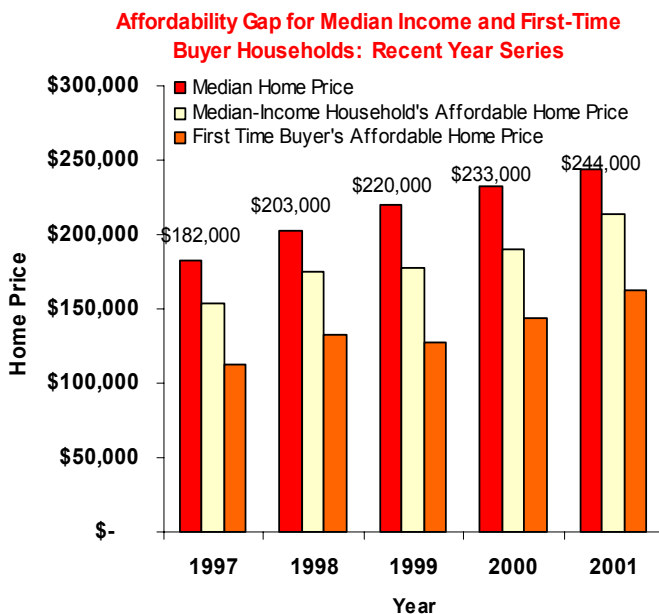
*See 2001 Benchmark Report. No new data on home ownership is available this year.*

### Outcome: Increase Affordable Home Ownership Opportunities



#### INDICATOR 24: Home purchase affordability gap for buyers with a) 80% of median household income (typical first-time buyer); and (b) median household income.

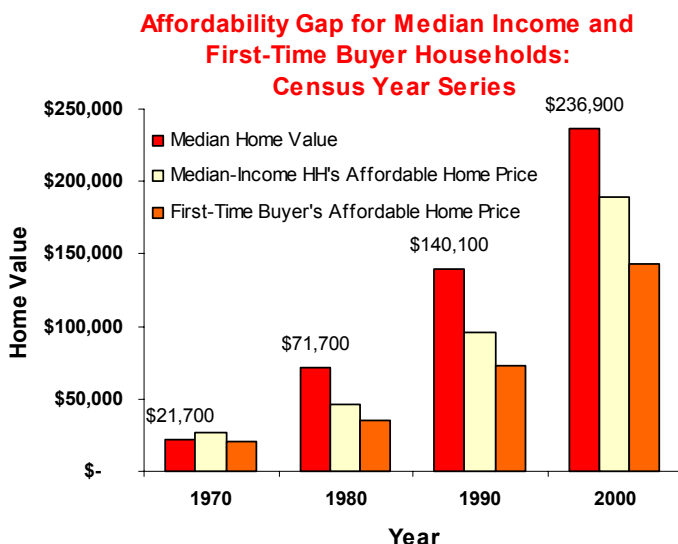
Fig. 24.1



**Notes:**

1. Affordability for a median-income household is based on conventional financing on a 30-year mortgage with 10% down. First-time buyers are assumed to use low down payment financing (5%). Interest rates used are the average for the year.
2. Typical first-time buyers are assumed to earn approximately 80% of median income.
3. Fig. 24.1 uses the median home value as reported in the 1970, 1980, 1990, and 2000 censuses. For 1970 – 1990, the values are for single family homes only, and do not include condominiums. However, in the 2000 Census, condominiums are also included in the median home value.
4. Fig. 24.2 reports the median selling price of all homes (condo and single family) for the past five years, based on calculation of median closed sale price from Northwest Multiple Listing Service (MLS) database. The MLS median home price for 2000 differs slightly from the Census median home value.

Fig. 24.2



**About the Indicator**

- In 2001 the first-time buyer household earned about \$49,000 and, with a 5% down payment, could afford a home priced at \$162,000 or below. The affordability gap for first-time buyers was \$82,100. The affordability gap is the difference between the price that the buyer can afford to pay, and the median price of all residences on the market.
- The median-income household earned about \$61,400. With a 10% down payment, that household could afford a home priced at \$214,000 or less. For a median-income household, the affordability gap was about \$30,400. Low interest rates in 1998 and 2000 lessened the gap temporarily.

## AFFORDABLE HOUSING INDICATORS

### INDICATOR 24:

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- Fig. 24.2 shows the change in the affordability gap over the long term. In 1970, the median-income household could afford more than the cost of a median-priced single-family home. However, since then the affordability gap has been growing.
- In 1980, the gap for a first-time buyer, at 80% of median income, was **\$36,400**. In 2000, the first-time buyer faced a gap of **\$93,000**. That household, earning \$45,000, could afford homes priced below \$144,000, about 18% of 2000 home sales.
- Only 16% of all home sales in King County in 2001 (both single family and condo) were affordable to households earning 80% of median income or less, despite historically low interest rates.
- In 2001, the median price of condominiums was \$173,000, up \$13,000 from 2000. The median price of a single-family home was \$264,000, up \$14,000 from 2000.
- 80% of condominiums are two bedrooms or less, making them primarily a choice for singles, young couples, or “empty nesters”.
- The fast-paced housing market in King County showed signs of slowing in 2000 and 2001 due to several factors. The local economic boom ended with a combination of declining values of technology stocks and stock options, and layoffs in the dot.com and aerospace industries. These events have had a multiplier effect throughout the Puget Sound economy.
- A generous supply of recently-permitted units continue to come onto the market. Interest rates fell somewhat during 2001 and more sharply in 2002. Home sales have slowed, but prices have continued to rise in desirable areas, and remain steady in most other parts of the County.

### For Comparison

- As a region, the cost of housing in the West is higher than the rest of the United States. The Seattle-Bellevue-Everett metropolitan area ranks in the middle (24th) out of 47 cities in the West in terms of affordability of its housing. It is more

affordable than cities such as San Diego, San Francisco, Flagstaff, and Oakland.

- In terms of the 1999 median price of homes, the Seattle-Bellevue-Everett metropolitan area ranked fourth out of nine major western cities.

### What We Are Doing

- Helping create affordable ownership opportunities for low-income, moderate and median income households through programs such as Surplus Property Development, Impact Fee Waivers, UPDs and Density Bonuses.
- Supporting ownership by providing homebuyer assistance for low-income households including financial assistance as well as counseling, and referral.
- Zoning for a wide variety of housing choices within Urban Growth Areas, including accessory dwelling units, manufactured homes, cottage housing and townhomes. Allowing dense, mixed-use development in appropriate areas.
- Providing density bonuses and fee waivers to support affordable housing developments such as the Habitat for Humanity’s Coal Creek Terrace Townhomes where permit and impact fees were waived by King County and Newcastle to help develop affordable ownership units for very low-income households.
- Promoting innovative design that integrates efficient land use and more land and energy-efficient housing styles. Examples include attached housing, which is allowed as a permitted use in all urban residential zones in Unincorporated King County and clustering of housing where sensitive areas might prevent developers from reaching zoned densities.
- Promoting measures which can reduce processing time for platting and permitting, and lower some land development costs.

### ***Outcome: Promote Affordable Home Ownership Opportunities***

#### **INDICATOR 25:** Home Ownership Rate.

*See 2001 Benchmark Report. No new data on home ownership is available this year.*

## AFFORDABLE HOUSING INDICATORS

### Outcome: Provide Sufficient Affordable Housing for All King County Residents

#### INDICATOR 26: Apartment vacancy rate.



Fig. 26.1

| Average Apartment Vacancy Rates in King County Subareas |       |       |      |       |        |
|---|-------|-------|------|-------|--------|
|   | North | South | East | Rural | County |
| 1994  | 4.5%  | 7.5%  | 4.1% | 5.1%  | 5.8%   |
| 1995  | 3.6%  | 6.7%  | 3.3% | 7.2%  | 5.0%   |
| 1996  | 2.7%  | 5.9%  | 2.6% | 7.2%  | 4.3%   |
| 1997  | 1.8%  | 3.7%  | 2.8% | 2.6%  | 2.8%   |
| 1998  | 1.8%  | 3.8%  | 3.6% | 2.2%  | 3.3%   |
| 1999  | 2.4%  | 4.6%  | 4.1% | 3.9%  | 3.9%   |
| 2000  | 2.3%  | 4.1%  | 3.7% | 2.2%  | 3.6%   |
| 2001  | 3.7%  | 4.5%  | 5.1% | 6.8%  | 4.7%   |

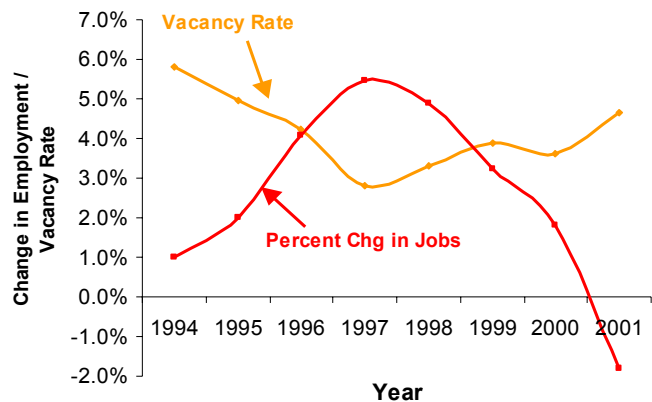
#### About This Indicator

- King County's average vacancy rate rose to 4.7% in 2001, the highest it has been since 1995. Rising vacancy rates mean downward pressure on rents. However, a vacancy rate of 5% is generally regarded as a normal market rate. Recent rates have been exceptionally low.
- Vacancy rates were highest in the Rural and East subareas, and lowest in Seattle.

- Rental vacancy rates are also influenced by the supply of housing stock. When supply is high in relationship to demand, there will be more vacancies.
- Vacancies increased significantly in all subareas from 2000 to 2001, reflecting the downturn in the economy with a growing supply and lower demand.
- Fig. 26.2 shows the inverse relationship of vacancy rate to employment change.

Fig. 26.2

#### Relationship Between Change in Employment and Vacancy Rates: King County 1994 - 2001



### Outcome: Promote Affordable Home Ownership Opportunities

#### INDICATOR 27: Trend of housing costs vs. income.



Fig. 27.1

| Rate of Increase in Income, Median Home Price, and Average Rent: 1990 - 2001 |                                   |   |   |  |                                 |   |
|--|-----------------------------------|---|---|--|---------------------------------|---|
| Year   | Median Household Income           | Yearly Percent Increase in Median HH Income | Median Home Price (Condo and Single Family) | Yearly Percent Increase in Median Home Price | 2 BR / 1 BA Average Rent        | Yearly Percent Increase in Rent for 2 BR/1BA Apt. |
| 1990   | \$ 36,200                         |   | \$ 140,000                                  |  | \$ 537                          |   |
| 1997   | \$ 46,850                         | 3.8%  | \$ 182,000                                  | 3.8%   | \$ 655                          | 2.9%  |
| 1998   | \$ 50,150                         | 7.0%  | \$ 203,000                                  | 11.5%  | \$ 708                          | 8.1%  |
| 1999   | \$ 53,200                         | 6.1%  | \$ 220,000                                  | 8.4%   | \$ 744                          | 5.1%  |
| 2000   | \$ 55,900                         | 5.1%  | \$ 233,000                                  | 5.9%   | \$ 784                          | 5.4%  |
| 2001   | \$ 61,400                         | 9.8%  | \$ 244,000                                  | 4.7%   | \$ 826                          | 5.3%  |
| Annual Average Increase over Longer Term                                     |                                   |   |   |  |                                 |   |
| 1990-97  | Annual Average Increase in Income | 3.8%  | Annual Average Increase in Home Price       | 3.8%   | Annual Average Increase in Rent | 2.9%  |
| 1997-01  |                                   | 7.0%  |   | 7.6%   |                                 | 6.0%  |
| 1990-01  |                                   | 4.9%  |   | 5.2%   |                                 | 4.0%  |

## AFFORDABLE HOUSING INDICATORS

### INDICATOR 27:

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#### Notes:

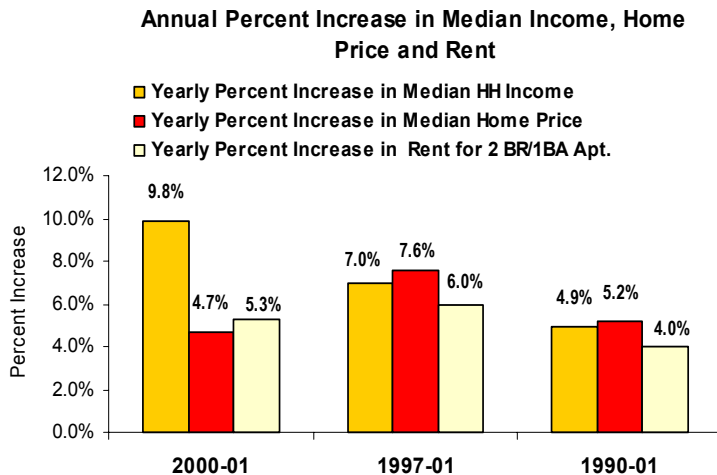
1. The yearly percent increase is an annualized rate based on the increase over the previous period.
2. The median home price is for both condos and detached single family homes in King County. This is a change from previous years when the median reported was for single-family only.

### About this Indicator

#### Home Ownership Costs

- The median price for all residences (single family and condo) in 2001 was \$244,000. Home prices increased at a faster annual rate than median household income from 1990 to 2001. (Fig. 27.1 and 27.2), particularly during the second half of the 1990s.

Fig. 27.2



- The rising trend in home prices began to slow in 2001 as the economy cooled. However, the median home price still increased nearly 5% from 2000 to 2001.

#### Rental Costs

- The rate of rent increase has been slower than the rate of income growth for most of the decade. (Fig. 27.2) Only in 1998 and 2000 did the rate of rent increase exceed the rate of income growth. (Fig. 27.1).
- Average rent for a two bedroom, 1 bathroom apartment in King County was \$826 in 2001, up 5.3% from 2000.
- About half of King County renter households earned under \$36,000 in 2001. This means that the median renter household could afford about \$900 in housing costs. In 2001, by this measure a household with a median renter income could comfortably afford an average two bedroom apartment. However, households of more than two to three are likely to require a larger unit at a higher median rent.
- Rent for a two bedroom, two bath unit averaged \$987 in 2001, and three bedroom, two bath units averaged \$1,113. Few renter households could afford these units.
- According to the 2000 Census, about 40% of all renters paid more for rent than they could afford (See Indicator 22).

## Outcome: Promote Equitable Distribution of Affordable Low-Income Housing throughout King County.

### INDICATOR 28: Public dollars spent for low income housing.

Since there is little year-to-year variance in this indicator, no new data was collected for the 2002 Benchmark Report. New information related to this Indicator will be available in the Fall 2002 Housing Affordability Bulletin.