

Seattle's Housing Gap

Unmet Needs and Challenges for People
Experiencing Homelessness

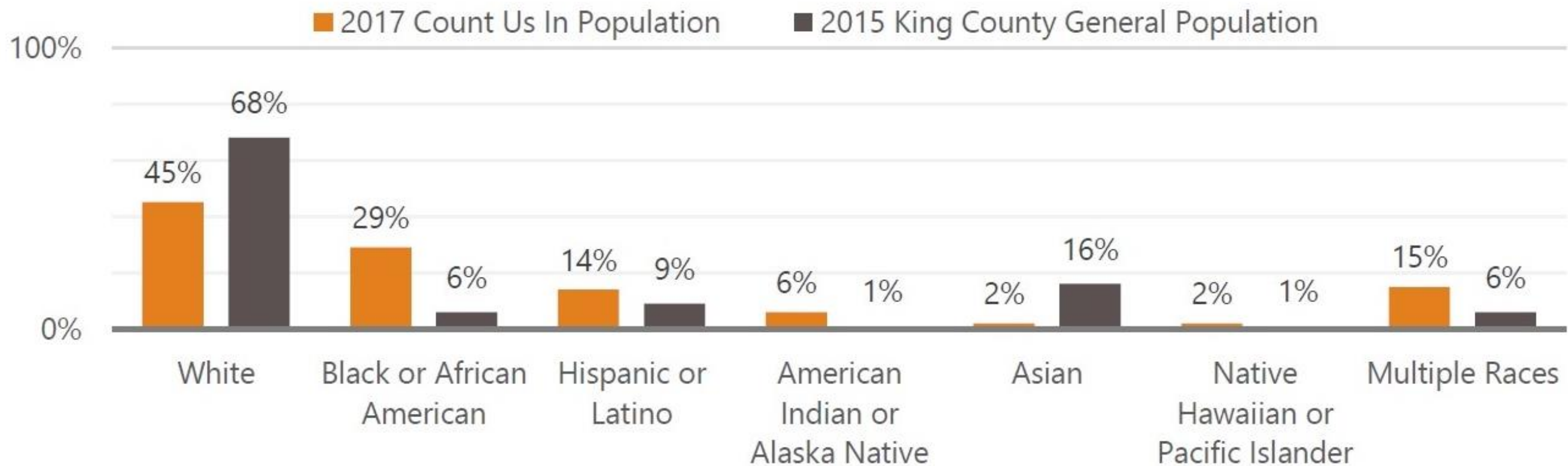
February 20, 2018

A snapshot of homelessness and housing insecurity today



8,522 people experiencing homelessness were counted in Seattle in January 2017

- That's **73%** of the total count in King County
- **3,857** of these people were sleeping unsheltered
- Homelessness **disproportionately impacts people of color:**



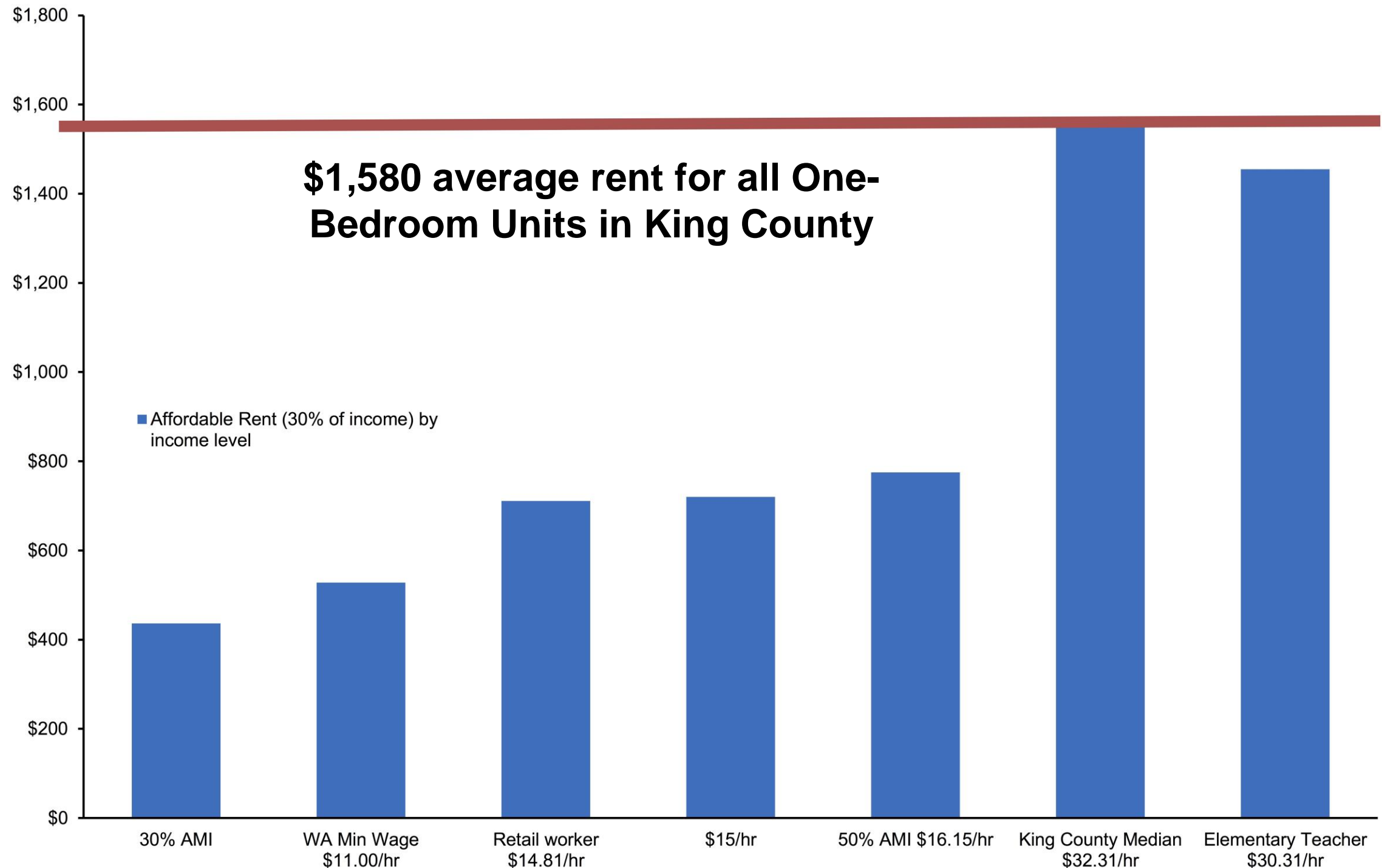
THERE ARE MANY MORE PEOPLE IN KING COUNTY WHO LIVE IN EXTREME POVERTY THAN ARE HOMELESS

According to the U.S. Census Bureau, in 2017, nearly **200,000 people** in King County lived below the **Federal Poverty Level**

(\$16,240 for a 2 person household)

Compared to approximately **30,000 people** who experienced **homelessness** in 2017 in King County

If you make **less than \$32/hour**, good luck finding an affordable 1-bedroom



Tens of Thousands of Seattle Low-Income Households are **Severely Burdened** by Rent Costs

Severely Cost Burdened (SCB): > 50% of income for rent & utilities

Total Number of Renter Households:	156,465
Number of Renter Households with incomes \leq 30% AMI*:	39,540 (25%)
Number of SCB Renter Households with incomes \leq 30% AMI:	22,800 (15%)

*30% AMI Today: \$20,200 (1 person) - \$23,050 (2 person)

Source: "CHAS" tabulation of 2010-2014 5-Year American Community Survey (ACS) estimates, prepared by U.S. Census Bureau for HUD.
Notes: The estimates of cost-burdened households omit households for whom cost burden is not computed (mostly households who have zero or negative income). *The figures for cost-burdened households in the lowest income category should therefore be regarded as conservative estimates.*
ACS estimates carry margins of error

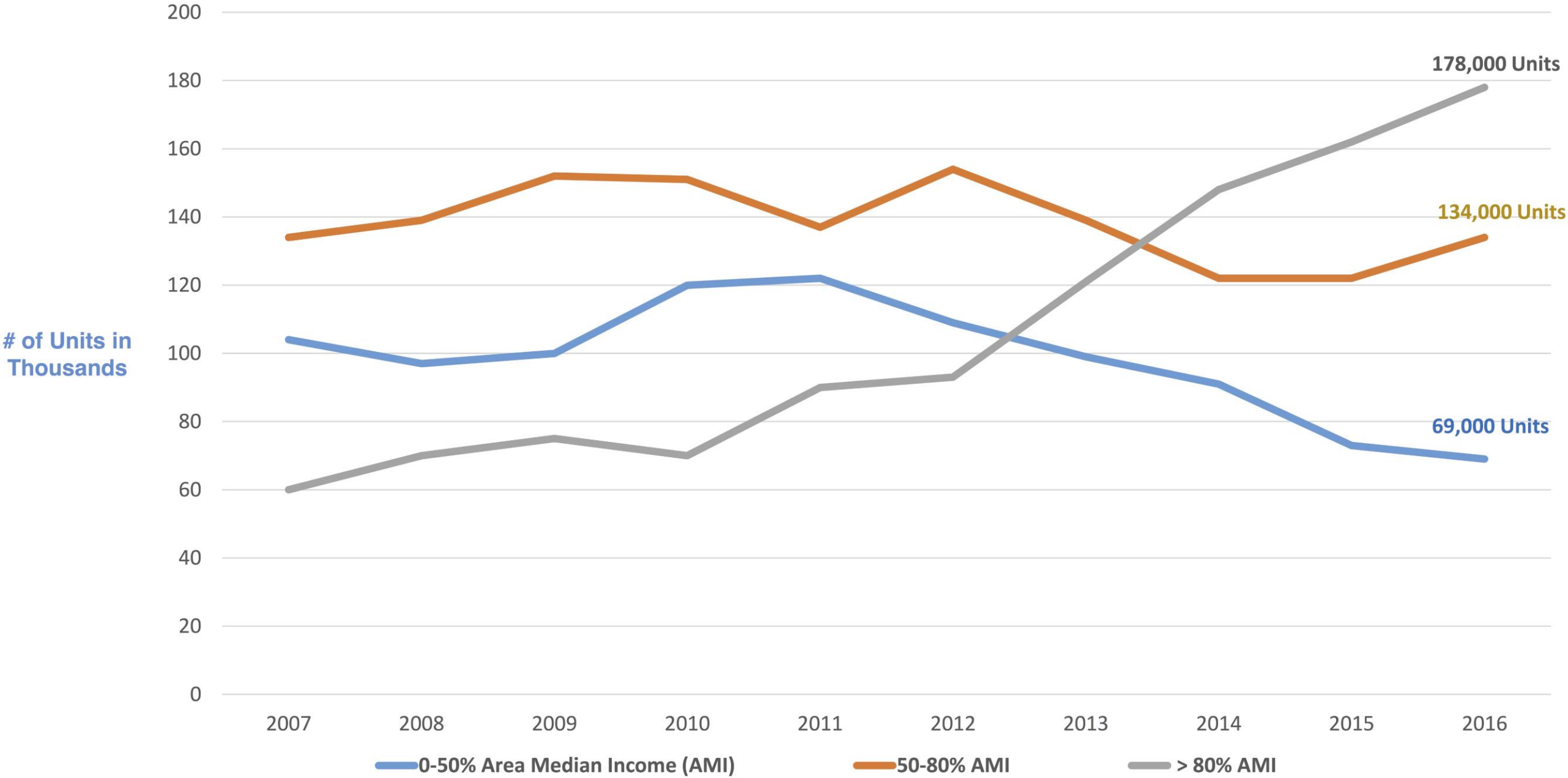


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The trends that got us
here

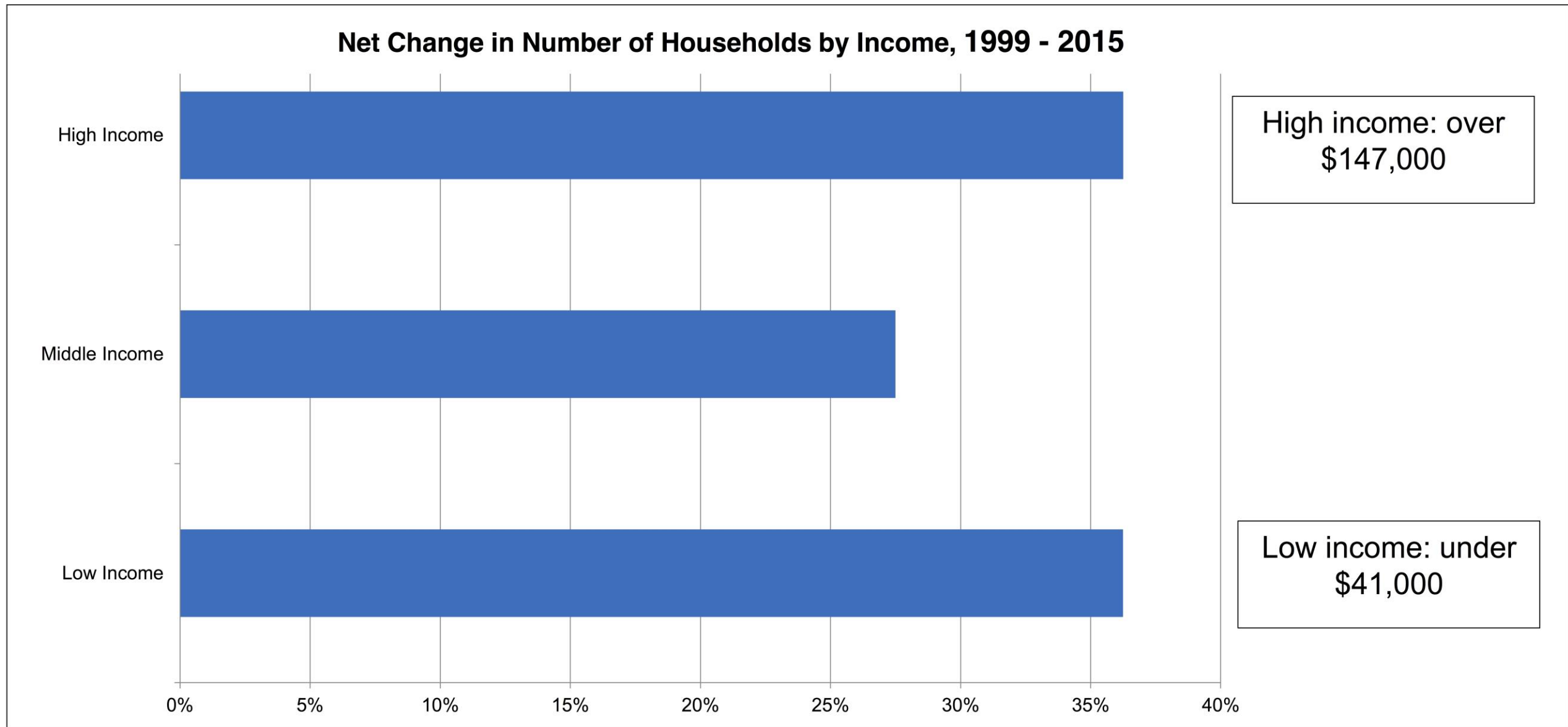
In the past ten years, **King County has lost approximately 35,000 units** affordable to households below 50% of Area Median Income

Change in Available Housing Stock by Income Range



More Low-Income Households are Competing for Less Low-income Housing

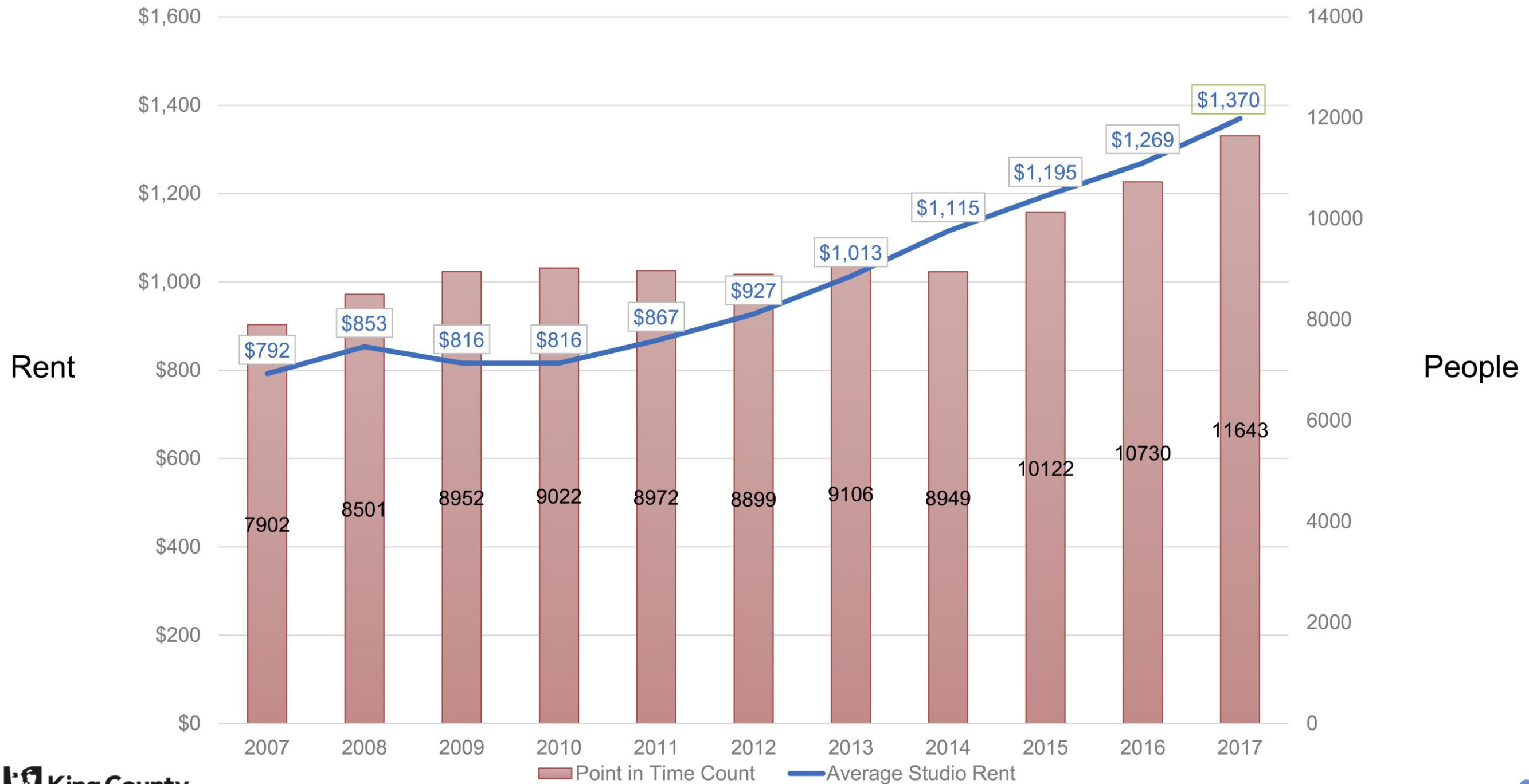
Increasing Income Inequality (Increase in % Households in Lowest Incomes while Housing Stock for lowest incomes is decreasing)



About one-quarter of the 16-year growth in households was middle income, but high and low income households still dominate the growth

Rising rents correlate with rising homelessness

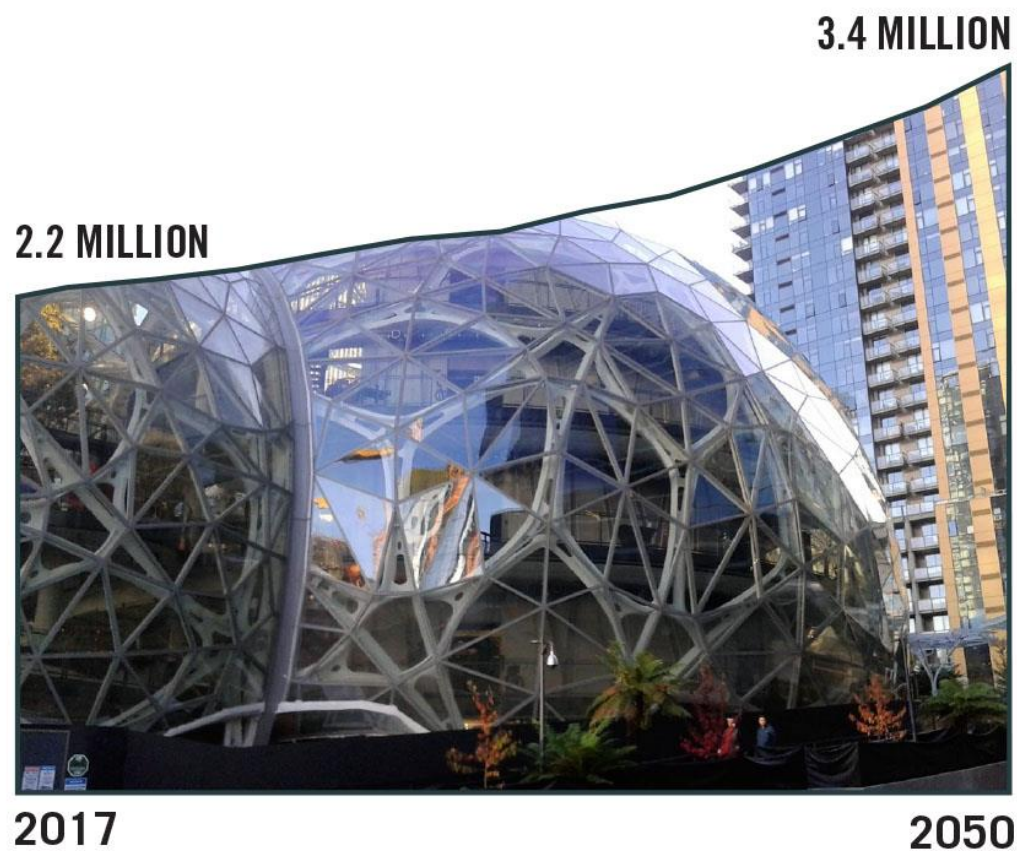
King County Homeless PIT Count and King County Average Studio Rent



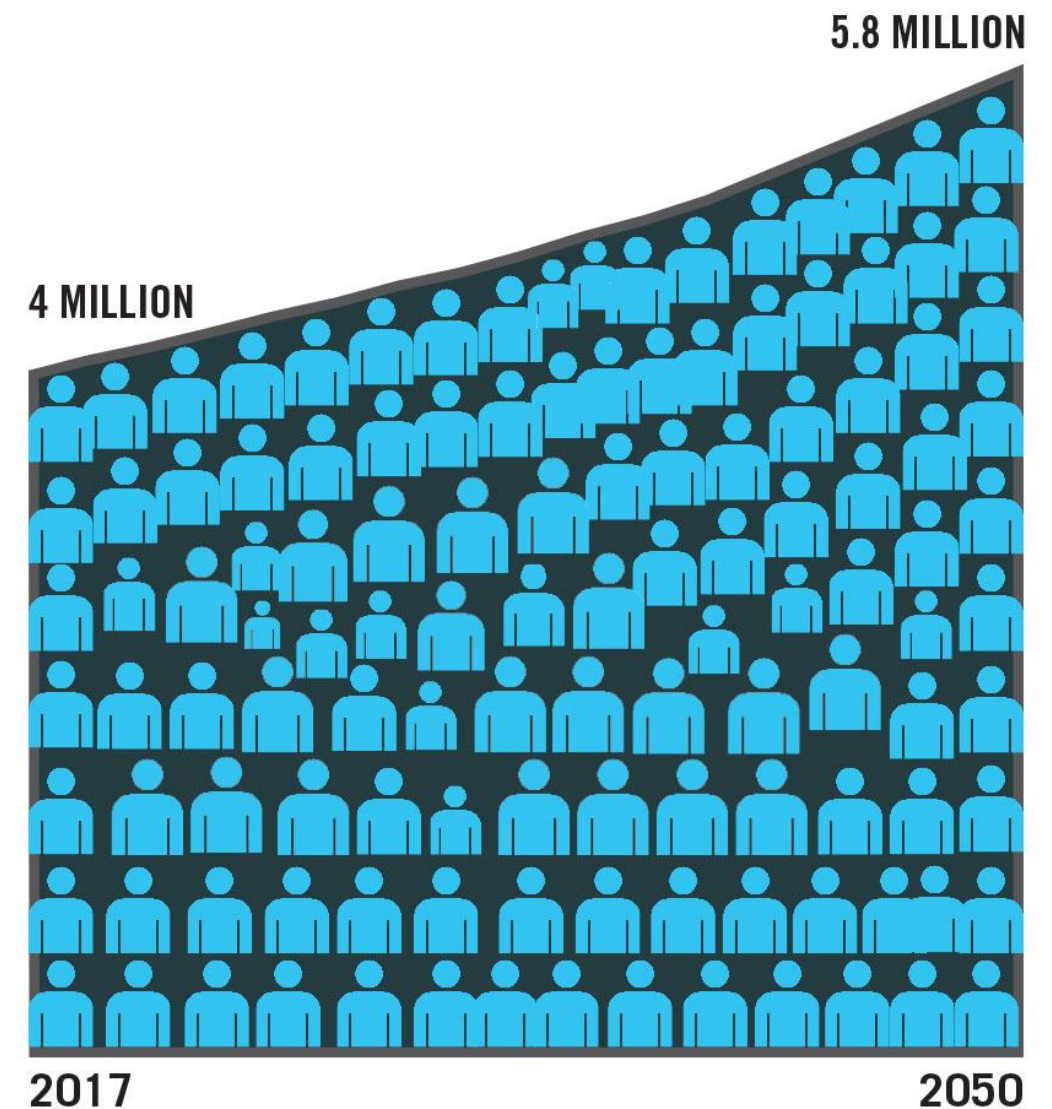
As the economy and population keep growing, these trends are likely to continue

- The central Puget sound region is forecast to grow to **nearly 6 million people by 2050**.
- That's an average of about **55,000 more people per year**. Over the last two years, the region has grown by 80,000+ people per year.

In 2050 — 1.2 million more jobs than today



In 2050 – 1.8 million more people than today.



Compounding the lack of affordable housing, there are additional **drivers of homelessness** and **barriers to housing**

Decades of cuts to social
welfare and **safety net
programs**

More cuts coming?

Decades of cuts to **mental and
behavioral health** support
systems

Washington ranks 47th out of the
50 states for spending on mental
health

Mass incarceration and a
punitive and stigmatizing
criminal justice system

Having a criminal record makes
it very, very hard to find housing

Widespread drug use driven
by **opioid overprescription**,
poverty and despair

Active drug use makes it hard
to find and retain housing

So, how much more
affordable housing is
needed?

In Seattle and throughout King County, the “housing gap” is greatest for the lowest-income households

Seattle	0-30% AMI		30%-50% AMI		50%-80% AMI	
	2016	2030	2016	2030	2016	2030
Total	17,161	27,481	2,341	12,661	Met	7,125

These estimates from the **Housing Development Consortium** are extremely conservative, based on the assumption that:

- 12% of all housing stock should be affordable for households at 0-30% AMI
- 12% of all housing stock should be affordable for households at 30-50% AMI
- 15% of all housing stock should be affordable for households at 50-80% AMI

A more accurate estimate?

8,522+ People Experiencing
Homelessness

+

22,800+ Severely Cost-Burdened Low-
Income Households

=

30,000+ more units of deeply
affordable housing needed in Seattle...
right now.

How has Seattle been doing
at creating new housing?

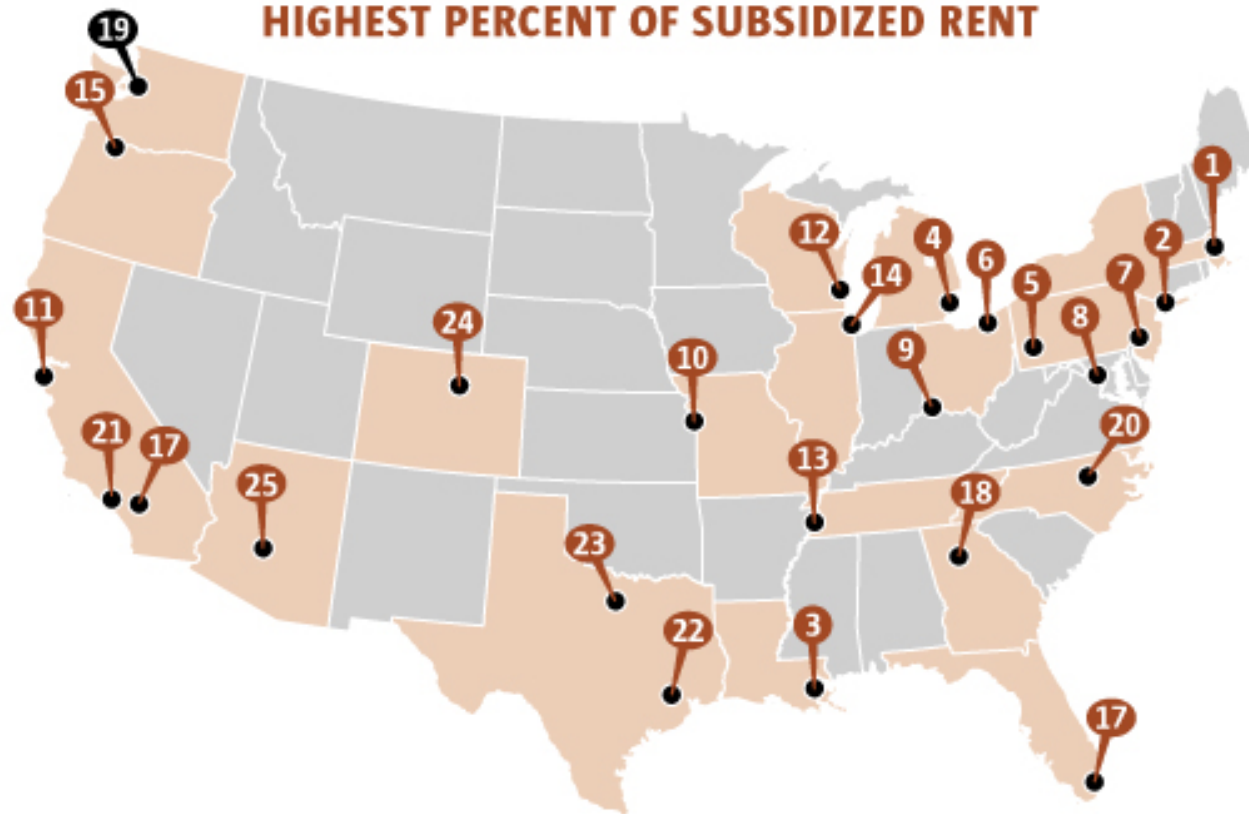
What is in the works?

How Seattle stacks up for subsidized housing

In the Seattle metropolitan area, an estimated 12.6 percent of rental units are subsidized, according to data from the U.S. Census Bureau's American Housing Survey. That ranks Seattle 19th among the 25 metro areas included in the survey.

HIGHEST PERCENT OF SUBSIDIZED RENT

1	Boston	26.6%
2	New York	23.0
3	New Orleans	20.2
4	Detroit	20.1
5	Pittsburgh	18.0
6	Cleveland	17.8
7	Philadelphia	17.0
8	Washington, D.C.	16.3
9	Cincinnati	16.1
10	Kansas City	15.7
11	San Francisco	15.4
12	Milwaukee	15.2
13	Memphis	15.2



14	Chicago	15.1%
15	Portland	14.4
16	Riverside-San Bernardino	14.2
17	Miami	13.0
18	Atlanta	12.7
19	Seattle	12.6
20	Raleigh	12.4
21	Los Angeles	12.3
22	Houston	12.3
23	Dallas	12.3
24	Denver	12.1
25	Phoenix	8.7

Note: Subsidized units are owned by a public housing authority or receive a government subsidy (voucher, etc.) or some other rent reduction that requires income verification.

Source: American Housing Survey, 2015

EMILY M. ENG / THE SEATTLE TIMES

“[A 2017 study] found that there are **29 affordable units available for every 100 extremely low income households** [in Seattle]. That’s well below the national average of 35 per 100.”

— Gene Balk (Seattle Times 2/16/18)

In the past three years, the City of Seattle has funded a total of 805 units affordable at 0-30% AMI.

New Affordable Housing Units Funded

Unit Type	2015	2016	2017
Permanent Supportive Housing (PSH)	131	162	222
<30% of AMI Housing (excludes PSH)	38	116	136
>31% AMI to 80% of AMI	724	295	538
Total	893 units	610 units	896 units

Heading in the right direction, at least!

2015: 169 low-income units

2016: 278 low-income units

2017: 358 low-income units



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Ten year forecast: 6,000 new low-income units on the horizon?

“The HALA’s recommendations work towards a goal of creating 6,000 units for residents earning less than 30% AMI... over the next ten years [from 2016 to 2025].”

— HALA report, 2015

Confusion Alert: These are **not** the same as the 6,000 units that are projected to be created through the Mandatory Housing Affordability (MHA) program. MHA units are targeted around 60% AMI.

Funding for the 6,000 units for 0-30% AMI households comes from the Seattle Housing Levy and the State Housing Trust Fund among other sources.

Federal tax bill: **tax cuts for businesses** may lead to **less money for housing**

“We think lowering the corporate tax rate from 35 to 21 percent without making other changes to the Housing Credit will mean a **14 percent reduction** in the number of affordable homes we are able to create in Seattle.”

“In 2017, this would mean an impact of approximately **125 less affordable homes being built**, or at least one building, at a time when we face an affordability crisis.”

— Steve Walker, Director of Seattle Office of Housing. Quoted in Reuters.

- The recently-passed federal tax bill lowers the corporate tax rate from 35 to 21%.
- This reduces the incentive for corporations to purchase **Low Income Housing Tax Credits** — which currently provide the largest share of private funding for affordable housing development in the U.S.



In sum:

Lagging behind other big cities in subsidized housing

Need exists for 30,000+ more units right now

6,000 new units by 2025 if we're lucky

358 units funded last year

Federal tax bill likely to make things worse

(Don't even think about Trump's proposed 2019 budget)

Time to step up our game, Seattle!

What can the City do?

Strategies for Creating
Deeply Affordable Housing

Permanent Supportive Housing Project

- Capital cost per unit = \$312,000
- City covers entire cost; leverage sources fully utilized with Housing Levy
- 80 to 100 unit building = \$25 million to \$31.2 million capital only (one-time)
- Operating and Services cost per unit = \$17k per unit, *per year for 20 years in addition to one-time capital costs*
- City covers entire cost; leverage sources fully utilized with Housing Levy
- 80 to 100 unit building = \$1.3 million to \$1.7 million (+ 4% year inflation) *per year for 20 years for ongoing operations and services*
- Building provides services to support the most significantly impacted homeless individuals



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Mixed-Income Building with 30% & 60% AMI Units

Capital cost per unit = \$312,000 per unit

City funds could leverage 4% tax credits

Total City cost \$170,000 per unit or \$17 million for one - 100 unit building

Building includes 30 units serving those $\leq 30\%$ Area Median Income (AMI) and 70 units of $\leq 60\%$ AMI in each building

Housing would serve those households with $\leq 30\%$ of AMI and $\leq 60\%$ AMI

No services or operating support provided, assumes tenants pay appropriate rent that support building operations



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Mixed Income Public/Private Housing: Greenbridge & Seola Gardens

- Two housing developments in progress in White Center, **~1,250 units** when complete
- Include both rentals and for-sale homes, ranging from **very low-income to market rate**
- Schools, community centers, libraries and other services on-site or nearby



There are some ways of creating deeply affordable housing **without publicly-funded construction**

Make existing housing stock more affordable

- Long-term vouchers, deep rental subsidies
- “Master-leasing” of privately-owned buildings by public agencies or non-profits

Advantage: Avoid new construction costs, get people into housing quickly

Disadvantage: Squeezes housing stock for 30-60% AMI and higher populations.

Enable private construction of “naturally affordable” housing

- Accessory dwelling units (ADUs), backyard cottages, SROs
- Later this year the City will consider:
 - Allowing two ADUs on one lot
 - Removing off-street parking and owner-occupancy requirements
 - Making it easier for property owners to permit and build ADUs and backyard cottages

All strategies are needed, but there’s no getting around it...

Seattle needs to build a lot of new deeply affordable housing

... and this is going to cost a lot of money.

For example, estimating the City's portion of the capital costs at \$170,000 per unit,

30,000 units would cost **\$5.1 billion**.

If we give ourselves **10 years** and assume the costs of construction don't go up...

we're looking at over **\$500 million per year**.

Are homeless people
important enough to us
that we will do what it
takes to find the
resources to close the
housing gap?