



City of Seattle

Edward B. Murray, Mayor

Office of Planning and Community Development

Diane Sugimura, Interim Director

To: Ketil Freeman

From: Laura Hewitt Walker

Re: MHA- Residential Framework Legislation: 60% of AMI Rent/Income Limit

Date: May 16, 2016

The purpose of this memo is to address a question about the rent and income limit for Mandatory Housing Affordability for residential development, as proposed by Council Bill 118692.

As you know, the state statute authorizing affordable housing incentive programs (RCW 36.70A.540) requires that rental housing units developed under such programs be affordable to and occupied by households with an income of 50% of median income or less, adjusted for household size. The statute allows jurisdictions, after holding a public hearing, to establish higher income levels – not to exceed 80% of AMI – upon finding that higher income levels are needed to address local housing market conditions. The City Council Select Committee on Housing Affordability will be holding a public hearing on Council Bill 118692 on June 21, 2016.

Average rents for apartments in Seattle are not affordable to households with incomes at the 30%, 60%, and (except for studios) 80% of AMI levels, and the gap is even greater for apartments in newer buildings. The following table estimates the affordability of average apartment rents in 20-plus unit buildings located in Seattle, as a percent of area median income.

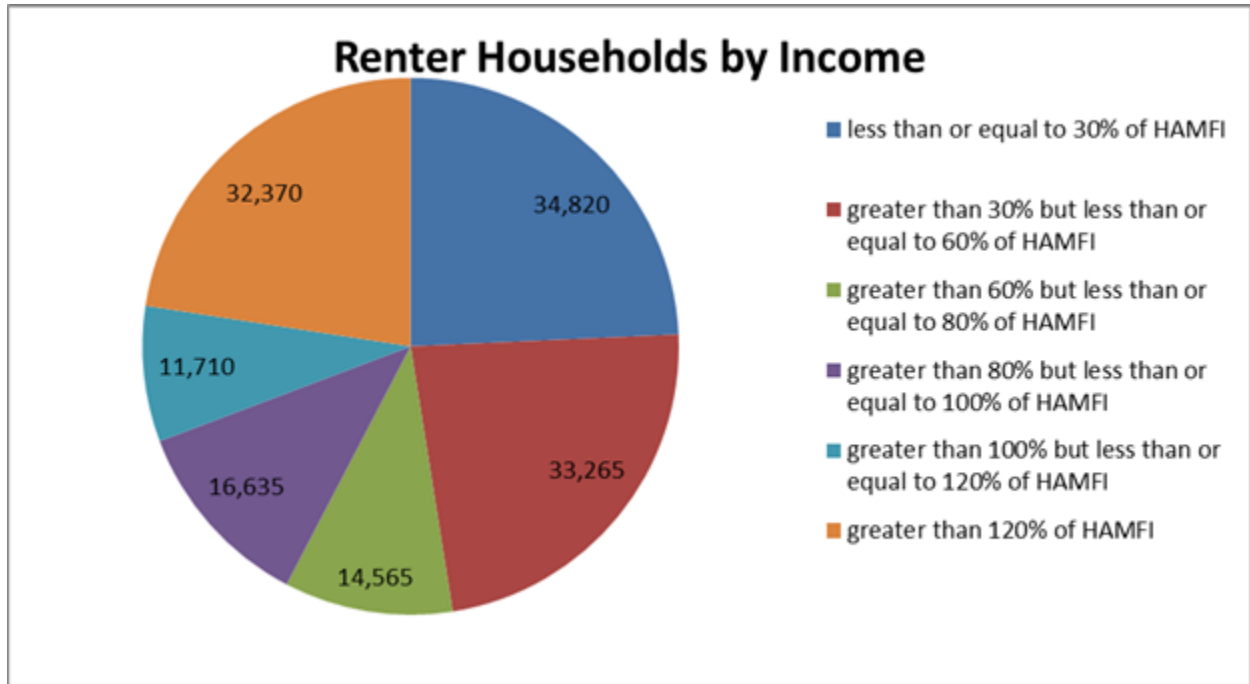
Affordability of Seattle Average Rents

Unit Size (BR/B)	Average HH Size	Average Rent Citywide	Citywide Affordability	Average Rent New Constr.	New Constr. Affordability
0	1	\$1,251	79%	\$1,417	90%
1	1.5	\$1,554	92%	\$1,854	109%
2/1	3	\$1,774	87%	\$2,168	107%
2/2	3	\$2,328	115%	\$2,813	138%
3/2	4.5	\$2,533	108%	\$3,486	148%

Sources: Dupre+Scott Apartment Advisors, *Apartment Vacancy Report*, units within 20+ unit complexes in City of Seattle, Spring 2016; Percent of area median income is based on U.S. Department of Housing & Urban Development (HUD) Program Income Limits, Seattle-Bellevue, WA HMFA, FY2016.

We also know that over 80% of the renter households with incomes 0-80% of AMI are in 0-30% of AMI and 30-60% of AMI categories, which supports addressing affordable housing needs for rental housing up to the 60% of AMI level.





Source: CHAS special tabulation of ACS 2006-2010 5-year estimates.