

# Programs and Policies Related to Meeting Workforce Housing Needs in Seattle

A Survey and Analysis of Best Practices in Comparative Jurisdictions



# Study Purpose and Overview

Compare workforce housing policies in 12 comparative cities to understand what is working best to promote workforce housing production.

Atlanta, GA

Austin, TX

Boston, MA

Dallas, TX

Denver, CO

Minneapolis, MN

Phoenix, AZ

Portland, OR

San Diego, CA

San Francisco, CA

San Jose, CA

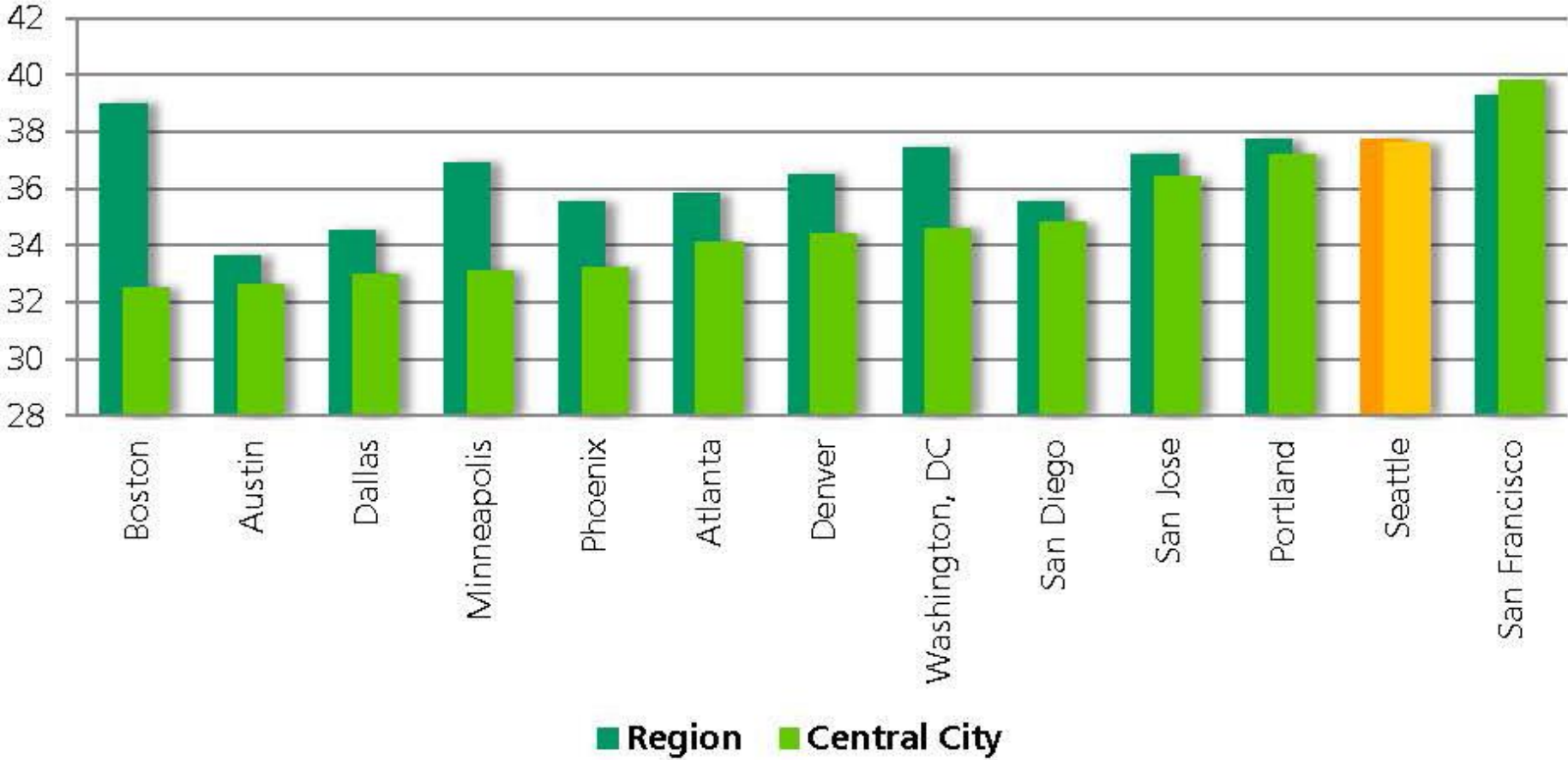
Washington, DC

- Comparative Demographic, Market Trends and Development Conditions
- Seattle Housing Policy Context
- Review of Best Practices and Housing Production by Affordability Level from Other Cities Based on Written Survey
- Analysis of Survey Results
- Findings and Recommendations
- Appendices; research tool; proceedings of the February 13, 2014 Housing Forum; Research Bibliography

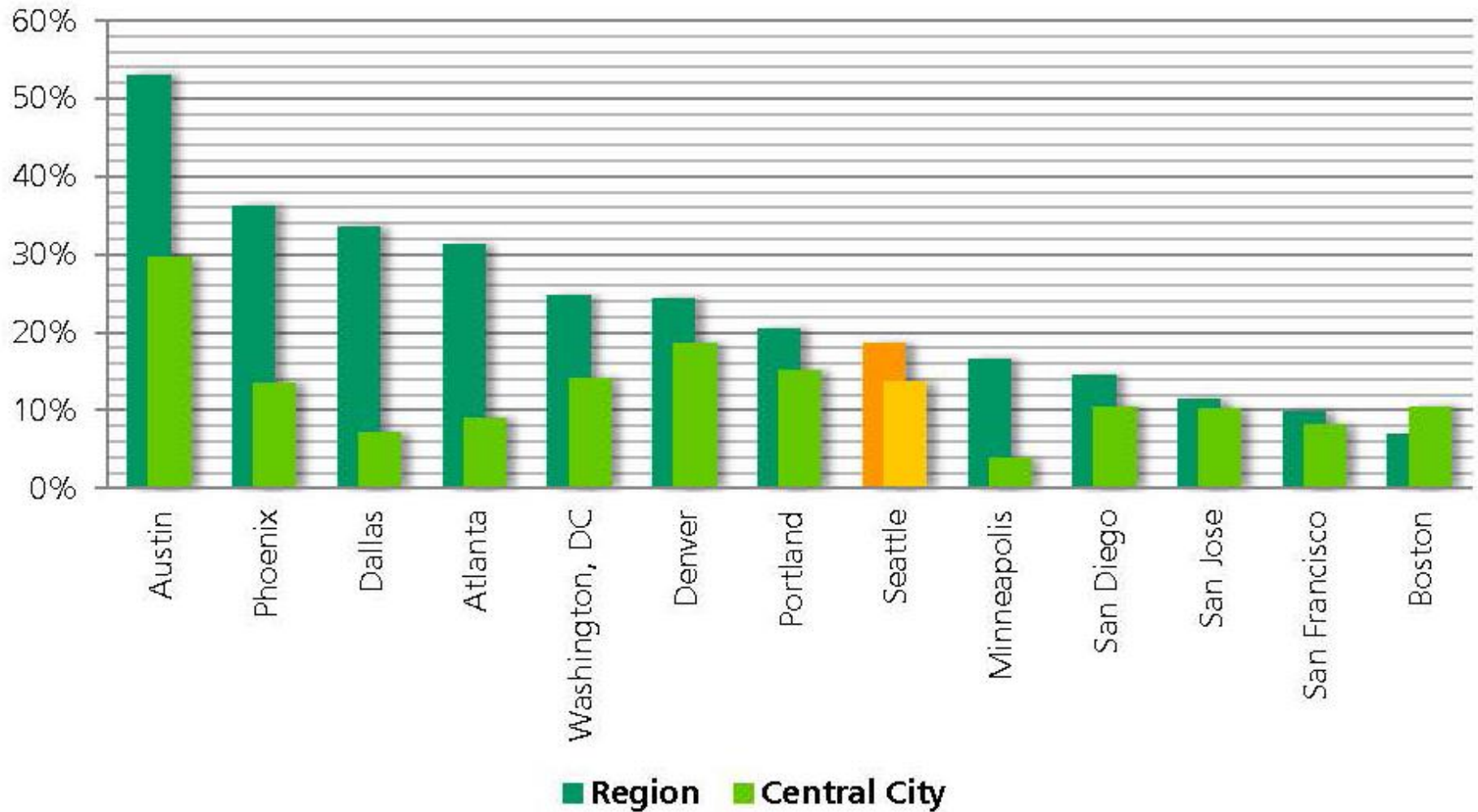
# Comparative Demographic Trends

- Seattle added 40,000 new households between 2000 and 2014 according to Nielsen, making it the fifth fastest growing city surveyed.
- After San Francisco, Seattle has the highest median age at 35.2 years.
- Seattle has the lowest average household size of comparison cities at 2.05.
- Seattle has the fourth highest median household income.
- Seattle has the fourth least number of households earning less than \$50K after San Francisco, San Jose and DC.

# Median Age



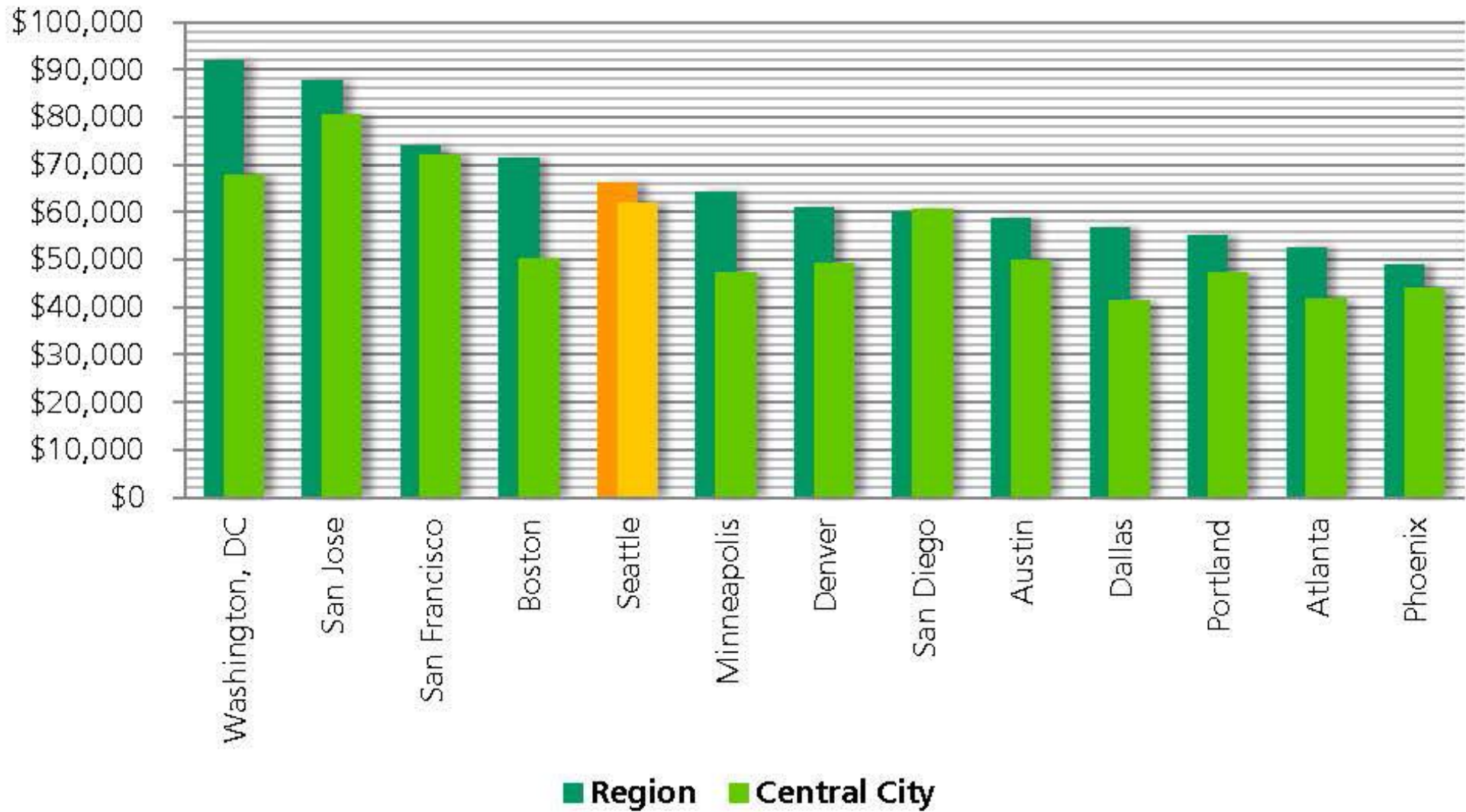
# Household Growth, 2000-2014



# Average Household Size



# Median Household Income, 2014

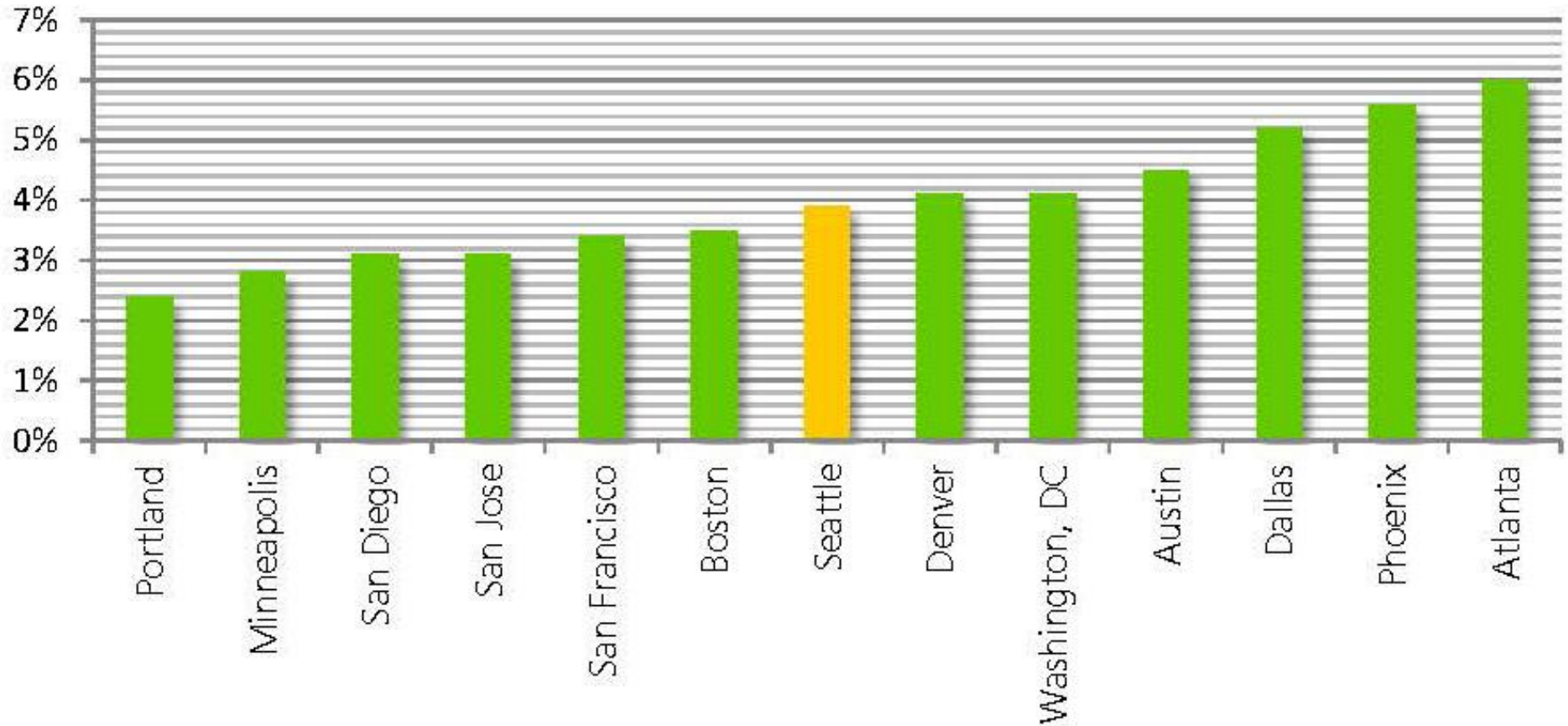




# Comparative Market and Development Conditions

- Most new units approved since 2000 have been multi-family, but Seattle still has a relatively large percent of detached (single-family) units compared to the comparison jurisdictions.
- Although rental and ownership housing is unaffordable for many lower and middle income households, Seattle ranks near the middle of the comparison jurisdictions in terms of housing rental rates and sale prices.
- Development costs are near the middle of per square foot construction costs compared to the other cities in this survey, but regulatory constraints are much higher and residential land supply is comparatively constrained; region wide.

# Comparative 2013 Regional Rental Vacancy Rates



# Comparative 2013 Metro Median Home Values

City	Median Value	Growth YOY
Atlanta	\$166,000	15.3%
Austin	\$224,000	9.3%
Boston	\$364,000	8.7%
Dallas	\$208,000	15.6%
Denver	\$263,000	9.6%
Minneapolis	\$203,000	8.0%
Phoenix	\$187,000	20.6%
Portland	\$260,000	12.1%
San Diego	\$411,000	21.2%
San Francisco	\$779,000	18.2%
San Jose	\$625,000	17.9%
Seattle	\$343,000	10.6%
Washington, DC	\$365,000	8.0%

Source: NAHB, Third Quarter, 2013.

# Market Place Condominiums



Lorig Real Estate Development; Photo Courtesy of Bumgardner Architects

# Comparison Cities Survey

- Jurisdictions were asked to report:
  - production by AMI level and tenure (rental and ownership housing) from 2010 through 2013.
  - land use and regulatory policies for affordable and workforce housing.
  - financing strategies for affordable and workforce housing.
  - other creative strategies, including market-led approaches to workforce housing production.

10 of the 12 cities responded to the survey; all are compared through published data.

# Best Practice Land Use and Regulatory Strategies

- A majority of cities have implemented fee waivers for affordable and workforce housing.
- Four of the comparison cities have implemented expedited processing for affordable and workforce housing (Austin, Denver, San Diego & San Francisco).
- Many cities included in this survey have substantially reduced parking requirements for all housing types in infill and transit-rich areas (Boston, Minneapolis, Portland, San Francisco & others).
- While it is not a primary focus of this study, the cities of Boston, San Diego, San Francisco and San Jose have well developed Incentive and/or Inclusionary Zoning Policies.

# Best Practice Financing Strategies

- Seattle is leader among the peer cities in providing a consistent local source of funding through the housing bond/levies. Strategies used in other places include:
  - Housing Trust Funds with private and foundation investors (Minneapolis, San Jose).
  - TOD Loan Funds to provide equity for affordable housing at transit rich locations (Denver, San Francisco & Phoenix).
  - In the absence of tax-increment financing, creative strategies like the Government Property Leasehold Tax (GPLET) program to finance high priority projects within designated redevelopment areas, including the Central Business District (Phoenix).
  - Multi-family tax exemptions for affordable and workforce housing (Denver & Portland).

# Mural: Multifamily Tax Exemption



ALARA Residential File Photo



# Other Best Practice Strategies

- Cities are experimenting with adopting flexible zoning to allow secondary units, micro-units, and new building types such as modular construction (Boston, Minneapolis, Portland & San Francisco).
- San Diego has promoted market-led solutions to affordable housing by pioneering market-rate Single Room Occupancy Units or SROs, a precursor to the trend of Apodments in Seattle.
- Many cities recognize that the public sector can't solve the problem alone and private employers and foundations are stepping up to partner through innovative programs (Minneapolis & San Jose).

# Workforce Housing Forum, 2/13/2014

- New Strategies for Workforce Housing Panel
  - Bena Chang, Silicon Valley Leadership Group
  - Aaron Mirapol, Denver Urban Land Conservancy
  - Tom Streit, City of Minneapolis Housing Policy and Development
- Focus on Public-Private Partnerships and Market-Led Strategies

# New Strategies for Workforce Housing

- Lessons Learned
  - In an era of scarce public resources, private-sector engagement is essential to a complete workforce housing strategy.
  - Local and regional housing trust funds and TOD loan funds play a critical role in supporting workforce housing development in Denver, Silicon Valley and Minneapolis.
  - Urban land conservancies and land banks are a critical resource that should be leveraged further.
  - Reducing land use and regulatory obstacles to new development near transit and supporting new development types can help the market respond to housing demand.

# Next Steps and Questions