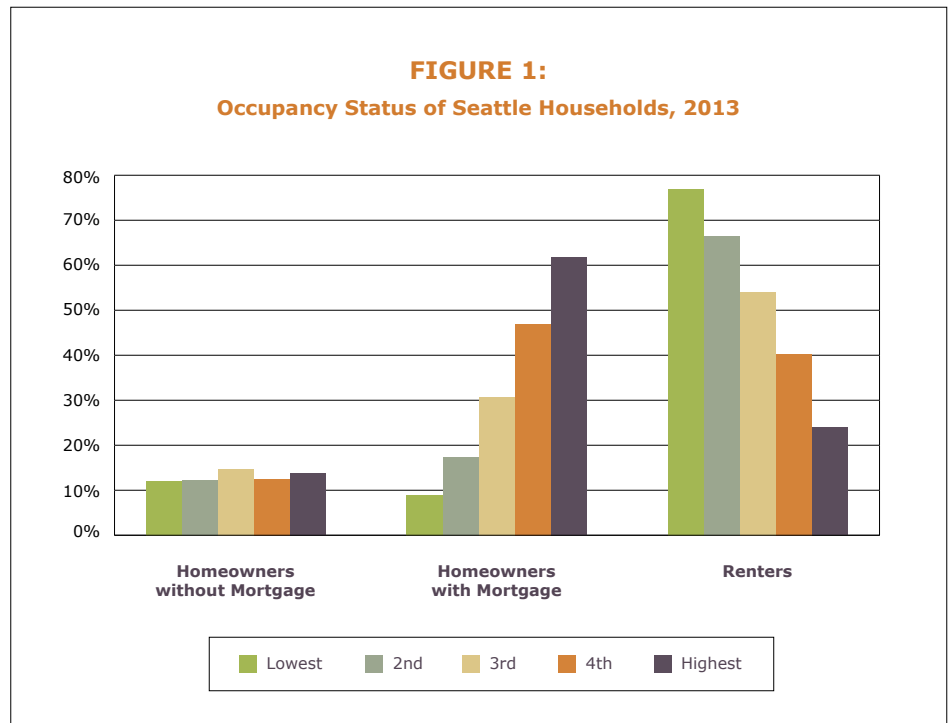


The Impact of Unaffordable Housing on Low-Income Households

The cost of living in Seattle continues to surge. *The Seattle Times* recently reported that the median price of a single family home in King County reached \$500,000: a 10.3% increase from last year.¹ Rents are soaring as well, experiencing the same rate of increase.² Given the current situation, SJI decided to further research the housing landscape to determine its impact on the low-income populations we serve.

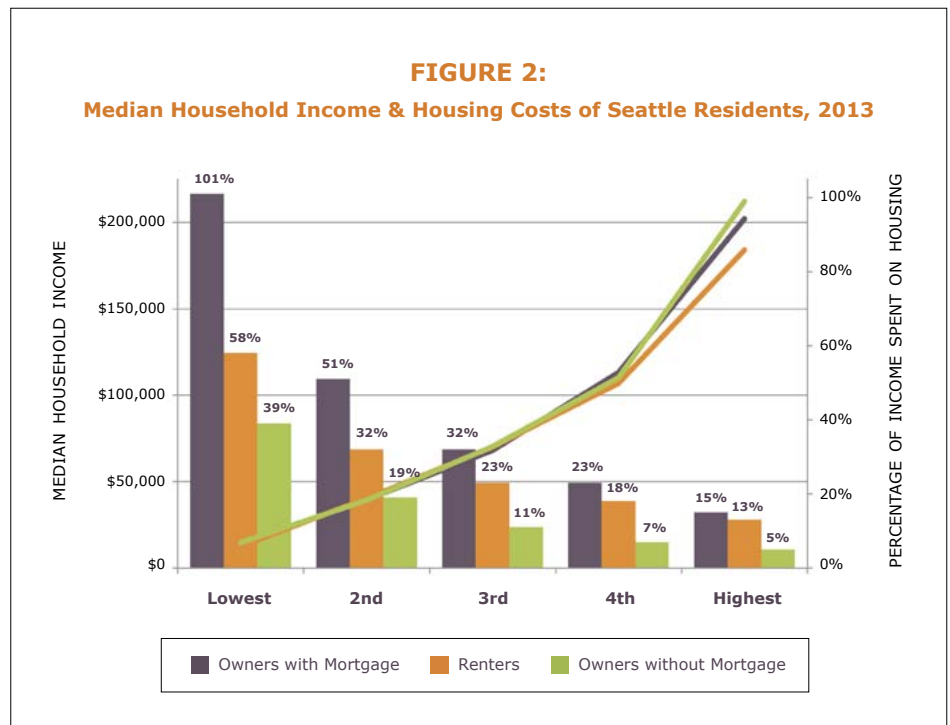
In 2013, Seattle had 297,807 households.³ Of those, the majority rented (52.4%) with the next biggest group classified as homeowners with a mortgage (33.2%). Owners without a mortgage made up 13% of households, while those occupying a dwelling without payment of rent accounted for only 1%. Occupancy status, however, is dramatically different when one considers the economic status of households.



SOURCE: U.S. Census Bureau, American Community Survey 2013 1-Year Estimates

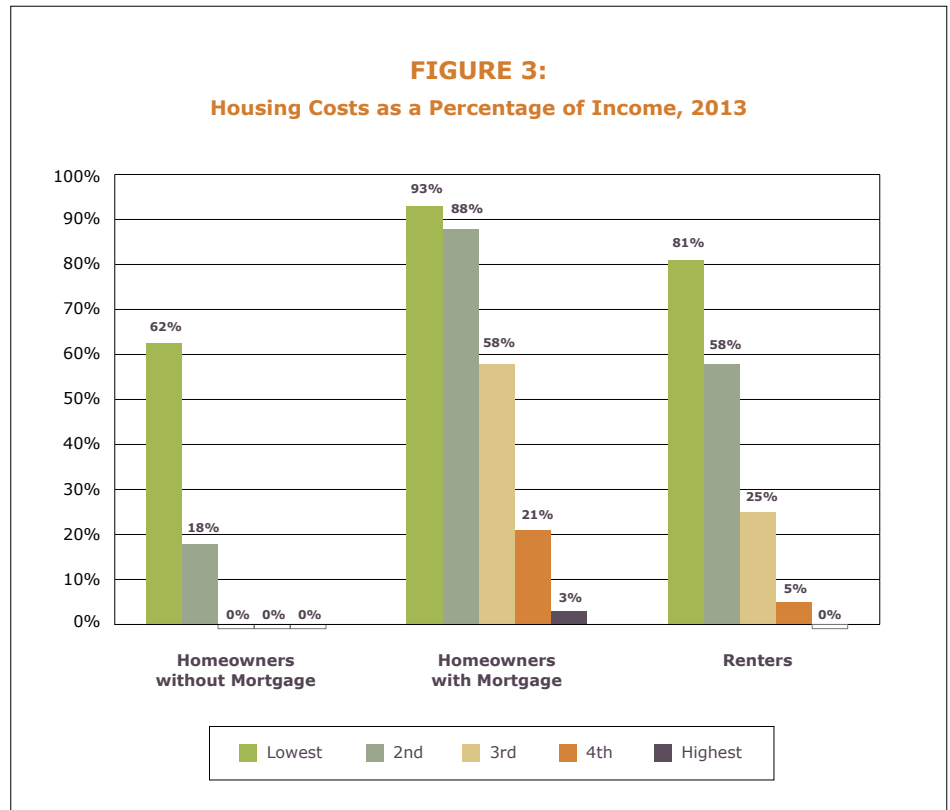
Figure 1 examines occupancy status by household income level. While 77% of the first income quintile, or low-income households, are “renters”, less than a quarter (24%) of the richest households, or the highest quintile, fell into this category. At the same time, three quarters of the former qualified as homeowners compared to 21% of low-income households. Aside from basic shelter, homeownership is considered key to building long-term wealth.⁴ Unfortunately for many low-income Seattleites, that pathway is closed.

Figure 2 compares the household income of each quintile by their occupancy status against the percentage of income devoted to housing costs. Here we find an inverse relationship between housing costs and income. Low-income households exhibit the lowest median income while devoting the greatest portion of it to housing. Low-income homeowners are especially vulnerable with 101% of their income eaten up by home costs. On the other hand, the richest quintile devoted at most 15% of their income to housing.

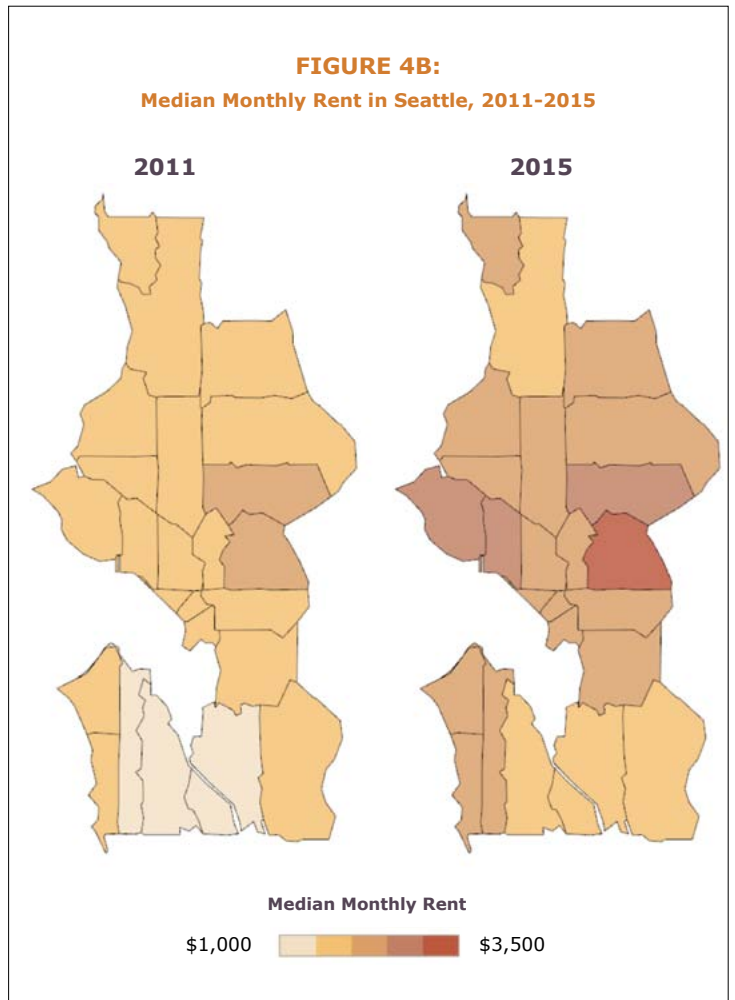
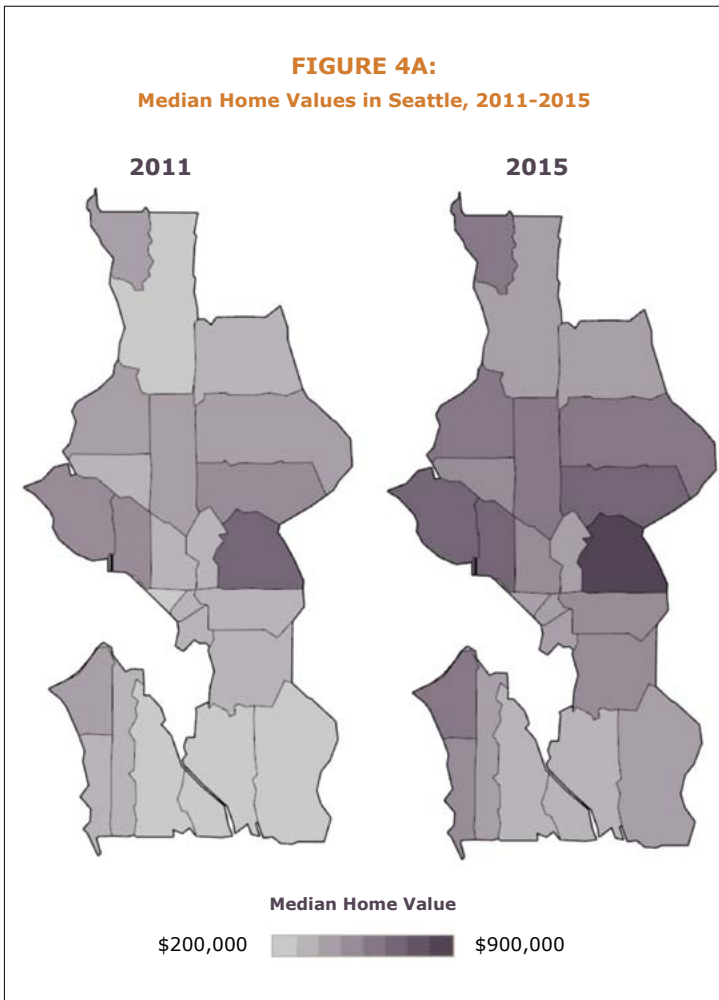


SOURCE: U.S. Census Bureau, American Community Survey 2013 1-Year Estimates

Figure 3 looks at the incidence of “Housing Affordability Burden” among Seattle households. The U.S. Department of Housing and Urban Development defines this as paying 30% or more of one’s income to housing.⁵ Once again we find that lowest two income quintiles are exceedingly burdened by housing costs. Ninety-three percent of the lowest earning homeowners with a mortgage, and 88% of the second-lowest earning homeowners qualified as burdened by housing costs. At the same time, a minimal housing burden is seen amongst the highest income earners. Only 3% of the highest earners are burdened, and this scenario plays out the same across all occupancy statuses.



SOURCE: U.S. Census Bureau, American Community Survey 2013 1-Year Estimates



SOURCE: Zillow

Finally, **Figure 4A** and **Figure 4B** look at how home values and monthly rents, respectively, changed over the past four years. Data on these values and rents were obtained through Zillow, the online real estate database company, which maintains median home values and rents charged by zip code.⁶ Importantly, the figures above are not broken down by type of building, but are all inclusive (i.e. single family home, 1 bedroom apartment).

In both charts, value increases are denoted by a zip code's color becoming darker. Since 2011, Seattle's median home price rose 41%, while its median monthly rent rose by 38%. The zip codes with the highest increases in home value and rent were 98199 with 49%, and 98107 with 48%. Zip code 98112 exhibits both the highest median home value and rent with \$887,000 and \$3,307 per month.

The figures above make it crystal clear that Seattle's stock of affordable housing is rapidly diminishing. With the recent growth noted above, this untenable situation will likely persist for the foreseeable future and continue to push low-income individuals from the city. SJI works with many individuals experiencing housing problems, and sees firsthand how it makes it even more difficult to gain employment that affords a living wage. SJI supports continued efforts to promote affordable housing within Seattle.

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1. Sanjay Bhatt, "Median Price for Single-Family Homes Hits \$500,000 in King County," *The Seattle Times*, July 7, 2015, <http://www.seattletimes.com/business/real-estate/median-price-for-single-family-homes-pushes-past-500000-in-king-county/>.
 2. Sanjay Bhatt, "Apartment Rents in King, Snohomish Counties Jump 5 Percent in 3 Months," *The Seattle Times*, July 2, 2015, <http://www.seattletimes.com/business/real-estate/local-apartment-rents-up-almost-5-percent-in-3-months/>.
 3. U.S. Census Bureau, 2013 American Community Survey 1-Year Estimates.
 4. United States Department of Housing and Urban Development, "Paths to Homeownership for Low-Income and Minority Households," *Evidence Matters*, Fall 2012, <http://www.huduser.org/portal/periodicals/em/fall12/highlight1.html>.
 5. *Affordable Housing*, United States Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing.
 6. See Zillow's *Home Values Tool* at <http://www.zillow.com/seattle-wa/home-values/>.

BEYOND THE HEADLINES: Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

Supported by the City of Seattle Office of Economic Development

Contact Information

For questions or suggestions, please email:

Chris Klaeyen | SJI Senior Policy Analyst | cklaeyen@seattlejobsinit.com