



*Analysis & Development by the Staff of HDC*



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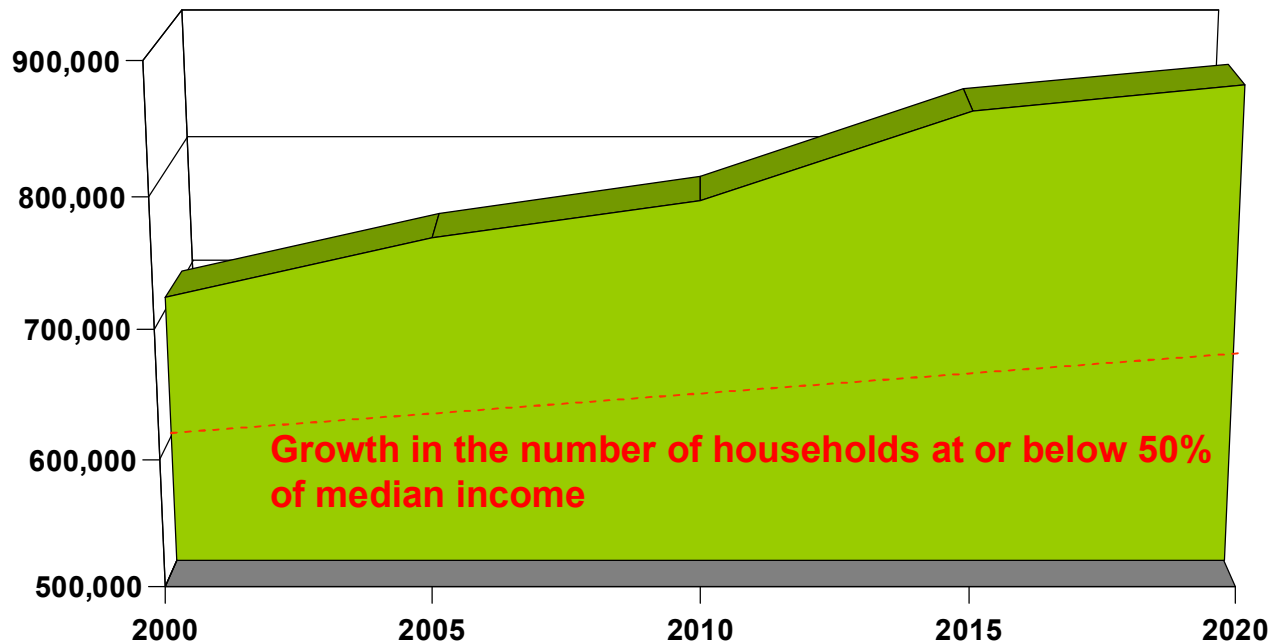


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# King County Continues to Grow Rapidly

## King County Households 2000-2020

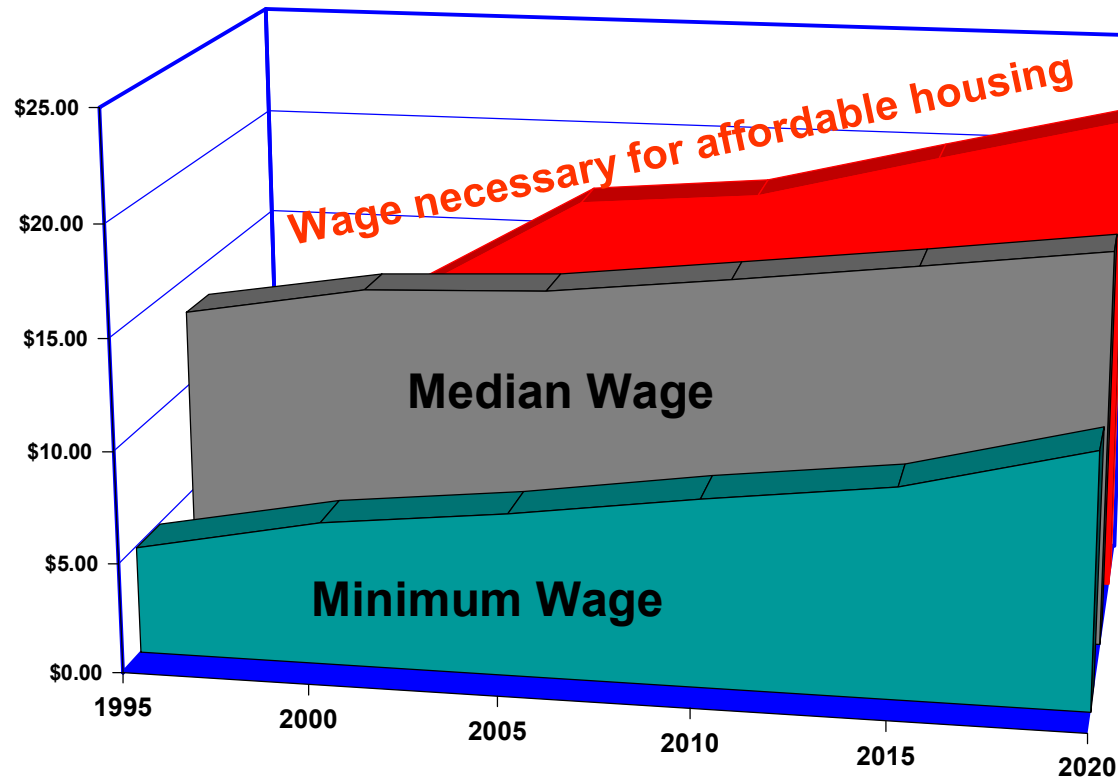


King County grew by over 71,000 residents between 2000-2005.

By 2020, King County will likely be home to over 52,000 (more) low income households.

***Pressure on infrastructure and resources in King County will continue to increase in the coming years, leading to a greater need for decent, safe and affordable housing for those the market leaves behind.***

# Wage Trends in King County 1995-2020



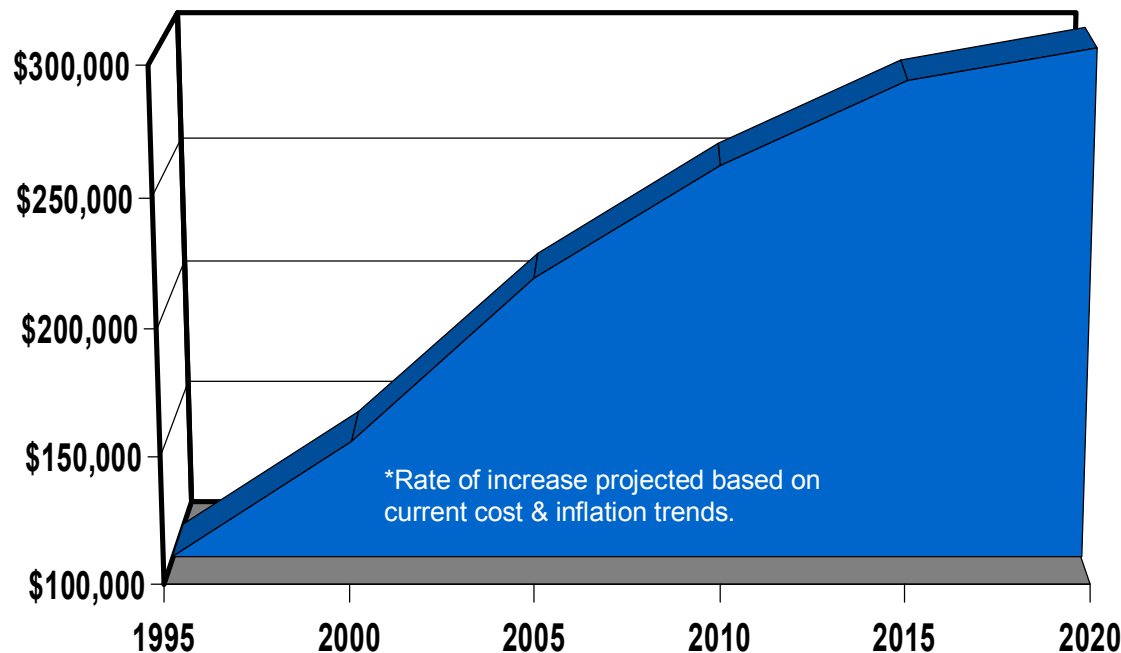
45% of Seattle renters, nearly 60,000 households, were living in rental properties they could not afford in 2003.

State median income rose to a peak of \$54,000 in 1998, then fell to below \$45,000 in 2001 and remained nearly level in 2004.

***In recent years, real wages have not kept up with inflation, falling 0.3% since 2003. As real wages continue to fall and housing costs continue to increase, more strain is placed on those served by affordable housing providers.***

# Escalating Production Costs: Building Cost Trends 1995-2020

Land + Construction Costs

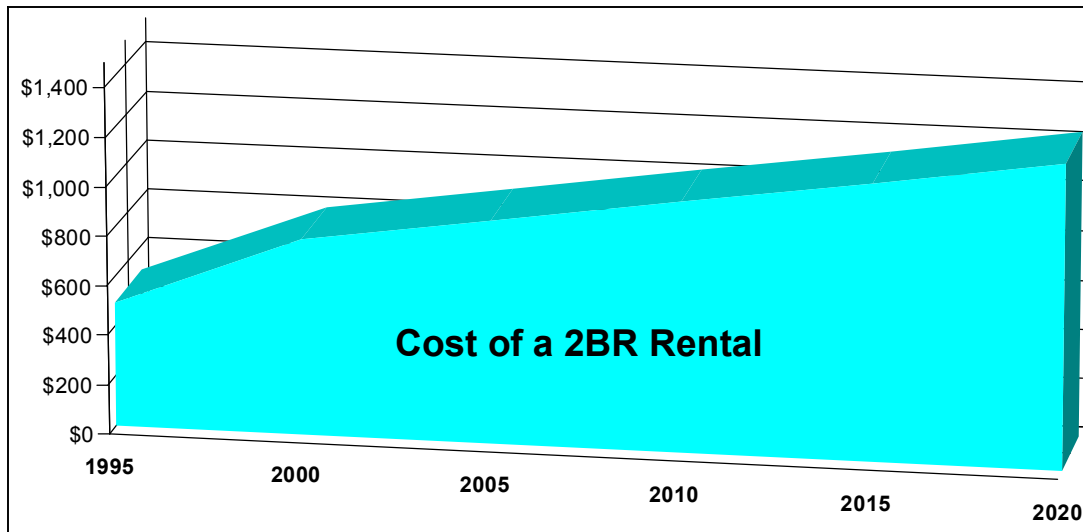


The cost to build a multi-unit residential project increased by over 16% between 2004 and 2005.

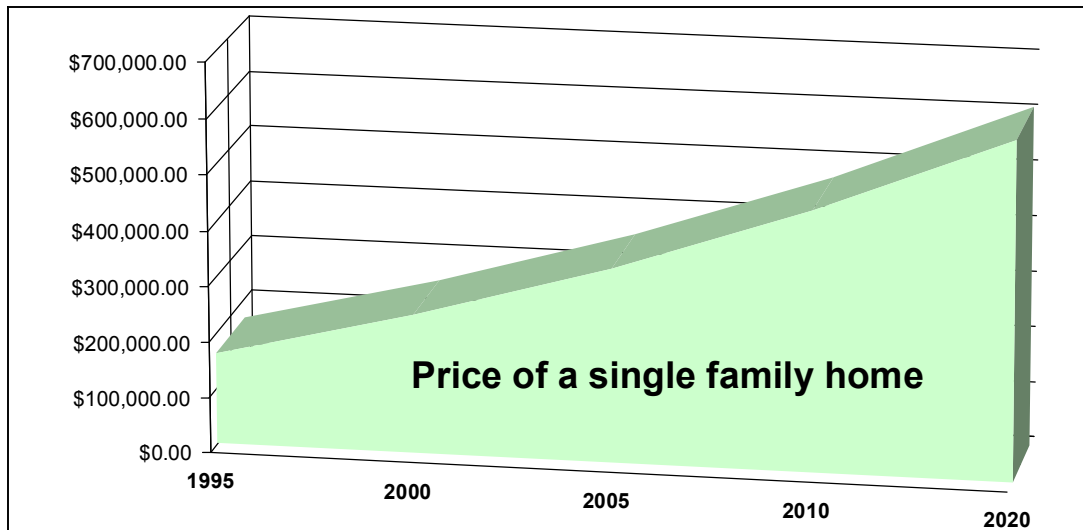
In the wake of hurricane season, the prices of building products doubled from September to October 2005.

***Although future construction cost increases are difficult to predict, the drastic rise in prices of most products as well as the increased cost of land shows little sign of slowing down.***

# Housing Cost Trends 1995-2020

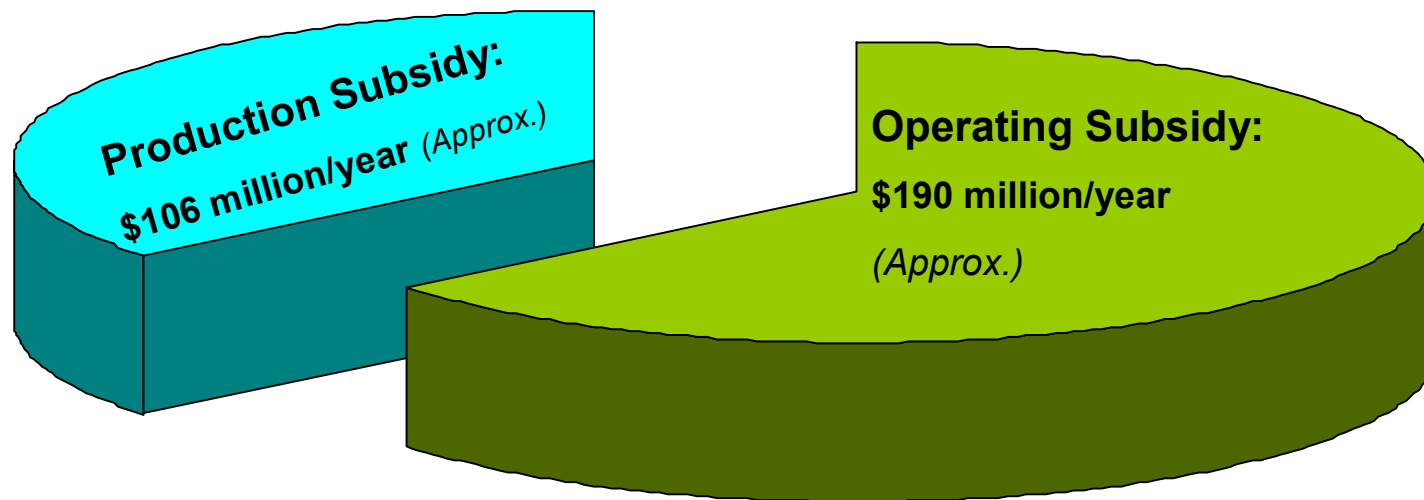


**Rental costs are growing quickly.** A worker earning the minimum wage must work 80 hours per week to afford a two bedroom unit at King County's Fair Market Rent.



**Homeownership is moving further out of reach.** The price of a single family home increased 77% between 1995 and 2003 and, according to the Seattle Times, has jumped an additional 17% in the past year alone.

# Public Dollars Supporting Operations & Production in King County



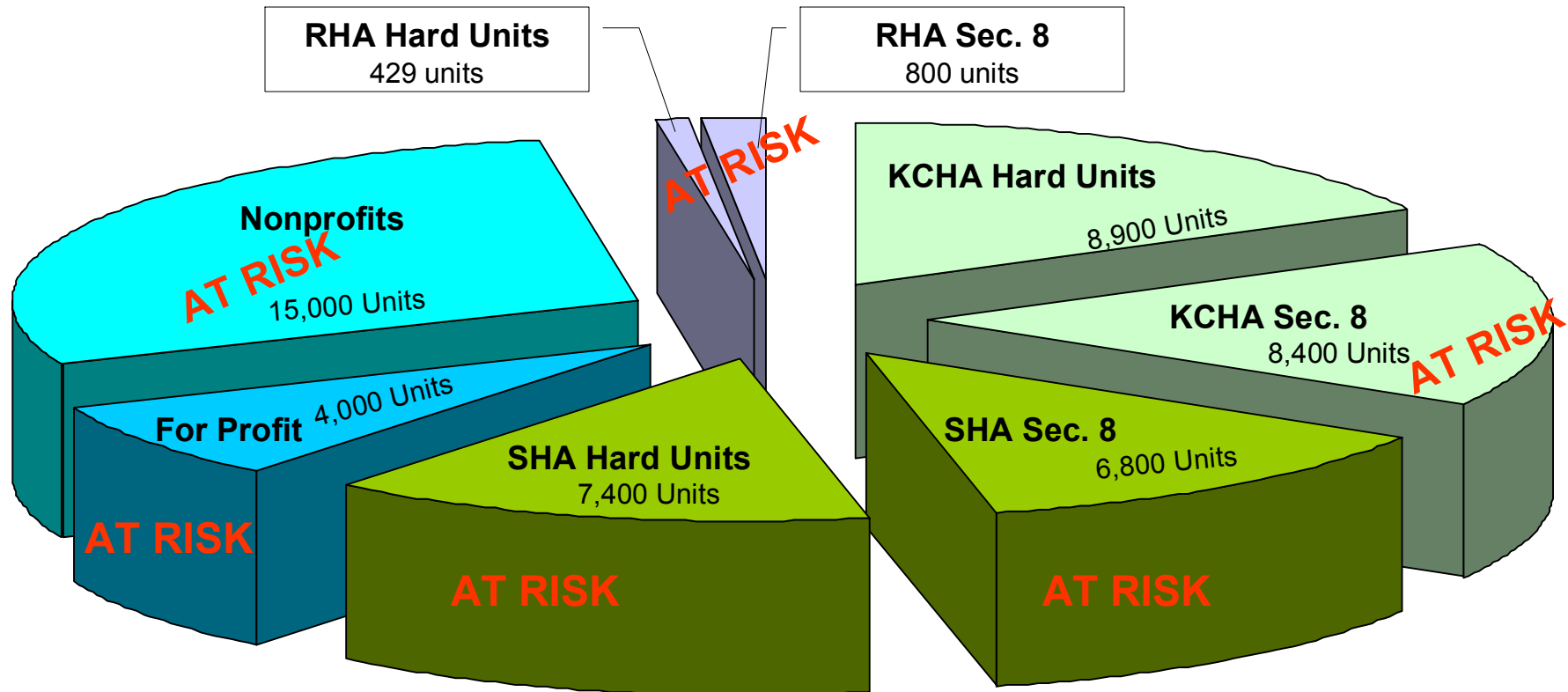
*[These figures do not include private dollars.]*

***Public Operating Subsidies support nearly 40,000 units today at approximately \$4,700 per unit.***

***HDC members produce an average of 1,500 units per year with a public production subsidy per unit of approximately \$70,000.***

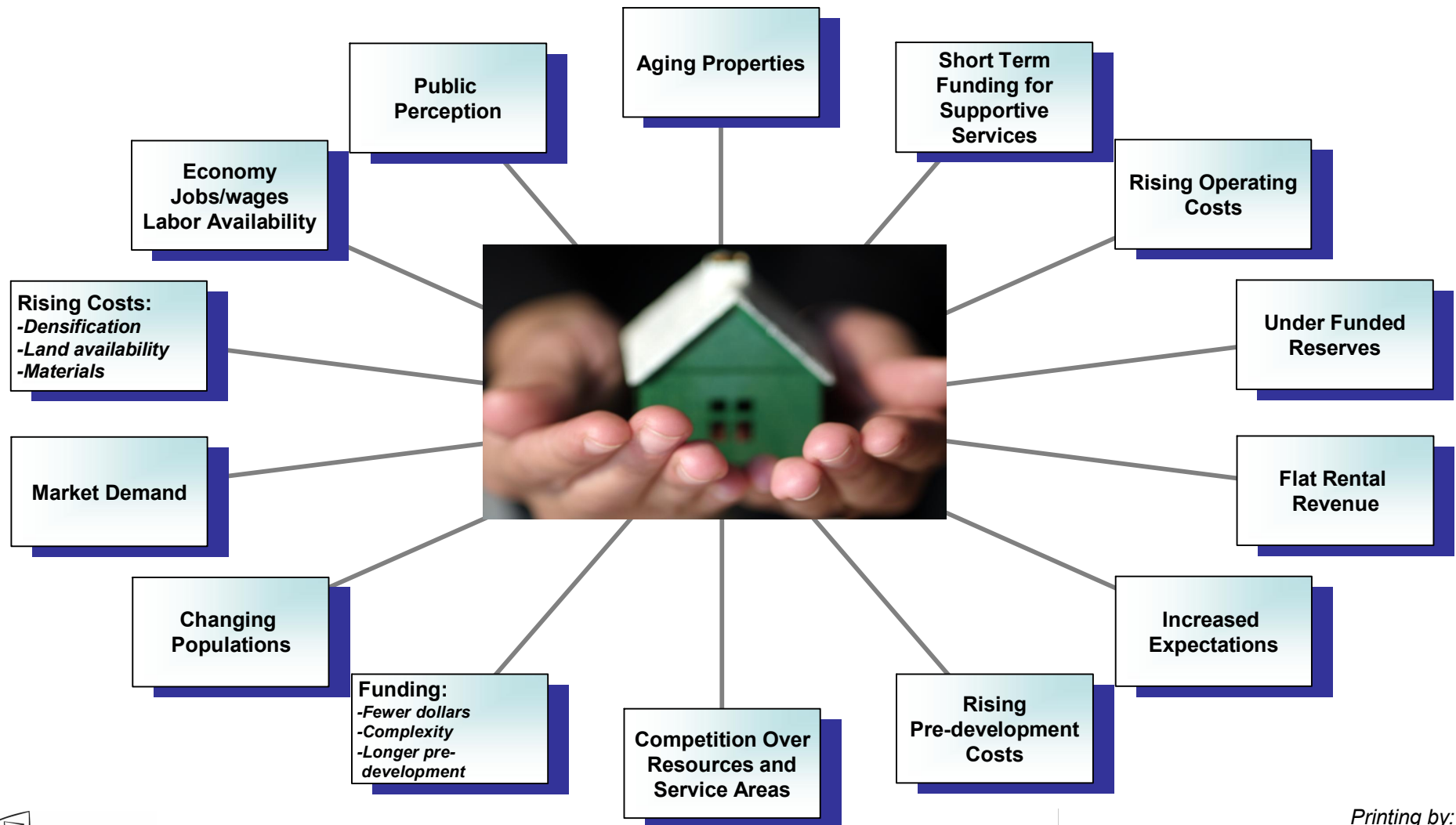
***Based on current trends, subsidies are likely to remain stagnant in coming years.***

# The Subsidized Housing Stock: Heavily Dependent on At-Risk Federal Priorities



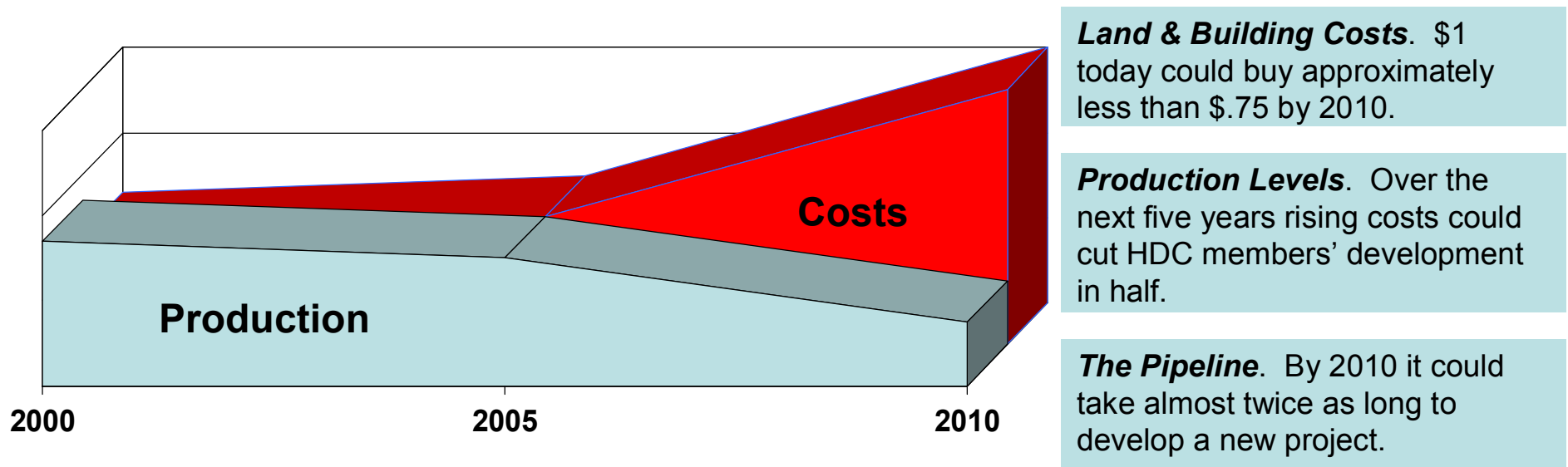
**Total # of housing units in King County: 711,000 (approx.)**  
**Total # of subsidized units in King County: 52,000 (approx.)**  
**Subsidized units account for about 7% of the total stock.**

# An Unhealthy Housing Environment: Converging Pressures on Providers



# How Many Units Can We Build?

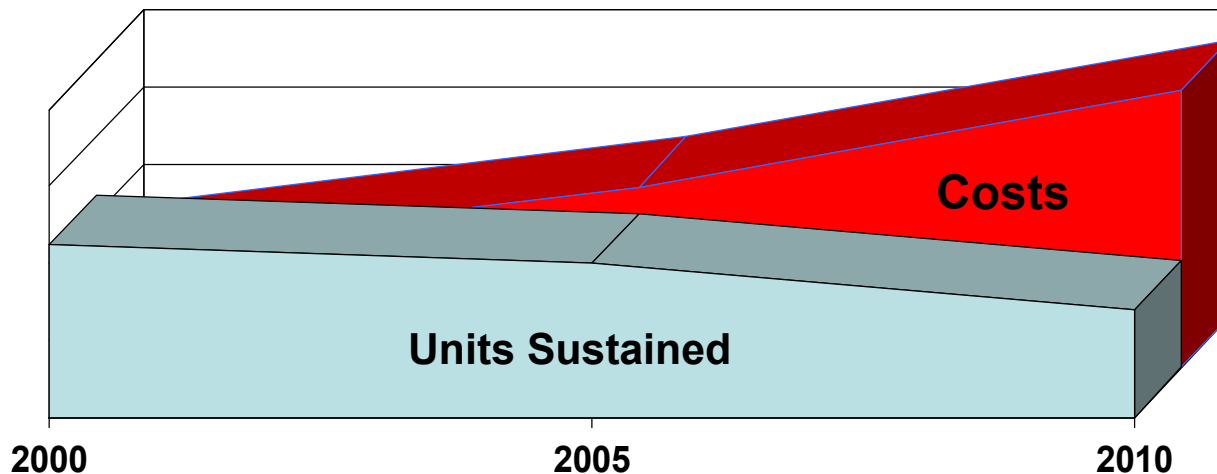
## Costs, Development Time & Production Levels



***Assuming that subsidy levels stay essentially flat, rising costs will severely impact production rates. In addition, growing demands on public funding will further increase development time.***

# How Many Units Can We Sustain?

Operating Costs and Their Impact on the Units We Can Support.



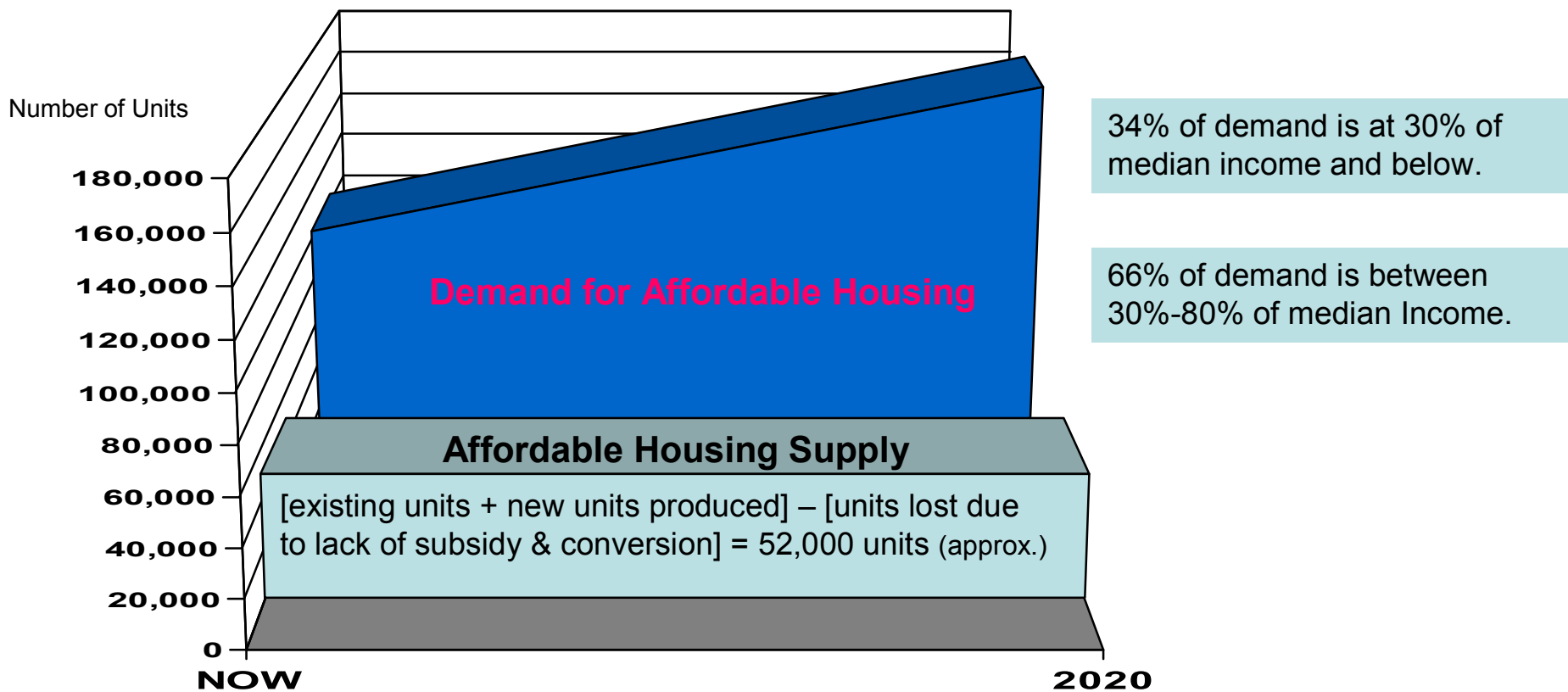
**Operating Costs.** Over the next 5 years Operating Costs could continue to increase from \$4700/unit to \$7200/unit.

**What We Can Operate.** By 2010 the affordable housing community could lose the ability to operate nearly 12,000 units (from 40,000 to 28,000).

***Focusing on hard to serve clients will continue a steady increase in the costs associated with “enhanced property management.”***

***Assuming that subsidy levels stay essentially flat, rising costs could overrun operating support by 30% in 2010, which could put some 12,000 units at risk.***

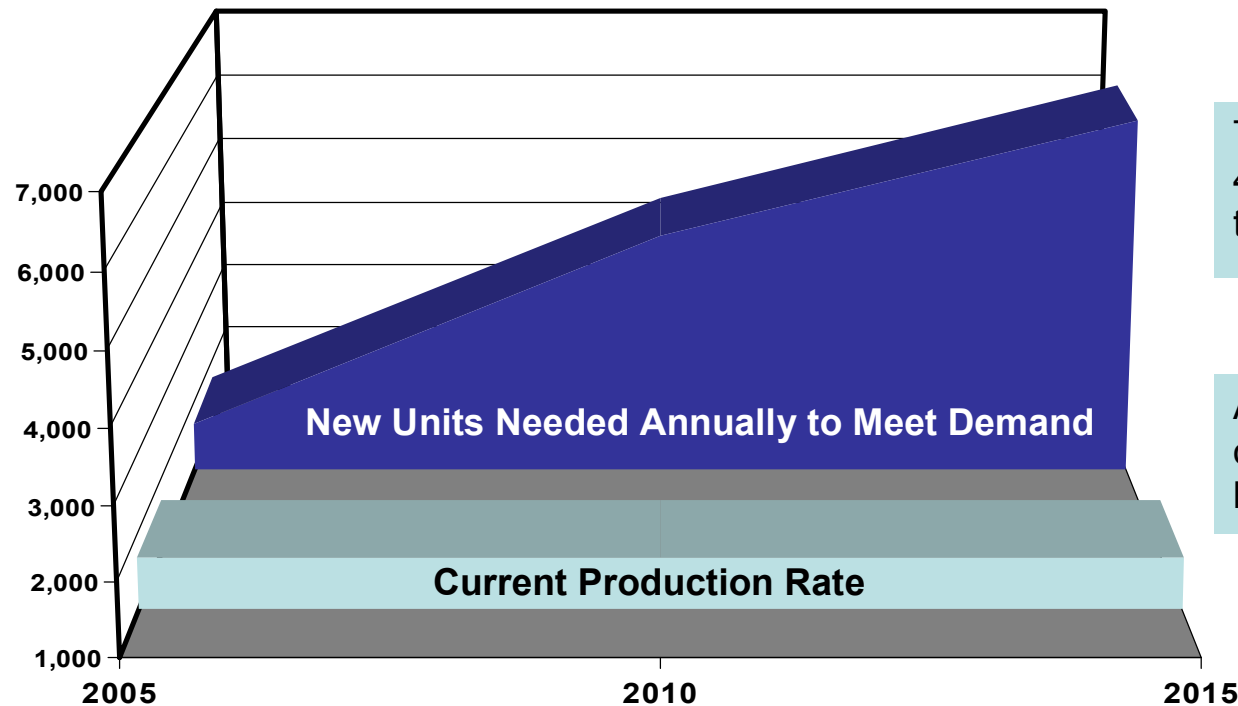
# How Much of the Need Can We Meet?



***Housing need will greatly outpace production over the coming years. The size of the affordable stock will remain steady due to rising costs and the conversion of units to market rate.***

# How Many Units Do We Need to Build Every Year to Meet the Need?

# of Units Created Annually



To meet the projected need 44,900 new units must be built in the next 10 years.

At the current rate of production, only 20,150 new units will be built by 2015.

***To meet the need for affordable housing in King County, production of additional subsidized units must increase 400% over the next 10 years***

# Credits

***This report was developed by HDC staff using information gathered from the following sources:***

- King County Housing & Community Development Program*
- Seattle Office of Housing*
- Puget Sound Regional Council*
- American Communities Survey (US Census).*
- Washington State Housing Finance Commission*
- National Low Income Housing Coalition*
- Dupre + Scott*
- Seattle Housing Authority*
- King County Housing Authority*
- Economic Opportunity Institute*
- The Seattle Times*