September 7, 2018

Dear Pierce County Mayors,

Across Pierce County, we have reached a critical moment. Our cities are in the midst of a housing affordability crisis, and it is our obligation to solve it.

In recent months, Pierce County has made headlines for having some of the fastest rising rents in the nation, yet wages remain stagnant. In the last five years, rents in Pierce County increased by 50% while household income increased by just 4%. If we let this trend continue uninterrupted, the cost of housing in our community will become a burden that many of our hardworking neighbors will no longer be able to afford.

Rent for the average two-bedroom unit in Pierce County equates to an hourly wage of about $22, and there just aren’t enough of those quality jobs for everyone in our county. However, in this moment, we also have a unique opportunity. We can join together to disrupt these trends and ensure housing remains affordable at all income levels in Pierce County.

Many cities have individually made contributions to services and programs aimed at preserving affordable housing. True progress relies on us coming together as leaders to share bold ideas and discuss innovative regional solutions. We hope you will join us.

This issue has immediate impacts on our families, our neighbors, and our communities, and cannot be resolved by one jurisdiction alone. The issue of affordability is multi-faceted, and it impacts each of our communities differently. For this reason, it’s important that your voice, your experience, and your perspective be at the table. Please join us for a call to action to confront this challenge and move our region forward:

Mayoral Roundtable
Housing Affordability & the Impacts on our Community
Monday, October 8th
8:30 – 10:30am
Puyallup City Hall, 5th Floor

Sincerely,

Victoria R. Woodards
Mayor, City of Tacoma

Bruce Dammeier
County Executive

Connie Ladenburg
County Councilmember
WHAT IS "AFFORDABLE?"

i. Generally speaking, housing affordability is best understood as the proportion of one's income that goes towards housing costs (i.e. all mortgage [PITI] or rent costs, along with utilities).

ii. The Department of Housing and Urban Development considers someone "cost-burdened" if they spend more than 30 percent of income on these housing costs. Households spending more than 50 percent of income on housing costs are severely cost-burdened.

iii. The National Association of Realtors offers a more conservative definition: Spending more than 25 percent of income on housing costs is unaffordable.

THE PIERCE COUNTY HOUSING MARKET

i. Locally and nationally, Pierce County’s housing market is unique, with respect to both owners and renters.

ii. Last year, according to the real estate website Trulia, Tacoma experienced the highest year-on-year rent increases in the country (above Sacramento and Los Angeles). According to the News Tribune, its current median rent matches that of Washington, DC.

iii. Tacoma rents reflect a Pierce County housing market couched in a specific local context. Escalating home prices here and in Seattle and King County mean prospective homebuyers are becoming renters, thereby placing pressure on the County's rental market.

AFFORDABILITY IN PIERCE COUNTY

i. Since 2012, according to projections based on American Community Survey data, the median household income in Pierce County has increased by approximately 10 percent.

ii. Over the same time period, the median sales price for a home in Pierce County has increased by 108 percent. The median rental price for a one-bedroom unit has increased by 74 percent.

iii. As such, housing and rent increases have outpaced growth in income, resulting in an environment of unaffordability for many residents of Pierce County. According to the most recent CHAS data, there are at least 108,960 cost-burdened households in the County (out of 303,585).

iv. Cost-burden shares also vary by income level. Over 70 percent of households making less than 50 percent of the area median income ($37,000) are cost-burdened, while less than 40 percent of households...
making more than 80 percent of the area median income ($60,000) are in the same position.

vi. To afford the median two-bedroom apartment in Pierce County, a worker at minimum wage would need to work about two full-time jobs in order to afford their housing.

AFFORDABLE HOUSING IN PIERCE COUNTY

i. Per the Department of Commerce's 2015 measurement, there are 10,203 subsidized affordable housing units in Pierce County. Additionally, the Pierce County Housing Authority holds approximately 2,400 Housing Choice Vouchers. The Tacoma Housing Authority holds approximately 4,100.

ii. According to the Washington State Housing Needs Assessment for Pierce County, there are approximately 10 residents in need of affordable housing for every unit that exists.
Housing Affordability in Pierce County

MAYORS' ROUNDTABLE
TESS COLBY | MANAGER, COMMUNITY SERVICES DIVISION
8 OCTOBER 2018 | TESS.COLBY@CO.PIERCE.WA.US

Pierce County housing market snapshot

THE NEWS TRIBUNE

June 15, 2017
We're growing faster than King County — and our rents prove it

Oct 1, 2018
Tacoma's median rent for a two-bedroom apartment matches D.C.'s
What is “affordable?”

Ask: How much of income goes towards housing costs? (PITI/rent + utilities)

i. Government Standards (HUD)
   a. >30% is unaffordable (cost-burdened)
   b. >50% = severely cost-burdened
ii. National Association of Realtors: >25% is unaffordable
Housing prices outpace income changes...

- Pierce County (change in median sales price)
- King County (change in median sales price)
- National (change in median sales price)
- Pierce County (change in median household income)

...and so do rental prices

- Pierce County (change in median 1-BR rent)
- King County (change in median 1-BR rent)
- National (change in median 1-BR rent)
- Pierce County (change in median household income)
Local affordability indicators

$1,145 → $22.02 → 1.9
Fair Market Rate, 2-BR apartment, Pierce County
Hourly wage necessary to afford apartment
Minimum wage jobs needed to afford apartment

Sources: National Paycheck to Paycheck Database 2017, HUD Poverty Income Limits and Fair Market Rent Documentation System

Cost-burdened households in Pierce County

36%

18,270
26,965
29,655
34,070
59,340
131,050

<=30% (Owners)
<=30% (Renters)
>30% to <=50% (Owners)
>30% to <=50% (Renters)
>50% (Owners)
>50% (Renters)

Source: CHAS
Is affordable housing available in Pierce County?

**Affordable Housing Gap**
Affordable and Available Housing Units for Every 100 Households

- 10% of Median Family Income: 0% - 30%
- 29% of Median Family Income: 0% - 50%

GAP

Units per 100 Households

SOURCE: WASHINGTON STATE DEPARTMENT OF COMMERCE

---

Housing unaffordability impacts

**Homelessness**
- The most frequently cited reasons for homelessness in the County are affordability-related.
- For every $100 increase in rent in a region, researchers estimate a corresponding 15-percent increase in the rate of homelessness.

**Transportation**
- Lower-wage workers must commute further to jobs, resulting in lost productivity time.
- While access to public transit is one of the strongest predictors of economic mobility, proximity to transit is predictive of unaffordability.

SOURCES: CHETTY AND HENRIK 2015, BRYAN ET AL. 2016
Housing unaffordability impacts

Vibrant Communities
- Small businesses thrive when customers have disposable income.
- New housing development and home rehabilitation create new opportunities for careers in construction.

Health and Education
- Health and educational attainment are also rooted in affordability. High school and college graduation rates are approximately 10 percentage points higher for higher income people in Pierce County versus lower earners.
- Across the County, life expectancy varies by almost 40 years—and the variance correlates strongly with income and affordability indicators.

SOURCES: TACOMA/Pierce County Health Department, Opportunity Atlas

Thank you!
Q&A