

# City Council Questions- COW\PPW 12-8-20

## Draft Housing Action Plan Strategies

<u>December 8 2020</u>		
4:30 p.m.	Committee of the Whole   Planning and Public Works	
Housing Action Plan Draft Strategies		Planning and Community Development
Briefing and Discussion		
<u>Councilmember</u>	<u>Question</u>	<u>Staff Response</u>
Field	Can you please explain what is affordable and how much people need to earn to afford housing?	<p>"Affordable" is an overarching term that generally refers to housing that is affordable to households earning 80 percent or less of the Area Median Income (AMI). More specifically, the Redmond Zoning Code defines <u>Low Income and Moderate Income Housing</u> as housing affordable under federal standards to households with annual incomes at or below 80% AMI (Moderate) or 50% AMI (Low Income). Household income is adjusted for family size and where no more than 30% of monthly household income is used for housing expenses. Ownership housing expenses include mortgage payment, mortgage insurance, property taxes, property insurance and homeowner dues. Rental housing expenses include rent and an appropriate utility allowance. Currently, 100% of the Area Median Income (based on the Seattle MSA) is \$108,600 for a family of four.</p> <p>A moderate, 80% of AMI income for this family of four is \$86,880; 50% of AMI is \$54,300 and is considered Low-Income by the RZC definition. For calculation of family income, all income from all household members over age 18 residing in the household is included; dependents who reside in a household for less than 3 months per year are not counted toward total income.</p> <p>A moderate (80% AMI) unit of 3 bedrooms for a family of four would cost \$2,259 per month; a 3-bedroom unit at 50% AMI would be \$1,412. See also: <a href="http://www.archhousing.org/renters/income-rental-chart.html">http://www.archhousing.org/renters/income-rental-chart.html</a></p> <p>Over the last 20 years, Redmond's average apartment pricing has been higher than the King County average, but lower than that of Seattle and Bellevue Redmond's average rent in 2019 was \$2,256, a number that is not far off from its rent prices of the last few decades but is much higher than the \$570 to \$1,519 affordable range for 30-80 percent MFI households.</p> <p><b>Affordability and Cost Burden in Redmond</b></p>

		<p>The term affordable housing refers to a household's ability to find housing within its financial means. The typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The U.S. Department of Housing and Urban Development (HUD) guidelines indicate that a household is cost burdened when they pay more than 30 percent of their gross household income for housing and severely cost burdened when they pay more than 50 percent of their gross household income for housing.</p> <p>About 25 percent of Redmond's households are cost burdened. Low income households are more likely to become part of this cost burdened percentage than higher income households and those earning 30 percent of the AMI or lower are more likely to be severely cost burdened. Income level is strongly tied to cost burden – in fact, those earning 30 percent of the AMI or lower (very low income) are more likely to be severely cost burdened (71 percent); low-income households (30-50 percent AMI) are mostly either severely cost-burdened (41 percent) or cost-burdened (39 percent); and moderate-income households (50-80 percent AMI) tend to be cost-burdened (40 percent) In addition, Redmond's renters are more likely to be cost burdened or severely cost burdened than homeowners. (<a href="#">Housing Action Plan   Housing Needs Assessment 2020</a>)</p>
Forsythe	Can you explain why we do not look at area mode for income rather than area median income. This seems like a more accurate metric.	The City uses median income to be consistent with other public agency calculation of income levels, including HUD data, as well as state, county and other regional entities, e.g., ARCH. In this way, we are able to observe and record data that tracks changes, provides accountability for the City's efforts in the implementation of housing policies and regulations, and aligns our data with other government agencies and funding sources.