

March 20, 2010

Density, Parking and Affordability

In 2009, the average townhouse in Central Seattle was over 1500sf in size and sold for over \$450,000. By comparison, Seattle's median family income is around \$75,000, which means that the average family can afford a \$270,000 mortgage.

This pattern of development has nothing to do with market demand. This is driven by density limits and parking requirements in our land use code that have a strong inflationary effect on the size and cost of housing. When our starter housing is priced over 50% higher than a first time buyer can afford, we know we have a problem.

Any attempt to tinker with density and parking is politically difficult and is bound to raise some difficult questions. We have attempted to outline and respond to some of those below.

How do density limits make housing more expensive?

Density limits place a cap on the total number of units that can be built on a given site. Development standards (such as FAR) define the total amount of square footage that can be developed on a given site. If you divide the total square footage by the allowable units, the number that comes out the other end is the average unit size. To illustrate this point, we've drawn some examples on the following pages that show the relative affordability of low-rise development with and without density limits.

How do parking requirements make housing more expensive?

Parking requirements are essentially another form of density limit. Our current code requires one parking stall for every housing unit. Developers begin a project by figuring out how many cars can be economically parked on the site. The parking count then determines how many housing units that can be built. Just like the above example, the unit count drives the size and price point of the housing.

If density limits are eliminated, what will stop developers from building rooming house style micro units?

Under current code, rooming houses are allowed in all L-zones using a backdoor in the code that circumvents density limits, parking requirements and design review. Removing density limits and parking requirements would allow a route for projects like these to come through the front door, through proper channels & design review board oversight. That would be a huge improvement over our current situation.

Won't we just see a lot of studio units with no place for couples and families? If the code doesn't require parking, where will the cars park?

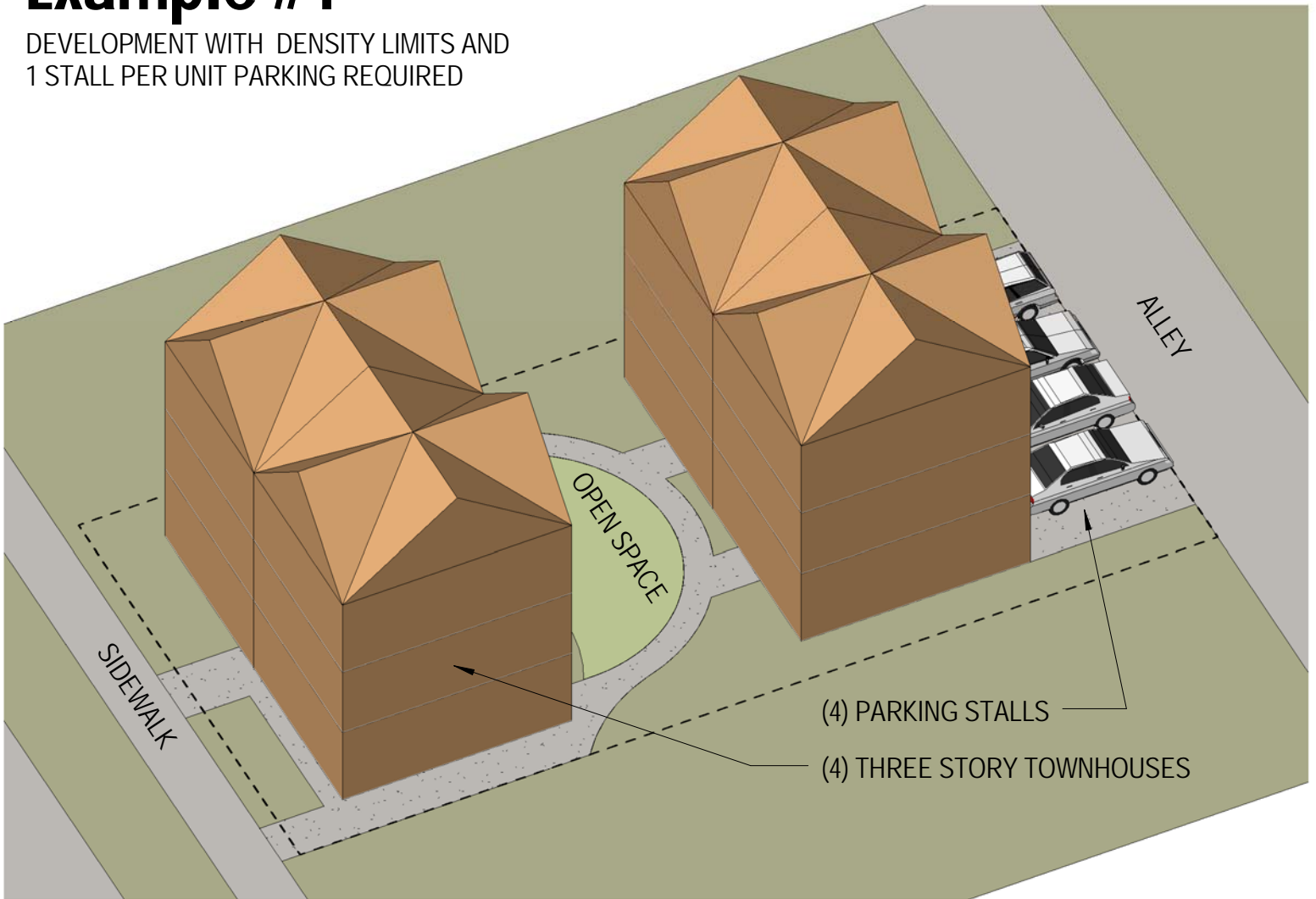
Even without code requirements, there is a lot of friction in the system that will continue to push most developers towards building relatively large units with full parking. These factors include:

- **Design Review Thresholds.** Any development with more than eight units has to be approved by a community design review board (DRB). Most small developers will choose to develop a smaller number of larger units rather than incur the time and risk inherent in the DRB process.
- **Marketing, sales and financing:** Developers need to sell their product to a buyer. If the market demand tells them that their target demographic owns a car, they'll provide a place to put it. Even if their market research tells them that they don't need full parking, most lenders require parking as part of their underwriting standards.
- **Fee Simple Ownership:** Small developers have a strong preference for projects that can be bought and sold outright (fee-simple). Once unit sizes get below about 1000sf the development has to be broken up into stacked units that can only be sold as a condominium. Moving to condominium ownership incurs significant legal fees, insurance costs, and long-term liability that most developers would prefer to avoid.

Changes to density limits and parking requirements will not precipitate wholesale change, but rather, changes of degree. They will create a modest shift towards development that produces smaller, more affordable, and less auto-centric housing.

Example #1

DEVELOPMENT WITH DENSITY LIMITS AND
1 STALL PER UNIT PARKING REQUIRED



Analysis of Development Potential

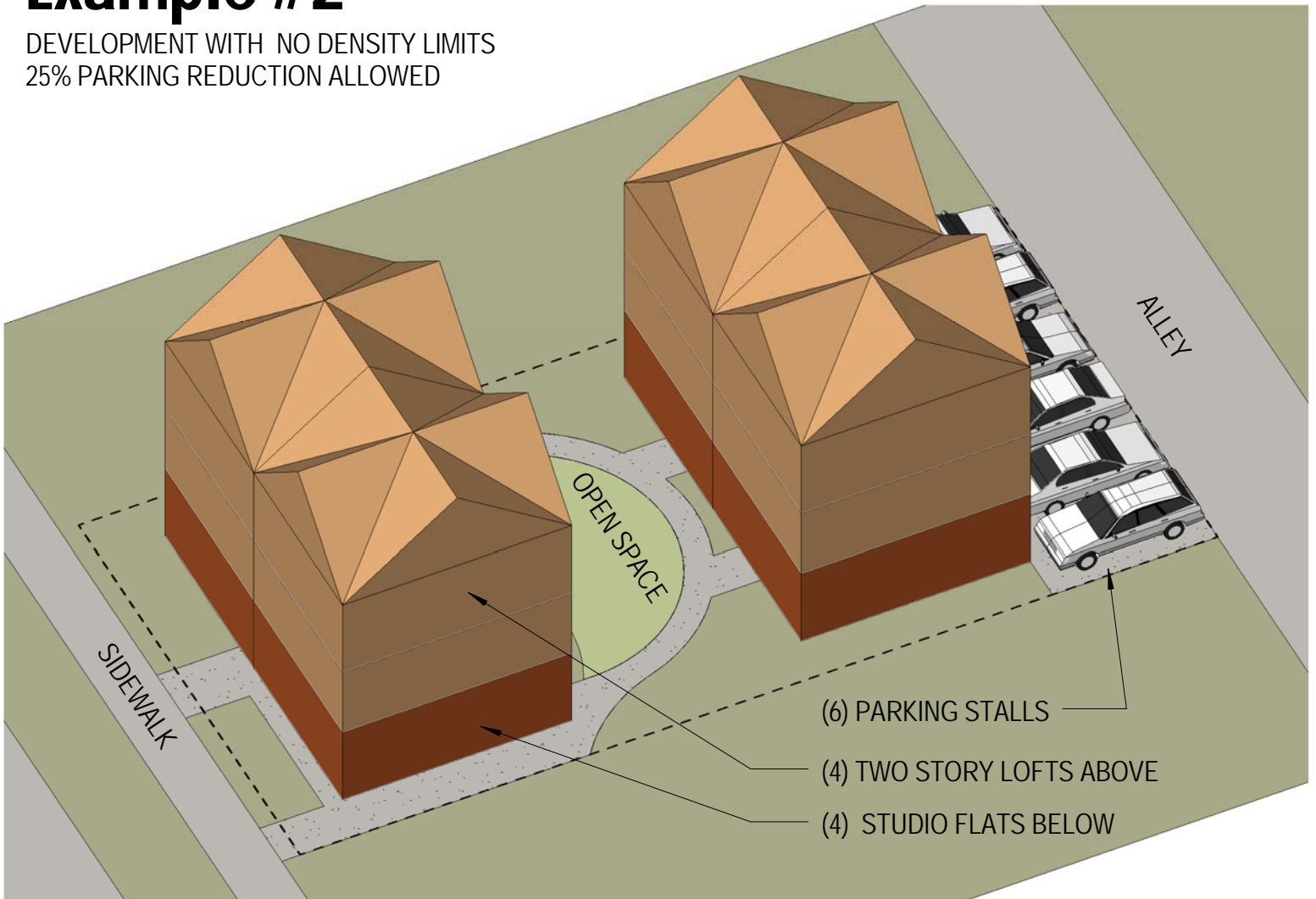
LOT SIZE: 5000SF
 DENSITY LIMITS: 1 UNIT PER 1200 SF OF LOT AREA = 4 UNITS
 PARKING REQUIRED: 1 SPACE PER UNIT = 4 SPACES
 FAR ALLOWED: 1.2
 TOTAL BUILDING AREA: 5000SF X 1.2 FAR = 6000SF
 AVERAGE UNIT SIZE: 5000SF / 4 UNITS = 1500SF

Analysis of Price and Affordability

Unit Type	# of Units	Unit Size	Sales Price	Monthly Rent	Affordable at % of Median Income	Affordable at Annual Income
Townhouse	4	1500 sf	\$450,000	--	156%	\$117,000

Example #2

DEVELOPMENT WITH NO DENSITY LIMITS
25% PARKING REDUCTION ALLOWED



Analysis of Development Potential

LOT SIZE: 50' X 100' = 5000SF
 DENSITY LIMITS NONE
 PARKING REQUIRED 8 UNITS x 0.75 SPACES PER UNIT = 6 PARKING SPACES
 FAR ALLOWED: 1.2
 TOTAL BUILDING AREA: 5000SF X 1.2 FAR = 6000SF
 AVERAGE UNIT SIZE: 5000SF / 8 UNITS = 750SF

Analysis of Price and Affordability

Unit Type	# of Units	Unit Size	Sales Price	Monthly Rent	Affordable at % of Median Income	Affordable at Annual income
2 Story Loft	4	1000 sf	\$320,000	--	111%	\$83,200
Studio Flat	4	500sf	\$180,000	\$1100	79%	\$46,800

Housing Types and Density Limits - How Unit Size Dictates Affordability

Current Code - Townhouses with Density Limits and 1 Parking Space per unit required

Zone	Development Type	Density Allowed Units/ lot area	Actual Density Units / Lot Area	Parking Spaces per Unit	Avg Unit Size	Avg Sales Price	Avg Monthly Rent	Ownership Vehicle	Single	Couple	Family	Affordable at % of Average Income	Affordable at Annual income
LDT (LR1)	Townhouse	1 per 2000	1 per 2000	1	2000 sf	\$575,000	--	Fee Simple		●	●	199%	\$149,500
L1 (LR2)	Townhouse	1 per 1600	1 per 1600	1	1700 sf	\$500,000	--	Fee Simple		●	●	173%	\$130,000
L2 (LR2)	Townhouse	1 per 1200	1 per 1200	1	1500 sf	\$450,000	--	Fee Simple		●	●	156%	\$117,000
L3 (LR3)	Townhouse	1 per 800	1 per 1200	1	1500 sf	\$450,000	--	Fee Simple		●	●	156%	\$117,000

MFU - New Housing Types with No Density Limits & Reduced Parking Requirements

Zone	Development Type	Unit Density Units/ lot area	Actual Density Units / Lot Area	Parking Ratio Spaces:Unit	Avg Unit Size	Avg Sales Price	Avg Monthly Rent	Ownership Vehicle	Single	Couple	Family	Affordable at % of Average Income	Affordable at Annual income
LR1	Townhouses	N/A	1 per 1200	1	1500 sf	\$450,000	--	Fee Simple		●	●	156%	\$117,000
LR1	Cottages	N/A	1 per 1200	1	900sf	\$300,000	--	Fee Simple	●	●		104%	\$78,000
LR2	Townhouses	N/A	1 per 1000	0.8	1200 sf	\$375,000	--	Fee Simple	●	●	●	130%	\$97,500
LR2	Condo Flats	N/A	1 per 700	0.8	800 sf	\$270,000	--	Condominium	●	●		94%	\$70,200
LR3	Rowhouse	N/A	1 per 1000	0.8	1200 sf	\$375,000	--	Fee Simple	●	●		130%	\$97,500
LR3	Rental Flats	N/A	1 per 400	0.3	450sf	--	\$900	Rental	●			61%	\$36,000
LR3	Apartments	N/A	1 per 400	0.3	450sf	--	\$900	Rental	●			61%	\$36,000
LR3	Micros	N/A	1 per 200	0.15	150sf	--	\$500	Rental	●			34%	\$20,000

Income Data from Seattle Office and Housing

Seattle Median Individual Income \$59,000

Seattle Median Family Income \$75,000

Affordable is defined as 28% of Gross Income spent on Housing

2009 Central Seattle Townhouse Sales

Sorted by Unit Size

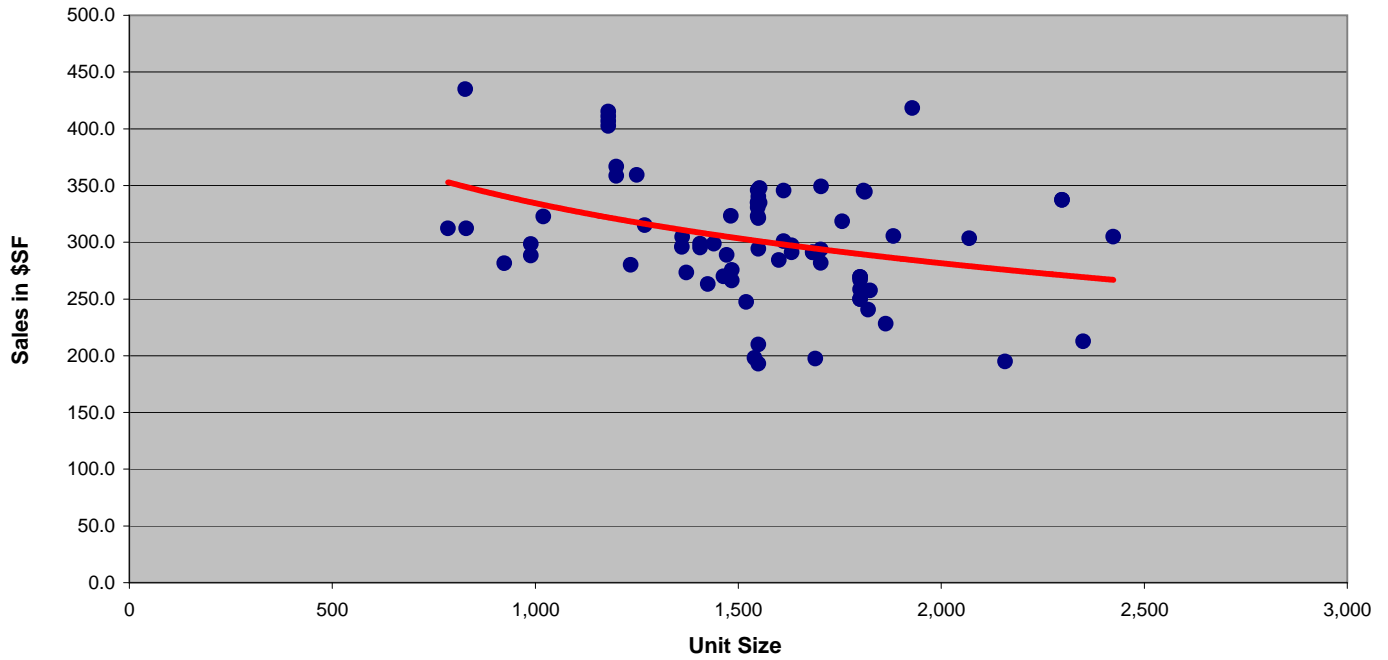
Address	City	Year	Date	Map	Area	Bd	Bth	SqFt	\$/SqFt	CDOM	Orig Price	List Price	Sale Price
1911 E Pine St	Seattle	2008	3/23/2009	565	C5	3	3.25	2,424	304.9	17	790,000	790,000	739,000
2040 Eastlake Ave E	Seattle	2009	4/23/2009	565	B2	3	2.5	2,350	212.7	71	499,888	499,888	499,888
2628 Yale Ave E	Seattle	2009	10/5/2009	565	B1	3	2.5	2,298	337.3	0	839,000	839,000	775,000
2626 Yale Ave E	Seattle	2009	10/27/2009	565	B1	3	2.5	2,298	337.3	84	839,000	839,000	775,000
502-B 21st Ave	Seattle	2008	3/5/2009	565	C6	4	2.5	2,157	195.0	248	429,000	429,000	420,500
222 12th Ave E #A	Seattle	2009	10/13/2009	565	B4	3	2.5	2,069	303.5	0	649,950	649,950	628,000
2354-A Minor Ave E	Seattle	2009	7/28/2009	565	A1	3	3.25	1,929	418.1	71	806,550	806,550	806,550
218 12th Ave E #B	Seattle	2009	8/11/2009	565	B4	3	2.5	1,882	305.5	73	649,950	599,950	575,000
2120 E Spruce St	Seattle	2002	7/9/2009	535	C6	3	3.5	1,863	228.1	84	450,000	425,000	425,000
161 16th Ave	Seattle	2009	10/8/2009	565	C6	3	2	1,825	257.5	79	479,000	479,000	470,000
403 21st	Seattle	2007	12/3/2009	565	F5	3	3.5	1,820	240.7	60	457,000	457,000	438,000
1907 E Pine St	Seattle	2008	3/30/2009	565	C5	2	2	1,812	344.4	140	679,000	679,000	624,000
2354-B Minor Ave E	Seattle	2009	12/4/2009	565	A1	2	2.25	1,809	345.5	338	664,995	664,995	625,000
205 27th Ave E #B	Seattle	2008	10/27/2009	565	D4	3	3	1,800	250.0	10	450,000	450,000	450,000
201 27th Ave E #B	Seattle	2008	11/6/2009	565	D4	3	3	1,800	250.0	1	450,000	450,000	450,000
2032-A Eastlake Ave E	Seattle	2009	12/4/2009	565	B2	3	3.5	1,800	258.3	259	499,888	469,500	465,000
205 27th Ave E #A	Seattle	2008	10/23/2009	565	D4	3	3	1,800	266.7	306	495,000	495,000	480,000
205 27th Ave E #C	Seattle	2008	5/28/2009	565	D4	3	3.5	1,800	269.4	63	499,950	499,950	485,000
201 27th Ave E #C	Seattle	2008	11/23/2009	565	D4	3	3	1,800	269.4	1	495,000	495,000	485,000
101 19th Ave	Seattle	2009	11/24/2009	565	C6	1	2.5	1,756	318.3	1	567,000	567,000	559,000
1813 24th Ave	Seattle	2009	11/20/2009	565	D4	2	2.25	1,704	349.2	29	615,000	615,000	595,000
116-A 25 Ave E	Seattle	2009	11/10/2009	535	D4	3	2.5	1,703	281.9	185	519,950	499,950	480,000
122-C 25 Ave E	Seattle	2009	8/4/2009	535	D4	3	2.5	1,703	293.6	0	499,950	499,950	499,950
1524 Sturgus Ave S	Seattle	2008	11/23/2009	595	C1	3	3.25	1,690	197.3	21	344,950	344,950	333,500
1717-A 27th Ave	Seattle	2009	9/9/2009	565	D4	3	4	1,684	291.0	280	499,500	499,500	490,000
1717-B 27th Ave	Seattle	2009	8/3/2009	565	D4	3	4	1,684	291.0	75	489,500	489,500	490,000
1022 E Terrace	Seattle	2009	7/31/2009	565	C6	2	2.5	1,632	291.1	45	489,900	489,900	475,000
1024 E Terrace	Seattle	2009	10/30/2009	565	C6	2	2.5	1,632	297.2	78	489,000	489,000	485,000
716-A 23rd Ave S	Seattle	2009	9/10/2009	565	D7	2	2.25	1,612	300.9	338	499,000	499,000	485,000
1903 E Pine St	Seattle	2008	5/28/2009	565	C5	2	2	1,612	345.5	133	569,000	569,000	557,000
2034-B Eastlake Ave E	Seattle	2009	10/16/2009	565	B2	3	3.5	1,600	284.4	36	469,500	469,500	455,000
215-A 12th Ave E	Seattle	2009	3/31/2009	565	B4	3	1.75	1,553	334.8	0	520,000	520,000	520,000
215-B 12th Ave E	Seattle	2009	4/30/2009	565	B4	3	1.75	1,553	347.7	38	549,000	549,000	540,000
2219 E Alder St	Seattle	2001	9/22/2009	565	D6	3	3.5	1,550	192.9	141	355,000	299,000	299,000
2717 E Yesler Way #A	Seattle	2007	11/18/2009	565	D7	3	3	1,550	209.7	753	339,950	339,950	325,000
2034-A Eastlake Ave E	Seattle	2009	9/11/2009	565	B2	3	3.5	1,550	294.0	185	499,888	469,500	455,700
1318 E Remington Ct	Seattle	2009	6/26/2009	565	C6	3	1.75	1,550	321.3	8	487,000	487,000	498,000
217-B 12th Ave E	Seattle	2009	6/18/2009	565	B4	3	1.75	1,550	340.0	47	539,000	539,000	527,000
213-B 12th Ave E	Seattle	2009	5/18/2009	565	B4	3	2.25	1,548	323.0	25	499,950	499,950	499,950
219-A 12th Ave E	Seattle	2009	5/18/2009	565	B4	3	2.25	1,548	330.4	24	513,000	513,000	511,500
219-B 12th Ave E	Seattle	2009	6/4/2009	565	B4	3	1.75	1,548	334.6	6	518,000	518,000	518,000
213-A 12th Ave E	Seattle	2009	5/29/2009	565	B4	3	1.75	1,548	334.6	15	518,000	518,000	518,000
217-A 12th Ave E	Seattle	2009	4/29/2009	565	B4	3	2.25	1,548	345.6	0	549,000	549,000	535,000
1520 Sturgus Ave S #A	Seattle	2007	11/6/2009	595	C1	2	2.25	1,540	198.1	32	324,000	324,000	305,000
2111 15th Ave S #C	Seattle	2009	10/27/2009	595	C2	3	3.25	1,520	247.3	28	399,950	399,950	375,950
148 17th Ave	Seattle	2008	8/28/2009	565	C6	3	2.25	1,484	266.1	156	394,950	394,950	394,950
146 17th Ave	Seattle	2008	2/20/2009	565	C6	3	2.25	1,484	275.6	117	429,950	409,950	409,000
716-B 23rd Ave S	Seattle	2008	7/31/2009	565	D7	3	2.25	1,482	323.2	392	649,000	504,950	479,000
105-A 19th Ave	Seattle	2009	10/9/2009	565	C6	2	2	1,472	288.7	89	425,000	425,000	425,000
1521-A 18th Ave	Seattle	2008	3/19/2009	565	C5	3	3	1,464	269.8	238	406,950	406,950	394,950
1103 E Harrison St	Seattle	2003	10/19/2009	565	B4	2	2.5	1,440	298.6	82	449,000	449,000	430,000
1828-A 27th Ave	Seattle	2008	4/2/2009	565	D4	3	2.5	1,425	263.2	106	429,900	375,000	375,000
228-A 24th Ave E	Seattle	2009	8/31/2009	565	D4	3	1.75	1,406	295.2	59	419,950	419,950	415,000
226-A 24th Ave E	Seattle	2009	10/14/2009	565	D4	3	1.75	1,406	298.7	31	419,950	419,950	419,950
1816 23rd Ave #C	Seattle	2006	11/24/2009	565	D4	2	2.25	1,372	273.3	9	375,000	375,000	375,000
118 25th Ave S	Seattle	2008	6/18/2009	565	D7	2	1.75	1,362	304.7	221	437,000	437,000	415,000
112 25th Ave S	Seattle	2008	6/18/2009	565	D7	2	1.75	1,361	295.7	311	405,000	405,000	402,500
102 24th Ave E #B	Seattle	2004	2/19/2009	565	E6	3	2.5	1,270	315.0	111	464,900	404,950	400,000
237 11th Ave E	Seattle	2005	6/9/2009	565	B4	2	2	1,250	359.2	69	479,000	459,000	449,000
105-B 19th Ave	Seattle	2009	9/18/2009	565	C6	2	2	1,235	280.0	87	399,000	399,000	345,800
2030 42nd Ave E #7	Seattle	1978	8/21/2009	565	F1	2	1.75	1,200	358.3	129	465,000	430,000	430,000
126 21st Ave E	Seattle	2009	9/30/2009	565	C4	2	1.5	1,200	366.6	71	499,950	449,000	439,950
2419 E Denny Way	Seattle	2009	3/20/2009	565	D4	2	1.75	1,180	402.5	8	485,000	485,000	475,000
2423 E Denny Way	Seattle	2009	6/5/2009	565	D4	2	1.75	1,180	402.5	76	485,000	485,000	475,000
2415 E Denny Way	Seattle	2009	5/21/2009	565	D4	2	1.75	1,180	406.8	1	490,000	490,000	480,000
2427 E Denny Way	Seattle	2009	6/4/2009	565	D4	2	1.75	1,180	415.3	0	500,000	500,000	490,000
2003 E Jansen Ct	Seattle	2004	10/1/2009	565	C4	3	2.5	1,020	322.6	110	345,000	329,000	329,000
912 26th Ave S	Seattle	2009	6/18/2009	565	D7	2	1.5	989	288.2	34	295,000	295,000	285,000
914 26th Ave S	Seattle	2009	8/7/2009	565	D7	2	1.5	989	298.3	23	295,000	295,000	295,000
906 26th Ave S	Seattle	2008	6/25/2009	565	D7	1	1	924	281.4	316	275,000	275,000	260,000
306 20th Ave S, #A	Seattle	2005	7/14/2009	565	C7	2	1.5	830	312.1	243	275,000	265,000	259,000
1314 E Remington Ct	Seattle	2009	4/30/2009	565	C6	1	1.25	828	434.8	14	368,000	368,000	360,000
916 26th Ave S	Seattle	2009	6/25/2009	595	D7	2	1	785	312.1	43	275,000	245,000	245,000

Address	City	Year	Date	Map	Area	Bd	Bth	SqFt	\$/SqFt	CDOM	Orig Price	List Price	Sale Price
Average Overall								1,585	303	101			465,455
Average Smallest Ten								969	341	87			333,667
Average Middle Ten								1,550	303	123			469,415
Average Largest Ten								2,110	290	73			611,394
Average Smallest Third								1,187	327	100			385,215
Average Middle Third								1,561	296	122			462,922
Average Largest Third								1,912	285	89			545,141

2009 Central Seattle Townhouse Sales

Charts

2009 Central Seattle Sales Data: Unit Size Relative to Sales per SF



Days on Market Compared to Sales Price per SF

