

# **Washington Low-Income Housing Vacancy Rate Standard (Methodology) and September 2003 Vacancy Rate Estimates**

a Report to

**Washington Legislature  
Washington Department of Community, Trade and Economic  
Development**

Submitted by

**Washington Center for Real Estate Research  
Washington State University**

Substitute House Bill 2060, Chapter 294, Laws of 2002, which became effective on June 13, 2002 directed the Washington Center for Real Estate Research (WCRER or Center) at Washington State University (WSU) to develop a “vacancy rate standard for low-income housing in the state.” The legislation provided no guidance regarding what the phrase “vacancy rate standard” meant. Since no funding was directed to WCRER/WSU by the legislation, it was inferred by the University that the legislation directed WCRER to develop a theoretical methodology by which apartment vacancy estimates could be developed for each county to ensure consistency of measurement across jurisdictions. Fortunately, WCRER has been contracted by the Department of Community, Trade and Economic Development (CTED) to prepare periodic estimates of vacancy in both the market-rate and publicly-financed housing markets, so this research project uses the methodology and related data to produce local vacancy estimates. The vacancy rate research focused on the largest counties first, but has been expanded to include market-rate housing in every county in the state which is credited in the last Census with at least 1,000 rental apartments, and publicly-financed housing in all 39 counties.

Credit must also be accorded to the Washington State Housing Finance Commission (WSHFC) which has sponsored various research initiatives at WCRER over the last few years. In 1990 the Center conducted a low-income housing needs assessment for the Commission which included the first comprehensive compilation of low-income housing projects throughout the state, including those constructed/purchased without public monies. This database has been further refined through efforts to geocode and map those properties. In addition, a current project is validating most of the addresses and locating information on populations served and funding sources.

Using the inventory of low-income housing projects prepared under the WSHFC project, the Center has been gradually increasing the coverage of the low-income housing vacancy study. The last complete vacancy survey was completed in November, 2003 representing market conditions in September, 2003, as mandated by the legislation. The objective of the housing vacancy analyses has consistently been to estimate vacancy in both the market-rate and low-income projects as of

the middle of the final month of a quarter, producing a report toward the end of the first month of the following quarter.

Industry groups representing the owners and managers of private sector rental housing are sensitive to the potential distortion of their markets if governmental initiatives result in the construction of too many units dedicated to occupancy by low-income households. WCRER will address these issues in the development of the standard and in the analysis of current vacancy rates.

### **Vacancy Rate Standard**

The process for establishing a vacancy rate standard must begin with identification of the relevant concepts to be measured and development of an understanding of how various elements of the housing market fit together. Accordingly, WCRER recommends constructing and reviewing the low-income vacancy rate standard in the context of the broader rental housing market. The first phase of the vacancy rate standard, then, is to identify the location of rental housing in the State of Washington. The following table uses Census 2000 data to quantify occupied rental housing (especially multifamily, 5+ units) in the state.

**Table 1**  
**Census 2000 Renter-occupied Housing Units in Washington**  
**(by County)**

<b>County</b>	<b>Single-family</b>	<b>2-4 units</b>	<b>5+ units</b>	<b>Mobile/other</b>	<b>Total</b>
Adams	791	300	310	246	1,650
Asotin	1,139	681	524	408	2,752
Benton	4,552	3,332	7,217	1,411	16,512
Chelan	3,803	1,954	2,110	984	8,851
Clallam	3,578	819	1,978	1,022	7,397
Clark	14,221	8,350	17,692	1,394	41,657
Columbia	337	43	71	62	513
Cowlitz	4,937	1,938	4,083	640	11,598
Douglas	1,390	842	559	614	3,405
Ferry	484	46	71	162	763
Franklin	1,436	1,279	1,612	762	5,089
Garfield	177	26	21	35	259
Grant	3,629	1,305	1,310	2,155	8,399
Grays Harbor	4,052	1,539	853	832	8,294
Island	4,388	1,353	1,811	744	8,296
Jefferson	1,569	301	470	440	2,780

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Single-family	2-4 units	5+ units	Mobile/other	Total
King	61,965	37,660	183,298	2,542	285,465
Kitsap	10,936	5,212	10,149	1,867	28,164
Kittitas	1,876	1,345	2,028	334	5,583
Klickitat	1,104	418	293	520	2,335
Lewis	3,558	1,011	1,740	1,206	7,515
Lincoln	682	96	71	121	970
Mason	2,143	355	577	890	3,965
Okanogan	2,505	544	665	1,004	4,718
Pacific	1,130	272	413	485	2,300
Pend Oreille	588	53	177	232	1,050
Pierce	32,381	16,633	42,586	3,577	95,177
San Juan	976	213	265	253	1,707
Skagit	5,114	2,139	3,568	944	11,765
Skamania	487	160	62	270	980
Snohomish	19,235	12,077	38,663	2,553	72,528
Spokane	19,498	9,999	24,944	2,004	56,445
Stevens	1,766	270	567	683	3,286
Thurston	9,691	5,240	9,932	2,398	27,261
Wahkiakum	154	31	40	91	316
Walla Walla	2,945	1,388	2,051	446	6,830
Whatcom	8,522	3,915	9,820	1,318	23,575
Whitman	2,020	1,761	3,784	392	7,957
Yakima	12,088	5,355	6,298	2,565	26,306
Statewide	251,847	130,255	383,705	38,606	804,413

Shaded cells are for counties covered by WCRER or D+S vacancy surveys. Red (darker) shading is WCRER, gray (lighter) is D+S.

The highlighted counties in Table 1 identify those counties where the WCRER or Dupre + Scott (D+S), a Seattle-area apartment consulting firm, conduct regular surveys of apartment vacancy and rent for market-rate housing. In terms of the multifamily units (5+ units) which provide the foundation for that research, a total of 378,086 units are in those highlighted counties, 98.5 percent of the state’s multifamily rental housing. This extensive market coverage reinforces the breadth of the research which underlies this project.

However, the realities of measurement of rental housing vacancy must also be recognized. For example, of the 804,413 renter-occupied housing units in the State of Washington at the time

of Census 2000, nearly half (47.7 percent) of those units were located in structures with five or more units each, yet those larger complexes represented only 6.5 percent of the structures with rental housing. The research efficiency of limiting data collection to those larger apartment projects is therefore justified, if there is evidence that this approach will not distort the resulting measurements. It is highly unlikely that limiting the vacancy rate analysis under the standard to buildings with five or more units will understate the level of vacancy throughout the market. Nationwide data collected by the U.S. Bureau of the Census for the third quarter of 2003 indicated that 8.3 percent of rental single-family homes were vacant. This compared to 8.0 percent of units in buildings with 2-4 living quarters, 9.9 percent of apartments in buildings with 5-9 units and 10.4 percent of apartments in larger complexes. Overall national vacancy in multifamily housing (5+ units), comparable with Washington statistics presented here, was 10.3 percent. Studies conducted over the last two years by WCRER and D+S, have consistently indicated that vacancy rates in Washington are lower than national averages.

In what they characterize as one of biggest challenges in their practice, D+S conducts an annual survey of vacancies and rents in small rental projects (1-19 units). This research is limited to King and Snohomish counties. Table 2 compares findings on vacancies between the May 2003 small project survey and the September 2003 apartment survey. Vacancies in the large projects tend to be somewhat higher than in the smaller buildings, generally confirming the national findings. Unfortunately, vacancies are not calculated for the subgroups within the small projects.

**Table 2  
King and Snohomish County Vacancy Rates, May/September 2003  
by Size of Project**

	All	Studio	1BR	2BR	3BR	4+ BR
<b>King County</b>						
Small (1-19)	6.6%	6.2%	5.7%	7.5%	7.1%	5.4%
Large (20+)	7.4%	7.6%	6.8%	7.7%	7.7%	n/a
<b>Snohomish County</b>						
Small (1-19)	8.1%	10.5%	9.5%	8.1%	6.7%	5.1%
Large	9.0%	8.1%	8.0%	9.7%	9.3%	n/a

Source: Dupre + Scott Apartment Advisors

It is apparent from the foregoing discussion that development of vacancy rate standards for plex units (2-4 units per development) or single-family rental housing would present a virtually insurmountable task in even the smallest market. For example, homes which are owner-occupied today may be used as a rental property tomorrow if the current owner moves but retains the property as an investment. A few months or years later it could return to the owner-occupied inventory when it is sold. Certainly multifamily housing can make this transition as well, but except in period of condominium conversion, rental apartments tend to remain in the rental inventory.

A related topic is whether the focus on larger projects excludes housing units which provide housing for lower-income households. Unfortunately, the only data available on the rental rates of these smaller projects are average rents, as illustrated in Table 3.

**Table 3**  
**King and Snohomish County Average Rents, May/September 2003**  
**by Size of Project**

	All	Studio	1BR	2BR	3BR	4+ BR
<b>King County</b>						
Small (1-19)	\$899	\$563	\$692	\$901	\$1,300	\$1,659
Single-family	\$1,336	\$546	\$823	\$1,085	\$1,349	\$1,672
2-4	\$885	\$560	\$714	\$893	\$1,211	\$1,413
5-19	\$764	\$563	\$687	\$864	\$1,144	\$1,692
Large (20+)	\$857	\$668	\$753	\$927	\$1,125	
<b>Snohomish County</b>						
Small (1-19)	\$801	\$456	\$555	\$714	\$1,140	\$1,420
Single-family	\$1,181		\$696	\$909	\$1,192	\$1,449
2-4	\$736	\$400	\$553	\$738	\$962	\$990
5-19	\$642	\$473	\$551	\$678	\$875	
Large (20+)	\$762	\$547	\$642	\$791	\$1,011	

Source: Dupre + Scott Apartment Advisors

While single-family homes provide the largest number of rental housing units not included in the large developments, it appears those structures contribute very few affordable units. Plex units may be more affordable than the units in larger projects, but the difficulties involved in accurate measurement of vacancies prevent WCRER from recommending incorporating those units in the vacancy rate standard.

Both national and urban Washington data indicate that any significant differences in vacancy rates by size of project report lower vacancy levels in single-family and plex units. Accordingly, WCRER recommends limiting data collection under the vacancy rate standard to apartment complexes with at least five units.

It must also be noted that the counts of rental housing include both traditional housing and supportive housing for special needs populations, e.g. nursing homes, assisted living centers, substance abuse treatment facilities, or shelters for various groups (homeless, runaway teens, domestic violence, etc.). While many of these facilities are included in WCRER surveys of low income housing, they are not included in market rate surveys. This is especially true for the varieties of senior housing characterized as private pay, especially assisted living and skilled nursing facilities, where the rent typically includes meals and social/health services in addition to the housing.

The methodology which WCRER uses in apartment vacancy surveys follows the pattern initially developed by D+S, which has been monitoring apartment markets for 30 years. However, WCRER attempts to recruit a more comprehensive sample. D+S is the primary source for apartment vacancy and rent information in the Central Puget Sound region, including the counties of King, Pierce, Snohomish, Kitsap, Thurston, Skagit and Whatcom. Because D+S research focuses on the

markets with the greatest populations and largest numbers of apartment complexes, they limit their sample to buildings with at least 20 units. Since WCRER activities deal primarily with smaller counties, that research has emphasized all multifamily housing (5 or more units). In the survey counties with the smallest number of multifamily units, a significant share of those units are publicly-financed or providing services to special needs populations, and are therefore excluded from market-rate statistics.

Preparing lists of apartment projects in individual communities through which to collect vacancy data sounds straightforward, but is surprisingly complex. The approach used by WCRER to conduct vacancy surveys has been to utilize a broad spectrum of resources to identify the multifamily housing in each county. This includes local newspapers, telephone books, newcomers guides, the Internet, property management directories, etc. In addition, WCRER contacted any apartment associations serving the target counties, seeking the support of their members in completing the surveys. It should be noted, however, that the apartment associations are frequently collections of small landlords, whose portfolio of properties often is primarily single-family homes, duplexes and 3-4 unit buildings which are not included in the target universe for these surveys. The resulting list of projects is compared to lists of publicly-financed housing projects in an effort to keep the market-rate and publicly-finance lists separate. However, experience teaches that some (occasionally most) of the identified projects rely on public monies. When these overlaps are identified the project information is moved from one dataset to the other.

Survey forms are then mailed to all identified market-rate property addresses and property management companies seeking information about the property generally (Appendix A). This form includes the initial data on vacancies and rents. Typically the response to the first mailing is poor, but a telephone follow-up encourages participation. Even with the follow-up, there is typically insufficient response to publish or use the data for the first survey effort. Those properties, management companies, etc., which provide data receive limited comparative data, and an encouragement to respond again to future surveys and to seek the participation of the colleagues and competitors. The second attempt to survey a given county is generally more successful, and as it becomes apparent that the survey will be done routinely, and that data which could identify a single project will be kept confidential, the participation builds. For the September 2003 survey response rates ranged from 14 percent of total market units in Skagit County to 87 percent in Whitman County. Most response rates were in excess of 35 percent, indicating a high degree of reliability would be accorded to the results.

Before this analysis of low-income housing vacancy rate standard goes any further, the concept of what the phrase "low-income" means must be addressed. Here again, the legislation mandating the development of a vacancy rate standard is imprecise at best. In various places the legislation talks about extremely low income, which is generally understood to mean an income no greater than 30 percent of area median income. In fact, the legislation references that threshold. Other statements in the legislation reference very low income, with an implied and explicit definition of no greater than 50 percent of area median income. This draft of the vacancy rate standard report includes greater linkages to these income levels. The confusion arises when the legislation merely specifies a "low-income" vacancy rate standard, where in HUD-speak low income generally means below 80 percent of area median income. While the latter income level obviously still presents challenges to finding housing in the rental housing market, the options at the higher income levels are clearly improved.

The following table presents 2003 income levels estimated by HUD for each county. Individual columns show the median family income as well as the low-income (80%), very low income (50%) and extremely low income (30%) thresholds. For convenience, the 4-person incomes are included in the table.

**Table 4**  
**Family Income Estimates for 2003**

County	Median	Low (80%)	Very Low (50%)	Extremely Low (30%)
Adams	\$42,300	\$38,950	\$24,350	\$14,600
Asotin	\$46,500	\$38,950	\$24,350	\$14,600
Benton	\$58,800	\$47,050	\$29,400	\$17,650
Chelan	\$51,300	\$41,050	\$25,650	\$15,400
Clallam	\$50,500	\$40,400	\$25,250	\$15,150
Clark	\$65,800	\$52,650	\$32,900	\$19,750
Columbia	\$49,300	\$39,450	\$24,650	\$14,800
Cowlitz	\$53,700	\$42,950	\$26,850	\$16,100
Douglas	\$49,200	\$39,350	\$24,600	\$14,700
Ferry	\$40,400	\$38,950	\$24,350	\$14,600
Franklin	\$58,800	\$47,050	\$29,400	\$17,650
Garfield	\$50,000	\$40,000	\$25,000	\$15,000
Grant	\$43,600	\$38,950	\$24,350	\$14,600
Grays Harbor	\$44,600	\$38,950	\$24,350	\$14,600
Island	\$71,900	\$56,500	\$38,950	\$23,350
Jefferson	\$52,200	\$41,750	\$26,100	\$15,650
King	\$71,900	\$56,500	\$38,950	\$23,350
Kitsap	\$61,800	\$49,450	\$30,900	\$18,550
Kittitas	\$52,200	\$41,750	\$26,100	\$15,650
Klickitat	\$45,200	\$38,950	\$24,350	\$14,600
Lewis	\$46,300	\$38,950	\$24,350	\$14,600
Lincoln	\$47,900	\$38,950	\$24,350	\$14,600
Mason	\$48,900	\$39,100	\$24,450	\$14,650
Okanogan	\$38,900	\$38,950	\$24,350	\$14,600
Pacific	\$44,400	\$38,950	\$24,350	\$14,600
Pend Oreille	\$41,100	\$38,950	\$24,350	\$14,600
Pierce	\$60,200	\$48,150	\$30,100	\$18,050
San Juan	\$58,200	\$46,950	\$29,350	\$17,600
Skagit	\$55,300	\$44,250	\$27,650	\$16,600
Skamania	\$51,000	\$40,800	\$25,500	\$15,300

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Median	Low (80%)	Very Low (50%)	Extremely Low (30%)
Snohomish	\$71,900	\$56,500	\$38,950	\$23,350
Spokane	\$54,600	\$43,700	\$27,300	\$16,400
Stevens	\$44,600	\$38,950	\$24,350	\$14,600
Thurston	\$64,300	\$51,450	\$32,150	\$19,300
Wahkiakum	\$50,900	\$40,700	\$25,450	\$15,250
Walla Walla	\$50,400	\$40,300	\$25,200	\$15,100
Whatcom	\$55,200	\$44,150	\$27,600	\$16,550
Whitman	\$52,600	\$42,100	\$26,300	\$15,800
Yakima	\$44,900	\$38,950	\$24,350	\$14,600

Source: U.S. Department of Housing and Urban Development

It should be noted that even though HUD provides separate median income estimates for each county (except those counties which are part of multi-county metropolitan areas) the lower income thresholds may not be as individualized. Many smaller counties share the same income levels for low, very low and extremely low income, even if their median income estimates are different. These inconsistencies in definitions are frustrating for researchers, but since the housing provider community is familiar with the HUD-provided estimates, this report uses that convention.

Identifying the income levels is just a beginning. The HUD income limits data goes further and links income to household size. Since the primary objectives of the funds collected under SHB 2060 is to provide housing for extremely low and very low income households, the analysis will ultimately focus on estimating the relevant vacancy rates in market-rate housing. Table 5 reminds readers of the very low and extremely low income limits by size of household.

**Table 5  
2003 HUD Very and Extremely Low-Income Limits  
by Size of Household**

County	Very Low Income (50%)					Extremely Low Income (30%)				
	1 person	2 person	3 person	4 person	6 person	1 person	2 person	3 person	4 person	6 person
Adams	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Asotin	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Benton	\$20,600	\$23,500	\$26,450	\$29,400	\$34,100	\$12,350	\$14,100	\$15,900	\$17,650	\$20,450
Chelan	\$17,950	\$20,500	\$23,100	\$25,650	\$29,750	\$10,750	\$12,300	\$13,850	\$15,400	\$17,850
Clallam	\$17,700	\$20,200	\$22,750	\$25,250	\$29,300	\$10,600	\$12,100	\$13,650	\$15,150	\$17,550
Clark	\$23,050	\$26,300	\$29,600	\$32,900	\$38,150	\$13,800	\$15,800	\$17,750	\$19,750	\$22,900
Columbia	\$17,250	\$19,700	\$22,200	\$24,650	\$28,600	\$10,350	\$11,850	\$13,300	\$14,800	\$17,150
Cowlitz	\$18,800	\$21,500	\$24,150	\$26,850	\$31,150	\$11,300	\$12,900	\$14,500	\$16,100	\$18,700
Douglas	\$17,200	\$19,700	\$22,150	\$24,600	\$28,550	\$10,350	\$11,800	\$13,300	\$14,750	\$17,100

**Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates**

County	Very Low Income (50%)					Extremely Low Income (30%)				
	1 person	2 person	3 person	4 person	6 person	1 person	2 person	3 person	4 person	6 person
Ferry	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Franklin	\$23,050	\$26,300	\$29,600	\$32,900	\$38,150	\$13,800	\$15,800	\$17,750	\$19,750	\$22,900
Garfield	\$17,500	\$20,000	\$22,500	\$25,000	\$29,000	\$10,500	\$12,000	\$13,500	\$15,000	\$17,400
Grant	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Grays Harbor	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Island	\$27,250	\$31,150	\$35,050	\$38,950	\$45,200	\$16,350	\$18,700	\$21,050	\$23,350	\$27,100
Jefferson	\$18,250	\$20,900	\$23,500	\$26,100	\$30,300	\$10,950	\$12,550	\$14,100	\$15,650	\$18,150
King	\$27,250	\$31,150	\$35,050	\$38,950	\$45,200	\$16,350	\$18,700	\$21,050	\$23,350	\$27,100
Kitsap	\$21,650	\$24,700	\$27,800	\$30,900	\$35,850	\$13,000	\$14,850	\$16,700	\$18,550	\$21,500
Kittitas	\$18,250	\$20,900	\$23,500	\$26,100	\$30,300	\$10,950	\$12,550	\$14,100	\$15,650	\$18,150
Klickitat	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Lewis	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Lincoln	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Mason	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Okanogan	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Pacific	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Pend Oreille	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Pierce	\$21,050	\$24,100	\$27,100	\$30,100	\$34,900	\$12,650	\$14,450	\$16,250	\$18,050	\$20,950
San Juan	\$20,550	\$23,500	\$26,400	\$29,350	\$34,050	\$12,350	\$14,100	\$15,850	\$17,600	\$20,450
Skagit	\$19,350	\$22,100	\$24,900	\$27,650	\$32,050	\$11,600	\$13,250	\$14,950	\$16,600	\$19,250
Skamania	\$17,850	\$20,400	\$22,950	\$25,500	\$29,600	\$10,700	\$12,250	\$13,750	\$15,300	\$17,750
Snohomish	\$27,250	\$31,150	\$35,050	\$38,950	\$45,200	\$16,350	\$18,700	\$21,050	\$23,350	\$27,100
Spokane	\$19,100	\$21,850	\$24,550	\$27,300	\$31,650	\$11,450	\$13,100	\$14,750	\$16,400	\$19,000
Stevens	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950
Thurston	\$22,500	\$25,700	\$28,950	\$32,150	\$37,300	\$13,500	\$15,450	\$17,350	\$19,300	\$22,400
Wahkiakum	\$17,800	\$20,350	\$22,900	\$25,450	\$29,500	\$10,700	\$12,200	\$13,750	\$15,250	\$17,700
Walla Walla	\$17,650	\$20,150	\$22,700	\$25,200	\$29,250	\$10,600	\$12,100	\$13,600	\$15,100	\$17,550
Whatcom	\$19,300	\$22,100	\$24,850	\$27,600	\$32,000	\$11,600	\$13,250	\$14,900	\$16,550	\$19,200
Whitman	\$18,400	\$21,050	\$23,650	\$26,300	\$30,500	\$11,050	\$12,600	\$14,200	\$15,800	\$18,300
Yakima	\$17,050	\$19,500	\$21,900	\$24,350	\$28,250	\$10,250	\$11,700	\$13,150	\$14,600	\$16,950

Source: U.S. Department of Housing and Urban Development

Affordability guidelines for rental housing indicate that a low income household should not be expected to pay more than 30 percent of its income on rent, including utilities (heat, water, sewer, electricity). Rents are inconsistent regarding the degree to which they cover the utilities.

Water/sewer is often included, but that varies regionally. Electricity is often metered separately for each apartment. This is especially true if the heating and/or cooking source is electric. Natural gas is usually single meter, meaning it is included in base rent. Newer (and higher rent) projects are more likely to be separately metered. For ease of analysis only, WCRER will assume all utilities are included in rent for the purposes of the vacancy rate standard.

Apartments, themselves, come in a wide range of configurations, from studios (efficiencies) to large family units with three or more bedrooms. Incorporating all these options into the analysis would make it too difficult for small local communities to extend the research beyond the basic level reported here. WCRER recommends limiting the analysis to the most prevalent apartment configurations throughout the state – one-bedroom and two-bedroom/one-bath units. The next step is to match those units to likely occupant groups. WCRER initially recommended linking the one-bedroom apartments to two-person household incomes, and the two-bedroom apartments to four-person household incomes. A draft report using that approach was reviewed by several groups who indicated that the average occupancy in low-income units was 1.5 persons per bedroom and recommended the analysis adopt that convention. The following table illustrates the affordable rent level for each analysis unit type in each county for both very low and extremely low income households, on the assumption of 1.5 persons per bedroom.

**Table 6**  
**Affordable Maximum Monthly Rent**  
**One-Bedroom and Two-Bedroom/One-Bath Apartments**

County	Very-Low		Extremely-Low		County	Very Low		Extremely Low	
	1-bedroom	2-bedroom	1-bedroom	2-bedroom		1-bedroom	2-bedroom	1-bedroom	2-bedroom
Adams	\$457	\$548	\$274	\$329	Lewis	\$457	\$548	\$274	\$329
Asotin	\$457	\$548	\$274	\$329	Lincoln	\$457	\$548	\$274	\$329
Benton	\$551	\$661	\$331	\$398	Mason	\$457	\$548	\$274	\$329
Chelan	\$481	\$578	\$288	\$346	Okanogan	\$457	\$548	\$274	\$329
Clallam	\$474	\$569	\$284	\$341	Pacific	\$457	\$548	\$274	\$329
Clark	\$617	\$740	\$370	\$444	Pend Oreille	\$457	\$548	\$274	\$329
Columbia	\$462	\$555	\$278	\$333	Pierce	\$564	\$678	\$339	\$406
Cowlitz	\$504	\$604	\$303	\$363	San Juan	\$551	\$660	\$331	\$396
Douglas	\$461	\$554	\$277	\$333	Skagit	\$518	\$623	\$311	\$374
Ferry	\$457	\$548	\$274	\$329	Skamania	\$478	\$574	\$287	\$344
Franklin	\$617	\$740	\$419	\$444	Snohomish	\$730	\$876	\$438	\$526
Garfield	\$469	\$563	\$318	\$338	Spokane	\$512	\$614	\$307	\$369
Grant	\$457	\$548	\$274	\$329	Stevens	\$457	\$548	\$274	\$329
Grays Harbor	\$457	\$548	\$274	\$329	Thurston	\$603	\$724	\$362	\$434
Island	\$730	\$876	\$438	\$526	Wahkiakum	\$477	\$573	\$286	\$344
Jefferson	\$489	\$588	\$294	\$353	Walla Walla	\$473	\$568	\$284	\$340
King	\$730	\$876	\$438	\$526	Whatcom	\$518	\$621	\$311	\$373

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Very-Low		Extremely-Low		County	Very Low		Extremely Low	
	1-bedroom	2-bedroom	1-bedroom	2-bedroom		1-bedroom	2-bedroom	1-bedroom	2-bedroom
Kitsap	\$579	\$695	\$348	\$418	Whitman	\$493	\$591	\$296	\$355
Kittitas	\$489	\$588	\$294	\$353	Yakima	\$457	\$548	\$274	\$329
Klickitat	\$457	\$548	\$274	\$329					

Source: U.S. Department of Housing and Urban Development

Since the language in the legislation is unclear, and the availability of market-rate housing satisfying the affordability requirements differs greatly between very low income and extremely low income households, WCRER recommends computing separate vacancy measures for each definition.

The development of vacancy rates depends on accurate description of the units actually available for rent in each responding project. If a unit is being held off the market for renovation, for example, it should not be counted as vacant. The number of vacant units is divided by the number of vacant plus occupied units to produce the vacancy rate. Both WCRER and D+S provide estimates by apartment characteristics (number of bedrooms/baths). For larger markets the analysis also studies the age of the building and the submarket in which it is located. D+S uses several submarkets, particularly in their data for King County. WCRER limits the number of submarkets to four in each county. While useful for market analyses, submarkets are not necessary for local vacancy rates computed under the vacancy rate standard.

During the process of refining the procedures outlined in this document, WCRER conducted quarterly apartment vacancy surveys for CTED. The objective of the more frequent reporting was to identify any significant seasonal patterns of vacancy. As expected, some markets were more seasonal than others. For example, vacancies increased for the June surveys in Whitman (Pullman) and Kittitas (Ellensburg), where students provide the primary rental residents and many property managers allow tenants to have 10-month rather than annual leases. Similarly, vacancies increased during the winter in some markets housing significant numbers of farm workers, but the agricultural variation was less pronounced. WCRER recommends continuing to monitor housing vacancies for both the market-rate and low-income markets on a semiannual basis (following the example of the D+S surveys), with surveys conducted in March and September of each year. Washington State University and CTED have entered into a contract to provide these statistics, collected by WCRER until June, 2005.

Vacancy rate estimates for publicly-financed properties are currently less detailed. Using the inventory of low-income properties developed in 2000 for the Housing Finance Commission, WCRER has developed several sets of vacancy estimates for CTED. This began with a focus on those counties where WCRER or D+S were producing market-rate vacancy reports, and slowly has expanded as CTED requested WCRER to conduct additional market rate surveys. The approach has been to select the largest low-income housing projects in each county first, and to continually build the sample by incorporating additional properties and additional markets. Research conducted thus far has not attempted to differentiate vacancy rates by characteristics of the low-income housing project (such as by number of bedrooms or special needs population).

Defining the low-income housing market broadly needs to combine data from multiple sources. Clearly many low income households can avail themselves of the various publicly-financed housing opportunities, but typically those projects have waiting lists or are set aside for households with specified characteristics – disabilities, elderly, domestic violence, substance abuse, etc. Many other low-income households rent lower-cost housing in the market-rate housing market. To fully

understand low-income rental housing vacancy, results of market rate surveys (limited to lower-cost units) should be combined with the data collected through surveys of publicly financed projects.

Preparation of vacancy rate estimates under this standard will include reporting separate vacancy rates for market rate units which are affordable under the definitions identified above for households with extremely low incomes and for households with very low incomes. A separate vacancy rate for publicly-financed units should be prepared. Finally, whenever possible two composite rates should be computed. One of those adds the vacant affordable units at 30 percent of median income to the vacant publicly-financed units as the numerator, with the sum of inventory (occupied plus vacant) of affordable market rate units and publicly-financed units as the denominator. The following equations present this mathematically:

$$VR_{30} = \frac{(V\_Mkt_{30} + V\_Pub)}{(I\_Mkt_{30} + I\_Pub)}$$

$$VR_{50} = \frac{(V\_Mkt_{50} + V\_Pub)}{(I\_Mkt_{50} + I\_Pub)}$$

where:

$VR_{30}$	=	Extremely Low Income Vacancy Rate
$VR_{50}$	=	Very Low Income Vacancy Rate
$V\_Mkt_{30}$	=	Vacant units affordable to households below 30% area median income
$V\_Mkt_{50}$	=	Vacant units affordable to households below 50% area median income
$V\_Pub$	=	Vacant Publicly-financed units
$I\_Mkt_{30}$	=	Inventory of affordable market-rate units to households below 30% area median income
$I\_Mkt_{50}$	=	Inventory of affordable market-rate units to households below 50% area median income
$I\_Pub$	=	Inventory of publicly-financed units.

Reviewers of this methodology have identified a shortcoming relative to the inability to differentiate among publicly-financed housing projects by the income restriction on populations served. The initial estimate of vacancy presented later in this document assume that all publicly-financed units would be available to the lowest income group. Future analyses will incorporate the emerging data (supported by WCRER's contracts with CTED and WSHFC) to more carefully differentiate among those units based on income set-asides.

### **Vacancy Rate Estimates – September 2003**

Utilizing the methodology specified in the previous section, this section estimates the respective vacancy rates, and evaluates the reliability of the estimates provided.

Since both  $VR_{30}$  and  $VR_{50}$  incorporate the publicly financed vacancy data, that seems a natural starting point. To understand the vacancy situation in the publicly-financed housing market requires an assessment of the degree to which units financed wholly or partly by public monies have participated in the vacancy surveys. An updated assessment of the low-income housing inventory for the Washington State Housing Finance Commission, which coincided with this project, provides the current inventory count for each county, allowing the development of response rates. However, it must be noted that there are units included in the inventory which

would be excluded from the vacancy analysis. There are many units of public housing which are single-family homes, duplexes, etc. which would not be included in the apartment vacancy studies. Accordingly, response rates in the following table are lower bounds. Table 7 suggests that in most counties across the State of Washington, there has been sufficient participation in the publicly-financed vacancy rate survey to result in reliable estimates. Most survey research is conducted on samples which are much smaller than 10 percent of the underlying population. Even the bulk of Census data on which the housing community relies every day is derived from a one-in-six (16.6 percent) sampling. In the following table, only three counties had response rates below that threshold, and only 13 of the 39 counties in the state had less than 40 percent participation, truly a remarkable statistic.

**Table 7  
Response Rates, Publicly-Financed Housing Vacancy Survey  
September 2003**

County	Inventory	Response	Rate	County	Inventory	Response	Rate
Adams	196	196	100.0%	Lewis	528	303	57.4%
Asotin	190	110	57.9%	Lincoln	66	53	80.3%
Benton	1,886	1,642	87.1%	Mason	289	146	50.5%
Chelan	743	652	87.8%	Okanogan	576	425	73.8%
Clallam	785	651	82.9%	Pacific	269	247	91.8%
Clark	4,560	3,557	78.0%	Pend Oreille	153	52	34.0%
Columbia	76	48	63.2%	Pierce	8,725	4,732	54.2%
Cowlitz	1,293	994	76.9%	San Juan	162	39	24.1%
Douglas	256	236	92.2%	Skagit	1,660	353	21.3%
Ferry	63	34	54.0%	Skamania	84	15	17.9%
Franklin	511	450	88.1%	Snohomish	9,456	28	28.6%
Garfield	6	0	0.0%	Spokane	5,533	1,045	18.9%
Grant	1,570	899	57.3%	Stevens	442	44	10.0%
Grays Harbor	1,133	872	77.0%	Thurston	2,568	818	31.9%
Island	899	261	29.0%	Wahkiakum	57	0	0.0%
Jefferson	369	293	79.4%	Walla Walla	407	117	28.7%
King	35,068	16,563	47.2%	Whatcom	2,805	1,365	48.7%
Kitsap	2,867	1,486	51.8%	Whitman	342	140	40.9%
Kittitas	671	473	70.5%	Yakima	2,835	737	26.0%
Klickitat	201	131	65.2%				

For the market-rate vacancy estimates, computing the response rates is somewhat more challenging. WCRER began the analysis with 2000 Census estimates of total inventory of apartment units in each county, then added newly-constructed apartment units. The latter statistics were obtained from building permits. No adjustments were made to the inventory to account for removal of units from the inventory by demolition or conversion to nonresidential use, but in general those numbers are small, especially in the first half of the post-census period. In addition, the publicly-financed units would be included in the total inventory counts. Accordingly, these should be viewed as underestimates of the actual participation in the vacancy surveys. Once again, the participation rates in these surveys is generally very high, especially when the voluntary nature of this research is contrasted to the mandatory participation in Census data collection. Table 8 presents comparative response rates for the market rate and publicly-financed vacancy surveys for September.

**Table 8**  
**Response Rates**  
**Market-Rate and Publicly-Financed Housing Vacancy Surveys**  
**September 2003**

County	Market-Rate Response Rate	Publicly-Financed Response Rate	County	Market-Rate Response Rate	Publicly-Financed Response Rate
Adams		100.0%	Lewis	14.4%	57.4%
Asotin		57.9%	Lincoln		80.3%
Benton	54.1%	87.1%	Mason		50.5%
Chelan	33.1%	87.8%	Okanogan		73.8%
Clallam		82.9%	Pacific		91.8%
Clark	54.3%	78.0%	Pend Oreille		34.0%
Columbia		63.2%	Pierce	53.2%	54.2%
Cowlitz	23.2%	76.9%	San Juan		24.1%
Douglas	33.1%	92.2%	Skagit	14.1%	21.3%
Ferry		54.0%	Skamania		17.9%
Franklin	54.1%	88.1%	Snohomish	60.1%	28.6%
Garfield			Spokane	46.0%	18.9%
Grant	20.8%	57.3%	Stevens		10.0%
Grays Harbor		77.0%	Thurston	58.1%	31.9%
Island		29.0%	Wahkiakum		
Jefferson		79.4%	Walla Walla	54.8%	28.7%
King	46.4%	47.2%	Whatcom	16.3%	48.7%
Kitsap	49.2%	51.8%	Whitman	85.6%	40.9%

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Market-Rate Response Rate	Publicly-Financed Response Rate	County	Market-Rate Response Rate	Publicly-Financed Response Rate
Kittitas	65.5%	70.5%	Yakima	29.2%	26.0%
Klickitat		65.2%			

These response rates provide evidence that the vacancy rate estimates presented in this report are highly reliable, although the potential estimate errors for market-rate housing are above average in Lewis, Skagit and Whatcom counties; and for publicly-financed housing in Skamania, Spokane and Stevens counties.

Before proceeding to the vacancy rate estimates themselves, it is appropriate to comment on the ability of the market-rate housing market to address the housing needs of low-income households. The presumptive rationale for the vacancy rate standard incorporated in SHB 2060 was to prevent publicly-financed housing from displacing or disadvantaging housing currently provided by the private sector. Using the affordable rent levels developed in Table 6, the proportion of the local housing market which rent for no more than the maximum affordable rent was calculated. In the 23 counties identified in the table a total of 46,275 one-bedroom and 39,168 two-bedroom/one-bath affordable apartment were identified. This sounds like a large number of units until you remember there were 503,291 households in Washington with incomes below 50 percent of median income in 2000.

**Table 9**  
**Proportion of Very Low Income Affordable Market-Rate Apartments**  
**Selected Washington Counties, September 2003**

County	1-Bedroom			2-Bedroom/1-bath		
	Affordable Rent	Proportion	Units Supplied	Affordable Rent	Proportion	Units Supplied
Benton	\$551	70.5%	1,531	\$661	68.1%	1,090
Chelan	\$481	49.0%	129	\$578	63.6%	253
Clallam	\$474	80.0%	72	\$569	95.5%	106
Clark	\$617	69.7%	2,282	\$740	96.0%	2,533
Cowlitz	\$504	67.7%	193	\$604	88.5%	515
Douglas	\$461	100.0%	8	\$554	65.3%	32
Franklin	\$551	100.0%	63	\$661	100.0%	98
Grant	\$457	93.0%	186	\$548	57.8%	67
Grays Harbor	\$457	100.0%	80	\$548	33.3%	34
Island	\$730	100.0%	60	\$876	100.0%	21
King	\$730	56.8%	22,230	\$876	70.6%	14,244
Kitsap	\$579	31.2%	518	\$695	46.8%	747

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	1-Bedroom			2-Bedroom/1-bath		
	Affordable Rent	Proportion	Units Supplied	Affordable Rent	Proportion	Units Supplied
Kittitas	\$489	64.7%	209	\$588	52.5%	458
Lewis	\$457	75.4%	89	\$548	29.4%	20
Pierce	\$564	51.8%	4,909	\$678	58.7%	5,036
Skagit/Whatcom	\$518	18.1%	130	\$623	42.7%	356
Snohomish	\$730	84.3%	7,814	\$876	93.4%	6,387
Spokane	\$512	80.1%	2,889	\$614	81.8%	3,332
Thurston	\$603	53.9%	1,357	\$724	80.5%	1,352
Walla Walla	\$473	83.4%	141	\$568	88.4%	214
Whitman	\$493	98.1%	736	\$591	88.1%	1,895
Yakima	\$457	65.9%	649	\$548	51.2%	378

It must be noted at this point that the data available on current rents in the market-rate sector may or may not include utilities which would need to be included if the rent is truly affordable. Statistics published by D+S on the incidence of water/sewer charges paid by tenants in their September 2003 survey indicate that local conditions vary widely. None of the reporting projects in Skagit and Whatcom counties assessed water/sewer charges separately to tenants. In Thurston County 15.9 percent of units were separately metered, in Pierce County it was 34.8 percent, in Kitsap County it was 37.6 percent. King County apartments were more likely to be separately metered for sewer/water (58.7 percent of units), while in Snohomish County, with the largest proportion of recently constructed units, the separately metered proportion was highest, reaching 71.1 percent of units. It is worth noting, however, that in submarkets with the lowest average rents in King and Snohomish counties, the proportion of units which were separately metered were also lowest. Unfortunately, the data on separate metering of electricity and heat is less available, although D+S believe it is more prevalent than separate metering of water and sewer. Accordingly, the proportion of units which are considered "affordable" throughout the remainder of this report overstate actual access to affordable market-rate housing by some unknown factor, and that factor clearly differs from community to community.

While the market-rate units appear to offer housing opportunities for households at 50 percent of area median income, the situation is quite different for extremely low income households (30 percent of median income or below). As illustrated in the following table, very few units are provided without public subsidies for these households. Statewide, there were only 543 units identified through the market-rate survey which would have been affordable to extremely low income households – 109 one-bedroom and 434 two-bedroom units. This compares to 265,075 households statewide with incomes below 30 percent of median in 2000. The private sector falls far short of meeting the housing needs of extremely low income residents of Washington State, providing affordable housing for only 0.2 percent of extremely low income households.

**Table 10**  
**Proportion of Extremely Low Income Affordable Market-Rate Apartments**  
**Selected Washington Counties, September 2003**

County	1-Bedroom			2-Bedroom/1-bath		
	Affordable Rent	Proportion	Units Supplied	Affordable Rent	Proportion	Units Supplied
Benton	\$331	0.0%	0	\$398	0.0%	0
Chelan	\$288	0.0%	0	\$346	0.0%	0
Clallam	\$284	0.0%	0	\$341	0.0%	0
Clark	\$370	0.0%	0	\$444	0.0%	0
Cowlitz	\$303	0.7%	2	\$363	0.3%	2
Douglas	\$277	0.0%	0	\$333	0.0%	0
Franklin	\$331	0.0%	0	\$398	0.0%	0
Grant	\$274	1.5%	0	\$329	0.0%	0
Grays Harbor	\$274	0.0%	0	\$329	0.0%	0
Island	\$438	16.7%	10	\$526	42.8%	9
King	\$438	0.1%	39	\$526	0.3%	60
Kitsap	\$348	0.0%	0	\$418	0.0%	0
Kittitas	\$294	0.0%	0	\$353	0.0%	0
Lewis	\$274	0.0%	0	\$329	0.0%	0
Pierce	\$339	0.0%	0	\$406	0.4%	34
Skagit/Whatcom	\$311	0.0%	0	\$374	0.0%	0
Snohomish	\$438	0.2%	19	\$526	2.4%	164
Spokane	\$307	0.4%	14	\$369	0.0%	0
Thurston	\$362	0.5%	13	\$434	0.0%	0
Walla Walla	\$284	0.0%	0	\$340	0.0%	0
Whitman	\$296	1.3%	10	\$355	8.1%	174
Yakima	\$274	0.0%	0	\$329	0.0%	0

Affordable units for extremely low income households were identified in only eight counties. Only one county, Island, is reported as having a significant proportion of affordable units, but this is an anomaly. This data includes Island County in the Seattle-Bellevue-Everett metropolitan area under the definitions of those areas produced after the 1990 Census. However, when the results of Census 2000 and revised definition of metropolitan areas, and the new concept of micropolitan areas are applied by HUD, Island County will become independent of Greater Seattle and

income/rent limits more reflective of the local market will be applied. For example, the HUD data uses identical incomes for King, Snohomish and Island counties, but Census 2000 data suggest the 1999 median family income in Island County (\$51,363) was 22.2 percent lower than the median family income in King County (\$66,035). Clearly using the broader market incomes and rent limits in conjunction the lower prevailing rents in Island County produces greater apparent affordable rental housing in that market.

In the vacancy rate statistics presented here, WCRER has been able to calculate vacancy rates in publicly-financed properties in all but two counties – Garfield and Wahkiakum. These communities also have the smallest county populations and the smallest total inventories of multifamily housing, minimizing the impact of the absence of vacancy statistics in those markets. Table 11 presents three September 2003 vacancy rate estimates by county – for all market-rate apartments; for market-rate apartments affordable to very-low income (50% of median) households, using the rent levels from Table 6; and for publicly-financed low-income housing. The market-rate data are collected through the WCRER and D+S market surveys. Empty cells in the table mean market-rate data is not collected in that county because there are too few apartments. Only one-bedroom and two-bedroom/one-bath units were used in the calculation of this statistic, but since those are the predominant apartment styles, little information is lost by the restriction. Since most units in the two analysis categories were considered affordable at this income level, the very low-income vacancy looks very similar to the overall market-rate vacancy.

**Table 11  
Very Low Income Market-Rate and Publicly-Financed Apartment Vacancy Rates  
September 2003**

County	Overall Market-Rate Apartment Vacancy	Very Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*	County	Overall Market-Rate Apartment Vacancy	Very Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*
Adams			5.6%	Lewis	2.4%	2.8%	3.6%
Asotin			10.0%	Lincoln			0.0%
Benton	5.5%	5.7%	2.4%	Mason			1.4%
Chelan	5.8%	5.8%	6.6%	Okanogan			4.9%
Clallam	5.3%	5.1%	2.2%	Pacific			6.5%
Clark	5.3%	5.8%	5.5%	Pend Oreille			1.9%
Columbia			10.4%	Pierce	6.9%	7.0%	5.9%
Cowlitz	5.6%	6.4%	6.5%	San Juan			5.1%
Douglas	5.8%	0.0%	6.4%	Skagit	7.7%	9.9%	1.4%
Ferry			2.9%	Skamania			0.0%
Franklin	5.5%	3.7%	6.2%	Snohomish	9.0%	9.2%	4.0%
Garfield			n/a	Spokane	5.5%	4.9%	5.2%

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Overall Market-Rate Apartment Vacancy	Very Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*	County	Overall Market-Rate Apartment Vacancy	Very Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*
Grant	6.0%	5.5%	2.7%	Stevens			4.5%
Grays Harbor	4.0%	0.9%	3.8%	Thurston	4.0%	4.2%	4.4%
Island	2.0%	2.5%	0.0%	Wahkiakum			n/a
Jefferson			1.4%	Walla Walla	6.2%	4.5%	1.7%
King	7.4%	6.8%	3.6%	Whatcom	6.3%	9.9%	2.1%
Kitsap	3.7%	3.2%	1.7%	Whitman	2.3%	1.4%	2.9%
Kittitas	1.2%	0.9%	3.0%	Yakima	3.6%	4.1%	4.6%
Klickitat			2.3%				

\* Since all publicly-financed units are treated as if they are affordable to all income groups, these vacancy rates may reflect units which are not truly affordable.

Table 12 is structured like Table 11, but relies on rents which would be affordable to extremely low income households (30% or area median or less). Where no affordable market rate units have been identified in a county, the vacancy rate is recorded as n/a rather than 0.0% which would indicate there were affordable units in the inventory, but were all occupied.

**Table 12**  
**Extremely Low Income Market-Rate and Publicly-Financed Apartment Vacancy Rates**  
**September 2003**

County	Overall Market-Rate Apartment Vacancy	Extremely Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*	County	Overall Market-Rate Apartment Vacancy	Extremely Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*
Adams			5.6%	Lewis	2.4%	n/a	3.6%
Asotin			10.0%	Lincoln			0.0%
Benton	5.5%	n/a	2.4%	Mason			1.4%
Chelan	5.8%	n/a	6.6%	Okanogan			4.9%
Clallam	5.3%	n/a	2.2%	Pacific			6.5%
Clark	5.3%	n/a	5.5%	Pend Oreille			1.9%
Columbia			10.4%	Pierce	6.9%	3.2%	5.9%

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	Overall Market-Rate Apartment Vacancy	Extremely Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*	County	Overall Market-Rate Apartment Vacancy	Extremely Low Income Market-Rate Apartment Vacancy	Publicly-Financed Low-Income Vacancy*
Cowlitz	5.6%	0.0%	6.5%	San Juan			5.1%
Douglas	5.8%	n/a	6.4%	Skagit	7.7%	n/a	1.4%
Ferry			2.9%	Skamania			0.0%
Franklin	5.5%	n/a	6.2%	Snohomish	9.0%	18.2%	4.0%
Garfield			n/a	Spokane	5.5%	17.6%	5.2%
Grant	6.0%	0.0%	2.7%	Stevens			4.5%
Grays Harbor	4.0%	n/a	3.8%	Thurston	4.0%	16.7%	4.4%
Island	2.0%	5.3%	0.0%	Wahkiakum			n/a
Jefferson			1.4%	Walla Walla	6.2%	n/a	1.7%
King	7.4%	12.0%	3.6%	Whatcom	6.3%	n/a	2.1%
Kitsap	3.7%	n/a	1.7%	Whitman	2.3%	0.0%	2.9%
Kittitas	1.2%	n/a	3.0%	Yakima	3.6%	n/a	4.6%
Klickitat			2.3%				

\* Since all publicly-financed units are treated as if they are affordable to all income groups, these vacancy rates may reflect units which are not truly affordable.

Unfortunately, affordable housing is extremely difficult to find in the private (market rate) housing market for extremely-low income households. In a few instances it appears that despite very limited availability there is substantial vacancy. The data available does not allow detailed analysis of this situation, but there is considerable likelihood that the available affordable inventory which remains vacant is in such poor condition that even these extremely low income households are willing to “overspend” on housing rather than accept substandard accommodation. The King County data provides a clear illustration of this phenomenon. The 12.5 percent vacancy for affordable extremely low income one-bedroom apartments must be put in perspective of the 0.1 percent of all one-bedroom apartments which would be considered affordable to a household with such restricted income. County-wide, only 40 sample units would have been affordable -- and five were vacant at the time of the survey. Those units certainly cannot make a dent in solving the affordable housing crisis for household whose income is no greater than 30 percent of King County’s median.

While the preceding tables have provided the comparative estimates of vacancy, they have not fully achieved the objective of a comprehensive estimate of low-income vacancy for each county in Washington. The final step is provided in Table 13, below.

**Table 13**  
**Composite Very Low and Extremely Low Vacancy Rates (VR<sub>50</sub> and VR<sub>30</sub>)**  
**September 2003**

County	Very Low Income (VR <sub>50</sub> )	Extremely Low Income (VR <sub>30</sub> )	County	Very Low Income (VR <sub>50</sub> )	Extremely Low Income (VR <sub>30</sub> )
Adams*	5.6%	5.6%	Lewis	3.4%	3.6%
Asotin*	10.0%	10.0%	Lincoln*	0.0%	0.0%
Benton	4.5%	2.4%	Mason*	1.4%	1.4%
Chelan	6.3%	6.6%	Okanogan*	4.9%	4.9%
Clallam	2.8%	2.2%	Pacific*	6.5%	6.5%
Clark	5.6%	5.5%	Pend Oreille*	1.9%	1.9%
Columbia*	10.4%	10.4%	Pierce	6.7%	5.9%
Cowlitz	6.5%	6.5%	San Juan*	5.1%	5.1%
Douglas	5.4%	6.4%	Skagit	3.7%	1.4%
Ferry*	2.9%	2.9%	Skamania*	0.0%	0.0%
Franklin	5.6%	6.2%	Snohomish	8.4%	4.8%
Garfield			Spokane	4.9%	5.4%
Grant	3.3%	2.7%	Stevens*	4.5%	4.5%
Grays Harbor	3.4%	3.8%	Thurston	4.3%	4.6%
Island	0.6%	0.4%	Wahkiakum		
Jefferson*	1.4%	1.4%	Walla Walla	3.8%	1.7%
King	5.8%	3.6%	Whatcom	3.7%	2.1%
Kitsap	2.4%	1.7%	Whitman	1.4%	1.2%
Kittitas	1.8%	3.0%	Yakima	4.3%	4.6%
Klickitat*	2.3%	2.3%			

\* Calculated using publicly-financed apartments only

The legislation mandating this analysis also provided for a surcharge of \$10 for document recording in each county, with the proceeds split between the Housing Trust Fund (statewide) supporting housing for extremely low-income households (less than 30 percent of area median income) and accounts established in each county to support housing for very low-income households (less than 50 percent of area median income), less a small administrative fee retained in the county. The legislation further states that “the funds generated with this surcharge shall not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above ten percent.” Based on the statistics presented in Table 10, that level of vacancy may have been met in two small, Eastern Washington counties, Asotin and

Columbia. This implies that the provisions of this legislation would currently preclude construction of new housing using public monies generated by the recording surcharge in those counties. No other county has a very low-income or extremely low income housing vacancy rate even approaching the 10 percent threshold. Moreover, it does not appear that publicly-financed housing has materially increased market-rate vacancies in the remaining counties. Of the 23 counties where both very low-income market-rate and publicly-financed vacancies are calculated, the market-rate units have lower vacancy rates in 11 cases. In the cases where publicly-financed housing has lower vacancies, the difference may be more significant. Of course, conditions change with the construction of each new project, whether it is privately or publicly financed, reinforcing the recommendation that semiannual surveys be continued.

To further illustrate the dispersion of rents in the private marketplace, WCRER has developed statistics on the distribution of apartment rents for these two primary categories of apartments. The following table shows the distribution of rents for one-bedroom apartments, by county in September 2003. Aside from Grant, Spokane and Whitman counties, there are effectively no one-bedroom apartments available in any county with a significant number of apartment which rent for less than \$300 per month. In King and Snohomish counties virtually no market-rate one-bedroom apartments rent for less than \$450. It is noteworthy that this represents some additional lower-cost housing than reported to CTED on previous surveys. This can be attributed to competitive pressure from higher vacancy rates. Almost without exception these rents are exclusive of electricity. This means a household in King or Snohomish counties would need an income of \$19,440 to afford the cheapest one-bedroom market-rate apartments. That's an income from a single wage earner working full time of nearly \$10.00 per hour, and very few units are that inexpensive. Significantly, nearly ten percent of King County's one-bedroom apartments cost more than \$1,000.

**Table 14**  
**Rental Cost Distribution (as % of Market), 1-Bedroom Market-Rate Apartments**  
**September 2003**

County	<\$300	\$300-349	\$350-399	\$400-449	\$450-499	\$500-549	\$550-599	\$600-649	\$650-699	\$700-799	\$800-899	\$900-999	\$1,000+
Benton			4.0	18.4	16.0	31.7	17.5	2.9	2.9	4.0	1.8	0.7	
Chelan			28.5	7.6	20.9	42.9							
Clallam			33.3	27.7	38.8								
Clark				3.3	28.3	11.3	20.6	18.3	12.9	5.3			
Cowlitz		10.2	28.4	14.4	12.3	29.1	5.6						
Douglas				100.0									
Franklin			4.8		95.2								
Grant	3.5	9.0	79.5		8.0								
Grays Harbor			57.5	42.5									
Island			16.7						83.3				
King				0.1	2.0	4.3	10.9	14.4	16.9	22.7	12.3	7.6	8.8
Kitsap			0.9	5.0	3.1	18.9	5.5	32.5	10.9	22.9			
Kittitas		9.0	3.7	38.7	17.0	31.6							

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	<\$300	\$300-349	\$350-399	\$400-449	\$450-499	\$500-549	\$550-599	\$600-649	\$650-699	\$700-799	\$800-899	\$900-999	\$1,000+
Lewis			40.7	30.5	28.8								
Pierce			6.7	9.0	17.9	11.6	23.3	11.1	8.2	9.6	1.9	0.5	
Skagit/Whatcom				9.6	2.5	16.5	35.4	23.0	12.8				
Snohomish				0.2	2.3	14.8	20.4	15.9	24.0	17.3	4.3		0.6
Spokane	2.9	1.0	23.8	30.7	18.7	12.8	7.3	2.9					
Thurston			1.9	3.7	16.2	11.7	18.6	30.5	10.1	7.4			
Walla Walla			59.1	24.3		16.6							
Whitman	1.4		43.7	41.0	13.7								
Yakima		9.6	21.8	28.8	39.7								

The situation becomes even more challenging for basic two-bedroom apartments with a single bath, the second most frequently encountered configuration. The Table 15 shows the distribution of rents for two-bedroom/one-bath apartments, by county in September 2003.

Generally speaking, the entry-level rental cost is \$50 - \$100 higher for two-bedroom apartments than for one-bedroom units. Only Whitman county reported any units renting for less than \$300. In other areas rents were at least \$400 before a significant number of units were in the local inventory. In King and Snohomish counties there were effectively no two-bedroom, one-bath units available for less than \$550 per month. This means in those urban counties households earning less than \$23,100 cannot find affordable market rate housing, if they need a 2-bedroom unit. Again, these rents did not include electricity costs. While there appear to be a few more affordable units in the inventory in many markets in September than there had been in March, the fact that vacancies are no longer increasing in most areas means rents may be increasing more rapidly in the months ahead, placing additional pressure on housing for low-income households.

**Table 15**  
**Rental Cost Distribution (as % of Market), 2-Bedroom/1-Bath Market-Rate Apartments**  
**September 2003**

County	<\$300	\$300-349	\$350-399	\$400-449	\$450-499	\$500-549	\$550-599	\$600-649	\$650-699	\$700-799	\$800-899	\$900-999	\$1,000+
Benton					6.2	12.4	25.6	18.9	22.7	11.6		2.4	
Chelan				19.1	31.2	10.1	5.8	33.9					
Clallam			2.7	45.9	17.1	29.7		4.5					
Clark					2.5	13.8	38.1	18.9	19.9	6.6			
Cowlitz			1.0		68.4		18.7	5.3	6.5				
Douglas					28.6	32.7	38.7						
Franklin				9.2	31.6	22.4	36.7						
Grant			5.1	27.6	14.7	11.2	41.4						
Grays Harbor				26.5	43.1		10.8	19.6					

*Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates*

County	<\$300	\$300-349	\$350-399	\$400-449	\$450-499	\$500-549	\$550-599	\$600-649	\$650-699	\$700-799	\$800-899	\$900-999	\$1,000+
Island				42.9				57.1					
King						0.4	2.3	10.4	13.6	27.3	21.4	13.1	11.4
Kitsap						6.6	10.9	17.7	12.8	38.1	13.8		
Kittitas			0.3		5.7	13.7	43.0	37.2					
Lewis			5.9	23.5			70.6						
Pierce			0.3	0.4	3.7	5.8	9.5	28.4	18.9	22.4	9.3	1.0	0.3
Skagit/Whatcom						10.6	18.2	30.2	19.4	26.1	7.4		
Snohomish					0.8	3.0	10.1	15.9	14.8	35.3	16.9	2.7	0.5
Spokane				11.3	24.6	18.0	24.2	12.4	7.2	1.2		0.1	0.7
Thurston					1.3	1.7	33.1	11.3	23.8	26.4	2.3		
Walla Walla				16.5	21.5	43.8	18.1						
Whitman	4.6	3.5		5.3	9.2	57.7	9.6	9.6	0.4				
Yakima			0.4	23.7	11.9	15.9	48.1						

### Conclusions and Recommendations

WCRER has prepared a standardized methodology for monitoring vacancies in apartment markets providing market-rate housing and has emphasized vacancy rates for lower cost housing in those communities. No county, among the 23 where data is available, experienced vacancies exceeding 10 percent for privately provided housing serving low-income households without governmental financial incentives. In the case of housing financed in whole or in part with public monies or subsidies, only two small counties reported vacancy rates exceeding the legislatively mandated threshold which would prevent additional publicly financed housing in the short run.

One additional caveat is required. The legislation addresses low-income housing in the aggregate only. Practically there are many variations of low-income housing which need to be addressed. Many of the publicly-financed projects address housing requirements of “special needs” populations. Typical examples are the frail elderly, disabled, substance abuse, etc. The fact that a community has an overall vacancy for low-income housing exceeding the ten percent baseline may mask a real need for special needs housing. The community may have a shortage of housing capable of serving the housing and health care needs of the frail elderly, but at the same time may hypothetically have a surplus of housing for farm workers at the time of the survey. While WCRER is not currently prepared to provide estimates of low-income housing vacancy for local special needs populations, that research is a priority under WCRER’s current contract with CTED. Furthermore, WCRER will focus future research efforts on developing improvements which recognize that not all units which are supported in whole or in part with public monies are affordable to all low-income households. Separate vacancy estimates for extremely low income and very low income affordable units will be developed for future reports.

Once more detailed data on conditions in special needs markets is available, it may become necessary to obtain interpretations of the language of SHB 2060 to ensure that limitations on publicly-financed construction does not prevent the development of housing which will address true local housing needs.

Appendix A  
Market-Rate Apartment Vacancy Questionnaire

**Washington Center for Real Estate Research at Washington State University  
Apartment Vacancy Survey**

**Participants: Please Answer on September 15, 2003 and return promptly**

Building/Complex Name	No. of Units
Address	Year Built
	E-mail

**Questions? Tel 800/835-9683 Fax 509/335-7863**

**RENT AND VACANCY INFORMATION**

(Under number vacant include all units physically vacant, including those with deposits)

Unit Type	No. Of Units	Average Unit Size (Sq. Ft.)	Average Rent in Units Now Full	# Vacant on the 15th of the Month	Rent Asked on Turnover
Studio (Efficiency)			\$		\$
1 Bedroom/1 Bath			\$		\$
2 Bedroom/1 Bath			\$		\$
2 Bedroom/2 Bath*			\$		\$
3 Bedroom/1 Bath			\$		\$
3 Bedroom/2 Bath*			\$		\$
Other			\$		\$

\* 2 Bath units also include units with 1½ and 1¾ baths

**PHYSICAL INFORMATION**

**AMENITIES INCLUDE:**

	Yes	No	Some
Pool/spa			
Sport court			
Meeting/party room			
Weight/exercise room			
Dishwasher			

**Washington Low-Income Vacancy Rate Standard and Vacancy Rate Estimates**

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	Yes	No	Some
Washer/Dryer (in unit)			
Washer/Dryer Hookup (in unit)			
Furnished			

Is off-street parking available?      Yes    No

What utilities are included in rent? (Check all that apply)      Heat    Electricity    Water/Sewer

If this property is less than 2-years old, please indicate date rent-up began: \_\_\_\_\_

Are you offering any rent incentives to prospective tenants?(e.g. half-month free rent, prizes, etc)

Yes    No   If yes, please describe \_\_\_\_\_

How many units turned over in the past 6 months? \_\_\_\_\_

Does this project offer Ethernet or other high-speed Internet access?    Yes    No

Which statement best describes management of this property?  Owner    3rd party, On-site    3rd party, Off-site

What is the minimum duration lease for new tenants? \_\_\_\_\_ How many units have less than year leases? \_\_\_\_\_

Indicate any government program covering this project:      Public Housing    Vouchers    LIHTC  
Units covered \_\_\_\_\_