

Housing Profile: City of Granite Falls

Prepared by the Alliance for
Housing Affordability

January 2015

Acknowledgements

Special thanks to all those who helped prepare this profile.

Granite Falls City Staff

Becky Aiken, Assistant City Clerk

Darla Reese, City Clerk

Ray Sturtz, Community Planning Services

Alliance for Housing Affordability Staff

Kristina Gallant, Analyst

Table of Contents

Executive Summary	iv
Maps, Figures, & Tables	vi
Population and Community.....	2
<i>Household Profiles</i>	6
Existing Housing Stock	8
<i>Subsidized Housing Units</i>	10
<i>Workforce Housing</i>	11
<i>Market Rate Rental Units</i>	11
<i>Home Ownership</i>	13
<i>Shared Rental Housing</i>	16
Current Challenges and Opportunities.....	17
Maps	18
Appendices	
<i>Appendix A: Market Rent Comps by Property</i>	32
<i>Appendix B: Assisted Units</i>	33
<i>Appendix C: Single Family Home Sales</i>	34
<i>Appendix D: Affordable Housing Glossary</i>	35
<i>Appendix E: Methodology</i>	37

Executive Summary

As a growing small town, the City of Granite Falls faces the difficult task of housing a rising population and promoting economic development while preserving its rural, small town character. In addition to providing sufficient quantity of housing, this will include developing a housing mix that is affordable and appropriate in form for the needs and preferences of Granite Falls households.

Currently, 1,277 households live in Granite Falls, and 46% are cost burdened, meaning that they spend more than 30% of their income on housing. Cost burden is most challenging for those with low incomes. In Granite Falls, 27% of households earn less than half of the region's median income.¹ Other summary statistics are presented below.

A Summary of Granite Falls by the Numbers

Population	3,385 ²
Total Households	1,277 ³
Family Households	854
Family Households with Minor Children	363
Cost-Burdened Households	591
Households Earning Less than 50% AMI	351
Median Household Income	\$65,389
Minimum income to afford 2012 median home mortgage	\$27,354
Subsidized Housing	
Section 8 Housing Choice Vouchers	43 units
Other Dedicated Subsidized Housing	13 units
Workforce Housing	17 units
Total Renter-Occupied Housing Units	443
Total Owner-Occupied Housing Units	834
Total Vacant Housing Units	171

While most households in the city own their homes, it still features a similar share of renters to the County overall – 35% in the City compared to 33% overall. The City's stock of multifamily housing is exclusively occupied by renters, a significant portion of which also rent detached single family homes. Homeowners either live in detached single family homes or manufactured homes. The local average household size for renters is much smaller than that of owners – 1.98 individuals compared to 2.96.

According to 2012 American Community Survey (ACS) data, no Granite Falls renters making more than 80% Area Median Income (AMI) are cost burdened, and only 24% of renters with incomes between 50 and 80% AMI are cost burdened. There is a sharp rise in renter

1 Based on 2012 income for the Seattle-Bellevue HUD Metro FMR Area. This region includes Snohomish County.

2 Washington State Office of Financial Management, 2013

3 US Census Bureau; American Community Survey, 2008-2012

cost burden below 50% AMI, with 65% of very low income households and 89% of extremely low households. In order to reach rent levels affordable to extremely low income households, an ongoing rent subsidy is typically required. The majority of Section 8 Housing Choice Vouchers used in the city support extremely low-income households. Other dedicated subsidized housing in the city is reserved for elderly and disabled individuals with low incomes.

Market research on rents reveals that, adjusting for household size, most one- and two-bedroom units in the City should be affordable to very low income households – those earning between 30 and 50% AMI. For units with more than three bedrooms, almost all require earning at least 50% AMI to be affordable. While smaller units are more affordable in Granite Falls, there is a much smaller supply of one- and two-bedroom units than there are smaller sized households. Since this short supply has not driven up rents, this implies that smaller size households in the City are preferring larger units, despite affordability concerns. Identifying housing forms with smaller units that suit local palates could improve rental affordability. Affordability in rental units is also balanced by the high transportation cost many renters will incur commuting out of the city. The City has pursued a number of planning strategies to address these challenges.

The median home sale price in the city dropped by 40% from 2008 to 2012, following the course of the recession, and the number of sales per year dropped by 65%. New housing production also bottomed after 2008, and has been slow to respond, indicating a possible oversupply during the housing bubble. Based on assumptions outlined in Appendix E, the monthly ownership costs associated with 2012 home sales look extremely affordable, with sales theoretically affordable to even extremely low households that could acquire financing. This will likely change as the housing market continues to recover.

Despite recent home sale affordability, existing homeowners face cost burden challenges as well. In contrast to the situation for renters, 42% of moderate income homeowners (80 – 95% AMI) and 34% of middle income homeowners (95 – 120% AMI) are cost burdened. These levels keep rising as income drops. As a matter of policy, home ownership is generally targeted to households earning at least 80% AMI.

Table of Maps, Figures, & Tables

Figure 1.1. Past and Projected Future Growth, City of Granite Falls, 1990-2035.....	2
Figure 1.2. Population Share by Housing Tenure, City of Granite Falls & Snohomish County	3
Figure 1.3. Household Share by Income Level, City of Granite Falls and Snohomish County	3
Table 1.1. Cost Burden by Income Level and Tenure, Granite Falls & Snohomish County	4
Figure 1.4. Estimated Housing & Transportation Costs as a Share of Income, City of Granite Falls & Snohomish County	5
Figure 1.5. Granite Falls Population Pyramid, 2000 - 2010	6
Figure 2.1. Age Distribution of Housing Stock, City of Granite Falls & Snohomish County.....	8
Figure 2.2. Dwelling Type by Housing Tenure, City of Granite Falls	8
Table 2.2. Distribution of Household and Housing Unit Sizes	9
Figure 2.4. Net Newly-Permitted Residential Units, City of Granite Falls and Snohomish County	9
Figure 2.3. Newly Permitted Units by Type, City of Granite Falls	9
Table 2.3. Assisted Unit Summary	10
Table 2.4. Rents by Unit Size, 2012 (Without Utilities).....	12
Table 2.5. Average Rent and Affordability by Size	12
Table 2.6. Average Rent by Size, Single- and Multifamily	13
Figure 2.5. Home Sale Affordability, 2008-2012, City of Granite Falls.....	14
Table 2.7. Affordable Home Sales by Size, 2012	14
Figure 2.6. Home Sales by Type, 2008-2012.....	15
Table 2.8. Affordable Home Sales by Type, 2012.....	15
Map 1.1. Population Density	19
Map 1.2. Average Family Size	20
Map 1.3. Renter-Occupied Housing Units	21
Map 1.4. Vacant Housing Units.....	22
Map 1.5. Homeowners with Mortgages.....	23
Map 1.6. Low-Income Households.....	24
Map 1.7. Cost-Burdened Renters	25
Map 1.8. Cost-Burdened Owners.....	26
Map 1.9. Housing & Transportation as Percentage of Low HH Income	27
Map 2.1. Voucher Location and Transit Access	28
Map 2.2. Age of Housing Stock	29
Map 2.3. Housing Density	30
Map 2.4. Average Occupants per Rental Unit	31
Table E.1. Maximum Monthly Housing Expense, Seattle-Bellevue HMFA 2012	37

Introduction

In Snohomish County's General Policy Plan, Housing Goal 5 states that "the cities and the county shall collaborate to report housing characteristics and needs in a timely manner for jurisdictions to conduct major comprehensive plan updates and to assess progress toward achieving CPPs on housing". Building on the County's efforts in preparing the countywide HO-5 Report, this profile furthers this goal by providing detailed, local information on existing conditions for housing in Granite Falls so the City can plan more effectively to promote affordable housing and collaborate with neighboring jurisdictions. This profile will present the spectrum of its subsidized and market rate housing stock.

The City of Granite Falls is located in central Snohomish County, about 17 miles northeast of Everett, situated in the foothills of the North Cascades between the Pilchuck and South Fork Stillaguamish Rivers. First settled in 1883 and incorporated in 1903, initial development was driven by gold and silver mining in nearby Monte Cristo, followed soon after by logging. While mining waned in the years leading up to World War I, the timber industry remained strong. Logging then suffered during the Great Depression, and the City's population dropped by half. After the war, a number of large quarries opened, which continue to be a significant source of local employment. The City saw an additional resurgence later in the century due to its position on the Mountain Loop Highway adjacent to a wide array of outdoor recreation opportunities in the North Cascades. Today, it is the third fastest growing area in the County.

Several affordable housing-specific terms and concepts will be used throughout the profile. Income levels will be defined by their share of "Area Median Income", or AMI. For this report, median income for the Seattle-Bellevue US Housing & Urban Development (HUD) Metro Fair Market Rent Area (HMFA) will be used for AMI because it is the measure HUD uses to administer its programs. All of Snohomish County is included in this HMFA. The affordable housing field defines income levels as they relate to AMI. These are:

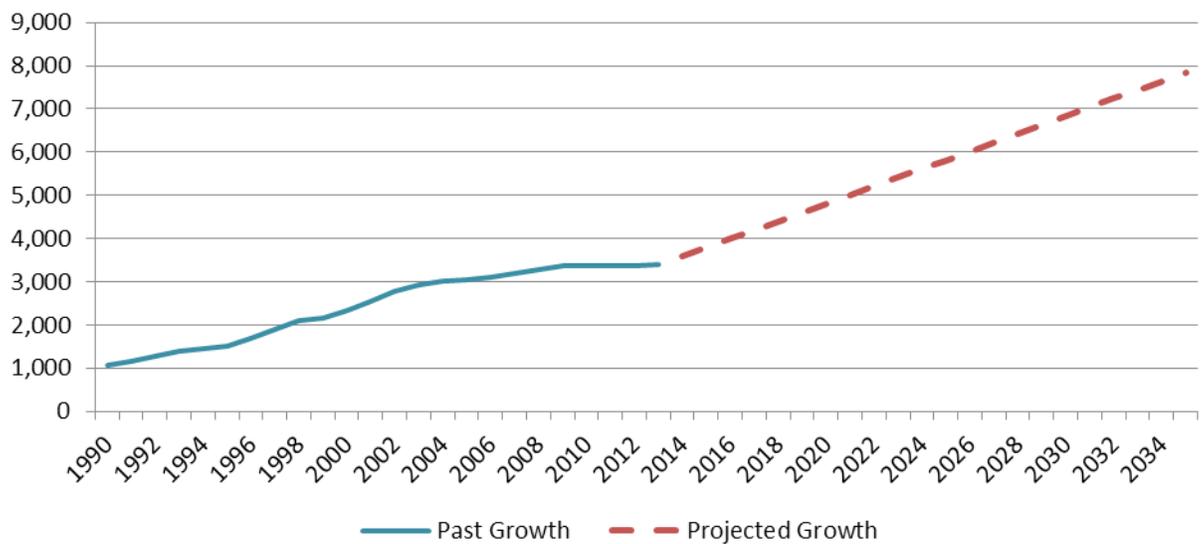
- Extremely Low Income - up to 30% AMI
- Very Low Income - up to 50% AMI
- Low Income - up to 80% AMI
- Moderate Income - up to 95% AMI
- Middle Income - up to 120% AMI

When a household spends more than 30% of their income on housing, they are considered to be "cost burdened", and, if lower income, will likely have to sacrifice spending on other essentials like food and medical care. "Cost burden" is used as a benchmark to evaluate housing affordability. These and other housing-specific terms are defined in Appendix D.

Population and Community

In 2013, Granite Falls was home to 3,385 people, representing a 44% increase over its 2000 population of 2,347 and a 219% increase over its 1990 population of 1,060.² Strong growth is projected to continue, with an estimated 4,478 additional residents requiring 1,835 additional housing units by 2035, though this can be accommodated within the estimated current capacity of 1,997 units. While there is room for growth, capacity is split between single family and multifamily homes. As the City’s housing is primarily single family in nature now, the makeup of the housing stock could shift to some degree if development follows these projections.³

Figure 1.1. Past and Projected Future Growth, City of Granite Falls, 1990-2035



Source: Washington State Office of Financial Management, 2013; Snohomish County Tomorrow, 2014

The 2012⁴ population includes 1,277 households. Of these, 854, or 67%, are family⁵ households, and 43% of those families have children. In Snohomish County overall, 68% of households are families, and 48% of those families have children. The average family size in Granite Falls is 3.18, compared to 3.13 for the County. The City’s average household size is 2.61, but there is a significant gap between average household size for renters and owners in the City. The average household size is 1.98 for renter households and 2.96 for owners – this compares to 2.44 and 2.71 for renters and owners Countywide.⁶

2 Washington State Office of Financial Management, 2013

3 Snohomish County Tomorrow Planning Advisory Committee, “Housing Characteristics and Needs in Snohomish County”, 2014

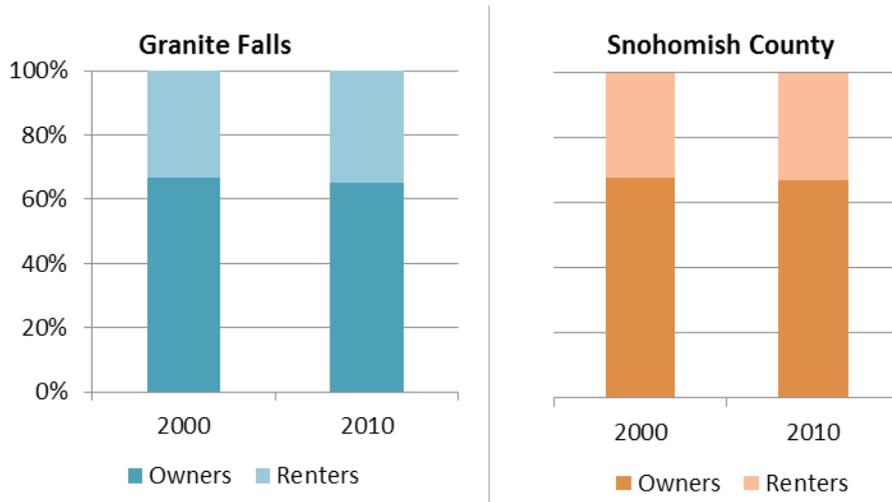
4 2012 data is used as, at time of writing, it is the most recent ACS 5-year data available

5 This is based on the US Census Bureau’s definition of family, which “consists of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.”

6 US Census Bureau; American Community Survey, 2008-2012

As shown in Figure 1.2, the share of renter-occupied housing units in the City is very close to that of the County overall. In Granite Falls, renter-occupied units rose from 33.1% in 2000 to 34.7% in 2010, while the County saw the share shift from 32.2% to 33%.

Figure 1.2. Population Share by Housing Tenure, City of Granite Falls & Snohomish County

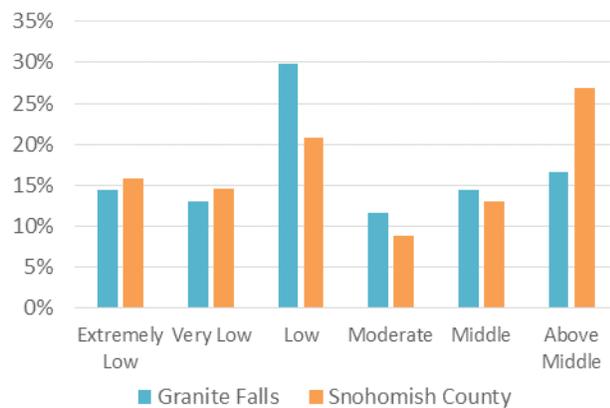


Source: US Census Bureau, 2000; US Census Bureau, 2010

2012 HMFA AMI for Seattle-Bellevue, which is referenced in this report as a standard for AMI, is \$88,000, higher than the County's overall 2012 median income of \$68,338. Granite Falls' 2012 median income is slightly lower at \$65,389. There are economic segments of the City's population that could be at risk of housing burden. Compared to HUD HMFA AMI and based on 2012 American Community Survey (ACS) 5-year estimates:

- 184 households, or 14% of Granite Falls' total, are considered to be extremely low income, earning less than 30% of area median income (AMI),
- 167, or 13%, are considered very low income, earning between 30 and 50% of AMI,
- 381, or 30%, are considered low income, earning between 50 and 80% of AMI, and
- 149, or 12%, are considered moderate income, earning between 80 and 90% of AMI

Figure 1.3. Household Share by Income Level, City of Granite Falls and Snohomish County



A comparison of income distribution in the City and County is presented graphically in Figure 1.3. Note that these percentages are

Source: US Census Bureau; American Community Survey, 2008-2012

not adjusted for household size due to data constraints. Here, a household consisting of two adults with an income level equal to another household consisting of two adults and three children would both be placed at the same percentage of AMI, even though the larger family would likely be more constrained financially. HUD’s AMI calculations include ranges for households sized 1-8 people, and, in this report, sensitivity for household size is used wherever possible, as detailed in Appendix E.

Maps 1.7 and 1.8 show the percentage of renter and owner households in each census block group that are cost burdened, meaning that they spend more than 30% of their income on housing. Overall, 46% of households in Granite Falls are cost burdened, renters and owners combined. The share of cost burdened owner households ranges from 24.5% to 66.6% per block group. For renter households, the share of cost burden ranges from 0.1% to 63.3% per tract.⁷ Table 1.1, below, shows the percentage of each income group that is cost burdened in Snohomish County and Granite Falls by tenure. Extremely low-income renters in Granite Falls are more likely to be cost burdened than those in the County overall, but become much less likely to be cost burdened as income rises.

Table 1.1. Cost Burden by Income Level and Tenure, Granite Falls & Snohomish County

Income Level	Renters		Owners		All	
	Granite Falls	Snohomish County	Granite Falls	Snohomish County	Granite Falls	Snohomish County
Extremely Low	88%	81%	83%	73%	86%	78%
Very Low	65%	68%	75%	61%	69%	65%
Low	24%	32%	58%	66%	47%	54%
Moderate	0%	15%	42%	44%	35%	36%
Middle	0%	4%	34%	36%	30%	28%

Source: US Census Bureau; American Community Survey, 2008 – 2012

HUD’s Location Affordability Index uses a number of variables to estimate the affordability of a location including both housing and transportation costs. According to the index, a “regional typical family”⁸ could expect to spend 48% of their income on housing and transportation if they rent or own in Granite Falls, compared to 49% overall for the County. HUD recommends 45% as a targeted maximum percentage of income to be spent on housing and transportation. A very low income household,⁹ however, could expect to spend 70% of their income on housing and transportation in Granite Falls. A single worker making median individual income, a “regional typical individual”, would have to devote 84% of their income to housing and transportation.¹⁰

Housing and transportation affordability estimates for a number of different household types are presented in Figure 1.3, on the following page. As shown, it is estimated that owners can expect to spend more on housing and transportation than renters, regardless of location.

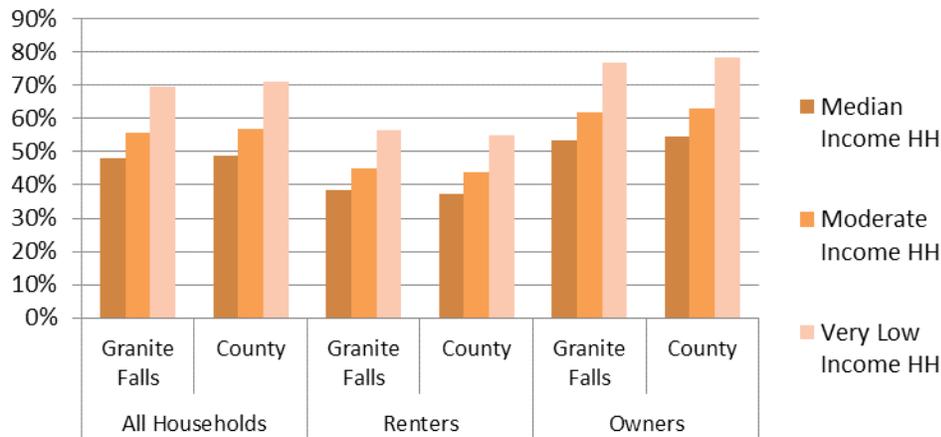
7 Ibid. (Indicates same source last referenced)

8 Defined as a household with average household size, median income, and average number of commuters in Seattle-Bellevue HUD HMFA

9 Defined as a household with 3 individuals, one commuter, and income equal to 50% AMI

10 US Department of Housing & Urban Development; Location Affordability Portal, 2013

Figure 1.4. Estimated Housing & Transportation Costs as a Share of Income, City of Granite Falls & Snohomish County



Source: US Dept of Housing & Urban Development; Location Affordability Portal, 2013

The 2012 unemployment rate was 3.1% in Granite Falls, compared to 5.9% for the County. For employed Granite Falls residents, the mean commute time is 37 minutes, compared with 29 for the County. 80.5% of city residents drive to work alone compared with 74.3% of all County workers. At 26.5% of the employed population, the most common occupations for Granite Falls residents are in service occupations followed by management, business, science, and arts occupations with 21.3% of the employed population. The two most dominant industries employing city residents are manufacturing, with 17.7% of workers, and educational services and healthcare with 16.7% of workers.¹¹

According to the Puget Sound Regional Council, Granite Falls is home to 836 jobs. A plurality of these jobs are in the Education sector, with 280 jobs. This sector is followed closely by Services, with 268 jobs. Most of the service sector jobs are provided by the Accommodation and Food Services industry, with 188 jobs. Other significant employers include Health Care and Social Assistance, with 25 jobs, and Other Services, with 28 jobs.¹²

There are .65 jobs for every occupied housing unit in the City, compared with 1.44 employed people for every occupied housing unit. When including vacant housing units, there are .58 local jobs for every unit. Even assuming all of these people only have one job and only local people are employed locally, this means that a portion of the population must commute to work. In actuality, 89% of Granite Falls workers are employed outside of the City.

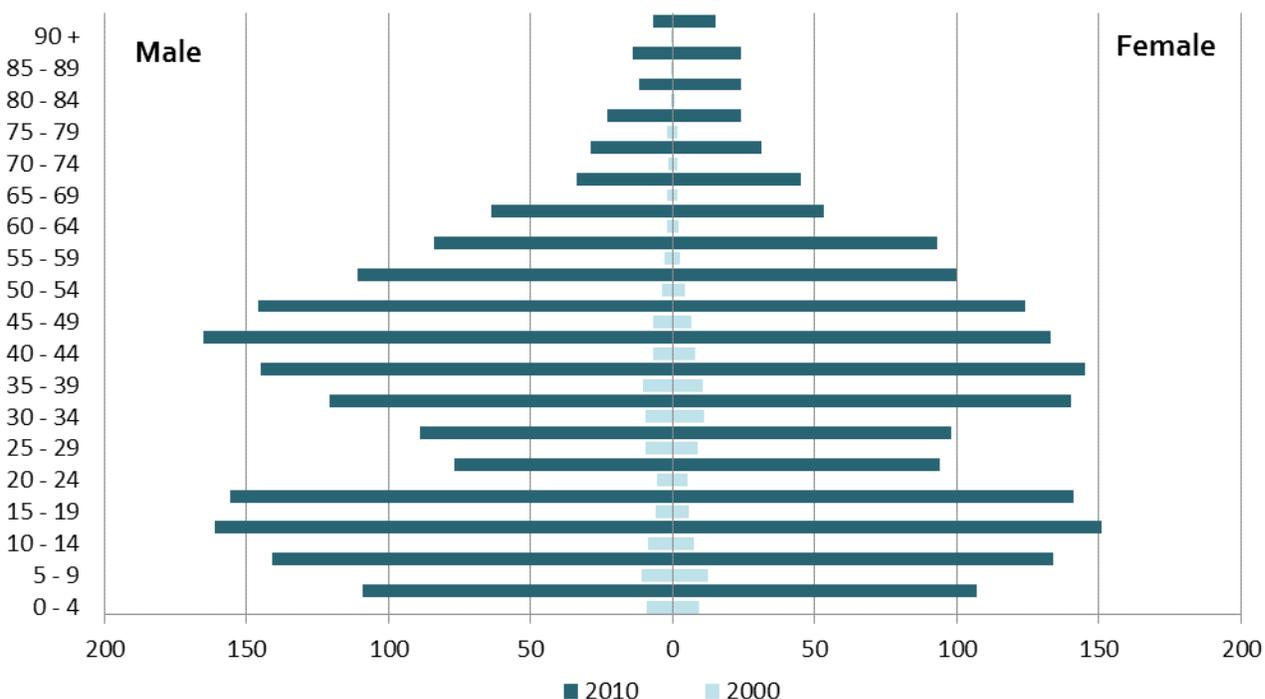
While there are cities in the County with job-housing ratios higher than the number of employed people per housing unit, the ratio of jobs-occupied housing is .94 for the County overall, with 1.31 employed people for every occupied housing unit. Even if every employed person in Snohomish County only has one job and every job in the County is held by a County resident, there will still be people who must commute outside the County.¹³

11 US Census Bureau; American Community Survey, 2008-2012

12 Puget Sound Regional Council; Covered Employment Estimates, 2012

13 US Census; American Community Survey, 2008-2012; Puget Sound Regional Council; Covered Employment

Figure 1.5. Granite Falls Population Pyramid, 2000 - 2010



Source: US Census Bureau, 2000; US Census Bureau, 2010

The shape of the City’s population pyramid, shown in Figure 1.4, offers additional insight into its housing needs and how they may be changing. First, the City has seen tremendous growth overall. While it is difficult to see due to the large absolute difference in population size, the shape of the population’s age distribution looks similar from 2000 – 2010. Bulges in young and middle-aged cohorts reflect a population comprised of many families with children, and few young adults. At the same time, the population includes a larger share of older adults in 2010. There are much fewer individuals in the youngest cohort than the older child cohorts, which could reflect dropping birth rates or more migration into the city of families with older children.

Household Profiles

These are the stories of several actual Granite Falls households who receive some kind of housing assistance from the Housing Authority of Snohomish County. All names and many nonessential details have been changed to respect their privacy.

ROSE

Rose is a disabled woman in her 60s who lives alone. Between social security and a pension, she receives \$1,100 per month.

With Assistance

With her voucher, Rose pays \$268 in rent and \$62 in utilities for a one bedroom apartment. This leaves her with \$770 per month.

Estimates, 2012

Without Assistance

Without a voucher, Rose would pay \$660 in rent and \$62 in utilities for the same apartment, 66% of her current monthly income. This would leave her with \$378 per month for food and other essentials. If she were able to work, despite being elderly and disabled, she would have to earn at least \$13.88 per hour in a full time job to afford her apartment.

KELLY

Kelly is a woman in her 40s who lives with her three children. She works full time, and earns around \$20 per hour. This works out to \$3,200 per month.

With Assistance

With her voucher, Kelly pays \$799 in rent and \$157 in utilities for a three bedroom apartment. This leaves her with \$2,244 per month for her family's other expenses.

Without Assistance

Without her voucher, Kelly would pay \$1,200 in rent and \$157 in utilities for the same unit, which would be \$400 more and 42% of her monthly income. If she were to stay, she would have to find a job paying at least \$26 per hour to afford her current rent. The rent for her current unit is right around average for a three bedroom unit in Granite Falls, and if she were to look for a more affordable unit, she could at best save about \$200. Paying \$200 less in rent would still mean she would pay 36% of her monthly income. This would become affordable if she made \$2.25 more per hour, but still depends on her being able to find an appropriate unit at that rate.

MIRANDA

Miranda and Ron are a disabled couple in their 50s. Between both their social security income, they receive \$1,800 per month.

With Assistance

With their voucher, the couple pays \$413 in rent and \$127 in utilities. This leaves them with \$1,260 per month.

Without Assistance

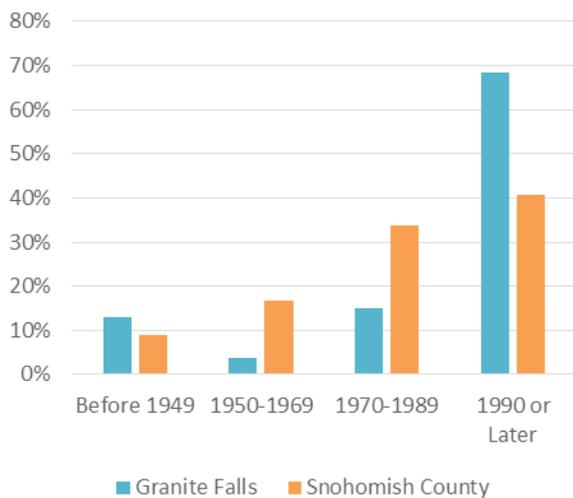
Without a voucher, they would pay \$850 in rent and \$127 in utilities, 54% of their total income. For one person to afford this rent, they would have to earn at least \$18.79 per hour. 82 hours of work at the minimum wage, however, would be enough to make this rent affordable. If both Miranda and Ron had full time minimum wage jobs, they would not need their voucher. However, they are both disabled, so this is not necessarily possible.

Existing Housing Stock

Granite Falls’ historic downtown is typical of a small town developed in the late 19th and early 20th centuries, with a grid street network, relatively small lots, and single family homes mixed with small commercial spaces. Today there is a mix of building ages downtown, but it still features a traditional small town character with a strong concentration of homes from the early 20th century. The City’s outer edges predominantly feature homes constructed in the last 40 years, including many built in the past decade, reflecting the City’s considerable growth during this period. 83% of all housing units were built after 1970. Among older homes, the largest portion were built before 1939, with 11% of all units. The age of the City’s homes are compared to the County overall in Figure 2.1, below.

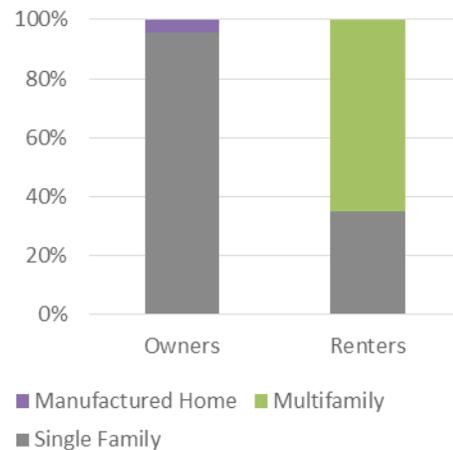
Overall, 76% of the City’s housing units are detached single family homes. Multifamily housing is split relatively evenly between units in buildings with less than ten units and more than ten units. Figure 2.2 shows the distribution of renter and owner households among different types of housing. The City’s multifamily units are almost exclusively occupied by renters.

Figure 2.1. Age Distribution of Housing Stock, City of Granite Falls & Snohomish County



Source: US Census Bureau; American Community Survey,

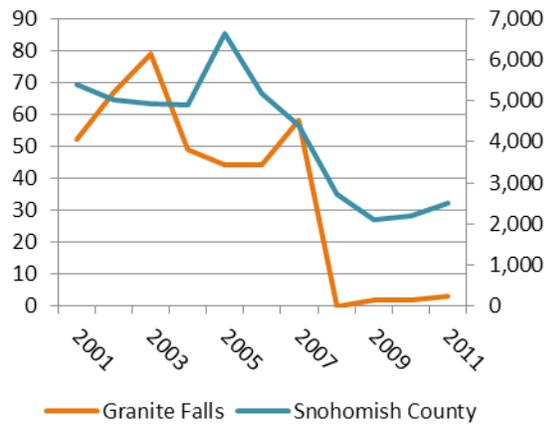
Figure 2.2. Dwelling Type by Housing Tenure, City of Granite Falls



Source: US Census Bureau; American Community Survey 2008 - 2012

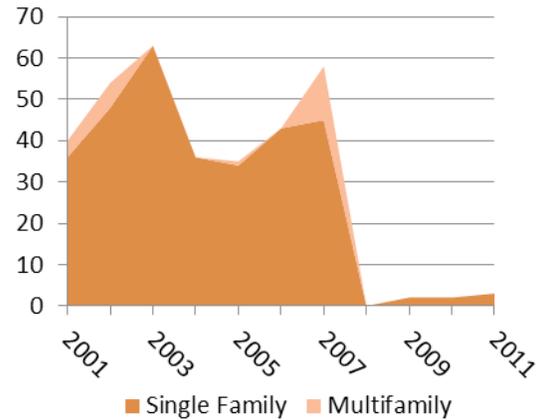
Figures 2.3 and 2.4, on the following page, provide information on new construction in the City in recent years. Figure 2.2 shows the total number of net new residential units per year from 2001 to 2011 for both the City and County, with the City on the left axis and the County on the right. Figure 2.3 shows the share of the City’s new units composed of single- and multi-family units. As shown, new residential development in the City was hit much harder by the recession than the overall trend in the County. This

Figure 2.4. Net Newly-Permitted Residential Units, City of Granite Falls and Snohomish County



Source: Puget Sound Regional Council, 2011

Figure 2.3. Newly Permitted Units by Type, City of Granite Falls



Source: Puget Sound Regional Council, 2011

is also reflected in home sale data, discussed later.

For the purposes of this report, Granite Falls’ housing stock is divided into subsidized rental units, workforce rental units, market rate rental units (both single- and multi-family), and home ownership.

Table 2.2, below, shows the percentage of households by size and the percentage of housing units by number of bedrooms in the City. While over half of Granite Falls’ households consist of one or two individuals, less than 40% of its housing units have two bedrooms or less. This is typical of housing that is predominantly composed of single family homes, which are traditionally larger than multifamily units.

Table 2.2. Distribution of Household and Housing Unit Sizes

Household Size		Housing Unit Size	
1	26.3%	0 Bed	8%
2	33.2%	1 Bed	6%
3	15.8%	2 Bed	20%
4+	24.7%	3 Bed	48%
		4 Bed	12%
		5+ Bed	6%

Source: American Community Survey, 2008-2012

Subsidized rental units are targeted toward households with the lowest incomes, typically less than 30% AMI. Populations targeted for subsidized rental units often include the disabled, elderly, and other populations living on fixed incomes with special needs. A subsidized property is one that receives funding, perhaps rental assistance or an operating subsidy, to insure that its residents pay no more than 30% of their income in rent. Some properties only apply their subsidy to select units. It is also common for subsidized units to be restricted to certain groups like families, the elderly, or homeless. A subsidized property may have also benefited from workforce-type housing subsidies, and it is also common for only a portion of a property’s units to be subsidized.

Workforce rental units are targeted to working households that still cannot afford market rents. Workforce rental units and subsidized rental units are both considered “assisted”, but differ in several areas. The key difference between subsidized and workforce units is that workforce units have a subsidy “built in” through the use of special financing methods and other tools, allowing (and typically requiring) the landlord to charge less for rent. An example of this would be when a private investor benefits from low income housing tax credits when building a new residential development. In exchange for the tax credit savings, the property owner would have to restrict a certain number of units to a certain income level for a certain period of time. When the owner is a for-profit entity, this often means that rents on restricted units will become market rate units when the period of restriction has ended. While nonprofit owners may also utilize workforce tools for capital funding, they are more likely to preserve restrictions on units longer than required.

Market rate rental units are the stock of all housing units available for rent in the open market. These are units that are privately owned and whose rents are determined by market supply and demand pressures. A market rate rental unit can also be a subsidized rental unit, as is the case with the Federal Section 8 Housing Choice Voucher (HCV) Program. Section 8 vouchers can be used to rent any unit, as detailed below.

Home ownership units include all single family homes for sale – detached and attached single family homes, condominiums, and manufactured homes.

Subsidized Housing Units

In Granite Falls, the stock of subsidized housing consists of Section 8 Housing Choice Vouchers (HCVs) and 30 units of housings for low income seniors and disabled individuals between two separate properties – the Cascade and Montclair apartments. As of February 2014, there were 43 HCVs in use in Granite Falls administered by the Housing Authority of Snohomish County (HASCO) and Everett Housing Authority (EHA).¹⁴ The City’s stock of subsidized and workforce units is summarized by unit size and income level served in Table 2.3.

Families making up to 50% of AMI are eligible for Section 8 housing vouchers, however, 75% of these vouchers are limited to those making no more than 30% of AMI (Considered “extremely low”). Public Housing Authorities (PHAs) receive federal funds from the US Department of Housing and Urban Development (HUD)

to administer the HCV program. HUD sets Fair Market Rents (FMRs) annually and PHAs determine their individual payment standards (a percentage of FMR) by unit bedroom size. The tenant identifies a unit, then the PHA inspects the unit to make sure it meets federal Housing Quality Standards and determines if the asked rent is reasonable. If the unit is approved, the tenant pays rent equal to 30-40% of their income, and the PHA pays the difference directly to the landlord. While the voucher amount is set up so that a family does not need to spend more than 30% of their income on housing, including an allowance for utilities, a family may choose to spend up to 40% of their income on housing. This happens most often when the family chooses a home that is larger than the size approved for their voucher. The two PHAs that administer the HCV program in Snohomish County are HASCO and the

Table 2.3. Assisted Unit Summary

Assisted Units by Number of Bedrooms		Assisted Units by Income Level Served	
1 Bedroom	37	Extremely Low	33
2 Bedrooms	16	Very Low	38
3 Bedrooms	10	Low	2
4 Bedrooms	3	Moderate	0

Source: HASCO, 2014; EHA, 2014

14 Housing Authority of Snohomish County, 2014; Everett Housing Authority, 2014

Everett Housing Authority (EHA). Vouchers issued by both PHAs can be used in Granite Falls.

Because the number of vouchers a PHA can distribute is limited by the amount of federal funding they receive, the wait for a new applicant to receive an HCV can be extremely long and is usually dependent on existing voucher holders leaving the program. Until recently, the wait to receive an HCV from HASCO had been about 6 years. At the time this report was produced, however, there was no estimate of how long the wait for a voucher will be, as funding for the HCV program has been frozen due to the sequester. HASCO has also recently closed their waitlist.

Of the 43 vouchers in use in Granite Falls, 33 support extremely low income households. Eight vouchers go to very low income households, and two to low income households. The size of the voucher holders' units is more varied, with 11 one bedrooms, 12 two bedrooms, 10 three bedrooms, and three with four or more bedrooms. Several of the vouchers are from pools reserved for individuals with disabilities and veterans.

The Cascade Apartments are owned and operated by Mercy Housing, a national nonprofit affordable housing provider, and provide ten units of housing to low income seniors and disabled individuals. Ongoing funding for rental assistance is provided by the United States Department of Agriculture's rural rental assistance program, which means that all residents pay 30% of their monthly income in rent.

The Montclair Apartments are owned and operated by a private owner, and are for seniors and disabled individuals. The property has 18 one bedroom and two two bedroom units, with three of these units featuring project-based rental assistance through the USDA rental assistance program. Households must make less than 50% AMI to be eligible for the project-based subsidy units, with a preference for households making even less.

Workforce Housing

While senior housing is not typically associated with workforce housing, the 17 units without dedicated rental assistance at the Montclair are technically considered workforce units. The private owner used tax credits to finance the property, and per tax credit terms, at least six units must be set aside for households making 50% AMI or less. The rent range for non-project-based assisted units is \$650-\$738 plus utilities for one bedroom units and \$670-\$758 for two bedroom units. These rents are affordable to one and two person households between 30 and 50% AMI (Very low income).

Market Rate Rental Units

There are an estimated 44 multifamily complexes in Granite Falls, ranging in size from 2 to 20 units. There are an estimated 194 units across these complexes.¹⁵ According to the ACS, there are an estimated total of 443 renter-occupied housing units, indicating that there are around 249 rental units outside of multifamily complexes. This is primarily composed of single family homes, but there is also one 20-space manufactured home park located in the city where units are rented.

Table 2.4, on the following page, summarizes ACS data on the number of units available at certain rent levels by bedroom size in Granite Falls. ACS rent data is not consistent with other sources of local market rate rent data for the City. This could be because the ACS sample may include subsidized units and less formal rent arrangements – renting rooms or mother-in-law suites in single family homes,

15 Snohomish County Assessor, 2013

renting from family members – that are more affordable. ACS rent data also does not include utility allowances.

Table 2.4. Rents by Unit Size, 2012 (Without Utilities)

	No Bedrooms	1 Bedroom Units	2 Bedroom Units	3+ Bedroom Units
Less than \$200	0	0	0	0
\$200 to \$299	0	20	0	0
\$300 to \$499	0	0	0	0
\$500 to \$749	0	21	27	0
\$750 to \$999	15	10	64	25
\$1,000 or more	42	19	73	101

Source: American Community Survey, 2008 - 2012

To provide a better idea of what a household looking for a home today could expect to pay in rent and utilities for a new home in Granite Falls, rent data was obtained from Dupre and Scott and HASCO tenant information. In addition to being presented in full in Appendix A, this data, which includes both multifamily and single family rental units, is summarized in Table 2.5, below. In addition to the average rent by bedroom size in the sample, the minimum full time hourly wage to afford each average rent, along with that wage translated into annual terms and the number of hours someone would have to work per week earning minimum wage to afford the unit. A table of income levels by household size is provided in Appendix E for comparison purposes. As shown, the average one bedroom apartment is affordable to very low-income one or two-person households. Adjusting for household size, the minimum income required rises to low, or between 50 and 80% AMI, for 3 bedroom and larger units. However, while households with one or two individuals comprise 60% of all households in the City, only 34% of housing units have one or two bedrooms.¹⁶

Table 2.5. Average Rent and Affordability by Size

	Average Rent (With Utilities)	Minimum Hourly Wage	Minimum Annual Wage	Hours/Week at Minimum Wage	Range
1 Bedroom	\$711.50	\$13.69	\$28,480	60	\$665 - \$762
2 Bedroom	\$902.76	\$17.37	\$36,120	76	\$625 - \$1,403
3 Bedroom	\$1,386.12	\$26.65	\$55,440	116	\$1,048 - \$1,549
4+ Bedroom	\$1,668.80	\$32.10	\$66,760	140	\$1,584 - \$1,784

Source: Dupre & Scott, 2014; HASCO, 2013; National Low Income Housing Coalition, 2014

The difference in minimum required income by size between single- and multifamily units is shown in Table 2.6, on the following page. Again, larger and single family homes are generally more expensive to rent, despite the fact that the demand for smaller units should be higher than the current supply. This mismatch could be explained by a general preference for larger homes, or that the stock of smaller units does not suit the needs of smaller local households.

16 US Census Bureau; American Community Survey, 2008 - 2012

Table 2.6. Average Rent by Size, Single- and Multifamily

Bedrooms	Multifamily Average Rent	Minimum Income	Single Family Average Rent	Minimum Income
1	\$722.56	Very Low	No Data	n/a
2	\$849.86	Very Low	\$1,006.20	Low
3	\$1,138.50	Low	\$1,406.75	Low
4+	\$1,674.00	Low	\$1,667.50	Low

Source: Dupre & Scott, 2014; HASCO, 2014

In addition to households living in homes larger than necessary, there will also be households who could afford to live in more expensive homes. Due to this range of personal preferences, even if there is a unit for every low income household that is affordable to them in the open market, a portion of these low income households may not find available affordable units.

Even accounting for the fact that the rents in 2.4 include utility allowances, the range of rents available in the conventional market is generally higher than that reported in the ACS. Again, this could be explained by the ACS sample including informal rent arrangements and subsidized units.

Home Ownership

Between 2008 and 2012, 58% of single family homes sold in Granite Falls were 3 bedrooms in size. This includes freestanding single family homes, common wall single family homes (townhouses), manufactured homes, and condominiums.¹⁷ 15% of homes sold were four bedrooms in size, meaning that three and four bedroom homes together represented 73% of sales. 21% were two bedrooms and less. Homes listed as having zero bedrooms, 10% of total sales, were frequently manufactured homes.

In 2012, the median sale price for a single family home in Granite Falls was \$140,000. Assuming a 20% down payment and using average rates of interest, property taxes, and insurance as determined by the Federal Housing Funding Board, the monthly payment for this home would be \$674. For a family to afford this payment without being cost burdened, they would require an annual income of at least \$27,354 in 2013 dollars, well below City median income, Snohomish County median income, and the Seattle- Bellevue HMFA median income. This is considered very low income for a three or four person household, and extremely low income for a five person household.

Appendix C provides high level statistics on sales of single family homes from 2008 - 2012 as well the minimum income necessary to afford the median sale home by year. As shown, the minimum income to afford a median home in the city dropped from \$60,938 in 2008 to \$27,354 in 2012, with an even bigger percentage drop in the total number of sales. Combined with data on new housing units referenced at the beginning of the section, it suggests that the recession had a particularly dramatic effect on the City's home sale market, and may have a longer recovery than other areas.

Table 2.7, on the following page, displays the percentage of 2012 sales of homes of different sizes that are estimated to be affordable to each income level by home size. "Not affordable" means that the minimum income required is higher than the middle income upper cutoff. All of the percentages specify the portion of homes of that size that someone in the particular income group could afford, adjusting for household size as detailed in Appendix F.

17 Snohomish County property use codes 111, 112, 116, 117, 118, 119, 141, 142, 143

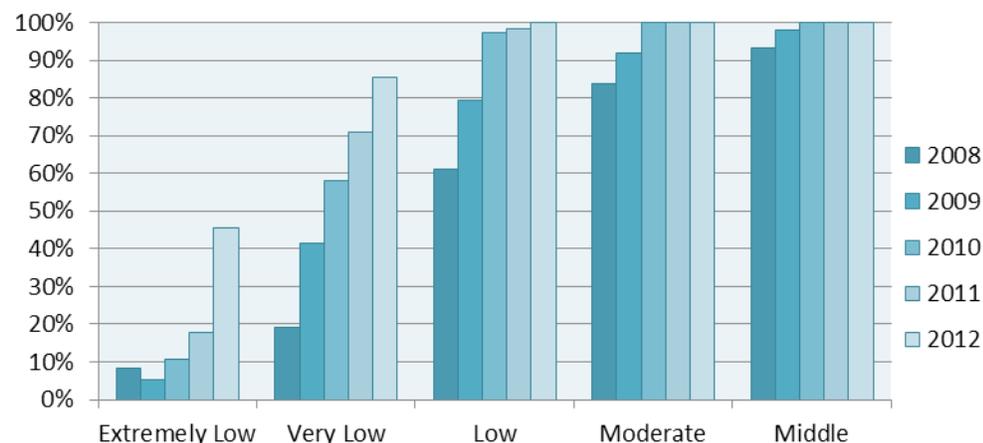
Table 2.7. Affordable Home Sales by Size, 2012

Bedrooms	Extremely Low	Very Low	Low	Moderate	Middle	Not Affordable	Total Sales
0	67%	100%	100%	100%	100%	0%	3
1	100%	100%	100%	100%	100%	0%	2
2	67%	100%	100%	100%	100%	0%	6
3	42%	87%	100%	100%	100%	0%	38
4	17%	50%	100%	100%	100%	0%	6

Source: Snohomish County Assessor, 2014

Figure 2.5 shows how the estimated percentage of home sales affordable to each income level changed from 2008 to 2012, tracing the trajectory of the recession. As shown, affordability by this estimate was theoretically not a challenge for households earning at least 80% AMI during this time – those moderate income and higher. At the same time, this estimate only holds for households seeking a home that suits their household size, when homes in Granite Falls tend to be larger than households.

Figure 2.5. Home Sale Affordability, 2008-2012, City of Granite Falls



Source: Snohomish County Assessor, 2014

While these measures consider the ongoing affordability of home ownership, there are other important factors not easily measured. While a 20% down payment is assumed in calculating the monthly debt service, the question of whether or not a household can obtain the funds necessary for a down payment is another important question. This also assumes that a very low income household could be approved for a mortgage. Due to ongoing repair and maintenance costs, home ownership may not be the best choice for many lower income households. For all these reasons, home ownership is generally targeted for households earning at least 80% AMI.

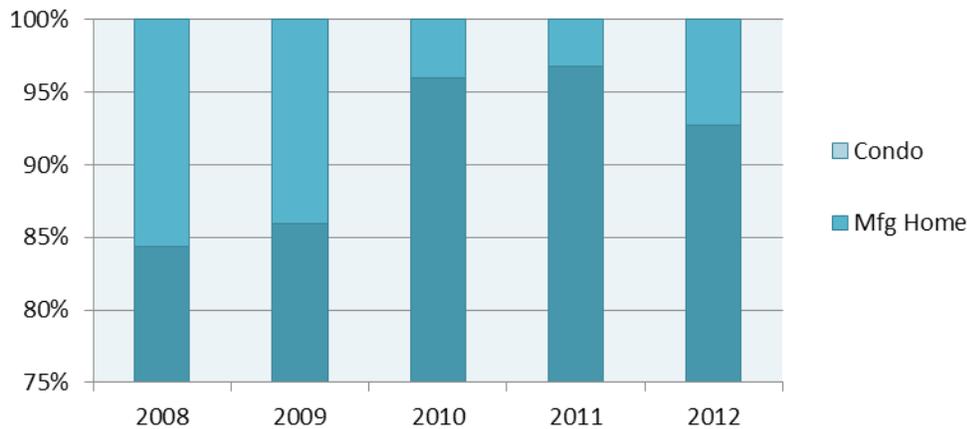
Further, many of the most affordable sales were likely only so affordable because they were foreclosed homes sold by banks. 205 Angeline Avenue, for example, is a 4 bedroom home that Fannie Mae sold for \$119,900 in 2012. At that price, a household with a minimum income of \$23,427 could afford the monthly debt service of around \$577. This same home sold for \$211,340 in 2005, well out of

reach to the household with the minimum income necessary to afford it in 2012. While low priced foreclosed homes can put home ownership within reach for more households, this is accomplished at the expense of previously displaced homeowners. Additionally, these sales contribute to ongoing uncertainty about market home values. Low income home buyers could also become cost burdened by higher property taxes on these “bargain” homes.

HomeSight, a local nonprofit Community Development Corporation, is one example of how an organization can work with lower-income households to overcome barriers to ownership. HomeSight offers a homebuyer education class to first-time homebuyers in Snohomish and King Counties. Upon completion of the class, homebuyers undergo a financial assessment where they can qualify for purchase assistance options that include low down payments and mortgage rates. HomeSight also provides services for homeowners facing foreclosure, including counseling and rescue loans. Local governments can partner with organizations like HomeSight to support vulnerable homeowners.

Figure 2.6, below, shows how sales have been divided between single family homes, condominiums, and manufactured homes over time. Table 2.8, also below, shows how many sales of each type were affordable to each income level in 2012. As shown, there were no condominiums sold during this period in the City.

Figure 2.6. Home Sales by Type, 2008-2012



Source: Snohomish County Assessor, 2014

Table 2.8. Affordable Home Sales by Type, 2012

	Single Family	Manufactured Home	Condo
Extremely Low	45%	50%	0
Very Low	86%	75%	0
Low	100%	100%	0
Moderate	100%	100%	0
Middle	100%	100%	0
Not Affordable	0	0	0
Median Sale Price	\$140,000	\$108,450	n/a

Source: Snohomish County Assessor, 2014

Shared Rental Housing

A popular market rate affordable housing option is to split housing costs with roommates. These arrangements include renting a room, suite, or accessory dwelling unit (ADU) from a homeowner living on site. While few of the listings posted on Craigslist provided an address to verify their location in the planning area, shared rooms advertised as being located in Granite Falls generally ranged in monthly rent from \$450 to \$650, including utilities.

Rents in this range are easily within reach for very low income single individuals, and possibly even extremely low income couples. Individuals seeking roommates are able to discriminate in who they choose to share their housing, however, and often stipulate a preferred gender or bar couples from sharing a room. It may be difficult for families with children and households with disabilities or other special needs to find a suitable shared housing situation. In these cases, a household's ability to find shared housing will likely depend on whether or not they have local connections to help them find understanding roommates without depending on strangers.

While data on rents for ADUs specifically is not currently available, this is a subject of common interest that the Alliance for Housing Affordability intends explore in the future.

Current Challenges and Opportunities

Granite Falls features a good supply of market rate rental housing for households above 50% AMI, and a limited supply affordable to small households between 30 and 50% AMI. However, while the City has a similar share of renters compared to the County overall, its renter households are smaller on average than renter households Countywide, and much smaller than local owner households. As the City's housing stock is predominantly composed of larger homes, smaller renter households may struggle to find smaller affordable units. While a three bedroom home may be affordable to a low income household between 3 and 6 individuals in size, it may not be affordable to a low income household between 1 and 2 individuals in size.

Home ownership is also currently attainable in the City for households with a wide range of incomes. Local home values and sales took a significant hit during the recession, and are still recovering. Accordingly, home prices will likely rise to a more moderate level in the future, but the timing and degree of that correction is not predictable with any degree of accuracy. Lower home values could also mean that current homeowners may be underwater on homes purchased at the market's peak. Organizations like HomeSight can work with prospective owners to overcome barriers to homeownership as well as local owners at risk of foreclosure.

The character of the City's housing supply is driven by residents' preference for a rural, small town lifestyle. In order to maintain this atmosphere while supporting an increased diversity of housing types, the City has pursued a number of policies, including:

- Allowing Accessory Dwelling Units (ADUs), adaptive reuse, conversions of existing structures, and manufactured housing
- Maintaining a small lot zoning district (2,500 sf)
- Offering developers density bonuses
- Preventing subdivisions downtown to preserve existing older housing
- Allowing manufactured housing in standard residential zones as well as parks

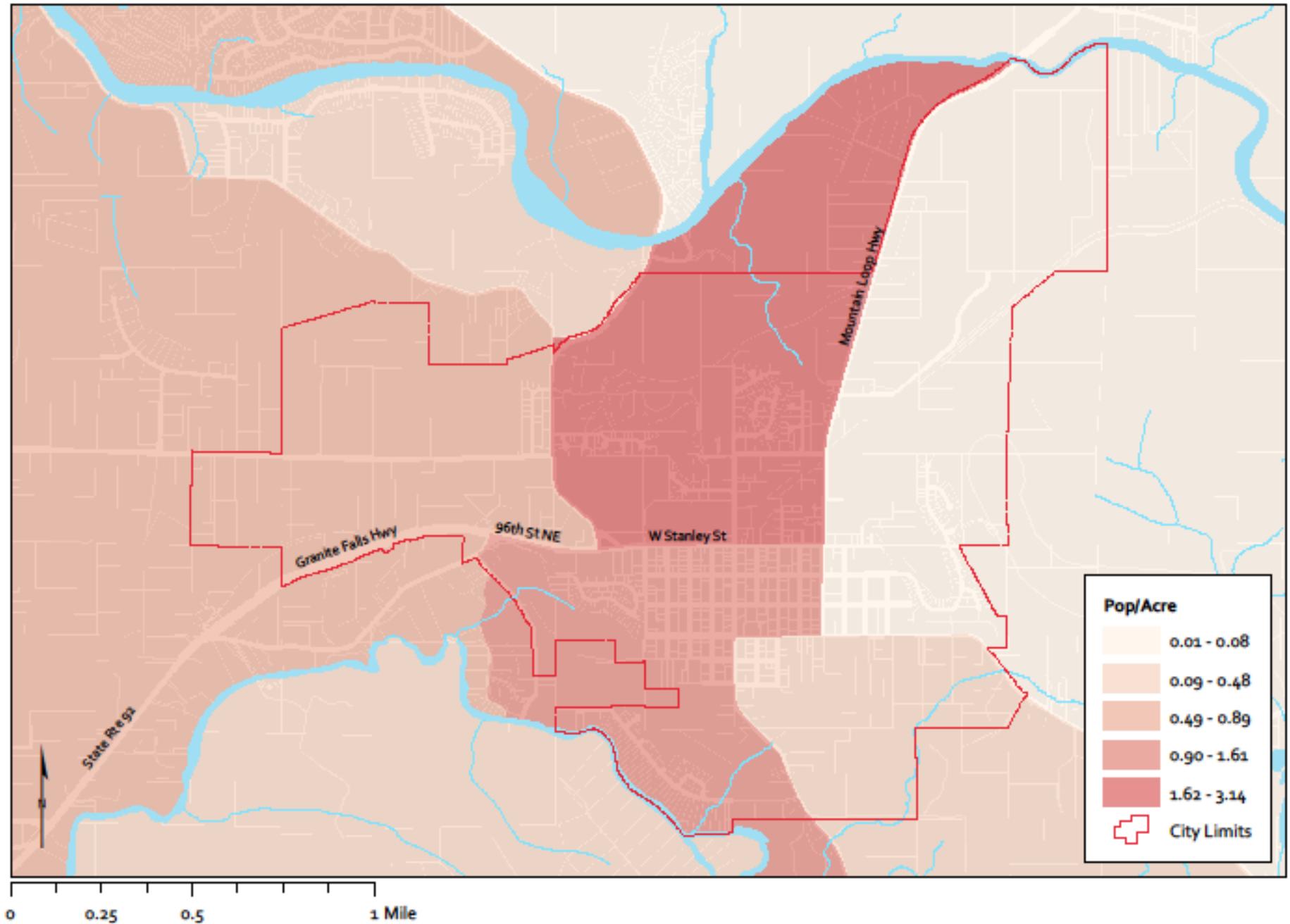
These strategies are all very well suited to achieving the City's housing affordability and diversity goals. In addition to promoting and providing incentives for these policies where appropriate, the City should continue to monitor their use and evaluate policies to make sure there are not unnecessary regulatory barriers to use. There are a number of additional strategies the City could consider, including allowing cottage housing and townhomes. Additionally, when opportunities arise, the City could partner with nonprofit organizations developing housing for households earning below 30% AMI, the income group generally not served by the traditional housing market.

The City is also working to support increased commercial activity in its downtown. If successful, these efforts will increase the demand and viability of higher density mixed use multifamily development downtown and assist in the housing market's general recovery. While beneficial for the City as a whole, economic development will likely result in upward pressure on housing prices. To manage affordability challenges, the housing supply must increase to accommodate growth, balanced with the need to preserve older, more affordable housing. Increased commercial activity and employment in the city can also help with affordability by reducing transportation costs for resident commuters and stabilizing the market for home owners.

Maps

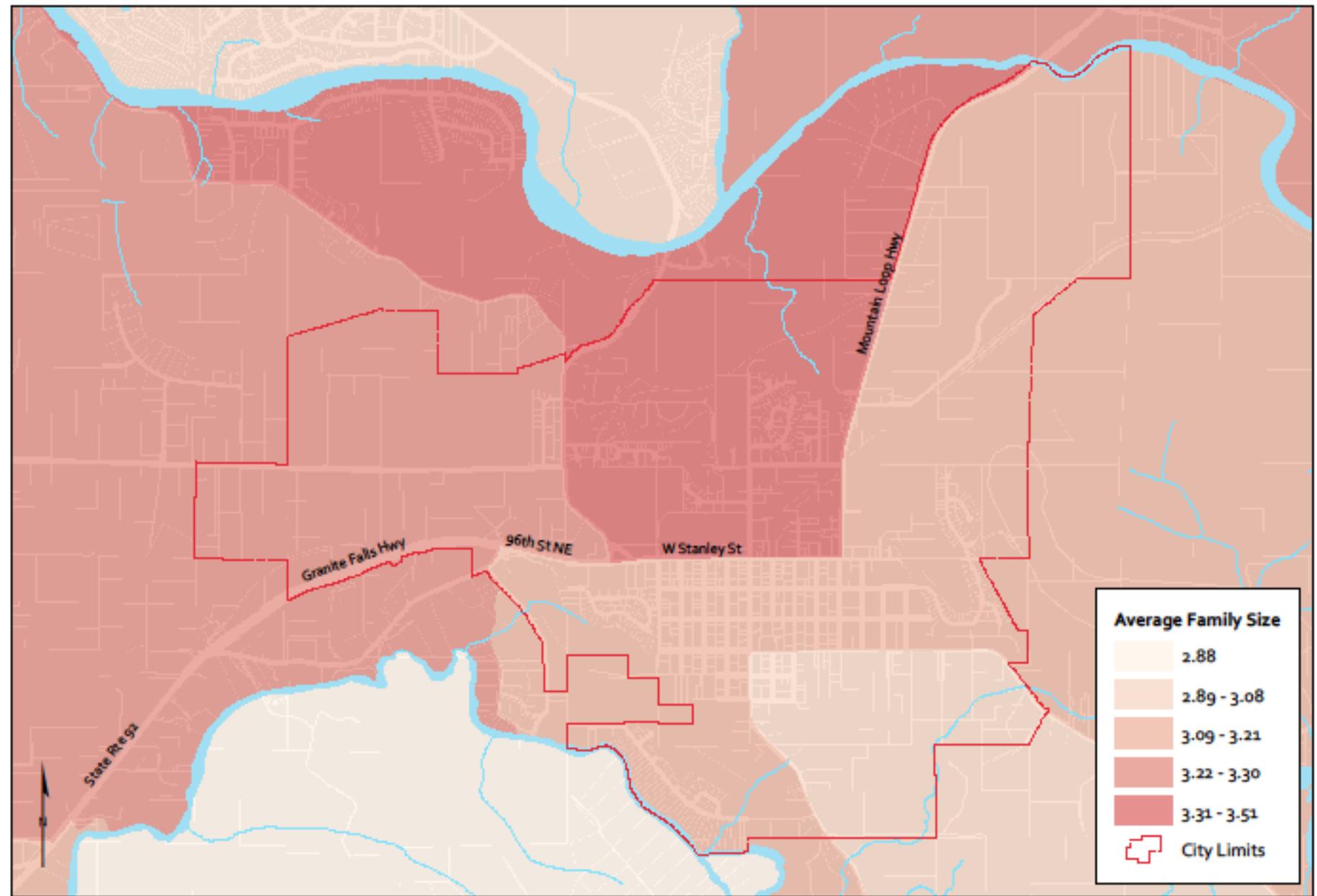
Map 1.1. Population Density

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



Map 1.2. Average Family Size

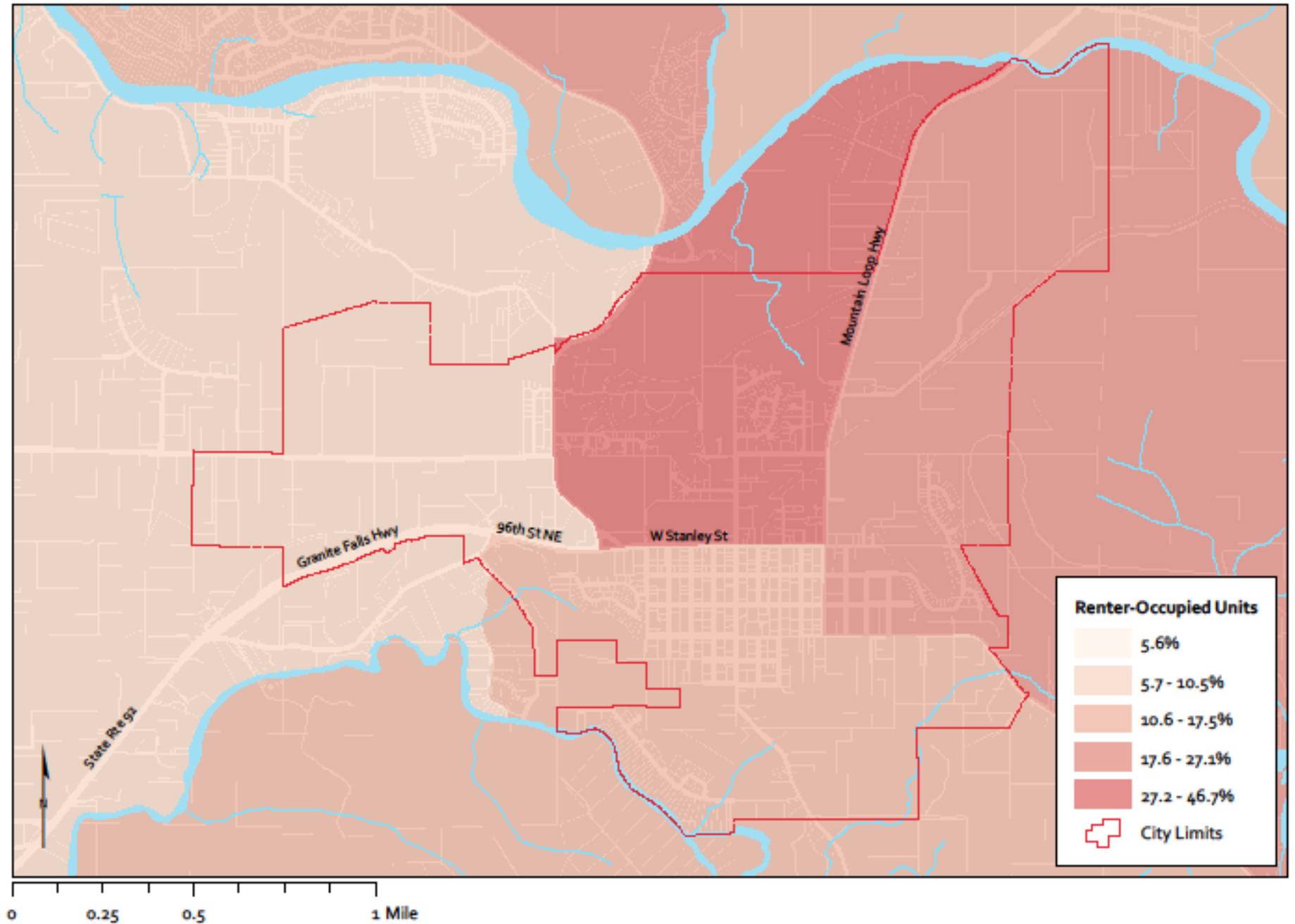
Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



0 0.25 0.5 1 Mile

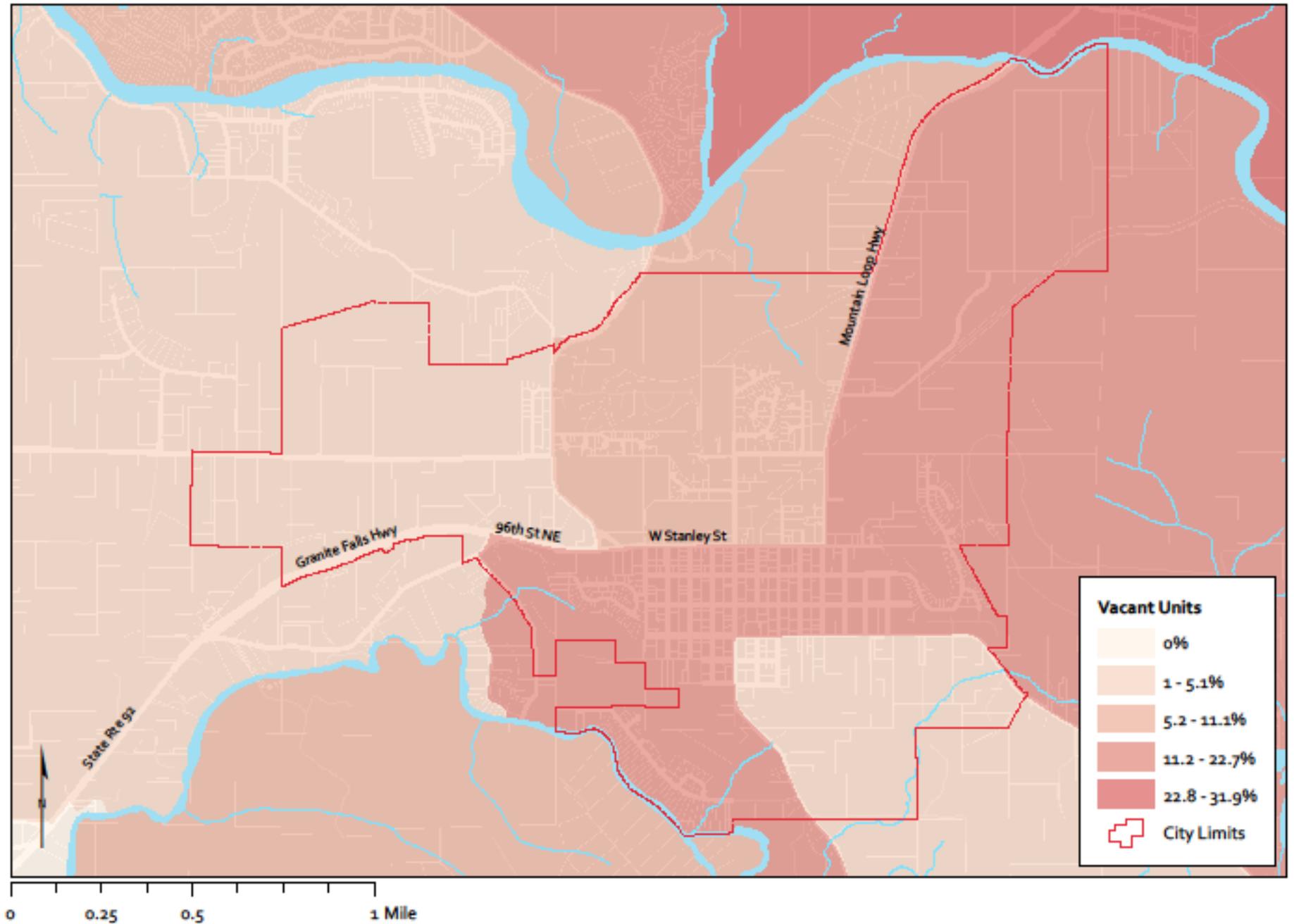
Map 1.3. Renter-Occupied Housing Units

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



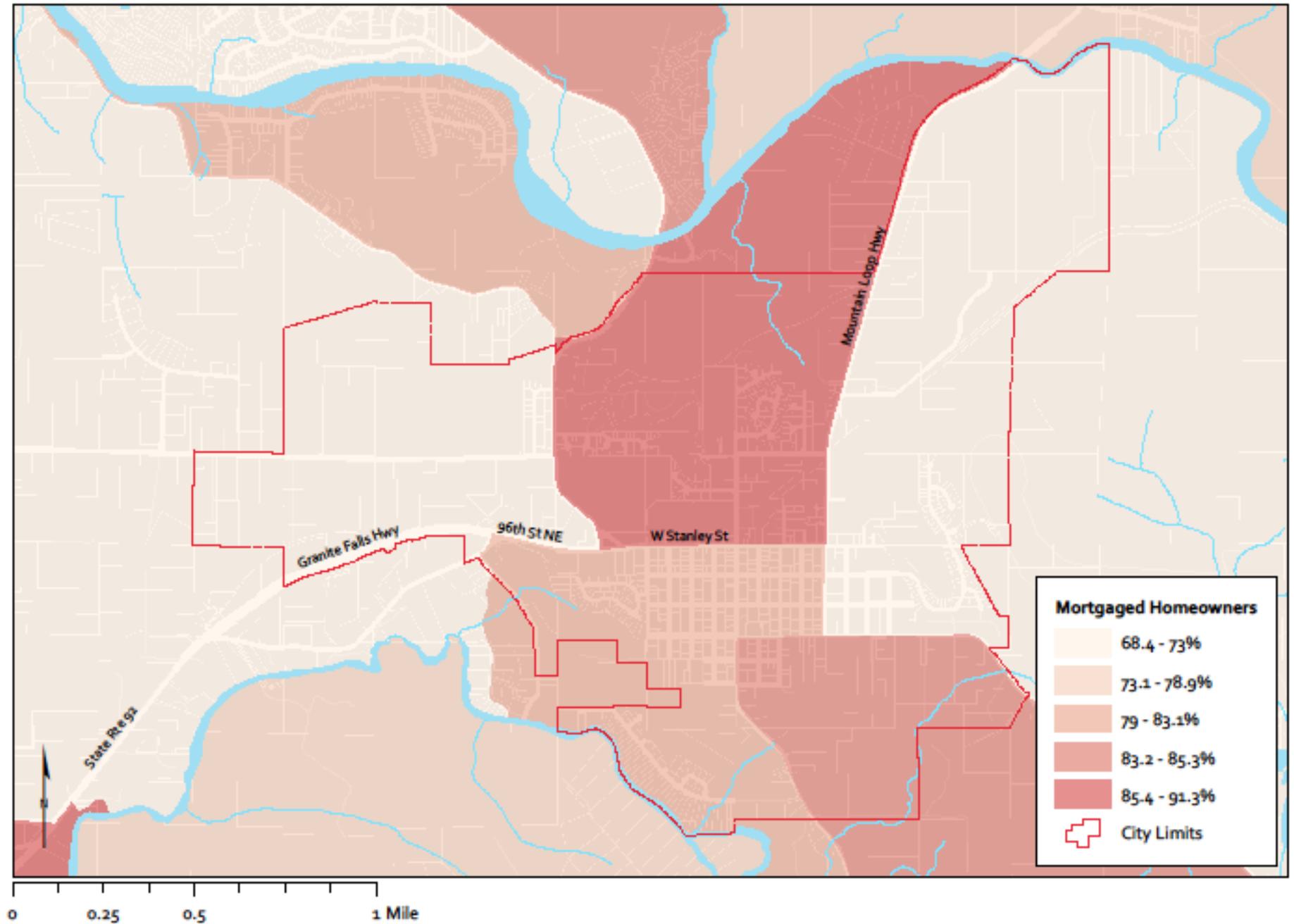
Map 1.4. Vacant Housing Units

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



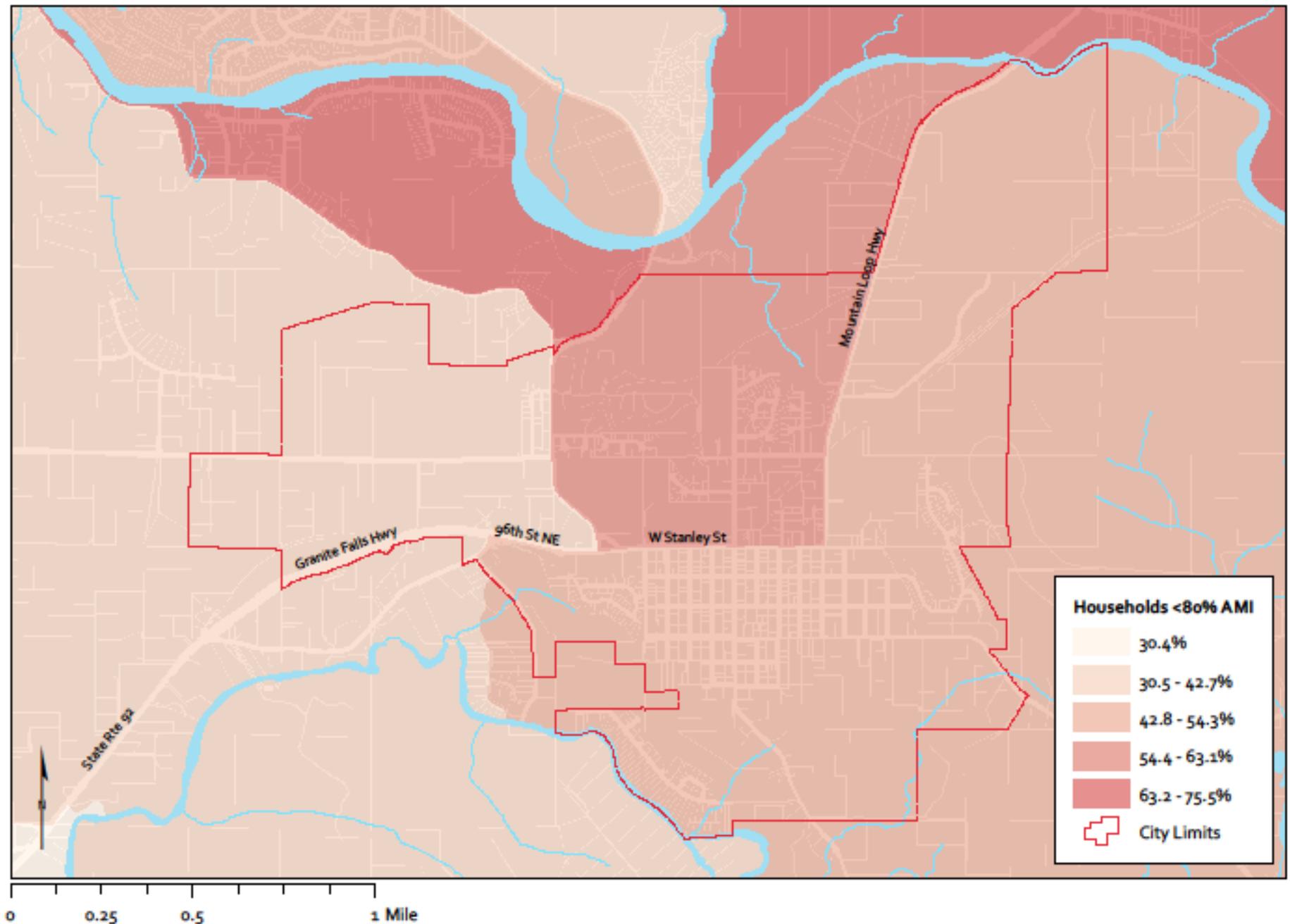
Map 1.5. Homeowners with Mortgages

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



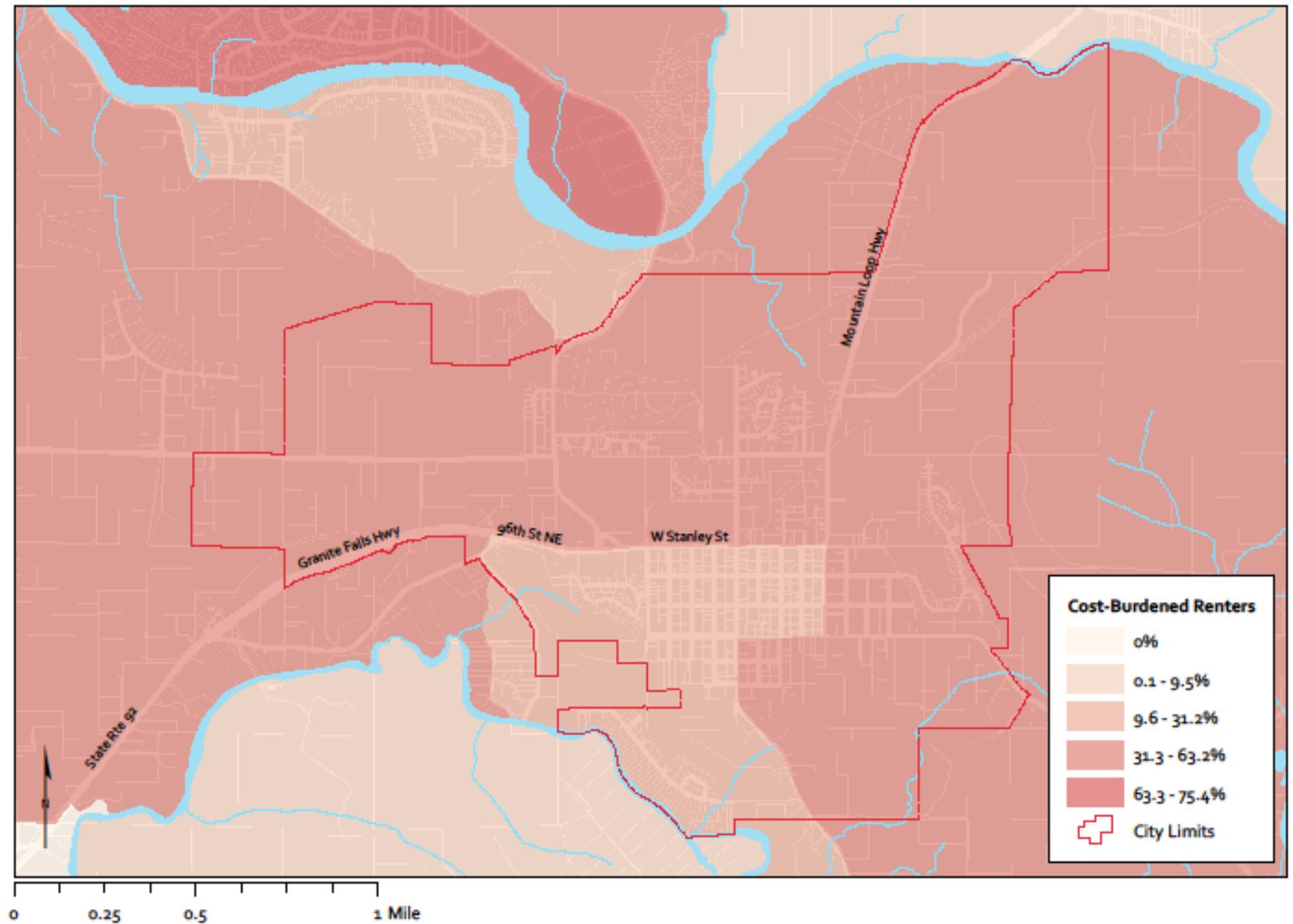
Map 1.6. Low-Income Households

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



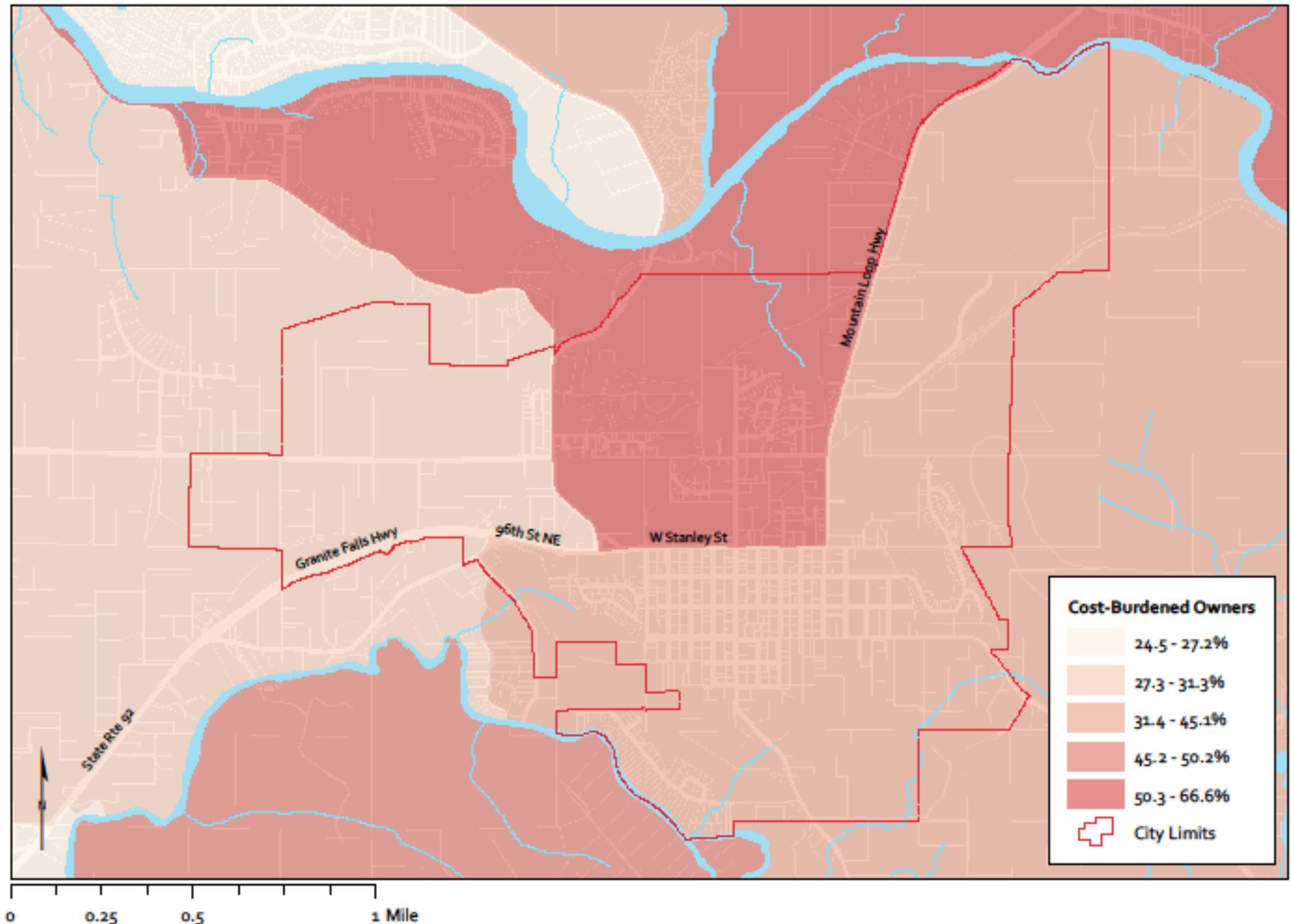
Map 1.7. Cost-Burdened Renters

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



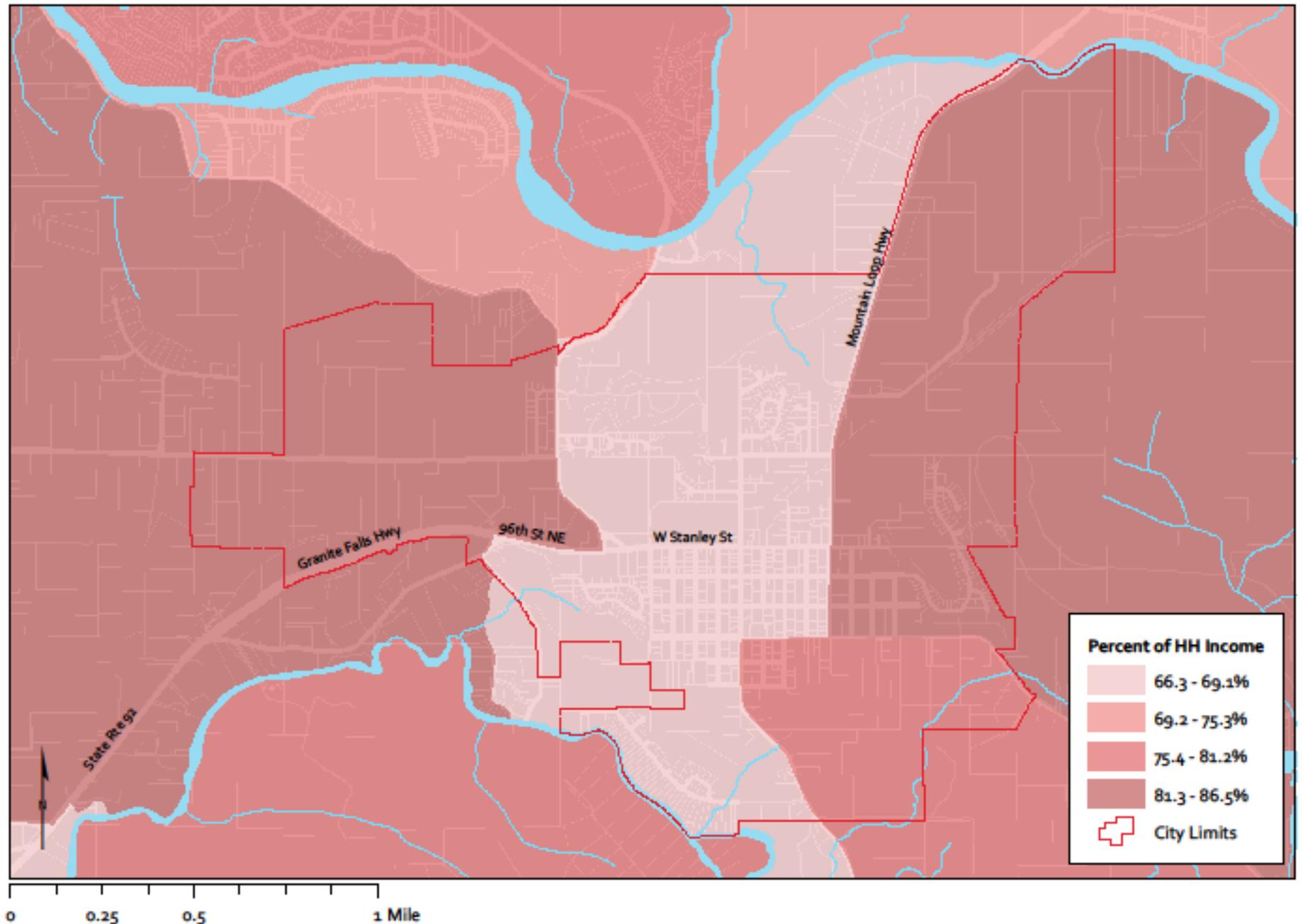
Map 1.8. Cost-Burdened Owners

Sources: American Community Survey, 2008-2012; Snohomish County Information Services, 2013



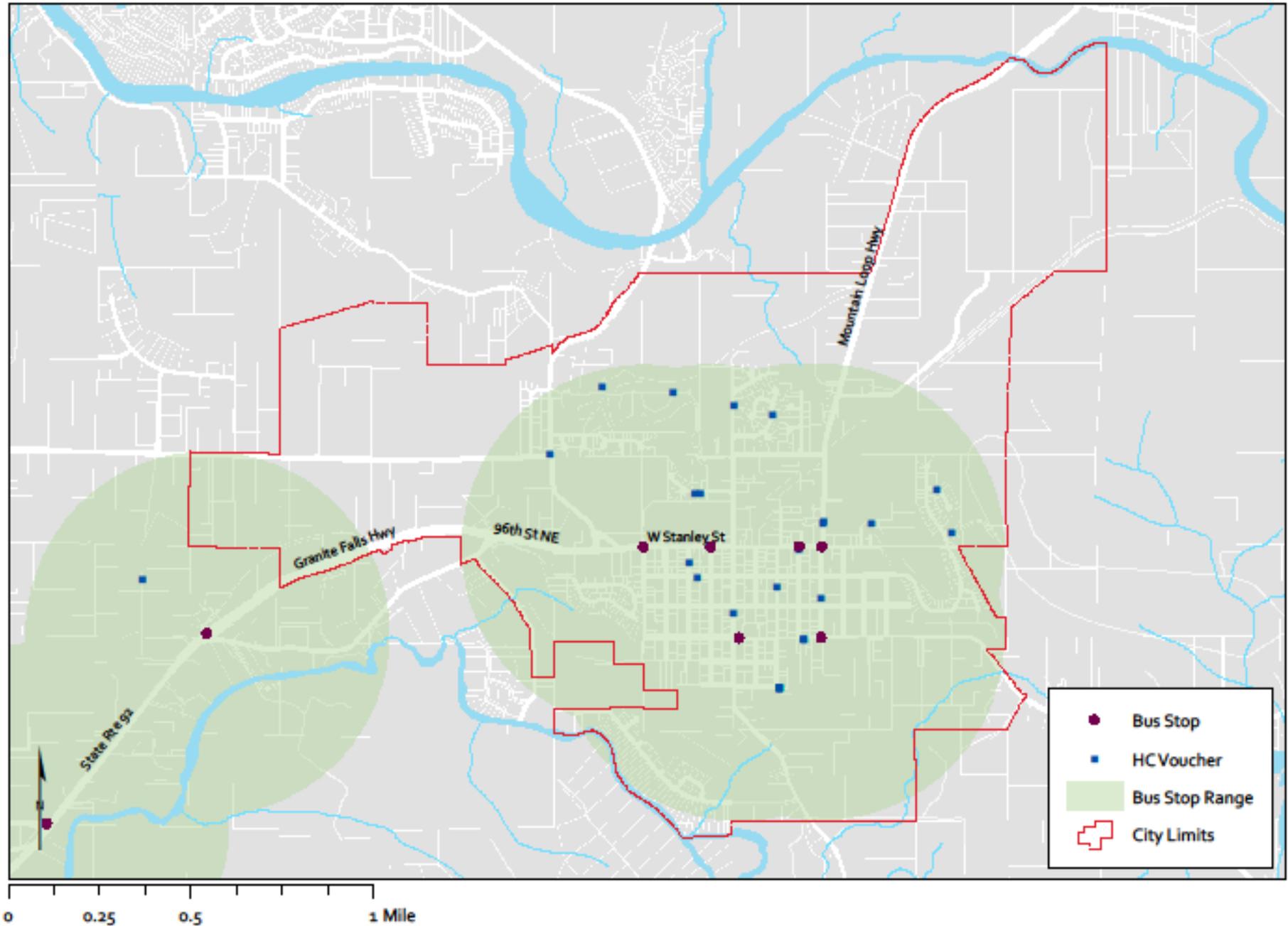
Map 1.9. Housing & Transportation as Percentage of Low HH Income

Sources: US Housing & Urban Development, 2013; Snohomish County Information Services, 2012



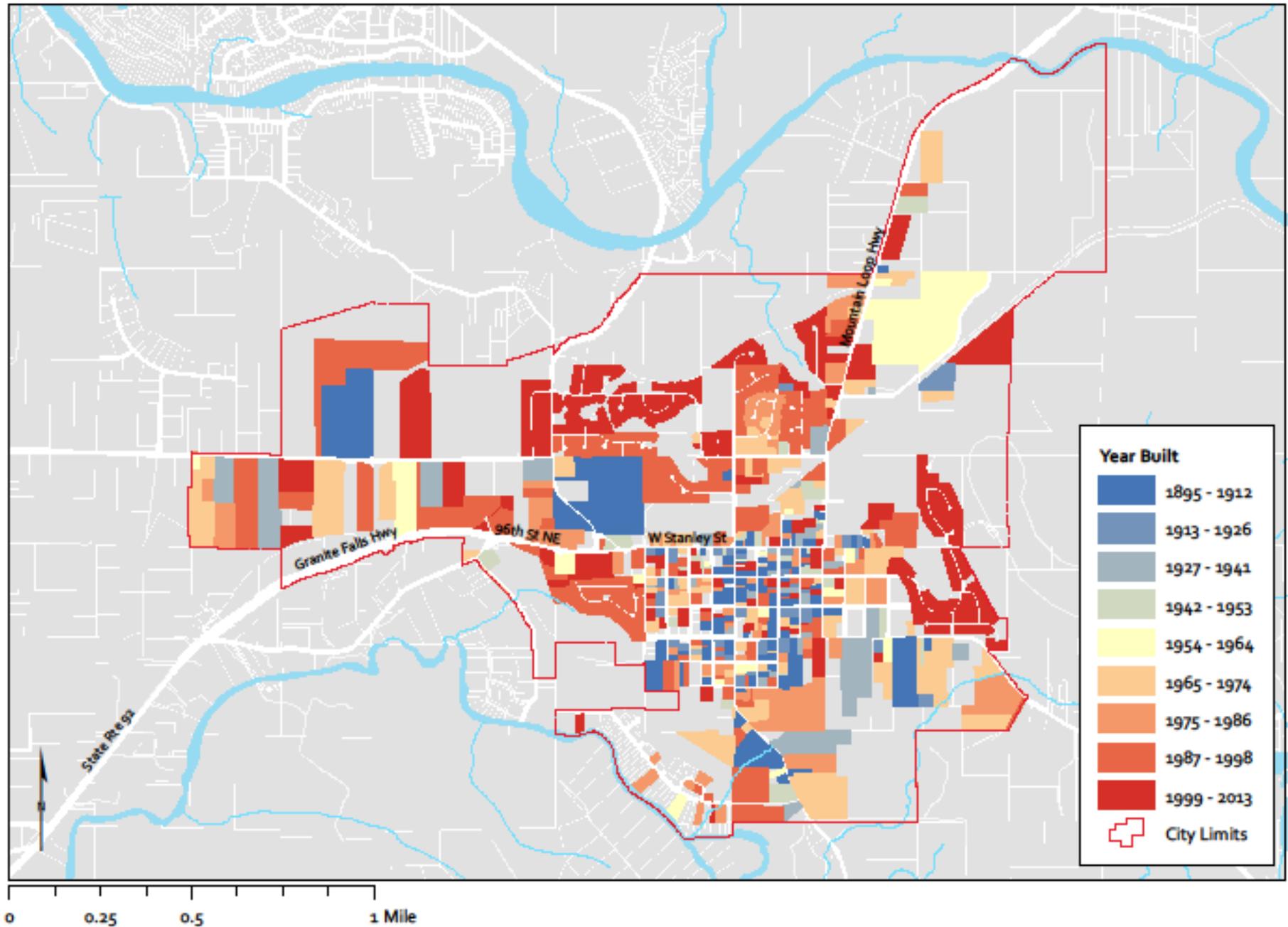
Map 2.1. Voucher Location and Transit Access

Sources: HASCO, 2013; Snohomish County Community Transit, 2014; Snohomish County Information Services, 2013



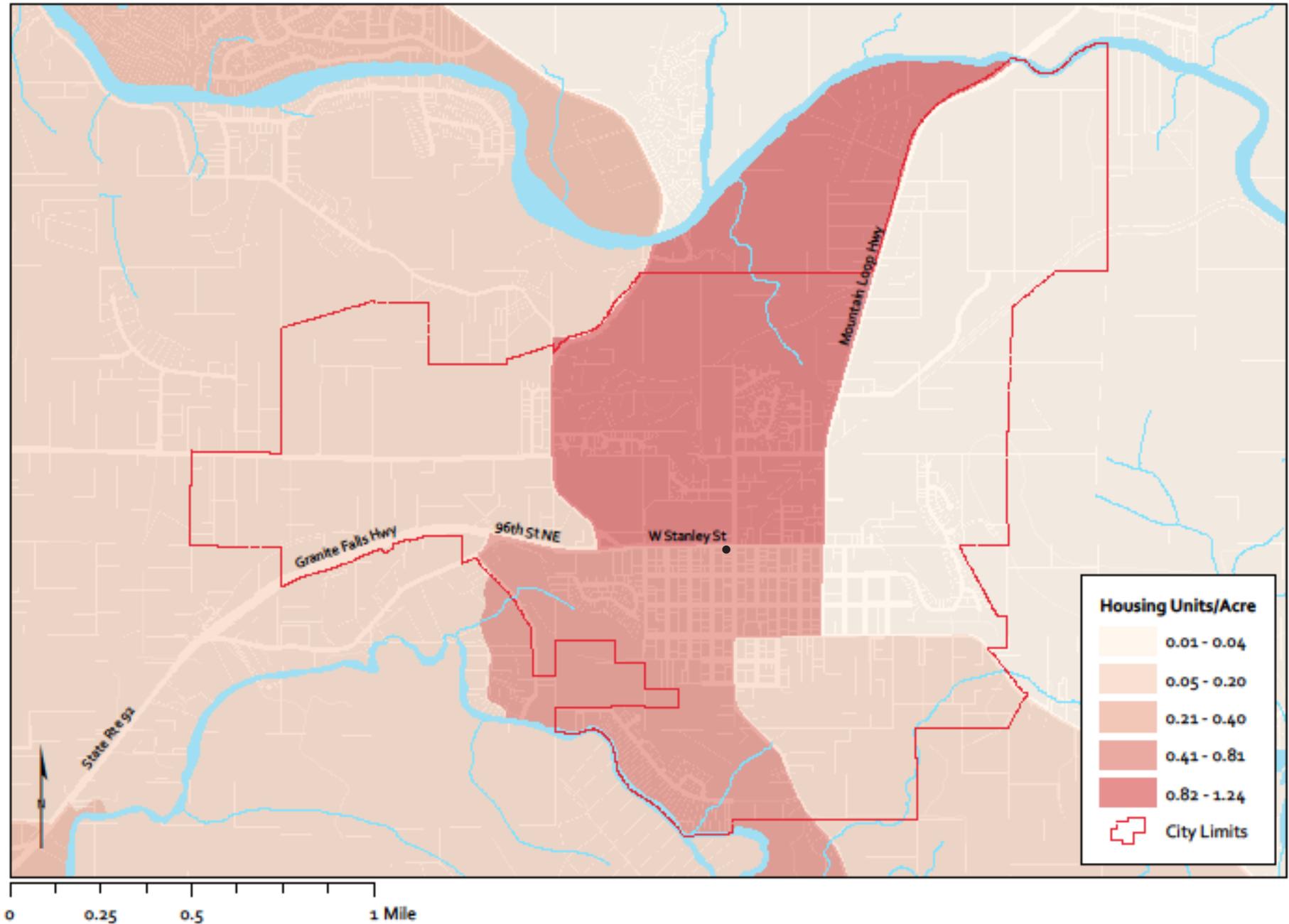
Map 2.2. Age of Housing Stock

Sources: Snohomish County Assessor, 2012; Snohomish County Information Services, 2012



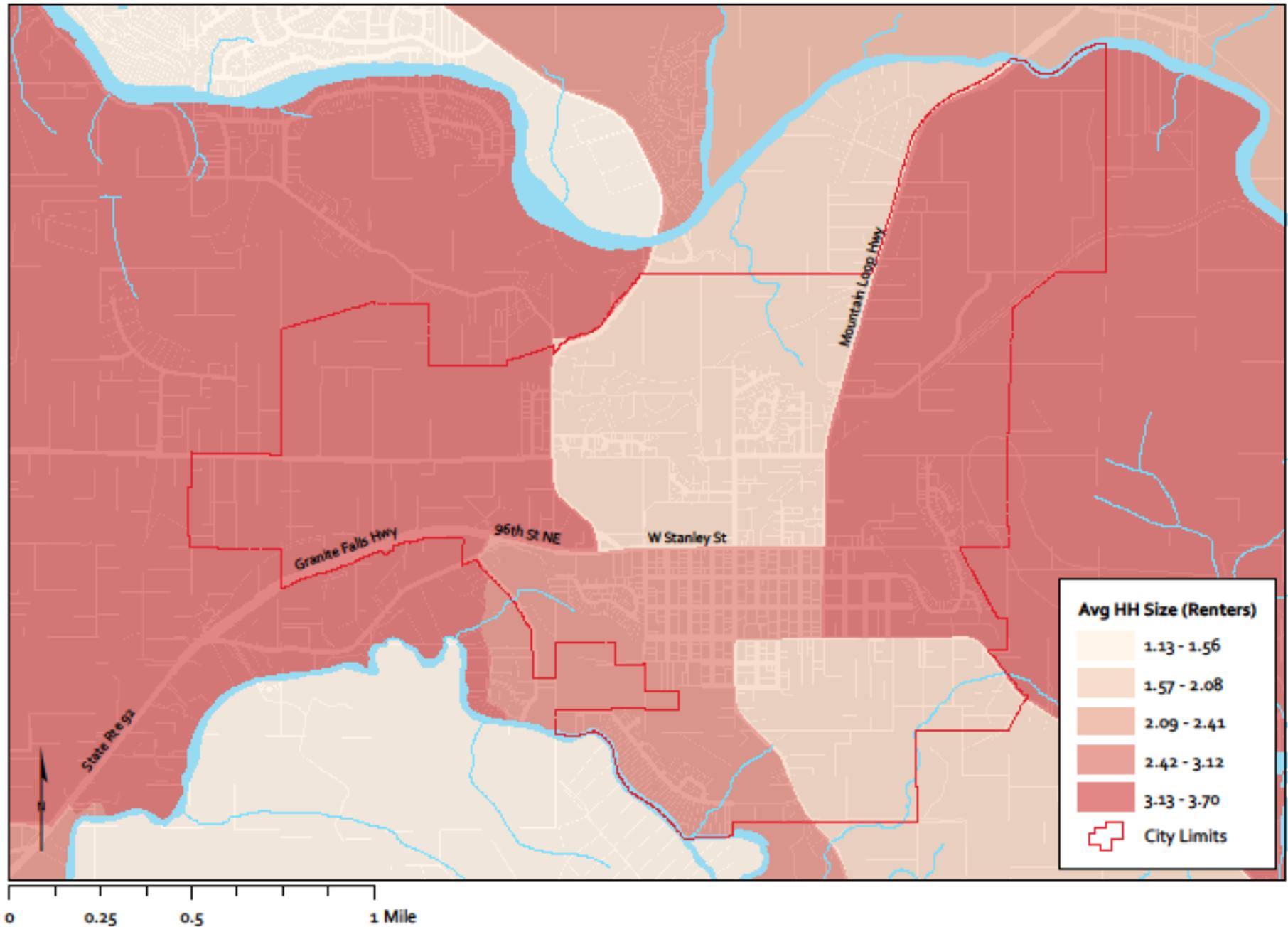
Map 2.3. Housing Density

Sources: Snohomish County Information Services, 2012; US Census, 2010



Map 2.4. Average Occupants per Rental Unit

Sources: Snohomish County Information Services, 2012; US Census Bureau, 2010



Appendix A: Market Rent Comps by Property

Units in Building	1 Bed - Rent	Utilities	Total	Minimum Income	2 Bed - Rent	Utilities	Total	Minimum Income	3Bd-Rent	Utilities	Total	Minimum Income	4Bed-Rent	Utilities	Total	Minimum Income
4-19	\$635	\$87	\$722	Very Low												
4-19	\$700	\$62	\$762	Very Low												
4-19	\$700	\$62	\$762	Very Low												
20+	\$738	\$62	\$800	Very Low	\$758	\$77	\$835	Very Low								
4-19	\$603	\$62	\$665	Very Low	\$732	\$77	\$809	Very Low								
4-19	\$610	\$62	\$672	Very Low	\$717	\$77	\$794	Very Low								
2-3	\$625	\$62	\$687	Very Low	\$737	\$77	\$814	Very Low								
20+	\$650	\$62	\$712	Very Low	\$670	\$77	\$747	Very Low								
2-3					\$515	\$110	\$625	Very Low								
SF					\$650	\$127	\$777	Very Low								
2-3					\$700	\$80	\$780	Very Low								
2-3					\$775	\$80	\$855	Very Low								
2-3					\$780	\$80	\$860	Very Low								
2-3					\$860	\$80	\$940	Very Low								
SF					\$810	\$132	\$942	Very Low								
SF					\$822	\$127	\$949	Very Low								
SF					\$850	\$110	\$960	Very Low								
2-3					\$800	\$163	\$963	Very Low								
2-3					\$850	\$127	\$977	Low								
2-3					\$925	\$97	\$1,022	Low								
SF					\$1,190	\$213	\$1,403	Low								
20+					\$800	\$77	\$877	Very Low	\$890	\$249	\$1,139	Low				
SF									\$913	\$135	\$1,048	Very Low				
SF									\$1,025	\$157	\$1,182	Low				
SF									\$1,050	\$204	\$1,254	Low				
SF									\$1,200	\$157	\$1,357	Low				
SF									\$1,225	\$157	\$1,382	Low				
SF									\$1,250	\$240	\$1,490	Low				
SF									\$1,250	\$251	\$1,501	Low				
SF									\$1,265	\$240	\$1,505	Low				
SF									\$1,300	\$226	\$1,526	Low				
SF									\$1,295	\$249	\$1,544	Low				
SF									\$1,300	\$244	\$1,544	Low				
SF									\$1,300	\$249	\$1,549	Low				
SF													\$1,300	\$284	\$1,584	Low

Appendix B: Assisted Units

PROPERTY NAME	STREET ADDRESS	PARCEL ID	ASSISTED UNITS BY BEDROOMS				ASSISTED UNITS BY INCOME LEVEL				TOTAL UNITS	POPULATION SERVED	FUNDING SOURCES	YEAR BUILT	
			1	2	3	4+	Extremely Low	Very Low	Low	Moderate					
Cascade Apts.	104 W Wallace	00459301701000	8	2				10				10	Senior/Disabled	USDA Rental Assistance	1975
Montclair Apartments	605 S Kentucky	30071900209600	18	2				20				20	Senior/Disabled	Tax Credit	1986
Section 8 Housing Choice Vouchers	Various	Various	11	12	10	3	27	7	2	0		36	Multifamily, Seniors, Disabled, Veterans	Section 8 HCV	Various

Appendix C: Single Family Home Sales

	2008	2009	2010	2011	2012
Number of Sales	147	149	74	62	55
Average Sale Price	\$ 237,463	\$ 207,961	\$ 192,751	\$ 172,267	\$ 155,817
Median Sale Price	\$ 234,950	\$ 188,500	\$ 182,061	\$ 161,250	\$ 140,000

Median Home Affordability

	2008	2009	2010	2011	2012
Mortgage Amount	\$ 187,960	\$ 150,800	\$ 145,649	\$ 129,000	\$ 112,000
Interest Rate	6.1%	5.1%	4.8%	4.6%	3.7%

Monthly PITI

Principal + Interest	\$ 1,138	\$ 815	\$ 767	\$ 660	\$ 513
Property Taxes	\$ 196	\$ 157	\$ 152	\$ 134	\$ 117
Insurance	\$ 74	\$ 60	\$ 58	\$ 51	\$ 44
TOTAL	\$ 1,408	\$ 1,032	\$ 976	\$ 845	\$ 674
Minimum Annual Income	\$ 56,320	\$ 41,274	\$ 39,047	\$ 33,808	\$ 26,959
in 2013 Dollars	\$ 60,938	\$ 44,817	\$ 41,716	\$ 35,013	\$ 27,354

First Quartile Home Sale Affordability

	2008	2009	2010	2011	2012
Mortgage Amount	\$ 142,734	\$ 123,600	\$ 125,051	\$ 105,582	\$ 94,860
Interest Rate	6.1%	5.1%	4.8%	4.6%	3.7%

Monthly PITI

Principal + Interest	\$ 864	\$ 668	\$ 658	\$ 540	\$ 434
Property Taxes	\$ 149	\$ 129	\$ 130	\$ 110	\$ 99
Insurance	\$ 56	\$ 49	\$ 49	\$ 42	\$ 38
TOTAL	\$ 1,069	\$ 846	\$ 838	\$ 692	\$ 571
Minimum Annual Income	\$ 42,769	\$ 33,829	\$ 33,525	\$ 27,671	\$ 22,834
in 2013 Dollars	\$ 46,276	\$ 36,734	\$ 35,816	\$ 28,657	\$ 23,168

Appendix D: Affordable Housing Glossary

Affordable Housing: For housing to be considered affordable, a household should not pay more than 30 percent of its annual income on housing. This includes all costs related to housing - rent, mortgage payments, utilities, etc.

AMI: Area Median Income. The measure of median income used in this report is that of the Seattle-Bellevue HMFA. This measure is used in administering the Section 8 voucher program in Snohomish County.

Cost-Burdened: Households that spend more than 30 percent of their income on housing.

Extremely Low Income: Households that make less than 30 percent of AMI.

Fair Market Rent: HUD determines what a reasonable rent level should be for a geographic area, and sets this as the area's fair market rent. Section 8 voucher holders are limited to selecting units that do not rent for more than fair market rent.

HMFA: HUD Metro Fair Market Rent (FMR) Area. Snohomish County is part of the Seattle-Bellevue HMFA.

Low Income: Households that make between 50 and 80 percent of AMI.

Median Income: The median income for a community is the annual income at which half the households earn less and half earn more.

Middle Income: Households that make between 95 and 120 percent of AMI.

Moderate Income: Households that make between 80 and 95 percent of AMI.

PHA: Public Housing Agency. HASCO and Everett Housing Authority are examples of PHAs.

Section 8 Housing Choice Voucher: A voucher program administered and funded by HUD where qualifying households can take their voucher to any housing unit which meets HUD safety and market rent standards. HUD funds are administered by PHAs.

Severely Cost-Burdened: Households that spend more than 50 percent of their income on housing.

Subsidized Rental Unit: A unit which benefits from a direct, monthly rent subsidy. This subsidy will be tailored to ensure that a household does not spend more than 30% of their income on housing. Section 8 Housing Choice Vouchers are an example of a direct rent subsidy.

Very Low Income: Households that make between 30 and 50 percent of AMI.

Workforce Rental Housing: Workforce rental units have rents which are set in order to be affordable to households at certain income levels below market. While a household may need to have income below a certain level to apply for a workforce rental unit, the rent level does not adjust to their actual income. A property may feature units with rents affordable to households with 50% AMI, but a household earning 30% AMI would still have to pay the same rent. For the purposes of this report, workforce units are those which use funding sources like tax credits and bonds to achieve affordable rents, rather than an ongoing rental subsidy.

Appendix E: Methodology

Affordability - Adjustment for Household Size

Where it is indicated that housing cost affordability is assessed adjusting for household size, several factors are considered. First, using HUD standards, the appropriate size range that could inhabit the housing unit in question is determined. For example, the appropriate range for a 2 bedroom unit would be 2-4 people. Next, the cutoff income levels are averaged across the household size range, and this average is used for comparison.

To assess whether or not a 2 bedroom unit is affordable to extremely low income households using this method, one would first average the extremely low cutoff levels for 2-, 3-, and 4-person households. For 2012, these levels were \$21,150, \$23,800, and \$26,400. Their average is \$23,783. A household with this income can afford to spend no more than \$595 per month on housing. If the unit in question rents for less than this amount, then one can say that, on average, it is affordable to extremely low income households, adjusting for household size.

Table E.1., below, shows the maximum a household at each income level can afford to spend on housing per month by household size.

Table E.1. Maximum Monthly Housing Expense, Seattle-Bellevue HMFA 2012

	Household Size								HMFA Overall
	1	2	3	4	5	6	7	8	
Extremely Low	\$455	\$520	\$585	\$650	\$703	\$755	\$806	\$859	\$650
Very Low	\$759	\$868	\$976	\$1,084	\$1,171	\$1,258	\$1,345	\$1,431	\$1,084
Low	\$1,128	\$1,289	\$1,450	\$1,610	\$1,740	\$1,869	\$1,998	\$2,126	\$1,734
Moderate	\$1,442	\$1,648	\$1,855	\$2,059	\$2,225	\$2,389	\$2,556	\$2,719	\$2,059
Middle	\$1,821	\$2,082	\$2,343	\$2,601	\$2,811	\$3,018	\$3,228	\$3,435	\$2,601

Source: US Department of Housing & Urban Development, 2012

Home ownership affordability

Home ownership affordability was calculated using similar techniques to the California Association of Realtor's Housing Affordability Index. First, property sale data was acquired from the Snohomish County Assessor, and single family home sales in Granite Falls were separated. Next, the monthly payment for these homes was calculated using several assumptions:

- Assuming a 20% down payment, the loan amount is then 80% of the total sale price
- Mortgage term is 30 years
- Interest rate is the national average effective composite rate for previously occupied homes as reported by the Federal Housing Finance Board
- Monthly property taxes are assumed to be 1% of the sale price divided by 12
- Monthly insurance payments are assumed to be 0.38% of the sale price divided by 12

Using all of these assumptions, the monthly payment is the sum of principal and interest;

taxes; and insurance.

Household Income Levels

Area Median Income, or AMI, is an important part of many housing affordability calculations. In Snohomish County, HUD uses the Seattle-Bellevue HMFA median income as AMI. This is recalculated every year, both as an overall average and by household size up to 8 individuals. Standard income levels are as follows:

- Extremely low income: <30% AMI
- Very low income: between 30 and 50% AMI
- Low income: between 50 and 80% AMI
- Moderate income: between 80 and 95% AMI
- Middle income: between 95 and 120% AMI
-

Household Profiles

Information on households was gathered from Section 8 Housing Choice Voucher data. All names have been changed as well as many other nonessential details to protect privacy.

Rental Housing Units

Snohomish County Assessor's data was used to identify every multifamily unit in the city. This includes duplexes, triplexes, fourplexes, and apartment complexes. Condominium complexes were included if they had units advertised for rent during the research period. Information on rents was obtained from Dupre and Scott and HASCO tenant data.