Appendix E: Affordability and Displacement

OVERVIEW

Understanding the economic and social landscape of housing affordability and potential displacement of residents can be a complex task. While households overall are facing increased housing burdens over time, different communities may be more vulnerable to increases in housing costs that provide barriers to accessing safe, appropriate, and healthy housing.

Certain socioeconomic characteristics may highlight potential disparities in both access to housing and long-term housing security. Lower-income households, people of color, recent immigrants, and seniors may face challenges in finding and keeping the housing they need. Understanding both the risk factors and potential challenges to housing access in the community can be essential in appreciating the magnitude of concerns about affordability and displacement and guiding appropriate policy responses.

AFFORDABILITY AND DEMOGRAPHICS

Definitions

For discussions of affordability, there are two important concepts to consider regarding the financial resources available to households, and the household resources allocated to meet necessary housing costs:

Area Median Income. When categorizing households by income, different agencies tend to use a single metric to identify how different household incomes compare to expected mid-range values in a housing market. The metric produced by the US Department of Housing and Urban Development (HUD) is called “Area Median Income” (AMI), or “Median Family Income” (MFI). Conceptually, this is assumed to be the midrange value where 50% of households have more income and 50% have less, although the metrics for AMI published by HUD are adjusted for household size and housing market trends when applied to individual households.

These metrics are calculated across the broader housing market area. For Everett, AMI is determined for King and Snohomish Counties overall. Categories are typically calculated as a percentage of AMI, and include:

- **Extremely low-income** households at 0–30% AMI
- **Very low-income** households at 30–50% AMI
- **Low-income** households at 50–80% AMI
- **Moderate-income** households at 80–100% AMI
- **Above median income** households at 100% AMI or more

Although these are traditionally the categories used in discussing household income and compiling national statistics, other definitions may be applicable. Under RCW 84.14.010 for example, households in high-cost areas may be considered “low income” if they have an income of 100% AMI or below, and “moderate income” if their income is between 100 and 150% AMI. However, for this assessment the statistics reported will be based on the general standard.

Housing Cost Burden. While AMI provides an understanding of the general financial resources that households have available, the actual amount that households pay for housing can be important as well. Generally, it is assumed that households paying 30% of their income or more on housing are “housing cost burdened”, meaning that housing costs are taking up a disproportionate amount of their income, leaving fewer resources for other needs, such as transportation, food, and healthcare. Households paying at least half of their income on housing are considered “severely cost burdened”, where housing costs may be significantly impacting a household’s ability address other needs.

Overall Housing Cost and Income Trends

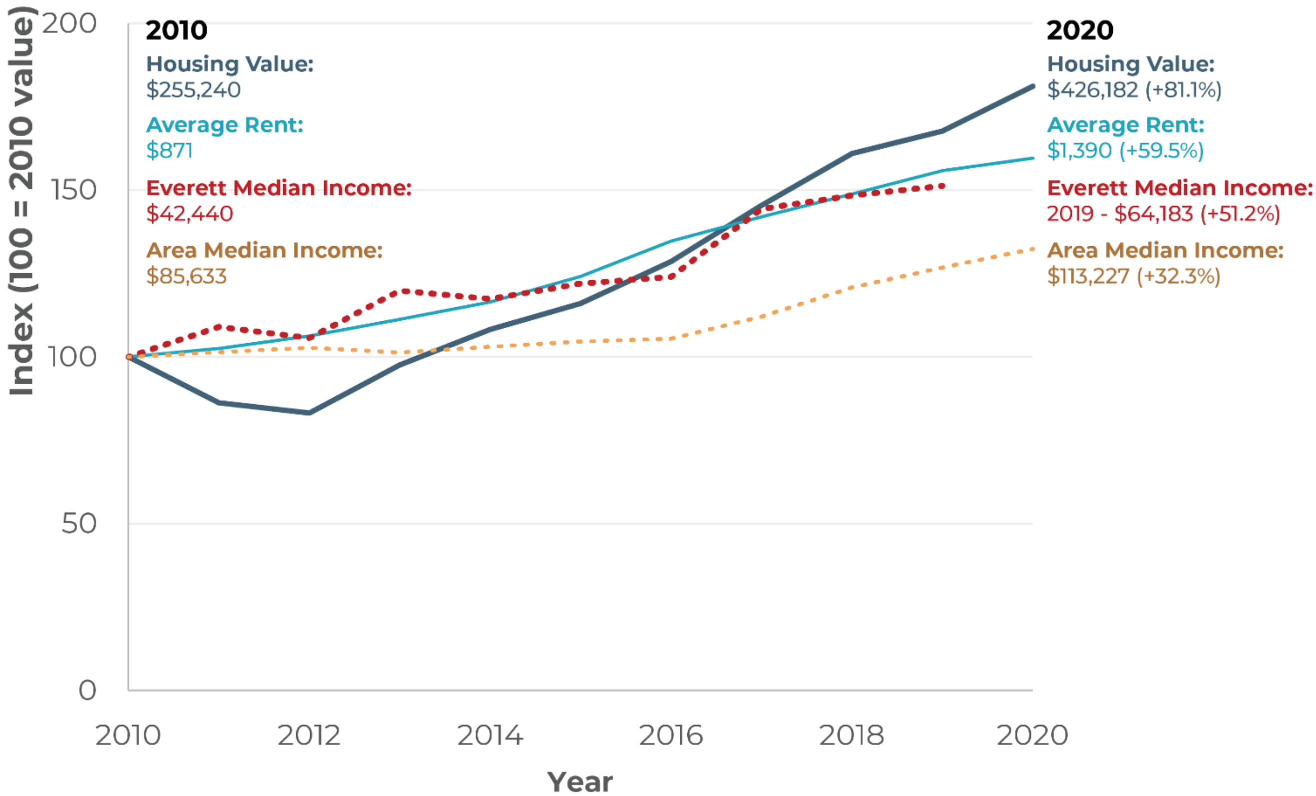
Figure 1 provides a summary of the changes in the costs of housing and household incomes since 2010. These values have been normalized as an index for comparison, with 100 equaling the values from 2010.

The most notable indicator from this graph is with respect to Everett housing values. This index, based on the Zillow Home Value Index (ZHVI), highlights that since 2010, housing prices have increased by around 81.1%, and by about 118% since the most recent bottom of the market in 2012. When compared to the increases in incomes in both the City and the broader area, housing prices have inflated much more dramatically since 2010 than the median income in Everett (59.5% increase by 2019) and the calculate AMI for the market area (32.3%). This suggests that price increases for the owner-occupied housing market in the city are significantly outpacing increases in median household income.

Changes in average rent in the City have been slightly less dramatic than the price of owner-occupied housing on the market, with increases of 59.5% since 2010. There is a notable difference between AMI and rent, suggesting that there may also be the same change in affordability over time. However, the median household income in Everett as measured by the US Census Bureau’s American Community Survey has also changed at a similar rate, with an increase of 51% since 2010.

Although this may suggest that rents are keeping up with household income, this situation may be more complex. With housing sale prices increasing, likely in part due to households priced out of the Seattle real estate market, this increase in the median household income may more represent an increase in household incomes for those buying homes in the community.

Figure 1. Change in Housing Costs and Income, 2010–2020.



Sources: US American Community Survey, 1-year estimates, 2010–2019; US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates; Zillow, 2021; CoStar, 2021.

Overall Housing Cost Burden

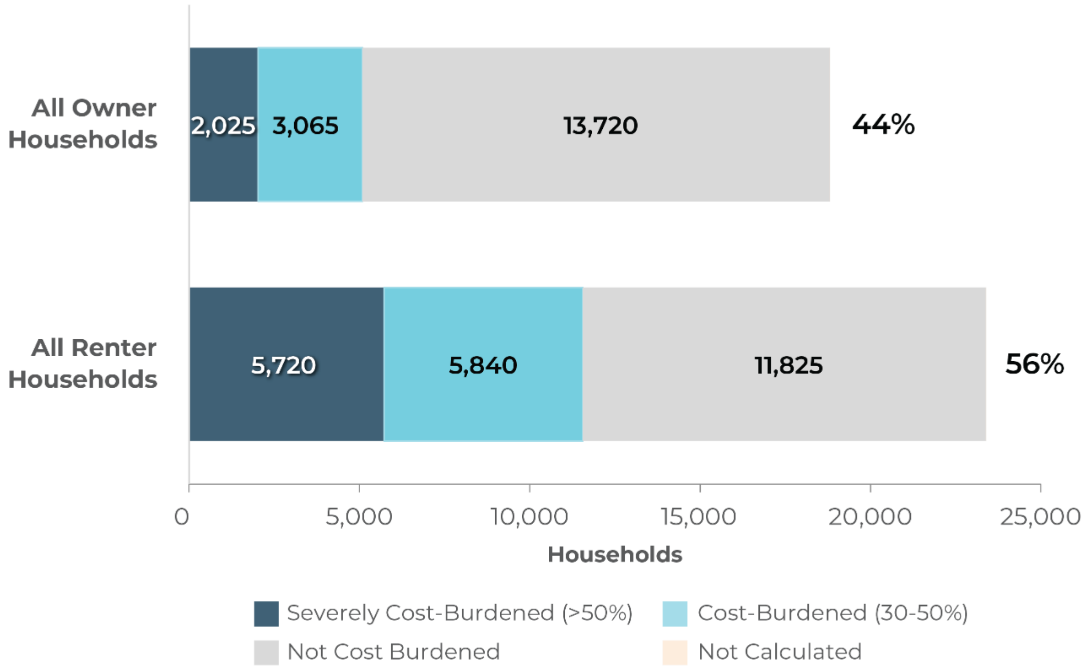
The cost burdens that households face in accessing appropriate housing are also an important consideration beyond the general price movements in the market. **Figures 2** and **3** provide estimates on the housing costs burdens for Everett households, based on the US HUD CHAS dataset for 2013–2017. Note that Figure 2 provides household counts while Figure 3 presents percentages of renters and owners that are cost burdened (paying more than 30% of their gross income on rent) or severely cost burdened (paying more than 50%).

These graphs highlight some of the differences between cost burdens and housing insecurity between owners and renters in Everett. For owners, only about 27% are cost burdened and pay over 30% of their income on housing costs, while 11% are severely cost-burdened and pay over 50%. Given that owners only make up 44% of the total households in the community, this means that housing cost burdens are less on owners in the community. This is due in part to tightened lending standards, but higher cost burdens can still result from changes in household income, as well as increases in costs due to higher utility rates, property taxes, and required maintenance. This may be exacerbated for households that own their own homes but are on a fixed income, such as seniors.

For renters, however, there are significantly housing cost burdens, both with respect to the percentage of renters and with the total number of households. Just under half of all Everett households are cost burdened with respect to housing, with nearly one-quarter severely cost burdened and paying over half their income for rent.

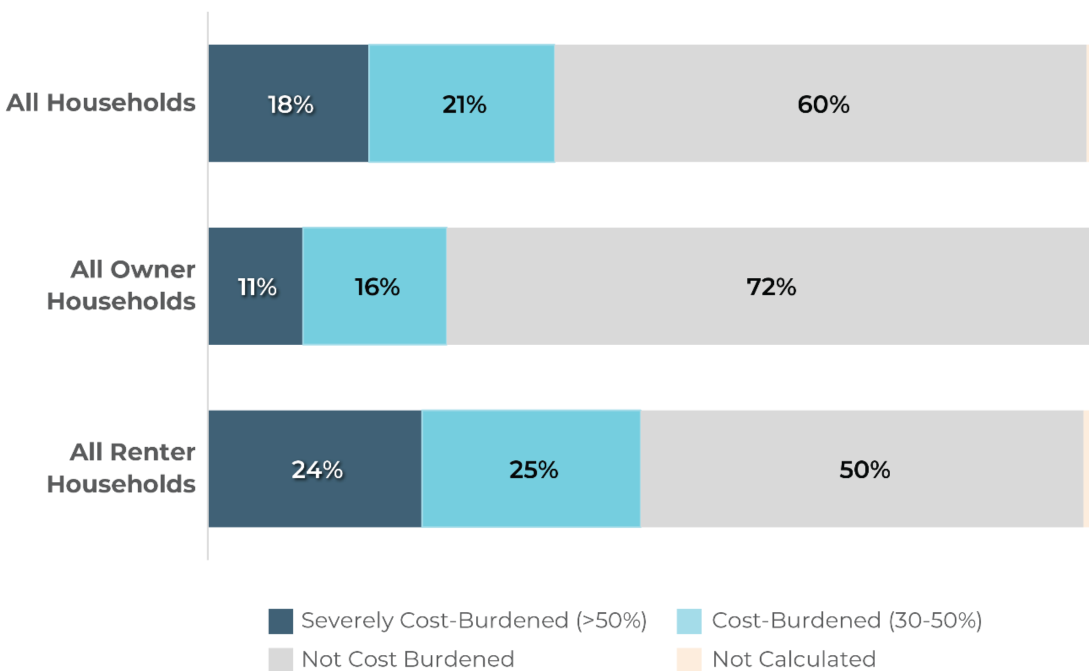
These burdens pose a particularly high risk to low-income populations for housing security and potential displacement from the community. Although relatively high costs on certain renters can provide pressure on these groups today, future increases may threaten their ability to stay in market rate housing, and potential redevelopment can physically displace them from affordable units.

Figure 2. Housing Cost Burden by Tenure, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 3. Housing Cost Burden by Tenure, Percent, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Examining Cost Burdens for Renters

Looking specifically at the cost burdens that renters are experiencing across different income levels can characterize a significant source of the displacement risk in the community. Drawing from the same US HUD information, **Figure 4** compares the following:

- The proportion of **renters in Snohomish County** by individual income categories (e.g., moderate, low, very low, extremely low)
- The proportion of **renters in Everett** within the same income categories
- The proportion of the **total supply of rental housing** that is affordable at specific income categories (e.g., with rents at 30% or below of the total income in this income group)

This information highlights a few major points. First, while the proportion of low-income households is the same for Everett and the County overall, there are fewer moderate-income households and more very low- and extremely low-income households in comparison. This suggests that Everett generally may have a more affordable rental housing stock than a lot of other communities in Snohomish County.

More importantly, however, is that the proportion of the rental unit stock that is affordable to extremely low-income households is very limited. Only 12% of the stock is affordable to these households, which account for 32% of the renters in the city. This means that many of these households are facing significant cost burdens to meet their needs and will typically “uprent”, or rent less affordable housing to meet their needs.

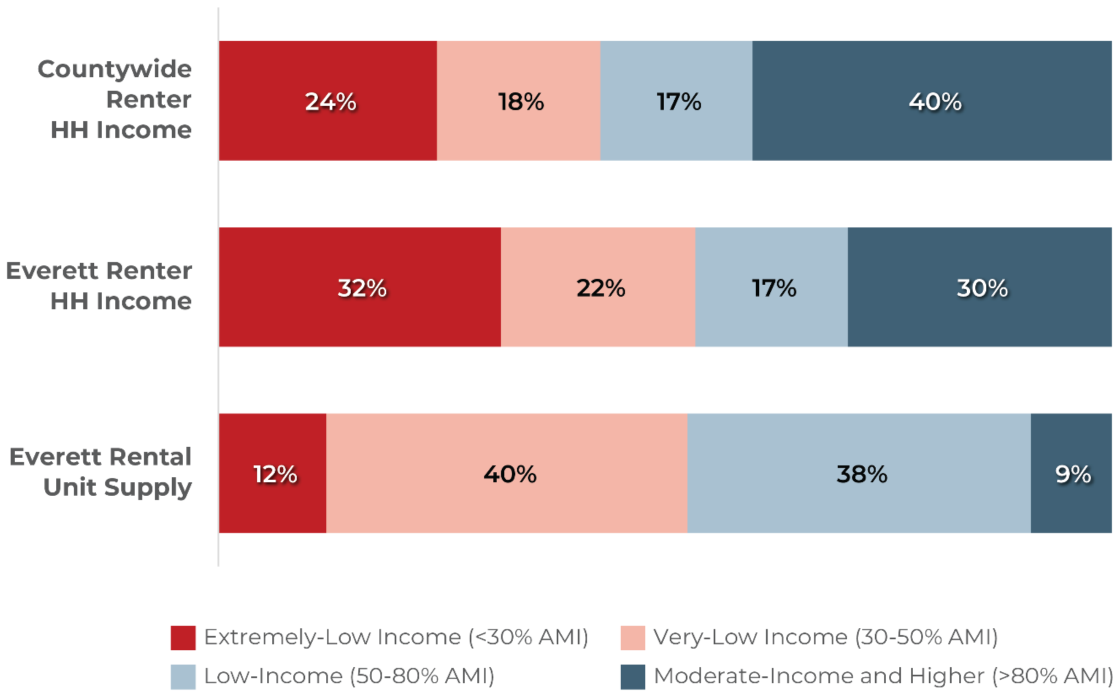
Conversely, there is the opposite issue for higher-income households. While 30% of households are at moderate income or higher (80% AMI or more), only 9% of housing is affordable specifically at this price range. With a larger proportion of housing affordable at 50–80% AMI, this suggests that many of these households are in fact renting housing that results in costs significantly lower than 30% of their income. Households that “downrent” will have significantly less housing cost burdens, but in many cases, they may be taking up units that could be occupied by lower-income households.

Breaking this down further, rental cost burdens by income level are given in **Figures 5** and **6**, with Figure 5 providing counts of households while Figure 6 giving percentages of the households in each income group. This indicates more clearly that the housing cost burdens are not evenly distributed by household income.

While nearly half of households are cost burdened, any type of housing cost burden is extremely limited for households above moderate income or even moderate income. For these households, only 1% of above median and 8% of moderate-income households pay more than 30% of their income on housing.

At the other end of the spectrum, however, nearly 61% of extremely low-income households making less than 30% AMI are paying more than half their income on rent, with 78% experiencing some housing cost burdens. For very low-income households, 79% experience some cost burdens, while 21% are severely cost burdened.

Figure 4. Households and Available Affordable Housing by Income Category, City of Everett.



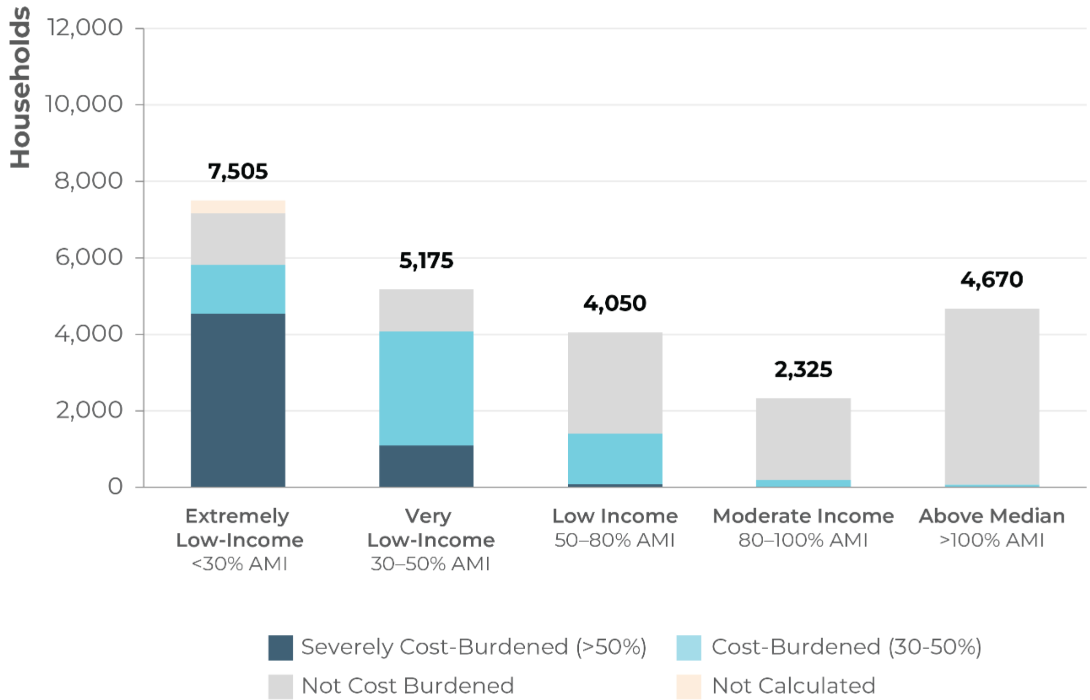
Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 7 provides a more detailed comparison between household income and the availability of affordable housing. As noted previously, a significant amount of the housing supply (about 78%) is affordable at the 30–80% range. However, the lack of affordable units for the extremely low-income households in the city means that this rental housing still may not be affordable. The gap between households and available housing affordable at 80% AMI and above also indicates significant downrenting in the community.

It should be made clear here that this analysis only provides an understanding of one element of housing need in affordability. Other elements of housing may also be linked with this consideration, however. Housing may also need to be sized appropriately for given households, most notably with respect to family-sized rental housing with two to three bedrooms for lower-income households.

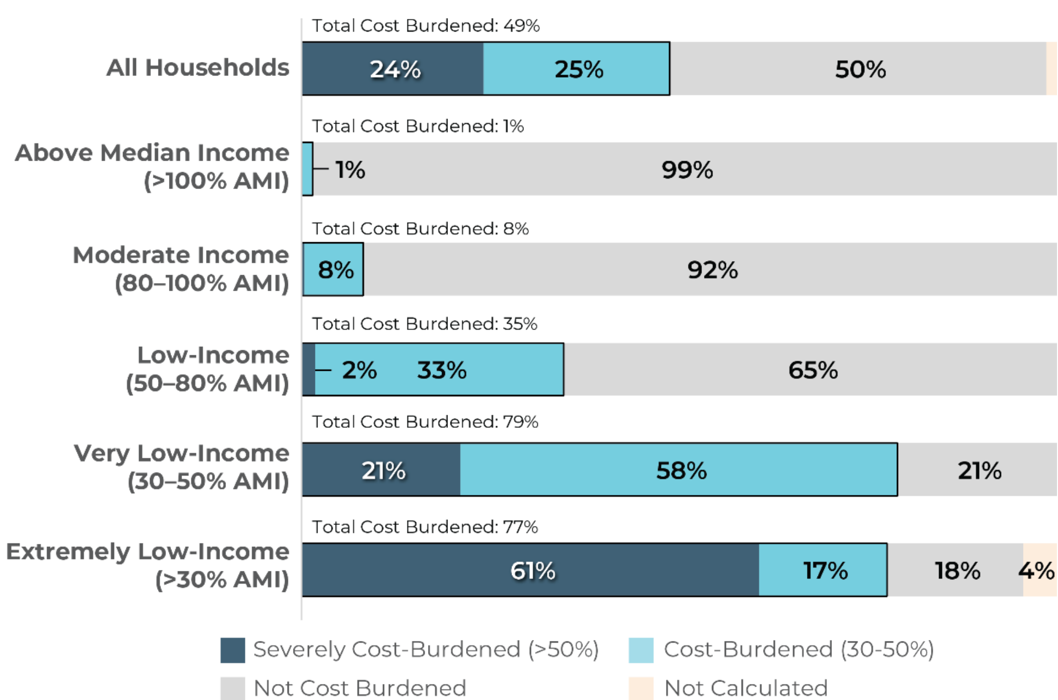
Finally, **Figure 8** highlights the change over a five-year period for the information provided in Figure 7. This highlights that while downrenting may be declining slightly at higher incomes, the problem of uprenting is increasing. Affordable rental units at 30–50% AMI increased much more than households with incomes in this range, while the converse was true at 0–30% AMI. The reasons for this can be complicated, and may include filtering in the housing stock, changes in local household compositions, and other market factors. However, this strongly suggests that while median incomes in Everett may be tracking with rents as shown in Figure 1, lower income households may actually be experiencing more significant price increases relative to their incomes overall. This has likely been a significant challenge to housing affordability for these households and will pose a distinct threat of economic displacement over time.

Figure 5. Rental Housing Cost Burden by Income, City of Everett.



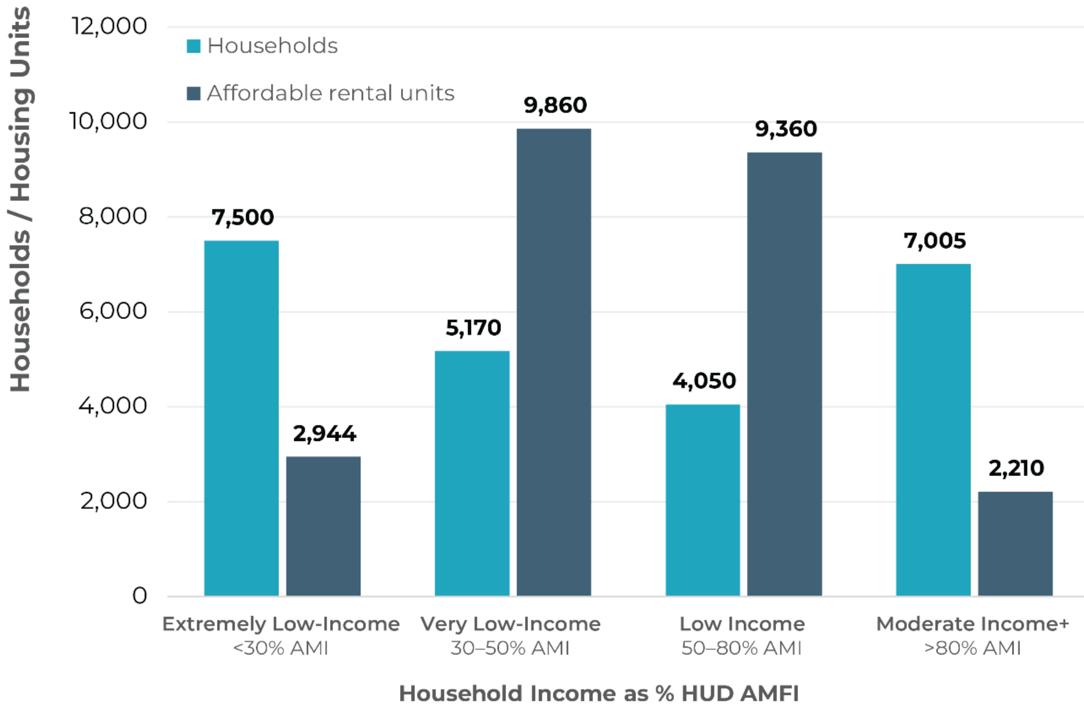
Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 6. Rental Housing Cost Burden by Income, Percent, City of Everett.



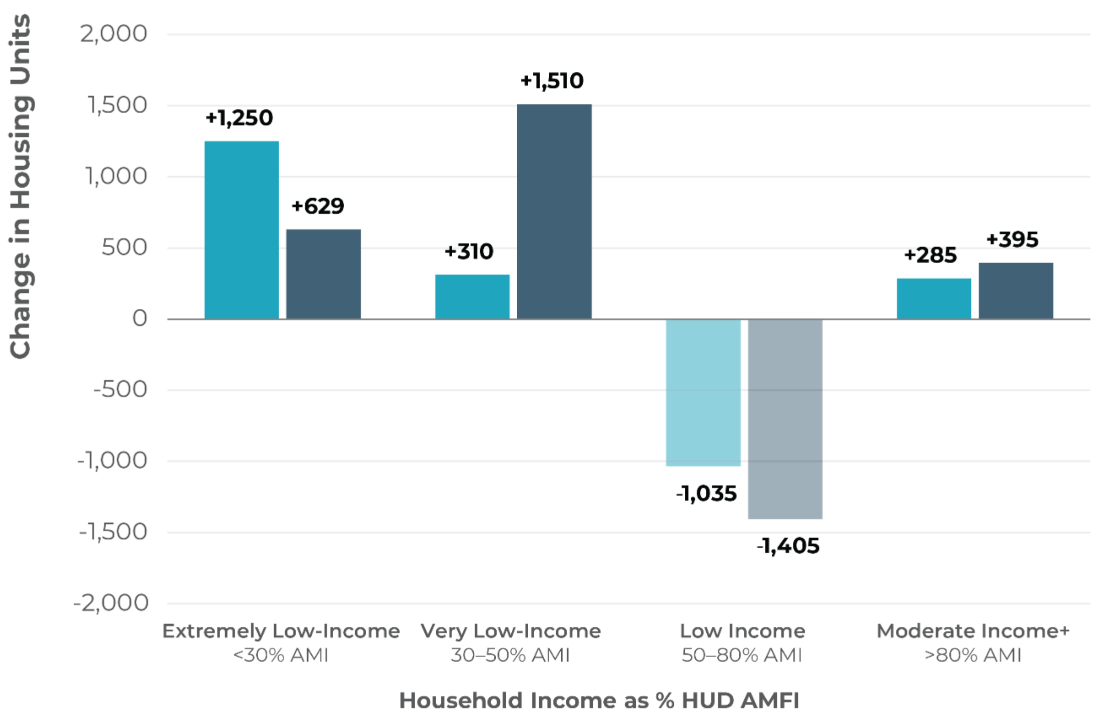
Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 7. Households and Available Affordable Housing by Income Category, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 8. 2012–2017 Change, Households and Available Affordable Housing by Category, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2012 and 2017 5-Year Estimates.

Cost Burden and Equity

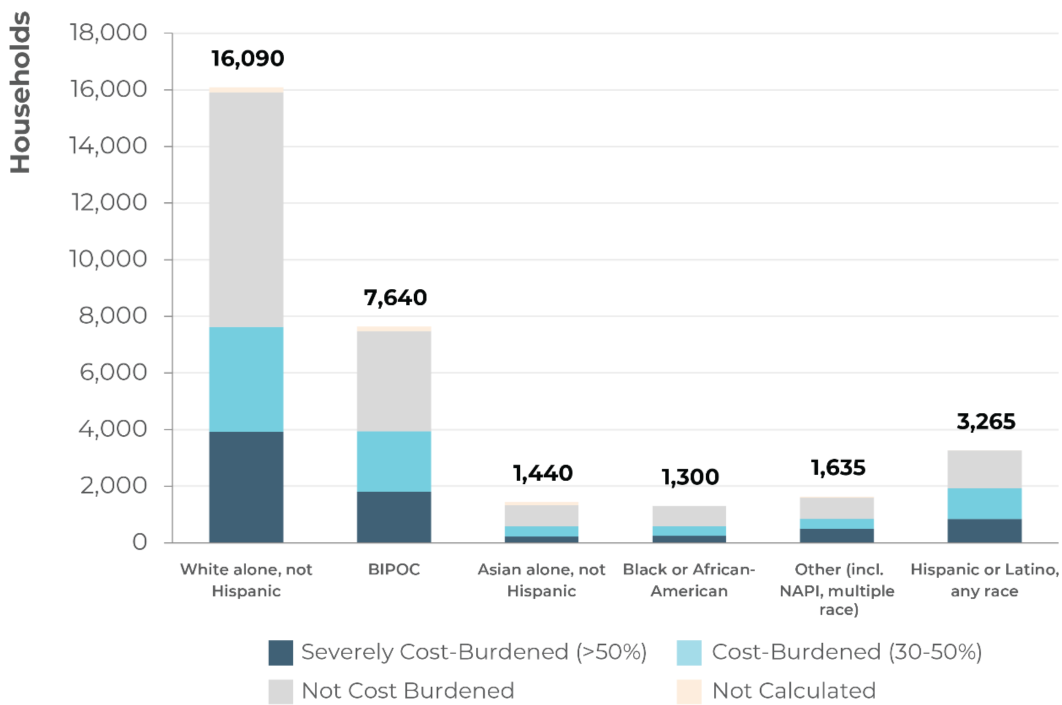
Determining the risks that households face with housing affordability and displacement can also extend to understanding the role that the housing market has had in reinforcing inequities between different groups by race and ethnicity. Even after formal discrimination in the housing market was prohibited by law, differences in community resources and informal challenges have continued many of the impacts of these policies on people of color in the community.

To assess these impacts, **Figures 9** and **10** break down the counts and proportions, respectively, of housing cost burdens faced by different groups in the community. From this information, aggregate differences in housing costs burdens are largely nominal, with white households and households that are Black, Indigenous, and people of color (BIPOC) equivalent with respect to severe cost burdens. With respect to overall cost burdens, BIPOC households have a slightly higher rate of cost burden than white households (52% versus 47%).

Examining groups in more detail, the most significant disparity between cost burdens is with Hispanic/Latino households. Compared to the overall average of 49% of households being cost burdened, about 59% of Hispanic/Latino households experience some level of cost burden. This disparity is most notably with households spending 30–50% of their income on housing, which would suggest that this is a concern, but may not reflect a critical immediate need.

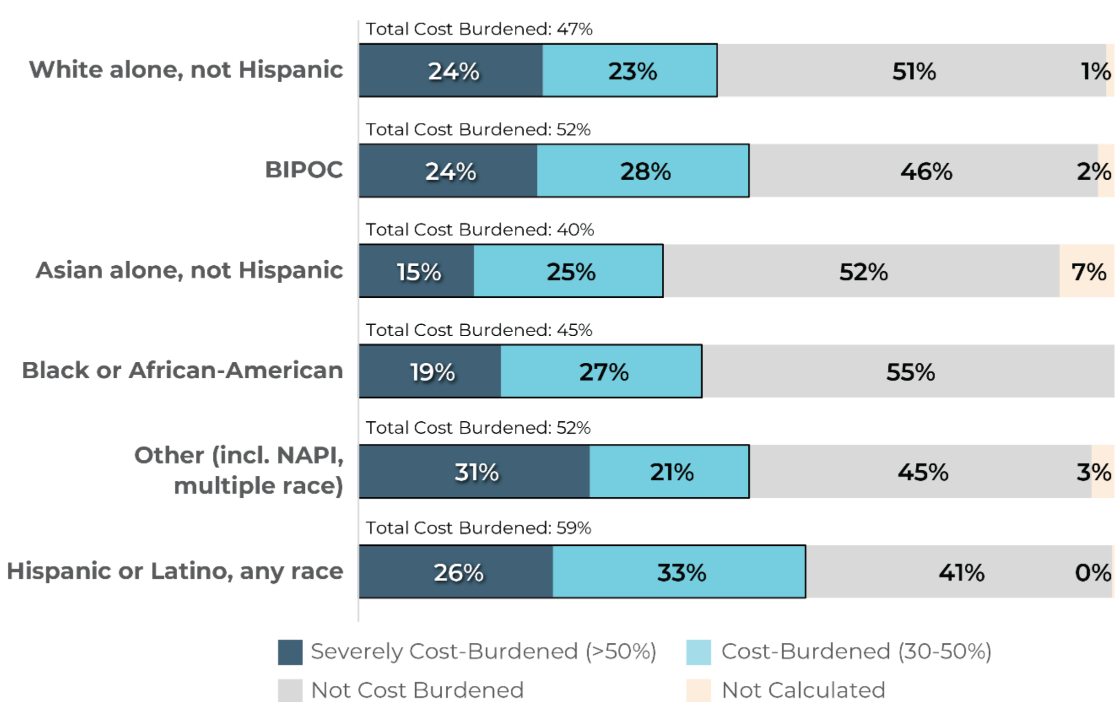
Still, this does highlight that Hispanic/Latino households may have a slightly higher risk of economic displacement in the community over other groups. Paired with concerns about cultural and social displacement, anti-displacement policies developed should be sensitive to the needs faced by this community. Additionally, while other groups in the community that have faced historical inequities may not have distinctly higher housing gaps in aggregate, housing policies should still be sensitive to the different needs of these groups across the community.

Figure 9. Rental Housing Cost Burden by Race and Ethnicity, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Figure 10. Rental Housing Cost Burden by Race and Ethnicity, Percent, City of Everett.



Sources: US Dept. of Housing and Urban Development CHAS, 2017 5-Year Estimates.

Risk Assessment

The distribution of risk across the city can be important in targeting appropriate interventions for affordability and anti-displacement measures. This analysis provides four assessments based on the spatial distribution of housing and risk factors:

- An assessment of **relative eviction risks** in Everett based on public eviction records and research from the University of Washington
- Indexes from **Displacement Risk and Opportunity Mapping** reporting provided by the Puget Sound Regional Council (PSRC)
- The **Social Vulnerability Index** (SVI) used by the US Centers for Disease Control (CDC) and the Agency for Toxic Substances and Disease Registry (ATSDR)
- An evaluation of **physical displacement risk** in Everett based on data from the upcoming County Buildable Lands Report

Evictions

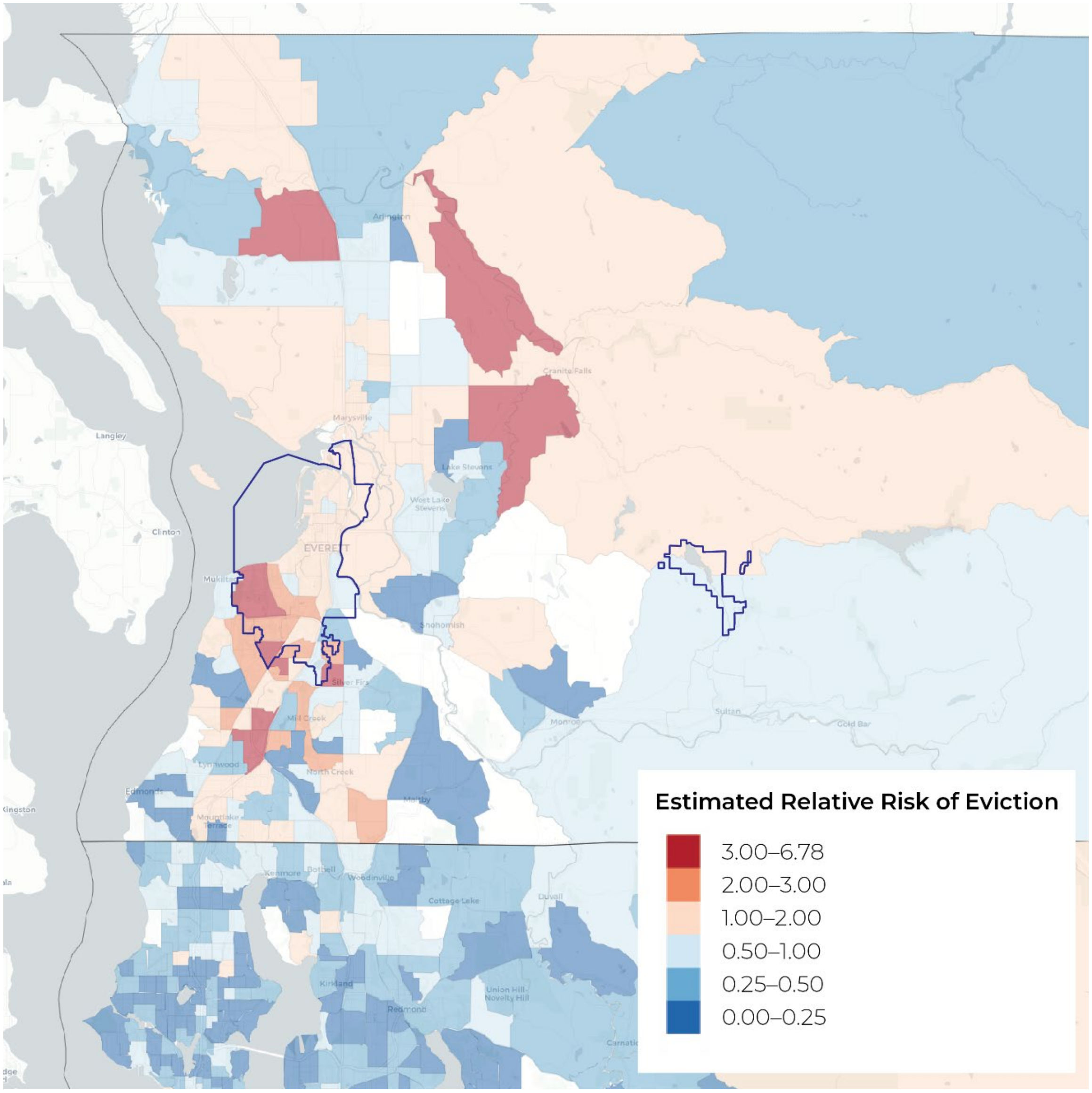
Understanding the rate at which households are evicted from housing can highlight situations where housing burdens may be severe, and households are vulnerable to financial hardship that can threaten their housing security. To identify areas where households face high eviction risks, data from the University of Washington Evictions Study is used, which captures both counts and rates of residential evictions across the Puget Sound region for the period between 2004 and 2017.

From this study, Figure 11 shows relative eviction rates across Snohomish County and north King County. Eviction rates are calculated here by comparing the number of evictions against the total number of renters within a given Census tract, and then comparing this rate to all other Census tracts within King, Pierce, Snohomish, and Skagit Counties. This index can identify locations which stand out in the region for high rates of eviction.

The highest relative rate of evictions in Everett come from southern neighborhoods, with the highest rates found in Boulevard Bluffs and Holly. For the tracts corresponding to these neighborhoods, Boulevard Hills (Census Tract 413.04) has an eviction rate of 6.6%, but the low number of renting households in this tract means that the 13 evictions recorded during this period result in a higher level of uncertainty measure. However, the tract in the Holly neighborhood (419.05) recorded 77 evictions during this period for an overall rate of 4.4%, which is over three times higher than the region overall. High evictions rates of 3.8–3.9% were also found in the tracts corresponding to the Evergreen and Westmont neighborhoods, corresponding to rates over twice of the regional average. Four additional Census tracts in the City were at least 50% over regional eviction rates during this period.

While eviction rates in Everett in general are noted as being above average, the high eviction rates in these southern neighborhoods highlight that many households in these areas are at greater risk of housing insecurity, especially in situations where financial emergencies and severe housing burdens may challenge their ability to afford housing.

Figure 11. Relative Risk of Evictions, 2004–2017.



Source: [The State of Evictions: Results from the University of Washington Evictions Project](), 2019; ESRI, 2021.

PSRC Displacement Risk and Opportunity Index Mapping

The Puget Sound Regional Council (PSRC) developed a series of indicators in 2019 to highlight the locations across the region where businesses and households may have an increased relative risk for displacement. Over the entire region, the PSRC has relied on these indexes to provide an assessment of those neighborhoods that may require additional policy focus to prevent affordability challenges from having a disproportionate impact on low-income households.

The Regional Displacement Index identifies displacement risks by indicating Census tracts that have the highest combined score for 15 indicators in the region. These indicators include:

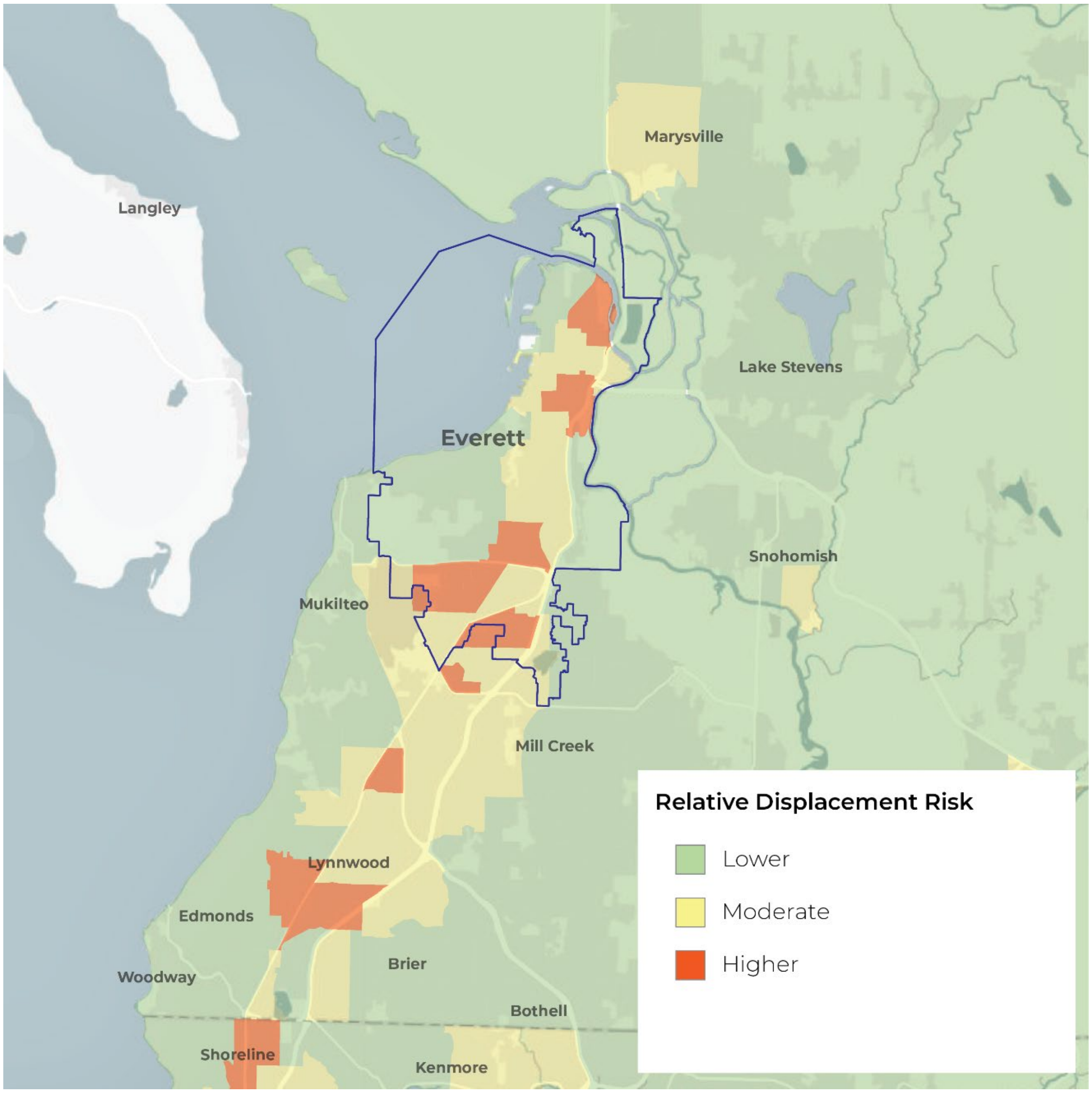
- **Socio-demographic characteristics**, such as BIPOC population, English language skills, proportion of renters, and household incomes
- **Transportation qualities** of the local neighborhood, including access to employment and proximity to current and future transit
- **Neighborhood characteristics**, including proximity to community businesses and public services, as well as locations close to high-income neighborhoods
- **Housing**, including development capacity and median rent

A second Opportunity Mapping Index highlights other elements related to the socio-economic resources and support available to residents, divided up according to the following categories:

- **Education**, including local test scores and graduation rates
- **Economic Health**, with metrics such as job growth and unemployment rates
- **Housing and Neighborhood Quality**, including local vacancy and foreclosure rates, condition of local housing, and crime rates
- **Mobility and Transportation**, including transportation costs, walkability, and access to transit
- **Health and Environment**, incorporating proximities to parks and pollution, and access to healthy food

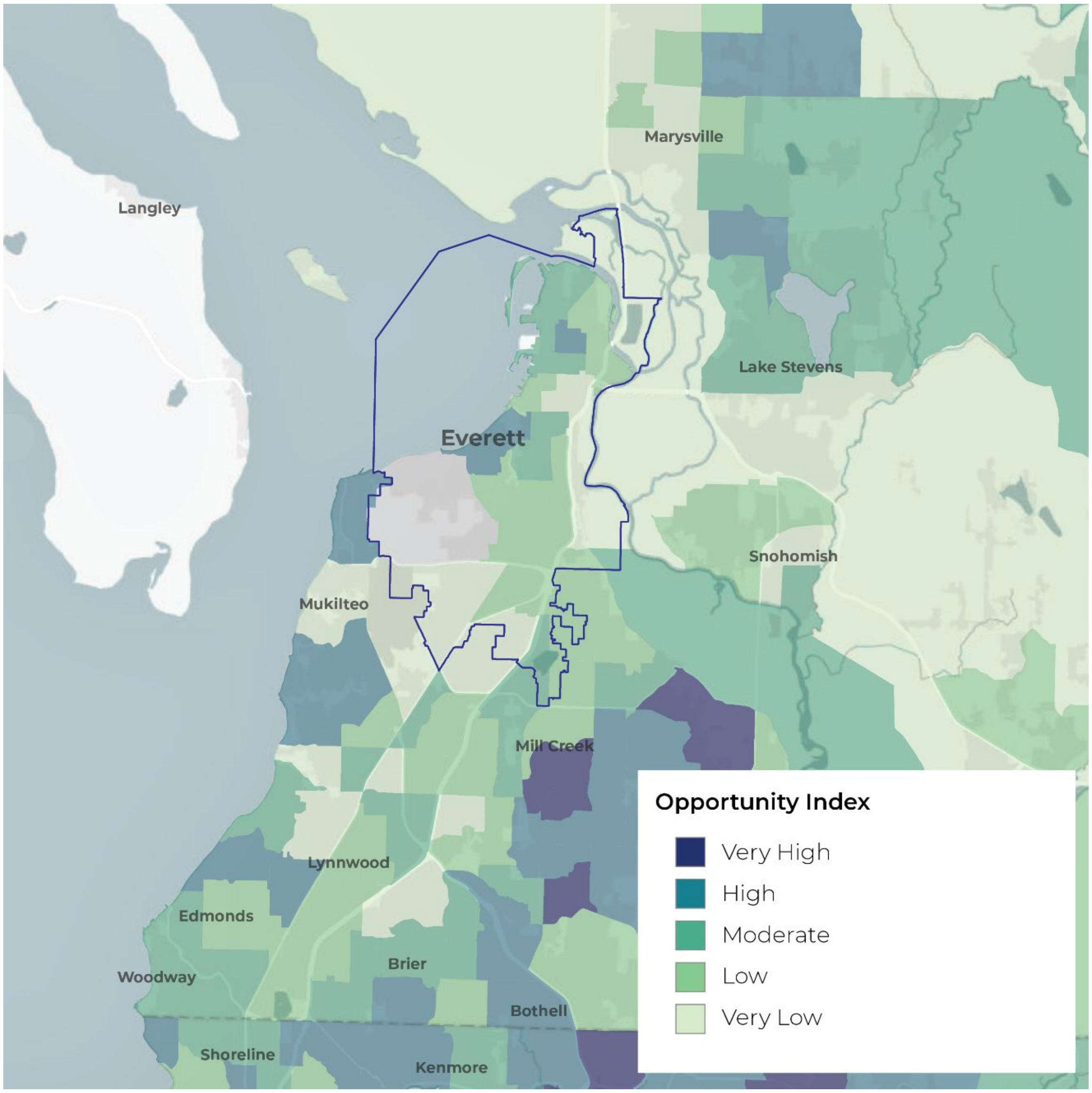
Mapping for the Regional Displacement Risk indicator is provided in **Figure 12**, while the Opportunity Index is mapped in **Figure 13**. For displacement risk in Everett, areas of moderate and high risk are found largely along the Evergreen Way corridor running north/south through the city. About two-thirds of Census Tracts in Everett are highlighted as having moderate or high displacement risk as compared to the four-county Puget Sound region as a whole, indicating that there may be particular issues with displacement in Delta, Riverside/Port Gardner, Twin Creeks, Westmont/Holly, and Pinehurst-Beverly Park. These risks may be especially acute in Westmont/Holly and Riverside/Port Gardner, where the Opportunity Index highlights lower access to opportunity.

Figure 12. PSRC Regional Displacement Risk, 2016.



Source: [PSRC Displacement Risk Mapping](), 2019; ESRI, 2021.

Figure 13. PSRC Opportunity Index, 2016.



Source: [PSRC Opportunity Index Mapping](), 2019; ESRI, 2021.

CDC/ATSDR Social Vulnerability Index

The Centers for Disease Control (CDC) and Agency for Toxic Substances and Disease Registry (ATSDR) maintain a Social Vulnerability Index (SVI) as a tool developed to identify vulnerability to hazardous events nationwide. The index was developed to assist public health and emergency response experts to identify areas of extra concern in the event of a shock such as a natural disaster or chemical spill. Many of the included variables, however, relate to housing vulnerability as well: poverty rates, identifying minority communities, and housing issues like crowding.

This metric identifies four groups of indicators that highlight particular risk factors for local populations:

- **Socioeconomic Status**, including poverty rates, unemployment, income, and adults without high school diplomas
- **Household Composition and Disability**, including the proportion of children and seniors, single-parent households, and populations with disabilities
- **Minority Status and Language**, including minority status and residents that speak English "less than well"
- **Housing Type and Transportation**, including the number of multi-unit structures and mobile homes, crowding of households, households with no vehicles, and percentage of housing as group quarters

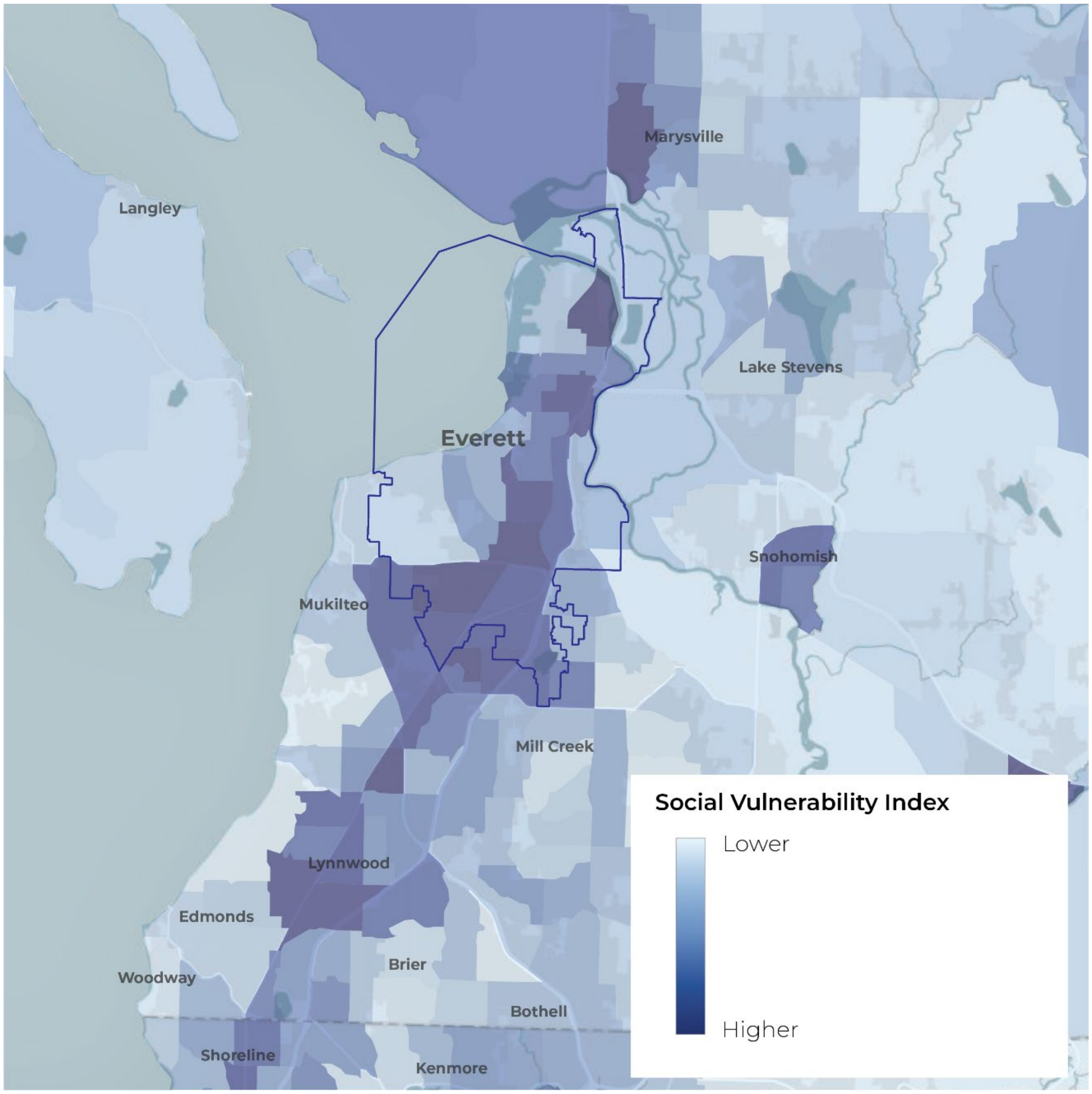
As expected, many of the more vulnerable populations in the city correspond to the PSRC metrics, and the distribution of the index indicates that Everett has a significant concentration of more vulnerable populations in Snohomish County. This reinforces the idea that Everett includes populations that are likely to be more vulnerable to impacts of displacement and housing affordability issues.

Comparisons with Buildable Lands

One final element of displacement in the long-term is the immediate risk of physical displacement of households due to redevelopment of housing. Snohomish County, in developing their regular Buildable Lands Report to support regional growth planning, provides an assessment of growth capacity within individual communities. This includes not only an assessment of how much housing can be included on vacant lands, but also the capacity of sites with depreciated housing or underdeveloped parcels to accommodate additional housing.

This can be an important measure as it highlights the housing at risk of demolition for new projects, which is one way of determining the potential for physical displacement. This may not provide the full range of risks, as changes in market conditions or zoning/development regulations may present opportunities for new projects in the community that could also displace current residents.

Figure 14. CDC/ATSDR Social Vulnerability Index, 2018.



Source: [CDC/ATSDR Social Vulnerability Index](), 2018; ESRI, 2021.

Figure 15 provides a summary of the number of parcels and housing units that are indicated as being vulnerable to redevelopment. For parcels, this includes both commercial and residential parcels, while residential units are divided generally by type (e.g., single-family, multifamily apartments, other types). Additionally, these statistics are also separated between statistics for the entire city, versus areas within a 15-minute walkshed of future extensions of Sound Transit light rail.

Note that while commercial parcels provide fewer parcels for redevelopment, they present larger areas available for new projects, amounting to 38% of developable area in general, and 59% within areas surrounding future light rail.

Under current regulations, the greatest proportion of residential units at risk for physical displacement are largely single-family and smaller attached housing, such as townhomes and plex development. Larger multifamily projects only amount to about 9% of the total stock at risk of redevelopment, and about 4% within walkshed areas.

These findings highlight two important elements with respect to future displacement across the city. First, a substantial amount of potential displacement will likely be focused on owner-occupied single-family homes. While this may present some pressures for neighborhood change, the impacts on homeowners that could receive higher proceeds from a sale are substantively different than the effects on renters.

However, this also must consider that some of the households in Everett at risk for displacement may be renting single-family homes, townhomes, and plex developments. This analysis would suggest that more dense projects that would offer investors higher returns would be possible on these sites and would likely replace “naturally occurring” affordable units in depreciated housing. Because of this, work to protect against displacement and a decline in affordability should focus on mitigating the effects of projects replacing these housing types.

Figure 15. Properties Vulnerable to Redevelopment, City of Everett.

	Total Vulnerable	Vulnerable IN walksheds	% Vulnerable in walksheds
Total Parcels	**3,034 (1,984.9 ac)**	**274 (148.9 ac)**	**9% (7% by area)**
Commercial Parcels	595 (768.8 ac)	94 (87.9 ac)	16% (11% by area)
Residential Parcels	2,286 (625.3 ac)	167 (35.9 ac)	7% (6% by area)
Residential Units	**3,518**	**270**	**8%**
SFH	2,025	170	8%
Multifamily Units	301	10	3%
Other (Townhome, Condo, Duplex, etc)	1,189	90	8%

Sources: Snohomish County, 2021; City of Everett, 2020; BERK, 2020.