

Housing Need in East King County



HOUSING AFFORDABILITY

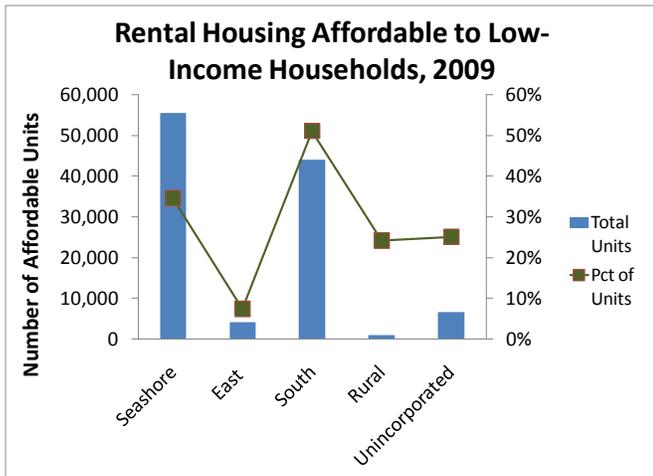
Cities planning under the state's Growth Management Act (GMA) use two commonly defined levels of affordability:

- **Low-income** (50 percent of countywide median income): \$29,960 (one person) to \$42,800 (four-person household)
- **Moderate-income** (80 percent of countywide median income): \$47,936 (one person) to \$68,480 (four-person household)

The Eastside has a smaller proportion of rental units affordable to low-income households than any other part of King County.

While home prices have decreased in the last year, home prices have increased significantly faster than incomes over the past ten years. The 2009 Eastside median condominium price of \$314,000 is more than \$18,000 over the "affordable" price for a median-income family.

People in many jobs (such as bank tellers, nurses, medical assistants, retail clerks, teachers, office administrators, and police officers) earn low or moderate incomes (see Exhibit 1, Appendix). In fact, although East King County incomes trend higher than for the county as a whole, some 30 percent of Eastside households have low or moderate incomes.



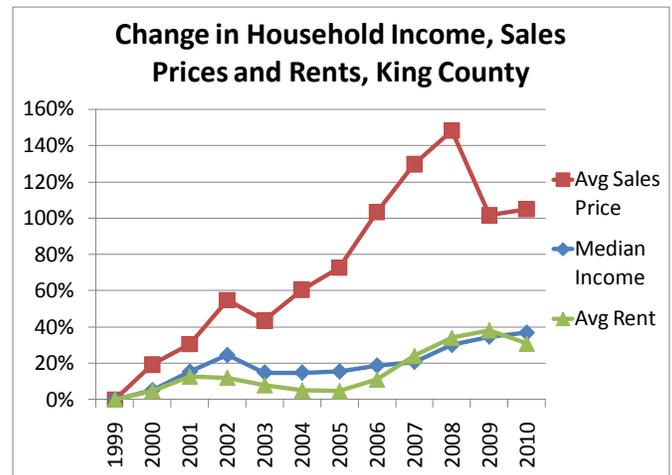
Housing is defined as affordable if its occupants spend **no more than 30 percent of their income** on housing. In East King County, nearly 54,000 households (34 percent) pay more than 30 percent of their income for housing and nearly 22,000 households (14 percent) pay more than half their incomes for housing.

DEMOGRAPHIC TRENDS

- **Household types.** One- and two-person households make up approximately 64 percent of

East King County households.

- **Population Age.** The population aged 65 and older, which grew markedly in the 1990s, stabilized in the 2000s at about 11 percent; but "Baby Boomers" have driven the 55 to 65 age group from 9 to 11 percent.
- **Population Diversity.** The percentage of non-white residents of the Eastside increased from 19 percent to 32 percent of the population between 2000 and 2010.



Housing Supply

COUNTYWIDE PLANNING POLICIES

Under GMA, jurisdictions within King County collectively adopted the Countywide Planning Policies (CPP) to meet the requirements of the GMA. Two key housing policies are:

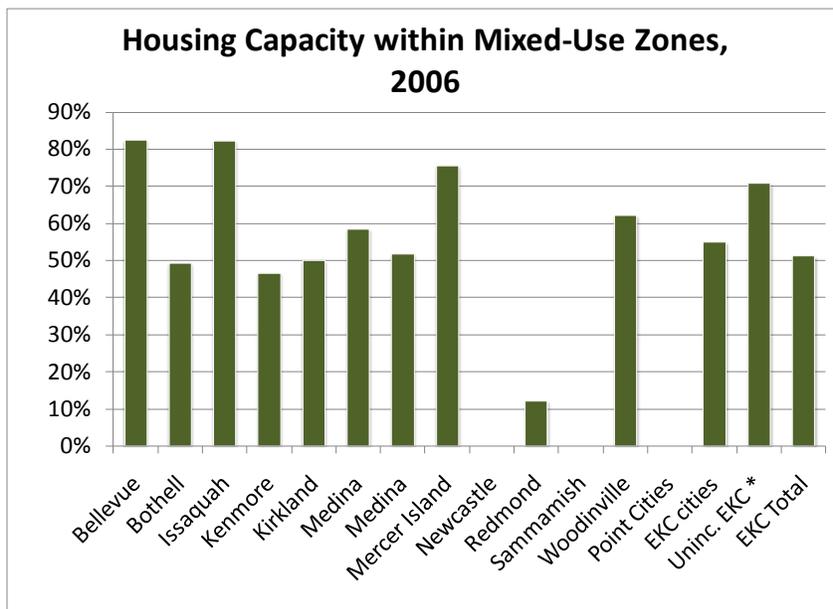


- All jurisdictions within the county agreed to share the responsibility to **accommodate the 20-year population projection and job forecast.**
- **All jurisdictions shall provide for a diversity of housing types** to meet a variety of needs and provide for housing opportunities for all economic segments of the population.

Housing demand from employment is greater than supply. The Eastside has historically been considered a bedroom community. Yet by 1990, demand from Eastside employment matched the supply of housing (a jobs-housing ratio of 1.0). By 2000, the jobs-housing ratio had risen to 1.25, meaning more demand than supply. Based on 2022 employment and housing targets for Eastside cities, the jobs-housing ratio is expected to continue to increase.

Meeting overall housing production goals. Eastside communities have been producing enough housing to meet their housing targets, and have enough land capacity to continue to meet their targets through 2022.

Majority of capacity is in mixed-use zones. As of 2006 (based on the most recent Buildable Lands Report), over 50 percent of overall residential capacity, and 80 percent of multi-family capacity in East King County is in mixed-use zones.



Affordable Housing Goals



The CPPs established affordable housing goals for each jurisdiction. Each Eastside city's goal is to create or preserve housing equal to 24 percent of local growth affordable to low-income households; and 17 percent affordable to moderate-income. This translates to an Eastside goal of 445 low-income and 315 moderate-income units annually from 2001–2022.

Eastside cities cumulatively have almost managed to meet the combined moderate-income goal, but have met just fewer than 30 percent of the combined low-income

goal. Results for individual cities vary (see Figure 11, page 18), although a combination of private market and public sector strategies have helped create nearly 6,400 units of affordable housing in East King County since 1993 (see Figure 13, page 24).

Low-income units created locally have almost always required direct public assistance. Moderate-income units have been created through direct subsidies, through the use of regulatory incentives (such as bonuses or fee waivers) and by private developers. Many of the privately-produced moderate-income units are smaller rental units affordable at over 60 percent of median income, and few have provided ownership opportunities. More recently, market efforts have produced fewer affordable units. If this trend continues, cities could continue recent trends of not achieving annual moderate-income housing goals.

Affordable Housing Strategies

Eastside cities have used a variety of strategies to support the efforts of private and affordable housing developers to provide affordable housing, including:

- **Affordable homeownership**
 - Direct assistance to homebuyers (down payment assistance)
 - Cost-reducing development strategies:
 - Allow variety of housing types and size (e.g. attached housing)
 - Land use incentives including fee waivers
 - Subsidized housing development
- **Affordable rental**
 - Direct assistance to renters (rental assistance)
 - Cost-reducing development strategies:
 - Land use incentives including fee waivers
 - Accessory dwelling units (ADUs)
 - Subsidized housing development
 - Preservation of existing affordable housing

Affordable Housing Developers

Three types of developers create affordable housing in East King County:

King County Housing Authority (KCHA). KCHA manages approximately 2,670 units on the Eastside, and assists an additional 1,500 households through the Section 8 Housing Choice Rental Voucher program, which provides monthly rent subsidies to help low-income households rent market-rate housing.



Community-Based Non-Profits. A number of non-profit organizations have developed housing in East King County. Some (such as DASH, St Andrews Housing Group and Habitat for Humanity) focus only on housing. Others are primarily service providers that assist specific groups—such as people with developmental disabilities—and have developed housing to serve their targeted populations.

Private Developers. Private developers can produce affordable housing by:

- Partnering with a non-profit organization;
- Using a government land use incentive to incorporate a percentage of affordable units into a market-rate development; or
- Building smaller, less expensive homes.

Affordable Housing Funding Sources

Providers of low-income housing typically combine or “leverage” numerous private and public funding sources for individual developments. This complicates their efforts, but does allow local resources to be highly leveraged (see chart below). Member jurisdictions have provided more than \$33 million in loans and grants through the ARCH Housing Trust Fund, and have donated land, and/or waived fees to build or preserve over 2,500 affordable units in East King County.

Funding sources for the 2,575 units of affordable housing supported by the ARCH Trust Fund, through 2009:

Funding Source	Amount	Pct of Total
City resources (funding, donated land, fee waivers)	\$34.0 million	10%
County funds	\$36.2 million	11%
State funds	\$32.9 million	10%
Tax credits	\$91.5 million	27%
Tax-exempt bonds	\$68.6 million	20%
Private (loans, foundations)	\$76.8 million	23%
Total	\$340.1 million	100%

Benefits of Affordable Housing



When communities don't have enough affordable housing, many people are affected.

Business leaders and policymakers agree that affordable housing is vital to keep our communities strong and growing. Without enough affordable housing:

- **Businesses have trouble recruiting and retaining qualified workers**, as employees are less likely to stay in a job if they cannot afford to live nearby.
- **Traffic congestion worsens** when people must commute long distances to work.
- **Children lose stability** when their parents cannot afford housing and must move frequently, and this affects the schools they attend.
- People who pay too much for housing **risk homelessness**.

Based on the work ARCH has done in communities around East King County, ARCH has learned that people in neighborhoods around the region share common values that can be useful in helping to shape proposals for affordable housing, including:

- **Quality of life.** Affordable housing can help the community's overall quality of life, for instance by being well-designed, helping to reduce commute times, or addressing homelessness.
- **Stability.** Affordable housing should create opportunities to increase stability for its residents and, consequently, the broader community.
- **Personal accountability and responsibility.** Affordable housing programs should be designed to encourage and reward personal and community responsibility.
- **Housing choices.** People should be able to live near their work or family. As personal housing needs change over time, households should be able to find housing in the community.
- **Homeownership.** Homeownership helps to build personal stability and wealth, and contributes to overall community stability. A healthy housing market should provide homeownership opportunities to moderate and middle income households.

“Moving Forward”

KEY FACTORS AND TRENDS

A number of key factors and local, regional and national trends will shape local housing efforts.

The Trust Fund should be sensitive to emerging needs, including:

- A significant proportion of very low-income households below 30 percent of median income.
- A growing and aging senior population. Senior housing should account for the long-term needs of aging residents.
- Housing programs should be culturally competent and address the housing needs of an increasingly diverse population.



Priorities of other public funders. Local housing providers leverage cities’ funds with many other funding sources. Local understanding of other funders’ priorities (and local involvement when these priorities are established) is crucial to our success.

Homelessness. Public and community-based organizations in King County are coordinating efforts through the Committee to End Homelessness (CEH). As part of that effort, local organizations have prepared an *East King County Plan to End Homelessness*.

Local housing market conditions:

- A tight real estate market makes it difficult for local groups to secure properties;
- The decreased affordability of new housing further challenges our communities; and
- Conversion of rental units to condominiums can affect the supply and affordability of rental housing.

Housing demand from employment. Current employment levels on the Eastside creates more demand for housing than there is housing available.

Residential capacity and housing in mixed use zones. Housing production has generally been at or above adopted housing targets. Eastside cities currently have land capacity to meet 2031 housing targets; however, over 50 percent of overall residential capacity and 80 percent of multi-family housing capacity in the Eastside exists in mixed-use zones.

Preservation of existing affordable housing. The ARCH Housing Trust Fund has actively supported retention of existing affordable housing. There are three main types:

- Federally subsidized Section 8 housing projects.
- Existing affordable private ‘market-rate’ rental housing.
- Manufactured housing communities.

Frequently Asked Questions



Is there affordable housing in East King County now? Why do we need more?

There are over 6,300 units of housing on the Eastside that are affordable to low-income households. But that amount represents the lowest percentage of the total housing stock of any part of King County. In fact, among households earning \$10,000 to \$50,000 a year, the percentage who pay too much of their incomes for housing is higher on the

Eastside than the rest of King County. Our need for additional affordable housing is growing. As our community grows, there are an increasing number of working families with limited income, seniors on fixed incomes, and other people with special needs.

How will affordable housing affect my neighborhood?

Affordable housing is subject to the same local review process as other housing, and must conform to comprehensive plan and land use requirements. Local policies also encourage mixing affordable housing within market rate multi-family developments. Numerous studies around the county show that existing affordable housing (including affordable housing on the Eastside) have not lowered property values.

Will affordability of new housing be maintained over time?

Yes. Cities and other funders that create affordable housing require legal agreements to maintain affordability for 30 years or more. These types of commitments apply to any projects that receive public funds, including affordable ownership projects where relative affordability will be passed on to future buyers.

How will more affordable housing improve our quality of life?

Many essential employees in our community (including teachers, police officers, retail employees and administrative support staff) have incomes low enough that they have trouble finding housing they can afford. Affordable housing makes it possible for more people to live near where they work, develop a sense of community, and get involved. Affordable housing can improve the lives of homeless or disabled people by helping them stabilize their lives and seek employment or support services.

Local goals for affordable housing seem high—24 percent of growth for low-income and 17 percent for moderate-income. Why do we need this much affordable housing?

Our goals may seem high, but they are comparable to the income mix of the overall workforce. That is, over 20 percent of households are low-income (earn less than 50 percent of median income) and about 17 percent are moderate-income (earn between 50 percent and 80 percent of median income).

If we achieve our affordable housing targets, they will address the needs of our growing workforce. However, these targets won't necessarily address the needs of existing residents who are currently paying more than they can afford for housing, or existing employees who commute long distances every day because they cannot find affordable housing on the Eastside. Local goals are designed to address needs generated by our workforce and existing residents.



What is ARCH?

ARCH (A Regional Coalition for Housing) is a partnership of 15 East King County cities and King County that work together to help preserve existing affordable housing and develop new housing opportunities for low and moderate-income families. ARCH doesn't expand the role of local government, but rather helps local governments be more effective in their traditional housing roles such as developing housing policies and regulations; providing financial assistance to groups that develop affordable housing; and implementing housing programs. In addition, with the ARCH Housing Trust Fund, ARCH is able to help Eastside cities dedicate funds to affordable housing and distribute that housing equitably around the region. Learn more about ARCH and local affordable housing at www.archhousing.org.