

II. NEEDS ANALYSIS SUPPLEMENT: ISSAQUAH

This report supplements information provided in the *East King County Housing Analysis*. Its purposes are to: highlight demographic and housing data for Issaquah that vary from the material presented in the first part of the *Housing Analysis*, and summarize housing programs utilized by the city.

LOCAL DEMOGRAPHIC-HOUSING DATA

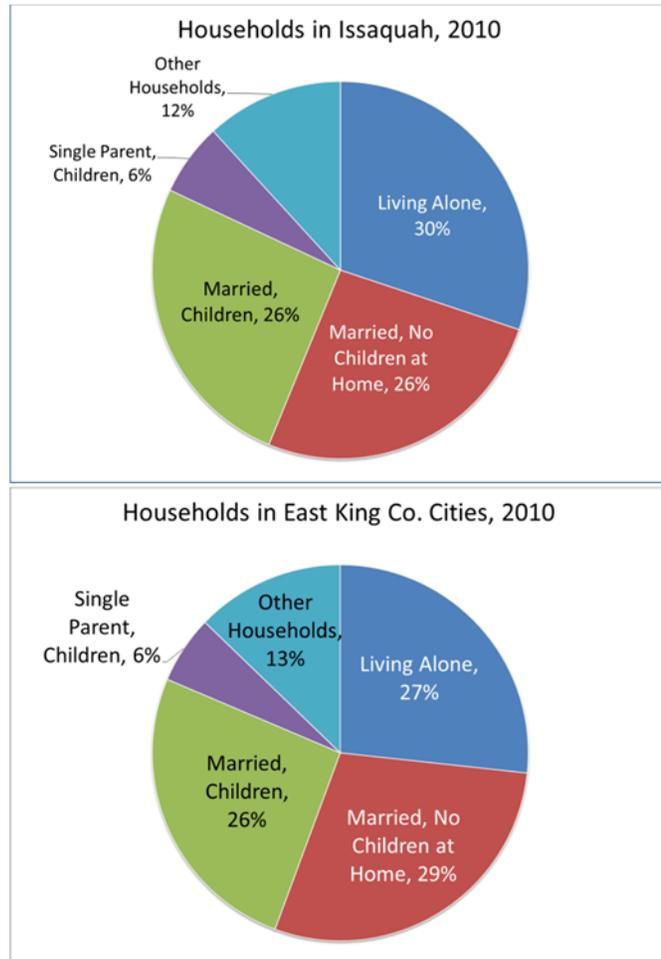
Housing Demand Factors

Issaquah was the fastest growing East King County (EKC) city from 2000 to 2010; its population nearly tripled (Appendix, **Exhibit A**). One-third of that growth came from annexation, yet *even without annexation Issaquah's population change was the greatest in EKC*. Much of the growth occurred in the Issaquah Highlands and Talus master planned communities.

As in other East King County cities, nearly two out of every three Issaquah households has only one or two people (Appendix, **Exhibit C-2**). But the biggest increase in Issaquah's household types occurred in married-couple families with children: from 21% in 2000 to 26% of the total (Appendix, **Exhibit B**), a degree not experienced in other communities. The overall result is that *the city's household profile today looks very similar to EKC overall (Chart I-1)*.

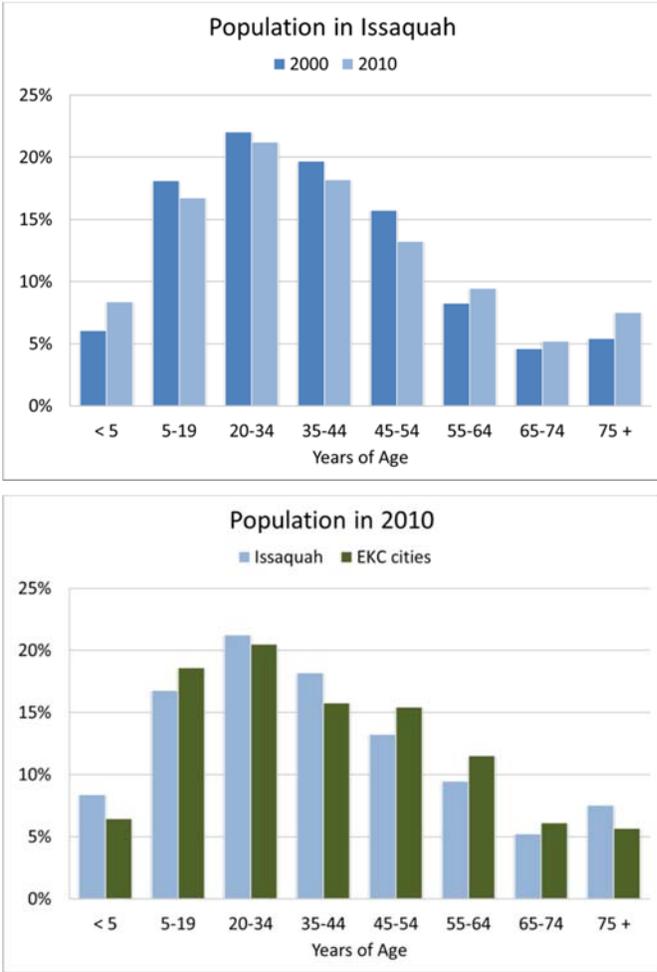
Given changes in population age, it appears that those new Issaquah families have more preschool than school-age children (**Chart I-2**). At the same time, those aged 55 and older grew in percentage (totaling 22% in 2010), while the percentage of younger adults declined (see also Appendix, **Exhibits D-1 and D-2**). While the percentage of population over 55 is similar to EKC cities, the city has a higher proportion of residents over age 75. This could be the result of having several relatively large developments catering to seniors.

CHART I-1 Household Types



Source: 2010 U.S. Census.

CHART I-2 Population Age



Source: 2010 U.S. Census

of jobs within the city is similar to the overall mix across East King County, with the exception of a relatively high proportion of retail jobs, which tend to pay less in Issaquah than elsewhere in King County. But combining all sectors, Issaquah has the third highest overall average wage among East King County cities, higher also than the average salary for all of King County (Appendix, **Exhibit J-1, J-2**).

The city of Issaquah has been mindful of its economic development, and especially active recently to make the city as conducive as possible for business growth. In the course of building a better understanding of the concerns of employers, the city found important connections between housing and economic development. A 2012 Issaquah Business Community Survey reported that Issaquah employers rank housing affordability as the #1 issue to recruit and retain employees. When asked what would help recruit and retain employees, 62% of businesses stated

The median household income of Issaquah residents is in the middle of the range of EKC cities, and as with most cities in East King County, higher than the countywide median (Appendix, **Exhibit F-1**). The poverty rate in Issaquah is only about half that for all households in East King County; however, compared to other cities, poverty rates in Issaquah are skewed toward individuals and “other households” (Appendix, **Exhibit G-3**).

In considering housing demand from the local workforce (people who work but don’t necessarily live in Issaquah), two factors are most important: the jobs-housing balance¹ and employees’ wages. **Chart 5** (Section I) shows that East King County’s jobs-housing ratio increased from well below 1.0 in 1970 to 1.3 in 2006. Issaquah’s had an even greater increase in its ratio during that time. *By 2031, the city may experience another large jobs-housing increase, if employment and housing targets are realized* (Appendix, **Exhibit I**). The mix

¹ See Section I, page I-11 for an explanation of the jobs-housing ratio.

more affordable or workforce housing would be helpful. Some firms linked employee attrition and recruitment difficulties to employees having long commutes.

“Housing cost burden”² in Issaquah is close to 40% of all households—higher than most of EKC and roughly equal to the countywide rate (Appendix, **Exhibit H-1**). Among renters, the cost-burden rate in Issaquah has been steady over time, but “severe cost burden” rose sharply from 13% to 21% in the 2000s (Appendix, **Exhibit H-4**); except for a few cities, this is a greater increase than the rest of EKC and King County overall. The proportion of cost burdened homeowners also increased (as in most other cities in East King County).

Housing Supply Factors

Issaquah’s housing stock has long had a higher proportion of multi-family housing than East King County overall (59% vs 46%) and a relatively high proportion of its multi-family housing in properties of fewer than 20 units (Appendix, **Exhibit L-1**). The city’s profile today is most like Kirkland and Redmond.

Notwithstanding the growth of multi-family housing, the homeownership rate in Issaquah has increased in Issaquah over the last 20 years from 48% to 66%, so that ownership rates in Issaquah now are similar to East King County overall (Appendix, **Exhibit L-3**). A big reason is that—similar to Bellevue—*42% of the multi-family housing built since 1994 was built for owner-occupancy* (Appendix, **Exhibit L-5**).

The city’s average home price (single-family and condominiums) fell 32% as a result of the recession (compared to 21% in all EKC cities and 17% across King County), but rebounded 18% since then (about the same level as EKC and King County overall). Meanwhile, except for a dip from 2009 to 2010, average rents have increased consistently everywhere over the past decade.

In 2013, Issaquah had about the same levels (14%) of rental housing affordable for low-income households as EKC overall, but less for moderate-income families (39% versus 45% in EKC). For homeowners, values were similar at the moderate-income level (3% to 4% affordable) and a slightly higher proportion affordable from 80% to 100% of median income (10% versus 6% in EKC). Both the city and EKC had significantly less affordable housing, both rental and ownership, less than the county overall (Appendix, **Exhibit M-2**).

Looking ahead, Issaquah has sufficient zoned land capacity to meet its housing target, and like several other cities in East King County, much of that capacity is in mixed-use zones (Section I, **Chart 12**).

In summary, Issaquah is unique on the Eastside for its residential growth, and that growth has made it demographically more like the rest of King County. Issaquah continues to stand out, along with Bellevue, Redmond, and Woodinville, with one of the highest projected jobs-housing ratios.

² See Section I, page I-10 for definitions of cost-burdened and severely cost-burdened.

SUMMARY OF LOCAL HOUSING STRATEGIES

The following list of strategies comes from the Implementation section of Issaquah's 2005 Comprehensive Plan Housing Element, with a summary of accomplishments for each.

Sufficient Land for Housing

In Master Planned Developments (MPDs; e.g., Issaquah Highlands, Talus) and the Central Issaquah Plan, the city has ensured capacity for sufficient quantity and variety of housing to meet the future demand for housing. The Central Issaquah Plan, approved in 2012, will guide an evolution of the city's 1,100-acre commercial core into a more sustainable urban area that will meet the community's needs for environmental protection, jobs, housing, and rapid transit.

In addition, the city worked with MPD developers to set aside land for affordable housing; for example:

- YWCA Family Village in Issaquah Highlands: 140 apartments.
- Imagine Housing's Rose Crest at Talus: 50 townhomes.
- Future land lease and development, Rowley property: up to 150 units.

Provide for Existing and Projected Needs of All Economic Segments of the Population.

Development agreements for Rowley and Lakeside properties provide combinations of tools that will result in a diversity of neighborhoods and housing capable of serving people of a wide range of incomes. Development capacities were increased in exchange for establishing certain amounts of affordable housing, and the city agreed to waive some impact fees.

- Six developments in Issaquah Highlands: over ____ affordable units.
- Lakeside: up to _____ affordable units.
- Rowley Property Redevelopment: at least ____ affordable units.

Including its assistance for housing in other East King County communities, Issaquah has helped create 62% of its moderate-income housing goal and 16% of its low-income housing goal (Section I, **Chart 11**, and Appendix, **Exhibit S-1**).

Encouraging Maintenance of Older Homes for Low- and Moderate-Income Households.

- Issaquah averages two to three new accessory dwelling units (ADUs) each year, which not only provide affordable housing, but help owners with income to maintain their properties.
- One project funded through the trust fund was preservation of two older properties as affordable housing, with one property resulting in preserving affordable housing that received federal assistance.

Evaluate Potential of City-Surplus Land for Housing and Other Public Uses

The city has helped create or preserve a variety of affordable housing by donating land and existing homes to non-profit housing providers.

Participate in Regional Programs to Coordinate and Distribute Funding for Housing

The city has consistently contributed general fund support to ARCH's housing trust fund, creating or preserving affordable housing in Issaquah and across the Eastside.

Reasonable Regulations and Permit Processing

To assure that requirements and procedures were effective and not unduly burdensome to developers, the city created a dedicated office to serve the MPDs.