

Snoqualmie Valley Regional Housing Needs Assessment



REPORT

January 10, 2023



Cottage



Cottage Court



Duplex



Multiplex



Townhome



Live Work

ACKNOWLEDGEMENTS

The Snoqualmie Valley Region is focused on creating new opportunities focused on creating housing options that better align with need and demand based on income, life stage and housing preference. This work is made possible from funding made available through HB 1406.

The findings reflect current trends and forecasts of housing needs throughout the region. This Housing Needs Assessment also reflects input received from project stakeholders with analysis by FCS GROUP, Blue Line and LDC (project consultants).

We specifically recognize and appreciate the time and commitment provided by the following individuals.

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GLOSSARY

Accessory Dwelling Unit (ADU): A small living space located on the same lot as a single-family house.

Affordable For-Sale Housing: An owner-occupied dwelling with an annual housing cost (mortgage payments, utilities, property taxes, etc.) that equates to no more than 30% of household income. *

Affordable Rental Housing: A dwelling that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30% of the household's monthly income. If income-restricted or government supported, U.S. Housing and Urban Development (HUD) income restrictions vary by family size. *

**A healthy housing market includes a variety of housing types that are affordable to a range of household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be in public, non-profit or for-profit developments. It can also include housing vouchers to help pay for market-rate housing (see “Vouchers” below for more details).*

American Community Survey (ACS): This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing.

Area median income (AMI): This term refers to area-wide median family income calculations provided by the federal Department of Housing and Urban Development (HUD) for a county or region. Income limits to qualify for affordable housing are often set relative to AMI in this report, unless otherwise indicated.

Buildable Lands Inventory (BLI): An assessment of the capacity of land to accommodate forecasted housing and employment needs.

Buildable Residential Land: Includes land that is designated for residential development that is vacant and part-vacant and not constrained by existing buildings or environmental issues.

Cost Burdened: Defined by US Department of Housing and Urban Development (HUD) as households who spend over 30% of their income on housing.

Cottages: Small, single-level, detached units, often on their own lots and sometimes clustered around pockets of shared open space.

Density: Defined by the number of housing units on one acre of land. Based on the 2021 King County Buildable Land Report, housing development density assumptions are as follows:

- **Very Low Density:** 0-4 dwelling units per net acre
- **Low Density:** 4-10 dwelling units per net acre
- **Medium Low:** 10-24 dwelling units per net acre

- **Medium High Density:** 24-48 dwelling units per net acre
- **High Density:** 48+ dwelling units per net acre

Development density: Expected number of dwelling units (per acre) based on current zoning designations.

Employment Sectors: This report includes an analysis of current employment trends for the following employment sectors: Industrial (includes manufacturing, warehousing, distribution, transportation, communications, utilities, construction trades, wholesale trade); Retail (includes businesses that sell end products to consumers); Government (includes local, state and federal workers); Services (includes all other occupations such as business and personal services).

Fair market rent (FMR): HUD determines what a reasonable rent level should be for a geographic area and sets this as the area's FMR. Housing choice voucher program holders are limited to selecting units that do not rent for more than fair market rent.

Family: A group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together.

Group Quarters: People living in shared housing facilities, such as a college dormitory, military barrack, nursing home or temporary shelter are not considered households and are counted as group quarters population.

Housing Affordability Index: The Housing Affordability Index (HAI) is calculated and maintained by the Washington Center for Real Estate Research (WCER) at the University of Washington. It measures the ability of a middle-income family to make mortgage payments on a median price resale home. WCER assumes the following terms: a median priced home of an area, a 20% down-payment, a 30-year fixed mortgage, and the purchaser with a median household income for the area. Critical to the notion of affordability, a household does not spend more than 25% of its income on principal and interest payments. When the HAI is exactly 100, the household pays exactly 25% of its income to principal and interest. When the index lies above 100, a household will spend less than 25% of its income on mortgage principal and interest. A HAI score of less than 100 indicates housing is not affordable at the assumed terms listed above.

Housing Unit (or Dwelling Unit): A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other person in the structure and there is direct access from the outside or common hall.

Household: Consists of all people that occupy a housing unit. The people can be related, such as a family or unrelated. A person living alone is also a household.

HUD: Acronym for US Department of Housing and Urban Development, the federal agency dedicated to strengthening and supporting the housing market.

Low-Income: Families designated as low-income may qualify for subsidized housing and/or income-based deed-restricted housing units. HUD classifies families based on median family income levels as shown below:

| Income Category | Household Income* |
|----------------------|--------------------|
| Extremely low-income | 30% of MFI or less |
| Very-low income | 30-50% of MFI |
| Low income | 50-80% of MFI |
| Moderate income | 80-100% of MFI |
| Above median income | > 100% of MFI |

* Median Family Income (MFI) for the HUD defined market area.

Manufactured Housing: A type of prefabricated home that is assembled off site and then transported to sites of use. The definition of the term in the United States is regulated by federal law (Code of Federal Regulations, 24 CFR 3280): "Manufactured homes are built as dwelling units of at least 320 square feet in size, usually with a permanent chassis to assure the initial and continued transportability of the home. The requirement to have a wheeled chassis permanently attached differentiates "manufactured housing" from other types of prefabricated homes, such as modular homes.

Median Family Income (MFI): The median sum of the income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. Median income of non-family households tends to be lower than for family households. In this report both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (AMI) unless otherwise specified.

Middle Housing: Housing types that are attainable for households earning less than 120% of the area median income level. Typically includes plexes (2-4 units per structure), townhomes, apartments, accessory dwellings, cottage homes and manufactured homes.

Mixed Use: Characterized as two or more residential, commercial, cultural, institutional, and/or industrial uses into one combined building or building(s) on the same parcel of land.

Multi-Family Housing: Stacked flats in a single buildings or groups of buildings on a single lot typically with 5 or more units per structure. Parking is shared, and entrance to units is typically accessed through a shared lobby.

Part-vacant land: Unconstrained land that has some existing development but can be subdivided to allow for additional residential development.

Permanent Resident Population: This refers to the count of all people (citizens and noncitizens) who are living in the location at the time of the census. People are counted at their usual residence, which is the place where they live and sleep most of the time.

Plexes: two to four separate dwelling units within one structure on a single lot. In most instances each duplex, triplex or quadplex unit has its own separate entry.

Residual Land Value: The amount a developer would typically be willing to pay for the land/site to build a specific real estate improvement based on underlying assumptions and market conditions.

Seasonal dwellings: The owner intends these units to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season: for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round.

Severely Cost Burdened: Defined US Department of Housing and Urban Development (HUD) as households who spend over 50% of their income on housing.

Single Family Attached: Residential structures comprised of two to four housing units with a shared wall that separates each unit. "Attached" duplexes require a single building permit for both dwelling units.

Single Family Detached: Free standing residential building, unattached, containing separate bathing, kitchen, sanitary, and sleeping facilities designed to be occupied by not more than one family, not including manufactured and mobile homes.

Subsidized Housing: Public housing, rental assistance vouchers, and developments that use Low-Income Housing Tax Credits (LIHTC) are examples of subsidized housing. Subsidized housing lowers overall housing costs for its occupants. Affordable housing and subsidized housing are different even though the terms are sometimes used interchangeably.

Subsidized Units: Subsidized dwelling units funded in part or in whole by one or more of the following sources: low-income housing tax credits (LIHTC), Section 8, USDA, other HUD, or state grants.

Tenure: Tenure refers to the ownership of the housing unit in relation to its occupants. According to the U.S. Census Bureau, a housing unit is "owned" if the owner or co-owner(s) live in the unit, even if it is mortgaged or not fully paid for. A cooperative, condominium or mobile home is "owned" only if the owner or co-owner lives in it. All other occupied housing units are classified as "rented."

Townhome (also known as duplexes, rowhouse, etc.): Attached housing units, each on a separate lot, and each with its own entry from a public or shared street or common area.

Vacant housing unit: A housing unit is vacant if no one is living in it at the time of enumeration unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by people who have a usual residence elsewhere are also classified as vacant.

Vacant land: Vacant and part-vacant land identified within the local buildable land inventory that is not developed and unconstrained for future planned residential development.

Vouchers (Tenant-based and Project-based): HUD provides housing vouchers to qualifying low-income households to off-set a portion of their rents. These are typically distributed by local housing authorities. Vouchers can be "tenant-based," meaning the household can use them to help pay for market-rate housing in the location of their choice. The tenant pays the difference between the fair market rent and 30% of the tenant's income. Or vouchers can be "project-based," meaning they are assigned to a specific building.

Workforce Housing: Affordable workforce housing means housing for a single person, family, or unrelated persons living together and earning 80% or less of the county median income,

INTRODUCTION

PURPOSE

Communities across the nation are facing unprecedented challenges with providing housing that better aligns with need and demand based on income, life stage, and housing preference. In response, the cities of the Snoqualmie Valley Region (Carnation, Duvall, North Bend, and Snoqualmie) continue to pursue policies and planning activities aimed at understanding housing needs and implementing local actions to preserve affordable housing and foster additional housing development.

The Snoqualmie Valley Housing Needs Assessment (HNA) examines current housing conditions; forecasts long-term housing needs; and identify potential policies that support a fair and equitable housing environment. The HNA process included a review of current land use and public facility plans, and local development regulations to determine existing conditions and perceived barriers to new development.

The overall goal of the Housing Needs Assessment is to help focus community efforts on the most critical local housing issues.

The Snoqualmie Valley Housing Needs Assessment is intended to identify long-term housing needs and to analyze and recommend housing policy strategies that will help foster new housing opportunities for households of all income. The policies and practices discussed in this Memorandum are intended to build upon the efforts already undertaken by the cities of the region.

The four primary objectives of the Housing Needs Assessment aim to:

- 1. Evaluate housing options and recommend housing needs that will inform the Housing Chapter of the Comprehensive plans of cities of the region and identify the highest needs for affordable housing.**
- 2. Inform the community on its housing needs for households that are low and very low income.**
- 3. Aid officials in assigning priority and resources to the housing needs identified.**
- 4. Provide a necessary guide in developing appropriate housing policies, programs, and strategies.**

Regional Context

Because housing markets are rarely contained within a single jurisdiction, a regional perspective is necessary to understand market dynamics. For example, if safe and affordable housing is not sufficient in one community, people are likely to search for housing in nearby jurisdictions rather than leave the region altogether.

The focus of this HNA is on four cities within the Snoqualmie River Valley, with housing needs focused on the municipal boundaries and urban growth areas (UGA) of Carnation, Duvall, North Bend and Snoqualmie.

While the area surrounding these cities is rural in nature, the proximity to the greater Seattle/Bellevue Metropolitan Region makes the Snoqualmie Valley Region an attractive destination for people to live and work outside large urban settings. As discussed later in this report, the Snoqualmie Valley Region has seen an influx of new residents and second-home buyers since the beginning of the global Covid pandemic (2020+) which has led to a record level of new residents.

APPROACH

The process used to create this HNA report included:

- **Demographic Assessment** of historic population growth patterns, household sizes, income growth, age, and other factors that impact the nature of housing demand growth.
- **Housing Market Analysis** with a review of existing housing conditions in each community including housing type and tenure, home value, average rents and rent cost burden.
- **Housing Needs and Land Capacity for each city and UGA** based on the latest housing target recommendations the capacity analysis of buildable lands provided by King County.
- **Identification of Local Policy Considerations** and best practices that cities across the Washington area are implementing to address their housing needs. These policies will be further evaluated during the subsequent Housing Action Plan that will be prepared for each city.

With the completion of this Regional Housing Needs Assessment, each of these four cities intends to utilize the findings contained herein to prepare a specific Housing Action Plan and Comprehensive Plan updates.

It should be noted that the findings contained in this Regional Housing Needs Analysis are based on current planning assumptions and state requirements as of December 2022, and do not reflect any additional housing requirements that may result from implementation of pending King County Affordable Housing Task Force recommendations per House Bill 1220 for affordable housing.

REGIONAL OVERVIEW

Population and Households

The cities of the Snoqualmie Valley Region are growing and continue to set record population levels every year. Combined, the four cities of Snoqualmie, Carnation, Duvall, and North Bend have an estimated 32,905 residents (July 1, 2022, estimate). These four cities added nearly 10,000 residents between 2010 and 2022 (**Exhibit 1**). Three of the four cities are far outpacing the state and county-wide population growth rate, with the City of Snoqualmie setting the highest annual population growth rate of 5.71% since 2010.

Exhibit 1: Population Trends (2010-2022)

| | 2010 | 2020 | 2021 | 2022 | 2010-2022 AGR |
|-------------------------|---------------|---------------|---------------|---------------|------------------|
| Washington | 6,561,297 | 7,706,310 | 7,766,975 | 7,864,400 | 1.52% |
| King County | 1,879,189 | 2,269,675 | 2,287,050 | 2,317,700 | 1.76% |
| City of Snoqualmie | 9,058 | 14,121 | 14,490 | 14,490 | 3.99% |
| City of Carnation | 2,081 | 2,158 | 2,150 | 2,160 | 0.31% |
| City of Duvall | 6,271 | 8,034 | 8,125 | 8,320 | 2.38% |
| City of North Bend | 5,688 | 7,461 | 7,685 | 7,915 | 2.79% |
| Four-city Region | 23,098 | 31,774 | 32,450 | 32,885 | 2.99% |

Source : Washington State Office of Financial Management

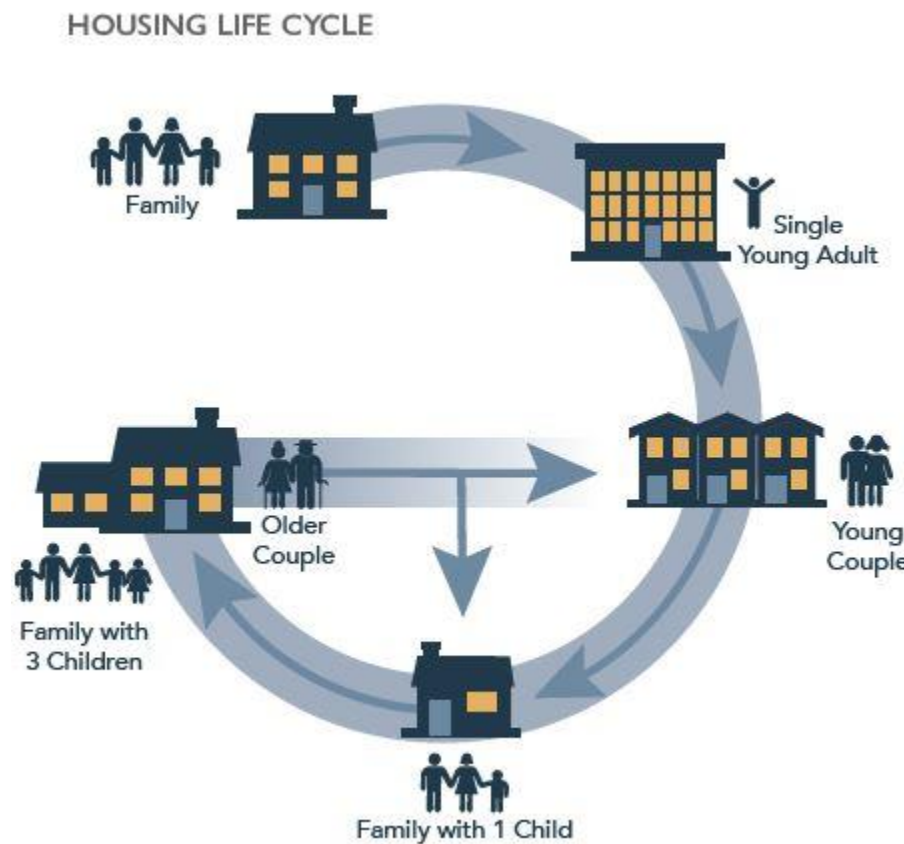
AGR = average annual growth rate.

Factors affecting housing needs

There is a linkage between demographic characteristics and housing choice. As shown in **the figure below**, housing needs change over a person's lifetime.

Other factors that influence housing include:

- » Homeownership rates increase as income rises.
- » Single family detached homes are the preferred housing choice as income rises.
- » Renters are much more likely to choose multifamily housing options (such as apartments or plexes) than single-family housing.
- » Very low-income households (those earning less than 50% of the median family income) are most at-risk for becoming homeless if their economic situation worsens.



The relationship between demographic changes, income levels and housing preferences can shed light on future housing needs for the Snoqualmie Valley Region.

Population by demographic age cohort is shown in **Exhibit 2**. Overall, the cities of the Snoqualmie Valley Region have more young families than the county and state average with a higher share of Generation Z and Generation X residents.

Silent Generation (age 75 and over)

This includes retirees over age 75, who were raised during the Great Depression, World War I or World War II. This cohort currently accounted for just 2% of the Snoqualmie Valley Regional population in 2020. As they reach their 80s some desire to move into assisted living facilities with nearby health care services and transit access.

Baby Boom Generation (age 55 to 74)

Baby boomers accounted for 16% of the Snoqualmie Valley Region residents in 2020. The boomer population segment has been growing more rapidly than the other cohorts over the past 10 years and many are now entering their retirement years. Boomers usually prefer to “age in place” until after age 80, then may downsize or move in with family members (sometimes opting to reside in accessory dwellings off the main house).

Generation X (age 40 to 54)

Gen X is the demographic cohort following the baby boomers and preceding the Millennials. This cohort accounted for 26% of the Snoqualmie Valley Region residents. GenX households often include families with children, and many prefer to live in single family detached dwellings at various price points.

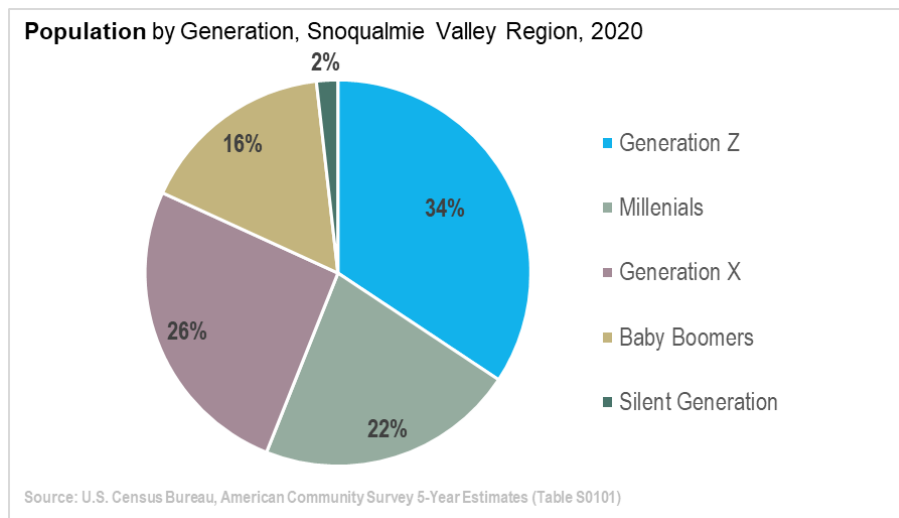
Millennials (age 25 to 39)

Millennials (currently in their twenties or thirties) accounted for 22% of the Snoqualmie Valley Region residents in 2020. Younger millennials tend to rent as they establish their careers and/or payback student loans. Working millennials often become first-time homebuyers, opting to purchase smaller single family detached homes or townhomes. Millennials in their 30s often include high tech or higher income earners that can afford market rate detached homes or townhomes.

Generation Z (under age 24)

This is one of the largest demographic segments and accounted for 34% of the residents in the Snoqualmie Valley Region. It includes children living primarily with Millennials and GenXers. This segment has been increasing over the past several years, but this growth may slow in the future as GenXers are delaying starting families and tend to have fewer children than past generations.

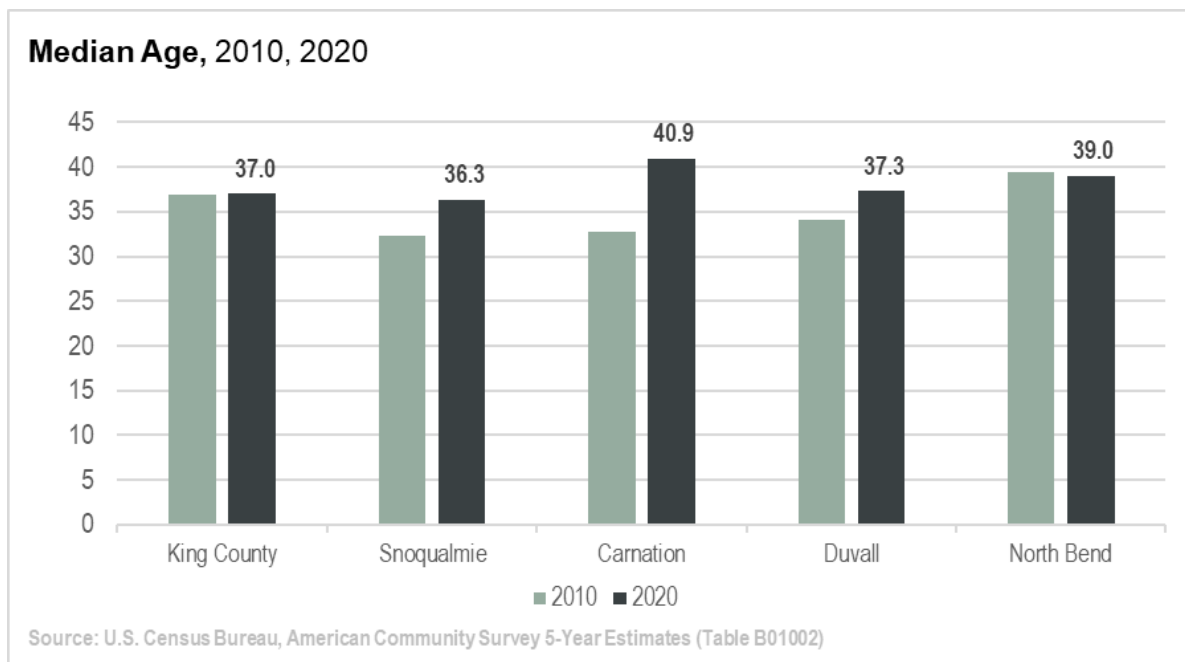
Exhibit 2: Population by Age Cohort Generation



The median age of Snoqualmie Valley Region residents ranges from 36.3 (City of Snoqualmie) to 40.9 (City of Carnation). Overall, the median age of the residents within the region is in line with the countywide median age of 37 as of 2020 (**Exhibit 3**).

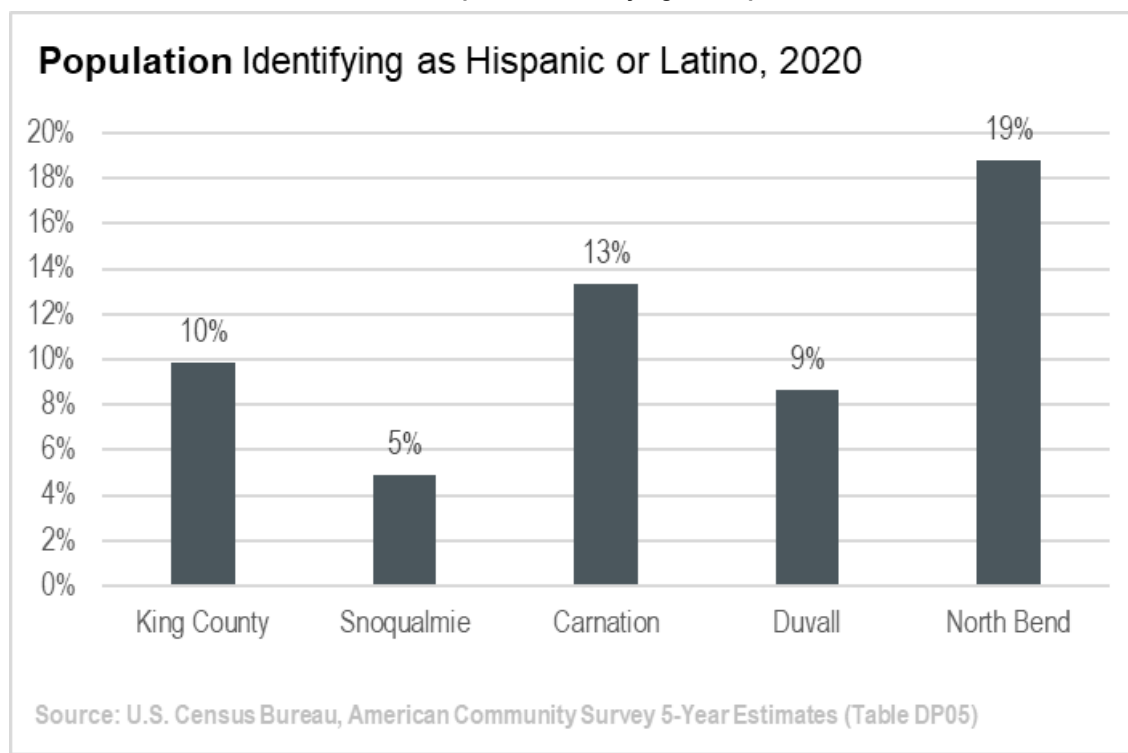


Exhibit 3: Median age, 2010 & 2020



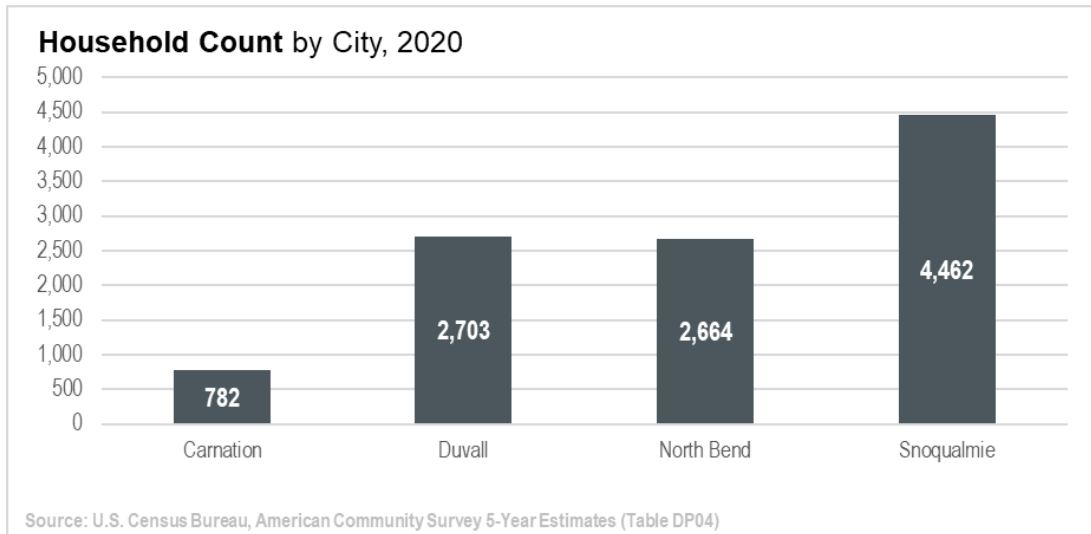
Ethnic diversity in the Region is primarily represented by the Hispanic/Latino population segment. This segment accounts for between 5% (City of Snoqualmie) and 19% (City of North Bend) residents (**Exhibit 4**).

Exhibit 4: Population Identifying as Hispanic or Latino, 2020



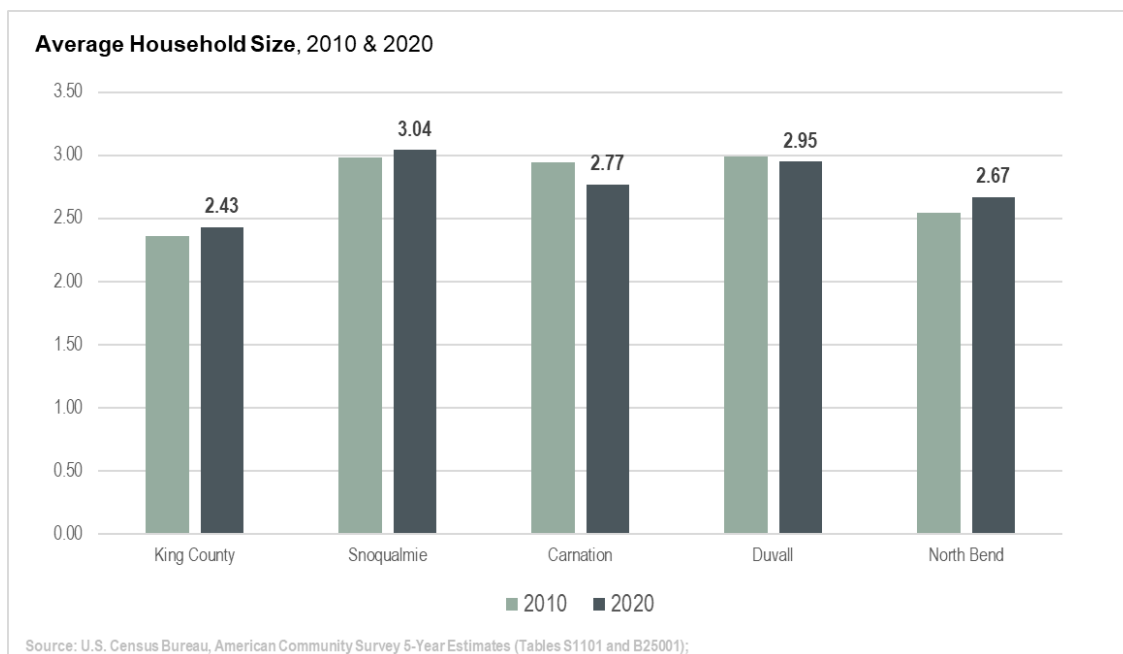
There were an estimated 10,611 households living within the four Cities of the Snoqualmie Valley Region in 2020. As shown in **Exhibit 5**, the greatest concentration is to be found in the City of Snoqualmie (4,462) and the lowest concentration is found in the City of Carnation (782 households). As indicated later in this report, these four cities have added approximately 200 additional housing units since 2020.

Exhibit 5: Household Counts



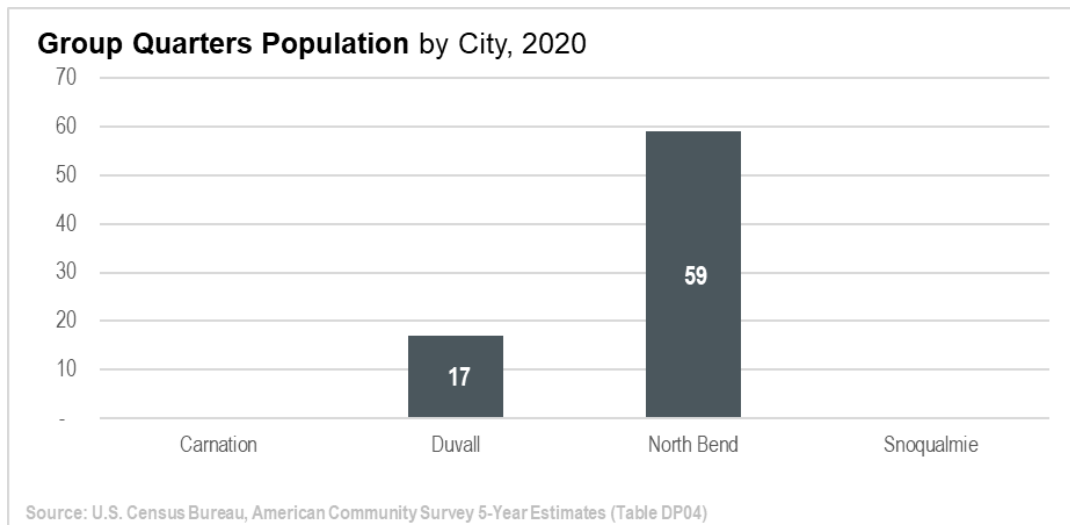
The average household size in the Snoqualmie Valley continues to exceed the King County average as shown in **Exhibit 6**. Larger households tend to represent families with school-age children and tend to prefer detached single-family homes.

Exhibit 6: Average Household Size



People that reside in group quarters are not included in the household counts. They typically reside in shared living arrangements such as senior care facilities, treatment centers, group homes and other living arrangements managed by an organization rather than the residents themselves. As of 2020, only Duvall and North Bend had measurable group quarters population, with 17 and 59 group quarters residents, respectively (**Exhibit 7**).

Exhibit 7: Group Quarters Population, 2020



Income and Employment

Household income in the Region is much higher than the state and county-wide income levels as shown in **Exhibit 8**. The U.S. Housing & Urban Development utilizes median household income as the primary measure for area income and housing affordability. Average income levels tend to be higher than median income because there tends to be a high share of income concentrated in a small number of very high income households.

Exhibit 8: Median Household Income

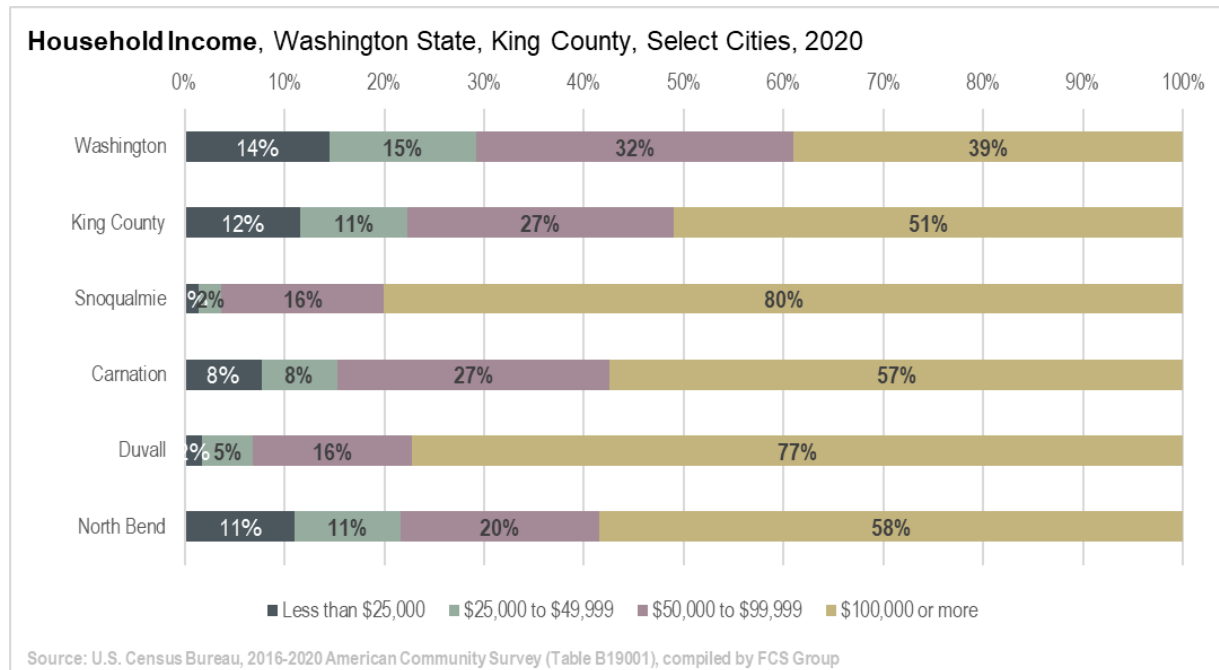
| Median Household Income, 2010-2020 | | | |
|------------------------------------|-----------|-----------|------|
| | 2010 | 2020 | AGR |
| Washington | \$57,244 | \$77,006 | 3.0% |
| King County | \$68,065 | \$99,158 | 3.8% |
| City of Snoqualmie | \$116,020 | \$159,450 | 3.2% |
| City of Carnation | \$70,769 | \$112,647 | 4.8% |
| City of Duvall | \$105,763 | \$162,622 | 4.4% |
| City of North Bend | \$77,462 | \$119,392 | 4.4% |

Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates (Table B25119)

AGR: average annual growth rate.

Over half of the households in the Region earn more than \$100,000 per year. However, the share of households earning less than \$50,000 ranges from 3% in the City of Snoqualmie to 22% in the City of North Bend (**Exhibit 9**).

Exhibit 9: Median Household Income by Household Type, 2020



Employment (as measured by at-place-of-work jobs covered by unemployment insurance) within the Snoqualmie Valley Region has been increasing across all job sectors. Total employment within the four cities of the region increased from 4,713 in 2002 to 10,443 in 2019 (an increase of 5,730 jobs) as shown in **Exhibit 10**. The service sector added the most jobs during this time followed by the industrial sector (which includes construction, manufacturing, distribution, and wholesale trade).

Exhibit 10: Employment Trends in the Snoqualmie Valley Region

| Sector | 2002 Emp. | 2009 Emp. | 2019 Emp. | Change: 2002- | AGR |
|--------------|--------------|--------------|---------------|---------------|-------------|
| | | | | 2019 | |
| Industrial | 974 | 1,931 | 2,394 | 1,420 | 5.4% |
| Retail | 853 | 692 | 1,046 | 193 | 1.2% |
| Service | 2,790 | 4,179 | 6,540 | 3,750 | 5.1% |
| Government | 96 | 107 | 463 | 367 | 9.7% |
| Total | 4,713 | 6,909 | 10,443 | 5,730 | 4.8% |

Source: U.S. Census On the Map data . AGR: average annual growth rate.

Improvements in the ratio of jobs to housing can help reduce the need for long-distance commutes by workers within the region. The ratio of jobs to households within the Snoqualmie Valley Region (four cities) has been increasing over the past decade. In 2020 there were 1.03 jobs for every household, up from 0.9 in 2010.

Job growth forecasts by the Washington State Employment Security Department suggest that industries in the King County region are expected to increase in employment by between 0.2% and 2.5% annually over the next ten years. Using countywide growth projections as a basis, local employment in the four cities of the Snoqualmie Valley Region is projected to increase by 2,277 jobs by 2030. The majority of job growth is projected to occur in the services sector followed by the retail sector (**Exhibit 11**).

Exhibit 11: Employment Forecast in the Snoqualmie Valley Region

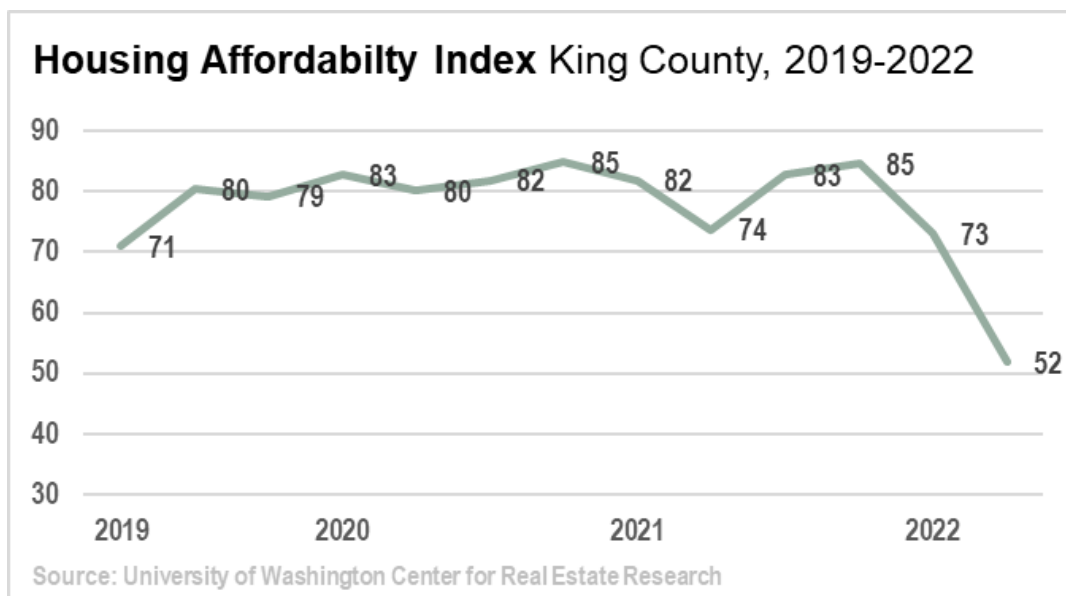
| Sector | Regional | | Projected 2030 | |
|--------------|---------------|---------------|----------------|--------------|
| | 2019 Emp. | Projected AGR | Emp. | Change |
| Industrial | 2,394 | 0.2% | 2,453 | 59 |
| Retail | 1,046 | 2.5% | 1,374 | 328 |
| Service | 6,540 | 2.4% | 8,474 | 1,934 |
| Government | 463 | 1.1% | 519 | 56 |
| Total | 10,443 | 1.8% | 12,820 | 2,377 |

Source: U.S. Census On the Map data, Washington ESD Industry Growth Projections

Housing Cost Burdens

With the recent increase in mortgage interest rates and rising home prices there is increasing concern that many households are being priced out of the market. The Housing Affordability Index for King County has consistently remained below 100 and has recently dipped to the lowest level in several years at 52. An index of 100 or higher means that households earning the median income for the area should be able to afford a median priced home (**Exhibit 12**).

Exhibit 12: King County Housing Affordability Trends

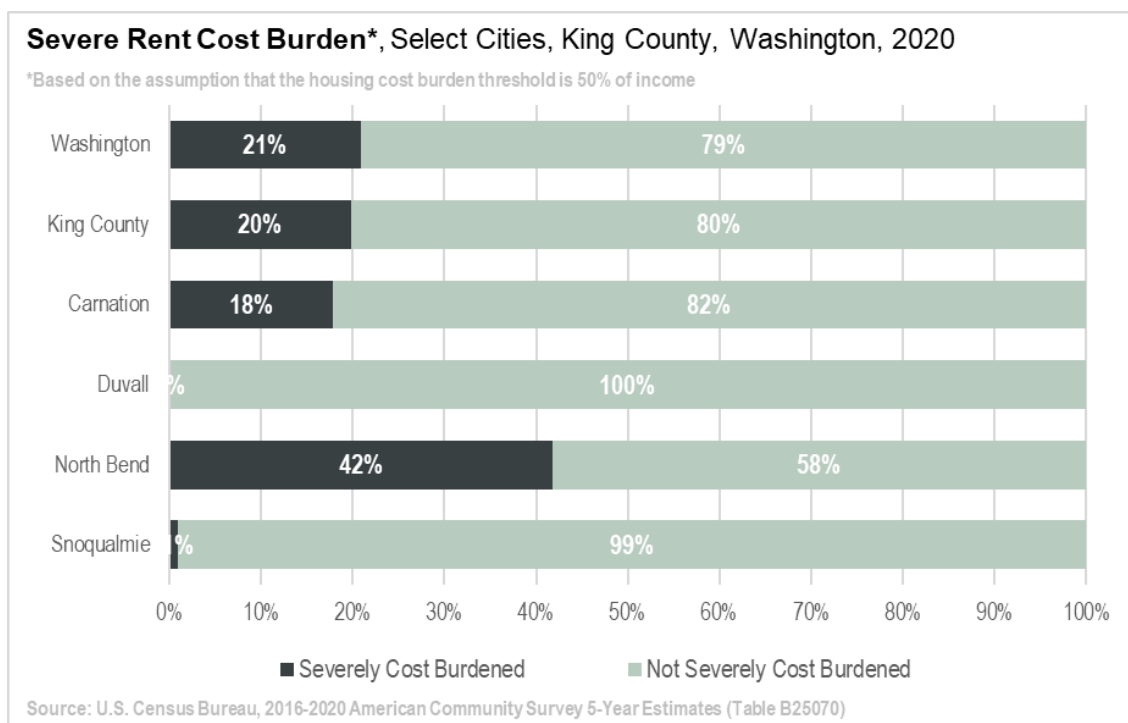


According to the U.S. Housing and Urban Development (HUD), households are considered to be “cost burdened” if they pay over 30% of their income on housing. Households are “severely cost burdened” when they pay over 50% of their income on housing.¹

As shown in **Exhibit 13**, the share of renter households with severe rent burdens varies broadly within the Region. As indicated previously, in North Bend 22% of households have an annual income of less than \$50,000 per year. This relatively high share of lower-income households combined with a significant rental housing inventory influence rental housing cost burdens. As a result, over 4 in 10 renter households (42%) in the City of North Bend experienced severe rent burden. In comparison, the City of Carnation is near the county and statewide average at 18%.

Within the cities of Duvall and Snoqualmie, where income levels are relatively high and rental housing inventory is low, severe rent burdens were less prevalent. However, the housing within these communities is not attainable to many of the households that have low paying service or retail jobs.

Exhibit 13: Severe Rent Cost Burden, 2020



¹ Housing costs reflect annual income for rent and utilities for renters, and loan principal, interest, utilities, property taxes and insurance for homeowners. FCS estimates that the average cost of utilities, property taxes and home insurance add between \$387 (utilities only) and \$1,084 per month for homeowners.

It should be noted that there are other factors referenced by HUD that impact “affordability” more than just house rent/price and number of bedrooms. Costs also account for neighborhood school quality, public safety, and access to jobs and amenities. The percentage of income standard for housing affordability may not fully consider the effects of housing and neighborhood quality. Housing that may appear affordable based on cost alone, for example, might be far from employment centers, increasing the percentage of income a household dedicates to transportation. A household may also choose a low-quality housing unit or a low-opportunity neighborhood to reduce housing costs. As a result, the conventional measure of affordable housing underestimates the number of households who are burdened by combined housing and transportation costs as well as the number of households in need of quality affordable housing.

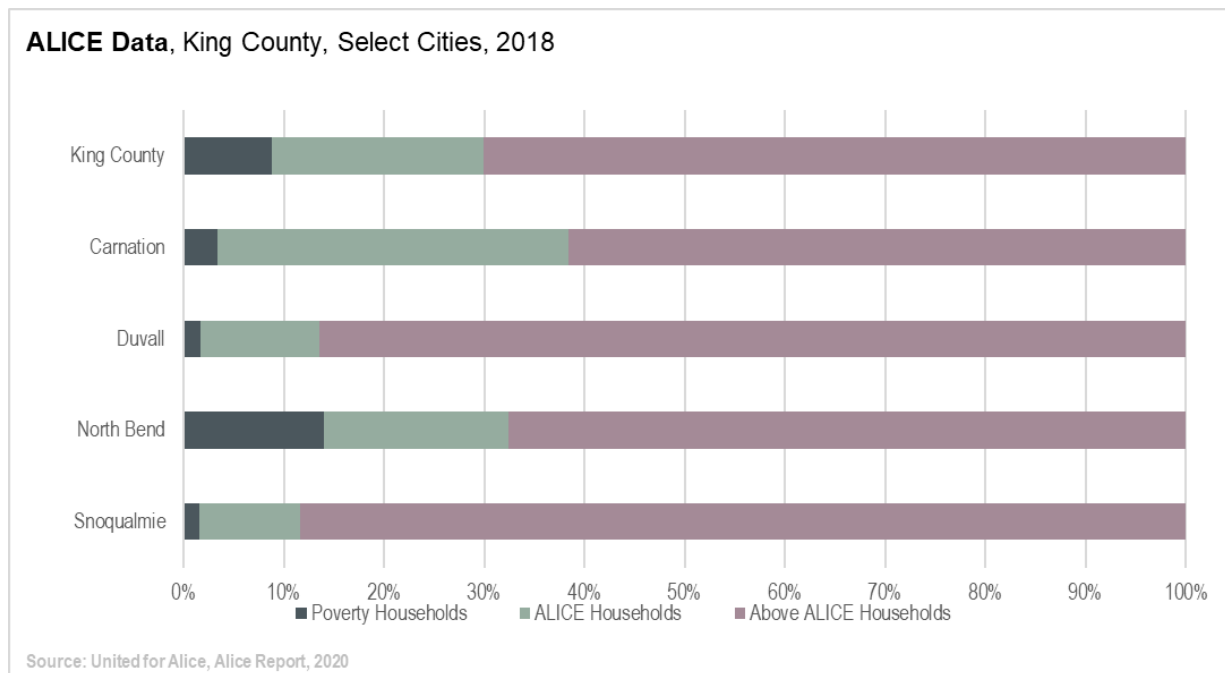
Asset Limited Income Constrained & Employed Residents (ALICE)

Like many communities across the U.S., an increasing share of households are experiencing economic hardship as the overall cost of living rises faster than income levels. Since 1965, the Federal Poverty Level (FPL) has provided a standard for determining the proportion of people living in poverty in the U.S. Despite the FPL’s benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings include the fact that the FPL is not based on the current cost of basic household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. In fact, federal poverty statistics indicate that the number of King County households living in poverty decreased by 5.1% since 2010.

In recognition of the shortcomings associated with federal poverty statistics, the United Way now provides a new framework to measure households that do not earn enough to afford basic necessities, with a segment titled ALICE (Asset Limited, Income Constrained, Employed). The ALICE methodology considers the total cost of household essentials – housing, childcare, food, transportation, technology, and health care, plus taxes and a 10 percent contingency. ALICE data are calculated separately for each county, and for six different household types. For more information, please check out: <https://www.unitedforalice.org/methodology>

In 2018, 30% of the households in King County were classified as living in poverty or in the ALICE category, which is below the Washington state average of 33% (**Exhibit 14**). The cities of Carnation and North Bend were slightly above the combined county-wide poverty and ALICE rate average. Duvall and Snoqualmie have lower combined rates of poverty and ALICE households.

Exhibit 14: Asset Limited Income Constrained Households, 2018



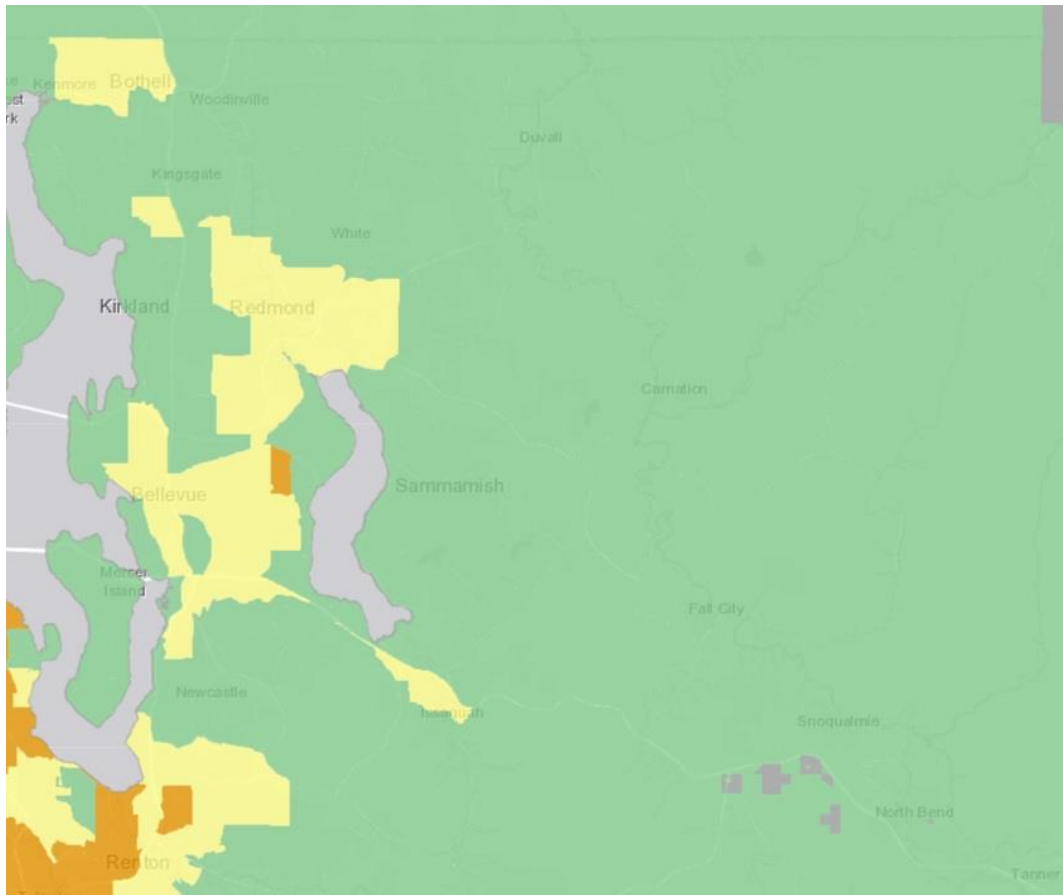
Displacement Risk

Displacement is a phenomenon in which residents and businesses can no longer afford escalating rents or property taxes. As economic growth in the Puget Sound region continues, the risk of displacement for existing residents increases.

The Puget Sound Regional Council has developed a displacement risk tool which assesses the risk of displacement by geographic area. **Exhibit 15** depicts areas most at risk of displacement. In this map, orange shaded areas are at higher risk of displacement (a displacement risk score of 3) than the yellow shaded areas (a risk score of 2) and the green shaded areas (a risk score of 1). This map shows that all the communities in the Snoqualmie Valley Region have a displacement risk score of 1 (low risk). Displacement risk indicators are summarized below.

| | | |
|--|---|--|
| <p>Direct/Physical Displacement</p> <p>Households are directly forced to move for reasons such as eviction, foreclosure, natural disaster, or deterioration in housing quality.</p> | <p>Indirect/Economic Displacement</p> <p>Households are indirectly compelled to move by rising housing costs, or loss of cultural / social networks.</p> | <p>Exclusionary Neighborhood Change</p> <p>Households are unable to move into a neighborhood that would have previously been accessible to them; also known as "exclusionary displacement."</p> |
|--|---|--|

Exhibit 15: Displacement Risk Map



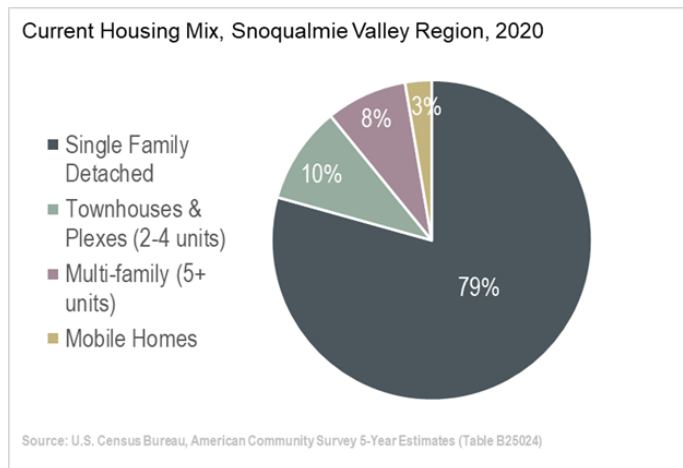
While PSRC indicates that the overall displacement risk in the Snoqualmie Valley region is low, communities that have a relatively high share of poverty and ALICE households, such as North Bend could face greater displacement risk in the future if home prices continue to outpace income levels.

HOUSING CONDITIONS AND NEEDS

Local housing conditions and development trends shed light on housing conditions and demand preferences. In 2020, there were nearly 11,000 existing housing units within the four Snoqualmie Valley cities (area excludes UGAs outside city limits). Among those, 10,611 units were occupied and 328 were classified as vacant.

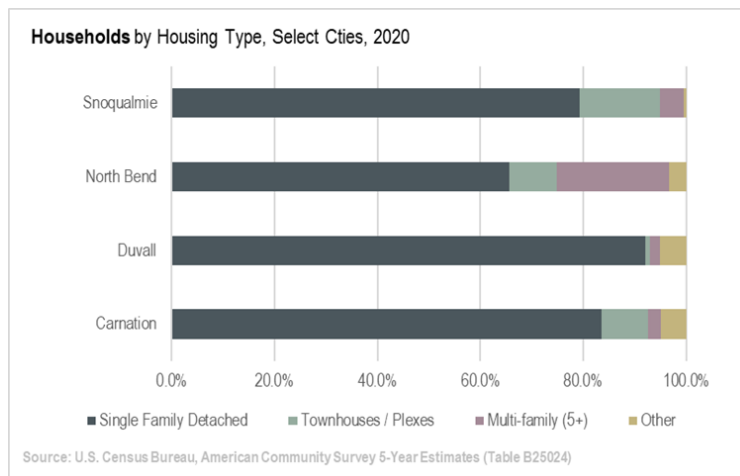
Like most communities in Washington, single-family detached housing is the most prevalent housing type representing 79% of the overall housing mix. As shown in **Exhibit 16**, approximately 10% of the housing inventory includes townhomes and plexes (with 2 to 4 units per structure). Multifamily housing (including apartments and condominiums with 5 or more units per structure) represents approximately 8% of the Region's housing inventory. Mobile homes and manufactured dwellings represent the remaining 3% of the housing inventory.

Exhibit 16: Existing Housing Inventory



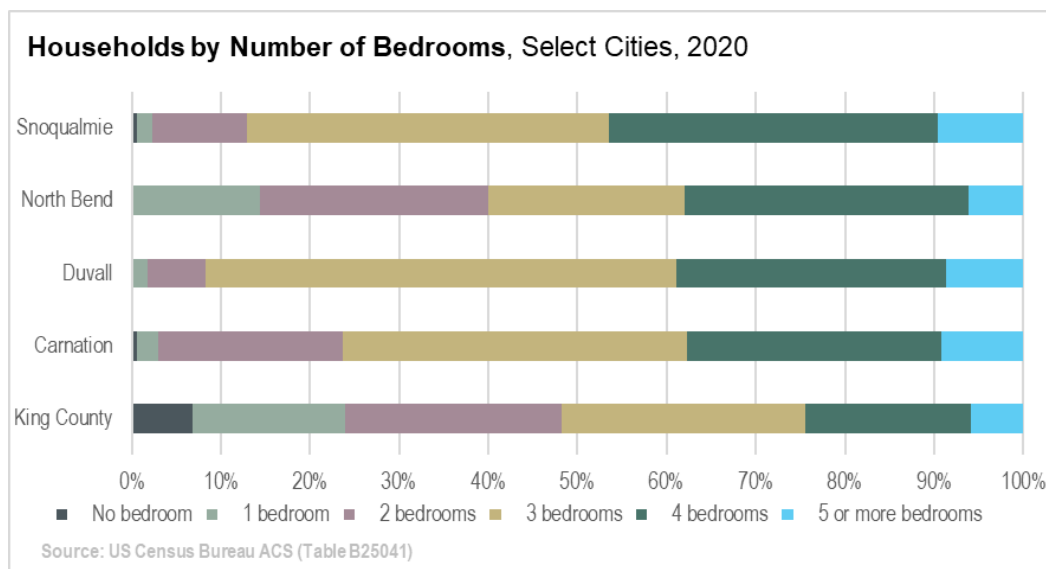
The share of households residing in single family detached dwellings ranges from a low of 66% in North Bend to a high of 92% in Duvall (**Exhibit 17**).

Exhibit 17: Occupied Households by Dwelling Type



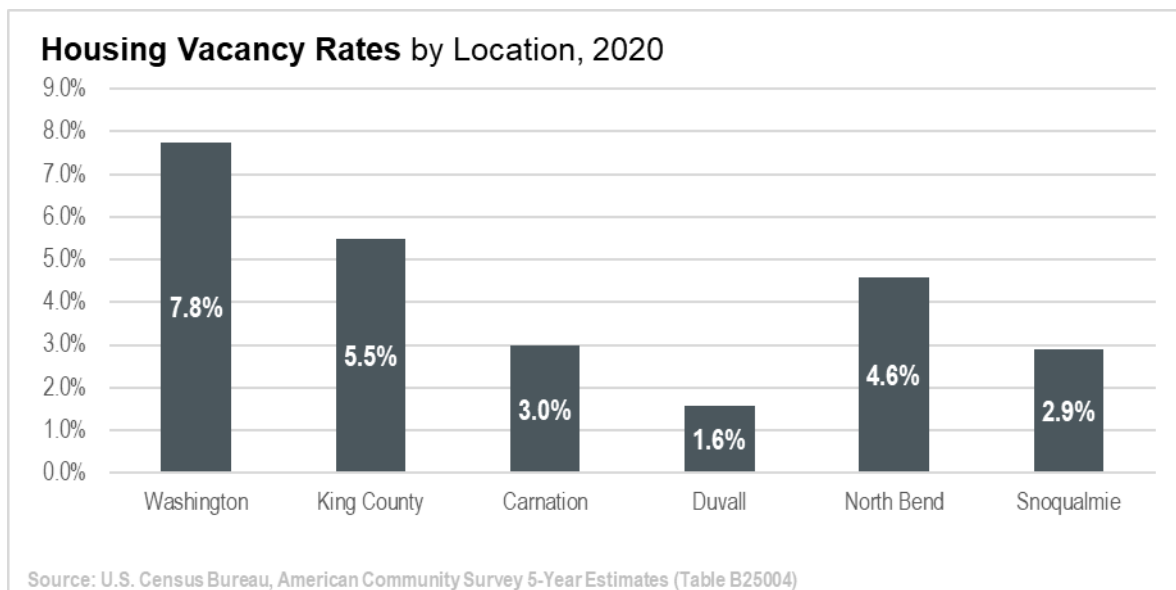
Most the Snoqualmie Valley Region’s housing units have between 2 and 4 bedrooms (**Exhibit 18**).

Exhibit 18: Housing Units by Number of Bedrooms



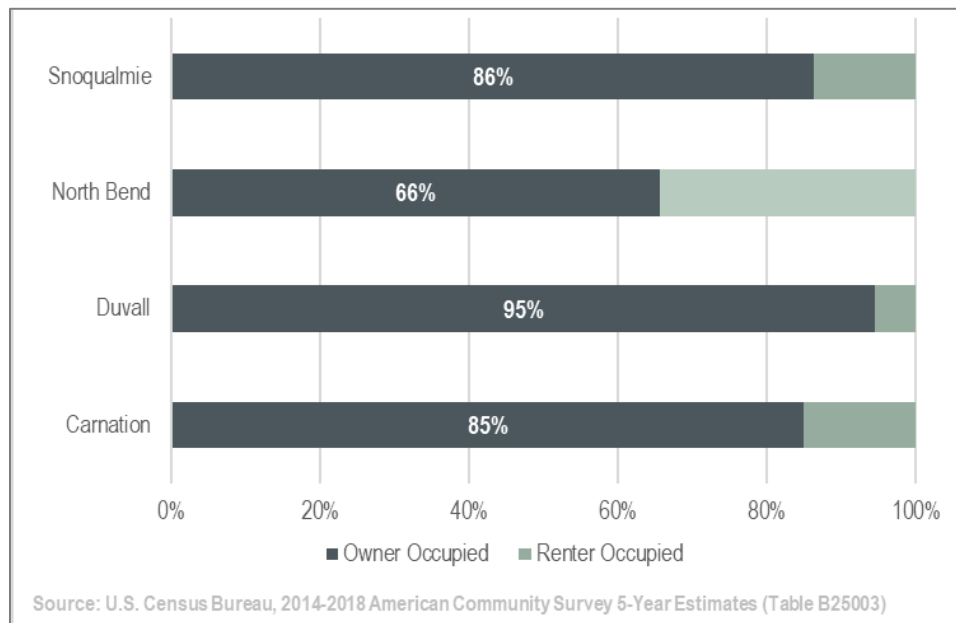
The overall housing vacancy rate within the Snoqualmie Valley Region was approximately 3.1% in 2020 and is reported to be much lower today. The vacancy rate in all the Snoqualmie Valley cities is lower than the county and state averages (**Exhibit 19**). Vacant units would also include short-term rentals and second homes.

Exhibit 19: Vacant Housing Units



Home ownership varies widely within the Snoqualmie Valley Region. Owner-occupied housing units represent between 66% and 95% of the total housing inventory in these four cities while renter-occupied units account for between 5% and 34% of the inventory (**Exhibit 20**).

Exhibit 20: Existing Housing Tenancy, 2020



There are currently six significant government subsidized housing developments within the Snoqualmie Valley Region that offer assisted living arrangements. Using the National Housing Preservation Database tool, these five facilities are listed in **Exhibit 21**.

Exhibit 21: Facilities with Subsidized Dwelling Units

| Development Name | Location | Subsidized Units | Total Units |
|-----------------------|------------|------------------|-------------|
| SI View | North Bend | 20 | 20 |
| Sno Ridge Apartments | North Bend | 39 | 40 |
| Cascade Park | North Bend | 28 | 28 |
| Panorama Apartments | Snoqualmie | 188 | 191 |
| Pickering Court | Snoqualmie | 30 | 30 |
| Duvall Family Housing | Duvall | 8 | 8 |
| Total | | 313 | 317 |

Source: NHPD Mapping Tool

New housing construction activity for each of the four cities within the Snoqualmie Valley Region has resulted in 695 homes being added over the last three years (2019-2021). The most significant level of development activity has been occurring in the cities of North Bend and Duvall (**Exhibit 22**).

Exhibit 22: Recent Home Construction Activity, 2019-2021

| Residential New Building Permits Issued: 2019-22 | | | |
|--|------|------|------|
| | 2019 | 2020 | 2021 |
| Snoqualmie | 4 | - | - |
| Carnation | 11 | 19 | 17 |
| Duvall | 40 | 208 | 26 |
| North Bend | 85 | 142 | 143 |
| Total | 140 | 369 | 186 |

Source: Building permit data provided by cities.

HOUSING VALUES AND RENTS

Home values in the Snoqualmie Valley Region have increased significantly in recent years. As indicated in **Exhibit 23**, the median home value in all four cities has increased by over 17% annually over the last two years. Recent home values peaked in July 2022 and began to decline slightly during the remainder of that year as interest rates increased. Currently, the median home sales price in all four cities is now near or above \$1,000,000.

Exhibit 23: Home Value Price Index in Select Markets

| | Aug-20 | Aug-21 | Aug-22 | Nov-22 | Avg. Annual Change % |
|------------|-----------|-----------|-------------|-------------|----------------------|
| North Bend | \$644,018 | \$811,441 | \$965,849 | \$961,385 | 19.5% |
| Carnation | \$697,734 | \$870,365 | \$1,011,912 | \$1,000,051 | 17.3% |
| Snoqualmie | \$751,620 | \$940,260 | \$1,131,037 | \$1,116,641 | 19.2% |
| Duvall | \$680,957 | \$850,109 | \$1,009,828 | \$990,834 | 18.1% |

Source: Zillow.com; analysis by FCS 1/10/23

By comparing the median household income to the median home price, we can better understand home ownership attainability in the Snoqualmie Valley Region. As shown **Exhibit 24**, a household would need to earn at least 183% of the regional median household income level to be able to “afford” a median priced home of \$1,050,000 (assuming they have 10% down payment and allocate no more than 30% of income to housing). Based on current income levels in the Snoqualmie Valley Region, it is estimated that less than one in four households can now afford a median priced home.

Exhibit 24: Home Ownership Attainability Analysis

Snoqualmie Valley Region Housing Attainability

| | |
|---|-------------|
| Regional Median Household Income (2022)* | \$134,600 |
| Regional Housing Cost (median price, 2022) | \$1,029,657 |
| Downpayment (@10%) | \$102,966 |
| Mortgage Amount (Principal and interest only) | \$926,691 |
| Monthly Housing Payment** | (\$6,161) |
| Annual Qualifying Income (@30% of income) | \$246,433 |
| Percent of MHI for qualifying households | 183% |

* based on current U.S. Housing and Urban Development data for FY 2022.

** assumes 10% down payment on 30-yr mortgage @ 6.9% APR interest.

Currently, the HUD fair market rents within King County range from \$1,829 for an efficiency unit to \$3,446 for a four-bedroom unit, as shown below. Fair market rents have been increasing between 3.6% and 4.6% per year over the past few years.

| HUD Fair Market Rent (FMR) by Unit Type, King County, FY 2023 | | | | |
|---|----------------|----------------|----------------|----------------|
| Source: U.S. Department of Housing and Urban Development | | | | |
| \$1,829 | \$1,881 | \$2,199 | \$2,953 | \$3,446 |
| Efficiency | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom |

The median family income (MI) in King County was \$113,300, which was high compared with the statewide median family income of \$89,800. Housing attainability is typically measured at the following levels:

- ☐ Upper income (120% of MI)
- ☐ Middle income (80% and 120% of MI)
- ☐ Low income (50% and 80% of MI)
- ☐ Very-low income (30% and 50% of MI)
- ☐ Extremely low income (0% and 30% of MI)

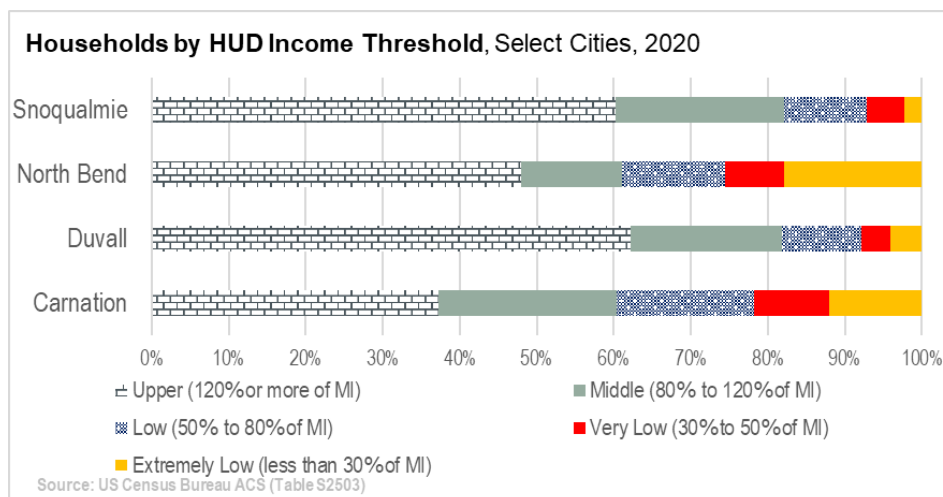
Exhibit 25 depicts HUD qualifying income thresholds for those levels.

Exhibit 25: Median Income Thresholds, King County, 2020

| HUD Qualifying Income Level | Lower-end | Upper-End |
|-------------------------------------|-----------|-----------|
| Upper (120% or more of MI) | \$135,960 | or more |
| Middle (80% to 120% of MI) | \$90,640 | \$135,960 |
| Low (50% to 80% of MI) | \$56,650 | \$90,640 |
| Very Low (30% to 50% of MI) | \$33,990 | \$56,650 |
| Extremely Low (less than 30% of MI) | \$33,990 | or less |

Based on these housing thresholds, **Exhibit 26** reflects the share of households that would meet HUD income thresholds within each city. These calculations assume that no more than 30% of income is allocated to housing per HUD standards.

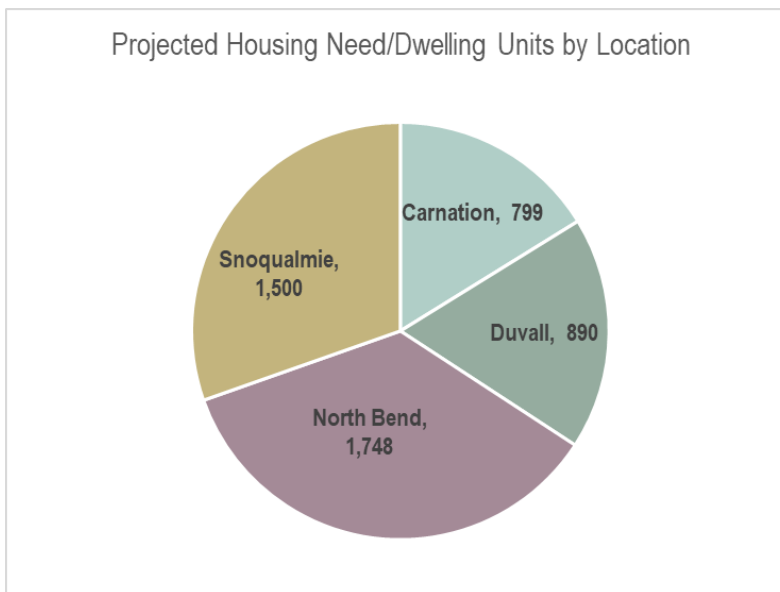
Exhibit 26: Households by Income HUD Income Threshold, 2020



LONG-TERM HOUSING NEEDS

Based on the long-term housing targets that were adopted as part of the 2044 Urban Growth Buildable Land Capacity Report (report by King County dated June 2021) and current housing trends discussed above, the four-city Region has a housing target of adding 4,937 housing units (dwellings) over the 2021–2044-time frame. The allocation of the current housing targets is shown in **Exhibit 27**.

Exhibit 27: Housing Targets by Location, 2021-2044



As a manner of enhancing housing attainability, cities should consider providing opportunities for development of a variety of housing types. If each city in the Snoqualmie Valley Region equally addresses the projected market demand for housing types based on emerging trends and income attainability issues identified herein, the overall housing target in the Region would consist of 3,900 single family dwellings and approximately 1,037 “middle housing” units (**Exhibit 28**). In this HHA document, middle housing is intended to reflect housing types other than single family detached or attached townhomes. For example, this could include opportunities to develop duplexes, apartments, cottages, or accessory dwellings that tend to be more attainable to rent or own.

The forecasts shown in **Exhibit 28** are provided for local consideration only. It is recommended that during the Housing Action Plan phase of work, cities consider how local regulations can be amended to permit (but not require) additional middle housing development to occur.

Exhibit 28: Projected Market Demand by Housing Type

| Location | Total | Single Family | Middle Housing |
|--------------|--------------|---------------|----------------|
| Carnation | 799 | 631 | 168 |
| Duvall | 890 | 703 | 187 |
| North Bend | 1,748 | 1,381 | 367 |
| Snoqualmie | 1,500 | 1,185 | 315 |
| Total | 4,937 | 3,900 | 1,037 |

Review of Housing Capacity Based on Current Zoning

The *Urban Growth Buildable Land Capacity Report* (BLR) by King County dated June 2021 provides 2044 housing and employment capacity targets for each city. In addition to the housing targets, the report provides an analysis of the land capacity for each city (see **Exhibit 27**).

The land use analysis identified below is intended to enable each City within the Snoqualmie Valley Region to provide sufficient “zoned” land capacity for new development over the next 20+ years (by year 2044). The recommended growth targets provide a context for complying with the PSRC VISION 2050 and the King County BLR.

The growth targets indicate the amount of growth each jurisdiction is expected to plan for in its comprehensive plan. The process for complying with these growth targets provides flexibility for jurisdictions in interpreting the regional growth strategies and must consider local input on the community vision, market conditions, and infrastructure investments.

As shown in **Exhibit 29**, the 2044 housing target for the four-cities combined is 4,937 net new dwellings. After accounting for development that has been identified in the planning pipeline (2,498 dwellings (includes revisions to reflect recent pipeline developments in the City of Snoqualmie), the four cities combined have the current planned capacity to accommodate another 5,262 dwelling units.

While these findings demonstrate an overall housing capacity surplus for the region, these findings also indicate that there is likely to be a housing capacity shortfall (based on current zoning for remaining buildable land area) for the cities of Carnation and Snoqualmie. More detailed findings for each city are described in the following sections.

Exhibit 29: 2044 Targets and Capacity, Snoqualmie Valley Cities

| | Units in Pipeline | Remaining Capacity | Total Capacity | 2044 Housing Target | Surplus (Deficit) |
|------------------|-------------------|--------------------|----------------|---------------------|-------------------|
| King County | 43,561 | 362,563 | 406,124 | 307,277 | 98,847 |
| Snoqualmie | 421 | 696 | 1,117 | 1,500 | (383) |
| Carnation | 223 | 481 | 704 | 799 | (95) |
| Duvall | 647 | 696 | 1,343 | 890 | 453 |
| North Bend | 1,207 | 891 | 2,098 | 1,748 | 350 |
| Four-city Region | 2,498 | 2,764 | 5,262 | 4,937 | 325 |

Source: June 2021 King County Buildable Lands Report; with updates to the “pipeline projects” by city planning staff as of 1/10/2023.

It should be noted that the findings contained in this Regional Housing Needs Analysis are based on current planning assumptions and state requirements as of November 2022, and do not reflect any additional housing requirements that may result from implementation of pending King County Affordable Housing Task Force recommendations per House Bill 1220 for affordable housing.

Carnation

As shown below in **Exhibit 30**, Carnation has a 2044 housing target of 799 net new dwellings. The city has 223 net new units in the pipeline between January 1, 2019, and June 2022. After subtracting the committed lands, Carnation has remaining housing capacity for about 480 dwelling units. This results in a projected capacity shortfall of approximately 95 dwelling units under current zoning.

Remaining uncommitted residential land is mostly in low- and medium-density zoning. It is recommended that the City explore various policy and code amendments such as some limited up-zoning or minimum densities in Planned Unit Developments to address the housing shortfall.

Exhibit 30: 2044 Targets and Capacity, City of Carnation, 2022 est.

| | Net Buildable | | Assumed |
|-------------|---------------|--------------|------------------|
| | Acres | Net Capacity | Achieved Density |
| Very Low | 2.2 | 1 | 3.9 |
| Low | 13.5 | 84 | 5.2/9.7 |
| Medium Low | 29.1 | 396 | 12.0/17.0 |
| Medium High | - | - | - |
| High | - | - | - |
| Total | 44.8 | 481 | - |

| 2044 Target | 2044 Target | | Remaining Capacity | Net Deficit/Surplus |
|-------------|-------------------|------------------------|--------------------|---------------------|
| | Units in Pipeline | Less Units in Pipeline | | |
| 799 | 223 | 576 | 481 | (95) |

Source : June 2021 King County Buildable Lands Report

Duvall

As shown below in **Exhibit 31**, Duvall has a 2044 housing target of 890 net new dwellings. The city has 647 units in the pipeline since January 1, 2019. After subtracting committed lands, Duvall has a remaining capacity for about 696 dwelling units. This results in a potential housing capacity surplus of about 450 units.

Remaining uncommitted residential land is mostly in the lower density zones. There is no expected housing shortfall to rectify currently.

Exhibit 31: 2044 Targets and Capacity, City of Duvall, 2022 est.

| | Net Buildable Acres | Net Capacity | Assumed Achieved Density |
|-------------|------------------------|--------------|--------------------------------|
| Very Low | 31.8 | 70 | 3 |
| Low | 56.2 | 237 | 4.5/8.0 |
| Medium Low | 23.2 | 389 | 12.0/21.0 |
| Medium High | - | - | - |
| High | - | - | - |
| Total | 111.1 | 696 | - |

| 2044 Target | Units in Pipeline | 2044 Target Less Units in Pipeline | Remaining Capacity | Net Deficit/ Surplus |
|-------------|----------------------|--|-----------------------|----------------------------|
| 890 | 647 | 243 | 696 | 453 |

Source : June 2021 King County Buildable Lands Report

North Bend

As shown below in **Exhibit 32**, North Bend has a 2044 housing target of 1,748 net new dwellings. The city has 1,207 units in the pipeline since January 1, 2019. After subtracting the committed lands, North Bend has remaining housing capacity for 891 dwelling units. This results in a potential housing capacity surplus of 350 dwelling units.

While there is no expected housing shortfall to rectify, the city could explore ways to create additional “middle housing” development opportunities for housing types, such as townhomes and duplexes which are more attainable for owners and renters than single family detached homes.



Recent mixed-use development in North Bend with housing above commercial

Exhibit 32: 2044 Targets and Capacity, City of North Bend, 2022 est.

| | Net Buildable | | Assumed |
|-------------|---------------|--------------|------------------|
| | Acres | Net Capacity | Achieved Density |
| Very Low | 59.0 | 62 | 2.0 |
| Low | 65.3 | 188 | 4 |
| Medium Low | 27.4 | 414 | 15.0/21.0 |
| Medium High | 7 | 227 | 32 |
| High | - | - | - |
| Total | 159.1 | 891 | - |

| | 2044 Target | | Remaining | Net |
|-------------|-------------------|------------------------|-----------|-----------------|
| 2044 Target | Units in Pipeline | Less Units in Pipeline | Capacity | Deficit/Surplus |
| 1,748 | 1,207 | 541 | 891 | 350 |

Source : June 2021 King County Buildable Lands Report

Snoqualmie

As shown below in **Exhibit 33**, Snoqualmie has a 2044 target of 1,500 net new dwellings. The city has 421 dwelling units in the pipeline as of January 10, 2023. After accounting for development in the planning pipeline (421 dwellings) and future capacity on remaining buildable lands (696 dwellings), Snoqualmie has a remaining housing capacity shortfall of 383 units.²

It is likely that annexations will be necessary to fully accommodate the planned housing capacity shortfall. Hence, it is recommended that the city consider new policies that would guide future growth and development. This would entail an UGA alternatives analysis, transportation and water/sewer master planning and planned action EIS to fully address the 2044 growth targets.

Exhibit 33: 2044 Targets and Capacity, City of Snoqualmie, 2022 est.

Snoqualmie

| | Net Buildable Acres | Net Capacity | Assumed Achieved Density |
|-------------|------------------------|--------------|--------------------------------|
| Very Low | 31.8 | 70 | 3 |
| Low | 56.2 | 237 | 4.5/8.0 |
| Medium Low | 23.2 | 389 | 12.0/21.0 |
| Medium High | - | - | - |
| High | - | - | - |
| Total | 111.1 | 696 | - |

| | 2044 Target | Units in Pipeline* | 2044 Target Less Units in Pipeline | Remaining Capacity | Net Deficit/ Surplus |
|--|-------------|-----------------------|--|-----------------------|----------------------------|
| | 1,500 | 421 | 1,079 | 696 | (383) |

Source: June 2021 King County Buildable Lands Report; with updates to the "pipeline projects" by city planning staff as of 1/10/2023.

² Current estimates for planning pipeline housing are based on the 2021 King County Buildable Land Report (BLR) finding (204 units) plus additional development being planned on tax lots not included in the vacant land estimates contained in the BLR (217 units). Additional pipeline development projects reflect the following:

Timber Trails (aka Snoqualmie Ridge II Plat 30, on Parcel S-14): 46 lot townhome subdivision;

The Rails: 11-unit mixed-use building (apartments over retail/office);

Snoqualmie Mill: Up to 160 multifamily units. Under the development agreement, this would include either 10% of the units @ 80% AMI and 12% @ 60% AMI (if the Council adopts an MFTE program), OR 15% @ 80% AMI (if the Council does not adopt an MFTE program).

POLICY CONSIDERATIONS

Cities have a wide range of latitude in how they address housing needs. There are a number of local policy measures and financial incentives that can be considered to help address the need for low-income households. A list of various funding resources available to local jurisdictions and non-profit housing developers is provided in **Exhibit 34. Appendix A** includes a list of land use policies used in WA state to encourage housing production. Such policies will be further evaluated and discussed during the next phase of work on the Housing Needs Assessment.

Exhibit 34: Affordable Housing Programs in Washington

| Funding Source | Funding Focus | Required Use of Funds | Income Restrictions |
|---|--|---|--|
| Low Income Housing Tax Credits (LIHTC) | Affordable Housing & Homelessness | Creation of new units | 60% of the Area Median Income (AMI) or below |
| Washington State Housing Trust Fund | Affordable Housing & Homelessness | Preservation, creation of new units, and supportive services | 80% of the AMI or below with special focus on those at 30% of AMI or below |
| State Authorized Sales Tax | Affordable Housing | Development of new units & housing-related services | 60% of the AMI or below |
| Housing Choice Voucher (Section 8) | Affordable Housing | Subsidizing rents | 50% of the AMI or below |
| Community Development Block Grants (CDBG) | Affordable Housing | Renovations to housing stock & affordable home ownership opportunities | 80% of the AMI or below |
| HOME Investment and Partnership Program | Affordable Housing | Development and maintenance of affordable units, subsidized rents | 50% of the AMI or below |
| Affordable Housing Property Tax Levy | Affordable Housing | Programs identified in local affordable housing plans | 50% of the AMI or below |
| HB 1406 Funds | Affordable Housing | Local investments in affordable housing | 60% of city median family income |
| HUD Continuum of Care Program | Homelessness | Housing and wrap-around services for the homeless | N/A |
| Document Recording Fees | Homelessness | Development of homeless housing units, homelessness prevention activities | N/A |
| Mental Illness and Drug Dependency Tax | Homelessness | Housing and wrap-around services for mentally ill or drug addicted residents | N/A |
| Real Estate Excise Tax (REET) | Affordable Housing & Homelessness | Development, planning, property acquisition, maintenance of affordable housing, especially for the homeless | N/A |
| Lodging Tax (Hotel/Motel Tax) | Workforce Housing | Paying down debt issued to fund transit adjacent workforce housing. | N/A |
| Public Private Partnerships | Workforce Housing & Business Development | Usually entails private construction of housing or commercial on public land | Varies |

Source: Association of Washington Cities and Municipal Research Service Center; and FCS GROUP.

During the next work phase, each city will evaluate their current land use regulations and consider actions they can take to help lower barriers to providing a wider mix of housing in their communities. A list of potential policy measures is provided in **Appendix A**. Resources for affordable housing is provided in **Appendix B**.

APPENDIX A: LIST OF HOUSING POLICY MEASURES AVAILABLE IN WA STATE

| Action Number | Description |
|---|--|
| Revising Zoning Strategies | |
| Z-1: Reduce Minimum Lot Sizes | Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing. |
| Z-2: Require a Minimum Density | Create a minimum density standard in all residential zones. Example: minimum density standard of at least 70% of maximum density permitted in any residential zone. |
| Z-3: Up-zoning | Develop criteria and a process for identifying land to up-zone (or rezone) to meet the deficit of land for multifamily development. The criteria may include considerations of location, transportation access, access to and capacity of infrastructure, site size, development constraints, and other relevant criteria. |
| Z-4: Increase Building Height | Evaluate removing maximum density standards and building height limitations. |
| Z-5: Integrate or Adjust FAR Standards | Floor area ratio (FAR) is the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built. Since FAR focuses entirely on building massing, it is often seen as a viable alternative to density regulations (maximum number of lots or dwelling units per acre) in multifamily and mixed-use zones. |
| Z-5a: Increase Allowed Housing Types | Encouraging a larger variety of housing types including plexes and smaller scale multifamily development. |
| Z-6a: Cottage Housing | Allow cottages to be developed in clusters with shared central amenities (such as open spaces) to allow for the development of small single-family detached housing. |
| Z-6b: Duplexes, Triplexes and Fourplexes | Allow triplexes and quadplexes in single-family zones, using a form-based code approach to regulate the development of these units. |
| Z-6c: Townhouses | Allow townhomes in single-family zones, using a form-based code approach to regulate the development of these units. |
| Z-6d: Courtyard Apartments | Allow courtyard apartments in single-family zones, using a form-based code approach to regulate the development of these units. |
| Z-6e: Micro-housing | Allow micro-housing in single-family zones, using a form-based code approach to regulate the development of these units. |
| Z-7: Increase or Remove Density Limits | Evaluate removing maximum density standards. |
| Z-8: Revise ADU Standards | Evaluate changing development standards for accessory dwelling units, including changing the size limit. |
| Z-9: Offer Density and/or Height Incentives for Desired Housing | Density bonuses for development of deed-restricted affordable housing. |

| Additional Regulatory Standards | |
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| R-1: Reduce Off-Street Parking Requirements | Evaluate reductions to off-street parking requirements for multifamily housing, including housing serving seniors and other populations that may have lower car ownership. |
| R-2: Relax Ground Floor Retail Requirements | Relax or eliminate requirements for ground floor retail in mixed use developments. |
| R-3: Reduce Setbacks, Lot Coverage and/or Impervious Standards | Amend lot characteristic standards, such as setback requirements, lot size averaging, etc. to remove barriers to the development of a wider range of housing. |
| R-4: Adopt Design Standards | Communities adopt design standards on a neighborhood or citywide basis to promote design consistent with their vision. Design standards in themselves do not create additional housing but are helpful to assist new forms or high-density housing fit in communities. |
| R-5: Use a Form-Based Approach | Adopt a form-based code approach to regulate the development of small apartments, cottages, tiny houses, and desired multifamily housing types in more zones. |
| R-6: PUD/PRD and Cluster Subdivisions | Identify opportunities to streamline the process and standards for designing and approving planned developments |
| R-7: Manufactured Home and Tiny House Communities | Manufactured homes must be allowed on all single-family lots and must not be regulated differently than site-built housing, but jurisdictions may require certain standards. |
| Economic Displacement Mitigation Strategies | |
| ED-1: Community Land Trusts | A community land trust (CLT) is a non-profit organization, owned by a collective of community members, which buys and holds land within a neighborhood. It may raise funds through public or private sources to build structures on this land to be used for community purposes or to be sold to low- or moderate-income residents. |
| ED-2: Need-based Rehabilitation Assistance | Need-based rehabilitation assistance helps low-income, disabled, or senior residents make needed home repairs and safety upgrades by offering favorable financing terms or time-limited tax abatements to qualified homeowners. |
| ED-3: Down Payment Assistance | Down payment or assistance programs proactively address barriers to home ownership by offering no-interest or low-interest capital for qualified buyers. |
| ED-4: Property Tax Assistance Programs | Provide limited property tax exemption for low-income households. |
| Cultural Displacement Mitigation Strategies | |
| CD-1: Grants/Loans to Directly Support Small Businesses | Washington state law establishes local governments' authority to support businesses by using a variety of programs. |
| CD-2: Financing Ground Floor Commercial | Cities and counties can use federal and private funds to finance ground floor commercial space. |
| CD-3: Preservation Development Authorities (PDA) and Ports | PDAs, as quasi-public corporations, serve and are accountable to the public and administer public funds, while having the flexibility of a corporation. PDAs are particularly useful for developing and maintaining the ground floor space for commercial and arts activities and leasing to businesses and nonprofits. |
| CD-4: Commercial Community Land Trust | Nonprofit corporations secure and maintain access to land for public benefit, in this case, to preserve affordable commercial space. |

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| CD-5: Community Benefits/Development Agreements | Development agreements, or community benefits agreements, are voluntary, negotiated contracts between a developer and a city/county that specify the public benefits the development will provide and each parties' responsibilities. They can achieve affordable housing, affordable commercial space, community gathering space and other public amenities |
| CD-6: Micro-retail and Flexible Cultural Space Design | Preservation of existing affordable space is typically most effective for maintaining affordability, but if you must build new or adapt a space, design the ground floor with nontraditional commercial uses in mind. |
| CD-7: Business Incubators, Co-working Spaces and Artisan/Makers Spaces | These types of shared workspaces allow businesses, artists/artisans, and nonprofits to pool resources in a shared space and spark collaboration. |
| Urban Planning Procedures | |
| P-1: SEPA Threshold Exemption | Flexible thresholds in SEPA rules allow local governments to increase the number of dwelling units exempt from SEPA review. |
| P-2: SEPA Infill Exemption | RCW 43.21C.229 allows a city or county planning under GMA to adopt an infill exemption if the comprehensive plan was already subject to environmental analysis through an environmental impact statement (EIS). |
| P-3: Subarea Plan with Non-Project EIS | A sub-area plan can attract higher density housing to a community that desires to increase development in its urban center or by a major transit stop. |
| P-4: Planned Action EIS | A community planning under GMA can develop a planned action EIS or threshold determination ¹⁸ to facilitate development consistent with local plans and mitigation measures (see more under "When and Where Applicable"). |
| P-5: Protection from SEPA Appeals on Transportation Impacts | RCW 43.21C.500 provides an option to protect SEPA decisions from appeal for impacts to transportation elements of the environment when the approved residential, multifamily or mixed-use project in a GMA city or town is consistent with the locally adopted transportation plan, subject to locally adopted impact fees, and If Washington State Department of Transportation (WSDOT) determines the project would not present significant adverse impacts to the state-owned transportation system. |
| P-6: Permitting Process Streamlining | Providing an efficient, predictable, and user-friendly permitting process can encourage new housing construction by reducing potential confusion or perception of risk among developers as well as lowering their administrative carrying costs. |
| P-7: Subdivision Process Streamlining | Identify opportunities to streamline the process and standards for designing and approving subdivisions. |
| Affordable Housing Development Incentives | |
| A-1: Multifamily Tax Exemption | Provide limited multifamily tax exemptions to incentivize the development of higher density housing |
| A-2: Density Bonuses for Affordable Housing | Density bonuses for development of deed-restricted affordable housing. |
| A-3: Alternative Development Standards for Affordable Housing | Relax development regulations in return for affordable housing development as an incentive. (ex. reduce minimum parking requirements (see R-1 Reduce Off-Street Parking) for projects that include affordable housing.) |
| A-4: Fee Waivers for Affordable Housing | Waiving some, or all, fees (ex. impact fees, utility connection fees and project review fees) for income-restricted units can be a valuable incentive for encouraging the creation of income-restricted affordable units. |

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| A-5: Inclusionary Zoning | Requires a portion of the units within a new development be set aside as affordable housing. This tool will often be combined with property tax exemptions, fee waivers, or development bonuses to offset the cost of affordable housing units. Careful consideration should be employed when enacting inclusionary zoning. Note: A number of studies, including those analyzing the IZ Ordinance in Portland, have shown that IZ suppresses, rather than increases, the creation of new housing. If IZ is proposed, the financial components need to be calculated to ensure that the inclusionary rate is not too high for the offsets provided and that overall housing production increases as a result |
| Funding Options for Affordable Housing Development | |
| F-1: Local Option Taxes, Fees, and Levies | Jurisdictions may provide direct project funding, through grants or loans, to encourage the production of income-restricted affordable housing (ex. local housing tax levy, sales and use tax, Real Estate Excise Tax (REET2)). |
| F-2: Local Housing Trust Fund | Create affordable housing fund to accumulate and dedicate funding for housing purposes. |
| F-3: "Found Land": Surplus Land and Other Opportunities | Local agencies may designate surplus property for housing and mixed-use development that includes an affordable element. |
| F-4: Partner with Local Housing Providers | A partnership with a housing nonprofit can be established to acquire naturally occurring affordable housing such as foreclosures and expansion of vacant property registration program for housing rehabilitation or purchase. |
| Other Strategies | |
| 0-1: Strategic Infrastructure Investment | Ensure that the City's Capital Improvement Plan includes funding for infrastructure improvements and maintenance necessary to support residential development. |
| 0-2: Simplify Land Use Designation Maps | One way to make it easier to amend zoning and encourage a variety of housing types is to simplify the land use map and the implementing zoning map. |
| 0-3: Local Programs to Help Build Missing Middle Housing | Offer homeowners a combination of financing, design, permitting or construction support to build ADUs or to convert a single-family home into a duplex, triplex or fourplex where those housing types are authorized. The idea is that a city may help property owners by identifying lenders, providing stock designs, and helping property owners develop housing. |
| 0-4: Strategic Marketing of Housing Incentives | Actively promoting the type of development, the community desires can include communicating the intention for new and innovative affordable housing, defining the benefits and development potential within the community, and collecting data that helps to tell the story and addresses perception issues. |
| 0-5: Temporary Emergency Housing | Review the local demographics for the lowest income segments and assess strategies to plan for those. Are regulations needed to ensure this housing is safe and healthy? Do they respond to strategies in countywide plans for reducing homelessness? |
| Strategies to Mitigate Physical Displacement | |
| PD-1: Strategic Acquisition and Financing of Existing Multifamily Development | To better retain affordable housing, cities, counties, and housing authorities can catalog naturally occurring affordable housing and housing with income restrictions or covenants that are about to expire. |

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| PD-2: Support Third-party Purchases of Existing Affordable Housing | Using public resources to empower trusted institutions can preserve or create affordable housing and space for community-serving organizations and businesses. |
| PD-3: Notice of Intent to Sell/ Sale Ordinance | A "Notice of Intent to Sell" ordinance requires owners of multifamily buildings to provide official notification to tenants and local housing officials. The notice gives public authorities the opportunity to plan for a potential purchase in the interest of preserving housing that serves low- or moderate-income residents. |
| PD-4: Foreclosure Intervention Counseling | Foreclosure intervention counselors serve as intermediaries between homeowners and financial institutions to advocate for at-risk homeowners in need of budgeting assistance, refinanced loan terms or repaired credit scores. Cities can use affordable housing funds to support these programs. |
| PD-5: Mobile Home Park Preservation and Relocation Assistance | The Washington State Department of Commerce offers a manufacture/mobile home relation assistance program that provides financial resources to assist displaced residents, particularly those who meet low-income thresholds. |
| PD-6: Mobile Home Park Conversion to Cooperative | The Washington State Housing Finance Commission, in partnership with Resident Owned Communities (ROC) Northwest and ROC USA, offers the financial tools and expert guidance for manufactured-housing ("mobile-home") communities to become self-owned cooperatives. |
| PD-7: Tenant Relocation Assistance | Local governments, authorized by WAC 365-196-835 and detailed in RCW 59.18.440, can pass an ordinance that requires developers, public funds, or a combination of the two to provide relocation funds for those displaced by development of new housing in upzoned areas. |
| PD-8: Just Cause Eviction Protections | Local jurisdictions can pass just cause eviction protections that mandate that proprietors provide tenants a legally justifiable reason when being asked to vacate. |
| PD-9: "Right to Return" Policies for Promoting Home Ownership | A "right to return" policy works to reverse the effects of past physical displacement by providing down payment assistance for first-time homebuyers who can prove that they have been victims of displacement. Programs may prioritize cases of displacement by direct government action. |
| PD-10: Regulation Short-term Rentals | A first step is to track STR activity by requiring registration and reporting from owners of these units. Policy regulations should prioritize actions that reduce the likelihood of converting long-term rentals into STRs. |

APPENDIX B. RESOURCES FOR AFFORDABLE HOUSING

| Agency | Program | Description |
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| Washington State Department of Commerce (Commerce) | Housing Trust Fund | Provides state and federal funds for affordable housing construction and preservation. HOME Investment and Partnership Program funds are also awarded through the Housing Trust Fund Process. |
| Commerce | Connecting Housing to Infrastructure Program (CHIP) | The program helps affordable housing projects connect to water, sewer, and stormwater infrastructure by paying for waived connection fees, the infrastructure to connect to regional water, sewer, or stormwater systems, or for on-site stormwater facilities. Up to \$1M in funding per project. Applications outside Seattle/King County are given priority. |
| Commerce | Weatherization | Commerce contracts with local agencies that weatherize low-income homes and apartments. |
| Commerce | Washington (WA) Foreclosure Fairness Program | Provides homeowner foreclosure assistance for offering free housing counseling, civic legal aid, and foreclosure mediation. |
| Commerce | Mobile/ Manufactured Home Relocation Assistance Program | Reimburses costs of mobile and manufactured home relocation up to \$7,500 for a single-section home and \$12,000 for a multi section home. Also reimburses for demolition, removal, and down payment for another manufactured home. |
| Commerce | Consolidated Homeless Grant (CHG) | The CHG provides resources to fund homeless crisis response systems to support communities in ending homelessness. Grants are provided to local governments and nonprofits. Funding is from document recording fees authorized through the Homeless Housing and Assistance Act. |
| Commerce | Brownfield Revolving Loan Fund (BRLF) | Provides technical assistance and low interest loans for cleanup activities on contaminated properties for redevelopment activities, including affordable housing development. |
| WA Department of Archeology and Historic Preservation (DAHP) | Federal historic tax credit program | A 20% Federal income tax credit on the qualified amount of private investment spent on certified rehabilitation of a National Register listed historic buildings. |
| Washington State Housing Finance Commission (WSHFC) | Low Income Housing Tax Credits (LIHTC) | The nine percent Low-Income Housing Tax Credit Program (LIHTC) allocates federal income tax credit to developers to encourage the construction and rehabilitation of affordable multifamily housing. Housing credit is allocated through an annual competitive process in which projects are evaluated and scored according to the Commission's established criteria. |
| WSHFC | Multifamily bond programs | Multifamily Housing Bonds with 4% Low Income Housing Tax Credit provides access to bond and tax credit financing for affordable housing developers. |

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| WSHFC | Bond financing for non-profit facilities | Helps 501(c)(3) nonprofits save money through lower-interest loans for construction, capital improvements and equipment. |
| WSHFC | Manufactured home community investment program | The Commission helps preserve manufactured home communities by allowing them to purchase and manage their communities. |
| WSHFC | Land acquisition (for housing non- profits) | The Land Acquisition Program assists eligible nonprofit organizations in Washington state to purchase land suited for either multifamily or single-family affordable housing development. |
| WSHFC | Home mortgage loan programs | The Commission currently operates two mortgage loan programs: Home Advantage and House Key Opportunity and eleven down payment assistance programs. The Commission works through a network of participating lenders who originate and close the loans. |
| WSHFC | Down payment assistance | Programs vary, but the Commission offers down payment assistance loans for homebuyers who use the Commission's programs. |
| WSHFC | Homeowner-ship education programs | Through local partnerships, WSHFC helps homebuyers learn how to purchase and maintain a home. Commission-sponsored homebuyer education seminars are free; open to the public; and include information about the Commission's first mortgage programs, down payment assistance, and other loan programs. Seminars are accepted by all affordable housing loan programs as meeting or exceeding educational requirements. |
| WSHFC | Sustainable Energy Programs | The Commission offers several ways to affordably develop energy-efficient buildings, upgrade existing buildings and create or conserve energy. Smaller loans are available through the Energy Spark home loan program. The Sustainable Energy Trust (SET) provides low interest loans for energy efficiency or renewable energy projects and a tax-exempt or tax credit bond for larger projects (over \$1 Million). |
| US Department of Housing and Urban Development (HUD) | Section 8, Public Housing | <p>The "Section 8" housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants can find their own housing, including single family homes, townhouses, and apartments.</p> <p>Public (site-based) housing provides decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families.</p> |

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| HUD | Home Rehabilitation Loan Program (HRLP) (2018) | Provides deferred loans to rural, low-income households that need repairs and improvements on their primary residence for health, safety, or durability. Funding for the loan program comes from the Washington Capital Budget. |
| HUD | Continuum of Care (CoC) Program | The CoC program provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families. |
| HUD | Emergency Solutions Grants (ESG) | Grants of federal funds to provide street outreach, emergency shelter, rental assistance, and related services. |
| HUD | Section 811 Project Rental Assistance (PRA) demonstration | Federal funds provide project- based rental assistance. The program creates collaboration between Commerce and Department of Social and Health Services (DSHS) that will increase rental housing units for persons with disabilities by integrating Section 811 PRA assisted units within existing, new, or rehabilitated multifamily properties. |
| HUD | Tenant-Based Rental Assistance (TBRA) | Uses federal funds to support communities providing utility, deposit, and ongoing rental assistance. Eligible households are referred to TBRA through local coordinated entry systems. |
| HUD | Community Development Block Grant (CDBG) | Provides federal funds for the following activities: housing rehabilitation, homeownership assistance, local connections to sewers and affordable housing plans. Can NOT fund new housing construction but can fund infrastructure in support of new affordable housing. |
| HUD | Indian Community Development Block Grant (ICDBG) Program | Provides direct grants for use in developing viable Indian Communities, including decent housing, a suitable living environment and economic opportunities, primarily for low- and moderate-income persons. |
| US Department of Agriculture (USDA) Rural Development | Single Family Housing Guaranteed Loan Program | Assists approved lenders in providing loans to low- and moderate-income households for adequate, modest, decent, safe, and sanitary dwellings as their primary residence in eligible rural areas. The program provides a 90% loan note guarantee to approved lenders to reduce the risk of extending 100% loans to eligible rural homebuyers. |
| USDA Rural Development | Single Family Housing Direct Home Loans (Section 502 Direct Loan Program) | This program, also known as the Section 502 Direct Loan Program, assists low- and very- low-income applicants to obtain decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a brief time. The amount of assistance is determined by the adjusted family income. |
| USDA Rural Development | Single Family Housing Repair (Section 504 Home Repair) Loans and grants | This program provides loans to very-low-income homeowners to repair, improve or modernize their homes, or grants to elderly very-low-income homeowners to remove health and safety hazards. |
| USDA Rural Development | Rural Community Development Initiative (RCDI) Grants | RCDI grants are awarded to help support housing, community facilities and community and economic development projects in rural areas. Can be used to provide training, such as homeownership education, or technical assistance, such as strategic plan development. |

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| Community Development Financial Institution | New Market Tax Credit Program | Permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs) in low-income communities. All the qualified equity investments must in turn be used by the CDE to provide investments in low-income communities. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period. |
| Rural Community Assistance Cooperation (RCAC) | Housing Development (non-profits) | RCAC provides support to develop rental or for sale affordable housing and community facilities in the rural west. Support includes technical assistance in LIHTC, USDA Rural Development 515, 514/516, HOME, CDBG, AHP, tax-exempt bonds, state housing trust funds, project-based Section 8, local and state resources, and conventional financing |
| RCAC | Section 523 Mutual Self-Help Housing | Low-income borrowers work together under the guidance of a non-profit public housing entity (self-help grantee) to build each other's homes. With a construction supervisor on site, building groups perform at least 65% of the construction work required (known as "sweat equity"). In most cases, the grantee also manages the construction loans, develops the building site, provides homeownership training, offers building plans, qualifies the borrower for his/her mortgage and markets the program in the service area. |
| Local | Sales and use tax for affordable housing | A local vote, or council approval (as of 2020), would authorize a local sales and use tax of up to 0.1 percent per dollar spent. Funds must be used for construction of affordable housing or behavioral health-related facilities for named groups with incomes of 60% or less of county median income. |
| Local | Free or discounted public land | Public agencies (local government or utility) can discount or gift land they own for "public benefit," defined as affordable housing for households up to 80% AMI. |
| Local | Affordable housing property tax levy | A local vote may authorize a levy of up to \$0.50 per \$1,000 assessed value for up to ten years to finance affordable housing for very low-income households (equal to or under 50 % AMI). Must declare an affordable housing emergency and have an affordable housing financing plan. Program was expanded in 2020 to allow the use of revenues to include affordable homeownership, owner-occupied home repair, and foreclosure prevention programs for "low-income" households up to 80% of median income. |
| Local | Affordable and Supportive Housing Sales and Use Tax | RCW 82.14.540 created a revenue-sharing partnership between the state and counties and cities for affordable and supportive housing investments. It authorized a local sales tax option that is a credit against the state sales tax rate of 6.5%. Housing and services may be provided only to persons whose income is at or below 60% of the median income of the city or county imposing the tax. |
| Local | Sales and Use Tax for Chemical Dependency, Mental Health Services or Therapeutic Courts | RCW 82.14.460 authorized counties to levy a one-tenth of one percent sales and use tax to fund new mental health, chemical dependency, or therapeutic court service. Any county may impose a mental health and chemical dependency sales tax up to 0.1% for mental health and drug treatment purposes. |

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| Local | Real Estate Excise Tax 2 (REET 2) | A 0.25% REET which may be imposed by any city, town or county fully planning under the Growth Management Act (GMA), to be used for "capital projects" specified in the capital facilities plan element of the jurisdiction's comprehensive land use plan, including affordable housing projects through January 1, 2026. Jurisdictions may only use a portion of REET funds on affordable housing. |
| Local | Impact fee waivers | Impact fee waiver for up to one of fees for permanently restricted affordable housing (for rental or purchase) for households earning less than or equal to 80% AMI. 80% may be waived; but if 100% of fees are waived, 20% must be paid with other public money. A school district receiving impact fees must approve any exemption. |
| Local | Multifamily tax exemption program | 12-year property tax exemption on the value of improvements for 4+ new or rehabilitated, rental or ownership housing units if at least 20% of units are affordable to households earning 115% AMI or less. Must define a "residential targeted area" within an urban center within which the exemption would apply. |
| Local | Fee waivers for water or sewer connection | Waiver or delay of tap-in charges, connection, or hook-up fees for low-income persons for water, sanitary or storm sewer, electricity, gas, or other utility. |
| Local | Sewage and solid waste fees | Assistance for sewer and solid waste fees. |
| Local | Affordable Housing Incentive Programs | Any GMA city or county may enact or expand affordable housing incentive programs through development regulations or conditions on rezoning or permit decisions, or both, on residential, commercial, industrial, or mixed-use development. The program may include mandatory or optional elements, such as density bonuses within the urban growth area, height, and bulk bonuses, fee waivers or exemptions, parking reductions, expedited permitting, or mandatory amount of affordable housing provided by each development. |
| Local | Community Revitalization Financing (CRF) | The CRF authorizes creation of tax increment areas where community revitalization projects and programs are financed by diverting a portion of the regular property taxes imposed by local governments within the tax increment area. |
| Local | Local Infrastructure Financing Tool Program (LIFT) | Provides funding for local infrastructure using sales tax, property tax and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by |

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| | | the sponsoring local government. |
| Local | Local Revitalization Tool (LRF) | Authorizes cities and counties to create "revitalization areas" and allows certain revenues to be used for payment of bonds issued for financing local public improvements within the revitalization area. |
| Local | Deferral of property tax | A claimant may apply to defer payment of 50% of special assessments or real property taxes, or both, provided the household's combined disposable income is \$57,000 or less and the claimant must have paid one-half of the total assessments and taxes for the year. |
| Local | Tax deferral for retired persons | Allows eligible agencies to provide tax relief to eligible households (less than 75% AMI). |
| Local | Tax deferral for certain people | Property tax exemption for seniors or veterans with certain qualifications. |