



CITY OF BLACK DIAMOND

HOUSING NEEDS ASSESSMENT

NOVEMBER 2020



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EXECUTIVE SUMMARY

Black Diamond is in the midst of unprecedented growth, primarily due to two Master Planned Developments (MPDs), Lawson Hills and The Villages, that were permitted in 2011 and have recently begun implementation. In 2014, Puget Sound Regional Council (PSRC) projected 9,159 residents, 3,643 households, and 2,073 jobs for Black Diamond by the year 2035. However, because this did not account for the impending MPDs, the PSRC recently coordinated with Black Diamond to update their forecast to more accurately represent the City's future. Today it is expected that by 2035, Black Diamond will be home to 19,262 residents, 7,674 households, and 3,709 jobs in 2035. Compared to the City's 2018 numbers of 4,434 residents, 1,709 households, and 558 jobs, this represents a dramatic shift in a short period of time. Understanding that this transition in population demographics could greatly affect the City's affordability, it is now critical for the City to explore ways in which the housing needs of a changing population, in all income brackets, will need to be met.

<u>2018 ACS 5-year estimates</u>	Black Diamond
Population	4,434
Total households	1,709
Cost-burdened households	30%
Households earning less than 50% AMI	28%
Median household income	\$94,560
Minimum income to afford 2018 median home sale and not be cost-burdened*	\$81,560
Total renter-occupied housing units	256
Total owner-occupied housing units	1,453
Total vacant housing units	93

As of 2018, Black Diamond had a median household income of \$94,560 compared to King County's median household income of around \$89,000. While Black Diamond has maintained a higher median income than the County overall, King County's median income has been growing at a much faster rate in recent years. Even though the City has a high median income, 30% of Black Diamond households are still cost-burdened, spending more than 30% of their household income on housing costs. Throughout this document, cost-burden and affordability are closely tied. In measuring affordability, housing costs are deemed unaffordable if they account for greater than 30% of the income of the household that is paying them. With 30% of households being cost-burdened, this represents a significant portion of the populations whose needs are not being met within the current housing stock. In Black Diamond, low-income households, defined as those making less than 80% Area Median Income (AMI), are disproportionately burdened by their housing costs, as 77% of cost-burdened households are low-income and 98% of severely cost-burdened households are low-income.

Of Black Diamond's occupied housing units, 85% are owner-occupied and 15% are renter-occupied. More renters than homeowners in Black Diamond are cost-burdened, with 43% of renters being cost-burdened compared to 29% of homeowners. However, more homeowners than renters in Black Diamond are severely cost-burdened, paying more than 50% of their household income on housing costs. Additionally, 86% of cost-burdened renters are low-income households, compared to 75% of cost-burdened homeowners.

Black Diamond's rental housing is affordable to all households earning above 50% of the AMI, but Black Diamond has such a small portion of rental units there is a lack of available data for units having two or three bedrooms. Therefore, while we can see that rental units containing one bedroom are affordable to all households, we do start to see the four-bedroom units become unaffordable to very low- to extremely low-income households.

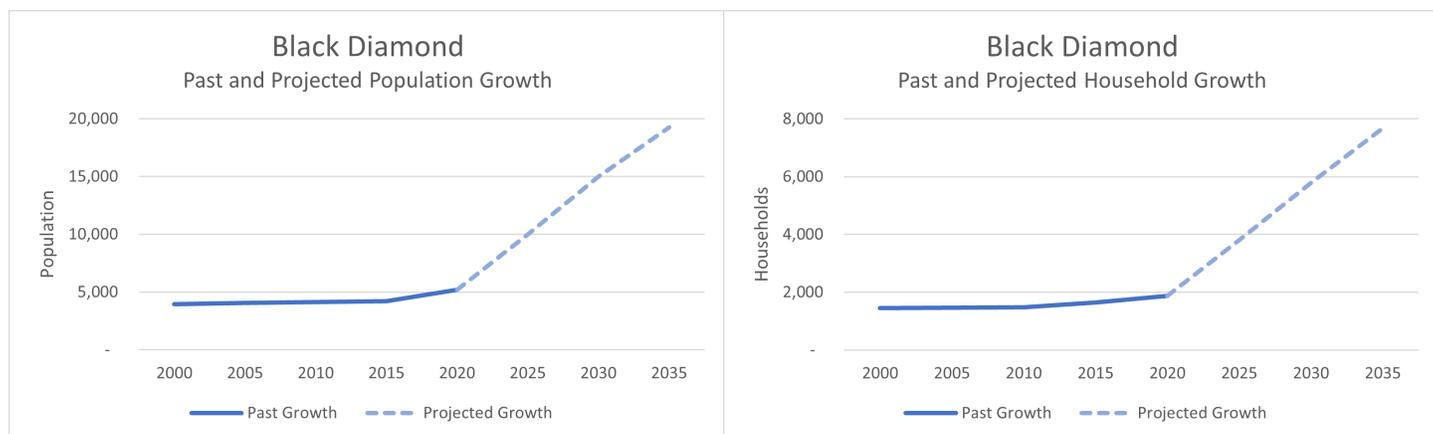
The numbers that follow in this report will likely be significantly different in the near future, but it is important for Black Diamond to document the current situation prior to the full buildout of the MPDs to more precisely understand *where* the shifts occur and how to better plan for the future population's needs.

POPULATION & DEMOGRAPHICS

As of 2020, Black Diamond's population is 5,205¹. Prior to the approval of two Master Planned Developments (MPDs), Puget Sound Regional Council (PSRC) had projected that the 2040 population of Black Diamond would be 7,094, which would have been a modest 36% increase in population over 20 years. However, following the approval of the two MPDs (The Villages and Lawson Hills) in 2010, the projected population and housing numbers for Black Diamond drastically increased. Factoring in full build out of these two MPDs, which is expected to occur by 2026, the updated forecast has Black Diamond projected to reach 19,262 residents and 7,674 households in 2035.² population and housing supply to get a baseline from which to judge the changes in population and households and their effects.

As of 2018, there are 1,709 households in Black Diamond. Of those households, 75% of them are families and 29% are families with children under the age of 18. Both percentages are higher than in King County, where 60% of the households are families and 27% are families with children under the age of 18. Household and family size also differ between Black Diamond and King County. Black Diamond has an average household size of 2.6 and an average family size of 3.0. King County has an average household size of 2.5 and an average family size of 3.1.³

Regarding the racial demographics of Black Diamond and King County, both are majority White, but the percentage of the White residents in each varies greatly. Ninety-two percent of Black Diamond residents are White, compared to 65% of King County residents. The largest non-White population for both Black Diamond and King County is Asian at 3% and 17% respectively.⁴



Median Income

Black Diamond's median household income has been well above King County's median household income since 2000, but the gap had closed substantially by 2018. As of 2018, Black Diamond's median household income was \$95,000, \$6,000 more compared to King County's. King County's median household income increased by 31% between 2010 and 2018, whereas Black Diamond's only increased by 14%.

When evaluating Black Diamond's income, it is important to understand the standard from which affordability is measured. Area Median Income (AMI) is measured by metro areas defined by the U.S. Department of Housing and Urban Development (HUD), and metro areas cross city and county lines. Black Diamond is captured within the Seattle-Bellevue Metro Area, which covers a geographic area larger than solely King County. As of 2018, the (HUD) AMI for the Seattle-Bellevue, WA Metro Fair Market Rent Area was \$103,400⁵, \$8,000 higher than Black Diamond's.

1 OFM Population Estimate 2020.

2 2018 Black Diamond Comprehensive Plan.

3 2018-2014 American Community Survey 5-year Estimates.

4 2018-2014 American Community Survey 5-year Estimates.

5 HUD FY 2018 Income Limits Documentation.

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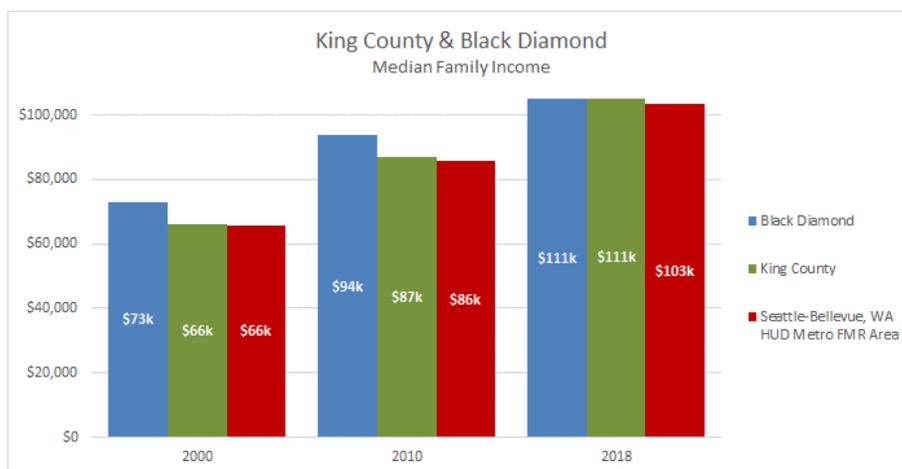


Figure 3 Source: 2018-2014 ACS 5-year estimates; 2010-2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits

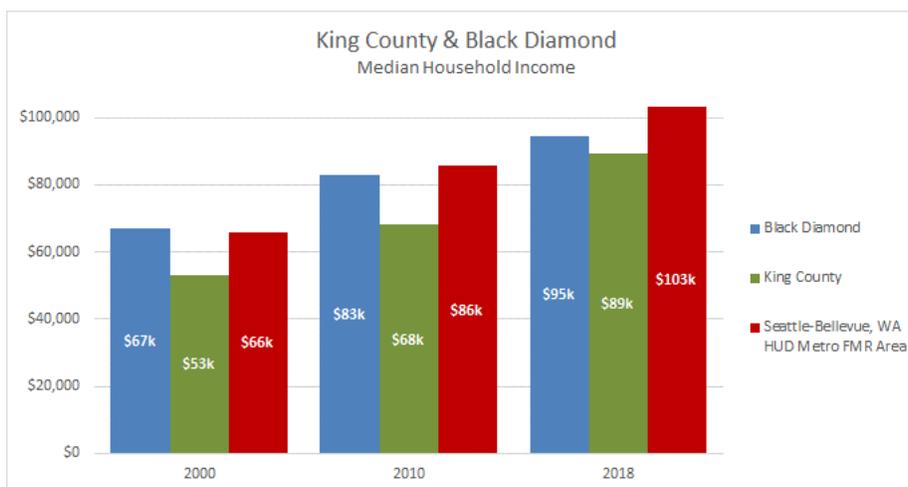


Figure 4 Source: 2018-2014 ACS 5-year estimates; 2010-2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits

This is the standard AMI used throughout this report, as most of the data referenced in this report AMI is higher than the median household incomes reported in both King County and Black Diamond. The differences between the Seattle-Bellevue AMI and King County and the City of Black Diamond’s AMI is a vital factor in understanding affordability because HUD uses the AMI as its benchmark for its federal housing programs. The Seattle-Bellevue AMI has been growing at a faster rate than Black Diamond’s median household income, increasing the gap between these two income measurements. The discrepancy between HUD’s AMI for the larger metropolitan area and the City’s reported AMI can overestimate what households in the area can actually afford. It is also important to note that HUD’s AMI is calculated from the area’s median *family* income, while organizations use *household* income to qualify program participants for funding.

This exacerbates the affordability issue because the median household income tends to be significantly lower than the median family income. In 2018, the median family income in Black Diamond was \$16,000 more than median household income. The figure below shows the median family income for the City and County compared with the Seattle-Bellevue, WA AMI. Although the discrepancy is less, the AMI is still much higher than the City or County’s median family income.

Income distribution

In Black Diamond, 41% of households are considered low-income, defined as households earning 80% or less of the AMI. This is slightly higher than King County overall, where 37% of households are low-income. *Very low-income* households are defined as earning between 30% and 50% of AMI, whereas *extremely low-income* households are defined as earning

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30% or less of AMI. In Black Diamond, 15% of households are very low-income, and 13% are extremely low income. The County has a slightly lower number of very low-income households at 11% of households. Fourteen percent of King County’s households are extremely low-income, which is similar to Black Diamond.

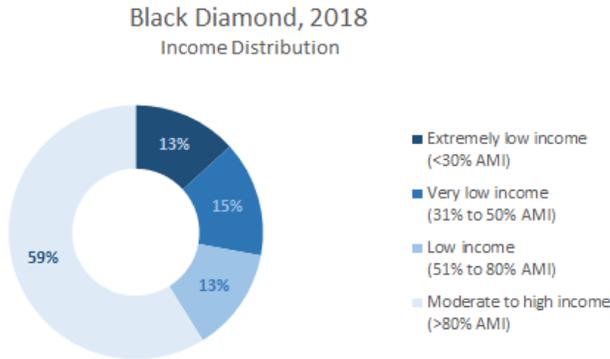


Figure 5 Source: 2016 CHAS Data (projected to 2018)

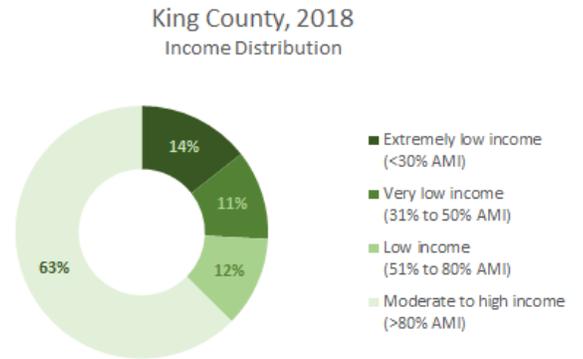


Figure 6 Source: 2016 CHAS Data (projected to 2018)

The income distribution in Black Diamond has fluctuated since 2010, with an 11% decrease in moderate to high income earning households, those earning greater than 80% of AMI. There was also a 6% decrease in low-income households. There was also a slight increase in very low-income households, and extremely low-income households went from 0% to 13%. In King County, income distribution has remained relatively steady from 2000 to 2018.

Understanding the income distribution is critical when looking to develop a Housing Action Plan because it starts to show cities and counties what households can afford to spend on housing. However, this data falls short because it does not account for household size. This means a single-person household and a four-person household are positioned within the same income bracket, even though the household of four is likely to be much more financially strained. Household size will be discussed as a factor in determining affordability later in the Housing Needs Assessment.

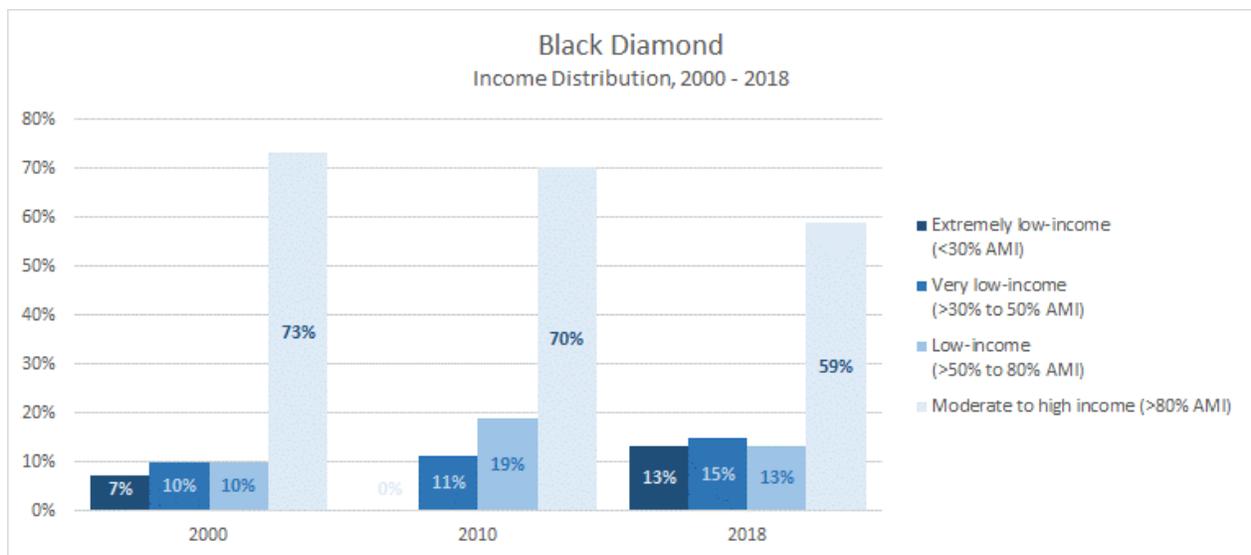


Figure 7 Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

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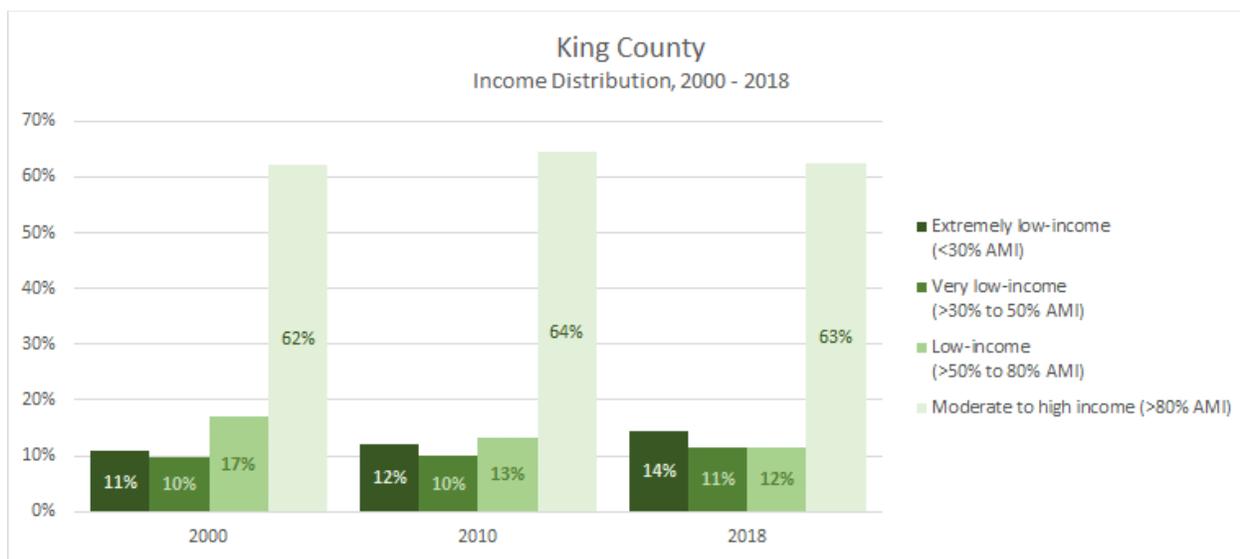


Figure 8 Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

Housing Tenure

Understanding housing tenure in Black Diamond will be important to help understand what types of housing should be prioritized in the future. For instance, if the City has a very high percentage of renters that has been growing overtime, it may want to investigate why this could be happening and strategies could help move more households into ownership, if they so desire. Black Diamond's households are primarily homeowners, but the share of renters has grown, seeing an 8% increase since 2010. As of 2018, the City's households are 85% owners and 15% renters. Of owner-occupied households, 93% are White versus the 77% of renter-occupied households that are White.

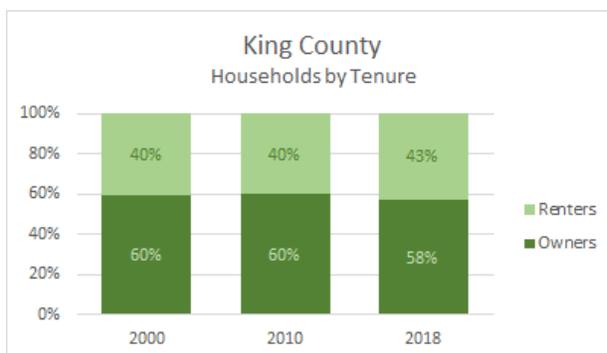


Figure 9 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

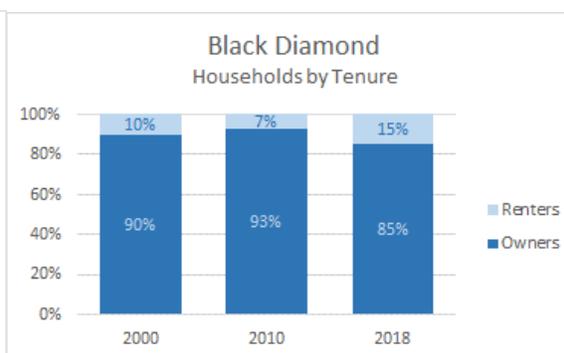


Figure 10 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

King County's housing tenure has remained fairly steady since 2010, but has seen a 3% increase in renters since 2010. Overall, both the City and the County have experienced an increase in households that rent since 2010.

Cost-burdened Households

In Black Diamond, 30% of households are *cost-burdened*, meaning their housing costs account for 30% or more of their household income. Fourteen percent of households in Black Diamond are considered to be *severely cost-burdened*, which means that 50% or more of their household income is spent on housing costs. King County is slightly higher than Black Diamond, with 33% of households being cost-burdened but has the same percentage of households that are severely cost-burdened.

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The City and County start to diverge more when the cost-burdened data is broken down by housing tenure. Renters in both Black Diamond and King County are disproportionately cost-burdened compared to homeowners. In Black Diamond, 43% of households that rent are cost-burdened, comparable to King County in general, where 42% of renter households are cost-burdened. However, King County has a higher proportion of renters that are severely cost-burdened. In Black Diamond, only 5% of renters are severely cost-burdened, compared to 20% in King County.

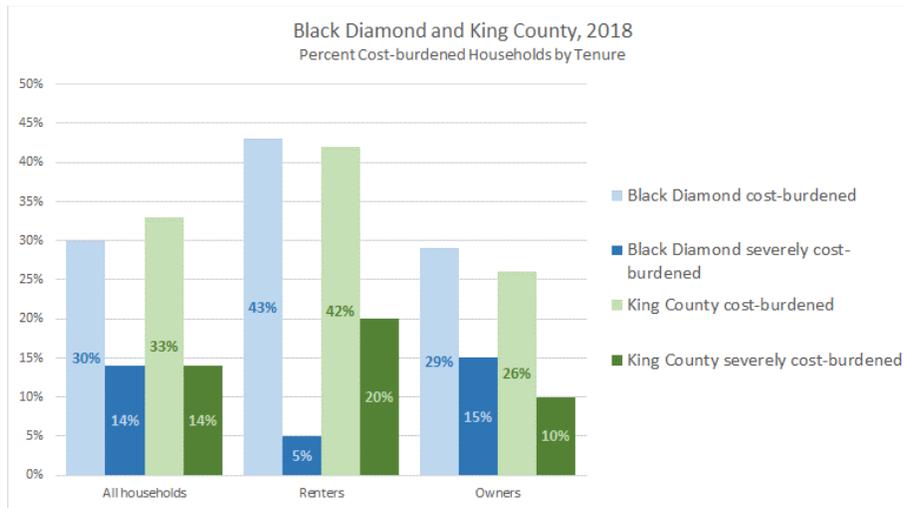


Figure 11 Source: 2016 CHAS Data (projected to 2018)

The percentages of cost-burdened households in both the County and the City are lower overall for homeowners. Of Black Diamond’s homeowners, 29% are cost-burdened, compared to King County where 26% of homeowners are cost-burdened. The gap between the City and County for owner households that are severely cost-burdened households closes slightly. In Black Diamond, 15% of owner households are severely cost-burdened with King County minimally lower at 10%.

Overall, Black Diamond and King County are similar in terms of households that are cost-burdened in general, but we see the most difference when breaking down the households by housing tenure and looking at households that are severely cost-burdened. King County has a higher percentage of rental households that are severely cost-burdened, while Black Diamond has a higher percentage of homeowners that are cost-burdened.

Table 1. Percent Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)

Cost-burdened	Renters		Owners		All Households	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Extremely low-income (<30% AMI)	80%	78%	60%	80%	62%	78%
Very low-income (31-50% AMI)	33%	77%	52%	62%	50%	71%
Low-income (51-80% AMI)	80%	46%	52%	51%	58%	48%
Moderate to high income (>80% AMI)	13%	9%	12%	14%	12%	13%

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Table 2. Percent Severely Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)

Severely Cost-burdened

	Renters		Owners		All Households	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Extremely low-income (<30% AMI)	40%	62%	48%	63%	47%	62%
Very low-income (31-50% AMI)	0%	24%	41%	35%	36%	28%
Low-income (51-80% AMI)	0%	5%	23%	16%	18%	10%
Moderate to high income (>80% AMI)	0%	1%	0%	2%	0%	2%

The tables above further breakdown cost-burdened data by housing tenure *and* income. In looking at the table *Percent Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)*, it shows that 47% of extremely low-income households are cost-burdened, 36% of very low-income earners are cost-burdened, and that 18% of low-income households are cost-burdened. King County has a higher percentage of extremely low-income households that are cost-burdened with 62%, but a lower percentage of very low- and low-income households that are cost-burdened. King County also shows that 2% of moderate to high income households are cost-burdened.

Lastly, these tables show cost-burden by income and housing tenure. Black Diamond renters in almost all income brackets, with the exception of very low-income households (31-50% AMI) are more likely to be cost-burdened than owners. The opposite is true in King County. Low-income households that own their homes in King County, again with the exception of very-low income households, are more likely to be cost-burdened.

However, when looking at severely cost-burdened household data, low-income owners in *both* Black Diamond and King County are more likely to be severely cost-burdened than renters. Overall though, and as expected, percentage cost-burdened households amongst owners and renters decreases as income levels rise in both the City and the County.

Household Size

The Housing Needs Assessment data used accounts primarily for households, so it is important to discuss the size of an average household in Black Diamond to better frame affordability. The average household size has declined slightly since 2010, and as of 2018 is 2.59 people per household. King County’s average household size as of 2018 was 2.46, a slight increase from 2.36 reported in 2010.

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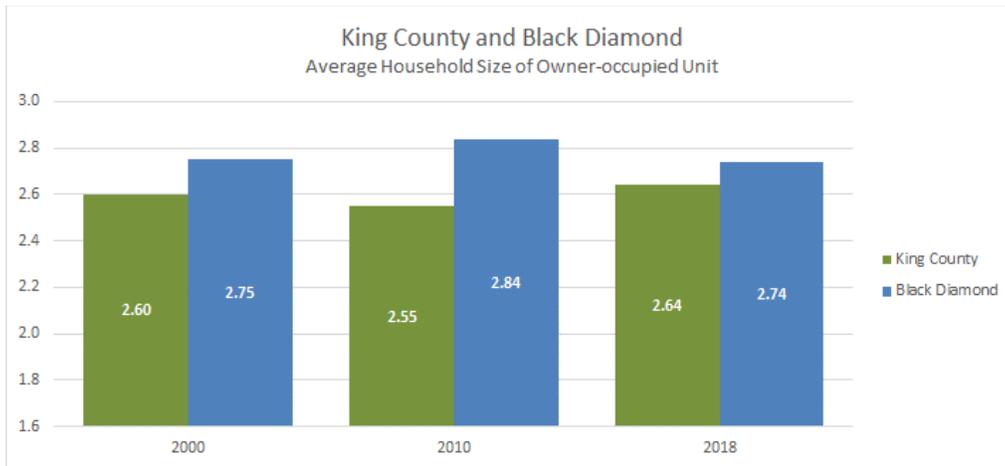


Figure 12 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

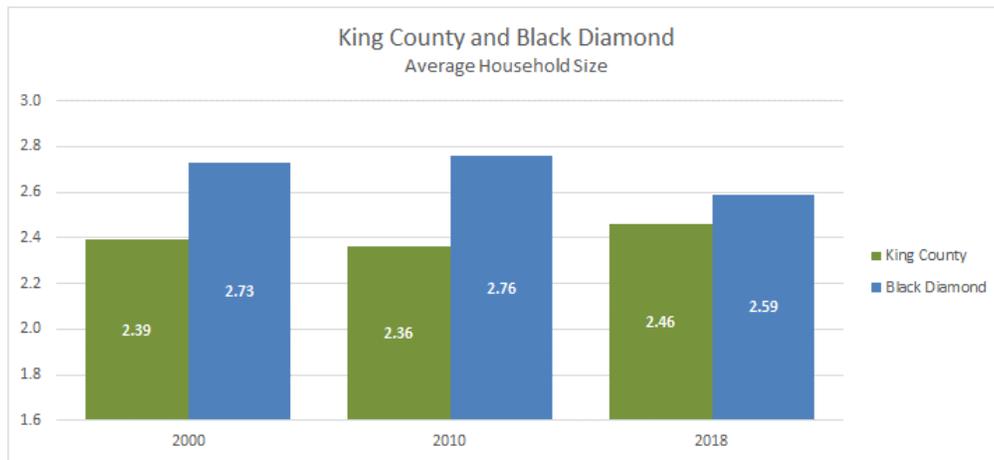


Figure 13 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

In looking at average household size by housing tenure, owner-occupied units have a slightly larger household size. In 2018, Black Diamond's average household size was 2.74, a decrease since 2010. King County's owner households, again saw an increase in average household size since 2010.

Average household sizes fluctuate when looking at households that rent. Black Diamond saw a dramatic decrease in average household size for renters between 2000 and 2010 but saw a slight increase in household size since 2010. As of 2018, the average household size for renters in Black Diamond was 1.79. King County again saw an increase in household size amongst renters between 2010 and 2018.

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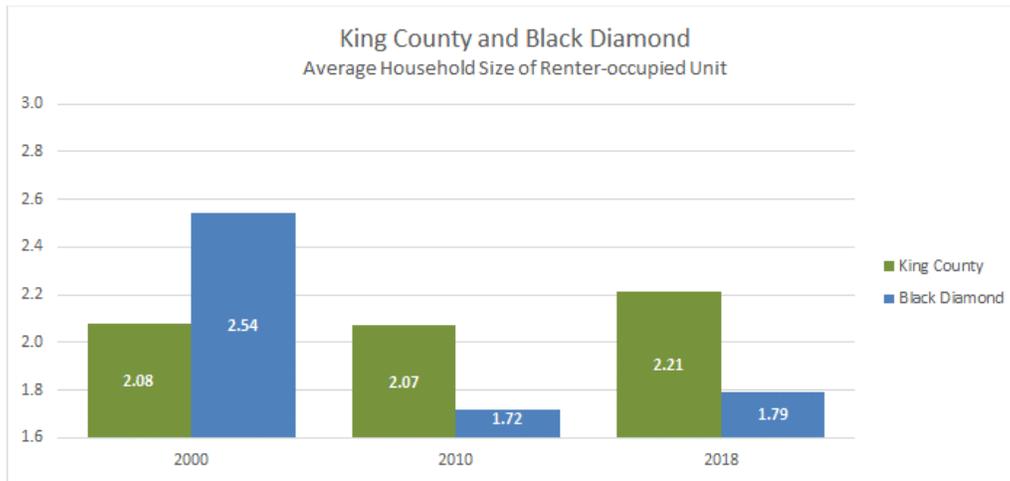


Figure 14 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

Overall, household sizes in King County tend to be smaller in King County than in Black Diamond, with the one exception being that Black Diamond has a much smaller household size amongst renters compared to King County.

Population Pyramid

Tracking changes in Black Diamond’s age cohorts can provide insight into how the population is aging. In 2000, the City’s largest cohort were those ages 30-39, in 2010 it was 40-49, and by 2018 the largest cohort were those 50-59 years of age. As the City’s population seems likely to age in place, it will be critical to provide the necessary housing options for seniors and elderly citizens with special needs.

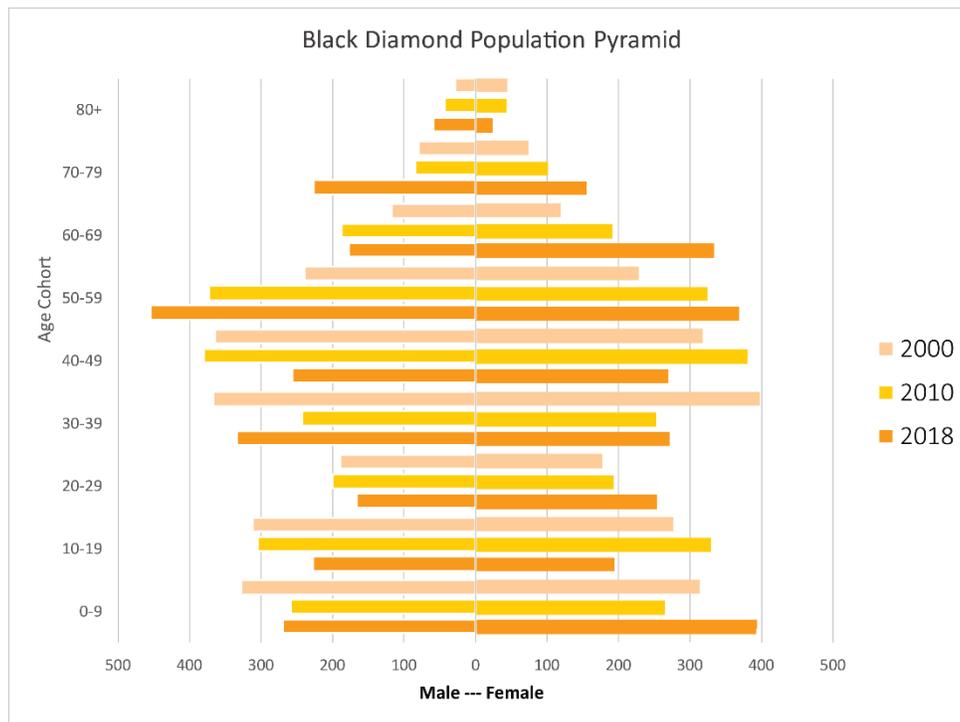


Figure 15 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

POPULATION & DEMOGRAPHICS

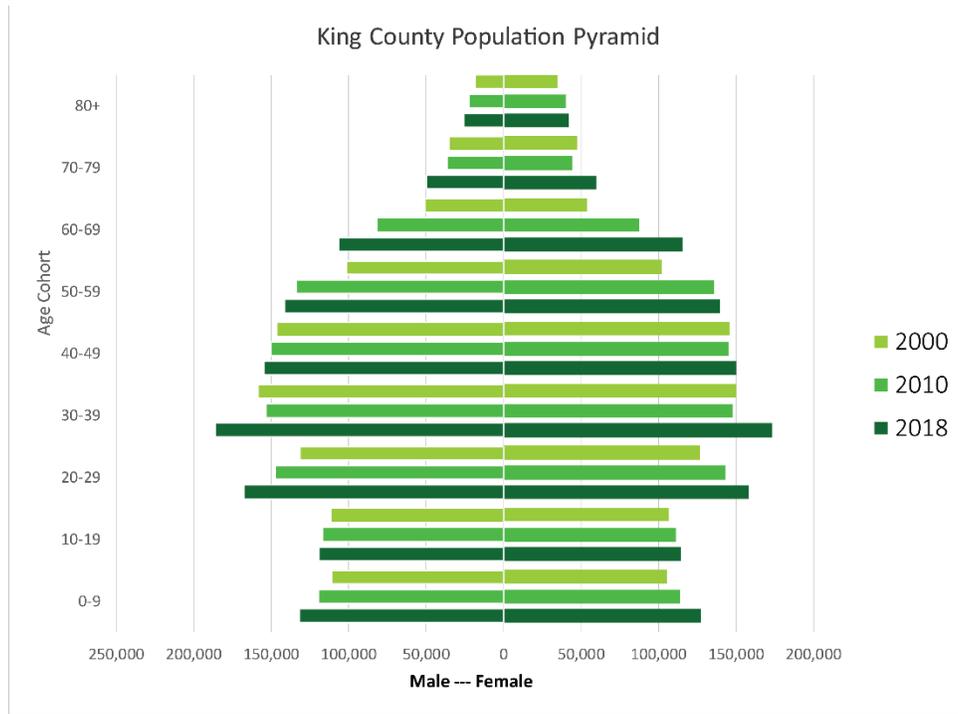


Figure 16 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

EMPLOYMENT

The employment status of Black Diamond residents and the economic characteristics of the City as a whole can provide valuable insight into City’s housing market, particularly its affordability. According to the most recent American Community Survey (ACS) data from 2018, the unemployment rate for Black Diamond is 3.4%, compared to 4.5% for King County. The most common occupations for Black Diamond residents are in management, business, science, and arts occupations, with 43% of the employed population, followed by sales and office occupations at 20%. The most common industry for Black Diamond residents to be employed in is Educational Services, and Health Care and Social Assistance with 20% of the employed population, followed by Manufacturing at 16%, and Construction at 12%. See Figure 17 below.

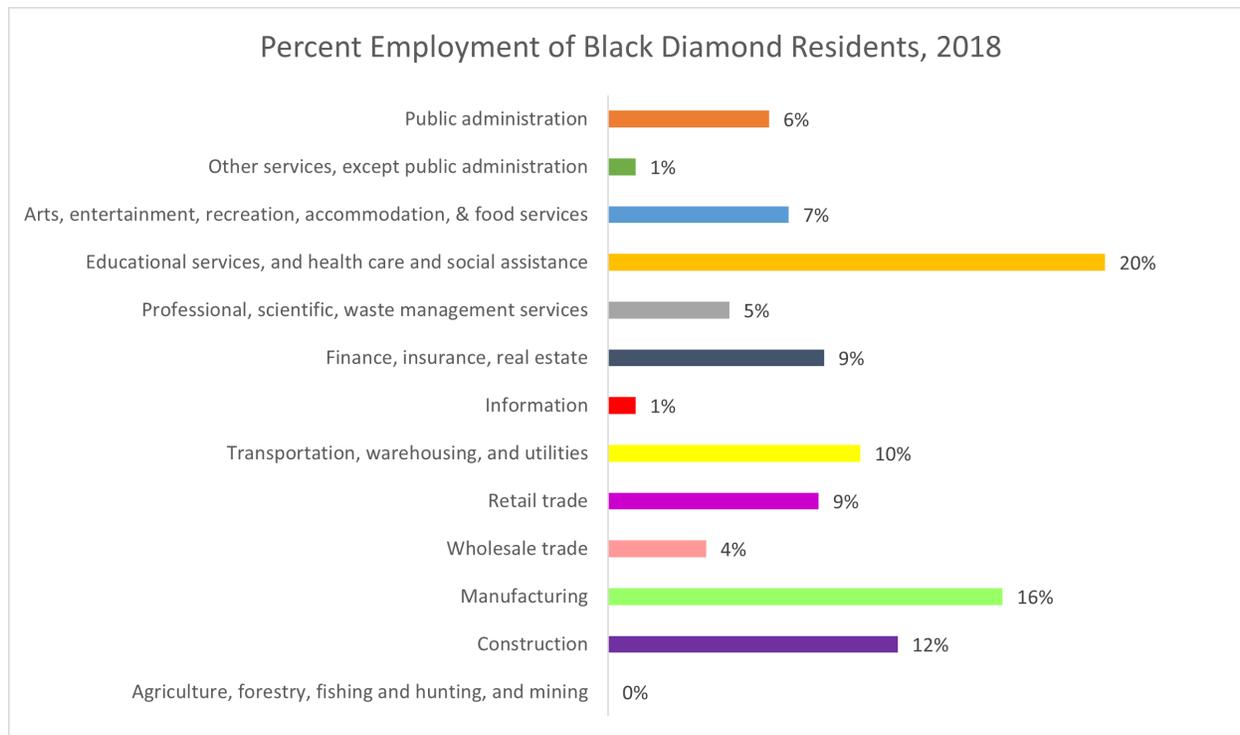


Figure 17 Source: 2018 – 2014 ACS 5-year estimates.

The jobs-to-housing ratio for Black Diamond is 0.33 jobs for every occupied housing unit, which indicates that many of the employed residents of Black Diamond work outside of Black Diamond. For comparison, King County has 1.60 jobs for every household, meaning the county is an employment center that attracts people who live outside of the county to work there. With 558 total jobs, the industry sector with the highest share of jobs in Black Diamond is Services at 41% following by Construction and Resources at 30%.⁶ See Figure 18 for employment numbers by major industry sector.

EMPLOYMENT

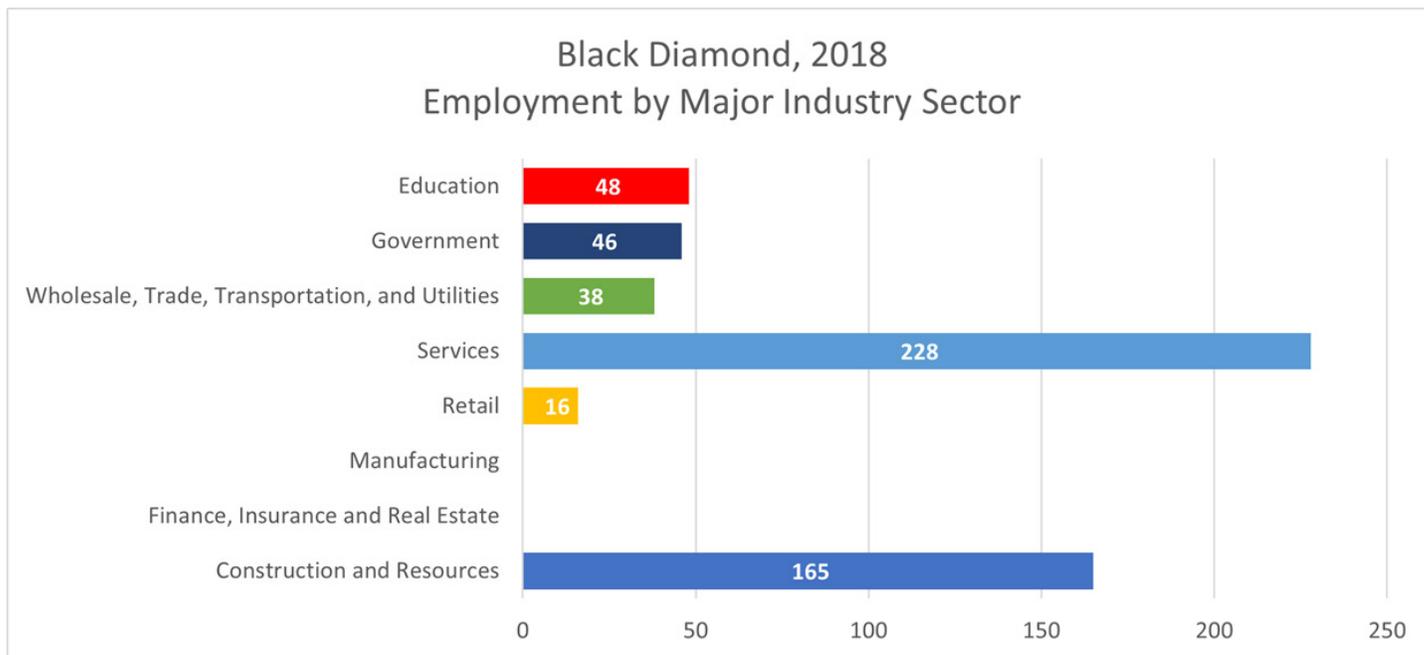


Figure 18 Source: PSRC Covered Employment Estimates, 2018.

With a low jobs-to-housing ratio, many of the employed residents of Black Diamond must commute to their workplace outside of the city. Of employed residents, 57% have a commute time of 30 minutes or greater to work, and 20% have a commute time of 60 minutes or greater, suggesting there is a lack of jobs available near Black Diamond.⁷ The Longitudinal Employer-Household Dynamics 2017 data which shows that only 9% of people who are employed in Black Diamond also live there. There are multiple potential reasons for this, with one being that the people employed in Black Diamond do not earn enough to afford to live there.⁸ Regardless of the factors that can influence where people work versus where they live, transportation costs can become an affordability issue when considering longer commute times because people do not live near where they work. An accurate measure of affordability accounts for both housing and transportation costs since after the cost of housing, the largest expense for most households is transportation. Automotive maintenance and fuel comprise the highest portion of the transportation cost for 82% of employed Black Diamond residents because that is the percentage that commute to work in a single occupancy vehicle.⁹ Encouraging more people to live near where they work can help to achieve transportation and environmental goals as a reduction in commute times can limit the strain on transportation infrastructure and production of carbon. One way to do this is to increase the supply of the housing stock that is affordable to the Black Diamond workforce.

Ensuring housing options are affordable to the local workforce is important to consider in Black Diamond as the city welcomes both new households and new jobs over the next couple of decades. According to the updated growth projections when factoring in the two Master Planned Developments of The Villages and Lawson Hills, Black Diamond will have 7,674 households and 3,709 jobs by 2035.¹⁰ Compared to the 558 jobs currently in Black Diamond, this is a substantial increase. The two MPDs are projected to contain 515,000 square feet of retail space and 650,000 square feet of office space. The combination should create approximately 630 retail jobs and 1,500 commercial jobs.¹¹ By 2035, the full build-out of the MPDs would increase the current jobs-to-housing ratio of about one job per three households to nearly one job per two households. While Black Diamond is not projected to be an employment center, the enlarged jobs-to-housing ratio means more opportunity for people to live near where they work, if Black Diamond ensures the housing that is created will be affordable to those holding the new jobs.

⁷ 2018-2014 American Community Survey 5-year estimates.

⁸ 2017 Longitudinal Employer-Household Dynamics.

⁹ 2018-2014 American Community Survey 5-year Estimates.

¹⁰ 2018 Black Diamond Comprehensive Plan.

¹¹ Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

Occupancy

Table 3. Black Diamond and King County, Housing Occupancy, 2018

HOUSING OCCUPANCY	2018 ACS 5-year Estimates	
	Black Diamond	King County
Total housing units	1,802	917,904
Occupied housing units	1,709	865,627
Vacant housing units	93	52,277
Homeowner vacancy rate	1.8%	0.9%
Rental vacancy rate	9.2%	3.0%

In 2018, King County’s housing vacancy rates were very low, with a homeowner vacancy rate of 0.9% and a rental vacancy rate of 3%. The homeowner vacancy rate in Black Diamond is slightly higher at 18%, but the rental vacancy rate is much higher at 9.2%. These rates are considered to be healthy rates, but Black Diamond should monitor the rental vacancy rate closely if it continues to rise.

Housing Types and Supply

Black Diamond’s housing supply, as of 2018, was 90% single-family and 10% mobile homes. King County’s housing stock is more diverse, with 59% single-family, 33% apartments, and 6% considered to be either duplexes, triplexes or 4-plexes. While Black Diamond clearly lacked diversity in housing types in 2018, the City’s housing stock has changed quite drastically since this data was collected. While the two MPDs mentioned earlier in the report have not increased the housing stock in Black Diamond substantially, they have also diversified housing stock.

The table below shows the anticipated number of units broken down into single-family and multifamily for each MPD. Note that multifamily uses include apartments, stacked flats, and townhomes. The table also shows the anticipated number of units that will be built per year while each MPD is in development.¹²

Table 4. Black Diamond Master Planned Developments Summary

Master Planned Development	Projected Units		
	Single-family	Multifamily	Total
Lawson Hills	930	320	1,250
Anticipated units per year	+/- 117	+/- 40	+/- 157
The Villages	3,600	1,200	4,800
Anticipated units per year	+/- 240	+/- 80	+/- 320
Total Units	4,530	1,520	6,050

Source: Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

¹² Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

As discussed previously, essentially all housing in Black Diamond is single-family residential. This is far different from King County, where 33% of the housing is apartment units in buildings with five or more units. The 1,520 multifamily units, which comprises 25% of all units projected to be built in the two MPDs, will add much needed diversity to Black Diamond’s housing stock. Diversity in housing supply is crucial for providing opportunities to meet the varying housing needs of the growing population.

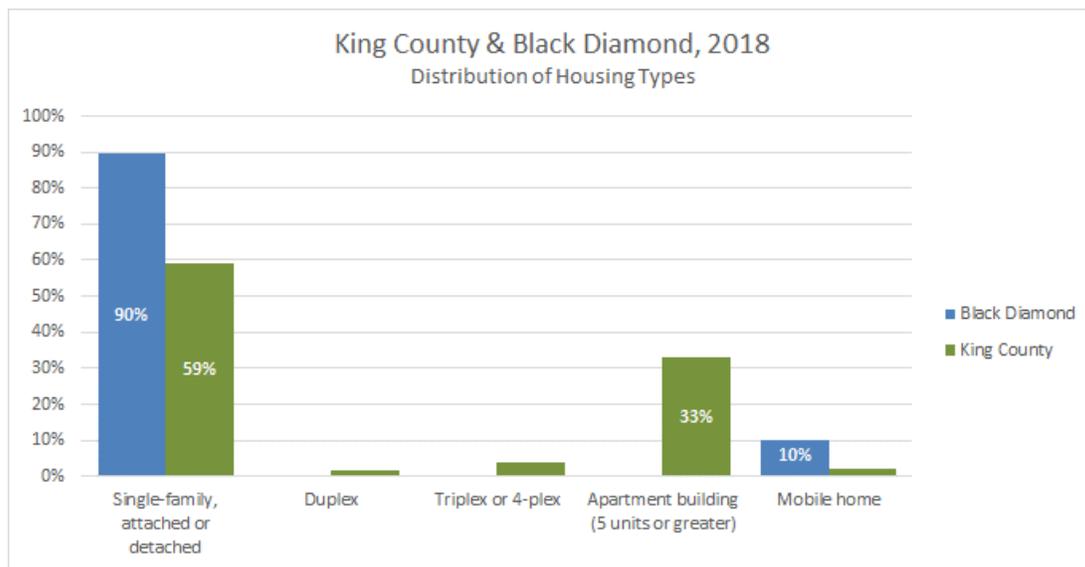


Figure 19 Source: 2018-2014 ACS 5-year Estimates

The table below shows the distribution of number of bedrooms. The overwhelming majority of Black Diamond’s housing units contain two or more bedrooms, with 57% being two or three bedroom units and 38% having 4 or more bedrooms. Again, King County has a more diverse housing supply in relation to bedroom count as well, with 53% of units containing 2 or 3 bedrooms, 25% containing 4 or more bedrooms, 16% of units having one bedroom, and 6% of units having no formal bedroom at all. Overall, one-bedroom and no bedroom units represent the smallest share of the housing stock in both Black Diamond and King County. Both jurisdictions showing high percentages in units containing two or more bedrooms is consistent with the distribution of housing types discussed above, as single-family units are the dominate housing type in both King County and Black Diamond. Factoring that Black Diamond’s average household size was 2.59 as of 2018, and 57% of the housing units contain two or three bedrooms and 38% contain four or more bedrooms, there is likely higher demand for newer units to have fewer bedrooms. This idea is explored later in the document when discussing the affordability of housing in Black Diamond.

Table 5. Percent Housing Units by Bedrooms, Black Diamond and King County (2018)

	Black Diamond	King County
No bedroom	2%	6%
1 bedroom	4%	16%
2 or 3 bedrooms	57%	53%
4 or more bedrooms	38%	25%

Source: 2018-2014 ACS 5-year Estimates

EXISTING HOUSING PROFILE

As with other data categories in this report, the distribution of housing types is further broken down by housing tenure to understand whether the percent of units discussed above are occupied by renters or owners. Because single-family housing is by far the dominate unit type in Black Diamond, the table below offers no surprises that whether renting or owning, the resident lives in a single-family dwelling unit. The housing options in Black Diamond are primarily limited to single-family, attached or detached, or a mobile home for both renters and homeowners. There is a total lack of what is commonly referred to as the “missing middle” unit types in Black Diamond as of 2018. However, as discussed earlier, with the approval and ongoing implementation of the two MPDs, the diversity in the housing stock will shift in the coming years. The table also shows that the lack of diversity is likely an issue jurisdictions are facing across King County, based on the low combined percentage of duplexes, triplexes, and 4-plexes within all occupied housing units.

Table 6. Type Distribution of Occupied Housing Stock by Tenure, Black Diamond and King County (2018)

	Renter-occupied		Owner-occupied		Occupied Housing Units	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Single-family, attached or detached	71%	22%	93%	87%	90%	59%
Duplex	0%	3%	0%	1%	0%	2%
Triplex or 4-plex	4%	8%	0%	1%	1%	4%
Apartment building (5 units or greater)	0%	66%	0%	9%	0%	33%
Mobile home	25%	1%	7%	3%	10%	2%

Source: 2018-2014 ACS 5-year Estimates

After studying Black Diamond’s housing stock, it is a worthwhile exercise to revisit the cost-burdened household data broken down by housing tenure again to understand if the housing stock Black Diamond is serving its households adequately. With 30% of all Black Diamond households considered to be cost-burdened, a lack of diversity in the housing stock could be putting pressure on households to rent or purchase a home outside of their budget. While only 15% of Black Diamond’s households rent their home, 43% of them are cost-burdened which indicates the dominant single-family unit type may not be meeting the needs of the households that rent. A wider variety of rental options could provide households will more opportunity to spend less on their housing, while still meeting their needs. Even though renters are more likely affected by the lack of diversity in housing type, households that own their home in Black Diamond are cost-burdened as well. In fact, a quarter of households that own are cost-burdened, demonstrating the existing housing stock may not be sufficient for their needs either. With 78% of the housing units in Black Diamond having two or more bedrooms, a need for more affordable, smaller homes in the one to two-bedroom range, such as units within duplexes or triplexes, may exist.

EXISTING HOUSING PROFILE

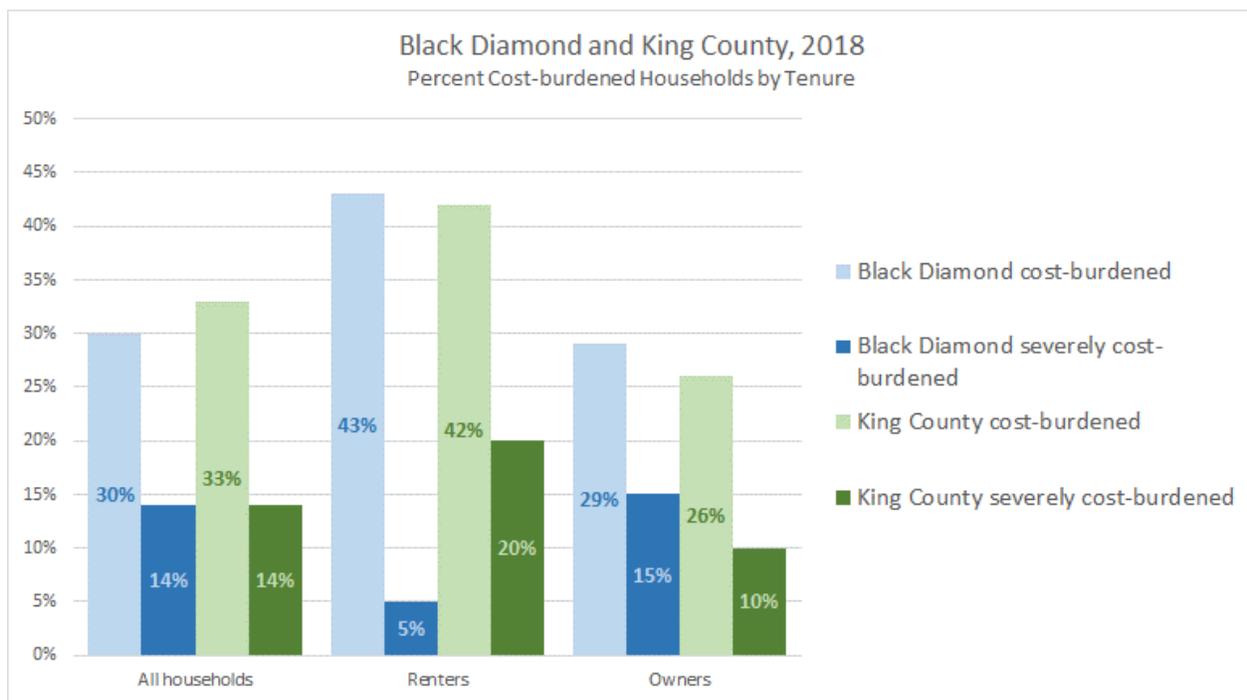


Figure 20 Source: 2016 CHAS Data (extrapolated to 2018)

Home Values and Rent Prices

As of 2018, King County’s median rent had increased 97% since 2000, with a nearly 50% increase since 2010. Black Diamond’s median rent has actually declined relative to 2000, due to a 44% drop in median rent between 2000 and 2010. Since 2010, median rent in Black Diamond has seen a 35% increase to \$822 a month, but still \$672 less than King County.

Both King County and Black Diamond’s median home values have more than doubled since 2000, with King County having 118% growth and Black Diamond having 119% growth. While most of that growth occurred between 2000 and 2010, both the City and the County median home values have continued to grow since 2010 into 2018. As of 2018, King County’s median home value was \$494,000, a 21% increase since 2010, and Black Diamond’s median home value was \$400,000, representing a 25% since 2010. Overall, while King County’s median home value in 2018 was \$94,000 more than Black Diamond’s, the City’s median home value has grown at a faster rate than King County.

EXISTING HOUSING PROFILE

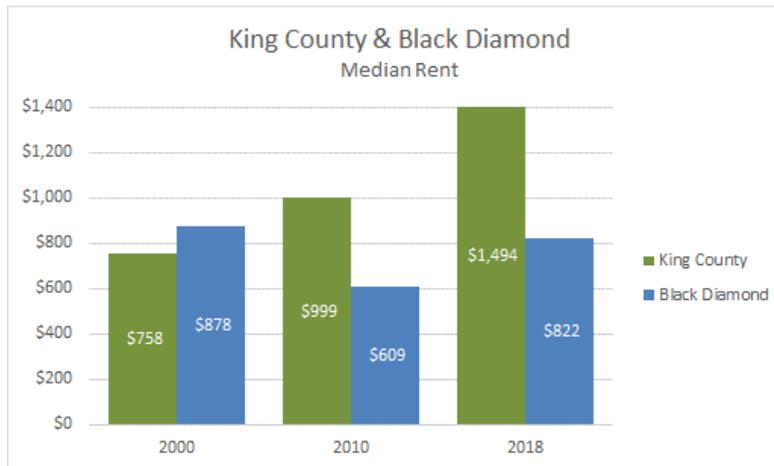


Figure 21 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

Housing voucher subsidies from HUD are capped based on Fair Market Rents that are estimated each year within metro areas. Black Diamond falls within the Seattle-Bellevue, WA FMR area. With Seattle and the rest of King County experiencing substantial growth, which has dramatically increased the cost of housing in cities like Seattle and Bellevue over the last 10 years, the standards for HUD’s fair market rents do not reflect that of Black Diamond.

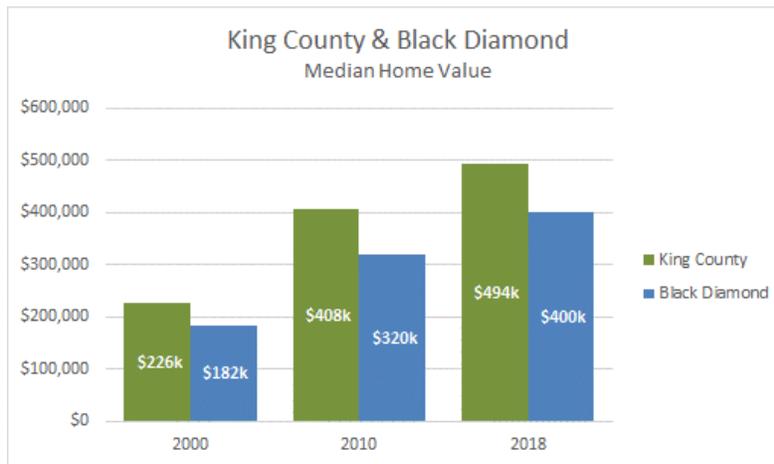


Figure 22 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

Figure 23 shows the discrepancies between the City and the County’s median rents, but it also shows the major discrepancy between how HUD’s FMRs for Black Diamond and Black Diamond’s median gross rents. In a more urban environment with a higher cost of living like Seattle, these FMRs may fall below, or be on par with, what the actual expected rent for these unit types may be causing households to spend more money of their housing costs than their budget allows. However, in the case of Black Diamond, this discrepancy may actually benefit residents participating in housing voucher programs. Since Black Diamond’s rents are much lower than the HUD FMR, which determines subsidy caps, participants in Black Diamond may have greater access to more expensive housing options located in areas of high opportunity.

EXISTING HOUSING PROFILE

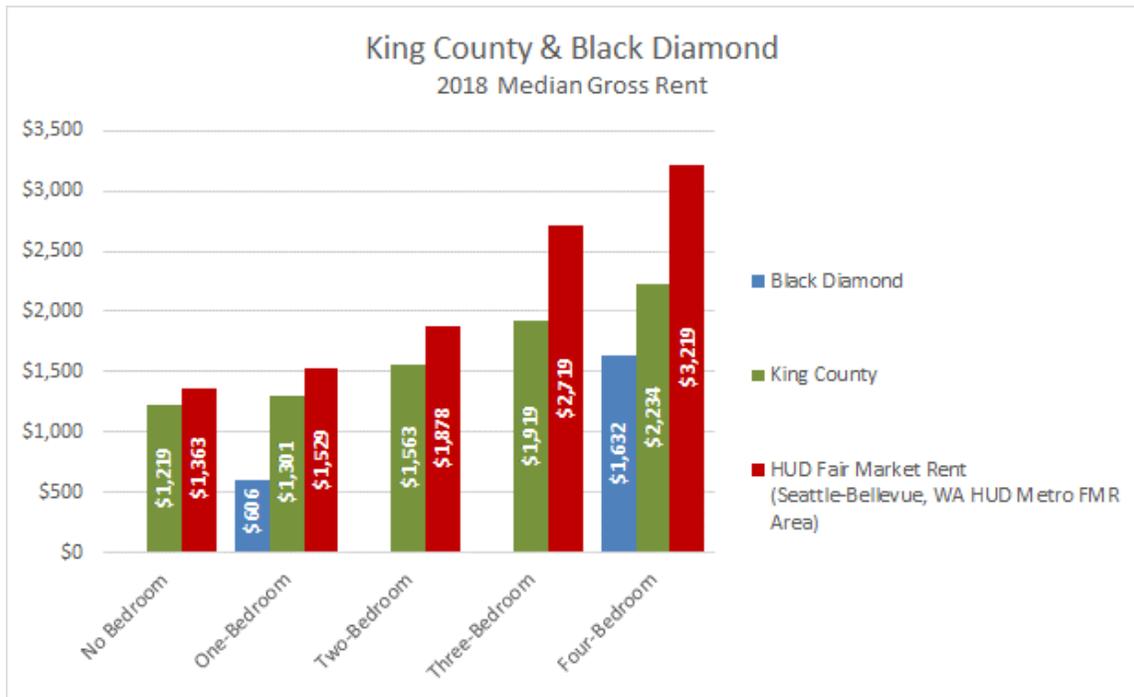


Figure 23 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

The report thus far has evaluated changes in income, rent and home value in Black Diamond and across King County separately, but in understanding affordability it's important to look at changes across these datasets together. Generally, to maintain affordability, a jurisdiction would want to see income levels change in tandem with housing costs. In King County, both rent and home values have risen much faster than income, negatively affecting affordability. Black Diamond has experienced similar disproportionate changes to income and home value, but the City actually experienced a 6% decrease in median rent between 2000 and 2018. However, as previously discussed, Black Diamond's median rent did increase in the span 2010 to 2018 by 35% after experiencing a drastic dip between 2000-2010. The changes in median rent in Black Diamond are not entirely surprising due to the overall lack of rental units and competition for rentals units in the City. Only 15% of households in Black Diamond are renters, and the City has a 9% rental vacancy rate as of 2018. Regardless, the fact that the City experienced only a 41% rise in median household income relative to the 120% increase in home value between 2000 and 2018 is concerning. Strategies aimed at addressing this issue will be a priority within the Housing Action Plan.

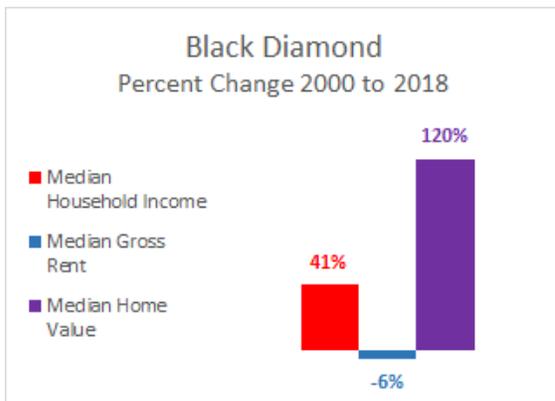


Figure 24 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

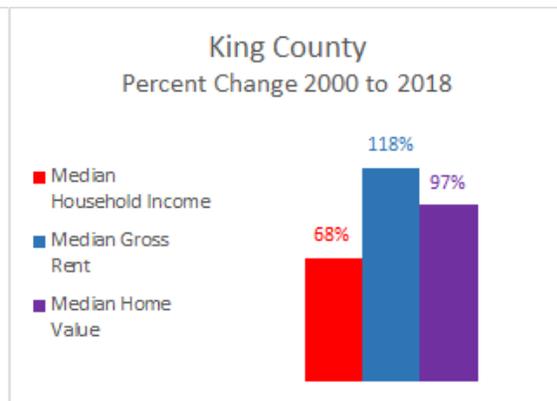


Figure 25 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

EXISTING HOUSING PROFILE

Figures 24 and 25 show the trend in rise in monthly housing costs versus rise in median income broken out between 2000, 2010, and 2018. This gives a slightly better snapshot at monthly affordability since it considers the median mortgage and the monthly costs that households earning the median income can afford, i.e., not be cost-burdened. Although median home values have risen over the past two decades, median mortgages have not risen quite as drastically, as shown with the 5% rise in median mortgage in Black Diamond between 2010 and 2018. Because of the drop in the rate of the mortgage increase, the monthly costs that households earning the median income can afford has now propelled over the median mortgage in Black Diamond, and the gap has narrowed to only a 6% difference in King County.

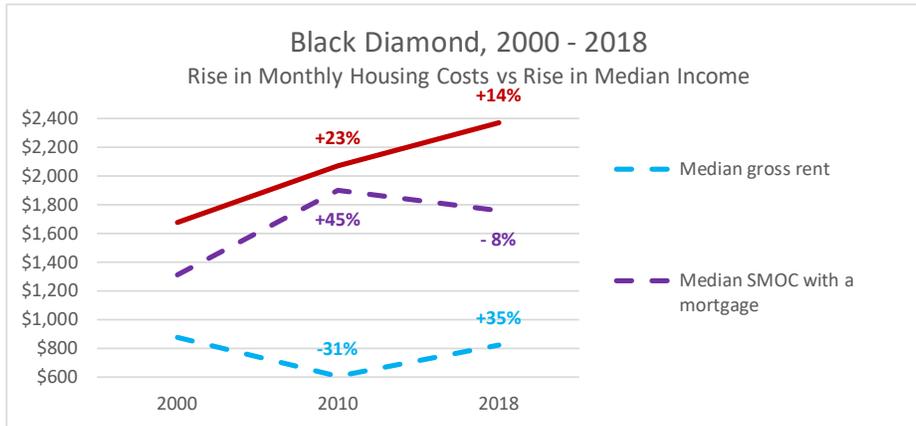


Figure 26 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

This is assuredly a favorable display toward greater affordability of home ownership; however, it should be noted that the mortgage does not account for the total monthly costs incurred by homeowners. Property taxes and insurance, which would be other monthly ownership costs, can add approximately 30% more cost on top of the mortgage in calculating total monthly payment obligations. Therefore, the median monthly ownership costs are likely still above what households earning median income can afford.

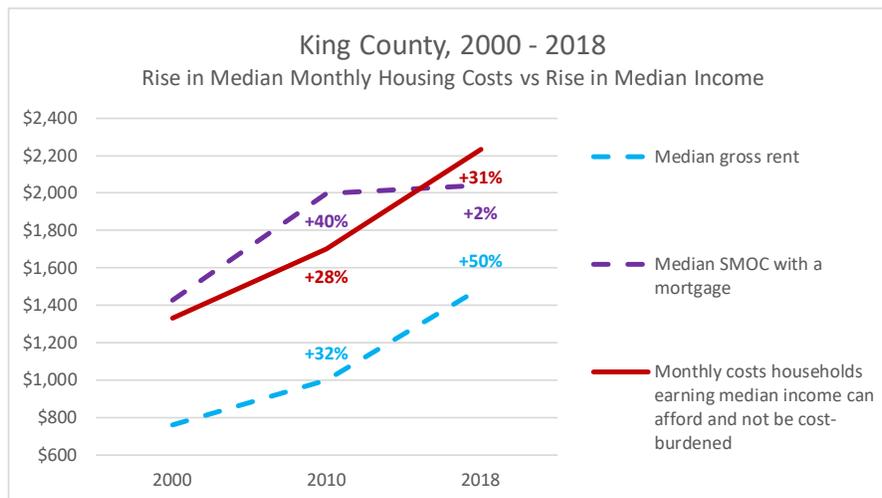


Figure 27 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

EXISTING HOUSING PROFILE

Development Patterns

The charts below show net newly permitted units between 2010 and 2019 for Black Diamond and King County. From 2010 through 2017, Black Diamond saw very few permitted units each year, and all newly permitted units were single-family. When the two MPDs began implementation in 2018, the City permitted a 125 net addition of units, four of them being multifamily units in the form of two duplexes. In 2019, the net addition of permitted units doubled to 251 units comprised of 212 single-family and 41 multifamily units. Again, this surge in units was due to the continued implementation of the two MPDs. The number of permitted units each year is expected to continue growing until the MPDs reach full buildout. Within Lawson Hills, there is projected to be 930 single-family units and 320 multifamily units. The Villages will have 3,600 single-family units and 1,200 multifamily units.¹³

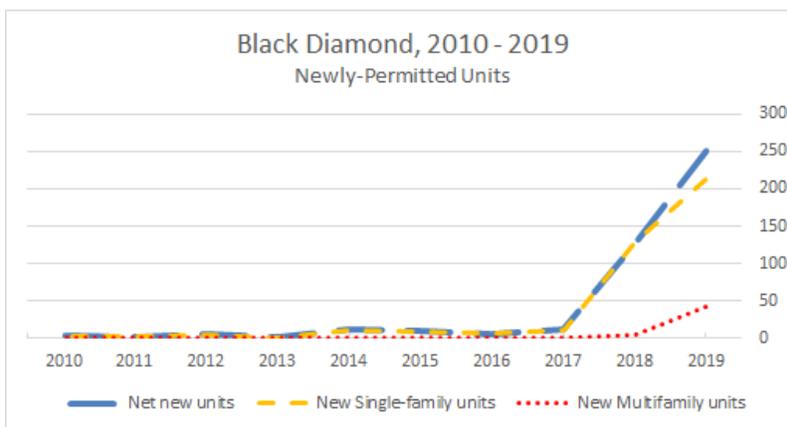


Figure 28 Source: PSRC Residential Building Permit Summaries 2010-2018

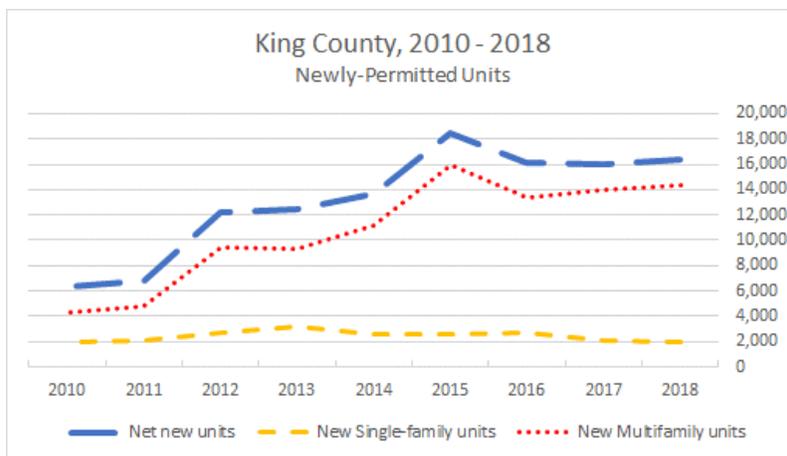


Figure 29 Source: PSRC Residential Building Permit Summaries 2010-2017; City of Black Diamond Permitting Data 2018-2019

The available data for newly permitted units at the County level is limited to 2018, so residential growth for 2019 is unknown at this time. Nevertheless, King County's available data clearly shows that the County has experienced a tremendous amount of growth in multifamily units between 2000 and 2018. Single-family growth remained relatively steady from 2010 and 2018.

¹³ Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

Affordable Housing Stock

Black Diamond has one residential development that has dedicated affordable housing. It is a manufactured home park called *Rainier View* and is owned by King County Housing Authority. It is reserved for low-income seniors (age 55+). It offers both home ownership and rental opportunities. The units are sold at affordable prices to qualifying individuals, and Section 8 vouchers are accepted for the rental of the lots. As of late 2020, there are no homes for sale or lots for rent, but the waiting list is open.¹⁴ It is likely there is naturally occurring affordable housing—existing housing that is currently affordable for lower income homeowners and renters— in Black Diamond, but there is no inventory of where it exists.

¹⁴ King County Housing Authority website, 2020.

HOUSING AFFORDABILITY

Rental Costs

Black Diamond’s housing stock is primarily made up of single-family homes that are owner-occupied. Even though there are so few rental units in the City, it is important to consider if those units are affordable to those renting in Black Diamond. The table below shows the number of units available at varying rent prices organized by number of bedrooms. This is helpful in understanding the types of units available within certain price points.

Table 7. Renter-Occupied Units by Rent and Unit Size, Black Diamond (2018)

	No bedroom	%	1 bedroom	%	2 bedroom	%	3+ bedrooms	%
Less than \$300	-	0%	0	0%	-	0%	0	0%
\$300 to \$499	-	0%	10	17%	-	0%	0	0%
\$500 to \$749	28	100%	30	51%	-	0%	23	27%
\$750 to \$999	-	0%	0	0%	36	54%	0	0%
\$1,000 to \$1,499	-	0%	19	32%	10	15%	15	17%
\$1,500 or more	-	0%	0	0%	21	31%	48	56%

Source: 2018-2014 ACS 5-year estimates

The table below shows the percent of households in Black Diamond that can afford rental units and not be cost-burdened. Overall, to afford the median gross rent in Black Diamond, a person would need to earn \$15.81 an hour, earning \$32,880 per year. However, a minimum wage earner would need to work 55 hours per week in order to earn enough to afford the median gross rent in Black Diamond. Eighty-six percent of Black Diamond’s households could afford the median gross rent and not be cost-burdened. One-bedroom rental units are the most affordable, with 92% of households able to afford these units, working 41 hours per week at minimum wage. 66% of the City’s households could afford rent for a 4-bedroom unit if they earned \$31.38 an hour. However, a 4-bedroom unit is only affordable to a minimum wage earner if they worked 190 hours per week. Diversifying rental options would allow the rentals units to become more affordable to more households in Black Diamond, especially those earning the minimum wage.

Table 8. Median Rent by Unit Size and Minimum Income Required to not be Cost-burdened, Black Diamond, 2018

	Minimum Income Required			% of Households that Could Afford This and not be Cost-Burdened
	Per year	Per Hour	Hours Per Week at 2018 Minimum Wage	
Median gross rent	\$32,880	\$15.81	55	86%
No bedroom	-	-	-	-
1 bedroom	\$24,240	\$11.65	41	92%
2 bedrooms	-	-	-	-
3 bedrooms	-	-	-	-
4 bedrooms	\$65,280	\$31.38	109	66%

Source: 2018-2014 ACS 5-year estimates

The table below displays the affordability distribution of median rents in Black Diamond by number of bedrooms. In this table, “No” means no household (after being adjusted for household size) within that income level can afford (pay less than 30% of their income in housing costs) the median gross rent for the size. “Yes” means all households (after being adjusted for household size) within that income level can afford the median gross rent for the size. Overall, Black Diamond’s rental housing is affordable to all households earning above 50% of the AMI. Since Black Diamond lacks rental units overall, there is a large gap when looking at bedroom counts. Typically, housing becomes less affordable or unaffordable to households earning below 50%, as bedroom count rises. Even though we do not have data for 2 and 3

HOUSING AFFORDABILITY

bedrooms units, we can see that the 4 bedroom rental units in Black Diamond become unaffordable to very low- to extremely low-income households.

	Median gross rent	No bedroom	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Extremely low-income (<30% AMI)	Yes	N/A	Yes	N/A	N/A	No
Very low-income (31-50% AMI)	Yes	N/A	Yes	N/A	N/A	No
Low-income (51-80% AMI)	Yes	N/A	Yes	N/A	N/A	Yes
Moderate to high income (>80% AMI)	Yes	N/A	Yes	N/A	N/A	Yes

Source: FY 2018 HUD User Income Limits; 2018-2014 ACS 5-year estimates

Home-Ownership Costs

The median sale price of a home in Black Diamond increased by \$160,000 between 2015 and 2019, representing a 55% increase in just four years. The table below also shows what the minimum income required would be to afford the monthly ownership costs and how many hours per week a household earning minimum wage would have to work each week to afford the median home price. For households earning a minimum wage, the cost of ownership is clearly out of reach.

Table 10. Home Sale Affordability, Black Diamond, 2015 - 2019

	Median Sale Price	Minimum Income Required		
		Per Year	Per Hour	Hours/Week at Minimum Wage for that Year
2015	\$290,000	\$58,980	\$28.36	120
2016	\$359,000	\$73,034	\$35.11	148
2017	\$440,000	\$89,520	\$43.04	157
2018	\$389,000	\$79,134	\$38.05	132
2019	\$450,000	\$91,540	\$44.01	147

Source: King County Assessor Property Sales Data, 2015-2019

The Location Affordability Index (LAI) was developed by HUD and the US Department of Transportation (DOT) in 2013 to better understand housing and transportation costs for specific geographies. As discussed in the employment section, after housing costs, transportation costs are the largest type of expense for most households. The index models eight different household profiles that vary by percent of area median income, number of people, and number of commuters. The calculations account for twenty-four measures such as monthly housing costs, average number of rooms per housing unit, average vehicle miles traveled per year, walkability, street connectivity, and others. These eight model households are not meant to represent specific groups but are rather useful for relative comparison to the digester’s particular situation. Broken down to the neighborhood (census tract) level, the LAI offers what percentage of their income each household profile would typically spend on housing and transportation costs. This information can be useful to the general public, policymakers, and developers in determining where to live, work, and invest.¹⁵

Version 3, the most recent version of the LAI, was published in March 2019. Its data sources include the 2016 – 2012 5-year American Community Survey, 2014 Longitudinal Employer-Household Dynamics, and a few others.¹⁶ Because the data is only available at the census tract level and not at the city level (Place

¹⁵ HUD Exchange Location Affordability Index.

¹⁶ HUD Exchange Location Affordability Index.

HOUSING AFFORDABILITY

Table 11. Black Diamond, HUD Location Affordability Index

HUD Location Affordability Index Version 3 (Released in March 2019 but based on 2016-2012 ACS Data)

HOUSEHOLD PROFILE	% OF AMI	NUMBER OF PEOPLE	NUMBER OF COMMUTERS	% OF INCOME SPENT ON		
				 + 		
Median-Income Family	100%			51%	26%	26%
Very Low-Income Individual	National Poverty Level*			124%	43%	81%
Working Individual	50%			60%	28%	32%
Single Professional	135%			33%	19%	14%
Retired Couple	80%		—	52%	34%	18%
Single-Parent Family	50%			73%	37%	36%
Moderate-Income Family	80%			55%	31%	24%
Dual-Professional Family	150%			40%	22%	17%

* \$11,880 for a single person household in 2016 according to US Dept. of Health and Human Services

Source: HUD Exchange Location Affordability Index, Version 3

in census terms) like most other data in this report, the numbers shown in Table 11 represent the average percentages of the census tracts that compose Black Diamond. Of the eight household profiles, four are considered to be cost-burdened, spending more than 30% of their income on housing costs. Black Diamond's affordability is further compromised when looking at how much households spend on their transportation costs as well. Of the eight household profiles, six spend more than 45% of their household income on housing and transportation costs, the maximum households *should* spend on housing and transportation costs combined. If this maximum is exceeded, HUD deems the location as unaffordable for the household profile. Very low-income earners spend 81% of their income on transportation costs, bringing their total income spent on housing and transportation to 124%. This indicates that resources and employment opportunities for these households that live in Black Diamond may not exist there, causing them to travel longer distances to access them.

The LAI highlights how important accessibility to work and amenities are when evaluating a city's affordability. The high accessibility of walkable, well-located neighborhood is normally added into the price of the rental and for sale housing there. Conversely, housing in a more rural area with lower access to opportunity will be priced at a discount. If a household living in a more rural area is paying only 20 percent of their income on housing but also 20 percent of their income on transportation and their urban counterpart is paying 30 percent of their income housing but only 10 percent on transportation, the more rural household should not be considered have a more affordable living situation. Black Diamond will need to focus on how to create more of a balance for all households when looking at housing and transportation costs combined.

HOUSING NEEDS

After incorporating the additional units expected from the MPDs, Black Diamond is expected to have 7,674 housing units by 2035. The vast majority of those units will come from the MPDs, which expect full buildout by 2026. Even though none of the units built within the MPDs have been designated as affordable units, they will represent more diverse housing types than Black Diamond has seen in the past, with 25% being multifamily attached units.

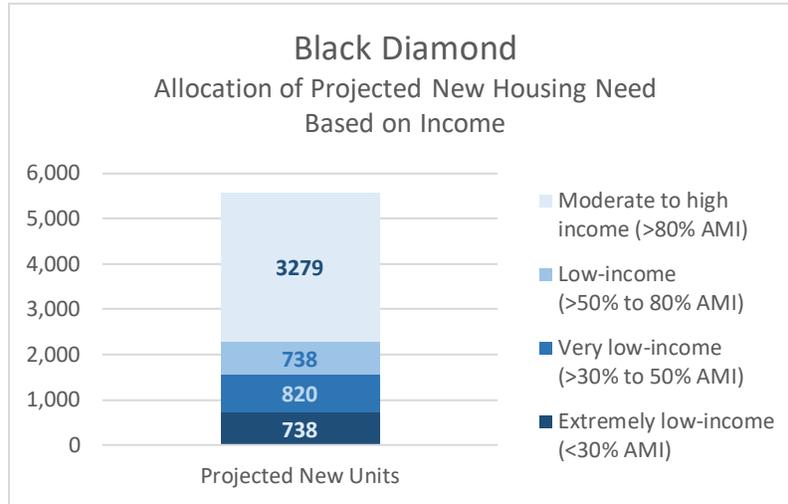


Figure 30 Source: 2016 CHAS Data (projected to 2018); City of Black Diamond Permitting Data

The chart below shows how the remaining 5,558 housing units should be broken down to meet the affordability needs of Black Diamond's households, assuming the City's current mix of incomes remains constant. Approximately 2,296 units will need to serve households earning less than 80% of the AMI. It will be important for the City to monitor the different data in this report for significant changes once the MPDs reach full buildout in order to fully understand their impacts on the community's affordability.

NEXT STEPS

Black Diamond's median household income has increased by \$32,000 since 2000, reaching \$95,000 as of 2018. While Black Diamond has maintained a much higher median income than King County overall since 2000, the difference became much smaller between 2010 and 2018. This change could be accounted for by the fact that King County experienced significant growth, particularly in cities like Seattle and Bellevue, that brought in high-paying tech jobs that likely raised the County's median income. While Black Diamond maintains a high median income, 41% of its households are still considered to be low-income. Since 2010, Black Diamond has seen a rise in both very low- and extremely low-income populations and an overall decrease in moderate to high income earners. With the City experiencing dramatic growth due to the implementation of the two MPDs, it will be important to monitor how Black Diamond's income distribution changes once buildout is complete and residents are occupying the new homes.

Almost one-third of households in Black Diamond are cost-burdened, spending 30% or more of their household income on housing costs. High housing costs disproportionately affect renters in Black Diamond, with 43% of renters being cost-burdened and 5% being extremely cost-burdened. High proportions of Black Diamond's low-income earners are cost-burdened, especially extremely low-income earners, with 47% of those households being cost-burdened. In reviewing housing tenure, Black Diamond renters in almost all income brackets, with the exception of very low-income households (31-50% AMI) are more likely to be cost-burdened than owners. When developing the housing action plan, the City will need to focus on stabilizing housing costs for the lowest income earners, especially low-income renters.

It was also important to observe how the City's population has been aging. Growth among Black Diamond's residents within the 50-59, 60-69, and 70-79 cohorts was observed. As the City's population seems likely to age in place in observing past trends, it will be critical to provide the necessary housing options for seniors and elderly citizens that is not only affordable, but also addresses any special needs the aging population may have.

Black Diamond has a low jobs-to-housing ratio at 0.33, meaning that most residents likely commute to their job outside of the City. In addition to a lack of jobs *in* Black Diamond, it also appears there is a lack of employment opportunity near the City as well, with 57% of residents reporting commute times of 30 minutes or more and 20% of residents reporting 60 minutes or more. With transportation costs being the next largest household expense, second to housing costs, Black Diamond's affordability could be further compromised if there continues to be a lack of jobs for its residents. The two MPDs are expected to bring in over 2,000 new jobs through the development of new office and commercial space, a substantial increase. Moving forward, it will be important for the City to continue contemplating job opportunities in tandem with residential development to better balance the jobs-to-housing ratio.

Black Diamond's housing supply lacks diversity, with 90% of units being single-family residences and 10% being mobile homes. The vast majority of units in Black Diamond contain 2 or more bedrooms, with 38% having four or more bedrooms. With an average household size of 2.59 as of 2018 and considering that one-third of households are cost-burdened, there is likely a need for units with fewer bedrooms. The distribution of housing types will diversify significantly once the MPDs are complete, adding over 1,500 new multi-family units. While this is a big step for Black Diamond, the MPDs are also adding over 4,500 new single-family units as well. The City will need to prioritize strategies to continue diversifying the housing stock.

Black Diamond has disproportionately high transportation costs, an important factor that needs to be addressed if the City is looking at affordability from a wholistic standpoint. Introducing more public transit options and increasing employment opportunities by creating commercial centers, are some of the measures that could lead to lower transportation costs for Black Diamond residents.

HOUSING ELEMENT EVALUATION

The City of Black Diamond Comprehensive Plan Housing Element evaluation that follows is an assessment of the housing policies formed during the 2018 Comprehensive Plan Update that received a conditional certification from the Puget Sound Regional Council (PSRC) as of January 2020. The purpose of this evaluation is to analyze the effectiveness of Black Diamond’s current housing policies by understanding the effect they have had on housing development from their adoption by City Council on May 2, 2019 through the end of 2020. Numbers are based on available building permit data from PSRC for 2017 and data from the City of Black Diamond for 2018-2019.

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
H Goal 1 Ensure adequate housing for all current and future residents of Black Diamond by achieving and maintaining quality housing and neighborhoods.			
Policy H-1 Promote a variety of residential densities and housing types.	The City permitted no multi-family units in 2017. But between 2018 and 2019, 45 new multi-family units were permitted.	The two MPDs are largely responsible for all multi-family units built.	Utilize the Housing Action Plan to explore how the City could diversify housing densities and types in areas outside of the MPDs so heavy concentration of housing types is avoided and the diversity is spread throughout the City more evenly.
Policy H-2 Encourage the preservation of existing housing stock and development standards that minimize housing costs.	14 homes were demoed between 2018 and 2019 and half of them were mobile homes.	Most new development in Black Diamond has occurred within the MPDs on vacant land, making existing housing stock less vulnerable during times of development.	Now that the MPDs are being implemented, it will become important to reinforce the existing housing stock through exploring appropriate and timely policy interventions that promote preservation.
Policy H-3 Provide a balance of dwelling unit types, residential densities, and prices within the City.	Since 2018, the City has seen significant and unprecedented growth in multi-family units.	MPDs approved in 2011 will eventually add over 6,000 housing units of varying typologies including duplexes and apartments.	Continue allowing more diverse types of residential units in the City, but focus on fostering their development outside of only MPDs.
Policy H-4 Provide flexibility in zoning and subdivision regulations to encourage a diversity of owner and rental housing types to ensure capacity to accommodate growth. A diversity of types and styles should include attached and detached units.	Between 2018 and 2019, the City permitted 45 attached units and over 300 detached residential units. One ADU was also permitted.	Over 85% of these new units were within the MPDs.	While accommodating growth in the short-term is not a concern for Black Diamond, the City should shift focus to evaluating other areas of the City that will be appropriate for differing unit types when the time comes.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-5 Coordinate with PSRC and appropriate agencies to achieve goals of the Regional Housing Strategy.	No coordination with varying agencies has taken place. This will be an area of focus when developing and executing goals and policies created within the HAP.	The need to realign growth targets that factor in full buildout of the MPDs.	The City has recently coordinated with PSRC on the 2018 Comp Plan Update and conditional certification fostering a working relationship that should continue beyond the Comp Plan certification. The City should also continue to engage with King County and neighboring cities to align growth targets.
Policy H-6 Adhere the same regulations to pre-manufactured and site-built structures.	Black Diamond Municipal Code was updated to comply with Washington State law, regarding manufactured housing – see BMC 18.90.	Compliance with WA State Law	Monitor development patterns of manufactured housing. Engage with manufactured housing developers to understand the code’s strengths and weaknesses regarding implementation.
Policy H-7 Encourage the preservation and maintenance of existing housing to ensure that such housing is safe and livable.	14 residential units were demoed between 2018 and 2019. 7 were mobile home units.		10% of the City’s housing stock are mobile home units. Half of the housing units demoed in 2019 were mobile homes, it may be worthwhile to explore better ways in which the City can help preserve these units.
Policy H-8 Promote housing affordability in coordination with transportation options, such as transit, bicycle, and pedestrian plans in proximity to transit hubs and corridors and planning for mixed uses in transit station areas.	No initiatives have been made here.	Black Diamond lacks transportation options overall, perhaps due to a lack of pressing need prior to the MPDs being implemented.	This should be prioritized moving forward as the MPDs are implemented and the city’s population needs shift.
Policy H-9 Monitor housing supply, type, and affordability to maintain diversity and affordability.	Of the units planned in both MPDs, which accounts for almost all of Black Diamond’s recent growth, none of the units have been designated as affordable.	While the units within the MPDs are more diverse than the existing Black Diamond housing stock, development agreements associated with the MPDs did not outline provisions for any truly affordable units.	Implement policy provisions such as inclusionary zoning, MFTE, or density bonuses in exchange for affordable units so as to mandate or incentivize the development of more affordable units in the future.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-10 Promote mixed-use residential/commercial development in designated Town Center, Neighborhood Center, and Community Commercial areas.	Not much development has occurred in these zones. The community has experienced a major change with the implementation of the MPDs causing major concerns about new development.	Community concern over too much growth.	Help balance growth and economic development within the City. Help education community members on the benefits of thriving commercial areas where people can live, work, and play.
H Goal 2 Encourage the availability of a wide range of affordable housing to meet the needs of households with varying economic status.			
Policy H-11 Work with King County, other local governments and appropriate agencies and programs to maintain the City’s “fair-share” of affordable housing and provide affordable homeownership opportunities for very low, low, moderate, and middle income households.	As previously discussed in the above policy evaluations above, while the City has experienced an influx of residential development due to the MPDs, none of those units have been deemed affordable.	Lack of long-range planning/coordination with relevant jurisdictions regarding housing; affordable housing provisions were not included in MPD development agreement.	As previously discussed above, the City, as part of the comprehensive plan conditional certification has started working more closely with PSRC, King County, and adjacent cities to better understand growth targets in the coming years. The City should continue this effort.
Policy H-12 Eliminate unnecessary or excessive requirements that create barriers to affordable housing. This may include any excessive requirements regarding siting and operating special needs housing.	No regulatory streamlining that has taken place.	Black Diamond has seen relatively little development until the MPDs, so streamlining permit processes was likely not a priority for the City. However, with increasing growth the time to evaluate processes is more appropriate now.	Streamline permit processes and consider moving some uses, particularly related to special needs housing, from “conditional” to “permitted” within certain zoning districts.
Policy H-13 Coordinate with appropriate agencies to provide programs and services to needy households, special needs populations, and the homeless	No coordination with appropriate agencies has taken place.		Foster partnerships with the County and speciality organizations that work with populations with special needs and further identify and begin coordinating with the intention of addressing needs on a larger scale.
Policy H-14 Promote affordable housing in close proximity to employment, services, amenities, and multi-modal transportation opportunities .	No affordable housing has been promoted in the City.	Most of Black Diamond’s growth has occurred within the MPDs.	Now that the MPDs are being implemented, the City should focus on where else in the City growth may occur during the next planning period. The City should prioritize affordable housing to be located near all employment, services, amenities, and transit.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-15 The City should identify regulatory, financial, and physical barriers to the development of affordable housing strategies to overcome such barriers.	The City applied for and received grant funding through ES2HB 1923 to create a Housing Action Plan that will focus on housing affordability. Through this process the City will evaluate any barriers to affordable housing development that will exist.	The current Housing Element is particularly young and the City has been occupied with the implementation of the MPDs which has brought the light the need to focus on creating more affordable housing moving forward.	The City should continue focusing on affordability throughout the development of the Black Diamond Housing Action Plan. Once the plan is complete, the City should take appropriate steps to eliminate any barriers identified.
Policy H-16 The City should consider inclusionary zoning tools which require developers to include a certain percentage of affordable housing in each development.	The City has not implemented any inclusionary zoning tools. However, as stated previously, the City will consider these kinds of tools when developing the Housing Action Plan.	As previously mentioned, Black Diamond's current Housing Element was adopted in 2019 and is relatively young so it is a challenge to evaluate its performance at this point in time. Since the City has grown quite rapidly with the implementation of the MPDs, the City has now shifted focus to better understanding the impacts of such growth on affordability.	The City should evaluate the appropriateness of inclusionary zoning tools throughout the Housing Action Plan development.
Policy H-17 Collaborate with King County to monitor the supply of affordable housing. Amend local housing policies in this chapter to address results of monitoring efforts.	The City, as a result of the Comprehensive Plan Update conditional certification received from PSRC, has started coordinating with King County to better align housing goals.	The conditional certification and the implementation of the MPDs.	The City should continue their efforts to coordinate with King County on affordability strategies and amend policies within the municipal code and within this Housing Element as deemed appropriate.
Policy H-18 Preserve existing affordable housing units, where appropriate.	Black Diamond has one residential development that has dedicated affordable housing. It is a manufactured home park called <i>Rainier View</i> and is owned by King County Housing Authority.	Most development Black Diamond has experienced in recent years is from the MDPs which occurred on largely vacant land.	Since the City has experienced a tremendous amount of growth in such a short period of time, it will be critical to prioritize policy that will protect existing affordable housing units if the City continues to experience growth. Utilize the Housing Action Plan as an opportunity to explore appropriate strategies.
H Goal 3: Recognize the need for and support housing for special needs populations			

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<p>Policy H-23 Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs throughout the city and region.</p>	<p>No initiatives have been made regarding this policy.</p>	<p>This may be more of a pressing need now than it was in the past due to the influx of development happening.</p>	<p>Black Diamond should prioritize partnerships moving forward to take a regional approach on housing for low income and special needs populations.</p>
<p>Policy H-24 Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.</p>	<p>The Black Diamond Community Center provides specialty services.</p>		<p>Expand services provided by the Community Center. Explore ways for local government to provide additional services or help better support the Community Center. Explore how development process could be streamlined to make it more approachable for all.</p>
<p>Policy H-25 Work with other jurisdictions and health and social service organizations to develop a coordinated, regional approach to homelessness.</p>	<p>The Black Diamond Community Center provides specialty services.</p>		<p>Continued coordination efforts with King County, adjacent cities, and PSRC on all housing issues. Identify and develop partnerships with local housing authorities and organizations that offer social services.</p>

APPENDIX

APPENDIX A GLOSSARY

Affordable housing: Housing is typically considered to be affordable if total housing costs (rent, mortgage payments, utilities, etc.) do not exceed 30 percent of a household's gross income

AMI: Area Median Income. The benchmark of median income is that of the Seattle-Bellevue, WA HUD Metro Fair Market Rent Area median family income, also sometimes referred to as the HAMFI. The 2018 AMI, which was \$103,400, is used in this report. This measure is used by HUD in administering its federal housing programs in Snohomish County.

Cost-burdened household: A household that spends more than 30 percent of their gross income on housing costs.

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

Housing Choice Vouchers: Also referred to as Section 8 Vouchers. A form of federal housing assistance that pays the difference between the Fair Market Rent and 30 percent of the tenant's income. HUD funds are administered by Public Housing Agencies (PHA).

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

Severely cost-burdened household: A household that spends more than 50 percent of their gross income on housing costs.

Subsidized housing: Public housing, rental assistance vouchers like Section 8, and developments that use Low-Income Housing Tax Credits are examples of subsidized housing. Subsidized housing lowers overall housing costs for people who live in it. Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably.

Workforce rental housing: Workforce rental units have rents which are set in order to be affordable to households at certain income levels. While a household may need to have income below a certain level to apply for a workforce rental unit, the rent level does not adjust to their actual income. A property may feature units with rents affordable to households with 50% AMI, but a household earning 30% AMI would still have to pay the same rent.

APPENDIX B SINGLE FAMILY HOME SALES

	2015	2016	2017	2018	2019
Median Sale Price	\$290,000	\$359,000	\$440,000	\$389,000	\$450,000
Average Sale Price	\$336,111	\$374,834	\$462,932	\$469,291	\$539,602
Number of Sales	35	22	13	21	22

Median Sale Price Home Affordability

	2015	2016	2017	2018	2019
Mortgage Amount	\$232,000	\$287,200	\$352,000	\$311,200	\$360,000
Interest Rate	3.87%	3.71%	4.03%	4.58%	4.05%

Total Monthly Payment Breakdown (Not Including Utilities)

“ Mortgage Payment					
(Principal + Interest)”	\$1,141	\$1,413	\$1,732	\$1,531	\$1,771
Taxes & Other Fees	\$242	\$299	\$367	\$324	\$375
Home Insurance	\$92	\$114	\$139	\$123	\$143
TOTAL	\$1,475	\$1,826	\$2,238	\$1,978	\$2,289

Minimum Annual Income to Afford	\$58,980	\$73,034	\$89,520	\$79,134	\$91,540
in 2019 Dollars	\$63,618	\$77,796	\$93,368	\$80,568	

First Quartile Sale Price Home Affordability

	2015	2016	2017	2018	2019
Mortgage Amount	\$118,991	\$225,430	\$280,000	\$218,480	\$239,940
Interest Rate	3.87%	3.71%	4.03%	4.58%	4.05%

Total Monthly Payment Breakdown (Not Including Utilities)

“ Mortgage Payment					
(Principal + Interest)”	\$585	\$1,109	\$1,377	\$1,075	\$1,180
Taxes & Other Fees	\$124	\$235	\$292	\$228	\$250
Home Insurance	\$47	\$89	\$111	\$86	\$95
TOTAL	\$756	\$1,433	\$1,780	\$1,389	\$1,525

Minimum Annual Income to Afford	\$30,242	\$57,322	\$71,180	\$55,563	\$60,997
in 2019 Dollars	\$32,620	\$61,060	\$74,240	\$56,570	

APPENDIX C METHODOLOGY

Affordability - Adjustment for Household Size

Where it is indicated that housing cost affordability is assessed adjusting for household size, several factors were considered. First, based on guidelines for the Low-Income Housing Tax Credit which assumes 1.5 persons per bedroom, the appropriate size range that could inhabit the housing unit in question was determined. For example, a 1-bedroom unit would be large enough for one or two people. Next, because HUD adjusts the HUD adjusted median family income (HAMFI) 10% lower for each person less than 4 people and 8% more for each person greater than 4 people, the average adjustment for a 1-person household and 2-person household was used to determine if a 1-bedroom unit was affordable. This would be 75% of HAMFI since the 1-person HAMFI is 70% of the 4-person HAMFI and the 2-person HAMFI is 80% of the 4-person HAMFI¹. Based on this, the household size adjustment factors for estimating affordability based on number of bedrooms is shown in Table XX.

Household size adjustment factors for estimating affordability

Number of bedrooms	Adjustment Factor
0	0.70
1	0.75
2	0.90
3	1.04
4	1.16
5	1.28
6	1.40

Source: HUD User CHAS Affordability Analysis.

Table XX shows the maximum a household within each income level can afford to spend on housing per month by household size. For example, a 5-person very low-income household can afford to spend \$1,445 per month on housing costs. Table XX displays the maximum monthly expense that is affordable for the unit's number of bedrooms, adjusted for household size. If a 3-bedroom rents for \$835 a month, it is considered to be affordable, on average, to an extremely low-income household.

Table 1: Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Maximum Monthly Housing Expense by Income Level and Household Size, 2018

	Number of Persons per Household							
	1	2	3	4	5	6	7	8
Extremely low-income (<30% AMI)	\$563	\$643	\$723	\$803	\$868	\$931	\$996	\$1,060
Very low-income (31 to 50% AMI)	\$936	\$1,070	\$1,204	\$1,338	\$1,445	\$1,553	\$1,659	\$1,766
Low-income (51 to 80% AMI)	\$1,405	\$1,605	\$1,806	\$2,006	\$2,168	\$2,328	\$2,489	\$2,649
Moderate income (81 to 95% AMI)	\$1,720	\$1,965	\$2,213	\$2,456	\$2,653	\$2,850	\$3,048	\$3,243
Middle income (95 to 120% AMI)	\$2,173	\$2,483	\$2,793	\$3,102	\$3,353	\$3,600	\$3,848	\$4,095

Source: FY 2018 HUD User Income Limits

¹ HUD User CHAS Affordability Analysis.

APPENDIX C METHODOLOGY

Table 2. Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Maximum Monthly Cost that is Considered Affordable by Income Level and Number of Bedrooms (Adjusted for Household Size), 2018

	Number of bedrooms						
	0	1	2	3	4	5	6
Extremely low-income (<30% AMI)	\$562	\$602	\$722	\$835	\$931	\$1,027	\$1,124
Very low-income (31 to 50% AMI)	\$936	\$1,003	\$1,204	\$1,391	\$1,552	\$1,712	\$1,873
Low-income (51 to 80% AMI)	\$1,404	\$1,505	\$1,806	\$2,087	\$2,327	\$2,568	\$2,809
Moderate income (81 to 95% AMI)	\$1,719	\$1,842	\$2,210	\$2,554	\$2,849	\$3,143	\$3,438
Middle income (95 to 120% AMI)	\$2,171	\$2,327	\$2,792	\$3,226	\$3,598	\$3,971	\$4,343

Source: FY 2018 HUD User Income Limits

Home Ownership Affordability

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

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

These assumptions provided the monthly costs expected to be paid for the median home sale price from the King County Assessor data. The monthly costs were divided by .3 and multiplied by 12 to determine the minimum annual income needed to afford the median sale price. Note that monthly utility payments are not included because of lack of data for estimating these costs, so affordability may be overestimated.

Household Income Levels

Area Median Income, or AMI, is an important part of many housing affordability calculations. In King County, HUD uses the Seattle-Bellevue, WA HUD Metro Fair Market Rent Area median family income as AMI. Along with fair market rents, this is recalculated every year, both as an overall average and by household size up to 8 individuals. Standard income limit categories are as follows:

- Extremely low income: <30% AMI
- Very low income: between 30 and 50% AMI
- Low income: between 50 and 80% AMI

The HUD Income Limits Documentation System does not include the income limits for the moderate income (between 80 and 95% AMI) or middle income (between 95 and 120% AMI) categories. However, they were calculated from HUD AMI and included in the affordability calculations.