
Housing Needs Assessment City of Redmond

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Draft Report

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Executive Summary

The City of Redmond is undertaking a Housing Action Plan (HAP) to identify ways to meet housing needs now and into the future. An initial step for developing the HAP is to identify and define the range of housing needs by analyzing the best available data describing Redmond's housing stock, workforce, household demographics, housing market dynamics, and expected demand. The insights from this analysis help to build a factual basis for the HAP strategies. This housing analysis answers questions about the availability of different housing types, who lives and works in Redmond, and what range of housing is needed to meet current and future housing needs up to 2040.

Redmond will need to plan for a future facilitating robust housing growth

The results of the analysis show a housing gap of a minimum of 9,000 housing units that should be added by 2040 when Redmond's population is forecasted to reach approximately 78,409 persons. This gap combines the existing underproduction of around 309 housing units and the future need of around 8,589 housing units by 2040. This number should be considered the minimum number of additional housing units needed to support the expected population growth in 2040 and the current housing underproduction. This means that at least 450 units per year would need to be built in Redmond. Redmond is on track to achieve this goal since more than 450 units per year have been built on average, especially since after 2013. However, Redmond should continue to support robust housing growth and add strategies to more equitably meet diverse housing needs such as the need for more low-to middle-income priced housing and single family attached housing.

Future housing policy will need to accommodate issues of access, affordability, and demographic change

Several demographic trends, such as household incomes, age, tenure, and household size, influence housing needs. By 2018 the median household income in Redmond climbed well above the rate of King County and neighboring cities to an astounding \$123,449. In addition, Redmond has the highest share of renters in comparison to neighboring cities. Income is strongly related to the type of housing a household chooses (e.g., townhome, or stand-alone single-family home) as well as household tenure (e.g., rent or own). Homeownership rates increase as income increases and renters prefer multifamily homes over single-family.

Also, over the last two decades, Redmond's overall population and senior population (over 65) doubled and the millennials (24-44 years) became the most prevalent age group. Younger and older people are more likely to live in single-person households which tend to be smaller in size. The aging of the Baby Boomer generation could also generate greater demand for special needs housing offering assistance, age-in-place amenities, and multigenerational living accommodations. Overall, these trends indicate high demand for middle-income options, senior housing, single-family attached housing (such as townhomes and triplexes), and smaller homes such as multifamily housing with two or more bedrooms.

Increased demand and housing scarcity have led to rising costs

The housing underproduction in Redmond and low overall supply of affordable housing has led to rising home costs. Rental rates continue to rise above the area median income (100 percent AMI) which impacts half of Redmond's population since half of the total Redmond population rents rather than owns a home. Median sales prices doubled since 2000, rising to \$823,300 in 2019. Escalating housing costs often are due to housing shortages and can also be a result of high development costs.

Housing cost-burden disproportionately affects lower income and renter households

Intense demand for housing has led to issues with housing affordability. In fact, about 25 percent of all of Redmond's households are cost burdened. Those most cost-burdened are the elderly, young adults under age 24, and low-income renters. Income level is strongly tied to cost burden – in fact, those earning 30 percent of the AMI or lower (very low income) are more likely to be severely cost burdened and low-income households are mostly either severely cost-burdened or cost-burdened.¹

Workers in Redmond tend not to live in Redmond

Redmond's workforce is dominated by information/tech sector jobs; however low wage jobs continue to grow in diverse sectors. Redmond has high rates of commuting both to and from the city and a declining share of residents living and working in Redmond. In fact, only 31 percent of residents in 2017 lived and worked in Redmond which is a decrease from 38 percent in 2010. Redmond's workforce largely lives outside of Redmond (89 percent), in other areas with 15 percent living in Seattle and 11 percent living Bellevue in 2017. These high commuting trends are similar to other cities east of Lake Washington. Considering Redmond's high commuting patterns, it's worth asking how many of Redmond's residents and workforce population are commuting due to preference or the lack of affordable housing.

Most recent housing production has been dense, multi-family

In terms of housing stock, multifamily housing is most prevalent for recent development over the last decade, but the mix is primarily comprised of apartments and single-family detached homes. Compared to neighboring cities, Redmond has the greatest share of multifamily housing, which is unsurprising since 72 percent of recent construction has been multifamily housing. Overall, Redmond lacks housing diversity particularly due to low supplies of single-family attached housing such as town homes, triplexes, duplexes, and cottage court.

Redmond housing is relatively tilted toward larger households

Redmond has seen an increased need for housing suitable for larger household sizes and this could reduce the demand for housing units, particularly those with fewer than 2 bedrooms. Redmond's household size expanded to almost 2.5 persons per household, with 78 percent of housing including over two bedrooms. The vacancy rate for studio units and one-bedroom units in Redmond is high, ranging from 9 to 11 percent while it is lower for 2-bedroom apartments.

Redmond has made significant gains in producing income-qualified, affordable housing

Redmond is producing the most affordable housing through various existing programs and policies in comparison to other cities in east King County. About one-third of Redmond's affordable housing units have been built with tax credits and over 700 affordable units have been built as a result of Redmond's Inclusionary Zoning policies. That said, Redmond is not producing enough low-income housing to meet housing needs and achieve affordable housing targets. In fact, housing affordable to very-low and low-income households totals only 12 percent of total units – a share much lower than the target of 24 percent for housing growth. The approaches for increasing low-income housing has lagged behind and likely is more complicated due to the need for some sort of direct assistance.

¹ Notes: 0-30 percent of the area median income (AMI) is very low income, 30-50 percent of the AMI is low income, and 50-80 percent is moderate income.

Redmond has produced double the amount of moderate-income housing in comparison to low-income housing. About 20 percent of total housing is moderate-income, and this is more aligned with the 16 percent local growth goal. This likely is due to Redmond being somewhat more effective at deploying a wide range of approaches to create housing affordable at the moderate-income level.

Implications for the Redmond Housing Action Plan

In light of the HNA results, various potential implications and strategies should be considered to address market rate and publicly supported housing needs. Overall, the housing stock will need to be larger and more diverse to better serve the region's housing needs.

Below is a list of possible options, at a minimum, that will be evaluated further as a part of the HAP strategy development:

1. Update targets for affordable housing and housing production. This update will be done in concert with the regional target updates expected to be drafted towards the end of 2020.
2. Explore additional incentives to subsidize low-income units, senior housing, and transit-oriented development (TOD). For example, the analysis should evaluate affordable housing options that facilitate aging in place and subsidies for needed senior housing such as small sized senior housing.
3. Evaluate required parking ratios for opportunities to promote TOD including reduced parking requirements at sites proximate to TOD areas and new light rail stations. This is important since parking can be one of the most expensive parts of project development.
4. Identify and lower barriers for building and preserving low-to-middle-income housing. For example, the code will be scanned for barriers to adaptive reuse of existing structures for the purpose of affordable housing.
5. Expand areas available for building more housing and a greater diversity of housing. For example, possible zoning updates could be explored that facilitate increased density in return for affordable housing. Also, regulations could be evaluated to find ways to facilitate infill housing and missing middle housing (such as duplexes, fourplexes, and townhomes). The goal could be to promote greater housing diversity to achieve a variety of housing types at a range of affordability levels.
6. Explore funding sources and partnerships, tax exemptions (such as property tax exemptions), and financial relief programs for certain households.
7. Identify tweaks in policies, fee requirements, and the permitting process that should be addressed to support housing needs. For example, the MFTE program will be examined to see if it needs to be calibrated and fine-tuned. Also, opportunities to increase the predictability and reduce unnecessary barriers (cost and time) in the permitting process for projects with affordable housing could be explored.

1. Introduction: Housing Need in Redmond

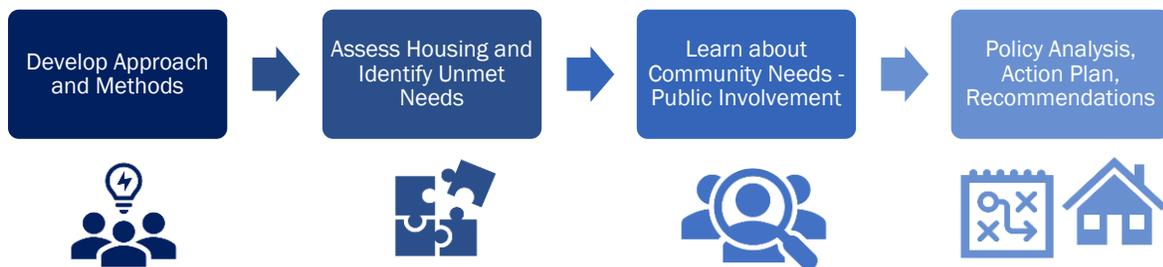
Housing Action Planning and HB 1923

The City of Redmond is undertaking a Housing Action Plan (HAP) to identify ways in which we can meet housing needs now and in the future. The HAP is largely made possible due to a Washington State Department of Commerce HB 1923 Grant. The HAP will help to update an existing Housing Strategy Plan and provide a factual basis for revising policies and implementing strategies for the Community Strategic Plan/Housing Choices and the Comprehensive Plan Housing Element. Redmond is in the process of updating its Comprehensive Plan (Vision 2050) which has not been updated since 2011. In addition, updates to the Housing Strategy Plan are needed to further Redmond's vision to gain a variety of housing choices for all Redmond's income levels.

The HAP project commenced in March 2020 and is expected to finish by mid 2021. As outlined below, the approach for developing the HAP will begin with a Housing Needs Assessment (HNA) which evaluates the current and projected housing needs. Another crucial part of the action plan development process is to involve Redmond communities and learn about their experiences and insights on housing needs. Public involvement will be ongoing throughout the process of developing the HAP. Together the HNA and public involvement will shape the HAP, provide a balance of quantitative and qualitative information, and help it become more data-driven and community-informed and supported.

Redmond Housing Action Plan Approach

- 🏠 **Housing Needs Assessment:** Gain a deep understanding of the housing market dynamics, unmet housing needs, and housing projections.
- 🏠 **Public Involvement:** Inclusively involve and educate Redmond communities and stakeholders on housing challenges, decisions, and policies/programs.
- 🏠 **Housing Action Plan:** Deliver informed policy and implementation guidance and a Housing Action Plan to meet the city's needs.



A community's housing needs are continually evolving depending on changes in the broader economy, local demographics, and the regulatory environment. Redmond, like other communities in the region, has grown over the years and this had led to more intense demand. This intense demand has resulted in higher home prices/rents and these increases have discouraged first-time homeowners and middle income and fixed-income households from living in Redmond. The HNA provides information about the factors that may

affect residential development in Redmond over the next 20 years, including housing market changes, shifting housing affordability needs and household demographics.²

Analyzing housing is complex because it represents a bundle of services that people are willing to pay for, including shelter and proximity to other attractions (job, shopping, recreation); amenities (type and quality of home fixtures and appliances, landscaping, views); and access to public services (quality of schools, parks, etc.). It is difficult for households to maximize all these services and minimize costs, and, as a result, households make tradeoffs between the services. In addition, housing markets function at a regional scale, which makes it a challenge for individual jurisdictions to adequately address issues related to their housing supply—both market-rate and public-supported housing. The following section will help build a deeper understanding of Redmond’s housing trends by describing Redmond’s historical growth and key national demographic trends.

Regional and National Demographic Trends

Over the years, Redmond has changed substantially from a suburban bedroom community to an urban employment center offering various housing, jobs, and community amenities. A key period of significant urban growth occurred in the 1970s after the Evergreen Point Floating bridge and an extension of SR 520 to 148th Avenue NE were built to connect travelers from Seattle to the communities east of Lake Washington. From the 1970s to the 1980s, Redmond’s population ballooned to over 22,000 persons. Redmond attracted high tech industries such as Nintendo and Microsoft, which moved its headquarters to Redmond in 1986. By 1990 Redmond had a population of 35,800. At this time, Redmond’s character was still primarily suburban and small-town, but its Downtown center was gaining shopping, employment, and entertainment/cultural attractions and improved infrastructure.

As shown in Exhibit 1, Redmond has continued to grow by gaining nearly 27,400 people from 1990 to 2018. In 2018, Redmond had an estimated population of about 63,200 people. While the community only makes up a small portion of King County’s total population, Redmond is growing at a faster rate than King County and at a similar rate as the City of Bellevue. In fact, Redmond grew by over two percent per year on average while King County grew by 1.34 percent between 1990 and 2018. As the county continues to grow, housing affordability has become a regional concern to people living or wishing to live in the region.

Exhibit 1. Population Growth, Redmond, Bellevue, Issaquah, and Kirkland, 1990 – 2018

Geography	1990	2000	2010	2018	Change, 1990 - 2018		
					Number	Percent	AAGR
Redmond	35,800	45,256	54,144	63,197	27,397	77%	2.1%
Bellevue	86,874	109,189	122,363	142,242	55,368	64%	1.8%
Issaquah	7,786	11,205	30,434	36,938	29,152	374%	5.7%
Kirkland	40,052	44,986	48,787	88,079	48,027	220%	2.9%

Sources: Office of Financial Management (OFM), 1990 Census Demographic Profiles; OFM Census 2000 Public Law 94-171 Redistricting Data; U.S. Census Bureau, 2010 Summary File 1; American Community Survey (ACS) 5-year Estimates

Nationally, key changes in demographics emerging since the mid 20th Century should be recognized since they have influenced housing demand.

Nuclear family households, the predominant type of household of the mid 20th Century, shrunk from 40 percent in 1970 to 20 percent in 2018 while in contrast, the share of single-person households increased

² Currently available PSRC data is limited to showing projections for the next 20 years; consequently, this analysis was limited to providing projections out to 2040. PSRC is currently in the process of updating this data.

from 15 percent in 1970 to 28 percent in 2018.³ Today, households with single persons living alone have become the most prevalent household type. This trend could lead to fewer persons per household and increased housing demand.

In addition, around one-third of Americans between 18 to 34 years are now living in their parent's homes and the median age for first marriage increased from early 20s in 1950 to almost 30 in 2016. This trend could decrease housing demand for 18-34 aged persons or at least delay it.

Also, America is aging, and the number of U.S. seniors will continue to grow over the next twenty years. National level estimates suggest that around 22 percent of Americans will be over 65 years by 2050. This is substantial growth when you consider that currently around 15 percent of the population in Redmond is over 60 (2014-18, US Census ACS). The aging of this Baby Boomer generation (those born between 1946 to 1964) could result in greater demand for smaller housing for those wishing to "downsize" and greater demand for special needs housing offering assistance and age-in-place amenities and multigenerational living accommodations.

The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between Whites and Blacks, as well as the larger share of minority households that are cost burdened warrants consideration. Since 1988, the difference in homeownership rates between Whites and Blacks rose by 3.9 percentage points to 30 percent in 2018. Alternatively, the gap between White and Latinx homeownership rates and White and Asian homeownership rates both decreased during this period but remained sizable at 26 and 16 percentage points, respectively. Although homeownership rates are increasing for some minorities, minority households are more likely to live in high-cost metro areas. This, combined with lower incomes relative to White households, leads to higher rates of cost burden for minority homeowners—30 percent for Blacks and Latinx, 27 percent for Asians and 20 percent for Whites in 2017.

These demographic trends hold true across the Puget Sound region and have influenced housing needs.

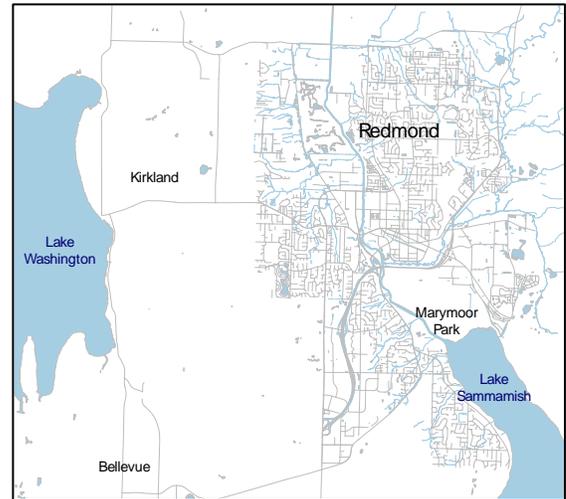
The following section provides an inventory of Redmond's housing. Thereafter, the third section outlines housing demand and projected needs. The Appendix provides additional HNA detail and a summary of the existing policies and programs.

³ Sources: AARP (2018) Making Room for a Changing America, U.S. Census Bureau Annual Social and Economic Supplements 1950 and 1970, 2015 U.S. Census ACS, PSRC Draft 2050 Forecast of People and Jobs.

2. Housing Inventory

This section evaluates the housing inventory in the City of Redmond and comparatively to King County and the cities of Bellevue, Kirkland, and Issaquah. This inventory provides foundational information integral to assessing the future needs for housing of all types and price points across the city over the next 20 years. This section is separated into four parts:

- 2.1 Household Demographics
- 2.2 Workforce and Commuting Trends
- 2.3 Housing Market Conditions and Trends
- 2.4 Housing Affordability



The findings herein will be used to support policy recommendations in the *Housing Action Plan* for the city to consider as they continue working to provide housing for all of Redmond's income levels. This assessment uses publicly available data including data from the U.S. Census Bureau, CoStar, ARCH, Puget Sound Regional Council, Washington Office of Financial Management, US Department of Housing and Urban Development, King County Department of Assessment, and the City of Redmond (see Appendix for more detail on the key data).

2.1. Household Demographics

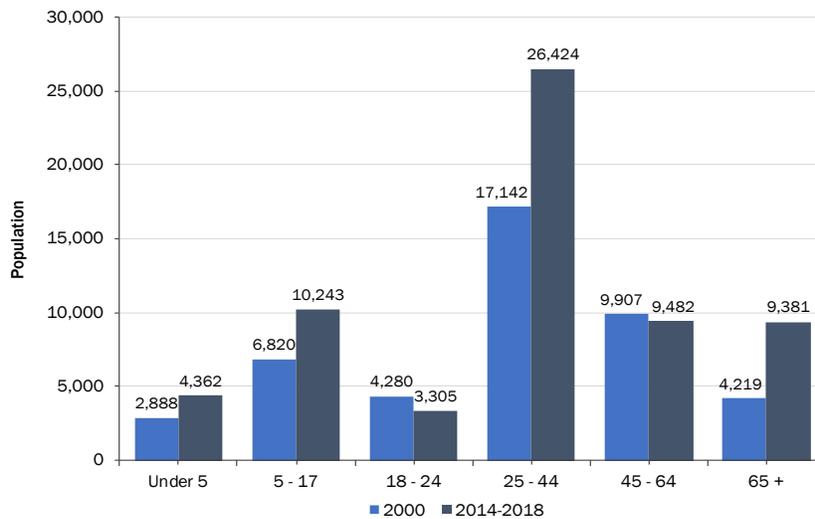
Population and housing characteristics are useful for better understanding Redmond and the people who live here. Characteristics such as population growth, age of residents, household size and composition, homeownership, and ethnicity provide useful context about Redmond households, the trends, and the forces affecting housing demand. In addition, this information helps to account for trends on who Redmond is serving and not serving with housing.

Population Changes: Redmond's Population Almost Doubled from 1990 to 2018

The City of Redmond's population has grown from almost 36,000 in 1990 to over 63,000 in 2018, representing a 77 percent change in growth over that time period (see Exhibit 37 in Appendix). The median age of those living in Redmond has changed from 34 in 2000, to almost 38 in 2018. The population of those between the ages of 25 and 44 represents the largest portion of Redmond's population and has followed closely behind seniors in growth, jumping from 38 percent of the population in 2000 to 42 percent of the population in 2018 (see Exhibit 2).



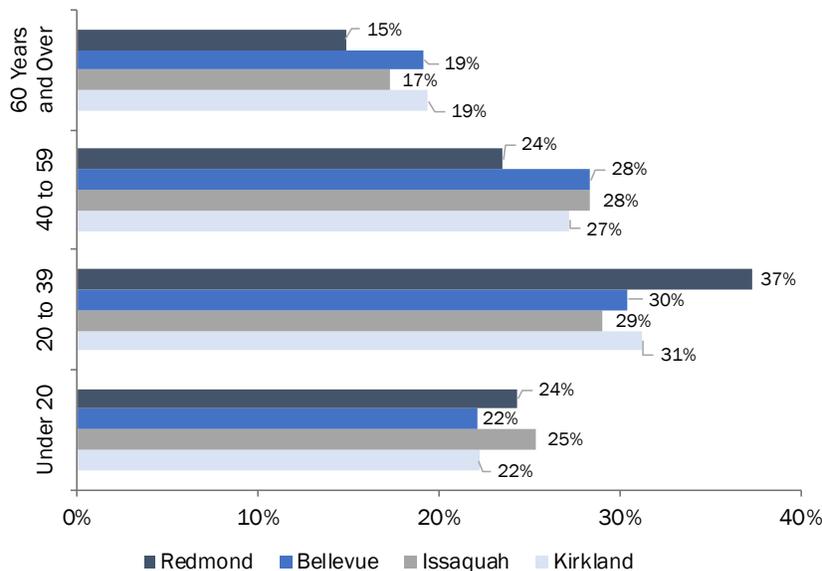
Exhibit 2. Redmond population changes by age from 2000 to 2014-2018



Redmond's population of seniors has shown the highest growth in percentage of the population between 2000 and 2018, doubling its population over that time frame. However, those aged 24-44 have continued to be the most prevalent age group since 2000.

Sources: U.S. Census Bureau, 2000 Summary File; ACS 2014-2018 5-year Estimates.

Exhibit 3. Population changes by age for Redmond and Peers from 2000 to 2014-2018



In comparison to the cities of Bellevue, Issaquah, and Kirkland, Redmond has the highest share of the 20-39 year old age group.

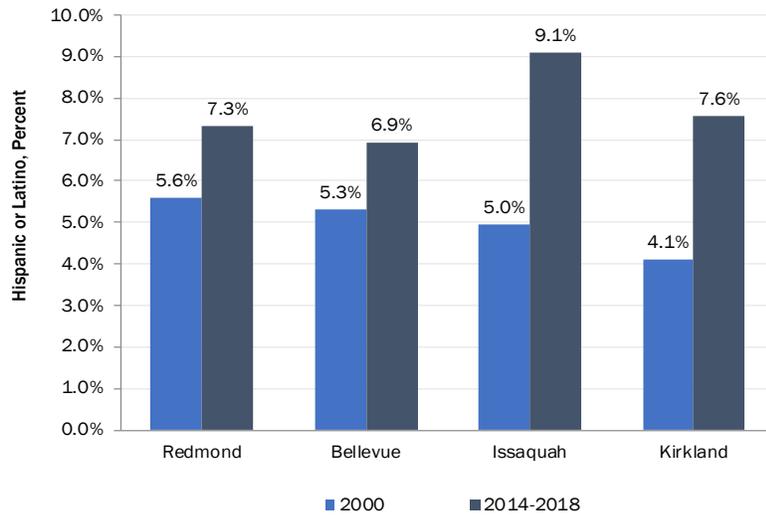
Sources: U.S. Census Bureau, 2000 Summary File; ACS 2014-2018 5-year Estimates.

Population Diversity Trends: Redmond has Become More Diverse

As shown in Exhibit 4 and Exhibit 5, the City of Redmond has become more diverse since 2000. Redmond's share of non-white individuals has grown from almost 21 percent of the population to approximately 44 percent of the population. The city's Asian representation has increased from 13 percent of the population in 2000 to 35 percent of the population by 2014-2018 (see Exhibit 38 and Exhibit 39 in Appendix). Moreover, the Hispanic and Latino population and population of two or more races increased slightly during the same time frame.

Nationwide the Hispanic and Latino population is predicted to be the fastest growing racial/ethnic group over the next few decades. Nationally, trends of Hispanic and Latino households compared to non-Hispanic households tend to have a larger household size, younger Hispanic and Latino households on average have higher homeownership rates and have lower than average incomes. Households for Hispanic and Latino immigrants are more likely to include multiple generations, requiring more space than smaller household sizes. Older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households.⁴ As Hispanic and Latino households integrate over generations; household size typically decreases, and their housing needs become similar to housing needs for all households.⁵ These population groups will need lower-cost renting and ownership opportunities for larger household sizes that may include multiple children and generations.

Exhibit 4. Percent Hispanic or Latino Population, Redmond, Neighbor Cities



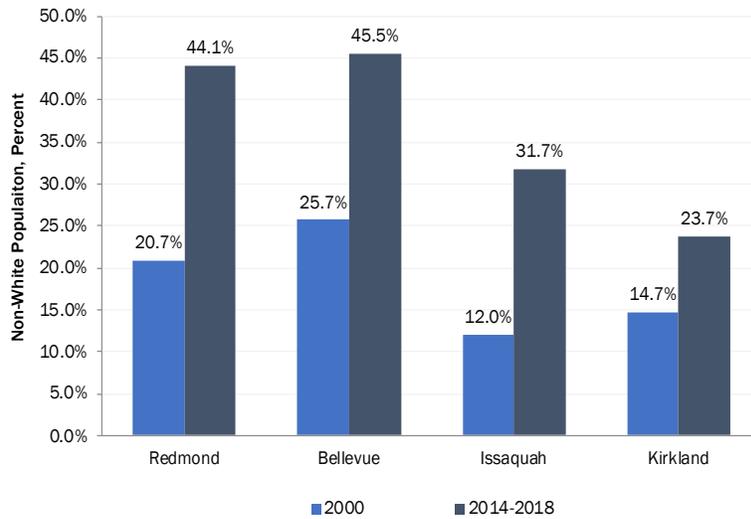
Redmond's Hispanic and Latino population has grown modestly over the past few decades. Both Redmond and Bellevue's Hispanic/Latino populations have grown but, by the least amount compared to Issaquah and Kirkland.

Sources: U.S. Census Bureau, 2000 Decennial Census; ACS, 2014-2018 5-year Estimates.

⁴ Herbert, Christopher and Hrabchak Molinsky (2015). Meeting the Housing Needs of an Aging Population. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

⁵ Pew Research Center. (2012). Second-Generation Americans: A Portrait of the Adult Children of Immigrants. National Association of Hispanic Real Estate Professionals. (2014). State of Hispanic Homeownership Report.

Exhibit 5. Percent of Non-White Population, Redmond, Neighbor Cities



The City of Redmond has seen the largest increase in percentage of its Non-White population since 2000. Non-White individuals represent approximately 44 percent of Redmond's population, whereas Bellevue's Non-White population is slightly higher, at 45.5 percent.

Sources: U.S. Census Bureau, 2000 Decennial Census; ACS, 2014-2018 5-year Estimates.

Redmond's Median Household Income Has Climbed Above King County's Rate

The City of Redmond's median household income is estimated at \$123,449 for 2018, with almost 40 percent of its population earning over \$150,000 (see Exhibit 6). Despite the occurrence of a recession, Redmond's median household income increased by 40 percent, from \$88,194 in 2000 to \$123,449 in 2018.⁶ The 2018 median income for Redmond is above King County's median income of \$95,009.⁷ In comparison to the neighboring cities, Redmond has the highest share of \$150,000 household incomes and the lowest share of household incomes under \$25,000. Redmond's current poverty rate is at 5.7 percent.⁸

When examining household income levels, the Area Median Income (AMI) is a measure helpful for understanding what different households can afford to pay for housing expenses. This definition of affordability typically is based on Area Median Income (AMI) data that is published annually to reflect current conditions. The current AMI (100%) used for Redmond is \$108,600 for a family of four (ARCH, 2019) and the breakdown of households by income based on ACS 2014-18 data is provided below.

The percent of Redmond households in different AMI Categories:

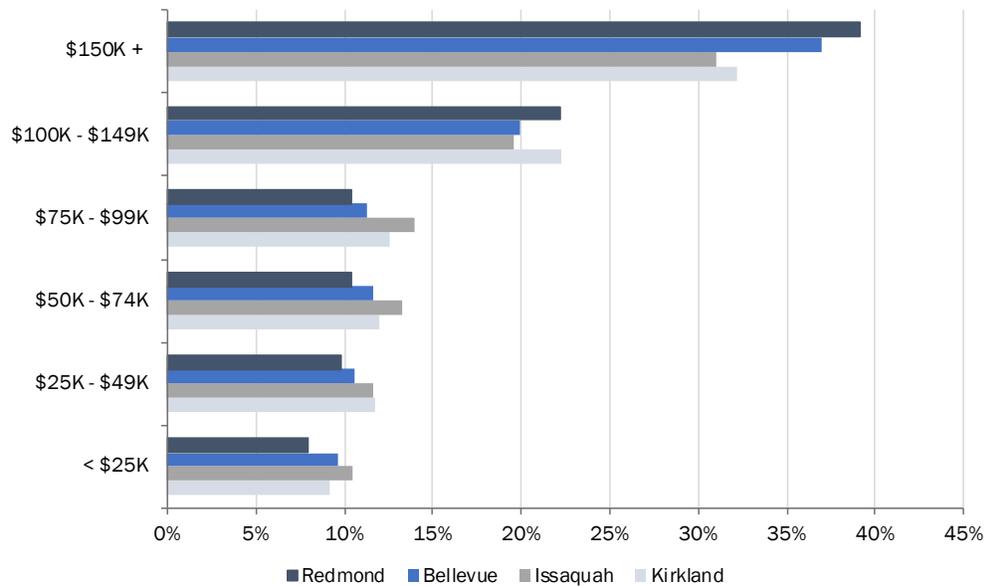
- 12% of households: 0-30% AMI (very low-income earning less than \$32,580)
- 9% of households: 30-50% AMI (low-income earning \$32,580 to \$54,300)
- 17% of households: 50-80% AMI (moderate-income earning incomes between \$86,880 to \$130,320)
- 22% of households: 80-120% AMI (middle-income earning \$86,880 to \$130,320)
- 39% of households: 120%+ AMI (high income above \$130,320)

⁶ Sources: U.S. Decennial Census, 2000, US Census Bureau; 2014-2018 ACS 5-year Estimates.

⁷ Sources: U.S. Census Bureau, 2010 ACS 5-Year Estimates; King County (2018), accessed at: www.kingcounty.gov/independent/forecasting.

⁸ Source: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates.

Exhibit 6. Household Income, Redmond, Bellevue, Issaquah, and Kirkland, 2014-2018



Source: U.S. Census Bureau, 2014-2018 ACS 5-year Estimates.

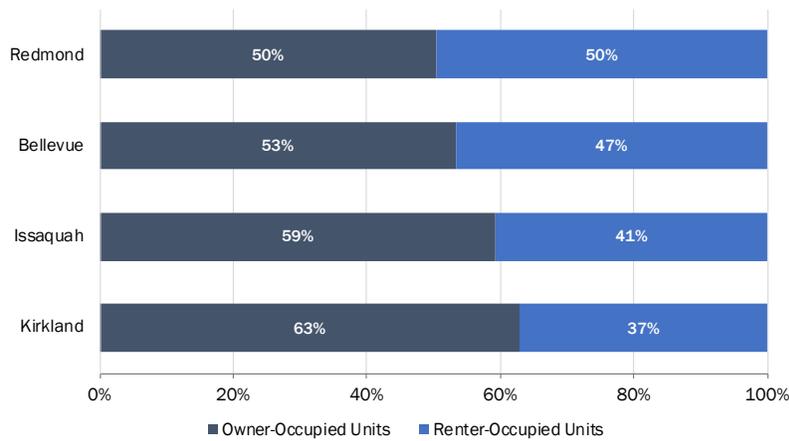
Redmond Has the Highest Share of Rental Units in Comparison to Neighboring Cities

When observing household tenure, it is clear that Redmond has the highest percent of renter-occupied units in comparison to Bellevue, Issaquah, and Kirkland. This is likely attributable to Redmond's continual decrease in home ownership rates, from 58 percent in 1990 to 50 percent between 2014 and 2018.⁹ Most new housing built in Redmond has been multifamily housing and this housing tends to be rental units. In fact, 86 percent of people rent an apartment rather than own in Redmond and from 2010-2019, 64 percent of the new units built were multifamily rentals.¹⁰

⁹ Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates; ARCH, 2011.

¹⁰ Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates; OFM, 2019; and Decennial Census, 2010.

Exhibit 7. Tenure, Occupied Units, Redmond, Bellevue, Issaquah, and Kirkland, 2014-2018



Redmond’s share of renter and owner-occupied units is split evenly, giving the city the lowest share of owner-occupied units in comparison to neighboring cities. Redmond’s household incomes below \$150,000 are primarily renters rather than owners. Of the household incomes above \$150,000, half are owners and 28 percent are renters.

Source: U.S. Census Bureau, 2014-2018 ACS 5-year Estimates.

Redmond’s Household Size Increased Over the last Few Decades

Two-person households represent the most common household size within Redmond. Redmond’s 32 percent of two-person households is the lowest of all city comparisons within Exhibit 8. Redmond has the highest share of households with over three persons (42 percent) in comparison to neighboring cities. Redmond’s share of different household composition types is fairly evenly split with 36 percent non-family households, 33 percent families with children, and 31 percent families without children (see Exhibit 40 in Appendix).

Exhibit 8. Household Size and Count, Redmond, Neighboring Cities, 2014-2018

Geography	1-Person Households	2-Person Households	3-Person Households	4-Person Households	5-or-More Person Households
Redmond	26%	32%	20%	16%	6%
Bellevue	26%	34%	17%	15%	7%
Issaquah	29%	34%	16%	16%	5%
Kirkland	28%	37%	16%	14%	6%

Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates.

Note: Household size and count includes family households with and without children, family households with children, and non-family households. Non-family households may include unrelated persons living together or persons living alone.

Redmond’s average number of people per household is 2.48 (2014-2018) which is lower than the United States average but slightly higher than the average for King County (2.46 persons). Redmond’s average household size expanded since 2000 (2.33 persons per household) most likely related to more larger families living in Redmond.¹¹ Increases in household size could decrease the demand for new housing.



¹¹ Source: U.S. Decennial Census, 2000.

2.2 Workforce Profile and Commuting Trends

Understanding Redmond's workforce profile and commuting trends will help provide insights on the housing needs of workers today and into the future. Factors such as the jobs to housing ratio and the city's commuting patterns may have implications for how many people are able to both live and work within the city. If such factors indicate many people are commuting into the city for work, it could be possible that the city does not have enough housing to accommodate its workforce or enough housing matching the needs and affordability levels of those wanting to live in Redmond.

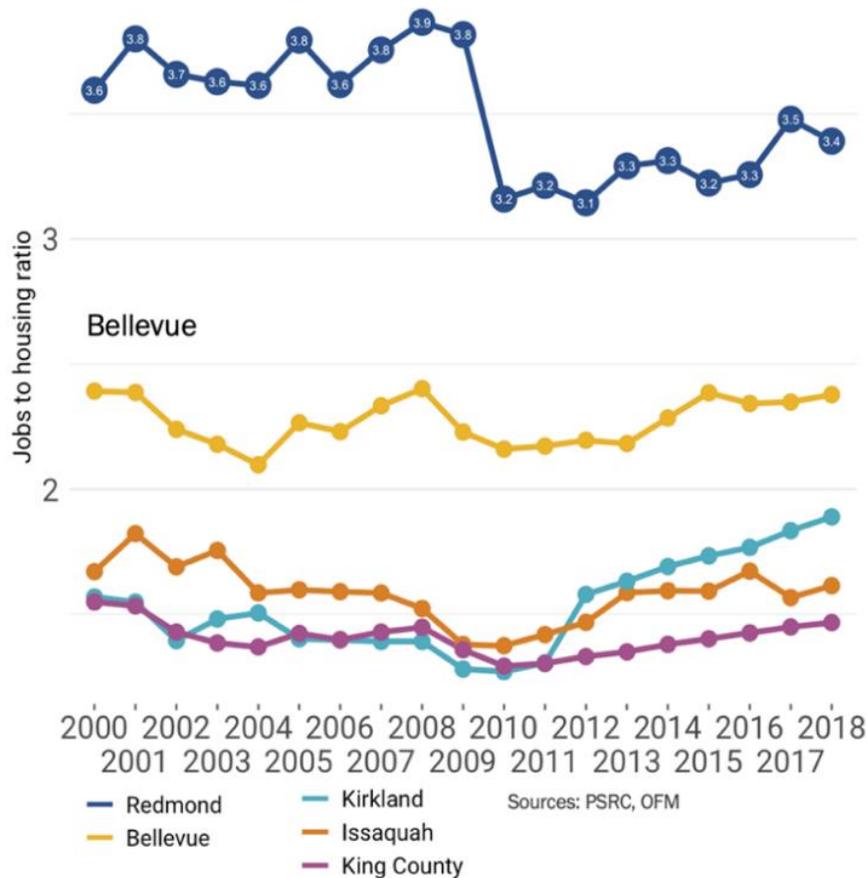
Redmond has a High Jobs-to-Housing Ratio

The jobs-to-housing ratio is another metric for describing the availability of housing for local workers. King County uses the jobs-to-housing assessment to improve the jobs/housing balance within the county, and as a factor in determining the allocation of residential and employment growth for different jurisdictions. Redmond too recognizes the need to balance jobs to housing as a way to ensure the attainment of an appropriate supply and mix of housing and affordability levels to meet the needs of people who work and desire to live in Redmond.

Redmond's jobs to housing ratio has lowered in the last ten years, as the city has transitioned from a suburban town with a large multinational technical company to a thriving city, offering broad housing options. Still, Redmond's jobs to housing ratio is much higher than that of Bellevue, Issaquah, Kirkland, and King County. The jobs-housing balance in Redmond is tilted toward jobs. In 2018, there were around 3.4 jobs for each housing unit in Redmond. Bellevue's rate is similarly tilted towards jobs with almost 2.5 jobs for each housing unit.

This metric has limitations since the method does not account for the number of wage-earners in a household. Also, this metric simply reports the total number of jobs in an area in comparison to housing units. This quantity of housing units does not necessarily represent true housing demand since it is more complex. Workers might not want to live in Redmond for other reasons and preferences besides the availability of housing.

Exhibit 9. Redmond Jobs to Housing Ratio, 2000-2017



Sources: PSRC, OFM.

Redmond’s Workforce: Information/Tech Most Prevalent, Low Wage Sectors More Diversified

Exhibit 10 provides a visual representation of average salary and percent change in employment growth from 2010 to 2018 in Redmond. Appendix Exhibit 41 and Exhibit 42 provide another view of trends by highlighting Redmond’s workforce and wage growth.

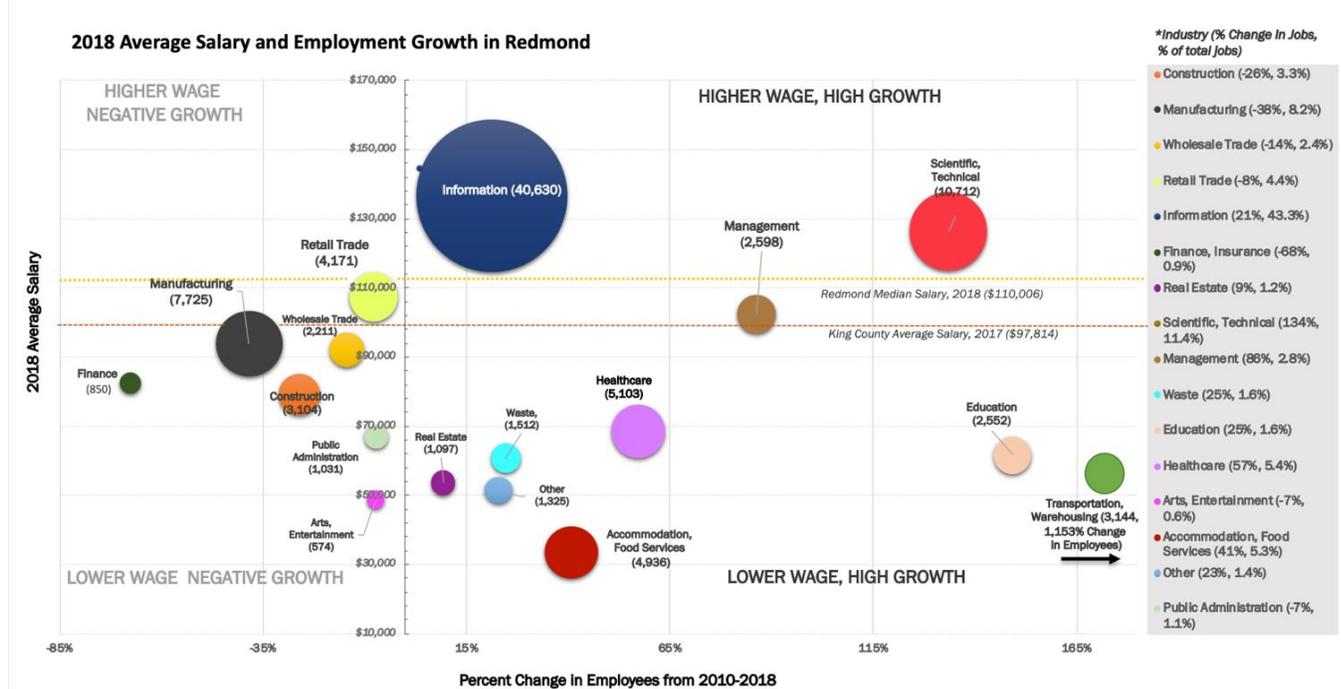
At approximately 40,630 jobs, 43 percent of total jobs, the information sector provides the largest number and share of jobs for the City of Redmond. In addition, the information sector has experienced high wage growth at a 48 percent increase from 2010-2018, settling to an average annual wage of \$136,579. However, the percent change in employees from 2010 to 2018 has fluctuated with lay-offs and job creation cycles (likely largely attributed to Microsoft) and settled at an average 21 percent increase overall. Similarly, the professional, scientific, technical sector has a similar high average wage (\$126,361) but had a higher percent change in employees of 134 percent from 2010 to 2018 in comparison to the information sector.

Within the City of Redmond, low wage sectors are more diversified than high wage sectors. Several medium to low wage sectors are growing at a higher rate than most high wage sectors and are currently providing substantial jobs including in accommodation/food service (4,936 employees, 5 percent of total employees), healthcare and social assistance (5,103 employees, over 5 percent), and education (almost

3%), and transportation/warehousing (3,144 employees, over 3 percent). All of these sectors had greater than a 41 percent change increase in jobs from 2001-2018. The transportation/warehousing sector had an astounding job growth increase from 2001 to 2018 although the sector likely started at a low number of employees.

Additional detail on workforce and employment trends is provided in Exhibit 41, Exhibit 42, and Exhibit 43 (top ten employers) in the Appendix.

Exhibit 10. Average Salary and Employment Growth in Redmond, 2018



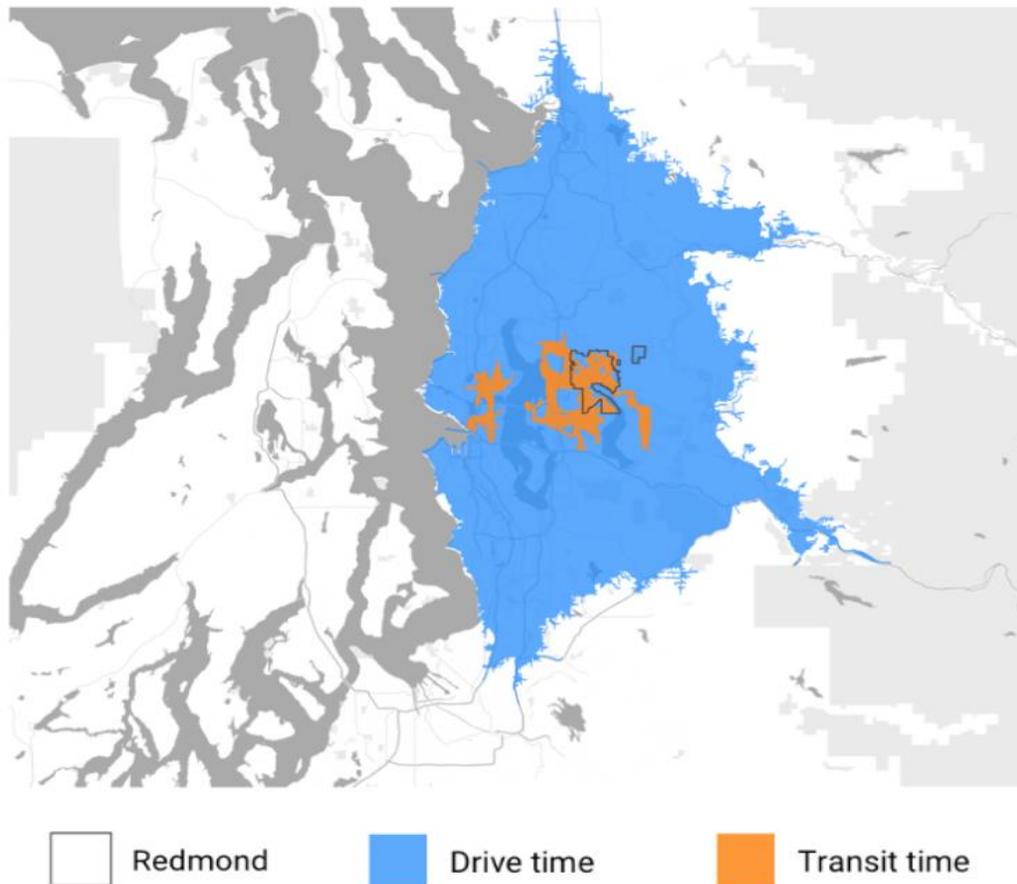
Sources: PSRC (jobs), 2018; 2014-18 ACS 5-Year Estimates (Wage); ECONorthwest Calculations. King County Average Salary: Washington State Employment Security Department and the U.S. Bureau of Labor Statistic, 2017. Notes: Two industry sectors were excluded with less than 170 employees (agriculture with a total of 58 employees and 1,833% job growth and mining with a total of 166 employees and 436% job growth). Data labels show total number of employees for 2018. Median earnings for the population over 16 years for Redmond: \$110,006 ±\$13,579 (2018 1-yr ACS).

Redmond Access to Employment

Exhibit 11 describes access to employment for Redmond residents within a 45-minute distance. The map shows isochrones (or travel sheds) for those traveling via public transit (orange) and automobiles (blue). ESRI Services created drive-time isochrones by simulating traffic conditions typical during a weekday morning (specifically Wednesday at 8:00 AM). The transit travel sheds originated from every transit stop within the City of Redmond while the driving travel sheds originated from the center of all block groups in the City of Redmond (similar in size to neighborhoods).

Appendix Exhibit 42 provides detail on the number of jobs for different employment sectors that are within the 45-minute drive and transit sheds. As shown in Exhibit 42, the largest share of jobs within a 45-minute driving distance from Redmond are healthcare/social assistance (11.3 percent), retail trade (11.1 percent), and manufacturing (10.1 percent). Via transit, the largest share of jobs is information (31.5 percent) and professional, scientific, technical service jobs (12 percent).

Exhibit 11. Access to Employment in Redmond

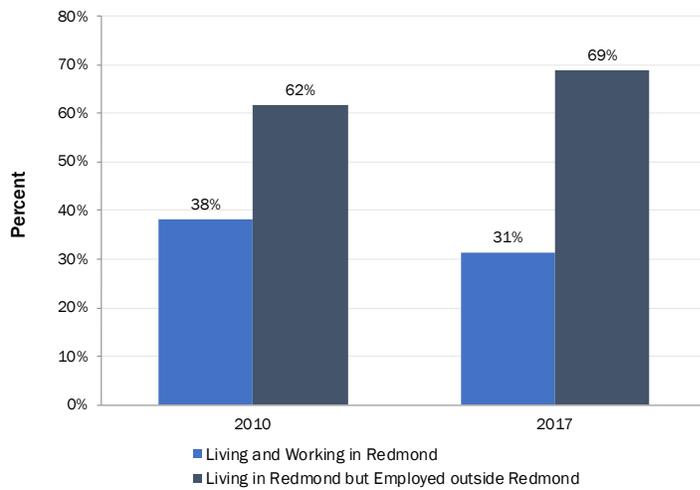


Sources: PSRC (employees), 2018; ECONorthwest Calculations.

Commuting Trends: Only One-Third of Residents Live and Work in Redmond

Redmond's high jobs-to-housing ratio may help understand the fact that only 31 percent of Redmond's residents both live and work in Redmond in 2017, while 69 percent of Redmond's population work outside the city, primarily within Seattle and Bellevue (see Exhibit 12). Redmond's daytime population almost doubles to 124,630 persons from the current number of Redmond residents (63,197 in 2014-2018). These trends emphasize that Redmond is part of a regional level interconnected thriving economy in the Puget Sound region.

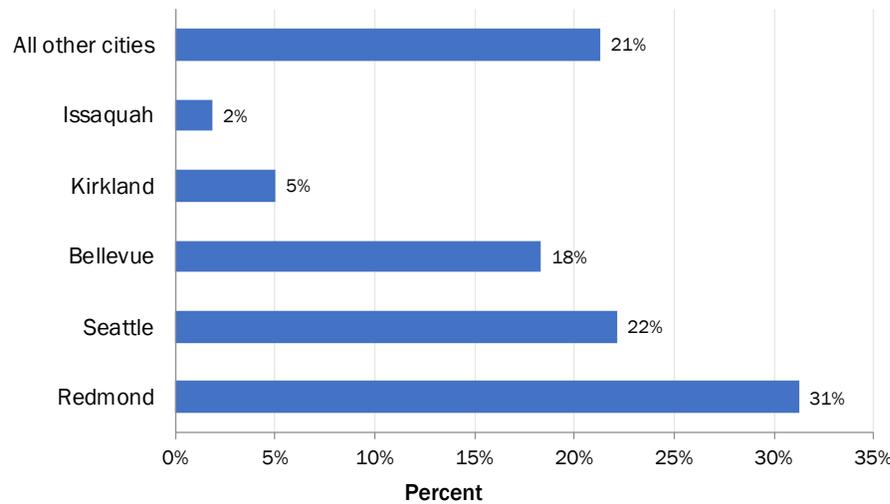
Exhibit 12. Percent of Residents Living and Working in Redmond, 2017



As shown in this exhibit, about 38 percent of Redmond residents lived and worked in Redmond in 2010. According to more recent data, even fewer residents are living and working in Redmond. In fact, only 31 percent of residents lived and worked in the City of Redmond in 2017.

Source: U.S. Census, Longitudinal Employer-Household Dynamics, 2017

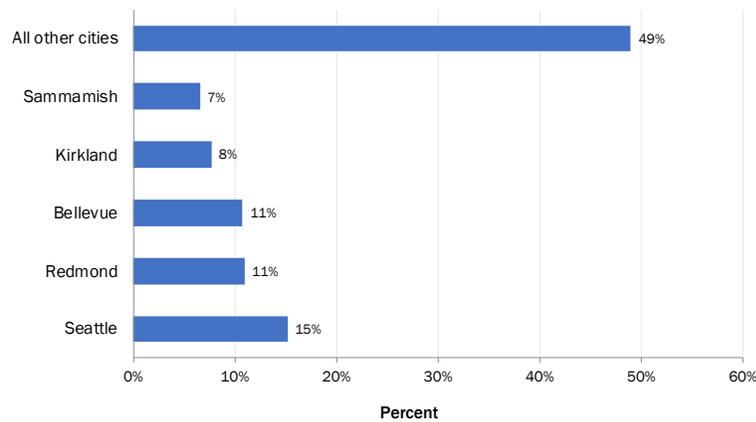
Exhibit 13. Where Redmond Residents Work, 2017



Where Redmond residents work is described in Exhibit 13. Most of Redmond's residents employed outside of Redmond tend to work in Seattle (22 percent), Bellevue (18 percent), and a range of other cities in the region (21 percent).

Source: U.S. Census, Longitudinal Employer-Household Dynamics, 2017

Exhibit 14. Where Redmond Workers Live, 2017



Among Redmond’s workforce of 94,500, only 11 percent live in Redmond, while 15 percent live in Seattle, 11 percent live in Bellevue, and the other 64 percent live elsewhere in other counties and in Washington. In other words, 89 percent of Redmond’s workforce is commuting to work from another city.

Source: U.S. Census, Longitudinal Employer-Household Dynamics, 2017

Exhibit 15. Commuting Flows of Residents, Redmond and Comparison Geographies, 2017

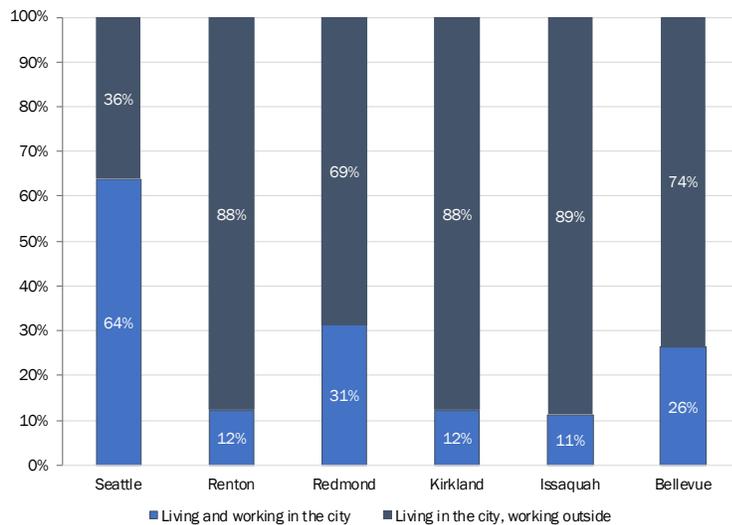


Exhibit 15 offers a snapshot of commuting flows for other neighboring jurisdictions and shows that Redmond is not alone in its low percentage of residents both living and working within the city. Other cities east of Lake Washington have similarly high rates of workers commuting into their cities for work.

Source: U.S. Census, Longitudinal Employer-Household Dynamics, 2017

Considering Redmond’s high commuting patterns, it’s worth asking how many of Redmond’s residents and workforce population are commuting due to preference, and how many are doing so as a result of the lack of affordable housing. Moreover, how many commuters would move to Redmond if more housing was available? After we know more about the number of commuters lacking housing in Redmond, more detailed questions should be addressed about needed housing types and affordability levels and what the city would be willing to support. In asking these questions, we should consider the Transit Oriented Developments (TOD) that are planned for Redmond, namely the Downtown Redmond TOD, which would provide 20 percent of all housing units to be affordable at 80 percent of AML. Moreover, two new Sound Transit light rail stations are planned to serve Marymoor Village and Downtown (planned opening is in 2024). Overlake, home to several technology focused companies, is another urban center positioned for growth and investment for a variety of public facilities and light rail service. Overlake Village is expected to include mid-rise multifamily housing, urban parks and plazas, and enhanced multi-modal transportation

network features. These developments will bring more affordable housing with reduced commute times to Redmond.

2.3 Housing Market Conditions and Trends

This section will consider Redmond's current housing trends and its growth targets to help develop a better understanding of housing market conditions within the city. Among these trends, it is important to look at housing unit production, type of housing available, housing sales prices, and vacancy rates. These indicators are key for comprehending housing needs.

Redmond's 2006-2031 Housing Production Target is 10,200 units by 2031, or 408 units per year. As of 2019, Redmond has built 4,442 housing units since 2010 and continues to steadily add new housing units; the number of units built in Redmond per year has averaged 494 units. Redmond's development has picked up in recent years after 2013 and has been maintaining the increased production to an average of around 614 units built per year between 2014-2019. In comparison, Bellevue produces an average of 758 units per year, whereas Issaquah and Kirkland each produce an average of less than 350 units per year (see Exhibit 44 in Appendix). Assessor data suggests that the number of units built per year in Redmond could be higher, at around 513 units per year.¹²

Redmond's Housing is Primarily Multifamily and Single-Family Detached

Redmond's housing stock is primarily multifamily (apartments and condominiums) and single-family detached homes.¹³ Compared to neighboring cities, Redmond has the greatest share of multifamily housing. As shown in Appendix Exhibit 45, around 72 percent of new units built in Redmond from 2010-2019 were multifamily housing. Issaquah has a similar share at 71 percent, whereas new multifamily housing only represents 32 percent of Kirkland's units. Moreover, 78 percent of Redmond's housing units had two or more bedrooms in 2019 (see Exhibit 47 in Appendix).



The City of Redmond lacks housing diversity. For example, Redmond has the smallest number of Accessory Dwelling Units (ADUs) in comparison to its peer cities, despite the fact that the city allows ADUs within all of its residential zones.¹⁴ ADUs are useful for those who want to provide housing for a loved one in need of care, create space for a caregiver, increase the value of their home, earn extra income from renting, and more.¹⁵

The number of senior housing facilities within Redmond is relatively small as well, with 139 nursing home living units and 895 retirement facility living units representing three percent of Redmond's overall housing units (see Exhibit 16). This low number of living units is particularly concerning since America is aging and

¹² OFM, King County Assessor's Office, 2020

¹³ King County Assessor's Office, 2020. Note: See Appendix, Exhibit ___ for table with detailed percentages of housing unit by type.

¹⁴ King County Department of Assessments, 2020. Notes: Accessory Dwelling Units (ADUs) are also referred to as mother-in-law apartments, garage apartments, backyard apartment, carriage/coach house, multigenerational house, secondary dwelling unit, accessory apartment, back house, granny flat, alley flat, etc.

¹⁵ Source: AARP Home and Community Preferences Survey, 2018.

expecting to see a surge of growth in those older than 60 years over the next few decades (additional detail in section 3).

In addition, the city is lacking middle housing or single-family attached housing, such as duplexes, multiplexes, and townhomes. This type of housing tends to be offered at a lower price point than single-family detached housing and helps to provide a different product type meeting a broader range of needs such as those not wishing to have a large yard to maintain.

Exhibit 16. Redmond Housing Types, 2019

Housing Unit Type	No. of Units	Percent
ADU	29	0%
Apartment Subsidized	109	0%
Duplex, Triplex, & Quadplex	132	0%
Nursing Home	139	0%
Townhouse Plat	506	2%
Retirement Facility	895	3%
Condominium	4,550	15%
Single-Family Detached	11,235	36%
Apartments	13,721	44%
Total	31,316	100%

Source: King County Assessments, 2019

The overall lack of housing diversity in Redmond limits the variety of housing available for ownership. This limitation makes finding housing in Redmond difficult or unattainable to some people who need or prefer to rent housing or who can only afford lower-cost housing types for homeownership.

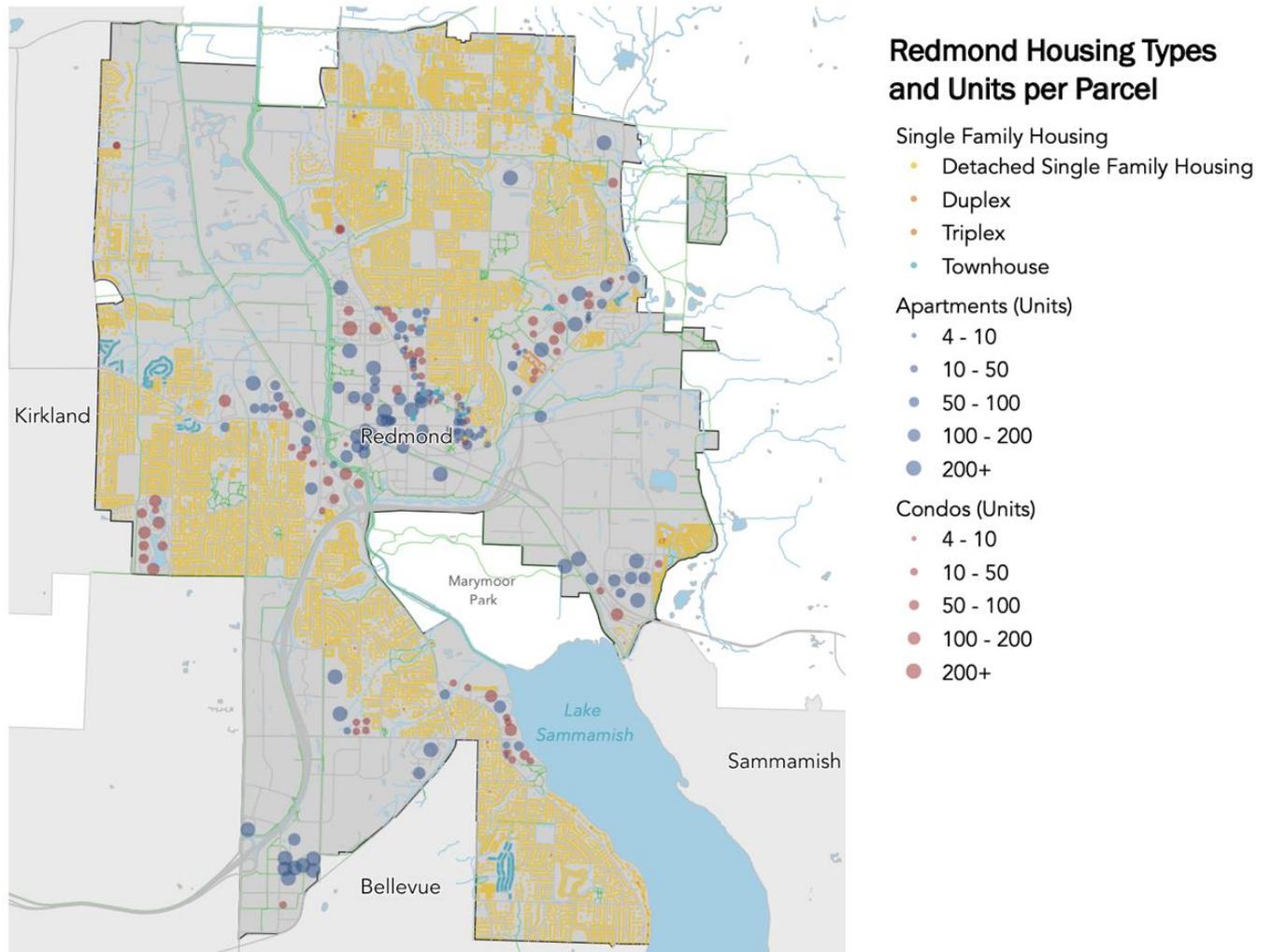
The map in Exhibit 17 shows Redmond's mix of different housing types. The residential development patterns largely correspond with the land use densities defined in Redmond's Comprehensive Plan. Redmond's single-family housing is spread mostly within the outskirts of the city boundaries, whereas the apartment and condo multifamily units are located in the Downtown city center (north of Marymoor Park) extending north into the Sammamish Valley Neighborhood, with a few clusters near Lake Sammamish in the SE Neighborhood and along W Lake Sammamish Parkway; nearby SR 520 to the east in the Bear Creek Neighborhood; and west in the Overlake Neighborhood towards the City of Bellevue.

Housing Cost Trends: Median Sales Price Doubled and Average Rent has Remained Above 100 Percent AMI Over Last Few Decades.

Redmond median home sale price has more than doubled since 2000, rising from \$378,595 in 2000 to \$823,300 in 2019.¹⁶ This increase in Redmond's median home sale price represents a four percent compound annual growth rate which is similar to Kirkland's and a little higher than Bellevue and Issaquah's rates. However, the cities of Bellevue and Issaquah have had relatively similar median home sales prices as Redmond between 2015 and 2019, while Kirkland's median home sales price is currently closer to \$700,000 (see Exhibit 18).

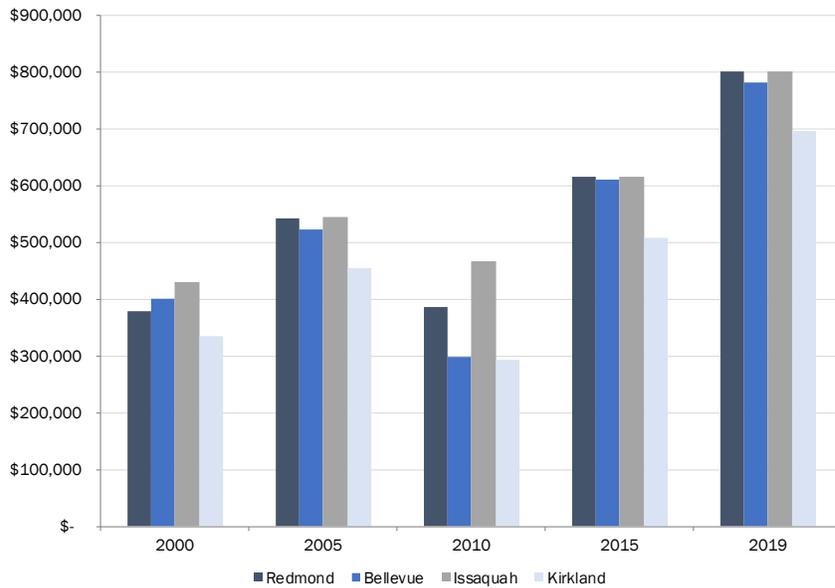
¹⁶ Source: King County Assessor's Office, 2020.

Exhibit 17. Redmond Housing Types and Units per Parcel



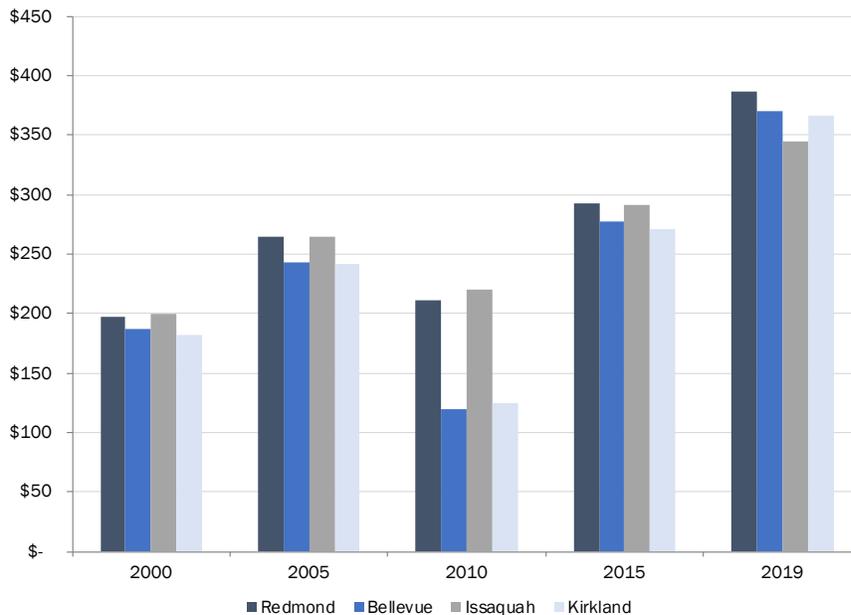
Sources: King County Department of Assessments (2019, 2020); King County GIS; City of Redmond.

Exhibit 18. Median Home Prices Over Time, Redmond and Neighboring Cities, 2000 – 2019



Source: King County Department of Assessment, 2020.
 Note: All values are in 2019 inflation-adjusted dollars.

Exhibit 19. Median Home Price per Square Foot Over Time, Redmond and Neighbors, 2000 – 2019



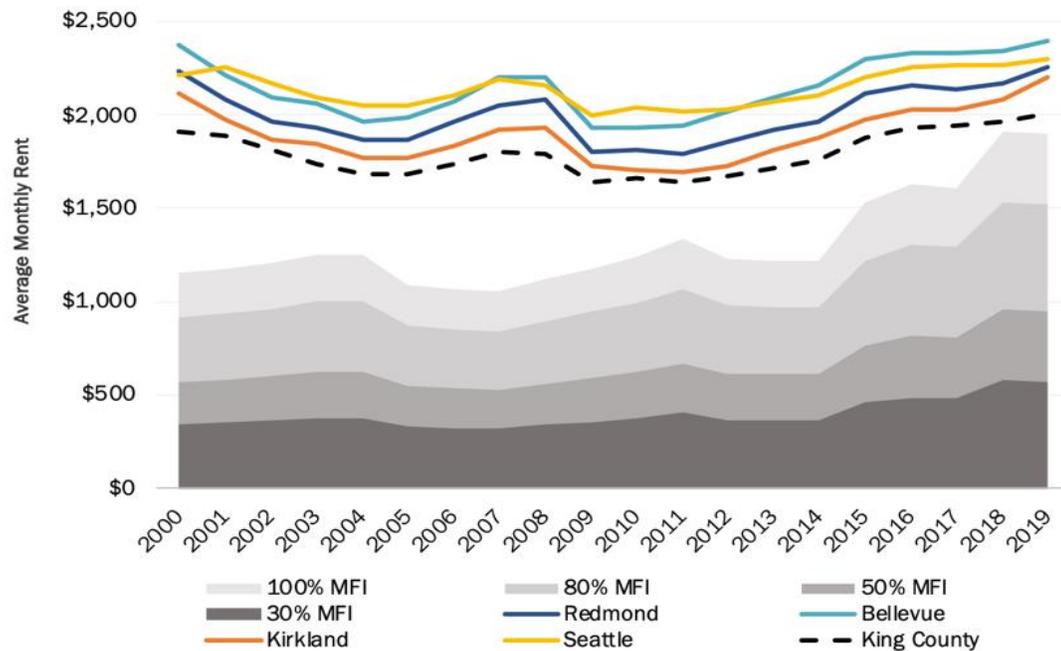
The City of Redmond currently has the highest median home sales price per sq. ft. The City of Redmond's average annual growth rate for median home price per sq. ft. matches that of Bellevue's and Kirkland's, at four percent.

Source: King County Department of Assessment, 2020.
 Note: All values are in 2019 inflation-adjusted dollars.

In addition to home sale prices, rental rate changes across time should be recognized. Over the last 20 years, Redmond's average apartment pricing has been higher than the King County average, but lower than that of Seattle and Bellevue (see Exhibit 20). Redmond's average rent in 2019 was \$2,256, a number that is not far off from its rent prices of the last few decades but is much higher than the \$570 to

\$1,519 affordable range for 30-80 percent MFI households—a group comprising 28 percent of Redmond’s population.

Exhibit 20. Two-Bedroom Apartment Rent and Affordability



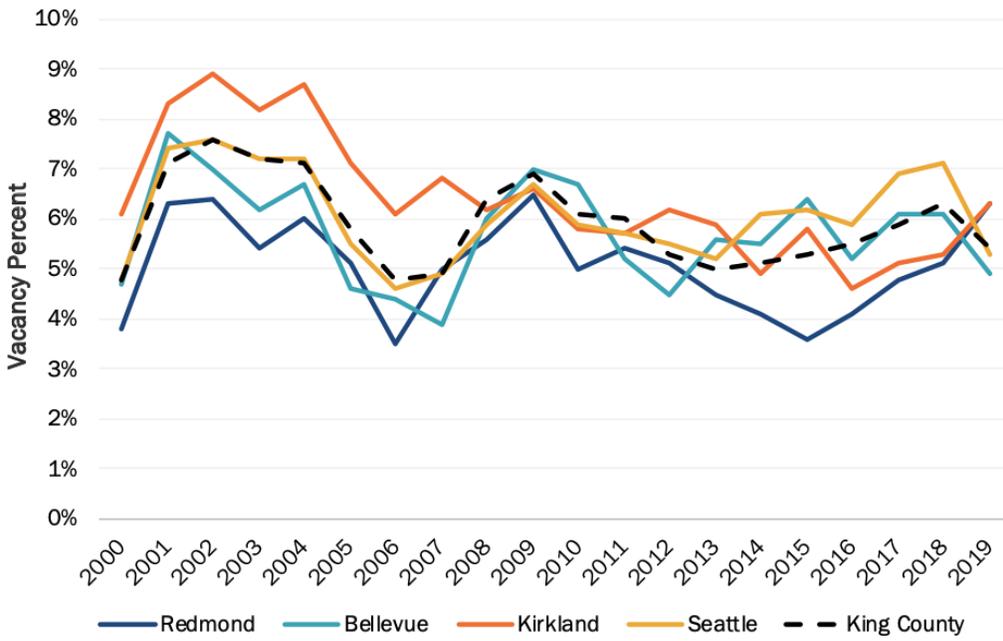
Sources: CoStar (historical rent data) and HUD (MF 2-Bed affordability data). Notes: Two-bedroom affordable rents are fair market rents reported by HUD. These are on a fiscal year basis. The rates were adjusted for inflation. Notes: 0-30 percent is very low income, 30-50 percent is low income, and 50-80 percent is moderate income.

Another useful measure of housing supply and demand are vacancy rates of different housing product types. Low vacancy rates may indicate a limited housing supply with inadequate housing production to satisfy demand while in contrast, high vacancy rates imply an over-supply of housing, reduced desirability of an area, or low demand. Redmond’s vacancy rate is currently sitting between standard vacancy rates and the United States average.

Housing market assessments often use five percent as a standard vacancy rate since it implies a balance between housing supply and demand. Average rental housing vacancy rates tend to be between seven and eight percent in the United States.¹⁷ As seen in Exhibit 21, Redmond’s two-bedroom apartment rental vacancy rate has fluctuated from four to six percent from 2000 to 2019, with its 2019 vacancy rate resting at 6.3 percent. In comparison, the 2019 vacancy rate for studio units and one-bedroom units in Redmond is higher than the two-bedroom rate, averaging 9.4 percent and 11.2 percent, respectively. These higher vacancy rates for studio and one-bedroom units can imply an over-supply of housing, lower demand for these type of units, or higher turnover due to greater housing costs for these units compared to two-bedroom units.

¹⁷ Source: Hagen, Daniel A. and Julia L. Hansen. “Rental Housing and the Natural Vacancy Rate.” *Journal of Real Estate Research*, April 2010. Pages 413-434

Exhibit 21. Two-Bedroom Apartment Vacancy Rates, 2000 to 2019



Source: CoStar

2.4 Housing Affordability

The term affordable housing refers to a household's ability to find housing within its financial means. The typical standard used to determine housing affordability is that a household should pay no more than 30 percent percentage of household income for housing, including payments and interest or rent, utilities, and insurance.

The U.S. Department of Housing and Urban Development (HUD) guidelines indicate that a household is cost burdened when they pay more than 30 percent of their gross household income for housing and severely cost burdened when they pay more than 50 percent of their gross household income for housing. About 25 percent of Redmond's households are cost burdened overall (see Exhibit 24).¹⁸

Low-income households are more likely to become part of this cost burdened percentage than higher-income households. In fact, those earning 30 percent of the AMI or lower (very low income) are more likely to be severely cost burdened (71 percent); low-income households (30-50 percent AMI) are mostly either severely cost-burdened (41 percent) or cost-burdened (39 percent); and moderate-income households (50-80 percent AMI) tend to be cost-burdened (40 percent) (Appendix Exhibit 48). Housing cost burden can put low-income households in vulnerable situations and force them to make trade-offs between housing costs and other essentials like food, medicine, or transportation. This unstable condition can also lead to rental evictions, job instability, school instability for children, and homelessness. Because housing at the low-income cost range is rare, most households in this income range have to pay more.

In addition, Redmond's renters are more likely to be cost burdened or severely cost burdened than homeowners. Renters are more likely to be cost burdened than homeowners because most renters tend to be lower income.

Cost burdening for owner-occupied households is not terribly common because mortgage lenders typically ensure that a household can pay its debt obligations before signing off on a loan. However, cost burdening can occur when a household secures a mortgage and then sees its income decline. Also, it is important to note that households with incomes over 100 percent of the AMI are less burdened overall since their larger income, minus housing costs, will go farther to cover non-housing expenses such as transportation, childcare, and food.

Exhibit 22 and Exhibit 23 show the estimated share of cost burdened households (in orange) by household income. Households with very low to low incomes were over 74 percent cost burdened when renting which is not unusual since lower income households tend to be more cost burdened – this also demonstrates that there is only around 26 percent of the needed rental units for very low income households and 11 percent of the needed rental units for low income households. This scarcity of available lower income housing is consistent for the ownership units (Exhibit 23).

Considering Redmond's limited availability of housing, it's also important to consider the common tendency for people to rent or buy down (purchasing a housing unit priced below their income), thereby decreasing access to affordable housing. The matrix in Exhibit 22 shows that 29 percent of low-moderate income rental housing units are occupied by people who can afford a higher priced rental unit. This tendency to rent down should be considered when updating affordable housing targets.

¹⁸ Source: CHAS, 5 year 2012-2016

Exhibit 22. Rent Cost Compared to Household Incomes

City	Unit Rents "Affordably" at...	Unit Occupied by Household Earning...			
		0-30% HAMFI (Very Low Income)	Between 31 to 50% HAMFI (Low Income)	Between 51 to 80% HAMFI (Moderate Income)	Over 80% HAMFI
Redmond	0-30%	25.8%	12.4%	3.5%	2.7%
	30-50%	14.8%	10.5%	9.8%	5.0%
	50-80%	27.5%	44.0%	43.9%	21.4%
	Over 80%	31.9%	33.0%	42.7%	71.0%
		100.0%	100.0%	100.0%	100.0%

Green = Renting/
Buying Down

Blue = in Income
Category

Orange = Cost
Burdened

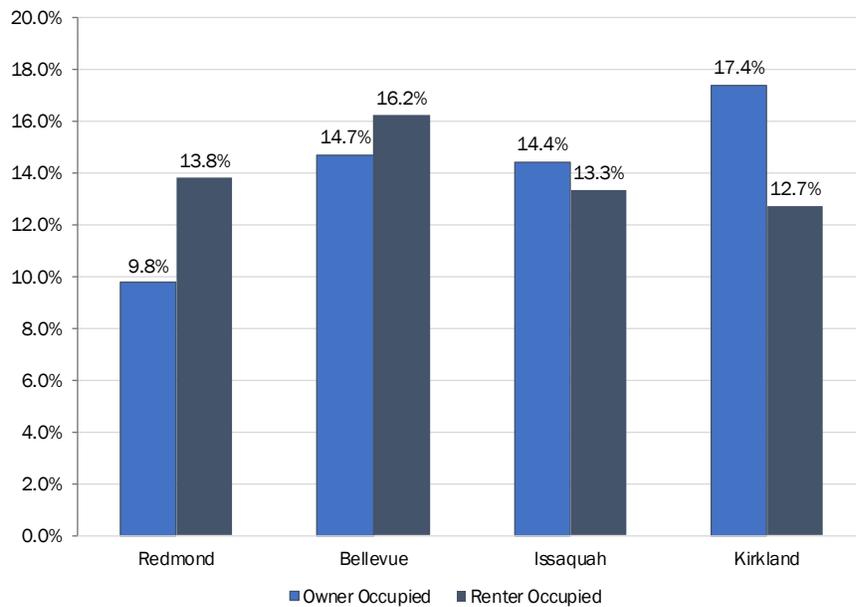
Exhibit 23. Ownership Cost Compared to Household Incomes

City	Ownership Units Affordable to...	Unit Occupied by Household Earning...			
		0-50% HAMFI	50-80% HAMFI	80-100% HAMFI	Over 100% of the HAMFI
Redmond	0-50%	10.9%	18.0%	0.0%	3.0%
	50-80%	14.3%	8.0%	18.4%	3.1%
	80-100%	5.4%	25.0%	6.1%	4.9%
	100% or over	69.4%	49.0%	75.4%	88.9%
		100.0%	100.0%	100.0%	100.0%

Source: CHAS, 5 year 2012-2016.

Notes: HAMFI: HUD Area Median Family Income. Very Low Income: 0 to 30%, Low Income: 30-50%, Moderate Income: 50-80% for a family of four. Unit affordability by MFI level is calculated assuming 30% of household income goes toward housing. This table excludes households with no reported income and households with no reported housing costs.

Exhibit 24. Cost-Burdened Households by Tenure, Redmond and Neighboring Cities, 2014-2018

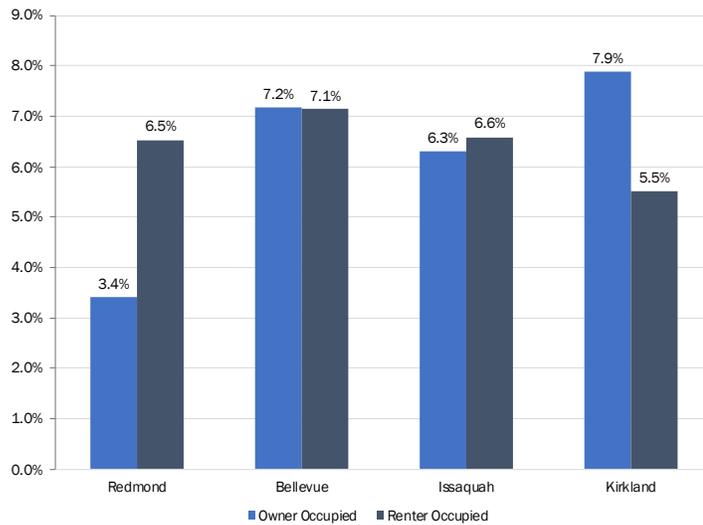


Redmond's 9.8 percent of cost burdened homeowners is much lower than that of Bellevue, Issaquah, and Kirkland.

However, the city has a similar percentage of cost burdened renters as neighboring cities, at 13.8 percent.

Sources: U.S. Census Bureau, 2014-2018 ACS, PUMS 5-Year Estimates.

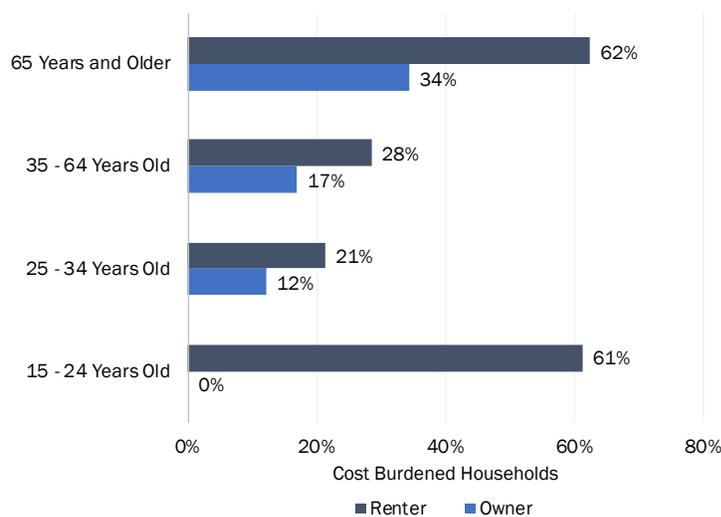
Exhibit 25. Severely Cost-Burdened Households by Tenure, Redmond, Bellevue, Issaquah, and Kirkland, 2014-2018



While Redmond has a smaller percentage of severely cost burdened homeowners than its peers (3.4 percent), it has a comparable percentage of severely cost burdened renters, at 6.5 percent.

Sources: U.S. Census Bureau, 2014-2018 ACS, PUMS 5-Year Estimates.

Exhibit 26. Cost-Burdened Households by Age and Tenure, Redmond, 2014-2018

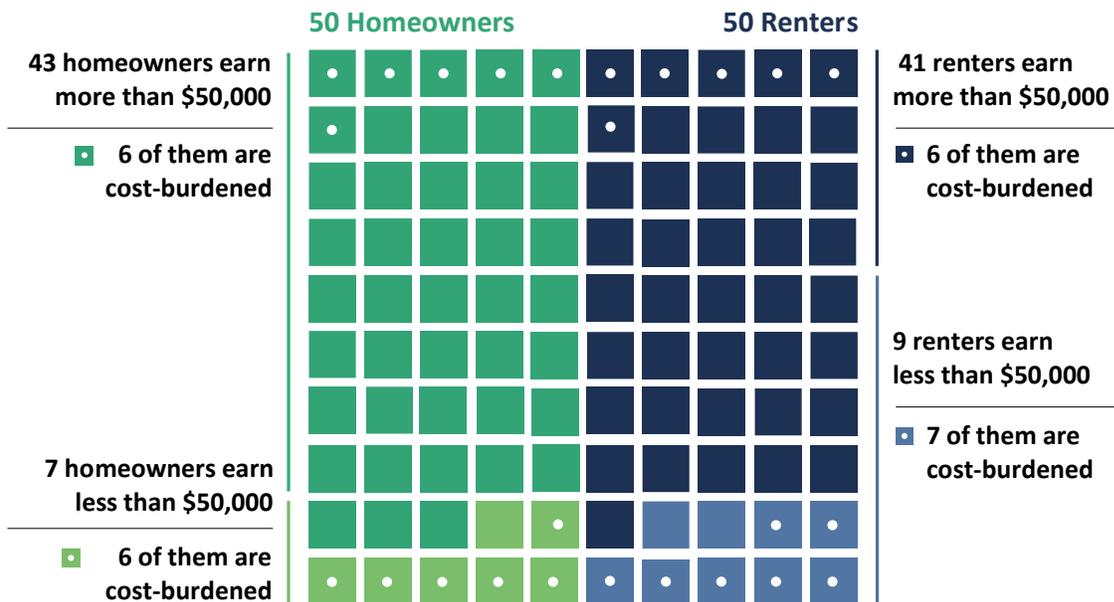


Those renting under the age of 24 and over age 65 are more cost burdened than other ages, at 61 percent and 65 percent respectively. Furthermore, homeowners over the age of 65 are more likely than any other age group to be cost burdened. However, cost burden does not account for accumulated wealth and assets (such as profits from selling another house) that could impact household incomes.

Source: U.S. Census Bureau, 2014-2018 ACS

Notes: 0-30 percent is very low income, 30-50 percent is low income, and 50-80 percent is moderate income.

Exhibit 27. Illustration of Cost Burden if All of Redmond’s Households were 100 Residents



Source: ECONorthwest Graphic. Data Sources: U.S. Census Bureau, 2014-2018 ACS

The illustration in Exhibit 27 explains cost burden rates by viewing Redmond as 100 residents. Homeowners are represented by green squares, and renters are represented by blue squares; and as shown above, renters and homeowners are split in half. The graphic also breaks homeowners and renters into two groups based on income. The darker shade are those people in households with middle to higher incomes and lighter shades represent people in households with lower incomes. The white dots indicate the number of people that are considered cost burdened. As shown, 7 out of 9 renters earning less than \$50,000 a year are cost burdened. This is similar to homeowners earning less than \$50,000 – 6 out of 7 are cost burdened. Those earning more than \$50,000 a year tend to be much less cost burdened.

While cost burden is a common measure of housing affordability, it does have limitations. The measure does not consider the actual income and the possibility of higher incomes being able to easily pay for necessary nondiscretionary expenses with the remaining income and it does not account for accumulated wealth and assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.

Financially Attainable Housing by Median Family Income

Another way to comprehend housing affordability in Redmond is to look at how much each income level can afford in rent and home sales pricing. The 2019 AMI for Redmond is \$108,600 (100% AMI). Based on this, a household in Redmond would need to earn about \$90,240 per year to afford the average rent in Redmond. This would mean that 28 percent of Redmond’s population making under \$75,000 per year would struggle to afford the average rent in 2019. This exhibit also describes what would be financially attainable for someone wishing to purchase a home in Redmond. A household would have to earn about \$130,320 annually to purchase a home ranging from \$456,000 to \$521,000. Considering Redmond’s

median home sale price of \$823,300 in 2019, a household would have to earn 200 percent of the AMI or around \$217,200 per year, to purchase a home priced between \$760,000 and \$869,000.¹⁹

Exhibit 28. Housing Affordability by Household Income Level



Source: ECONorthwest. Data: CoStar and HUD.

Notes: Redmond household income categories are for 4-person households and are based on the 2019 AMI rates for King County. Very low is 30% of the AMI or lower (\$32,580 or less). Low is 30 to 50% of the AMI (\$32,580 to \$54,300). Moderate is 50 to 80% of the AMI (\$54,300 to \$86,880). Workforce is 60 to 120% of the AMI (between \$65,160 and \$130,320).

Affordable Housing Production

Another key factor for understanding housing needs is the rate of production of housing affordable to different income levels. This section offers a current snapshot of Redmond's affordable housing landscape including analysis on the rates of affordable homes owned and rented and being produced. This includes both market-rate and public-supported housing.

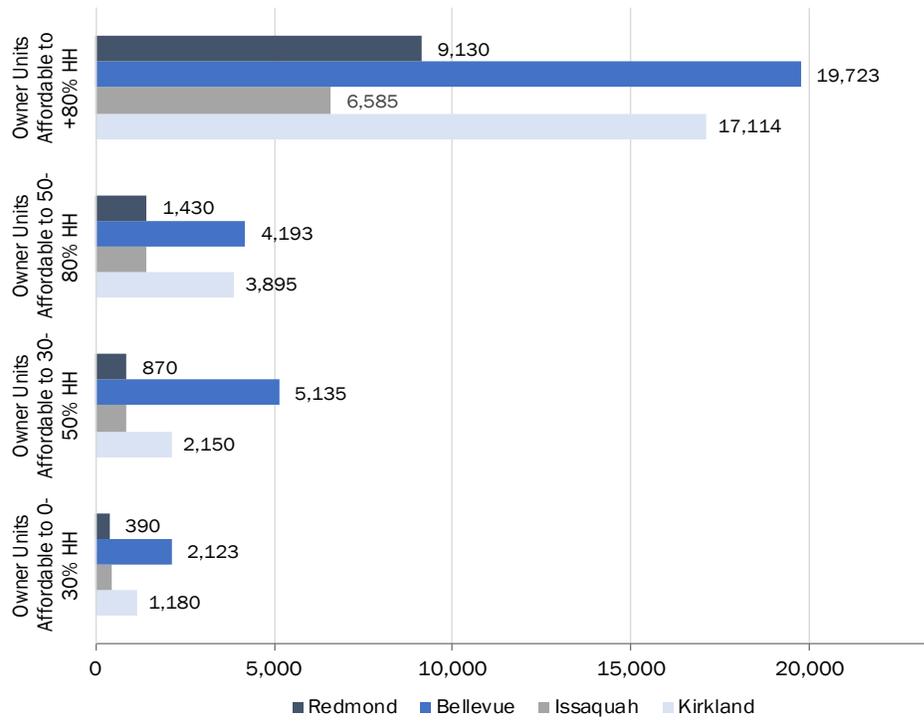
For owner-occupied units, Redmond has much fewer units affordable to its various income levels—specifically to its lower income and moderate-income levels—than its peers. As seen in Exhibit 29, there are 9,130 owner-occupied units affordable to Redmond's higher income population, but less than half of that number available to its moderate and low-income population. However, Redmond has a much higher number of affordable rental units to its higher and moderate-income levels than its neighboring cities, with the exception of Kirkland.

While Redmond has over 16,000 affordable rental units to its middle and higher-income populations, fewer than 2,500 affordable rental units are available for its lower income population (Exhibit 30). Overall, a total of 6,114 moderate-income housing units are in Redmond, which is double the number of low-income housing units in the city. This likely is due to Redmond being somewhat more effective at deploying a wide range of approaches to create housing affordable at the moderate-income level. The

¹⁹ Source: King County Assessor's Office, 2020.

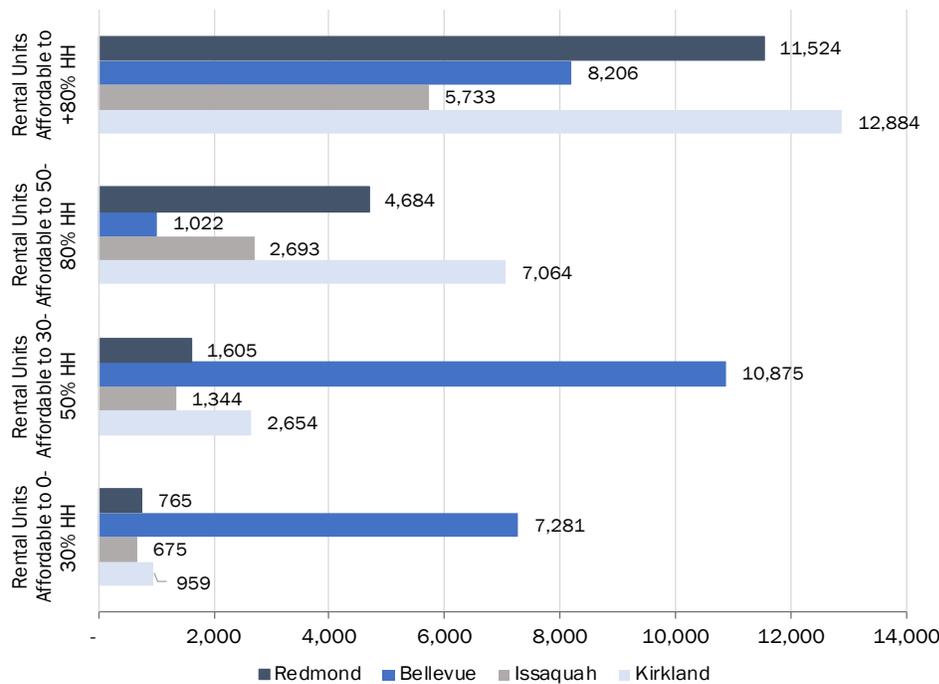
approaches for increasing low-income housing has lagged behind and likely is more complicated due to the need for some sort of direct assistance.

Exhibit 29. Number Owner-Occupied Units Affordable to Each Income Level



Source: CHAS 5-year 2012-2016.

Exhibit 30. Number Rental Units Affordable to Each Income Level



Source: CHAS 5-year 2012-2016.

Exhibit 31. Percent of Units Affordable to Income Levels

Redmond Housing	Total Units	Percent
Affordable to 0-30% Households (very low)	1,155	4%
Affordable to 30-50% Households (low)	2,475	8%
Affordable to 50-80% Households (moderate)	6,114	20%
Affordable to +80% Households (middle to high)	20,654	68%
Total	30,398	100%

Housing affordable to very-low and low-income households totals only 12 percent of total units – a share much lower than the low-income housing target of 24 percent for housing growth. In contrast, 20 percent of total housing is moderate-income which is more aligned with the moderate-income housing target of 16 percent for housing growth.

Source: CHAS 5-year 2012-2016.

Impact of Existing Programs

The lack of housing tends to be particularly pronounced for households earning less than 80 percent of the AMI, a category including low-wage workers in services and other industries; persons on fixed incomes including many disabled and elderly residents; and homeless individuals and families. This type of housing is nearly impossible to build through the private market without public agency support and assistance programs, particularly in urban areas with high land and construction costs. Redmond has implemented a variety of policies, programs, incentives, and tools subsidizing housing and aiming to support increased production of affordable housing (see Summary of Existing Policies and Programs in the Appendix).

A strategic way to evaluate their performance and level of impact is to evaluate whether they resulted in increased affordable housing production. Results from this analysis showed that Redmond has about 30

affordable housing projects yielding a total of 2,518 affordable units that were income restricted. To date, approximately 29 percent of Redmond's 2,518 affordable housing units have been built with tax credits such as the Federal Low-Income Housing tax credits (see Exhibit 32).

Exhibit 32. Number of Affordable Units built or Preserved, 2020

Project Type	Number of Projects	Number of Units	Percent of Total
202/811	1	9	0%
Bond	2	355	14%
Bond - State	1	407	16%
Family Subsidized Housing	2	45	2%
Manufactured Housing	1	224	9%
New	5	411	16%
Preservation	6	171	7%
Senior/Disabled Subsidized Housing	2	81	3%
Subsidized, No HUD Financing	2	73	3%
Tax Credit	7	742	29%
Total	29	2518	100%



Sources: ECONorthwest analysis of public affordable housing data retrieved from HUD; WA Housing Finance Commission (LIHTC properties); King County Housing Authority; ARCH; and City of Redmond. Note: This is the total number of income restricted units as of mid 2020. Picture: City of Redmond. Shows Downtown Redmond TOD, providing 20 percent affordable units at 80% AMI.

In addition, the use of the Multifamily Tax Exemption (MFTE) has led to the creation of approximately 168 affordable housing units for incomes of 60 percent of the AMI or less. Approved by Redmond City Council in 2017, the MFTE program helps offset costs where affordable housing units are required such as through the Inclusionary Zoning provision. It is an optional program in all circumstances; there are no requirements to use the MFTE program. The affordable units created are for “the life of the project” by recorded contract similar to that used for inclusionary units.

Lastly, the Inclusionary Zoning provision within Redmond has led to the creation of over 700 affordable units since its adoption in 1994 – the highest number among all the cities reported by ARCH (see Exhibit 33). Additional detail on existing programs and policies is provided in the Appendix (see Summary of Existing Policies and Programs in the Appendix).

Exhibit 33. Affordable Housing Creation and Monitoring in east King County

Area	“Created”	Currently Monitoring
Bellevue	457	368
Issaquah	437	335
Kenmore	69	56
Kirkland	221	96
Mercer Island	13	13
Newcastle	52	37
Redmond	709	603
Sammamish	55	55
Woodinville	30	20
Unincorporated King Co.	781	718
Total	2,824	2,301

Despite these numbers, current ARCH data monitoring shows that Redmond is producing the most affordable housing in comparison to other areas in east King County.

Source: ARCH, 2020

Notes: 1) “Created” includes under construction and fee-in-lieu units. Created means units in MFTE contracts and/or regulatory agreements. MFTE and land use units are coupled together since projects tend to use both programs. The fee-in-lieu units are bought out by payments from developers. 2) “Currently monitoring” means the units have been completed and occupied and not lost to expired covenants, foreclosure, or lack of resale restrictions.

3. Housing Demand and Needs

This section describes population and employment projections, Redmond’s targets to accommodate growth and housing demand, and the housing needs results. The housing needs results provides an overall assessment of the existing housing inventory and the future needs for housing for all income levels across the city over the next few decades.

3.1 Population and Employment Projections

Growth in population and employment is expected to continue from 2020 to 2040. Redmond’s population is expected to increase by about 22 percent from 64,133 persons in 2020 to 78,409 persons in 2040 or by an increase in over 14,000 persons (more detail in Exhibit 50 in the Appendix). Among the different age groups in King County, only the 60 plus age group is expected to increase from 20 to 24 percent while the rest will either decrease or stay the same (see Exhibit 49 in Appendix). Using the 24 percent estimate for King County, the projected number of those older than 60 years old in Redmond, would be around 18,818 by 2040 which is an increase of around 5,991 persons from the 12,827 persons estimated for 2020. However, this estimate could be lower since those over 65 years comprised around 15 percent of the total population in 2014-18 rather than 20 percent estimated for King County (see Exhibit 49 and Exhibit 50 in the Appendix). Employment in Redmond is also expected to increase from 97,031 jobs to 118,659 jobs – an increase by 21,628 jobs and positive change by over 22 percent (more detail in Appendix Exhibit 51).²⁰ *These projections are expected to be updated in early 2021.

Redmond Growth and Housing Targets

Various targets have been set to accommodate this growth and associated housing demand. Supported by Washington’s Growth Management Act, the King Countywide Planning Policies (CPPs) requires cities in King County to share the responsibility to accommodate the 20-year population/job projections and equitable distribution of affordable housing. All King County jurisdictions agreed to share the responsibility to accommodate the 20-year population projection and job forecast. The relevant targets for Redmond are as follows:

- **Total Housing and Employment:** The 2006-2031 targets for total housing and employment is 10,200 Housing Units (408 per year) and 23,000 Employees (920 per year). The CPPs require that zoning and infrastructure plans align with these targets.
- **Affordable Housing:** 24 percent of local growth should include housing affordable to low-income households and 16 percent should include housing affordable to moderate-income households. In addition to the CPP targets, Redmond’s 2030 Housing Charter Success Measures calls for an increase in more deeply affordable housing (<60% AMI, Very low & low) by 750 units and workforce (60-120% AMI) housing by 1,300 units.

The ARCH housing analysis reported that Redmond was on pace to achieve its overall housing target for 2001–2022 but was falling short of meeting its affordable housing goals since only 18 percent of the low-income housing target had been met. ARCH reported that 73 percent of the moderate-income housing target set for 2012 had been achieved.²¹ An updated evaluation shows that Redmond has added

²⁰ OFM, Population Projections for Counties, PSRC

²¹ Source: ARCH, 2015. East King County Housing Needs Analysis and Needs Analysis Supplement: Redmond

approximately 6,438 total housing units between 2006 and 2019, averaging about 460 housing units per year. This means that Redmond is about 63 percent of the way towards meeting the target of 10,200 housing units added by 2031. If housing continues to be built at a rate of 460 units per year for the next 12 years, Redmond will achieve the target goal.²² In terms of affordability, very-low and low-income housing totals only 12 percent of total units – a share much lower than the low income housing target of 24 percent for local housing growth. In contrast, an estimated 20 percent of total housing is moderate-income which is a rate more on pace to meet the 16 percent local growth goal.²³ *All of these targets are expected to be updated in early 2021.

Factors Affecting Housing Need

Housing demand is determined by the *preferences* for different types of housing (e.g., single-family detached or apartment), and the *ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing). Preferences for housing are related to demographic characteristics and changes, in addition to personal preferences. The ability to pay for housing is based on income and housing costs. The following two sections analyze and discuss these factors.

This section focuses on demographic factors to assess how changes and recent trends may affect the housing need in Redmond into the next couple of decades. Many demographic and socioeconomic variables affect housing choice. However, studies about housing markets indicate that the age of the householder, size of the household, and income are most strongly correlated with housing choice.²⁴

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. Generational trends, such as housing preferences of Baby Boomers (people born from about 1946 to 1964) and Millennials (people born from about 1980 to 2000) are discussed below but in general, homeownership rates increase as age increases.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Income** is the household income. Income is probably the most important determinant of housing choice for all age categories. Income is strongly related to the type of housing a household chooses (e.g., townhome, stand-alone single-family home, or apartment complex) as well as household tenure (e.g., rent or own). Homeownership rates increase as income increases and renters prefer multifamily housing over single-family homes.

An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a twenty-year-old college student differs from the needs of a forty-year-old parent with children, or an eighty-year-old single adult. As Redmond's population ages, different types of housing will be needed to accommodate older residents. This cycle of changing housing needs by age is depicted in the diagram below.

²² Source: Washington Office of Financial Management, 2019

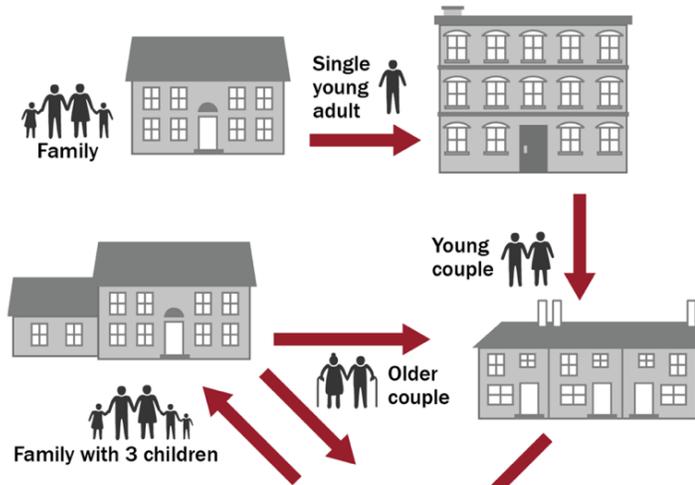
²³ Source: CHAS 5-year 2012-2016

²⁴ Source: 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.

Illustration of Housing Life Cycle

There are several noteworthy regional level demographic trends that can be linked between demographics and housing need useful for predicting future housing need in Redmond. Two demographic trends are particularly important in Redmond.

Aging of Baby Boomer Generation (born 1946 to 1964): Consistent with state and national trends, Redmond's population is growing older. By 2025, the number of seniors in King County will double to comprise 23 percent of the population. Likely trends for the Baby Boomer generation: Household sizes will decrease (greater 1-person households), homeownership rates will decrease (especially for households 75+ years), and household income will decline.



Sources: ECONorthwest, adapted from Clark, William A. V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.

Aging of Millennials and Younger Populations: Redmond's population aged 25-44 is amongst the highest of any other age group. Moreover, Redmond has the highest share of 20-39-year-old individuals (37 percent) in comparison to neighboring cities (Bellevue, Kirkland, and Issaquah). Redmond's ability to attract and retain Millennials and younger populations will depend on availability of affordable owner- and renter-occupied housing. Millennials and younger populations may have increasing incomes as they age. They will need opportunities for affordable, owner-occupied single-family attached housing, such as townhouses, duplexes, triplexes, and fourplexes. *Likely trends for the Millennial and younger population: Household sizes will increase, homeownership rates will increase, and household income will rise.*

3.2 Housing Needs Gap

Using population forecast from the Washington State Office of Financial Management (OFM), the Puget Sound Regional Planning Council (PSRC), and selected Census information we can estimate both the current underproduction and future housing need for Redmond. For this analysis we calculated the total future housing need as the current underproduction of housing plus the future need based on projections from PSRC's 2040 household projections. Without including current underproduction of housing, new housing development targets will continue to fail to reach all households given that there are housing needs currently unmet in the existing housing inventory. This differentiates our approach to that of King County's land capacity study currently underway in 2020. King County's land capacity study calculates only future forecasted growth (population and jobs) to calculate land needs for housing and excludes the current underproduction of housing.

Current underproduction of housing was calculated based on the ratio of housing units produced and new households formed in King County over time. As of 2019, the King County region as a whole had 1.06 housing units for every household. The steps for calculating current underproduction of housing include:

- Calculate the count of housing units and population in Redmond.
- Convert population to households by using the average household size for Redmond.

- Compare Redmond’s ratio of total housing units to households to that of the region (1.06 units per household) as the target ratio.
- If Redmond’s ratio is lower than 1.06, we calculated the underproduction as the number of units it would have needed to produce over time, to reach a ratio of 1.06.

Washington State does not have a regional approach for housing production. The method’s consideration of underproduction implies that every city in King County should be producing housing at 1.06 to be consistent with the regional ration of housing units to households of 1.06.

This approach to underproduction is simple and intuitive while using the best available data that is both local and most updated. This analysis does not differentiate between renter and owner households and relies on average household size to convert population counts to household counts. One drawback of this approach is that it does not identify the underproduction at different levels of affordability.

Future housing need is calculated based on the forecasted household growth through 2040 from PSRC. PSRC does not forecast housing units, but instead forecasts the estimated number of households for each city. To calculate Redmond’s future housing need, we use a target ratio of 1.14 housing units per new household. This ratio is the national average of housing units to households in 2019. It is important to use a ratio greater than 1:1 since healthy housing markets allow for vacancy, demolition, second/vacation homes, and broad absorption trends.

Combining the existing underproduction units and future housing need, Redmond has a need for about 8,897 units. This number should be considered the minimum number of additional housing units needed to support the expected population growth in 2040 and the current housing underproduction. In comparison to Redmond, Kirkland has fewer total needed units and Bellevue needs almost 6,000 more housing units than Redmond. Regional market forces have influenced housing needs similarly across the region.

Exhibit 34. Housing Need for Redmond in Comparison to Bellevue and Kirkland

City	Current Estimated Underproduction, Units	Future Housing Need, Units	Existing Housing Units (2019, OFM)	Total Units
Redmond	309	8,589	28,619	8,897
Bellevue	1,448	13,173	62,372	14,621
Kirkland	85	5,218	38,980	5,303

Sources: ECONorthwest calculation, Washington Office of Financial Management, 2019 and PSRC, 2019.

Notes: Current estimated underproduction provides the number of the existing shortage of housing units from the past 10 years based on household formation. Future housing need shows the estimated housing demand up to 2040. The “total units” number is the sum of the current estimated underproduction and future housing needs.

3.3 Scenarios for Distributing the Housing Need

Redmond’s housing need can be distributed through different scenarios. Exploring these scenarios shows varied outcomes for filling the gap/need for different income levels.

Exhibit 35. Scenarios for Distributing the Housing Need

Scenario 1: Status Quo



The first scenario referred to as the “**status quo**” would continue to proceed with filling the gap without any new action. In this scenario, the higher income housing will continue to dominate while lower income housing will continue to languish.

Scenario 2: Fair Share



The second scenario referred to as the “**fair share**” scenario calls for housing targets based on the income averages in King County. This would double the number of low-income housing in comparison to the first scenario.

Scenario 3: Equity



The third scenario referred to as the “**equity**” scenario would increase the supply of low-income housing to compensate for past underproduction and housing cost-burdening. The third scenario would have the greatest increase of lower income housing out of all scenarios.

Source: ECONorthwest

As shown in Exhibit 35, scenario three (Housing Equity) would better compensate for the lack of low-income housing while the first scenario would be dominated by higher income housing. Both the second and third scenarios would achieve housing charter targets which call for an increase in more deeply affordable housing (<60 percent AMI, Very low and low) by 750 units and in workforce housing (60-120 percent AMI) by 1,300 units. These scenarios are provided for consideration and further exploration as a part of the housing policy analysis of the HAP.

Exhibit 36. Distribution of Housing Need by Scenarios for Redmond

	Income Bins	Scenario 1: Status Quo	Scenario 2: Regional Fair Share	Scenario 3: Housing Equity
Moderate Low Very Low	100% +	6,036	3,559	1,957
	80 - 100%	686	979	1,068
	50 - 80%	1,114	1,424	1,424
	30- 50%	536	1,335	1,779
	0 - 30%	526	1,602	2,669
	<i>Total New Housing Units</i>	8,897	8,897	8,897

- | | | | |
|---|---|--|---|
| Share of very low- to- low: | Share of moderate (50-80%): | Share of 80-100%: | Share of 100%+ housing: |
| <ul style="list-style-type: none"> Scenario 1: 12% - LOWEST Scenario 2: 33% - HIGHER Scenario 3: 50% - HIGHER | <ul style="list-style-type: none"> Scenario 1: 13% Scenario 2: 16% Scenario 3: 16% | <ul style="list-style-type: none"> Scenario 1: 8% Scenario 2: 11% Scenario 3: 12% | <ul style="list-style-type: none"> Scenario 1: 68% - HIGHEST Scenario 2: 40% - LOWER Scenario 3: 22% - LOWEST |
- Slight Differences

3.4 Implications for the Housing Action Plan

The purpose of this analysis is to get an estimated idea about current and future needs to help inform the HAP and potential policy and program changes. The housing needs identified in the HNA point to a variety of potential implications to be considered moving forward:

- High demand for middle-income options due to aging baby boomers, increased household formation by millennials, and a growing workforce earning lower wages points to a need for more smaller homes, multifamily housing with more than one bedroom, and single-family attached housing. How and where can Redmond accommodate a broader mix of housing to meet current needs and changing future demand? Overall, the housing stock should be as diverse as the people it serves.
- Redmond has pent up demand for low-income and moderate-income housing. This is evidenced by one-quarter of the population being cost-burdened, the average rent being higher than 100 percent of the AMI, and the high rates of commuting to Redmond. How can the city best support the need for more affordable housing, subsidized and unsubsidized, throughout the city?
- Redmond, like other communities, is seeing a surge in seniors and they should support the addition of affordable senior housing, housing suitable for smaller household sizes, and varied needs (e.g. assisted living, age in place). Using the 24 percent estimate for King County, the projected number of those older than 60 years in Redmond, would be around 18,818 by 2040 which is an increase of around 5,991 persons from the 12,827 persons estimated for 2020. The current number of senior housing units providing assisted living support in Redmond likely would need to be significantly increased.
- Overall, the demand for all housing types is greater than what’s been produced. This is demonstrated by the high commuting rates and increasing housing costs.

Different strategies should be considered for different needs and housing affordability. The table below provides a summary of how Redmond has applied different tools to promote housing affordability at different levels.

Housing Strategies for Different Income Levels		
Area Median Income	Types of Affordable Housing Strategies	Examples
120% +	1. Market-Rate and Development Options (Doesn't Require Public or Non-Profit \$)	<ul style="list-style-type: none"> Market-Rate Housing Flexible Zoning "Missing Middle" "Size-Limited" Homes Innovative Housing
110%		
100%		
90%	2. Land Use Incentives and Regulations (Doesn't Require Public or Non-Profit \$)	<ul style="list-style-type: none"> Inclusionary Zoning Multifamily Tax Exemption* Minimum Density Density / Height Bonuses
80%		
70%		
60%	3. Direct Assistance (Requires Public or Non-Profit \$)	<ul style="list-style-type: none"> ARCH CDBG Surplus Land Fee Waivers* First-Time Buyer Loans
50%		
40%		
30%		
20%		
10%		

Source: City of Redmond, 2020. *MFTE = Loss of tax revenue. *Fee Waiver = Loss of revenue. First-time homebuyer loans should be considered for the moderate-income group since there are very few homeownership opportunities affordable below 50 percent AMI.

Below is a list of possible options, at a minimum, that will be evaluated further as a part of the HAP strategy development:

8. Update targets for affordable housing and housing production. This update will be done in concert with the regional target updates expected to be drafted towards the end of 2020.
9. Explore additional incentives to subsidize low-income units, senior housing, and transit-oriented development (TOD). For example, the analysis should evaluate affordable housing options that facilitate aging in place and subsidies for needed senior housing such as small sized senior housing.
10. Evaluate required parking ratios for opportunities to promote TOD including reduced parking requirements at sites proximate to TOD areas and new light rail stations. This is important since parking can be one of the most expensive parts of project development.
11. Identify and lower barriers for building and preserving low-to-middle-income housing. For example, the code will be scanned for barriers to adaptive reuse of existing structures for the purpose of affordable housing.
12. Expand areas available for building more housing and a greater diversity of housing. For example, possible zoning updates could be explored that facilitate increased density in return for affordable housing. Also, regulations could be evaluated to find ways to facilitate infill housing and missing middle housing (such as duplexes, fourplexes, and townhomes). The goal could be to promote greater housing diversity to achieve a variety of housing types at a range of affordability levels.
13. Explore funding sources and partnerships, tax exemptions (such as property tax exemptions), and financial relief programs for certain households.
14. Identify tweaks in policies, fee requirements, and the permitting process that should be addressed to support housing needs. For example, the MFTE program will be examined to see if it needs to be calibrated and fine-tuned. Also, opportunities to increase the predictability and reduce unnecessary

barriers (cost and time) in the permitting process for projects with affordable housing could be explored.

Subsequent HAP development work will include a robust evaluation of different options and their potential repercussions. In addition, strategies to minimize displacement of low-income residents resulting from redevelopment and strategies of the HAP will be considered.

4. Redmond HNA Appendix

Summary of Existing Policies and Programs

Recognizing the guidance offered by relevant county and city plans within Redmond’s planning context helps to set the stage for housing actions and policy development. A summary of the King Countywide Policies, Redmond’s Comprehensive and Strategic Plans, and existing housing programs and policies is provided in this section.

The King Countywide Planning Policies (CPPs) advises cities to consider strategies to address affordable housing needs, such as by establishing minimum density zoning, preserving and rehabilitating affordable housing to ensure the housing has safe and livable conditions, and adopting incentive programs to encourage the development of low-income housing. In addition, the CPPs suggest strategies to identify barriers to housing affordability and associated actions; promote housing diversity; plan for housing with reasonable access to employment centers and multi-modal transportation; and promote fair housing meeting the diverse needs of residents with a range of abilities, ages, races, incomes, and characteristics. The Puget Sound Regional Council (PSRC) has established multi-county housing policies in VISION 2040 (soon to be updated as VISION 2050). These policies encourage local jurisdictions to adopt best housing practices and innovative techniques to advance the provision of affordable, healthy and safe housing for all the region’s residents.

The Washington State Growth Management Act (GMA) requires cities and counties to develop a local Housing Element (RCW 36.70A.070(2)). Essentially the housing element provides goals and policies for promoting the preservation, improvement, and development of housing and the identification of adequate land for all housing needs. The Housing element must include adequate provisions for existing and projected housing needs of all the economic segments of the community and these needs should be identified through an inventory and analysis of existing and projected housing needs. Based on the analysis, strategies should be developed to meet the housing needs and their performance should be measured to allow for continual adjustment to meet housing needs goals.

City of Redmond Comprehensive Plan

Housing action plan guidance is also provided by the city’s Comprehensive Plan. The plan establishes a framework from which to identify specific programmatic actions for affordable housing. Policy guidance is primarily focused in the Housing Element but is also described in the Vision 2040 Regional Planning Statement.

The planning statement depicts the vision for how the city will grow and develop over the next 20 years. The planning statement calls for updated housing policies to strengthen the commitment to create affordable housing and for the city to work in partnership with ARCH, neighboring cities, and King County to address affordable housing needs. Another theme is to address the housing needs of the increasingly diverse community including seniors and very low-income households. Having housing choices that are accessible to residents with various incomes, ages, and abilities is one of the sustainability principles for Redmond.

In support of the vision, the Comprehensive Plan highlights Redmond’s long-term values and aspirations and provides direction for corresponding regulations and implementation efforts. The Housing Element themes provided below summarize the guidance from the plan (greater detail in Appendix).

Comprehensive Plan Housing Element and Strategic Plans Themes:

- Expand the overall housing supply and promote equitable housing outcomes
- Encourage the development of a variety of housing types (including ADUs), sizes and densities and the rehabilitation of affordable housing
- Coordinate a regional funding approach, support affordable housing incentives and funding programs and facilitate partnership opportunities particularly to preserve affordable multifamily housing or build it at a discounted price
- Track the performance and effectiveness of housing policies
- Maintain and increase affordable housing throughout the city
- Attend to special housing needs such as seniors and those experiencing homelessness or at risk of falling into homelessness
- Promote innovative development review and predictability in residential permitting and efficient review for affordable housing
- Ensure an appropriate supply and mix of housing and affordability levels to meet the needs of people who work and desire to live in Redmond
- Promote walkable, sustainable neighborhoods, reducing the need for vehicle trips

A corresponding Housing Strategy Plan was developed in response to the Housing Element guidance (Policy HO-8) and to consider future actions for implementation and policy updates. This plan prioritizes a range of strategies for meeting housing needs and increasing housing choice. High priority strategies encourage multifamily development in urban centers and support ADU and infill development and the production of different housing types. The plan also highly prioritizes the review of residential density incentives to support affordable housing, special needs and senior housing production, improve provisions for homeless persons, and assess how to reduce development costs. Strategies involving direct and indirect forms of assistance were highly prioritized such as developing investments and forms of tax relief and exploring a dedicated revenue source targeting for affordable housing. Preserving housing stock is another broad aspiration supported by housing repair and community improvement projects and partnerships to assist low income residents in the maintenance and repair of their homes. The overarching City of Redmond Community Strategic Plan (2019) also promotes diverse housing choices for all income levels reflective of the Redmond community. This strategic plan lays out actions to be taken in 2019-20, 2021-22, and 2023-24 for achieving objectives and metrics for measuring performance. The objectives call for the expansion of housing variety accessible to all income levels including workforce and affordable housing categories to meet future demand and promotion of walkable communities where work, play, schools, and retail are within 10 minutes of where people live.

Together, these plans provide a policy foundation for the implementation, monitoring and adjustments for supporting housing affordability and increasing housing choices. The Housing Element is closely linked to other elements of the Comprehensive Plan including the Land Use Element (residential land use designations and densities), the Neighborhoods Element, and the Human Services Element, given its recognition of affordable housing as a critical aspect of a socially sustainable community.

Affordable Housing in the Comprehensive Plan, Housing Element

Planning Context

- HO-1. Zone sufficient buildable land, create adequate usable development capacity and allow for an appropriate mix of housing types to accommodate Redmond's projected share of King County population growth over the next 20 years.

- HO-2. Promote a mix of new residential units and use other strategies that are designed to at a minimum meet the targets called for in the King County Countywide Planning Policies for creating residences that are affordable to low- and moderate-income households.
- HO-3. Work through regional housing agencies and bodies or with individual jurisdictions such as King County to ensure that adequate development capacity exists in the region to accommodate expected residential growth.

Regional Coordination

- HO-4. Cooperate with King County, A Regional Coalition for Housing (ARCH), and other Eastside jurisdictions and housing agencies to assess housing needs, create affordable housing opportunities, and coordinate a regional approach to funding and meeting the housing needs of Eastside Communities.
- HO-5. Cooperate with private and nonprofit developers, including the King County Housing Authority and social and health service agencies, to address local housing needs.
- HO-6. Support housing legislation at the city, county, state and federal levels which promote the goals and policies of the Housing Element.

Tracking Policies

- HO-7. Conduct a comprehensive evaluation every five years that measures the effectiveness of City housing policies and regulations in meeting the housing needs of persons who live and work in Redmond.
- HO-8. Adopt and update every three to five years a Strategic Housing Plan to identify specific implementation strategies that address the City's housing needs, goals and policies.
- HO-9. Maintain a housing database to inform City officials and the public on the status of the City's housing market and the effectiveness of Redmond housing policies and regulations.
- HO-10. Monitor the number, type and affordability of housing units being built annually to ensure consistency with the number of planned housing units, particularly in Mixed-Use zones.

Community Values and Neighborhood Quality

- HO-11 Encourage the development of a variety of housing types, sizes and densities throughout the city to accommodate the diverse needs of Redmond residents through changes in age, family size and various life changes, including: developments that provide smaller units with a mix of attached and detached housing units, homes with ground floor master suites, and homes with all living areas on one floor.
- HO-12 Create opportunities for ownership housing in a variety of settings, styles, sizes and affordability levels throughout Redmond.
- HO-13 Promote fair and equal access to housing for all persons and prohibit any activity that results in discrimination in housing.
- HO-14 Incorporate all the qualities of well-designed, character-rich neighborhoods so that existing and new neighborhoods in Redmond are attractive and safe places to live.
- HO-15 Ensure that new development is consistent with citywide and applicable neighborhood goals and policies, including but not limited to sustainable site standards, landscaping requirements, building design guidelines and affordability.
- HO-16 Provide physical infrastructure, recreational and cultural amenities, and educational facilities in Downtown and Overlake to support the creation of attractive neighborhoods for residents of all ages, incomes and household types.

- HO-17 Prohibit any rezone that results in a reduction in residential capacity without first approving another rezone or rezones, resulting in at least a replacement of the lost residential capacity elsewhere in the city.

Jobs/Housing Balance

- HO-18 Ensure an appropriate supply and mix of housing and affordability levels to meet the needs of people who work and desire to live in Redmond, especially near existing and planned employment centers, such as Downtown, Overlake and SE Redmond.
- HO-19 Consider the impacts on housing supply and affordability when making land use policy decisions or Zoning Code amendments that are likely to affect employment in Redmond and consider the need for mitigation if employment capacity is significantly increased.
- HO-20 Encourage Redmond employers to develop employer-assisted housing programs and provide technical assistance to employers wishing to obtain information on model programs.

Special Needs

- HO-21 Work with agencies, private developers and nonprofit organizations to locate housing in Redmond intended to serve Redmond's special needs populations, particularly those with challenges related to age, health or disability.
- HO-22 Encourage and support the development of emergency, transitional and permanent housing with appropriate on-site services for persons with special needs.
- HO-23 Support actions to secure grants and loans tied to the provision of special needs housing by agencies, private developers and nonprofit organizations.
- HO-24 Encourage the dispersal of special needs housing throughout the city. Some clustering of special needs housing may be appropriate if proximity to public transportation, medical facilities or other essential services is necessary.
- HO-25 Ensure development regulations allow for and have suitable provisions to accommodate housing opportunities for special needs populations in Redmond.
- HO-26 Encourage a range of housing types for seniors affordable at a variety of incomes, such as independent living, various degrees of assisted living and skilled nursing care facilities. Strive to increase opportunities for seniors to live in accessible housing with services nearby.
- HO-27 Encourage and support accessible design and housing strategies that provide seniors the opportunity to remain in their own neighborhood as their housing needs change.
- HO-28 Work with other jurisdictions and health and social service organizations to develop a coordinated, regional approach to homelessness.

Development Standards

- HO-29 Craft regulations and procedures to provide a high degree of certainty and predictability to applicants and the community-at-large to minimize unnecessary time delays in the review of residential permit applications, while still maintaining opportunities for public involvement and review.
- HO-30 Encourage the use of innovative development review processes to promote sustainability, flexibility in development standards and affordability in housing construction.

Housing Diversity

Innovative Housing

- HO-31 Support and encourage through use of appropriate incentives innovative and creative responses to meet Redmond's needs for housing affordability and diversity for a variety of household sizes, incomes, types and ages. Examples include, but are not limited to: cottage housing, size-limited structures, cohousing, accessory dwelling units, and attached units (two to four units per building) that are designed to fit the general character and bulk of other single-family homes in the neighborhood in which the new housing is located.
- HO-32 Promote the development of accessory dwelling units (ADUs) within new and existing single-family developments. Consider incentives for new housing developments that include a percentage of ADUs as part of the new construction, as well as explore opportunities to promote ADU construction in existing homes.
- HO-33 [Repealed]

Affordability

- HO-34 Promote a mix of housing for all income levels, including a portion of housing that is affordable to households earning 80 percent or less of the King County Median Income, as well as housing that is affordable to households earning between 80 to 120 percent of median income and above. In addition, support the development of housing that is affordable to households earning 50 percent or less of the King County Median Income, including housing affordable to households earning less than 30 percent of median income, to address affordable housing targets.
- HO-35 Promote voluntary efforts to provide a reasonable portion of affordable housing within new housing developments until such time as each neighborhood plan is updated to address affordability requirements.
- HO-36 Encourage the dispersal of affordable housing throughout the city. Some clustering of affordable housing may be appropriate if proximity to public transportation, medical facilities or other essential services is necessary.
- HO-37 Provide incentives and bonuses intended to minimize or eliminate any additional costs to the developer/builder associated with providing housing that is affordable to low- and moderate-income households.
- HO-38 As part of any rezone that increases residential capacity, consider requiring a portion of units to be affordable to low- and moderate-income households.
- HO-39 Encourage housing ownership or rental opportunities for all economic segments of the Redmond community.
- HO-40 Allow manufactured homes in all zones where residential development is permitted in the city.

Preservation and Rehabilitation

- HO-41 Encourage and support efforts to maintain opportunities for lower-cost housing where relatively affordable housing exists through preservation or other efforts and particularly in centers where most redevelopment pressure will occur.
- HO-42 Cooperate with nonprofit housing organizations and regional efforts to develop a long-term management strategy for creating and preserving existing subsidized affordable housing.
- HO-43 Encourage individual homeowners to reinvest in their homes by providing information and referrals to other appropriate agencies, such as the King County Home Repair program.

Incentive Programs

- HO-44 Allow incentives, such as bonus densities and flexible design standards, that do not adversely impact the general health, safety and welfare of the public to support and promote the construction of new innovative or affordable housing styles.
- HO-45 Consider granting priority in the development review process for projects that offer 15 percent or more of the proposed residential units at affordable rates.

Funding Support

- HO-46 Pursue creative methods within existing programs, such as the City's transfer of development rights (TDR) program, impact fee waivers, ARCH Housing Trust Fund, and state enabling legislation for property tax relief, as a means to provide direct assistance to builders and leverage funds for construction of affordable housing.
- HO-47 Help educate builders about the availability of funding and incentive programs to promote the construction of affordable housing in Redmond.
- HO-48 Minimize unnecessary housing development costs through regulations and standards contained in the Zoning Code and other City regulatory documents that are balanced with and maintained in concert with public safety considerations and all other goals of the Comprehensive Plan and Zoning Code.
- HO-49 Offer exemptions or reduced impact fees for construction of affordable housing units in qualifying developments.
- HO-50 Participate in relocation assistance to low- and moderate-income households whose housing may be displaced by condemnation or City-initiated code enforcement.
- HO-51 Maintain a City housing trust fund for low- and moderate-income housing that is based on the number of affordable units needed to serve Redmond's projected population and job growth changes. Base the need for affordable units on Redmond's targets for low- and moderate- income housing as defined in the King County's Countywide Planning Policies.
- HO-52 Use performance measures in order to review the housing trust fund as part of the City's Budgeting by Priorities process to determine its effectiveness in addressing low- and moderate- income housing needs.
- HO-53 Use all available federal, state and county programs, as well as private and nonprofit options for financing affordable housing.
- HO-54 Give priority to the use of surplus, publicly owned land for housing that provides for a range of household incomes, with an emphasis on encouraging housing for low-income families.

Existing Housing Programs and Policies

The lack of affordable housing is a common problem for many cities across the US and a tricky issue with no one-size-fits-all solution. Each policy, strategy and tool are unique in its support and delivery of different levels of housing affordability; consequently, communities benefit from developing a toolkit of different solutions designed to meet citizens' varied housing needs. The implications of different tools should be evaluated, and alternatives and trade-offs should be discussed. Since the effectiveness of different tools varies, their performance should be measured continuously over time and adjusted as needed.

The City of Redmond has consistently prioritized housing affordability and is committed to taking steps to expand the supply of affordable housing. Various programs and policies have been enacted in Redmond to increase housing supplies and provide opportunities for people to live and invest in the community where they work. The vast majority of strategies employed by communities across the country are either currently used by Redmond or are under consideration for Redmond's housing strategy.

The City of Redmond currently has a variety of programs to help residents find and maintain an affordable place to live. The tables below provide a summary of existing city programs and policies and the household income levels served, if applicable and available.

Direct Support

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
ARCH - A Regional Coalition for Housing, Housing Funding (City of Redmond and King County Housing Authority – KCHA partnership)	Through participation in the ARCH Housing Trust Fund, Redmond assists non-profit affordable housing providers and the KCHA to construct new affordable housing and acquire and preserve existing affordable housing. For every \$1 the City contributes to ARCH, \$10 has been leveraged from other sources to fund affordable housing projects. ARCH administers the City of Redmond's Housing Trust Fund (HTF) which provides funding assistance to local non-profit housing providers, for preservation and construction of affordable housing throughout Redmond. Specifically, HTF provides for improved affordable housing choices for a diverse population, including seniors, those with special housing needs (developmentally disabled persons, women at risk, youth, etc.), and low-income families (Redmond 2030: Redmond Comprehensive Plan, adopted 2011)	Very low to moderate	The ARCH Housing 101 Report (2011) lists the following developments for Redmond but does not list income served: KC Housing Authority: 41 units, Habitat Patterson: 24 units, Avon Villa Mobile Home Park: 93 units, Terrace Hills/Imagine Housing: 18 units, Village at Overlake Station/KC Housing Authority: 308 units, and Summerwood/DASH: 166 units. Special needs housing: Stillwater/Eastside Mental Health (19 units/beds), DC Group Home 4/Community Living (5 units/beds), DD Group Homes 5 & 6/Community Living (10 units/beds), and United Cerebral Palsy/UCP (9 units/beds). Total: 567 units, 43 beds.
Community Development Block Grants (Washington Department of Commerce)	The CDBG program improves the economic, social and physical environment of eligible, rural cities and counties to enhance the quality of life for low- and moderate-income residents. The CDBG Program offers General Purpose and Specialty grants. Redmond receives approximately \$100,000 per year in grants from the federal government which help with a variety of needs related to affordable housing.	low to moderate income residents	According to the 2017-2018 Evaluation Report of the Redmond CDBG Program, zero housing units benefited from the program. This is the latest report available (2018-2019 has not been posted yet). In the prior year, only one housing unit benefited from the program.

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Surplus Land Donation (City of Redmond)	Redmond has donated land for the Providence and the Coast Guard land projects.	Very low to Moderate Income	The Avondale Park Integrated Project is built on land donated from the City of Redmond which was acquired from the Coast Guard in 1997 (5 acres). This project has 64 transitional units, a childcare center, and emergency shelter built by the Eastside Housing Association; 24 affordable townhomes built by the Habitat for Humanity; and 85 market-rate townhomes built by Taluswood. Providence land donation provided for 74 affordable units next to transit, senior center, and retail and services (all are 60% AMI and below, half of these are 50% of the AMI or lower).
Housing Development Partnerships (Various)	Redmond partnered with a developer, ARCH and other public and private funders to support the creation of Capella at Esterra Park now under construction with 261 affordable dwellings.	Low to moderate income households	261 affordable dwellings (60% of the AMI or lower)
Section 8 Housing Vouchers (King County Housing Authority-KCHA)	Section 8 vouchers help people with low incomes rent homes on the private market. With a voucher, you pay at least 28 percent, but not more than 40 percent (in the first year), of your household income for rent and utilities. KCHA pays the difference between your portion of the rent and the amount your landlord requests. If you qualify for a voucher, you can use it to rent in King County (not including incorporated areas of Seattle or Renton) from any landlord. Once you have had your voucher for at least a year, you may use it to rent anywhere in the United States. Key eligibility: Your household income must be at or below 80% of AMI for your family size. You must be homeless, live in substandard-condition housing, pay more than 50% of your household income on rent and utilities, or have household income at or below 30% of AMI for your family size. Have at least one family	Very low income	72 subsidized section 8 units (average household income of \$15,486), Average family expenditure per month \$372, Average HUD Expenditure per month \$774

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
	member under the age of 18, elderly or disabled.		
Catholic Church in Western Washington Services (Catholic Housing Services-CHS)	Catholic Community Services (CCS) and CHS provide continuum of care for some of the most vulnerable populations, in partnership with local, state and federal government agencies, public funders and private lenders, and dedicated staff and volunteers. Together, CCS and CHS provide a full spectrum of housing with 22 shelters, 17 transitional housing facilities and 52 permanent housing properties in Western Washington. CCS and CHS housing programs serve low-income individuals, families, seniors, and persons with special physical and mental needs, offering resident support services in addition to a clean and safe place to live.	Low Income	Emma McRedmond Manor: A 31-unit property in downtown Redmond for income eligible seniors 62 years of age or older and in certain cases for persons with disabilities. Applicants must be at or below 50% median income and able to live independently. Rent is based on 30% of adjusted income.
HB 1406 Sales and Use Tax for Affordable and Supportive Housing - Gain State Sales Tax Credit (City of Redmond)	Redmond Ordinance No. 2985 (adopted 12/3/19) authorizes the maximum capacity of the tax (0.0073 percent) under substitute bill 1406 for affordable housing. Credit against already collected state sales tax to be used by the city for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, the operations and maintenance costs of affordable or supportive housing, and rental assistance to tenants. The tax must be used to assist persons whose income is at or below 60% of the City of Redmond's AML. Legislation in effect for 20 years. <i>May pledge the funds for repayment of G.O. or revenue bonds; may</i>	TBD	TBD: Redmond is estimated to generate approximately \$320,000 annually with the .0073 portion of the credit.

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
	<i>enter into interlocal agreements with other public entities to pool funds.</i>		

Regulations and Incentives

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Multifamily Housing Property Tax Exemption - MFTE (City of Redmond)	<p>The MFTE program was approved by Council in July 2017 as a way to help offset costs where affordable housing units are required (linked to the Inclusionary Zoning program). It is an optional program in all circumstances; there are no requirements to use the program. The affordable units created are for “the life of the project” by recorded contract similar to that used for inclusionary units. New rental residential and mixed-use projects of 10+ units in three defined Residential Target Areas within the City - Downtown, Overlake Village and Marymoor Village - can apply for an exemption on property taxes on the residential improvement value of new developments for either eight or 12 years, in exchange for providing affordable housing. Program varies by location. Marymoor: 8-year exemption = 10% affordable (50% AMI) and 12-year exemption = First 10% affordable (60% AMI) and second 10% affordable (80% AMI). Downtown and Overlake: 8-year exemption = 10% affordable (60% AMI) and 12-year exemption = First 10% affordable</p>	Low to moderate income households	<p>Since the MFTE program was created, the City has approved five projects to receive Conditional Certificates and several are pending approval. Projects: The Edge, Blackbird, Bear Creek Mixed Use, Ledcor/Nightingale, Aria, Imagine Housing- Capella, and Lennar/LMC. A max total of 168 housing units affordable to 60% of the AMI (or lower) are anticipated (as of May 22, 2020)</p>

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
	(65% AMI) and second 10% affordable (85% AMI).		
Affordable Housing Density Bonus and TDR (City of Redmond)	<p>Cottages, multiplexes, and backyard homes/small lot/size limited.</p> <ul style="list-style-type: none"> • 2 :1 density bonus • Phase II – size limited homes • One affordable unit at 50% of median instead of 2 units at 80% <p>The City of Redmond transfer of development rights program offers incentives to owners of receiving area properties in the form of increased density (FAR) of their developments accommodating a greater number of uses, tenants, or parking facilities.</p>	Income: 80% AMI (if 50% or less, counts as 2 affordable units)	No performance information available. The set aside minimum for Redmond Overlake District and Redmond Downtown is 10% of units (all new residential developments in specific areas with at least 10 homes are required to set aside 10 percent of the homes as affordable).
Innovative Housing Ordinance (City of Redmond)	<p>Adopted 2005, ended 2013 (temporary)</p> <ul style="list-style-type: none"> • Flexibility in density and site planning • Increase housing supply • Provide variety, choice and affordability • Innovative, infill housing compatible with single family design • Demonstration project – limited duration 		Projects: Sycamore Park resulted in 12 units and 4 ADUs - 10% were affordable (1 was affordable). Overall this encourages housing variety: detached homes, duplexes, carriage, ADUs; Density 7.5 du/acre in R-4 zone.

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Inclusionary Zoning (City of Redmond)	Requirements: 10% of the dwellings in new residential developments of 10+ units required to be affordable to households earning 80% or less than the AMI - \$86,880 for a family of 4. Alternatively, developers may provide 5% of the dwellings to households at 50% AMI or less. At least one bonus market-rate unit is permitted for each affordable housing unit provided. First inclusionary projects - Downtown Neighborhood Plan (early 1990s), in neighborhoods through subarea planning. Bonus units up to 15% of underlying zoning. Redmond: 1 of 20 case studies nationally - Lincoln Institute of Land Policy study, July 2014	Very low to moderate	About 709 affordable dwellings have been created since 1994 as a result of these regulations (ARCH). “Created” means units in MFTE contracts and/or regulatory agreements. MFTE and land use units are coupled together since projects tend to use both programs. Example developments: Veloce, Frasier Court, Elan, Indigo, Conover Cottages, and Portula'ca.
Flexible Land Use Requirements (City of Redmond)	Housing diversity is encouraged in areas with developed infrastructure and include smaller homes, cottages and duplexes as well as homes for seniors and accessory dwelling units (ADUs). There are density averaging and clustering provisions to support housing variety and affordability.	All	N/A
Accessory Dwelling Units (City of Redmond)	Also called mother-in-law apartments, or simply ADUs, these homes are secondary to an existing home and are allowed in all of Redmond's residential zones. In most cases, ADUs are limited to 1,500 square feet; they may be attached to, or detached from, the existing home. Currently, one off-street parking space is required for the ADU in addition to the parking required for the primary dwelling unit. Affordable Requirement: ADUs shall not be used to meet any requirement to provide affordable dwelling units per RZC 21.20 Affordable Housing. Flexible zoning and density bonuses in single family areas (R4 – R-6) support ADUs.	All	ADUs shall not be used to meet any requirement to provide affordable dwelling units per RZC 21.20 Affordable Housing. As of 2019, a total of 28 ADUs were built in Redmond according to King County Assessment Department parcel data.

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Multiplex Units (City of Redmond)	Multiplex Units are Attached Dwelling Units, such as duplex or triplex homes which are allowed in some single-family areas (conditional use permit in R-4 through R-6, and outright in R-8 through R-30). Attached dwelling units are subject to all of the land use, density, site requirements, and development standards of the underlying zone with some exceptions. See the regulation code for more detail.	All	N/A
Backyard Homes (City of Redmond)	A backyard home (small lot short plat) is a single-family detached unit that does not exceed 1,500 square feet and that is affordable to an individual or family earning less than 120% of the area median income. These homes are allowed in the Education Hill neighborhood on single-family lots that are at least 200% of the minimum average lot size, or about 15% less land than would otherwise be required to subdivide a lot. Flexible zoning and density bonuses in single family areas (R4 – R-6) support backyard homes.	All	N/A
Cottage Housing (City of Redmond)	In 2002, the City of Redmond offered regulatory guidance on a new form of housing referred to as cottage housing. A cottage house is a single-family home of no more than 1,500 square feet, including small yards and a larger community open space, which functions as an extended yard, recreation area, and community gathering space. At some Redmond developments, parking is provided either behind, below, or apart from the cottages themselves, allowing the front yards to serve as places for living. Flexible zoning and density bonuses in single family areas (R4 – R-6) support cottage housing.	All	N/A

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Residential Suites (City of Redmond)	Also known as "mini-suites" or "apodments", residential suites are typically very small units within multi-family buildings in which all living space other than a bathroom is contained within a single room (such as a studio apartment). Often, clusters of residential suites share common amenities such as kitchen, laundry, or gathering spaces.	Zoning/Ordinance does not specify.	N/A
Single Family Homes (City of Redmond)	Single-family homes are in urban residential neighborhoods with between 4 and 8 dwellings per acre. This provides for stable and attractive suburban residential neighborhoods. They are also found in areas inappropriate for more intense urban development due to significant environmentally critical areas, extreme cost, or difficulty in extending public facilities or the presence of natural features Redmond is seeking to retain. These areas allow for between 1 and 3 dwellings per acre.	All	N/A
Condominium Conversions (City of Redmond)	Condominium conversions entail the sale by a developer of condominium units that were previously rental units. The units can be sold to current tenants and then to the public. Current tenants must be given a 90-120-day notice before conversions and a right to refuse purchase. Tenants can purchase units other than their own. No tenant or subtenant may be required to vacate upon less than 90 days' notice except by reason of non-payment of rent, waste, conduct that disturbs other tenants' peaceful enjoyment of the premises, or act of unlawful detainer as defined in RCW 59.12.030.	All	N/A
Impact Fee Exemptions (City of Redmond)	<p>3.10.060: Accessory dwelling units approved by the City under Redmond Zoning Code Section 21.08.220, Accessory Dwelling Units, or its successor, are exempt from the payment of all impact fees.</p> <p>310.070: Exemptions from the requirement to pay fire, park, and school impact fees for low and moderate income housing.</p>	N/A	N/A

Development Financial Tools

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Federal Low-Income Housing Tax Credits (Washington State Housing Finance Commission)	The Washington State Housing Finance Commission enables developers to raise capital for projects by reducing financial debt or equity requirements. This is a significant incentive for development and rehabilitation of rental housing, administered annually on a statewide competitive basis. The LIHTC replaced tax losses with tax credits tied to strict accountability: It awards ongoing tax credits to investors only if the units are built, rented, and maintained according to the program's high standards. This private investment reduces costs—and the savings result in lower rents.	Low-income: people earning no more than 60% of AMI	1,064 Low-income Units
State of Washington Housing Trust Fund	The Department of Commerce administers this fund to provide an average of \$100 million annually to affordable and special needs housing projects. The City of Redmond and other King County ARCH cities have partnered with the Washington State Housing Finance Commission to offer the ARCH East King County Down Payment Assistance Loan Program to make owning your own home or condominium more feasible. Organizations that may receive assistance from the department under this chapter are local governments, local housing authorities, behavioral health organizations established under chapter 71.24 RCW, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations.	Low to moderate income	
Corporate Lending and Partnership (Various)	Private sources and partnerships to fund affordable housing for low and moderate-income individuals and homeless assistance will provide new opportunities for solutions within the Puget Sound region.	Low to moderate income	Performance unknown.

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
ARCH Down Payment Assistance Loan Program	The ARCH East King County Down Payment Assistance loan program provides down payment loans for borrowers purchasing a home or condominium in an ARCH member city.	Moderate Income	

Other

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
HousingSearchNW Tool	HousingSearchNW is a free resource to help users find a home anywhere in King County. Users can search using a variety of criteria, such as proximity to schools, and listings can be sorted by rent amount, ZIP Code, date available and other important factors. Property owners and managers can post apartments or homes for rent any time, which means that the list is always current. In addition to the website, those searching for housing can call the multilingual call center.	All	N/A
ARCH - A Regional Coalition for Housing Tool	ARCH maintains lists of both rental and ownership homes that are available to moderate income households (those earning 80% or less of the King County Median Income).	Moderate Income	N/A
Hopelink Services	Hopelink is a federally designated Community Action Agency focused on providing transportation services in all of King and Snohomish Counties and community services in north and east King County. Hopelink has five centers - one located in Redmond. Programs are provided at 15 locations and include food banks, energy assistance, housing, family development and adult education. In 2016, Hopelink provided services to 63,700 clients, of which 21,641 (9,602 households) were assisted through community services. Hopelink services aim to provide stability by addressing basic needs and equipping individuals to exit poverty.	Various	Homeless/Transition Housing: Avondale Park (18 units), Avondale Park Redevelopment (60 units), along with the Dixie Price Transitional Housing Apartments (4 units)
Regional Equitable Development Initiative (REDI) Fund (Enterprise Community)	In response to the significant investments being made in Puget Sound transit, the public-private REDI Fund was created to help finance the acquisition of property along transit corridors to preserve the affordability of future housing and community facilities. The City of Redmond has pledged \$50,000 to the REDI fund, as part of the ARCH program.	All	N/A

Program/Policy, Organization	Description	Income Level Served	Performance: Units Provided, Households Served - Redmond
Partnership with Transit Agencies on Affordable Housing (Various)	<p>In 2002-3, the Overlake Village (TOD) received impact fee waivers in return for building 308 affordable units (60%AMI or below). The King County Department of Transportation, the City of Redmond, and Sound Transit jointly developed a new Redmond Downtown Transit Center with an adjacent transit-oriented development (TOD). The new transit center is at the site of the existing bus transfer facility, and the TOD was built on Metro's Redmond Downtown Park-and-Ride (opened 2008). The project increased transit passenger loading capacity, expanded the bus loop north of NE 83rd Street to improve transit operations, and added transit passenger shelters. In addition, two new light rail stations are planned to be opened in 2024 in southeast Redmond, serving Marymoor Village near Marymoor Park, and in the downtown residential and retail core. These two stations will open a year after completion of East Link to Redmond Technology Station, opening in 2023.</p>	Varied	No housing

Addressing Homelessness in the Redmond HAP

Among many other cities, Redmond is seeing an increase in the number of unsheltered individuals and families. According to the King County point-in-time count of persons experiencing homelessness, the number of unsheltered homeless individuals in East King County has increased from 134 in 2015 to 337 in 2019. Considering the increase in homelessness, it is important to recognize that there is a housing gap for the homeless population in Redmond, whose primary income source is Social Security Income (at an average of \$770 per month).

Will the Redmond HAP address homelessness?

Although factors such as poverty, social inequities, illness, domestic violence, mental illness and addiction may lead to homelessness, the factor most relevant to this Housing Action Proposal is housing affordability. Both the cost of housing and increases in rent correlate to housing stability for individuals and families on fixed income or with minimum wage jobs. For instance, 2019 data shows that King County experienced a 39 percent increase in homelessness for every \$100 increase in rent. In other words, as housing affordability decreases, the number of people experiencing homelessness increases. Therefore, this HAP will focus on ways in which the City can meet the current and anticipated housing gaps for a variety of income segments, including homeless individuals.

What is Redmond currently doing to address homelessness?

The City of Redmond is addressing the issue of homelessness through the creation of planning policies as part of the next Human Services Strategic Plan update and through the development of sub regional plans under the Regional Homelessness Authority. Below is a list of actions and strategies the City of Redmond has developed in order to combat homelessness:

- Implementing key recommendations of the Community Task Force on Homelessness: this includes addressing public safety concerns, engaging the community and increasing awareness, and expanding programming at the drop-in center for young adults.
- Connecting individuals experiencing homelessness to resources through a dedicated Outreach program
- Collaborating with King County and other Eastside cities in order to support regional strategies and best practices for addressing homelessness in our communities
- Ensuring that anyone experiencing homelessness has access to shelter on the Eastside
- Investing in programs that support people on a path out of homelessness as well as supporting the broad safety net of existing services

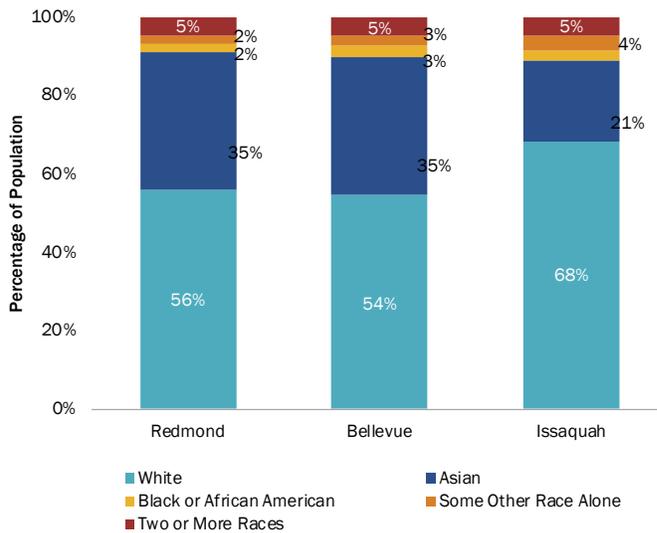
Supplemental HNA Exhibits

Exhibit 37. Redmond Population, Share of Age Groups, Difference from 2000 to 2014-2018

Age Group	2000	2014-2018	Difference
Under 5	6%	7%	1%
5 - 17	15%	16%	1%
18 - 24	9%	5%	-4%
25 - 44	38%	42%	4%
45 - 64	22%	15%	-7%
65 +	9%	15%	6%

Source: 2014-2018 American Community Survey 5-Year Estimates

Exhibit 38. Race and Population for Redmond Bellevue, Issaquah, and Kirkland, 2014-2018



Source: 2014-2018 American Community Survey 5-Year Estimates

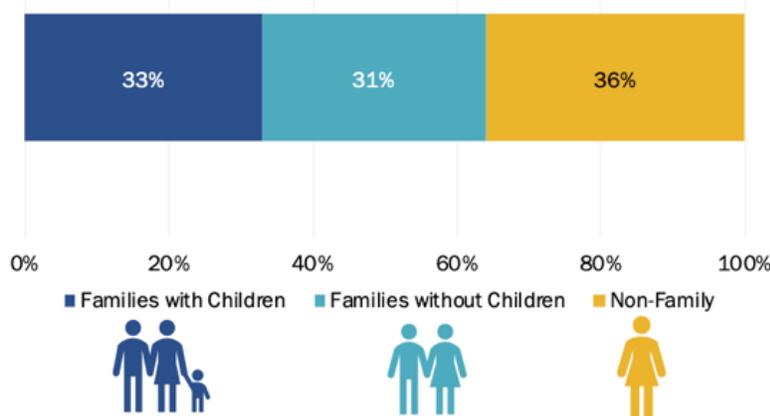
Exhibit 39. Redmond Race/Ethnicity, Percent in 2000 to 2014-2018

Race/Ethnicity	Redmond
2000	
White	79%
Asian	13%
Black or African American	2%
Some Other Race Alone	3%
Two or More Races	3%
Hispanic or Latino	6%
2014-2018	
White	56%
Asian	35%
Black or African American	2%
Some Other Race Alone	2%
Two or More Races	5%
Hispanic or Latino	7%

Source: 2014-2018 American Community Survey 5-Year Estimates.

Note: "Some other race alone" also includes individuals who identify as American Indian or Alaska Native or Native Hawaiian and other Pacific Islander.

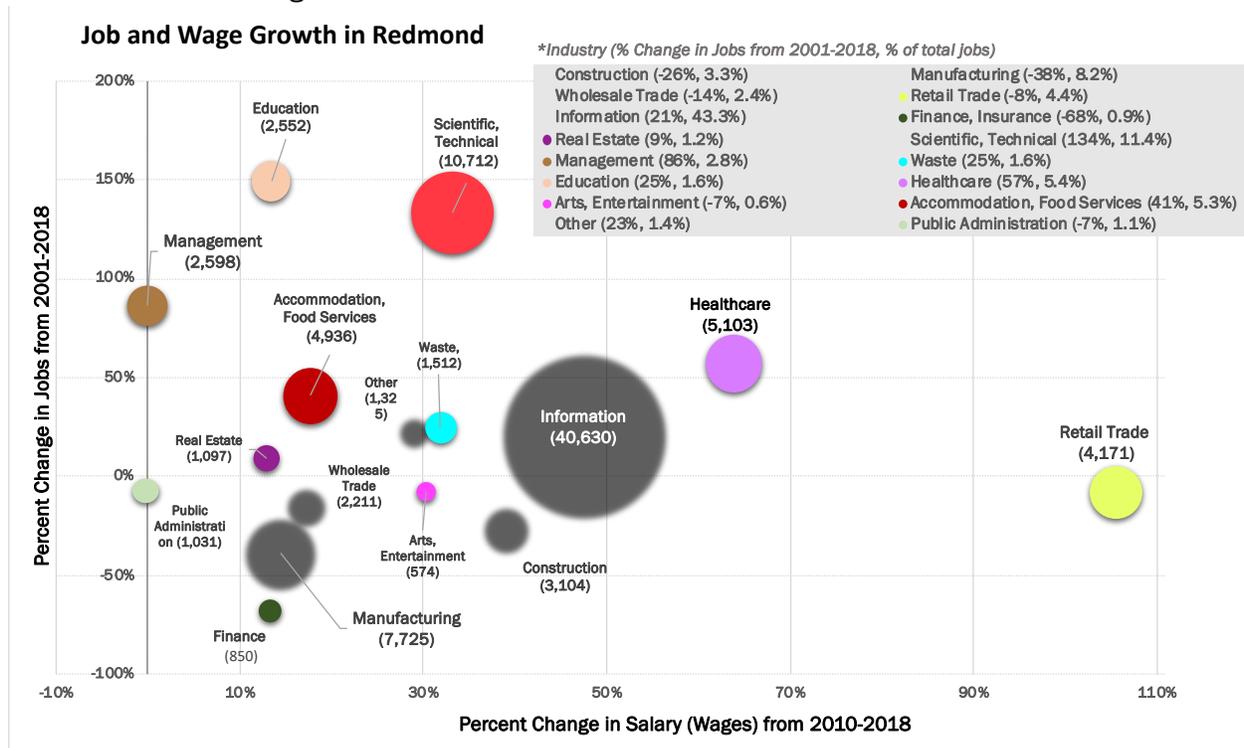
Exhibit 40. Redmond Household Composition, Percent in 2014-2018



Note: A family household is one in which the residents are related to at least one other person in the household by birth, marriage, or adoption. Non-family households include young people living alone, unmarried couples, and unrelated house mates.

Source: 2014-2018 American Community Survey 5-Year Estimates

Exhibit 41. Job and Wage Growth in Redmond



Source: PSRC for Employees, ACS 5 Year Estimates (2014-18 for Wage), and ECONorthwest Calculations. King County Average Salary data source: Washington State Employment Security Department and the US Bureau of Labor Statistic, 2017. Notes: Two industry sectors were excluded with less than 170 employees in 2018 (agriculture with a total of 58 employees and 1,833% job growth and mining with a total of 166 employees and 436% job growth). Data labels show industry and total number of employees in 2018.

Exhibit 42. Job and Wage Changes and Jobs in 45 Minute Driveshed and Transit Shed

INDUSTRY	TOTAL EMPLOYEES (2018)	EMPLOYEES % OF TOTAL	CHANGE JOBS 2001-2018	% CHANGE 2001-2018	AVERAGE EARNINGS (SALARY) 2018	SALARY % CHANGE 2010-2018	JOBS IN 45-MIN DRIVESHED	JOBS IN 45-MIN TRANSIT SHED
Agriculture, Forestry, Fishing and Hunting (11)	58	0.1%	55	1833.3%	NA	NA	2,746	68
Mining, Quarrying, and Oil and Gas Extraction (21)	166	0.2%	135	435.5%	NA	NA	292	6
Utilities (22)	268	0.3%	229	587.2%	\$111,797	76.0%	6,202	195
Construction (23)	3,104	3.3%	-1090	-26.0%	\$79,167	39.1%	75,033	5,022
Manufacturing (31-33)	7,725	8.2%	-4825	-38.4%	\$93,750	14.4%	140,449	6,660
Wholesale Trade (42)	2,211	2.4%	-374	-14.5%	\$92,098	17.2%	67,560	5,265
Retail Trade (44-45)	4,171	4.4%	-360	-7.9%	\$107,350	105.5%	153,642	11,104
Transportation and Warehousing (48-49)	3,144	3.4%	2893	1152.6%	\$58,776	9.7%	57,120	836
Information (51)	40,630	43.3%	7103	21.2%	\$136,579	47.6%	113,245	53,389
Finance and Insurance (52)	850	0.9%	-1780	-67.7%	\$82,422	13.3%	48,059	5,888
Real Estate and Rental and Leasing (53)	1,097	1.2%	93	9.3%	\$53,583	13.0%	27,117	2,810
Professional, Scientific, and Technical Services (54)	10,712	11.4%	6125	133.5%	\$126,361	33.2%	131,150	20,364
Management of Companies and Enterprises (55)	2,598	2.8%	1203	86.2%	NA	NA	34,643	2,259
Administrative and Support and Waste (56)	1,512	1.6%	299	24.6%	\$60,714	31.9%	74,881	9,404
Educational Services (61)	2,552	2.7%	1528	149.2%	\$61,596	13.4%	95,803	14,396
Health Care and Social Assistance (62)	5,103	5.4%	1856	57.2%	\$68,407	63.8%	156,543	15,942
Arts, Entertainment, and Recreation (71)	574	0.6%	-46	-7.4%	\$48,659	30.4%	23,125	1,202
Accommodation and Food Services (72)	4,936	5.3%	1429	40.7%	\$33,468	17.7%	100,237	9,161
Other Services [except Public Administration] (81)	1,325	1.4%	246	22.8%	\$51,500	29.1%	43,446	3,344
Public Administration (92)	1,031	1.1%	-79	-7.1%	\$66,771	-0.2%	34,780	2,168
Total	93,767	100%					1,386,073	169,484

Source: PSRC for Employees, ACS 5 Year Estimates (2014-18 for Wage), and ECONorthwest Calculations

Exhibit 43. Top 20 Employers for 2018

Rank	Company	FTE Jobs
1	Microsoft Corporation	38,657
2	Terex Washington & USA	2,136
3	Lake Washington School District	1,512
4	Eurest Dining Services	1,241
5	Nintendo of America	953
6	AT&T Mobility	941
7	Honeywell International Inc.	867
8	United Parcel Service	797
9	Stryker Corporation	704
10	City of Redmond	671
11	Mindtree Limited	637
12	CBRE Inc.	535
13	Accenture	448
14	Aerojet	421
15	MV Public Transportation Inc.	339
16	Wyndham Vacation Ownership Inc.	339
17	Wipro Limited	268
18	Securitas Security Services USA Inc.	258
19	Costco Wholesale Corporation	257
20	Pacific Bioscience Laboratories Inc.	253
Total		52,234

Source: City of Redmond, July 19, 2018 (top employers as of July 19, 2018). Notes: FTE: The full-time equivalent number of jobs.

Exhibit 44. Additional Units Built Since 2010, Redmond, Bellevue, Issaquah, and Kirkland

Geography	Units Built in 2011	Units Built in 2012	Units Built in 2013	Units Built in 2014	Units Built in 2015	Units Built in 2016	Units Built in 2017	Units Built in 2018	Units Built in 2019	Total Built Since 2010
Redmond	494	160	102	616	592	368	660	729	721	4,442
Bellevue	544	155	2,289	81	423	1,400	685	586	658	6,821
Issaquah	104	235	431	231	167	104	1,016	445	154	2,887
Kirkland	129	12,661	86	229	315	252	414	221	328	14,635

Source: Washington Office of Financial Management, 2019

Exhibit 45. Additional Units built by Type from 2010-2019

City	Additional Single Family Housing (Attached & Detached) Units Built	Additional Multifamily Housing Units Built	Share of Single Family Housing Built out of Total	Share of Multifamily Housing Built out of Total	Total Additional Units Built
Redmond	1,248	3,200	28%	72%	4,442
Issaquah	836	2,050	29%	71%	2,887
Kirkland	9,992	4,644	68%	32%	14,635

Source: Washington Office of Financial Management, 2019

Exhibit 46. Units by Type, Redmond, Bellevue, Issaquah, and Kirkland

City	Mobile Home or Special Units	One Unit Housing Units (Single Family)	2+ Unit Housing Units (Multifamily)	Share of Single Family Housing	Share of Multifamily Housing	Total Units
Redmond	343	13,196	15,080	46%	53%	28,619
Bellevue	5	32,689	29,678	52%	48%	62,372
Issaquah	1	8,067	8,733	48%	52%	16,801
Kirkland	54	21,879	17,047	56%	44%	38,980

Source: Washington Office of Financial Management, 2019.

Exhibit 47. Total Units by Number of Rooms, for Redmond and Neighboring Cities, 2018

City	No bedroom	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms	Total Units	Percent less than 1 bedroom	Percent 2-3 bedrooms	Percent over 3 bedrooms
Redmond	1,443	4,527	7,914	6,378	5,503	1,352	27,117	22%	53%	25%
Issaquah	222	1,876	5,719	4,517	2,870	809	16,013	13%	64%	23%
Kirkland	1,058	4,577	10,538	11,509	8,176	2,549	38,407	15%	57%	28%
Bellevue	4,132	9,606	14,448	14,618	14,875	6,280	63,959	21%	45%	33%

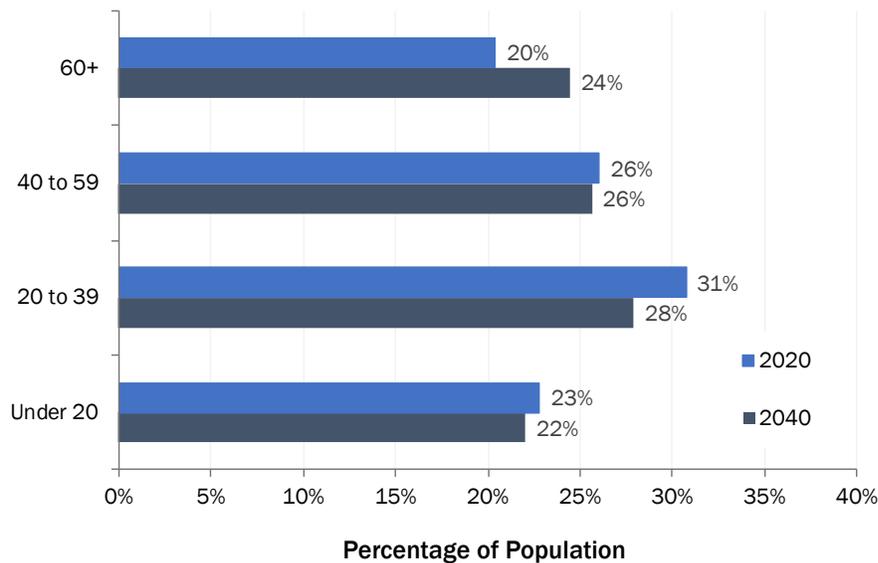
Source: ACS (5 year 2014-2018) for Redmond, Issaquah, and Kirkland; PUMS (2018) for Bellevue.

Exhibit 48. Cost-Burdened Households by Income Level, Redmond, 2012-16

Income Category (% of AMI)	Severely Cost-Burdened	Cost-Burdened	Not Cost-Burdened	Total	Percent Severely Cost-Burdened	Percent Cost-Burdened	Percent Not Cost-Burdened	Total
30% AMI or Lower (Very Low Income)	1,355	215	340	1,910	71%	11%	18%	100%
30-50% AMI (Low Income)	689	660	344	1,693	41%	39%	20%	100%
50-80% AMI (Moderate Income)	245	1,000	905	2,150	11%	47%	42%	100%
80-100% AMI (Middle Income)	155	725	949	1,829	8%	40%	52%	100%
Greater than 100% AMI (Above Median Income)	85	840	15,000	15,925	1%	5%	94%	100%

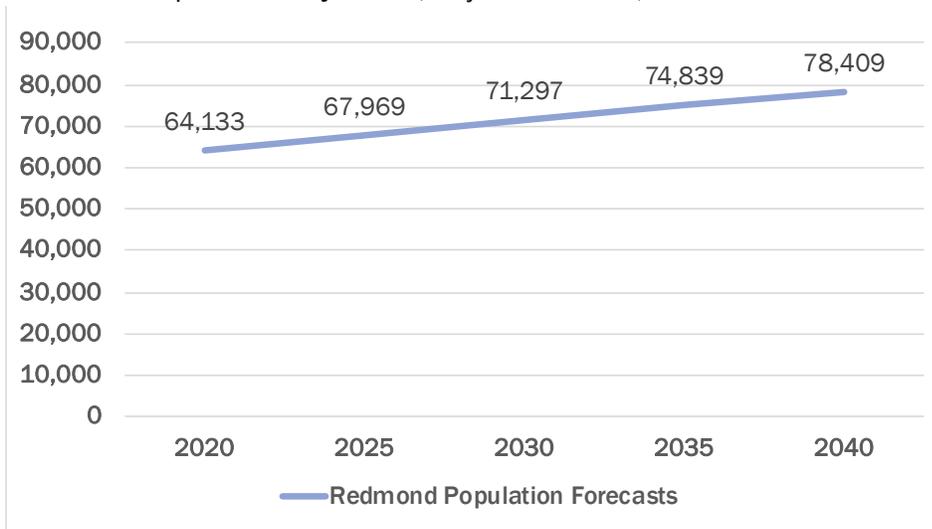
Source: HUD Comprehensive Housing Affordability Strategy (CHAS), ACS 5 Year Estimates 2012-16.

Exhibit 49. Population Projections by Age Group, King County, 2020 – 2040



Source: Washington Office of Financial Management (OFM), Growth Management Act Population Projections for Counties: 2010 to 2040, 2017 County Projections, Five-year Intervals Medium Series.

Exhibit 50. Population Projections, City of Redmond, 2020 – 2040



Source: PSRC, 2020.

Exhibit 51. Employment Projections, City of Redmond, 2020 – 2040

Total Jobs 2020	Total Jobs 2025	Total Jobs 2030	Total Jobs 2035	Total Jobs 2040
97,031	101,071	103,967	110,274	118,659

Source: PSRC, 2020.

Main Data Sources Used

This analysis uses data from multiple sources, focusing on those that are well-recognized, reliable, verifiable, and of higher accuracy.

National Data

One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The Decennial Census, completed every ten years, is a survey of all households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The American Community Survey (ACS) is an ongoing nationwide survey completed every year or every five years by the U.S. Census Bureau. This data surveyed a sample of households in the U.S. The ACS sampled an average of 3.5 million households per year, or about 2.9 percent of the households in the nation. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The survey is designed to provide communities with current data about how they are changing.
- The ACS 1-year sample is available for larger cities with a population over 65,000 persons and the ACS 5-year sample is available for smaller towns/cities with fewer than 65,000 residents. While an ACS 1-year estimate includes information collected over a 12-month period, an ACS 5-year estimate includes data collected over a 60-month period. The ACS 5-Year data is offered at different scales/geographies including Census Tract and Census Place. In the case of ACS 1-year estimates, the period is the calendar year (e.g., the 2015 ACS covers the period from January 2015 through December 2015). In the case of ACS multiyear estimates, the period is 5 calendar years (e.g. 2011-2015 ACS estimates). The 1-year estimates provide the most current data but have larger margins of error than the 5-year estimates since they are based on a smaller sample. The main advantage for the 5-year estimates is the increased statistical reliability for smaller geographic areas and small population groups. It is not recommended to compare two 5-year estimates over two time periods back to back since it is difficult to determine whether the values are applicable for the beginning or the end of the time frame. One-year estimates are particularly helpful for understanding rapidly changing characteristics.
- Comprehensive Housing Affordability Strategy (CHAS): Each year, the U.S. Department of Housing and Urban Development (HUD) receives custom tabulations of ACS data. These data demonstrate the extent of housing problems and housing needs, particularly for low income households. The CHAS data are used by local governments to plan how to spend HUD funds, and may also be used by HUD to distribute grant funds. A great source of data on cost-burdened households is the HUD CHAS data. They provide a Data Query Tool that lets you select a county or Census-defined place of interest (such as a city). HUD CHAS data provides breakdowns by five different household types, each of which has distinct housing needs.

- Public Use Microdata Areas (PUMAs) are statistical geographic areas defined for the dissemination of Public Use Microdata Sample (PUMS) data. They are also used for disseminating ACS estimates. The 2010 PUMAs: nest within states or equivalent entities; contain at least 100,000 people; cover the entirety of the United States, Puerto Rico, Guam, and the U.S. Virgin Islands; are built on census tracts and counties; and should be geographically contiguous. The City of Bellevue results were mostly drawn from this data.
- The Longitudinal Employer-Household Dynamics (LEHD) program is part of the [Center for Economic Studies](#) at the [U.S. Census Bureau](#). LEHD produces new, cost effective, public-use information combining federal, state and Census Bureau data on employers and employees under the Local Employment Dynamics Partnership. States agree to share Unemployment Insurance earnings data and the Quarterly Census of Employment and Wages (QCEW) data with the Census Bureau. The LEHD program combines these administrative data, additional administrative data and data from censuses and surveys. From these data, the program creates statistics on employment, earnings, and job flows at detailed levels of geography and industry and for different demographic groups. In addition, the LEHD program uses these data to create partially synthetic data on workers' residential patterns. LEHD Origin-Destination Employment Statistics (LODES) provides GIS/map information on commuting trends at the census block scale. Data files are state-based and organized into three types: Origin-Destination (OD), Residence Area Characteristics (RAC), and Workplace Area Characteristics (WAC), all at census block geographic detail. Data is available for most states for the years 2002–2017. Source: <https://lehd.ces.census.gov/data/#lodes>

State/Regional Data

- PSRC employment and wage growth data and population and employment projections
- Washington State Housing Finance Commission is the state agency responsible for funding and monitoring Washington's regulated affordable housing stock. The Commission provided data through a public information request, detailing past and current regulated affordable housing properties that had received low-income housing tax credit financing from the Commission. They provide income and rent limit information for all tax credit and bond financed properties.
- Washington State Office of Finance and Management (OFM): OFM researches a variety of issues related to the state budget, public policy, and demographics and releases the official state and local population estimates and projections for use in the allocation of certain state revenues, growth management, and other planning functions. They provide mostly tabular data describing current demographics, housing (median home prices), and population densities and population forecasts and projections. As the official partner of the U. S. Census Bureau for Washington state, the Population unit helps disseminate information about the characteristics of Washington's population, housing, and economy and provide guidance to a variety of stakeholders in accessing and using demographic information. <https://www.ofm.wa.gov/washington-data-research/population-demographics>

Local Data

- A Regional Coalition of Housing - ARCH data includes affordable housing data for jurisdictions located in King County, east of Lake Washington. This data provides an inventory of housing funded by a trust, housing with income restrictions (rent restrictions), and other forms of support. The affordable housing inventory includes location, age when contract was executed, type of building, how many units, and AML information. Constraints: Partially complete and only provides a subset of all housing.

- County Assessor Data – Each county tracks land and improvement values by parcel. This includes parcel (housing lot) level information which is very fine-grained and detailed. This dataset shows parcel specific information on the home type, home sales, home value, and use. This data is provided in a GIS (map friendly) format.
- City of Redmond Data – The City of Redmond provided data on MFTE usage and on a variety of housing policies and programs.
- CoStar provides data on multi-family pricing and vacancy rates over time. Market data comes from CoStar, a proprietary data source commonly used for market analysis in the real estate industry. While CoStar is one of the best available sources of rent and vacancy data overall, the data has gaps and limitations that make it less reliable in areas with few existing buildings. Newer buildings and those that are professionally managed are more likely to have reliable rent and vacancy information, while smaller, older buildings may have incomplete data or be missing from the system entirely.

Glossary

A Regional Coalition for Housing (ARCH). ARCH is a partnership of the County and 15 East King County cities, including Bellevue, who have joined together to preserve and increase the supply of housing for low- and moderate-income households on the Eastside.

Accessory dwelling unit. Accessory dwelling units (ADU), which are sometimes called “mother-in-law units,” are extra living units created on the property of a single-family home. An ADU has a kitchen, bathroom and sleeping facilities. Subject to local regulations, ADUs may be located either inside, attached to, or detached from the primary home.

Affordable housing. The U.S. Department of Housing & Urban Development (HUD) defines housing as affordable if its occupants pay no more than 30 percent of their income for rent and utilities or for mortgage, taxes, and insurance. Generally, the term “affordable housing” is used to describe regulated housing units that have income- or rent-restrictions to ensure the housing is occupied by households earning a certain threshold of the area median family income (MFI). The definition of affordability must be based on Area Median Income (AMI) data that is published annually by the US Department of Housing and Urban Development (HUD).

Affordable Housing Unit. Housing reserved for occupancy by eligible households and affordable to households whose annual income does not exceed 80% of median income (\$86,880 for a family of four), adjusted for household size, and no more than 30% of whose monthly household income is paid for housing expenses. (Housing expenses for ownership housing include mortgage insurance, property taxes, property insurance, and homeowner dues. Housing expenses for rental housing include rent and appropriate utility allowance.)

Area median income. The term Area Median Income is the term used more generally in the industry. If the term Area Median Income (AMI) is used in an unqualified manor, this reference is synonymous with HUD's MFI. However, if the term AMI is qualified in some way - generally percentages of AMI, or AMI adjusted for family size, then this is a reference to HUD's income limits, which are calculated as percentages of median incomes and include adjustments for families of different sizes. Redmond currently uses the following measure: 100% AMI based upon a family of four is \$108,600 (ARCH, 2019).

Condominium. A condominium is real property (in this case, a housing unit, land, and other elements), the housing unit of which is owned separately and the rest of which is owned in common by the owners of the individual units.

Cost-burdened. According to the U.S. Department of Housing & Urban Development (HUD, 2007), households who pay more than 30% of their income for housing are considered cost-burdened. Households who pay more than 50% of their income for housing are considered severely cost-burdened and may have trouble affording basic necessities such as food, clothing, transportation, and medical care.

Deeply Affordable Housing. Refers to households that have incomes below 60% of the AMI which is \$65,160 for a family of four. Households falling into this income category are generally residents of below-market rate housing that is often subsidized. Redmond HAP Definitions: Low income housing: 30-50% of the AMI which is \$32,580 to \$54,300 and very low-income housing are those earning less than 30% of the AMI which is \$32,580. Those in the very low-income housing category may be severely cost-burdened and may be homeless or at risk of homelessness due to the gap between their income and housing costs.

Floor area ratio. The relationship between the total amount of floor area that is permitted for a building and the total area of the lot on which the building stands. For example, if a site is 10,000 square feet in area, a floor area ratio (FAR) of 2.0 would allow a building area of 20,000 square feet.

Household. All the people living in one housing unit whether or not related as a family.

Housing Trust Fund. The ARCH Housing Trust Fund was created by ARCH member cities in 1993 to directly assist the development and preservation of affordable housing in East King County. The trust fund is capitalized by both local general funds and locally controlled, federal Community Development Block Grant funds.

Inclusionary zoning. Inclusionary zoning is a regulatory tool that incentivizes or mandates affordable housing in exchange for additional residential development capacity, generally height, floor area ratio or other benefits to the development. Under an incentive approach, additional development capacity is provided only if the developer elects to provide a certain amount of affordable housing. Under the mandatory approach, the developer is required to provide affordable housing in exchange for changes to regulations or other benefits already applied to the development.

Innovative Housing: A term generally used to describe housing forms that are different from standard-sized single-family homes on detached lots. Examples of innovative housing include cottages, size-limited homes and duplexes, and may be attached or detached structures. (Redmond 2030: Redmond Comprehensive Plan, adopted 2011)

Standard Income Categories

- *Very low income* under 30% of AMI
- *Low income* 30-50% of AMI
- *Moderate income* 50-80% of AMI

Median Income (or Median Household Income). The household income level at which a population can be divided into two equal segments, with the first half of households earning less than the median household income and the other half earning more (Redmond 2030: Redmond Comprehensive Plan, adopted 2011).

Moderate-Income Housing. Housing affordable to households with incomes between 50% and 80% of area median income which is \$54,300 to \$86,880 for a family of four (Redmond 2030: Redmond Comprehensive Plan, adopted 2011; ARCH, 2020).

Multifamily Tax Exemption. A state law (RCW 84.14) that allows cities to exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. In this program, the city defines a residential target area or areas within an urban center; approved project sites are exempt from ad valorem property taxation on the residential improvement value for a period of eight or 12 years. The 12-year exemption requires a minimum level of affordable housing to be included in the development. The eight-year exemption leaves the public benefit requirement to the jurisdiction's discretion and carries no affordable housing requirement.

Transit Oriented Development. A mixed use residential or commercial area designed to maximize access to public transport and encourage transit ridership. TODs generally are located within a radius of up to one-half mile from a transit stop (train station, metro station, tram stop, or bus stop) and are surrounded by relatively high-density development (Redmond 2030: Redmond Comprehensive Plan, adopted 2011).

Transitional Housing. Programs which provide housing and support services to move individuals and families from homelessness to self-reliance and permanent housing. Transitional housing is provided for a specified period, typically six months to two years. (Redmond 2030: Redmond Comprehensive Plan, adopted 2011).

Workforce Housing. Describes housing units that are affordable to households earning more than 60% to 120% of the AMI which includes incomes between \$65,160 to \$130,320 for a family of four. These can be regulated or unregulated. Households falling into this income category would likely seek out very small to moderate apartment units or share housing expenses with other individuals or families.