



# Housing and Human Services

## Part 2 of 4

### *Build More Housing Faster*

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# Tonight's Conversation

## Build More Housing Faster.

### Main Topics

1. Housing Demand
2. Housing Supply
3. Development Process
4. Area Median Income
5. Affordable Housing
6. Council's Role

**Key Lesson:** The City does not build homes.

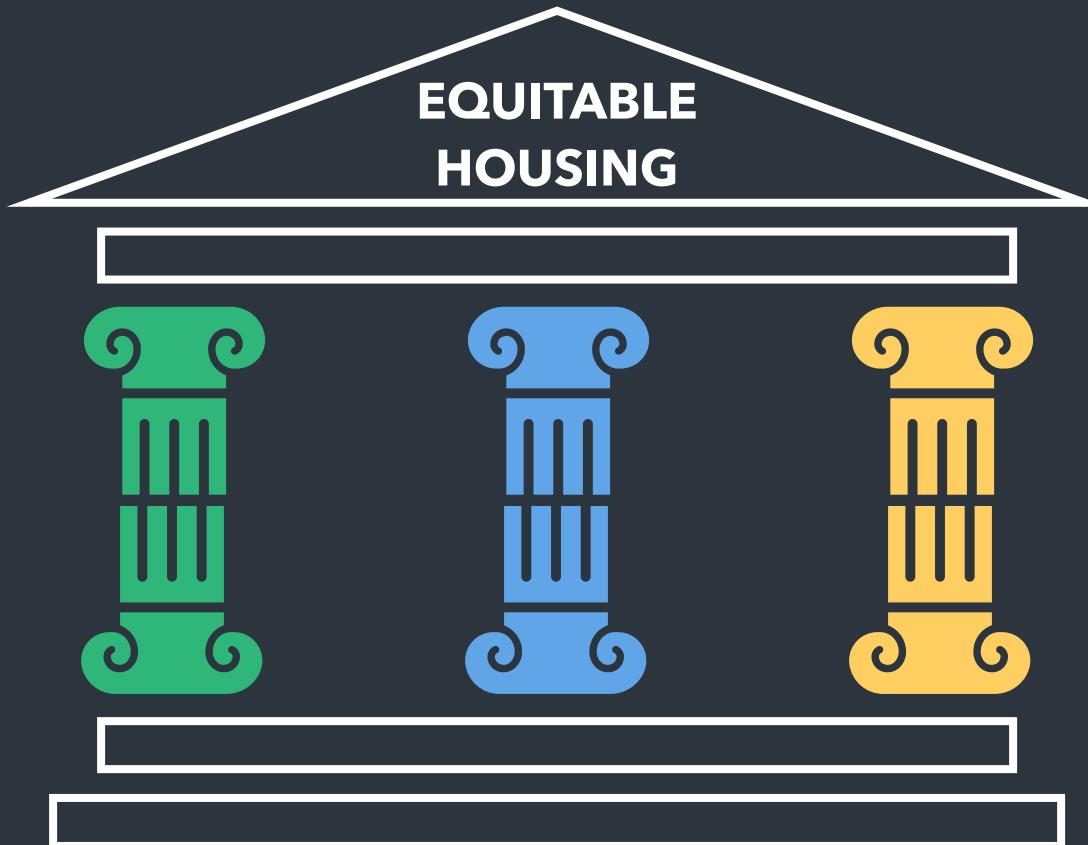
The City sets the stage to build homes through policies, resources, and systems.



*Together Center, located in City of Redmond*

# Housing Framework

Building a strong foundation to support housing for all.



## **Build More Housing Faster**

Support faster delivery of more housing to increase supply and variety.

## **Get People Housed**

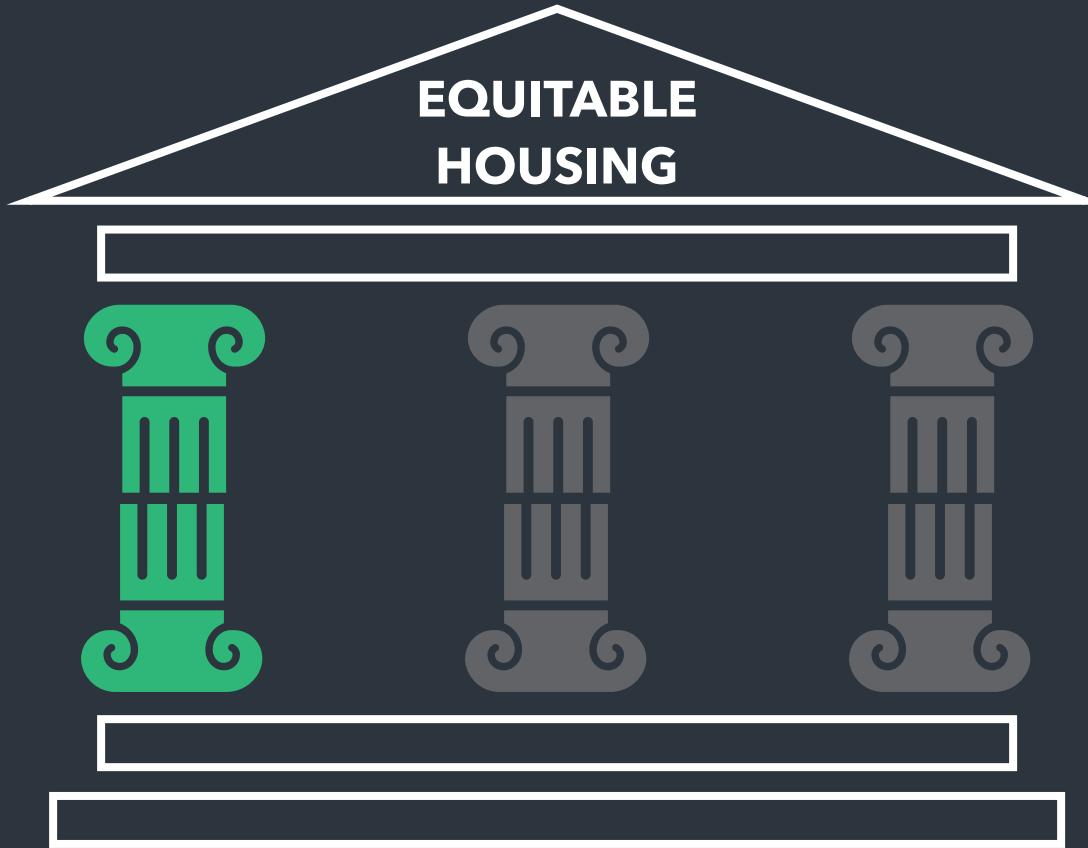
Address and provide a comprehensive response to homelessness.

## **Keep People Housed**

Improve housing stability for those at risk of losing their housing.

# Housing Framework

Today: Build More Housing Faster



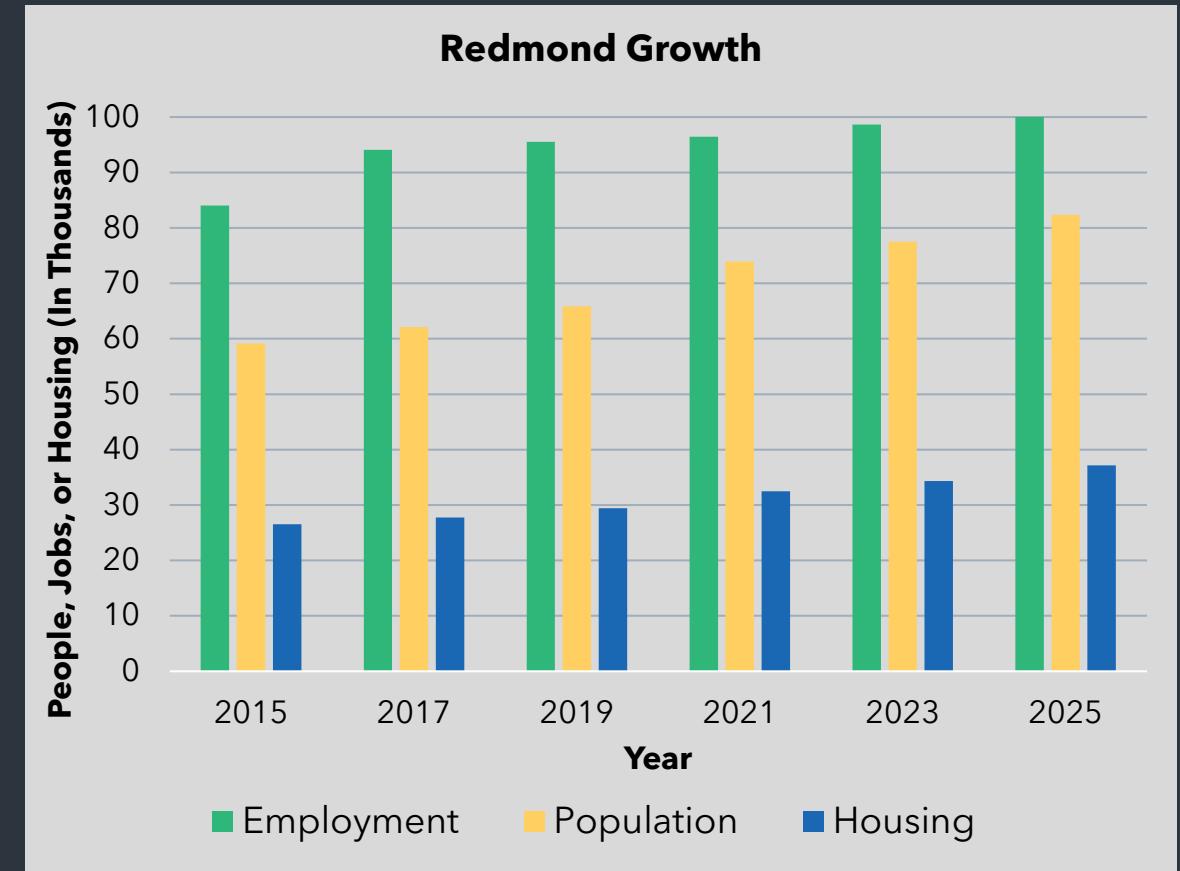
## **Build More Housing Faster**

Support faster delivery of more housing to increase supply and variety.

# Housing Demand

Population drives demand for housing.

- Population is largely driven by employment.
  - People come for jobs (and quality of life).
  - Income -> purchasing power -> housing prices.
- Household size also impacts demand.
  - Different household sizes want different housing.
- Other factors include quality of life and plentiful amenities.
  - People want to live where it's nice.



Source: WA OFM and PSRC

# Housing Demand

We mostly need homes for 0 - 50% AMI households.

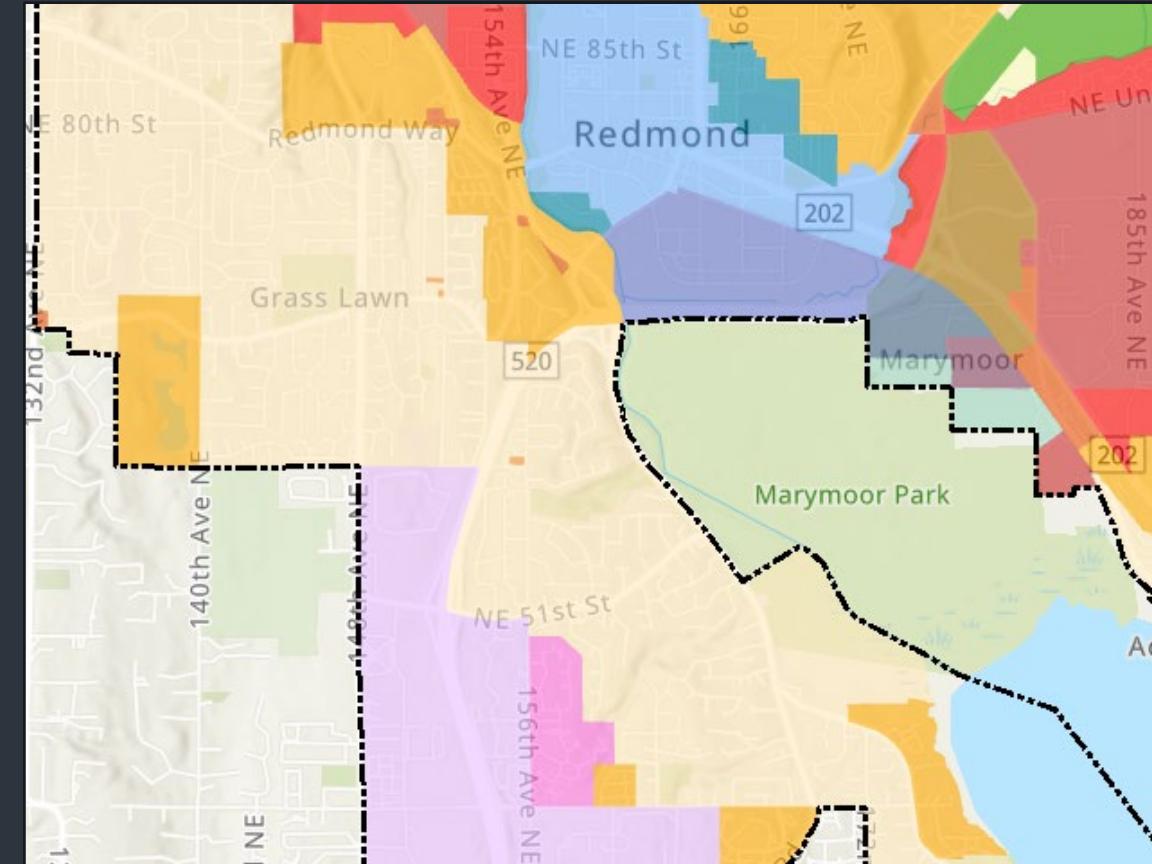
	Total Units	≤30% AMI		AMI	AMI	AMI	AMI	AMI
		Non-PSH	PSH	>30 - ≤50%	>50 - ≤80%	>80 - ≤100%	>100 - ≤120%	>120%
<b>Baseline Housing Supply: 2019</b>	31,739	753	58	1,404	2,184	9,270	4,839	13,231
<b>KC CPP Net New Housing Needed: 2019-2044</b>	20,000	7,025	3,694	3,870	2,765	348	394	1,904
<b>KC CPP Total Future Housing Needed: 2044</b>	51,739	7,778	3,752	5,274	4,949	9,618	5,233	15,135
<b>Extrapolated KC CPP Net New Housing Needed: 2019-2050</b>	24,800	8,711	4,581	4,799	3,429	432	489	2,361
<b>Extrapolated KC CPP Total Future Housing Needed: 2050</b>	56,539	9,464	4,639	6,203	5,613	9,702	5,328	15,592

**73%** of net new housing at 50% AMI or below (18,090 units)

# Housing Supply

Development capacity is regulated.

- Two capacity factors:
  - How much land exists?
  - How much housing is allowed on that land?
- Jurisdictions regulate development capacity for land.
- Redmond 2050 **increased development capacity** to support achieving estimated housing demand.



Redmond Zoning Map

# Housing Supply

Many factors impact development financial feasibility.

**1. Land Cost and Site Conditions**

**2. Zoning, Entitlements, and Regulations**

**3. Market Demand**

**4. Revenue Potential (Rents, Prices, NOI)**

**5. Construction Costs**

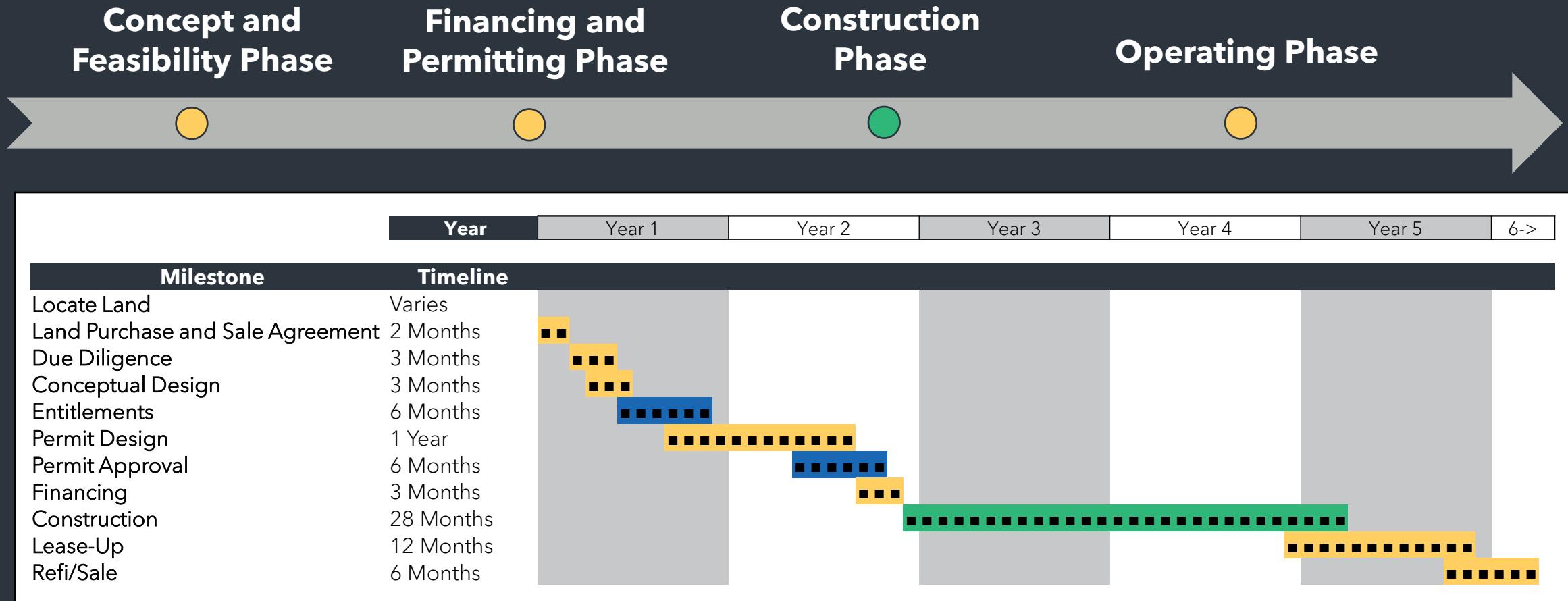
**6. Financing Costs and Availability**

**7. Return Expectations and Exit Strategy**

**8. And More!**

# Development Process

Development takes multiple years.



# Area Median Income (AMI)

% AMI is an industry standard metric to gauge affordability.

- AMI = the midpoint of a specific area's income distribution.
  - Half earns **less** than AMI.
  - Half earns **more** than AMI.
- ARCH calculates AMI for different household sizes.
- Level of affordability for cost-controlled housing is usually expressed as a percentage of the Area Median Income.
  - E.g., "50% AMI units" are cost-controlled units **affordable** to households earning no more than 50 percent of AMI.

2025 King County Area  
Median Income

**\$157,100**



*(Household of Four)*

# Affordable Housing

Affordable Housing has several meanings.

- Housing is “affordable” when a household pays no more than **30%** of its income for it.
  - **Cost-burdened:** housing costs exceed 30% of gross income.
  - **Severely cost-burdened:** housing costs exceed 50% of gross income.



Income: +50%



Rent: +66%

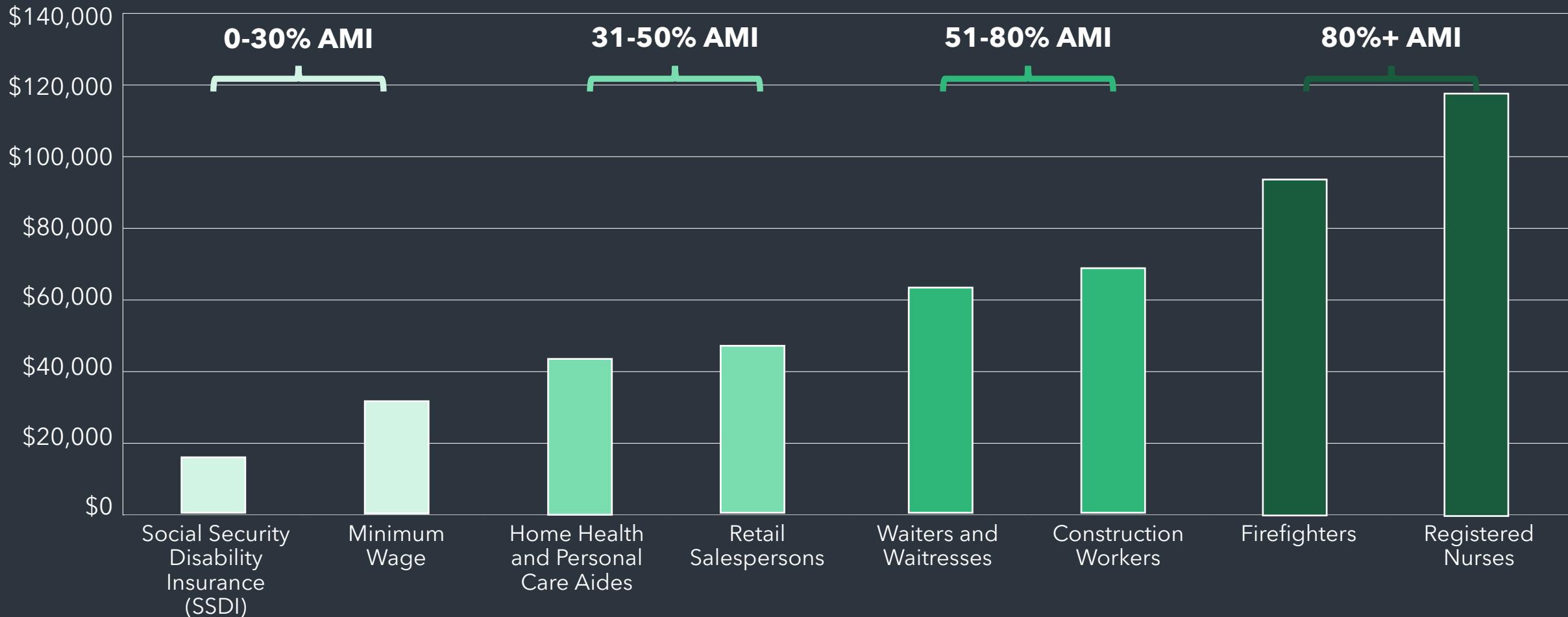


Home Price: +160%



# Affordable Housing

Who is affordable housing for? Our community.



# Typical Housing Strategies for Different Income Levels

Area Median Income	Types of Affordable Housing Strategies	Examples
120% +	1. Market Rate	• Market Rate Housing
110%		• Flexible Zoning
100%		• Missing Middle
90%		• Support Small Homes
80%		• Inclusionary Zoning
70%		• Multifamily Property Tax Exemption
60%		• Minimum Density
50%		• Fee Waivers
40%		• Housing Trust Fund
30%		• Community Development Block Grant
20%		• Low-Income Housing Tax Credit (LIHTC)
10%		• Innovative Housing • Partnerships • First-Time Home Buyer Loans • Density / Height Bonuses • Surplus Land • Nonprofits / KCHA • Special Projects • Fee Waivers • Partnerships • Bonds

# Affordable Housing

On-site, mixed-income, affordable housing.

- Mandatory Inclusionary Zoning (**MIZ**) and Voluntary Multifamily Property Tax Exemption Program (**MFTE**)
  - Developers must include cost-controlled affordable homes in development.
  - MFTE: Developers get temporary exemption from property tax.
- Redmond 2050: Revised MIZ and MFTE to focus on 50% AMI units.



# Affordable Housing

Alternative compliance exists; more tools in the toolbox.

City policy favors on-site affordable units to support mixed-income developments.

## Options

1. Build affordable units off-site.
2. Pay fee in lieu of units.
3. Adjust on-site unit mix.
4. Use other approved options.

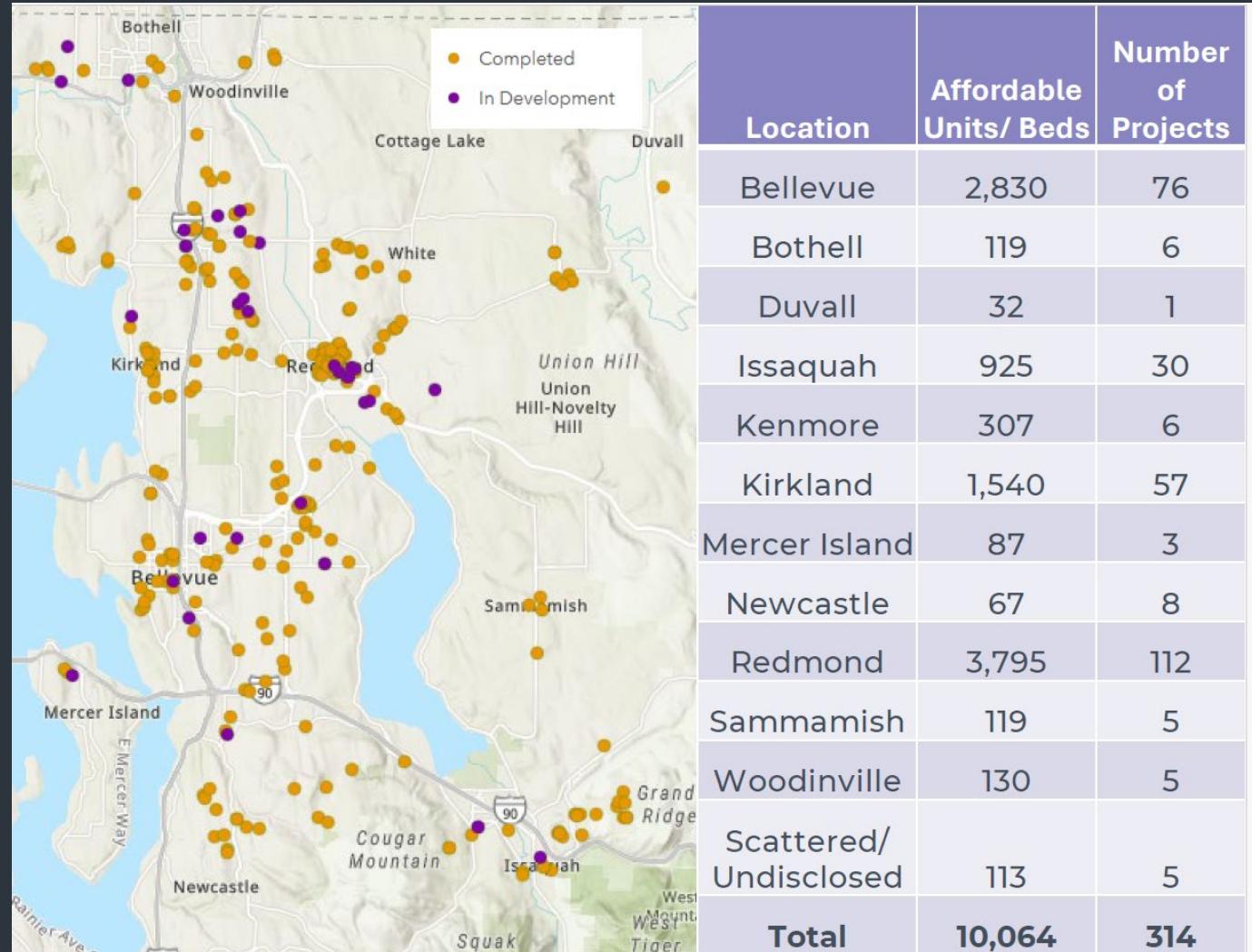


*Example of Alternative Compliance: Fee-In-Lieu.*

# Affordable Housing

Our tools and strategies have produced affordable housing.

- A Regional Coalition for Housing (ARCH) cities work together like a family, making a bigger impact than they could alone.
- Many tools help build affordable housing: donated land, zoning rules, partnerships, housing funds, in-lieu fees, and more.
- Redmond has done great work, but still **a lot** more work to be done to meet estimated need.



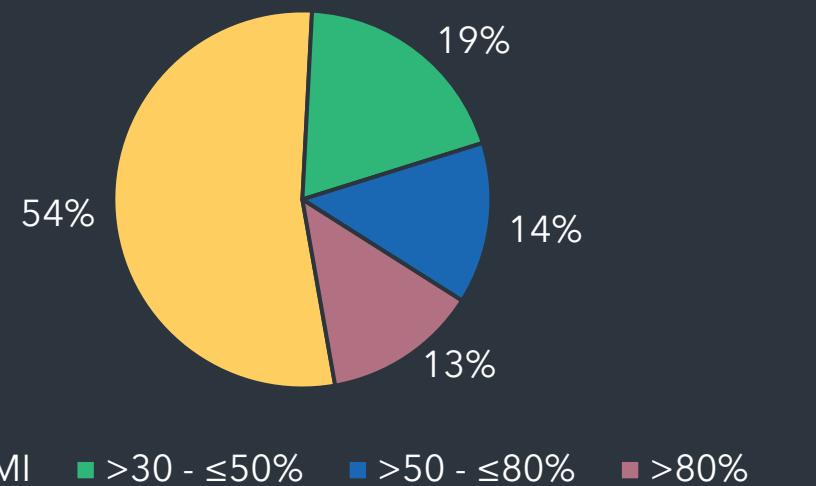
# Progress

## Tracking Progress: 2019-2050

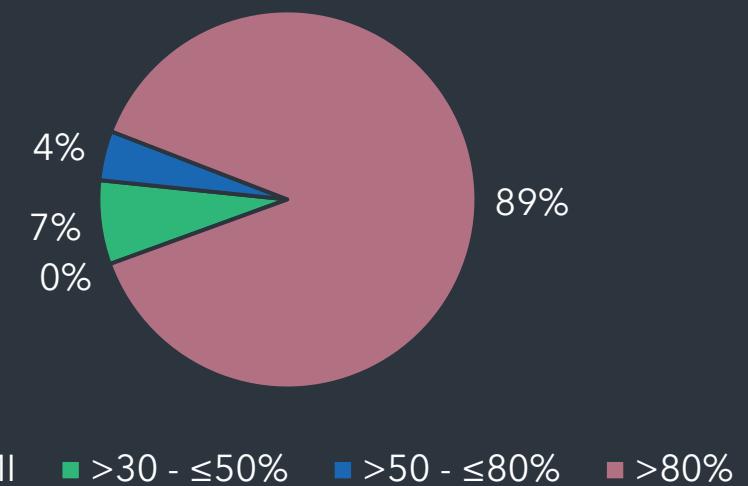
- Net New Housing Units Needed: 24,800
- Net New Needed, Per Year: 800
- Redmond Production on Track for Total? Yes.
- ...but not on Track for deeper affordability.

**6.5% of King County's planned housing growth is allocated to Redmond.**

Share of 2025 Housing **Need**, by %AMI



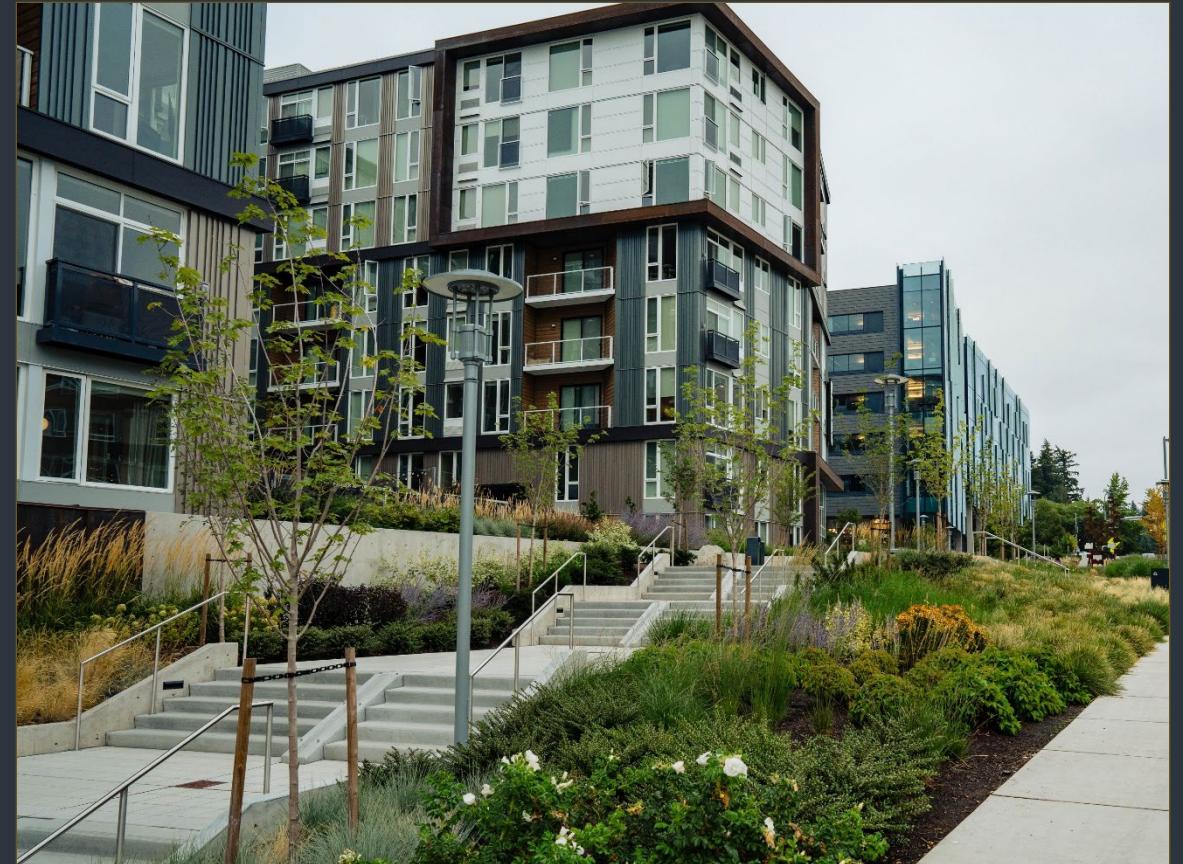
Share of 2025 Housing **Built**, by %AMI



# Council's Role in Influencing Supply

Create conditions conducive to housing production.

- Zone for capacity to meet the need.
  - Done! Redmond 2050 
- Act on findings from updated Housing and Human Services Action Plan.
  - Plan update work is underway 
- Encourage use of all strategies to support construction of affordable housing.
- Invest in staff, systems, and tools that improve permitting processes.



*Esterra Park, Overlake Neighborhood*



# Thank You

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Questions?

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**Redmond**  
WASHINGTON