Redmond Housing Needs Assessment

July 28, 2020

ECONorthwest

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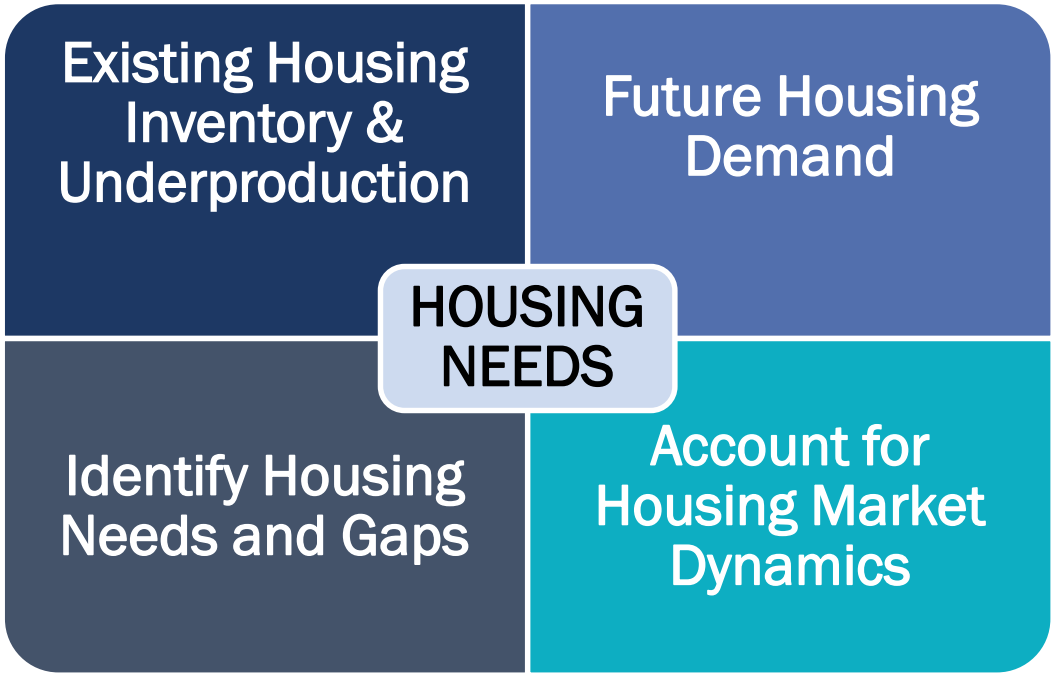
Purpose

- Provide an overview of current and future housing needs in Redmond
- Provide a community profile of Redmond
- Review Key Findings & Policy Implications

What is a Housing Needs Assessment?



Combined: The basis for Housing Action Plan recommendations and strategies

Housing Action Plan Goals and Timeline

Assess Housing Needs
COMPLETED

Community Involvement
SUMMER 2020

Policy Analysis and Draft Actions
FALL 2020

Adopt Housing Action Plan
SPRING 2021

1. Redmond Community Profile

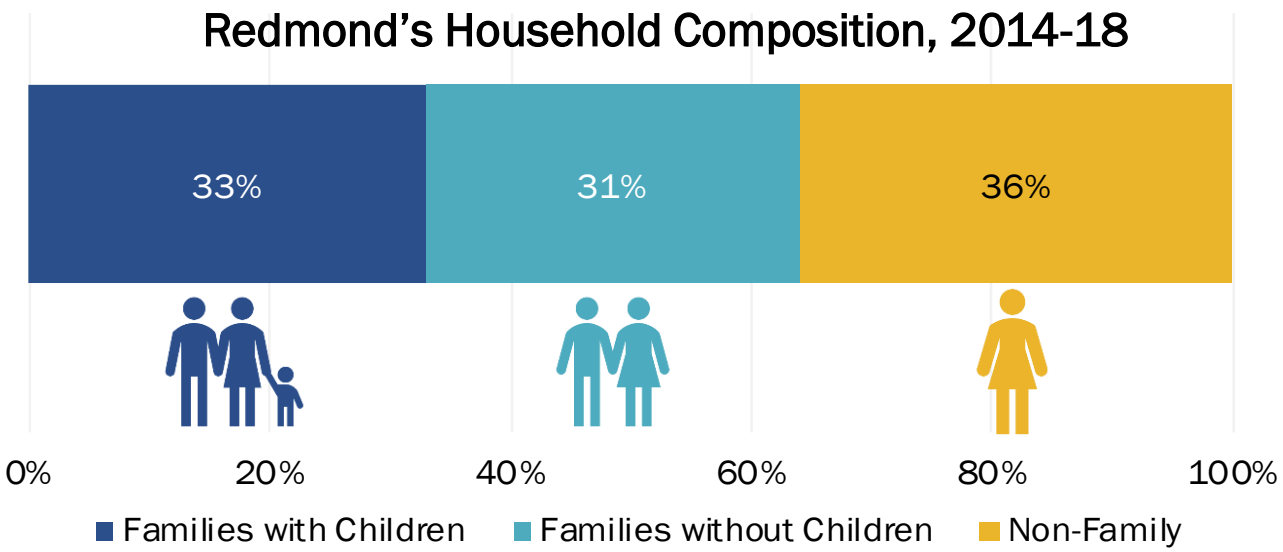
2. Housing Trends

3. Key Findings

4. Next Steps

Redmond Household Community Profile

- Population has doubled from 1990 to 2018
  - ✓ (36,000 to 63,000)
- Highest population growth groups:
  - ✓ Seniors
  - ✓ 25-44 years
- Redmond has growing diversity for race/ethnicity:
  - ✓ 2000: 79% White
  - ✓ 2018: 56% White



Demographic Factors Influencing Need

Aging Baby Boomer Generation: By 2025, the number of seniors in King County will double, 23% of total population.

- Household sizes will decrease
- Homeownership rates will decrease
- Need for subsidized units will increase

Aging of Millennials, Gen Z (25-44): Largest age group (37% of total).

- Need opportunities for affordable, owner-occupied housing;
  - ✓ Condos
  - ✓ Townhomes
  - ✓ Du-Tri-Multi-Plexes
- Homeownership rates will increase

Redmond Household Community Profile

Household Income	% AMI for King County	Household Income in $	% of Redmond Population
Very Low	<30%	$32,580 (or less)	12%
Low	30-50%	$54,300 - $32,580	9%
Moderate	50-80%	$86,880 - $54,300	17%
Workforce	60-120%	$130,320 - $65,160	29%

Citywide Statistics

- Median Household Income: $123,449
- Redmond renters: 86%
- Poverty Rate: 5.7%

Income Groups by Tenure

- Percent that earn over $150K?
  - ✓ 50% of home-owners
  - ✓ 28% of renters
- Percent that earn less than $50K?
  - ✓ 14% of home-owners
  - ✓ 22% of renters

Workforce & Commuting Profile

Only 31% of Residents Live and Work in Redmond

Redmond Population: 63,197

→

Redmond's Daytime Population: 124,630

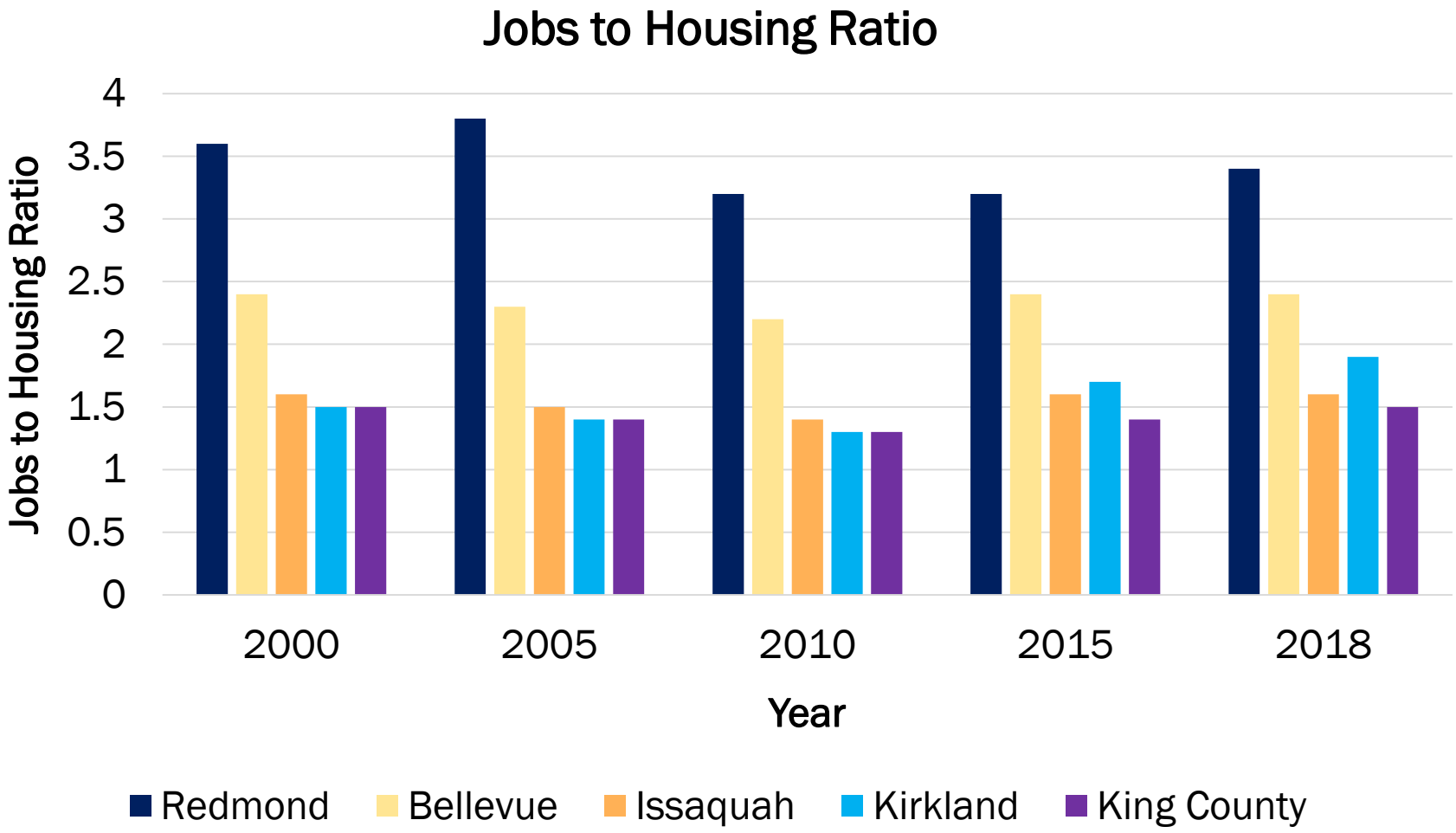
69% of people who live in Redmond, work outside of Redmond:

- ✓ Seattle(22%)
- ✓ Bellevue (18%)
- ✓ Kirkland (5%)
- ✓ Issaquah (2%)
- ✓ Elsewhere (21%)

11% of people who work in Redmond, live in Redmond

- ✓ Seattle (15%)
- ✓ Bellevue (11%)
- ✓ Kirkland (8%)
- ✓ Sammamish (7%)
- ✓ Elsewhere (49%)

Workforce & Commuting Profile



Workforce & Commuting Profile

Projections by 2040

- Population: 78,409
- Jobs: 118,659

Redmond's Targets:

*The targets are expected to be updated in February 2021.

Targets (2006-2031):

- **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).
  - ✓ Countywide Planning Policies 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.

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Trends: Housing & Housing Costs

Redmond's housing is mostly apartments, condos and single-family detached homes

Housing Unit Type	No. of Units	Percent
Accessory Dwelling Unit	29	0.1%
Duplex, Triplex, Quadplex (Single-Family Attached)	132	0.4%
Townhouse Plat	506	1.6%
Nursing Home, Retirement Facility	1,034	3.3%
Condominium	4,550	14.5%
Single-Family Detached	11,235	35.9%
Apartments	13,830	44.2%
Total	31,316	100.0%

Trends: Housing & Housing Costs

Redmond's median home sale price has more than doubled since 2000.

- 2000 = $378,595
- 2019 = $823,300

4% Average annual price growth rate from 2000-19

Redmond's Average Rent in 2019: $2,256

If your household earns:

$32,580 (30% AMI)	$54,300 (50% AMI)	$86,880 (80% AMI)	$108,600 (100% AMI)	$130,320 (120% AMI)
Then you can afford:				
$810 Monthly rent	$1,360 Monthly rent	$2,170 Monthly rent	$2,720 Monthly rent	$3,260 Monthly rent
or $98,000-$114,000 Home sales price	*or* $163,000-$190,000 Home sales price	*or* $304,000-$348,000 Home sales price	*or* $380,000-$434,000 Home sales price	*or* $456,000-$521,000 Home sales price

Trends: Housing & Housing Costs

REDMOND - RENTER

Cost Burdened	Severely Cost Burdened
13.8%	6.5%

REDMOND - HOMEOWNER

Cost Burdened	Severely Cost Burdened
9.8%	3.4%

***Cost burden:** Paying more than 30% of household income for housing (rent or mortgage, plus utilities).*

***Severe cost burden:** Paying more than 50% of household income for housing (rent or mortgage, plus utilities).*

Age groups of renters that are most Cost-Burdened:

- Over 65: **62%**
- Under 24: **61%**

Duplex in Education Hill single family neighborhood

Trends: Housing & Housing Costs

There are almost 2 x more moderate-income housing units compared to low income units

Redmond Housing	Owner Units	Rental Units	Total Units	
Affordable to 0-30% Households	390	765	**1,155**	Very Low Income
Affordable to 30-50% Households	870	1,605	**2,475**	Low Income
Affordable to 50-80% Households	1,430	4,684	**6,114**	Moderate Income
Affordable to +80% Households	9,130	11,524	**20,654**	
Total	11,820	18,578	**30,398**	

Trends: Housing & Housing Costs

Redmond has produced the most affordable housing in comparison to other areas in East King County

Area	Created
Bellevue	457
Issaquah	437
Kenmore	69
Kirkland	221
Mercer Island	13
Newcastle	52
Redmond	709
Sammamish	55
Woodinville	30
Unincorporated King Co.	781
Total	2,824

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Gap Analysis: Housing Need Scenarios

Different Scenarios: Affordability Approaches for Filling the Gap

- **Scenario 1, Status Quo:**
  - ✓ Existing housing production continues
  - ✓ No new action
  - ✓ Higher-income housing continues to dominate

Do Nothing

- **Scenario 2, Fair Share:**
  - ✓ Housing targets: income averages in King County
  - ✓ More lower-income housing compared to scenario 1

Fair Share

- **Scenario 3, Housing Equity:**
  - ✓ Increase supply of low-income housing
  - ✓ Greatest increase of lower income housing
  - ✓ Compensates for past underproduction

Equity

Housing Needs Gap Analysis

Gap Analysis Results: Redmond needs an absolute minimum of 8,897 additional housing units built by 2040.

Gap Analysis 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

Past

Future

Total

Source: Washington Office of Financial Management, 2019; PSRC, 2019.

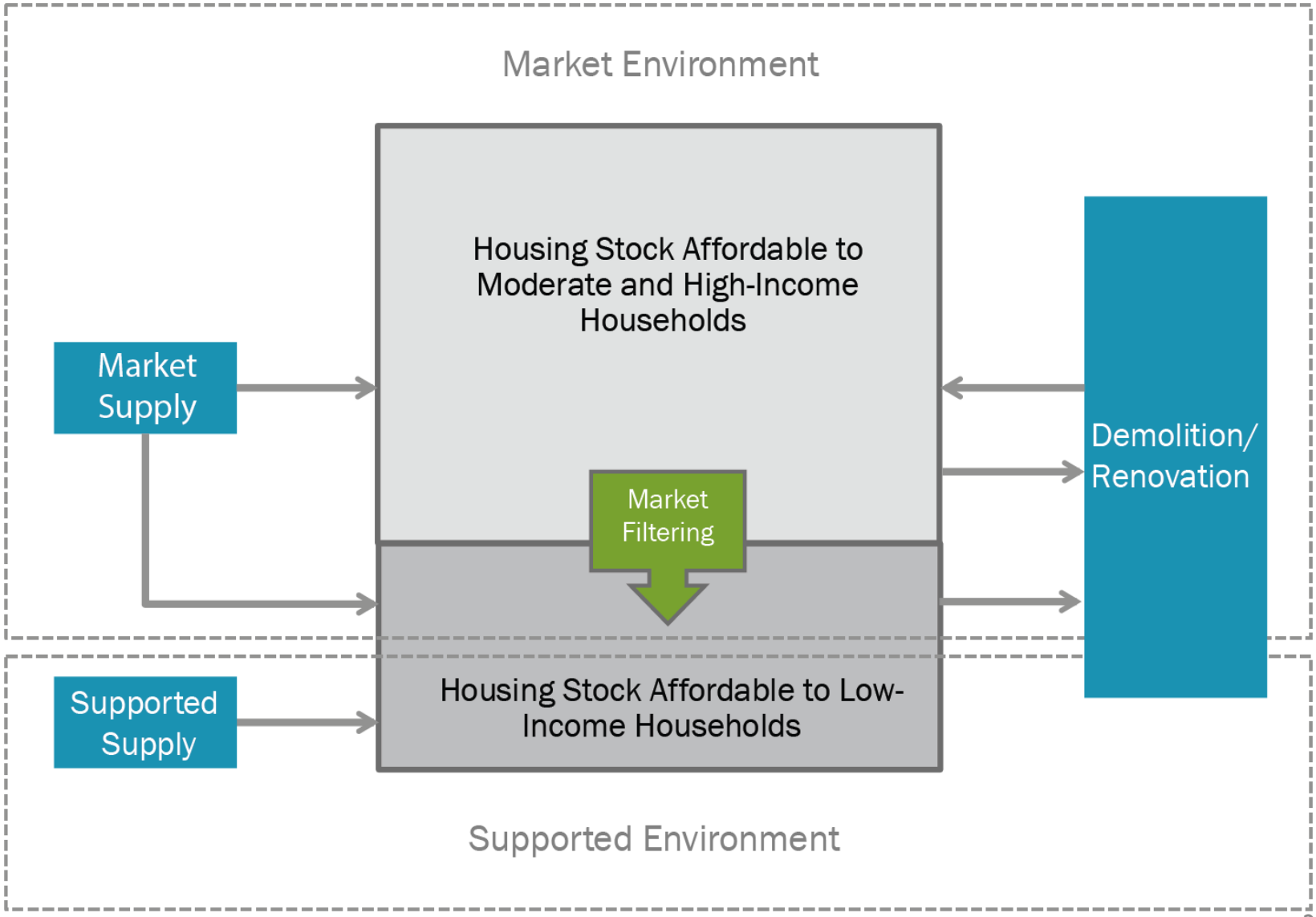
Gap Analysis: Housing Need Scenarios

Different Outcomes – Scenario 3 (Housing Equity) compensates for the lack of low-income housing while Scenario 1 would be dominated by higher income housing. Scenarios 2 and 3 would achieve housing charter targets.

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

Since the mid 1990's, over 2500+ units of affordable housing have been built or preserved.

Housing Strategies Vary by Affordability



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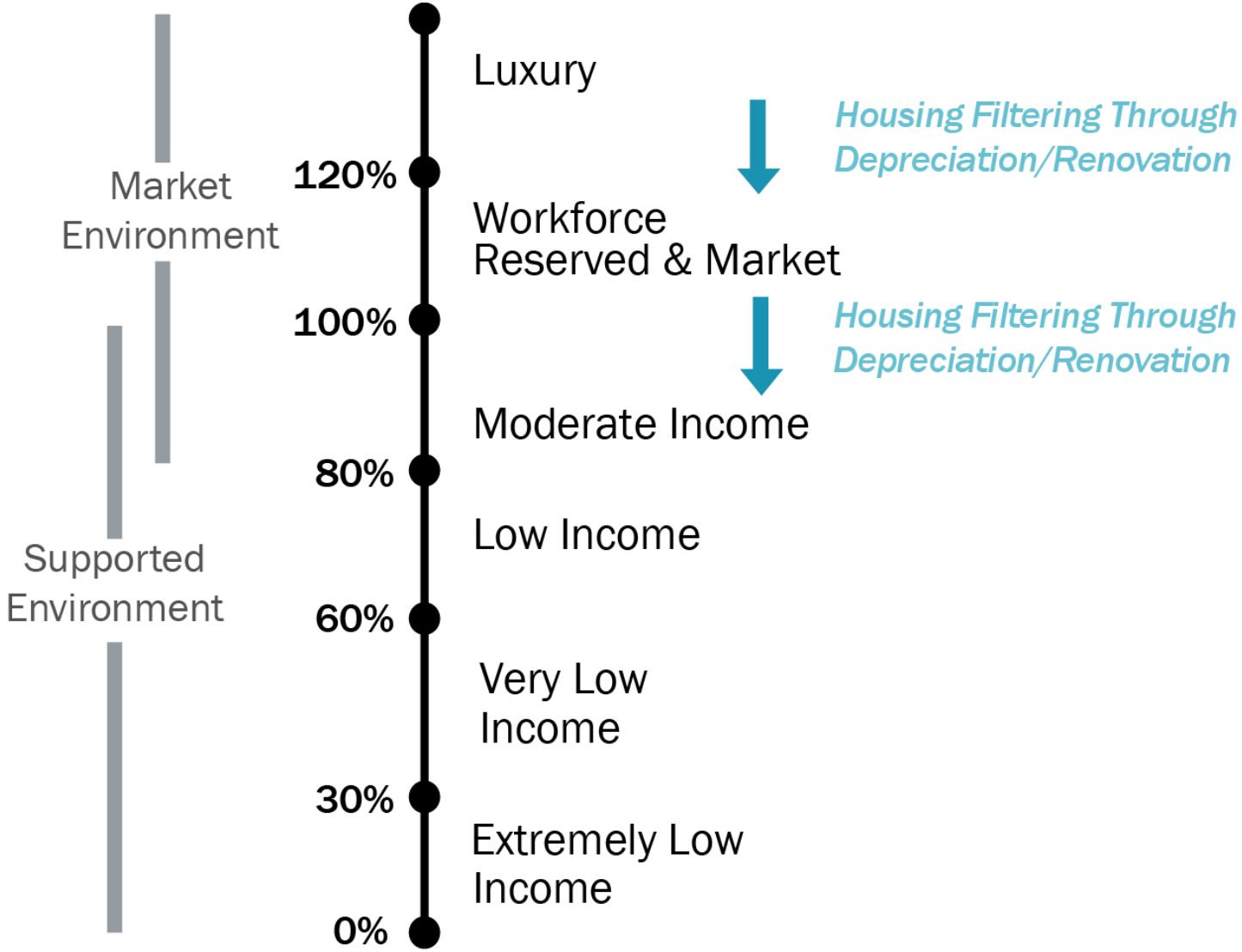
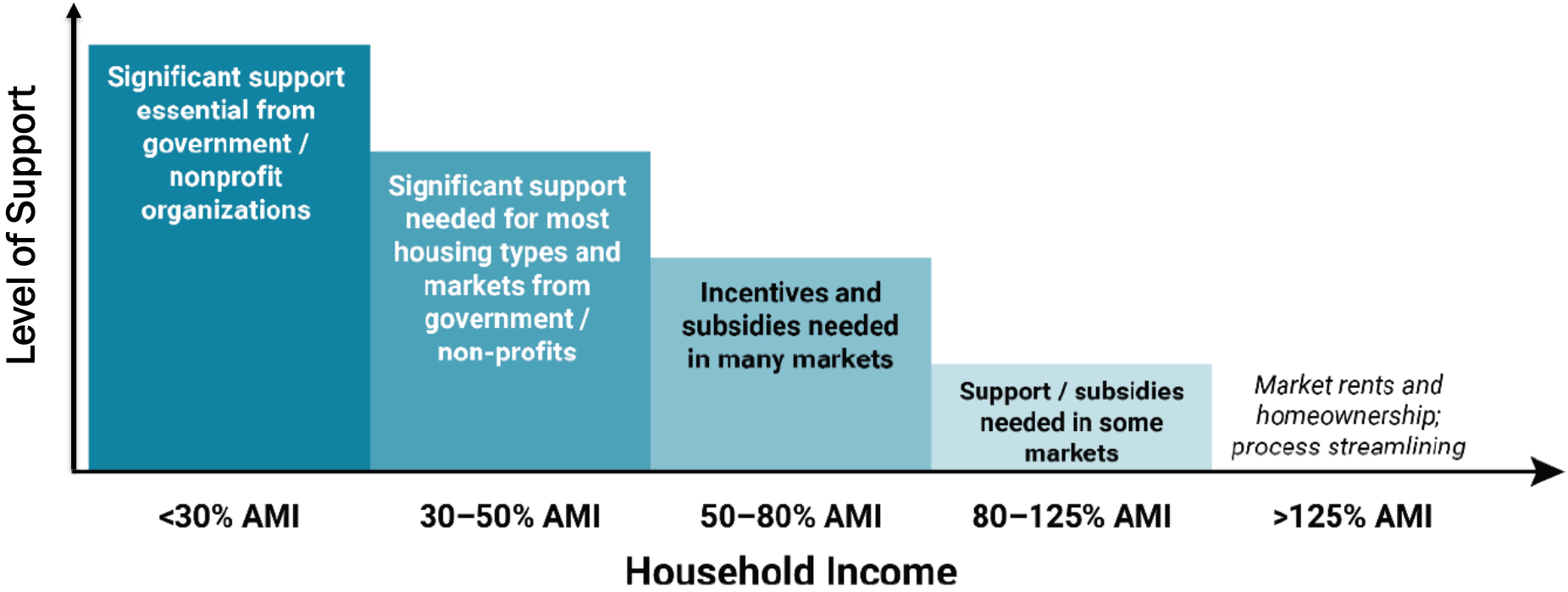


Gap Analysis: Housing Need Scenarios

Strategies Needed for Different Levels of Affordable Housing



Key Findings & Policy Implications

Gaps in Housing Need

- **High Demand for Middle-income Options (smaller homes, MF, SF attached) & expanded options**
  - ✓ Aging baby boomers & millennials household formation
  - ✓ Growing Workforce
- **Pent up Demand for Low to Moderate-income**
  - ✓ 1/4 cost burdened
  - ✓ Average rent higher than 100% MFI
  - ✓ High commuting rates
- **Demand for More Housing**
  - ✓ High commuting rates
  - ✓ High median home price

Possible Solutions

- **Incentives to** subsidize low-income units, senior housing (in MF buildings) and transit-oriented development

- **Identify and lower barriers** for building and preserving low-to-middle-income housing, and other types

- **Expand areas** available for building more housing – Identify areas of opportunities
- Explore **funding sources and partnerships**

- Update land use density to allow **more housing units per acre**
- Identify tweaks in **policies and the permitting process**

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Next Steps

- Public Involvement Report
- Policy Analysis
- Draft and Final Housing Action Plan
- Implementation Plan

Develop Approach and Methods → Assess Housing and Identify Unmet Needs → Learn about Community Needs - Public Involvement → Policy Analysis, Action Plan, Recommendations

Next Steps

- Council Engagement
  - ✓ **July 21st:** Council Regular Business Meeting for a Staff Report on the Housing Needs Assessment Methodology.
  - ✓ **July 28th:** Study Session with ECONorthwest consultants and staff for an in-depth discussion of the draft Housing Needs Assessment Report.
  - ✓ **August 25th: Study Session with Broadview Planning consultants and staff to provide overview of the results from the first round of public engagement.**

Questions? Comments?

Thank you!

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