

## Existing Conditions

# Housing

### Introduction

The Redmond Comprehensive Plan's Housing Element describes the existing conditions and community vision for the future of housing in Redmond. The Housing Element also describes the goals and requirements of the state Growth Management Act and the King County Countywide Planning Policies.

Over the years, Redmond has changed substantially from a suburban bedroom community to an urban employment center offering various housing, jobs, and community amenities.

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 Bellevue.

This growth has resulted in increased housing scarcity and increased housing costs.

### Fast Facts

- 31,316: Housing units (2019)
- \$2,256: Average Rent for 2-Bedroom Apartment (2019)
- \$823,300: Median Home Price (2019)
- 24%: Households that are Cost-Burdened.

### State & Regional Planning Context

#### State Regulations

The Washington State Growth Management Act requires an inventory and analysis of existing and projected housing needs as part of each jurisdiction's comprehensive plan housing element ([RCW 36.70A.070\(2\)](#)).

Local housing elements should ensure the vitality and character of established residential neighborhoods and include the following components:

1. An inventory and analysis of existing and projected housing needs;
2. Goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing;
3. Identification of sufficient land for a range of housing types to match community needs; and
4. Adequate provisions for the needs of all economic segments of the community. (WAC 365-196-410).

The housing element shows how a county or city will accommodate anticipated growth, provide a variety of housing types at a variety of densities, provide opportunities for affordable housing for all economic segments of the community.

## Puget Sound Regional Council

The Puget Sound Regional Council's [VISION 2050](#) regional plan identifies the primary housing objective: the region preserves, improves, and expands its housing stock to provide a range of affordable, accessible, healthy, and safe housing choices to every resident. The region continues to promote fair and equal access to housing for all people.

VISION 2050 directs jurisdictions to plan for housing and job growth in places designated for higher densities, a mix of land uses, and transportation choices. The region's continuing expansion of high-capacity transit provides one of the best opportunities to expand accessible housing options to households with a wider range of incomes. Promoting or requiring affordable housing in walking distance – about ¼ to ½ mile – from high-capacity transit stations and in regional growth centers can help to ensure all residents have opportunities to live in accessible and connected communities. Such housing will be particularly valuable to low-income households, who are the most dependent on transit and are at risk for displacement as housing costs rise.

The PSRC has collaborated with member jurisdictions to develop Local Housing Actions, which provide guidance and direction for Countywide Planning Policy Updates. Local Actions include:

- H-Action-4: Local Housing Needs: Conduct a housing needs analysis and evaluate the effectiveness of local housing policies and strategies to achieve housing targets and affordability goals. Analysis should include access to jobs and transportation to determine total household costs.
- H-Action-5: Affordable Housing Incentives: Evaluate and adopt techniques such as inclusionary or incentive zoning to provide affordability.
- H-Action-6: Displacement: Develop and implement strategies to address displacement of at-risk populations.
- H-Action-7: Housing Choice: Update regulations and strategies to reduce barriers to the development and preservation of moderate density housing.
- H-Action-8: Housing Production: Review and revise development standards and regulations to reduce barriers to the development of housing.

A full list of policies and actions can be found at <https://www.psrc.org/sites/default/files/vision-2050-plan.pdf>

## Countywide Planning Policies

The King County Countywide Planning Policies provide a framework for all jurisdictions to plan for and promote a range of affordable, accessible, and healthy housing choices for current and future residents. Within King County, there is an unmet need for housing that is affordable for households earning less than 80 percent of area median income (AMI).

The policies below recognize the significant countywide need for affordable housing to focus on the strategies that can be taken both by individual jurisdictions and in collaboration with other partners to meet the countywide need. These policies envision cities and the county following a specific process;

1. Plan for countywide need;
2. Conduct a housing inventory, analysis, and evaluation;
3. Collaborate regionally;
4. Implement policies and strategies to equitably meet housing needs;
5. Measure results and hold the region accountable; and
6. Respond to measurement with reassessment and adjustment of strategies.

The overarching goal of the housing countywide planning policies is that the housing needs of all economic and demographic groups are met within all jurisdictions.

## Local Planning & Regulatory Context

The Housing Element of the Comprehensive Plan was last updated on March 18, 2014. However, several other updates to housing related regulations and programs were completed since the last Comprehensive Plan Periodic Update in 2011. One noteworthy example is the adoption of Multifamily Property Tax Exemption regulations in 2017.

### Redmond Regulations

While the City of Redmond has a wide range of policies, regulations, and programs related to housing, two are especially relevant to affordable housing: inclusionary zoning and alternative compliance.

The City's **inclusionary zoning regulations** ([RZC 21.20](#)) require that residential projects in most areas of Redmond with 10 or more units provide at least 10% of the units affordable at 80% of the Area Median Income (AMI). The regulations also provide the option that instead of 10% of the units at 80% AMI, 5% of the units can be at 50% AMI. In addition, for each affordable unit, one bonus unit is allowed (up to 15% above the maximum density for the zone) except Downtown, where the City raised height limits and eliminated density limits. Affordable units are kept affordable for the life of the project in the case of rental housing, or 50 years in the case of homeownership. The regulations have resulted in the creation of 531 affordable homes, with a further 69 in the development pipeline.

The City's inclusionary requirements allow a developer to meet the provisions of the regulations through **alternative compliance**, which can be implemented by either providing affordable units off site or by providing cash payments "in lieu" of providing affordable housing within the project itself ([RZC 21.20.050](#) and [RMC 3.38.170](#)). Fee-in-lieu payments will only be used for the provision of affordable housing units by the City or other housing provider and must demonstrate that any alternative achieves a result equal to or better than providing the housing units on site. The City has used fee-in-lieu payments primarily to assist in funding non-profit housing developments that provide greater levels of affordability.

The **Multifamily Property Tax Exemption** (MFTE) program in Redmond ([RMC 3.38](#)) provides a tax exemption to encourage the development of affordable units within new multifamily rental projects at greater levels of affordability within three designated “Residential Targeted Areas” in Redmond. The MFTE provides a tax exemption on eligible multifamily housing in exchange for affordable income- and rent-restricted units. By supporting mixed-income residential development in the urban centers, the MFTE program ensures affordability as the community grows.

- The exemption provides either an 8 or a 12-year property tax exemption on the assessed improvements for those projects.
- Land, and nonresidential improvements are nonexempt.
- Affordability levels for an 8-year exempted project are typically 60% of Area Median Income (AMI) for 10% of the units.
- Affordability levels for a 12-year exempted project are typically 60% to 85% AMI for 20% of the units.
- Affordable units must remain affordable for the life of the project, similar to Redmond’s inclusionary requirements.
- MFTE regulations have resulted in the creation of 41 affordable homes, with a further 17 homes in the development pipeline.

### Redmond Partnerships

A Regional Coalition for Housing ([ARCH](#)) is a partnership of the County and East King County cities who have joined together to assist with preserving and increasing the supply of housing for low- and moderate-income households in the region. The City of Redmond collaborates with ARCH to create ARCH work programs, budgets, and special projects.

ARCH assists member governments in developing housing policies, strategies, programs, and development regulations; coordinates the cities' financial support to groups creating affordable housing for low- and moderate-income households; and assists people looking for affordable rental and ownership housing.

ARCH's member governments have supported a wide range of housing created and operated by local organizations and private developers that serve individuals, families, seniors, the homeless, and persons with special needs.

### Current Conditions

In 2019, Redmond received a grant to develop a Housing Action Plan. The Plan includes an analysis of the existing housing stock, current and projected housing needs, and opportunities for housing. The Plan also conducted outreach with community members, special stakeholder groups, and housing specialists, to gain a better understanding of existing conditions for housing in Redmond.

The information provided in this section was first provided in the Redmond Housing Needs Assessment is available on the City of Redmond [website](#).

### Household Size and Count

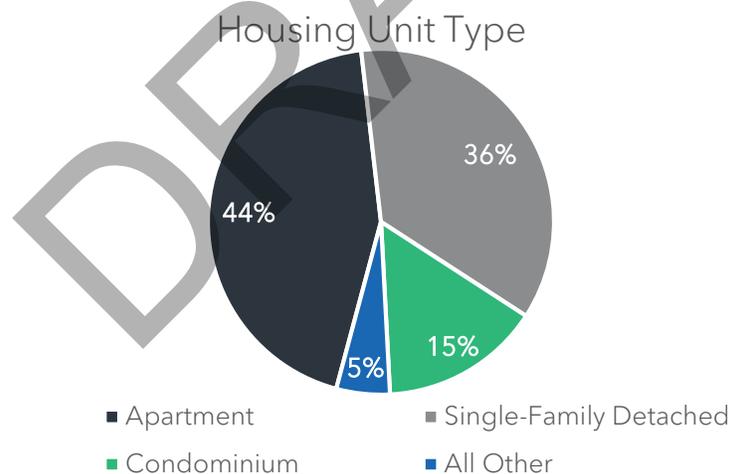
Two-person households represent the most common household size within Redmond. Redmond’s 32 percent of two-person households is the lowest of all city comparisons within the eastside collection of jurisdictions (Table 1). Redmond has the highest share of households with over three persons (42 percent) in comparison to neighboring cities.

**TABLE 1 - HOUSEHOLD SIZE AND COUNT, REDMOND, NEIGHBORING CITIES, 2014-2018<sup>1</sup>**

Geography	1-Person Households	2-Person Households	3-Person Households	4-or-More Person Households
Redmond	26%	32%	16%	26%
Bellevue	26%	34%	15%	25%
Issaquah	29%	34%	16%	21%
Kirkland	28%	37%	16%	19%

### Redmond’s Housing Units are Mainly Single-Family Detached and Multifamily

In 2019, the City of Redmond had 31,316 housing units. Most of the housing units were Apartments (13,721), Single-Family Detached (11,235), and Condominiums (4,550) (Figure 1).



**FIGURE 1 - REDMOND HOUSING TYPES, 2019<sup>2</sup>**

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

<sup>1</sup> Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates. Redmond Housing Action Plan Needs Assessment. EcoNorthwest.

<sup>2</sup> Sources: King County Assessments, 2019

Redmond has the highest percent of renter-occupied units in comparison to Bellevue, Issaquah, and Kirkland (Figure 2). 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.<sup>3</sup> 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.<sup>4</sup>

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 households with incomes below \$150,000 primarily rent rather than own. Ownership opportunities are generally in the less dense periphery of city limits. Rental opportunities are generally in the denser urban centers.

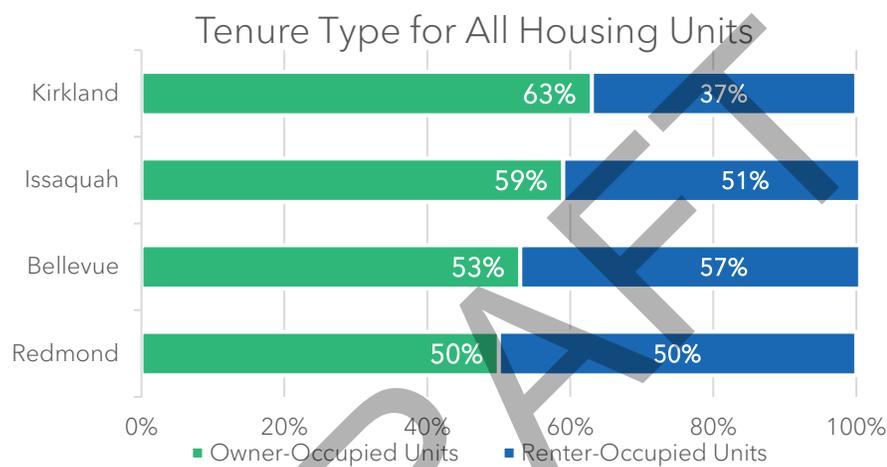


FIGURE 2 - TENURE, OCCUPIED UNITS, REDMOND, BELLEVUE, ISSAQUAH, AND KIRKLAND, 2014-2018<sup>5</sup>

### Cost Burdened

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 24 percent of Redmond's households are cost burdened overall (Table 2).<sup>6</sup>

<sup>3</sup> Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates; ARCH, 2011.

<sup>4</sup> Sources: U.S. Census Bureau, 2014-2018 ACS 5-Year Estimates; OFM, 2019; and Decennial Census, 2010.

<sup>5</sup> Source: U.S. Census Bureau, 2014-2018 ACS 5-year Estimates.

<sup>6</sup> Source: CHAS, 5 year 2012-2016

TABLE 2 - COST-BURDENED HOUSEHOLDS BY TENURE, 2014-2018

Tenure	Cost Burdened	Severely Cost Burdened	Total Cost Burdened
Renter	7.3%	6.5%	13.8%
Homeowner	6.4%	3.4%	9.8%

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 renters tend to have lower incomes.

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.

### 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 has a higher jobs-to-housing ratio compared to neighboring cities (Table 3).

TABLE 3 - REDMOND JOBS TO HOUSING RATIO, 2018<sup>7</sup>

Geography	Jobs-to-Housing Ratio
Redmond	3.4
Bellevue	2.5
Issaquah	1.6
Kirkland	1.9
King County	1.5

### Housing Supply

Using population forecasts 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.

Combining the existing underproduction units and future housing need, Redmond has a need for about 8,897 units (Table 4). This number should be considered the minimum number of additional housing units needed to support the expected population growth in 2050.

<sup>7</sup> Sources: Puget Sound Regional Council, Washington State Office of Financial Management (OFM).

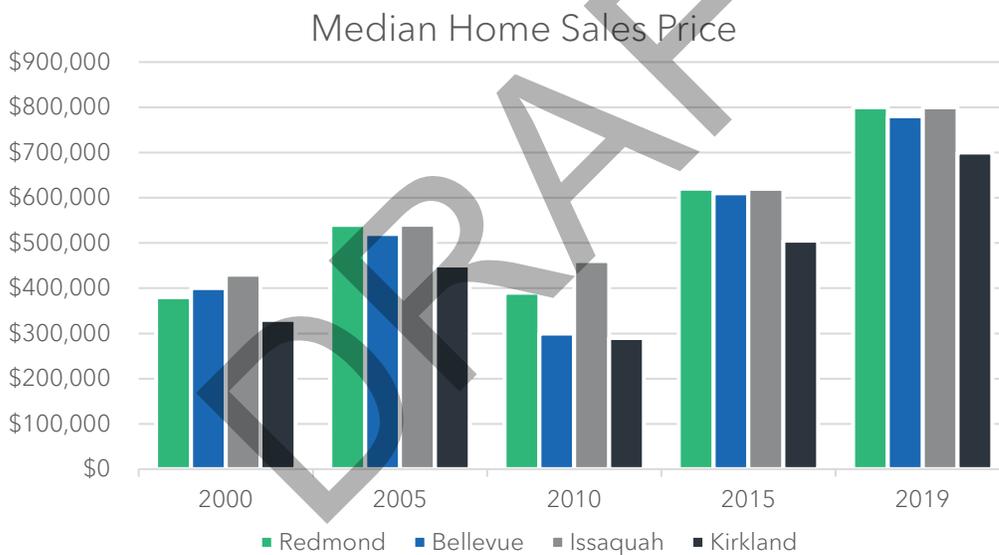
TABLE 4 - HOUSING NEED AND GAP ANALYSIS FOR REDMOND BY 2040<sup>8</sup>

City	Current Estimated Underproduction, Units	Future Housing Need, Units	Total Housing Need, Units
Redmond	309	8,589	8,897

## Trends Analysis

### Housing Cost Trends: Median Sales Price Doubled

Redmond median home sale price has more than doubled since 2000, rising from \$378,595 in 2000 to \$823,300 in 2019.<sup>9</sup> 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 (Figure 3).



<sup>8</sup> Source: 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.

<sup>9</sup> Source: King County Assessor’s Office, 2020.

### FIGURE 3 - HOUSING COST TREND OF MEDIAN SALES PRICE, REDMOND, BELLEVUE, ISSAQUAH, AND KIRKLAND, 2000-2019<sup>10</sup>

#### Average Rent has Remained Above 100 Percent AMI Over Last Few Decades

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. 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 household earning 30-80 percent of AMI—a group comprising 28 percent of Redmond's population.

#### Policy Considerations

Several themes have been identified for Redmond 2050, and will be woven into each element throughout the process:

- Resiliency/Recovery,
- Equity & Inclusion,
- Technology Forward ("Smart City"), and
- Sustainability.

These themes should be considered in identifying policy updates. The need to achieve equitable outcomes should be an important consideration in the development of housing policy and advance distributional, process, and cross-generational equity.

**Distributional equity**—Fair and just distribution of benefits and burdens to all affected parties and communities across the community and organizational landscape. This should include providing for a mix of incomes and housing choices throughout the community. Currently renters are concentrated in Urban Centers with limited ownership opportunities outside of Redmond's neighborhood. Members of the community should have housing choices throughout the community and a balance of tenure, income, and housing types should be available throughout Redmond.

**Process equity**—Inclusive, open and fair access by all stakeholders to decision processes that impact community and operational outcomes. Process equity relies on all affected parties having access to and meaningful experience with civic and employee engagement, public participation, and jurisdictional listening. Process equity should be a goal for all regulatory and policy updates.

**Cross-generational equity**—Effects of current actions on the fair and just distribution of benefits and burdens to future generations of communities and employees. Opportunities for entry-level homeownership and missing middle housing should be a priority to provide opportunities for wealth building and cross generational transfer of wealth to community members for whom that has been historically out of reach.

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<sup>10</sup> Source: King County Assessor's Office, 2020. \*Note: All values are in 2019 inflation-adjusted dollars.

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