



City of Bellevue

HOUSING NEEDS ASSESSMENT

COUNCIL DRAFT: March 15, 2016

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Introduction

The **Housing Needs Assessment update** is the Initial step of the **Affordable Housing Strategy** to develop clarity on Bellevue's current situation with respect to housing demand, supply, and cost. Research for the City's Comprehensive Plan Update, including broad community engagement, identified affordable housing as a critical need for Bellevue. In December 2015, the City launched the Affordable Housing Strategy to implement the City's policies and objectives to increase the supply of affordable housing.

Key Findings

It is increasingly difficult for people living and working in Bellevue to find housing in Bellevue that is affordable. The *Housing Needs Assessment* describes the current status of housing affordability in the City and the trends that are exacerbating the problem. The following key findings from the report highlight the critical need for affordable housing in Bellevue:

- Over 9,100 Bellevue households (17%), or about 22,000 people, have low and very low incomes (i.e. household incomes less than 50% of area median income). There are only 3,095 units in Bellevue affordable to people in these households.
- Production of subsidized affordable housing units has slowed. The annual rate of creating affordable units has been significantly less in the last decade than it was in the 1990s.
- Sixteen percent of all renters and almost one third (31%) of all Bellevue households spend more than 30% of their income on housing (i.e. cost burdened).
- Almost one third of senior renters spend more than 50% of their income on housing (i.e. severely cost burdened).
- Rents are continuing to climb and now average \$2,000 in parts of Bellevue, a historically high level relative to median income. Affordable rents for low and very low income households would be between about \$450 and \$1,000.
- High home prices in Bellevue are making it hard to keep ownership costs at 30% of income. Median sales price for a single family home in Bellevue in January 2016 was \$777,500. This would require an annual household income of over \$160,000 to be affordable.

As the list of key findings above illustrates, the challenge of housing affordability has many facets. An increasing share of young households and senior households are having a hard time staying in the community that has been their home. Many people who work in Bellevue in lower wage jobs (e.g. food prep workers, bank tellers, retail salespersons) cannot afford to live near their work and these types of jobs comprise nearly half (45%) of Bellevue's employment. For people working at minimum wage jobs, finding an affordable place to live in Bellevue is an even greater challenge. The people that work in Bellevue and commute from areas with less costly housing choices (though not necessarily affordable) typically spend a higher percentage of their household budget on transportation, endure increasingly long commutes and add to regional and local congestion.

The impacts of the problem also extend to business according to Bellevue's *2015 Survey of Businesses*. Respondents to the survey across all geographies and employment sectors consistently rated Bellevue low on affordable housing options for employees. Businesses identified lack of workforce housing as a primary challenge for Bellevue. Forty-one percent (41%) of all respondents state that they have had difficulty finding trained and/or

qualified staff over the past 12 months. Retail and tourism indicate having the most difficult time. Half of retail businesses and 60 percent of tourism businesses report having difficulty finding trained and qualified staffing.

Problem Statement

The Housing Needs Assessment seeks to consider what the housing data tells us about affordable housing in Bellevue, and about members of the community who are most impacted.

The cost of renting or owning housing has been increasing at a faster rate than income for many households in the region, especially in Bellevue. As a result, housing is not affordable to a significant portion of the population. It is critically important to provide a safe, healthy and affordable place to live for people of all income levels in order to sustain Bellevue's livability and economic vitality. This project will identify what it will take to have a healthy housing market that:

- *Provides affordability across a range of incomes mirroring our population and workforce*
- *Provides a variety of affordable housing choices that meet the needs of our community including:*
 - *Young persons in college or just entering the job market*
 - *First time home buyers or new employees who are ready to purchase a home*
 - *Our aging population, especially those on fixed/limited income, who wish to remain in the community*
 - *Families with children that need rental and ownership options in opportunity areas*
- *Preserves the integrity of single family areas while considering, through the neighborhood planning process, housing that can accommodate a wider spectrum of needs and foster ongoing investments by individual homeowners.*

Methodology

During the 2015 Comprehensive Plan update City staff, including A Regional Coalition for Housing (ARCH), presented a thorough study of housing data and housing-related demographics covering Bellevue, other Eastside cities, and King County (2013 East King County Housing Analysis). Important findings of the East King County Housing Analysis and Bellevue Needs Supplement are included in Appendix B. The 2016 City of Bellevue Housing Needs Assessment is intended to look more closely at the community's present and future housing needs by answering questions that came out of the Housing Analysis findings, and delving deeper into available data.

Research for the City's Comprehensive Plan Update, including broad community engagement, identified affordable housing as a critical need for Bellevue. Community engagement after plan adoption in August 2015 continued to press the City on this issue. Examples include:

- **2015 Resident Needs Assessment Survey** (included in the 2015-2016 Human Services Needs Update)
Lack of affordable housing was identified by more respondents than any other problem area. It has been consistently the highest community concern in the City's biennial Human Services Needs survey.
- **2015 Bellevue Survey of Businesses Report**
Compared to other cities, Bellevue was ranked lowest on affordable housing for employees. Ten percent of businesses say cost of living is the biggest issue facing Bellevue. More information on the 2015 Business Survey Report can be found in the section "Bellevue's Workforce".

For the Housing Needs Assessment the City conducted a review and analysis of available quantitative data on the current housing conditions in Bellevue. This document relies primarily on quantitative data and serves as a discussion resource to help build a common understanding of current conditions within the City, as well as to identify gaps that could be targeted through the Affordable Housing Strategy.

This report draws on publically available data from the following sources:

U.S. Census Bureau

- Decennial Census
- American Community Survey (5-year estimates)

Federal Agencies

- U.S. Department of Housing and Urban Development, including the Comprehensive Housing Affordability Strategy (CHAS) data

Other

- Dupre + Scott Apartment Advisors
- Zillow.com
- 2015 Bellevue Survey of Business Final Report 1/25/2016
- 2015 Bellevue Resident Needs Assessment Final Report (Appendix A 2015-2016 Human Services Needs Update)

Key Definitions

Affordable: The U.S. Department of Housing and Urban Development (HUD) deems housing to be affordable if a household spends no more than 30% of their income on housing costs (rent plus basic utilities or gross monthly owner costs).

Area Median Income: Income published by HUD for states, counties and urban areas that is adjusted for household size. The figure used in much of the analysis in this report is the 2014 area median family income of \$88,200 for a four person household. AMI, for Area Median Income, is the acronym used throughout to refer to this figure.

Cost burdened: Households are cost burdened if they pay more than 30% of their income towards housing costs.

Severely cost burdened: Households paying more than 50% of household income on housing costs are considered severely cost burdened.

Household: All the people living in one housing unit. They could be family members or not.

Income Categories (see Figure 1)

Very low income under 30% of AMI

Low income 30-50% of AMI

Moderate income 50-80% of AMI

Lower middle income 80%-100% of AMI (this income band is sometimes referred to as workforce)

Above median income above 100% of AMI

Housing Affordability Guidelines for King County (2014)

	Studio (1 Person)	1-Bedroom (2 People)	2-Bedroom (3 People)	3-Bedroom (4 People)
POVERTY				
Average poverty thresholds for 2014 by size of family*				
Household Income	\$11,670	\$15,730	\$19,790	\$23,850
Pct of County Median Income	19%	22%	25%	27%
VERY LOW INCOME: 30% of Median Income				
Household Income	\$18,522	\$21,168	\$23,814	\$26,460
Max. Affordable Rent**	\$424	\$470	\$516	\$563
LOW INCOME: 50% of Median Income				
Household Income	\$30,870	\$35,280	\$39,690	\$44,100
Max. Affordable Rent**	\$732	\$823	\$913	\$1,004
Max. Affordable Purchase***	\$98,900	\$113,000	\$127,100	\$141,200
MODERATE INCOME: 80% of Median Income				
Household Income	\$49,392	\$56,448	\$63,504	\$70,560
Max. Affordable Rent**	\$1,195	\$1,352	\$1,509	\$1,665
Max. Affordable Purchase***	\$175,600	\$200,700	\$225,800	\$250,800
MEDIAN INCOME				
Household Income	\$61,740	\$70,560	\$79,380	\$88,200
Max. Affordable Rent**	\$1,504	\$1,705	\$1,906	\$2,106
Max. Affordable Purchase***	\$226,700	\$259,100	\$291,500	\$323,900

* Source: U.S. Health and Human Services, 2013 Poverty Guidelines.

King County Median Family Income: \$88,200

Source: U.S. Housing and Urban Development Income Limits

**Rents are net of deducting for a utility allowance.

***Price estimates assume:

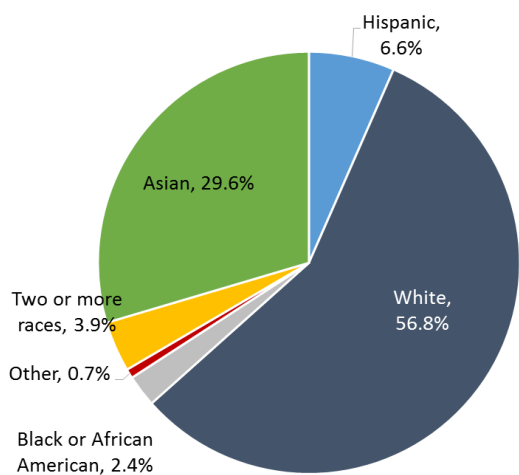
- 10% Downpayment
- 30-yr fixed mortgage at 4.5%
- Property taxes at 1%
- Mortgage insurance, homeowner dues/insurance \$175- \$250

Community Characteristics

A broad overview of Bellevue’s population provides a basic understanding of who the City serves and what the scale of need may be. Bellevue’s population was estimated at 134,400 in 2014, living in 55,644 households. Employment is estimated at around 136,000 jobs.

Bellevue is a dynamic and changing community that like other areas in King County has added many new residents since the last recession. More than 40% of the population identifies as something other than White, and almost one third of the population is Asian.

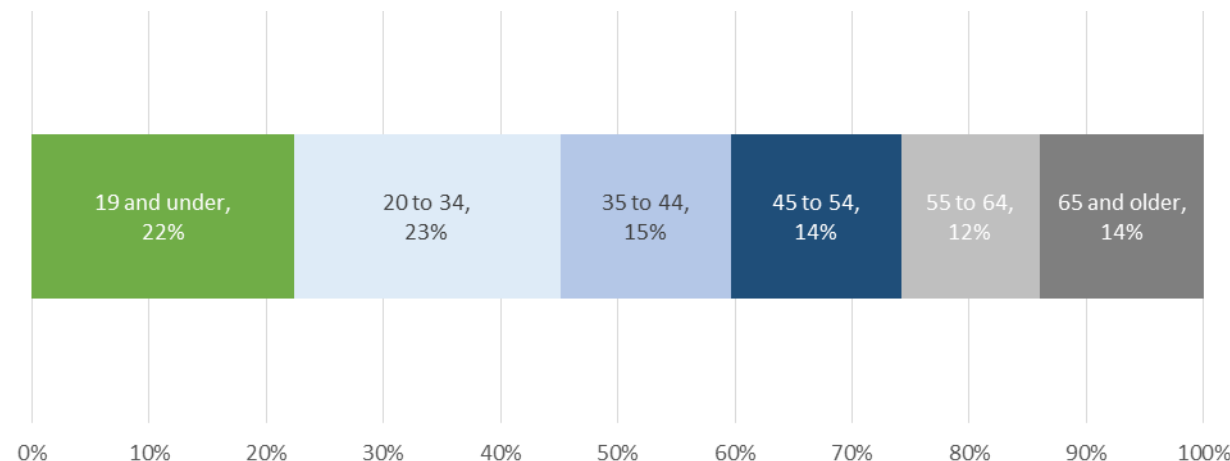
Figure 2: Bellevue is an increasingly diverse city



Source: U.S. Census Bureau, 2010-2014 American Community Survey (ACS).

One quarter (26%) of Bellevue residents are 55 or older, while almost half (45%) of the population is under 35.

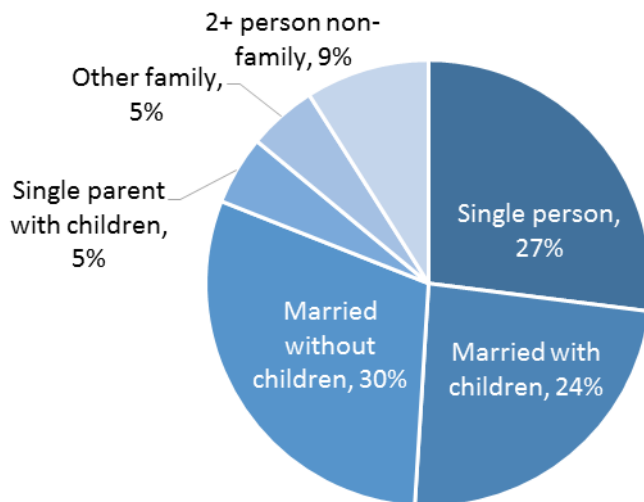
Figure 3: 26% of Bellevue residents are 55 or older



Source: U.S. Census Bureau, 2010-2014 ACS.

The most common household types are married couples without children (30%), single person households (27%), and married couples with children (24%).

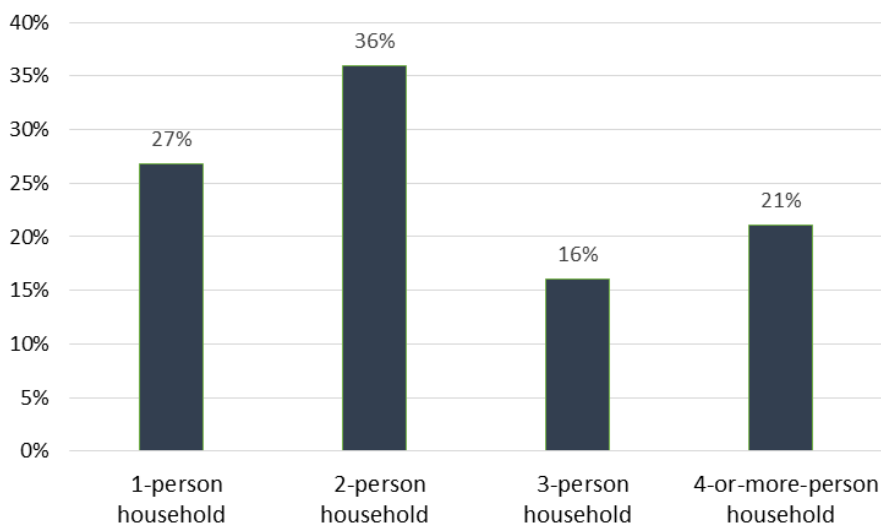
Figure 4: There are a diversity of household types



Source: U.S. Census Bureau, 2011-2013 ACS.

Bellevue's average household size is 2.4 persons, with 63% of households made up of only one or two people.

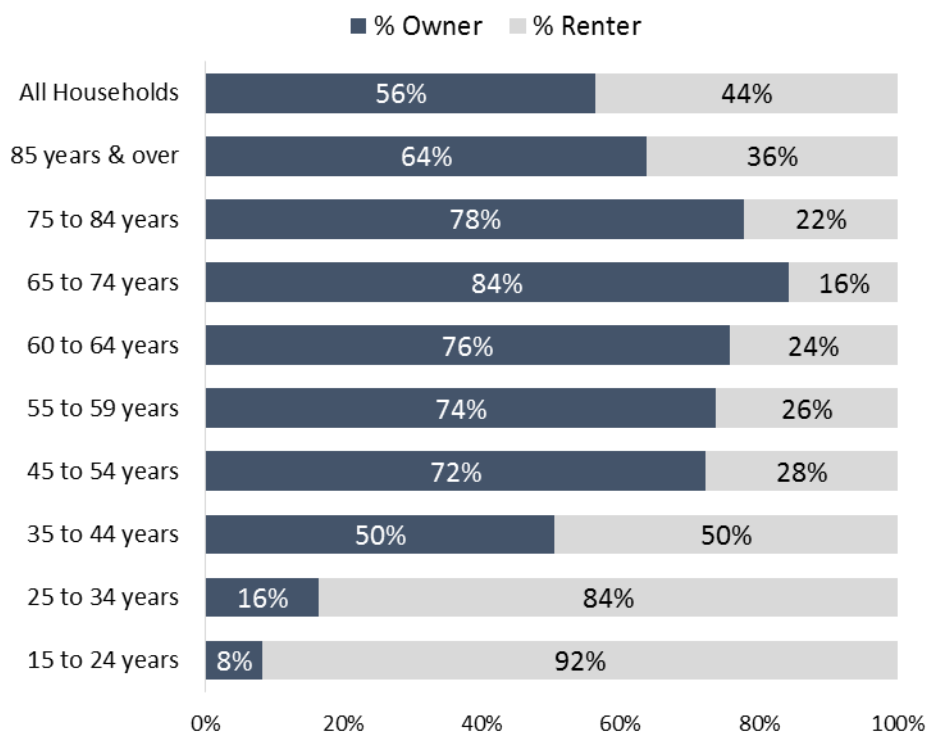
Figure 5: Most households have 1 or 2 people



Source: U.S. Census Bureau, 2010-2014 ACS.

Over half of Bellevue households own their homes (Figure). The share of households that own their homes increases by age category up to 74 years where it peaks and then starts to decline again.

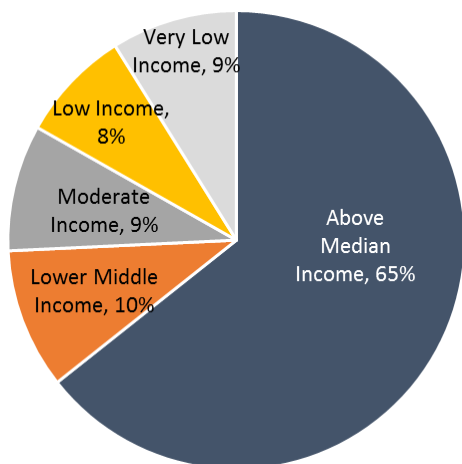
Figure 6: Households aged 65 to 74 years old have the highest homeownership rate



Source: U.S. Census Bureau, 2010-2014 ACS.

As noted in the definitions on page 5, the median family income for King County was \$88,200 in 2014 for a four person household. Using incomes categories based on this area median income (AMI), 65% of Bellevue households earn more than the County area median income.

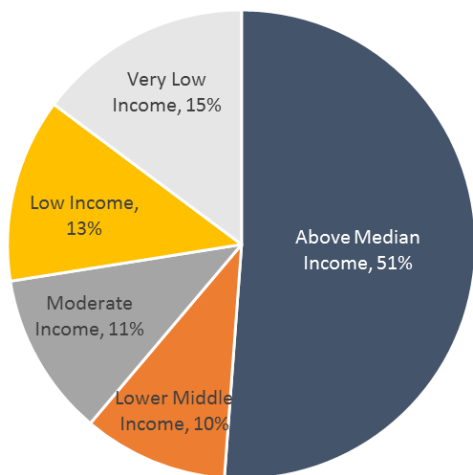
Figure 7: The majority of Bellevue Households have incomes above County AMI



Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).

The picture looks slightly different if only the 12,326 households with at least one person 62 years or older are included. There are higher shares of both very low and low income households reflecting the fact that many senior households are no longer working and living off of fixed retirement income. Twenty eight percent of senior households are at 50% or below of county AMI, compared to 17% of Bellevue households overall.

Figure 8: 28% of senior households are at 50% or below of county AMI

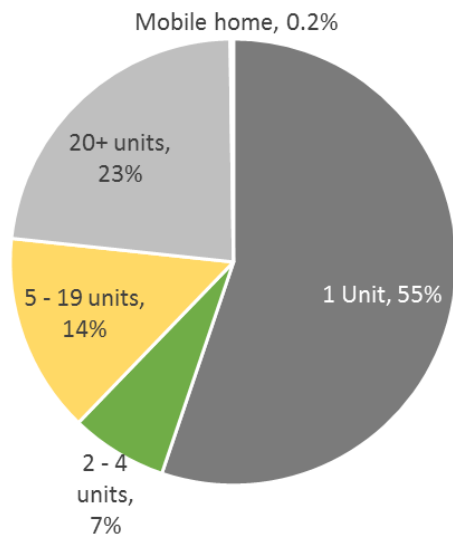


Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).

Overview of Housing Stock

There are an estimated 53,231 occupied housing units and 4,139 vacant units in Bellevue. Of the occupied units, just over half (56.4%) are owner occupied and 43.6% are renter occupied. The majority of units (55%) are single-family units while 40% of the housing stock has 5 or more units. Of this 40%, over half (23%) are buildings with 20 or more units. Larger multi-family projects (20 or more units) are a newer housing type in Bellevue with many more units planned for the Bel Red Corridor and Downtown.

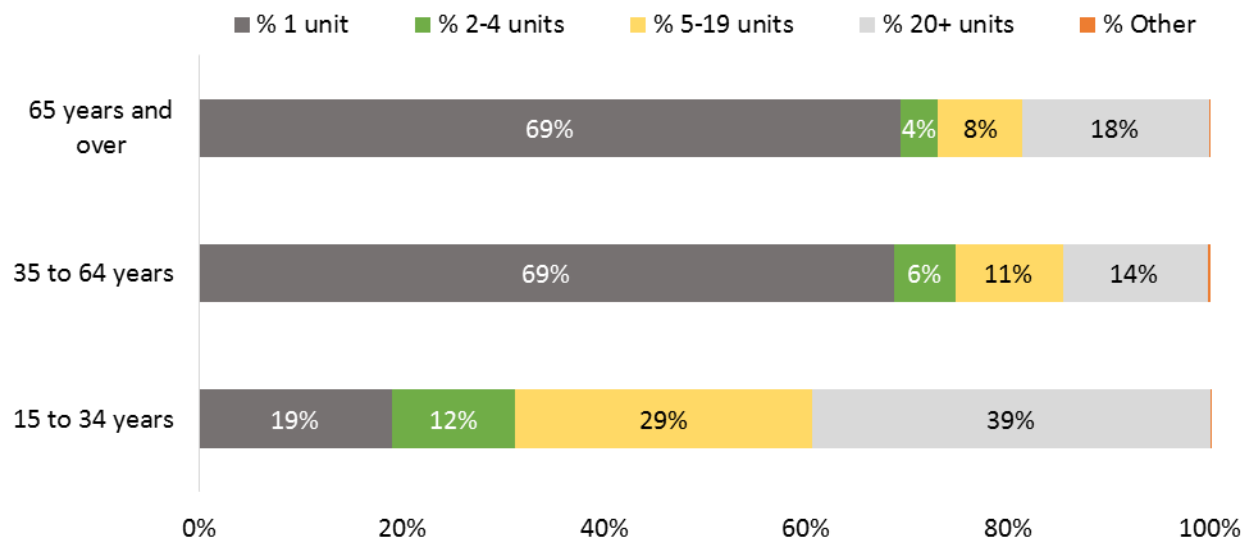
Figure 9: Just over half of all housing units are single-family units (1 Unit)



Source: U.S. Census Bureau, 2010-2014 ACS.

Households that live in multi-family units tend to be younger. Only 19% of those under 35 live in a single family home compared to 69% for those 35 and older.

Figure 10: Greater shares of people under 35 live in multi-family housing



Source: U.S. Census Bureau, 2010-2014 ACS.

The size of housing units (as measured by number of bedrooms) is similar to that of King County. Studios make up 3% of the stock, one and two bedroom units account for 43%, and 54% of units have three or more bedrooms.

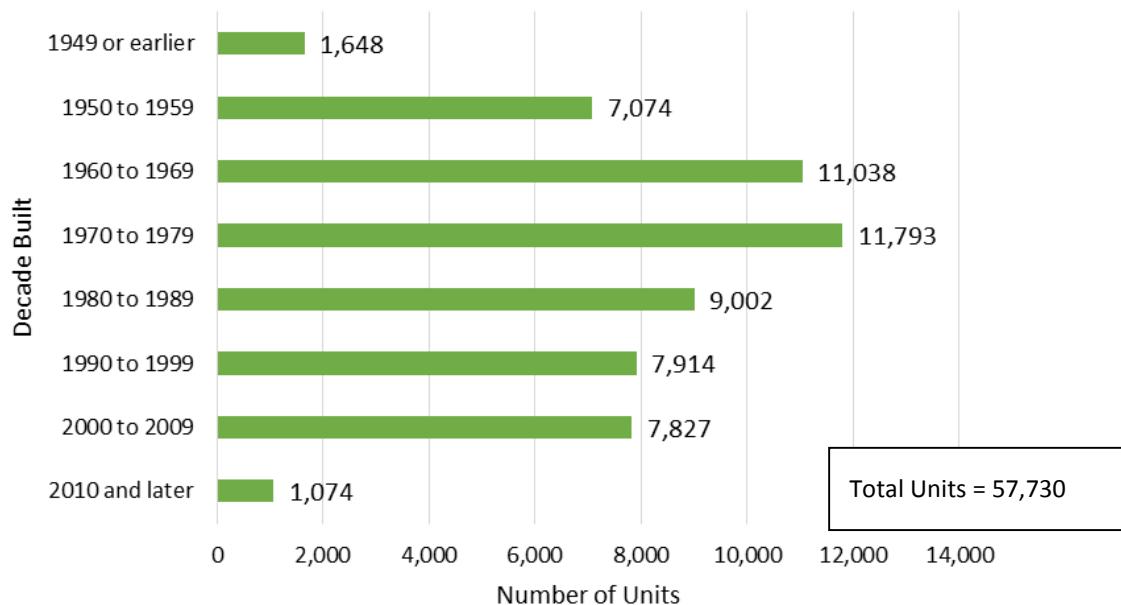
Figure 1: More than half of housing units have three or more bedrooms

Bedrooms	Bellevue	King County
Studio	3%	4%
1	17%	17%
2	26%	26%
3	24%	29%
4	22%	18%
5 or more	8%	6%

Source: U.S. Census Bureau, 2010-2014 ACS.

Age of housing can be a factor in the quality of housing and also how much housing costs to maintain. Older homes typically have less efficient furnaces, insulation, windows, and appliances which lead to higher operating costs compared to newer housing construction. Figure presents the number of units by decade built for the City of Bellevue. Very few units were built before the 1950s.

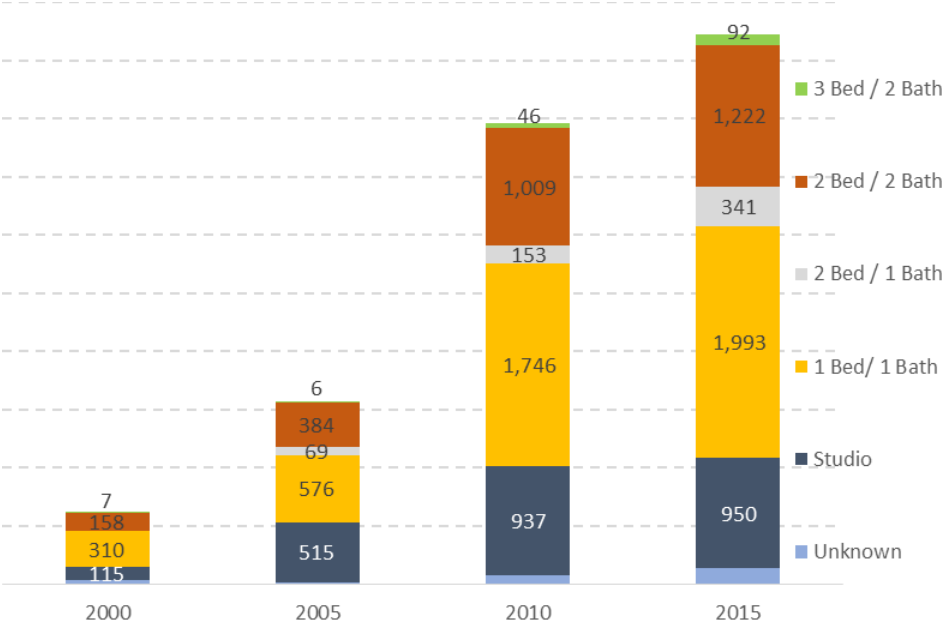
Figure 2: Over half of the housing stock was built between 1960 and 1989



Source: U.S. Census Bureau, 2010-2014 ACS.

Figure illustrates the addition of new units in Downtown Bellevue. Studios and one bedroom units make up the bulk of the Downtown housing stock (62%), with two bedrooms making up 33%, and three bedrooms making up only 2%. In 2000, Downtown had 617 multi-family housing units compared to 4,729 in 2015.

Figure 3: Just over 4,000 units have been built in Downtown Bellevue over the last 15 years



Note: Unit counts are for Downtown Bellevue only.
Source: Dupre + Scott Apartment Advisors, 2015.

Affordability

17% of Bellevue households are low income.

Median family income for King County was \$88,200 in 2014 for a four person household. Using income categories based on area median income (AMI), about 9% of households (or 9,010 households) are considered very low income, earning \$26,460 or less and another 8% are low income earning less than 50% of AMI. For context, the annual salary for someone who earns \$15/hour is \$31,200 and at the current Washington State minimum wage of \$9.47/hour the annual salary is \$19,697.

Figure 4: 4,820 households are very low income and earn less than \$26,460

	Income Range		Households	
	Minimum	Maximum	#	%
Very low income (Under 30% AMI)	\$ -	\$ 26,460	4,820	9.1%
Low income (30-50% AMI)	\$ 26,460	\$ 44,100	4,190	7.9%
Moderate income (50-80% AMI)	\$ 44,100	\$ 70,560	4,554	8.6%
Lower middle income (80-100% AMI)	\$ 70,560	\$ 88,200	5,109	9.6%
Above median income (>100% AMI)	\$ 88,200		34,353	64.8%

Note: Percentages are calculated off King County median family income for 2014.

Source: Source: U.S. Census Bureau, 2008-2012 American Community Survey customized for the Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS).

Looking at household income data by owners and renters for the city and the county, Bellevue owners are similar to owners in the county overall. Eleven percent (11%) of owners in Bellevue and King County have incomes at 50% or below of AMI. Fewer Bellevue renters are *very low income* (14%) than for the county (23%) and the share of renters *above moderate income* (80% or greater of AMI) is higher for Bellevue than the county (Figure). While the shares are lower overall than for the county, the 9,010 households in Bellevue earning up to \$44,100 are undoubtedly struggling to meet basic needs given the high costs of housing.

Figure 5: Bellevue households have higher incomes than for King County Overall

		Bellevue		King County	
Owner occupied	Very low income	1,475	5%	24,770	5%
	Low income	1,830	6%	29,910	6%
	Moderate Income	2,079	7%	45,855	10%
	Above moderate income	24,953	82%	368,485	79%
	Total Owner Households	30,337	100%	469,020	100%
Renter occupied	Very low income	3,345	14%	75,200	23%
	Low income	2,360	10%	50,665	15%
	Moderate Income	2,475	11%	57,000	17%
	Above moderate income	14,509	62%	144,690	44%
	Total Renter Households	23,435	100%	327,555	100%

Note: Above moderate income are all households at 80% or higher of AMI.

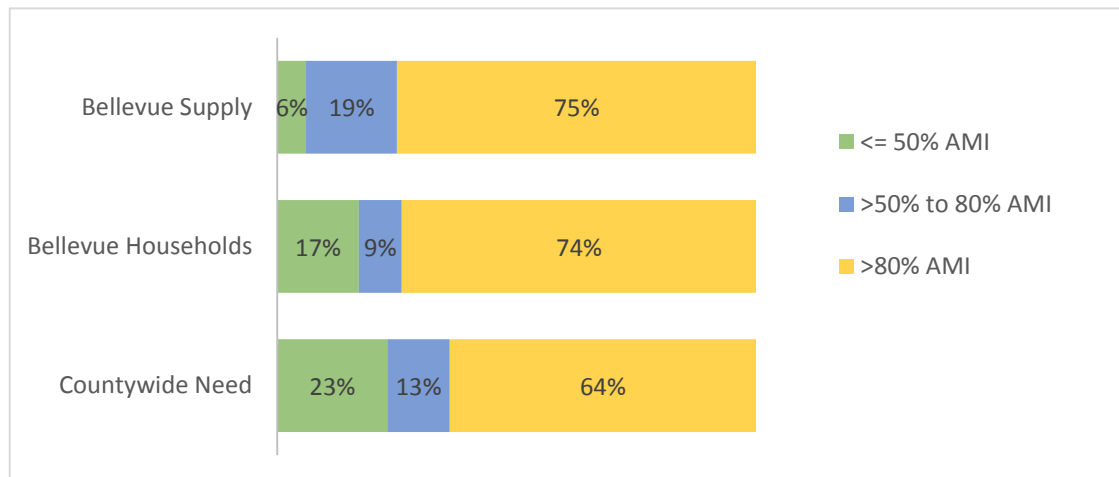
Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS.

There is a gap between affordable housing supply and need.

Bellevue's housing strategy works to provide housing opportunities that will meet the needs of all economic segments of the community. The countywide need for housing that is affordable to households with moderate, low, and very low incomes is shown in Figure .

Only 25% of Bellevue's housing stock is affordable to households with moderate incomes (earning up to \$70,560) and only 6% is affordable to low and very low income households. This means that for the 9,010 low and very low income households there are only 3,095 affordable units (6% of just over 52,000 housing units).

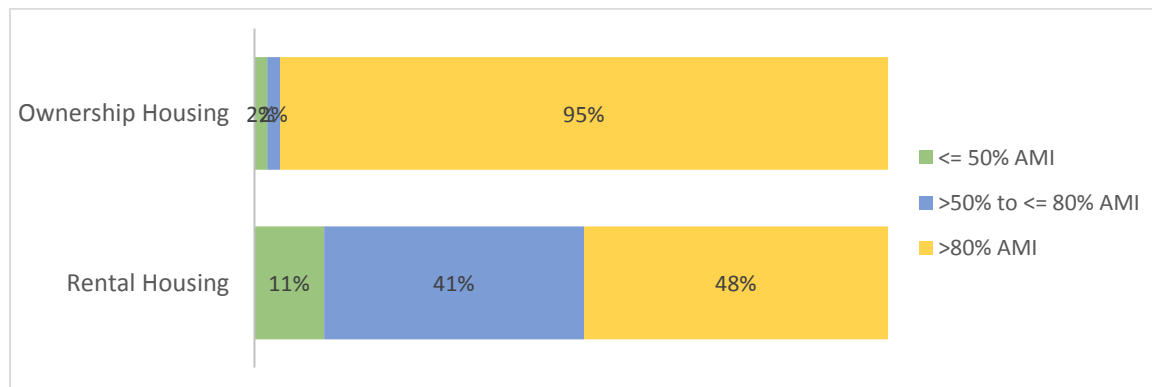
Figure 6: Only 6% of Bellevue's housing supply is affordable to low and very low income households



Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS; King County Median Income for 2014

Looking at Bellevue's supply by rental and owner housing shows that 52% of rental units are affordable to low income households with 11% affordable to very low income households. By contrast, 95% of the ownership supply requires a household income of 80% or more of AMI (\$70,560 or more) to be affordable at 30% of income (e.g not cost burdened). Sales prices and rents are discussed later in the report. It is important to note that where rents are affordable due to the age, condition, or location of the unit and not because of an explicit subsidy or income restriction, there may be households living in these units with incomes above 50% of AMI. This is sometimes called down-renting or renting a unit that is cheaper than a household could reasonably afford.

Figure 7: The rental stock has a greater share of affordable units



Source: CHAS data based on data from the U.S. Census Bureau, 2008-2012 ACS.

Production of subsidized affordable housing units has slowed.

Between 1993 and 2012, Bellevue exceeded the target for adding moderate income housing (see Figure). However, Bellevue is lagging in the creation of low income housing, as are many other Eastside cities. The annual rate of creating affordable units has been significantly less in the last decade than it was in the 1990s.

Figure 8: New affordable housing built in Bellevue, 1993-2012

Period	Low Income (<50% AMI)					Moderate Income (50 to 80% AMI)				
	Direct Assistance	Regulatory Incentives*	Market	Subtotal	%Afford Goal	Direct Assistance	Regulatory Incentives*	Market	Subtotal	%Afford Goal
1992-2002	754	0	8	762	73%	506	369	686	1,561	211%
2003-2012	185	0	0	185	17%	38	44	453	535	69%
1993-2012	939	0	8	947	44%	543	413	1,139	2,095	138%

Note: Incentives includes permits for accessory dwelling units, density bonuses, etc.

Source ARCH and City of Bellevue.

Note: Includes affordable units that were market developed with units at or below 80% AMI when initially released, with no affordability restrictions. Figure 19 includes affordable units with affordability restrictions as shown in Appendix A.

Appendix A provides a detailed list of housing in Bellevue that is affordable through public subsidy or other programs going back to 1992. Figure 19 shows the mix of this affordable housing by target population. Affordable Housing developers include King County Housing Authority, Imagine Housing (previously St. Andrew's Housing Group), DASH, Parkview Services, HUD, Hopelink, Archdiocesan Housing, along with some market rate developers using affordable housing incentives.

Bellevue's affordable housing inventory of about 3,000 housing units is below the 9,000 households with incomes lower than 50% of AMI, or the 13,500 households with incomes lower than 80% of AMI. Some of these households are able to afford housing that was purchased years ago (but could not afford to buy their current housing) and some live in housing that is not subsidized but still affordable. But many of these low and moderate income households are living in housing that is unaffordable.

Figure 9: Affordable Units produced by Target Population

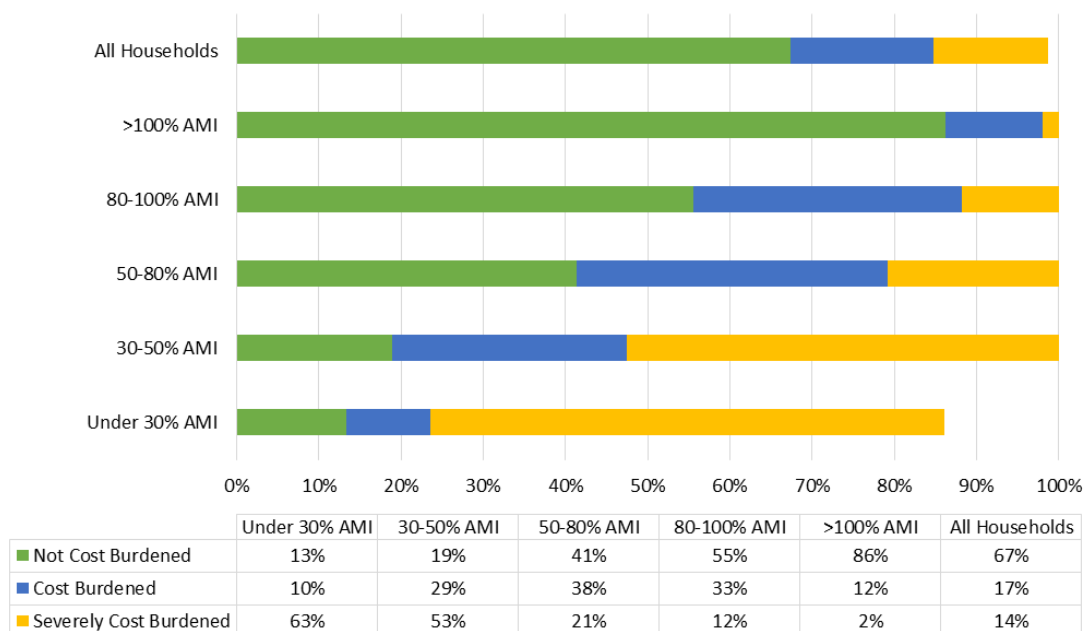
Target Population	Units
Families and Individuals	2,197
Seniors	381
Homeless/Transitional/Special Needs	133
Ownership	199
Total	2,910

Source: Appendix A.

Almost one third (31%) of all Bellevue households spend more than 30% of their income on housing. This includes 14% of households that spend more than 50% of their income on housing.

A household is considered to be “cost burdened” if they pay more than 30% of their income on housing. Paying between 30-50% of income on housing is defined as cost burdened and paying more than 50% of income towards housing is defined as severely cost burdened. For example, a severely cost burdened household earning \$30,000 per year would have \$15,000 before taxes to spend on other household needs, such as transportation, food, and child care. While 14% of *all households* are considered to be severely cost burdened, 63% of *very low income* and 53% of *low income* households pay more than 50% of income towards housing (Figure).

Figure 20: 14% of all Bellevue households are severely cost burdened



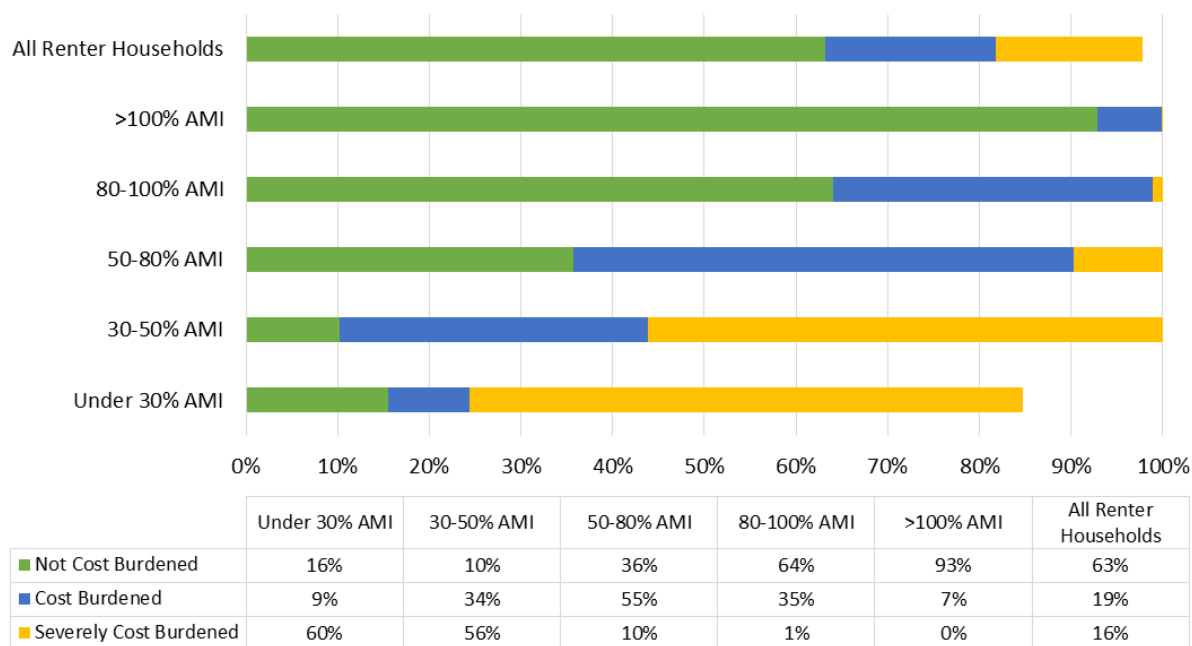
Notes: Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

Looking at only renter households, the overall share of severely cost burdened households is higher at 16%, however, there are differences among categories. For example, the shares of severely cost burdened households are lower in every income category except for low income (30-50% of AMI) (

Figure).

Figure 21: 16% of renters are severely cost burdened



Notes: Under 30% AMI does not total 100 because of unavailable data.

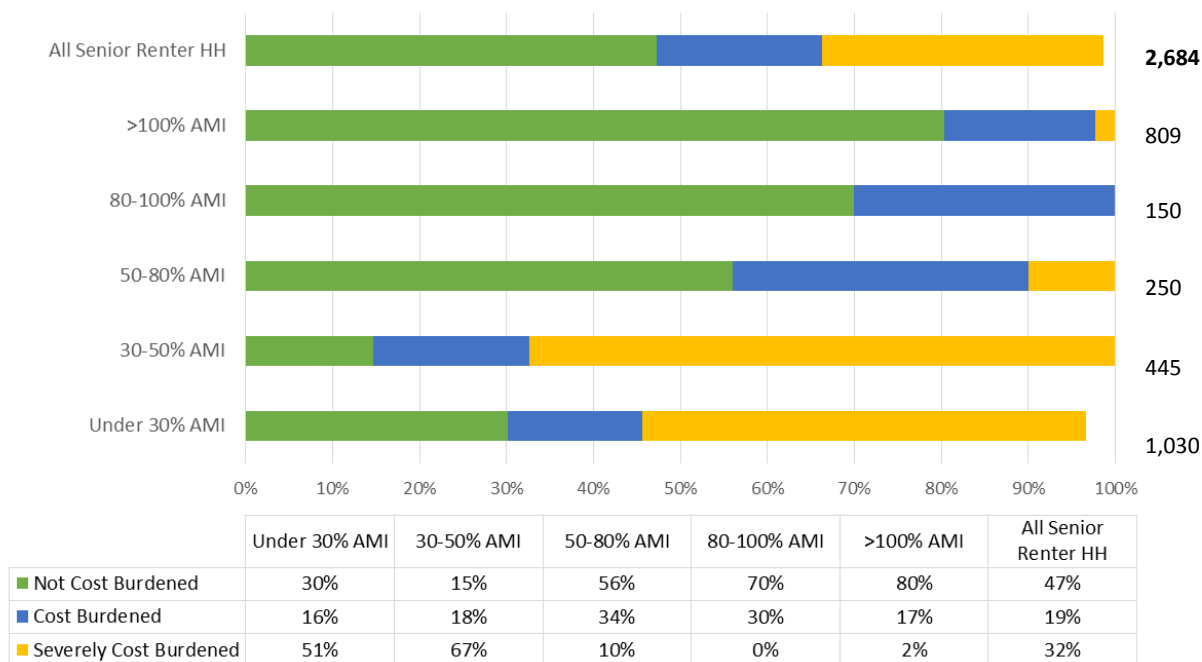
Source: CHAS data based on U.S. Census Bureau data.

Affordability was examined separately for the 2,684 senior renter and 9,642 senior owner households. Just **over half** of senior renter households are paying more than 30% of income for housing (**Over half (51%) of senior renters spend more than 30% of their income on housing. This includes almost one third (32%) of senior renters that spend more than 50% of their income on housing.**

Figure) compared to 31% of senior owner households.

Over half (51%) of senior renters spend more than 30% of their income on housing. This includes almost one third (32%) of senior renters that spend more than 50% of their income on housing.

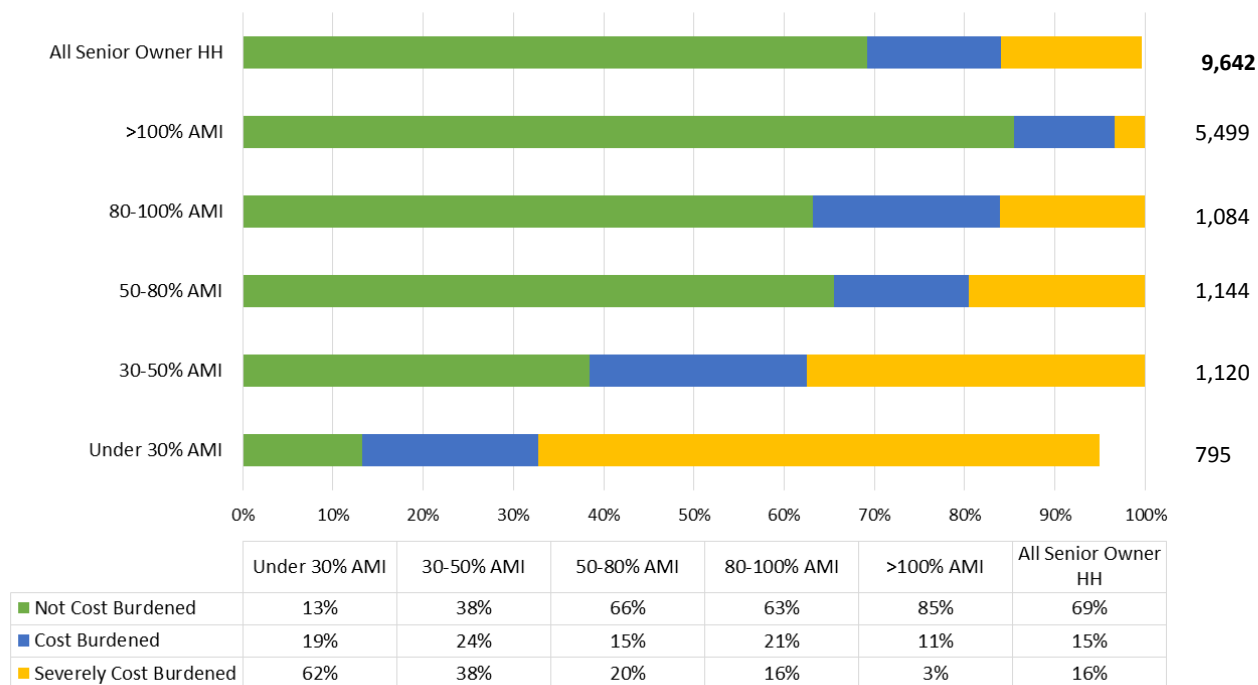
Figure 10: Over half (51%) of senior renters are cost burdened



Notes: Senior is defined as households with at least one person 62 years or older. Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

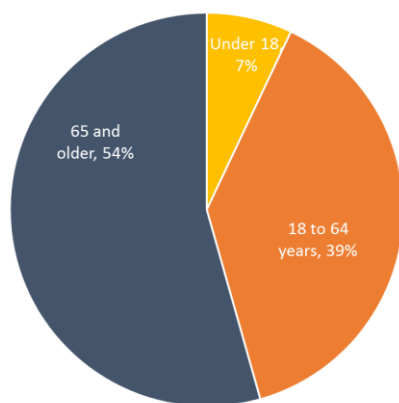
Figure 11: Fewer shares of senior owner households are cost burdened



Notes: Senior is defined as households with at least one person 62 years or older. Under 30% AMI does not total 100 because of unavailable data.

Source: CHAS data based on U.S. Census Bureau data.

Figure 24: More than half of the individuals with a disability are 65 and older



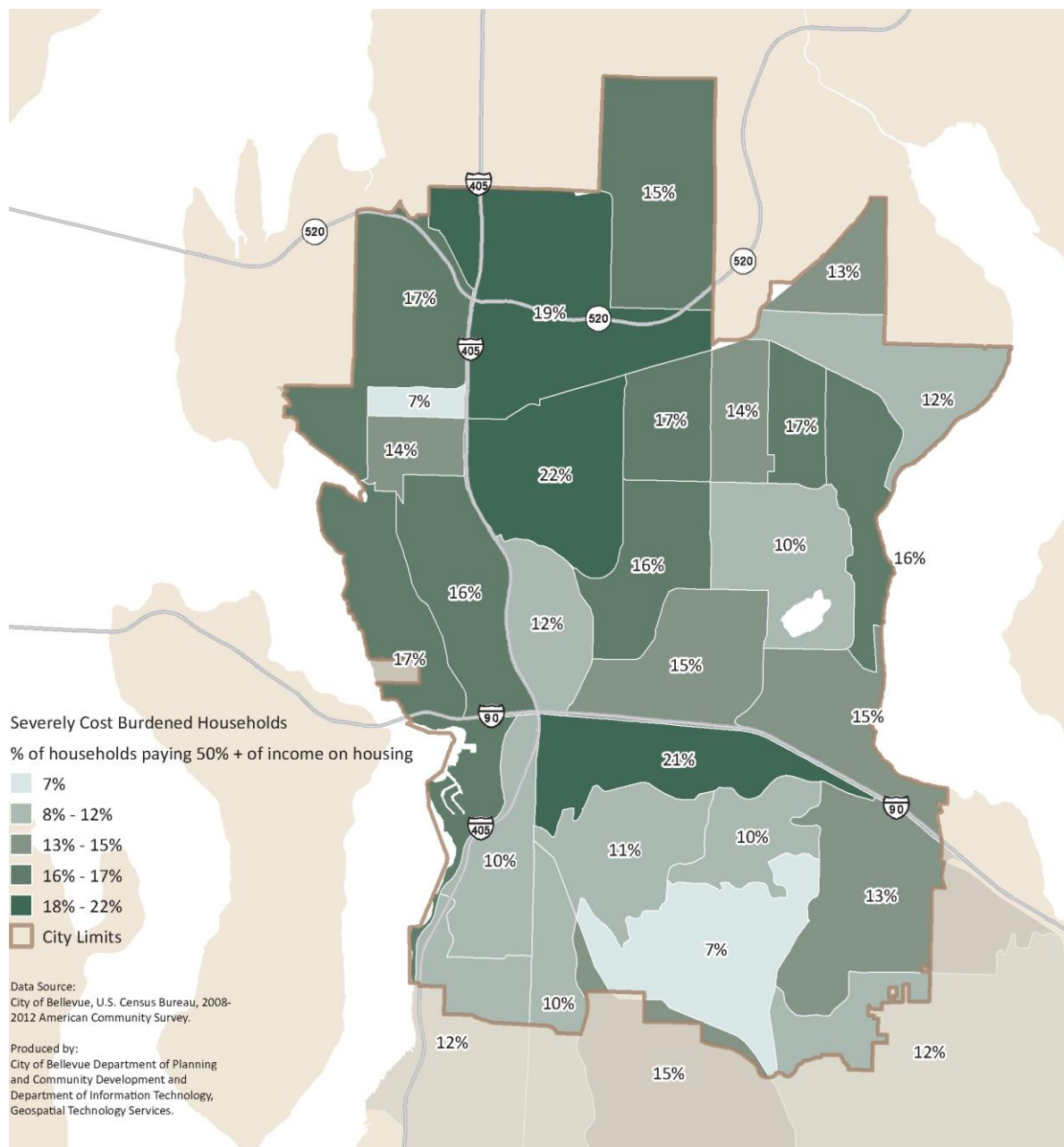
Source: U.S. Census Bureau, 2010-2014 ACS.

The Census also asks about disability status and about 8% of Bellevue's total population reported living with a disability (the survey asks about six disability types: hearing, vision, cognitive, ambulatory, self-care, and independent living). The greatest share of individuals with a disability are those age 65 and older.

Some seniors with these types of disabilities may struggle to live independently in their homes, and may desire other, affordable senior and assisted housing options in Bellevue that allow them to stay in their community.

Figure shows estimates for the percentage of all households paying fifty percent of their incomes or more on housing by Census Tract by location. More than a third (37%) of the City's census tracts have at least 16% of households (one in six) that are spending 50% or more of their income on housing.

Figure 12: Location of severely cost burdened households



Source: City of Bellevue, U.S. Census Bureau, 2008-2012 ACS.

Rental Housing

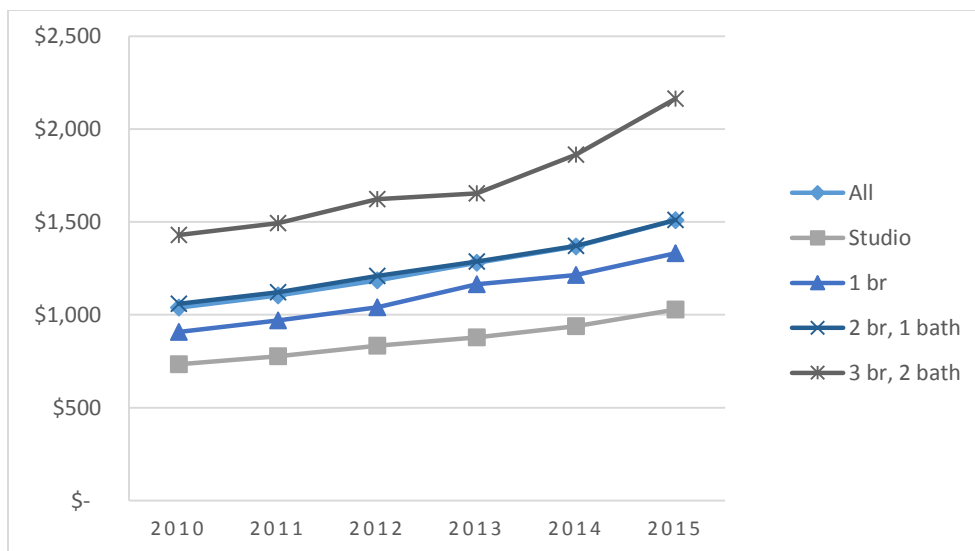
Rents have been climbing and now average over \$2,000.

Apartment rents have been climbing steadily, with average rents in East Bellevue at \$1,500/month and West Bellevue at around \$2,000/month (see Figure and Figure).

Throughout Bellevue family size units with at least 2 bedrooms exceed \$1,500/month and studio units exceed \$1,000/month. Vacancy rates were 3% in both East and West Bellevue in fall 2015. Vacancy rates below 5% indicate that new construction is insufficient to meet demand.

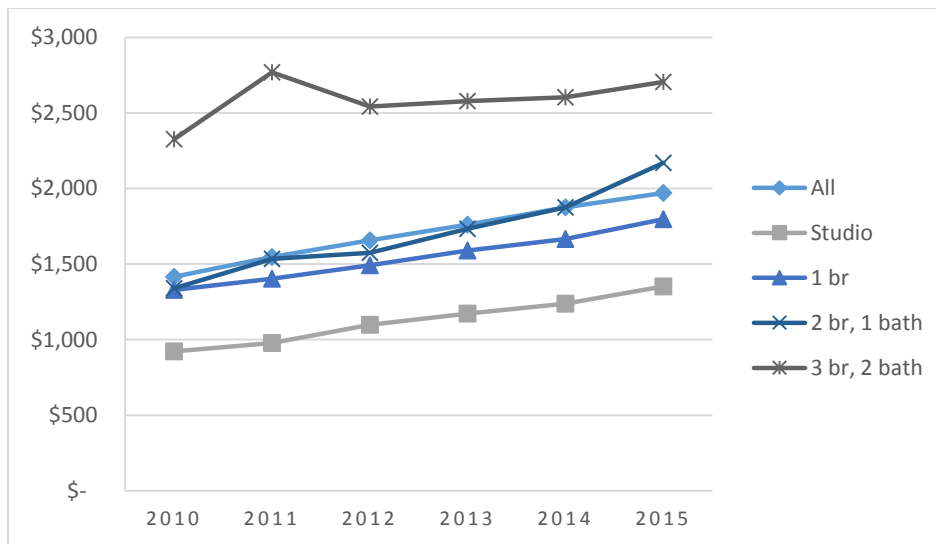
Until recently increases in rent have generally been consistent with increases in median income, and the average market rent in Bellevue has been affordable to moderate income households earning 80% of AMI. This is no longer true. Since 2011, average rents throughout the City have become unaffordable to moderate income renters. Renters at 80% AMI can afford between \$1,370 and about \$1,690 for family size units with at least 2 bedrooms (ARCH 2015 HUD Income Limits).

Figure 26: Rents in East Bellevue have been steadily climbing for all unit types



Source: Dupre and Scott Apartment Advisors, 2016.

Figure 27: Rents in West Bellevue are also climbing



Source: Dupre and Scott Apartment Advisors, 2016.

Consistent with these average rents, American Community Survey data shows that 45% of all Bellevue renter households pay more than \$1500/month. The self-reported rents reflect what households pay, including any discounts or subsidies. For example, King County Housing Authority manages about 1,700 subsidized units in Bellevue and administers federal HUD assisted Section 8 units and vouchers. Bellevue has 285 project-based Section 8 units in properties owned by KCHA and other housing non-profits. In addition there are 829 tenant-based Section 8 housing vouchers used by Bellevue households.¹ These subsidized units likely account for a large portion of the households that report paying less than \$749 per month in rent and some portion of the households that pay less than \$1000 per month in rent².

Figure 29: About 85% of renter household report paying \$1,000 or more each month for housing

Rent Paid		
Less than \$200	142	0.6%
\$200 to \$299	316	1.4%
\$300 to \$499	236	1.0%
\$500 to \$749	341	1.5%
\$750 to \$999	2,320	10.3%
\$1,000 to \$1,499	8,865	39.2%
\$1,500 or more	10,366	45.9%
Median rent	\$ 1,451	

Source: U.S. Census Bureau, 2010-2014 ACS.

¹ KCHA, 3/15/2016

² In January 2015 the KCHA opened the waiting list for Section 8 vouchers, randomly choosing 2,500 people for the waiting list from over 22,000 applicants.

While 85% of renter households report paying over \$1000 each month, affordable rents, especially for households earning 50% or less of AMI, would need to be much lower (Figure). Very low and low income households can only afford rents between \$450 and \$1,000. It is also important to note that while these rental figures include basic utilities the rental data shown earlier does not.

Figure 30: Rents need to be \$1,000 or less to be affordable to low income households

	Studio (1 person)	1 bedroom (2 people)	2 bedroom (3 people)	3 bedroom (4 people)
Very Low Income 30% AMI				
Household Income	\$18,522	\$21,168	\$23,814	\$26,460
Max. Affordable Rent	\$424	\$470	\$516	\$563
Low Income 50% AMI				
Household Income	\$30,870	\$35,280	\$39,690	\$44,100
Max. Affordable Rent	\$732	\$823	\$913	\$1,004
Moderate Income 80% AMI				
Household Income	\$49,392	\$56,448	\$63,504	\$70,560
Max. Affordable Rent	\$ 1,195	\$ 1,352	\$ 1,509	\$ 1,665

Note: Rents are net of deducting for a utility allowance.

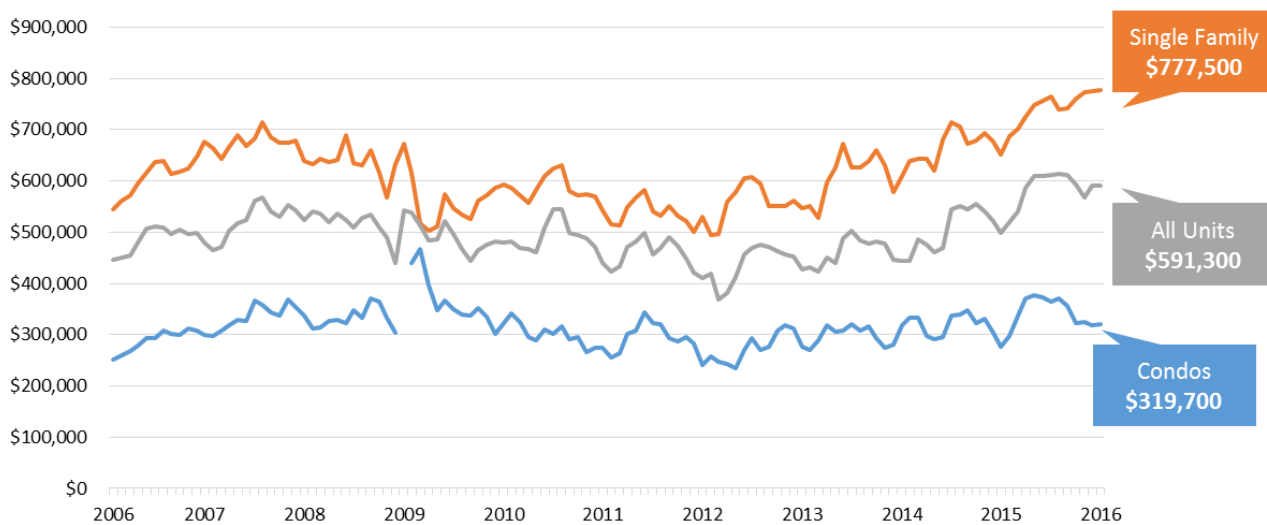
Source: U.S. HUD Income Limits, 2014 using King County median family income of \$88,200.

Ownership Housing

High home prices in Bellevue are making it hard to keep ownership costs at 30% of income.

Home ownership has historically been a significant driver of personal and household wealth for individuals and families. A key aspect to addressing a community's housing needs is to ensure there are opportunities for home ownership for moderate-income levels and first time homebuyers. As shown in Figure , median home sales prices in Bellevue are much higher than that of King County overall. King County's median sales price for all units in January 2016 was \$428,000 compared to \$591,300 in Bellevue.

Figure 31: Median Home Sales Prices Continue to Climb



Source: Zillow.com Real Estate Market Reports (<http://www.zillow.com/local-info/>)

Figure presents a rough assessment of housing attainability at current median sales prices using standard assumptions, including:

- A down payment of 20% of the sale price
- Interest rate of 4.5%
- 30 year fixed rate mortgage
- Taxes at 10.9%
- Insurance at \$3.50 per \$1,000 value
- Housing cost burden not to exceed 30% of gross income

Figure 32: Annual Income Needed to Purchase a Home at Current Median Selling Price, 2016

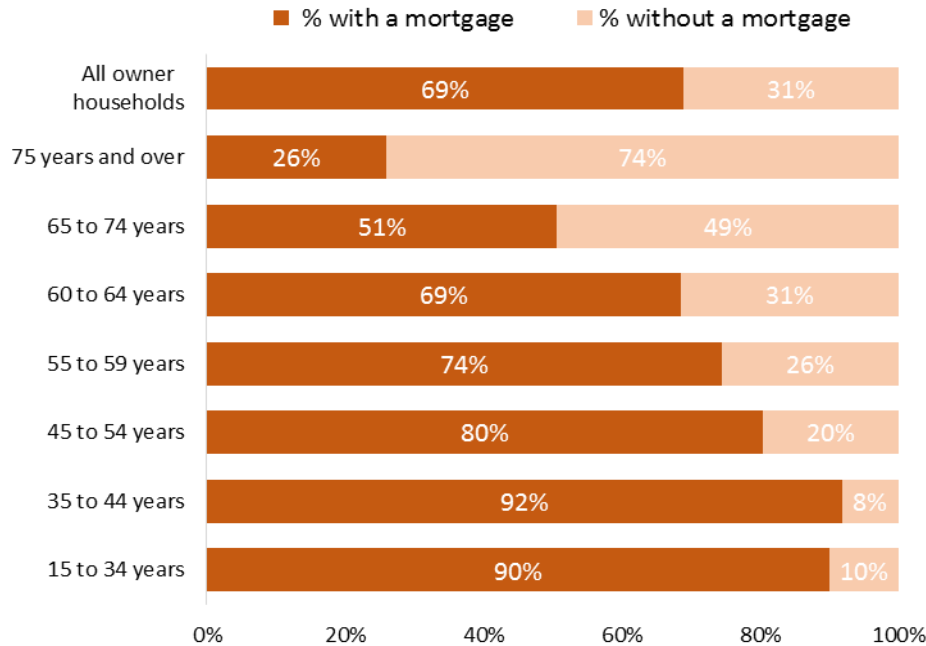
Single Family		Condominiums	
Monthly Mortgage		Monthly Mortgage	
Median Selling Price	\$777,500	Median Selling Price	\$319,700
Down Payment (20%)	\$155,500	Down Payment (20%)	\$63,940
Mortgage Amount	\$622,000	Mortgage Amount	\$255,760
Interest Rate	4.50%	Interest Rate	4.50%
Payments over 30 years	360	Payments over 30 years	360
Monthly Mortgage Payment	\$3,140	Monthly Mortgage Payment	\$1,296
Annual Housing Expenses		Annual Housing Expenses	
Mortgage Payments	\$37,678	Mortgage Payments	\$15,551
Taxes (10.9%)	\$8,506	Taxes (10.9%)	\$3,497
Insurance (\$3.50 per \$1000)	\$2,612	Insurance (\$3.50 per \$1000)	\$1,074
Annual	\$48,796	Annual	\$20,122
Monthly	\$4,066	Monthly	\$1,677
Monthly Income Needed	\$13,554	Monthly Income Needed	\$5,590
Annual Income Needed	\$162,653	Annual Income Needed	\$67,075
Households		Households	
Number of households with		Number of households with	
with income > \$162,600	9,500	with income > \$67,000	43,200
Total households	53,026	Total households	53,026
Estimate of households that can afford median home price	18%	Estimate of households that can afford median condo price	81%

Source: Zillow.com, 2016; ACS, 2010-2014; City of Bellevue, 2016.

- The analysis suggests that an annual income of at least \$162,600 is required to purchase a single family home at the current median selling price. There are an estimated 9,500 households in Bellevue (18%) with incomes greater than \$162,000.
- Current condominium prices present a more affordable housing ownership opportunity. Our analysis estimates that households with incomes of \$67,000 would be able to afford a condominium at current median prices, making condominium ownership affordable for a much higher percentage of the population (81%) than single family home ownership.

Earlier in the report, it was noted that Bellevue’s overall home ownership rate is 56%. Proportion of households with a mortgage declines with the age of the household.

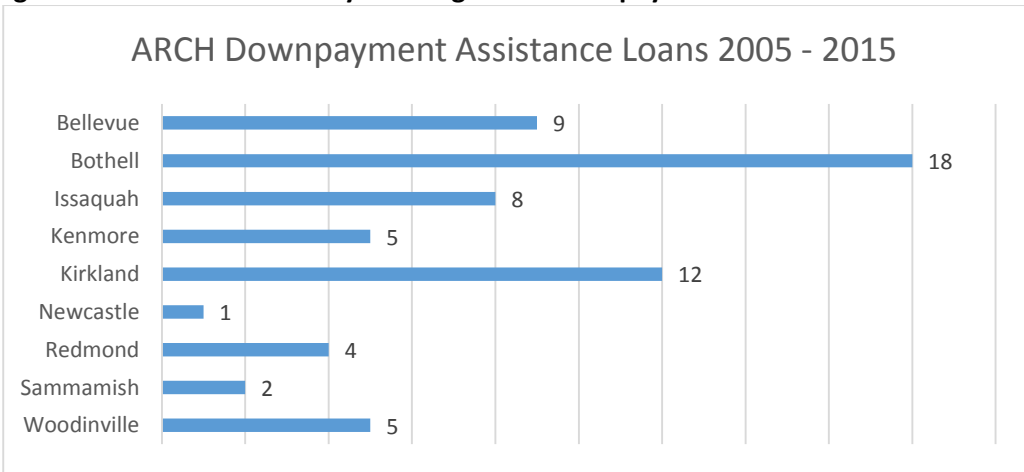
Figure 33: The majority of owner households have a mortgage



Source: U.S. Census Bureau, 2010-2014 ACS.

Fewer moderate income first time homebuyers using Washington State Housing Finance Commission (WSHFC) mortgage products, including the ARCH East King County Downpayment Assistance loan, purchased in Bellevue. The ARCH House Key Downpayment Assistance loan has a maximum purchase price limit of \$354,000 and a maximum household income of 80% AMI. Since 2005 this revolving loan fund has provided 64 first time homebuyer loans, but only 9 (14%) have purchased in Bellevue. Bellevue’s 53,978 housing units represents 30.7% of East King County’s 175,849 housing units (2011 ACS).

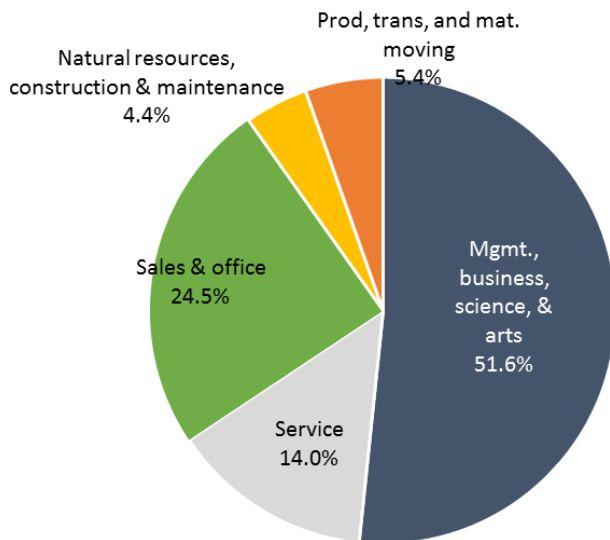
Figure 34: First time homebuyers using ARCH Downpayment Assistance Loans



Source: Washington State Housing Finance Commission (WSHFC) Dec. 2015

Bellevue's workforce

Figure 35: Half of Bellevue's workforce is employed in occupations related to management, business, science and the arts



Note: For civilian employees 16 years and over working within the City of Bellevue in 2010-2014.
Source: U.S. Census Bureau, 2010-2014 ACS.

Figure 36: A high proportion of local jobs have salaries at low and moderate income levels

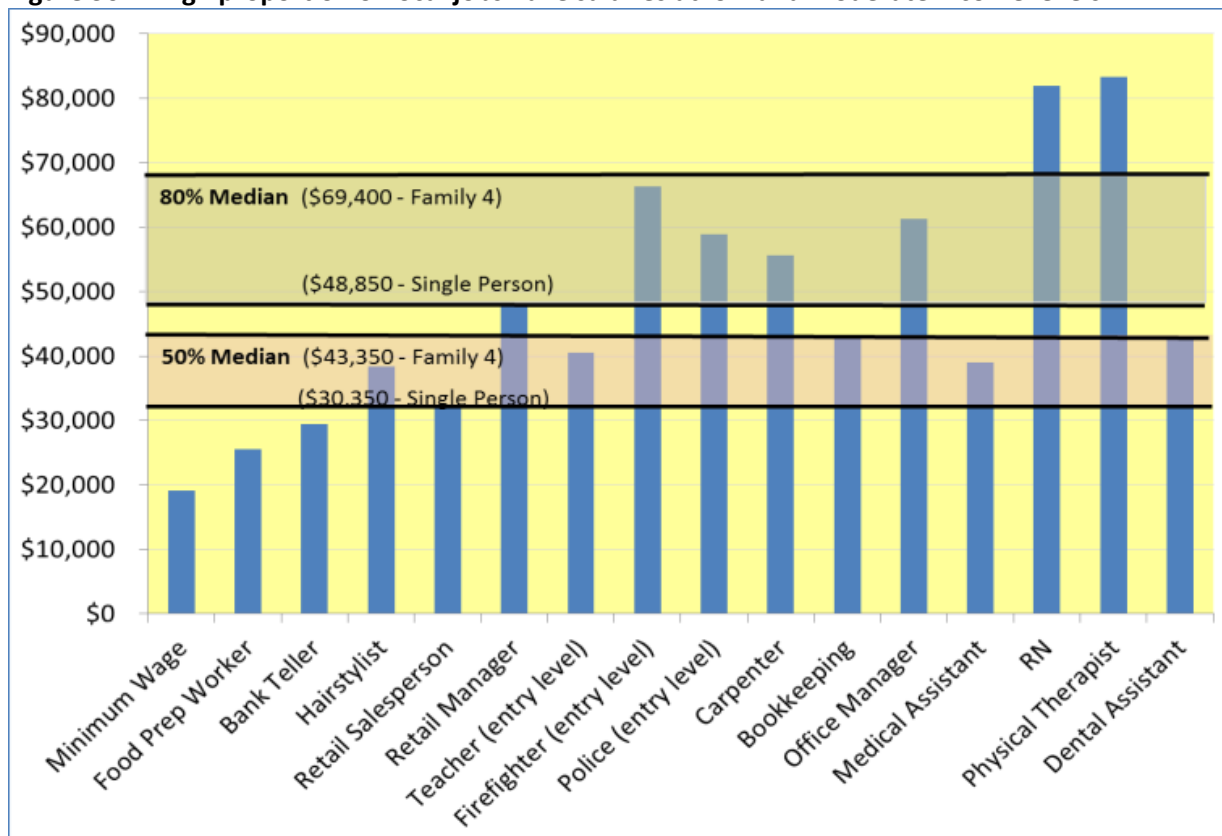
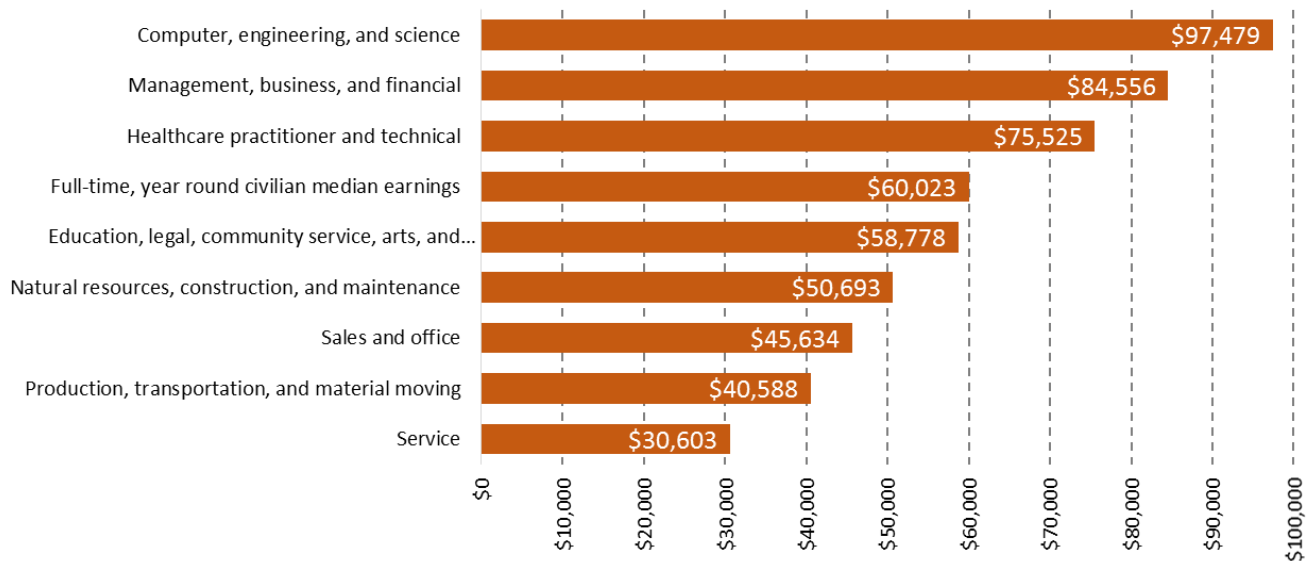
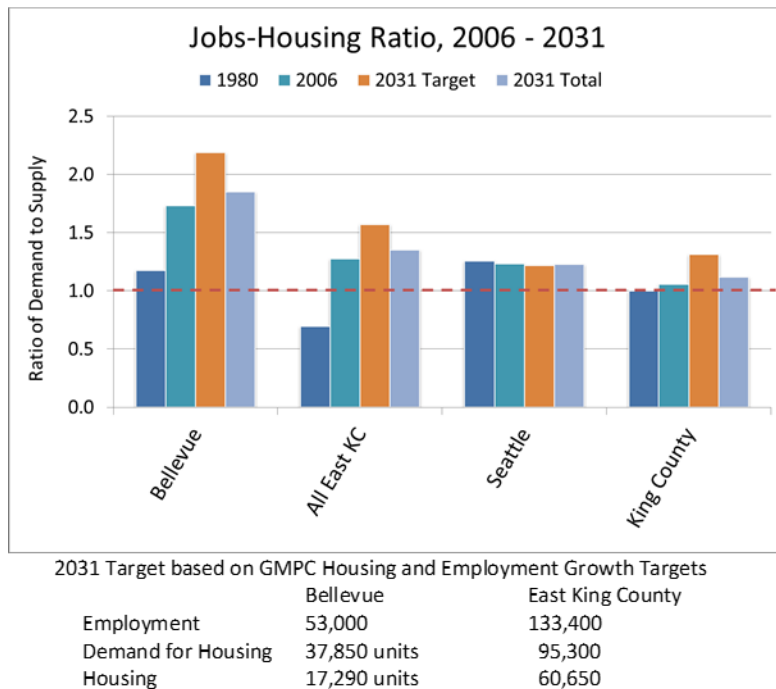


Figure 37: Occupations in Bellevue have a range of median wages



Note: For full-time year round civilian employees 16 years and over living in King County in 2010-2014, in 2014 inflation adjusted figures.
Source: U.S. Census Bureau, 2010-2014 ACS.

Figure 38: A primary demand for housing comes from a community's workforce



Over the last 30 years Bellevue has seen a significant increase in the ratio of demand of housing from its workforce to the supply of housing (job-housing ratio greater than 1.5). Planned employment growth in Bellevue will create thousands of new jobs and additional demand for housing, adding upward pressure on housing cost.

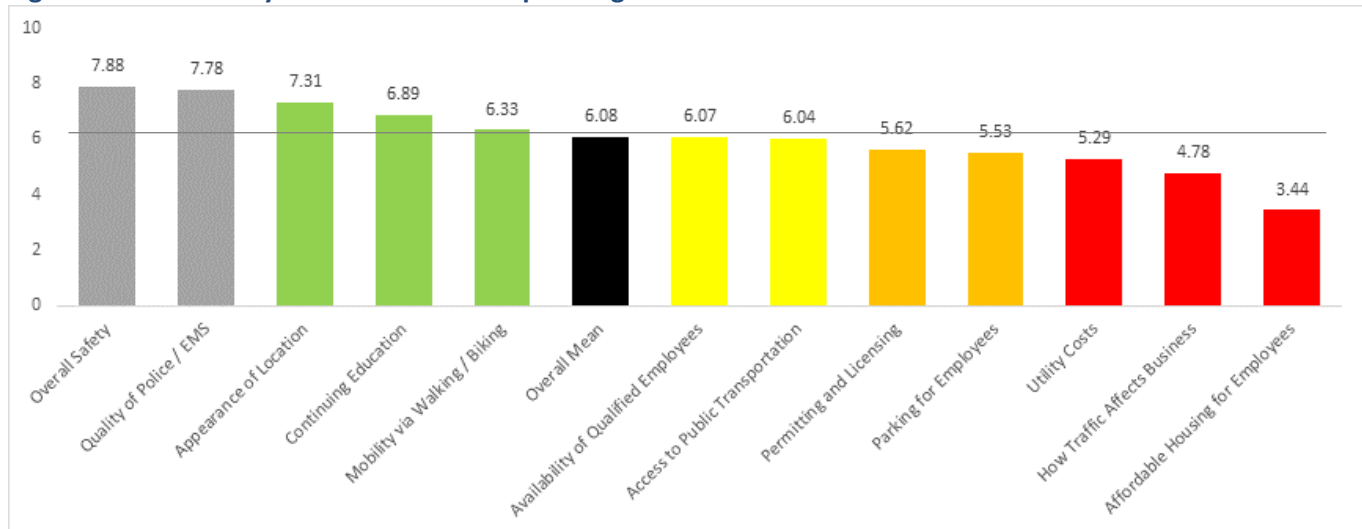
Bellevue 2015 Business Survey Report

The 2015 Bellevue Survey of Businesses was conducted between September 28 and November 8, 2015 and resulted in a total of 917 interviews—147 completed over the telephone and 770 completed via the Web.

Businesses were shown 12 key attributes that pertain to running a business in Bellevue and asked to compare Bellevue to other cities and towns for each attribute (Figure 39). Businesses used an 11 point scale where “0” indicated Bellevue was “significantly worse than other cities and towns” and “10” indicated that Bellevue was “significantly better than other cities and towns. Bellevue’s overall ranking of 6.08 indicates that Bellevue is similar to other cities and towns when all things are considered. However, there are a few key areas where Bellevue does significantly better than or worse than other cities and towns.

Bellevue performs better than other cities or towns in areas focused around safety and appearance. Bellevue is underperforming in areas regarding traffic and affordability. Affordable housing for employees received the lowest rating.

Figure 39: Community characteristics for operating a business in Bellevue



2015 Bellevue Survey of Businesses

CC1— From what you have experienced, seen, or heard, compared with other cities and towns, how would you rate Bellevue on each of the following items?

Base: All respondents (n=917)

Mean is based on an 11 point scale from 0 to 10

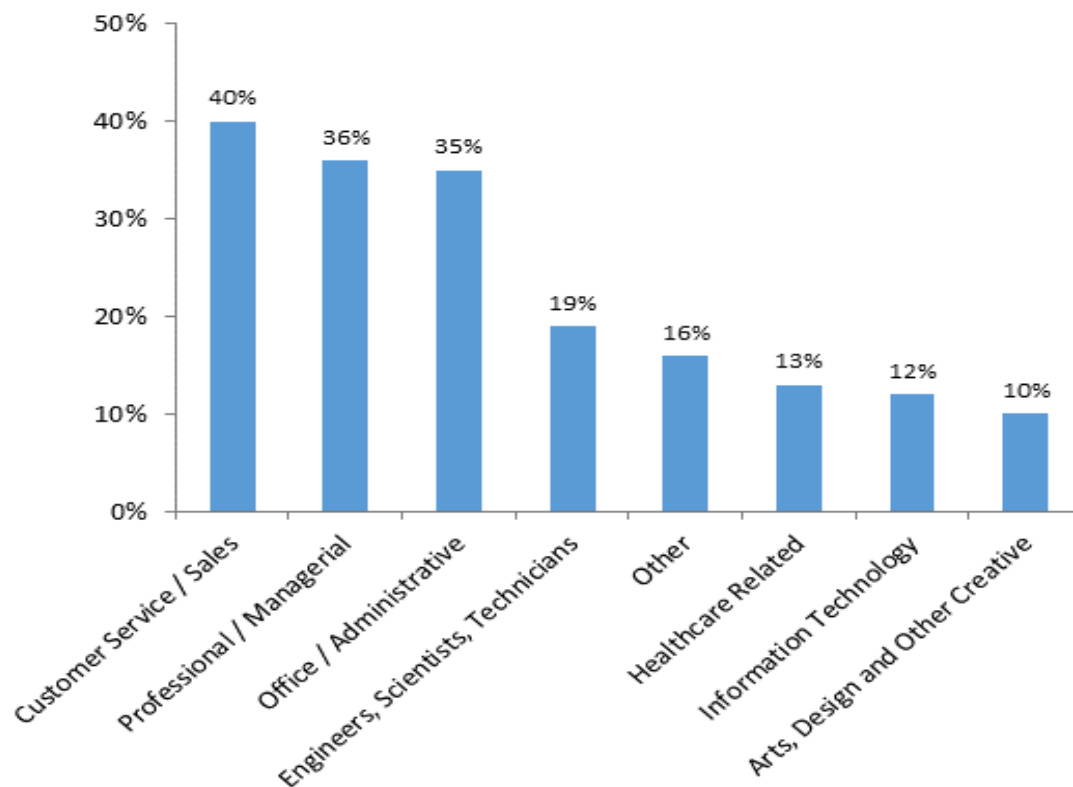
EMPLOYEES AND STAFFING

While nearly one third of businesses anticipate an increase in the number of employees, the majority do not anticipate any changes over the next 12 months. However, 41 percent of businesses state that they have had difficulty finding trained and/or qualified staff over the past 12 months. Half of retail businesses and 61% of tourist-related businesses have difficulty retaining or finding talent. Conversely, Business Services are the least likely to have issues finding qualified staffing.

Figures 40 and 41 shows the range of jobs that are being added in Bellevue. Bellevue needs to provide housing options for the range of income levels in our workforce in order to support Bellevue’s job growth and economy.

2015 Bellevue Survey of Businesses

Figure 40: Anticipated Types of Employees to be hired



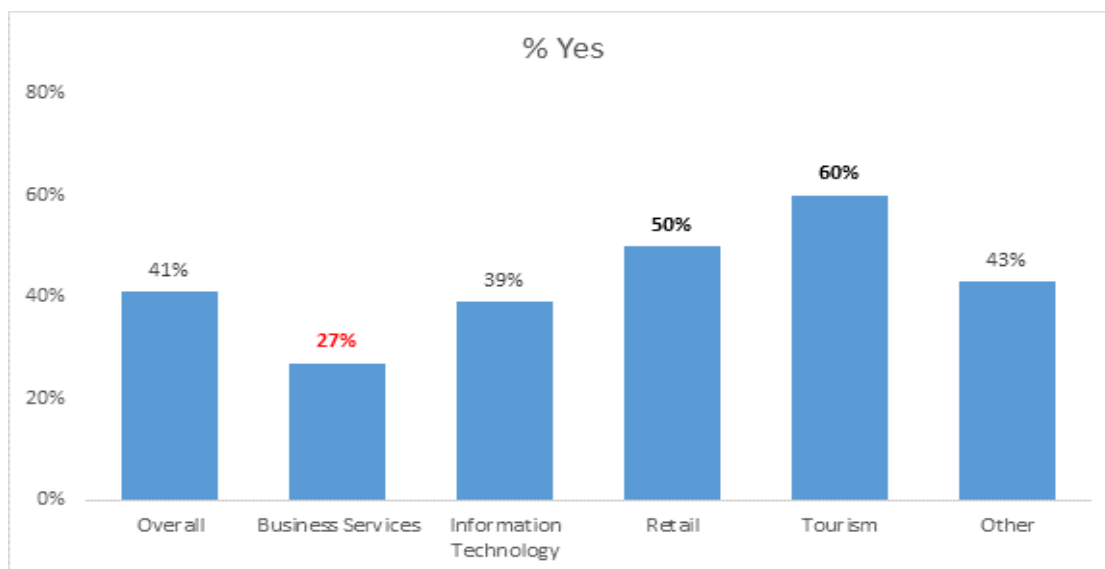
2015 Bellevue Survey of Businesses

BC5—What type of employees do you intend to hire?

Base: Respondents who anticipate some increase or a significant increase in the number of employees based in Bellevue (n = 291)

2015 Bellevue Survey of Businesses

Figure 41: Percent of Businesses that have Difficulty Finding Trained and Qualified Staffing



2015 Bellevue Survey of Businesses

ST7—Have you had difficulty finding trained and/or qualified staff in the past 12 months?

Base: All respondents (n=917)

APPENDIX A: Affordable Housing Inventory

1. Bellevue / ARCH Funded Housing			
Year funded	A. Families & Individuals Housing		# Afford. units/beds
1993	Andrews Heights Apartments	St. Andrews Housing /Imagine Housing	24
1993	Garden Grove Apartments	DASH	18
1993	Habitat Overlake Townhomes	Habitat for Humanity East King County	10
1994	Glendale Apartments	DASH	82
1995	Wildwood Court Apartments	DASH	36
1996	Pacific Inn Apartments	Pacific Inn Association	118
1996	YWCA Family Apartments	YWCA	12
1999	Somerset Apartments	KCHA workforce housing	198
2001	Eastwood Square Apartments	Park Villa LLC/KCHA workforce housing	48
2003	Chalet Apartments/ family units	St. Andrews Housing /Imagine Housing	14
2004	HouseKey + ARCH Downpayment Assistance	ARCH, WSHFC, KC, HUD	9
2008	Andrew's Glen/St. Margaret's	St. Andrews Housing /Imagine Housing	41
2012	Downtown Bellevue Apartments	LIHI	57
			667
B. Senior Housing			
1992	Brandenwood Apartments	Privately managed non-HUD assisted hsg.	60
1993	Cambridge Court Senior Housing	Resurrection Housing	20
1994	Vasa Creek Woods Apartments	KCHA/Shelter Resources	50
1996	Ashwood Court Apartments	DASH/Shelter Resources	50
2000	Evergreen Court (Assisted Living)	DASH/Shelter Resources	64
2014	Bellevue Manor Apartments	KCHA recently purchased	65
			309
C. Homeless/Transitional Housing/Special Needs Housing			
1993	Provail Eastside Community Living	Provail, formerly UCP	4
1994	Congregations for the Homeless/ Sophia's Way	Eastside Interfaith Social Concerns Council	38
1995	Residence East DD Group home	Residence East	8
1996	AIDS Housing Woodside East	Building Changes transferred to KCHA	3
1996	Hopelink Place	Hopelink	20
1997	Harrington House	Archdiocesan Housing Authority	8
1998	Community Homes DD Group Home	Community Homes, Inc	5
1999	Parkview Apple Orchards Condo	Parkview Services	1
1999	Parkview Bellevue Highlands Condo	Parkview Services	1
1999	Parkview Bellevue Highlands Condo	Parkview Services	1
1999	Parkview Midlakes Condo	Parkview Services	1
2002	Friends of Youth / Youth Haven	Friends of Youth	6
2002	Parkview DD Homes VI	Parkview Services	6
2003	Chalet Apartments/ transitional units	St. Andrews Hsg. /HUD assisted hsg.	4
2004	Kensington Square	Housing at the Crossroads	6
			112

2. Other Funded Housing				
Year Permitted	A. Families & Individuals Housing			
1997	Eastside Terrace Apartments	KCHA HUD assisted housing	50	704 147th Place NE
1981	College Place Apartments	KCHA HUD assisted housing	51	1249 145th Place SE
1991	Newporter Apartments	KCHA workforce housing	120	5900 119th Ave SE
1992	Hidden Village Apartments	KCHA preservation program/HUD assisted	78	14508 SE 24th St.
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	1333 164th Place NE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	2822 107th Ave. NE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	928 164th Ave. SE
1992	KCHA scattered site single family homes	KCHA HUD assisted housing	1	15611 SE 11th St.
1992	Newport Apartments	KCHA preservation program/HUD assisted	23	12646 SE 42nd Street
1992	Spiritwood Manor Apartments	KCHA preservation program/HUD assisted	129	1424 148th Avenue SE
1992	Timberwood Apartments	KCHA workforce housing	240	3809 148th Ave. NE
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	3857 136th Ave. SE
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	14505 SE 14th St.
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	15403 SE Newport Way
1993	KCHA scattered site single family homes	KCHA HUD assisted housing	1	3818 140th Ave. SE
1993	Woodside East Apartments	KCHA workforce housing	244	16240 NE 14th St.
1994	Cascadian Apartments	KCHA workforce/bond financial project	198	15517 NE 12 th St.
2002	The Landmark Apartments	KCHA HUD assisted housing	191	16330 NE 11th St.
2005	Summerfield Apartments	YWCA	52	14710 NE 1 st Place
			1,384	
	B. Senior Housing			
1983	Elbert House	Archdiocesan Hsg. Authority HUD assisted	50	16000 NE 8th Street
			50	
	C. Homeless/Transitional/Special Needs Housing			
1982	Champion House DD	Archdiocesan Housing Auth./HUD assisted	8	1800 145th Place SE
1998	Halcyon Group Home DD	Archdiocesan Housing Auth./HUD assisted	8	1200 134th Avenue NE
2003	Courage House	Privately managed assisted housing	4	1134 Bellevue Way SE
2004	East Shore House	Privately managed assisted housing	1	3103 125th Ave. SE
			21	
3. Bellevue Development Incentives for Affordability				
A. Ownership Housing				
1991	Habitat Eastmont	ARCH price-restricted ownership	1	16411 SE 45th Way
1992	Sunset Ridge	ARCH price-restricted ownership	6	2969 142nd Place SE (other)
1993	Brookshire	ARCH price-restricted ownership	5	1600 118th Ave SE (other)
1993	Silver Glen	ARCH price-restricted ownership	123	1750 152nd Ave NE (other)
1993	Springtree Lane	ARCH price-restricted ownership	2	16225 Northup Way
1994	Kelsey Lane	ARCH price-restricted ownership	6	12559 NE 8th St. (other)
1994	The McKee	ARCH price-restricted ownership	10	10042 Main Street
1994	Vuemont South	ARCH price-restricted ownership	4	16722 SE 48th Place (other)
1995	Heritage Place	ARCH price-restricted ownership	2	342 102nd Avenue SE
1995	Lakemont Ridge	ARCH price-restricted ownership	25	6619 SE Cougar Mtn Way (other)
1999	Saddleback	ARCH price-restricted ownership	2	15050 SE 54th Place (other)
2001	Satomi	ARCH price-restricted ownership	9	5411 Lakemont Blvd. SE (other)
2003	Fairwind at Lakemont	ARCH price-restricted ownership	4	6750 and 6738 163rd Place SE
			199	

3. Bellevue Development Incentives for Affordability (Continued)				
B. Rental Housing				
1990	Garden Club Senior Apartments	Holiday Retirement Corp	22	13350 SE 26th St.
1990	Milano Apartments (Wilburton Heights)	Khorram Properties	5	12224 NE 8th Street
1992	Carlyle Court Townhouses	Hanson Partnership	1	1615 Bellevue Way
1992	Park Highlands at Wilburton Apartments	Bre Property (InterCorp)	41	304 118th Avenue SE
1994	Heritage Park (Archstone) Apartments	Asn Redmond Park LLC	24	14505 NE 35th Street
1995	Bellevue Heights Apartments	Tsai Family LLC	4	13902 NE 8th St
2006	989 Elements Apartments	Ashwood Commons LLC	3	989 112 Ave NE
2015	Soma	Su Development	14	288 106th Ave NE
2015	LIV	GRE	54	2170 Bel-Red Rd
			168	
		Affordable Units:	2,910	
4. Affordable/Workforce Rental, Market Developed				
Example projects with units affordable at or below 80% AMI when initially released. There are no affordability restrictions.				
1996	Second Street Apartments	2nd Street LLC	80	11115 NE 2nd St.
1999	Avalon Bellevue Apartments	AvalonBay Communities, Inc.	12	11000 NE 10 th St.
1999	Pinnacle at BellCentre Apartments	Bre Properties LLC	45	308 106th Ave NE
2001	Sir Galahad Apartments	Park on Main LLC	125	11030 Main St.
2002	Excalibur Apartments	Wilburton View LLC	186	123 112th Ave NE
2002	Masins on Main Street Apartments	The Union Group	24	10708 Main St.
5. Innovative / Other Housing, Market Developed				
Examples of housing options and affordability. May not be affordable at 80% AMI.				
	Accessory Dwelling Units	Scattered Site (about 100)		
	Adult Family Homes	Scattered Site (about 125)		
1999	Claridge (small lot SF w/ duplex, triplex)	NE 16th St off 148th Ave. NE, south of Bel-Red Rd.		
1999	Lakemont Crest (duplex condos)	161st Place SE off SE Cougar Mtn. Way		
2000	Silverleaf (duplex homes in single family)	SE 48th Drive off 164th Ave SE		

APPENDIX B: East King County Housing Analysis & Bellevue Needs Supplement

BACKGROUND INFORMATION

During the 2015 Comprehensive Plan update city staff, including A Regional Coalition for Housing (ARCH), presented a thorough study of housing data and housing-related demographics covering Bellevue, other Eastside cities, and King County (2013 East King County Housing Analysis). Important findings of the East King County Analysis and Bellevue Needs Supplement include:

- The city was expected to add some 12,600 housing units from 2012 to 2031.
 - Existing zoning provides sufficient capacity to accommodate this growth.
 - The vast majority of new housing is planned for mixed-use districts, especially downtown and in the Bel-Red corridor.
- Bellevue's mixture of household types is similar to the countywide profile, and hasn't changed significantly between 2000 and 2010.
 - 63% are 1- or 2-person households.
 - 28% live alone.
 - 30% of households are married couples without children.
 - 5% are single-parent households with children.
- The city's population is distinguished from many other King County communities by its ethnic diversity.
 - 32% of Bellevue's residents were born in other countries.
 - 9% of the city's households have limited English proficiency (relatively high for King County).
- As of the 2010 Census, Bellevue's senior population had not increased substantially as a proportion of the total; but future increases could be anticipated coming from lower age cohorts.
- Bellevue's employment growth target from 2006 to 2031 is 53,000 jobs, which is supported by existing zoning capacity.
 - At a rate of 1.4 jobs per household, this creates a demand for approximately 38,000 homes.
 - If both household and employment projections come true, Bellevue's employment would create housing demand 1.85 times the number of housing units in the city.
- Taken all together, Bellevue's private sector jobs pay the second highest average wage among Eastside communities.
- The past 20 years of development have evened the city's stock of SF and MF units at roughly 50% each. The housing produced during those 20 years is 60% rental, 40% ownership.
- The city's household income distribution—including 10% Very Low-Income, 8% Low-Income, 14% Moderate-Income—is similar to the countywide distribution.
- Poverty rates in Bellevue (6% overall, 4% of families) are similar to those of King County overall.

- Countywide Planning Policies require every city to address the countywide need for housing affordable to moderate, low, and very low-income households, including those with special needs. The countywide need for housing by income level is:
 - Very Low-Income: 12% of total housing supply.
 - Low-Income: 12% of total housing supply.
 - Moderate-Income: 16% of total housing supply.
- Bellevue's housing stock in 2011 was affordable in the following amounts: Very Low-Income, 2%; Low-Income, 5%; Moderate-Income 20%.
- Over the past 20 years, 60% of new multi-family units were affordable for incomes higher than 120% of median income; only 15% were affordable to Moderate-Income households (80% of median).
- During the last years of the recession (2010-2013), rents were rising 6% a year, and sale prices almost 10% a year.
- Bellevue has a relatively low supply of accessory dwelling units (ADUs): 4 for every 1,000 single-family detached homes, compared to 6.1 across Eastside.
- Bellevue is also relatively low in assisted senior housing units: 59 beds for every 1,000 seniors, compared to 86 across Eastside.
- More than one-third of all Bellevue households were housing-cost burdened (i.e., spending 30% or more of their gross incomes on housing).
 - Both "moderate" (30% to 50% spent on housing) and "severe" (50% or more) cases of cost burden occur in similar proportions as the rest of the county.
 - Incidence of cost burden is rising among homeowners.
 - Incidence of cost burden is higher for renters than homeowners, but steady.