FEDERAL WAY

SOUTH KING COUNTY SUB-REGIONAL

HOUSING ACTION PLAN FRAMEWORK

2020

This document provides trends in demographic, employment, housing, and housing affordability along with housing projections for the City of Federal Way. Fedreal Way is a participant of the South King County Sub-regional cities who are coordinating a comprehensive Housing Action Plan Framework for South King County which includes the cities of:

- Auburn
- Burien
- Federal Way
- Kent
- Renton
- Tukwila

Given that the participating communities are impacted by many common market trends and demands, cooperation is necessary to address these issues. Providing for the sub-regional coordination of Housing Action Plans through a common Framework will allow all the partners to address housing issues holistically and ensure housing-related burdens are not simply shifted around between cities.

The sub-region differs from East King County and Seattle, where housing markets and income levels significantly skew the Area Median Income as it relates to how affordability is defined, and therefore how successful south King County cities are in providing affordable housing for their communities. A sub-regional framework that captures broad factors impacting housing choice, cost burden, and existing conditions of housing stock in South King County will set the stage to evaluate and incorporate appropriate policies, tools and incentives for increasing residential capacity.

This document and analyses were produced by:

ECONorthwest
ECONOMICS · FINANCE · PLANNING

Executive Summary

› Federal Way needs about 6,786 new housing units by 2040 when its population is expected to reach more than 106,500 people. This includes 1,154 units that were underproduced and are needed to meet current demand, plus 5,632 units needed to meet future population growth (see page 7).

› Federal Way needs to produce about 339 units per year to reach this goal (pg. 7). This is more than 1.5x the 200 average units produced annually over the 2011-2019 timeframe (pg. 4).

› In the 2011-2019 timeframe, Federal Way produced 5.7 housing units for every 10 new households that formed in the city (pg. 4). This is the lowest level of production of any city in the South King County subregion.

› The majority of these new units were built in the middle of this development cycle - in 2016 and 2017 (pg. 4).

› As a result of this imbalance in supply and demand for housing, average 2-bedroom rents increased about 60% since 2010, and home prices increased about 96% (pg. 6).

› Housing costs are quickly outpacing incomes: over the 2012 to 2018 time period, renter incomes only grew 30% and homeowner incomes only grew 25% (pg. 5).

› In 2018, 89% of renters and 84% of homeowners earning less than 30% of AMI were cost burdened, along with 87% of renters and 59% of homeowners earning between 30% and 50% of AMI (pg. 6).

› Federal Way is increasingly seeing an influx of four and five and more family households, potentially due to generational shifts in homeownership of the existing single-family stock. (pg. 5).

› Federal Way saw a decline in the number of households earning less than 50% of AMI between 2012 and 2018, while the number of households earning over 50% of AMI grew. Part of this change can be attributed to changing household sizes and part due to an influx of higher-income households (pg. 5).

› As a result of Federal Way's changing demographics, the bulk of its new units are needed at the 50%-80% AMI and over 100% AMI affordability range (pg. 7). Some households in this income range may be renting down – taking stock from lower-income households – or renting up and experiencing cost burdening.

The 2018 HUD Area Median Income (AMI) for King County is $103,400 for a 4-person household. Data discussing "% AMI" are proportioned off of this median and are also for 4-person households.

Housing Trends

37,257

Number of total housing units in 2018

Source: OFM, 2019

1,813

Number of housing units built since 2011

Source: OFM, 2019

202

New housing units built on average every year since 2011

Source: OFM, 2019

5.7

New housing units per every 10 new households
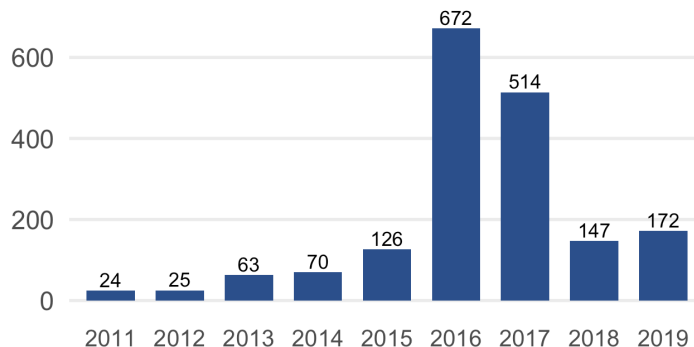
› *Between 2010-2019*

Source: OFM, 2019, ECONorthwest calculations

Housing Units Built by Decade, 1960-2020

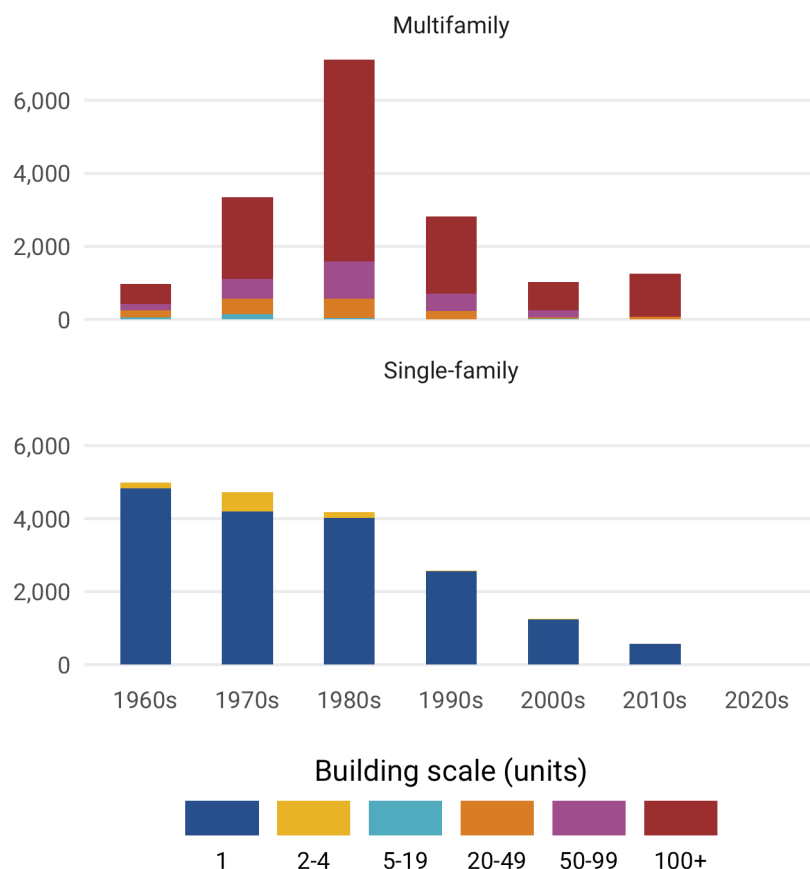| Decade	% of Units
Before 1960's	4%
1960's	16%
1970's	22%
1980's	31%
1990's	15%
2000's	6%
2010's	5%

Source: King County Assessor's Office, 2020

Number of Units Built Per Year, 2011-2019

Source: OFM, 2019

Scale of Housing Built by Decade, 1960-2020

Building scale (units)

| 1 | 2-4 | 5-19 | 20-49 | 50-99 | 100+ |

Source: King County Assessor's Office, 2020

Demographics

9%
Change in population
> *Between 2010 and 2018*

	2010	2018
Population	89,306	97,440

Source: OFM, 2019

5%
Change in number of households
> *Between 2012 and 2018*

	2012	2018
Households	47,812	50,368

Source: PUMS (2012, 2018)

30%
Change in median renter household income
> *Between 2012 and 2018*

	2012	2018
Median Income	$37,378	$48,629

Source: PUMS (2012, 2018)

25%
Change in median owner household income
> *Between 2012 and 2018*

	2012	2018
Median Income	$68,694	$85,607

Source: PUMS (2012, 2018)

Change in Household Type, 2012 & 2018

Household Size	Value
1	311
2	171
3	-1,028
4	940
5+	2,162
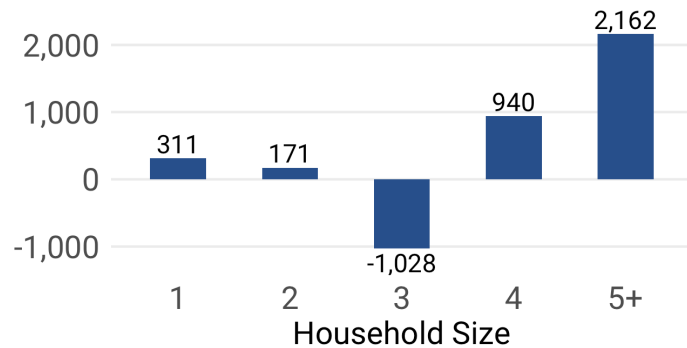
Source: PUMS (2012, 2018)

Income Distribution by AMI, 2012 & 2018

Household Income as % of AMI	2012	2018
0-30%	23%	19%
30-50%	22%	21%
50-80%	21%	26%
80-100%	7%	9%
+100%	27%	26%

Year: 2012, 2018
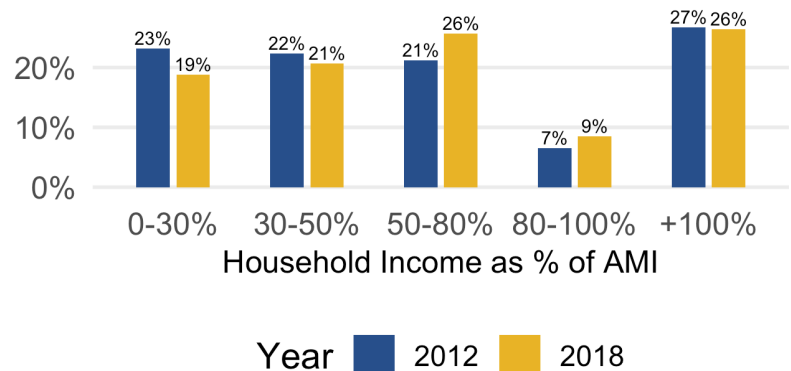
Source: PUMS (2012, 2018)

Income Distribution by AMI and Tenure, 2018

	0-30%	30-50%	50-80%	80-100%	+100%
Renters	25	27	31	6	11
Owners	13	15	21	11	40

Household Income (as % of AMI)

0-30%   30-50%   50-80%   80-100%   +100%
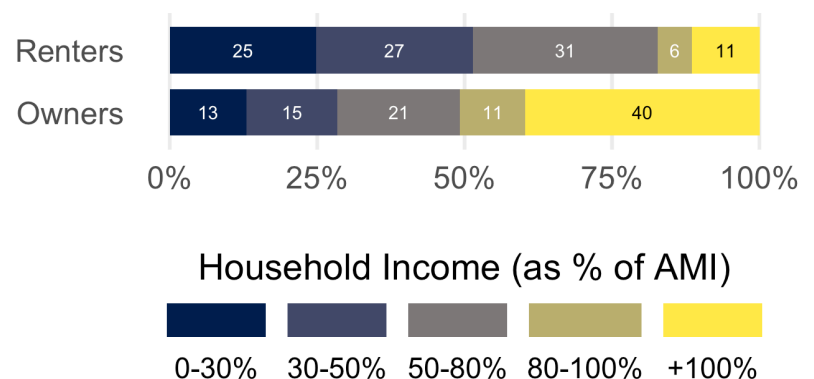
Source: PUMS, 2018

Housing Affordability

Cost Burdened
› *A household who pays more than 30% of their income on housing (inclusive of households with severe cost burdening).*

Severely Cost Burdened
› *A household who pays more than 50% of their income on housing.*

3,195
Number of income restricted units
› *Total units as of 2020*

Source: ECONorthwest analysis of public affordable housing data

60%
Change in average rent for 2-bedroom apartment
› *Between 2010 and 2020*

	2010	2020
Average Rent	$857	$1,343

Source: Costar

96%
Change in median home sales price
› *Between 2010 and 2020*

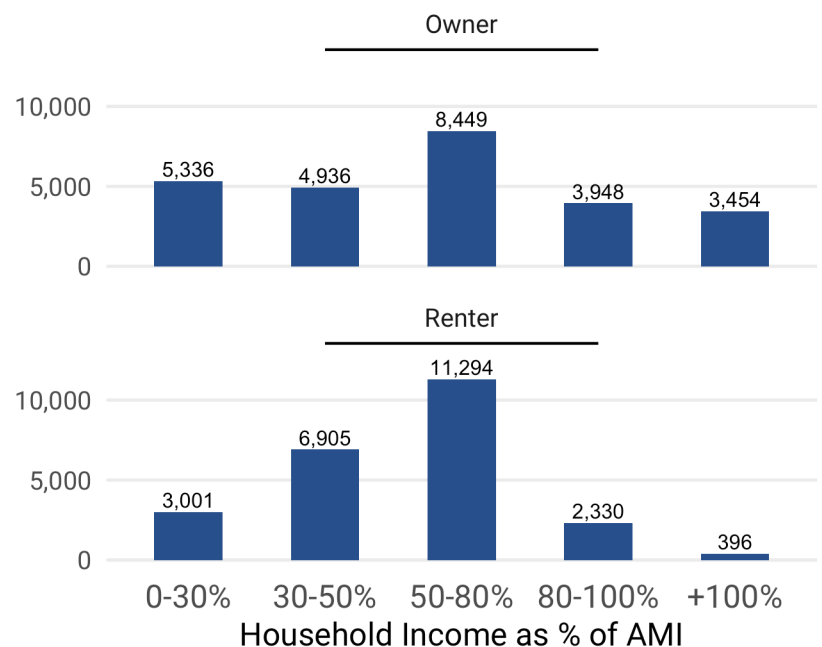|	2010	2020
Median Sales Price	$211,600	$414,700

Source: Zillow

Cost Burdened and Severely Cost Burdened by Tenure, 2018
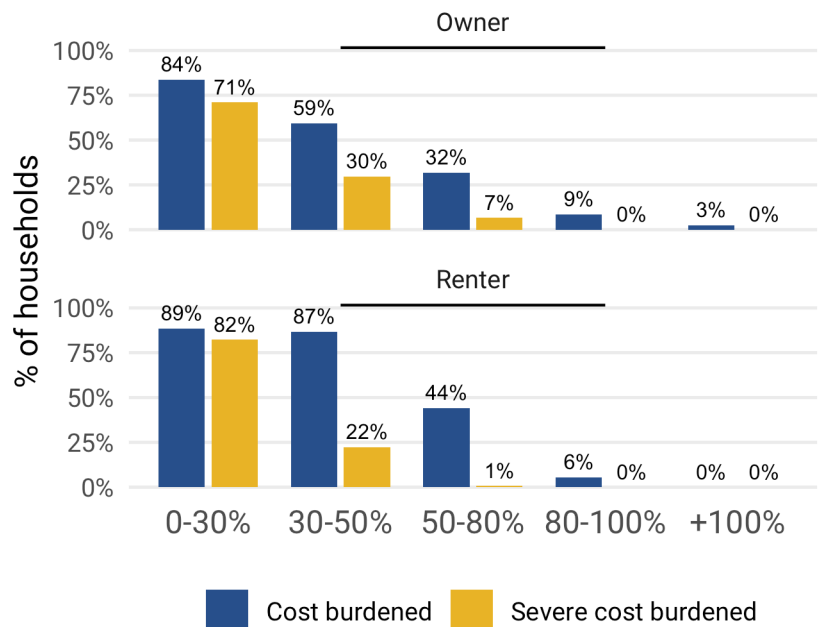
Source: PUMS, 2018

Housing Units Affordable by AMI and Tenure, 2018

Source: PUMS, 2018

Housing Need Forecast

106,571

Projected population by 2040

Source: PSRC, 2017

451

Average annual population growth projected through 2040

Source: PSRC, 2017, ECONorthwest calculations

6,786

Projected number of units needed by 2040

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

339

Average number of new units needed per year through 2040

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

68%

Increase in annual housing production to reach 2040 housing need target

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Units Needed Through 2040

Underproduction	Future Need	Housing Need
1,154	5,632	6,786

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Units Needed as a Share of Existing Stock

Existing Units	Housing Need	% of Existing Units
37,257	6,786	18%

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Units Needed by AMI, 2040

AMI	# of Units	% of Units
0-30%	950	14%
30-50%	1,289	19%
50-80%	1,629	24%
80-100%	814	12%
100%+	2,104	31%

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

HUD Affordability Level by Housing Type, 2018

AMI	Studio	1-bed	2-bed
30%	$542	$582	$698
50%	$904	$970	$1,164
80%	$1,448	$1,552	$1,862
100%	$1,810	$1,938	$2,326

Source: HUD, 2018

Underproduction › *Housing units needed to satisfy existing households today.*

Future Need › *PSRC 2040 population forecast translated into housing units.*

Employment Profile

	Federal Way Employment Numbers				Regional Access to Employment	
Industry (2-digit NAICS Code)	Employees (2018)	# Change (2008-2018)	% Change (2008-2018)	Median Salary (2018)	% Jobs by Auto	% Jobs by Transit
Agriculture, Forestry, Fishing and Hunting	19	14	280%	$36,563	24%	0%
Mining, Quarrying, and Oil and Gas Extraction	22	17	340%	NA	47%	6%
Utilities	0	-8	-100%	$93,542	24%	1%
Construction	1,085	138	15%	$50,362	44%	1%
Manufacturing	308	-416	-57%	$62,420	45%	1%
Wholesale Trade	1,093	302	38%	$47,864	51%	2%
Retail Trade	4,914	-394	-7%	$40,378	39%	3%
Transportation and Warehousing	569	106	23%	$50,920	66%	4%
Information	105	-256	-71%	$57,418	6%	0%
Finance and Insurance	1,424	193	16%	$63,308	24%	2%
Real Estate and Rental and Leasing	1,024	318	45%	$41,974	34%	3%
Professional, Scientific, and Technical Services	1,447	98	7%	$74,257	16%	1%
Management of Companies and Enterprises	99	-2,861	-97%	$46,319	26%	1%
Administrative and Support and Waste Management and Remediation services	913	-326	-26%	$38,838	38%	3%
Educational Services	2,614	281	12%	$51,543	34%	2%
Health Care and Social Assistance	7,927	2,615	49%	$45,870	36%	2%
Arts, Entertainment, and Recreation	472	-272	-37%	$50,625	33%	3%
Accommodation and Food Services	3,680	-84	-2%	$31,935	36%	4%
Other Service	952	-558	-37%	$44,544	34%	2%
Public Administration	1,772	33	2%	$59,243	38%	3%

Source: PSRC, ECONorthwest

Federal Way

Drive time
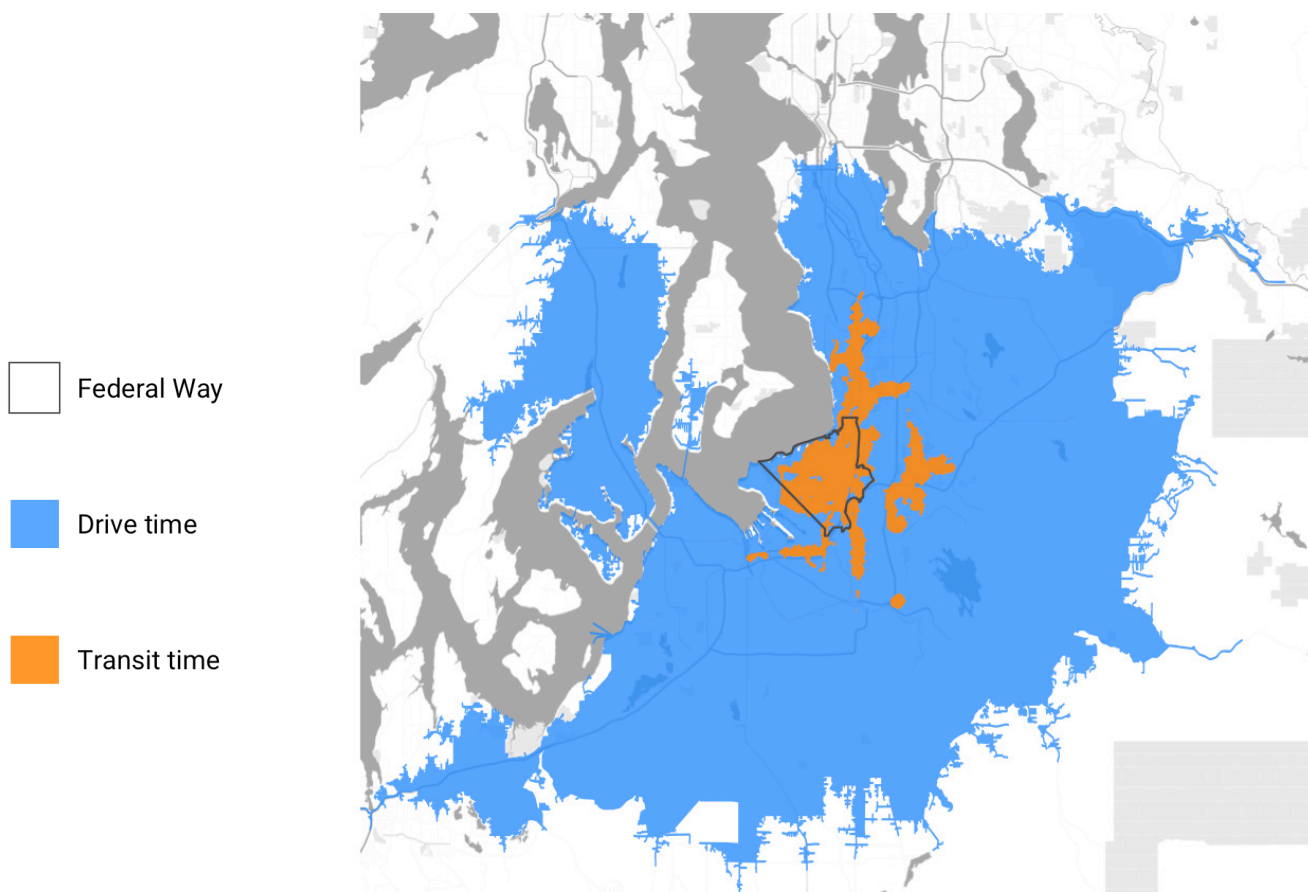
Transit time

* Transit and drive time of 45 minutes, departing at 8:00 AM, midweek
Source: PSRC, ECONorthwest

Access to Employment*

These city-level employment estimates by 2-digit NAICS codes were derived using a combination of the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics (LODES) data, and Puget Sound Regional Council's Covered Employment Estimates. These employment estimates show the total number of residents working in each 2-digit NAICS sector in that city, the change in employment in that sector in that city since 2008, and the 2018 median wages for the residents in that city in that sector.

Transit and auto access to regional employment was derived using 45-minute travel sheds for each mode. We calculated the number of jobs available within these travel sheds in each 2-digit NAICS category for the four-county region (King, Pierce, Snohomish, and Kitsap).