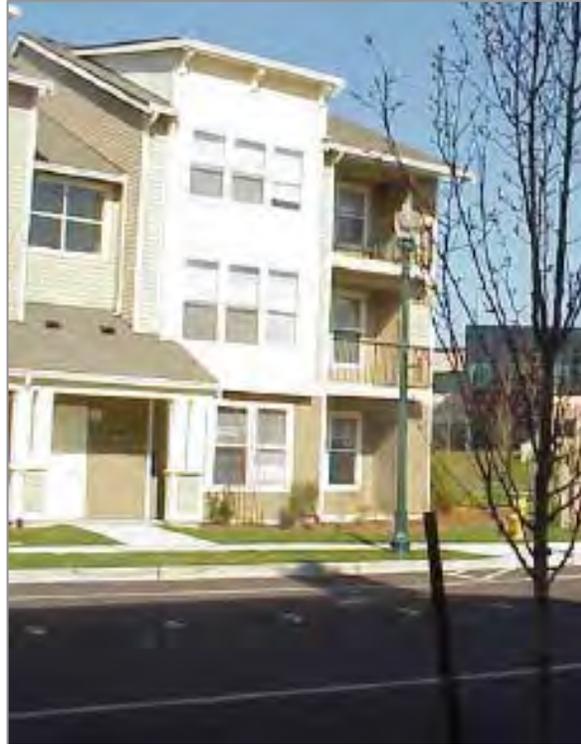


City of Mukilteo

Affordable Housing Profile

September 2015



Acknowledgements

Special thanks to all those who helped prepare this profile.

City Staff

Glen Pickus, Planning Manager

Alliance for Housing Affordability

Kristina Gallant, Analyst

Will Hallett, Intern

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Executive Summary

Mukilteo is a residential community of 20,900 people located on the coast of Puget Sound in southwest Snohomish County. It is home to a Washington State ferry terminal with service to Whidbey Island. This route has the highest annual vehicle trips in the Washington ferry system. Sound Transit's Sounder commuter rail stops in Mukilteo, providing service to Seattle from Everett. Plans are being developed for a new multimodal terminal to facilitate connections between the ferry, train, roads, and regional bus systems. Boeing's Everett factory is also located immediately adjacent to the City, and is a major local employer of 35,000 employees and other 10,000 on contract or providing associated services.

The City's housing stock (7,793 dwelling units) is generally newer, in good condition, and predominantly composed of detached single family homes. 51% of units in Mukilteo were built after 1990, 43% built between 1960 and 1989 and 7% built before 1960. The share composed of multifamily units has been increasing over the last decade, with mixed-use and buildout of MF projects. Available land for new residential units has dwindled to only two larger MF parcels and a few subdivisions. Of the City's 7,793 households, 5,485 (70.3%) are family households, of which 2,550 (46.4%) have children under 18 years.

Mukilteo's household median income is much higher than that of the County overall, and the cost of housing is also higher.

In Mukilteo, 37% of households spend more than 30% of their income on housing, and are thus considered "housing cost burdened". Despite the land and housing prices being higher than the rest of the county, many households make a personal choice to live in Mukilteo because of the proximity to numerous jobs and the high quality of Mukilteo School District schools. A major concern then is monitoring households with children and with incomes below 50% of the regional average median income (AMI) which is \$44,000 per year.



Households with annual incomes below \$50,000 find it almost impossible to own a home in Mukilteo unless they have built up home equity. While there are rental units affordable to lower income levels, there is not a sufficient supply to meet demand, especially for units with more than two bedrooms. Some households thus choose to locate in the unincorporated southwest UGA or in Everett. Home ownership is out of reach for lower income Mukilteans who have not been residents for a long time. In order to afford the median 2012 home sale price, a family would require an income of \$91,204 in 2012 dollars.

There are 103 units of assisted housing in Mukilteo. Of these, 42 are assisted with Section 8 housing vouchers. The use of vouchers is constrained in the City, as voucher holders must find units that meet fair market rent guidelines, which is not always possible in an expensive housing market. The remaining 61 units are permanent workforce housing subsidized units. The mechanism requiring these units to be offered at affordable rates may expire in 2017. This is one of the key issues the City can address with assistance from HASCO and other community housing partners.

Mukilteo’s population is also aging. An increase in the size of the retired population will increase the demand for more affordable housing, with the added challenge of providing housing that serves the needs of elderly and disabled people. In the absence of funding for capital facilities, the City will have to continue to work creatively to help solve these housing challenges. Over the past years, it has been updating development regulations to allow a more diverse mix of housing types. The City has also begun to collaborate with neighboring jurisdictions to develop innovative new ideas for affordable housing.

Future Housing Issues and Action Strategies

- Preserve existing subsidized housing units set to expire in 2017
- Encourage additional four bedroom rental homes to be affordable
- Collaborate with HASCO on assisting households with minor children and incomes below the poverty line
- Collaborate with Snohomish County Senior Services on assisting low- to moderate-income senior households. In Mukilteo, 66% of senior households have incomes considered moderate or lower.
- Update housing data regularly through the Washington State-mandated Comprehensive Plan update.

A Summary of Mukilteo by the Numbers

Population	20,263 ¹
Total Households	7,793
Family Households with Minor Children	2,550
Cost-Burdened Households	2,920
Households Earning Less than 50% AMI	1,589
2012 Median Household Income	\$91,204
Minimum Income to Afford 2012 Median Home Sale	\$90,657
Total Homes	7,793
Single Family Homes, Detached or Attached	5,391

¹ US Census Bureau; American Community Survey, 2008 - 2012

Multifamily Homes	2,387
Manufactured Homes	15
Section 8 Housing Choice Vouchers	42
Other Dedicated Subsidized Housing Units	9
Workforce Housing Units	52
Total Renter-Occupied Housing Units	2,468
Total Owner-Occupied Housing Units	7,793
Total Vacant Housing Units	507

Introduction

In Snohomish County's General Policy Plan, Housing Goal 5 states that "the cities and the county shall collaborate to report housing characteristics and needs in a timely manner for jurisdictions to conduct major comprehensive plan updates and to assess progress toward achieving CPPs on housing". Building on the County's efforts in preparing the countywide HO-5 Report, this profile furthers this goal by providing detailed, local information on existing conditions for housing in Mukilteo so the City can plan more effectively to promote affordable housing and collaborate with neighboring jurisdictions. This profile will present the full spectrum of its subsidized and market rate housing stock.

Mukilteo is long and narrow in shape, bounded to the north and west by Puget Sound and to the east by Paine Field. This report will refer to three subareas of the City, illustrated in Map 1.1: North Mukilteo, Mid (or Central) Mukilteo, and South Mukilteo. North Mukilteo is the area north of 76th St SW, and includes the Washington State Ferry Terminal, Sound Transit Sounder commuter rail station, and Old Town Mukilteo. This ferry terminal provides service to Whidbey Island, a route which accommodates the highest number of vehicle trips out of the entire Washington State ferry system. A forthcoming new multimodal terminal will enhance connections between the ferry, train, roads, and regional bus systems. Central Mukilteo extends south to the ravine just south of 92nd St SW. Mukilteo features several large wooded ravines preserved as open space. These critical areas have shaped the City's development and will continue to limit development potential in many areas. Finally, South Mukilteo is the most recently developed area. It includes the entire Harbour Pointe neighborhood which was annexed in 1991, doubling the City's population. SR 525, also known as the Mukilteo Speedway, runs north-south through the City, providing connections to Lynnwood in the South and, via ferry, north to Whidbey Island. Nearly all commercial development is located adjacent to the Mukilteo Speedway, and it is the only road which passes through the length of the City uninterrupted.

Several affordable housing-specific terms and concepts will be used throughout the profile. Income levels will be defined by their share of "Area Median Income", or AMI. For this report, median income for the Seattle-Bellevue HUD Metro Fair Market Rent Area (HMFA) will be used for AMI because it is the measure HUD uses to administer its programs. Income levels are defined as they relate to AMI:

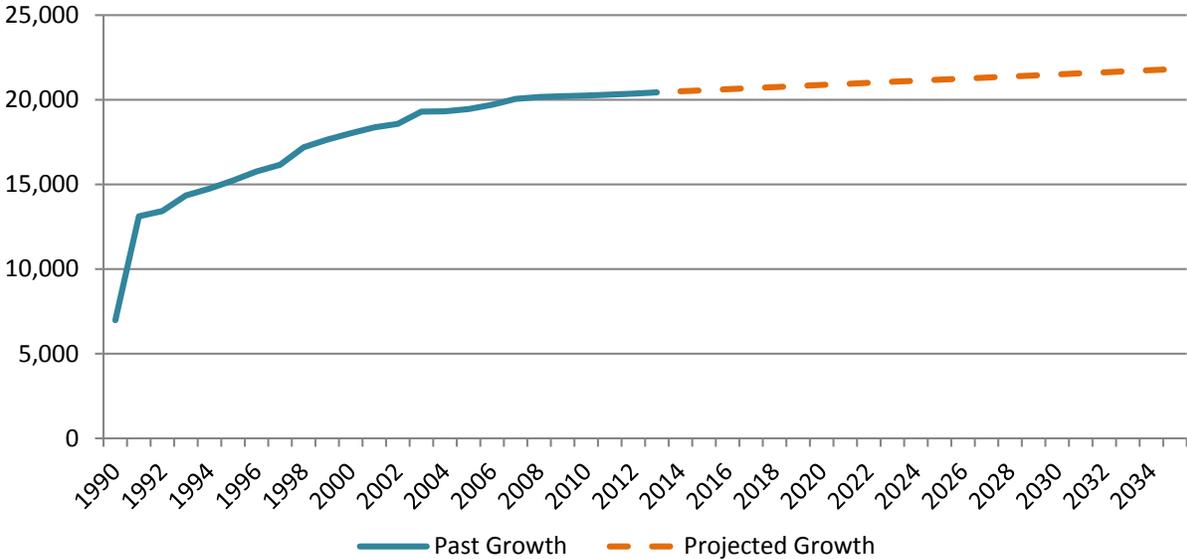
- Extremely Low Income - up to 30% AMI
- Very Low Income - up to 50% AMI
- Low Income - up to 80% AMI
- Moderate Income - up to 95% AMI
- Middle Income - up to 120% AMI

Households which devote more than 30% of their income on housing are considered to be "cost burdened", and, if lower income, will likely have to sacrifice spending on other essentials like food and medical care. "Cost burden" is used as a benchmark to evaluate housing affordability.

1 Population and Community

In 2013, Mukilteo was home to 20,440 people, representing a 13% increase over its 2000 population of 18,019.² Gradual growth is projected for the future, with 1,372 additional residents anticipated by 2035. This increase would require 664 additional housing units, which exceeds the City’s current capacity. While current capacity is limited, a higher share of Mukilteo’s capacity is in vacant land compared to other cities in the Southwest UGA, which will have to rely more upon redevelopment to meet future demand. The large jump in population between 1990 and 1991 shown in Figure 1.1, deviating from otherwise gradual growth, reflects the 1991 annexation of Harbour Pointe.³

Figure 1.1. Past and Projected Future Population Growth, City of Mukilteo, 1990-2035



Source: Washington State Office of Financial Management, 2013

The 2012⁴ population includes 7,793 households. Of these, 5,485, or 70%, are family⁵ households, and 46% of those families have children. In Snohomish County overall, 68% of households are families, and 48% of those families have children. The average family size in Mukilteo is 3.04, compared to 3.13 for

² Washington State Office of Financial Management, 2013

³ Snohomish County Tomorrow Planning Advisory Committee, “Housing Characteristics and Needs in Snohomish County”, 2014

⁴ 2012 data is used as, at time of writing, it is the most recent ACS 5-year data available

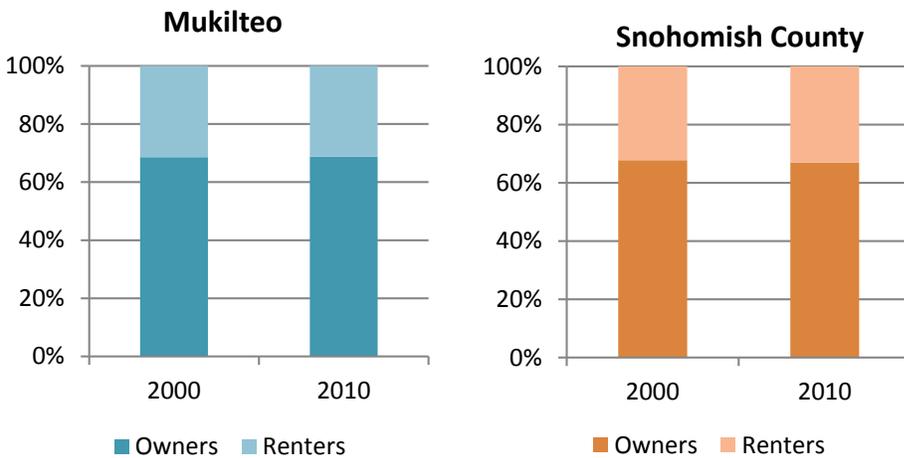
⁵Based on the US Census Bureau’s definition of family, which “consists of two or more people (one of whom is the householder) related by birth, marriage, or adoption residing in the same housing unit.”

the County. Renter households are slightly smaller than owner households. The average renter household size in Mukilteo is 2.36 versus 2.71 for owners.⁶

Mukilteo has a higher portion of foreign-born residents than the County as a whole—20% compared to 14%. The population of foreign-born residents who are not U.S. citizens is slightly higher in Mukilteo than the County as well—52% of foreign born Mukilteo residents versus 51% of foreign born County residents. Asian residents constitute 65% of the City’s foreign-born population, while European residents make up 15% of foreign-born residents. 22% of Mukilteo residents speak a language other than English in the home and 9% of residents speak English “less than very well”.⁷

As shown in Figure 1.2, Mukilteo’s population living in rented homes is slightly lower than in the County overall. Almost 31% of City residents rent their homes compared to 33% across the County. This allocation has stayed relatively constant during this time period.⁸ At 6.1%, the 2012 vacancy rate for all homes was lower for Mukilteo than the overall County rate of 6.4%.⁹

Figure 1.2. Population Share by Housing Tenure, 2000-2010, City of Mukilteo & Snohomish County



Source: US Census Bureau, 2000; US Census Bureau, 2010

2012 HMFA AMI for Seattle-Bellevue, which is referenced in this report as a standard for AMI, is \$88,000, higher than the County’s overall 2012 median income of \$68,338. Mukilteo’s 2012 median household income is higher than both, at \$91,204. Despite being generally wealthier, there are still

⁶ US Census Bureau; American Community Survey, 2008-2012

⁷ Ibid

⁸ US Census Bureau, 2000; US Census Bureau, 2010

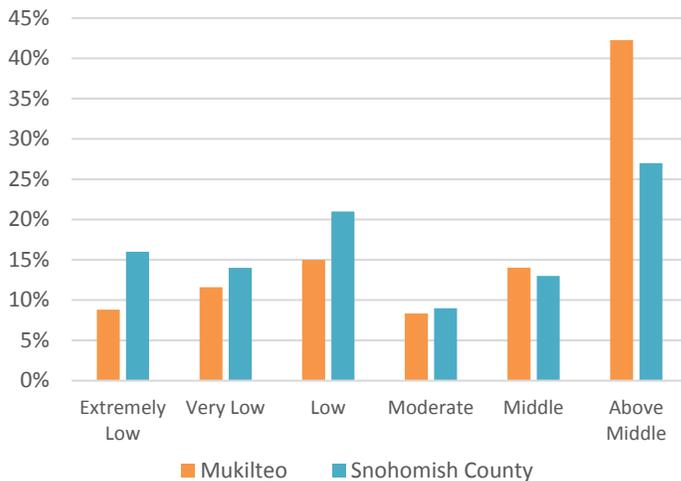
⁹ US Census Bureau; American Community Survey, 2008-2012

economic segments of the City’s population that could be at risk of housing burden. Compared to HUD HMFA AMI and based on 2012 American Community Survey (ACS) 5-year estimates:

- 686 households, or 9% of Mukilteo’s total, are considered to be extremely low income, earning less than 30% of area median income (AMI),
- 903, or 12%, are considered very low income, earning between 30 and 50% of AMI,
- 1,168, or 15%, are considered low income, earning between 50 and 80% of AMI, and
- 649, or 8%, are considered moderate income, earning between 80 and 95% of AMI

The American Community Survey includes income from a range of sources in addition to wages and salaries, including commissions, bonuses, tips, self-employment income, interest, public assistance, and pensions. There are certain types of assets not included in these calculations, including withdrawals of savings and capital gains or losses. In addition, these surveys depend on respondents reporting their income accurately, and there is a tendency to underreport income.¹⁰

Figure 1.3. Household Share by Income Level, City of Mukilteo and Snohomish County



Source: US Census Bureau; American Community Survey, 2008-2012

The allocation of household income levels in the City compared to the County is presented graphically in Figure 1.3. Note that these percentages are not adjusted for household size due to data constraints. Here, a household consisting of two adults with an income level equal to another household consisting of two adults and three children would both be placed at the same percentage of AMI, even though the larger family would be more financially constrained. HUD’s AMI calculations include ranges for households sized 1-8 people, and, in this report, sensitivity for household size is used wherever data permits, as detailed in Appendix E.

Maps 1.8 and 1.9 show the percentage of renter and owner households in each census tract that are cost burdened, meaning that they spend more than 30% of their income on housing. Overall, 35% of

¹⁰ “Census Long Form Definition,” US Department of Housing and Urban Development. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/calculator/definitions/census.

owner households and 44% of renter households in Mukilteo are cost burdened, renters and owners combined.¹¹

Table 1.1, below, shows the percentage of each income group that is cost burdened in Mukilteo and Snohomish County by tenure. With the exception of low income renters, across every income level, for both renters and owners, Mukilteo residents are more likely to be cost burdened. For both renters and owners, cost burden improves as income rises, with the most dramatic improvements seen with movement from very low income to low income. This table does not address differences in degrees of cost burden – for example, a household that spends 31% of its income on housing would be considered cost burdened along with a household that spends 80% of its income on housing.

Table 1.1. Cost Burden by Income and Housing Tenure, City of Mukilteo & Snohomish County

	Renters		Owners		All	
	Mukilteo	Snohomish County	Mukilteo	Snohomish County	Mukilteo	Snohomish County
Extremely Low	91%	80%	85%	73%	87%	78%
Very Low	91%	85%	100%	80%	77%	64%
Low	39%	27%	59%	59%	59%	54%
Moderate	16%	15%	51%	44%	38%	37%
Middle	0%	5%	37%	32%	27%	25%

Source: US Census Bureau; American Community Survey, 2008 – 2012

Mukilteo can be differentiated demographically by subareas. In North Mukilteo, there is a divide east and west of the Mukilteo Speedway. East of the Speedway, units are generally owner-occupied, mortgaged and home to families. West of the Speedway, household sizes are among the smallest in the City, total population is lower and vacancy is higher. As cost burden and low income data is only available at the census tract level, rather than block groups, we cannot differentiate between east and west Mukilteo for these factors. However, taken together and compared with the rest of the City, North Mukilteo is in the middle for both cost burden and low income.

In Central Mukilteo, the west-east renter-owner balance is also evident. Families are slightly larger east of the Speedway, but total population is much lower – likely because there are many more multifamily units west of the Speedway. The pocket of Central Mukilteo located east of the Speedway and south of 88th Street SW has among the highest percentages of each mapped variable, including percentage of low income and cost burdened households. This area is a small portion of a large census tract which comprises an area mostly outside the City, but most of that area is taken up by Paine Field. There is

¹¹ Ibid

another residential area within this census tract located on the south end of Paine Field, outside Mukilteo’s city limits but within its Urban Growth Boundary (UGB).

South Mukilteo is large and features some dramatic differences within its subareas. The portion furthest to the southeast has the highest population for block groups in the City, among the largest families, very low vacancy, few renters, and fewer low income and cost burdened households. The area inside the Harbour Pointe Boulevard loop has the lowest family sizes in South Mukilteo, the most renter-occupied housing units, and a high number of low-income households. This area also has a lower share of households that are cost burdened than other census tracts with fewer low-income households.

HUD’s Location Affordability Index uses a number of variables to estimate the affordability of a location including both housing and transportation costs. According to the index, a “regional typical household”¹² could expect to spend 50% of its income on housing and transportation if renting or owning in Mukilteo, compared to 49% overall for the County. 45% is proposed as a targeted maximum percentage of income to be spent on housing and transportation combined to be affordable according to HUD, meaning that Mukilteo just falls short of meeting this goal for the “regional typical household”. A low income household,¹³ however, could expect to devote more than 70% of their income to housing and transportation living in Mukilteo. A regional moderate family may spend 59% of their income on transportation and housing.¹⁴

Housing and transportation affordability estimates for several household types are presented in Figure 1.4, above. As shown, it is estimated that owners will generally spend more on housing and transportation than renters, regardless of location or household type. Households could generally expect to spend slightly more on housing and transportation in Mukilteo compared to the County overall, regardless of jurisdiction or household type.

The 2012 unemployment rate was 5% in Mukilteo, compared to 5.9% for the County. For employed Mukilteo residents, the mean commute time is 26 minutes, compared with 29 minutes for the County. 74% of City residents drive to work alone compared to 74% of all County workers. At 53% of the employed population, the most common occupations for Mukilteo residents are in management, business, science, and arts occupations, followed by sales and office occupations with 20% of the employed population. The most dominant industries employing city residents are manufacturing, with 23.9% of workers, and education and healthcare services, with 18% of workers.¹⁵

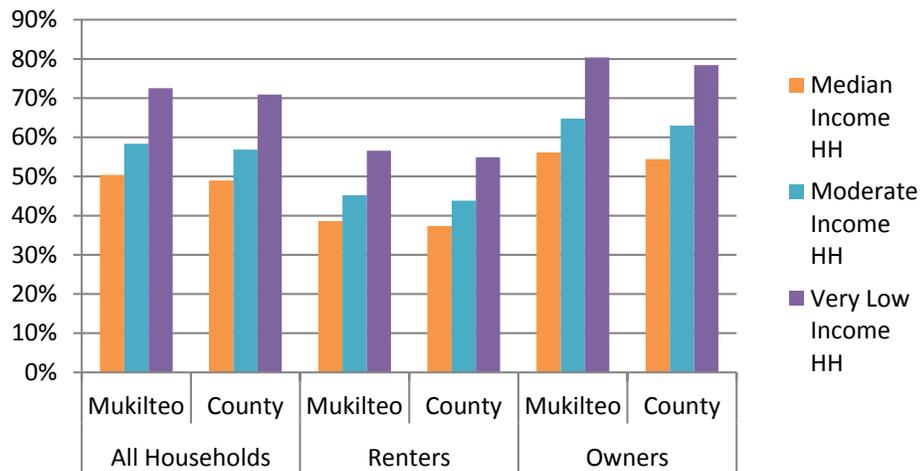
¹² Defined as a household with average household size, median income, and average number of commuters in Seattle-Bellevue HUD HMFA

¹³ Defined as a household with 3 individuals, one commuter, and income equal to 50% AMI

¹⁴ US Department of Housing & Urban Development; Location Affordability Portal, 2013

¹⁵ US Census Bureau; American Community Survey, 2008-2012

Figure 1.4. Estimated Housing & Transportation Costs as a Share of Income, City of Mukilteo & Snohomish County



Source: US Dept of Housing & Urban Development; Location Affordability Portal, 2013

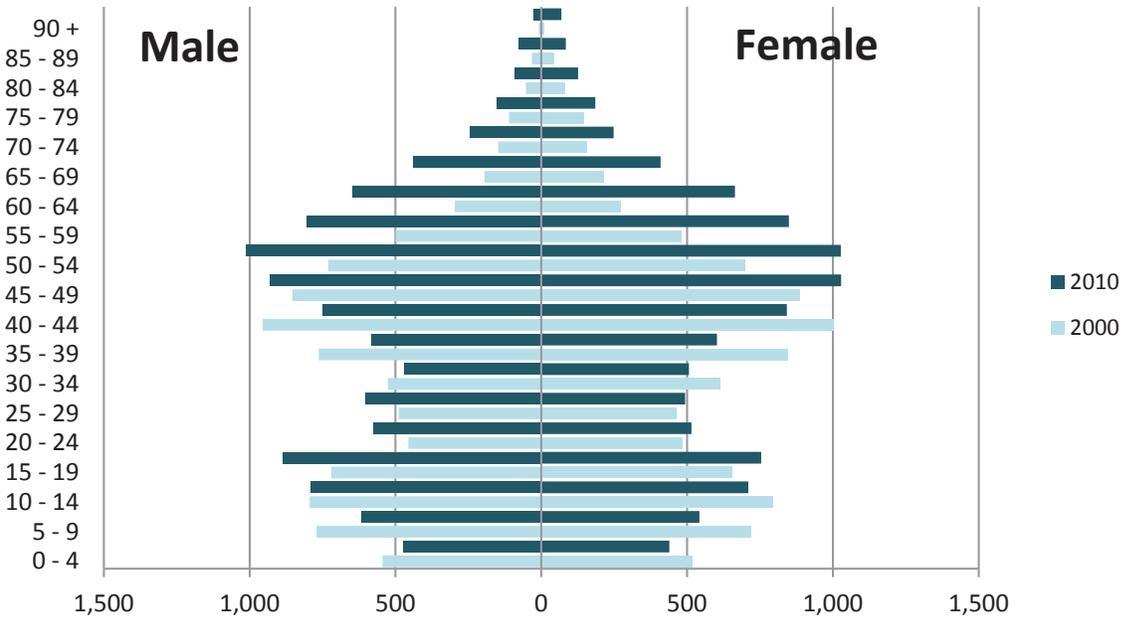
According to the Puget Sound Regional Council, Mukilteo is home to 9,675 jobs. 3,584 of these jobs are in manufacturing. Other significant local employers include health care and social assistance, with 777, wholesale trade with 710, and accommodation and food sector with 627.¹⁶

Mukilteo has 1.24 jobs per occupied home in the City compared to 1.39 employed people per home. Across the County, there are only .94 for jobs per occupied home compared to 1.31 employed people per home. While Mukilteo does have a slight jobs-housing deficit, it is still a significant regional employment center. All the same, 81% of employed Mukilteo residents work outside the City.¹⁷

Figure 1.5. Population Pyramid, 2000 – 2010, City of Mukilteo

¹⁶ Puget Sound Regional Council; Covered Employment Estimates, 2012

¹⁷ US Census; American Community Survey, 2008-2012; Puget Sound Regional Council; Covered Employment Estimates, 2012



Source: US Census Bureau, 2000; US Census Bureau, 2010

The shape of the City’s population pyramid, shown above in Figure 1.5, offers additional insight into its housing needs. The pyramid features two “bulges”, representing parents and their children. However, the inverse pyramid shape for those ages 0 to 19 indicates that fewer children are being born each year. The City’s population drops off for those aged 20 to 34, likely explained by children leaving the City as young adults. The middle age “bulge” essentially shifts 10 years older from 2000 to 2010 and the share of population aged 34-44 is significantly decreased. However, there were increases in size for every cohort age 45 and up. In sum, the City’s population is aging and having fewer children. Any housing strategy for Mukilteo must consider the needs of older adults.



An example of senior assisted living housing in Mukilteo

Household Profiles

These are the stories of several actual Mukilteo households whose housing is subsidized. All names and many nonvital details have been changed to respect their privacy.

JOANNE

Joanne is in her 50s and works as a housekeeper at a local Mukilteo business. At \$11 per hour, she makes around \$1,600 per month. She lives alone and is considered very low income.

With Assistance

With her voucher, Joanne pays about \$400 in rent and \$128 in utilities. She has \$1,099 left over for food and other expenses.

Without Assistance

Without the voucher, Joanne would pay \$800 in rent and \$128 in utilities. This total, \$928, would be more than half of her monthly income, and would leave her \$712 per month for other expenses.

Joanne's monthly housing costs including utilities should be less than \$492 in order to be affordable. There are no complexes in Mukilteo with one bedroom apartments she could afford. If Joanne were to stay in Mukilteo, she would probably have to find a room in a shared house, if she could even afford that. If she found an affordable unit outside the city, she would then have to spend more on transportation costs as her job is in Mukilteo.

CARRIE

Carrie is in her 50s and a single mother to Ruby. Ruby also has a young daughter, Ella. The three of them live in a 2 bedroom apartment in Mukilteo. Between Carrie's job at a grocery store and Ruby's child support, Carrie and Ruby make \$2,500 per month and are considered extremely low income.

With Assistance

With her voucher, Carrie pays about \$550 in rent and \$208 in utilities. She has \$1,748 left over for her family's other expenses.

Without Assistance

Carrie's apartment normally rents for \$850, and utility costs would still be \$208. Carrie's total monthly market housing costs, \$1,058, would be more than 42% of her monthly income. Remember, these costs are for a 2 bedroom unit, so Ella and Ruby currently share a room. This family can afford \$750 per month for rent and utilities. There are no properties in Mukilteo with 3 bedroom units they can afford, so the family would either have to leave the city or make do with a 2 bedroom unit as Ella gets older. While they could find a somewhat cheaper 2 bedroom unit, there are no complexes with 2 bedroom units that rent for less than \$750.

GARY

Gary lives with his wife Cassandra and their son Sean in a 2 bedroom apartment. Gary is unemployed, Cassandra works part time, and Sean is a full time student. Between Gary's unemployment benefits and Cassandra's income, they make around \$850 per month.

With Assistance

With their voucher, they pay \$100 in rent and \$200 for utilities, leaving \$550 for other expenses.

Without Assistance

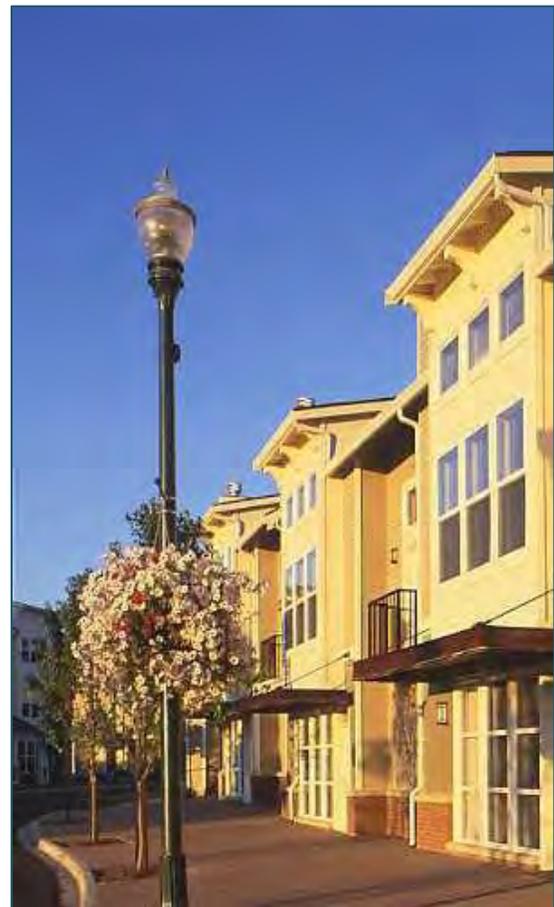
Gary and Cassandra's apartment rents for \$900, more than they make in a month. If they spent all of their monthly income on housing, there are 3 complexes in Mukilteo with 2 bedroom units they could afford.

However, all 3 options would leave them with less than \$100 per month for other expenses. If Sean were to move out and Gary and Cassandra were to move into a one bedroom apartment, the cheapest rent they could find, presuming a unit would be vacant, would be around \$770. This would still leave them less than \$100 per month.

2 Existing Housing Stock

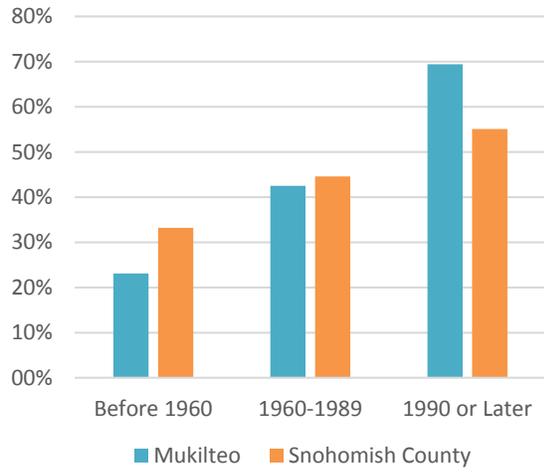
For the purposes of this report, Mukilteo’s housing stock is divided into subsidized rental units, workforce rental units, market rate rental units (both single- and multi-family), and home ownership. Subsidized rental units are targeted toward households with the lowest incomes, typically less than 30% AMI. Populations targeted for subsidized rental units often include the disabled, elderly, and other populations living on fixed incomes with special needs. Workforce rental units are targeted to working households with incomes that cannot afford market rate rents. The key difference between subsidized and workforce units is that subsidized units feature a direct rent subsidy, paid every month, while workforce units have a subsidy “built in” through the use of special financing methods and other tools. One goal of workforce housing is to make sure workers like retail clerks, bank tellers, office administrators, teachers, janitors, and police officers can obtain housing near where they work, even if they work in an expensive rental market. Market rate rental units are simply the stock of all housing units available for rent in the open market. These are units that are privately owned and whose rents are determined by market supply and demand pressures. A market rate rental unit can also be a subsidized rental unit, as is the case with the Federal Section 8 Housing Choice Voucher (HCV) Program. Section 8 vouchers can be used to rent any unit, as detailed below. Finally, home ownership includes all single family homes for sale.

As illustrated in Map 2.2, Mukilteo’s oldest housing units are located in the north. The older homes of North Mukilteo are predominantly freestanding single family structures. Many of these homes have been remodeled and are in good condition despite being much older than other buildings in the city. Central Mukilteo’s housing stock is mixed in age and form, with some larger apartment buildings and most of the city’s duplexes and triplexes. Building conditions in this area are generally poorer than North or South Mukilteo. This is also where many of the more affordable rental units are concentrated and vouchers are used. South Mukilteo is the most recently developed area, almost entirely developed since the 1990s, with the exception of several areas of single family homes that date to the 1970s. Multifamily complexes in South Mukilteo tend to be very large. Among some of the older complexes in the area built in the 1980s, signs of differing levels of upkeep are evident. While most of these complexes have been well maintained and updated, some others that are otherwise similar are starting their age.



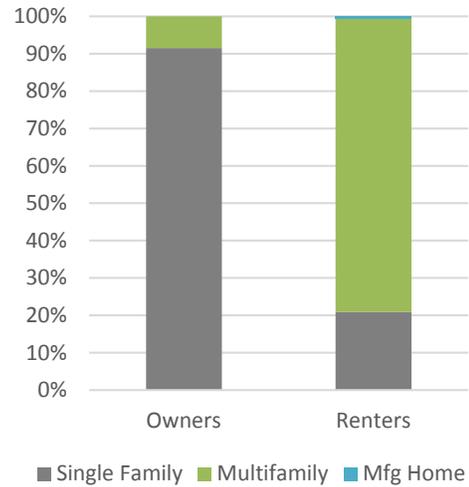
Mixed-use development in Harbour Pointe

Figure 2.1. Age Distribution of Housing Stock, City of Mukilteo & Snohomish County



Source: US Census Bureau; American Community Survey 2008-2012

Figure 2.2. Dwelling Type by Housing Tenure, City of Mukilteo



Source: US Census Bureau; American Community Survey, 2008-2012

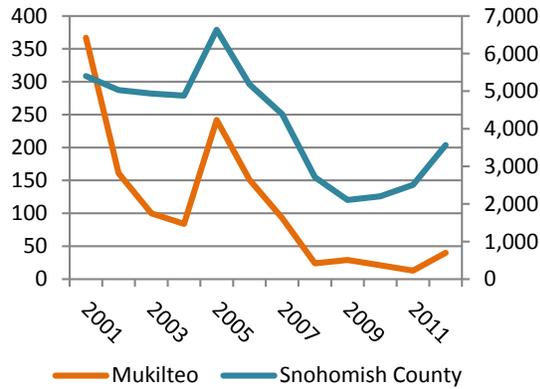
Figure 2.1 shows how the distribution of Mukilteo’s homes by age compares with the housing stock across the County. As shown, while homes are more likely to be newer in Mukilteo, there is still a significant supply of older homes. Figure 2.2 shows the distribution of each tenure group among different types of housing, with owners in the left column and renters on the right. As shown, 92% of homeowners live in single family homes, compared to 21% of renters.¹⁸

Figures 2.3 and 2.4, on the following page, provide information on newly-permitted units in the City in recent years. Figure 3.2 shows the total number of net newly permitted residential units per year from 2001 to 2012 for both the City and County, with the City on the left axis and the County on the right. Figure 3.2 shows the share of the City’s new units composed of single- and multi-family units. As shown, residential and multifamily permits peaked in 2005 for the City and the County, followed by sharp declines following the national housing market collapse. As shown in Figure 3.3, the majority of new permits issued during this period in Mukilteo were for single family homes. While newly-permitted units began to recover across the County in 2010, as of 2012 Mukilteo had not yet begun to recover at the same pace.¹⁹ In fact, because Mukilteo is nearly built out with very little buildable vacant land available for development, the City’s rate of construction will continue to lag behind the County rate.

¹⁸ In this case, “single family home” is defined as a property where there is only one housing unit in the structure, including townhomes.

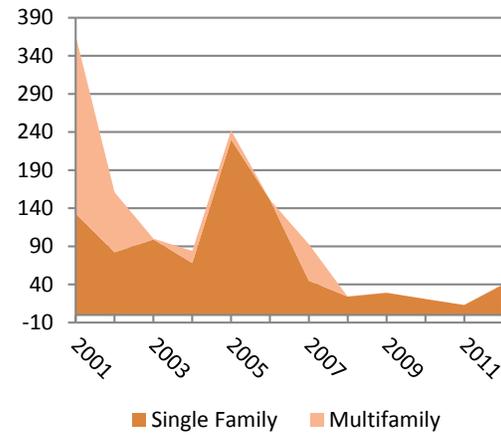
¹⁹ Puget Sound Regional Council, Residential Building Permit Summaries 2012

Figure 2.4. Net Newly-Permitted Units, City of Mukilteo & Snohomish County



Source: Puget Sound Regional Council, 2012

Figure 2.3. Newly Permitted Units by Type, City of Mukilteo



Source: Puget Sound Regional Council, 2012

For the purposes of this report, Mukilteo’s housing stock is divided into subsidized rental units, workforce rental units, market rate rental units (both single- and multi-family), and home ownership.

Subsidized rental units are targeted toward households with the lowest incomes, typically less than 30% AMI. Populations targeted for subsidized rental units often include the disabled, elderly, and other populations living on fixed incomes with special needs. A subsidized property is one that receives funding, perhaps rental assistance or an operating subsidy, to insure that its residents pay no more than 30% of their income in rent. Some properties only apply their subsidy to select units. It is also common for subsidized units to be restricted to certain groups like families, the elderly, or homeless. A subsidized property may have also benefited from workforce-type housing subsidies, and it is also common for only a portion of a property’s units to be subsidized.

Workforce rental units are targeted to working households that still cannot afford market rents. Workforce rental units and subsidized rental units are both considered “assisted”, but differ in several areas. The key difference between subsidized and workforce units is that workforce units have a subsidy “built in” through the use of special financing methods and other tools, allowing (and typically requiring) the landlord to charge less for rent. An example of this would be when a private investor benefits from low income housing tax credits when building a new residential development. In exchange for the tax credit savings, the property owner would have to restrict a certain number of units to a certain income level for a certain period of time. When the owner is a for-profit entity, this often means that rents on restricted units will become market rate units when the period of restriction has ended. While nonprofit owners may also utilize workforce tools for capital funding, they are more likely to preserve restrictions

Table 2.1. Assisted Units by Income Level Served, City of Mukilteo

Extremely Low	51
Very Low	52
Total	103

Source: HASCO, 2014

on units longer than required. The distribution of Mukilteo’s assisted units by income level served, both subsidized and workforce, is presented in Table 2.1.

Market rate rental units are the stock of all housing units available for rent in the open market. These are units that are privately owned and whose rents are determined by market supply and demand pressures. A market rate rental unit can also be a subsidized rental unit, as is the case with the Federal Section 8 Housing Choice Voucher (HCV) Program. Section 8 vouchers can be used to rent any unit, as detailed below. Finally, home ownership includes all single family homes for sale – detached and attached single family homes, condominiums, and manufactured homes.

Subsidized Housing Units: Permanent and Transitional

Mukilteo has 9 units of permanent subsidized housing funded by Section 8 Project Based Vouchers. As of July 2014, there were 42 Housing Choice Vouchers in use in Mukilteo administered by the Everett Housing Authority (EHA) and the Housing Authority of Snohomish County (HASCO).²⁰ All assisted properties are listed in Appendix B. Table 3.2 shows the distribution of subsidized and workforce units by funding source.

Families making up to 50% of AMI are eligible for Section 8 vouchers; however, 75% of these vouchers are limited to those making no more than 30% of AMI. (For simplicity, all Housing Choice Vouchers are listed in the “extremely low” income category in the table on the previous page.) Public Housing Authorities (PHAs) receive federal funds from the US Department of Housing and Urban Development (HUD) to administer the HCV program. HUD sets Fair Market Rents (FMRs) annually and PHAs determine their individual payment standards (a percentage of FMR) by unit bedroom size. The tenant identifies a unit, then the PHA inspects the unit to make sure it meets federal Housing Quality Standards and determines if the asked rent is reasonable. If the unit is approved, the tenant pays rent equal to 30-40% of their income, and the PHA pays the difference directly to the landlord. While the voucher amount is set up so that a family does not need to spend more than 30% of their income on housing, including an allowance for utilities, a family may choose to spend up to 40% of their income on housing. This happens most often when the family chooses a home that is larger than the size approved for their voucher. The two PHAs that administer the HCV program in Snohomish County are HASCO and the Everett Housing Authority (EHA).

Table 2.2. Permanent Assisted Units by Funding Source, City of Mukilteo

Section 8 HCV	42
Section 8 Project-Based Voucher	9
Tax Exempt Bond	52

Source: HASCO, 2014

²⁰ Everett Housing Authority, 2014

Because the number of vouchers a PHA can distribute is limited by the amount of federal funding they receive, the wait for a new applicant to receive an HCV can be extremely long and is usually dependent on existing voucher holders leaving the program. Until recently, the wait to receive an HCV from HASCO had been about six years. Federal funding for the HCV program was frozen during the 2013 budget sequester, at which time HASCO closed their waitlist.

Workforce Housing

Mukilteo is home to 52 units of workforce housing in one property, the Elliot, which is detailed in Appendix B. Assisted workforce housing units are defined by the fact that they received some form of one-time subsidy in exchange for rent restrictions. Workforce funding types do not involve ongoing rental assistance, and rents are not tailored to individual household incomes. These subsidies can include:

- Capital Financing - Low-interest-rate mortgages, mortgage insurance, tax-exempt bond financing, loan guarantees, and pre-development cost reduction financing.
- Low-Income Housing Tax Credits (LIHTC) – Tax credits provided to developers that can be sold for the purposes of up front debt reduction.
- Federal, State, and County Grant Programs – Grants provided to local governments from the federal government for construction or renovation of below-market-rate units. Community Development Block Grants and HOME Investment Partnership grants are two popular examples.

The Elliot, formerly known as Anchor Village, is a 301-unit complex located on the southern edge of Central Mukilteo at 49th Ave W & 94th St SW. The property's current owner used tax-exempt bond financing to purchase and rehabilitate the property in 1997. Per the bond terms, this 301-unit apartment complex has dedicated 61 units to be affordable and rented to those with incomes classified as "very low", or no more than 50% of AMI. (As 9 of these units have an additional rent subsidy through Section 8 Project-Based Vouchers, they are counted with the subsidized units rather than workforce.) These 61 units are to consist of a mixture of sizes proportionate with the mixture of unit sizes of the complex overall. These restrictions will remain in place until December 2017 or when the bonds are no longer outstanding, whichever is later. Thus, if the bonds are repaid by December 2017, these 61 subsidized units will no longer be required to be affordable to those at or below 50% of AMI.

Market Rate Rental Units

There are an estimated 2,468 units of rental housing in Mukilteo, from single family homes to large multifamily complexes. According to American Community Survey estimates, 1,937 out of 2,468 renter-

occupied housing units are in multifamily properties. This compares to 450 multifamily units out of 5,325 owner-occupied units.²¹

Table 2.3 summarizes ACS data on the number of units available at certain rent levels by bedroom size in Mukilteo. ACS rent data is not consistent with other sources of local market rate rent data for the City. This could be because the ACS sample may include subsidized units and less formal rent arrangements – renting rooms or mother-in-law suites in single family homes, renting from family members – that could be more affordable. ACS rent data also does not include utility allowances.

Table 2.3. Renter-Occupied Units by Rent and Unit Size, City of Mukilteo (Without Utilities)

	No Bedrooms	1 Bedroom Units	2 Bedroom Units	3+ Bedroom Units
Less than \$200	0	0	0	0
\$200 to \$299	0	0	0	0
\$300 to \$499	0	36	0	14
\$500 to \$749	0	14	25	14
\$750 to \$999	0	164	260	0
\$1,000 or more	30	294	752	790

Source: US Census Bureau, American Community Survey, 2008-2012

To provide a better idea of what a household looking for a home today could expect to pay in rent and utilities for a home in Mukilteo, rent data was obtained from Dupre and Scott Apartment Advisors. This data, which includes both multifamily and single family rental units, is summarized in Table 2.4 and presented in full in Appendix A. Table 2.4 lists the minimum full time wage to afford each average rent in hourly and annual terms as well as the number of hours one would have to work per week earning Washington State’s minimum wage to afford the unit.

Table 2.4. Average Rent and Affordability by Size, City of Mukilteo (Including Utilities)

	Average Rent (With Utilities)	Minimum Income Required		Hours/Week at WA Minimum Wage	Range
		Minimum Hourly Wage	Minimum Annual Wage		
1 Bedroom	\$965	\$18.54	\$38,600	80	\$612-\$1,305
2 Bedroom	\$1,142	\$21.96	\$45,680	94	\$813-\$1,755
3 Bedroom	\$1,754	\$33.73	\$70,160	145	\$1,170-\$2,515
4 Bedroom	\$2,396	\$46.08	\$95,840	198	\$1,847-\$2,947
5 Bedroom	\$2,787	\$53.60	\$111,480	230	\$2,176-\$3,226

Source: Dupre & Scott, 2013; National Low Income Housing Coalition, 2014

²¹ US Census Bureau; American Community Survey, 2008-2012

Table 2.5 shows the affordability distribution of average rents in Mukilteo by size. In this table, “Yes” means that the average rent is affordable to a household at that income level, adjusting for household size, “Limited” means that the average rent is not affordable but there are lower end affordable units, and “No” means that the entire rent range is not affordable. As shown, Mukilteo’s rental homes are generally affordable to moderate and middle households, with affordability decreasing as the number of bedrooms increases. Extremely low and very low income families will find it difficult to rent an affordable unit of any size. Affordability by unit size is adjusted by household size in this analysis, so these affordability estimates will not apply to households living in a unit that is theoretically too large or too small given their size.

Table 2.5. Distribution of Rent Affordability by Size, City of Mukilteo

	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Extremely Low	No	No	No	No
Very Low	Limited	Limited	No	No
Low	Yes	Yes	Limited	Limited
Moderate	Yes	Yes	Yes	Limited
Middle	Yes	Yes	Yes	Yes

Source: Dupre and Scott, 2013

Even after accounting for the fact that utility costs are not included in ACS data, ACS’ rent range is generally lower than that of the market as sampled by Dupre and Scott. Again, this could be explained by the ACS sample including subsidized units and informal rent arrangements. While ACS data is important as it shows what existing Mukilteo renters are actually paying, it does not give an accurate indication of what a typical renter searching for a market rate unit can expect to pay today.

Home Ownership

Between 2008 and 2012, 49% of single family dwellings sold in Mukilteo were three bedrooms in size. 36% of dwellings sold were four bedrooms in size, meaning that three and four bedroom dwellings together represented 85% of sales. 8% were two bedroom units and 6% were five bedroom units. This includes detached single family dwellings, common wall single family dwellings (townhouses), manufactured units, and condominiums.²²

In 2012, the median sale price for a single family dwelling in Mukilteo was \$416,500. Assuming a 20% down payment and using average mortgage terms, property taxes, utilities and insurance, the monthly

²² Snohomish County property use codes 111, 112, 116, 117, 118, 119, 141, 142, 143

cost of the median home is estimated to be \$2,266. To afford this monthly cost, a family would require an annual income of at least \$90,657, which is above Snohomish County’s median income, but below Mukilteo’s median income.²³ This is considered middle income for a family of three.

Appendix C provides high level statistics on sales of single family units from 2008-2012 as well the minimum income necessary to afford the median sale by year. As shown, between 2008 and 2012, median home sale prices decreased. During that time period, the median sale price of a home dropped 18%. In 2012 dollars, this translates to a difference of over \$50,000 in minimum income - from a high of \$140,806 to afford the median home in 2008 to \$90,657 in 2012.²⁴ The housing market across the region has since began to recover from the recession. Values in Mukilteo have begun to climb, with an 8.5% rise in average residence value between 2013 and 2014. This is slightly lower than the average increase across the County, 9.7%.²⁵

Table 2.6 lists the estimated percentage of 2012 sales of home sales that are affordable to each income level by home size. “Not affordable” means that the minimum income required is higher than the middle income upper cutoff. All of the percentages specify the portion of homes of that size that someone in the particular income group could afford adjusting for household size. As shown, moderate and middle income households could theoretically afford the monthly cost of the majority of homes sold in 2012, whereas low income households could afford to purchase half of three bedroom homes sold that year. Moderate income is recommended as the minimum ideal household income for home ownership to be a reasonable option.

Table 2.6. Affordable Home Sales by Size, City of Mukilteo, 2012

Bedrooms	Extremely Low	Very Low	Low	Moderate	Middle	Not Affordable	Total Sales
1-2	0%	0%	0%	0%	0%	100%	1
3	0%	0%	50%	71%	86%	14%	14
4	0%	1%	20%	54%	81%	19%	137
5+	0%	0%	9%	44%	73%	27%	82

Source: Snohomish County Assessor. 2014

Figure 2.5, on the following page, shows how the percentage of sales affordable to each income level changed from 2008 to 2012. As shown, affordability by this estimate greatly improved for moderate and middle income households after 2008. As the housing market continues to recover following the recession, affordability for this group will likely retreat again. While there are affordable options for low

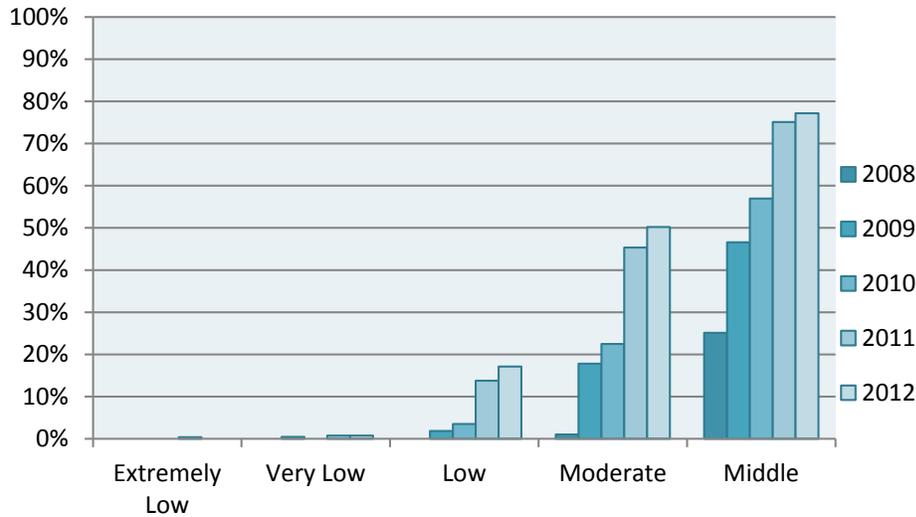
²³ Snohomish County Assessor, 2014

²⁴ Ibid

²⁵ Snohomish County Assessor, “Snohomish County Assessor’s Annual Report for 2014 Taxes”, 2014

income households, and ownership may be a good option for certain low income households (those

Figure 2.5. Home Sale Affordability, 2008-2012, City of Mukilteo



Source: Snohomish County Assessor, 2014

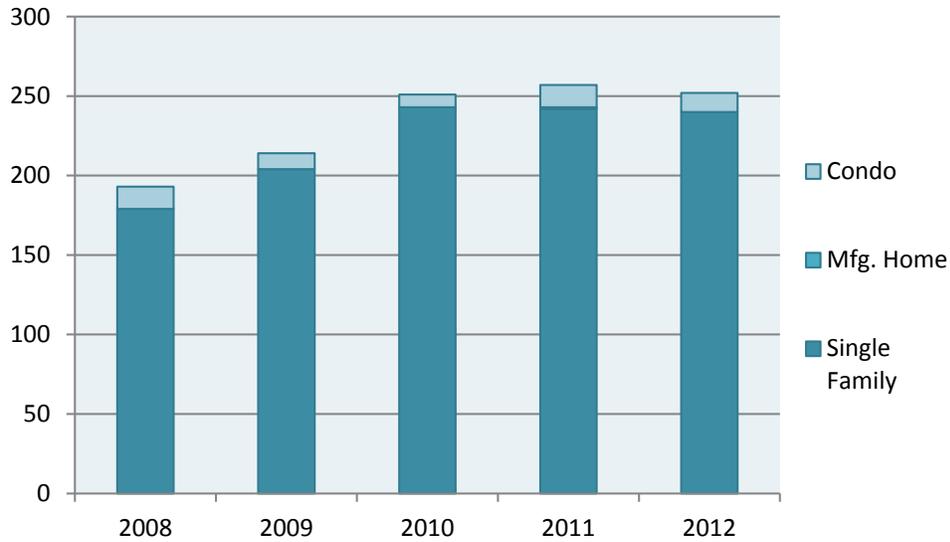
earning between 50 and 80% AMI), these households are considered the exception rather than the rule.

While these measures consider the ongoing affordability of home ownership in terms of monthly payments, there are other important factors not easily measured. While a 20% down payment is assumed in calculating the monthly debt service, the question of whether or not a household can obtain the funds necessary for a down payment is another important question, particularly for lower-income households. This also assumes that the household could be approved for a mortgage at an average interest rate, despite the fact that the mortgage market has tightened. Even assuming all these things are possible, due to ongoing repair and maintenance costs, home ownership may not be a good choice for many lower income households. For all these reasons, home ownership is generally recommended for households earning at least 80% AMI.

Further, many of the most affordable sales were likely only so affordable because they were foreclosed homes sold by banks. 13210 Beverly Park Road, for example, is a three bedroom home that sold for \$245,000 in 2012. At that price, a household with a minimum income of \$57,119 could afford the monthly cost of around \$1,428. This same home sold for \$349,950 in 2006, which is well out of reach for the households with the minimum income necessary to afford it in 2012. While low priced foreclosed homes can put home ownership within reach for more households, this is accomplished at the expense of previously displaced homeowners. Additionally, these sales contribute to ongoing uncertainty about market home values. Low income home buyers could also become cost burdened by higher property taxes and ongoing maintenance on these “bargain” homes.

Figure 2.6, below, shows how sales have been divided between single family homes, condominiums, and manufactured homes over 2008-2012. As shown, the allocation has not changed significantly over time, with 2011 showing the largest number of single family homes sold during this time period. Echoing the high share of homeowners living in single family detached homes, single family detached home sales have been dominant.

Figure 2.6. Home Sales by Type, 2008-2012, City of Mukilteo



Source: Snohomish County Assessor, 2014

3 Current Challenges and Opportunities

High Land and Housing Values

Land values, and thus housing costs, in Mukilteo are significantly higher than the averages in Snohomish County. This fact makes providing more affordable, quality, nonsubsidized housing in Mukilteo a challenge. Currently, Mukilteo has 103 dwelling units made affordable through outside of the market intervention: 61 units of permanent workforce housing and 42 Section 8 housing vouchers. Both tools have their limitations. The use of vouchers is dependent on the voucher holder finding a unit which satisfies both health and safety requirements and fair market rent standards. If voucher holders cannot find units with rents acceptable by fair market rent standards, they must take their vouchers elsewhere. Additionally, the tool that makes the 61 workforce housing units affordable to those with incomes less than 50% AMI may expire in 2017. Vouchers and the 61 workforce housing units are what has traditionally been used to analyze housing affordability. The 103 units represent only 1.2% of the total households (HHs) within Mukilteo.

This profile has gone beyond the traditional, and easier, analysis and uncovered information about both rental and owner-occupied units. According to the ACS, the actual supply of affordable housing to rent and own is 1,649 units or 21% of all units. This is the challenge facing Mukilteo. Ways to assist households with incomes between 60-80% AMI (that would be annual incomes of \$37,220 - \$49,627 need to be identified. Traditionally, the 60-80% AMI households have been supported by Federal and State dollars that Housing Authorities and non-profits use to build and operate housing. Advocating for funding and vouchers is the only way to stem the reduction in funding. For the 60-80% of AMI households who are seeking housing in the rental (<\$1,200/month) and homeowner (\$350,000) housing markets there are not enough units available with the average Mukilteo home value being \$460,000. Assistance for households with incomes below 60% AMI Federal and/or State rent subsidies are required. Local government cannot fill the affordable housing gap as the state constitution and legislative funding sources have not authorized a funding mechanism cities can use. Again, advocating for funding to meet these needs continues to be important. What local government can do is to remove hurdles and facilitate the creation of a wide variety of housing types via supportive policies and regulations. Mukilteo has done this over the last ten years.

Limited Vacant Land

Exacerbating the difficulty in creating affordable housing in Mukilteo, in addition to the high land and housing values, is the small amount of developable vacant land. There is very little the city government can do to mitigate the impact this has on raising housing costs.

Growth in Number of Senior Residents

The aging of Mukilteo's population, resulting in an increase in the number of senior residents, creates another challenge. Many long-time senior residents now struggle to meet their housing costs as their level of income decreases when they retire. Despite this, because their homes are their primary asset

they are typically able to age in place. Our challenge is to ensure they are informed about available resources to assist them in staying there such as reduced energy cost, home maintenance and meal programs. This will involve additional city efforts to coordinate with Senior Services of Snohomish County, which provides referral and direct services to our aging population. Unfortunately, the growth in services they provide has not been matched by donations, United Way allocations or other grants. Assisting with the cost of services grows greater as the number of residents retire.

Opportunities

The current and future challenges may be balanced with new opportunities. As a participant in the Alliance for Housing Affordability, the City will be able to collaborate with neighboring jurisdictions to capitalize on its existing strengths and identify new opportunities to expand its supply of affordable housing. Mukilteo's housing stock is generally newer and in good condition. Where affordable units are available, they are generally also of a high quality, without health or safety concerns. While the housing stock is predominantly composed of single family homes, there is a good supply of multifamily housing, both as rentals and as owner-occupied units. Multifamily units are generally much more affordable than single family homes in Mukilteo, both to own and to rent, so an increased supply of multifamily housing options could contribute positively to overall housing affordability. Having mixed-use zoning is an effort to support an increase in this supply. These opportunities primarily exist in the CB and DB zoning districts where mixed-use is promoted through redevelopment of single story commercial space.

Infill & New Types of Development

The City has been pursuing new policies to allow more flexible infill development. In addition, these policies have the potential to yield both increased options for housing to suit different lifestyles and more affordable housing units. One such policy is allowing Accessory Dwelling Units (ADUs). There are approximately seventy (70) existing units. Mukilteo Municipal Code was updated in 2009 to allow ADUs, however only one new ADU has been constructed so far and no permits have been issued for additional units as of December 2012. Certain regulations may create disincentives for ADU construction, but the illegal supply seems to be maintained. A second policy is allowing cottage housing developments, which is a way to provide smaller, theoretically more affordable, single family freestanding units. Cottage housing is allowed as a transition between commercial and single-family zones. In addition, the City also allows for a mix of housing size and lot sizes in new subdivisions with either development agreements or transfer of development rights for sensitive areas. While City policy promotes more flexible development



An example of cottage housing

standards the land-to-structure value ratios for traditional bank loans limit what is built in the current market. Advocating for loan qualifications to include transportation costs, benefiting those that use transit or locate closer to work, could help change affordability. Design review standards are the most effective way to ensure that cottage housing or more-dense forms of housing are compatible with existing neighborhoods and do not create negative impacts.

The city features abundant open space, contributing to and ensuring a long-term high quality of life. Many of these critical areas are large and have the effect of cutting large sections of neighborhoods out of north-south road connections. In order to go north or south, residents in certain parts of the city's western edge must first go east – often up hills, making it harder to reach transit. Increased densities are allowed along key nodes of the SR 525 five-mile transit corridor. This is where more affordable housing is and will be found now and into the future. A significant stumbling block is the proximity to Snohomish County Paine Field Airport which requires restrictions on allowing residential uses within noise impacted areas (above 55 dBA). Transit service is provided along the main arterials where the City's multifamily zones are located.

Mixed-Use Development

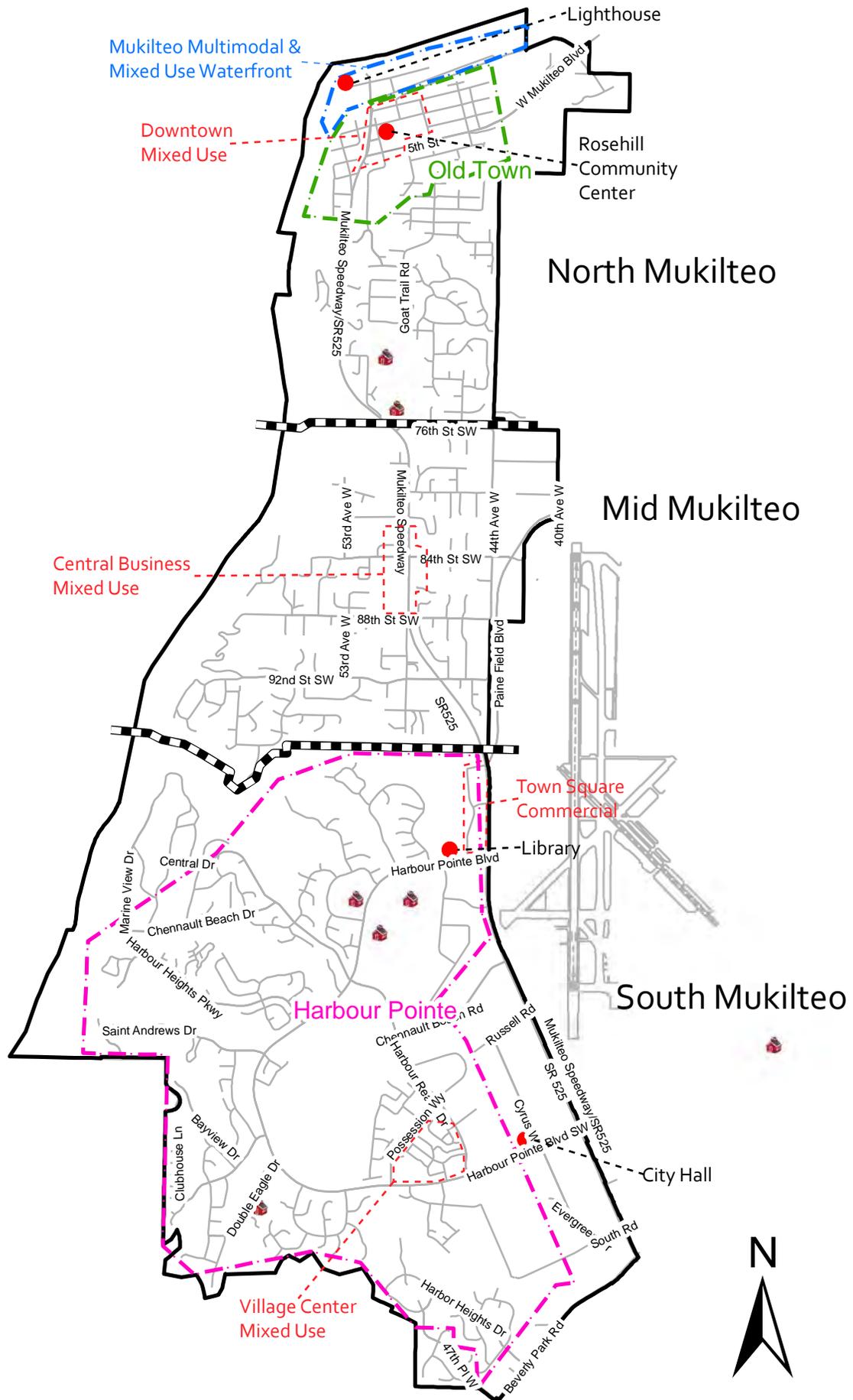
The City has also emphasized live-work mixed uses in recent developments, thereby further decreasing the impact of transportation costs and increasing transportation choices to work. There is a new opportunity in the City's forthcoming multimodal terminal which will foster better connectivity and access between the City's Sound Transit Sounder Rail station, ferry terminal, and regional bus services, especially for pedestrians and cyclists commuting to regional centers. The City's pedestrian and transit-oriented zoning should increase the quantity and accessibility of services in downtown Mukilteo, and increase demand for mixed-use redevelopment. Compact, walkable districts have been created at Village Center and are envisioned for the Town Square, the Central Business District, and Old Town. These are all locations where there are alternatives to single family housing providing residents, including seniors and the disabled, improved mobility options. Part of providing good affordable housing to these vulnerable populations requires considering their needs. All of these mixed-use developments will also increase the availability of services, while decreasing commute times.



4 Maps

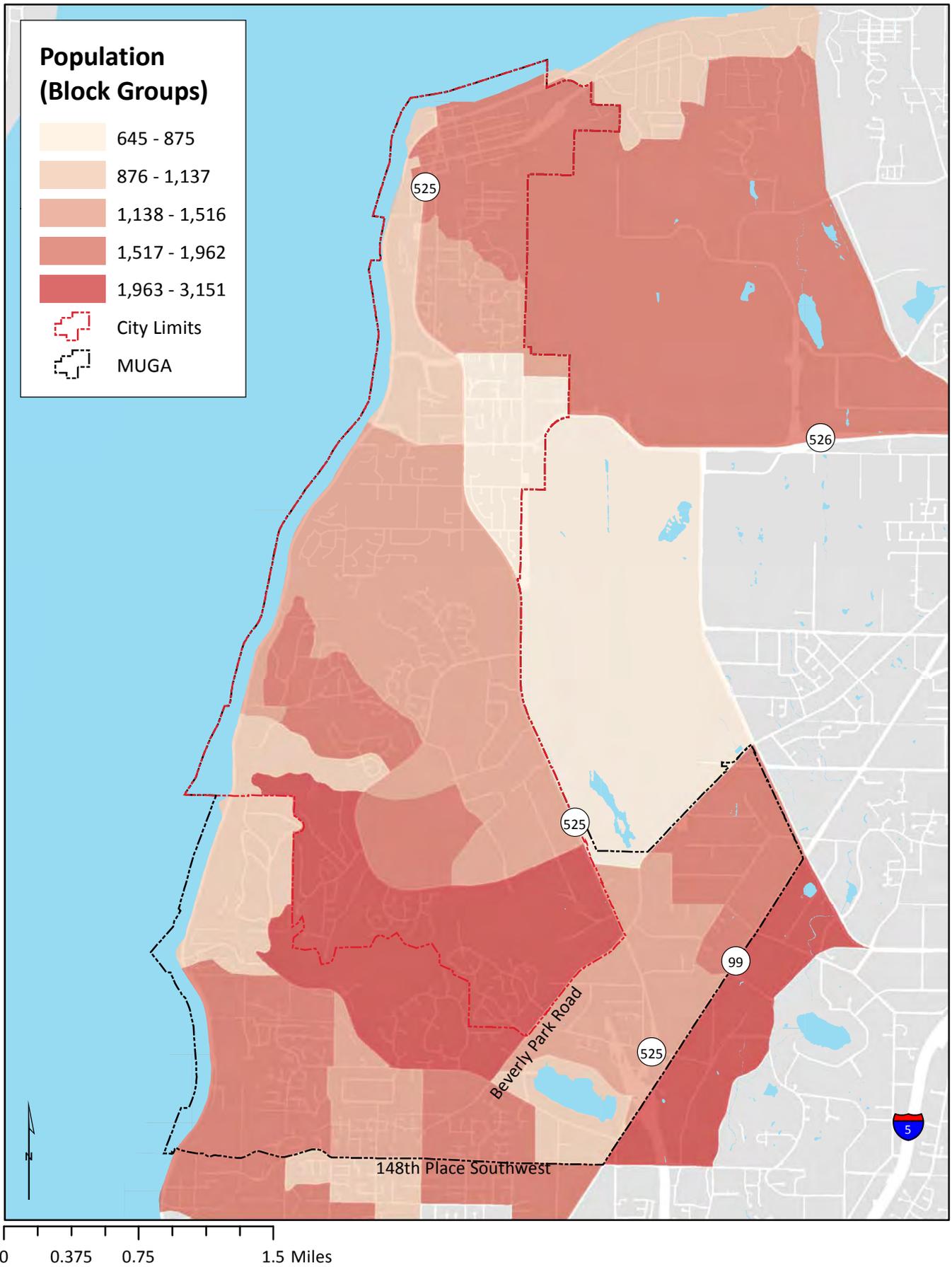
Map 1.1. City of Mukilteo Subareas`

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



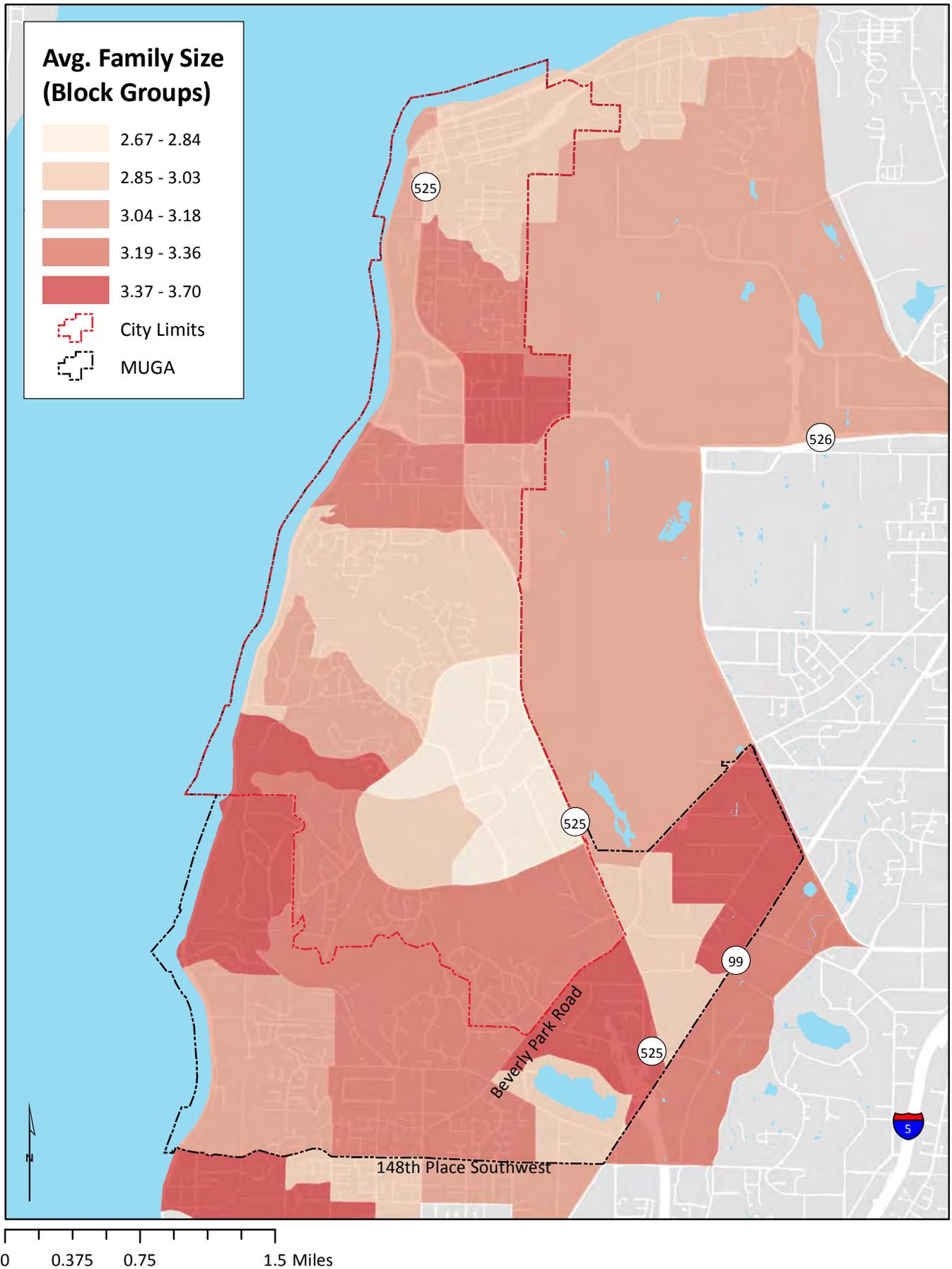
Map 1.2. Total Population, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



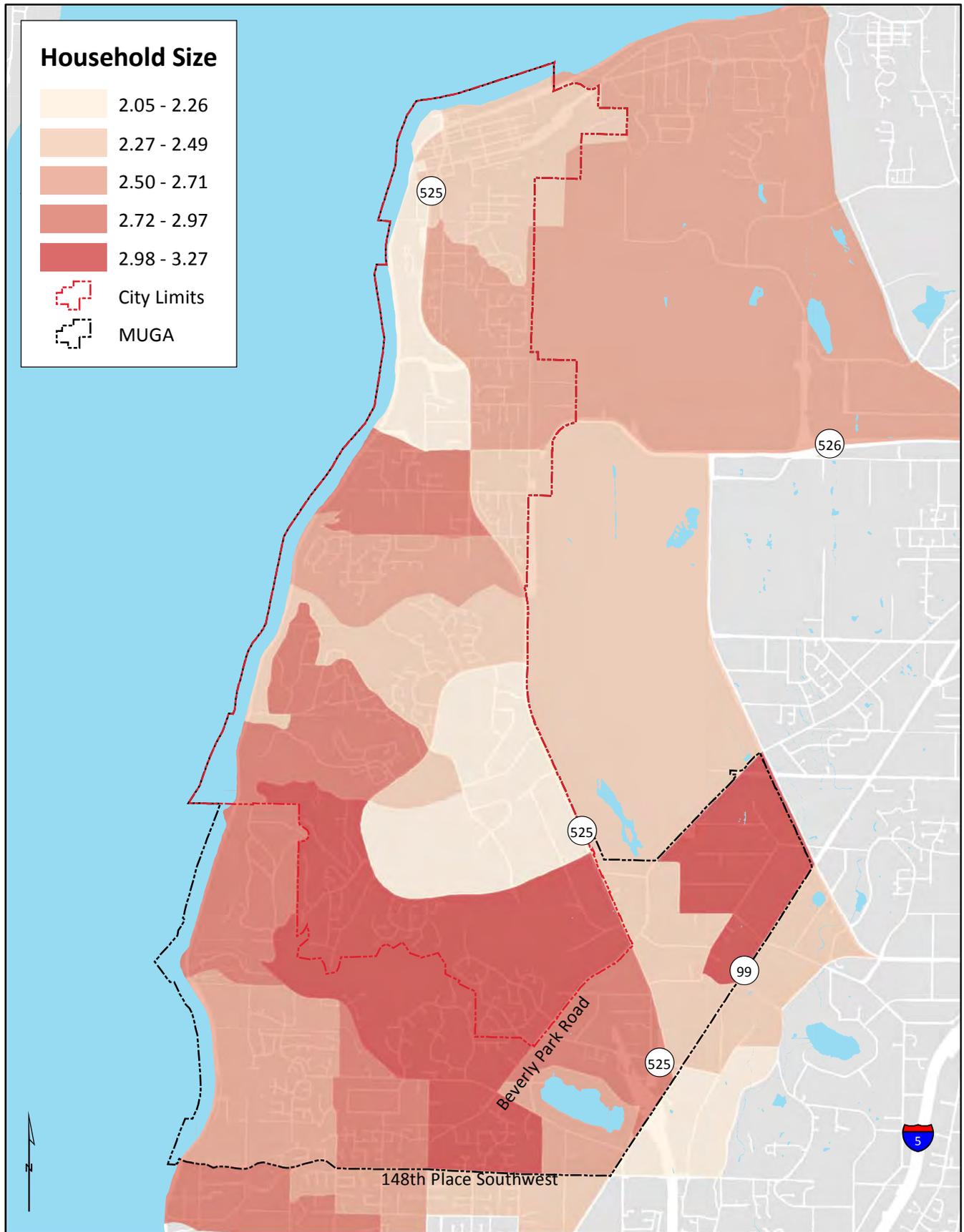
Map 1.3. Average Family Size, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



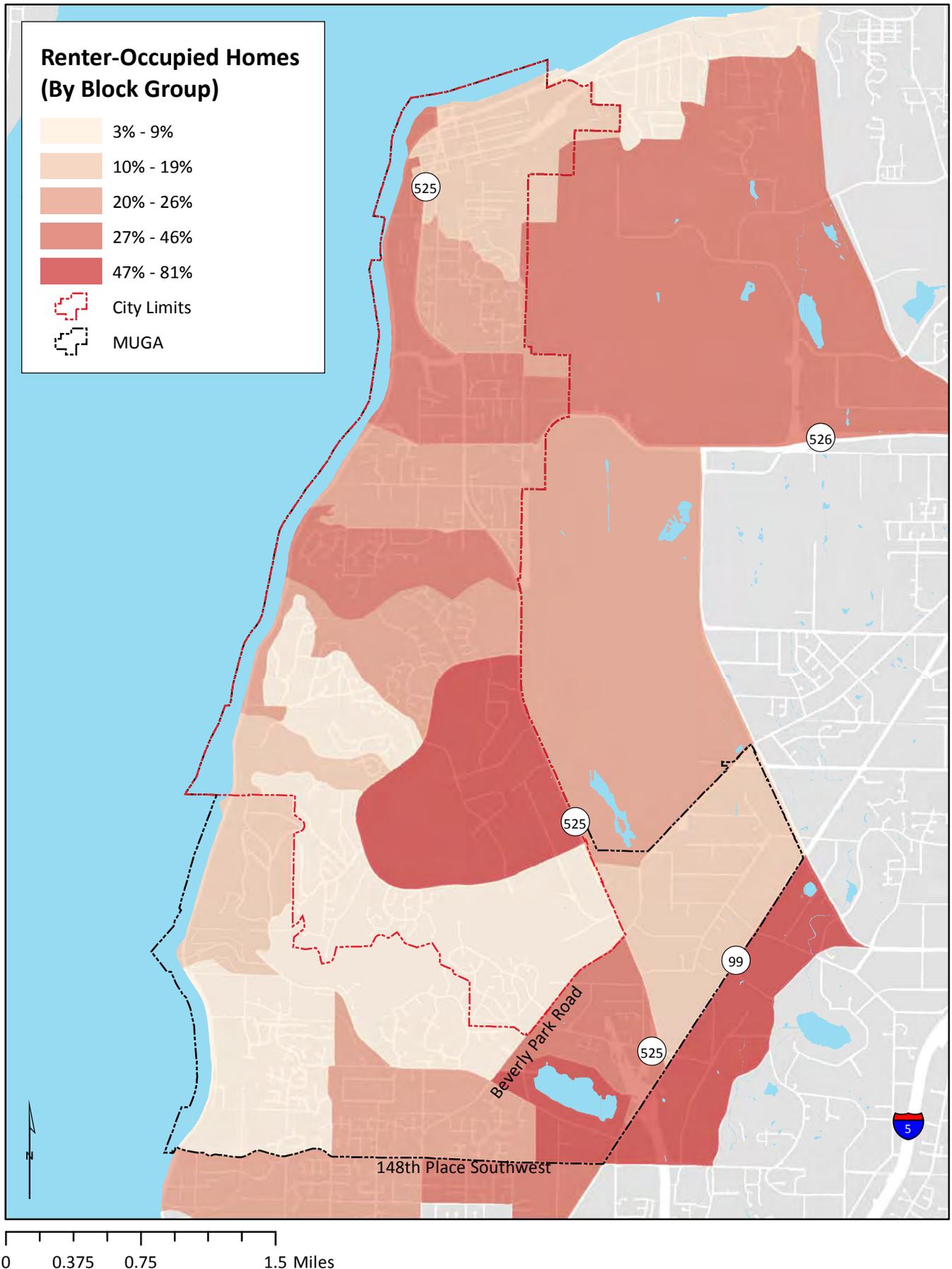
Map 1.4. Average Household Size, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



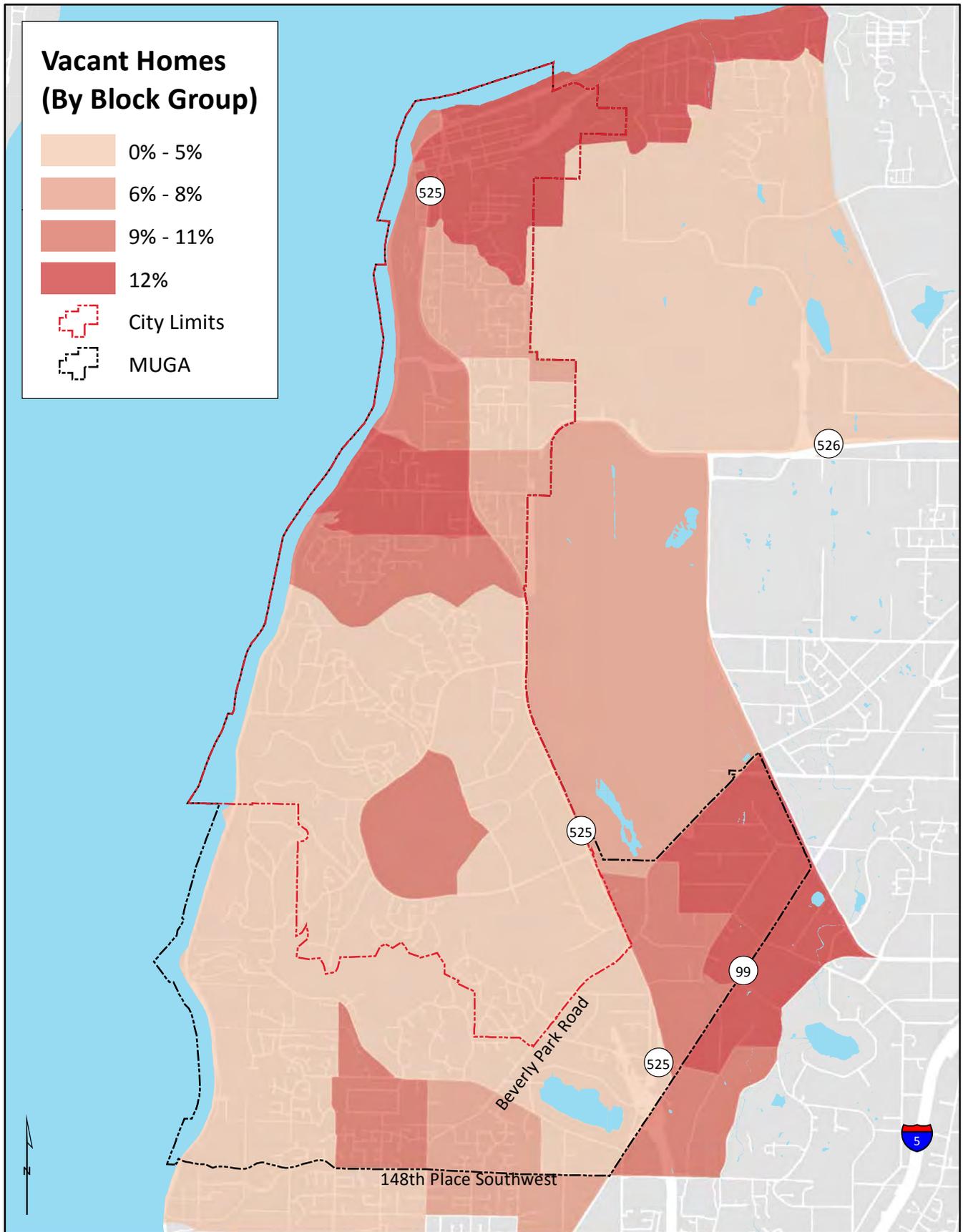
Map 1.5. Renter-Occupied Housing Units, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



Map 1.6. Vacant Housing Units, Mukilteo (Block Groups)

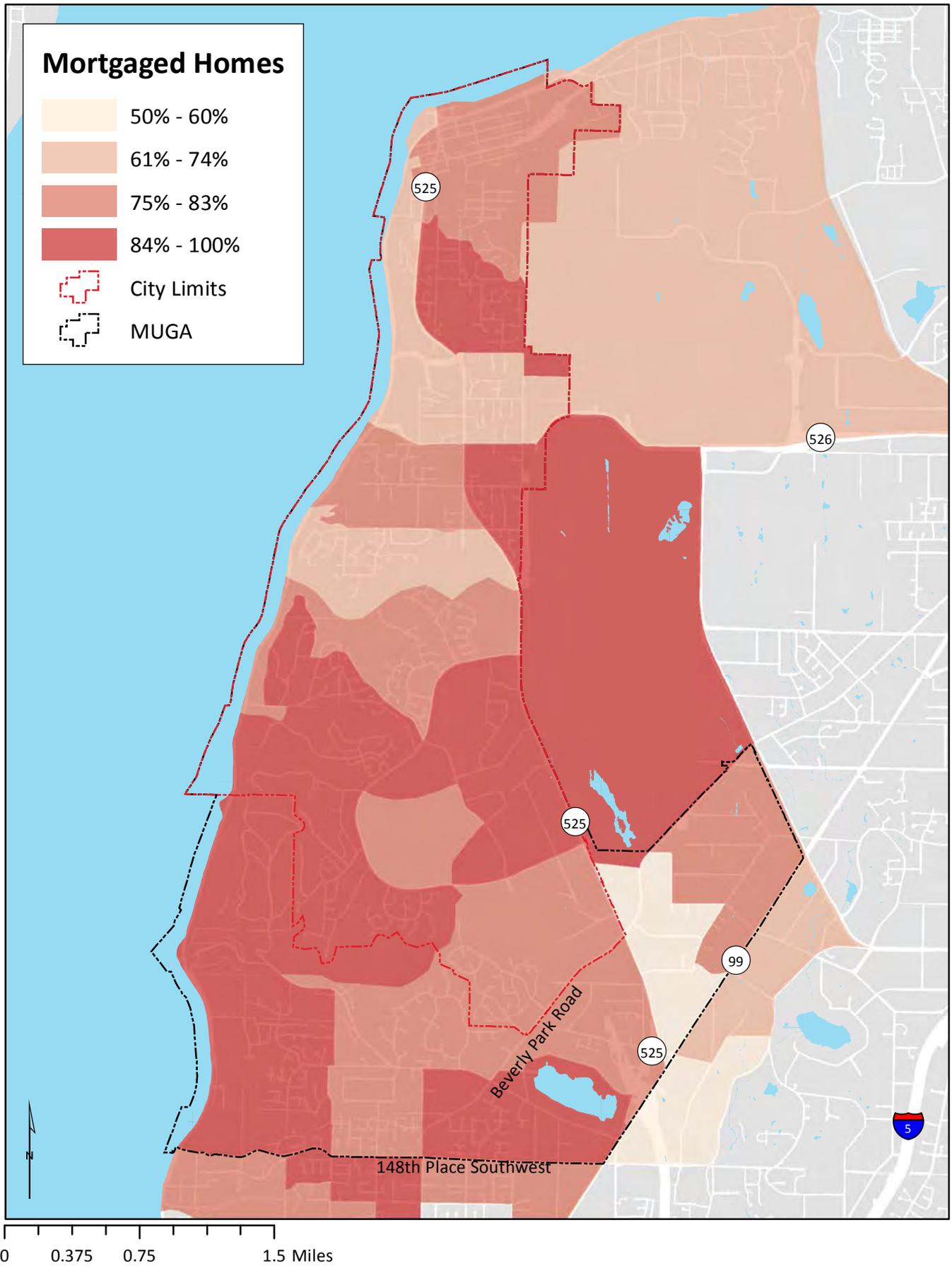
Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



0 0.375 0.75 1.5 Miles

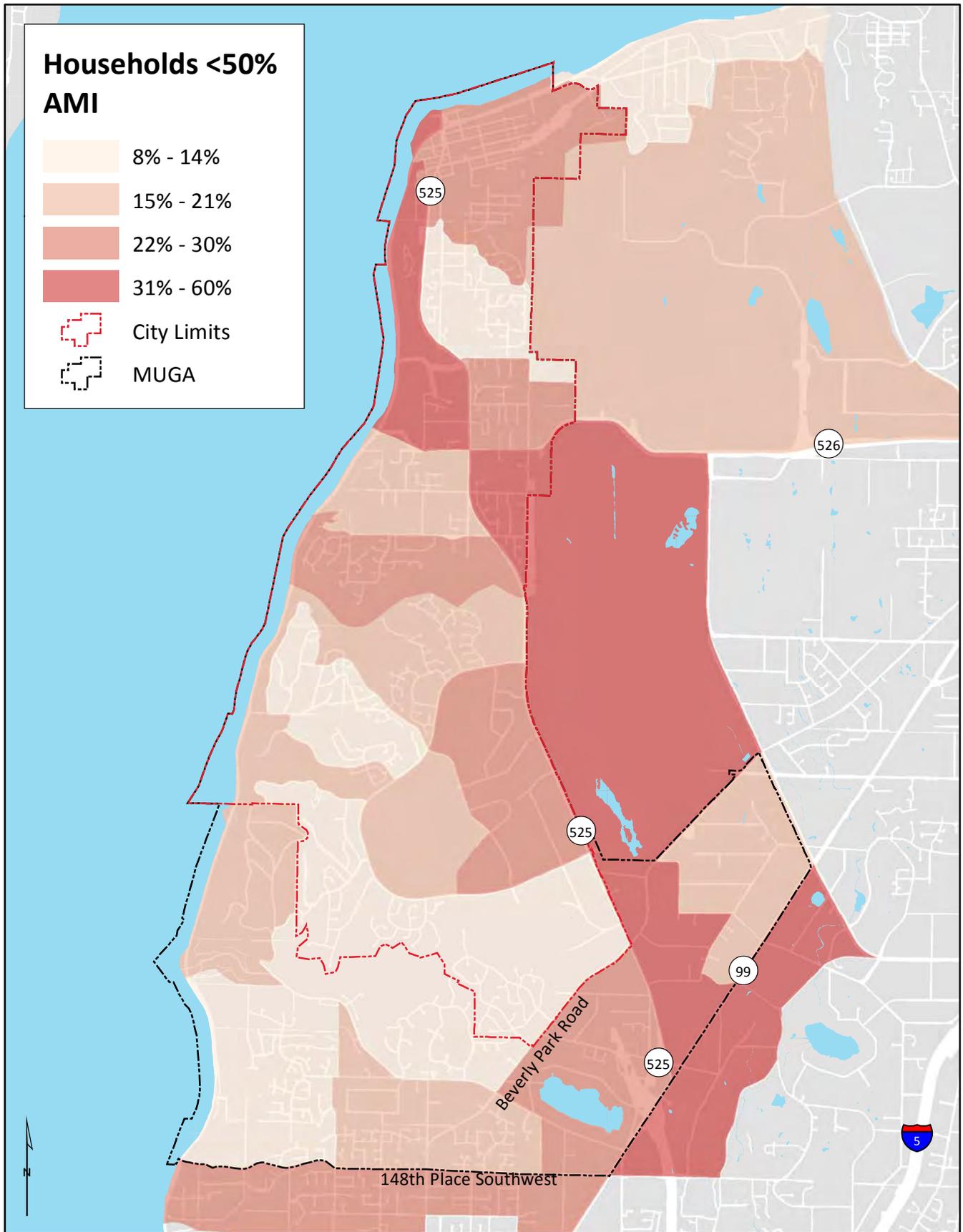
Map 1.7. Homeowners with Mortgages, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



Map 1.8. Very Low-Income Households, Mukilteo (Block Groups)

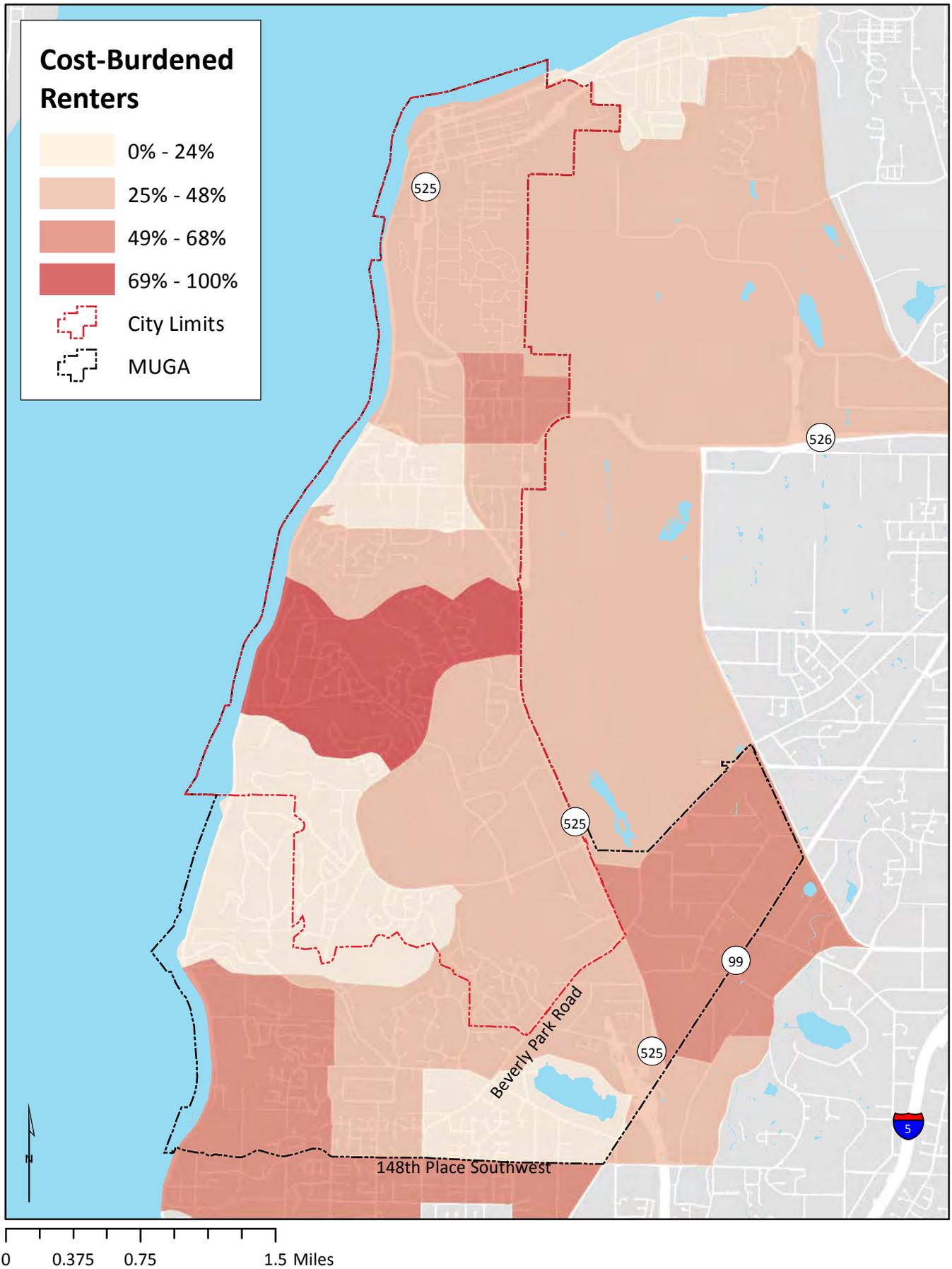
Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



0 0.375 0.75 1.5 Miles

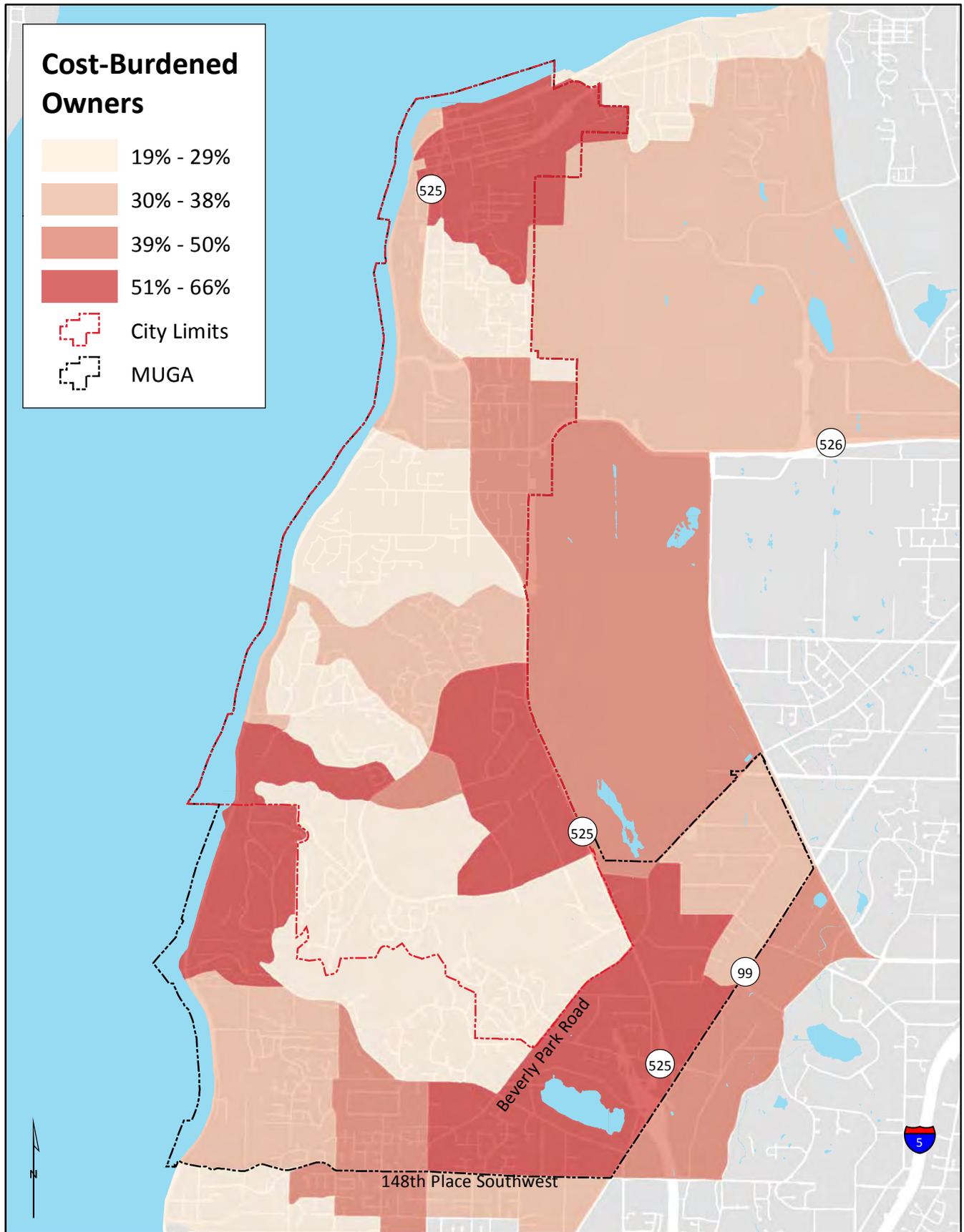
Map 1.9. Cost-Burdened Renters, Mukilteo (Block Groups)

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



Map 1.10. Cost-Burdened Owners, Mukilteo (Block Groups)

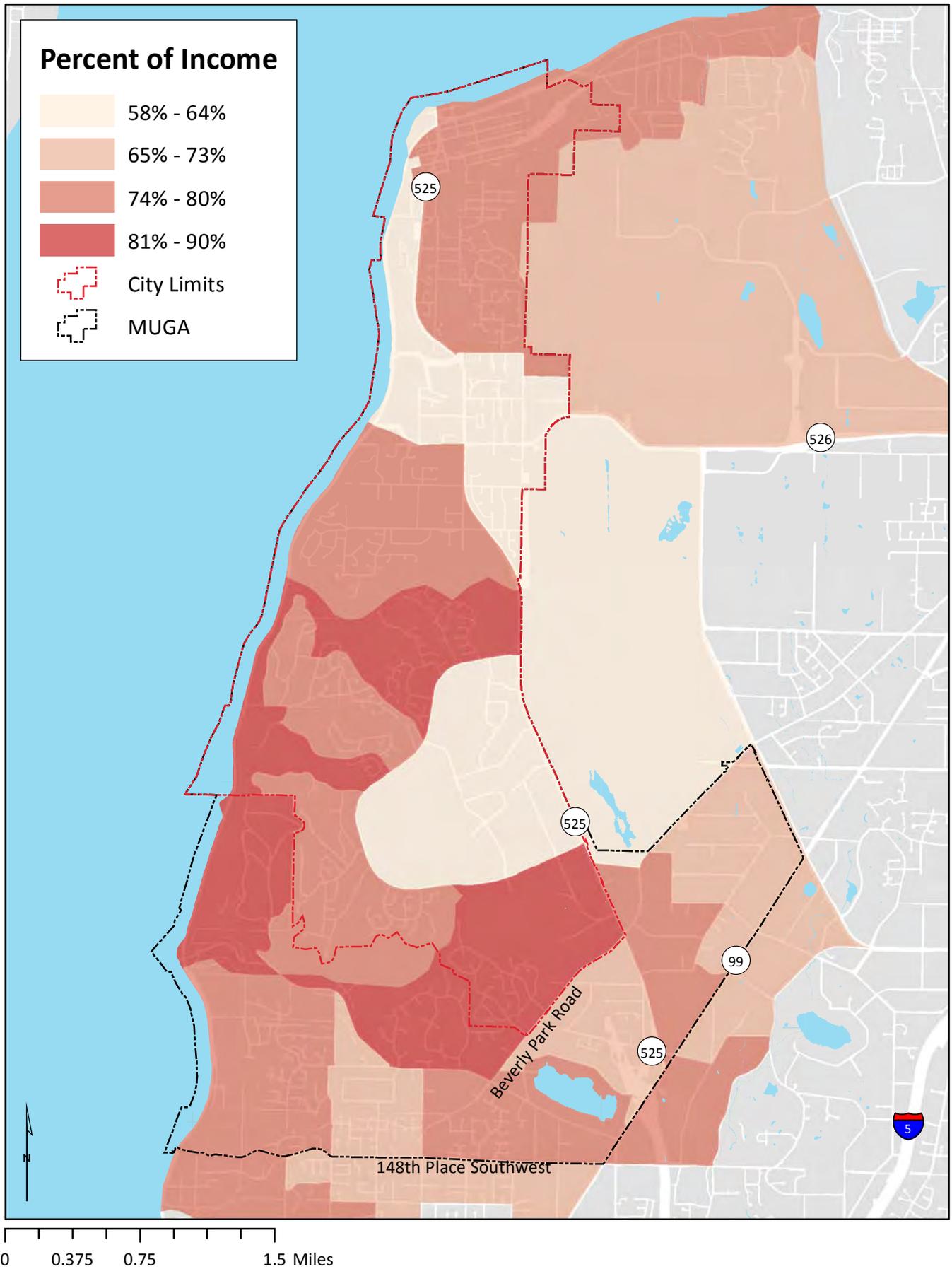
Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



0 0.375 0.75 1.5 Miles

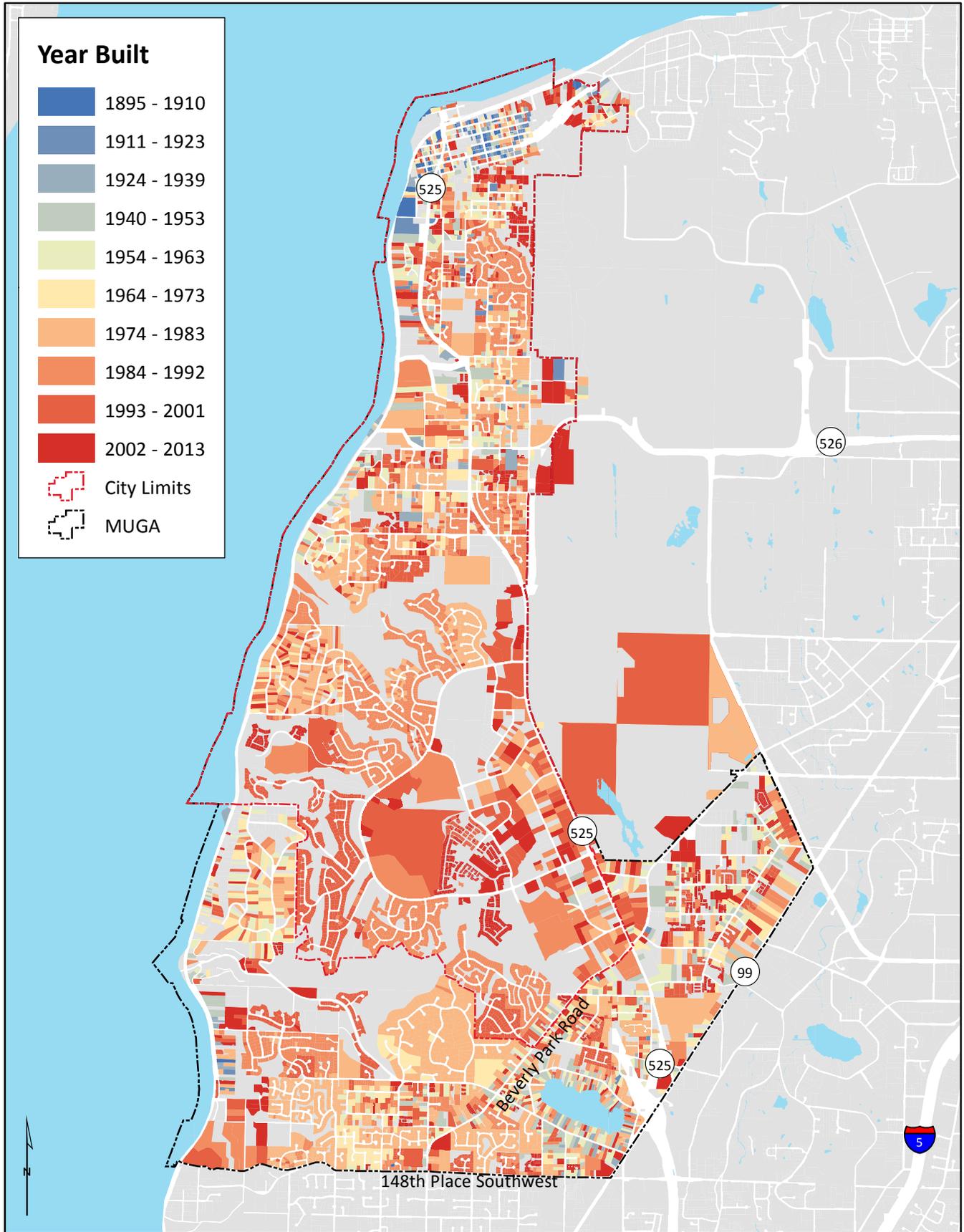
Map 1.11. Housing & Transportation, Est. Percentage of Low HH Income

Sources: HUD, 2013; Snohomish County Information Services, 2013; US Census Bureau; American Community Survey, 2012



Map 2.1. Age of Housing Stock, Mukilteo

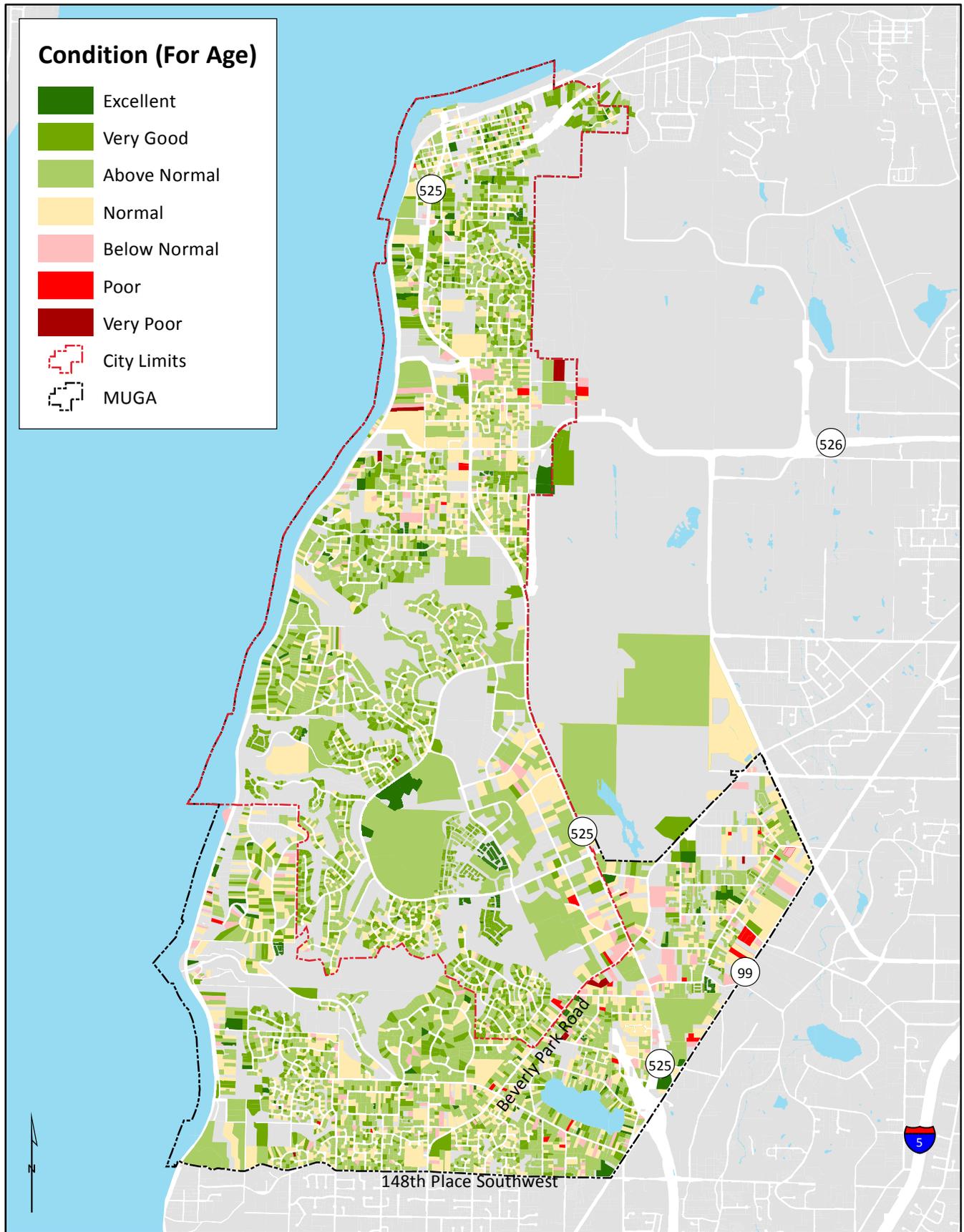
Sources: Snohomish County Assessor, 2012; Snohomish County Information Services, 2012



0 0.375 0.75 1.5 Miles

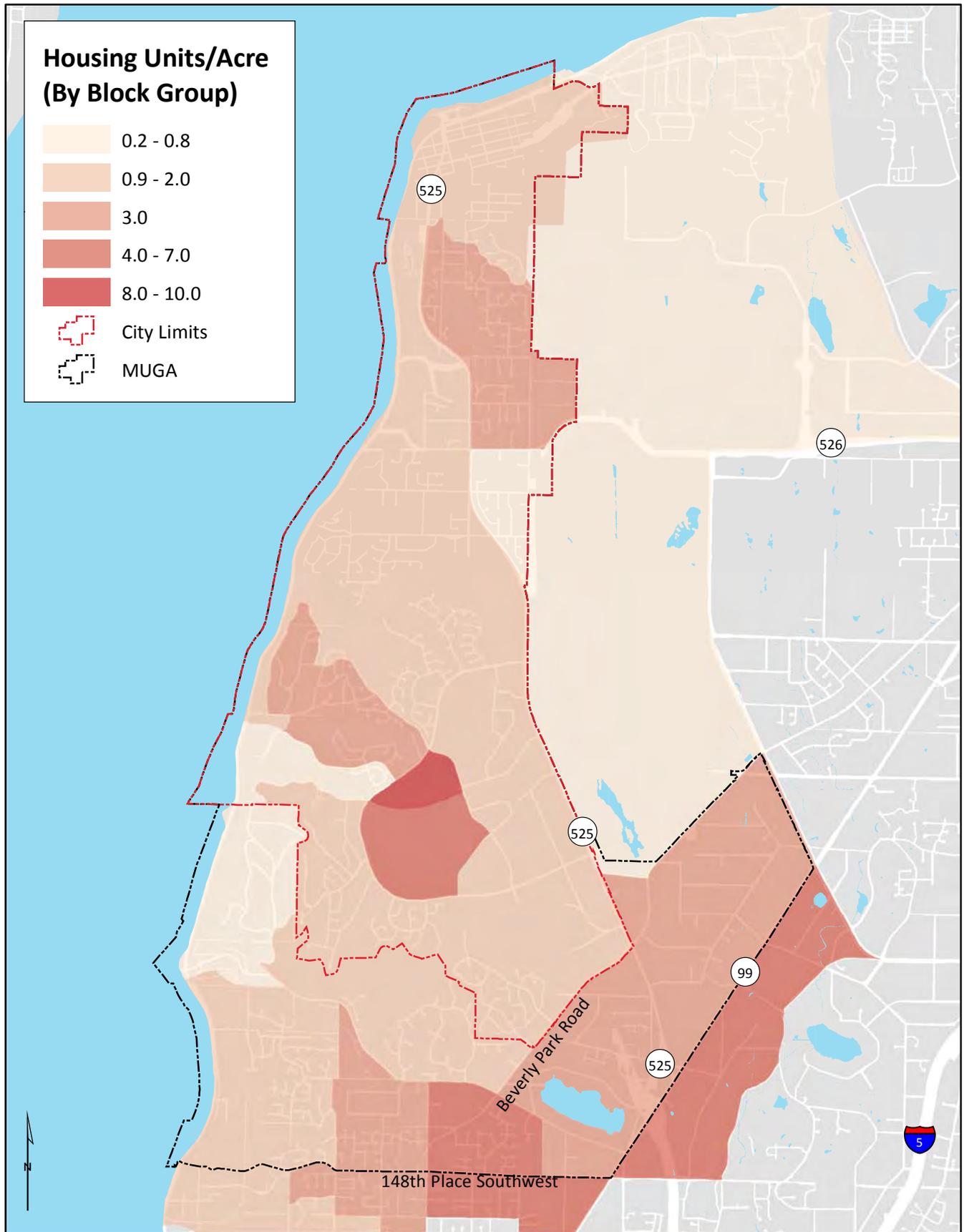
Map 2.2. Condition of Housing Stock, Mukilteo

Sources: Snohomish County Assessor, 2014; Snohomish County Information Services, 2013



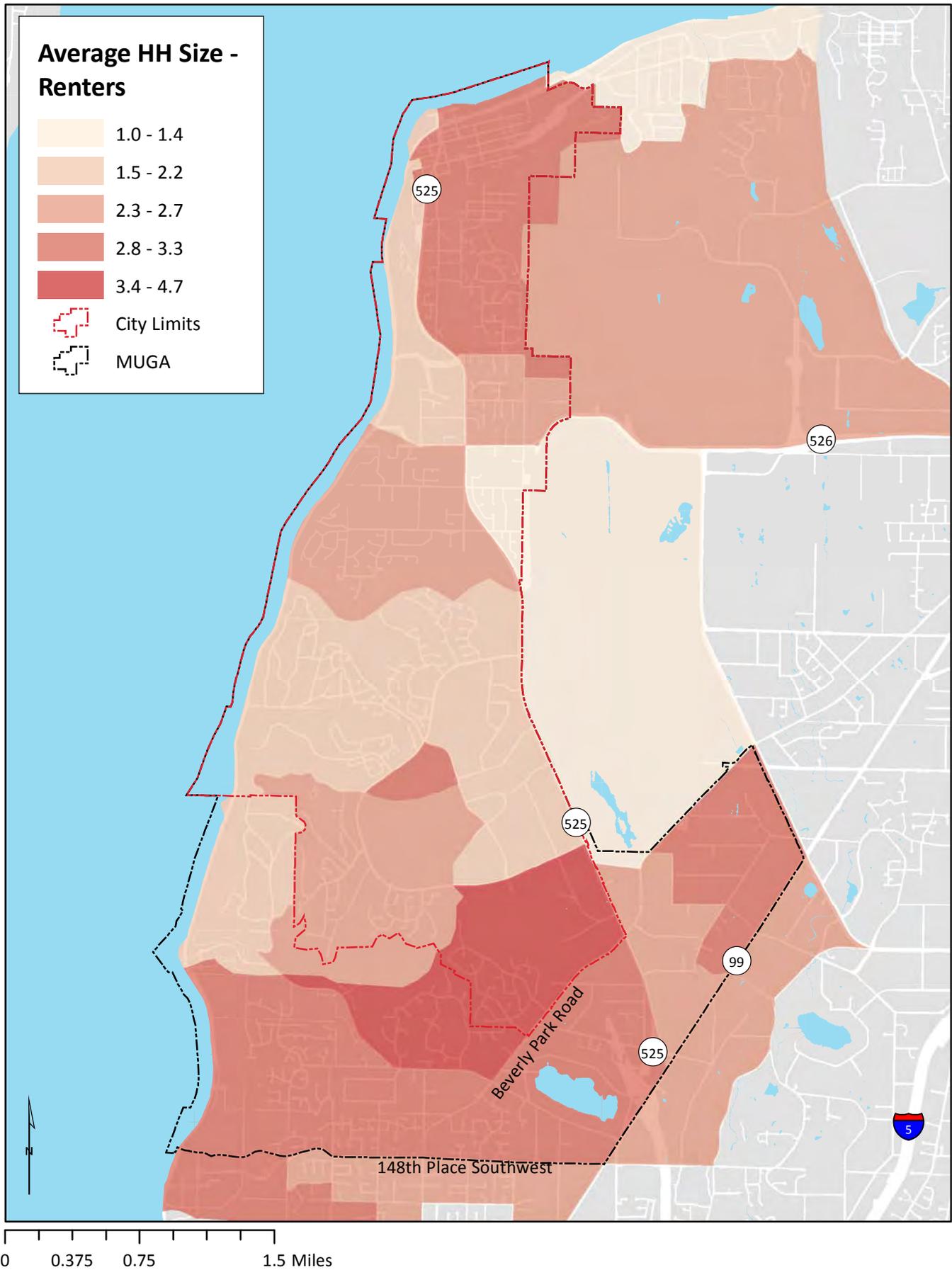
Map 2.3. Housing Density, Mukilteo

Sources: American Community Survey, 2008 - 2012; Snohomish County Information Services, 2013



Map 2.4. Average Renter Household Size, Mukilteo

Sources: US Census Bureau; American Community Survey, 2008-2012; Snohomish County Information Services, 2013



Appendix B: Assisted Housing Units, City of Mukilteo

PROPERTY NAME	STREET ADDRESS	PARCEL ID	ASSISTED UNITS BY INCOME LEVEL				SUBSIDIZED UNITS	WORKFORCE UNITS	SPONSOR	POPULATION SERVED	Capital Funding Source	Operating Funding Source
			Extremely Low	Very Low	Low	Moderate						
EHA Section 8 Vouchers	Various	Various	9	2			11		EHA	Various		Section 8 HCV
HASCO Section 8 Vouchers	Various	Various	17	13	1		31		HASCO	Various		Section 8 HCV
The Elliot	9507 49th Ave. West	00697601817100		61			9	52	Private		Tax Exempt Bond	Section 8 PBV (9)

Appendix C: Single Family Home Sales

	2008	2009	2010	2011	2012
Number of Sales	193	214	251	257	252
Average Sale Price	\$ 547,371	\$ 483,795	\$ 474,790	\$ 424,776	\$ 454,617
Median Sale Price	\$ 505,000	\$ 437,475	\$ 432,700	\$ 390,000	\$ 416,500

Median Sale Price Home Affordability

	2008	2009	2010	2011	2012
Mortgage Amount	\$ 404,000	\$ 349,980	\$ 346,160	\$ 312,000	\$ 333,200
Interest Rate	6.09%	5.06%	4.83%	4.58%	3.66%

Monthly PITI

Principal + Interest	\$ 2,446	\$ 1,892	\$ 1,822	\$ 1,596	\$ 1,526
Property Taxes	\$ 421	\$ 365	\$ 361	\$ 325	\$ 347
Insurance	\$ 160	\$ 139	\$ 137	\$ 124	\$ 132
Utilities	\$ 275	\$ 271	\$ 283	\$ 288	\$ 261
TOTAL	\$ 3,301	\$ 2,666	\$ 2,603	\$ 2,332	\$ 2,266
Minimum Annual Income	\$ 132,042	\$ 106,649	\$ 104,136	\$ 93,273	\$ 90,657
in 2012 Dollars	\$ 140,806	\$ 114,134	\$ 109,646	\$ 95,203	

First Quartile Sale Price Home Affordability

	2008	2009	2010	2011	2012
Mortgage Amount	\$ 314,400	\$ 293,500	\$ 292,100	\$ 241,600	\$ 270,470
Interest Rate	6.09%	5.06%	4.83%	4.58%	3.66%

Monthly PITI

Principal + Interest	\$ 1,903	\$ 1,586	\$ 1,538	\$ 1,236	\$ 1,239
Property Taxes	\$ 328	\$ 306	\$ 304	\$ 252	\$ 282
Insurance	\$ 124	\$ 116	\$ 116	\$ 96	\$ 107
Utilities	\$ 275	\$ 271	\$ 283	\$ 288	\$ 261
TOTAL	\$ 2,630	\$ 2,280	\$ 2,241	\$ 1,871	\$ 1,889
Minimum Annual Income	\$ 105,194	\$ 91,190	\$ 89,643	\$ 74,822	\$ 75,558
in 2012 Dollars	\$ 112,176	\$ 97,590	\$ 94,386	\$ 76,371	

Appendix D: HUD Income Levels by Household Size

Household Income Levels by Household Size

	1		2		3		4		5		6		7		8 HMFA Overall*			
Extremely Low	\$	18,500	\$	21,150	\$	23,800	\$	26,400	\$	28,550	\$	30,650	\$	32,750	\$	34,850	\$	26,400
Very Low Income	\$	30,800	\$	35,200	\$	39,600	\$	44,000	\$	47,550	\$	51,050	\$	54,600	\$	58,100	\$	44,000
Low Income	\$	45,500	\$	52,000	\$	58,500	\$	65,000	\$	70,200	\$	75,400	\$	80,600	\$	85,800	\$	70,400
Moderate	\$	58,520	\$	66,880	\$	75,240	\$	83,600	\$	90,345	\$	96,995	\$	103,740	\$	110,390	\$	83,600
Middle	\$	73,920	\$	84,480	\$	95,040	\$	105,600	\$	114,120	\$	122,520	\$	131,040	\$	139,440	\$	105,600

Maximum Monthly Housing Cost

	1		2		3		4		5		6		7		8 HMFA Overall*			
Extremely Low	\$	463	\$	529	\$	595	\$	660	\$	714	\$	766	\$	819	\$	871	\$	660
Very Low	\$	770	\$	880	\$	990	\$	1,100	\$	1,189	\$	1,276	\$	1,365	\$	1,453	\$	1,100
Low	\$	1,138	\$	1,300	\$	1,463	\$	1,625	\$	1,755	\$	1,885	\$	2,015	\$	2,145	\$	1,760
Moderate	\$	1,463	\$	1,672	\$	1,881	\$	2,090	\$	2,259	\$	2,425	\$	2,594	\$	2,760	\$	2,090
Middle	\$	1,848	\$	2,112	\$	2,376	\$	2,640	\$	2,853	\$	3,063	\$	3,276	\$	3,486	\$	2,640

*Based on Seattle-Bellevue HMFA - FY2012 MFI: \$88,000

Appendix E: Affordable Housing Glossary

Affordable Housing: For housing to be considered affordable, a household should not pay more than 30 percent of its annual income on housing. This includes all costs related to housing - rent, mortgage payments, utilities, etc.

AMI: Area Median Income. The measure of median income used in this report is that of the Seattle-Bellevue HMFA. This measure is used in administering the Section 8 voucher program in Snohomish County.

Cost-Burdened: Households that spend more than 30 percent of their income on housing.

Extremely Low Income: Households that make up to 30 percent of AMI.

Fair Market Rent: HUD determines what a reasonable rent level should be for a geographic area, and sets this as the area's fair market rent. Section 8 voucher holders are limited to selecting units that do not rent for more than fair market rent.

HMFA: HUD Metro FMR Area

Low Income: Households that make up to 80 percent of AMI.

Median Income: The median income for a community is the annual income at which half the households earn less and half earn more.

Middle Income: Households that make up to 120 percent of AMI.

Moderate Income: Households that make up to 95 percent of AMI.

PHA: Public Housing Agency

Section 8: HUD's Section 8 Housing Choice voucher program. Qualifying households can take their voucher to any housing unit which meets HUD safety and market rent standards. HUD funds are administered by PHAs.

Severely Cost-Burdened: Households that spend more than 50 percent of their income on housing.

Subsidized Rental Unit: A unit which benefits from a direct, monthly rent subsidy. This subsidy will vary to ensure that a household does not spend more than 30% of their income on housing. Section 8 Housing Choice Vouchers are an example of a direct rent subsidy.

Very Low Income: Households that make up to 50 percent of AMI.

Workforce Rental Housing: Workforce rental units have rents which are set in order

to be affordable to households at certain income levels. While a household may need to have income below a certain level to apply for a workforce rental unit, the rent level does not adjust to their actual income. A property may feature units with rents affordable to households with 50% AMI, but a household earning 30% AMI would still have to pay the same rent.

Appendix F: Methodology

Affordability - Adjustment for Household Size

Where it is indicated that housing cost affordability is assessed adjusting for household size, several factors are considered. First, using HUD standards, the appropriate size range that could inhabit the housing unit in question is determined. For example, the appropriate range for a 2 bedroom unit would be 2-4 people. Next, the cutoff income levels are averaged across the household size range, and this average is used for comparison.

To assess whether or not a 2 bedroom unit is affordable to extremely low income households using this method, one would first average the extremely low cutoff levels for 2-, 3-, and 4-person households. For 2012, these levels were \$21,150, \$23,800, and \$26,400. Their average is \$23,783. A household with this income can afford to spend no more than \$595 per month on housing. If the unit in question rents for less than this amount, then one can say that, on average, it is affordable to extremely low income households, adjusting for household size.

Table E.1, below, shows the maximum a household at each income level can afford to spend on housing per month by household size.

Table E.1. Maximum Monthly Housing Expense by Household Size, Seattle-Bellevue HMFA 2012

	Number of Persons Per Household								HMFA Overall
	1	2	3	4	5	6	7	8	
Extremely Low	\$455	\$520	\$585	\$650	\$703	\$755	\$806	\$859	\$650
Very Low	\$759	\$868	\$976	\$1,084	\$1,171	\$1,258	\$1,345	\$1,431	\$1,084
Low	\$1,128	\$1,289	\$1,450	\$1,610	\$1,740	\$1,869	\$1,998	\$2,126	\$1,734
Moderate	\$1,442	\$1,648	\$1,855	\$2,059	\$2,225	\$2,389	\$2,556	\$2,719	\$2,059
Middle	\$1,821	\$2,082	\$2,343	\$2,601	\$2,811	\$3,018	\$3,228	\$3,435	\$2,601

Source: HUD, 2012

Home ownership affordability

Home ownership affordability was calculated using similar techniques to the California Association of Realtor's Housing Affordability Index. First, property sale data was acquired from the Snohomish County Assessor, and single family home sales in Marysville were separated. Next, the monthly payment for these homes was calculated using several assumptions:

- Assuming a 20% down payment, the loan amount is then 80% of the total sale price
- Mortgage term is 30 years
- Interest rate is the national average effective composite rate for previously occupied homes as reported by the Federal Housing Finance Board
- Monthly property taxes are assumed to be 1% of the sale price divided by 12
- Monthly insurance payments are assumed to be 0.38% of the sale price divided by 12

Using all of these assumptions, the monthly payment is the sum of principal and

interest; taxes; and insurance.

Household Income Levels

Area Median Income, or AMI, is an important part of many housing affordability calculations. In Snohomish County, HUD uses the Seattle-Bellevue HMFA median income as AMI. This is recalculated every year, both as an overall average and by household size up to 8 individuals. Standard income levels are as follows:

- Extremely low income: <30% AMI
- Very low income: between 30 and 50% AMI
- Low income: between 50 and 80% AMI
- Moderate income: between 80 and 95% AMI
- Middle income: between 95 and 120% AMI

Household Profiles

Information on households was gathered from Section 8 Housing Choice Voucher data. All names have been changed as well as many other nonessential details to protect privacy.

Appendix F: AHA Jurisdictions Compared

	County	Arlington	Edmonds	Everett	Granite Falls	Lake Stevens	Lynnwood	Marysville	Mill Creek	Mountlake Terrace	Mukilteo	Snohomish	Stanwood	Woodway
Population & Community														
Population *	730,500	18,270	39,950	104,200	3,385	28,960	35,960	62,100	18,600	20,160	20,440	9,220	6,340	1,300
Households	268,546	6792	17,396	41,366	1,277	9,690	14,308	21,623	7,559	8,245	7,793	3,656	2,343	457
Avg Homeowner HH Size	2.7	2.6	2.4	2.5	2.96	2.93	2.6	2.73	2.65	2.45	2.71	2.76	2.86	3.1
Avg Renter HH Size	2.4	3.1	2.0	2.3	1.98	2.82	2.3	2.85	1.94	2.36	2.36	2.01	2.09	2.9
1-2 Person Households	58.3%	58%	68.8%	65.90%	59.50%	47.4%	63.20%	55%	64%	63.6%	55.6%	62.40%	61.80%	53.20%
Median HH Income	\$68,338	\$61,817	\$73,072	\$47,491	\$65,389	\$71,224	\$49,839	\$65,627	\$89,124	\$59,099	\$91,204	\$53,897	\$61,637	\$137,292
Households <50% AMI	31%	34%	31%	46%	28%	27%	44%	32%	24%	35%	20%	42%	39%	16%
Jobs-Housing Ratio**	0.94	1.31	0.72	2.12	0.65	0.43	1.73	0.56	0.68	0.82	1.24	1.30	1.34	0.14
Average Commute Time (Min)	29.2	31.5	27.1	25	36.6	31.9	27.7	30.3	28.7	27.1	25.6	29.1	26.4	22.9
Median Age	37.2	36.1	46	34	34.8	32.8	37.1	34.4	39.6	36.6	41.2	39.5	35.5	45.6
Population with a Disability	10.8%	13.1%	9.0%	14.1%	14.4%	9.9%	13.3%	11.9%	6.9%	9.9%	8%	15.9%	13.9%	7.3%
Population Growth, 1990-2013	57%	353%	30%	49%	219%	743%	26%	501%	159%	4%	193%	42%	223%	42%
Projected % Population Growth, 2013-2035	33.1%	38.3%	14%	58%	132%	36%	40%	41%	9%	23%	7%	33%	60%	7%
Cost-Burdened Homeowners	38.1%	43.1%	34.6%	40%	43.4%	42.6%	37.4%	36.9%	34.9%	38.6%	35.2%	36.5%	35.5%	38.4%
Cost-Burdened Renters	50.5%	55.3%	50.5%	52%	54.9%	45.7%	59.1%	54%	47.7%	46.9%	44.3%	54.9%	60.7%	88.9%
Renter Households	32.7%	35.8%	28.7%	55.4%	34.7%	25.7%	47.4%	30.3%	35.8%	39.6%	31.7%	47%	38.2%	4.6%
Lived in a different house one year ago	16.5%	15.6%	13.5%	24.8%	16.4%	14.2%	17.6%	15.7%	18.9%	17.5%	15.6%	18.2%	21.4%	5.400%
Housing Stock														
Vacancy	6.4%	6.6%	6.7%	5.9%	11.8%	6.2%	6.1%	4.3%	4.6%	4.8%	6.1%	7.8%	5.40%	5.4%
Median 2012 home value	\$311,600	\$255,000	\$394,800	\$251,200	\$ 220,300	\$ 262,700	\$ 300,800	\$247,600	\$415,700	\$275,200	\$469,500	\$ 287,600	277,100	\$968,500
Avg 2014 assessed home value	\$244,600	\$184,300	\$351,100	\$194,100	\$ 147,700	\$ 210,000	\$ 219,300	\$182,400	\$348,900	\$195,100	\$358,700	\$ 228,200	205,000	\$962,800
Single Family Home Share	69%	70.8%	64.6%	49.4%	77.5%	78.8%	53.7%	79.8%	64.4%	62.1%	67.7%	62.1%	68.8%	100%
Homes 2 bed or less in size	35%	28.9%	42.2%	58%	33.9%	21.1%	50.6%	26.2%	37.4%	43.9%	34.4%	47.1%	36.2%	3%
Median Home Age	1985	1994	1973	1977	1996	1992	1976	1988	1993	1970	1990	1977	1993	1971
Ratio of 2012 Median Home Value-2012 Median HH Income	4.6	4.1	5.4	5.3	3.4	3.7	6.0	3.8	4.7	4.7	5.1	5.3	4.5	7.1

Source (Unless otherwise noted): US Census Bureau; American Community Survey, 2008-2012

* Washington State OFM, 2013

** PSRC, 2012