

# HOUSING ELEMENT



## **HOUSING ELEMENT**

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### **INTRODUCTION**

This element summarizes select household characteristics, housing stock, housing characteristics, and housing needs within the City.

### **BACKGROUND**

The Growth Management Act requires cities and counties to have a housing element (or chapter) in their comprehensive plan. This is to be guided by the following goal:

- “Ensure the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock. (RCW 36.70A.020)”

Under the Act, the housing element specifically helps ensure the vitality and character of established neighborhoods, while also identifying sufficient land for housing and providing for a full range of existing and projected needs. These needs include people with disabilities and people with different income levels and household sizes.

The state legislature also adopted a new requirement in 1997 for fast-growing counties, like King and Snohomish, and their cities to evaluate every five years whether they are achieving their goals, objectives, and targets. This requirement is sometimes referred to as the Buildable Lands Program and it is especially significant for housing. If a local government is not meeting its goals, objectives, and targets, it must take reasonable measures to improve the situation. State guidelines identify a number of “reasonable measures,” related to housing, for local governments to use. These measures were also adopted as part of the draft 2002 Buildable Lands Report from Snohomish County Tomorrow.

### **County-Wide Process**

When housing issues affect more than one jurisdiction, cooperative solutions are often needed. The Growth Management Act requires each county, in cooperation with its cities, to adopt county-wide planning policies for certain topics, including affordable housing. In Snohomish County, an organization called Snohomish County Tomorrow, with representatives from the county and each of its cities, helped to develop such policies. These were adopted in 1993 and amended in subsequent years. Snohomish County jurisdictions must take actions consistent with the county-wide planning policies. Many of these policies require a cooperative process.

County-wide planning policies for affordable housing are summarized below:

1. Provide fair and equal access to housing.
2. Provide for existing and projected housing needs of all economic segments of the county.
3. Cooperate with other local governments.
4. Use a fair-share distribution among jurisdictions to avoid over-concentrations of low-income and special-needs housing.
5. Use effective strategies for affordable housing.
6. Cooperate with a designated public/private financing program.
7. Employ incentives for encouraging compact development.
8. Rehabilitate housing and upgrade neighborhoods.

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9. Use a county-wide process to report on the effectiveness of local housing strategies.
10. With other jurisdictions, consistently apply fair housing policies.
11. Provide for siting of essential public facilities for residential needs.
12. Use innovative urban design techniques.
13. Site housing close to or accessible to work.
14. Encourage environmentally sensitive building practices.
15. Achieve public benefit through regulations that result in the least cost for housing.
16. Expedite the permitting process.
17. Diversify infrastructure funding.
18. Impose only reasonable impact fees.
19. Consider the establishment of new, fully contained communities and master-planned resort communities.
20. Adopt housing relocation programs.

More specific strategies for affordable housing have been adopted through Snohomish County Tomorrow. In 2002, the county developed a draft report to assess how jurisdictions, since 1997, have met the adopted county-wide planning policies and strategies. Information from the draft report indicates that Mountlake Terrace is on par with most other cities in the region. To ensure an adequate supply of affordable housing, Mountlake Terrace should increase the number of residential units for low-income households.

### Inventory and Analysis of Housing Needs

Within the City are 8,217 housing units. Since the City's incorporation, the housing stock has evolved from predominantly single-family to a mix of single- and multi-family units. Over 50 percent of all housing units in the City are over 30 years old.

To assist lower-income families in rehabilitating their homes, Snohomish County Housing Authority administers a Housing Rehabilitation Loan Assistance Program. This loan gives priority to the disabled/handicapped and very low income families. In addition, the Housing Authority is involved in providing affordable homes in the City and assisting with loans.

In 2000, Mountlake Terrace had 7,962 occupied residential units and a population of 20,362. This means an average household size of 2.54 people, a slight decline from the average household size of 2.60 in 1990. Going back to 1980 and 1970, the average household size in the city was 2.70 and 3.70, respectively. For Snohomish County as a whole, the average household size was 2.65 in 2000, slightly down from 2.68 in 1990. This regional trend of smaller household sizes reflects a similar nationwide trend.

The majority of housing (about 60 %, according to the 2000 Census) in Mountlake Terrace is owner-occupied. Remaining units (about 40%) are renter-occupied.

### Household Characteristics

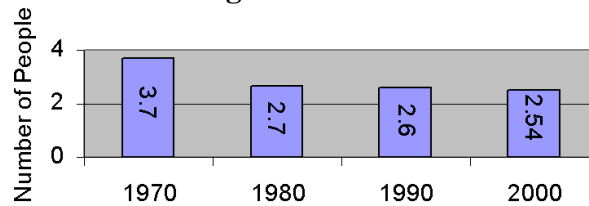
At the time of the US Census 2000, the total number of occupied households in the City was 7,962. Thirty seven percent of these were non-family households. Approximately 26.2 percent

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were a single person household. Of the nearly 8,000 households, 507 had occupants who were 65 years of age or older.

The average household size in the City has declined since 1970, when it was 3.7 persons. In 1990, the average number of people in a Mountlake Terrace household was 2.6, and in 2000, it was 2.54. Similarly, the County-wide data shows household size decreased from 2.68 in 1990 to 2.65 in 2000. The same trend of decreasing household sizes is apparent nation-wide.

**Figure HO-1  
Average Household Size**

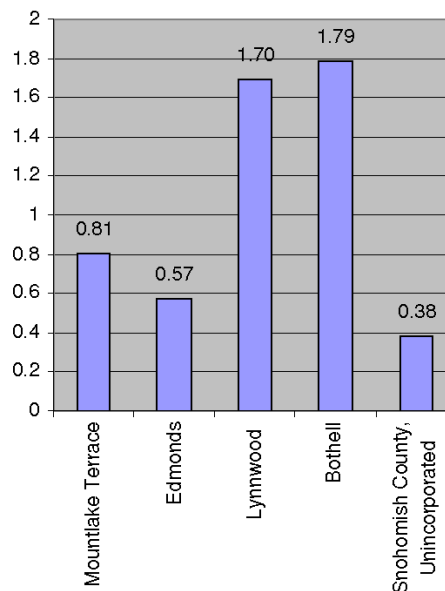


Source: City of Mountlake Terrace, US Census

**Jobs to Housing Ratio**

The jobs to housing ratio is derived from using covered employment estimates and the number of housing units. (“Covered” employment refers to jobs that are covered by unemployment insurance.) This ratio is 0.81 for the City of Mountlake Terrace. The unincorporated Snohomish County ratio is 0.38.

**Figure HO-2  
Jobs to Housing Ratio**



Source: Snohomish County

**Housing Value**

The following table describes housing values for specified owner-occupied housing units within

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each value category, that is, one-family houses on less than 10 acres without a business or medical office on the property. These data exclude mobile homes, houses with a business or medical office, houses on 10 or more acres, and housing units in multi-unit structures. Over three-quarters of this housing stock are valued between \$100,000 to \$199,999.

**Table HO-1  
Housing Values of Specified Owner Occupied Units**

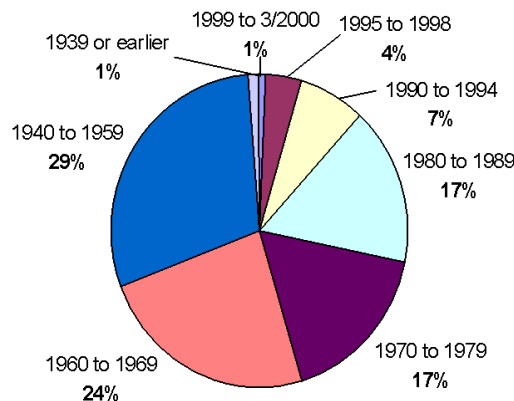
Housing Value	Number of Units
Less than \$50,000	13
\$50,000 to \$ 99,999	68
\$100,000 to \$149,999	1032
\$150,000 to \$199,999	2035
\$200,000 to \$299,999	707
\$300,000 to \$499,999	51
\$500,000 to \$ 999,999	18
\$1,000,000 or more	0

Source: US Census 2000

**Age of Housing Stock**

Housing in the City is generally older. Nearly 90 percent of all housing stock in the City was built prior to 1990. Approximately 5 percent of all housing was built since 1995.

**Figure HO-3  
Age of Housing Stock (2000)**



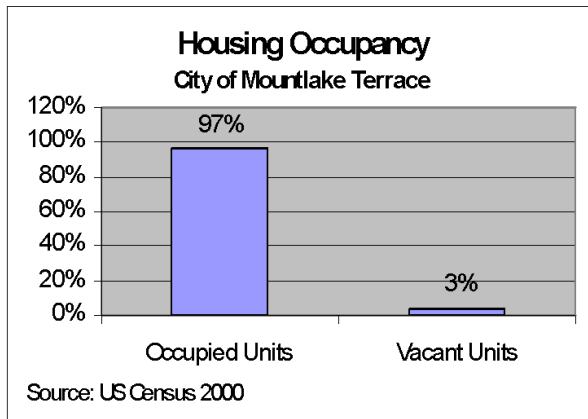
Source: US Census 2000

**Housing Occupancy and Tenure**

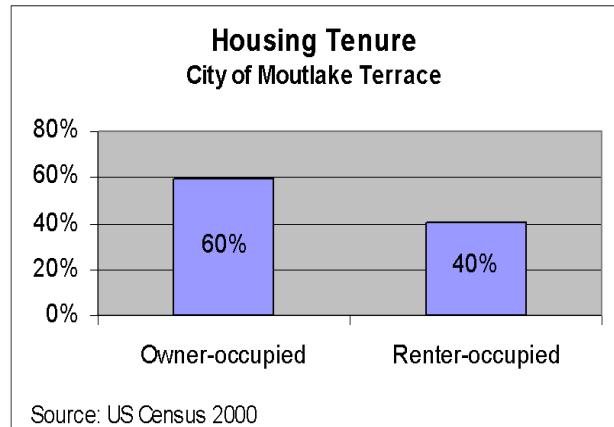
The City has a total of 8,217 housing units as reported by US Census 2000. It was reported that 7,962 housing units were occupied and 255 units were vacant. Seven of the 255 vacant units were for seasonal, recreational, or occasional uses. Homeowner vacancy rate for the City was 0.6 percent and rental vacancy rate was 4.8 percent.

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**Figure HO-4**



**Figure HO-5**



The number of housing units that are owner occupied is 4,751. The remaining 3,211 units are renter occupied. Owner occupied housing units account for approximately 59.7 percent of all occupied housing units.

**Housing Affordability**

Housing affordability is a broad concept that has several meanings. This can be seen by the following definition.

Affordable housing: (1) Housing for which the monthly payment is less than 30% of an affected household’s monthly income; (2) Housing for families or individuals with incomes below 80% of the median income and for which the monthly payment is less than 30% of the household’s monthly income; (3) Housing units with costs subsidized by an organization or agency; or (4) Housing for which an “average” person considers the price or monthly payment to be reasonable.

Mountlake Terrace, working in conjunction with Snohomish County and other cities within the County, through a process called Snohomish County Tomorrow, developed the Fair Share Housing Allocation Methodology and Guidelines (Guidelines), which was adopted by the Snohomish County Tomorrow Steering Committee on January 26, 1994. The Guidelines are intended to equitably distribute affordable housing among the cities and unincorporated county. The Guidelines contain definitions, allocations, and strategies regarding affordable housing.

According to the Guidelines, housing is considered to be "affordable" when a household pays less than 30 percent of its gross income for housing costs (which includes rent and utility cost for renters; and principal, interest, taxes, insurance, and other applicable fees for homeowners). The fair share methodology incorporated in the Guidelines addresses those households in Snohomish County that earn less than 95 percent of the annual county median income. A housing need exists when these households pay more than 30 percent of their gross income for housing costs. The City has worked closely with the Housing Authority of Snohomish County (HASCO) in the past to provide housing affordable to low income families. The City has aided in the provision of affordable housing by donating land and other subsidies as well as other support and cooperation for development of low income housing.

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The income estimates used for the housing affordability analysis are based on the Washington State Office of Financial Management (OFM). The median Snohomish County income for 2001 was \$56,205. The following table shows income groups as a percentage of County median income.

**Table HO-2  
Income Groups**

<b>Income Groups</b>	<b>Household Income (\$)</b>	<b>Percentage of County Median Income</b>
Extremely Low Income	<\$16,862	0-30%
Very Low Income	\$16,862 – \$30,351	31-54%
Low and Moderate Income	\$30,351 – \$53,395	55-96%
Middle Income	\$53,395 – \$67,446	96-120%
Upper Middle Income	\$67,446 – \$98,359	121-175%
Upper Income	Greater than \$98,359	Greater than 176%

Source: 2001 Growth Monitoring Report, Snohomish County, Planning and Development Services (PDS)

**Rental Affordability**

Over the last six years, nearly all surveyed rental units in Snohomish County were affordable to households earning up to 95 percent of median income. However, over time, the proportion of those units affordable to lower income households has been decreasing.

Since 1996, approximately 99 percent of all surveyed rental units in the County were affordable to moderate income households, i.e., those earning up to 95 percent of median household income. In 1996, 72 percent of those units were affordable to very low-income households, earning up to 54 percent of median income. By 2001, just 55 percent of those units were affordable to very low-income households. There were virtually no surveyed market units affordable to extremely low-income households, earning less than 30 percent of median income. However, the rental units reported do not include any assisted rental (subsidized) housing units.

Rental payments exceeding 30 percent of gross monthly income is considered to be unaffordable. The table below summarizes the supply of affordable rental units within the City.

**Table HO-3  
Supply of Affordable Rental Units**

<b>Income Groups</b>	<b>Maximum Monthly Rental Payment (\$)</b>	<b>Number of Surveyed Units At or Below Max. Rent</b>
Extremely Low Income	\$422	-
Very Low Income	\$759	1,055
Low and Moderate Income	\$1,335	963
Middle Income	\$1,685	2
Upper Middle Income	\$2,459	-
Upper Income	Greater than \$2,459	-

Source: 2001 Growth Monitoring Report, Snohomish County PDS

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A total of 2,020 units were surveyed within the City in 2001. Out of all the units surveyed, 1,055 units had rents above the maximum monthly rental payment for the Extremely Low Income group (\$422) and below or at the maximum monthly rental payment for the Very Low Income group (\$759). A total of 2,018 units are affordable to the Low and Moderate Income group and all but two surveyed units were affordable to the Middle Income group. There were no surveyed units that were affordable to the Extremely Low Income group. However, the rental units reported do not include any assisted rental (subsidized) housing units.

**Home Ownership Affordability**

Recent data show that home ownership affordability is on a decline. The percent of housing sales affordable to households earning 95 percent of median income has fluctuated between 38 percent and 22 percent since 1995 largely due to fluctuations in mortgage interest rates. However, even when historic interest rate volatility is controlled, deterioration in house sales affordability is evident.

Approximately 22 percent of County housing sales in 2000 were affordable to low/moderate income households. Even when the interest rate fluctuations are controlled using a ten-year average, the percent of homes affordable to low/moderate income households decreased from 27 percent to 22 percent over the same time period.

“Home Ownership” affordability is more complicated than rental affordability. Housing affordability is a function of housing prices, mortgage rates, and housing expense. The 10-year average mortgage rate of 7.5 percent was used to calculate the affordability of homes.

The following table illustrates the maximum monthly housing expense, the cash required at closing, and the maximum sales price of the homes for each homebuyer income group.

**Table HO-4  
Maximum Affordable Housing Unit**

<b>Income Groups</b>	<b>Household Income (\$)</b>	<b>Maximum Monthly Housing Expense (\$)</b>	<b>Cash Required at Closing (\$)</b>	<b>Maximum Sales Price (\$)</b>
Extremely Low Income	<\$16,862	380	5,196	47,680
Very Low Income	\$16,862 - \$30,351	684	8,553	85,824
Low and Moderate Income	\$30,351 - \$53,395	1,203	14,287	150,987
Middle Income	\$53,395 - \$67,446	1,519	17,783	190,720
Upper Middle Income	\$67,446 - \$98,359	2,215	25,476	278,134
Upper Income	Greater than \$98,359	Greater than 2,215	Greater than 25,476	Greater than 278,134

Source: 2001 Growth Monitoring Report, Snohomish County PDS

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**Table HO-5  
Housing Sales 1999 and 2000**

<b>Income Groups</b>	<b>Maximum Sales Price (\$)</b>	<b>Estimated Number of Units Sold</b>
Extremely Low Income	\$47,680	0
Very Low Income	\$85,824	6
Low and Moderate Income	\$150,987	93
Middle Income	\$190,720	159
Upper Middle Income	\$278,134	76
Upper Income	Greater than \$278,134	4

Source: 2001 Growth Monitoring Report, Snohomish County PDS

The housing sales data is based on Snohomish County Assessor’s Proval database system and it includes data from 1999 and 2000. Not all deed recordings are included in the housing sales data.

During those two years, approximately 338 housing sales were made. Approximately three-quarters of homes sold within those two years were affordable to the Middle Income group. There were no homes sold that were affordable to the Extremely Low Income group.

**Future Housing Need**

There are a total of 8,217 housing units in the City, which includes single-family, multi-family, and mobile home units, according to the 2000 Census. The average household size in 2000 was 2.54 people per household. The projected 2012 population for the City as stated in the Snohomish County County-wide Planning Policies is 22,100.

Household size has declined steadily. Puget Sound Regional Council (PSRC) provides forecasts on population, household, and employment at the Forecast Analysis Zone (FAZ) level. FAZs comprise a number of census tracts. For Mountlake Terrace, the FAZ consists of Census Tracts 510, 511, 512, and 513. The projected household size for the City in 2010 is 2.44, in 2020 it is 2.46, and in 2030 it is 2.43. It is safe to assume that in 2012, the average household size in the City will be approximately 2.44 persons per household.

The draft 2002 Buildable Lands Report, produced through Snohomish County Tomorrow (a multi-jurisdiction organization), shows that Mountlake Terrace may face a problem in meeting its projected population growth to the year 2012. As adopted in the Snohomish County County-wide Planning Policies and the City’s 1996 Comprehensive Plan, the City’s projected population growth between the years 2002 and 2012 is 1,630 additional persons. Mountlake Terrace is obligated to provide for this amount of population. At 2.5 persons per household, the City will need about 650 more housing units between 2002 and 2012. However, the buildable land supply (at 2002 zoning, with standardized reductions for market availability, critical areas, and other factors) will accommodate only 416 housing units. This leaves a projected housing gap of 234 units. However, the projected gap may not occur if one or more of the strategies in the “Strategies” section is effectively implemented.

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Furthermore, local businesses added 2,988 employees between the years 1990 and 1999.<sup>1</sup> Many of these employees do not live in the City. During the same period of rapid employment expansion, only 335 housing units were added.<sup>2</sup> It is probable that many employees of local businesses do not live in Mountlake Terrace due to a shortage of housing to meet the demand.

According to the 2000 US Census, about 61.6 percent of all housing units in Mountlake Terrace were single-family, 37 percent were multi-family (including duplexes), and 1.4 percent were mobile homes. Likewise, in 1990, 61.4 percent of all housing units were single-family, 37.2 percent were multi-family and 1.6 percent was mobile homes.

If the current trend in the type of housing units remained constant through 2012, approximately 5,581 single-family housing units, 3,353 multi-family housing units, and 126 mobile home units would be needed to meet housing needs in 2012. However, market demands will affect these trends and future numbers may vary.

**Housing Development**

Many factors limit the development of housing in the City. These include availability of land for development, zoning regulations, availability and costs of utilities connection, and market demand.

From 1990-2000, there were 368 new housing units developed in the City. The table below shows the number and type of permitted new housing units within the City:

**Table HO-6  
New Housing Units 1990-2000**

	<b>Single-Family</b>	<b>Duplex</b>	<b>Multi-Family</b>	<b>Mobile Homes</b>
Total New Housing Units	181.0	38.0	145.0	4.0
Percent of Total (%)	49.2	10.3	39.4	1.1

Source: 2001 Growth Monitoring Report, Snohomish County PDS

**Land Supply for Housing**

Mountlake Terrace has nearly 73% of its total land base zoned for residential uses. This includes approximately 72 acres zoned for low-density multi-household residential; 98 acres zoned for medium-density multi-household residential; 878 acres for single-household residential at 6 units per acre; 303 acres for single-household residential at 5 units per acre; 70 acres for special residential unit development; and 12 acres for mobile home parks. In addition, residential uses are allowed in some commercial zones.

The City is mostly built-out, based on current zoning. However, some infill and redevelopment potential remains. Other potential is possible under different zoning.

<sup>1</sup> Snohomish County Tomorrow 2000 Growth Monitoring Report

<sup>2</sup> *Ibid.*

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### **Strategies**

Mountlake Terrace's biggest housing challenge in the next ten years is to provide for an adequate housing supply to meet its population target and to provide more opportunities for employees of local businesses to live within the City. Strategies to address this should be crafted carefully with respect to the community's quality of life and to the changing market demands.

Potential strategies (also applicable as "reasonable measures" under the Buildable Lands Program) include the following:

- Improving the permit process to expedite development;
- Encouraging a mix of residential and commercial uses in some areas, especially the Town Center;
- Providing a wide range of housing choices, including cottages, townhomes, and planned unit developments;
- Allowing more options for "mother-in-law" apartments, compatible with the neighborhood;
- Encouraging maintenance and renovation of existing housing;
- Allowing greater density or lot coverage in some zones;
- Converting limited amounts of land in non-residential zones to residential;
- Adding flexibility to the zoning code (for example, by allowing access easements to count as part of the minimum lot size);
- Considering new infill and redevelopment opportunities (for example, housing over a public park-and-ride structure);
- Considering other ideas, as new information becomes available.

## **HOUSING GOALS AND POLICIES**

### **Goals**

The Housing Element is guided by five key goals, as follows. These goals are stated at a very broad level to indicate the desired end-result for key topics.

- GOAL HO-1.** Accommodation of projected population  
**GOAL HO-2.** Diversity of housing  
**GOAL HO-3.** Affordability for a range of income levels  
**GOAL HO-4.** Residential neighborhoods with vitality and character  
**GOAL HO-5.** Housing options for people with special needs

### **Policies**

Below are the Comprehensive Plan policies that correspond with each housing goal. The City of Mountlake Terrace shall implement the following policies.

#### **GOAL HO-1. Accommodation of projected population**

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Policy HO-1.1 Regulate land appropriately to accommodate a population of 22,556 by the year 2025 and to meet needed levels of single and multi-family housing.

Policy HO-1.2 Monitor housing and population growth in accordance with the Snohomish County Tomorrow process.

Policy HO-1.3 Ensure that development policies encourage an increase in housing opportunities and do not result in a net loss of housing units needed to accommodate growth by 2025.

Policy HO-1.4 Facilitate housing opportunities in a vibrant Town Center.

**GOAL HO-2. Diversity of housing**

Policy HO-2.1 Encourage a variety of housing styles, such as single-family detached, single-family attached, multi-family, accessory units, and manufactured housing.

Policy HO-2.2 Encourage a variety of housing sizes to meet the diverse needs of individuals and families.

**GOAL HO-3. Affordability for a range of income levels**

Policy HO-3.1 Seek to achieve a jobs/housing balance that provides sufficient housing opportunities for people that work in the community to live in the community.

Policy HO-3.2 Ensure a timely, fair, and predictable permit management system that:  
 a. Facilitates desirable development;  
 b. Helps citizens and developers understand rules for development.

*[Note: The Plan Administration Element describes this expectation in more detail.]*

**GOAL HO-4. Residential neighborhoods with vitality and character**

Policy HO-4.1 Encourage new development to enhance and/or be compatible with its surrounding neighborhood.

Policy HO-4.2 Promote use of programs, such as the loan program administered by the Housing Authority of Snohomish County, to help low-income homeowners improve their homes.

Policy HO-4.3 Protect residential areas from illegal land use activities through enforcement of City codes.

Policy HO-4.4 Encourage parks, sidewalks, trails, lighting, and other amenities that help make neighborhoods pleasant and safe.

Policy HO-4.5 Promote quality, community-friendly residential development through

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features such as enhanced open space and pedestrian connectivity.

**GOAL HO-5. Housing options for people with special needs**

Policy HO-5.1 Work with agencies, such as the Housing Authority of Snohomish County, to promote housing that meets the special needs of certain segments of the population, including for low-income and people who need special care or support.

Policy HO-5.2 Encourage and support social and health service organizations that offer programs and facilities for people with special needs, particularly those programs that help people remain in the community.

**PERFORMANCE MEASURE**

For the Housing Element, the City of Mountlake Terrace has a performance measure and will annually report on its progress. The measure is as follows:

- 49 housing units permitted per year.

[Note: A Comprehensive Plan amendment may be made to decrease the above number as the City approaches its population target for the year 2025.]

**ACTIONS TO TAKE**

To help carry out this chapter, certain action steps are needed. These include the following:

1. Review the 2002 Housing Evaluation Report from Snohomish County Tomorrow and the final 2002 Buildable Lands Report by mid-2004 and determine what measures, if any, Mountlake Terrace will take to meet its housing target.
2. Review development regulations and in 2005, revise regulations as necessary to help implement the City's housing goals and policies.
3. Develop design guidelines by 2005 for multi-family housing that will further encourage attractive buildings and landscaping, pedestrian- and transit-orientation, and good context within neighborhoods.
4. Compare median cost of housing in Mountlake Terrace, King County, Snohomish County, Snohomish County, and surrounding jurisdictions, by the end of 2006, to help determine whether new strategies are needed to address housing affordability needs in Mountlake Terrace.
5. Review the City's development regulations and report, by the end of 2010, whether any revisions are needed to create effective transitions between commercial zones and residential zones or to implement other housing goals from the Comprehensive Plan.