

CHAPTER FIVE

HOUSING

5.0	<i>INTRODUCTION</i>	1
5.1	<i>POLICY BACKGROUND</i>	2
	Growth Management Act (GMA)	3
	VISION 2040	3
	Countywide Planning Policies (CWPPs)	3
5.2	<i>FEDERAL WAY AND ITS HOUSING</i>	4
	Household and Population Trends	4
	Household Size	6
	Special Needs Populations	7
	Employment	8
	Housing Stock and its Condition	8
	Subsidized Housing	9
	Housing Condition	10
	Housing Cost and Affordability	10
	Ownership Housing	12
	Affordability of Ownership Housing	12
	Future Housing Growth	13
	Housing Targets	13
	Housing Capacity	13
	Meeting the Need for Housing	14
5.3	<i>KEY HOUSING ISSUES</i>	15
	Preserving Neighborhood Character	15
	Zoning and Development Regulations	15
	Affordable and Special Needs Housing Strategies	16
	Development Review	16
	Citizen Participation	17
	Policy Coordination and Regional Participation	17

5.4 HOUSING CHAPTER GOALS AND POLICIES	17
Preserving Neighborhood Character	18
Community Involvement and Development Review	18
Good Design and Diversifying Housing Choice	19
Housing Affordability	20
Special Needs Housing	22
Regional Participation	22

5.0 INTRODUCTION

The primary goal of the Housing chapter is to create high quality neighborhoods that meet Federal Way’s current and future housing needs for all economic groups and household types. The plan does this by preserving and enhancing existing neighborhood character, while also encouraging the development of a wide range of housing types. The Land Use chapter determines the location and densities of that new housing.

The availability of diverse housing choices and affordable housing for all income groups is essential to a stable, healthy, and thriving community. Most housing is not built by cities, but by the private sector. However, cities and other entities, such as lending institutions impact the supply and affordability of housing. This chapter focuses on the housing supply and affordability factors that the City can either control or influence.

Demographic trends indicate a shift in future market demand towards smaller housing units, rental housing units, and mixed-use housing in a lively, amenity-rich environment. The City must adapt to these market trends and preferences to be successful.



Currently, almost 60 percent of Federal Way households are one or two-person households. That percentage is expected to increase due to factors such as declining birth rates, later childbirth, lower marriage rates, increasing number of empty nesters, longer lifespans, etc. Additionally, the percentage of the population represented by seniors has increased dramatically over the last ten years and is expected to continue in that direction. Senior households also tend to be one or two person households. This tells us that demand will likely be increasing for smaller housing units as opposed to large, suburban style single-family houses. The cost of housing is increasingly becoming a barrier to the traditional model of single-family home ownership. This factor will also dictate smaller home sizes as well as rental housing demand. In the next 30 years, the age cohort from 35 to 64 (the bracket traditionally seeking the most housing space) will be cut in half as a

percentage of total household growth. One counter trend that may be occurring is an increase in the immigrant population, which tends to have larger families. These families may be seeking larger, single-family homes to accommodate multi-generational families. Even if this trend continues, it is likely that we already have a large enough supply of single-family homes (and potentially an over-supply if a significant portion of baby boomers choose to relocate to senior housing, small houses, and apartments rather than age in place).

In order to address these trends, the City of Federal Way should allow a wide variety of housing types. The City should zone adequate land for senior housing and facilitate development of accessory dwelling units. The City should consider allowing smaller lot and home sizes to accommodate young first-time homebuyer families and seniors interested in down-sizing, but staying in their own home. The City should be developing dynamic, walkable, mixed-use neighborhoods with shopping, dining, entertainment venues, and multi-story apartment and condominium housing. This type of product is appealing to young people as well as a portion of the senior market. Demand for housing in urban style, walkable communities has continued to increase along with housing prices in such environments. One way to think of this is if the City desires our Y-generation kids who grew up in great Federal Way suburban neighborhoods to stay in town, we need to start building walkable urban neighborhoods that appeal to them. Providing desirable housing and amenity rich environments also support development of well-paying jobs. Companies make location decisions, in part, based on ease of employee recruitment and retention. The quality and desirability of housing options is a big factor in attracting and retaining good employees.

While the City does not control private sector investment, which is necessary for the development of quality housing and neighborhoods, the City should take the steps within its power to facilitate development of the types of housing that will create the best opportunity for success. Steps that can be taken (and in most cases already have) include creation of development regulations that allow these types of products, establishment of incentives for certain development types, evaluation of current codes for barriers to certain housing types, and creation of public-private partnerships.

No one can predict the future. If the City fails to adapt to these trends, the City may see the following consequences: loss of key demographic groups to cities that do adapt; potential declining home values due to an over-supply of large-lot single-family homes; decrease in median income as lower income families relocate to suburban environments and higher income families re-locate to desired mixed-use environments; loss of existing quality employers; and lack of ability to attract quality employers. If the City does adapt, it will be in a position to achieve the opposite result. The goals and policies of the Housing chapter are intended to, among other things; guide us to success in adapting our housing options to meet future demand.

5.1 POLICY BACKGROUND

The Growth Management Act (GMA), VISION 2040, and the King County Countywide Planning Policies (CWPPs) provide a framework for all jurisdictions to plan for and promote a range of affordable, accessible, and healthy housing choices for current and future residents.

Growth Management Act (GMA)

RCW 36.70A.020, Planning Goals of the GMA requires cities to "Encourage the availability of affordable housing to all economic segments of the population, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock." The GMA discourages "...conversion of undeveloped land into sprawling, low-density development". The GMA requires that the Housing chapter include:

- An inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth.
- A statement of goals and policies for housing preservation, improvement, and development of housing.
- Identification of sufficient land area for the number of needed housing units, including government assisted housing, housing for low income families, mobile/manufactured housing, multiple family housing, and special needs housing. This defines the amount of land that the City must designate for housing in the Land Use chapter.
- A strategy and policy for meeting the housing needs of all economic segments of the community.
- Encouragement for innovative land use management techniques to enhance affordable housing opportunities, including density bonuses, cluster housing, planned unit developments, and transfer of development rights.

VISION 2040

VISION 2040 contains multi-county planning policies (MPPs) that provide a policy framework and numeric guidance for local growth management planning and target setting. Countywide Planning Policies (CWPPS) and local comprehensive plans must be consistent with the MPPs. The Regional Growth Policy in VISION 2040 calls for growth focused in Metropolitan and Core Cities, such as Federal Way, particularly within designated Centers, and aims to improve the jobs-housing balance throughout the region.

The overarching goal of VISION 2040 is for the region to preserve, improve, and expand its housing stock to provide a range of affordable, healthy, and safe housing choices to every resident, with fair and equal access to housing for all people.

Countywide Planning Policies (CWPPs)

The CWPPs must be consistent with both GMA and VISION 2040. The overarching goal of the CWPPs is that the housing needs of all economic and demographic groups are met within all jurisdictions. In order to do so, they require that jurisdictions do the following regarding housing:

- Address the need for housing affordable to households with moderate, low, and very-low incomes, including those with special needs. The countywide need for housing by percentage of Area Median Income (AMI) is:

50-80% of AMI (moderate)	16% of total housing supply
30-50% of AMI (low)	12% of total housing supply
30% and below AMI (very-low)	12% of total housing supply

- Address the need for housing affordable to households at less than 30% AMI (very-low income), recognizing that this is where the greatest need exists, and addressing this need will require funding, policies, and collaborative actions by all jurisdictions working individually and collectively.
- Work with other jurisdictions to meet countywide housing targets and affordable housing needs.
- Conduct an inventory and analysis of existing and projected housing needs of all economic and demographic segments of the population.
- Provide zoning capacity for a range of housing types and densities, sufficient to accommodate adopted housing targets.
- Plan for affordable housing that is accessible to major employment centers.

The CWPPs establish numerical housing targets that each city should accommodate, as well as specific targets for housing affordable to households earning less than 80 percent of the county’s median family income. The numerical housing target for Federal Way is discussed in the Future Housing Growth section of this chapter.

The CWPPs suggest local actions to encourage development of affordable housing. These may include, but are not limited to, providing sufficient land zoned for higher housing densities, revision of development standards and permitting procedures, reviewing codes for redundancies and inconsistencies, and providing opportunities for a range of housing types.

5.2 FEDERAL WAY AND ITS HOUSING

Federal Way, like most communities, has residents with a range of incomes, ages, and household types.

Household and Population Trends

Federal Way’s population growth has slowed down since the 1980s, when its population doubled. According to the U.S. Census, from 1990 to 2000, Federal Way grew approximately 23 percent. This was greater than King County’s growth rate of 15 percent, but less than some of its neighboring cities. Between 2000 and 2010, Federal Way’s growth slowed dramatically to 7.3 percent, as opposed to King County at 11.2 percent.

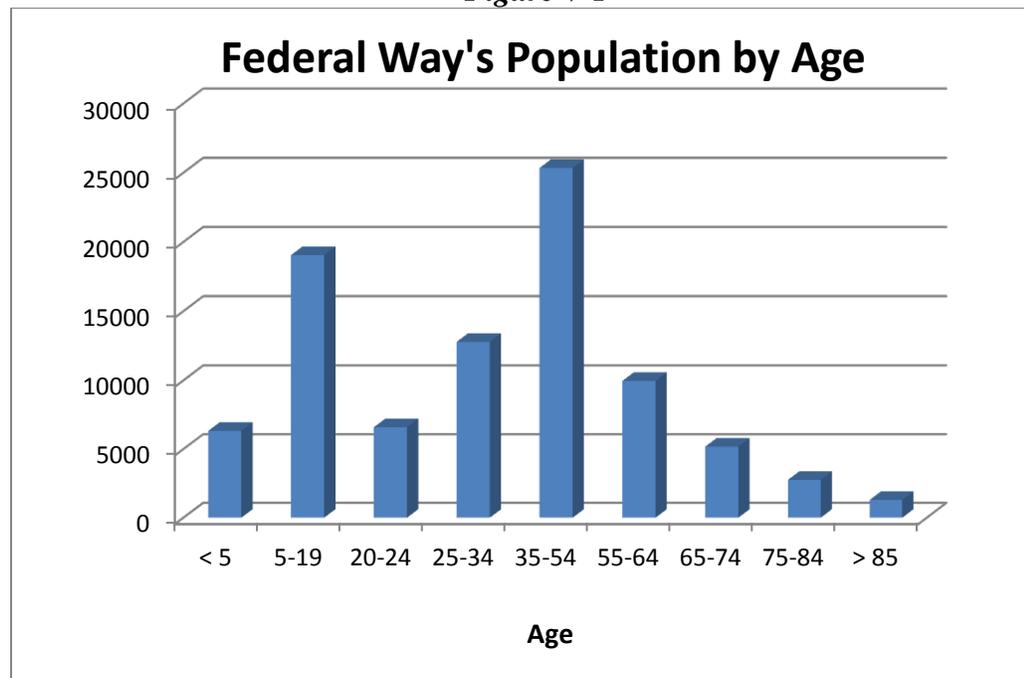
Population by Age

The age of a city’s population is an important indicator of housing need. Different types of housing are needed at various stages of people’s lives. Based on the 2010 Census, Federal Way’s citizens are relatively young. Over half of its population is under 34 years of age; almost 30 percent of this group is under 19 years of age. This statistic reflects a City with many young families and individuals, many of whom may need rental housing as well as first-time homeowner opportunities. Residents between the ages of 25 and 35 represent the majority of potential first-time homeowners. Federal Way must provide entry-level homes for this existing and future population if they are to remain in the community. Typically, first time homebuyer opportunities are in the form of smaller single-family homes, townhouses, and condominiums.

Smaller sized ownership units and rental housing are needed not only by this younger population, but by seniors as well. Seniors often desire smaller and more affordable housing, both owned and rented, in order to minimize or eliminate yard work/housework and to expend less of their fixed incomes for housing. Of course, these types of housing are also ideal for the growing number of single person households, as well as for many of the rising number of single parent headed households, regardless of age.

Seniors (55 and over) make up 22 percent of Federal Way residents, up from 15 percent in 2000. Likewise, in King County, the senior population grew from 19 percent in 2000 to 23 percent in 2010. Countywide, both the number of elderly and its proportion of the senior population is expected to increase even more dramatically by 2025 as the baby boomer generation ages.

Figure V-1



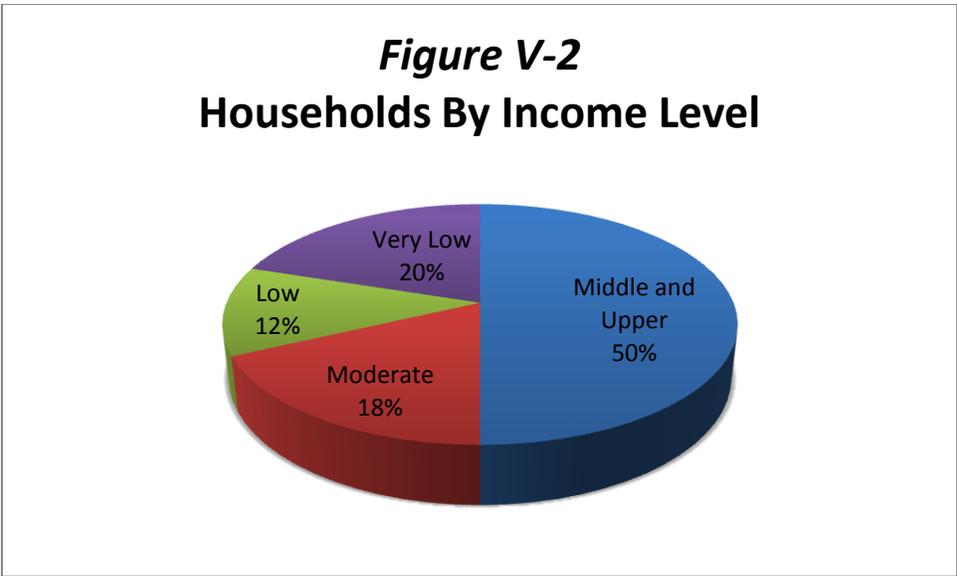
Source: 2010 U. S. Census

Household Income

Understanding the distribution of Federal Way’s household income is critical in planning for its future housing needs. A household’s income dictates its housing decisions and opportunities. The King County Benchmark Program defines income groups as follows:

Very Low Income:	0 - 30% of county median income
Low Income:	31-50% of county median income
Moderate Income:	51-80% of county median income
Middle Income:	81-120% of county median income
Upper Income:	120% or more of county median income

According to the 2011-2013 American Community Survey (ACS) 3-Year Estimates, Federal Way’s median household income was \$53,131, which is less than King County’s median of \$70,998. It ranks fourth of the seven South King County cities surveyed.¹ Federal Way’s income groups are distributed in approximately a 50:50 split, with approximately 50 percent of residents with middle and greater incomes and 50 percent with moderate and lesser incomes.



Source: 2011-2013 American Community Survey (ACS) 3-Year Estimates

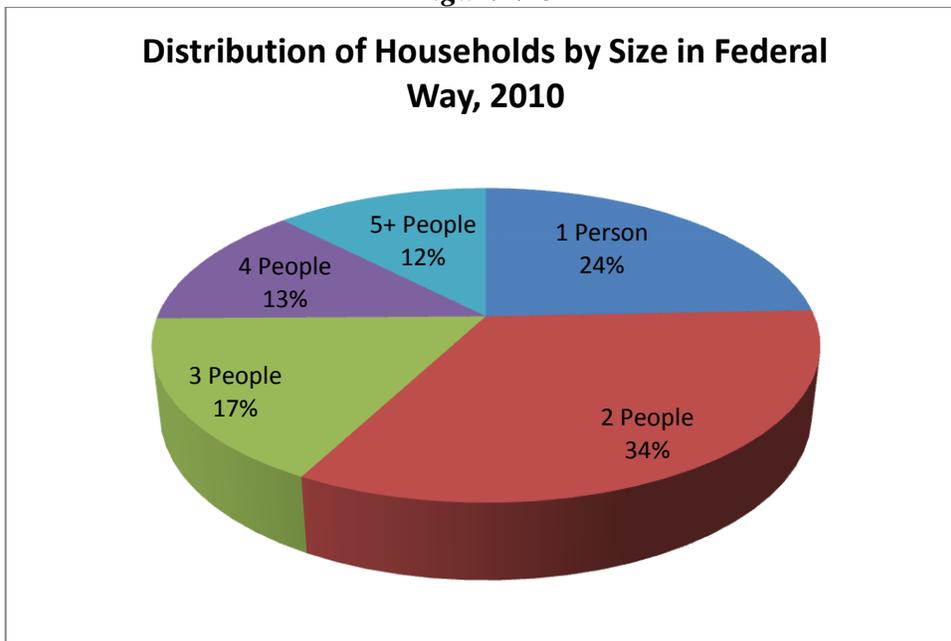
Household Size

The 2011-2013 ACS shows that at 2.7 persons per household, Federal Way has a larger average household size than King County, whose average household size is 2.4. Federal Way has a greater household size than Auburn, Des Moines, and Renton, but a smaller household size than Kent and SeaTac and the same average size as Burien. However, as for most cities, Federal Way consists predominately of one and two person households, as the figure below shows. Three reasons for Federal Way’s relatively large average

¹ The South King County cities used in this comparison are Auburn, Burien, Des Moines, Kent, Federal Way, Renton, and SeaTac.

household size is its large percentage (68 percent) of families, its relatively high number of immigrants (who tend to have large families), and the overcrowding of its housing due to affordability and availability issues.

Figure V-3



Source: 2011-2013 American Community Survey (ACS) 3-Year Estimates

Overcrowding

According to the 2011-2013 ACS 3-Year Estimates, five percent of Federal Way’s housing is overcrowded. Overcrowding, defined by the U.S. Department of Housing and Development (HUD) as having more than one person per room in a housing unit, is more of a problem in Federal Way than in King County, although the South King County cities of Kent and SeaTac have a worse problem with overcrowding. Overcrowding typically results when households have to “double up” in order to afford the cost of housing, or from large families not being able to find an appropriately sized unit.

Special Needs Populations

Special needs populations are composed of individuals with physical and mental disabilities, seniors, veterans, individuals with mental illness, individuals with chronic and acute medical conditions, individuals with chemical dependency, survivors of domestic violence, and adult, youth, and families who are homeless. The private market, for the most part, does not meet the housing and service needs of these groups, especially if they are low-income. The need for housing and services is independent of a person’s income; it is experienced due to a crisis or disabling condition. However, most who are disabled on a permanent basis, due to the limitations of their disability, usually become very low-income.

Special needs populations and their needs are diverse. Some groups require special needs housing for a limited time and others on a permanent basis. Two examples of housing needed on a permanent basis are group homes for developmentally disabled adults and

apartments with supportive services for the chronically mentally ill. The type of housing that is needed on a temporary basis includes confidential shelters and transitional housing for victims of domestic violence, supportive housing for pregnant teens, and emergency shelters and transitional housing for the homeless.

Special needs populations require two major ingredients to ensure a stable housing situation: very low cost housing and supportive services. The type and number of supportive services required varies by population and by individuals within each population. Jurisdictions can help encourage an adequate supply of special needs housing by ensuring that its codes and regulations are not barriers to the provision of special needs housing.

Employment

Federal Way is more a source for workers than a place to work. Based on the Puget Sound Regional Council (PSE) Covered Employment Estimates, there were 29,586 jobs in Federal Way in 2013. This is not enough to employ Federal Way's approximately 72,443 potential workers aged 16 or older. However, based on the 2011-2013 ACS 3-Year Estimates, only 47,586 of the 72,443 potential workers are actually in the labor force.

A jobs/housing balance is another way to measure if a city is considered a bedroom community or an employment center. A low jobs/housing ratio indicates a housing-rich "bedroom community," while a high jobs/housing ratio indicates an employment center. In 2013, Federal Way had a jobs/housing ratio of 0.83, compared to 1.51 for King County and 1.15 for the four-county Central Puget Sound region. This low ratio of jobs to housing is why Federal Way is considered a bedroom community. Approximately 70 percent of those 29,586 jobs were in the retail and service sector. Jobs in government and education accounted for the next highest percentage, at almost 13 percent.

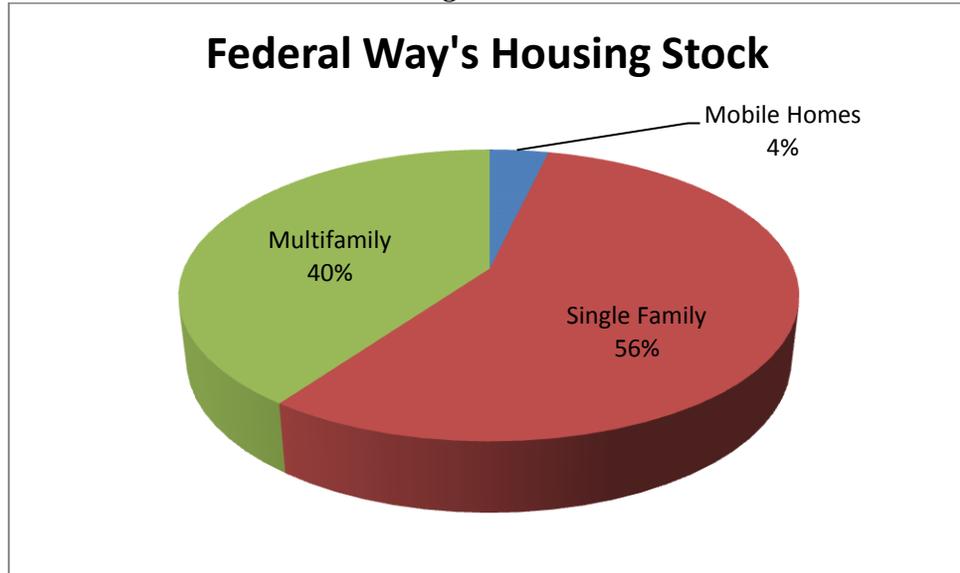
At 15 percent, Federal Way's proportion of retail jobs is equivalent to Tukwila's and is higher than King County's proportion of 10 percent. Jobs in retail sales and service employment typically pay low wages and as a result, these workers have difficulty finding housing they can afford despite working full time jobs. Accordingly, there may be an imbalance between jobs available in Federal Way and the earnings needed to afford local housing. Ironically, this may result in employees working in the City commuting from other communities where cheaper housing is available and higher wage earners who live in Federal Way commuting to other cities for higher paying jobs (Refer to *Tables IV-1* and *IV-2* in Chapter 4, Economic Development).

Housing Stock and its Condition

According to the April 1, 2014, Washington State Office of Financial Management (OFM) estimates, there were 35,626 housing units in Federal Way. Of this total, 20,044 were single family, 14,277 were multi-family, and 1,305 were mobile homes or trailers. The majority of Federal Way's housing is fairly homogenous. The housing primarily consists of single-family detached units, constructed in the seventies and eighties. In 2014, there were eight mobile home parks with over 1,100 homes. There were also 332 duplexes, with the rest of the multi-family housing stock being two and three story

apartment buildings. The number of structures with 20 or more units has been increasing as a proportion of all housing in the last several years. (The composition of this housing is illustrated in the figure below.) Federal Way’s housing provides only a narrow range of choices and does not fully reflect the range of housing options that could be built and that likely will be needed in the future.

Figure V-4



Source: Washington State Office of Financial Management, April 2014

Lack of housing choice creates a situation where an increasing number of families find it difficult to obtain suitable housing in the community. It affects empty nesters and couples that have raised their families and who for life-style reasons, no longer need or want a large single-family house and the associated maintenance. Young adults, students, young married couples, and low-income workers would like to live in the community where they grew up or currently work, but often cannot find a house that fits their housing needs or desires, or they may not be able to afford the available housing.

Subsidized Housing

Included in Federal Way’s 35,626 housing units, is a limited amount of subsidized housing. In 2014, there were 442 King County Housing Authority (KCHA) Public Housing units and approximately 1,512 subsidized units owned by private non-profit agencies and reserved mostly for the elderly, physically disabled, or those with other special housing needs. In addition, as of February 2004, 1,141 households were renting in Federal Way using KCHA Section 8 vouchers. A household with a Section 8 voucher can live anywhere in the county. The tenant pays 28 to 40 percent of their income toward the rent and KCHA pays the remainder—up to a certain limit.

The demand for both subsidized housing and vouchers far out strips the supply. The Section 8 waiting list is closed to new households and it is not expected to open for the foreseeable future.

Housing Condition

For the most part, the housing stock in Federal Way is in good condition. The City has very little concentration of substandard housing, which is typically found in older urban areas. However, houses in poor condition do exist in isolated cases around the City and in small pockets.

The King County Assessor’s Office provides information related to housing construction quality, which is a good indicator of housing condition. The Assessor’s data indicates an overall housing stock of average to better quality. There are a few areas; however, where clusters of buildings have lower quality rankings. In Westway, the City and a group of interested housing and social service agencies are working with the community to identify approaches to improve the neighborhood. The goal is to create a model for neighborhood involvement and planning that could be replicated in other neighborhoods. Preventing existing affordable housing stock from deteriorating is a key to retaining existing affordable housing.

Housing Cost and Affordability

The term “affordable” is not dollar-specific; it is used in a relative sense. With regard to ownership, an affordable housing payment (principle and interest) is calculated at 23 percent of monthly income. Taxes, utilities, and/or condominium and homeowner association fees are estimated at 7 to 10 percent. Affordable rent is calculated at 30 percent of monthly income, assuming that utilities are included. That affordable dollar amount, of course, changes depending upon the income level of each household. The following table shows the annual income, affordable monthly housing cost, and affordable home price, by household size, for each income group.

Unfortunately, housing costs often take a bigger bite out a household’s income than the recommended 30 percent. For higher income households, this still leaves enough money to pay for other necessities and perhaps some luxuries. It is lower income households that are negatively impacted if they are unable to find affordable housing. According to HUD, any household spending more than 30 percent of household income on housing income is cost burdened. Extremely cost burdened households are defined as households that pay more than 50 percent of income on housing. The concept of cost-burden applies both to renter and owner households. Based on HUD’s Comprehensive Housing Affordability Strategy (CHAS) data, which is based on 2007-2011 ACS 5-Year Estimates, approximately 22 percent of homeowners in Federal Way are cost burdened, and approximately 15 percent of homeowners are extremely cost burdened. For renters, approximately 24 percent are cost burdened and 29 percent are extremely cost burdened.

**Table V-1
2014 Income Levels and Affordable Housing Costs by Household Size**

Percent of Median Income	One Person Household	Two Person Household	Average Household*	Three Person Household	Four Person Household	Five Person Household	Six Person Household
30%	\$18,550	\$21,200	\$22,260	\$23,850	\$26,450	\$28,600	\$30,700
Affordable Housing Payment	\$433	\$495	\$519	\$557	\$617	\$667	\$716
Affordable Rent	\$464	\$530	\$557	\$596	\$661	\$715	\$768
Affordable Home Price	\$94,900	\$108,500	\$113,900	\$122,000	\$135,300	\$146,300	\$157,100
40%	\$24,720	\$28,240	\$29,648	\$31,760	\$35,280	\$38,120	\$40,960
Affordable Housing Payment	\$577	\$659	\$692	\$741	\$823	\$889	\$956
Affordable Rent	\$618	\$706	\$741	\$794	\$882	\$953	\$1,024
Affordable Home Price	\$126,500	\$144,500	\$151,700	\$162,500	\$180,500	\$195,100	\$209,600
50%	\$30,900	\$35,300	\$37,060	\$39,700	\$44,100	\$47,650	\$51,200
Affordable Housing Payment	\$721	\$824	\$865	\$926	\$1,029	\$1,112	\$1,195
Affordable Rent	\$773	\$883	\$927	\$993	\$1,103	\$1,191	\$1,280
Affordable Home Price	\$158,100	\$180,600	\$189,600	\$203,100	\$225,600	\$243,800	\$262,000
60%	\$37,080	\$42,360	\$44,472	\$47,640	\$52,920	\$57,180	\$61,440
Affordable Housing Payment	\$865	\$988	\$1,038	\$1,112	\$1,235	\$1,334	\$1,434
Affordable Rent	\$927	\$1,059	\$1,112	\$1,191	\$1,323	\$1,430	\$1,536
Affordable Home Price	\$189,700	\$216,700	\$227,600	\$243,800	\$270,800	\$292,600	\$314,400
70%	\$43,260	\$49,420	\$51,884	\$55,580	\$61,740	\$66,710	\$71,680
Affordable Housing Payment	\$1,009	\$1,153	\$1,211	\$1,297	\$1,441	\$1,557	\$1,673
Affordable Rent	\$1,082	\$1,236	\$1,297	\$1,390	\$1,544	\$1,668	\$1,792
Affordable Home Price	\$221,400	\$252,900	\$265,500	\$284,400	\$315,900	\$341,300	\$366,800
80%	\$49,440	\$56,480	\$59,296	\$63,520	\$70,550	\$76,200	\$81,850
Affordable Housing Payment	\$1,154	\$1,318	\$1,384	\$1,482	\$1,646	\$1,778	\$1,910
Affordable Rent	\$1,236	\$1,412	\$1,482	\$1,588	\$1,764	\$1,905	\$2,046
Affordable Home Price	\$253,000	\$289,000	\$303,400	\$325,000	\$361,000	\$389,900	\$418,800
90%	\$55,620	\$63,540	\$66,708	\$71,460	\$79,380	\$85,770	\$92,160
Affordable Housing Payment	\$1,298	\$1,483	\$1,557	\$1,667	\$1,852	\$2,001	\$2,150
Affordable Rent	\$1,391	\$1,589	\$1,668	\$1,787	\$1,985	\$2,144	\$2,304
Affordable Home Price	\$284,600	\$325,100	\$341,300	\$365,600	\$406,200	\$438,900	\$471,600
100%	\$61,800	\$70,600	\$74,120	\$79,400	\$88,200	\$95,300	\$102,400
Affordable Housing Payment	\$1,442	\$1,647	\$1,729	\$1,853	\$2,058	\$2,224	\$2,389
Affordable Rent	\$1,545	\$1,765	\$1,853	\$1,985	\$2,205	\$2,383	\$2,560
Affordable Home Price	\$316,200	\$361,200	\$379,300	\$406,300	\$451,300	\$487,600	\$524,000

*The average King County household is about 2.4 persons
 Costs are based on 35% of monthly income. An affordable housing payment (principle and interest only) is calculated at 23% of monthly income. Taxes, utilities, and/or condo or homeowner fees are estimated to account for an additional 7%, but could be as much as 10%. Affordable rent is calculated at 30% of monthly income assuming the inclusion of utilities in this amount.
 This chart calculates affordable mortgage payment based on 10% down payment and fixed interest of 4.5%

Ownership Housing

The cost of ownership housing in Federal Way, like other places in King County, has been increasing. In Federal Way, the average price of a single-family home in 2014 was \$250,000, an increase of 6.8 percent since 2003. However, the average price of a new single family house increased by 33.5 percent between 2003 and 2014 and the average price of a condominium decreased by 20.6 percent from \$120,958 in 2003 to \$96,000 in 2014.

Table V-2
2014 Housing Sales Prices in Federal Way

Price	2003	2014	% Change 2003-2014
Average Single Family Price	\$233,980	\$250,000	6.8%
Average New Single Family Price	\$286,247	\$382,000	33.5%
Average Condominium Price	\$120,958	\$96,000	-20.6%

Source: Northwest Multiple Listing

Affordability of Ownership Housing

Compared to some other parts of the county, Federal Way’s ownership housing is relatively affordable. For instance, in 2014, the average price of a home in King County was \$423,000, approximately \$189,020 more than in Federal Way. As the table below shows, in 2014, the average priced single-family house was affordable to households at or over 60 percent of median income, while a three or four person household at 30 percent of median or above could afford an average priced condominium in Federal Way.

Table V-3
Affordability of Home Purchase in Federal Way, 2014

	Income Required for Average-Priced Single Family Home	Income Required for Average-Priced New Single Family Home	Income Required for Average-Priced Condominium
1 Person Household	80% of Median	80% of Median	40% of Median
2 Person Household	70% of Median	70% of Median	30% of Median
3 Person Household	60% of Median	70% of Median	30% of Median
4 Person Household	60% of Median	60% of Median	30% of Median

Future Housing Growth

The purpose of the GMA is to assist every city in responsibly planning for growth. Growth will occur. We can either scramble to accommodate this growth or plan for it. Left alone, the housing market will build housing in the easiest and most profitable manner to meet the housing demand. Unfortunately, unless guided by good policy, zoning, development regulations, and incentives, this market-driven response usually does not supply the diversity of housing choices and prices that result in a healthy and attractive community. Additionally, as seen in the mid-2000s housing crash, the private market tends to overbuild at times, resulting in a cyclic boom/bust pattern.

Housing Targets

In 2012, the Growth Management Planning Council (GMPC) adopted targets for new households and jobs for the period of 2006-2031. These targets were based on a methodology developed by the King County Planning Directors. The adopted 2006-2031 housing target for Federal Way is 8,100 new residential units.

The CWPPs adopted countywide targets for affordable housing as follows:

- 16% of total housing supply should be available for moderate income households (50-80% of Area Median Income [AMI])
- 12% of total housing supply should be available for low income households (30-50% of AMI)
- 12% of total housing supply should be available for very low income households (30% and below AMI)

The intent of the affordable housing targets is that affordable housing be equitably distributed across jurisdictions and applies to both existing and new housing.

Based on the 2006-2010 ACS 5-year estimates, as shown in Table V-4, Federal Way exceeded the affordable housing targets for moderate and low income rentals, but had a shortage of about six percent for very low-income rentals. For owner-occupied units, there were more units affordable for moderate income households, but not enough for low-income and very low-income households, as you would expect. The number of units affordable for very low-income households was negligible, and therefore, was not broken out in the table.

Housing Capacity

Federal Way currently has a capacity for 8,443 new residential units, including 2,412 detached single-family homes and 6,030 multiple-family units. The capacity for 4,880 of those multifamily units is located in mixed-use development zones. Given the 8,100 housing unit targets above, Federal Way, has an excess capacity of 343 housing units.

Meeting the Need for Housing

In addition to ensuring that there is land capacity to accommodate the expected growth in households, the City must do what it can to ensure diverse housing opportunities for all income groups. Although no city can guarantee that the housing built will be affordable to all income groups, cities can encourage and facilitate housing that is more affordable using factors it does control, such as land use regulations. For instance, the City can ensure that it has an adequate amount of land zoned to facilitate the development of affordable housing opportunities, such as smaller lot sizes, townhouses, cottage housing, cluster housing, accessory dwelling units, duplexes, triplexes, small-scale apartments, and senior apartments.

The City should plan to accommodate housing based on demographic trends, specifically smaller housing sizes, and mixed-use housing with entertainment venues in close proximity.

**Table V-4
Affordable Housing and Targets**

Income Levels	Need	Have	
Rental		Number	% of 14,121 Renter Occupied Units
51-80% of AMI (Moderate)	16% of Total Housing Supply	6,275	44.4
31-50% of AMI (Low)	12% of Total Housing Supply	4,430	31.4
30% and below AMI (Very Low)	12% of Total Housing Supply	846	6
Total Renter Occupied Housing Units		14,121	
Owner-Occupied	Need	Have	
		Number	% of 20,111 Owner Occupied Units
51-80% of AMI (Moderate)	16% of Total Housing Supply	5,721	28.4
50% and below AMI (Low & Very Low)	24% of Total Housing Supply ²	2,796	13.9
Total Owner Occupied Housing Units		20,111	
Total Occupied Housing Units		34,232	
Total Housing Units		35,927	
Renter- & Owner-Occupied Units	Need	Have	
		Number	% of 34,232 Occupied Units
51-80% of AMI (Moderate)	16% of Total Housing Supply	11,996	35
50% and below of AMI (Low and Very Low)	24% of Total Housing Supply	8,072	23.6

Source: 2006-2010 American Community Survey (ACS) 5-Year Estimates

² The City recognizes that homeownership may not be possible for many households in this income category. Most affordable housing for households within this income category will be provided through rental housing.

5.3 KEY HOUSING ISSUES

Preserving Neighborhood Character

Preserving existing neighborhoods is an important community value in Federal Way. One of the reasons the community incorporated was to have more control over maintaining the character of its existing single-family neighborhoods. The FWCP recognizes that neighborhoods are special places and are valuable and important to the quality of life for many citizens. In particular, new development in established neighborhoods must be sensitively designed and constructed. Likewise, new multi-family or mixed use development located along arterials running through or adjacent to existing residential neighborhoods should be designed to minimize adverse impacts to its surroundings.

Zoning and Development Regulations

Jurisdictions place the most significant controls on housing development through land use controls and zoning. By a careful evaluation and revision of land use regulations, Federal Way can significantly influence the amount, type, design, and affordability of the housing built in the community. Federal Way, like most urban and suburban jurisdictions, is already “built out”; therefore, the greatest opportunities for expanding the types of housing available are in infill and redevelopment, not new development.

The first component of Federal Way’s housing strategy is to promote in-fill while protecting the character and quality of its existing single-family residential neighborhoods.



The second component of the housing strategy is to encourage higher density residential uses in the I-5/ Highway 99 corridor, including the City Center. Row houses, townhouses, condominiums, mid-rise residential buildings, and high-rise buildings in the City Center, are appropriate in these areas given the availability of utilities and other infrastructure, access to public transportation, jobs, shopping, entertainment, and social and human services. This plan anticipates that during the next 20 years, the City Center and the Highway 99 corridor will redevelop and accommodate the majority of the City’s new housing units, particularly multifamily housing units. The area will gradually become a denser, mixed use, pedestrian friendly, high amenity, high quality vital part of Federal Way.

The third part of the strategy is to ensure that there is sufficient land available for other housing needs such as government assisted housing, manufactured housing, housing for low-income families, and special needs housing, including group homes and foster care facilities. The Land Use chapter and FWRC provide support for these types of housing.

A critical issue in providing a sufficient amount of this housing is to remove any regulatory barriers to locating such housing throughout Federal Way.

Affordable and Special Needs Housing Strategies

One way that Federal Way can encourage special needs and affordable housing is by ensuring an adequate amount of land zoned to facilitate affordable housing, allowing smaller lot sizes, townhouses, cottage housing, cluster housing, accessory dwelling units, duplexes, triplexes, small-scale apartments, senior apartments, single-room-occupancy housing, and boarding homes.

Subdivision and development regulations should be modified to ensure that land is used efficiently, that the regulations reflect current safety needs, and that they permit and encourage construction of a broad range of housing types. For instance, structural setbacks and street widths could be modified to facilitate small lot developments, cottage housing, cluster housing, and zero-lot line developments.

Since the private housing market mostly targets those earning middle and upper incomes, the City should consider providing extra incentives or requirements for developers to build housing affordable to those with less financial resources. The City already requires rental housing developments of 25 units or more to provide affordable housing units. Other programs it could offer include impact fee waivers, parking requirement reductions, and affordable housing requirements in conjunction with transit-oriented development. One incentive program alone is often not enough to encourage developers to participate. For example, a study by the Growth Management Planning Council (GMPC), Affordable Housing Incentive Program for King County, suggests that, depending upon economic factors, a density bonus program needs to be combined with other incentives in order to be fiscally feasible.

If the City provides incentives, cost-conscious development regulations, and allows affordable housing types, the private market is more likely to provide housing affordable to low- and moderate-income households. However, it is impossible for the private housing market to meet the affordable housing needs of very low-income households, which includes many with special needs. Substantial capital development subsidies, as well as rent subsidies, are needed to make new construction affordable to very low-income households.

To help meet this need for subsidized housing, Federal Way uses the funds available, such as its federal Community Development Block Grant (CDBG) dollars, to help fund needed housing and support services. Federal Way also works with the King County Consortium, neighboring cities, local, state, and federal funding sources, and service and housing providers to coordinate funding and to develop and implement effective housing policies and programs to meet future housing needs.

Development Review

Time is money to a housing developer. Thus, whatever the City can do to reduce permit-processing time will make housing more affordable.

The City offers a preapplication conference that allows the developer to meet with City representatives at an early stage in the review process to ensure that the applicant understands City development regulations. Such early meetings allow the City and housing developer to agree on the best method to achieve a code compliant and mutually beneficial site plan prior to spending significant sums on costly design and engineering work.

Citizen Participation

Housing policies and development, which results from these policies, impact the environment of Federal Way residents. Therefore, it is essential that citizens are involved in developing policies, such as those in the FWCP. To accomplish this, the City has levels of citizen participation processes. The process used depends upon the scale of the development and its potential to impact Federal Way citizens. Both the public and developers should have a clear understanding of the citizen review process, including the types of issues that are open to discussion and the time frame for the review process.

Policy Coordination and Regional Participation

The City recognizes that most of the housing issues found in Federal Way are common to the County, Seattle, and the other suburban jurisdictions. In order to ensure that it addresses this regional housing need effectively, and to help eliminate duplications of effort, the City should continue to coordinate with the King County Consortium, other relevant regional entities, and other South King County cities when developing policies and funding housing and housing-related services.

5.4 HOUSING CHAPTER GOALS AND POLICIES

The following section establishes goals and policies for providing, preserving, and enhancing housing in Federal Way. These goals and policies provide a framework from which to develop implementation strategies and work programs for the community. The purpose of these goals and policies is to provide housing opportunities to all segments of the population: provide housing options that improve quality of life; attract new residents; provide new options for existing residents; and improve the desirability of Federal Way as a place to live. Consistent with GMA, these goals and policies should promote a variety of densities, housing types, and encourage preservation of the City's existing housing stock.

Overall Goal

Preserve, protect, and enhance Federal Way's existing high quality residential neighborhoods and promote a variety of opportunities to meet the housing needs of all residents of the community and region.

Preserving Neighborhood Character

Goal

- HG1** *Preserve and protect the quality of existing residential neighborhoods and require new development to be of a scale and design that is compatible with existing neighborhood character.*

Policies

- HP1** High-density housing projects, with the exception of senior housing, will not be permitted in existing single-family residential neighborhoods. More moderate densities such as cottage housing are permitted.
- HP2** Amend development regulations to accommodate a diverse range of housing forms that are compatible with neighborhood character and create an effective transition between the City Center, business areas, and residential neighborhoods.
- HP3** Continue to allow accessory housing units within single-family neighborhoods in a way that protects residential character, maintains specific design standards, and complies with all applicable laws. Review accessory housing regulations and, if necessary, revise any regulation that inappropriately limits their development.
- HP4** Maintain a strong code enforcement program to protect residential areas from illegal land use activities.
- HP5** Subject to funding availability, conduct periodic surveys of housing conditions and fund programs, including housing rehabilitation, to ensure that older neighborhoods are not allowed to deteriorate.
- HP6** If allowed by applicable law, development inside and outside the City should be required to provide their fair share of onsite and offsite improvements.

Community Involvement and Development Review

Goal

- HG2** *Involve the community in the development of new housing to a degree that is consistent with the scale of impact on the surrounding neighborhoods.*

Policies

- HP7** Continue to encourage public input into development of planning and regulatory documents through a formal public process characterized by broad, thorough, and timely public notice of pending action.

- HP8** Consider the economic impact of all development regulations on the cost of housing.
- HP9** Continue to provide streamlined permitting processes for development that is consistent with the FWCP and FWRC, and that has minimum adverse impacts.
- HP10** Encourage community input, where appropriate, into the development permit process by providing thorough and timely information to the public.
- HP11** Continue to assist developers with housing proposals at the earliest possible opportunity, including preapplication meetings to produce projects that can be reviewed quickly and maximize their ability to receive permits.

Good Design and Diversifying Housing Choice

Goals

- HG3** *Develop a zoning code that provides flexibility to produce innovative housing solutions, does not burden the cost of housing development and maintenance, and diversifies the range of housing types available in the City.*
- HG4** *Proactively plan for and respond to trends in housing demand.*

Policies

- HP12** The FWRC and Land Use chapter of the FWCP will be coordinated to facilitate locating housing affordable to low-income, very low-income, and special needs households throughout the City, especially around the City Center and other areas that provide proximity to employment, safe and convenient access to transportation and human services, and adequate infrastructure to support housing development.
- HP13** Continue to use design guidelines to ensure that new and infill developments have aesthetic appeal and minimize impacts on surrounding development.
- HP14** Review zoning, subdivision, and development regulations to ensure that they further housing policies, facilitate infill development and don't create unintended barriers.
- HP15** As appropriate, reduce minimum lot sizes to allow construction of smaller, detached single-family houses on smaller lots.
- HP16** Increase capacity and encourage greater diversity of housing types and costs for both infill and new development through various methods, such as inclusionary zoning, density bonuses, and transfer of development rights, cluster housing, cottage housing, garden housing, duplexes, and low to moderate density housing types.

- HP17** Continue to permit commercial/residential mixed-use development in designated commercial areas throughout the City. Develop incentive programs to ensure an adequate amount of housing is developed in these areas.
- HP18** Continue to pursue public-private partnerships to develop mixed-use, walkable neighborhoods in close proximity to transit.
- HP19** Continue to provide incentives, such as density bonuses, for multi-family housing, and expand the types of incentives offered to encourage new developments to include affordable housing.
- HP20** Periodically review and update development regulations to incorporate opportunities for new housing types.

Housing Affordability

Goals

- HG5** *Develop a range of affordable housing opportunities for low-income households consistent with the CWPPs and the needs of the community.*
- HG6** *Encourage development of mixed-income projects and communities.*

Policies

- HP21** Promote fair housing access to all persons without discrimination.
- HP22** As required by the CWPPs, maintain sufficient land supply and adequate zoning within the City to accommodate those types of housing consistent with the City's affordable housing targets.
- HP23** Continue to require a portion of new housing on sites of significant size to be affordable to low-income households at a level not provided otherwise by the private market. Developers should be compensated for providing this affordable housing by increased density or other benefits.
- HP24** Ensure that any new affordable housing required by the City remains affordable through some tool approved by the City, such as recording a lien on the property.
- HP25** To the extent possible, coordinate all City affordable housing programs so that a developer can use multiple incentives or programs for a single project. Required affordability levels and duration of affordability should be the same for all programs.
- HP26** Continue to allow manufactured housing in residential zones; provided it conforms to all applicable federal, state, and local requirements and is compatible with the character of the surrounding neighborhood.

- HP27** In order to maintain existing affordable housing, the City should continue to allow manufactured home parks in existing locations.
- HP28** In order to maintain existing affordable housing, continue to enhance programs that support and finance rehabilitation, energy efficiency, and weatherization of existing housing stock. Advocate for state and federal funding to support these programs.
- HP29** Encourage development of mixed income projects in appropriately zoned areas.
- HP30** Explore federal, state, and local resources to assist in financing affordable rental and ownership housing. Advocate for increased resources for the State Housing Trust Fund. Encourage expansion of home ownership options through such means as first time home buyer programs, housing cooperatives, lease-purchase ownership, and other housing models.
- HP31** Consider delaying, deferring, or exempting affordable housing from development fees, concurrency requirements, payment of impact fees, offsite mitigation, and other development expenses that do not compromise environmental protection or public health, safety, and welfare concerns, or constitute a nuisance.
- HP32** Consider options for locally financing affordable housing such as creating a rehabilitation or land acquisition loan fund to support creation of healthy affordable housing.
- HP33** Support nonprofit affordable housing organizations during all stages of siting, project planning and permitting.
- HP34** Support tax law amendments that provide relief to owners of affordable and special needs housing.
- HP35** Advocate for tax law reform that encourages even and proportionate distribution of affordable housing on a countywide basis.
- HP36** Identify low-income and very low-income housing resources that may be lost due to redevelopment or deteriorating housing conditions. Develop strategies that seek to preserve this existing housing, and that seek to provide relocation assistance to households that are displaced as a result of any redevelopment.
- HP37** Periodically monitor residential development to determine the total number of new and redeveloped units receiving permits and units constructed, housing types, developed densities, and remaining capacity for residential growth for all income levels and needs.
- HP38** Integrate and coordinate construction of public infrastructure with private development to minimize housing costs wherever possible or practicable.

Special Needs Housing

Goal

- HG7** *Develop a range of housing opportunities that meet the requirements of people with special housing needs, including the elderly, mentally ill, victims of domestic abuse, and persons with physical and/or developmental disabilities.*

Policies

- HP39** Periodically review the FWRC and remove any regulatory barriers to locating special needs housing and emergency and transitional housing within the City as required by the federal Fair Housing Act, to avoid over-concentration, and to ensure uniform distribution throughout all residential and mixed-use zones.
- HP40** Review permit applications for special needs housing in close coordination with service providers and the City’s Community Services Division.
- HP41** Assist special needs housing developers, local service organizations, and self-help groups to obtain funding and support.
- HP42** Ensure that access to special needs housing is provided without discrimination.

Goal

- HG8** *Develop emergency shelter and transitional housing facilities for the homeless.*

Policies

- HP43** Coordinate City actions related to homelessness with the City’s Community Services Division and non-profit housing and human services providers.
- HP44** Emergency shelters should be permitted and regulated to ensure there are adequate opportunities to locate them within the City, to avoid over-concentration of facilities, to ensure that such facilities and housing are properly managed, and to avoid or mitigate significant impacts on existing residential neighborhoods or other surrounding uses.

Regional Participation

Goals

- HG9** *Coordinate and integrate the City’s housing programs with regional housing efforts and with local housing and service providers.*
- HG10** *Work with other King County jurisdictions to ensure that affordable housing is equitably distributed across jurisdictions and not concentrated in less affluent cities and communities.*

Policies

- HP45** Policies and regulations related to affordable housing should be consistent with the CWPPs and multi-county policies.
- HP46** Establish effective links with King County and other area cities to assess need and create housing opportunities for low-income and special needs households, and develop housing programs that address issues common throughout the region.
- HP47** Subject to availability of funds, participate in the production and periodic update of a housing needs assessment for the City and the region to ensure that policy is based upon a rational evaluation of housing needs and priorities.
- HP48** Ensure equitable and rational distribution of affordable housing throughout the region that is compatible with land use, transportation, and employment locations.