# Housing Profile
# City of Mill Creek

Prepared for the City of Mill Creek by the Alliance for Housing Affordability

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# Acknowledgements

Special thanks to all those who helped prepare this profile.

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# Executive Summary

The City of Mill Creek was incorporated relatively recently, but has still changed significantly from its origins as a planned suburban development. Its housing stock is still largely comprised of single family homes on culs-de-sac and curvilinear streets, but the City recently developed a new town center, is pursuing further commercial development, and has seen the share of multifamily housing grow. At the same time, City residents still benefit from abundant open space and natural beauty. While there is sufficient room within the City limits and MUGA to accommodate the growth it anticipates over the next 20 years, further action may be necessary to ensure that types of housing will be available to support all segments of the population as it changes.

Currently 39% of Mill Creek households are estimated to be cost burdened, meaning they spend more than 30% of their monthly income on rent or home ownership costs. Cost burden is most challenging for those with low incomes, who may have to sacrifice other essential needs in order to afford housing. While most of the City's households enjoy generally higher incomes than other areas in the County, 24% earn less than 50% AMI and are defined as extremely low or very low income.[1] Other summary statistics are provided below.

## A Summary of the City of Mill Creek by the Numbers

| | |
|---|---|
| Population | 18,600 |
| Total Households | 7,559 |
| Family Households with Minor Children | 2,353 |
| Cost-Burdened Households | 2,922 |
| Households Earning Less than 50% AMI | 1,830 |
| | |
| Median Household Income | $89,124 |
| Minimum Income to Afford 2012 Median Mortgage | $45,078 |
| | |
| Section 8 Housing Choice Vouchers | 113 |
| Other Dedicated Subsidized Housing Units | 0 |
| Workforce Housing Units | 311 |
| | |
| Total Renter-Occupied Housing Units | 2,708 |
| Total Owner-Occupied Housing Units | 4,851 |
| Total Vacant Housing Units | 368 |

60% of Mill Creek's housing units are owner-occupied, a similar proportion compared to the County overall. 91% of homeowners live in single family attached or detached homes while 80% of renters live in multifamily complexes. Households and families are slightly smaller in

1 Based on 2012 income for the Seattle-Bellevue HUD Metro FMR Area. This region includes Snohomish County.

Mill Creek compared to the County overall, with renter households particularly small – 1.94 individuals on average compared to 2.44 Countywide. The housing stock is in generally good condition and is newer – only 17% of units were constructed before 1980.

According to ACS estimates, the City's poorest renters are much more likely to be cost burdened than the poorest home owners, but this relationship reverses as income rises. 96% of extremely low income renters are cost burdened versus 76% of owners at the same income level. At the middle income level, however, 45% of owner households and only 10% of middle income renter households are cost burdened.

In order to reach rent levels affordable to extremely low income households, an ongoing rent subsidy is typically required. 95 out of 113 Section 8 Housing Choice Vouchers used in the city support extremely low-income households. In terms of other local housing assistance, there are 266 units of workforce housing affordable to very low and low income families, and another 45 units of housing affordable to very low income seniors. Rent data from Dupre and Scott affirms that market rents are not available for extremely low income households. There is limited availability in the one and two bedroom range for very low income households, and for low income households in the three and four bedroom range. While smaller units are generally more affordable, there are more single renter households than there are one bedroom and studio renter units. In general, Mill Creek's market rental housing is readily affordable to moderate income households, those earning at least 80% AMI.

The 2012 median sale price for a single family home was $335,500 in Mill Creek, a nearly $100,000 drop from 2008. Though affordability has improved, and in 2012 was accessible to moderate income households, homeownership is still a challenge for many Mill Creek residents. While prices may be lower today, the City's existing homeowners are more likely to be cost burdened compared to the County as a whole. In addition, as the housing market recovers, moderate income households may be edged out of home ownership again. The City's ownership market is also dominated by newer detached single family homes, which are typically less affordable than other housing types like condominiums or manufactured homes.

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# 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 Mill Creek 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.

Before the 1970s, the area now known as Mill Creek was sparsely populated and heavily wooded. At that point, modern Mill Creek was born as a planned suburban community developed around a golf course and country club, with the culs-de-sac and larger single family homes typical of this style of development. This community expanded and was officially incorporated in 1983. Over the following three decades, the City made a series of annexations, expanding its borders to envelop a wider array of types of neighborhoods and commercial areas. The City still lacked a downtown core, and, after adopting a comprehensive plan in 1992, worked with the community to develop one and began construction in 2000. The Mill Creek Town Center was designed to resemble a traditional downtown, with smaller blocks, pedestrian amenities, and a mix of uses. Higher density housing has also been developed adjacent to the town center.

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. At $89,124, the City enjoys one of the highest median incomes in the County. However, for this report, median income for the Seattle-Bellevue HUD Metro Fair Market Rent Area (HMFA) will be used instead because it is the measure of AMI HUD uses to administer its programs. At $88,000, averaging across all household sizes, 2012 Seattle-Bellevue HMFA median income is higher than Snohomish County's 2012 median income, which is estimated to be $68,338 by the ACS. The affordable housing field defines income levels as they relate to AMI. These are:

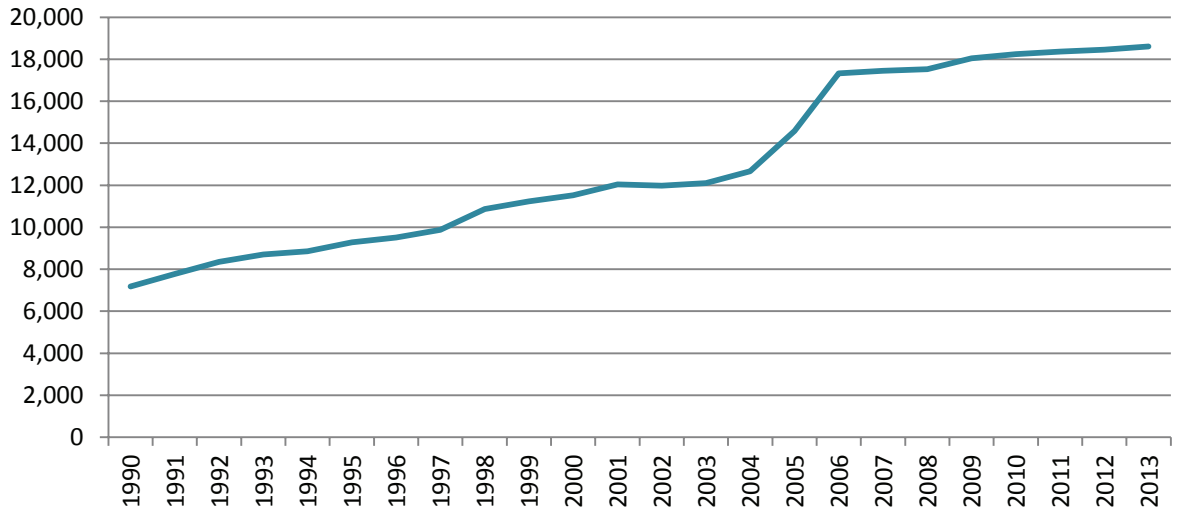
- Extremely Low Income - up to 30% AMI
- Very Low Income - 31 to 50% AMI
- Low Income - 51 to 80% AMI
- Moderate Income - 81 to 95% AMI
- Middle Income - 96 to 120% AMI

When a household spends more than 30% of their income on housing, they 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. This is defined along with other housing-specific terms in Appendix D.

# Population and Community

In 2013, the City of Mill Creek was home to 18,600 people, representing a 61% increase over its 2000 population of 11,525.[2] This increase includes annexations in 2001, 2005, and 2008. The City expects low growth within its limits moving forward, anticipating 20,196 residents in total by 2035, requiring an additional 833 housing units. An additional 11,737 people are expected in the unincorporated MUGA, requiring 4,041 more units[3]. According to Snohomish County's 2012 Buildable Lands Report, there is sufficient vacant and redevelopable land to accommodate this growth within the City and unincorporated MUGA, but capacity is more constrained within City limits.[4]

Figure 1.1. Total Population, City of Mill Creek, 1990 - 2013




*Source: Washington State Office of Financial Management, 2013*

The 2012[5] population for the incorporated area includes 7,559 households. Of these, 5,003, or 66%, are family[6] households, and 47% 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 Mill Creek is 2.99 individuals, compared to 3.13 for the County. For households overall, the average size is 2.4, compared to 2.62. As the pool of households includes all families plus single people, this means that there is a significant number of single person households pulling the average size down. Renter households are smaller than owner households, with an average size of 1.94 versus 2.65, a wide difference compared to the county overall, where renter households average 2.44 individuals in size

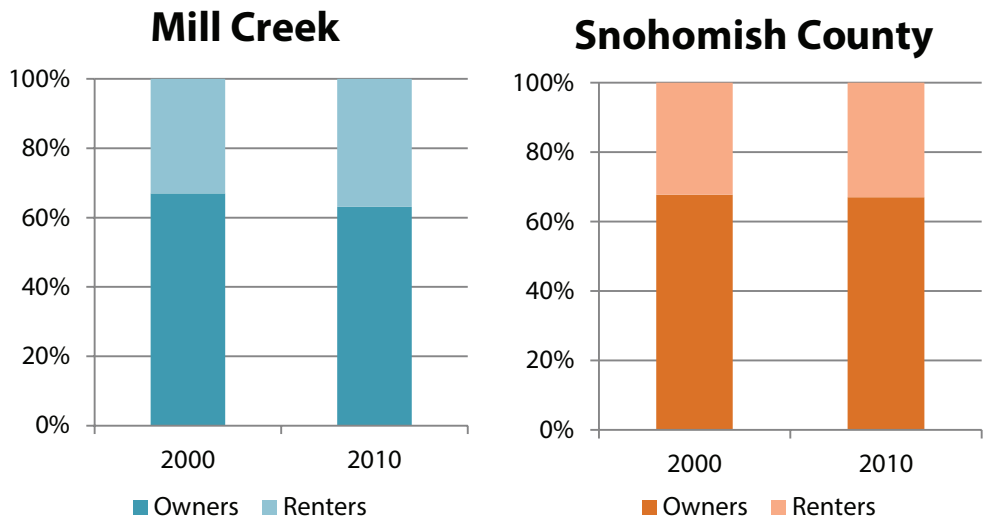
2 Washington State OFfice of Financial Management, 2013
3 Snohomish County Tomorrow Planning Advisory Committee, "Housing Characteristics and Needs in Snohomish County", 2014
4 Snohomish County Tomorrow, "2012 Buildable Lands Report for Snohomish County", 2013
5 2012 data is used as, at time of writing, it is the most recent ACS five year data available
6 This is based 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."

versus 2.71 for owners.[7]

Mill Creek has a higher portion of foreign born residents than the County as a whole - 18% foreign born versus 14% foreign born in the County. 63% of the City's foreign-born population was born in Asia. While a higher portion of the City's population speaks a language other than English at home, 23% compared to 18% for the County overall, these people are more likely to speak English well compared to the County. While 44% of non-native English speakers speak English less than "very well" for the County overall, the share is 35% for the City. 56% of people speaking a language other than English at home speak an Asian or Pacific Islander language, 25% speak one of "other Indo-European languages", and 15% speak Spanish.[8]

While the share of renters rose by just under 1% from 2000 to 2010 across the County, as shown in Figure 1.2, it rose by 4% in Mill Creek during the same period. The 2010 share of the population living in renter-occupied housing units was 37% in Mill Creek, 4% higher than in the County overall.

Figure 1.2. Population Share by Housing Tenure, Mill Creek & 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. The City of Mill Creek's 2012 median income is higher than both at $89,124. There are still economic segments of the City's population that could be at risk of housing burden, however. Based on 2012 American Community Survey (ACS) 5-year estimates:

- 814 households, or 11% of Mill Creek's total, are considered to be extremely low income,

7 US Census Bureau; American Community Survey, 2008-2012
8 Ibid

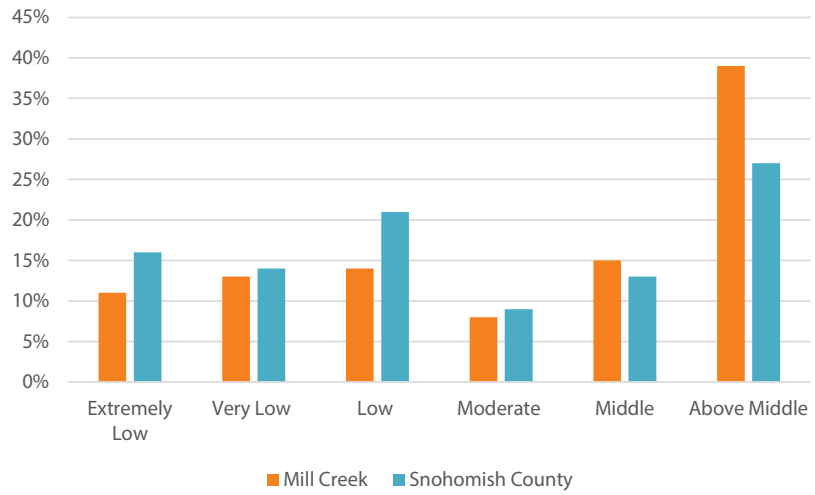
earning less than 30% of area median income (AMI),

- 1,015, or 13%, are considered very low income, earning between 30 and 50% of AMI,
- 1,092, or 14%, are considered low income, earning between 50 and 80% of AMI, and
- 637, or 8%, are considered moderate income, earning between 80 and 90% 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 respondants reporting their income accurately, and there is a tendency to underreport income.[9]

The allocation of household income levels in the City compared to the County is presented graphically in Figure 1.3. While the City's share of extremely low and low income people is lower than the County overall, it is close to even for very low, moderate, and middle income households. The City of Mill Creek has a much higher portion of households with incomes above middle income. 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 likely be more constrained financially. HUD's AMI calculations include ranges for households sized 1-8 people, and, in this report, sensitivity for household size is used wherever possible, as detailed in Appendix E.

Figure 1.3. Share of Total Households by Income Level, City of Mill Creek and Snohomish County




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

Maps 1.7 and 1.8 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, 45% of households in Mill Creek are cost burdened, renters and owners combined. The share of cost burdened owner households ranges from 0% to 58% per tract. For renter households, the share of cost burden ranges from 0% to 100% per tract.[10]

Table 1.1 shows the percentage of several income groups that are cost burdened in Snohomish County

9 "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.
10 IUS Census Bureau; American Community Survey, 2008-2012

and Mill Creek by tenure. In general, households are more likely to be cost-burdened in Mill Creek. The most significant divergence between the City and County is for extremely low income renters, with 96% cost burdened compared to 80%. This proportion improves significantly as renters' income rises. While owners on the lower end of income are less likely to be cost burdened than renters, the improvement as income rises is much more gradual. In addition, moderate and middle income owners are much more likely to be cost burdened in Mill Creek.

Table 1.1. Cost Burden by Income Level and Tenure, City of Mill Creek & Snohomish County

| | Renters | | Owners | | All | |
|---|---|---|---|---|---|---|
| | Mill Creek | Snohomish County | Mill Creek | Snohomish County | Mill Creek | Snohomish County |
| **Extremely Low** | 96% | 80% | 76% | 73% | 89% | 78% |
| **Very Low** | 89% | 85% | 83% | 80% | 63% | 64% |
| **Low** | 35% | 27% | 53% | 59% | 55% | 54% |
| **Moderate** | 15% | 15% | 54% | 44% | 40% | 37% |
| **Middle** | 10% | 5% | 45% | 32% | 32% | 25% |

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

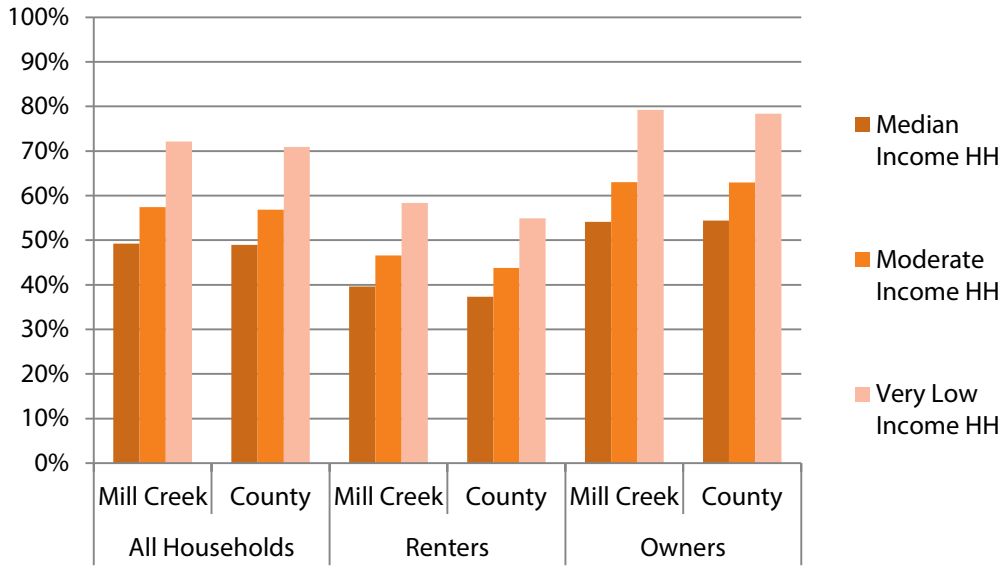
HUD's Location Affordability Index uses a number of variables to estimate the affordability of a location including both housing and transportation costs. According to the index, a "regional typical household"[11] could expect to devote 49% of their income to housing and transportation if they rent or own in Mill Creek, which is the same 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. A very low income household,[12] however, could expend to spend 72% of their income on housing and transportation. Regional moderate income level families could spend up to 57% of their household income on housing and transportation.[13] Housing and transportation affordability estimates for a number of different household types are presented in Figure 1.4, on the following page.

The 2012 unemployment rate was 5% in Mill Creek, compared to 5.9% for the County. For employed Mill Creek residents, the mean commute time is 28 minutes, compared with 29 for the County. 74% of city residents drive to work alone, the same portion as County workers. At 34% of the employed population, the most common occupations for Mill Creek residents are in management, business, science and arts occupations followed by sales and office occupations with 24% of the employed population. The most common industry for employed residents is educational services and health care, with more than 1,800 individuals, followed by manufacturing, with 1,500 individuals.[14]

According to the Puget Sound Regional Council, Mill Creek is home to 5,154 jobs. There is a significant difference between the jobs located within the city and the jobs held by its residents. Most of the City's

11 Defined as a household with average household size, median income, and average number of commuters in Seattle-Bellevue HUD HMFA
12 Defined as a household composed of 3 individuals, one commuter, and income equal to 50% AMI
13 US Department of Housing & Urban Development; Location Affordability Portal, 2013
14 US Census Bureau; American Community Survey, 2008-2012

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




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

jobs in the Services sector, with 2,543 jobs, followed by retail with 845 jobs. Retail is also the largest local employer by industry, followed by accommodation and food services, with 760 jobs, and health care and social assistance, with 703 jobs.[15] Increasing the number of services and shops within the City supports affordability by minimizing the amount households must spend on transportation required by their location, but individuals employed in these industries are likely to be lower paid and may struggle to find affordable housing near their jobs.

Mill Creek has.65 jobs per occupied housing unit in the City compared to 1.14 employed people per unit, meaning that a portion of the City's employed population must commute out of the City. In actuality, 85% of the City's employed residents commute. The ratio of jobs-occupied housing units is .94 for the County overall, with 1.31 employed people for every occupied housing unit. Even if every employed person in Snohomish County only has one job and every job in the County is held by a County resident, there will still be people who must commute outside the County, typically to King County.[16]

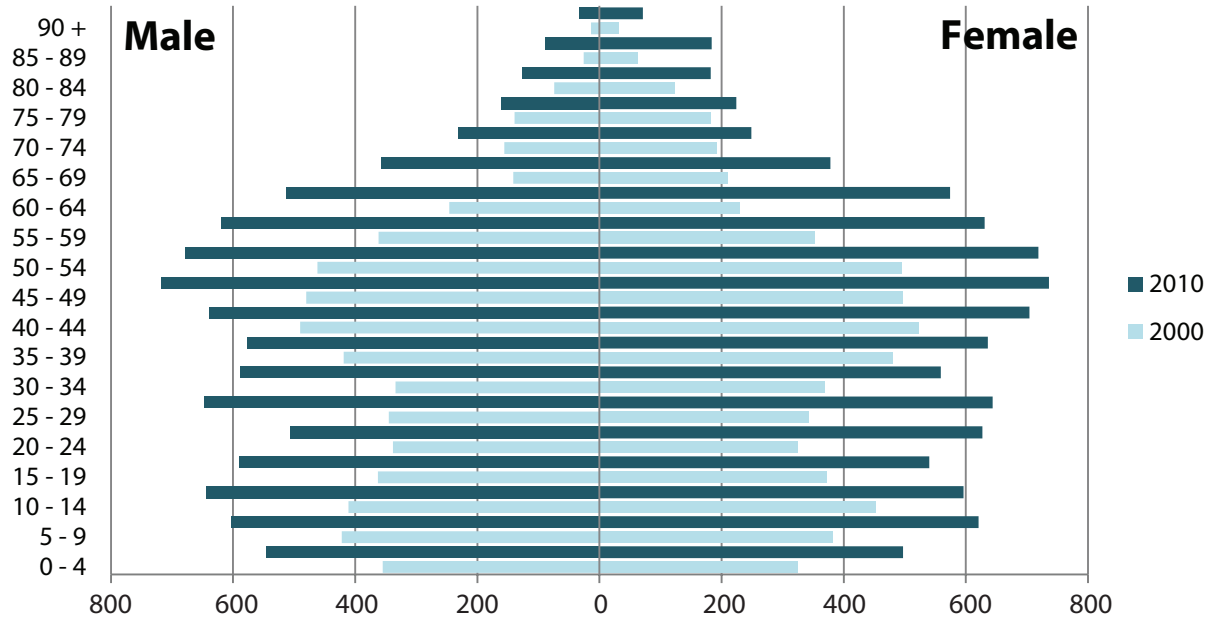
The shape of the City's population pyramid, shown on the following page in Figure 1.5, offers additional insight into its housing needs and how they may be changing. In general, the City's population is aging, which will be an important consideration for planning housing and services if the City's growing senior population desires to age in place.

## Household Profiles

Several stories of several actual Mill Creek households who receive some kind of housing assistance

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

Figure 1.5. Population Pyramid, 2000 - 2010, City of Mill Creek




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

from the Housing Authority of Snohomish County are presented below. All names and many nonessential details have been changed to respect their privacy.

**Michelle**

Michelle is a single mother of two living with her children and another adult in a modest 700 square foot two bedroom apartment in Mill Creek. Between child support and her part-time job, Michelle makes an annual income of $6,647. Her living partner makes $13,570 a year.

*With Assistance*

With her voucher, Michelle pays $436 in rent and $80 in utilities to her current landlord for a total of $516 per month. With childcare allowance and part-time work, Michelle's family makes $1,719 per month. After paying rent, they are left with $1,203 per month to support themselves.

*Without Assistance*

Without a voucher, Michelle would pay $875 in rent and $183 in utilities for a total of $1,058 for the same apartment. This would leave her with $661 per month for food and other essentials for her family of four; less than half of her monthly income. Without her voucher, Michelle would spend almost 65% of her family income on rent and utilities. The average rent for a two bedroom apartment advertised in Mill Creek in 2012 was $1,324 with utilities included, 77% of this family's monthly income. There is also no guarantee she would find a unit that affordable at another time– rents for two bedroom units advertised at the time of this report range from $887 to $2,116[17].

**John**

17 Dupre and Scott, 2013

John and his wife live in a two bedroom single family detached home in Mill Creek. Both are in their 70s and retired with disabilities. They are dependent on social security and disability payments as their exclusive sources of income. Between the two, John and his wife make $13,496 annually.

*With Assistance*
With his voucher, John pays $380 in rent. With social security and disability payments, John and his wife make $1,125 per month. This leaves John and his wife with $745 for food and other essentials.

*Without Assistance*
Without a voucher for the same unit, John and his wife would pay $1,100 in rent plus $240 in utilities, for a total of $1,340 per month. At this rate, John and his wife would not be able to live in their current home, as the cost of their rent would exceed their total monthly income. Moving to another two bedroom single family home in the Mill Creek area is also not an option. The average rent for a two bedroom single family home in the area is $1,753[18]; well beyond an affordable range for John and his wife. Finding a home that can accommodate tenants with special needs further narrows their housing options.

**Laura**
Laura, her husband, and three children live in a three bedroom unit in a multifamily complex in Mill Creek. Laura is a full time employee for a private firm and her husband receives unemployment and veterans pension income. Between the two, they make $45,330 in adjusted total income.

*With Voucher*
With a voucher, Laura and her family pay $967 in rent and $166 in utilities, for a total of $1,133. The family earns $3,778 per month altogether, leaving them with $2,645 for all other expenses.

*Without Assistance*
Laura's total annual family income is approximately 68% of the area median income, which classifies them as a "low" income family. Without a voucher, Laura and her family would pay $1,250 in rent plus $166 in utilities, for a total of $1,416 per month. To make their living arrangements more affordable, Laura and her family receive a $283 subsidy per month for housing. Laura's current apartment is affordable by the City's standards, in the lower range of rents for three bedroom units. If she had to look for a new apartment at market rents for some reason, she could expect to pay $1,860 on average, which would be about half of her family's monthly income[19].

18 Ibid
19 Ibid

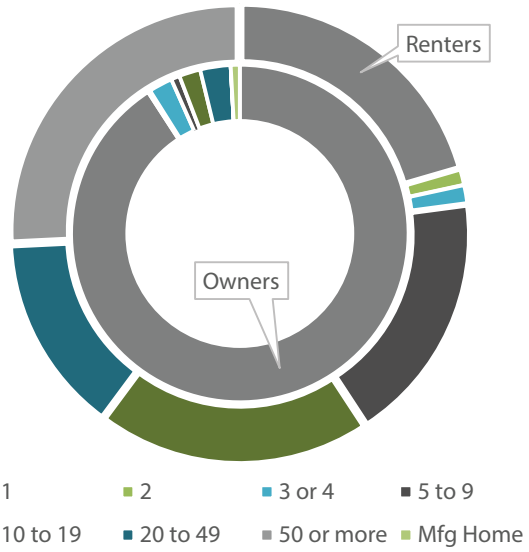
# Existing Housing Stock

Most of the area within Mill Creek's city limits was developed as part of a planned development in the 1970s, with only 17% of its current housing stock constructed before 1980.[20] 66% of housing units are single family homes. The housing stock is mostly comprised of larger detached single family homes set on culs-de-sac and curvilinear roads, with room set aside for open space. As a result, the City features abundant mature trees throughout. In addition to being newer, construction is generally of a high quality, and deterioration has yet to become an issue. Because housing is homogenous in age, however, the bulk of the City's housing stock may start to deteriorate simultaneously at some point in the future.

In the near term, the high quality and good condition of existing housing limits the number of redevelopable parcels. The abundance of single family units in Mill Creek contributes to higher housing costs relative to other areas in Snohomish County. At $348,900, Mill Creek's 2014 average assessed residential value is the fourth highest of Snohomish County cities. This represented a 9.1% increase over the 2013 average value.[21]

Figure 2.1 shows the types of homes that renters and owners occupy within Mill Creek city limits, with renters on the outer ring and owners on the inner ring. As shown, 91% of the City's owners live in detached single family homes,[22] compared to 21% of Mill Creek renters. Of the few manufactured homes in the City, all are owner occupied.

Figure 2.1. Units in Structure by Tenure, City of Mill Creek




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

Figures 2.2 and 2.3, on the following page, provide information on newly permitted units in the City over the past decade. Figure 2.2 shows the 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 2.3 shows the share of the City's newly permitted units composed of single- and multifamily units. As shown, the City has seen steady declines in new permits since 2001, with the exception of a bump between 2006 and 2008 and early recovery in 2012. As 2012 is the most recent year data was released, we cannot document the extent to which the City may have continued to recover. Based on assessed value, again, the City's home values are high and

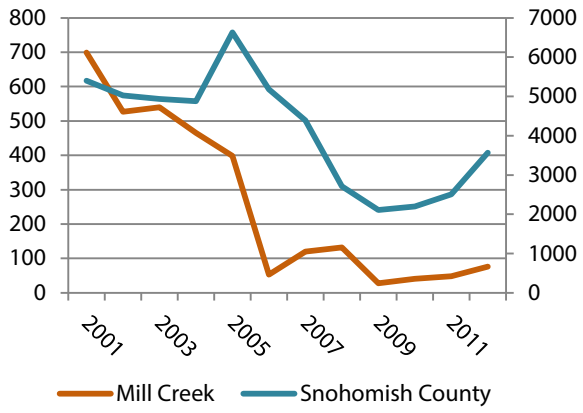
20 US Census Bureau, American Community Survey, 2008 - 2012
21 Snohomish County Assessor, "Snohomish County Assessor's Annual Report for 2014 Taxes", 2014
22 In this case, "single family home" is defined as a property where there is only one housing unit in the structure

growing at a healthy rate.

For the purposes of this report Mill Creek'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 ongoing funding, perhaps direct rental assistance or an operating subsidy, to insure that its residents pay rents that are affordable given their specific income level. 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.

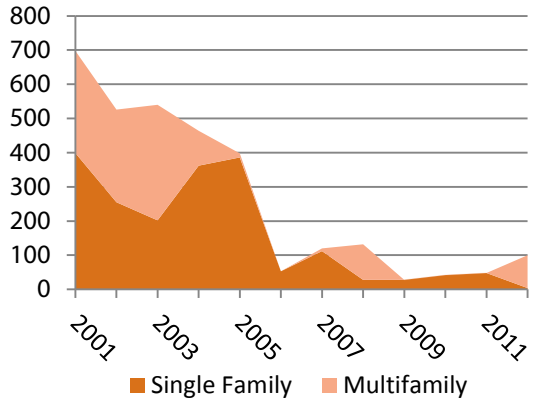
Workforce rental units are typically targeted to working households that still cannot afford market rents. Workforce rental units and subsidized rental units are both considered "assisted", but differ in several areas. The key difference between subsidized and workforce units is that workforce units have a subsidy "built in" through the use of special capital 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 on units longer than required. The distribution of Mill Creek's assisted units by income level served, both

Figure 2.2. Net Newly-Permitted Units, City of Mill Creek & Snohomish County




*Source: Puget Sound Regional Council, 2012*

Figure 2.3. Newly Permitted Units by Type, City of Mill Creek




*Source: Puget Sound Regional Council*

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

| Subsidized Units by Income Level Served | |
|---|---|
| **Extremely Low** | 95 |
| **Very Low** | 162 |
| **Low** | 167 |
| **Moderate** | 0 |

*Source: HASCO, 2014*

subsidized and workforce, is presented in Table 2.1.

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.

## Subsidized Housing Units

In Mill Creek, the stock of subsidized housing consists of Section 8 Housing Choice Vouchers (HCVs). As of August 2014, there were 115 HCVs in use in Mill Creek administered by the Housing Authority of Snohomish County (HASCO) and 26 administered by the Everett Housing Authority (EHA).[23] Table 2.1 shows the distribution of all assisted units, subsidized and workforce, by income level served.

Families making up to 50% of AMI are eligible for Section 8 housing vouchers, however, 75% of these vouchers are limited to those making no more than 30% of AMI. 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). Vouchers issued by both PHAs can be used in Mountlake Terrace.

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 6 years. At the time this report was produced, however, there was no estimate of how long the wait for a voucher will be, as funding for the HCV program has been frozen due to the sequester. HASCO has also recently closed their waitlist.

## Workforce Housing

Assisted affordable workforce multifamily rental housing are privately owned properties that received some form of one-time subsidy in exchange for affordability restrictions. These subsidies can include:

- Special financing - Low-interest-rate mortgages, mortgage insurance, tax-exempt bond financing, loan guarantees, predevelopment loans, etc.

23 Housing Authority of Snohomish County, 2014; Everett Housing Authority, 2014

- Low Income Housing Tax Credits (LIHTC) – Tax credits provided to developers that can be sold for the purposes of up front debt reduction.
- Tax Abatement – Reduction or removal of taxes associated with development of below-market rate units
- Grants – Grants for construction or rehabilitation of below-market rate units. Community Development Block Grants and HOME Investment Partnership grants are two popular examples.

There are two properties in Mill Creek with dedicated workforce housing. The Heatherwood Apartments are intended to house families and disabled households making between 31% and 60% AMI. 100 of the 266 units in the complex are allocated to those making between 31% and 50% AMI and 166 of the units house families making between 51% and 60% AMI. The property, which features a mixture of one to four bedroom apartments, benefited from Low Income Housing Tax Credits for construction. Heatherwood is owned and operated by a private for-profit entity, so rent restrictions are likely to be removed after the required period.

Merrill Gardens is a privately owned housing complex for seniors built in 1997. There are 45 units of assisted housing ranging from studio to two bedrooms in size and 103 units for rent at market rate. Merrill Gardens is partly subsidized through tax exempt bonds.

## Market Rate Rental Units

According to ACS estimates, Mill Creek has 2,708 renter-occupied units. 2,153 of these units are distributed throughout the City's 185 multifamily properties, which range in size from duplexes to large apartment buildings. This compares to only 456 multifamily units out of 4,851 owner-occupied units.

Table 2.2 summarizes ACS data on the number of units available at certain rent levels by bedroom size in Mill Creek. ACS rent data is not always 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 are more affordable. ACS rent data also does not include utility allowances.

Table 2.2. Renter-Occupied Units by Rent and Unit Size, City of Mill Creek (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 | 0 | 10 | 0 |
| **$500 to $749** | 0 | 0 | 7 | 20 |
| **$750 to $999** | 14 | 209 | 84 | 56 |
| **$1,000 or more** | 98 | 787 | 726 | 595 |

*Source: American Community Survey, 2008 – 2012*

Table 2.3. Average Rent and Affordability by Size, City of Mill Creek (Including Utilities)

| | Average Rent (With Utilities) | Minimum Hourly Wage | Minimum Annual Wage | Hours/Week at Minimum Wage |
|---|---|---|---|---|
| **1 Bedroom** | $1,085 | $22.15 | $46,080 | 95 |
| **2 Bedroom** | $1,309 | $25.17 | $52,360 | 108 |
| **3 Bedroom** | $1,860 | $36 | $74,400 | 154 |
| **4 Bedroom** | $2,248 | $43.23 | $89,920 | 188 |
| **5 Bedroom** | $2,258 | $43.42 | $90,320 | 189 |

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

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 Mill Creek, rent data was obtained from Dupre and Scott. In addition to being presented in full in Appendix A, this data, which includes both multifamily and single family rental units, is summarized in Table 2.3. In addition to the average rent by bedroom size in the sample, the minimum full time hourly wage to afford each average rent, along with that wage translated into annual terms and, as a contrast, the number of hours someone would have to work per week earning Washington State's minimum wage to afford the unit. A table of income levels by household size is provided in Appendix E for comparison purposes.

Table 2.4 shows the affordability distribution of average rents in Mill Creek 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, affordability decreases as size increases, which is likely explained by a lack of larger multifamily units, which are generally more affordable than single family rental units. In order to have a reasonable expectation of finding an affordable unit in Mill Creek, families will typically require at least a moderate income level. This decreases to low income for singles and couples.

Table 2.4. Distribution of Rent Affordability by Size, City of Mill Creek

| | Number of Bedrooms | | | | |
|---|---|---|---|---|---|
| **Income Level** | **1** | **2** | **3** | **4** | **5+** |
| **Extremely Low** | No | No | No | No | No |
| **Very Low** | Limited | Limited | No | No | No |
| **Low** | Yes | Yes | Limited | Limited | No |
| **Moderate** | Yes | Yes | Yes | Yes | Yes |
| **Middle** | Yes | Yes | Yes | Yes | Yes |

*Source: Dupre and Scott, 2013*

The difference in minimum required income by size between single- and multifamily units is shown in Table 2.5, on the following page. As shown, the average two bedroom, two bath apartment is affordable to low income renters while a single family home of the same proportions in Mill Creek is affordable to families with moderate incomes. The lower end range of rents for these unit sizes drops to be affordable to very low income couples and individuals. This trend also holds true for two bedroom units, where the average rent is accessible to low income households between two and four people in size and the lower segment is affordable to very low income households of the same size range. At three bedrooms and larger,

however, moderate income is required to afford the average unit, still adjusting for household size.

Table 2.5. Average Rent by Size, Single- and Multifamily, City of Mill Creek

| | Multifamily Average Rent | Minimum Income | Single Family Average Rent | Minimum Income |
|---|---|---|---|---|
| **1 Bedroom** | $1,085 | Low | No Data | n/a |
| **2 Bd/1 Ba** | $1,220 | Low | $1,491 | Moderate |
| **2 Bd/2 Ba** | $1,338 | Low | $1,754 | Moderate |
| **3 Bd/1 Ba** | No Data | n/a | $1,915 | n/a |
| **3 Bd/2 Ba** | $1,557 | Low | $1,952 | Moderate |
| **4 Bedroom** | No Data | n/a | $2,248 | Moderate |
| **5 Bedroom** | No Data | n/a | $2,258 | Moderate |

*Source: Dupre and Scott, 2013*

Even accounting for the fact that the rents in Table 2.5 include utility allowances, the range of rents available in the conventional market is generally higher than that reported in the ACS. 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 Mill Creek 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.

## Home Ownership

Between 2008 and 2012, 52% of single family homes sold in Mill Creek were three bedrooms in size. 36% of homes sold were four bedrooms in size, meaning that three and four bedroom homes together represented 88% of sales. 7% were two bedrooms and 4% were five bedrooms. This includes detached single family homes, common wall single family homes (townhouses), manufactured homes, and condominiums[24].

In 2012, the median sale price for a single family home in Mill Creek was $335,500.[25] Assuming a 20% down payment and using average rates of interest, property taxes, utilities, and insurance, the monthly payment for this home would be $1,870. For a family to afford this payment without being cost burdened, they would require an annual income of at least $74,871. This is below the City's median income, and considered moderate income for a three or four person household.

Appendix C provides high level statistics on sales of single family homes from 2008-2012 as well the minimum income necessary to afford the median sale home by year. During this time period, median home sale prices dropped by 18%. This translates to a difference of more than $43,000 in minimum income required to afford the median home.[26] While 2013 affordability cannot be calculated at this time, average assessed values have been increasing at a healthy rate. Mill Creek currently features the fourth highest average assessed residential value in the County, so affordability for moderate income households is likely already retreating as the housing market continues to recover from the recession.[27]

In addition, this calculation only considers monthly ownership costs for affordability. While a 20% down payment is assumed in calculating the monthly debt service, the question of whether or not a

24 Snohomish County property use codes 111, 112, 116, 117, 118, 119, 141, 142, 143
25 Snohomish County Assessor, 2014
26 Ibid
27 Snohomish County Assessor, "Snohomish County Assessor's Annual Report for 2014 Taxes", 2014

household can obtain the funds necessary for a down payment is another important question. This also assumes that it could be approved for a mortgage. Due to ongoing repair and maintenance costs, home ownership may not be the best choice for many lower income households. For all these reasons, home ownership is generally targeted for households earning at least 80% AMI.

Table 2.6 displays the percentage of 2012 sales of homes of different sizes that are affordable to each income level. "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 detailed in Appendix F.

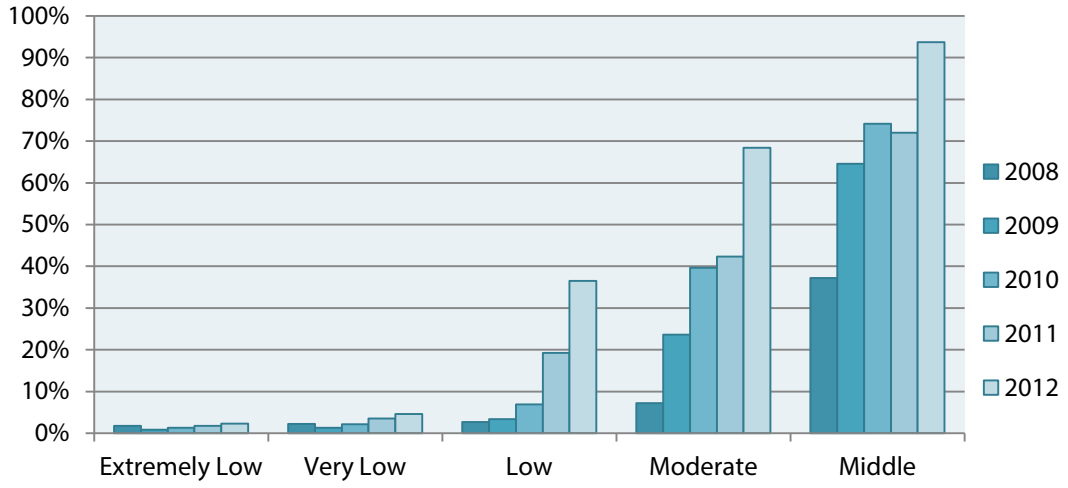
Table 2.6. Affordable Home Sales by Size, City of Mill Creek, 2012

| Bedrooms | Extremely Low | Very Low | Low | Moderate | Middle | Not Affordable | Total Sales |
|---|---|---|---|---|---|---|---|
| **2** | 9% | 9% | 39% | 61% | 100% | 0% | 23 |
| **3** | 1% | 2% | 15% | 52% | 74% | 26% | 164 |
| **4** | 0% | 3% | 7% | 27% | 50% | 50% | 103 |
| **5+** | 0% | 0% | 0% | 30% | 40% | 60% | 10 |

*Source: Snohomish County Assessor, 2014*

Figure 2.4 shows how the portion of home sales affordable to each income level has changed from 2008 to 2012, tracing the trajectory of the recession. As shown, affordability for all income groups improved dramatically during this time, particularly for moderate income households. (80-95% AMI) While there are some affordable options for low income households, and ownership may be a good option for certain low income households (those earning between 50 and 80% AMI), these households

Figure 2.4. Home Sale Affordability, 2008-2012, City of Mill Creek




*Source: Snohomish County Assessor*

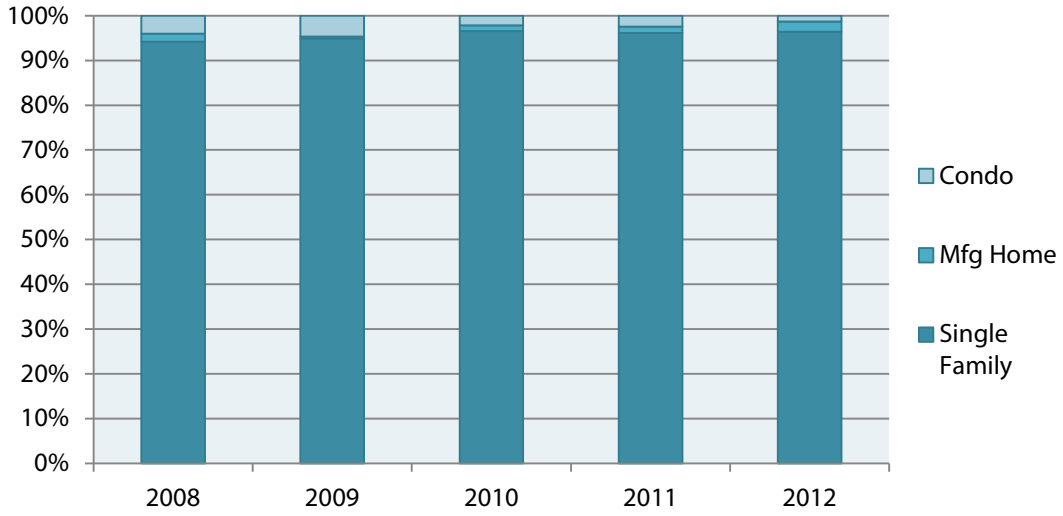
are considered the exception rather than the rule. Again, given the strength of home values in Mill Creek, it is likely that gains in affordability have already started to retreat.

Further, many of the most affordable sales were likely only so affordable because they were foreclosed homes sold by banks. 13524 29th Ave SE, for example, is a four bedroom single family home that HUD sold for $110,001 in 2012. At that price, a household with a minimum income of $21,493 could afford the monthly debt service of around $530. This same home sold for $305,000 in 2006, well out of reach to the household 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 on these "bargain" homes.

For those households where ownership is a good fit, HomeSight is a local nonprofit Community Development Corporation that works with lower-income households in Snohomish and King County to overcome barriers to ownership like financing for down payments. HomeSight also provides services for homeowners facing foreclosure.

Figure 2.5 shows how sales were divided between single family homes, condominiums, and manufactured homes from 2008 to 2012. As shown, sales are dominated by single family homes, which also rose from 2008 to 2012, while manufactured home and condo sales have remained level and minimal. Table 2.7 shows the number of sales affordable to each income level by type, while Table 2.8 shows the number of sales by type and home size.

Figure 2.5. Home Sales by Type, 2008-2012




*Source: Snohomish County Assessor, 2014*

Table 2.7. Affordable Home Sales by Type, 2012, City of Mill Creek

| | Single Family | Mobile Home | Condo |
|---|---|---|---|
| **Extremely Low** | 1 | 6 | 0 |
| **Very Low** | 7 | 0 | 0 |
| **Low** | 93 | 0 | 4 |
| **Moderate** | 96 | 1 | 0 |
| **Middle** | 77 | 0 | 0 |
| **Not Affordable** | 19 | 0 | 0 |
| **Average Sale Price** | $ 364,036 | $ 45,286 | $ 232,875 |

*Source: Snohomish County Assessor, 2014*

Table 2.8. Size of Homes Sold by Type, 2012, City of Mill Creek

| Bedrooms | Single Family | Manufactured Home | Condo |
|---|---|---|---|
| **0** | 0 | 2 | 0 |
| **1** | 0 | 2 | 0 |
| **2** | 21 | 2 | 0 |
| **3** | 160 | 1 | 3 |
| **4** | 103 | 0 | 0 |
| **5+** | 9 | 0 | 1 |

*Source: Snohomish County Assessor, 2014*

## Shared Rental Housing

A popular market rate affordable housing option is to split housing costs with other roommates. While few of the rooms posted on Craigslist provided an address for verification, the rooms posted between March 5th and March 12th of 2014 ranged from $495 to $800, with utilities included. The average rent for the 16 shared rental properties observed in Mill Creek was $550.

Rents averaging $550 are easily within reach for very low income single individuals, and possibly even extremely low income couples. Individuals seeking roommates are able to discriminate in who they choose to share their housing, however, and often stipulate a preferred gender or bar couples from sharing a room. It may be difficult for families with children and households with disabilities or other special needs to find a suitable shared housing situation. In these cases, a household's ability to find shared housing will likely depend on whether or not they have local connections to help them find understanding roommates without depending on strangers.

# Current Challenges and Opportunities

The City of Mill Creek is relatively new, but has still changed significantly from its origins as a planned suburban development. Housing is still largely comprised of single family homes on culs-de-sac and curvilinear streets, but the City recently developed a new town center, is pursuing further commercial development, and has seen the share of multifamily housing grow. At the same time, City residents still benefit from abundant open space and natural beauty. While there is sufficient room within the City limits and MUGA to accommodate the growth it anticipates over the next 20 years, further action may be necessary to ensure that types of housing will be available to support all segments of the population as it changes.

Currently 39% of Mill Creek households are estimated to be cost burdened, meaning they spend more than 30% of their monthly income on rent or home ownership costs. Cost burden is most challenging for those with low incomes, who may have to sacrifice other essential needs in order to afford housing – 96% of the City's extremely low income renters are cost burdened. Mill Creek's market rate rental housing is generally affordable to moderate income households (Those earning at least 80% AMI, around $70,400). Affordability is best for smaller households, as average rents on one and two bedroom units are affordable to low income households, adjusting for household size, and there is a limited supply in this size range affordable to very low income households. In the three and four bedroom unit range, there is only limited affordability for low income households and nothing for very low income households. The bulk of the City's smaller units are in multifamily properties, which helps to explain the increased affordability of smaller units.

While the City's smaller rental units are more affordable, demographics suggest that this is not consistent with demand – while the ACS estimates 54% of Mill Creek's renter households are comprised of only one person, only 40% of all rented units are studio or one bedroom units. This supply becomes even more restricted when including couples who choose to live in one bedroom apartments. This implies that a significant portion of single renters in Mill Creek are renting larger units than necessary, and it may or may not be by choice. An important question for consideration in planning is whether or not the characteristics of small multifamily units in the City meet the needs and preferences of its smaller renter households. Small rental units are also an important consideration for the City's senior population, which is growing. If these seniors desire to age in place, they may want to downsize from larger single family homes, and also locate themselves where services are easily accessible. Ensuring there is a diverse range of housing types and sizes also supports households as they change and must downsize but desire to stay in the community - as children move out, after divorces, etc.

There are no market rate units of any size or type affordable to extremely low income households, but this is expected, as an ongoing subsidy is typically required to keep rents so low while providing safe, decent, and sanitary units in today's market. While Mill Creek enjoys a higher median income than other cities in Snohomish County, the needs of this income group are still a concern, as 11% of the City's households can be considered extremely low income, and another 13% are very low

income. While the City does not have any properties with dedicated subsidized housing, 113 local households are housed with Section 8 Housing Choice Vouchers (HCVs), and 95 of these households are considered extremely low income. The City is home to another 266 units of workforce housing for very low and low income families, and 45 units of housing for very low income seniors. These units are in properties that benefited from capital subsidies with rent restrictions as a condition for financing. As a result, while rents are held to be affordable to very low or low income households, they are not tailored to individual household incomes and may still be out of reach to the poorest households.

In 2012, the median sale price for a single family home in Mill Creek was $335,500. Assuming a 20% down payment and using average rates of interest, property taxes, and insurance as determined by the Federal Housing Funding Board, the monthly payment for this home would be $1,615. A household would need to make $64,000 to afford the median home price, which is actually only considered low income for a four person household or moderate for a three person household. As moderate income households are typically the minimum income level recommended for home ownership, this is positive, but must be viewed in context of the past decade. The price of the median home dropped nearly $100,000 from 2008 to 2012 in Mill Creek, following the course of the recession. During this period, the market shifted from a deficit of sales affordable to moderate income households to a surplus of sales affordable to this population. While the market may not rise back to the heights of 2008, home sales may not continue to be as accessible to moderate income households as the market recovers. The market for home ownership is also dominated by detached single family homes, which are typically less affordable both to purchase and to rent. Even with increased affordability for new homebuyers, the City's existing moderate and middle income homeowners are more much more likely to be cost burdened compared to the County overall.

With only 17% of homes built before 1980, Mill Creek's housing is generally newer and in good condition and quality. While deterioration is not a current concern, a large portion may start to deteriorate around the same time at some point in the future because the housing stock is homogenous in age. When combined with the fact that the City does not anticipate significant growth requiring extensive redevelopment that could promote a greater mix of units in terms of age, this may become a challenge looking forward several decades.

The City of Mill Creek has pursued a number of strategies to improve livability and access to affordable housing for all segments of its population while preserving the natural environment and character of existing neighborhoods. These strategies include supporting a greater mix of housing types by allowing and encouraging accessory dwelling units (ADUs), cottage housing, and mixed use development. The City is also working to encourage denser, pedestrian-friendly development adjacent to commercial, transit-oriented centers like the forthcoming East Gateway Urban Village. Continuing to focus housing development near services and transit and expanding transit access are important step towards promoting the combined affordability of housing and transportation, as well as accommodating seniors and others with special housing needs.

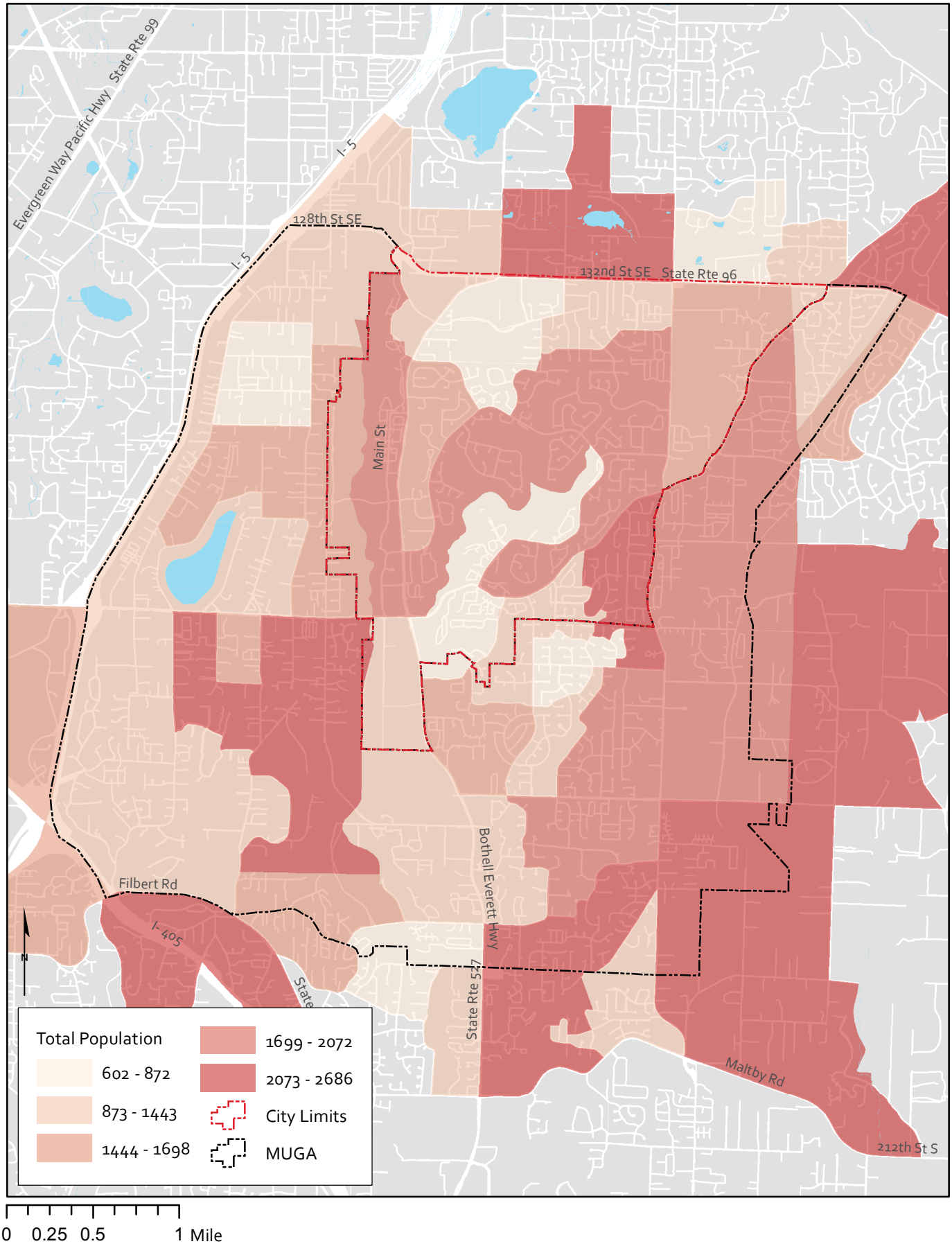
These strategies are all very well suited to achieving housing affordability goals. In addition to expanding and providing incentives for these policies where appropriate, the City should continue

to monitor their performance to determine where housing goals are being met or falling short. Finding the right balance of regulations and incentives to encourage specific types of development is a significant challenge. Additionally, when opportunities arise, the City could partner with entities developing housing for households earning below 30% AMI, the income group generally not served by the traditional housing market. The City is also a member of the Alliance for Housing Affordability, collaborating with other cities in Snohomish County to plan effectively for affordable housing.

# Maps

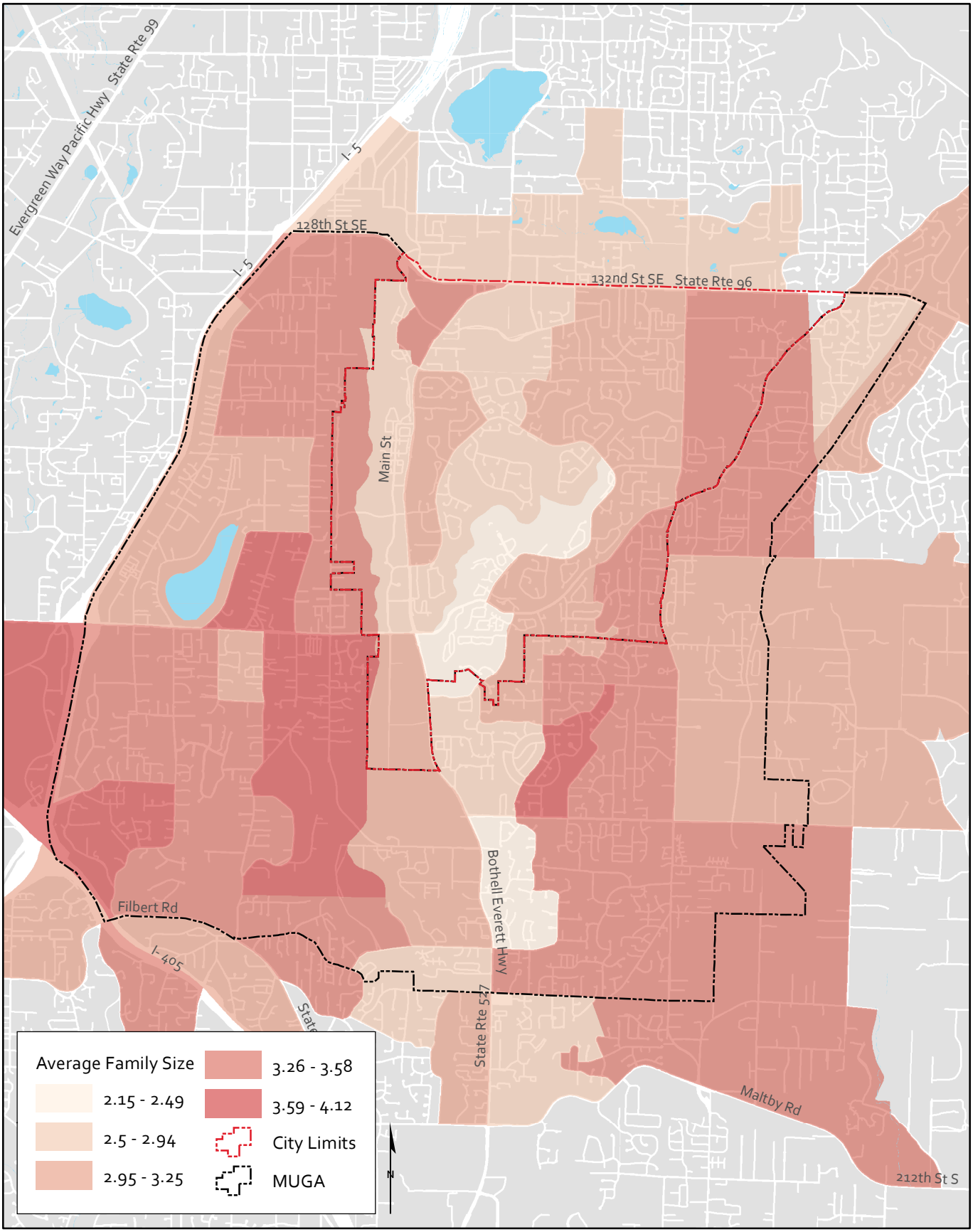
# Map 1.1. Total Population (Block Groups)

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



# Map 1.2. Average Family Size

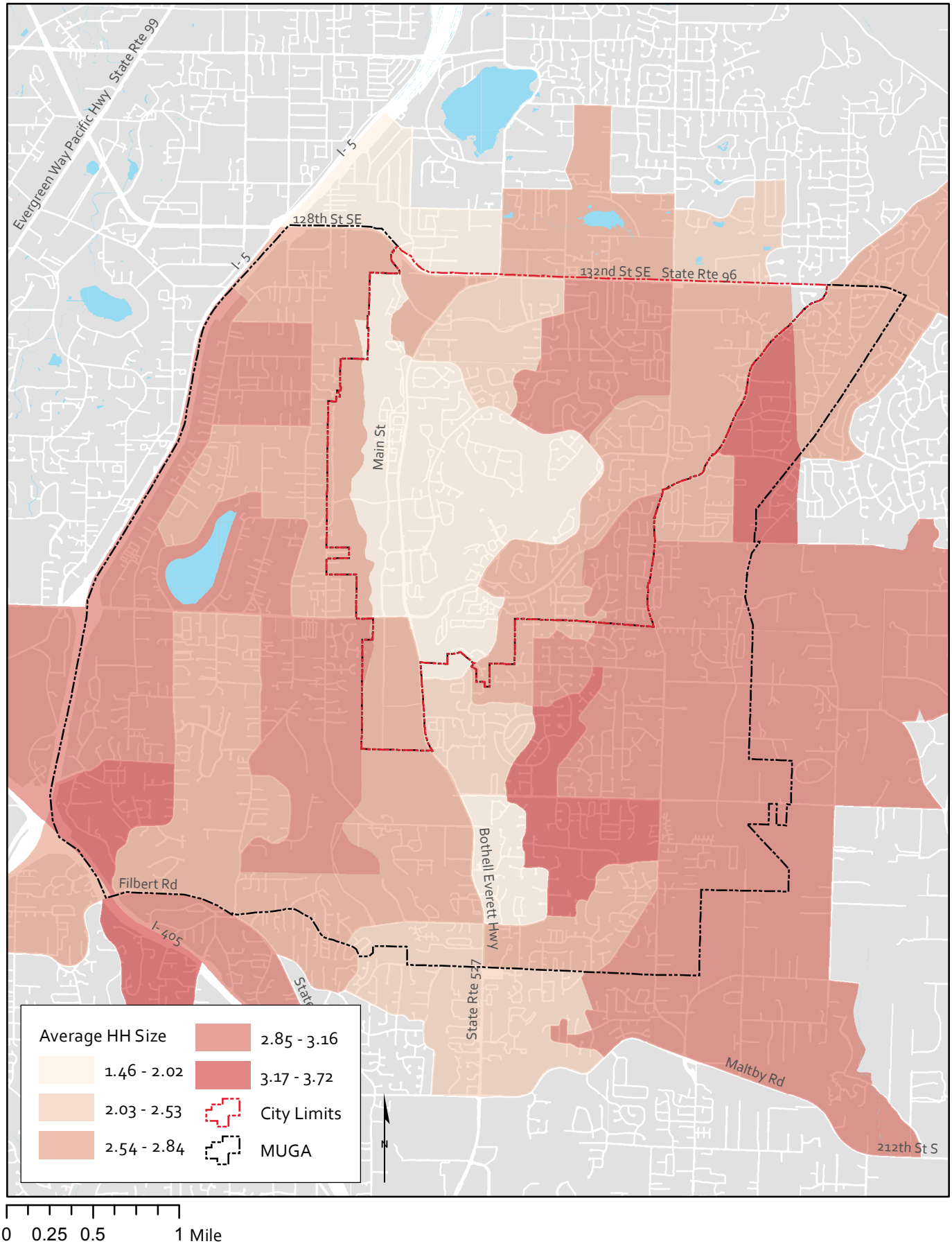
*Sources: American Community Survey, 2008 - 2012; Snohomish County Information Services, 2013*




0 0.25 0.5 1 Mile

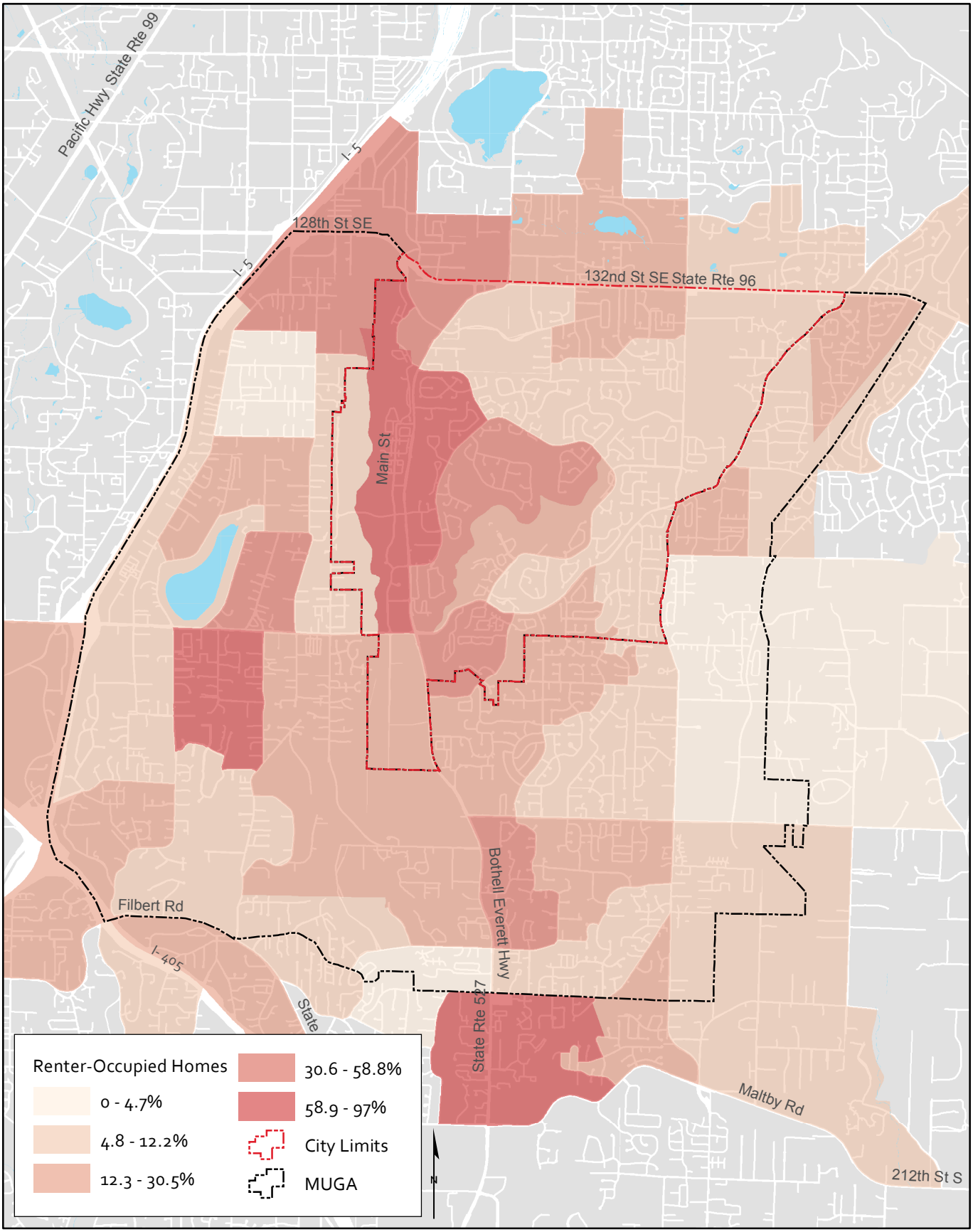
# Map 1.3. Average Household Size

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



# Map 1.4. Renter-Occupied Housing Units

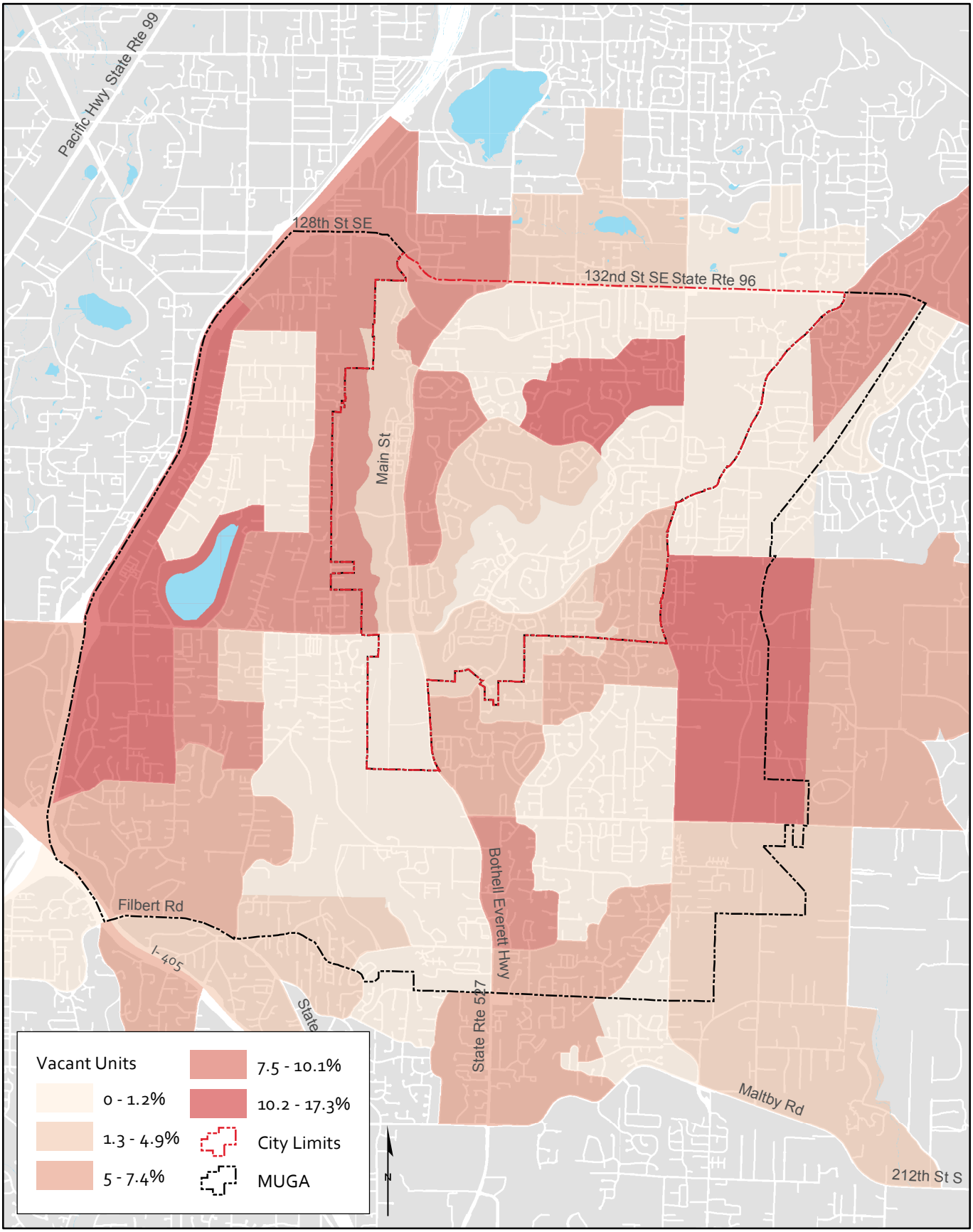
*Sources: American Community Survey, 2008 - 2012; Snohomish County Information Services, 2013*




0 0.25 0.5 1 Mile

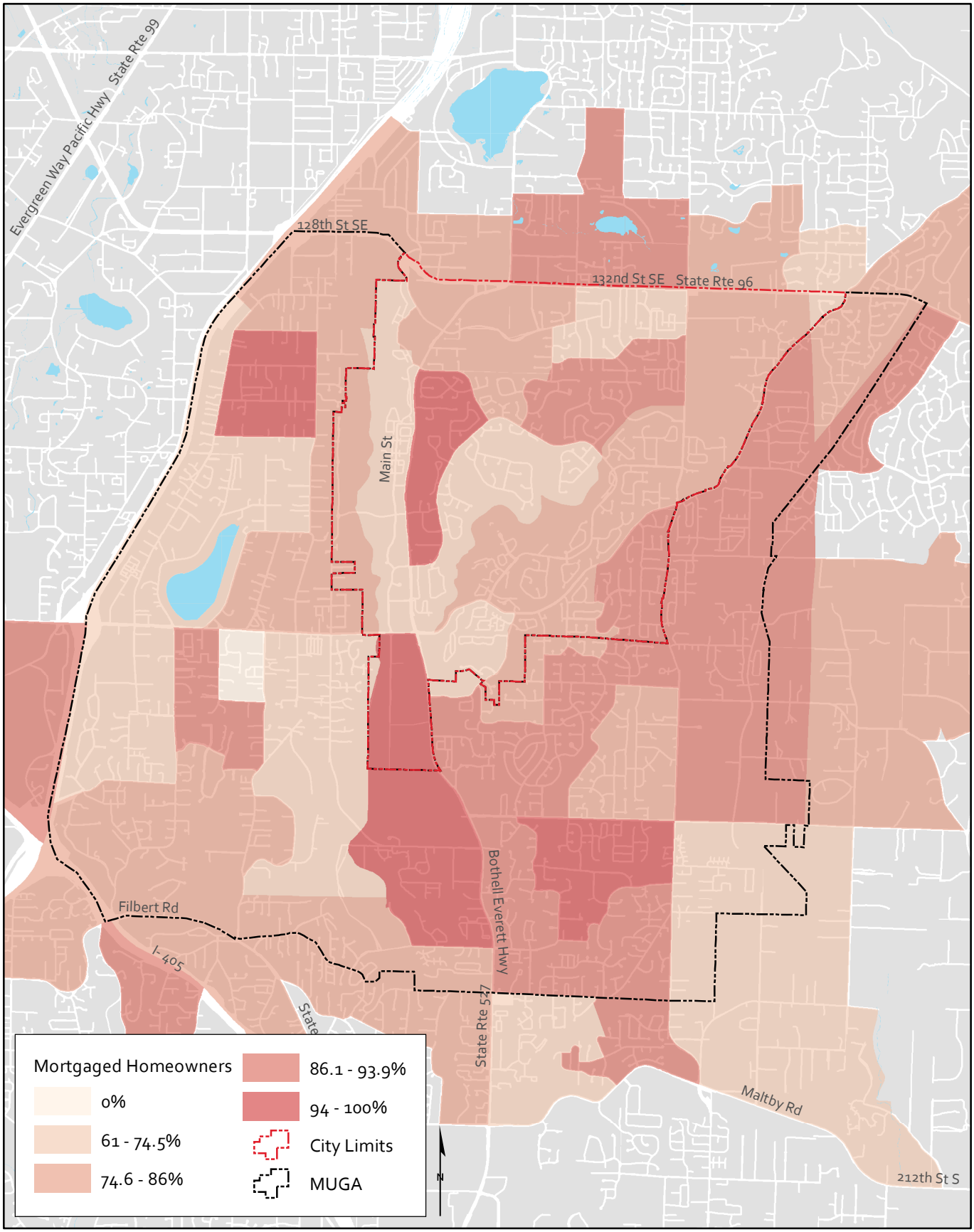
# Map 1.5. Vacant Housing Units

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



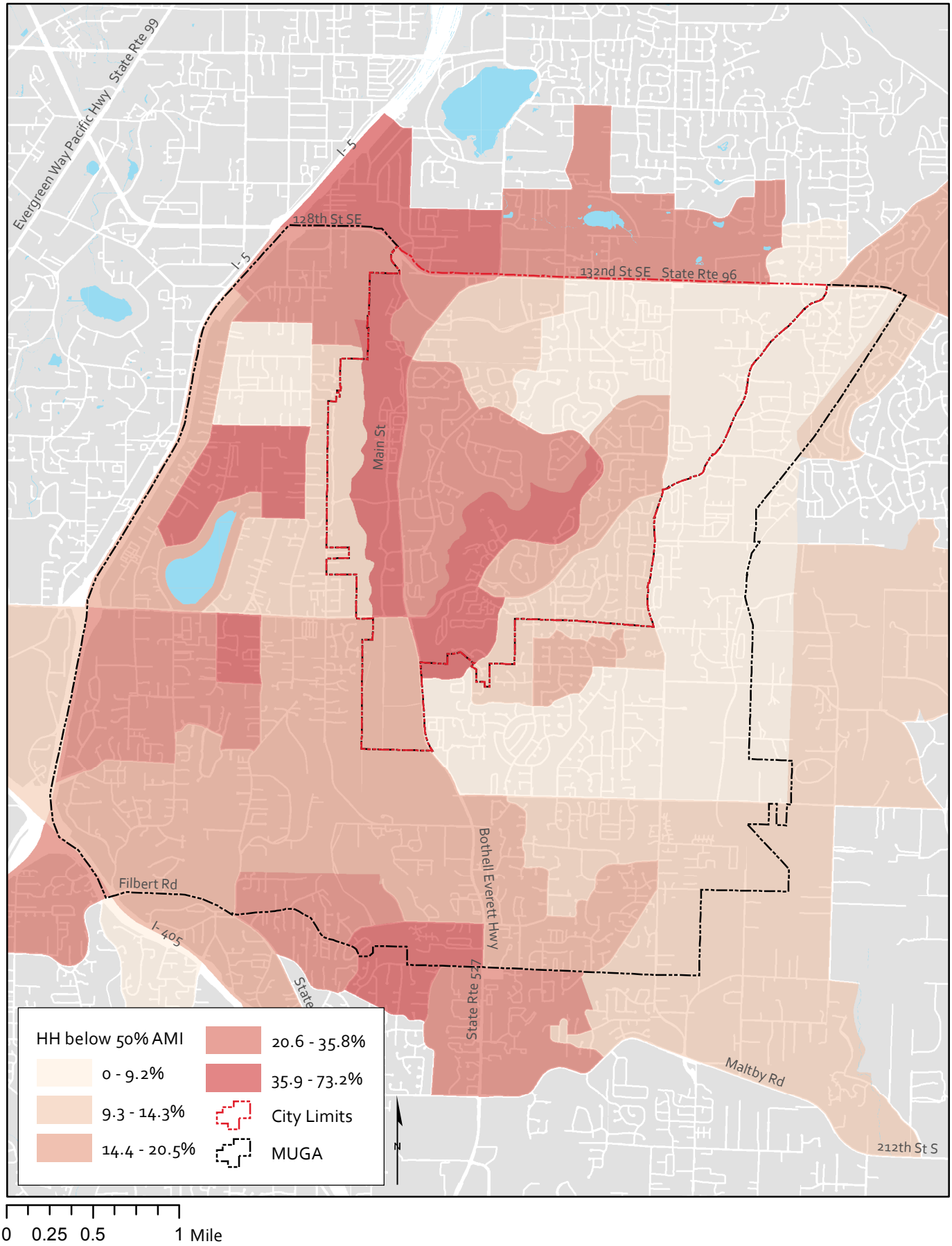
# Map 1.6. Homeowners with Mortgages

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



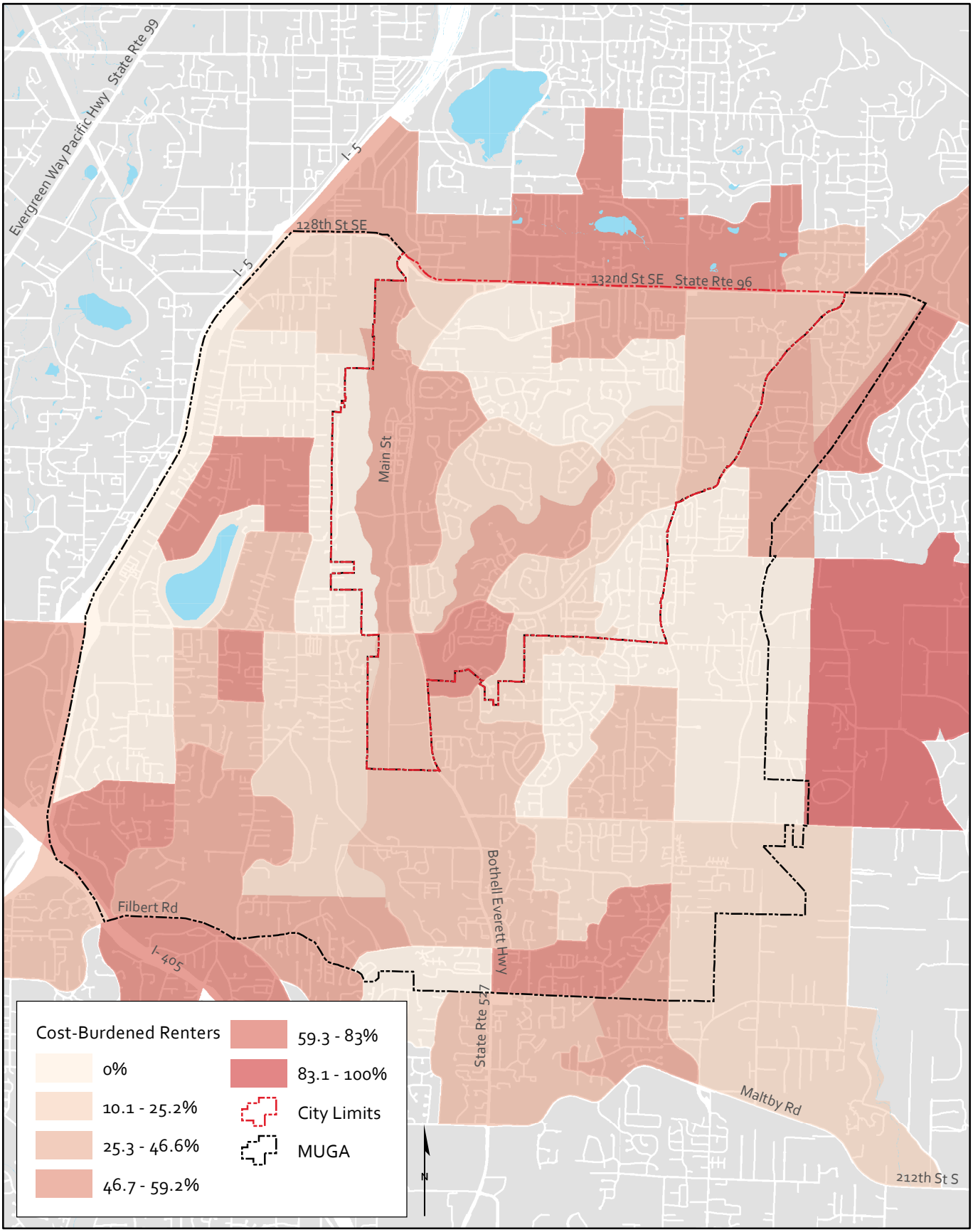
# Map 1.7. Low-Income Households

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



# Map 1.8. Cost-Burdened Renters

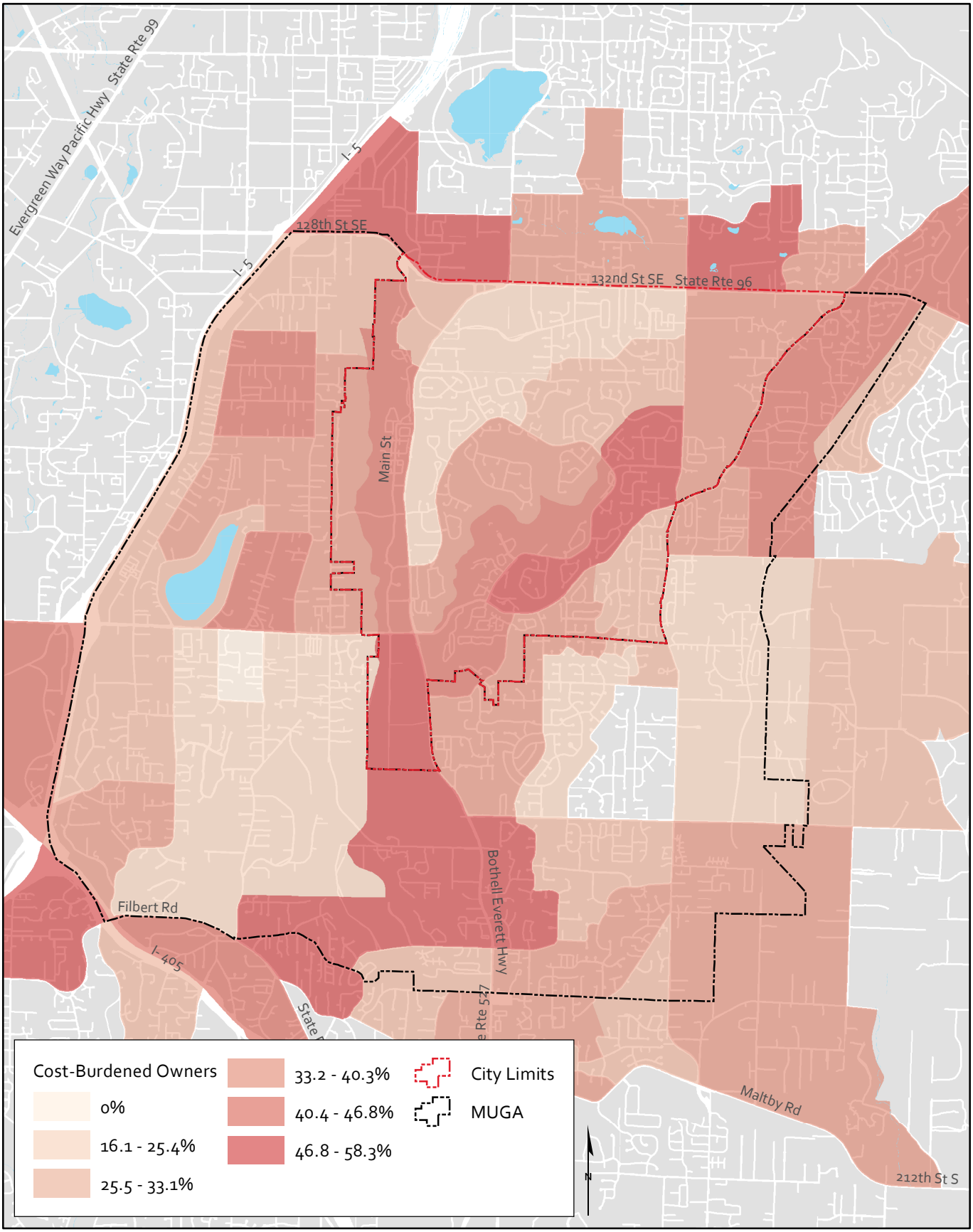
*Sources: American Community Survey, 2008 - 2012; Snohomish County Information Services, 2013*




0 0.25 0.5 1 Mile

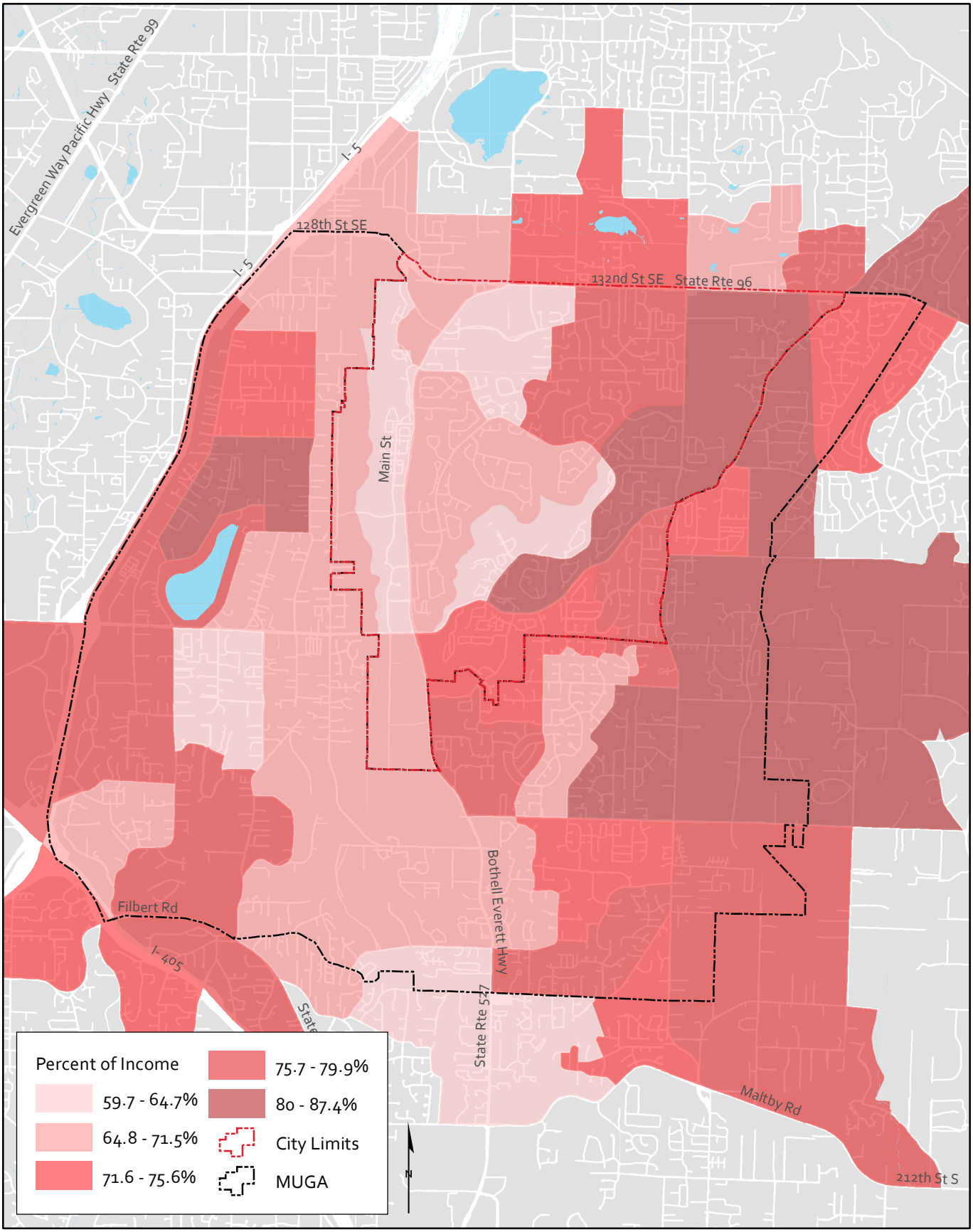
# Map 1.9. Cost-Burdened Owners

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



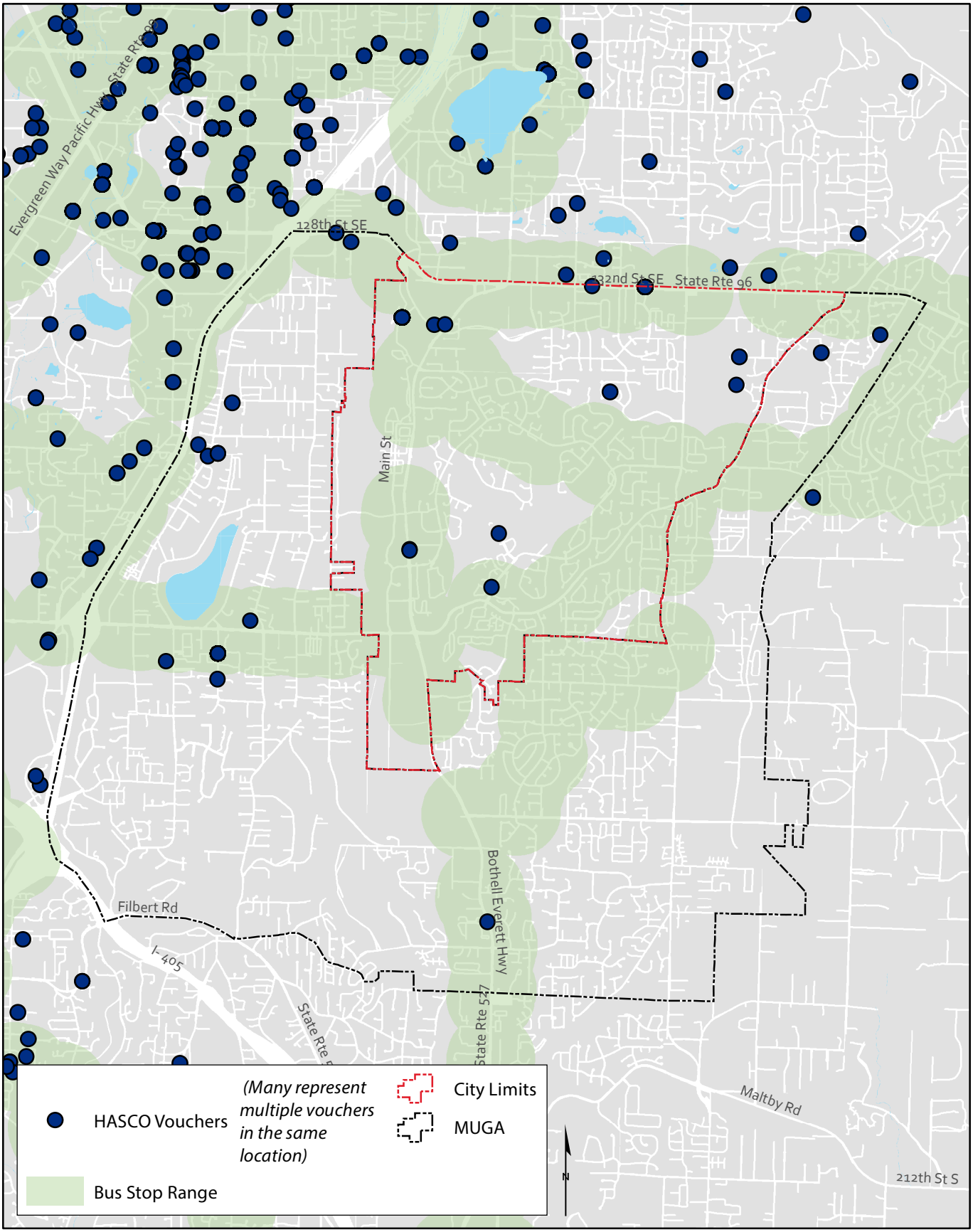
# Map 1.10. Housing & Transportation, Percent of Low HH Income

*Sources: US Housing & Urban Developme nt, 2013; Snohomish County Information Services, 2012*



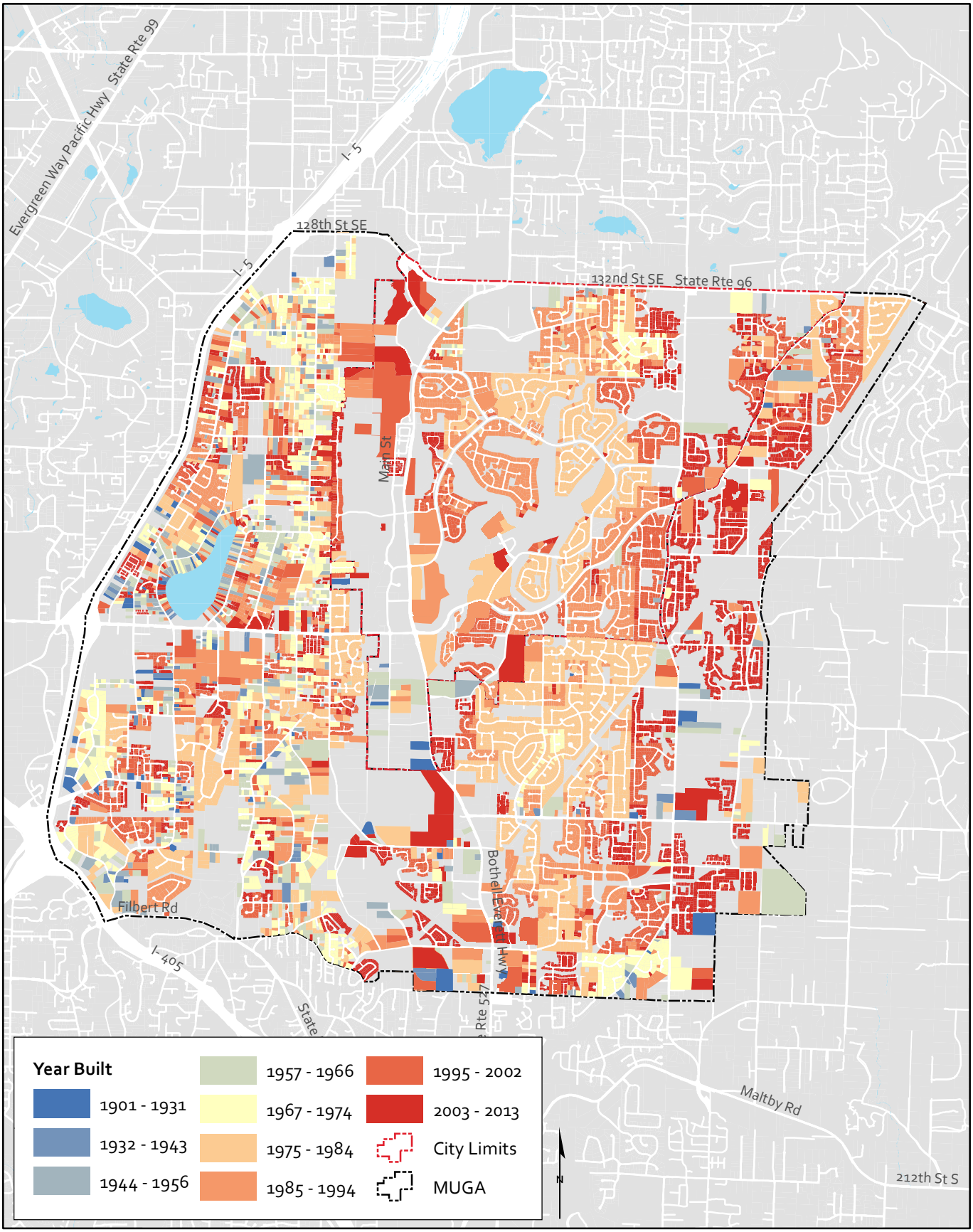
# Map 2.1. Voucher Location and Transit Access

*Sources: HASCO 2014; Snohomish County Community Transit, 2014; Snohomish County Information Services, 2013*



# Map 2.2. Age of Housing Stock

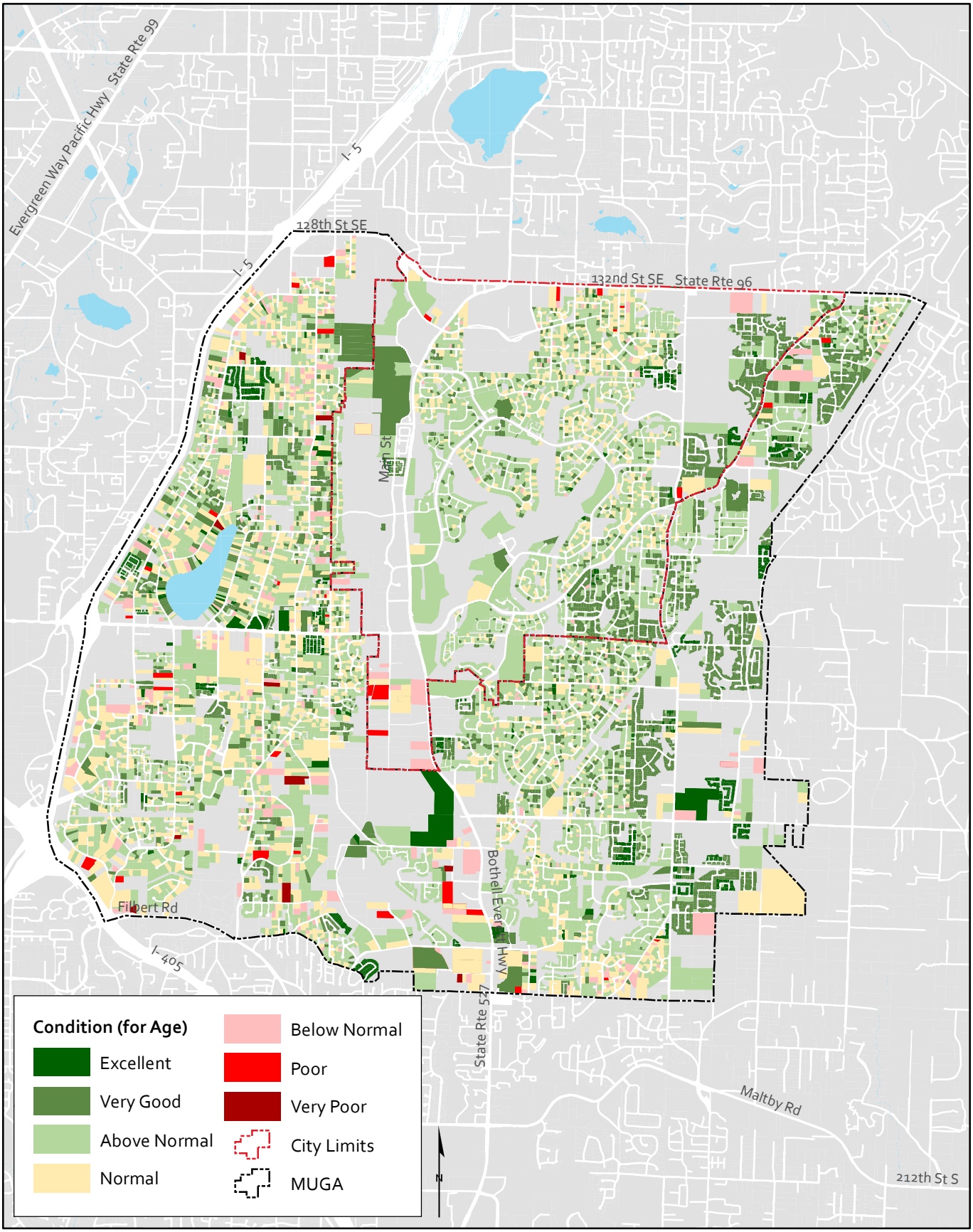
*Sources: Snohomish County Assessor, 2012; Snohomish County Information Services, 2012*




0 0.25 0.5 1 Mile

# Map 2.3. Condition of Housing Stock

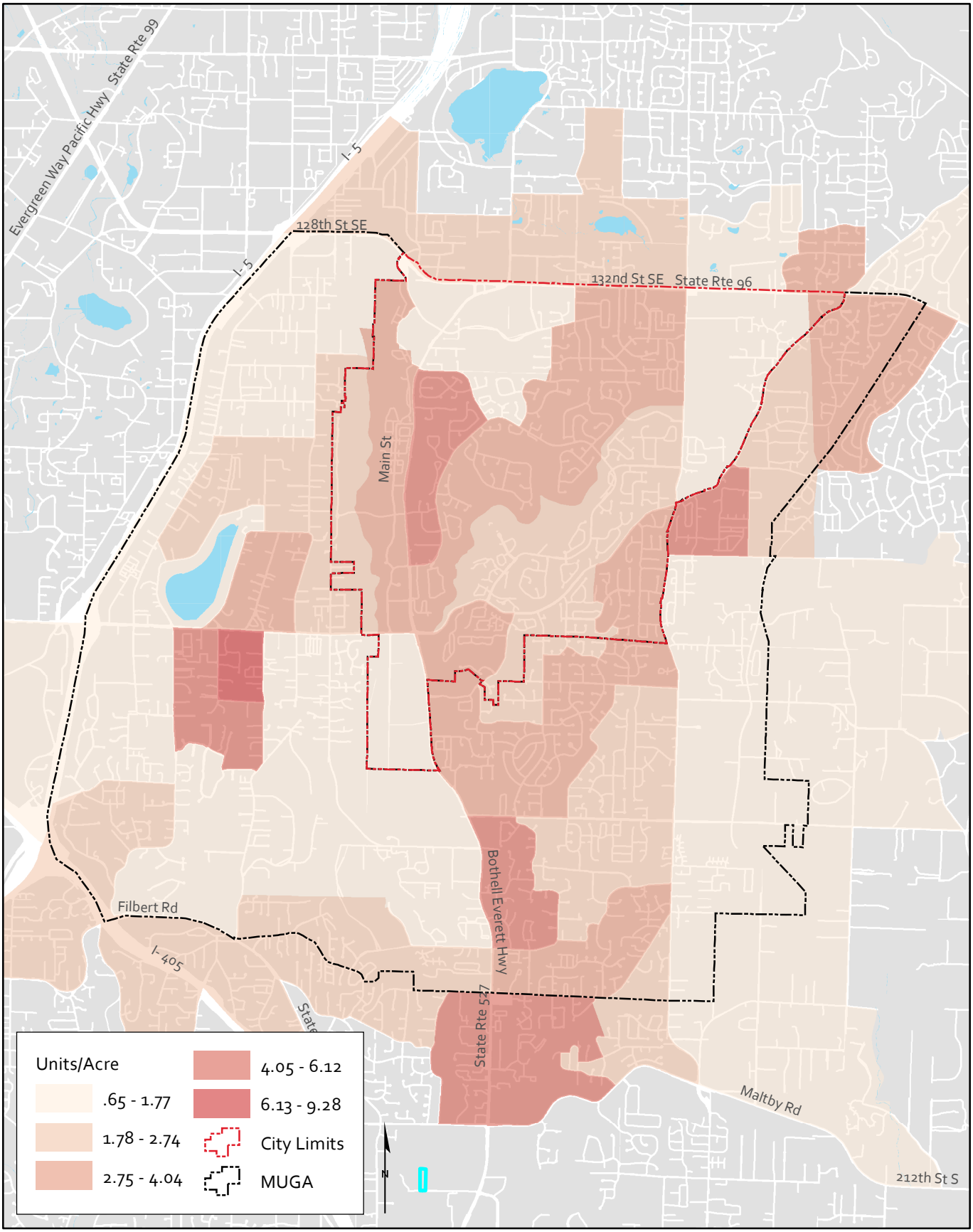
*Sources: Snohomish County Assessor, 2014; Snohomish County Information Services, 2013*




0 0.25 0.5 1 Mile

# Map 2.4. Housing Density

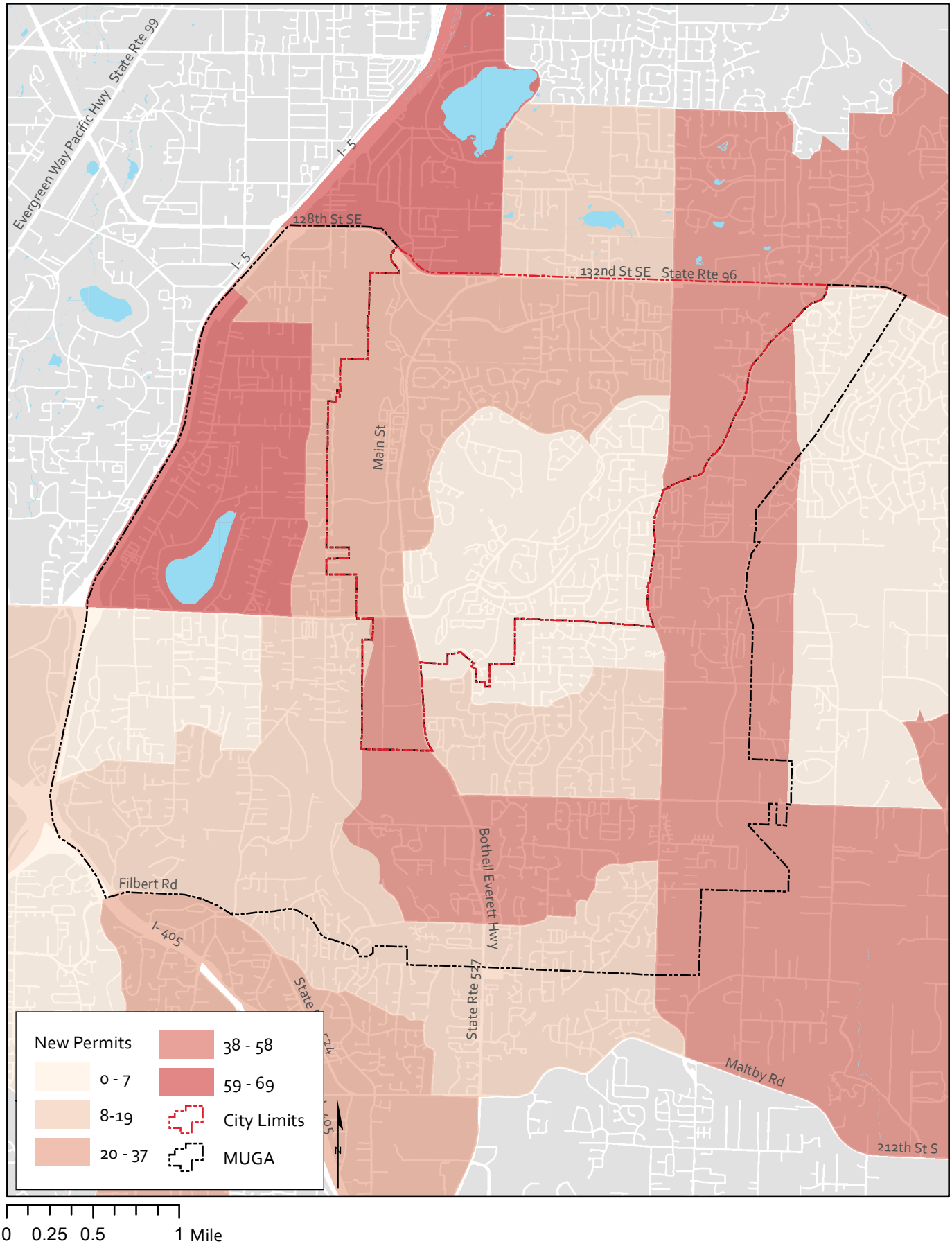
*Sources: American Community Survey, 2008 - 2012; Snohomish County Information Services, 2013*




0 0.25 0.5 1 Mile

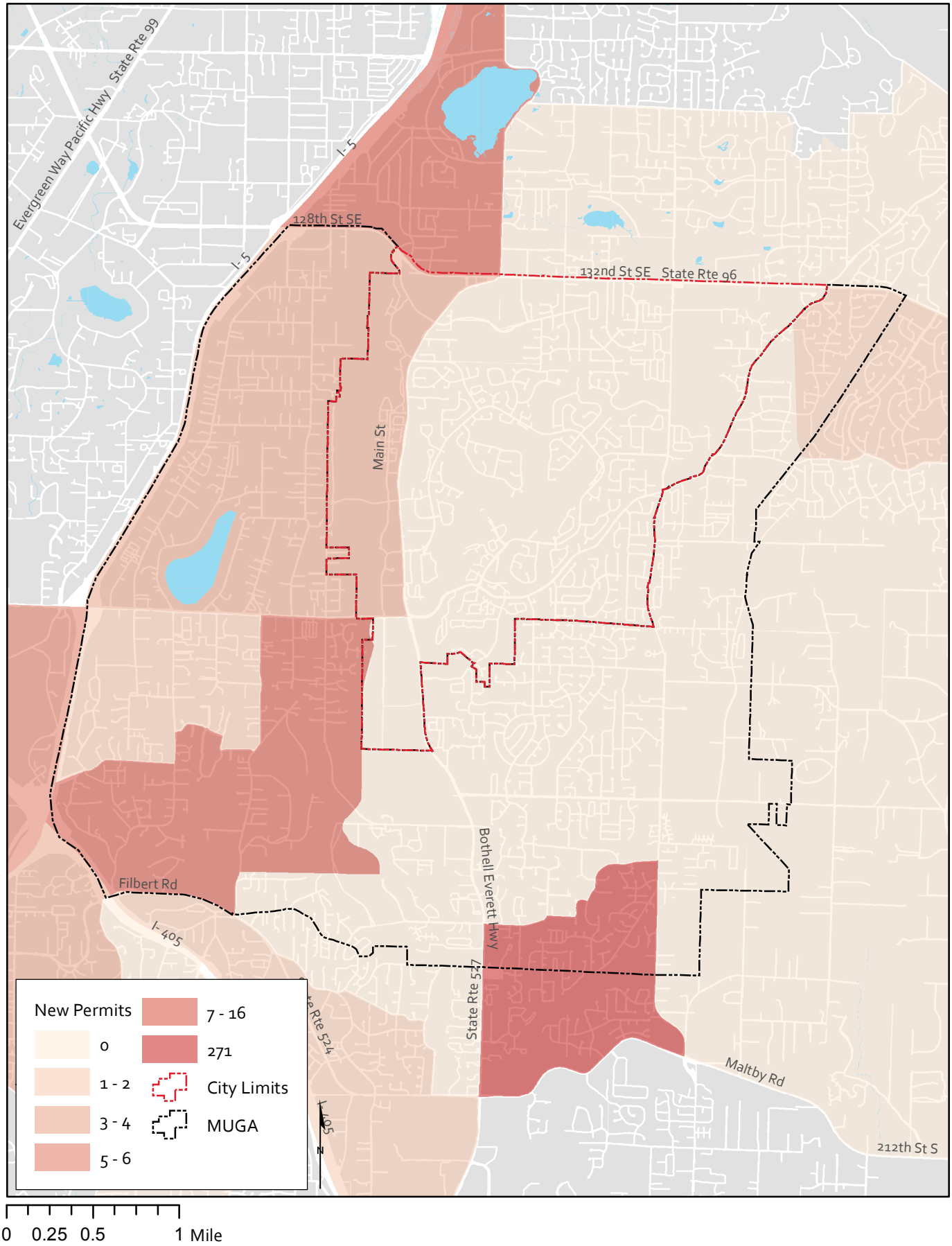
# Map 2.7. New Single Family Permits by Census Tract, 2011

*Sources: Snohomish County Information Services, 2012; PSRC, 2011*



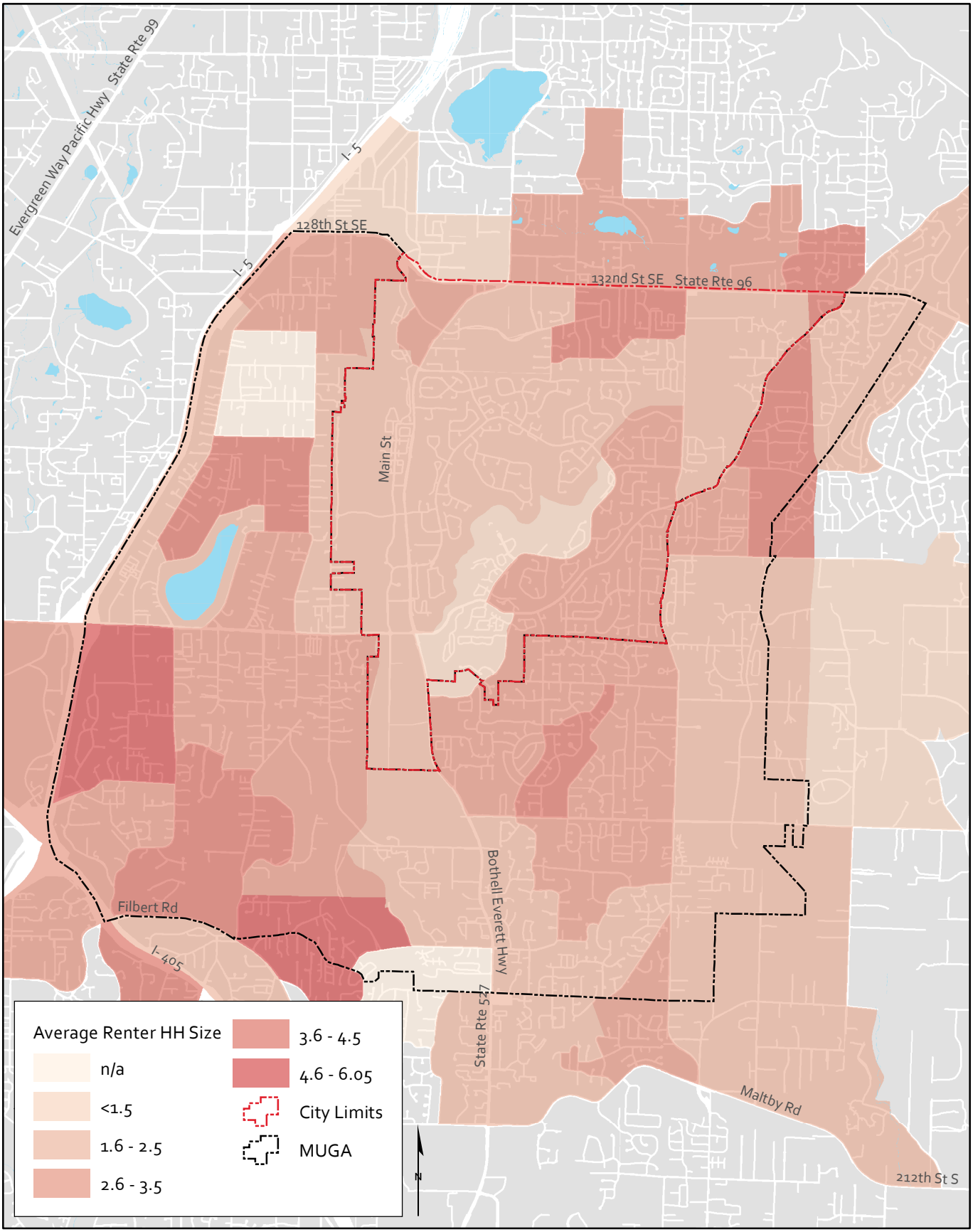
# Map 2.8. New Multifamily Permits by Census Tract, 2011

*Sources: Snohomish County Information Services, 2012; PSRC, 2011*



# Map 2.9. Average Renter Household Size

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



# Appendices

# Appendix A: Market Rate Rent Comparables by Property

| Units in Building | Age | Location | 1Bd-Rent | Utilities | Total | Minimum Income | 2/1-Rent | Utilities | Total | Minimum Income | 2/2-Rent | Utilities | Total | Minimum Income | 3/1-Rent | Utilities | Total | Minimum Income | 3/2-Rent | Utilities | Total | Minimum Income | 4Bed-Rent | Utilities | Total | Minimum Income | 5Bed-Rent | Utilities | Total | Minimum Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 to 19 | 1965 | MUGA | $700 | $62 | $762 | Low | $810 | $77 | $887 | Low | | | | | | | | | | | | | | | | | | | | |
| 20+ | 1975 | City | $800 | $171 | $971 | Low | | | | | $1,050 | $191 | $1,241 | Low | | | | | | | | | | | | | | | | |
| 20+ | 1985 | MUGA | $813 | $171 | $984 | Low | | | | | $952 | $191 | $1,143 | Low | | | | | $1,097 | $220 | $1,317 | Low | | | | | | | | |
| 20+ | 1985 | MUGA | $820 | $171 | $991 | Low | $938 | $191 | $1,129 | Low | $1,003 | $191 | $1,194 | Low | | | | | $1,139 | $220 | $1,359 | Low | | | | | | | | |
| 20+ | 1990 | MUGA | $845 | $171 | $1,016 | Low | $916 | $191 | $1,107 | Low | $1,035 | $191 | $1,226 | Low | | | | | $1,135 | $220 | $1,355 | Low | | | | | | | | |
| 20+ | 1990 | MUGA | $926 | $171 | $1,097 | Low | $1,070 | $191 | $1,261 | Low | $1,152 | $191 | $1,343 | Moderate | | | | | $1,375 | $220 | $1,595 | Low | | | | | | | | |
| 20+ | 1985 | City | $961 | $171 | $1,132 | Moderate | $1,140 | $191 | $1,331 | Moderate | $1,187 | $191 | $1,378 | Moderate | | | | | | | | | | | | | | | | |
| 20+ | 1985 | MUGA | $979 | $171 | $1,150 | Moderate | $1,150 | $191 | $1,341 | Moderate | $1,250 | $191 | $1,441 | Moderate | | | | | $1,350 | $220 | $1,570 | Low | | | | | | | | |
| 20+ | 1985 | City | $1,081 | $171 | $1,252 | Moderate | | | | | $1,393 | $191 | $1,584 | Moderate | | | | | $1,591 | $220 | $1,811 | Moderate | | | | | | | | |
| 20+ | 1990 | City | $1,090 | $171 | $1,261 | Moderate | | | | | $1,216 | $191 | $1,407 | Moderate | | | | | | | | | | | | | | | | |
| 20+ | 2010 | MUGA | $1,145 | $171 | $1,316 | Moderate | $1,355 | $191 | $1,546 | Moderate | $1,450 | $191 | $1,641 | Moderate | | | | | $1,710 | $220 | $1,930 | Moderate | | | | | | | | |
| SF | 1975 | MUGA | | | | | $1,300 | $191 | $1,491 | Moderate | | | | | | | | | | | | | | | | | | | | |
| 20+ | 1985 | MUGA | | | | | $964 | $191 | $1,155 | Low | $1,047 | $191 | $1,238 | Low | | | | | $1,299 | $220 | $1,519 | Low | | | | | | | | |
| 2 to 3 | 1985 | MUGA | | | | | | | | | $1,148 | $77 | $1,225 | Low | | | | | | | | | | | | | | | | |
| SF | 1975 | City | | | | | | | | | $1,200 | $191 | $1,391 | Moderate | | | | | | | | | | | | | | | | |
| SF | 1965 | City | | | | | | | | | $1,925 | $191 | $2,116 | Not Affordable | | | | | | | | | | | | | | | | |
| SF | 1945 | MUGA | | | | | | | | | | | | | $1,695 | $220 | $1,915 | Moderate | | | | | | | | | | | | |
| SF | 2000 | City | | | | | | | | | | | | | | | | | $1,850 | $220 | $2,070 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,995 | $220 | $2,215 | Middle | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $2,245 | $220 | $2,465 | Middle | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,550 | $220 | $1,770 | Moderate | | | | | | | | |
| SF | 2000 | City | | | | | | | | | | | | | | | | | $1,795 | $220 | $2,015 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,850 | $220 | $2,070 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,795 | $220 | $2,015 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,850 | $220 | $2,070 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,700 | $220 | $1,920 | Moderate | | | | | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | $2,290 | $220 | $2,510 | Middle | | | | | | | | |
| SF | 1985 | City | | | | | | | | | | | | | | | | | $1,650 | $220 | $1,870 | Moderate | | | | | | | | |
| SF | 1985 | MUGA | | | | | | | | | | | | | | | | | $1,695 | $220 | $1,915 | Moderate | | | | | | | | |
| SF | 1985 | MUGA | | | | | | | | | | | | | | | | | $1,595 | $220 | $1,815 | Moderate | | | | | | | | |
| SF | 1985 | City | | | | | | | | | | | | | | | | | $1,700 | $94 | $1,794 | Moderate | | | | | | | | |
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | $1,250 | $220 | $1,470 | Low | | | | | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | $1,750 | $220 | $1,970 | Moderate | | | | | | | | |
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | $1,745 | $220 | $1,965 | Moderate | | | | | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | $1,895 | $220 | $2,115 | Moderate | | | | | | | | |
| SF | 1990 | MUGA | | | | | | | | | | | | | | | | | $1,895 | $220 | $2,115 | Moderate | | | | | | | | |
| SF | 2000 | City | | | | | | | | | | | | | | | | | $1,800 | $220 | $2,020 | Moderate | | | | | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | $1,700 | $220 | $1,920 | Moderate | | | | | | | | |
| SF | 1990 | MUGA | | | | | | | | | | | | | | | | | $1,600 | $220 | $1,820 | Moderate | | | | | | | | |
| SF | 1965 | City | | | | | | | | | | | | | | | | | $1,395 | $220 | $1,615 | Low | | | | | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | $1,600 | $220 | $1,820 | Moderate | | | | | | | | |
| SF | 1990 | MUGA | | | | | | | | | | | | | | | | | $1,399 | $220 | $1,619 | Low | | | | | | | | |
| SF | 1990 | MUGA | | | | | | | | | | | | | | | | | $1,600 | $220 | $1,820 | Moderate | | | | | | | | |
| SF | 1985 | City | | | | | | | | | | | | | | | | | $1,700 | $220 | $1,920 | Moderate | | | | | | | | |
| SF | 2010 | MUGA | | | | | | | | | | | | | | | | | | | | | $2,500 | $247 | $2,747 | Middle | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,895 | $247 | $2,142 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,995 | $247 | $2,242 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,650 | $247 | $1,897 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,895 | $247 | $2,142 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $2,000 | $247 | $2,247 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,800 | $247 | $2,047 | Moderate | | | | |
| SF | 2000 | City | | | | | | | | | | | | | | | | | | | | | $2,195 | $247 | $2,442 | Middle | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $2,000 | $247 | $2,247 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,800 | $247 | $2,047 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,880 | $247 | $2,127 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,795 | $247 | $2,042 | Moderate | | | | |
| SF | 2000 | City | | | | | | | | | | | | | | | | | | | | | $1,800 | $247 | $2,047 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,675 | $247 | $1,922 | Moderate | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $2,495 | $247 | $2,742 | Middle | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | $2,000 | $247 | $2,247 | Moderate | | | | |
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,795 | $247 | $2,042 | Moderate | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | $2,300 | $247 | $2,547 | Middle | | | | |
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,575 | $247 | $1,822 | Low | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | $2,300 | $247 | $2,547 | Middle | | | | |
| SF | 1965 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,575 | $247 | $1,822 | Low | | | | |

# Appendix A: Market Rent Comps by Property

| Units in Building | Age | Location | 1Bd-Rent | Utilities | Total | Minimum Income | 2/1-Rent | Utilities | Total | Minimum Income | 2/2-Rent | Utilities | Total | Minimum Income | 3/1-Rent | Utilities | Total | Minimum Income | 3/2-Rent | Utilities | Total | Minimum Income | 4Bed-Rent | Utilities | Total | Minimum Income | 5Bed-Rent | Utilities | Total | Minimum Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,995 | $247 | $2,242 | Moderate | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | $1,995 | $247 | $2,242 | Moderate | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | $3,000 | $247 | $3,247 | Not Affordable | | | | |
| SF | 1975 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,295 | $247 | $1,542 | Low | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $2,500 | $247 | $2,747 | Middle | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $2,200 | $247 | $2,447 | Middle | | | | |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | $2,700 | $247 | $2,947 | Middle | | | | |
| SF | 1945 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,650 | $247 | $1,897 | Moderate | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $2,200 | $247 | $2,447 | Middle | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $1,995 | $247 | $2,242 | Moderate | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $1,995 | $247 | $2,242 | Moderate | | | | |
| SF | 1990 | MUGA | | | | | | | | | | | | | | | | | | | | | $1,795 | $247 | $2,042 | Moderate | | | | |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | $1,800 | $247 | $2,047 | Moderate | | | | |
| SF | 1975 | City | | | | | | | | | | | | | | | | | | | | | | | | | $2,100 | | $2,100 | Moderate |
| SF | 1990 | City | | | | | | | | | | | | | | | | | | | | | | | | | $2,090 | | $2,090 | Moderate |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | | | | | $1,995 | $276 | $2,271 | Moderate |
| SF | 2000 | MUGA | | | | | | | | | | | | | | | | | | | | | | | | | $2,295 | $276 | $2,571 | Middle |

# Appendix B: Assisted Units by Property

| PROPERTY NAME | STREET ADDRESS | PARCEL ID | ASSISTED UNITS BY INCOME LEVEL | | | | SUBSIDIZED UNITS | WORKFORCE UNITS | POPULATION SERVED | FUNDING SOURCES | YEAR BUILT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Extremely Low | Very Low | Low | Moderate | | | | | |
| Section 8 Housing Choice Vouchers (115 HASCO, 26 EHA) | Various | Various | 119 | 20 | 2 | | 141 | | Multifamily, Seniors, Disabled, Veterans | HUD Section 8 Housing Choice Voucher | Various |
| Heatherwood Apartments | 13510 N. Creek Dr. | 28053100203600 | | 100 | 166 | | | 266 | Family | Low Income Housing Tax Credit | 2004 |
| Merrill Gardens at Mill Creek | 14905 Bothell Everett Hwy | 27050600202600 | | 45 | | | | 45 | Senior | Tax-Exempt Bond | 1997 |

# Appendix C: Single Family Home Sales, 2008-2012

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Number of Sales** | $ 223 | $ 234 | $ 232 | $ 248 | $ 304 |
| **Average Sale Price** | $ 446,682 | $ 415,139 | $ 381,214 | $ 368,607 | $ 354,971 |
| **Median Sale Price** | $ 410,000 | $ 377,515 | $ 355,000 | $ 355,036 | $ 335,500 |

**Median Sale Price Home Affordability**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Mortgage Amount** | $ 328,000 | $ 302,012 | $ 284,000 | $ 284,029 | $ 268,400 |
| **Interest Rate** | 6.09% | 5.06% | 4.83% | 4.58% | 3.66% |
| | | | | | |
| **Monthly PITI** | | | | | |
| Principal + Interest | $ 1,986 | $ 1,632 | $ 1,495 | $ 1,453 | $ 1,229 |
| Property Taxes | $ 342 | $ 315 | $ 296 | $ 310 | $ 280 |
| Insurance | $ 130 | $ 120 | $ 112 | $ 118 | $ 106 |
| **TOTAL** | $ 2,457 | $ 2,067 | $ 1,903 | $ 1,880 | $ 1,615 |
| | | | | | |
| **Minimum Annual Income** | $ 98,282 | $ 82,691 | $ 76,138 | $ 75,194 | $ 64,606 |
| **in 2013 Dollars** | $ 106,341 | $ 89,790 | $ 81,341 | $ 77,875 | |

**First Quartile Sale Price Home Affordability**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Mortgage Amount** | $ 294,000 | $ 268,000 | $ 248,401 | $ 233,160 | $ 229,590 |
| **Interest Rate** | 6.09% | 5.06% | 4.83% | 4.58% | 3.66% |
| | | | | | |
| **Monthly PITI** | | | | | |
| Principal + Interest | $ 1,780 | $ 1,449 | $ 1,308 | $ 1,192 | $ 1,052 |
| Property Taxes | $ 306 | $ 279 | $ 259 | $ 243 | $ 239 |
| Insurance | $ 116 | $ 106 | $ 98 | $ 92 | $ 91 |
| **TOTAL** | $ 2,202 | $ 1,834 | $ 1,665 | $ 1,528 | $ 1,382 |
| | | | | | |
| **Minimum Annual Income** | $ 88,094 | $ 73,351 | $ 66,594 | $ 61,106 | $ 55,264 |
| **in 2013 Dollars** | $ 95,317 | $ 79,649 | $ 71,145 | $ 63,285 | |

# Appendix D: 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 less than 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 Fair Market Rent (FMR) Area. Snohomish County is part of the Seattle-Bellevue HMFA.

**Low Income:** Households that make between 50 and 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 between 95 and 120 percent of AMI.

**Moderate Income:** Households that make between 80 and 95 percent of AMI.

**PHA:** Public Housing Agency. HASCO and Everett Housing Authority are examples of PHAs.

**Section 8 Housing Choice Voucher:** A voucher program administered and funded by HUD where 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 be tailored 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 between 30 and 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 below market. 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. For the purposes of this report, workforce units are those which use funding sources like tax credits and bonds to achieve affordable rents, rather than an ongoing rental subsidy.

# Appendix E: 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, Seattle-Bellevue HMFA 2012

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | HMFA |
|---|---|---|---|---|---|---|---|---|---|
| **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: US Housing & Urban Development, 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 Mill Creek were isolated. 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.